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, August 19, 2026

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

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

Morgan Hill City Council meetings are held in person. Members of the public may attend in person or participate remotely through Zoom or by telephone. Information about how to observe and participate in the meeting is provided 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.

Members of the public who need interpretation services or plan to bring an interpreter may request assistance from the City. Assistance may include coordinating interpretation services, arranging space for an interpreter, allowing additional time for interpretation, or accommodating personal interpretation equipment or services. Contact the City Clerk's Office at (408) 779-7259 or by email at cityclerk@morganhill.ca.gov at least 72 hours before the meeting. Requests received with less than 72 hours' notice will be accommodated when reasonably possible, but assistance cannot be guaranteed.

Las personas que necesiten servicios de interpretación o que piensen traer a un intérprete pueden pedir ayuda a la Ciudad. La ayuda puede incluir coordinar servicios de interpretación, preparar un espacio para el intérprete, permitir más tiempo para la interpretación o permitir el uso de equipos o servicios personales de interpretación. Comuníquese con la Oficina de la Secretaria Municipal al (408) 779-7259 o a cityclerk@morganhill.ca.gov por lo menos 72 horas antes de la reunión. Las solicitudes recibidas con menos de 72 horas de anticipación se atenderán cuando sea posible, pero no se puede garantizar la ayuda.

Remote Participation

Members of the public may attend, observe, and participate in the meeting remotely through Zoom or by telephone. Meetings are also livestreamed on the City's YouTube page. Automatic captions will be enabled in Zoom.

If a disruption of the City-provided remote access service prevents members of the public from attending or observing the meeting remotely, the City will follow its adopted disruption policy and the Ralph M. Brown Act. The City is not responsible for technical difficulties caused by a participant's equipment, internet connection, telephone service, or other circumstances outside the City's control.

To participate through Zoom, use the following link:
https://us02web.zoom.us/j/87332008380?pwd=50AakJDKhYYpUVhG4rQlmPaa32vz1q.1

Zoom participants should use the latest version of Zoom. Participants may be required to update Zoom before joining the meeting.

To participate by telephone, call (669) 900-9128 and enter webinar ID 873 3200 8380#. Dial *9 to raise your hand. When called upon, dial *6 to unmute. Speakers may have up to three minutes.

PUBLIC COMMENT

Members of the public may provide oral public comment in person or remotely during the meeting. Written comments may be submitted before the meeting. Remote participants will receive the same speaking time as in-person participants.

Each speaker may have up to three minutes per item. If many people wish to speak about an item, the Mayor may reduce the speaking time for each speaker to accommodate additional speakers and maintain the orderly flow of the meeting.

Public comment will first be heard from participants attending in person who submitted speaker cards. The City will then call on Zoom participants who have raised their hands. After all speakers have been heard, the public comment period for that item will close.

Remote participants may comment on all agenda items for which public comment is permitted. During regular meetings, remote participants may also comment during the general public comment period on matters within the City Council's jurisdiction that are not listed on the agenda.

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 comments no later than 3:00 p.m. the day before the meeting, so the City Council has time to review them. Comments may be submitted until noon on the day of the meeting, but Council Members may not have time to review them before the meeting. Comments received after noon on the day of the meeting will be provided to the City Council as time allows.

Written comments will not be read aloud during the meeting. They will be provided to the City Council, included in the meeting record, and posted on the City's website. Do not include personal information that you do not want published. Communications sent to the City Council are public records and may be disclosed under the California Public Records Act and the Ralph M. Brown Act unless exempt from disclosure under applicable law. Written comments will generally be posted as submitted.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, a person with a disability may request a disability-related modification, accommodation, auxiliary aid, or service needed to participate in the meeting. Contact the City Clerk's Office at (408) 779-7259 or by email at cityclerk@morganhill.ca.gov as early as possible, preferably at least two

full business days before the meeting. Requests received with less notice will be accommodated when reasonably possible, but assistance cannot be guaranteed.

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

SPECIAL MEETING
5:00 p.m. Closed Session

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATON
Significant Exposure to Litigation [Government Code § 54956.9(d)(2)]
One potential action involving significant exposure to litigation pursuant to Section 54956.9 (d)(2). Facts and circumstances are known under Section 54956.9(e)(2) - Complaints of inappropriate conduct by a Council Member

OPPORTUNITY FOR PUBLIC COMMENT ON CLOSED SESSION

ADJOURN TO CLOSED SESSION

REGULAR MEETING
6:00 p.m.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITIONS
Carlos Perez, Royal Clothiers

CITY COUNCIL REPORTS

Mayor Pro Tem Librers

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)

Public Comment Supplements

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 CENTENNIAL RECREATION CENTER (CRC) BATTERY STORAGE PROJECT

Recommendation:

1. Accept as complete the Centennial Recreation Center (CRC) Battery Storage Project;
2. Authorize the Public Services Director 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. ACCEPT GRANT FUNDING OF $798,000 FROM CAL FIRE AND ADOPT THE BUDGET AMENDMENT RESOLUTION TO APPROPRIATE $998,000 IN THE AGRICULTURAL PRESERVATION AND OPEN SPACE FUND TO SUPPORT A FIRE PROTECTION PROJECT

Recommendation:

1. Accept Grant Funding of $798,000 from CAL FIRE for a fuel reduction project on City right of way and open space areas; and
2. Amend the Fiscal Year 2026-2027 Capital Improvement Budget, appropriating $998,000 in expense and $798,000 in grant revenue from the Agricultural Preservation and Open Space Fund for fire protection project.

3. ACCEPT THE CALIFORNIA HIGHWAY PATROL CANNABIS TAX GRANT IN THE AMOUNT OF $170,429

Recommendation:

1. Adopt a resolution accepting the California Highway Patrol's Cannabis Tax Grant in the amount of $170,429; and
2. Authorize the City Manager to execute the California Highway Patrol's Cannabis Tax Fund Grant Program agreement.

4. ACCEPT THE CALIFORNIA OFFICE OF TRAFFIC SAFETY TRAFFIC ENFORCEMENT GRANT IN THE AMOUNT OF $79,300

Recommendation:

1. Adopt a resolution accepting the California Office of Traffic Safety's Selective Traffic Enforcement Grant in the amount of $79,300; and
2. Authorize the City Manager to execute the California Office of Traffic Safety's Selective Traffic Enforcement Grant Program agreement.

5. ADOPT ORDINANCE 2376, NEW SERIES, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY OF MORGAN HILL AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Recommendation:
Waive the reading, adopt Ordinance No. 2376, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

6. APPROVE AN IMPACT FEE FREEZE AGREEMENT WITH REGENCY CENTERS, L.P., FOR A 55,314 SQUARE FOOT RETAIL DEVELOPMENT ON

7.82 ACRES PARCEL IDENTIFIED BY ASSESSOR PARCEL NUMBER (APN) 728-31-020

Recommendation:
Approve and authorize the City Manager to execute an Impact Fee Freeze Agreement with Regency Centers, L.P. for an approximately 55,314 square foot retail development on 7.82 acres located at the southwest corner of Cochrane Road and DePaul Road on APN 728-31-020.

7. APPROVE COMMISSION WORK PLANS FOR FISCAL YEAR 2026-27

Recommendation:
Review and approve the FY 2026-27 Work Plans for the Library, Culture and Arts Commission and the Parks and Recreation Commission.

8. APPROVE CONSULTANT AGREEMENTS WITH TL ENGINEERING CORP. AND HEXAGON TRANSPORTATION CONSULTANTS. INC., FOR ON-CALL TRANSPORTATION/TRAFFIC ENGINEERING SERVICES

Recommendation:

1. Approve and authorize the City Manager to execute and administer an agreement with TL Engineering in the amount of $300,000 to provide On-Call Transportation/Traffic Engineering Services for various Capital Improvement Program Projects and On-Call Engineering Plan Review and Technical Support Services for Land Development Engineering; and
2. Approve and authorize the City Manager to execute and administer an agreement with Hexagon Transportation Consultants, Inc. in the amount of $300,000 to provide On-Call Transportation/Traffic Engineering Services for various Capital Improvement Program Projects and On-Call Engineering Plan Review and Technical Support Services for Land Development Engineering.

9. APPROVE CONSULTANT AGREEMENT WITH HYDROSCIENCE ENGINEERS, INC. FOR THE NOT TO EXCEED AMOUNT OF $671,147 FOR CONDIT AND LLAGAS BOOSTER STATION DESIGN AND PROFESSIONAL SERVICES

Recommendation:
Award and authorize the City Manager to execute a Consultant Agreement for Design Professionals with HydroScience Engineers, Inc. for the not to exceed amount of $671,147 for Condit and Llagas booster station design and professional services.

10. APPROVE FINAL MAP FOR SPRING VIEW – TRACT NO. 10589 AND RELATED SUBDIVISION IMPROVEMENTS AGREEMENT (335 SPRING AVENUE)

Recommendation:

1. Approve the Final Map;
2. Approve a Subdivision Improvements Agreement with 335 Spring LLC, a California limited liability company;
3. Authorize the City Manager to execute the Subdivision Improvements Agreement; and
4. Authorize the recordation of the Final Map and Subdivision Improvements Agreement.

11. APPROVE PURCHASE OF REPLACEMENT PUMPS FOR LIFT STATIONS C AND H FROM SHAPE INC. IN THE AMOUNT OF $105,135

Recommendation:
Approve and authorize the City Manager to execute a purchase order to Shape Inc. in the amount of $105,135 for Lift Station C and H replacement pumps.

12. APPROVE RESPONSES TO 2025-26 CIVIL GRAND JURY REPORTS, "POTHOLE DAMAGE: IMPROVING CLAIMS PROCESSES WITHIN SANTA CLARA COUNTY," AND "VTA'S MANAGEMENT AND OVERSIGHT OF BART SILICON VALLEY PHASE II"

Recommendation:

1. Approve response to 2025-26 Santa Clara County Civil Grand Jury Report "Pothole Damage: Improving claims processes within Santa Clara County,";
2. Approve response to 2025-26 Santa Clara County Civil Grand Jury Report "VTA's Management and Oversight of BART Silicon Valley Phase II,"; and
3. Authorize the Mayor to sign the responses.

13. APPROVE THE AMENDMENT TO GRANT OF MAINTENANCE AND ACCESS EASEMENT WITH SUNSWEET MORGAN HILL DEVELOPMENT LLC TO ABANDON CERTAIN PORTIONS OF AN EXISTING MAINTENANCE EASEMENT AND AN ACCESS EASEMENT BOTH RUNNING ALONG THE WESTERLY SIDE OF THE SUNSWEET MIXED-USE APARTMENT BUILDING LOCATED AT 90 E. 3RD STREET (DESIGNATED AS ASSESSOR'S PARCEL NUMBER 726-13-058) AND ACCEPT COMPENSATION IN THE AMOUNT OF $5,216

Recommendation:

1. Approve the Amendment to Grant of Maintenance and Access Easement with Sunsweet Morgan Hill Development LLC that will reduce the square footages of an existing 3,600 sq. ft. Maintenance Easement Area and an existing 2,880 sq. ft. Access Easement Area, granted to the City on August 27, 2014 by Glenrock Builders, Inc. (original Sunsweet Property

Owner/Developer), with both easements running along the westerly side of the Sunsweet Mixed-Use Apartment Building located at 90 E. 3rd Street (designated as Assessor's Parcel Number: 726-13-058);
2. Accept a fair market value compensation in the amount of $5,216 from Sunsweet Morgan Hill Development LLC (current Sunsweet Property Owner);
3. Authorize the City Manager to execute the Amendment to Grant of Maintenance and Access Easement; and
4. Authorize the recordation of the Amendment to Grant of Maintenance and Access Easement in the Official Records of the County contingent upon the receipt of the $5,216 compensation from Sunsweet Morgan Hill Development LLC.

14. APPROVE THE JUNE 17, 2026 CITY COUNCIL MEETING AND JUNE 24, 2026 SPECIAL CITY COUNCIL MEETING MINUTES

Recommendation:
Approve the June 17, 2026 City Council Meeting and June 24, 2026 Special City Council Meeting Minutes.

15. RATIFY CITY POSITIONS ON PENDING LEGISLATION

Recommendation:

1. Ratify the City's position opposing pending legislation Senate Bill 1117 (Cervantes) Accessory dwelling units and junior accessory dwelling units;
2. Ratify the City's position opposing pending legislation Assembly Bill 1621 (Wilson) Planning and Zoning Law: Post-entitlement Phase Permits: Housing Accountability Act;
3. Ratify the City's position opposing pending legislation Assembly Bill 1751 (Quirk-Silva) Missing Middle Townhome Ownership Act;
4. Ratify the City's position supporting Assembly Bill 1436 (Avila Faris) State Air Resources Board: air pollution regulations: private fleets: exception; and
5. Ratify the City signing on to the League of California Cities coalition letter urging the Legislature to reject proposed wildfire liability reforms.

OTHER BUSINESS

16. APPOINT VOTING DELEGATES FOR THE 2026 CALCITIES (LEAGUE) ANNUAL CONFERENCE AND APPROVE CITY SUPPORT OF THE RESOLUTION TO BE CONSIDERED

Recommendation:

1. Appoint a voting delegate and up to two (2) alternate voting delegates to the CalCities Annual Conference;
2. Direct the Clerk team to complete and forward the voting delegate form to CalCities;
3. Confirm "support" for the resolution to be considered calling for a working group to consider a state constitutional amendment or other form of initiative to ensure final local authority over housing and land use decisions; and
4. Authorize the City's voting delegate(s) to vote on the resolution to be considered at the CalCities annual conference.

17. RECEIVE MONTHLY BUDGET UPDATE; PRELIMINARY FY 2025-26 FINANCIAL AND INVESTMENT REPORTS; AND CITY MANAGER AUTHORITY REPORT

Recommendation:
Accept and file report.

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. Review and update regulatory framework for utility-scale and specialized high-impact land uses; and
2. Funding for the Morgan Hill Gateway Vintage Sign Project.

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

From: No Reply
To: CC Public Comment
Subject: Public Comment Submission
Date: Monday, August 17, 2026 9:48:42 AM

Submitted by: Stephen Adamo
Email Address: sjadamo@aol.com

Commented on event: https://morganhillca.portal.civicclerk.com/event/1464/overview
If you are having trouble viewing the URL above, cut and paste the string into your browser window.

User comment: At the risk of nagging...I just want to say once again that we need to be extremely conservative regarding any impacts to our general fund (GF) as we are already spending money we do not have and without change, we will be facing deeper and deeper cuts. My suggestion is a general one. Each and every project should include an analysis of it's impact on the general fund with detail. Some may be positive impacts by reducing liabilities by taking care of a long-term maintenance liability (like replacing existing turf, shade structures or walks) for example or, some may add liabilities (increase staffing impacts to maintain something we add). Ideally, the identified projects collectively reduce liabilities for the GF but any negative impacts to the GF should be carefully considered for deferral until such time that the GF is not deficit spending. Care should be taken to be very thoughtful and conservative regarding the GF impacts. For example, adding a shade structure may seem like there is no impact to the GF but...unless repairs and replacement of those in the future is 100% guaranteed by other funds, then it creates a GF liability for repairs and replacement (including vandalism and disrepair). Another example is our grounds/parks staffing struggles as it is to maintain what we have in terms of weed control and abatement and trimming/grooming for all the parks, road landscape etc. So perhaps it's time to look at synthetic turf for our more active sporting areas like community park. This would reduce GF obligations (although there are still maintenance needs that need to be considered) so long as our long-term planning provides either for saving those GF savings in reserve or, ensuring capital dollars are set aside for the ultimate life-cycle replacement (10-15 years). But in addition to any savings or benefit to the GF, this approach may result in a substantive increase in "playable" access. If maintained well, synthetic turf can provide 24-hour access 365 as it will sustain heavy use without needing rest without suffering wear reducing "playability" so it may "act" as an increase to park area in that regard. Just one thought. In any event, I want to close with saying that each project considered should include a detailed analysis of impact to GF statement that should be in the forefront of the decisions to proceed or defer. Thank you for your hard work. I am certain many or all of you are already thinking the same thing generally regarding protection of the GF liabilities...but thought the more we hear and talk about it the more certain we'll be collectively to ensure we don't miss this important consideration.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

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

ACCEPT CENTENNIAL RECREATION CENTER (CRC) BATTERY STORAGE PROJECT

RECOMMENDATION(S)

1. Accept as complete the Centennial Recreation Center (CRC) Battery Storage Project;
2. Authorize the Public Services Director 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
Protecting the Environment and Preserving Open Space and Agricultural Land
Maintaining and Enhancing Infrastructure
Supporting our Youth, Seniors, and Entire Community

Strategic Priorities 2026-2027
Fiscal Sustainability
Public Safety

Guiding Documents
Climate Action Plan

REPORT NARRATIVE:

On December 15, 2021, the City Council authorized the City Manager to execute a design-build energy services agreement with Syserco for the Centennial Recreation Center (CRC) Battery Energy Storage Project and all related documents necessary to complete the project. The purpose of the project was to establish a battery energy storage project at the CRC. The City recognized that installing a backup power source at the CRC would enable the building to remain operational during power outages and possibly serve as a cooling center or shelter during emergencies. While the building has a generator connection, installing a generator necessitates maintaining the generator in perpetuity at a cost that is not budgeted for a generator that will be rarely used. Since

the CRC has a robust solar energy system, installing batteries will allow parts of the building to function during power outages while also enabling the facility to shift its energy use to off-peak hours on a daily basis. The City obtained two grants to support this battery installation. Silicon Valley Clean Energy (SVCE) allocated $200,000 of its resiliency funding to the City for projects of this nature. In addition, the City was able to obtain a $300,000 grant from the California Governor's Office of Emergency Services (Cal OES) as part of their Communities Power Resiliency Allocation to Cities Program. While $500,000 was not enough to install a full battery support system, it was assumed that it may be enough to build a core of a system that can be expanded later as additional funding becomes available.

In June 2022, after further working on the design, it was determined that the initial funding was not adequate to build the system to the requirements needed to move the project forward. The Council approved a change order to increase funding for the project by $561,050 to a total of $1,061,050. Without this increase, a functional system would not be able to be constructed. The revised scope of work for the proposed change increased the battery storage to 528 kWh.

Design was completed in late 2022, but construction was severely delayed due to supply chain issues getting the necessary equipment. Construction began in 2024 once equipment was received. Construction was further delayed in late 2024, due to utility conflicts identified by PG&E, which forced construction to stop while the contractor, with support from City staff, worked through a process with PG&E to remedy the issues. This process took an extensive amount of time to gain final approval from PG&E. Construction started again in mid-2025 and was substantially completed by the end of 2025. Since that time, the project was further delayed as the contractor, with support from City staff, worked through the process to gain permission to operate from PG&E. This process has now concluded and the City is ready to accept the project.

COMMUNITY ENGAGEMENT:

Not Applicable

No community engagement was initiated as the project did not impact the normal operations of the CRC, nor did its construction cause any greater community impacts.

ALTERNATIVE ACTIONS:

There is no alternative action, as the work and project has been completed.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On December 15, 2021, the City Council authorized the City Manager to execute a design-build energy services agreement with Syserco for the Centennial Recreation Center Battery Energy Storage Project. The Council ratified the acceptance of the State grant at its April 7, 2021 meeting.

On June 16, 2022, the City Council authorized a change order to increase funding for the CRC Battery storage project by $561,050, for a total of $1,061,050, to increase the battery storage capacity above what was previously awarded.

FISCAL AND RESOURCE IMPACT:
The City funded the project with grant funding and funds from the Building Future Replacement Fund (741).

CEQA (California Environmental Quality Act):
Categorical Exemption
Minor changes to existing facilities, like this project, are categorically exempt per Section 15301 of the CEQA Guidelines.

Recording Requested By:
City of Morgan Hill

When Recorded Mail To:
City Clerk
City of Morgan Hill
17575 Peak Ave
Morgan Hill, CA 95037

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

NOTICE OF COMPLETION
Civil Code §§ 9204 and 9208

NOTICE IS HEREBY GIVEN THAT:

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

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

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

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

5. Construction work on the Project performed on City's behalf is generally described as follows: installation of battery storage system project at Centennial Recreation Center.

6. The name of the original Contractor for the Project is: Syserco Energy Solutions. Inc. located at 215 Fourier Avenue, Suite 140, Fremont, CA 94539.

7. The Project was accepted as completed on: August 19, 2026.

8. The Project is located at: 171 West Edmundson Avenue, Morgan Hill, California 95037.

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

_____ _____
Date and Place Signature
Chris Ghione – Public Services Director

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

CIP Contract Acceptance
Funding Closeout Statement

Project:	CRC Battery Storage System Project		
Project No:	PR1012.360.CONSTR		
Date of Project Award:	15-Dec-21	Project Award Amount:	$500,000
Funding Source:	360.40.40.8065.86360	Additional Funding Authorized:	$561,050
Date of Project Acceptance:	19-Aug-26	Total Authorized:	$1,061,050
		Actual Base Contract Spent:	$500,000

Change Orders

	Description	Date	Council Approval Reqd? (Y/N)	Amount
C.O. #1:	Council approved increased funding for additional battery storage capacity	6-Jul-22	Y, 6/15/2022	$561,050.00
C.O. #2	Production of equipment delayed - new completion date of June 30, 2024	1-Aug-23	N	$0.00
C.O. #3:	Supply chain issues delayed equipment - new completion date of October 15, 2024	11-Jul-24	N	$0.00
C.O. #4:	PG & E delayed permission to operate - new completion date of June 30, 2026	18-May-26	N	$0.00
			Total C.O.:	$561,050.00

Additional Appropriations

Source	Amount	Date
None		

		Total Construction Amount (Base Contract plus CO's):	**$1,061,050.00**
Construction Fund Balance:	$0.00		

Vicky Rossi

From: Christina Turner
Sent: Monday, August 17, 2026 4:01 PM
To: CityClerk
Subject: FW: [EXTERNAL] comment Morgan Hill City Council August 19 #1: CRC Battery Storage

Categories: Agenda Supplements

Please supplement.

From: Chris Ghione <Chris.Ghione@morganhill.ca.gov>
Sent: Monday, August 17, 2026 3:50 PM
To: doug.muirhead <doug.muirhead@stanfordalumni.org>
Cc: Christina Turner <Christina.Turner@morganhill.ca.gov>; Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>; Shane Palsgrove <Shane.Palsgrove@morganhill.ca.gov>; Jennifer Ponce <Jennifer.Ponce@morganhill.ca.gov>
Subject: RE: [EXTERNAL] comment Morgan Hill City Council August 19 #1: CRC Battery Storage

Hello Doug,
Thank you for your comments, please see our responses below in red for answers to your questions.
Chris

Chris Ghione
Assistant City Manager/Public Services Director

City of Morgan Hill
Public Services Department
17575 Peak Avenue, Morgan Hill, California, USA 95037
P: 408.782.9154 | **C:** 408.427.6196
chris.ghione@morganhill.ca.gov

From: D. Muirhead <doug.muirhead@stanfordalumni.org>
Sent: Monday, August 17, 2026 11:59 AM
To: CC Public Comment <ccpubliccomment@morganhill.ca.gov>
Subject: [EXTERNAL] comment Morgan Hill City Council August 19 #1: CRC Battery Storage

Hello Morgan Hill City Council and City Staff,
A comment for your August 19 2026 meeting:
Item 1. Centennial Recreation Center (CRC) Battery Storage

You transitioned from a generator enabling the building to remain operational during power outages and possibly serve as a cooling center or shelter during emergencies to installing batteries served by a robust solar energy system to allow parts of the building to function during power outages while also enabling the facility to shift its energy use to off-peak hours on a daily basis.
You included this activity in the
Santa Clara County Multijurisdictional Hazard Mitigation Plan [2023 Update]
City of Morgan Hill Annex [February 2024]

Table 18: City of Morgan Hill 2023 Action Items
Complete backup battery system for Centennial Recreation Center. This facility can serve as a shelter, resiliency hub, and warming/cooling center for a variety of hazards.

A more Educate the Community staff report might have addressed these questions:

What parts of the building will be served by the batteries and for how long?
The majority of the CRC Building will be supported. The Major exception is the pool area, which will not be served.

What happened to the providing a warming/cooling center or shelter during emergencies? The Morgan Hill Planning Commission in April, reviewing the Safety, Services, & Infrastructure Element, in the Extreme Heat silo, had:
"Coordinate with partner agencies to extend hours and improve services at cooling hubs during extreme heat events."
The battery will support this through backup power during outages.

Which other City and Partner facilities have Battery Storage and to what level? Is the County Library still limited to use only during PGE PSPS?

City facilities with backup battery storage are the Centennial Recreation Center and the Butterfield Fire Station. All City public safety facilities and the Council Chambers Building currently have backup diesel generators. The Library has an agreement to host a PG&E Community Resource Center, which involves PG&E bringing in a generator during power outages.

Now for my usual disappointment with your COMMUNITY ENGAGEMENT:
"No community engagement was initiated as the project did not impact the normal operations of the CRC, nor did its construction cause any greater community impacts."
No Negative "greater community impacts" perhaps but potential Positive community impacts. If you are going to be asking our residents for more money in the near future, you might want to reconsider your Silent Approach. You could do as Gilroy does and put items like this in a new City Council Recap section of the MH411.

We are sorry to hear about your disappointment, the City will promote the success of the grant funding and the new asset at the facility on an ongoing basis in the future.

Are you aware of County Public Health PSA in the MHTimes [August 14, page 5]?
Older people are more sensitive to extreme heat
Heat tips at sccphd.org/Climate
In the Santa Clara County Multijurisdictional Hazard Mitigation Plan [2023 Update] City of Morgan Hill Annex [February 2024]

1.7. Jurisdiction-Specific Vulnerabilities
Other noted vulnerabilities include:
The increasing frequency and intensity of drought and extreme heat due to climate change

In the 2023 Santa Clara County Community Wildfire Protection Plan under "Create smoke-ready communities" is mention of an Extreme Heat Working Group which I have never heard of. Relevant?

Yes, thank you for sharing, the City staff team will review and share.

Doug Muirhead, Morgan Hill Resident

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CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

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

ACCEPT GRANT FUNDING OF $798,000 FROM CAL FIRE AND ADOPT THE BUDGET AMENDMENT RESOLUTION TO APPROPRIATE $998,000 IN THE AGRICULTURAL PRESERVATION AND OPEN SPACE FUND TO SUPPORT A FIRE PROTECTION PROJECT

RECOMMENDATION(S)

1. Accept Grant Funding of $798,000 from CAL FIRE for a fuel reduction project on City right of way and open space areas; and
2. Amend the Fiscal Year 2026-2027 Capital Improvement Budget, appropriating $998,000 in expense and $798,000 in grant revenue from the Agricultural Preservation and Open Space Fund for fire protection project.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety and Quality of Life
Protecting the Environment and Preserving Open Space and Agricultural Land
Maintaining and Enhancing Infrastructure

Strategic Priorities 2026-2027
Public Safety

REPORT NARRATIVE:

The City of Morgan Hill was awarded a $798,000 grant from the California Department of Forestry and Fire Protection (CAL FIRE) Wildfire Prevention Grants Program (funded via the Greenhouse Gas Reduction Fund) for the Morgan Hill High Fire Risk Fuel Reduction Project. The project addresses extreme wildfire risk within the Wildland Urban Interface (WUI) and Fire Hazard Severity Zones across approximately 223.99 acres. Specifically, the grant will provide the following:

- Roadside Evacuation Corridors: Treating 2 miles along Llagas Road (1.1 miles) and Thomas Grade Road (0.93 miles). Work includes clearing overgrown vegetation, removing eucalyptus trees, thinning brush, and limbing up larger trees to eliminate fuel ladders and maintain critical emergency ingress/egress.
- Jackson Oaks Open Space: Treating 217.51 acres of city-owned open space

lands directly adjacent to residential property lines. Activities focus on establishing shaded fuel breaks, and creating defensive buffers to protect homes in the area.

This project will directly enhance community fire safety, protect neighboring residents, and improve emergency response access. If approved, it is anticipated work will occur in calendar year 2027, following environmental review and award of a contract to complete the work.

COMMUNITY ENGAGEMENT:
Outreach will be conducted to ensure nearby residents and neighborhoods are well-informed. Planned engagement activities include direct public notifications, e-mail newsletters, website updates, and targeted social media announcements prior to work commencing.

ALTERNATIVE ACTIONS:
The City Council could choose to not appropriate the funds and decline the CAL FIRE grant funding.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
There has been no prior action by the Council in regard to this grant funding specifically. The City previously received funding in June 2022, which was approved by the City Council for the acquisition of a Green Climber specialized mower utilized for open space fuel reduction and weed abatement.

FISCAL AND RESOURCE IMPACT:
This action appropriates $998,000 in expenditures and $798,000 in grant revenue within the Agricultural Preservation and Open Space Fund. The City will fund approximately $200,000 for this work and $798,000 in funds will come from the grant.

CEQA (California Environmental Quality Act):
Project - CEQA Analysis Required
If funding is appropriated, staff will utilize an environmental consultant who will evaluate the final scope of work to ensure full compliance with CEQA prior to any project work. It is anticipated that the vegetation management and roadside clearance activities will qualify for a Categorical Exemption under CEQA guidelines (e.g., Class 4 - Minor Alterations to Land for fuel management).

RESOLUTION NO. 26-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO THE CITY'S FISCAL YEAR 2026-2027 ANNUAL BUDGET IN THE AGRICULTURAL PRESERVATION AND OPEN SPACE FUND (FUND NO. 306) TO APPROPRIATE $998,000 THEREFORE

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

WHEREAS, the reasons supporting this Resolution are set forth in detail in that certain City Council Staff Report entitled "APPROPRIATE $998,000 IN THE AGRICULTURAL PRESERVATION AND OPEN SPACE FUND TO SUPPORT A FIRE PROTECTION PROJECT FUNDED IN PART BY A CALFIRE GRANT" submitted for City Council consideration at its meeting of August 19, 2026, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

WHEREAS, recommended amendments are needed and proposed to the City's previously adopted Annual Budgets for Fiscal Years 2026-2027 and 2027-2028 as set forth on Exhibit A to this Resolution, to appropriate the requisite funds to implement the actions authorized by this Resolution; and

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

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

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

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

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

a. That the City's previously adopted Fiscal Years 2026-2027 and 2027-2028 Budgets, as the same has been amended to date, are hereby further amended in accordance with and as reflected on Exhibit A attached hereto and incorporated herein by this reference; and

b. That the City Clerk is hereby authorized and directed to forward a copy of this Resolution to the City's Finance Director, who is hereby authorized and directed to take all actions necessary to implement the terms of this Resolution pertaining to the Fiscal Years 2026-2027 and 2027-2028 Budgets of the City or Morgan Hill.

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

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 19th day of August 2026 by the following vote:

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

APPROVED: **ATTEST:**

_____ _____
MARK TURNER, Mayor **MICHELLE BIGELOW, City Clerk**

CERTIFICATION

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 26-_____ adopted by the City Council at the meeting held on the 19th day of August 2026.

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

DATE: _____

_____
MICHELLE BIGELOW, City Clerk

EXHIBIT A

AGENDA BUDGET SCORECARD
FISCAL YEAR 2026-2027
ADJUSTMENT # 001

FUND:	306	Agricultural Preservation and Open Space Fund
FUNCTION:	40	Public Services
DEPARTMENT:	40	Public Services
DIVISION:	8063	Open Space
OBJECT:	86360	CONSTRUCTION

AGENDA DATE:	08/19/26
AGENDA ITEM TITLE:	CalFire Widlfire Prevention Grant

	07/01/26 UNAUDITED PROJECTED BEGINNING FUND BALANCE	ESTIMATED REVENUES	ESTIMATED APPROPRI-ATIONS	07/01/27 UNAUDITED PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	3,158,814	110,558	133,826	3,135,546
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	-	-	-
RECOMMENDED ACTION		**798,000**	**998,000**	**(200,000)**
RESULT OF RECOMMENDED ACTION	3,158,814	908,558	1,131,826	2,935,546

From: Christina Turner

To: Michelle Bigelow

Subject: Wednesday, August 19, 2026, City Council Meeting Questions

Supplement for Item 2 - ACCEPT GRANT FUNDING OF $798,000 FROM CAL FIRE AND ADOPT THE BUDGET AMENDMENT RESOLUTION TO APPROPRIATE $998,000 IN THE AGRICULTURAL PRESERVATION AND OPEN SPACE FUND TO SUPPORT A FIRE PROTECTION PROJECT

Date: Tuesday, August 18, 2026

Staff Report: This action appropriates $998,000 in expenditures and $798,000 in grant revenue within the Agricultural Preservation and Open Space Fund. The City will fund approximately $200,000 for this work and $798,000 in funds will come from the grant.

Question: Is there a designated account where the City's $200,000 will come from?

Response: Funding will be from the Agricultural Preservation and Open Space Fund. Funds in this area are remnant funds from the former Residential Growth Control System contributions and have been used for open space maintenance on an ongoing basis.

From: Christina Turner
To: CityClerk
Subject: FW: [EXTERNAL] comment Morgan Hill City Council August 19 #2: CAL FIRE Fuel Reduction Grant
Date: Tuesday, August 18, 2026 2:42:56 PM
Importance: Low

Please supplement.

From: Chris Ghione <Chris.Ghione@morganhill.ca.gov>
Sent: Tuesday, August 18, 2026 10:18 AM
To: doug.muirhead <doug.muirhead@stanfordalumni.org>
Cc: Christina Turner <Christina.Turner@morganhill.ca.gov>; Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>; Hilary Holeman <Hilary.Holeman@morganhill.ca.gov>
Subject: RE: [EXTERNAL] comment Morgan Hill City Council August 19 #2: CAL FIRE Fuel Reduction Grant
Importance: Low

Hi Doug,
Thank you for the email on this item. Please see responses to the questions below.
Chris

Chris Ghione
Assistant City Manager/Public Services Director

City of Morgan Hill
Public Services Department
17575 Peak Avenue, Morgan Hill, California, USA 95037
P: 408.782.9154 | **C:** 408.427.6196
chris.ghione@morganhill.ca.gov

From: D. Muirhead <doug.muirhead@stanfordalumni.org>
Sent: Monday, August 17, 2026 12:03 PM
To: CC Public Comment <ccpubliccomment@morganhill.ca.gov>
Subject: [EXTERNAL] comment Morgan Hill City Council August 19 #2: CAL FIRE Fuel Reduction Grant

Hello Morgan Hill City Council and City Staff,
A comment for your August 19 2026 meeting:
Item 2. CAL FIRE Grant for fuel reduction projects

Congratulations on getting this Wildfire Mitigation grant.
The staff report does identify the two work areas.

A more Educate the Community staff report might have answered the following questions:

Which Department(s)/Division(s) created the Morgan Hill High Fire Risk Fuel Reduction Project work plan?

Public Services Department Administration.

When was it created?

For the Grant Application in 2025.

Where can I find it? No result from City web site search.

The grant scope, which includes the Work Plan, here: https://www.morganhill.ca.gov/DocumentCenter/View/57980/CalFire-Grant-Scope-_-Temporary

This effort appears in the City Annex [February 2024] to the County Multijurisdictional Hazard Mitigation Plan [2023 Update]:

1.7. Jurisdiction-Specific Vulnerabilities

34.6% of Morgan Hill residents live within a high wildfire risk area.

The northwestern portion of town along Llagas Road has a lot of area classified as moderate to high wildfire risk and Very High Hazard in risk to structures.

The east area of the city in the vicinity of Dunne Avenue also has higher potential for wildfire.

Other noted vulnerabilities include:

The increasing frequency and intensity of drought and extreme heat due to climate change

Is this in association with the Santa Clara County Firesafe Council?

Not currently, but there is a potential to partner on the grant implementation, and staff is discussing with the SCCFSC.

2023 Santa Clara County Community Wildfire Protection Plan

Table 3.1. Communities at Risk Ratings with Community Hazard Assessment Summary

Community: Morgan Hill Risk Rating: 79 (High)

Positives: 11 items Negatives: 13 items no specific locations

Are more neighborhoods being considered for Firewise Communities certification?

Not that City staff are aware of currently.

2023 Santa Clara County Community Wildfire Protection Plan

Participating Firewise communities.

· Jackson Oaks Homeowner Association (HOA) Morgan Hill, CA. 09/18/2016

· Holiday Lake Estates Morgan Hill, CA. 12/12/2018

Will it get mentioned in the monthly SCCFSC newsletter?

This would be a question for the SCCFSC, but as previously mentioned City Staff is in communication with them.

Doug Muirhead, Morgan Hill Resident

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CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

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

ACCEPT THE CALIFORNIA HIGHWAY PATROL CANNABIS TAX GRANT IN THE AMOUNT OF $170,429

RECOMMENDATION(S)

1. Adopt a resolution accepting the California Highway Patrol's Cannabis Tax Grant in the amount of $170,429; and
2. Authorize the City Manager to execute the California Highway Patrol's Cannabis Tax Fund Grant Program agreement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety and Quality of Life
Advocating for Local, Regional, and State Legislative Initiatives

Strategic Priorities 2026-2027
Fiscal Sustainability
Public Safety

Guiding Documents
Public Safety Master Plan

REPORT NARRATIVE:

In February 2026, the Morgan Hill Police Department (MHPD) applied for funding through the California Highway Patrol's (CHP) Cannabis Tax Fund Grant Program (CTFGP) to bolster our ongoing efforts to reduce impaired driving within our community. MHPD sought funding for several items, including 25 Driving Under the Influence (DUI) Saturation Patrols, four Community Outreach Events, five High School Presentations, and the purchase of one 2026 Ford Expedition DUI Patrol Vehicle. The equipment and saturation patrols have proven effective in identifying impaired drivers and removing them from our city’s roadways. The DUI Checkpoints are valuable not only in identifying individuals driving under the influence but also in educating the public regarding the effects of alcohol and operating a motor vehicle.

On June 30, 2026, the CTFGP conditionally awarded $170,429 to MHPD. To accept

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

COMMUNITY ENGAGEMENT:
This staff report will serve as the instrument to inform the community of the Agreement between the City of Morgan Hill and the California Highway Patrol's Cannabis Tax Fund Grant Program.

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

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The City Council has previously accepted multiple grant awards from the California Highway Patrol's Cannabis Tax Fund Grant Program (CTFGP) and the California Office of Traffic Safety's Selective Traffic Enforcement Program (STEP) to support traffic safety, impaired driving enforcement, and related public safety initiatives. The most recent grant awards were approved for the 2025–26 grant cycles.

FISCAL AND RESOURCE IMPACT:
There is no net fiscal impact to the City of Morgan Hill as all projected expenditures will be funded by the California Highway Patrol's (CHP) Cannabis Tax Fund Grant Program (CTFGP). Below is an outline of the $170,429 requested funding from CHP’s CTFGP:

Laptop $4,000
Personnel $32,553
DUI Patrol Vehicle $133,876

CEQA (California Environmental Quality Act):
Not a project under CEQA. Will not result in a direct or indirect physical change to the environment.

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

June 30, 2026

File No.: 060.17344.19741

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

Dear Sergeant Kuhlen:

On behalf of the California Highway Patrol (CHP), it is my pleasure to inform you, the Morgan Hill Police Department, is conditionally approved for Cannabis Tax Fund Grant Program (CTFGP) funding in the amount of $170,428.59. The purpose of this grant funding is to help your agency reduce and mitigate the impacts of impaired driving in your community.

All grant awards, including any adjustments to requested funding, were made by the Department based on the merits of the Grant Application, scale of operation, and in accordance with the Request for Application (RFA) requirements and associated regulations.

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

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

Sincerely,

For/

M. W. HEADRICK, Chief
Enforcement and Planning Division

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING THE CITY MANAGER OR HER DESIGNEE TO ACCEPT A GRANT PAYMENT OF $170,428.58 FROM THE CALIFORNIA HIGHWAY PATROL'S CANNABIS TAX FUND GRANT PROGRAM

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

WHEREAS, the reasons supporting the purchase described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report entitled Accept the California Highway Patrol Cannabis Tax Grant submitted for City Council consideration at its meeting of August 19, 2026, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

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

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

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

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

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

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

a. That the City is in support of the payment for the purchase of one 2026 Ford Expedition, Vehicle Outfitting, four Community Outreach Events, five High School Presentations, and funding for 25 DUI saturation patrols, and therefore approves receipt of the grant funding.

b. That the City Manager is hereby delegated authority to and is authorized to take all other ministerial actions that may be necessary or appropriate to implement the provisions of this Resolution.

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

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 19th day of August 2026 by the following vote:

AYES:	**COUNCIL MEMBERS:**
NOES:	**COUNCIL MEMBERS:**
ABSTAIN:	**COUNCIL MEMBERS:**
ABSENT:	**COUNCIL MEMBERS:**

DATE: _____

_____
Mark Turner, MAYOR

➢ CERTIFICATION

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No.XXXX , adopted by the City Council at the meeting held on August 19, 2026.

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

DATE: _____

_____
Michelle Bigelow, CITY CLERK

Award Number
30925

1. GRANT TITLE
FY26/27 CTFGP Law Enforcement – Morgan Hill Police Department

2. NAME OF ORGANIZATION/AGENCY
Morgan Hill Police Department

3. ORGANIZATION/AGENCY SECTION TO ADMINISTER GRANT
Morgan Hill Police Department

4. PROJECT PERFORMANCE PERIOD
From: 07/01/2026 To: 06/30/2027

5. PURCHASE ORDER NUMBER

6. GRANT OPPORTUNITY INFORMATION DESCRIPTION
Law Enforcement grants provide financial assistance to allied agencies for the education, prevention, and the enforcement of laws related to driving under the influence of alcohol and other drugs, including cannabis and cannabis products.

The intent of the program is to educate the public regarding the dangers of impaired driving, enforce impaired driving laws on the roadway, and improve the Organization/Agency's effectiveness through training and development of new strategies.

7. FUNDS ALLOCATED UNDER THIS GRANT AGREEMENT SHALL NOT EXCEED $170,428.59

8. TERMS AND CONDITIONS
The Grantee agrees to complete the Project, as described in the Project Description. The Grantee's Grant Application, and the California Code of Regulations, Title 13, Division 2, Chapter 13, Sections 1890.00-1890.27, are hereby incorporated into this Grant Agreement by reference.

The parties hereto agree to comply with the Terms and Conditions of the following attachments:

- Schedule A – Project Description, Problem Statement, Goals and Objectives, and Method of Procedure
- Schedule B – Detailed Budget Estimate
- Schedule B-1 – Budget Narrative

We, the officials named below, hereby swear, under penalty of perjury under the laws of the State of California, that we are duly authorized to legally bind the Grant recipient to the above-described Grant Terms and Conditions.

IN WITNESS WHEREOF, this Grant Agreement is executed by the parties hereto.

9. APPROVAL SIGNATURES

A. AUTHORIZED OFFICIAL OF ORGANIZATION/AGENCY
Name: Christina Turner
Title: City Manager
Phone: (408) 776-7382

Address: 16200 Vineyard Boulevard
Morgan Hill, CA 95037

E-Mail: Christina.Turner@morganhill.ca.gov

_____ _____
(Signature) *(Date)*

B. AUTHORIZED OFFICIAL OF CHP
Name: Elliotte Johnson Phone: (916) 843-4360
Title: Captain Fax: (916) 322-3169

Address: 601 North 7th Street
Sacramento, CA 95811

E-Mail: ElJohnson@chp.ca.gov

_____ _____
(Signature) *(Date)*

C. ACCOUNTING OFFICER OF CHP
Name: M. V. Fojas Phone: (916) 843-3531
Title: Commander Fax: (916) 322-3159

Address: 601 North 7th Street
Sacramento, CA 95811

E-Mail: Michelle.Fojas@chp.ca.gov

_____ _____
(Signature) *(Date)*

10. AUTHORIZED FINANCIAL CONTACT TO RECEIVE REIMBURSEMENT PAYMENTS

Name: Patricia Pretell
Title: Management Analyst
Phone: (408) 779-2101

Address: 17575 Peak Avenue
Morgan Hill, CA 95037

TERMS AND CONDITIONS

Grantee shall comply with the California Code of Regulations, Title 13, Division 2, Chapter 13 Section 1890, et seq. and all other Terms and Conditions noted in this Grant Agreement. Failure by the Grantee to comply may result in the termination of this Grant Agreement by the California Highway Patrol (hereafter referred to as State). The State will have no obligation to reimburse the Grantee for any additional costs once the Grant Agreement has been terminated.

A. EXECUTION

1. The State (the California Highway Patrol) hereby awards, to the Grantee, the sum of money stated on page one of this Grant Agreement. This funding is awarded to the Grantee to carry out the Project set forth in the Project Description and the terms and conditions set forth in this Grant Agreement.

2. The funding for this Grant Agreement is allocated pursuant to California Revenue and Taxation Code Section 34019(f)(3)(B). The Grantee agrees that the State's obligation to pay any sum under this Grant Agreement is contingent upon availability of funds disbursed from the California Cannabis Tax Fund to the State. If there is insufficient funding, the State shall have the option to either: 1) terminate this Grant Agreement; whereby, no party shall have any further obligations or liabilities under this Grant Agreement, or 2) negotiate a Grant Agreement Amendment to reduce the grant award and scope of work to be provided under this Grant Agreement.

3. The Grantee is not to commence or proceed with any work in advance of receiving notice that the Grant Agreement is approved. Any work performed by the Grantee in advance of the date of approval by the State shall be deemed volunteer work and will not be reimbursed by the State.

4. The Grantee agrees to provide any additional funding, beyond what the State has agreed to provide, pursuant to this Grant Agreement, and necessary to complete or carry out the Project, as described in this Grant Agreement. Any modification or alteration of this Grant Agreement, as set forth in the Grant Application submitted by the Grantee and on file with the State, must be submitted in writing thirty (30) calendar days in advance to the State for approval.

5. The Grantee agrees to complete the Project within the timeframe indicated in the Project Performance Period, which is on page one of this Grant Agreement.

B. PROJECT ADMINISTRATION

1. The Grantee shall submit all reimbursements, progress, performance, and/or other required reports concerning the status of work performed in furtherance of this Grant Agreement on a quarterly basis, or as requested by the State.

2. The Grantee shall provide the State with a final report showing all Project expenditures, which includes all State and any other Project funding expended, within sixty (60) calendar days after completion of this Grant Agreement.

3. The Grantee shall ensure all equipment which is purchased, maintained, operated, and/or developed is available for inspection by the State.

4. Equipment purchased through this Grant Agreement shall be used for the education, prevention, and enforcement of impaired driving laws, unless the Grantee is funding a portion of the purchased price not dedicated to impaired driving and that portion is not part of the Project costs. Equipment purchased under this Grant Agreement must only be used for approved Project-related purposes, unless otherwise approved by the State in writing.

5. Prior to disposition of equipment acquired under this Grant Agreement, the Grantee shall notify the State via e-mail, and by telephone, by calling the California Highway Patrol, Impaired Driving Section, Cannabis Grants Unit at (916) 843-4360.

C. PROJECT TERMINATION

1. Grantee or the State may terminate this Grant Agreement at any time prior to the commencement of the Project. Once the Project has commenced, this Grant Agreement may only be terminated if the party withdrawing provides thirty (30) calendar days written notice of their intent to withdraw.

    a. If by reason of force majeure the performance hereunder is delayed or prevented, then the term end date may be extended by mutual consent for the same amount of time of such delay or prevention. The term “force majeure” shall mean any fire, flood, earthquake, or public disaster, strike, labor dispute or unrest, embargo, riot, war, insurrection or civil unrest, any act of God, any act of legally constituted authority, or any other cause beyond the Grantee’s control which would excuse the Grantee’s performance as a matter of law.

    b. Grantee agrees to provide written notice of an event of force majeure under this Grant Agreement within ten (10) calendar days of the commencement of such event, and within ten (10) calendar days after the termination of such event, unless the force majeure prohibits Grantee from reasonably giving notice within this period. Grantee will give such notice at the earliest possible time following the event of force majeure.

2. Any violations of law committed by the Grantee, misrepresentations of Project information by the Grantee to the State, submission of falsified documents by the Grantee to the State, or failure to provide records by the Grantee to the State when requested for audit or site visit purposes may be cause for termination. If the Project is terminated for the reasons described in this paragraph, the State will have no obligation to reimburse the Grantee for any additional costs once the Grant Agreement has been terminated.

3. The State may terminate this Grant Agreement and be relieved of any payments should the Grantee fail to perform the requirements of this Grant Agreement at the time and in the manner herein provided. Furthermore, the Grantee, upon termination, shall return grant funds not expended by the Grantee as of the date of termination.

4. If this Grant Agreement is terminated, the State may choose to exclude the Grantee from future Grant Opportunities.

D. FINANCIAL RECORDS

1. The Grantee agrees the State, or their designated representative, shall have the right to review and to copy all records and supporting documentation pertaining to the performance of this Grant Agreement. Grantee agrees to maintain such records for possible audit for a minimum of five (5) years after final payment, unless a longer period of records retention is stipulated or required by law. Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Furthermore, the Grantee agrees to include a similar right for the State to audit all records and interview staff in any subcontract related to performance of this Grant Agreement.

E. HOLD HARMLESS

1. The Grantee agrees to indemnify, defend, and save harmless the State, its officials, agents and employees from any and all claims and losses accruing or resulting to any and all Grantee’s staff, contractors, subcontractors, suppliers, and other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Grant Agreement, and from any and all claims and losses accruing or resulting to any person, agency, firm, corporation who may be injured or damaged by the Grantee in performance of this Grant Agreement.

F. NONDISCRIMINATION

1. The Grantee agrees to comply with State and federal laws outlawing discrimination, including, but not limited to, those prohibiting discrimination because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (including cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave. (GC 12990 [a-f] and CCR, Title 2, Section 8103.)

G. AMERICANS WITH DISABILITIES ACT

1. The Grantee assures the State it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

H. DRUG-FREE WORKPLACE

1. The Grantee shall comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

    a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

    b. Establish a Drug-Free Awareness Program to inform employees about:

        i. The dangers of drug abuse in the workplace.

        ii. The person's or Organization/Agency's policy of maintaining a drug-free workplace.

        iii. Any available counseling, rehabilitation, and employee assistance programs.

        iv. Penalties that may be imposed upon employees for drug abuse violations.

    c. Every employee who works on the Project will:

        i. Receive a copy of the company's drug-free workplace policy statement.

        ii. Agree to abide by the terms of the company's statement as a condition of employment on the Grant Agreement.

2. Failure to comply with these requirements may result in suspension of payments under this Grant Agreement, or termination of this Grant Agreement, or both, and Grantee may be ineligible for award of any future Grant Agreements if the department determines that any of the following has occurred:

    a. The Grantee has made false certification or violated the certification by failing to carry out the requirements, as noted above. (GC 8350 et seq.)

I. LAW ENFORCEMENT AGENCIES

1. All law enforcement Organization/Agency Grantees shall comply with California law regarding racial profiling. Specifically, law enforcement Organization/Agency Grantees shall not engage in the act of racial profiling, as defined in California Penal Code Section 13519.4.

TERMS AND CONDITIONS

J. LABOR CODE/WORKERS' COMPENSATION

1. The Grantee is advised and made aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Grantee affirms to comply with such provisions before commencing the performance of the work of this Grant Agreement, (refer to Labor Code Section 3700).

K. GRANT APPLICATION INCORPORATION

1. The Grantee agrees the Grant Application and any subsequent changes or additions approved or required by the State is hereby incorporated into this Grant Agreement.

L. STATE LOBBYING

1. The Grantee is advised that none of the funds provided under this Grant Agreement may be used for any activity specifically designed to urge or influence a state or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any state or local legislative body. Such activities include both direct and indirect (e.g., “grassroots”) lobbying activities, with one exception. This does not preclude a state official, whose salary is supported by this Grant Agreement, from engaging in direct communications with the state or local legislative officials, in accordance with customary state and/or local practice.

M. REPRESENTATION AND WARRANTIES

1. The Grantee represents and warrants that:

    a. It is validly existing and in good standing under the laws of the State of California, has, or will have the requisite power, authority, licenses, permits, and the like necessary to carry on its business as it is now being conducted and as contemplated in this Grant Agreement, and will, at all times, lawfully conduct its business in compliance with all applicable federal, state, and local laws, regulations, and rules.

    b. It is not a party to any Grant Agreement, written or oral, creating obligations that would prevent it from entering into this Grant Agreement or satisfying the terms herein.

    c. If the Grantee is a Nonprofit Organization/Agency, it will maintain its “Active” status with the California Secretary of State, maintain its “Current” status with the California Attorney General’s Registry of Charitable Trusts, and maintain its federal and State of California tax-exempt status. If the Grantee subcontracts with a Nonprofit as part of this Grant Agreement, the Grantee shall ensure the Nonprofit will maintain its “Active” status with the California Secretary of State, maintain its “Current” status with the California Attorney General’s Registry of Charitable Trusts, and maintain its federal and State of California tax-exempt status.

    d. All of the information in its Grant Application and all materials submitted are true and accurate.

N. AIR OR WATER POLLUTION VIOLATION

1. Under the state laws, the Grantee shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

O. GRANTEE NAME CHANGE

1. Grantee agrees to immediately inform the State, in writing, of any changes to the name of the person within the Organization/Agency with delegated signing authority.

2. An Amendment is required to change the Grantee's name, as listed on this Grant Agreement. Upon receipt of legal documentation of the name change, the State will process the Amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said Amendment.

P. RESOLUTION

1. A county, city, district, or other local public body shall provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body, which by law, has authority to enter into a Grant Agreement, authorizing execution of the Grant Agreement.

Q. PAYEE DATA RECORD FORM STD. 204

1. This form shall be completed by all non-governmental Grantees.

R. FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA GOVERNMENT AGENCY TAXPAYER ID FORM

1. This form shall be completed by all Grantees.

S. CONFLICT OF INTEREST

1. This section serves to make the Grantee aware of specific provisions related to current or former state employees. If Grantee has any questions regarding the status of any person rendering services or involved with the Grant Agreement, the Grantee shall contact the State (California Highway Patrol, Impaired Driving Section, Cannabis Grants Unit) immediately for clarification.

2. Current State Employees:

    a. No officer or employee shall engage in any employment, activity, or enterprise, from which the officer or employee receives compensation or has a financial interest, and which is sponsored or funded by any state agency, unless the employment, activity, or enterprise is required, as a condition of regular state employment.

    b. No officer or employee shall contract on their own behalf, as an independent Grantee, with any state agency to provide goods or services.

3. Former State Employees:

    a. For the two-year period from the date they left state employment, no former state officer or employee may enter into a contract in which they engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to this Grant Agreement while employed in any capacity by any state agency.

    b. For the 12-month period from the date they left state employment, no former state officer or employee may enter into a contract with any state agency if they were employed by that state agency in a policy-making position in the same general subject area as the proposed Grant Agreement within the 12-month period prior to their leaving state service.

4. The authorized representative of the Grantee Organization/Agency, named within this Grant Agreement, warrants their Organization/Agency and its employees have no personal or financial interest and no present or past employment or activity, which would be incompatible with

participating in any activity related to this Grant Agreement. For the duration of this Grant Agreement, the Organization/Agency and its employees will not accept any gift, benefit, gratuity or consideration, or begin a personal or financial interest in a party who is associated with this Grant Agreement.

5. The Grantee Organization/Agency and its employees shall not disclose any financial, statistical, personal, technical, media-related, and/or other information or data derived from this Grant Agreement, made available for use by the State, for the purposes of providing services to the State, in conjunction with this Grant Agreement, except as otherwise required by law or explicitly permitted by the State in writing. The Grantee shall immediately advise the State of any person(s) who has access to confidential Project information and intends to disclose that information in violation of this Grant Agreement.

6. The Grantee will not enter into any Grant Agreement or discussions with third parties concerning materials described in paragraph five (5) prior to receiving written confirmation from the State that such third party has a Grant Agreement with the State, similar in nature to this one.

7. The Grantee warrants that only those employees who are authorized and required to use the materials described in paragraph 5 will have access to them.

8. If the Grantee violates any provisions in the above paragraphs, such action by the Grantee shall render this Grant Agreement void.

T. EQUIPMENT-USE TERMS

1. The Grantee agrees any equipment purchased under this Grant Agreement shall be used for impaired driving efforts.

2. Law Enforcement Projects:

   a. Oral Fluid Drug Screening Devices and Cannabis/Marijuana Breath Testing Equipment - The Grantee agrees to ensure all personnel using road-side drug testing equipment, including oral fluid drug testing devices and/or cannabis/marijuana breath testing devices, purchased with grant funds from this Grant Agreement, are trained to recognize alcohol and drug impairment. At a minimum, personnel using these devices should receive Standardized Field Sobriety Testing training. These personnel are also encouraged to attend Advanced Roadside Impaired Driving Enforcement and Drug Recognition Evaluator training. Prior to using these devices, the Grantee agrees to obtain permission from their local prosecutor's office, establish a policy ensuring appropriate use, and require the staff using these devices to receive appropriate training, which may include training from the manufacturer. This will help ensure the equipment is used appropriately. The Grantee shall advise the State (California Highway Patrol, Impaired Driving Section, Cannabis Grants Unit) of any legal challenges or other items of significance that may affect the use or legal acceptance of these devices. Additionally, the State may request additional information about the performance of these devices, including information about their use, accuracy, and feedback from personnel using the devices.

   b. Law Enforcement Vehicles – The Grantee agrees any law enforcement vehicles purchased with Grant funds, from this Grant Agreement, will be primarily used for the enforcement of driving under the influence laws and/or providing public education, related to the dangers of driving under the influence. Additionally, any vehicle purchased using funds from this Grant Agreement shall comply with all California Vehicle Code and California Code of Regulation requirements. The State may require the Grantee to mark these vehicles with a decal and/or emblem, indicating the vehicle is used for driving under the influence enforcement.

Schedule A

Morgan Hill Police Department

The Grantor determined awards and adjustments based on the Project's merit, operational scale, compliance with the Request for Application (RFA), and program regulations. Certain activities or budget items proposed in Schedule A may have been deemed ineligible for funding. The final, binding list of authorized activities and expenses is set forth in Schedule B - Detailed Budget Estimate.

Project Description

The Morgan Hill Police Department (MHPD) is committed to ensuring the safety of our community members by continuing our dedicated enforcement efforts in identifying impaired drivers and ensuring they are removed from our roadways before they create a tragedy. Our proposed project for FY 26/27 is to request staffing funding for twenty-five (25) DUI saturation patrols, six (6) community outreach events and five (5) community presentations at our local high schools. Our proposed budget would include funding to obtain two (2) dedicated marked DUI enforcement vehicles, one (1) marked vehicle to be utilized by our SRO for public education and one (1) marked All-Terrain vehicle to assist with community outreach events, city sponsored special events and DUI Checkpoints.

Problem Statement

Morgan Hill Police Department (MHPD) is a department of forty-four Officers that proudly serve the City of Morgan Hill. The City of Morgan Hill is located in Santa Clara County and is situated between San Jose and Gilroy. Our jurisdiction comprises 12 square miles with a population of approximately 45,000 and steadily increasing. As with most communities, we have seen large construction projects, specifically high-density housing projects, near our downtown entertainment district and along our arterial roadways. We recognize these projects have put a strain on our resources as the increase in vehicle traffic has steadily risen. With our jurisdiction situated between San Jose and Gilroy, we see a large amount of vehicular traffic bypassing US 101 and entering our arterial roadways to avoid traffic congestion on the freeway.

Upon review of collision data, MHPD recognized the following trends within the city limit. Impaired driving has been an issue, and we want to continue our efforts to reduce the number of impaired drivers on the road and those involved in injury collisions. California Office of Traffic Safety (CA OTS) recently released their latest data. To preface CA OTS rankings, data is compiled by rankings based on cities of comparable size and the most recent data is from 2023. To understand the two numbers in the rankings, the first number is the cities ranking in that category, and the second number is the total number of cities within the group size. The higher the number in the rankings, the better your jurisdiction is. The OTS rankings indicated that Morgan Hill had 116 fatal or injury collisions and we were ranked 68/93. However, alcohol related collisions consisted of 23 which placed us a 33/93. In the alcohol related collisions, in the drivers under 21 years old category, we ranked 25/93 and with drivers between 21 and 34, we ranked 16/93. According to OTS, the data shows that alcohol related collisions are a problem and our jurisdiction ranked towards the bottom with comparable cities. But it should be noted that in the OTS 2023 data, MHPD conducted 197 DUI arrests, and we were ranked near the top with a score of 82/93. Our agency is committed to proactive DUI enforcement, and we hope our commitment will make a difference in the future. Using Crossroads Analytics and giving more recent data, in 2025, MHPD reported 241 total collisions. Of those collisions, there were 115 injury collisions with a total of 163 victims. Unfortunately, we responded to two fatality collisions with a combination of alcohol and drugs to be the primary collision factor in one of those collisions. In 2025, 16 collisions were a result of alcohol or drug impairment and there were 27 injured victims.

Our proposed solution is not only to identify impaired drivers and arrest them for endangering our community but also to do community outreach and public awareness of the dangers of impaired driving. First, we want to continue our enforcement efforts and make our roadways safer by arresting impaired drivers through targeted DUI saturation patrols. To complete our DUI saturation patrols, MHPD is requesting funding for staffing twenty-five (25) DUI saturation patrols. To aid in our enforcement efforts, we are requesting funding for DUI saturation patrol vehicles. These vehicles would display specific anti-DUI messaging and would be utilized during DUI saturation patrols and community events.

Second, we would like to conduct community outreach and public awareness of impaired driving. Our belief is that community outreach and engagement should start with our newest drivers. In collaboration with our Student Resource Officer (SRO), we would conduct five (5) student/public awareness presentations at our 3 high schools. We would seek funding for Officers to conduct presentations to inform teenagers of the dangers behind impaired driving. The focus of the school presentations would be on alcohol and drug abuse and the consequences of impaired driving. Also, we would request funding for a vehicle that our SRO can utilize as he responds to our 7 elementary schools, 4 middle schools and 3 high schools. The vehicle would serve as a public awareness tool and would be decaled with anti-impaired driving messaging, similar to the former D.A.R.E (Drug Abuse Resistance Education) program of the 1990's and 2000's. This anti-DUI messaging would be seen at our 14 schools and would potentially reach over 8,000 children, teens and parents.

To further increase our community outreach and public awareness, we would request funding to conduct six (6) public relation events in our Downtown entertainment area. The public relation events would be similar to the OTS "Know Your Limit" campaigns and would aim to educate individuals about not only alcohol consumption limits but also the risk of impaired driving with drugs. To assist with our public relations and community messaging, we are requesting funding to purchase an all-terrain vehicle that would be used during our Downtown engagement but also during our city hosted special events. The City of Morgan Hill has scheduled 43 special events for 2026 and this all-terrain vehicle with decaled anti-impaired driving messaging would be an effective way to get our message out to our community. Many of the city sponsored special events have thousands of people in attendance and this would be an excellent way to inform the public of the dangers of impaired driving.

Performance Measures/Scope of Work (Proposed Solution)

As stated in our problem statement, we see a dangerous trend in collisions involving impaired drivers. In 2025, MHPD reported 241 total collisions. Of those collisions, there were 115 injury collisions with a total of 163 victims. Unfortunately, we responded to two fatality collisions with a combination of alcohol and drugs to be the primary collision factor in one of those collisions. In 2025, 16 collisions were a result of alcohol or drug impairment and there were 27 injured victims. However, MHPD is committed to proactive DUI/DUID enforcement. Our performance measure would be based on quantitative data indicating a reduction in injury collisions involving alcohol or drug impairment and an increase in the number of proactive DUI/DUID arrests.

Twenty-five (25) DUI saturation patrols (Q1=6, Q2=6, Q3=6, Q4=7): Our saturation patrols aim to increase our proactive DUI/DUID arrests by 10%, which will make our roadways safer. The request for funding of two DUI enforcement vehicles would be utilized by Officers during these enforcement activities.

Six (6) community outreach events (Q1=1, Q2=2, Q3=2, Q4=1): The community outreach events would be conducted in our Downtown entertainment area and would focus on educating community members of the dangers of impaired driving. MHPD aims to contact at least 75 community members during each outreach event.

Five (5) school presentations: (Q1=1, Q2=2, Q3=2, Q4=0): The school presentations would be conducted at each of our high schools. The presentations would be directed towards our newest drivers. The topic would be impaired driving, with a focus on alcohol and drug abuse. MHPD aims to contact at least 50-75 students to increase awareness of driving under the influence.

Two (2) DUI saturation patrols enforcement vehicles (2026 Ford Expedition and 2026 Ford F150): (Q1: Purchase, Q2: Receive and outfit, Q3-Q4: Deploy): MHPD would utilize grant funded enforcement vehicles to conduct DUI saturation patrols. The funding would include emergency equipment, police vehicle radios, a rugged laptop, AXON fleet system and FirstNet secure connectivity.

One (1) vehicle for community engagement and public awareness of the dangers of impaired driving (2026 Ford Mustang): (Q1: Purchase, Q2: Receive and outfit, Q3-Q4: Deploy): We will utilize this vehicle to increase public safety and awareness at our schools. This vehicle would be operated by our SRO during normal duties and would possibly impact on many of 8,000 kids at our 14 different schools. Also, the vehicle would be used for the five school presentations. The funding would include emergency equipment, police vehicle radios, a rugged laptop, AXON fleet system and FirstNet secure connectivity.

Schedule A

One (1) DUI All-Terrain Vehicle (Q1: Purchase, Q2: Receive, Q3-Q4: Deploy): This vehicle would be decaled with strong anti-impaired driving messaging to be used during our six community outreach events in our downtown entertainment area and also utilized during our 43 special events that are hosted by our city throughout the year. The vehicle and messaging would be an excellent way to inform thousands of community members of the dangers of impaired driving.

Project Performance Evaluation

Our request for funding for staffing of DUI/DUID saturation patrols, community outreach events, school presentations and equipment associated with the enforcement of impaired drivers would be evaluated on a quarterly basis. It would be the responsibility of the Grant Coordinator Sergeant to schedule all saturation patrols, community engagement events and school presentations as well as compile all data associated to the arrests of the individuals. We will utilize our AXON and Crossroads Analytics for an accurate assessment of our enforcement efforts. Also, using our data, the Sergeant would determine appropriate times and advise patrol officers of areas in our jurisdiction with high collision rates involving impaired drivers. We would utilize press releases and social media to inform our community of the DUI saturation patrols and the results of our enforcement efforts, as well as scheduled community outreach events and school presentations. This data would be reported to CHP-CTG on a quarterly basis as a fulfilment of the grant requirements.

Program Sustainability

Our request for equipment funding for FY25/26 is substantial but our vision for safe roadways aligns with CHP-CTG in our desire to identify and apprehend impaired drivers or those that traffic or distribute narcotics into our community. However, as a small agency of 44 officers that serves a community of approximately 45,000 people, we often face limitations in that we do not have a large budget for equipment items. We respectfully ask this grant administration to fund our equipment requests.

With our desire to continue proactive enforcement and commitment to community outreach and engagement, Morgan Hill Police Department sees this as a sustainable objective. Our request for funding of vehicles would come for the grant and MHPD would complete routine maintenance on the vehicle to extend its service life. MHPD could add these grant-funded vehicles into our vehicle replacement programs.

Administrative Support

Our Police and City administration are in complete support of our ongoing efforts to keep our roadways safe and arrest impaired drivers. The Chief of Police is excited to continue our partnership with CHP-CTGF and the funding that allows our department to remain proactive in our DUI/DUID enforcement efforts. Our City Manager and Council echo our Police Chiefs' support and are excited about the potential for funding from CHP-CTGF.

MHPD has been successful in completing grants in the past fiscal years and looks forward to continuing our targeted enforcement of impaired drivers. MHPD and its Officers are highly motivated in grant funded activities and recent grant cycles have seen a large portion of the grants completed within Q1-Q3.

Schedule B

Detailed Budget Estimate

Award Number	Organization/Agency	Total Amount
30925	Morgan Hill Police Department	$170,428.59

Cost Category	Line Item Name	Total Cost to Grant
Other Direct Costs	Laptop	$4,000.00
Category Sub-Total		**$4,000.00**
Personnel	DUI Saturation Patrol	$27,279.00
	Presentations	$909.30
	Education/Outreach	$4,364.64
Category Sub-Total		**$32,552.94**
Equipment	DUI Patrol Vehicle	$133,875.65
Category Sub-Total		**$133,875.65**

Grant Total	$170,428.59

Schedule B-1
Budget Narrative

Morgan Hill Police Department

Prior to engaging in grant-funded Saturation Patrols, DUI Checkpoints, or other enforcement activities in areas where the grantee does not have primary traffic jurisdiction, the grantee should consult with the agency having primary traffic jurisdiction.

Other Direct Costs

Laptop
$4,000.00
One rugged laptop for vehicle build out = $4,000.00.

Personnel

DUI Saturation Patrol
$27,279.00
25 DUI Saturation Patrols
Saturation Patrols= 6 hours
OT combined Rate= $181.86
$181.86 x 6 hours= $1,091.16
25 patrols x $181.86 x 6 hours = $27,279

Education/Outreach
$4,364.64
4 Community Outreach Events
Outreach event= 4 hours
OT combined rate= $181.86
$181.86 x 4 hours= $727.44
$181.86 x 4 hours x 6 events = $4,364.64

Presentations
$909.30
5 High School Presentations
Presentations = 1 hour
OT Combined Rate= $181.86
$181.86 x 1 hour x 5 events= $909.30

Equipment

DUI Patrol Vehicle
$133,875.65

1- DUI Patrol Vehicle
One 2026 Ford Expedition SSV DUI Enforcement Vehicle price=$ 59,908.33; Document prep fee= $ 85.00; Other fee= $ 37.00; Tire/Battery/VTR= $ 8.75; Sales/Use Tax= $ 5,474.39; 5% inflation estimation= $3,275.67.
Total price= $ 68,789.14.

2- Outfitting.
Nforce 54"" emergency light= $2,960.00; Spoiler kit Mpower arrow= $1,621.00; Perimeter lights= $2,002.00; 200 Watt siren system= $1,170.00; Rumbler siren= $750.00; Headlight flasher= $174.00; 100 Watt speaker= $258.00; OBD Mod= $399.00; Equipment console= $1,150.00; SL runners= $1,880.00; Front console= $630.00; Power inverter= $940.00; Materials= $2300.00; Docking station= $1,100.00; Storage system= $5,900.00; Single cell prisoner system= $7,730.00; Spotlights=; $2,300.00; Shipping= $1,280.00; Labor= $9,750.00; Tax= $3,035.38; 5% inflation estimate= $2,782.61.
Total upfitting cost= $50,112.43.

Schedule B-1
Budget Narrative

Morgan Hill Police Department

Prior to engaging in grant-funded Saturation Patrols, DUI Checkpoints, or other enforcement activities in areas where the grantee does not have primary traffic jurisdiction, the grantee should consult with the agency having primary traffic jurisdiction.

3- One Motorola Police Radios for vehicle buildouts (1 radio + tax). Total price= $9,974.07.
* NOTE: CGU WILL ONLY COVER 1 YEAR RADIO ESSENTIAL SERVICE- AGENCY IS RESPONSIBLE FOR RE MAINING WARRANTY COSTS.

4- One AXON Fleet systems for vehicle build out = $4,000.00.

5- One Firstnet Mobile Connectivity = $1,000.00.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

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

ACCEPT THE CALIFORNIA OFFICE OF TRAFFIC SAFETY TRAFFIC ENFORCEMENT GRANT IN THE AMOUNT OF $79,300

RECOMMENDATION(S)

1. Adopt a resolution accepting the California Office of Traffic Safety's Selective Traffic Enforcement Grant in the amount of $79,300; and
2. Authorize the City Manager to execute the California Office of Traffic Safety's Selective Traffic Enforcement Grant Program agreement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety and Quality of Life
Preserving and Cultivating Public Trust

Strategic Priorities 2026-2027
Fiscal Sustainability
Public Safety

Guiding Documents
Public Safety Master Plan

REPORT NARRATIVE:

The Morgan Hill Police Department (MHPD) has been awarded $79,300 from the California Office of Traffic Safety's (OTS) Selective Traffic Enforcement Program (STEP). The purpose of the STEP grant is to reduce injuries and fatalities in traffic collisions involving alcohol and other primary collision factors by utilizing enforcement and educational strategies to remove impaired drivers from the streets and increase public awareness of the dangers of impaired and distracted driving. Grant funds will support staffing overtime for two Driving Under the Influence (DUI) checkpoints, fourteen saturation patrols focusing on impaired drivers, one “Know Your Limits” campaign, seven traffic enforcement operations in areas with high collision rates, and ten distracted driving operations. Additionally, the grant will fund essential DUI checkpoint supplies, including traffic cones, signage, safety lighting, and reflective vests.

This grant aligns with the City's Vision Zero traffic safety initiative by strengthening enforcement efforts, improving roadway safety, and increasing public awareness of traffic safety issues. Funding will also cover travel expenses for officers to attend approved DUI educational programs, workshops, and conferences, enhancing their skills and promoting professional development. The grant term begins on October 1, 2026, and ends on September 30, 2027. Grant revenues and expenditures will span FY 2026-27 and FY 2027-28.

COMMUNITY ENGAGEMENT:
This staff report will serve to inform the community of the Agreement between the City of Morgan Hill and the California Office of Traffic Safety's Selective Traffic Enforcement Program grant.

ALTERNATIVE ACTIONS:
The City Council could choose not to approve this grant funding. If declined, the Police Department would be unable to conduct additional, targeted traffic safety operations and public awareness campaigns.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The City Council has previously accepted multiple grant awards from the California Office of Traffic Safety (OTS), including the Selective Traffic Enforcement Program (STEP) and Traffic Records Improvement Project (TRIP), to support traffic safety enforcement, traffic records improvements, and related public safety initiatives. The most recent grant awards were approved for the 2025–26 grant cycles.

FISCAL AND RESOURCE IMPACT:
There is no net fiscal impact to the City of Morgan Hill as all projected expenditures will be funded by the California Office of Traffic Safety's (OTS) Selective Traffic Enforcement Program (STEP).

CEQA (California Environmental Quality Act):
Not a project under CEQA.
Will not result in a direct or indirect physical change to the environment.

1. GRANT TITLE
Selective Traffic Enforcement Program (STEP)

2. NAME OF AGENCY
Morgan Hill Police Department

3. Grant Period
From: 10/01/2026
To: 09/30/2027

4. AGENCY UNIT TO ADMINISTER GRANT
Morgan Hill Police Department

5. GRANT DESCRIPTION
Best practice strategies will be conducted to reduce the number of persons killed and injured in crashes involving alcohol and other primary crash factors. The funded strategies may include impaired driving enforcement, enforcement operations focusing on primary crash factors, distracted driving, night-time seat belt enforcement, special enforcement operations encouraging motorcycle safety, enforcement and public awareness in areas with a high number of bicycle and pedestrian crashes, and educational programs. These strategies are designed to earn media attention thus enhancing the overall deterrent effect.

6. Federal Funds Allocated Under This Agreement Shall Not Exceed: $79,300.00
Allocation is contingent upon availability of federal funds.

7. TERMS AND CONDITIONS: The parties agree to comply with the terms and conditions of the following which are by this reference made a part of the Agreement:

- Schedule A – Problem Statement, Goals and Objectives and Method of Procedure
- Schedule B – Detailed Budget Estimate and Sub-Budget Estimate (if applicable)
- Schedule B-1 – Budget Narrative and Sub-Budget Narrative (if applicable)
- Exhibit A – Certifications and Assurances
- Exhibit B* – OTS Grant Program Manual
- Exhibit C – Grant Electronic Management System (GEMS) Access

*The item shown with an asterisk (*), is hereby incorporated by reference and made a part of this agreement as if attached hereto. This document can be viewed at the OTS home web page under Grants: www.ots.ca.gov.

Use of OTS Grant Agreement template in lieu of the California Model Agreement (CMA)
The California Office of Traffic Safety (OTS) utilizes its standardized OTS Grant Agreement template for awards. The format, structure, and uniformity of the OTS Grant Agreement template allows for processing through Grant Electronic Management System (GEMS). OTS's approach to using the OTS Grant Agreement template is consistent with the California Model Agreement (CMA) developed by University of California Office of the President (UCOP) and directed by the Department of General Service (DGS). For more information, please review the OTS Grant Program Manual.

Pre-Agreement Work
No work shall commence and no costs shall be incurred prior to the grant start date or the grant agreement being fully signed and executed. Any such costs are incurred at the grantee's own risk and may not be reimbursed.

8. Approval Signatures

We, the officials named below, hereby swear under penalty of perjury under the laws of the State of California that we are duly authorized to legally bind the Grant recipient to the grant terms and conditions described herein.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

A. Grant Director

NAME: John Kuhlen
TITLE: Sergeant
EMAIL: john.kuhlen@morganhill.ca.gov
PHONE: (669) 253-8650
ADDRESS: 16200 Vineyard Boulevard
Morgan Hill, CA 95037

(Signature) *(Date)*

B. Authorizing Official

NAME: Christina Turner
TITLE: City Manager
EMAIL: christina.turner@morganhill.ca.gov
PHONE: (408) 776-7382
ADDRESS: 17575 Peak Avenue
Morgan Hill, CA 95037

(Signature) *(Date)*

C. Fiscal Official

NAME: Dat Nguyen
TITLE: Finance Director
EMAIL: dat.nguyen@morganhill.ca.gov
PHONE: (408) 776-7379
ADDRESS: 17575 Peak Avenue
Morgan Hill, CA 95037

(Signature) *(Date)*

D. Authorizing Official of Office of Traffic Safety

NAME: Stephanie Dougherty
TITLE: Director
EMAIL: stephanie.dougherty@ots.ca.gov
PHONE: (916) 509-3030
ADDRESS: 2208 Kausen Drive, Suite 300
Elk Grove, CA 95758

(Signature) *(Date)*

E. Accounting Officer of Office of Traffic Safety

NAME: Mary Khang
ADDRESS: 2208 Kausen Drive Suite 300
Sacramento, CA 95758

9. SAM Information

SAM #: CG4EJ16FEMD8
REGISTERED ADDRESS: 17575 Peak Avenue
CITY: Morgan Hill
ZIP+4: 95037-4128

10. PROJECTED EXPENDITURES

FUND	CFDA	ITEM/APPROPRIATION	F.Y.	CHAPTER	STATUTE	PROJECTED EXPENDITURES
				AGREEMENT TOTAL		**$79,300.00**

I CERTIFY upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above, notwithstanding allocations contingent on availability of federal funds.

AMOUNT ENCUMBERED BY THIS DOCUMENT
$79,300.00

PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT
$ 0.00

OTS ACCOUNTING OFFICER'S SIGNATURE	DATE SIGNED	TOTAL AMOUNT ENCUMBERED TO DATE
		$79,300.00

1. PROBLEM STATEMENT

Describe the city, county, or jurisdiction this grant will impact.
Morgan Hill Police Department serves a community of approximately 45,000 residents with a jurisdiction of approximately 12 square miles. Our community is between the two larger jurisdictions of San Jose to the north and Gilroy to the south. We are primarily a suburban community that is unique in that we have residential, commercial and retail development as well as agricultural land that is actively cultivated. We have a concentration of high tech and manufacturing companies, but a majority of our residents travel daily to employment centers to the north and south of Morgan Hill. Morgan Hill sees a massive influx in vehicles during the morning and evening commute due to vehicles passing through our city to avoid the U.S. 101 traffic.

The increase in residential development in our jurisdiction, as well as other nearby jurisdictions, has significantly impacted traffic during the peak morning and afternoon commute hours. US Highway 101 runs through Morgan Hill and is significantly impacted by this increased volume of vehicular traffic in the northbound direction between 0500-0900 hours and the southbound direction between 1400-1800 hours. To avoid this, many commuters from outside Morgan Hill use two of our NB/SB arterial streets: Monterey Road and Butterfield Boulevard to bypass US 101. The addition of the Hale Road extension project created an additional NB/SB arterial roadway, and it has encouraged additional drivers to bypass the 101 and enter onto city streets. Many times, the use of wayfinding apps direct commuters to use our arterial and surface streets to avoid the congestion on the freeway. Commuters from outside our city along with the influx of new residents has resulted in congestion and crashes on our roadways.

Describe the problem(s) to be addressed, supported by current and relevant crash data. (most recent calendar year data/stats).
While reviewing the crash data for 2025 through Crossroads Analytics, Morgan Hill reported 241 total crashes. Of those 241 crashes, 115 were documented as injury crashes with 164 victims. It should be noted that unsafe speed, improper turning, and driving under the influence of alcohol were the leading causes of crashes. We observed 47, or 19%, of our crashes involved a primary crash factor of unsafe speed. 14% of our injury crashes were listed as improper turning movement. The third top crash factor was driving under the influence in 32 of our crashes or 13%. Morgan Hill PD saw 3 fatal crashes in 2025 with a total of 3 victims. One of the fatal crashes was caused by excessive speed, one fatality was caused by improper turning violation and the third was a pedestrian violation. 143 or 47% of our crashes were a result of the above-mentioned primary crash factors.

To lower the number of victims of vehicle crashes, MHPD has made it a priority to conduct directed enforcement and education. In 2025, MHPD issued 1747 citations, with 2249 violations. MHPD focused on our top primary crash factor or hazardous driving behaviors and issued 693 speeding citations, 124 distracted driving citations and 149 stop sign/red light citations. Unfortunately, our department experienced a staffing crisis and reallocated the Traffic Unit to patrol teams in September of 2025. But we had seen our traffic index (moving violations + DUI arrests/injury crashes) rise from 8.4 in 2022, 16.3 in 2023 and 21 in 2024. Along with our traffic enforcement, MHPD has also been committed to identifying impaired drivers and removing them from our roadways. MHPD arrested 137 DUI/DUID drivers during 2025. Our commitment to safe roadways will see our index increase and the directed enforcement and education will lower the number of injury crashes and victims.

Define the target population the grant intends to serve and how they are affected by the problem(s).
By addressing impaired drivers, speeding motorists and other hazardous violations, MHPD will make our roads safer for our community. This grant will help MHPD enforce primary crash factors and impaired drivers. It is safe to believe that targeted enforcement of these violations will lead to corrected behavior. In turn our community members and visitors to our city will enjoy safe roadways.

2. PERFORMANCE MEASURES

A. Goals:

1. Reduce the number of persons killed in traffic crashes.
2. Reduce the number of persons injured in traffic crashes.
3. Reduce the number of pedestrians killed in traffic crashes.
4. Reduce the number of pedestrians injured in traffic crashes.
5. Reduce the number of bicyclists killed in traffic crashes.
6. Reduce the number of bicyclists injured in traffic crashes.
7. Reduce the number of persons killed in alcohol-involved crashes.
8. Reduce the number of persons injured in alcohol-involved crashes.
9. Reduce the number of persons killed in drug-involved crashes.
10. Reduce the number of persons injured in drug-involved crashes.
11. Reduce the number of persons killed in alcohol/drug combo-involved crashes.
12. Reduce the number of persons injured in alcohol/drug combo-involved crashes.
13. Reduce the number of motorcyclists killed in traffic crashes.
14. Reduce the number of motorcyclists injured in traffic crashes.
15. Reduce hit & run fatal crashes.
16. Reduce hit & run injury crashes.
17. Reduce nighttime (2100 - 0259 hours) fatal crashes.
18. Reduce nighttime (2100 - 0259 hours) injury crashes.

B. Objectives:	Target Number
1. Issue a news release announcing the kick-off of the grant by December 31st. The kick-off news releases and media advisories, alerts, and materials must be emailed to the OTS Public Information Officer at pio@ots.ca.gov, and copied to your OTS Coordinator, for approval 7 days prior to the issuance date of the release.	1
2. Participate and report data (as required) in the following campaigns; Quarter 1: National Pedestrian Safety Month, National Walk to School Day, National Teen Driver Safety Week, NHTSA Winter Mobilization; Quarter 3: National Distracted Driving Awareness Month, National Motorcycle Safety Month, National Bicycle Safety Month, National Click it or Ticket Mobilization; Quarter 4: National Speed Prevention Campaigns, NHTSA Summer Mobilization, National Child Passenger Safety Week, and California's Pedestrian Safety Month.	12
3. Develop (by December 31) and/or maintain a “DUI BOLO” program to notify patrol and traffic officers to be on the lookout for identified repeat DUI offenders with a suspended or revoked license as a result of DUI convictions. Updated DUI BOLOs should be distributed to patrol and traffic officers monthly. Report on the outcomes of the “DUI BOLO” program.	12
4. Send law enforcement personnel to the NHTSA Standardized Field Sobriety Testing (SFST) (minimum 16 hours) POST-certified training.	2
5. Send law enforcement personnel to the NHTSA Advanced Roadside Impaired Driving Enforcement (ARIDE) 16 hour POST-certified training.	2
6. Send law enforcement personnel to the Drug Recognition Expert (DRE) training (classroom and field training must be completed).	1
7. Send law enforcement personnel to the DRE Recertification training.	0
8. Send law enforcement personnel to SFST Instructor training.	0
9. Send law enforcement personnel to DRE Instructor training.	0
10. Conduct DUI/DL Checkpoints. A minimum of 1 checkpoint should be conducted during the NHTSA Winter Mobilization and 1 during the Summer Mobilization. To enhance the overall deterrent effect and promote high visibility, it is recommended the grantee issue an advance press release and conduct social media activity for each checkpoint. For combination DUI/DL checkpoints, departments should issue press releases that mention DL's will be checked at the DUI/DL checkpoint. Signs for DUI/DL checkpoints should read "DUI/Driver's License Checkpoint Ahead." OTS does not fund or support independent DL checkpoints. Only on an exception	2

basis and with OTS pre-approval will OTS fund checkpoints that begin prior to 1800 hours. When possible, DUI/DL Checkpoint screeners should be DRE- or ARIDE-trained.	
11. Conduct DUI Saturation Patrol operation(s).	14
12. Conduct Traffic Enforcement operation(s), including but not limited to, primary crash factor violations.	7
13. Conduct highly publicized Distracted Driving enforcement operation(s) targeting drivers using hand held cell phones and texting.	7
14. Conduct Know Your Limit campaigns with an effort to reach members of the community.	1

3. METHOD OF PROCEDURE

A. Phase 1 – Program Preparation (1st Quarter of Grant Year)

- The department will develop operational plans to implement the "best practice" strategies outlined in the objectives section.
- Conduct all training needed to implement the program, in the first quarter.
- Purchase all grant related supplies and materials to implement the program, in the first quarter.
- Items with a unit cost of $5,000 more (including tax and shipping) must comply with the Buy America Act.
- In order to develop/maintain the "DUI BOLOs," research will be conducted to identify repeat DUI offenders with a suspended or revoked license as a result of DUI convictions. The DUI BOLO may include the driver's name, last known address, DOB, description, current license status, and the number of times suspended or revoked for DUI. DUI BOLOs should be updated and distributed to traffic and patrol officers at least monthly.
- Implementation of the STEP grant activities will be accomplished by deploying personnel at high crash locations.

Media Requirements

Issue a news release approved by the OTS PIO announcing the kick-off of the grant by December 31 and after the grant is signed and executed, but no sooner than October 1, the start of the grant year. The kick-off release must be approved by the OTS PIO. If you are unable to meet the December 31 deadline to issue a kick-off press release, communicate the reasons to your OTS grant coordinator and OTS PIO.

B. Phase 2 – Program Operations (Throughout Grant Year)

Media Requirements

The following requirements are for all grant-related activities:

- Send all media advisories, alerts, videos, graphics, artwork, posters, radio/PSA/video scripts, storyboards, digital and/or print educational materials for grant-related activities to the OTS PIO at pio@ots.ca.gov for approval and copy your OTS grant coordinator. Optimum lead time would be 7 days before the scheduled release but at least 3 business days prior to the scheduled release date for review and approval is appreciated.
- Send all PowerPoint presentations, online presentations and trainings for grant-related activities to the OTS PIO at pio@ots.ca.gov for approval and copy your OTS grant coordinator. Certified training courses are EXEMPT from the approval process.
- The OTS PIO is responsible for the approval of the design and content of materials. The agency understands OTS PIO approval is not authorizing approval of budget expenditure or cost. Any cost approvals must come from the OTS grant coordinator.
- Pre-approval is not required when using any OTS-supplied template for media advisories, news releases, social media graphics, videos or posts, or any other OTS-supplied educational material. However, copy the OTS PIO at pio@ots.ca.gov and your OTS grant coordinator when any material is distributed to the media and public, such as a news release, educational material, or link to social media post.
- If an OTS-supplied template, educational material, social media graphic, post or video is substantially changed, the changes shall be sent to the OTS PIO at pio@ots.ca.gov for approval and copy your OTS grant coordinator.
- News releases, social media posts and alerts on platforms such as NextDoor and Nixle reporting immediate and time-sensitive grant activities (e.g. enforcement operations, day of event

highlights or announcements, event invites) are EXEMPT from the OTS PIO approval process. The OTS PIO and your OTS grant coordinator should still be notified when the grant-related activity is happening (e.g. car seat checks, bicycle rodeos, community presentations, DUI checkpoints, etc.).

- Enforcement activities such as warrant and probation sweeps, court stings, etc. that are embargoed or could impact operations by publicizing in advance are EXEMPT from the PIO approval process. However, announcements and results of activities should still be copied to the OTS PIO at pio@ots.ca.gov and your OTS grant coordinator with the embargoed date and time or with "INTERNAL ONLY: DO NOT RELEASE" message in subject line of email.
- Any earned or paid media campaigns for TV, radio, digital or social media that are part of a specific grant objective, using OTS grant funds, or designed and developed using contractual services by a subgrantee, requires prior approval.
- Social media posts highlighting state or national traffic safety campaigns (Distracted Driving Month, Motorcycle Safety Awareness Month, etc.), enforcement operations (DUI checkpoints, etc.), or any other grant-related activity such as Bicycle rodeos, presentations, or events, are highly encouraged but do not require prior approval.
- Submit a draft or rough-cut of all digital, printed, recorded or video material (brochures, posters, scripts, artwork, trailer graphics, digital graphics, social posts connected to an earned or paid media campaign grant objective) to the OTS PIO at pio@ots.ca.gov and copy your OTS grant coordinator for approval prior to the production or duplication.
- Use the following standard language in all press, media, and printed materials, space permitting: Funding for this program was provided by a grant from the California Office of Traffic Safety, through the National Highway Traffic Safety Administration.
- Space permitting, include the OTS logo on all grant-funded print materials, graphics and paid or earned social media campaign grant objective; consult the OTS PIO and copy your OTS grant coordinator for specifics, format-appropriate logos, or if space does not permit the use of the OTS logo.
- Email the OTS PIO at pio@ots.ca.gov and copy your OTS grant coordinator at least 21 days in advance, or when first confirmed, a short description of any significant grant-related traffic safety event or program, particularly events that are highly publicized beforehand with anticipated media coverage so the OTS has sufficient notice to arrange for attendance and/or participation in the event. If unable to attend, email the OTS PIO at pio@ots.ca.gov and your OTS grant coordinator brief highlights and/or results, including any media coverage (broadcast, digital, print) of the event within 7 days following significant grant-related event or program. The OTS PIO and your OTS grant coordinator should still be notified in advance when the grant-related activity is happening (e.g. car seat checks, bicycle rodeos, community presentations, DUI checkpoints, etc.).
- Any news releases, work plans, scripts, storyboards, artwork, graphics, videos or any educational or informational materials that received OTS PIO approval in a prior grant year must be resubmitted for approval in the current grant year.
- For additional guidance, refer to the OTS Grants Materials Approval Process Guidelines and FAQs .
- Email the OTS PIO at pio@ots.ca.gov or your OTS grant coordinator for consultation when changes from any of the above requirements might be warranted.

C. Phase 3 – Data Collection & Reporting (Throughout Grant Year)

1. Prepare and submit grant claim invoices (due January 30, April 30, July 30, and October 30)
2. Prepare and submit Quarterly Performance Reports (QPR) (due January 30, April 30, July 30, and October 30)

- Collect and report quarterly, appropriate data that supports the progress of goals and objectives.
- Provide a brief list of activity conducted, procurement of grant-funded items, and significant media activities. Include status of grant-funded personnel, status of contracts, challenges, or special accomplishments.
- Provide a brief summary of quarterly accomplishments and explanations for objectives not completed or plans for upcoming activities.
- Collect, analyze and report statistical data relating to the grant goals and objectives.

4. METHOD OF EVALUATION

Using the data compiled during the grant, the Grant Director will complete the “Final Evaluation” section in the fourth/final Quarterly Performance Report (QPR). The Final Evaluation should provide a brief summary of the grant’s accomplishments, challenges and significant activities. This narrative should also include whether goals and objectives were met, exceeded, or an explanation of why objectives were not completed.

5. ADMINISTRATIVE SUPPORT

This program has full administrative support, and every effort will be made to continue the grant activities after grant conclusion.

FUND NUMBER	CATALOG NUMBER (CFDA)	FUND DESCRIPTION	TOTAL AMOUNT
164ID-27	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	$55,000.00
402PT-27	20.600	State and Community Highway Safety	$17,000.00
405e DDA-27	20.616	Distracted Driving Awareness	$7,300.00

COST CATEGORY	FUND NUMBER	UNIT COST OR RATE	UNITS	TOTAL COST TO GRANT
A. PERSONNEL COSTS				
Straight Time				$0.00
Overtime				
DUI/DL Checkpoints	164ID-27	$13,500.00	2	$27,000.00
DUI Saturation Patrols	164ID-27	$1,750.00	14	$24,500.00
Know Your Limit	164ID-27	$1,325.00	1	$1,325.00
Traffic Enforcement	402PT-27	$1,800.00	7	$12,600.00
Distracted Driving Enforcement	405e DDA-27	$1,042.86	7	$7,300.00
Category Sub-Total				$72,725.00
B. TRAVEL EXPENSES				
In State Travel	402PT-27	$2,900.00	1	$2,900.00
				$0.00
Category Sub-Total				$2,900.00
C. CONTRACTUAL SERVICES				
				$0.00
Category Sub-Total				$0.00
D. EQUIPMENT				
				$0.00
Category Sub-Total				$0.00
E. OTHER DIRECT COSTS				
DUI Checkpoint Supplies	164ID-27	$2,175.00	1	$2,175.00
Collaborative Meetings	402PT-27	$500.00	3	$1,500.00
Category Sub-Total				$3,675.00
F. INDIRECT COSTS				
				$0.00
Category Sub-Total				$0.00
GRANT TOTAL				**$79,300.00**

BUDGET NARRATIVE

PERSONNEL COSTS

DUI/DL Checkpoints - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.

DUI Saturation Patrols - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.

Know Your Limit - Overtime for grant funded traffic safety presentations or campaigns conducted by appropriate department personnel.

Traffic Enforcement - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.

Distracted Driving Enforcement - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.

TRAVEL EXPENSES

In State Travel - Costs are included for appropriate staff to attend conferences and training events supporting the grant goals and objectives and/or traffic safety. Local mileage for grant activities and meetings is included. Anticipated travel may include the OTS Traffic Safety Summit – November 2026 – San Diego, CA, OTS Traffic Safety Law Enforcement Forum, and GHSA Annual Meeting – August 2027 – Anaheim, CA. All conferences, seminars or training not specifically identified in the Budget Narrative must be approved by OTS. All travel claimed must be at the agency approved rate. Per Diem may not be claimed for meals provided at conferences when registration fees are paid with OTS grant funds.

CONTRACTUAL SERVICES

-

EQUIPMENT

-

OTHER DIRECT COSTS

DUI Checkpoint Supplies - On-scene supplies needed to conduct sobriety checkpoints. Costs may include 28" traffic cones, MUTCD compliant traffic signs, MUTCD compliant high visibility vests (maximum of 10), traffic counters (maximum of 2), generator, gas for generators, lighting, reflective banners, electronic flares, PAS Device Supplies, PAS Calibration Supplies, heater, propane for heaters, fan, anti-fatigue mats, and canopies. Additional items may be purchased if approved by OTS. The cost of food and beverages will not be reimbursed.

Collaborative Meetings - Costs for law enforcement agencies to discuss traffic safety trends and plan collaborative operations. Costs may include food and beverages for attendees; additional costs may be included if approved by OTS. Adequate records including an agenda must be maintained.

INDIRECT COSTS

-

STATEMENTS/DISCLAIMERS

There will be no program income generated from this grant.

Salaries may include wages, salaries, special compensations, or authorized absences such as annual leave and sick leave provided the cost for the individual employee is (a) reasonable for the services rendered, and (b) follows an appointment made in accordance with state or local laws and rules and meets federal requirements.

Any non-grant funded vacancies created by reassignment to a grant-funded position must be filled at the expense of the grantee agency.

Nothing in this agreement shall be interpreted as a requirement, formal or informal, that a particular law enforcement officer issue a specified or predetermined number of citations in pursuance of the goals and objectives here under.

The OTS grant funded activities must be separate from other grant funded program activities and maintained under separate accounting tracking codes (example: the same DUI checkpoint may not be funded by both the CHP Cannabis Tax Fund and the OTS).

Benefits for personnel costs can only be applied to straight time or overtime hours charged to the grant.

Appendix A to Part 1300—Certifications and Assurances for Highway Safety Grants (23 U.S.C. Chapter 4 or Section 1906, Public Law 109-59, as amended by Section 25024, Public Law 117-58)

The officials named on the grant agreement, certify by way of signature on the grant agreement signature page, that the Grantee Agency complies with all applicable Federal statutes, regulations, and directives and State rules, guidelines, policies, and laws in effect with respect to the periods for which it receives grant funding. Applicable provisions include, but are not limited to, the following:

GENERAL REQUIREMENTS

The State will comply with applicable statutes and regulations, including but not limited to:

- 23 U.S.C. Chapter 4—Highway Safety Act of 1966, as amended;
- Sec. 1906, Public Law 109-59, as amended by Sec. 25024, Public Law 117-58;
- 23 CFR part 1300—Uniform Procedures for State Highway Safety Grant Programs;
- 2 CFR part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
- 2 CFR part 1201—Department of Transportation, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

NONDISCRIMINATION
(applies to subrecipients as well as States)

The State highway safety agency [and its subrecipients] will comply with all Federal statutes and implementing regulations relating to nondiscrimination ("Federal Nondiscrimination Authorities"). These include but are not limited to:

- *Title VI of the Civil Rights Act of 1964* (42 U.S.C. 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- *49 CFR part 21* (entitled *Non-discrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964*);
- *28 CFR 50.3* (U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964);
- *The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970,* (42 U.S.C. 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- *Federal-Aid Highway Act of 1973, (23 U.S.C. 324 et seq.), and Title IX of the Education Amendments of 1972,* as amended (20 U.S.C. 1681-1683 and 1685-1686) (prohibit discrimination on the basis of sex);
- *Section 504 of the Rehabilitation Act of 1973,* (29 U.S.C. 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability) and 49 CFR part 27;
- *The Age Discrimination Act of 1975,* as amended, (42 U.S.C. 6101 *et seq.*), (prohibits discrimination on the basis of age);
- *The Civil Rights Restoration Act of 1987*, (Pub. L. 100-209), (broadens scope, coverage, and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the
Federal aid recipients, subrecipients and contractors, whether such programs or activities are Federally-funded or not);
- *Titles II and III of the Americans with Disabilities Act* (42 U.S.C. 12131-12189) (prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing) and 49 CFR parts 37 and 38

The preceding statutory and regulatory cites hereinafter are referred to as the “Acts” and “Regulations,” respectively.

GENERAL ASSURANCES

In accordance with the Acts, the Regulations, and other pertinent directives, circulars, policy, memoranda, and/or guidance, the Recipient hereby gives assurance that it will promptly take any measures necessary to ensure that:

“No person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity, for which the Recipient receives Federal financial assistance from DOT, including NHTSA.”

The Civil Rights Restoration Act of 1987 clarified the original intent of Congress, with respect to Title VI of the Civil Rights Act of 1964 and other non-discrimination requirements (the Age Discrimination Act of 1975, and Section 504 of the Rehabilitation Act of 1973), by restoring the broad, institutional-wide scope and coverage of these nondiscrimination statutes and requirements to include all programs and activities of the Recipient, so long as any portion of the program is Federally assisted.

SPECIFIC ASSURANCES

More specifically, and without limiting the above general Assurance, the Recipient agrees with and gives the following Assurances with respect to its Federally assisted Highway Safety Grant Program:

1. The Recipient agrees that each “activity,” “facility,” or “program,” as defined in § 21.23(b) and (e) of 49 CFR part 21 will be (with regard to an “activity”) facilitated, or will be (with regard to a “facility”) operated, or will be (with regard to a “program”) conducted in compliance with all requirements imposed by, or pursuant to the Acts and the Regulations.
2. The Recipient will insert the following notification in all solicitations for bids, Requests For Proposals for work, or material subject to the Acts and the Regulations made in connection with all Highway Safety Grant Programs and, in adapted form, in all proposals for negotiated agreements regardless of funding source:
   “The [name of Recipient], in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that in any contract entered into pursuant to this advertisement, disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.”
3. The Recipient will insert the clauses of appendix A and E of this Assurance (also referred to as DOT order 1050.2A) [1] in every contract or agreement subject to the Acts and the Regulations.
4. The Recipient will insert the clauses of appendix B of DOT Order 1050.2A, as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a Recipient.
5. That where the Recipient receives Federal financial assistance to construct a facility, or part of a facility, the Assurance will extend to the entire facility and facilities operated in connection therewith.
6. That where the Recipient receives Federal financial assistance in the form of, or for the acquisition of, real property or an interest in real property, the Assurance will extend to rights to space on, over, or under such property.
7. That the Recipient will include the clauses set forth in appendix C and appendix D of this DOT Order 1050.2A, as a covenant running with the land, in any future deeds, leases, licenses, permits, or similar instruments entered into by the Recipient with other parties:
   a. for the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and
   b. for the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.
8. That this Assurance obligates the Recipient for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the

form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the Assurance obligates the Recipient, or any transferee for the longer of the following periods:
    a. the period during which the property is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits; or
    b. the period during which the Recipient retains ownership or possession of the property.
9. The Recipient will provide for such methods of administration for the program as are found by the Secretary of Transportation or the official to whom he/she delegates specific authority to give reasonable guarantee that it, other recipients, sub-recipients, sub- grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the Acts, the Regulations, and this Assurance.
10. The Recipient agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the Acts, the Regulations, and this Assurance.

By signing this ASSURANCE, the State highway safety agency also agrees to comply (and require any sub-recipients, sub-grantees, contractors, successors, transferees, and/or assignees to comply) with all applicable provisions governing NHTSA's access to records, accounts, documents, information, facilities, and staff. You also recognize that you must comply with any program or compliance reviews, and/or complaint investigations conducted by NHTSA. You must keep records, reports, and submit the material for review upon request to NHTSA, or its designee in a timely, complete, and accurate way. Additionally, you must comply with all other reporting, data collection, and evaluation requirements, as prescribed by law or detailed in program guidance.

The State highway safety agency gives this ASSURANCE in consideration of and for obtaining any Federal grants, loans, contracts, agreements, property, and/or discounts, or other Federal-aid and Federal financial assistance extended after the date hereof to the recipients by the U.S. Department of Transportation under the Highway Safety Grant Program. This ASSURANCE is binding on the State highway safety agency, other recipients, sub-recipients, sub-grantees, contractors, subcontractors and their subcontractors', transferees, successors in interest, and any other participants in the Highway Safety Grant Program. The person(s) signing below is/are authorized to sign this ASSURANCE on behalf of the Recipient.

THE DRUG-FREE WORKPLACE ACT OF 1988 (41 U.S.C. 8103)

The Subgrantee will provide a drug-free workplace by:
- a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace, and specifying the actions that will be taken against employees for violation of such prohibition;
- b. Establishing a drug-free awareness program to inform employees about:
    1. The dangers of drug abuse in the workplace;
    2. The grantee's policy of maintaining a drug-free workplace;
    3. Any available drug counseling, rehabilitation, and employee assistance programs;
    4. The penalties that may be imposed upon employees for drug violations occurring in the workplace;
    5. Making it a requirement that each employee engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- c. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will—
    1. Abide by the terms of the statement;
    2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;
- d. Notifying the agency within ten days after receiving notice under subparagraph (c)(2) from an employee or otherwise receiving actual notice of such conviction;
- e. Taking one of the following actions, within 30 days of receiving notice under subparagraph (c)(2), with respect to any employee who is so convicted—
    1. Taking appropriate personnel action against such an employee, up to and including termination;
    2. Requiring such employee to participate satisfactorily in a drug abuse assistance or

rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

f. Making a good faith effort to continue to maintain a drug-free workplace through implementation of all of the paragraphs above.

POLITICAL ACTIVITY (HATCH ACT)
(applies to subrecipients as well as States)

The State will comply with provisions of the Hatch Act (5 U.S.C. 1501-1508), which limits the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

CERTIFICATION REGARDING FEDERAL LOBBYING
(applies to subrecipients as well as States)

CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions;
3. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grant, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

   This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31,
   U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

RESTRICTION ON STATE LOBBYING
(applies to subrecipients as well as States)

None of the funds under this program will be used for any activity specifically designed to urge or influence a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any State or local legislative body. Such activities include both direct and indirect (*e.g.,* “grassroots”) lobbying activities, with one exception. This does not preclude a State official whose salary is supported with NHTSA funds from engaging in direct communications with State or local legislative officials, in accordance with customary State practice, even if such communications urge legislative officials to favor or oppose the adoption of a specific pending legislative proposal.

CERTIFICATION REGARDING DEBARMENT AND SUSPENSION
(applies to subrecipients as well as States)

INSTRUCTIONS FOR PRIMARY TIER PARTICIPANT CERTIFICATION (STATES)

1. By signing and submitting this proposal, the prospective primary tier participant is providing the certification set out below and agrees to comply with the requirements of 2 CFR parts 180 and 1200.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective primary tier participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary tier participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default or may pursue suspension or debarment.
4. The prospective primary tier participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary tier participant learns its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms **covered transaction, civil judgment, debarment, suspension, ineligible, participant, person, principal, and voluntarily excluded,** as used in this clause, are defined in 2 CFR parts 180 and 1200. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary tier participant further agrees by submitting this proposal that it will include the clause titled “Instructions for Lower Tier Participant Certification” including the “Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transaction,” provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions and will require lower tier participants to comply with 2 CFR parts 180 and 1200.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any prospective lower tier participants, each participant may, but is not required to, check the System for Award Management Exclusions website
(*https://www.sam.gov/*).
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate the transaction for cause or default.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS—PRIMARY TIER COVERED TRANSACTIONS

1. The prospective primary tier participant certifies to the best of its knowledge and belief, that it and

its principals:

a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency;
b. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

2. Where the prospective primary tier participant is unable to certify to any of the Statements in this certification, such prospective participant shall attach an explanation to this proposal.

INSTRUCTIONS FOR LOWER TIER PARTICIPANT CERTIFICATION

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below and agrees to comply with the requirements of 2 CFR parts 180 and 1200.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms **covered transaction, civil judgment, debarment, suspension, ineligible, participant, person, principal, and voluntarily excluded,** as used in this clause, are defined in 2 CFR parts 180 and 1200. You may contact the person to whom this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include the clause titled “Instructions for Lower Tier Participant Certification” including the “Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transaction,” without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions and will require lower tier participants to comply with 2 CFR parts 180 and 1200.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any prospective lower tier participants, each participant may, but is not required to, check the System for Award Management Exclusions website
(*https://www.sam.gov/*).
8. Nothing contained in the foregoing shall be construed to require establishment of a system of

records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension or debarment.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION—LOWER TIER COVERED TRANSACTIONS

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

BUY AMERICA
(applies to subrecipients as well as States)

The State and each subrecipient will comply with the Buy America requirement (23 U.S.C. 313) when purchasing items using Federal funds. Buy America requires a State, or subrecipient, to purchase with Federal funds only steel, iron and manufactured products produced in the United States, unless the Secretary of Transportation determines that such domestically produced items would be inconsistent with the public interest, that such materials are not reasonably available and of a satisfactory quality, or that inclusion of domestic materials will increase the cost of the overall project contract by more than 25 percent. In order to use Federal funds to purchase foreign produced items, the State must submit a waiver request that provides an adequate basis and justification for approval by the Secretary of Transportation.

CERTIFICATION ON CONFLICT OF INTEREST
(applies to subrecipients as well as States)

GENERAL REQUIREMENTS

No employee, officer, or agent of a State or its subrecipient who is authorized in an official capacity to negotiate, make, accept, or approve, or to take part in negotiating, making, accepting, or approving any subaward, including contracts or subcontracts, in connection with this grant shall have, directly or indirectly, any financial or personal interest in any such subaward. Such a financial or personal interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or personal interest in or a tangible personal benefit from an entity considered for a subaward. Based on this policy:

1. The recipient shall maintain a written code or standards of conduct that provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents.
    a. The code or standards shall provide that the recipient's officers, employees, or agents may neither solicit nor accept gratuities, favors, or anything of monetary value from present or potential subawardees, including contractors or parties to subcontracts.
    b. The code or standards shall establish penalties, sanctions, or other disciplinary actions for violations, as permitted by State or local law or regulations.
2. The recipient shall maintain responsibility to enforce the requirements of the written code or standards of conduct.

DISCLOSURE REQUIREMENTS

No State or its subrecipient, including its officers, employees, or agents, shall perform or continue to perform under a grant or cooperative agreement, whose objectivity may be impaired because of any related past, present, or currently planned interest, financial or otherwise, in
organizations regulated by NHTSA or in organizations whose interests may be substantially affected by NHTSA activities. Based on this policy:

1. The recipient shall disclose any conflict of interest identified as soon as reasonably possible, making an immediate and full disclosure in writing to NHTSA. The disclosure shall include a description of the action which the recipient has taken or proposes to take to avoid or mitigate such conflict.
2. NHTSA will review the disclosure and may require additional relevant information from the recipient. If a conflict of interest is found to exist, NHTSA may (a) terminate the award, or (b) determine that it is otherwise in the best interest of NHTSA to continue the award and include appropriate provisions to mitigate or avoid such conflict.
3. Conflicts of interest that require disclosure include all past, present, or currently planned organizational, financial, contractual, or other interest(s) with an organization regulated by NHTSA or with an organization whose interests may be substantially affected by NHTSA activities, and which are related to this award. The interest(s) that require disclosure include those of any recipient, affiliate, proposed consultant, proposed subcontractor, and key personnel of any of the above. Past interest shall be limited to within one year of the date of award. Key personnel shall include any person owning more than a 20 percent interest in a recipient, and the officers, employees or agents of a recipient who are responsible for making a decision or taking an action under an award where the decision or action can have an economic or other impact on the interests of a regulated or affected organization.

PROHIBITION ON USING GRANT FUNDS TO CHECK FOR HELMET USAGE
(applies to subrecipients as well as States)

The State and each subrecipient will not use 23 U.S.C. Chapter 4 grant funds for programs to check helmet usage or to create checkpoints that specifically target motorcyclists.

POLICY ON SEAT BELT USE

In accordance with Executive Order 13043, Increasing Seat Belt Use in the United States, dated April 16, 1997, the Grantee is encouraged to adopt and enforce on-the-job seat belt use policies and programs for its employees when operating company-owned, rented, or personally-owned vehicles. The National Highway Traffic Safety Administration (NHTSA) is responsible for providing leadership and guidance in support of this Presidential initiative. For information and resources on traffic safety programs and policies for employers, please contact the Network of Employers for Traffic Safety (NETS), a public-private partnership dedicated to improving the traffic safety practices of employers and employees. You can download information on seat belt programs, costs of motor vehicle crashes to employers, and other traffic safety initiatives at *www.trafficsafety.org*. The NHTSA website (*www.nhtsa.gov*) also provides information on statistics, campaigns, and program evaluations and references.

POLICY ON BANNING TEXT MESSAGING WHILE DRIVING

In accordance with Executive Order 13513, Federal Leadership On Reducing Text Messaging While Driving, and DOT Order 3902.10, Text Messaging While Driving, States are encouraged to adopt and enforce workplace safety policies to decrease crashes caused by distracted driving, including policies to ban text messaging while driving company-owned or rented vehicles, Government-owned, leased or rented vehicles, or privately-owned vehicles when on official Government business or when performing any work on or behalf of the Government. States are also encouraged to conduct workplace safety initiatives in a manner commensurate with the size of the business, such as establishment of new rules and programs or re-evaluation of existing programs to prohibit text messaging while driving, and education, awareness, and other outreach to employees about the safety risks associated with texting while driving.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING THE CITY MANAGER OR HER DESIGNEE TO ACCEPT A GRANT PAYMENT OF $79,300 FROM THE CALIFORNIA STATE OFFICE OF TRAFFIC SAFETY FOR OVERTIME EXPENDITURES RELATED TO DUI AND TRAFFIC ENFORCEMENT AND DUI CHECKPOINT SUPPLIES

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

WHEREAS, the reasons supporting the purchase described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report entitled Accept Grrant Funding in the Amount of $79,300 from the California State of Traffic Saftey submitted for City Council consideration at its meeting of August 19, 2025, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

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

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

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

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

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

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

a. The City supports the payment for the overtime costs related to DUI and traffic enforcement and DUI checkpoint supplies.
b. That the City Manager is hereby delegated authority to and is authorized to take all other ministerial actions that may be necessary or appropriate to implement the provisions of this Resolution.

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

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 19th day of August 2026 by the following vote:

AYES:	**COUNCIL MEMBERS:**
NOES:	**COUNCIL MEMBERS:**
ABSTAIN:	**COUNCIL MEMBERS:**
ABSENT:	**COUNCIL MEMBERS:**

DATE: _____

_____
Mark Turner, MAYOR

➢ CERTIFICATION

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No.XXXX , adopted by the City Council at the meeting held on August 19, 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: August 19, 2026

PREPARED BY:
Dat Nguyen, Finance Director
APPROVED BY: City Manager

ADOPT ORDINANCE 2376, NEW SERIES, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY OF MORGAN HILL AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

RECOMMENDATION(S)
Waive the reading, adopt Ordinance No. 2376, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

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:
On June 17, 2026, the City Council introduced Ordinance No. 2376 New Series, by the following roll call vote: AYES: Turner, Vega, Librers, Martinez Beltran; NOES: None; ABSTAIN: None; ABSENT: Iwanaga.

Approval of this pension contract amendment is an administrative step required by the California Public Employees' Retirement System (CalPERS) for unrepresented employees to ensure the proper accounting and reporting of employee and employer contributions.

Similar to the American Federation of State, County and Municipal Employees (AFSCME) and Community Service Officers' Association (CSOA) bargaining units, the agreed-upon cost-sharing arrangement applies to all unrepresented employees, including both Classic and California Public Employees' Pension Reform Act (PEPRA) members, as well as both Safety and Miscellaneous classifications. The employee cost-sharing rate will be 1.12% effective with the payroll period beginning December 20, 2026.

The amendment will not change the employee cost-sharing rate; rather, it will ensure that employee contributions are properly credited by CalPERS and that the pension contract is consistent with the City's currently adopted compensation provisions.

COMMUNITY ENGAGEMENT:
Inform
Public notice was published in the local newspaper on June 26, 2026, informing the community of the proposed amendment of CalPERS contract.

ALTERNATIVE ACTIONS:
Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
On December 17, 2025, the City Council approved the current Management, Professional, and Confidential Employees Resolution and corresponding salary schedules, which reduce employees' sharing of the employer CalPERS contribution by 2.00% effective December 21, 2025, by an additional 3.00% effective December 20, 2026, and by a further 1.12% effective December 19, 2027. On June 17, 2026, the ordinance of the City Council of the City of Morgan Hill authorizing an amendment to the contract between the City of Morgan Hill and the Board of Administration of the California Public Employees' retirement system was introduced.

FISCAL AND RESOURCE IMPACT:
The reduction in the employee sharing of the employer's CalPERS cost has been incorporated into the City budget.

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.

ORDINANCE NO. 2376, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY OF MORGAN HILL AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA DOES ORDAIN AS FOLLOWS:

SECTION 1: That an amendment to the contract between the City of Morgan Hill and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit, and by such reference made a part hereof as though herein set out in full.

SECTION 2: The City Manager or her designee is authorized, empowered, and directed to execute said amendment for and on behalf of the City of Morgan Hill.

SECTION 3: Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its passage and adoption. The City Clerk is hereby directed to publish in full or summary this ordinance pursuant to §36933 of the Government Code in a newspaper of general circulation in the City of Morgan Hill.

The foregoing ordinance was introduced and the title thereof read at a regular meeting of the City Council of the City of Morgan Hill held on the 17th day of June 2026, and was finally adopted at a regular meeting of said Council on the 19th day of August 2026, and said ordinance was duly passed and adopted in accordance with law.

PASSED AND ADOPTED by the City Council of Morgan Hill at the regular meeting held on the 19th day of August 2026 by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

APPROVED: **ATTEST:**

_____ _____
MARK TURNER, Mayor **MICHELLE BIGELOW, City Clerk**

CERTIFICATE OF THE CITY CLERK

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 2376, New Series, adopted by the City Council of the City of Morgan Hill, California at the meeting held on this 19th day of August 2026 and has been published pursuant to Government Code.

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

DATE: _____ _____
Michelle Bigelow, City Clerk

EXHIBIT

California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

Between the Board of Administration California Public Employees' Retirement System and the City Council City of Morgan Hill

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective March 1, 1964, and witnessed January 8, 1964, and as amended effective June 1, 1972, May 1, 1976, January 1, 1977, December 17, 1981, August 1, 1982, August 16, 1983, July 1, 1988, January 7, 1990, April 29, 1990, August 17, 1991, June 21, 1997, April 17, 1999, February 20, 2000, July 1, 2002, June 18, 2006, April 19, 2000, June 26, 2022, and May 25, 2024, which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

A. Paragraphs 1 through 17 are hereby stricken from said contract as executed, effective May 25, 2024, and hereby replaced by the following paragraphs numbered 1 through 17 inclusive:

1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age shall mean age 55 for classic local miscellaneous members, age 62 for new local miscellaneous members, age 50 for classic local safety members, and age 57 for new local safety members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after March 1, 1964, making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:

   (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.

   (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.

   (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.

4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:

   a. Local Fire Fighters (herein referred to as local safety members);

   b. Local Police Officers (herein referred to as local safety members);

c. Employees other than local safety members (herein referred to as local miscellaneous members).

5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

NO ADDITIONAL EXCLUSIONS

6. The percentage of final compensation to be provided for each year of credited prior and current service for classic local miscellaneous members in employment before and not on or after June 18, 2006, shall be determined in accordance with Section 21354 of said Retirement Law, subject to the reduction provided therein for service prior to September 30, 1975, termination of Social Security, for members whose service has been included in Federal Social Security (2% at age 55 Full and Modified).

7. The percentage of final compensation to be provided for each year of credited prior and current service for classic local miscellaneous members in employment on or after June 18, 2006, shall be determined in accordance with Section 21354.4 of said Retirement Law, subject to the reduction provided therein for service prior to September 30, 1975, termination of Social Security, for members whose service has been included in Federal Social Security (2.5% at age 55 Full and Modified).

8. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full and Modified).

9. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local fire member shall be determined in accordance with Section 21362 of said Retirement Law (2% at age 50 Full).

10. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local police member shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).

11. The percentage of final compensation to be provided for each year of credited prior and current service as a new local safety member shall be determined in accordance with Section 7522.25(d) of said Retirement Law (2.7% at age 57 Full).

12. Public Agency elected and elects to be subject to the following optional provisions:

a. Section 21574 (Fourth Level of 1959 Survivor Benefits).

b. Section 20903 (Two Years Additional Service Credit) for local miscellaneous members only.

c. Section 20042 (One-Year Final Compensation) for classic members only.

d. Section 20965 (Credit for Unused Sick Leave).

e. Section 21024 (Military Service Credit as Public Service) for local miscellaneous members and local police members.

f. Section 20516 (Employees Sharing Additional Cost):

From and after April 19, 2020, 3.604% for local miscellaneous members in the Morgan Hill Police Officers' Association, Community Service Officers' Association and American Federation of State, County, and Municipal Employees; 6.120% for classic local safety members in the Morgan Hill Police Officers' Association; and 1.329% for new local safety members in the Morgan Hill Police Officers' Association.

From and after April 19, 2020, and until June 26, 2022, 3.604% for local miscellaneous members in the Unrepresented Management group.

From and after June 26, 2022, and until the effective date of this amendment to contract 6.12% for local miscellaneous members in the Unrepresented Management group.

From and after the effective date of this amendment to contract, 1.12% for local miscellaneous members in the Unrepresented Management group.

From and after the effective date of this amendment to contract, 1.12% for classic local safety members in the Unrepresented Management Safety group.

The portion of the employer's contribution that the member agrees to contribute from his or her compensation, over and above the member's normal contribution ("Cost Sharing Percentage"), shall not exceed the Employer Normal Cost Rate, as that rate is defined in the CalPERS Actuarial Valuation for the relevant fiscal year. If the Cost Sharing Percentage will exceed the relevant Employer Normal Cost Rate, the Cost Sharing Percentage shall automatically be reduced to an amount equal to, and not to exceed, the Employer Normal Cost Rate for the relevant fiscal year.

13. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on August 16, 1983. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.

14. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.

15. Public Agency shall also contribute to said Retirement System as follows:

    a. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.

    b. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

16. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

17. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY_____
MELODY BENAVIDES, CHIEF
PENSION CONTRACTS AND PREFUNDING
PROGRAMS DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL
CITY OF MORGAN HILL

BY_____
PRESIDING OFFICER

_____
Witness Date

Attest:

_____
Clerk

From: Christina Turner
To: CityClerk
Subject: FW: [SPAM][EXTERNAL] Consent Calendar Item 5: CONTRACT AMENDMENT BETWEEN THE CITY OF MORGAN HILL AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Date: Tuesday, August 18, 2026 2:45:01 PM

Please supplement.

From: Dat Nguyen <Dat.Nguyen@morganhill.ca.gov>
Sent: Tuesday, August 18, 2026 2:44 PM
To: Armando Be <barmando3@gmail.com>
Cc: Christina Turner <Christina.Turner@morganhill.ca.gov>
Subject: RE: [SPAM][EXTERNAL] Consent Calendar Item 5: CONTRACT AMENDMENT BETWEEN THE CITY OF MORGAN HILL AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Hello Armando,

Thank you for your comments and questions regarding the proposed CalPERS contract amendment and its financial impact.

For clarification, this agenda item is the second reading of the ordinance, which was introduced at the June 17, 2026 City Council meeting. The amendment implements previously approved labor agreements and does not represent a new compensation decision. The financial impacts of the negotiated compensation changes, including the phased reduction in employee pension cost sharing, were incorporated into the City's adopted FY 2026-27 and FY 2027-28 Biennial Budget and six-year General Fund forecast. Accordingly, these costs are already reflected in the City's projected structural deficit and are not additional to the approximately $3.5 million annual deficit presented in the budget.

The City evaluates compensation as a whole, including salaries, pension contributions, benefits, and other provisions, when negotiating labor agreements. The decision to phase out employee contributions toward the employer pension obligation was part of those overall negotiated compensation packages.

The City agrees that transparency regarding its long-term financial outlook is important. The six-year forecast incorporates the anticipated ongoing costs of the approved labor agreements along with projected revenues and other expenditures. Any future discussion of a potential revenue measure will consider the City's overall projected funding needs and the cost of maintaining City services; it would not be accurate to attribute a specific portion of a potential tax measure solely to these pension or compensation changes.

Thank you again for taking the time to review the agenda item and share your concerns.

Dat Nguyen, CPA, CGFM
Finance Director

City of Morgan Hill
Finance

17575 Peak Avenue, Morgan Hill, CA 95037

P 408.776.7379
dat.nguyen@morganhill.ca.gov
morgan-hill.ca.gov | **facebook** | **twitter**

From: Armando Be <barmando3@gmail.com>
Date: August 18, 2026 at 12:16:59 PM PDT
To: Mark Turner <mark.turner@morganhill.ca.gov>, Marilyn Librers <marilyn.librers@morganhill.ca.gov>, Yvonne Martinez Beltran <yvonne.martinezbeltran@morganhill.ca.gov>, Miriam Vega <miriam.vega@morganhill.ca.gov>, Soraida Iwanaga <soraida.iwanaga@morganhill.ca.gov>, Christina Turner <christina.turner@morganhill.ca.gov>, CC Public Comment <ccpubliccomment@morganhill.ca.gov>
Subject: [SPAM][EXTERNAL] Consent Calendar Item 5: CONTRACT AMENDMENT BETWEEN THE CITY OF MORGAN HILL AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Mayor, City Council Members, City Manager,

I am writing about the proposed CalPERS contract amendment and, more importantly, its financial impacts to the structural budget deficit facing the city. I do believe it is fair for the City to eliminate the additional pension contribution employees have been making toward the City's employer obligation.

For years, many City employees have paid not only their own required employee contribution toward their CalPERS pension, but also an additional 6.12% of their salary toward the City's obligation as their employer. The City's own budget documents confirm that employees were paying this additional amount and that it reduced the City's pension cost. The City even built its previous financial forecast on the assumption that this employee cost-sharing would continue.

The new agreements gradually shift that 6.12% obligation back to the City. For management, professional and confidential employees, the employee contribution is reduced from 6.12% to 4.12%, then to 1.12%, and ultimately to zero. Similar changes were negotiated with other

employee groups, along with salary increases and other compensation improvements.

That means the City is voluntarily taking back an expense that employees had previously been helping to pay.

Morgan Hill is currently facing a $3.5 million annual structural General Fund deficit. The City's own budget materials describe the structural deficit and the measures being taken to reduce it. In the City's prior budget, staff explicitly stated that the City's six-year financial forecast assumed employees would continue paying approximately 6.12% of their salaries toward increases in the City's employer PERS costs. Staff also warned that the City would need to either increase revenues, potentially through a tax measure, or reduce service levels to maintain services.

Now that assumption is being reversed. The City will increasingly take on the pension costs that employees previously shared, while also absorbing negotiated salary increases and other compensation costs.

And this is not a one-time expense. Once the employee contribution is eliminated, the City assumes that additional pension cost every year—and that cost grows as employee compensation grows.

The City's own 2025 financial report acknowledges that higher operating costs, particularly personnel costs, are already challenging the sustainability of City services. It also cautions that additional staffing investments will not be sustainable over the long term without corresponding revenue growth.

That is why I believe the community deserves clear answers to the following questions:’

1. How much will these additional costs add to the City's existing $3.5 million structural deficit?
2. How will these new ongoing costs affect the City's financial outlook over the next six years?
3. When the City considers asking voters for additional tax revenue, how much of that new revenue will be needed to cover these new ongoing compensation costs?

I want to emphasize that this is not an argument against fair compensation for City employees. Employees have been contributing toward the City's pension obligation for years, in addition to paying their own pension contributions. Returning the employer obligation to the City is a legitimate and understandable compensation decision.

However, I believe it is important to be transparent so the community fully understands how the City is spending its limited resources, especially when a decision has the effect of increasing a structural deficit and will require additional revenue in the form of taxes to sustain it.

Regards,
Armando Benavides

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

PREPARED BY:
Matt Mahood, Economic Development Director
APPROVED BY: City Manager

APPROVE AN IMPACT FEE FREEZE AGREEMENT WITH REGENCY CENTERS, L.P., FOR A 55,314 SQUARE FOOT RETAIL DEVELOPMENT ON 7.82 ACRES PARCEL IDENTIFIED BY ASSESSOR PARCEL NUMBER (APN) 728-31-020

RECOMMENDATION(S)
Approve and authorize the City Manager to execute an Impact Fee Freeze Agreement with Regency Centers, L.P. for an approximately 55,314 square foot retail development on 7.82 acres located at the southwest corner of Cochrane Road and DePaul Road on APN 728-31-020.

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Maintaining and Enhancing Infrastructure

Strategic Priorities 2026-2027
Fiscal Sustainability
Economic Development and Tourism

Guiding Documents
Economic Blueprint
Morgan Hill 2035 General Plan

REPORT NARRATIVE:
Development impact fees are an important component of the City of Morgan Hill's fiscal strategy, providing funding for infrastructure needed to serve new development. However, impact fees can also influence development decisions, particularly for commercial and industrial projects facing rising construction costs and economic uncertainty.

Historically, comparisons of development impact fees for similar projects in Morgan Hill, San Jose, and Gilroy have shown Morgan Hill to be less competitive. In addition, much of Morgan Hill's development occurs on greenfield sites, requiring developers to fund significant infrastructure improvements that are often not required in more urbanized communities.

To improve competitiveness and encourage targeted commercial and industrial investment, the City Council adopted a Development Impact Fee Freeze Program on June 21, 2017. The program provides greater cost certainty by locking impact fees for a limited period, helping offset escalating development costs. In May 2022, the City Council reaffirmed the program, authorizing impact fee freezes for up to three years for new commercial and industrial projects that obtain entitlements and submit building permit applications within three years of the agreement date.

Staff recommends approval of a three-year Development Impact Fee Freeze Agreement (Attachment A) with Regency Centers for construction of the proposed Poppy Ranch Shopping Center on approximately 7.82 acres located at the southwest corner of Cochrane Road and DePaul Road. If approved, Regency Centers would have three years from execution of the agreement to apply for and obtain building permits while retaining the January 15, 2026, Impact Fee Schedule (Attachment B).

Based on the January 15, 2026 Impact Fee Schedule, the estimated impact fees for the project are approximately $2,417,314, not including the Public Art in-lieu fees, which will be assessed at 1% of the construction valuation. Actual fees will be determined based on the final project design and tenant mix; however, the January 15, 2026 Impact Fee Schedule would be used for final fee calculations.

Once completed and fully operational, the shopping center, anchored by a specialty grocery store, is projected to generate more than $200,000 annually in new property and sales tax revenue for the City's General Fund.

Assuming future impact fee increases average 4 percent annually, the estimated value of the fee freeze to the developer would be approximately:

- $96,693 if building permits are obtained before January 15, 2027
- $197,253 if building permits are obtained after January 15, 2027 and before January 15, 2028
- $301,835 if building permits are obtained after January 15, 2028 and before January 15, 2029

While the financial benefit of the fee freeze increases over time, construction costs are also expected to continue rising. As a result, delays in project delivery would likely increase overall development costs by more than the savings provided through the fee freeze program.

Year	Agreement Base Year Fee Schedule 01.15.2026	2027	2028	2029

Year	Agreement Base Year Fee Schedule 01.15.2026	2027	2028	2029
Impact Fee Schedule	2025-26	2026-27	2027-28	2028-29
Impact Fee Estimate	$ 2,417,314	$ 2,514,007	$2,614,567	$2,719,150
Potential Savings to Development based on when permits are pulled		$(96,693)	$(197,253)	$(301,836)
*Estimated impact fee escalation of 4% per year				

Conclusion
Approval of the Development Impact Fee Freeze Agreement with Regency Centers, LLC is consistent with the City's adopted Impact Fee Freeze Program and supports Economic Blueprint Strategy #3, *Attract New Development*, specifically Action #5, *Explore Incentive Programs to Attract Industry-Specific Development*. The agreement provides cost certainty that can help facilitate construction of the Poppy Ranch Shopping Center, resulting in new retail amenities, employment opportunities, and ongoing property and sales tax revenue to support City services.

COMMUNITY ENGAGEMENT:

Inform

The following information below addresses the requirements set forth in State of California AB 562 (Government Code 53083) for publication of information related to an economic development subsidy and public hearings.

Name/address of the beneficiary of the subsidy:	Regency Centers, One Independent Drive, Suite 114, Jacksonville, FL 32202-5019
Start and end dates, schedule for the subsidy:	The Fee Freeze Agreement is for a period of three years, starting no later than August 31, 2026 and ending August 30, 2029.

Describe the subsidy, estimated total amount of expenditure of public funds or revenue lost:	The Impact Fee Freeze Agreement allows the beneficiary to lock-down the project impact fees at the current year's Impact Fee Schedule for a period of up to three years. Impact Fees must be paid by the beneficiary prior to receiving building permits. The estimated one-time General Fund contribution to make the applicable impact fee funds whole ranges from $96,693 in year 1; $197,253 in year 2; and $301,835 in year 3.
Statement of public purpose:	Expand and enhance economic opportunities for businesses in the City, continue to expand the City's employment base, and continue to generate the hereinafter defined Property Tax and Sales Tax that the City can utilize to fund general governmental services such as police, fire, street maintenance, and parks and recreation programs.
Projected tax revenue:	The projected increase in property tax and sales tax collected once this development is fully operational is approximately $200,000 annually.
Estimated number of jobs created by subsidy:	The construction of this project will generate approximately 100 temporary construction jobs. When the project is completed and fully occupied, the potential tenants could generate over 100 new full-time and part-time jobs of varying skills levels and educational requirements.

ALTERNATIVE ACTIONS:

The City Council could choose not to approve the Development Impact Fee Freeze Agreement with Regency Centers, LLC. This option would preserve future impact fee revenue that could otherwise be forgone under the agreement, estimated to range from approximately $96,693 to $301,835 depending on the timing of building permit issuance. However, denial of the agreement would eliminate a development incentive available through the City's Impact Fee Freeze Program and could reduce the project's financial feasibility, potentially delaying or jeopardizing development of the proposed 7.82-acre, 55,000-square-foot retail shopping center.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

February 2006: City Council established the Commercial/Industrial Fee Deferral Program to encourage commercial and industrial development.

July 2009: City Council modified the Fee Deferral Program to expand incentives for projects both inside and outside the former Redevelopment Project Area.

June 21, 2017: City Council approved the Citywide Impact Fee Freeze Program, establishing FY 2016-17 Development Impact Fees as the basis for a three-year fee freeze for eligible commercial and industrial development projects approved by the City Council.

June 2020: City Council reviewed the Impact Fee Freeze Program and updated the program to use FY 2017-18 Development Impact Fees as the basis for future three-year fee freeze agreements.

May 2022: City Council reviewed the Impact Fee Freeze Program and modified the program to freeze impact fees at the rates in effect on the date of an executed agreement for up to three years, provided the project obtains entitlements and submits building permit applications within three years of the agreement date.

June 2023: City Council approved Development Impact Fee Freeze Agreements with Cutina Morgan Hill LLC and Mersho Investments for proposed development projects.

FISCAL AND RESOURCE IMPACT:

Approval of the Development Impact Fee Freeze Agreement would require the General Fund to make the applicable development impact fee funds whole for any impact fee revenues forgone as a result of the agreement, if the developer obtains building permits for the project. Based on an assumed annual impact fee escalation of 4 percent, the estimated one-time General Fund contribution ranges from approximately $96,693 to $301,835, depending on the timing of building permit issuance.

In return, the City is expected to receive economic benefits associated with construction activity, including temporary construction employment and local spending. Upon completion and occupancy, the proposed shopping center is projected to generate approximately $200,000 annually in new property tax and sales tax revenue for the City's General Fund.

CEQA (California Environmental Quality Act):

An Environmental Impact Report (EIR) for the Morgan Hill 2035 Project, which included the General Plan Update, was prepared in accordance with the California Environmental Quality Act (CEQA) and certified by the Morgan Hill City Council on July 27, 2016. Commercial and industrial development as discussed above is consistent with the general plan policies for which the EIR was certified. There is no substantial evidence that freezing impact fees will have a significant effect on the environment beyond that already analyzed in the certified EIR; therefore, no further environmental

analysis is required.

Any project specific development that occurs in the future will undergo an independent analysis pursuant to the requirements of CEQA.

IMPACT FEE FREEZE AGREEMENT

BY AND BETWEEN

THE CITY OF MORGAN HILL

AND

MORGAN HILL REGENCY, LLC

IMPACT FEE FREEZE AGREEMENT
BY AND BETWEEN
THE CITY OF MORGAN HILL
AND
Morgan Hill Regency, LLC

This Impact Fee Freeze Agreement (the "Agreement") is entered into as of _____, 2026, by and between Morgan Hill Regency, LLC, a Delaware limited liability company (the "Developer") and the City of Morgan Hill, a municipal corporation duly organized and existing under the laws of the State of California (the “City”), with reference to the following facts and purposes:

RECITALS

A. Pursuant to the authority of Morgan Hill Municipal Code Sections 3.56.095, 12.02.115, and Resolution Numbers 17-052 and 18-013, the City has established an Impact Fee Freeze Program (the "Program") to freeze Development Impact Fees to the time of the executed agreement for up to three years for new commercial/industrial construction.

B. Developer owns, leases, or is under contract to purchase certain real property in the City described in the attached Exhibit A (the "Subject Property") upon which improvements are to be made for a new or expanding industrial or commercial business (the “Project”).

C On May 18, 2022, the City Council updated the Impact Fee Freeze Program that establishes and locks City’s Impact Fees at the time of the executed agreement for up to three years for new industrial and commercial development provided the prospect development secures entitlements and submits for building permits within three years of the date of the agreement. The Fiscal Year Impact Fee Schedule is in the attached Exhibit B.

D. Developer and City have determined that the Project is the type of development for which this Agreement is appropriate. This Agreement will help to eliminate uncertainty in annual changes to Development Impact Fees, provide for the orderly development of the Project consistent with the planning goals, policies, and other provisions of the City’s General Plan and City's Municipal Code, and otherwise achieve the goals and purposes for which the Development Impact Fee Program was adopted.

ARTICLE 1

ADMINISTRATION

1.01 Definitions.

(a) The following terms, phrases and words shall have the meanings and be interpreted as set forth in this Section:

(1) "**Existing City Laws**" shall mean all City ordinances, resolutions, rules, regulations, guidelines, motions, practices and official policies governing land use, zoning and development, permitted uses, density and intensity of use, maximum height, bulk and size of proposed buildings, and other City land use regulations in force and effect on the Effective Date of this Agreement.

(2) **"Impact Fee**" or "**Impact Fees**" shall mean any and all fees imposed so that developments bear a proportionate share of the cost of public facilities and service improvements that are reasonably related to the impacts and burdens of the Project, adopted pursuant to Morgan Hill Municipal Code Chapter 3.56 and California Government Code Section 66001 et seq.

(3) "**Legal Effect**" shall mean the ordinance, resolution, permit, license or other grant of approval has been adopted by City and has not been overturned or otherwise rendered without legal and/or equitable force and effect by a court of competent jurisdiction, and all applicable administrative appeal periods and statutes of limitations have expired.

(4) "**New City Laws**" shall mean any and all City ordinances, resolutions, orders, rules, official policies, standards, specifications and other regulations, whether adopted or enacted by City, its staff or its electorate (through their powers of initiative, referendum, recall or otherwise) that is not a Subsequent Approval, that takes "**Legal Effect**" after the Effective Date of this Agreement, and that applies City wide.

(5) "**Project Approvals"** mean, collectively, the Project's Existing Approvals and the Subsequent Approvals.

(6) "**Property**" shall mean that certain real property consisting of approximately 20.14 acres located within the City, as more particularly described and shown on ***Exhibit A*** to this Agreement.

(7) "**Subsequent Approvals**" a**nd "Subsequent Approval**" mean those City permits, entitlements, approvals or other grants of authority (and all text, terms and conditions of approval related thereto), that may be necessary or desirable for the development of the Project, that are sought by Developer, and that are granted by City.

(b) To the extent that any defined terms contained in this Agreement are not defined above, then such terms shall have the meaning otherwise ascribed to them elsewhere in this Agreement, or if not in this Agreement, by controlling law.

1.02 Term.

The term ("**Term**") of this Agreement shall commence on the Effective Date, and then shall continue (unless this Agreement is otherwise terminated, modified or extended as provided in this Agreement) until the earliest of (1) the issuance of a certification of occupancy for the Project or (2) August 31, 2029.

ARTICLE 2

APPLICABLE LAW

2.01 Applicable Law—Generally.

(a) As used in this Agreement, "**Applicable Law**" shall mean all of the items listed below in this Section 2.01. The order of their importance is the order in which they are listed (with highest importance listed first, second most important listed second, etc.); in the event of a conflict between them, their order shall determine which one controls (the one listed higher controlling over the one listed lower):

(1) All the provisions, terms and conditions of this Agreement.

(2) The Existing Approvals.

(3) The Subsequent Approvals, provided such Subsequent Approvals are:

(i) In compliance with all controlling California law;

(ii) Mutually agreed to by the Parties; and

(iii) Duly enacted by City.

(4) The "Existing City Laws" that are not in conflict with this Agreement and the Project Approvals.

(5) Any "New City Laws" Developer is subject to under this Agreement; for example, as provided in, but not limited to, Section 2.05. Additionally, any New City Laws to which Developer elects to be subject pursuant to Section 2.05(d).

(b) The Parties acknowledge that the Subsequent Approvals may be processed in stages and therefore one or more Subsequent Approvals may be adopted and approved before other Subsequent Approvals needed for development of the Project are adopted and approved by City.

(c) The Parties shall cooperatively assemble all of the necessary documents to memorialize, to the best of their abilities, the Project Approvals, Existing City Laws, and the terms and conditions contained in this Agreement to assist Developer to maintain the documents

assembled and to provide a continuing reference source for the approvals granted and the ordinances, policies and regulations in effect on the Effective Date of this Agreement.

2.02 Project Impacts and Costs.

(a) Agreement Subject to Project Mitigation Requirements. Notwithstanding any other express or implied term or condition of this Agreement (or the Approvals) to the contrary, throughout the Term of this Agreement, the full and complete mitigation of all environmental (including any mitigation measure adopted pursuant to CEQA), physical, fiscal and other impacts of the Project and the Property on the community and on the City of Morgan Hill and its services, facilities, operations and maintenance (collectively, "**Project Mitigation**") shall be borne by and shall be the sole and exclusive responsibility of the Project (and the Developer who is the owner of same). Such Project Mitigation may be conditions of any Applicable Law or Project Approval and may include a mix of different approaches, including without limitation, Developer construction of and/or financing of such services, facilities, operations and maintenance through the payment of impact fees or other fees, taxes, levies, assessments, or other financing mechanisms including without limitation, reimbursement agreements, Landscaping and Lighting Districts, Mello-Roos Districts, Community Facilities Districts, Assessment Districts, Tax-Exempt and Taxable Financing Mechanisms, Maintenance Districts and participation in the Statewide Communities Infrastructure Program (collectively, "**Financing Mechanisms**"). The necessary scope and extent of such Project Mitigation, and which combination of Financing Mechanisms should be employed relating to such Project Mitigation to assure success of the Project Mitigation, shall be determined by City, in its sole and exclusive discretion, pursuant to appropriate City ordinance, resolution, regulations or procedures, taking into account and guided by the pre-existing rights of others in the existing and future public services and facilities (including their operations and maintenance) that Developer may seek to use. If no Financing Mechanism is available to fund the Project Mitigation, then the Project shall not progress forward.

(b) Impact Fees. As part of the Project's sole and exclusive obligation (and the Developer's as the owner of same) to cover Project Mitigation, Developer shall pay all Impact Fees as described in Exhibit B, at the time any such Impact Fees become due and payable as provided for in the City's Municipal Code. If, after the Effective Date but before any particular Impact Fee becomes due, the City adopts a revised Impact Fee Schedule that reduces the Impact Fee below the amount set forth in Exhibit B, Developer may pay the reduced amount in the revised Fee Schedule.

(c) Processing Fees. The Project (including Developer as owner of same) shall be responsible for the costs to City of processing any and all Developer-requested land use approvals, including without limitation, building permits, plan checks, environmental studies required under CEQA and other similar requests for City permits and entitlements, when such costs are incurred by City. City shall impose those funding requirements needed to ensure that the processing costs to the City are fully cove**r**ed by the Project (including Developer as owner of same). Further, if additional, accelerated, or more frequent inspections are requested by Developer of City than would otherwise take place in City's ordinary course of business, then City may either hire additional contract inspectors, plan checkers, engineers or planners, or City may hire a full or part time employee. If City hires additional contractors, then Developer shall reimburse City, on a monthly basis in arrears, the cost to City of hiring such additional contract inspectors, plus

Developer shall pay to City an additional ten percent (10%) of such cost to City on the same payment schedule. City shall use such additional 10% to defray administrative costs. If City hires a full or part time employee, then Developer shall reimburse City, on a monthly basis, in arrears, for a pro rata share of the total cost to the City of such employee, plus ten percent (10%) for administrative costs, for the period from hire to the end of the Term of this Agreement.

2.03 Construction Codes.

With respect to the development of any or all of the Project or the Property, Developer shall be subject to the California Building Code and all those other State-adopted construction, fire and other codes applicable to improvements, structures, and development, and the applicable version or revision of said codes by local City action (collectively referred to as "**Construction Codes**") in place at that time that a plan check application for a building, grading or other permit subject to such Construction Codes is submitted to City for approval, provided that such Construction Codes have been adopted by City and are in effect on a City-wide basis.

2.04 Timing of Development.

In the event Developer fails to begin construction by August 31, 2029, the Impact Fee Freeze Program under Resolution 17-052 shall expire.

2.05 New City Laws.

(a) City may apply any New City Law to the Project that is not in conflict with this Agreement and the Applicable Law it describes. City shall not apply any New City Law to the Project that is in conflict with this Agreement and the Applicable Law it describes, nor otherwise reduces the development rights or assurances provided by this Agreement. City shall not apply to the Project nor Property any no-growth or slow-growth ordinance, measure, policy, regulation or development moratorium either adopted by City or by a vote of the electorate and whether or not by urgency ordinance, interim ordinance, initiative, referendum or any other change in the laws of the City by any method or name which would alter the Applicable Law that may stop, delay, or effect the rate, timing or sequence of development.

(b) Without limiting the generality of the foregoing, and except as otherwise provided in this Agreement, a New City Law shall be deemed to be in conflict with this Agreement or the Applicable Law or to reduce the development rights provided hereby if the application to the Project would accomplish any of the following results, either by specific reference to the Project or as part of a general enactment which affects or applies to the Project:

(1) Change any land use designation or permitted use of the Property allowed by the Applicable Law or limit or reduce the density or intensity of the Project, or any part thereof, or otherwise require any reduction in the square footage, floor area ratio, height of buildings, or number of proposed non-residential buildings, or other improvements;

(2) Limit or control the availability of public utilities, services, or facilities otherwise allowed by the Applicable Law;

(3) Limit or control the rate, timing, phasing or sequencing of the approval, development, or construction of all or any part of the Project in any manner, or take any action or refrain from taking any action that results in Developer having to substantially delay construction of the Project or require the acquisition of additional permits or approvals by the City other than those required by the Applicable Law;

(4) Limit or control the location of buildings, structures, grading, or other improvements of the Project in a manner that is inconsistent with or more restrictive than the limitations in the Existing Approvals and the Subsequent Approvals (as and when they are issued);

(5) Limit the processing of Subsequent Approvals.

(c) If City determines that it has the right under this Agreement to impose/apply a New City Law on the Property/Project, it shall send written notice to Developer of that City determination (**"Notice of New City Law"**). Upon receipt of the Notice of New City Law, if Developer believes that such New City Law is in conflict with this Agreement, Developer may send written notice to the City of the alleged conflict within thirty (30) days of receipt of City's Notice of New Law ("**Objection to New City Law**"). Developer's Objection to New City Law shall set forth the factual and legal reasons why Developer believes City cannot apply the New City Law to the Property/Project. City shall respond to Developer's Objection to New City Law ("**City Response**") within thirty (30) days of receipt of said Developer Objection to New City Law. The City Response shall set forth the factual and legal reasons why City believes it can apply the New City Law to the Project. Thereafter, the Parties shall meet and confer within thirty (30) days of the date of Developer's receipt of the City Response (the "**Meet and Confer Period**") with the objective of attempting to arrive at a mutually acceptable solution to this disagreement. Within fifteen (15) days of the conclusion of the Meet and Confer Period, City shall make its determination, and shall send written notice to Developer of that City determination. If City determines to "impose/apply" the New City Law to the Project, then Developer shall have a period of ninety (90) days from the date of receipt of such City determination within which to file legal action challenging such City action. In other words, a 90-day statute of limitations regarding Developer's right to judicial review of the New City Law shall commence upon Developer's receipt of City's determination following the conclusion of the Meet and Confer Period. If upon conclusion of judicial review of the New City Law (at the highest judicial level sought and granted), the reviewing court determines that Developer is not subject to the New City Law, such New City Law shall cease to be a part of the Applicable Law, and City shall return Developer to the position Developer was in prior to City's application of such New City Law (*e.g.*, City return fees, return dedications, etc.). The above-described procedure shall not be construed to interfere with City's right to adopt or apply the New City Law with regard to all other areas of City (excluding the Project).

(d) Developer in its sole and absolute discretion may elect to have applied to the Project a New City Law that is not otherwise a part of the Applicable Law, subject to the limitations set forth in this subdivision (d). In the event Developer so elects to be subject to a New City Law that is not otherwise a part of the Applicable Law, Developer shall provide notice to City of that election and thereafter such New City Law shall be part of the Applicable Law. In no event shall any New City Law become part of the Applicable Law if it would relieve Developer from, or impede Developer's compliance with, Developer's obligations under this Agreement.

(e) City shall not be precluded from adopting and applying New City Laws to the Project to the extent that such New City Laws are specifically required to be applied by State or Federal laws or regulations, and implemented through the Federal, State, regional and/or local level) ("**Mandated New City Laws**"), including without limitation those provisions in the Development Agreement Statute concerning property located in a flood hazard zone (Gov. Code § 65865.5), or that such New City Laws are necessitated by or arise from a declaration of City, local, state or federal declaration of a state of emergency.

(f) In the event that an administrative challenge and/or legal challenge (as appropriate) to a Mandated New City Laws preventing compliance with this Agreement is brought and is successful in having the Mandated New City Law determined to not apply to this Agreement, this Agreement shall remain unmodified and in full force and effect.

ARTICLE 3

PROCESSING

3.01 Processing.

(a) This Agreement does not provide Developer with any right to the approval of Subsequent Approvals nor to develop or construct the Project beyond that which is authorized in the Existing Approvals. For any Subsequent Approvals necessary for the Project, this Agreement simply provides a process by which such Subsequent Approvals may be processed by Developer, and later included into this Agreement, if and only if such Subsequent Approvals are compliant with all controlling California law (including proper Planning and Zoning Law and CEQA compliance), have secured approval of the Parties, and are adopted/approved by City, which shall retain all lawful discretion in this regard. That public review process is ongoing, and following the City's adoption of this Agreement, that public review process shall continue. Nothing in this Agreement shall be construed to limit the authority or obligation of City to hold necessary public hearings, or to limit the discretion of City or any of its officers or officials with regard to the Project Approvals that legally require the exercise of discretion by City. City's discretion as to the granting of Subsequent Approvals shall be the discretion afforded by the Applicable Law.

(b) Upon submission by Developer of any and all necessary and required applications for Subsequent Approvals and payment of any and all appropriate processing and other fees as provided in this Agreement, City shall use its best efforts to promptly commence and diligently complete all steps necessary to acting on the requested Subsequent Approvals, including, but not limited to, (i) the holding of any and all required public hearings and notice for such public hearings, and (ii) the granting of the requested approval to the extent that it is consistent with Applicable Law.

3.02 Significant Actions by Third Parties Necessary to Implement the Approvals.

(a) At Developer's sole discretion, Developer shall apply for such other permits, grants of authority, agreements, and other approvals from other private and/or public and quasi-

public agencies, organizations, associations or other entities ("**Other Entity**") as may be necessary to the development of, or the provision of services and facilities to, the Project ("**Other Permits**").

(b) City shall cooperate with Developer in its endeavors to obtain any Other Permits and shall, from time to time, at the request of Developer, join with Developer in the execution of such permit applications and agreements as may be required to be entered into with any such other agency.

(c) In the event that any such Other Permit is not obtained from an Other Entity within the time permitted by law for such other entity to act and such circumstance materially deprives Developer of the ability to proceed with development of the Project or any portion thereof, or materially deprives City of a bargained-for public benefit of this Agreement, then, in such case, and at the election of either party, Developer and City shall meet and confer with the objective of attempting to mutually agree on solutions that may include alternatives, Subsequent Approvals, or an amendment(s) to this Agreement to allow the development of the Project to proceed with each Party substantially realizing its bargained-for benefit therefrom.

3.03 Administrative Amendments.

(a) Upon the written request of Developer for an amendment or modification of this Agreement or a Project Approval, the City Manager or her designee shall determine: (1) whether the requested amendment or modification is minor; and (2) whether the requested amendment or modification is consistent with this Agreement and the Applicable Law. If the City Manager or her designee finds that the proposed amendment or modification is both minor and consistent with this Agreement and the Applicable Law, and provided further that the Project and the Developer are otherwise in compliance with all agreements and approvals related to the project, the City Manager or her designee may approve the proposed amendment or modification without notice. Such minor amendments or modifications approved pursuant to this Section shall not constitute subsequent discretionary approvals triggering further CEQA review. Any minor amendment must be made in writing signed by the City Manager (and approved by the City Attorney) of the City and by the Developer.

(b) For the purpose of this Agreement, a "minor amendment" shall not include any of the following:

(i) Any material amendment or modification, or elimination of provisions required pursuant to the Morgan Hill Municipal Code or by California law, including provisions relating to: (1) the duration or term of this Agreement, (2) the permitted uses of the subject property, (3) the density or intensity of uses, (4) the maximum height and size of proposed buildings, (5) provisions for reservation or dedication of land for public purposes, (6) general location of the uses or proposed buildings or (7) the relation of the project to adjacent properties; or

(ii) Any material amendment or modification, or elimination of provisions set forth in Article 2 of this Agreement.

3.04 Amendments.

Any request by Developer for an amendment or modification to this Agreement or a Project Approval that is determined to be not minor by the City Manager or her designee shall be subject to the applicable substantive and procedural provisions of the City's General Plan, zoning, subdivision, and other applicable land use ordinances and regulations (i.e., City review and approval) in effect when such an amendment or modification request is approved.

ARTICLE 4

DEFAULT, VALIDITY PROVISIONS, ASSIGNMENT

4.01 Resolution of Disputes.

(a) In the event either Party is in default under the terms of this Agreement, the other Party may elect, in its sole and absolute discretion, to pursue any of the following courses of action: (i) waive such default; (ii) pursue administrative remedies as provided herein; (iii) pursue judicial remedies as provided for herein; and/or (iv) terminate this Agreement.

(b) Except as otherwise specifically stated in this Agreement, either Party may, in addition to any other rights or remedies, institute legal action to cure, correct, or remedy any default by another Party to this Agreement, to enforce any covenant or agreement herein, to enjoin any threatened or attempted violation hereunder, or to seek specific performance. It is expressly understood and agreed that the sole legal remedy available to Developer for a breach or violation of this Agreement by City shall be a legal action in mandamus, specific performance, and/or other injunctive or declaratory relief to enforce the provisions of this Agreement, and that Developer shall not be entitled to bring an action for damages including, but not limited to, lost profits, consequential damages or other economic damages. For purposes of instituting a legal action under this Agreement, any City Council determination under this Agreement shall be deemed a final agency action.

(c) The Parties agree to meet and confer regarding any dispute, in an effort to agree on utilizing Judicial Arbitration Mediation Services ("**JAMS**") for Alternative Dispute Resolution ("**ADR**"). However, no party shall be required to use JAMS or ADR.

4.02 Force Majeure Delay, Extension of Times of Performance.

(a) Performance by any Party hereunder shall be excused, waived or deemed not to be in default where delays or defaults are due to acts beyond a Party's control such as war, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, unexpected acts of governmental entities other than City, including revisions to capacity ratings of the wastewater plant by the Regional Water Quality Control Board, the State Water Resources Board, enactment of conflicting State or Federal laws or regulations, or litigation (including without limitation litigation contesting the validity, or seeking the enforcement or clarification of this

Agreement whether instituted by the Developer, City, or any other person or entity) (each a "**Force Majeure Event**").

(b) Any Party claiming a delay as a result of a Force Majeure Event shall provide the other Party with written notice of such delay and an estimated length of delay. Upon the other Party's receipt of such notice, an extension of time shall be granted in writing for the period of the Force Majeure Event, or longer as may be mutually agreed upon by the Parties, unless the other Party objects in writing within ten (10) days after receiving the notice. In the event of such objection, the Parties shall meet and confer within thirty (30) days after the date of objection to arrive at a mutually acceptable solution to the disagreement regarding the delay. If no mutually acceptable solution is reached, any Party may take action as permitted in this Agreement.

4.03 Third Party Legal Actions.

(a) In the event of any administrative, legal or equitable action or other proceeding instituted by any person, entity or organization (that is not a Party to this Agreement) challenging the validity of this Agreement, any Project Approvals, or the sufficiency of any environmental review under CEQA ("**Third Party Challenge**"), the Parties shall cooperate with each other in good faith in the defense of any such challenge.

(b) City shall have the option to defend such Third Party Challenge or to tender the complete defense of such Third Party Challenge to the Developer ("**Tender**"). If City chooses to defend the Third Party Challenge or Developer refuses City's Tender, City shall control all aspects of the defense and Developer shall pay City's attorneys fees and costs (including related court costs).

(c) If Developer accepts City's Tender, Developer shall control all aspects of the defense and shall pay its own attorneys fees and costs (including related court costs), and shall indemnify and hold harmless City against any and all third-party fees and costs arising out of such Third Party Challenge. If City wishes to assist Developer when Developer has accepted the Tender, Developer shall accept that assistance and City shall pay City's own attorneys fees and costs (including related court costs) ("**City Costs**"), and Developer shall pay its own attorneys fees and costs (including related court costs), and shall indemnify and hold harmless City against any and all third-party fees and costs arising out of such Third Party Challenge (such third party fees and costs shall not include City Costs).

(d) If any part of this Agreement or any Project Approval is held by a court of competent jurisdiction to be invalid, the City shall: (1) use its best efforts to sustain and/or re-enact that part of this Agreement and/or Project Approval; and (2) take all steps possible to cure any inadequacies or deficiencies identified by the court in a manner consistent with the express and implied intent of this Agreement, and then adopting or re-enacting such part of this Agreement and/or Project Approval as necessary or desirable to permit execution of this Agreement and/or Project Approval.

4.04 Estoppel Certificate.

(a) Any Party may, at any time, and from time to time, deliver written notice to any other Party, and/or to the Developer's lender, requesting such Party to certify in writing that, to the knowledge of the certifying Party:

(1) This Agreement has not been amended or modified either orally or in writing or if so amended, identifying the amendments.

(2) The Agreement is in effect and the requesting Party is not known to be in default of the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults.

(b) This written certification shall be known as an "**Estoppel Certificate.**" A Party receiving a request hereunder shall execute and return such Estoppel Certificate within ten (10) days following the receipt of the request, unless the Party, in order to determine the appropriateness of the Estoppel Certificate, promptly commences and proceeds to conclude an Annual Review. The Parties acknowledge that an Estoppel Certificate may be relied upon by Assignees and other persons having an interest in the Project, including holders of mortgages and deeds of trust. The City Manager shall be authorized to execute an Estoppel Certificate for City.

(c) If a Party fails to deliver an Estoppel Certificate within the ten (10) day period, as provided for in Section 4.04(b) above, the Party requesting the Estoppel Certificate may deliver a second notice (the "**Second Notice**") to the other Party stating that the failure to deliver the Estoppel Certificate within ten (10) working days following the receipt of the Second Notice shall constitute conclusive evidence that this Agreement is without modification and there are no unexcused defaults in the performance of the requesting Party. Failure to deliver the requested Estoppel Certificate within the ten (10) working day period shall then constitute conclusive evidence that this Agreement is in full force and effect without modification and there are no unexcused defaults in the performance of the requesting Party.

4.06 Termination.

This Agreement shall terminate upon the expiration of the Term, as set forth in Section 1.02, or at such other time as this Agreement is terminated in accordance with the terms hereof, whichever occurs first.

ARTICLE 5

GENERAL PROVISIONS

5.01 Miscellaneous.

(d) Preamble, Recitals, Exhibits. References herein to "this Agreement" shall include the Preamble, Recitals and all of the exhibits of this Agreement.

(e) Requirements of Development Agreement Statute. The permitted uses, density and/or intensity of use, maximum height and size of buildings and other structures,

provisions for reservation or dedication of land, and other terms and conditions applicable to the Project shall be those set forth in the Applicable Law. As Subsequent Approvals are adopted and therefore become part of the Applicable Law, the Subsequent Approvals will refine the permitted uses, density and/or intensity of use, maximum height and size of buildings and other structures, provisions for reservation or dedication of land, and other terms and conditions applicable to the Project.

(f) Governing Law and Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of California and legal actions commenced under or pursuant to this Agreement shall be brought in Santa Clara Superior Court. Should any legal action be brought by a Party for breach of this Agreement or to enforce any provision herein, the prevailing party of such action shall be entitled to reasonable attorneys' fees, court costs, and such other costs as may be fixed by the court.

(g) Project as a Private Undertaking. No partnership, joint venture, or other association of any kind between Developer, on the one hand, and City on the other hand, is formed by this Agreement. The development of the Property is a separately undertaken private development. The only relationship between City and Developer is that of a governmental entity regulating the development of private Property and the owners of such private Property.

(h) Indemnification. Developer shall hold City, its elective and appointive boards, commissions, officers, agents, and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Developer's contractors, subcontractors', agents' or employees' operations on the Project, whether such operations be by Developer or by any Developer's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Developer or any of Developer's contractors or subcontractors. Developer shall indemnify and defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of any of the aforesaid operations and Developer shall pay all reasonable attorney's fees and costs that the City may incur. City does not, and shall not, waive any rights against Developer which it may have by reason of the aforesaid hold-harmless requirement of Developer because of the acceptance of improvements by City, or the deposit of security with City by Developer. The aforesaid hold-harmless requirement of Developer shall apply to all damages and claims for damages of every kind suffered, or alleged to have been suffered, by reason of any of the aforesaid operations referred to in this subsection, regardless of whether or not City has prepared, supplied or approved of, plans and/or specifications for the Project Notwithstanding anything herein to the contrary, Developer’s indemnification of City shall not apply to the extent that such action, proceedings, demands, claims, damages, injuries or liability is based upon the active negligence of the City.

(i) Interpretation/Construction. This Agreement has been reviewed and revised by legal counsel for both Developer and City, and any rule or presumption that ambiguities shall be construed against the drafting Party shall not apply to the interpretation or enforcement of this Agreement. The standard of review of the validity and meaning of this Agreement shall be that accorded legislative acts of City. As used in this Agreement, and as the context may require,

the singular includes the plural and vice versa, and the masculine gender includes the feminine and neuter and vice versa.

(j) Notices.

(1) All notices, demands, or other communications that this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the respective Party as follows:

If to City:
City Clerk
17575 Peak Avenue
Morgan Hill, CA 95037
Tel: (408) 779-7259
Fax: (408) 779-3117

With a Copy To:
City Attorney
17575 Peak Avenue
Morgan Hill, CA 95037
Tel: (408) 779-7271
Fax: (408) 779-1592

If to Developer:
John T Mehigan
Managing Director, Investments
Regency Centers, L.P.
1650 Ximeno Avenue, Suite 310
Long Beach, CA 90804
Telephone: 213-553-2273
Email: johnmehigan@regencycenters.com

(2) Any Party may change the address stated herein by giving notice in writing to the other Parties, and thereafter notices shall be addressed and transmitted to the new address. Any notice given to the Developer as required by this Agreement shall also be given to any lender which requests that such notice be provided. Any lender requesting receipt of such notice shall furnish in writing its address to the Parties to this Agreement.

(k) Severability. If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a specific situation, is found to be invalid, void, or unenforceable, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect.

(l) Jurisdiction. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed under the laws of the State of California.

(m) Entire Agreement. This Agreement, including these pages and all the exhibits (set forth below) inclusive, and all documents incorporated by reference herein, constitute the entire understanding and agreement of the Parties.

(n) Signatures. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of Developer and City. This Agreement may be executed in multiple originals, each of which is deemed to be an original.

(o) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument.

(p) Exhibits. The following exhibits are attached to this Agreement and are hereby incorporated herein by this reference for all purposes as if set forth herein in full:

Exhibit A Legal Description of Lots on Which Projects are to be Located.

Exhibit B (Impact Fee Schedule & Date of Schedule)

IN WITNESS WHEREOF, City and Developer have executed this Agreement as of the date first hereinabove written.

CITY OF MORGAN HILL:

s/_____

_____
Christina J. Turner
City Manager

Date: _____

Attest:

s/_____

DEVELOPER:

Morgan Hill Regency, LLC

s/_____

_____
John T. Mehigan
Managing Director, Investments

*Corporate entities must provide a second sign*ature:

s/_____

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

Date: _____

_____
Deputy City Clerk/City Clerk

Approved as to Form:

s/_____

_____
Elisa Tolentino
City Attorney

Date: _____

By: _____

Name: _____

Title: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY ON WHICH

PROJECTS ARE TO BE LOCATED

Real property in the City of Morgan Hill, County of Santa Clara, State of California, and is described as follows:

Assessor Parcel Number 728-31-020 is 7.82 acres are located on the southwest corner of Cochrane Drive and DePaul Drive.

To construct a new 55,314 square foot retail shopping center to include a specialty grocery store and associated on-site and off-site improvements

EXHIBIT B

Impact Fee Schedule 01.15.2026

CITY OF MORGAN HILL

CITY OF MORGAN HILL PUBLIC WORKS DEPARTMENT

17575 Peak Avenue Morgan Hill CA 95037 - Office (408) 778-6480 Fax (408) 779-7236

FEE SCHEDULE: 01.15.2026

PROJECT INFO	
TRACT # / APN:	**728-31-020**
ADDRESS / LOT:	**Cochrane Rd & De Paul Drive**
PROJECT DESC:	**Proposed Commercial Development with 5 New Buildings (55,314 SF total)**
APPLICANT INFO	
APPLICANT NAME:	**Craig Ramey**
MAILING ADDRESS:	**1777 Botelho Drive, Suite 200**
CITY, STATE, ZIP:	**Walnut Creek, CA 94596**
PHONE NUMBER:	**(503) 936-3186**

DATE PREPARED:	**6/11/2026**
EXPIRATION DATE:	**N/A**
CALCULATED BY:	**PN**
CHECKED BY:	**MBA**
BUILDING PERMIT #:	**tbd**
BLD PERMIT DATE:	**tbd**

☑ **THIS FEE SCHEDULE IS ESTIMATE ONLY**

IF BOX ABOVE CHECKED: FEE SCHEDULE IS ONLY FOR ESTIMATE PURPOSES. FEE SCHEDULE CALCULATED BASED ON INFORMATION PROVIDED TO CITY BY APPLICANT. FINAL FEE SCHEDULE MAY DIFFER BASED UPON CHANGE IN SCOPE OF PROJECT.

☐ **COMMERCIAL OR INDUSTRIAL SHELL**

1. METER DEPOSIT (139 - IMP001): 650-37672 Subtotal: $14,863.69

1″	$879.36	x	0	=	$0	
1 ½″	$1,883.31	x	0	=	$0	
2″	**$2,123.38**	**x**	**7**	**=**	**$14,863.69**	6 domestic meters and one irrigation meter
				=		per plan set from Planning package
* 4"	$4,210.43	x	0	=	$0	dated 04/03/2026
* 6"	$7,109.88	x	0	=	$0	
* 8"	$12,566.13	x	0	=	$0	

** For meters 3" and greater, arangements shall be made for the meters to be picked up at the City Corporation Yard located at 100 Edes Court.*

** 5/8"	-$277.00	x	0	=	$0
** 3/4"	-$322.00	x	0	=	$0

*** Credit for 5/8" and 3/4" existing meter (if applicable)*

2. BACKFLOW CONST. INSPECTION (144 - IMP002): 650-37859 Subtotal: $747.00

$83		**x**	**9**	**Each**	**=**	**$747.00**

Backflows for 6 domestic meters, one irrigation me and 2 fire services

3a. WATER FRONTAGE CHARGE (136 - IMP003): 650-37663 Subtotal: $0.00

1 Side	$89	x	0	LF	=	$0
2 Sides	$50	x	0	LF	=	$0

Cochrane Road Assessment District built the existing 12" water line along Cochrane Rd

Saint Louis Health Center built the existing 12" Water line along De Paul Dr

3b. SEWER FRONTAGE CHARGE (136 - IMP004): 640-37663 Subtotal: $0.00

1 Side	$89	x	0	LF	=	$0
2 Sides	$50	x	0	LF	=	$0

Cochrane Road Assessment District built the existing 10" sanitary line along Cochrane Rd

Saint Louis Health Center built the existing 8" Sewer line along De Paul Dr

3c. STORM FRONTAGE CHARGE (125 - IMP005): 304-37663 Subtotal: $0.00

1 Side	$147	x	0	LF	=	$0
2 Sides	$71	x	0	LF	=	$0

Saint Louis Health Center built the existing 18" Storm line along Cochrane Rd

Saint Louis Health Center built the existing 30" Storm line along De Paul Dr

3d. UNDERGROUNDING UTILITIES (135 - IMP006): 350-37648 Subtotal: $0.00

1 Side	$925	x	0	LF	=	$0
2 Sides	$467	x	0	LF	=	$0

4. WATER CAPACITY FEE (IMP007): 651-37648 Subtotal: $259,791.00

5/8-1 inch meter	$11,597	x	0	=	$0	
1.5-inch meter	$23,196	x	0	=	$0	
2-inch meter	**$37,113**	**x**	**7**	**=**	**$259,791.00**	
3-inch meter	$74,225	x	0	=	$0	
4-inch meter	$115,978	x	0	=	$0	
6-inch meter	$231,955	x	0	=	$0	
8-inch meter	$371,127	x	0	=	$0	
WATER CREDITS	$0 /	x	0 /	=	$0	

5. SEWER IMPACT FEE (IMP008): 641-37648 Subtotal: $394,516.82

	Single Family	$19,356	/DU	x	0	DU	=	$0
	Multi Family	$16,382	/DU	x	0	DU	=	$0
	Senior/Downtown	$16,382	/DU	x	0	DU	=	$0
	Commercial	**$63.74**	**/GPD**	**x**	**6,189.47**	**GPD**	**=**	**$394,516.82**
	Industrial	$63.74	/GPD	x	0	GPD	=	$0
	Office	$63.74	/GPD	x	0	GPD	=	$0
	Auto Dealership	$63.74	/GPD	x	0	GPD	=	$0
	Hotel	$63.74	/GPD	x	0	GPD	=	$0
	Secondary DU	TBD	/DU	x	0	DU	=	$0
SEWER CREDITS		$0 /		x	0 /		=	$0

6. STORM DRAIN IMPACT FEE (IMP009): 303-37648 Subtotal: $207,730.48

	Single Family	$2,453	/DU	x	0	DU	=	$0
>1,200 SF	Multi Family	$1,397	/DU	x	0	DU	=	$0
< 1,200 SF	Multi Family	$650	/DU	x	0	DU	=	$0
>1,200 SF	Senior/Downtown	$1,397	/DU	x	0	DU	=	$0
< 1,200 SF	Senior/Downtown	$650	/DU	x	0	DU	=	$0
	Commercial	**$26,564**	**/ACRE**	**x**	**7.82**	**AC**	**=**	**$207,730.48**
	Industrial	$19,558	/ACRE	x	0	AC	=	$0
	Office	$26,564	/ACRE	x	0	AC	=	$0
	Auto Dealership	$26,564	/ACRE	x	0	AC	=	$0
	Hotel	$393	/ROOM	x	0	RM	=	$0
	Secondary DU	TBD	/DU	x	0	DU	=	$0
STORM CREDITS		$0 /		x	0 /		=	$0

7. TRAFFIC IMPACT FEE (IMP010): 309-37648 Subtotal: $1,213,916.84

	Single Family	$4,263	/DU	x	0	DU	=	$0
>1,200 SF	Multi Family	$2,641	/DU	x	0	DU	=	$0
< 1,200 SF	Multi Family	$1,663	/DU	x	0	DU	=	$0
>1,200 SF	Senior/Downtown	$2,641	/DU	x	0	DU	=	$0
< 1,200 SF	Senior/Downtown	$1,663	/DU	x	0	DU	=	$0
	Secondary DU	TBD	/DU	x	0	DU	=	$0
	Commercial	**$4,263**	**/PHT**	**x**	**284.76**	**PHT**	**=**	**$1,213,916.84**
	Industrial	$4,263	/PHT	x	0	PHT	=	$0
	Office	$4,263	/PHT	x	0	PHT	=	$0
	Auto Dealership	$4,263	/PHT	x	0	PHT	=	$0
	Hotel	$4,263	/PHT	x	0	PHT	=	$0
TRAFFIC CREDITS		$0	/PHT	x	0	PHT	=	$0

8a. PARK IMPACT FEE (IMP011): 301-37648 Subtotal: $0.00

Subdivision:	Single Family	$7,340	/DU	x	0	DU	=	$0
	Multi Family	$7,072	/DU	x	0	DU	=	$0
	Senior/Downtown	$4,843	/DU	x	0	DU	=	$0
	Secondary DU	TBD	/DU	x	0	DU	=	$0
No Subdivision:	Single Family	$5,337	/DU	x	0	DU	=	$0
	Multi Family	$5,147	/DU	x	0	DU	=	$0
	Senior/Downtown	$3,522	/DU	x	0	DU	=	$0
	Secondary DU	TBD	/DU	x	0	DU	=	$0
PARK CREDITS		$0 /		x	0 /		=	$0

8b. QUIMBY / PARKLAND IN-LIEU FEE (IMP012): 375-37648 Subtotal: $0.00

$0.00		x	0	EA	=	$0.00

8c. PARK MAINTENANCE DEV. FEE (IMP013): 302-37649 Subtotal: $0.00

$0 /		x	0	EACH	=	$0

9. PUBLIC FACILITIES IMPACT FEE (IMP014): 347-37648 Subtotal: $12,034.98

	Single Family	$699	/DU	x	0	DU	=	$0
	Multi Family	$672	/DU	x	0	DU	=	$0
	Senior/Downtown	$462	/DU	x	0	DU	=	$0
	Secondary DU	TBD	/DU	x	0	DU	=	$0
	Commercial	**$1,539**	**/ACRE**	**x**	**7.82**	**AC**	**=**	**$12,034.98**
	Industrial	$2,155	/ACRE	x	0	AC	=	$0
	Office	$1,829	/ACRE	x	0	AC	=	$0
	Auto Dealership	$617	/ACRE	x	0	AC	=	$0
	Hotel	$18.14	/ROOM	x	0	RM	=	$0
PUBLIC FACILITIES CREDITS		$0	/	x	0	/	=	$0

10. LIBRARY IMPACT FEE (IMP015): 348-37648 Subtotal: $0.00

	Single Family	$2,695	/DU	x	0	DU	=	$0
	Multi Family	$2,596	/DU	x	0	DU	=	$0
	Senior/Downtown/SDU	$1,777	/DU	x	0	DU	=	$0
	Secondary DU	TBD	/DU	x	0	DU	=	$0
LIBRARY CREDITS		$0	/	x	0	/	=	$0

11. COMMNTY/REC CNTRS IMPACT FEE (IMP016): 360-37648 Subtotal: $0.00

	Single Family	$4,999	/DU	x	0	DU	=	$0
	Multi Family	$4,386	/DU	x	0	DU	=	$0
	Senior/Downtown	$3,310	/DU	x	0	DU	=	$0
	Secondary DU	TBD	/DU	x	0	DU	=	$0
COMMNTY/REC CNTRS CREDITS		$0	/	x	0	/	=	$0

12. PUBLIC SAFETY FACILITIES IMPACT FEE (IMP017): 315-37648 Subtotal: $107,196.56

	Single Family	$2,453	/DU	x	0	DU	=	$0
>1,200 SF	Multi Family	$2,169	/DU	x	0	DU	=	$0
< 1,200 SF	Multi Family	$1,624	/DU	x	0	DU	=	$0
>1,200 SF	Senior/Downtown	$2,169	/DU	x	0	DU	=	$0
< 1,200 SF	Senior/Downtown	$1,624	/DU	x	0	DU	=	$0
	Secondary DU	TBD	/DU	x	0	DU	=	$0
	Commercial	**$13,708**	**/ACRE**	**x**	**7.82**	**AC**	**=**	**$107,196.56**
	Industrial	$16,453	/ACRE	x	0	AC	=	$0
	Office	$16,434	/ACRE	x	0	AC	=	$0
	Auto Dealership	$6,575	/ACRE	x	0	AC	=	$0
	Hotel	$76	/ROOM	x	0	RM	=	$0
PUBLIC SAFETY FACILITIES CREDITS		$0	/	x	0	/	=	$0

13. ENGINEERING & INSPECTION FEE (103 - IMP018): 206-38734 Subtotal: $115,890.5

ENGR ESTIMATE:	$330,000	57.20%	$1	to	$100,000	=	$57,201.00
ENGR EST. DATE:	*Provided by Applicant estimate only*	29.70%	$100,001	to	$200,000	=	$29,699.70
		22.30%	$200,001	to	$500,000	=	$28,989.78
		18.60%	$500,001	to	$1,000,000	=	$0
		3.20%	$1,000,001	to	$5,000,000	=	$0
		7.50%	over		$5,000,000		$0
	DEPOSIT PAID					=	$0

14. LONG RANGE PLANNING FEE (117 - IMP019): 207-37912 Subtotal: $17,383.57

LONG RANGE PLANNING FEE (15% of E&I) = $17,383.57

15. GIS/TECHNOLOGY FEE (118 - IMP020): 206-37913 Subtotal: $5,794.52

GIS/TECHNOLOGY FEE (5% of E&I) = $5,794.52

16. MAP CHECKING FEE (92 - IMP021): 206-38716 Subtotal: $0.00

PARCEL MAP:	$15,511	=	$0
TRACT/SUBD. MAP:	$18,357	=	$0

17. PUBLIC ART FEE: 260-37649 Subtotal: $150,000.00

CONSTR VALUE: $15,000,000
CONSTR VAL. DATE: Estimate only

PROJECT TYPE: Profit Organization

Commercial, industrial, moderate-income and above moderate-income residential,and municipal development projects = **$150,000**
Fees to be paid per the timing stated in the project's conditions of approval

Assumption that project is paying the Public Art In-lieu fee instead of installing the public art

Non-profit organizations and lower-income affordable housing development projects = N/A

PUBLIC ART CREDIT $0 / x 0 / = $0

18. OTHER FEES: Subtotal: $67,448.00

	Cert. of Compliance - LLA /Merger (86 - IMP022)	$	11,743		206-38712	=	$0	
	Parcel Map - LLA /Merger (91 - IMP023)	$	12,685		206-38712	=	$0	
	Additional Plan Review (96 - IMP024)	$	370	/hr	206-38734	=	$0	
	Plan Revisions (105 - IMP025)	$	1,110	/application	206-38719	=	$0	
	Engineering Services (IMP025):							
	- Consultation (93 - IMP025)	$	230	/hr	206-38719	=	$0	
	* Consultation at fully burdened rate at $230/hr, OT at $265/hr							
	- Preliminary Review (94 - IMP025)	$	3,700		206-38719	=	$0	
	- Preliminary Fee Estimate (95 - IMP025)	$	555		206-38719	=	$0	
	- Complexity Fee (97 - IMP025)	**$**	**4,440**		**206-38719**	**=**	**$4,440**	
	- Re-inspection Fee (98 - IMP026)	$	370	/hr	206-38734	=	$0	
	Public Easement Review (104 - IMP027)	**$**	**4,995**		**206-38737**	**=**	**$4,995**	*Assumed additional Public Service*
	Street Vacation Review (106 - IMP027)	$	16,095		206-38737	=	$0	*Service Easement (PSE) will be needed*
	Easement Abandonment (107 - IMP027)	$	14,430		206-38737	=	$0	
	Reimbursement Agreement (109 - IMP028)	$	7,955		206-38741	=	$0	
	FEMA Compliance (101 - IMP029)							
	New Structure Application	$	1,701		206-38725	=	$0	
	New Acc. Struct. or ADU Application	$	1,331		206-38725	=	$0	
	Improvement of Existing Structure							
	Non-substantial Imp w/o detailed review	$	1,181	/structure	206-38725	=	$0	
	Non-substantial Imp w/ detailed review	$	1,551	/structure	206-38725	=	$0	
	Substantial Imp (except Acc. Struct.)	$	2,163	/structure	206-38725	=	$0	
	Substantial Imp of Acc. Struct.	$	1,516	/structure	206-38725	=	$0	
	FEMA Elevation Certificate Review	$	1,018	/structure	206-38725	=	$0	
	FEMA Flood Field Inspection	$	925		206-38725	=	$0	
	FEMA Flood Study Valley Water Coord.	$	2,405		206-38725	=	$0	
	Review of CLOMR/F, LOMR/F	$	1,480		206-38725	=	$0	
	FEMA Pub. Outreach LOMR/F	$	2,220		206-38725	=	$0	
	BFE Determination (Zone A w/o BFE or Zone D)	$	740		206-38725	=	$0	
	Stormwater Runoff Management Plan (SWRMP) Review (102 - IMP030)							
	Tier 1 Project	$	4,255		206-38734	=	$0	
	Tier 2 Project	$	12,580		206-38734	=	$0	
	Tier 3 Project	$	17,760		206-38734	=	$0	
	Tier 4 Project	**$**	**19,980**		**206-38734**	**=**	**$19,980**	
	Preliminary Tier 4 Review at Planning stage	**$**	**9,990**		**206-38734**	**=**	**$9,990**	
	Erosion & Sediment Control/SWPPP Document Review (119 - IMP031)							
	Type 1 & 2 Projects: <1 Acre Soil Dist	$	833		206-37687	=	$0	
	Type 1 & 2 Projects: >1 Acre Soil Dist	**$**	**1,388**		**206-37687**	**=**	**$1,388**	
	Type 3 Projects	$	648		206-37687	=	$0	
	Type 4 Projects	$	463		206-37687	=	$0	
	Stormwater Construction Inspections (120 - IMP032)							
	Type 1 & 2 Projects: <1 Acre Soil Dist	$	10,047		206-37688	=	$0	
	Type 1 & 2 Projects: >1 Acre Soil Dist	**$**	**17,916**		**206-37688**	**=**	**$17,916**	
	Type 3 & 4 Projects	$	102		206-37688	=	$0	
	Stormwater Post-Construction BMP Initial Setup (130 - IMP033)							
	Base Fee & 1st BMP	**$**	**722**		**206-38734**	**=**	**$722**	
	Each Additional BMP	**$**	**144**	**/BMP**	**206-38734**	**=**	**$432**	*Assumed 3 additional BMPs*
	Assessment District Reapportionment (127 - IMP034)			see separate appl. v	206-38719	=	$0	
	Private Sanitary Agreement (128 - IMP034)	**$**	**4,255**		**206-38719**	**=**	**$4,255**	
	Stormwater O&M Agreement (129 - IMP034)	**$**	**3,330**		**206-38719**	**=**	**$3,330**	
	Agreement Extensions/Amendments (133 - FIN062)							
	With City Manager Approval	$	4,625		206-38719	=	$0	
	With City Council Approval	$	7,030		206-38719	=	$0	
RDCS	School Pedestrian Safety (IMP035)	$			355-37655	=	$0	
RDCS	Public Facilities (IMP036)	$			346-37649	=	$0	
RDCS	Park Development (IMP037)	$			302-37649	=	$0	
RDCS	Public Facilities Circulation (IMP038)	$			346-37649	=	$0	
RDCS	LED Streetlight Fund (IMP039)	$			010-37722	=	$0	

TOTAL FEES DUE: ***$2,567,313.94***

IF PAYING BY CREDIT CARD, TOTAL FEES DUE:
(with 2.7% Credit Card Fee) ***$2,636,631.42***

Notes & Comments:

THE FEES SHOWN IN THIS FEE SCHEDULE ARE ESTIMATES OF THE FOLLOWING:

1) THE TOTAL IMPACT FEES DUE PRIOR TO ISSUANCE OF THE FIRST DEVELOPMENT PERMIT (GRADING & SITE DEVELOPMENT PERMIT OR BUILDING PERMIT).

2) THE TOTAL DEVELOPMENT REVIEW/NON-IMPACT FEES DUE PRIOR TO ISSUANCE OF THE FIRST DEVELOPMENT PERMIT.

3) THE TOTAL IMPACT FEES SHOWN ARE BASED ON THE PLAN SET FROM THE PLANNING PACKAGE DATED 04/03/2026.

4) METER DEPOSIT AND WATER CAPACITY FEE ARE ALSO BASED ON THE PLAN SET FROM THE PLANNING PACKAGE DATED 04/03/2026. THE PLAN SET SHOWS 7 NEW WATER METERS FOR PAD 1, 2, 3, 5, MAJOR 1/GROCERY STORE PAD, AND IRRIGATION SERVICE. PLAN SET SHOWS PRIVATE SUBMETERS FOR EACH TENANT OCCUPYING EACH BUILDING. IT IS ASSUMED THAT THE APPLICANT ACKNOWLEDGES THAT EACH BUILDING WILL BE CHARGED A SEWER BILL BASED ON THE HIGHEST WATER USER IN THE BUILDING PER CITY UTILITY BILLING POLICY.

Proposed four (4) new Restaurant/Retail buildings and one Grocery Store Building; **Pad 4 is not included in this fee estimate.**

APNs: 728-31-020 Total Site Area = 7.82 AC Total Proposed Building Square Footage = 55,314 SF

(Proposed Building Square Footages: Pad 1: 9,005 SF; Pad 2: 8,467 SF; Pad 3: 6,071 SF; Pad 5: 8,472 SF; and Grocery Pad: 23,299 SF)

Buildings 1, 2, 3 and 5 (Total 4 buildings): General Retail with Restaurants Total Area = **32,015** SF

Sewer Impact Fee:

Used coefficient for "Large Retail" for all Buildings

NOTE THAT FUTURE TENANTS WITHIN BUILDINGS 1, 2, 3 AND 5 MAY BE SUBJECTED TO ADDITIONAL SEWER IMPACT FEES BASED ON THE PROPOSED USE AT BUILDING PERMIT STAGE. SEWER IMPACT FEES ARE CHARGED BASED ON THE PROJECTED DAILY AVERAGE FLOW TO THE SEWER SYSTEM OF THE PROPOSED TENANT USE.

Large Retail = 0.106 gpd/sf

Proposed " Retail with Restaurant" Sewer Coefficient = 0.106 GPD/sq.ft.

32,015	sq.ft.	x	0.106	GPD/sq.ft.	=	3,393.59	GPD

Traffic Impact Fee:

Proposed "Shopping Plaza" Peak Hour Trip = 8.58 PHT/1,000 sq.ft.

(From ITE 12th Edition, Code 821 - Average Vehicle Trip Ends vs 1,000 sq. ft. GFA PM peak hour of adjacent street traffic)

Proposed "Shopping Plaza" PHT =	8.58	PHT/1,000 sq.ft.	x	32,015	sq.ft.	=	274.69	PHT
Applying 40% pass By Reduction =	274.69	PHT/1,000 sq.ft.	x	0.60	(pass-by reduction)	=	164.81	PHT

Grocery Store Building Total Area = **23,299** SF

Sewer Impact Fee:

Proposed "Grocery, Large" Sewer Coefficient = 0.12 GPD/sq.ft.

23,299	sq.ft.	x	0.12	GPD/sq.ft.	=	2,795.88	GPD

Traffic Impact Fee:

Proposed "Shopping Plaza" Peak Hour Trip = 8.58 PHT/1,000 sq.ft.

(From ITE 12th Edition, Code 821 - Average Vehicle Trip Ends vs 1,000 sq. ft. GFA PM peak hour of adjacent street traffic)

Proposed "Shopping Plaza" PHT =	8.58	PHT/1,000 sq.ft.	x	23,299	sq.ft.	=	199.91	PHT
Applying 40% pass By Reduction =	199.91		x	0.60	(pass-by reduction)	=	119.94	PHT

Total Sewer Coefficient =	3,393.59	+	2,795.88	=	**6,189.47**	**GPD**	*(Applied to Fee Line Item #5)*
Total Traffic PHT =	164.81	+	119.94	=	**284.76**	**PHT**	*(Applied to Fee Line Item #7)*

There are no Frontage fees due from this proposed project.

There is no credit provided for the previous existing single-family unit at the site as the City does not apply residential credits to commercial/non-residential uses.

Note that fees are subject to change. City Impact Fees are automatically adjusted on January 15th of every calendar year & City Development/Non-Impact fees are automatically increased on July 1st of every calendar year.

Total Fee Summary:

$222,127.26	Total Development Review/Non Impact Fee Estimate
$2,195,186.68	Total Impact Fee Estimate
$150,000.00	Public Art In-Lieu Fee Estimate
$2,567,313.94	**Total Fee Estimate** ***(without Pad 4 fees)***

RESOLUTION NO. 26-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN IMPACT FEE FREEZE AGREEMENT WITH REGENCY CENTERS, L.P. FREEZING THE IMPACT FEES AT THE LEVEL SET IN THE JANUARY 15, 2026 IMPACT FEE SCHEDULE FOR THE DEVELOPMENT OF AN APPROXIMATELY 55,314 SQUARE FOOT RETAIL DEVELOPMENT LOCATED ON 7.82 ACRES AT THE SOUTHWEST CORNER OF COCHRANE ROAD AND DEPAUL ROAD (APN 728-31-020) IN THE CITY OF MORGAN HILL

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

WHEREAS, the reasons supporting the entrance of the City into that certain agreement described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report submitted for the City Council meeting scheduled for August 19, 2026, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

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

WHEREAS, existing law generally allows local governments to make their own decisions regarding local economic development matters; and

WHEREAS, the loss of redevelopment has left the City, as well as all cities within the State, with a loss of local resources to encourage economic development; and

WHEREAS, the City Council has made findings consistent with Section 53083 of the California Government Code Assembly Bill 562 ("AB 562"), titled "Economic Development Subsidies: Review by Local Agencies," which requires each local agency to provide specified information to the public before approving an economic development subsidy or assistance of $100,000 or more; and

WHEREAS, encouraging and developing businesses in the City that generate property tax and sales tax revenue will diversify and increase revenue sources for the City's General Fund, which supports public services provided by the City to its residents and local businesses; and

WHEREAS, the City Council adopted a Development Impact Fee Freeze Program to stimulate commercial and industrial development by providing cost certainty and encouraging investment in Morgan Hill; and

WHEREAS, Regency Centers, L.P. proposes to develop an approximately 55,314 square foot retail shopping center on approximately 7.82 acres located at the southwest corner of Cochrane Road and DePaul Road, Assessor's Parcel Number 728-31-020 (the "Project"); and

WHEREAS, staff estimates the completed Project could generate approximately $200,000 annually in new property tax and sales tax revenue to the City's General Fund and create temporary and permanent employment opportunities within the City; and

WHEREAS, the City Council determines that adoption of this Resolution is in the public interest due to the municipal tax revenue, employment opportunities, and economic activity that would be generated by the Project.

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

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

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

a. That the Impact Fee Freeze Agreement with Regency Centers, L.P., a Delaware limited partnership authorized to do business in California, which will freeze impact fees at the level set in the January 15, 2026 Impact Fee Schedule for the proposed approximately 55,314 square foot retail development located on approximately 7.82 acres at the southwest corner of Cochrane Road and DePaul Road (APN 728-31-020), substantially in the form attached hereto as Exhibit A and incorporated herein by this reference, is hereby approved.

b. That the City Manager is hereby delegated authority to and is authorized and directed to do everything necessary and appropriate to execute, if required, the Agreement substantially in the form attached hereto as Exhibit A, together with such non-substantive modifications as may be approved by the City Attorney and City Manager.

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

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 19th day of August 2026 by the following vote:

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

APPROVED: **ATTEST:**

_____ _____
MARK TURNER, Mayor **MICHELLE BIGELOW, City Clerk**

CERTIFICATION

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 26-___, adopted by the City Council at the meeting held on August 19, 2026.

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

DATE: _____ _____
MICHELLE BIGELOW, City Clerk

Item # 6
AGENDA DATE: 08/19/2026
SUPPLEMENT # 1

From: Christina Turner

To: Michelle Bigelow

Subject: Wednesday, August 19, 2026, City Council Meeting Questions

Supplement for Item 6 - APPROVE AN IMPACT FEE FREEZE AGREEMENT WITH REGENCY CENTERS, L.P., FOR A 55,314 SQUARE FOOT RETAIL DEVELOPMENT ON 7.82 ACRES PARCEL IDENTIFIED BY ASSESSOR PARCEL NUMBER (APN) 728-31-020

Date: Tuesday, August 18, 2026

Question: Is the City forgoing the $2.4 million in impact fees?

Response: The City is not waiving or forgoing impact fees. The developer is required to pay the full impact fees calculated under the January 15, 2026, fee schedule. The agreement simply freezes the applicable fee schedule for up to three years. Given the current development schedule, it is possible the project may not be required to use the fee freeze since they are seeking to complete entitlements and begin construction this calendar year.

Question: Why would the City enter into a fee freeze agreement?

Response: The purpose of the fee freeze is to provide the developer with cost certainty and an incentive to move the project forward as quickly as possible.

Question: Does the General Fund benefit from the fee freeze agreement?

Response: The City uses Impact Fee Freeze Agreements to incentivize the construction and completion of economic development (non-residential projects) that support the General Fund. The shopping center will generate approximately 100 temporary construction jobs, more than 100 potential permanent full- and part-time jobs, an estimated $200,000 in annual property tax, and sales tax revenue for the General Fund plus the economic activity associated with the new shopping center.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

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

APPROVE COMMISSION WORK PLANS FOR FISCAL YEAR 2026-27

RECOMMENDATION(S)
Review and approve the FY 2026-27 Work Plans for the Library, Culture and Arts Commission and the Parks and Recreation Commission.

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Maintaining and Enhancing Infrastructure
Supporting our Youth, Seniors, and Entire Community
Preserving our Community History

Strategic Priorities 2026-2027
Fiscal Sustainability
Economic Development and Tourism

Guiding Documents
Bikeways, Trails, and Recreation Master Plan
Transportation Master Plan
Vision Zero

REPORT NARRATIVE:
Annually, the Library, Culture and Arts Commission (LCAC) and the Parks and Recreation Commission (PRC) submit Work Plans for approval by the City Council. After approval by the Council, the commissions use these Work Plans to guide their work over the next year. City staff believe that the Work Plans of the PRC and the LCAC can be supported with a moderate impact on staff resources. As has been the case for many years, staff support to these commissions is minimal, resulting in many commissioners volunteering to take on much of the legwork associated with the specific Work Plan items.

Both Commissions' Work Plans include items carried forward from previous fiscal years, as well as eliminated items from past years, and a limited number of new items. The carry-forward items are due to limitations on available City staff resources and aggressive Work Plan items established by the Commissions. Many items are also multi-year or ongoing in nature.

COMMUNITY ENGAGEMENT:
Consult
The development of the Work Plans occurred at noticed public meetings of the PRC and the LCAC. Specific Work Plan items will include appropriate public engagement.

ALTERNATIVE ACTIONS:
The Council could choose to modify a Commission's Work Plan to eliminate, add, or change specific items within a Work Plan.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The Council approved the FY 2025-26 Work Plans on August 20, 2025. The PRC finalized its draft Work Plan on June 16, 2026 and the LCAC finalized its Work Plan on June 2, 2026.

FISCAL AND RESOURCE IMPACT:
There is no direct fiscal impact associated with the approval of the Commission Work Plans. Each Work Plan identifies the estimated staff resources necessary to support the specific Work Plan items. Supporting the LCAC and PRC is an ongoing activity for the Public Services Department.

CEQA (California Environmental Quality Act):
Not a Project
Development of Commission Work Plans is an administrative activity of government that will not result in direct or indirect physical changes in the environment. While some projects on the Work Plans may result in changes to the physical environment, those projects would undergo appropriate environmental review on a project by project basis to meet CEQA requirements.

Parks & Recreation Commission

FY 2026-27 Work Plan – Draft Recommended for Approval on 6.16.26

Project	City Council Priority Supported	Staff Resources Required	Desired Outcome (Commissioner Responsible)
1. Motivate the next generation to get more active in Parks and Recreation	Supporting Our Youth, Seniors & Entire Community	Recreation Manager (Minimal)	1. Review program opportunities for new youth programming. (Vittal/Chabra) 2. Work with City staff to review opportunities to more formally include youth (YAC and other youth) in park planning. (Vittal)
2. Support the Morgan Hill Magical Bridge ongoing operations	Supporting Our Youth, Seniors & Entire Community	Recreation Supervisor and Coordinator (Moderate)	Support and enhance the ongoing volunteer and ambassador efforts at the Morgan Hill Magical Bridge Playground, including a youth volunteer program. (Vittal /Chabra)
3. Support City in grant opportunities	Supporting Our Youth, Seniors & Entire Community Fiscal Sustainability	PS Director (Moderate) Mngt Analyst (Moderate)	Support City staff in identifying and evaluating grant opportunities and associated projects. (Zargar/Chabra)
4. Increase volunteer Adopt a Park Program participation	Supporting Our Youth, Seniors & Entire Community Fiscal Sustainability	PS Director (Minimal) CS Supervisor (Minimal)	Support efforts to identify volunteers for tree establishment watering. (Zargar/Moniz/Zafer)
5. Support City park planning efforts	Supporting Our Youth, Seniors & Entire Community	PS Director/ Maintenance Manager/ Community Services Supervisor (Significant)	1. Commence Parks and Recreation Master Plan update. (All) 2. Evaluate future opportunities for parkland acquisition and development. (van Keulen) 3. Research opportunities for the creation of additional dog parks in existing or new park spaces. (Moniz) 4. Review options for the future of the Community Park Pond. (All) 5. Review restroom operating costs to support future adding restrooms in existing parks, including Diana, Nordstrom and Paradise. (van Keulen/Moniz) 6. Explore the feasibility of counting trail and bike uses on City trails and roadways. This may include the use of volunteers in this activity. (All)

Project	City Council Priority Supported	Staff Resources Required	Desired Outcome (Commissioner Responsible)
6. Support the Annual Open Streets Event	Supporting Our Youth, Seniors & Entire Community	PS Director (Minimal) CS Supervisor (Moderate)	Support the planning and implementation of the annual Open Streets Event in coordination with health and wellness community resource fair. (Moniz/Vittal/Chabra/Lucido)
7. Explore Park and Outdoor Recreation Activation Opportunities	Supporting Our Youth, Seniors & Entire Community	PS Director (Minimal) CS Supervisor (Minimal) Recreation Manager (Minimal) Recreation Coordinator (Moderate)	1. Explore the opportunity to develop and implement an "Art in the Park" event, program or improvement. (Moniz/Chabra) 2. Review the opportunity to implement free fitness opportunities in parks in partnership with local fitness advocates. (Zargar) 3. Review opportunity to implement outdoor education workshop sessions for seniors. (Chabra)
8. Support Improved Maintenance of Park Areas Utilizing Available Resources	Maintaining and Enhancing Infrastructure Fiscal Sustainability	PS Director (Minimal) Maintenance Manager (Moderate)	Re-evaluate the safe use of specific herbicides, including glyphosate, in specific park areas. (van Keulen)

Staff Resources Required: 0-50 hours = Minimal 51-100 hours = Moderate 100+ hours = Significant

Library, Culture & Arts Commission

FY 2026-2027 Work Plan

Draft Recommended for Approval on 6.2.26

Overall Mission: To assist the City Council in accomplishing its goals by fostering an environment conducive to and supportive of the arts, culture, and life-long learning in Morgan Hill, working with existing community groups to promote resources, and facilitate partnerships.

Project Area	City Council Goal Supported	Staff Resources Required	Specific Task / Commissioners Assigned
Project Area 1 Community Outreach	Supporting our Youth, Seniors, and Entire Community Enhancing Diversity and Inclusiveness Community Outreach, Engagement, and Messaging	PS Director (minimal) CS Supervisor (moderate)	(1.a) Participate with other groups to support community outreach and support arts and culture in the community (including, Cura Contemporary, Community Iftar, Colibri, El Toro Arts, SV Creates, Poppy Jasper International Film Festival, Morgan Hill Diwali Festival, Coyote Creek Music Festival, SJMA Let's Look at Art, Movimiento de Arte y Cultura Latino Americana, Juneteenth, Kwanzaa, Caribbean Meet and Greet, South Valley Civic Theater, Hanukkah Celebration, South Bay Singers) (All) (1.b) Support arts programming in conjunction with the Morgan Hill Magical Bridge Playground (All) (1.c) Use social media for promotion of Commission initiatives, cultural activities and announcements (Ganapathy/Carrillo) (1.d) Develop outreach program to the Latinx community through art programming (Santiago/Lyn) (1.e) Continue open art studio program (Blanton/Ganapathy) (1.f) Explore opportunities for youth engagement in arts through tabling at events with youth (Ganapathy/Rose/Carrillo) (1.g) Support the "Morgan Hill Stands United Against Hate/Morgan Hill Cares" campaign (Ganapathy/Blanton) (1.h) Monitor and support use of Prop 28 – Arts and Music in Schools (Carrillo/Ganapathy)
Project Area 2 Art and Culture Events	Supporting our Youth, Seniors, and Entire Community Enhancing Diversity and Inclusiveness	PS Director (minimal) Rec Manager (minimal) CS Supervisors (minimal)	(2.a) Support City Staff in producing the Art a la Carte event (All) (2.b) Evaluate development of City Arts Festival.

Project Area	City Council Goal Supported	Staff Resources Required	Specific Task / Commissioners Assigned
Project Area 3 Permanent and Proposed Public Art	Supporting our Youth, Seniors, and Entire Community Enhancing Diversity and Inclusiveness	PS Director (moderate) Maintenance Manager (minimal)	(3.a) Review and recommend a plan for the use of Public Arts Funds (All) (3.b) Promote artist registry (Lyn/Santiago) (3.c) Continue implementation of the utility box art program (Program: Ganapathy/Blanton/Lyn) (Sponsorship: Carrillo) (3.d) Form subcommittees as needed to support specific art requests that come forward (All)
Project Area 4 Library Outreach and Support	Supporting our Youth, Seniors, and Entire Community Enhancing Diversity and Inclusiveness	Library Staff (minimal)	(4.a) Support Library outreach and advocacy as needed (All) (4.b) Participate in annual Library Commissioners Forum (All) (4.c) Support Children's art show at the Library (Blanton/Carrillo/Ganapathy) (4.d) Support Adaptive programming (Rose/Carrillo) (4.e) Support Storywalk (All)
Project Area 5 Support of Historical Resources	Preserving our Community History	PS Director (minimal)	(5.a) Support outreach and advocacy for the Historical Society as needed (Santiago/Lyn)

Staff Resources Required:
0-30 hours: Minimal; 31-60 hours: Moderate; 60+ hours: Significant

Future Potential Items (Parking Lot)

1) Explore other opportunities for Library art contests in other media (examples: poetry, photography, literature).
2) Implement second annual International Celebration utilizing entertainment and food from various cultures
3) Explore opportunities for the Commission to support the Morgan Hill Historical Society partnership, including supporting the Black History Project
4) Explore public art related to a homelessness outreach mural (Santiago)
5) Partner with artist to complete a community mural (Santiago/Blanton/Ganapathy)
6) Update identified potential art locations annually after completion of the public Art Master Plan.
7) Review art inventory and public art webpage annually (2028)
8) Update Public Art Webpage (2028)

From: Christina Turner

To: Michelle Bigelow

Subject: Wednesday, August 19, 2026, City Council Meeting Questions

Supplement for Item 7 - APPROVE COMMISSION WORK PLANS FOR FISCAL YEAR 2026-27

Date: Tuesday, August 18, 2026

Staff Report: FY 2026-27 Work Plan – Specific Tasks

Question: A lot of the Specific Task descriptions indicate, "Support." Is there a better description of what "Support" means?

Response: Support in the areas noted typically means that at least one (and often times multiple) Commissioners are actively working on the project, but that LCAC is not the primary entity putting on the activity, event or program. Specifically, for each item:

- 1.a – Commissioners typically help in promoting these events and activities through communicating the events through communications channels available to them.
- 1.b – Commissioners attend Magical Bridge events and offer art activities and info on other culture and art activities.
- 1.g – Commissioners actively participate on the committee for the Morgan Hill Stands United Against Hate/Morgan Hill Cares campaign with other organizations helping to produce and implement the campaign.
- 2.a – The Commissioners do much of the work to produce the event ahead of it occurring including getting sponsorships, recruiting and organizing booth vendors, recruiting and scheduling the performers for the event. Commissioners attend on event day and manage the event in conjunction with City staff.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

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

APPROVE CONSULTANT AGREEMENTS WITH TL ENGINEERING CORP. AND HEXAGON TRANSPORTATION CONSULTANTS. INC., FOR ON-CALL TRANSPORTATION/TRAFFIC ENGINEERING SERVICES

RECOMMENDATION(S)

1. Approve and authorize the City Manager to execute and administer an agreement with TL Engineering in the amount of $300,000 to provide On-Call Transportation/Traffic Engineering Services for various Capital Improvement Program Projects and On-Call Engineering Plan Review and Technical Support Services for Land Development Engineering; and
2. Approve and authorize the City Manager to execute and administer an agreement with Hexagon Transportation Consultants, Inc. in the amount of $300,000 to provide On-Call Transportation/Traffic Engineering Services for various Capital Improvement Program Projects and On-Call Engineering Plan Review and Technical Support Services for Land Development Engineering.

COUNCIL PRIORITIES, GOALS & STRATEGIES

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

Strategic Priorities 2026-2027
Public Safety
Transportation

Guiding Documents
Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:

On June 3, 2026, the City Council adopted the Fiscal Year (FY) 2026-27 and 2027-28 operating budget and the FY 2026-27 through 2031-32 Capital Improvement Program Budget for the City. With the limited staffing levels for the Engineering Department, it is necessary to secure on-call Transportation/Traffic Engineering Services to meet the

demands for both the Capital Improvement Program (CIP) and Land Development Projects.

On April 24, 2026, a Request for Qualification (RFQ) was sent through publicpurchase.com, various Builders' Exchanges, and the City website for firms that may be interested in submitting a proposal. Twelve proposals were received by the May 20th deadline. The proposals were scored based on the firms' overall qualification and experience, and their understanding of the services required to support the City's CIP and Land Development teams, respectively. A three-member evaluation panel rated each of the firms and the average overall scores are tallied below:

Consultant	Score
TL Engineering	**91.00**
Hexagon Transportation Consultants, Inc.	**89.33**
TJKM Transportation Consultants (TJKM)	88.67
Iteris, Inc.	88.50
Kimley-Horn and Associates, Inc.	87.00
Ghirardelli Associates	86.00
W-Trans	83.75
Toole Design	80.25
Advanced Mobility Group (AMG)	80.17
Fehr and Peers	67.75
CNM Engineering	43.33
Borrelli and Associates, Inc.	6.00

Out of the twelve RFQs, TL Engineering and Hexagon Transportation Consultants, Inc. demonstrated the best fit and qualifications. TL Engineering and Hexagon Transportation Consultants, Inc. have provided quality services for the City of Morgan Hill previously. Therefore, staff recommends the approval of the two agreements for on-call transportation/traffic engineering services for the CIP and Land Development Projects (Attachment 1 - TL Engineering Agreement and Attachment 2 - Hexagon Transportation Consultants, Inc. Agreement).

COMMUNITY ENGAGEMENT:
Inform
Engineering services for this type of work are specialized and required for CIP Projects and review of new developments. The Request for Qualifications (RFQ) for this agreement was posted on public purchase, various builders' exchanges and the City website.

ALTERNATIVE ACTIONS:
Alternatively, City Council may elect not to approve the agreement(s) and have staff solicit new consultant proposals through a new request for qualification process. This may delay the review/approval of both CIP projects and land development projects.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

June 3, 2026 - The City Council adopted the Fiscal Year (FY) 2026-27 and 2027-28 operating budget and the FY 2026-27 through 2031-32 Capital Improvement Program Budget for the City.

August 3, 2022 - The Council awarded a contract for Transportation/Traffic Engineering services to TL Engineering after conducting a request for proposals.

FISCAL AND RESOURCE IMPACT:

The funding for the agreements for On-Call Transporation/Traffic Engineering services will be from various Capital Improvement Projects included in the adopted Capital Improvement Program and within the operating budget of the Land Development Engineering Division of the Development Services Fund (206). Services provided by the consultants for land development purposes will be paid for by development fees.

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 are exempted from environmental review under Section 15061(B)(3) of the State CEQA Guidelines. The agreements are covered by the general rule that CEQA applies only to specific project(s) which may have the potential to cause a significant effect on the environment.

Furthermore, any individual projects in the CIP shall be individually reviewed under CEQA.

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS
TL ENGINEERING CORP.

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and TL ENGINEERING CORP., 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, 2029, at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for 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 CONSULTANT shall be a) On-Call Transportation/Traffic Engineering Services related to Capital Improvement Program (CIP); b) On-Call Transportation/Traffic Engineering Services Related to Land Development Projects as further described in **Exhibit A.**

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

4.1. A. Amount. $264,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Two Hundred Sixty-Four Thousand Dollars or Eighty-Eight Thousand Dollars ($88,000.00) per annum, for **the On-Call Transportation/Traffic Engineering Services related to Capital Improvement Program (CIP)**, and shall be billed based on the rate and basis set forth in **Exhibit B.** and;

B. Amount. $36,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Thirty-Six Thousand Dollars, or Twelve Thousand Dollars ($12,000.00) per annum, for **the On-Call Transportation/Traffic Engineering Services Related to Land Development Projects**, 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 extended term exceed 105% of maximum compensation for one year of service during the immediately preceding prior year of service.

4.2. Billing. CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services

were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY'S judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

7.1. **Insurance Types and Amounts.**

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

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

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

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

7.1.5. Professional Liability.

7.1.5.1. If the performance of CONSULTANT'S work or service under this Agreement involves professional and/or technical services (examples include, but are not limited to, architects, engineers, land surveyors, and appraisers), CONSULTANT shall procure and maintain either a claims made or occurrence Errors and Omission liability insurance in the minimum amount of: (i) one million dollars ($1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT'S combined insurance policies (including any excess or "umbrella" policies), whichever is

greater. Further, if CONSULTANT maintains a claims-made policy, CONSULTANT shall provide written evidence of such insurance to the CITY for at least five (5) years after the completion of work performed under this Agreement.

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

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

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

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

7.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds.

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.

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:

TL ENGINEERING CORP
Attn: Leo Trujillo
314 Colville Dr.
San Jose, CA 95123

Address of CITY is as follows:

Yat Cho,
Senior Project Manager
and
Maria Angeles,
Senior Civil Engineer
City of Morgan Hill
17575 Peak Ave.
Morgan Hill, CA 95037

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

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

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

16. **Maintenance of Records**.

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

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

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

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

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

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

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

21. **Defense and Indemnification**.

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

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

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

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

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

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

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

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

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

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

expenses, costs, attorneys' fees, and resulting fines, penalties, and damages associated with such incident, breach, investigation and/or notification.

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

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

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

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

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

/ / /

/ / /

[Signatures on Next Page]

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

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

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

ATTEST:

City 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:

TL ENGINEERING CORP

By:

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

Date: 7/23/2026

By:

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

Date: 7/23/2026

EXHIBIT A

SCOPE OF SERVICE

Under the direct supervision of the Capital Improvement and Land Development Engineering staff, the selected firms will provide services for one or both service categories within a three-year period (Fiscal Years 2026-27, 27-28, 28-29). Contracts may be extended. The following are the service categories and the types of tasks that may be asked of the successful firms:

On-Call Transportation/Traffic Engineering Services Related to CIP Projects

1. Design and Review of Capital Improvement Project Plans and Specifications for consistency with City's transportation policies and programs, traffic impact study guidelines, and with transportation best practices. This involves the review of roadway design, traffic signals, roadside safety features, signage and striping, and related features and activities.

2. Perform other miscellaneous traffic engineering services as needed.

On-Call Transportation/Traffic Engineering Services Related to Land Development Projects

1. Review of development proposals for consistency with City's transportation policies and programs, traffic impact study guidelines, and with transportation best practices. This involves the review of roadway design, traffic signals, roadside safety features, signage and striping, and related features and activities.
2. Train City staff in specific transportation planning areas as requested.
3. Perform other miscellaneous traffic engineering services as needed.

Consultant services will be on an as-needed, on-call basis. Due to the as-needed nature of the work, no work is guaranteed on a contract, even if awarded. The scope of work will vary and will be requested on a task order basis as the need arises. Task orders may be in the form of a written or verbal request. The Consultant is responsible for acknowledging receipt of requests within two (2) working days. Task orders may vary significantly in size and scope and will be determined in greater detail as each task order is assigned. The City will assign a Project Engineer who will coordinate and work with each Consultant and will issue the task orders. The City's Project Engineer will discuss the scope of services with each selected Consultant prior to issuing a task order. The Consultant will be responsible for preparing a detailed scope and fee estimate for each task order. The City may accept the Consultant's scope and fee or negotiate with the Consultant, as appropriate. The City reserves the right to not accept the Consultant's scope and fee.

TL ENGINEERING

314 Colville Dr
San Jose, CA 95123
T 209-829-1553

EXHIBIT B

TL ENGINEERING BILLING STRUCTURE

CITY OF MORGAN HILL ON-CALL TRANSPORTATION/TRAFFIC ENGINEERING SERVICE

(Effective through December 31, 2026. An approximate rate increase of 4% will be applied at the beginning of every year thereafter)

HOURLY RATE SCHEDULE FOR PROFESSIONAL SERVICES

Classification	Rate
Principal Engineer	$260
Senior Engineer	$230
Associate Engineer	$210

EXPENSE SCHEDULE

Subconsultants	Fee plus 15%
Client-Requested Overtime	Hourly Rate plus 25%

All other expenses, including: ..... Actual Cost plus 15%

- Delivery Service
- Outside Printing & Reproduction (including hard-copy plans)
- Mileage - Auto
- Outside Consultants
- Filing or Permit Fees
- Travel & Expenses

Northern California Pricing 2026

Intersection Turning Movements

Region	2 Hour 1 Person	2 Hour 2 Person	4 Hour 1 Person	4 Hour 2 Person	6 Hour 1 Person	6 Hour 2 Person
Outer Area	$210	$325	$325	$520	$475	$770

Machine / Hose Counts

Region	Volume		Class OR Speed		Class & Speed	
	1st Day	Additional Days	1st Day	Additional Days	1st Day	Additional Days
Outer Area	$120	$60	$175	$80	$190	$90

24 Hour Cameras

Region	1st Day	Additional Days	Review of Video
Outer Area	$250	$105	$35 / Hour

Wavetronix

Region	Wavetronix Only		+ Backup Camera	
	1st Day	Additional Days	1st Day	Additional Days
Outer Area	$450	$200	$750	$375

***Price reflects a 1-unit installation. Most project sites require 2-units for installation**

Camera installation is for any 4 hours of review to correct Wavetronix detection during heavy periods of

Additional Services

Region	Bike / Ped Counts	Parking Survey	Travel Time	Radar (High vol)	Radar (Average)	Radar (Low vol)
Outer Area	$90 / Hour	$90 / Hour	$175 / Hour	$90	$125	$175

IDAX Price List 2026—Morgan Hill On-Call

- **Prices are for individual or small orders. Larger volumes will result in unit-price decrease**
- All data is guaranteed and will be recollected immediately if there are any issues
- Standard turnaround is (3) business days after collection, unless otherwise communicated prior to deployment
- All video footage is retained for 60 days and is available upon request at no extra cost. IDAX does not guarantee video retention beyond 60 days, unless otherwise communicated.

TURNING MOVEMENT COUNTS (Including Peds, Bicycles, and Heavy Vehicles):

- ***NOTE: Minimum fee per job: FLAT $600***

Standard TMC:	$80/Hour
Roundabouts:	$130/Hour
Lane Geometry	$50/Intersection
Driveway In/Outs:	$55/Hour

PEDESTRIAN AND BICYLE COUNTS:

- **Method of Collection: Video**
- ***NOTE: Minimum fee per job: FLAT $600***

Segment Count:	$55/Hour
Intersection Crosswalk Count:	$60/Hour

GENERAL VIDEO SURVEILLANCE:

Video Only:	$200/Camera/Day
Reduction Only:	Bid On Individual Basis
Drone:	Bid On Individual Basis

CURBSIDE LOADING ACTIVITY:

- **Method of Collection: Video**

Bid on Individual Basis

ADT COUNTS:

- ***NOTE: Minimum fee per job: FLAT $600***

PNEUMATIC TUBE COUNTS

	24-HR	72-HR	7-DAY
Tube Volume Only:	$275	$375	$500
Tube Volume/Speed/Class:	$300	$400	$525
Tube Vehicle Gap Analysis:	$325	$425	$550

VIDEO SCREENLINE COUNTS

Video Volume/Lights & Heavies:	Bid on Individual Basis
Video Volume/3+ Class:	

HAND-HELD RADAR SURVEYS:

Certified Collector:	$175/Hour
MUTCD Guidelines:	$325/Site

TRAVEL TIME & ORIGIN/DESTINATION SURVEYS:

INRIX Roadway Analytics:	Bid on Individual Basis
INRIX Trips Data:	Bid on Individual Basis
Floating Car:	$150/Hour/Tech
Bluetooth/WiFi:	$1200/Unit/Week
License Plate Collection:	$150/Camera/Hour

IDAX Price List 2026—Morgan Hill On-Call

- **Prices are for individual or small orders. Larger volumes will result in unit-price decrease**
- All data is guaranteed and will be recollected immediately if there are any issues
- Standard turnaround is (3) business days after collection, unless otherwise communicated prior to deployment
- All video footage is retained for 60 days and is available upon request at no extra cost. IDAX does not guarantee video retention beyond 60 days, unless otherwise communicated.

QUEUING SURVEYS:

Video:	Bid on Individual Basis
Manual:	$90/Hour/Technician

ADDITIONAL SERVICES:

Parking Collection:	Bid on Individual Basis
Asset Collection:	Bid on Individual Basis
Tech "In the Field" Data Collection:	$90/Hour
Travel Outside Local Area:	$90/Hour
Tech Overtime Rate:	$135/Hour
Delivery of Project Video:	**Free**

If you have any questions/concerns, please email **norcal.projectmanager@idaxdata.com** and one of our Project Managers will get back to you shortly.

Garrett Strang | Operations Manager
IDAX DATA SOLUTIONS
gstrang@idaxdata.com
(415) 444-6376

At IDAX we believe employees should be paid a living wage and receive a robust benefits package. All full-time IDAX staff are paid at or above prevailing wages, provided health insurance, dental insurance, 401k matching, and a health savings account.

EXHIBIT C
SCHEDULE OF PERFORMANCE

CONSULTANT'S services will be performed on an as needed, on call basis for the 2 type of services: a) On-Call Transportation/Traffic Engineering Services related to Capital Improvement Program (CIP); b) On-Call Transportation/Traffic Engineering Services Related to Land Development Projects as further described in **Exhibit A.** CONSULTANT'S work will be coordinated and performed under the direction of the CITY.

EXHIBIT D
Third Party Data Use Agreement

1. CONSULTANT agrees that it shall not use any information provided by CITY for any purpose other than for work performed pursuant to this Agreement without the prior express written consent of CITY. CONSULTANT also hereby acknowledges that the data delivered by CITY is for use by CONSULTANT only, and is not to be released to any other party by any means whatsoever, including the Internet, without prior written consent of CITY. CONSULTANT shall provide written notice to CITY of any subcontractor with whom Geographic Information System data (GIS DATA) is shared for purposes of performing work under this Agreement.

2. All data and files are intended for the use within the ordinary course of users' business and may not be sold, placed on the internet or otherwise provided to other parties. All data shall comply with all statutes such as California State Law, Government Code section 7928.205 which prohibits any state or local agency from posting the home address or telephone number of any "elected or appointed official," residing spouse, or child on the internet, and Revenue and Taxation Code sections 408,408.1, 408.3, and 409 permitting the County Assessor to collect fees for certain information.

3. CITY, as rightful owners, shall retain all rights, title, interest, and copyright of the data. Any products using the GIS DATA must give credit to CITY as the source of the information. Any and all derivative products of the GIS DATA are owned by CITY and may not be used for any purpose other than performing work pursuant to this Agreement without prior written permission of CITY. All derivative products and resulting data shall be provided to CITY Project Manager and CITY GIS Manager at the completion of the work.

4. CONSULTANT and CITY understand and agree that the information provided pursuant to this Agreement is the product of professional services paid for by CITY and shall remain property of CITY. CONSULTANT may retain copies, including copies stored on magnetic media, only for information and reference, in connection with CONSULTANT'S use for work performed for CITY.

5. All of the above terms and conditions apply to any subcontractor retained by CONSULTANT.

6. In the event of a conflict between the terms and provisions of this Third Party Data Use Agreement and the terms and provisions of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, the terms of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS shall govern and control.

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS
HEXAGON TRANSPORTATION CONSULTANTS, INC.

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and HEXAGON TRANSPORTATION CONSULTANTS, 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 August 19, 2026.

2. **Term of Agreement**. This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2029, at which time CONSULTANT'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 CONSULTANT shall be development of a Transportation Master Plan as further described in **Exhibit A.**

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

4.1. A. Amount. $264,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Two Hundred Sixty-Four Thousand Dollars or Eighty-Eight Thousand Dollars ($88,000.00) per annum, for **the On-Call Transportation/Traffic Engineering Services related to Capital Improvement Program (CIP)**, and shall be billed based on the rate and basis set forth in **Exhibit B.** and;

B. Amount. $36,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Thirty-Six Thousand Dollars, or Twelve Thousand Dollars ($12,000.00) per annum, for **the On-Call Transportation/Traffic Engineering Services Related to Land Development Projects**, 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 extended term exceed 105% of maximum compensation for one year of service during the immediately preceding prior year of service.

4.2. Billing. CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly

rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY'S judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

7.1. **Insurance Types and Amounts.**

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

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

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

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

7.1.5. Professional Liability.

7.1.5.1. If the performance of CONSULTANT'S work or service under this Agreement involves professional and/or technical services (examples include, but are not limited to, architects, engineers, land surveyors, and appraisers), CONSULTANT shall procure and maintain either a claims made or occurrence Errors and Omission liability insurance in the minimum amount of: (i) one million dollars ($1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT'S combined insurance policies (including any excess or "umbrella" policies), whichever is

greater. Further, if CONSULTANT maintains a claims-made policy, CONSULTANT shall provide written evidence of such insurance to the CITY for at least five (5) years after the completion of work performed under this Agreement.

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

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

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

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

7.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds.

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.

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:

Hexagon Transportation Consultants, Inc.
100 Century Center Court, Suite 501
San Jose, CA 95112

Address of CITY is as follows:

Yat Cho,
Senior Project Manager
and
Maria Angeles,
Senior Civil Engineer
City of Morgan Hill
17575 Peak Ave.
Morgan Hill, CA 95037

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

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

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

16. **Maintenance of Records**.

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

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

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

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

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

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

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

21. **Defense and Indemnification**.

21.1. Defense and Indemnification 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. All services authorized under this Agreement shall be deemed design professional services performed by or under the responsible charge of licensed professional engineering personnel, and the defense and indemnification obligations applicable to such services shall be governed exclusively by this Section 21.1.

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 negligent acts, errors, or omissions, or willful misconduct,

of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder ("CLAIM") to the extent of CONSULTANT's proportionate percentage of fault.

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

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

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

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

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

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

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

25. **Notice of Security and/or Privacy Incident.** If CONSULTANT, or its subconsultant, suspect, discover or are notified of a data security incident or potential breach of security and/or privacy relating to CITY PII, PHI and/or PCI, CONSULTANT shall immediately, but in no event later than forty-eight (48) hours from suspicion, discovery or notification of the incident or potential breach, notify CITY of such incident or potential breach. CONSULTANT shall, upon CITY's request, investigate such incident or potential breach, inform the CITY of the results of any such investigation, and assist the CITY in maintaining the confidentiality of such information. In addition to the foregoing, CONSULTANT shall

provide CITY with any assistance necessary to comply with any state and/or federal laws requiring the provision of notice of any privacy incident or security breach with respect to any CITY PII, PHI and/or PCI to the affected or impacted individuals and/or organizations, in addition to any notification to applicable state and federal agencies. CONSULTANT agrees that it shall reimburse CITY for all expenses, costs, attorneys' fees, and resulting fines, penalties, and damages associated with such incident, breach, investigation and/or notification.

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

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

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

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

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

/ / /

/ / /

[Signatures on Next Page]

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

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

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

ATTEST:

City 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:

HEXAGON TRANSPORTATION CONSULTANTS, INC.

By:

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

Date: 8/3/26

By:

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

Date: 8/3/26

EXHIBIT A
SCOPE OF SERVICES

Under the direct supervision of the Capital Improvement and Land Development Engineering staff, the selected firms will provide services for one or both service categories within **a three-year period (Fiscal Years 2026-27, 2027-28, 2028-29).** Contracts may be extended. The following are the service categories and the types of tasks that may be asked of the successful firms:

On-Call Transportation/Traffic Engineering Services Related to CIP Projects

1. Design and Review of Capital Improvement Project Plans and Specifications for consistency with City's transportation policies and programs, traffic impact study guidelines, and with transportation best practices. This involves the review of roadway design, traffic signals, roadside safety features, signage and striping, and related features and activities.

2. Perform other miscellaneous traffic engineering services as needed.

On-Call Transportation/Traffic Engineering Services Related to Land Development Projects

1. Review of development proposals for consistency with City's transportation policies and programs, traffic impact study guidelines, and with transportation best practices. This involves the review of roadway design, traffic signals, roadside safety features, signage and striping, and related features and activities.
2. Train City staff in specific transportation planning areas as requested.
3. Perform other miscellaneous traffic engineering services as needed.

Consultant services will be on an as-needed, on-call basis. Due to the as-needed nature of the work, no work is guaranteed on a contract, even if awarded. The scope of work will vary and will be requested on a task order basis as the need arises. Task orders may be in the form of a written or verbal request. The Consultant is responsible for acknowledging receipt of requests within two (2) working days. Task orders may vary significantly in size and scope and will be determined in greater detail as each task order is assigned. The City will assign a Project Engineer who will coordinate and work with each Consultant and will issue the task orders. The City's Project Engineer will discuss the scope of services with each selected Consultant prior to issuing a task order. The Consultant will be responsible for preparing a detailed scope and fee estimate for each task order. The City may accept the Consultant's scope and fee or negotiate with the Consultant, as appropriate. The City reserves the right to not accept the Consultant's scope and fee.

Tab 3. Approach to Scope of Work

Overall Capabilities and Expertise

Hexagon provides every service identified in the Category A scope of services in-house.

Hexagon Capabilities and Expertise

Signing, Striping & Traffic Control

- Signing, striping, and pavement delineation plans
- Traffic control and construction staging plans

Traffic Operations & Analysis

- Traffic operations analysis and signal warrant studies
- Intersection level of service evaluations
- Safety studies and collision analysis
- Engineering and Traffic Surveys for speed zones
- Traffic simulation (Synchro, VISSIM, SIDRA)

Traffic Signal Design

- Signal installation and modification plans
- Enhanced Crosswalk Design (RRFBs, PHBs)
- Fiber optic signal interconnect system design
- Bike signals

Complete Streets Design

- ADA-compliant intersection and curb ramp design
- Bikeway and bicycle facility design, including Class IV separated bikeways and two-stage turn boxes
- Protected intersection corner treatments

Plan Review & CIP Support

- Peer review of PS&E packages prepared by other consultants
- CIP plan and specification review for City standards compliance
- Review for Caltrans, CA MUTCD, and ADA compliance
- Engineer's cost estimate preparation and review

Standards: Caltrans Standard Plans | CA MUTCD | Highway Design Manual | Local Agency Requirements
Software: AutoCAD | Synchro/SimTraffic | VISSIM | Vistro | SIDRA |Agi32 |AutoTURN

Knowledge of Morgan Hill

Hexagon's greatest strength for this assignment is our deep familiarity with Morgan Hill. Through the Transportation Master Plan, we developed a comprehensive understanding of the City's transportation network, including its operational characteristics, safety challenges, multimodal gaps, and planned improvements. We conducted Engineering and Traffic Surveys for 98 street segments citywide, reviewed intersection operations throughout the city, and worked closely with City staff to develop the CIP improvement list and are currently working with the City on the Traffic Impact Fee program update that will guide capital investment over the coming years.

This knowledge directly benefits on-call task orders. When the City assigns a plan review, a signal modification, or a signing and striping project, our team will already understand the surrounding network context, planned improvements in the area, and the City's broader transportation priorities. We do not need a learning curve; we are ready to contribute from day one. For peer review assignments, this local knowledge is particularly valuable. We can evaluate whether a consultant's design accounts for known traffic patterns, planned improvements in the area, and field conditions that may not be apparent from CAD basemaps and design plans alone.

Our 25-plus development traffic studies in Morgan Hill, completed over just the past six to seven years, have given us additional familiarity with the City's traffic impact study guidelines, review procedures, and the expectations of City staff. Our signal design and TCP projects have given us hands-on experience with Morgan Hill's construction environment, utility conditions, and field constraints.



Work Plan or Proposal

Described below are the procedures and project management approach Hexagon would employ to deliver a successful project for the City.

Developing a Project Understanding

For many potential assignments in Morgan Hill, Hexagon already has project background and familiarity with traffic conditions, operational issues, and planned improvements in various areas of the City. This existing knowledge base allows us to develop a more informed project understanding from the outset and helps streamline the scoping process

and ensure that our scope addresses not only the immediate project needs but also aligns with the City's broader transportation goals.

Project Scoping

A key aspect of Hexagon's project management approach, which helps keep our projects on budget, is a thorough and complete project scoping process.

Project Staffing

Our flexible staffing approach allows us to quickly and efficiently allocate resources to on-call assignments as they come in.

Jeff Elia, Vice President and Principal Associate, will serve as Principal-in-Charge and would be responsible for Hexagon team management. Jeff would also be the principal-level day-to-day Project Manager. Jeff works in Hexagon's Gilroy office, just a short drive from Morgan Hill, which allows for field reviews, construction site visits, and in-person meetings on relatively short notice.

Quality Assurance

We take every step necessary to ensure that our work meets or exceeds our clients' expectations. To ensure the highest level of quality, we follow a quality assurance process that minimizes the impact of errors and ensures that our clients receive the best possible service. Our quality assurance process is described in more detail below.

Responsiveness

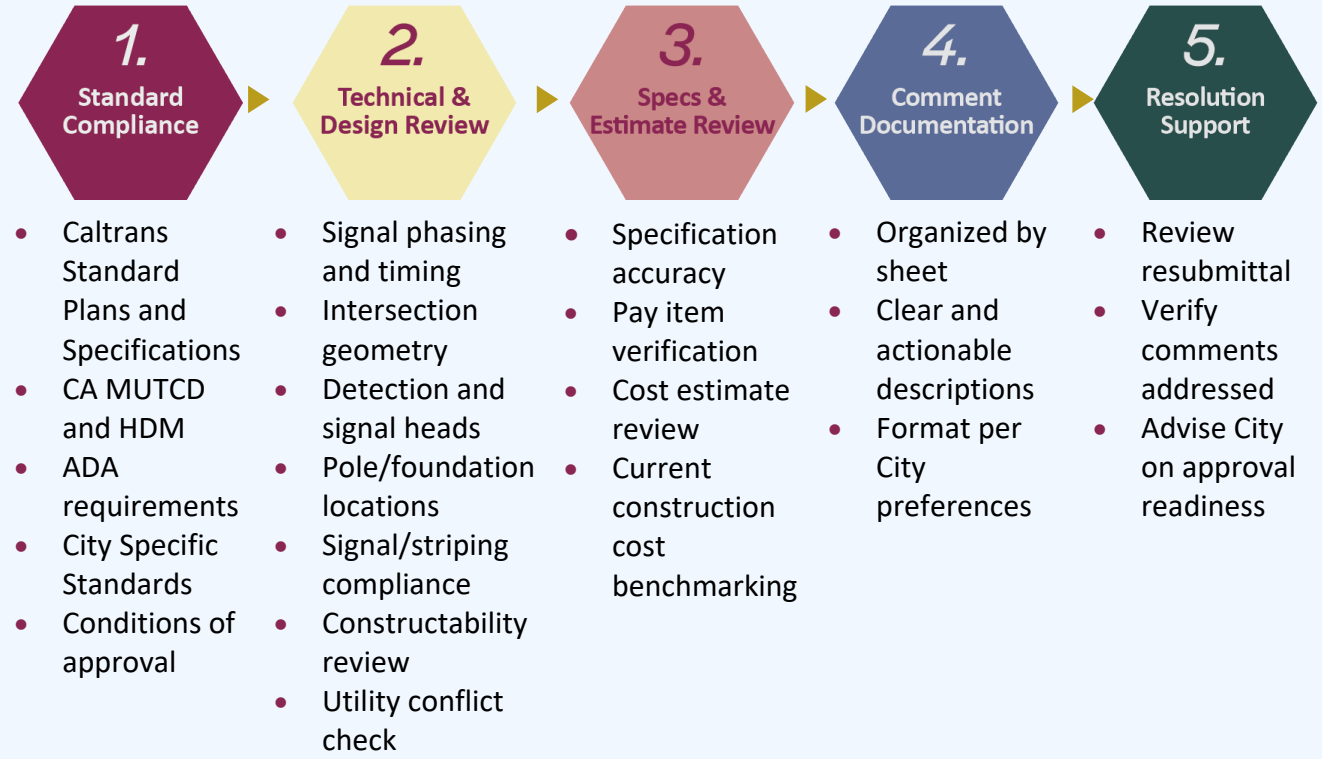
Our proven track record of success in completing projects of varying sizes and complexity is a testament to our ability to handle any project, large or small, at any time. We believe one of the things our clients appreciate most about working with Hexagon is how quickly we mobilize on new assignments and how responsive we are throughout the project. We treat every assignment with urgency, and our team structure allows us to begin work on most task orders within days of authorization. For standard task orders, we will provide the City with a scope and fee proposal within 5 business days of receiving the City's request.

Project Management Plan

At Hexagon, we are confident in our ability to handle projects of any size at any time. Our project workload typically consists of a mix of mostly small and medium size projects with a limited number of larger projects happening at any given time. We are constantly completing smaller projects or major milestones on larger projects, which frees up staff to work on the next project. This means that we always have the resources and expertise necessary to handle on-call assignments, no matter how urgent or complex they may be.

Peer Review Approach for PS&E Packages

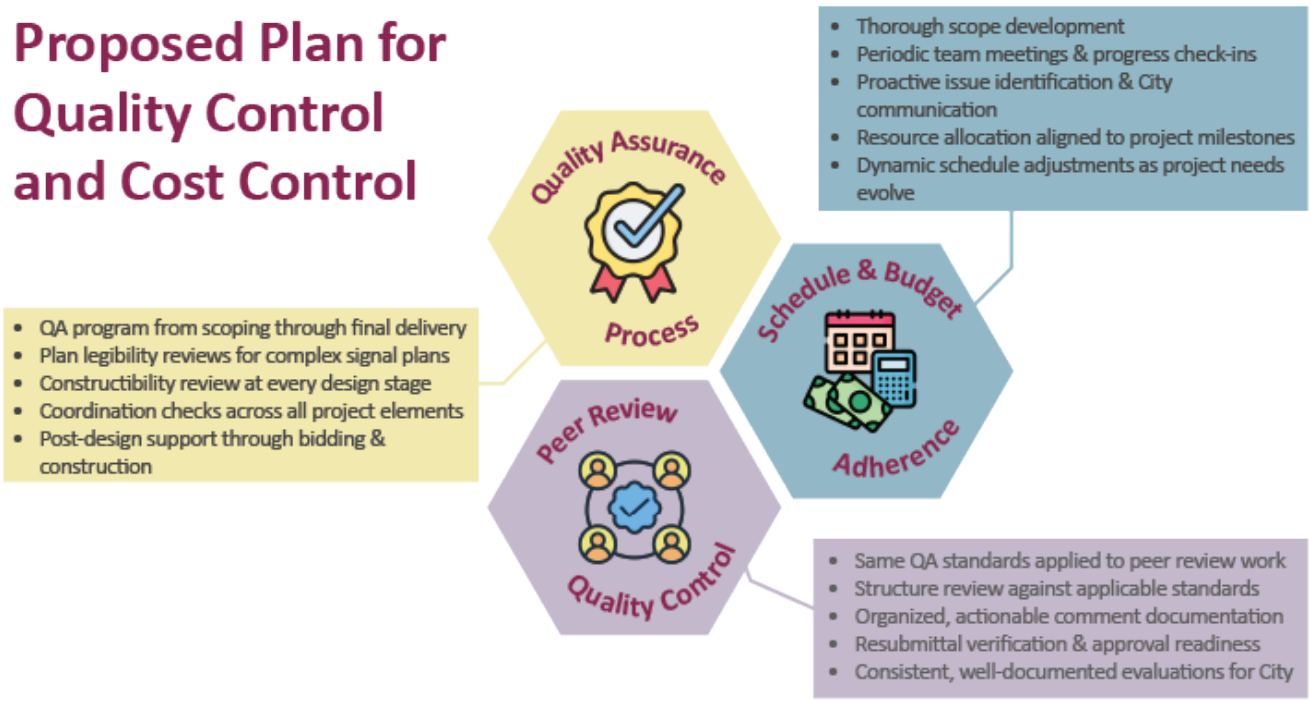
When the City assigns a peer review of a PS&E package prepared by another consultant, Hexagon will follow a structured review process to ensure the City receives a thorough and well-documented evaluation.



Proposed Plan for Quality and Cost Control

Throughout the course of a project, Hexagon typically conducts periodic meetings and phone conferences with the project team to ensure that we are maintaining the project schedule and that the various project elements are coordinated properly.

Design projects can often be somewhat dynamic in nature, so maintaining frequent communication with City staff throughout the design process is an important aspect of our project approach. Once the design is complete, Hexagon remains involved in the project, on an as-needed basis, to answer questions and provide clarifications during the bidding process and to answer technical questions and resolve conflicts during construction.



Added Value for the City

Hexagon brings several value-added benefits to this assignment that we believe will directly benefit the City on projects completed under this contract.

Existing Morgan Hill Data and Resources. Through the Transportation Master Plan, Hexagon developed and maintains a travel demand forecasting model for Morgan Hill, conducted Engineering and Traffic Surveys for 98 street segments, and compiled intersection operations data citywide. These resources are available to support CIP task orders at no additional data collection cost to the City. When a new project arises, we can often pull relevant baseline data from our existing files to quickly gain an understanding of the traffic conditions in the area, saving the City time and ensuring the scoping process is thorough and in line with the local context.

CIP and Traffic Impact Fee Program Familiarity. Hexagon helped the City develop the CIP improvement list and we are currently working with the City on the Traffic Impact Fee program update as part of the Transportation Master Plan. This gives our team a direct understanding of the City's planned improvements, transportation challenges, and project priorities, which helps us scope and design projects that are consistent with the City's needs.

Gilroy Office Proximity. Our Gilroy office is approximately 15 minutes from City Hall, allowing our staff to conduct site visits, attend meetings, and perform field reviews on short notice without the travel time and costs associated with firms based further away in the Bay Area. This proximity also allows us to make quick follow-up site visits during design to verify field conditions, check utility locations, or coordinate with contractors during construction.

Modern Bicycle and Pedestrian Facility Design Experience. Hexagon has significant recent, hands-on experience designing Class IV separated bikeways, bicycle signals, protected intersection treatments, two-stage bicycle turn boxes, pedestrian hybrid beacons, and RRFBs. As Morgan Hill continues to implement its active transportation network, our team can bring tested design solutions from projects in Dublin, San Jose, Palo Alto, and other Bay Area cities to help the City implement facilities that are safe, compliant with current standards, and that balance traffic operations with bicycle safety and convenience.

EXHIBIT B

Billing Structure

Our fee for work on task orders associated with this on-call assignment will be based on our hourly billing rates at the time that work commences on each task order. Our current and future charge rates are presented below.

Hexagon Billing Rates

Professional Classification	2026 Rate per Hour	2027 Rate per Hour	2028 Rate per Hour
President	$365	$383	$402
Principal	$320	$336	$352
Senior Associate II	$290	$304	$319
Senior Associate I	$265	$278	$291
Associate II	$240	$252	$264
Associate I	$215	$225	$236
Planner/Engineer II	$185	$194	$203
Planner/Engineer I	$160	$168	$176
Outreach Coordinator	$135	$141	$148
Admin/Graphics	$135	$141	$148
Assistant Planner/Engineer	$135	$141	$148
Technician	$95	$99	$103

Exclusions

The following exclusions are intended to clarify assumptions made due to undetermined conditions at this time. It's intended to be used as a guideline for the final project contract and for clarification prior to contract approval. After review with the City, some exclusions may be eliminated per agreement or clarification by City staff.

Printing, plotting, agency fees & deliveries

Printing costs and delivery fees for the hard copy submittals be billed at cost plus 10%, should they be necessary.

Subconsultant Services

Any subconsultant services needed for task orders under this on-call assignment will be billed at cost plus 10%.

Traffic Data Collection

Traffic data collection, including turning movement counts, tube counts, and speed surveys, will be billed at cost plus 10% when subcontracted to a data collection vendor, or at the applicable staff billing rate when collected by Hexagon staff.

Permit and agency fees

Permit fees, encroachment permit fees, and agency review fees paid to third parties on behalf of the City are not included in the billing rates and would be billed as a reimbursable at cost, or paid directly by the City.

EXHIBIT C
SCHEDULE OF PERFORMANCE

CONSULTANT'S services will be performed on an as needed, on call basis for the 2 type of services: a) On-Call Transportation/Traffic Engineering Services related to Capital Improvement Program (CIP); b) On-Call Transportation/Traffic Engineering Services Related to Land Development Projects as further described in Exhibit A. CONSULTANT'S work will be coordinated and performed under the direction of the CITY.

EXHIBIT D
Third Party Data Use Agreement

1. CONSULTANT agrees that it shall not use any information provided by CITY for any purpose other than for work performed pursuant to this Agreement without the prior express written consent of CITY. CONSULTANT also hereby acknowledges that the data delivered by CITY is for use by CONSULTANT only, and is not to be released to any other party by any means whatsoever, including the Internet, without prior written consent of CITY. CONSULTANT shall provide written notice to CITY of any subcontractor with whom Geographic Information System data (GIS DATA) is shared for purposes of performing work under this Agreement.

2. All data and files are intended for the use within the ordinary course of users' business and may not be sold, placed on the internet or otherwise provided to other parties. All data shall comply with all statutes such as California State Law, Government Code section 7928.205 which prohibits any state or local agency from posting the home address or telephone number of any "elected or appointed official," residing spouse, or child on the internet, and Revenue and Taxation Code sections 408,408.1, 408.3, and 409 permitting the County Assessor to collect fees for certain information.

3. CITY, as rightful owners, shall retain all rights, title, interest, and copyright of the data. Any products using the GIS DATA must give credit to CITY as the source of the information. Any and all derivative products of the GIS DATA are owned by CITY and may not be used for any purpose other than performing work pursuant to this Agreement without prior written permission of CITY. All derivative products and resulting data shall be provided to CITY Project Manager and CITY GIS Manager at the completion of the work.

4. CONSULTANT and CITY understand and agree that the information provided pursuant to this Agreement is the product of professional services paid for by CITY and shall remain property of CITY. CONSULTANT may retain copies, including copies stored on magnetic media, only for information and reference, in connection with CONSULTANT'S use for work performed for CITY.

5. All of the above terms and conditions apply to any subcontractor retained by CONSULTANT.

6. In the event of a conflict between the terms and provisions of this Third Party Data Use Agreement and the terms and provisions of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, the terms of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS shall govern and control.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

PREPARED BY:
Inga Alonzo, Management Analyst
APPROVED BY: City Manager

APPROVE CONSULTANT AGREEMENT WITH HYDROSCIENCE ENGINEERS, INC. FOR THE NOT TO EXCEED AMOUNT OF $671,147 FOR CONDIT AND LLAGAS BOOSTER STATION DESIGN AND PROFESSIONAL SERVICES

RECOMMENDATION(S)
Award and authorize the City Manager to execute a Consultant Agreement for Design Professionals with HydroScience Engineers, Inc. for the not to exceed amount of $671,147 for Condit and Llagas booster station design and professional services.

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’s Water System Master Plan has identified numerous improvements across the system to increase redundancy, reliability and to meet demands of future users. The Master Plan has identified that the City's existing water distribution system requires supplemental boosting capacity to maintain consistent water pressure across the network, particularly during peak demand periods, areas with elevated topography or during droughts. This consulting agreement will provide professional engineering services for design, planning, bidding support, and construction support for the following:

- A new Condit booster station which will feed water from the Llagas subbasin to the Boys Ranch area and improve system reliability, facilitate operational flexibility, and support future growth
- The demolition of the existing motorized valve and controls at Condit Rd and Main Ave

- An upgrade to the Llagas booster station to increase boosting capacity

City staff issued a Request for Proposal (RFP) in March 2026 to solicit qualified engineering firms for this project. The RFP was advertised in the Morgan Hill Times and posted to the City's website. Staff conducted a mandatory pre-bid meeting in April. Staff requested two separate submittals per firm via email: the first for consultant qualifications and the second for the project cost and any sub-consultant billing rates. A four-person evaluation panel rated each engineering firm's qualifications submittal based on demonstrated competence and professional qualifications per California Government Code mandates for professional services selection. The results of the evaluation are shown in the first attachment. Based on this evaluation, staff recommends contracting HydroScience Engineers.

COMMUNITY ENGAGEMENT:
Not Applicable
This project involves the installation of small utility equipment and minor alterations to existing infrastructure.

ALTERNATIVE ACTIONS:
The City could elect not to move forward with the design and provide staff with alternate direction. This is not recommended as the Water Master Plan recommends the construction of these water pump station improvements to mitigate existing boosting capacity deficiencies between zones.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
No prior City Council actions have been taken on this project.

FISCAL AND RESOURCE IMPACT:
Funding for the design is budgeted in the FY26 and FY27 Capital Budget from CIP WA6006 – Pump Station Capacity, utilizing the Water Impact Fund 651 and the Water CIP Fund 653.

CEQA (California Environmental Quality Act):
Categorical Exemption
The proposed booster pump station qualifies for CEQA Categorical Exemptions under Class 1 Existing Facilities and Class 3 New Construction or Conversion of Small Structures because it involves the installation of small utility equipment and minor alterations to existing municipal infrastructure strictly to improve system redundancy and distribution between pressure zones, with no expansion of water capacity or consumption.

	Weighted Average Score			
Booster Station Professional Services		**Schaaf & Wheeler**	**WaterWorks**	**HydroScience**
1. Experience and Qualifications - Relevant technical experience of company and project team with water booster station professional services.				
POINTS 30		26.50	28.25	28.75
2. Capability - Quality, feasibility, and methodology of project approach.				
POINTS 30		23.75	24.75	27.75
3. Project Management and Schedule - Proposed schedule and ability to make project deadline with a clear means of communication, coordination, and quality control.				
POINTS 25		21.50	21.00	24.50
4. References - Client references and proven track record for similar completed projects.				
POINTS 15		9.50	8.50	12.25
		81.3	82.5	93.3

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS
HYDROSCIENCE ENGINEERS, 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 HydroScience Engineers, 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 _____, ____, 20___.

2. **Term of Agreement**. This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2028 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement provided the compensation does not exceed the City Manager's authority pursuant to Chapter 3.04 of the Morgan Hill Municipal Code, unless otherwise authorized by City Council. Any such extension shall be in writing and signed by both Parties to this Agreement.

3. **Scope of Service**. The services to be performed by CONSULTANT shall be Booster Station Professional Services for Condit and Llagas as further described in **Exhibit A.**

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

4.1. Amount. $671,147.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Six Hundred Seventy-One Thousand, One Hundred Forty-Seven dollars and shall be billed based on the rate and basis set forth in **Exhibit B.** If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement, and provided further that in no event shall such maximum compensation allowed for the term exceed the City Manager's authority pursuant to Chapter 3.04 of the Morgan Hill Municipal Code, unless otherwise authorized by City Council.

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

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

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

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

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

7.1. **Insurance Types and Amounts.**

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

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

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

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

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

7.1.5. Professional Liability.

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

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

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

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

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

7.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds.

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.

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:

HydroScience Engineers, Inc.
10569 Old Placerville Road
Sacramento, CA 95827
Address of CITY is as follows:

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

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

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

16. **Maintenance of Records**.

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

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

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

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

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

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

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

21. **Defense and Indemnification**.

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

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

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

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

21.5. Right to Offset. CITY shall have the right to offset against any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result of CONSULTANT'S failure to pay CITY promptly any indemnification arising under

this Section (21) and any amount due CITY from CONSULTANT arising from CONSULTANT'S failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

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

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

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

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

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

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

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

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

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

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

/ / /

/ / /

[Signatures on Next Page]

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

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

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

ATTEST:

City 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: _____

HydroScience Engineers, Inc.

By: [signature]

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

Date: 7/22/26

By: [signature]

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

Date: 7-23-26

EXHIBIT A
SCOPE OF SERVICES

General Scope

Consultant, HydroScience, shall design a new booster station within an easement located at the intersection of Condit Road and Half Road and shall include the following items: a secured fenced area to contain and protect, the new booster pump equipment, new single vertical turbine electrical motor, a variable frequency drive system, a new motor control center, new SCADA equipment and enclosure equipped with a backup generator connection, and design new vertical pumps and appurtenances to meet user capacity and fire protection requirements. A minimum capacity of 1,500 gpm. Booster station shall be completely enclosed within the existing PSE boundries.

HydroScience shall design the abandonment of the existing CLA valve on Condit Road and Main Avenue including existing SCADA and any electrical components. This will take place after commissioning of the new booster station.

HydroScience shall design the upgrade of the existing Llagas Road water booster station to increase capacity to 450 gpm as specified in the City's Master Plan. The upgrade shall include a VFD system. The SCADA system shall be upgraded to current Ctiy Standards.

Task 1 Project Management and Coordination

HydroScience shall update the Proposed Project Schedule that was submitted with their proposal and email it to the City Project Manager five calendar days prior to the kickoff meeting.

HydroScience shall provide project management services to direct the internal project team and subconsultants, coordinate with City Staff and other project stakeholders, manage project accounting, and monitor project schedule. This task will be carried out through all project phases (Preliminary Design, Detailed Design, and Construction Support.) Bi-weekly progess schedules shall be emaiiled to the City project manager.

HydroScience shall prepare monthly invoices and progress reports. Invoices will be summarized by task number and will show the total task budget, amount billed each month, and task budget balance. The progress reports shall describe the current project status, issues and solutions, and estimated work remaining to complete the project.

HydroScience shall begin the project with an in-person kickoff meeting to establish a collaborative approach and will serve as a springboard to ensure good coordination and communication throughout the project. The goals for this meeting include establishing an understanding of the City's project objectives, the City's expectations, and reviewing the project schedule and the various roles and responsibilities for the entire project team.

Virtual Project Review Meetings (PRMs) will commence following the kickoff meeting at every deliverable (30%, 60% and 90%). HydroScience shall prepare agenda/handouts prior to meetings and follow with action items and minutes to document meetings. A minimum of three PRMs shall be arranged virtually using the City's preferred platform, such as Microsoft Teams or Zoom. Additional coordination and communication with the City's Project Manager and

stakeholders will be arranged as required during the project. Agenda/handouts shall be emailed to the City project manager at least 48 hours prior to meetings.

HydroScience shall conduct a formal design review at each project milestone, during which calculations, drawings, and specifications are checked, and consistency is verified among specifications, details, and manuals. Internal QA/QC will be performed for all design submittals. Principal-in-Charge Bill Slenter, PE, will personally oversee this process. Documentation of comments and responses will be kept and made available at the City's request.

Deliverables for Task 1

- **Meeting agenda and notes in PDF.**

Task 2 Preliminary Design

The HydroScience team will work collaboratively with City staff, vetting proposed approaches and any alternatives to optimize the design to best fit near-term scope and cost objectives while providing for efficient and reliable operations and maintenance in the long term.

Review Available Data. HydroScience will develop an information needs list for the City, and it will review and analyze the information and background data from the City. Requested data will include available studies, as-built drawings, water system parameters, hydraulic model, plat maps, and other requested data that is pertinent to the project.

A topographic survey shall be peformed by the Contractor or Subcontractor including all hardscape and softscape in the project area; prepare a conceptual property boundary/road Right-of-Way (ROW) base map using available public records to plot property lines, lot lines and public utility service easements; survey of all fences, trees, utilities, and landscaping. Westwood will prepare a topographic map in AutoCAD Civil 3D 2023 format using NAVD88 datum with visible surface features, record right-of-way, one-foot contours, and spot elevations at a scale of 1"=20'.

Contractor or Subcontractor shall review available geologic and geotechnical reports and maps pertinent to the site; site reconnaissance; traffic control plan; subsurface exploration by drilling one (1) boring at the Condit Road BPS site; backfill in accordance with Valley Water and City of Morgan Hill guidelines and distribution of cuttings on site; laboratory testing program; geotechnical engineering analysis; and development of geotechnical investigation report that addresses: grading, access road, and foundation. H&A will also review the design plans related to BPS foundation to confirm adherence to geotechnical recommendations.

HydroScience shall coordinate with City's Building Department to obtain a building permit, approve structural calculations and comply with California Building Code. HydroScience shall coordinate with the City's Engineering Department to obtain an encroachment permit.

HydroScience will assist in amending the City's current water system operating permit to include the new Booster Pump Station.

Contractor or Subcontractor shall evaluate environmental conditions of the project site to be in compliance with the CEQA requirements. The proposed booster pump station qualifies for CEQA Categorical Exemption status.

HydroScience shall collect, review and evaluate all available data and subcontractor work for the Preliminary Design and site layout. HydroScience shall prepare a Preliminary Design Memorandum (PDM) that will summarize the design parameters, project constraints, engineer's estimate, and schedule for the project. A sample table of contents for the PDM will be as follows:

Preliminary Design Memorandum

- **Project Goals and Objectives**
- **Existing Water Distribution System & Water Master Plan Summary**
- **Condit Road BPS**
  - **Hydraulic Model update and calculations**
  - **Site Layout options with utilities, easements, ROW, landscaping and accessibility**
  - **Design Parameters**
  - **Pump selection**
  - **Electrical and Instrumentation Design**
  - **Llagas BPS Pump Replacement**
  - **Hydraulic Model update and calculations**
  - **Pump selection**
  - **Electrical and Instrumentation Design**
- **Condit Valve Abandonment**
  - **Demolition and Abandonment Plan**
- **Cost Estimates**
- **Recommendation & Conclusion**

Deliverables for Task 2

- **Topography in AutoCAD**
- **Environmental permitting and compliance documentation (PDF)**
- **Geotechnical Report (PDF)**
- **Preliminary Design Memorandum (PDF)**

Task 3 Final Design

The final design of the project will include four submittals, 30%, 60%, 90% and 100% Final. One consolidated set of bid documents is assumed for all project components. For each submittal, HydroScience shall prepare / update the plans, technical specifications, and the engineer's opinion of probable cost commensurate with the appropriate design level. Internal QA/QC (see Task 1) will be conducted prior to submittal to the City. All specifications will be developed in CSI format. Technical specifications will be prepared to address Divisions 2 through 17 covering all disciplines. The City shall provide standard Divisions 0 (Contract) and 1 (General Conditions) to HydroScience for integration into the bid documents.

Contractor or Subcontractor shall prepare landscape drawings and specifications for the Condit Road BPS to match the existing landscape in the area. These drawings will be incorporated at the 90% design submittal.

Deliverables for Task 3

- **30%, 60% and 90% design drawings, specifications and engineer's estimates**
- **New PG&E utility service**
- **Final 100% Contract Documents**

Task 4 Bidding Support Services

This task shall include attendance at pre-bid meeting, responding to bidders' requests for information (RFI), supporting City's coordination efforts, and preparing addenda as necessary.

Deliverables for Task 4

- **Responding to bidder's RFIs and coordination**
- **Addenda technical content (up to 3)**

Task 5 Construction Support Services

HydroScience shall coordinate activities with the City's construction manager. HydroScience shall provide the following:

- **Attend pre-construction meeting (in person)**
- **Attend bi-weekly construction meetings (20 by Teams, 2 in person)**
- **Review and timely response to RFIs**
- **Review and timely submittal/resubmittal review/proposed substitution review**
- **Conduct site visits (up to 3)**
- **Revisions to contract plans, as appropriate, in response to RFIs/ change orders (design change memos)**
- **Perform engineering reviews of potential contract change orders**
- **Final inspection and punch list preparation**
- **Prepare record drawings based on red-lines provided by the Contractor**

Deliverables for Task 5

- **Respond to Submittals (up to 50) and RFIs (up to 15)**
- **Assist preparing Contract Change Orders (up to 3)**
- **Punchlist**
- **Record Drawings**

A Building Permit will be required by the Building Department; however, no fees will be charged to the Consultant. Consultant shall meet and coordinate permit requirements with the Building Department during the design process. An encroachment permit may be required from the Engineering Department; however, no fees will be charged to the Consultant.

City will pay for the PG&E power and meter cost. HydroScience will coordinate with PG&E for service and application.

City will coordinate with the private property and provide access where new Condit Road BPS is constructed.

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

See atttached fee schedule per task. A 15% Contingency has been added to the project and is reflected in Section 4. Compensation in this agreement.

HydroScience
Strategic Water Solutions

City of Morgan Hill - Booster Station Project
FINAL Fee for Professional Engineering Services

May 5, 2026

Task	Description	Bill Slenter PIC/QAQC	Jigar Shah Project Manager	Austin Poulson Project Engineer	Thinh Le QA/QC Electrical	Electrical Design Support	Angela Singer Hydraulic Model	Civil Design Support	CAD Manager	Labor Hours	Fee	Westwood PS Surveying	Westwood PS Landscaping	VE Solutions Structural	Haley & Aldrich Geotechnical	ECORP Environmental	Direct Costs	Expense Subtotal with Markup	Total Fee		Phase Totals
	Rate Classification	Princ	E-VI	E-IV	E-IX	E-III	E-V	E-II	CAD-M												
	Hourly billing rate	$330	$280	$258	$319	$240	$269	$228	$179												
1	**Project Management & Coordination**																				**$46,794**
1.1	Project Management	6	32							**38**	**$10,940**							**$0**	**$10,940**		
1.2	Project Meetings																				
	Kickoff Meeting		8	8						**16**	**$4,304**						$500	**$550**	**$4,854**		
	Project Review (3) and Additional Meetings (5)		16	12		12				**40**	**$10,456**							**$0**	**$10,456**		
1.3	Project Schedule		8							**8**	**$2,240**							**$0**	**$2,240**		
1.4	QAQC	40			16					**56**	**$18,304**							**$0**	**$18,304**		
2	**Preliminary Design**																				**$122,770**
2.1	Field Visits and Investigation		8	12		8				**28**	**$7,256**							**$0**	**$7,256**		
2.2	Research and Review Data		8	20				8		**36**	**$9,224**							**$0**	**$9,224**		
2.3	Topography Mapping		2	4						**6**	**$1,592**	$17,200						**$18,920**	**$20,512**		
2.4	Geotechnical Investigation Report		2	4						**6**	**$1,592**				$31,500			**$34,650**	**$36,242**		
2.5	Permitting & Environmental Compliance (Cat Ex)		2							**2**	**$560**					$3,000		**$3,300**	**$3,860**		
2.6	Preliminary Design Memorandum		24	40	8	32	20	32	32	**188**	**$45,676**							**$0**	**$45,676**		
3	**Final Design**																				**$267,080**
3.1	30% PS&E		16	40				48	80	**184**	**$40,064**							**$0**	**$40,064**		
3.2	60% PS&E		24	60	8	32	8	80	100	**312**	**$70,724**							**$0**	**$70,724**		
3.3	90% PS&E		24	80	16	60	4	60	80	**324**	**$75,940**			$14,000				**$15,400**	**$91,340**		
	Landscape Design			4				4	4	**12**	**$2,660**		$19,600					**$21,560**	**$24,220**		
3.4	100% Contract Documents		8	40	8	24		40	60	**180**	**$40,732**							**$0**	**$40,732**		
4	**Bidding Support**																				**$14,034**
4.1	Pre-Bid Meeting		1	8		2				**11**	**$2,824**						$0	**$0**	**$2,824**		
4.2	Addenda (3), RFIs, and Responses		2	10	4	10			4	**30**	**$7,532**						$0	**$0**	**$7,532**		
4.3	Conformed Documents		2	3		3			6	**14**	**$3,128**						$500	**$550**	**$3,678**		
5	**Construction Support**																				**$132,928**
5.1	Pre-Construction Meeting		8	4				4		**16**	**$4,184**						$0	**$0**	**$4,184**		
5.2	Field Inspections (3)		8	16		8				**32**	**$8,288**						$0	**$0**	**$8,288**		
5.3	Construction Coordination meetings (2/mo)		24	24		8				**56**	**$14,832**						$500	**$550**	**$15,382**		
5.4	Review Submittals (50)		8	100		40				**148**	**$37,640**			$4,000			$0	**$4,400**	**$42,040**		
5.5	Review RFIs (15)	6	16	30	4	16				**72**	**$19,316**			$2,000			$0	**$2,200**	**$21,516**		
5.6	General Coordination		16	30	4	16				**66**	**$17,336**						$0	**$0**	**$17,336**		
5.7	Assist on CCOs (3)		2	15	4	8				**29**	**$7,626**						$0	**$0**	**$7,626**		
5.8	Punchlist walkthrough		4	8		8				**20**	**$5,104**						$500	**$550**	**$5,654**		
5.9	Prepare Record Drawings		2	12	2	8		8	16	**48**	**$10,902**						$0	**$0**	**$10,902**		
TOTAL - Base Services Tasks		**52**	**275**	**584**	**74**	**295**	**32**	**284**	**382**	**1978**	**$ 480,976**	**$ 17,200**	**$ 19,600**	**$ 20,000**	**$ 31,500**	**$ 3,000**	**$ 2,000**	**$ 102,630**			**$583,606**

Notes

1. Environmental scope assumed Categorical Exemption for the Condit Road BPS project
2. Structural scope assumed an Architecture design is not required by the City.
3. ESDC is optional services and it is based on Time & Material
4. Submittal count includes resubmittals.

HydroScience proposes to perform the work on a time-and-materials basis for a fee not to exceed the amount shown in the fee estimate.

HYDROSCIENCE ENGINEERS, INC.

2026 Standard Schedule of Billing Rates
Rates are subject to increase annually on January 1
of each calendar year.

LABOR CLASSIFICATION	HOURLY RATE
Principal	$330
Engineer IX	$319
Engineer VIII	$308
Engineer VII	$293
Engineer VI	$280
Engineer V	$269
Engineer IV	$258
Engineer III	$240
Engineer II	$228
Engineer I	$208
Engineering Aide	$120
Construction Professional VI	$220
Construction Professional V	$210
Construction Professional IV	$200
Construction Professional III	$190
Construction Professional II	$170
Construction Professional I	$160
Cross Connection Control Specialist	$145
CAD Manager	$179
CAD Designer I	$155
Marketing Professional	$130
Administrative II	$120
Administrative	$105

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

Westwood

FEE SCHEDULE FOR PUBLIC INFRASTRUCTURE SERVICES
2026 – California - PW

The following is the fee schedule for all work performed under an hourly agreement.
Rates subject to annual escalation.

Classification	Hourly Rate
Admin I	$126.00
Admin II	$137.00
Admin III	$147.00
Admin IV	$168.00
Admin V	$184.00
Intern I	$100.00
Intern II	$121.00
Intern III	$137.00
Field Intern I	$95.00
Field Intern II	$111.00
Field Intern III	$121.00
Remote Sensing Tech I	$14200
Remote Sensing Tech II	$158.00
Remote Sensing Tech III	$184.00
Remote Sensing Tech IV	$195.00
Remote Sensing Tech V	$210.00
Remote Sensing Tech VI	$242.00
Remote Sensing Field Tech I	$100.00
Remote Sensing Field Tech II	$132.00
Remote Sensing Field Tech III	$142.00
Remote Sensing Field Tech IV	$168.00
Remote Sensing Field Tech V	$184.00
Remote Sensing Field Tech VI	$200.00
Remote Sensing Field Tech VII	$210.00
Remote Sensing Field Tech VIII	$226.00
1 Person Geospatial Crew (w/Truck)	$184.00
Dust Monitor	$84.00
Construction Observer I	$126.00
Construction Observer II	$132.00
Construction Observer III	$147.00
Construction Observer IV	$174.00
Construction Observer V	$189.00
Engineering Tech I	$116.00
Engineering Tech II	$137.00
Engineering Tech III	$153.00
Engineering Tech IV	$174.00
Engineering Tech V	$184.00

Engineering Tech VI	$200.00
Engineering Tech VII	$221.00
Graduate Engineer I	$168.00
Graduate Engineer II	$179.00
Graduate Engineer III	$189.00
Graduate Engineer IV	$200.00
Engineer I	$205.00
Engineer II	$216.00
Engineer III	$231.00
Engineer IV	$252.00
Engineer V	$289.00
Engineer VI	$305.00
Engineer VII	$321.00
Environmental Field I	$116.00
Environmental Field II	$126.00
Environmental Field III	$137.00
Environmental Scientist I	$132.00
Environmental Scientist II	$147.00
Environmental Scientist III	$168.00
Environmental Scientist IV	$184.00
Environmental Scientist V	$205.00
Environmental Scientist VI	$221.00
Environmental Scientist VII	$247.00
Environmental Scientist VIII	$268.00
GIS I	$111.00
GIS II	$126.00
GIS III	$142.00
GIS IV	$158.00
GIS V	$189.00
GIS VI	$205.00
GIS VII	$216.00
GIS VIII	$226.00
Graduate Landscape Designer I	$158.00
Graduate Landscape Designer II	$174.00
Graduate Landscape Designer III	$184.00
Landscape Architect I	$179.00
Landscape Architect II	$189.00
Landscape Architect III	$200.00
Landscape Architect IV	$221.00
Landscape Architect V	$242.00
Landscape Architect VI	$263.00
Assistant Project Manager I	$210.00
Assistant Project Manager II	$226.00
Assistant Project Manager III	$237.00
Project Manager I	$221.00
Project Manager II	$247.00
Project Manager III	$268.00
Project Manager IV	$294.00

Project Manager V $315.00
Project Manager VI $331.00
Project Manager VII $347.00
Survey Field I $210.00
Survey Field II $231.00
Survey Field III $252.00
Survey Field IV $279.00
Survey Field V $189.00
Survey Field VI $252.00
Survey Field VII $263.00
Survey Tech I $121.00
Survey Tech II $137.00
Survey Tech III $153.00
Survey Tech IV $179.00
Survey Tech V $200.00
Survey Tech VI $216.00
Graduate Surveyor I $158.00
Graduate Surveyor II $174.00
Graduate Surveyor III $184.00
Surveyor I $179.00
Surveyor II $200.00
Surveyor III $226.00
Surveyor IV $247.00
Surveyor V $263.00
Surveyor VI $284.00
Project Processor I $95.00
Project Processor II $116.00
Project Coordinator I $147.00
Project Coordinator II $158.00
Project Coordinator III $168.00
Senior Project Coordinator I $179.00
Senior Project Coordinator II $195.00
GMS Tech I $90.00
GMS Tech II $100.00
GMS Tech III $112.00
GMS Tech IV $126.00
GMS Engineer I $147.00
GMS Engineer II $163.00
GMS Engineer III $184.00
GMS Engineer IV $200.00
Field Engineer I $121.00
Field Engineer II $137.00
Field Engineer II $158.00
Field Engineer IV $168.00
Researcher I $95.00
Researcher II $105.00
Researcher III $126.00
Researcher IV $147.00

Expert Witness – Court Appearance/Deposition ..... 2 x rate

Westwood Current™ (Geospatial Project Management Tool) Setup and Licensing ..... $700.00+
Specialized Geospatial Equipment – Per Day Use ..... $200.00 – $3,000.00

Charges for Other Direct Costs, Outside Services, and facilities furnished by Westwood are computed on the basis of actual cost-plus 15 percent.

HALEY ALDRICH

Standard Fee Schedule
2026 RS2

FEES FOR SERVICES

Fees for services will be based on the time worked on the project by staff personnel plus reimbursable expenses. The fee will be computed as follows.

1. Labor-related fees will be computed based on personnel billing rates in effect at the time the services are performed. Personnel billing rates are subject to revision on, or about, 1 January and 1 July of each year. The hourly rates are fully inclusive of fringe benefits, burden, and fee. Current rates are provided in the table below.

Classification	*Hourly Rate*
Project Support	*$125*
Technician	*$125*
Project Technician	*$135*
Senior Technician	*$150*
Project Controls	*$150*
Staff Professional 1	*$160*
Staff Professional 2	*$180*
Project Professional	*$200*
Technical Specialist	*$215*
Project Manager / Senior Technical Specialist	*$230*
Senior Project Manager / Technical Expert	*$270*
Program Manager / Senior Technical Expert	*$345*
Principal	*$365*
Senior Principal	*$395*

2. Pre-trial conferences, depositions, and expert testimony will be billed at one and one-half (1.5) times the rates quoted above.

3. Second and Third Shift, Weekend, and Holiday hours will be billed at $40/hour premium. Second and Third Shifts are those starting between 4 PM and 4 AM.

4. Field visits will be billed at 4-hour minimum; night shifts will be billed at 8-hour minimum. Cancellation of scheduled night shift within 24 hours will be charged the full 8 hours.

5. Direct non-salary expenses will be billed at our cost plus fifteen (15) percent, except for employee vehicle use which will be billed at IRS allowed mileage rates.

6. General project-related expenses such as mobile phone expenses (including mobile app fees); in-house reproduction; printing costs for reports, drawings, and other project records; mail and overnight document delivery; and long-term electronic and paper document storage will be billed as a general communication fee at a rate of four (4) percent of the labor charges.

7. Subcontractors will be billed at our cost plus fifteen (15) percent.

8. Equipment and laboratory testing will be billed at rates listed in the attached Equipment and Laboratory Rate Schedules, as applicable.

HALEY ALDRICH

EQUIPMENT RATE SCHEDULE

AIR MONITORING EQUIPMENT	***Daily***	***Weekly***	***Monthly***
Dust Monitor	*$170*	*$475*	*$1,350*
Photoionization Detector - 10.6 or 11.7 eV	*$125*	*$360*	*$1,100*
FIELD TESTING	***Daily***	***Weekly***	***Monthly***
Double Ring Infiltrometer	*$500*		
Field Supplies	*$30*	*$120*	*$480*
Guelph Permeameter	*$200*		
Inclinometer Readings	*$275*	---	---
Sand Cone Field Density Kit	*$85*	*$255*	*$765*
pH Meter	*$38*	*$80*	*$250*
Pile Load Testing (per test)	*$1,750*		
Plate Load Tester (per day)	*$500*		
Pit Box Test (per day)	*$500*		
Slug Test Kit (per day)	*$375*		
Wood Pile Load Testing (per test)	*$500*		
SAMPLING EQUIPMENT	***Daily***	***Weekly***	***Monthly***
Groundwater Sampling Bundle with Pump	*$350*	*$1,100*	*$3,100*
Rotohammer Drill	*$100*	*$400*	
Soil Sampling or Tank Pull Equipment Bundle	*$150*	*$350*	*$1,050*
Soil Vapor Sampling Bundle	*$400*	*$1,400*	*$2,600*
WATER LEVEL METERS AND INTERFACE PROBES	***Daily***	***Weekly***	***Monthly***
Barologger	*$60*	*$177*	*$533*
Levelogger	*$60*	*$177*	*$533*
Oil/Water Interface Probe	*$80*	*$220*	*$650*
Water Level Indicator	*$55*	*$145*	*$295*
GEOTECHNICAL INSTRUMENTATION	***Daily***	***Weekly***	***Monthly***
Cone Penetrometer	*$20*	*$80*	*$240*
Dynamic Cone Penetrometer	*$175*		
Electronic Readout Box or Datalogger	*$50*	*$150*	*$350*
In-Place Inclinometer Rental	---	---	*$1,250*
Modem	---	---	*$250*
Nuclear Density Gauge	*$125*	*$400*	*$1,200*
Power System - Battery	---	*$25*	*$75*
Power System - Solar	----	*$60*	*$180*
Seismograph - Manual	*$80*	*$245*	*$775*
Seismograph - Remote Units	*$100*	*$295*	*$875*
Vibration and Sound Monitoring Station	*$125*	*$345*	*$975*

HALEY ALDRICH

EQUIPMENT RATE SCHEDULE (continued)

UAS DATA ACQUISITION & PROCESSING	***Daily***	***Weekly***	***Monthly***
UAS Digital Imagery Equipment	*$200*	*$800*	*---*
UAS Digital Imagery w/Ground Control Package (UAS + GNSS)	*$300*	*$1,200*	*---*
UAS Hyperspectral Equipment	*$300*	*$1,200*	*---*
UAS Hyperspectral w/Ground Control Package (UAS w/HS + GNSS)	*$400*	*$1,600*	*---*
LiDAR SCANNING & PROCESSING	***Daily***	***Weekly***	***Monthly***
LiDAR Scanning Equipment (Terrestrial & Aerial)	*$800*	*$3,200*	*---*
LiDAR Equipment w/Ground Control Package (LiDAR + GNSS)	*$1,000*	*$4,000*	*---*
MISCELLANEOUS	***Daily***	***Weekly***	***Monthly***
Decontamination Kit (each)	*$50*	*---*	*---*
Field Truck (including fuel)	*$158*	*$630*	*$2,200*
Generator	*$90*	*$220*	*$690*
GeoTech Sample Jars 16 oz. (per box)	*$25*	*---*	*---*
GPS Unit	*$200*	*$800*	*$2,400*
Harness with Restraint Lanyard	*$50*	*$175*	*$500*
Motorola CP200d Radio (pair)	*---*	*$35*	*$140*
Personal Protective Equipment - Level C (per person)	*$50*	*---*	*---*
Saximeter II	*$40*	*$160*	*$480*
Sound Level Meter	*$60*	*$240*	*$720*

LABORATORY RATE SCHEDULE

SOIL CLASSIFICATION AND INDEX TESTS	***Unit Price***
Atterberg Limits - 1 Point	*$300*
Atterberg Limits - 3 Point	*$435*
Grain Size - Hydrometer and Sieve Analysis	*$300*
Grain Size - 200 Wash	*$150*
Grain Size- Sieve Analysis (Standard Sample)	*$175*
Grain Size - Sieve Analysis (Bulk Sample)	*$225*
Grain Size - Hydrometer	*$250*
Water Content	*$45*
Organic Content	*$200*
Specific Gravity	*$150*
Visual Classification	*$15*
SOIL MOISTURE-DENSITY TESTS	***Unit Price***
Bulk Density	*$150*
California Bearing Ratio (CBR)	*$1,000*
Proctor - 1 Point	*$400*
Proctor - 4 Point	*$550*
Proctor - 4 Point (Cohesive Soil)	*$600*
SOIL CONSOLIDATION AND STRENGTH TESTS	***Unit Price***
Consolidation - Constant Rate of Strain (CRS)	*$1,000*
Consolidation - Incremental	*$750*
Unconfined Compression	*$150*
Direct Simple Shear (DSS)	*$1,000*
Cyclic Direct Simple Shear (CDSS)	*$2,100*
Triaxial Compression - Isotropic Consolidation	*$750*
Triaxial Compression - Ko/anisotropic Consolidation	*$1,200*
Triaxial Compression - Unconsolidated	*$450*
SURCHARGE RATES	***Unit Price***
Atterberg Limits Dry Prep	*$20*
Atterberg Limits Organic Classification	*$55*
Sample Preparation	*$200*
Triaxial High Pressure (over 100 psi)	*$165*
Tube Cut (per cut)	*$40*
Tube Extrusion	*$165*

Additional H&A Laboratory analyses, pricing, and rush rates available upon request.

Where Value and Engineering Come Together
VE SOLUTIONS, INC.

2026-2028 RATE SCHEDULE

Structural Engineer	$210 per hour
Drafter	$140 per hour

PO Box 2592, Carmichael, CA 95609• (916) 505.0519 • bradf@vesolutions.net

ECORP Consulting, Inc.
ENVIRONMENTAL CONSULTANTS

FEE SCHEDULE FOR PROFESSIONAL SERVICES

ECORP Consulting, Inc. – 2026 Rates*

Principal V	$450
Principal IV	$370
Principal III	$315
Principal II	$270
Principal I	$250
Professional XI	$270
Professional X	$245
Professional IX	$225
Professional VIII	$210
Professional VII	$195
Professional VI	$185
Professional V	$175
Professional IV	$160
Professional III	$145
Professional II	$135
Professional I	$125
Technician IV	$120
Technician III	$115
Technician II	$105
Technician I	$95
Project Admin III	$135
Project Admin II	$115
Project Admin I	$105

*Technical and Professional classifications include biologists, regulatory permitting specialists, archaeologists, architectural historians, paleontologists, air quality/greenhouse gas specialists, noise specialists, planners, CEQA/NEPA specialists, UAS pilots, and other technical professionals.

Expense Reimbursement/Other:

1. Computers, facsimile, and telephone are included in the billing rates, and there is no additional charge.
2. Reproduction, equipment and other direct expenses are reimbursed at cost plus a 14% administrative handling charge (excluding mileage).
3. The hourly rates for Subconsultants will be billed at the hourly rate indicated, plus a 12% administrative handling charge.
4. Mileage will be billed at the current IRS rate, adjusted annually.
5. Per Diem, depending upon location, may be charged where overnight stays are required.
6. Expert Witness Testimony, including Depositions, is billed at time and a half.
7. Non-standard invoicing will be billed at the hourly rates for support personnel.
8. Hourly rates will escalate at a rate of 3% per annum.

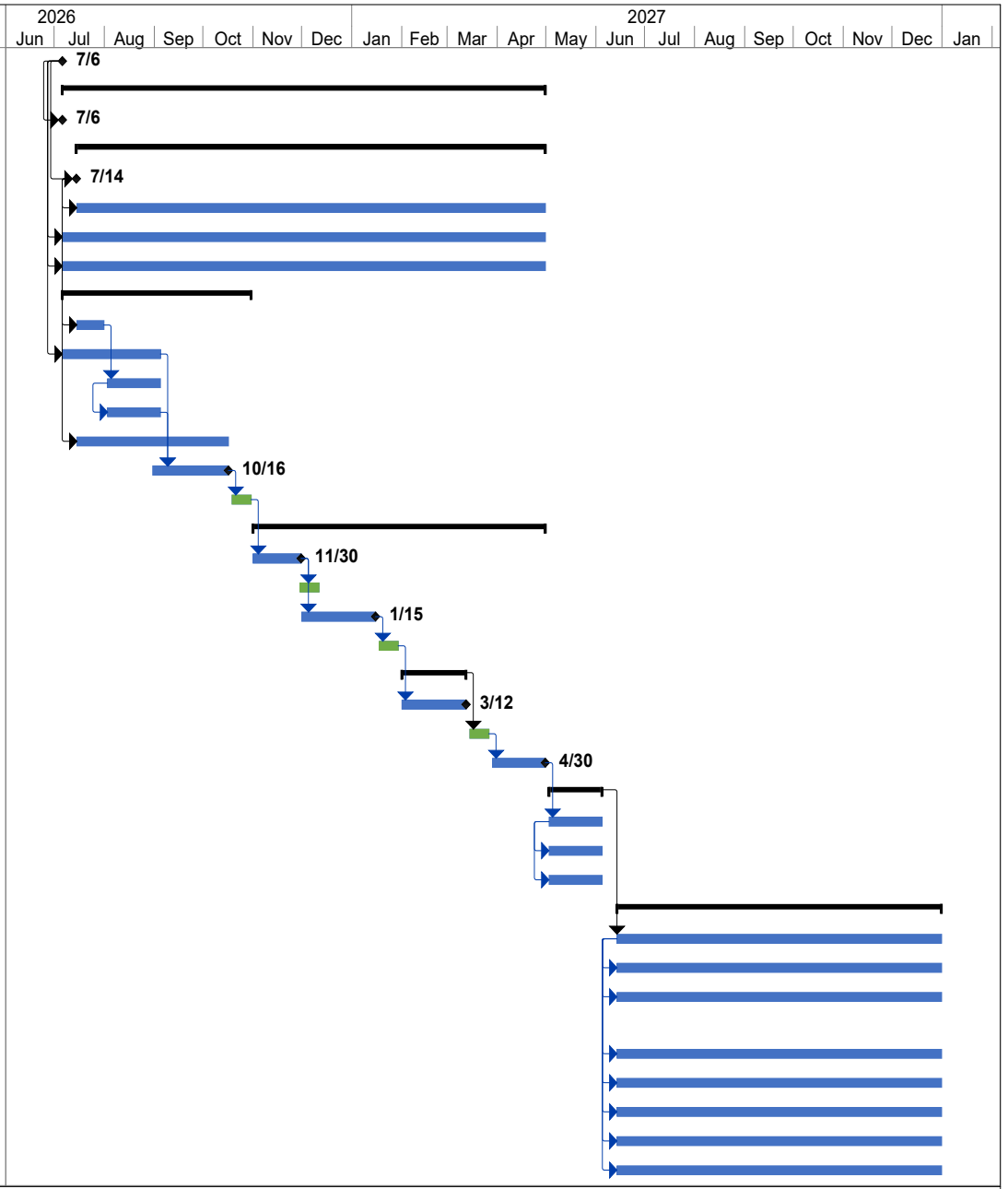
2525 Warren Drive ● Rocklin, CA 95677 ● Tel: (916) 782-9100 ● www.ecorpconsulting.com

EXHIBIT C
SCHEDULE OF PERFORMANCE

See the attached Propsed Project Schedule which will be updated before the Kickoff Meeting.

Proposed Project Schedule

Task Name	Duration	Start	Finish
Notice to Proceed	0 days	7/6/26	7/6/26
Task 1: Project Management & Coordination	**294 days**	**7/6/26**	**4/30/27**
1.1 Project Management	0 days	7/6/26	7/6/26
1.2 Project Meetings	**285 days**	**7/14/26**	**4/30/27**
Kickoff Meeting	0 days	7/14/26	7/14/26
Project Review Meetings& Additional Meetinç	285 days	7/15/26	4/30/27
1.3 Project Schedule	294 days	7/6/26	4/30/27
1.4 QA/QC	294 days	7/6/26	4/30/27
Task 2: Preliminary Design	**116 days**	**7/6/26**	**10/30/26**
2.1 Field Visits and Investigation	17 days	7/15/26	7/31/26
2.2 Research and Review Data	61 days	7/6/26	9/4/26
2.3 Topography Mapping	33 days	8/3/26	9/4/26
2.4 Geotechnical Investigation Report	33 days	8/3/26	9/4/26
2.5 Permitting & Environmental Compliance (Ca	93 days	7/15/26	10/16/26
2.6 Preliminary Design Memorandum	46 days	8/31/26	10/16/26
City Review	12 days	10/19/26	10/30/26
Task 3: Final Design	**177 days**	**11/1/26**	**4/30/27**
3.1 30% PS&E	28 days	11/1/26	11/30/26
City Review	12 days	11/30/26	12/11/26
3.2 60% PS&E	44 days	12/1/26	1/15/27
City Review	12 days	1/18/27	1/29/27
3.3 90% PS&E	**40 days**	**2/1/27**	**3/12/27**
Landscape Design	40 days	2/1/27	3/12/27
City Review	12 days	3/15/27	3/26/27
3.4 100% Contract Documents	33 days	3/29/27	4/30/27
Task 4: Bidding Support	**32 days**	**5/3/27**	**6/4/27**
4.1 Pre-Bid Meeting	32 days	5/3/27	6/4/27
4.2 Addenda (5), RFIs, and Responses	32 days	5/3/27	6/4/27
4.3 Conformed Documents	32 days	5/3/27	6/4/27
Task 5: Construction Support	**196 days**	**6/14/27**	**12/31/27**
5.1 Pre-Construction Meeting	196 days	6/14/27	12/31/27
5.2 Field Inspections (3)	196 days	6/14/27	12/31/27
5.3 Construction Coordination meetings (twice per month)	196 days	6/14/27	12/31/27
5.4 Review Submittals (50)	196 days	6/14/27	12/31/27
5.5 Review RFIs (15)	196 days	6/14/27	12/31/27
5.6 Assist on CCOs (3)	196 days	6/14/27	12/31/27
5.7 Punchlist walkthrough	196 days	6/14/27	12/31/27
5.8 Prepare Record Drawings	196 days	6/14/27	12/31/27



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

PREPARED BY:
Maria Angeles, Senior Civil Engineer
APPROVED BY: City Manager

APPROVE FINAL MAP FOR SPRING VIEW – TRACT NO. 10589 AND RELATED SUBDIVISION IMPROVEMENTS AGREEMENT (335 SPRING AVENUE)

RECOMMENDATION(S)

1. Approve the Final Map;
2. Approve a Subdivision Improvements Agreement with 335 Spring LLC, a California limited liability company;
3. Authorize the City Manager to execute the Subdivision Improvements Agreement; and
4. Authorize the recordation of the Final Map and Subdivision Improvements Agreement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Protecting the Environment and Preserving Open Space and Agricultural Land
Maintaining and Enhancing Infrastructure

Guiding Documents
Morgan Hill 2035 General Plan

REPORT NARRATIVE:

Spring View – Tract No. 10589 is a 23-unit residential development consisting of 18 single-family attached units and five single-family detached units with associated improvements. The project site is located on the north side of Spring Avenue with a current address of 335 Spring Avenue, Morgan Hill, as shown on the attached Site Map (Attachment 1).

Subdivision Improvements Agreement
The project's Subdivision Improvements Agreement (Attachment 2) requires the development to construct public improvements along Spring Avenue, including, but not limited to, curb and gutter, sidewalk, street trees, a streetlight, and approximately 490 linear feet of public water line along the project site’s private driveway.

Final Map
The Developer, 335 Spring LLC, has completed all the conditions specified in the project's Tentative Map (Planning Commission Resolution 21-11), and the conditions in the Design Permit (Approval Certificate No. 21-008) which was administratively approved by the Development Services Director.

The City Council is required to approve the Final Map (Attachment 3) if it conforms to all the requirements of the Subdivision Map Act and any conditions of approval for the Tentative Map.

The Developer has furnished the City with the necessary documents to complete the processing of the Final Map and has made provisions to provide the City with the required fees, security, and insurance before the Final Map is recorded. The Final Map conforms to the requirements of the Subdivision Map Act, and the conditions of approval have been met.

Staff recommends that the City Council approve the Final Map and authorize the City Manager to sign the Subdivision Improvements Agreement pending review and approval by the City Attorney.

COMMUNITY ENGAGEMENT:
Inform
The Planning Commission approved the project's Tentative Map (SD2020-0010) at its October 12, 2021 meeting. The project's Design Permit (SR2020-0028) was separately approved administratively by the Development Services Director on November 1, 2021. The project was publicly noticed including a mailing to property owners within 600 feet of the project. A subsequent time extension of the Design Permit was approved by the Development Services Director on November 5, 2024.

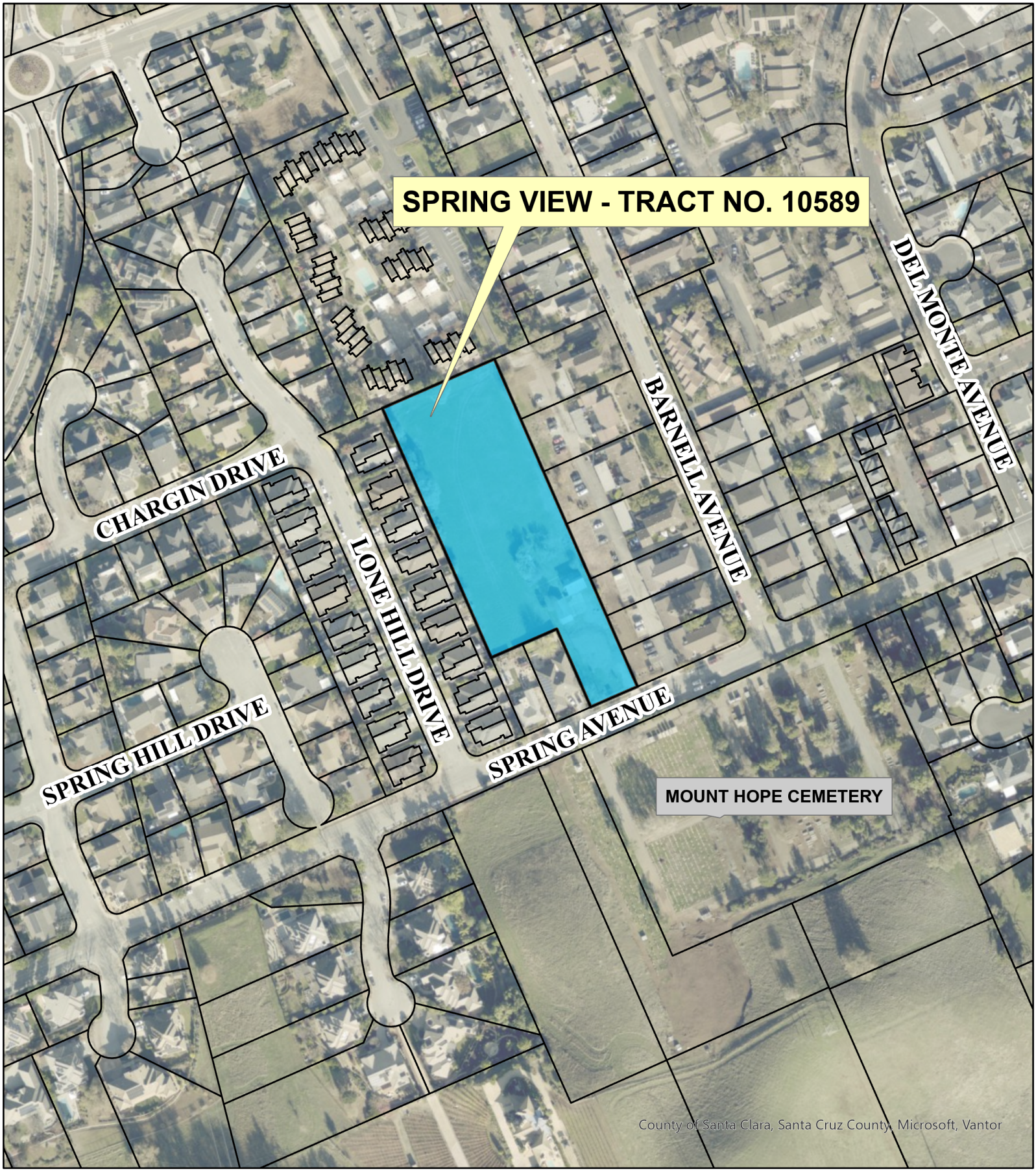
ALTERNATIVE ACTIONS:
There is no feasible alternative action as the Developer has met the requirements of the Tentative Map conditions approved by the Planning Commission to file for a Final Map approval and has furnished the necessary documents to complete the processing of the Subdivision Improvements Agreement.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
October 12, 2021 - Planning Commission adopted Resolution 21-11 approving the project's Tentative Map.

FISCAL AND RESOURCE IMPACT:
Development review costs for this project are paid for from development processing fees.

CEQA (California Environmental Quality Act):
Categorical Exemption

The project was found to be exempt from CEQA pursuant to Section 15332 – Infill Development.



CITY OF MORGAN HILL

Public Services Department
Land Development Engineering

SITE MAP
SPRING VIEW - TRACT NO. 10589

0 80 160 320 480 640 Feet

RECORDING REQUESTED BY
WHEN RECORDED RETURN TO

CITY OF MORGAN HILL
City Clerk's Office
17575 PEAK AVENUE
MORGAN HILL, CA 95037

(RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383)

THE AREA ABOVE IS RESERVED FOR RECORDER'S USE

SUBDIVISION IMPROVEMENTS AGREEMENT

335 SPRING LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

SPRING VIEW – TRACT NO. 10589

This Subdivision Improvements Agreement ("Agreement") between the City of Morgan Hill, a municipal corporation ("City"), and **335 Spring LLC,** a California limited liability company ("Subdivider"), is entered into this _____ day of _____, 2026. City and Subdivider hereby acknowledge the following:

1. Subdivider has filed a Tentative Subdivision Map and supporting documents for Tract No. 10589, the subdivision known as **Spring View** ("Map").

2. City desires, as part of the conditions of approval ("Conditions") of the Final Tract Map or Parcel Map ("Final Map"), that certain improvements be installed by Subdivider ("Improvements") as shown on the City Engineer approved and signed Subdivision Improvement Plans entitled "Improvement Plans - Spring View, Tract No. 10589" ("Plans").

3. Subdivider has been unable to complete, prior to filing of the Final Map, all of the improvements required by City to the satisfaction of the City Engineer.

4. Subdivider is required by the terms of the Morgan Hill Municipal Code ("Municipal Code"), to improve all streets, highways, or public areas which are part of the development, including but not limited to necessary paving, curbs, sidewalks, catch basins, water mains, culverts, storm drains, and sanitary sewers, in accordance with the plans and specifications on file with the City Engineer and to post certain securities to secure the completion of the Improvements.

5. To assure City that Subdivider will construct, install and complete all Improvements required for the Subdivision, the parties have entered into this Agreement.

6. This Agreement is executed pursuant to California Government Code Section 66410 et seq., and Chapter 17.32 of the Municipal Code in order to provide for the manner in which Improvements shall be constructed and completed.

NOW, THEREFORE, and in consideration of the approval of the Final Map, and in order to ensure satisfactory performance by Subdivider of Subdivider's obligations under the Conditions, the Subdivision Map Act, and applicable ordinances of City, the parties hereto, for themselves, their successors, and assigns, hereby agree as follows:

Section 1. Incorporation by Reference

The Development Agreement between Subdivider and City, if applicable, Subdivider's Map application, the Conditions, the Map, all Plans as referenced in Section 2 below and all items submitted to the Planning Department, Planning Commission and City Council, all are incorporated herein by reference. In the event of any inconsistency between their representations in any incorporated documents and this Agreement, this Agreement shall govern.

Section 2. Construction of Improvements

(a) Subdivider shall construct, as provided for in the Conditions, the Improvements as shown fully executed in the Plans entitled "Improvement Plans - Spring View, Tract No. 10589" subject to the approval of City.

(b) Subdivider shall acquire and dedicate, or pay the cost of acquisition by City, of all rights-of-way, easements, and other interests in real property for the construction or installation of the Improvements, free and clear of all liens and encumbrances.

(c) Survey Monumentation:

(1) Subdivider shall place survey monumentation as described on the Map.

(2) Subdivider shall replace or repair all survey monumentation that is destroyed or damaged as a result of Subdivider's activities. Any such repair or replacement shall be to the satisfaction and subject to the approval of City.

(d) Injury to Improvements, Public Property or Public Utilities Facilities.

(1) Subdivider shall replace or have replaced, or repair or have repaired, as the case may be, all Improvements, public utilities facilities and surveying or subdivision monuments which are destroyed or damaged as a result of any work under this Agreement.

(2) Subdivider shall bear the entire cost of replacement or repairs of any and all public or public utility property damaged or destroyed by reason of any work done under this Agreement, whether such property is owned by the State of California, or any agency or political subdivision thereof, or by City, or any public or private utility corporation, or by any combination of such owners. Any repair or replacement shall be to the satisfaction, and subject to the approval, of the City Engineer.

Section 3. Modification of Plans

Subdivider agrees that, if during the construction of the Improvements, it is determined by City that revisions to the Plans are necessary in the interest of the public, Subdivider will undertake such design and construction changes required by City.

Section 4. Security

(a) Pursuant to California Government Code Section 66499.3(a), and the Municipal Code, Subdivider shall, concurrently with the execution hereof, furnish a surety bond in an amount equal to one hundred percent (100%) of the estimated construction cost of the Improvements as security guaranteeing the faithful performance of the Improvements and this Agreement ("Performance Bond").

Improvements and the City Engineer's Estimated Costs of Improvements as of May 21, 2026 are attached hereto as Exhibit "A".

The Performance Bond shall be in a form substantially the same as Exhibit "B".

(b) Pursuant to California Government Code Section 66499.3(b), Subdivider shall, concurrently with the execution hereof, furnish a surety bond in an amount equal to one hundred percent (100%) of the estimated construction cost of the Improvements (as listed in Section 4(a) above) as security guaranteeing the payment to the contractors, subcontractors and persons furnishing labor, materials, or equipment in connection with this Agreement ("Labor and Materials Bond"). The Labor and Materials Bond shall be in a form substantially the same as Exhibit "C".

(c) Subdivider shall, upon completion of the Improvements, furnish a surety bond in an amount equal to fifty percent (50%) of the construction cost of the Improvements to secure the guarantee and warranty of the work for a period of one year following the completion and acceptance thereof by the City Council ("Warranty Period") against any defective work or labor performed, or defective materials furnished by Subdivider in connection with this Agreement ("Warranty Bond"). The Warranty Bond shall be in a form substantially the same as Exhibit "D".

(d) Pursuant to Government Code Section 66499.9, any liability upon the security given for faithful performance of any act or agreement shall be limited to:

(1) The performance of the work covered by the Agreement or the performance of the required act.

(2) The performance of any changes or alterations in such work; provided that all changes or alterations do not exceed ten percent of the original estimated cost of the Improvements.

(3) The guarantee and warranty of the work for a period of one year following completion and acceptance thereof, against any defective work or labor done or defective materials furnished in the performance of the Agreement or the performance of the act.

(4) Costs and reasonable expenses and fees, including reasonable attorneys' fees.

(e) The surety on each bond and the form thereof shall be satisfactory to City. The surety shall be furnished by a surety company authorized to write the same in the State of California and that is approved and accepted by the City's risk manager.

(f) Subdivider agrees to furnish any bonds required by the State or County for Improvements outside the City's jurisdiction.

(g) The release of any securities shall be governed by the provisions of Government Code Section 66499.7.

Section 5. Inspections

At least fifteen (15) calendar days prior to the commencement of any work hereunder, Subdivider shall notify City in writing of the fixed start date of construction so that City shall be able to provide inspection services. Subdivider shall at all times maintain proper facilities and provide safe access to all parts of the work site(s) for City inspections, including any workshops or plants where work related to the Improvements is being conducted.

Subdivider shall pay and reimburse City for all expenses incurred by City for inspecting and checking all work to be performed under the provisions of the Municipal Code or this Agreement. City Engineering plan checking and field improvement inspection costs are included in the Department of Public Works Fee Schedule which may be revised from time to time.

Upon completion of the work, the Subdivider's Engineer shall file original sealed "as-built" plans with City Engineer and shall submit a sealed letter to City Engineer certifying that Subdivider's Engineer has inspected the Improvements throughout construction and that said Improvements are completed in conformance with the Improvement Plans and in accordance with this Agreement.

Section 6. Timing of Performance

Subdivider agrees to perform and complete all Improvements within eighteen (18) months from the date of the recording of the Final Map; provided however, the City Manager may extend the deadline for completion by not more than six (6) months at his or her reasonable discretion and determination that granting the extension will not be detrimental to the public welfare. No extension of this deadline for completion shall be made except upon the basis of a written application made by Subdivider stating fully the ground for the application and the facts relied upon for an extension.

It is further agreed by and between Subdivider and City that any extension granted shall in no way affect the validity of this Agreement or release the surety(ies) on any bond attached hereto or the financial institution guaranteeing the same. Subdivider further agrees to maintain the securities described in Section 4 above in full force and effect during the terms of this Agreement, including any extensions of time as may be granted, and until such time as the Improvements have been accepted for maintenance by City.

Section 7. Work Performance and Warranty

(a) Subdivider shall construct, at Subdivider's own expense, all of the Improvements in a good and workmanlike manner, and furnish all required materials incident thereto, in accordance with the Plans

and to the satisfaction of City, including any changes required by City which in City's opinion are necessary to complete the Improvements.

(b) All work shall be conducted and completed in accordance with the Plans and federal, state, Municipal Code, laws, ordinances, and regulations. For any Improvements partially completed prior to this Agreement, Subdivider agrees to complete the Improvements in accordance with this Agreement.

(c) Neither Subdivider, nor any of Subdivider's agents or contractors in connection with Subdivider's obligations under this Agreement are, or shall be considered to be, employees or agents of City.

(d) The work performance for the Improvements shall not be deemed complete until such time as such Improvements have been accepted for maintenance by the City Council.

(e) Subdivider warrants that: (1) it has investigated the work to be performed under this agreement, (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 Subdivider discover any conditions materially differing from those inherent in the Improvements or work or as represented by City, it shall immediately inform City and shall not proceed, except at Subdivider's risk, until written instructions are received from City.

(f) Subdivider guarantees and warrants the work required by this Agreement and agrees to remedy any defects in the Improvements or work arising from faulty or defective materials or construction occurring within one year after its acceptance. Following notice, Subdivider shall, without delay or cost to City, repair, replace, or construct any defective or unsatisfactory portion of the Improvements. City may, at its sole option, perform the repair or replacement itself if Subdivider or its surety has failed to commence repair within twenty (20) days after City has mailed written notice to Subdivider. In such event, Subdivider or its surety agrees to pay the cost of repair and replacement to City, plus fifteen percent (15%); and City may recover such costs as a lien against the Subdivision. City may proceed immediately to make repairs should an emergency arise.

Section 8. Acquisition and Dedication of Easements or Rights-of-Way

(a) No construction or installation of the Improvements shall be commenced before:

(1) The offer of dedication to City of appropriate rights-of-way, easements, or other interests in real property for the Improvements, which offer of dedication shall be irrevocable and remain open pursuant to California Government Code Section 66477.2, and authorization from the property owner to allow construction or installation of Improvements, or

(2) The dedication to, and acceptance by, City of appropriate rights-of-way, easements, or other interests in real property, as determined by the City Engineer, or

(3) The issuance by a court of competent jurisdiction pursuant to state Eminent Domain Law of an order of possession.

(b) Except as otherwise provided by this Agreement, City rejects all lands, rights-of-way, and easements offered for dedication on the Final Map of the Subdivision. All such offers shall, however,

remain open, and shall constitute irrevocable offers of dedication in accordance with Government Code Section 66477.2. All such offers may be accepted by City in its sole discretion at any later date without further notice to Subdivider as provided by law. By way of explanation only, it is the current intention of City to accept all or part of the irrevocable offers to dedicate upon acceptance of the Improvements called for in this Agreement.

(c) Nothing in this Section 8 shall be construed as authorizing or granting an extension of time to Subdivider.

Section 9. Indemnity

Subdivider hereby agrees to save harmless and indemnify, including, without limitation, City's defense costs (including reasonable attorney's fees), from and against any and all suits, actions, or claims, of any character whatever, brought for, or on account of any injuries or damages sustained by any person or property resulting or arising, or alleged to have resulted or arisen, from Subdivider or Subdivider's contractors, subcontractors, agents, or employees activities, omissions or operations pursuant to this Agreement. Should City be named in any suit, or should any claim be brought against it by suit or otherwise, whether the same be groundless or not, arising out of this Agreement, or its performance, Subdivider will defend City, (at City's request and with counsel satisfactory to City) and will indemnify City for any judgment rendered against it or any sums paid out in settlement or otherwise.

Subdivider shall defend, indemnify, and hold harmless the City and its elective and appointive boards, officials, officers, agents, employees and volunteers from any claim, action, or proceeding to review, set aside, void, or annul an approval of the City concerning the Map and acts made in respect thereof, provided any such action is brought within the time period provided for in California Government Code Section 66499.37.

City shall promptly notify Subdivider of any claim, action, or proceeding, and cooperate fully in the defense of any claim, action, or proceeding.

It is expressly understood and agreed that this Section 9 will survive termination of this Agreement.

Section 10. Insurance

Concurrent with the execution of this Agreement, Subdivider is required to 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 Subdivider and its Subcontractors relating to or arising from the performance of work associated with the Improvements, and must remain in full force and effect at all times during the period covered by the Agreement, including any extensions of time as may be granted, and until such time as the Improvements have been accepted for maintenance by the 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. Any deductibles or self-insured retentions must be declared to and approved by City. If the Subdivider will utilize the services of a General Contractor to perform all of the work associated with the Improvements, then Subdivider may opt to have all coverages provided by Subdivider's General Contractor, provided that a written contract is executed between Subdivider and the General Contractor whereby the written contract specifically required General Contractor to fulfill all of

the City insurance requirements as outlined in this Agreement, including all endorsements in favor of the City. Verification of the written contract must be provided to City upon request. If Subdivider fails to provide any of the required coverage in full compliance with the requirements outlined in this Agreement City shall issue a stop work order, or terminate the Agreement for default. Subdivider further understands that the City reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to Subdivider, at any time as deemed necessary to protect the interests of the City.

(a) Policies and Limits. The following insurance policies and limits are required for this Agreement:

(1) Commercial General Liability Insurance ("CGL"): Subdivider shall maintain CGL and shall include coverage for liability arising from Subdivider's or its Subcontractor's acts or omissions in the performance of work associated with the Improvements against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) five million dollars ($5,000,000.00) combined single limit each occurrence and either a general aggregate limit of ten million dollars ($10,000,000.00) or a general aggregate limit of five million dollars ($5,000,000) as applied on a "per project" or "per location" basis, or (ii) the maximum amount of such insurance available to Subdivider under Subdivider's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Further, if CGL coverage is being provided by Subdivider's General Contractor pursuant to Section 10, General Contractor may elect to insure the CGL exposures under an "Owners and Contractors Protective Liability Policy (OCP)" on which the City is included as an additional insured.

a. CGL policy may not exclude explosion, collapse, underground excavation hazard, or removal of lateral support.

b. CGL policy must include blanket contractual and completed operations.

c. CGL policy will apply as though separate policies have been issued to each insured ("separation of insureds").

(2) Workers' Compensation Insurance and Employer's Liability: Subdivider shall maintain Workers Compensation coverage, as required by law. The policy must comply with the requirements of the California Workers' Compensation Insurance and Safety Act and provide protection in the minimum amount of: (i) one million dollars ($1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to Subdivider under Subdivider's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. If Subdivider is self-insured, Subdivider must provide its Certificate of Permission to Self-Insure, duly authorized by the State of California Department of Industrial Relations.

(3) Automobile Liability: Subdivider shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if Subdivider does not own automobiles, then Subdivider shall maintain Hired/Non-owned Automobile Liability) against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars ($1,000,000.00) combined single limit, or (ii)

the maximum amount of such insurance available to Subdivider under Subdivider's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

(4) Pollution (Environmental) Liability: The performance of Subdivider's work or service under this Agreement involves handling of hazardous materials, contaminated soil disposal, and/or a risk of accidental release of fuel oil, chemicals or other toxic gases or hazardous materials. Subdivider shall procure and maintain Pollution Liability covering the Subdivider'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 Subdivider under Subdivider's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

(b) Required Endorsements. Subdivider shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below. Further, if coverages are being provided by Subdivider's General Contractor pursuant to Section 10, endorsements may not be restricted to work performed "under a written contract" (i.e. "blanket endorsements")

(1) ALL Policies:

"Waiver of Subrogation" - Each required policy must include an endorsement providing that the carrier agrees to waive any right of subrogation it may have against the City of Morgan Hill and the City's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.

(2) ALL Policies except Workers Compensation:

a. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds on a form at least as broad as ISO Form CG 20 10 for ongoing operations and at least as broad as ISO Form CG 20 37 for completed operations.

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

(c) Subcontractors. Subdivider must ensure that each Subcontractor is required to maintain the same insurance coverage required under this Section 10 as appropriate based on each subcontractor's scope of work, with respect to its performance of work associated with the Improvements, including those requirements related to the additional insureds and waiver of subrogation.

(d) 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 "VIII" or better.

(e) Certificates. Subdivider 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, Subdivider shall promptly furnish City of Morgan Hill with copies of all policies outlined herein. No policy subject to the Subdivider's agreement with the City shall be reduced, canceled, allowed to expire, or materially changed except after thirty (30) days' notice by the insurer to City, unless due to non-payment of premiums, in which case ten (10) days written notice must be made to City. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

Section 11. Permits and Requisite Fees

(a) Subdivider shall pay all current fee obligations in the total amount of **$1,550,158.19** due under City Resolution No. 5592, as amended, in accordance with the Department of Public Works fee schedule, as follows:

(1) **$145,019.77** payable at the time of recording of the Final Map, and

(2) **$1,405,138.42** payable on a pro-rata basis for each individual lot in the Subdivision prior to final inspection of each and every residence.

(3) All fees payable pursuant to this Subsection (a) constitutes valid and due consideration for City's approval of the Final Map, and amounts set forth are estimates that are subject to change prior to the issuance of building permit(s), subject to resolution or ordinance of the City Council.

(b) Subdivider shall, at its expense, obtain all necessary permits and licenses for the construction of the Improvements, give all necessary notices, and pay all fees and taxes required by law.

(c) Subdivider shall obtain a City of Morgan Hill Business License.

(d) Subdivider agrees to procure, at its expense, any necessary permits for Improvements outside the City's jurisdiction.

Section 12. On-Site Supervision

Subdivider shall designate an on-site supervisor, satisfactory to City, who shall be on the work site(s) at all times during the construction of the Improvements, and who has the authority to act on behalf of Subdivider when communicating with City personnel.

Section 13. Waiver

Waiver by City or Subdivider of any breach of any of the provisions of the Agreement shall not constitute a waiver of any other provision, nor a waiver of any subsequent breach or violation of the same or any other provision of this Agreement. Acceptance by City of any work by Subdivider shall not be a waiver of any of the provisions of this Agreement.

Section 14. 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 Subdivider is as follows:
335 Spring LLC
1140 Camino Pablo
San Jose, CA 95125

b. Address of City is as follows:

City Engineer
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

Section 15. Noncompliance

If City determines that Subdivider is in violation of any federal, state, County or City laws, ordinances, rules, regulations, and requirements, and/or the terms and provisions of this Agreement, it may issue a cease and desist order, stop work order, or other action City deems necessary.

Section 16. Notice of Breach and/or Default

City may serve written notice upon Subdivider and surety of breach of this Agreement or of any portion thereof, and default of Subdivider for any of the following circumstances:

(a) Subdivider refuses or fails to complete the Improvements as required in Section 6 above.

(b) Subdivider refuses or fails to perform or cure any defects in the Improvements as required in Section 7.

(c) Subdivider is insolvent, is subject to a receivership, or files any petition in bankruptcy, either voluntary or involuntary which Subdivider fails to discharge within thirty (30) days.

(d) The commencement of a foreclosure action against the Subdivision or any portion thereof, or any conveyance in lieu of or in avoidance of foreclosure.

(e) Subdivider or any of Subdivider's contractors, subcontractors, agent, or employees materially violates any of the provisions of this Agreement and not cure the violation within a reasonable time.

Section 17. Performance by Surety or City

(a) In the event of a material breach and/or default by Subdivider, Subdivider's surety shall have the duty to take over and complete the Improvements.

(b) If the surety, within a reasonable time after receiving notice of Subdivider's default does not provide City written notice to take over the performance of this Agreement or if the surety does not commence performance thereof within the time specified in such notice to City, City may take over the construction of the Improvements and prosecute the same to completion, by contract or by any method City may deem advisable, on behalf and at the expense of Subdivider, and Subdivider's surety shall be liable to City for any excess cost or damages incurred by City thereby. In such event, City, without liability for so doing, may take possession of and utilize such materials, appliances, and other property belonging to Subdivider as may be on the work site(s) and necessary therefore to complete the Improvements.

(c) City shall have the right to draw upon or utilize the appropriate security provided for in Section 4 to recover costs and damages to City damages. The right of City to draw upon or utilize the security is additional and not in lieu of any other remedy available to City at law or in equity. The parties agree that the estimated costs and security amounts may not reflect the actual cost of construction or installation of Improvements, and therefore, City damages for Subdivider's default shall be measured by the cost of completing the required Improvements.

(d) Failure of Subdivider to comply with terms of this Agreement shall constitute consent to filing by City of a notice of violation against all lots in the Subdivision, or to rescind the approval or otherwise revert the Subdivision to acreage. The remedies provided in this Subsection (d) are in addition to and not in lieu of other remedies available to City.

(e) In the event that Subdivider fails to perform any obligation under this Agreement, Subdivider agrees to pay all costs and expenses incurred by City in securing performance of such obligation, including the costs of suit and reasonable attorney's fees.

(f) The failure by City to take an enforcement action with respect to a default, or to declare a breach, shall not be construed as a waiver of that default or breach or subsequent default or breach.

Section 18. Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the parties. It shall be recorded in the Office of the Recorder of Santa Clara County concurrently with the Final Map of the Subdivision and shall constitute a covenant running with the land and an equitable servitude upon the real property within the Subdivision. It shall be the responsibility of City to cause the executed Agreement to be recorded. Sale of all or part of the lands of the underlying Subdivision shall not serve to transfer the obligations of the Subdivider under this Agreement. All obligations under this Agreement attach to Subdivider until all obligations of Subdivider are fulfilled or transferred by substitution of replacement agreement and replacement securities acceptable to City.

Section 19. Effective Date

This Agreement shall be effective as of the date and year first above written.

Section 20. Amendment of Agreement

This Agreement may only be amended by mutual consent of the original parties or their successors in interest, provided that any such amendment is executed in writing by the parties to be bound thereby.

Section 21. Execution

By signing this Agreement, the person signing states that he or she is authorized to enter into contracts on behalf of Subdivider. The undersigned, on behalf of Subdivider, binds Subdivider, its partners, successors, executors, administrators, and assigns with respect to the terms and conditions of this Agreement.

Section 22. 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.

Section 23. Law to Govern: Venue

The law of the State of California shall govern this Agreement. In the event of litigation between the parties, the action must be filed in the Santa Clara County Superior Court.

Section 24. Limitations Upon Subcontracting and Assignment.

Neither this Agreement or any portion shall be assigned by Subdivider without prior written consent of City. Subdivider shall provide City with written notice of any assignment or transfer of all or a portion of the Subdivision property no later than thirty calendar days prior to such action. The notice shall indicate the portion of the Subdivision to be assigned and describe, with supporting evidence, the proposed assignee's reputation, experience, financial resources and access to credit, and capability to successfully carry out the development of the Subdivision Improvements to completion.

Section 25. Miscellaneous

(a) Compliance with Law: Subdivider shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.

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

(c) Conflict of Interest and Reporting. Subdivider shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

(d) Time of Essence. Time is of the essence in the performance of this Agreement.

(e) Interpretation. This Agreement shall be interpreted as though prepared by both parties.

(f) Preservation of Agreement. Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

(g) Negotiated Document. It is agreed and understood by the parties hereto, that this Agreement has been arrived at through negotiations and that neither party is deemed to be the party which prepared the Agreement within the meaning of Civil Code Section 1654.

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

[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.]

CITY OF MORGAN HILL

By: _____
Christina J. Turner, City Manager

Date: _____

ATTEST:
By: _____
Michelle Bigelow, City Clerk

Date: _____

APPROVED AS TO FORM:
By: _____
Elisa Tolentino, City Attorney

Date: _____

"Subdivider"

335 Spring LLC, a California limited liability company

By: _____
Greg B. Mussallem, Manager

(If Corporation, must be Chairperson of the Board, President, or Vice President)

Date: 6/3/2026

By: _____
Print Name and Title
(If Corporation, must be Secretary, Assistant Secretary, CFO, or Assistant Treasurer)

Date: _____

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**

On June 3 20 26, before me, Cherry C. Caparas a Notary Public in and for said County and State, personally appeared – GREGG B. MUSSALLEM –
proved to me on the basis of satisfactory evidence to be the person 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.

CHERRY C. CAPARAS
Notary Public - California
Santa Clara County
Commission # 2452097
My Comm. Expires Jul 29, 2027

SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

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**

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

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

WITNESS my hand and official seal.

SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

EXHIBIT "A"

IMPROVEMENTS AND

ESTIMATED COSTS OF IMPROVEMENTS

AS OF MAY 21, 2026

MH 98043 5/21/2026

Engineers Cost Estimate
For Spring View Public Improvements

Public Improvements (Schedule III - V)

Schedule III - Street & Earthwork Offsite

1	Sidewalk Incl. driveway approaches	792	SF	$	8.00	$	6,336.00
2	Relocate Existing Riser	1	LS	$	4,000.00	$	4,000.00
3	City std. electroliers	1	EA	$	3,200.00	$	3,200.00
4	Std curb and gutter	90	LF	$	50.00	$	4,500.00
5	2" AC Type A Grind and Overlay	1,800	SF	$	14.00	$	25,200.00
					Total Schedule III	***$***	***43,236.00***

Schedule IV - Sewer Improvements

1	8" Sewer PVC	447	LF	$	52.00	$	23,244.00
2	City std. manholes	2	EA	$	4,000.00	$	8,000.00
3	4" sewer laterals	23	EA	$	1,800.00	$	41,400.00
					Total Schedule IV	***$***	***72,644.00***

Schedule V - Water Improvements

1	8" Water D.I.P. - Class 50 (incl. valves and fittings)	687	LF	$	150.00	$	103,050.00
2	Existing fire hydrant relocation	1	EA	$	5,000.00	$	5,000.00
3	City std. fire hydrants	1	EA	$	5,000.00	$	5,000.00
4	1" water services	23	EA	$	3,000.00	$	69,000.00
5	1 1/2" irrigation service w/RPBP	1	EA	$	3,500.00	$	3,500.00
					Total Schedule V	***$***	***185,550.00***

Total Offsite	***$***	***301,430.00***

Offsite	***$***	***301,430.00***
10% Contingency	***$***	***30,143.00***
Total	**$**	**331,573.00**

EXHIBIT "B"
PERFORMANCE BOND
(100% of Engineer's Estimate)

Bond No.: _____

Premium: _____

Whereas, the City Council of the City of Morgan Hill, State of California, and **335 Spring LLC** (hereinafter designated as "principal") have entered into a Subdivision Improvements Agreement:

335 SPRING LLC, A CALIFORNIA LIMITED LIABILITY COMPANY
SPRING VIEW – TRACT NO. 10589

whereby principal agrees to install and complete certain designated public improvements, which said agreement, dated _____, 2026, and identified as project **Spring View – Tract No. 10589**, is hereby referred to and made a part hereof; and

Whereas, said principal is required under the terms of said agreement to furnish a bond for the faithful performance of said agreement.

Now, therefore, we, the principal and _____, as surety, are held and firmly bound unto the City of Morgan Hill hereinafter called ("City"), in the penal sum of Three Hundred Thirty One Thousand Five Hundred Seventy Three dollars ($331,573) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The Surety's office is located at_____,

Telephone No._____; the Surety is licensed to do business in the State of California; and the California Insurance Agent's License No., address, and telephone number are as follows:

License No.: _____

Address: _____

Telephone No.: _____

The non-resident agent for the Surety, if any, is a party to the transaction:

Name of non-resident agent: _____

Non-resident agent's office address: _____

_____

Telephone No.: _____

The condition of this obligation is such that if the above bounded principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

Executed this _____ day of _____ 20 ____ .

[form document – do not execute]

_____
Principal

[form document – do not execute]

_____
Principal

By: *[form document – do not execute]*

_____
Surety

By: *[form document – do not execute]*

Attorney-in Fact

By: *[form document – do not execute]*

California Resident Agent

By: *[form document – do not execute]*

Non-resident Agent - Attorney-in-Fact

APPROVED:

[form document – do not execute]

Scott Creer, City Engineer

Date:

APPROVED AS TO FORM:

By: *[form document – do not execute]*

Elisa Tolentino, City Attorney

Date:

(Acknowledgment on following page.)

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**

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

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

WITNESS my hand and official seal.

_____
SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

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**

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

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

WITNESS my hand and official seal.

_____
SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

EXHIBIT "C"
LABOR AND MATERIAL BOND
(100% of Engineer's Estimate)

Bond No.: _____

Premium: _____

Whereas, the City Council of the City of Morgan Hill, State of California, and **335 Spring LLC** (hereinafter designated as "the principal") have entered into a Subdivision Improvements Agreement:

335 SPRING LLC, A CALIFORNIA LIMITED LIABILITY COMPANY
SPRING VIEW – TRACT NO. 10589

whereby the principal agrees to install and complete certain designated public improvements, which agreement, dated _____, 2026, and identified as project **Spring View – Tract No. 10589**, is hereby referred to and made a part hereof; and

Whereas, under the terms of the agreement, the principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Morgan Hill to secure the claims to which reference is made in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code of the State of California.

Now, therefore, the principal and the undersigned as corporate surety, and their successors and assigns are held firmly bound unto the City of Morgan Hill and all contractors, subcontractors, laborers, material suppliers, and other persons employed in the performance of the agreement and referred to in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code in the sum of Three Hundred Thirty One Thousand Five Hundred Seventy Three dollars ($331,573), for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this work or labor, that the surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City of Morgan Hill in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety's office is located at _____,

Telephone No. _____; the Surety is licensed to do business in the State of California; and the California Insurance Agent's License No., address, and telephone number as follows:

License No.:

Address: _____

Telephone No.: _____

The following non-resident agent, if any, for the Surety is a party to the transaction:

Name of non-resident agent: _____,

Non-resident agent's office address: _____

Telephone No.: _____

The surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

Executed this _____ day of _____ 20 ____.

[form document – do not execute]

_____
Principal

[form document – do not execute]

_____
Principal

By: *[form document – do not execute]*

_____
Surety

By: *[form document – do not execute]*

_____
Attorney-in Fact

By: *[form document – do not execute]*

California Resident Agent

By: *[form document – do not execute]*

Non-resident Agent - Attorney-in-Fact

APPROVED:

[form document – do not execute]

Scott Creer, City Engineer

Date:

APPROVED AS TO FORM:

By: *[form document – do not execute]*

Elisa Tolentino, City Attorney

Date:

(Acknowledgment on following page.)

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**

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

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

WITNESS my hand and official seal.

_____
SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

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**

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

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

WITNESS my hand and official seal.

_____
SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

EXHIBIT "D"
WARRANTY BOND
(50% of Cost of Construction)

Bond No.: _____

Premium: _____

Whereas, the City Council of the City of Morgan Hill, State of California (hereinafter designated as "City"), and **335 Spring LLC** (hereinafter designated as "Principal") have entered into a Subdivision Improvements Agreement (hereinafter "Agreement"):

335 SPRING LLC, A CALIFORNIA LIMITED LIABILITY COMPANY
SPRING VIEW – TRACT NO. 10589

whereby the Principal agrees to install and complete certain designated public improvements (hereinafter "Improvements"), which said Agreement, dated _____, 2026, and identified as project Spring View – Tract No. 10589, is hereby referred to and made a part hereof; and

Whereas, under the terms of said Agreement, the Principal is required to furnish a bond to guarantee and warrant the work required by said Agreement for a period of one year following the completion and acceptance by the City of the Improvements, against any defective work or labor performed, or defective materials furnished by Principal.

Now, therefore, we, the Principal and _____ as Surety, are held and firmly bound unto the City of Morgan Hill in the penal sum of One Hundred Sixty Five Thousand Seven Hundred Eighty Seven dollars ($165,787) for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

If Principal faithfully carries out and performs its guarantee and warranty under the Agreement, and, on due notice from City, repairs and make good at its sole expense any and all defects in materials and workmanship in the Project which are discovered during the Warranty Period, or if Principal promptly reimburses City for all loss and damage that City sustains because of Principal's failure to makes such repairs in accordance with the Agreement requirements, then Surety's obligations under this Bond will be null and void. Otherwise, Surety's obligations will remain in full force and effect.

Surety waives the provisions of Civil Code Sections 2819 and 2845. Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement

or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

Any notice to Surety may be given in the manner specified in the Agreement and delivered or transmitted to Surety as follows:

Attn: _____

Address: _____

City/State/Zip: _____

Phone: _____

Fax: _____

Email: _____

This Bond will be governed by California law, and venue for any dispute pursuant to this Bond will be in the Superior Court of Santa Clara County, and no other place. Surety will be responsible for City's attorneys' fees and costs in any action to enforce the provisions of this Bond.

In witness whereof, this instrument has been duly executed by the principal and surety above named.

SURETY:	Principal:
Date: _____	Date: _____
s/ *[form document – do not execute]*	s/ *[form document – do not execute]*
Name: _____	Name: _____
Title: _____	Title: _____

(Attach Acknowledgment with Notary

Seal and Power of Attorney)

APPROVED:

[form document – do not execute]

_____

Scott Creer, City Engineer

Date: _____

APPROVED AS TO FORM:

By: *[form document – do not execute]*

_____

Elisa Tolentino, City Attorney

Date: _____

END OF WARRANTY BOND

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**

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

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

WITNESS my hand and official seal.

_____
SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

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**

On _____ 20___, before me, _____ a Notary Public in and for said County and State, personally appeared _____ proved to me on the basis of satisfactory evidence to be the person 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.

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WITNESS my hand and official seal.

_____
SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

Tract No. 10589

A Portion of the Lot 61 as shown upon that certain map entitled "Map of Knob Hill Acres", which map was filed for record in the Office of the Recorder of the County of Santa Clara, State of California, on December 21, 1928, in Book "X" of Maps, at pages 22 and 23.

Lying within the
City of Morgan Hill, County of Santa Clara, State of California

May 2026

Owner's Statement

We hereby state that we are the owners of, or have some right, title, or interest in and to the real property included within the subdivision shown upon the herein map; that we are the only persons whose consents are necessary to pass a clear title to said real property; that we hereby consent to the preparation and filing of said map and subdivision as shown within the distinctive boundary line.

The real property described below is dedicated as an easement for public purposes: easements for public service facilities including, but not limited to sidewalks, wires and conduits for electrical, telephone, television, gas, storm, sanitary and water services, and all appurtenances thereto under, over, upon and across the land designated as Public Service Easement (P.S.E.) as shown upon the within map.

The real property described below is dedicated as an easement for public purposes: an easement for storm drainage in, under, upon and across those strips of land delineated and designated as Storm Drainage Easement (S.D.E.) as shown upon the within map.

We hereby reserve for the exclusive use of the owners of immediately adjacent lots, private storm drainage easements in, under, upon and across those strips of land delineated and designated as Private Storm Drainage Easement (P.S.D.E.) on the within map. Said easements shall be conveyed to and maintained by the Homeowners' Association.

We hereby reserve for the benefit of the owners of the lots and parcels within the "Spring View" Subdivision, their licensees, visitors, and tenants, for the purposes of ingress, egress, parking (where designated) and of the installation and maintenance of private utilities under, upon and over the private drive aisle depicted on the map. Said parcel shall be conveyed to, and maintained by, the Homeowners' Association created for the "Spring View" subdivision as stated in the covenants, conditions, and restrictions.

We hereby reserve for the Homeowners' Association for the benefit of lots 1 through 23, Open Space A, Open Space B and Open Space C, parcels for the purposes of storing, treating and conveying storm water; landscaping, recreational amenities and all other appurtenances thereto. No further subdivision and or residential development of said parcels shall be allowed. Said Open Space parcels shall be conveyed to and maintained by the Homeowners' Association.

All of the herein described streets, parcels, and easements shall be kept free of buildings, except lawful unsupported roof overhangs, and obstructions that do not impair the use of or are inconsistent with the purposes of the streets, parcels, and easements.

The herein described offers of dedication to the City of Morgan Hill are to be accepted only when the City Council of the City of Morgan Hill or its successor agency adopts and records in the office of the Recorder of Santa Clara County a resolution accepting said streets and easements. Until said resolution(s) are recorded, all streets and easements encompassed within such offers of dedication shall be maintained by the developer during any required warranty period and thereafter by the owner(s) of the lots or parcels in the subdivision. The City of Morgan Hill shall not be responsible for maintenance and shall incur no liability with respect to such offered streets and easements or any improvement thereon. All dedicated Rights-of-Way and Easements not accepted for maintenance by the City or other public agency shall be maintained by the owner(s) of the lots or parcels in the subdivision.

As Owner(s):

335 Spring LLC, Joseph Giancola and Sheila Giancola as members

By: Joe Giancola
Name: Joseph Giancola

By: Sheila Giancola
Name: Sheila Giancola

City Clerk's Statement

I hereby state that the City Council of the City of Morgan Hill at its regular meeting held on _____, 20____, duly approved the final map shown hereon, authorized its recordation, and accepts on behalf of the public, subject to their improvement in accordance with City standards, the streets and easements offered for dedication for public use in conformity with the terms of the offer of dedication.

Michelle Bigelow
City Clerk of the City of Morgan Hill

DATE

NOTES

1. The distinctive boundary line indicates the boundaries of the land subdivided by this Final Map.
2. The area within the distinctive boundary is 2.69 acres.
3. All distances and dimensions are in feet and decimals thereof.

Acknowledgment

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

State Of California
County Of Santa Clara

On June 3 2026 before me, Cherry C. Caparas, Notary Public
personally appeared – JOSEPH GIANCOLA –
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.

Name: CHERRY C. CAPARAS, Notary Public In
And For Said County And State

(Seal)

Principal County Of Business: Santa Clara
Commission Expires: July 29, 2027
Commission # Of Notary: 2452097

Acknowledgment

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

State Of California
County Of Santa Clara

On June 3 ,2026 before me, Cherry C. Caparas, Notary Public
personally appeared – SHEILA GIANCOLA –
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.

Name: CHERRY C. CAPARAS, Notary Public In
And For Said County And State

(Seal)

Principal County Of Business: Santa Clara
Commission Expires: July 29, 2027
Commission # Of Notary: 2452097

Engineer's Statement

This map was prepared by me or under my direction and is based upon a Field Survey in conformance with the requirements of the Subdivision Map Act and local ordinance at the request of Tony & Sheila Giancola, on August 1, 2019. I hereby state that all the monuments are of the character and occupy the positions indicated or that they will be set in those positions before June 30, 2027 and that the monuments are, or will be sufficient to enable the survey to be retraced, and that this final map substantially conforms to the conditionally approved Tentative Map. The survey is true and complete as shown.

William J. McClintock — 6-2-2026
William J. McClintock
R.C.E. NO. 24893
DATE

REGISTERED PROFESSIONAL ENGINEER — WILLIAM J. McCLINTOCK — No. 24893 — Exp. 12-31-27 — STATE OF CALIFORNIA

City Engineer's Statement

I hereby state that I have examined this final map. The Subdivision as shown is substantially the same as it appeared on the Tentative Map, if required, and any approved alterations thereof. All provisions of the Subdivision Map Act, as amended, and of any local ordinances applicable at the time of approval of the Tentative Map, if required, have been complied with.

Scott C. Creer - City Engineer
City of Morgan Hill, California
R.C.E. NO. 58879

DATE

REGISTERED PROFESSIONAL ENGINEER — SCOTT C. CREER — No. 58879 — CIVIL — STATE OF CALIFORNIA

City Surveyor's Statement

I hereby state that I have examined this final map and that I am satisfied that said map is technically correct.

Bryan Pierce - Acting City Surveyor
Ruggeri - Jensen - Azar
P.L.S. NO. 8859

DATE

PROFESSIONAL LAND SURVEYOR — BRYAN PIERCE — 8859 — STATE OF CALIFORNIA

Planning Commission Statement

I hereby state that the tentative map for the final map shown hereon was conditionally approved on October 12, 2021, by the Planning Commission of the City of Morgan Hill, California, by Resolution Number 21-11 application number SD 2020-0010.

Jennifer Carman
Secretary of the Planning Commission

DATE

County Recorder's Statement

Filed this ____ day of _____, 20_____ at _____ _____M. In Book _____of Maps, at Pages _____at the request of MH Engineering Co.

File No. _____ Fee: _____

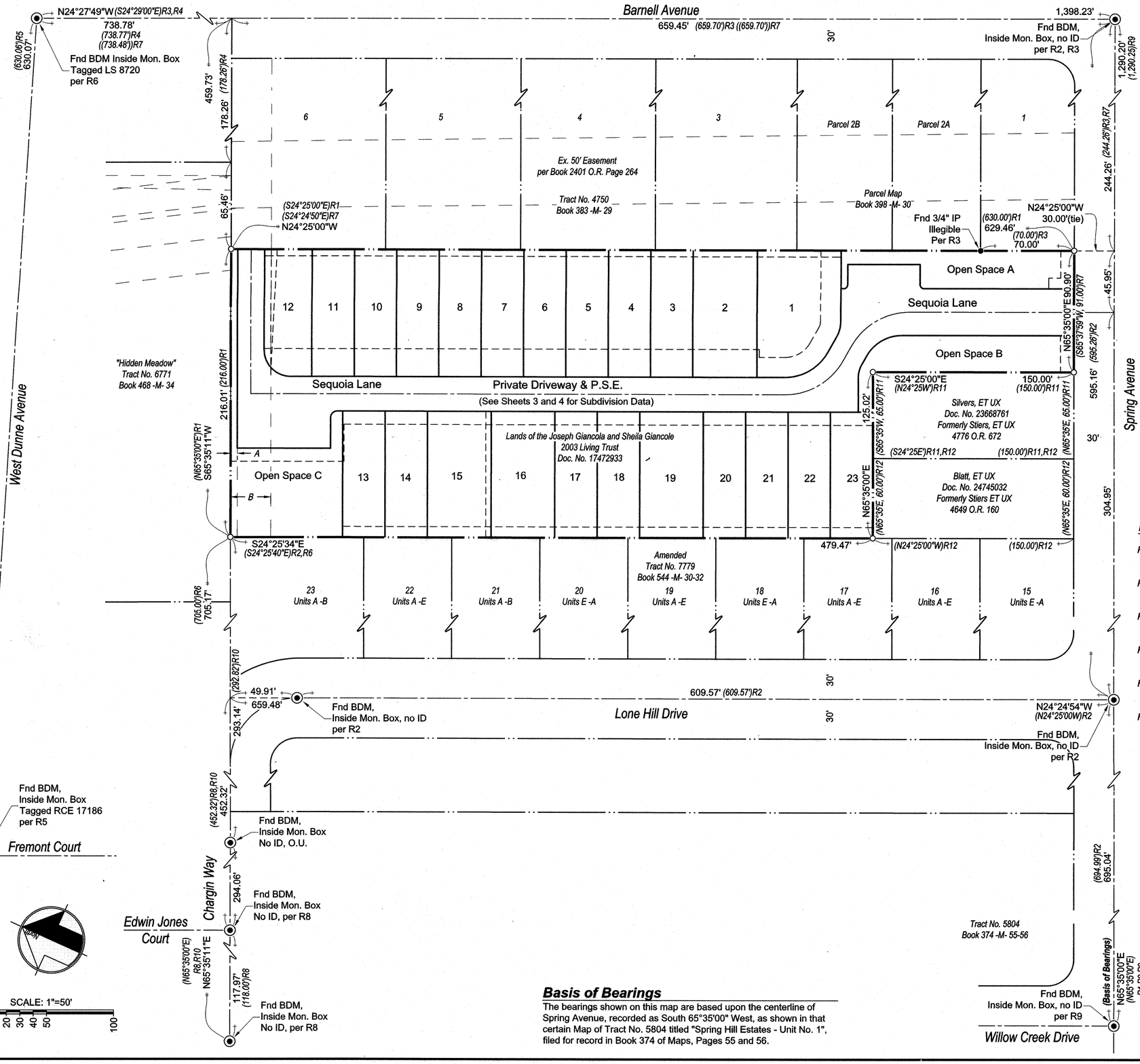
Louis Chiaramonte, County Recorder of Santa Clara County

BY: _____
Deputy

MH engineering Co.
16075 Vineyard Boulevard
Morgan Hill, CA 95037
(408) 779-7381

MH Job No.: 98043

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Legend

◉	FOUND STANDARD CITY MONUMENT, AS INDICATED
◎	SET STANDARD CITY MONUMENT, TAGGED R.C.E. 24893
●	FOUND 3/4" IRON PIPE, AS INDICATED
⊘	SET BRASS TAG w/ EPOXY, TAGGED R.C.E. 24893
○	SET 3/4" IRON PIPE, TAGGED R.C.E. 24893

BDM	Brass Disk Monument
Ex.	Existing
Fnd	Found
IP	Iron Pipe
O.U.	Origin Unknown
P.S.E.	Public Service Easement
P.S.D.E.	Private Storm Drainage Easement
P.U.E.	Public Utility Easement
S.D.E.	Storm Drainage Easement
SF	Square Feet
R/W	Right-of-Way
(...)	Record Data
(r)	Radial Bearing

Centerline

Distinctive Boundary Line

New Lot Line

Existing Lot Line

New Easement Line

Ex. Easement Line

Reference for Existing Easement Data

A. *Existing 5' Wide P.U.E. per Book 2506, Page 203, Official Records*

B. *Existing 30' Wide R/W & S.D.E. per Book 3936, Page 252, Official Records*

Reference Data

R1 *Map of Knob Hill Acres Book "X" of Maps, Pages 22 and 23*

R2 *Tract No. 6858 Book 472 of Maps, Pages 56 and 57*

R3 *Tract No. 4750 Book 383 of Maps, Page 29*

R4 *Parcel Map Book 307 of Maps, Page 26*

R5 *Tract No. 10121 "Jasper Hill Subdivision" Book 852 of Maps, Pages 54 and 55*

R6 *Record of Survey Book 857 of Maps, Page 10 and 11*

R7 *Record of Survey Book 269 of Maps, Page 6*

R8 *Tract No. 8110 Book 608 of Maps, Pages 44 and 45*

R9 *Tract No. 5804 Book 374 of Maps, Pages 55 and 56*

R10 *Parcel Map Book 614 of Maps, Page 32*

R11 *Official Records Book 4776, Page 672*

R12 *Official Records Book 4649, Page 160*

Basis of Bearings

The bearings shown on this map are based upon the centerline of Spring Avenue, recorded as South 65°35'00" West, as shown in that certain Map of Tract No. 5804 titled "Spring Hill Estates - Unit No. 1", filed for record in Book 374 of Maps, Pages 55 and 56.

Tract No. 10589

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Lying within the City of Morgan Hill, County of Santa Clara, State of California

May 2026

MH engineering Co.

16075 Vineyard Boulevard
Morgan Hill, CA 95037

(408) 779-7381

MH Job No.: 98043

Sheet 2 of 4

L:\Projects\98043\MG-19\dwg\98043 Final Map Sheet 2.dwg - 5/7/2026 12:04 PM - Plotted 5/7/2026 12:05 PM by Angel Cortes Flores

Tract No. 4750
Book 383 -M- 29

6 | 5 | 4

(S24°25'00"E)R1
(S24°24'50"E)R7
N24°25'00"W
See Storm Drainage Easement Detail

5.00' | 20.00' | 35.62' | 31.60' | 31.60' | 31.60' | 31.60' | 31.60' | 31.60' | 31.60' | 31.60' | 31.60' | 629.46'

(216.00')R1
216.01'
149.13'
108.13'
75.12'
95.12' | 95.11' | 95.11' | 95.10' | 95.10' | 95.09' | 95.09' | 95.08' | 95.08'

5' P.S.D.E.
5' P.S.D.E.

New S.D.E.
(see Detail)

10' | 10'

Private Driveway & P.S.E.
24,168 SF

12	11	10	9	8	7	6	5	4	3
3,302 SF	3,006 SF	3,005 SF	3,005 SF	3,005 SF	3,005 SF	3,005 SF	3,005 SF	3,004 SF	3,004 SF

N65°34'26"E

R = 20.00'
Δ = 90°00'00"
L = 31.42'

21' P.S.E. | 21' P.S.E.

15.62' | 31.60' | 31.60' | 31.60' | 31.60' | 31.60' | 31.60' | 31.60' | 31.60' | 31.60' | 368.59'

S65°34'26"W
N24°25'34"W

"Hidden Meadow"
Tract No. 6771
Book 468 -M- 34

S24°25'34"E

Sequoia Lane

13'

Private Driveway & P.S.E.
24,168 SF

398.59'

See Sheet 4

R = 5.00'
Δ = 90°00'00"
L = 7.85'

S24°25'34"E
31.65' | 31.65' | 47.50' | 47.50' | 31.65' | 31.68' | 47.50'
384.86'

N65°34'26"E
23.00'
4.03'
94.88'

10' P.S.E. | 10' P.S.E.

N65°34'26"E
S24°25'34"E
69.66'

10' P.S.E.

4' P.S.D.E.

13	14	15	16	17	18	19
3,003 SF	3,003 SF	4,507 SF	4,507 SF	3,003 SF	3,006 SF	4,507 SF

Ex. 30' R/W & SDE
per Book 3936, Pg 252 O.R.

Open Space C
6,595 SF

Ex. 5' PUE per
Book 2506, Pg 203 O.R.

(N65°35'00"E)R1
S65°35'11"W

8' P.S.D.E. | 8' P.S.D.E.

83.74' | 31.65' | 31.65' | 47.50' | 47.50' | 31.65' | 31.68' | 47.50'
479.47'

S24°25'34"E
(S24°25'40"E)R2,R6

Amended
Tract No. 7779
Book 544 -M- 30-32

23	22	21	20	19
Units A -B	Units A -E	Units A -B	Units E -A	Units A -E

SCALE: 1"=20'
0 10 20 30 40

Legend

- FOUND STANDARD CITY MONUMENT, AS INDICATED
- SET STANDARD CITY MONUMENT, TAGGED R.C.E. 24893
- FOUND 3/4" IRON PIPE, AS INDICATED
- SET BRASS TAG w/ EPOXY, TAGGED R.C.E. 24893
- SET 3/4" IRON PIPE, TAGGED R.C.E. 24893

BDM	Brass Disk Monument
Ex.	Existing
Fnd	Found
IP	Iron Pipe
O.R.	Official Record
O.U.	Origin Unknown
P.S.E.	Public Service Easement
P.S.D.E.	Private Storm Drainage Easement
P.U.E.	Public Utility Easement
S.D.E.	Storm Drainage Easement
SF	Square Feet
R/W	Right-of-Way
(...)	Record Data
(r)	Radial Bearing

Centerline

Distinctive Boundary Line

New Lot Line

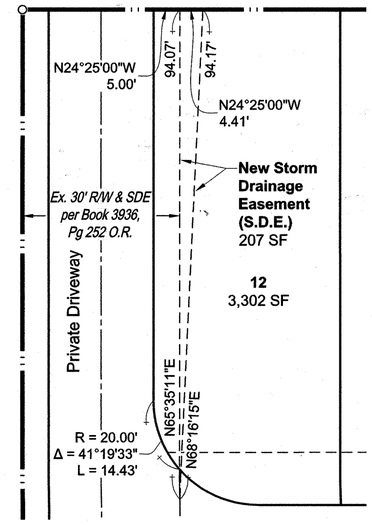
Existing Lot Line

New Easement Line

Ex. Easement Line

Storm Drainage Easement Detail

Scale: None



Tract No. 10589

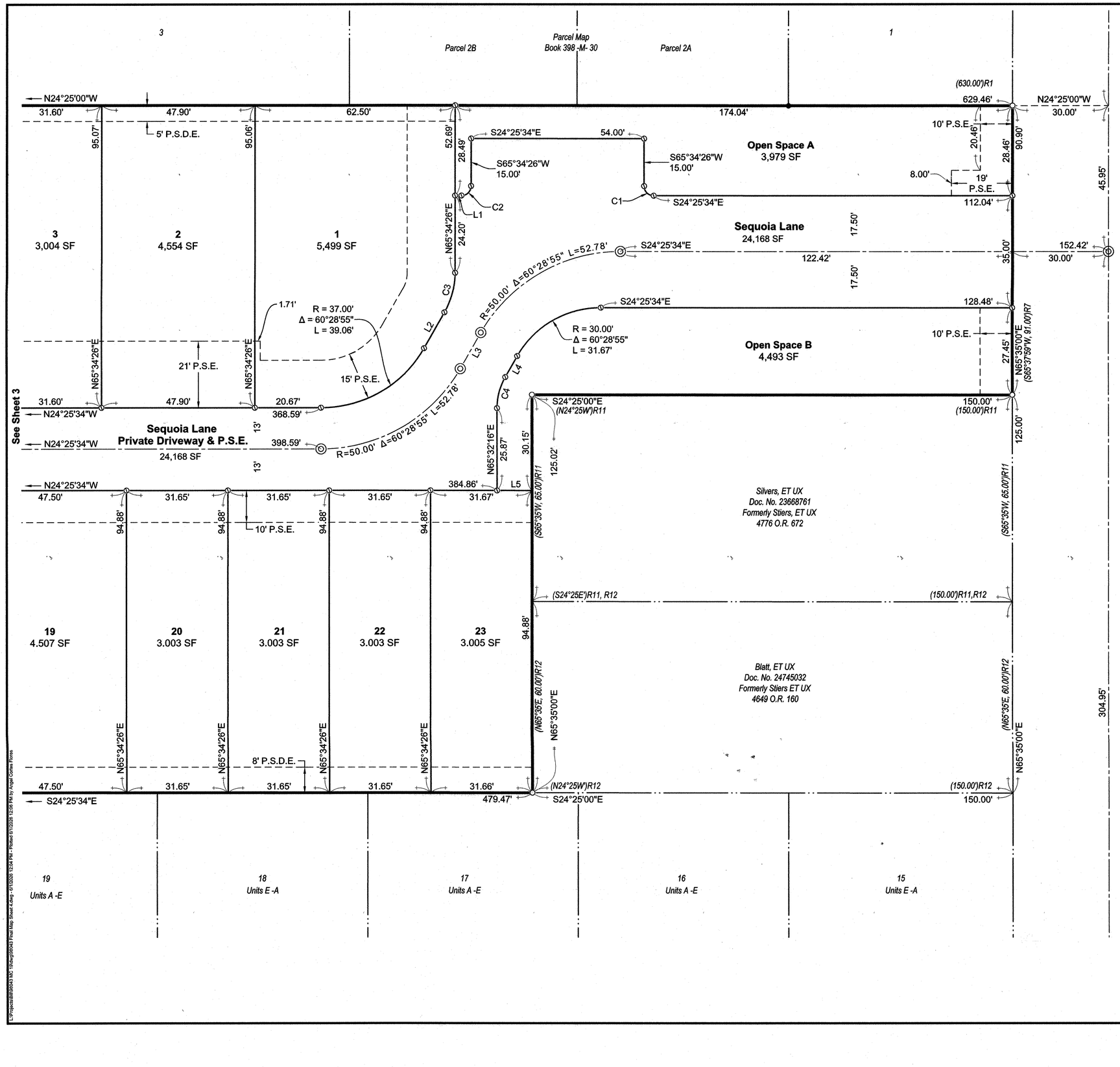
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Lying within the
City of Morgan Hill, County of Santa Clara, State of California
May 2026

MH engineering Co.
16075 Vineyard Boulevard
Morgan Hill, CA 95037
(408) 779-7381

MH Job No.: 98043

Sheet 3 of 4

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Legend

◉	FOUND STANDARD CITY MONUMENT, AS INDICATED
◎	SET STANDARD CITY MONUMENT, TAGGED R.C.E. 24893
●	FOUND 3/4" IRON PIPE, AS INDICATED
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BDM	Brass Disk Monument
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S.D.E.	Storm Drainage Easement
SF	Square Feet
R/W	Right-of-Way
(...)	Record Data
(r)	Radial Bearing

Centerline

Distinctive Boundary Line

New Lot Line

Existing Lot Line

New Easement Line

Ex. Easement Line

Line Table		
#	Direction	Length
L1	N24°25'34"W	2.00'
L2	S84°54'29"E	12.96'
L3	N84°54'29"W	13.03'
L4	S84°54'29"E	7.59'
L5	S24°25'34"E	10.89'

Curve Table			
#	Radius	Delta	Length
C1	3.00'	090°00'00"	4.71'
C2	3.00'	090°00'00"	4.71'
C3	25.00'	029°31'05"	12.88'
C4	20.00'	029°33'14"	10.32'

SCALE: 1"=20'

0 10 20 30 40

Tract No. 10589

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16075 Vineyard Boulevard
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Sheet 4 of 4

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CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

PREPARED BY:
Inga Alonzo, Management Analyst
APPROVED BY: City Manager

APPROVE PURCHASE OF REPLACEMENT PUMPS FOR LIFT STATIONS C AND H FROM SHAPE INC. IN THE AMOUNT OF $105,135

RECOMMENDATION(S)
Approve and authorize the City Manager to execute a purchase order to Shape Inc. in the amount of $105,135 for Lift Station C and H replacement pumps.

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
Wastewater System Master Plan

REPORT NARRATIVE:
The City's wastewater system consists of 14 lift stations for servicing the community's varied topography. The Utilities Division maintains an ongoing, annual, submersible pump replacement schedule of one or two lift stations per year for this primary mechanism used for moving waste. As a redundant feature in the event of failure, each lift station has two submersible pumps. The pumps operate on an alternating daily basis, and both are replaced at the same time.

Wastewater staff install, maintain, and repair these pumps. Therefore, the City has standardized these pumps with a specific brand of pump, Flygt. Standardizing these pumps has these advantages:

- Staff do not need to learn how to install and troubleshoot multiple systems. They are experts on one system.
- Flygt pumps are an industry standard. Parts are interchangeable among units. Old units are utilized for spare parts, but if new parts are needed, they are easy to obtain.
- Cost savings on training and parts.

- Electrical control panels and hook-ups at every lift station are specifically configured and set up for Flygt pumps. (Changing to any other pump would mean the lift station would need to be electrically reconfigured.)

Shape Inc. is a sole-source authorized distributor of Flygt pumps (letter attached). Although this sole-source procurement is recommended, City staff ensure pricing is appropriate and not inflated by reviewing the frequency and percentage of cost increases, pricing comparisons with other agencies, and ongoing individual evaluations of price quotes. Staff obtained a quote (attached) for the replacement of pumps at Lift Stations C and H, which are budgeted and scheduled for this fiscal year. Staff recommends approving and authorizing the City Manager to execute a purchase order for these four pumps.

COMMUNITY ENGAGEMENT:
Not Applicable
Ongoing maintenance of the City's infrastructure is an expected service provided by the City.

ALTERNATIVE ACTIONS:
The Council could elect to instruct staff to prepare a request for proposals for the pumps. This is not recommended because of the forementioned standardization reasons. The pumps are on a replacement schedule that incorporates the life cycle of the pumps. It is not recommended to surpass the life cycle to prevent pump failure.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
None.

FISCAL AND RESOURCE IMPACT:
Sufficient funds are programed in the Wastewater Operations Fund (Fund 640) for this purchase.

CEQA (California Environmental Quality Act):
Categorical Exemption
This project is Categorically Exempt pursuant to Section 15301 of CEQA Guidelines, Class 1 Existing Facilities, because the work to be performed is implementation and upgrade of existing infrastructure involving no expansion of existing use.

Grant Stayberg
Territory Manager
Xylem Water Utilities
Flygt Products
4109 NE 107th St.
Vancouver, WA 98686
(503)706-0601
Grant.Stayberg@xyleminc.com

August 3, 2026

Subject: Flygt Sole-Source Authorized Distributor

To: City of Morgan Hill

100 Edes Ct, Morgan Hill, CA 95037

This letter is to inform you that SHAPE Inc. is your exclusive factory authorized distributor for Flygt Equipment and Service. SHAPE's address is 3825 Hopyard Rd. Ste 195, Pleasanton, CA 94588 and phone number (925) 485-9720. In addition, SHAPE's service department located at 119 Val Dervin Pkwy Suite 2, Stockton CA 95206 phone number (209) 234-5909, is a Flygt Authorized Service & Repair Facility. SHAPE is authorized to handle all Flygt repairs, service, warranty claims, pump preventative maintenance, and sale of Flygt Factory OEM Parts and replacement pumps.

SHAPE Inc is the exclusive factory authorized distributor of Flygt pumps, accessories, service, and OEM Flygt parts for the municipal markets in the Northern California region for the following counties: North of and including Inyo, Mono, Tulare, King, Monterey, Santa Clara, San Mateo and South of and including Alpine, Amador, San Joaquin, Contra Costa, Alameda, and San Francisco. Also included are the counties of Sonoma, Marin and the cities of Benicia and Vallejo in Solano County.

I am confident SHAPE Inc. will provide expert advice in a professional manner for all of your pumping needs. Thank you for your interest in Flygt Products and Services. Please call if I can be of further assistance.

Sincerely,

Grant Stayberg

Grant Stayberg
Territory Manager

SHAPE INCORPORATED
– a UFT Company –

SANITATION • HYDRAULIC • AND PROCESSING EQUIPMENT

PLEASANTON	***SACRAMENTO***	***STOCKTON***
3825 Hopyard Road #195 Pleasanton, CA 94588 Phone (925) 485-9720	2356 Gold Meadow Way #270 Gold River, CA 95670 Phone (916) 309-4132	119 Val Dervin Parkway # 2 Stockton, CA 95206 Phone (209) 234-5909

QUOTATION

TO:	City of Morgan Hill 17575 Peak Avenue Morgan Hill, CA 95037	**DATE:**	07-28-2026
		QUOTE #:	144214
		DESC:	3153 Replacments
		JOB:	City of Morgan Hill Replacement 3153
		LOCATION:	
ATTN:	Johnny Gonzalez	**PHONE:**	
		EMAIL:	

WE ARE PLEASED TO QUOTE ON THE FOLLOWING EQUIPMENT SUBJECT TO CONDITIONS PRINTED ON LAST PAGE HEREOF, THESE CONDITIONS MAY BE CHANGED ONLY BY A WRITTEN STATEMENT SIGNED BY AN OFFICER OF SHAPE, INCORPORATED.

☐ F.O.B. FACTORY
☒ F.F.A. TO FIRST DESTINATION

Line #	Qty	Item	Unit Price	Price
01	2	0031530955789 - NP3153.095 - 273 Impeller, 23hp/230v/3ph, 4" Discharge, FM Rated, FLS Leakage Sensor, 100' Shielded Cable	$35,831.08	$71,662.16
02	2	0031020700546 - NP3102.070 - 462 Impeller, 5hp/460v/3ph, 4"Discharge, FM Rated, FLS Leakage Sensor, 50' Cable	$12,066.46	$24,132.92
			Total for Above Equipment:	**$95,795.08**

Notes and Clarifications:

Replacement pumps requested for:

3153.095-5789 (SN 1480082/1480083)

3102.095-0064 (SN 1420018)

(Tax Rate 9.750%) Total Tax:	**$9,340.02**
Grand Total:	**$105,135.10**

Notes:

1. QUOTE IS VALID FOR 45 DAYS, See attached TOCs for details
2. Price DOES NOT INCLUDE ANY APPLICABLE TAXES
3. Price INCLUDES Freight: F.F.A.
4. Price does not include: installation, equipment unloading, pipe, conduit, anchor bolts, guide bars/rails or any other items not listed.
5. *ESTIMATED* EQUIPMENT LEAD TIME: A) Pumps 12-14 WEEKS B) ACCESSORIES 10-12 WEEKS

SHAPE, INC.
Danielle Peterson - dpeterson@shapecal.com

QUOTATION DOES NOT INCLUDE ANY SALES OR USE TAX PAYABLE UNDER ANY STATE OR FEDERAL STATURE. THIS QUOTATION PRICE IS FOR MATERIAL LISTED ABOVE. ANY ADDITIONS OR MODIFICATIONS THAT BECOME NECESSARY FOR APPROVED SUBMITTALS, UPON AWARDING OF THIS CONTRACT, MAY RESULT IN NECESSARY PRICE CHANGES.

NOTE: ITEMS NOT SPECIFIED ON THIS QUOTATION ARE NOT INCLUDED IN OUR PRICE AND ARE TO BE SUPPLIED BY OTHERS. PRICES ARE FOR IMMEDIATE ACCEPTANCE AND SUBJECT TO CHANGE WITHOUT NOTICE. SALE SUBJECT TO MANUFACTURERS STANDARD TERMS AND CONDITIONS. 30% RE-STOCKING FEE.

SHAPE STANDARD TERMS AND CONDITIONS *1*

ACCEPTANCE

The following Terms and Conditions are an integral part of the offer to sell the equipment and/or services offered in this proposal. When the BUYER signifies acceptance of this quotation by submission of a Purchase Order or signed SELLER Quotation, it shall become a binding contract when accepted and signed by an authorized signer of the SELLER. Any changes or amendments to this proposal made by the BUYER must have SELLER's approval in writing to become a part of this contract. These Terms and Conditions and the accompanying Purchase Order or signed SELLER Quotation shall comprise the entire agreement between the parties and no course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any terms used in this contract. Unless stated otherwise, the terms and conditions of the manufacturers listed herein will apply to this quotation Any attachments or listed documents are considered a part of this quotation and are made part of the agreement. **Quote is firm for thirty (30) days unless otherwise stated on the face of the attached quotation.**

APPROVAL DRAWINGS

All items listed are based on SELLER'S interpretation of the requirements in accordance with the plans and specifications. Any preliminary drawings or literature attached to our quotation are for illustration purposes only to show approximate arrangements. Specific drawings and submittal data will be furnished for approval as required after receipt and acceptance of the BUYER'S order. Any submittal or manuals when provided by SELLER will be in the form of a PDF electronic file only. Any form of media beyond the electronic file would be the responsibility of BUYER. Fabrication of products or equipment ordered will not begin until approval and direction to proceed is received in writing. No warranty is made regarding quantities, materials of construction or type of materials quoted. Operation, installation, and maintenance of materials quoted are the responsibility of the OWNER or CONTRACTOR.

DELIVERY

Any shipment or delivery date recited represents our best estimate, but no liability, direct or indirect, is assumed by SELLER for failure to ship or deliver on such dates. Unless otherwise directed, SELLER shall have the right to make early or partial shipments and invoices covering the same to BUYER shall be due and payable in accordance with payment terms hereof. FOB shall be origin unless stated otherwise on the front of these Terms and Conditions.
Delivery schedule(s) will be contingent on supply-chain availability and variability for material components, therefore, lead-times are subject to change without notice. Published weights are careful estimates but are not guaranteed. SELLER will endeavor, insofar, as it is possible, to comply with shipping instructions specified by the Purchaser. However, SELLER reserves the right to ship merchandise by such means of transportation as it may select. The manufacturer will ship the equipment via best way. Demurrage shall be billed to the account of the Purchaser. DAMAGE CLAIMS: Care is taken in packaging all shipments. After BUYER has been given the receipt by the transportation company, all claims for breakage or shortages, whether concealed or obvious, must be made in writing by the BUYER to the carrier and SELLER within seven (7) days after receipt of shipment. When damage or shortages are obvious, written comments on the bill of lading are required before the driver is released.. RETURNED PRODUCTS: In no instance is equipment to be returned without first obtaining SELLERS written approval and returned materials authorization. If shipment is postponed at the request of the purchaser after manufacturing has been commenced, payment will be due on notice from us that the equipment is ready for shipment. Pro rata payments shall be made for partial shipments.

STORAGE

Any item of the product on which shipment is delayed by BUYER may be placed in storage by SELLER at BUYER'S expense and risk. If a delay in shipment is requested by BUYER after an order has been entered and accepted:

a. No charge will be made if the request for delay is made more than six (6) weeks before acknowledged shipping date and the requested delay is for a period not in excess of thirty (30) days.

b. A charge will be made if the requested delay exceeds a period of thirty (30) days or if the request is made within six (6) weeks of the acknowledged shipping date. SELLER will advise BUYER of the charge within ten (10) days of receiving BUYER'S request for delay.

c. If the product is within six (6) weeks of the acknowledged shipping date, then SELLER has the option of completing, invoicing and storing the product and charging one and one-half percent (1.5%) per month, or the maximum percentage permitted by law, whichever is lesser, of the established price for such product, plus storage cost.

PAYMENT

Payment terms, upon credit approval, are of net thirty (30) days from the date of each invoice for material shipped (or when ready for shipment if shipment is deferred by BUYER) **unless stated otherwise on the face of the attached quotation**. Flow down provisions are not accepted and shall not be enforceable against SELLER. Retention is not allowed. In the event any payment becomes past due, a charge of one-half percent (1.5%) will be assessed monthly. These terms are completely independent from, and not contingent upon, when BUYER receives payment from the OWNER. A processing fee of up to four percent (4%) will be added for credit card payments. All merchandise sold is subject to lien laws. Partial or final payment shall constitute acceptance of delivered materials, products, or equipment.

FORCE MAJEURE

Neither Party will be liable for any failure or delay in performing an obligation under these Terms and Conditions that is due to any of the following causes, to the extent beyond its reasonable control: acts of God, accident, riots, war, terrorist act, epidemic, pandemic, quarantine, civil commotion, breakdown of communication facilities, breakdown of web host, breakdown of internet service provider, natural catastrophes, governmental acts or omissions, changes in laws or regulations, national strikes, fire, explosion, generalized lack of availability of raw materials or energy. For the avoidance of doubt, Force Majeure shall not include (a) financial distress nor the inability of either party to make a profit or avoid a financial loss, (b) changes in market prices or conditions, or (c) a party's financial inability to perform its obligations hereunder.

TAXES AND BONDS

Taxes and bonds are **NOT** included in our pricing. Any applicable taxes or bonds will be added to the price and shown separately on each invoice. All prices exclude sales, use, duties, excise, and other taxes in respect to manufacture, sale, or delivery, all of which are to be paid by the buyer unless a proper exemption certificate is furnished. BUYER agrees to reimburse our company for taxes SELLER must pay on BUYER'S behalf.

PRICE ESCALATION and/or MATERIAL DEPOSITS

If between the proposal date and actual procurement and through no fault of the SELLER, the relevant cost of labor, material, freight, brokerage fees, tariffs, and other SELLER costs combined relating to the contract increase, then the contract price shall be subject to escalation and increased accordingly. If required by the BUYER, increase shall be verified by documentation and the amount of contract price escalation shall be calculated as either the actual increased cost to the Seller or, if agreed by the Parties, the equivalent increase of a relevant industry recognized third-party index. SELLER shall undertake good faith efforts to obtain savings in its procurement of materials to avoid escalation costs. BUYER shall cooperate with SELLER in such efforts to obtain such cost savings. SELLER shall contemporaneously track any escalation costs.

CLAIMS AND BACKCHARGES

BUYER agrees to examine all materials immediately upon delivery and report to SELLER in writing any defects or shortages noted no later than ten (10) days following the date of receipt. The parties agree that if no such claim is made within said time, it shall be considered acceptable and in good order with respect to any defect or shortage which would have been revealed by such an inspection. In no event will SELLER be responsible for any charge for modification, servicing, adjustment or for any other expense without written authorization from SELLER prior to the performance of any such work. IN NO EVENT SHALL SELLER BE LIABLE TO BUYER OR

ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE OR PROFIT, OR FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, FOR ANY REASON, INCLUDING WITHOUT LIMITATION, DAMAGES ARISING OUT OF A DELAY IN OR FAILURE OF DELIVERY, DEFECTS IN MATERIAL AND WORKMANSHIP AND/OR FAILURE OF GOODS TO PERFORM TO APPLICABLE SPECIFICATIONS, DRAWINGS, BLUEPRINTS OR SAMPLES AS SET FORTH OR DESCRIBED HEREIN, IF ANY, OF A BREACH BY SELLER OF ANY OTHER TERM OR OBLIGATION OF SELLER UNDER THE CONTRACT. No penalty clauses of any description will be effective unless approved in writing over the signature of a principal of SELLER. Under no circumstances shall SELLER be liable for any consequential, special or incidental damages, including liquidated damages, arising from any breach by it in this transaction, AND ALL SUCH CONSEQUENTIAL, SPECIAL AND INCIDENTAL DAMAGES, INCLUDING LIQUIDATED DAMAGES, ARE EXCLUDED FROM ANY REMEDIES AVAILABLE TO THE BUYER.

SECURITY INTEREST & TITLE

Until all amounts due SELLER have been paid in full, SELLER shall retain a security interest in the product and have all rights of a secured party under the Uniform Commercial Code and applicable law, including the right to repossess the product or equipment without legal process and the right to require the BUYER to assemble the equipment and make it available to SELLER at a place reasonably convenient to both parties.

WARRANTY

Equipment and parts not manufactured by the SELLER carry only the warranty of the manufacturer of said parts. SELLER does not make any express or implied warranty for equipment and/or parts it did not manufacture. Credits for defective material and workmanship in said equipment and/or parts are only in accordance with the underlying company policy of the manufacturer. SELLER makes no warranty whatsoever with respect to any equipment and/or parts as to their merchantability or fitness for a particular purpose. It is further agreed that the SELLER assumes no liability whatsoever for failure of equipment due to normal usage and wear.

INDEMNIFICATION

To the fullest extent permitted by the law in which the project is located, BUYER and SELLER shall indemnify and hold one another and their respective employees and agents harmless from and against all claims, damages, losses, liabilities, actions, causes of action, demands, fines, penalties, judgments, costs, and expenses, including but not limited to attorneys' fees, court costs, expert fees and costs, arising out of or resulting from BUYER's or SELLER's own negligent acts, omissions or misconduct, to the extent such negligence is covered by BUYER's and SELLER's respective insurance policies. In the event any third party asserts against SELLER a claim for patent infringement, royalties or licensing fees with respect to BUYER's use of the products, materials, or equipment provided hereunder, BUYER agrees to indemnity SELLER for all liability damages, costs and expenses in connection therewith.

CANCELLATION

Buyer may cancel this contract only in writing signed by BUYER's duly authorized agent and acknowledged in writing by SELLER's duly authorized agent. Should this order be cancelled, BUYER shall be obligated to pay for the level of work performed and products shipped. Work performed includes any engineering, calculations, preparation of submittals, drawings, and/or travel to job site in relation to this order. In addition to any other remedies provided under these Terms and Conditions, SELLER may terminate this contract with immediate effect by providing signed, written notice to BUYER, if BUYER: (i) fails to pay any amount when due under the contract and such failure continues for 30 days after BUYER's receipt of written notice of nonpayment; (ii) has not otherwise performed or complied with any of these Terms and Conditions; or (iii) becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings in bankruptcy, receivership, reorganization or assignment for the benefit of creditors.

FIELD WORK

Unless specifically stated on our quotation, installation, start-up service, field testing, supervision, operation, and training are not included in our pricing of product. In the event that SELLER or any of its employees or agents do perform work or services on-site at the project's location, BUYER agrees to hold SELLER and its employees or agents harmless for any injuries or damage to property caused by their acts or omission, except to the extent said injuries or property damage arise from gross negligence or intentional misconduct.

MODIFICATIONS

This contract can be modified only in writing which specifically states that it amends these Terms and Conditions and is signed by both parties and their duly authorized agents. It is further agreed that this contract shall not be modified in any respect except in writing signed by the party and their duly authorized agent against whom the modification is sought to be enforced.

AUTHORITY OF SELLER'S AGENTS

No agent, employee or representative of the SELLER has any authority to bind the SELLER to any affirmation, representation or warranty concerning the goods sold under this Contract, and unless an affirmation, representation or warranty made by an agent, employee, or representative is specifically included within this written contract, it shall not be enforceable by the BUYER.

NO THIRD-PARTY BENEFICIARIES

This contract is for the sole benefit of BUYER and SELLER and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of these Terms and Conditions.

GOVERNING LAW

All matters arising of or relating to the contract or the Terms and Conditions shall be governed by and construed in accordance with the laws of the state in which the project is located.

DISPUTE RESOLUTION

In the event of any dispute between BUYER and SELLER arising out of the terms of the contract and these Terms and Conditions, such dispute shall be decided by arbitration administered by the American Arbitration Association in accordance with the then-prevailing Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association. BUYER and SELLER mutually agree that any dispute involving claims valued at or above $1,000,000.00 shall be heard by a panel of three (3) arbitrators. The venue for all arbitration proceedings shall be the State of California. The foregoing agreement to arbitrate shall be specifically enforceable in any court of competent jurisdiction. The award rendered by the arbitrators shall be final and judgment may be entered upon it in accordance with applicable law in any court of competent jurisdiction.

SEVERABILITY

The partial or complete invalidity of any one or more provisions of these Terms and Conditions shall not affect the validity or continuing force and effect of any other provision. If any provision is invalid, in whole or in part, the provision shall be considered reformed to reflect the intent thereof to the greatest extent possible consistent with applicable law.

ASSIGNMENT – DELEGATION

No right or interest in this Contract shall be assigned by the BUYER without the written permission of the SELLER, and no delegation of any obligation owed, or of the performance of any obligation by the BUYER shall be made without the written permission of the SELLER. Any attempted assignment or delegation shall be wholly void and totally ineffective for all purposes unless made in conformity with this paragraph.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

PREPARED BY:
Hilary Holeman, Administrative Analyst
APPROVED BY: City Manager

APPROVE RESPONSES TO 2025-26 CIVIL GRAND JURY REPORTS, "POTHOLE DAMAGE: IMPROVING CLAIMS PROCESSES WITHIN SANTA CLARA COUNTY," AND "VTA'S MANAGEMENT AND OVERSIGHT OF BART SILICON VALLEY PHASE II"

RECOMMENDATION(S)

1. Approve response to 2025-26 Santa Clara County Civil Grand Jury Report "Pothole Damage: Improving claims processes within Santa Clara County,";
2. Approve response to 2025-26 Santa Clara County Civil Grand Jury Report "VTA's Management and Oversight of BART Silicon Valley Phase II,"; and
3. Authorize the Mayor to sign the responses.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Supporting our Youth, Seniors, and Entire Community
Preserving and Cultivating Public Trust

Strategic Priorities 2026-2027
Transportation

REPORT NARRATIVE:

On June 12, 2026 the Santa Clara County Civil Grand Jury issued a report titled "Pothole Damage: Improving claims processes within Santa Clara County." A copy of the report is included in this report as Attachment 1.

On June 17, 2026 the Santa Clara County Civil Grand Jury issued a report titled "VTA's Management and Oversight of BART Silicon Valley Phase II." A copy of the report is included in this report as Attachment 2.

Under California Penal Code section 933(c) and 933.05, the City is required to respond to the following findings and recommendations in the reports:

Pothole Damage: Improving claims processes within Santa Clara County

Finding 1: Jurisdictions within Santa Clara County rejected 92% of pothole claims from 2020 to 2025 due to reasons including missed deadlines, incorrect jurisdiction, and lack of prior notice.

Recommendation 1: No recommendation.

Finding 2: Claims are often rejected because the claimant filed with the incorrect jurisdiction, which can happen because jurisdictional lines are often unclear or poorly communicated. The claims websites of all jurisdictions within Santa Clara County lack information about how to determine if a road is in its jurisdiction.

Recommendation 2a: All jurisdictions within Santa Clara County should include a link to a map or list of roads they maintain on their claims website. The jurisdictions should implement this by December 15, 2026.

Recommendation 2b: All jurisdictions within Santa Clara County should update their claims websites to identify roads that are commonly mistaken as being in their jurisdictions. The jurisdictions should implement this by December 15, 2026.

Finding 3: Fifteen jurisdictions – the County, Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San José, Santa Clara, and Saratoga – have websites with deficiencies that make it difficult to file a claim.

Recommendation 3a: Eleven jurisdictions – the County, Campbell, Cupertino, Los Altos, Los Altos Hills, Milpitas, Monte Sereno, Morgan Hill, Mountain View, San José, and Saratoga – should update their websites to provide clear instructions and information about how to file a claim in addition to a link to the claim form. The jurisdictions should implement this by December 15, 2026.

Recommendation 3b: Fourteen jurisdictions – the County, Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San José, and Santa Clara – should incorporate useable software on their websites that can translate claim forms into multiple languages or provide claim forms in multiple languages based on the demographics they serve. The jurisdictions should implement this by December 15, 2026.

<u>VTA's Management and Oversight of BART Silicon Valley Phase II</u>

Finding 6: VTA Board Appointing Authority Groups 2 through 5 often do not follow VTA Administrative Code (Section 2-14) admonitions to "appoint individuals with appropriate experience and qualifications in transportation" and to "reappoint representatives to consecutive terms."

Recommendation 6: VTA Board Appointing Authority Groups 2 through 5 should certify to the VTA Board that they will adhere to VTA Administrative Code (Section 2-14) admonitions, regarding Board member expertise and appointment to consecutive

terms. This should be implemented by December 31, 2026.

Finding 7: VTA Board Appointing Authority Groups 2 through 5 have different processes for making Board appointments.

Recommendation 7: The cities represented in Appointing Authority Groups 2 through 5 should agree on a uniform process for making Board appointments. This should be implemented by December 31, 2026.

Under Penal Code section 933.05, the City is required to respond to each finding by stating whether the City agrees with the finding, or whether the City disagrees wholly or partially with the finding. If the City disagrees with the finding, the response must include an explanation of the disagreement. With regard to the recommendations, the City is required to state 1) the recommendation has been implemented, 2) the recommendation will be implemented in the future, 3) the recommendation requires further analysis, or 4) the recommendation will not be implemented because it is not warranted or is not reasonable.

Draft responses to the Grand Jury are included as Attachments 3 and 4.

COMMUNITY ENGAGEMENT:
The Grand Jury's reports were released for public review on the following dates:
"Pothole Damage: Improving claims processes within Santa Clara County" - June 12, 2026
"VTA's Management and Oversight of BART Silicon Valley Phase II" - June 17, 2026

ALTERNATIVE ACTIONS:
Council could modify the draft responses.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
None.

FISCAL AND RESOURCE IMPACT:
The submittal of the Grand Jury responses will have no fiscal impact.

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.

GRAND JURY
SANTA CLARA COUNTY

June 12, 2026

City of Morgan Hill
c/o Ms. Michelle Bigelow, City Clerk
17575 Peak Avenue
Morgan Hill, California 95037

Sent via email: Michelle.Bigelow@morganhill.ca.gov

Dear Ms. Bigelow,

The 2025-26 Santa Clara County Civil Grand Jury is transmitting to you its Final Report, ***Pothole Damage: Improving claims processes within Santa Clara County***.

California Penal Code section 933(c) requires that a governing body of the particular public agency or department that has been the subject of a Grand Jury final report shall respond within 90 days to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the governing body. California Penal Code section 933.05 contains guidelines for responses to Grand Jury findings and recommendations and is attached to this transmission.

Please note:

1. As stated in Penal Code section 933.05(a), attached, you are required to "Agree" or "Disagree" with each applicable Finding: 1, 2, and 3. If you disagree, in whole or part, you must include an explanation of the reasons you disagree.

2. As stated in Penal Code section 933.05(b), attached, you are required to respond with one of four possible actions to each applicable Recommendation: 2a, 2b, 3a, and 3b.

Your comments are due to the office of the Honorable Julie A. Emede, Presiding Judge, Superior Court of California, County of Santa Clara, 191 North First Street, San José, CA 95113, no later than **Thursday, September 10, 2026.** You may transmit these via email to CGJ@scscourt.org. Copies of all responses shall be placed on file with the Clerk of the Court.

If you have any questions, please contact Britney Huelbig, Deputy Manager for the Civil Grand Jury, at (408) 882-2721 or CGJ@scscourt.org.

Sincerely,

Dinesh Ramde
Foreperson
2025-2026 Civil Grand Jury

Enclosures
cc: Kavita Narayan, Chief Assistant County Counsel, County of Santa Clara
Christina Turner, City Manager

State of California

PENAL CODE

Section 933.05

933.05. (a) For purposes of subdivision (b) of Section 933, as to each grand jury finding, the responding person or entity shall indicate one of the following:

(1) The respondent agrees with the finding.

(2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) For purposes of subdivision (b) of Section 933, as to each grand jury recommendation, the responding person or entity shall report one of the following actions:

(1) The recommendation has been implemented, with a summary regarding the implemented action.

(2) The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.

(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) However, if a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the board of supervisors shall respond if requested by the grand jury, but the response of the board of supervisors shall address only those budgetary or personnel matters over which it has some decisionmaking authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

(d) A grand jury may request a subject person or entity to come before the grand jury for the purpose of reading and discussing the findings of the grand jury report that relates to that person or entity in order to verify the accuracy of the findings prior to their release.

(e) During an investigation, the grand jury shall meet with the subject of that investigation regarding the investigation, unless the court, either on its own determination or upon request of the foreperson of the grand jury, determines that such a meeting would be detrimental.

(f) A grand jury shall provide to the affected agency a copy of the portion of the grand jury report relating to that person or entity two working days prior to its public release and after the approval of the presiding judge. No officer, agency, department, or governing body of a public agency shall disclose any contents of the report prior to the public release of the final report.

(Amended by Stats. 1997, Ch. 443, Sec. 5. Effective January 1, 1998.)



2025-2026 Santa Clara County Civil Grand Jury

Pothole Damage:

Improving claims processes within Santa Clara County

June 12, 2026

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SUMMARY

If you hit a pothole within Santa Clara County and damage your vehicle, chances are that your local government will decline to reimburse you for repairs. According to data analyzed by the 2025-26 Santa Clara County Civil Grand Jury (Civil Grand Jury), 92% of pothole claims filed with the County of Santa Clara (County) and the 15 cities and towns in Santa Clara County from 2020 to 2025 were rejected.

People who file claims may find this high rejection rate disappointing. They may also be frustrated by the state law that establishes the claims process, which can often be complex and opaque.

For example, in some jurisdictions, it's not easy to figure out how to file a claim. Also, while the City of Palo Alto (Palo Alto) and the City of Saratoga (Saratoga) offer e-filing options, claims filed in other jurisdictions must be mailed in or returned in person. And when a claim is denied, the rejection notice often provides little or no explanation.

The County, cities, and towns can and should do better. Specifically, they should:

- Make online claim forms available or easier to find, and include clearer instructions and timelines;
- Provide forms in multiple languages that reflect their specific demographics;
- Make it easier for claimants to determine which jurisdiction is responsible for a given roadway;
- Update their rejection letters to specify why claims were denied.

Implementing these changes would make the claims process simpler and more accessible. It would also minimize at least one source of frustration for residents who are already burdened by unexpected repair costs.

BACKGROUND

For the purposes of this report, a pothole is defined as a depression or hole in the road that forms when pavement breaks apart due to traffic stress and weather conditions.

Potholes can cause severe damage to tires and the underside of vehicles, with a particular risk to two-wheeled vehicles. If drivers believe the local government is responsible for their damage, they can file a claim seeking reimbursement.

According to local media reports, Bay Area drivers in 2022 filed more than 1,000 claims for potholes and other road damages. According to data that the California Department of Transportation (Caltrans) provided to CBS News, it rejected more than 95% of Bay Area claims (Feingold and Manthey, 2024; Manthey and Watts, 2024).

Who Is Responsible for Pothole Damage

Claims for road-related damage must be filed with the state, county, or city agency that has jurisdiction over the road where the damage occurred.

For example:

- Caltrans is generally responsible for major freeways and highways, such as US-101, I-280, and State Route 87.
- The County is responsible for expressways and county roads, such as Capitol and Lawrence Expressways.
- Cities and towns are generally responsible for local streets within their boundaries, including residential neighborhoods.

Why So Many Claims Are Rejected

The Civil Grand Jury requested and received claims data from the County and the 15 cities and towns in Santa Clara County covering the period from 2020 to 2025. The Civil Grand Jury's analysis of that data revealed that only 9% of pothole claims across Santa Clara County were settled.

Under the California Government Claims Act (Cal. Gov. Code §§ 810 et seq.), local agencies have wide discretion to reject a pothole claim for reasons including but not limited to:

- The claim form was incomplete or not filed by the required deadline;

- It was filed in the wrong jurisdiction;
- The responsible county, city, or town either was not aware of the pothole or was aware but had not had sufficient time to repair it.

These laws make it difficult for a claimant to dispute a denial. For example, if an agency rejects a claim on the grounds that it was not aware of the pothole, the law does not require it to provide evidence to back up its assertion.

In addition, because different agencies can have jurisdiction over different sections of the same road, it can be difficult for a claimant to determine which agency is responsible for the specific location where the damage occurred. If the person files with the wrong jurisdiction, the agency can reject the claim with no obligation to specify the reason or redirect the claimant to the correct jurisdiction.

If a claim is rejected, the claimant can pursue legal action according to the California Government Claims Act.

The California Government Claims Act

The California Government Claims Act (Cal. Gov. Code §§ 810 et seq.) establishes timelines and procedures for filing lawsuits seeking money or damages from a public entity.

In general, the Government Claims Act specifies that a claim must be filed no later than six months from the date of the incident. The claim must include what happened, what harm occurred, and the amount of compensation requested.

Once the public entity receives the claim, it has 45 days to review, investigate, and decide whether to settle or reject it. If a claim is rejected, the claimant has six months to file a lawsuit.

Why the Civil Grand Jury Conducted This Investigation

The Civil Grand Jury believes that claims processes should be consistent, accessible, and transparent. It also believes the public interest is served by highlighting when processes fall short of that standard.

The Civil Grand Jury conducted this investigation to:

- Examine how local government agencies manage pothole claims;
- Understand why so many claims are denied;

- Recommend how jurisdictions can make it easier for potential claimants to engage in the process.

METHODOLOGY

The Civil Grand Jury requested data from all 16 jurisdictions responsible for road maintenance within Santa Clara County. The data excluded state routes and interstate highways because Caltrans, a state agency, is not subject to Civil Grand Jury review. Jurisdictions provided data about all claims filed against them for road-related damages between 2020 and 2025. Information provided included the number of pothole claims, the amount claimed, the resolution, and the reason for rejection. Three jurisdictions provided response letters sent to claimants.

The Civil Grand Jury reviewed the websites of the following 16 agencies to analyze what content was included and how clearly it was presented:

- County of Santa Clara (County)
- City of Campbell (Campbell)
- City of Cupertino (Cupertino)
- City of Gilroy (Gilroy)
- City of Los Altos (Los Altos)
- Town of Los Altos Hills (Los Altos Hills)
- Town of Los Gatos (Los Gatos)
- City of Milpitas (Milpitas)
- City of Monte Sereno (Monte Sereno)
- City of Morgan Hill (Morgan Hill)
- City of Mountain View (Mountain View)
- City of Palo Alto (Palo Alto)
- City of San José (San José)
- City of Santa Clara (Santa Clara)
- City of Saratoga (Saratoga)
- City of Sunnyvale (Sunnyvale)

The Civil Grand Jury also interviewed representatives from four jurisdictions that together account for about two-thirds of the roads in Santa Clara County. These interviews provided further insight into the agencies' processes and decision-making practices.

INVESTIGATION

There are over 10,000 miles of locally maintained lanes in Santa Clara County (Metropolitan Transportation Commission, 2026). Between 2020 and 2025, the agencies received exactly 400 claims specifically due to potholes.

Of the pothole claims, the Civil Grand Jury determined that the jurisdictions collectively settled 34 claims, or 8.5%. The percentage of settlements for damages varied among the individual entities. The data showed that during that five-year period:

- Gilroy and Saratoga each settled 50% of claims filed (however, they each averaged 1-2 claims per year, among the smallest sample sizes in Santa Clara County).
- Four jurisdictions paid at least 10% of claims: Morgan Hill (17%), the County (11%), Santa Clara (11%), and Milpitas (10%).
- The remaining jurisdictions paid 9% of claims or fewer.

The Civil Grand Jury acknowledges that the significance of this data is limited; if an entity received a high volume of claims filed in the wrong jurisdiction, it will not settle those claims.

How Jurisdictions Investigate Claims

Jurisdictions within Santa Clara County generally follow a similar process for receiving and evaluating a claim.

First, the claim gets submitted to a city clerk, city manager, or equivalent official, who logs it along with any accompanying documents. Next, the official notifies the local public works department so it can investigate the incident site as needed.

In the meantime, the official assigns the claim to an investigator, usually in the city attorney's or county counsel's office. The investigator verifies whether the agency has jurisdiction, ensures the form was filled out correctly, and reviews any photographs and receipts that were submitted.

If the jurisdiction agrees to pay out the claim, it will often mail a check. But if the claim involves injuries or death, or the claimant is seeking tens of thousands of dollars, the settlement may need approval from the respective city council or the County Board of Supervisors.

If the jurisdiction rejects the claim, it will inform the claimant via a form letter or email. The California Government Claims Act does not require jurisdictions to specify the reason for denial.

Two Common Reasons for Rejection

According to the data provided to the Civil Grand Jury, claims are frequently denied for one of two reasons: The claim was out of the entity's jurisdiction, or the County, city, or town had no prior notice of the pothole.

Out of Jurisdiction

A claim must be filed with the agency that has jurisdiction over the specific location where the incident occurred. According to interviews conducted by the Civil Grand Jury, claims that are filed with the wrong jurisdiction will almost certainly be rejected as outside of jurisdiction.

A road's location within an agency's boundaries does not necessarily mean that agency is responsible for receiving or resolving related claims. Jurisdiction over road maintenance can shift multiple times as roads cross between state, county, and municipal boundaries. This patchwork of responsibility can be confusing, making it hard for claimants to figure out which agency has jurisdiction over the specific location of their incident.

Agencies typically verify their jurisdiction by consulting their local public works, utilities, or roads departments.

No Prior Notice

The Government Claims Act also establishes limits to the public entities' liability for the condition of its roadways. One of those limitations is the issue of notice to the public entity. The Civil Grand Jury found this was one of the two most common reasons pothole claims are rejected.

Notice typically requires evidence that at least one of four circumstances exists:

1. The public entity created the condition;
2. The pothole had been reported prior to an incident in which a vehicle was damaged;
3. An agency's employee observed the pothole and reported it;
4. The pothole existed long enough that the jurisdiction should have known about it through regular inspections.

If none of these circumstances applies, the agency can declare it had no prior notice and deny the claim.

When an agency receives notice of a pothole, state law allows for a reasonable period to address the hazard. It does not specify what constitutes a reasonable timeframe.

Drivers can help ensure that a jurisdiction receives prior notice by promptly reporting any potholes. All jurisdictions have a mechanism for reporting potholes and other issues (see Appendix A).

Rejection Notices are Often Vague

As noted above, it is not unusual for an agency to withhold its reason for rejecting a claim. A rejection notice would contain this language, in part, which is required by the California Government Claims Act (Cal. Gov. Code § 913):

NOTICE OF REJECTION OF CLAIM

Dear Claimant,

Notice is hereby given that the claim you presented to (insert title of board or officer) on (date) was rejected on (date).

WARNING

Subject to certain exceptions, you have only six (6) months from the date this notice was personally delivered or deposited in the mail to file a court action on this claim. See Government Code Section 945.6.

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

Agencies may provide further information, such as the reason for rejection. A notice of denial can be aggravating enough, but when it is written in minimal legalistic terms, claimants may feel even more frustrated. The Civil Grand Jury learned about rejection letters from the County, Los Altos, Los Gatos, Mountain View, Palo Alto, and San José and found that some but not all rejection letters provide a reason for rejection. Rejection letters from other jurisdictions may follow this same approach.

In Civil Grand Jury interviews, one agency official suggested that people who receive a letter like this contact the agency and see if it will share the reason for rejection. Although the reason for rejection is recorded by the agency, there is no legal obligation to provide this information, and agencies may limit this information.

Filing a Claim: Determining which Jurisdiction is Responsible

Caltrans Jurisdiction

If a pothole is located on a state route or interstate highway, the claim would generally fall under Caltrans's jurisdiction. These routes, which, according to Caltrans, cover about 250 miles throughout Santa Clara County (California Department of Transportation, 2025) include:

- U.S. Route 101 (US-101)
- Interstate 280 (I-280)
- Interstate 680 (I-680)
- Interstate 880 (I-880)
- State Route 17 (SR-17)
- State Route 35 (SR-35)
- State Route 82 (SR-82), which includes El Camino Real
- State Route 85 (SR-85)
- State Route 87 (SR-87)
- State Route 130 (SR-130), which includes part of Alum Rock Road and Mount Hamilton Road
- State Route 152 (SR-152)
- State Route 237 (SR-237)

Residents may not realize that some common local routes fall under Caltrans jurisdiction. These include SR-82, a large part of which includes El Camino Real; Mount Hamilton Road; and SR-130, which is part of Alum Rock Avenue.

When a local road crosses or overlaps a state route or interstate, that portion is generally under Caltrans jurisdiction.

County Jurisdiction

Expressways and many county roads are maintained by the County Roads and Airports Department.

Major roads include:

- Almaden Expressway
- Capitol Expressway
- Central Expressway
- Foothill Expressway
- Lawrence Expressway

- Montague Expressway
- Oregon Expressway
- San Tomas Expressway
- Southwest Expressway

Complicated Exceptions
Further complicating efforts to determine which agency has jurisdiction over a particular area, cities, Caltrans, the County, and even the federal government (such as near Moffett Federal Airfield) have maintenance agreements that specify which agency is responsible for certain roadway segments – such as onramps, offramps, and other defined areas (City of Mountain View, 2019). It is not always easy to determine which agency is responsible for which segments.

Complicated Maps
Some jurisdictions have no public maps indicating which roads they are responsible for. The County and some cities, including San José, Campbell, and Mountain View, do post searchable maps online that can help the public narrow down which jurisdiction is responsible for a particular road. However, the maps often use complicated interfaces rather than a simple image or printout, and many maps are not specific to just the roads maintained by the jurisdictions.

San José, which maintains more than 4,000 miles of locally maintained lanes within its borders, has its own mapping website (Metropolitan Transportation Commission, 2026; City of San José, 2020). It shows whether a particular street within its boundaries is maintained by San José, the County, a private entity, or another agency. The website provides a large amount of information, although it is complicated for the average user to navigate.

An alternative source of information is pavement management plans that some agencies make available. These plans may list all roads maintained by the jurisdiction and can be used as a reference. As an example, Morgan Hill has a link to its latest 2024 Pavement Management Report with a list of streets at the end. However, there is no direct link from the claim forms webpage, so claimants would not be aware of this reference (AMS Consulting, 2025).

Filing a Claim: Obtaining and Submitting a Claim Form

Once a person has found the proper jurisdiction, the next step is to download the claim form from the local agency's website.

Of the 16 jurisdictions, the Civil Grand Jury found that only Gilroy, Los Gatos, Palo Alto, Santa Clara, and Sunnyvale provide adequate claims process information on their webpages or on the claim form itself.

Most jurisdictions provide forms only in English. This is an omission that could potentially disenfranchise community members who have limited proficiency in English.

The Civil Grand Jury identified three cities that took the helpful step of providing additional language options:

- Morgan Hill provides a PDF of its claim form in English and Spanish.
- Sunnyvale has a translation feature that allows claimants to translate the form into one of 200+ languages. Users can either fill out the translated form online and print a copy or print out a blank translated form and fill it out by hand.
- Saratoga's website uses a third-party widget to translate its website in addition to an online form to many other languages.

The Civil Grand Jury also investigated how easy it is to find claim forms on each jurisdiction's website by searching for the term "claim form."

The Civil Grand Jury could not find any information about submitting a pothole claim in four entities: Campbell, Los Altos, Los Altos Hills, and Monte Sereno.

Cupertino provides a claim form, but users must use the website's search function to find it.

Gilroy does not link directly to a claim form, although it does provide instructions on how to request a form by email or in person.

Table 1: Access to online claim process instructions and link to claim form
(See References for links)

Jurisdiction	Online Claims Process Instructions	Link to Claim Form
Caltrans	Yes	Yes
County of Santa Clara	No	Yes
Campbell	No	No
Cupertino	No	Yes
Gilroy	Yes	No
Los Altos	No	No
Los Altos Hills	No	No
Los Gatos	Yes	Yes
Milpitas	No	Yes
Monte Sereno	No	No
Morgan Hill	No	Yes
Mountain View	No	Yes
Palo Alto	Yes	Yes
San José	No	Yes
Santa Clara	Yes	Yes
Saratoga	No	Yes
Sunnyvale	Yes	Yes

Many jurisdictions recommend that claimants deliver the claim form in person, including all relevant information, such as photos, receipts, and witness statements. The claimant should retain a signed copy.

Some agencies allow for email submission, but this is the exception. Alternatively, a claimant could submit the claim by mail to the city or town clerk (or, for the County, the Clerk of the Board).

According to the California Government Claims Act, the agency has 45 days from the date the claim form was mailed or delivered in person to respond to the claimant.

CONCLUSION

Even though state law sets strict rules for filing and reviewing claims, local government agencies retain significant discretion over their processes. By offering clearer online information, improving access to claim forms, expanding language options, and providing more detailed explanations when claims are denied, jurisdictions can significantly improve public trust, reduce frustration, and increase fairness.

Implementing the recommended updates is not only feasible, but it also aligns with the spirit of responsive and transparent public service. The Civil Grand Jury urges all jurisdictions to adopt these improvements by the recommended deadlines to ensure that the claims process is fairer, more consistent, and easier for the public to navigate.

FINDINGS AND RECOMMENDATIONS

Finding 1
Jurisdictions within Santa Clara County rejected 92% of pothole claims from 2020 to 2025 due to reasons including missed deadlines, incorrect jurisdiction, and lack of prior notice.

Recommendation 1
No recommendation.

Finding 2
Claims are often rejected because the claimant filed with the incorrect jurisdiction, which can happen because jurisdictional lines are often unclear or poorly communicated. The claims websites of all jurisdictions within Santa Clara County lack information about how to determine if a road is in its jurisdiction.

Recommendation 2a
All jurisdictions within Santa Clara County should include a link to a map or list of roads they maintain on their claims website.

The jurisdictions should implement this by December 15, 2026.

Recommendation 2b
All jurisdictions within Santa Clara County should update their claims websites to identify roads that are commonly mistaken as being in their jurisdictions.

The jurisdictions should implement this by December 15, 2026.

Finding 3
Fifteen jurisdictions – the County, Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San José, Santa Clara, and Saratoga – have websites with deficiencies that make it difficult to file a claim.

Recommendation 3a
Eleven jurisdictions – the County, Campbell, Cupertino, Los Altos, Los Altos Hills, Milpitas, Monte Sereno, Morgan Hill, Mountain View, San José, and Saratoga – should update their websites to provide clear instructions and information about how to file a claim in addition to a link to the claim form.

The jurisdictions should implement this by December 15, 2026.

Recommendation 3b

Fourteen jurisdictions – the County, Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San José, and Santa Clara – should incorporate useable software on their websites that can translate claim forms into multiple languages or provide claim forms in multiple languages based on the demographics they serve.

The jurisdictions should implement this by December 15, 2026.

Finding 4

When pothole claims are rejected, claimants filing claims against the County, Los Altos, Los Gatos, Mountain View, Palo Alto, and San José receive a notice that provides little or sometimes no explanation for the rejection. Although jurisdictions within Santa Clara County are not legally obligated to provide a reason for rejection, the lack of clarity in the decisions made on the claims can add to a claimant's frustration.

Recommendation 4

The County, Los Altos, Los Gatos, Mountain View, Palo Alto, and San José should update their rejection letters to specify whether the decision was due to lack of timeliness, incorrect jurisdiction, lack of prior notice, or other reason and to provide a specific contact to call or email if the claimant has further questions about the reason for rejection.

The jurisdictions should implement this by December 15, 2026.

REQUIRED RESPONSES

Pursuant to California Penal Code section 933(a) et seq. and California Penal Code section 933.05, the 2025-2026 Santa Clara County Civil Grand Jury requests responses from the following governing body:

Responding Agency	Findings	Recommendations
County of Santa Clara	1, 2, 3, 4	2a, 2b, 3a, 3b, 4
City of Campbell	1, 2, 3	2a, 2b, 3a, 3b
City of Cupertino	1, 2, 3	2a, 2b, 3a, 3b
City of Gilroy	1, 2, 3	2a, 2b, 3b
City of Los Altos	1, 2, 3, 4	2a, 2b, 3a, 3b, 4
Town of Los Altos Hills	1, 2, 3	2a, 2b, 3a, 3b
Town of Los Gatos	1, 2, 3, 4	2a, 2b, 3b, 4
City of Milpitas	1, 2, 3	2a, 2b, 3a, 3b
City of Monte Sereno	1, 2, 3	2a, 2b, 3a, 3b
City of Morgan Hill	1, 2, 3	2a, 2b, 3a, 3b
City of Mountain View	1, 2, 3, 4	2a, 2b, 3a, 3b, 4
City of Palo Alto	1, 2, 3, 4	2a, 2b, 3b, 4
City of San José	1, 2, 3, 4	2a, 2b, 3a, 3b, 4
City of Santa Clara	1, 2, 3	2a, 2b, 3b
City of Saratoga	1, 2, 3	2a, 2b, 3a
City of Sunnyvale	1, 2	2a, 2b

APPENDIX A: Reporting a Pothole

Residents who see a pothole can report it so the jurisdiction can repair it in a timely manner.

Based on a Civil Grand Jury review, here is a list of contacts (as of April 15, 2026) where potholes or other needed street repairs can be reported:

Jurisdiction	Website to report a pothole
Caltrans	https://csr.dot.ca.gov/index.php/Msrsubmit
County of Santa Clara	https://roads.santaclaracounty.gov/services/service-requests
Campbell	https://www.campbellca.gov/requesttracker.aspx
Cupertino	https://cupertinoca.citysourced.com/servicerequests/create
Gilroy	https://seeclickfix.com/gilroy
Los Altos	https://www.losaltosca.gov/FormCenter/Public-Works-6/Maintenance-Service-Request-46
Los Altos Hills	https://www.losaltoshills.ca.gov/requesttracker.aspx
Los Gatos	https://www.losgatosca.gov/FormCenter/PPW-15/Report-a-Parks-Public-Works-Concern-87
Milpitas	https://seeclickfix.com/web_portal/chZ2d7WdKoe4V2BriJxUCFqd/report/category
Monte Sereno	https://www.montesereno.org/forms.aspx?FID=80
Morgan Hill	https://www.morganhill.ca.gov/509/Maintenance
Mountain View	https://www.mountainview.gov/our-city/departments/public-works/roads-and-transportation/street-maintenance
Palo Alto	https://www.paloalto.gov/Residents/Services/Report-an-Issue
San José	https://311.sanjoseca.gov/
Santa Clara	https://www.santaclaraca.gov/our-city/government/mayor-and-council/contact-city-council
Saratoga	https://www.saratoga.ca.us/FormCenter/Report-a-Concern-6/Fix-It-Form-45
Sunnyvale	https://sunnyvale.dynamics365portals.us/neighborhood-complaints/

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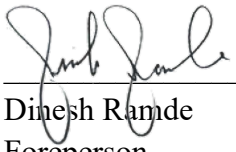
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This report was **ADOPTED** by the 2025-2026 Santa Clara County Civil Grand Jury on this 12th day of June, 2026.



Dinesh Ramde
Foreperson

GRAND JURY
SANTA CLARA COUNTY

June 17, 2026

City of Morgan Hill
c/o Ms. Michelle Bigelow, City Clerk
17575 Peak Avenue
Morgan Hill, California 95037

Sent via email: Michelle.Bigelow@morganhill.ca.gov

Dear Ms. Bigelow,

The 2025-26 Santa Clara County Civil Grand Jury is transmitting to you its Final Report, ***VTA's Management and Oversight of BART Silicon Valley Phase II***.

California Penal Code section 933(c) requires that a governing body of the particular public agency or department that has been the subject of a Grand Jury final report shall respond within 90 days to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the governing body. California Penal Code section 933.05 contains guidelines for responses to Grand Jury findings and recommendations and is attached to this transmission.

Please note:

1. As stated in Penal Code section 933.05(a), attached, you are required to "Agree" or "Disagree" with each applicable Finding: 6 and 7. If you disagree, in whole or part, you must include an explanation of the reasons you disagree.

2. As stated in Penal Code section 933.05(b), attached, you are required to respond with one of four possible actions to each applicable Recommendation: 6 and 7.

Your comments are due to the office of the Honorable Julie A. Emede, Presiding Judge, Superior Court of California, County of Santa Clara, 191 North First Street, San José, CA 95113, no later than **Tuesday, September 15, 2026.** You may transmit these via email to CGJ@scscourt.org. Copies of all responses shall be placed on file with the Clerk of the Court.

If you have any questions, please contact Britney Huelbig, Deputy Manager for the Civil Grand Jury, at (408) 882-2721 or CGJ@scscourt.org.

Sincerely,

Dinesh Ramde
Foreperson
2025-2026 Civil Grand Jury

Enclosures
cc: Christina Turner, City Manager
Kavita Narayan, Chief Assistant County Counsel, County of Santa Clara

State of California

PENAL CODE

Section 933.05

933.05. (a) For purposes of subdivision (b) of Section 933, as to each grand jury finding, the responding person or entity shall indicate one of the following:

(1) The respondent agrees with the finding.

(2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) For purposes of subdivision (b) of Section 933, as to each grand jury recommendation, the responding person or entity shall report one of the following actions:

(1) The recommendation has been implemented, with a summary regarding the implemented action.

(2) The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.

(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) However, if a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the board of supervisors shall respond if requested by the grand jury, but the response of the board of supervisors shall address only those budgetary or personnel matters over which it has some decisionmaking authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

(d) A grand jury may request a subject person or entity to come before the grand jury for the purpose of reading and discussing the findings of the grand jury report that relates to that person or entity in order to verify the accuracy of the findings prior to their release.

(e) During an investigation, the grand jury shall meet with the subject of that investigation regarding the investigation, unless the court, either on its own determination or upon request of the foreperson of the grand jury, determines that such a meeting would be detrimental.

(f) A grand jury shall provide to the affected agency a copy of the portion of the grand jury report relating to that person or entity two working days prior to its public release and after the approval of the presiding judge. No officer, agency, department, or governing body of a public agency shall disclose any contents of the report prior to the public release of the final report.

(Amended by Stats. 1997, Ch. 443, Sec. 5. Effective January 1, 1998.)



2025-2026 Santa Clara County Civil Grand Jury

VTA's Management and Oversight of BART Silicon Valley Phase II

June 17, 2026

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SUMMARY

The Santa Clara Valley Transportation Authority (VTA) project to extend rapid transit rail service through downtown San José is controversial and the most costly and complex project it has ever undertaken. Known as BART Silicon Valley Phase II (BSVII), the $12.7 billion project extends rail service six miles and includes a large, single-bore underground tunnel and will take 10 years or more from 2026 to complete (VTA, March 2024).

Despite significantly reduced ridership projections and uncertainty about funding sources for both capital and operating costs, VTA has awarded major construction contracts, including for the construction of a launch structure to stage a specialized one-of-a-kind Tunnel Boring Machine (TBM), which will be owned by VTA. Over the next few years, VTA anticipates awarding further construction contracts worth billions of dollars. To reduce uncertainty, the spokesperson for an independent peer review of the project urged VTA to move quickly to "build as much as you can, as fast as you can" (VTA Special Board Meeting, 2025). Such an approach assumes that there will be political will and taxpayer support to finish an incomplete project regardless of cost increases, delays, or reduced ridership.

The VTA's Board of Directors (Board) has recognized the need for additional oversight and guidance, but the Board has failed to exercise its obligation to provide the strategic direction needed for a successful project. The Oversight Committee it created has been left to define its own role. It was not required to, and does not, provide reports that share available independent analyses of critical issues. The Oversight Committee does not routinely make policy recommendations to the Board and does not hold VTA staff accountable for providing the timely analysis it has requested.

The 2025-26 Santa Clara County Civil Grand Jury (Civil Grand Jury) investigated the role of the VTA Board, its Oversight Committee, its staff, and officials in the management and oversight of the BSVII project.

This report identifies financial challenges, risks, and accountability issues that VTA must address to earn the public's trust in delivering the Bay Area Rapid Transit (BART) extension to Silicon Valley and to secure support for future sales tax measures.

BACKGROUND

The Valley Transportation Authority is a transportation agency established by state law. It is responsible for operating public transit services, including buses, light rail, and paratransit within Santa Clara County. In addition to public transit, VTA is a planning and funding agency for transportation infrastructure projects throughout Santa Clara County. As established by the California Public Utilities Code Sections 100060-100070, the VTA is governed by a 12-person Board of Directors composed of elected officials appointed by the County of Santa Clara (County) and the cities in Santa Clara County, who each serve two-year terms. The Board has many responsibilities and its monthly meeting agendas are lengthy.

The San Francisco Bay Area Rapid Transit District provides regional commuter rail service and is governed by a nine-person Board of Directors elected to four-year terms from districts representing San Francisco, Alameda, and Contra Costa counties. As part of its larger regional system, BART operates the commuter rail service within Santa Clara County.

By contract with BART, VTA is solely responsible for paying the capital and net operating costs of extending commuter rail service into Santa Clara County (BART and VTA, Comprehensive Agreement, 2001). Although the County was not included in the legislation establishing BART, voters of Santa Clara County supported three sales tax measures which provided funds to plan, build, and operate the extension of BART to Santa Clara County. Today, 1.625% of sales tax collected in Santa Clara County supports VTA and other local jurisdictions (see Table 1). If a currently proposed measure qualifies for the ballot, in November 2026, voters will decide whether to approve an additional 0.5% sales tax to fund local transit, which would increase the County's base sales tax rate from the current 9.75% to 10.25%.

Table 1: Countywide Sales Tax in Santa Clara County, Effective April 2026

Description	Sales Tax %	Expiration	Funding Purpose
California Base	7.250%	No Expiration	State General Fund
			Local Revenue Fund
			Local Public Safety
			Health & Social Services
1976 Measure A	0.500%	No Expiration	Transit: VTA
2000 Measure A	0.500%	2036	Transit: VTA, BART Silicon Valley
2008 Measure B	0.125%	2042	Transit: BART Silicon Valley
2016 Measure B	0.500%	2047	Transit: VTA + County/City/Caltrain/Caltrans Infrastructure
2012 Measure A	0.125%	No Expiration	County General Fund
2020 Measure RR	0.125%	2050	Transit: Caltrain
2026 Measure A	0.625%	2031	General incl. Healthcare
Total Base Sales Tax Rate	**9.750%**		

Data extracted from: California Department of Tax and Fee Administration. 2026. (https://cdtfa.ca.gov/formspubs/cdtfa105.pdf); VTA Annual Comprehensive Financial Report. Page 3-10. 2024. (https://www.vta.org/sites/default/files/2024-12/Annual-Comprehensive-Financial-Report-ACRF-FY-2024.pdf).

Note: Some cities have higher voter-approved rates in addition to the County base rate; Highlighted section of the table refers to sales tax measures that fund VTA.

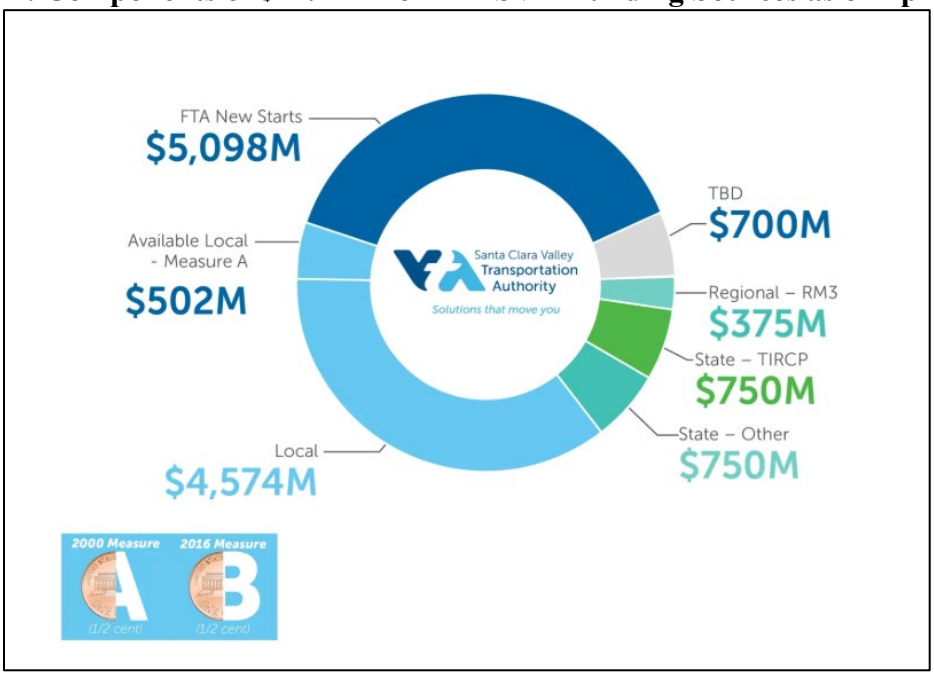
The first phase of BART to Silicon Valley extended service to Milpitas and then to the Berryessa Transit Center (Berryessa). Construction started in 2012 and was completed in 2020. Ridership for Phase I has not met forecasts, and due to operational, maintenance, and depreciation expenses, VTA has experienced significant financial losses. According to data reviewed by the Civil Grand Jury, BART to Silicon Valley Phase I has lost an average of $69 million annually during the first five years of operation.

The second phase consists of a six-mile, four-station extension from Berryessa through downtown San José to the City of Santa Clara. For this phase, VTA is targeting completion by 2037. As a condition of federal funding, the Federal Transit Administration (FTA) has appointed a Project Management Oversight Consultant (PMOC). The PMOC uses a more conservative schedule and forecasts completion in 2039 (AtkinsRéalis USA Holdings LLC, 2026).

At an early planning stage in 2014, the BSVII project cost was estimated at $4.7 billion. By 2020, the cost estimate increased to $6.9 billion. In 2022, based on the PMOC's projected cost analysis, VTA submitted an estimate of $9.1 billion to the federal government for an Early Start Grant. In October 2023, VTA estimated the construction cost at $12.2 billion with operations to begin in 2036. The most recent estimate is $12.7 billion, and operations are pushed back to 2037 (VTA Auditor General Report, January 2024).

The project's funding sources include federal and state grants, as well as local revenues from voter-approved sales tax measures. All the funding sources are subject to risks, which are identified in this report. Figure 1 shows the funding sources with $700 million to be determined (TBD) and $375 million from a potential ballot measure in November 2026.

Figure 1: Components of $12.7 Billion in BSVII Funding Sources as of April 2026



Source: vtabart.org website (accessed April 9, 2026)

Although two years earlier, VTA had asked for a federal commitment of $6.3 billion, in August 2024, the FTA announced that its share of funding would be capped at $5.1 billion (Geha, 2024). VTA was forced to increase its reliance on local sales tax revenue and still faced a gap of approximately $700 million (VTA, Summer 2025). To reduce project costs, VTA has been studying design changes while maintaining the full six-mile extension with four stations. Options discussed by VTA staff and officials include (VTA, November 11, 2024):

- Simplifying station configurations;

- Modifying the Santa Clara Newhall Yard and Maintenance Facility;
- Modifying the tunnel and station ventilation systems;
- Substituting a surface parking lot for a parking structure;
- Reconfiguring the tunnel to use less concrete and steel.

In addition, the funding strategy assumes $375 million from the yet-to-be-approved regional sales tax measure for a total outstanding gap of $1.075 billion.

Due in part to the significant increase in estimated cost and a perceived lack of communication about the project's cost, risks, and schedule, the Board conducted a workshop in October 2023 to review the project's status. At this workshop, individual Board members expressed a lack of confidence in the VTA staff's management of the project and requested a new system of oversight and project management.

In response, the Board chair established an Ad Hoc BART Silicon Valley Phase II oversight committee (Oversight Committee) responsible for overseeing all aspects of the project, focusing on a full, independent, and transparent review of costs, funding, risks, and completion schedule. The Oversight Committee's bylaws later stated that its purpose was to provide "guidance and oversight" of the project (VTA, April 4, 2024).

The VTA independent auditor general was tasked with providing staff support to the Oversight Committee and was authorized to contract with Subject Matter Experts (SMEs) to independently review and comment on VTA staff recommendations regarding costs, risks, and schedule. In turn, the Oversight Committee authorized the SME firm, Gall Zeidler (GZ), to independently assess the risks and viability of cost-saving alternatives.

In a 2001 Agreement, VTA and BART agreed to cooperate in the project's planning, design, and construction. They established a series of interagency committees, the latest of which is the Joint VTA/BART Working Committee, which depending on the availability of its members, is scheduled to meet quarterly. BART staff members have been assigned to co-locate with VTA engineers to participate in the preparation and review of BSVII designs in accordance with the agreed Project Design Criteria Manual. According to the BART Inspector General, VTA has reimbursed BART $19.2 million through 2025 for the cost of the assigned employees (BART, December 19, 2025). In August 2025, the BART assistant general manager, operations, rejected some of VTA's proposed design changes and scope reductions and complained about inadequate coordination (see Appendix A). The BART inspector general issued a report in December 2025 that also raised concerns about inadequate coordination and criticized VTA's communication with BART officials (*Id.*).

METHODOLOGY

The Civil Grand Jury reviewed every meeting of the BSVII Oversight Committee, as well as select VTA Board meetings. This included reviewing agendas, minutes, agenda item reports, public comment submittals, and associated discussions.

In addition, the Civil Grand Jury conducted 17 interviews of officials from VTA, BART, and the State of California. The Civil Grand Jury also reviewed publicly available documents as described in the reference section, as well as documents requested from VTA and submitted to the Civil Grand Jury.

INVESTIGATION

The Civil Grand Jury investigation of the BSVII project covered critical aspects of VTA's management and oversight, including:

- VTA's funding strategy and its reliance on voter-approved sales tax measures, some of which expire before completion of the project, and some of which have yet to be approved;
- The establishment of a separate Oversight Committee which provides guidance on the BSVII project and how it evaluates independent analyses provided by the VTA auditor general, contracted SMEs, and the federally mandated PMOC;
- The contractual and practical requirement to closely coordinate with BART, which will serve as the system operator;
- The impact of the VTA Board's governance structure on the effectiveness of strategic direction, management, and oversight of the project;
- VTA's approach for keeping the public informed of costs, risks, and schedule.

Financial Risks

The 10-year project completion timeline of BSVII exposes VTA to financial risks that require careful, ongoing assessment of capital and operating costs, including that:

- Rising labor and material costs, combined with aggressive construction methods and schedules, may increase total project costs and strain the budget's contingency for unforeseen risks and unexpected expenses;
- Delays or reductions in state and federal funding will create greater pressure to rely on local funding sources or scale back the scope of the project;
- Lower ridership levels will increase VTA's ongoing obligation to pay net operating costs, which would necessitate service level reductions or voter approval of new or extended sales tax measures;
- Failure to maintain a cash-flow model exclusive to BSVII, means that contracting options for accelerating work may not be able to be financed with available resources.

Risk of Increased Costs of Labor and Materials

The FTA fiscal year 2025 New Starts Financial Assessment report for BSVII stated the VTA inflation estimate was optimistic. If labor and material costs were to rise above those estimated in VTA's budget, it could lead to funding shortfalls (FTA, 2024).

The VTA auditor general's May 1, 2025, report to the Board also identified BSVII financial risks associated with project construction costs. The report found that the assumptions and historical data underlying VTA's financial plan could be more robust to enable the Board and the public to evaluate the financial risk associated with the potential cost increases (VTA, 2025).

Another factor that increases the difficulty in predicting materials and labor costs is the possible extension of the 2037 project completion date. The longer timeline for BSVII increases the likelihood that future costs will differ from current estimates, thereby increasing financial risk.

Local, State, and Federal Funding Risks

The capital cost of construction and the net operating costs are to be paid by VTA from specific revenue sources, some of which are grants with fixed amounts.

The financial risks identified by the Civil Grand Jury have been experienced by other major transit agencies. For example, the various rail projects of the Los Angeles County Metropolitan Transportation Authority (LA Metro) faced escalating cost estimates, reductions in federal funding, cuts into smaller construction segments to match available funding, and shifting agency priorities (Shalby, 2026).

Local Funding Risks

VTA's capital financing plan calls for the 2016 Measure B to pay $2.5 billion and for the 2000 Measure A to pay $2.0 billion of the estimated $12.7 billion BSVII project. Measure A expires in 2036, before BSVII is expected to be completed. Measure B expires in 2047 (VTA, About 2016 Measure B, n.d.). As the project's cost estimates have evolved, so have the planned funding sources. Measure B has become a much more significant source of proposed funding.

Because Measure B also funds bus transit, local streets, and highway projects, there are built-in limitations on the amount available to close a BSVII financing gap. Measure B limits spending on BSVII to 23.8% of net sales tax revenue over its 30-year life (FTA, 2024). Net sales tax revenue (defined as Program Tax Revenue in the measure) is calculated as the amount remaining after deducting administrative costs and any debt service.

To close current and potential future funding gaps, VTA could issue bonds to be repaid from Measure B sales tax revenue. However, this would reduce the revenue available for other voter-approved projects. Every dollar spent on debt service for BSVII is a dollar that cannot be spent on

the other transportation projects approved by the voters. Because of bond issuance and interest costs, the total project costs would exceed the current estimate of $12.7 billion.

Another risky approach to filling funding gaps would allow the Board to change the rules and permit a greater percentage of Measure B net sales tax revenue to be used for BSVII. One VTA official acknowledged to the Civil Grand Jury that this would be a "heavy lift" because VTA would first have to notify all the local agencies of the proposed increase in the percentage limit and then approve it by a ¾ vote of the Board (9 of 12 Board members). The County and the cities that have planned other transportation measures are likely to object to reduced funding for their projects.

Of course, more Measure B funds could become available to support the capital costs of BSVII if the expected sales tax revenue exceeds previously anticipated levels. While early projections were based on 2016 economic conditions, it is important for the strategic funding plan that the sales tax forecast be updated regularly. The Civil Grand Jury was informed that VTA has ordered an updated forecast.

Because two key sales tax measures are set to expire, several VTA officials stated in interviews that they would simply place a measure on a future ballot for voter consideration if an extension were needed. Given the current sales tax rates applicable within Santa Clara County and the need for management and oversight reforms identified in this report, there is a risk that voters may not approve such a measure.

State Funding Risk

As of April 2026, the capital construction funding strategy required $1.5 billion from two State of California grants. The VTA has received commitments for nearly $200 million of that total. The sources of funding are the Transit and Intercity Rail Capital Program (TIRCP) and transportation funds administered by the Metropolitan Transportation Commission (MTC), both of which may be affected by a recent state decision to provide a bridge loan to Bay Area transit agencies (MTC, 2026).

In February 2026, the California legislature appropriated $590 million from the same TIRCP account to provide a 12-year loan to MTC. These loan proceeds will be made available to San Francisco Municipal Transportation Agency, AC Transit, BART, and Caltrain to help address a greater need for public transit subsidies. The agencies are required to repay the loan over 12 years (MTC, 2026).

The state justified the loan on the basis that the transit agencies would be able to stabilize their financial situations and avoid service reductions pending the anticipated approval in November of a regional sales tax measure. If the regional measure does not pass, or if for any other reason the agencies do not repay the loans on time, the timing of the receipt of funding to VTA might create some cash flow risk for the project.

Further, the TIRCP account itself is funded by payments from private parties who agree to purchase pollution credits in the state's Cap and Invest program. The program's future is uncertain in light of federal changes to environmental regulations and pending legal challenges from the State of California (California State Transportation Agency, n.d.).

Federal Funding Risk

In August 2024, the FTA advised VTA that the federal government's total contribution to the project would be limited to $5.1 billion. To receive these funds, VTA plans to apply for a Full Funding Grant Agreement (FFGA) by the end of 2026.

Federal support for large-scale rail projects is uncertain. In 2025, the FTA canceled a $4.2 billion commitment to the California High-Speed Rail Project (Shalby, 2025). VTA's lobbyists have suggested delaying the FFGA application until similar requests from other states are resolved. Considering the political, economic, and budgetary conditions of the United States, approval of VTA's request for an FFGA is highly uncertain. It may be delayed, reduced, or denied.

Low Levels of Ridership Could Increase VTA's Future Costs

BART ridership on the current regional system has not recovered to pre-pandemic levels. Ridership in January 2026 remains only 48% of the levels in January 2019 (BART, January 2026; BART, 2019). Recovering ridership may prove difficult due to the growth of hybrid work patterns.

The Civil Grand Jury also reviewed the forecasts for the first phase of the project, which included the new Milpitas and Berryessa stations. For January 2026, ridership was 86% below estimates (see Table 2).

Table 2: BART Ridership at Milpitas and Berryessa Stations

	Forecast for Average Daily Weekday Ridership for June 2021 at launch	Actual Ridership, January 2026
Ridership/Day	20,110	2,789

Source: Joint VTA/BART Working Committee Meeting, December 4, 2020; BART February 2026 Monthly Ridership Snapshot.

Note: VTA created forecasts in 2020, expressed as rides per day. BART actuals are based on recorded station entries and exits. To normalize BART actuals to the VTA forecast, entries and exits were averaged to produce a daily ridership figure.

An overall decrease in ridership has led BART to project a $376 million budget deficit for FY2026-27. To seek additional revenue, BART is relying on a 0.5% additional sales tax measure on the November 2026 ballot that would begin in 2027 and remain in place for 14 years. If the ballot measure does not pass, BART has proposed closing up to 15 stations and reducing service hours and train frequency (BART, February 26, 2026). Ironically, the proposed station closures would not affect Santa Clara County because VTA is solely responsible for the net operating costs.

According to VTA records reviewed by the Civil Grand Jury, for the first three years of operation, VTA forecasts annual average costs of $274 million for operations, maintenance, and capital costs. Average fare revenue is forecast at $60 million, offsetting VTA's financial obligation to BART, resulting in an average annual financial loss of $214 million. Any drop in ridership will lead to further financial losses.

The Need for a BSVII Cash Flow Model

With a price tag of $12.7 billion, BSVII is the largest public infrastructure project in Santa Clara County (Aragon, 2025). Nearly 60% of the planned funding sources include revenue from grants that will not be distributed in advance but will be reimbursed in accordance with each grant's draw schedule (See Figure 1). The timing of those cash inflows must be carefully matched with the timing of payment schedules for construction contracts worth billions of dollars.

VTA staff is evaluating different approaches to contracting the construction work. Alternatives are being evaluated for the following reasons: 1) to identify segments of work that could be bid out separately to accelerate the overall schedule; and 2) to identify segments for which there is a greater likelihood of strong competitive bids. For each contract, the cash outflows will be specified and must be carefully matched with the cash inflows.

A cash flow model that matches receipts and expenditures for BSVII would enable VTA decision-makers to fully evaluate the alternative approaches being studied. However, VTA officials have advised the Civil Grand Jury that such a model has not yet been developed. A cash flow model is necessary to avoid unplanned delays from cash shortfalls.

Oversight Concerns

VTA Board Recognizes That Oversight Must be Improved

Independent reports and audits have identified problems with project management and VTA Board oversight, including those identified by a prior Civil Grand Jury, the California State Auditor, and the PMOC (AtkinsRéalis USA Holdings LLC, 2026). VTA's cost-estimation practices, along with its lack of transparency around changes to project scope and cost, were identified as significant deficiencies. VTA's oversight and management of the BSVII project have also been heavily criticized by the media, in public comments presented at Board meetings, and in letters to the editor of multiple local publications.

VTA Board Outsources Guidance and Oversight of the BSVII Project

Following a workshop on the project's direction in October 2023, the VTA Board Chairman announced the creation of an Ad Hoc BART Silicon Valley Phase II Oversight Committee (VTA, 2023).

However, only the Board can make binding decisions on the project's scope, funding, risks, schedule, and contracting approach. While ultimately accountable itself, the Board nonetheless effectively delegated oversight to a committee without providing clear direction. By abdicating its responsibility to set its expectations of how the Oversight Committee can best support the Board, the committee has been left to set its own course. That course does not keep the Board fully informed of issues raised by independent experts or the PMOC, hampering its ability to make the best decisions about the project's funding and schedule.

At its meeting on January 15, 2026, the Oversight Committee adopted what it called a revised charter intended to clarify the lines of communication and relationships among the auditor general, SME, VTA staff, and Oversight Committee (VTA, January 15, 2026). Members of the Oversight Committee had expressed concern about a perceived lack of coordination between VTA staff and the SME. Nonetheless, the question remains: Is the role of an SME to provide the Board with an independent review of VTA staff recommendations as originally intended, or is it to help VTA staff improve their recommendations? Notably, in the following excerpt, the Charter requires the

auditor general to document issues raised by the SME and the VTA staff but does not require that the full Board be advised of the critical issues:

> To ensure transparency and balanced oversight, selected advisory input from SME will be documented in Oversight Committee materials. Where consensus exists between the SME and the Project Team, it will be noted. Where minority or dissenting views are expressed, the AG [auditor general] will explicitly record final input received alongside the majority view (VTA Oversight Committee Charter, 2026).

During Oversight Committee meetings, there are few deliberations or actions to provide collective guidance or oversight, leaving individual members to raise questions and propose guidance for VTA staff to consider. VTA staff also receives input from individual members in private pre-meeting briefings. As a result, the full Board does not benefit from Oversight Committee analysis, and the public is not fully informed about individual Board member perspectives.

The Committee Has Two Purposes: Guidance and Oversight

"Guidance" suggests that the committee helps the Board establish a strategic direction and recommend actions to keep the project on track. "Oversight," on the other hand, is a separate function that ensures VTA staff is accountable for following the Board's direction in an efficient and effective manner. "Guidance" looks forward. "Oversight" monitors implementation as it happens.

Better at Oversight than Guidance

The Oversight Committee requires VTA staff to produce a comprehensive monthly report detailing the financing and construction progress of the BSVII project. The auditor general provides insightful periodic reports on his independent review of the project's costs, risks, and schedule. The VTA staff's monthly reports address the information gap identified in the auditor general's January 2024 report. As a result, the Oversight Committee can effectively monitor compliance with the Board's direction.

However, the Oversight Committee often fails to provide guidance on issues critical to future strategic direction.

Strategic Guidance on Critical Issues is Informal, Intermittent, and Often Late

VTA staff routinely provide private briefings to Oversight Committee members prior to meetings. Those briefings allow VTA staff to explain and advocate for their recommendations and to receive input and questions from individual members. Occasionally, some agenda materials for an Oversight Committee meeting are not published with the rest of the agenda because VTA staff members will modify presentations up to the last minute based on what they have heard in private briefings.

The Oversight Committee has established an informal standard of limiting its once-monthly meetings to no more than two hours, and meetings often do not begin on time. At the meetings, VTA staff often deliver lengthy presentations on issues for which it will subsequently seek Board approval, leaving little time for committee deliberations.

During these presentations, only a few members ask questions, and rarely does a committee member propose a policy recommendation that the Oversight Committee might take action on. Individual Oversight Committee members are given the opportunity to express support or concern about a proposed VTA staff position, providing VTA staff with some insight into how to frame their recommendations to the Board.

The Oversight Committee receives independent analyses from the VTA auditor general, its contracted SME, and the PMOC. The committee often receives lengthy written comments from the public but limits oral comments to one minute. Members of the committee rarely comment on materials received from the public, many of which are extensive critiques of the VTA staff recommendations. Following each meeting, the Oversight Committee chair submits a short report summarizing discussion topics, which is placed on the VTA Board's consent calendar.

Following presentation to the Oversight Committee, formal VTA staff recommendations are made to the VTA Board, but without the benefit of a summary or synthesis of the alternative perspectives from the auditor general, SME, PMOC, or informed public comment.

The Civil Grand Jury identified three examples of policy issues for which guidance was needed but delivered inadequately. One of the examples, the single-bore versus twin-bore issue, illustrates both the failure of the committee to make recommendations and the VTA staff's failure to follow through on committee requests in a timely manner.

Example of Inadequate Guidance: The KST Contract Decision

The Oversight Committee endorsed a major contract change without providing independent analysis, articulating its rationale, or conveying identified risks to the Board.

VTA had issued a contract to a construction consortium, Kiewit Shea Traylor (KST), using a "progressive/design/build" approach, under which KST would design the tunnel project and, after reviews by VTA and its construction management consultant, KST would build it. By the spring of 2025, VTA believed that KST's proposed design could significantly increase the project's estimated cost by up to $1 billion and that it would be preferable to engage in a competitive bidding process for the remaining tunnel work. In a more traditional contract approach, VTA would prepare the design specifications and contract conditions. To accomplish this, it was necessary to limit the contract with KST to only the work required to prepare for the TBM, which VTA would own but make available to the tunneling contractor to operate and maintain.

At its June 12, 2025, meeting, VTA staff presented its proposal to modify the KST contract to the Oversight Committee, which unanimously endorsed it. Two weeks later, the VTA Board met and approved VTA staff recommendations. Although the VTA staff agenda report did include a reference to the Committee's recommendation, it did not include the risk analysis that had been reviewed by the Committee. The Oversight Committee's regular report to the VTA Board was placed on the consent calendar and simply reported the committee's concurrence with the VTA staff recommendation. There was no report or analysis laying out the reasons for the Oversight Committee's concurrence or the SME's risk assessment. Therefore, the Board made its decision without a complete understanding of the risks.

Example of Inadequate Guidance: The Twin-Bore versus Single-Bore Decision

The Oversight Committee retroactively requested a side-by-side analysis of tunnel options through Downtown San José.

A preliminary design controversy was whether to tunnel two smaller bores for the downtown San José underground tracks or to tunnel a single larger bore at greater depth. Downtown businesses had raised concerns that the twin-bore approach would require additional work and disrupt their operations during construction.

BART initially opposed the single-bore tunnel approach because it differed from its existing, smaller twin-bore tunnels. However, the BART inspector general reported that in the spirit of

cooperation, BART officials consented to the single-bore approach after being assured that operational and safety concerns would be met (BART, December 19, 2025).

In December 2022, VTA approved the fabrication and purchase of a large TBM for $76 million, effectively locking in the single-bore approach. In a news article dated November 7, 2023, in the Mountain View Voice, San José Mayor Matt Mahan was quoted as saying: "There is no turning back now" (Hicks, 2023).

Nonetheless, individual Board members and informed public commenters continued to raise questions about whether a twin-bore approach might be cheaper, faster, and safer for BART operations. In response, members of the Oversight Committee commissioned an analysis of the two options for costs, risks, and impact on schedules.

In September 2025, more than 18 months after the request, VTA and its engineering consultants presented their analysis to the Oversight Committee, confirming the single-bore approach. Although it had requested the analysis, the Oversight Committee did not make a recommendation to the Board. In October 2025, the Board was presented with the VTA staff and consultants' analysis and confirmed the single-bore approach by declining to take steps to amend the environmental documents or modify the tunneling contracts.

Example of Inadequate Guidance: Scenario 1 versus 1a Decision

In October 2025, VTA decided on an approach to the construction of the tunnel without the benefit of the SME's analysis that the Oversight Committee had requested.

Before design work could progress to a more advanced level, the VTA Board needed to decide between two alternatives for staging the actual tunneling work. The SME had suggested that concurrent tunneling from both ends could reduce costs and accelerate the schedule (VTA, June 12, 2025). The two options were labeled "Scenario 1" (a straight-through tunneling using the larger TBM from west-to-east) and "Scenario 1a" (an option of concurrent tunneling starting at both the east and west portals using two TBMs).

Although this would require two TBMs, the east-to-west work could be done simultaneously with a smaller-bore tunneling machine. Further, the SME reported that a smaller-bore TBM was readily available and would require less lead time than the TBM being fabricated in Germany.

Because the Oversight Committee considered the potential benefits significant, the committee asked both VTA staff and the SME to analyze the options and prepare a recommendation. On

August 4, 2025, the Oversight Committee authorized an expenditure of $110,000 and directed the auditor general to contract with GZ for the requested work. GZ presented interim reports on September 11, 2025, and October 9, 2025, and promised to deliver its completed report at the November 2025 meeting of the Oversight Committee.

VTA staff subsequently presented its analysis and recommendations to the Oversight Committee on October 9, 2025. Although the Project Manager stated that the VTA staff was aware of some of GZ's preliminary analysis (especially differing assumptions about the rate at which each of the two TBMs can move forward when digging a tunnel), VTA staff requested a Board meeting to decide between the two alternatives. In prior presentations to the Oversight Committee, VTA staff said that the analysis would be presented at a Board "workshop" (at which no formal action could be taken). However, a special meeting of the Board was called for October 17, 2025, and VTA staff made its recommendations to the Board, neglecting to advise the Board that the Oversight Committee was still awaiting the GZ analysis that the Committee had authorized.

The Oversight Committee failed to present any report or recommendation at the special meeting. As a result, the Board adopted 'Scenario 1' without the benefit of an independent analysis of the risks.

On February 12, 2026, four months after the Board made its decision, the SME presented his written report analyzing the options and raising concerns that should have been considered before the decision.

VTA Staff Accountability for Responding to Oversight Committee Member Requests

The auditor general maintains two types of monitoring reports: a tracking report that lists the requests of individual committee members for information or analysis, and a work plan that lists the schedule for upcoming formal reports, including risk assessments such as financing and procurement risks. Both monitoring reports establish a due date, but the deadlines are often not met.

During public meetings, Oversight Committee members rarely discuss the tracking report or the work plan and do not publicly comment on changes to the expected date in subsequent reports. More importantly, neither the auditor general nor the Oversight Committee holds VTA staff accountable for late responses to issues raised in the tracking report. Below, the Civil Grand Jury presents two examples:

Example of Lack of Accountability: Prolonged Delay in Analysis of Single-Bore versus Twin-Bore

The side-by-side analysis of two design options was not provided until more than 18 months after it was first requested.

At the Oversight Committee's first meeting in November 2023, a member of the public requested that the committee order a cost and risk analysis of the single-bore versus twin-bore options, which remained controversial following the VTA Board's selection of the single-bore option in 2018. In 2023, the Chair of the Oversight Committee responded that such an "apples-to-apples" (side-by-side) analysis would be one of the committee's first tasks. Here are some of the subsequent activities:

- At the committee's meeting on January 19, 2023, two committee members formally requested the "apples-to-apples" analysis and placed it on the committee's tracking list. (VTA, March 2025). At its meeting on June 13, 2024, the Project Manager reported that the scope of the twin-bore analysis would be worked on and reported to the Board "over the course of the summer."
- At its meeting on August 8, 2024, a member of the public asked about the status of the "apples-to-apples" analysis.
- At the September 12, 2024, Oversight Committee, the auditor general announced that VTA staff had asked engineering design contractor Mott Macdonald to conduct the "apples-to-apples" review.
- The March 2025 tracking report included a comment regarding the "apples-to-apples" comparison: "These items are being evaluated as part of cost savings task force efforts with participation from GZ" (VTA, April 2024).
- One year later, on September 11, 2025, Mott Macdonald presented its analysis of the twin-bore versus single-bore options – nearly 22 months after the request was first discussed at an Oversight Committee meeting – concluding that the single-bore option was preferred (VTA, September 11, 2025).

Example of Lack of Accountability: An Alternative Strategy Some Call "Plan B"

Despite multiple requests for an alternative strategy to address risks associated with the federal funding decision, VTA staff advised the Oversight Committee that it would wait until after the federal decision.

Since the Oversight Committee meeting on October 9, 2025, committee members have stressed the need for an alternative strategy in the event the federal government delays or denies the FFGA

for the promised $5.1 billion. Some committee members asked whether a "Plan B" might include reducing the number of planned stations or revising the funding strategy. VTA staff reported to the Civil Grand Jury that there was reluctance to discuss a "Plan B" out of concern that the discussion itself might jeopardize the FFGA. At public meetings, VTA staff dismissed requests for an alternative funding strategy, instead reporting that an alternative plan should not be prepared until the FTA made its decision in 2027. This is an example of the VTA staff's dismissal of the Oversight Committee direction.

Expediency of Decisions versus Rigorous Analysis

The Civil Grand Jury identified tension between VTA Board members' competing goals: avoiding delays in decision-making and requiring rigorous, independent analysis of costs, risks, and schedule. In public meetings, the Project Manager has often stated that each month of delay adds $20 to $30 million to the overall project cost (Dorsey, 2025).

There is a strong financial incentive to keep the project moving by advancing decisions incrementally—approving one component at a time to show visible progress—without fully evaluating how each step alters the project's overall cost, scope, and risk. For a project of this size, complexity, and cost, this piecemeal approach masks cumulative effects, increasing the likelihood of cost escalation and delays. These should be identified and addressed through rigorous, front-end analysis.

With two-year terms and constituencies limited to portions of the County, Board members may understandably focus on immediate actions rather than the long-term, systemwide implications that demand a coherent strategic plan.

The Role Assigned to the Auditor General

The Oversight Committee benefits from periodic risk assessments and audits performed by the VTA auditor general on the BSVII project. However, by assigning the auditor general the responsibility to also provide staff support to the Oversight Committee, VTA has created a situation in which the auditor general is asked to provide an independent audit of prior decisions while also assisting the committee in evaluating future policy and management decisions.

At the June 2025 public Board meeting, the auditor general stated that he sometimes feels like a referee among the analyses provided by VTA staff, the SME, the public, and the PMOC. However, the VTA Board is the final arbiter, not the auditor general.

The Board is best served when it hears all relevant views on an upcoming decision and is presented with options and a recommendation. The auditor general's participation and input are critical, but he should not be placed in the position of having to synthesize all the competing views, including his own.

The auditor general is better placed to assist the Oversight Committee in its role of "oversight" and less so in commenting on the Oversight Committee's "guidance" functions. Accordingly, the Oversight Committee and the VTA Board would be better served if a VTA staff person were assigned responsibility for staffing the committee. This person could be part of the General Manager's Office and should not report to the Project Manager. The position would be like that of the chief of staff, which was recently assigned to support the chair of the Board.

Coordination with BART

Because the County of Santa Clara is not part of the BART District, the extension of rail service to San José required a contract that established both VTA's and BART's commitment to cooperate. Under the 2001 Cooperative Agreement, VTA is financially responsible for paying for the design, construction, and operation of the segment in Santa Clara County (BART and VTA, Comprehensive Agreement, 2001). BART retained approval authority over design elements that affect operations, maintenance, and safety. To date, this has been accomplished through the joint preparation of a Design Criteria Manual.

As recently as December 2025, BART's Independent Office of the Inspector General (OIG) issued a report titled: "Transparency & Communication Gaps in the BSVII Project." The report summarizes years of controversy over the single-bore versus twin-bore approach but acknowledges that BART eventually agreed to the single-bore concept evaluated in the final environmental impact statement. However, the BART OIG remained critical of the extent of cooperation between the two agencies:

> We also determined that the length of time since the project began, extensive media coverage of the project, conflicting subject-matter opinions, and some public displeasure with the single-bore design have created uncertainty about the project's direction. We concluded that gaps in transparency and communication, including limited public discussions in recent years, have resulted in mixed messaging on a project that has evolved over multiple decades (BART Independent Office of the Inspector General, 2025).

In August 2025, the lack of communication and cooperation was publicly exposed when a BART official wrote a letter to VTA (Appendix A) specifically objecting to the consideration of reducing

the size of the Newhall Yard and Maintenance Facility as a capital cost-saving measure. The VTA Project Manager publicly acknowledged a failure to keep BART informed of design issues that might impact BART's operational efficiency and pledged to develop recommendations to the administrative heads of both agencies on a more formal process to identify and resolve those issues (VTA Oversight Committee, 2025).

Board Experience and Continuity

Since 2019, five audits and reports have critiqued VTA's governance structure and recommended a series of revisions to improve VTA's capability to provide Board direction and oversight of the BART extension. Those audits have included the 2018-19 Santa Clara County Civil Grand Jury in 2019; the Auditor of the State of California, in 2024; the BART Independent Office of the Inspector General in 2025; RSM US LLC, a VTA subcontractor, in 2019; and the VTA Auditor General in 2024. VTA has accepted and acted on most of the recommendations for governance reform, except those relating to the terms and required experience level of Board members.

During the investigation of the BSVII project, sources repeatedly raised concerns about the level of knowledge and decision-making ability of the full VTA Board, which is responsible for the project's success. Decisions made today will have a direct impact on its ultimate success. Diligent oversight of its schedule, cost, progress, and scope is required.

According to the California Public Utilities Code, which established the VTA Board, "to the extent possible, the appointing powers shall appoint individuals who have expertise, experience, or knowledge relative to transportation issues" (Pub. Util. Code 10000 et seq).

VTA Board members are appointed to two-year terms by appointing agencies, organized into six groups as detailed in Table 3. Appointing agency groups are established and defined by VTA Administrative Code, which states "Appointing Authorities are strongly encouraged, where possible, to: (1) appoint individuals with appropriate experience and qualifications in transportation; (2) ensure that there is sufficient remaining time in the elected official's term of office to allow full completion of their term as a Director; and (3) reappoint representatives to consecutive terms" (VTA Administrative Code § 2-13).

Table 3: Appointing Authorities Composition of the VTA Board

Appointing Agency Group	Jurisdiction Represented	Number of Board Members	Method of Appointment
Group 1	San José	5 members 1 alternate	Appointed by city council from city council members/mayor
Group 2	Los Altos, Los Altos Hills, Mountain View, Palo Alto	1 member 1 alternate	Determined by Group 2 members
Group 3	Campbell, Cupertino, Los Gatos, Monte Sereno, Saratoga	1 member 1 alternate	Determined by Group 3 members
Group 4	Gilroy, Morgan Hill	1 member 1 alternate	Determined by Group 4 members
Group 5	Milpitas, Santa Clara, Sunnyvale	2 members 1 alternate	Determined by Group 5 members
Group 6	County of Santa Clara	2 members 1 alternate	Appointed by County Board of Supervisors

Source: California Pub. Util. Code section 100060.

While VTA continues to insist that two-year terms are suitable for its governance (as specified in PUC § 100060.2), peer agencies in the state appoint their Board members to four-year terms, leading to much longer average lengths of service and potentially greater experience and transportation-related knowledge (see Figure 2).

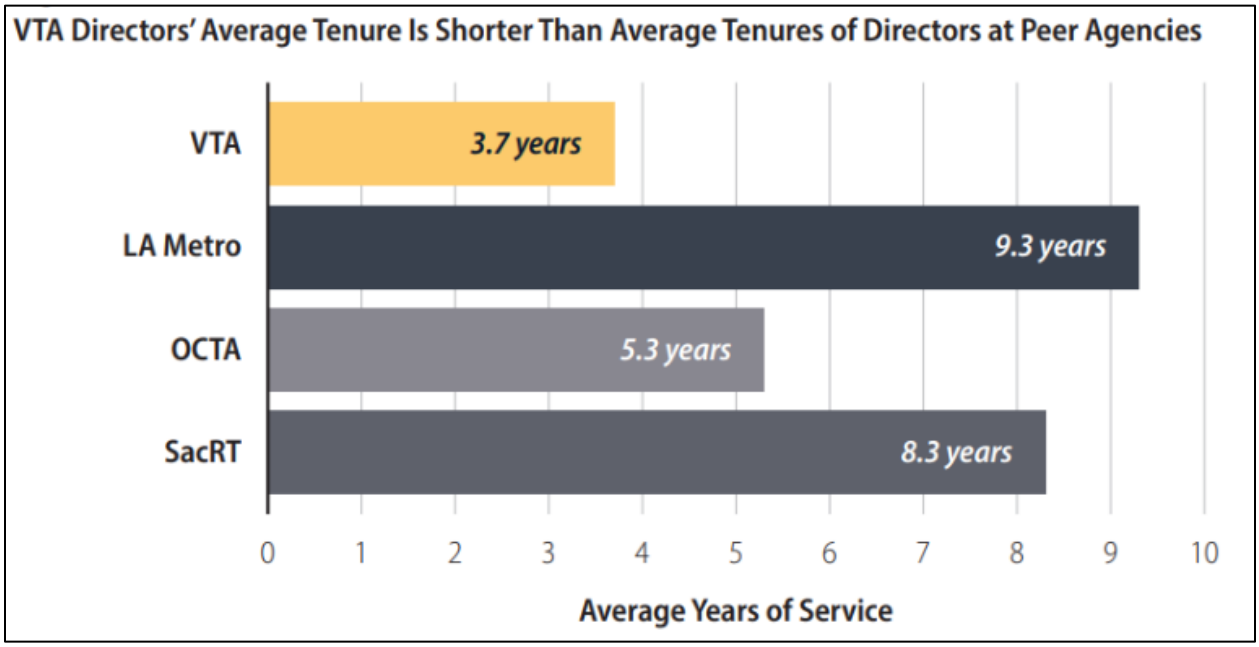
Multiple reports and audits have suggested weaknesses introduced by VTA's approach to the appointment of Board members. For example, the 2019 Board Governance Assessment concluded, in part, that some processes and policies (e.g., committee structure, term limits, and Board member selection guidelines) might not reflect best practices or support long-term Board stability (VTA, 2019). Additionally, a report by the 2018-19 Santa Clara County Civil Grand Jury found that the VTA Board suffers from:

- A lack of experience and limited continuity by many Board members;
- Inadequate time for the directors to devote to the Board's oversight and policy-making functions;
- A lack of engagement by some of the directors, fostered in part by the committee system, resulted in VTA functioning largely as a staff-driven organization.

More recently, a critical 2024 report from the State Auditor regarding VTA's project management and financial oversight noted the following weaknesses:

- The process for selecting directors for the Board is not always transparent enough to ensure the appointment of directors experienced in transportation issues.
- Some groups of cities appoint VTA directors without public deliberation, limiting transparency and sometimes bypassing the statutory recommendation for transportation expertise.
- VTA directors have shorter tenures, on average, than their peers, meaning that VTA's Board has less experience overseeing the agency's operations than the Boards of peer agencies.

Figure 2: Average Directors' Tenure among VTA and Peer Agencies



Source: Auditor of the State of California, "Santa Clara Valley Transportation Authority, Improvements Are Necessary to Strengthen Its Project Management and Financial Oversight," June 2024.

Note: LA Metro stands for Los Angeles County Metropolitan Transportation Authority; OCTA stands for Orange County Transportation Authority; SacRT stands for Sacramento Regional Transit District.

During interviews and in reviewing existing reports and audits about VTA, the Civil Grand Jury learned that Board members and elected officials broadly support a four-year term for directors. Lengthening terms would require a change to VTA's enabling legislation. The findings of the State and VTA's own auditors' governance reform recommendations remain unchanged.

Public Communication

Following the VTA auditor general's report in January 2024, public communication and community outreach regarding the BSVII project have improved. The Civil Grand Jury noted improvements to the VTA BSVII project website, including efforts to deliver timely updates to residents about the impact of construction activities, and a section for frequently asked questions (FAQ) (VTA, BART Silicon Valley Phase II Project, n.d.). In addition, many interviewees told the Civil Grand Jury that VTA has made efforts to better inform the public and officials since the auditor general's report highlighted communication breakdowns in 2023.

However, there are areas where the public would benefit from VTA focusing more on improving communication.

The VTA's BSVII project website does not offer a simple, clear dashboard outlining the costs, timeline, and progress of the BSVII project. Although it includes technical reports from the federally sponsored PMOC, it does not include the independent analyses by the SME or the VTA auditor general.

A high-level dashboard would consolidate information from multiple sources, present project metrics to the public, and provide access to source materials. Today, information on funding, expenditures, and schedule status is available on the website, but is buried in layers of reports that are nonintuitive to find or navigate.

In addition, the Civil Grand Jury found the site's search function inadequate for locating specific details or addressing questions not covered in the FAQ, and it often returned results for irrelevant materials. The website would be more user-friendly if VTA incorporated a more robust search engine.

CONCLUSION

The VTA Board has failed in its responsibility to provide effective management, oversight, and financial control of the BSVII Project.

Based on its investigation, the Civil Grand Jury concludes:

- There is no realistic plan to deal with foreseeable financial risks, including significant uncertainty about BSVII's construction and operating costs, reliance on expiring voter-approved sales tax measures, uncertain federal government support, cash flow, and declining ridership.
- When considering major scope and design decisions, the Oversight Committee and the VTA Board do not take into account the ongoing operations and maintenance costs that will be borne by VTA and will require voter approval of subsequent sales tax measures.
- The Oversight Committee exercises its oversight responsibility by requiring monthly progress reports and by questioning VTA project staff, but when it declines to make recommendations to the VTA Board, it fails in its responsibility to provide guidance on critical policy issues.
- The Oversight Committee receives valuable input from multiple sources but does not share this information with the VTA Board in the form of helpful reports that synthesize the different perspectives of VTA staff, the Subject Matter Expert, the auditor general, the Project Management Oversight Consultant, and the public.
- The VTA Board and the Oversight Committee have failed to hold VTA staff accountable for missing deadlines to provide analysis and information requested by members of the Oversight Committee.
- There is a lack of meaningful communication and cooperation between BART and VTA officials, which undermines public confidence.
- VTA's failure to adopt governance reform recommendations from prior Civil Grand Jury reports and independent audits has led to a lack of Board member continuity and expertise, weakening the Board's ability to successfully oversee the BSVII project.

FINDINGS AND RECOMMENDATIONS

Finding 1

The BSVII project currently requires voter approval of additional sales tax measures to address gaps in construction and operations funding.

Recommendation 1

VTA should adopt and publish a strategy for the completion and operation of the project that reduces dependency on new sales tax measures.

This should be implemented by December 31, 2026.

Finding 2

VTA does not maintain a cash-flow model for the BSVII project.

Recommendation 2

The VTA Board should direct the General Manager to prepare a cash-flow model for the BSVII project and present it quarterly to the Oversight Committee and the Board.

This should be implemented by December 31, 2026.

Finding 3

VTA has not developed an alternative funding strategy for the project in the event that planned funding sources are unavailable or insufficient.

Recommendation 3

The VTA Board should direct the General Manager to prepare an alternative funding strategy to meet the project's estimated total capital costs and VTA's responsibility for operating and maintenance costs and present it to the Oversight Committee and Board for approval.

This should be implemented by December 31, 2026.

Finding 4

Project management does not consistently report the operating and maintenance cost implications of design and construction decisions to the Oversight Committee or the Board.

Recommendation 4

VTA should adopt a policy requiring staff to present an analysis of operating and maintenance costs when considering design and construction alternatives for BSVII.

This should be implemented by December 31, 2026.

Finding 5

The VTA Board would benefit from longer terms of office to improve continuity and institutional knowledge.

Recommendation 5

VTA should reconsider its prior rejections of audit recommendations calling for the establishment of four-year terms and direct its legislative advocates to seek a legislative author to amend VTA's enabling statute to require four-year terms.

This should be implemented by December 31, 2026

Finding 6

VTA Board Appointing Authority Groups 2 through 5 often do not follow VTA Administrative Code (Section 2-14) admonitions to "appoint individuals with appropriate experience and qualifications in transportation" and to "reappoint representatives to consecutive terms."

Recommendation 6

VTA Board Appointing Authority Groups 2 through 5 should certify to the VTA Board that they will adhere to VTA Administrative Code (Section 2-14) admonitions, regarding Board member expertise and appointment to consecutive terms.

This should be implemented by December 31, 2026.

Finding 7

VTA Board Appointing Authority Groups 2 through 5 have different processes for making Board appointments.

Recommendation 7

The cities represented in Appointing Authority Groups 2 through 5 should agree on a uniform process for making Board appointments.

This should be implemented by December 31, 2026.

Finding 8

The role assigned to the auditor general is outside the traditional scope of an auditor's responsibilities and has introduced conflict and uncertainty among VTA staff and the Oversight Committee. Being involved in the management and policy-making process threatens the auditor general's independence.

Recommendation 8

The Board should implement an alternative model for supporting the Oversight Committee that does not rely on the auditor general to provide services such as agenda preparation, monitoring of VTA staff assignments, or preparation of a synthesis of multiple independent inputs to the Committee's deliberations.

This should be implemented by December 31, 2026

Finding 9

The Board of Directors has not approved the bylaws, nor the charter of the Oversight Committee.

Recommendation 9

VTA should formally adopt a revised Charter for the Oversight Committee, setting the Board's expectations on the following issues:

- Defining the role of the auditor general to no longer require him to supervise the presentations by VTA staff to the Oversight Committee;
- The responsibility of the Oversight Committee to report regularly to the Board on the independent analyses of costs, risks, and schedule by the PMOC and any SMEs; and to provide the Oversight Committee's synthesis of those analyses with recommendations to resolve conflicts when necessary;
- The responsibility of the Oversight Committee to consider and present its recommendations before the Board considers major decisions such as scope of the project, contracting, risk management, budgeting, and funding strategy;

- The responsibility of the Oversight Committee to hold subject matter experts accountable for timely analysis of costs, risk, and schedule;
- The responsibility of the Oversight Committee to report to the Board on the implications of design and construction issues that impact future ongoing operations and maintenance costs to be borne by VTA.

This should be implemented by December 31, 2026.

Finding 10

VTA's vtabart.org website is poorly organized and not always intuitive to navigate, making it hard to find information about the status, cost, and schedule of the BSVII project.

Recommendation 10

The VTA Board should direct the General Manager to implement and maintain a project dashboard on its vtabart.org website that includes status, cost, and schedule information.

This should be implemented by October 31, 2026.

REQUIRED RESPONSES

Pursuant to California Penal Code section 933(a) et seq. and California Penal Code section 933.05, the 2025-26 Santa Clara County Civil Grand Jury requests responses from the following governing bodies:

Responding Agency	Findings	Recommendations
VTA Board of Directors	1, 2, 3, 4, 5, 8, 9, 10	1, 2, 3, 4, 5, 8, 9, 10
County of Santa Clara, Board of Supervisors	6	6
The City of Campbell, City Council	6, 7	6, 7
The City of Cupertino, City Council	6, 7	6, 7
The City of Gilroy, City Council	6, 7	6, 7
The City of Los Altos, City Council	6, 7	6, 7
The Town of Los Altos Hills, Town Council	6, 7	6, 7
The Town of Los Gatos, Town Council	6, 7	6, 7
The City of Milpitas, City Council	6, 7	6, 7
The City of Monte Sereno, City Council	6, 7	6, 7
The City of Morgan Hill, City Council	6, 7	6, 7
The City of Mountain View, City Council	6, 7	6, 7
The City of Palo Alto, City Council	6, 7	6, 7
The City of San José, City Council	6, 7	6, 7
The City of Santa Clara, City Council	6, 7	6, 7
The City of Saratoga, City Council	6, 7	6, 7
The City of Sunnyvale, City Council	6, 7	6, 7

APPENDIX A: BART Management Letter

BART SILICON VALLEY
PHASE II (BSVII)

MEMORANDUM

TO: Carolyn Gonot, VTA General Manager

DATE: August 15, 2025

FROM: Shane Edwards, BART Assistant General Manager, Operations

SUBJECT: Concerns Regarding Lack of Information Sharing and Notification on Key Project Changes

Dear General Manager Gonot:

The Bay Area Rapid Transit District (BART) is gravely concerned with VTA's failure to provide prior notice of the August 11 press release on the twin bore cost report update and the lack of advance discussion on the significantly scaled-down version of the yard presented at the Oversight Committee Meeting on August 14, 2025. Both actions violate established protocols, undermine the trust and coordination that have guided this partnership, and represent serious breaches of process. BART was still under the clear impression, after months of partnership and collaboration, that both agencies were moving forward with Option J of yard design.

In 2018, BART and VTA stood side by side to announce the approval of single bore configuration, marking the culmination of years of coordinated effort, joint advocacy, and mutual reliance. Since the signing of the Comprehensive Agreement, the requirement has been unequivocal: any significant project change, particularly those affecting operations, safety, or long-term system performance, must be disclosed to BART in advance of any public release.

The decision to withhold advance notification of the August 11 release, coupled with the absence of meaningful prior discussion on concepts of yard redesign before presenting in the forum of a public committee, carries direct and lasting operational consequences for BART's ability to safely and efficiently operate the expanded system. These lapses are incompatible with the level of transparency and cooperation expected between primary project partners.

Such omissions hinder BART's ability to fulfill its responsibilities to the public, damage stakeholder confidence, and raise fundamental concerns about VTA's adherence to its commitments. Given the scale, complexity, and visibility of this project, these failures are not minor oversights, they are unacceptable breaches of trust.

I am formally notifying VTA, and the Phase II Project that the Yard Concept presented at the VTA Audit Committee on August 14, 2025 is rejected. The last version of yard design that BART reviewed was revision J.

BART SILICON VALLEY
PHASE II (BSVII)

BART remains fully committed to the successful delivery of this critical regional investment. However, that commitment depends on VTA's immediate corrective action to restore transparency and accountability.

Sincerely,

Shane Edwards
BART Assistant General Manager, Operations
BART Project Director

Cc: VTA's BART Silicon Valley Phase II Oversight Committee Members
Greg Richardson, VTA Deputy General Manager
Robert Powers, BART General Manager
Michael Jones, BART Deputy General Manager
Ni Lee, BART Deputy Project Director
Monica Born, VTA Program Director
Tom Maguire, VTA Chief Delivery Officer of Mega Projects

CONFLICTS

Members of the Civil Grand Jury are conflicted from a Civil Grand Jury investigation if, as a result of prior or current employment or associations, investment in public or private enterprise, financial interest, bias, or personal relationship, they are subject to recusal from participating in a matter before the Civil Grand Jury. One juror was recused from this matter.

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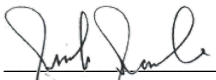
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This report was **ADOPTED** by the 2025-2026 Santa Clara County Civil Grand Jury on this 17th day of June, 2026.



Dinesh Ramde
Foreperson

CITY OF MORGAN HILL

17575 Peak Avenue
Morgan Hill, CA 95037-4128
TEL: (408) 779-7271
www.morganhill.ca.gov

August 19, 2026

Honorable Julie A. Emede
Presiding Judge
Office of the Civil Grand Jury
Superior Court of California
County of Santa Clara
191 N. First Street
San Jose, CA 95113

Dear Judge Emede,

Thank you for the opportunity to review and respond to the June 12, 2026, Grand Jury Report, "Pothole Damage: Improving claims processes within Santa Clara County." The City of Morgan Hill's responses to the findings, which were approved by the City Council on August 19, 2026, meeting, are below:

Grand Jury Finding 1:

Jurisdictions within Santa Clara County rejected 92% of pothole claims from 2020 to 2025 due to reasons including missed deadlines, incorrect jurisdiction, and lack of prior notice.

City of Morgan Hill Response to Finding 1:

Noted.

Grand Jury Recommendation 1:

No recommendation.

Grand Jury Finding 2:

Claims are often rejected because the claimant filed with the incorrect jurisdiction, which can happen because jurisdictional lines are often unclear or poorly communicated. The claims websites of all jurisdictions within Santa Clara County lack information about how to determine if a road is in its jurisdiction.

City of Morgan Hill Response to Finding 2:

The City of Morgan Hill partially agrees with this finding. While Morgan Hill has, on occasion, rejected claims because the claimant filed with the incorrect jurisdiction, it is a relatively rare

DRAFT

occurrence. It agrees that its claims website currently lacks information about how to determine if a particular road is in Morgan Hill's jurisdiction.

Grand Jury Recommendation 2a:

All jurisdictions within Santa Clara County should include a link to a map or list of roads they maintain on their claims website.

The jurisdictions should implement this by December 15, 2026.

City of Morgan Hill Response to Recommendation 2a:

The City of Morgan Hill concurs with this recommendation.

The City of Morgan Hill currently has a map within its pavement management report, which additionally includes a list of all City streets. This is located on the City's website at: https://www.morganhill.ca.gov/2539/Pavement-Rehab-Street-Cut-Moratorium

The City intends to create an updated more usable PDF map to upload to the City's website.

Grand Jury Recommendation 2b:

All jurisdictions within Santa Clara County should update their claims websites to identify roads that are commonly mistaken as being in their jurisdictions.

The jurisdictions should implement this by December 15, 2026.

City of Morgan Hill Response to Recommendation 2b:

City does not concur with this recommendation as the City does not see this as an appropriate remedy for the issue. The City receives very few claims wrongly sent to the City and there are many roads sharing the same or similar names within the City and County, which may ultimately result in further confusion by implementing this recommendation. Alternatively, the City plans to add text and a link to the map noted in Recommendation 2a, that recommends those filing a claim, review the location of their claim against the map before filing the claim.

Grand Jury Finding 3:

Fifteen jurisdictions – the County, Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San José, Santa Clara, and Saratoga – have websites with deficiencies that make it difficult to file a claim.

City of Morgan Hill Response to Finding 3:

The City of Morgan Hill disagrees with this finding. Links to claims forms (in English or Spanish) are provided on the City's website and are easily located with an internet search. The form prompts the

claimant to provide all information required by the Government Claims Act, and it provides instructions on how to submit the claim.

Grand Jury Recommendation 3a:

Eleven jurisdictions – the County, Campbell, Cupertino, Los Altos, Los Altos Hills, Milpitas, Monte Sereno, Morgan Hill, Mountain View, San José, and Saratoga – should update their websites to provide clear instructions and information about how to file a claim in addition to a link to the claim form.

The jurisdictions should implement this by December 15, 2026.

City of Morgan Hill Response to Recommendation 3a:

The City concurs with this recommendation and will implement it within the recommended timeframe.

Grand Jury Recommendation 3b:

Fourteen jurisdictions – the County, Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San José, and Santa Clara – should incorporate useable software on their websites that can translate claim forms into multiple languages or provide claim forms in multiple languages based on the demographics they serve.

The jurisdictions should implement this by December 15, 2026.

City of Morgan Hill Response to Recommendation 3b:

City concurs with this recommendation and has already achieved this step.

Sincerely,

Mark Turner
Mayor

DRAFT

CITY OF MORGAN HILL

17575 Peak Avenue
Morgan Hill, CA 95037-4128
TEL: (408) 779-7271
www.morganhill.ca.gov

August 19, 2026

Honorable Julie A. Emede
Presiding Judge
Office of the Civil Grand Jury
Superior Court of California
County of Santa Clara
191 N. First Street
San Jose, CA 95113

Dear Judge Emede,

Thank you for the opportunity to review and respond to the June 17, 2026, Grand Jury Report, "VTA's Management and Oversight of BART Silicon Valley Phase II." The City of Morgan Hill's responses to the findings, which were approved by the City Council on August 19, 2026, meeting, are below:

Grand Jury Finding 6:

VTA Board Appointing Authority Groups 2 through 5 often do not follow VTA Administrative Code (Section 2-14) admonitions to "appoint individuals with appropriate experience and qualifications in transportation" and to "reappoint representatives to consecutive terms."

City of Morgan Hill Response to Finding 6: The City of Morgan Hill partially disagrees.

The City of Morgan Hill (City) recognizes the value of transportation expertise and continuity in VTA Board appointments. However, the City is limited to appointing elected officials who are eligible to serve. The City does not have the authority to appoint transportation professionals or other subject matter experts from outside the City Council. In making appointments to outside agencies, City Council Policy CP 94-01 provides that Council Members' expertise and special interests should be considered. The policy also supports consecutive terms when continuity serves the City's interests. Further, the City of Morgan Hill and the City of Gilroy have historically shared VTA Board representation and, in recent years, have modified their prior rotation practices in response to VTA concerns regarding continuity and institutional knowledge.

Grand Jury Recommendation 6:

VTA Board Appointing Authority Groups 2 through 5 should certify to the VTA Board that they will adhere to VTA Administrative Code (Section 2-14) admonitions, regarding Board member expertise and appointment to consecutive terms.

This should be implemented by December 31, 2026.

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City of Morgan Hill Response to Recommendation 6: The recommendation has been implemented.

The City's longstanding practice is to consider the qualifications, expertise, interests, and availability of Council Members when making appointments to outside agencies. The City Council's adopted policy governing outside agency assignments considers both expertise and continuity and has been in place since 1994. The City will continue to apply these principles when participating in future VTA Board appointments.

Grand Jury Finding 7:

VTA Board Appointing Authority Groups 2 through 5 have different processes for making Board appointments.

City of Morgan Hill Response to Finding 7: The City of Morgan Hill partially disagrees.

The City acknowledges that Appointing Authority Groups 2 through 5 may use different processes to make appointments. However, the City is not aware of evidence demonstrating that a uniform process would necessarily improve appointment outcomes or Board effectiveness. Local agencies have adopted appointment practices that reflect their individual governance structures, policies, and regional relationships.

Grand Jury Recommendation 7:

The cities represented in Appointing Authority Groups 2 through 5 should agree on a uniform process for making Board appointments.

This should be implemented by December 31, 2026.

City of Morgan Hill Response to Recommendation 7: Requires Further Analysis

The recommendation requires collaboration among multiple independent jurisdictions and cannot be implemented unilaterally by the City of Morgan Hill. The City is willing to participate in discussions regarding appointment practices with its appointing authority partners and other affected jurisdictions. Additional analysis and interagency coordination would be necessary to determine whether a uniform process is feasible, beneficial, and consistent with the participating agencies' governance practices.

Sincerely,

Mark Turner
Mayor

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

PREPARED BY:
Maria Angeles, Senior Civil Engineer
APPROVED BY: City Manager

APPROVE THE AMENDMENT TO GRANT OF MAINTENANCE AND ACCESS EASEMENT WITH SUNSWEET MORGAN HILL DEVELOPMENT LLC TO ABANDON CERTAIN PORTIONS OF AN EXISTING MAINTENANCE EASEMENT AND AN ACCESS EASEMENT BOTH RUNNING ALONG THE WESTERLY SIDE OF THE SUNSWEET MIXED-USE APARTMENT BUILDING LOCATED AT 90 E. 3RD STREET (DESIGNATED AS ASSESSOR'S PARCEL NUMBER 726-13-058) AND ACCEPT COMPENSATION IN THE AMOUNT OF $5,216

RECOMMENDATION(S)

1. Approve the Amendment to Grant of Maintenance and Access Easement with Sunsweet Morgan Hill Development LLC that will reduce the square footages of an existing 3,600 sq. ft. Maintenance Easement Area and an existing 2,880 sq. ft. Access Easement Area, granted to the City on August 27, 2014 by Glenrock Builders, Inc. (original Sunsweet Property Owner/Developer), with both easements running along the westerly side of the Sunsweet Mixed-Use Apartment Building located at 90 E. 3rd Street (designated as Assessor's Parcel Number: 726-13-058);
2. Accept a fair market value compensation in the amount of $5,216 from Sunsweet Morgan Hill Development LLC (current Sunsweet Property Owner);
3. Authorize the City Manager to execute the Amendment to Grant of Maintenance and Access Easement; and
4. Authorize the recordation of the Amendment to Grant of Maintenance and Access Easement in the Official Records of the County contingent upon the receipt of the $5,216 compensation from Sunsweet Morgan Hill Development LLC.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Maintaining and Enhancing Infrastructure

REPORT NARRATIVE:

On June 4, 2014, the City Council adopted Resolution No. 6892 which approved and

authorized the execution by the City Manager of an Agreement with Glenrock Builders, Inc. (original Sunsweet Property Owner/Developer) for the City's purchase of a portion of the real property known as the "Sunsweet" site, together with ancillary easement rights, for the future development of the 4th Street Public Parking Garage ("Downtown Parking Garage"). The Sunsweet site is located on the southwest corner of E. 3rd Street and Depot Street as shown on the Site Map (Attachment 1), with the address of 90 E. 3rd Street (designated as Assessor's Parcel Number: 726-13-058), and has been developed with a residential mixed-use apartment building.

The City's purchase amount of $2,064,000 for the Downtown Parking Garage property comprised of the following:

- Fee interest in an approximately 34,442 sq. ft. area (now the site of the Downtown Parking Garage with an address of 50 E. 3rd Street);
- A perpetual, non-exclusive 15-foot wide maintenance and vehicular and workmen access easement area ("Maintenance Easement Area"), approximately 3,600 sq. ft., and adjacent to the parking garage on the eastern side; and
- A 12-foot wide non-exclusive ingress, egress and access easement ("Access Easement Area"), approximately 2,880 sq. ft.

City Council Resolution No. 6892 also authorized the execution of a Grant of Maintenance and Access Easement that granted to the City the Maintenance Easement and Access Easement Areas previously described. The Grant of Maintenance and Access Easement was executed on August 27, 2014 by the City and original Sunsweet Property Owner/Developer and was recorded on August 29, 2014 in the Santa Clara County Recorder's Office as Document #22691506 (Attachment 2).

The Sunsweet Property is currently in the process of being sold. As part of the real estate transaction, the current property owner, Sunsweet Morgan Hill Development LLC ("Sunsweet Property Owner"), is required to update recorded documents affecting title to the property. This includes revising existing easement documents to accurately reflect the current property configuration and the rights and interests associated with the property. Updating these documents as part of the sale helps ensure that the public record accurately describes the easements benefiting and burdening the property, providing clarity for the buyer, seller, and all affected parties.

The existing Maintenance Easement and Access Easement Areas on the Sunsweet Property that benefit the City require updates. Attachment 3 is an exhibit that shows certain portions of the Maintenance and Access Easement Areas that are proposed to be abandoned to align with the as-built configuration of the existing Sunsweet building and site improvements on the Sunsweet property.

The Maintenance Easement Area will be reduced by 464 square feet which will result in a revised easement square footage of 3,136 square feet as described in Attachment 4. The Access Easement Area will be reduced by 188 square feet which will result in a revised easement square footage of 2,692 square feet as described in Attachment 5.

The two proposed easement area reductions do not affect the City's maintenance of the Downtown Parking Garage and City staff does not object to the easement reduction and partial easement abandonment.

To ensure the City receives just compensation for the easement reductions and partial abandonment of the City's easement rights, City staff reviewed appraisals obtained by the City for recent easement purchases, in lieu of obtaining an independent real property appraisal. Recent City easements show a valuation of approximately $5 to $8 per square foot of easement. Using an $8 per square foot valuation, the 464-square-foot Maintenance Easement Area and 188-square-foot Access Easement Area proposed to be abandoned are together valued at $5,216. The Sunsweet Property Owner is required to submit a lump sum payment to the City for this exact amount prior to recordation of the executed Amendment to the Grant of Maintenance and Access Easement.

The proposed Amendment to Grant of Maintenance and Access Easement (Attachment 6) reflects the revised square footages of the Maintenance Easement and Access Easement Areas, and the easement compensation to the City.

Staff recommends that the City Council approve the Amendment to Grant of Maintenance and Access Easement to abandon 464 square feet of the Maintenance Easement Area and abandon 188 square feet of the Access Easement Area along the westerly side of the Sunsweet Property.

COMMUNITY ENGAGEMENT:

Not Applicable

This is a transaction that does not impact the community in any way. As such, no engagement with the community has been done.

ALTERNATIVE ACTIONS:

There is no feasible alternative action because the easement area reductions do not harm City staff's ability to maintain the Downtown Parking Garage, and the Sunsweet Building and site improvements are already fully built.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 4, 2014, the City Council adopted Resolution No. 6892 which approved and authorized the execution of an Agreement with Glenrock Builders, Inc. (original Sunsweet Property Owner/Developer) for the City's purchase of a portion of the Sunsweet site, together with ancillary easement rights, for the development of the Downtown Parking Garage. Resolution No. 6892 also authorized the execution of a Grant of Maintenance and Access Easement that granted to the City the Maintenance Easement and Access Easement Areas.

FISCAL AND RESOURCE IMPACT:

Approval of this item will result in a one-time revenue of $5,216 to be deposited directly into the General Fund.

The Sunsweet Property Owner has paid the required easement vacation/abandonment processing fee that covers all staff administrative, legal review, and County recording fees.

CEQA (California Environmental Quality Act):

Categorical Exemption

The proposed easement abandonment is Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15305 (Class 5) (Minor Alterations in Land Use Limitations) and Section 15061(b)(3) of the CEQA Guidelines.



CITY OF MORGAN HILL

Public Services Department
Land Development Engineering

SITE MAP
SUNSWEET MAINTENANCE AND ACCESS EASEMENTS

0 50 100 200 300 400 Feet

Recording Requested by and
After Recordation Mail to:
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037-4128
Attn: City Clerk

This document is exempt from the payment of
a recording fee pursuant to Government Code § 27383

DOCUMENT: 22691506

Pages: 15

Fees. * No Fees
Taxes. . .
Copies. . .
AMT PAID

REGINA ALCOMENDRAS
SANTA CLARA COUNTY RECORDER
Recorded at the request of
Chicago Title

RDE # 008
8/29/2014
8:00 AM

Space above for Recorder's Use Only

GRANT OF MAINTENANCE AND ACCESS EASEMENT

This Grant of Maintenance and Access Easement ("**Easement**") is made this 27th day of August, 2014 ("**Effective Date**") by and between Glenrock Builders, Inc., a California corporation, as grantor ("**Grantor**"), and the City of Morgan Hill, a California municipal corporation, as grantee ("**Grantee**").

RECITALS

A. Grantor is the fee owner of that certain approximately 1.646 acre real property located on the block bounded by Depot Street, E. 4th Street, E. 3rd Street and Monterey Road in the City of Morgan Hill, County of Santa Clara, more particularly described in Attachment No. 1 attached hereto and incorporated herein ("**Grantor's Property**").

B. Grantee is the fee owner of that certain approximately 34,442 square foot real property located directly adjacent to the Grantor's Property, more particularly described in Attachment No. 2 attached hereto and incorporated herein ("**Grantee's Property**")

AGREEMENTS

For valuable consideration, the receipt of which is hereby acknowledged, Grantor hereby grants to Grantee the following easements: (i) a perpetual, non-exclusive 15 foot wide maintenance and vehicular and workmen access easement ("**Maintenance Easement**") in, on, over, under, along, through and across that portion of Grantor's Property described in Attachment No. 3 (legal description) and depicted in Attachment No. 4 (diagram) attached hereto and incorporated by reference ("**Maintenance Easement Area**") and (ii) an ingress, egress and access easement ("**Access Easement**") at least12 feet in width, with appropriate turning radii for Grantee's maintenance equipment and vehicles, over and across Grantor's Property sufficient to enable Grantee and its contractors to transport vehicles, equipment and material between Depot Street and the Maintenance Easement Area.

The parties agree that the Access Easement is a initially a floating easement the location of which may be reasonably designated from time to time by Grantor, provided Grantor continuously provides Grantee a 12-foot wide access way between Depot Street and the

Maintenance Easement Area, with appropriate turning radii for such maintenance equipment and vehicles. The parties recognize that Grantor intends to develop Grantor's Property and upon completion of that development, the permanent location of the Access Easement will be established; at that time and at no third party expense to Grantee, Grantee shall cooperate with Grantor in Grantor's recording of an amendment to this Easement to include exhibits establishing the permanent location for the Access Easement.

Grantor may install permanent hardscape and/or landscape improvements within the area designated from time to time as the Access Easement area, provided such hardscape and/or landscape improvements shall in all instances be suitable in light of the fact that the area will be traversed from time to time by maintenance vehicles and equipment weighing up to 2.5 tons. If Grantor installs landscaping and/or hardscaping improvements within the Access Easement area which not suitable for passage by maintenance vehicles and equipment weighing up to 2.5 tons, Grantor shall be solely responsible for repairing or replacing any damage to such hardscape and/or landscape improvements which may result from passage of such vehicles and equipment. Grantee shall not bring vehicles and equipment weighing more than 2.5 tons onto Grantor's Property.

The Maintenance Easement and Access Easement granted hereunder shall be non-exclusive, shall be appurtenant to Grantee's Property and shall remain so in perpetuity.

Subject to the limitations set forth above with respect to damage to landscaping and/or hardscaping within the Access Easement area, Grantee shall(1) indemnify, hold harmless, and defend Grantor from and against any and all suits, damages, costs, fees, claims, demands, causes of action, losses, liabilities and expenses (including attorney's fees and other defense costs or liabilities) for bodily injury or property damage arising out of Grantee's use of the Maintenance Easement Area or Access Easement area, except to the extent arising from the sole or active negligence or willful misconduct of Grantor, and (2) except as otherwise provide above, repair at its sole cost and expense any damage to Grantor's Property caused by Grantee's exercise of its rights granted by this Easement.

Prior to undertaking any particular maintenance project within the Maintenance Easement Area, Grantee shall maintain and furnish to Grantor evidence of commercial general liability, comprehensive automobile liability, and worker's compensation insurance meeting the following requirements: Grantee shall maintain or shall cause its contractors to maintain a commercial general liability policy in an amount not less than Two Million Dollars ($2,000,000) combined single limit, including contractual liability, together with a comprehensive automobile liability policy in the amount of One Million Dollars ($1,000,000), combined single limit. Such policy or policies shall be written on an occurrence form. Grantee shall cause to be furnished to Grantor evidence reasonably satisfactory to Grantor that any contractor with whom Grantee has contracted with for the performance of work pursuant to this Easement carries workers' compensation insurance as required by law. Companies writing the insurance required hereunder shall be approved to conduct business in the State of California. Grantee's insurance shall be placed with insurers with a current A.M. Best's rating of no less than A-:VII. Grantee shall furnish appropriate certificate(s) of insurance evidencing the insurance coverage required by Grantor hereunder, and the Grantor and its officers, officials and employees shall be named as additional insured parties under the liability policies required hereunder. Coverage provided

hereunder by Grantee shall be primary insurance and shall not be contributing with any insurance maintained by Grantor, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of Grantor to the extent that such waiver is commonly available with respect to such coverages. Within ten (10) business days following Grantor's written request, Grantee shall deliver, or cause its contractor to deliver, to Grantor certificates evidencing the insurance required hereunder. If Grantee opts to provide such coverage itself rather than through its contractor, Grantee may maintain such commercial general liability insurance coverage and satisfy its insurance obligations under this paragraph, by virtue of Grantee's participation in a joint powers insurance authority, so long as the coverage afforded thereby is at least equivalent to the liability insurance coverage required above.

Grantee shall pay, when due, all persons furnishing labor or materials in connection with any work to be performed by or on behalf of Grantee in the Maintenance Easement Area, and shall keep Grantor's interest in the Maintenance Easement Area and Access Easement area free and clear of any related mechanics' liens.

The rights and obligations contained herein shall inure to the benefit of and be binding upon the successors-in-interest, agents, employees, assigns and transferees of Grantor and Grantee, respectively.

GRANTOR:

GLENROCK BUILDERS, INC., a California corporation

Date: Aug 27, 2014 By: W. Rocke Garcia
W. Rocke Garcia, President

Date: August 27, 2014 By: Glenda Garcia
Glenda Garcia, Vice President

GRANTEE:

SIGNED IN COUNTERPART

CITY OF MORGAN HILL, a municipal corporation of the State of California

Date: _____, 2014 By: _____
Steve Rymer, City Manager

APPROVED AS TO FORM:

_____
Renee Gurza, City Attorney

hereunder by Grantee shall be primary insurance and shall not be contributing with any insurance maintained by Grantor, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of Grantor to the extent that such waiver is commonly available with respect to such coverages. Within ten (10) business days following Grantor's written request, Grantee shall deliver, or cause its contractor to deliver, to Grantor certificates evidencing the insurance required hereunder. If Grantee opts to provide such coverage itself rather than through its contractor, Grantee may maintain such commercial general liability insurance coverage and satisfy its insurance obligations under this paragraph, by virtue of Grantee's participation in a joint powers insurance authority, so long as the coverage afforded thereby is at least equivalent to the liability insurance coverage required above.

Grantee shall pay, when due, all persons furnishing labor or materials in connection with any work to be performed by or on behalf of Grantee in the Maintenance Easement Area, and shall keep Grantor's interest in the Maintenance Easement Area and Access Easement area free and clear of any related mechanics' liens.

The rights and obligations contained herein shall inure to the benefit of and be binding upon the successors-in-interest, agents, employees, assigns and transferees of Grantor and Grantee, respectively.

GRANTOR:

SIGNED IN COUNTERPART

GLENROCK BUILDERS, INC., a California corporation

Date: _____, 2014 By: _____
W. Rocke Garcia, President

Date: _____, 2014 By: _____
Glenda Garcia, Vice President

GRANTEE:

CITY OF MORGAN HILL, a municipal corporation of the State of California

Date: 8/26, 2014 By: _____
Steve Rymer, City Manager

APPROVED AS TO FORM:

_____
Renee Gurza, City Attorney

OAK #4826-0123-6253 v43

ATTEST:

for Irma Torrez, City Clerk

State of CA

County of Santa Clara

On 8/27/14 before me, C. Molotla, Notary Public,

personally appeared W. Rixke Garcia & Glenda Garcia,

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

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

WITNESS my hand and official seal.

Signature (Seal)

C. MOLOTLA
COMM. NO. 1919364
NOTARY PUBLIC – CALIFORNIA
COUNTY OF SANTA CLARA
COMM. EXPIRES JAN. 26, 2015

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of **CALIFORNIA**

County of SANTA CLARA } ss

On August 26th. 2014, before me, Karen Nelson a Notary Public in and for said County and State, personally appeared Stephen Joseph Rymer 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.

Karen Nelson

SIGNATURE OF NOTARY PUBLIC

KAREN NELSON
Commission # 1936553
Notary Public - California
Santa Clara County
My Comm. Expires May 14, 2015

(ABOVE AREA FOR NOTARY SEAL)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interests in real property conveyed by Maintenance and Access Easement dated August 27th, 2014 from Glenrock Builders, Inc., a California corporation, as grantor, to the City of Morgan Hill, a municipal corporation, as grantee, are hereby accepted by the City Manager of the City pursuant to authority conferred by Resolution No. 6892 of the City Council adopted on June 4, 2014, and the City, as grantee, consents to recordation of said easement.

CITY OF MORGAN HILL, a municipal corporation
of the State of California

By: _____
Steve Rymer, City Manager

OAK #4826-0123-6253 v4

ATTACHMENT NO. 1

GRANTOR PROPERTY LEGAL DESCRIPTION

That certain real property located in the City of Morgan Hill, County of Santa Clara, State of California,

BEING ALL OF Lots 1 Thru 9, 15 and 16, together with a portion of Lots 10, and 17 in Block 19 of that certain Map entitled Morgan Hill Ranch Map No. 2, The town of Morgan Hill, being C.H. Phillips sub-division of part of the Rancho Ojo Agua De La Coche, recorded in Book "G" of Maps, at page 19, Santa Clara County Records and described as follows:

BEGINNING at the most Easterly corner of Lot 7 in Block 19 as said Lots and Block are shown upon the said Ranch Map. Coincident with the Westerly line of Depot Street and the Northerly line of Fourth Street; thence running along said Westerly line of Depot Street North 39°21'24" West 281.08 feet, to the most Northerly corner of Lot 1 of said Ranch Map, said point being the Southerly line of Third Street (Formerly Nob Hill Avenue); thence running along said Southerly line of Third Street, South 55°08'00" West 244.70 feet, also being North 55°08'00" East 100.11 feet from the most Northerly corner of Parcel 1 of that certain Lot line Adjustment Parcel Map recorded in Book 595 of Maps at Page 1, Santa Clara County Records; thence leaving said Southerly line South 34°47'35" East 280.22 feet to a point on the Northerly line of Fourth Street, said point being North 55°07'55" East 60.00 feet from the most Easterly corner of the City of Morgan Hill property per Doc. #22256768; thence running along said Northerly line of Fourth Street North 55°07'55" East 267.06 feet to the **POINT OF BEGINNING.**

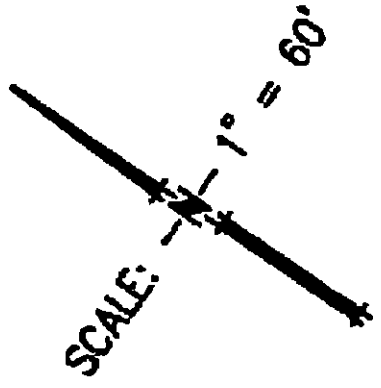
Containing 71,702 square feet or 1.646 acres more or less.

END OF DESCRIPTION.

See plat accompanying legal description attached hereto and made a part hereof.

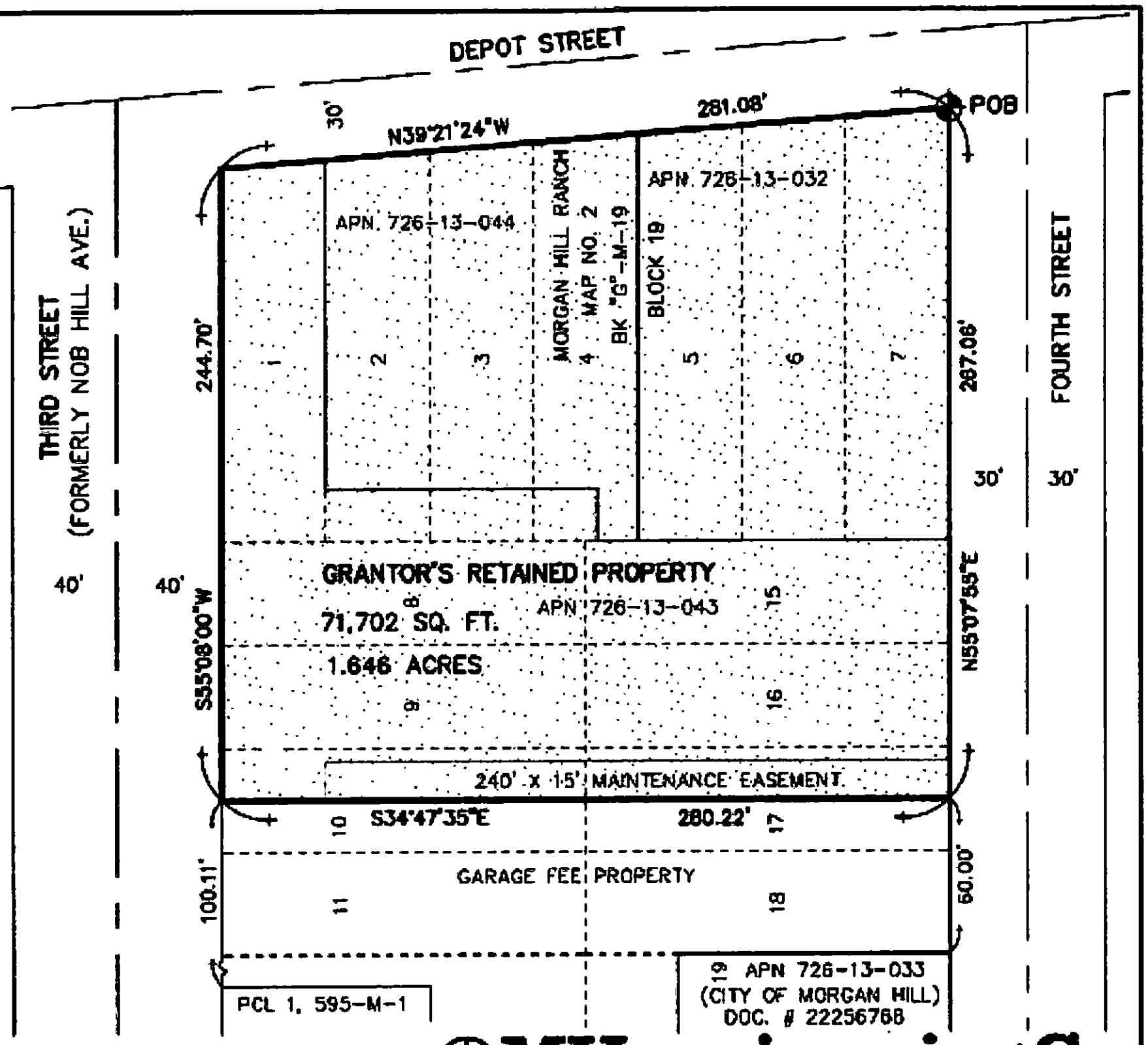
PLAT TO ACCOMPANY LEGAL DESCRIPTION FOR THE GRANTOR'S RETAINED PROPERTY. BEING ALL OF LOTS 1 THRU 9, 15 AND 16, TOGETHER WITH A PORTION OF LOTS 10 AND 17 IN BLOCK 19 AS SHOWN UPON THAT CERTAIN MAP RECORDED IN BOOK "G" OF MAPS AT PAGE 19.





SCALE: 1"=60'

0 10 20 30 40 50 60 120



MH engineering Co.
16075 Vineyard Boulevard Morgan Hill, CA 95037
408-779-7381 office 408-226-5712 fax

214019

L:\Projects2002\214019\dwg\214019-GRANTORS PROPERTY.dwg 08/26/2014 05:21:36 PM PDT

ATTACHMENT NO. 2

GRANTEE PROPERTY LEGAL DESCRIPTION

That certain real property located in the City of Morgan Hill, County of Santa Clara, State of California,

BEING ALL OF Lots 11, 12, 13 and 18, together with a portion of Lots 10, 14, 17, 19 and 20 in Block 19 of that certain Map entitled Morgan Hill Ranch Map No. 2, The town of Morgan Hill, being C.H. Phillips sub-division of part of the Rancho Ojo Agua De La Coche, recorded in Book "G" of Maps, at page 19, Santa Clara County Records and **BEING ALL OF** Parcel One, as delineated upon that certain Map entitled, "Lot Line Adjustment Parcel Map" filed for record in Book 595 of Maps at page 1, Santa Clara County Records, described as follows:

BEGINNING at a point on the Northerly Line of Fourth Street at the common corners of Lots 18 and 19 in Block 19 as said Lots and Block are shown upon the said Ranch Map, also being the Southeasterly corner of Deed No. 22256768 granted to the City of Morgan Hill from Morgan Hill Economic Development Corporation recorded June 10, 2013 Santa Clara County Records; thence running along said Northerly Line North 55°07'55" East 60.00 feet, thence leaving said Line North 34°47'35" West 280.22 feet more or less to the Southerly Line of Third Street (formerly Nob Hill Avenue); thence along said Southerly Line South 55°08'00" West 155.11 feet more or less to the Northwesterly corner of Parcel One of said Lot Line Adjustment Parcel Map; thence leaving said Southerly Line and along Parcel One's Northwesterly line South 34°51'21" East 80.05; thence South 55°07'46" West 25.13 feet to a point on the Westerly Line of Lot 14 also being the Easterly common Corners of Lots 23 and 24; thence along the Westerly line of Lot 14 South 34'50'27 East 60.05 feet more or less to the Southwesterly corner of Lot 14; thence North 55°07'58" East 40.02 feet to the common Corners of Lots 13, 14, 20 and 21; thence running along the common line of Lots 20 and 21 South 34°49'44" East 35.00 feet to the Northwesterly Comer of Deed No. 22256768; thence along said Northerly Deed Line North 55°07'58" East 80.03 feet to a point on the common line between Lots 18 and 19; thence along said common line South 34°48'18" East 105.11 feet to the **POINT OF BEGINNING.**

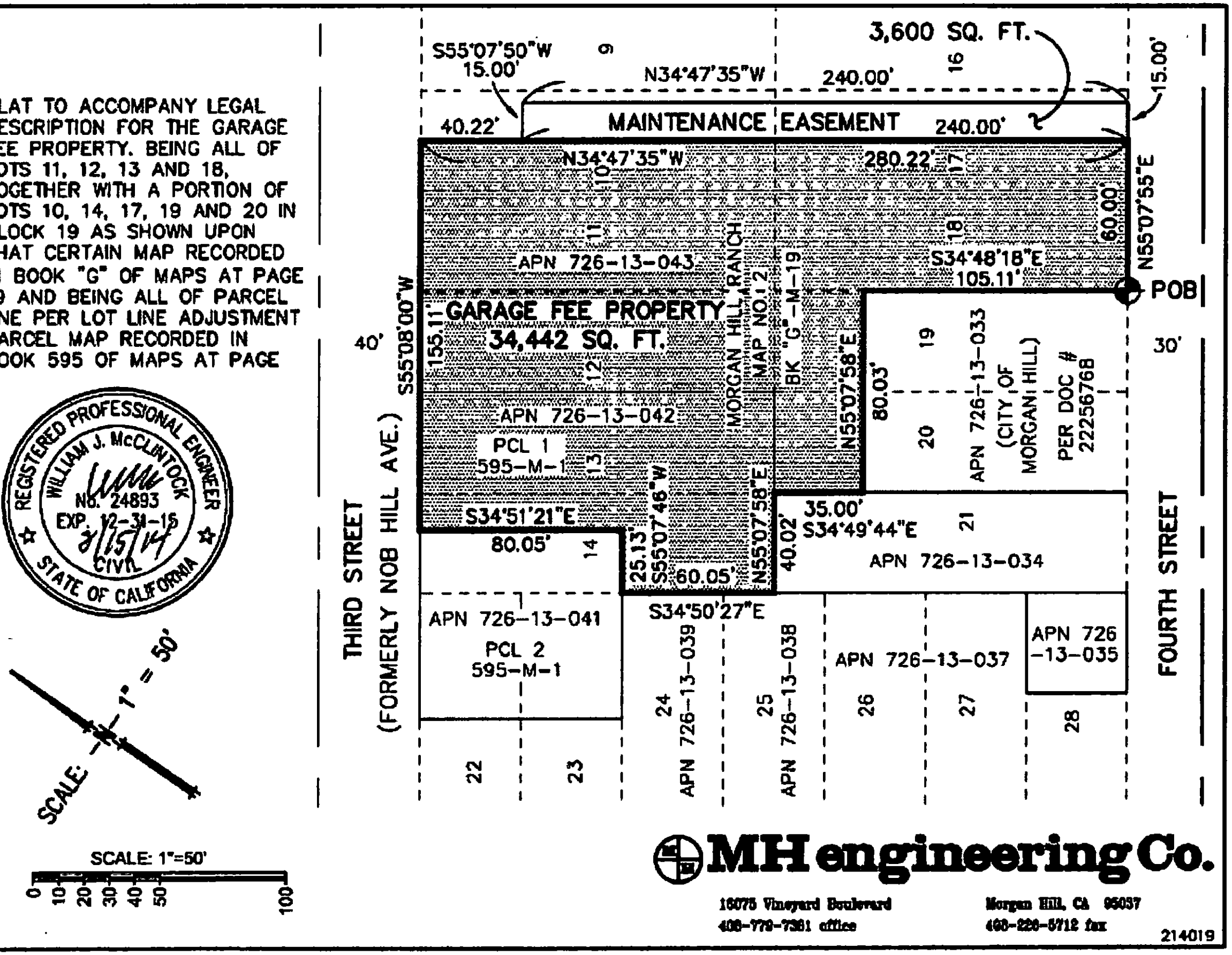
Containing 34,442 square feet or 0.791 acres more or less.

END OF DESCRIPTION.

See plat accompanying legal description attached hereto and made a part hereof.

PLAT TO ACCOMPANY LEGAL DESCRIPTION FOR THE GARAGE FEE PROPERTY. BEING ALL OF LOTS 11, 12, 13 AND 18, TOGETHER WITH A PORTION OF LOTS 10, 14, 17, 19 AND 20 IN BLOCK 19 AS SHOWN UPON THAT CERTAIN MAP RECORDED IN BOOK "G" OF MAPS AT PAGE 19 AND BEING ALL OF PARCEL ONE PER LOT LINE ADJUSTMENT PARCEL MAP RECORDED IN BOOK 595 OF MAPS AT PAGE 1.

REGISTERED PROFESSIONAL ENGINEER
WILLIAM J. McCLINTOCK
No. 24893
EXP. 12-31-15
CIVIL
STATE OF CALIFORNIA
2/15/14



SCALE: 1" = 50'

SCALE: 1"=50'
0 10 20 30 40 50 100

MH engineering Co.

16075 Vineyard Boulevard
408-779-7381 office
Morgan Hill, CA 95037
408-226-0712 fax

214019

L:\Projects2002\214019\dwg\214019-GARAGE FEE PROPERTY.dwg 08/15/2014 05:21:36 PM PDT

ATTACHMENT NO. 3

MAINTENANCE EASEMENT AREA

That certain real property located in the City of Morgan Hill, County of Santa Clara, State of California,

BEING A PORTION OF Lots 10 and 17 in Block 19 of that certain Map entitled Morgan Hill Ranch Map No. 2, The town of Morgan Hill, being C.H. Phillips sub-division of part of the Rancho Ojo Agua De La Coche, recorded in Book "G" of Maps, at page 19, Santa Clara County Records, described as follows:

COMMENCING at a point on the Northerly Line of Fourth Street at the common corners of Lots 18 and 19 in Block 19 as said Lots and Block are shown upon the Map hereinafter referred to, also being the Southeasterly corner of Deed No. 22256768 granted to the City of Morgan Hill from Morgan Hill Economic Development Corporation recorded June 10, 2013 Santa Clara County Records; thence running along said Northerly Line North 55°07'55" East 60.00 feet to the **POINT OF BEGINNING**; thence continuing along said Line North 55°07'55" East 15.00 feet; thence leaving said Line North 34°47'35" West 240.00 feet; thence South 55°07'50" West 15.00 feet; thence South 34°47'35" East 240.00 feet to the **POINT OF BEGINNING.**

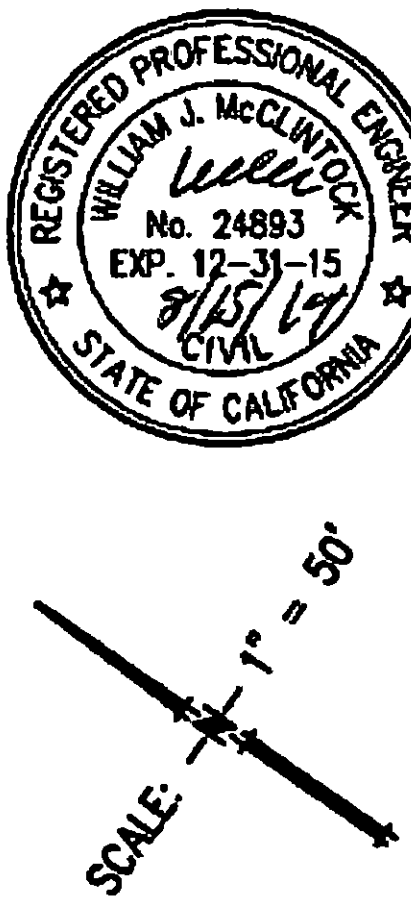
Containing 3,600 square feet or 0.083 acres more or less.

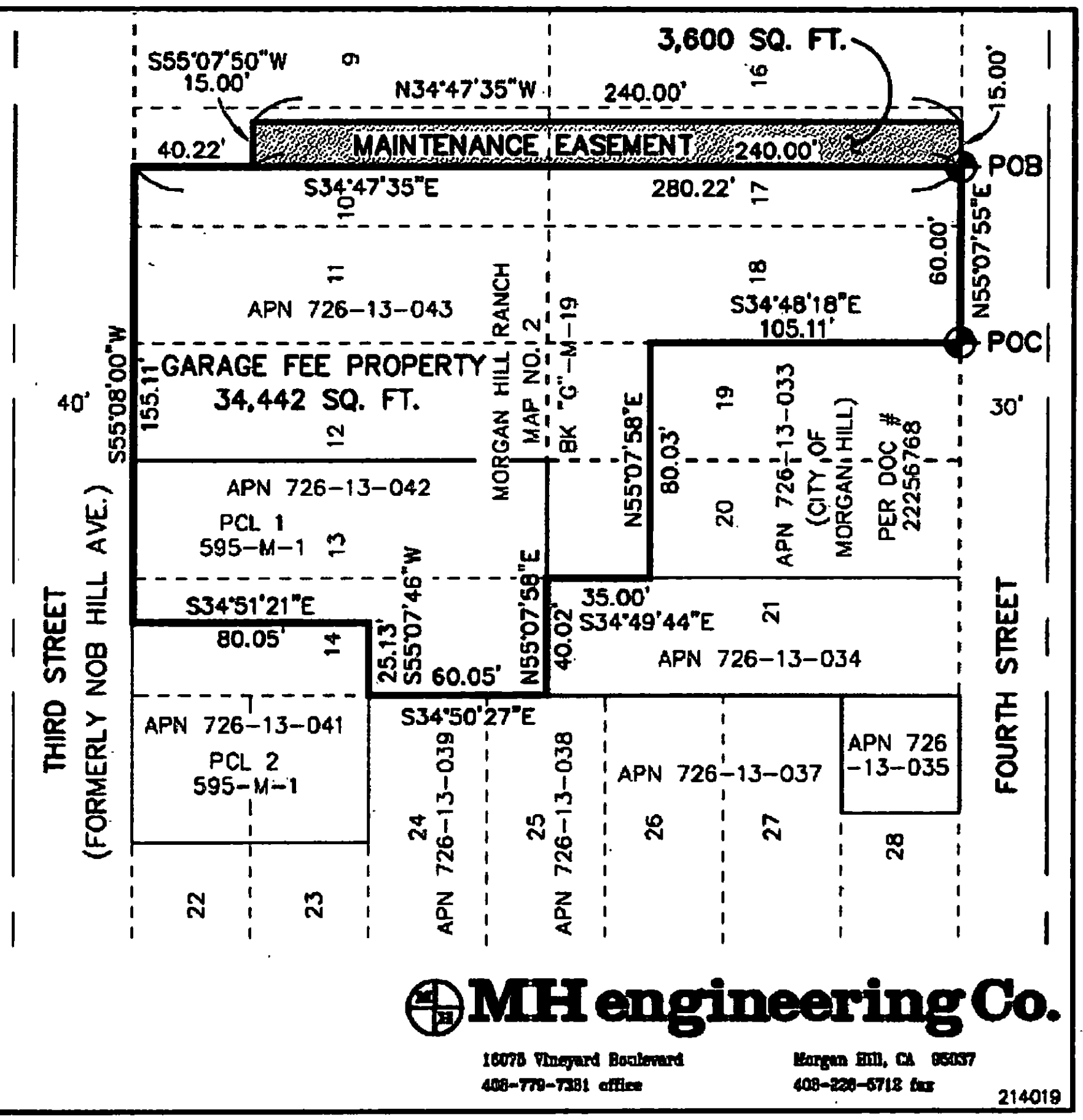
END OF DESCRIPTION.

See plat accompanying legal description attached hereto and made a part hereof.

PLAT TO ACCOMPANY LEGAL DESCRIPTION FOR THE MAINTENANCE EASEMENT. BEING A PORTION OF LOTS 10 AND 17 IN BLOCK 19 AS SHOWN UPON THAT CERTAIN MAP RECORDED IN BOOK "G" OF MAPS AT PAGE 19.

REGISTERED PROFESSIONAL ENGINEER
WILLIAM J. McCLINTOCK
No. 24893
EXP. 12-31-15
CIVIL
STATE OF CALIFORNIA





SCALE: 1"=50'
0 10 20 30 40 50 100

MH engineering Co.

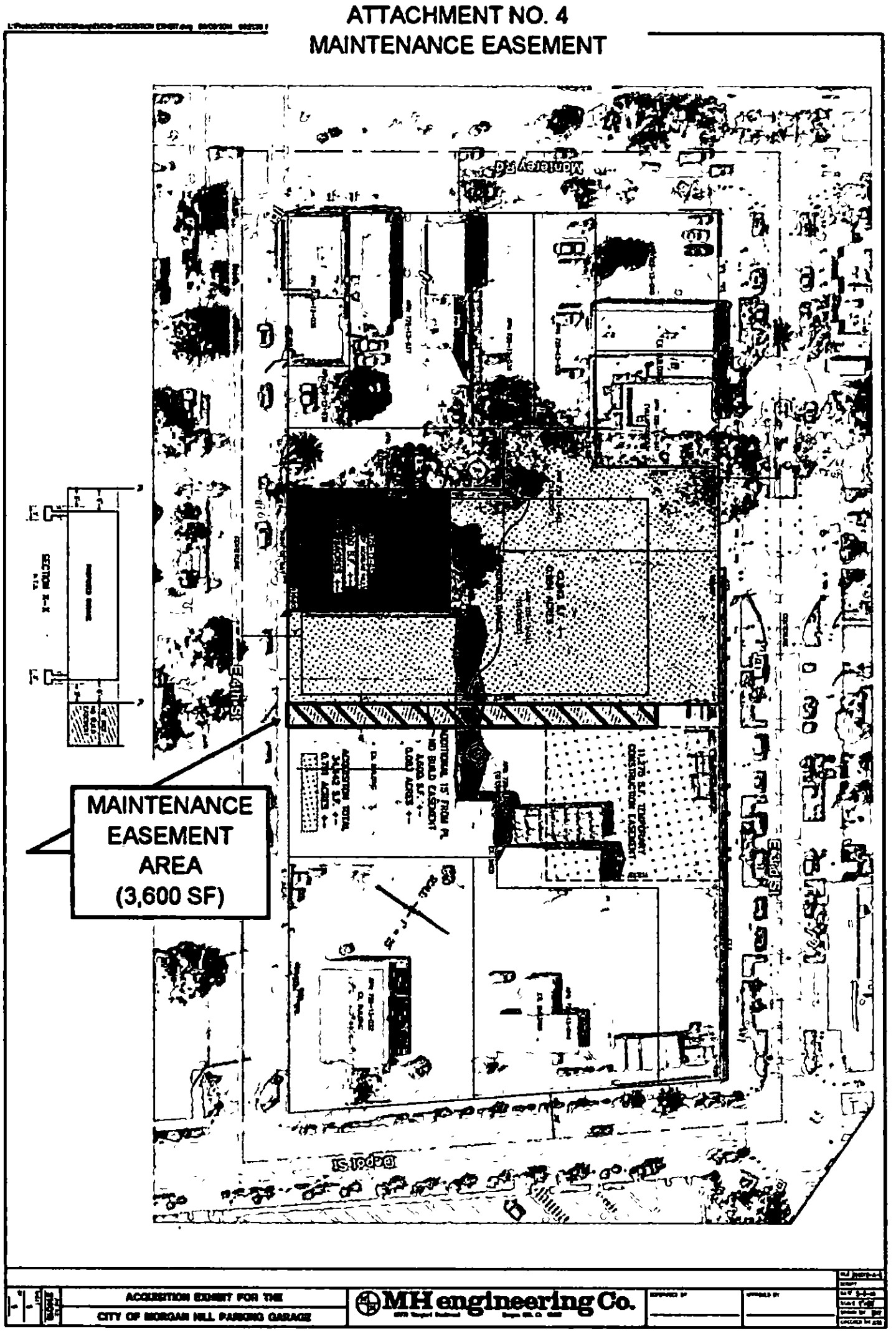
16075 Vineyard Boulevard, Morgan Hill, CA 95037
408-779-7381 office 408-226-6712 fax

214019

L:\Projects2002\214019\dwg\214019-MAINTENANCE EASEMENT.dwg 08/15/2014 05:21:36 PM PDT

ATTACHMENT NO. 4

DIAGRAM DEPICTING MAINTENANCE EASEMENT AREA



OAK #4826-0123-6253 v4

Maintenance Easement Exhibit

for Sunsweet Morgan Hill, LLC

City of Morgan Hill, County of Santa Clara, State of California

as described in the Preliminary Title Report

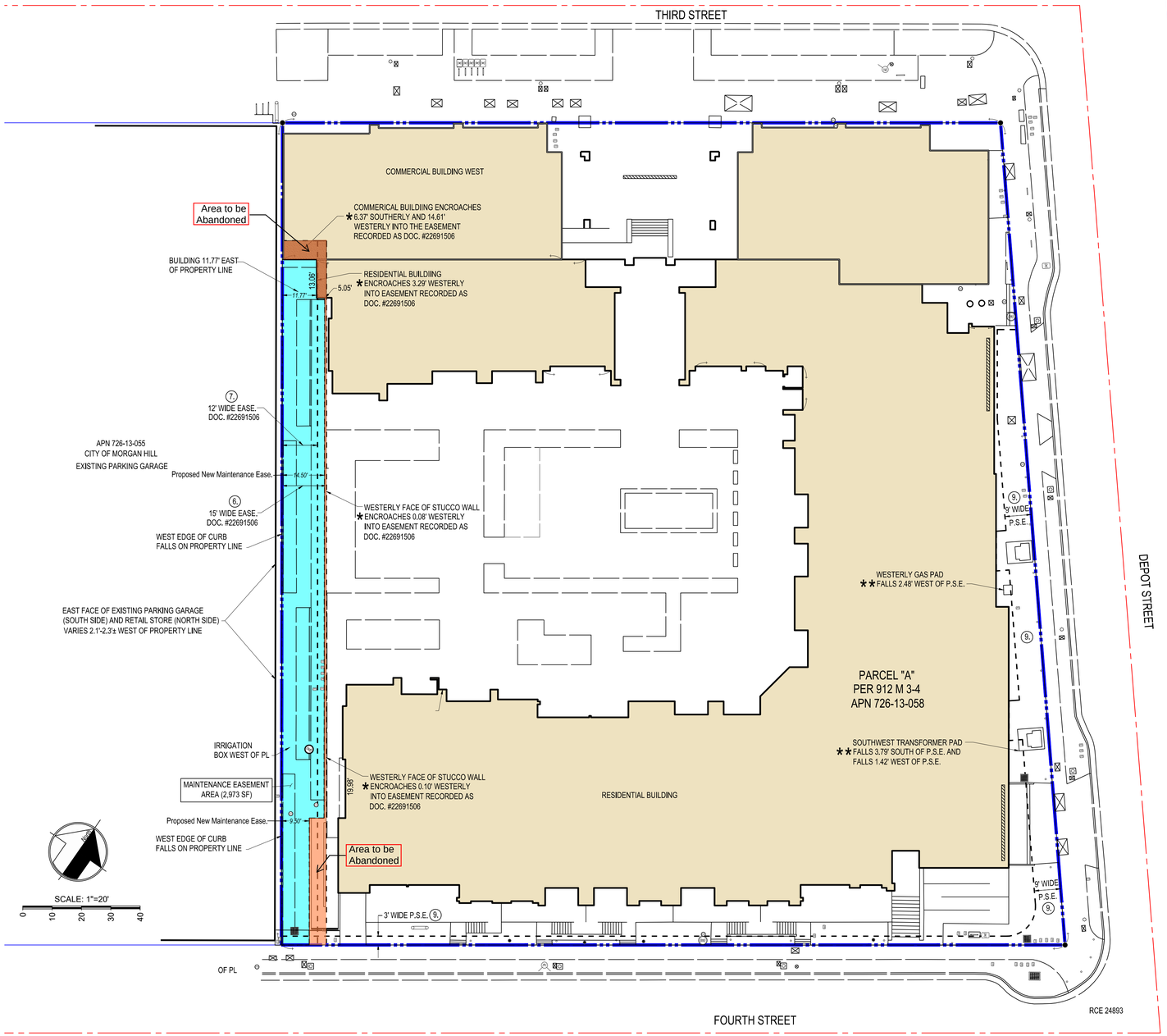
prepared by: Chicago Title Company

Order No.: 98203963-982-SK-KC, dated May 13, 2021

Date of ALTA/NSPS Land Title Survey: July 8, 2021

EASEMENT LEGEND

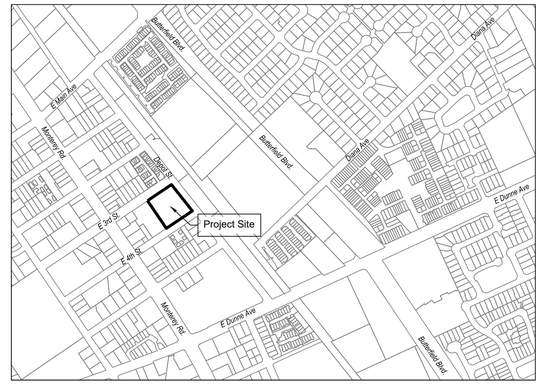
PRELIM ITEM # -	DESCRIPTION
(6.)	"GRANT OF MAINTENACE AND ACCESS EASEMENT" 15' WIDE MAINTENANCE EASEMENT GRANTED TO THE CITY OF MORGAN HILL, RECORDED AS DOC #22691506
(7.)	"ACCESS EASEMENT" 12' WIDE ACCESS EASEMENT GRANTED TO THE CITY OF MORGAN HILL, RECORDED AS DOC #22691506
(9.)	"PUBLIC SERVICE EASEMENT" PER 912 M 3-4, 3' WIDE P.S.E. ALONG FOUTH STREET 9' WIDE P.S.E. AND VARIES ALONG DEPOT STREET



LEGEND & ABBREVIATIONS

- UNDERGROUND UTILITY VAULT
- IRRIGATION CONTROL VALVE
- ELECTROLIER
- DRAINAGE INLET
- WATER VALVE
- AREA DRAIN
- DOUBLE DETECTOR CHECK VALVE (SIZE VARIES)
- DOUBLE DETECTOR CHECK VALVE (SIZE VARIES)
- UTILITY BOX
- SANITARY SEWER CLEANOUT
- STORM DRAIN MANHOLE
- SANITARY SEWER MANHOLE
- WATER METER
- BOLLARD
- FIRE HYDRANT
- INTERCEPTOR MANHOLE

EASE	EASEMENT
MB	MAILBOX
PL	PROPERTY LINE
P.S.E.	PUBLIC SERVICE EASEMENT
*	OBSERVED ENCROACHMENTS
**	POSSIBLE ENCROACHMENTS NOT KNOWN IF UTILITIES SHOWN SERVICE THE PUBLIC OR THE SUBJECT PROPERTY



Boundary, Topography and Utilities

MH engineering Co.
16075 Vineyard Boulevard
Morgan Hill, CA 95037
(408) 779-7381

Maitenance Easement Exhibit
for Sunsweet Morgan Hill, LLC
City of Morgan Hill, County of Santa Clara, State of California

No.	Revisions

Date: 6-3-2026
Scale: 1"=40'
Design: -
Drawn: EHY/DEY
Approved: WJM
Job No.: 221092

1 OF 1

Exhibit "A"

Legal Description of a Maintenance Easement Area

That certain real property located in the City of Morgan Hill, County of Santa Clara, State of California,

BEING A PORTION OF Parcel A as said Parcel is shown on that certain Parcel Map, entitled "Lot Merger Parcel Map" recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records described as follows:

POINT OF BEGINNING is the Southern most corner of Parcel A at a point lying on the northwesterly right of way line of Fourth Street as said Parcel A and Fourth Street are shown on that certain Parcel Map entitled "Lot Merger Parcel Map" and recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records; thence from said **POINT OF BEGINNING** along the said northwesterly line of Fourth Street North 55° 08' 00" East, 9.50 feet; thence leaving said Line North 34° 47' 30" West, 43.24 feet; thence North 55° 08' 00" East, 5.00 feet; thence North 34° 47' 30" West, 177.34 feet, thence South 55° 08' 00" West, 2.73 feet, thence North 34° 47' 30" West, 13.06 feet, thence South 55° 08' 00" West, 11.77 feet, to a point on the southwesterly line of said Parcel A; thence along said southwesterly line South 34° 47' 30" East, 233.64 feet to the **POINT OF BEGINNING** containing 3,136 square feet or 0.072 acres of land, more or less.

END OF DESCRIPTION

See **Exhibit "B"** plat to accompany, attached hereto and made a part hereof

This description was prepared by me or under my direction in conformance with the requirements of the Professional Land Surveyor's Act.

William J. McClintock 7/22/2026

William J. McClintock, RCE 24893 Date
Expires 12/31/2027



MH engineering Co.
16075 VINEYARD BOULEVARD MORGAN HILL, CA 95037 (408) 779-7381

SCALE: N/A	JOB #: 221092	SHEET
DRAWN BY: AC	DATE: 6-5-26	1 of 2

L:\Projects\Bill\221092 Republic-Urban Properties - ALTA - 3rd Street (Sunsweet 216133)\dwg\221092 Maintenance Easement Area Exhibit.dwg - 7/22/2026 12:06 PM - Plotted 7/22/2026 12:07 PM by Angel Cortes Flores
Xrefs: 221092 2D-Existing; 216133 TP; 221092 Points; 221092 Vicinity Map; 221092 HATCH EX

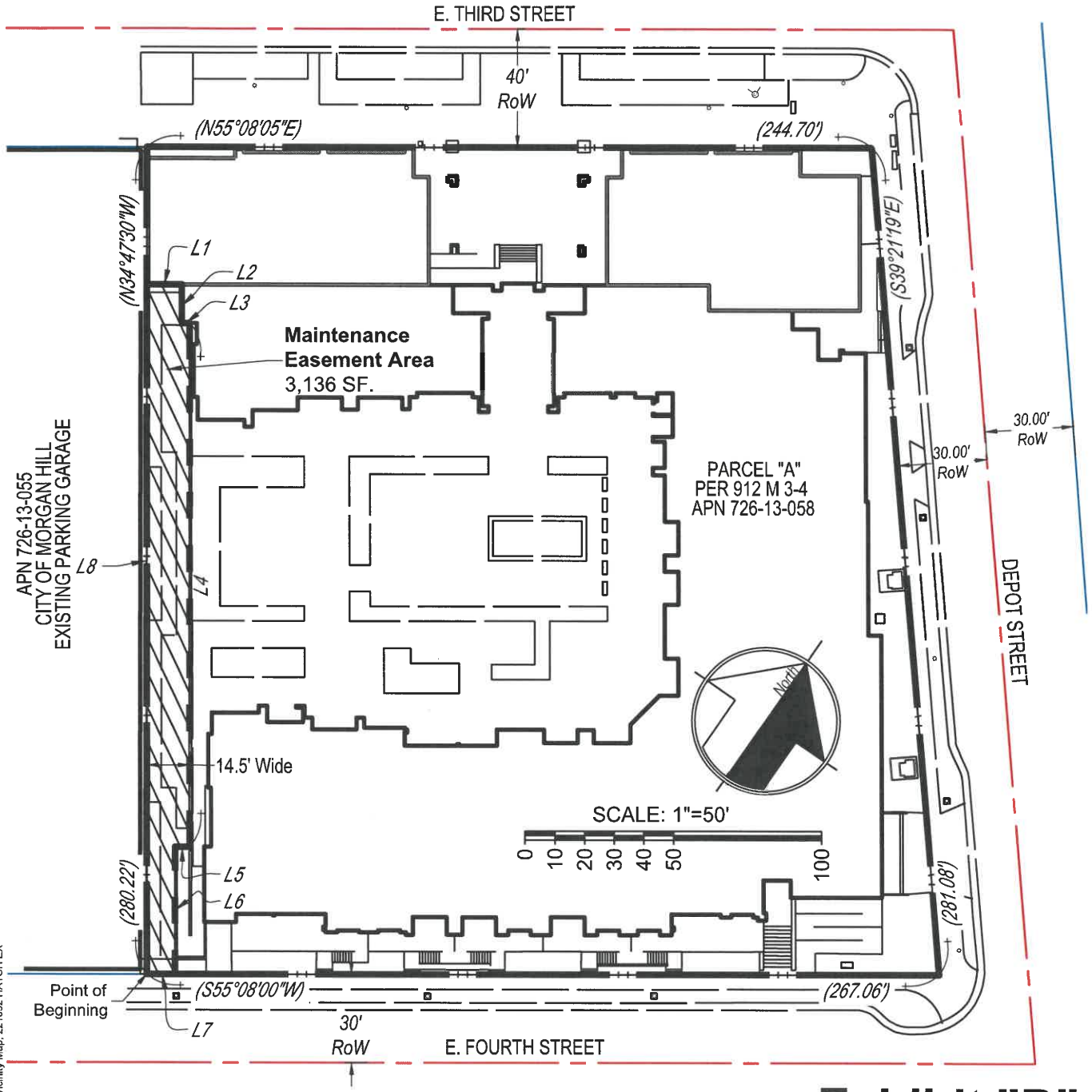


Exhibit "B"

Plat to accompany Legal Description for the Maintenance Easement. Being a Portion of Parcel A as said Parcel is shown on that certain Parcel Map, entitled "Lot Merger Parcel Map recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records

REGISTERED PROFESSIONAL ENGINEER
WILLIAM J. McCLINTOCK
No. 24893
EXP. 12-31-2027
7-22-26
STATE OF CALIFORNIA

Line Table		
#	Direction	Length
L1	S55°08'00"W	11.77'
L2	N34°47'30"W	13.06'
L3	S55°08'00"W	2.73'
L4	N34°47'30"W	177.34'

Line Table		
#	Direction	Length
L5	S55°08'00"W	5.00'
L6	N34°47'30"W	43.24'
L7	N55°08'00"E	9.50'
L8	S34°47'30"E	233.64'

MH engineering Co.
16075 VINEYARD BOULEVARD MORGAN HILL, CA 95037 (408) 779-7381

SCALE: as noted	JOB #: 221092	SHEET
DRAWN BY: AC	DATE: 6-5-26	2 of 2

L:\Projects\Bill\221092 Republic-Urban Properties - ALTA - 3rd Street (Sunsweet 216133)\dwg\221092 Maintenance Easement Area Exhibit.dwg - 7/22/2026 12:06 PM - Plotted 7/22/2026 12:07 PM by Angel Cortes Flores
Xrefs: 221092 2D-Existing; 216133 TP; 221092 Points; 221092 Vicinity Map; 221092 HATCH EX

Exhibit "A"

Legal Description of an Access Easement Area

That certain real property located in the City of Morgan Hill, County of Santa Clara, State of California,

BEING A PORTION OF Parcel A as said Parcel is shown on that certain Parcel Map, entitled "Lot Merger Parcel Map" recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records described as follows:

POINT OF BEGINNING is the Southern most corner of Parcel A at a point lying on the northwesterly right of way line of Fourth Street as said Parcel A and Fourth Street are shown on that certain Parcel Map entitled "Lot Merger Parcel Map" and recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records; thence from said **POINT OF BEGINNING** along the said northwesterly line of Fourth Street North 55° 08' 00" East, 9.50 feet; thence leaving said Line North 34° 47' 30" West, 43.24 feet; thence North 55° 08' 00" East, 2.50 feet; thence North 34° 47' 30" West, 177.34 feet, thence South 55° 08' 00" West, 0.23 feet, thence North 34° 47' 30" West, 13.06 feet, thence South 55° 08' 00" West, 11.77 feet, to a point on the southwesterly line of said Parcel A; thence along said southwesterly line South 34° 47' 30" East, 233.64 feet to the **POINT OF BEGINNING** containing 2,692 square feet or 0.062 acres of land, more or less.

END OF DESCRIPTION

See **Exhibit "B"** plat to accompany, attached hereto and made a part hereof

This description was prepared by me or under my direction in conformance with the requirements of the Professional Land Surveyor's Act.

William J. McClintock, RCE 24893
Expires 12/31/2027

7/22/2026
Date

REGISTERED PROFESSIONAL ENGINEER
WILLIAM J. McCLINTOCK
No. 24893
EXP. 12-31-2027
STATE OF CALIFORNIA

MH engineering Co.
16075 VINEYARD BOULEVARD MORGAN HILL, CA 95037 (408) 779-7381

SCALE: N/A	JOB #: 221092	SHEET
DRAWN BY: AC	DATE: 6-5-26	1 of 2

L:\Projects\Bill\221092 Republic-Urban Properties - ALTA - 3rd Street (Sunsweet 216133)\dwg\221092 Access Easement Area Exhibit.dwg - 7/22/2026 12:06 PM - Plotted 7/22/2026 12:06 PM by Angel Cortes Flores
Xrefs: 221092 2D-Existing; 216133 TP; 221092 Points; 221092 Vicinity Map; 221092 HATCH EX

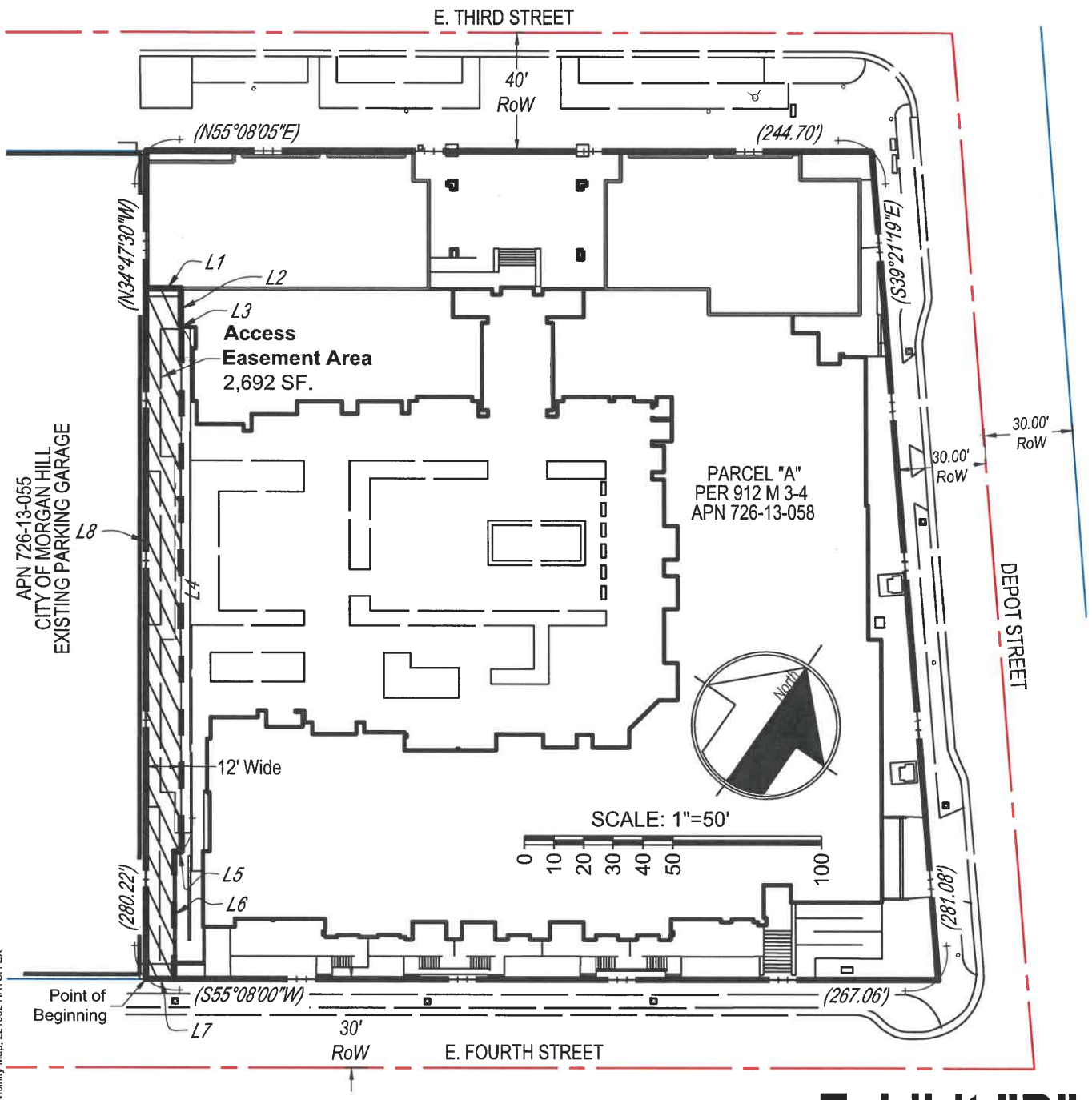


Exhibit "B"

Plat to accompany Legal Description for the Access Easement. Being a Portion of Parcel A as said Parcel is shown on that certain Parcel Map, entitled "Lot Merger Parcel Map recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records

REGISTERED PROFESSIONAL ENGINEER
WILLIAM J. McCLINTOCK
No. 24893
EXP. 12-31-2027
7-22-26
STATE OF CALIFORNIA

Line Table		
#	Direction	Length
L1	S55°08'00"W	11.77'
L2	N34°47'30"W	13.06'
L3	S55°08'00"W	0.23'
L4	N34°47'30"W	177.34'

Line Table		
#	Direction	Length
L5	S55°08'00"W	2.50'
L6	N34°47'30"W	43.24'
L7	N55°08'00"E	9.50'
L8	S34°47'30"E	233.64'

MH engineering Co.
16075 VINEYARD BOULEVARD MORGAN HILL, CA 95037 (408) 779-7381

SCALE: as noted	JOB #: 221092	SHEET
DRAWN BY: AC	DATE: 6-5-26	2 of 2

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Xrefs: 221092 2D-Existing; 216133 TP; 221092 Points; 221092 Vicinity Map; 221092 HATCH EX

RECORDING REQUESTED BY:
CITY OF MORGAN HILL

WHEN RECORDED MAIL DOCUMENT TO:
CITY CLERK
CITY OF MORGAN HILL
17575 PEAK AVENUE
MORGAN HILL, CA 95037

RECORD AT NO FEE PER GOVERNMENT CODE §27383

APN: 726-13-058

SPACE ABOVE THIS LINE FOR RECORDER'S USE

AMENDMENT TO GRANT OF MAINTENANCE AND ACCESS EASEMENT

THIS AMENDMENT TO GRANT OF MAINTENANCE AND ACCESS EASEMENT (this "**Amendment**") is made as of this _____ day of _____, 2026, by and between SUNSWEET MORGAN HILL DEVELOPMENT LLC, a Delaware limited liability company, as successor-in-interest to Glenrock Builders, Inc., a California corporation ("**Grantor**"), whose address is c/o Republic Urban Properties LLC, 1098 Lincoln Avenue, Suite 200, San Jose, CA 95125, and CITY OF MORGAN HILL, a California municipal corporation, as grantee ("**Grantee**"), whose address is 17575 Peak Avenue, Morgan Hill, CA 95037. Grantee and Grantor may each be referred to herein as a "Party" and may be collectively referred to herein as the "Parties".

RECITALS

A. Glenrock Builders, Inc., a California corporation ("**Original Grantor**") and Grantee entered into that certain Grant of Maintenance and Access Easement made August 27, 2014 and recorded in the land records of the County of Santa Clara, California (the "**Land Records**") as Document #22691506 on August 29, 2014 (the "**Easement**"; all capitalized terms used but not defined in this Amendment shall have the meaning given to such terms in the Easement) in which Grantor granted two easements to Grantee over and across real property that was at such time vacant land, owned by Grantor located in the City of Morgan Hill, County of Santa Clara, State of California, more particularly described in Exhibit A attached hereto and incorporated herein ("**Grantor's Property**").

B. Subsequent to the execution and delivery of the Easement, Original Grantor transferred Grantor's Property to Grantor pursuant to that certain Grant Deed dated March 8, 2018 and recorded in the Land Records on March 15, 2018 as Document #23888541.

C. Grantor's Property has been improved with a mixed-use apartment building.

D. The Parties wish to amend the Easement to revise the description of the location of the Maintenance Easement Area and the Access Easement Area to align with the as-built configuration of the improvements that now exist on Grantor's Property. The as-built configuration of the improvements that now exist on Grantor's Property has resulted in a reduction of the Maintenance Easement Area by 464 square feet and a reduction of the Access Easement Area by 188 square feet.

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein, the Parties hereby grant, covenant and agree as follows:

1. Recitals. The Recitals set forth above are hereby incorporated herein by reference.

2. Amendment to Easement. The Easement is hereby amended as follows:

(a) The description of the easements set forth in the first paragraph of the Easement under the heading "AGREEMENTS" is deleted in its entirety and replaced with the following:

> "(i) a perpetual, non-exclusive maintenance and vehicular and workmen access easement ("**Maintenance Easement**") in, on, over, under, along, through and across that portion of Grantor's Property depicted in Attachment No. 3 attached hereto and incorporated by reference (the "**Maintenance Easement Area**") and (ii) a perpetual, non-exclusive ingress, egress and access easement ("**Access Easement**") over and across that portion of Grantor's Property depicted in Attachment No. 4 attached hereto and incorporated by reference (the "**Access Easement Area**") to enable Grantee and its contractors to transport vehicles, equipment and material to and from Fourth Street and the Maintenance Easement Area."

(b) Attachment No. 3 to the Easement is hereby deleted in its entirety and replaced with Exhibit B of this Amendment. Each reference to "Attachment No. 3" in the Easement shall be construed as a reference to Exhibit B of this Amendment. For the avoidance of doubt, the reference to "Attachment No. 3" in Section 2(a) above shall be construed as a reference to Exhibit B of this Amendment.

(c) Attachment No. 4 to the Easement is hereby deleted in its entirety and replaced with Exhibit C of this Amendment. Each reference to "Attachment No. 4" in the Easement shall be construed as a reference to Exhibit C of this Amendment. For the avoidance of doubt, the reference to "Attachment No. 4" in section 2(a) above shall be construed as a reference to Exhibit C of this Amendment.

3. Grantee Representation. Grantee hereby represents, warrants and covenants that the as-built configuration of the improvements on Grantor's Property does not and shall not constitute a default, breach, or violation of the Easement by Grantor or its successors and Grantee's rights of access under the Easement have not at any time been impaired by the as-built configuration of the improvements on Grantor's Property. Further, Grantee hereby releases Grantor and its successors from any claims, damages or causes of action now or in the future that

the physical condition of the areas in which the Maintenance Easement and Access Easement were located prior to the date hereof was inconsistent with the rights granted to Grantee under the Easement.

4. Compensation: In consideration of the reduced square footage of the Maintenance Easement Area and Access Easement Area, Grantor agrees to compensate Grantee with a one-time, non-refundable lump sum fee of **Five Thousand Two Hundred Sixteen Dollars ($5,216)** representing the agreed-upon fair market value of the reduced Easement Areas. Payment shall be made via certified funds to Grantee prior to, and as a strict condition precedent to, the recordation of this Amendment.

5. Severability. If any provision of this Amendment, or portion thereof, or the application thereof to any person or circumstances, is to any extent held invalid, inoperative or unenforceable, the remainder of this Amendment, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby. Any such invalid provision shall not affect the consideration for this Amendment, and each provision of this Amendment shall be valid and enforceable to the fullest extent permitted by law.

6. Governing Law. This Amendment shall be construed in accordance with the laws of the State of California.

7. Binding Effect. This Amendment shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

8. Recordation. This Amendment shall be recorded in the Land Records to provide all third parties record notice of the existence of this Amendment and the rights and obligations set forth herein.

9. Ratification and Conflicting Provisions. Except as expressly modified by this Amendment, the Easement shall remain in full force and effect. In the event of an inconsistency between the terms of this Amendment and the Easement, the terms and provisions of this Amendment shall control. Except as otherwise specifically defined herein, all capitalized terms contained herein shall have the meanings ascribed to such terms in the Easement.

10. Counterparts. This Amendment may be executed in several counterparts, all of which shall constitute one and the same document.

[*Signature appears on next page*]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed as of the date first noted above.

GRANTOR:

SUNSWEET MORGAN HILL DEVELOPMENT LLC, a Delaware limited liability company

By: SUNSWEET MORGAN HILL LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Name: Michael R. Van Every
Title: Authorized Officer

GRANTEE:

CITY OF MORGAN HILL,
a municipal corporation of the State of California

By: _____
Name: Christina Turner
Title: City Manager

APPROVED AS TO FORM:

By: _____
Name: Elisa Tolentino
Title: City Attorney

[Signature Page to Amendment]

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 _____)
) §
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

_____
Signature of Notary

(Affix seal here)

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 _____)
) §
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

_____
Signature of Notary

(Affix seal here)

Exhibit A

Legal Description of Grantor's Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MORGAN HILL, IN THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel A, as shown on the Map entitled, "Lot Merger Parcel Map", filed for record March 12, 2018, in Book 912, of Maps at Page(s) 3 - 4, Santa Clara County Records.

APN: 726-13-058

Exhibit B

Legal Depiction of Maintenance Easement Area

[*See attached*.]

Exhibit "A"

Legal Description of a Maintenance Easement Area

That certain real property located in the City of Morgan Hill, County of Santa Clara, State of California,

BEING A PORTION OF Parcel A as said Parcel is shown on that certain Parcel Map, entitled "Lot Merger Parcel Map" recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records described as follows:

POINT OF BEGINNING is the Southern most corner of Parcel A at a point lying on the northwesterly right of way line of Fourth Street as said Parcel A and Fourth Street are shown on that certain Parcel Map entitled "Lot Merger Parcel Map" and recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records; thence from said **POINT OF BEGINNING** along the said northwesterly line of Fourth Street North 55° 08' 00" East, 9.50 feet; thence leaving said Line North 34° 47' 30" West, 43.24 feet; thence North 55° 08' 00" East, 5.00 feet; thence North 34° 47' 30" West, 177.34 feet, thence South 55° 08' 00" West, 2.73 feet, thence North 34° 47' 30" West, 13.06 feet, thence South 55° 08' 00" West, 11.77 feet, to a point on the southwesterly line of said Parcel A; thence along said southwesterly line South 34° 47' 30" East, 233.64 feet to the **POINT OF BEGINNING** containing 3,136 square feet or 0.072 acres of land, more or less.

END OF DESCRIPTION

See **Exhibit "B"** plat to accompany, attached hereto and made a part hereof

This description was prepared by me or under my direction in conformance with the requirements of the Professional Land Surveyor's Act.

William J. McClintock 7/22/2026

William J. McClintock, RCE 24893 Date
Expires 12/31/2027



MH engineering Co.
16075 VINEYARD BOULEVARD MORGAN HILL, CA 95037 (408) 779-7381

SCALE: N/A	JOB #: 221092	SHEET
DRAWN BY: AC	DATE: 6-5-26	1 of 2

L:\Projects\Bill\221092 Republic-Urban Properties - ALTA - 3rd Street (Sunsweet 216133)\dwg\221092 Maintenance Easement Area Exhibit.dwg - 7/22/2026 12:06 PM - Plotted 7/22/2026 12:07 PM by Angel Cortes Flores
Xrefs: 221092 2D-Existing; 216133 TP; 221092 Points; 221092 Vicinity Map; 221092 HATCH EX

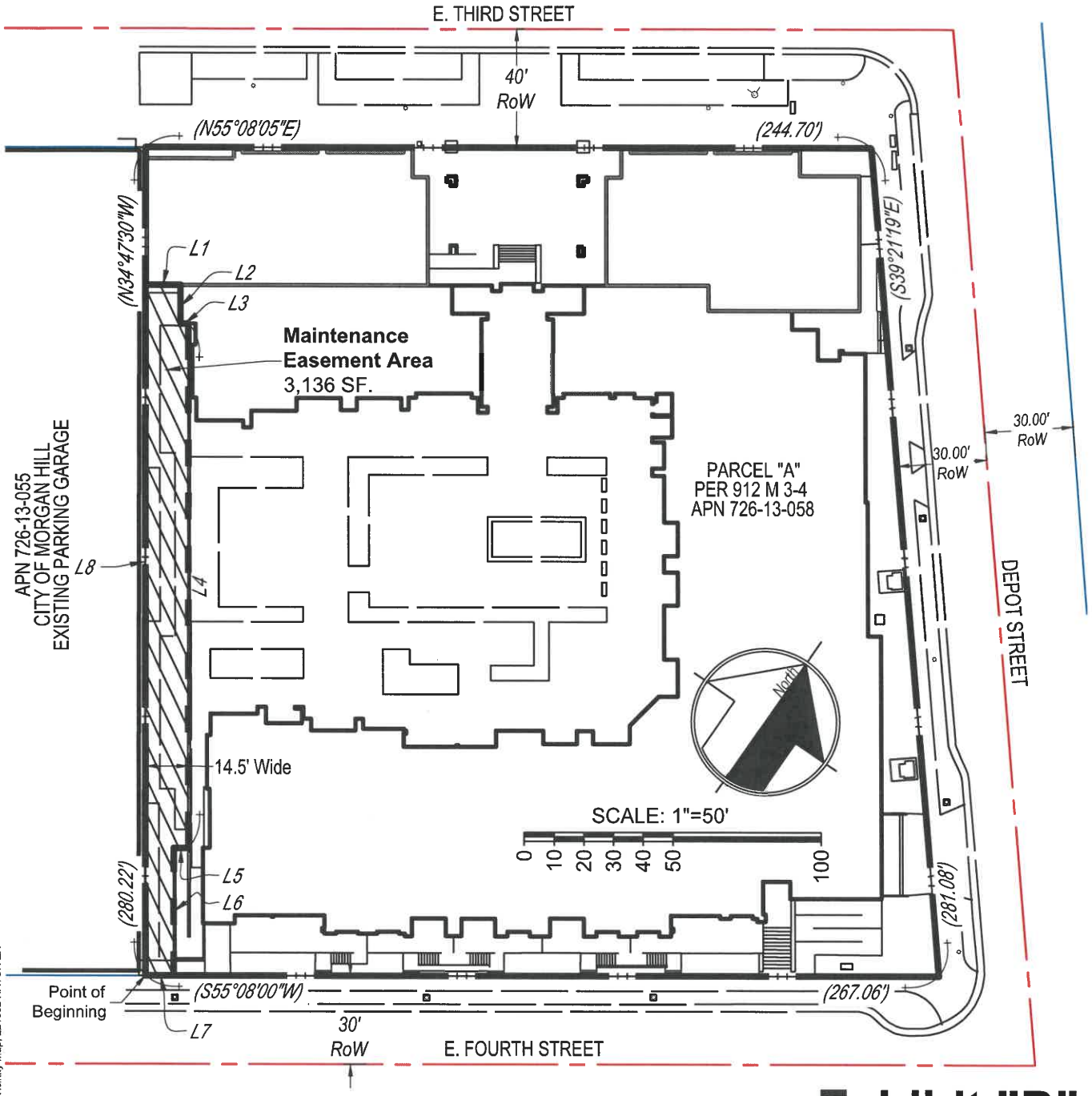


Exhibit "B"

Plat to accompany Legal Description for the Maintenance Easement. Being a Portion of Parcel A as said Parcel is shown on that certain Parcel Map, entitled "Lot Merger Parcel Map recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records

REGISTERED PROFESSIONAL ENGINEER
WILLIAM J. McCLINTOCK
No. 24893
EXP. 12-31-2027
7-22-26
STATE OF CALIFORNIA

Line Table		
#	Direction	Length
L1	S55°08'00"W	11.77'
L2	N34°47'30"W	13.06'
L3	S55°08'00"W	2.73'
L4	N34°47'30"W	177.34'

Line Table		
#	Direction	Length
L5	S55°08'00"W	5.00'
L6	N34°47'30"W	43.24'
L7	N55°08'00"E	9.50'
L8	S34°47'30"E	233.64'

MH engineering Co.
16075 VINEYARD BOULEVARD MORGAN HILL, CA 95037 (408) 779-7381

SCALE: as noted	JOB #: 221092	SHEET
DRAWN BY: AC	DATE: 6-5-26	2 of 2

L:\Projects\Bill\221092 Republic-Urban Properties - ALTA - 3rd Street (Sunsweet 216133)\dwg\221092 Maintenance Easement Area Exhibit.dwg - 7/22/2026 12:06 PM - Plotted 7/22/2026 12:07 PM by Angel Cortes Flores
Xrefs: 221092 2D-Existing; 216133 TP; 221092 Points; 221092 Vicinity Map; 221092 HATCH EX

Exhibit C

Legal Depiction of Access Easement Area

[*See attached*.]

Exhibit "A"

Legal Description of an Access Easement Area

That certain real property located in the City of Morgan Hill, County of Santa Clara, State of California,

BEING A PORTION OF Parcel A as said Parcel is shown on that certain Parcel Map, entitled "Lot Merger Parcel Map" recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records described as follows:

POINT OF BEGINNING is the Southern most corner of Parcel A at a point lying on the northwesterly right of way line of Fourth Street as said Parcel A and Fourth Street are shown on that certain Parcel Map entitled "Lot Merger Parcel Map" and recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records; thence from said **POINT OF BEGINNING** along the said northwesterly line of Fourth Street North 55° 08' 00" East, 9.50 feet; thence leaving said Line North 34° 47' 30" West, 43.24 feet; thence North 55° 08' 00" East, 2.50 feet; thence North 34° 47' 30" West, 177.34 feet, thence South 55° 08' 00" West, 0.23 feet, thence North 34° 47' 30" West, 13.06 feet, thence South 55° 08' 00" West, 11.77 feet, to a point on the southwesterly line of said Parcel A; thence along said southwesterly line South 34° 47' 30" East, 233.64 feet to the **POINT OF BEGINNING** containing 2,692 square feet or 0.062 acres of land, more or less.

END OF DESCRIPTION

See **Exhibit "B"** plat to accompany, attached hereto and made a part hereof

This description was prepared by me or under my direction in conformance with the requirements of the Professional Land Surveyor's Act.

William J. McClintock, RCE 24893
Expires 12/31/2027

7/22/2026
Date

REGISTERED PROFESSIONAL ENGINEER
WILLIAM J. McCLINTOCK
No. 24893
EXP. 12-31-2027
STATE OF CALIFORNIA

MH engineering Co.
16075 VINEYARD BOULEVARD MORGAN HILL, CA 95037 (408) 779-7381

SCALE: N/A	JOB #: 221092	SHEET
DRAWN BY: AC	DATE: 6-5-26	1 of 2

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Xrefs: 221092 2D-Existing; 216133 TP; 221092 Points; 221092 Vicinity Map; 221092 HATCH EX

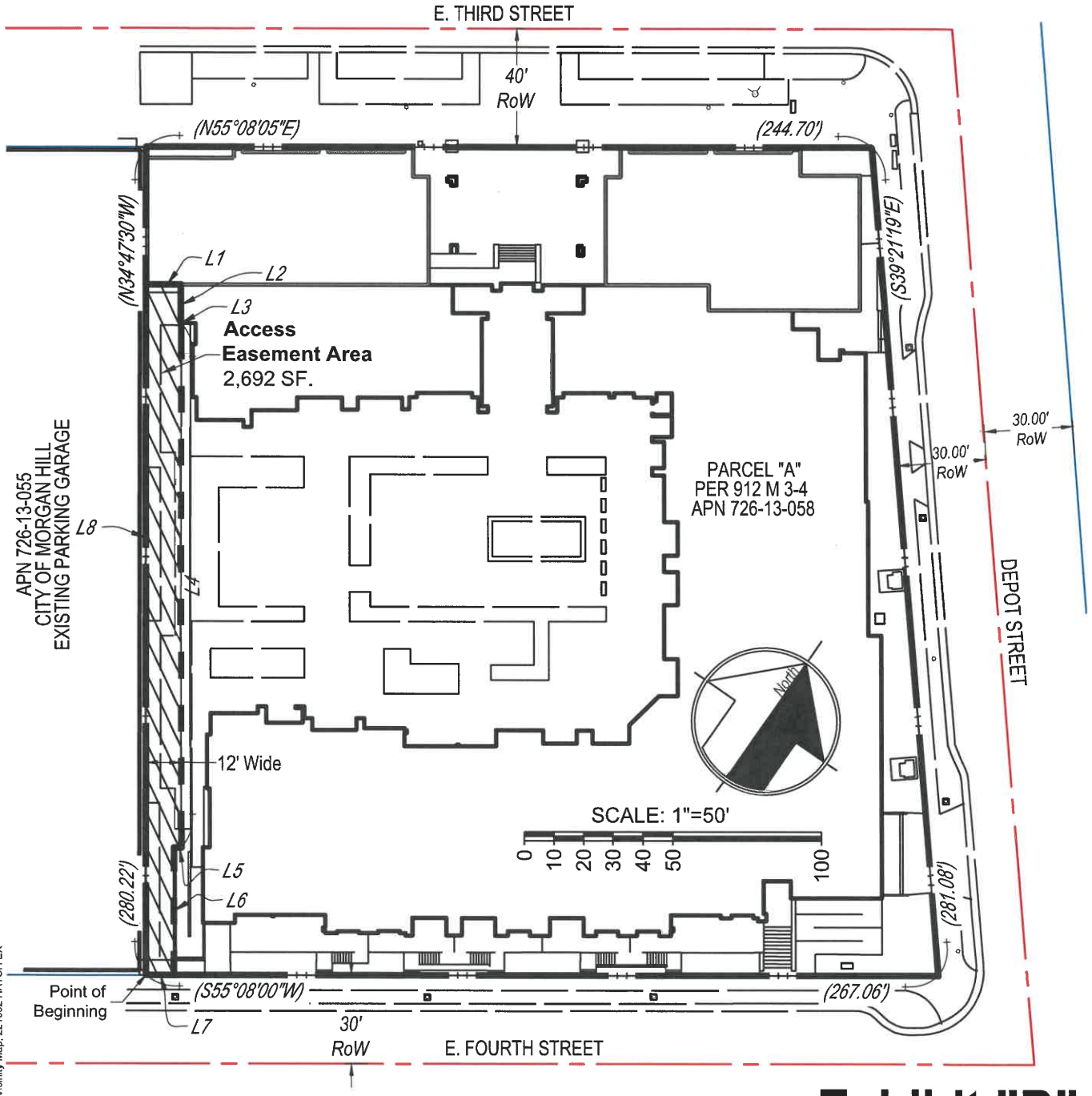


Exhibit "B"

Plat to accompany Legal Description for the Access Easement. Being a Portion of Parcel A as said Parcel is shown on that certain Parcel Map, entitled "Lot Merger Parcel Map recorded in Book 912 of Maps at Pages 3-4, Santa Clara County Records

REGISTERED PROFESSIONAL ENGINEER
WILLIAM J. McCLINTOCK
No. 24893
EXP. 12-31-2027
7-22-26
STATE OF CALIFORNIA

Line Table		
#	Direction	Length
L1	S55°08'00"W	11.77'
L2	N34°47'30"W	13.06'
L3	S55°08'00"W	0.23'
L4	N34°47'30"W	177.34'

Line Table		
#	Direction	Length
L5	S55°08'00"W	2.50'
L6	N34°47'30"W	43.24'
L7	N55°08'00"E	9.50'
L8	S34°47'30"E	233.64'

MH engineering Co.
16075 VINEYARD BOULEVARD MORGAN HILL, CA 95037 (408) 779-7381

SCALE: as noted	JOB #: 221092	SHEET
DRAWN BY: AC	DATE: 6-5-26	2 of 2

L:\Projects\Bill\221092 Republic-Urban Properties - ALTA - 3rd Street (Sunsweet 216133)\dwg\221092 Access Easement Area Exhibit.dwg - 7/22/2026 12:06 PM - Plotted 7/22/2026 12:06 PM by Angel Cortes Flores

Xrefs: 221092 2D-Existing; 216133 TP; 221092 Points; 221092 Vicinity Map; 221092 HATCH EX

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, June 17, 2026

Closed Session 5:30 p.m.
Regular Session 6:00 p.m.

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

SPECIAL/REGULAR MEETING

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

SPECIAL MEETING

5:30 p.m. Closed Session

CALL TO ORDER

Mayor Turner called the City Council meeting to order at 5:32 p.m.

ROLL CALL ATTENDANCE

Deputy City Clerk Rossi called the roll.

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

Council Member Librers arrived at 5:35 p.m.

DECLARATION OF POSTING AGENDA

Deputy City Clerk Rossi declared the posting of the agenda.

CLOSED SESSION

City Attorney Tolentino announced the closed session item.

CONFERENCE WITH COUNSEL – EXISTING LITIGATION [Government Code § 54956.9(d)(1)]

Bertram Berns v. City of Morgan Hill, et al. Superior Court of California, County of Santa Clara Case No. 25CV472644

OPPORTUNITY FOR PUBLIC COMMENT ON CLOSED SESSION

Public comment opened at 5:32 p.m. With no requests to speak, public comment closed.

ADJOURN TO CLOSED SESSION

The meeting adjourned to closed session at 5:33 p.m.

REGULAR MEETING

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

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Parks and Recreation Month

CITY COUNCIL REPORTS

Mayor Turner reported attending the Santa Clara County Library District Board meeting, where the Board approved a referral he brought forward to implement a countywide literacy program focused on third-grade reading proficiency. He also shared attending a Santa Clara Valley Transportation Authority (VTA) Board meeting, the Reach Out Food Pantry open house and ribbon-cutting ceremony, and a Youth Leadership Morgan Hill presentation, where he spoke with students about leadership.

OTHER REPORTS

Council Member Martinez Beltran reported attending a League of California Cities Policy Committee meeting, the Peninsula Division meeting, and a meetup at Pinstripes. She also shared attending graduation ceremonies for Jackson Academy, Murphy Middle School, and Sobrato High School. She provided an update on ongoing matters related to the proposed U.S. Immigration and Customs Enforcement (ICE) facility in

South County.

CITY MANAGER'S REPORT

City Manager Turner reported on a recent life-saving response by the Morgan Hill Police Department and shared that Officer Lorenzo is being commended for his actions. She announced the launch of the Greater Downtown Specific Plan, which will update the 2009 Downtown Specific Plan and guide future growth in the expanded downtown area. She noted that the effort will address housing, mobility, infrastructure, and public spaces while helping maintain eligibility for future One Bay Area Grant funding, with extensive community outreach anticipated over the next two years. She also shared the launch of the ELEVATE Academy, a new Spanish-language leadership and civic engagement program for Spanish-speaking residents, with the inaugural program scheduled to begin in fall 2026. She shared that Human Resources Director Michael Horta is departing the City and recognized his service and contributions to the organization.

CITY ATTORNEY'S REPORT

City Attorney Tolentino reported that the Council met in closed session earlier in the evening and there were no reportable actions.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Public comment opened at 6:10 p.m. The following people were called to speak:
Gabby Crescini
Marilyn Kalpin
Daniel Cloutier
Rick Kent
Greg Felios
Bruce Cooley
Shelia Dunwoodie
Kaitlin Blue
Lauren Howsman
Armando Benavides
Sharon Luna
With no further requests to speak, public comment closed.

ADOPTION OF AGENDA

MOTION:

Adopting the agenda removing item 3.

RESULT:	Passed
MOVER:	Council Member Martinez Beltran
SECONDER:	Mayor Pro Tem Librers
AYES:	Mayor Turner, Mayor Pro Tem Librers, Council Member Martinez Beltran, Council Member Vega

NAYS:	None
ABSTAIN:	None
ABSENT:	Council Member Iwanaga

CONSENT CALENDAR

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

MOTION:

Approving the consent calendar items 1, 2, and 4 through 10.

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

1. **ADOPT A RESOLUTION TO DEDICATE TWO EASEMENTS TO PACIFIC GAS AND ELECTRIC COMPANY (PG&E) FOR THE UPPER LLAGAS CREEK FLOOD CONTROL AND HALE AVENUE EXTENSION PHASE 2B PROJECT**

   Recommendation:
   Adopt a resolution and authorize the City Manager to execute and administer two easement deeds to dedicate to Pacific Gas and Electric Company (PG&E) in order to underground overhead utilities along Hale Avenue.

2. **APPROVE A CONSULTANT AGREEMENT WITH PLANET FUTSAL, INC. DBA FUTSAL KINGZ TO PROVIDE YOUTH FUTSAL, SOCCER CLASSES, AND CAMPS FOR A TOTAL NOT-TO-EXCEED AMOUNT OF $150,000**

   Recommendation:
   Authorize the City Manager to execute a consultant agreement with Planet Futsal, Inc. DBA Futsal Kingz to provide youth futsal, soccer classes, and camps not-to-exceed $150,000.

3. APPROVE FINAL MAP FOR SPRING VIEW – TRACT NO. 10589 AND RELATED SUBDIVISION IMPROVEMENT AGREEMENT (335 SPRING AVENUE)

Recommendation:

1. Approve the Final Map;
2. Approve a Subdivision Improvements Agreement with 335 Spring LLC, a California limited liability company;
3. Authorize the City Manager to execute the Subdivision Improvements Agreement; and
4. Authorize the recordation of the Final Map and Subdivision Improvements Agreement.

Item 3 removed from the agenda.

4. APPROVE PACIFIC GAS AND ELECTRIC COMPANY (PG&E) AGREEMENT TO UNDERGROUND DRY UTILITIES FOR THE UPPER LLAGAS CREEK FLOOD CONTROL AND HALE AVENUE EXTENSION PHASE 2B PROJECT

Recommendation:

Approve and authorize the City Manager to execute and administer a Pacific Gas and Electric Company (PG&E) Agreement to underground dry utilities at the intersection of Hale and Wright Avenues for a not-to-exceed amount of $297,083.51.

5. APPROVE PURCHASE OF SOLAR SYSTEMS AT THE AQUATICS CENTER AND POLICE DEPARTMENT FOR UP TO $1.91 MILLION

Recommendation:

Authorize the City Manager to purchase the existing solar systems at the Police Department and Morgan Hill Aquatics Center for a purchase price of up to $1,910,000.

6. APPROVE SEVENTH AMENDMENT TO THE LEASE WITH THE MORGAN HILL UNIFIED SCHOOL DISTRICT FOR TRANSPORTATION YARD FACILITY

Recommendation:

Authorize the City Manager to enter into a Seventh Amendment to the lease agreement with the Morgan Hill Unified School District for the transportation yard facility.

7. APPROVE THE JUNE 3, 2026 CITY COUNCIL MEETING MINUTES

Recommendation:

Approve the June 3, 2026 City Council Meeting Minutes.

8. APPROVE THIRD AMENDMENT TO ON-CALL REPAIR CONTRACT WITH GOLDEN BAY CONSTRUCTION FOR A NEW TOTAL COMPENSATION UP TO $1,200,000

Recommendation:
Authorize the City Manager to execute a third amendment to the on-call water and sewer repair contract with Golden Bay Construction with compensation up to $1,200,000.

9. AUTHORIZE CITY MANAGER TO EXECUTE FIRST AMENDMENT TO PROPERTY USE AGREEMENT WITH NEW CINGULAR WIRELESS FOR CELL SITE AT 2275 ROLLING HILL DRIVE

Recommendation:
Authorize the City Manager to execute the First Amendment to New Cingular Wireless PCS's Property Use Agreement.

10. AWARD ON-CALL PLUMBING MAINTENANCE SERVICE AGREEMENTS

Recommendation:

1. Award maintenance service agreements to Burr Plumbing and Pumping, Inc. and Stephen Ciari Plumbing & Heating, Inc. in the not-to-exceed amount of $100,000 each to provide on-call plumbing maintenance and repair services; and
2. Authorize the City Manager to execute and administer said agreements.

PUBLIC HEARINGS

11. ADOPT RESOLUTION OF INTENTION AND INTRODUCTION OF ORDINANCE TO AMEND THE CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) AND THE CITY OF MORGAN HILL TO PROVIDE FOR EMPLOYEES SHARING ADDITIONAL COSTS UNDER GOVERNMENT CODE SECTION 20516 (EMPLOYEES SHARING ADDITIONAL COSTS)

Recommendation:

1. Adopt Resolution of Intention of the City Council of the City of Morgan Hill stating its intent to amend the contract between the California Public Employees' Retirement System (CalPERS) and the City of Morgan Hill in order to provide for employees sharing additional cost under Government Code Section 20516 (Employees Sharing Additional Cost);
2. Open/close the public hearing;
3. Waive the first and second reading of the ordinance amending the City's contract with CalPERS; and

4. Introduce ordinance.

Finance Director Nguyen provided a report.

Public comment opened at 6:32 p.m. With no requests to speak, public comment closed.

MOTION:
Adopting the resolution.

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

MOTION:
Waiving the first and second reading.

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

MOTION:
Introducing the ordinance.

RESULT:	Passed
MOVER:	Council Member Martinez Beltran
SECONDER:	Council Member Vega
AYES:	Mayor Turner, Mayor Pro Tem Librers, Council Member Martinez Beltran, Council Member Vega

NAYS:	None
ABSTAIN:	None
ABSENT:	Council Member Iwanaga

FUTURE COUNCIL INITIATED AGENDA ITEMS

Council Member Martinez Beltran requested a discussion regarding a resolution opposing the U.S. Immigration and Customs Enforcement (ICE) expansion and no staging zones.

The meeting recessed at 6:36 p.m. and reconvened at 6:53 p.m.

MOTION:

Calling a Special Meeting for the City Council to discuss joining the amicus brief to be filed in the lawsuit brought by the State of California and Santa Clara County to oppose the development of an ICE facility in the county.

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

Mayor Turner requested a discussion regarding funding for the Morgan Hill Gateway Vintage Sign project.

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 7:03 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, June 24, 2026

4:00 p.m.

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

SPECIAL MEETING

A Special Meeting was called for the purpose of conducting a closed session.

CALL TO ORDER

Mayor Turner called the City Council meeting to order at 4:00 p.m.

ROLL CALL ATTENDANCE

City Clerk Bigelow called the roll.

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

Council Member Iwanaga joined the meeting via Zoom at 4:47 p.m.

DECLARATION OF POSTING AGENDA

City Clerk Bigelow declared the posting of the agenda.

CLOSED SESSION

City Attorney Tolentino announced the closed session items.

CONFERENCE WITH REAL PROPERTY NEGOTIATORS [GOVERNMENT CODE § 54956.8]
Property: APNS 76715034 & 76715033
Negotiating Parties: Christina Turner, City Manager; Chris Ghione, Assistant City Manager/Public Services Director; and JL Financing, LLC
Under Negotiation: Price and Terms of Payment

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
[Government Code § 54956.9(d)(4)]
Initiation of litigation
County of Santa Clara, et al. v. United States Immigration and Customs Enforcement, et al.
United States District Court, Northern District of California, Case No. 5:26-cv-05604

OPPORTUNITY FOR PUBLIC COMMENT ON CLOSED SESSION

Public comment opened at 4:04 p.m. The following people were called to speak:
Walter Dunckel
Jenny Redfern
Ron Kirkish
Rick Kent
Sally Casas
Susan Betz
Linda Izqviel
Rose Hernandez
Julie Klein
Cammie Brown
Joel Goldsmith
Stan Sheperd
Dan Cloutier
Erin O'Brien
Reverend Mary Blessing
Batman
Karen Louise
Sally Armendariz
Terry Hernandez
Bertha
Cecilia Clark
Marty Estrada (Zoom)
Ramona (Zoom)
Reymundo Armendariz (Zoom)
Noshaba Afzal (Zoom)
With no further requests to speak, public comment closed.

ADJOURN TO CLOSED SESSION

The meeting adjourned to closed session at 4:34 p.m.

RECONVENE

The meeting reconvened at 5:34 p.m.

City Manager Turner shared that there were no reportable actions from the closed session. She also noted that the City Council previously adopted Resolution No. 25-006, reaffirming the City's commitment to being a supportive and inclusive community, including support for all community members regardless of immigration status.

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 5:35 p.m.

Minutes Prepared by:

Michelle Bigelow, City Clerk

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

PREPARED BY:
Hilary Holeman, Administrative Analyst
APPROVED BY: City Manager

RATIFY CITY POSITIONS ON PENDING LEGISLATION

RECOMMENDATION(S)

1. Ratify the City's position opposing pending legislation Senate Bill 1117 (Cervantes) Accessory dwelling units and junior accessory dwelling units;
2. Ratify the City's position opposing pending legislation Assembly Bill 1621 (Wilson) Planning and Zoning Law: Post-entitlement Phase Permits: Housing Accountability Act;
3. Ratify the City's position opposing pending legislation Assembly Bill 1751 (Quirk-Silva) Missing Middle Townhome Ownership Act;
4. Ratify the City's position supporting Assembly Bill 1436 (Avila Faris) State Air Resources Board: air pollution regulations: private fleets: exception; and
5. Ratify the City signing on to the League of California Cities coalition letter urging the Legislature to reject proposed wildfire liability reforms.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Strategic Priorities 2026-2027
Fiscal Sustainability
Public Safety

City Council Ongoing Priorities
Supporting our Youth, Seniors, and Entire Community
Preserving and Cultivating Public Trust
Advocating for Local, Regional, and State Legislative Initiatives

REPORT NARRATIVE:

Per Resolution No. 20-010 (Attachment 1), the City Council recognizes that occasional situations arise where communication indicating support or opposition to pending State, County, or other regional boards' legislation or action that could be important and may occur prior to the next scheduled City Council meeting. Under these circumstances, the Mayor or City Manager is delegated the authority to prepare, execute and transmit written or verbal communications indicating a City's position when any of the following criteria are met: a) the League of California Cities, or a similar organization, has requested the City to comment or take a position, b) the timing to express a position occurs prior to the next scheduled Council meeting, and c) the pending State, County,

or other regional boards' legislation or action clearly supports or clearly hinders the implementation or fulfillment of an adopted City Council Priority, Goal, or Strategy in a substantial manner such that it is in the best interest of the City to indicate its comment or position. When this occurs, a written report to the City Council for acceptance is required at the next possible meeting.

Throughout the legislative session, the League of California Cities (League) Regional Public Affairs Manager provides relevant updates on bills that may affect local governments. Staff reviews these measures, evaluates their potential impacts on the City of Morgan Hill, and determines whether City action is warranted.

The City recently took action on the following bills:

SB 1117 (Cervantes) Accessory dwelling units and junior accessory dwelling units

Changes how impact fees are calculated for certain accessory dwelling units (ADUs). While ADUs of 750 square feet or less remain exempt from impact fees, the bill requires that for ADUs larger than 750 square feet, impact fees be calculated only on the square footage exceeding 750 square feet, rather than on the entire unit. This change creates a new state-mandated requirement for local agencies to update how they calculate ADU impact fees.

On June 12, 2026, the City communicated an opposition letter (Attachment 2) electronically via the California Legislature Position Letter Portal and to the League of California Cities. The full SB 1117 Bill Text is included as Attachment 3.

AB 1621 (Wilson) Planning and Zoning Law: Post-entitlement Phase Permits: Housing Accountability Act

Streamlines the building permit review process by limiting local governments to two plan check and specification review cycles for permit applications. If an application remains noncompliant after two reviews, the agency may deny the application, although the applicant may request additional review cycles. The bill also prohibits agencies from requiring changes during building inspections that differ from previously approved building plans, except under limited circumstances, to improve consistency and reduce permitting delays.

On June 12, 2026, the City communicated an opposition letter (Attachment 4) electronically via the California Legislature Position Letter Portal and to the League of California Cities. The full AB 1621 Bill Text is included as Attachment 5.

AB 1751 (Quirk-Silva) Missing Middle Townhome Ownership Act

Establishes a streamlined, ministerial approval process for qualifying townhome development projects. The bill requires local agencies to approve eligible townhome projects and associated subdivision maps without discretionary review or public hearings, provided the projects meet specified objective development standards.

On June 24, 2026, the City communicated an opposition letter (Attachment 6)

electronically via the California Legislature Position Letter Portal and to the League of California Cities. The full AB 1751 Bill Text is included as Attachment 7.

AB 1436 (Avila Faris) State Air Resources Board: air pollution regulations: private fleets

Prohibits the California Air Resources Board (CARB) from enforcing regulations that require private vehicle fleets to transition to zero-emission vehicles until California has obtained the necessary waiver or authorization under the federal Clean Air Act. The bill is intended to ensure that state fleet electrification requirements for private fleets are not enforced without federal approval.

On June 29, 2026, the City communicated a letter of support (Attachment 8) electronically via the California Legislature Position Letter Portal and to the League of California Cities. This bill failed to meet the legislative deadline and is no longer moving forward this legislative session. The full AB 1436 Bill Text is included as Attachment 9.

Wildfire Liability Reform Package

On August 11, 2026, the League issued an Action Alert (Attachment 10) requesting cities join a coalition letter urging the Legislature to reject proposed wildfire liability reforms that would limit public agency recovery from utility-caused wildfires. The proposal would limit recovery for damaged public property and infrastructure to depreciated value and eliminate recovery for emergency response and mutual aid costs and lost property tax revenue, potentially shifting these costs from utilities to local governments and taxpayers.

On August 14, 2026, the City signed onto the coalition letter (Attachment 11), which asks the Legislature to preserve the ability of public agencies to fully recover these costs while supporting continued state efforts to strengthen community wildfire mitigation.

COMMUNITY ENGAGEMENT:

Inform

This report serves to inform the Community on the City's position on pending legislation that directly impacts the City of Morgan Hill.

ALTERNATIVE ACTIONS:

The City Council could rescind the positions taken.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

City Council periodically ratifies City positions on various pending State, County or other regional board legislation or actions that have a direct impact on the City of Morgan Hill.

FISCAL AND RESOURCE IMPACT:

Tracking legislation is an activity included in the annual workplan of the City Manager's Office.

CEQA (California Environmental Quality Act):
Not a Project
Administrative action/activity without an impact.

RESOLUTION NO. 20-010

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING THE MAYOR OR CITY MANAGER TO PREPARE, EXECUTE AND TRANSMIT COMMUNICATIONS INDICATING A POSITION ON PROPOSED STATE, COUNTY, OR OTHER REGIONAL BOARDS' LEGISLATION OR ACTION ON CERTAIN MATTERS THAT MAY HAVE IMPACTS UPON THE CITY IN CERTAIN CIRCUMSTANCES AND DIRECTING A REPORT BACK TO CITY COUNCIL ON ANY SUCH COMMUNICATIONS TRANSMITTED. (THIS RESOLUTION RESCINDS RESOLUTION NO. 6851)

WHEREAS, the City of Morgan Hill, a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California ("City"), is authorized to indicate City's position on proposed legislation of the State of California and is sometimes requested to so indicate City's position on such legislation for the benefit of the City; and

WHEREAS, the reasons supporting the adoption of this Resolution are set forth in detail in that certain City Council Staff Report submitted for City Council consideration at its meeting of February 5, 2020, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

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

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

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

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

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

Section 2. Approval and Authorization. The City Council prefers, whenever possible, that determinations on whether to take a position on pending State, County, or other regional boards' legislation or action be brought before the City Council as a whole for consideration and action. However, the City Council recognizes that occasional, limited situations arise where communications indicating support or opposition on pending State, County, or other regional boards' legislation or action that could be important to City are requested from cities within timeframes that have deadlines occurring prior to the next scheduled meeting of the City Council as a whole at which the City Council could consider and determine City's position on such pending legislation. For these reasons, the City Council does further resolve, order and/or direct as follows:

a. That the Mayor and/or the City Manager is delegated authority to and is authorized to prepare, execute and transmit written or verbal communications indicating a City position on proposed pending State, County or other regional boards' legislation or action that may have impacts upon City when any of the following criteria are met:

   i. The League of California Cities, or a successor or similar organization, has requested City comment or position on a piece of pending legislation or action, or the City has otherwise become aware of such pending legislation or action;

   ii. A public hearing and an opportunity for City to comment or take a position upon such pending legislation or action is occurring in a timeframe and with a deadline to comment or express a position that occurs prior to the next scheduled meeting of the City Council at which the City Council could consider and determine City's comment or position on such pending legislation or action; or

   iii. The pending legislation or action clearly supports or clearly hinders the implementation or fulfillment of an adopted City Council Priority, Goal or Strategy in a substantial manner such that it is in the best interests of City to indicate its comment or position on such pending legislation or action.

b. That the Mayor and/or City Manager is hereby directed to provide a written report to the City Council for the Council's comment and acceptance at the City Council's next possible meeting whenever the Mayor or City Manager prepares, executes and transmits a communication indicating a comment or position on pending legislation or action pursuant to the authority delegated under this Resolution, which report shall include a copy of such pending legislation or action, and the comment or position transmitted.

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

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 5th day of February 2020 by the following vote:

AYES:	**COUNCIL MEMBERS:**	**Yvonne Martinez Beltran, Rene Spring, John McKay, Larry Carr, Rich Constantine**
NOES:	**COUNCIL MEMBERS:**	**None**
ABSTAIN:	**COUNCIL MEMBERS:**	**None**
ABSENT:	**COUNCIL MEMBERS:**	**None**

APPROVED:

RICH CONSTANTINE, Mayor

ATTEST:

IRMA TORREZ, City Clerk

CERTIFICATION

I, Irma Torrez, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 20-010, adopted by the City Council at the meeting held on the 5th day of February 2020.

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

DATE: 3/3/2020

Irma Torrez, CITY CLERK

CITY OF MORGAN HILL

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June 12, 2026

The Honorable Sabrina Cervantes
Member, California State Senate
1021 O Street, Suite 7330
Sacramento, CA 95814

RE: SB 1117 (Cervantes) Accessory dwelling units and junior accessory dwelling units.
Notice of OPPOSITION (As of 2/17/2026)

Dear Senator Cervantes,

The City of Morgan Hill respectfully opposes SB 1117 (Cervantes), which would limit the amount of impact fees a local government could charge on an Accessory Dwelling Unit (ADU) larger than 750 square feet.

Cities understand the importance of increasing housing opportunities and recognize the role ADUs play in helping address California's housing shortage. However, local governments are also responsible for ensuring that communities have the infrastructure and public services necessary to support additional residential development. Roads, water and sewer systems, parks, fire protection, and other essential public facilities must be adequately funded to serve both existing and future residents.

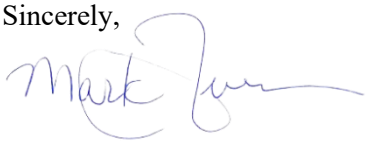
Under existing law, the Mitigation Fee Act already strictly regulates development impact fees by requiring local agencies to demonstrate a clear nexus between the fee charged and the impacts created by development. These fees are not arbitrary and may only cover the reasonable cost of providing necessary public infrastructure and services. SB 1117 would undermine this framework by imposing an artificial cap on fees regardless of actual infrastructure costs or local community needs.

For the City of Morgan Hill, this measure could significantly reduce funding available for critical public improvements and services needed to accommodate additional housing growth. Reduced fee revenue may limit the City's ability to maintain infrastructure, expand public safety services, improve parks, and address increased demand on local utilities. This is particularly concerning as cities continue working to meet ambitious state housing production goals while balancing the fiscal realities of maintaining safe and livable communities.

Additionally, limiting local governments' ability to collect appropriate mitigation fees may create challenges in addressing environmental impacts associated with new development and could expose local agencies to increased legal and fiscal uncertainty.

For these reasons, the City of Morgan Hill respectfully opposes SB 1117 (Cervantes).

Sincerely,



Mark Turner
Mayor

cc: Assemblymember Gail Pellerin
Senator Dave Cortese
Montana Cruz, Regional Public Affairs Manager, League of California Cities, mcruz@calcities.org
Meg Desmond, League of California Cities, cityletters@cacities.org

AMENDED IN ASSEMBLY JULY 8, 2026

SENATE BILL No. 1117

Introduced by Senator Cervantes

February 17, 2026

An act to amend Section 66311.5 of the Government Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

SB 1117, as amended, Cervantes. Accessory dwelling units and junior accessory dwelling units.

Existing law, the Planning and Zoning Law, among other things, provides for the creation by ordinance, or by ministerial approval if the local agency has not adopted an ordinance, of an accessory dwelling unit (ADU) in accordance with specified standards and conditions. Existing law requires fees charged for the construction of ADUs to be determined in accordance with specified provisions of the Mitigation Fee Act. Existing law prohibits a local agency, special district, or water corporation from imposing any impact fee upon the development of an ADU that has 750 square feet of interior livable space or less, and requires any impact fees charged for an ADU that has more than 750 square feet of interior livable space to be charged proportionately in relation to the square footage of the primary dwelling unit.

This bill would ~~additionally~~ require the charge *for certain accessory dwelling units* to be based only on the area in excess of 750 square feet of interior livable space. By changing the duties of local agencies with regard to calculating fees for ADUs, the bill would impose a state-mandated local program.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 66311.5 of the Government Code is amended to read:

66311.5. (a) Fees charged for the construction of accessory dwelling units or junior accessory dwelling units shall be determined in accordance with Chapter 5 (commencing with Section 66000) and Chapter 7 (commencing with Section 66012).

(b) An accessory dwelling unit or junior accessory dwelling unit shall not be considered by a local agency, special district, or water corporation to be a new residential use for purposes of calculating connection fees or capacity charges for utilities, including water and sewer service, unless the unit was constructed with a new single-family dwelling.

(c) (1) *(A)* A local agency, special district, or water corporation shall not impose any impact fee upon the development of an accessory dwelling unit that has 750 square feet of interior livable space or less or a junior accessory dwelling unit that has 500 square feet of interior livable space or less. ~~Any~~

(B) For up to two accessory dwelling units on a lot, any impact fees charged for an accessory dwelling unit that has more than 750 square feet of interior livable space shall be charged proportionately in relation to the square footage of the primary dwelling unit, and only on the area in excess of 750 square feet of interior livable space.

(C) For properties with more than two accessory dwelling units on a lot, any impact fees charged for an accessory dwelling unit that has more than 750 square feet of interior livable space shall

be charged proportionately in relation to the square footage of the primary dwelling unit.

(2) For purposes of this subdivision, "impact fee" has the same meaning as the term "fee" is defined in subdivision (b) of Section 66000, except that it also includes fees specified in Section 66477. "Impact fee" does not include any connection fee or capacity charge charged by a local agency, special district, or water corporation.

(3) For the purposes of this section and Section 17620 of the Education Code, an accessory dwelling unit or junior accessory dwelling unit that contains less than 500 square feet of interior livable space shall, for the purpose of subparagraph (C) of paragraph (1) of subdivision (a) of Section 17620 of the Education Code, be considered other residential construction that does not increase assessable space by 500 square feet.

(d) For an accessory dwelling unit or a junior accessory dwelling unit described in paragraph (1) of subdivision (a) of Section 66323, a local agency, special district, or water corporation shall not require the applicant to install a new or separate utility connection directly between the unit and the utility or impose a related connection fee or capacity charge, unless the unit was constructed with a new single-family dwelling, or upon separate conveyance of the accessory dwelling unit pursuant to Section 66342.

(e) For an accessory dwelling unit that is not described in paragraph (1) of subdivision (a) of Section 66323, a local agency, special district, or water corporation may require a new or separate utility connection directly between the accessory dwelling unit and the utility. Consistent with Section 66013, the connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed accessory dwelling unit, based upon either its square feet or the number of its drainage fixture unit (DFU) values, as defined in the Uniform Plumbing Code adopted and published by the International Association of Plumbing and Mechanical Officials, upon the water or sewer system. This fee or charge shall not exceed the reasonable cost of providing this service.

SEC. 2. The Legislature finds and declares that ensuring housing ~~of~~ is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, Section 1 of this act amending

Section 66311.5 of the Government Code applies to all cities, including charter cities.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

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CITY OF MORGAN HILL

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June 12, 2026

The Honorable Lori Wilson
Member, California State Assembly
State Capitol, Room 8110
Sacramento, CA 95814

RE: AB 1621 (Wilson) Planning and Zoning Law: Post-entitlement Phase Permits: Housing Accountability Act.
Notice of OPPOSITION UNLESS AMENDED (As of 6/3/26)

Dear Assembly Member Lori Wilson,

The City of Morgan Hill respectfully opposes unless amended AB 1621 (Wilson), which would eliminate the ability of local governments to require more than two plan checks on a building permit application. While we appreciate the intent of streamlining post-entitlement phase permits and supporting housing production, AB 1621 would create significant practical and policy concerns that impair local governments' ability to effectively review residential development projects.

Plan review of construction projects is a critical step in ensuring structures built in California are safe for occupants, neighboring properties, and the broader community. Local building and planning departments review plans for consistency with the jurisdiction's General Plan, state building standards, and other applicable local and state regulations. In addition to health and safety requirements, local governments must also enforce regulations related to parking, air quality, solar requirements, accessibility, and other community standards adopted through public processes. As currently drafted, AB 1621 would restrict a local agency's ability to deny or require revisions to applications on non-health-and-safety grounds, potentially allowing projects to move forward without compliance with important state and local requirements.

Additionally, provisions in the bill would significantly limit the discretion of local agencies to require corrections when previously approved plans are later found to be inconsistent with applicable building standards. Under the bill, agencies could be prevented from requiring compliance corrections unless they meet a very high legal threshold, even in situations where public health and safety concerns may exist. This limitation would undermine the ability of cities to ensure projects fully comply with building codes and other adopted standards intended to protect California residents.

The measure also fails to adequately address incomplete or noncompliant applications submitted by project applicants. In many cases, additional plan checks are necessary because submitted plans contain errors, omissions, or inconsistencies that require correction before a permit can be safely issued. Limiting local agencies to only two plan reviews, regardless of the completeness or accuracy of the application, would create administrative challenges and could ultimately delay projects rather than streamline them.

We appreciate the ongoing conversations regarding amendments that would address these concerns. Specifically, amendments allowing additional plan checks when accompanied by written findings identifying noncompliance with permit standards would provide needed flexibility while still

encouraging timely permit review. Additionally, removing provisions that eliminate agency discretion to enforce state and local building codes would help preserve public safety protections and reduce the likelihood of costly disputes and litigation.

For these reasons, the City of Morgan Hill respectfully opposes unless amended AB 1621 (Wilson).

Sincerely,

Mark Turner
Mayor

cc: Assemblymember Gail Pellerin
Senator Dave Cortese
Montana Cruz, Regional Public Affairs Manager, League of California Cities, mcruz@calcities.org
Meg Desmond, League of California Cities, cityletters@cacities.org

AMENDED IN SENATE JUNE 3, 2026

AMENDED IN ASSEMBLY MARCH 4, 2026

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL No. 1621

Introduced by Assembly Member Wilson
(Coauthors: Assembly Members Blanca Rubio and Wicks)

January 22, 2026

An act to amend Sections 65589.5 and 65913.3 of the Government Code, relating to planning and zoning.

LEGISLATIVE COUNSEL'S DIGEST

AB 1621, as amended, Wilson. Planning and Zoning Law: postentitlement phase permits: Housing Accountability Act.

(1) The Planning and Zoning Law requires a local agency or state agency to compile one or more lists that specify in detail the information required from any applicant for a postentitlement phase permit, as defined. Existing law also establishes time limits for completing reviews regarding whether an application for a postentitlement phase permit is complete and compliant, and whether to approve or deny an application. Existing law requires the time limits to be tolled, if the local agency or state agency requires review of the application by an outside entity, until the outside entity completes the review and returns the application, as specified.

This bill would prohibit a local agency or state agency from requiring or requesting more than 2 plan check and specification reviews in connection with an application for a building permit, as part of its ~~review, except as specified.~~ *review.* The bill would authorize a local agency or state agency to deny an application that is not compliant with

the permit standards following 2 plan check and specification reviews. The bill would also authorize an applicant to request additional submittals of applications that are not compliant with the permit standards. The bill, if a local agency or state agency finds that a complete application is noncompliant, would prohibit a local agency or state agency from requesting or requiring any action or inaction as a result of a building inspection undertaken to assess compliance with the applicable building permit standards that would represent a deviation from a previously approved building plan or similar approval for the building permit, except as specified.

This bill would remove the above-described tolling requirements relating to outside entity reviews and, instead, would require, if federal or state law requires review of the application by another public agency that is independent of the local agency or state agency before the local agency or state agency is authorized to act on the application, the time limits to be tolled for the application until the public agency completes the review and returns the application to the local agency or state agency. The bill would require the local agency or state agency to notify the applicant of the tolling, as specified.

(2) Existing law, if a postentitlement phase permit is determined to be incomplete or noncompliant, requires a local agency or state agency to provide a process for an applicant to appeal that decision in writing to the governing body of the agency or, if there is no governing body, to the director of the agency, as provided by that agency. Existing law requires the city or county to provide that the right of appeal is to the governing body or, at their option, the planning commission, or both.

Existing law requires a local agency or state agency to provide a final written determination on the appeal not later than 60 business days after receipt of the applicant's written appeal, for housing development projects with 25 units or fewer, and not later than 90 business days for a housing development projects with 26 units or more. Existing law also specifies that the fact that an appeal is permitted to both the planning commission and to the governing body does not extend the specified time period.

This bill would revise those timelines to not later than 30 business days for housing development projects with 25 units or fewer and 45 business days for housing development projects with 26 units or more. The bill would remove the specification that the fact that an appeal is permitted to both the planning commission and to the governing body does not extend the specified time period. The bill would remove the

requirement that, if a postentitlement phase permit is determined to be incomplete or noncompliant, a local agency or state agency provide a process for an applicant to appeal that decision to the director of the agency if there is no governing body, as provided by that agency. The bill would remove the requirement that a city or county provide that the right of appeal is to the governing body or, at their option, the planning commission, or both.

This bill would authorize the applicant to seek a writ of mandate to compel approval of the application, if the applicant's appeal is denied, or a decision on the appeal is not made within the timelines provided, or an appeals process is not provided as required.

By imposing additional duties on local agencies regarding postentitlement phase permits, the bill would impose a state-mandated local program.

(3) Existing law, the Housing Accountability Act, among other things, prohibits a local agency from disapproving, or conditioning approval in a manner that renders infeasible, a housing development project for very low, low-, or moderate-income households unless the local agency makes written findings as to one of certain sets of conditions, as specified. The act also requires, when a proposed housing development project complies with applicable, objective general plan, zoning, and subdivision standards and criteria in effect at the time that the application was deemed complete, but the local agency proposes to disapprove the project or to impose a condition that the project be developed at a lower density, that the local agency base its decision regarding the proposed housing development project upon written findings supported by a preponderance of the evidence on the record that 2 specified conditions exist. Existing law defines the term "disapprove the housing development project" for these purposes to include any instance in which a local agency takes certain actions or fails to comply with certain requirements, including the time limits described above. Existing law makes a local agency's failure to meet the above-described time limits relating to postentitlement phase permits a violation of the Housing Accountability Act.

This bill would, instead, make a violation of the above-described provisions relating to postentitlement phase permits, among others, a violation of the Housing Accountability Act. The bill would also revise the definition of "disapprove the housing development project" under the Housing Accountability Act to include any instance in which a local agency fails to comply with any of the provisions described above

relating to postentitlement phase permits. By requiring local agencies to take certain actions, this bill would impose a state-mandated local program.

(4) The bill would make other conforming changes and would provide that certain changes are declaratory of existing law.

(5) The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 65589.5 of the Government Code is amended to read:

65589.5. (a) (1) The Legislature finds and declares all of the following:

(A) The lack of housing, including emergency shelters, is a critical problem that threatens the economic, environmental, and social quality of life in California.

(B) California housing has become the most expensive in the nation. The excessive cost of the state's housing supply is partially caused by activities and policies of many local governments that limit the approval of housing, increase the cost of land for housing, and require that high fees and exactions be paid by producers of housing.

(C) Among the consequences of those actions are discrimination against low-income and minority households, lack of housing to support employment growth, imbalance in jobs and housing, reduced mobility, urban sprawl, excessive commuting, and air quality deterioration.

(D) Many local governments do not give adequate attention to the economic, environmental, and social costs of decisions that result in disapproval of housing development projects, reduction

in density of housing projects, and excessive standards for housing development projects.

(2) In enacting the amendments made to this section by the act adding this paragraph, the Legislature further finds and declares the following:

(A) California has a housing supply and affordability crisis of historic proportions. The consequences of failing to effectively and aggressively confront this crisis are hurting millions of Californians, robbing future generations of the chance to call California home, stifling economic opportunities for workers and businesses, worsening poverty and homelessness, and undermining the state's environmental and climate objectives.

(B) While the causes of this crisis are multiple and complex, the absence of meaningful and effective policy reforms to significantly enhance the approval and supply of housing affordable to Californians of all income levels is a key factor.

(C) The crisis has grown so acute in California that supply, demand, and affordability fundamentals are characterized in the negative: underserved demands, constrained supply, and protracted unaffordability.

(D) According to reports and data, California has accumulated an unmet housing backlog of nearly 2,000,000 units and must provide for at least 180,000 new units annually to keep pace with growth through 2025.

(E) California's overall home ownership rate is at its lowest level since the 1940s. The state ranks 49th out of the 50 states in home ownership rates as well as in the supply of housing per capita. Only one-half of California's households are able to afford the cost of housing in their local regions.

(F) Lack of supply and rising costs are compounding inequality and limiting advancement opportunities for many Californians.

(G) The majority of California renters, more than 3,000,000 households, pay more than 30 percent of their income toward rent and nearly one-third, more than 1,500,000 households, pay more than 50 percent of their income toward rent.

(H) When Californians have access to safe and affordable housing, they have more money for food and health care; they are less likely to become homeless and in need of government-subsidized services; their children do better in school;

and businesses have an easier time recruiting and retaining employees.

(I) An additional consequence of the state's cumulative housing shortage is a significant increase in greenhouse gas emissions caused by the displacement and redirection of populations to states with greater housing opportunities, particularly working- and middle-class households. California's cumulative housing shortfall therefore has not only national but international environmental consequences.

(J) California's housing picture has reached a crisis of historic proportions despite the fact that, for decades, the Legislature has enacted numerous statutes intended to significantly increase the approval, development, and affordability of housing for all income levels, including this section.

(K) The Legislature's intent in enacting this section in 1982 and in expanding its provisions since then was to significantly increase the approval and construction of new housing for all economic segments of California's communities by meaningfully and effectively curbing the capability of local governments to deny, reduce the density for, or render infeasible housing development projects and emergency shelters. That intent has not been fulfilled.

(L) It is the policy of the state that this section be interpreted and implemented in a manner to afford the fullest possible weight to the interest of, and the approval and provision of, housing.

(3) It is the intent of the Legislature that the conditions that would have a specific, adverse impact upon the public health and safety, as described in paragraph (2) of subdivision (d) and paragraph (1) of subdivision (j), arise infrequently.

(4) It is the intent of the Legislature that the amendments removing provisions from subparagraphs (D) and (E) of paragraph (6) of subdivision (h) and adding those provisions to Sections 65589.5.1 and 65589.5.2 by Assembly Bill 1413 (2023), insofar as they are substantially the same as existing law, shall be considered restatements and continuations of existing law, and not new enactments.

(b) It is the policy of the state that a local government not reject or make infeasible housing development projects, including emergency shelters, that contribute to meeting the need determined pursuant to this article without a thorough analysis of the economic,

social, and environmental effects of the action and without complying with subdivision (d).

(c) The Legislature also recognizes that premature and unnecessary development of agricultural lands for urban uses continues to have adverse effects on the availability of those lands for food and fiber production and on the economy of the state. Furthermore, it is the policy of the state that development should be guided away from prime agricultural lands; therefore, in implementing this section, local jurisdictions should encourage, to the maximum extent practicable, in filling existing urban areas.

(d) For a housing development project for very low, low-, or moderate-income households, or an emergency shelter, a local agency shall not disapprove the housing development project or emergency shelter, or condition approval in a manner that renders the housing development project or emergency shelter infeasible, including through the use of design review standards, unless it makes written findings, based upon a preponderance of the evidence in the record, as to one of the following:

(1) The jurisdiction has adopted a housing element pursuant to this article that has been revised in accordance with Section 65588, is in substantial compliance with this article, and the jurisdiction has met or exceeded its share of the regional housing need allocation pursuant to Section 65584 for the planning period for the income category proposed for the housing development project, provided that any disapproval or conditional approval shall not be based on any of the reasons prohibited by Section 65008. If the housing development project includes a mix of income categories, and the jurisdiction has not met or exceeded its share of the regional housing need for one or more of those categories, then this paragraph shall not be used to disapprove or conditionally approve the housing development project. The share of the regional housing need met by the jurisdiction shall be calculated consistently with the forms and definitions that may be adopted by the Department of Housing and Community Development pursuant to Section 65400. In the case of an emergency shelter, the jurisdiction shall have met or exceeded the need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. Any disapproval or conditional approval pursuant to this paragraph shall be in accordance with applicable law, rule, or standards.

(2) The housing development project or emergency shelter as proposed would have a specific, adverse impact upon the public health or safety, and there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible. As used in this paragraph, a "specific, adverse impact" means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete. The following shall not constitute a specific, adverse impact upon the public health or safety:

(A) Inconsistency with the zoning ordinance or general plan land use designation.

(B) The eligibility to claim a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code.

(3) The denial of the housing development project or imposition of conditions is required in order to comply with specific state or federal law, and there is no feasible method to comply without rendering the development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible.

(4) The housing development project or emergency shelter is proposed on land zoned for agriculture or resource preservation that is surrounded on at least two sides by land being used for agricultural or resource preservation purposes, or which does not have adequate water or wastewater facilities to serve the project.

(5) On the date an application for the housing development project or emergency shelter was deemed complete, the jurisdiction had adopted a revised housing element that was in substantial compliance with this article, and the housing development project or emergency shelter was inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation as specified in any element of the general plan.

(A) This paragraph shall not be utilized to disapprove or conditionally approve a housing development project proposed on a site, including a candidate site for rezoning, that is identified as suitable or available for very low, low-, or moderate-income households in the jurisdiction's housing element if the housing

development project is consistent with the density specified in the housing element, even though the housing development project was inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation on the date the application was deemed complete.

(B) If the local agency has failed to identify a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, has failed to demonstrate that the identified zone or zones include sufficient capacity to accommodate the need for emergency shelter identified in paragraph (7) of subdivision (a) of Section 65583, or has failed to demonstrate that the identified zone or zones can accommodate at least one emergency shelter, as required by paragraph (4) of subdivision (a) of Section 65583, then this paragraph shall not be utilized to disapprove or conditionally approve an emergency shelter proposed for a site designated in any element of the general plan for industrial, commercial, or multifamily residential uses. In any action in court, the burden of proof shall be on the local agency to show that its housing element does satisfy the requirements of paragraph (4) of subdivision (a) of Section 65583.

(6) On the date an application for the housing development project or emergency shelter was deemed complete, the jurisdiction did not have an adopted revised housing element that was in substantial compliance with this article and the housing development project is not a builder's remedy project.

(e) Nothing in this section shall be construed to relieve the local agency from complying with the congestion management program required by Chapter 2.6 (commencing with Section 65088) or the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code). Neither shall anything in this section be construed to relieve the local agency from making one or more of the findings required pursuant to Section 21081 of the Public Resources Code or otherwise complying with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(f) (1) Except as provided in paragraphs (6) and (8), and subdivision (o), nothing in this section shall be construed to prohibit a local agency from requiring the housing development project to comply with objective, quantifiable, written development

standards, conditions, and policies appropriate to, and consistent with, meeting the jurisdiction's share of the regional housing need pursuant to Section 65584. However, the development standards, conditions, and policies shall be applied to facilitate and accommodate development at the density permitted on the site and proposed by the development. Nothing in this section shall limit a project's eligibility for a density bonus, incentive, or concession, or waiver or reduction of development standards and parking ratios, pursuant to Section 65915.

(2) Except as provided in subdivision (o), nothing in this section shall be construed to prohibit a local agency from requiring an emergency shelter project to comply with objective, quantifiable, written development standards, conditions, and policies that are consistent with paragraph (4) of subdivision (a) of Section 65583 and appropriate to, and consistent with, meeting the jurisdiction's need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. However, the development standards, conditions, and policies shall be applied by the local agency to facilitate and accommodate the development of the emergency shelter project.

(3) Except as provided in subdivision (o), nothing in this section shall be construed to prohibit a local agency from imposing fees and other exactions otherwise authorized by law that are essential to provide necessary public services and facilities to the housing development project or emergency shelter.

(4) For purposes of this section, a housing development project or emergency shelter shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision if there is substantial evidence that would allow a reasonable person to conclude that the housing development project or emergency shelter is consistent, compliant, or in conformity.

(5) For purposes of this section, a change to the zoning ordinance or general plan land use designation subsequent to the date the application was deemed complete shall not constitute a valid basis to disapprove or condition approval of the housing development project or emergency shelter.

(6) Notwithstanding paragraphs (1) to (5), inclusive, all of the following apply to a housing development project that is a builder's remedy project:

(A) A local agency may only require the project to comply with the objective, quantifiable, written development standards, conditions, and policies that would have applied to the project had it been proposed on a site with a general plan designation and zoning classification that allow the density and unit type proposed by the applicant. If the local agency has no general plan designation or zoning classification that would have allowed the density and unit type proposed by the applicant, the development proponent may identify any objective, quantifiable, written development standards, conditions, and policies associated with a different general plan designation or zoning classification within that jurisdiction, that facilitate the project's density and unit type, and those shall apply.

(B) (i) Except as authorized by paragraphs (1) to (4), inclusive, of subdivision (d), a local agency shall not apply any individual or combination of objective, quantifiable, written development standards, conditions, and policies to the project that do any of the following:

(I) Render the project infeasible.

(II) Preclude a project that meets the requirements allowed to be imposed by subparagraph (A), as modified by any density bonus, incentive, or concession, or waiver or reduction of development standards and parking ratios, pursuant to Section 65915, from being constructed as proposed by the applicant.

(ii) The local agency shall bear the burden of proof of complying with clause (i).

(C) (i) A project applicant that qualifies for a density bonus pursuant to Section 65915 shall receive two incentives or concessions in addition to those granted pursuant to paragraph (2) of subdivision (d) of Section 65915.

(ii) For a project seeking density bonuses, incentives, concessions, or any other benefits pursuant to Section 65915, and notwithstanding paragraph (6) of subdivision (o) of Section 65915, for purposes of this paragraph, maximum allowable residential density or base density means the density permitted for a builder's remedy project pursuant to subparagraph (C) of paragraph (11) of subdivision (h).

(iii) A local agency shall grant any density bonus pursuant to Section 65915 based on the number of units proposed and

allowable pursuant to subparagraph (C) of paragraph (11) of subdivision (h).

(iv) A project that dedicates units to extremely low income households pursuant to subclause (I) of clause (i) of subparagraph (C) of paragraph (3) of subdivision (h) shall be eligible for the same density bonus, incentives or concessions, and waivers or reductions of development standards as provided to a housing development project that dedicates three percentage points more units to very low income households pursuant to paragraph (2) of subdivision (f) of Section 65915.

(v) All units dedicated to extremely low income, very low income, low-income, and moderate-income households pursuant to paragraph (11) of subdivision (h) shall be counted as affordable units in determining whether the applicant qualifies for a density bonus pursuant to Section 65915.

(D) (i) The project shall not be required to apply for, or receive approval of, a general plan amendment, specific plan amendment, rezoning, or other legislative approval.

(ii) The project shall not be required to apply for, or receive, any approval or permit not generally required of a project of the same type and density proposed by the applicant.

(iii) Any project that complies with this paragraph shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, redevelopment plan and implementing instruments, or other similar provision for all purposes, and shall not be considered or treated as a nonconforming lot, use, or structure for any purpose.

(E) A local agency shall not adopt or impose any requirement, process, practice, or procedure or undertake any course of conduct, including, but not limited to, increased fees or inclusionary housing requirements, that applies to a project solely or partially on the basis that the project is a builder's remedy project.

(F) (i) A builder's remedy project shall be deemed to be in compliance with the residential density standards for the purposes of complying with subdivision (b) of Section 65912.123.

(ii) A builder's remedy project shall be deemed to be in compliance with the objective zoning standards, objective subdivision standards, and objective design review standards for the purposes of complying with paragraph (5) of subdivision (a) of Section 65913.4.

(G) (i) (I) If the local agency had a local affordable housing requirement, as defined in Section 65912.101, that on January 1, 2024, required a greater percentage of affordable units than required under subparagraph (A) of paragraph (11) of subdivision (h), or required an affordability level deeper than what is required under subparagraph (A) of paragraph (11) of subdivision (h), then, except as provided in subclauses (II) and (III), the local agency may require a housing development for mixed-income households to comply with an otherwise lawfully applicable local affordability percentage or affordability level. The local agency shall not require housing for mixed-income households to comply with any other aspect of the local affordable housing requirement.

(II) Notwithstanding subclause (I), the local affordable housing requirements shall not be applied to require housing for mixed-income households to dedicate more than 20 percent of the units to affordable units of any kind.

(III) Housing for mixed-income households that is required to dedicate 20 percent of the units to affordable units shall not be required to dedicate any of the affordable units at an income level deeper than lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(IV) A local agency may only require housing for mixed-income households to comply with the local percentage requirement or affordability level described in subclause (I) if it first makes written findings, supported by a preponderance of evidence, that compliance with the local percentage requirement or the affordability level, or both, would not render the housing development project infeasible. If a reasonable person could find compliance with either requirement, either alone or in combination, would render the project infeasible, the project shall not be required to comply with that requirement.

(ii) Affordable units in the development project shall have a comparable bedroom and bathroom count as the market rate units.

(iii) Each affordable unit dedicated pursuant to this subparagraph shall count toward satisfying a local affordable housing requirement. Each affordable unit dedicated pursuant to a local affordable housing requirement that meets the criteria established in this subparagraph shall count towards satisfying the requirements of this subparagraph. This is declaratory of existing law.

(7) (A) For a housing development project application that is deemed complete before January 1, 2025, the development proponent for the project may choose to be subject to the provisions of this section that were in place on the date the preliminary application was submitted, or, if the project meets the definition of a builder's remedy project, it may choose to be subject to any or all of the provisions of this section applicable as of January 1, 2025.

(B) Notwithstanding subdivision (c) of Section 65941.1, for a housing development project deemed complete before January 1, 2025, the development proponent may choose to revise their application so that the project is a builder's remedy project, without being required to resubmit a preliminary application, even if the revision results in the number of residential units or square footage of construction changing by 20 percent or more.

(8) A housing development project proposed on a site that is identified as suitable or available for very low, low-, or moderate-income households in the jurisdiction's housing element, that is consistent with the density specified in the most recently updated and adopted housing element, and that is inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation on the date the application was deemed complete, shall be subject to the provisions of subparagraphs (A), (B), and (D) of paragraph (6) and paragraph (9).

(9) For purposes of this subdivision, "objective, quantifiable, written development standards, conditions, and policies" means criteria that involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official before submittal, including, but not limited to, any standard, ordinance, or policy described in paragraph (4) of subdivision (o). Nothing herein shall affect the obligation of the housing development project to comply with the minimum building standards approved by the California Building Standards Commission as provided in Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code. In the event that applicable objective, quantifiable, written development standards, conditions, and policies are mutually inconsistent, a development shall be deemed consistent with the criteria that

permits the density and unit type closest to that of the proposed project.

(g) This section shall be applicable to charter cities because the Legislature finds that the lack of housing, including emergency shelter, is a critical statewide problem.

(h) The following definitions apply for the purposes of this section:

(1) "Feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.

(2) "Housing development project" means a use consisting of any of the following:

(A) Residential units only.

(B) Mixed-use developments consisting of residential and nonresidential uses that meet any of the following conditions:

(i) A mixed-use development that meets both of the following:

(I) At least two-thirds of the new or converted square footage is designated for residential use.

(II) (ia) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging.

(ib) (Ia) Notwithstanding sub-subclause (ia), if a mixed-use project as defined in this paragraph includes a hotel, motel, bed and breakfast inn, or other transient lodging, the portion of the mixed-use project which does not include a hotel, motel, bed and breakfast inn, or other transient lodging shall be considered a housing development project.

(Ib) The local agency may separately approve the portion of the project that includes a hotel, motel, bed and breakfast inn, or other transient lodging, which shall not be eligible for any benefits conferred on a housing development project by state law, including, but not limited to, those available to a development under Section 65913.4.

(ic) For purposes of this subclause, the term "other transient lodging" does not include either of the following:

(Ia) A residential hotel, as defined in Section 50519 of the Health and Safety Code.

(Ib) After the issuance of a certificate of occupancy, a resident's use or marketing of a unit as short-term lodging, as defined in Section 17568.8 of the Business and Professions Code, in a manner consistent with local law.

(ii) At least 50 percent of the new or converted square footage is designated for residential use and the project meets both of the following:

(I) The project includes at least 500 net new residential units.

(II) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging, except a portion of the project may be designated for use as a residential hotel, as defined in Section 50519 of the Health and Safety Code.

(iii) At least 50 percent of the net new or converted square footage is designated for residential use and the project meets all of the following:

(I) The project includes at least 500 net new residential units.

(II) The project involves the demolition or conversion of at least 100,000 square feet of nonresidential use.

(III) The project demolishes at least 50 percent of the existing nonresidential uses on the site.

(IV) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging, except a portion of the project may be designated for use as a residential hotel, as defined in Section 50519 of the Health and Safety Code.

(C) Transitional housing or supportive housing.

(D) Farmworker housing, as defined in subdivision (h) of Section 50199.7 of the Health and Safety Code.

(3) (A) "Housing for very low, low-, or moderate-income households" means housing for lower income households, mixed-income households, or moderate-income households.

(B) "Housing for lower income households" means a housing development project in which 100 percent of the units, excluding managers' units, are dedicated to lower income households, as defined in Section 50079.5 of the Health and Safety Code, at an affordable cost, as defined by Section 50052.5 of the Health and Safety Code, or an affordable rent set in an amount consistent with the rent limits established by the California Tax Credit Allocation Committee. The units shall be subject to a recorded deed restriction for a period of 55 years for rental units and 45 years for owner-occupied units.

(C) (i) "Housing for mixed-income households" means any of the following:

(I) A housing development project in which at least 7 percent of the total units, as defined in subparagraph (A) of paragraph (9)

of subdivision (o) of Section 65915, are dedicated to extremely low income households, as defined in Section 50106 of the Health and Safety Code.

(II) A housing development project in which at least 10 percent of the total units, as defined in subparagraph (A) of paragraph (9) of subdivision (o) of Section 65915, are dedicated to very low income households, as defined in Section 50105 of the Health and Safety Code.

(III) A housing development project in which at least 13 percent of the total units, as defined in subparagraph (A) of paragraph (9) of subdivision (o) of Section 65915, are dedicated to lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(IV) A housing development project in which there are 10 or fewer total units, as defined in subparagraph (A) of paragraph (9) of subdivision (o) of Section 65915, that is on a site that is smaller than one acre, and that is proposed for development at a minimum density of 10 units per acre.

(ii) All units dedicated to extremely low income, very low income, and low-income households pursuant to clause (i) shall meet both of the following:

(I) The units shall have an affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or an affordable rent, as defined in Section 50053 of the Health and Safety Code.

(II) The development proponent shall agree to, and the local agency shall ensure, the continued affordability of all affordable rental units included pursuant to this section for 55 years and all affordable ownership units included pursuant to this section for a period of 45 years.

(D) "Housing for moderate-income households" means a housing development project in which 100 percent of the units are sold or rented to moderate-income households, as defined in Section 50093 of the Health and Safety Code, at an affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or an affordable rent, as defined in Section 50053 of the Health and Safety Code. The units shall be subject to a recorded deed restriction for a period of 55 years for rental units and 45 years for owner-occupied units.

(4) "Area median income" means area median income as periodically established by the Department of Housing and

Community Development pursuant to Section 50093 of the Health and Safety Code.

(5) Notwithstanding any other law, "deemed complete" means that the applicant has submitted a preliminary application pursuant to Section 65941.1 or, if the applicant has not submitted a preliminary application, has submitted a complete application pursuant to Section 65943. The local agency shall bear the burden of proof in establishing that the application is not complete.

(6) "Disapprove the housing development project" includes any instance in which a local agency does any of the following:

(A) Votes or takes final administrative action on a proposed housing development project application and the application is disapproved, including any required land use approvals or entitlements necessary for the issuance of a building permit.

(B) Fails to comply with the time periods specified in subdivision (a) of Section 65950. An extension of time pursuant to Article 5 (commencing with Section 65950) of Chapter 4.5 shall be deemed to be an extension of time pursuant to this paragraph.

(C) Fails to comply with subdivisions (b) to (e), inclusive, of Section 65913.3.

(D) Fails to meet the time limit specified in Section 17970.3 of the Health and Safety Code.

(E) Fails to cease a course of conduct undertaken for an improper purpose, such as to harass or to cause unnecessary delay or needless increases in the cost of the proposed housing development project, that effectively disapproves the proposed housing development without taking final administrative action if all of the following conditions are met:

(i) The project applicant provides written notice detailing the challenged conduct and why it constitutes disapproval to the local agency established under Section 65100.

(ii) Within five working days of receiving the applicant's written notice described in clause (i), the local agency shall post the notice on the local agency's internet website, provide a copy of the notice to any person who has made a written request for notices pursuant to subdivision (f) of Section 21167 of the Public Resources Code, and file the notice with the county clerk of each county in which the project will be located. The county clerk shall post the notice and make it available for public inspection in the manner set forth in subdivision (c) of Section 21152 of the Public Resources Code.

(iii) The local agency shall consider all objections, comments, evidence, and concerns about the project or the applicant's written notice and shall not make a determination until at least 60 days after the applicant has given written notice to the local agency pursuant to clause (i).

(iv) Within 90 days of receipt of the applicant's written notice described in clause (i), the local agency shall issue a written statement that it will immediately cease the challenged conduct or issue written findings that comply with both of the following requirements:

(I) The findings articulate an objective basis for why the challenged course of conduct is necessary.

(II) The findings provide clear instructions on what the applicant must submit or supplement so that the local agency can make a final determination regarding the next necessary approval or set the date and time of the next hearing.

(v) (I) If a local agency continues the challenged course of conduct described in the applicant's written notice and fails to issue the written findings described in clause (iv), the local agency shall bear the burden of establishing that its course of conduct does not constitute a disapproval of the housing development project under this subparagraph in an action taken by the applicant.

(II) If an applicant challenges a local agency's course of conduct as a disapproval under this subparagraph, the local agency's written findings described in clause (iv) shall be incorporated into the administrative record and be deemed to be the final administrative action for purposes of adjudicating whether the local agency's course of conduct constitutes a disapproval of the housing development project under this subparagraph.

(vi) A local agency's action in furtherance of complying with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), including, but not limited to, imposing mitigating measures, shall not constitute project disapproval under this subparagraph.

(F) Fails to comply with Section 65905.5. For purposes of this subparagraph, a builder's remedy project shall be deemed to comply with the applicable, objective general plan and zoning standards in effect at the time an application is deemed complete.

(G) (i) Determines that an application for a housing development project is incomplete pursuant to subdivision (a) or

(b) of Section 65943 and includes in the determination an item that is not required on the local agency's submittal requirement checklist. The local agency shall bear the burden of proof that the required item is listed on the submittal requirement checklist.

(ii) In a subsequent review of an application pursuant to Section 65943, requests the applicant provide new information that was not identified in the initial determination and upholds this determination in the final written determination on an appeal filed pursuant to subdivision (c) of Section 65943. The local agency shall bear the burden of proof that the required item was identified in the initial determination.

(iii) Determines that an application for a housing development project is incomplete pursuant to subdivision (a) or (b) of Section 65943, a reasonable person would conclude that the applicant has submitted all of the items required on the local agency's submittal requirement checklist, and the local agency upholds this determination in the final written determination on an appeal filed pursuant to subdivision (c) of Section 65943.

(iv) If a local agency determines that an application is incomplete under Section 65943 after two resubmittals of the application by the applicant, the local agency shall bear the burden of establishing that the determination is not an effective disapproval of a housing development project under this section.

(H) Violates subparagraph (D) or (E) of paragraph (6) of subdivision (f).

(I) Makes a written determination that a preliminary application described in subdivision (a) of Section 65941.1 has expired or that the applicant has otherwise lost its vested rights under the preliminary application for any reason other than those described in subdivisions (d) and (e) of Section 65941.1.

(J) (i) Fails to make a determination of whether the project is exempt from the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), or commits an abuse of discretion, as defined in subdivision (b) of Section 65589.5.1 if all of the conditions in Section 65589.5.1 are satisfied.

(ii) This subparagraph shall become inoperative on January 1, 2031.

(K) (i) Fails to adopt a negative declaration or addendum for the project, to certify an environmental impact report for the

project, or to approve another comparable environmental document, such as a sustainable communities environmental assessment pursuant to Section 21155.2 of the Public Resources Code, as required pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), if all of the conditions in Section 65589.5.2 are satisfied.

(ii) This subparagraph shall become inoperative on January 1, 2031.

(7) (A) For purposes of this section and Sections 65589.5.1 and 65589.5.2, "lawful determination" means any final decision about whether to approve or disapprove a statutory or categorical exemption or a negative declaration, addendum, environmental impact report, or comparable environmental review document under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) that is not an abuse of discretion, as defined in subdivision (b) of Section 65589.5.1 or subdivision (b) of Section 65589.5.2.

(B) This paragraph shall become inoperative on January 1, 2031.

(8) "Lower density" includes any conditions that have the same effect or impact on the ability of the project to provide housing.

(9) "Objective" means involving no personal or subjective judgment by a public official and being uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official.

(10) Notwithstanding any other law, "determined to be complete" means that the applicant has submitted a complete application pursuant to Section 65943.

(11) "Builder's remedy project" means a project that meets all of the following criteria:

(A) The project is a housing development project that provides housing for very low, low-, or moderate-income households.

(B) On or after the date an application for the housing development project or emergency shelter was deemed complete, the jurisdiction did not have a housing element that was in substantial compliance with this article.

(C) The project has a density such that the number of units, as calculated before the application of a density bonus pursuant to Section 65915, complies with all of the following conditions:

(i) The density does not exceed the greatest of the following densities:

(I) Fifty percent greater than the minimum density deemed appropriate to accommodate housing for that jurisdiction as specified in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2.

(II) Three times the density allowed by the general plan, zoning ordinance, or state law, whichever is greater.

(III) The density that is consistent with the density specified in the housing element.

(ii) Notwithstanding clause (i), the greatest allowable density shall be 35 units per acre more than the amount allowable pursuant to clause (i), if any portion of the site is located within any of the following:

(I) One-half mile of a major transit stop, as defined in Section 21064.3 of the Public Resources Code.

(II) A very low vehicle travel area, as defined in subdivision (b) of Section 65589.5.1.

(III) A high or highest resource census tract, as identified by the latest edition of the "CTCAC/HCD Opportunity Map" published by the California Tax Credit Allocation Committee and the Department of Housing and Community Development.

(D) (i) On sites that have a minimum density requirement and are located within one-half mile of a commuter rail station or a heavy rail station, the density of the project shall not be less than the minimum density required on the site.

(I) For purposes of this subparagraph, "commuter rail" means a railway that is not a light rail, streetcar, trolley, or tramway and that is for urban passenger train service consisting of local short distance travel operating between a central city and adjacent suburb with service operated on a regular basis by or under contract with a transit operator for the purpose of transporting passengers within urbanized areas, or between urbanized areas and outlying areas, using either locomotive-hauled or self-propelled railroad passenger cars, with multitrip tickets and specific station-to-station fares.

(II) For purposes of this subparagraph, "heavy rail" means an electric railway with the capacity for a heavy volume of traffic using high speed and rapid acceleration passenger rail cars operating singly or in multicar trains on fixed rails, separate

rights-of-way from which all other vehicular and foot traffic are excluded, and high platform loading.

(ii) On all other sites with a minimum density requirement, the density of the project shall not be less than the local agency's minimum density or one-half of the minimum density deemed appropriate to accommodate housing for that jurisdiction as specified in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2, whichever is lower.

(E) The project site does not abut a site where more than one-third of the square footage on the site has been used, within the past three years, by a heavy industrial use, or a Title V industrial use, as those terms are defined in Section 65913.16.

(12) "Condition approval" includes imposing on the housing development project, or attempting to subject it to, development standards, conditions, or policies.

(13) "Unit type" means the form of ownership and the kind of residential unit, including, but not limited to, single-family detached, single-family attached, for-sale, rental, multifamily, townhouse, condominium, apartment, manufactured homes and mobilehomes, factory-built housing, and residential hotel.

(14) "Proposed by the applicant" means the plans and designs as submitted by the applicant, including, but not limited to, density, unit size, unit type, site plan, building massing, floor area ratio, amenity areas, open space, parking, and ancillary commercial uses.

(i) If any city, county, or city and county denies approval or imposes conditions, including design changes, lower density, or a reduction of the percentage of a lot that may be occupied by a building or structure under the applicable planning and zoning in force at the time the housing development project's application is complete, that have a substantial adverse effect on the viability or affordability of a housing development for very low, low-, or moderate-income households, and the denial of the development or the imposition of conditions on the development is the subject of a court action which challenges the denial or the imposition of conditions, then the burden of proof shall be on the local legislative body to show that its decision is consistent with the findings as described in subdivision (d), and that the findings are supported by a preponderance of the evidence in the record, and with the requirements of subdivision (o).

(j) (1) When a proposed housing development project complies with applicable, objective general plan, zoning, and subdivision standards and criteria, including design review standards, in effect at the time that the application was deemed complete, but the local agency proposes to disapprove the project or to impose a condition that the project be developed at a lower density, the local agency shall base its decision regarding the proposed housing development project upon written findings supported by a preponderance of the evidence on the record that both of the following conditions exist:

(A) The housing development project would have a specific, adverse impact upon the public health or safety unless the project is disapproved or approved upon the condition that the project be developed at a lower density. As used in this paragraph, a "specific, adverse impact" means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.

(B) There is no feasible method to satisfactorily mitigate or avoid the adverse impact identified pursuant to paragraph (1), other than the disapproval of the housing development project or the approval of the project upon the condition that it be developed at a lower density.

(2) (A) If the local agency considers a proposed housing development project to be inconsistent, not in compliance, or not in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision as specified in this subdivision, it shall provide the applicant with written documentation identifying the provision or provisions, and an explanation of the reason or reasons it considers the housing development to be inconsistent, not in compliance, or not in conformity as follows:

(i) Within 30 days of the date that the application for the housing development project is determined to be complete, if the housing development project contains 150 or fewer housing units.

(ii) Within 60 days of the date that the application for the housing development project is determined to be complete, if the housing development project contains more than 150 units.

(B) If the local agency fails to provide the required documentation pursuant to subparagraph (A), the housing development project shall be deemed consistent, compliant, and

in conformity with the applicable plan, program, policy, ordinance, standard, requirement, or other similar provision.

(3) For purposes of this section, the receipt of a density bonus, incentive, concession, waiver, or reduction of development standards pursuant to Section 65915 shall not constitute a valid basis on which to find a proposed housing development project is inconsistent, not in compliance, or not in conformity, with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision specified in this subdivision.

(4) For purposes of this section, a proposed housing development project is not inconsistent with the applicable zoning standards and criteria, and shall not require a rezoning, if the housing development project is consistent with the objective general plan standards and criteria but the zoning for the project site is inconsistent with the general plan. If the local agency has complied with paragraph (2), the local agency may require the proposed housing development project to comply with the objective standards and criteria of the zoning which is consistent with the general plan, however, the standards and criteria shall be applied to facilitate and accommodate development at the density allowed on the site by the general plan and proposed by the proposed housing development project.

(k) (1) (A) (i) The applicant, a person who would be eligible to apply for residency in the housing development project or emergency shelter, or a housing organization may bring an action to enforce this section. If, in any action brought to enforce this section, a court finds that any of the following are met, the court shall issue an order pursuant to clause (ii):

(I) The local agency, in violation of subdivision (d), disapproved a housing development project or conditioned its approval in a manner rendering it infeasible for the development of an emergency shelter, or housing for very low, low-, or moderate-income households, including farmworker housing, without making the findings required by this section.

(II) The local agency, in violation of subdivision (j), disapproved a housing development project complying with applicable, objective general plan and zoning standards and criteria, or imposed a condition that the project be developed at a lower density, without making the findings required by this section.

(III) The local agency, in violation of subdivision (o), required or attempted to require a housing development project to comply with an ordinance, policy, or standard not adopted and in effect when a preliminary application was submitted.

(IV) The local agency violated a provision of this section applicable to a builder's remedy project.

(ii) If the court finds that one of the conditions in clause (i) is met, the court shall issue an order or judgment compelling compliance with this section within a time period not to exceed 60 days, including, but not limited to, an order that the local agency take action on the housing development project or emergency shelter. The court may issue an order or judgment directing the local agency to approve the housing development project or emergency shelter if the court finds that the local agency acted in bad faith when it disapproved or conditionally approved the housing development or emergency shelter in violation of this section. The court shall retain jurisdiction to ensure that its order or judgment is carried out and shall award reasonable attorney's fees and costs of suit to the plaintiff or petitioner, provided, however, that the court shall not award attorney's fees in either of the following instances:

(I) The court finds, under extraordinary circumstances, that awarding fees would not further the purposes of this section.

(II) (ia) In a case concerning a disapproval within the meaning of subparagraph (J) or (K) of paragraph (6) of subdivision (h), the court finds that the local agency acted in good faith and had reasonable cause to disapprove the housing development project due to the existence of a controlling question of law about the application of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) or implementing guidelines as to which there was a substantial ground for difference of opinion at the time of the disapproval.

(ib) This subclause shall become inoperative on January 1, 2031.

(B) Upon a determination that the local agency has failed to comply with the order or judgment compelling compliance with this section within the time period prescribed by the court, the court shall impose fines on a local agency that has violated this section and require the local agency to deposit any fine levied pursuant to this subdivision into a local housing trust fund. The

local agency may elect to instead deposit the fine into the Building Homes and Jobs Trust Fund. The fine shall be in a minimum amount of ten thousand dollars ($10,000) per housing unit in the housing development project on the date the application was deemed complete pursuant to Section 65943. In determining the amount of the fine to impose, the court shall consider the local agency's progress in attaining its target allocation of the regional housing need pursuant to Section 65584 and any prior violations of this section. Fines shall not be paid out of funds already dedicated to affordable housing, including, but not limited to, Low and Moderate Income Housing Asset Funds, funds dedicated to housing for very low, low-, and moderate-income households, and federal HOME Investment Partnerships Program and Community Development Block Grant Program funds. The local agency shall commit and expend the money in the local housing trust fund within five years for the sole purpose of financing newly constructed housing units affordable to extremely low, very low, or low-income households. After five years, if the funds have not been expended, the money shall revert to the state and be deposited in the Building Homes and Jobs Trust Fund for the sole purpose of financing newly constructed housing units affordable to extremely low, very low, or low-income households.

(C) If the court determines that its order or judgment has not been carried out within 60 days, the court may issue further orders as provided by law to ensure that the purposes and policies of this section are fulfilled, including, but not limited to, an order to vacate the decision of the local agency and to approve the housing development project, in which case the application for the housing development project, as proposed by the applicant at the time the local agency took the initial action determined to be in violation of this section, along with any standard conditions determined by the court to be generally imposed by the local agency on similar projects, shall be deemed to be approved unless the applicant consents to a different decision or action by the local agency.

(D) Nothing in this section shall limit the court's inherent authority to make any other orders to compel the immediate enforcement of any writ brought under this section, including the imposition of fees and other sanctions set forth under Section 1097 of the Code of Civil Procedure.

(2) For purposes of this subdivision, "housing organization" means a trade or industry group whose local members are primarily engaged in the construction or management of housing units or a nonprofit organization whose mission includes providing or advocating for increased access to housing for low-income households and have filed written or oral comments with the local agency prior to action on the housing development project. A housing organization may only file an action pursuant to this section to challenge the disapproval of a housing development by a local agency. A housing organization shall be entitled to reasonable attorney's fees and costs if it is the prevailing party in an action to enforce this section.

(*l*) If the court finds that the local agency (1) acted in bad faith when it violated this section and (2) failed to carry out the court's order or judgment within the time period prescribed by the court, the court, in addition to any other remedies provided by this section, shall multiply the fine determined pursuant to subparagraph (B) of paragraph (1) of subdivision (k) by a factor of five. If a court has previously found that the local agency violated this section within the same planning period, the court shall multiply the fines by an additional factor for each previous violation. For purposes of this section, "bad faith" includes, but is not limited to, an action or inaction that is frivolous, pretextual, intended to cause unnecessary delay, or entirely without merit.

(m) (1) Any action brought to enforce the provisions of this section shall be brought pursuant to Section 1094.5 of the Code of Civil Procedure, and the local agency shall prepare and certify the record of proceedings in accordance with subdivision (c) of Section 1094.6 of the Code of Civil Procedure no later than 30 days after the petition is served, provided that the cost of preparation of the record shall be borne by the local agency, unless the petitioner elects to prepare the record as provided in subdivision (n) of this section. A petition to enforce the provisions of this section shall be filed and served no later than 90 days from the later of (1) the effective date of a decision of the local agency imposing conditions on, disapproving, or any other final action on a housing development project or (2) the expiration of the time periods specified in subparagraph (B) of paragraph (6) of subdivision (h). Upon entry of the trial court's order, a party may, in order to obtain appellate review of the order, file a petition

within 20 days after service upon it of a written notice of the entry of the order, or within such further time not exceeding an additional 20 days as the trial court may for good cause allow, or may appeal the judgment or order of the trial court under Section 904.1 of the Code of Civil Procedure. If the local agency appeals the judgment of the trial court, the local agency shall post a bond, in an amount to be determined by the court, to the benefit of the plaintiff if the plaintiff is the project applicant.

(2) (A) A disapproval within the meaning of subparagraph (J) of paragraph (6) of subdivision (h) shall be final for purposes of this subdivision, if the local agency did not make a lawful determination within the time period set forth in paragraph (5) of subdivision (a) of Section 65589.5.1 after the applicant's timely written notice.

(B) This paragraph shall become inoperative on January 1, 2031.

(3) (A) A disapproval within the meaning of subparagraph (K) of paragraph (6) of subdivision (h) shall be final for purposes of this subdivision, if the local agency did not make a lawful determination within 90 days of the applicant's timely written notice.

(B) This paragraph shall become inoperative on January 1, 2031.

(n) In any action, the record of the proceedings before the local agency shall be filed as expeditiously as possible and, notwithstanding Section 1094.6 of the Code of Civil Procedure or subdivision (m), all or part of the record may be prepared (1) by the petitioner with the petition or petitioner's points and authorities, (2) by the respondent with respondent's points and authorities, (3) after payment of costs by the petitioner, or (4) as otherwise directed by the court. If the expense of preparing the record has been borne by the petitioner and the petitioner is the prevailing party, the expense shall be taxable as costs.

(o) (1) Subject to paragraphs (2), (6), and (7), and subdivision (d) of Section 65941.1, a housing development project shall be subject only to the ordinances, policies, and standards adopted and in effect when a preliminary application including all of the information required by subdivision (a) of Section 65941.1 was submitted.

(2) Paragraph (1) shall not prohibit a housing development project from being subject to ordinances, policies, and standards

adopted after the preliminary application was submitted pursuant to Section 65941.1 in the following circumstances:

(A) In the case of a fee, charge, or other monetary exaction, to an increase resulting from an automatic annual adjustment based on an independently published cost index that is referenced in the ordinance or resolution establishing the fee or other monetary exaction.

(B) A preponderance of the evidence in the record establishes that subjecting the housing development project to an ordinance, policy, or standard beyond those in effect when a preliminary application was submitted is necessary to mitigate or avoid a specific, adverse impact upon the public health or safety, as defined in subparagraph (A) of paragraph (1) of subdivision (j), and there is no feasible alternative method to satisfactorily mitigate or avoid the adverse impact.

(C) Subjecting the housing development project to an ordinance, policy, standard, or any other measure, beyond those in effect when a preliminary application was submitted is necessary to avoid or substantially lessen an impact of the project under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(D) The housing development project has not commenced construction within two and one-half years, or three and one-half years for an affordable housing project, following the date that the project received final approval. For purposes of this subparagraph:

(i) "Affordable housing project" means a housing development that satisfies both of the following requirements:

(I) Units within the development are subject to a recorded affordability restriction for at least 55 years for rental housing and 45 years for owner-occupied housing, or the first purchaser of each unit participates in an equity sharing agreement as described in subparagraph (C) of paragraph (2) of subdivision (c) of Section 65915.

(II) All of the units within the development, excluding managers' units, are dedicated to lower income households, as defined by Section 50079.5 of the Health and Safety Code.

(ii) "Final approval" means that the housing development project has received all necessary approvals to be eligible to apply for, and obtain, a building permit or permits and either of the following is met:

(I) The expiration of all applicable appeal periods, petition periods, reconsideration periods, or statute of limitations for challenging that final approval without an appeal, petition, request for reconsideration, or legal challenge having been filed.

(II) If a challenge is filed, that challenge is fully resolved or settled in favor of the housing development project.

(E) The housing development project is revised following submittal of a preliminary application pursuant to Section 65941.1 such that the number of residential units or square footage of construction changes by 20 percent or more, exclusive of any increase resulting from the receipt of a density bonus, incentive, concession, waiver, or similar provision, including any other locally authorized program that offers additional density or other development bonuses when affordable housing is provided. For purposes of this subdivision, "square footage of construction" means the building area, as defined by the California Building Standards Code (Title 24 of the California Code of Regulations).

(3) This subdivision does not prevent a local agency from subjecting the additional units or square footage of construction that result from project revisions occurring after a preliminary application is submitted pursuant to Section 65941.1 to the ordinances, policies, and standards adopted and in effect when the preliminary application was submitted.

(4) For purposes of this subdivision, "ordinances, policies, and standards" includes general plan, community plan, specific plan, zoning, design review standards and criteria, subdivision standards and criteria, and any other rules, regulations, requirements, and policies of a local agency, as defined in Section 66000, including those relating to development impact fees, capacity or connection fees or charges, permit or processing fees, and other exactions.

(5) This subdivision shall not be construed in a manner that would lessen the restrictions imposed on a local agency, or lessen the protections afforded to a housing development project, that are established by any other law, including any other part of this section.

(6) This subdivision shall not restrict the authority of a public agency or local agency to require mitigation measures to lessen the impacts of a housing development project under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(7) With respect to completed residential units for which the project approval process is complete and a certificate of occupancy has been issued, nothing in this subdivision shall limit the application of later enacted ordinances, policies, and standards that regulate the use and occupancy of those residential units, such as ordinances relating to rental housing inspection, rent stabilization, restrictions on short-term renting, and business licensing requirements for owners of rental housing.

(p) (1) Upon any motion for an award of attorney's fees pursuant to Section 1021.5 of the Code of Civil Procedure, in a case challenging a local agency's approval of a housing development project, a court, in weighing whether a significant benefit has been conferred on the general public or a large class of persons and whether the necessity of private enforcement makes the award appropriate, shall give due weight to the degree to which the local agency's approval furthers policies of this section, including, but not limited to, subdivisions (a), (b), and (c), the suitability of the site for a housing development, and the reasonableness of the decision of the local agency. It is the intent of the Legislature that attorney's fees and costs shall rarely, if ever, be awarded if a local agency, acting in good faith, approved a housing development project that satisfies conditions established in paragraph (1), (2), or (3) of subdivision (a) of Section 65589.5.1 or paragraph (1), (2), or (3) of subdivision (a) of Section 65589.5.2.

(2) This subdivision shall become inoperative on January 1, 2031.

(q) This section shall be known, and may be cited, as the Housing Accountability Act.

(r) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 2. Section 65913.3 of the Government Code is amended to read:

65913.3. (a) (1) A local agency or state agency shall compile one or more lists that shall specify in detail the information that will be required from any applicant for a postentitlement phase permit. The local agency or state agency may revise the lists of information required from an applicant. Any revised list shall not apply to any permit pending review.

(2) A local agency or state agency shall post an example of a complete, approved application and an example of a complete set of postentitlement phase permits. A local agency shall post examples for at least five types of housing development projects in the jurisdiction, including, but not limited to, accessory dwelling unit, duplex, multifamily, mixed use, and townhome.

(3) (A) A local agency shall make the items required by paragraphs (1) and (2) available on the agency's internet website no later than January 1, 2024.

(B) A state agency shall make the items required by paragraphs (1) and (2) available on the agency's internet website no later than January 1, 2026.

(b) (1) (A) A local agency or state agency shall determine whether an application for a postentitlement phase permit is complete and provide written notice of this determination to the applicant not later than 15 business days after the local agency or state agency received the application.

(B) If the local agency or state agency determines an application is incomplete, the local agency or state agency shall provide the applicant with a list of incomplete items and a description of how the application can be made complete. The list shall be limited to incomplete items that are included on the lists required by paragraph (1) of subdivision (a). The list and description shall be provided with the written notice required by subparagraph (A).

(2) (A) After receiving a notice that the application was incomplete, an applicant may cure and address the items that are deemed to be incomplete by the local agency or state agency.

(B) In the review of an application submitted pursuant to subparagraph (A), the local agency or state agency shall not require the application to include an item that was not included in the list required by subparagraph (B) of paragraph (1).

(C) If an applicant submits an application pursuant to subparagraph (A), the local agency or state agency shall determine whether the additional application has remedied all incomplete items listed in the determination issued pursuant to subparagraph (B) of paragraph (1). This additional application is subject to the timelines and requirements specified in subparagraph (A) of paragraph (1).

(3) If a local agency or state agency does not make a timely determination as required by paragraph (1) or (2) and the

application or resubmitted application states that it is for a postentitlement phase permit, the application or resubmitted application shall be deemed to be complete for the purposes of this chapter.

(c) (1) (A) For housing development projects with 25 units or fewer, a local agency or state agency shall complete the review and do either of the following:

(i) If the local agency or state agency determines that the complete application is not compliant with the permit standards, return in writing a full set of comments to the applicant with a comprehensive request for revisions.

(ii) If the local agency or state agency determines that the complete application is compliant with the permit standards, return the approved permit application on each postentitlement phase permit requested.

(B) The local agency or state agency shall immediately transmit that determination to the applicant by electronic mail and, if applicable, by posting the response on its internet website in the manner prescribed in subdivision (b) of Section 65913.3.5 not later than 30 business days after the local agency or state agency determines that an application for a postentitlement phase permit is complete pursuant to subdivision (b).

(C) (i) As part of its review, the local agency or state agency shall not require or request more than two plan check and specification reviews in connection with an application for a building ~~permit, unless the local agency's or state agency's requirement or request for additional review is accompanied by written findings based on substantial evidence in the record that the additional review is necessary to address a specific, adverse impact on public health or safety.~~ *permit.*

(ii) Notwithstanding clause (i), a local agency or state agency may deny an application that is not compliant with the permit standards following two plan check and specification reviews.

(iii) An applicant may request additional submittals of applications that are not compliant with the permit standards.

(iv) This subparagraph shall not be construed to affect the number of submittals that a local agency or state agency may require or request for any postentitlement phase permit other than a building permit.

(2) (A) For housing development projects with 26 units or more, a local agency or state agency shall complete the review and do either of the following:

(i) If the local agency or state agency determines that the complete application is not compliant with the permit standards, return in writing a full set of comments to the applicant with a comprehensive request for revisions.

(ii) If the local agency or state agency determines that the complete application is compliant with the permit standards, return the approved permit application on each postentitlement phase permit requested.

(B) The local agency or state agency shall immediately transmit that determination to the applicant by electronic mail and, if applicable, by posting the response on its internet website in the manner prescribed in subdivision (b) of Section 65913.3.5 not later than 60 business days after the local agency or state agency determines that an application for a postentitlement phase permit is complete pursuant to subdivision (b).

(C) (i) As part of its review, the local agency or state agency shall not require or request more than two plan check and specification reviews in connection with an application for a building ~~permit, unless the local agency's or state agency's requirement or request for additional review is accompanied by written findings based on substantial evidence in the record that the additional review is necessary to address a specific, adverse impact on public health or safety.~~ *permit.*

(ii) Notwithstanding clause (i), a local agency or state agency may deny an application that is not compliant with the permit standards following two plan check and specification reviews.

(iii) An applicant may request additional submittals of applications that are not compliant with the permit standards.

(iv) This subparagraph shall not be construed to affect the number of submittals that a local agency or state agency may require or request for any postentitlement phase permit other than a building permit.

(3) Once a local agency or state agency determines that a postentitlement phase permit is compliant with applicable permit standards pursuant to paragraph (1) or (2), the local agency or state agency shall not subject the postentitlement phase permit to any appeals or additional hearing requirements.

(4) The time limits in this subdivision shall not apply if the local agency or state agency makes written findings within the time limits specified in paragraph (1) or (2) based on substantial evidence in the record that the proposed postentitlement phase permit might have a specific, adverse impact on public health or safety and that additional time is necessary to process the application.

(5) (A) If federal or state law requires review of the application by another public agency that is independent of the local agency or state agency before the local agency or state agency is authorized to act on the application, the time limits in this subdivision shall be tolled for the application until the public agency completes the review and returns the application to the local agency or state agency.

(B) After the public agency returns the application to the local agency or state agency, the local agency or state agency shall complete the review within the time remaining under the time limit, subject to subparagraph (C).

(C) Within three business days of the start of the tolling and within three business days of the resumption of the time limit, the local agency or state agency shall notify the applicant of the tolling and the resumption of the time limit, respectively, by electronic mail and, if applicable, by posting the notification on its internet website in the manner prescribed in subdivision (b) of Section 65913.3.5.

(d) (1) If a local agency or state agency finds that a complete application is noncompliant, the local agency or state agency shall provide the applicant with a list of items that are noncompliant and a description of how the application can be remedied by the applicant within the time limits specified in subdivision (c).

(2) The local agency or state agency shall provide the list and description authorized by paragraph (1) when it transmits its determination to the applicant as required by subdivision (c).

(3) If a local agency or state agency denies a postentitlement phase permit application based on a determination that the application is noncompliant, the applicant may attempt to remedy the application.

(4) If an applicant submits an application pursuant to paragraph (3), the additional application is subject to the timelines of a new application as specified in subdivision (c).

(5) The local agency or state agency shall not request or require any action or inaction as a result of a building inspection undertaken to assess compliance with the applicable building permit standards that would represent a deviation from a previously approved building plan or similar approval for the building permit, unless the local agency's or state agency's requirement or request is accompanied by written findings based on substantial evidence in the record that ~~both~~ *either* of the following apply:

(A) A reasonable person could not interpret the building plan or similar approval that was approved by the local agency or state agency as being compliant with the applicable standards for the building permit.

(B) The deviation is necessary to address a specific, adverse impact on public health or safety.

(e) (1) If a postentitlement phase permit is determined to be incomplete under subdivision (b) or denied or determined to be noncompliant under subdivision (c) or (d), the local agency or state agency shall provide a process for the applicant to appeal that decision in writing to the governing body of the agency.

(2) (A) With respect to a postentitlement phase permit concerning housing development projects with 25 units or fewer, a local agency or state agency on the appeal shall provide a final written determination by not later than 30 business days after receipt of the applicant's written appeal.

(B) With respect to a postentitlement phase permit concerning housing development projects with 26 units or more, a local agency or state agency on the appeal shall provide a final written determination by not later than 45 business days after receipt of the applicant's written appeal.

(3) If the applicant's appeal pursuant to this subdivision is denied, or a decision on the appeal is not made within the timelines provided, or an appeals process is not provided as required, the applicant may seek a writ of mandate to compel approval of the application.

(f) If a local agency violates subdivisions (b) to (e), inclusive, it shall be in violation of Section 65589.5.

(g) If a state agency violates subdivisions (b) to (e), inclusive, the permit shall be deemed approved and any related reviews shall be deemed complete.

(h) Except as provided in subparagraph (C) of paragraph (1) of, and subparagraph (C) of paragraph (2) of, subdivision (c), this section does not place limitations on the amount of feedback that a local agency or state agency may provide or revisions that a local agency or state agency may request of an applicant.

(i) For residential or residential mixed-use developments that are subject to the requirements set forth in Section 65913.4, the provisions of paragraph (2) of subdivision (h) of Section 65913.4 shall apply. Permits for these developments that are subject to paragraph (2) of subdivision (h) of Section 65913.4 shall not be in conflict with the requirements of this section. The local agency or state agency shall comply with both sets of standards.

(j) This section does not preclude an applicant and a local agency or state agency from mutually agreeing to an extension of any time limit provided by this section. However, a local agency or state agency shall not require an agreement as a condition of accepting the application for, or processing of, a postentitlement phase permit, unless the agreement is obtained for the purpose of permitting concurrent processing of related approvals or an environmental review on the same housing development project.

(k) For purposes of this section, the following definitions apply:

(1) "Housing development project" has the same meaning as in paragraph (3) of subdivision (b) of Section 65905.5.

(2) "Local agency" means any county, city, or city and county.

(3) (A) "Postentitlement phase permit" includes all of the following:

(i) All nondiscretionary permits and reviews that are required or issued by the local agency after the entitlement process has been completed to begin construction of a development that is intended to be at least two-thirds residential, excluding discretionary and ministerial planning permits, entitlements, and other permits and reviews that are covered under Chapter 4.5 (commencing with Section 65920). A postentitlement phase permit includes, but is not limited to, all of the following:

(I) Building permits, and all interdepartmental reviews required for the issuance of a building permit, including plan checking and building inspection.

(II) Permits for minor or standard offsite improvements.

(III) Permits for demolition.

(IV) Permits for minor or standard excavation and grading.

(ii) All building permits and other permits issued under the California Building Standards Code (Title 24 of the California Code of Regulations) or any applicable local building code for the construction, demolition, or alteration of buildings, whether discretionary or nondiscretionary.

(iii) (I) Except as provided in subclause (II), any postentitlement review by a state agency that is necessary to begin construction of a development that is intended to be at least two-thirds residential, excluding discretionary and ministerial planning permits, entitlements, and other permits and reviews that are covered under Chapter 4.5 (commencing with Section 65920).

(II) Notwithstanding subclause (I), a postentitlement phase permit does not include either of the following:

(ia) A permit issued by a state agency acting pursuant to delegated federal permitting or enforcement authority under the federal Clean Water Act (33 U.S.C. Sec. 1251 et seq.) or the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.).

(ib) A permit authorizing discharges of waste to waters of the state.

(B) A local agency or state agency may identify a threshold for determining whether a permit constitutes a "minor" or "standard" permit for the purposes of this paragraph, which shall be supported by written findings. A local agency that identifies a threshold pursuant to this subparagraph shall adopt the threshold by ordinance.

(C) A postentitlement phase permit does not include a permit required and issued by the California Coastal Commission, a special district, or a utility that is not owned and operated by a local agency.

(4) "Specific, adverse impact" means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified, and written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.

(5) "State agency" has the same meaning as that term is defined in Section 11000.

SEC. 3. The amendments of subclause (I) of clause (i) of subparagraph (A) of paragraph (3) of subdivision (k) of Section 65913.3 of the Government Code made by this act do not constitute a change in, but are declaratory of, existing law.

SEC. 4. The Legislature finds and declares that Section 2 of this act amending Section 65913.3 of the Government Code addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, Section 2 of this act applies to all cities, including charter cities.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

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CITY OF MORGAN HILL

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June 24, 2026

The Honorable Sharon Quirk-Silva
Member, California State Assembly
1021 O St., Room 4210
Sacramento, CA 95814

RE: AB 1751 (Quirk-Silva) Missing Middle Townhome Ownership Act.
Notice of OPPOSITION (As of 5/18/26)

Dear Honorable Sharon Quirk-Silva,

The City of Morgan Hill respectfully opposes AB 1751 (Quirk-Silva), which would require local agencies to ministerially approve both the application for a townhome development project and the parcel map or tentative and final map in multifamily residential zones or underutilized single-family zones.

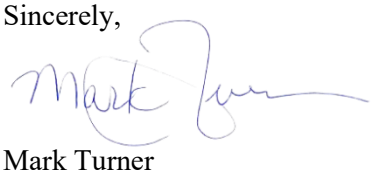
The City of Morgan Hill supports efforts to increase housing production and expand homeownership opportunities. However, AB 1751 would bypass important local review processes that help ensure new subdivisions are supported by adequate infrastructure, public services, and orderly development. Under the Subdivision Map Act, local agencies review and approve proposed subdivisions, including parcel maps for four or fewer parcels and tentative and final maps for subdivisions of five or more parcels. This process is essential to ensure that new housing can be served by roads, utilities, water, sewer, emergency response, and other local services. This is especially concerning for the City of Morgan Hill as residential development is now allowed in areas never anticipated for this sort of growth.

AB 1751 bypasses the state-mandated local planning effort and forces cities to approve all maps for a townhome development project, even if it would exceed the residential capacity and infrastructure assumptions evaluated and certified by the state, creating potential unintended consequences for infrastructure and public services. AB 1751 disregards state-approved housing plans and zoning requirements, despite the multi-year effort to identify sites suitable for new housing development in coordination with smart residential growth.

Additionally, the measure may require a city to approve a townhome development at a lower density than the amount of planned density in that multifamily zone. Specifically, AB 1751 allows projects that are three stories or fewer and meet at least 75 percent of the state's minimum density standards to qualify for by-right approval. In jurisdictions that planned for higher densities on specific sites, this could result in fewer units being built than planned for, requiring cities to identify additional sites to remain compliant with state Housing Element Law and "no net loss" requirements. In jurisdictions like Morgan Hill, building townhome products at even lower densities could result in reduced ability to adequately develop the limited land the City has available for residential development.

For these reasons, the City of Morgan Hill respectfully opposes AB 1751 (Quirk-Silva).

Sincerely,



Mark Turner
Mayor

cc: Assemblymember Gail Pellerin
Senator Dave Cortese
Montana Cruz, Regional Public Affairs Manager, League of California Cities, mcruz@calcities.org
Meg Desmond, League of California Cities, cityletters@cacities.org

AMENDED IN SENATE JULY 2, 2026
AMENDED IN SENATE JUNE 29, 2026
AMENDED IN SENATE JUNE 17, 2026
AMENDED IN ASSEMBLY MAY 18, 2026
AMENDED IN ASSEMBLY APRIL 20, 2026
AMENDED IN ASSEMBLY APRIL 16, 2026
CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL No. 1751

Introduced by Assembly Members Quirk-Silva and Wicks

February 9, 2026

An act to add Section 65852.29 to, and to add Chapter 9 (commencing with Section 66499.45) to Division 2 of Title 7 of, the Government Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1751, as amended, Quirk-Silva. Missing Middle Townhome Ownership Act.

Existing law, the Planning and Zoning Law, contains various provisions requiring a local government that receives an application for certain types of qualified housing developments to review the application under a streamlined, ministerial approval process, depending on the type of housing development, as specified. Existing law, the Subdivision Map Act, vests the authority to regulate and control the design and improvement of subdivisions in the legislative body of a local agency and sets forth procedures governing the local agency's processing, approval, conditional approval or disapproval, and filing of tentative,

final, and parcel maps, and the modification thereof. The act generally requires a subdivider to file a tentative map or vesting tentative map with the local agency, as specified, and the local agency, in turn, to approve, conditionally approve, or disapprove the map within a specified time period. Existing law, known as the Starter Home Revitalization Act of 2021, among other things, requires a local agency to ministerially consider, without discretionary review or a hearing, a parcel map or a tentative and final map for a housing development project that meets certain requirements, including that the housing development project on the lot proposed to be subdivided will contain 10 or fewer residential units, except as provided.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA does not apply to the approval of ministerial projects.

This bill, the Missing Middle Townhome Ownership Act, would authorize a development proponent to submit an application for a townhome ~~housing~~ development project that is subject to a prescribed ministerial approval process if the development complies with certain procedural requirements and satisfies specified objective planning standards. The bill would also require a local agency to ministerially consider, without discretionary review or a hearing, ~~a parcel map or~~ a tentative and final map for a townhome development project that meets specified requirements, including that the proposed subdivision ~~will result in parcels and residential units that will meet prescribed densities~~ *complies with the requirements established by the bill for ministerial approval of a townhome development project, as described in the preceding sentence,* and that the newly created parcels are no smaller than 600 square feet. The act would define "townhome" for these purposes to mean a single-family dwelling unit that is less than or equal to 3 stories of occupiable square footage and either shares a common wall, as specified, or is separated from one or more neighboring units

by ~~an air gap,~~ *no more than a specified fire separation distance,* and would define "townhome development project" to mean a housing development project ~~consisting~~ *that consists* entirely of residential units that satisfy this definition of townhome and ~~meeting~~ *meets* prescribed density requirements, size requirements, and unit limits. The bill would authorize a local agency to disapprove a townhome ~~housing~~ development project, or deny the issuance of ~~a parcel map,~~ a tentative ~~map,~~ *map* or a final map for a townhome development project, allowed under the bill's provisions if it makes written findings based upon a preponderance of the evidence that the proposed townhome ~~housing~~ development project would have a specific, adverse impact, as provided in specified law, upon public health and safety and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact. The bill would authorize a local agency to adopt an ordinance to implement its provisions and would provide that the adoption of such an ordinance is not a project under CEQA.

By establishing new ministerial approval processes relating to townhome development projects, as described above, this bill would expand the scope of the exemption from CEQA for ministerial projects. Further, by adding to the duties of local officials with respect to the review and approval of townhome development projects, the bill would impose a state-mandated local program.

This bill would exempt the City and County of San Francisco from its provisions.

The bill would make legislative findings and declarations as to the necessity of a special statute for the City and County of San Francisco.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities, except as provided.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. This bill shall be known, and may be cited, as the Missing Middle Townhome Ownership Act.

SEC. 2. Section 65852.29 is added to the Government Code, to read:

65852.29. (a) A development proponent may submit an application for a townhome ~~housing~~ development project that meets the requirements of this ~~section.~~ *section and Section 66499.5.* A townhome ~~housing~~ development project application under this section includes any city, or for townhome development projects located in an unincorporated area of a county, land use and zoning approvals required to authorize construction and occupation of the townhome ~~housing~~ development project, including, but not limited to, subdivision, building, grading, and other permits.

(b) (1) For any townhome ~~housing~~ development project application submitted pursuant to this section, a local agency may impose *objective general plan standards*, objective zoning standards, objective subdivision standards, or objective design standards that are applicable to the townhome ~~housing~~ development project, and do not conflict with this section.

(2) Notwithstanding paragraph (1), a local agency shall not impose on a townhome ~~housing~~ development project an *objective general plan standard*, objective zoning standard, objective subdivision standard, or objective design standard that does or is any of the following:

(A) Physically precludes the development of a proposed townhome ~~housing~~ development project that complies with at least 75 percent of the applicable density specified in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2.

(B) ~~Imposes~~ *(i) Except as provided in clause (ii), imposes* any requirement that applies to a townhome ~~housing~~ development project solely or partially on the basis that the project receives approval pursuant to this section.

(ii) If the townhome development project is proposed on a site with a general plan designation or zoning classification that does not allow the density proposed by the townhome development project, the local agency may require the project to comply with the objective general plan standards, objective zoning standards, objective subdivision standards, and objective design standards

that would have applied to the project had it been proposed on a site with a general plan designation and zoning classification that allow the density and unit type proposed by the applicant.

(C) Requires that parking be enclosed or covered or requires parking capacity or parking designs that are prohibited or restricted by other law.

(3) In addition to any other requirements imposed in accordance with this section, a local agency may require the construction or dedication of any improvements, facilities, infrastructure, or rights-of-way necessary for the townhome development project to be consistent with the local agency's general plan.

(c) ~~(1)~~ A local agency shall ministerially consider, without discretionary review or a hearing, an application submitted to a local agency pursuant to this section.

~~(2) This section is subject to the applicable housing application procedures, inclusive of the preliminary application, process for completing the application, and standards, permitting timelines as well as other requirements applicable to housing applications, set forth in the Housing Accountability Act (Section 65589.5) and the Permit Streamlining Act (Chapter 4.5 (commencing with Section 65920)).~~

(d) A local agency may disapprove a townhome ~~housing~~ development project that meets the requirements of this section if it makes a written finding, based upon a preponderance of the evidence, that the proposed townhome ~~housing~~ development project would have a specific, adverse impact, as defined and determined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact.

(e) A local agency may adopt an ordinance to implement the provisions of this section. An ordinance adopted to implement this section shall not be considered a project under Division 13 (commencing with Section 21000) of the Public Resources Code.

(f) A local agency shall follow the tribal consultation procedures described in subdivision (b) of Section 21080.66 of the Public Resources Code.

(g) Nothing in this section shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code).

~~(f)~~

(h) This section shall not apply to the City and County of San Francisco.

~~(g)~~

(i) For purposes of this section:

(1) "Townhome" means a single-family dwelling unit that is less than or equal to three stories of occupiable square footage, and meets either of the following conditions:

(A) Shares a common wall with other single-family dwelling units on one or two sides.

(B) Is separated from one or more neighboring units by ~~an air gap.~~ *no more than the minimum fire separation distance as set forth in the building standards for residential buildings in Chapter 3 of Part 2.5 of Title 24 of the California Building Standards Code.*

(2) "Townhome development project" means a housing development ~~project consisting~~ *project, as defined in Section 65589.5, that consists* entirely of residential units that satisfy the definition of ~~townhome and meeting at least 75 percent of the applicable density described in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 and~~ *a townhome, and* that satisfies ~~both~~ *all* of the following:

(A) The average total area of floorspace for the proposed townhomes in a townhome development project does not exceed 1,750 net habitable square feet. For purposes of this paragraph, "net habitable square feet" means the finished and heated floor area fully enclosed by the inside surface of walls, windows, doors, and partitions, and having a headroom of at least six and one-half feet, including working, living, eating, cooking, sleeping, stair, hall, service, and storage areas, but excluding garages, carports, parking spaces, cellars, half-stories, and unfinished attics and basements.

(B) It contains no more than 150 total units.

(C) It has at least 75 percent of the applicable density described in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2.

(D) At least 10 percent of the total units, as defined in subparagraph (A) of paragraph (9) of subdivision (o) of Section 65915, are dedicated to lower income households, as defined in Section 50079.5 of the Health and Safety Code.

SEC. 3. Chapter 9 (commencing with Section 66499.45) is added to Division 2 of Title 7 of the Government Code, to read:

Chapter 9. The Missing Middle Townhome Ownership Act

66499.45. For purposes of this chapter:

(a) "Townhome" has the same meaning as defined in Section 65852.29.

(b) "Townhome development project" has the same meaning as defined in Section 65852.29.

66499.46. A local agency shall ministerially consider, without discretionary review or a hearing, ~~a parcel map or~~ a tentative and final map for a townhome development project that meets all of the following requirements:

~~(a) (1) The proposed subdivision will result in parcels and residential units that will meet at least 75 percent of the applicable density specified in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2.~~

(a) (1) The requirements of Section 65852.29.

(2) The proposed subdivision meets all of the following requirements:

(A) The subdivision site satisfies either of the following eligibility criteria:

(i) Zoned to allow multifamily residential dwelling use.

(ii) Underutilized and zoned exclusively for single-family residential development. For purposes of this clause, "underutilized" means having no permanent residential structure, unless the permanent residential structure is abandoned and uninhabitable. "Underutilized" does not include either of the following:

(I) Housing that is subject to a recorded covenant, ordinance, or law that restricts rent or sales price to levels affordable to persons and families of low, very low, or extremely low income.

(II) Housing that is subject to any form of rent or sales price control through a local public entity's valid exercise of its police ~~power by adopted ordinance.~~ *power.*

(B) The lot is not located on any site where a housing development would be an allowed use as a transit-oriented housing

development pursuant to the applicable requirements of Section 65912.157.

(C) The proposed subdivision is not located on a site where an existing parcel of land or site is governed under any of the following:

(i) The Mobilehome Residency Law (Chapter 2.5 (commencing with Section 798) of Title 2 of Part 2 of Division 2 of the Civil Code).

(ii) The Recreational Vehicle Park Occupancy Law (Chapter 2.6 (commencing with Section 799.20) of Title 2 of Part 2 of Division 2 of the Civil Code).

(iii) The Mobilehome Parks Act (Part 2.1 (commencing with Section 18200) of Division 13 of the Health and Safety Code).

(iv) The Special Occupancy Parks Act (Part 2.3 (commencing with Section 18860) of Division 13 of the Health and Safety Code).

(D) If the lot is *not* located in ~~a nonmetropolitan county or suburban jurisdiction, as defined in subdivisions (d) to (f), inclusive, of Section 65583.2, the lot is on an infill site. This subparagraph shall not apply to a lot located in a metropolitan county, as defined in subdivisions (d) to (f), inclusive, of Section 65583.2.~~ *an urban area, as defined by the United States Census Bureau, the lot is on an infill site.* For purposes of this subparagraph:

(i) "Infill site" means a site where at least three sides of the perimeter of the site adjoin parcels that are developed.

(ii) Parcels that are only separated by a street, pedestrian path, or bicycle path shall be considered to be adjoined.

(3) The newly created parcels are no smaller than 600 square feet.

(4) The housing units ~~on the lot proposed to be subdivided~~ *in the proposed subdivision* are one of the following:

(A) Constructed on fee simple ownership lots.

(B) Part of a common interest development.

(C) Part of a limited-equity housing cooperative, as defined in Section 817 of the Civil Code.

(D) Constructed on land owned by a nonprofit or community land trust, and the housing unit is sold to the resident in a shared equity transaction. For the purpose of this subparagraph, "community land trust" means a nonprofit corporation organized

pursuant to Section 501(c)(3) of the Internal Revenue Code that satisfies all of the following:

(i) Has as its primary purposes the creation and maintenance of permanently affordable single-family or multifamily residences.

(ii) All dwellings and units located on the land owned by the nonprofit corporation are sold to qualified owners to be occupied as the qualified owner's primary residence or rented to persons and families of low or moderate income. For the purpose of this clause, "qualified owner" means a person or family of low or moderate income, including a person or family of low or moderate income who owns a dwelling or unit collectively as a member occupant or resident shareholder of a limited-equity housing cooperative.

(iii) The land owned by the nonprofit corporation or land trust, on which a dwelling or unit sold to a qualified owner is situated, is leased by the nonprofit corporation to the qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years, or is subject to an alternate form of shared equity transaction pursuant to which residents recoup all or most of the mortgage or similar payments paid to the nonprofit or land trust, and 10 percent of any increase in the value of the unit is allocated to the departing resident.

(E) Part of a tenancy in common, as described in Section 685 of the Civil Code.

(5) The proposed subdivision will not result in any existing dwelling unit being alienable separate from the title to any other existing dwelling unit on the lot.

(6) The lot proposed to be subdivided is not identified to accommodate any portion of the jurisdiction's share of the regional housing need for low-income or very low income households.

(7) The development of a townhome development project ~~on the lot proposed to be subdivided~~ *in the proposed subdivision* does not require the demolition *or alteration* of any of the following types of housing:

(A) Housing that is subject to a recorded covenant, ordinance, or law that restricts rent to levels affordable to persons and families of low, very low, or extremely low income.

(B) Housing that is subject to any form of rent or price control through a local public entity's valid exercise of its police ~~power through an adopted ordinance~~. *power.*

(C) Housing occupied by tenants and subject to rent or price control within the five years preceding the date of the application, including housing that has been demolished or that tenants have vacated prior to the submission of the application for a development permit.

(D) A parcel on which an owner of residential real property has exercised the owner's rights under Chapter 12.75 (commencing with Section 7060) of Division 7 of Title 1 to withdraw accommodations from rent or lease within 15 years before the date that the development proponent submits an application.

(E) A parcel that contained five or more units within the five years preceding the date of the application.

(8) If the proposed townhome development project would result in 11 or more units, the project shall comply with any applicable local inclusionary housing requirements.

(9) The lot proposed to be subdivided is not located on a site that is any of the following:

(A) Either prime farmland or farmland of statewide importance, as defined pursuant to United States Department of Agriculture land inventory and monitoring criteria, as modified for California, and designated on the maps prepared by the Farmland Mapping and Monitoring Program of the Department of Conservation, or land zoned or designated for agricultural protection or preservation by a local ballot measure that was approved by the voters of that jurisdiction.

(B) Wetlands, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).

(C) Within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section 51178, or within a high or very high fire hazard severity zone as indicated on maps adopted by the Department of Forestry and Fire Protection pursuant to Section 4202 of the Public Resources Code.

(D) A hazardous waste site that is listed pursuant to Section 65962.5 or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to former Section 25356 of the Health and Safety Code, unless either of the following applies:

(i) The site is an underground storage tank site that received a uniform closure letter issued pursuant to subdivision (g) of Section 25296.10 of the Health and Safety Code based on closure criteria

established by the State Water Resources Control Board for residential use or residential mixed uses. This section does not alter or change the conditions to remove a site from the list of hazardous waste sites listed pursuant to Section 65962.5.

(ii) The State Department of Public Health, State Water Resources Control Board, Department of Toxic Substances Control, or a local agency making a determination pursuant to subdivision (c) of Section 25296.10 of the Health and Safety Code, has otherwise determined that the site is suitable for residential use or residential mixed uses.

(E) Within a delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist, unless the housing development project complies with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law (Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code), and by any local building department under Chapter 12.2 (commencing with Section 8875) of Division 1 of Title 2.

(F) Within a special flood hazard area subject to inundation by the 1-percent annual chance flood (100-year flood) as determined by the Federal Emergency Management Agency in any official maps published by the Federal Emergency Management Agency. If a development proponent is able to satisfy all applicable federal qualifying criteria in order to provide that the site satisfies this paragraph and is otherwise eligible for streamlined approval under this section, a local government shall not deny the application on the basis that the development proponent did not comply with any additional permit requirement, standard, or action adopted by that local government that is applicable to that site. A housing development project may be located on a site described in this subparagraph if either of the following is met:

(i) The site has been subject to a Letter of Map Revision prepared by the Federal Emergency Management Agency and issued to the local jurisdiction.

(ii) The site meets Federal Emergency Management Agency requirements necessary to meet minimum flood plain management criteria of the National Flood Insurance Program pursuant to Part 59 (commencing with Section 59.1) and Part 60 (commencing

with Section 60.1) of Subchapter B of Chapter I of Title 44 of the Code of Federal Regulations.

(G) Within a regulatory floodway as determined by the Federal Emergency Management Agency in any official maps published by the Federal Emergency Management Agency, unless the housing development project has received a no-rise certification in accordance with Section 60.3(d)(3) of Title 44 of the Code of Federal Regulations. If a development proponent is able to satisfy all applicable federal qualifying criteria in order to provide that the site satisfies this subparagraph and is otherwise eligible for streamlined approval under this section, a local government shall not deny the application on the basis that the development proponent did not comply with any additional permit requirement, standard, or action adopted by that local government that is applicable to that site.

(H) Land identified for conservation in an adopted natural community conservation plan pursuant to the Natural Community Conservation Planning Act (Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code), habitat conservation plan pursuant to the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), or another adopted natural resource protection plan.

(I) Habitat for protected species identified as candidate, sensitive, or species of special status by state or federal agencies, fully protected species, or species protected by the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), or the Native Plant Protection Act (Chapter 10 (commencing with Section 1900) of Division 2 of the Fish and Game Code).

(J) Land under conservation easement.

~~(10) The subdivision would not result in the demolition of a historic structure that was placed on a national, state, or local historic register before the date a preliminary application was submitted for the project pursuant to Section 65941.1.~~

(10) The development is not located in either of the following:

(A) A contributing structure within a historic district included on the State Historic Resources Inventory, as defined in Section 5020.1 of the Public Resources Code, or a historic property or district pursuant to a city or county ordinance.

(B) A parcel individually listed as a historical resource included in the State Historic Resources Inventory, as defined in Section 5020.1 of the Public Resources Code, or within a property individually designated or listed as a city or county landmark under a city or county ordinance.

(11) The proposed subdivision conforms to all applicable objective requirements of this division, except as otherwise expressly provided in this section.

(12) The proposed subdivision complies with all applicable standards established pursuant to Section 65852.29.

(13) Any parcels proposed to be created pursuant to this section will be served by ~~a public water system~~ *an existing community water system, as that term is defined in Section 116275 of the Health and Safety Code, that has a valid domestic water supply permit,* and a municipal sewer system.

(14) If the local zoning applicable to the parcel establishes a minimum residential density, the minimum residential density, including the lower end of an applicable residential density range, is no more than 60 units per acre.

(b) A townhome development project on a proposed site to be subdivided pursuant to this section is not required to comply with either of the following requirements:

(1) A minimum requirement on the size, width, depth, frontage, or dimensions of an individual parcel created by the housing development project beyond the minimum parcel size specified in, or established pursuant to, paragraph (3) of subdivision (a).

(2) (A) The formation of a homeowners' association, except as required by the Davis-Stirling Common Interest Development Act (Part 5 (commencing with Section 4000) of Division 4 of the Civil Code).

(B) Subparagraph (A) shall not be construed to prohibit a local agency from requiring a mechanism for the maintenance of common space within the subdivision, including, but not limited to, a road maintenance agreement.

~~(c) A local agency shall approve or deny an application for a parcel map or a tentative map for a townhome development project submitted to a local agency pursuant to this section pursuant to the timelines set forth in the Housing Accountability Act (Section 65589.5) and the Permit Streamlining Act (Chapter 4.5 (commencing with Section 65920) of Division 1).~~

~~(d)~~

(c) (1) Any townhome development project constructed on the lots proposed to be subdivided pursuant to this section shall comply with all applicable *objective general plan standards,* objective zoning standards, objective subdivision standards, and objective design standards as established by the local agency that are not inconsistent with this section and ~~paragraph (2) of~~ subdivision (a) of Section 65852.29.

(2) In addition to any other requirements imposed in accordance with this section, a local agency may require the construction or dedication of any improvements, facilities, infrastructure, or rights-of-way necessary for the townhome development project to be consistent with the local agency's general plan.

~~(e)~~

(d) (1) (A) Except as provided in paragraph (2), a person shall not sell, lease, or finance any parcel or parcels of real property resulting from a subdivision under this section separately from any other such parcel or parcels, unless each parcel that is sold, leased, or financed meets one of the following criteria:

(i) The parcel contains a residential structure completed in compliance with all applicable provisions of the California Building Standards Code (Title 24 of the California Code of Regulations) that includes at least one dwelling unit.

(ii) The parcel already contains an existing legally permitted residential structure.

(iii) The parcel is reserved for internal circulation, open space, or common area.

(iv) The parcel is the only remaining parcel within the subdivision that is not developed with a residential structure that was completed in compliance with all applicable provisions of the California Building Standards Code (Title 24 of the California Code of Regulations).

(B) A violation of this paragraph shall constitute the sale of real property that has been divided in violation of the provisions of this division and shall be subject to the penalties and remedies set forth in Chapter 7 (commencing with Section 66499.30).

(2) A local agency may, by ordinance or map condition, authorize the sale, lease, or finance of any parcel or parcels of real property resulting from a subdivision under this section without compliance with the provisions of paragraph (1).

~~(f)~~

(e) A local agency may deny the issuance of ~~a parcel map,~~ a tentative ~~map,~~ *map* or a final map for a townhome development project allowed under this section if it makes a written finding, based upon a preponderance of the evidence, that the proposed townhome development project would have a specific, adverse impact, as defined and determined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact.

~~(g)~~

(f) A local agency's approval of a townhome development project pursuant to this section shall not be considered a project under Division 13 (commencing with Section 21000) of the Public Resources Code.

~~(h) (1)~~

(g) Notwithstanding Section ~~66411.7,~~ *66411.7 or 66499.41*, a local agency is not required to permit an urban lot split on a parcel created through the exercise of the authority contained within this section.

~~(2) Notwithstanding Sections 65852.21 and 66411.7, those sections shall not apply to a site that meets both of the following requirements:~~

~~(A) The site is located within a single-family residential horsekeeping zone designated in a master plan, adopted before January 1, 1994, that regulates land zoned single-family horsekeeping, commercial, commercial-recreational, and existing industrial within the plan area.~~

~~(B) The applicable local government has an adopted housing element that is compliant with applicable law.~~

~~(i)~~

(h) A local agency may adopt an ordinance to implement the provisions of this section. An ordinance adopted to implement this section shall not be considered a project under Division 13 (commencing with Section 21000) of the Public Resources Code.

66499.47. This chapter shall not apply to the City and County of San Francisco.

SEC. 4. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California

Constitution because of the unique circumstances of the City and County of San Francisco.

SEC. 5. The Legislature finds and declares that Sections 2 and 3 of this act adding Section 65852.29 to, and adding Chapter 9 (commencing with Section 66499.45) to Division 2 of Title 7 of, the Government Code address a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, except as provided therein, Sections 2 and 3 of this act apply to all cities, including charter cities.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

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CITY OF MORGAN HILL

17575 Peak Avenue
Morgan Hill, CA 95037-4128
TEL: (408) 779-7271
FAX: (408) 779-3117
www.morganhill.ca.gov

June 29, 2026

The Honorable Catherine Blakespear
Chair, Environmental Quality Committee
1021 O St., Suite 3230
Sacramento, CA 95814

RE: AB 1436 (Avila Faris) State Air Resources Board: air pollution regulations: private fleets: exception - Notice of SUPPORT

Dear Senator Blakespear,

On behalf of the City of Morgan Hill, I write in strong **support of AB 1436**, which would provide an important exemption from California Air Resources Board clean fleet regulations for certain private fleets, allowing more flexibility in compliance timelines as zero-emission vehicle technology and infrastructure continue to develop. This measured approach recognizes the practical and economic realities facing local service providers and the communities they serve.

While the City supports California's long-term transition to cleaner vehicle technologies, in alignment with our adopted Climate Action Plan, the implementation timeline for current clean fleet regulations is premature and creates significant operational and financial challenges for local communities. Morgan Hill experienced a major transition when our waste hauler, Recology, invested heavily to convert its fleet to compressed natural gas (CNG) to meet environmental goals. Requiring another transition to electric vehicles would impose substantial new costs at a time when the technology for larger heavy-duty vehicles is not yet practical, reliable, or affordable.

These costs will ultimately be passed on to residents through increased rates for essential services such as solid waste collection. For cities like Morgan Hill, this creates an administrative and financial burden without meaningful market transformation, as California's clean fleet regulations alone are too limited in scale to drive broader technological advancements or affordability.

AB 1436 provides important flexibility by allowing the market and technology to mature before imposing mandates that communities and service providers are not yet equipped to meet. We support the transition to zero-emission fleets when the technology becomes commercially viable and cost-effective, but the current timeline is too aggressive and risks unfairly penalizing Morgan Hill and California residents.

For these reasons, the City of Morgan Hill respectfully **urges your support of AB 1436**.

Sincerely,

Mark Turner
Mayor

cc: Assemblymember Gail Pellerin
Senator Dave Cortese
Montana Cruz, Regional Public Affairs Manager, League of California Cities, mcruz@calcities.org
Meg Desmond, League of California Cities, cityletters@cacities.org

AMENDED IN SENATE JUNE 22, 2026

AMENDED IN SENATE JUNE 11, 2026

AMENDED IN ASSEMBLY APRIL 2, 2025

AMENDED IN ASSEMBLY MARCH 24, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL No. 1436

Introduced by Assembly Member Ávila Farías

February 21, 2025

An act to add Section 43110 to the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1436, as amended, Ávila Farías. State Air Resources Board: air pollution regulations: private fleets: exception.

Existing law requires the State Air Resources Board to adopt and implement motor vehicle emission standards, in-use performance standards, and motor vehicle fuel specifications for the control of air contaminants and sources of air pollution that the state board has found necessary, cost effective, and technologically feasible. The California Global Warming Solutions Act of 2006 establishes the state board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases and requires the state board to adopt rules and regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions from those sources.

Pursuant to its authority, the state board has adopted the Advanced Clean Fleets Regulation, which imposes various requirements for transitioning local, state, and federal government fleets of medium- and

heavy-duty trucks, other high-priority fleets of medium- and heavy-duty trucks, and drayage trucks to zero-emission vehicles.

Existing federal law, the Clean Air Act, prohibits any state or any political subdivision thereof from adopting or attempting to enforce any standard relating to the control of emissions from new motor vehicles or new motor vehicle engines, except through a waiver, as provided.

This bill would prohibit the state board from ~~adopting or~~ enforcing any regulation that directly or indirectly compels compliance by private fleets, as provided, ~~unless~~ *until* the state has obtained a required waiver or authorization under the federal Clean Air Act.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares both of the following:

(1) Extending regulatory requirements to privately operated vehicle fleets through mandates placed on public entities or contracts, whether directly or indirectly, may have unintended impacts on affordability and the continuity of services provided to residents through public and private partnerships.

(2) Providing regulatory clarity and predictability for public entities and their private partners is necessary given the potential fiscal and operational constraints that could be imposed and the need to maintain reliable delivery of essential public services.

(b) It is the intent of the Legislature to ensure that regulatory actions described in subdivision (a) do not occur unless the State Air Resources Board obtains authorization to regulate privately operated vehicle fleets under applicable federal law.

SEC. 2. Section 43110 is added to the Health and Safety Code, to read:

43110. (a) The state board shall not ~~adopt or~~ enforce any regulation that directly or indirectly compels compliance by private ~~fleets, including, but not limited to, those operated by contractors or subcontractors of the state or a local entity, including, but not limited to, a city, a county, or a city and county.~~ *fleets that would be preempted under Section 209(a) of the federal Clean Air Act (42 U.S.C. Sec. 7543(a)) until the required waiver or authorization*

is obtained in accordance with Section 209(b) of the federal Clean Air Act (42 U.S.C. Sec. 7543(b)).

~~(b) Subdivision (a) does not apply to a regulation adopted after the state has obtained a required waiver or authorization under Section 209 of the federal Clean Air Act (42 U.S.C. Sec. 7543).~~

(b) The use of private fleets in subdivision (a) includes, but is not limited to, those operated by contractors or subcontractors of the state or a local government entity, including, but not limited to, any city, county, public utility, special district, local agency or district, and any department, division, public corporation, or public agency of the State of California.

(c) Any provision of a regulation adopted in violation of this section is void and unenforceable.

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LEAGUE OF CALIFORNIA CITIES

Cal Cities Action Alert

Oppose Forthcoming Reforms to Limit Public Agency Recovery from Utility-Caused Wildfires

Action Requested: *Cal Cities is requesting cities urgently oppose a proposal by the Governor for an end-of-session, gut-and-amend package to bail out electric utilities and limit how cities can recover damages following a utility-caused wildfire. Cities should take three immediate actions:*

1. ***Call or Text Legislators** to REJECT Wildfire Liability Reforms that Limit Public Agency Recovery. Call members involved in the legislative Wildfire Working Groups, who are actively discussing this proposal. Call or Text your Assemblymember and Senator express your opposition.*

   ***Our message is clear:** Protect public infrastructure. Safeguard emergency response and mutual aid. Protect taxpayers from this utility bailout.*

Legislator	***Phone***
Asm. Robert Rivas	(916) 319-2029
Asm. Cottie Petrie-Norris	(916) 319-2073
Asm. Lisa Calderon	(916) 319-2056
Asm. Ash Kalra	(916) 319-2025
Asm. Isaac Bryan	(916) 319-2055
Asm. Steve Bennett	(916) 319-2038
Asm. Rhodesia Ransom	(916) 319-2013
Senator Josh Becker	(916) 651-4013
Senator Steve Padilla	(916) 651-4018
Senator Ben Allen	(916) 651-4024
Senator Henry Stern	(916) 651-4027
Senator Sasha Renee Perez	(916) 651-4025
Senator Laird	(916) 651-4017
Senator Umberg	(916) 651-4034

2. *Join Cal Cities on **Wednesday, August 12 from 10am to 10:30am** for a briefing about this emerging proposal. Register here.*

3. ***Submit your City logo or individual name and sign-on to a NASCAR letter** urging Legislators to oppose any reforms that Limit Public Agency Recovery. Sign-on or send your city logo to your regional public affairs manager.*

What the Proposal Does: *The Governor's Wildfire Liability Reform is not in writing but shared verbally that the package includes a variety of changes, including caps on what utilities would be required to pay to public agencies when there is a utility-caused wildfire. The proposal would:*

- *Limit damage claims of public property or public infrastructure to the depreciated value of the asset that the utility would need to pay. Utilities would not have to pay for the full replacement costs of essential water, sewer, fire stations, schools, parks, and libraries that are damaged from the utility-caused fire.*
- *Eliminate emergency response and mutual aid as recoverable costs from the utility.*
- *Eliminate property tax loss revenue as a recoverable cost from the utility.*

Why this is Important to Cal Cities Members: *Cities must strongly oppose the wildfire liability reforms that limit public agency recovery from utility-caused wildfires and urge the Legislature to reject them outright from being included in any wildfire package.*

When a utility causes a wildfire, they are required to fully compensate for property damage. Public infrastructure, lost tax revenue, emergency response, and mutual aid are necessary and critical for local governments to function following such catastrophic utility-caused wildfires. If public agencies cannot recover costs from negligent utilities, local taxpayers will pay instead. The very survivors whose community burned will foot the bill. Limiting public agency recovery will only shift costs to survivors and taxpayers and financially strand local governments, increasing severe strain on municipal budgets or even bankruptcy.

Links and Attachments: *Local Government Primer on Wildfire Liability Reform Package*

Background information:

- *SB 254 (Becker, 2025)*
- *SB 254 Report*

Recent news coverage:

- Politico - The election year gamble behind California's wildfire talks
- Cal Matters - LA fire survivors say Newsom is trying to help utilities reduce their wildfire costs again
- Cal Matters - California cannot keep rewarding utilities after catastrophic wildfires
- Politico - Wildfire's risky business
- LA Times - Wildfire Survivors angered as utility-funded group claims to represent them

Where to Send Logos: *Send your individual name or city logo to Montana Cruz mcruz@calcities.org*

Questions? *Contact your regional public affairs manager for more information or questions.*

[INSERT CITY AND COUNTY LOGOS]

August XX, 2026

The Honorable Monique Limón
Senate President pro Tempore
California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Robert Rivas
Assembly Speaker
California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

Dear Senate Pro Tem Limon and Assembly Speaker Rivas,

On behalf of the League of California Cities and the undersigned cities, we are calling on you to **reject efforts to limit public agency recovery** from utility-caused wildfires in the Governor's proposed wildfire liability reforms as prompted by the SB 254 Report.

This proposal will wrongly shift costs to taxpayers and force devastating consequences on public agencies and wildfire victims already struggling to rebuild their communities. The proposal relies on the false hopes that public property, infrastructure and emergency response costs can be recovered from FEMA or insurance. Limiting public agency recovery will only shift costs to taxpayers and leave public agencies financially stranded – or even worse, bankrupt. **We strongly oppose the following reforms and urge the Legislature to reject them outright from being included in any wildfire package that will advance this legislative session.**

1. **Limiting Public Property and Infrastructure Damages Imperils Public Agencies Tasked with Rebuilding their Communities**

The proposal will have negligent utilities pay just pennies on the dollar to rebuild critical infrastructure and public facilities that are destroyed. Limiting such costs to the mere depreciated value of the public facility or infrastructure will impact the rebuilding of:

- Public facilities and buildings
- Water, sewer, roads, communication, and traffic signal infrastructure
- Parks, schools, libraries, and fire stations

When a utility causes a wildfire, they are required to fully compensate for property damage. Public agencies cannot rebuild damaged infrastructure on recovery dollars that only cover the depreciated value of an asset. Rebuilding public facilities and infrastructure is not a luxury - it is an essential public service for homeowners, businesses, and communities to return home.

2. **Limiting Recovery for Emergency Response and Mutual Aid Forces Public Agencies to Absorb Costs and Increase Financial Risk, Waiting Years For FEMA Reimbursement While Communities Struggle to Recover**

The proposal prevents public agencies from recovering emergency response and mutual aid costs from the very utilities who cause these devastating wildfires and inappropriately suggest FEMA as the solution. Limiting emergency response cost recovery will be catastrophic for small jurisdictions and fracture our mutual aid system upon which the state and communities rely on. There is a federal obligation to pursue negligent parties per the Stafford Act. This will create ambiguity when negligent parties must meet that requirement and will jeopardize federal reimbursement. FEMA has strict rules on recoverability, and some events aren't even eligible for FEMA reimbursement. Since FEMA is a reimbursement model, funds must be spent upfront. Interpretations in FEMA change from Administration to Administration, creating uncertainty whether future relief will even be available for these incidents.

3. **Eliminating Property Tax Losses Leaves Communities Financially Stranded**

Schools, cities, counties, and special districts rely on property taxes to fund basic needs in our communities. The proposal will financially strand public agencies by eliminating the ability to bring claims for lost property taxes. This has tremendous consequences for essential public services, including fire, police, social services programs, drinking water, public infrastructure, and drastically risks school closure.

There is no evidence in the SB 254 Report to suggest that public agency claims are unreasonable or unjustified. **Public agency damages amounted to merely 4% of the total wildfire claims that utilities paid from 2017 to 2024.** Public infrastructure, lost tax revenue, emergency response, and mutual aid are necessary and critical for local governments to function while struggling to rebuild their communities.

If public agencies cannot recover costs from negligent utilities, local taxpayers will pay more instead. The very survivors whose community burned will foot the bill which is NOT an equitable approach to socializing wildfire risk.

While we oppose these provisions from being in the wildfire package, we support the state's efforts to **strengthen community wildfire mitigation efforts.**

However, if public agencies cannot recover costs from negligent utilities, local taxpayers will pay instead. The very survivors whose community burned will foot the bill, which is NOT an equitable approach to socializing wildfire risk. We respectfully request the Legislature to protect public infrastructure, safeguard emergency response and our mutual aid system, and protect taxpayers from this utility bailout – and to reject the Governor's proposal to limit public agency recovery from utility-caused wildfires.

Sincerely,

League of California Cities
California State Association of Counties
Rural County Representatives of California

[LIST SIGNATORIES]

cc: The Honorable Governor Gavin Newsom
Members, California State Senate
Members, California State Assembly

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

PREPARED BY:
Michelle Bigelow, City Clerk
APPROVED BY: City Manager

APPOINT VOTING DELEGATES FOR THE 2026 CALCITIES (LEAGUE) ANNUAL CONFERENCE AND APPROVE CITY SUPPORT OF THE RESOLUTION TO BE CONSIDERED

RECOMMENDATION(S)

1. Appoint a voting delegate and up to two (2) alternate voting delegates to the CalCities Annual Conference;
2. Direct the Clerk team to complete and forward the voting delegate form to CalCities;
3. Confirm "support" for the resolution to be considered calling for a working group to consider a state constitutional amendment or other form of initiative to ensure final local authority over housing and land use decisions; and
4. Authorize the City's voting delegate(s) to vote on the resolution to be considered at the CalCities annual conference.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety and Quality of Life
Supporting our Youth, Seniors, and Entire Community
Fostering a Positive Organizational Culture
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

REPORT NARRATIVE:

CalCities is holding its Annual Conference from September 23 to 25, 2026, at which it

will conduct its General Assembly Meeting, allowing members to directly participate in developing League policy. The League's bylaws provide that each city is entitled to one vote on matters affecting municipal or League policy. The voting delegate and/or alternate(s) must be registered for the conference and present to vote. The Voting Delegate Information Packet provides information and protocols on appointing voting delegates and voting guidelines.

The City Council has traditionally appointed the mayor as the primary voting delegate and the mayor pro tem as the alternate voting delegate. Staff requests that the Council appoint a primary voting delegate and up to two alternate voting delegates. In 2006, the League authorized the appointment of up to two alternates to plan for unforeseen situations (bylaw amendment).

The General Assembly Meeting will convene on Friday, September 25th, at 8:30 a.m. to consider the resolution that has been brought forward:

A RESOLUTION OF THE GENERAL ASSEMBLY OF THE LEAGUE OF CALIFORNIA CITIES CALLING FOR A WORKING GROUP TO CONSIDER A STATE CONSTITUTIONAL AMENDMENT OR OTHER FORM OF INITIATIVE TO ENSURE FINAL LOCAL AUTHORITY OVER HOUSING AND LAND USE DECISIONS

The Resolution Packet provides the draft resolution and information and protocols regarding the resolution. By approving the recommendation, our League representatives are authorized to vote on amendments as they deem best for the City.

COMMUNITY ENGAGEMENT:
Inform
This report serves to inform the community of the voting delegates to be appointed for the 2026 League of California Cities Annual Conference.

ALTERNATIVE ACTIONS:
None.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
Each year, the City Council appoints voting delegates to attend and vote at the League of California Cities Annual Conference.

FISCAL AND RESOURCE IMPACT:
The cost of the conference registration is included in the adopted FY 2026-27 City Council budget.

CEQA (California Environmental Quality Act):
Not a project.
The appointment of voting delegates is not a project, as defined in Section 15378 of the State CEQA guidelines.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 2026

PREPARED BY:
Dat Nguyen, Finance Director
APPROVED BY: City Manager

RECEIVE MONTHLY BUDGET UPDATE; PRELIMINARY FY 2025-26 FINANCIAL AND INVESTMENT REPORTS; AND CITY MANAGER AUTHORITY REPORT

RECOMMENDATION(S)
Accept and file report.

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 the monthly budget update, and the preliminary Fiscal Year (FY) ending June 30, 2026 financial and investment reports.

Preliminary Fiscal Year Ending June 30, 2026
General Fund:
Revenues totaled $59.7 million, about $0.5 million more than projected during development of the FY26-27 and FY27-28 Biennial Budget. This increase is mainly due to higher sales tax revenue. Preliminary General Fund expenditures and encumbrances for the fiscal year ending June 30, 2026, totaled $62.1 million, of which approximately $1.7 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of $60.9 million. This represents an increase of $1.2 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.

Including the $1.0 million allocation to reserves, as approved by the City Council, designated for potential Excess Educational Revenue Augmentation Fund (ERAF) exposure resulting from the ongoing uncertainty surrounding the State Controller's Office interpretation and the related litigation, the General Fund reserve is

approximately $1.0 million higher than the forecast provided during development of the FY26-27 and FY27-28 Biennial Budget.

Development Services:
The preliminary revenues for the fiscal year ending June 30, 2026, totaled $8.4 million, compared to approximately $6.3 million in the prior fiscal year, primarily due to updated fees and increased activity. Expenditures, including encumbrances, totaled $6.7 million.

Enterprise Funds:
Total revenues for the Water and Wastewater enterprise funds were $68.6 million. The Wastewater Operating Fund's preliminary total revenue was $21.2 million, approximately $2.8 million above budget. The Water Operating Fund's preliminary total revenue was $22.4 million, approximately $1.1 million below budget. Preliminary FY 2025-26 expenditures, including encumbrances, for the enterprise funds totaled $71.6 million. Pursuant to the City Council's reserve policy, any available funds remaining after the Operating Reserve and Rate Stabilization Reserve have been fully funded are transferred to the respective capital projects funds to support the ongoing maintenance and improvement of the City's utility systems. For FY 2025-26, the Wastewater Operating Fund transferred approximately $7.6 million to the Wastewater Capital Projects Fund, compared with $4.6 million budgeted. The Water Operating Fund transferred approximately $4.5 million to the Water Capital Projects Fund, consistent with the budget.

City Manager's Authority Report
Pursuant to the City Council Policy 18-05 - Report on delegation of authority to City Manager, Page 21 of Attachment 1 lists the contracts and or agreements between $25,000 to $75,000, or the limit of the California Uniform Public Construction Cost Accounting Act (CUPCCAA), entered into by the City Manager since the last report from April 22, 2026 through July 31, 2026.

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

June 30, 2026 - 100% of Year Complete

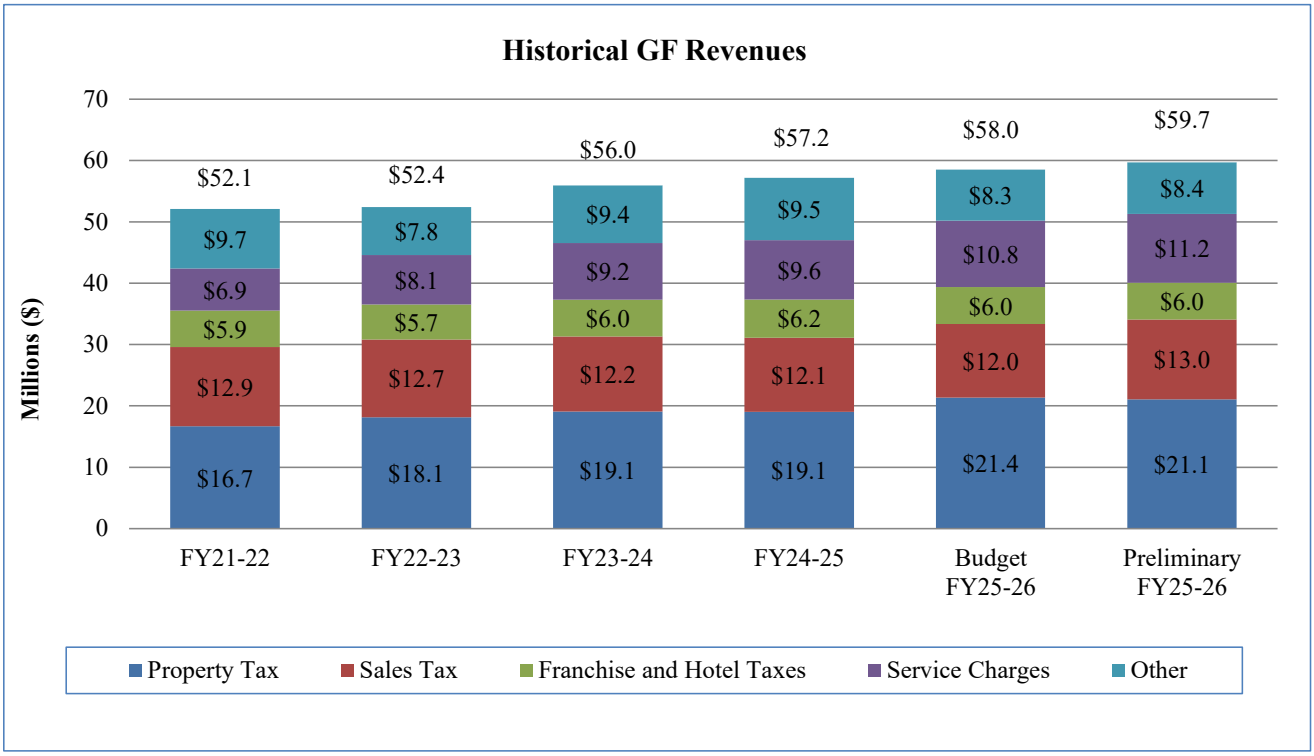
CITY OF MORGAN HILL

Prepared by:

FINANCE DEPARTMENT

- **General Fund** – Preliminary revenues for the fiscal year ending June 30, 2026, totaled $59.7 million, about $0.5 million more than projected during development of the FY26-27 and FY27-28 Biennial Budget. This increase is mainly due to higher sales tax revenue.

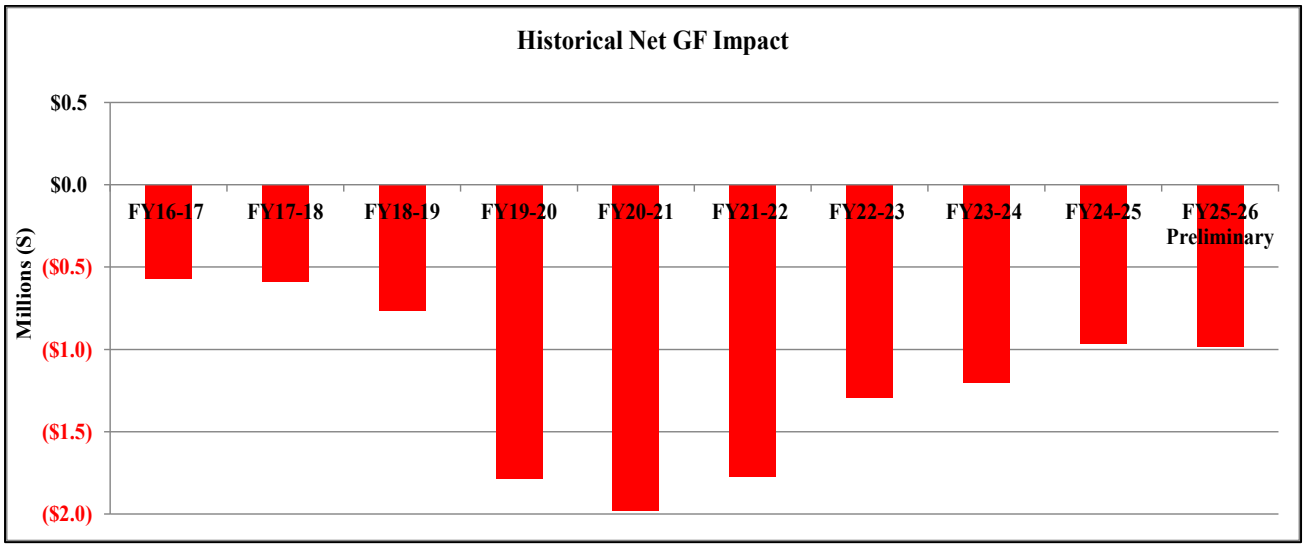
  The chart below shows historical General Fund revenues by major revenue category from FY21-22 through FY24-25 Actual, FY25-26 Budget, and Preliminary FY25-26.



  Preliminary General Fund expenditures and encumbrances for the fiscal year ending June 30, 2026, totaled $62.1 million, of which approximately $1.7 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of $60.9 million. This represents an increase of $1.2 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 less than $1.0 million for FY25-26. However, this is better than the budgeted net impact to the General Fund of $1.6 million mainly attributable to conservative spending and continued improvement in cost recovery of the program.

The chart below shows the historical net impact of Recreation Operations to the general fund.



Due to longstanding governmental accounting and budgeting convention, the City's recreation operations are not charged for indirect costs (known in Morgan Hill as "General Fund Administration") from the central services departments of City Attorney, City Manager, and Administrative Services. The City's other governmental funds, such as Development Services, and the proprietary funds, such as Water and Wastewater, and the Information Services Fund, are assessed such charges through the City's indirect cost allocation plan, prepared in compliance with the guidelines set forth in the Code of Federal Regulations Title 2, Chapter II, Part 200 (formerly OMB Circular No. A-87), which mandates certain calculation and cost allocation practices that must be followed in order to qualify for Federal grant funding, but which also represents best practice for non-grant funded City operations like utilities and information services.

- **Development Services Fund –** The preliminary revenues for the fiscal year ending June 30, 2026, totaled $8.4 million, compared to approximately $6.3 million in the prior fiscal year, primarily due to updated fees and increased activity. Expenditures, including encumbrances, totaled $6.7 million.

- **Debt Service Funds –** Expenditures for the fiscal year ending June 30, 2026, totaled $0.7 million. Debt service in the first half of the fiscal year included both principal and interest, while debt service in the second half included 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.

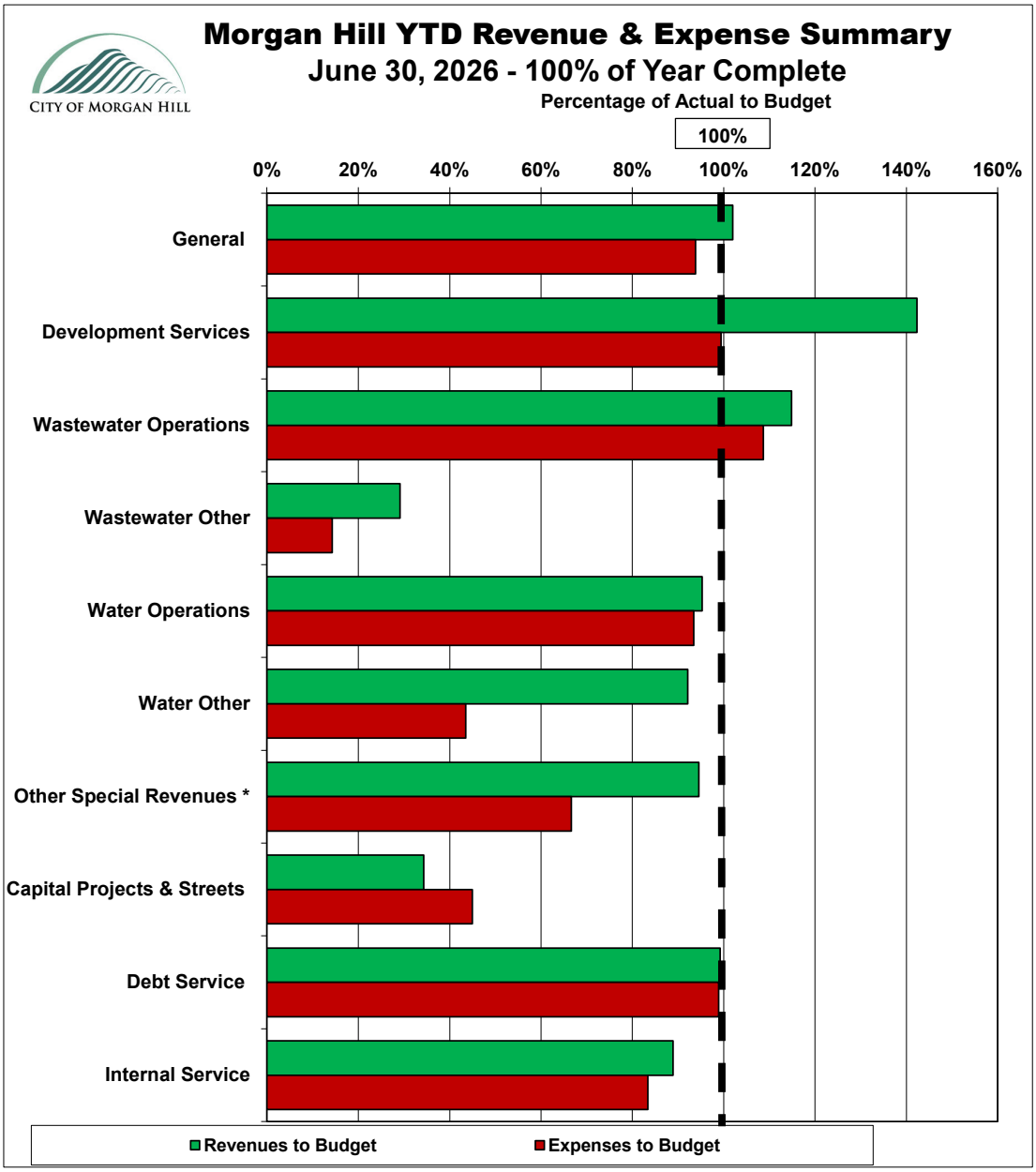
- **Wastewater Operations –** Preliminary revenues for the fiscal year ending June 30, 2026, totaled $21.2 million. Expenditures and outstanding encumbrances totaled $20.2 million. The table below shows historical Wastewater Operations revenues and expenditures from FY21-22 through FY24-25 Actual, FY25-26 Budget, and Preliminary FY25-26.

(amount in millions)	FY21-22	FY22-23	FY23-24	FY24-25	Budget FY25-26	Preliminary FY25-26
Revenues	14.9	15.3	15.2	18.2	18.4	21.2
Expenditures	14.8	16.0	14.9	18.1	18.6	20.2
Operating Margin	0.1	(0.7)	0.3	0.1	(0.2)	1.0
Operating Margin without Encumbrances	0.1	(0.7)	0.3	0.1	(0.2)	1.3

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Preliminary revenues for the fiscal year ending June 30, 2026, totaled $22.4 million. Water Operations expenditures, including outstanding encumbrances, totaled $22.1 million. Morgan Hill residents consumed about 6% more water through June compared with 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 Preliminary FY25-26.

(amount in millions)	FY21-22	FY22-23	FY23-24	FY24-25	Budget FY25-26	Preliminary FY25-26
Revenues	16.0	18.1	18.7	21.5	23.5	22.4
Expenditures	15.2	18.0	19.1	21.5	23.7	22.1
Operating Margin	0.8	0.1	(0.4)	-	(0.2)	0.3
Operating Margin without Encumbrances	0.8	0.1	(0.4)	-	(0.2)	0.5

- **Investments –** Two securities were either called or matured, and three new securities were purchased. Total interest earnings received on investments were $636,000 during the month.

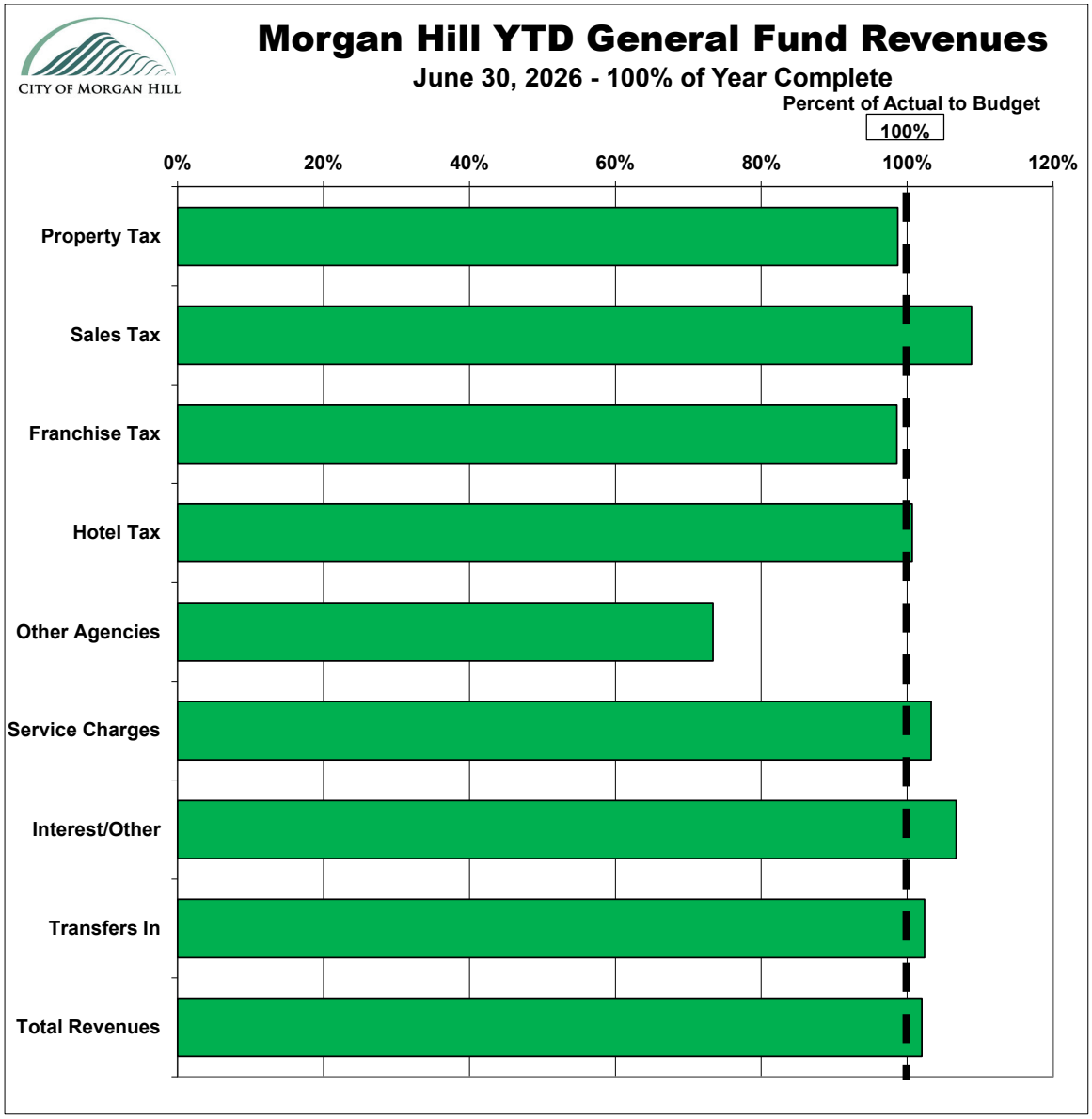


FUND NAME	REVENUES ACTUAL	REVENUES % OF BUDGET	EXPENSES ACTUAL PLUS ENCUMBRANCES	EXPENSES % OF BUDGET
General	$ 59,720,599	102%	$ 62,101,050	94%
Development Services	8,365,338	142%	6,734,393	99%
Wastewater Operations	21,158,676	115%	20,180,672	109%
Wastewater Other	13,332,766	29%	12,722,383	14%
Water Operations	22,352,033	95%	22,146,127	93%
Water Other	11,773,646	92%	16,586,594	43%
Other Special Revenues *	6,900,743	95%	7,179,491	67%
Capital Projects & Streets	12,439,309	34%	23,739,849	45%
Debt Service	691,440	99%	676,433	99%
Internal Service	14,532,780	89%	15,022,375	83%
TOTAL FOR ALL FUNDS	$ 171,267,331	76%	$ 187,089,365	58%

* Includes all Special Revenue Funds except Development Services Fund and Street Funds.

Morgan Hill YTD General Fund Revenues

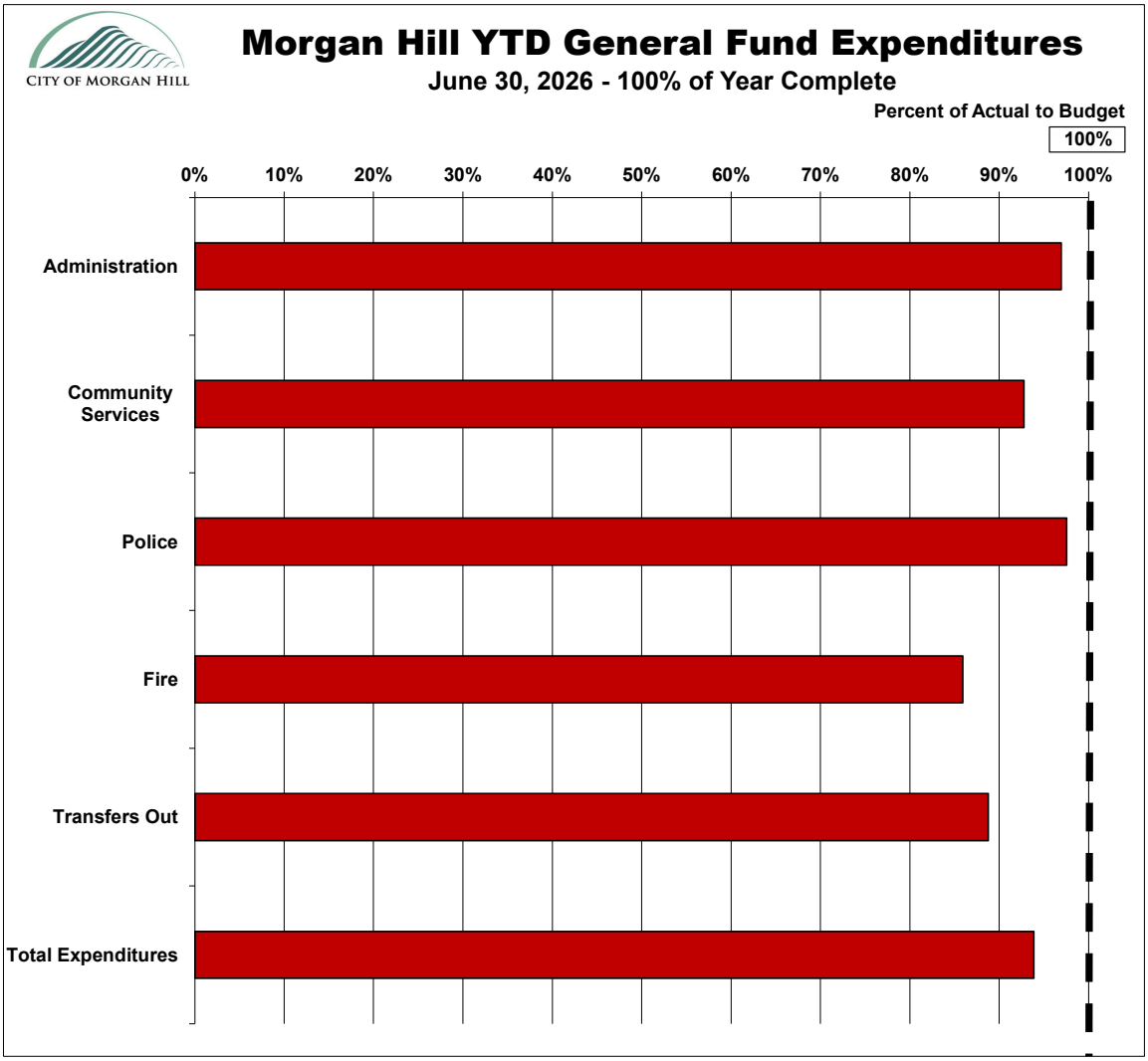
June 30, 2026 - 100% of Year Complete



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Property Tax	$ 21,369,792	$ 21,087,257	99%	$ 19,054,967	11%
Sales Tax	11,989,269	13,046,789	109%	12,072,608	8%
Franchise Tax	3,354,166	3,307,108	99%	3,236,560	2%
Hotel Tax	2,658,340	2,676,373	101%	2,471,202	8%
Other Agencies	954,307	700,665	73%	1,829,879	-62%
Service Charges	10,834,856	11,196,371	103%	10,782,732	4%
Interest/Other	3,468,411	3,701,263	107%	4,480,907	-17%
Transfers In	3,911,140	4,004,773	102%	3,324,683	20%
TOTAL REVENUES	$ 58,540,280	$ 59,720,599	102%	$ 57,253,539	4%

Morgan Hill YTD General Fund Expenditures

June 30, 2026 - 100% of Year Complete



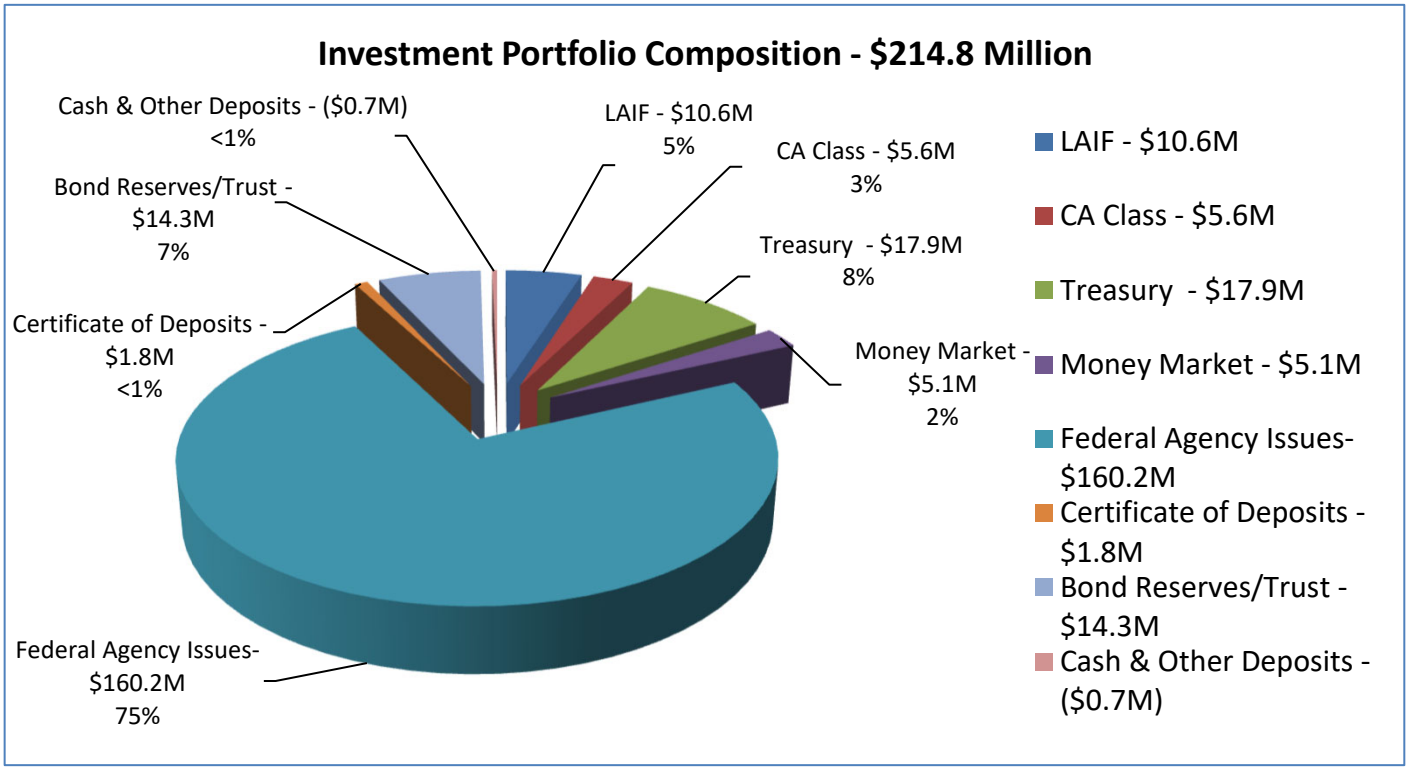
EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YTD PLUS ENCUMBRANCES	% CHANGE FROM PRIOR YEAR
Administration	$ 6,981,791	$ 6,766,631	97%	$ 6,808,387	-1%
Community Services	20,298,319	18,832,551	93%	18,556,277	1%
Police	26,228,527	25,587,008	98%	24,660,898	4%
Fire	11,238,402	9,655,782	86%	8,511,451	13%
Transfers Out	1,418,558	1,259,077	89%	2,338,230	-46%
TOTAL EXPENDITURES	$ 66,165,597	$ 62,101,050	94%	$ 60,875,243	2%

City of Morgan Hill
Recreation Report - Fiscal Year 2025-26
For the Month Ended June 30, 2026
100% of Year Complete

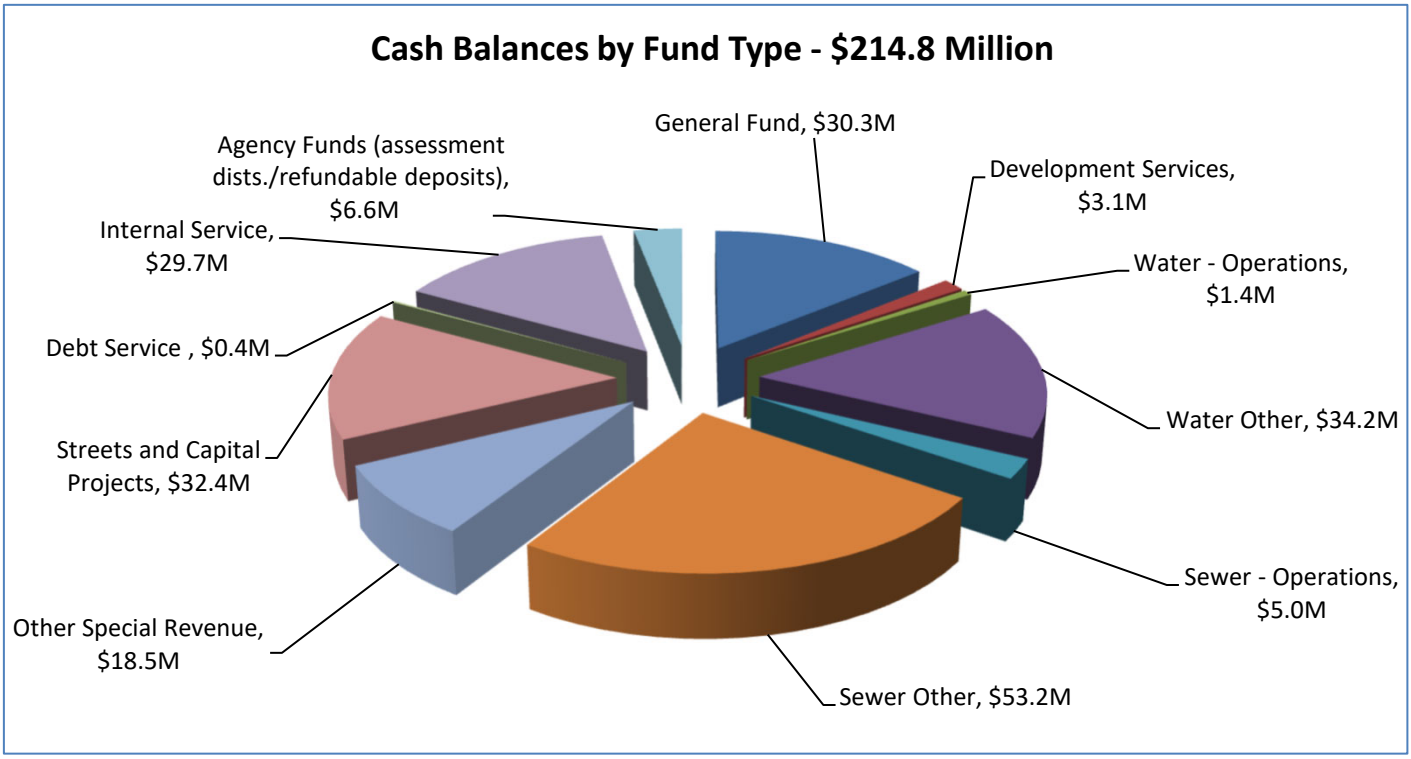
	Budget	June 2026	YTD	% of Budget
Revenues				
Membership Services & Rec Programs	$ 6,830,960	$ 678,305	$ 6,765,010	
Facility Rentals	1,245,612	144,816	1,544,771	
Community Services	178,498	141,269	286,134	
Transfers in	100,000	6,250	100,000	
Total Revenues	$ 8,355,070	$ 970,640	$ 8,695,915	104%
Less: Expenditures				
Membership & Program Services	$ 7,547,394	$ 941,100	$ 7,236,889	
Facility Rentals	1,451,514	146,807	1,265,902	
Community Services	923,254	158,064	879,625	
Total Expenditures	$ 9,922,163	$ 1,245,971	$ 9,382,416	95%
Net Impact without encumbrances	**$ (1,567,093)**	**$ (275,331)**	**$ (686,502)**	
Encumbrances	-	-	300,982	
Net Impact with encumbrances	**$ (1,567,093)**	**$ (275,331)**	**$ (987,483)**	

City of Morgan Hill
Monthly Investment Report - June 30, 2026

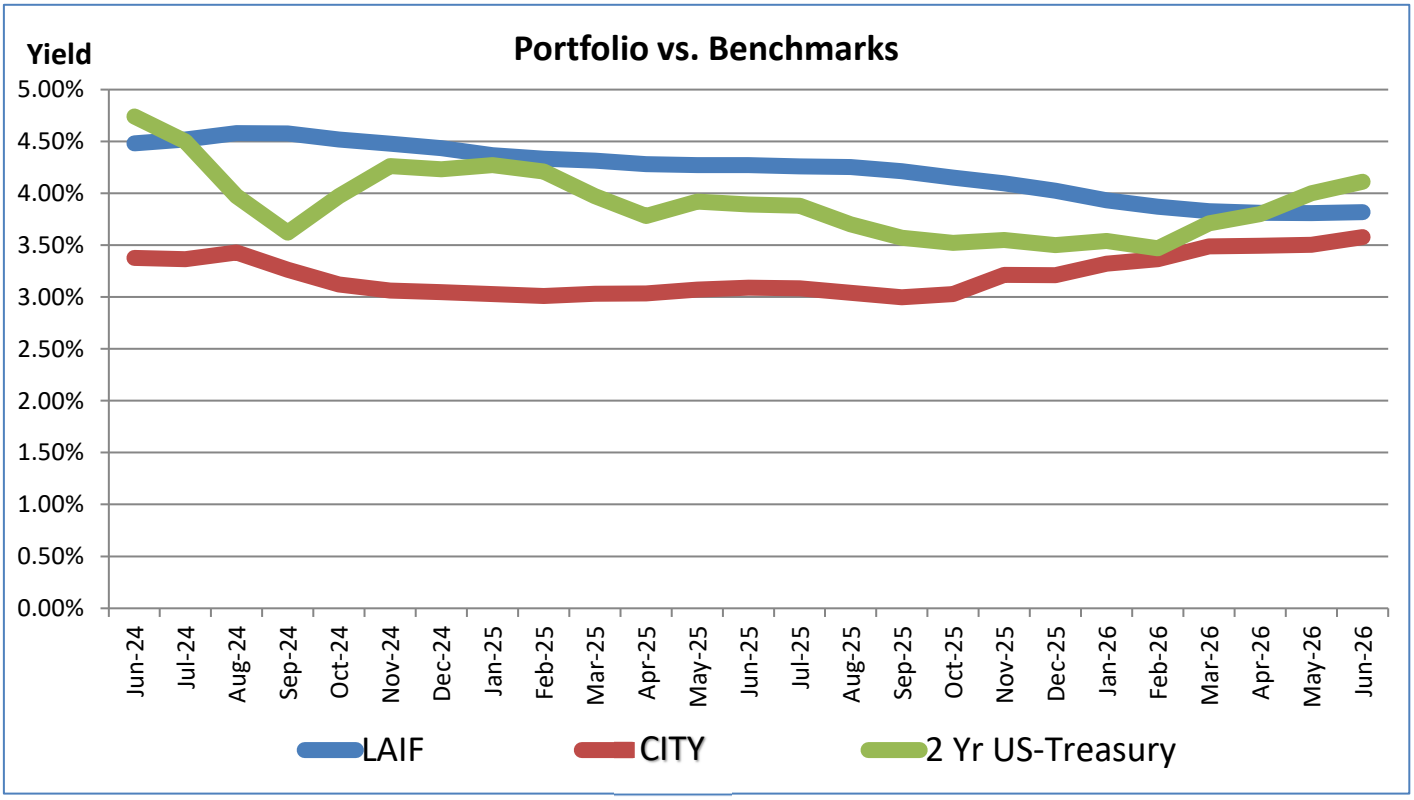
The following are the snapshots of City's investment portfolio as of June 30, 2026. The first chart shows the portfolio composition by investment type:



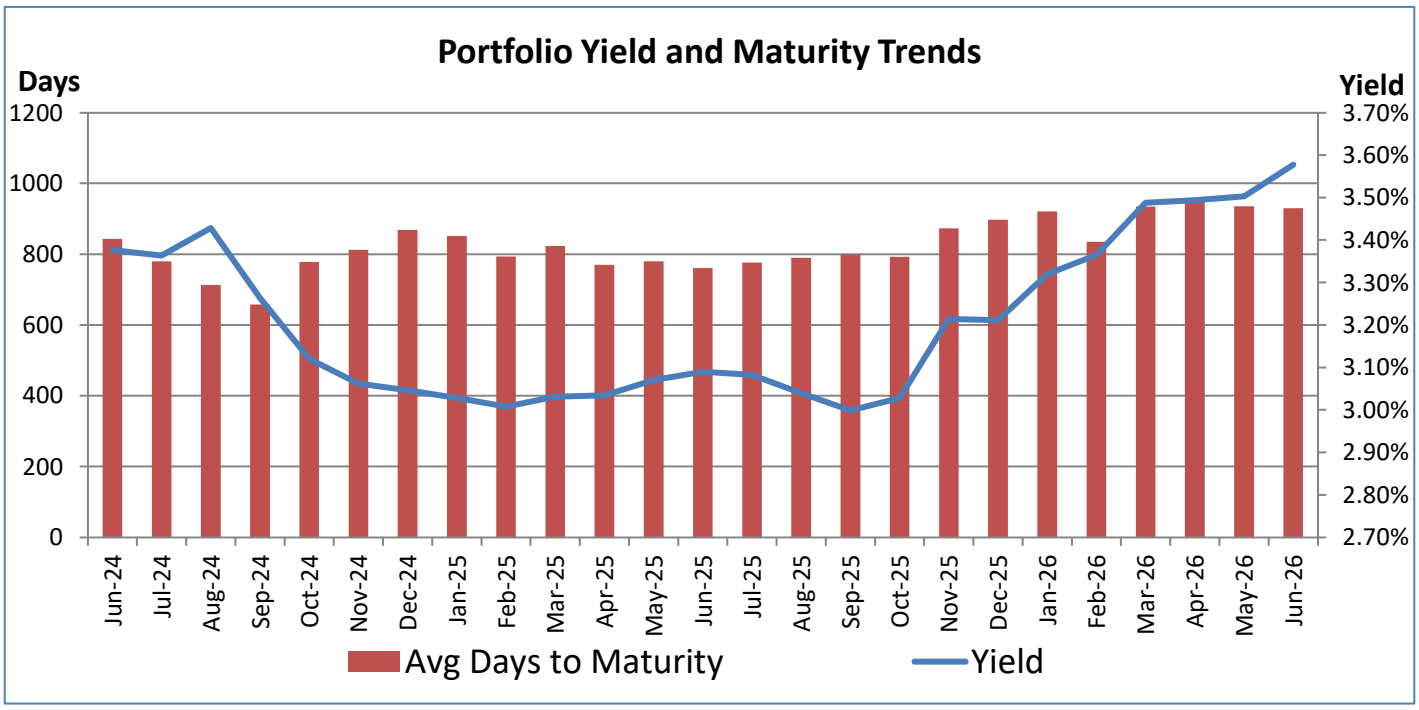
The chart below shows cash balances by fund type reconciled to City's financial system:



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 June 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			**$ 10,629,749**	**$ 10,629,749**	**4.9%**	**$ 10,617,763**	**3.82%**		
California C L A S S			**5,573,877**	**5,573,877**	**2.6%**	**5,573,877**	**3.70%**		
WFB Money Market			**3,081,315**	**3,081,315**	**1.4%**	**3,081,315**	**3.53%**		
US Bank - Portfolio of Securities									
Dreyfus Treasury Agency MM	261908107		2,086,409	2,086,409	1.0%	2,086,409	3.52%		
Treasury Note	91282CCZ2	10/8/2021	1,987,656	1,999,375	0.9%	1,985,520	1.00%	9/30/2026	9/30/2026
Treasury Note	912828U24	6/13/2022	1,904,688	1,991,861	0.9%	1,985,560	3.16%	11/15/2026	11/15/2026
Treasury Note	91282CFL0	9/30/2024	2,031,719	2,020,636	0.9%	1,981,880	3.53%	9/30/2029	9/30/2029
Treasury Note	91282CLL3	10/1/2024	1,994,323	1,996,453	0.9%	1,981,880	3.53%	9/15/2027	9/15/2027
Treasury Note	91282CCV1	10/4/2024	1,822,536	1,900,207	0.9%	1,875,160	3.61%	8/31/2028	8/31/2028
Treasury Note	91282CFJ5	10/7/2024	1,949,794	1,963,368	0.9%	1,938,280	3.76%	8/31/2029	8/31/2029
Treasury Note	91282CFY2	12/19/2024	1,959,077	1,968,918	0.9%	1,980,700	4.39%	11/30/2029	11/30/2029
Treasury Note	91282CJM4	12/9/2025	2,057,023	2,048,731	1.0%	2,013,520	3.77%	11/30/2030	11/30/2030
Treasury Note	91282CNH0	6/8/2026	2,026,314	1,989,381	0.9%	1,989,060	4.16%	6/15/2028	6/15/2028
FHLB Bond	3130AMYP1	7/15/2021	3,000,000	3,000,000	1.4%	2,996,850	1.13%	7/15/2026	7/15/2026
FHLB Bond	3130ANJC5	8/26/2021	2,000,000	2,000,000	0.9%	1,990,580	0.80%	8/26/2026	8/26/2026
FHLB Bond	3130ANLW8	8/26/2021	3,000,000	3,000,000	1.4%	2,986,770	1.00%	8/26/2026	8/26/2026
FHLB Bond	3130ANLZ1	8/26/2021	2,000,000	2,000,000	0.9%	1,990,880	0.90%	8/26/2026	8/26/2026
FHLB Bond	3130A8XY4	9/13/2021	2,103,340	2,004,081	0.9%	1,991,980	0.82%	9/11/2026	9/11/2026
FFCB Bond	3133EM4X7	9/28/2021	1,982,960	1,999,331	0.9%	1,988,040	0.98%	9/10/2026	9/10/2026
FHLB Bond	3130APCH6	9/29/2021	3,000,000	3,000,000	1.4%	2,980,320	1.13%	7/5/2026	9/29/2026
FHLB Bond	3130ANZE3	9/30/2021	2,000,000	2,000,000	0.9%	1,985,140	0.88%	9/30/2026	9/30/2026
FHLB Bond	3130AP6N0	9/30/2021	3,000,000	3,000,000	1.4%	2,978,820	1.05%	9/30/2026	9/30/2026
FHLB Bond	3130AP6M2	9/30/2021	3,000,000	3,000,000	1.4%	2,979,000	1.02%	9/30/2026	9/30/2026
FHLB Bond	3130APCG8	10/19/2021	2,000,000	2,000,000	0.9%	1,982,100	1.00%	7/19/2026	10/19/2026
FHLB Bond	3130APNX9	11/18/2021	2,000,000	2,000,000	0.9%	1,979,320	1.30%	11/18/2026	11/18/2026
FHLB Bond	3130AQHU0	1/19/2022	2,000,000	2,000,000	0.9%	1,979,740	1.74%	1/19/2027	1/19/2027
FHLB Bond	3130B2P58	9/26/2024	2,003,014	2,000,000	0.9%	1,973,660	3.87%	9/10/2026	9/10/2029
FHLB Bond	3130B36N8	10/15/2024	1,944,000	1,996,050	0.9%	1,981,440	4.32%	10/15/2026	10/15/2029
FHLB Bond	3130B5A73	2/26/2025	2,000,000	2,000,000	0.9%	1,995,380	4.75%	8/26/2026	2/26/2030
FAMCMTN Bond	31424WZC9	5/7/2025	3,000,000	3,000,000	1.4%	2,971,740	4.55%	8/7/2026	5/7/2030
FAMCMTN Bond	31424WB50	5/28/2025	2,000,000	2,000,000	0.9%	1,986,080	4.74%	8/28/2026	5/28/2030
FAMCMTN Bond	31424WG30	6/26/2025	1,200,000	1,200,000	0.6%	1,199,712	4.33%	9/26/2026	6/26/2028
FFCB Bond	3133ETMB0	6/27/2025	2,000,775	2,000,000	0.9%	1,991,900	4.65%	9/24/2026	6/24/2030
FAMCMTN Bond	31424WG55	7/1/2025	2,000,000	2,000,000	0.9%	1,995,040	4.60%	7/1/2026	7/1/2030
FFCB Bond	3133ETNA1	7/2/2025	2,000,000	2,000,000	0.9%	1,993,400	4.50%	7/2/2026	1/2/2030
FNMA Bond	3136GAM22	8/12/2025	2,988,270	2,998,576	1.4%	2,972,190	4.14%	8/12/2026	8/12/2030
FAMCMTN Bond	31424WN81	8/12/2025	2,000,000	2,000,000	0.9%	1,986,020	4.39%	8/12/2026	8/12/2030
FNMA Bond	3136GAQF9	9/3/2025	2,000,000	2,000,000	0.9%	1,980,020	4.25%	6/3/2027	6/3/2030
FFCB Bond	3133ETXY8	9/16/2025	2,000,000	2,000,000	0.9%	1,978,380	4.00%	9/16/2026	9/16/2030
FHLB Bond	3130B7SF2	9/18/2025	2,000,222	2,000,000	0.9%	1,966,720	4.00%	9/17/2026	9/17/2030
FNMA Bond	3136GAUR8	9/25/2025	2,000,000	2,000,000	0.9%	1,948,220	4.20%	7/18/2026	9/18/2030
FNMA Bond	3136GAVD8	9/26/2025	2,000,000	2,000,000	0.9%	1,984,760	4.13%	6/26/2027	9/26/2030
FHLB Bond	3130B7YU2	10/15/2025	2,000,000	2,000,000	0.9%	1,979,000	4.33%	7/5/2026	10/15/2030
FFCB Bond	3133ETJ73	10/21/2025	2,000,000	2,000,000	0.9%	1,979,280	4.12%	7/5/2026	10/21/2030
FFCB Bond	3133ETJ73	10/21/2025	2,000,000	2,000,000	0.9%	1,979,280	4.12%	7/5/2026	10/21/2030
FNMA Bond	3136GAYT0	10/22/2025	2,000,000	2,000,000	0.9%	1,973,360	4.00%	7/23/2026	10/23/2028
FNMA Bond	3136GAZ44	10/24/2025	2,000,000	2,000,000	0.9%	1,976,840	4.00%	10/15/2026	10/15/2030
FHLMCMTN Bond	3134HB3J8	11/3/2025	2,000,000	2,000,000	0.9%	1,986,640	4.00%	8/1/2026	11/1/2028
FNMA Bond	3136GC3B9	11/5/2025	2,000,000	2,000,000	0.9%	1,986,460	4.25%	7/5/2026	11/5/2030
FNMA Bond	3136GC2M6	11/6/2025	2,000,000	2,000,000	0.9%	1,990,460	4.08%	8/6/2026	5/6/2030
FNMA Bond	3136GC3V5	11/6/2025	2,000,000	2,000,000	0.9%	1,977,600	4.13%	11/6/2026	11/6/2030
FNMA Bond	3136GC5Z4	11/18/2025	2,000,000	2,000,000	0.9%	1,984,280	4.13%	8/18/2026	5/18/2029
FHLMCMTN Bond	3134HB6G1	11/20/2025	2,000,000	2,000,000	0.9%	1,988,920	4.00%	7/20/2026	11/20/2028
FHLMCMTN Bond	3134HB7G0	11/20/2025	2,000,000	2,000,000	0.9%	1,975,380	4.15%	11/13/2026	11/13/2030
FAMCMTN Bond	31424W3P5	11/25/2025	1,000,000	1,000,000	0.5%	998,140	4.13%	11/25/2026	11/25/2030
FHLMCMTN Bond	3134HCFN4	12/10/2025	2,000,000	2,000,000	0.9%	1,986,780	4.08%	9/10/2026	12/10/2029

Investment Type	CUSIP	Settlement Date	Cost Value	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
FNMA Bond	3136GCAE5	12/11/2025	2,000,000	2,000,000	0.9%	1,973,020	4.03%	6/11/2027	12/11/2030
FHLMCMTN Bond	3134HCGL7	12/11/2025	2,000,000	2,000,000	0.9%	1,981,220	4.05%	7/11/2026	12/11/2028
FHLMCMTN Bond	3134HCGL7	12/11/2025	2,000,000	2,000,000	0.9%	1,981,220	4.05%	7/11/2026	12/11/2028
FFCB Bond	3133ET3X3	12/12/2025	2,000,000	2,000,000	0.9%	1,985,480	4.26%	7/12/2026	12/12/2030
FHLMCMTN Bond	3134HCCW7	12/15/2025	2,000,000	2,000,000	0.9%	1,974,160	4.25%	7/2/2026	12/2/2030
FHLMCMTN Bond	3134HCFX2	12/23/2025	2,000,000	2,000,000	0.9%	1,975,120	4.18%	12/23/2026	12/30/2030
FFCB Bond	3133ET6F9	1/8/2026	2,000,000	2,000,000	0.9%	1,977,880	4.06%	7/8/2026	7/8/2030
FNMA Bond	3136GCD93	1/8/2026	2,000,000	2,000,000	0.9%	1,968,320	4.06%	1/8/2027	1/8/2031
FHLB Bond	3130B9A83	1/28/2026	2,000,000	2,000,000	0.9%	1,969,840	4.00%	1/28/2028	1/28/2031
FHLMCMTN Bond	3134HCRN1	1/28/2026	2,000,000	2,000,000	0.9%	1,976,500	4.15%	1/28/2027	1/28/2031
FHLB Bond	3130B9EP1	2/6/2026	2,000,000	2,000,000	0.9%	1,979,040	4.00%	8/6/2026	8/6/2029
FNMA Bond	3136GCP66	2/26/2026	2,000,000	2,000,000	0.9%	1,979,000	3.88%	8/26/2026	2/26/2029
FNMA Bond	3136GCPB5	2/27/2026	2,000,000	2,000,000	0.9%	1,978,380	4.00%	8/27/2026	2/27/2030
FHLMCMTN Bond	3134HCXT1	3/9/2026	2,000,000	2,000,000	0.9%	1,986,740	4.00%	9/9/2026	3/9/2029
FHLB Bond	3130B9RG7	3/9/2026	2,000,000	2,000,000	0.9%	1,981,240	4.00%	9/9/2026	3/9/2029
FNMA Bond	3136GCSX4	3/10/2026	1,500,000	1,500,000	0.7%	1,483,035	4.00%	9/10/2027	3/10/2031
FHLB Bond	3130B9SX9	3/11/2026	1,500,000	1,500,000	0.7%	1,488,240	4.13%	3/11/2027	3/11/2031
FHLMCMTN Bond	3134HCZA0	3/12/2026	2,000,000	2,000,000	0.9%	1,994,820	4.15%	7/12/2026	3/12/2029
FHLMCMTN Bond	3134HCZB8	3/16/2026	2,000,000	2,000,000	0.9%	1,993,300	4.00%	7/16/2026	3/16/2028
FHLMCMTN Bond	31428JEC7	3/23/2026	2,000,000	2,000,000	0.9%	1,979,240	4.00%	3/23/2027	3/23/2029
FHLB Bond	3130B9XA3	3/24/2026	2,000,000	2,000,000	0.9%	1,993,780	4.00%	9/24/2026	3/24/2028
FHLMCMTN Bond	3134HCZT9	3/24/2026	2,000,000	2,000,000	0.9%	1,982,760	4.25%	3/24/2027	3/24/2031
FHLMCMTN Bond	3134HCC64	3/26/2026	2,000,000	2,000,000	0.9%	1,989,820	4.20%	3/26/2027	3/26/2029
FFCB Bond	3133EWJQ4	3/27/2026	2,000,000	2,000,000	0.9%	2,001,700	4.39%	3/27/2028	3/27/2029
FFCB Bond	3133EWLL2	4/16/2026	2,000,000	2,000,000	0.9%	1,985,920	4.09%	4/16/2027	4/16/2029
FHLB Bond	3130BACG0	4/23/2026	2,000,000	2,000,000	0.9%	1,979,380	4.25%	4/23/2027	4/23/2031
FHLMCMTN Bond	3134HCP29	4/27/2026	2,000,000	2,000,000	0.9%	1,989,480	4.05%	4/27/2027	4/27/2029
FNMA Bond	3136GD4B6	4/28/2026	2,000,000	2,000,000	0.9%	1,988,600	4.00%	10/28/2026	4/28/2028
FHLB Bond	3130BAHC4	4/30/2026	2,000,000	2,000,000	0.9%	1,986,920	4.13%	10/30/2026	4/30/2029
FAMCMTN Bond	31428JGW1	5/4/2026	2,000,000	2,000,000	0.9%	1,981,640	4.07%	5/4/2027	5/4/2029
FHLB Bond	3130BAK22	5/8/2026	2,000,000	2,000,000	0.9%	1,979,780	4.22%	5/8/2028	5/8/2031
FHLB Bond	3130BAMR5	5/12/2026	2,000,000	2,000,000	0.9%	1,991,300	4.05%	5/12/2027	5/12/2028
FHLB Bond	3130BAQU4	5/20/2026	2,000,000	2,000,000	0.9%	1,994,200	4.13%	5/20/2027	11/20/2028
FFCB Bond	3133EWRD4	6/1/2026	2,000,000	2,000,000	0.9%	1,993,620	4.42%	6/1/2027	6/1/2029
FAMC Bond	31428JKC0	6/5/2026	2,000,000	2,000,000	0.9%	1,993,760	4.36%	6/5/2029	6/5/2031
CD - Morgan Stanley Bank	61690DGT9	11/8/2023	250,000	250,000	0.1%	254,310	5.05%	11/8/2028	11/8/2028
CD - Morgan Stanley Private Bank	61768EE82	11/8/2023	250,000	250,000	0.1%	254,310	5.05%	11/8/2028	11/8/2028
CD - American Express	02589AF98	11/8/2023	250,000	250,000	0.1%	254,035	5.00%	11/8/2028	11/8/2028
CD - State Bank India	8562834U7	11/24/2023	250,000	250,000	0.1%	254,100	5.00%	11/24/2028	11/24/2028
CD - JPMorgan Chase	46659CLN8	9/30/2025	250,000	250,000	0.1%	246,183	4.13%	9/30/2030	9/30/2030
CD - Sallie Mae	795451EE9	12/10/2025	250,000	250,000	0.1%	245,405	3.90%	12/10/2030	12/10/2030
CD - Toyotal Financial	89235MTV3	4/16/2026	250,000	250,000	0.1%	247,220	4.10%	4/16/2031	4/16/2031
Sub Total/Average			**$ 181,792,121**	**$ 181,913,375**	**84.7%**	**$ 180,488,608**	**3.56%**		
Total City Managed/Average			**$ 201,077,063**	**$ 201,198,316**	**93.7%**	**$ 199,761,564**	**3.58%**		
Bond Reserve Accounts - Held By Trustees			**$ 6,395,420**	**$ 6,395,420**	**3.0%**	**$ 6,395,420**			
Cash/Deposits			**$ (669,002)**	**$ (669,002)**	**-0.3%**	**$ (669,002)**			
PARS and CALPERS CERBT Trust			**$ 7,887,404**	**$ 7,887,404**	**3.7%**	**$ 11,507,714**			
GRAND TOTAL/AVERAGE			**$ 214,690,885**	**$ 214,812,138**	**100.0%**	**$ 216,995,695**			

CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF JUNE 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	3.82%	$ 10,629,749	4.9%	$ 10,617,763
California CLASS	All Funds Pooled	3.70%	5,573,877	2.6%	5,573,877
US Bank - Portfolio of Securities	All Funds Pooled	3.56%	181,913,375	84.7%	180,488,608
WFB MMA	All Funds Pooled	3.53%	3,081,315	1.4%	3,081,315
	SUBTOTAL		**$ 201,198,316**	**93.7%**	**$ 199,761,564**
Bond Reserve Accounts - held by trustees					
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	3.28%	58	0.0%	58
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	3.28%	74	0.0%	74
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Agency Fund	3.25%	6,395,288	3.0%	6,395,288
	SUBTOTAL		**6,395,420**	**3.0%**	**6,395,420**
Other Cash/Deposits					
General Checking	All Funds		(714,852)	-0.3%	(714,852)
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	2.4%	7,703,990
PARS - PENSION Trust			2,650,000	1.2%	3,803,724
	SUBTOTAL		**7,218,402**	**3.4%**	**10,838,711**
Total Cash and Investments			**$ 214,812,138**	**100.0%**	**$ 216,995,695**

CASH ACTIVITY SUMMARY
FY 2025-26

Fund Type	07/01/2025 Balance	Change in Cash Balance	Preliminary 6/30/2026 Balance
General Fund	$ 27,754,684	$ 2,543,213	$ 30,297,897
Development Services	1,256,663	1,825,511	3,082,174
Water - Operations	1,682,675	(327,028)	1,355,647
Water Other	33,378,396	839,902	34,218,298
Sewer - Operations	581,685	4,437,584	5,019,269
Sewer Other	51,823,477	1,415,522	53,238,999
Other Special Revenue	18,941,285	(421,350)	18,519,935
Streets and Capital Projects	40,813,196	(8,441,800)	32,371,396
Debt Service	354,990	8,009	362,999
Internal Service	29,447,571	301,386	29,748,957
Agency Funds (assessment dists./refundable deposits)	6,701,471	(104,902)	6,596,569
Total	**$ 212,736,093**	**$ 2,076,045**	**$ 214,812,138**

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

Reviewed by: _____
Dat Nguyen, Finance Director

Approved by: _____
Cindy Murphy, Treasurer

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Revenues - Fiscal Year 2025-26
For the Month Ended June 30, 2026
100% of Year Complete

	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
TAXES							
Property Tax - Secured/Unsecured	$ 17,345,642	17,945,642	$ 17,676,648	99%	$ 15,781,142	$ 1,895,506	12%
Property Tax - RPTTF Residual Distribution	3,098,634	3,098,634	3,098,546	100%	2,937,174	161,372	5%
Property Tax - Supplemental Roll	325,515	325,515	312,063	96%	336,651	(24,588)	-7%
Sales Tax	12,711,087	11,511,087	12,581,102	109%	11,620,823	960,279	8%
Public Safety Sales Tax	478,182	478,182	465,687	97%	451,785	13,902	3%
Transient Occupancy Taxes	2,958,340	2,658,340	2,676,373	101%	2,471,202	205,171	8%
Franchise (Refuse ,Cable ,PG&E)	3,354,166	3,354,166	3,307,108	99%	3,236,560	70,549	2%
Property Transfer Tax	642,000	642,000	569,941	89%	521,760	48,182	9%
TOTAL TAXES	**40,913,566**	**40,013,566**	**40,687,469**	**102%**	**37,357,097**	**3,330,372**	**9%**
LICENSES/PERMITS							
Business License	200,000	200,000	222,345	111%	216,241	6,105	3%
Other Permits	82,750	82,750	247,120	299%	215,052	32,068	15%
TOTAL LICENSES/PERMITS	**282,750**	**282,750**	**469,466**	**166%**	**431,293**	**38,173**	**9%**
FINES AND PENALTIES							
Parking Enforcement	9,800	9,800	6,798	69%	7,738	(940)	-12%
Bails & Fines	55,000	55,000	58,981	107%	54,904	4,076	7%
Administrative Citations	20,000	20,000	21,593	108%	22,232	(639)	-3%
TOTAL FINES AND PENALTIES	**84,800**	**84,800**	**87,371**	**103%**	**84,873**	**2,498**	**3%**
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	700,665	73%	1,829,879	(1,129,214)	-62%
TOTAL OTHER AGENCIES	**498,199**	**1,017,961**	**771,580**	**76%**	**1,903,013**	**(1,131,433)**	**-59%**
CHARGES CURRENT SERVICES							
Police False Alarm Charge	33,500	33,500	28,694	86%	29,963	(1,270)	-4%
Business License Application Review	84,872	84,872	60,838	72%	60,813	25	0%
Membership Services & Rec Programs	6,830,960	6,830,960	6,765,010	99%	6,291,090	473,920	8%
Facility Rentals	1,245,612	1,245,612	1,544,771	124%	1,363,644	181,127	13%
Community Services	138,498	178,498	286,134	160%	173,493	112,641	65%
General Administration Overhead	1,727,037	1,727,037	1,716,637	99%	1,697,910	18,726	1%
Other Charges Current Services	734,377	734,377	794,288	108%	1,165,819	(371,531)	-32%
TOTAL CURRENT SERVICES	**10,794,856**	**10,834,856**	**11,196,371**	**103%**	**10,782,732**	**413,638**	**4%**
OTHER REVENUE							
Use of money/property	1,283,417	1,583,417	1,490,262	94%	1,504,268	(14,006)	-1%
Other Revenues	548,648	811,790	1,013,307	125%	1,865,580	(852,273)	-46%
TOTAL OTHER REVENUE	**1,832,065**	**2,395,207**	**2,503,569**	**105%**	**3,369,848**	**(866,279)**	**-26%**
TRANSFERS IN							
One Time Transfer	165,000	665,000	665,000	100%	165,000	500,000	303%
Public Safety Facilities Fund	50,000	50,000	50,000	100%	50,000	-	0%
Supplemental Law Enforcement Fund	100,000	100,000	100,000	100%	100,000	-	n/a
Countywide Solid Waste	563,961	544,328	563,961	104%	576,328	(12,367)	-2%
Streets	851,932	851,932	851,932	100%	774,855	77,077	10%
Park Maintenance	650,000	650,000	650,000	100%	650,000	-	n/a
Sewer Operations	434,390	434,390	471,390	109%	413,700	57,690	14%
Water Operations	434,390	434,390	471,390	109%	413,700	57,690	14%
Open Space	81,100	81,100	81,100	100%	81,100	-	n/a
Park Development	100,000	100,000	100,000	100%	100,000	-	n/a
TOTAL TRANSFERS IN	**3,430,773**	**3,911,140**	**4,004,773**	**102%**	**3,324,683**	**680,090**	**20%**
TOTAL GENERAL FUND	**57,837,009**	**58,540,280**	**59,720,599**	**102%**	**57,253,539**	**2,467,060**	**4%**
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	851,932	851,932	842,546	99%	853,981	(11,436)	-1%
Interest / Other Revenue/Other Charges	1,665	1,665	7,560	454%	6,522	1,037	16%
202 STREET MAINTENANCE	**853,597**	**853,597**	**850,105**	**100%**	**860,503**	**(10,398)**	**-1%**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Revenues - Fiscal Year 2025-26
For the Month Ended June 30, 2026
100% of Year Complete

	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
205 SUPPLEMENTAL LAW ENFORCEMENT FUND							
Interest Income	11,065	11,065	18,180	164%	14,927	3,254	22%
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**	**219,717**	**198%**	**209,590**	**10,127**	**5%**
206 DEVELOPMENT SERVICES							
Building Fees	3,655,850	3,768,850	4,981,516	132%	4,209,616	771,900	18%
Planning Fees	954,276	1,059,276	1,985,904	187%	1,076,686	909,218	84%
Engineering Fees	723,341	723,341	1,203,090	166%	809,467	393,622	49%
Other Revenue/Current Charges	544,851	326,851	194,828	60%	195,994	(1,166)	-1%
206 DEVELOPMENT SERVICES	**5,878,318**	**5,878,318**	**8,365,338**	**142%**	**6,291,764**	**2,073,574**	**33%**
207 LONG RANGE PLANNING	**827,760**	**827,760**	**1,461,148**	**177%**	**1,423,442**	**37,706**	**3%**
215 and 216 HCD BLOCK GRANT							
Interest Income/Other Revenue	994	994	2,190	220%	2,277	(87)	-4%
215 and 216 HCD BLOCK GRANT	**994**	**994**	**2,190**	**220%**	**2,277**	**(87)**	**-4%**
225 ASSET SEIZURE	**1,631**	**1,631**	**3,300**	**202%**	**3,462**	**(162)**	**-5%**
229 LIGHTING AND LANDSCAPE	**207,135**	**207,135**	**217,480**	**105%**	**210,226**	**7,254**	**3%**
230 COMMUNITY FACILITIES DISTRICT	**28,314**	**28,314**	**33,938**	**120%**	**33,014**	**924**	**3%**
232 ENVIRONMENTAL PROGRAMS	**525,286**	**525,286**	**539,945**	**103%**	**502,368**	**37,577**	**7%**
234 MOBILE HOME PARK RENT STAB.	**2,447**	**2,447**	**6,291**	**257%**	**6,252**	**39**	**1%**
236 HOUSING MITIGATION	**3,061,720**	**3,478,220**	**2,296,248**	**66%**	**3,138,192**	**(841,944)**	**-27%**
240 EMPLOYEE ASSISTANCE	**481**	**481**	**7,265**	**1510%**	**1,933**	**5,332**	**276%**
246 COUNTYWIDE SOLID WASTE	**2,393,478**	**1,716,866**	**1,735,715**	**101%**	**2,042,965**	**(307,250)**	**-15%**
255 HOUSING SUCCESSOR AGENCY	**418,260**	**418,260**	**376,287**	**90%**	**393,280**	**(16,994)**	**-4%**
260 PUBLIC ART	**869**	**869**	**1,219**	**140%**	**743**	**476**	**64%**
TOTAL SPECIAL REVENUE FUNDS	**14,311,356**	**14,051,244**	**16,116,186**	**115%**	**15,120,012**	**996,174**	**7%**
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	**2,324,852**	**2,324,852**	**676,804**	**29%**	**2,349,177**	**(1,672,374)**	**-71%**
302 PARK MAINTENANCE	**1,008,792**	**1,008,792**	**42,653**	**4%**	**272,638**	**(229,985)**	**-84%**
303 LOCAL DRAINAGE	**3,672,294**	**3,672,294**	**348,505**	**9%**	**1,082,325**	**(733,820)**	**-68%**
304 LOCAL DRAINAGE/NON AB1600	**28,357**	**187,838**	**39,748**	**21%**	**364,147**	**(324,399)**	**-89%**
306 AGRICULTURE & OPEN SPACE PRESERVATION	**10,461**	**10,461**	**218,988**	**2093%**	**1,039,633**	**(820,645)**	**-79%**
308 STREET CIP	**7,777,340**	**7,777,340**	**4,882,055**	**63%**	**4,717,880**	**164,175**	**3%**
309 TRAFFIC IMPACT	**3,584,714**	**3,584,714**	**975,363**	**27%**	**2,530,715**	**(1,555,352)**	**-61%**
315 PUBLIC SAFETY FACILITIES IMPACT	**2,217,137**	**5,517,137**	**1,870,395**	**34%**	**898,210**	**972,185**	**108%**
346 PUBLIC FACILITIES NON-AB1600	**26,226**	**26,226**	**55,367**	**211%**	**266,869**	**(211,502)**	**-79%**
347 PUBLIC FACILITIES IMPACT	**994,483**	**994,483**	**139,874**	**14%**	**402,984**	**(263,110)**	**-65%**
348 LIBRARY	**2,180,740**	**2,180,740**	**538,911**	**25%**	**1,499,531**	**(960,620)**	**-64%**
350 UNDERGROUNDING	**47,258**	**47,258**	**93,262**	**197%**	**131,006**	**(37,743)**	**-29%**
360 COMMUNITY/REC IMPACT FUND	**3,802,095**	**3,802,095**	**1,197,189**	**31%**	**2,728,389**	**(1,531,200)**	**-56%**
375 QUIMBY FEE	**4,268,487**	**4,268,487**	**510,090**	**12%**	**4,817,198**	**(4,307,108)**	**-89%**
TOTAL CAPITAL PROJECTS FUNDS	**31,943,236**	**35,402,717**	**11,589,204**	**33%**	**23,100,703**	**(11,511,499)**	**-50%**
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	**302,376**	**302,376**	**301,764**	**100%**	**299,735**	**2,030**	**1%**
441 POLICE FACILITY BOND	**394,304**	**394,304**	**389,676**	**99%**	**385,093**	**4,583**	**1%**
TOTAL DEBT SERVICE FUNDS	**696,680**	**696,680**	**691,440**	**99%**	**684,828**	**6,613**	**1%**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Revenues - Fiscal Year 2025-26
For the Month Ended June 30, 2026
100% of Year Complete

	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 WASTEWATER OPERATION							
Sewer Service Fees	17,871,000	17,871,000	20,720,699	116%	17,771,447	2,949,252	17%
Interest Income/Transfers	121,041	121,041	89,014	74%	71,239	17,775	25%
Other Revenue/Current Charges	428,860	428,860	348,963	81%	477,929	(128,966)	-27%
640 WASTEWATER OPERATION	**18,420,901**	**18,420,901**	**21,158,676**	**115%**	**18,320,615**	**2,838,061**	**15%**
641 WASTEWATER EXPANSION							
Interest Income	164,788	164,788	705,155	428%	1,118,815	(413,660)	-37%
Development Impact Fee	30,415,728	30,415,728	2,850,496	9%	9,813,356	(6,962,860)	-71%
641 WASTEWATER EXPANSION	**30,580,516**	**30,580,516**	**3,555,652**	**12%**	**10,932,171**	**(7,376,519)**	-67%
642 WASTEWATER RATE STABILIZATION	**93,037**	**93,037**	**102,914**	**111%**	**175,342**	**(72,429)**	**-41%**
643 WASTEWATER CAPITAL PROJECT	**15,076,739**	**15,076,739**	**9,674,200**	**64%**	**9,089,959**	**584,241**	**6%**
TOTAL SEWER FUNDS	***64,171,193***	***64,171,193***	***34,491,442***	***54%***	***38,518,087***	**(4,026,645)**	***-10%***
650 WATER OPERATION							
Water Sales	21,385,800	21,385,800	20,523,296	96%	19,653,029	870,267	4%
Meter Install & Service	110,000	110,000	39,355	36%	85,753	(46,397)	-54%
Transfers-In / Interest Income	911,184	911,184	829,016	91%	837,313	(8,298)	-1%
Other Revenue/Current Charges	1,044,838	1,044,838	960,366	92%	1,930,159	(969,792)	-50%
650 WATER OPERATION	**23,451,822**	**23,451,822**	**22,352,033**	**95%**	**22,506,253**	**(154,220)**	**-1%**
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	40,273	40,273	169,945	422%	250,699	(80,754)	-32%
Development Impact Fee	4,833,886	4,833,886	999,205	21%	3,369,166	(2,369,961)	-70%
651 WATER EXPANSION	**4,874,159**	**4,874,159**	**1,169,150**	**24%**	**3,619,864**	**(2,450,715)**	**-68%**
652 WATER RATE STABILIZATION	**99,247**	**99,247**	**110,080**	**111%**	**188,166**	**(78,086)**	**-41%**
653 WATER CAPITAL PROJECT	**7,809,380**	**7,809,380**	**10,494,416**	**134%**	**8,134,155**	**2,360,261**	**29%**
TOTAL WATER FUNDS	***36,234,608***	***36,234,608***	***34,125,679***	***94%***	***34,448,439***	**(322,759)**	***-1%***
TOTAL ENTERPRISE FUNDS	**100,405,801**	**100,405,801**	**68,617,121**	**68%**	**72,966,526**	**(4,349,405)**	**-6%**
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	**3,038,971**	**3,038,971**	**3,039,827**	**100%**	**2,888,586**	**151,241**	**5%**
740 BUILDING MAINTENANCE	**1,270,189**	**1,270,189**	**1,281,821**	**101%**	**1,426,871**	**(145,050)**	**-10%**
741 BUILDING REPLACEMENT	**1,049,288**	**2,299,288**	**1,090,682**	**47%**	**1,676,725**	**(586,043)**	**-35%**
745 CIP ADMINISTRATION	**2,880,028**	**2,880,028**	**2,645,899**	**92%**	**2,494,855**	**151,044**	**6%**
760 UNEMPLOYMENT INSURANCE	**8,298**	**8,298**	**8,382**	**101%**	**9,150**	**(767)**	**-8%**
770 WORKERS COMPENSATION	**1,211,610**	**1,211,610**	**992,573**	**82%**	**1,146,833**	**(154,260)**	**-13%**
790 EQUIPMENT REPLACEMENT	**1,615,158**	**1,615,158**	**1,638,668**	**101%**	**2,314,619**	**(675,951)**	**-29%**
791EMPLOYEE BENEFITS	**1,251,963**	**1,251,963**	**1,173,385**	**94%**	**1,134,373**	**39,012**	**3%**
795 GENERAL LIABILITY INSURANCE	**2,769,881**	**2,769,881**	**2,661,542**	**96%**	**2,534,987**	**126,556**	**5%**
TOTAL INTERNAL SERVICE FUNDS	**15,095,386**	**16,345,386**	**14,532,780**	**89%**	**15,626,998**	**(1,094,218)**	**-7%**
TOTAL FOR ALL FUNDS	**$ 220,289,468**	**$ 225,442,107**	**$ 171,267,331**	**76%**	**$ 184,752,606**	**$ (13,485,275)**	**-7%**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Expenses - Fiscal Year 2025-26
For the Month Ended June 30, 2026
100% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
010	**GENERAL FUND**							
	I. ADMINISTRATION							
	CITY COUNCIL	**$ 35,566**	**$ 631,504**	**$ 671,610**	**$ -**	**$ 671,610**	**106%**	**$ 510,428**
	CITY ATTORNEY	**116,539**	**1,046,783**	**1,039,748**	**76,428**	**1,116,176**	**107%**	**1,017,368**
	CITY MANAGER	**61,944**	**1,041,692**	**729,140**	**1,524**	**730,664**	**70%**	**688,439**
	HUMAN RESOURCES	**98,245**	**1,032,289**	**1,064,103**	**-**	**1,064,103**	**103%**	**990,637**
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	62,358	627,757	611,630	-	611,630	97%	585,310
	Elections	5,293	38,516	40,384	-	40,384	105%	287,422
	COUNCIL SVCS & RECORDS MGMT	**67,650**	**666,273**	**652,014**	**-**	**652,014**	**98%**	**872,732**
	FINANCE	**216,199**	**2,563,249**	**2,129,162**	**402,902**	**2,532,063**	**99%**	**2,205,168**
	TOTAL ADMINISTRATION	**596,144**	**6,981,791**	**6,285,777**	**480,854**	**6,766,631**	**97%**	**6,284,772**
	II. COMMUNITY SERVICES							
	Membership Services & Rec. Programs	941,100	7,547,394	7,236,889	235,956	7,472,845	99%	6,944,672
	Recreation Facility Rentals	146,807	1,451,514	1,265,902	10,645	1,276,547	88%	1,326,233
	Innovative Transit	-	-	-	-	-	n/a	502,975
	Community Services	158,064	923,254	879,625	54,381	934,006	101%	645,738
	Park Maintenance	169,149	1,563,669	1,265,680	3,862	1,269,542	81%	1,295,254
	Environmental Services	59,360	1,042,804	663,308	2,400	665,708	64%	626,209
	Countywide Solid Waste Program	58,149	546,317	532,372	-	532,372	97%	509,745
	Street Maintenance	360,774	3,598,941	3,467,897	13,509	3,481,406	97%	3,548,854
	Downtown Maintenance	35,734	396,152	352,528	4,736	357,264	90%	294,370
	PD Building Maintenance	71,356	727,124	555,919	47,690	603,609	83%	614,772
	Cable Television	7,799	91,406	91,607	-	91,607	100%	91,234
	COMMUNITY SERVICES	**2,008,293**	**17,888,575**	**16,311,727**	**373,180**	**16,684,907**	**93%**	**16,400,055**
	CODE COMPLIANCE	**43,025**	**420,943**	**429,919**	**-**	**429,919**	**102%**	**407,123**
	INFRASTRUCTURE PLANNING & CONGESTION MGMT	**40,421**	**644,253**	**513,029**	**5,000**	**518,029**	**80%**	**421,627**
	ECONOMIC DEVELOPMENT PROGRAMS	**128,725**	**1,344,548**	**1,033,310**	**166,386**	**1,199,696**	**89%**	**990,812**
	TOTAL COMMUNITY SERVICES	**2,220,465**	**20,298,319**	**18,287,985**	**544,566**	**18,832,551**	**93%**	**18,219,617**
	III. PUBLIC SAFETY							
	POLICE							
	PD Administration	193,028	1,964,769	1,873,952	-	1,873,952	95%	1,576,824
	Field Operations	1,474,188	14,224,118	13,405,950	327,315	13,733,265	97%	12,690,633
	Support Services	257,093	2,766,134	2,778,844	-	2,778,844	100%	2,955,262
	Emergency Services/Haz Mat	22,820	291,798	266,944	-	266,944	91%	263,650
	Special Operations	505,295	4,405,650	4,304,786	-	4,304,786	98%	4,177,667
	Dispatch Services	266,741	2,576,058	2,623,938	5,280	2,629,218	102%	2,375,425
	POLICE	**2,719,165**	**26,228,527**	**25,254,413**	**332,595**	**25,587,008**	**98%**	**24,039,461**
	FIRE	**903,265**	**11,238,402**	**9,358,531**	**297,252**	**9,655,782**	**86%**	**8,145,236**
	TOTAL PUBLIC SAFETY	**3,622,430**	**37,466,930**	**34,612,944**	**629,847**	**35,242,791**	**94%**	**32,184,697**
	IV. TRANSFERS							
	Other	104,923	1,418,558	1,259,077	-	1,259,077	89%	2,338,230
	TOTAL TRANSFERS	**104,923**	**1,418,558**	**1,259,077**	**-**	**1,259,077**	**89%**	**2,338,230**
	TOTAL GENERAL FUND	**6,543,962**	**66,165,597**	**60,445,784**	**1,655,266**	**62,101,050**	**94%**	**59,027,317**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Expenses - Fiscal Year 2025-26
For the Month Ended June 30, 2026
100% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
SPECIAL REVENUE FUNDS								
202	**STREET MAINTENANCE**	**463**	**857,492**	**857,492**	**-**	**857,492**	**100%**	**857,383**
205	**PUBLIC SAFETY/SUPP.LAW**	**115**	**101,380**	**101,380**	**-**	**101,380**	**100%**	**101,354**
206	**DEVELOPMENT SERVICES FUND**							
	Planning	145,848	1,733,837	1,815,086	-	1,815,086	105%	1,674,239
	Building	324,008	3,254,121	3,131,556	-	3,131,556	96%	2,822,576
	Engineering	178,341	1,786,271	1,787,751	-	1,787,751	100%	1,626,776
206	**DEVELOPMENT SERVICES FUND**	**648,198**	**6,774,229**	**6,734,393**	**-**	**6,734,393**	**99%**	**6,123,591**
207	**LONG RANGE PLANNING**	**109,958**	**2,872,275**	**1,189,746**	**232,043**	**1,421,789**	**50%**	**1,350,660**
215/216	**CDBG**	**8**	**90**	**90**	**-**	**90**	**100%**	**87**
225	**ASSET SEIZURE**	**70**	**840**	**840**	**-**	**840**	**100%**	**821**
229	**LIGHTING AND LANDSCAPE**	**49,018**	**218,856**	**195,520**	**2,474**	**197,994**	**90%**	**212,124**
230	**COMMUNITY FACILITIES DISTRICT**	**3,696**	**28,670**	**28,531**	**-**	**28,531**	**100%**	**26,003**
232	**ENVIRONMENTAL PROGRAMS**	**41,535**	**469,415**	**411,696**	**1,723**	**413,419**	**88%**	**415,020**
234	**MOBILE HOME PARK**	**81**	**970**	**970**	**-**	**970**	**100%**	**952**
236	**HOUSING MITIGATION**	**124,904**	**2,480,440**	**1,703,139**	**253,044**	**1,956,183**	**79%**	**1,139,067**
240	**EMPLOYEE ASSISTANCE**	**4,084**	**21,010**	**6,690**	**-**	**6,690**	**32%**	**9,893**
246	**COUNTYWIDE SOLID WASTE PROGRAM**	**229,161**	**1,808,470**	**1,543,684**	**181,949**	**1,725,633**	**95%**	**2,005,381**
255	**HOUSING SUCCESSOR AGENCY**	**110,918**	**1,375,331**	**1,319,542**	**-**	**1,319,542**	**96%**	**1,126,345**
260	**PUBLIC ART**	**536**	**6,430**	**6,430**	**-**	**6,430**	**100%**	**11,294**
TOTAL SPECIAL REVENUE FUNDS		**1,322,744**	**17,015,897**	**14,100,144**	**671,233**	**14,771,377**	**87%**	**13,379,974**
CAPITAL PROJECT FUNDS								
301	**PARK DEVELOPMENT**	**96,088**	**4,256,161**	**1,691,532**	**99,771**	**1,791,303**	**42%**	**1,023,800**
302	**PARK MAINTENANCE**	**1,361,784**	**1,905,711**	**651,395**	**-**	**651,395**	**34%**	**652,151**
303	**LOCAL DRAINAGE**	**444,116**	**7,363,833**	**1,618,618**	**2,734,632**	**4,353,250**	**59%**	**5,875,418**
304	**LOCAL DRAIN. NON-AB1600**	**27,584**	**530,148**	**197,091**	**62,780**	**259,871**	**49%**	**224,063**
306	**AGRICULTURE & OPEN SPACE PRESERVATI(**	**10,731**	**128,770**	**128,770**	**-**	**128,770**	**100%**	**128,157**
308	**STREET CIP**	**98,190**	**8,054,263**	**2,520,740**	**190,531**	**2,711,271**	**34%**	**4,396,534**
309	**TRAFFIC IMPACT**	**19,954**	**4,774,469**	**545,401**	**141,117**	**686,518**	**14%**	**3,481,115**
315	**PUBLIC SAFETY FACILITIES IMPACT**	**89,601**	**4,527,175**	**1,482,954**	**1,079,281**	**2,562,234**	**57%**	**6,276,318**
346	**PUBLIC FAC.NON AB1600**	**18,868**	**930,655**	**253,422**	**121,400**	**374,822**	**40%**	**518,127**
347	**PUBLIC FACILITIES IMPACT**	**79,703**	**1,855,069**	**1,234,765**	**67,745**	**1,302,509**	**70%**	**396,837**
348	**LIBRARY IMPACT**	**17,957**	**2,515,486**	**1,115,486**	**-**	**1,115,486**	**44%**	**213,615**
350	**UNDERGROUNDING**	**105**	**1,448,810**	**1,260**	**-**	**1,260**	**0%**	**128,456**
360	**COMM/REC CENTER IMPACT**	**964,590**	**5,564,824**	**1,406,930**	**134,710**	**1,541,639**	**28%**	**466,547**
375	**QUIMBY FEE**	**379,623**	**8,097,366**	**5,102,869**	**299,158**	**5,402,027**	**67%**	**2,002,459**
TOTAL CAPITAL PROJECTS FUNDS		**3,608,894**	**51,952,740**	**17,951,232**	**4,931,124**	**22,882,356**	**44%**	**25,783,596**
DEBT SERVICE FUNDS								
420	**CIVIC CENTER DEBT**	**289**	**294,598**	**293,630**	**-**	**293,630**	**100%**	**290,070**
441	**POLICE FACILITY BOND DEBT**	**383**	**389,293**	**382,803**	**-**	**382,803**	**98%**	**386,700**
TOTAL DEBT SERVICE FUNDS		**673**	**683,891**	**676,433**	**-**	**676,433**	**99%**	**676,770**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Expenses - Fiscal Year 2025-26
For the Month Ended June 30, 2026
100% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
ENTERPRISE FUNDS								
SEWER								
640	**WASTEWATER OPERATIONS**	**1,806,064**	**18,570,816**	**20,042,082**	**138,590**	**20,180,672**	**109%**	**18,086,688**
641	**WASTEWATER CAPITAL EXPANSION**	**682,911**	**54,898,903**	**2,500,665**	**834,948**	**3,335,612**	**6%**	**6,429,004**
642	**WASTEWATER RATE STABILIZATION**	**168**	**2,010**	**2,010**	**-**	**2,010**	**100%**	**1,966**
643	**WASTEWATER CAPITAL PROJECTS**	**1,662,784**	**34,316,583**	**5,972,617**	**3,412,144**	**9,384,760**	**27%**	**2,434,654**
TOTAL SEWER FUND(S)		**4,151,926**	**107,788,312**	**28,517,373**	**4,385,681**	**32,903,055**	**31%**	**26,952,312**
WATER								
	Water Operations	2,510,587	21,663,763	20,019,126	216,576	20,235,703	93%	19,487,832
	Utility Billing	147,586	1,544,437	1,498,258	5,731	1,503,989	97%	1,379,012
	Water Conservation	36,507	494,608	379,499	26,936	406,435	82%	301,346
650	**WATER OPERATIONS**	**2,694,680**	**23,702,807**	**21,896,883**	**249,244**	**22,146,127**	**93%**	**21,168,190**
651	**WATER CAPITAL EXPANSION**	**277,784**	**9,618,856**	**2,115,303**	**1,661,970**	**3,777,273**	**39%**	**1,648,144**
652	**WATER RATE STABILIZATION**	**125**	**1,500**	**1,500**	**-**	**1,500**	**100%**	**1,473**
653	**WATER-CAPITAL PROJECTS**	**2,239,077**	**28,523,123**	**8,643,036**	**4,164,785**	**12,807,821**	**45%**	**4,519,819**
TOTAL WATER FUND(S)		**5,211,666**	**61,846,287**	**32,656,721**	**6,075,999**	**38,732,720**	**63%**	**27,337,626**
TOTAL ENTERPRISE FUNDS		**9,363,593**	**169,634,598**	**61,174,095**	**10,461,680**	**71,635,775**	**42%**	**54,289,938**
INTERNAL SERVICE FUNDS								
730	**INFORMATION SYSTEMS**	**405,436**	**3,183,799**	**3,016,658**	**175,052**	**3,191,710**	**100%**	**2,664,657**
740	**BUILDING MAINTENANCE**	**100,953**	**1,420,189**	**1,174,229**	**7,850**	**1,182,079**	**83%**	**1,166,279**
741	**BUILDING REPLACEMENT**	**160,760**	**4,842,221**	**2,388,671**	**234,927**	**2,623,598**	**54%**	**1,735,230**
745	**CIP ADMINISTRATION**	**248,462**	**2,744,438**	**2,647,762**	**-**	**2,647,762**	**96%**	**2,495,293**
760	**UNEMPLOYMENT**	**6,193**	**15,000**	**14,451**	**-**	**14,451**	**96%**	**6,205**
770	**WORKERS COMPENSATION**	**20,497**	**1,007,970**	**852,469**	**-**	**852,469**	**85%**	**1,180,009**
790	**EQUIPMENT REPLACEMENT**	**496,832**	**1,147,077**	**1,123,055**	**21,332**	**1,144,387**	**100%**	**862,131**
791	**EMPLOYEE BENEFITS FUND**	**44,111**	**1,000,000**	**717,511**	**-**	**717,511**	**72%**	**788,120**
795	**GEN. LIABILITY INSURANCE**	**40,222**	**2,648,547**	**2,648,408**	**-**	**2,648,408**	**100%**	**2,357,802**
TOTAL INTERNAL SERVICE FUNDS		**1,523,466**	**18,009,240**	**14,583,214**	**439,161**	**15,022,375**	**83%**	**13,255,725**
REPORT TOTAL		**$ 22,363,331**	**$ 323,461,963**	**$ 168,930,901**	**$ 18,158,464**	**$ 187,089,365**	**58%**	**$ 166,413,320**

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2025-26
For the Month Ended June 30, 2026
100% 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	$ 59,720,599	102%	$ 60,445,784	91%	$ (725,184)	$ 1,655,266	$ 25,823,532
TOTAL GENERAL FUND		**$ 28,203,982**	**$ 59,720,599**	**102%**	**$ 60,445,784**	**91%**	**$ (725,184)**	**$ 1,655,266**	**$ 25,823,532**
202	STREET MAINTENANCE	152,931	$ 850,105	100%	$ 857,492	96%	$ (7,387)	$ -	$ 145,544
205	PUBLIC SAFETY/SUPPL. LAW	523,410	219,717	198%	101,380	100%	118,337	-	641,747
206	DEVELOPMENT SERVICES	(987,534)	8,365,338	142%	6,734,393	99%	1,630,945	-	643,411
207	LONG RANGE PLANNING	1,367,092	1,461,148	177%	1,189,746	41%	271,402	232,043	1,406,451
215 / 216	CDBG	34,690	2,190	220%	90	100%	2,100	-	36,790
225	ASSET SEIZURE	107,136	3,300	202%	840	100%	2,460	-	109,596
229	LIGHTING AND LANDSCAPE	204,684	217,480	105%	195,520	89%	21,960	2,474	224,170
230	COMMUNITY FACILITIES DISTRICT	169,007	33,938	120%	28,531	100%	5,406	-	174,413
232	ENVIRONMENTAL PROGRAMS	576,223	539,945	103%	411,696	88%	128,249	1,723	702,749
234	MOBILE HOME PK RENT STAB.	87,242	6,291	257%	970	100%	5,321	-	92,563
235	SENIOR HOUSING	253,103	-	n/a	-	n/a	-	-	253,103
236	HOUSING MITIGATION	10,243,057	2,296,248	66%	1,703,139	69%	593,109	253,044	10,583,122
240	EMPLOYEE ASSISTANCE	63,420	7,265	1510%	6,690	32%	575	-	63,995
246	COUNTYWIDE SOLID WASTE	324,737	1,735,715	101%	1,543,684	85%	192,030	181,949	334,819
255	HOUSING SUCCESSOR AGENCY	3,856,660	376,287	90%	1,319,542	96%	(943,255)	-	2,913,405
260	PUBLIC ART	37,920	1,219	140%	6,430	100%	(5,211)	-	32,709
TOTAL SPECIAL REVENUE FUNDS		**$ 17,013,778**	**$ 16,116,186**	**115%**	**$ 14,100,144**	**83%**	**$ 2,016,041**	**$ 671,233**	**$ 18,358,587**
301	PARK DEV. IMPACT FUND	$ 3,333,114	$ 676,804	29%	$ 1,691,532	40%	$ (1,014,728)	$ 99,771	$ 2,218,615
302	PARK MAINTENANCE	1,896,529	42,653	4%	651,395	34%	(608,742)	-	1,287,787
303	LOCAL DRAINAGE	10,517,077	348,505	9%	1,618,618	22%	(1,270,113)	2,734,632	6,512,331
304	LOCAL DRAINAGE/NON-AB1600	1,342,166	39,748	21%	197,091	37%	(157,343)	62,780	1,122,043
306	AG. AND OPEN SPACE PRESERVATION	2,344,054	218,988	2093%	128,770	100%	90,218	-	2,434,272
308	STREET CIP	4,608,966	4,882,055	63%	2,520,740	31%	2,361,315	190,531	6,779,750
309	TRAFFIC IMPACT FUND	2,855,919	975,363	27%	545,401	11%	429,962	141,117	3,144,764
315	PUBLIC SAFETY FACILITIES IMPACT	(6,894,240)	1,870,395	34%	1,482,954	33%	387,441	1,079,281	(7,586,079)
346	PUBLIC FACILITIES NON-AB1600	1,921,852	55,367	211%	253,422	27%	(198,055)	121,400	1,602,397
347	PUBLIC FACILITIES IMPACT FUND	1,250,914	139,874	14%	1,234,765	67%	(1,094,891)	67,745	88,278
348	LIBRARY IMPACT FUND	3,540,033	538,911	25%	1,115,486	44%	(576,575)	-	2,963,458
350	UNDERGROUNDING	1,768,756	93,262	197%	1,260	0%	92,002	-	1,860,758
360	COMM/REC CTR IMPACT FUND	4,522,800	1,197,189	31%	1,406,930	25%	(209,740)	134,710	4,178,350
375	QUIMBY FEE	6,800,701	510,090	12%	5,102,869	63%	(4,592,779)	299,158	1,908,765
TOTAL CAPITAL PROJECT FUNDS		**$ 39,808,641**	**$ 11,589,204**	**33%**	**$ 17,951,232**	**35%**	**$ (6,362,028)**	**$ 4,931,124**	**$ 28,515,489**
420	CIVIC CENTER DEBT	$ 192,703	$ 301,764	100%	$ 293,630	100%	$ 8,135	$ 58	$ 200,780
441	POLICE FACILITY BOND DEBT	162,288	389,676	99%	382,803	98%	6,873	74	169,087
TOTAL DEBT SERVICE FUNDS		**$ 354,991**	**$ 691,440**	**99%**	**$ 676,433**	**99%**	**$ 15,008**	**$ 132**	**$ 369,867**
640	WASTEWATER OPERATIONS	$ 3,158,106	$ 21,158,676	115%	$ 20,042,082	108%	$ 1,116,594	138,590	4,136,110
641	WASTEWATER IMPACT FUND	22,082,658	3,555,652	12%	2,500,665	5%	1,054,987	834,948	22,302,698
642	WASTEWATER RATE STABILIZATION	3,295,308	102,914	111%	2,010	100%	100,904	-	3,396,212
643	WASTEWATER CAPITAL PROJECTS	23,945,613	9,674,200	64%	5,972,617	17%	3,701,583	3,412,144	24,235,053
650	WATER OPERATIONS	4,429,715	22,352,033	95%	21,896,883	92%	455,150	249,244	4,635,622
651	WATER IMPACT FUND	5,747,541	1,169,150	24%	2,115,303	22%	(946,153)	1,661,970	3,139,418
652	WATER RATE STABILIZATION	3,524,499	110,080	111%	1,500	100%	108,580	-	3,633,079
653	WATER -CAPITAL PROJECT	22,586,031	10,494,416	134%	8,643,036	30%	1,851,380	4,164,785	20,272,626
TOTAL ENTERPRISE FUNDS		**$ 88,769,471**	**$ 68,617,121**	**68%**	**$ 61,174,095**	**36%**	**$ 7,443,027**	**$ 10,461,680**	**$ 85,750,817**
730	INFORMATION SERVICES	$ 619,218	$ 3,039,827	100%	$ 3,016,658	95%	$ 23,169	$ 175,052	$ 467,335
740	BUILDING MAINTENANCE	346,643	1,281,821	101%	1,174,229	83%	107,592	7,850	446,385
741	BUILDING REPLACEMENT	5,024,498	1,090,682	47%	2,388,671	49%	(1,297,989)	234,927	3,491,582
745	CIP ENGINEERING	7,515	2,645,899	92%	2,647,762	96%	(1,863)	-	5,652
760	UNEMPLOYMENT	285,588	8,382	101%	14,451	96%	(6,069)	-	279,519
770	WORKERS COMPENSATION	2,338,745	992,573	82%	852,469	85%	140,104	30,000	2,448,849
790	EQUIPMENT REPLACEMENT	10,172,190	1,638,668	101%	1,123,055	98%	515,614	21,332	10,666,472
791	EMPLOYEE BENEFITS FUNDS	346,566	1,173,385	94%	717,511	72%	455,874	-	802,440
795	GEN. LIABILITY INSURANCE	1,149,474	2,661,542	96%	2,648,408	100%	13,134	-	1,162,608
TOTAL INTERNAL SERVICE FUNDS		**$ 20,290,437**	**$ 14,532,780**	**89%**	**$ 14,583,214**	**81%**	**$ (50,434)**	**$ 469,161**	**$ 19,770,842**

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2025-26
For the Month Ended June 30, 2026
100% 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	$ 59,720,599	102%	$ 60,445,784	91%	$ (725,184)	$ 1,655,266	$ 25,823,532
	SPECIAL REVENUE GROUP	17,013,778	16,116,186	115%	14,100,144	83%	2,016,041	671,233	18,358,587
	DEBT SERVICE GROUP	354,991	691,440	99%	676,433	99%	15,008	132	369,867
	CAPITAL PROJECTS GROUP	39,808,641	11,589,204	33%	17,951,232	35%	(6,362,028)	4,931,124	28,515,489
	ENTERPRISE GROUP	88,769,471	68,617,121	68%	61,174,095	36%	7,443,027	10,461,680	85,750,817
	INTERNAL SERVICE GROUP	20,290,437	14,532,780	89%	14,583,214	81%	(50,434)	469,161	19,770,842
	TOTAL ALL GROUPS	**$ 194,441,300**	**$ 171,267,331**	**76%**	**$ 168,930,901**	**52%**	**$ 2,336,430**	**$ 18,188,596**	**$ 178,589,134**

[1] Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

City Manager's Signature Authority
Contracts and Agreements Between $25,000 to $75,000 Entered From 4/22/2026 to 7/31/2026

Vendor Name	Description of Service	Begin Date	End Date	Department	Amount
AllCode Academy, LLC DBA AllCode Academy	Provide youth coding classes and or/camps	5/13/2026	6/30/2028	PS	$40,000
Greenesport Association	Sports Officiating	5/13/2026	6/30/2027	PS	$59,000
Andrew Merovich DBA Brick Tech	Provide youth LEGO classes and/or camps	5/13/2026	6/30/2028	PS	$60,000
Wanda S. Marshall	Provide youth and adult tap dance classes	5/13/2026	6/30/2028	PS	$40,000
Nanogan Science & Services, LLC dba Mad Science of the Bay Area	Provide Youth science classes and/or camps	5/13/2026	6/30/2028	PS	$50,000
Island Kids LLC.	Provide Youth science classes and/or camps	5/13/2026	6/30/2028	PS	$60,000
North American Youth Activities LLC, DBA Kidz Love Soccer	Provide youth soccer classes and/or camps	5/13/2026	6/0/2028	PS	$50,000
Gaylord Dance Instruction	Provide youth dance classes and/or camps	5/14/2026	6/30/2028	PS	$30,000
South Bay Youth Sports DBA Skyhawks Sports Academy	Provide youth sports classes and/or camps	5/14/2026	6/30/2027	PS	$60,000
Joint Venture Silicon Valley	Reusables in Santa Clara County Schools Demonstration Program	5/18/2026	6/30/2027	PS	$47,300
Burke, Williams & Sorensen, LLP	Specialized legal advice, special counsel and litigation services as needed	5/26/2026	6/30/2027	CAO	$75,000
American Self Defense Academy	Provide youth and adult self defense, karate and kempo classes	6/3/2026	6/30/2028	PS	$60,000
JMM Dance Co.	Provide youth dance classes and/or camps	6/3/2026	6/30/2028	PS	$60,000
Al Ganir Tennis	Provide youth and adult tennis classes and/or camps	6/3/2026	6/30/2028	PS	$30,000
Waltz Creative	Design and updating of marketing and advertising brochures and campaigns	6/8/2026	6/1/2027	DS	$25,000
South County Community Services	Case management services for MH Safe "Focus" program	6/11/2026	6/30/2027	DS	$68,000
Cotton, Shires and Associates Inc	Provide Geologic and geotechnical peer review	6/19/2026	6/30/2028	DS	$60,000
ACT Private Security and Investigations	Provide on-call security services	6/19/2026	6/30/2027	DS	$50,000
Epico Systems, Inc.	Installation of Exterior Cameras at PD	6/23/2026	11/30/2026	PD	$30,040
Geographic Technologies Group	GIS services	6/23/2026	6/30/2028	PS	$52,400
Access Systems, Inc	Surveillance Camera & Audio Installation- PD	6/25/2026	6/25/2027	PD	$71,797
Epico Systems, Inc.	CCC & CRC Wireless Refresh Project	6/30/2026	12/31/2026	PS	$29,847
Boys and Girls Club of Silicon Valley	Afterschool and summer programs at Park Place	6/30/2026	6/30/2027	PS	$47,741
AlterTech Solutions, LLC.	Technical Support for Cityworks Work Order Software	7/21/2026	6/30/2029	PS	$75,000
Jones Hall, LLP	Bond Counsel Services- WIFIA Financing	7/24/2026	6/30/2028	ADM	$50,000
Keyser Marston Associates, Inc	Independent analysis associated with Housing related programs	7/30/2026	6/30/2027	DS	$50,000
Silicon Valley Fire, Inc.	Fire Extinguishers and Kitchen Hoods Inspection, Testing and Maintenance Services	9/1/2026	8/31/2028	PS	$28,000

CITY OF MORGAN HILL

Budget Update



Item #17
August 19, 2026

General Fund – Budget Update

- Preliminary FY25-26 revenues are approximately $0.5 million higher than forecast during biennial budget development.

- Expenditures, including encumbrances, are approximately $0.6 million lower than forecast, primarily due to conservative spending and savings from the CalFire contract.

- Overall Improvement From Last Forecast: +$1.1 million

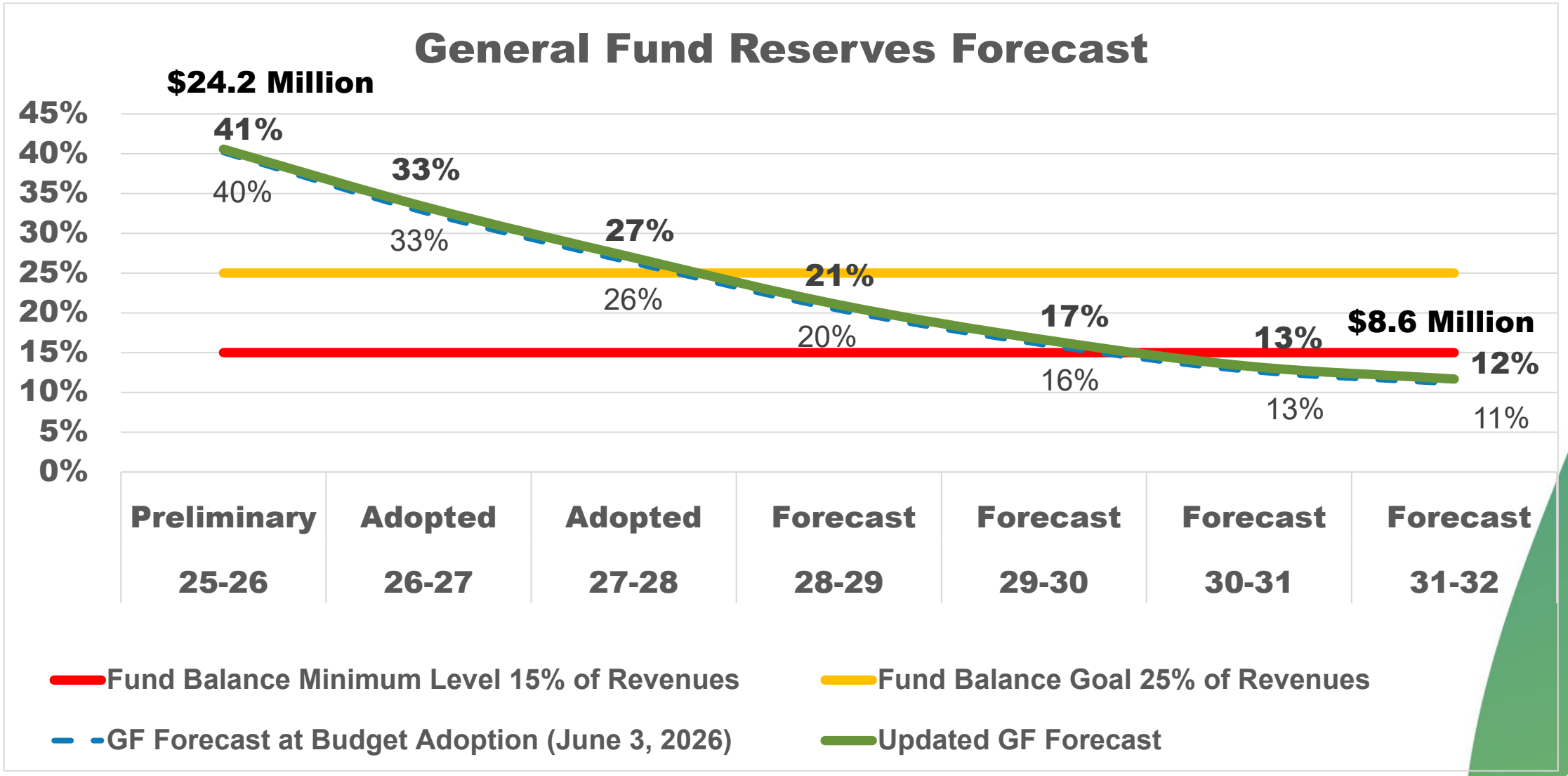
Development Services Fund

- Revenues came in at $8.4 million vs. $7.7 million forecast
- Expenditures came in at $6.7 million vs. $7.0 million forecast
- Strong performance allowed for an early $0.5 million General Fund loan repayment

Enterprise Funds

- Water revenues: $22.4 million vs. $23.5 million budget (-$1.1 million)
- Wastewater revenues: $21.2 million vs. $18.4 million budget (+$2.8 million)
- Water operating fund transfer to capital: $4.5 million, consistent with budget
- Wastewater operating fund transfer to capital: $7.6 million vs. $4.6 million budget (+$3.0 million)

General Fund Forecast



Questions?

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: August 19, 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. Review and update regulatory framework for utility-scale and specialized high-impact land uses; and
2. Funding for the Morgan Hill Gateway Vintage Sign Project.

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Enhancing Public Safety and Quality of Life
Supporting our Youth, Seniors, and Entire Community
Preserving and Cultivating Public Trust
Preserving our Community History

REPORT NARRATIVE:
Section 4.2 of City Council Policy 97-01 (Attachment 1) allows members of the City Council to request that items be placed on a future City Council agenda during the "Future Council Initiated Agenda Items" portion of a Council meeting. Following such a request, a staff report is prepared and scheduled for a future City Council meeting for discussion and consideration.

Below is a brief description of each requested agenda item for City Council consideration:

1. Review and update regulatory framework and performance standards for nonresidential, utility-scale, and specialized high-impact land uses, requested by Council Member Martinez Beltran (Attachment 2). Estimated staff time to prepare the staff report: 16 hours.
2. Discuss funding approach for the Morgan Hill Gateway Vintage Sign Project, requested by Mayor Turner (Attachment 3). Estimated staff time to prepare the staff report: 4 hours.

Staff is seeking City Council direction on whether to place these topics on future City Council meeting agendas.

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 June 3, 2026, Council Member Martinez Beltran requested the review and update of regulatory frameworks and performance standards, and on June 17, 2026, Mayor Turner requested the funding approach of the Morgan Hill Gateway Vintage Sign Project, 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

Subject: Future Agenda Item: Review and Update Regulatory Frameworks and Performance Standards for Nonresidential, Utility-Scale and Specialized High-Impact Land Uses

Proposal: To place an item on a future City Council agenda to discuss and consider the development of a comprehensive municipal ordinance establishing objective performance standards, infrastructure capacity protections, and zoning frameworks for nonresidential, utility-scale, and specialized high-impact land uses.

Summary: In response to recent regional market trends and local development inquiries regarding nonresidential, utility-scale infrastructures, such as data centers, battery energy storage systems, and other specialized high-impact land uses facilities, there is a need to evaluate and modernize the City's current land use policies and zoning frameworks to address gaps.

While these emerging industries represent evolving technological sectors, their operational footprints introduce unprecedented demands on municipal infrastructure, resources, and capacities. Furthermore, if unmanaged, the distinct environmental and operational profiles of these heavy-utility uses can create direct resource conflicts with the City's primary economic sectors, including agribusiness, viticulture, and sports recreation.

Therefore, I am requesting Council consider a future agenda to discuss developing an ordinance to address existing regulatory gaps. This would include a framework focused on protecting public health, safety, welfare, and environmental quality by proactively managing the cumulative impacts of high-intensity, nonresidential operations on:

- **Infrastructure Capacity & Resource Allocation:** Establishing strict baseline thresholds to ensure that heavy-utility operations do not compromise the water supply, wastewater capacity, or grid stability required by residents and existing commercial sectors.
- **Economic Sector & Corridor Preservation:** Ensuring new developments are operationally compatible with the primary economic transit corridors, viewsheds, and undeveloped land buffers that anchor the city's agribusiness, tourism, and recreational economies.
- **Objective Environmental & Safety Standards:** Developing quantifiable limits regarding noise mitigation, thermal outputs, safety buffers, and environmental protections to prevent degradation of local undeveloped land and agricultural buffers.

By scheduling this item, the City Council can provide clear policy direction to staff to establish a forward-looking, legal framework that protects the city's resources, preserves its economic baseline, and ensures long-term community resilience with new and unknown uses.

Funding of the Morgan Hill Gateway Vintage Sign Project

I would like to discuss the Morgan Hill Gateway Vintage Sign project and the funding approach for the project through the Public Art Fund, which is supported by in-lieu fees generated from commercial and residential developments.

From: Christina Turner
To: CityClerk
Subject: FW: [EXTERNAL] Other Business: 18. (1) Proposed Review and update regulatory framework for utility-scale and specialized high-impact land uses;
Date: Tuesday, August 18, 2026 2:34:29 PM

Please supplement.

From: Armando Be <barmando3@gmail.com>
Sent: Tuesday, August 18, 2026 1:34 PM
To: Mark Turner <mark.turner@morganhill.ca.gov>; Marilyn Librers <marilyn.librers@morganhill.ca.gov>; Yvonne Martinez Beltran <yvonne.martinezbeltran@morganhill.ca.gov>; Miriam Vega <miriam.vega@morganhill.ca.gov>; Soraida Iwanaga <soraida.iwanaga@morganhill.ca.gov>; Christina Turner <Christina.Turner@morganhill.ca.gov>; CC Public Comment <ccpubliccomment@morganhill.ca.gov>
Subject: [EXTERNAL] Other Business: 18. (1) Proposed Review and update regulatory framework for utility-scale and specialized high-impact land uses;

Dear Mayor and Councilmembers,

I do believe that Morgan Hill needs clear, objective rules applicable to data centers and other large, high-impact developments. The objective standards should be applicable for any non-residential, technology emergent developments that place unusually large demands on our infrastructure or create significant environmental or safety impacts.

Two issues arise when considering an ordinance. First, who would have the authority to approve it? Would it be the City Council? The Planning Commission? City staff?

Then second, what rules would they apply to approve a high scale, high impact development project? How much electricity could it require? How much water could it use? What limits would apply to backup generators, fuel storage, battery systems, noise, heat, fire safety and emergency response?

We have already seen what can happen in Gilroy. A large-scale data center was approved administratively by the Director of Economic Development and through the City's outdated regulatory process without involvement of the Planning Commission or the City Council.

But, the City also needs to think beyond the next data center. This is why I believe the Mayor's phrase "specialized high-impact land uses" in the proposed agenda item is so important.

Consider what is happening in Morgan Hill with the Cochrane Technology Center. Archer Aviation has leased the entire approximately 500,000-square-foot industrial complex. This advanced manufacturing and high-tech business can be exactly the kind of economic development Morgan Hill should want. But it raises an important regulatory question.

The City approved the industrial buildings before Archer became the tenant. What happens when a new tenant moves into an existing industrial building and its particular operation creates substantially greater demands for electricity, water, battery storage, hazardous materials, emergency response or other infrastructure than were considered when the building was approved?

Does the City's existing approval simply allow the new operation because it is generally classified as an industrial use? Or does the City have a process that allows it to look at the intensity and actual impacts of the new operation?

That distinction matters. The City may have approved the building for industrial use, but that does not necessarily mean the City anticipated every type of industrial operation that could eventually occupy that building. The City should regulate the impact of the use, not simply the name of the business or the original use of the building.

Rather than trying to predict every new technology, the City can establish measurable thresholds. For example, a new development—or a new operation moving into an existing building—could receive additional review if it exceeds a certain level of electricity use, water consumption, wastewater generation, battery storage, backup generator capacity, fuel or hazardous-material storage, noise, heat or thermal output, traffic, demand on fire and emergency services, and building or campus size. These should be objective, measurable standards.

A 100-megawatt data center shouldn't be treated differently from an advanced manufacturing facility simply because one is called a data center and the other is not. If both place extraordinary demands on our electrical system, water supply or emergency services, the same basic protections should apply whether the development is a data center, large battery facilities, advanced manufacturing and other future uses that exceed defined infrastructure or environmental thresholds.

Sincerely,

Armando

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From: Chris Ghione
To: doug.muirhead
Cc: Christina Turner; CityClerk
Subject: RE: [EXTERNAL] comment Morgan Hill City Council August 19 #18: Future agenda item: Gateway Sign
Date: Tuesday, August 18, 2026 3:26:10 PM

Hi Doug,
I'm responding to this one on behalf of the City staff. Thank you for the comments to the Council. Just to help clarify, this item will provide general direction to staff to bring back a more detailed report on the item. Final decision on the appropriation of funds and approval of public art would come back to the Council down the road. Additionally, public art would receive a recommendation by the Library, Culture and Arts Commission prior to returning to the Council. These additional considerations would be brought back with other considerations should the Council provide direction to continue to move forward after the initial report provided at this meeting.

Thank you,
Chris

Chris Ghione
Assistant City Manager/Public Services Director

City of Morgan Hill
Public Services Department
17575 Peak Avenue, Morgan Hill, California, USA 95037
P: 408.782.9154 | **C:** 408.427.6196
chris.ghione@morganhill.ca.gov

Begin forwarded message:

> **From:** "D. Muirhead" <doug.muirhead@stanfordalumni.org>
> **Date:** August 17, 2026 at 12:41:59 PM PDT
> **To:** CC Public Comment <ccpubliccomment@morganhill.ca.gov>
> **Subject: [EXTERNAL] comment Morgan Hill City Council August 19 #18: Future agenda item: Gateway Sign**
>
> Hello Morgan Hill City Council and City Staff,
> A comment for your August 19 2026 meeting:
> Item 18. PROPOSED FUTURE COUNCIL INITIATED AGENDA ITEMS
> 2. Funding for the Morgan Hill Gateway Vintage Sign Project
>
> I previously opposed the Downtown Gateway Sign as a mis-allocation

of $500,000 which could be used for so many beneficial projects for our businesses and residents. So I object to using the Public Art Fund for this purpose.

Since you approved the project, Development Services at the Planning
Commission meeting on July 14, 2026 introduced the Greater Downtown
Specific Plan which expands the boundaries of said Downtown. So the
"entry" to downtown will not match the sign location. ROTFL.

Doug Muirhead, Morgan Hill Resident

[Mayor] Funding of the Morgan Hill Gateway Vintage Sign Project
I would like to discuss the Morgan Hill Gateway Vintage Sign project and the funding approach for the project through the Public Art Fund, which is supported by in-lieu fees generated from commercial and residential developments.

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From: Russell Blalack
To: Mark Turner; Marilyn Librers; Yvonne Martinez Beltran; Miriam Vega; Soraida Iwanaga; Christina Turner; CC Public Comment
Subject: [EXTERNAL] Other Business: 18. (1) Proposed Review and update regulatory framework for utility-scale and specialized high-impact land uses
Date: Tuesday, August 18, 2026 3:36:53 PM

Dear Mayor, Councilmembers and staff,

I believe Morgan Hill needs clear, objective rules applicable to data centers and all other large, high-impact developments. The objective standards should apply to any non-residential, technology-emergent developments that place unusually large demands on our infrastructure or create significant environmental or safety impacts.

Two issues arise when considering an ordinance. First, who would have the authority to approve it? Would it be the City Council? The Planning Commission? City staff?

Then second, what rules would they apply to approve a high-scale, high-impact development project? How much electricity could it require? How much water could it use? What limits would apply to backup generators, fuel storage, battery systems, noise, heat, fire safety and emergency response? We need to be able to anticipate these impacts and assess appropriate levies and restrictions on such developments.

We have already seen what can happen in Gilroy. A large-scale data center was approved administratively by the Director of Economic Development and through the City's outdated regulatory process without involvement of the Planning Commission or the City Council.

Furthermore, the City needs to think beyond the next data center. This is why I believe the Mayor's phrase "specialized high-impact land uses" in the proposed agenda item is so important.

Consider what is happening in Morgan Hill with the Cochrane Technology Center. Archer Aviation has leased the entire approximately 500,000-square-foot industrial complex. This advanced manufacturing and high-tech business can be exactly the kind of economic development Morgan Hill should want, but it raises an important regulatory question.

The City approved the industrial buildings before Archer became the tenant. What happens when a new tenant moves into an existing industrial building and its particular operation creates substantially greater demands for electricity, water, battery storage, hazardous materials, emergency response or other infrastructure than were considered when the building was approved? The same levies and restrictions should apply in proportion to the anticipated impact on utilities, infrastructure and safety.

Does the City's existing approval simply allow the new operation because it is generally classified as an industrial use? Or does the City have a process that allows it to look at the intensity and actual impacts of the new operation?

That distinction matters. The City may have approved the building for industrial

use, but that does not necessarily mean the City anticipated every type of industrial operation that could eventually occupy that building. The City should regulate the impact of the use, not simply the name of the business or the original use of the building.

Rather than trying to predict every new technology, the City can establish measurable thresholds. For example, a new development - or a new operation moving into an existing building - could receive additional review if it exceeds a certain level of electricity use, water consumption, wastewater generation, battery storage, backup generator capacity, fuel or hazardous-material storage, noise, heat or thermal output, traffic, demand on fire and emergency services, and building or campus size. These should be objective, measurable standards.

A 100-megawatt data center shouldn't be treated differently from an advanced manufacturing facility simply because one is called a data center and the other is not. If both place extraordinary demands on our electrical system, water supply or emergency services, the same basic protections should apply whether the development is a data center, large battery facilities, advanced manufacturing, or other future uses that exceed defined infrastructure or environmental thresholds.

Sincerely yours,

Russell Blalack

resident

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From: Michelle Bigelow
To: Vicky Rossi
Cc: Christina Turner
Subject: FW: [EXTERNAL] Comment for Aug. 19 City Council Meeting
Date: Tuesday, August 18, 2026 5:28:35 PM

Supplement

Michelle Bigelow, MMC, CPMC
City Clerk/Public Information Officer
she | her | hers *(what's this?)*

City of Morgan Hill
City Clerk's Office
17575 Peak Avenue, Morgan Hill, CA 95037

D: 408.310.4678 **O:** 408.779.7259
michelle.bigelow@morganhill.ca.gov
morganhill.ca.gov | **facebook** | **twitter**

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From: Sheila Dunwoodie <skdunwoodie@gmail.com>
Sent: Tuesday, August 18, 2026 3:38 PM
To: CityCouncil <citycouncil@morganhill.ca.gov>
Subject: [EXTERNAL] Comment for Aug. 19 City Council Meeting

Hello City Council,

Please vote YES to add the topic regarding the city's approach to high-impact land uses by reviewing and updating standards to a future agenda item.

Thanks,
Sheila Dunwoodie
41 year resident of Morgan Hill

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