



Special - Regular Meeting Agenda
City Council

Steve Tate - Mayor
Larry Carr - Mayor Pro Tem
Rich Constantine - Council Member
Caitlin Jachimowicz - Council Member
Rene Spring - Council Member

Wednesday, March 15, 2017 6:30 PM

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

SPECIAL/REGULAR MEETING

(6:30 P.M. Closed Session / 7:00 P.M. Regular Meeting)

A Special Meeting of the City Council is called at 6:30 p.m. for the purpose of conducting a closed session.

TELECONFERENCE

Mayor Tate will be participating in the meeting via teleconference as follows:

Mayor Steve Tate
4610 North 68th Street, Unit 438
Scottsdale, AZ 85251

Public comment from the Arizona location shall be allowed.

SPECIAL MEETING

6:30 P.M.

CALL TO ORDER

(Mayor Pro Tem Carr)

ROLL CALL ATTENDANCE

(Deputy City Clerk Wilson)

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2

(Deputy City Clerk Wilson)

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Initiation of litigation pursuant to: Government Code Section 54956.9(d)(4)

Number of Cases: One (1)

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Pursuant to Government Code Section 54956.9(d)(1)

Case Name: The Bank of New York Mellon v. City of Morgan Hill, et al.

Case Number: Santa Clara County Superior Court Case No: 1-15-CV-279257

RECONVENE

CLOSED SESSION ANNOUNCEMENT

REGULAR MEETING

7:00 P.M.

The City Council has adopted a policy that regular meetings shall not continue beyond 11:00 p.m. unless extended by a majority of the City Council.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Council Member Spring

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PROCLAMATIONS

Proclaiming the week of March 20, 2017 as Science Fair Week
Forrest Williams, Board Member, Santa Clara Valley Science and Engineering Fair Association

Proclaiming the Month of March 2017 as American Red Cross Month
Mohammed "Mo" Ghandehari, Silicon Valley Chapter

Proclaiming the Month of March 2017 as Arts Education Month
Sharon Dahnert, Artspiration Program, Santa Clara County Office of Education

PRESENTATIONS

YAC PRESENTATION - ASSET #17 - CREATIVE ACTIVITIES

Recommendation:

PUBLIC COMMENT

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. (See additional noticing at the end of this agenda)

OUTSIDE AGENCY REPORTS

ANDERSON DAM WATER LEVEL REPORT

Recommendation:

Receive verbal report from the Santa Clara Valley Water District and discuss items related to Anderson Dam's water level

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.

Time Estimate for Consent Calendar: 1 - 10 Minutes

1. ACCEPT AQUATIC FOUNDATION DONATION

Recommendation:

Authorize the City Manager to execute, administer, and further negotiate as necessary a contract accepting a donation from the Morgan Hill Aquatic Foundation for the provision of swim lessons for under-served youth.

2. BOARD OF STATE AND COMMUNITY CORRECTIONS CITY LAW ENFORCEMENT GRANT

Recommendation:

1. Adopt resolution accepting grant funding in the amount of \$49,705.98 from the State of California Board of State and Community Corrections for the supplement of the City of Morgan Hill's Safe Parking Program and amending the Fiscal Year 2016/17 Budget and appropriating an additional \$49,705.98 for the purchase of supplies/materials and participant services; and
2. Recognize grant revenue.

3. PEDESTRIAN SAFETY AND TRAFFIC CALMING UPDATE AND AWARD OF CONTRACT FOR THE FOURTH STREET & MONTEREY ROAD SIGNALIZATION PROJECT

Recommendation:

Adopt Resolution approving the following actions:

1. Receive update on pedestrian safety and traffic calming projects;
2. Approve Fourth Street & Monterey Road Signalization Project plans and specifications;
3. Award a contract to Mike Brown Electric Co. for the Fourth Street & Monterey Road Signalization Project in the amount of \$306,430;
4. Authorize expenditure of construction contingency funds not to exceed \$30,643; and
5. Authorize the City Manager to execute and administer the construction contract with Mike Brown Electric Co.

4. JANUARY 2017 FINANCIAL AND INVESTMENT REPORT

Recommendation:

Accept and file report.

5. RECEIVE AND FILE THE ANNUAL SB 165 REPORT FOR CFD NO. 2014-1 (FISHER CREEK)

Recommendation:

Receive and file the report.

6. FOLLOW-UP RESPONSE TO GRAND JURY REGARDING PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Recommendation:

Approve the follow-up response to Grand Jury.

7. APPROVE THE FEBRUARY 15, 2017 SPECIAL-REGULAR CITY COUNCIL MEETING MINUTES.

Recommendation:

Approve minutes.

8. APPROVE THE FEBRUARY 22, 2017 SPECIAL/REGULAR CITY COUNCIL MEETING MINUTES

Recommendation:

Approve Minutes.

9. APPROVE THE MARCH 1, 2017 REGULAR CITY COUNCIL MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

10. DOWNTOWN PARKING UPDATE

Recommendation:

1. Receive Downtown Parking Report; and
2. Provide direction on next steps

Estimated Time: 60 Minutes

11. RECENT SEWER OVERFLOW REPORT AND FIRST AMENDMENT TO LABORATORY SERVICES AGREEMENT - ALPHA ANALYTICAL LABORATORIES

Recommendation:

1. Receive report on recent sewer spill and response;
2. Approve First Amendment to laboratory services agreement with Alpha Analytical Laboratories, Inc. to amend scope of services, increase the not-to-exceed fee amount to \$208,955, and to extend the term of the agreement by 18 months;
3. Authorize City Manager to execute First Amendment; and
4. Direct staff to return to the Council with a plan for accelerating implementation of master planned sewer trunk facilities.

Estimated Time: 30 Minutes

12. PUBLIC SAFETY MASTER PLAN UPDATE: REINSTATE CRIME SUPPRESSION UNIT AND ADDITION OF ANIMAL SERVICES OFFICER

Recommendation:

1. Approve re-establishing Street Crimes Team by reassigning current member of DEA Taskforce;
2. Direct staff to include the addition of an Animal Services Officer for mid-cycle budget consideration; and
3. Accept Police Department's recommendations and implementation plan

Estimated Time: 30 Minutes

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 that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers, and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order 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 by 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 plan an item on the agenda for a future City Council meeting. Should your comments require Council action, your request may be placed on the next appropriate agenda. 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 michelle.wilson@morganhill.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email michelle.wilson@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting



Sustainable Morgan Hill Vision

Morgan Hill is a socially responsible, environmentally conscious, and economically sound community that embraces inclusiveness with participation by all.

CITY COUNCIL ONGOING PRIORITIES

Enhancing Public Safety · Protecting the Environment · Maintaining Fiscal Responsibility ·
Supporting Our Youth, Seniors, and Entire Community · Fostering a Positive Organizational Culture ·
Preserving and Cultivating Public Trust · Preserving Our Cultural Heritage

2017 STRATEGIC PRIORITIES

High Speed Rail

Inclusiveness

Infrastructure

Regional Initiatives

Telecommunications

2017 STRATEGIC PRIORITIES:



High Speed Rail

The City of Morgan Hill will directly advocate for our community's needs through our communications, discussions, and decisions. We will continue to engage the community, the High Speed Rail Authority, our state and federal legislators, and other regional agencies to mitigate negative impacts and convey our position that the High Speed Rail Authority should only use the existing Highway 101 right-of-way to avoid all impacts to residents, schools, and businesses. Should the Authority decide the 101 right-of-way is not feasible, we will strongly advocate for the route with the least impact on Morgan Hill.



Inclusiveness

We will celebrate the diversity, history, and culture of our community. Through City Council workshops, community meetings, and researching successes in other communities, the City will listen to and collaborate with the community to define how inclusiveness will be further woven into our community's fabric and to increase public participation. The City's communications, services, public spaces, and projects will embrace all community members as partners, advancing our vision of being a socially responsible community.



Infrastructure

The City will review its streets, parks, and public facilities infrastructure needs initially by updating its 2014 infrastructure study to quantify the funding gap. We will identify potential funding options as ongoing revenue is insufficient to fund our vital community assets at a sustainable level without significantly impacting existing service levels that our community has come to expect. Morgan Hill will actively work with the Valley Transportation Agency, the County, and the State to secure funding for the Santa Teresa extension and road maintenance. We will continue to work closely with our community to inform them of the needs and engage them to find an affordable and sustainable solution.



Regional Initiatives

City Council and staff will focus on influencing regional decisions that benefit Morgan Hill. This regional involvement will include, but not be limited to, partnering with the League of California Cities, Valley Transportation Authority, Santa Clara Valley Water District, Cities Association of Santa Clara County, the City of Gilroy, Santa Clara County, Morgan Hill Unified School District, the Local Agency Formation Commission, the Open Space Authority, and Silicon Valley Clean Energy to advance projects that further Sustainable Morgan Hill.



Telecommunications

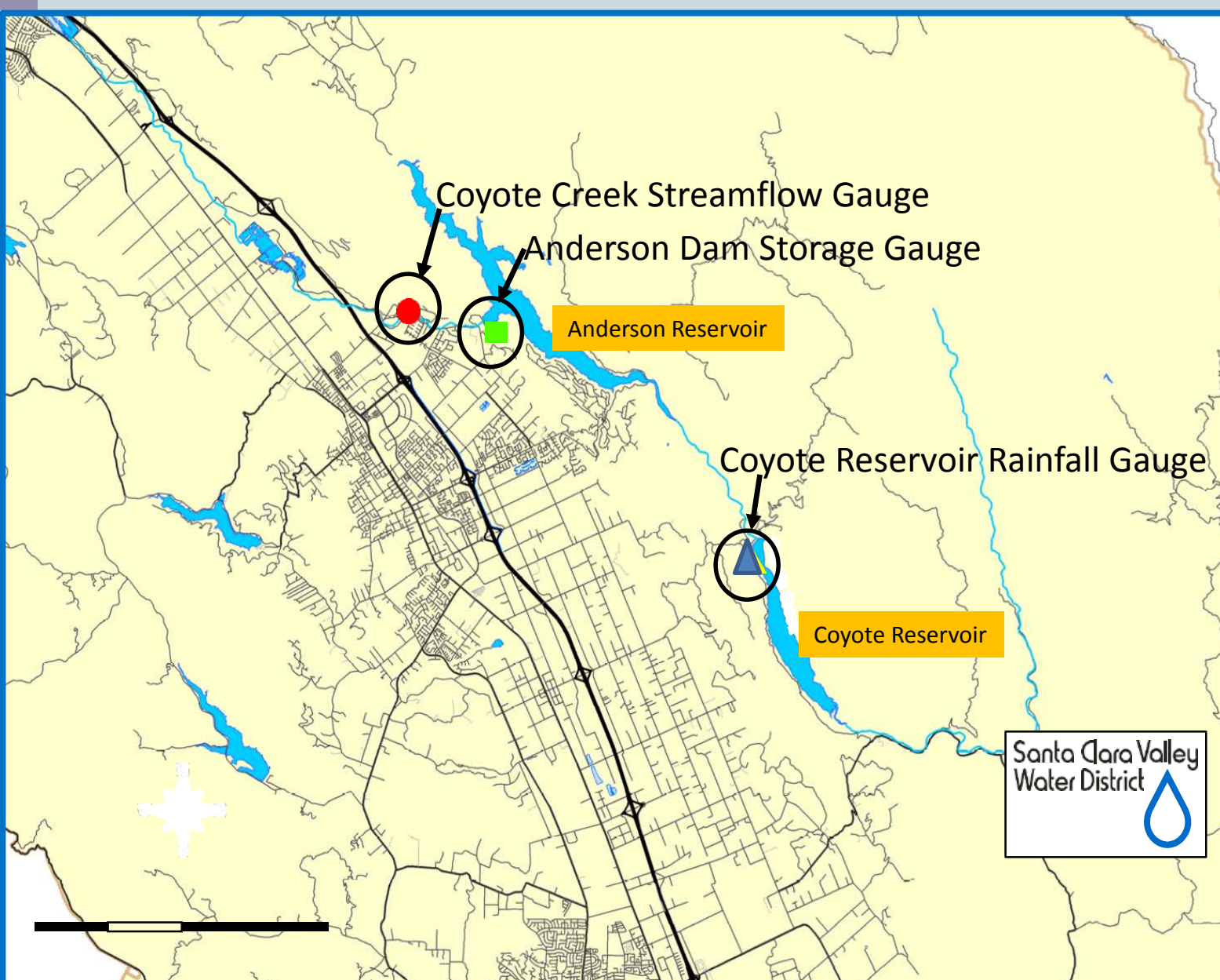
The City will collaborate with the private sector to explore ways to provide fast, reliable access and wireless connectivity for residents and businesses. The 2016 Telecommunications Infrastructure and Economic Development Blueprint reports will be the foundation for continuing discussions with broadband providers, public utilities, and other infrastructure service providers in developing an implementation plan for growing our telecommunications infrastructure. The plan will be used to signal Morgan Hill's support for business expansion.

Anderson Dam Operations

City of Morgan Hill Council Meeting
March 15, 2017



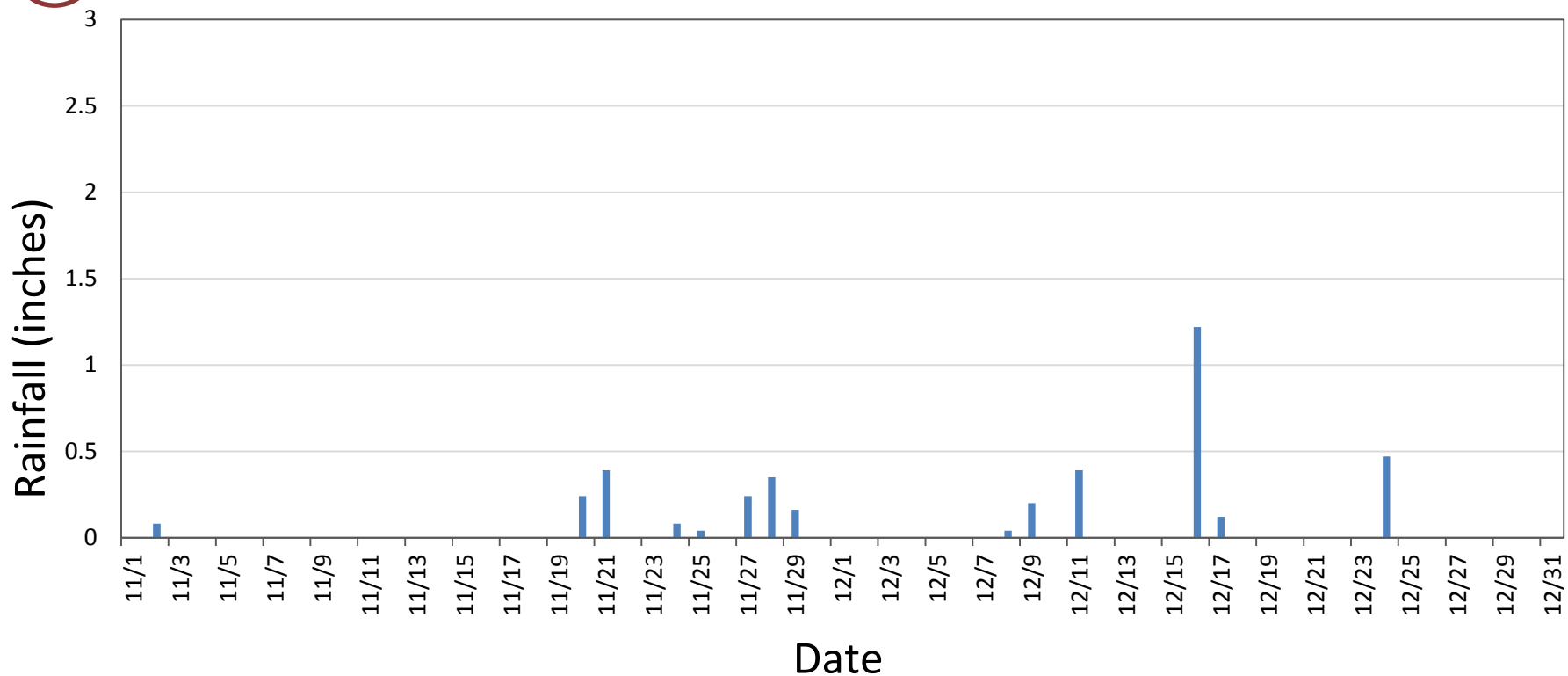
Map of Gauge Locations in Coyote Watershed



Coyote Reservoir Rainfall: November 1 – December 30, 2016

1

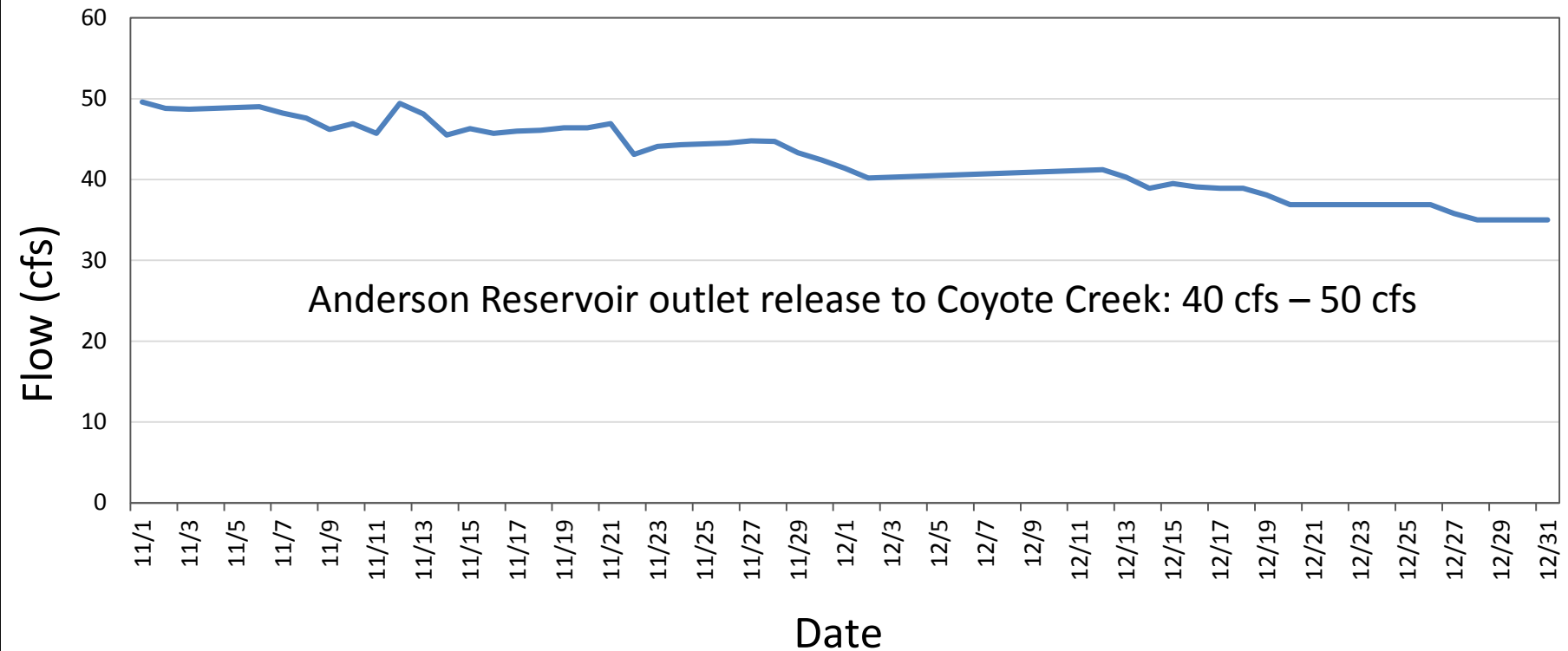
Coyote Reservoir Precipitation Gauge (ALERT gauge 6021)



Coyote Creek Flows: November 1 – December 30, 2016

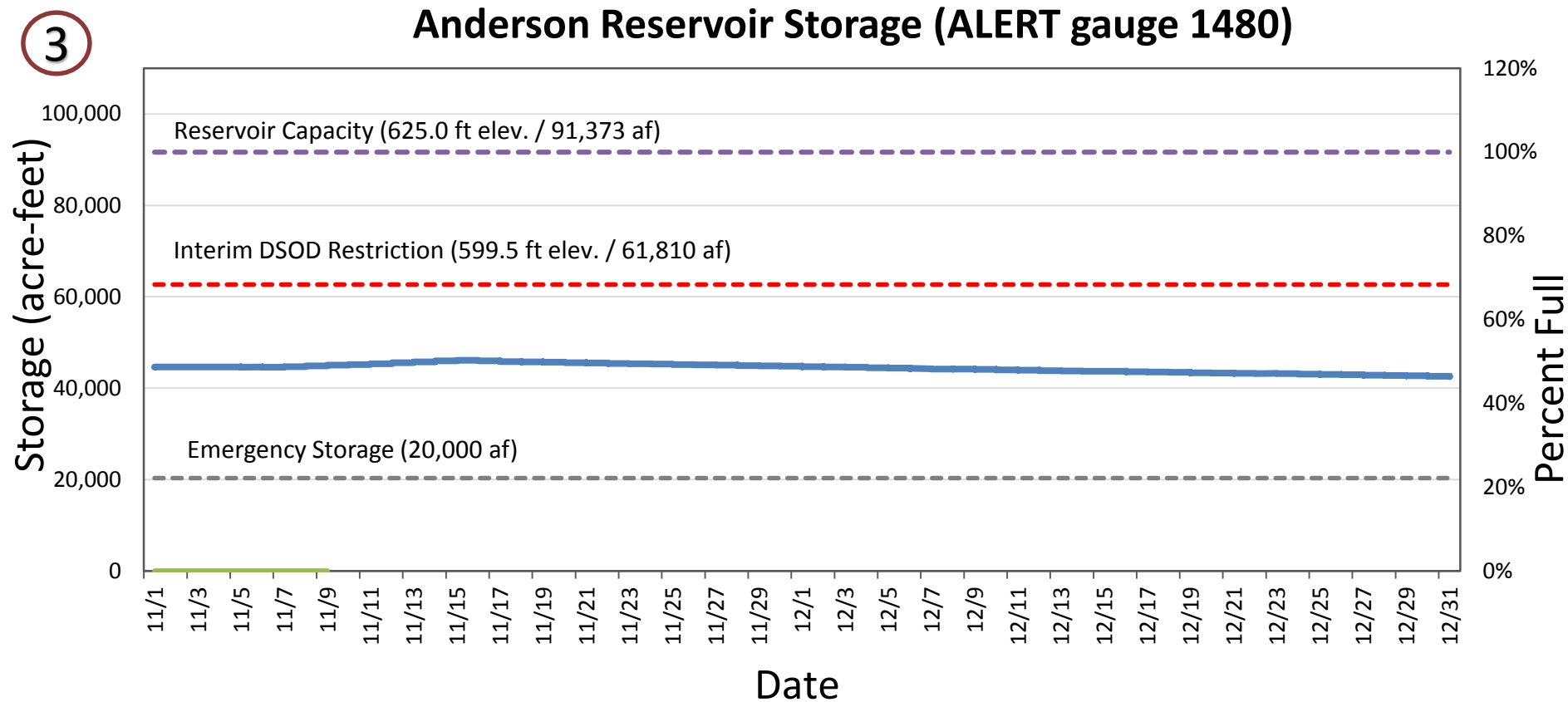
2

Coyote Creek at Madrone Streamflow Gauge (ALERT gauge 5082)



Anderson Reservoir Storage: Nov. 1 – Dec. 30, 2016

Note: Anderson Reservoir Actual Storage Level is **solid blue line**

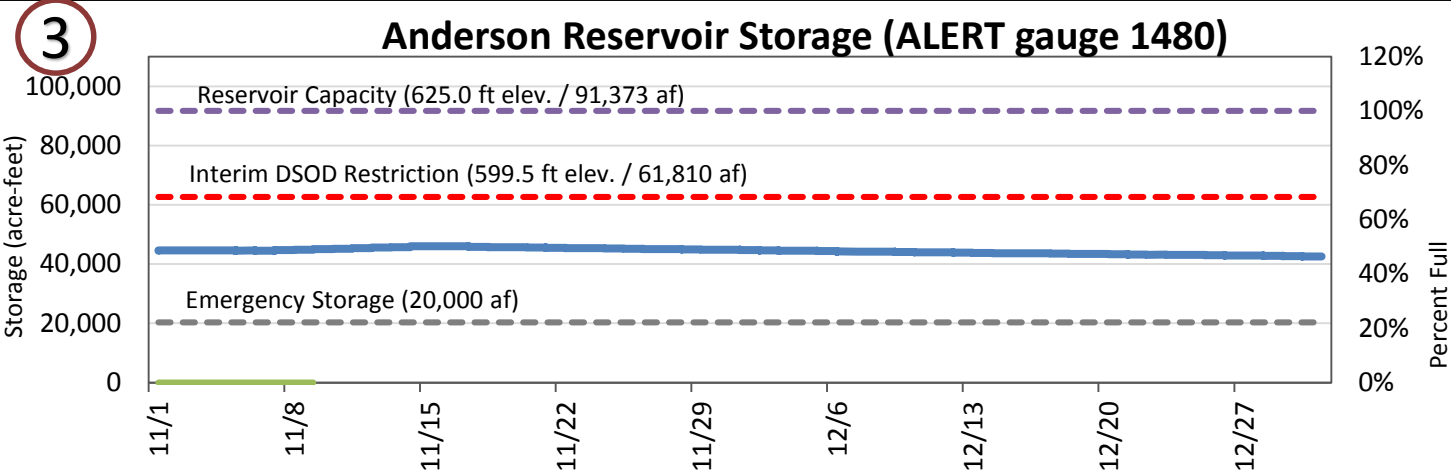
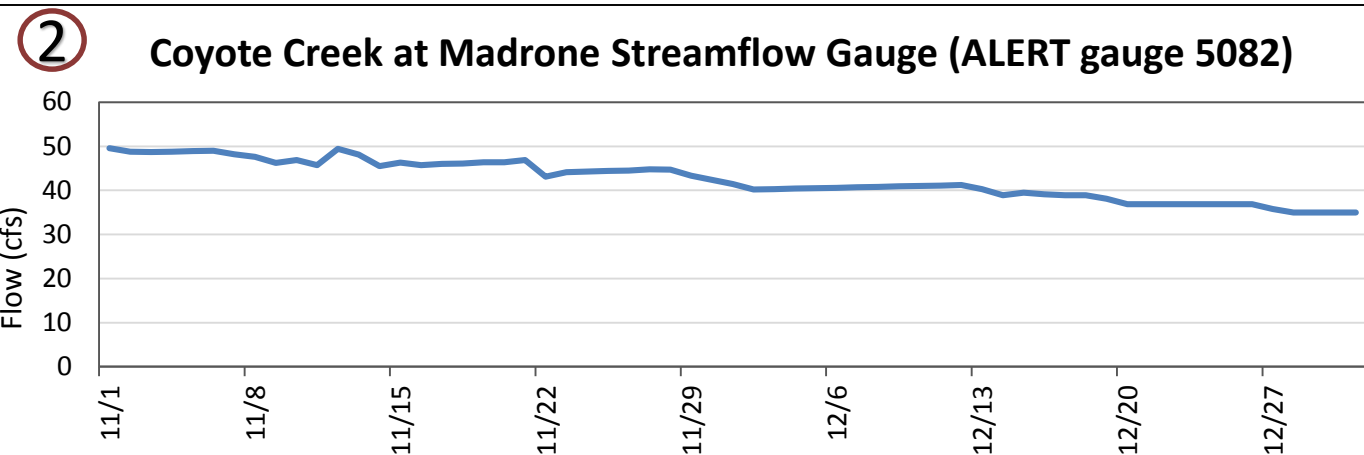
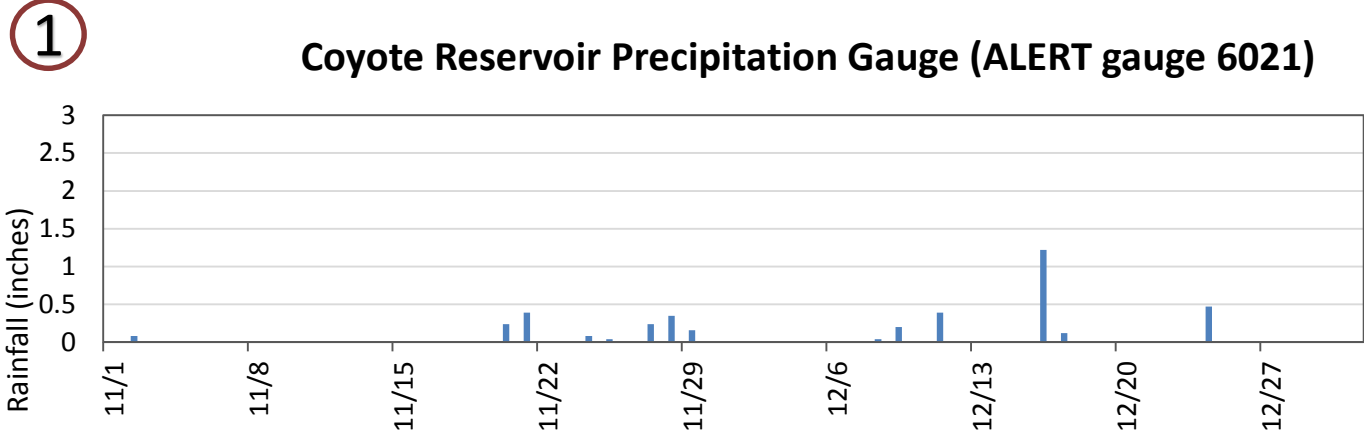


November 1 to
December 30, 2016

Rainfall

**Coyote Creek Flows
Downstream of
Anderson Dam**

**Anderson Dam
Storage Levels
(blue line)**

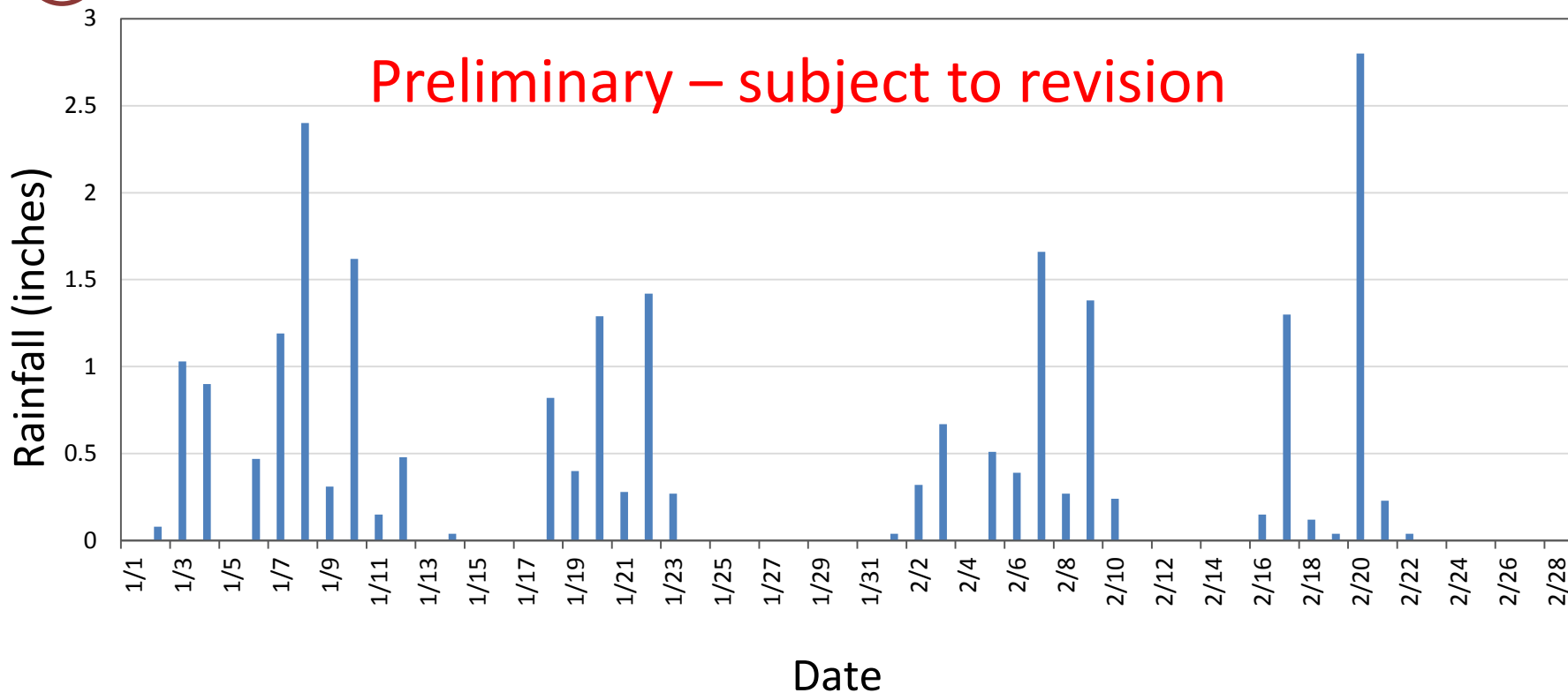


Coyote Reservoir Rainfall: January 1 – February 28, 2017

4

Coyote Reservoir Precipitation Gauge (ALERT gauge 6021)

Preliminary – subject to revision

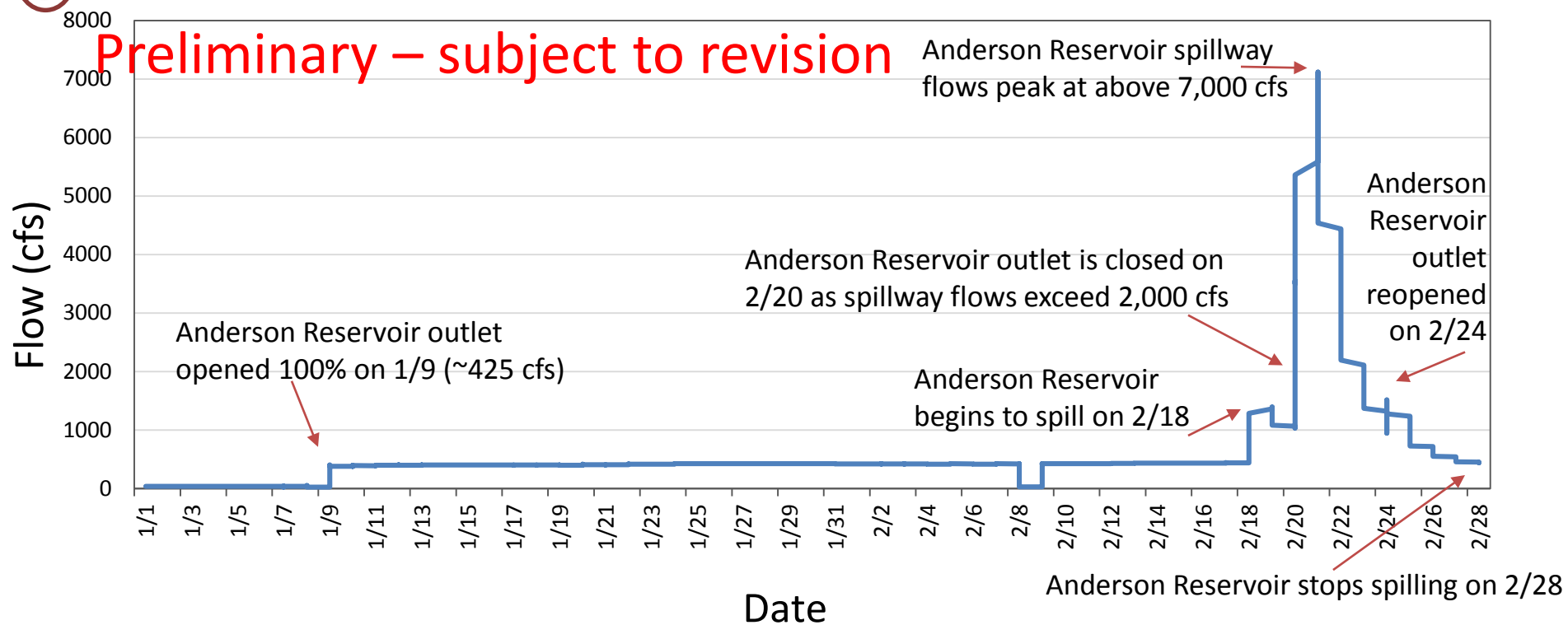


Coyote Creek Flows: January 1 – February 28, 2017

5

Coyote Creek at Madrone Streamflow Gauge (ALERT gauge 5082)

Preliminary – subject to revision

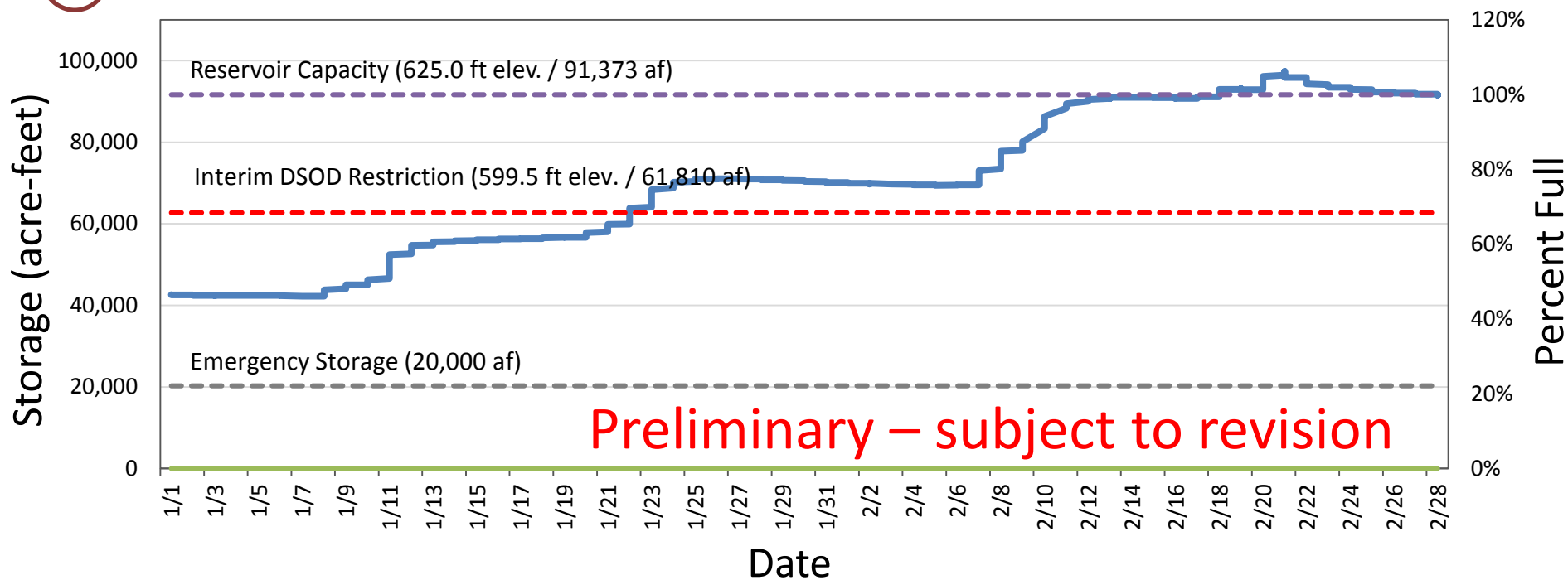


Anderson Reservoir Storage: Jan. 1 – Feb. 28, 2017

Note: Anderson Reservoir Actual Storage Level is **solid blue line**

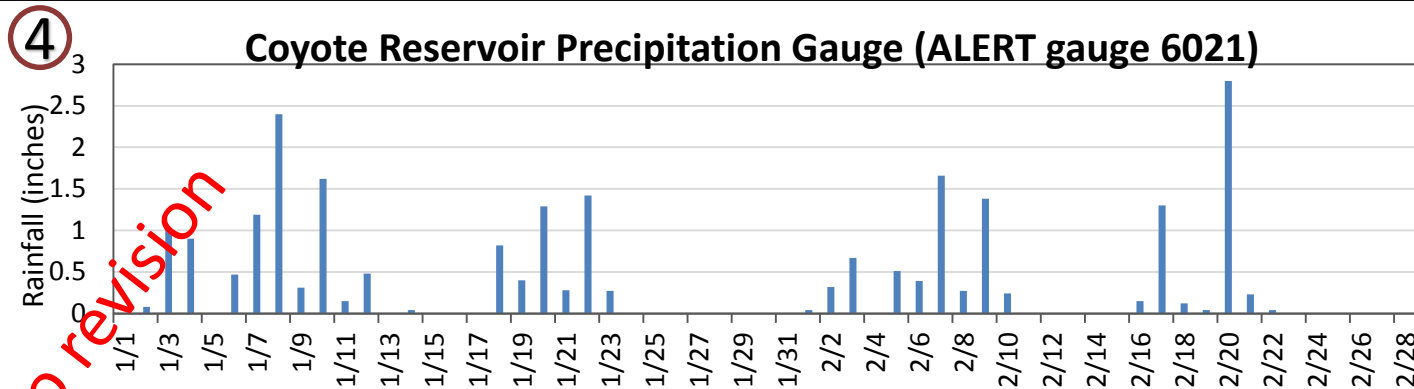
6

Anderson Reservoir Storage (ALERT gauge 1480)

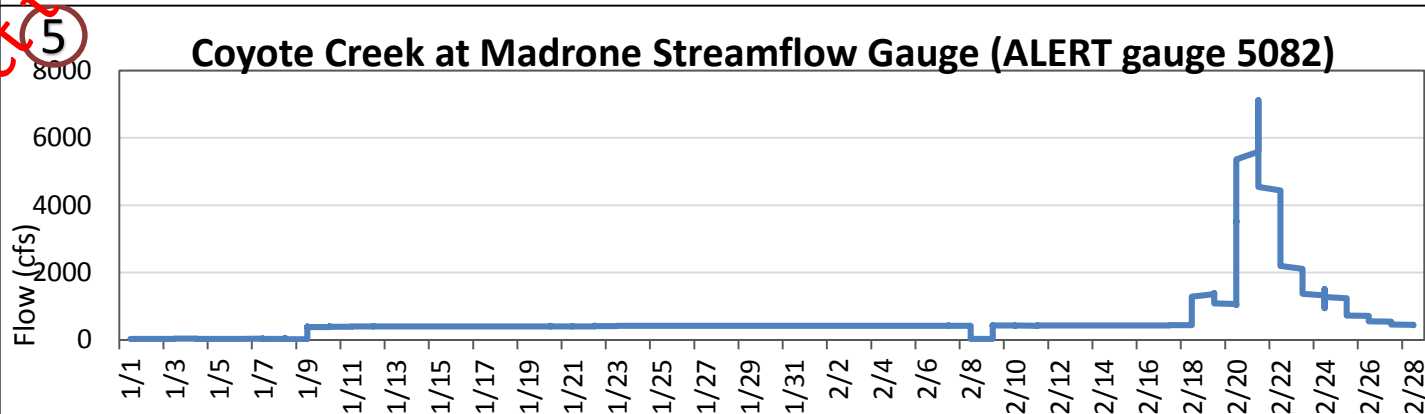


**January 1 to
February 28, 2017**

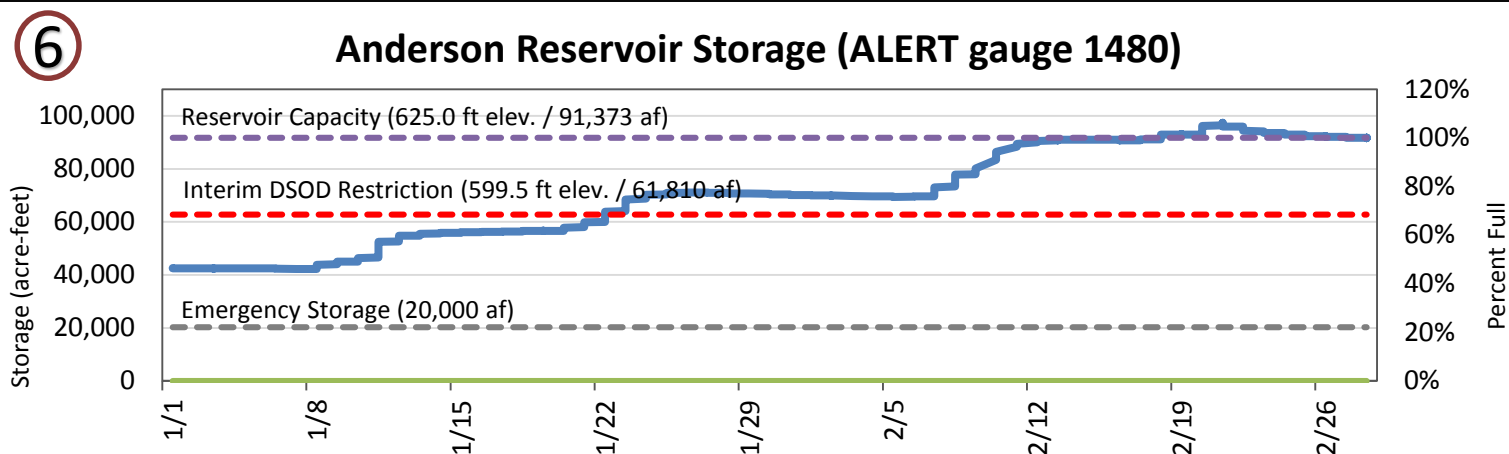
Rainfall



**Coyote Creek Flows
Downstream of
Anderson Dam**



**Anderson Dam
Storage Levels
(blue line)**



Anderson Dam Operations – Spring 2017

Estimate of timelines to draw down Anderson Reservoir to restricted level:

Weather Outlook	Approx. No. of days Anderson storage is projected to remain above DSOD restriction	Approximate date storage falls below DSOD restriction
Wetter Spring	55 - 65	Early May 2017
Average Spring	35 – 45	Mid-April 2017
Drier Spring	30 – 40	Early April 2017

Summary

- Water District fully opened Anderson outlet valve on January 9, 2017.
- Water District continued releasing maximum discharge from Anderson Reservoir until February 20, 2017.
- Outlet valve was fully re-opened on February 24.
- Anderson Reservoir is currently ~90% full. It will take an estimated 30 – 65 days to return to restricted level.

Downtown Parking Update

March 15, 2017

Morgan Hill City Council



Agenda

- 1. Review 2016 Downtown Parking Update
- 2. Review Current Conditions and Feedback
- 3. Policy Considerations
- 4. Present Near-Term & Long-Term Potential Actions
- 5. Questions & Answers - Next Steps

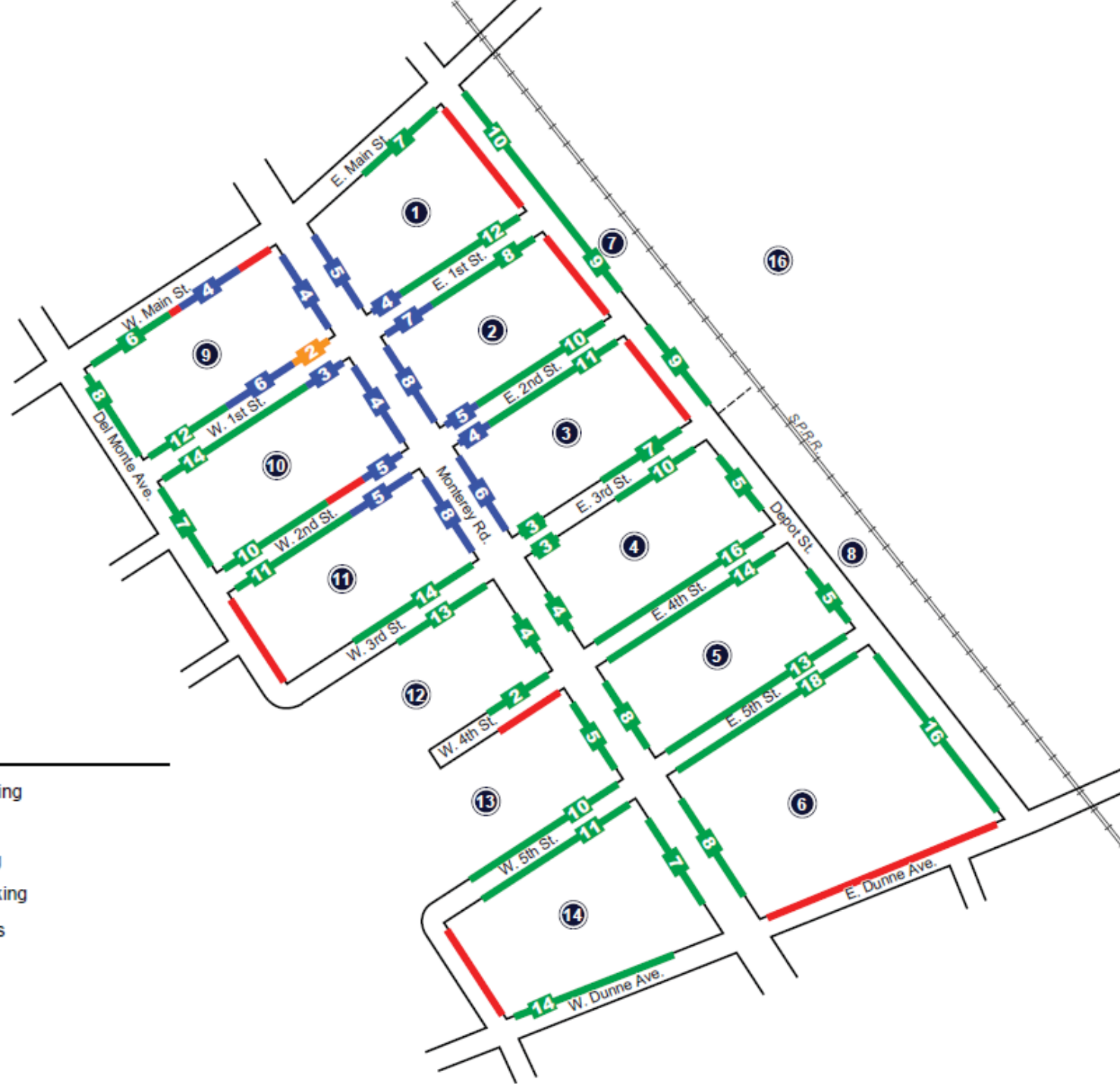


Existing

On-Street Parking Supply

LEGEND

- = Unlimited Parking
- = No Parking
- = 2-Hour Parking
- = 20-Minute Parking
- = Block Numbers





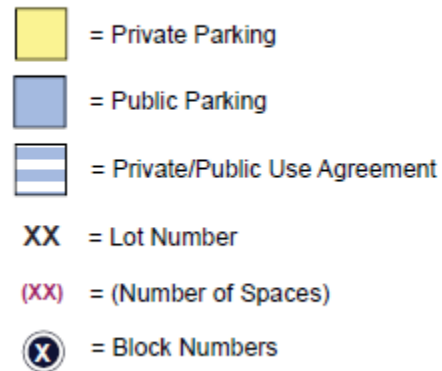
Existing

On-Street Parking Demand

LEGEND

- = Unlimited Parking
- = No Parking
- = 2-Hour Parking
- = 20-Minute Parking
- XX** = <80% Occupancy
- XX** = 80-92% Occupancy
- XX** = >92% Occupancy







Existing

Off-Street Parking Demand

LEGEND

-  = Data Not Available
-  = 0-25% Occupied
-  = 26%-50% Occupied
-  = 51%-75% Occupied
-  = 76%-92% Occupied
-  = 93%-100% Occupied
-  = > 100% Occupied
-  = Public Parking
-  = Private Parking





Future

Proximity to Available Parking

LEGEND

-  = New Parking Structure Location
-  = New Development Locations
-  = 1/4 Mile Radius



Downtown Parking Supply Overview

- A) 2,073 Parking spaces exist to serve Downtown, including the new parking garage.
 - *Private parking 779 (including Courthouse: 273)*
 - *Public parking 1,294 (Community Cultural Center: 240; VTA: 465)*
- B) Morgan Hill Downtown, at peaks hours, has a 39% occupancy rate of parking supply and is well below the practical capacity limit of 92% of parking.
 - *Since the 2016 Update, threshold has been revised to 85%*

Downtown Parking Supply Overview

- C) New projects planned for Downtown will cause the net loss of 79 previously RDA controlled public parking spaces.
- D) Future Downtown parking supply is expected to decrease by 10 private and 61 public off-street parking spaces due to new development

Key Findings

- Monterey Street parking is in higher demand during peak hours than further away lots
- Healthy supply of parking to meet existing and future demand
- Residential use of public parking supply is a major contributor to the peak demand

New Developments

Project	Project Type	Parking
Edes Gallery	10,000 SF	Exempt
Sunsweet Mixed Use	83 Residential units 6,801 SF of Commercial 1,250 SF of Office Required: 124	119 Spaces Exempt 5 Spaces Provided: 130
4ths Street Wine Bar	3,500 SF + Phase II: 7,800 SF Patio	Exempt Exempt
Dunne/Gera	11 Residential Units Required: 16	19 Spaces + 7 Guests Spaces Provided: 16

Recent Actions

- 20-space Richter parking lot on Monterey converted into private parking due to loss of RDA
- Monterey vacant dirt lot to be improved for private parking
- Lowered the Full Parking Capacity Threshold to 85% per the 2016 Parking Update Recommendations
- Implemented Valet Parking Program per the 2016 Parking Update Recommendations
- Developed & Distributed Parking Card & Web-page

Feedback

Community Concerns

- Construction Impacts
- Loss of public parking lots
- Private Parking Enforcement
- Employees using core supply
- 3rd Street Parking Garage is underutilized
- Loitering/Racing in Garage
- Lack of Parking Signage & Awareness



Signage Improvements

&

Parking Awareness Card



Policy Considerations

- Should the City work with downtown businesses and residents to explore parking management solutions such as enforcement of 2-hour limit, residential parking, and employee parking?
- Should the City evaluate revising parking standards for residential, commercial, and/or office uses in downtown?

Potential Actions

- **Enforcement**
 - Consider Enforcing overnight parking in public parking lots
 - Consider enforcing time-limit restrictions
- **Policy Development**
 - Explore Residential Parking Program
 - Streamline Valet Parking Program
 - Collaborate with Private Sector to move demand
- **Infrastructure**
 - Explore Financing Options to create additional supply
- **Technology/Education**
 - Explore technology solutions for enforcement and education

Questions & Next Steps



March 14, 2017

Mayor Steve Tate
Morgan Hill City Council
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037

Re: March 15, 2017 City Council meeting Agenda item no. 10
Downtown Parking Update

Mayor Tate,

The rural feel of Morgan Hill means many things to the businesses, residents and visitors to our community which in the downtown has included a “quaint and friendly” feel. Part of this feel was a product of the number of people roaming the downtown which never seemed too crowded but appeared to support most businesses.

Recently the expedited manner of development dictated by the dissolution of the Redevelopment Agency offered a unique opportunity to be more selective in what types of development would occur downtown, this development will be bringing more people to the downtown and its businesses.

We now have both new business and residential development guided by the Downtown Specific Plan which will become assets to the downtown and the entire Morgan Hill community. The vision of that plan established so many years ago still appear to be valid and effective to this day when viewing current development. With the judicious flexibility shown in recent City Council decisions the DSP is set to remain effective for years to come.

Our downtown is becoming more successful and with the careful planning is destined to be more so. This success is starting to drive the conversation about parking in the downtown.

For many years patrons of the downtown enjoyed parking in close proximity to the businesses they wished to visit and there was little interaction with the downtown residents. As the community of Morgan Hill and its downtown grow there will be demands placed upon parking that will change the level of that kind of convenience and interaction for some.

There has always been a murmur in the community about a lack of parking convenience but we are now starting to hear more voices joining the conversation. Businesses are talking about not only customer parking but employee parking. Concerns about on-street parking once only heard from residents of the southern downtown are now being voiced elsewhere.

We, at the Downtown Association, have been listening and have started meeting with City Staff regarding how to initiate the important discussion about the real and perceived, and the current and future, issues with parking in the downtown.

We quickly learned the problem is complex and can hit a personal place in many. The ability to address it in an equitable manner to all will be a challenge. Greater understanding and compromise will be required of most of our stakeholders.

Interaction with the stakeholders, both in education and listening, appears to be the most effective first step in dealing with the parking issue.

Education of where parking is located, that parking in front of the destination business may not always be a good thing, and that living in the downtown can come with restrictions that are offset by the benefit of being in the most active part of any community.

Listen and understand what it means to honor the rural and small town feel so many desire, how to carry that forward in the most respectful manner. How we can make this downtown an even greater place to be with the insight and cooperation of those who live in, work in, and visit a district that continues to grow in success and desirability.

The Morgan Hill Downtown Association Board of Directors commits to being a part of the downtown parking solution.

We are willing participants in the process of educating and listening to the stakeholders, determining the relevance, and if necessary, the development of parking policies and programs, and the outreach to businesses in helping to find additional parking resources.

Please feel free to contact us with any questions or concerns.

Thank you for your time and attention.

Sincerely,

Board of Directors
Morgan Hill Downtown Association

From: Erin Gil [<mailto:erin@grassfarminc.com>]

Sent: Tuesday, March 14, 2017 4:34 PM

To: Leslie Little <Leslie.Little@morganhill.ca.gov>; Dwight Dorsey <ddorsey@paramit.com>

Cc: Steve Rymer <Steve.Rymer@morganhill.ca.gov>; Steve Tate (Home) <stevetate@charter.net>

Subject: RE: Downtown Parking staff report

Leslie ~Thank you for forwarding me the agenda for Wednesday night's meeting as well as the parking assessment report from Hexagon of May 18, 2016.

Unfortunately, I will not be able to attend due to family; however, I would like to bring some questions to light.

Hopefully, there will be a point of conference in the near future. I believe on Page 6 of the report under community engagement it is noted that there was a meeting with the Downtown Association on March 6th, 2017: "staff had numerous meetings and conversations with residents as well." If there was a notice for Downtown Residents to attend, it was not circulated nor received and would have been welcomed by myself.

It is fine to assemble a Downtown Business Association, but to disregard the concerns of the residential community is a form of "eminent domain" -- a taking.

As a business person, understandably it is in the best interests of the City of Morgan Hill to maximize tax profits through property improvements and conversion; however, this should NOT be done at the expense and detriment of the downtowns residential communities.

A quick survey of City Council Staff Report 1061, leaves many questions unanswered:

- Of the 2073 parking spaces available to serve downtown, 38% is private (779 spaces) and 63% is public (1294 spaces). A large disparity for available use.
- Under the Public (VTA spaces allow 465) and would best be labeled "UNDESIREABLE" for any and all traffic to serve downtown. This represents 36% of public parking spaces: a large reduction, forcing undue pressure on the downtown core of parking -- 2nd through 5th bordered by Depot and Monterey Road. "Foot traffic is important for retail businesses to survive and thrive," definitely. However, there are some large obstacles in the planning process due to 'unattractive' parking-- detached (VTA & Courthouse) parking--from downtown. Forcing parking competition within the downtown core hurts those that visit, work or live within its borders as well as creates large safety issues.
- Short supply of parking increases unsafe speeds along avenues serving downtown businesses. The city should provide safety for those who live or frequent downtown. A review of speeds traveled, unsafe driving practices derived from parking shortages forcing 'parking competition' ought to be a Morgan Hill City Priority.
- The elimination of parking spaces for business generated trash, recycling and grease trap collection ought to be discouraged not encouraged.
- Occupancy rate of the Downtown Parking structure (271 capacity) is not addressed in a cursory view of the Staff Report 1061? Report comments: "the garage is practically empty or severely under-utilized most days of the week and weekend, with the exception of special events." This was built to address the needs of the business community with community dollars. Residents should not have to bear the burden of this lack of use.

- The 'unintended consequences' of the cities actions to maximize downtown population and business infrastructure harms downtown residential property owners without redress to concerns. Such a process is less than "thoughtful" or "strategic" as stated on the top of page 5 of 6. Community voices have, repeatedly over years, brought up such concerns with a less than open dialog with the city of Morgan Hill's process of developing Downtown. Such a 'one sided' conversation leads to great frustration by downtown residents whose voices are not 'heard.' It is nice to see city council and staff enjoy the downtown area. I'm sure when they leave they will have no problem parking safely without incident at their home(s). This is not a time to 'hide' behind assessment reports from consultants who have no stake in the project.
- A reduction in public parking by "new projects" will undoubtedly escalate the unintended consequences of failing to address current concerns in MH's Downtown.

A desire for the downtown to be successful for all who either make it their business or home remains hopeful. Though the conversation is late in coming, with an open dialog as well as mind, possibly we can avoid some costly mistakes harming that which we would like to see be successful.

A Morgan Hill Downtown resident since 1997.

Sincerely,

Erin Gil

SANITARY SEWER REPORT

MORGAN HILL
CITY COUNCIL MEETING
MARCH 15, 2017

Agenda

- Summary of Recent Events
- Spill Locations & Flow Paths
- Causes
- Regulatory Reporting
- Meeting with San Martin Residents
- Future Actions
- Recommendations

Recent Event Summary

	Harding Jan 8th	Monterey Rd Jan 8th	Harding Feb 20th
Rainfall (in)	3.4	3.4	3.1
Flow Rate (gpm)	400	100	400 (variable)
Duration (hrs)	8	10.5	4.25
Released (gals)	192,000	61,500	78,000
Recovered (gals)	0	0	22,266
Total Spilled (gals)	192,000	61,500	55,734

Event Photos



Harding Rd Jan 8th

Event Photos



Monterey Rd Jan, 8th

Event Photos

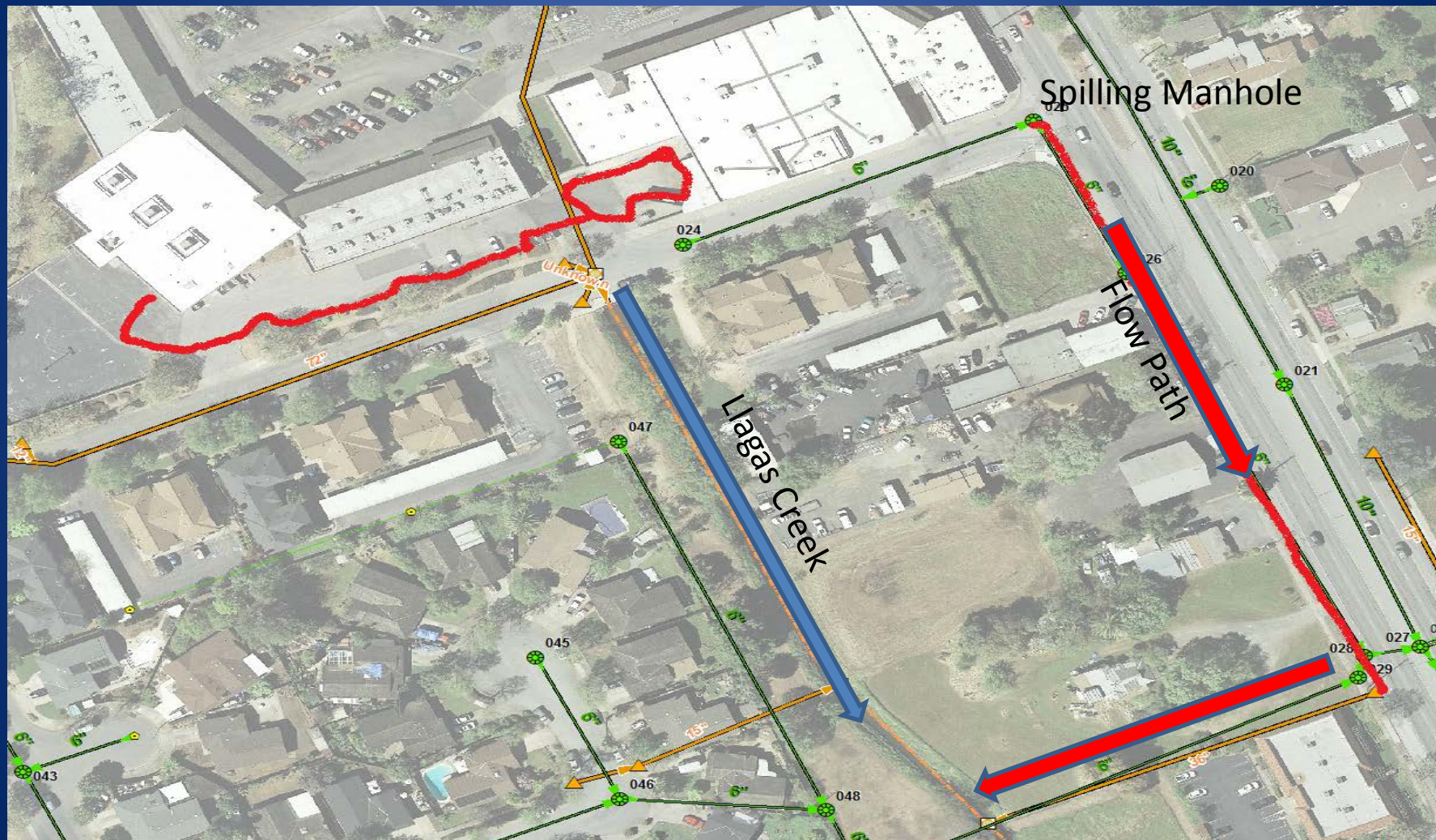
Harding Rd Feb 20th



Harding Ave Spill Location



Monterey Rd Spill Location



Causes

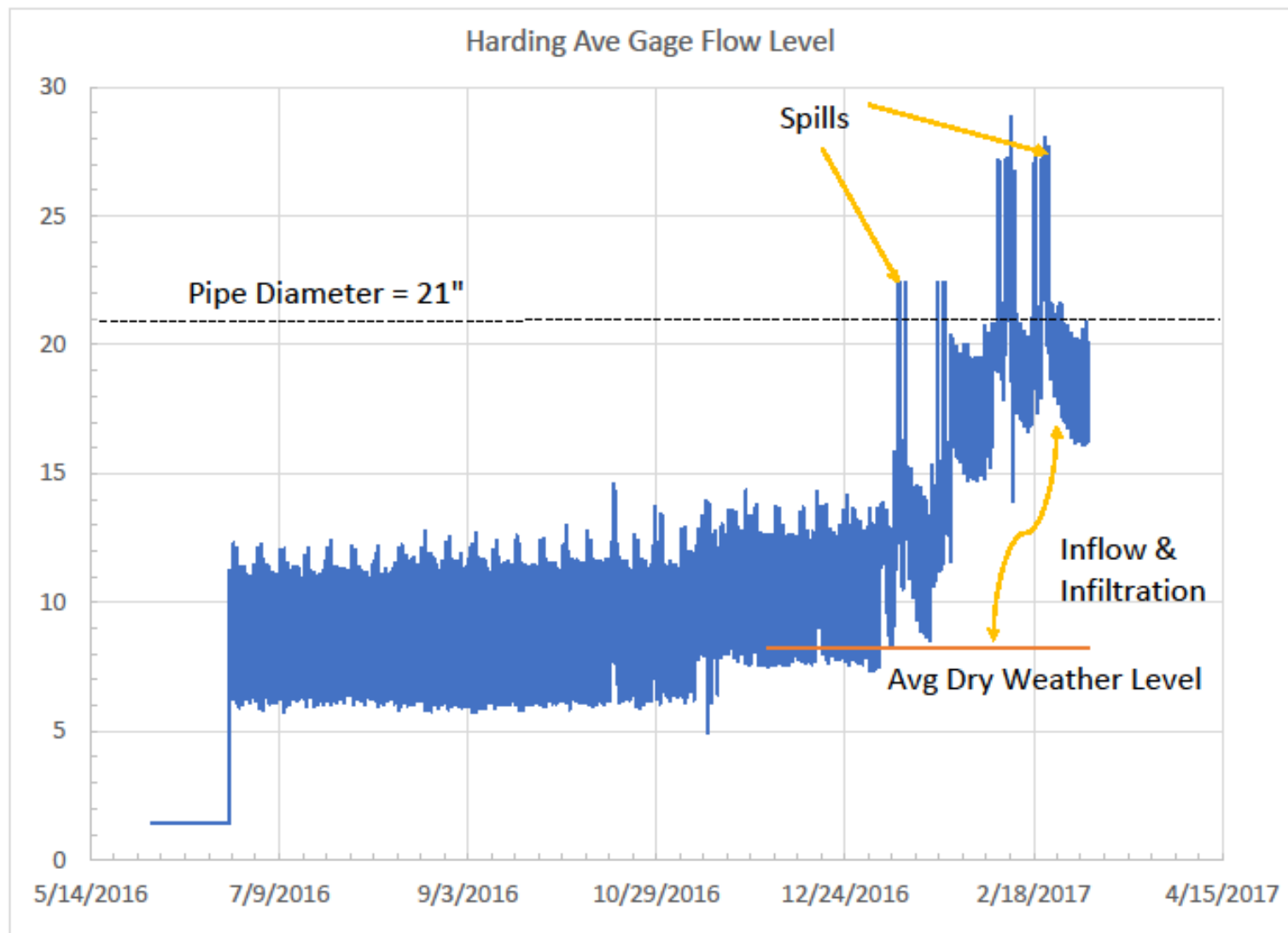
Inflow & Infiltration

Inflow: non-wastewater entering the system through manhole covers and unauthorized connections

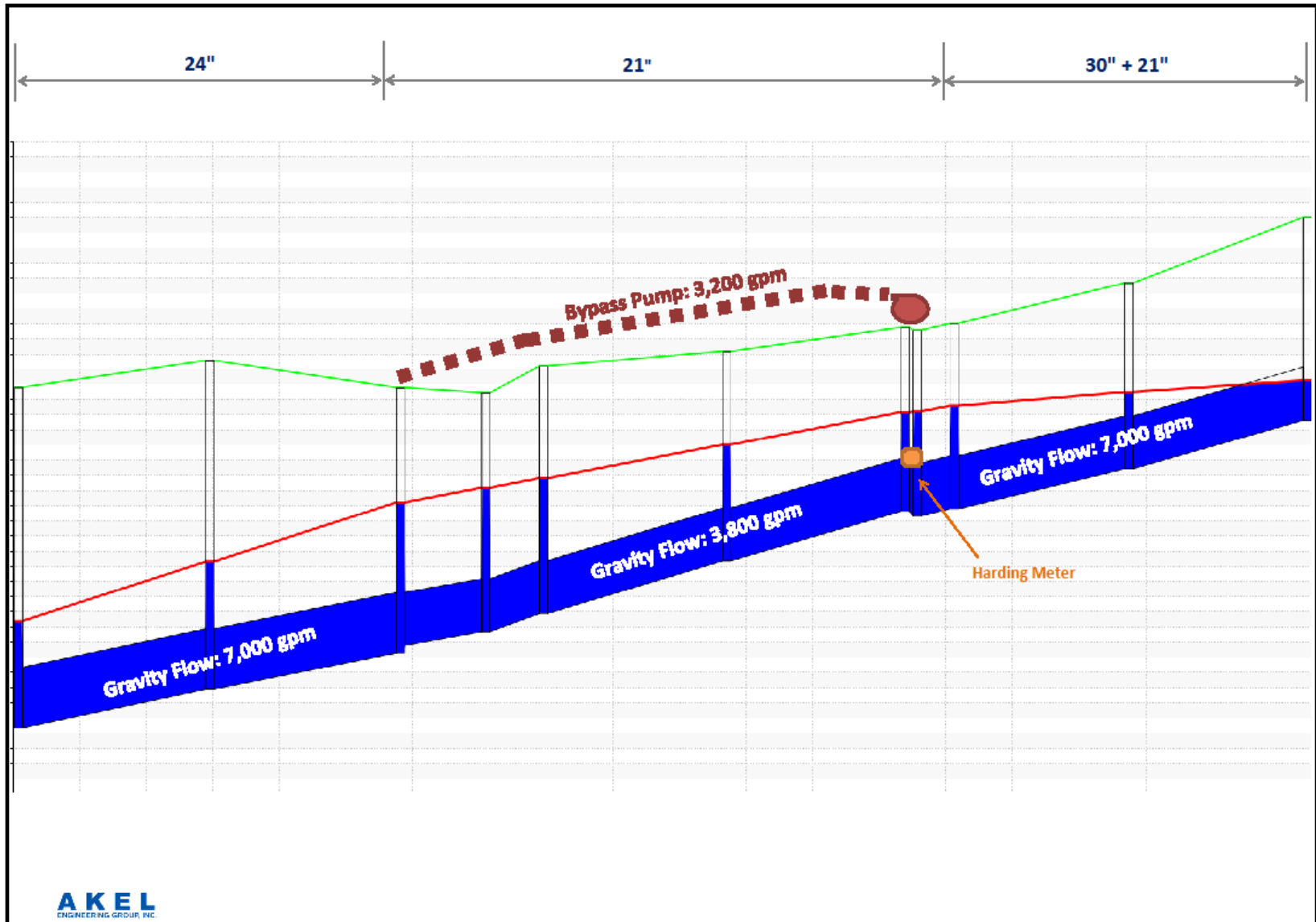
Infiltration: groundwater entering the system through broken pipes, joints, and manhole structures

Limited Pipe Capacity

Harding Meter Constriction



Pipe Capacity



I & I Photos



I & I Photos



I & I Prevention



Regulatory Reporting

- Regional Water Quality Control Board
 - San Luis Obispo Office
- Required Reporting
 - Initial report within two hours of spill
 - Full technical report within 45 days of spill
- Awaiting Review & Findings

Meeting with San Martin Residents

- March 7, 2017, 7:00 pm
 - In San Martin
- Explained Spills
- Sought Comments
- Action Plan
 - Test Private Wells
 - Create Communication Plan

Future Actions

- Reduce I & I with manhole repairs, pipe lining, remove unauthorized connections
- Sewer Trunk Line Project to Gilroy
 - Final Two Phases to be Complete by end of 2019
- Remove Harding Meter bottle neck
- Explore sewer storage options such as Baker Tanks or holding pond
- Continue Bypass Pumping Operations

Recommendation

- Amend the Alpha Analytical Laboratory Contract
- Direct Staff to Evaluate Options for Accelerating Sewer Trunk Line Project
- Return with Recommendations

Downtown Parking Update

March 15, 2017

Morgan Hill City Council



Agenda

- 1. Review 2016 Downtown Parking Update
- 2. Review Current Conditions and Feedback
- 3. Policy Considerations
- 4. Present Near-Term & Long-Term Potential Actions
- 5. Questions & Answers - Next Steps

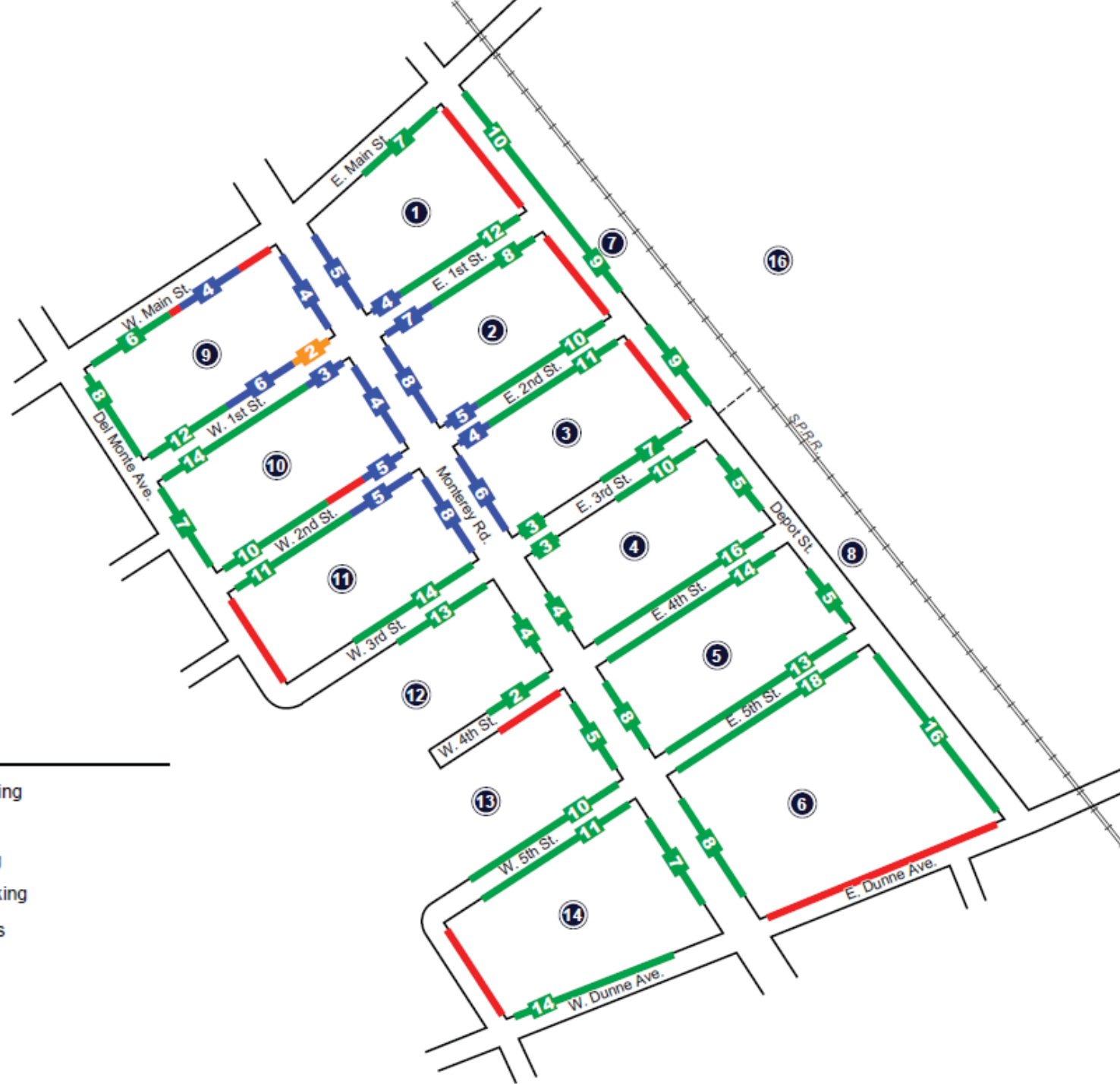


Existing

On-Street Parking Supply

LEGEND

- = Unlimited Parking
- = No Parking
- = 2-Hour Parking
- = 20-Minute Parking
- = Block Numbers





Existing

On-Street Parking Demand

LEGEND

- = Unlimited Parking
- = No Parking
- = 2-Hour Parking
- = 20-Minute Parking
- XX** = <80% Occupancy
- XX** = 80-92% Occupancy
- XX** = >92% Occupancy





Existing

Off-Street Parking Supply

LEGEND

-  = Private Parking
-  = Public Parking
-  = Private/Public Use Agreement
- XX** = Lot Number
- (XX)** = (Number of Spaces)
-  = Block Numbers





Existing

Off-Street Parking Demand

LEGEND

- = Data Not Available
- = 0-25% Occupied
- = 26%-50% Occupied
- = 51%-75% Occupied
- = 76%-92% Occupied
- = 93%-100% Occupied
- = > 100% Occupied
- = Public Parking
- = Private Parking





Future

Proximity to Available Parking

LEGEND

-  = New Parking Structure Location
-  = New Development Locations
-  = 1/4 Mile Radius



Downtown Parking Supply Overview

- A) 2,073 Parking spaces exist to serve Downtown, including the new parking garage.
 - *Private parking 779 (including Courthouse: 273)*
 - *Public parking 1,294 (Community Cultural Center: 240; VTA: 465)*
- B) Morgan Hill Downtown, at peaks hours, has a 39% occupancy rate of parking supply and is well below the practical capacity limit of 92% of parking.
 - *Since the 2016 Update, threshold has been revised to 85%*

Downtown Parking Supply Overview

- C) New projects planned for Downtown will cause the net loss of 79 previously RDA controlled public parking spaces.
- D) Future Downtown parking supply is expected to decrease by 10 private and 61 public off-street parking spaces due to new development

Key Findings

- Monterey Street parking is in higher demand during peak hours than further away lots
- Healthy supply of parking to meet existing and future demand
- Residential use of public parking supply is a major contributor to the peak demand

New Developments

Project	Project Type	Parking
Edes Gallery	10,000 SF	Exempt
Sunsweet Mixed Use	83 Residential units 6,801 SF of Commercial 1,250 SF of Office Required: 124	119 Spaces Exempt 5 Spaces Provided: 130
4ths Street Wine Bar	3,500 SF + Phase II: 7,800 SF Patio	Exempt Exempt
Dunne/Gera	11 Residential Units Required: 16	19 Spaces + 7 Guests Spaces Provided: 16

Recent Actions

- 20-space Richter parking lot on Monterey converted into private parking due to loss of RDA
- Monterey vacant dirt lot to be improved for private parking
- Lowered the Full Parking Capacity Threshold to 85% per the 2016 Parking Update Recommendations
- Implemented Valet Parking Program per the 2016 Parking Update Recommendations
- Developed & Distributed Parking Card & Web-page

Feedback

Community Concerns

- Construction Impacts
- Loss of public parking lots
- Private Parking Enforcement
- Employees using core supply
- 3rd Street Parking Garage is underutilized
- Loitering/Racing in Garage
- Lack of Parking Signage & Awareness



Signage Improvements

&

Parking Awareness Card



Policy Considerations

- Should the City work with downtown businesses and residents to explore parking management solutions such as enforcement of 2-hour limit, residential parking, and employee parking?
- Should the City evaluate revising parking standards for residential, commercial, and/or office uses in downtown?

Potential Actions

- **Enforcement**
 - Consider Enforcing overnight parking in public parking lots
 - Consider enforcing time-limit restrictions
- **Policy Development**
 - Explore Residential Parking Program
 - Streamline Valet Parking Program
 - Collaborate with Private Sector to move demand
- **Infrastructure**
 - Explore Financing Options to create additional supply
- **Technology/Education**
 - Explore technology solutions for enforcement and education

Questions & Next Steps



March 14, 2017

Mayor Steve Tate
Morgan Hill City Council
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037

Re: March 15, 2017 City Council meeting Agenda item no. 10
Downtown Parking Update

Mayor Tate,

The rural feel of Morgan Hill means many things to the businesses, residents and visitors to our community which in the downtown has included a “quaint and friendly” feel. Part of this feel was a product of the number of people roaming the downtown which never seemed too crowded but appeared to support most businesses.

Recently the expedited manner of development dictated by the dissolution of the Redevelopment Agency offered a unique opportunity to be more selective in what types of development would occur downtown, this development will be bringing more people to the downtown and its businesses.

We now have both new business and residential development guided by the Downtown Specific Plan which will become assets to the downtown and the entire Morgan Hill community. The vision of that plan established so many years ago still appear to be valid and effective to this day when viewing current development. With the judicious flexibility shown in recent City Council decisions the DSP is set to remain effective for years to come.

Our downtown is becoming more successful and with the careful planning is destined to be more so. This success is starting to drive the conversation about parking in the downtown.

For many years patrons of the downtown enjoyed parking in close proximity to the businesses they wished to visit and there was little interaction with the downtown residents. As the community of Morgan Hill and its downtown grow there will be demands placed upon parking that will change the level of that kind of convenience and interaction for some.

There has always been a murmur in the community about a lack of parking convenience but we are now starting to hear more voices joining the conversation. Businesses are talking about not only customer parking but employee parking. Concerns about on-street parking once only heard from residents of the southern downtown are now being voiced elsewhere.

We, at the Downtown Association, have been listening and have started meeting with City Staff regarding how to initiate the important discussion about the real and perceived, and the current and future, issues with parking in the downtown.

We quickly learned the problem is complex and can hit a personal place in many. The ability to address it in an equitable manner to all will be a challenge. Greater understanding and compromise will be required of most of our stakeholders.

Interaction with the stakeholders, both in education and listening, appears to be the most effective first step in dealing with the parking issue.

Education of where parking is located, that parking in front of the destination business may not always be a good thing, and that living in the downtown can come with restrictions that are offset by the benefit of being in the most active part of any community.

Listen and understand what it means to honor the rural and small town feel so many desire, how to carry that forward in the most respectful manner. How we can make this downtown an even greater place to be with the insight and cooperation of those who live in, work in, and visit a district that continues to grow in success and desirability.

The Morgan Hill Downtown Association Board of Directors commits to being a part of the downtown parking solution.

We are willing participants in the process of educating and listening to the stakeholders, determining the relevance, and if necessary, the development of parking policies and programs, and the outreach to businesses in helping to find additional parking resources.

Please feel free to contact us with any questions or concerns.

Thank you for your time and attention.

Sincerely,

Board of Directors
Morgan Hill Downtown Association

From: Erin Gil [<mailto:erin@grassfarminc.com>]

Sent: Tuesday, March 14, 2017 4:34 PM

To: Leslie Little <Leslie.Little@morganhill.ca.gov>; Dwight Dorsey <ddorsey@paramit.com>

Cc: Steve Rymer <Steve.Rymer@morganhill.ca.gov>; Steve Tate (Home) <stevetate@charter.net>

Subject: RE: Downtown Parking staff report

Leslie ~Thank you for forwarding me the agenda for Wednesday night's meeting as well as the parking assessment report from Hexagon of May 18, 2016.

Unfortunately, I will not be able to attend due to family; however, I would like to bring some questions to light.

Hopefully, there will be a point of conference in the near future. I believe on Page 6 of the report under community engagement it is noted that there was a meeting with the Downtown Association on March 6th, 2017: "staff had numerous meetings and conversations with residents as well." If there was a notice for Downtown Residents to attend, it was not circulated nor received and would have been welcomed by myself.

It is fine to assemble a Downtown Business Association, but to disregard the concerns of the residential community is a form of "eminent domain" -- a taking.

As a business person, understandably it is in the best interests of the City of Morgan Hill to maximize tax profits through property improvements and conversion; however, this should NOT be done at the expense and detriment of the downtowns residential communities.

A quick survey of City Council Staff Report 1061, leaves many questions unanswered:

- Of the 2073 parking spaces available to serve downtown, 38% is private (779 spaces) and 63% is public (1294 spaces). A large disparity for available use.
- Under the Public (VTA spaces allow 465) and would best be labeled "UNDESIREABLE" for any and all traffic to serve downtown. This represents 36% of public parking spaces: a large reduction, forcing undue pressure on the downtown core of parking -- 2nd through 5th bordered by Depot and Monterey Road. "Foot traffic is important for retail businesses to survive and thrive," definitely. However, there are some large obstacles in the planning process due to 'unattractive' parking-- detached (VTA & Courthouse) parking--from downtown. Forcing parking competition within the downtown core hurts those that visit, work or live within its borders as well as creates large safety issues.
- Short supply of parking increases unsafe speeds along avenues serving downtown businesses. The city should provide safety for those who live or frequent downtown. A review of speeds traveled, unsafe driving practices derived from parking shortages forcing 'parking competition' ought to be a Morgan Hill City Priority.
- The elimination of parking spaces for business generated trash, recycling and grease trap collection ought to be discouraged not encouraged.
- Occupancy rate of the Downtown Parking structure (271 capacity) is not addressed in a cursory view of the Staff Report 1061? Report comments: "the garage is practically empty or severely under-utilized most days of the week and weekend, with the exception of special events." This was built to address the needs of the business community with community dollars. Residents should not have to bear the burden of this lack of use.

- The 'unintended consequences' of the cities actions to maximize downtown population and business infrastructure harms downtown residential property owners without redress to concerns. Such a process is less than "thoughtful" or "strategic" as stated on the top of page 5 of 6. Community voices have, repeatedly over years, brought up such concerns with a less than open dialog with the city of Morgan Hill's process of developing Downtown. Such a 'one sided' conversation leads to great frustration by downtown residents whose voices are not 'heard.' It is nice to see city council and staff enjoy the downtown area. I'm sure when they leave they will have no problem parking safely without incident at their home(s). This is not a time to 'hide' behind assessment reports from consultants who have no stake in the project.
- A reduction in public parking by "new projects" will undoubtedly escalate the unintended consequences of failing to address current concerns in MH's Downtown.

A desire for the downtown to be successful for all who either make it their business or home remains hopeful. Though the conversation is late in coming, with an open dialog as well as mind, possibly we can avoid some costly mistakes harming that which we would like to see be successful.

A Morgan Hill Downtown resident since 1997.

Sincerely,

Erin Gil

SANITARY SEWER REPORT

MORGAN HILL
CITY COUNCIL MEETING
MARCH 15, 2017

Agenda

- Summary of Recent Events
- Spill Locations & Flow Paths
- Causes
- Regulatory Reporting
- Meeting with San Martin Residents
- Future Actions
- Recommendations

Recent Event Summary

	Harding Jan 8th	Monterey Rd Jan 8th	Harding Feb 20th
Rainfall (in)	3.4	3.4	3.1
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Event Photos



Harding Rd Jan 8th

Event Photos



Monterey Rd Jan, 8th

Event Photos

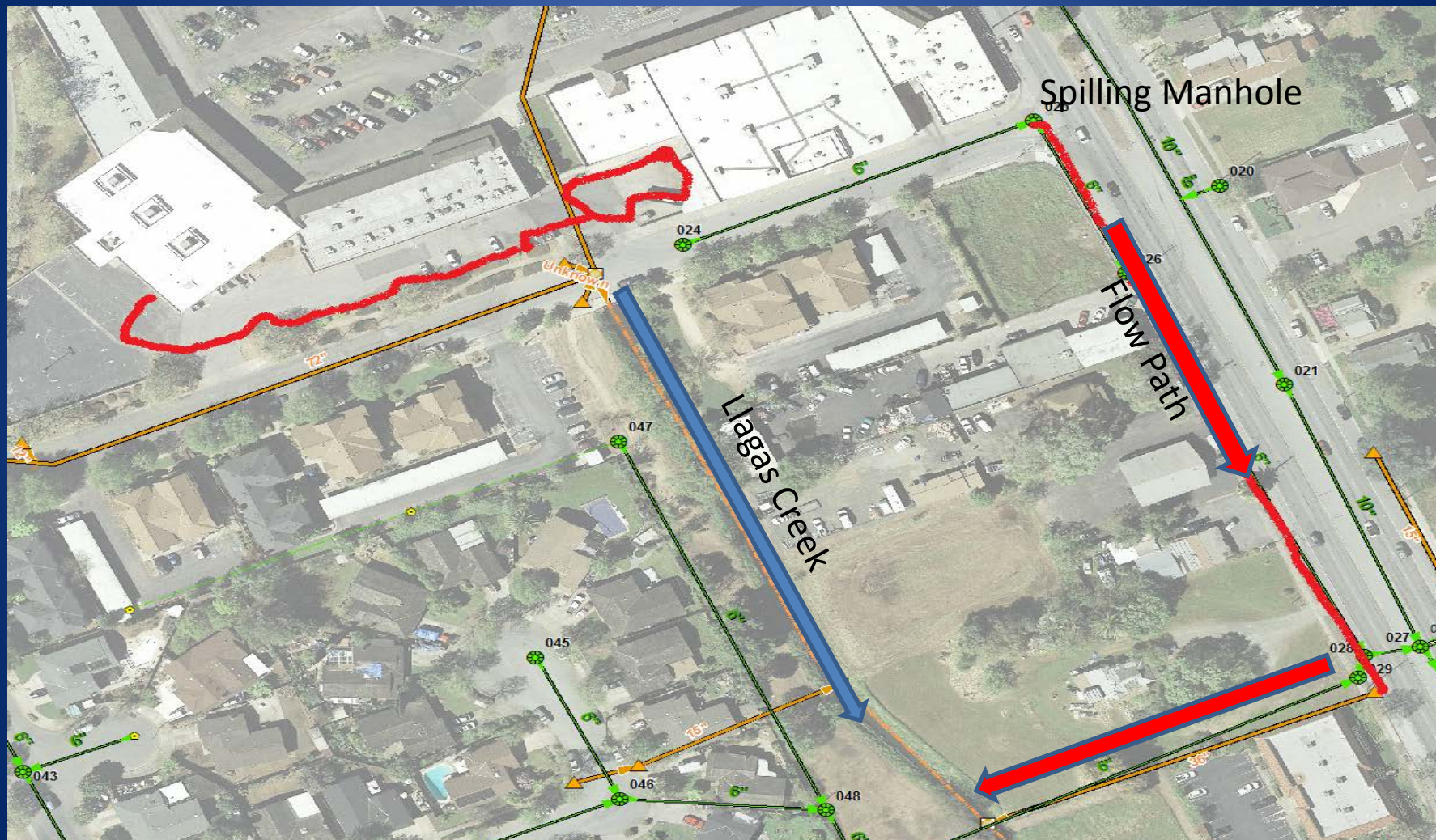
Harding Rd Feb 20th



Harding Ave Spill Location



Monterey Rd Spill Location



Causes

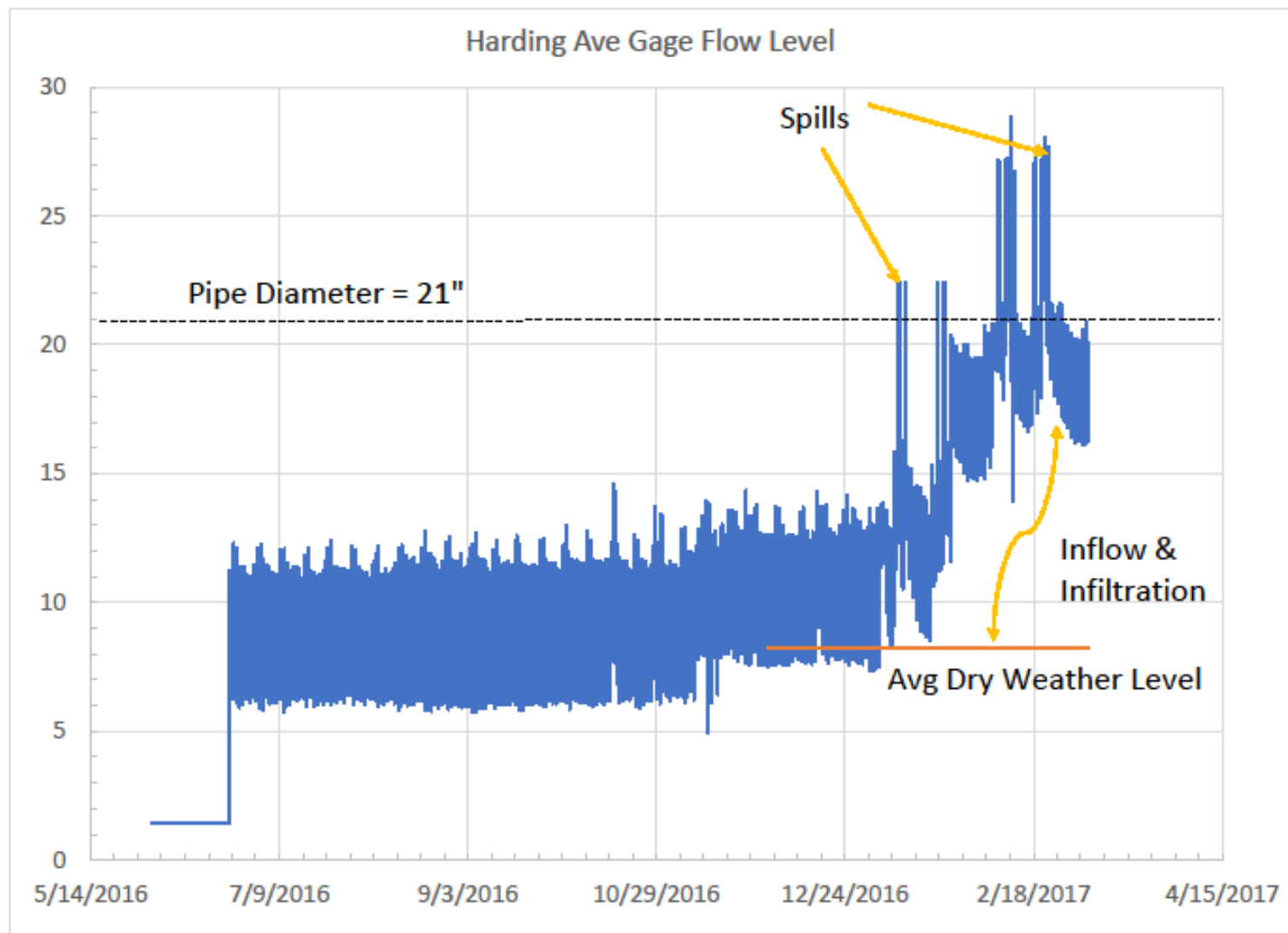
Inflow & Infiltration

Inflow: non-wastewater entering the system through manhole covers and unauthorized connections

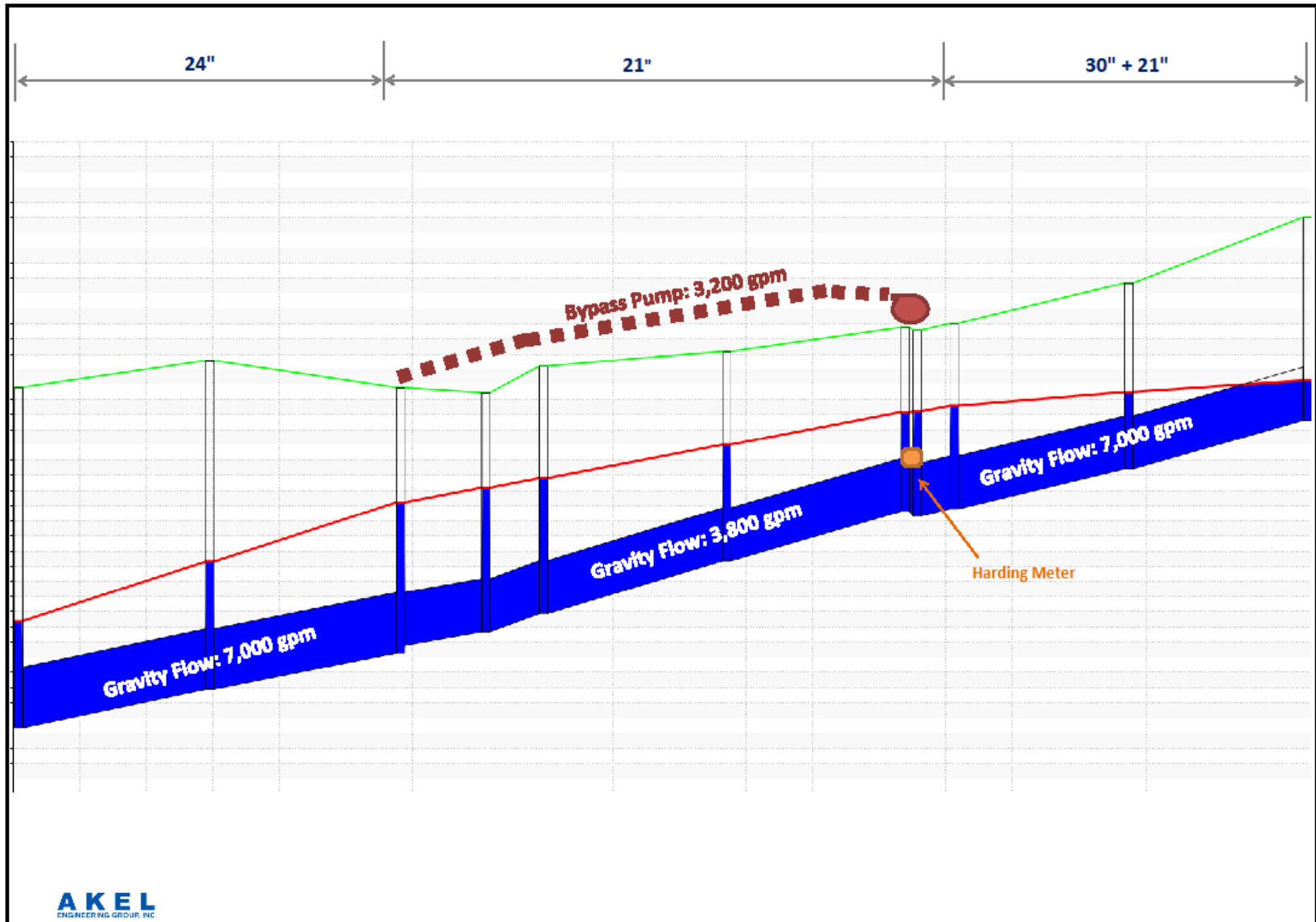
Infiltration: groundwater entering the system through broken pipes, joints, and manhole structures

Limited Pipe Capacity

Harding Meter Constriction



Pipe Capacity



I & I Photos



I & I Photos



I & I Prevention



Regulatory Reporting

- Regional Water Quality Control Board
 - San Luis Obispo Office
- Required Reporting
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- Explore sewer storage options such as Baker Tanks or holding pond
- Continue Bypass Pumping Operations

Recommendation

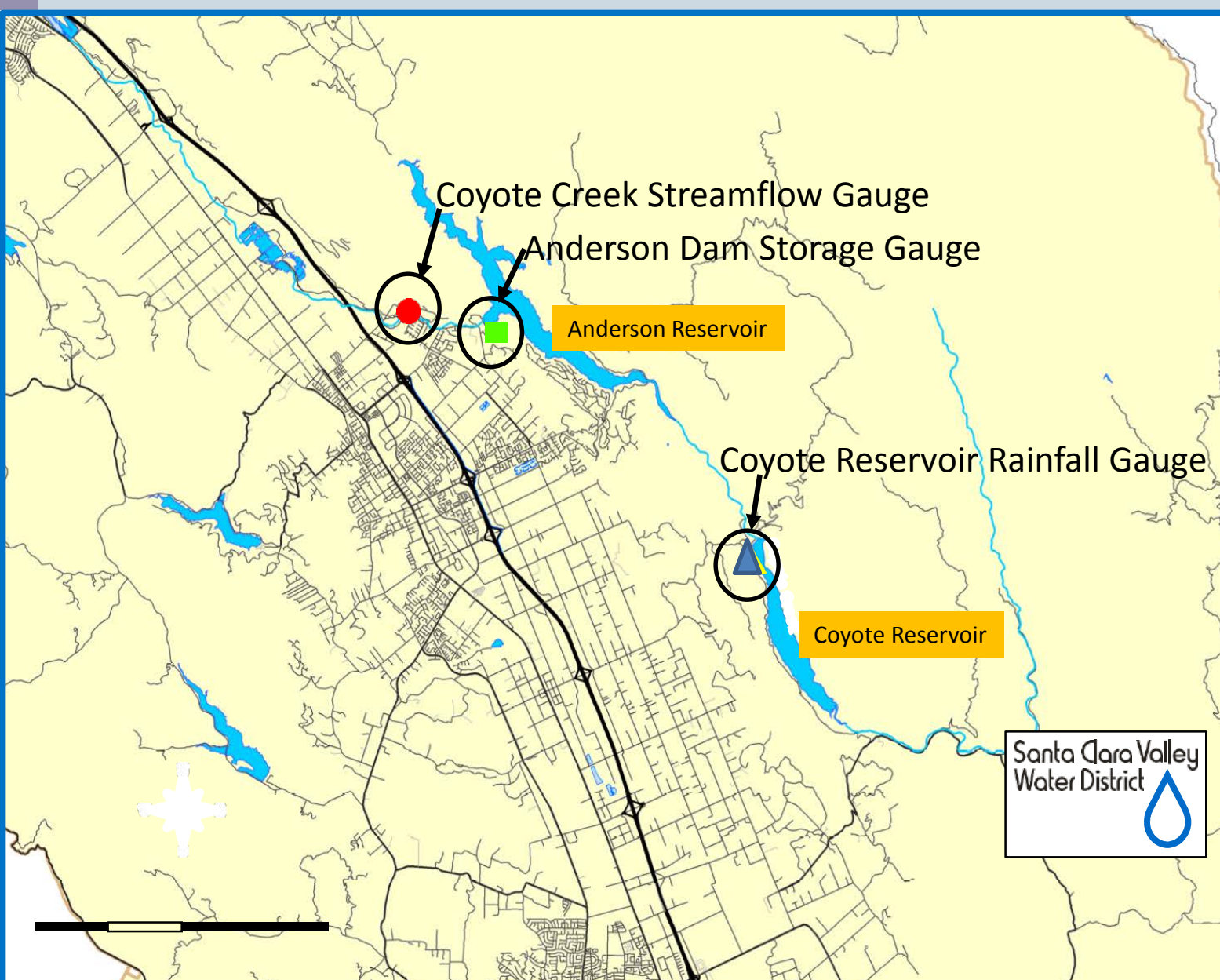
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- Direct Staff to Evaluate Options for Accelerating Sewer Trunk Line Project
- Return with Recommendations

Anderson Dam Operations

City of Morgan Hill Council Meeting
March 15, 2017



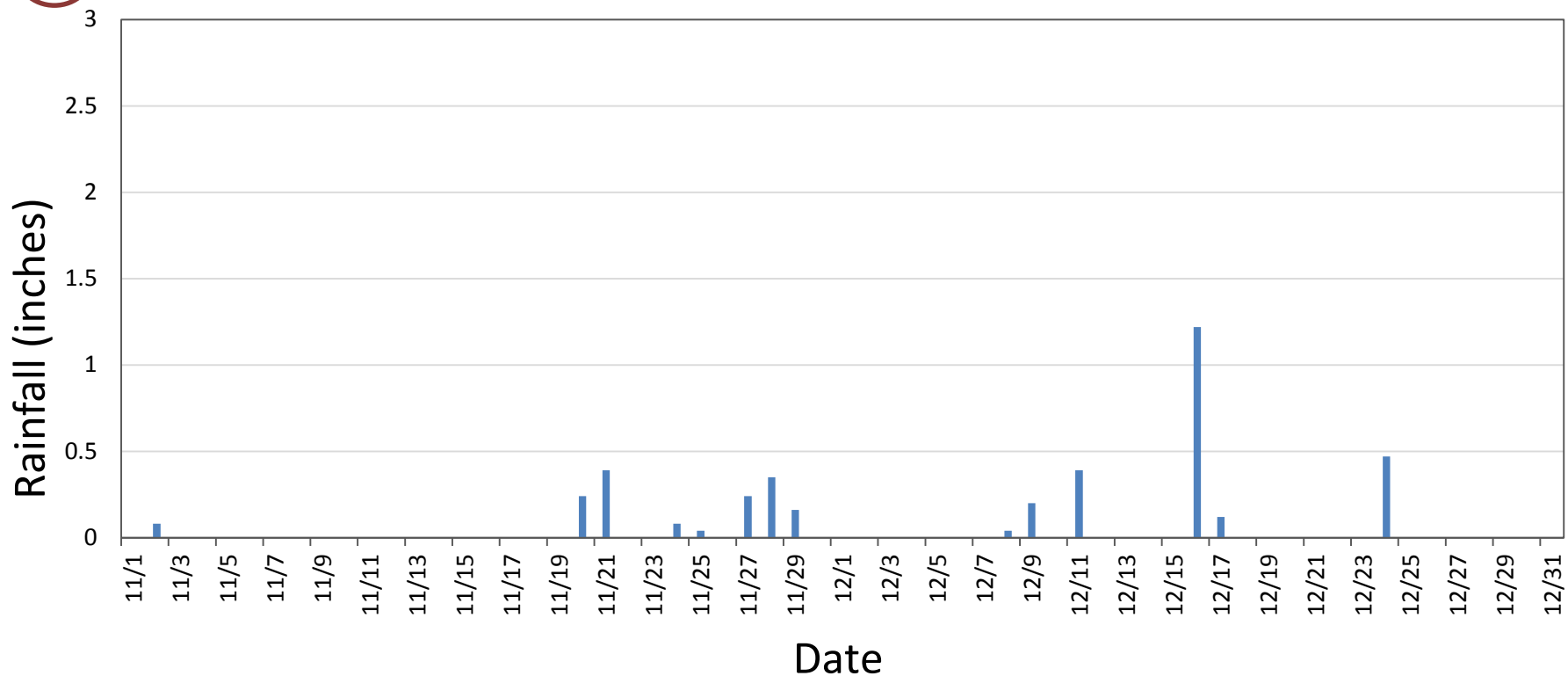
Map of Gauge Locations in Coyote Watershed



Coyote Reservoir Rainfall: November 1 – December 30, 2016

1

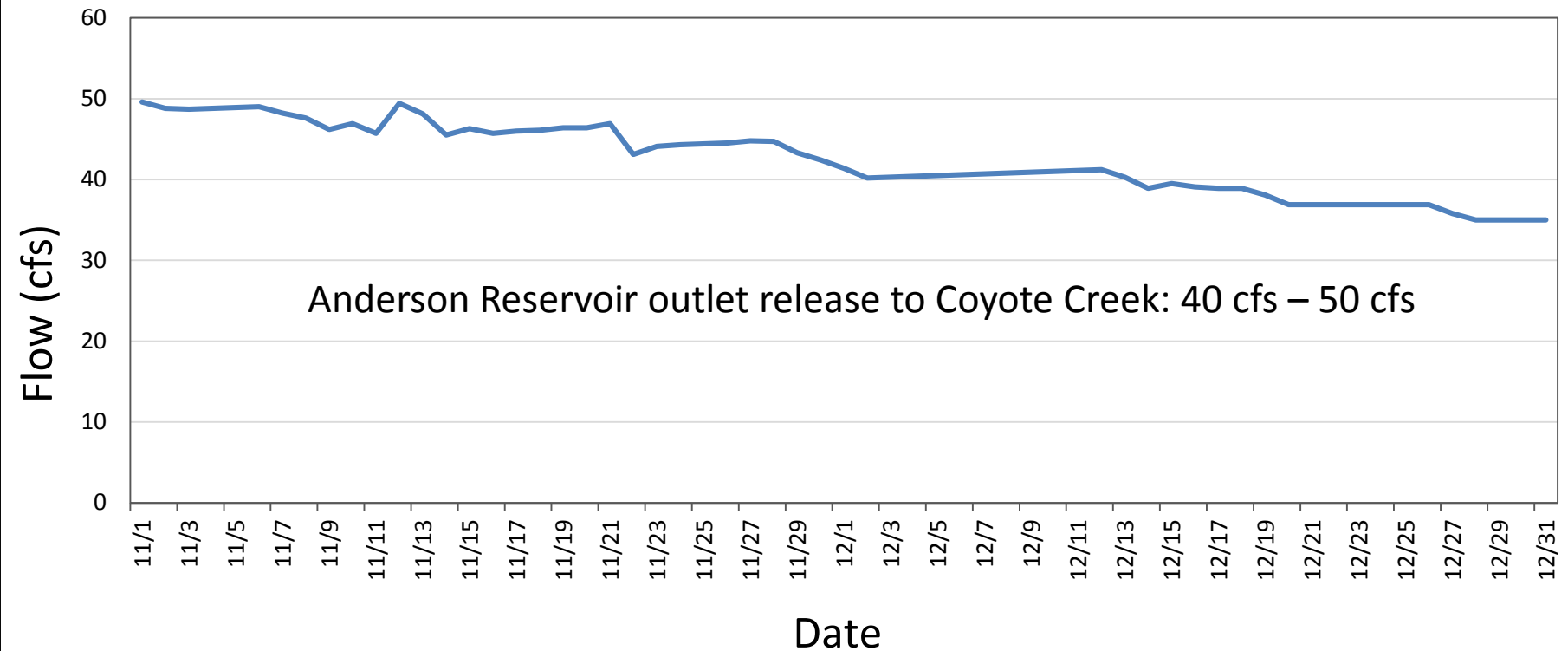
Coyote Reservoir Precipitation Gauge (ALERT gauge 6021)



Coyote Creek Flows: November 1 – December 30, 2016

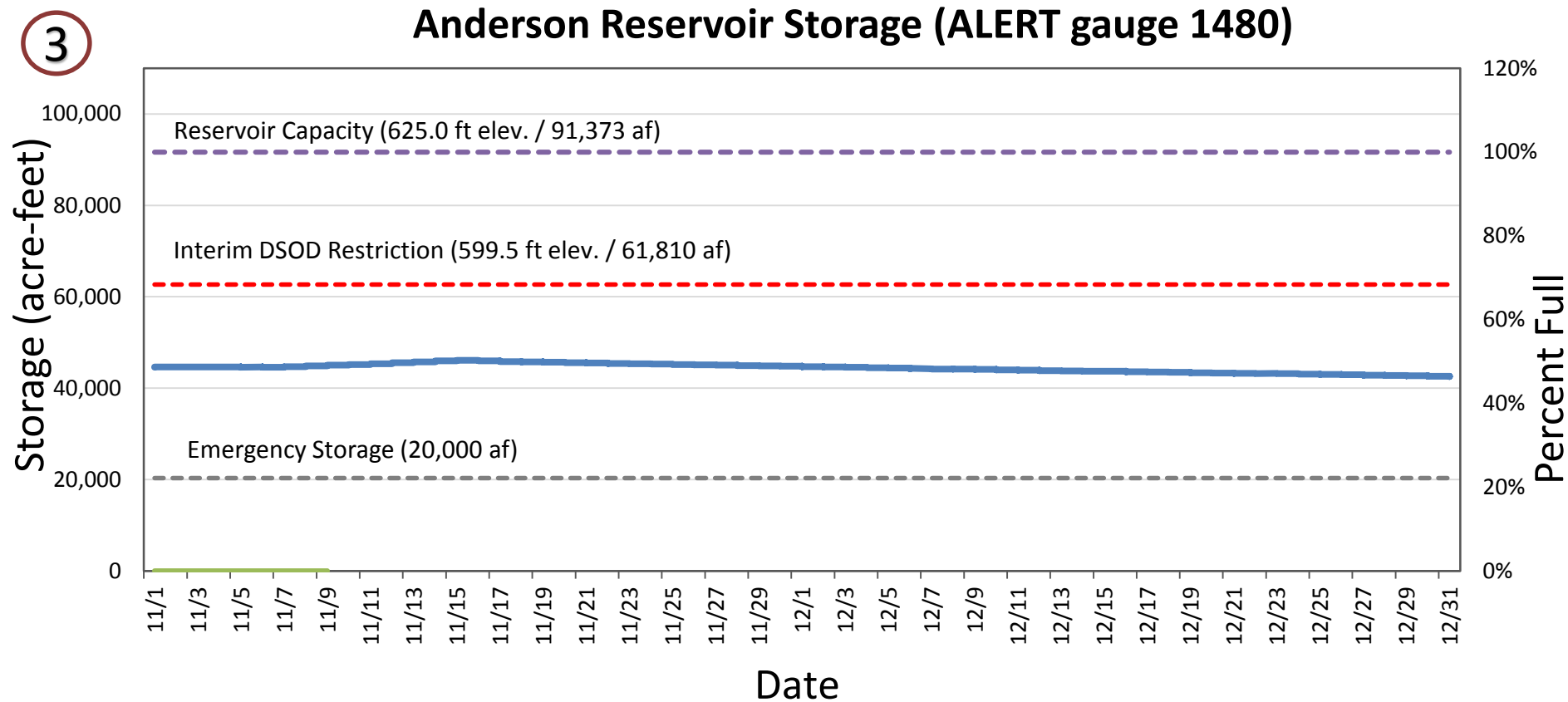
2

Coyote Creek at Madrone Streamflow Gauge (ALERT gauge 5082)



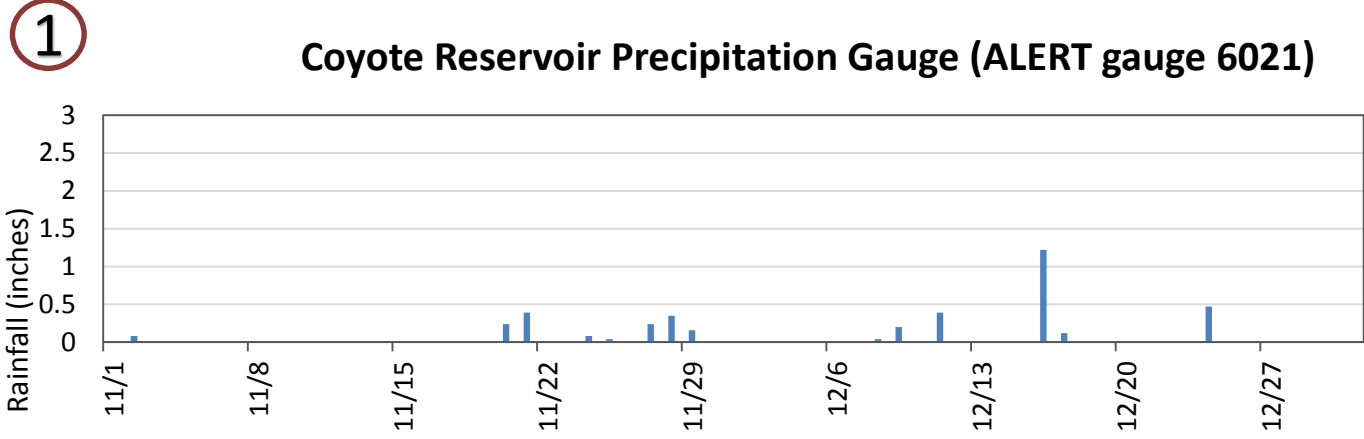
Anderson Reservoir Storage: Nov. 1 – Dec. 30, 2016

Note: Anderson Reservoir Actual Storage Level is **solid blue line**

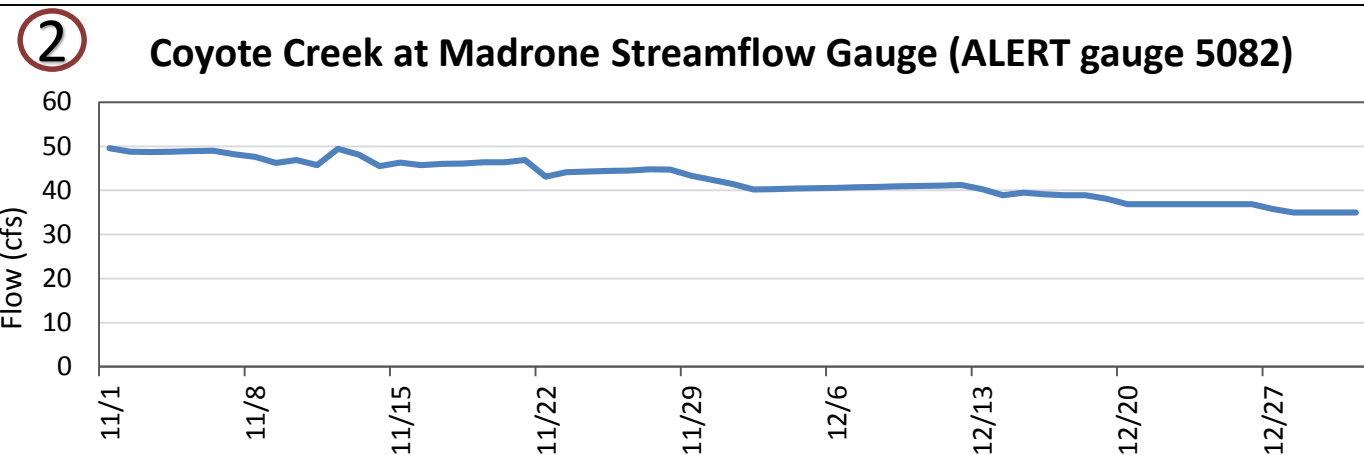


November 1 to
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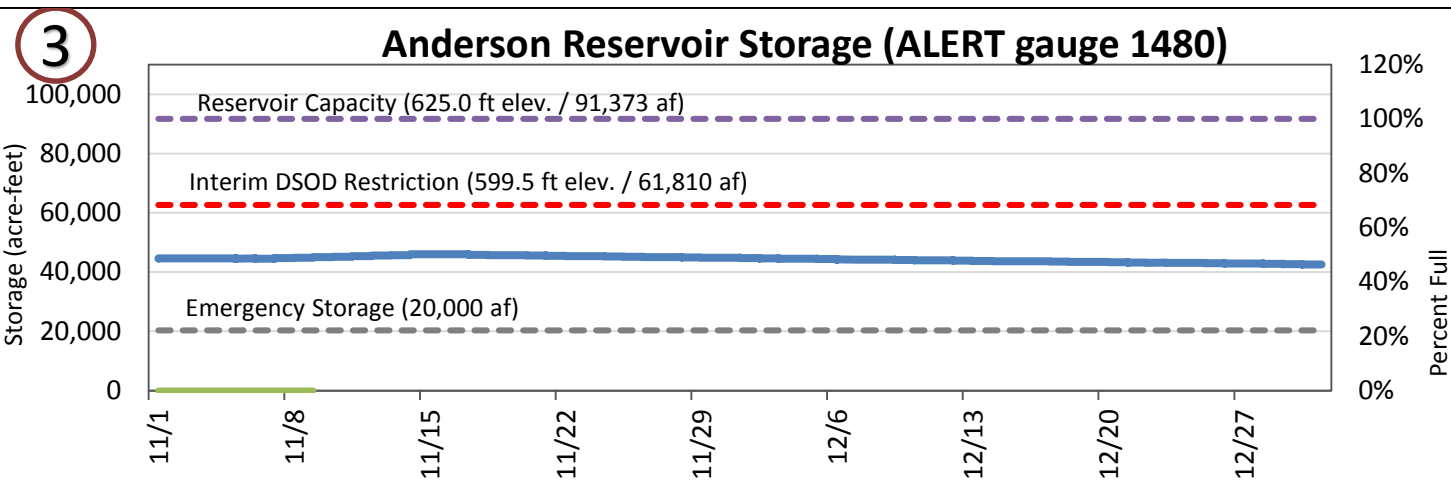
Rainfall



**Coyote Creek Flows
Downstream of
Anderson Dam**



**Anderson Dam
Storage Levels
(blue line)**

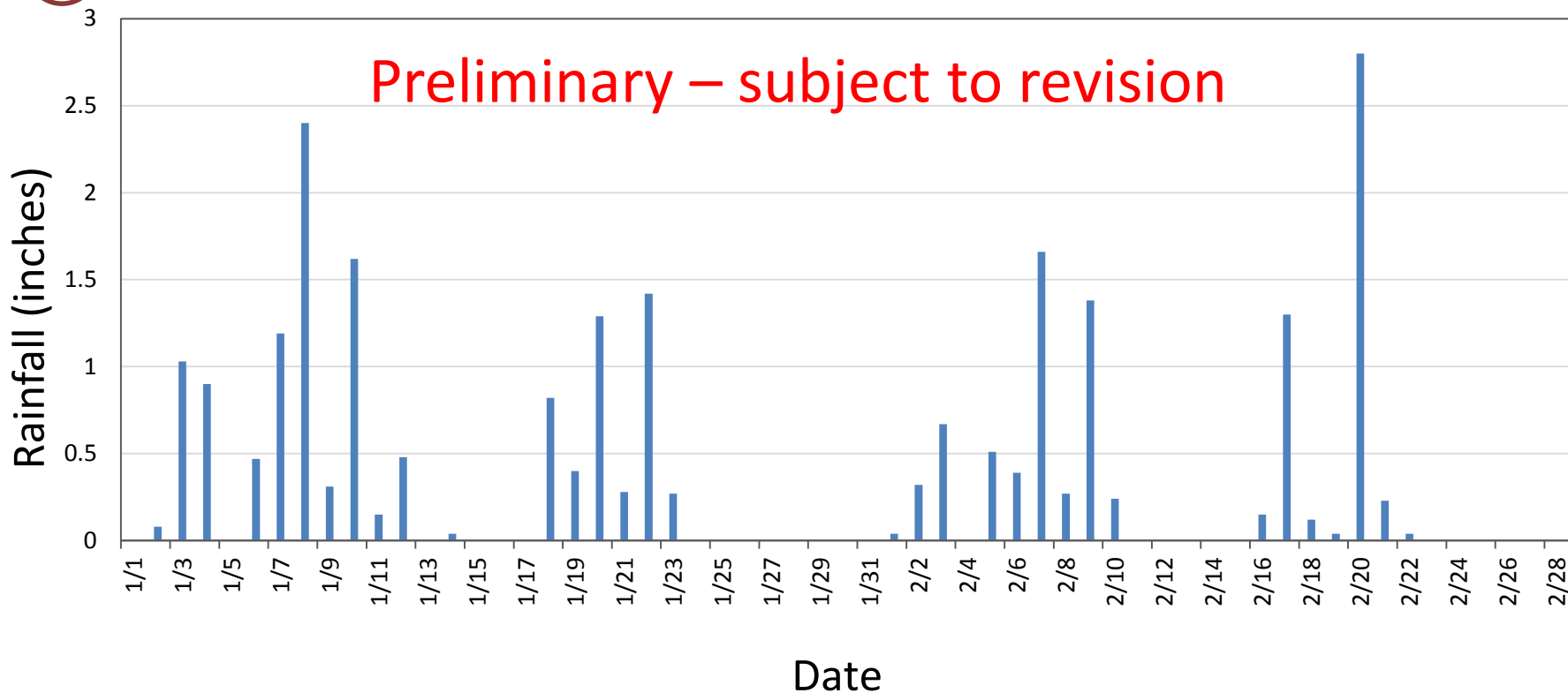


Coyote Reservoir Rainfall: January 1 – February 28, 2017

4

Coyote Reservoir Precipitation Gauge (ALERT gauge 6021)

Preliminary – subject to revision

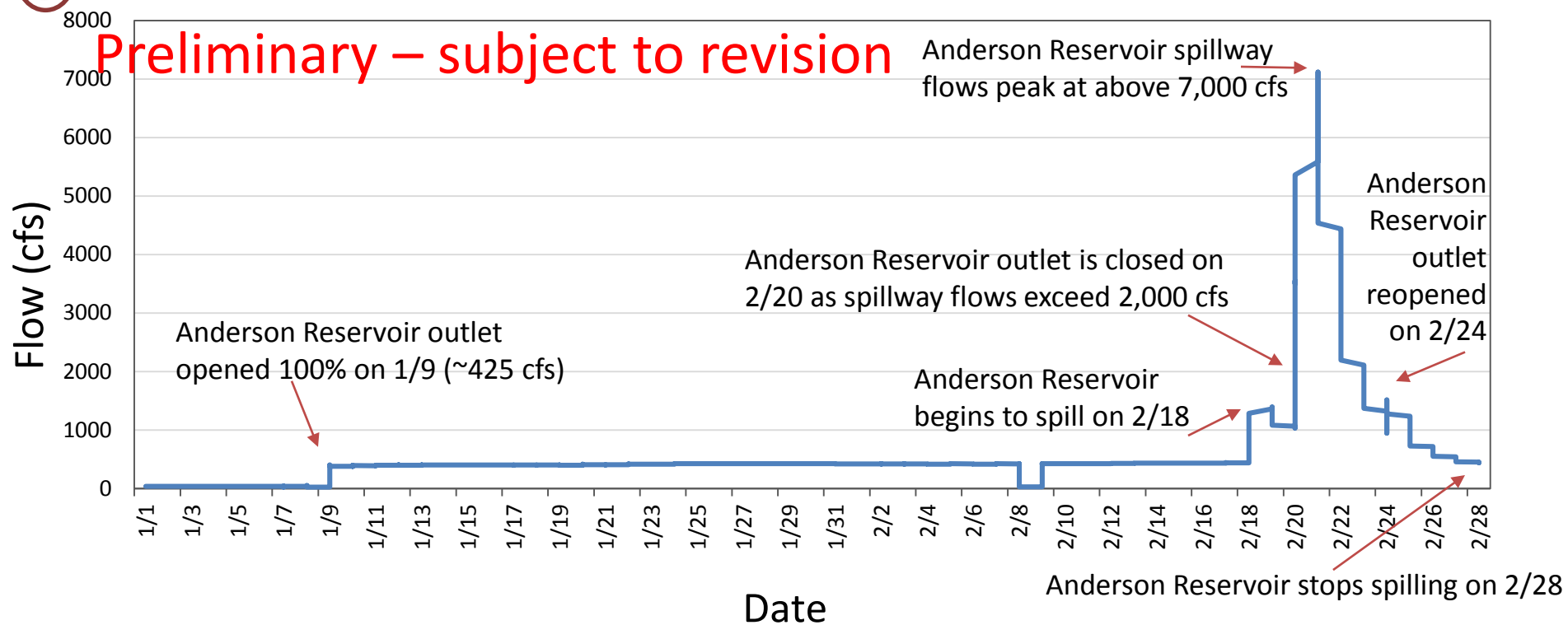


Coyote Creek Flows: January 1 – February 28, 2017

5

Coyote Creek at Madrone Streamflow Gauge (ALERT gauge 5082)

Preliminary – subject to revision

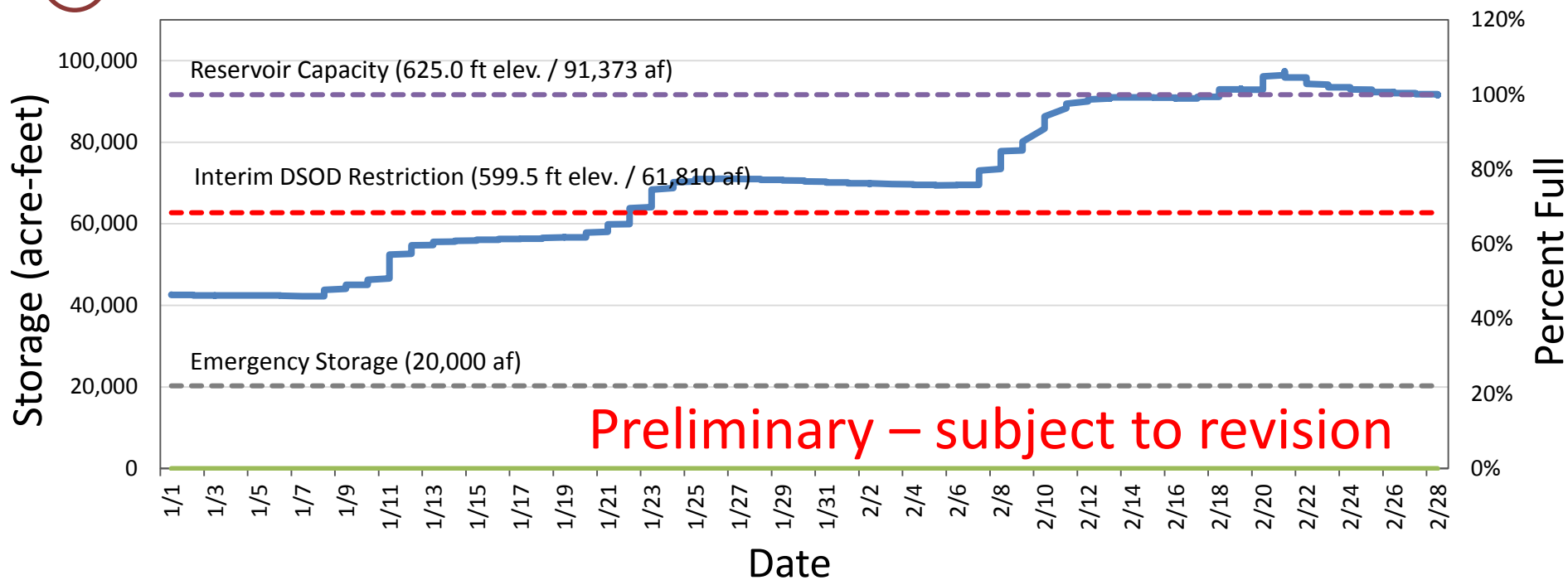


Anderson Reservoir Storage: Jan. 1 – Feb. 28, 2017

Note: Anderson Reservoir Actual Storage Level is **solid blue line**

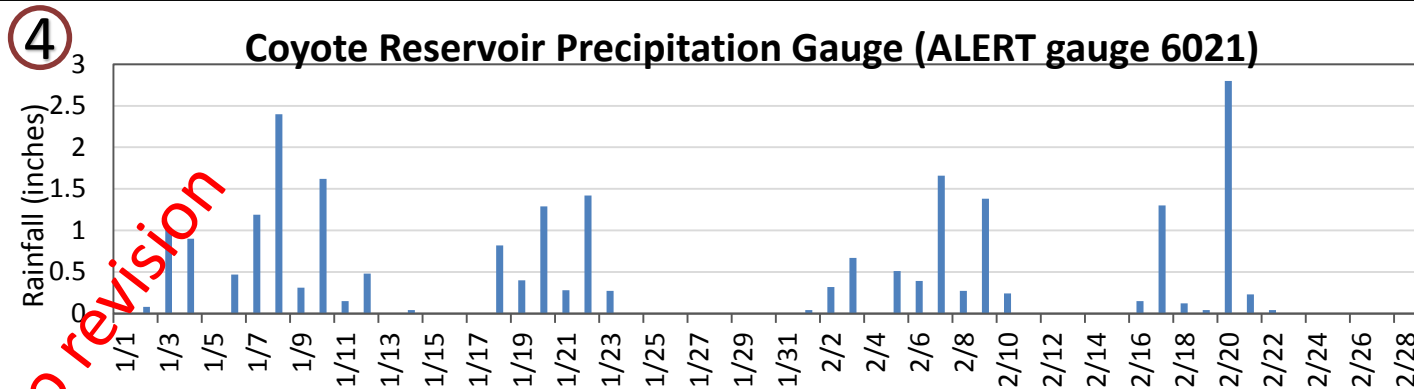
6

Anderson Reservoir Storage (ALERT gauge 1480)

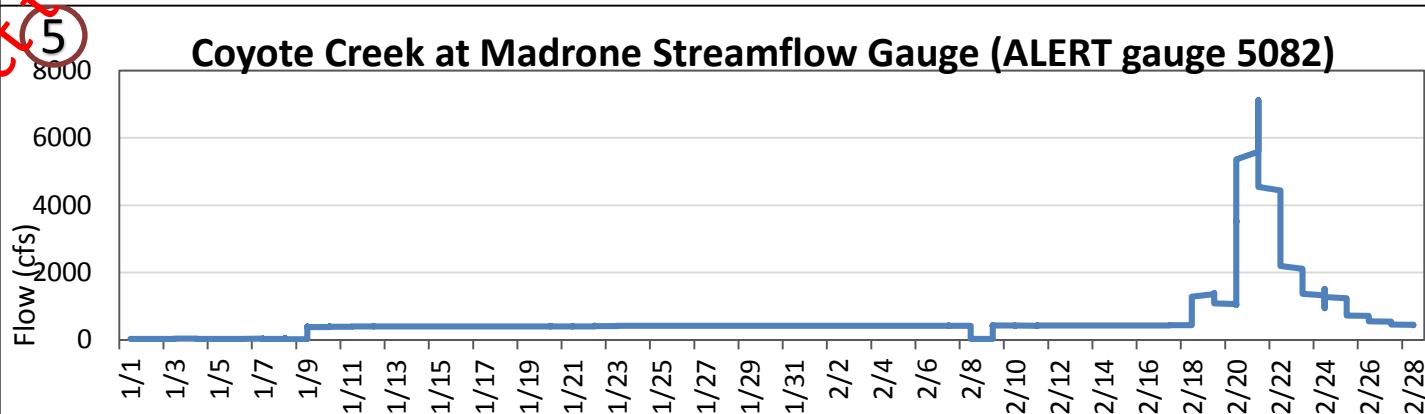


**January 1 to
February 28, 2017**

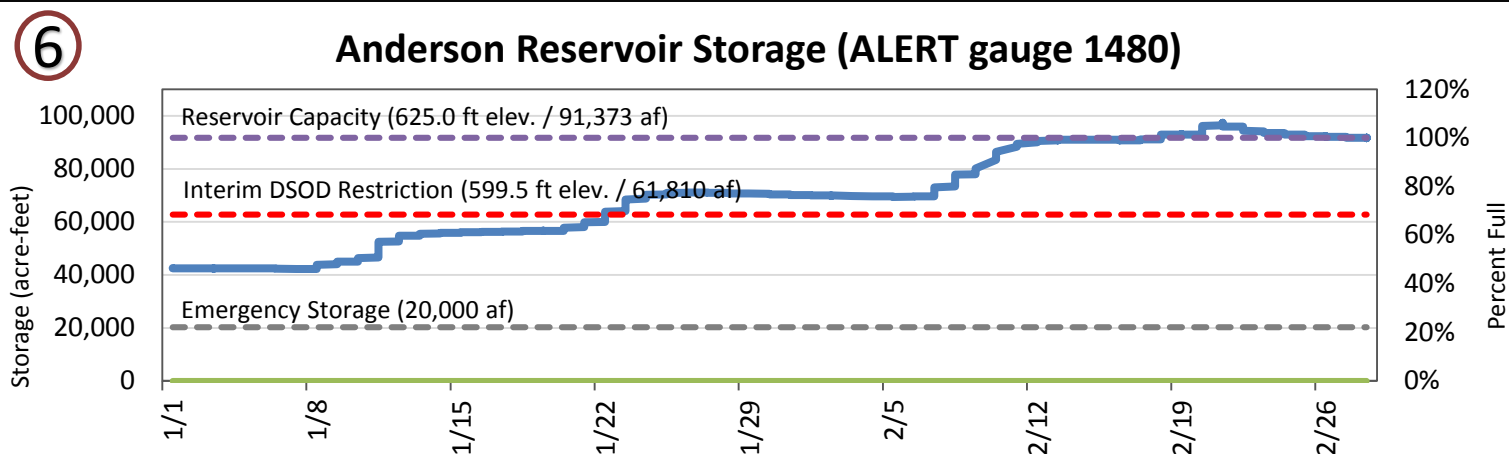
Rainfall



**Coyote Creek Flows
Downstream of
Anderson Dam**



**Anderson Dam
Storage Levels
(blue line)**



Anderson Dam Operations – Spring 2017

Estimate of timelines to draw down Anderson Reservoir to restricted level:

Weather Outlook	Approx. No. of days Anderson storage is projected to remain above DSOD restriction	Approximate date storage falls below DSOD restriction
Wetter Spring	55 - 65	Early May 2017
Average Spring	35 – 45	Mid-April 2017
Drier Spring	30 – 40	Early April 2017

Summary

- Water District fully opened Anderson outlet valve on January 9, 2017.
- Water District continued releasing maximum discharge from Anderson Reservoir until February 20, 2017.
- Outlet valve was fully re-opened on February 24.
- Anderson Reservoir is currently ~90% full. It will take an estimated 30 – 65 days to return to restricted level.

RESOLUTION NO. G-2017-003

A RESOLUTION OF THE GOVERNING BOARD OF THE SANTA CLARA VALLEY HABITAT AGENCY ADOPTING THE 2017 BURROWING OWL CONSERVATION FEE MAP

WHEREAS, the Santa Clara Valley Habitat Plan ("Plan") adopted in August 2012 calls for the imposition of a Burrowing Owl Conservation Fee ("Fee") on covered activities occurring within occupied burrowing owl habitat and contained a map (Figure 5-11) delineating a burrowing owl conservation zone, based upon all land cover types suitable for burrowing owl nesting, foraging, and overwintering and within 0.5 miles of nest locations documented within the 2006-2009 nesting seasons; and

WHEREAS, each year the Habitat Agency coordinates a countywide effort to survey for burrowing owls during the nesting season to determine where burrowing owls are nesting, and to assess the habitat quality on all parcels within occupied burrowing owl habitat; and

WHEREAS, since occupied burrowing owl habitat is based on documented nest occurrences locations, there is the potential for the Burrowing Owl Conservation Fee Zone ("Zone") to change from year to year; and

WHEREAS, all nest observances for 2014, 2015 and 2016 result in minor modifications of the occupied burrowing owl fee habitat, with a resultant modification to the Zone subject to the Fee, as depicted in Attachment A; and

WHEREAS, the Joint Exercise of Powers Agreement Creating the Santa Clara Valley Habitat Agency provides that the Governing Board shall make all decisions relating to adoption and modification of fees, and the revision of the map directly impacts areas subject to fees;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE SANTA CLARA VALLEY HABITAT AGENCY that the map entitled “Burrowing Owl Fee Map 2017” attached and incorporated by reference as Attachment “A,” is hereby adopted and shall remain in full force and effect until such time as surveys necessitate a revision to the map.

ADOPTED by the Governing Board of the Santa Clara Valley Habitat Agency on March 16, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RICH CONSTANTINE
Chair, Governing Board
Santa Clara Valley Habitat Agency

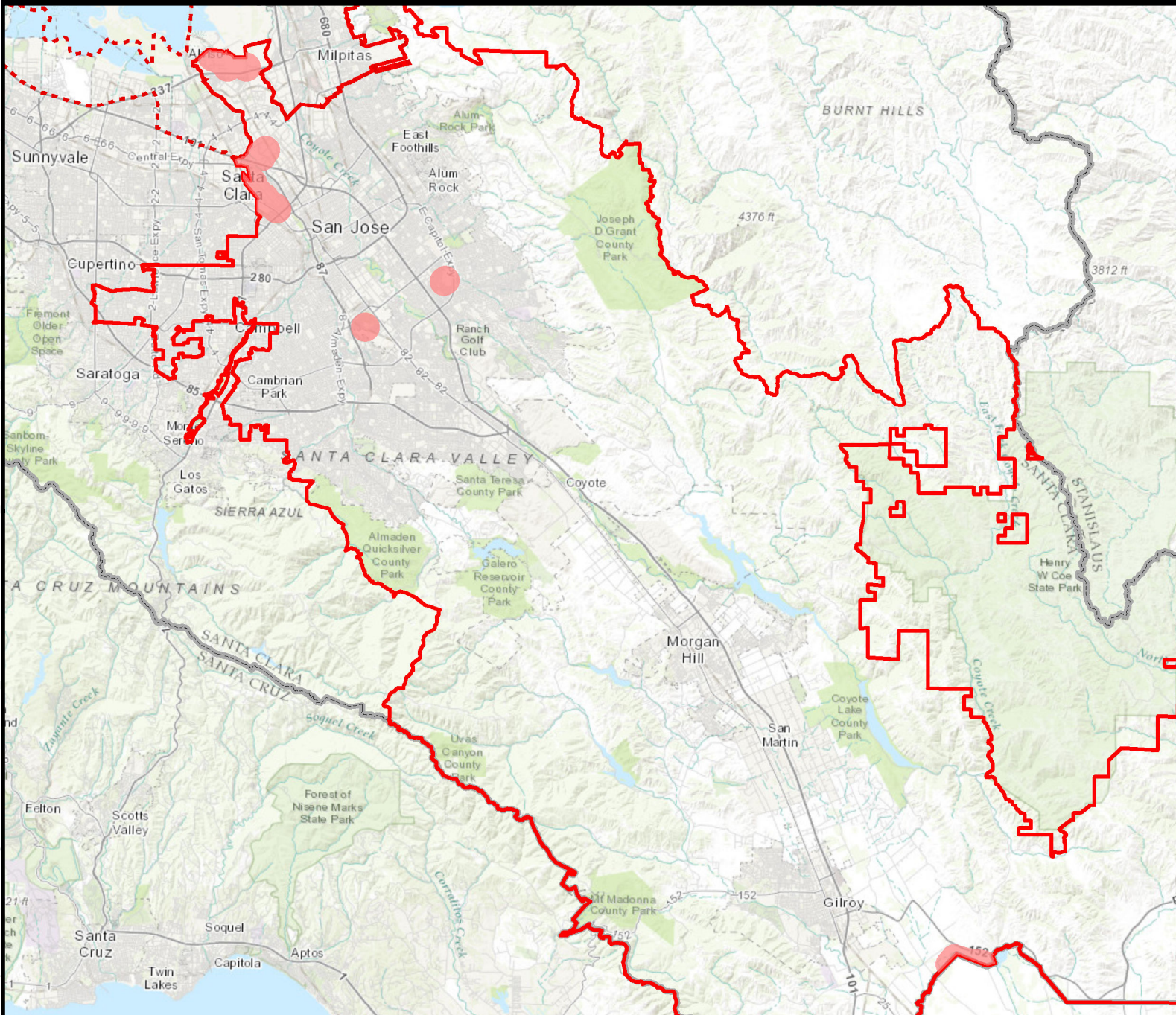
ATTEST:

ANGIE GONZALEZ
Deputy Secretary
Santa Clara Valley Habitat Agency

Attachments: Attachment A Burrowing Owl Fee Map 2017

2017 Fee Zones

MAP by BAZ, SCC Planning Office TeamGIS, D:\HCP_PROJECTS\BUOW\BUOW 2016\Observations 2016\FeeZones_2017.mxd (1/25/2017)



- 2017 Fee Zones
- Expanded Permit Area for Burrowing Owl Conservation
- Habitat Plan Permit Area
- County Boundary

0 2.5 5
Miles



535 Alkire Avenue
Morgan Hill, CA 95037
(408) 779-7261

SANTA CLARA VALLEY
HABITAT AGENCY



Special - Regular Meeting Agenda
City Council

Steve Tate - Mayor
Larry Carr - Mayor Pro Tem
Rich Constantine - Council Member
Caitlin Jachimowicz - Council Member
Rene Spring - Council Member

Wednesday, March 15, 2017 6:30 PM

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

SPECIAL/REGULAR MEETING

(6:30 P.M. Closed Session / 7:00 P.M. Regular Meeting)

A Special Meeting of the City Council is called at 6:30 p.m. for the purpose of conducting a closed session.

TELECONFERENCE

Mayor Tate will be participating in the meeting via teleconference as follows:

Mayor Steve Tate
4610 North 68th Street, Unit 438
Scottsdale, AZ 85251

Public comment from the Arizona location shall be allowed.

SPECIAL MEETING

6:30 P.M.

CALL TO ORDER

(Mayor Pro Tem Carr)

ROLL CALL ATTENDANCE

(Deputy City Clerk Wilson)

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2

(Deputy City Clerk Wilson)

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Initiation of litigation pursuant to: Government Code Section 54956.9(d)(4)

Number of Cases: One (1)

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Pursuant to Government Code Section 54956.9(d)(1)

Case Name: The Bank of New York Mellon v. City of Morgan Hill, et al.

Case Number: Santa Clara County Superior Court Case No: 1-15-CV-279257

RECONVENE

CLOSED SESSION ANNOUNCEMENT

REGULAR MEETING

7:00 P.M.

The City Council has adopted a policy that regular meetings shall not continue beyond 11:00 p.m. unless extended by a majority of the City Council.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Council Member Spring

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PROCLAMATIONS

Proclaiming the week of March 20, 2017 as Science Fair Week
Forrest Williams, Board Member, Santa Clara Valley Science and Engineering Fair Association

Proclaiming the Month of March 2017 as American Red Cross Month
Mohammed "Mo" Ghandehari, Silicon Valley Chapter

Proclaiming the Month of March 2017 as Arts Education Month
Sharon Dahnert, Artspiration Program, Santa Clara County Office of Education

PRESENTATIONS

YAC PRESENTATION - ASSET #17 - CREATIVE ACTIVITIES

Recommendation:

PUBLIC COMMENT

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. (See additional noticing at the end of this agenda)

OUTSIDE AGENCY REPORTS

ANDERSON DAM WATER LEVEL REPORT

Recommendation:

Receive verbal report from the Santa Clara Valley Water District and discuss items related to Anderson Dam's water level

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.

Time Estimate for Consent Calendar: 1 - 10 Minutes

1. ACCEPT AQUATIC FOUNDATION DONATION

Recommendation:

Authorize the City Manager to execute, administer, and further negotiate as necessary a contract accepting a donation from the Morgan Hill Aquatic Foundation for the provision of swim lessons for under-served youth.

2. BOARD OF STATE AND COMMUNITY CORRECTIONS CITY LAW ENFORCEMENT GRANT

Recommendation:

1. Adopt resolution accepting grant funding in the amount of \$49,705.98 from the State of California Board of State and Community Corrections for the supplement of the City of Morgan Hill's Safe Parking Program and amending the Fiscal Year 2016/17 Budget and appropriating an additional \$49,705.98 for the purchase of supplies/materials and participant services; and
2. Recognize grant revenue.

3. PEDESTRIAN SAFETY AND TRAFFIC CALMING UPDATE AND AWARD OF CONTRACT FOR THE FOURTH STREET & MONTEREY ROAD SIGNALIZATION PROJECT

Recommendation:

Adopt Resolution approving the following actions:

1. Receive update on pedestrian safety and traffic calming projects;
2. Approve Fourth Street & Monterey Road Signalization Project plans and specifications;
3. Award a contract to Mike Brown Electric Co. for the Fourth Street & Monterey Road Signalization Project in the amount of \$306,430;
4. Authorize expenditure of construction contingency funds not to exceed \$30,643; and
5. Authorize the City Manager to execute and administer the construction contract with Mike Brown Electric Co.

4. JANUARY 2017 FINANCIAL AND INVESTMENT REPORT

Recommendation:

Accept and file report.

5. RECEIVE AND FILE THE ANNUAL SB 165 REPORT FOR CFD NO. 2014-1 (FISHER CREEK)

Recommendation:

Receive and file the report.

6. FOLLOW-UP RESPONSE TO GRAND JURY REGARDING PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Recommendation:

Approve the follow-up response to Grand Jury.

7. APPROVE THE FEBRUARY 15, 2017 SPECIAL-REGULAR CITY COUNCIL MEETING MINUTES.

Recommendation:

Approve minutes.

8. APPROVE THE FEBRUARY 22, 2017 SPECIAL/REGULAR CITY COUNCIL MEETING MINUTES

Recommendation:

Approve Minutes.

9. APPROVE THE MARCH 1, 2017 REGULAR CITY COUNCIL MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

10. DOWNTOWN PARKING UPDATE

Recommendation:

1. Receive Downtown Parking Report; and
2. Provide direction on next steps

Estimated Time: 60 Minutes

11. RECENT SEWER OVERFLOW REPORT AND FIRST AMENDMENT TO LABORATORY SERVICES AGREEMENT - ALPHA ANALYTICAL LABORATORIES

Recommendation:

1. Receive report on recent sewer spill and response;
2. Approve First Amendment to laboratory services agreement with Alpha Analytical Laboratories, Inc. to amend scope of services, increase the not-to-exceed fee amount to \$208,955, and to extend the term of the agreement by 18 months;
3. Authorize City Manager to execute First Amendment; and
4. Direct staff to return to the Council with a plan for accelerating implementation of master planned sewer trunk facilities.

Estimated Time: 30 Minutes

12. PUBLIC SAFETY MASTER PLAN UPDATE: REINSTATE CRIME SUPPRESSION UNIT AND ADDITION OF ANIMAL SERVICES OFFICER

Recommendation:

1. Approve re-establishing Street Crimes Team by reassigning current member of DEA Taskforce;
2. Direct staff to include the addition of an Animal Services Officer for mid-cycle budget consideration; and
3. Accept Police Department's recommendations and implementation plan

Estimated Time: 30 Minutes

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 that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers, and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order 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 by 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 plan an item on the agenda for a future City Council meeting. Should your comments require Council action, your request may be placed on the next appropriate agenda. 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 michelle.wilson@morganhill.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email michelle.wilson@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting



Sustainable Morgan Hill Vision

Morgan Hill is a socially responsible, environmentally conscious, and economically sound community that embraces inclusiveness with participation by all.

CITY COUNCIL ONGOING PRIORITIES

Enhancing Public Safety · Protecting the Environment · Maintaining Fiscal Responsibility ·
Supporting Our Youth, Seniors, and Entire Community · Fostering a Positive Organizational Culture ·
Preserving and Cultivating Public Trust · Preserving Our Cultural Heritage

2017 STRATEGIC PRIORITIES

High Speed Rail

Inclusiveness

Infrastructure

Regional Initiatives

Telecommunications

2017 STRATEGIC PRIORITIES:



High Speed Rail

The City of Morgan Hill will directly advocate for our community's needs through our communications, discussions, and decisions. We will continue to engage the community, the High Speed Rail Authority, our state and federal legislators, and other regional agencies to mitigate negative impacts and convey our position that the High Speed Rail Authority should only use the existing Highway 101 right-of-way to avoid all impacts to residents, schools, and businesses. Should the Authority decide the 101 right-of-way is not feasible, we will strongly advocate for the route with the least impact on Morgan Hill.



Inclusiveness

We will celebrate the diversity, history, and culture of our community. Through City Council workshops, community meetings, and researching successes in other communities, the City will listen to and collaborate with the community to define how inclusiveness will be further woven into our community's fabric and to increase public participation. The City's communications, services, public spaces, and projects will embrace all community members as partners, advancing our vision of being a socially responsible community.



Infrastructure

The City will review its streets, parks, and public facilities infrastructure needs initially by updating its 2014 infrastructure study to quantify the funding gap. We will identify potential funding options as ongoing revenue is insufficient to fund our vital community assets at a sustainable level without significantly impacting existing service levels that our community has come to expect. Morgan Hill will actively work with the Valley Transportation Agency, the County, and the State to secure funding for the Santa Teresa extension and road maintenance. We will continue to work closely with our community to inform them of the needs and engage them to find an affordable and sustainable solution.



Regional Initiatives

City Council and staff will focus on influencing regional decisions that benefit Morgan Hill. This regional involvement will include, but not be limited to, partnering with the League of California Cities, Valley Transportation Authority, Santa Clara Valley Water District, Cities Association of Santa Clara County, the City of Gilroy, Santa Clara County, Morgan Hill Unified School District, the Local Agency Formation Commission, the Open Space Authority, and Silicon Valley Clean Energy to advance projects that further Sustainable Morgan Hill.



Telecommunications

The City will collaborate with the private sector to explore ways to provide fast, reliable access and wireless connectivity for residents and businesses. The 2016 Telecommunications Infrastructure and Economic Development Blueprint reports will be the foundation for continuing discussions with broadband providers, public utilities, and other infrastructure service providers in developing an implementation plan for growing our telecommunications infrastructure. The plan will be used to signal Morgan Hill's support for business expansion.

March Developmental Asset Asset #17 Creative Activities

Young person spends three or more hours per week in lesson or practice in music, theater or other arts.

BALLOON ART & FACE PAINTING BY YAC MEMBERS

- Ø YAC Members participate in many fun events throughout the year. These events include Summer Fun in the Park, GET Fit Event, Art a la Carte, Taste of Morgan Hill, Mushroom Mardi Gras, Living Above the Influence, and other community events.
- Ø YAC Members are trained to do balloon art and to do face painting during the Youth Leadership Program by other YAC Members and our Advisor Mejia.

These activities capture the essence of the creative activities that all youth should incorporate into their life.

DEMO



March Complementary Developmental Asset Asset #19

Religious Community

Young Person spends one or more hours
per week in activities in a religious
institution.

Religious Community

- Ø Participation in religious communities helps reduce risky behaviors and teaches values and encourages service to others
- Ø Many youth in our community utilize religious institutions as centers of faith, community, and worship
- Ø Faith-centered activities are excellent pathways to bring people together



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: Steve Rymer, City Manager

APPROVED BY: City Manager

ANDERSON DAM WATER LEVEL REPORT

RECOMMENDATION(S)

Receive verbal report from the Santa Clara Valley Water District and discuss items related to Anderson Dam's water level

COUNCIL PRIORITIES, GOALS & STRATEGIES

LINKS/ATTACHMENTS:



CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: Nick Calubaquib, Recreation Manager

APPROVED BY: City Manager

ACCEPT AQUATIC FOUNDATION DONATION

RECOMMENDATION(S)

Authorize the City Manager to execute, administer, and further negotiate as necessary a contract accepting a donation from the Morgan Hill Aquatic Foundation for the provision of swim lessons for under-served youth.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Supporting Our Youth
Seniors
and Entire Community

2017 Strategic Priorities

Inclusiveness

REPORT NARRATIVE:

The Morgan Hill Aquatic Foundation (Foundation) is a non-profit organization dedicated to supporting aquatic programs and activities in Morgan Hill. The Foundation would like to donate funds to the City to subsidize swim lessons for socio-economically disadvantaged youth.

The Community Service Department (Department) currently provides financial assistance for participation in recreation programs offered by the Department, such as CRC membership, recreation classes, camps, and swim lessons. Individuals and families may receive up to 50% off registration fees, based on a sliding scale and demonstrated need. Financial assistance provided is accounted for through program revenue projections.

To further this existing effort, the Aquatic Foundation would like to donate funds to match the currently provided City subsidy for swim lesson participants. For example, a swim lesson participant who is currently eligible for a 50% subsidy provided by the City would receive an additional 50% subsidy provided by the Foundation, thus covering 100% of the program's fees.

In 2016, a total of 65 youth received financial assistance for participation in swim lessons, in the amount of \$2,800. The Foundation would like to donate \$1,000 for the remainder of FY 2016-2017 and \$2,500 for FY 2017-2018 to match the currently provided City subsidy for swim lesson participants. Seed money for this endeavor was provided by funds donated to the Aquatic Foundation by former Mayor Dennis Kennedy.

COMMUNITY ENGAGEMENT: Involve

City staff regularly attend Aquatic Foundation board meetings. The Aquatic Foundation approached City staff with the proposal to donate funds to subsidize swim lessons for socio-economically disadvantaged youth.

ALTERNATIVE ACTIONS:

The City Council could elect to not accept this donation.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

September 16, 2015 – The City Council accepted a \$10,000 donation from the Aquatic Foundation for the installation of the scoreboard at the Morgan Hill Aquatics Center.

FISCAL AND RESOURCE IMPACT:

Community Services Department grant revenue would increase by \$1,000 for FY 2016-2017 and \$2,500 for FY 2017-2018. Swim lessons revenue would decrease by these same amounts each year.

CEQA (California Environmental Quality Act):

Not a project.

LINKS/ATTACHMENTS:

1. Aquatic Foundation Donation - Swim Lessons

CITY OF MORGAN HILL DONATION AGREEMENT

THIS AGREEMENT is made this _____ of _____, 2017, by the CITY OF MORGAN HILL, a municipal corporation, ("City") and the Morgan Hill Aquatic Foundation, a California non-profit ("Foundation"). City and Foundation may be called the "parties" throughout this Agreement.

RECITALS

WHEREAS, Foundation would like to donate funds to City for the subsidization of swim lessons for socio-economically disadvantaged youth; and

WHEREAS, Foundation's donation of funds to City for the subsidization of swim lessons is in the total amount of one thousand dollars (\$1,000.00) for Fiscal Year 2016-2017 and two thousand, five hundred dollars (\$2,500.00) for Fiscal Year 2017-2018; and

WHEREAS, City desires to accept the donation from Foundation of funds for the provision of swim lessons in the amount of three thousand, five hundred dollars (\$3,500.00).

AGREEMENT

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Donation.** Foundation agrees to irrevocably donate, and City agrees to accept, the donation of funds in the total amount of three thousand, five hundred dollars (\$3,500.00), and City agrees to apply such donation towards the provision of swim lessons for socio-economically disadvantaged youth. Foundation proposes to donate one thousand dollars (\$1,000.00) of its full donation to City on or about the end of Fiscal Year 2016-2017, and to donate an additional two thousand, five dollars (\$2,500.00) to City on or about the end of Fiscal Year 2017-2018.
2. **Use of Donation.** Donated funds will be used to provide matching financial assistance in addition to the financial assistance already provided by City to swim lesson program participants.
3. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified, or provisions waived, only by subsequent mutual written agreement executed by City and Foundation.

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

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

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

THE CITY OF MORGAN HILL

Morgan Hill Aquatic Foundation

City Manager

Date: _____

ATTEST:

Name:

Date: _____

Title: _____

City Clerk

Date: _____

APPROVED AS TO FORM:

City Attorney

Date: _____



CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: Shane Palsgrove, Police Captain
APPROVED BY: City Manager

BOARD OF STATE AND COMMUNITY CORRECTIONS CITY LAW ENFORCEMENT GRANT

RECOMMENDATION(S)

1. Adopt resolution accepting grant funding in the amount of \$49,705.98 from the State of California Board of State and Community Corrections for the supplement of the City of Morgan Hill's Safe Parking Program and amending the Fiscal Year 2016/17 Budget and appropriating an additional \$49,705.98 for the purchase of supplies/materials and participant services; and
2. Recognize grant revenue.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Supporting Our Youth
Seniors
and Entire Community
Preserving and Cultivating Public Trust

2017 Strategic Priorities

Inclusiveness

REPORT NARRATIVE:

The Budget Act of 2016, Chapter 23, Statutes of 2016, allocates \$20 million to cities to increase positive outcomes between municipal law enforcement and high-risk populations. The State Controller's Office is authorized to disburse these funds per a schedule provided by the Department of Finance. As stipulated in Provision 1 of Item 5227-102-0001 of the Budget Act of 2016, the fiscal year 2016-17 awards were determined based on a combination of factors, including the size of police departments in each county and mental health and homeless population data. The City of Morgan Hill received a grant award in the amount of \$49,705.98. Consistent with historical practice for this grant, our city is the fiscal agent for local disbursement. Disbursement of these funds shall be the collective decision of the city police departments within our county.

Allowed activities under this grant award are below:

- a) Homeless Outreach Teams
- b) Crisis Intervention Training for Officers
- c) Gang Resistance Education and Training (GREAT)
- d) Resources for drug endangered children
- e) Outreach to high-risk youth

- f) Youth diversion programs
- g) Gang and violence prevention programs

The Police Department, working in partnership with the Housing Services Division, and our local Faith Based Community identified outreach to our homeless population as an immediate need. This team has selected to use these funds to enhance the *Safe Parking Program* (SPP), which provides services and resources to homeless persons living in their cars or dilapidated vehicles in Morgan Hill. Currently, the SPP is operated, funded, and supported by a group of churches in Morgan Hill. Members of the Faith Based Community are providing resources to these individuals that include but are not limited to showers, bathrooms, financial support, meals, counseling, case management, career/vocational training, food stamps, transitional housing, job referrals, mail services, internet access, medical, dental, etc. The Police Department and Housing Services Division will join this effort to help identify at-risk homeless persons and provide assistance to obtain transitional housing for the program participants. Funds awarded to the City will supplement services currently being provided through the SPP. Grant funds will be used to provide portable bathrooms, lighting, security, generator, homeless outreach case management staff, and other necessary staffing or equipment needed to enhance services.

The intent of the SPP is to stabilize and enhance living conditions for each participant to a level where the participant no longer resides in his/her vehicle. The SPP has identified a parking area at the Morgan Hill Bible Church where program participants will be able to park their vehicle each night for 90 nights. During that time, they will have access to the services described above. It will provide a safe and clean environment where participants can receive the necessary services and referrals to help them transition from homelessness to independence. The program will be limited to eight (8) vehicles and a maximum of 32 persons. Each participant will be enrolled in the SPP for a 3-month period. After the 3 months, the program's benefit and effectiveness for each participant is evaluated and any improvements or changes necessary are identified. Based on this evaluation, the program may be modified for an individual participant and extended as deemed appropriate by program advisors. It is anticipated the grant award will provide funding for these services for a 12-month time frame.

ALTERNATIVE ACTIONS:

The council could choose not accept the grant and suggest alternative programs to assist the homeless in our community.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Not Applicable

FISCAL AND RESOURCE IMPACT:

The City would recognize \$49,705.98 in grant revenue toward the Police Grant account 010.3755 in the general fund and appropriate \$49,705.98 in expenditures in Field Patrol – Contract Services (010.3210.42231). A Budget Scorecard is attached.

CEQA (California Environmental Quality Act):

Not a Project

LINKS/ATTACHMENTS:

1. BSCC Grant Award-Reso_3-15-17
2. 074 - Community Corrections Grant

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, ACCEPTING GRANT FUNDS FROM THE CALIFORNIA STATE BOARD OF COMMUNITY CORRECTIONS FOR THE SAFE PARKING PROGRAM AND APPROVING AN AMENDMENT TO THE CITY'S FISCAL YEAR FY16-17 BUDGET IN THE GENERAL FUND (FUND NO. 010) TO APPROPRIATE \$49,705.98

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 entitled "Board of State and Community Corrections City Law Enforcement Grant" submitted for City Council consideration at its meeting of March 15, 2017 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 Budget for Fiscal Year 16-17, 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 activities allowed under this Resolution do not constitute a project under the provisions of California Environmental Quality Act of 1970; 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 Award of Grant Funds from the State Board of Community Corrections for the Safe Parking Program is hereby accepted; and
- b. That the City's previously adopted Fiscal Year 16-17 Budget, as the same has been amended to date, is hereby further amended in accordance with and as reflected on Exhibit A attached hereto and incorporated herein by this reference; and
- c. 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 Year 16-17 Budget of the City.

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 15th day of March, 2017 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

COUNCIL MEMBERS:
COUNCIL MEMBERS:
COUNCIL MEMBERS:
COUNCIL MEMBERS:

DATE: _____

Steve Tate, MAYOR

∞ 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.XXXX , adopted by the City Council at the meeting held on March 15, 2017.

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

DATE: _____

Irma Torrez, CITY CLERK

Attachment: BSCC Grant Award-Reso_3-15-17 (1053 : BSCC City Law Enforcement Grant)

AGENDA BUDGET SCORECARD**FISCAL YEAR 2016-17****ADJUSTMENT #**

074

FUND:**DEPARTMENT:****OBJECT:**

010	General Fund
3210	Police-Patrol
42231	CONTRACT SERVICES

AGENDA DATE:

03/15/17 Board of State and Community Corrections City Law Enforcement Grant
--

AGENDA ITEM TITLE:

	07/01/16 AUDITED BEGINNING FUND BALANCE	ESTIMATED REVENUES	APPROPRI- ATIONS	06/30/17 PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	17,398,147	36,200,537	38,139,233	15,459,451
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	166,962	984,533	(817,571)
RECOMMENDED ACTION	-	49,706	49,706	-
RESULT OF RECOMMENDED ACTION	<u>17,398,147</u>	<u>36,417,205</u>	<u>39,173,472</u>	<u>14,641,880</u>

Attachment: 074 - Community Corrections Grant (1053 : BSCC City Law Enforcement Grant)



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: Scott Creer, Deputy Director of Engineering

APPROVED BY: City Manager

PEDESTRIAN SAFETY AND TRAFFIC CALMING UPDATE AND AWARD OF CONTRACT FOR THE FOURTH STREET & MONTEREY ROAD SIGNALIZATION PROJECT

RECOMMENDATION(S)

Adopt Resolution approving the following actions:

1. Receive update on pedestrian safety and traffic calming projects;
2. Approve Fourth Street & Monterey Road Signalization Project plans and specifications;
3. Award a contract to Mike Brown Electric Co. for the Fourth Street & Monterey Road Signalization Project in the amount of \$306,430;
4. Authorize expenditure of construction contingency funds not to exceed \$30,643; and
5. Authorize the City Manager to execute and administer the construction contract with Mike Brown Electric Co.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

2017 Strategic Priorities

Infrastructure

REPORT NARRATIVE:

Pedestrian Safety and Traffic Calming Projects Update

As part of the City Council's Downtown pedestrian safety and traffic calming efforts, the Council approved several enhancements to the Downtown intersections. These enhancements included the installation of new pedestrian crossing lighting at the intersections of First Street, Third Street, Fourth Street (in advance of the traffic signal), and Fifth Street, pedestrian activated in-ground crosswalk lighting at Third Street and a new traffic signal at the intersection of Fourth Street and Monterey Road. To date, the pedestrian crossing lighting has been completed at all the intersections except First Street. The next step is for the contractor to complete the new lighting at First Street and install the in-ground crosswalk lighting. The contractor has committed to completing the work at First Street and installing the pedestrian activated in-ground crosswalk lighting at Third Street prior to the end of March 2017.

Fourth Street and Monterey Road Traffic Signal Project

The Fourth Street and Monterey Road traffic signal project was originally put out to bid in January 2017. However, following the bid opening on January 19, 2017, the apparent low bidder notified the City that their bid was in error since they had failed to

include pricing from their subcontractor in their bid. Accordingly, the apparent low bidder “sought relief of their proposal” from the City. The City at the time had the option of awarding the project to the second lowest and responsive bidder, although that bid was significantly higher than the engineer’s estimate. At the February 1, 2017 City Council meeting, the Council adopted staff’s recommendation to reject all bids and rebid the project instead of awarding the contract to the second lowest bidder - Columbia Electric Inc. in the amount of \$636,291. The goal was to obtain more competitive bids by value engineering and repackaging the project. Adjustments were made to the bid package and the project was released for rebid on February 10, 2017. See the project plans and specifications below.

The bid opening was held on March 2, 2017 and the bids received are listed below. The latest bids reflect a project cost savings to the City of approximately \$330,000 between the bid received from Columbia Electric Inc. on January 19, 2017 and Mike Brown Electric Co.’s bid received on March 2, 2017. The Mike Brown Electric Co. is an experienced electric contractor and has many years of experience doing this type of work. Staff recommends award of the contract to Mike Brown Electric Co. The project is scheduled to begin in April 2017 and be completed by July 2017.

Mike Brown Electric Co.	\$306,430
Rosendin Electric, Inc.	\$314,977
Tennyson Electric, Inc.	\$397,720
St. Francis Electric, LLC	\$432,000

COMMUNITY ENGAGEMENT: Inform

Affected businesses and/or property owners will be notified of work in their area.

ALTERNATIVE ACTIONS:

Not applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

September 16, 2015 - City Council approved the Monterey Road Complete Streets Pedestrian Safety and Traffic Calming Improvements program

April 6, 2016 - City Council received update on Monterey Road Complete Streets Pedestrian Safety and Traffic Calming Improvements program

June 15, 2016 – City Council approved the Fiscal Year 2016-17 thru 2021-22 Capital Improvement Program

July 20, 2016 - City Council received an update on Monterey Road Complete Streets Pedestrian Safety and Traffic Calming Improvements program

February 1, 2017 – City Council rejected all bids for the Fourth Street and Monterey Road Signalization Project and directed staff to rebid the project

FISCAL AND RESOURCE IMPACT:

The total contract authorization for this project would be \$337,073, which includes a 10% contingency of \$30,643. This exceeds the adopted budget for this project of \$250,000 (Fund 346 and Fund 309), including architecture and design and project

implementation costs. The project funding is recommended from the following sources:

1. \$225,000 from the 2016-2017 Capital Improvement Program budget under New Signal Construction, Project #502Q16 (Fund 346).
2. \$112,073 from the 2016-2017 Capital Improvement Program budget under RDCS School Safety Improvements, Project #551008 (Fund 355). These funds were not included in the adopted budget for the signalization project, but are appropriated and available for projects that enhance pedestrian safety within three-quarters of a mile from schools.

CEQA (California Environmental Quality Act):

Categorical Exemption: Minor alteration to existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities. Cal. Code Regs., tit. 14, § 15301.

LINKS/ATTACHMENTS:

1. Fourth Signal Location Map
2. Resolution for Award of Fourth Street & Monterey Road Signalization Project
3. Exhibit A - 4th & Monterey Contract
4. Bid Results
5. Bid Specifications
6. Project Plans



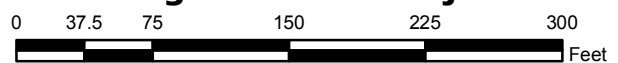
CITY OF MORGAN HILL

**Department of Public Works
Engineering and Utilities Division**

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SITE MAP

**Fourth St. and Monterey Rd.
Traffic Signalization Project**



RESOLUTION NO. XXXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADOPTING CERTAIN PLANS AND SPECIFICATIONS, AWARDED A CONTRACT TO MIKE BROWN ELECTRIC CO. FOR THE FOURTH STREET AND MONTEREY ROAD SIGNALIZATION PROJECT IN THE AMOUNT OF \$306,430 AUTHORIZING EXPENDITURE OF CONSTRUCTION CONTINGENCY FUNDS NOT TO EXCEED \$30,643, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AND ADMINISTER THAT CERTAIN CONSTRUCTION AGREEMENT WITH MIKE BROWN ELECTRIC CO. FOR THE FOURTH STREET AND MONTEREY ROAD SIGNALIZATION PROJECT

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, those certain plans and specifications for the Fourth Street & Monterey Road Signalization Project (the "Project") were prepared for the City of Morgan Hill (the "Plans and Specifications"); and

WHEREAS, pursuant to all applicable laws of the State of California, the Project was advertised for bids, and on March 2, 2017 City staff publicly opened said bids; and

WHEREAS, four (4) bid proposals were received for the Project ranging in price from \$306,430 to \$432,000; and

WHEREAS, City staff reviewed all bid proposals submitted for responsiveness; and

WHEREAS, City staff determined that Mike Brown Electric Co. submitted the lowest cost bid and is the lowest responsive and responsible bidder; and

WHEREAS, no valid bid protest was filed with the City in connection with the bid proposals opening for this Project; and

WHEREAS, further 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 entitled "AWARD OF CONTRACT FOR THE FOURTH STREET AND MONTEREY ROAD SIGNALIZATION PROJECT" submitted for City Council consideration at its meeting of March 15, 2017, 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 activities allowed under this Resolution are exempt under the provisions of the California Environmental Quality Act of 1970, together with guidelines promulgated thereunder, and more specifically pursuant to Section 15301 of the CEQA Guidelines setting forth a categorical exemption for maintenance of existing facilities; 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. Plans and Specifications. The City Council does hereby approve the Plans and Specifications.

Section 3. Approval and Authorization. The City Council does further find, resolve, order and/or direct as follows, based upon the entirety of the record and proceedings before it:

- a. That the Project is categorically exempt from CEQA in accordance with the CEQA Guidelines section described in this Resolution; and
- b. That the bid proposal of \$306,430 received from Mike Brown Electric Co. is the lowest, responsive bid, that any irregularities in such bid are hereby waived in accordance with applicable law, and that the contract for the Project is hereby awarded to Mike Brown Electric Co., and
- c. That the Construction Agreement with Mike Brown Electric Co. for the Fourth Street & Monterey Road Signalization Project substantially in the form attached hereto as Exhibit A and incorporated herein by this reference (the "Agreement") is hereby approved; and
- d. The City Manager is hereby delegated authority to and is authorized and directed to execute the Agreement substantially in the form attached hereto as Exhibit A and is further authorized to subsequently administer the Agreement (including the authority to terminate the Agreement to preserve or protect the City's or the public interest); provided, specifically, that the amounts to be

paid by City under the Agreement shall in no event exceed Three Hundred Six Thousand Four Hundred Thirty Dollars (\$306,430) for the base bid and Thirty Thousand Six Hundred Forty-Three Dollars (\$30,643) for construction contingencies, for a total amount authorized not to exceed of Three Hundred Thirty-Seven Thousand Seventy-Three Dollars (\$337,073) and

- e. 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; and

Section 4. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the City Council of the of the City of Morgan Hill at a Regular Meeting held on the 15th day of March 2017 by the following vote:

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

ATTEST:

IRMA TORREZ
City Clerk

STEVE TATE, Mayor

∞ 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. XXXX, adopted by the City Council at the meeting held on March 15, 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

CONTRACT

This public works contract ("Contract") is entered into by and between the City of Morgan Hill ("City") and Mike Brown Electric Co. ("Contractor") for work on the **FOURTH STREET & MONTEREY ROAD SIGNALIZATION PROJECT** ("Project").

The parties agree as follows:

1. **Award of Contract.** In response to the Notice Inviting Bids, Contractor has submitted a Bid Proposal to perform work on the Project, and on March 15, 2017, 2017, (contract date) City authorized award of this Contract to Contractor for the amount of Contractor's bid.
2. **Contract Documents.** The Contract Documents incorporated into this Contract include and are comprised of all of the following:
 - 2.1 Notice Inviting Bids;
 - 2.2 Instructions to Bidders;
 - 2.3 Addenda, if any;
 - 2.4 Bid Proposal and attachments thereto;
 - 2.5 Contract;
 - 2.6 Payment and Performance Bonds;
 - 2.7 General Conditions;
 - 2.8 Special Conditions;
 - 2.9 Project Drawings and Specifications;
 - 2.10 Change Orders, if any;
 - 2.11 Notice of Award;
 - 2.12 Notice to Proceed;
 - 2.13 And the following: No other documents
3. **Contractor's Obligations.** Contractor agrees to perform all of the Work required for the Project, as specified in the Contract Documents. Contractor must provide, furnish, and supply all things necessary and incidental for the timely performance and completion of the Work, including all necessary labor, materials, equipment, transportation, and utilities, unless otherwise specified in the Contract Documents. Contractor must use its best efforts to complete the Work in a professional and expeditious manner and to meet or exceed the performance standards required by the Contract Documents.

4. **Payment.** As full and complete compensation for Contractor's timely performance and completion of the Work in strict accordance with the terms and conditions of the Contract Documents, City will pay Contractor Three Hundred Six Thousand Four Hundred and Thirty Dollars (\$306,430) (the "Contract Price"), in accordance with the payment provisions in the General Conditions. The Contract Price includes all applicable federal, state, and local taxes.
5. **Time for Completion.** Contractor will fully complete the Work for the Project within Ninety (90) calendar days from the commencement date given in the Notice to Proceed ("Contract Time"). By signing below, Contractor expressly waives any claim for delayed early completion.
6. **Liquidated Damages.** If Contractor fails to complete the Work within the Contract Time, City will assess liquidated damages in the amount of Five Hundred Dollars (\$ 500.00) for each day of unexcused delay in completion, and the Contract Price will be reduced accordingly.
7. **Labor Code Compliance.**
 - 7.1 **General.** This Contract is subject to all applicable requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code, including requirements pertaining to wages, working hours and workers' compensation insurance.
 - 7.2 **Prevailing Wages.** This Project is subject to the prevailing wage requirements applicable to the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the Work, including employer payments for health and welfare, pension, vacation, apprenticeship and similar purposes. Copies of these prevailing rates are available online at <http://www.dir.ca.gov/DLSR>.
 - 7.3 **DIR Registration.** City will not enter into the Contract with a bidder, without proof that the bidder and its Subcontractors are registered with the California Department of Industrial Relations ("DIR") to perform public work under Labor Code Section 1725.5, subject to limited legal exceptions.
8. **Workers' Compensation Certification.** Under Labor Code Section 1861, by signing this Contract, Contractor certifies as follows: "I am aware of the provisions of Labor Code Section 3700 which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the Work on this Contract."
9. **Notice.** Any notice, billing, or payment required by the Contract Documents must be made in writing, and sent to the other party by personal delivery, U.S. Mail, a reliable overnight delivery service, facsimile, or by email as a PDF (or comparable)

file. Notice is deemed effective upon delivery unless otherwise specified. Notice for each party must be given as follows:

City:

City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Phone: (409) 310-4640
Attn: Scott Creer
Email: scott.creer@morganhill.ca.gov

Contractor:

Name: Mike Brown Electric Co.
Address: 561-A Mercantile Drive
City/State/Zip: Cotati, CA 94931
Phone: 707-792-8100
Attn: Susan Allred
Email: susan@mbelectric.com

10. General Provisions.

- 10.1 Assignment and Successors.** Contractor may not assign its rights or obligations under this Contract, in part or in whole, without City's written consent. This Contract is binding on Contractor's successors and permitted assigns.
- 10.2 Third Party Beneficiaries.** There are no intended third party beneficiaries to this Contract except as expressly provided in the General Conditions or Special Conditions.
- 10.3 Governing Law and Venue.** This Contract will be governed by California law and venue will be in the Superior Court of Santa Clara County, and no other place.
- 10.4 Amendment.** No amendment or modification of this Contract will be binding unless it is in a writing duly authorized and signed by the parties to this Contract.
- 10.5 Integration; Severability.** This Contract and the Contract Documents incorporated herein, including authorized amendments or Change Orders thereto, constitute the final, complete, and exclusive terms of the agreement between City and Contractor. If any provision of the Contract Documents, or portion of a provision, is determined to be illegal, invalid, or

unenforceable, the remaining provisions of the Contract Documents will remain in full force and effect.

- 10.6 Authorization.** Each individual signing below warrants that he or she is authorized to do so by the party that he or she represents, and that this Contract is legally binding on that party. If Contractor is a corporation, signatures from two (2) officers of the corporation are required pursuant to California Corporation Code Section 313.

[Signatures are on the following page.]

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

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

The parties agree to this Contract as witnessed by the signatures below:

CITY OF MORGAN HILL:

 Steve Rymer
 City Manager

Date: _____

Attest:

 Irma Torrez
 City Clerk

Date: _____

Approved as to Form:

 Donald A. Larkin
 City Attorney

Date: _____

CONTRACTOR:

 Name/Title [print]

Date: _____

Corporate entities must provide a second signature:

 Name/Title [print]

Date: _____

 Contractor's License Number(s)

 Expiration Date(s)

Seal:

 DIR Registration Number

END OF CONTRACT



CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

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

JANUARY 2017 FINANCIAL AND INVESTMENT REPORT

RECOMMENDATION(S)

Accept and file report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Preserving and Cultivating Public Trust

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, attached are the Financial and Investment Reports for the month ended January 31, 2017. The Year-to Date Revenue and Expense Summary is included on the first page. Overall, General Fund revenues totaled \$20.4 million or 56% of the budget. Expenditures totaled \$22.4 million, and including encumbrances amounted to \$23.9 million or 61% of the budget. The encumbrances represent commitments or contractual obligations that the City entered with vendors or suppliers such as Cal-West Lighting and Signal Maintenance for the maintenance of the City's streetlights and traffic signals, and the partnership agreement with the YMCA of Silicon Valley for the management and operation of the Community Recreation Center. The services from these vendors are expected to be utilized by the City and paid throughout the fiscal year.

COMMUNITY ENGAGEMENT: Inform

Finance staff prepares these monthly reports in an effort to keep City officials, the Council, the community, and various lenders and stakeholders informed on the financial health of the organization, which assists each one of the interested parties in making sound financial and investment decisions.

ALTERNATIVE ACTIONS:

No alternative action is recommended, as this is a monthly financial report on City transactions which have already occurred.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council receives and files the financial and investment report for each month. At the September 16, 2015 meeting, City Council recommended monthly financial and investment reports be agendaized under the Consent Agenda, and quarterly financial

and investment reports be presented to City Council as an “Other Business” item.

FISCAL AND RESOURCE IMPACT:

The preparation of the report is a part of the Finance workplan.

CEQA (California Environmental Quality Act):

Not a Project.

This report is not a project, as defined in Section 15378 of the State CEQA Guidelines.

LINKS/ATTACHMENTS:

1. January 2017 Financial Statement Analysis
2. January 2017 Financial and Investment Report



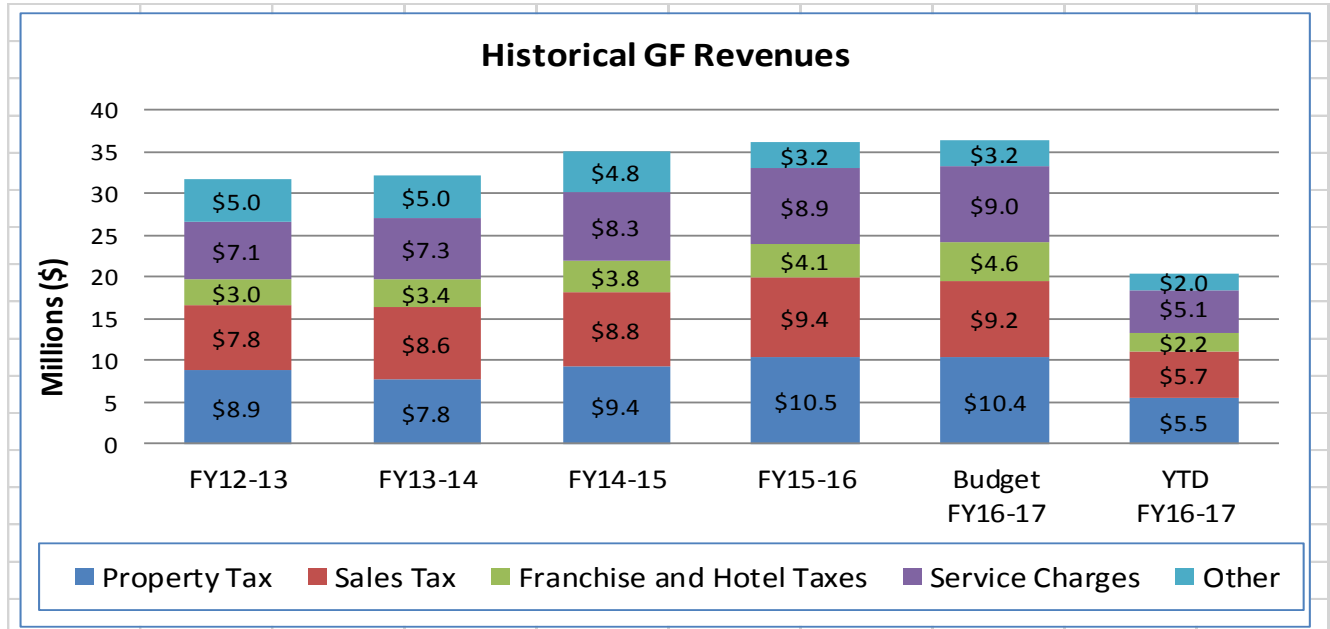
CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2016-17
FOR THE MONTH ENDED JANUARY 2017 – 58% OF YEAR COMPLETE

- **General Fund** – Overall, revenues received through January totaled \$20.4 million, or 56% of the budgeted revenues. The amount received is 14% or \$2.6 million higher than a year ago at this time primarily led by sales tax and property tax. The increase in sales tax collection is primarily due to the end of the “triple-flip.”

As for property tax, the final advances for the 12/10/16 secured and unsecured property tax installment have been received and are 9% or approximately \$402,000 higher than a year ago at this time. Property tax revenue, excluding property transfer tax, is forecasted to end the year at \$10.7 million, which is approximately \$700,000 more than the adopted budget. Property tax is the largest source of Morgan Hill's General Fund revenue. However, it accounts for only 27.4% of the approximately \$36.3 million General Fund revenue. Although property tax tends to be a more predictable revenue source, other major revenue categories such as sales tax and transient occupancy tax, which account for a large portion of the City's General Fund revenue, are more volatile and tend to fluctuate more with swings in the economy.

The small category of licenses was already at 84% of the budgeted amount as annual business license renewal payments are usually received in July.

The chart below shows historical General Fund revenues by major revenue category from FY12-13 through FY15-16 Actual, FY16-17 Budget, and YTD as of January 31, 2017.



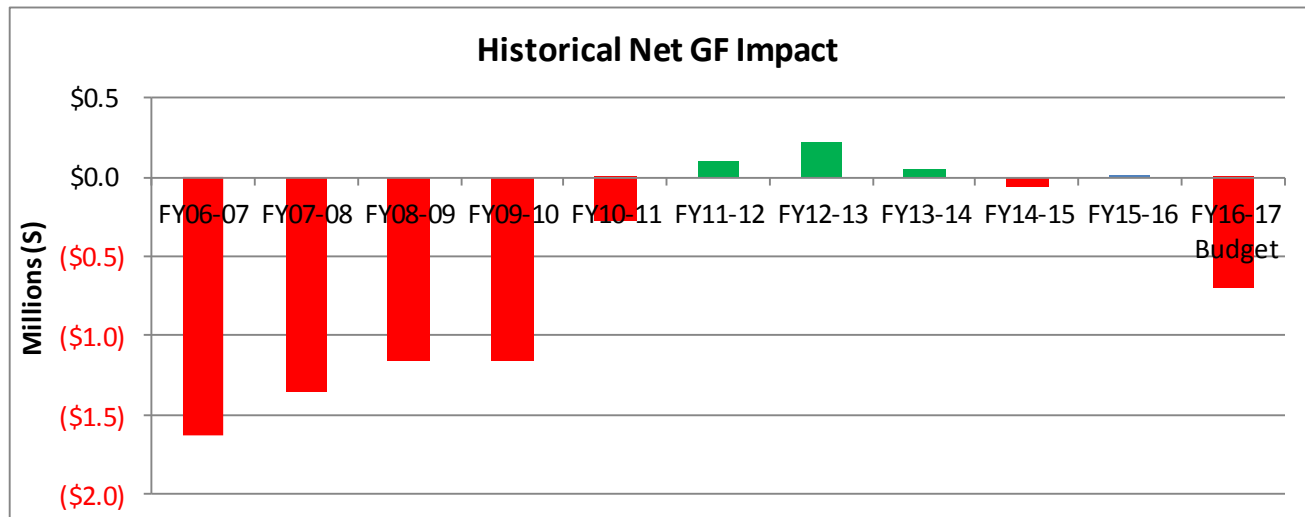
General Fund expenditures and encumbrances as of January 31, 2017 totaled \$23.9 million, of which approximately \$1.4 million is attributable to outstanding encumbrances.

- **Community Services** - The Community Services Department's recreation operations, as reflected in the schedule presented on page 4 of the Monthly Financial and Investments Reports, shows a negative impact to the General Fund of approximately \$1.0 million through January. Without the carry-over encumbrances, operations through January resulted in a smaller net negative impact to the general fund of approximately \$153,000. Any net impact from the recreation operations increases (decreases)



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2016-17
FOR THE MONTH ENDED JANUARY 2017 – 58% OF YEAR COMPLETE

reserves in the General Fund. 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 Community Development, 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 Federal government's 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 represent best practice for non-grant funded City operations like utilities and information services.

- **Community Development Fund** – Revenues through January totaled \$2.9 million, or approximately 68% of the budget. Expenditures and encumbrances totaled \$3.0 million, or approximately 56% of the budgeted appropriation. Without the outstanding encumbrances, however, expenditures through January amounted to \$2.6 million. The fund is budgeted to end the fiscal year with an operating deficit of approximately \$1.0 million and a fund balance of approximately \$1.8 million.
- **Debt Service Funds** – Expenditures through January totaled \$501,000. Due to the timing of debt service payments, the debt service funds already reflect 74% of the budget due to debt service payments made. The debt service for the first half of the year includes both interest and principal, while the second half of the year will include interest only. Debt service payments were all scheduled when the bonds were issued, and are budgeted for in the months delineated in the underlying bond documents.
- **Sewer Operations** – Revenues from Sewer Operations through January totaled \$5.7 million. Expenditures and outstanding encumbrances totaled \$5.6 million or 53% of the budget. The table below shows historical Sewer Operations revenues and expenditures from FY12-13 through FY15-16 Actual, FY16-17 Budget, and YTD as of January 31, 2017.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2016-17
FOR THE MONTH ENDED JANUARY 2017 – 58% OF YEAR COMPLETE

(amount in millions)	FY12-13	FY13-14	FY14-15	FY15-16	Budget FY16-17	YTD FY16-17
Revenues	9.7	9.4	10.3	10.2	10.4	5.7
Expenditures	9.0	8.6	8.8	12.0	10.6	5.6
Operating Margin	0.7	0.8	1.5	(1.8)	(0.2)	0.1
Operating Margin without Encumbrances	0.7	0.8	1.5	(1.8)	(0.2)	0.2

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues from Water Operations through January totaled \$6.6 million, approximately \$1.4 million more than a year ago at this time primarily due to the rate adjustment and increased water consumption compared to prior year. Revenues for the current fiscal year are budgeted at approximately 16% more than the prior fiscal year primarily due to the Water Revenue Adjustment approved by Council in January 2016. Water Operations expenditures, including outstanding encumbrances, through January 31, 2017 totaled \$6.4 million. Without the encumbrances, however, the expenditures amounted to \$5.9 million. The table below shows Water Operations revenues and expenditures from FY12-13 through FY15-16 Actual, FY16-17 Budget, and YTD as of January 31, 2017.

(amount in millions)	FY12-13	FY13-14	FY14-15	FY15-16	Budget FY16-17	YTD FY16-17
Revenues	10.2	12.2	8.8	8.5	10.0	6.6
Expenditures	9.1	12.1	9.3	9.7	11.2	6.4
Operating Margin	1.1	0.1	(0.5)	(1.2)	(1.2)	0.2
Operating Margin without Encumbrances	1.1	0.1	(0.5)	(1.2)	(0.8)	0.7

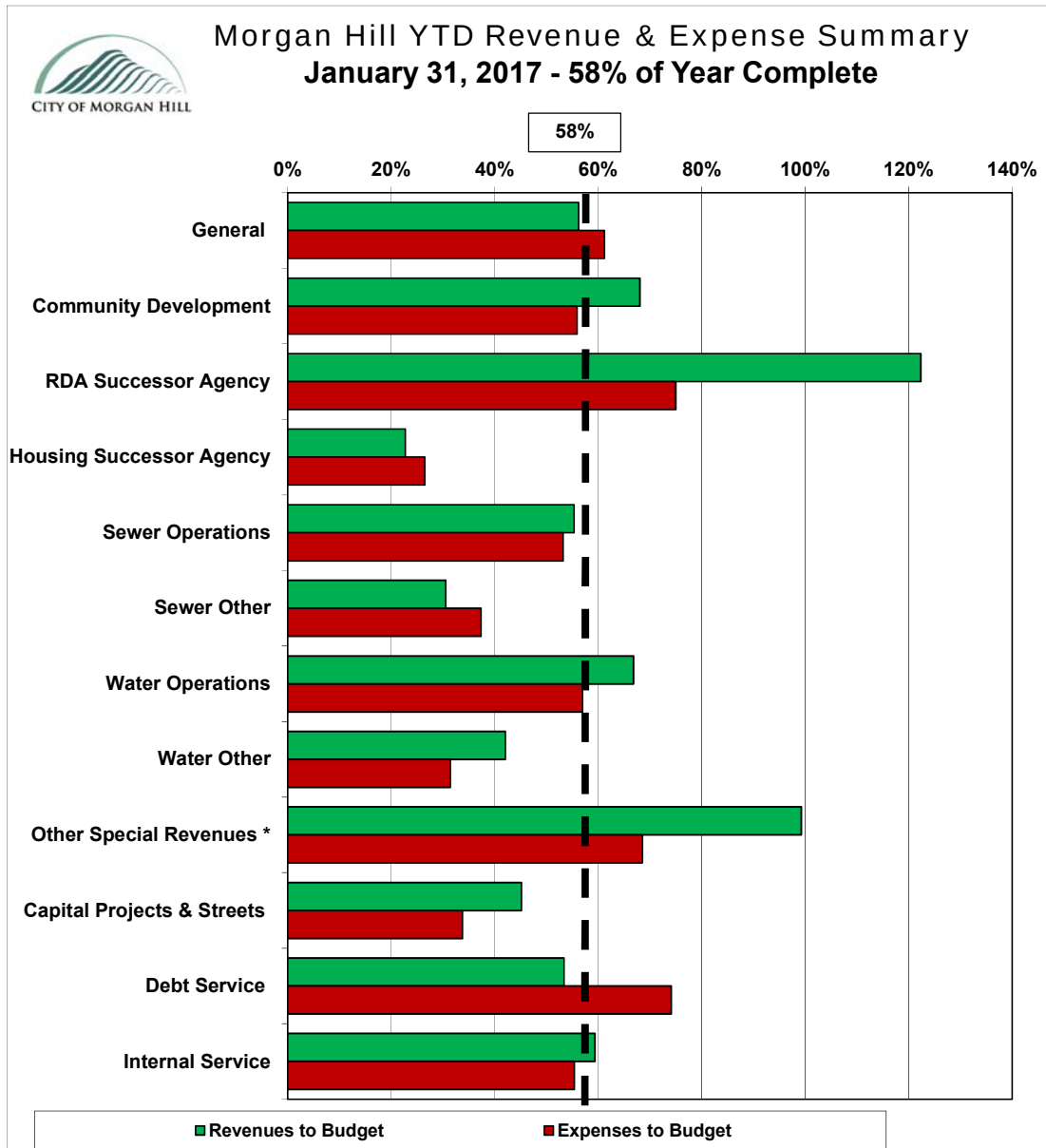
- **Investments** - There was one security called during the month of January 2017. Total interest earnings received on investments were \$18,000 during the month.

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
January 31, 2017 - 58% of Year Complete



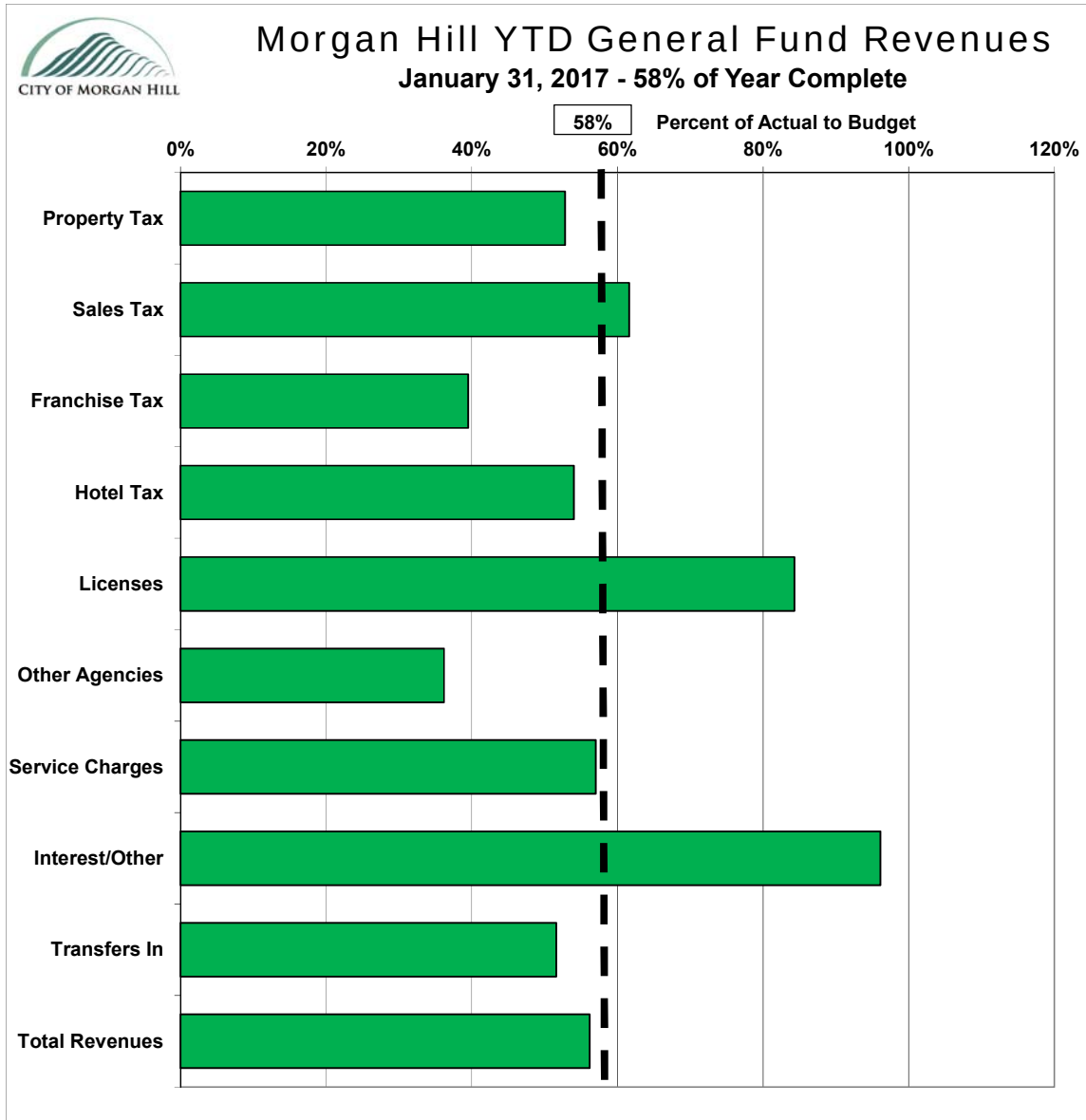
CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT

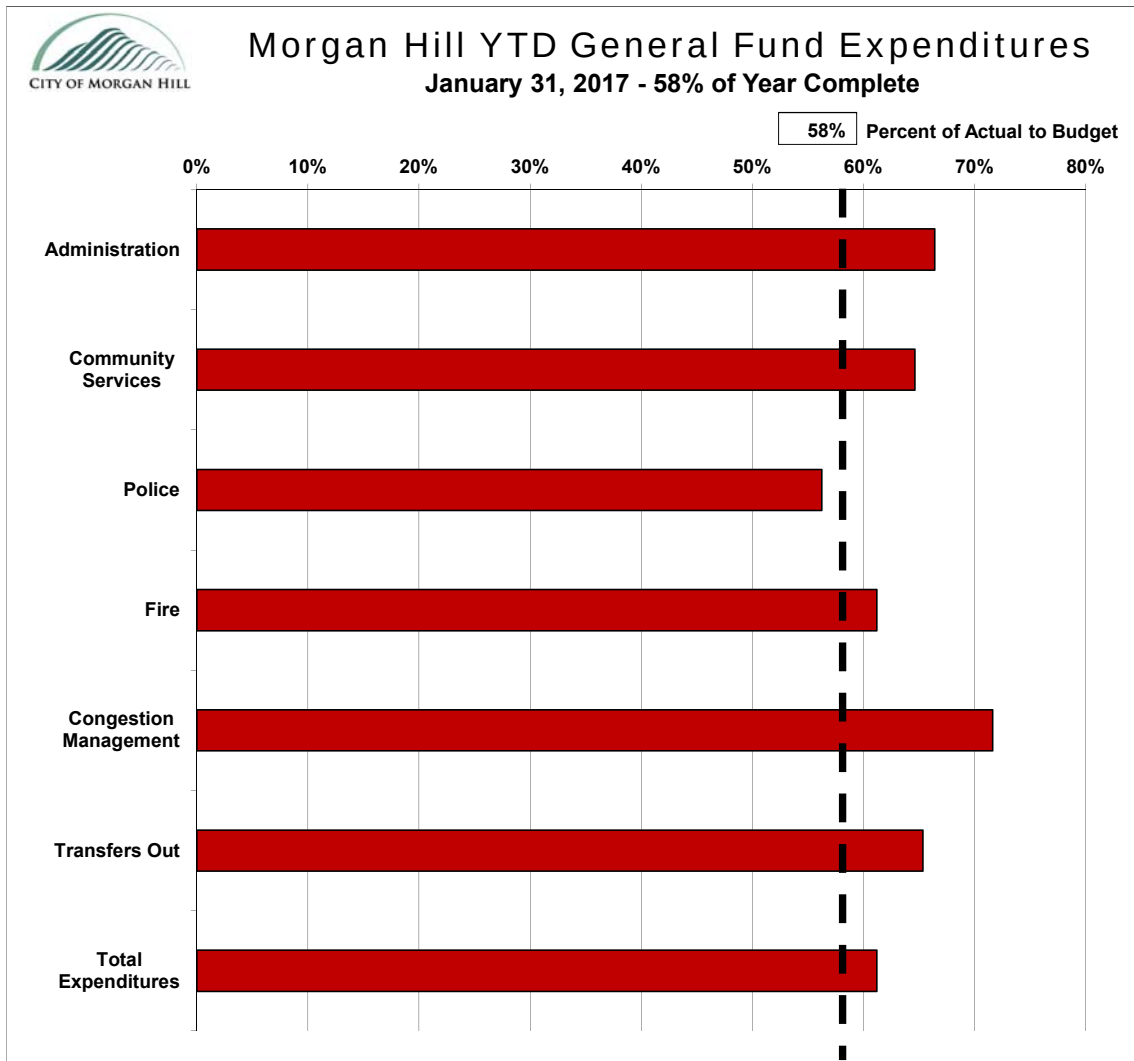


FUND NAME	REVENUES		EXPENSES	
	ACTUAL	% OF BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET
General	\$ 20,452,393	56%	\$ 23,945,406	61%
Community Development	2,981,108	68%	3,023,981	56%
RDA Successor Agency	8,984,249	122%	6,658,067	75%
Housing Successor Agency	284,705	23%	740,231	27%
Sewer Operations	5,760,657	55%	5,667,214	53%
Sewer Other	2,572,919	31%	4,609,768	37%
Water Operations	6,680,591	67%	6,405,266	57%
Water Other	1,163,868	42%	5,330,138	31%
Other Special Revenues *	2,256,524	99%	4,169,750	69%
Capital Projects & Streets	7,517,831	45%	5,711,569	34%
Debt Service	362,817	53%	501,061	74%
Internal Service	6,324,858	59%	6,860,569	55%
TOTAL FOR ALL FUNDS	\$ 65,342,520	58%	\$ 73,623,017	54%

* Includes all Special Revenue Funds except Community Development, Street Funds, and RDA and Housing Successor Agencies.



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Property Tax	\$10,430,000	\$ 5,511,104	53%	\$ 5,055,366	9%
Sales Tax	9,170,767	5,651,169	62%	4,203,942	34%
Franchise Tax	1,927,359	761,738	40%	636,507	20%
Hotel Tax	2,684,700	1,449,494	54%	1,169,644	24%
Licenses	206,474	174,007	84%	186,209	-7%
Other Agencies	591,800	213,978	36%	221,268	-3%
Service Charges	8,953,220	5,105,603	57%	5,007,678	2%
Interest/Other	775,597	745,339	96%	497,320	50%
Transfers In	1,627,581	839,960	52%	909,503	-8%
TOTAL REVENUES	\$36,367,498	\$20,452,393	56%	\$ 17,887,436	14%



EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Administration	\$ 6,104,121	\$ 4,054,161	66%	\$ 2,512,129	61%
Community Services	10,161,517	6,566,965	65%	5,942,806	11%
Police	15,289,951	8,599,555	56%	7,647,916	12%
Fire	5,428,841	3,322,132	61%	3,189,710	4%
Congestion Management	75,219	53,864	72%	51,890	4%
Transfers Out	2,064,119	1,348,730	65%	915,802	47%
TOTAL EXPENDITURES	\$ 39,123,768	\$ 23,945,406	61%	\$ 20,260,253	18%

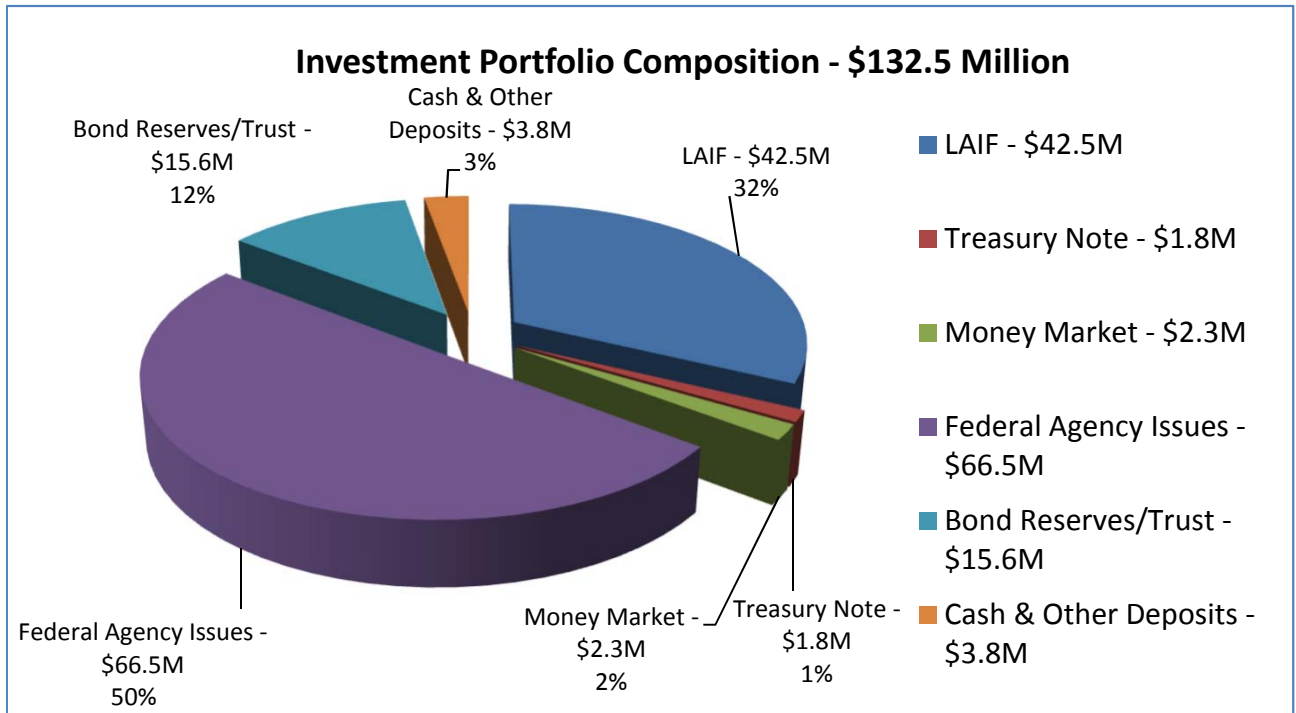


**City of Morgan Hill
Recreation Report - Fiscal Year 2016-17
For the Month and Seven Months Ended January 31, 2017
58% of Year Complete**

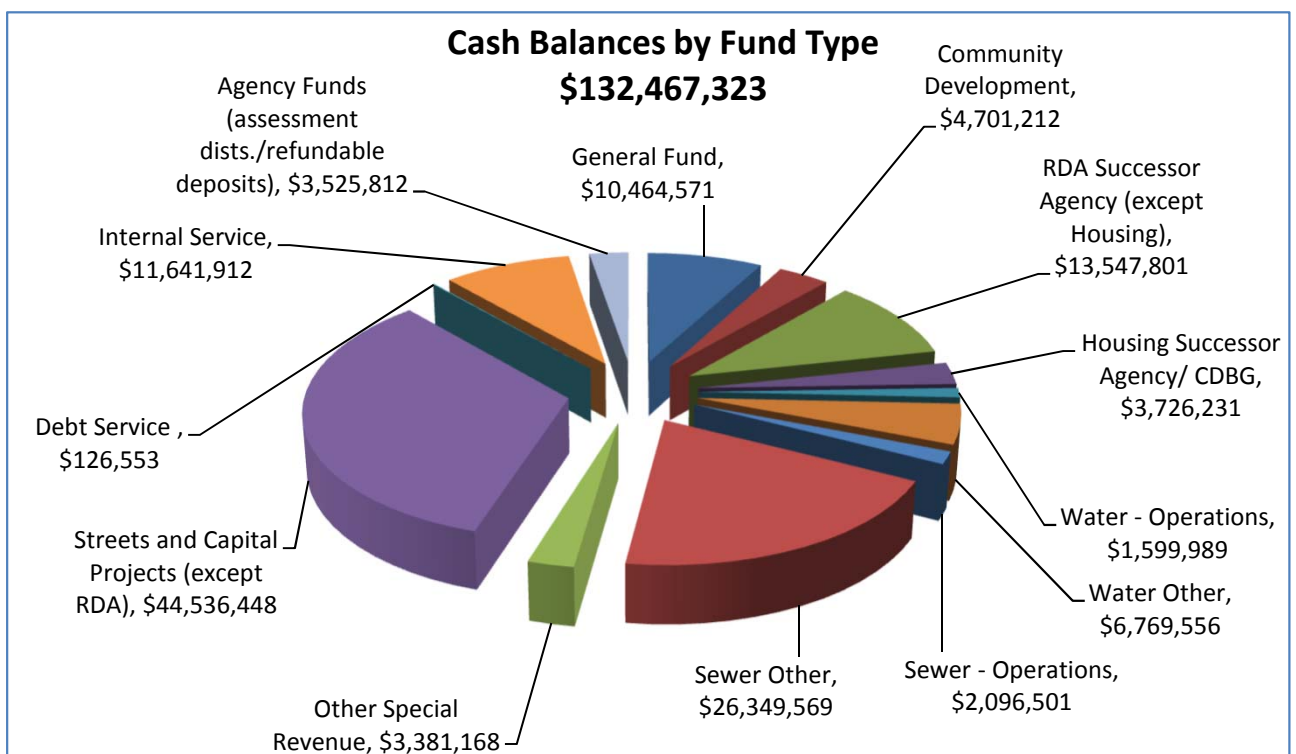
	<u>Budget</u>	<u>January 2017</u>	<u>YTD</u>	<u>% of Budget</u>
Revenues				
Membership Services & Rec Programs	\$ 5,702,573	\$ 433,972	\$ 3,316,826	
Facility Rentals	874,020	62,520	520,739	
Community Services	152,915	5,924	90,017	
Transfers in	75,000	6,250	43,750	
Total Revenues	\$ 6,804,508	\$ 508,667	\$ 3,971,333	58%
Less: Expenditures				
Membership & Program Services	\$ 5,529,949	\$ 289,756	\$ 3,031,617	
Facility Rentals	1,250,322	98,026	723,636	
Community Services	719,212	44,180	369,668	
Total Expenditures	\$ 7,499,484	\$ 431,960	\$ 4,124,922	55%
Net Impact without encumbrances	\$ (694,976)	\$ 76,706	\$ (153,589)	
Encumbrances	-	-	890,420	
Net Impact with encumbrances	\$ (694,976)	\$ 76,706	\$ (1,044,009)	

City of Morgan Hill Monthly Investment Report - January 31, 2017

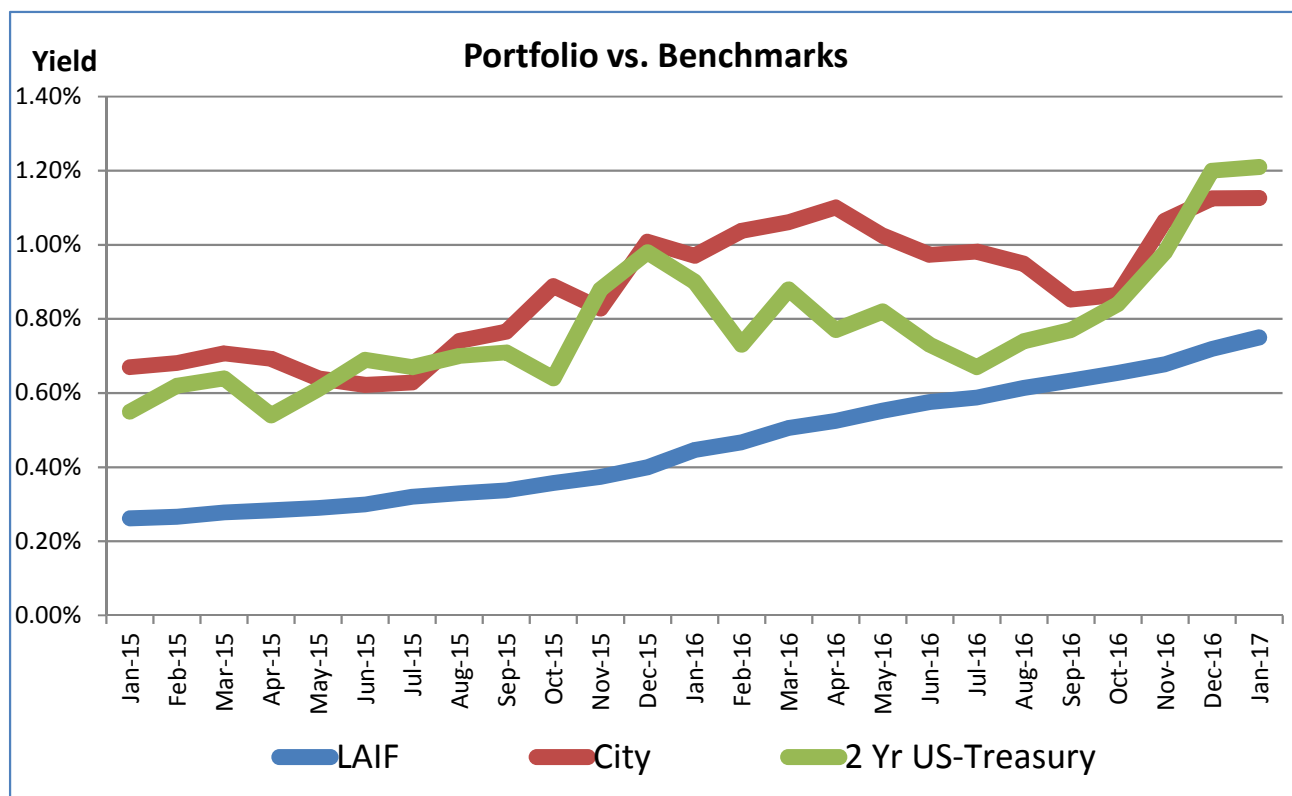
The following are the snapshots of City's investment portfolio as of January 31, 2017. The first chart shows the portfolio composition by investment type:



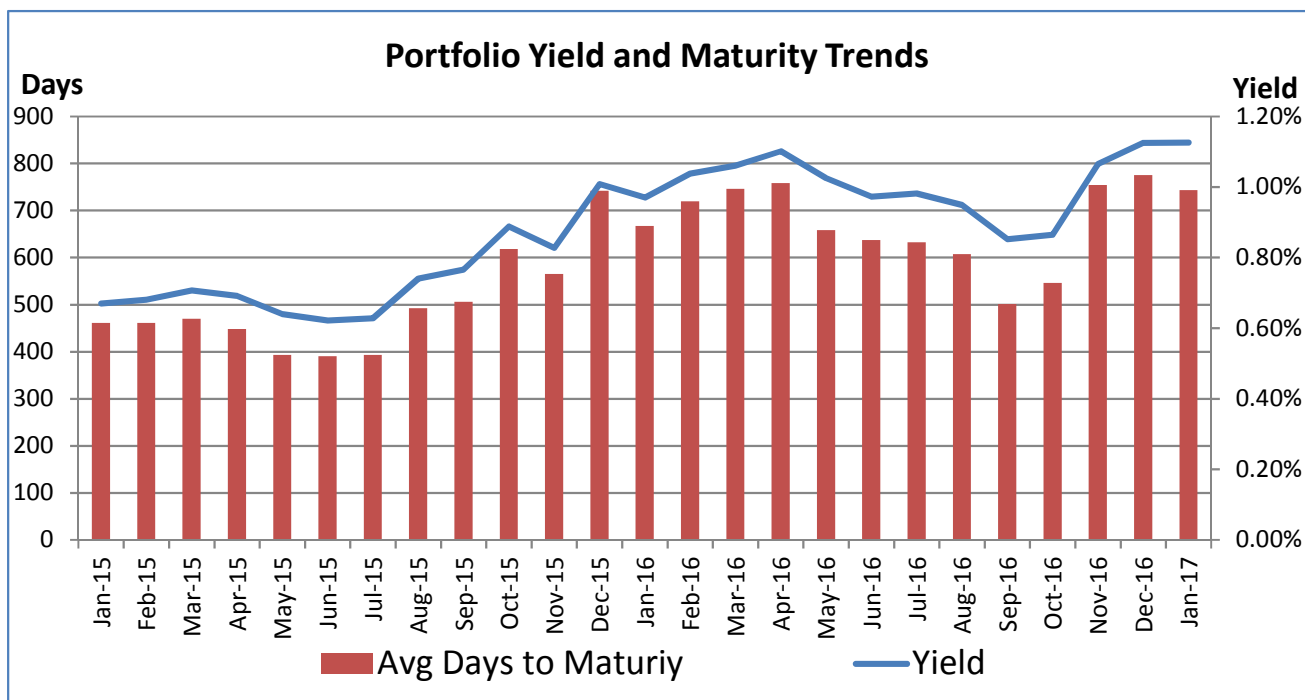
The chart below shows cash balances by fund type reconciled to City's financial system:



The following chart illustrates a yield comparison by month among the City's portfolio, LAIF and 2-Year US Treasury:



The chart below illustrates monthly average days to maturity of the City's portfolio along with the weighted average yield for the past two years:





City of Morgan Hill
Investment Portfolio Detail
As of January 31, 2017

Investment Type	Settlement Date	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
LAIF		\$ 42,521,297	32.10%	\$ 42,496,798	0.75%		
City Managed							
Fed Home Loan Bank	12/3/2012	\$ 2,000,849	1.51%	\$ 2,003,360	0.93%	9/20/2017	9/20/2017
Fed Home Loan Mortgage	1/31/2013	498,779	0.38%	499,360	1.01%	1/12/2018	1/12/2018
Fed Natn'l Mortgage Assn	4/3/2013	1,500,032	1.13%	1,500,405	0.73%	3/14/2017	3/14/2017
Fed Home Loan Mortgage	8/12/2013	995,764	0.75%	1,000,570	1.36%	12/12/2017	12/12/2017
Fed Home Loan Bank	3/21/2014	1,011,637	0.76%	1,012,690	0.86%	5/17/2017	5/17/2017
Treasury Note	8/15/2014	500,050	0.38%	500,160	0.75%	2/28/2017	2/28/2017
Treasury Note	12/15/2014	754,749	0.57%	756,098	1.01%	10/31/2017	10/31/2017
Federal Farm Credit Bank	5/28/2015	1,001,223	0.76%	1,000,580	0.99%	2/20/2018	2/20/2018
Treasury Note	6/12/2015	498,251	0.38%	498,750	1.06%	3/31/2018	3/31/2018
Fed Natn'l Mortgage Assn	6/12/2015	500,180	0.38%	500,405	1.10%	2/28/2018	2/28/2018
Fed Home Loan Mortgage	7/2/2015	999,011	0.75%	999,310	0.97%	3/7/2018	3/7/2018
Fed Home Loan Mortgage	8/31/2015	999,799	0.75%	999,480	0.79%	8/25/2017	8/25/2017
Fed Home Loan Bank	9/30/2015	1,000,634	0.76%	998,990	0.95%	4/24/2018	4/24/2018
Fed Home Loan Bank	9/30/2015	512,649	0.39%	512,744	0.80%	10/12/2017	10/12/2017
Fed Home Loan Bank	10/19/2015	4,000,000	3.02%	3,985,520	1.70%	10/19/2017	10/19/2020
Fed Home Loan Bank	6/30/2016	4,000,000	3.02%	3,896,440	1.50%	6/30/2017	6/30/2021
Fed Natn'l Mortgage Assn	8/25/2016	4,000,000	3.02%	3,876,080	1.40%	8/25/2017	8/25/2021
Fed Home Loan Mortgage	9/29/2016	2,000,000	1.51%	1,931,400	1.65%	3/29/2017	9/29/2021
Fed Natn'l Mortgage Assn	9/29/2016	4,000,000	3.02%	3,895,760	1.60%	3/29/2017	9/29/2021
Fed Home Loan Mortgage	10/27/2016	4,000,000	3.02%	3,874,720	1.60%	4/27/2017	10/27/2021
Fed Natn'l Mortgage Assn	10/28/2016	4,000,000	3.02%	3,876,280	1.55%	4/28/2017	10/28/2021
Fed Home Loan Mortgage	10/28/2016	2,000,000	1.51%	1,940,060	1.65%	4/28/2017	10/28/2021
Fed Home Loan Bank	11/15/2016	4,000,000	3.02%	3,907,800	1.55%	5/15/2017	11/15/2021
Fed Home Loan Bank	11/23/2016	3,000,000	2.26%	2,937,240	1.65%	2/23/2017	11/23/2021
Fed Home Loan Bank	11/23/2016	4,000,000	3.02%	3,894,080	1.63%	5/23/2017	11/23/2021
Fed Home Loan Mortgage	11/30/2016	4,000,000	3.02%	3,952,280	1.88%	5/26/2017	11/26/2021
Sub Total/Average		\$ 55,773,607	42.10%	\$ 54,750,561	1.46%		
Money Market		\$ 2,321,718	1.75%	\$ 2,321,718	0.01%		
Total City Managed/Average		\$ 100,616,622	75.96%	\$ 99,569,076	1.03%		
City Managed - HighMark							
Fed Natn'l Mortgage Assn	8/18/2016	\$ 749,096	0.57%	\$ 745,703	1.06%	01/25/19	1/25/2019
Fed Natn'l Mortgage Assn	8/18/2016	749,480	0.57%	744,090	1.18%	01/26/19	7/26/2019
Fed Natn'l Mortgage Assn	8/23/2016	749,936	0.57%	746,093	1.25%	02/23/17	8/23/2019
Fed Home Loan Mortgage	8/31/2016	750,000	0.57%	740,468	1.25%	02/15/17	8/15/2019
Fed Home Loan Mortgage	9/13/2016	750,000	0.57%	748,185	1.10%	03/13/17	9/3/2018
Fed Home Loan Bank	9/15/2016	750,000	0.57%	746,483	1.00%	03/15/17	6/15/2018
Fed Home Loan Bank	9/21/2016	749,754	0.57%	748,478	1.12%	03/21/17	9/21/2018
Fed Home Loan Mortgage	10/7/2016	749,699	0.57%	745,290	1.29%	03/12/17	9/12/2019
Fed Natn'l Mortgage Assn	10/11/2016	749,735	0.57%	744,893	1.22%	02/23/17	5/23/2019
Fed Home Loan Mortgage	10/24/2016	738,807	0.56%	734,620	1.03%	07/30/18	1/30/2019
Fed Natn'l Mortgage Assn	10/24/2016	749,932	0.57%	743,400	1.25%	03/30/17	9/30/2019
Federal Farm Credit Bank	11/1/2016	749,409	0.57%	743,355	1.02%	11/01/17	11/1/2018
Fed Home Loan Mortgage	12/13/2016	1,009,206	0.76%	1,008,400	1.35%	5/30/2019	5/30/2019
Fed Home Loan Bank	12/13/2016	999,605	0.75%	999,410	1.27%	1/16/2019	1/16/2019
Fed Home Loan Mortgage	12/29/2016	746,056	0.56%	746,663	1.37%	4/15/2019	4/15/2019
Fed Natn'l Mortgage Assn	12/29/2016	746,236	0.56%	746,638	1.39%	6/20/2019	6/20/2019
Money Market		27,765	0.02%	27,765	0.01%		
Sub Total/Average		\$ 12,514,717	9.45%	\$ 12,459,930	1.20%		
Bond Reserve Accounts - Held By Trustees		\$ 14,398,774	10.87%	\$ 14,349,209			
Cash/Deposits		\$ 3,749,806	2.83%	\$ 3,749,806			
PARS Trust		\$ 1,187,404	0.90%	\$ 1,237,929 *			
GRAND TOTAL/AVERAGE		\$ 132,467,323	100.00%	\$ 131,365,950			

*Value as of 12/31/16

Attachment: January 2017 Financial and Investment Report (1060 : January 2017 Financial and Investment Report)



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF JANUARY 31, 2017
FOR THE FISCAL YEAR OF 2016-17

	Invested in Fund	Yield	Book Value End of Month	% of Total	Market Value
Investments					
State Treasurer LAIF - City	All Funds Pooled	0.75%	\$ 28,611,855	21.60%	\$ 28,595,369
2014 Water Rev Bonds - Water Impact	Water Fund	0.75%	1,833,847	1.38%	1,832,790
2014 Water Rev Bonds - Water CIP	Water Fund	0.75%	4,377,602	3.30%	4,375,079
2015 Wastewater Rev Bonds - CIP	Wastewater Fund	0.75%	7,697,994	5.81%	7,693,559
Federal Issues	All Funds Pooled	1.26%	66,507,509	50.21%	65,427,719
US Treasury Notes	All Funds Pooled	0.94%	1,753,050	1.32%	1,755,008
Dreyfus Treas Cash Management Acct	All Funds Pooled	0.01%	2,349,483	1.77%	2,349,483
	SUBTOTAL		\$ 113,131,339	85.40%	\$ 112,029,007
Bond Reserve Accounts - held by trustees					
BNY - 2002 SCRWA Bonds	Sewer				
BNY - 2015 Wastewater Bonds					
Cash Balance	Wastewater Fund	0.00%	9,214	0.01%	9,214
Zions Bank - Civic Center/Library Facility					
Cash	Debt Service	0.00%	14	0.00%	14
Zions Bank - MH Police Facility Lease Revenue Bonds					
Cash	Debt Service	0.00%	18	0.00%	18
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Successor Fund	0.00%	15,851	0.01%	15,851
US Treasury Notes	Successor Fund	1.72%	13,855,804	10.46%	13,806,239
Zions Bank - MH Ranch 2015					
Blackrock Liq Funds Fed Fund -DI -2015	Agency Fund	0.00%	255,297	0.19%	255,297
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015	Agency Fund	0.00%	262,575	0.20%	262,575
	SUBTOTAL		14,398,774	10.87%	14,349,209
Other Cash/Deposits					
General Checking	All Funds		3,713,306	2.80%	3,713,306
Workers' Comp Administrators	Workers' Comp		30,000	0.02%	30,000
Petty Cash & Emergency Cash	General Fund		6,500	0.00%	6,500
PARS - OPEB Trust			687,404	0.52%	724,951 *
PARS - PENSION Trust			500,000	0.38%	512,978 *
	SUBTOTAL		4,937,210	3.73%	4,987,735
Total Cash and Investments			\$ 132,467,323	100.00%	\$ 131,365,950

CASH ACTIVITY SUMMARY
FY 2016-17

Fund Type	07/01/16 Balance	Change in Cash Balance	1/31/2017 Balance
General Fund	\$ 13,201,659	\$ (2,737,088)	\$ 10,464,571
Community Development	4,543,600	157,612	4,701,212
RDA Successor Agency (except Housing)	12,256,697	1,291,104	13,547,801
Housing Successor Agency/ CDBG	3,985,770	(259,539)	3,726,231
Water - Operations	1,060,105	539,884	1,599,989
Water Other	10,255,589	(3,486,033)	6,769,556
Sewer - Operations	1,945,525	150,977	2,096,501
Sewer Other	27,868,909	(1,519,339)	26,349,569
Other Special Revenue	4,863,862	(1,482,694)	3,381,168
Streets and Capital Projects (except RDA)	42,728,700	1,807,748	44,536,448
Debt Service	264,719	(138,166)	126,553
Internal Service	11,679,121	(37,210)	11,641,912
Agency Funds (assessment dists./refundable deposits)	4,278,419	(752,607)	3,525,812
Total	\$ 138,932,675	\$ (6,465,352)	\$ 132,467,323

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.

*Value as of 12/31/2016

I certify the information on the investment reports on pages 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:

Harjot Sangha, Accounting Manager

Approved by:

Reviewed by:

Dat Nguyen, Finance Director

David Clink, Treasurer



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2016-17
For the Seven Months Ended January 31, 2017
58% of Year Complete

FUND REVENUE SOURCE	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	\$ 8,566,000	\$ 8,566,000	\$ 4,749,262	55%	\$ 4,346,927	\$ 402,335	9%
Property Tax - RPTTF Residual Distribution	1,233,000	1,233,000	412,978	33%	385,599	27,379	7%
Property Tax - Supplemental Roll	162,000	162,000	113,987	70%	71,771	42,217	59%
Sales Tax	8,819,767	8,819,767	5,485,859	62%	4,042,338	1,443,522	36%
Public Safety Sales Tax	351,000	351,000	165,310	47%	161,604	3,705	2%
Transient Occupancy Taxes	2,684,700	2,684,700	1,449,494	54%	1,169,644	279,850	24%
Franchise (Refuse ,Cable ,PG&E)	1,927,359	1,927,359	761,738	40%	636,507	125,231	20%
Property Transfer Tax	469,000	469,000	234,876	50%	251,070	(16,193)	-6%
TOTAL TAXES	24,212,826	24,212,826	13,373,505	55%	11,065,459	2,308,046	21%
LICENSES/PERMITS							
Business License	198,900	198,900	172,439	87%	179,715	(7,276)	-4%
Other Permits	7,574	7,574	1,569	21%	6,494	(4,925)	-76%
TOTAL LICENSES/PERMITS	206,474	206,474	174,007	84%	186,209	(12,202)	-7%
FINES AND PENALTIES							
Parking Enforcement	12,000	12,000	5,838	49%	8,100	(2,262)	-28%
Bails & Fines	64,000	64,000	24,890	39%	23,238	1,652	7%
Administrative Citations	-	-	400	n/a	90	310	343%
TOTAL FINES AND PENALTIES	76,000	76,000	31,128	41%	31,428	(610)	-2%
OTHER AGENCIES							
Motor Vehicle in-Lieu	17,194	17,194	19,552	114%	16,857	2,695	16%
Other Revenue - Other Agencies	525,550	591,800	213,978	36%	221,268	(7,290)	-3%
TOTAL OTHER AGENCIES	542,744	608,994	233,530	38%	238,125	(4,595)	-2%
CHARGES CURRENT SERVICES							
Police False Alarm Charge	32,000	32,000	24,841	78%	17,296	7,545	44%
Business License Application Review	35,914	35,914	23,186	65%	26,437	(3,251)	-12%
Membership Services & Rec Programs	5,702,573	5,702,573	3,316,826	58%	3,254,458	62,369	2%
Facility Rentals	874,020	874,020	520,739	60%	557,571	(36,832)	-7%
Community Services	152,915	152,915	90,017	59%	81,103	8,914	11%
General Administration Overhead	1,260,075	1,260,075	733,495	58%	698,564	34,931	5%
Other Charges Current Services	895,723	895,723	396,499	44%	372,249	24,250	7%
TOTAL CURRENT SERVICES	8,953,220	8,953,220	5,105,603	57%	5,007,678	97,926	2%
OTHER REVENUE							
Use of money/property	269,133	269,133	176,491	66%	161,120	15,372	10%
Other Revenues	312,558	413,270	518,167	125%	287,915	230,252	80%
TOTAL OTHER REVENUE	581,691	682,403	694,659	102%	449,034	245,624	55%
TRANSFERS IN							
Public Safety	100,000	100,000	54,501	55%	112,029	(57,527)	-51%
Streets	762,581	762,581	339,209	44%	362,414	(23,205)	-6%
Sewer Operations	345,000	345,000	201,250	58%	145,364	55,886	38%
Water Operations	345,000	345,000	201,250	58%	254,697	(53,447)	-21%
Park Development	75,000	75,000	43,750	58%	35,000	8,750	25%
TOTAL TRANSFERS IN	1,627,581	1,627,581	839,960	52%	909,503	(69,543)	-8%
TOTAL GENERAL FUND	36,200,536	36,367,498	20,452,393	56%	17,887,436	2,564,957	14%
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	761,458	761,458	392,136	51%	348,088	44,048	13%
Interest / Other Revenue/Other Charges	60	60	571	952%	613	(42)	-7%
202 STREET MAINTENANCE	761,518	761,518	392,707	52%	348,701	44,006	13%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2016-17
For the Seven Months Ended January 31, 2017
58% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
205 PUBLIC SAFETY TRUST							
Interest Income	265	265	181	68%	285	(103)	-36%
Police Grant/SLEF/JAG	100,000	100,000	62,657	63%	55,453	7,204	13%
205 PUBLIC SAFETY TRUST	100,265	100,265	62,839	63%	55,737	7,101	13%
206 COMMUNITY DEVELOPMENT							
Building Fees	2,507,862	2,507,862	1,555,808	62%	1,417,886	137,921	10%
Planning Fees	1,117,358	1,117,358	501,668	45%	655,538	(153,871)	-23%
Engineering Fees	741,563	741,563	904,450	122%	561,177	343,274	61%
Other Revenue/Current Charges	11,840	11,840	19,183	162%	19,045	138	1%
206 COMMUNITY DEVELOPMENT	4,378,623	4,378,623	2,981,108	68%	2,653,646	327,462	12%
207 GENERAL PLAN UPDATE	658,035	658,035	503,632	77%	542,475	(38,843)	-7%
215 and 216 HCD BLOCK GRANT							
HCD allocation	70,000	70,000	-	0%	-	-	0%
Interest Income/Other Revenue	278	278	6,920	2489%	3,190	3,730	117%
215 and 216 HCD BLOCK GRANT	70,278	70,278	6,920	10%	3,190	3,730	117%
225 ASSET SEIZURE	167	167	51,825	31033%	1,487	50,338	3385%
229 LIGHTING AND LANDSCAPE	185,810	185,810	99,430	54%	117,446	(18,016)	-15%
230 COMMUNITY FACILITIES DISTRICT	41,999	41,999	21,378	51%	1	21,377	1560355%
232 ENVIRONMENTAL PROGRAMS	382,640	382,640	236,872	62%	133,894	102,978	77%
234 MOBILE HOME PARK RENT STAB.	3,831	3,831	3,764	98%	3,705	59	2%
235 SENIOR HOUSING	1,089	1,089	972	89%	787	185	24%
236 HOUSING MITIGATION	1,601,328	1,601,328	1,252,390	78%	1,214,922	37,468	3%
240 EMPLOYEE ASSISTANCE	30,298	30,298	15,845	52%	16,115	(270)	-2%
247 ENVIRONMENT REMEDIATION	736	736	657	89%	532	125	24%
250 COMH-SUCCESSOR AGENCY-MHRDA	7,343,954	7,343,954	8,984,249	122%	3,653,579	5,330,670	146%
255 HOUSING SUCCESSOR AGENCY	1,251,430	1,251,430	284,705	23%	1,406,599	(1,121,894)	-80%
TOTAL SPECIAL REVENUE FUNDS	16,812,002	16,812,002	14,899,293	89%	10,152,817	4,746,476	47%
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,850,595	1,865,595	787,136	42%	1,712,854	(925,717)	-54%
302 PARK MAINTENANCE	1,038,123	1,038,123	760,337	73%	927,873	(167,537)	-18%
303 LOCAL DRAINAGE	1,624,857	1,624,857	1,160,493	71%	1,198,024	(37,531)	-3%
304 LOCAL DRAINAGE/NON AB1600	84,735	84,735	149,778	177%	85,336	64,442	76%
306 AGRICULTURE & OPEN SPACE PRESERVATI	1,943,781	1,943,781	144,414	7%	1,059,635	(915,221)	-86%
308 STREET CIP	2,731,146	2,731,146	955,363	35%	1,185,440	(230,077)	-19%
309 TRAFFIC MITIGATION	1,360,910	1,360,910	405,482	30%	857,671	(452,189)	-53%
311 POLICE MITIGATION	272,506	272,506	70,269	26%	264,093	(193,824)	-73%
313 FIRE MITIGATION	139,152	139,152	75,588	54%	68,943	6,644	10%
346 PUBLIC FACILITIES NON-AB1600	786,626	786,626	634,766	81%	393,817	240,949	61%
347 PUBLIC FACILITIES	182,245	182,245	44,052	24%	190,541	(146,489)	-77%
348 LIBRARY	813,403	813,403	132,477	16%	692,109	(559,632)	-81%
350 UNDERGROUNDING	1,104,276	1,104,276	842,698	76%	1,325	841,373	63517%
355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY	666,766	666,766	859,780	129%	132,717	727,063	548%
360 COMMUNITY/REC IMPACT FUND	1,249,999	1,249,999	102,492	8%	211	102,281	48456%
TOTAL CAPITAL PROJECTS FUNDS	15,849,120	15,864,120	7,125,124	45%	8,770,588	(1,645,464)	-19%
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	301,123	301,123	174,819	58%	238,550	(63,731)	-27%
441 POLICE FACILITY BOND	378,121	378,121	187,949	50%	5,194	182,755	3519%
545 COCHRANE BUSINESS PARK	56	56	50	89%	40	9	23%
TOTAL DEBT SERVICE FUNDS	679,300	679,300	362,817	53%	243,784	119,033	49%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2016-17
For the Seven Months Ended January 31, 2017
58% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	10,190,979	10,190,979	5,459,821	54%	5,786,124	(326,304)	-6%
Interest Income/Transfers	32,807	32,807	9,572	29%	16,661	(7,089)	-43%
Other Revenue/Current Charges	179,543	179,543	291,264	162%	106,663	184,601	173%
640 SEWER OPERATION	10,403,329	10,403,329	5,760,657	55%	5,909,449	(148,792)	-3%
641 SEWER EXPANSION							
Interest Income	62,457	62,457	64,374	103%	52,617	11,757	22%
Development Impact Fee	5,670,371	5,670,371	897,938	16%	3,555,259	(2,657,321)	-75%
Transfers/Other	-	-	600	0%	1,225	(625)	-51%
641 SEWER EXPANSION	5,732,828	5,732,828	962,912	17%	3,609,100	(2,646,189)	-73%
642 SEWER RATE STABILIZATION	9,237	9,237	47,308	512%	217,752	(170,444)	-78%
643 SEWER-CAPITAL PROJECT	2,670,698	2,670,698	1,562,700	59%	358,153	1,204,547	336%
TOTAL SEWER FUNDS	18,816,092	18,816,092	8,333,577	44%	10,094,454	(1,760,877)	-17%
650 WATER OPERATION							
Water Sales	8,972,175	8,972,175	5,773,801	64%	4,607,724	1,166,077	25%
Meter Install & Service	154,700	154,700	131,927	85%	107,642	24,285	23%
Transfers-In / Interest Income	407,582	407,582	240,956	59%	177,546	63,410	36%
Other Revenue/Current Charges	464,152	464,152	533,907	115%	376,193	157,714	42%
650 WATER OPERATION	9,998,609	9,998,609	6,680,591	67%	5,269,105	1,411,486	27%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	8,340	8,340	14,228	171%	14,788	(560)	-4%
Development Impact Fee	1,301,089	1,301,089	297,171	23%	1,207,667	(910,496)	-75%
651 WATER EXPANSION	1,309,429	1,309,429	311,399	24%	1,222,455	(911,056)	-75%
652 Water Rate Stabilization	501,248	501,248	292,311	58%	134	292,177	218352%
653 Water Capital Project	953,461	953,461	560,158	59%	664,312	(104,154)	-16%
TOTAL WATER FUNDS	12,762,747	12,762,747	7,844,460	61%	7,156,006	688,453	10%
TOTAL ENTERPRISE FUNDS	31,578,839	31,578,839	16,178,036	51%	17,250,460	(1,072,424)	-6%
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	1,592,348	1,592,348	940,937	59%	742,406	198,531	27%
740 BUILDING MAINTENANCE	3,014,227	3,014,227	1,810,134	60%	1,568,820	241,314	15%
741 BUILDING REPLACEMENT	450,969	450,969	277,297	61%	257,474	19,823	8%
745 CIP ADMINISTRATION	1,820,194	1,820,194	764,439	42%	935,020	(170,581)	-18%
760 UNEMPLOYMENT INSURANCE	831	831	760	91%	682	78	11%
770 WORKERS COMPENSATION	735,723	735,723	437,901	60%	370,278	67,622	18%
790 EQUIPMENT REPLACEMENT	994,315	994,315	622,084	63%	465,112	156,973	34%
791 EMPLOYEE BENEFITS	1,193,659	1,193,659	970,210	81%	603,920	366,290	61%
793 CORPORATION YARD COMMISSION	-	-	547	0%	137	410	300%
795 GENERAL LIABILITY INSURANCE	854,937	854,937	500,548	59%	657,334	(156,786)	-24%
TOTAL INTERNAL SERVICE FUNDS	10,657,203	10,657,203	6,324,858	59%	5,601,184	723,674	13%
TOTAL FOR ALL FUNDS	\$111,777,000	\$111,958,962	\$ 65,342,520	58%	\$ 59,906,269	\$ 8,177,290	14%



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2016-17
 For the Month and Seven Months Ended January 31, 2017
 58% 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	\$ 19,778	\$ 342,142	\$ 205,751	\$ 66,527	\$ 272,278	80%	\$ 15,000
	CITY ATTORNEY	54,826	724,002	370,875	58,474	429,349	59%	32,000
	CITY ATTORNEY LOAN	-	835,000	835,000	-	835,000	100%	-
	CITY MANAGER	63,110	1,016,115	485,931	130,954	616,884	61%	34,000
	HUMAN RESOURCES	62,589	721,806	396,715	1,035	397,750	55%	32,000
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	43,200	577,125	320,222	-	320,222	55%	32,000
	Elections	116,692	165,522	128,145	-	128,145	77%	1,000
	COUNCIL SVCS & RECORDS MGMT	159,892	742,647	448,367	-	448,367	60%	34,000
	FINANCE	118,712	1,586,721	967,993	16,403	984,396	62%	81,000
	CODE COMPLIANCE	26,510	135,689	70,136	-	70,136	52%	-
	TOTAL ADMINISTRATION	505,416	6,104,121	3,780,769	273,392	4,054,161	66%	2,30,000
II. COMMUNITY SERVICES DEPARTMENT								
	Membership Services & Rec. Programs	289,756	5,529,949	3,031,617	842,386	3,874,004	70%	2,80,000
	Recreation Facility Rentals	98,026	1,250,322	723,636	8,725	732,361	59%	67,000
	Community Services	44,180	719,212	369,668	39,309	408,977	57%	26,000
	Solid Waste Management	19,033	275,796	105,866	(500)	105,366	38%	11,000
	Street Maintenance	237,108	2,095,917	1,131,792	219,576	1,351,367	64%	88,000
	Downtown Maintenance	13,588	242,063	57,036	19,716	76,752	32%	1,000
	Cable Television	1,618	48,258	18,138	-	18,138	38%	1,000
	TOTAL COMMUNITY SERVICES DEPARTMENT	703,309	10,161,517	5,437,754	1,129,212	6,566,965	65%	4,78,000
III. PUBLIC SAFETY								
	POLICE							
	PD Administration	70,823	1,157,010	614,279	23,562	637,841	55%	54,000
	Field Operations	610,224	7,546,432	4,301,654	19,460	4,321,114	57%	3,58,000
	Support Services	165,460	2,065,701	1,198,088	8,915	1,207,003	58%	1,13,000
	Emergency Services/Haz Mat	12,551	195,542	95,258	-	95,258	49%	9,000
	Special Operations	192,710	2,685,665	1,452,270	-	1,452,270	54%	1,28,000
	Dispatch Services	120,147	1,639,601	886,069	-	886,069	54%	82,000
	POLICE	1,171,916	15,289,951	8,547,618	51,937	8,599,555	56%	7,47,000
	FIRE	552,910	5,428,841	3,301,449	20,683	3,322,132	61%	3,15,000
	TOTAL PUBLIC SAFETY	1,724,826	20,718,791	11,849,067	72,620	11,921,687	58%	10,62,000
IV. CONGESTION MANAGEMENT								
	Congestion Management	3,922	75,219	53,864	-	53,864	72%	5,000
	TOTAL CONGESTION MANAGEMENT	3,922	75,219	53,864	-	53,864	72%	5,000
V. TRANSFERS								
	Other	145,078	2,064,119	1,348,730	-	1,348,730	65%	91,000
	TOTAL TRANSFERS	145,078	2,064,119	1,348,730	-	1,348,730	65%	91,000
	TOTAL GENERAL FUND	3,082,551	39,123,768	22,470,183	1,475,223	23,945,406	61%	18,68,000

Attachment: January 2017 Financial and Investment Report (1060 : January 2017 Financial and Investment Report)



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2016-17
 For the Month and Seven Months Ended January 31, 2017
 58% 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	161	764,507	340,336	-	340,336	45%	36%
205	PUBLIC SAFETY/SUPP.LAW	-	100,000	54,501	-	54,501	55%	11%
206	COMMUNITY DEVELOPMENT FUND							
	Planning	174,195	2,355,225	1,108,577	158,385	1,266,962	54%	1,22%
	Building	115,591	1,863,218	977,677	99,981	1,077,658	58%	90%
	Engineering	92,520	1,186,172	566,975	112,384	679,360	57%	53%
206	COMMUNITY DEVELOPMENT FUND	382,306	5,404,615	2,653,230	370,751	3,023,981	56%	2,66%
207	GENERAL PLAN UPDATE	29,338	1,086,553	283,218	325,173	608,391	56%	34%
215/216	CDBG	625	70,000	9,051	29,548	38,599	55%	6%
229	LIGHTING AND LANDSCAPE	15,939	205,192	91,744	45,712	137,456	67%	8%
230	COMMUNITY FACILITIES DISTRICT	1,844	50,850	10,338	2,460	12,798	25%	1%
232	ENVIRONMENT PROGRAMS	252,424	331,143	406,482	-	406,482	123%	13%
234	MOBILE HOME PARK	68	840	476	-	476	57%	
236	HOUSING MITIGATION	83,039	3,337,298	2,768,619	119,126	2,887,745	87%	1,29%
240	EMPLOYEE ASSISTANCE	4,099	41,188	23,302	-	23,302	57%	1%
250	COMH-SUCCESSOR AGENCY-MHRDA	16,211	8,881,727	6,611,449	46,618	6,658,067	75%	21,95%
255	HOUSING SUCCESSOR AGENCY	77,785	2,792,194	519,536	220,695	740,231	27%	45%
TOTAL SPECIAL REVENUE FUNDS		863,839	23,066,107	13,772,283	1,160,081	14,932,364	65%	27,49%
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	73,664	5,771,472	623,780	91,924	715,704	12%	5,45%
302	PARK MAINTENANCE	75,941	950,987	577,001	36,374	613,375	64%	50%
303	LOCAL DRAINAGE	969	22,754	8,140	7,895	16,035	70%	5%
304	LOCAL DRAIN. NON-AB1600	477	54,922	7,813	-	7,813	14%	9%
306	AGRICULTURE & OPEN SPACE PRESERVATION	12,035	1,904,843	801,602	111,625	913,227	48%	1%
308	STREET CIP	1,020	2,865,755	93,788	6,806	100,593	4%	1,31%
309	TRAFFIC MITIGATION	32,816	1,202,960	852,909	218,603	1,071,513	89%	18%
311	POLICE MITIGATION	6,016	270,999	141,572	-	141,572	52%	
313	FIRE MITIGATION	117	26,316	784	-	784	3%	
346	PUBLIC FAC.NON AB1600	20,151	727,369	484,732	24,883	509,615	70%	20%
347	PUBLIC FACILITIES	129	431,177	751	-	751	0%	1%
348	LIBRARY IMPACT	62,665	329,913	233,309	311,738	545,047	165%	14%
350	UNDERGROUNDING	105,367	627,800	691,929	38,320	730,250	116%	2%
355	SCHOOL PEDESTRIAN & TRAFFIC SAFETY	1,199	939,410	4,343	-	4,343	0%	17%
360	COMM/REC CENTER IMPACT	369	-	611	-	611	0%	1%
TOTAL CAPITAL PROJECTS FUNDS		392,935	16,126,677	4,523,064	848,169	5,371,232	33%	8,17%
DEBT SERVICE FUNDS								
420	CIVIC CENTER DEBT	92	298,643	219,213	-	219,213	73%	26%
441	POLICE FACILITY BOND DEBT	4,439	377,578	281,848	-	281,848	75%	35%
TOTAL DEBT SERVICE FUNDS		4,531	676,221	501,061	-	501,061	74%	61%



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2016-17
 For the Month and Seven Months Ended January 31, 2017
 58% 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	SEWER OPERATIONS	795,354	10,643,452	5,589,275	77,938	5,667,214	53%	4,331
641	SEWER CAPITAL EXPANSION	703,259	5,234,944	1,014,566	511,394	1,525,960	29%	6,684
642	SEWER RATE STABILIZATION	310	3,714	2,170	-	2,170	58%	1
643	SEWER-CAPITAL PROJECTS	588,020	7,098,173	2,906,231	175,407	3,081,638	43%	481
TOTAL SEWER FUND(S)		2,086,943	22,980,283	9,512,242	764,739	10,276,982	45%	11,501
WATER								
	Water Operations	905,737	10,237,562	5,447,352	400,835	5,848,187	57%	4,991
	Utility Billing	54,047	811,093	403,128	28,917	432,046	53%	341
	Water Conservation	28,593	191,935	73,829	51,204	125,033	65%	94
650	WATER OPERATIONS	988,377	11,240,589	5,924,309	480,957	6,405,266	57%	5,441
651	WATER CAPITAL EXPANSION	148,135	5,267,930	1,203,535	452,126	1,655,661	31%	481
652	WATER RATE STABILIZATION	48	632	336	-	336	53%	1
653	WATER-CAPITAL PROJECTS	275,659	5,684,249	2,863,642	810,499	3,674,141	65%	911
TOTAL WATER FUND(S)		1,412,220	22,193,400	9,991,822	1,743,582	11,735,404	53%	6,831
TOTAL ENTERPRISE FUNDS		3,499,163	45,173,684	19,504,064	2,508,321	22,012,385	49%	18,331
INTERNAL SERVICE FUNDS								
730	INFORMATION SYSTEMS	101,677	1,747,198	731,198	23,452	754,650	43%	631
740	BUILDING MAINTENANCE	304,088	3,060,391	1,627,016	306,398	1,933,414	63%	1,491
741	BUILDING REPLACEMENT	102,029	1,155,566	454,610	126,675	581,286	50%	101
745	CIP ADMINISTRATION	99,174	1,820,194	764,504	4,043	768,547	42%	931
760	UNEMPLOYMENT	-	20,000	7,189	-	7,189	36%	1
770	WORKERS COMPENSATION	19,825	792,948	348,101	-	348,101	44%	411
790	EQUIPMENT REPLACEMENT	-	2,236,123	1,288,135	32,337	1,320,472	59%	421
791	EMPLOYEE BENEFITS FUND	76,761	537,056	397,146	-	397,146	74%	361
793	CORP YARD COMMISSION	1,027	-	4,857	-	4,857	0%	1
795	GEN. LIABILITY INSURANCE	17,403	1,008,256	744,907	-	744,907	74%	701
TOTAL INTERNAL SERVICE FUNDS		721,983	12,377,731	6,367,662	492,906	6,860,569	55%	5,101
REPORT TOTAL		\$ 8,565,002	\$ 136,544,188	\$ 67,138,317	\$ 6,484,701	\$ 73,623,017	54%	\$ 78,411

City of Morgan Hill Fund Activity Summary - Fiscal Year 2016-17 For the Seven Months Ended January 31, 2017 58% of Year Complete										
Fund No.	Fund	Fund Balance 06-30-16		Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance	
		YTD Actual	% of Budget	YTD Actual	% of Budget	Reserved ¹	Unreserved			
010	GENERAL FUND	\$ 17,398,147	56%	\$ 20,452,393	56%	\$ 22,470,183	57%	\$ (2,017,790)	\$ 1,475,223	\$ 13,905,134
TOTAL GENERAL FUND		\$ 17,398,147	56%	\$ 20,452,393	56%	\$ 22,470,183	57%	\$ (2,017,790)	\$ 1,475,223	\$ 13,905,134
202	STREET MAINTENANCE	1,662	52%	392,707	52%	340,336	52%	52,371	-	54,033
205	PUBLIC SAFETY/SUPPL. LAW	25,185	63%	62,839	63%	54,501	48%	8,337	-	33,522
206	COMMUNITY DEVELOPMENT	2,778,585	68%	2,981,108	68%	2,653,230	49%	327,878	370,751	2,735,713
207	GENERAL PLAN UPDATE	1,045,698	77%	503,632	77%	283,218	26%	220,414	325,173	940,939
210	COMMUNITY REC CENTERS START-UP	298	0%	-	0%	-	0%	-	-	298
215 / 216	CDBG	67,727	10%	6,920	10%	9,051	0%	(2,132)	29,548	36,047
225	ASSET SEIZURE	66,884	31033%	51,825	31033%	-	0%	51,825	-	118,709
229	LIGHTING AND LANDSCAPE	160,501	54%	99,430	54%	91,744	45%	7,685	45,712	122,474
230	COMMUNITY FACILITIES DISTRICT	36,575	51%	21,378	51%	10,338	0%	11,040	2,460	45,156
232	ENVIRONMENTAL PROGRAMS	323,595	62%	236,872	62%	406,482	123%	(169,609)	-	153,986
234	MOBILE HOME PK RENT STAB.	35,998	98%	3,764	98%	476	57%	3,288	-	39,287
235	SENIOR HOUSING	218,348	89%	972	89%	-	0%	972	-	219,320
236	HOUSING MITIGATION	2,632,682	78%	1,252,390	78%	2,768,619	83%	(1,516,229)	119,126	997,327
240	EMPLOYEE ASSISTANCE	43,179	52%	15,845	52%	23,302	57%	(7,457)	-	35,722
247	ENVIRONMENT REMEDIATION	147,550	89%	657	89%	-	0%	657	-	148,207
250	COMH-SUCCESSOR AGENCY-MHRDA	3,958,263	122%	8,984,249	122%	6,611,449	74%	2,372,800	13,918,273	(7,587,211)
255	HOUSING SUCCESSOR AGENCY	3,901,936	0.23	284,705	0.23	519,536	0.19	(234,831)	2,733,970	933,135
TOTAL SPECIAL REVENUE FUNDS		\$ 15,444,667	89%	\$ 14,899,293	89%	\$ 13,772,283	60%	\$ 1,127,010	\$ 17,545,012	\$ (973,335)
301	PARK DEV. IMPACT FUND	7,162,036	42%	787,136	42%	623,780	11%	163,356	91,924	7,233,468
302	PARK MAINTENANCE	5,404,028	73%	760,337	73%	577,001	61%	183,336	36,374	5,550,990
303	LOCAL DRAINAGE	7,080,630	71%	1,160,493	71%	8,140	36%	1,152,353	7,895	8,225,087
304	LOCAL DRAINAGE/NON-AB1600	1,150,352	177%	149,778	177%	7,813	14%	141,965	-	1,292,317
306	AGRICULTURE AND OPEN SPACE PRESERV	6,612,245	7%	144,414	7%	801,602	0%	(657,189)	111,625	5,843,432
308	STREET CIP	955,386	35%	955,363	35%	93,788	3%	861,576	6,806	1,810,156
309	TRAFFIC IMPACT FUND	5,109,589	30%	405,482	30%	852,909	71%	(447,428)	218,603	4,443,557
311	POLICE IMPACT FUND	44,712	26%	70,269	26%	141,572	52%	(71,303)	-	(26,591)
313	FIRE IMPACT FUND	3,681,468	54%	75,588	54%	784	3%	74,804	-	3,756,272
346	PUBLIC FACILITIES NON-AB1600	1,272,644	81%	634,766	81%	484,732	67%	150,034	-	1,422,678
347	PUBLIC FACILITIES IMPACT FUND	268,285	24%	44,052	24%	751	0%	43,300	311,738	(153)
348	LIBRARY IMPACT FUND	2,171,424	16%	132,477	16%	233,309	71%	(100,832)	38,320	2,032,272
350	UNDERGROUNDING	318,891	76%	842,698	76%	691,929	110%	150,769	-	469,659
355	SCHOOL PEDESTRIAN/TRAFFIC SFTY	998,252	129%	859,780	129%	4,343	0%	855,437	-	1,853,689
360	COMM/REC CTR IMPACT FUND	37,257	8%	102,492	8%	611	0%	101,881	-	139,138
TOTAL CAPITAL PROJECT FUNDS		\$ 42,267,197	45%	\$ 7,125,124	45%	\$ 4,523,064	28%	\$ 2,602,060	\$ 823,285	\$ 44,045,972
420	CIVIC CENTER DEBT	159,200	\$0.58	174,819	\$0.58	219,213	73%	(44,394)	14	114,791
441	POLICE FACILITY BOND DEBT	94,402	\$0.50	187,949	\$0.50	281,848	75%	(93,899)	18	484
545	COCHRANE BUSINESS PARK	11,196	50	50	89%	-	0%	50	-	11,246
TOTAL DEBT SERVICE FUNDS		\$ 264,797	53%	\$ 362,817	53%	\$ 501,061	74%	\$ (138,244)	\$ 33	\$ 126,521

City of Morgan Hill Fund Activity Summary - Fiscal Year 2016-17 For the Seven Months Ended January 31, 2017 58% of Year Complete									
Fund No.	Fund	Fund Balance 06-30-16	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved

640	SEWER OPERATIONS	\$ 3,137,175	\$ 5,760,657	55%	\$ 5,589,275	53%	\$ 171,382	77,938	3,230,618
641	SEWER IMPACT FUND*	14,119,765	962,912	17%	1,014,566	19%	(51,654)	8,927,817	5,140,294
642	SEWER RATE STABILIZATION	2,478,572	47,308	512%	2,170	58%	45,138	-	2,523,710
643	SEWER-CAPITAL PROJECTS	9,630,531	1,562,700	59%	2,906,231	41%	(1,343,532)	184,621	8,102,379
650	WATER OPERATIONS	1,593,089	6,680,591	67%	5,924,309	53%	756,283	480,957	1,868,415
651	WATER IMPACT FUND*	4,540,130	311,399	24%	1,203,535	23%	(892,136)	4,109,161	(461,167)
652	WATER RATE STABILIZATION	36,701	292,311	58%	336	53%	291,975	-	328,676
653	WATER -CAPITAL PROJECT	4,050,727	560,158	59%	2,863,642	50%	(2,303,484)	810,499	936,744
TOTAL ENTERPRISE FUNDS		\$ 39,586,690	\$ 16,178,036	51%	\$ 19,504,064	43%	\$ (3,326,028)	\$ 14,590,993	\$ 21,669,669

730	INFORMATION SERVICES	\$ 384,159	\$ 940,937	59%	\$ 731,198	42%	\$ 209,739	\$ 23,452	\$ 570,446
740	BUILDING MAINTENANCE	209,188	1,810,134	60%	1,627,016	53%	183,118	306,398	85,908
741	BUILDING REPLACEMENT	2,472,241	277,297	61%	454,610	39%	(177,314)	126,675	2,168,252
745	CIP ENGINEERING	34,049	764,439	42%	764,504	42%	(64)	4,043	29,941
760	UNEMPLOYMENT	177,459	760	91%	7,189	36%	(6,429)	-	171,030
770	WORKERS COMPENSATION	1,357,898	437,901	60%	348,101	44%	89,800	30,000	1,417,698
790	EQUIPMENT REPLACEMENT	4,348,478	622,084	63%	1,288,135	58%	(666,051)	32,337	3,650,090
791	EMPLOYEE BENEFITS FUNDS	464,099	970,210	81%	397,146	74%	573,064	-	1,037,163
793	CORP YARD COMMISSION	(3,934)	547	0%	4,857	0%	(4,310)	-	(8,244)
795	GEN. LIABILITY INSURANCE	990,072	500,548	59%	744,907	74%	(244,358)	-	745,714
TOTAL INTERNAL SERVICE FUNDS		\$ 10,433,709	\$ 6,324,858	59%	\$ 6,367,662	51%	\$ (42,805)	\$ 522,906	\$ 9,867,998

SUMMARY BY FUND TYPE

GENERAL FUND GROUP	\$ 17,398,147	\$ 20,452,393	56%	\$ 22,470,183	57%	\$ (2,017,790)	\$ 1,475,223	\$ 13,905,134
SPECIAL REVENUE GROUP	15,444,667	14,899,293	89%	13,772,283	60%	1,127,010	17,545,012	(973,335)
DEBT SERVICE GROUP	264,797	362,817	53%	501,061	74%	(138,244)	33	126,521
CAPITAL PROJECTS GROUP	42,287,197	7,125,124	45%	4,523,064	28%	2,602,060	823,285	44,045,972
ENTERPRISE GROUP	39,586,690	16,178,036	51%	19,504,064	43%	(3,326,028)	14,590,993	21,669,669
INTERNAL SERVICE GROUP	10,433,709	6,324,858	59%	6,367,662	51%	(42,805)	522,906	9,867,998
TOTAL ALL GROUPS	\$ 125,395,207	\$ 65,342,520	58%	\$ 67,138,317	49%	\$ (1,795,797)	\$ 34,957,452	\$ 88,641,958

For Enterprise Funds: Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

*Unreserved fund balance includes bond proceeds reserved for projects listed in bond documents.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

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

RECEIVE AND FILE THE ANNUAL SB 165 REPORT FOR CFD NO. 2014-1 (FISHER CREEK)

RECOMMENDATION(S)

Receive and file the report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility

Preserving and Cultivating Public Trust

REPORT NARRATIVE:

The Local Agency Special Tax and Bond Accountability (“The Act”) requires that any local special tax or local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of proceeds.

The Act was enacted by Senate Bill 165 and codified in the California Government Code Sections 53410 through 53412. The City's Community Facilities District (CFD) No. 2014-1 (Fisher Creek) falls within these reporting requirements and the attached annual report is intended to comply with the regulation.

This is the first annual report for CFD No. 2014-1 (Fisher Creek) as the district was formed in 2014, and the first assessment was levied in Fiscal Year 2015-16. Though the due date of January 1st to file the annual report with the City Council has lapsed, staff is filling this report retroactively to ensure that it has been brought current. In future years, this report will be filed on or before January 1st.

COMMUNITY ENGAGEMENT: Inform

This report serves to inform the community of the required reporting information for the CFD.

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Council approved the Community Facilities District No. 2014-1(Fisher Creek) formation, election, and ordinance on September 17, 2014.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact.

CEQA (California Environmental Quality Act):

Not a Project.

LINKS/ATTACHMENTS:

1. SB 165 CFD 2014-1 Fisher Creek

SENATE BILL 165

Senate Bill 165, filed with the Secretary of State on September 19, 2000, enacted the Local Agency Special Tax and Bond Accountability Act. This Act requires that any local special tax or local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of the proceeds. The Act only applies to any local special tax measure or local bond measure adopted on or after January 1, 2001 in accordance with Section 50075.1 or Section 53410 of the California Government Code.

Some of the requirements of the Act are handled at the formation of the Special Tax District and others are handled through annual reports. This Section of this report intends to comply with Section 50075.3 or Section 53411 of the California Government Code that states:

"The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The annual report shall contain all of the following:

- (a) The amount of funds collected and expended.
- (b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 or Section 53410."

The requirements of the Act apply to the Funds for the following District:

City of Morgan Hill
Community Facilities District No. 2014-1 (Fisher Creek)
Formed September 17, 2014

Purpose of Special Tax

The District was formed to fund all or a portion of the costs of the maintenance and monitoring required by the San Francisco Bay Regional Water Quality Control Board for the realignment of Fisher Creek. The special tax funds the cost of maintenance, monitoring and reporting of the Fisher Creek Realignment project; pay for administrative expenses; pay for any amounts required to establish or replenish capital improvement funds, repair and contingency funds or reserve funds; and pay for reasonable anticipated delinquent special taxes.

Collections & Expenditures

Fund	Total Amount Collected ⁽¹⁾	06/30/2016 Balance	Amount Expended	Service Status
Special Tax Fund	\$38,691.73	\$36,612.49	\$2,079.24	Ongoing

(1) Figure represents the total amount levied for Fiscal Year 2015/16, less County Collection Fees of 1.0% of the total levy amount and delinquencies.



CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: Dat Nguyen, Finance Director

APPROVED BY: City Manager

FOLLOW-UP RESPONSE TO GRAND JURY REGARDING PENSION AND OTHER POST-EMPLOYMENT BENEFITS

RECOMMENDATION(S)

Approve the follow-up response to Grand Jury.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility

Preserving and Cultivating Public Trust

REPORT NARRATIVE:

The Mayor received the attached letter dated February 14, 2017, follow up to a letter dated December 22, 2016, requesting that the City of Morgan Hill provide a follow-up response to the Santa Clara County Civil Grand Jury's (SCCCGJ) report entitled "An Analysis of Pension and Other Post-Employment Benefits." The letter indicated that the current SCCCJ would like to know how the City of Morgan Hill currently views the various recommendations contained in the 2012 report, whether the recommendations were accepted, and if there is a plan for future action.

The letter asked for a City response by March 3, 2017, which has since lapsed. Staff has informed the SCCCJ representative that the response would be ready pending Council approval tonight.

COMMUNITY ENGAGEMENT: Inform

This report serves to inform the community of the City's response to the 2012 SCCCJ report.

ALTERNATIVE ACTIONS:

City Council could direct staff to revise the letter.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Council approved the initial response to the SCCCJ's report on August 15, 2012.

FISCAL AND RESOURCE IMPACT:

None for responding to the Grand Jury.

CEQA (California Environmental Quality Act):

Not a Project.

LINKS/ATTACHMENTS:

1. Draft response
2. Follow-up letter from SCCCGJ to City Morgan Hill Re Report 2011-12
3. City of Morgan Hill response to SCCCGJ 2012
4. 2011-2012 SCCCGJ Report



17575 Peak Avenue
Morgan Hill, CA 95037-4128
TEL: (408) 779-7271
FAX: (408) 779-3117
www.morganhill.ca.gov

March 15, 2017

Santa Clara County Civil Grand Jury
Santa Clara County Superior Court
Attention: Tamara L. Davis
191 North First Street
San Jose, CA 95113

Dear Ms. Davis:

Thank you for your letter dated February 14, 2017, follow up to a letter dated December 22, 2016, requesting that the City of Morgan Hill provide a follow-up response to the Santa Clara County Civil Grand Jury's (SCCCGJ) report entitled "An Analysis of Pension and Other Post-Employment Benefits." As you know, the City of Morgan Hill responded to this report back in 2012 when the report was issued. Your letter indicated that the current SCCCCGJ would like to know how the City of Morgan Hill currently views the various recommendations contained in the 2012 report, whether the recommendations were accepted, and if there is a plan for future action.

Back in 2012, and at the current time, the City of Morgan Hill shares the Grand Jury's concerns regarding pension obligations and continues to evaluate pension costs and changes. Since the 2012 report, the Public Employee Pension Reform Act (PEPRA) has gone into effect and the City of Morgan Hill complies with all aspects of PEPRA. As classic (pre-2013) employees on the more expensive pension formulas retire and are replaced with new members on the lower cost pension plan, savings will be realized. The challenge to public agencies is the time it will take for this cycle to complete such that all employees are on the more sustainable, lower cost plan.

As noted in the 2012 response letter, Morgan Hill took some pro-active and County leading steps prior to PEPRA, to address rising pension costs. As a result of the Council adopted policy and the 2013 labor negotiations, all Management and Represented City employees now equally share in any annual increases to the City's retirement contribution rates (effective July 1, 2013 for Police Officers Association, and July 1, 2014 for all other bargaining units). This significant contribution from the employees has positively impacted the City's ability to meet the community's service level needs and should not go unnoticed.

The following are Morgan Hill's updated responses to the findings and recommendations from the 2012 SCCCCGJ report:

CGJ Recommendation 1 – The Cities should adopt pension plans to extend the retirement age beyond current retirement plan ages.

City Response: With the implementation of PEPRA as of January 1, 2013, new CalPERS members hired in Morgan Hill fall under the following set of formulas:

- *Police – 2.7% at 57*
- *Miscellaneous – 2% at 62*

Attachment: Draft response (1048 : Follow-up Response to SCCCCGJ)

The PEPRA tiers extend the retirement age for all new members. Currently, the City has 34 or 19% of the total 178 benefited employees in PEPRA (28 in Miscellaneous Plan and 6 in Safety Plan).

CGJ Recommendation 2A – Santa Clara County and the cities of Cupertino, Los Altos, Monte Sereno, Morgan Hill, Mountain View, San Jose, Santa Clara, Saratoga and Sunnyvale should work to implement second tier plans.

City Response: See response to Recommendation 1 above

CGJ Recommendation 2C – All Cities' new tier of plans should close the unfunded liability burden they have pushed to future generations. The new tier should include raising the retirement age, increasing employee contributions, and adopting pension plan caps that ensure pensions do not exceed salary at retirement.

City Response: See response to Recommendation 1 above. In addition, all City employees now equally share in any annual increases to the City's retirement contribution rates.

CGJ Recommendation 3 – The Cities should adopt policies that do not permit benefit enhancements unless sufficient monies are deposited, such as in an irrevocable trust, concurrent with enacting the enhancement, to prevent an increase in unfunded liability.

City Response: The City will continue to take this recommendation into consideration for any future benefit changes. It is important to note that no retirement plan benefit changes have been implemented since 2012 nor are any planned in the immediate future.

CGJ Recommendation 4A – The Cities should require all employees to pay the maximum employee contribution rate of a given plan.

City Response: Morgan Hill continues to require all employees (classic and new members) to pay the maximum employee contribution rate. In addition, as mentioned above, all City employees now equally share in any annual increases to the City's retirement contribution rates.

CGJ Recommendation 4B – The Cities should require employees to pay some portion of the Past Service Cost associated with the unfunded liability, in proportion to the Benefits being offered.

City Response: While the City has implemented all aspects of PEPRA in addition to all employees equally sharing in any annual increases to the City's retirement contribution rates, the city has not discussed or negotiated further cost sharing of the employer's costs.

CGJ Recommendation 5 – The Cities should immediately work toward implementing policy changes and adopting measures aimed at making full OPEB ARC payments as soon as possible.

City Response: Since our 2012 response letter, Morgan Hill has strategically earmarked funds for reserves and pre-payment of OPEB liability. The City began to responsibly set aside funds related to OPEB in FY2014-15 with an initial funding of \$110,000, and \$270,000 in FY2015-16. In December 2015, the City set up an irrevocable trust administered by Public Agency Retirement Services (PARS) with U.S. Bank as trustee to pre-fund the OPEB liability. To date, the City has contributed approximately \$700,000 to the trust. The City's five year forecast planned for additional contributions of \$300,000 annually through FY2020-21, with the goal of fully funding the City's OPEB liability within ten years.

CGJ Recommendation 7 – The Cities should transition from defined benefit plans to defined contribution plans as the new tier plans are implemented.

City Response: As noted above, any cost sharing or pension plan changes can only be achieved by reaching a negotiated agreement. CalPERS does not currently offer a defined contribution plan to public employers. Exiting the CalPERS retirement program has an extraordinary price tag making a transition like this very difficult for public agencies.

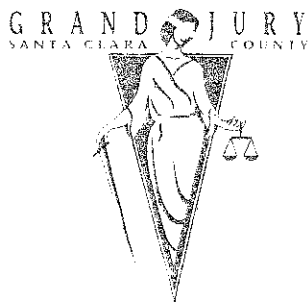
Please feel free to contact me or Morgan Hill City Manager Steve Rymer if you seek additional information or have any questions regarding this follow-up response to the SCCCGJ February 14, 2017 letter.

Sincerely,

Steve Tate, Mayor

Cc: Members of the City Council
Steve Rymer, City Manager

Attachment: Draft response (1048 : Follow-up Response to SCCCGJ)



February 14, 2016

Honorable Steve Tate, Mayor
 City of Morgan Hill
 17555 Peak Avenue
 Morgan Hill, California 95037-4128

Sent via email to: steve.tate@morganhill.ca.gov

Dear Honorable Tate:

I am contacting you on behalf of the 2016-2017 Santa Clara County Civil Grand Jury, as a follow up to a letter sent December 22, 2017, via email requesting for an update to a report generated by the 2011-2012 Santa Clara County Civil Grand Jury in July of 2012, entitled "**An Analysis of Pension and Other Post Employment Benefits.**" The letter and all referenced attachments, are attached.

Though the requested response date, January 31st, has lapsed, the Civil Grand Jury is extending the request for a response to March 3, 2017, sent to:

Santa Clara County Civil Grand Jury
 Superior Court
 Attention: Tamara Davis, Deputy Manager of Jury Services
 191 North First Street
 San Jose, California 95113

Thanking you in advance for your timely response to this request for information.

Sincerely,

Tamara L. Davis
 Deputy Manager, Jury Services

TD:Peter Hertan, 2016-2017 Civil Grand Juror
 Attachments/Enclosures: Letter from Tamara Davis, Deputy Manager of Jury Services dated December 21, 2017.



STEVE TATE
Mayor

FILED

SEP 04 2012

DAVID H. YAMASAKI
Chief Executive Officer/Clerk,
Superior Court of CA County of Santa Clara
BY D. ALDYCKI

17555 Peak Avenue
Morgan Hill, CA 95037-4128
TEL: 408-779-7271
FAX: 408-779-3117
www.morganhill.ca.gov

6.c

Honorable Richard Loftus, Jr., Presiding Judge
Santa Clara County Superior Court
191 North First Street
San Jose, CA 95113

RE: City of Morgan Hill response to “An Analysis of Pension and Other Post Employment Benefits”

Hon. Judge Loftus:

Thank you for the opportunity to respond to the civil grand jury’s report on pensions and other post-employment benefits, and resulting recommendations.

Recommendation 1: The Cities should adopt pension plans to extend the retirement age beyond current retirement plan ages.

City of Morgan Hill response: Agree with recommendation. The City Council has already adopted a policy of negotiating with our three bargaining units an increased retirement age. The City’s Long-Term Labor Policy, Principles and Strategies say, “The City will strive to implement a two-tiered retirement system [one component of which is almost always an increased retirement age] and explore the option of a ‘hybrid’ system that uses both defined benefit and defined contribution formulas.” Formal negotiations will begin next year with all three bargaining units, whose contracts expire June 30, 2013.

Recommendation 2A: Santa Clara County and the cities of Cupertino, Los Altos, Monte Sereno, Morgan Hill, Mountain View, San Jose, Santa Clara, Saratoga and Sunnyvale should work to implement second tier plans.

City of Morgan Hill response: Agree with recommendation. See response to Recommendation 1 above.

Recommendation 2B: not applicable

Attachment: City of Morgan Hill response to SCCCGJ 2012 (1048 : Follow-up Response to SCCCGJ)

Recommendation 2C: All Cities' new tier of plans should close the unfunded liability burden they have pushed to future generations. The new tier should include raising the retirement age, increasing employee contributions, and adopting pension plan caps that ensure pensions do not exceed salary at retirement.

City of Morgan Hill response: Agree with recommendation. See response to Recommendation 1 above.

Recommendation 3: The Cities should adopt policies that do not permit Benefit enhancements unless sufficient monies are deposited, such as in an irrevocable trust, concurrent with enacting the enhancement, to prevent an increase in unfunded liability.

City of Morgan Hill response: Agree with recommendation

Recommendation 4A: The Cities should require all employees to pay the maximum employee contribution rate of a given plan.

City of Morgan Hill response: Agree with recommendation. The City already requires all public safety employees to pay the maximum employee contribution rate (9%) of the 3% @ 50 Safety Plan, and all employees represented by the Community Services Officers Association, and all management employees, to pay the maximum employee contribution rate (8%) of the 2.5% @ 55 Miscellaneous Plan. For the remaining employees, the City Council has already adopted a policy of negotiating this arrangement; the Council's Long-Term Labor Policy, Principles and Strategies assert, "The City will strive to require employees to pay 100 percent of the employee share towards retirement."

Recommendation 4B: The Cities should require employees to pay some portion of the Past Service Cost associated with the unfunded liability, in proportion to the Benefits being offered.

City of Morgan Hill response: The City's Long-Term Labor Policy, Principles and Strategies do not specifically address this issue, but the City Council will consider it in light of the Governor's pension reform proposal that would have public employees pay at least half of the *normal cost* (not the unfunded liability) of their pension benefit going forward in time (not back).

Recommendation 5: The Cities should immediately work toward implementing policy changes and adopting measures aimed at making full OPEB ARC payments as soon as possible.

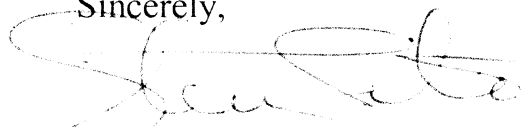
City of Morgan Hill response: Agree with recommendation

Recommendation 6: not applicable

Recommendation 7: The Cities should transition from defined benefit plans to defined contribution plans as the new tier plans are implemented.

City of Morgan Hill response: Agree with recommendation to the extent it applies to the grand jury's other recommendation that "public employees must contribute a greater share towards their benefits," but without necessarily abolishing defined benefit plans, which may be useful to the City for recruitment and retention. The City's Long-Term Labor Policy, Principles and Strategies already assert that "The City will strive to pay a fixed amount towards employee retirement to limit exposure to volatility of the market" and "The City will...explore the option of a 'hybrid' system that uses both defined benefit and defined contribution formulas."

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Tate", written over a horizontal line.

Steve Tate, Mayor



2011-2012 SANTA CLARA COUNTY CIVIL GRAND JURY REPORT

6.d

AN ANALYSIS OF PENSION AND OTHER POST EMPLOYMENT BENEFITS

Issue

After reviewing the Comprehensive Annual Financial Reports (CAFRs) of all cities, towns and the County of Santa Clara (hereafter referred to as City or Cities¹), the Grand Jury was struck by the extent that the pensions and Other Post Employment Benefits (OPEB) (collectively “Benefits”) were underfunded. Subsequently, the Grand Jury sought to answer the following question: “Is the cost of providing pension and other post employment benefits interfering with the delivery of essential City services and is the ultimate cost to the taxpayers a bearable burden?”

Introduction

The Grand Jury developed a survey to gather information from the Cities and the County. The Survey and responses are important to this report and the Grand Jury encourages readers to read the Survey questionnaire provided in Appendix A before continuing. Due to the technical complexity of this report, the Grand Jury has provided a glossary of the terminology used throughout this report (Appendix B). Acronyms are also included in the glossary.

CalPERS² requires Cities to contribute sufficient funds, held in trust, to pay for pension benefits as they are earned. This helps to ensure sufficient funding is in place to provide the promised pension benefits. This trust money is invested and expected to return a long-range investment return as high as 7.50%³ (after expenses). It is these investment earnings that are expected to pay for as much as 70%⁴ of the cost of pension benefits.

¹ Cities as defined in this report include: Santa Clara County; the cities of Campbell, Cupertino, Gilroy, Los Altos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, Sunnyvale; and the towns of Los Altos Hills and Los Gatos,

² The California Public Employees' Retirement System (CalPERS) is an agency in the California executive branch that manages pension and health benefits for California public employees, retirees, and their families.[†]

³ CalPERS recently reduced this rate from 7.75%.

⁴ Expected to decline as investment yield declines.

According to interviews, historically high investment earnings in the early 1990s spawned the belief that expensive pension enhancements could be granted and paid for by the excess investment earnings without compromising the Cities' ability to afford other services. Once these pension enhancements are granted to an employee, they generally cannot be retracted unless a substantially comparable replacement is offered, a concept referred to as vested rights. Cities reported that they felt compelled to enhance benefits to attract and retain the best work force possible.

In addition to pensions, employers provide OPEB consisting primarily of health care benefits. Unlike pension funding requirements, there is no requirement for Cities to pre-fund the cost of OPEB benefits. As a result, most Cities have not funded OPEB benefits and have accrued large OPEB debts. Escalating health care costs, the largest component of OPEB, compound this debt problem.

As a result of an economic downturn, the average investment rate of return (investment earnings) for the last ten years is considerably below what experts and Cities agree is the still optimistic assumed rate of 7.5%. This return on investment (ROI) leads to an increase in the Cities' annual payment into the pension fund to make up the difference.

The rising costs of pension and OPEB (collectively hereinafter referred to as Benefits), combined with the downturn of the economy have resulted in very large budget shortfalls. These must be paid by current and future tax revenue, which is limited. Thus, according to interviews, paying for these rising costs will come at the expense of other City services.

With this in mind, the Grand Jury assessed the viability and sustainability of Cities' public employee Benefits. This assessment sought to answer the following questions:

- What are the costs of public employee Benefits and who pays for them?
- Will Cities' projected revenues keep up with projected expense of Benefits?
- What is being done and what can be done to control Benefit costs?
- Why are public employee Benefits different from those in the private sector?

Background

Several cities have declared bankruptcy. While the reasons for bankruptcy vary from one municipality to another, and include lower tax revenues and decreased home values, one common reason cited is large unfunded liability associated with providing pension and healthcare benefits to its public employees. Locally, the City of Vallejo declared bankruptcy in 2009 after failing to negotiate pay cuts in the face of \$195 million in unfunded pension obligations. Stockton is falling into bankruptcy with less than 70

cents set aside for every dollar of pension benefits its workers are owed⁵. A recent Stanford University study regarding public pension funds statewide emphasizes this predicament: “public pension shortfalls of \$379 billion or \$30,500 per household” exist statewide⁶ contributing to the downgrading of California’s bond rating. San Jose is proposing pension reform and considering higher taxes resulting from ten consecutive years of budget shortfalls. The full effect of these unsustainable costs is yet to come.

Methodology

The scope of the Grand Jury’s investigation was limited to the Cities. Special districts and other agencies were excluded from this investigation. The following resources were used to gather and evaluate the data contained in this report:

- City CAFRs; particularly notes to financial statements concerning Benefits (see Appendix A)
- Results obtained from a survey created by the Grand Jury and distributed to the Cities (see Appendix B for the complete survey)
- Interviews conducted with one or more of the following persons from the Cities: Financial Manager, Chief Finance Officer, City Manager, Retirements Service Director, and Human Resource Manager. All interviews were conducted following receipt and evaluation of a survey, affording the opportunity to seek clarification and elaboration on survey responses as necessary.
- Interviews with CalPERS actuaries and CalPERS consultants
- Other documents listed in Appendix A.

Report Conventions

The Grand Jury did not extrapolate, derivate or convert the data provided by the Cities in response to the survey. When the Grand Jury had questions, or found inconsistencies in the data provided, every effort was made to resolve the issues through interviews, email and phone conversations.

All dollar figures are expressed in actuarial valuation units,⁷ not market value, unless otherwise stated. The glossary in Appendix C provides definitions of the terminology used throughout this report. Acronyms are also included in the glossary.

⁵ "Untouchable pensions may be tested in California," Mary Williams Walsh, New York Times, March 16, 2012.

⁶ <http://siepr.stanford.edu/system/files/shared/Nation%20Statewide%20Report%20v081.pdf>

⁷ See Appendix C Glossary for definition.

Discussion

This discussion consists of three primary sections:

- **Understanding CalPERS** presents and discusses the basic concepts of CalPERS public pension benefits to lay a foundation for a more detailed look at City-provided Benefits.
- **Key Survey Results** discusses those survey results found to be most relevant to answering the Grand Jury questions.
- San **Jose's Plan** is discussed separately because San Jose is the only city to not use CalPERS.

Understanding CalPERS

Because all Cities except San Jose⁸ participate in CalPERS for pension and many use CalPERS for OPEB as well, it is vital to understand the following key concepts:

- Basic Pension Plan Formulas
- Annual Required Contribution (ARC)
- CalPERS Menu Options
- Assumed or expected Return on Investment (ROI)
- Unfunded Liability.

Basic Pension Plan Formulas

Employees belong to one of two different groups: Miscellaneous (MISC) or Public Safety,⁹ each having defined plans. Table 1 lists all first tier¹⁰ CalPERS plans utilized by Cities. Note that the plan names include the pension earned per year and the retirement age at which full benefits are received.

⁸ Excluding the San Jose Mayor and Council Member plan.

⁹ Police and Fire personnel.

¹⁰ See Appendix C Glossary for definition.

Table 1: First Tier CalPERS Plans Used by the Cities

s Plans		Public Safety Plans	
Plan Name	Number of Cities Participating	Plan Name	Number of Cities Participating
2.0%@55	4	3.0%@50	11 ¹¹
2.5%@55	5	3.0%@55	1
2.7%@55	7		

For all plans the pension benefit formula contains the same three primary components multiplied together as shown here:

$$\text{Pension} = \text{Earned Benefit Rate} \times \text{Years of Service} \times \text{Salary}$$

Earned Benefit Rate: This is the percent of salary earned per year of service as indicated by the plan name. Retirement before age 55 for MISC employees and before age 50 for most Public Safety employees results in the Earned Benefit Rate being reduced (per CalPERS' table). For example, a MISC employee in the 2.0%@55 plan who retires at age 50 gets an earned benefit rate of 1.426¹² per year of service rather than 2.0. Similarly, participants of the 2.5%@55 plan as well as the 2.7%@55 plan receive an earned benefit rate of 2.0 at age 50. Interestingly, the earned benefit rate for members of the 2.0%@55 plan continue to rise until the age 63 where it plateaus at 2.418¹³ percent per year of service. This contrasts with the other two MISC plans that plateau at age 55 at 2.5% and 2.7% respectively. (For a more detailed delineation of earned benefit rates, see www.calpers.ca.gov).

Years of Service: This is self explanatory except to point out CalPERS supports reciprocity, which means that employees can transfer from one CalPERS-covered agency (City) or any other public agency that has established reciprocity with CalPERS, to another such agency without forfeiture of earned pension (as is usually the case in the private sector).¹⁴ Thus, an employee may work 10 years each for three different cities and earn the same pension benefits as otherwise would have been earned if they had worked for 30 years at a single city. But because each of the three cities pays only its one-third share of the earned pension, statistically, this employee appears as three employees earning a more modest pension from each city.

¹¹ Some Cities contract for police and fire. Gilroy police and fire belong to separate Public Safety plans.

¹² From CalPERS Benefit FactorsTable, page 22, Local Miscellaneous Benefits

¹³ From CalPERS Benefit FactorsTable, page 22, Local Miscellaneous Benefits

¹⁴ Reciprocity agreements may also exist between other pension plan providers.

Salary: CalPERS has guidelines defining what wages and reimbursements qualify for the purposes of determining pension. For a detailed discussion, go to www.calpers.ca.gov. Generally, salary can either be the average highest salary over a three-year period, or a highest single 12-month salary can be used, depending on the plan adopted by the City. Using the highest 12-month salary (rather than highest 36-month average salary in the pension formula shown above) is an example of what is known as a “Class 1” benefit enhancement that is more expensive to provide.

It is noted here that Public Safety plan participants have a 90% maximum salary cap that can be earned at onset of retirement. There is no corresponding limit placed on plan participants. In both cases however, the Grand Jury learned that large pensions (expressed as a percent of salary) serve as a deterrent to prolonging employment because one can retire at close to full pay. Subsequent discussions on Employer Paid Member Contribution (EPMC) and Cost-of-Living Allowances (COLA) will show how pensions can actually exceed salary, leading to the paradox of employees losing income if they continue to work as a public employee rather than retire.

ARC: What is it and How is it Determined?

The ARC is the annual actuarially determined amount that must be paid to ensure there will be enough money to pay for all promised Benefits. As shown below, the pension ARC consists of three principle components added together:

$$\text{ARC} = \text{Employee Contribution} + \text{Normal Cost} + \text{Past Service Cost}$$

It should be noted that generally the Normal Cost and Past Service Cost, in accordance with labor contracts, are paid for by the Cities—through tax revenue—and sometimes are supplemented by an employee contribution.

Employee Contribution: From the perspective of CalPERS, this is a fixed percent and, as the name would suggest, was intended to be paid by the employees in much the same way as most private workers pay a portion of their own Social Security benefits. For all City employees, the Employee Contribution is either 7%, 8% or 9% of an employee’s salary, depending in which plan the employee participates. It is important to note, however, that in practice, most Cities pay some portion of this cost on behalf of the employees.

Normal Cost: Less the employee contribution, if made, this is the amount required to pay for the benefits that were earned in the prior year for the (expected) life of the employee in retirement. This is determined through rigorous actuarial valuations taking many variables into account, including retirement age, life expectancy, and probability of disability. Normal Cost tracks very closely with the degree of Benefits being offered. That is to say, discrete cost increases occur to this component of the ARC with each benefit enhancement proportional to the cost of the benefit. Without benefit enhancements, Normal Cost remains relatively flat over time.

Past Service Cost: Whenever the plan assets (all previously paid ARCs), including ROI, become insufficient to pay the actuarial accrued cost of benefits, an unfunded liability¹⁵ exists. This deficit must be made up in the form of Past Service Cost. This component of the ARC is largely proportional to unfunded liability, increasing as the unfunded liability goes up to begin paying down the debt. For many Cities surveyed, Past Service Cost is approaching and in some cases already exceeds Normal Cost. Later, this report will discuss the three most often cited reasons for unfunded liability: market losses (ROI lower than the assumed rate), retroactive benefit enhancements, and other accumulated actuarial assumption changes (e.g., longer life expectancy, demographic changes).

CalPERS Menu Options

Each CalPERS plan has numerous benefits that are inherent to the plan itself.¹⁶ In addition to these benefits, CalPERS offers a wide range of menu options that can be thought of as upgrades or enhancements to the base plan. They are too numerous to list but include the following:

- Annual cost-of-living allowance (COLA) increase
- Employer-paid member contribution (EMPC)
- Credit for unused sick leave
- Improved industrial and non-industrial disability
- Special death benefits
- Survivor benefits
- Various military and public service credits.

Each enhancement selected results in quantifiably larger ARC payments. One cannot conclude from the plan name that it is necessarily more or less generous than another plan of a different name. For this reason, the Grand Jury's investigation concerned itself not with the issue of what specific Benefits were being provided but rather what was the total cost of providing the Benefits expressed as a percent of payroll. Cities and CalPERS experts agreed this is a sound methodology for comparing cities of different sizes.

¹⁵ See Appendix C Glossary for definition.

¹⁶ For a more detailed discussion of menu options, go to www.calpers.ca.gov.

Sensitivity to Expected ROI

All Cities and all CalPERS representatives interviewed consistently told us that somewhere between 65% and 70% of the money to pay for Benefits comes from the ROI of previously accumulated ARC payments. This cannot be emphasized enough. The Cities spoke to their burden in struggling to meet ARC obligations in light of budget constraints, but these ARC payments cover only about 30% of the amount necessary to cover the cost of providing these Benefits. A critical actuarial assumption is the expected ROI, which is currently assumed to be 7.50% after expenses for pension. The actual average ROI over the last ten years has been 6.1% as depicted in Figure 1. The result of this underperformance is higher unfunded liabilities, lower funded ratios, and larger ARC payments (in particular, the Past Service Cost component of the ARC as discussed above). Discussion of San Jose's ROI included in this figure is deferred until later.

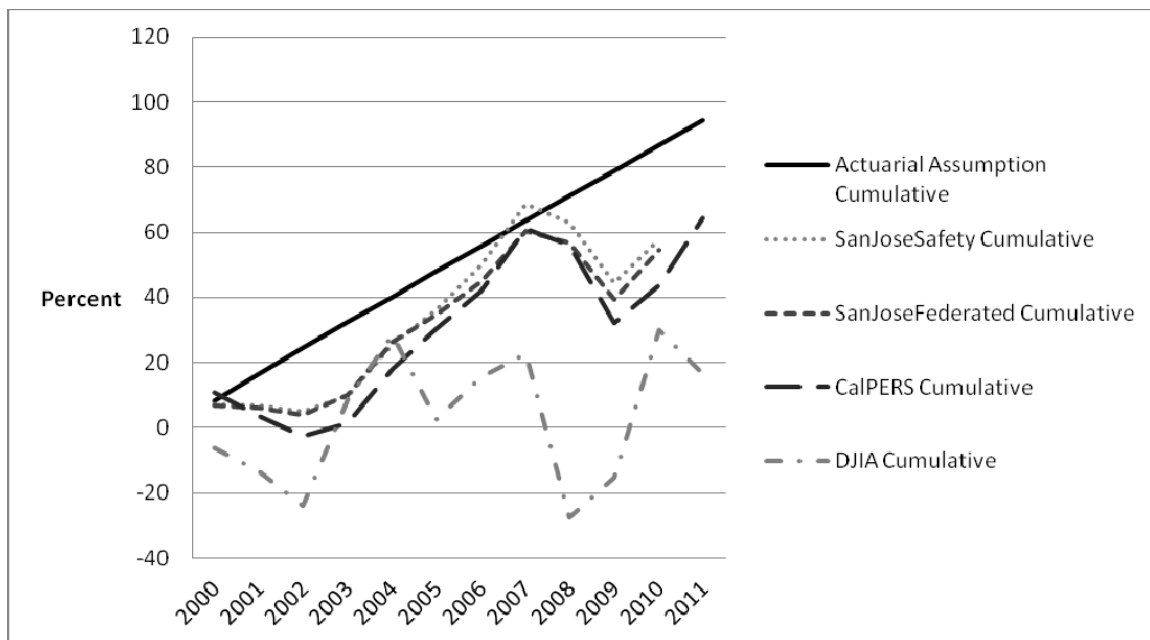


Figure 1: Actual Return on Investment Compared to Assumed and Dow Jones¹⁷

CalPERS lowered the assumed ROI from 7.75% to 7.5% at a March 14, 2012 meeting. Last year this same recommendation was rejected. This year, a 0.5% change was recommended and only a 0.25% change was approved. Table 2 below is excerpted from "Pension Math: How California's Retirement Spending is Squeezing the State Budget" written by Joe Nation from Stanford Institute for Economic Policy Research.

¹⁷ DJIA is calendar year and other data are fiscal year

Table 2: CalPERS Return on Investment Analysis

Investment rate	Probability of meeting or exceeding rate	CalPERS funded ratio¹⁸
9.5%	21.7%	95.1%
7.75%	42.1%	73.5%
7.1%	50.7%	66.7%
6.2%	62.6%	58.3%
4.5%	80.9%	45.1%

Two key points in Table 2 are:

- According to this analysis, there is only a 42.1% chance of meeting or exceeding an assumed investment rate of 7.75% as highlighted in the table. It should be noted that the ROI assumption was recently reduced to 7.5%.
- Dropping down to a more conservative 6.2% investment rate (still higher than the 6.1% average for the last ten years) is recommended by many leading economists and recognized financial experts. The corresponding funded ratio reduction would result in increases to unfunded liabilities and significantly higher ARC costs.

Sunnyvale projects this modest CalPERS-approved reduction of 0.25% in assumed ROI will increase its ARC by 2.3% of payroll for MISC employees and 3.8% of payroll for Public Safety employees, totaling nearly a \$3M increase per year in ARC payments. As shown in Table 3, Sunnyvale's pension cost was just over \$25M. So, a \$3M increase represents a 12% increase. CalPERS and pension experts we spoke with asserted that the cost of each additional 0.25% reduction in assumed ROI is not linear and warned extrapolating this cost increase would result in underestimating the total cost impact.

Unfunded Liability & Funded Ratio

Unfunded Liability is the unfunded obligation for prior benefits, measured as the difference between the accrued liability and plan assets. When using the actuarial value of plan assets, it is also referred to as the Unfunded Actuarial Accrued Liability (UAAL). In everyday language, it is the difference between the cost of the benefits already earned and the amount currently paid; it is the amount due.

¹⁸ As of June 30, 2011

Table 3: Unfunded liability for pension and OPEB for all large cities shows the total for these nine cities is nearly \$7B

FY 2010 Unfunded Liabilities (Not in Risk Pool) ¹⁹				Debt per Resident
City	Pension	OPEB	Total	
Santa Clara County	\$1,455,835,322	\$1,300,000,000	\$2,755,835,322	\$1,547
Cupertino	\$18,581,728	\$18,069,366	\$36,651,094	\$629
Gilroy	\$35,100,000	\$4,900,000	\$40,000,000	\$819
Milpitas	\$70,166,975	\$31,230,798	\$101,397,773	\$1,518
Mountain View	\$104,121,296	\$29,396,467	\$133,517,763	\$1,803
Palo Alto	\$153,941,000	\$105,045,000	\$258,986,000	\$4,021
San Jose ²⁰	\$1,434,696,471	\$1,706,081,881	\$3,140,778,352	\$3,320
Santa Clara	\$223,667,947	\$23,855,000	\$247,522,947	\$2,125
Sunnyvale	\$149,300,000	\$92,800,000	\$242,100,000	\$1,728
Total	\$3,645,410,739	\$3,311,378,512	\$6,956,789,251	

The Funded ratio is the market value of assets at a specified date, over the accrued actuarial liability as of the same date. While technically accurate, these definitions provide no insight into the causes of what have become large unfunded liabilities and correspondingly low-funded ratios. The Grand Jury learned from CalPERS that the three primary reasons for unfunded liabilities are the following:

- 70% of the unfunded liabilities is attributable to market performance
- 15% of the unfunded liabilities is attributable to retroactive benefit enhancements
- 15% of the unfunded liabilities is attributable to other actuarial assumption changes.

The percentages shown above are “rule of thumb” values according to the CalPERS representatives; individual City percentages will vary.

Key Survey Results

With the basic concepts of public pension benefits understood, the Grand Jury prepared a survey to gather information from the Cities. Survey responses and all supplemental data provided by the Cities were analyzed to answer the following questions:

¹⁹ Numbers reflect data provided in survey responses.

²⁰ Excluding Mayor and Council Member Plan.

- What is the total amount of unfunded liabilities?
- What is the total cost each year to provide Benefits and at what rate is the cost going up per year?
- Why are OPEB funded ratios so low?
- When were Benefit enhancements enacted and how do they impact unfunded liability?
- What progress is being made to control escalating costs?
- Why are public Benefits so different from private sector Benefits?
- Do vacation, holiday and sick leave policies in the public sector differ from those that are commonly found in the private sector?

Unfunded Liability (Large Debts)

Table 3 tabulates the unfunded liability for both pension and OPEB for all large cities not belonging to a risk pool and shows the total unfunded liability for these nine cities is nearly \$7B. Cities having fewer than 100 employees in a given pension plan (Campbell, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, and Saratoga) are not included because they belong either entirely or in part to a risk pool. CalPERS currently does not provide this information to the Cities in the risk pool. Los Gatos and Morgan Hill, for instance, do not know their portion of a \$3,515,314,403 unfunded liability associated with the Public Safety risk pool to which they belong. While Monte Sereno and Los Altos Hills did offer an approximation of their portion of the risk pool liability, CalPERS representatives recommended against using the estimation and as a result are not included in Table 3. The Grand Jury has learned the Government Accounting Standard Board (GASB) is considering a policy change to require the Cities in the risk pool²¹ to report individual unfunded liability. Many Cities surveyed focused primarily on minimizing the ARC payments, the short-term cost due, as opposed to addressing the larger, endemic problem of its unfunded liability. This is problematic because minimizing ARC payments today at the expense of addressing the growing unfunded liability means shifting the costs to the future, hoping market improvements will solve the problem. If the market does not improve, taxpayers may face increased taxes or reduced services in the future.

Using 2010 census data obtained from <http://www.sccgov.org> together with the data in Table 3, it is possible to estimate the amount owed by each resident to pay down current Benefit debts in the Cities. For example, each resident of San Jose owes \$3,320 to the city. As residents of the County, they also owe an additional \$1,547 to the

²¹ See Appendix C Glossary for definition.

County.²² But while this would pay down the current debt and significantly reduce ARC payments, it does not guarantee staying out of debt going forward.

High Cost of Benefits (ARC) . . . and Getting Higher

The accumulated City cost of providing annual Benefits in FY2010 was \$667,215,205 as shown in Table 4. While it is useful to know the annual cost of providing Benefits it is not possible to judge whether or not any City is paying a disproportionate cost due to the size variance of the Cities (large Cities are expected to pay more because they have more employees). For this reason, the Grand Jury chose to compare the Cities by expressing the ARC as a percent of payroll. Cities and pension experts agreed the Grand Jury's method of making this calculation was correct. That said, the same values shown in Table 4 are also shown in Figure 2 expressed as percent of payroll separating pension, OPEB and Social Security as applicable.

Table 4: Countywide total cost of providing annual Benefits in FY2010 is \$667,215,205

City	Pension Cost ²³	OPEB Cost ²⁴	Social Security Cost ²⁵	Total
Santa Clara County	\$235,630,042	\$90,000,000	\$65,136,430	\$390,766,472
Campbell	\$2,728,302	\$206,220		\$2,934,522
Cupertino	\$1,841,350	\$7,616,760		\$9,458,110
Gilroy	\$4,900,000	\$186,334		\$5,086,334
Los Altos	\$1,842,949	\$19,505		\$1,862,454
Los Altos Hills	\$190,021	\$203,000		\$393,021
Los Gatos	\$2,958,209	\$949,845		\$3,908,054
Milpitas	\$7,164,473	\$3,356,836		\$10,521,309
Monte Sereno	\$125,713	\$0	\$37,863	\$163,576
Morgan Hill	\$2,763,818	\$15,119		\$2,778,937
Mountain View	\$8,929,685	\$4,376,387		\$13,306,072
Palo Alto	\$19,964,080	\$9,019,000		\$28,983,080
San Jose	\$106,881,000	\$34,147,000		\$141,028,000
Santa Clara	\$20,257,754	\$2,115,643	\$3,494,639	\$25,868,036
Saratoga	\$917,228	NA		\$917,228
Sunnyvale	\$25,300,000	\$3,940,000		\$29,240,000
Total	\$442,394,624	\$156,151,649	\$68,668,932	\$667,215,205

²² Note these figures are per resident, not per household, and exclude an additional state pension liability all California residents bear, which is outside the scope of this report.

²³ Many Cities, but not all, provided separable "sidefund" expenditures from ARC.

²⁴ May include money spent over and above ARC payment.

²⁵ Only MISC employees in Santa Clara County, Monte Sereno and Santa Clara participate in Social Security.

As shown in Figure 2, the cities of Campbell, Los Altos, Monte Sereno, Morgan Hill and Saratoga pay less than 20% of payroll towards Benefits while the remaining cities pay more than 20%. Cupertino, Palo Alto and Sunnyvale pay in excess of 30% of payroll towards Benefits. The survey results further indicated that Mountain View is noteworthy because it offers similar plans as Cupertino, Palo Alto and Sunnyvale but at lower cost to the city through cost sharing with employees who pay the entire employee contribution (8% for MISC and 9% for Public Safety) plus some negotiated portion of that city's cost in the range of 1.5% to 6.8% depending on job type. Cupertino, Palo Alto and Sunnyvale in contrast to Mountain View, pay some portion of the employee contribution with Sunnyvale contributing the most (7% of the required 8% for MISC employees and 8% of the 9% for Public Safety employees).

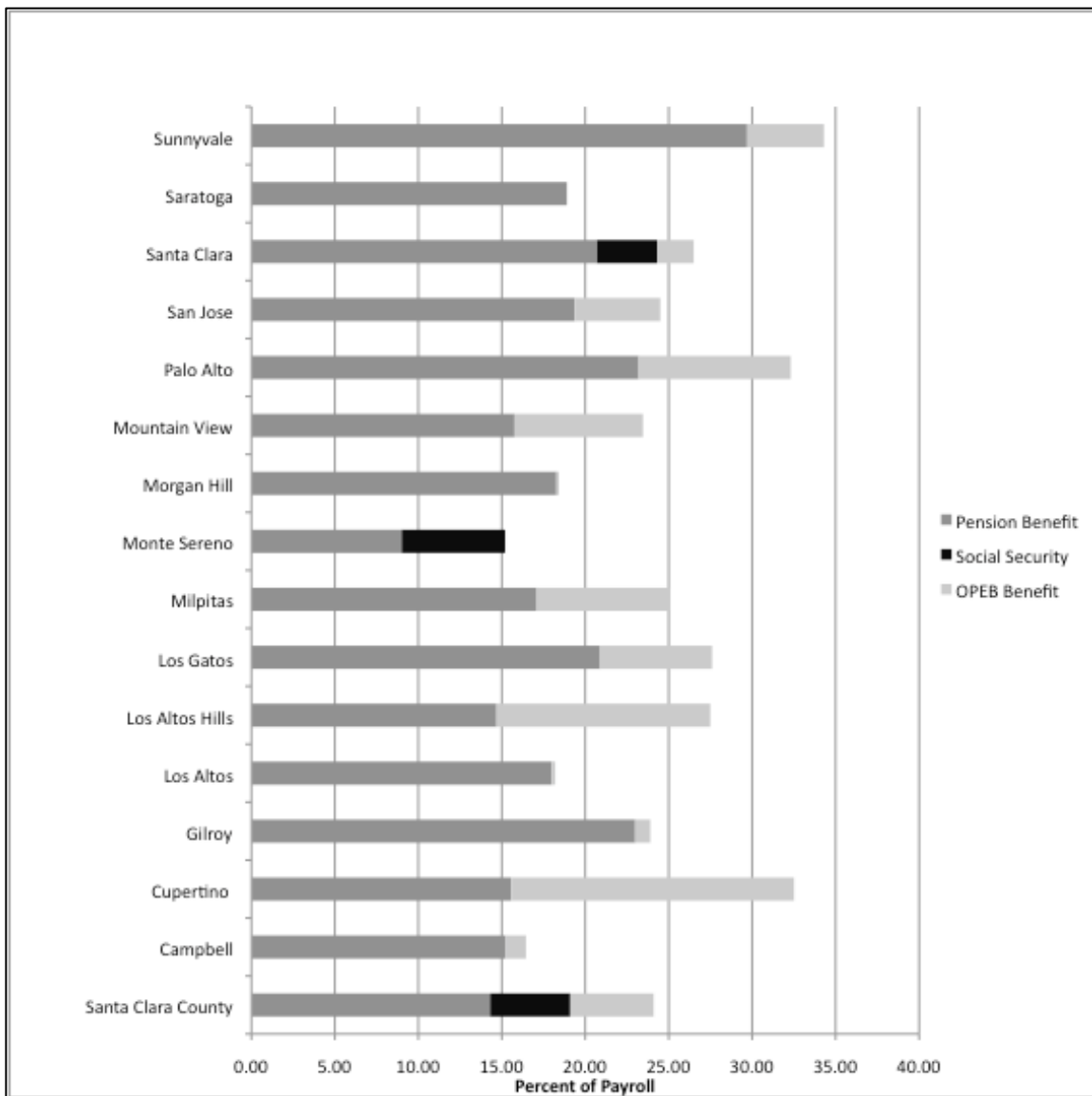


Figure 2: FY 2010 Benefit Ranking by Percent of Payroll

Comparing the Sunnyvale pension costs expressed in percent of payroll to Mountain View (same plans) demonstrates that employee contributions toward the cost of pensions is just as effective at keeping the cost under control as curtailing the level of pension benefits being offered. Mountain View actually compares favorably to other cities offering lower benefits. Table 5 summarizes the Cities' plan(s) and the amount contributed by employees.

For those Cities that elected to participate in Social Security (MISC employees in the City of Santa Clara, Santa Clara County and Monte Sereno), the cost to the city has been added to reflect the total amount the city is paying toward employee Benefits.

The survey responses conveyed how much pension and OPEB were expected to rise during the next five to ten years. Most Cities responded using projections from the latest actuarial valuations, which estimate contributions as a percentage of payroll rather than in dollars. In the case of pension, these valuations are performed by CalPERS and in the case of OPEB, the valuations are performed by an actuary firm under contract to the City. All Cities' Benefits costs are trending up, in spite of optimistic assumptions regarding the ROI that has been shown to be of paramount importance. Projected San Jose cost increases are discussed separately in subsequent sections.

Unfunded Retroactive Pension Benefit Enhancements

When a City amends its contract with labor unions to increase the pension formula (e.g., 2% @ 55 to 2.5% @ 55) the increased benefits apply retroactively to all prior years of service. The retroactive application of the increase results in an increase in the unfunded liability and requires an increase in ARC payments by the City. The reason for the increase in ARC payments can be illustrated by this example:

Assume an employee has worked for twenty-five years and has paid into the system all those years. The City leaders now approve a retroactive benefit enhancement without funding the retroactive period. Immediately the employee and employer have effectively underpaid for the enhanced unfunded benefits portion for the previous twenty-five years. The difference between what was actually paid and what should have been paid to provide the enhanced benefit adds to unfunded liability, which increases ARC payments. This is now a new liability to the taxpayer.

In question three of the Grand Jury questionnaire (Appendix B), Cities were asked to list any significant pension benefit changes that have been made over the past ten years. Table 5 summarizes the responses received by the Grand Jury. As the table shows, most Cities have increased pension benefits within the last ten years. When asked how much these benefit increases changed Unfunded Liability, most cities provided the CalPERS provided answer of 15%. However, Cupertino stated that benefit changes are responsible for 26% of their Unfunded Liability and the City of Santa Clara cited 24.6%.

Table 5: Pension Benefit Plan Changes

Name of City/County	1st Tier Plan				2nd Tier Plan		
	Year of increase	Original Plan	Benefit Increase	Employee Paid Contribution FY 2011 (Per Survey Responses)	Plan Name	Year Adopted	Employee Paid Contribution
County of Santa Clara	2007	MISC 2%@55	MISC to 2.5%@55	3.931 to 5%	None		
County of Santa Clara	2001	Public Safety 2%@50	Public Safety to 3%@50	0.5 to 9%	None		
Campbell	2002	MISC 2%@55	MISC to 2.5%@55	7%	MISC 2%@60	2011	7%
Campbell	2001	Public Safety 2%@50	Public Safety to 3%@50	8%	Public Safety 2%@50	2010	9%
Cupertino	2007	MISC 2%@55	MISC to 2.7%@55	2%	None		
Gilroy	2006	MISC 2%@55	MISC to 2.5%@55	8%	None		
Gilroy	2002	Police 2%@50	Police to 3%@50	9%	Police 2%@50	2011	9%
Gilroy	2007	Fire 2%@50	Fire to 3%@55	9%	Fire 2%@55	2011	7%
Los Altos	2004	MISC 2%@55	MISC to 2.7%@55	1%	None		
Los Altos	2003	Public Safety 2%@50	Public Safety to 3%@50	1%	None		
Los Altos Hills*		MISC 2%@55	None	0%	MISC 2%@60	2011	7%
Los Gatos	2008	MISC 2%@55	MISC to 2.5%@55	8%	2%@60	2012	7%
Los Gatos	2001	Public Safety 2.5%@55	Public Safety to 3%@60	9%	None		
Milpitas	2002	MISC 2%@55	MISC to 2.7%@55	8%	2%@60	2011	9%
Milpitas	2000	Public Safety 2%@50	Public Safety to 3%@50	9%	None		
Monte Sereno*		MISC 2%@55	No pension benefit changes	0%	None		
Morgan Hill	2006	MISC 2%@55	MISC to 2.5%@55	1-8%	None		
Morgan Hill	2002	Public Safety 2%@50	Public Safety increase to 3%@50	9%	None		
Mountain View	2007	MISC 2%@55	MISC increase to 2.7%@55	8%+	None		
Mountain View	2001	Public Safety 2%@50	Public Safety increase to 3%@50	9%+	None		
Palo Alto	2007	MISC 2%@55	MISC increase to 2.7%@55	2%-5.7%	2%@60	2010	2%
Palo Alto	2002	Public Safety 2%@50	Public Safety increase to 3%@50	0%-9%	None		
San Jose		Federated 2.5%@55		4.68%	None		
San Jose		Public Safety 3%@50		10.50%	None		
Santa Clara	2006	MISC 2%@55	MISC increase to 2.7%@55	8%	None		
Santa Clara	2000	Public Safety 2%@50	Public Safety to 3%@50	9%-11.25%	None		
Saratoga*		2%@55	No pension benefit changes	7%	None		
Sunnyvale	2007	MISC 2%@55	MISC increase to 2.7%@55	1%	None		
Sunnyvale	2001	Public Safety 2%@50	Public Safety increase to 3%@50	1%-3%	None		

* These cities contract out for public safety services, avoiding a direct benefit liability.

Cities told the Grand Jury that as recently as 2003, and in 2007 for Campbell and Los Altos Hills, their plans were over funded. Assuming this trend would continue, Cities thought they could enhance Benefits without significantly increasing their costs. Analysis was performed to prove the enhancements could be funded. In hindsight, this did not prove to be the case because the analysis assumed the optimistic ROI would be achieved.

The County and a few of the cities attempted to recover some of the increased cost by increasing the employee paid contributions and by eliminating previously enhanced menu options. The Grand Jury learned that in some cases adequate funding was not in place to pay for the enhanced pension benefits at the time they were granted. Without solid plans to fund increases in pension benefit plans, Cities pushed the impact of these increases to future generations of taxpayers.

Nearly every City demonstrated an historical pattern of granting unfunded benefit enhancements as discussed here. This practice is beginning to change with the adoption by a few cities of second tier²⁶ plans that extend retirement age and reduce Benefit costs.

Table 5 shows that eight cities have adopted second tier plans. Other Cities may be in the process of adopting second tier plans but cannot report this fact because of ongoing union negotiations. Note that all new second tier plans continue to be the defined benefit type; none have adopted any form of defined contribution elements. While the creation of second tier plans will reduce the cost of providing pension benefits,²⁷ these savings will not materialize for many years. All risks associated with market losses remain with the Cities, and ultimately the taxpayers. Increasing employee contribution rates, subject to labor agreements, is the most effective method of controlling cost in the shortest amount of time.

Low OPEB Funded Ratios

As shown in Table 6, OPEB-funded ratios are low. These OPEB low-funded ratios and corresponding high unfunded liabilities are of concern to the Grand Jury. Cities are required to “pay forward”²⁸ for pensions, but not for OPEB. As a result, many cities only pay the minimum required to cover the current annual OPEB cost; no extra is paid to defray the cost of all current employees when they retire. The Cities referred to this as the “pay-as-you-go” strategy and results in very low-funded ratios—even zero percent. This strategy has resulted in San Jose’s OPEB being \$1,706,081,881 underfunded (refer back to Figure 2 for a comparison of San Jose’s underfunded status relative to other cities and the County)

²⁶ See Appendix C Glossary for definition.

²⁷ At the time of this report, the Grand Jury is not aware that Cities are considering OPEB changes in second tier plans.

²⁸ See Appendix C Glossary for definition.

Table 6: OPEB Funded Ratio

City	FY 2010 OPEB Funded Ratio ²⁹
Santa Clara County	10.10%
Campbell	4.00%
Cupertino ³⁰	0%
Gilroy	0%
Los Altos	0%
Los Altos Hills	23.40%
Los Gatos	2.70%
Milpitas	24.13%
Monte Sereno	0%
Morgan Hill	0%
Mountain View	55.90%
Palo Alto	19.00%
San Jose ³¹	12.00%/6.00%
Santa Clara	22.80%
Saratoga	N/A
Sunnyvale ³²	0%

Mountain View, Sunnyvale and Cupertino are commended for having begun to implement a “pay forward” strategy, which demonstrates fiscal responsibility. One San Jose public official interviewed stated that the reason San Jose was not fully funding OPEB is that it could not be done without significant curtailment of services, effectively shifting the burden of payment to future generations.

Public Benefit Comparison to Private Sector Benefits

To put public employee Benefits into perspective, consider the average pension for Public Safety employees in Palo Alto retiring between the ages of 51 and 54 with 30 years of service is \$108,000. In Sunnyvale, the same employee receives almost \$102,000 per year. The most common pension plans offered to public employees who spend their entire career in the public sector not only discourage employees from

²⁹ Some 2010 data is derived from 2009 Actuarial Valuations

³⁰ In 2010 and 2011 the city made payments of nearly \$6.5M in excess of ARC to bring this up to 35.6%

³¹ San Jose has separate OPEB funds for its employees

³² In 2011 the city paid \$32M in excess of ARC but impact on funded ratio has not yet been determined via actuarial evaluation

continuing to work beyond the age of 50 or 55, they penalize them for doing so. The CalPERS reported average pension of under \$30,000 per year is misleading because it fails to recognize persons who receive multiple pensions. The Grand Jury learned that some employees actually earn more in retirement than they did while employed. Further, the ratio of active employees to retirees was found to be three to two.³³ With budget constraints leading to staffing reductions and as the baby boom generation approaches retirement age, this ratio is expected to continue downward, placing additional financial burdens on the Cities.

Public benefits are overwhelmingly of the defined benefit type (refer to Appendix C for the differences between defined benefits and defined contributions). While some private sector companies continue to offer defined benefits, the clear trend in the private sector is to transition away from defined benefits in favor of defined contributions, thereby transferring the risks associated with market performance from the employer to the employee. An additional advantage of the defined contribution is that it leads to less volatile City budgets over time because the cost of providing benefits is constant, not varying over time to compensate for market performance.

Determining in any meaningful way what might be considered “standard” private sector benefits for the purposes of comparing to public sector was clearly outside the scope of this investigation. That said, Bureau of Labor Statistics surveys show the majority of private pensions include participation in Social Security and a defined contribution plan such as a 401k. The employee and employer each contribute 6.2% of salary (currently up to \$110,100 in salary) per year, to pay for Social Security benefits.

While the particulars of 401k plans vary widely, the surveys show that the majority of employees receive some form of matched savings plan described as follows. For every dollar the employee contributes to their own 401k, the employer will contribute some amount: 50 cents or less for most employees. Employees may be limited to the amount they can contribute and employers limit the amount they contribute by specifying that employer contributions cannot exceed a set percent of salary: four percent or less for most employees. As described, the majority of private sector employees contribute more than 50% of the total cost toward their own pensions (exactly 50% in the case of Social Security and greater than 50% of the 401k since an employer only contributes a portion of every dollar the employee contributes). Using 65 as a traditional retirement age, the differences between public and private benefits are summarized in Table 7.

The Grand Jury reviewed the survey results and observed the following for all first tier plan employees:

- All Public Safety employees, except Gilroy fire,³⁴ qualify for full retirement benefits no later than age fifty (assuming at least five years of service)

³³ Half the Cities surveyed currently have more retirees than employees.

³⁴ Gilroy fire receives the same at age fifty-five rather than age fifty.

- All Public Safety employees, except Gilroy fire,³⁵ with thirty years of service credit receive no less than 90% of their salary in retirement, not considering annual COLA increases
- All MISC employees qualify for retirement benefits no later than age fifty-five (assuming at least five years of service)

Table 7: Sample comparison of MISC Public versus Private Benefits³⁶

Attributes	Public³⁷	Private³⁸
Percent of salary contributed by employee toward Benefits	7 - 8%	14 - 16%
Age pension may be drawn without an age-related reduction in eligible amount	55	65
Employee contribution for every dollar of employer contribution	50¢ ³⁹	\$1.40 ⁴⁰
Retirement Income expressed as a percent of salary (assuming the retiree reaches full plan benefit age and works 35 or 45 years, respectively)	87.5%	66% ⁴¹
Who bears the risk if market underperforms?	Taxpayer	Employee
Is subsidized retiree healthcare available?	Generally Yes	Generally No

- The majority⁴² of MISC employees who work 35 years receive 87.5% of their salary in retirement before annual COLA increases.

³⁵ Gilroy fire receives the same benefits at thirty-five years service rather than thirty years.

³⁶ The table is intended for comparison; it is not representative of all situations.

³⁷ Represented by participant in 2.5%@55.

³⁸ Represented by participant in Social Security and 401k Savings plan where employee contributes 8% salary and employer matches 50 cents per dollar.

³⁹ Based on CalPERS data for 2011. Actual varies by city; can be as high as 50¢ or as low as 5¢.

⁴⁰ Based on the Bureau of Labor statistics.

⁴¹ This number assumes a \$750K in retirement savings.

⁴² Los Altos Hills, Monte Sereno and Saratoga are exceptions receiving 70% of salary.

In consideration of these statistics, and as shown in Table 7, the Grand Jury concludes:

- Full pension is attained at an earlier age in the public sector than in the private sector – some by ten years or more
- Pension earned, expressed as a percentage of salary, is greater in the public sector than in the private sector even after adjustment to account for non-participation in Social Security
- Employees in the public sector contribute less towards their pension plans than their private-sector counterparts
- Taxpayers in the public sector bear the risk of ROI and actuarial assumptions associated with the pension plan, whereas employees in the private sector bear the risk of market performance.

The Grand Jury acknowledges wages and salaries are a large portion of Cities' budgets, and when salaries escalate this further exacerbates budget shortfalls. It may be asserted that public sector salaries are lower than their private sector counterparts, thus, justifying more generous public benefits. Readers can explore whether this assertion is true by accessing publically available salary data.

Accrued Sick Leave Can Be Reimbursed

In general, the survey revealed no significant differences between the Cities in regard to holiday, vacation and sick leave policies. However, it is noted that all Cities surveyed except Gilroy, Monte Sereno, and Sunnyvale either reimburse for accrued unused sick time or permit it to be converted into service time for purposes of determining pension. Often reimbursement is at discounted rates and other times the amount of sick time that can be accrued is capped. Gilroy, Monte Sereno and Sunnyvale responded "No" to the survey question asking if accrued sick time is paid upon retirement, without proffering whether or not it could be converted into service time. However, the Grand Jury learned that sick time conversion to service credit is a common CalPERS benefit for all members of risk pools.

The survey revealed that the City of Santa Clara grants fire personnel on 24-hour shifts 288 hours of sick leave per year. Up to 96 hours per year can be accrued and paid (discounted to 75% of their hourly wage equivalent) for employees with 25 or more years of service.

San Jose's Plan

San Jose is the only city that does not use CalPERS to provide pension benefits (with the exception of the Mayor and Council members who get benefits in accordance with CalPERS 2%@55 plan). San Jose public employees have two independent plans: Federated and Public Safety. Federated Plan members are equivalent to those in a CalPERS Miscellaneous Plan. Public Safety members (police and fire) in San Jose are

identical to Public Safety members in other Cities. The San Jose Federated and Public Safety plans share commonality with CalPERS 2.5%@55 and 3.0%@50 respectively with the following key differences:

- COLA is a guaranteed 3% compared to CalPERS' not-to-exceed 2%
- Employee-to-employer contribution ratio of three to eight (3:8)
- Money is invested and managed by the two governing Boards (the Federated Plan Retirement Board and the Public Safety Retirement Board) rather than by CalPERS, and San Jose performs its actuarial valuations independent of CalPERS
- San Jose participates in a Supplemental Retiree Benefit Reserve (SRBR) program.

Each of the major differences cited above is discussed in more detail below.

3% Guaranteed COLA

San Jose provides a guaranteed 3% COLA increase every year compared to a CalPERS base COLA which is "not to exceed an accumulated 2% per year".⁴³ The Grand Jury is unable to quantify the additional cost of increasing COLA. As mentioned previously, CalPERS does provide menu options for increased COLA (including 3%), but no other Cities have opted for this increase, citing cost as a reason.

Three-to-Eight (3:8) Employee Contribution Ratio

For every eight dollars San Jose spends on the Normal Cost of providing benefits (excluding the Past Service Cost portion of benefits that the employer pays entirely⁴⁴) employees contribute \$3-dollars. This differs substantially from CalPERS, which sets employee contribution as a percent of salary between 7% and 9% depending on the plan. As noted in Table 5, many Cities pay much of the employee contribution on behalf of the employees, further complicating any comparison. As noted in *Methodology*, the Grand Jury is reluctant to interpolate the data provided. The San Jose survey response shows that Federated employees pay 4.68% (of payroll) toward pension, which compares to CalPERS' MISC plan at 8%. San Jose's Public Safety employees pay approximately 10.5% (of payroll) toward pension, which compares to CalPERS' Public Safety plan at 9%.

⁴³ As a function of inflation, CalPERS COLA has a clause protecting retirees from losing more than 20% of their buying power in retirement which could result in increases greater than 2%. When CPI is less than the 2% promised, CalPERS COLA also entails "banking" of COLA as unneeded credits that can be applied when CPI is greater than 2%. This results in annual COLA increase in excess of 2% when the CPI exceeds 2%.

⁴⁴ The ratio of Past Service Cost to Normal Cost (expressed in Percent Payroll) for Federated and Public Safety are: 15.58/12.76 and 22/27 respectively

From a cost perspective, there is insufficient data to determine if the 3:8 ratio results in net savings or increased cost to San Jose, compared to the CalPERS plan. However, excluding Past Service Cost from any form of employee cost sharing does result in San Jose paying a higher portion of the cost of providing Benefits.

Self-Managed Investing

The Federated and Public Safety Boards independently manage approximately \$2B in assets each (approximately \$4B total). Both currently assume a 7.5% ROI, similar to the recently adopted CalPERS ROI. As with CalPERS, these investment returns are expected to pay the majority of the costs for providing benefits. It is critical, therefore, to compare the actual investment performance to what is actuarially assumed, and it is useful to compare San Jose's investment performance to CalPERS.

As was shown in Figure 1, both Federated and Public Safety ROI for the last ten years has been below the actuarial assumptions but slightly better than what CalPERS did in the same time period. San Jose did not provide ROI data for 2011. The DJIA is shown in the figure for comparison purposes and is intended to show that both San Jose and CalPERS outperformed the general market (represented by DJIA) by a wide margin, yet still fell below the optimistic actuarial assumptions so critical to economic viability.

The largest advantage of managing one's own plans would seem to be the added flexibility it affords the city in tailoring retirement formulas to meet the needs and means of the city. Although there is little evidence the city is using this advantage in the current first tier plans (as noted, San Jose plans are both very similar to CalPERS plans offered), this advantage may be utilized if and when second tier plans are developed.

Supplemental Retiree Benefit Reserve (SRBR)

Recall from Table 3 that the combined pension unfunded liability for both the Federated Plan and the Public Safety Plan is \$1,434,696,471. As has already been discussed and demonstrated, the largest single contributor to this is when the achieved ROI falls short of the actuarially assumed ROI. With this in mind, it is difficult to comprehend how responsible financial management would allow withdrawal of any portion of excess ROI whenever the market actually does out-perform the expected rate to be used to pay dividends in the form of an additional "thirteenth check"⁴⁵ to retirees. But this is exactly what the SRBR does. In the case of the Federated Plan, the market must only exceed the expected rate in a single year to permit withdrawal of a portion of the excess ROI for that year. For the same thing to happen in the Public Safety plan, the running five-year average must exceed the expected return rate to permit withdrawal.

⁴⁵ Generally, a windfall dividend payment.

It should be noted that San Jose has temporarily suspended the SRBR payouts. Although San Jose has suspended payouts, the funds remain in the account and San Jose has not used the payout to pay down its underfunded liability. In fact, the suspension merely delays eventual payment to retirees in the form of even larger “thirteenth checks.” A better use for these excess funds might be to retain them to pay down the underfunded Benefits, as long as an underfunded liability exists.

Why Such Variance with Estimated Future Benefit Costs?

Much has been written regarding the predicted ARC cost for San Jose in FY 2015/2016. Published estimates vary in the range of \$400M to as much as \$650M. The latter figure represents a more than doubling of the current ARC of \$245M per year—a rate of increase not seen in any of the other Cities.

The Grand Jury interviewed several key personnel associated closely with these predictions to determine why there is so much variability in the estimates. In particular, the Grand Jury wanted to answer the following questions:

- Were these predictions based on sound, factual data?
- Does \$650M represent a worst case number or could it be higher?

The Grand Jury learned that a large set of assumptions factor into any actuarial valuation and many of these assumptions have complex interdependencies with one another. The actuarial valuation itself is a rigorous, precise mathematical calculation based upon these assumptions.

The ARC value can vary, from 400M to \$650M or higher, when assumptions are adjusted. Just two of those actuarial assumption changes, by themselves, account for \$120M of the \$250M difference between the high and low estimate. These two assumption changes are:

- Longer life expectancy of Public Safety employees⁴⁶ than previously assumed
- Lower ROI rate.

Key personnel associated with making actuarial predictions gave an example where increasing the life expectancy of police and fire to be closer to the life expectancy of miscellaneous employees would increase the cost by approximately \$40M. This is a reasonable assumption change to consider since it reflects demographic changes that CalPERS also has begun to reflect. In another assumption query, if the ROI were

⁴⁶ CalPERS has been recognizing this trend and several Cities cited this as being a contributor to unfunded liability

lowered by a whole percentage point to 6.5%, more in line with actual ROI for the last ten years, this would contribute an additional \$80M to the cost of ARC. Importantly, the rationale for exploring a lower ROI was not to bring it into agreement with recent earnings history, but to move San Jose's portfolio from one of high risk and high volatility to a position of low risk and low volatility.

The \$650M per year cost estimate is not a worst case number. Pension experts the Grand Jury interviewed stated that other actuarial assumption changes, within reason and easily justified, would result in ARC costs even higher than \$650M per year. The Grand Jury understands that exploring these actuarial assumptions is justified. They help bring attention to the severity of the Benefits crisis and abate the trend of pushing financial problems to future generations of taxpayers.

Conclusions

Very optimistic actuarial assumptions result in lower ARC costs, leading to insufficient funding and causing unfunded liabilities. The most critical of these is the ROI, which is generally assumed to be 7.5%⁴⁷. The actual ROI for the last ten years has been 6.1%. This underperformance is the largest contributor to the Cities' combined unfunded liability of over \$7B. Future taxpayers are responsible for paying benefits that are being earned and collected today. Lowering the expected ROI—as recommended by leading economists and recognized financial experts—significantly increases ARC and further exacerbates attainment of balanced budgets. Public employee Benefits, especially after being enhanced retroactively, have been shown to be more generous than those found in the private sector and at an earlier retirement age. The amount a public employee contributes toward benefits is shown to generally be less than an employee in the private sector. As a result of lower public employee contribution rates toward their retirement, increasingly large ARC costs must be funded by taxpayer dollars. Ignoring this largesse will result in increased taxes combined with reduced services.

Average pensions are often cited in the range of \$30,000, but these statistics can be misleading. For instance, they include persons whose careers lasted five years or part-time employees with longer service periods. Likewise, it can include employees who work an entire career in the public sector but for different public entities over the course of their careers. Each city that the employee worked for pays only its pro-rated portion of the retirees pension. Thus, the employee's actual pension is larger than the portion attributable to each public entity.

Tier 2 plans that Cities are implementing offer a modest reduction to the future liability, but do not significantly impact the unfunded liability in the short term. To address the short-term cost of the public Benefit crisis, possible solutions may be found in two

⁴⁷ Some OPEB ROI are at lower values.

elements of private sector benefits. The first is the need to reduce the level of benefits to be more comparable to those found in the private sector, inclusive of extending retirement age. Second, public employees must contribute a greater share towards their Benefits, particularly those employees who receive enhanced Benefits. Such solutions will reduce the burden the unfunded Benefits have placed upon current and future taxpayers.

As to the question of defined benefits versus defined contributions, public Benefits continue to be based on a defined benefit model versus the defined contribution model that private industry has moved toward. The defined contribution model works well in the public sector. It offers a working solution to the public sector as a means of reducing the risk of high-cost defined benefit plans. Benefit plans are heavily subsidized by public sector employers compared to the contributions of private sector employers.

The Grand Jury concludes that until significant modifications are enacted, there is no doubt that the escalating cost of providing Benefits at the current level is interfering with the delivery of essential City services and the ultimate cost to the taxpayers is an unbearable burden. These costs are already impacting delivery of essential services as demonstrated by San Jose reducing police and fire department staffing levels, closing libraries or not opening those newly built, curtailing hours of community centers, and not repairing pot-holed city streets. Other cities in the County are likely to face similar challenges as long as high cost benefit plans face an underfunding liability. Understanding how Cities created this problem through unfunded retroactive benefit enhancements, compounded by poor ROI, helps taxpayers understand that the problem will not go away on its own.

Findings and Recommendations

When the term Cities is used below, it includes the following: Santa Clara County; the cities of Campbell, Cupertino, Gilroy, Los Altos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose , Santa Clara, Saratoga, Sunnyvale; and the towns of Los Altos Hills and Los Gatos.

Finding 1

Public sector employees are eligible for retirement at least 10 years earlier than is common for private sector employees.

Recommendation 1

The Cities should adopt pension plans to extend the retirement age beyond current retirement plan ages.

Finding 2

Campbell, Gilroy, Los Altos Hills, Los Gatos, Milpitas and Palo Alto have adopted second tier plans that offer reduced Benefits, which help reduce future costs, but further changes are needed to address today's unfunded liability. Santa Clara County and the cities of Cupertino, Los Altos, Monte Sereno, Morgan Hill, Mountain View, San Jose, Santa Clara, Saratoga and Sunnyvale have not adopted second tier plans.

Recommendation 2A

Santa Clara County and the cities of Cupertino, Los Altos, Monte Sereno, Morgan Hill, Mountain View, San Jose, Santa Clara, Saratoga and Sunnyvale should work to implement second tier plans.

Recommendation 2B

For Gilroy, Los Gatos, Milpitas and Palo Alto, which have not implemented second tier plans for MISC and Public Safety second tier plans should be implemented for both plans.

Recommendation 2C

All Cities' new tier of plans should close the unfunded liability burden they have pushed to future generations. The new tier should include raising the retirement age, increasing employee contributions, and adopting pension plan caps that ensure pensions do not exceed salary at retirement.

Finding 3

Retroactive Benefit enhancements were enacted by Cities using overly optimistic ROI and actuarial assumptions without adequate funding in place to pay for them.

Recommendation 3

The Cities should adopt policies that do not permit Benefit enhancements unless sufficient monies are deposited, such as in an irrevocable trust, concurrent with enacting the enhancement, to prevent an increase in unfunded liability.

Finding 4

The Cities are making an overly generous contribution toward the cost of providing Benefits.

Recommendation 4A

The Cities should require all employees to pay the maximum employee contribution rate of a given plan.

Recommendation 4B

The Cities should require employees to pay some portion of the Past Service Cost associated with the unfunded liability, in proportion to the Benefits being offered.

Finding 5

The Cities are not fully funding OPEB benefits as evidenced by large unfunded liabilities and small funded ratios.

Recommendation 5

The Cities, should immediately work toward implementing policy changes and adopting measures aimed at making full OPEB ARC payments as soon as possible.

Finding 6

The City of San Jose permits the transfer of pension trust fund money, when ROI exceeds expectations, to the SRBR, despite the fact that the pension trust funds are underfunded.

Recommendation 6

The City of San Jose should eliminate the SRBR program or amend the SRBR program to prevent withdrawal of pension trust money whenever the pension-funded ratio is less than 100%.

Finding 7

The Cities' defined benefit pension plan costs are volatile. Defined contribution plan costs are predictable and therefore more manageable by the Cities.

Recommendation 7

The Cities should transition from defined benefit plans to defined contribution plans as the new tier plans are implemented.

Appendix A: Documents Reviewed

Report Name	Report Date	Document Source
Santa Clara County Comprehensive Annual Financial Report (CAFR)	30-Jun-10	www.sccgov.org/
Santa Clara County Comprehensive Annual Financial Report (CAFR)	30-Jun-11	www.sccgov.org/
City of Campbell CAFR	30-Jun-10	www.ci.campbell.ca.us/
City of Campbell CAFR	30-Jun-11	www.ci.campbell.ca.us/
City of Cupertino CAFR	30-Jun-10	www.cupertino.org/
City of Cupertino CAFR	30-Jun-11	www.cupertino.org/
City of Gilroy CAFR	30-Jun-10	www.cityofgilroy.org/
City of Gilroy CAFR	30-Jun-11	www.cityofgilroy.org/
City of Los Altos CAFR	30-Jun-10	www.ci.los-altos.ca.us/
City of Los Altos CAFR	30-Jun-11	www.ci.los-altos.ca.us/
Town of Los Altos Hills CAFR	30-Jun-10	www.losaltoshills.ca.gov/
Town of Los Gatos CAFR	30-Jun-10	www.town.los-gatos.ca.us/
City of Milpitas CAFR	30-Jun-10	www.ci.milpitas.ca.gov/
City of Monte Sereno CAFR	30-Jun-10	Monte Sereno city hall
City of Morgan Hill CAFR	30-Jun-10	www.morgan-hill.ca.gov/
City of Morgan Hill CAFR	30-Jun-11	www.morgan-hill.ca.gov/
City of Mountain View CAFR	30-Jun-10	www.ci.mtnview.ca.us/
City of Mountain View CAFR	30-Jun-11	www.ci.mtnview.ca.us/
City of Palo Alto CAFR (Revised December 21, 2010)	30-Jun-10	www.cityofpaloalto.org/
City of San Jose CAFR	30-Jun-10	www.sanjoseca.gov/
City of Santa Clara CAFR	30-Jun-10	www.santaclaraca.gov/
City of Saratoga CAFR	30-Jun-10	www.saratoga.ca.us/
City of Sunnyvale CAFR	30-Jun-10	www.sunnyvale.ca.gov/
Pension Sustainability: Rising Pension Costs Threaten the City's Ability to Maintain Service Levels - Alternatives For A Sustainable Future	29-Sep-10	www.sanjoseca.gov/auditor
Cities Must Rein in Unsustainable Employee Costs (Santa Clara County Grand Jury Report)	30-Jun-10	http://www.sccourt.org/court_divisions/civil/cgi/grand_jury.shtml
Running on Empty (San Mateo County Grand Jury Report)	30-Jun-11	www.sanmateocourt.org/court_divisions/grand_jury/
National Compensation Survey: Employee Benefits in Private Industry in the United States, 2005	1-May-07	www.bls.gov/ncs/home.htm
A Preliminary Analysis of Governor Brown's Twelve Point Pension Reform Plan (Prepared by CalPERS)	30-Nov-11	www.calpers.ca.gov/eip-docs/preliminary-analysis.pdf
CalPers Pension Benefit Primer	1-Oct-09	www.calpersresponds.com/downloads/Pension_Primer.pdf
More Pension Math: Funded Status, Benefits, and Spending Trends for California's Largest Independent Public Employee Pension Systems	21-Feb-12	www.cacs.org/images/dynamic/articleAttachments/7.pdf
Statement No. 45 of the Governmental Accounting Standards Board	30-Jun-04	Santa Clara County Finance Agency

Attachment: 2011-2012 SCCCJ Report (1048 : Follow-up Response to SCCCJ)

Appendix B: Grand Jury Survey

Instructions: Please complete the questions below. The questionnaire consists of three sections: Section 1 covers questions regarding Pension Benefits, Section 2 covers questions regarding Other Post Employment Benefits and Section 3 covers questions regarding vacation and sick leave payout policy at time of retirement. Insert your responses directly into this file and return it in your email reply.

Please respond by Dec 19th to this questionnaire for both the fiscal year ending 6-30-2010 and the fiscal year ending 6-30-2011. If you have questions or require additional time, please reply via email as quickly as possible to allow sufficient time to resolve issues. Thank you.

Section 1: PENSION

1. How many defined pension plans do you have? Please identify them by name and answer all subsequent questions for each identified plan name.
2. Does CalPERS administer your pension fund? If not, please identify and describe the manner in which the pension plan is being administered.
3. Please provide a description of each defined pension plan that you provide to your employees.
 - At what age is an employee eligible for a pension?
 - How many years must an employee work to be vested for a pension?
 - Are employees required to make contributions to their own accounts? If so, what percent of their salary is paid toward their pension? Is there any annual or lifetime employee contribution cap?
 - Does the plan include cost-of-living allowance increases post retirement?
4. For each identified plan, what percent of an employee's income is earned toward retirement each year of employment?
 - For each identified plan, is there an identified maximum salary percent cap that can be earned in retirement?
5. Do plan participants contribute to Social Security?
6. For each identified plan, describe the formula for determining final compensation used in factoring a retiree's pension. Include number of months that income is averaged, whether or not overtime is included or excluded from this calculation, and whether or not any other form of employee payments other than base salary are included in the formula (awards, bonuses, travel compensation, etc.).
7. How much money was contributed in each of the last two fiscal years toward pensions (not including employee contributions)?
 - What percent was this of total payroll?
8. How much pension money was paid out in each of the last two fiscal years to retirees?
 - How many retired employees are currently collecting benefits?
 - How many active employees are there currently?
 - How many employees are within five years of being eligible for retirement?
9. For each plan, please identify and quantify all significant actuarial assumptions used in evaluation of ARC to include:
 - a) Amortization period
 - b) Investment rate of return
 - c) Projected salary increases
 - d) Overall payroll growth
 - e) Inflation factor
 - f) Smoothing duration
 - g) Other, if applicable
10. What is the unfunded liability of each identified plan for the fiscal years 2010 and 2011?
11. Please indicate the major reasons for the unfunded liability. For each reason provided, indicate the approximate percentage of contribution to total unfunded liability.
12. What is the funded ratio of each identified plan for the fiscal years 2010 and 2011?
13. When was the last time the funds have been funded at the level of 100% or higher?
14. Have pension contributions ever been reduced from calculated ARC payments?
 - What year was the last time this happened?
15. Please summarize any significant changes to pension benefits over the last ten years for each plan.
 - For each, indicate if this was a pension benefit enhancement or reduction.
16. Please provide any evidence that indicates how projected pension costs are expected to change in the next 5 to 10 years. (Page referencing within an included URL or separate attachment with appropriate material is an acceptable response.)

Appendix B: Grand Jury Survey - continued

17. Please provide any evidence of the strategies that are in work to reduce the rate of pension escalation. (Page referencing within an included URL or separate attachment with appropriate material is an acceptable response.)
18. For each plan, please provide evidence as to how pension fund past performance is doing relative to assumed performance for the last ten years. (Page referencing within an included URL or separate attachment with appropriate material is an acceptable response.)

Section 2: OTHER POST EMPLOYMENT BENEFITS

1. How many defined benefit plans do you have? Please identify them by name and answer all subsequent questions for each identified plan name.
2. Does CalPERS administer your OPEB fund? If not, please identify and describe the nature of the OPEB benefit plan being used.
3. Please provide a description of the OPEB benefits to include:
 - At what age is an employee eligible for a OPEB benefits?
 - How many years must an employee work to be vested for a OPEB benefits?
 - Are employees required to make contributions to their own OPEB benefits? If so, how much?
 - Are OPEB benefits limited to employees only or do they include additional family members? Identify any additional family members qualifying for OPEB benefits.
4. Is OPEB generally offering health care benefits (defined benefit) or is it making contributions (defined contribution) toward health care?
 - Are there caps in what is paid?
 - Who is at risk for escalating health costs; the employee or the employer?
5. How much money was contributed in each of the last two fiscal years to OPEB (not including any employee contribution)?
 - What percent of total payroll cost was this?
6. How much money was paid out in each of the last two fiscal years in OPEB benefits?
 - How many retired employees are currently collecting OPEB benefits?
 - How many current employees are there? (If the number of current employees is different here than provided above, please explain the difference.)
7. Please identify and quantify all significant actuarial assumptions used in evaluation of ARC to include:
 - a) Amortization period
 - b) Investment rate of return
 - c) Projected health care increases
 - d) Inflation factor
 - e) Smoothing duration
 - f) Other, if applicable
8. What is the OPEB unfunded liability of each identified plan for the fiscal years 2010 and 2011?
9. Please indicate the major reasons for the unfunded liability. For each reason provided, indicate the approximate percentage of contribution to total unfunded liability.
10. What is the funded ratio of each identified OPEB plan for the fiscal years 2010 and 2011?
11. When was the last time the funds have been funded at the level of 100% or higher?
12. Have OPEB contributions ever been reduced from calculated ARC payments?
 - What year was the last time this happened?
13. Please summarize any significant changes to OPEB benefits over the last ten years. For each, indicate if this was a benefit enhancement or reduction.
14. Please provide any evidence that indicates how much OPEB benefit costs are expected to rise in the next 5 to 10 years. (Page referencing within an included URL or separate attachment with appropriate material is an acceptable response.)
15. Please provide any evidence of plans that are in work to reduce future OPEB costs? (Page referencing within an included URL or separate attachment with appropriate material is an acceptable response.)
16. Please provide any evidence as to how OPEB fund past performance is doing relative to assumed performance? (Page referencing within an included URL or separate attachment with appropriate material is an acceptable response.)

Appendix B: Grand Jury Survey - continued

Section 3: VACATION AND SICK LEAVE ACCRUAL POLICIES

1. Please describe vacation policy to include:
 - How many vacation days are granted at what seniority levels?
 - Is there any limit to the amount of vacation time that can be accrued?
 - Is unused vacation paid upon retirement?
2. Please describe sick leave policy to include:
 - Is there any limit to the number of sick days allowed per year?
 - Is there any limit to the amount of sick days that can be accrued?
 - Are unused sick days paid upon retirement?

Appendix C: Glossary of Terms & Acronyms

Actuarial Assumptions: Assumptions representing expectations about future events (e.g. expected investment returns on plan assets, member retirement and mortality rates, future salary increases, or inflation) which are used by actuaries to calculate pension liabilities and contribution rates.

Actuarial Valuation: Technical reports conducted by actuaries that measure retirement plans' assets and liabilities to determine funding progress. They also measure current costs and contribution requirements to determine how much employers and employees should contribute to maintain appropriate benefit funding progress.

Actuary: Professionals who analyze the financial consequences of risk by using mathematics, statistics, and financial theory to study uncertain future events, particularly those of concern to insurance and pension programs. Pension actuaries analyze probabilities related to the demographics of the members in a pension plan (e.g., the likelihood of retirement, disability, and death) and economic factors that may affect the value of benefits or the value of assets held in a pension plan's trust (e.g., investment return rate, inflation rate, rate of salary increases).

Actuarial Accrued Liability (AAL): The value of benefits promised to employees and retirees for services already provided. This concept applies to both the pension liability and retiree health care liabilities.

Annual Required Contribution (ARC): The amount of money that actuaries calculate the employer needs to contribute to the retirement plan during the current year for benefits to be fully funded over time. Generally CalPERS uses a 30 year period.

CAFR: Acronym for Comprehensive Annual Financial Report

CalPERS: Acronym for California Public Employees' Retirement System

Defined Benefit: Promised fixed sum paid or service rendered. The assets in a defined benefit plan are held by the employer who incurs all investments risks. See also defined contribution.

Defined Contribution: Contributions made by an employer to an individual employees investment account such as a 401k. All investment gains or losses are those of the employee, not the employer. See also defined benefit.

Employer Paid Member Contribution (EPMC): A program whereby the city pays employee contribution in a manner in which the amount paid is considered income for the purposes of determining pension. As exemplified by one city, "For example, an employee with a \$100K income and a 7% EPMC retires using a salary of \$107K per year rather than \$100K per year."

Experience Gains/Losses: Gains or losses that arise from the difference between actuarial assumptions about the future and actual outcomes in an organization's pension plan.

First tier (1st tier) plans: Benefits promised to all employees prior to the implementation of a second tier plan. First tier plans have generally been enhanced; contributing to the cost escalation. See also "second tier" in the Glossary.

Appendix C: Glossary of Terms & Acronyms - continued

Funded Ratio: The market value of assets divided by the accrued liability. Funded ratio is a measure of the economic soundness of a fund.

Market Gains/Losses: Gains or losses that arise from an increase or decrease in the market value of a plan's assets, including stock, real property, and investments.

Miscellaneous (MISC) employee/plan: Public employees who are not sworn police or fire. The term MISC generally is used to describe a pension plan. The city of San Jose refers to these employees as belonging to a Federated plan rather than a MISC plan.

Normal Cost: That portion of the ARC (see above) which is based solely on the value of the benefits being offered.

OPEB: Acronym for Other Post Employment Benefits. OPEB benefits are primarily health care benefits but can include other benefits such as life insurance.

Opt In Plan: Term used to designate an employee elective benefit plan; employees choose between maintaining current benefits but at an increased employee contribution rate or elect to receive lower benefits and avoid increases to employee contribution rates.

Risk Pool: In 2005 CalPERS created risk pools to aggregate small cities (generally defined as having less than 100 employees) into large pools to eliminate statistical anomalies associated with small sample sizes and gain reporting efficiencies.

ROI: Acronym for Return on Investment. See also Market Gains/Losses.

Public Safety Employees: Most police and fire personnel. Other public employees are generally referred to as miscellaneous employees (see above) and may include some members of police and fire departments.

Second tier (2nd tier) plans: Benefits promised to all employees hired after the date of implementing a plan with reduced benefits. Second tier plans generally have reduced benefits and lower costs. See also "first tier" in the Glossary.

Sidefund: Generally the unfunded liability that existed prior to entering a risk pool. A city is responsible for their entire sidefund plus their portion of the risk pool. Sidefund repayment can be accelerated. Some cities did not separate sidefund monies from ARC while others did.

Smoothing of Gains/Losses: Actuarial method of spreading, or smoothing, market gains and losses over a period of time. The purpose of smoothing is to minimize short-term, year-to-year contribution rate fluctuations which may result from market swings. The smoothed asset value is also known as the actuarial value of assets.

Unfunded Liability: This is the unfunded obligation for prior benefit costs, measured as the difference between the accrued liability and plan assets. When using the actuarial value of plan assets, it is also referred to as the Unfunded Actuarial Accrued Liability (UAAL).

This report was **PASSED** and **ADOPTED** with a concurrence of at least 12 grand jurors on this 17th day of May, 2012.

Kathryn G. Janoff
Foreperson

Alfred P. Bicho
Foreperson pro tem

James T. Messano
Secretary



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: Michelle Wilson, Deputy City Clerk

APPROVED BY: City Manager

APPROVE THE FEBRUARY 15, 2017 SPECIAL-REGULAR CITY COUNCIL MEETING MINUTES.

RECOMMENDATION(S)

Approve minutes.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Preserving and Cultivating Public Trust

LINKS/ATTACHMENTS:

1. 02-15-2017 Special-Regular Meeting Minutes



Meeting Minutes

City Council

Steve Tate ~ Mayor

Larry Carr ~ Mayor Pro Tem

Caitlin Robinett Jachimowicz ~ Council Member

Rene Spring ~ Council Member

Rich Constantine ~ Council Member

Wednesday, February 15, 2017

6:00 PM

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

Special/Regular Meeting

SPECIAL MEETING

A special meeting of the City Council was called at 6:00 p.m. for the purpose of conducting Library, Culture, and Arts Commission interviews.

6:00 p.m.

CALL TO ORDER

The special meeting was called to order at 6:00 p.m.

ROLL CALL ATTENDANCE

Council Member Carr arrived at 7:10 p.m.

Present: 4 - Mayor Pro Tem Carr, Mayor Tate, Council Member Spring, Council Member Robinett Jachimowicz

Absent: 1 - Council Member Constantine

DECLARATION OF POSTING OF AGENDA

Deputy City Clerk Michelle Wilson declared the posting of the agenda.

COMMISSION INTERVIEWS:**1 [17-090](#) INTERVIEWS TO FILL FOUR (4) VACANCIES ON THE LIBRARY, CULTURE & ARTS COMMISSION**

The Council discussed the characteristics and/or traits that it is looking for in a successful candidate.

The following applicants were interviewed:

Daniel Redfield

Ramesh Mantri

Norma Bussing

Maria de Anda Antunes

The special meeting adjourned at 6:50 p.m.

REGULAR MEETING

7:00 p.m.

The regular meeting was called to order at 7:00 p.m.

SILENT INVOCATION**PLEDGE OF ALLEGIANCE****CITY COUNCIL REPORTS**

Council Member Constantine was absent and therefore had no report.

[17-111](#) CITY MANAGER'S REPORT

City Manager Steve Rymer recognized teammates for their participation in our 10,000 steps per day challenge that took place over the last ten weeks. This is a part of our overall health and wellness program that we call "WOW", Work on Wellness where we try to provide a variety of activities and training to help ensure that we all stay healthy. Over the course of the challenge we logged 23 million steps. We had a couple teammates with some very impressive numbers. The first is our Economic Development Coordinator John Lang who put in about 1.4 million steps. However, he is overshadowed by Philip Wilkinson who put in an amazing 2.2 million steps in 10 weeks.

He stated that there is a closed session noticed on the agenda that is no longer needed and he recommended that it be removed from the agenda. He spoke to the evening's supplements and presentations.

City Manager Steve Rymer provided a status update on the Anderson Dam project.

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin had no reports.

Attachment: 02-15-2017 Special-Regular Meeting Minutes (1065 : 2/15/17 Minutes)

OTHER REPORTS

Mayor Tate announced that the annual State of the City address will take place next Tuesday, February 21st in the Council Chamber at 7:00 p.m. He also shared that on Saturday, March 4th, Congresswoman Zoe Lofgren will be holding a Town Hall meeting on Immigration at 11:00 a.m. in the Council Chamber.

PRESENTATIONS

[17-098](#)

YAC PRESENTATION- ASSET # 8- YOUTH AS RESOURCES

PUBLIC COMMENT

*The public comment was opened at 7:19 p.m.
Hearing no requests to speak, the public comment was closed*

ADOPTION OF AGENDA

Action: On a motion by Council Member Spring and seconded by Council Member Robinett Jachimowicz, adopting the agenda removing the closed session from the agenda. The motion passed by the following vote:

Ayes: 4 - Carr, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Constantine

CONSENT CALENDAR:

Approval of the Consent Calendar

Action: On a motion by Mayor Pro Tem Carr and seconded by Council Member Robinett Jachimowicz approving the Consent Calendar. The motion passed by the following vote:

Ayes: 4 - Carr, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Constantine

- 2 [17-016](#) AMENDMENT TO CROWN CASTLE PROPERTY USE AGREEMENT
- 3 [17-034](#) REJECT THE BID FOR THE AQUATICS CENTER DECK
RESURFACING PROJECT
- 4 [17-062](#) PROGRESS UPDATE ON CITY AGRICULTURAL PRESERVATION
ACTIVITIES

- 5 [17-064](#) GRANT UTILITY SERVICE EASEMENT TO PG&E FOR THE OAK CANYON BOOSTER STATION
- 6 [17-068](#) IMPROVEMENT AGREEMENT AND STORMWATER BEST-MANAGEMENT-PRACTICES OPERATION AND MAINTENANCE AGREEMENT WITH NUEVA VISTA, LLC FOR PSYNERGY PROGRAMS CAMPUS AT 18225 HALE AVENUE

Action: On a motion by Mayor Pro Tem Carr and seconded by Council Member Robinett Jachimowicz, adopting resolution 17-013 approving the following actions; approving an Improvement Agreement with Nueva Vista, LLC; authorizing the City Manager to execute the Improvement Agreement; authorizing the City Manager to execute separate Stormwater Best-Management-Practices (BMP) Operation and Maintenance Agreement for Psynergy Programs pending review and approval by the City Attorney; and authorizing the recordation of the Improvement Agreement. The motion passed by the following vote:

Ayes: 3 - Carr, Tate, Robinett Jachimowicz

Noes: 0

Absent: 1 - Constantine

Recused: 1 - Spring

- 7 [17-069](#) RESOLUTIONS AUTHORIZING AN ADDITIONAL PACE ADMINISTRATOR
- 8 [17-087](#) HOUSING RELATED PARKS GRANT
- 9 [17-088](#) HEALTHIER KIDS FOUNDATION UPDATE
- 10 [17-070](#) ACCEPT OFFER FROM THE SANTA CLARA VALLEY WATER DISTRICT FOR PURCHASE OF PORTIONS OF PROPERTIES, ADJACENT TO THE CENTENNIAL RECREATION CENTER, APN'S 767-21-060 AND 767-18-025
- 11 [17-078](#) APPROVAL TO UPGRADE ASSOCIATE ENGINEER POSITION TO SUPERVISING CIVIL ENGINEER POSITION - LAND DEVELOPMENT/DEVELOPMENT SERVICES

- 12 [17-071](#) ADOPT ORDINANCE 2231, NEW SERIES, AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING THE ZONING OF A 1.65-ACRE SITE LOCATED ON THE SOUTH SIDE OF EAST THIRD STREET, WEST OF DEPOT STREET AND NORTH OF EAST FOURTH FROM CENTRAL BUSINESS DISTRICT CBD, TO CENTRAL BUSINESS DISTRICT PLANNED DEVELOPMENT AND ADOPT A PRECISE DEVELOPMENT PLAN FOR A MIXED-USE PROJECT CONSISTING OF 83 MARKET RATE RENTAL APARTMENTS AND A MINIMUM OF 7859 SQUARE FEET OF COMMERCIAL SPACE (APNS 726-13-032, 044 & 054)

Item pulled for discussion at the request of the Council.

Interim Planning Manager Terry Linder provided the report.

Action: On a motion by Mayor Pro Tem Carr and seconded by Council Member Robinett Jachimowicz, waiving the reading, adopting Ordinance No. 2231, New Series, and declaring that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived. The motion passed by the following vote:

Ayes: 3 - Carr, Tate, Robinett Jachimowicz

Noes: 1 - Spring

Absent: 1 - Constantine

- 13 [17-072](#) ADOPT ORDINANCE 2232, NEW SERIES, AN ORDINANCE OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT DA-16-09: DEPOT-SUNSWEEP MORGAN HILL AWARDED 83 MEASURE "A" EXEMPT ALLOTMENTS FOR THE SUNSWEEP PROJECT LOCATED ON THE SOUTH SIDE OF EAST THIRD STREET, WEST OF DEPOT STREET AND NORTH OF EAST FOURTH (APNS 726-13-032, 044, & 054)

Item pulled for discussion at the request of the Council.

Interim Planning Manager Terry Linder provided the report.

Action: On a motion by Mayor Pro Tem Carr and seconded by Council Member Robinett Jachimowicz, waiving the reading, adopting Ordinance No. 2232, New Series, and declaring that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived. The motion passed by the following vote:

Ayes: 3 - Carr, Tate, Robinett Jachimowicz

Noes: 1 - Spring

Absent: 1 - Constantine

- 14 [17-096](#) APPROVE THE JANUARY 27 & 28, 2017 CITY COUNCIL ADVANCE MINUTES
- 15 [17-075](#) APPROVE THE FEBRUARY 1, 2017 SPECIAL/REGULAR CITY COUNCIL MEETING MINUTES

OTHER BUSINESS:**16 [17-092](#) SUSTAINABLE MORGAN HILL AND 2017 STRATEGIC PRIORITIES**

City Manager Steve Rymer provided the report.

Action: On a motion by Mayor Pro Tem Carr and seconded by Council Member Spring, adopting Sustainable Morgan Hill, updated ongoing priorities, and the City Council's 2017 Strategic Priorities directing the City Manager to bring back a modified statement to include supporting youth and seniors under the supporting the community line item. The motion passed by the following vote:

Ayes: 4 - Carr, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Constantine

17 [17-067](#) DECEMBER 2016 FINANCIAL AND INVESTMENT REPORT

Finance Director Dat Nguyen provided the report.

The public comment was opened at 7:51 p.m.

Hearing no requests to speak, the public comment was closed.

No action required or taken.

18 [17-055](#) AWARD OF THE DOWNTOWN PARKS PROJECT

Community Services Director Chris Ghione and Senior Project Manager Yat Cho provided the report.

Mayor Tate called a recess at 8:05 p.m.

The meeting was reconvened at 8:12 p.m.

The public comment was opened at 8:28 p.m.

Peter Mandel was called to speak.

John McKay was called to speak.

Kathy Sullivan was called to speak.

Hearing no requests to speak, the public comment was closed.

Action: On a motion by Council Member Spring and seconded by Council Member Robinett Jachimowicz, continuing the item to the February 22, 2017 City Council meeting. The motion passed by the following vote:

Ayes: 4 - Carr, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Constantine

19 [17-044](#)

HALE LUMBER (17020 DEPOT STREET), DEPOT STREET
RE-ALIGNMENT AND COMMUNITY AND CULTURAL CENTER (CCC)
PARKING, DISPOSITION AND DEVELOPMENT AGREEMENT - CITY
OF MORGAN HILL AND BROOKFIELD BAY AREA HOLDINGS, LLC

Economic Development Director Edith Ramirez, Deputy Director of Engineering Scott Creer, and Associate Planner Tiffany Brown provided the report.

The public comment was opened at 9:45 p.m.

Ken McMahon was called to speak.

Bob Benevento was called to speak.

Jonathan Brusco was called to speak.

Brian Sullivan was called to speak.

Chris Reynolds was called to speak.

Nancy Reynolds was called to speak.

Peter Mandel was called to speak.

Kathy Sullivan was called to speak.

John McKay was called to speak.

Rocke Garcia was called to speak.

Bob Hammond was called to speak.

Chuck Bradley was called to speak.

Eric Wallace was called to speak.

Nora Monaco was called to speak.

Dan McCranie was called to speak.

Alex Vo was called to speak.

Joe Guerra was called to speak.

Hearing no further requests to speak, the public comment was closed.

The Mayor called a recess at 10:37 p.m.

The meeting was reconvened at 10:42 p.m.

Action: On a motion by Council Member Robinett Jachimowicz and seconded by Council Member Spring, extending the meeting until 12:00 a.m. The motion passed by the following vote:

Ayes: 4 - Carr, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Constantine

Action: On a motion by Council Member Spring and seconded by Council Member Robinett Jachimowicz, tabling the item. The motion passed by the following vote:

Ayes: 4 - Carr, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Constantine

PUBLIC HEARING:

- 23 [17-059](#) APPEAL (AAE2017-0002 AND AAE2017-0003) OF PLANNING COMMISSION'S DISTRIBUTION OF RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) BUILDING ALLOTMENTS FOR RDCS2016-0014: LAUREL-DEROSE AND RDCS2016-0018: CONDIT-PRESIDIO EVERGREEN FOR FISCAL YEAR 2018/19 WITH REQUEST THAT CITY COUNCIL AWARD SECOND YEAR BUILDING ALLOTMENTS FOR FISCAL YEAR 2019/20 AND REDISTRIBUTING UNUSED RESIDENTIAL DEVELOPMENT CONTROL SYSTEM ALLOTMENTS AWARDED IN FISCAL YEARS 2016/17 AND 2017/18

Interim Principal Planner Gina Paolini provided the report.

The public hearing was opened at 11:36 p.m.

Orville Power was called to speak.

Brian Barry was called to speak.

Hearing no further requests to speak, the public hearing was closed.

Action: On a motion by Council Member Spring and seconded by Mayor Tate, adopting resolution 17-017 denying appeals and reaffirming the distribution of the Residential Development Control System (RDCS)

Building Allotments for Fiscal Year 2018/19, adopting resolution 17-018 re-distributing unused RDCS allotments to eligible high-scoring projects from Fiscal Years 2016/17 and 2017/18, and determining that the projects are eligible ongoing projects. The motion passed by the following vote:

Ayes: 4 - Carr, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Constantine

OTHER BUSINESS:

- 20 [17-089](#) CITY COUNCIL APPOINTMENTS TO OUTSIDE AGENCIES AND STANDING COUNCIL LIAISON ASSIGNMENTS

Council Member Spring was appointed as the primary delegate with Council Member Carr as alternate delegate to the South County Joint Planning Advisory Committee. Staff was directed to follow up with the existing citizen appointee Dennis Delisle regarding his appointment. Council Members Carr and Spring were appointed as the primary delegates and Mayor Tate and Council Members Jachimowicz and Constantine were appointed as the alternate delegates to the Joint City Council/South County Regional Wastewater Authority/Santa Clara Valley Water District Committee. No appointments were made to the Corporation Yard Commission or the Economic Development Corporation.

Action: On a motion by Mayor Pro Tem Carr and seconded by Council Member Robinett Jachimowicz, extending the meeting until 12:15 a.m. The motion passed by the following vote:

Ayes: 4 - Carr, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Constantine

21 [17-091](#) PROPOSITION 64, ADULT USE OF MARIJUANA ACT, WORKSHOP FOLLOW UP

City Manager Steve Rymer provided the report.

No action required or taken.

22 [17-097](#) DOWNTOWN PARKING FOLLOW-UP

City Manager Steve Rymer provided the report.

No action required or taken.

FUTURE COUNCIL INITIATED AGENDA ITEMS:

None.

CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Authority:

Government Code 54957(b)(1)

Title:

City Manager

Item removed from the agenda.

ADJOURNMENT

The meeting was adjourned at 12:11 a.m.

MINUTES PREPARED BY:

Michelle Wilson, Deputy City Clerk

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 that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers, and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order 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 by 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 plan an item on the agenda for a future City Council meeting. Should your comments require Council action, your request may be placed on the next appropriate agenda. 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 michelle.wilson@morganhill.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email michelle.wilson@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting.

City Council's Priorities, Goals, and Strategies

2016

2016 Commitment

The City Council is committed to engaging the community and being responsible stewards of public resources.

Ongoing Priorities

The City Council is committed to providing high quality and sustainable services for the entire Morgan Hill community. Fundamental to the City Council's success are the ongoing priorities of:

- Enhancing public safety
- Protecting the environment
- Maintaining fiscal responsibility
- Supporting youth
- Fostering a positive organizational culture
- Preserving and cultivating public trust

2016 Focus Areas

In addition to the City Council's priorities, five specific focus areas were recognized by the Council that will require significant resources in 2016.

- Planning Our Community
- Developing Our Community
- Enhancing Our Services
- Improving Our Communication
- Participating In Regional Initiatives



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: Angie Gonzalez, Council Services Assistant

APPROVED BY: City Manager

APPROVE THE FEBRUARY 22, 2017 SPECIAL/REGULAR CITY COUNCIL MEETING MINUTES

RECOMMENDATION(S)

Approve Minutes.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Preserving and Cultivating Public Trust

LINKS/ATTACHMENTS:

1. 02-22-2017 Special-Regular Meeting Minutes



Meeting Minutes

City Council

Steve Tate ~ Mayor

Larry Carr ~ Mayor Pro Tem

Caitlin Robinett Jachimowicz ~ Council Member

Rene Spring ~ Council Member

Rich Constantine ~ Council Member

Wednesday, February 22, 2017	5:30 PM	Council Chamber
		17555 Peak Avenue
		Morgan Hill, CA 95037

Special/Regular City Council Meeting

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

CALL TO ORDER

Mayor Tate called the meeting to order at 5:33 p.m.

ROLL CALL ATTENDANCE

Present: 5 - Mayor Pro Tem Carr, Council Member Constantine, Mayor Tate, Council Member Spring, Council Member Robinett Jachimowicz

Absent: 0

DECLARATION OF POSTING OF AGENDA

Minutes Clerk Gonzalez declared the posting of the agenda.

Attachment: 02-22-2017 Special-Regular Meeting Minutes (1066 : 2/22/17 Minutes)

SPECIAL MEETING**5:30 P.M.****WORKSHOP:****1** [17-114](#)**PUBLIC SAFETY MASTER PLAN**

City Manager Steve Rymer introduced the item, Police Chief David Swing and Fire Chief Derek Witmer gave a presentation regarding the Public Safety Master Plan.

Mayor Tate opened public comment at 6:54 p.m.

Doug Muirhead was called to speak.

Bill Norman was called to speak.

Hearing no further requests to speak, the public comment was closed.

REGULAR MEETING**7:00 P.M.**

Mayor Tate convened the regular meeting at 7:06 p.m.

SILENT INVOCATION**PLEDGE OF ALLEGIANCE****CITY COUNCIL REPORTS**

Council Member Robinett Jachimowicz stated that it has been almost one month since she has been on the Council and she thanked everyone who has helped her get up to speed on the many issues that come before the Council. Not just staff and her fellow Council Members, but also members of the community that she has had the opportunity to meet. She shared that we have so many people that dedicate so much of their free time to their community. Council Member Robinett Jachimowicz announced that she attended the Housing and Community Development Advisory Committee and she pointed out some of the non-profits that are working in our area. She mentioned Next Door Solution and Community Solutions who both house women and children who are victims of domestic violence in our county, The Law Foundation and Project Sentinel who help with eviction and landlord tenant issues, The Boys and Girls Club who service 87 youth in Morgan Hill, and The Catholic Charities of Santa Clara County Senior Ombudsman Program who assist seniors in assisted living and nursing homes in the County.

CITY MANAGER'S REPORT

City Manager Steve Rymer recognized our senior Teammates, Chief Swing, Chief Witmer, Community Services Director Chris Ghione, Assistant City Manager Christina Turner, Engineering and Utilities Director Karl Bjarke, for meeting our core values of teamwork, meeting challenges, and customer service. They along with many other teammates worked over the holiday weekend making sure that we were responding to and providing the resources necessary to keep our community safe. City Manager Rymer announced that the new phrase for what was once Supporting Youth is now Supporting Youth, Seniors, and the Entire Community. He concluded by speaking on the evening's presentations.

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin responded to Council Member Jachimowicz's request from last month to look into what we might do to expand resources for people who might be adversely impacted by recent executive actions on immigration and other executive actions. He stated that he does not have a formal report but he has been in contact with the County who is actively looking at ways to increase resources in South County in particular and we will be exploring opportunities with them and come back with something more formal for Council next month.

SIGN ETHICS POSTER

Mayor Tate invited Council Members, City Commissioners, and City Teammates to sign the ethics policy.

OTHER REPORTS

Council Member Constantine spoke about the recent meteorological events and he recognized our Public Works department for working day and night not only to make sure that the streets and the sewer systems are cleared so that the water could be evacuated, but also for notifying our citizens, providing sand bags, and for making sure that we are prepared. It is due to that fine work that we have not seen the flooding that our neighbors to the north have seen. He recognized that it was not by luck that we did not flood; it was due to a lot of work by our Public Works Department.

PRESENTATIONS

[17-119](#)

MORGAN HILL RELAY FOR LIFE
KELLY CARMICHAEL AND NIKKIE UNDERHILL

Mayor Tate invited Relay for Life members to give a presentation.

PUBLIC COMMENT

*Mayor Tate opened the public comment at 7:30 p.m.
Daniela Ortiz was called to speak.
Swanee Edwards was called to speak.
Sherry Purser was called to speak.
Hearing no further requests to speak, the public comment was closed.*

ADOPTION OF AGENDA

Action: On a motion by Council Member Constantine and seconded by Council Member Carr, adopting the agenda as presented. The motion passed by the following vote:

Ayes: 5 - Carr, Constantine, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 0

CONSENT CALENDAR:

Action: On a motion by Council Member Constantine and seconded by Mayor Pro Tem Carr approving Consent Calendar items 2 and 4. The motion passed by the following vote:

Ayes: 5 - Carr, Constantine, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 0

- 2 [17-108](#) APPOINTMENTS TO FILL FOUR (4) VACANCIES ON THE LIBRARY, CULTURE, AND ARTS COMMISSION
- 4 [17-063](#) SANITARY SEWER MANAGEMENT PLAN UPDATE CONSULTANT AGREEMENT
- 3 [17-110](#) CITY POSITION ON PENDING STATE LEGISLATION

Item pulled for discussion.

City Manager Steve Rymer presented the staff report.

Action: On a motion by Council Member Constantine and seconded by Mayor Pro Tem Carr considering the League of California Cities request to support state transportation funding bills: AB 1 (Frazier) and SB 1 (Beall); directing staff to submit letters in support of AB 1 and SB 1 to the appropriate representatives, and providing authority to the Mayor or City Manager to communicate support of infrastructure funding sources for the remainder of 2017 without Council approval each time.

Ayes: 5 - Carr, Constantine, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 0

OTHER BUSINESS:**5 [17-100](#) PUBLIC SAFETY MASTER PLAN**

City Manager Steve Rymer, Police Chief David Swing, and Fire Chief Derek Witmer presented the report.

Mayor Tate opened the public comment at 8:07 p.m.

Brian Sullivan was called to speak.

Kathy Sullivan was called to speak.

Hearing no further requests to speak, the public comment was closed.

Action: On a motion by Council Member Constantine and seconded by Council Member Robinett Jachimowicz, accepting the report and adopting the Public Safety Master Plan. The motion passed by the following vote:

Ayes: 5 - Carr, Constantine, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 0

6 [17-101](#) SPORTS MARKET BUSINESS STRATEGY REPORT

Community Services Director Chris Ghione presented the report and introduced Brandon Dowling from Johnson Consulting who gave a presentation.

Mayor Tate opened the public comment at 8:52 p.m.

Jeff Dixon was called to speak.

Sherry Purser was called to speak.

Hearing no further requests to speak, the public comment was closed.

Mayor Tate called a recess.

The meeting was reconvened.

Action: On a motion by Council Member Constantine and seconded by Mayor Pro Tem Carr, receiving the Sports Market Business Strategy report. The motion passed by the following vote:

Ayes: 5 - Carr, Constantine, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 0

7 [17-102](#) REVIEW DRAFT BIKEWAYS, TRAILS, PARKS AND RECREATION MASTER PLAN UPDATE

Community Services Director Chris Ghione presented the staff report and introduced Ellie Fiore from MIG, Inc. who gave a presentation.

Mayor Tate opened the public comment at 10:05 p.m.

Kathy Sullivan was called to speak.

Swanee Edwards was called to speak.

Murv Little was called to speak.

Cindy Miller was called to speak.

Laura Gonzalez-Escoto was called to speak.

Roger Knopf was called to speak.

Rocke Garcia was called to speak.

Brian Faircloth was called to speak.

Sherry Purser was called to speak.

Hearing no further requests to speak, the public comment was closed.

8 [17-109](#) AWARD OF THE DOWNTOWN PARKS PROJECT

Action: On a motion by Council Member Constantine and seconded by Council Member Spring, extending the meeting to 11:30 p.m. The motion passed by the following vote:

Ayes: 5 - Carr, Constantine, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 0

Community Services Director Chris Ghione presented the staff report.

Action: On a motion by Mayor Pro Tem Carr and seconded by Council Member Robinett Jachimowicz, adopting resolution 17-019 amending the Fiscal Year 2016/17 Budget and appropriating an additional \$1,053,000 from the Park Impact Fund (301) and appropriating \$1,000,000 from the Public Facilities Fund (346), approving project plans and specifications, awarding contract to Suarez and Munoz Construction, Inc. for the Downtown Parks Project in the amount of \$5,030,000, authorizing the expenditures of construction contingency funds not to exceed \$503,000, and authorizing the City Manager to execute the contract. The motion passed by the following vote:

Ayes: 5 - Carr, Constantine, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 0

9 [17-104](#) SOUTH COUNTY POWER CONNECT PROJECT UPDATE AND POSSIBLE CITY COUNCIL POSITION

City Manager Steve Rymer presented the staff report.

Action: On a motion by Mayor Pro Tem Carr and seconded by Mayor Tate, taking a formal position against the two potential locations along Edmunson. The motion passed by the following vote:

Ayes: 5 - Carr, Constantine, Tate, Spring, Robinett Jachimowicz

Noes: 0

Absent: 0

FUTURE COUNCIL INITIATED AGENDA ITEMS:

Council Member Spring asked that we invite the ICE management reps to give an update to Council of what they are planning. He also requested, for June, that the Council consider hanging the rainbow flag for a week or two during Pride Month in the City of Morgan Hill.

ADJOURNMENT

There being no further business, Mayor Tate adjourned the meeting at 10:53 p.m.

MINUTES PREPARED BY:

Angie Gonzalez, Minutes Clerk

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SUSTAINABLE MORGAN HILL VISION

Morgan Hill is a socially responsible, environmentally conscious, and economically sound community that embraces inclusiveness with participation by all.

CITY COUNCIL ONGOING PRIORITIES

Enhancing Public Safety - Protecting the Environment - Maintaining Fiscal Responsibility - Supporting our Community - Fostering a Positive Organizational Culture - Preserving and Cultivating Public Trust - Preserving Our Cultural Heritage

2017 STRATEGIC PRIORITIES

High Speed Rail
Inclusiveness
Infrastructure
Regional Initiatives
Telecommunications

Attachment: 02-22-2017 Special-Regular Meeting Minutes (1066 : 2/22/17 Minutes)



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: Angie Gonzalez, Council Services Assistant

APPROVED BY: City Manager

APPROVE THE MARCH 1, 2017 REGULAR CITY COUNCIL MEETING MINUTES

RECOMMENDATION(S)

Approve Minutes.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Preserving and Cultivating Public Trust

LINKS/ATTACHMENTS:

1. 03-01-2017 Regular Meeting Minutes



Meeting Minutes

City Council

Steve Tate ~ Mayor

Larry Carr ~ Mayor Pro Tem

Caitlin Robinett Jachimowicz ~ Council Member

Rene Spring ~ Council Member

Rich Constantine ~ Council Member

Wednesday, March 1, 2017

7:00 PM

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

CALL TO ORDER

*Mayor Pro Tem Carr called the regular meeting to order at 7:00 p.m.
 He announced that the Mayor would not be participating via teleconference.*

ROLL CALL ATTENDANCE

Present: 4 - Mayor Pro Tem Carr, Council Member Constantine, Council Member Spring,
 Council Member Robinett Jachimowicz

Absent: 1 - Mayor Tate

DECLARATION OF POSTING OF AGENDA

Minutes Clerk Gonzalez declared the posting of the agenda.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

Attachment: 03-01-2017 Regular Meeting Minutes (1067 : 3/1/17 Minutes)

CITY COUNCIL REPORTS

Mayor Pro Tem Carr spoke regarding an item on the County Board of Supervisors agenda to create a grant program to help fund inclusive playgrounds throughout Santa Clara County. There was a great turnout of folks from Morgan Hill who are actively working on the inclusive playground here in Morgan Hill that came to support it and spoke in favor of it. In a unanimous vote, the County Board of Supervisors approved a grant program in the 6-8 million dollar range for grants to try to build inclusive playgrounds in each one of the five supervisorial districts. Mayor Pro Tem Carr mentioned that the Valley Transportation Authority (VTA) is working on the Next Network Plan to change the way that public transit is thought about in Morgan Hill. It bases service more on ridership as opposed to coverage throughout the County. The plan does have a cutback of service in South County; he urged people to take a look at the Valley Transportation Authority's website and look to see what is happening on the bus routes that they ride and to provide comments back to the VTA about that. VTA has not received many comments from South County, even though we are seeing a dramatic cut-back in our services.

CITY MANAGER'S REPORT

City Manager Steve Rymer recognized Officer Jeff Brandon for living our core values of teamwork, customer service, and meeting challenges. Officer Jeff Brandon, is our School Resource Officer and also works in the Restorative Justice Program. We thank Officer Brandon for his work here but also, as we try to be involved regionally, for his efforts of once again trying to share what success stories we have in Morgan Hill. City Manager Rymer announced an open house this Saturday, March 4th for the pre-school at our Community and Cultural Center. He concluded by speaking on the evening's presentation.

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin had no report.

OTHER REPORTS

No other reports.

PUBLIC COMMENT

Mayor Pro Tem Carr opened public comment at 7:08 p.m.
Hearing no requests to speak, the public comment was closed.

Attachment: 03-01-2017 Regular Meeting Minutes (1067 : 3/1/17 Minutes)

ADOPTION OF AGENDA

Action: On a motion by Council Member Constantine and seconded by Council Member Spring, adopting the agenda as presented. The motion passed by the following vote:

Ayes: 4 - Carr, Constantine, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Tate

CONSENT CALENDAR:**Approval of the Consent Calendar**

Action: On a motion by Council Member Constantine and seconded by Council Member Robinett Jachimowicz, approving the Consent Calendar. The motion passed by the following vote:

Ayes: 4 - Carr, Constantine, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Tate

- 1 [17-118](#) AWARD 2017 SIDEWALK REPAIR PROJECT

OTHER BUSINESS:

- 2 [17-074](#) AWARD OF AQUATICS CENTER DECK RENOVATION AND RESURFACING PROJECT

Program Administrator Anthony Eulo presented the staff report.

Mayor Pro Tem Carr opened public comment at 7:18 p.m.

Hearing no requests to speak, the public comment was closed.

Action: On a motion by Council Member Constantine and seconded by Council Member Robinett Jachimowicz, approving the project plans and specifications, awarding a contract to STB Stone, Inc. for the Aquatics Center Deck Renovation and Resurfacing Project in the amount of \$339,000, authorizing the expenditure of construction contingency funds not to exceed \$33,900, and authorizing the City Manager to execute and administer that certain construction contract with STB Stone, Inc. The motion passed by the following vote:

Ayes: 4 - Carr, Constantine, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Tate

PUBLIC HEARINGS:

3 [17-113](#) TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING
AND CONDUIT FINANCING FOR REHABILITATION OF VILLAGE
AVANTE (PARK PLACE) APARTMENTS AFFORDABLE HOUSING
PROJECT

Housing Manager Rebecca Garcia presented the staff report and introduced Anthony Stubbs from the California Municipal Finance Authority and Mengxin Zhou, Project Manager for EAH, who were available to answer questions.

Mayor Pro Tem Carr opened the public hearing at 7:31 p.m.

Brian Faircloth was called to speak.

Hearing no further requests to speak, the public hearing was closed.

Action: On a motion by Council Member Constantine and seconded by Council Member Robinett Jachimowicz, adopting resolution 17-021 approving the issuance of bonds by the California Municipal Finance Authority ("CMFA") for the benefit of Ecumenical Association of Housing, Inc. ("EAH"), or a subsidiary or affiliate thereof (the "Borrower"), to provide for the financing of the Village Avante (Park Place) Apartments Affordable Housing Project. The motion passed by the following vote:

Ayes: 4 - Carr, Constantine, Spring, Robinett Jachimowicz

Noes: 0

Absent: 1 - Tate

FUTURE COUNCIL INITIATED AGENDA ITEMS:

Council Member Spring proposed that we hold a workshop to look more into how we as a City can reduce waste water flow as recommended at the South County Regional Wastewater Authority Board Meeting.

Council Member Carr asked that we send a formal letter to the Water District asking them to come outline their plans for how they are going to lower the water level at Anderson and the timeline in which they are going to do that.

Council Member Spring asked that we look into the emergency evacuation plan.

ADJOURNMENT

There being no further business, Mayor Pro Tem Carr adjourned the meeting at 7:37 p.m.

MINUTES PREPARED BY:

Angie Gonzalez, Minutes Clerk

Attachment: 03-01-2017 Regular Meeting Minutes (1067 : 3/1/17 Minutes)

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 that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers, and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order 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 by 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 plan an item on the agenda for a future City Council meeting. Should your comments require Council action, your request may be placed on the next appropriate agenda. 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 michelle.wilson@morganhill.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email michelle.wilson@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting.

Attachment: 03-01-2017 Regular Meeting Minutes (1067 : 3/1/17 Minutes)

SUSTAINABLE MORGAN HILL VISION

Morgan Hill is a socially responsible, environmentally conscious, and economically sound community that embraces inclusiveness with participation by all.

CITY COUNCIL ONGOING PRIORITIES

Enhancing Public Safety - Protecting the Environment - Maintaining Fiscal Responsibility - Supporting our Community - Fostering a Positive Organizational Culture - Preserving and Cultivating Public Trust - Preserving Our Cultural Heritage

2017 STRATEGIC PRIORITIES

**High Speed Rail
Inclusiveness
Infrastructure
Regional Initiatives
Telecommunications**

Attachment: 03-01-2017 Regular Meeting Minutes (1067 : 3/1/17 Minutes)



CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: Edith Ramirez, Economic Development Director
APPROVED BY: City Manager

DOWNTOWN PARKING UPDATE

RECOMMENDATION(S)

1. Receive Downtown Parking Report; and
2. Provide direction on next steps

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

Preserving and Cultivating Public Trust

POLICY CONSIDERATIONS:

- 1.) Should the City work with downtown businesses and residents to explore parking management solutions such as enforcement of 2-hour limit, residential parking, and employee parking?
- 2.) Should the City evaluate revising parking standards for residential, commercial, and/or office uses in the downtown?

REPORT NARRATIVE:

At the February 15, 2017, City Council meeting, the Council directed staff to provide an update on Downtown parking at the March 15, 2017 meeting. The purpose of this report is to provide an overview of the 2016 Hexagon Parking Study and discuss existing conditions and offer short and long-term opportunities for improving parking conditions in the Downtown.

At the May 18, 2016 Council Meeting, the City Council reviewed the Hexagon 2016 Downtown Parking Update (Parking Update). This Parking Update looked at the existing parking supply and evaluated the parking impacts of several development properties and estimated peak demand requirements for the various developments. The Parking Update also compared assumptions from previous parking studies and provided recommendations to improve the management of the public parking supply.

Hexagon's 2016 Downtown Parking Update concluded the following:

A) 2,073 Parking spaces exist to serve Downtown, including the new parking garage.

- Private parking 779 (including Courthouse: 273)
- Public parking 1,294 (Community Cultural Center: 240; VTA: 465)

B) Morgan Hill Downtown, at peaks hours, has a 39% occupancy rate of parking supply and is well below the practical capacity limit of 92% of parking.

Peak hour (Friday early evening) on-street parking along Monterey Road was almost fully occupied between Main Street and 5th Street. Demand on cross streets was busy between 2nd and 5th Street, and a majority of roads outlining Downtown (Main, Depot, Del Monte) were not. The highest occupancy off-street segment was Depot Street, at 67%, between 1st and 2nd Streets.

Peak demand is 1,009 spaces. Peak demand will increase to 1,269 spaces if the development currently contemplated is constructed.

Friday evening peak parking occupancy indicates that there is a good supply of available parking in the Downtown area as a whole. However, parking availability varies throughout the Downtown area as the central location experiences much higher demand than other areas. A few parking areas exceed 92% occupancy during the Friday evening parking peak.

Parking lots along Depot Street or located within 2 blocks of the center of Downtown, experience less than 50% occupancy during peak periods, while lots located immediately in the center of Downtown are often 100% occupied.

The new Downtown 271-space parking structure will strategically serve the highest demand area of Downtown, nearly doubling available public and private parking supply numbers.

C) New projects planned for Downtown will cause the net loss of 79 previously RDA controlled public parking spaces.

Downtown Mall - 50, Third and Monterey - 19, and North Depot parking lot, 10. New active park development will remove an additional 51 spaces from the south Depot parking lot.

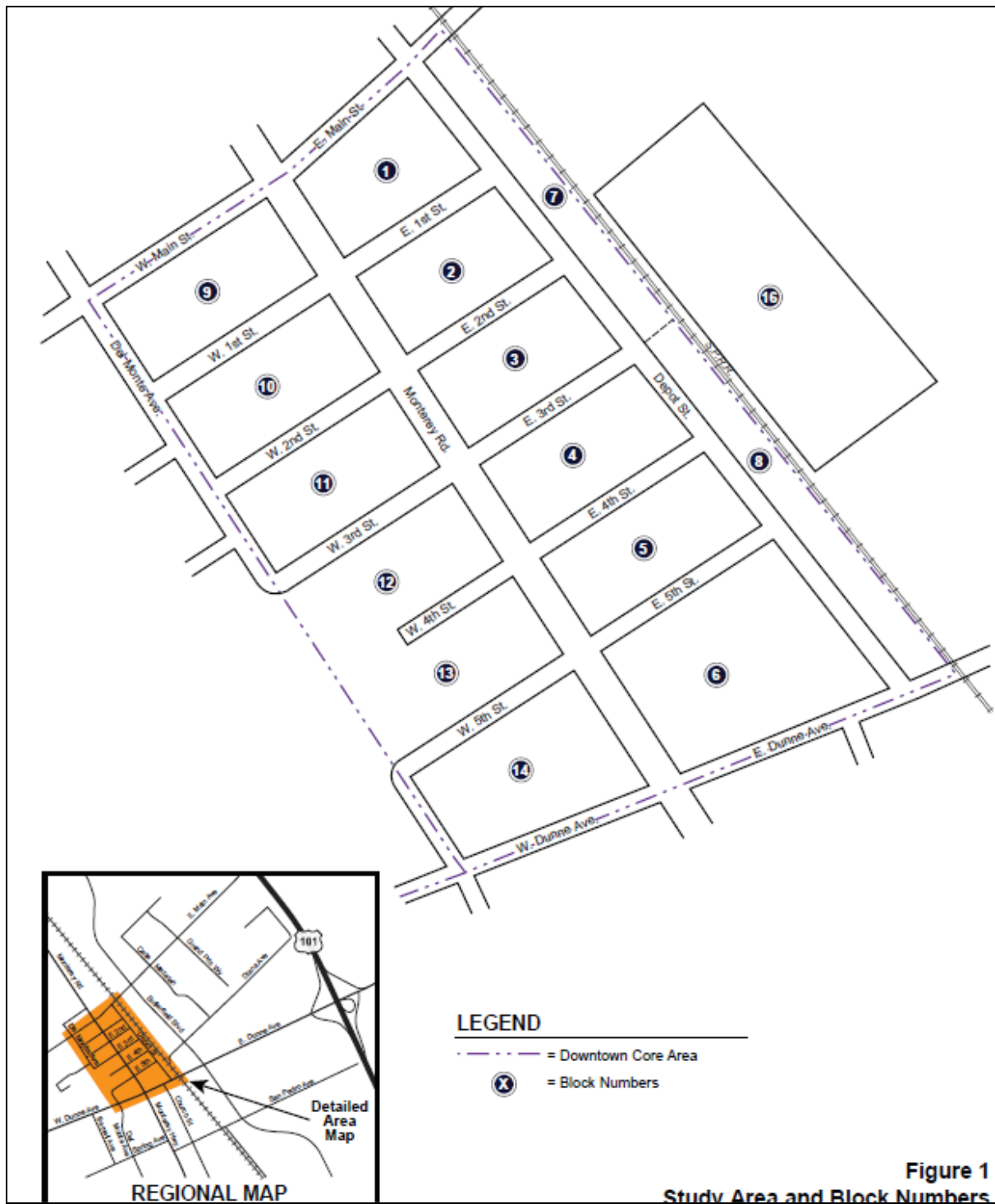
D) Future Downtown parking supply is expected to decrease by 10 private and 61 public off-street parking spaces due to the development of four projects and a new public park.

The future Downtown area parking supply is projected to include 434 on-street parking spaces, 506 off-street private parking spaces, and 1,506 public off-street parking spaces, including the 273 parking spaces in the Courthouse parking lot.

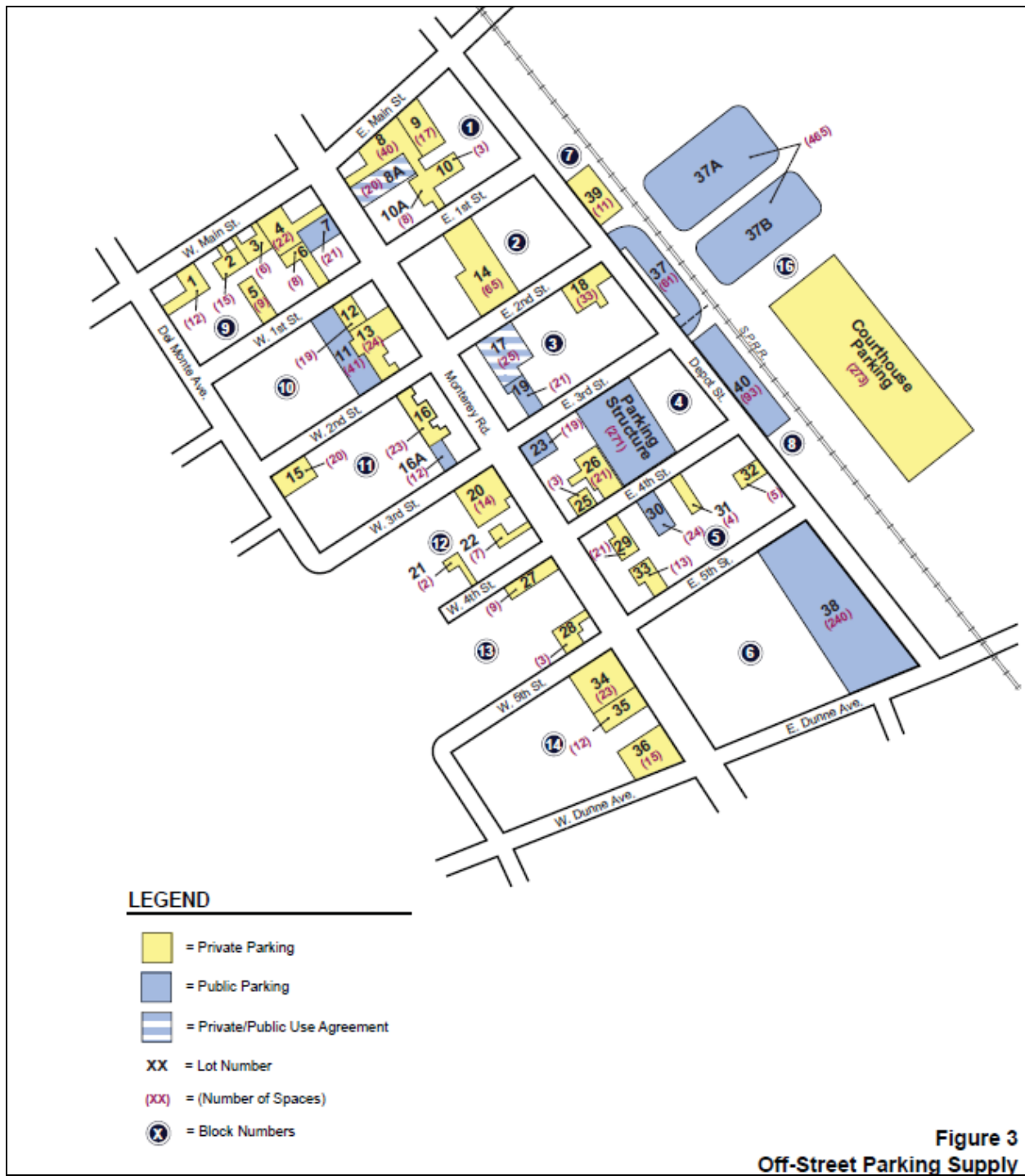
The Parking Update studied a 16-block area in the Downtown Core (Figure 1), and the on-street parking (Figure 2) in the same area. The on-street parking map also identifies the areas signed with restricted parking (no-parking, 20-minute parking, or 2-hour parking) even though the City is currently not enforcing the time-limit restrictions. Finally, Figure 3 identifies the private and public lots considered in the study.

The Study considered the 271 parking spaces created by the 3rd Street Parking Garage and considered impacts from the following developments:

- Barley Place
- Leal Vineyards (Hotel & Theatre)
- Monterey & 3rd Street Retail
- City Ventures Depot Center Mixed Use Project
- Depot Street Park







The Parking Update concluded that the City is well supplied to meet both its existing and future parking demands. The study did note that parking demand within the Downtown center (along Monterey Street) is significantly more occupied during peak hours than the streets and parking lots further away, including Del Monte Avenue, Depot Street, the Caltrain/VTA lots, and the Courthouse lot.

The Study noted that a major contributor to the overuse of the public on-street supply is by residents in the Downtown area not using the parking space provided on their own lots for their vehicles, but rather as general home storage areas. Finally, Hexagon provide several recommendations, including:

- Seek to create public-private partnerships to open relatively vacant private lots to the public during peak hours.
- Increase parking enforcement to ensure public spaces in the Downtown area are used by businesses, park, or commercial patrons.
- Manage the parking supply by utilizing strategies that maximize parking opportunity for visitors and patrons.
- Encourage Valet Parking to better utilize lots further from the Downtown center.
- Reduce the practical capacity threshold from 92% to 85%.
- Develop and enforce overnight parking regulations to keep public parking supply for short term needs.
- Encourage the use of residential parking areas for their intended use by offering neighborhood cleanup days, free hauling service to aid residents in cleaning out garages and driveways.
- Create designated employee parking areas.
- Work to designate future sites for public parking.

Changes Since 2016 Parking Update

The Parking Update was completed in late February 2016 and considered a number of new projects that are now under construction. However several projects have been approved since the Study. These projects include:

EDES GALLERY

The Edes Gallery and Restaurant is a project which replaces the old South County Bicycles building at the southwest corner of 2nd and Monterey. The proposed project is a 10,000 SF retail building for the use by a fine-art gallery with a wine bar and a restaurant with a roof-top lounge. The uses that previously existed in that location historically included a pharmacy, a grocery store, and most recently a bicycle shop.

SUNSWEET

Recently approved is an 83-unit, fully amenitized apartment project with approximately 6,000 square feet of retail and 1,000 square feet of office space. The previous use was a dry fruit packing plant that had been idle for many years and the site most recently served as storage, staging, and a minor office use. The project provides required off-street parking for the residential and office use.

4TH STREET WINE BAR

The southwest corner of 4th and Depot Streets is proposed to become a wine bar with bocce ball. Currently, the site includes a vacant lot at the corner and a dance studio on 4th Street. The Planning Commission approved a Conditional Use Permit for the wine bar with a second phase patio for the bocce ball.

RICHTER PARKING LOT

A 20-space parking lot on Monterey Road north of 1st Street that was leased by the Successor Agency for public parking (and the adjacent larger vacant empty lot – 30+) is now being leased to the Granada Theatre and is being used for valet parking services for the theatre. It is important to note that while the parking lot is no longer available as “public parking” the use of this lot is to park guests attending the Granada Theatre through a valet parking program.

Downtown Vision

The vision for Downtown as identified in the 2009 Downtown Specific Plan suggests that Downtown is the “social and activity heart of Morgan Hill.” The plan strives to create an active village through intensifying residential, retail, restaurant, and entertainment uses, within an urban setting. Another key goal of the plan is to create visual and physical linkages with landscaping, bike paths and entry features, and by linking commercial uses to parking areas.

The community, Planning Commission, and City Council have used this Specific Plan as the cornerstone to developing a plan to revitalize Downtown. To this end, with the dissolution of Redevelopment, the City capitalized on the State required sale of former redevelopment sites and invested a good portion of remaining redevelopment dollars to implement the Downtown Placemaking Investment Strategy to attract the most desired uses identified in the Specific Plan to Downtown. Concurrently, a \$25 million infrastructure investment program made physical improvements to the streets, lighting, and infrastructure, and invested in plaza space, undergrounding utilities, and parking Downtown to support and attract that investment. These thoughtful decisions and strategic investments have paid off. In a short period, the community has been able to attract \$80 million in private investment and catalytic projects that will cement a vision for a livable, active, and thriving Downtown. Projects such as the Granada Theatre, Granada Boutique Hotel, Edes Gallery, restaurants and retail on 3rd Street and the Depot Street, Barley Place, and Sunsweet mixed-use housing projects will revitalize the business district and attract residents and visitors alike.

Parking Dynamic

Parking is an interesting and complex element of successful downtown areas. Before discussing parking, it is important to note a few dynamics of downtown districts. Downtowns are successful by the uses, services, and experiences they provide. Attractive business districts provide a retail experience and retail services that attract people. Food and soft goods retailers make location decisions based upon retail demand and projected retail sales of that district. Often, this is evaluated by the number of residents and visitors in an area that can support that retail venture. Therefore, to attract retail, a district needs residents and visitors that create the buying power retailers/businesses need. Parking plays a role in this mix. Adequate access in and out of a Downtown and a healthy supply of parking is needed for business districts to thrive. The location and convenience of parking also plays a role. Foot traffic is important for retail businesses to survive and thrive. Soft goods retailers are not usually the traffic generators in a business district; they depend on destination uses such as restaurants and entertainment venues to bring the traffic time and time again. It is important to note that creating convenience requires balance. Therefore, the location of the parking supply impacts foot traffic flow and indirectly the retailers. Having people walk a block or two helps retailers gain exposure

Business owners, residents, and employees currently have numerous choices of parking location. Generally, all want to be in the space closest to their front door. In addition, parking exists in public and private supply. Parking should be expected to be resolved considering the public and private supply. This takes collaboration and cooperation amongst all parties.

Finally, a parking capacity problem is one sign of a healthy business district that is attracting users, shoppers, and visitors. Ensuring the proper use and convenient supply of parking in appropriate locations to service all the needs is the opportunity for the City, residents, and businesses.

Future Downtown Development

Downtown offers limited development opportunities for future growth and intensification. In many cases, the sites are scarce with small parcels that require assembly and/or have ground floor retail development requirements making projects more complex and expensive to develop. Some of the parcels may yield more housing units and therefore may make them more viable including the 1) VTA Transit Center site on Butterfield, the 2) Morgan Hill Plaza located at the southwest corner of Monterey Road and Dunne Avenue, and the 3) Hale Lumber site located at Depot Street between Fifth Street and Dunne Avenue. Beyond these parcels, Downtown will see small infill development on constrained lots and future redevelopment on perimeter parcels.

Community Concerns

While the 2009 and the 2016 Parking Updates do not indicate an existing parking problem, Downtown residents have expressed concerns over recent developments and

construction activities that are creating a higher demand for on-street parking and the loss of previous public parking lots once owned by the Redevelopment Agency.

It appears that many of those concerns are associated with the northern end of Downtown. While there are public parking lots near Monterey Road and 1st Street, these lots are on the west side of Monterey Road, requiring users/visitors to cross the street. In addition, some tenants with private parking supply, require their employees to park off-site in public parking lots. Others have chained their lots or employ security to ensure their parking is used exclusively for their customers. Other private lots allow night time general parking; some tow non-tenant related parkers. Some residents have expressed a desire for a residential parking program and feel that the on-street parking in the residential streets should be used for residential parking. There are a mix of issues.

Construction impacts are also causing additional stress as temporary street closures, staging, and site work intermittently impact the on-street parking supply in some areas. Staff has been working closely with the developers and requested that construction crews park at the VTA parking lot on Butterfield or at the 3rd Street Parking Garage. In general, most developers Downtown have done a very good job of trying to disrupt as little as possible.

The 3rd Street Parking Garage opened in the summer of 2016. With 271 new parking spaces added to the public parking supply, the garage is practically empty or severely under-utilized most days of the week and weekend, with the exception of special events. This under-utilization has also caused other complaints regarding loitering and racing in the garage. To improve utilization, improved signage for the 3rd Street Parking Garage as well as the other parking lots, and replacing and enhancing existing signage with the universal blue "P" for public parking is in the works. Staff also launched a parking awareness campaign with parking postcards that inform visitors of the locations of the public parking lots and provide details about the "FREE" parking garage. These postcards have been delivered to Downtown businesses and a map of all the public parking lots is accessible online.

Policy Considerations

Given growing concerns about parking Downtown, the City Council may want to provide staff direction regarding Downtown parking. First, the Council may want to consider the goal and then consider the following policy considerations:

- Should the City explore parking management solutions such as enforcement of 2-hour limit, residential parking and employee parking?
- Should the City explore revising parking standards for residential, commercial, and/or office?

Opportunities for Improvement

Both, the 2009 Parking Study and the 2016 Parking Update provided a number of recommendations on how to better manage the public parking supply. The areas of improvement include the following categories:

a) Enforcement

Current 24-hour availability of most public on-street parking creates an ease of parking choices, which allows commercial and residential private parking resources to be underutilized. The City can maximize the use of the public parking lots to make sure the public parking supply is used for its intended use, parking for Downtown visitors. The City can consider designating employee parking, restricting over-night parking, enforcing existing time-limits in lots and on streets, and expanding time limits to other areas.

b) Policy Development

The City can explore a residential parking program to provide limited priority to residents for on-street parking. The City may want to formalize an effort to streamline valet parking programs that encourage the private sector to be part of the solution by moving their parking demand to the outer lots.

c) Infrastructure

The City may want to explore financing options to create additional parking supply, by leasing nearby parking lots that may be underutilized in the evenings, such as parking lots for banks and schools, or developing a parking fund to finance additional parking facilities in the future.

d) Technology/Education

The City may want to explore technology solutions for enforcement and/or education purposes that may enhance the use of the existing parking supply.

Moving Forward

There are competing parking needs in the Downtown. Businesses need and want parking for their customers and employees, and residents want parking for their personal use and their guests. The City can strive to accommodate both. However, to achieve a successful balance, everyone needs to be part of the solution. Residents can consider using their parking garages and driveways for parking and not for storage. Businesses can consider requiring their employees to park at the Depot and VTA Lot or the 3rd Street Parking Garage to free up nearby parking spaces. The City can consider parking enforcement and other policy options to help change people's parking behavior. Managing parking in a strategic, collaborative manner can reduce the amount of required parking and improve resident, customer, and visitor experience.

A long term sustainable parking solution will require the engagement and participation of residents and businesses alike. The Downtown Business Association recently formed a parking committee. It may be useful for staff to work with this parking committee and invite resident representatives to engage and to continue to explore parking solutions and next steps.

COMMUNITY ENGAGEMENT: Involve

Several public meetings with businesses and residents to provide comments on the Downtown Parking Update were held in early 2016. Public hearings were held on April 12, 2016 at the Planning Commission and on May 18, 2016 at the City Council.

Staff also engaged the Downtown Association on a regular basis on this topic and met with the parking committee on March 6, 2017. Staff had numerous meetings and conversations with residents as well.

ALTERNATIVE ACTIONS:

The City Council may direct further study or actions, or initiate policy recommendations based on the answers to the Policy Considerations.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The 2016 Parking Update was reviewed on April 12, 2016 at the Planning Commission meeting and on May 18, 2016 at the City Council meeting.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact due to this report. The additional time spent working with downtown businesses and residents will have an impact on time spent on other priorities. Additionally, any new parking programs, initiatives, or projects may have fiscal impacts with some being substantial.

CEQA (California Environmental Quality Act):

Not a Project

All development and related actions in Downtown were contemplated in the Master Environmental Impact Report for the Downtown Morgan Hill Specific Plan.

LINKS/ATTACHMENTS:

1. Hexagon 2016 Parking Assessment report



HEXAGON TRANSPORTATION CONSULTANTS, INC.

Morgan Hill Downtown Parking Conditions Study

Draft Parking Conditions Update

Prepared for:

City of Morgan Hill, California

2/26/2016



San Jose • Gilroy • Pleasanton • Phoenix

www.hextrans.com

Areawide Circulation Plans Corridor Studies Pavement Delineation Plans Traffic Handling Plans Impact Fees Interchange Analysis Parking Studies
Transportation Planning Neighborhood Traffic Calming Traffic Operations Traffic Impact Analysis Traffic Signal Design Travel Demand Management

Introduction

The City has evaluated the existing and future parking needs for the downtown on separate occasions in 2002, 2004, and most recently in 2008, in the *Downtown Parking Resources Management Strategy*, which made recommendations for short- and long-term parking solutions. The 2008 study, contained in the 2009 Downtown Specific Plan, counted parking supply and demand in downtown Morgan Hill. This current study provides an update to the supply and demand counts from the 2008 study. All counts were conducted in a similar manner to the previous study to make the reports easily comparable. This current study also provides an analysis of future parking demand based on proposed new development projects.

This study focuses on existing and future parking supply and demand for the downtown area of Morgan Hill as shown in Figure 1. This study uses the same block number scheme as the 2008 study.

Scope of Study

The study area surveyed for this study is bounded by Main Street, Dunne Avenue, Del Monte Avenue, and Depot Street. Hexagon collected new counts to reflect current parking conditions. The counts were used to quantify existing parking supply and demand, including peak parking occupancy for a typical weekday, weekend, and Friday afternoon. The on-street and off-street parking survey locations and numbers can be seen in Figure 2 and Figure 3, respectively.

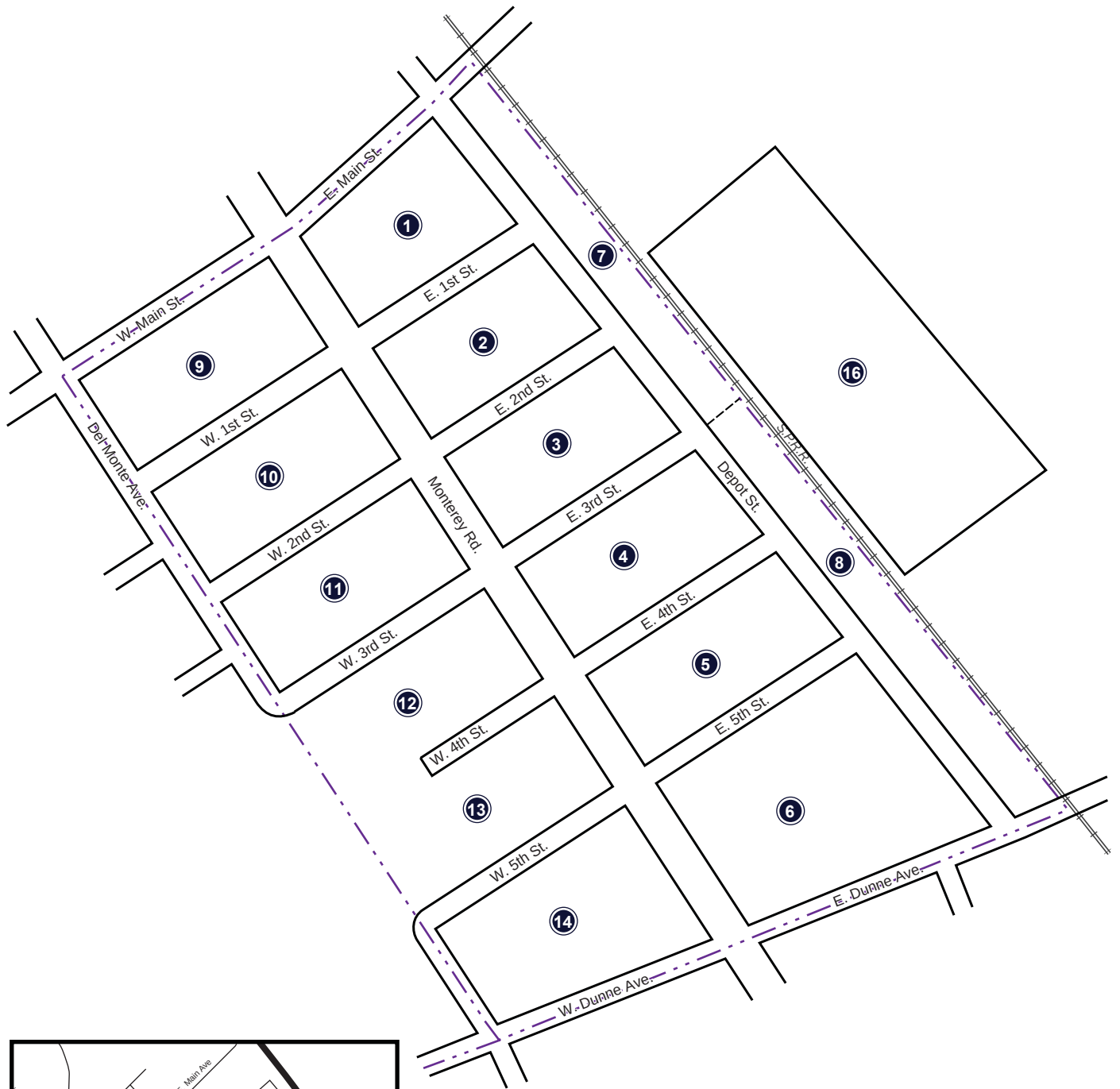
The study excludes 420 off-street parking spaces servicing residential single family, and other low density family units located primarily along 1st Street, 2nd Street, 3rd Street, 4th Street, 5th Street, Depot Street, and Del Monte Avenue. Additionally, three higher density residential developments were excluded from the off-street parking counts as they are located along the edges of the downtown area, and provide parking spaces solely for development residents. These three developments include the Brighton Oaks (located along Butterfield Boulevard near the intersection of Butterfield Boulevard/E Main Street), De Nova at Diana (located along Diana Avenue to the south of the County Courthouse), and Bella Terra (located on the north side of E. Dunne Avenue immediately east of the railroad tracks). Each of these residential developments are considered to have stand-alone parking that will serve solely their own demands, without requiring the use of street or public parking to meet demands. They are not expected to have any effect on the surrounding parking areas as residents are within walking distance to the downtown via non-automotive transportation modes.

Future parking conditions were assessed based on a review of proposed new downtown development projects.

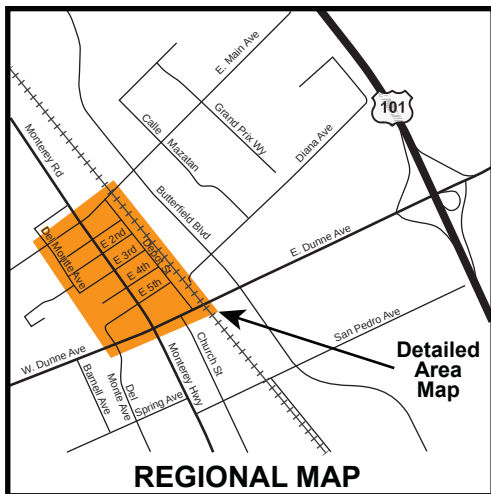
Summary of Conclusions

Overall, the City is well supplied to meet both its existing and future parking demands. Parking demand within the downtown center (along Monterey Street) is significantly more occupied during peak hours than the streets and parking lots further away, including Del Monte Avenue, Depot Street, the Caltrain/VTA lots, and the Courthouse lot. Recommendations made as a result of this report are listed below:

- The City should seek to create public-private partnerships to open relatively vacant private lots to the public during peak hours.
- Increase parking enforcement to ensure public spaces in the downtown area are used by business, park, or commercial patrons.
- Valet parking should be administered to better utilize lots further from the downtown center including the VTA/Caltrain lot.
- The City should reduce its practical capacity threshold from 92% to the typical industry standard of 85%.



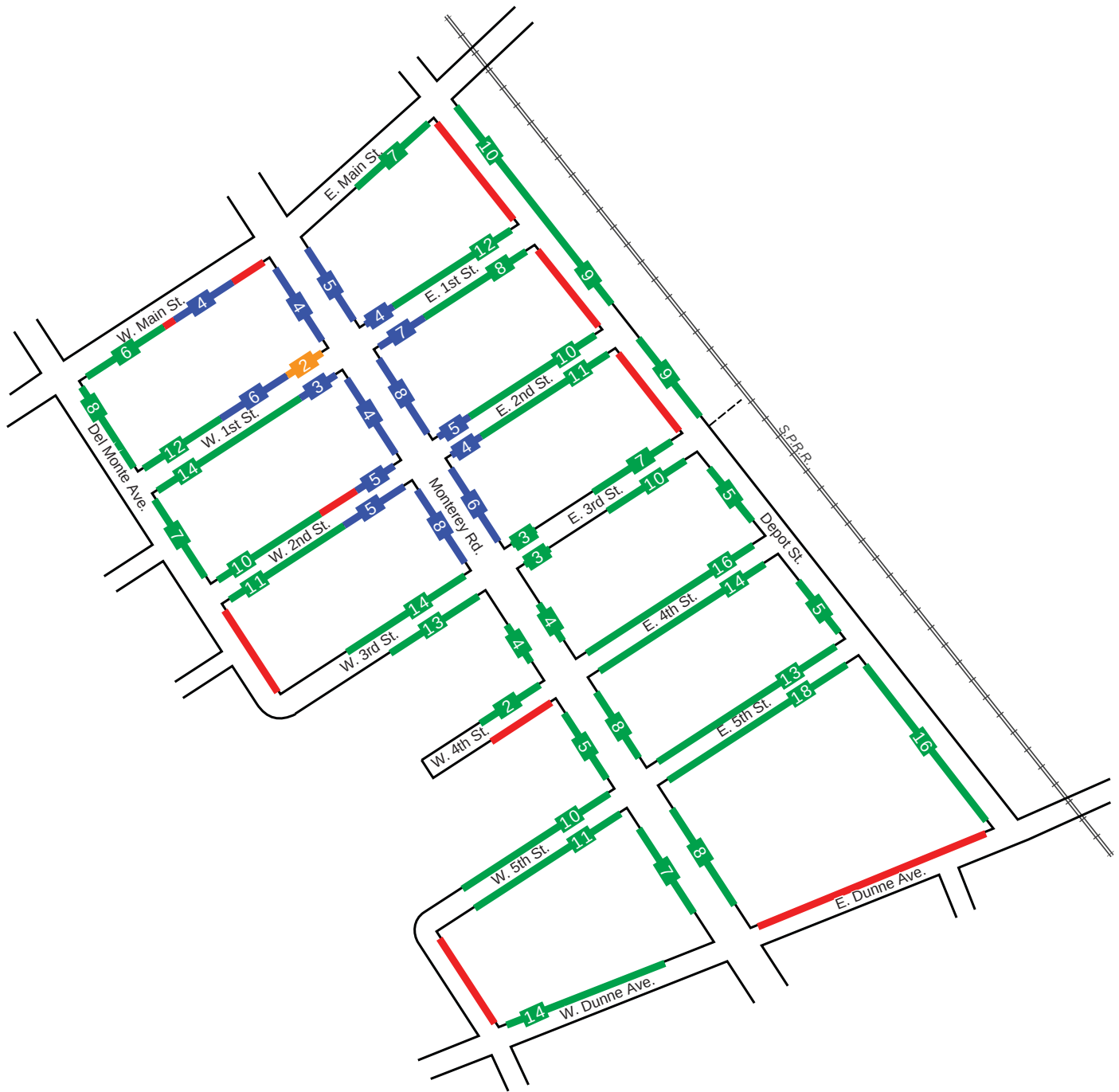
Attachment: Hexagon 2016 Parking Assessment report (1061 : Downtown Parking)



LEGEND

- - - - - = Downtown Core Area
- (X) = Block Numbers

Figure 1
Study Area and Block Numbers

**LEGEND**

- = Unlimited Parking
- = No Parking
- = 2-Hour Parking
- = 20-Minute Parking

Figure 2
On-Street Parking Supply
(number of spaces)



LEGEND

-  = Private Parking
-  = Public Parking
-  = Private/Public Use Agreement
- XX** = Lot Number
- (XX)** = (Number of Spaces)
-  = Block Numbers

Figure 3 Off-Street Parking Supply

Existing Conditions

The existing parking conditions include both supply and demand. The demand is compared to the parking supply number for a weekday, Friday afternoon, and Saturday. By evaluating the parking demand during these time periods, the locations and times in which lots and on-street spaces experience the peak demand can be determined.

Downtown Parking Supply – 2009 Specific Plan Parking Study Update

The parking supply in the downtown area (defined as blocks 1 through 14 in the 2009 Specific Plan) consists of on-street parking spaces and public and private off-street parking spaces. The summary of the total downtown parking supply is shown in Table 1. Based on land use tables from the Morgan Hill Downtown Specific Plan, the downtown core currently comprises 123,365 s.f. of retail space and 122,248 s.f. of office/service space. Excluding the Caltrain/VTA, CCC, Courthouse, and on-street parking, the downtown area has 1,237 total parking spaces (1,714 parking spaces including on-street parking). The downtown area in 2016, including the CCC, has 1,560 parking spaces. This calculates to an overall supply ratio of 6.10 parking spaces per 1,000 square feet. Including the Caltrain/VTA parking lots, the overall supply ratio calculates to 7.99 parking spaces per 1,000 square feet. The increase in off-street parking between 2008 and 2016 is primarily due to the new downtown parking garage.

On-Street Parking

In 2009 there were 477 on-street parking space. There are 434 on-street parking spaces available in the downtown study area in 2016 (see Figure 2). Roadway improvements, specifically along Third Street between Monterey Street and Depot Street, have contributed to a reduction in these on-street parking spaces since the 2009 study was conducted. These on-street parking spaces comprise 354 unrestricted spaces, 78 two-hour spaces, and 2 twenty-minute spaces. The two-hour spaces exist primarily along Monterey Road between Main Street and 3rd Street, serving businesses fronting this roadway.

Off-Street Parking Supply – 2016 Expanded Downtown Area

There are 2,073 off-street parking spaces, including 1,294 public spaces and 779 private spaces, within the downtown area of Morgan Hill. There are an additional 434 on-street spaces, totalling 2,507 parking spaces in the expanded downtown area. The 2016 update of the downtown parking study, the downtown area includes the downtown area considered in the 2009 parking study, as well as the CCC, Courthouse, and Caltrain/VTA parking lots. These numbers include the 465 public spaces located at the Caltrain/VTA parking lots east of the downtown area. Though these spaces are intended for the use of Caltrain/VTA riders, this lot is considered to be public as it is available for anyone in the downtown area to use. The parking available at the Courthouse is considered to be private parking, and is discussed in further detail below. This Caltrain/VTA lot also supports park-and-ride for corporate buses that transport workers from Morgan Hill to various employers in the Bay Area. These numbers also include the 273 private spaces in the County Courthouse parking lot. Subject to an agreement between the City and County, these spaces potentially could be available at night and on weekends, which would increase the public parking supply to 1,567 parking spaces.

The courthouse, located adjacent to the Caltrain/VTA parking lots, has capacity for 273 vehicles. This lot was not counted as part of this study and is currently used for Courthouse and special event parking. A trail network alongside the lot connects the Courthouse parking to the Caltrain/VTA station and across the tracks to the Downtown Area.

Changes to Existing Conditions

The City of Morgan Hill has recently completed a new 3-story, 271-stall parking structure midblock along E. 3rd Street and E. 4th Street, between Monterey Road and Depot Street (see Figure 8). This public parking structure, completed in March 2016, will be used to accommodate downtown patrons and will include electric vehicle charging spaces, bike lockers, and bike racks. Vehicular access to the structure will be provided along Fourth Street.

Table 1
Downtown Parking Supply Summary

Block #	Off-Street			On-Street	Total	
	Private	Public	Total	Total	Public	By Block ¹
1	68	20	88	28	48	116
2	65	0	65	38	38	103
3	33	46	79	31	77	110
4 ²	43	271	314	38	309	352
5	43	24	67	40	64	107
6	0	240	240	42	282	282
7	11	61	72	28	89	100
8	0	93	93	0	93	93
9	72	21	93	42	63	135
10	43	41	84	43	84	127
11	43	12	55	38	50	93
12	23	0	23	19	19	42
13	12	0	12	15	15	27
14	50	0	50	32	32	82
16 ³	273	465	738	0	465	738
Total	779	1,294	2,073	434	1,728	2,507
Notes: ¹ Block totals include all on-street and off-street public and private parking spaces. ² Block 4 includes the recently completed Downtown Parking Structure ³ Block 16 includes the Courthouse parking lot, used publically for special events						

Downtown Parking Demand

Occupancy levels in the Downtown area fluctuate significantly depending on the time and day. In order to determine how parking was utilized in the downtown area, parking studies were conducted for three different time periods, including:

- Weekday Midday – conducted on June 23rd, 2015 between 10:00 AM and 1:00 PM
- Friday Evening – conducted on November 13th, 2015 between 4:00 PM and 7:00 PM
- Saturday – conducted on November 14th, 2015 between 10:00 AM and 9:00 PM

Occupancy was recorded by counting the number of parked vehicles during these specific time periods and comparing them to the total inventory of spaces available in the area. For study purposes, occupancy rates were separated between on- and off-street parking facilities. The maximum demand was used to determine the extent to which parking in the downtown area was utilized. The maximum demand, or the parking peak, occurred on Friday evening at 7:00 PM (see Table 2). Saturday demand counts were broken into three time periods to compare various peaks throughout the day. Parking counts for all time periods on all days can be seen in Appendix A. Occupancy data were not collected for the County Courthouse parking lot. This lot is assumed to be completely used for courthouse purposes during the day and completely empty at night and on weekends.

Table 2
Existing Parking Supply and Demand

Parking Type	Parking Supply	Percent Occupied ¹				
		Weekday Midday (1:00 PM) Peak	Friday Evening (7:00 PM) Peak	Saturday Midday (10AM-2PM) Peak	Saturday Afternoon (2PM-6PM) Peak	Saturday evening (6PM-10PM) Peak
On-Street	434	49%	66%	54%	56%	63%
Off-Street ²	Public 1,294	35%	36%	20%	18%	24%
	Private 779	31%	28%	33%	30%	28%
	Subtotal 2,073	34%	33%	25%	21%	26%
All Parking Total	2,507	36%	39%	30%	27%	32%

Notes:
¹ Occupancy percentages based on updated 2015 survey results.
² Off-street parking supply does not include the recently completed Downtown Parking Structure or the County Courthouse parking lot due to lack of occupancy data.

During the daytime hours of weekends and weekdays, there is a relatively high availability of public parking in both on-street and off-street areas. This changes during the evening hours when public parking areas fill up and typically reach greater than 50 percent capacity. Private parking areas are typically only heavily occupied during the middle of the weekday, when downtown employees use the parking for work. This private parking is typically less than 40 percent occupied during evenings and weekends. During the time of peak parking occupancy, there were 913 spaces occupied throughout the downtown, excluding the Caltrain lots, which had an additional 53 occupied spaces. Based on a total building area of 245,613 square feet, this equates to an overall ratio of 3.37 occupied spaces per 1,000 square feet.

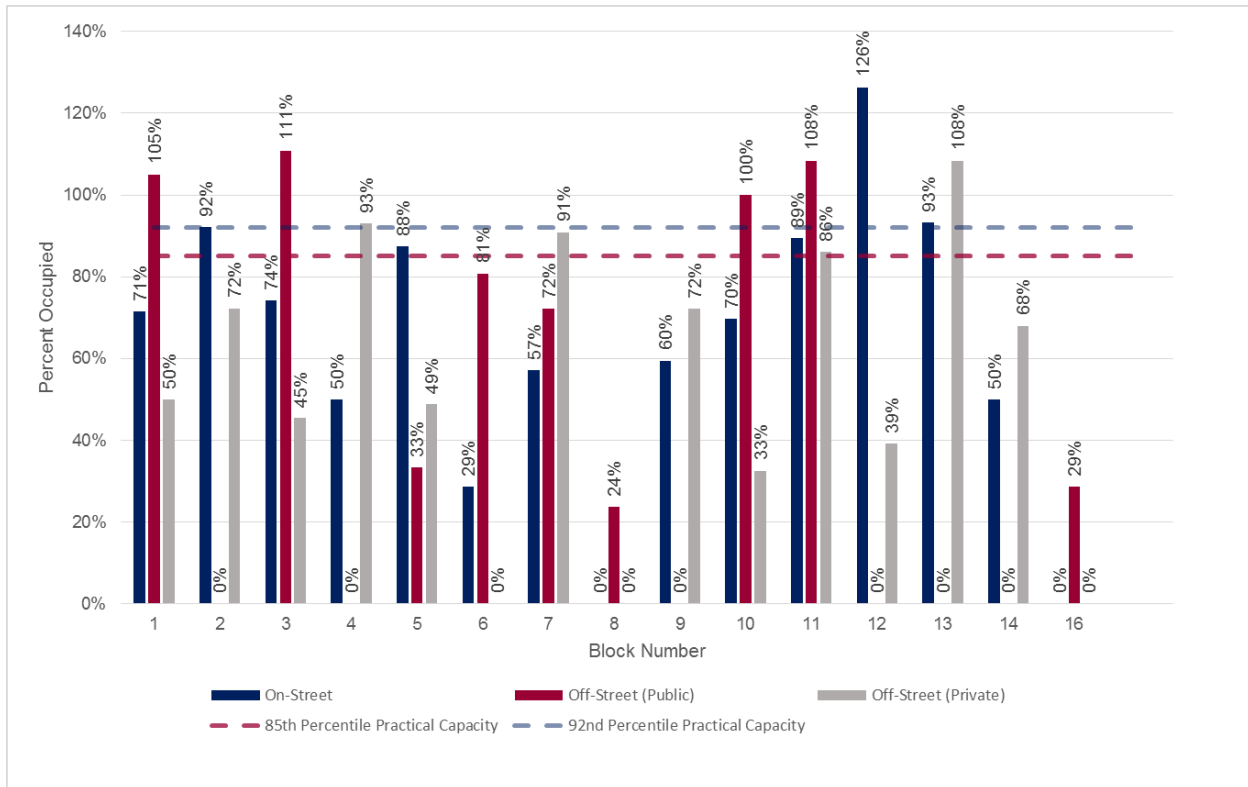
Practical Capacity

Based on the 2008 parking study, Morgan Hill adopted a standard of 92 percent to be considered the practical parking capacity. This occupancy percentage is considered the balancing point between supply and demand where there is efficient parking utilization but still a sufficient number of empty spaces to assure parking availability. The practical capacity of 92 percent was set in an effort to plan for development without overbuilding parking supply. The industry standard for practical capacity is 85 percent. When parking occupancy exceeds 85 percent, it becomes increasingly difficult for vehicles to locate the available spaces. Hexagon recommends that the City of Morgan Hill lower its practical capacity to 85 percent to reflect the suburban character of the City and the expectation that downtown parking is easy to find.

In general, the downtown Morgan Hill area is well below the practical capacity limit. During the Friday evening peak parking period, the parking occupancy of 46 percent indicates that there is plenty of available parking in the downtown area as a whole. The parking availability, however, varies throughout the downtown area as certain places experience much higher demands than others. There are a few parking areas that exceed 92% occupancy during the Friday evening parking peak (see Figures 4, 5, 6, and 7). In cases where parking is not actually striped or marked to indicate parking stalls, parking capacity was estimated based on how many cars potentially could fit in the parking area. For on-street spaces one parking stall is assumed to be 20 to 25 feet of curb space, and for off-street spaces one parking stall is assumed to be approximately 9 feet wide by 18 feet in length. Parking occupancy can exceed 100 percent in situations where vehicles park unconventionally close together or a majority of the vehicles in the parking area are smaller than standard parking stall measurements.

During the Friday evening peak, 966 of the 2,507 parking spaces supplied in the downtown area were occupied. A total of 286 public on-street spaces were occupied, and 460 public off-street spaces were occupied. Thus, including the Caltrain/VTA lots, the public parking was 43% occupied, leaving a total of 844 spaces that could be occupied before reaching the City standard practical capacity of 92 percent for public parking. An additional 723 spaces could be occupied before reaching the industry standard practical capacity of 85 percent. These numbers do not include the County Courthouse parking lot.

Figure 4
Friday Evening Maximum Parking Accumulation by Block Number



On-Street Parking

During the Friday peak, the on-street parking along Monterey Road was almost fully occupied between Main Street and 5th Street. Demand along the cross streets was busy between 2nd Street and 5th Street. A majority of the on-street parking on the roads outlining the downtown area (Main Street, Depot Street, Dunne Avenue, Del Monte Avenue) was relatively empty. The highest occupancy along these streets was found to be 67 percent along Depot Street between 1st Street and 2nd Street. In general during the peak Friday evening hour the on-street parking was heavily used with 19 of the on-street segments occupied at a rate of 80 percent or greater. On-Street parking along Blocks 11, 12, and 13 have relatively high usage during the peak hour. These high usage rates are attributable to each blocks lack of parking further from the commercial and retail areas along Monterey Road. No parking zones exist along Del Monte Avenue on Block 11, and the roadway does not continue through Blocks 12 and 13. These on-street spaces further from Monterey Avenue are typically where parking is relatively available along other blocks throughout the Downtown area.

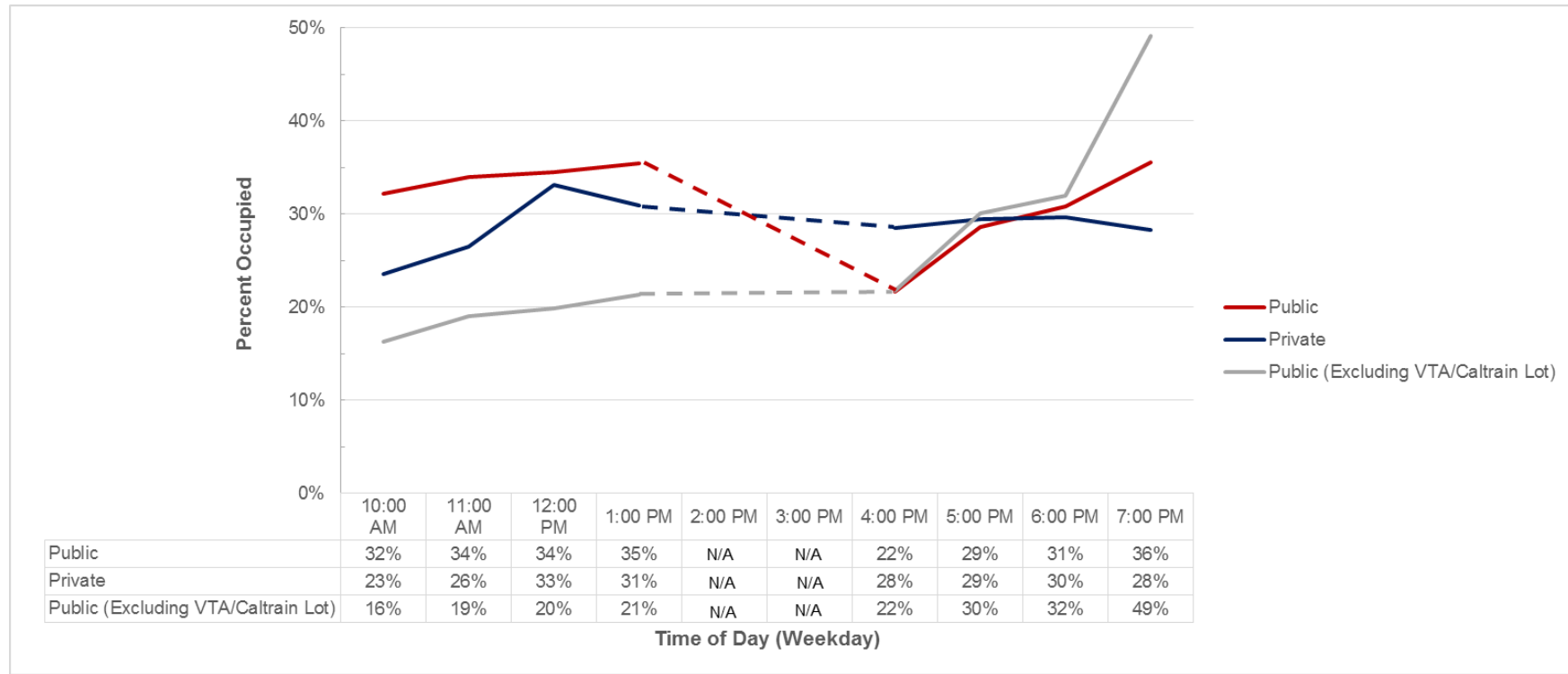
Hexagon has been informed that employees of downtown businesses have been observed parking in the 2-hour parking spaces in the downtown area during the entirety of their shifts. The spaces occupied by these employees were not observed to be routinely checked by parking enforcement and vehicles often would occupy these spaces for much greater than 2 hours. Though these observations were not made by Hexagon, this action should still be looked into to ensure high priority parking spaces adjacent to businesses are open to customers and visitors.

Off-Street Parking

During the Friday evening peak hour, a majority of the parking lots in the downtown area were relatively unoccupied, particularly the private lots. However, the public lots located near the center of the downtown area were at 100 percent or greater occupancy. Public lot 40 was under-utilized during the peak with only

22 out of 93 spaces occupied. This vacancy could be because the lot is new, and drivers may not be aware that it is open to the public. As can be seen in Figure 5, the demand for off-street parking shifts throughout the day from private lots to public lots. At around 5:00 PM the demand for public lots exceeds the demand for private lots.

Figure 5
Weekday Off-Street Parking Occupancy by Type



NOTE: Parking occupancies for 10:00 AM are from Thursday midday peak counts, while parking occupancies for 4:00 PM to 7:00 PM are from Friday evening peak counts. Counts between 2:00 PM and 3:00 PM were not conducted on either day



LEGEND

- = Unlimited Parking
- = No Parking
- = 2-Hour Parking
- = 20-Minute Parking
- XX = <80% Occupancy
- XX = 80-92% Occupancy
- XX = >92% Occupancy

Figure 6
Friday Evening Peak On-Street Parking Occupancy

Morgan Hill Downtown Parking Conditions Study

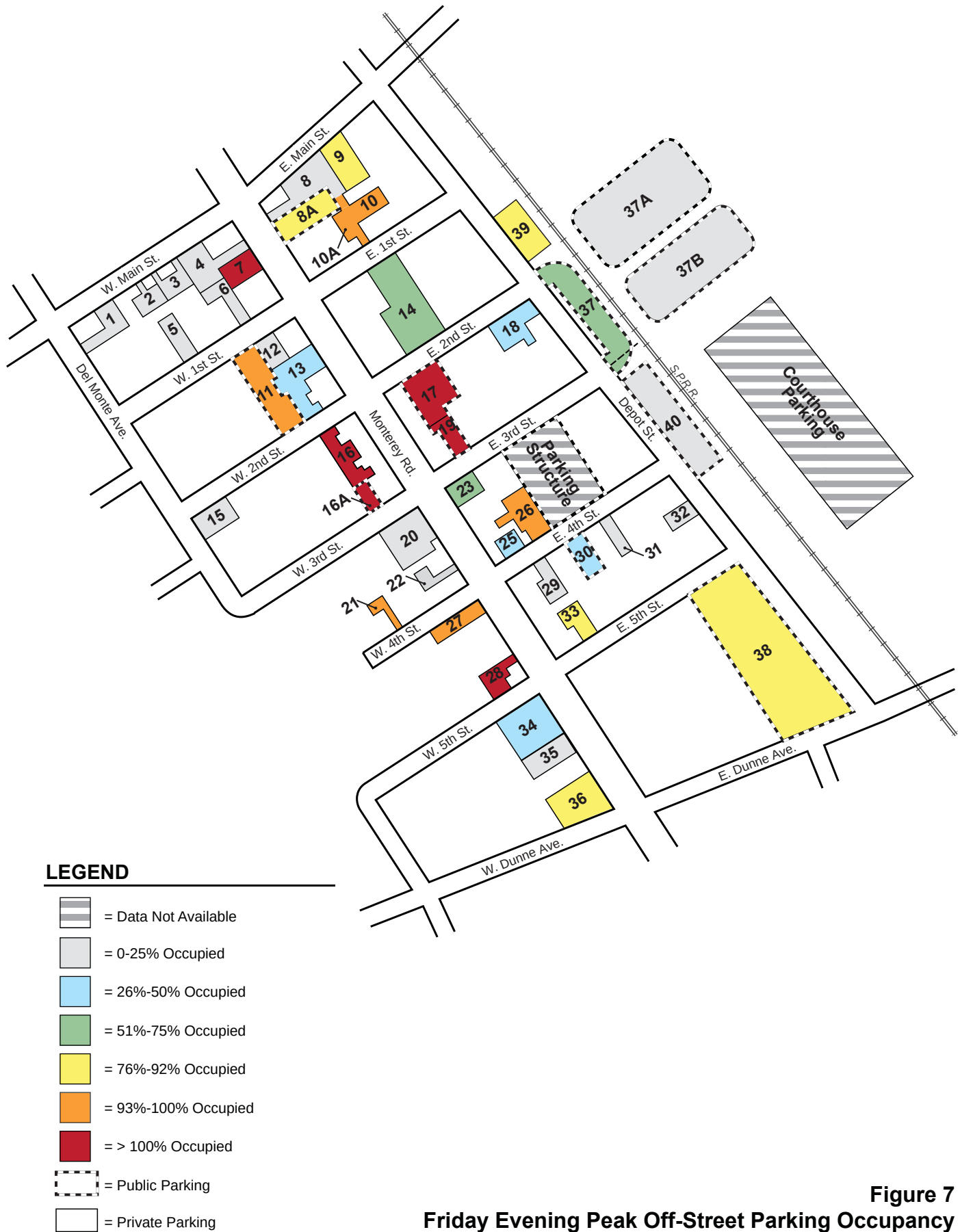


Figure 7
Friday Evening Peak Off-Street Parking Occupancy

Future Conditions

The demand for parking within Downtown Morgan Hill is expected to grow in the future based on current development applications. This section describes the future conditions with the estimated parking totals from proposed projects and the new downtown parking garage.

Future Parking Supply

The future parking supply in the Downtown area is projected to change due to the development of four proposed projects and a new public park. The parking spaces on the new project sites will be private parking, while the public park will remove existing public parking spaces. No roadway improvements are planned that would change the total number of on-street parking spaces. In total, the future parking supply in the downtown area is expected to decrease by 10 private and 61 public off-street parking spaces. The future Downtown area parking supply is projected to include 434 on-street parking spaces, 506 off-street private parking spaces, and 1,506 public off-street parking spaces, including the 273 parking spaces in the Courthouse parking lot. The change in parking totals can be seen in Table 3.

Depot Street Park

The proposed active play park will be located on the along the east side of Depot Street between E 3rd Street and E 4th Street. The park will replace part of the existing Lot 40, and eliminate a total of 51 parking spaces. The park is expected to serve the current residents and patrons of the downtown area and is not expected to generate a need for any additional parking. The park will be supported by the remaining public spaces in the relatively vacant Lot 40.

Table 3
Future Parking Conditions

Block #	Off-Street						On-Street		All Parking	
	Private ³			Public ⁴			Total		Fut. & Ext. Total ⁵	Future Total
	Existing	+/-	Future	Existing	+/-	Future	Existing	Future		
1	68	0	68	20	0	20	88	88	28	116
2	65	(50)	15	0	0	0	65	15	38	53
3	33	22	55	46	0	46	79	101	31	132
4 ¹	43	(19)	24	271	0	271	314	295	38	333
5	43	0	43	24	0	24	67	67	40	107
6	0	0	0	240	0	240	240	240	42	282
7	11	37	48	61	(10)	51	72	99	28	127
8	0	0	0	93	(51)	42	93	42	0	42
9	72	0	72	21	0	21	93	93	42	135
10	43	0	43	41	0	41	84	84	43	127
11	43	0	43	12	0	12	55	55	38	93
12	23	0	23	0	0	0	23	23	19	42
13	12	0	12	0	0	0	12	12	15	27
14	50	0	50	0	0	0	50	50	32	82
16 ²	273	0	273	465	0	465	738	738	0	738
Total	779	(10)	769	1,294	(61)	1,233	2,073	2,002	434	2,436

Notes:

¹ Block 4 includes the recently completed Downtown Parking Structure

² Block 16 includes the Courthouse parking lot (as private off-street supply), which is also used publicly for special events

³ Changes in Private lots are due to Barely Place (Block 7), Monterey & Third (Block 4), Depot Station (Block 3), and Leal Vineyards (Block 2).

⁴ Public lot changes are due to the Depot Street Park (Block 8), and site expansion at the north end of Lot 37 (Block 7).

⁵ On-Street Parking will not change between Existing and Future conditions

Future Parking Demand

The City of Morgan Hill is processing entitlements for four major development projects expected to increase the demand for parking in the downtown area. These developments will add a demand for additional parking in the downtown area. The four proposed projects include:

- **Barley Place** – located at the southeast corner of Depot Street and E. Main Street, and will include 16 dwelling units, 2,500 s.f. of retail space, and 3,500 s.f. of restaurant space. The project requires 50 total parking spaces based on the Downtown Specific Plan parking requirement recommendations but is proposing 40 parking spaces including 32 for the residential component and 8 for the retail component.
- **Monterey and Third** – located on the southeast corner of Monterey Street and E. 3rd Street, and will include 12,000 s.f. of retail space. The project requires 34 parking spaces based on the Downtown Specific Plan parking requirement recommendations, and is providing no parking spaces. This project will be immediately adjacent to the new parking structure.
- **Leal Vineyards** – located on the east side of Monterey Street between E. 1st Street and E. 2nd Street. This project would utilize a site that contains some retail space and the historic Granada theater that is now closed. The new development includes 17,000 square feet of market space and restaurant space, a 60 room hotel with a 200-person capacity event space, and the remodeling of the Granada theater to provide event configurations up to 290 seats. The Granada theater is grandfathered with no parking requirement. However, it will generate parking demand. The project will need 154 parking spaces based on the Morgan Hill parking code and the Downtown Specific Plan parking requirement recommendations. The project is proposing 15 parking spaces on-site, and is proposing to provide valet parking for all event patrons and clients. The demand for parking at the Granada Theater was estimated using the 58 parking spaces that would be required were it not grandfathered.
- **Depot Station** – located on the west side of Depot Street between E. 2nd Street and E. 3rd Street, and will include 28 townhomes and 5,500 s.f. of commercial space. The project is required to have 56 parking spaces for the residential portion and 16 parking spaces for the commercial portion. The project includes 54 parking spaces for the residential component, but proposes no commercial spaces. The commercial space will be fronting E. 3rd Street, and will be directly across from the new parking garage.

Based on the requirements set by the City of Morgan Hill parking code and Downtown Specific Plan recommended requirements, these developments will require 368 total parking spaces to accommodate the various uses. In total, these projects are providing only 109 parking spaces. Thus, these projects will rely on the existing public parking supply. The number of spaces that will be needed is calculated in the next section based on shared parking.

Table 4
Future Parking Generation

Land Use	Size	Rate	Proposed Parking	Required Parking	Add. Needed
Barley Place					
Multi-Family Residential ¹	12 Two Bedroom 4 Three Bedroom	2.0 spaces per unit (>1,350 square feet in unit)	32	32	
Retail/Restaurant ¹	6,088 s.f.	2.8 spaces per 1,000 s.f.	8	18	
<i>Total</i>			40	50	10
Monterey & Third					
Restaurant ¹	12025 s.f.	2.8 spaces per 1,000 s.f.	0	34	34
<i>Total</i>			0	34	34
Leal Vineyards					
Market/Restaurant ^{1,3}	17,082 s.f.	2.8 spaces per 1,000 s.f.	0	48	
Hotel ²	60 rooms	1.0 space per room opening to a corridor	15	60	
		1.0 additional space for each 10 rooms		6	
Event Space ²	200 capacity	1.0 space for each 5 seats	0	40	
Theater ⁴	290 seats			0	
<i>Total</i>			15	154	139
Depot Station					
Townhomes ¹	28 units	2.0 spaces per unit (>1,350 square feet in unit)	54	56	
Commercial ¹	5,557 s.f.	2.8 spaces per 1,000 s.f.	0	16	
<i>Total</i>			54	72	18
Future Parking Total			109	310	201
¹ Parking requirement rates from the City of Morgan Hill Downtown Specific Plan recommended parking standards ² Parking requirement rates from the City of Morgan Hill Code of Ordinances, Off-Street Parking and Paving Standards ³ Development assumes 1/3 of the space will be Restaurant, and 2/3 of the space will be Market ⁴ The Theater parking requirement is grandfathered. The proposed renovation will have a maximum seating capacity of 290. The previous theater seating capacity was 499. As such, the parking requirement for the theater portion of this development is zero. The theater is expected to generate a demand for parking, however, and was calculated based on a parking requirement of 1 space for each 5 seats, or 58 spaces.					

Hourly Parking Demand

Hexagon used data from the Urban Land Institute's *Shared Parking, Second Edition* to calculate hourly parking demand for each of the proposed new developments (see Table 5). Different types of land uses have different peak hours for parking. For example, office and retail uses typically have high parking demands in the middle of the day, while residential uses experience their peak parking demand in the evening. By applying shared parking principles, developments can make the most efficient use of parking areas by building to suit the peak hours for the development as a whole rather than the sum of each individual use's peak parking demand. The overall downtown parking demand peak was found to be at 7 PM on Friday. Based on shared weekday parking principles, the new developments will generate a peak demand of 336 parking spaces, which is 32 fewer spaces than the 368 spaces required without considering shared parking. The peak weekday demand will occur in the evening.

Table 5
Total Future Development Shared Parking

Hour of Day	Future Parking Demand								Total Demand	
	Barley Place		Monterey & Third		Leal Vinyards		Depot Station			
	Wkdy	Wknd	Wkdy	Wknd	Wkdy	Wknd	Wkdy	Wknd	Wkdy	Wknd
Parking Demand by Hour										
6 a.m.	32	32	1	1	67	60	56	56	157	150
7 a.m.	30	30	2	2	59	49	51	52	142	133
8 a.m.	29	29	7	5	70	66	51	50	157	150
9 a.m.	30	30	15	13	91	87	51	51	186	181
10 a.m.	32	30	23	19	94	86	52	51	201	187
11 a.m.	33	31	30	24	95	90	52	51	210	195
Noon	35	33	33	29	110	107	51	50	228	219
1 p.m.	37	36	34	31	126	125	54	54	251	246
2 p.m.	36	36	33	34	133	135	54	55	255	260
3 p.m.	33	36	31	34	128	138	53	55	246	263
4 p.m.	36	37	31	33	136	144	56	57	259	271
5 p.m.	41	41	32	31	153	154	62	62	288	289
6 p.m.	44	44	32	28	162	162	65	63	303	297
7 p.m.	47	47	32	26	177	179	69	66	325	318
8 p.m.	46	46	28	23	195	195	67	66	336	330
9 p.m.	44	45	19	18	190	192	64	64	317	319
10 p.m.	42	44	11	13	154	171	61	62	268	289
11 p.m.	39	41	4	5	117	131	58	58	217	236
Midnight	34	37	0	0	93	103	56	56	183	196
Max. Parking Demanded									Max. Demand	
	47	47	34	34	195	195	69	66	336	330

Source: Urban Land Institute (ULI) *Shared Parking, 2nd Edition, 2005*.

Notes:

Weekday values reduced based on 85th Percentile Parking demand proportions between weekday and weekend, from *ITE Parking Generation, 4th Edition*

Project Demands Served Off-Site

The four major projects that will be increasing the parking demand for the downtown area will not supply all the necessary parking spaces on their individual sites to meet individual project needs. This is typical in downtown areas, including Downtown Morgan Hill, where parcels are not large enough to supply parking on site and publicly-owned parking lots and garages are available. Also, parking can often be shared among different types of businesses that peak at different times of the day.

The additional parking demand that will need to be supplied by public on- and off-street parking was estimated using the shared parking number for each project during the weekday peak hour. The total number of parking spaces supplied by each project was then subtracted from the shared-parking demand to generate the excess parking demand (see Table 6). The off-site parking demand generated by these projects will be 7 parking spaces for Barley Place, 34 parking spaces for Monterey & Third, 180 parking spaces for Leal Vineyards, and 14 parking spaces for Depot Station.

In general, it is assumed that the average person is willing to walk up to $\frac{1}{4}$ a mile to reach a desired destination. As the downtown area is relatively small, the new parking structure is less than a $\frac{1}{4}$ mile from each new development, and from all areas within the downtown (see Figure 8 showing $\frac{1}{4}$ mile geodesic distance from the parking structure). This $\frac{1}{4}$ mile distance is generally accepted as the approximate radius from a location people are comfortable walking between their origin and their destination. Sufficient parking can be found within $\frac{1}{4}$ mile for each new development.

Table 6
Off-Site Project Parking Demand

Project	Proposed Parking	Max. Demand ¹		Additional Required
		Wkdy	Wknd	
Barley Place	40	47	47	7
Monterey & Third	0	34	34	34
Leal Vineyards	15	195	195	180
Depot Station	55	69	66	14
Total				235
Notes				
¹ Maximum Demand for parking based on each projects maximum hour for shared parking (See Appendix B)				

Barley Place

The Barley Place development, located at the southeast corner of Depot Street and E. Main Street, will generate a need for an additional 7 parking spaces beyond the 40 proposed to be supplied on-site. Street parking during the peak hour near this site is relatively available. Immediately adjacent to the site, along Depot Street, the unlimited street parking area has 4 unoccupied spaces between E. Main Street and E. 1st Street, 3 unoccupied spaces between E. 1st Street and E. 2nd Street, and 9 unlimited parking spaces south of E. 2nd Street. An additional 13 spaces are available along E. Main Street. This project will increase the demand in the northeastern corner of the downtown area and public lots along Depot Street, and will likely have little impact on parking towards the center of the downtown area. The expected peak parking hours for this development during the weekday and weekend will occur at approximately 7 PM, when the residential spaces are nearly full and a high majority of the retail and restaurant spaces are in use.

Monterey and Third

The Monterey and Third development, located along Monterey Road between E. 3rd Street and E. 4th Street will provide no private parking, and has an estimated peak demand of 34 parking spaces that will need to be supplied by public on- or off-street parking. Adjacent to the site, the unlimited street parking surrounding Block 4 has a relatively high number of open spaces, primarily along E. 4th Street. This project will be immediately west of the new parking garage, which would serve as the primary parking area for patrons of the Monterey and Third development. Additionally this project is only one block away from the nearly unoccupied public parking lot along Depot Street in Lot 40. The expected peak parking hours for this development are 1 PM on weekdays, and approximately between 2 PM and 3 PM on weekends. These times are the peak hours for the retail uses that will be part of this development.

Leal Vineyards

The Leal Vineyards development, located along Monterey Road between E. 1st Street and E. 2nd Street, will generate a demand for an additional 195 spaces. This parking demand will be competing for spaces in the core area along Monterey Road which, during peak hours, is already near or above practical capacity. Individuals using this site could be directed to use the parking garage for events occurring at the theater, or as the overnight location for hotel guest parking. The site is proposing using valet parking for patrons of the development. It is recommended that the valet parking utilize available spaces within either the Downtown Parking Structure, which is two blocks south of the project, or the Caltrain/VTA parking lots. While this project will significantly increase the number of vehicles desiring to park in an already high-demand parking area, there are an abundance of open street and public lot parking spaces south and east of the project site. The expected peak parking hours for this development will occur at 8 PM during both the weekdays and weekends. A majority of this parking will be occupied by event attendees and people staying at the hotel. Around this peak time both the restaurant and the event uses will be at their highest parking demands, while the hotel will be increasing in demand until it's peak at 10 PM.

Depot Station

The Depot Station development, located along Depot Street between E. 1st Street and E. 2nd Street, will generate a need for 14 additional spaces to be supplied by the public parking supply. This project will be immediately across E. 3rd Street from the parking garage, and is less than a block away from the public parking in Lot 40, which is less than 20 percent occupied during peak times. This development is expected to experience its peak parking demand at 7 PM during weekdays and between 7 PM and 8 PM during weekends. At this time the residential demand will be increasing while the retail demand will have just begun to decrease after its peak demand.

Future Demand Versus Capacity

During the Friday evening peak, parking demand was found to be 966 parking spaces. After accounting for the additional 235 parking spaces needed by the new developments, the parking demand will increase to 1,201, which is equal to 49 percent of the total parking supply. However, the demand will equal 72 percent of the total public parking supply, not counting the Courthouse parking lot. Both of these numbers are below the downtown area's practical capacity, as defined by Morgan Hill and are below the industry standard.

As the existing parking lots close to the center of the downtown area and new parking structure begin to fill up, the city should begin considering developing additional parking in and around the downtown area by working to open private parking lots to the public after working hours, including the Courthouse parking lot. This is not necessary to meet the future parking demand, but is recommended as many parking areas owned by private businesses remain unused during the downtowns peak hours despite their close proximity to peak hour trip generators.



LEGEND

- = New Parking Structure Location
- = New Development Locations
- = 1/4 Mile Radius

Figure 8
Walking Radius from Downtown Parking Structure

Conclusion

Demand for parking in Morgan Hill is going to increase significantly due to the proposed developments within the downtown area. The estimated demand for public parking spaces of roughly 50% of capacity is well below the City standard of 92%. However, some parts of the downtown will have occupancies of 100%, which could create difficulties for vehicles to find the available spaces.

Recommendations

Public-Private Parking Partnerships

The City should consider partnerships with the private businesses and agencies in the downtown area that do not utilize their parking areas for employees on weekday evenings and weekends. The peak parking hour is at 7:00 PM on Friday evenings. At this time, the private parking lots are only 39 percent occupied, which includes parking areas designated for restaurants and retail stores. The occupancy for parking areas designated for offices and commercial buildings is less than this.

A list of the businesses associated with each private parking lot can be found in Appendix C. Hexagon has identified ten lots that are well situated to be used as public lots during the evening and weekend periods. The owners of these lots may or may not be interested in providing after hours parking.

An additional site for the public-private parking partnership should include the existing Courthouse surface parking lot. This lot has an estimated capacity of 273 spaces and is currently only used for Courthouse parking and special events. This lot is informally open to the public after weekday Courthouse operating hours. A formal agreement for this lot to be used publically after Courthouse hours would significantly increase the supply of parking for the the Downtown Area. The Courthouse parking lot is well connected to the downtown area via sidewalks that cross the railroad tracks at the Caltrain/VTA station. The location of this lot is shown in Figure 3.

Table 7
Potential Public-Private Lots

Lot # ¹	Block #	Location/Business	Street	Spaces
1	9	90 W. Main Street		12
4	9	Chase Bank	W. Main St	20
8	1	Wells Fargo Bank	Monterey Rd	38
12	10	Millhouse Office Building	W. 1st St	18
13	10	Monterey and 2nd Retail/Mr. Falafel	Monterey Rd	23
20	12	Safari Salon Health	Corner of Monterey Rd	13
34	14	Citibank	Corner of Monterey Rd & W. 5th St	22
35	14	South County Real Estate	Monterey Rd	11
	16	County Courthouse	Butterfield Blvd & Diana Ave	273
Total Parking Spaces				157
with Courthouse				430
Notes:				
¹ See Figure 6 – Off Street Parking Facilities Location.				

Find future public parking areas

Parking conditions with the proposed developments within the downtown area will be approaching the practical capacity. The City should work to designate future sites for public parking if they anticipate additional growth. Parking areas should be focused on finding locations near retail centers within the center of the downtown area rather than the peripheral streets (primarily the north end), which currently provide a large portion of the downtown public on-street parking supply.

Parking Enforcement

Hexagon has been told that the two-hour time limits on Monterey Road are not being enforced. Enforcement of the 2-hour limits would move employees to the more outlying parking areas and free up prime parking for customers. The City should expand the two-hour parking zone to insure that prime parking spaces are not being taken by employees or other long term parkers.

Joint Use of Public Parking Supply

The current 24 hour availability of most public on-street parking creates an ease of parking choices, which allows the private parking resources to be underutilized. Regulation of on-street parking should be implemented to reinforce the use of off-street parking for its intended purpose. A major contributor to the overuse of the public on-street supply is by residents in the downtown area not using the parking space provided on their own lots for their vehicles, but rather as general home storage areas. The City should consider offering neighborhood “clean-out” days, providing free hauling services to aid existing residents to clean out garages and driveways of materials that prevent them from using their parking spaces for vehicles.

Parking Permits

Hexagon understands that public parking lots are consistently being used as the first choice for residential parking in some locations. It is recommended that the City develop and enforce overnight parking permits to keep public lots available for short term parking needs.

Regulation of Street Parking

Prior to the development of new housing supply, the City should establish regulations related to uses that are not intended to use public parking as the first parking choice. These regulations can be used to discourage employees and residents from parking in public parking spaces when private spaces are readily available to them.

Parking Signage

The previous parking study conducted in 2008 proposed improvements to the signage for the public downtown parking lots. Many of the parking signs have been installed, however, a few public parking lots remain relatively unused. The City should consider installing additional signage to direct visitors to public parking lots further from the downtown core. In the future, the City may need to consider installing real-time counters to give drivers an estimated count of how many spaces are available in lots to better inform them of where to conveniently park. The new parking structure will provide real-time parking availability numbers that will be displayed at the entrance to the garage, alerting patrons to the number of spaces currently empty within the structure.

Valet Parking

Developments that do not provide adequate parking to meet the parking demand, or those that are expected to have relatively high demands should consider implementing valet parking for their patrons. This valet parking would efficiently allow patrons to leave their vehicles close to their intended destination, while not requiring a high number of parking spaces be provided at these destinations. The valet parking systems should utilize the large parking areas farther from the center of the downtown area, especially the Caltrain/VTA lots.

Practical Capacity

The City should modify its current practical capacity threshold to reflect the industry standard of 85%. This would better represent the suburban character of Morgan Hill in which residents expect to be able to easily find parking.

Appendix A
Tabulated Parking Counts and Occupancies

Table 3
Weekday Midday Peak Parking Accumulation Summary by Block

Block Number	Peak Parking Accumulation by Block									Block Totals								
	Public On-Street Parking			Public Off-Street Parking			Private Off-Street Parking			All Parking Types ^a			All Parking w/o Transit Center			Public Parking w/o Transit Center		
	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied
1	17	28	61%	15	20	75%	36	68	53%	68	116	59%	68	116	59%	32	48	67%
2	25	38	66%	0	0	0%	30	65	46%	55	103	53%	55	103	53%	25	38	66%
3	25	31	81%	46	46	100%	21	33	64%	92	110	84%	92	110	84%	71	77	92%
4	17	38	45%	0	0	0%	24	43	56%	41	81	51%	41	81	51%	17	38	45%
5	23	40	58%	9	24	38%	27	43	63%	59	107	55%	59	107	55%	32	64	50%
6	9	42	21%	27	240	11%	0	0	0%	36	282	13%	36	282	13%	36	282	13%
7	21	28	75%	31	61	51%	8	11	73%	60	100	60%	60	100	60%	52	89	58%
8	0	0	0%	26	93	28%	0	0	0%	26	93	28%	26	93	28%	26	93	28%
9	24	42	57%	0	0	0%	44	93	47%	68	135	50%	68	135	50%	24	42	57%
10	30	43	70%	29	41	71%	31	43	72%	90	127	71%	90	127	71%	59	84	70%
11	27	38	71%	5	12	42%	30	43	70%	62	93	67%	62	93	67%	32	50	64%
12	17	19	89%	0	0	0%	11	23	48%	28	42	67%	28	42	67%	17	19	89%
13	7	15	47%	0	0	0%	2	12	17%	9	27	33%	9	27	33%	7	15	47%
14	11	32	34%	0	0	0%	46	50	92%	57	82	70%	57	82	70%	11	32	34%
16	0	0	0%	0	0	0%	281	465	60%	281	465	60%				0	0	0%
Study Area Totals	253	434	58%	188	537	35%	591	992	60%	1032	1963	53%	751	1498	50%	441	971	45%
Notes: ^a Occupancy percentages based on updated 2015 survey results.																		

Table 3
Friday Evening Peak Parking Accumulation Summary by Block

Block Number	Peak Parking Accumulation by Block									Block Totals								
	Public On-Street Parking			Public Off-Street Parking			Private Off-Street Parking			All Parking Types ^a			All Parking w/o Transit Center			Public Parking w/o Transit Center		
	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied
1	20	28	71%	21	20	105%	34	68	50%	75	116	65%	75	116	65%	41	48	85%
2	35	38	92%	0	0	0%	47	65	72%	82	103	80%	82	103	80%	35	38	92%
3	23	31	74%	51	46	111%	15	33	45%	89	110	81%	89	110	81%	74	77	96%
4	19	38	50%	0	0	0%	40	43	93%	59	81	73%	59	81	73%	19	38	50%
5	35	40	88%	8	24	33%	21	43	49%	64	107	60%	64	107	60%	43	64	67%
6	12	42	29%	194	240	81%	0	0	0%	206	282	73%	206	282	73%	206	282	73%
7	16	28	57%	44	61	72%	10	11	91%	70	100	70%	70	100	70%	60	89	67%
8	0	0	0%	22	93	24%	0	0	0%	22	93	24%	22	93	24%	22	93	24%
9	25	42	60%	0	0	0%	52	93	56%	77	135	57%	77	135	57%	25	42	60%
10	30	43	70%	41	41	100%	14	43	33%	85	127	67%	85	127	67%	71	84	85%
11	34	38	89%	13	12	108%	37	43	86%	84	93	90%	84	93	90%	47	50	94%
12	24	19	126%	0	0	0%	9	23	39%	33	42	79%	33	42	79%	24	19	126%
13	14	15	93%	0	0	0%	13	12	108%	27	27	100%	27	27	100%	14	15	93%
14	16	32	50%	0	0	0%	34	50	68%	50	82	61%	50	82	61%	16	32	50%
16	0	0	0%	0	0	0%	133	465	29%	133	465	29%				0	0	0%
Study Area Totals	303	434	70%	394	537	73%	459	992	46%	1156	1963	59%	1023	1498	68%	697	971	72%
Notes: ^a Occupancy percentages based on updated 2015 survey results.																		

Table 3
Saturday 10:00AM-2:00PM Peak Parking Accumulation Summary by Block

Block Number	Peak Parking Accumulation by Block									Block Totals								
	Public On-Street Parking			Public Off-Street Parking			Private Off-Street Parking			All Parking Types ^a			All Parking w/o Transit Center			Public Parking w/o Transit Center		
	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied
1	20	28	71%	20	20	100%	44	68	65%	84	116	72%	84	116	72%	40	48	83%
2	34	38	89%	0	0	0%	23	65	35%	57	103	55%	57	103	55%	34	38	89%
3	26	31	84%	48	46	104%	30	33	91%	104	110	95%	104	110	95%	74	77	96%
4	18	38	47%	0	0	0%	50	43	116%	68	81	84%	68	81	84%	18	38	47%
5	24	40	60%	20	24	83%	18	43	42%	62	107	58%	62	107	58%	44	64	69%
6	5	42	12%	30	240	13%	0	0	0%	35	282	12%	35	282	12%	35	282	12%
7	31	28	111%	16	61	26%	10	11	91%	57	100	57%	57	100	57%	47	89	53%
8	0	0	0%	75	93	81%	0	0	0%	75	93	81%	75	93	81%	75	93	81%
9	23	42	55%	0	0	0%	28	93	30%	51	135	38%	51	135	38%	23	42	55%
10	28	43	65%	28	41	68%	31	43	72%	87	127	69%	87	127	69%	56	84	67%
11	27	38	71%	12	12	100%	46	43	107%	85	93	91%	85	93	91%	39	50	78%
12	22	19	116%	0	0	0%	16	23	70%	38	42	90%	38	42	90%	22	19	116%
13	5	15	33%	0	0	0%	3	12	25%	8	27	30%	8	27	30%	5	15	33%
14	6	32	19%	0	0	0%	27	50	54%	33	82	40%	33	82	40%	6	32	19%
16	0	0	0%	0	0	0%	50	465	11%	50	465	11%				0	0	0%
Study Area Totals	269	434	62%	249	537	46%	376	992	38%	894	1963	46%	844	1498	56%	518	971	53%
Notes: ^a Occupancy percentages based on updated 2015 survey results.																		

Table 3
Saturday 2:00PM-6:00PM Peak Parking Accumulation Summary by Block

Block Number	Peak Parking Accumulation by Block									Block Totals								
	Public On-Street Parking			Public Off-Street Parking			Private Off-Street Parking			All Parking Types ^a			All Parking w/o Transit Center			Public Parking w/o Transit Center		
	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied
1	20	28	71%	16	20	80%	38	68	56%	74	116	64%	74	116	64%	36	48	75%
2	33	38	87%	0	0	0%	24	65	37%	57	103	55%	57	103	55%	33	38	87%
3	23	31	74%	44	46	96%	21	33	64%	88	110	80%	88	110	80%	67	77	87%
4	13	38	34%	0	0	0%	42	43	98%	55	81	68%	55	81	68%	13	38	34%
5	27	40	68%	6	24	25%	19	43	44%	52	107	49%	52	107	49%	33	64	52%
6	11	42	26%	71	240	30%	0	0	0%	82	282	29%	82	282	29%	82	282	29%
7	19	28	68%	20	61	33%	10	11	91%	49	100	49%	49	100	49%	39	89	44%
8	0	0	0%	15	93	16%	0	0	0%	15	93	16%	15	93	16%	15	93	16%
9	19	42	45%	0	0	0%	39	93	42%	58	135	43%	58	135	43%	19	42	45%
10	29	43	67%	25	41	61%	27	43	63%	81	127	64%	81	127	64%	54	84	64%
11	25	38	66%	13	12	108%	36	43	84%	74	93	80%	74	93	80%	38	50	76%
12	25	19	132%	0	0	0%	11	23	48%	36	42	86%	36	42	86%	25	19	132%
13	10	15	67%	0	0	0%	10	12	83%	20	27	74%	20	27	74%	10	15	67%
14	9	32	28%	0	0	0%	28	50	56%	37	82	45%	37	82	45%	9	32	28%
16	0	0	0%	0	0	0%	37	465	8%	37	465	8%				0	0	0%
Study Area Totals	263	434	61%	210	537	39%	342	992	34%	815	1963	42%	778	1498	52%	473	971	49%
Notes: ^a Occupancy percentages based on updated 2015 survey results.																		

Table 3
Saturday 6:00PM-10:00PM Peak Parking Accumulation Summary by Block

Block Number	Peak Parking Accumulation by Block									Block Totals								
	Public On-Street Parking			Public Off-Street Parking			Private Off-Street Parking			All Parking Types ^a			All Parking w/o Transit Center			Public Parking w/o Transit Center		
	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied	Parked Vehicles	Parking Supply	Percent Occupied
1	23	28	82%	22	20	110%	32	68	47%	77	116	66%	77	116	66%	45	48	94%
2	36	38	95%	0	0	0%	45	65	69%	81	103	79%	81	103	79%	36	38	95%
3	25	31	81%	49	46	107%	5	33	15%	79	110	72%	79	110	72%	74	77	96%
4	21	38	55%	0	0	0%	44	43	102%	65	81	80%	65	81	80%	21	38	55%
5	32	40	80%	11	24	46%	20	43	47%	63	107	59%	63	107	59%	43	64	67%
6	16	42	38%	119	240	50%	0	0	0%	135	282	48%	135	282	48%	135	282	48%
7	18	28	64%	42	61	69%	10	11	91%	70	100	70%	70	100	70%	60	89	67%
8	0	0	0%	7	93	8%	0	0	0%	7	93	8%	7	93	8%	7	93	8%
9	27	42	64%	0	0	0%	28	93	30%	55	135	41%	55	135	41%	27	42	64%
10	31	43	72%	34	41	83%	13	43	30%	78	127	61%	78	127	61%	65	84	77%
11	30	38	79%	14	12	117%	34	43	79%	78	93	84%	78	93	84%	44	50	88%
12	24	19	126%	0	0	0%	1	23	4%	25	42	60%	25	42	60%	24	19	126%
13	12	15	80%	0	0	0%	14	12	117%	26	27	96%	26	27	96%	12	15	80%
14	8	32	25%	0	0	0%	22	50	44%	30	82	37%	30	82	37%	8	32	25%
16	0	0	0%	0	0	0%	29	465	6%	29	465	6%				0	0	0%
Study Area Totals	303	434	70%	298	537	55%	297	992	30%	898	1963	46%	869	1498	58%	601	971	62%
Notes: ^a Occupancy percentages based on updated 2015 survey results.																		

Appendix B Shared Parking Calculations

Barley Place

Hour of Day	Retail ²		Restaurant ²		Residential		Total Demand	
	Wkdy ¹	Wknd	Wkdy ¹	Wknd	Wkdy	Wknd	Wkdy	Wknd
Parking Demand by Hour								
6 a.m.	0	0	0	0	32	32	32	32
7 a.m.	1	1	0	0	29	29	30	30
8 a.m.	2	1	1	0	27	27	29	29
9 a.m.	3	4	1	1	26	26	30	30
10 a.m.	6	5	2	1	24	24	32	30
11 a.m.	7	6	4	2	22	22	33	31
Noon	8	8	6	5	21	21	35	33
1 p.m.	8	8	6	5	22	22	37	36
2 p.m.	8	9	6	5	22	22	36	36
3 p.m.	7	9	4	5	22	22	33	36
4 p.m.	7	9	4	5	24	24	36	37
5 p.m.	8	8	6	6	27	27	41	41
6 p.m.	8	7	8	8	29	29	44	44
7 p.m.	8	7	8	9	31	31	47	47
8 p.m.	7	6	8	9	31	31	46	46
9 p.m.	4	5	8	8	32	32	44	45
10 p.m.	3	3	8	8	32	32	42	44
11 p.m.	1	1	6	8	32	32	39	41
Midnight	0	0	2	5	32	32	34	37
Required Parking Spaces					Max. Demand			
	8	9	8	9	32	32	47	47
Source: Urban Land Institute (ULI) <i>Shared Parking, 2nd Edition, 2005</i>. <u>Notes:</u> ¹ Weekday values reduced based on 85th Percentile Parking demand proportions between weekday and weekend, from <i>ITE Parking Generation, 4th Edition</i> ² Based on square footages provided in the proposed site plan, the 18 required spaces for retail and restaurant are split even between the two uses.								

Monterey and Third

Hour of Day	Retail		Total Demand	
	Wkdy ¹	Wknd	Wkdy	Wknd
Parking Demand by Hour				
6 a.m.	1	1	1	1
7 a.m.	2	2	2	2
8 a.m.	7	5	7	5
9 a.m.	15	13	15	13
10 a.m.	23	19	23	19
11 a.m.	30	24	30	24
Noon	33	29	33	29
1 p.m.	34	31	34	31
2 p.m.	33	34	33	34
3 p.m.	31	34	31	34
4 p.m.	31	33	31	33
5 p.m.	32	31	32	31
6 p.m.	32	28	32	28
7 p.m.	32	26	32	26
8 p.m.	28	23	28	23
9 p.m.	19	18	19	18
10 p.m.	11	13	11	13
11 p.m.	4	5	4	5
Midnight	0	0	0	0
Required Parking Spaces		Max. Demand		
34		34	34	34
Source: Urban Land Institute (ULI) <i>Shared Parking, 2nd Edition, 2005</i> . <u>Notes:</u> ¹ Weekday values reduced based on 85th Percentile Parking demand proportions between weekday and weekend, from <i>ITE Parking Generation, 4th Edition</i>				

Leal Vineyards

Hour of Day	Retail		Restaurant		Theater ²		Guest Room		Conference Room	Total Demand	
	Wkdy ¹	Wknd	Wkdy ¹	Wknd	Wkdy	Wknd	Wkdy	Wknd	Daily	Wkdy	Wknd
Parking Demand by Hour											
6 a.m.	1	1	0	0	0	0	66	59	0	67	60
7 a.m.	2	2	0	0	0	0	56	46	0	59	49
8 a.m.	6	5	1	1	0	0	43	40	20	70	66
9 a.m.	13	12	1	1	0	0	36	33	40	91	87
10 a.m.	21	18	3	2	0	0	30	26	40	94	86
11 a.m.	26	23	6	4	0	0	23	23	40	95	90
Noon	29	27	10	9	12	12	20	20	40	110	107
1 p.m.	30	29	10	9	26	26	20	20	40	126	125
2 p.m.	29	32	9	8	32	32	23	23	40	133	135
3 p.m.	28	32	6	8	32	32	23	26	40	128	138
4 p.m.	28	31	7	8	32	32	30	33	40	136	144
5 p.m.	29	29	10	11	35	35	40	40	40	153	154
6 p.m.	29	26	12	15	35	35	46	46	40	162	162
7 p.m.	29	24	13	15	46	46	50	53	40	177	179
8 p.m.	25	21	13	16	58	58	59	59	40	195	195
9 p.m.	17	17	13	15	58	58	63	63	40	190	192
10 p.m.	10	12	12	15	46	58	66	66	20	154	171
11 p.m.	3	5	10	14	38	46	66	66	0	117	131
Midnight	0	0	4	8	23	29	66	66	0	93	103
Required Parking Spaces										Max. Demand	
	30	32	13	16	58	58	66	66	40	195	195
Source: Urban Land Institute (ULI) <i>Shared Parking, 2nd Edition, 2005</i> .											
<u>Notes:</u>											
¹ Weekday values reduced based on 85th Percentile Parking demand proportions between weekday and weekend, from <i>ITE Parking Generation, 4th Edition</i>											
² Re-use of the Granada Theater is grandfathered from parking requirements. Granada Theater maximum seating capacity was 499; new renovation maximum seating capacity will be 290.											

Depot Station

Hour of Day	Retail		Residential		Total Demand	
	Wkdy ¹	Wknd	Wkdy	Wknd	Wkdy	Wknd
Parking Demand by Hour						
6 a.m.	0	0	56	56	56	56
7 a.m.	1	1	50	50	51	52
8 a.m.	3	3	48	48	51	50
9 a.m.	6	6	45	45	51	51
10 a.m.	10	9	42	42	52	51
11 a.m.	13	11	39	39	52	51
Noon	14	13	36	36	51	50
1 p.m.	15	15	39	39	54	54
2 p.m.	14	16	39	39	54	55
3 p.m.	14	16	39	39	53	55
4 p.m.	14	15	42	42	56	57
5 p.m.	14	15	48	48	62	62
6 p.m.	14	13	50	50	65	63
7 p.m.	14	12	54	54	69	66
8 p.m.	12	11	55	55	67	66
9 p.m.	8	8	55	55	64	64
10 p.m.	5	6	56	56	61	62
11 p.m.	2	2	56	56	58	58
Midnight	0	0	56	56	56	56
Required Parking Spaces				Max. Demand		
	15	16	56	56	69	66
Source: Urban Land Institute (ULI) <i>Shared Parking, 2nd Edition, 2005</i>. <u>Notes:</u> ¹ Weekday values reduced based on 85th Percentile Parking demand proportions between weekday and weekend, from <i>ITE Parking Generation, 4th Edition</i>						

ULI Parking Percentages by Land Use Applied

Hour of Day	Office ¹		Retail ²		Restaurant ³		Cinema ⁴		Residential Guest		Residential Resident		Hotel Guest Room		Conference Room
	Wkdy	Wknd	Wkdy	Wknd	Wkdy	Wknd	Wkdy	Wknd	Wkdy	Wknd	Wkdy	Wknd	Wkdy	Wknd	Daily
6 a.m.	3%	0%	3%	3%	0%	0%	0%	0%	0%	0%	100%	100%	100%	90%	0%
7 a.m.	28%	20%	7%	7%	3%	3%	0%	0%	10%	20%	90%	90%	85%	70%	0%
8 a.m.	71%	60%	20%	16%	8%	5%	0%	0%	20%	20%	85%	85%	65%	60%	50%
9 a.m.	92%	80%	43%	39%	11%	9%	0%	0%	20%	20%	80%	80%	55%	50%	100%
10 a.m.	100%	90%	69%	57%	26%	11%	0%	0%	20%	20%	75%	75%	45%	40%	100%
11 a.m.	96%	100%	87%	71%	48%	24%	0%	0%	20%	20%	70%	70%	35%	35%	100%
Noon	84%	90%	96%	84%	77%	54%	20%	20%	20%	20%	65%	65%	30%	30%	100%
1 p.m.	86%	80%	100%	92%	77%	58%	45%	45%	20%	20%	70%	70%	30%	30%	100%
2 p.m.	100%	60%	96%	100%	69%	50%	55%	55%	20%	20%	70%	70%	35%	35%	100%
3 p.m.	96%	40%	92%	100%	45%	50%	55%	55%	20%	20%	70%	70%	35%	40%	100%
4 p.m.	84%	20%	92%	96%	54%	50%	55%	55%	20%	20%	75%	75%	45%	50%	100%
5 p.m.	47%	10%	95%	91%	79%	66%	60%	60%	40%	40%	85%	85%	60%	60%	100%
6 p.m.	23%	5%	95%	81%	96%	92%	60%	60%	60%	60%	90%	90%	70%	70%	100%
7 p.m.	9%	0%	95%	76%	100%	96%	80%	80%	100%	100%	97%	97%	75%	80%	100%
8 p.m.	7%	0%	82%	67%	100%	100%	100%	100%	100%	100%	98%	98%	90%	90%	100%
9 p.m.	3%	0%	55%	53%	100%	92%	100%	100%	100%	100%	99%	99%	95%	95%	100%
10 p.m.	1%	0%	32%	37%	96%	92%	80%	100%	100%	100%	100%	100%	100%	100%	50%
11 p.m.	0%	0%	11%	15%	77%	89%	65%	80%	80%	80%	100%	100%	100%	100%	0%
Midnight	0%	0%	0%	0%	27%	50%	40%	50%	50%	50%	100%	100%	100%	100%	0%

Source: Urban Land Institute (ULI) *Shared Parking, 2nd Edition, 2005*.

Notes:

1. Office, weighted average of visitor (8%) and employee (92%) ratios
2. Shopping Center, weighted average of customer (80%) and employee (20%) ratios
3. Fine/Casual Dining, weighted average of customer (85%) and employee (15%) ratios
4. Cineplex customer
5. Per Residential Unit
6. Business Hotel, weighted average of guest (83%) and employee (17%) ratios on weekdays
7. Business Hotel, weighted average of guest (80%) and employee (20%) ratios on weekends

Appendix C
Off-Street Parking Facilities
Location/Businesses Associated

Appendix C

Off-Street Parking Facilities in the Downtown

Lot # ^a	Block #	Location/Business	Street
1	9	90 W. Main Street	Corner of W. Main St & Del Monte Ave
2	9	60 W. Main Street	
3	9	50 W. Main Street	
4	9	Chase Bank	W. Main St
5	9	Attorney, Photo Shop	W. 1st St
6	9	25 W. 1 Street	W. 1st St
7	9	Restaurant/Tattoo Shop	Monterey Rd
8	1	Wells Fargo Bank	Monterey Rd
8A	1	Public Lot	Monterey Rd
9	1	Santa Teresa Medical Clinic	W. Main St
10	1	Gift Shop	W. 1st St
10A	1	Paved – Maurizio's	E. 1st St
11	10	Public Lot	W. 1st St & W. 2nd St
12	10	Millhouse Office Building	W. 1st St
13	10	Monterey and 2nd Retail/Mr. Falafel	Monterey Rd
14	2	Downtown Mall	E. 1st St & E. 2nd St
15	11	Professional Center	Corner of W. 2nd St & Del Monte Ave
16	11	Bike Shop/Restaurant/Toy Store	W. 2nd St & W. 3rd St
17	3	Public Lot	E. 2nd St
18	3	Booksmart	E. 2nd St
19	3	Coffee/Bagel, Restaurant	E. 3rd St
20	12	Safari Salon Health	Corner of Monterey Rd
21	12	Insurance	W. 4th St
22	12	Fish Art Studios	Monterey Rd
23	4	Simple Beverages & Cigars	Corner of Monterey Rd
24	4	Vacant Paved Lot	Corner of E. 3rd St & Depot St
25	4	Insurance	E. 4th St
26	4	Mezzaluna & Trail Dust Restaurant	E. 4th St
27	13	Church	W. 4th St
28	13	Insurance	Corner of W. 5th St & Monterey Rd.
29	5	Wells Fargo Bank	E. 4th St
30	5	Morgan Hill Grange (Public Lot)	E. 4th St
31	5	Advance Fabrication	E. 4th St
32	5	EMF Motorsports	Depot St between 4th St & 5th St
33	5	Doctor's Office	E. 5th St
34	14	Citibank	Corner of Monterey Rd & W. 5th St
35	14	South County Real Estate	Monterey Rd
36	14	Union 76 Station	Corner of Monterey Rd & Dunne Ave
37	7	CalTrain	Depot Street
38	6	Community and Cultural Center ^b	Depot Street between 5th & Dunne
39	7	The Granary ^b	Depot Street

^a Off-Street parking lots for businesses as of 2004. See Figure 6 – Off Street Parking Facilities Location.

^b Parking lot not included in 2004 parking survey.



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: Karl Bjarke, Public Works Director

APPROVED BY: City Manager

RECENT SEWER OVERFLOW REPORT AND FIRST AMENDMENT TO LABORATORY SERVICES AGREEMENT - ALPHA ANALYTICAL LABORATORIES

RECOMMENDATION(S)

1. Receive report on recent sewer spill and response;
2. Approve First Amendment to laboratory services agreement with Alpha Analytical Laboratories, Inc. to amend scope of services, increase the not-to-exceed fee amount to \$208,955, and to extend the term of the agreement by 18 months;
3. Authorize City Manager to execute First Amendment; and
4. Direct staff to return to the Council with a plan for accelerating implementation of master planned sewer trunk facilities.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

Protecting the Environment

2017 Strategic Priorities

Infrastructure

REPORT NARRATIVE:

Staff recommends City Council's approval of an amendment to a services agreement for water quality testing. This is partially driven by the need for the Utilities Division to respond to a sewer overflow problem brought on by the recent heavy and persistent rainfall. The overflow problem and corresponding response activities are discussed below and will be presented to Council at its meeting on March 15, 2017.

Overflow Events

As a result of the heavy rainfall this winter, the City's wastewater trunk line exceeded its capacity two times resulting in a spillage of raw wastewater in the unincorporated Santa Clara County community of San Martin. The specific location of the spills is along Harding Avenue, just north of Highland Avenue. The first spill occurred on January 8, 2017 and was not immediately contained and resulted in approximately 190,000 gallons of raw sewage being spilled into an adjacent field and the West Branch of the Llagas Creek where it was swept south. After that event, the Utilities team prepared a mobile pumping and capture system to be deployed at the spill location for future events. During the next significant rain event this pump and capture operation successfully prevented a spill. However, on February 20, 2017, in spite of the all-night non-stop efforts of the crews, a large rain event overwhelmed the pump and capture system. That spill was reported at approximately 78,000 gallons could have been much worse had

the crews not aggressively employed the pump and capture system throughout the night. Both spills have been properly reported to the State of California Regional Water Quality Control Board and the disposition of those reported violations is pending Regional Water Quality Control Board review.

It is also important to note that the utility team worked diligently for countless hours to avoid other spills during these periods of heavy rain and saturated ground. Their efforts should not go unnoticed.

These spills are occurring during this particularly wet winter season because rainwater is infiltrating the sewer collection system City-wide and over taxing the trunk line that takes the City's wastewater to the sewage treatment plant in Gilroy. Infiltration and Inflow (I&I) into the City's sewer system occurs when rainwater enters manholes and pipes through cracks and joints. The infiltration can also occur through illicit connections of storm water pipes into sewer pipes. It is a common issue for any wastewater system exposed to high groundwater and rainfall, however, the problem appears to be worse in Morgan Hill. At the sewage treatment plant in Gilroy they recorded nearly triple the amount of flow into the plant during the largest storm of 2017. The reason the spills occur along Harding Avenue is because that is the point in the existing trunk system that has the least amount of capacity.

Alpha Analytics Laboratories, Inc.

On June 17, 2015, the Council approved a two-year agreement with Alpha Analytical Laboratories, Inc. (Alpha) for laboratory services related to potable water sampling and analysis. The total not-to-exceed amount for the two years is \$88,530 and the term of the agreement expires in June 2017. Under the scope of the agreement Alpha systematically tests Morgan Hill's municipal supply of water to ensure the City is providing potable water at a quality that meets or exceeds public health and environmental standards. The purpose of this first amendment is to amend the scope of services, extend the term of the contract, and increase the not-to-exceed fee amount.

Proposed Scope Changes

Part 1, Private Well Testing: Staff members from the Engineering and Utilities Department held a public meeting with the community of San Martin on March 7, 2017 to share information about the spills, answer questions, hear their concerns, and define steps for moving forward. At that public meeting, staff committed to testing private water wells located near the spill area. Property owners with private wells at risk will be contacted and offered to have their wells tested for bacterial contamination. At this time, staff estimates that the number of private wells tested could be as many as 22, depending on how many property owners choose to allow the City to test. It is also possible that Alpha will be required to test soil samples and provisions for that sampling and testing is also included in the proposed scope change.

The current scope of Alpha's agreement includes taking municipal well water samples collected by Utilities Division staff, transporting those samples to their laboratory, performing the required array of water quality testing, and then reporting those results to the City. Staff recommends amending their scope to include the collection of the water

samples from private property owners. This will enable Alpha to execute the first step in water quality testing – directly collecting the sample prior to transporting it to their laboratory. Staff would then not be physically involved in the testing process from sample collection to final reporting. If approved, staff anticipates that the testing of private wells will commence immediately.

Additional fee required: \$18,000

Part 2, Municipal Water Testing for the 18 Month Extension: Alpha Laboratories will continue to perform testing services for the City's Water Division for the term extension of July 1, 2017 through December 31, 2018.

Additional fee required: \$80,325

Part 3, Storm Water Quality: The Community Services Department is actively testing the water in local streams to monitor the quality of that water, identify potential pollutant sources, and to develop measures to improve water quality, all in conformance with the City's Storm Water Quality General Permit.

Additional fee required: \$22,100

Proposed Term Extension

The current term of the agreement expires on June 30, 2017. The recommendation is to extend the term by 18 months to an amended term expiration date of December 31, 2018.

Proposed Fee Changes

The current not-to-exceed fee amount in the agreement is \$88,530. To accomplish the additional scope over the extended term described above, staff recommends that the fee be increased by \$120,425 to a total amended not-to-exceed amount of \$208,955. The proposed fee is broken out by fiscal year below:

FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19 (6 months)	Total
\$44,265	\$69,365	\$63,550	\$31,775	\$208,955

Acceleration of Future Sewer Trunk Project

The City's sewer master plan calls for an extension of a secondary trunk line to the treatment plant in Gilroy. This secondary trunk line will provide the sewer collection capacity to meet the City's growth over the current General Plan horizon. The trunk line is being constructed in phases and there are two more phases left to make the final connection in Gilroy. Staff is on course to having the final two phases of the secondary trunk line completed by the year 2019 which would be well ahead of the upcoming sewage treatment plant expansion now scheduled for completion in 2024.

Additionally, having that secondary trunk line completed will be the most significant action the City could take to assist in preventing any future sewer spills in the San Martin community because of the added capacity it will provide. If directed by Council, staff will report back on any measures that could be taken to accelerate the secondary trunk line project.

COMMUNITY ENGAGEMENT: Collaborate, Inform

Staff has engaged the community of San Martin through a combination of e-mail blasts, individual e-mail correspondence, face to face meetings, and a public meeting held in San Martin on March 7, 2017. Should the testing proceed as planned, staff will work directly with affected property owners in San Martin. Staff is also currently working on a communication strategy in the event a wastewater spill is anticipated and/or if one occurs.

ALTERNATIVE ACTIONS:

The Council could reject staff's recommendation and ask staff to either proceed under the testing protocols of the existing agreement or return with another alternative.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

June 17, 2015 – Council approved 2-year agreement with Alpha Analytical Laboratories, Inc. for laboratory services related to municipal potable water testing.

FISCAL AND RESOURCE IMPACT:

Implementing and monitoring the testing of private wells outside the City's limits will require a moderate amount of staff time.

The current agreement with Alpha Laboratories expires on June 30, 2017 and has a total not-to-exceed fee of \$88,530. If the requested appropriation and the First Amendment is approved, the total not-to-exceed fee will be increased to \$208,955. Of this amount, \$22,100 will be paid for by the Community Services Storm Water Pollution Prevention Fund (232.5810). No additional appropriation is required for this fiscal year and will be budgeted accordingly in future fiscal years.

The balance of the contract will be funded as follows:

The Sewer Fund (640.5900) will fund \$18,000 in FY 2016/17. This additional amount will be funded through savings in operational line items in the Sewer Fund.

The Water Fund (650.5710) will fund \$168,855. No additional appropriation is required for this fiscal year and will be budgeted appropriately in future fiscal years.

CEQA (California Environmental Quality Act):

Not a Project

LINKS/ATTACHMENTS:

1. First Amendment to Agreement_Alpha Analytical Laboratories
2. Exhibit A_Original Agreement_Alpha Analytical Laboratories
3. Exhibit B_Revised Scope_Alpha Analytical Laboratories

FIRST AMENDMENT TO AGREEMENT
Alpha Analytical Labs, Inc.

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on _____ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and, ALPHA ANALYTICAL LABS, INC., a California Corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This First Amendment to Agreement is entered into based upon City of Morgan Hill by City Council approval on March 15, 2017.
2. The CITY and CONSULTANT entered into that "Consultant Agreement" made as of July 16, 2015, for consultant services for a maximum compensation of \$88,530.00 ("CONSULTANT AGREEMENT"). The CONSULTANT AGREEMENT is attached as Exhibit "A" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

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

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

"2. **Term of Agreement.** This Agreement shall be effective and cover services rendered from July 16, 2015, until December 31, 2018. 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."

B. Paragraph 3 shall be amended by adding the following:

"The services to be performed by CONSULTANT shall consist of the following additional services set forth in Exhibit "B":

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

"4.1. **Amount.** Compensation under this Agreement shall not exceed the original agreement amount of Eighty-Eight Thousand Five Hundred Thirty Dollars (\$88,530), plus the First Amendment amount of One Hundred Twenty Thousand Four Hundred Twenty-Five Dollars (\$120,425) for a total amount of Two Hundred Eight Thousand Nine Hundred Fifty-Five Dollars (\$208,955).

2. **Conflicts.** In the event of a conflict between the terms and provisions of this First Amendment to Agreement and the terms and provisions of the CONSULTANT AGREEMENT, the terms of this First Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:

CITY OF MORGAN HILL

City Clerk

Date: _____

APPROVED AS TO FORM:

City Attorney

Date: _____

City Manager

Date: _____

ALPHA ANALYTICAL LABS, INC.

By: _____

Title: _____

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: _____

By: _____

Title: _____

Print Name and Title of Signer.

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

Date: _____

**CONSULTANT AGREEMENT
ALPHA ANALYTICAL LABS, INC.**

THIS AGREEMENT is entered into and becomes effective on 7/16/15 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and ALPHA ANALYTICAL LABS, 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 action of the Morgan Hill City Council taken on June 17, 2015.

2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2017, 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 potable water sampling and analysis as further described in **Exhibit A.**

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

4.1. **Amount.** \$88,530.00. Total compensation under this Agreement shall not exceed eighty-eight thousand five hundred thirty dollars and shall be billed based on the rate and basis set forth in **Exhibit B.**

4.2. **Billing.** CONSULTANT shall provide CITY with a monthly 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. 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 on behalf of CITY.

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 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, 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. 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) for bodily injury or death to any one person for any one accident or occurrence and at least one million dollars (\$1,000,000.00) for property damage, or (ii) the maximum amount of such insurance available to 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) for bodily injury or death to any one person for any one accident or occurrence and at least one million dollars (\$1,000,000.00) for property damage, or (ii) the maximum amount of such insurance available to 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 contractor's liability for bodily injury, property damage and environmental damage resulting from pollution and related cleanup costs arising out of the work or services to be performed under this 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, 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.

7.1.5.3. 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) 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.

7.2. 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.

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

7.2.1.2. the insurer waives the right of subrogation against the City of Morgan Hill and the CITY's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and,

7.2.1.3. insurance shall be primary non-contributing.

7.2.2. Workers Compensation.

The insurer waives the right of subrogation against the City of Morgan Hill and the CITY's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.

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 an financial size rating of "VII" or better.

7.4. **Certificates.** CONSULTANT shall furnish CITY of Morgan Hill with copies of all policies or certificates as outlined herein, whether new or modified, promptly upon receipt. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein

Certificate Holder address:

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

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.** CONSULTANT and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. CONSULTANT and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, sexual orientation, national origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.

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

11. **Confidentiality.** All data, documents, or other information received by CONSULTANT from CITY or prepared in connection with CONSULTANT'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by CONSULTANT without prior written consent by CITY.
12. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
13. **Notices.** All notices shall be personally delivered or mailed, via first class mail to the below listed address. These addresses shall be used for delivery of service of process. Notices shall be effective five (5) days after date of mailing, or upon date of personal delivery.

Address of CONSULTANT is as follows:

Alpha Analytical Labs, Inc.
6398 Dougherty Road, Suite 35
Dublin, CA 94568

Address of CITY is as follows:

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

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. **Maintenance of Records.**
- 15.1. **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.
- 15.2. **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.
- 15.3. **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.

16. **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.

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

18. **No Assignment.** Neither this Agreement nor any portion shall be assigned by CONSULTANT, without prior written consent of CITY.

19. **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.

20. **Defense and Indemnification.**

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

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

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

20.4. **Right to Offset.** CITY shall have the right to offset against any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result of CONSULTANT's failure to pay CITY promptly any indemnification arising under this Section (20) 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.

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

21. **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.

22. **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.

23. **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.

24. **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.

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25. **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.

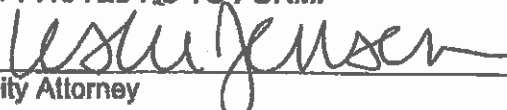
ATTEST:


 City Clerk/Deputy City Clerk

mw
 Michelle Wilson
 Print Name

Date: 7/16/15

APPROVED AS TO FORM:


 City Attorney

fa
 Renee Gurza
 Print Name

Date: 07/13/15

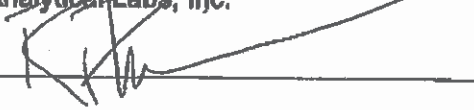
CITY OF MORGAN HILL


 City Manager *deane A. Little*

for
 Steve Rymer
 Print Name

Date: 7-16-15

Alpha Analytical Labs, Inc.


 By:

Title: Robbie Phillips President

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

Date: 6-11-15


 By:

Title: DAVID PINGATORE *ASSISTANT SECRETARY*

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

Date: 6-11-15

EXHIBIT A SCOPE OF SERVICES

Alpha Analytical Labs, Inc., will provide laboratory services for potable water sampling and analysis, according to specifications, as provided by the City of Morgan Hill, for water testing. This includes any and all labor, materials, equipment, transportation, facilities and services for the sample collection, analysis, and report submittal. Water sampling will occur at 40 separate sampling stations and the 17 source wells located throughout the City's water production and distribution system.

Following the first quarter of testing, the City may ask the laboratory to composite some samples for individual organic tests following approved guidelines of the California State Department of Health Services.

The laboratory will be required to provide for extra samples to be taken as needed at the same unit price per month as quoted in the laboratory's proposal.

The City will also require proactive assistance from the laboratory in ensuring that the quality of the City's water is maintained. To this end, the City will ask the chosen lab to actively help the City interpret and follow any new regulations, communicate immediately with the City any time a sample exceeds State MCL, and meet periodically with City staff to resolve problems and provide advisement.

The firm will have staff available during normal business hours of the Utilities Division of 6:30 AM to 4:00 PM (Monday - Thursday) and 6:30 AM to 3:00 PM (Friday). The firm must also ensure that there is a person available on-call 24 hours per day, 7 days per week.

During its time of service to the City, the firm will maintain the appropriate license, insurance and permit requirements of the City, State and Federal governments, as well as all other requirements of the law.

**EXHIBIT B-1
SCHEDULE OF COMPENSATION RATES**

FY 15-16

LABORATORY SERVICES & PRICING

Matrix	Qty	Analysis	Price per Sample (24 hr)	Price per Sample (5 day)	Price per Sample (Standard*)	ANNUAL TOTAL PRICE (Standard)	Lab or Subcontract
Liquid	20	Total Coliform	20	10	10.00	10,400.00	AAL
TOTAL						10,400.00	

Matrix	Qty	Analysis	Price per Sample (24 hr)	Price per Sample (5 day)	Price per Sample (Standard*)	ANNUAL TOTAL PRICE (Standard)	Lab or Subcontract
Liquid	4	TTHM - Stage 2 (Dist. System)	80	50	40.00	640.00	AAL
Liquid	4	HAA5 (Distribution System)	150	94	75.00	1,200.00	AAL
Liquid	1	Nitrates	24	15	12.00	48.00	AAL
Liquid	2	Perchlorate	60	38	30.00	240.00	AAL
Liquid	4	Title 22: Regulated Volatile Organic Chemicals	120	75	60.00	960.00	AAL
Liquid	4	Title 22: Regulated Synthetic Organic Chemicals	NA	1038	830.00	13,280.00	AAL
TOTAL						16,368.00	

Matrix	Qty	Analysis	Price per Sample (24 hr)	Price per Sample (5 day)	Price per Sample (Standard*)	ANNUAL TOTAL PRICE (Standard)	Lab or Subcontract
Liquid	5	Title 22: Regulated Synthetic Organic Chemicals	NA	1038	830.00	8,300.00	AAL
TOTAL						8,300.00	

Matrix	Qty	Analysis	Price per Sample (24 hr)	Price per Sample (5 day)	Price per Sample (Standard*)	ANNUAL TOTAL PRICE (Standard)	Lab or Subcontract
Liquid	9	Title 22: General Mineral-General Physical	250	157	125.00	1,125.00	AAL
Liquid	9	Title 22: Inorganic Chemical	550	344	275.00	2,475.00	AAL
Liquid	9	Title 22: Regulated Volatile Organic Chemicals	120	75	60.00	540.00	AAL
	5	Title 22: Radiological	NA	480	240.00	1,200.00	Sub
	11	Nitrates	24	15	12.00	132.00	AAL
Liquid	30	Lead and Copper Rule	40	25	20.00	600.00	AAL
Liquid	25	Total Coliform (Special)	20	10	10.00	250.00	AAL
Liquid	25	WQ Investigation (Color, Odor, Turbidity, pH, TDS, EC, Sulfate, Fe, Mn, Cu	230	144	115.00	2,875.00	AAL
TOTAL						9,197.00	

***Weekly Pickup**
City preference is Mon-Wed. No additional charges will be allowed for any changes for Vendor's convenience.

SUBTOTAL FOR SAMPLES	44,265.00	
TRANSPORTATION* - Weekly Pickup at 100 Edes Ct.	Free	Day: Monday
TOTAL FOR FY 15-16	44,265.00	

Attachment: Exhibit A_Original Agreement_Alpha Analytical Laboratories (1064 : First Amendment Alpha)

**EXHIBIT B-2
SCHEDULE OF COMPENSATION RATES**

LABORATORY SERVICES & PRICING

Matrix	Qty	Analysis	Price per Sample (24 hr)	Price per Sample (5 day)	Price per Sample (Standard)	ANNUAL TOTAL PRICE (Standard)	Lab or Subcontract
Liquid	20	Total Coliform	20	10	10.00	10,400.00	
TOTAL						10,400.00	

Matrix	Qty	Analysis	Price per Sample (24 hr)	Price per Sample (5 day)	Price per Sample (Standard)	ANNUAL TOTAL PRICE (Standard)	Lab or Subcontract
Liquid	4	TTHM - Stage 2 (Dist. System)	80	50	40	640.00	
Liquid	4	HAA5 (Distribution System)	150	94	75	1,200.00	
Liquid	1	Nitrates	24	15	12	48.00	
Liquid	2	Perchlorate	60	38	30	240.00	
Liquid	4	Title 22: Regulated Volatile Organic Chemicals	120	75	60	960.00	
Liquid	4	Title 22: Regulated Synthetic Organic Chemicals	NA	1038	830	13,280.00	
TOTAL						16,368.00	

Matrix	Qty	Analysis	Price per Sample (24 hr)	Price per Sample (5 day)	Price per Sample (Standard)	ANNUAL TOTAL PRICE (Standard)	Lab or Subcontract
Liquid	5	Title 22: Regulated Synthetic Organic Chemicals	NA	1038	830	8,300.00	
TOTAL						8,300.00	

Matrix	Qty	Analysis	Price per Sample (24 hr)	Price per Sample (5 day)	Price per Sample (Standard)	ANNUAL TOTAL PRICE (Standard)	Lab or Subcontract
Liquid	9	Title 22: General Mineral-General Physical	250	157	125	1,125.00	
Liquid	9	Title 22: Inorganic Chemical	550	344	275	2,475.00	
Liquid	9	Title 22: Regulated Volatile Organic Chemicals	120	75	60	540.00	
	5	Title 22: Radiological	NA	480	240	1,200.00	
	11	Nitrates	24	15	12	132.00	
Liquid	30	Lead and Copper Rule	40	25	20	600.00	
Liquid	25	Total Coliform (Special)	20	10	10	250.00	
Liquid	25	WQ Investigation (Color, Odor, Turbidity, pH, TDS, EC, Sulfate, Fe, Mn, Cu	230	144	115	2,875.00	
TOTAL						9,197.00	

***Weekly Pickup**
City preference is Mon-Wed. No additional charges will be allowed for any changes for Vendor's convenience.

SUBTOTAL FOR SAMPLES

44,265.00

TRANSPORTATION - Weekly Pickup at 100 Edes Ct.

**Day:
Monday**

TOTAL FOR FY 16-17

44,265.00

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

During the term of this agreement, Alpha Analytical Labs, Inc., will have staff available during normal business hours of the Utilities Division of 6:30 AM to 4:00 PM (Monday - Thursday) and 6:30 AM to 3:00 PM (Friday). The firm must also ensure that there is a person available on-call 24 hours per day, 7 days per week

Water sampling will occur at 40 separate sampling stations and the 17 source wells located throughout the City's water production and distribution system.

Following the first quarter of testing, the City may ask the laboratory to composite some samples for individual organic tests following approved guidelines of the California State Department of Health Services.

The laboratory will be required to provide for extra samples to be taken as needed at the same unit price per month as quoted in the laboratory's proposal.

The City will also require proactive assistance from the laboratory in ensuring that the quality of the City's water is maintained. To this end, the City will ask the chosen lab to actively help the City interpret and follow any new regulations, communicate immediately with the City any time a sample exceeds State MCL, and meet periodically with City staff to resolve problems and provide advisement.

Exhibit B

SCOPE OF SERVICES (AMENDED)

Alpha Analytical Labs, Inc., will provide laboratory services for water sampling and analysis, according to specifications, as provided by the City of Morgan Hill, for water testing. This includes labor, materials, equipment, transportation, facilities and services for the sample collection, analysis, and report submittal. This amendment facilitates an 18 month extension in the term the contract and includes the addition of stormwater sample analysis and well and soil sampling and analysis as defined in the following tasks. The Consultant will have staff available during normal business hours of the Utilities Division of 6:30 AM to 4:00 PM (Monday - Thursday) and 6:30 AM to 3:00 PM (Friday). The firm must also ensure that there is a person available on -call 24 hours per day, 7 days per week. During its time of service to the City, the firm will maintain the appropriate license, insurance and permit requirements of the City, State and Federal governments, as well as all other requirements of the law.

Task 1. Drinking Water Sampling

Water sampling will occur at 40 separate sampling stations and the 17 source wells located throughout the City's water production and distribution system. Following the first quarter of testing, the City may ask the laboratory to composite some samples for individual organic tests following approved guidelines of the California State Department of Health Services. The laboratory will be required to provide for extra samples to be taken as needed at the same unit price per month as quoted in the laboratory's proposal. The City will also require proactive assistance from the laboratory in ensuring that the quality of the City's water is maintained. To this end, the City will ask the chosen lab to actively help the City Interpret and follow any new regulations, communicate immediately with the City any time a sample exceeds State MCL, and meet periodically with City staff to resolve problems and provide advisement.

Task 2. San Martin Well and Soil Sampling

The Consultant shall provide labor, equipment and analytical services necessary to collect and analyze water and soil samples from twenty one (21) locations in San Martin, CA as directed by the City. The sample analysis will include the following constituents: E-Coli, Enterococci, Fecal Streptococci, and Total/Fecal Coliform. The locations and conformation of access to private property will be provided by the City.

Task 3. San Martin Undefined Sampling (optional)

Additional sampling and analysis in San Martin may be required as directed by the City. This work would be defined by task order and compensation would be per rates used in Task 2. This is a time and material task with a not to exceed \$18,000.

Task 4. Stormwater Sample Analysis

Analysis of water samples taken from local creeks. This is a time and material task with a not to exceed \$22,100.



CITY COUNCIL STAFF REPORT

MEETING DATE: March 15, 2017

PREPARED BY: David Swing, Police Chief

APPROVED BY: City Manager

PUBLIC SAFETY MASTER PLAN UPDATE: REINSTATE CRIME SUPPRESSION UNIT AND ADDITION OF ANIMAL SERVICES OFFICER

RECOMMENDATION(S)

1. Approve re-establishing Street Crimes Team by reassigning current member of DEA Taskforce;
2. Direct staff to include the addition of an Animal Services Officer for mid-cycle budget consideration; and
3. Accept Police Department's recommendations and implementation plan

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

Maintaining Fiscal Responsibility

Preserving and Cultivating Public Trust

POLICY CONSIDERATIONS:

1. Should Council reinstate the crime suppression team through the reassignment of a Detective?
2. Should Council consider increasing Field Operations Division capacity by adding an Animal Services Officer?

REPORT NARRATIVE:

This report is the first follow-up to the police section of the Public Safety Master Plan presentation on February 22, 2017 and will discuss enhancements that would add capacity to the Field Operations division during peak call periods and review the operational and administrative recommendations of the CPSM report to inform Council of the Police Department's plan for implementation, deferral, or decline of those recommendations.

Adding Capacity:

The CPSM report recommends the reinstatement of the Street Crimes Team through the reassignment of the Detective assigned to the DEA taskforce or through the addition of a new police officer. Adding a new police officer would require an additional recurring annual appropriation of approximately \$200,000. Reassigning the Detective currently assigned to DEA would result in the loss of \$60,000 in annual recurring revenue realized through the taskforce operations. This result is mitigated by \$30,000 in projected asset seizure revenue for FY17/18, meaning that the currently adopted two-

year budget would realize a net \$30,000 loss in revenue; however, the five-year projection would be reduced by \$270,000. In comparison, the five-year estimate for a new police officer would be \$1 million.

Reassigning the DEA Detective in April of 2017 would allow the Department to update our intelligence and prepare an enforcement plan in time for the summer of 2017. This enhancement would also allow the Department to deploy two additional officers during the weekend evening/early morning hours and have increased flexibility to address other crime spikes and trends – such as gang intelligence, package thefts, and residential burglaries.

The reinstatement of the Street Crimes Team would provide for increased deployment of two sworn officers during peak periods of weekend evenings or an additional 40 hours of directed enforcement coverage. Per CPSM, the additional sworn staff would lower the allocated time to below 50 percent during that period. Council asked at the February 22 meeting how many officers were needed to achieve a 50 or 55 percent allocated time. CPSM provided this answer during a conference call in late February. Consistent with the CPSM recommendation for an additional officer, the Police Department recommends reassignment of the DEA Detective effective April 9, 2017.

Another way to add capacity is through the addition of an Animal Services Officer (ASO). The previous ASO position was eliminated in the FY12/13 budget due to reductions associated with the recession. Presently, our Multi-Service Officers (MSO) provide animal services supplemented by Police Officers for life safety incidents.

Although the MSOs provide 50 hours of increased coverage above the prior model, the dayshift MSO functions as the primary ASO spending much of his time on animal related duties. This prevents the MSO from supporting patrol officers by taking crime reports for property crimes and other support functions. Due to the volume of work during the day, a second MSO is scheduled to work from noon until midnight. The addition of an ASO would also allow the swing-shift MSO to work later and better support the midnight patrol team on the first part of the week since our third MSO works primarily the late evening hours on Thursday - Saturday. The added ASO position would enhance the expertise of our animal services offerings and add one FTE of capacity annually. The estimated personnel cost for this enhancement is \$100,000. The Police Department kept the ASO truck and other equipment which would mitigate the expenses associated with the addition of the position.

It is recommended that the Council direct staff to include the addition of an ASO to the budget mid-cycle discussion.

General Report Recommendations:

The CPSM report listed 40 recommendations that are considered operational best practices by the consultants. The list of recommendations is provided as an attachment to this report. Many of the recommendations are supported by the department; however, some are redundant or detrimental to the services provided to our community. 10 of the recommendations reinforce practices currently in place by the department such as

intelligence based policing and traffic enforcement, training compliance, prisoner safety checks, and diligent review of background investigations by management staff.

The department disagrees with five of the recommendations such as not accepting cash as a form of payment for vehicle releases, utilizing a retired officer to conduct background investigations, or accompanying injured workers to the doctor's office to speak with the treating physician about the employee's work status. The full list of recommendations and implementation plan from the Police Department is included as Attachment A.

Conclusion:

The Public Safety Master Plan provided an opportunity to evaluate our practices and ensure that our work aligns with industry standards. CPSM's recommendations highlighted that the profession of policing is the blending of art and science. Best practices and levels of staffing can be conducted based on a scientific review of data; however, each city presents unique opportunities based on Council and community priorities, available funding, and crime and quality of life issues present requiring an artist's tailored expert opinion. The Police Department anticipates returning in the coming months to provide a five-year staffing plan that may include recommended additions to sworn and civilian roles and illustrate how an increased investment of resources will lead to better safety outcomes for our residents and guests based on data, best practices, and community expectations. The plan will then need to be balanced with continuing the provision of existing General Fund services and other priority areas such as road maintenance and fire services.

COMMUNITY ENGAGEMENT: Inform

The community engagement efforts to date included a meeting during the development of the plan and publication of this report through the staff report process.

ALTERNATIVE ACTIONS:

Council could choose to not approve the reassignment of the Detective and choose to recreate the Street Crimes team through the allocation of another officer or choose to not reinstate the team. Council could also choose to not accept the recommendations and the Police Department's plan for implementation and direct staff to provide additional information or solutions.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On February 22, 2017, Council held a workshop on the Public Safety Master Plan and directed staff to provide further information related to police and fire activities.

FISCAL AND RESOURCE IMPACT:

The reassignment of the DEA Taskforce Detective would result in a projected \$30,000 loss of revenue from the FY17/18 budget and a five-year forecast reduction of \$270,000. This would be reflected in the upcoming budget mid-cycle report.

LINKS/ATTACHMENTS:

1. 03-07-17 CPSM STAFFING STUDY RECOMMENDATIONS

Police Operations and Data Analysis Report for MHPD
March 7, 2017
Prepared by Center for Public Safety Management, LLC

- Key:**
- Short-Term Goal:** Department-wide goal to be completed within 6 months
 - Mid-Term Goal:** Department-wide goal that is expected to take 9-12 months to complete
 - Long-Term Goal:** Department-wide goal that can either be deferred for 1-2 years, or will take that duration to complete from start to finish
 - In Progress/Ongoing:** Previously identified Department-wide goal already in progress (estimated completion date incorporated in matrix)
 - Complete:** No further action needed
 - No:** After Management Team review, do not plan to implement at this time

RECOMMENDATION	PRIORITY	LEAD	ACTIONS	PLANNED COMPLETION DATE
Area of Department: DISPATCH				
Empanel a calls for service (CFS) committee to evaluate service demands and attempt to reduce and/or eliminate the number of nonemergency responses.	Mid-Term Goal	Palsgrove	Reviewing priorities to determine next steps - to include committee and Command level review.	Sep-17
CPSM recommends a team from Communications be established to review the dispatch practices of the current Communications staff and develop a system to accurately identify the “dispatch delay” period.	In Progress	Echegoyen-Young	Progress made for priority one and two. Team will look for additional enhancements for high priority calls and review lower priority as well.	May-17
The CAD database should be modified to ensure that only in-progress crimes and life-safety incidents be recorded as Priority 1 calls.	Ongoing	Echegoyen-Young	The list was updated by the Field Operations Captain and is working through other stages of the review process.	
RECORDS				
MHPD should review and modify current Records policy to better reflect the “paperless” process employed by MHPD.	Mid-Term Goal	Yinger	Process and policy will change with implementation of new evidence submittal system with District Attorney's Office.	Dec-17
Consideration should be given to discontinuing the practice of accepting cash at the Records Section public window and moving to a system for accepting only credit/ debit cards, checks, or money orders.	No		Staff does not believe this recommendation is in the best interest or service to all members of our community.	

Police Operations and Data Analysis Report for MHPD
March 7, 2017
Prepared by Center for Public Safety Management, LLC

RECOMMENDATION	PRIORITY	LEAD	ACTIONS	PLANNED COMPLETION DATE
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Area of Department:

SPECIAL OPERATIONS

Address "hot spots" in the community by leveraging all operational assets of the department.	Ongoing	Balagso	Will expand with the reinstatement of Street Crimes Team.	
Incorporate data management (caseload, clearances, etc.) into the operations of the Detective Bureau.	In Progress	Thomas	Case management process being reviewed and evaluations of other cities is underway.	Aug-17
Develop and integrated intelligence and crime analysis function.	Mid-Term Goal	Balagso	Will expand this effort with the implementation of the DA's Crime Strategies Unit.	Dec-17
Recreate the street crime/gang enforcement team to supplement investigations and patrol deployment and to be able to develop a crime prevention and community engagement strategy.	In Progress	Neumayer/Thomas	Recommendation to reinstate in April of 2017.	Apr-17

PATROL

Maintain the current patrol shift schedule and continue to utilize 12 hour tours for patrol.	Complete		Recommendation to eventually implement a 4/10 3/12 hybrid shift.	
Examine the reasons for, and minimize, the excessive time spent by patrol officers on out-of-service tasks.	Mid-Term Goal	Palsgrove	Meeting with Sergeants to review and provide recommendations for reducing out-of-service time	Oct-17
Embrace a more strategic approach to traffic safety. Place the responsibility for traffic safety with the supervisor of the Traffic Division and use this section as the research and planning arm to support this effort.	In Progress	Hoelfing	Quarterly traffic collision and analysis plan will expand with Crossroads software implementation	TBD

Police Operations and Data Analysis Report for MHPD
March 7, 2017
Prepared by Center for Public Safety Management, LLC

RECOMMENDATION	PRIORITY	LEAD	ACTIONS	PLANNED COMPLETION DATE
Area of Department: PATROL				
Management should ensure that briefings occur with minimal exception. Supervisors should be innovative in their approach to accomplishing this task.	Ongoing	Palsgrove	Sergeants are reminded to conduct regular briefings by patrol Captain. 4/10 3/12 shift will help accomplish as well.	
Ensure vehicle maintenance and repair software is installed and utilized to improve fleet service oversight.	In Progress	Ramos	Software program tested and abandoned. Looking for a new program.	Sep-17
MHPD has a number of prisoner transport alternatives worthy of exploration, including policy modification, regional jailing cooperatives, and employing a private transport service. CPSM recommends MHPD assess these options for the solution that addresses its concerns and provides the most benefit to the organization.	No		Attempted regional prisoner management program with Gilroy PD but was unsuccessful in implmenting. MSOs have the time and ability to continue to provide this service.	
MHPD staff must continue its diligence to maintain compliance with prisoner safety checks.	Ongoing	Hoefling	MSOs and patrol staff regulary receive high marks in our temporary holding cell inspections in this area.	
PERSONNEL				
Management must be diligent in reviewing completed backgrounds to ensure the thoroughness and quality of the new company meets MHPD standards.	Ongoing	Neumayer	Checks in place with Command Staff and Executive Assistant.	
Consideration should be given to utilizing a retiree to conduct background investigations. This would be a temporary position, without benefits, that would work on an as-needed basis. Funding for this position could be drawn from the budgeted funds for a position which is then vacant.	No		The fiscal implications of this recommendation are untenable. Additionally, small agencies rely on contractors for this service for a fixed cost and thorough report.	

Police Operations and Data Analysis Report for MHPD
March 7, 2017
Prepared by Center for Public Safety Management, LLC

RECOMMENDATION	PRIORITY	LEAD	ACTIONS	PLANNED COMPLETION DATE
Area of Department: PERSONNEL				
The two-year training calendar should be reviewed annually to ensure that compliance with current law and training relevance to department needs are maintained.	Ongoing	Ramos	Completed and reviewed by Admin Sergeant.	
Perishable skills and dynamic scenario training should be included in the two-year training calendar to ensure it is presented at appropriate intervals.	Ongoing	Ramirez	Primary Task of Admin Sergeant and current for the past 6 years.	
A review of current training facilities should be considered to ensure they meet department training needs.	Long-Term Goal			
Supervisors should accompany injured employees seeking initial medical treatment/evaluation to the treating facility when such treatment is provided at a city-contracted facility. The supervisor should consult with the treating physician and discuss with them the availability of temporary modified duty assignments as defined above to assist in determining if such work can be performed where available.	No		Unnecessary and privacy concerns and Sergeant should be in the field supervising.	
In the event that an injured worker is found to be temporarily disabled and will be on a lost- time status, his or her first-line supervisor should be in weekly contact with the employee to ensure that his or her needs are being met, as well as to provide encouragement for a speedy recovery.	Ongoing	Supervisors	Occurs now with Sergeants and Command Staff, though consistency could be improved.	TBD

Police Operations and Data Analysis Report for MHPD
March 7, 2017
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RECOMMENDATION	PRIORITY	LEAD	ACTIONS	PLANNED COMPLETION DATE
Area of Department: ADMINISTRATION - INTERNAL AFFAIRS				
Department IA policy should be reviewed to ensure that policy and practice are in line.	In Progress	Ramos	Currently under review to ensure alignment.	Sep-17
A comprehensive, reliable, and user-friendly administrative investigation and public complaint tracking system should be implemented to provide a valuable risk management tool.	Mid-Term	Neumayer	Reviewing and evaluating several options.	Dec-17
The practice of the fact finder determining administrative investigations case findings should be examined and revised to balance investigative objectivity and staff development benefits.	Mid-Term	Command Staff	Reviewing policy and practice of other similar sized agencies.	Jul-17
MHPD policy in this area should be reviewed to ensure policy and practice is in line with the desired investigative process.	Mid-Term	Neumayer	Reviewing policy and practice of other similar sized agencies.	Jul-17
Administrative investigation and personnel complaint management reports should be provided to executive staff on a regular basis utilizing the current manual tracking method and any tracking software implemented in the future.	Ongoing			
ADMINISTRATION - USE OF FORCE				
CPSM recommends that the two related policy statements (300.5 and 300.5.1) be combined to clarify that documenting and reporting incidents of force are governed by the same criteria.	Complete	Ramos	Reviewed policy statements with our policy provider - no plans to implement due to uncertain need.	

Police Operations and Data Analysis Report for MHPD
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RECOMMENDATION	PRIORITY	LEAD	ACTIONS	PLANNED COMPLETION DATE
Area of Department: ADMINISTRATION - USE OF FORCE				
Policy should be revised to include a requirement that an officer observing a use of force under any circumstance be required to report the observed use to a supervisor.	Complete	Ramos	Reviewed recommendation and policy for other agencies.	
CPSM recommends policy language regarding supervisory response to use-of-force incidents to be clarified with a positive requirement to respond to all force incidents and that language such as "when a supervisor is able to" or "in the events a supervisor is unable to respond" be eliminated.	No		Our practice is that a supervisor responds and conducts an investigation. Stating we shall respond potentially opens of the Department to liability if we are unable for an unforeseen reason. It would additionally require a Command level response if a Sergeant uses force in routine situations.	
The Critical Incident Review Board (CIRB) policy must be revised to reflect the board's true intended scope of authority and responsibility.	Mid-Term Goal	Ramirez/Gridley	Reviewing and revising policy.	Apr-17
CPSM recommends the Executive Information Services (EIS) use-of-force module be implemented as soon as possible or a suitable replacement be implemented as soon as possible.	Mid-Term Goal	Ramirez	Reviewing and evaluating options for other software or tracking processes.	Sep-17
ADMINISTRATION				
Add one sergeant position to Field Operations for coordinating administrative and planning efforts.	Long-Term Goal	Guerrero	Staff is researching options and will present at a future Council Meeting as part of the Long Term Staffing Plan.	TBD
CPSM recommends that the administrative sergeant position be reassigned to the Field Operations Division and duties modified to provide administrative support as appropriate to enable patrol sergeants to more efficiently direct patrol operations.	Long-Term Goal	Guerrero	Staff is researching options and will present at a future Council Meeting as part of the Long Term Staffing Plan.	TBD

Attachment: 03-07-17 CPSM STAFFING STUDY RECOMMENDATIONS (1062 : First update to PSMP)

Police Operations and Data Analysis Report for MHPD
March 7, 2017
Prepared by Center for Public Safety Management, LLC

RECOMMENDATION	PRIORITY	LEAD	ACTIONS	PLANNED COMPLETION DATE
Area of Department: ADMINISTRATION				
CPSM recommends creation of a Professional Standards Unit under the direction of a sergeant. Law enforcement agencies have developed professional standards unit to manage department-wide essential support services by maintaining high standards of ethics and professionalism in the areas of recruitment, hiring, personnel records, maintenance, labor relations, human resource management, policy development, training, administrative investigations and use-of-force management.	Long-Term Goal	Neumayer/Guerrero	Staff is researching options and will present at a future Council Meeting as part of the Long Term Staffing Plan.	TBD
CPSM recommends the background/recruitment process be included in the Professional Standards Unit as noted in this report.	Long-Term Goal	Guerrero	Currently assigned to Admin Sergeant and Special Operations Captain.	TBD
Identify technology priorities for the department and develop a strategy to seek necessary funding.	Mid-Term Goal	Yinger/Silva	Several technology priorities exist and must first be fulfilled prior to taking on new endeavors.	Dec-17
Efforts should be made to improve compliance with the annual performance evaluation requirement to ensure personnel are kept abreast of their performance status and documentation is available should performance-related administrative action be required.	Ongoing	Cardenas/Sergeants	Updated annual performance evaluation lists have been given to Supervisors and reminders will be given in a timely manner.	Sep-17

Attachment: 03-07-17 CPSM STAFFING STUDY RECOMMENDATIONS (1062 : First update to PSMP)



Special - Regular Meeting Agenda
City Council

Steve Tate - Mayor
Larry Carr - Mayor Pro Tem
Rich Constantine - Council Member
Caitlin Jachimowicz - Council Member
Rene Spring - Council Member

Wednesday, March 15, 2017 6:30 PM

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

SPECIAL/REGULAR MEETING

(6:30 P.M. Closed Session / 7:00 P.M. Regular Meeting)

A Special Meeting of the City Council is called at 6:30 p.m. for the purpose of conducting a closed session.

TELECONFERENCE

Mayor Tate will be participating in the meeting via teleconference as follows:

Mayor Steve Tate
4610 North 68th Street, Unit 438
Scottsdale, AZ 85251

Public comment from the Arizona location shall be allowed.

SPECIAL MEETING

6:30 P.M.

CALL TO ORDER

(Mayor Pro Tem Carr)

ROLL CALL ATTENDANCE

(Deputy City Clerk Wilson)

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2

(Deputy City Clerk Wilson)

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Initiation of litigation pursuant to: Government Code Section 54956.9(d)(4)

Number of Cases: One (1)

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Pursuant to Government Code Section 54956.9(d)(1)

Case Name: The Bank of New York Mellon v. City of Morgan Hill, et al.

Case Number: Santa Clara County Superior Court Case No: 1-15-CV-279257

RECONVENE

CLOSED SESSION ANNOUNCEMENT

REGULAR MEETING

7:00 P.M.

The City Council has adopted a policy that regular meetings shall not continue beyond 11:00 p.m. unless extended by a majority of the City Council.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Council Member Spring

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PROCLAMATIONS

Proclaiming the week of March 20, 2017 as Science Fair Week
Forrest Williams, Board Member, Santa Clara Valley Science and Engineering Fair Association

Proclaiming the Month of March 2017 as American Red Cross Month
Mohammed "Mo" Ghandehari, Silicon Valley Chapter

Proclaiming the Month of March 2017 as Arts Education Month
Sharon Dahnert, Artspiration Program, Santa Clara County Office of Education

PRESENTATIONS

YAC PRESENTATION - ASSET #17 - CREATIVE ACTIVITIES

Recommendation:

PUBLIC COMMENT

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. (See additional noticing at the end of this agenda)

OUTSIDE AGENCY REPORTS

ANDERSON DAM WATER LEVEL REPORT

Recommendation:

Receive verbal report from the Santa Clara Valley Water District and discuss items related to Anderson Dam's water level

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.

Time Estimate for Consent Calendar: 1 - 10 Minutes

1. ACCEPT AQUATIC FOUNDATION DONATION

Recommendation:

Authorize the City Manager to execute, administer, and further negotiate as necessary a contract accepting a donation from the Morgan Hill Aquatic Foundation for the provision of swim lessons for under-served youth.

2. BOARD OF STATE AND COMMUNITY CORRECTIONS CITY LAW ENFORCEMENT GRANT

Recommendation:

1. Adopt resolution accepting grant funding in the amount of \$49,705.98 from the State of California Board of State and Community Corrections for the supplement of the City of Morgan Hill's Safe Parking Program and amending the Fiscal Year 2016/17 Budget and appropriating an additional \$49,705.98 for the purchase of supplies/materials and participant services; and
2. Recognize grant revenue.

3. PEDESTRIAN SAFETY AND TRAFFIC CALMING UPDATE AND AWARD OF CONTRACT FOR THE FOURTH STREET & MONTEREY ROAD SIGNALIZATION PROJECT

Recommendation:

Adopt Resolution approving the following actions:

1. Receive update on pedestrian safety and traffic calming projects;
2. Approve Fourth Street & Monterey Road Signalization Project plans and specifications;
3. Award a contract to Mike Brown Electric Co. for the Fourth Street & Monterey Road Signalization Project in the amount of \$306,430;
4. Authorize expenditure of construction contingency funds not to exceed \$30,643; and
5. Authorize the City Manager to execute and administer the construction contract with Mike Brown Electric Co.

4. JANUARY 2017 FINANCIAL AND INVESTMENT REPORT

Recommendation:

Accept and file report.

5. RECEIVE AND FILE THE ANNUAL SB 165 REPORT FOR CFD NO. 2014-1 (FISHER CREEK)

Recommendation:

Receive and file the report.

6. FOLLOW-UP RESPONSE TO GRAND JURY REGARDING PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Recommendation:

Approve the follow-up response to Grand Jury.

7. APPROVE THE FEBRUARY 15, 2017 SPECIAL-REGULAR CITY COUNCIL MEETING MINUTES.

Recommendation:

Approve minutes.

8. APPROVE THE FEBRUARY 22, 2017 SPECIAL/REGULAR CITY COUNCIL MEETING MINUTES

Recommendation:

Approve Minutes.

9. APPROVE THE MARCH 1, 2017 REGULAR CITY COUNCIL MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

10. DOWNTOWN PARKING UPDATE

Recommendation:

1. Receive Downtown Parking Report; and
2. Provide direction on next steps

Estimated Time: 60 Minutes

11. RECENT SEWER OVERFLOW REPORT AND FIRST AMENDMENT TO LABORATORY SERVICES AGREEMENT - ALPHA ANALYTICAL LABORATORIES

Recommendation:

1. Receive report on recent sewer spill and response;
2. Approve First Amendment to laboratory services agreement with Alpha Analytical Laboratories, Inc. to amend scope of services, increase the not-to-exceed fee amount to \$208,955, and to extend the term of the agreement by 18 months;
3. Authorize City Manager to execute First Amendment; and
4. Direct staff to return to the Council with a plan for accelerating implementation of master planned sewer trunk facilities.

Estimated Time: 30 Minutes

12. PUBLIC SAFETY MASTER PLAN UPDATE: REINSTATE CRIME SUPPRESSION UNIT AND ADDITION OF ANIMAL SERVICES OFFICER

Recommendation:

1. Approve re-establishing Street Crimes Team by reassigning current member of DEA Taskforce;
2. Direct staff to include the addition of an Animal Services Officer for mid-cycle budget consideration; and
3. Accept Police Department's recommendations and implementation plan

Estimated Time: 30 Minutes

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 that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers, and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order 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 by 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 plan an item on the agenda for a future City Council meeting. Should your comments require Council action, your request may be placed on the next appropriate agenda. 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 michelle.wilson@morganhill.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email michelle.wilson@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting



Sustainable Morgan Hill Vision

Morgan Hill is a socially responsible, environmentally conscious, and economically sound community that embraces inclusiveness with participation by all.

CITY COUNCIL ONGOING PRIORITIES

Enhancing Public Safety · Protecting the Environment · Maintaining Fiscal Responsibility ·
Supporting Our Youth, Seniors, and Entire Community · Fostering a Positive Organizational Culture ·
Preserving and Cultivating Public Trust · Preserving Our Cultural Heritage

2017 STRATEGIC PRIORITIES

High Speed Rail

Inclusiveness

Infrastructure

Regional Initiatives

Telecommunications

2017 STRATEGIC PRIORITIES:



High Speed Rail

The City of Morgan Hill will directly advocate for our community's needs through our communications, discussions, and decisions. We will continue to engage the community, the High Speed Rail Authority, our state and federal legislators, and other regional agencies to mitigate negative impacts and convey our position that the High Speed Rail Authority should only use the existing Highway 101 right-of-way to avoid all impacts to residents, schools, and businesses. Should the Authority decide the 101 right-of-way is not feasible, we will strongly advocate for the route with the least impact on Morgan Hill.



Inclusiveness

We will celebrate the diversity, history, and culture of our community. Through City Council workshops, community meetings, and researching successes in other communities, the City will listen to and collaborate with the community to define how inclusiveness will be further woven into our community's fabric and to increase public participation. The City's communications, services, public spaces, and projects will embrace all community members as partners, advancing our vision of being a socially responsible community.



Infrastructure

The City will review its streets, parks, and public facilities infrastructure needs initially by updating its 2014 infrastructure study to quantify the funding gap. We will identify potential funding options as ongoing revenue is insufficient to fund our vital community assets at a sustainable level without significantly impacting existing service levels that our community has come to expect. Morgan Hill will actively work with the Valley Transportation Agency, the County, and the State to secure funding for the Santa Teresa extension and road maintenance. We will continue to work closely with our community to inform them of the needs and engage them to find an affordable and sustainable solution.



Regional Initiatives

City Council and staff will focus on influencing regional decisions that benefit Morgan Hill. This regional involvement will include, but not be limited to, partnering with the League of California Cities, Valley Transportation Authority, Santa Clara Valley Water District, Cities Association of Santa Clara County, the City of Gilroy, Santa Clara County, Morgan Hill Unified School District, the Local Agency Formation Commission, the Open Space Authority, and Silicon Valley Clean Energy to advance projects that further Sustainable Morgan Hill.



Telecommunications

The City will collaborate with the private sector to explore ways to provide fast, reliable access and wireless connectivity for residents and businesses. The 2016 Telecommunications Infrastructure and Economic Development Blueprint reports will be the foundation for continuing discussions with broadband providers, public utilities, and other infrastructure service providers in developing an implementation plan for growing our telecommunications infrastructure. The plan will be used to signal Morgan Hill's support for business expansion.

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