

From: [D. Muirhead](#)
To: [Angie Gonzalez](#); [Michelle Wilson](#)
Subject: Morgan Hill City Council Meeting May 17, 2017 Item #6, #12, #16
Date: Tuesday, May 16, 2017 3:40:08 PM

Dear Morgan Hill City Council,

Comments for the Public Record submitted by
Doug Muirhead, a resident of Morgan Hill, for:
Morgan Hill City Council
Meeting May 17, 2017
Item #6: EMPLOYEE COMPENSATION GUIDING PRINCIPLES
Item #12: COMMUNICATIONS AND ENGAGEMENT UPDATE
Item #16: AN ORDINANCE AMENDING CHAPTER 17.34.060 (PRIVATE STREETS)

Item #6: EMPLOYEE COMPENSATION GUIDING PRINCIPLES

Two of the organizational values identified in the Employee Compensation Guiding Principles of May 17, 2017 are "innovation" and "professional growth".

The Morgan Hill Bikeways, Trails, Parks and Recreation Master Plan said:
Provide ongoing education opportunities to City of Morgan Hill planning and engineering staff on the planning, design, implementation and maintenance on innovative bikeways and trails.

How will the COMPENSATION PRINCIPLES encourage and support the following:
The Plan lists many design standards and regional, state, and national laws, guidelines, and professional associations. What do current staff and their eventual replacements know? What do they want or need to learn? Do other duties take precedence? Might our trails person be designing the Hale/ Santa Teresa road expansion? Might our bikeways person be dealing with administrative issues as a Deputy Director? Can staff participate with residents and others after-hours if their bargaining unit requires overtime pay?

Item #12: COMMUNICATIONS AND ENGAGEMENT UPDATE

It is a policy decision on whether you want more people to receive the current set of information or provide a deeper understanding to a smaller group of residents. You have chosen breadth.

You want a Cohesive Communications Strategy throughout Departments.
I want to not stumble over obsolete information (CIP on Engineering Projects page versus on Budget page).
I want to get access to older information (multiple layers of agenda archives, oldest not readable because needed software not supported).

I really like the Weekly 411 e-blast newsletter. I would like to see even more under Facilitating Community Engagement with Partner Agencies.
List all meetings of Council outside assignments even if not public.
For extra credit, list topic of significant staff-to-staff meetings.

You announced the Coffee with a Cop significantly in advance of the

event on Friday May 19 at 8:30AM. A few days ago you announced the City Council Mid Cycle Budget & CIP Workshop on Friday May 19 at 9AM.

Item #16: AN ORDINANCE AMENDING CHAPTER 17.34.060 (PRIVATE STREETS)

Under PRIOR CITY COUNCIL AND COMMISSION ACTIONS, you list the May 04 2016 Council meeting. It was first addressed when Council Member Siebert pulled tract final maps from Consent on March 23 2016.

At that time, I raised the issue of connectivity through these private roads for our bicycle and pedestrian mobility.

While the proposed ordinance includes the following:

A. Private Streets shall incorporate pedestrian-friendly design features that integrate public and private spaces and promote connectivity to nearby neighborhoods, schools, parks, shopping, transit routes, and other destinations.

It does not define under what conditions public use is permitted or required. Please address this issue.

Thank you for your consideration,
Doug Muirhead, Morgan Hill

WELCOME TO MORGAN HILL



Background

1. Local Access

1. Local users hours to date: 25,000+
2. Local users savings to date: \$60K-\$80K

2. Events per year

1. 20 in Year 1, immediate use by non CYSA soccer leagues
2. 31 events per year average 2011-12 to 2015-16, Total: 185
3. Best years: 2013-14, 2014-15
4. 2016-17 total: 24
5. Projected 2017-2018 total: 27-30

3. Diverse Use

1. Expanded beyond soccer immediately
2. Expanded sports: Lacrosse, Ultimate Frisbee, Rugby, NFL FLAG, Cricket
3. Expanded beyond sports: Dog Agility, Carnival, Circus, Concert, Fireworks

4. No Cost to City

1. \$65K/year paid on time from July 2010 to July 2016, Total: \$390K



Morgan Hill Youth Sports Alliance



Current Status

1. 2016-17 Cancellations

1. Twin Creeks competitive pressure
2. Shift in standard field sizes
3. Late notice

2. D2 Spring Cup cancellation – April

1. Impact approximately \$60K
2. No prior notice given
3. Parking quoted as one concern

3. 2017-18 Corrections

1. Focus on full facility usage
2. Implement Hotel Partner Program
3. Work with City of San Jose and Santa Clara Convention Center

4. 2015-16 Audit Completed

1. Approved opinion
2. Going concern still exists



Morgan Hill Youth Sports Alliance



Corrective Actions

Produce more events

Address facility condition concerns

Partner with Orchard Valley Toros

Complete two year contracts with all existing users

Develop financial recovery plan



Soccer, Lacrosse, Rugby, Ultimate Frisbee, Football – Play 60

Kite and Craft Festivals, Circuses and Carnivals

Cricket, Archery, Ballooning



Morgan Hill Youth Sports Alliance



Recommendations

1. Revisit in MHYSA role in June

- 1. Financial Recovery Plan**
- 2. Facility Condition Update**
- 3. 2017-18 Bookings Projection**

2. Clarify RFP Expectations

- 1. New Business Model**
- 2. DMO and TBID Considerations**
- 3. Evaluate other like-facility agreements**

3. Move Forward with DMO and TBID

- 1. Need TBID to fund DMO**
- 2. Need DMO to compete nationally and internationally**
- 3. Current business model doesn't fit DMO Vision**

4. Consider Turf Field Replacement in 2017-2018

5. Consider Master Plan for Entire Site



Morgan Hill Youth Sports Alliance



WELCOME TO MORGAN HILL





Outdoor Sports Center Update

Agenda Item: 14

Policy Considerations

1. Issue an RFP for operations?
2. Continue balancing community access/affordability with revenue generation?
3. Invest in improvements and upgrades?
4. Consider creating a destination management organization?

MHYSA Operations

- Operated the OSC for 7 years
 - Historically made \$65K payments annually
 - Immediately increased local assess to fields
- Recent loss of events has caused financial difficulties
- MHYSA currently has outstanding payments to the City
- Agreement runs through June 30, 2019

Facility Conditions Status

- Artificial turf fields reached useful life
- Facility is dated in comparison to new competitors' facilities
- MHYSA maintenance of facility could be improved
- MYSA financial difficulties are a concern for current and future maintenance

Considerations

- **Future Operating Models**
 - Concessionaire (current)
 - Concessionaire/Facility Developers
 - City Operated
 - Hybrid Model

Considerations

- **Capital Improvements**
 - Artificial Turf Replacement
 - Natural grass improvement options
 - Lighting
 - General Improvements
- **Destination Management Organization**
 - Options to support Sports Tourism
 - TBID

Recommended Next Steps

- Issue RFP for new operator
- Continue to work with the MHYSA on current operations and maintenance
- Move forward on evaluation of DMO
- Capital improvement recommendation in June along with other projects

AFFORDABLE HOUSING FEE

- Housing fee analysis by Keyser Marston & Associates (KMA)
- Assessment of the impact of the Residential Development Control System (RDCS) Below Market Rate (BMR) requirements
- Based on the 8% affordable commitment

May 17, 2017

WORKSHOPS AND DISCUSSIONS:

- City Council BMR Workshop I, May 18, 2016
- BMR Ordinance, City Council Meeting, June 1, 2016
- KMA Housing fee workshop with the development community, June 15, 2016
- KMA Housing fee discussion with City Council, June 22, 2016
- Second KMA Housing fee workshop with the development community, November 1, 2016
- Housing Program workshop with Council, discussed the annual percentage of affordable units in projects and the RDCS competition, April 19, 2017

RECOMMENDATION:

- Adopt an Ordinance instituting a \$12.92 affordable housing fee, based on 8% affordability provision, per square foot of livable space of the entire project
- Effective with the Fiscal Year (FY) 2019-20 Residential Development Control System (RDCS) competition

10-DEVELOPMENT AGREEMENT AMENDMENT APPLICATIONS

- A. AAE 2017-0004 (DAA 14-06): Cochrane – Cal Atlantic
- B. AAE 2017-0009 (DAA 16-05): Condit – Mana
- C. AAE 2017-0008 (DAA 15-05): Laurel – DeRose
- D. AAE 2017-0014 (DAA 15-10): Altimira – Dividend
- E. AAE 2017-0017 (DAA 09-05): Cochrane – Toll Brothers
- F. AAE 2017-0006 (DAA 14-09): Monterey - KB
- G. AAE 2017-0012 (DAA 15-02): San Pedro – Presidio
- H. AAE 2017-0015 (DAA 12-03): Watsonville – Dividend
- J. AAE 2017-0018 (DAA 14-10): E. Dunne – Busk

Two requests to incorporate allotments awarded from the 2016 RDCS competition

A. DAA 14-06: Cochrane – Cal Atlantic (Wisteria)

Add 12, FY 2017-18 and 52, FY 2018-19 building allotments.

B. DAA 16-05: Condit –Mana (Mana)

Add 44, Fiscal Year 2018-2019 and 30, Fiscal Year 2017-2018 building allotments.

Recommendation:

Adopt ordinances A and B approving of the Development Agreement Amendments as shown in Exhibit A of Ordinances A and B.

Three requests to incorporate allotments and extend the commencement of construction dates due to rain delays

C. DAA 15-05: Laurel – DeRose (Madison Gate):

- Add 13, FY 2016-17, one, FY 2017-18 and 11, FY 2018-19 building allotments; and
- Six-month extension of the commencement of construction dates for 18, FY 2016-17 allotments.

D. DAA 15-10 : Altimira – Dividend (Altimira):

- Add 5, FY 2017-18 building allotments; and
- 12-month extension to the commencement of construction date for 2, FY2016-17 allotments.

E. DAA 09-05: Cochran – Toll Brothers (San Sebastian):

- Add 16, FY 2018-19 building allotments; and
- Six-month extension to the commence of construction date for 15, Fiscal Year 2016-17 allotments.

Recommendation:

Adopt Ordinances C, D and E, approving of the Development Agreement Amendments to add building allocations as shown in Exhibit A of Resolutions C, D and E; and incorporating the extensions granted by the Planning Commission based on the finding that the delay has been caused by a severe act of nature.

Three requests for extension of the commencements of construction dates due to rain delays

F. DAA 14-09: Monterey -Gippetti/KB (Parque):

- Six-month extension to the 26 FY 2015-16 and 32, FY 2016-17 allotments

G. DAA 15-02: San Pedro – Presidio (The Commons):

- Six-month extension to the 8, FY 2016-17 allotments

H. DAA 12-03: Watsonville – Dividend (Connemara):

- Six-month extension to the 8, FY 2016-17 allotments

Recommendation:

Adopt Ordinances F, G and H, incorporating the six-month extensions granted by the Planning Commission based on the finding that the delay has been caused by a severe act of nature.

Extension of the commencements of construction dates due to other delays.

J. DAA 14-10: E. Dunne – Busk: Request for a 6-month extension to the 7, FY2015-16 and 5, FY2016-17 allotments

Reason for Delay: City's processing of the final map and improvement plans has delayed the project 4-months.

Recommendation:

Incorporate the four-month extension granted by the Planning Commission based on the finding that the City delayed the map 4-month and is responsible for the delay in the issuance of permits.

Measure S - Eligibility Criteria.

- 1. The Planning Commission may approve an extension only when the City or other public agency is responsible for a delay in the issuance of permits or granting approval required to exercise the allotments, or due to an earthquake, flood, fire, or other severe act of nature outside of the applicant's control. It is the applicant's responsibility to provide evidence that the request is consistent with this requirement.*
- 2. The Planning Commission may not approve an extension for any reason other than in Paragraph F.1 above, including but not limited to difficulties obtaining financing, changes to the project not required by the City or other public agencies, applicant delays responding to requests from the City or other public agency, personal circumstances of the applicant, or changes in property ownership.*

Processing time line for E. Dunne – Busk Project:

- Awarded Building Allocations: 02-25-14
- Tent. Map/PD Applications Submitted: 10-31-14
- Tent. Map/PD Approved and First Six-Month Extension Granted: 04-06-16
- Final Map and Improvement Plans Submitted: 10-24-16
- Second Six-Month Extension Granted: 12-14-16
- Applicant Requests Council Insert Final Map Deadline & Change
Building Permit Submittal Date: 01-18-17
- Site Review Application Filed: 01-31-17
- Final Map and Imp. Plan Comments Returned: 02-17-17
- Revised Map and Imp. Plans Submitted: 03-15-17
- Third Six-Month Extension Requested: 03-24-17
- Comments Returned on Revised Map and Imp. Plans 04-04-17
- Building Master Plan Submitted: 04-06-17
- Site Review Application Deemed Complete: 04-25-17
- Council Approves Final Map: 05-03-17
- Map Has Not Recorded: 05-17-17

Item # 18

AGENDA DATE: 05/17/17

SUPPLEMENTAL # 1

From: Chris Monack [<mailto:mohillres@gmail.com>]

Sent: Tuesday, May 16, 2017 9:08 AM

To: Michelle Wilson <Michelle.Wilson@morganhill.ca.gov>

Cc: Steve Tate <Steve.Tate@morganhill.ca.gov>; Larry Carr <Larry.Carr@morganhill.ca.gov>; Rene Spring <Rene.Spring@morganhill.ca.gov>; Caitlin Jachimowicz <Caitlin.Jachimowicz@Morgan-Hill.ca.gov>

Subject: Public Comment, May 17 Council Meeting Item #18.J, Dunne-Busk Extension

Mayor and Council Members,

As a reminder...

Ordinance #2228, Section 11: *"As a condition of the six month extension of the 7, FY2015-16 allocations, all dates within Exhibit B of the project development agreement shall become hard deadlines. If any of the hard deadlines are not met by the project developer, the 7, FY 2015-16 allocations and the 5, FY2016-17 allocations shall immediately expire. No further extensions will be provided."*

"No further extensions will be provided." And yet here we are entertaining another extension request. After the developer told the Planning Commission last November 22 he would not be back asking for another extension. After the developer told the Planning Commission on April 25 he didn't want an extension past the June 30 deadline. I guess technically he isn't asking for this one since the request came from MH Engineering in an unsigned letter containing dates/timelines that appear to be inconsistent or incorrect for the project, along with alleged delays that I was led to believe were being compensated for in full or in part with the six-month extension granted by the City Council in December 2016.

When the developer got his second six-month extension back in December, the project didn't qualify for it. It's unfortunate the December extension allowed the developer to invest so much more time and effort and money into getting this project going. But he knew the timelines in the amended agreement, and knew the timelines were tenuous when they were set. He's not a novice. He knew the risks, and he agreed to the terms. And, yes, to be so close to meeting the commence construction deadline only to see the project potentially stopped seems unfair, but I don't care. That may sound callous, but the developer's business is none of my concern. As a resident, the integrity of the City's processes is my concern.

Part of the Planning Commission's rationale for an extension - how close the project is to commencing - isn't in the listed criteria in Measure S for granting one. The additional time that an extension would benefit City staff, as Asst City Manager Leslie Little suggested, isn't part of the criteria. Neither is the "public benefit" of an intersection improvement, as some members of the Planning Commission lobbied for. If public benefit counted as a condition, every development would qualify merely by providing infrastructure improvements and generating impact fees. The only reason to grant an extension under Measure S is a delay caused by the City, and even that responsibility was never established as a definitive cause by the Planning Commission for this extension request.

I have listened to Council Members and Planning Commissioners since last year talk to no end about growth control, about reigning in developer extensions, about the new and improved

RDCS drawing the line with tougher requirements for developers. I listened to three members of this Council campaign on those points, not just for their own elections, but for the outcome of Measure S, as well. The voters approved Measure S, but what's changed? Council Member Spring seems to be the only one standing firm on his campaign commitment to curb these development extensions.

Members of this Council have talked in the past about the burden that comes with making the hard decisions. Contrary to what some of you may believe, approving another extension for this project isn't a hard decision. The hard decision isn't the one that skirts the authority of an ordinance or Municipal Code because in your opinion it's "what's best for Morgan Hill." These ordinances and codes were established in the first place because creating them was what's best for Morgan Hill, much like the creation of Ordinance #2228 was back in December. You may make it look hard, but any struggle demonstrated by members of the Council in their fight to reconcile their feelings between following the language in the existing ordinance and justifying reasons to give this project another breath of life just makes for good theater. The hard decision is in following those established mandates and, in this case, saying "no."

And you may in fact say no, but based on what I've witnessed so far, I have low expectations the Council will vote against approving the extension. The City Attorney said in regard to undoing a previous action the Council approved that I objected to, you can't unring the bell. While I'd like to think that would hold true for any City ordinance, I'm sure the legal justification for granting a new extension in defiance of the December ordinance would be that no one is unringing that bell, they're just ringing a different one.

It has been said that this developer is the "poster child" for the transition into the application of Measure S guidelines for extensions. The Council should be aware there is another poster, and that one will have on it the faces of those who work around the ordinance, around what was campaigned for and what the voters approved in Measure S. You have an ordinance with a very clear stipulation the Council put into it: "No further extensions will be provided." You're either going to put your money where your mouth is, or put the developer's money where your mouth is. You may not like the sound of that. It may offend you. But those are the choices you get from me. You decide which poster to hang.

Chris Monack

May 17, 2017

RE: Borello Ranch (a.k.a. San Sebastian) Measure S, RDCS Implementation Manual Comments

Mayor Tate and Fellow Council Members:

Thank you for the opportunity to provide comments on the Draft Measure S, RDCS Competition Manual.

As you may recall, Toll Brothers is in contract to purchase the 244 lot property from the Borello family. Last July, Toll closed on the first 54 lots and is in the process of completing the project's first phase site improvements and will be opening for-sale in September with our model grand opening expected early next year.

The project will be one of the most if not the most upscale development undertaken in the City. The project will be a prestigious master planned, gated, estate lot community with elegant landscaped meandering streets, large luxurious clubhouse facility and over 23 acres of open space and pedestrian trails. The infrastructure requirements for a project of this size and upscale nature will require an investment in excess of several hundred million dollars.

The Borello Ranch project (a.k.a. San Sebastian) started its planning and project approval process in 2009. The project was designed in part under the previous Measure C RDCS competition manual and the various changes made to this manual over the course of years. With the implementation of the new Measure S RDCS manual, Toll understands that projects that are currently underway (such as Borello Ranch) will not be required to compete for RDCS allocations under the new Measure S scoring criteria, given that the project is currently under construction, the planning and design approvals are in place, and the project was previously scored under prior Measure C scoring criteria. This is critical for the project as it is not clear under the new Measure S scoring criteria, if the development would be feasible. Additionally, large capital intensive projects such as Borello Ranch require a certain level of building allocation predictability for the project to move forward.

We understand under Section N of the new Competition Manual "On-Going Allotments", Borello will be eligible for 25 allotments each year until the project completion without submitting a new application and without requiring that it re-compete for allocations. All that is required is for the project to do is to submit a letter by the RDCS application filing date requesting the on-going allotments. Also understand, that for any given year the project could request from zero up to 25 allotments and still maintain its "ongoing allotment" status under the new implementation manual.

We do have some clarifying questions, however.

Under Section N.2, a project is required to be in compliance with their development schedule. Is this the development schedule under Measure C or under Measure S allocations? Under Measure S, Section J "Exercise of Allotments", allotments are considered exercised upon recordation of a final map as opposed to "Commencing Construction" under Measure C criteria.

Additionally, what happens if all allocations can't be used (e.g. market down turn or other unforeseen circumstances)? Under Measure C, there was a process that allocations could be extended (ELBA), but this doesn't appear to be the case under the new Measure S requirements set forth in Section L "Extensions" (i.e. only for Force Majeure or governmental delay reasons). Section M, "Transfer of Allotments" could be helpful, but our understanding to avail a project under this criteria, one would have to own the land and have site improvement plans completed and a final map recorded. The reason this understanding is important, if for whatever reason all allocations are not used, then under Section N criteria to be considered an ongoing transitioning project may lapse and one would have to re-compete under Measure S scoring criteria which is likely infeasible for Borello Ranch.

Thank you very much and I would be happy to answer any questions you may have.

Sincerely,
Toll Brothers, Inc.

A handwritten signature in blue ink, appearing to read "R. M. Nelson".

Richard M. Nelson
Division President

From: Kerry Williams [<mailto:k-keenan@pacbell.net>]
Sent: Wednesday, May 17, 2017 5:30 PM
To: Michelle Wilson <Michelle.Wilson@morganhill.ca.gov>
Subject: Fwd: DivcoWest SVI Comments on Multi-Year Allocation Implementation Policy

Kerry M. Williams Consulting LLC
President
Real Estate Development Services
Entitlements and Public Affairs
Project Management
Acquisitions
(650) 703-2194 mobile

Begin forwarded message:

From: "Kerry Williams" <k-keenan@pacbell.net>
Date: May 17, 2017 at 11:50:44 AM PDT
To: <k-keenan@pacbell.net>
Subject: DivcoWest SVI Comments on Multi-Year Allocation Implementation Policy

Dear Mayor Tate and City Councilmembers:

In crafting the new Measure S ordinance, the City Council sought to foster a greater diversity of housing options than has historically been possible through the RDSCS competition. Over the past 25 years, the City has had difficulty attracting multi-family rental projects due to constraints inherent in the structure of Measure C, which tended to favor single-family development. Unlike single family homes and townhome projects, apartment communities include large multi-unit buildings and require upfront investment in leasing and community facilities that are difficult to phase. Thus, the City Council was careful to add language to Measure S that would allow certain high quality projects that compete successfully to receive multi-year allocation awards, provided that, among other things, the Commission finds that the “multi-year allotments will support a steady rate of growth and help to avoid a sudden spike in construction of new housing.”

We appreciate the Planning Commission’s efforts to craft a new Competition Manual which, overall, greatly improves upon Measure C with respect to supporting housing diversity in the City. However, we have some serious concerns regarding one of the proposed implementation policies governing multi-year allotments which we believe may have unintended consequences. Specifically, we believe that the policy restricting the timing of permitted occupancy of units, as described below, would jeopardize the economic feasibility of certain multi-family projects, and therefore hinder the important policy objective of fostering a diverse supply of housing choices in the city.

Under Chapter IV (k), Implementation Policies, “Early Start of Construction,” the Draft Competition Manual states: *“An early start of construction date is possible as long as the units*

are not completed and occupied until after the start of the fiscal year in which the allotments must be used. The construction schedule incorporated into the project development schedule shall ensure that dwelling units are not completed before the start of the fiscal year in which the allotments must be used.” During the RDCS workshops, the Planning Commission’s rationale for staggering the occupancy of units was to avoid spikes in occupancy, in addition to spikes in construction. Of course, we understand the rationale for this objective, but feel that this approach is unduly restrictive and would create a significant disincentive to building larger multi-family projects, particularly rental housing.

As background, Divco West Silicon Valley Investments is working to bring a new 383-unit multi-family rental community to Morgan Hill as part of a larger mixed-use plan located on 58 acres along the west side of Butterfield Road at Jarvis Drive (“Butterfield Village”). The 19.5 acre project consists of 6 different building types (ranging from 4 to 21 units), with a recreation/leasing center, interior and exterior roads, public parks, trails, open space, and other infrastructure. Last year, Butterfield Village received 10 of the 383 allocations in the 2016/2017 Measure C RDCS competition. We will be competing again this year under the new Measure S.

Impacts on Construction Phasing and Occupancy

Under normal conditions, our 383-unit project would take approximately 24 - 28 months to construct, including grading, sitework and building construction. Based on the above policy, and assuming a successful multi-year award over 5 years, we have two options, neither of which is financially viable for the project or desirable from a public policy perspective.

Option 1: Delay construction as necessary to ensure that units are not completed until the fiscal year in which they are eligible to be occupied.

This option would have undesirable impacts on the project and the community:

1. Slows/lengthens the duration of project construction from 24 - 28 months to 40 - 44 months, for a total extended duration of 16 months.
2. Exacerbates the noise and disruption of temporary construction on neighbors, who no doubt want the project completed as quickly as possible.
3. Community “optics” are bad as residents see construction for prolonged periods and wonder why the project is taking so long to complete.
4. Project loses efficiencies, adding *millions* of dollars to the overall project cost; this impacts the project’s ability to make voluntary RDCS contributions.
5. Greater risk of project interruption and need for extensions due to unanticipated market risk, weather delays, and difficulty obtaining financing.
6. Delays City receipt of impact fees and RDCS contributions, and completion of on and off-site infrastructure, parks, and other community benefits.

Option 2: Allow for uninterrupted construction schedule (24 – 28 months) but leave units vacant until the fiscal year in which they are eligible to be occupied.

This scenario is particularly devastating to the economics of the project because:

1. We would be forced to hold units vacant (we estimate about 1/3 of the project) for an extended period of time (up to a year and a half).
2. We would have to carry the full cost of those units until we can start generating revenue.
3. Securing project financing would be very difficult under these terms.
4. This scenario would also likely delay the City's receipt of impact fees and RDCS contributions, which could not be fairly imposed upon the project until the City releases certificates of occupancy.
5. It will be difficult to finance and complete project infrastructure until units can be occupied and generate revenue.

Conclusion and Recommendation

We know that the City Council has been working to reduce construction lags, shorten construction cycles and get projects completed as quickly as possible. Artificially extending the construction period seems to run contrary to this objective. Further, we see no benefit to requiring units to sit vacant when there is a need for more housing choices in Morgan Hill, especially to attract and retain jobs.

We understand that the City Council is doing its best to provide for balanced growth and to prevent spikes in construction. Measure C was built on the idea of fostering single family homes and metering out building permits over time. Measure S, which strives to accommodate a greater diversity of housing types and choices, offers a new paradigm. The multi-year allocation award is critical to executing this paradigm and to attracting investment in multi-family projects, particularly apartment communities. We respectfully request that the City Council give such projects the flexibility to build out and occupy as quickly as possible - without the artificial constraints on occupancy or prolonging the duration of construction - as long as the project demonstrates it will not create an adverse spike in construction or occupancy in the context of all other projects planned or under construction in the city. We believe this is consistent with the City Council's intent under Measure S, and it will avert the adverse, unintended consequences outlined above.

We hope the Council will have the opportunity to discuss this important issue in the RDCS workshop and hearing tonight. Thank you in advance for your consideration.

Kerry M. Williams, Project Director
DivcoWest SVI



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, May 17, 2017 5:00 PM

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

SPECIAL/REGULAR MEETING

(5:00 P.M. Closed Session/ 5:30 P.M. Workshop/ 7:00 P.M. Regular Meeting)

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

SPECIAL MEETING

5:00 P.M.

CALL TO ORDER

Mayor Tate

ROLL CALL ATTENDANCE

Deputy City Clerk Wilson

DECLARATION OF POSTING AGENDA

Deputy City Clerk Wilson

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to: Government Code Section 54956.9(d)(2)

Number of Cases: One (1)

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to: Government Code Section 54956.8

Property: APN 817-21-001

Agency Negotiators: Steve Rymer and Anthony Eulo

Negotiating Parties: Fountain Oaks Ranch, LLC

County of Santa Clara

Open Space Authority

Under Negotiation: Price and Terms of Payment

RECONVENE

CLOSED SESSION ANNOUNCEMENT

WORKSHOP

RDCS Workshop

The purpose of this workshop is to discuss potential Measure S Residential Development Control System (RDCS) process changes with the City Council

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 Constantine

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PROCLAMATIONS

Proclaiming the week of May 12-19, 2017 as Affordable Housing Week
Proclaiming the Month of May 2017 as Older Americans Month

COMMENDATIONS

Sakata Seeds 40th Anniversary Commendation
John Nelson, Director of Sales and Marketing

PRESENTATIONS

YAC presentation- Asset # 18 - Youth Programs

Recycler of the Year Presentation to The Lodge
by Julie Alter, Recology South Valley

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)

COMMENTS RECEIVED FROM THE PUBLIC

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. COMMUNITY PROMOTIONS FUNDING REQUESTS FOR 2017

Recommendation:

1. Receive report; and
2. Direct staff to provide \$41,300 for the requested Community Promotions Funding Support.

2. AUTHORIZATION TO PARTICIPATE IN REGIONAL AGRICULTURAL CONSERVATION EASEMENT GRANT

Recommendation:

Adopt resolution approving and authorizing the City's participation in a grant application to the State for the purchase of an agricultural conservation easement.

3. EXTENSION OF THE AGREEMENT BETWEEN THE CITY OF MORGAN HILL AND CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION FOR FIRE PROTECTION SERVICES IN THE CITY OF MORGAN HILL

Recommendation:

Approve an extension of the Fire Protection Reimbursement Agreement (Agreement) between the City of Morgan Hill (City) and California Department of Forestry and Fire Protection (CAL FIRE) for fire protection services in the City of Morgan Hill per the terms of the Agreement.

4. THIRD AMENDMENT TO AGREEMENT WITH BRIGHTVIEW LANDSCAPE SERVICES, INC.

Recommendation:

Approve the third amendment to the maintenance service agreement with Brightview Landscape Services, Inc.

5. THIRD AMENDMENT TO FIRATO SERVICE COMPANY AGREEMENT FOR JANITORIAL SERVICES

Recommendation:

Approve the third amendment to the maintenance service agreement with Firato Service Company.

6. EMPLOYEE COMPENSATION GUIDING PRINCIPLES

Recommendation:

Approve Employee Compensation Guiding Principles

7. CITY POSITION ON COMMUNITY DEVELOPMENT BLOCK GRANT TRAILER BILL

Recommendation:

Receive legislative correspondence in opposition of trailer bill language proposing to cut Community Development Block Grant funding from State budget.

8. MARCH 2017 FINANCIAL AND INVESTMENT REPORT

Recommendation:

Accept and file report.

9. ADOPT ORDINANCE 2235, NEW SERIES, AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING SECTION 1.19.040 OF CHAPTER 1.19 OF TITLE 1, OF THE MORGAN HILL MUNICIPAL CODE REGARDING THE AMOUNT OF FINES FOR ADMINISTRATIVE PENALTIES

Recommendation:

Waive the reading, adopt Ordinance No. 2235, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived

10. APPROVE THE MAY 3, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

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

Recommendation:

Adopt resolutions approving the following actions:

1. Initiate the proceedings for the levy of assessments for Fiscal Year 2017-18;
2. Provide approval of the Engineer's Annual Report and the proposed assessment levy; and
3. Declare the City Council's intention to levy the assessments in the District and to set the Public Hearing date for June 7, 2017.

Estimated Time: 10 Minutes

12. COMMUNICATIONS AND ENGAGEMENT UPDATE

Recommendation:

Receive report.

Estimated Time: 15 Minutes

13. DOWNTOWN PARKS NAMING

Recommendation:

Approve the names recommended by the Parks and Recreation Commission for the new downtown parks.

Estimated Time: 10 Minutes

14. OUTDOOR SPORTS CENTER UPDATE

Recommendation:

1. Receive the report on Outdoor Sports Center Operations; and
2. Provide direction as necessary.

Estimated Time: 45 Minutes

PUBLIC HEARING

15. AMENDMENTS TO CITY'S WATER WASTE ORDINANCE EXPANDING PERMANENT CONSERVATION POLICIES

Recommendation:

1. Open/Close public hearing;
2. Waive the first and second reading of the ordinance;
3. Introduce ordinance.

Estimated Time: 20 Minutes

16. AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING TITLE 17 (SUBDIVISIONS), CHAPTER 17.34 (STANDARDS FOR RESIDENTIAL AND PRIVATE STREETS), PARAGRAPH 17.34.060 (PRIVATE STREETS) TO ADD A SUB-PARAGRAPH DIRECTING THAT PRIVATE STREETS BE CONSTRUCTED TO PUBLIC STREETS STANDARDS

Recommendation:

1. Open/Close Public Hearing;
2. Waive the first and second reading of the Ordinance; and
3. Introduce the Ordinance.

Estimated Time: 10 Minutes

17. ORDINANCE ADDING A NEW CHAPTER 15.22 (BELOW MARKET RATE (BMR) HOUSING IN LIEU FEE) TO TITLE 15 (HOUSING CODE) OF THE MORGAN HILL MUNICIPAL CODE, ADDING 15.22.10 PURPOSE, 15.22.20 DEFINITIONS, AND 15.22.30 APPLICABILITY.

Recommendation:

1. Open/Close Public Hearing;
2. Waive the First and Second Reading of the Ordinance; and
3. Introduce Ordinance that:
 - A. Institutes a \$12.92 housing in-lieu fee (based on 8% affordability provision), per square foot of livable space of the entire project, effective with the Fiscal Year (FY) 2019-20 Residential Development Control System (RDCS) competition year; and
 - B. Maintains the existing .5 fractional threshold for payment and providing the unit on site.

Estimated Time: 10 Minutes

18. DEVELOPMENT AGREEMENT AMENDMENTS A. AAE 2017-0004 (DAA 14-06): COCHRANE – CAL ATLANTIC; B. AAE 2017-0009 (DAA 16-05): CONDIT -MANA; C. AAE 2017-0008 (DAA 15-05): LAUREL - DEROSE; D. AAE 2017-0014 (DAA 15-10): ALTIMIRA – DIVIDEND; E. AAE 2017-0017 (DAA 09-05): COCHRANE – TOLL BROTHERS; F. AAE 2017-0006 (DAA 14-09): MONTEREY - KB; G. AAE 2017-0012 (DAA 15-02): SAN PEDRO – PRESIDIO; H. AAE 2017-0015 (DAA 12-03): WATSONVILLE – DIVIDEND; J. AAE 2017-0018 (DAA 14-10): E. DUNNE – BUSK; AND K. AAE 2017-0019 (DAA 14-11): MONTEREY – CENTRAL ECA

Recommendation:

1. Open/close public hearing on requests A through H;
2. Waive first and second reading of Development Agreement Amendment Ordinances A and B incorporating allotments from the 2016 RDCS competition;
3. Introduce Development Agreement Amendment Ordinances A and B (by individual roll call vote);
4. Waive first and second reading of Development Agreement Amendment Ordinances C, D, and E incorporating allotments from the 2016 RDCS competition and incorporating extensions to allotments due to rain delays;
5. Introduce Development Agreement Amendment Ordinances C, D, and E (by individual roll call vote.);
6. Waive first and second reading of Development Agreement Amendment Ordinances F, G, and H incorporating extensions to allotments due to rain delays;
7. Introduce Development Agreement Amendment Ordinances F, G, and H (by individual roll call vote.);
8. Open/close public hearing on request J;
9. Waive first and second reading of Development Agreement Amendment Ordinance J incorporating a four-month extension to allotments due to City delay; and
10. Introduce Development Agreement Amendment Ordinance J.

Estimated Time: 45 Minutes

19. ZA2017-0003: AN ORDINANCE ESTABLISHING A COMPETITION MANUAL FOR THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS)

Recommendation:

1. Open/close public hearing;
2. Waive first and second reading of RDCS Competition Manual Ordinance; and
3. Introduce RDCS Competition Manual Ordinance.

Estimated Time: 60 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.

BRAD - I sent this to Jeff Denham, Joe Thompson

Subject: FLAWED CONCEPT FOR CALIFORNIA MPOs, APPOINTED, NOT ELECTED, THUS UNACCOUNTABLE, NONTRANSPARENT, AND IMMUNE FROM VOTERS' RECALL REMEDIES---Fw: House Sends Bill Repealing Burdensome MPO Rule to the President

From: Joseph Patrick Thompson (translaw@pacbell.net)

teresa.kinney@mail.house.gov; senator.cannella@senate.ca.gov; mcclintock@tommcclintock.com; areli.rios@mail.house.gov; sbcsuper@supervisor.co.san-benito.ca.us; info@sanbenitocog.org; allcouncilmembers@ci.gilroy.ca.us; steve.tate@morganhill.ca.gov; ignaciovelazquez@hotmail.com;

To: editor@gilroydispatch.com; bkava@newsmedia.com; editor@freelancenews.com; mmoore@morganhilltimes.com; mgr42@charter.net; casey@caseylucius.com; ehoward1965@gmail.com; gary@custom-1.com; president@gilroyedc.org; sanbenitochapter@yahoo.com; shawna.freels@ci.gilroy.ca.us; askmike@garlic.com; mturner@gilroy.org; markstar@garlic.com; rtdillon@garlic.com; jchris@gmhtoday.com; jon@hjta.org;

Date: Friday, April 28, 2017 11:07 AM

Public Comment

**AGENDA DATE: 05/17/17
SUPPLEMENTAL # 1**

ALL COONCIL MEMBERS!

PUBLIC COMMENT: NEXT MEETING, REGULAR, SPECIAL, STUDY SESSION, PUBLIC WORKSHOP, AND/OR PRIVATE RETREAT:

The flaw in this for California MPOs like VTA, COG, TAMC, SCCRTC, MTA, etc., is that the voters' mandate, consent, is missing when the MPOs are governed by appointed "directors," who are unaccountable to voters, and thus immune from voters' recall remedies.

We have the Counties with lawful jurisdiction, and the municipalities, whose elected reps must answer to the voters, for whom our reps govern us. Jefferson called it the consent of the governed ✓

On the ground floor of the Capitol Building you will find a window representing each one of California's Counties.

You won't find any for the MPOs, no VTA window, no COG window, no TAMC window, etc.

If the voters want to elect "regional" representatives, then they could do so. In the absence of such consent from the voters to another layer of government, then we have unelected "directors" who don't have to worry about what the voters think about their decisions.

Virginia's State Supreme Court considered this in Virginia, where the same kind of unelected MPO existed, and they held that their MPOs were unconstitutional, and their taxes, fees and bonds were null and void.

It's hard enough for voters to monitor those we elect. But when you remove the voters' control over their representatives in government, you end up with governance abuses like the ones we see today at the wastrel MPOS, where they never met a boondoggle that they didn't like, or spend "OPM" to keep running.

In my opinion, Jefferson was right, and so was the Virginia State Supreme Court when it was faced with this issue.

Joseph P. Thompson, Esq.

Past-Chair, Legislation Committee, Transportation Lawyers Assn.

(408) 848-5506

Gilroy

Joe Thompson

On Thursday, April 27, 2017 11:27 AM, Transportation Committee <Transport@mail.house.gov> wrote:

Communication: Comments received from the public (PUBLIC COMMENT)



TRANSPORT.HOUSE.GOV

T&I COMMITTEE

CHAIRMAN BILL SHUSTER

PRESS RELEASE

House Sends Bill Repealing Burdensome MPO Rule to the President

For Immediate Release: April 27, 2017

Contact: Justin Harclerode, Jeff Urbanchuk, or Keith Hall (202) 225-9446

Washington - A bill to repeal regulatory mandates on Metropolitan Planning Organizations (MPOs) and keep decision-making authority for transportation improvements at the local level overwhelmingly passed the U.S. House of Representatives by a vote of 417 to 3 today.

The House passed S. 496, a bill that repeals the rule entitled "Metropolitan Planning Organization Coordination and Planning Area Reform," a rule that increases burdens on MPOs and states in excess of what is required in law. The legislation approved today, which now goes to the president's desk, maintains MPO and state flexibility in planning and making transportation investments.

The bill approved today is identical to bipartisan legislation (H.R. 1346) that passed out of the Transportation and Infrastructure Committee on March 29th and was spearheaded **U.S. Rep. Dan Lipinski (D-IL) and U.S. Rep. Jason Lewis (R-MN)**.

"MPOs serve a unique planning role in our nation's transportation system," said **Lipinski**. "They bridge the gap between planning at the state and local levels to focus on regional priorities and deliver projects. The DOT's rule would stifle the voice of local elected officials, make public participation difficult, and cause serious planning challenges. For example, in my Illinois district, the rule would give Indiana and Wisconsin more power on decisions that directly impact the daily commutes of Chicago area residents."

"It was a pleasure to work in a bipartisan fashion with my colleagues to advance this common-sense policy. We are making sure that decision-making stays local when it comes to vital planning projects in our communities, and I look forward to seeing this bill become law," **Lewis** said.

"When we sat down to write the FAST Act, our primary focus was on giving states more ownership over their own transportation decisions," said **Highways and Transit Subcommittee Chairman Sam Graves (R-MO)**. "We all agreed that people on the ground were in the best position to identify infrastructure needs and set priorities. Unfortunately, the previous administration's DOT decided it wanted things run differently. The bill passed in the House today will restore Congress' intent in the FAST Act to emphasize local planning authority, and I look forward to seeing it signed into law by the President in the coming days."

Congress sets policy for how transportation planning should be done by states and MPOs. However, the previous administration issued a final rule imposing strict new requirements on MPOs that far exceed what is required in law and was not in response to a Congressional mandate. The Department of Transportation estimates the additional requirements under the recent rule could cost local planning organizations more than \$340 million over four years, money that could otherwise be spent on advancing local transportation projects.

Communication: Comments received from the public (PUBLIC COMMENT)



Subject: PRECURSER FOR BULLET TRAIN TO GILROY? MST LUXURY YACHTS SAILING EMPTY INTO THE GILROY TRANSIT HUB?-----Fw: Comments online

From: Joseph Patrick Thompson (translaw@pacbell.net)

PUBLIC COMMENT —

NEXT MTG.

J.P.T.

To: editor@gilroydispatch.com; bkava@newsmedia.com; mmoore@morganhilltimes.com;
editor@freelancenews.com; mgr42@charter.net; sbcsuper@supervisor.co.san-benito.ca.us;
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casey@caseylucius.com; ehoward1965@gmail.com; sanbenitochapter@yahoo.com; gary@custom-1.com;
allcouncilmembers@ci.gilroy.ca.us; president@gilroyedc.org; shawna.freels@ci.gilroy.ca.us; askmike@garlic.com;
mturner@gilroy.org; steve.tate@morganhill.ca.gov; markstar@garlic.com; rtdillon@garlic.com;
teresa.kinney@mail.house.gov; mcclintock@tommcclintock.com; areli.rios@mail.house.gov;

Date: Sunday, April 23, 2017 9:43 AM

✓ Dear Brad,

We can glimpse what's in store for Gilroy with the arrival of the Bullet Train by looking at those Monterey Salinas Transit ("MST") luxury yachts that sail past your old Office every day going to the Gilroy Transit Hub. Why don't you tell your readers the truth about the losses taxpayers sustain with those ultra extravagant examples of government transport gone amuck? Of course, you'll have to look a legal accounting for their losses, and not the losses reported by the transit agency. Why? The Legislature has exempted the transit agencies from using legal accounting (aka Generally Accepted Accounting Principles = GAAP), which Federal and State tax regs require that everyone use. This has the effect of hiding the true extent of their losses. They all do it: VTA, COG, TAMC, SCCRTC, etc. So, when you read Mr. Roadshow's articles about the "fare box recovery rate" on transit, bus or rail, you are seeing what the transit agencies report---far from truth in transportation.

Since fares are not remunerative, meaning that they don't cover their costs (all of their costs), they can never run in the black; only in the red. So, to keep going, they need heavy infusions of OPM—motorists, truckers & motorcyclists. If they wanted to be transparent and accountable, then they would use legal accounting, and tell us just how badly they are screwing us. But they use Enron-style, Bernie Madoff-style, "off book" accounting.

Take a look at Amtrak's reported losses; Caltrain's losses. Then adjust for GAAP accounting, if you want to let your readers know the truth about the waste, fraud and abuse at the joint power authorities ("JPAs"), MST, VTA, COG, TAMC, SCCRTC, etc.

Then, if you want your readers to get informed about what the Bullet Train is going to do to us, extrapolate the MST's losses by factors of 100s, 1000s, etc.

✓ Please give us truth in transportation; it would be a refreshing change.

Joe Thompson
(408) 607-7351 cell phone

On Saturday, April 22, 2017 4:38 PM, Joseph Patrick Thompson <translaw@pacbell.net> wrote:

Dear Bob,

As you know, with me it's often open mouth, insert foot. But Rod Diridon's lie to the audience during our debate, after my time to rebut had expired, is galling to me. There are some Companies, and some people, who are going to make tons of money on this Monstrosity, and taxpayers will be the source of their new found wealth.

A Gilroy CPA and I worked on the Caltrain riders' subsidies

Public Comment

AGENDA DATE: 05/17/17

SUPPLEMENTAL # 2

OPINION

The hidden costs of gas-tax legislation



AP Photo/Rich Pedroncelli

Calif., Gov. Jerry Brown, center, discusses a plan to raise \$52 billion to fix California roads, during a news conference Wednesday, March 29, 2017, in Sacramento, Calif.

By JON COUPAL |

April 22, 2017 at 12:07 am

3 COMMENTS

For the last three weeks this column has focused on both the policies and politics of the \$5.2 billion annual transportation tax increase. In the unlikely event that some have forgotten — or were on another planet — the taxes include a substantial hike in the car tax as well as a 12 cent increase in the gas tax.

Communication: Comments received from the public (PUBLIC COMMENT)

However, as one might hear in a low-budget, late-night television ad, “But wait, there’s more!” Specifically, the gas-tax hike which politicians tell us is 12 cents per gallon — which is bad enough — in actuality could be as high as 19 cents gallon. How is that possible?

The explanation is a bit complicated but important to understand. It involves a convoluted process known as the “gas tax swap” passed by the Legislature and implemented by the California Board of Equalization in 2010.

The gas tax swap eliminated the state sales tax on gasoline and replaced it with what was supposed to be a revenue-neutral per-gallon excise tax. This made it more legally defensible for the state to repay Proposition 1B transportation bond debt when California was in the midst of recession. The BOE was tasked with adjusting the numbers every year in a “backward looking” process so that California would collect no more revenue from the excise tax than it would have collected from the sales tax had it not been eliminated.

But here’s the kicker: The tax hike just jammed through the Legislature in less than one week by Senate Bill 1 contains a provision that, beginning in July of 2019, adjusts the base excise tax to what it was in July 2010 when the gas tax swap started. Currently, the excise tax on gas is 27.8 cents a gallon. But in July of 2010 it was 35.3 cents a gallon. So as it stands right now, that’s a seven cents per gallon increase, on top of the new 12 cents per gallon tax.

Magically, the 12-cent gas tax increase will likely be a 19-cent-per-gallon increase. And, of course, that entire 47 cents per gallon excise tax (35.3 + 12 cents) will be adjusted annually for inflation beginning Jan. 1, 2020 under SB1. If this seems complicated and hard to understand, keep in mind that the politicians like it that way.

But wait! There’s more!

California’s response to climate change is what is known as a “cap and trade” system by which generators of carbon emissions can trade emission allowances under an overall cap. California’s regulations already add substantial costs to gasoline even though those costs do not show up as a separate item at the pump.

The “cap and trade” law was just recently upheld by the California Court of Appeal against a Proposition 13 challenge (as a tax and not a fee) and is now on its way to the Supreme Court. But the law expires in 2020 and the biggest political battle in Sacramento right now is what will replace the old regulations.

Assemblyman Vince Fong, R-Bakersfield, an opponent of Senate Bill 1 and proponent of an alternative transportation funding plan that does not raise taxes, asked the Legislative Analyst's Office what the impact of various replacement scenarios would have on the price of gasoline. The answer was shocking.

Under the less costly scenario, cap and trade would raise gas prices by an estimated 15 cents per gallon in 2021, increasing to 24 cents per gallon in 2031. Under the more costly scenario, cap-and-trade would raise gas prices by an estimated 63 cents per gallon in 2021, increasing to 73 cents per gallon in 2031.

If one adds up all the hidden government costs, fees and taxes that California may soon impose on gasoline, drivers can expect to pay close to two dollars more than the national average.

And politicians wonder why people are leaving.

Jon Coupal is president of the Howard Jarvis Taxpayers Association.

Tags: **Opinion Columns**



**Jon
Coupal**

VIEW COMMENTS

Join the Conversation

We invite you to use our commenting platform to engage in insightful conversations about issues in our community. Although we do not pre-screen comments, we reserve the right at all times to remove any information or materials that are unlawful, threatening, abusive, libelous, defamatory, obscene, vulgar, pornographic, profane, indecent or otherwise objectionable to us, and to disclose any information



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Maureen Tobin, Communications and Engagement Manager
APPROVED BY: City Manager

COMMUNITY PROMOTIONS FUNDING REQUESTS FOR 2017

RECOMMENDATION(S)

1. Receive report; and
2. Direct staff to provide \$41,300 for the requested Community Promotions Funding Support.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community
Preserving and Cultivating Public Trust
Preserving Our Cultural Heritage

2017 Strategic Priorities

Inclusiveness

REPORT NARRATIVE:

Annually, the City Council considers funding requests from local non-profit organizations that host community wide events. The City Council funding is meant to offset the cost of City services required by the special event permit for the community event.

To be considered for this annual funding the following criteria must be met:

- The organization requesting funding is a non-profit
- The event hosted by the requesting organization is a community wide event, open to all, with no associated admission fees
- The event is not a fundraising event
- The event requires a special event permit and City services.

In recent years, the City Council has approved funding for the Independence Day Celebration (IDC) Fourth of July celebration known as Freedom Fest; the Morgan Hill Downtown Association's (MHDA) Safe Trick or Treat; and the Kiwanis' Holiday Lights Parade. Last year, for the first time, the City Council also approved funding to offset the cost of the tree for the holiday tree lighting that happens in conjunction with the Holiday Lights Parade.

On April 24, 2017, staff provided Community Promotion Funding Request Applications to the three organizations noted above and posted the application, with a notifying newsflash on the City website. A press release was sent to our local newspapers. The

City received a total of four (4) requests from IDC, Morgan Hill Kiwanis and MHDA (two separate requests). All applications are attached for reference.

As occurred last year, the MHDA has again requested funding to offset the cost of the tree for the Holiday Tree Lighting Event, although it does not meet the above stated criteria. Staff is once again recommending that the City Council fund the request as the tree is a key element to the Holiday Lights Parade and Tree Lighting Event. Additionally, the tree serves as a gateway icon for the community during the holiday season.

It should be noted that funding in the amount of \$41,100 for Fiscal Year (FY) 2017-18 was approved with the adoption of the budget. The amounts requested this year are \$200 over the currently approved and adopted budget, with the Kiwanis requesting funding of \$4,600 for this year instead of \$4,400 that was requested last year.

Summary of Requests Received

Requesting Organization	Estimated Event Expenses	Estimated Event Revenue (not including any City Funding)	Net	Amount of Council Support Requested FY 17/18	FY 16/17 Council Funding
IDC	\$180,000	\$150,000	(\$30,000)	\$24,700	\$24,700
Kiwanis	\$4,900	\$300	(\$4,600)	\$4,600	\$4,400
MHDA (Safe Trick or Treat)	\$6,000	0	(\$6,000)	\$6,000	\$6,000
MHDA (Holiday Tree Lighting)	\$7,000	0	(\$7,000)	\$6,000	\$6,000
Total Council Support Requested				\$41,300	\$41,100

COMMUNITY ENGAGEMENT: Inform

The Community Promotion Funding Request Applications were sent by email to IDC, MHDA, and Morgan Hill Kiwanis informing those organizations of the deadline to submit their requests. Additionally, the application, with a notifying Newsflash, was posted to the City website informing the community of the annual process and the deadline to submit. A press release with the same information was sent to our local newspapers.

ALTERNATIVE ACTIONS:

1. The City Council could choose to provide less funding than was requested which could potentially hinder the ability of the requesting organization to put on the community event.
2. The City Council could choose to provide funding in an amount higher than has been budgeted potentially requiring a budget amendment.
3. The City Council could choose to provide no funding for the events, which in the case of the Holiday Lights Parade, Tree Lighting, and Safe Trick or Treat would likely mean the events would not occur. In the case of the Freedom Fest, the Fourth of July celebration would likely need to be scaled down.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Annually, the City Council makes decisions to provide funding to support non-profit community events that benefit the entire community.

FISCAL AND RESOURCE IMPACT:

Funding in the amount of \$41,100 was approved for FY 2017-18 in the adoption of the budget. The additional requested \$200 would be covered through operational savings in the general fund.

CEQA (California Environmental Quality Act):

Not a Project: Government fiscal activities that do not involve any commitment to any specific project that may result in physical environmental impacts are not projects under CEQA.

LINKS/ATTACHMENTS:

1. 2017 Community Funding App_Freedom Fest
2. Holiday Lights Parade Request 2017
3. Safe Trick or Trick Community Funding 05.05.2017
4. Holiday Tree Decor Community Funding 05.05.2017



COMMUNITY PROMOTIONS CITY COUNCIL FUNDING APPLICATION

Annually, the City Council considers funding requests from local non-profit organizations that host community wide events. The funding requested is meant to offset the cost of city services required by the special event permit for the community event.

To be considered for this annual funding the following criteria must be met:

- The organization requesting funding must be a non-profit
- The event hosted by the requesting organization must be a community-wide event, open to all, with no associated admission fees
- The event hosted by the requesting organization cannot be a fundraising event
- The event hosted by the requesting organization requires a special event permit and city services

The City Council will consider funding its Community Promotions budget as part of the FY 2017/18 budget review process.

To be considered for funding in FY 2017/18 please complete and return this form by Friday, May 5, 2017 to:

Maureen Tobin
Communications and Engagement Manager
17575 Peak Avenue
Morgan Hill, CA 95037
maureen.tobin@morganhill.ca.gov

Organizer Information:

EVENT ORGANIZER: Independent Day Celebration, Inc.

ORGANIZATION ADDRESS: P.O. Box 1776 Morgan Hill, CA 95037

CONTACT PERSON: Jeff Dixon

TELEPHONE and E-MAIL ADDRESS: 408-778-3900 president@mhfreedomfest.com

*Event Information:***NAME OF EVENT:** Morgan Hill Freedom Fest**DATE OF EVENT:** July 3 and 4, 2017**LOCATION OF EVENT:** Downtown Morgan Hill, Morgan Hill Outdoor Sports Center, Community and Cultural Center, Service Development Center parking lot**ANTICIPATED ATTENDANCE:** 80,000-100,000*Budget Information:***ESTIMATED EVENT EXPENSES:** \$180,000**ESTIMATED EVENT REVENUE** (Do not include amount of Council support requested): **\$150,000****AMOUNT OF COUNCIL SUPPORT REQUESTED:** \$24,700*Council Support Request Explanation:***DESCRIPTION OF EVENT:**

July 3, 2016 Patriotic Sing and Essay Contest, Family Street Dance

July 4, 2016 5K Run/1K Walk, Car Cruise and Show, Parade, Fireworks on the Green w/MHYSA

PLEASE RESPOND TO THE FOLLOWING QUESTIONS:**1. WHY SHOULD THE CITY COUNCIL CONSIDER FUNDING THIS EVENT?**

Independence Day Celebration, Inc. is an all volunteer 501c3 non profit organization. The Morgan Hill Freedom Fest brings approximately 100,000 visitors to Morgan Hill each year. Without the support of the City of Morgan Hill we cannot continue to host the longest running July 4th celebration in northern California.

2. WHAT COUNCIL PRIORITY IS SUPPORTED BY YOUR EVENT?

Maintaining fiscal responsibility

Supporting youth

Preserving and cultivating public trust

APPLICANT CERTIFICATION FOR SPECIAL EVENTS

As part of your City Council funding request, the Applicant must agree to the following as part of its Special Event Permit that will need to be applied for through the City's Community Services Department.

The Applicant agrees to indemnify and hold harmless the City of Morgan Hill for any and all claims regarding the below named event. The Applicant agrees to protect, defend, and hold harmless the City of Morgan Hill, its elective or appointed boards, officers, agents, and employees from any and all claims, liabilities, expenses or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property. This applies to the Applicant, Applicant's agents, officers, or employees, subcontractors, or independent contractors hired by the Applicant.

This hold harmless agreement shall apply to all liability, regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Applicant.

The person signing this Certification declares that he/she has the authority to bind the Applicant, and that Applicant is bound by all terms of this Certification. The person signing this Certification agrees that they will provide a copy of this Certification to the governing board and director of the Applicant, and to the Applicant's insurers. In the event that the signatory lacks such duly granted authority, said undersigned signatory personally assumes all liability for fees, costs and damages.

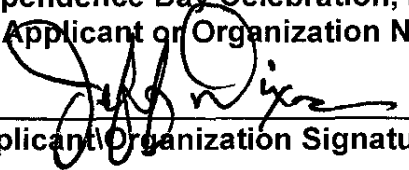
The Applicant further agrees to repay the City for any and all incurred costs, damage and clean-up to parks, streets, facilities, buildings or other property owned by the City which result from the below named event.

The Applicant agrees to comply with the permit issuance conditions as stipulated in Section 12.16050 of the City of Morgan Hill Municipal Code, and any other requirements of the City of Morgan Hill.

In submitting our request for City Council funding, we understand that the City Council will consider funding of its Community Promotions budget as part of the FY 2017/18 General Fund budget development process.

Freedom Fest
Print Name of Event

Independence Day Celebration, Inc.
Print Applicant or Organization Name


Applicant/ Organization Signature

April 25, 2017
Date



**COMMUNITY PROMOTIONS
CITY COUNCIL FUNDING APPLICATION**

Annually, the City Council considers funding requests from local non-profit organizations that host community wide events. The funding requested is meant to offset the cost of city services required by the special event permit for the community event.

To be considered for this annual funding the following criteria must be met:

- The organization requesting funding must be a non-profit
- The event hosted by the requesting organization must be a community-wide event, open to all, with no associated admission fees
- The event hosted by the requesting organization cannot be a fundraising event
- The event hosted by the requesting organization requires a special event permit and city services

The City Council will consider funding its Community Promotions budget as part of the FY 2017/18 budget review process.

To be considered for funding in FY 2017/18 please complete and return this form by Friday, May 5, 2017 to:

Maureen Tobin
Communications and Engagement Manager
17575 Peak Avenue
Morgan Hill, CA 95037
maureen.tobin@morganhill.ca.gov

Organizer Information:

EVENT ORGANIZER: Morgan Hill Kiwanis

ORGANIZATION ADDRESS: Box 751, Morgan Hill, CA 95038

CONTACT PERSON: Mary Lou Conragan

TELEPHONE and E-MAIL ADDRESS: 408 779 1473, mconragan@msn.com

*Event Information:***NAME OF EVENT:** Holiday Lights Parade**DATE OF EVENT:** Saturday December 2, 2017**LOCATION OF EVENT:** Monterey Road, Downtown Morgan Hill**ANTICIPATED ATTENDANCE:** 3000*Budget Information:***ESTIMATED EVENT EXPENSES:** \$ 4900**ESTIMATED EVENT REVENUE** (Do not include amount of Council support requested): \$ 300**AMOUNT OF COUNCIL SUPPORT REQUESTED:** \$ 4600*Council Support Request Explanation:***DESCRIPTION OF EVENT:** Winter holiday parade, with tree lighting and post parade entertainment**PLEASE RESPOND TO THE FOLLOWING QUESTIONS:****1. WHY SHOULD THE CITY COUNCIL CONSIDER FUNDING THIS EVENT?**

The Holiday Lights Parade is a classic "Hometown" event held annually. Over the last 4 years it has seen considerable growth in participants and parade viewers. The parade has become more inclusive with more schools and community organizations participating. This is one of Morgan Hill classic event. The Parade was started by the city. They asked Morgan Hill Kiwanis to take over the arrangements 20 years ago when management costs escalated. The cost are for what was the "furnished by city" in our original agreement: Police, road closure, permits, sound systems, amphitheater rental , etc.

2. WHAT COUNCIL PRIORITY IS SUPPORTED BY YOUR EVENT?

The support for these events adds to the community spirit which is identified as the good life of Morgan Hill.

APPLICANT CERTIFICATION FOR SPECIAL EVENTS

As part of your City Council funding request, the Applicant must agree to the following as part of its Special Event Permit that will need to be applied for through the City's Community Services Department.

The Applicant agrees to indemnify and hold harmless the City of Morgan Hill for any and all claims regarding the below named event. The Applicant agrees to protect, defend, and hold harmless the City of Morgan Hill, its elective or appointed boards, officers, agents, and employees from any and all claims, liabilities, expenses or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property. This applies to the Applicant, Applicant's agents, officers, or employees, subcontractors, or independent contractors hired by the Applicant.

This hold harmless agreement shall apply to all liability, regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Applicant.

The person signing this Certification declares that he/she has the authority to bind the Applicant, and that Applicant is bound by all terms of this Certification. The person signing this Certification agrees that they will provide a copy of this Certification to the governing board and director of the Applicant, and to the Applicant's insurers. In the event that the signatory lacks such duly granted authority, said undersigned signatory personally assumes all liability for fees, costs and damages.

The Applicant further agrees to repay the City for any and all incurred costs, damage and clean-up to parks, streets, facilities, buildings or other property owned by the City which result from the below named event.

The Applicant agrees to comply with the permit issuance conditions as stipulated in Section 12.16050 of the City of Morgan Hill Municipal Code, and any other requirements of the City of Morgan Hill.

In submitting our request for City Council funding, we understand that the City Council will consider funding of its Community Promotions budget as part of the FY 2017/18 General Fund budget development process.

Holiday Lights Parade
Print Name of Event

Morgan Hill Kiwanis
Print Applicant or Organization Name


Applicant/Organization Signature

May 4, 2017
Date



**COMMUNITY PROMOTIONS
CITY COUNCIL FUNDING APPLICATION**

Annually, the City Council considers funding requests from local non-profit organizations that host community wide events. The funding requested is meant to offset the cost of city services required by the special event permit for the community event.

To be considered for this annual funding the following criteria must be met:

- The organization requesting funding must be a non-profit
- The event hosted by the requesting organization must be a community-wide event, open to all, with no associated admission fees
- The event hosted by the requesting organization cannot be a fundraising event
- The event hosted by the requesting organization requires a special event permit and city services

The City Council will consider funding its Community Promotions budget as part of the FY 2017/18 budget review process.

To be considered for funding in FY 2017/18 please complete and return this form by Friday, May 5, 2017 to:

Maureen Tobin
Communications and Engagement Manager
17575 Peak Avenue
Morgan Hill, CA 95037
maureen.tobin@morganhill.ca.gov

Organizer Information:

EVENT ORGANIZER: *Morgan Hill Downtown Assoc.*
ORGANIZATION ADDRESS: *90 W. Main St., Suite 6, Morgan Hill, CA 95037*
CONTACT PERSON: *Kristin King*
TELEPHONE and E-MAIL ADDRESS:
(408) 779-3190 mhda@morganhilldowntown.org

Event Information:

NAME OF EVENT: Safe Trick or Treat

DATE OF EVENT: October 31, 2017

LOCATION OF EVENT: Downtown Morgan Hill, Monterey Road between
Dunne Avenue to Main Avenue

ANTICIPATED ATTENDANCE: 3,000 - 4,000

Budget Information:

ESTIMATED EVENT EXPENSES: \$ 6,000.00

ESTIMATED EVENT REVENUE (Do not include amount of Council support requested): \$ None

AMOUNT OF COUNCIL SUPPORT REQUESTED: \$ 6,000.00

Council Support Request Explanation: Creates a safe centralized location for children
DESCRIPTION OF EVENT: trick or treating in Morgan Hill not exclusive to downtown

Safe Trick or Treat has been a Halloween tradition for 25 years in downtown Morgan Hill. Families bring their children of all ages to trick or treat in a safe environment. Held on Monterey Road between Dunne Avenue and Main St. the event brings businesses, places of worship, and non-profit organizations to provide an evening of arts & crafts, activities, and trick or treating. It has become a staple of the downtown and shows what a fun community Morgan Hill is.

PLEASE RESPOND TO THE FOLLOWING QUESTIONS:

1. WHY SHOULD THE CITY COUNCIL CONSIDER FUNDING THIS EVENT?

Safe Trick or Treat has become a Morgan Hill tradition of over 25 years of providing a fun and safe environment for children and their families to trick or treat

2. WHAT COUNCIL PRIORITY IS SUPPORTED BY YOUR EVENT?

Preserving a cultural heritage - providing a safe place to gather our youth and families for a traditional holiday activity

APPLICANT CERTIFICATION FOR SPECIAL EVENTS

As part of your City Council funding request, the Applicant must agree to the following as part of its Special Event Permit that will need to be applied for through the City's Community Services Department.

The Applicant agrees to indemnify and hold harmless the City of Morgan Hill for any and all claims regarding the below named event. The Applicant agrees to protect, defend, and hold harmless the City of Morgan Hill, its elective or appointed boards, officers, agents, and employees from any and all claims, liabilities, expenses or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property. This applies to the Applicant, Applicant's agents, officers, or employees, subcontractors, or independent contractors hired by the Applicant.

This hold harmless agreement shall apply to all liability, regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Applicant.

The person signing this Certification declares that he/she has the authority to bind the Applicant, and that Applicant is bound by all terms of this Certification. The person signing this Certification agrees that they will provide a copy of this Certification to the governing board and director of the Applicant, and to the Applicant's insurers. In the event that the signatory lacks such duly granted authority, said undersigned signatory personally assumes all liability for fees, costs and damages.

The Applicant further agrees to repay the City for any and all incurred costs, damage and clean-up to parks, streets, facilities, buildings or other property owned by the City which result from the below named event.

The Applicant agrees to comply with the permit issuance conditions as stipulated in Section 12.16050 of the City of Morgan Hill Municipal Code, and any other requirements of the City of Morgan Hill.

In submitting our request for City Council funding, we understand that the City Council will consider funding of its Community Promotions budget as part of the FY 2017/18 General Fund budget development process.

Safe Trick or Treat
Print Name of Event

Morgan Hill Downtown Association
Print Applicant or Organization Name

J. L. Mickey (Pres.)
Applicant/Organization Signature

May 5, 2017
Date



**COMMUNITY PROMOTIONS
CITY COUNCIL FUNDING APPLICATION**

Annually, the City Council considers funding requests from local non-profit organizations that host community wide events. The funding requested is meant to offset the cost of city services required by the special event permit for the community event.

To be considered for this annual funding the following criteria must be met:

- The organization requesting funding must be a non-profit
- The event hosted by the requesting organization must be a community-wide event, open to all, with no associated admission fees
- The event hosted by the requesting organization cannot be a fundraising event
- The event hosted by the requesting organization requires a special event permit and city services

The City Council will consider funding its Community Promotions budget as part of the FY 2017/18 budget review process.

To be considered for funding in FY 2017/18 please complete and return this form by Friday, May 5, 2017 to:

Maureen Tobin
Communications and Engagement Manager
17575 Peak Avenue
Morgan Hill, CA 95037
maureen.tobin@morganhill.ca.gov

Organizer Information:

EVENT ORGANIZER: *Morgan Hill Downtown Assoc.*

ORGANIZATION ADDRESS: *90 W. Main Ave., Suite 6, Morgan Hill, CA 95037*

CONTACT PERSON: *Kristin King*

TELEPHONE and E-MAIL ADDRESS:

(408) 779-3190 mhda@morganhilldowntown.org

Event Information:

NAME OF EVENT: Holiday Tree lighting

DATE OF EVENT: December 2nd or 9th 2017

LOCATION OF EVENT: Community Center

ANTICIPATED ATTENDANCE: 3,000 - 4,000 - viewed by 20,000 plus during period it is in place

Budget Information:

ESTIMATED EVENT EXPENSES: \$ 7,000.00

ESTIMATED EVENT REVENUE (Do not include amount of Council support requested): \$ none

AMOUNT OF COUNCIL SUPPORT REQUESTED: \$ 6,000.00

Council Support Request Explanation: Holiday tree will provide holiday spirit to the entire community.

DESCRIPTION OF EVENT:

Terminus of the holiday parade in December is the Community and Cultural Center with a holiday tree. A lighting ceremony takes place where the tree lights are turned on and the tree will be left in place for the duration of the holiday season.

PLEASE RESPOND TO THE FOLLOWING QUESTIONS:

1. WHY SHOULD THE CITY COUNCIL CONSIDER FUNDING THIS EVENT?

The tree is the symbol for many throughout the community of the holiday season. The holiday tree will be enjoyed by thousands of people from our community and others and will show our holiday spirit.

2. WHAT COUNCIL PRIORITY IS SUPPORTED BY YOUR EVENT?

Preserving our cultural heritage: Morgan Hill has long had a holiday tree, holiday parade, and holiday tree lighting event which is known and appreciated by the region.

APPLICANT CERTIFICATION FOR SPECIAL EVENTS

As part of your City Council funding request, the Applicant must agree to the following as part of its Special Event Permit that will need to be applied for through the City's Community Services Department.

The Applicant agrees to indemnify and hold harmless the City of Morgan Hill for any and all claims regarding the below named event. The Applicant agrees to protect, defend, and hold harmless the City of Morgan Hill, its elective or appointed boards, officers, agents, and employees from any and all claims, liabilities, expenses or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property. This applies to the Applicant, Applicant's agents, officers, or employees, subcontractors, or independent contractors hired by the Applicant.

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The Applicant further agrees to repay the City for any and all incurred costs, damage and clean-up to parks, streets, facilities, buildings or other property owned by the City which result from the below named event.

The Applicant agrees to comply with the permit issuance conditions as stipulated in Section 12.16050 of the City of Morgan Hill Municipal Code, and any other requirements of the City of Morgan Hill.

In submitting our request for City Council funding, we understand that the City Council will consider funding of its Community Promotions budget as part of the FY 2017/18 General Fund budget development process.

Holiday Tree Lighting
Print Name of Event

Morgan Hill Downtown Assoc.
Print Applicant or Organization Name

John K. Imby (Pres)
Applicant/Organization Signature

May 5, 2017
Date



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Anthony Eulo, Program Administrator
APPROVED BY: City Manager

AUTHORIZATION TO PARTICIPATE IN REGIONAL AGRICULTURAL CONSERVATION EASEMENT GRANT

RECOMMENDATION(S)

Adopt resolution approving and authorizing the City's participation in a grant application to the State for the purchase of an agricultural conservation easement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment
Maintaining Fiscal Responsibility
Supporting Our Youth
Seniors
and Entire Community
Preserving and Cultivating Public Trust
Preserving Our Cultural Heritage

2017 Strategic Priorities

Regional Initiatives

REPORT NARRATIVE:

The purpose of this report is to present a resolution for City Council consideration that authorizes the City's participation in a regional grant application for the purchase of a significant agricultural conservation easement.

On November 5, 2014, the City Council adopted an Agricultural Lands Preservation Program (Program) as a component of the City's actions addressing the Southeast Quadrant (SEQ). While the related land use annexation in the SEQ was denied by the Santa Clara Local Agency Formation Commission, the Agricultural Program remains active and a high priority for the City. Preserving agricultural uses is specifically called out as one of the "Big Ideas" in the City's new General Plan and is supported by numerous policies in the General Plan.

A key implementation activity in the Program involves securing agricultural conservation easements on private properties through dedication, purchase, or donation. Once recorded, an agricultural conservation easement essentially eliminates future development or subdivision of the subject property, which ensures that the land will remain available for agricultural activities. The Program specifies that the City's efforts to secure easements should be focused within the SEQ itself.

For the past eight months, the City has been collaborating with staff from Santa Clara County (County) and the Santa Clara Valley Open Space Authority (Authority) on the development of a large agricultural conservation easement on the Fountain Oaks Ranch property. The City has funded the title report and appraisal for the property. The County, with the assistance of the City's agricultural preservation consultant and staff from the Authority, is preparing a grant application that will be submitted to the State High Speed Rail Authority (HSR) in mid-May. The HSR is required to mitigate loss of farmland in the Central Valley as a result of its current project segments. It is important to recognize that the current HSR mitigation requirements are not directly associated with any potential HSR segments in Silicon Valley. The attached resolution authorizes the City's participation as a partner in the grant.

If the grant is awarded, it is expected that local matching funds from the City and the Authority will be required to bridge the gap between the grant award and the purchase price of the agricultural conservation easement. The commitments of all parties involved have yet to be finalized and are dependent on the grant award and ultimate completed appraised value of the easement. If the grant is awarded, the final consideration of any City funding will come back to the City Council at a future date.

COMMUNITY ENGAGEMENT: Collaborate

The concept of preserving agricultural land in and around the City is itself an outgrowth of input and discussion held with the community. The purchase of agricultural preservation easements will only be possible when the City, the land owner, and other organizations collaborate to secure the easements.

ALTERNATIVE ACTIONS:

The Council could decline to adopt the resolution and direct staff to pursue a different strategy for preserving agriculture or to suspend the City's activities in this area.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council adopted the Agricultural Lands Preservation Program on November 5, 2014. Funding for program implementation was included in the 2016-2018 adopted budget and the Council authorized the expenditure of some of these implementation funds when it approved the consulting agreement with Scharffenberger Land Planning and Design on September 7, 2016. The Council last received an update on these activities on February 15, 2017.

FISCAL AND RESOURCE IMPACT:

There are no direct fiscal impacts associated with this item and no budget adjustment is required at this time. The City's contribution from its Open Space and Agricultural Preservation Fund has yet to be determined. Coordinating the City's agricultural preservation activities is included in the work program of the Community Services Department.

CEQA (California Environmental Quality Act):

Categorical Exemption

The purchase of agricultural conservation easements is categorically exempt from CEQA pursuant to CEQA Guidelines section 15317 (Open Space Contracts or Easements).

LINKS/ATTACHMENTS:

1. Grant Resolution May 2017

RESOLUTION NO.**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING PARTICIPATION IN A REGIONAL GRANT APPLICATION FOR THE PURCHASE OF AN AGRICULTURAL CONSERVATION EASEMENT AND AUTHORIZING THE CITY MANAGER TO EXECUTE AND ADMINISTER ALL DOCUMENTS RELATED TO THE REGIONAL GRANT**

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 City has adopted an Agricultural Lands Preservation Program (Program) that envisions the City purchasing or participating in the purchase of agricultural conservation easements; and

WHEREAS, the City has collaborated with Santa Clara County (County) and the Santa Clara Valley Open Space Authority in discussions with a local landowner on the purchase of an agricultural conservation easement; and

WHEREAS, the City has place great importance and made viable agricultural preservation a priority; and

WHEREAS, the City has an established fund to preserve existing open space and agricultural lands; and

WHEREAS, the County is preparing a regional grant application for submission to the State of California to obtain funds necessary for the purchase of an agricultural conservation easement; and

WHEREAS, as the City recognizes it is fiscally responsible to leverage its existing funds by partnering with other agencies, the City desires to participate as a partner in the regional grant application in order to secure the funding needed to support the Program; and

WHEREAS, will continue to seek our opportunities to preserve viable agriculture and maintain our community's unique character; and

WHEREAS, the reasons supporting the participation of the City into that certain grant application described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report entitled "Authorization to Participate in Regional Agricultural Conservation Easement Grant" submitted for City Council consideration at its meeting of May 17, 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 consideration by City Council of the adoption of this Resolution has been duly noticed pursuant to applicable laws and has been placed upon the City Council Meeting Agenda on the date set forth in the Staff Report, or to such date that the City Council may have continued or deferred consideration of this Resolution, and on such date the City Council conducted a duly noticed public meeting at which meeting the City Council provided members of the public an opportunity to comment and be heard and considered any and all testimony and other evidence provided in connection with the adoption of this Resolution; and

WHEREAS, the purchase of agricultural conservation easements is categorically exempt from CEQA pursuant to CEQA Guidelines section 15317 (Open Space Contracts or Easements); and

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

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

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

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

- a. That the City Council approves the City's participation in the grant prepared by the County as a supporting partner organization.
- b. That the City Manager is hereby delegated authority to and is authorized and directed to execute, and subsequently administer grant forms and other documents needed to support the submission and administration of the grant.

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 17th day of May, 2017 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

DATE: _____

Steve Tate, MAYOR

Attachment: Grant Resolution May 2017 (1198 : Ag Easement Grant)

∞ 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 May 17, 2017.

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

DATE: _____

Irma Torrez, CITY CLERK

Attachment: Grant Resolution May 2017 (1198 : Ag Easement Grant)



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Dwight Good, Fire Marshal
APPROVED BY: City Manager

EXTENSION OF THE AGREEMENT BETWEEN THE CITY OF MORGAN HILL AND CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION FOR FIRE PROTECTION SERVICES IN THE CITY OF MORGAN HILL

RECOMMENDATION(S)

Approve an extension of the Fire Protection Reimbursement Agreement (Agreement) between the City of Morgan Hill (City) and California Department of Forestry and Fire Protection (CAL FIRE) for fire protection services in the City of Morgan Hill per the terms of the Agreement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

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

2017 Strategic Priorities

Regional Initiatives

BACKGROUND

Approval of the extension of the Fire Protection Reimbursement Agreement (Agreement) will ensure continuation of fire protection services within the jurisdiction of Morgan Hill served by the City.

In July 2012, the City entered into a cooperative agreement with CAL FIRE for fire protection services. That agreement began in January 2013 and has an expiration date of June 30, 2017, with the renewal process typically begins early in the year of expiration. The Agreement for Fire Protection Services (LG-1), executed between the two entities, has clauses to remedy situations in which a renewing Agreement may not be put in place immediately to avoid a disruption in the delivery of fire protection services.

This year, CAL FIRE has yet to be able to provide an official pay letter calculating costs between the City and CAL FIRE. The State and the firefighters labor group will soon complete the ratification process. Once completed, an official rate letter will be available

and the contracting process can continue.

Exhibit C of the Agreement in the General Terms and Conditions in Article 4, Sections B declares:

“STATE shall have the option to extend this agreement for a period of up to one year ...and continue providing services ...[as] appropriate during the extended period Six months prior to the date of expiration of this agreement, or any extension hereof, STATE shall give written notice to LOCAL AGENCY of any extension of this agreement Services provided and obligations incurred by STATE during an extended period shall be accepted by LOCAL AGENCY as services and obligations under the terms of this agreement”

The Unit Chief, appointed as the City Fire Chief, is advising that CAL FIRE will continue to provide services at the same level as defined in the executed agreement and will do so until a new agreement may be executed. The same terms and conditions will continue. As the terms of the new agreement are made available, CAL FIRE will begin the process of executing a renewal of the agreement for fire protection services.

COMMUNITY ENGAGEMENT: Inform

This staff report will serve to inform the public of the recommended extension.

ALTERNATIVE ACTIONS:

No feasible alternatives.

FISCAL AND RESOURCE IMPACT:

There will be no impact to the General Fund as a result of this action. The Fiscal Year 2017-18 Budget for the City of Morgan Hill includes sufficient appropriations totaling \$5,773,473 for fire protection services.

LINKS/ATTACHMENTS:

1. Morgan Hill Extension
2. Morgan Hill Contract_30Aug2012-Executed



DEPARTMENT OF FORESTRY AND FIRE PROTECTION

Santa Clara Unit

15670 Monterey St.
Morgan Hill, CA 95037
(408) 779-2121
Website: www.fire.ca.gov



April 25, 2017

City of Morgan Hill
Attn: Steve Rymer, City Manager
17575 Peak Avenue
Morgan Hill, CA 95037

Dear Mr. Rymer:

As part of the cooperative agreement for services between our two entities we typically begin the renewal process in the spring for an agreement that expires on June 30 of that year.

However, this year CAL FIRE is yet unable to provide an official pay letter to calculate costs for the agreement. The firefighters labor group will soon complete the ratification process and an official rate letter will be available from the State Controller's Office and CAL FIRE will be able to proceed with constructing an agreement.

In the Agreement for Fire Protection Services (LG-1) executed between our two entities wording exists that covers this situation. As the fire chief, and based on the authority in the LG-1, I am responding under the clause in Exhibit C of the General Terms and Conditions in Article 4, Sections B and C, to advise that CAL FIRE will continue to provide services at the same level as defined in the current executed agreement and will do so until a new agreement may be fully executed. The same terms and conditions will continue. As the terms of the new agreement are made available CAL FIRE will begin the process of executing a renewal of our agreement for protections services.

As teammates of the Morgan Hill Fire Department the staff truly enjoy our relationship with the City and the community and look to the future together as we continue to provide services cooperatively in Morgan Hill.

If you have any questions, please feel free to contact me.

Sincerely,

Derek J. Witmer
Unit Chief

Attachment: Morgan Hill Extension (1189 : Extension of the agreement between the City and CAL FIRE)

Memorandum

To: Steve Woodill
Santa Clara Unit
15670 Monterey St.
Morgan Hill, CA 95037

Date: August 24, 2012

Telephone: (408) 779-2121

From: California Department of Forestry and Fire Protection (CAL FIRE)
Business Services Office
Special Projects Unit

Subject: City of Morgan Hill
Agreement Number 1CA01882

Attached is a fully executed copy of the above agreement. Please be sure that the contractor refers to this contract number on all invoices, billing, and correspondence.

_____ Forward original signed agreement/amendment to the contractor. The remaining copies are for your files.

 X Make any copies needed for your files. Forward original signed agreement/amendment to the contractor.

_____ Other: _____

Should you have any questions, please contact Elia Bassin, Special Projects Analyst, at (916) 323-0623 or at Elia.Bassin@fire.ca.gov.

Attachments

cc: Shelly Smith, CNR or Aaron Knowles, BSO
Dan Reagan, Fire Protection
File

CAL FIRE -106

LG-1/LG-1A ROUTING CHECKLISTLocal Government Emergency Service Reimbursement Agreements
Rev. 07/2011**Preliminary Preparation – Electronic PDF Format****UNIT**

- Prepares electronic Agreement Package for initial review. Email these forms to the Local Government Agreements Outlook mailbox.
- Std. 215
 - LG-1 or LG-1A
 - Exhibit D, Schedules required
 - Draft Resolution – if possible
 - \$5 Million Legislative Agreement Summary (LG-L)

REGION OFFICE

Reviews electronic package for completeness; notifies Unit of necessary changes.

ACQUISITION SERVICES (BSO)

- Reviews the electronic version for general contract requirements; notifies LGP of necessary changes.

COOPERATIVE FIRE

- Local Government Program reviews for completeness, accuracy, and compliance with department policy. Gathers input from BSO and notifies Unit of necessary changes.

COOPERATIVE FIRE PROGRAM

- LGP reviews for completeness, accuracy, and compliance with department policy. Date and initial the Routing Checklist.

- Recommends execution by signatures of LG Deputy Chief and Coop Staff Chief on the **CAL FIRE Review Certification Form** and forwards package to Assistant Deputy Director (ADD), Cooperative Fire Protection, Training & Safety.

- ADD executes agreement for the department by signing all copies of the LG-1 or LG-1A.

- Deputy Director for Management Services signs memo to DGS that certifies contract is critical to state mission.

- Coop Fire Program retains one photocopy of contract for files.

- Forwards complete package to BSO.

ACQUISITION SERVICES (BSO)

- Logs and stamps LG-1/LG-1A.

- Reviews for general contract requirements.

- Retains suspense copy of complete package in contract file.

- Forwards (2) Std. 215, (4) LG-1/LG-1A to Department of General Services Insurance and/or Legal.

- Receives 2 or 3 fully executed copies of the LG-1/LG-1A from Department of General Services.

Final Preparation – After Approval by LGP and BSO**UNIT**

- 7/20/12 Prepare hard copies of Agreement per instructions below and route to LGP.

- 7/20/12 Prepare 3-signed Std. 215s (Contract Transmittal) forms.

- 7/20/12 For an New contract prepare 5 LG-1 -signed by the authorized local agency official. (All original signatures)

- N/A For an AMENDMENT contract prepare 5 LG-1A - signed by the authorized local agency official (all original signatures)

- 7/20/12 Complete Exhibit D, Schedules A, B, C, D and E. (that are required) and attach copies to each agreement.

- 7/20/12 Provide 2 copies of insurance coverage. If self-insured, include signed Exhibit D, Schedule E.

- 7/20/12 Provide 2 copies of Bd. Resolution/Bd. Minutes authorizing local agency official to execute the LG-1/LG-1A. (See Sample Resolution)

- 7/20/12 Review package for completeness. Date and initial the **Routing Checklist** (this form).

- Unit Chief recommends execution of the LG-1/LG-1A by signing the **CAL FIRE Review Certification Memo**. Place the **Certification Memo** form on top of complete package and forward to LGP.

- N/A Agreements \$5M and over per FY prepare **Legislative Agreement Summary (LG-L)** form. Place this form on top of complete package and forward to LGP.

The additional documentation listed below is required by **CAL FIRE**. Do not include these documents in the page counts.

- CAL FIRE Review Certification Memo (signatures)
- Routing Checklist (this form)
- Resolution or Minutes (provide 2 copies)
- Insurance Certificate (provide 2 copies)

Final Distribution- After DGS approval**ACQUISITION SERVICES (BSO)**

- BSO transmits suspense copy of the LG-1/LG-1A to the Accounting office.

- BSO retains 1 fully executed LG-1/LG-1A in contract file.

- BSO transmits notice of completed contract along with copy of DGS approved LG-1/LG-1A signature page and Routing Checklist to the LGP and the Accounting Office.

- BSO forwards at least (1) original and copies if available of the fully executed LG-1/LG-1A to the Region Office.

UNIT

- Forwards 1 fully executed original copy of the LG-1/LG-1A to the Local Agency.

- Retains one fully executed copy of the LG-1/LG-1A for the Unit files.

RECEIVED
AUG 01 2012
CO-OP FIRE

AGREEMENT SUMMARY

STD 215 (Rev. 06/2011)

AGREEMENT NUMBER

AMENDMENT NUMBER

1CA01882

3.b

☐ CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

1. CONTRACTOR'S NAME

City of Morgan Hill

2. FEDERAL I.D. NUMBER

3. AGENCY TRANSMITTING AGREEMENT

Forestry and Fire Protection

4. DIVISION, BUREAU, OR OTHER UNIT

Santa Clara Unit

5. AGENCY BILLING CODE

013028

6. NAME AND TELEPHONE NUMBER OF CONTRACT ANALYST FOR QUESTIONS REGARDING THIS AGREEMENT

Dan Reagan, (916) 654-6833

7. HAS YOUR AGENCY CONTRACTED FOR THESE SERVICES BEFORE?

☒ NO☐ YES (If YES, enter prior contractor

name and Agreement Number)

8. BRIEF DESCRIPTION OF SERVICES - LIMIT 72 CHARACTERS INCLUDING PUNCTUATION AND SPACES

Fire Protection Services

9. AGREEMENT OUTLINE (Include reason for Agreement: Identify specific problem, administrative requirement, program need or other circumstances making the Agreement necessary; include special or unusual terms and conditions.)

California Department of Forestry and Fire Protection (CALFIRE) shall provide fire protection services pursuant to Public Resources Code Sections 4142 and/or 4144.*This Local Government's Wildland/Agreement falls under two of the exceptions listed in the DGS Administrative Order 06-06-1.**"The Contract is an interagency or revenue/reimbursement agreement, there are reasonable factors that caused the delay, and it is in the State's best interest to process the contract or amendment."**"The Contract involves another governmental entity, and an Action or inaction of that other governmental entity delayed Timely processing of the contract of amendment by the State."*

10. PAYMENT TERMS (More than one may apply.)

☐ MONTHLY FLAT RATE☐ QUARTERLY☐ ONE -TIME PAYMENT☐ PROGRESS PAYMENT☐ ITEMIZED INVOICE☐ WITHHOLD _____ %☐ ADVANCED PAYMENT NOT TO EXCEED☒ REIMBURSEMENT/REVENUE

\$ _____ or _____ %

☐ OTHER (Explain) _____

11. PROJECTED EXPENDITURES

FUND TITLE	ITEM	F.Y.	CHAPTER	STATUTE	PROJECTED EXPENDITURES
Reimbursement		12-13			\$2,061,335.67
Reimbursement		13-14			\$4,122,671.33
Reimbursement		14-15			\$4,225,738.11
Reimbursement		15-16			\$4,331,381.56
Reimbursement		16-17			\$4,439,666.10

OBJECT CODE

AGREEMENT TOTAL **\$19,180,792.77**

OPTIONAL USE

AMOUNT ENCUMBERED BY THIS DOCUMENT

I CERTIFY upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above.

PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT

\$

ACCOUNTING OFFICER'S SIGNATURE

DATE SIGNED

TOTAL AMOUNT ENCUMBERED TO DATE

\$

12.

AGREEMENT

TERM

From

Through

TOTAL COST OF THIS TRANSACTION

Original

09/01/12

6/30/17

\$ 19,180,792.77

Amendment No. 1

\$

Amendment No. 2

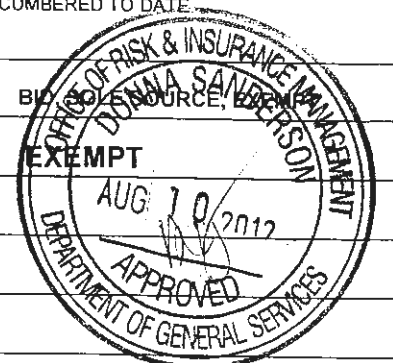
\$

Amendment No. 3

\$

TOTAL

\$ 19,180,792.77



Attachment: Morgan Hill Contract_30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)

AGREEMENT SUMMARY

STD 215 (Rev 06/2011)

3.b**13. BIDDING METHOD USED:**

- ☐ REQUEST FOR PROPOSAL (RFP) ☐ INVITATION FOR BID (IFB) ☐ USE OF MASTER SERVICE AGREEMENT
(Attach justification if secondary method is used)
- ☐ SOLE SOURCE CONTRACT ☐ EXEMPT FROM BIDDING ☒ OTHER (Explain)
(Attach STD. 821) (Give authority for exempt status) **Reimbursement**

NOTE: Proof of advertisement in the State Contracts Register or an approved form STD. 821, Contract Advertising Exemption Request, must be attached

14. SUMMARY OF BIDS (List of bidders, bid amount and small business status) (If an amendment, sole source, or exempt, leave blank)**15. IF AWARD OF AGREEMENT IS TO OTHER THAN THE LOWER BIDDER, PLEASE EXPLAIN REASON(S)** (If an amendment, sole source, or exempt, leave blank)**16. WHAT IS THE BASIS FOR DETERMINING THAT THE PRICE OR RATE IS REASONABLE?****Not Applicable. This is a reimbursement agreement with a local agency.****17. JUSTIFICATION FOR CONTRACTING OUT** (Check one)

- ☐ Contracting out is based on cost savings per Government Code 19130(a). The State Personnel Board has been so notified.
- ☐ Contracting out is justified based on Government Code 19130(b). Justification for the Agreement is described below.

Justification:

Not Applicable. This is a reimbursement agreement with a local agency.**18. FOR AGREEMENTS IN EXCESS OF \$5,000, HAS THE LETTING OF THE AGREEMENT BEEN REPORTED TO THE DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING?**☐ NO ☐ YES ☒ N/A**19. HAVE CONFLICT OF INTEREST ISSUES BEEN IDENTIFIED AND RESOLVED AS REQUIRED BY THE STATE CONTRACT MANUAL SECTION 7.10?**☐ NO ☐ YES ☒ N/A**20. FOR CONSULTING AGREEMENTS, DID YOU REVIEW ANY CONTRACTOR EVALUATIONS ON FILE WITH THE DGS LEGAL OFFICE?**☐ NO ☐ YES ☐ NONE ☒ N/A
ON FILE**21. IS A SIGNED COPY OF THE FOLLOWING ON FILE AT YOUR AGENCY FOR THIS CONTRACTOR?****A. CONTRACTOR CERTIFICATION CLAUSES**☐ NO ☐ YES ☒ N/A**B. STD. 204, VENDOR DATA RECORD**☐ NO ☐ YES ☒ N/A**22. REQUIRED RESOLUTIONS ARE ATTACHED**☐ NO ☒ YES ☐ N/A**23. ARE DISABLED VETERANS BUSINESS ENTERPRISE GOALS REQUIRED?** (If an amendment, explain changes, if any)☒ NO (Explain below) ☐ YES (If YES complete the following)

DISABLED VETERAN BUSINESS ENTERPRISES: % OF AGREEMENT

☐ We have determined that the contractor has made a sincere good faith effort to meet the goal.

Explain:

Schedule A and Wildland agreements are exempt from DVBE requirements per SCM Section 8.12**24. IS THIS A SMALL BUSINESS CERTIFIED BY OSBCR?**☒ NO ☐ YES (Indicate Industry Group)**SMALL BUSINESS REFERENCE NUMBER****25. IS THIS AGREEMENT (WITH AMENDMENTS) FOR A PERIOD OF TIME LONGER THAN ONE YEAR?** (If YES, provide justification)☐ NO ☒ YES

This is an ongoing fire protection agreement in which CAL FIRE provides services to and is reimbursed by local agency. Local agency has control over the approval based on fiscal and board restraints; this includes an extension clause to enable CAL FIRE to provide continuous, uninterrupted protection to local agency.

I certify that all copies of the referenced Agreement will conform to the original Agreement sent to the Department of General Services.

SIGNATURE/TITLE

25



Unit Chief

DATE SIGNED

7/26/2012

Attachment: Morgan Hill Contract_30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)

COOPERATIVE FIRE PROGRAMS
FIRE PROTECTION REIMBURSEMENT AGREEMENT
LG-1 REV. 03/2012

3.b

AGREEMENT NUMBER 1CA01882

REGISTRATION NUMBER:

1. This Agreement is entered into between the State Agency and the Local Agency named below:

STATE AGENCY'S NAME

California Department of Forestry and Fire Protection – (CAL FIRE)

LOCAL AGENCY'S NAME

City of Morgan Hill

2. The term of this Agreement is: September 1, through June 30, 2017
2012

3. The maximum amount of this Agreement is: \$ 19,180,792.77
Nineteen million one hundred eighty thousand seven hundred ninety two and 77/100

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

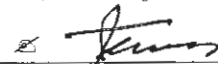
Exhibit A – Scope of Work – Includes page 2 (contact page) in count for Exhibit A	4	pages
Exhibit B – Budget Detail and Payment Provisions	2	pages
Exhibit C – General Terms and Conditions	6	pages
Exhibit D – Additional Provisions	12	pages
Exhibit E – Description of Other Services	2	pages

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

LOCAL AGENCY

LOCAL AGENCY'S NAME
City of Morgan Hill

BY (Authorized Signature)



DATE SIGNED (Do not type)

7-30-12

PRINTED NAME AND TITLE OF PERSON SIGNING
J. Edward Tewes, City Manager

ADDRESS
17575 Peak Avenue, Morgan Hill, CA 95037-4128

STATE OF CALIFORNIA

AGENCY NAME
California Department of Forestry and Fire Protection

BY (Authorized Signature)



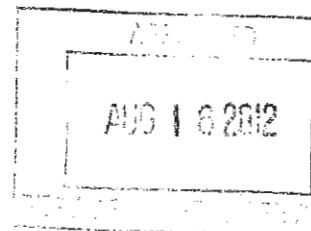
DATE SIGNED (Do not type)

8.2.12

PRINTED NAME AND TITLE OF PERSON SIGNING
Clare Frank, Assistant Deputy Director, Cooperative Fire Protection, Training & Safety

ADDRESS P.O. Box 944246, Sacramento, CA 94244-2460

California Department of General
Services Use Only



Attachment: Morgan Hill Contract 30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)

Contractor Name: City of Morgan Hill

Contract No.: **ICA01882**

Page No.: 2

**EXHIBIT A
COOPERATIVE FIRE PROGRAMS
FIRE PROTECTION REIMBURSEMENT AGREEMENT**

The project representatives during the term of this agreement will be:

CAL FIRE Unit Chief:	Steven F. Woodill	Local Agency:	City of Morgan Hill
Name:	Robert Chew	Name:	J. Edward Tewes
Phone:	(408) 779-2121	Phone:	(408) 779-7271
Fax:	(408) 779-1679	Fax:	

All required correspondence shall be sent through U.S. Postal Service by certified mail and directed to:

CAL FIRE Unit Chief:	Steven F. Woodill	Local Agency:	City of Morgan Hill
Section/Unit:	Santa Clara Unit	Section/Unit:	
Attention:	Derek Witmer	Attention:	J. Edward Tewes
Address:	15670 Monterey Street Morgan Hill, CA 95037	Address:	17575 Peak Avenue, Morgan Hill, CA 95037- 4128
Phone:	(408) 779-2121	Phone:	(408) 779-7271
Fax:	(408) 779-1679	Fax:	

Send an additional copy of all correspondence to:

**CAL FIRE
Cooperative Fire Services
P.O. Box 944246
Sacramento, CA 94244-2460**

AUTHORIZATION

As used herein, Director shall mean Director of CAL FIRE. This agreement, its terms and conditions are authorized under the Public Resources Code Sections 4141, 4142, 4143 and 4144, as applicable.

Attachment: Morgan Hill Contract_30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)

EXHIBIT A

SCOPE OF WORK

Under Public Resources Code Section 4114 and other provisions of law, STATE maintains fire prevention and fire suppression forces including the necessary equipment, personnel, and facilities required to prevent and extinguish forest fires.

The purpose of this agreement is to provide mutually advantageous fire and emergency services through an effective consolidated organization, wherein the STATE is primarily financially responsible for protecting natural resources from vegetation fires and the LOCAL AGENCY is primarily financially responsible for protecting life and property from fires and other emergencies. The LOCAL AGENCY shall have sole authority to establish the fire protection organization and structure needed to meet the determined level of service. This level of service may be based on the LOCAL AGENCY governing board's established fiscal parameters and assessment of risks and hazards. LOCAL AGENCY personnel providing services under this agreement may include any one or a combination of the following: regular employees, persons temporarily employed and commonly known as volunteers, paid-call firefighters, or others temporarily employed to perform any emergency work or emergency service including, but not limited to fire prevention, fire suppression and emergency medical response.

To comply with the STATE's mandate for full cost recovery of goods and services provided for others, the LOCAL AGENCY shall be responsible for all STATE costs, both direct and indirect, required to execute the terms of this agreement. These costs shall include, but not be limited to: required training and associated post coverage, employee uniform and Personal Protective Equipment (PPE) costs.

1. FIRE PROTECTION SERVICES TO BE PROVIDED BY THE STATE

STATE provides a modern, full service fire protection and emergency incident management agency that provides comprehensive fire protection and other emergency incident response. STATE designs regional fire protection solutions for urban and rural communities by efficiently utilizing all emergency protection resources. Regional solutions provide the most effective method of protecting the citizens of California at local, county and state levels.

Fire protection services to be provided by STATE under this agreement shall include the following: (check boxes below that apply)

- ☒ 1) Emergency fire protection, emergency response and basic life support: services include commercial, residential, and wildland fire protection, prevention and investigation; hazardous materials incident response; emergency vehicle extrication; hazardous conditions response (flooding, downed power lines, earthquake, terrorist incident, etc.); Emergency Medical Technician (EMT) level emergency medical and rescue response; public service assistance. Also included are management support services that include fire department administration, training and safety, personnel, finance and logistical support.
- ☒ 2) Advanced Life Support Services: paramedic level emergency medical response providing early advanced airway management, intravenous drug therapy, and life support system stabilization until patients are transported to the nearest emergency care facility.
- ☒ 3) Dispatch Services: provide fire department 9-1-1 emergency dispatch by CAL FIRE Fire/Emergency Command Center (ECC). CAL FIRE will be responsible for fire/emergency dispatching emergency resource units covered under this agreement. The CAL FIRE ECC is staffed with a Battalion Chief, three or more Fire Captains and Communications Operators to

provide 24/7 year-round coverage. There is always an officer of Captain rank or higher to serve as the shift supervisor and command officer. CAL FIRE uses an integrated Computer Aided Dispatch (CAD) system using the latest technology, to direct the closest available resources to all emergency incidents.

☒ 4) Fire Code Inspection, Prevention and Enforcement Services: CAL FIRE has staff Fire Inspectors serving under the direction of the LOCAL AGENCY Fire Marshal to provide services to the area covered by this agreement. Fire Code Enforcement will normally be available five days per week, with emergency or scheduled enforcement inspections available seven days per week. Fire Prevention and Investigation services will be provided by CAL FIRE Prevention Officers trained in arson, commercial, and wildland fire investigation. Officers are available by appointment for site visits and consultations. Officers are trained at CAL FIRE's Peace Officer Standard Training (POST) certified law enforcement training academy and they cooperate effectively with all local, state and federal law enforcement agencies.

☒ 5) Land Use/ Pre-Fire Planning Services – CAL FIRE staff will provide community land use planning, administration of Pre-Fire project work, including community outreach, development of community education programs, project quality control, maintenance of project records and submittal of progress reports, completion of required environmental documentation, acquisition of required permits and completion of other associated administrative duties.

☐ 6) Disaster planning services (listed in Exhibit E, Description of Other Services, attached hereto and made a part of this agreement)

☒ 7) Specific service descriptions and staffing coverage, by station (listed in Exhibit E, Description of Other Services, attached hereto and made a part of this agreement)

☐ 8) Extended Fire Protection Service Availability (Amador)

2. ADMINISTRATION

Under the requirements of California Public Resources Code Section 4114 and other provisions of law, STATE maintains fire prevention and firefighting services as outlined in Exhibit D, Schedule B of this agreement.

- A. Director shall select and employ a Region Chief who shall, under the direction of the Director/Chief Deputy Director, manage all aspects of fire prevention and fire protection services and forestry-related programs.
- B. Director will select and employ a State Forest Officer referred to as Unit Chief who shall, under the supervision and direction of Director or a lawful representative, have charge of the organization described in Exhibit D, Schedules A, B and C included hereto and made a part of this agreement.
- C. LOCAL AGENCY may appoint, with the concurrence of the Region Chief, which concurrence shall not be unreasonably withheld, the Unit Chief as the LOCAL AGENCY Fire Chief pursuant to applicable statutory authority.
- D. The Unit Chief may dispatch personnel and equipment listed in Exhibit D, Schedules A, B and C from the assigned station or location under guidelines established by LOCAL AGENCY and approved by STATE. Personnel and/or equipment listed in Exhibit D, Schedule B may be dispatched at the sole discretion of STATE.
- E. The Unit Chief shall exercise professional judgment consistent with STATE policy and his or her employment by STATE in authorizing or making any assignments to emergencies and other responses, including assignments made in response to requests for mutual aid.

- F. Except as may be otherwise provided for in this agreement, STATE shall not incur any obligation on the part of LOCAL AGENCY to pay for any labor, materials, supplies or services beyond the total set forth in the respective Exhibit D, Schedules A and C, as to the services to be rendered pursuant to each Schedule.
- G. Nothing herein shall alter or amend or be construed to alter or amend any Collective Bargaining Agreement or Memorandum of Understanding between the State of California and its employees under the State Employer-Employee Relations Act.

3. SUPPRESSION COST RECOVERY

As provided in Health and Safety Code (H&SC) Section 13009, STATE may bring an action for collection of suppression costs of any fire caused by negligence, violation of law, or failure to correct noticed fire safety violations. When using LOCAL AGENCY equipment and personnel under the terms of this agreement, STATE may, at the request of LOCAL AGENCY, bring such an action for collection of costs incurred by LOCAL AGENCY. In such a case LOCAL AGENCY appoints and designates STATE as its agent in said collection proceedings. In the event of recovery, STATE shall deduct fees and litigation costs in a proportional percentage amount based on verifiable and justifiable suppression costs for the fire at issue. These recovery costs are for services provided which are beyond the scope of those covered by the local government administrative fee.

In all such instances, STATE shall give timely notice of the possible application of H&SC Section 13009 to the representative designated by LOCAL AGENCY.

4. MUTUAL AID

When rendering mutual aid or assistance as authorized in H&SC Sections 13050 and 13054, STATE may, at the request of LOCAL AGENCY, demand payment of charges and seek reimbursement of LOCAL AGENCY costs for personnel, equipment and operating expenses as funded herein, under authority given by H&SC Sections 13051 and 13054. STATE, in seeking said reimbursement pursuant to such request of LOCAL AGENCY, shall represent LOCAL AGENCY by following the procedures set forth in H&SC Section 13052. Any recovery of LOCAL AGENCY costs, less expenses, shall be paid or credited to LOCAL AGENCY, as directed by LOCAL AGENCY.

In all such instances, STATE shall give timely notice of the possible application of H&SC Sections 13051 and 13054 to the officer designated by LOCAL AGENCY.

5. PROPERTY PURCHASE AND ACCOUNTING

LOCAL AGENCY shall be responsible for all costs associated with property required by personnel to carry out this agreement. Employee uniform costs will be assessed to the LOCAL AGENCY through the agreement billing process. Personal Protective Equipment (PPE) costs shall be the responsibility of the LOCAL AGENCY. By mutual agreement, PPE meeting the minimum specifications established by the STATE may be purchased directly by the LOCAL AGENCY. Alternately, the STATE will supply all PPE and the LOCAL AGENCY will be billed for costs incurred.

All property provided by LOCAL AGENCY and by STATE for the purpose of providing fire protection services shall be marked and accounted for by the Unit Chief in such a manner as to conform to the regulations, if any, established by the parties for the segregation, care, and use of the respective properties.

EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS

1. PAYMENT FOR SERVICES

- A. LOCAL AGENCY shall pay STATE actual cost for fire protection services pursuant to this agreement an amount not to exceed that set forth in Exhibit D, Schedule A for each fiscal year. STATE shall prepare an Exhibit D, Schedule A each year, which shall be the basis for payment for the entire fiscal year for which services are provided.
- B. Any other funds designated by LOCAL AGENCY to be expended under the supervision of or for use by a Unit Chief for fire protection services shall be set forth in Exhibit D, Schedule C. This clause shall not limit the right of LOCAL AGENCY to make additional expenditures, whether under Exhibit D, Schedule C or otherwise.
- C. STATE shall invoice LOCAL AGENCY for the cost of fire protection services on a quarterly basis as follows:
 - 1) For actual services rendered by STATE during the period of July 1 through September 30, by an invoice filed with LOCAL AGENCY on or after December 10.
 - 2) For actual services rendered by STATE during the period October 1 through December 31, by an invoice filed with LOCAL AGENCY on or after December 31.
 - 3) For actual services rendered by STATE during the period January 1 through March 31, by an invoice filed with LOCAL AGENCY on or after March 31.
 - 4) For the estimated cost of services during the period April 1 through June 30, by an invoice filed in advance with LOCAL AGENCY on or after March 1.
 - 5) A final statement shall be filed with LOCAL AGENCY by October 1 following the close of the fiscal year, reconciling the payments made by LOCAL AGENCY with the cost of the actual services rendered by STATE and including any other costs as provided herein, giving credit for all payments made by LOCAL AGENCY and claiming the balance due to STATE, if any, or refunding to LOCAL AGENCY the amount of any overpayment.
 - 6) All payments by LOCAL AGENCY shall be made within thirty (30) days of receipt of invoice from STATE, or within thirty (30) days after the filing dates specified above, whichever is later.
 - 7) The STATE reserves the right to adjust the frequency of billing and payment to a monthly cycle with a thirty (30) day written notice to the LOCAL AGENCY when:
 - a. The Director predicts a cash flow shortage, or
 - b. When determined by the Region Chief, after consulting with the Unit Chief and the LOCAL AGENCY Contract Administrator, that the LOCAL AGENCY may not have the financial ability to support the contract at the contract level.
- D. Invoices shall include actual or estimated costs as provided herein of salaries and employee benefits for those personnel employed, charges for operating expenses and equipment and the administrative charge in accordance with Exhibit D, Schedule A. When "contractual rates" are indicated, the rate shall be based on an average salary

plus all benefits. "Contractual rates" means an all-inclusive rate established in Exhibit D, Schedule A for total costs to STATE, per specified position, for 24-hour fire protection services during the period covered.

- E. STATE shall credit the LOCAL AGENCY, or cover behind at no cost, for the costs of Non-Post (e.g. Fire Marshal, Training Officer, etc.) positions and equipment assigned to STATE responsibility fires or other STATE funded emergency incidents. The STATE shall notify the LOCAL AGENCY when this occurs.

2. COST OF OPERATING AND MAINTAINING EQUIPMENT AND PROPERTY

The cost of maintaining, operating, and replacing any and all property and equipment, real or personal, furnished by the parties hereto for fire protection purposes, shall be borne by the party owning or furnishing such property or equipment unless otherwise provided for herein or by separate written agreement.

3. BUDGET CONTINGENCY CLAUSE

- A. If the LOCAL AGENCY's governing authority does not appropriate sufficient funds for the current year or any subsequent years covered under this Agreement, which results in an inability to pay the STATE for the services specified in this Agreement, the LOCAL AGENCY shall promptly notify the STATE and this Agreement will terminate pursuant to the notice periods required herein.
- B. If funding for any fiscal year is reduced or deleted by the LOCAL AGENCY for purposes of this program, the LOCAL AGENCY shall promptly notify the STATE, and the STATE shall have the option to either cancel this Agreement with no liability occurring to the STATE, or offer an agreement amendment to LOCAL AGENCY to reflect the reduced amount, pursuant to the notice terms herein.
- C. If the STATE Budget Act does not appropriate sufficient funds to provide the services for the current year or any subsequent years covered under this Agreement, which results in an inability to provide the services specified in this Agreement to the LOCAL AGENCY, the STATE shall promptly notify the LOCAL AGENCY, and this Agreement will terminate pursuant to the notice periods required herein.
- D. If funding for any fiscal year is reduced or deleted by the STATE Budget Act for purposes of this program, the STATE shall promptly notify the LOCAL AGENCY, and the LOCAL AGENCY shall have the option to either cancel this Agreement with no liability occurring to the LOCAL AGENCY, or offer an agreement amendment to LOCAL AGENCY to reflect the reduced services, pursuant to the notice terms herein.
- E. Notwithstanding the foregoing provisions in paragraphs A and B above, the LOCAL AGENCY shall remain responsible for payment for all services actually rendered by the STATE under this Agreement regardless of LOCAL AGENCY funding being reduced, deleted or not otherwise appropriated for this program. The LOCAL AGENCY shall promptly notify the STATE in writing of any budgetary changes that would impact this Agreement.
- F. LOCAL AGENCY and STATE agree that this Budget Contingency Clause shall not relieve or excuse either party from its obligation(s) to provide timely notice as may be required elsewhere in this Agreement.

EXHIBIT C
GENERAL TERMS AND CONDITIONS

1. **APPROVAL**: This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. STATE will not commence performance until such approval has been obtained.
2. **AMENDMENT**: This agreement may be amended by mutual consent of LOCAL AGENCY and STATE. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

If during the term of this agreement LOCAL AGENCY shall desire a reduction in STATE civil service employees assigned to the organization provided for in Exhibit D, Schedule A, LOCAL AGENCY shall provide 120 days written notice of the requested reduction. Notification shall include the following: (1) The total amount of reduction; (2) The firm effective date of the reduction; and (3) The number of employees, by classification, affected by a reduction. If such notice is not provided, LOCAL AGENCY shall reimburse STATE for relocation costs incurred by STATE as a result of the reduction. Personnel reductions resulting solely from an increase in STATE employee salaries or STATE expenses occurring after signing this agreement and set forth in Exhibit D, Schedule A to this agreement shall not be subject to relocation expense reimbursement by LOCAL AGENCY.

If during the term of this agreement costs to LOCAL AGENCY set forth in any Exhibit D, Schedule A to this agreement increase and LOCAL AGENCY, in its sole discretion, determines it cannot meet such increase without reducing services provided by STATE, LOCAL AGENCY shall within thirty (30) days of receipt of such Schedule notify STATE and designate which adjustments shall be made to bring costs to the necessary level. If such designation is not received by STATE within the period specified, STATE shall reduce services in its sole discretion to permit continued operation within available funds.

3. **ASSIGNMENT**: This Agreement is not assignable by the LOCAL AGENCY either in whole or in part, without the consent of the STATE in the form of a formal written amendment.

4. **EXTENSION OF AGREEMENT**:

A. One year prior to the date of expiration of this agreement, LOCAL AGENCY shall give STATE written notice of whether LOCAL AGENCY intends to extend or enter into a new agreement with STATE for fire protection services and, if so, whether LOCAL AGENCY intends to change the level of fire protection services from that provided by this agreement. If this agreement is executed with less than one year remaining on the term of the agreement, LOCAL AGENCY shall provide this written notice at the time it signs the agreement and the one year notice requirement shall not apply.

- B. If LOCAL AGENCY fails to provide the notice, as defined above in (A), STATE shall have the option to extend this agreement for a period of up to one year from the original termination date and to continue providing services at the same or reduced level as STATE determines would be appropriate during the extended period of this agreement. Six months prior to the date of expiration of this agreement, or any extension hereof, STATE shall give written notice to LOCAL AGENCY of any extension of this agreement and any change in the level of fire protection services STATE will provide during the extended period of this agreement. Services provided and obligations incurred by STATE during an extended period shall be accepted by LOCAL AGENCY as services and obligations under the terms of this agreement.

- C. The cost of services provided by STATE during the extended period shall be based upon the amounts that would have been charged LOCAL AGENCY during the fiscal year in which the extended period falls had the agreement been extended pursuant hereto. Payment by LOCAL AGENCY for services rendered by STATE during the extended period shall be as provided in Exhibit B, Section 1, B of this agreement.
5. **AUDIT:** STATE, including the Department of General Services and the Bureau of State Audits, and LOCAL AGENCY agree that their designated representative shall have the right to review and to copy any records and supporting documentation of the other party hereto, pertaining to the performance of this agreement. STATE and LOCAL AGENCY agree to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated, and to allow the auditor(s) of the other party access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. STATE and LOCAL AGENCY agree to a similar right to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
 6. **INDEMNIFICATION:** Each party, to the extent permitted by law, agrees to indemnify, defend and save harmless the other party, its officers, agents and employees from (1) any and all claims for economic losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers and any other person, firm, or corporation furnishing or supplying work services, materials or supplies to that party and (2) from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by that party, in the performance of any activities of that party under this agreement, except where such injury or damage arose from the sole negligence or willful misconduct attributable to the other party or from acts not within the scope of duties to be performed pursuant to this agreement; and (3) each party shall be responsible for any and all claims that may arise from the behavior and/or performance of its respective employees during and in the course of their employment to this cooperative agreement.
 7. **DISPUTES:** LOCAL AGENCY shall select and appoint a "Contract Administrator" who shall, under the supervision and direction of LOCAL AGENCY, be available for contract resolution or policy intervention with the STATE's Region Chief when, upon determination by the designated STATE representative, the Unit Chief acting as LOCAL AGENCY's Fire Chief under this agreement faces a situation in which a decision to serve the interest of LOCAL AGENCY has the potential to conflict with STATE interest or policy. Any dispute concerning a question of fact arising under the terms of this agreement which is not disposed of within a reasonable period of time by the LOCAL AGENCY and STATE employees normally responsible for the administration of this agreement shall be brought to the attention of the Chief Executive Officer (or designated representative) of each organization for joint resolution. For purposes of this provision, a "reasonable period of time" shall be ten (10) calendar days or less. STATE and LOCAL AGENCY agree to continue with the responsibilities under this Agreement during any dispute.
 8. **TERMINATION FOR CAUSE/CANCELLATION:**
 - A. If LOCAL AGENCY fails to remit payments in accordance with any part of this agreement, STATE may terminate this agreement and all related services upon 60 days written notice to LOCAL AGENCY. Termination of this agreement does not relieve LOCAL AGENCY from providing STATE full compensation in accordance with terms of this agreement for services actually rendered by STATE pursuant to this agreement.

- B. This agreement may be cancelled at the option of either STATE or LOCAL AGENCY at any time during its term, with or without cause, on giving one year's written notice to the other party. Either LOCAL AGENCY or STATE electing to cancel this agreement shall give one year's written notice to the other party prior to cancellation.
9. **INDEPENDENT CONTRACTOR**: Unless otherwise provided in this agreement LOCAL AGENCY and the agents and employees of LOCAL AGENCY, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the STATE.
10. **NON-DISCRIMINATION CLAUSE**: During the performance of this agreement, LOCAL AGENCY shall be an equal opportunity employer and shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS) mental disability, medical condition (e.g.cancer), age (over 40), marital status, denial of family care leave, veteran status, sexual orientation, and sexual identity. LOCAL AGENCY shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. LOCAL AGENCY shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. LOCAL AGENCY shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.
- In addition, LOCAL AGENCY acknowledges that it has obligations relating to ethics, Equal Employment Opportunity (EEO), the Fire Fighter's Bill of Rights Act (FFBOR), and the Peace Officer's Bill of Rights Act (POBOR). LOCAL AGENCY shall ensure that its employees comply with all the legal obligations relating to these areas. LOCAL AGENCY shall ensure that its employees are provided appropriate training.
11. **TIMELINESS**: Time is of the essence in the performance of this agreement.
12. **COMPENSATION**: The consideration to be paid STATE, as provided herein, shall be in compensation for all of STATE's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.
13. **GOVERNING LAW**: This agreement is governed by and shall be interpreted in accordance with the laws of the State of California.
14. **CHILD SUPPORT COMPLIANCE ACT**: "For any Agreement in excess of \$100,000, the LOCAL AGENCY acknowledges in accordance with Public Contract Code 7110, that:
- A. The LOCAL AGENCY recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
 - B. The LOCAL AGENCY, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department."

15. **UNENFORCEABLE PROVISION:** In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.
16. **COMPLIANCE WITH THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)**

The STATE and LOCAL AGENCY have a responsibility to comply with the provisions of the 1996 Federal Health Insurance Portability and Accountability Act (HIPAA) and the 2001 State Health Insurance Portability and Accountability Implementation Act. HIPAA provisions become applicable once the association and relationships of the health care providers are determined by the LOCAL AGENCY. It is the LOCAL AGENCY'S responsibility to determine their status as a "covered entity" and the relationships of personnel as "health care providers", "health care clearinghouse", "hybrid entities", business associates", or "trading partners". STATE personnel assigned to fill the LOCAL AGENCY'S positions within this Agreement, and their supervisors, may fall under the requirements of HIPAA based on the LOCAL AGENCY'S status. It is the LOCAL AGENCY'S responsibility to identify, notify, train, and provide all necessary policy and procedures to the STATE personnel that fall under HIPAA requirements so that they can comply with the required security and privacy standards of the act.

17. **LIABILITY INSURANCE**

The STATE and LOCAL AGENCY shall each provide proof of insurance in a form acceptable to the other party at no cost one to the other, to cover all services provided and use of local government facilities covered by this agreement. If LOCAL AGENCY is insured and/or self-insured in whole or in part for any losses, LOCAL AGENCY shall provide a completed Certification of Self Insurance (Exhibit D, Schedule E) or certificate of insurance, executed by a duly authorized officer of LOCAL AGENCY. Upon request of LOCAL AGENCY the STATE shall provide a letter from DGS, Office Risk and Insurance Management executed by a duly authorized officer of STATE. If commercially insured in whole or in part, a certificate of such coverage executed by the insurer or its authorized representative shall be provided.

Said commercial insurance or self-insurance coverage of the LOCAL AGENCY shall include the following:

- A. Fire protection and emergency services - Any commercial insurance shall provide at least general liability for \$5,000,000 combined single limit per occurrence.
 - B. Dispatch services - Any commercial insurance shall provide at least general liability for \$1,000,000 combined single limit per occurrence.
 - C. The CAL FIRE, State of California, its officers, agents, employees, and servants are included as additional insured's for purposes of this contract.
 - D. The STATE shall receive thirty (30) days prior written notice of any cancellation or change to the policy at the addresses listed on page 2 of this agreement.
18. **WORKERS COMPENSATION:** (only applies where local government employees/volunteers are supervised by CAL FIRE, as listed in Exhibit D Schedule C. STATE contract employees' workers compensation is included as part of the contract personnel benefit rate).
- A. Workers' Compensation and related benefits for those persons, whose use or employment is contemplated herein, shall be provided in the manner prescribed by California Labor Codes, State Interagency Agreements and other related laws, rules, insurance policies, collective bargaining agreements, and memorandums of understanding.

- B. The STATE Unit Chief administering the organization provided for in this agreement shall not use, dispatch or direct any non STATE employees, on any work which is deemed to be the responsibility of LOCAL AGENCY, unless and until LOCAL AGENCY provides for Workers' Compensation benefits at no cost to STATE. In the event STATE is held liable, in whole or in part, for the payment of any Worker's Compensation claim or award arising from the injury or death of any such worker, LOCAL AGENCY agrees to compensate STATE for the full amount of such liability.
- C. The STATE /LOCAL AGENCY shall receive proof of Worker's Compensation coverage and shall be notified of any cancellation and change of coverage at the addresses listed in Section 1.
19. **CONFLICT OF INTEREST**: LOCAL AGENCY needs to be aware of the following provisions regarding current or former state employees. If LOCAL AGENCY has any questions on the status of any person rendering services or involved with the Agreement, the STATE must be contacted immediately for clarification.

Current State Employees (Public Contract Code §10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Public Contract Code §10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If LOCAL AGENCY violates any provisions of above paragraphs, such action by LOCAL AGENCY shall render this Agreement void. (Public Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Public Contract Code §10430 (e))

20. **LABOR CODE/WORKERS' COMPENSATION**: LOCAL AGENCY needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and LOCAL AGENCY affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)
21. **AMERICANS WITH DISABILITIES ACT**: LOCAL AGENCY assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the

basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

22. **LOCAL AGENCY NAME CHANGE**: An amendment is required to change the LOCAL AGENCY'S name as listed on this Agreement. Upon receipt of legal documentation of the name change the STATE will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.
23. **RESOLUTION**: A county, city, district, or other local public body must provide the STATE with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.
24. **AIR OR WATER POLLUTION VIOLATION**: Under the State laws, the LOCAL AGENCY shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.
25. **ENTIRE AGREEMENT**: This agreement contains the whole agreement between the Parties. It cancels and supersedes any previous agreement for the same or similar services.

Contractor Name: City of Morgan Hill

Contract No.: 1CA01882

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EXHIBIT D
ADDITIONAL PROVISIONS

EXCISE TAX: State of California is exempt from federal excise taxes, and no payment will be made for any taxes levied on employees' wages. STATE will pay any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this agreement. The STATE may pay any applicable sales and use tax imposed by another state.

Schedules

The following Schedules are included as part of this agreement (check boxes if they apply):

- ☒ **A. Fiscal Display, PRC 4142 AND/OR PRC 4144** - STATE provided LOCAL AGENCY funded fire protection services. STATE-owned vehicles shall be operated and maintained in accordance with policies of STATE at rates listed in Exhibit D, Schedule A.
- ☒ **B. STATE Funded Resource** - A listing of personnel, crews and major facilities of the STATE overlapping or adjacent to the local agency area that may form a reciprocal part of this agreement.
- ☐ **C. LOCAL AGENCY Provided Local Funded Resources** - A listing of services, personnel, equipment and expenses, which are paid directly by the local agency, but which are under the supervision of the Unit Chief.
- ☒ **D. LOCAL AGENCY Owned STATE Maintained Vehicles** - Vehicle information pertaining to maintenance responsibilities and procedures for local agency-owned vehicles that may be a part of the agreement.

LOCAL AGENCY-owned firefighting vehicles shall meet and be maintained to meet minimum safety standards set forth in Title 49, Code of Federal Regulations; and Titles 8 and 13, California Code of Regulations.

LOCAL AGENCY-owned vehicles that are furnished to the STATE shall be maintained and operated in accordance to LOCAL AGENCY policies. In the event LOCAL AGENCY does not have such policies, LOCAL AGENCY-owned vehicles shall be maintained and operated in accordance with STATE policies. The cost of said vehicle maintenance and operation shall be at actual cost or at rates listed in Exhibit D, Schedule D.

Exhibit D, Schedule D is incorporated into this section if LOCAL AGENCY-owned vehicles listed in Exhibit D, Schedule D are to be operated, maintained, and repaired by STATE.

LOCAL AGENCY assumes full responsibility for all liabilities associated therewith in accordance with California Vehicle Code Sections 17000, 17001 et seq. STATE employees operating LOCAL AGENCY-owned vehicles shall be deemed employees of LOCAL AGENCY, as defined in Vehicle Code Section 17000. Except where LOCAL AGENCY would have no duty to indemnify STATE under Exhibit C, Section 6 for all LOCAL AGENCY-owned vehicles operated or used by employees of STATE under this agreement.

Contractor Name: City of Morgan Hill

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LOCAL AGENCY employees who are under the supervision of the Unit Chief and operating STATE-owned motor vehicles, as a part of the duties and in connection with fire protection and other emergency services, shall be deemed employees of STATE, as defined in Vehicle Code Section 17000 for acts or omissions in the use of such vehicles. Except where STATE would have no duty to indemnify LOCAL AGENCY under Exhibit C, Section 6.

- E. Certification of Insurance** - Provider Insurance Certification and/or proof of self-insurance.

Contractor Name: City of Morgan Hill

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EXHIBIT D, SCHEDULE A
LOCAL FUNDED – STATE RESOURCES
FISCAL DISPLAY
PRC 4142

NAME OF LOCAL AGENCY: **City of Morgan Hill**

CONTRACT NUMBER: **1CA01882**

Index: 1600

PCA: 17660

Fiscal Year: 2012/13 to 2016/17

This is Schedule A of Cooperative Agreement originally dated September 1, 2012, by and between CAL FIRE of the State of California and LOCAL AGENCY.

(See Attached)

City of Morgan Hill
"Exhibit D, Schedule A"
"PRC 4142"

Contractor Name: City Of Morgan Hill
 Contract No.: 1CA01882
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Index 1600 PCA 17660

This is Attachment A of the Cooperative Agreement by and between CAL FIRE and the City of Morgan Hill

X	Original	Amended for Fiscal Year 2012						
Personnel Services								
	No.	Class	Period	Mos.	Mo. Rate	Salary	Benefits	Total
<u>Command</u>								
	0.5	Batt. Chief	1/1-6/30	6	\$5,869.00	\$17,607.00	62.79% \$11,055.44	\$28,662.44
Longevity	0.5	Batt. Chief	1/1-6/30	6	\$410.83	\$1,232.49	\$773.88	\$2,006.37
Education Incentive	0.5	Batt. Chief	1/1-6/30	6	\$75.00	\$225.00	\$141.28	\$366.28
EDWC	0.5	Batt. Chief	1/1-6/30	7	\$2,518.00	\$8,813.00	29.15% \$2,568.99	\$11,381.99
	1	Batt. Chief	9/1-6/30	10	\$5,869.00	\$58,690.00	62.79% \$36,851.45	\$95,541.45
Longevity	1	Batt. Chief	9/1-6/30	10	\$410.83	\$4,108.30	\$2,579.60	\$6,687.90
Education Incentive	1	Batt. Chief	9/1-6/30	10	\$75.00	\$750.00	\$470.93	\$1,220.93
EDWC	1	Batt. Chief	9/1-6/30	11	\$2,518.00	\$27,698.00	29.15% \$8,073.97	\$35,771.97
Total Command								\$181,639.32
<u>Suppression</u>								
El Toro								
	2	Captain (P)	1/1-6/30	6	\$4,912.00	\$58,944.00	\$37,010.94	\$95,954.94
Longevity	2	Captain (P)	1/1-6/30	6	\$343.84	\$4,126.08	\$2,590.77	\$6,716.85
	1	Captain	1/1-6/30	6	\$4,609.00	\$27,654.00	\$17,363.95	\$45,017.95
Longevity	1	Captain	1/1-6/30	6	\$322.63	\$1,935.78	\$1,215.48	\$3,151.26
	2	FAE (P)	1/1-6/30	6	\$4,285.00	\$51,420.00	\$32,286.62	\$83,706.62
Longevity	2	FAE (P)	1/1-6/30	6	\$299.95	\$3,599.40	\$2,260.06	\$5,859.46
	3	FAE	1/1-6/30	6	\$4,003.00	\$72,054.00	\$45,242.71	\$117,296.71
Longevity	3	FAE	1/1-6/30	6	\$280.21	\$5,043.78	\$3,166.99	\$8,210.77
Education Incentive	8		1/1-6/30	6	\$75.00	\$3,600.00	\$2,260.44	\$5,860.44
EDWC	2	Captain(P)	1/1-6/30	7	\$2,715.00	\$38,010.00	\$11,079.92	\$49,089.92
	1	Captain	1/1-6/30	7	\$2,550.00	\$17,850.00	\$5,203.28	\$23,053.28
	2	FAE (P)	1/1-6/30	7	\$2,374.00	\$33,236.00	\$9,688.29	\$42,924.29
	3	FAE	1/1-6/30	7	\$2,220.00	\$46,620.00	\$13,589.73	\$60,209.73
Total El Toro								\$547,052.20

Attachment: Morgan Hill Contract_30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)

City of Morgan Hill
"Exhibit D, Schedule A"
"PRC 4142"

Contractor Name: City Of Morgan Hill
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Dunne	1	Captain (P)	1/1-6/30	6	\$4,912.00	\$29,472.00	\$18,505.47	\$47,977.47
Longevity	1	Captain (P)	1/1-6/30	6	\$343.84	\$2,063.04	\$1,295.38	\$3,358.42
	1	Captain	1/1-6/30	6	\$4,609.00	\$27,654.00	\$17,363.95	\$45,017.95
Longevity	1	Captain	1/1-6/30	6	\$322.63	\$1,935.78	\$1,215.48	\$3,151.26
	3	FAE (P)	1/1-6/30	6	\$4,285.00	\$77,130.00	\$48,429.93	\$125,559.93
Longevity	3	FAE (P)	1/1-6/30	6	\$299.95	\$5,399.10	\$3,390.09	\$8,789.19
	3	FAE	1/1-6/30	6	\$4,003.00	\$72,054.00	\$45,242.71	\$117,296.71
Longevity	3	FAE	1/1-6/30	6	\$280.21	\$5,043.78	\$3,166.99	\$8,210.77
Education								
Incentive	8		1/1-6/30	6	\$75.00	\$3,600.00	\$2,260.44	\$5,860.44

							29.15%	
EDWC	1	Captain(P)	1/1-6/30	7	\$2,715.00	\$19,005.00	\$5,539.96	\$24,544.96
	1	Captain	1/1-6/30	7	\$2,550.00	\$17,850.00	\$5,203.28	\$23,053.28
	3	FAE (P)	1/1-6/30	7	\$2,374.00	\$49,854.00	\$14,532.44	\$64,386.44
	3	FAE	1/1-6/30	7	\$2,220.00	\$46,620.00	\$13,589.73	\$60,209.73

Total Dunne **\$537,416.54**

SSCCFD

	1	Captain (P)	1/1-6/30	6	\$4,912.00	\$29,472.00	\$18,505.47	\$47,977.47
Longevity	1	Captain (P)	1/1-6/30	6	\$343.84	\$2,063.04	\$1,295.38	\$3,358.42
		Captain	1/1-6/30	6	\$4,609.00	\$0.00	\$0.00	\$0.00
Longevity		Captain	1/1-6/30	6	\$322.63	\$0.00	\$0.00	\$0.00
	1	FAE (P)	1/1-6/30	6	\$4,285.00	\$25,710.00	\$16,143.31	\$41,853.31
Longevity	1	FAE (P)	1/1-6/30	6	\$299.95	\$1,799.70	\$1,130.03	\$2,929.73
	1	FAE	1/1-6/30	6	\$4,003.00	\$24,018.00	\$15,080.90	\$39,098.90
Longevity	1	FAE	1/1-6/30	6	\$280.21	\$1,681.26	\$1,055.66	\$2,736.92
Education								
Incentive	3		1/1-6/30	6	\$75.00	\$1,350.00	\$847.67	\$2,197.67
EDWC	1	Captain(P)	1/1-6/30	7	\$2,715.00	\$19,005.00	\$5,539.96	\$24,544.96
		Captain	1/1-6/30	7	\$2,550.00	\$0.00	\$0.00	\$0.00
	1	FAE (P)	1/1-6/30	7	\$2,374.00	\$16,618.00	\$4,844.15	\$21,462.15
	1	FAE	1/1-6/30	7	\$2,220.00	\$15,540.00	\$4,529.91	\$20,069.91

Total SSCCFD **\$206,229.44**

Attachment: Morgan Hill Contract_30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)

City of Morgan Hill
"Exhibit D, Schedule A"
 "PRC 4142"

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Training/EMS

	1	Captain (P)	1/1-6/30	3	\$4,912.00	\$14,736.00	\$9,252.73	\$23,988.73
Longevity	1	Captain (P)	1/1-6/30	3	\$343.84	\$1,031.52	\$647.69	\$1,679.21
Education								
Incentive	1		1/1-6/30	3	\$75.00	\$225.00	\$141.28	\$366.28
EDWC	1	Captain(P)	1/1-6/30	3.25	\$2,715.00	\$8,823.75	\$2,572.12	\$11,395.87

Total Training/EMS

\$37,430.10

Prevention

	1	Captain	1/1-6/30	6	\$4,609.00	\$27,654.00	\$17,363.95	\$45,017.95
Longevity	1	Captain	1/1-6/30	6	\$322.63	\$1,935.78	\$1,215.48	\$3,151.26
Education								
Incentive	1		1/1-6/30	6	\$75.00	\$450.00	\$282.56	\$732.56
EDWC	1	Captain	1/1-6/30	7	\$2,550.00	\$17,850.00	\$5,203.28	\$23,053.28

Total Prevention

\$71,955.03

Support Staff

Communications	2	Comm. Op.	1/1-6/30	6	\$4,562.00	\$54,744.00	51.58% \$28,236.96	\$82,980.96
							61.68%	
Clerical	1	Office Tech	1/1-6/30	6	\$3,264.00	\$19,584.00	\$12,079.41	\$31,663.41

Total Support Staff

\$114,644.37

Overtime

Unplanned		All				\$88,245.00	1.45% \$1,279.55	\$89,524.55
								\$89,524.55

Total - Personnel Services \$1,213,433.58 \$572,457.96 \$1,785,891.54

Attachment: Morgan Hill Contract_30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)

City of Morgan Hill
"Exhibit D, Schedule A"
" PRC 4142"

Index 1600 PCA 17660

Operations and Equipment

	<u>Mos.</u>	<u>Rate</u>	<u>Total</u>
Equipment			2,209.67
Training			4,861.66
Travel			2,500.00

Total Operations and Equipment \$9,571.33

Personal Care

Uniform Allowance

	<u>Mos.</u>	<u>Rate</u>	<u>Total</u>				
R&F	22	1/1-6/30	6	\$69.17	\$9,130.44	29.15%	\$11,791.96
	1	9/1-12/31	4	\$69.17	\$138.34	\$40.33	\$178.67
Comm. Op	2	1/1-6/30	6	\$37.50	\$450.00	\$0.00	\$450.00

	<u>Mos.</u>	<u>Rate</u>	<u>Total</u>				
Paramedic Incentive						29.15%	
Captain	4.5	1/1-6/30	6	\$500.00	\$13,500.00	\$3,935.25	\$17,435.25
FAE	6	1/1-6/30	6	\$500.00	\$18,000.00	\$5,247.00	\$23,247.00

Total Personal Care \$53,102.88

Total Operations, Equipment, Personal Care \$62,674.21

Total Personnel Services \$1,785,891.54

subtotal \$1,848,565.75

Administrative Charge 11.51% \$212,769.92

TOTAL MORGAN HILL CITY \$2,061,335.67

FY 2012-2013	\$2,061,335.67
FY 2013-2014	\$4,122,671.33
FY 2014-2015	\$4,225,738.11
FY 2015-2016	\$4,331,381.56
FY 2016-2017	\$4,439,666.10
	<u>\$19,180,792.77</u>

Attachment: Morgan Hill Contract_30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)

Contractor Name: City of Morgan Hill

Contract No.: 1CA01882

Page No.: 21

EXHIBIT D, SCHEDULE B
STATE FUNDED RESOURCES

NAME OF LOCAL AGENCY: City of Morgan Hill

This is Schedule B of Cooperative Agreement originally dated September 1, 2012, by and between CAL FIRE of the State of California and LOCAL AGENCY.

FISCAL YEAR: 2012/13 to 2016/17

(See Attached)

EXHIBIT D, SCHEDULE B

State Funded Resources

NAME OF LOCAL AGENCY: **City of Morgan Hill**

This is Schedule B of Cooperative Agreement originally dated September 1, 2012, by and between the CAL FIRE of the State of California and City of Morgan Hill.

FISCAL YEAR: **2012/2013 to 2016/2017**

ADMINISTRATION – REGULAR

- 1 – Unit Chief
- 1 – Division Chief, South Bay Operations
- 1 – Division Chief, Administrative Officer
- 1 – Division Chief, East Bay Operations
- 7 – Battalion Chiefs
- 1 – Battalion Chief, Training & Safety
- 1 – Battalion Chief, Fire Prevention
- 1 – Fleet Equipment Manager
- 1 – Battalion Chief, Emergency Command Center
- 3 – Fire Captain, Emergency Command Center
- 1 – Personnel Services Specialist
- 1 – Office Assistant
- 1 – Finance Clerk

STATIONS Equipment

Alma	1 Engine
Almaden	1 Engine
Stevens Ck	1 Engine
Morgan Hill	2 Eng. 1 Bulldozer
Coyote	1 Engine
Smith Creek	1 Engine

(LG1 REV. 07/2010)

STATIONS Equipment

Sweetwater	1 Engine
Pacheco	1 Engine
Del Puerto	1 Eng. 1 Bulldozer
Castle Rock	1 Engine
Sunol	2 Eng. 1 Bulldozer
Sunshine	2 Engines

HELITACK Equipment

Alma	1 Helicopter
------	--------------

Contractor Name: City of Morgan Hill

Contract No.: 1CA01882

Page No.: 23

EXHIBIT D, SCHEDULE D (page one)**LOCAL AGENCY OWNED
STATE MAINTAINED VEHICLES****NAME OF LOCAL AGENCY:**City of Morgan Hill

This is Schedule D of Cooperative Agreement originally dated September 1, 2012, by and between CAL FIRE of the State of California and LOCAL AGENCY

FISCAL YEAR: 2012/13 to 2016/17

The current "Salary, Pay Differentials, and Operating Expense Schedule" Memorandum under Operating Expenses, Vehicle Maintenance includes the following description of maintenance responsibilities and procedures for LOCAL AGENCY-owned vehicles which are listed in the Exhibit D, Schedule A. Categories are "Flat Rate", "Mileage Rate", and "Actual Cost".

- (1) For all vehicles for which a monthly "Flat Rate" is shown, (this category excludes, all surveyed CAL FIRE vehicles, vehicles obtained through federal surplus, fire apparatus built on commercial chassis over 15 years old and fire apparatus built on custom chassis over 20 years old - age is based on chassis production year.)

State shall:

- a. Provide fuel, oil, lubrication, batteries, tires and tubes,
- b. Repair, exchange or replace when necessary accessory motors, hoses, pumps, spotlights, sirens, fire extinguishers and all other accessories affixed to or supplied when said vehicles were accepted by the STATE for operation under Schedule A, excepting equipment or accessories not common to the use of the STATE and radio, installations originally provided by the LOCAL AGENCY. All such equipment provided and installed by the STATE shall become the property of the LOCAL AGENCY and the replaced equipment removed shall become the property of the STATE.
- c. Make such reasonable repairs to said vehicles (not including painting.) as may be necessary to keep the vehicles in operating condition; provided, however, that the STATE may cease to make further repairs on any vehicles when the STATE determines that the repair costs during the period of this agreement shall exceed \$10,000 for any one occurrence, or will exceed the market value of the vehicle. In the event the STATE determines that a vehicle is not fit for further use because of obsolescence, deterioration or damage, the STATE shall not be required to repair the vehicle or maintain it in use. Upon such determination, the STATE shall immediately so advise the LOCAL AGENCY, and the LOCAL AGENCY shall have the option of replacing said vehicle or STATE shall discontinue the particular service.

Contractor Name: City of Morgan Hill

Contract No.: 1CA01882

Page No.: 24

EXHIBIT D, SCHEDULE D (page two)
LOCAL AGENCY OWNED
STATE MAINTAINED VEHICLES

- (2) For all passenger and service vehicles for which a "Mileage Rate" is shown, STATE shall:

- a. Provide fuel, oil, lubrication, batteries and tires and tubes.
- b. Make such reasonable repairs to said vehicles as may be necessary to keep the vehicles in operating condition provided, however, that the STATE may cease to make further repairs on any vehicles when the potential repair costs are not reasonable considering the vehicle age, market value and other pertinent factors.

Upon such determination, the STATE shall immediately so notify the LOCAL AGENCY and the LOCAL AGENCY shall have the option of replacing said vehicle or STATE shall discontinue the particular service.

- (3) For all vehicles listed under the heading "Flat Rate" or "Mileage Rate", LOCAL AGENCY shall assume accident repairs in excess of \$2,000 per occurrence.
- (4) For all vehicles listed under the heading "Actual Cost", the STATE shall operate, maintain, and repair said vehicles at the STATE'S actual cost.
- (5) LOCAL AGENCY-owned vehicles to be maintained pursuant to this section are listed below by category and are described by year model, "Rate Letter" type, and license number.

<u>Category</u>	<u>Year Model</u>	<u>Type</u>	<u>License Number</u>
Engine	2013	3B2	
Engine	2013	3B2	
Truck	2013	4B1	
PU4x4	2013	2C	
PU4x4	2013	2C	
PU4x4	2013	2C	

Contractor Name: City of Morgan Hill

Contract No.: 1CA01882

Page No.: 25

EXHIBIT D, SCHEDULE E

This is Schedule E of Cooperative Agreement originally dated September 1, 2012, by and between the CAL FIRE of the State of California and LOCAL AGENCY

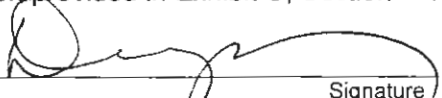
NAME OF LOCAL AGENCY: City of Morgan Hill

The CAL FIRE, State of California and its officers, agents, employees, and servants are included as additional insured for the purposes of this contract. The State shall receive thirty (30) days prior written notice of any cancellation or change to the policy at the addresses listed in LG1, Page 2.

FISCAL YEAR: 2012/13 to 2016/17

**SELF-INSURANCE CERTIFICATION BY LOCAL AGENCY FOR
TORT LIABILITY**

This is to certify that LOCAL AGENCY has elected to be self-insured under the self-insurance provision provided in Exhibit C, Section 17.

By:  Signature Danny Wan Printed Name
City Attorney Title 7/30/12 Date

**SELF-INSURANCE CERTIFICATION BY LOCAL AGENCY
FOR
WORKER'S COMPENSATION BENEFITS**

This is to certify that LOCAL AGENCY has elected to be self-insured for Workers' Compensation benefits which comply with Labor Code Section 3700 as provided in Exhibit C, Section 18.

By: _____ Signature _____ Printed Name _____
 _____ Title _____ Date _____

**SELF-INSURANCE CERTIFICATION BY LOCAL AGENCY
FOR
LOCAL AGENCY-OWNED VEHICLES**

This is to certify that LOCAL AGENCY has elected to be self-insured for local agency-owned vehicles under the self-insurance provision provided in Exhibit D, Schedule D.

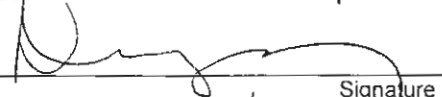
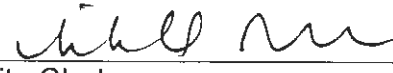
By:  Signature Danny Wan Printed Name
City Attorney Title 7/30/12 Date

EXHIBIT E
DESCRIPTION OF OTHER SERVICES

Exhibit E

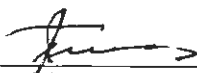
1. In reference to Exhibit C, 9. INDEPENDENT CONTRACTOR, STATE shall perform under this agreement as an independent contractor to the LOCAL AGENCY. Employees of the STATE, as listed in Schedule A of this agreement, are not to be deemed employees of the LOCAL AGENCY for any purpose. STATE shall be solely responsible for all pay, benefits, leave, collective bargaining, Fire Fighter's Bill of Rights, and Equal Employment Opportunity legal obligations to STATE employees.
2. The STATE is an equal opportunity employer. The STATE will comply with all statutory obligations under the Government Code, Labor Code, Americans with Disabilities Act, Equal Opportunities Regulations, Air and Water Pollution Acts and Fair Employment Act (Government Code §12990 (a-f) et seq.) and regulations (California Code of Regulations, Title 2, §7285 et seq.).
3. STATE and LOCAL AGENCY shall jointly develop a "Cooperative Fire Operating Plan" which shall be used for day to day operations and administration.

ATTEST:



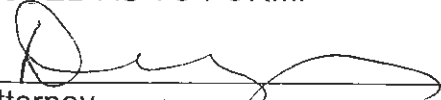
City Clerk
Date: 7/30/12

THE CITY OF MORGAN HILL



City Manager
Date: 7-30-12

APPROVED AS TO FORM:



City Attorney
Date: 7/30/12

Res # 6562

Contractor Name: City of Morgan Hill

Contract No.: 1CA01882

Page No.: 25

EXHIBIT D, SCHEDULE E

This is Schedule E of Cooperative Agreement originally dated September 1, 2012, by and between the CAL FIRE of the State of California and LOCAL AGENCY

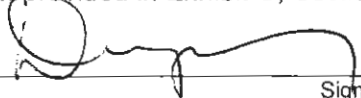
NAME OF LOCAL AGENCY: City of Morgan Hill

The CAL FIRE, State of California and its officers, agents, employees, and servants are included as additional insured for the purposes of this contract. The State shall receive thirty (30) days prior written notice of any cancellation or change to the policy at the addresses listed in LG1, Page 2.

FISCAL YEAR: 2012/13 to 2016/17

**SELF-INSURANCE CERTIFICATION BY LOCAL AGENCY FOR
TORT LIABILITY**

This is to certify that LOCAL AGENCY has elected to be self-insured under the self-insurance provision provided in Exhibit C, Section 17.

By:  Signature Danny Wan Printed Name
City Attorney Title July 30, 2012 Date

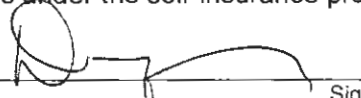
**SELF-INSURANCE CERTIFICATION BY LOCAL AGENCY
FOR
WORKER'S COMPENSATION BENEFITS**

This is to certify that LOCAL AGENCY has elected to be self-insured for Workers' Compensation benefits which comply with Labor Code Section 3700 as provided in Exhibit C, Section 18.

By: _____ Signature _____ Printed Name
 _____ Title _____ Date

**SELF-INSURANCE CERTIFICATION BY LOCAL AGENCY
FOR
LOCAL AGENCY-OWNED VEHICLES**

This is to certify that LOCAL AGENCY has elected to be self-insured for local agency-owned vehicles under the self-insurance provision provided in Exhibit D, Schedule D.

By:  Signature Danny Wan Printed Name
City Attorney Title July 30, 2012 Date

(LG1 REV. 05/2011)

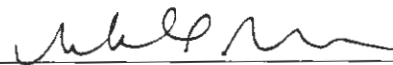
Attachment: Morgan Hill Contract_30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)

EXHIBIT E
DESCRIPTION OF OTHER SERVICES

Exhibit E

1. In reference to Exhibit C, 9. INDEPENDENT CONTRACTOR, STATE shall perform under this agreement as an independent contractor to the LOCAL AGENCY. Employees of the STATE, as listed in Schedule A of this agreement, are not to be deemed employees of the LOCAL AGENCY for any purpose. STATE shall be solely responsible for all pay, benefits, leave, collective bargaining, Fire Fighter's Bill of Rights, and Equal Employment Opportunity legal obligations to STATE employees.
2. The STATE is an equal opportunity employer. The STATE will comply with all statutory obligations under the Government Code, Labor Code, Americans with Disabilities Act, Equal Opportunities Regulations, Air and Water Pollution Acts and Fair Employment Act (Government Code §12990 (a-f) et seq.) and regulations (California Code of Regulations, Title 2, §7285 et seq.).
3. STATE and LOCAL AGENCY shall jointly develop a "Cooperative Fire Operating Plan" which shall be used for day to day operations and administration.

ATTEST:



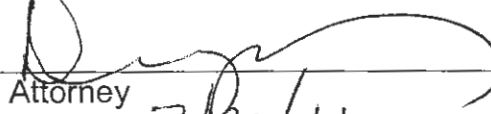
City Clerk
Date: 7/30/12

THE CITY OF MORGAN HILL



City Manager
Date: 7-30-12

APPROVED AS TO FORM:



City Attorney
Date: 7/30/12
Res # 6562

Attachment: Morgan Hill Contract_30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)

COPY CERTIFICATION BY DOCUMENT CUSTODIAN

3.b

No. 5909

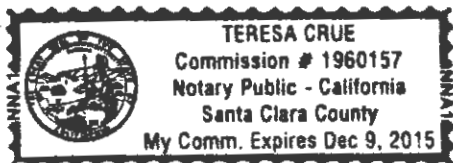
State of California

County of Santa Clara

I, Michelle Wilson, hereby declare that the attached reproduction of
(NAME OF CUSTODIAN OF ORIGINAL DOCUMENT)

Resolution 6562
(DESCRIPTION OF ORIGINAL DOCUMENT)

is a true, correct, and complete photocopy of a document in my possession or control.



[Signature]
SIGNATURE AND ADDRESS OF CUSTODIAN OF ORIGINAL DOCUMENT

Subscribed and sworn (or affirmed) to before me this 30th day of July 2012.

Teresa Crue
NOTARY'S SIGNATURE

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY CUSTODIAN

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER

TITLE(S)

- ☐ UNIVERSITY/SCHOOL OFFICER
☐ BUSINESS PROPRIETOR/MANAGER
☐ GOVERNMENTAL OFFICER/AGENT
☐ ATTORNEY
☐ TRUSTEE
☐ OTHER:

CUSTODIAN IS REPRESENTING:
NAME OF FIRM, SCHOOL, GOVERNMENTAL AGENCY, ETC.

FURTHER DESCRIPTION OF ORIGINAL DOCUMENT

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER(S) OR ISSUING AGENCY

RESOLUTION NO. 6562

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING THE CITY MANAGER TO ENTER INTO A COOPERATIVE FIRE PROGRAMS FIRE PROTECTION REIMBURSEMENT AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION FOR FIRE AND MEDICAL EMERGENCY RESPONSE SERVICES

WHEREAS, the Santa Clara County Central Fire Protection District currently provides fire and emergency medical response services ("Fire and Emergency Services") in the City of Morgan Hill pursuant to a contract by and between the City and District; and

WHEREAS, the City Council conducted a Request for Proposal for the provisions of Fire and Emergency Services with a transition from the current provider on or about January 1, 2013; and

WHEREAS, the California Department of Forestry and Fire Protection ("CAL FIRE") submitted a proposal; and

WHEREAS, based on CAL FIRE's ability to provide all necessary service, experience, demonstrated quality of services and price, the City Council directed the City Manager to conduct negotiations with CAL FIRE for a contract; and

WHEREAS, pursuant to California Public Resources Code §§ 4142, 4143, 4144, and 4145 ("Authorizing Statutes"), CAL FIRE has proposed a Cooperative Fire Programs Fire Protection Reimbursement Agreement in a form approved by the California Department of General Services ("Contract"); and

WHEREAS, by a letter dated June 12, 2012, the City Attorney sent a letter to CAL FIRE clarifying the City's understanding of certain terms of the form Contract; and

WHEREAS, the City Council finds that entering into the Contract with CAL FIRE is the most advantageous to the City, taking into consideration price and the evaluation factors set forth in the request for proposal; and

WHEREAS, CAL FIRE and City have authority to enter into the Contract pursuant to the Authorizing Statutes; and

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill that:

Section 1. The recitals, findings and determinations set forth above are true and correct and are incorporated by reference herein.

Section 2. The City Council hereby authorizes the City Manager to execute the Contract with CAL FIRE with the following material terms:

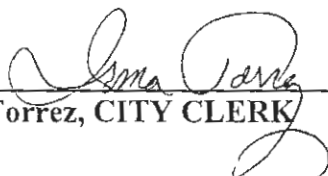
- Term: September 1, 2012, through June 30, 2017 (service delivery transition on or near January 1, 2013.)

§ 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.6562, adopted by the City Council at the meeting held on July 25, 2012.

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

DATE: 7/27/12


Irma Torrez, CITY CLERK

Attachment: Morgan Hill Contract_30Aug2012-Executed (1189 : Extension of the agreement between the City and CAL FIRE)



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Cynthia Iwanaga, Management Analyst
APPROVED BY: City Manager

THIRD AMENDMENT TO AGREEMENT WITH BRIGHTVIEW LANDSCAPE SERVICES, INC.

RECOMMENDATION(S)

Approve the third amendment to the maintenance service agreement with Brightview Landscape Services, Inc.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility

2017 Strategic Priorities

Infrastructure

REPORT NARRATIVE:

The City has contracted with Brightview Landscape Services, Inc. (formerly ValleyCrest Landscape Maintenance, Inc.) for street median maintenance and park mowing since 2014. The Council has approved two amendments to the original agreement extending the term and adding new areas to the scope. The current agreement expires on June 30, 2017.

Staff is working towards transitioning all landscape agreements to begin on January 1st, which would allow landscape contractors to begin new contracts during the slower winter season when they can properly prepare the landscapes for the spring and summer seasons. Current landscape contracts begin on July 1st, and this has not been ideal for the maintenance of the landscaping.

With this schedule in mind, staff recommends that the City extend Brightview's agreement for an additional six months through December 2017. If approved, the attached Third Amendment will increase the agreement amount by \$52,908 for six months of service. The new total amount of the agreement would be \$310,656 for 3½ years of service.

Staff intends to bid this street median maintenance and park mowing contract in Fall 2017, and to enter into a new landscape maintenance agreement with a start date of January 1, 2018.

COMMUNITY ENGAGEMENT: Inform

This report serves to inform the community of the recommended extension of the street median maintenance and park mowing agreement.

ALTERNATIVE ACTIONS:

The Council could decide to not approve the Amendment and direct staff to either further negotiate the agreement or to solicit bids for the services included in the agreement.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On April 6, 2016, Council approved the First Amendment to the original agreement extending the term to June 30, 2017 and increasing the scope of work to include East 3rd Street and East 4th Street. The annual amount of the contract increased by \$4,650 due to the additional project scope. The First Amendment increased the agreement amount to \$232,548.

On June 15, 2016, the Council approved the Second Amendment increasing the scope of work to include the Butterfield median between Tennant Avenue and Monterey Road, the West Edmundson Avenue median between Piazza Way and Olympic Drive, and the maintenance of additional areas in Downtown that were previously maintained by the Successor Agency. The additional scope increased the annual contract amount by \$25,200. The Second Amendment increased the agreement amount to \$257,748.

FISCAL AND RESOURCE IMPACT:

The total increase in the contract amount is \$52,908, which is ½ or 6 months of the total annual amount of \$105,816. This amount is already included in the contract service line item for the Parks and Streets Maintenance adopted budget. Administering the agreement for Parks and Streets landscape maintenance is included in the work program of the Community Services Dept.

CEQA (California Environmental Quality Act):

Categorical Exemption

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

LINKS/ATTACHMENTS:

1. Brightview Third Amendment Groups 1 and 3

**THIRD AMENDMENT TO AGREEMENT
BRIGHTVIEW LANDSCAPE SERVICES, INC.
(Formerly ValleyCrest Landscape Maintenance, Inc.)**

This THIRD AMENDMENT TO AGREEMENT is entered into and becomes effective on _____ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and, BRIGHTVIEW LANDSCAPE SERVICES, INC., a California Corporation ("SERVICE PROVIDER").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Third Amendment to Agreement is entered into based upon the City of Morgan Hill City Council approval on May 17, 2017.
2. The CITY and SERVICE PROVIDER entered into that "Maintenance Service Agreement" made as of June 4, 2014, for services for a maximum compensation of one hundred fifty-one thousand nine hundred thirty-two dollars (\$151,932) ("MAINTENANCE SERVICE AGREEMENT").
3. The CITY and SERVICE PROVIDER entered into a "First Amendment to Agreement" made as of May 23, 2016, under which the maximum compensation under the MAINTENANCE SERVICE AGREEMENT, as amended, was increased to two hundred thirty-two thousand five hundred forty-eight dollars (\$232,548).
4. The CITY and MAINTENANCE SERVICE PROVIDER entered into a "Second Amendment to Agreement" made as of June 29, 2016, under which the maximum compensation under the MAINTENANCE SERVICE AGREEMENT, as amended, was increased to two hundred fifty-seven thousand seven hundred forty-eight dollars (\$257,748). The MAINTENANCE SERVICE AGREEMENT, and the First and Second Amendments thereto are attached as Attachment "A" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the MAINTENANCE SERVICE AGREEMENT, as amended, as attached as Attachment "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 June 4, 2014, until December 31, 2017. "
 - B. Paragraph 4.1 shall be amended and replaced in its entirety by the following:
 - 4.1. **Amount.** Compensation under this Agreement shall not exceed Three hundred ten thousand six hundred fifty-six Dollars (\$310,656).

2. **Conflicts.** In the event of a conflict between the terms and provisions of this Third Amendment to Agreement and the terms and provisions of the MAINTENANCE SERVICE AGREEMENT or any earlier amendment, the terms of this Third Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:

CITY OF MORGAN HILL

City Clerk

Date: _____

City Manager

Date: _____

APPROVED AS TO FORM:

BRIGHTVIEW LANDSCAPE SERVICES, INC.

City Attorney

Date: _____

By: _____

Title: _____

President, Landscape Services

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: May 4, 2017

By: _____

Title: _____

Print Name and Title of Signer.

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

Date: May 4, 2017

**SECOND AMENDMENT TO AGREEMENT
BRIGHTVIEW LANDSCAPE SERVICES, INC.
(Formerly ValleyCrest Landscape Maintenance, Inc.)**

This SECOND AMENDMENT TO AGREEMENT is entered into and becomes effective on 6/29/16 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and, BRIGHTVIEW LANDSCAPE SERVICES, INC., a California Corporation ("SERVICE PROVIDER").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Second Amendment to Agreement is entered into based upon City of Morgan Hill City Council approval on June 15, 2016
2. The CITY and SERVICE PROVIDER entered into that "Maintenance Agreement" made as of June 4, 2014, for maintenance services for a maximum compensation of one hundred fifty-one thousand nine hundred thirty-two dollars (\$151,932) ("MAINTENANCE AGREEMENT").
3. The CITY and SERVICE PROVIDER entered into a "First Amendment to Agreement" made as of May 23, 2016, under which the maximum compensation under the MAINTENANCE AGREEMENT, as amended, was increased to two hundred thirty-two thousand five hundred forty-eight Dollars (\$232,548). The MAINTENANCE AGREEMENT, and the First Amendment thereto are attached as Exhibit "A" to this Agreement.
4. ValleyCrest Landscape Maintenance, Inc. has restructured and is now known as BrightView Landscape Services, Inc.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the MAINTENANCE 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 3 shall be amended by adding the following:

"The services to be performed by SERVICE PROVIDER shall consist of the additional services set forth in Exhibit "B" to this Amendment.
 - B. Paragraph 4.1 shall be amended and replaced in its entirety by the following:

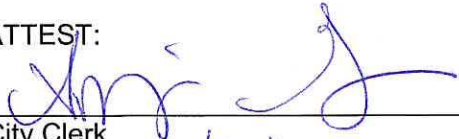
"4.1. Amount. Compensation under this Agreement shall not exceed two hundred fifty-seven thousand seven hundred forty-eight dollars (\$257,748).
2. **Conflicts.** In the event of a conflict between the terms and provisions of this Second Amendment to Agreement and the terms and provisions of the MAINTENANCE AGREEMENT or any

earlier amendment, the terms of this Second Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

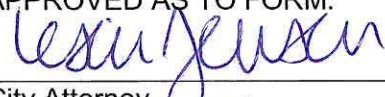
- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; **AND**
- (2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

Deputy


City Clerk
Date: 6/29/16

APPROVED AS TO FORM:

for


City Attorney
Date: 06/28/16

CITY OF MORGAN HILL



City Manager

Date:

6/29/16

BRIGHTVIEW LANDSCAPE SERVICES, INC.



By:

Title:

ASSISTANT TREASURER

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date:



By:

Title:

V.P.
Print Name and Title of Signer.

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

Date:

FIRST AMENDMENT TO AGREEMENT
VALLEYCREST LANDSCAPE MAINTENANCE, INC.

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on 5/23/16 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and, VALLEYCREST, a California Corporation ("SERVICE PROVIDER").

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 City Council approval on April 6, 2016.
2. The CITY and SERVICE PROVIDER entered into that "Maintenance Services Agreement" made as of June 20, 2014, for consultant services for a maximum compensation of \$151,932 ("MAINTENANCE SERVICES AGREEMENT"). The MAINTENANCE SERVICES 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 1, 2014, until June 30, 2017. 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 Amended 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 two hundred thirty-two thousand five hundred forty-eight dollars (\$232,548)."

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 MAINTENANCE SERVICES AGREEMENT, the terms of this First Amendment to Agreement shall govern and control.

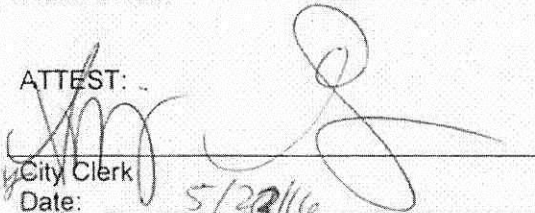
Attachment A
Page 4 of 15
Exhibit A - Page 2

4.a

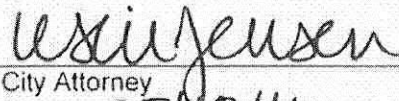
TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:


City Clerk
Date: 5/23/16

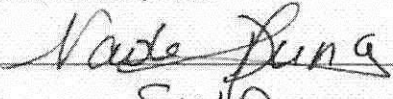
APPROVED AS TO FORM:


City Attorney
Date: 05/18/16

CITY OF MORGAN HILL


City Manager
Date: 5/23/16

**VALLEYCREST LANDSCAPE
MAINTENANCE, INC.**


By: _____
Title: SVP

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

Date: _____


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

Date: _____

Exhibit A - Page 3

Exhibit A

128-01-4-02

**MAINTENANCE SERVICE AGREEMENT
VALLEY CREST LANDSCAPE MAINTENANCE, INC.**

THIS AGREEMENT is entered into and becomes effective on June 29, 2014 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Valley Crest Landscape Maintenance, Inc. a California corporation ("SERVICE PROVIDER") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority.** This Agreement is entered into pursuant to action of the Morgan Hill City Council taken on JUNE 4, 2014.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2016 at which time SERVICE PROVIDER'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for two additional two year periods. Any such extension shall be in writing and signed by both Parties to this Agreement.
3. **Scope of Service.** The services to be performed by SERVICE PROVIDER shall be landscape maintenance services as further described in Exhibit A.
4. **Compensation.** SERVICE PROVIDER shall be compensated as follows:
 - 4.1. **Amount.** \$151,932.00. Total compensation under this Agreement shall not exceed one hundred fifty one thousand nine hundred thirty two dollars and shall be billed based on the rate and basis set forth in Exhibit B.
 - 4.2. **Billing.** SERVICE PROVIDER 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 SERVICE PROVIDER. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.
5. **Termination.** CITY or SERVICE PROVIDER shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination, SERVICE PROVIDER shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require SERVICE PROVIDER to complete certain work product or documents and SERVICE PROVIDER shall deliver to CITY all documents in its possession without additional compensation to SERVICE PROVIDER.
6. **Performance of Work.** SERVICE PROVIDER represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by SERVICE PROVIDER in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of the SERVICE PROVIDER'S profession. By delivery of completed work, SERVICE PROVIDER certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. SERVICE PROVIDER shall perform all work

Exhibit A - Page 4

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.

7. Insurance Requirements.

7.1. Commencement of Work. SERVICE PROVIDER shall not commence work under this Agreement until it has obtained CITY approved insurance. For general liability insurance policies, SERVICE PROVIDER shall provide CITY, prior to commencement of work, with a separate endorsement which states that the policy contains the following language:

- The CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds; and,
- the insurer waives the right of subrogation against CITY and CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and,
- Insurance shall be primary non-contributing.

SERVICE PROVIDER shall furnish CITY with copies of all policies or certificates subject to this Agreement, whether new or modified, promptly upon receipt. No policy subject to this Agreement shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY.

7.2. Workers' Compensation Insurance. SERVICE PROVIDER and all subcontractors shall maintain Workers' Compensation Insurance, as required by law.

7.3. Insurance Types and Amounts. SERVICE PROVIDER shall maintain comprehensive general liability insurance; professional errors and omissions liability insurance (required for professional and technical service consultants only); and automobile insurance each with policy limits of at least \$1,000,000 per occurrence for general liability, \$1,000,000 per accident for automobile liability and \$1,000,000 per claim for professional errors or omissions (for professional and technical service consultants only).

7.4. Acceptability of Insurers. All insurance required by this Agreement shall be carried only by responsible insurance companies licensed and admitted, or otherwise legally authorized to carry out insurance business, in California with a current A.M. Best's rating of no less than A:VII.

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

9. Compliance with Law.

9.1. SERVICE PROVIDER and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. SERVICE PROVIDER and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, sexual orientation, national

Exhibit A - Page 5

origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.

- 9.2. Without limiting the provisions of Section 9.1 above, each worker performing work under this Agreement shall be paid at a rate not less than the prevailing wage as defined in Sections 1771 and 1774 of the Labor Code. The prevailing wage rates are available online at <http://www.dir.ca.gov/dlsr>. SERVICE PROVIDER shall post a copy of the applicable prevailing rates at the Worksite. Pursuant to Labor Code Section 1775, SERVICE PROVIDER and any Subcontractor shall forfeit to CITY as a penalty up to two hundred dollars (\$200.00) for each calendar day, or portion thereof, for each worker paid less than the applicable prevailing wage rate. SERVICE PROVIDER shall also pay each worker the difference between the applicable prevailing wage rate and the amount actually paid to that worker.
10. **Independent Contractor.** SERVICE PROVIDER is an independent contractor and not an agent or employee of CITY.
11. **Confidentiality.** All data, documents, or other information received by SERVICE PROVIDER from CITY or prepared in connection with SERVICE PROVIDER'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by SERVICE PROVIDER without prior written consent by CITY.
12. **Conflict of Interest and Reporting.** SERVICE PROVIDER shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
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 SERVICE PROVIDER is as follows:

Valley Crest Landscape Maintenance, Inc
825 Maybury Road
San Jose, CA 95133

Address of CITY is as follows:

Community Services 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.** SERVICE PROVIDER shall obtain a City of Morgan Hill Business License, all permits and licenses to the extent required by ordinances, codes and regulations of the federal, state and local government.
15. **Maintenance of Records.**
- 15.1. **Maintenance.** SERVICE PROVIDER shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and CITY rules and ordinances related to

Exhibit A - Page 6

services provided under this Agreement. SERVICE PROVIDER shall maintain records for a period of at least 3 years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the 3 year period, then SERVICE PROVIDER shall retain said records until such action is resolved.

- 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 SERVICE PROVIDER and its subcontractors related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the Parties to this Agreement may be subject, at the request of the CITY or as part of any audit of the CITY, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

- 15.3. Ownership of Work Product. All documents or other information developed or received by SERVICE PROVIDER for work performed under this Agreement shall be the property of CITY. SERVICE PROVIDER shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

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

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

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

Exhibit A - Page 7

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 SERVICE PROVIDER.

20.4. Right to Offset. CITY shall have the right to offset against any compensation due SERVICE PROVIDER under this Agreement any amount due CITY from SERVICE PROVIDER as a result of SERVICE PROVIDER's failure to pay CITY promptly any indemnification arising under this Section (20) and any amount due CITY from SERVICE PROVIDER arising from SERVICE PROVIDER's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

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 SERVICE PROVIDER to indemnify the INDEMNITEE shall be as broad and inclusive as permitted by the laws of the State of California and shall survive termination of this Agreement.

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 a subsequent mutual written agreement executed by CITY and SERVICE PROVIDER. If the provisions contained in the main body of this Agreement conflict with any provision contained in an exhibit to this Agreement, the provisions of the main body of this Agreement shall govern and control over any provision contained in an exhibit to this Agreement.

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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Exhibit A - Page 8

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

Michelle Wilson
Print Name

Date: 6/23/14

APPROVED AS TO FORM:


City Attorney

Renee Gurza
Print Name

Date: 06/18/14

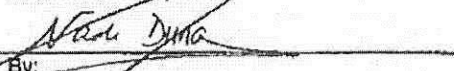
CITY OF MORGAN HILL


City Manager

Steve Rymer
Print Name

Date: 6/20/14

VALLEY CREST LANDSCAPE
MAINTENANCE, INC.


By:

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

Date:


By:

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

Date:

Exhibit A - Page 9**EXHIBIT A
SCOPE OF SERVICES**

SERVICE PROVIDER agrees to perform all of the Work required for the Project, as specified in the Contract Documents, all of which are fully incorporated herein. **SERVICE PROVIDER** shall provide, furnish, and supply all things necessary and incidental for the timely performance and completion of the Work, including, but not limited to, provision of all necessary labor, materials, equipment, transportation, and utilities, unless otherwise specified in the Contract Documents. **SERVICE PROVIDER** also agrees to 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.

The Contract Documents are comprised of the Request for Proposals (Issued by the CITY in April, 2014); the Instructions to Bidders; attachments, addenda, if any; the Proposal submitted by the **SERVICE PROVIDER**, and attachments thereto; and this Contract.

Exhibit A - Page 10

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

VALLEY CREST LANDSCAPE MAINTENANCE

Annual Costs

Group 1 - Park Mowing

Group 1 TOTAL \$33,846

Group 3

Arterial medians 22,620

Train Sta & DT Parking Lots 7,800

Depot Street 3,120

Friendly Inn & Parking Lot 3,120

El Toro Youth Center 1,560

El Dorado 780

Sunrise Meadows 3,120

Group 3 TOTAL \$42,120

Valley Crest Annual Total \$75,966

Exhibit A - Page 11

EXHIBIT C SCHEDULE OF PERFORMANCE

As indicated in contract documents

Exhibit A - Page 12

Amended Exhibit B

The scope of services shall include all of the services provided for in the original agreement plus the following two additions:

1. Maintenance of all landscape areas under public ownership and control on East 3rd Street and East 4th Street;
2. Operation and maintenance of an e-mail address at which the City may send inspection reports largely consisting of photos taken of areas that the Service Provider maintains. The e-mail address must have sufficient capacity to accept numerous inspection reports from the City without delay or rejection.

Exhibit B (June 15, 2016)

The scope of services shall include all of the services provided for in the original agreement and the First Amendment to the Agreement plus the following additions:

1. Maintenance of the Butterfield Blvd. median between Tennant Ave. and Monterey Road;
2. Maintenance of West Edmundson Ave. median between Piazza Way and Olympic Drive;
3. Maintenance of additional areas in the Downtown area that were previously maintained by the Successor Agency including the northern portions of the parking lot located between East 2nd Street and East 3rd Street and the adjacent park area located between the parking lot and Monterey Road.



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Cynthia Iwanaga, Management Analyst
APPROVED BY: City Manager

THIRD AMENDMENT TO FIRATO SERVICE COMPANY AGREEMENT FOR JANITORIAL SERVICES

RECOMMENDATION(S)

Approve the third amendment to the maintenance service agreement with Firato Service Company.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility

REPORT NARRATIVE:

The City has contracted with Firato Service Company for janitorial services at key public facilities since 2014. On June 1, 2016, the Council approved the First Amendment to the original agreement extending the term of the agreement to June 30, 2017 and increasing the agreement's amount to provide needed service improvements at the Centennial Recreation Center (CRC) and the Aquatics Center (AC). The First Amendment increased the agreement amount to \$636,114.

On August 24, 2016, the Council approved the Second Amendment to the original agreement adding janitorial services to the Aquatics Center main locker room during the off-season to enhance member experience and safety. This amendment increased the annual contract amount by \$9,477 for both FY 15-16 and FY 16-17. The Second Agreement increased the agreement amount to \$655,068.

The feedback received on janitorial services has been positive. If approved, the attached Third Amendment will extend the term of the agreement one year to June 30, 2018. The annual amount would increase by 4% to \$245,852 for FY 17-18. The new total of the agreement is \$900,920 for four years of service at the City's major recreation facilities.

COMMUNITY ENGAGEMENT: Inform

This report serves to inform the community of the recommended amendment to the agreement for janitorial services.

ALTERNATIVE ACTIONS:

The Council could decide not to approve this Agreement Amendment and direct staff to go out to bid for janitorial services for FY 17-18.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Council approved the Original Agreement with Firato Service Company on June 4, 2014. The First Amendment to Agreement was approved on June 1, 2016. The Second Amendment to Agreement was approved on August 24, 2016.

FISCAL AND RESOURCE IMPACT:

While the recommended action increases the total amount of the agreement, no budget adjustment is required because the City's adopted budget for FY 17-18 has already included the funding for this work. The annual amount for FY 17-18 would be \$245,852. The revised total amount of the Firato Service Agreement would be \$900,920. The increased costs are included in the contract service line item in the Centennial Recreation Center and Aquatics Center Building Maintenance adopted budgets. Administering the agreement for janitorial services is included in the work program of the Community Services Department.

CEQA (California Environmental Quality Act):

Categorical Exemption

The maintenance of existing facilities is categorically exempt from the provisions of the California Environmental Quality Act of 1970 pursuant to Section 15301 (Existing Facilities) of the CEQA guidelines.

LINKS/ATTACHMENTS:

1. REVISED Firato Third Amendment_05112017

THIRD AMENDMENT TO AGREEMENT FIRATO SERVICE COMPANY, INC.

This THIRD AMENDMENT TO AGREEMENT is entered into and becomes effective on _____ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and, FIRATO SERVICE COMPANY, INC., a California Corporation ("SERVICE PROVIDER").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Third Amendment to Agreement is entered into based upon City of Morgan Hill City Council approval on May 17, 2017.
2. The CITY and SERVICE PROVIDER entered into that "Maintenance Service Agreement" made as of June 16, 2014, for services for a maximum compensation of Four hundred nine thousand one hundred ninety-five dollars (\$409,195) ("MAINTENANCE SERVICE AGREEMENT").
3. The CITY and SERVICE PROVIDER entered into a "First Amendment to Agreement" made as of June 9, 2016, under which the maximum compensation under the MAINTENANCE SERVICE AGREEMENT, as amended, was increased to Six hundred thirty-six thousand one hundred fourteen dollars (\$636,114).
4. The CITY and SERVICE PROVIDER entered into a "Second Amendment to Agreement" made as of August 28, 2016, under which the maximum compensation under the MAINTENANCE SERVICE AGREEMENT, as amended, was increased to Six hundred fifty-five thousand sixty-eight dollars (\$655,068). The MAINTENANCE SERVICE AGREEMENT, and the First and Second Amendments thereto are attached as Exhibit "A" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the MAINTENANCE SERVICE 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 June 16, 2014, until June 30, 2018."

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

"4.1 **Amount.** Compensation under this Agreement shall not exceed Nine hundred thousand nine hundred twenty Dollars (\$900,920). Compensation is based on SERVICE PROVIDER'S annual compensation rates. Effective July 1, 2017, SERVICE PROVIDER'S annual compensation rates have increased and are set forth in the revised Exhibit "B" dated July 1, 2017, approved by CITY and attached hereto and incorporated herein by reference."

2. **Conflicts.** In the event of a conflict between the terms and provisions of this Third Amendment to Agreement and the terms and provisions of the MAINTENANCE SERVICE AGREEMENT or any earlier amendment, the terms of this Third Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:

CITY OF MORGAN HILL

 City Clerk

Date: _____

 City Manager

Date: _____

APPROVED AS TO FORM:

FIRATO SERVICE COMPANY, INC.

 City Attorney

Date: _____

 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: _____

12804-14009

SECOND AMENDMENT TO AGREEMENT FIRATO SERVICE COMPANY, INC.

This SECOND AMENDMENT TO AGREEMENT is entered into and becomes effective on August 28, 2016 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and, FIRATO SERVICE COMPANY, INC, a California Corporation ("SERVICE PROVIDER").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Second Amendment to Agreement is entered into based upon City of Morgan Hill City Council approval on August 24, 2016.
2. The CITY and SERVICE PROVIDER entered into that "Maintenance Service Agreement" made as of June 16, 2014, for services for a maximum compensation of Four hundred nine thousand one Hundred Ninety-five dollars (\$409,195) ("MAINTENANCE SERVICE AGREEMENT").
3. The CITY and SERVICE PROVIDER entered into a "First Amendment to Agreement" made as of June 9, 2016, under which the maximum compensation under the MAINTENANCE SERVICE AGREEMENT, as amended, was increased to Six Hundred Thirty-Six Thousand One Hundred Fourteen dollars (\$636,114). The MAINTENANCE SERVICE AGREEMENT and the First Amendment to Agreement are attached collectively as Exhibit "A" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the MAINTENANCE SERVICE 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 3 shall be amended by adding the following:

"The services to be performed by SERVICE PROVIDER shall consist of the following additional services set forth in Exhibit "B":

Cleaning of the large locker rooms will be completed six (6) days per week during the slow season at the Aquatics Center.

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

"4.1. **Amount.** Compensation under this Agreement shall not exceed six hundred fifty-five thousand sixty-eight Dollars (\$655,068).

2. **Conflicts.** In the event of a conflict between the terms and provisions of this Second Amendment to Agreement and the terms and provisions of the MAINTENANCE SERVICE AGREEMENT or any earlier amendment, the terms of this Second Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:

Deputy

City Clerk
Date: 8/28/16

APPROVED AS TO FORM:

for

City Attorney
Date: 08/25/16

CITY OF MORGAN HILL

City Manager

Date: 8/26/16

FIRATO SERVICE COMPANY, 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: _____

8/25

Exhibit A 1 of 12

128-0A-1A 009

**FIRST AMENDMENT TO AGREEMENT
FIRATO SERVICE COMPANY, INC.**

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on June 9, 2016 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and, FIRATO SERVICE COMPANY, 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 City Council approval on June 1, 2016.
2. The CITY and CONSULTANT entered into that "Maintenance Services Agreement" made as of June 4, 2014, for consultant services for a maximum compensation of four hundred nine thousand one hundred ninety-five dollars ("AGREEMENT"). The 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 1, 2014, until June 30, 2017. The City Manager is authorized to extend the term of this Agreement for a maximum period of two years. 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 "D":

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 six hundred thirty-six thousand one hundred fourteen Dollars (\$636,114).

8/25

Exhibit A 2 of 12

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:

Denny City Clerk

Date: 6/9/16

APPROVED AS TO FORM:

for City Attorney

Date: 06/08/16

CITY OF MORGAN HILL

City Manager

Date: 6/9/16

FIRATO SERVICE COMPANY, INC.

By: [Signature]

Title: CEO

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: 5/24/16

By: [Signature]

Title: Juliene M. Firato CFO

Print Name and Title of Signer.

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

Date: 5/23/16

Attachment: REVISED Firato Third Amendment_05112017 [Revision 1] (1180 : Firato Third Amendment)

8/25

Exhibit A 3 of 12

Exhibit A

128-04-14-009

MAINTENANCE SERVICE AGREEMENT FIRATO SERVICE COMPANY, INC.

THIS AGREEMENT is entered into and becomes effective on June 11, 2014 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Firato Service Company, Inc. a California corporation ("SERVICE PROVIDER") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority.** This Agreement is entered into pursuant to action of the Morgan Hill City Council taken on June 4, 2014.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2016 at which time SERVICE PROVIDER'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for two additional one year periods. Any such extension shall be in writing and signed by both Parties to this Agreement.
3. **Scope of Service.** The services to be performed by SERVICE PROVIDER shall be Janitorial Services as further described in Exhibit A.
4. **Compensation.** SERVICE PROVIDER shall be compensated as follows:
 - 4.1. **Amount.** \$409,195.00. Total compensation under this Agreement shall not exceed four hundred nine thousand one hundred ninety five dollars and shall be billed based on the rate and basis set forth in Exhibit B.
 - 4.2. **Billing.** SERVICE PROVIDER 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 SERVICE PROVIDER. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.
5. **Termination.** CITY or SERVICE PROVIDER shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination, SERVICE PROVIDER shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require SERVICE PROVIDER to complete certain work product or documents and SERVICE PROVIDER shall deliver to CITY all documents in its possession without additional compensation to SERVICE PROVIDER.
6. **Performance of Work.** SERVICE PROVIDER represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by SERVICE PROVIDER in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of the SERVICE PROVIDER'S profession. By delivery of completed work, SERVICE PROVIDER certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. SERVICE PROVIDER shall perform all work

8/25

Exhibit A 4 of 12

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.

7. Insurance Requirements.

7.1. Commencement of Work. SERVICE PROVIDER shall not commence work under this Agreement until it has obtained CITY approved insurance. For general liability insurance policies, SERVICE PROVIDER shall provide CITY, prior to commencement of work, with a separate endorsement which states that the policy contains the following language:

- The CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds; and,
- the insurer waives the right of subrogation against CITY and CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and,
- Insurance shall be primary non-contributing.

SERVICE PROVIDER shall furnish CITY with copies of all policies or certificates subject to this Agreement, whether new or modified, promptly upon receipt. No policy subject to this Agreement shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY.

7.2. Workers' Compensation Insurance. SERVICE PROVIDER and all subcontractors shall maintain Workers' Compensation Insurance, as required by law.

7.3. Insurance Types and Amounts. SERVICE PROVIDER shall maintain comprehensive general liability insurance; professional errors and omissions liability insurance (required for professional and technical service consultants only); and automobile insurance each with policy limits of at least \$1,000,000 per occurrence for general liability, \$1,000,000 per accident for automobile liability and \$1,000,000 per claim for professional errors or omissions (for professional and technical service consultants only).

7.4. Acceptability of Insurers. All insurance required by this Agreement shall be carried only by responsible insurance companies licensed and admitted, or otherwise legally authorized to carry out insurance business, in California with a current A.M. Best's rating of no less than A:VII.

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

9. Compliance with Law.

9.1. SERVICE PROVIDER and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. SERVICE PROVIDER and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, sexual orientation, national

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Exhibit A 5 of 12

origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.

- 9.2. Without limiting the provisions of Section 9.1 above, each worker performing work under this Agreement shall be paid at a rate not less than the prevailing wage as defined in Sections 1771 and 1774 of the Labor Code. The prevailing wage rates are available online at <http://www.dir.ca.gov/dlsr>. SERVICE PROVIDER shall post a copy of the applicable prevailing rates at the Worksite. Pursuant to Labor Code Section 1775, SERVICE PROVIDER and any Subcontractor shall forfeit to CITY as a penalty up to two hundred dollars (\$200.00) for each calendar day, or portion thereof, for each worker paid less than the applicable prevailing wage rate. SERVICE PROVIDER shall also pay each worker the difference between the applicable prevailing wage rate and the amount actually paid to that worker.
10. **Independent Contractor.** SERVICE PROVIDER is an independent contractor and not an agent or employee of CITY.
11. **Confidentiality.** All data, documents, or other information received by SERVICE PROVIDER from CITY or prepared in connection with SERVICE PROVIDER'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by SERVICE PROVIDER without prior written consent by CITY.
12. **Conflict of Interest and Reporting.** SERVICE PROVIDER shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
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 SERVICE PROVIDER is as follows:

Firato Service Company, Inc.
17485 Monterey Rd, Suite 200
Morgan Hill, CA 95037

Address of CITY is as follows:

Community Services 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.** SERVICE PROVIDER shall obtain a City of Morgan Hill Business License, all permits and licenses to the extent required by ordinances, codes and regulations of the federal, state and local government.
15. **Maintenance of Records.**
- 15.1. **Maintenance.** SERVICE PROVIDER shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and CITY rules and ordinances related to

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Exhibit A 6 of 12

services provided under this Agreement. SERVICE PROVIDER shall maintain records for a period of at least 3 years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the 3 year period, then SERVICE PROVIDER shall retain said records until such action is resolved.

- 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 SERVICE PROVIDER and its subcontractors related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the Parties to this Agreement may be subject, at the request of the CITY or as part of any audit of the CITY, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.
- 15.3. Ownership of Work Product. All documents or other information developed or received by SERVICE PROVIDER for work performed under this Agreement shall be the property of CITY. SERVICE PROVIDER shall provide CITY with copies of these items upon demand or upon termination of this Agreement.
16. Familiarity with Work. By executing this Agreement, SERVICE PROVIDER represents that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should SERVICE PROVIDER discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at SERVICE PROVIDER'S risk, until written instructions are received from CITY.
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 SERVICE PROVIDER, 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. SERVICE PROVIDER shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by SERVICE PROVIDER, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").
 - 20.2. Exceptions. SERVICE PROVIDER is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence or willful misconduct of the CITY.

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Exhibit A 7 of 12

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 SERVICE PROVIDER.

20.4. Right to Offset. CITY shall have the right to offset against any compensation due SERVICE PROVIDER under this Agreement any amount due CITY from SERVICE PROVIDER as a result of SERVICE PROVIDER's failure to pay CITY promptly any indemnification arising under this Section (20) and any amount due CITY from SERVICE PROVIDER arising from SERVICE PROVIDER's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

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 SERVICE PROVIDER to indemnify the INDEMNITEE shall be as broad and inclusive as permitted by the laws of the State of California and shall survive termination of this Agreement.

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 a subsequent mutual written agreement executed by CITY and SERVICE PROVIDER. If the provisions contained in the main body of this Agreement conflict with any provision contained in an exhibit to this Agreement, the provisions of the main body of this Agreement shall govern and control over any provision contained in an exhibit to this Agreement.

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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8/25

Exhibit A 8 of 12

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.

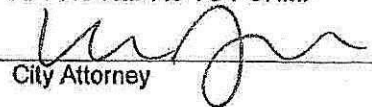
ATTEST:


City Clerk/Deputy City Clerk

Michelle Wilson
Print Name

Date: 10/23/14

APPROVED AS TO FORM:


City Attorney

for
Renee Gurza
Print Name

Date: 06/12/14

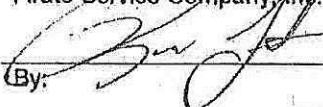
CITY OF MORGAN HILL


City Manager

Steve Rymer
Print Name

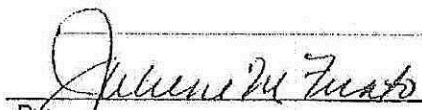
Date: 6/16/14

Firato Service Company, Inc.

By: 

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

Date: 6-3-14

By: 

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

Date: 6/3/14

8/25

Exhibit A 9 of 12

**EXHIBIT A
SCOPE OF SERVICES**

SERVICE PROVIDER agrees to perform all of the Work required for the Project, as specified in the Contract Documents, all of which are fully incorporated herein. **SERVICE PROVIDER** shall provide, furnish, and supply all things necessary and incidental for the timely performance and completion of the Work, including, but not limited to, provision of all necessary labor, materials, equipment, transportation, and utilities, unless otherwise specified in the Contract Documents. **SERVICE PROVIDER** also agrees to 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.

The Contract Documents are comprised of the Request for Proposals (issued by the CITY in April, 2014); the Instructions to Bidders; attachments, addenda, if any; the Proposal submitted by the **SERVICE PROVIDER** (with the changes noted below,) and attachments thereto; and this Contract.

Changes to Firato Services' Base Bid as mutually agreed upon:

Community and Cultural Center service frequencies will be as indicated in the bid except:

1. Kitchen shall be serviced 5 days per week
2. Staff office areas shall be serviced 3 days per week
3. Day porter services will be limited to Wednesdays year round from 2 pm to 4 pm with service provided by a single staff member.

8/25

Exhibit A 10 of 12

**EXHIBIT B
SCHEDULE OF COMPENSATION RATES**

Firato Cost Summary

Group 1

CCC and Playhouse	\$50,449.96
Friendly Inn	\$11,171.04
CCC Day Porter	\$4,716.00
Subtotal	\$66,337.00
Discounts @ 2%	(\$1,326.74)
Group 1 Total	\$65,010.26

Group 2

CRC	\$60,538.32
CRC Day Porter Weekdays	\$23,606.88
CRC Day Porter Weekends	\$6,295.20
Aquatics Center	\$19,347.36
Aquatics Day Porter	\$12,810.00
Aquatics Swim Meet	\$6,385.25
Subtotal	\$128,983.01
Discounts @ 2%	(\$2,679.66)
Group 2 Total	\$126,403.35

Group 3

Public Works Corporation Yard	\$13,316.69
Subtotal	\$13,316.69
Discounts @ 1%	(\$133.17)
Group 3 Total	\$13,183.52
Total	\$204,597.13

8/25

Exhibit A 11 of 12

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

As Indicated in contract documents

8/25

Exhibit A 12 of 12

Exhibit D - Revised Scope of Services

Scope to include all of the services specified in the original agreement dated June 4, 2014 and the following additional services and clarifications:

1. Concrete floors at the Centennial Recreation Center to be stripped and waxed annually using approved materials and methods.
2. Replace air fresheners in the locker rooms and lobby of the Centennial Recreation Center monthly.
3. At the Centennial Recreation Center, clean lifeguard room and restroom weekly.
4. For wall cleaning activities at all facilities, the term "spot clean" is understood to include the removal of all fingerprints and marks.
5. Section 1-5 of the Special Conditions of the Request for Proposals (as issued April, 2014) is replaced in its entirety with the following:
"1-5. CORRECTIVE WORK The Contractor shall perform the work to the satisfaction, of the Maintenance Manager or designated representative. Inspections may be made by the City any time and request from the Contractor corrective work. If corrective work is required, the City will provide a written list of items or will provide photos documenting the conditions requiring corrective work. The Contractor shall correct deficiencies as directed. If deficiencies are not corrected in a timely manner, as determined by the Maintenance Manager, the City may perform the work using others and deduct the cost from the Contractor's payment. Contractor shall operate and maintain an e-mail address at which the City may send inspection reports largely consisting of photos taken of areas that the Service Provider maintains. The e-mail address must have sufficient capacity to accept numerous inspection reports from the City without delay or rejection."
6. For the quality assurance inspections required per section 1-8 of the Special Conditions of the Request for Proposals (as issued April, 2014), contractor understands the importance of its quality assurance inspections. Failure to turn in inspections and corrective action plan by the Contractor by the 10th of the following month will result in monthly payment being withheld until inspections are turned in and a \$100 deduction from the monthly payment per facility.

Exhibit B - Revised Scope of Services

Scope to include all of the services specified in the original agreement dated June 4, 2014 and the following additional services and clarifications:

1. Concrete floors at the Centennial Recreation Center to be stripped and waxed annually using approved materials and methods.
2. Replace air fresheners in the locker rooms and lobby of the Centennial Recreation Center monthly.
3. At the Centennial Recreation Center, clean lifeguard room and restroom weekly.
4. For wall cleaning activities at all facilities, the term "spot clean" is understood to include the removal of all fingerprints and marks.
5. Section 1-5 of the Special Conditions of the Request for Proposals (as issued April, 2014) is replaced in its entirety with the following:
 "1-5. CORRECTIVE WORK The Contractor shall perform the work to the satisfaction, of the Maintenance Manager or designated representative. Inspections may be made by the City any time and request from the Contractor corrective work. If corrective work is required, the City will provide a written list of items or will provide photos documenting the conditions requiring corrective work. The Contractor shall correct deficiencies as directed. If deficiencies are not corrected in a timely manner, as determined by the Maintenance Manager, the City may perform the work using others and deduct the cost from the Contractor's payment. Contractor shall operate and maintain an e-mail address at which the City may send inspection reports largely consisting of photos taken of areas that the Service Provider maintains. The e-mail address must have sufficient capacity to accept numerous inspection reports from the City without delay or rejection."
6. For the quality assurance inspections required per section 1-8 of the Special Conditions of the Request for Proposals (as issued April, 2014), contractor understands the importance of its quality assurance inspections. Failure to turn in inspections and corrective action plan by the Contractor by the 10th of the following month will result in monthly payment being withheld until inspections are turned in and a \$100 deduction from the monthly payment per facility.
7. Cleaning of the large locker rooms will be completed six (6) days per week during the slow season at the Aquatics Center.

EXHIBIT B
REVISED SCHEDULE OF COMPENSATION RATES

FIRATO SERVICE COMPANY

Firato Contract Pricing

FY 17-18

Group 1 -

CCC and Playhouse	\$52,467.96
Friendly Inn	\$11,617.88
CCC Day Porter	\$4,904.64
Discounts @ 2%	\$(1,379.81)

Group 1 Total - Current for FY 17-18

\$67,610.67

Group 2 -

CRC	\$62,959.85
CRC Day Porter Weekdays	\$24,551.16
CRC Day Porter Weekends	\$6,547.01
Aquatics Center	\$20,121.25
Aquatics Day Porter	\$13,322.40
Aquatics Swim Meet	\$6,640.66
Discounts @ 2%	\$(2,682.85)
Total - Original Base	\$131,459.48

First Amendment (executed 6/9/16)

CRC - Increase 1.5 hours to base	\$9,862.32
AC - Increase 1 hour to base	\$6,573.84
CRC Strip Wax Concrete Floors Yearly	\$4,363.63
CRC Lifeguard Room/Restroom Weekly Summer/Monthly	
Other	\$2,414.88
First Amendment Increase to Base	\$23,214.67

Second Amendment (began 1/1/15)

AC - Add AC Large Locker Rooms Off-Season	\$9,856.08
Second Amendment Increase to Base	

Group 2- Current for FY 17-18

\$164,530.24

Group 3- Base Pricing - FY 14-15

Public Works Corporation Yard	\$13,849.36
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Attachment: REVISED Firato Third Amendment_05112017 [Revision 1] (1180 : Firato Third Amendment)

Discounts @ 1%	\$(138.50)
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Group 3 Total- Current for FY17-18	\$13,710.86
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Annual Total for FY17-18 Contract	\$245,851.77
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Contract Amount Rounded Up to	\$245,852.00
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CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Michelle Katsuyoshi, Human Resources Director
APPROVED BY: City Manager

EMPLOYEE COMPENSATION GUIDING PRINCIPLES

RECOMMENDATION(S)

Approve Employee Compensation Guiding Principles

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Fostering a Positive Organizational Culture
Preserving and Cultivating Public Trust

REPORT NARRATIVE:

In 2011, the City Council adopted a long-term labor policy (see attachment #1) based on guiding principles and implementation strategies. It has remained critical that Morgan Hill provide a compensation plan that has competitive salaries and benefits in order to attract and retain top talent. As the City Council was successful in accomplishing many of the strategies in the 2011 labor policy, we recommend the adoption of the Employee Compensation Guiding Principles to serve as a guide for future compensation levels for employees.

On April 19, 2017, the City Council authorized the City Manager to execute and administer a services contract with Koff & Associates to review our compensation structure and ensure it allows us to effectively recruit and retain quality employees. This firm will conduct a limited classification and citywide compensation study. Prior to commencing the study, staff is recommending that the City Council approve the Employee Compensation Guiding Principles, which incorporates many of the core principles from the prior long-term policy and includes additional strategies. Staff may bring back modifications to this document after the completion of the studies if necessary. The recommended core principles are as follows: (1) recruitment and retention; (2) fiscal sustainability; (3) compensation structure; (4) market based compensation; (5) internal equity; (6) transparency and accountability; and (7) legal compliance.

The Employee Compensation Guiding Principles also includes the concept of classification level differentials, or how classifications will be paid relative to each other within the City's pay plan. Ideally, there should be a 10-15% differential between job levels. Any salary differentials that fall below the minimum percent differential could be considered a salary compaction concern. Similarly, classifications performing

comparable duties, with comparable responsibilities, requiring a similar level of knowledge, skill, ability, and judgment, will be compensated similarly in the City's compensation structure.

In the market based compensation section of the Employee Compensation Guiding Principles, we included a section on the determination of 12 benchmark agencies for a compensation study. They are determined using set criteria, such as, but not limited to: organizational type and structure, similarity of population served, city demographics, and operational budgets, scope of service provided, labor market, and cost-of-living.

The comparator agencies would be recommended to the City Council after a collaborative process between city management, human resources, Koff & Associates, and the leadership of the bargaining units. It is recommended the City use the median (middle value) to analyze the survey data of the established benchmark agencies in the compensation study since using the median is a standard practice as it is not significantly influenced by outliers (very high or low values).

Next Steps

If the Employee Compensation Guiding Principles document is approved by the City Council, staff will share the policy with Koff & Associates, and staff will utilize the policy to provide guidance when making compensation recommendations. Staff will also bring forth any proposed compensation recommendations to the City Council for consideration in the future, which may be during the FY 2018-2019 budget process or following labor negotiations.

It is recommended for the City to re-evaluate its overall compensation structure, program, and policies at least every 5 years to assess market competitiveness and ensure that its salary levels are consistent with the market. Adjustments to the compensation structure may be made as a result of this periodic evaluation and will be implemented through the collective bargaining process, if applicable, or other appropriate approval processes.

COMMUNITY ENGAGEMENT: Inform

Staff will post the approved Employee Compensation Guiding Principles on the City's website page as has been our practice to ensure transparency.

ALTERNATIVE ACTIONS:

1. The City Council could choose not to adopt the recommended Employee Compensation Guiding Principles.
2. The City Council could direct staff to revise the recommended Employee Compensation Guiding Principles.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

City Council adopted the Long-Term Labor Policy, Principles, and Strategies on September 7, 2011.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact directly related to staff's work on developing the Employee Compensation Guiding Principles. Any anticipated or known future fiscal impacts that could result will depend on the outcome of the compensation study and negotiations with the City's three bargaining units for labor contracts effective January 1, 2019, and on future Council decisions. As always, the City's ability to pay will need to be considered now and into the future.

CEQA (California Environmental Quality Act):

Not a Project – Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:

1. Morgan Hill Long-Term Labor Policy 2011
2. Employee Compensation Guiding Principles

To: J. Edward Tewes, City Manager

From: David L. Swing, Chief of Police

Date: August 31, 2011

RE: City of Morgan Hill Long-Term Labor Policy, Principles and Strategies

SUMMARY: Since the Great Recession the issue of public employee compensation has become a topic of much discussion where many members of the community have expressed concern about the costs of salaries and benefits. It is important to understand that although the Great Recession has substantially reduced available discretionary revenue, escalating costs of retirement and healthcare have contributed to the problem and the current forecast indicates these costs will continue to rise.

Although the City and employee associations agreed to some short-term cost savings measures in recent years, a long-term labor strategy is needed to ensure that future employee compensation balances fiscal realities against the ability to recruit and retain top talent. In order to provide a framework for a long-term strategy a task-force of five managers prepared a draft policy statement combined with seven recommended guiding principles and supporting strategies to consider when negotiating future labor contracts. The ideas were the collective efforts of the task-force with many of the principles and strategies supported by the League of California Cities; labor counsel firm Liebert Cassidy Whitmore; the Menlo Park Fire Protection District; and the May 26, 2010 Civil Grand Jury Report titled, "Cities Must Rein in Unsustainable Employee Costs."

The recommended strategies are based with the assumptions that the City will remain in the Public Employee Retirement System (PERS); the three employee associations are in a contract until 2013 and further employee concessions are unlikely; and the relevant employee market on which to base public and private sector comparisons is yet to be identified.

The document at the end of the report identifies a labor strategy policy statement followed with guiding principles and implementation strategies. The seven core principles are (1) Recruitment and Retention, (2) Market Based Compensation, (3) Transparency, (4) Fiscal Sustainability and Economic Climate, (5) Accountability, (6) Performance Based Pay, and (7) Legal Compliance.

BACKGROUND: The 2009-2010 Santa Clara County Civil Grand Jury report titled, "Cities Must Rein in Unsustainable Employee Costs" sets the background for a needed long-term labor strategy when it identifies five issues that have contributed to our current fiscal challenges as (1) Increased wage and salary costs, (2) Increased retirement and health care costs, (3) Reduced property tax revenues, (4) Reduced sales tax, occupancy tax, and construction tax revenues, and (5) Reduced revenue from the state.

Each of these issues has contributed to the need for cities to cut services and reduce labor costs in order to continue to provide essential services. As a way to curtail rising employee costs, Staff recommends the adoption of a Long-Term Labor Relations Plan that includes an over-arching policy, principles and implementation strategies. Adopting such a plan will identify Council goals to the three labor associations and to the community well in advance of negotiations for contracts that expire in July of 2013. The labor policy is not intended to be a binding document for either Management or Labor.

One of the key challenges with a labor strategy is finding a balance between the ability to recruit and retain a highly skilled workforce against the fiscal constraints imposed by the Great Recession. During the last decade, the total compensation for employees has risen dramatically in part due to increased salaries from increased competition during the dot-com boom and also due to increased costs for health-care and retirement benefits.

In addition to being able to recruit employees, organizations must also provide sufficient compensation packages to retain employees as an abnormally high turnover rate leads to a disruptive workplace and hampers productivity. Since there are many different reasons why an employee chooses to leave a job, determining when compensation packages are sufficient to retain employees is challenging. One indicator is the voluntary turnover rate or to what extent are employees leaving employment with the City for other jobs. An analysis of voluntary separations from the City from July 1, 2008 – May 31, 2011 indicates that those belonging to the employee group Management/Confidential had a 32% turnover rate with 13 of 41 employees leaving. The next closest is the Community Service Officers Association (CSOA) which had a 10% turnover rate when two of the 20 employees resigned. The other two labor groups (POA and AFSCME) experienced a 1% or less rate of voluntary turnover. Unlike represented employees, the Management/Confidential employee group has had salaries frozen for the past three years which may have contributed to the higher rate of turnover. Other factors may have been opportunity for professional growth or personal reasons; however, those are more difficult to quantify. One impact that is known is that turnover in the management ranks has a greater impact than at the line level as many managers serve in leadership roles and on project teams outside of their assigned department.

Another challenge in the area of compensation is to define the market from which comparisons are derived. For example, many people think government should be run like a business. With that in mind, should the private sector be used as a comparison; and if so how is total compensation defined when the private sector has compensation tools at their disposal, like stock options and bonuses, that the public sector does not enjoy? If the private sector is used, then naturally it can only be used for certain positions as not all translate from public to private sector. If public sector agencies are used, since Morgan Hill is in southern Santa Clara County what other cities are reasonable comparisons for total compensation? Defining the market requires in-depth analysis to identify what benchmarks will be used for comparison and what sectors are appropriate to compare against.

Fiscal sustainability in today's "new normal" of economic climate requires cities to reevaluate some of the benefits negotiated during the times of plenty earlier in the decade. Some of the recommended labor strategies on the following pages were found in different pieces of literature either as recommendations or as already implemented strategies and some were recommendations of the taskforce. The idea of a two-tiered retirement system where new employees are hired into a less costly retirement plan was at the top or near the top of the list of strategies in much of the research. The challenge with a two-tier system is that the cost benefit is not realized immediately. If a two-tiered system were implemented significant savings are not forecasted until 10 or more years later. In addition to a two-tiered system, some organizations are considering a hybrid retirement system that blends defined contribution and defined benefit programs. Regardless of the plan that is chosen, it is clear that our current retirement system is not sustainable and when contracts are renegotiated in 2013 a two tier system should be high on the priority list.

Other ideas from the taskforce included increasing employee contributions to both health-care and retirement benefits; strictly following Fair Labor and Standards Act (FLSA) rules in determining over-time compensation; hiring of contract employees instead of full-time benefited staff for periods of peak demand; converting pay for specialized skills from a percentage of salary to a flat rate; and limiting the length of contracts to be more adaptable to changing economic conditions.

A new idea recommended by the group is to no longer give raises solely on the basis of years of service but to include employee performance as a requirement for raises. One example of how this could work is through the Police Department's Outcome Based Strategic Plan. In theory if the Department achieves its pre-defined outcomes then the employees of the organization would receive a pre-determined raise. Naturally, prior to the implementation of any of the strategies found in the plan and throughout the negotiations process the City will follow the requirements set forth in the Meyers-Millias Brown Act and Federal and State labor laws.

City of Morgan Hill Long-term Labor Relations Policy, Principles and Strategies

Policy Statement:

In order to provide quality service and effective administration, the City of Morgan Hill will establish a compensation and benefits system that is competitive in the labor market for the particular positions to be filled. To enhance Morgan Hill's attractiveness to highly qualified and productive employees, the City will: provide opportunities for professional development and performance based increases, provide for work/life balance, and provide a retirement plan that encourages a commitment to public service. To ensure fiscal stability, employees and taxpayers will equitably share financial responsibility, and any modifications to the compensation and benefit system will only be approved after full disclosure to the public and consideration of the long range financial implications. This policy will serve to guide the Council in matters of labor relations and is not a binding document.

Core Principles

Principle No. 1 – Recruitment and Retention: Compensation should be set at a level sufficient to recruit and retain employees who are qualified and committed to provide high quality services to the community yet balanced against fiscal realities. One measure of whether compensation meets this criterion is whether there are a sufficient number of qualified applicants for advertised job openings.

Strategies:

- The City will strive to provide wages at levels necessary to remain competitive in the recruitment of retention of staff, while taking into consideration internal equity
- The City will strive to establish total wages to include both base pay and deferred compensation
- The City will strive to provide each employee the opportunity to select the percent of base pay and deferred compensation within a defined range
- The City will strive for equity amongst all employee groups related to the freezing of wages

Principle No. 2 – Market Based Compensation: The Council shall strive to ensure its compensation program is fair and equitable from all legitimate perspectives, including the perspectives of the community, labor and management. The City may choose to survey public and private employers to evaluate the appropriateness and fairness of its compensation program. The Council is directly accountable to their constituents, and accordingly retains the discretion to determine the fairness of all compensation programs.

Strategies:

- The City will strive to provide wages at levels necessary to remain competitive in the recruitment and retention of staff, while taking into consideration internal equity
- The City will strive to establish a core group of cities and businesses on which to base compensation comparisons
- The City will strive to provide each employee the opportunity to select the percent of base pay and deferred compensation within a defined range

Principle No. 3 – Transparency: Compensation for all City employees should be 100% transparent – i.e., the public should be able to see all pay elements, including the cost of all health, pension and welfare benefits, applicable to each employee. City employee pay packages should be simple and easily understood. Safeguards must be in place to prevent abuses such as pension spiking and maximizing overtime through manipulation.

Strategies:

- The City will strive to compensate overtime and cash out earned leave time based on the employee's hourly rate exclusive of specialty or certification pay.

- The City will strive to strictly follow Fair Labor and Standards Act (FLSA) overtime rules and compensate employees accordingly
- The City will strive to continue to post compensation information on the City's website

Principle No. 4 – Fiscal Sustainability and Economic Climate: All compensation commitments must be made consistent with principles of fiscal sustainability and to ensure the City's long term success in achieving its mission. Compensation adjustments must not compromise the City's ability to successfully meet its ongoing and future financial commitments.

Strategies:

- The City will strive to hire contract employees instead of full-time benefited staff to allow for greater flexibility during periods of peak demand.
- The City will strive to implement a two-tiered retirement system and explore the option of a "hybrid" system that used both defined benefit and defined contribution formulas
- The City will strive to require employees to pay 100 percent of the employee share towards retirement
- The City will strive to pay a fixed amount towards employee retirement to limit exposure to volatility of the market
- The City will strive to pay a fixed amount for special pay and allowances instead of a percentage of salary
- The City will strive to pay a fixed amount towards employee health care expenses and require employees to share in the cost of future increases
- The City will strive to limit the length of contracts so that concessions or increases resulting from changing economic conditions can be addressed during contract negotiations and not mid-contract

Principle No. 5 – Accountability: All compensation commitments must be expressly delineated and are subject to formal approval by the City Council. Collective bargaining agreements should be posted as an open agenda item to encourage more public comment.

Strategies:

- The City will strive to post all proposed contracts on the website prior to adoption and notice their adoption in compliance with current public notice requirements

Principle No. 6 – Performance Based Pay: Whenever reasonably possible, compensation shall be tied to merit and performance. The City shall not permit pay increases based merely on the length of employment.

Strategies:

- The City will strive to develop outcomes for each Department and will tie employee compensation to the achievement of those outcomes.

Principle No. 7 – Legal Compliance: The City will ensure that its pay practices comport with the Fair Labor Standards Act and, to the extent legally applicable, State law. The City renews its commitment to negotiate in good faith with labor pursuant to the Meyers-Milias-Brown Act ("MMBA"), and to abide by all requirements of the MMBA.

Strategies:

- The City will strive to strictly follow Fair Labor and Standards Act (FLSA) overtime rules and compensate employees accordingly
- The City will strive to enter into good-faith negotiations with its bargaining groups and work towards solutions for the betterment of the community



Employee Compensation Guiding Principles

May 17, 2017

The City of Morgan Hill's employees are the organization's greatest resource. Strategically, the City maintains lean employee levels and depends on working with other public, non-profit, and private organizations to deliver services. During peaks of high service demand, the City augments its core team with contractors instead of full-time benefited employees to allow for greater flexibility.

It is essential that the City attract and retain a highly-qualified team to deliver exceptional services. To achieve our service standards, the City must employ individuals who exemplify our organizational values of teamwork, innovation, customer service, professional growth, and meeting challenges. Fostering an environment attractive to such employees depends upon many factors, including competitive compensation.

The purpose of this document is to guide the City Council in employee compensation matters in conjunction with other relative documents, such as the Sustainable Budget Strategy. Together, the seven guiding principles will ensure the City provides its employees competitive, equitable, and financially sustainable compensation.

Guiding Principles

Recruitment and Retention

The City's compensation should be set at levels sufficient to recruit and retain highly qualified employees who are committed to the City's priorities, ethical standards, and core values.

Fiscal Sustainability

The City's short and long-term fiscal health will guide all compensation practices; thus, the City's financial condition, service priorities, fund reserve levels, and revenue projections will be considered prior to implementing changes in compensation. The City must be able to meet the cost of any compensation commitment from current and projected ongoing City revenues.

Compensation Structure

The City utilizes a multi-step salary scale for its represented classifications with salary ranges that span approximately 25% from the minimum and maximum steps within the pay grade as provided. There is a 5% difference between each pay step. The management (unrepresented) positions use a salary range, with a bottom salary step, top salary step, and a performance pay step which is 2 1/2% above the top salary step.

Market Based Compensation

The City will maintain 12 benchmark agencies which are determined using set criteria, such as, but not limited to:

- Organizational Type and Structure
- Similarity of Population Served, City Demographics, and Operational Budgets
- Scope of Service Provided
- Labor Market
- Cost-of-Living

The City will use the median (middle value) as the statistic to analyze the survey data of the established benchmark agencies in its compensation studies since using the median is a standard practice as it is not significantly influenced by outliers (very high or low values).

Internal Equity

While labor market data is a good indicator of market trends in pay, the concept of internal equity (e.g. how classes are paid relative to each other within the City's pay plan) is a key factor when establishing a pay plan. The City will strive for pay differentials between levels that can minimize salary compaction issues (e.g. when employees in lower-level jobs are paid almost as much as their colleagues in higher-level jobs) as follows:

- Entry to journey level of series = 10% - 15% differential
- Journey to advanced level of series = 10% - 15% differential
- Supervisory = 10% - 15% differential over the highest level supervised
- Division manager = 10% - 15% differential over the highest level supervised
- Department Heads = 10% - 15% differential over the highest level supervised

Transparency and Accountability

The City of Morgan Hill is accountable to the public. All compensation commitments must be expressly delineated and are subject to formal approval by the City Council. Collective bargaining agreements should be posted as an open business agenda item to encourage public comment and engagement. The structure and components of compensation of City employees will be easy to understand, and compensation information, such as salary schedules/ranges will be posted on the City's website.

Legal Compliance

The City will ensure that its pay practices comport with the Fair Labor Standards Act and, to the extent legally applicable, State law. The City is committed to negotiate in good faith with labor pursuant to the Meyers-Milias-Brown Act ("MMBA"), and to abide by all requirements of the MMBA.



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Hilary Holeman, Administrative Analyst
APPROVED BY: City Manager

CITY POSITION ON COMMUNITY DEVELOPMENT BLOCK GRANT TRAILER BILL

RECOMMENDATION(S)

Receive legislative correspondence in opposition of trailer bill language proposing to cut Community Development Block Grant funding from State budget.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Supporting Our Youth
Seniors
and Entire Community
Preserving and Cultivating Public Trust

2017 Strategic Priorities

Inclusiveness
Regional Initiatives

POLICY CONSIDERATIONS:

Per Resolution No. 6851, the City Council recognizes occasional situations arise in which communication indicating support or opposition on pending State legislation is timely and may occur prior to the next scheduled City Council meeting. Under these circumstances, the Mayor or City Manager is delegated the authority to prepare, execute, and transmit written or verbal communications indicating a City's position on pending legislation as long as the following criteria are met: a) the League of California Cities has requested the City to comment or take a position, b) the timing to express a position occurs prior to the next scheduled Council meeting, and c) the pending State legislation clearly supports or clearly hinders the implementation or fulfillment of an adopted City Council Priority, Goal, or Strategy. When this occurs, a written report to the City Council for comment and acceptance is required at the next possible meeting.

REPORT NARRATIVE:

On May 2, 2017, the League of California Cities (League) called attention to proposed trailer bill language sponsored by the Department of Housing and Community Development (HCD) that proposes major changes to the Community Development Block Grant (CDBG) program, including provisions that would significantly reduce funds available for local economic development. Staff felt it was important to communicate the City's disapproval before the next hearing, scheduled for May 11, 2017, and obtained written permission from the Mayor to send the attached letter.

The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our community, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities.

The proposal would cut the longstanding share of CDGB economic development funds in half (from an existing 30 percent set-aside to 15 percent) and then eliminate it entirely if total funding falls below \$25 million. Attention was called to the trailer bill over concern that HCD does not appear to have vetted a proposal of this magnitude with the affected small cities and counties which use these programs.

While Morgan Hill has limited access to these funds based upon disadvantaged community criteria, Morgan Hill, like many small communities has virtually no other sources of economic development funding since the dissolution of State redevelopment agencies in 2011. Removal of impediments to development and the removal of blighted influences that deter investment are the needed outcomes of these precious dollars.

Legislators should help small cities, by improving efficiencies of program administration and streamlining the release of funding to cities as directly and expediently as possible. It is shortsighted to reduce these dollars to the very neediest of communities in California.

COMMUNITY ENGAGEMENT: Inform

ALTERNATIVE ACTIONS:

Council could rescind position taken.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None

FISCAL AND RESOURCE IMPACT:

No fiscal impact at this time. Tracking legislation is a responsibility of the Administrative Analyst in the City Manager's Office.

CEQA (California Environmental Quality Act):

Not a Project – Proposals for legislation to be enacted by the State Legislature

LINKS/ATTACHMENTS:

1. CDBG.Letter of Opposition
2. CDBG Trailer Bill Language



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Morgan Hill, CA 95037-4128
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www.morganhill.ca.gov

May 4, 2017

The Honorable Jim Cooper, Chair
Assembly Budget Subcommittee #4
CA State Assembly
State Capitol Building, Room 6025
Sacramento, CA 95814
VIA FAX: 916-319-2109

RE: CDBG Trailer Bill Language (RN 17 13279)
Notice of Opposition

Dear Chairman Cooper:

The City of Morgan Hill is opposed to the proposed trailer bill language sponsored by the Department of Housing and Community Development (HCD) that makes major changes to the CDBG program, including provisions that would significantly reduce funds available for local economic development. Specifically, this proposal seeks to cut longstanding shares of CDGB economic development funds in half (from 30% to 15%) and eliminates it entirely if total funding falls below \$25 million.

These federal CDBG funds are allocated by HCD to "non entitlement" cities (under 50,000 pop) and counties (under 200,000 pop). Many of these communities are in the state's rural areas that have been losing population and facing harder times than other regions of the state, and depend on these funds to attract and retain business in their communities, operate revolving loan programs to assist local businesses and other activities. Morgan Hill is particularly concerned that HCD does not appear to have vetted a proposal of this magnitude with the affected small cities and counties that use these programs.

While Morgan Hill has limited access to these funds based upon disadvantaged community criteria, Morgan Hill, like many small communities has virtually no other sources of economic development funding since the dissolution of State redevelopment agencies in 2011. Removal of impediments to development and the removal of blighted influences that deter investment are the outcomes of these precious dollars. Legislators should help small cities, by improving efficiencies of program administration and streamlining the release of funding to cities as directly and expediently as possible. It is shortsighted to reduce these dollars to the very neediest of communities in California.

Such a major proposed change should not be put through as a budget proposal, rather - given the impacts on many small cities and counties - HCD should be expected to vet this proposal with affected cities and counties and propose related changes through the usual policy process.

For these reasons, the City of Morgan Hill Opposes this Trailer Bill Proposal.

Sincerely,

Steve Tate
Mayor

Steve Rymer
City Manager

cc: Members, Assembly Budget Subcommittee #4
Members, Senate Budget Subcommittee #4
Assembly Member Anna Caballero [fax: 916-319-2130]
Senator Bill Monning [fax: 916-651-4917]
Seth Miller, Regional Public Affairs Manager, League of CA Cities, smiller@cacities.org
Meg Desmond, League of California Cities, mdesmond@cacities.org

Attachment: CDBG.Letter of Opposition (1201 : City Position on Community Development Block Grant Trailer Bill)

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An act to amend Sections 50825, 50826, 50827, 50828, 50832, 50833, 50833.1, and 50834 of, to add Section 50826.1 to, and to repeal Section 50832.1 of, the Health and Safety Code, relating to housing.



Attachment: CDBG Trailer Bill Language (1201 : City Position on Community Development Block Grant Trailer Bill)

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 50825 of the Health and Safety Code is amended to read:

50825. It is the intent of the Legislature in enacting this chapter to ensure that funds allocated to the state pursuant to the federal State Community Development Block Grant Program (42 U.S.C. Sec. 5306(d)), and administered by the department, be of prioritized for the most effective activities in order to provide maximum benefit in meeting the ~~housing and economic development~~ needs of persons and families of low or moderate income. The Legislature intends that these funds be provided to eligible cities and counties that ~~encourage new develop and preserve decent affordable housing developments and economic development and which need the funds to support those developments.~~ It is the intent of the Legislature to reaffirm established state policy that each eligible city or county contribute to meeting the statewide housing goals, or contribute to meeting the state's urgent need to halt the flow of jobs out of California by working to retain and expand existing businesses and attract new businesses that provide jobs to low- and moderate-income persons and families, or do both, and that funds allocated pursuant to this chapter be distributed accordingly. and suitable living environments and expand economic development opportunities that will contribute to meeting statewide goals.

It is the intent of the Legislature that program funding be prioritized for the most effective activities in order to provide that taxpayer contributions are efficiently deployed to foster housing and economic development. All funded eligible activities must be consistent with the state's consolidated plan and any annual update to the consolidated plan that is provided to the federal Department of Housing and Urban



Attachment: CDBG Trailer Bill Language (1201 : City Position on Community Development Block Grant Trailer Bill)

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Development, which details how the State of California intends to use federal program funds.

SEC. 2. Section 50826 of the Health and Safety Code is amended to read:

50826. As used in this chapter:

(a) "Consolidated plan" means the five-year action plan that results from the process set by the United States Department of Housing and Urban Development (HUD) that assesses affordable housing and community development needs and market conditions, allows the prioritization of development needs, and makes data-driven, place-based investment decisions for federal funding provided by HUD.

(a)

(b) "Eligible city or county" means an area which is not a metropolitan city or part of an urban county, as defined by paragraphs (4) and (6), respectively, of subsection (a) of Section 5302 (a) (4) and (6), respectively, of Title 42 of the United States Code.

(b)

(c) "NOFA" means notice of funding availability, a public announcement that an estimated amount of funding will be awarded by a department program according to specified criteria and schedules.

(c)

(d) "Persons and families of low or moderate income" means persons and families whose income does not exceed 80 percent of the area median income, adjusted for family size, as determined pursuant to regulations adopted by the department.

(d)



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(e) "Program" means the State Community Development Block Grant Program created pursuant to federal law (42 U.S.C. 5301, et seq.).

SEC. 3. Section 50826.1 is added to the Health and Safety Code, to read:

50826.1. Notwithstanding any other law, the department may adopt guidelines to implement this chapter. Any guideline, rule, policy, or standard of general application employed by the department in implementing this chapter shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The department shall convene a stakeholder process to inform the development of guidelines for the implementation of the program pursuant to this chapter. Until guidelines are adopted, the department shall administer the program pursuant to adopted regulations. Upon adoption of guidelines, previously adopted regulations are repealed. The repeal of previously adopted regulations pursuant to this section shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 4. Section 50827 of the Health and Safety Code is amended to read:

50827. ~~Thirty~~ (a) Fifteen percent of the annual allocation of federal Small Cities Community Development Block Grant ~~funds~~ funds, less department administrative funds, shall be set aside for economic development projects and ~~programs specified in Sections 50832, 50832.1, 50833, and 50834.~~ programs. All funds made available pursuant to the program shall, consistent with the requirements of subsection (c) of Section 5301 of Title 42 of the United States Code, be utilized to provide decent housing, a suitable living environment, and expanding economic opportunities,



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principally for persons and families of low or moderate income. If there are insufficient qualified applications for economic development projects and programs, these funds shall be available for other qualifying projects and programs submitted during the NOFA schedule period.

(b) The department is not required to set aside funds as specified in subdivision (a) in any year where the total grant amount of the federal State Community Development Block Grant Program award, including funds for department administrative fees, is less than twenty-five million dollars (\$25,000,000).

SEC. 5. Section 50828 of the Health and Safety Code is amended to read:

50828. Not less than 51 percent of the ~~funds made available to the department pursuant to the program~~ annual allocation of federal Small Cities Community Development Block Grant funds, less department administrative funds, shall be utilized by the department to make grants to eligible cities or counties for the purpose of providing or improving housing opportunities for persons and families of low or moderate income or for purposes directly related to the provision or improvement of housing opportunities for persons and families of low or moderate income, including, but not limited to, the construction of infrastructure. If there are insufficient qualified applications for economic development projects and programs, these funds shall be available for other qualifying projects and programs submitted during the NOFA schedule period.

SEC. 6. Section 50832 of the Health and Safety Code is amended to read:

50832. ~~(a) In order to ensure that a city or county may apply for both economic development and general program grants pursuant to this chapter in the same year;~~



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~~each applicant shall have a maximum grant request limitation as determined by the department and announced in the applicable NOFA, excluding general allocation planning and technical assistance grants and economic development allocation planning and technical assistance grants made available under Section 50833, of which a maximum amount as determined by the department and announced in the applicable NOFA, per year may be used for either general program or economic development applications. These limitations may be waived for the economic development allocation based upon available economic development funds after September 1 of each year. The department shall aggressively inform eligible cities and counties of the eligibility criteria and requirements under this section and in Section 50833.~~

~~(b) Except for applications specified in Section 50832.1, applications for all activities or set-asides under this section and Section 50833 shall be evaluated on a first-in, first-served basis.~~

~~(c) For~~

~~50832. For all economic development applications under this section or Section 50833, including economic development assistance grants, program applications, the department shall develop project standards and rating factors which meet the minimum requirements of federal statutes for eligible projects and that meet National Objectives.~~

~~(d) A jurisdiction may submit multiyear proposals for a period not exceeding three years in duration.~~

SEC. 7. Section 50832.1 of the Health and Safety Code is repealed.



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~~50832.1. (a) The department is authorized to utilize specified amounts of the economic development set aside for a reservation of funds program to establish or enhance local revolving loan fund programs.~~

~~(b) To the extent that the department determines that some local communities lack capacity to apply for and administer projects under this section and Section 50832, the department may utilize federal training dollars to provide training services to those communities. In providing training, the department may contract with training entities, provide the training directly, or make stipends available for that training.~~

~~(c) Utilizing only existing Community Development Block Grant administrative funds, the department shall make every effort to assist communities unable to demonstrate compliance with federal regulations to come into compliance, which may include providing communities training in revolving loan fund administration through outside contractors.~~

SEC. 8. Section 50833 of the Health and Safety Code is amended to read:

~~50833. (a) The department shall determine and announce in the applicable NOFA the percentage of the total amount of the State Block Grant Program funds set aside for economic development that shall be allocated to make economic development planning and technical assistance grants to eligible small cities or counties for business attraction, retention, and expansion programs for the development of local economic development strategies, predevelopment grant feasibility studies, and downtown revitalization programs. Eligible small cities or counties may contract with public agencies or nonprofit economic development corporations and other eligible subgrantees or for-profit corporations or entities to provide these services. Each applicant shall be~~



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~~required to provide a cash match of up to 25 percent of the total amount requested. A technical assistance grant received under this set-aside is in addition to the city or county ceiling, under Section 50832, or its ability to apply under the economic development or general program set-asides. The department shall determine and announce in the applicable NOFA the maximum per year grant amount. Each applicant shall not receive more than two grants per year and shall be eligible to apply each year, although no applicant shall receive grants in excess of the maximum amount determined by the department and announced in the applicable NOFA in any one year. Funds not applied for or allocated under this section may be used for other economic development purposes under Sections 50832 and 50832.1.~~

~~(b) The department shall determine and announce in the applicable NOFA the percentage of the total amount of the State Block Grant Program funds not used for economic development that shall be set aside to make technical assistance grants to eligible small cities or counties for purposes including, but not limited to: inventory of housing needing rehabilitation in the district, income surveys of area residents, and any general studies of housing needs in the district. Each applicant shall be required to provide a cash match of up to 25 percent of the total amount requested. A technical assistance grant received under this set-aside is in addition to the city or county ceiling or its ability to apply under the economic development or general program set-asides. Unexpended funds allocated under this section shall revert to the general program, but not to the economic development set-aside. The department shall determine and announce in the applicable NOFA the maximum grant amount per application. Each applicant shall not receive more than two grants per year and shall be eligible to apply~~



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~~each year, although no applicant shall receive grants in excess of the maximum amount determined by the department and announced in the applicable NOFA in any one year.~~

~~(e) If, under federal law, the economic development planning and technical assistance grants and the general allocation planning and assistance grants are considered to be administrative expenditures, the department may reduce the percentages of the set-asides by up to the amount necessary to remain within the allowable limits for administrative expenditures.~~

(d)

50833. (a) Two or more jurisdictions may pool their funds and make a joint application for the same project.

~~(e) General administrative activity planning studies shall not be counted against allocations under this section.~~

(f)

(b) The department may issue a NOFA under which the director may determine that an applicant with one or more current Community Development Block Grant agreements signed in 2012 or later, for which the expenditure deadline established in the grant agreement or agreements has not yet passed, is eligible to apply for and receive an award of, funds pursuant to this chapter, without regard to whether the applicant has expended at least 50 percent of Community Development Block Grant Funds awarded in 2012 or thereafter. For any applicant that is so determined, the director shall include in the application file a written confirmation of eligibility and any award of funds. An application made pursuant to the director's determination under this section may be evaluated solely on the basis of eligibility, need, benefit, or readiness,



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without regard to any specific rating criteria provided by Section 7078 of the California Code of ~~Regulations~~. Regulations, or guidelines adopted pursuant to Section 50826.1. The awarding of funds to an applicant pursuant to the director's determination under this section does not exempt those funds from consideration under any expenditure requirement under law.

SEC. 9. Section 50833.1 of the Health and Safety Code is amended to read:

50833.1. (a) In the event that the department is allocated supplemental funds in excess of the state's annual program allocation pursuant to subdivision (d) of Section 5306 of Title 42 of the United States Code to meet an extraordinary need, including funds provided to serve as an economic stimulus to the economy of California, or in the event that federal funds are required to be set aside from the department's annual allocation pursuant to federal law or regulation, the department may distribute these supplemental or federally mandated set-aside funds pursuant to guidelines to be set forth in a special Notice of Funding Availability.

(b) The distribution of supplemental or federally mandated set-aside funds under this section shall not be subject to ~~the requirements of Sections 50831, 50832, and 50833, and shall be made notwithstanding~~ any special allocations specified in Subchapter 2 (commencing with Section 7050) of Chapter 7 of Division 1 of Title 25 of the California Code of ~~Regulations~~. Regulations or guidelines adopted pursuant to Section 50826.1.

(c) ~~The guidelines for the distribution of supplemental allocations and federally mandated set-aside funds shall not be subject to any provision of Subchapter 2 (commencing with Section 7050) of Chapter 7 of Division 1 of Title 25 of the California~~



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~~Code of Regulations that the department determines to be in conflict with the purpose of, or impair the achievement of the goals of, the supplemental allocation or the federally mandated set-aside funds.~~

~~(d) The department may adopt emergency regulations to implement this section. The adoption of any emergency regulations to implement this section that are filed with the Office of Administrative Law within one year of the effective date of the federal act that allocates these supplemental funds shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare.~~

SEC. 10. Section 50834 of the Health and Safety Code is amended to read:

~~50834. (a) The department shall prepare a separate and discrete training manual and request for proposal for the economic development set-aside. The department shall ensure that it can respond to requests for grants as rapidly as possible. Once an economic development project award is approved by the director, a contract shall be executed and funds made available as soon as possible.~~

~~(b)~~

50834. (a) Any program income received by a city or county grantee, grantee or its subrecipients, or any loan repayments made by a beneficiary to a grantee, may shall be utilized by the city or county grantee for any an activity currently eligible under federal law and regulations, provided that the department determines that the beneficiary or grantee has complied reasonably with the terms and conditions described in the contract between the grantee and the department.



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~~(e) Any economic development set aside of funds not encumbered for funding of a project by the end of the federal contract period shall revert to the general program and be set aside for use if approved projects for which no funds are available are pending.~~

~~(d) The department shall conditionally commit economic development allocations to projects that meet the requirements of this chapter up front, contingent upon the applicant receiving those other funding commitments necessary to complete the project.~~

(b) Program income retained by a city or county grantee is treated as additional program funds and is subject to all requirements, including that these funds must be used before requesting additional draws from the grant, unless the funds are in a department-approved revolving loan fund.

(c) If the grantee does not have an active program, as defined through adoption of guidelines, including a revolving loan fund program, any unused program income shall be remitted to the department.

(d) The department may establish, through the adoption of guidelines pursuant to Section 50826.1, a requirement that all program income generated from awards following the date of adoption be remitted to the department, including program income previously deposited in a local revolving loan fund.

- 0 -



Attachment: CDBG Trailer Bill Language (1201 : City Position on Community Development Block Grant Trailer Bill)

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: State Community Development Block Grant Program.

(1) Under existing law governing the State Community Development Block Grant Program, the Department of Housing and Community Development is required to distribute federal funds in the form of grants to eligible cities and counties to provide housing and economic development, principally for persons and families of low or moderate income. Existing law declares the Legislature's intent regarding funds allocated to the state pursuant to the federal State Community Development Block Grant Program, which is administered in the state by the Department of Housing and Community Development.

This bill would revise and recast the statement of intent to also reference the most efficient use of grant funds.

(2) Existing law defines various terms for purposes of administering the federal State Community Development Block Grant Program.



Attachment: CDBG Trailer Bill Language (1201 : City Position on Community Development Block Grant Trailer Bill)

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This bill would define the term “consolidated plan” for these purposes to mean a five-year action plan that makes investment decisions based on assessed needs and market condition.

(3) Existing law requires that 30% of the annual allocation of federal State Community Development Block Grant funds be set aside for specified economic development projects and programs administered by the Department of Housing and Community Development, subject to specified criteria.

This bill would instead require 15% of that annual allocation, less department administrative funds, to be set aside for those purposes. The bill would require any funds available due to insufficient qualified applications for economic development projects and programs to be available for other projects and programs, as specified. The bill would specify that the department is not required to set aside funds in any year where the total grant amount of the federal State Community Development Block Grant Program award is less than \$25,000,000, as specified.

(4) Existing law requires no less than 51% of the funds made available to the department under the federal State Community Development Block Grant Program to be utilized by the department to make grants to eligible cities or counties for the purpose of providing or improving housing opportunities for persons and families of low or moderate income or for purposes directly related to the provision or improvement of housing opportunities for persons and families of low or moderate income, as specified.

This bill would instead require at least 51% of the annual allocation of federal Small Cities Community Development Block Grant funds, less administrative funds of the department, to be utilized for those purposes. The bill would require any funds



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available due to insufficient qualified application to be available for other projects and programs.

(5) Existing law requires the department to determine, and announce in the applicable Notice of Funding Availability, the maximum grant request limitation for each applicant of which a maximum per year can be used for either general program or economic development applications. Existing law requires the department to inform cities and counties that are eligible for economic development and general program grants of the eligibility criteria and requirements. Existing law provides that applicants for all activities or set-asides, except as specified, are to be evaluated on a first-in, first-served basis. Existing law authorizes a jurisdiction to submit multiyear proposals for a period not to exceed 3 years in duration.

This bill would delete these provisions.

Existing law requires the department to develop project standards and rating factors that meet specified minimum requirements of federal statutes for all economic development applications, including economic development assistance grants.

This bill would instead apply this provision to all program applications.

(6) Existing law, to the extent that the department determines that some local communities lack capacity to apply for and administer economic development projects and programs, authorizes the department to utilize federal training dollars to provide training services to those communities.

This bill would repeal this provision.

(7) Existing law requires the department to determine and announce, in the applicable Notice of Funding Availability, the maximum amount of grant funds that



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may be used by eligible small cities and counties for economic development projects and programs and the assessment of housing needs. Existing law requires the department to develop and use certain eligibility criteria and requirements for certain economic development fund applications. Existing law authorizes the department to reduce the percentages of the set-asides under specified circumstances.

This bill would delete these provisions.

(8) Existing law provides that the guidelines for the distribution of supplemental allocations and federally mandated set-aside funds are not subject to specified regulations that the department determines to be in conflict with the purpose of, or impair the achievement of the goals of, the supplemental allocation or the federally mandated set-aside funds. Existing law additionally authorizes the department to adopt emergency regulations with regard to allocation of supplemental funds and federally mandated set-aside funds.

This bill would delete these provisions.

This bill would authorize the department to adopt guidelines to implement the federal State Community Development Block Grant Program and would provide that any guideline, rule, policy, or standard of general application employed by the department in implementing that program is not subject to the rulemaking requirements of the Administrative Procedure Act.

(9) Existing law requires the department to set aside a specified amount of program funds for economic development. Any economic development set-aside of funds not encumbered for funding a project by the end of the federal contract period reverts to the general program and set-aside for use for other specified projects. Existing



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law also requires the department to prepare a separate and discrete training manual and request for proposal for the economic set-aside, as specified.

This bill would delete these provisions and would instead require program income retained by a city or county grantee to be treated as additional program funds. The bill would provide that those funds are subject to all requirements, including that these funds must be used before requesting additional funds from the grant, unless the funds are in a revolving loan fund approved by the department. The bill would require any program income to be remitted to the department if the grantee does not have an active program.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.





CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

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

MARCH 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 quarter ended March 31, 2017. The Year-to Date Revenue and Expense Summary is included on the first page. Overall, General Fund revenues totaled \$24.7 million or 68% of the budget. Expenditures totaled \$29.1 million, and including encumbrances amounted to \$30.2 million or 77% of the budget. A primary reason for the difference between revenues and expenses is due to the fact that the City has not received the second property tax payment. 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.

At the September 16, 2015 meeting, City Council has recommended that the quarterly financial and investment reports be presented to City Council as an "Other Business" item. Instead of presenting to the City Council the quarter ended March 31, 2017 financial report as an Other Business item, staff is presenting this month's report under the Consent Agenda since a more thorough financial update will be presented to the City Council during the mid-cycle budget on May 19, 2017. However, should the City Council have any questions, staff will be available to respond.

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. March 2017 Financial Statement Analysis
2. March 2017 Financial and Investment Report



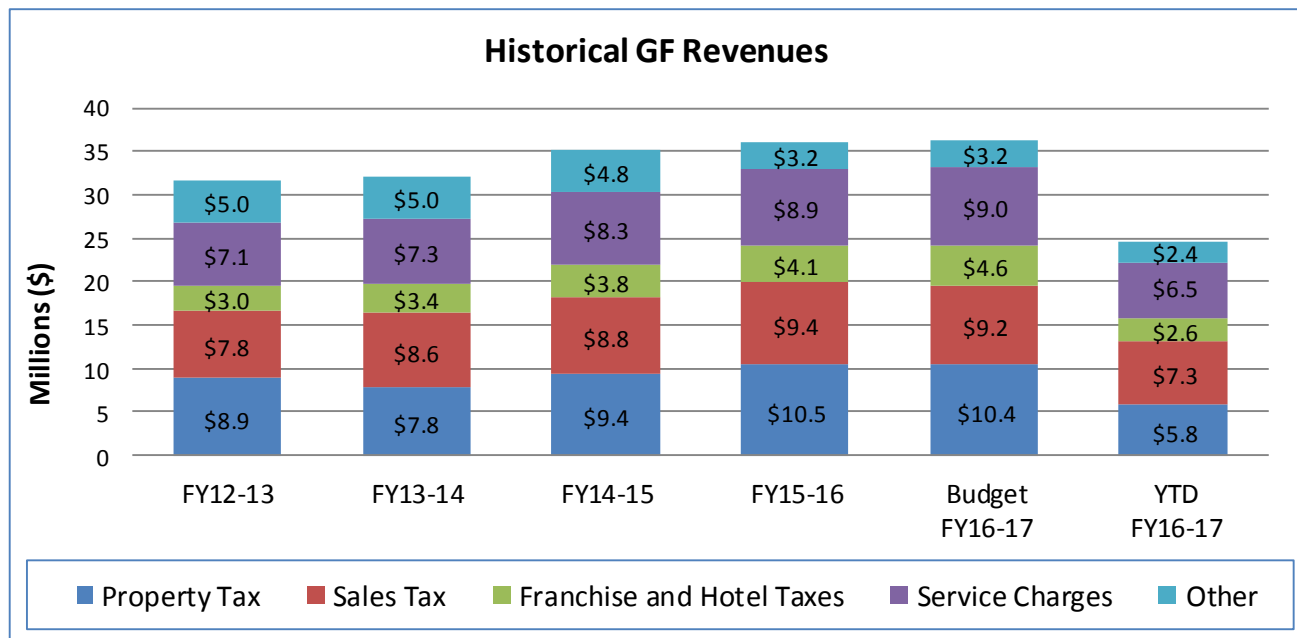
CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2016-17
FOR THE MONTH ENDED MARCH 2017 – 75% OF YEAR COMPLETE

- **General Fund** – Overall, revenues received through March totaled \$24.7 million, or 68% of the budgeted revenues. The amount received is 14% or \$3.0 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 first two advances for the 4/10/17 secured and unsecured property tax installment have been received and are 9% or approximately \$423,000 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 \$36.4 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 89% 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 March 31, 2017.



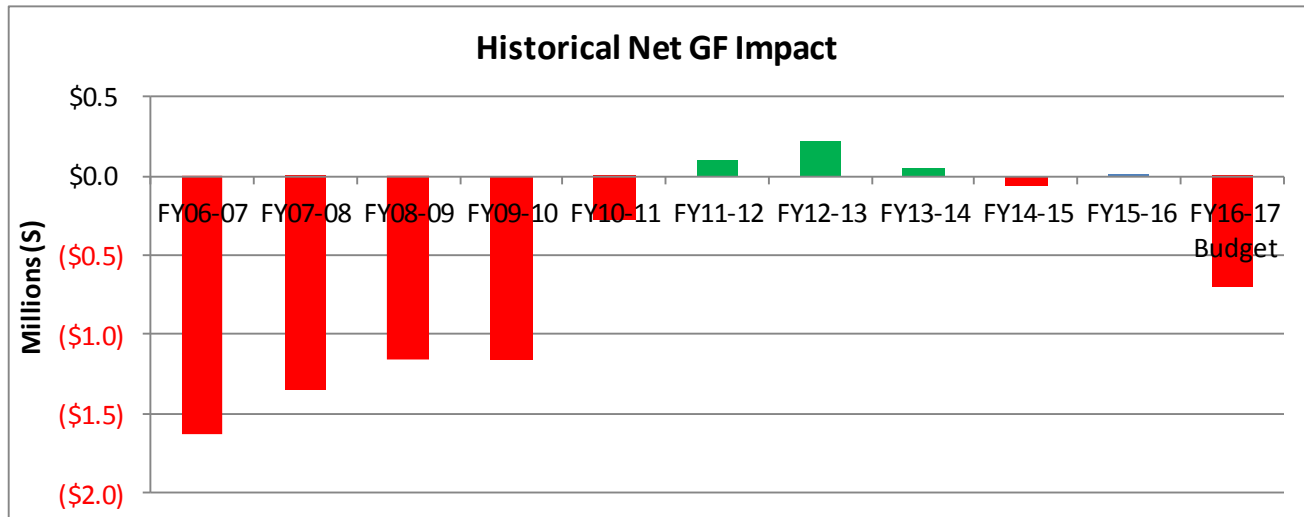
General Fund expenditures and encumbrances as of March 31, 2017 totaled \$30.2 million, of which approximately \$1.1 million is attributable to outstanding encumbrances.

- **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 March. Without the carry-over



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2016-17
FOR THE MONTH ENDED MARCH 2017 – 75% OF YEAR COMPLETE

encumbrances, operations through March resulted in a smaller net negative impact to the general fund of approximately \$436,000. Any net impact from the recreation operations increases (decreases) 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 March totaled \$3.6 million, or approximately 83% of the budget. Expenditures and encumbrances totaled \$3.8 million, or approximately 71% of the budgeted appropriation. Without the outstanding encumbrances, however, expenditures through March amounted to \$3.5 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 March totaled \$502,000. 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 March totaled \$7.3 million. Expenditures and outstanding encumbrances totaled \$7.3 million or 69% 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 March 31, 2017.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2016-17
FOR THE MONTH ENDED MARCH 2017 – 75% 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	7.3
Expenditures	9.0	8.6	8.8	12.0	10.6	7.3
Operating Margin	0.7	0.8	1.5	(1.8)	(0.2)	-
Operating Margin without Encumbrances	0.7	0.8	1.5	(1.8)	(0.2)	0.1

- Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues from Water Operations through March totaled \$8.1 million, approximately \$1.9 million more than a year ago at this time primarily due to the rate adjustment and slightly higher 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 March 31, 2017 totaled \$7.6 million. Without the encumbrances, however, the expenditures amounted to \$7.2 million. The table below shows Water Operations revenues and expenditures from FY12-13 through FY15-16 Actual, FY16-17 Budget, and YTD as of March 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	8.1
Expenditures	9.1	12.1	9.3	9.7	11.2	7.6
Operating Margin	1.1	0.1	(0.5)	(1.2)	(1.2)	0.5
Operating Margin without Encumbrances	1.1	0.1	(0.5)	(1.2)	(0.8)	0.9

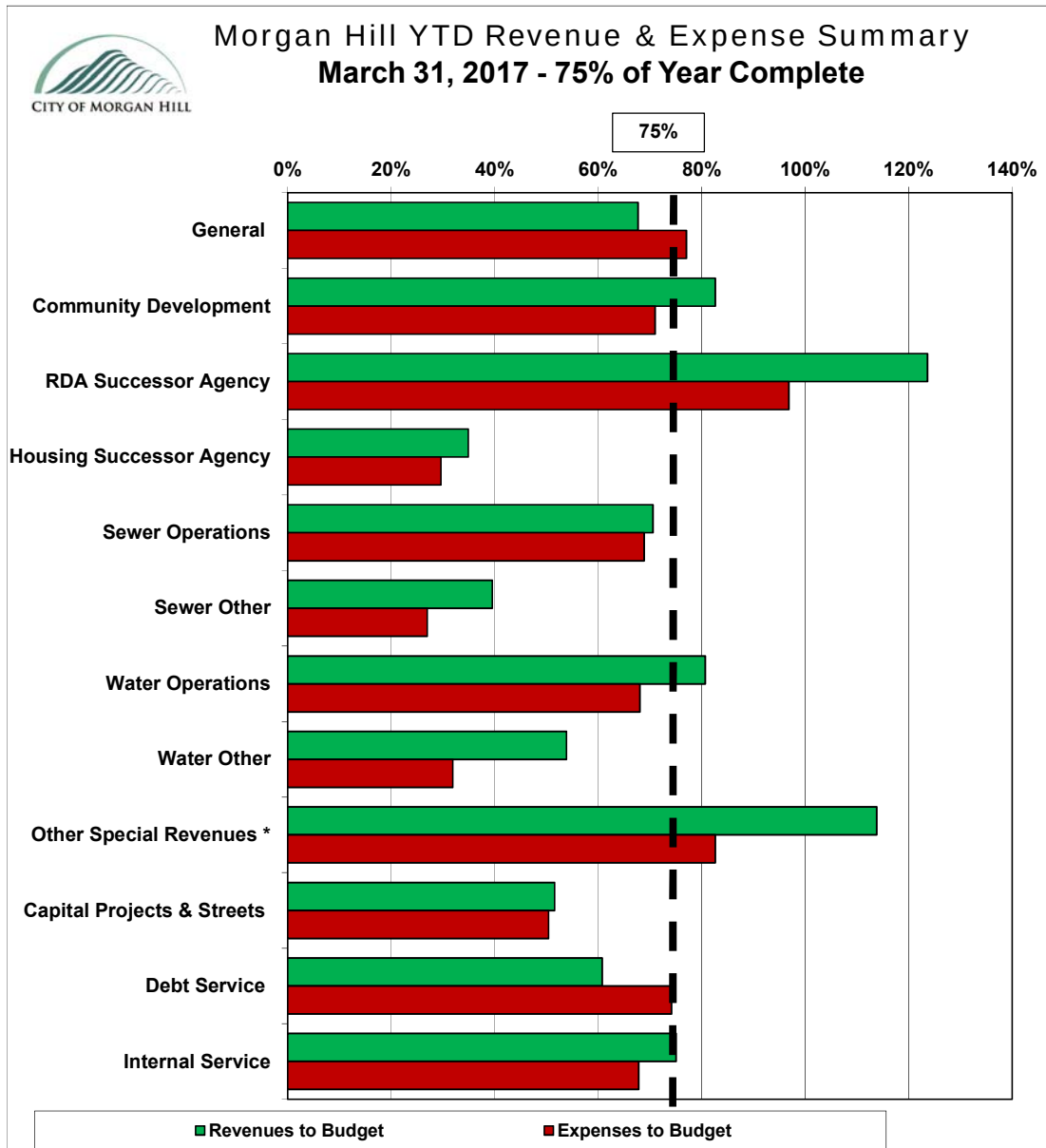
- Investments** - There was one security called and one security purchased during the month of March 2017. Total interest earnings received on investments were \$90,000 during the month.

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
March 31, 2017 - 75% of Year Complete



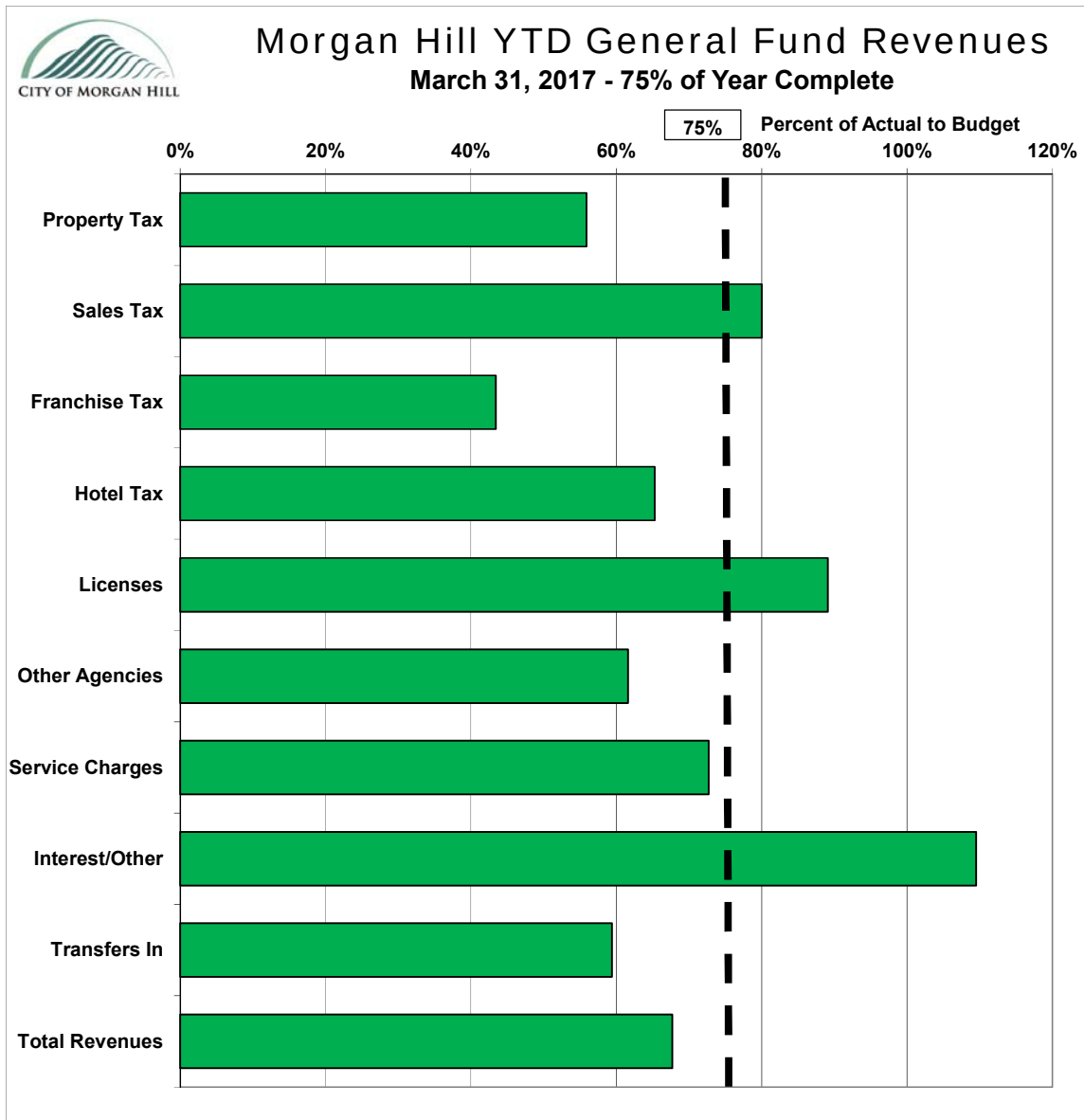
CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT

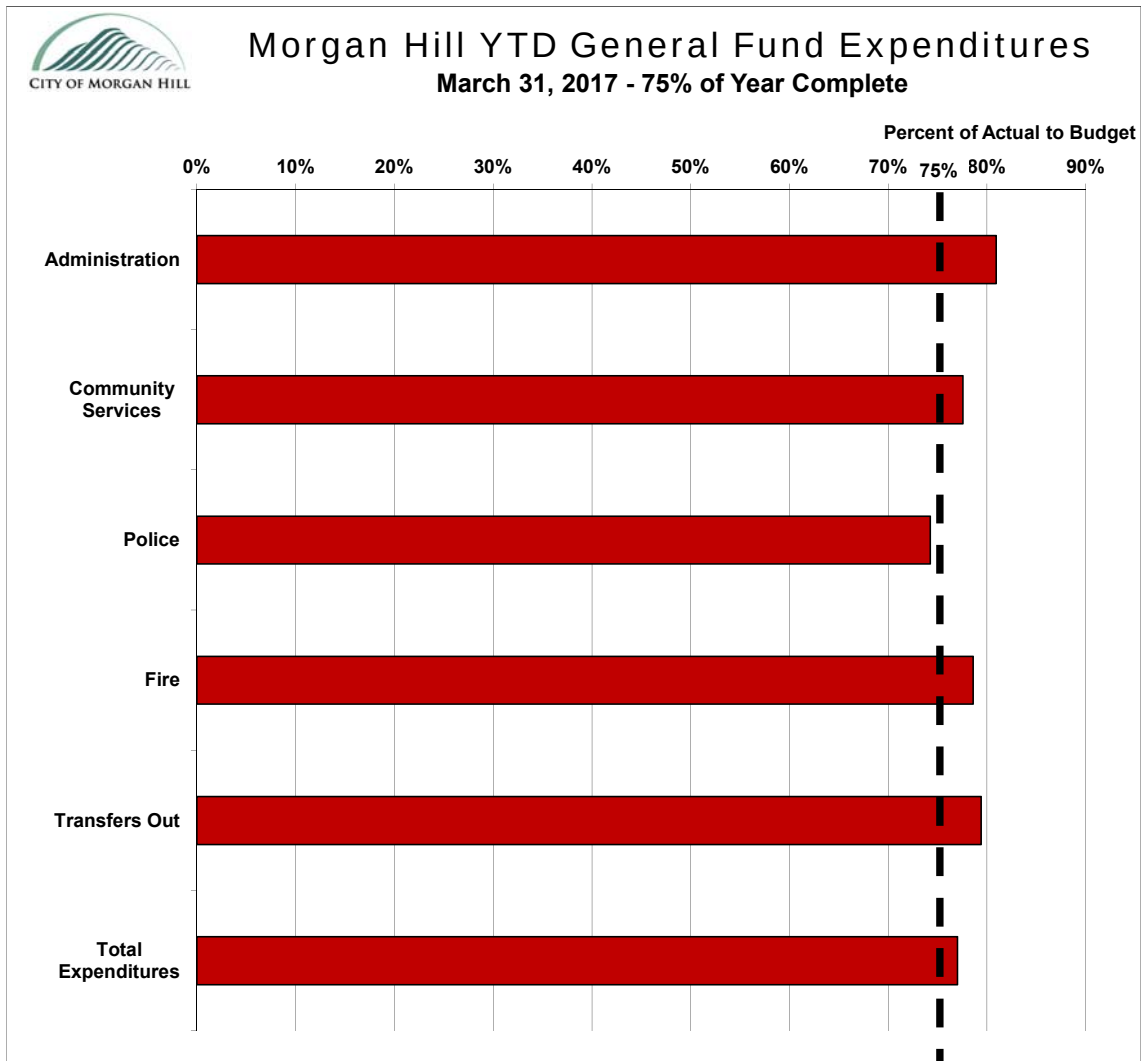


FUND NAME	REVENUES		EXPENSES	
	ACTUAL	% OF BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET
General	\$ 24,658,751	68%	\$ 30,171,834	77%
Community Development	3,618,071	83%	3,836,034	71%
RDA Successor Agency	9,077,975	124%	8,599,715	97%
Housing Successor Agency	436,934	35%	826,988	30%
Sewer Operations	7,343,557	71%	7,329,834	69%
Sewer Other	3,329,250	40%	5,051,159	27%
Water Operations	8,068,266	81%	7,648,102	68%
Water Other	1,490,016	54%	5,465,297	32%
Other Special Revenues *	3,700,190	114%	4,519,152	83%
Capital Projects & Streets	9,349,235	52%	12,357,606	50%
Debt Service	412,811	61%	501,623	74%
Internal Service	7,997,385	75%	8,456,534	68%
TOTAL FOR ALL FUNDS	\$ 79,482,440	70%	\$ 94,763,878	63%

* 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	\$ 5,827,818	56%	\$ 5,369,609	9%
Sales Tax	9,170,767	7,333,536	80%	5,609,292	31%
Franchise Tax	1,927,359	836,001	43%	766,482	9%
Hotel Tax	2,684,700	1,753,096	65%	1,497,285	17%
Licenses	206,474	183,985	89%	197,618	-7%
Other Agencies	641,506	395,450	62%	277,846	42%
Service Charges	8,953,220	6,512,011	73%	6,369,782	2%
Interest/Other	775,597	849,393	110%	551,256	54%
Transfers In	1,627,581	967,460	59%	1,033,806	-6%
TOTAL REVENUES	\$36,417,204	\$24,658,751	68%	\$ 21,672,977	14%



EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Administration	\$ 5,968,432	\$ 4,831,109	81%	\$ 3,241,784	49%
Community Services	10,372,425	8,046,172	78%	7,189,792	12%
Police	15,339,657	11,388,352	74%	9,938,640	15%
Fire	5,428,841	4,267,316	79%	4,191,060	2%
Transfers Out	2,064,119	1,638,885	79%	1,177,459	39%
TOTAL EXPENDITURES	\$ 39,173,474	\$ 30,171,834	77%	\$ 25,738,735	17%

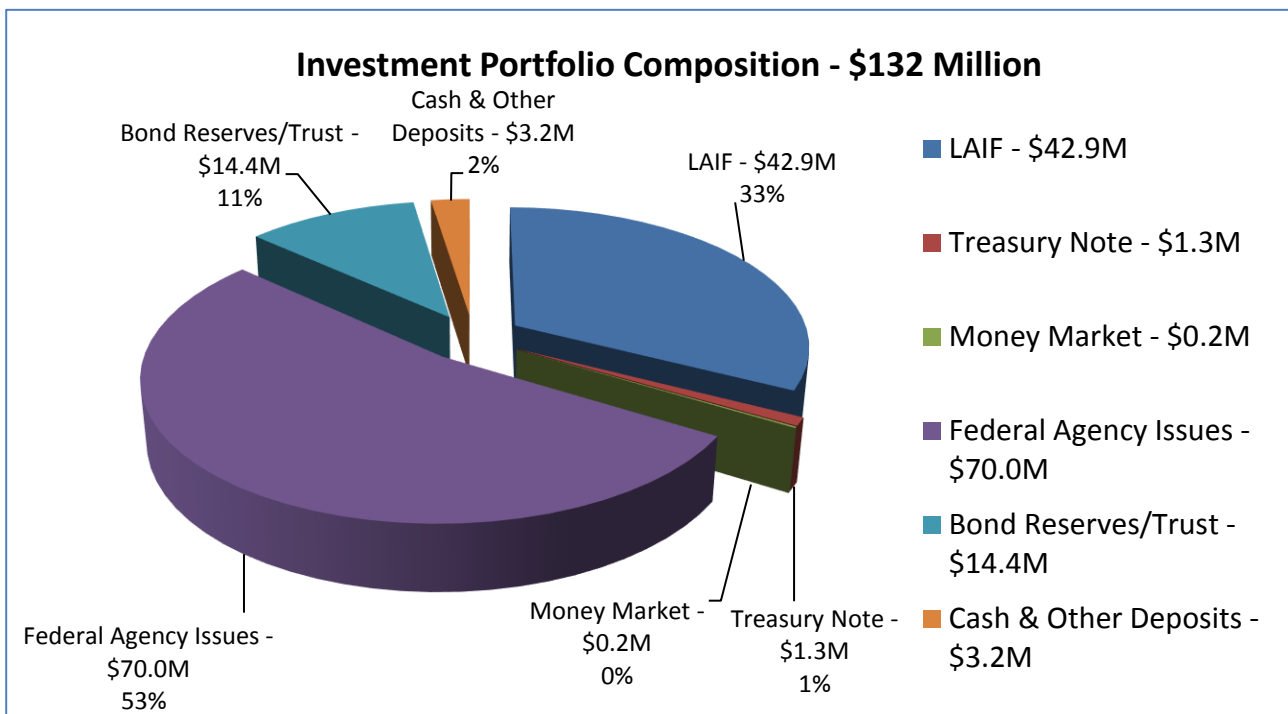


**City of Morgan Hill
Recreation Report - Fiscal Year 2016-17
For the Month and Nine Months Ended March 31, 2017
75% of Year Complete**

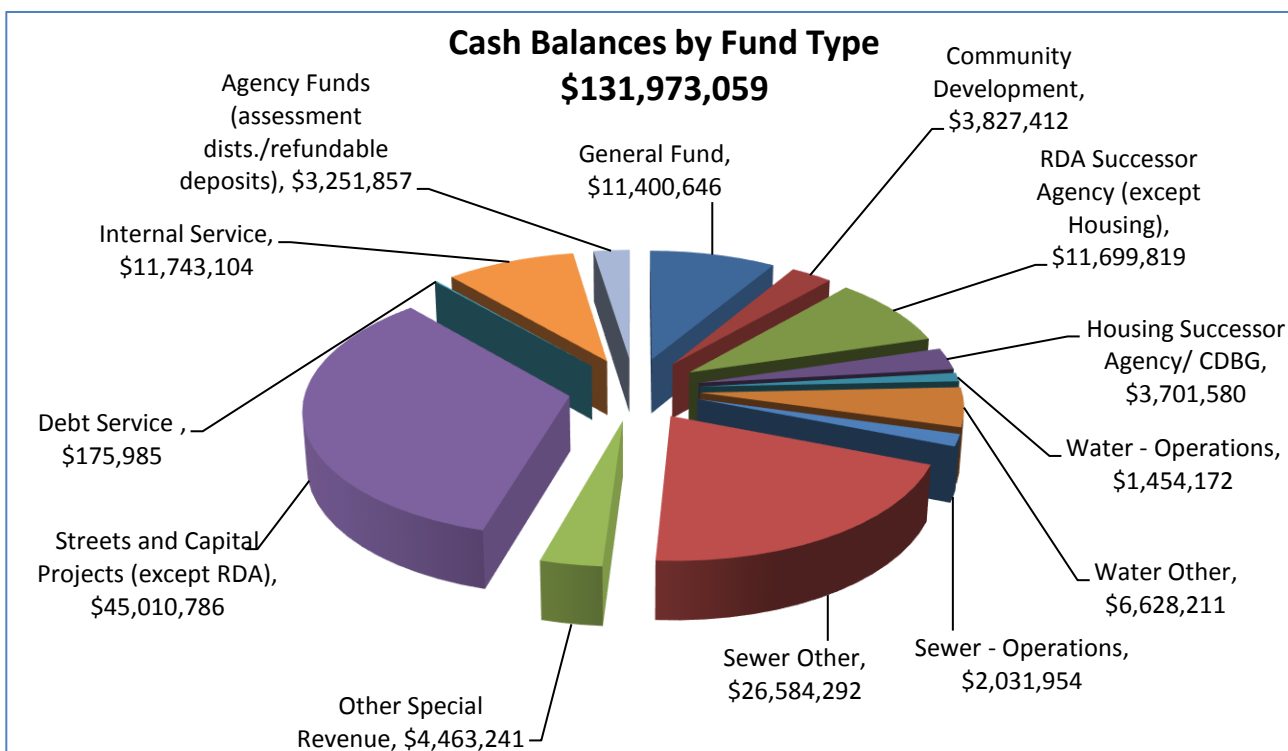
	<u>Budget</u>	<u>March 2017</u>	<u>YTD</u>	<u>% of Budget</u>
Revenues				
Membership Services & Rec Programs	\$ 5,702,573	\$ 476,680	\$ 4,185,166	
Facility Rentals	874,020	67,066	683,517	
Community Services	152,915	7,956	104,607	
Transfers in	75,000	6,250	56,250	
Total Revenues	\$ 6,804,508	\$ 557,953	\$ 5,029,539	74%
Less: Expenditures				
Membership & Program Services	\$ 5,529,949	\$ 681,702	\$ 4,021,763	
Facility Rentals	1,250,322	122,398	944,662	
Community Services	719,212	84,563	499,073	
Total Expenditures	\$ 7,499,484	\$ 888,663	\$ 5,465,499	73%
Net Impact without encumbrances	\$ (694,976)	\$ (330,710)	\$ (435,959)	
Encumbrances	-	-	526,034	
Net Impact with encumbrances	\$ (694,976)	\$ (330,710)	\$ (961,993)	

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

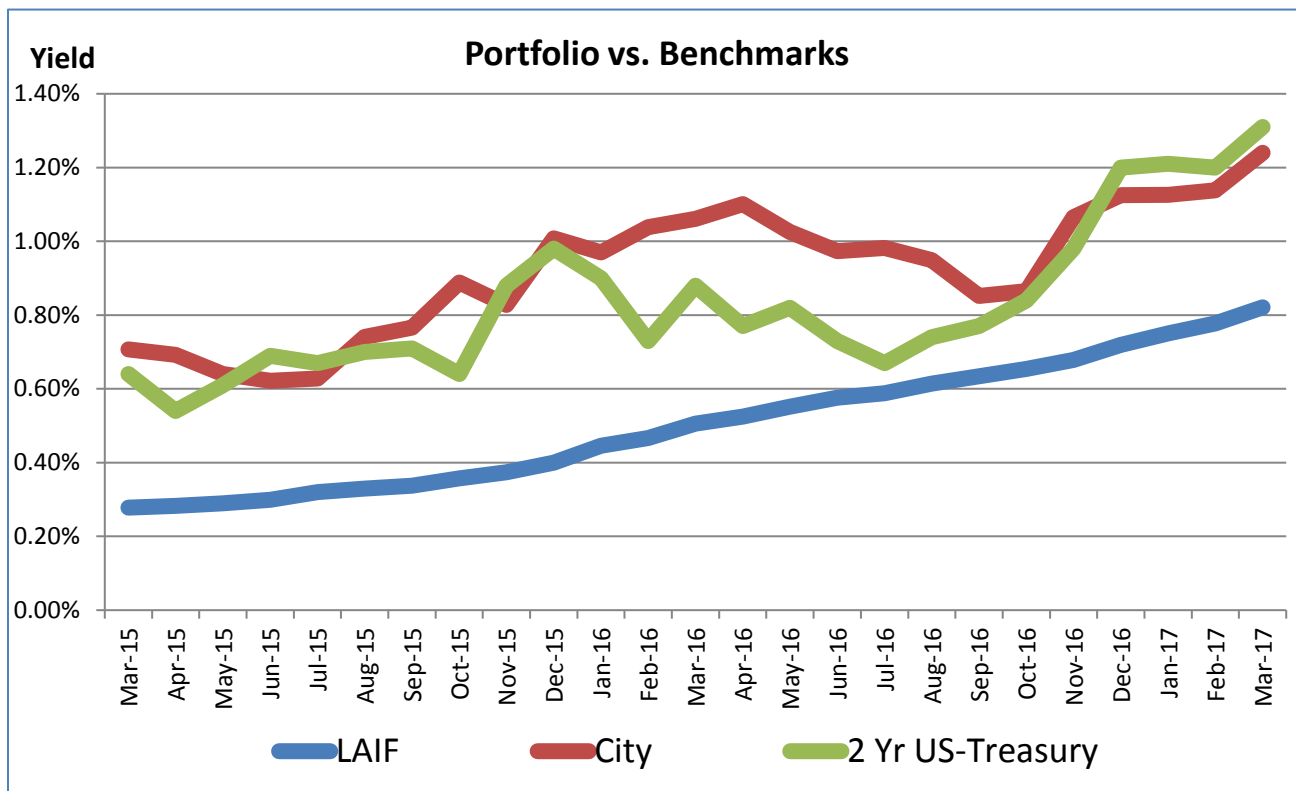
The following are the snapshots of City's investment portfolio as of March 31, 2017. The first chart shows the portfolio composition by investment type:



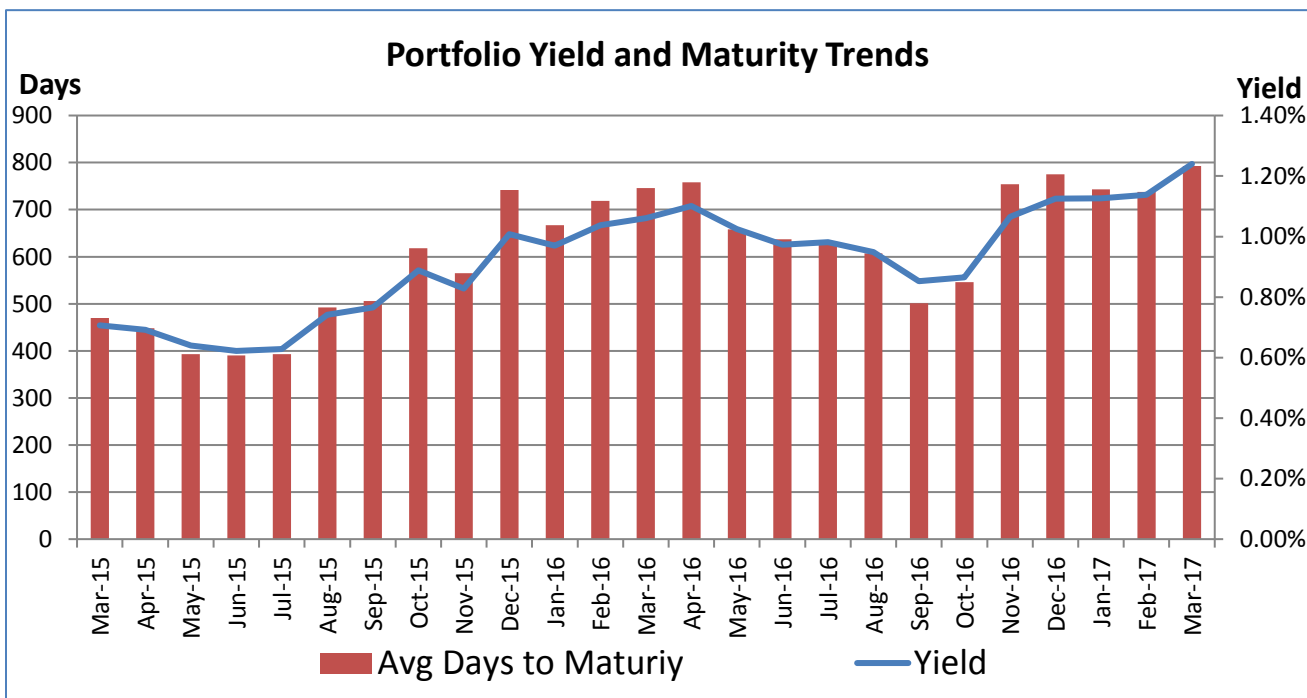
The chart below shows cash balances by fund type reconciled to City's financial system:



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:



Attachment: March 2017 Financial and Investment Report (1192 : March 2017 Financial and Investment Report)



**City of Morgan Hill
Investment Portfolio Detail
As of March 31, 2017**

Investment Type	Settlement Date	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
L A I F		\$ 42,897,760	32.50%	\$ 42,873,043	0.82%		
City Managed							
Fed Home Loan Bank	12/3/2012	\$ 2,000,626	1.52%	\$ 2,000,120	0.93%	9/20/2017	9/20/2017
Fed Home Loan Mortgage	1/31/2013	498,993	0.38%	498,870	1.01%	1/12/2018	1/12/2018
Fed Home Loan Mortgage	8/12/2013	996,581	0.76%	999,840	1.36%	12/12/2017	12/12/2017
Fed Home Loan Bank	3/21/2014	1,005,050	0.76%	1,005,070	0.86%	5/17/2017	5/17/2017
Treasury Note	12/15/2014	753,722	0.57%	753,870	1.01%	10/31/2017	10/31/2017
Federal Farm Credit Bank	5/28/2015	1,001,030	0.76%	999,960	0.99%	2/20/2018	2/20/2018
Treasury Note	6/12/2015	498,495	0.38%	498,360	1.06%	3/31/2018	3/31/2018
Fed Natn'l Mortgage Assn	6/12/2015	500,152	0.38%	498,940	1.10%	2/28/2018	2/28/2018
Fed Home Loan Mortgage	7/2/2015	999,161	0.76%	997,740	0.97%	3/7/2018	3/7/2018
Fed Home Loan Mortgage	8/31/2015	999,858	0.76%	999,400	0.79%	8/25/2017	8/25/2017
Fed Home Loan Bank	9/30/2015	1,000,549	0.76%	997,990	0.95%	4/24/2018	4/24/2018
Fed Home Loan Bank	9/30/2015	512,019	0.39%	511,387	0.80%	10/12/2017	10/12/2017
Fed Home Loan Bank	10/19/2015	4,000,000	3.03%	3,981,840	1.70%	10/19/2017	10/19/2020
Fed Home Loan Bank	6/30/2016	4,000,000	3.03%	3,898,920	1.50%	6/30/2017	6/30/2021
Fed Natn'l Mortgage Assn	8/25/2016	4,000,000	3.03%	3,875,080	1.40%	8/25/2017	8/25/2021
Fed Home Loan Mortgage	9/29/2016	2,000,000	1.52%	1,932,660	1.65%	6/29/2017	9/29/2021
Fed Natn'l Mortgage Assn	9/29/2016	4,000,000	3.03%	3,895,600	1.60%	6/29/2017	9/29/2021
Fed Home Loan Mortgage	10/27/2016	4,000,000	3.03%	3,876,680	1.60%	4/27/2017	10/27/2021
Fed Natn'l Mortgage Assn	10/28/2016	4,000,000	3.03%	3,874,640	1.55%	4/28/2017	10/28/2021
Fed Home Loan Mortgage	10/28/2016	2,000,000	1.52%	1,941,020	1.65%	4/28/2017	10/28/2021
Fed Home Loan Bank	11/15/2016	4,000,000	3.03%	3,908,720	1.55%	5/15/2017	11/15/2021
Fed Home Loan Bank	11/23/2016	3,000,000	2.27%	2,937,690	1.65%	4/23/2017	11/23/2021
Fed Home Loan Bank	11/23/2016	4,000,000	3.03%	3,895,440	1.63%	5/23/2017	11/23/2021
Fed Home Loan Mortgage	11/30/2016	4,000,000	3.03%	3,951,520	1.88%	5/26/2017	11/26/2021
Fed Home Loan Mortgage	3/29/2017	5,000,000	3.79%	5,000,050	2.38%	9/29/2017	3/29/2022
Sub Total/Average		\$ 58,766,236	44.53%	\$ 57,731,407	1.56%		
Money Market		\$ 135,672	0.10%	\$ 135,672	0.01%		
Total City Managed/Average		\$ 101,799,668	77.14%	\$ 100,740,122	1.03%		
City Managed - HighMark							
Fed Natn'l Mortgage Assn	8/18/2016	\$ 749,172	0.57%	\$ 745,613	1.06%	1/25/2019	1/25/2019
Fed Natn'l Mortgage Assn	8/18/2016	749,515	0.57%	745,620	1.18%	1/26/2019	7/26/2019
Fed Natn'l Mortgage Assn	8/23/2016	749,940	0.57%	745,455	1.25%	5/23/2017	8/23/2019
Fed Home Loan Mortgage	8/31/2016	750,000	0.57%	740,753	1.25%	8/15/2019	8/15/2019
Fed Home Loan Mortgage	9/13/2016	750,000	0.57%	747,375	1.10%	6/13/2017	9/3/2018
Fed Home Loan Bank	9/15/2016	750,000	0.57%	746,723	1.00%	6/15/2017	6/15/2018
Fed Home Loan Bank	9/21/2016	749,779	0.57%	748,410	1.12%	6/21/2017	9/21/2018
Fed Home Loan Mortgage	10/7/2016	749,718	0.57%	745,178	1.29%	6/12/2017	9/12/2019
Fed Natn'l Mortgage Assn	10/11/2016	749,754	0.57%	744,233	1.22%	5/23/2017	5/23/2019
Fed Home Loan Mortgage	10/24/2016	738,906	0.56%	733,614	1.03%	7/30/2018	1/30/2019
Fed Natn'l Mortgage Assn	10/24/2016	749,936	0.57%	743,888	1.25%	6/30/2017	9/30/2019
Federal Farm Credit Bank	11/1/2016	749,466	0.57%	745,703	1.02%	11/1/2017	11/1/2018
Fed Home Loan Mortgage	12/13/2016	1,008,548	0.76%	1,007,830	1.35%	5/30/2019	5/30/2019
Fed Home Loan Bank	12/13/2016	999,639	0.76%	999,040	1.27%	1/16/2019	1/16/2019
Fed Home Loan Mortgage	12/29/2016	746,354	0.57%	746,370	1.37%	4/15/2019	4/15/2019
Fed Natn'l Mortgage Assn	12/29/2016	745,800	0.57%	745,994	1.39%	6/20/2019	6/20/2019
Money Market		54,855	0.04%	54,855	0.01%		
Sub Total/Average		\$ 12,541,383	9.50%	\$ 12,486,650	1.20%		
Bond Reserve Accounts - Held By Trustees		\$ 13,193,775	10.00%	\$ 13,142,849			
Cash/Deposits		\$ 3,250,830	2.46%	\$ 3,250,830			
PARS Trust		\$ 1,187,404	0.90%	\$ 1,273,997 *			
GRAND TOTAL/AVERAGE		\$ 131,973,059	100.00%	\$ 130,894,449		*Value as of 2/28/17	

Attachment: March 2017 Financial and Investment Report (1192 : March 2017 Financial and Investment Report)



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF March 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	0.82%	\$ 33,686,309	25.53%	\$ 33,666,900
2014 Water Rev Bonds - Water Impact	Water Fund	0.82%	648,500	0.49%	648,126
2014 Water Rev Bonds - Water CIP	Water Fund	0.82%	1,620,973	1.23%	1,620,039
2015 Wastewater Rev Bonds - CIP	Wastewater Fund	0.82%	6,941,978	5.26%	6,937,978
Federal Issues	All Funds Pooled	1.30%	70,000,546	53.04%	68,910,973
US Treasury Notes	All Funds Pooled	1.04%	1,252,217	0.95%	1,252,230
Dreyfus Treas Cash Management Acct	All Funds Pooled	0.01%	190,527	0.14%	190,527
	SUBTOTAL		\$ 114,341,051	86.64%	\$ 113,226,773
Bond Reserve Accounts - held by trustees					
BNY - 2002 SCRWA Bonds	Sewer				
BNY - 2015 Wastewater Bonds	Wastewater Fund	0.00%	9,214	0.01%	9,214
Cash Balance	Debt Service	0.00%	14	0.00%	14
Zions Bank - Civic Center/Library Facility	Debt Service	0.00%	18	0.00%	18
Cash					
Zions Bank - MH Police Facility Lease Revenue Bonds	Successor Fund	0.00%	161,580	0.12%	161,580
Cash	Successor Fund	1.52%	11,910,268	9.02%	11,859,342
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Agency Fund	0.00%	562,949	0.43%	562,949
US Treasury Notes	Agency Fund	0.00%	549,731	0.42%	549,731
Zions Bank - MH Ranch 2015					
Blackrock Liq Funds Fed Fund -DI -2015					
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015					
	SUBTOTAL		13,193,775	10.00%	13,142,849
Other Cash/Deposits					
General Checking	All Funds		3,214,330	2.44%	3,214,330
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%	748,866 *
PARS - PENSION Trust			500,000	0.38%	525,132 *
	SUBTOTAL		4,438,234	3.36%	4,524,827
Total Cash and Investments			\$ 131,973,059	100.00%	\$ 130,894,449

CASH ACTIVITY SUMMARY
FY 2016-17

Fund Type	07/01/16 Balance	Change in Cash Balance	3/31/2017 Balance
General Fund	\$ 13,201,659	\$ (1,801,013)	\$ 11,400,646
Community Development	4,543,600	(716,188)	3,827,412
RDA Successor Agency (except Housing)	12,256,697	(556,878)	11,699,819
Housing Successor Agency/ CDBG	3,985,770	(284,190)	3,701,580
Water - Operations	1,060,105	394,067	1,454,172
Water Other	10,255,589	(3,627,378)	6,628,211
Sewer - Operations	1,945,525	86,429	2,031,954
Sewer Other	27,868,909	(1,284,617)	26,584,292
Other Special Revenue	4,863,862	(400,621)	4,463,241
Streets and Capital Projects (except RDA)	42,728,700	2,282,086	45,010,786
Debt Service	264,719	(88,734)	175,985
Internal Service	11,679,121	63,983	11,743,104
Agency Funds (assessment dists./refundable deposits)	4,278,419	(1,026,562)	3,251,857
Total	\$ 138,932,675	\$ (6,959,616)	\$ 131,973,059

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

Attachment: March 2017 Financial and Investment Report (1192 : March 2017 Financial and Investment Report)



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2016-17
For the Nine Months Ended March 31, 2017
75% 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	\$ 4,993,103	58%	\$ 4,570,419	\$ 422,684	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	141,135	87%	116,180	24,955	21%
Sales Tax	8,819,767	8,819,767	7,105,126	81%	5,388,486	1,716,640	32%
Public Safety Sales Tax	351,000	351,000	228,410	65%	220,806	7,604	3%
Transient Occupancy Taxes	2,684,700	2,684,700	1,753,096	65%	1,497,285	255,811	17%
Franchise (Refuse ,Cable ,PG&E)	1,927,359	1,927,359	836,001	43%	766,482	69,519	9%
Property Transfer Tax	469,000	469,000	280,603	60%	297,412	(16,809)	-6%
TOTAL TAXES	24,212,826	24,212,826	15,750,452	65%	13,242,669	2,507,783	19%
LICENSES/PERMITS							
Business License	198,900	198,900	181,679	91%	190,460	(8,781)	-5%
Other Permits	7,574	7,574	2,305	30%	7,158	(4,853)	-68%
TOTAL LICENSES/PERMITS	206,474	206,474	183,985	89%	197,618	(13,633)	-7%
FINES AND PENALTIES							
Parking Enforcement	12,000	12,000	6,429	54%	9,288	(2,860)	-31%
Bails & Fines	64,000	64,000	39,829	62%	30,348	9,481	31%
Administrative Citations	-	-	700	n/a	90	610	675%
TOTAL FINES AND PENALTIES	76,000	76,000	46,957	62%	39,727	6,621	17%
OTHER AGENCIES							
Motor Vehicle in-Lieu	17,194	17,194	19,552	114%	16,857	2,695	16%
Other Revenue - Other Agencies	525,550	641,506	395,450	62%	277,846	117,604	42%
TOTAL OTHER AGENCIES	542,744	658,700	415,002	63%	294,703	120,299	41%
CHARGES CURRENT SERVICES							
Police False Alarm Charge	32,000	32,000	39,425	123%	23,452	15,973	68%
Business License Application Review	35,914	35,914	31,742	88%	33,350	(1,608)	-5%
Membership Services & Rec Programs	5,702,573	5,702,573	4,185,166	73%	4,097,387	87,779	2%
Facility Rentals	874,020	874,020	683,517	78%	694,833	(11,316)	-2%
Community Services	152,915	152,915	104,607	68%	92,491	12,115	13%
General Administration Overhead	1,260,075	1,260,075	943,065	75%	898,154	44,911	5%
Other Charges Current Services	895,723	895,723	524,490	59%	530,115	(5,625)	-1%
TOTAL CURRENT SERVICES	8,953,220	8,953,220	6,512,011	73%	6,369,782	142,229	2%
OTHER REVENUE							
Use of money/property	269,133	269,133	216,485	80%	185,894	30,591	16%
Other Revenues	312,558	413,270	566,399	137%	308,778	257,621	83%
TOTAL OTHER REVENUE	581,691	682,403	782,883	115%	494,672	288,211	58%
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	258,750	75%	186,896	71,854	38%
Water Operations	345,000	345,000	258,750	75%	327,467	(68,717)	-21%
Park Development	75,000	75,000	56,250	75%	45,000	11,250	25%
TOTAL TRANSFERS IN	1,627,581	1,627,581	967,460	59%	1,033,806	(66,346)	-6%
TOTAL GENERAL FUND	36,200,536	36,417,204	24,658,751	68%	21,672,977	2,985,774	14%
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	761,458	761,458	504,564	66%	459,941	44,622	10%
Interest / Other Revenue/Other Charges	60	60	776	1294%	737	40	5%
202 STREET MAINTENANCE	761,518	761,518	505,340	66%	460,678	44,662	10%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2016-17
For the Nine Months Ended March 31, 2017
75% 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	267	101%	306	(39)	-13%
Police Grant/SLEF/JAG	100,000	100,000	79,324	79%	63,786	15,538	24%
205 PUBLIC SAFETY TRUST	100,265	100,265	79,591	79%	64,092	15,499	24%
206 COMMUNITY DEVELOPMENT							
Building Fees	2,507,862	2,507,862	1,804,014	72%	1,730,686	73,328	4%
Planning Fees	1,117,358	1,117,358	637,076	57%	790,672	(153,596)	-19%
Engineering Fees	741,563	741,563	939,423	127%	612,002	327,422	54%
Other Revenue/Current Charges	11,840	11,840	237,559	2006%	25,823	211,735	820%
206 COMMUNITY DEVELOPMENT	4,378,623	4,378,623	3,618,071	83%	3,159,182	458,889	15%
207 GENERAL PLAN UPDATE	658,035	658,035	576,352	88%	655,073	(78,721)	-12%
215 and 216 HCD BLOCK GRANT							
HCD allocation	70,000	70,000		0%	-	-	0%
Interest Income/Other Revenue	278	278	7,814	2811%	4,101	3,712	91%
215 and 216 HCD BLOCK GRANT	70,278	70,278	7,814	11%	4,101	3,712	91%
225 ASSET SEIZURE	167	167	66,437	39783%	1,535	64,903	4229%
229 LIGHTING AND LANDSCAPE	185,810	185,810	99,680	54%	117,695	(18,015)	-15%
230 COMMUNITY FACILITIES DISTRICT	41,999	41,999	21,437	51%	1	21,435	1564615%
232 ENVIRONMENTAL PROGRAMS	382,640	382,640	290,092	76%	221,787	68,305	31%
234 MOBILE HOME PARK RENT STAB.	3,831	3,831	3,832	100%	3,749	84	2%
235 SENIOR HOUSING	1,089	1,089	1,356	125%	1,098	258	23%
236 HOUSING MITIGATION	1,601,328	1,601,328	2,532,185	158%	1,553,148	979,036	63%
240 EMPLOYEE ASSISTANCE	30,298	30,298	20,497	68%	19,444	1,053	5%
247 ENVIRONMENT REMEDIATION	736	736	917	125%	742	174	23%
250 COMH-SUCCESSOR AGENCY-MHRDA	7,343,954	7,343,954	9,077,975	124%	10,609,117	(1,531,142)	-14%
255 HOUSING SUCCESSOR AGENCY	1,251,430	1,251,430	436,934	35%	1,417,681	(980,747)	-69%
TOTAL SPECIAL REVENUE FUNDS	16,812,002	16,812,002	17,338,509	103%	18,289,124	(950,615)	-5%
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,850,595	3,358,695	1,966,832	59%	1,845,778	121,054	7%
302 PARK MAINTENANCE	1,038,123	1,038,123	771,849	74%	1,073,708	(301,859)	-28%
303 LOCAL DRAINAGE	1,624,857	1,624,857	1,178,376	73%	1,181,591	(3,215)	0%
304 LOCAL DRAINAGE/NON AB1600	84,735	84,735	155,324	183%	92,502	62,822	68%
306 AGRICULTURE & OPEN SPACE PRESERVATI	1,943,781	1,943,781	180,116	9%	1,179,851	(999,736)	-85%
308 STREET CIP	2,731,146	2,731,146	1,134,513	42%	1,339,407	(204,895)	-15%
309 TRAFFIC MITIGATION	1,360,910	1,360,910	495,338	36%	906,072	(410,734)	-45%
311 POLICE MITIGATION	272,506	272,506	83,967	31%	281,416	(197,449)	-70%
313 FIRE MITIGATION	139,152	139,152	95,999	69%	76,677	19,322	25%
346 PUBLIC FACILITIES NON-AB1600	786,626	786,626	730,163	93%	1,011,741	(281,578)	-28%
347 PUBLIC FACILITIES	182,245	182,245	53,740	29%	202,193	(148,453)	-73%
348 LIBRARY	813,403	813,403	171,365	21%	738,528	(567,164)	-77%
350 UNDERGROUNDING	1,104,276	1,104,276	895,661	81%	1,794	893,868	49838%
355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY	666,766	666,766	798,150	120%	170,861	627,289	367%
360 COMMUNITY/REC IMPACT FUND	1,249,999	1,249,999	132,502	11%	292	132,210	45321%
TOTAL CAPITAL PROJECTS FUNDS	15,849,120	17,357,220	8,843,895	51%	10,102,412	(1,258,517)	-12%
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	301,123	301,123	224,792	75%	306,736	(81,943)	-27%
441 POLICE FACILITY BOND	378,121	378,121	187,949	50%	435,353	(247,404)	-57%
545 COCHRANE BUSINESS PARK	56	56	70	124%	56	13	23%
TOTAL DEBT SERVICE FUNDS	679,300	679,300	412,811	61%	742,145	(329,335)	-44%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2016-17
For the Nine Months Ended March 31, 2017
75% 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	6,996,806	69%	7,398,689	(401,883)	-5%
Interest Income/Transfers	32,807	32,807	13,297	41%	24,466	(11,169)	-46%
Other Revenue/Current Charges	179,543	179,543	333,454	186%	132,529	200,924	152%
640 SEWER OPERATION	10,403,329	10,403,329	7,343,557	71%	7,555,684	(212,127)	-3%
641 SEWER EXPANSION							
Interest Income	62,457	62,457	89,405	143%	72,384	17,022	24%
Development Impact Fee	5,670,371	5,670,371	1,167,666	21%	3,868,203	(2,700,537)	-70%
Transfers/Other	-	-	600	0%	1,425	(825)	-58%
641 SEWER EXPANSION	5,732,828	5,732,828	1,257,671	22%	3,942,012	(2,684,340)	-68%
642 SEWER RATE STABILIZATION	9,237	9,237	51,709	560%	219,860	(168,152)	-76%
643 SEWER-CAPITAL PROJECT	2,670,698	2,670,698	2,019,870	76%	456,262	1,563,609	343%
TOTAL SEWER FUNDS	18,816,092	18,816,092	10,672,807	57%	12,173,818	(1,501,011)	-12%
650 WATER OPERATION							
Water Sales	8,972,175	8,972,175	7,010,245	78%	5,357,687	1,652,557	31%
Meter Install & Service	154,700	154,700	132,613	86%	106,754	25,859	24%
Transfers-In / Interest Income	407,582	407,582	310,576	76%	238,910	71,665	30%
Other Revenue/Current Charges	464,152	464,152	614,833	132%	418,778	196,054	47%
650 WATER OPERATION	9,998,609	9,998,609	8,068,266	81%	6,122,130	1,946,136	32%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	8,340	8,340	22,089	265%	18,951	3,138	17%
Development Impact Fee	1,301,089	1,301,089	366,466	28%	1,287,082	(920,616)	-72%
651 WATER EXPANSION	1,309,429	1,309,429	388,555	30%	1,306,033	(917,478)	-70%
652 Water Rate Stabilization	501,248	501,248	376,194	75%	186	376,007	201732%
653 Water Capital Project	953,461	953,461	725,267	76%	850,096	(124,829)	-15%
TOTAL WATER FUNDS	12,762,747	12,762,747	9,558,282	75%	8,278,446	1,279,836	15%
TOTAL ENTERPRISE FUNDS	31,578,839	31,578,839	20,231,089	64%	20,452,264	(221,174)	-1%
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	1,592,348	1,592,348	1,209,344	76%	953,312	256,033	27%
740 BUILDING MAINTENANCE	3,014,227	3,014,227	2,312,604	77%	2,076,502	236,102	11%
741 BUILDING REPLACEMENT	450,969	450,969	354,706	79%	332,114	22,593	7%
745 CIP ADMINISTRATION	1,820,194	1,820,194	1,020,730	56%	1,037,718	(16,987)	-2%
760 UNEMPLOYMENT INSURANCE	831	831	1,060	128%	948	111	12%
770 WORKERS COMPENSATION	735,723	735,723	593,355	81%	465,976	127,379	27%
790 EQUIPMENT REPLACEMENT	994,315	994,315	791,734	80%	599,275	192,459	32%
791 EMPLOYEE BENEFITS	1,193,659	1,193,659	1,068,911	90%	776,087	292,824	38%
793 CORPORATION YARD COMMISSION	-	-	547	0%	1,095	(548)	-50%
795 GENERAL LIABILITY INSURANCE	854,937	854,937	644,394	75%	845,968	(201,574)	-24%
TOTAL INTERNAL SERVICE FUNDS	10,657,203	10,657,203	7,997,385	75%	7,088,993	908,393	13%
TOTAL FOR ALL FUNDS	\$111,777,000	\$113,501,768	\$79,482,440	70%	\$78,347,914	\$4,342,165	6%



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2016-17
 For the Month and Nine Months Ended March 31, 2017
 75% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
010 GENERAL FUND								
I. ADMINISTRATION								
	CITY COUNCIL	\$ 29,620	\$ 342,142	\$ 251,293	\$ 66,527	\$ 317,820	93%	\$ 19,000
	CITY ATTORNEY	81,908	724,002	506,822	57,837	564,659	78%	47,000
	CITY ATTORNEY LOAN	-	835,000	835,000	-	835,000	100%	-
	CITY MANAGER	89,999	1,016,115	646,784	155,521	802,305	79%	46,000
	HUMAN RESOURCES	69,607	721,806	507,726	1,035	508,761	70%	41,000
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	57,392	577,125	420,966	-	420,966	73%	41,000
	Elections	1,888	165,522	131,845	-	131,845	80%	1,000
	COUNCIL SVCS & RECORDS MGMT	59,280	742,647	552,811	-	552,811	74%	42,000
	FINANCE	161,536	1,586,721	1,244,033	5,721	1,249,754	79%	1,000
	TOTAL ADMINISTRATION	491,951	5,968,432	4,544,469	286,640	4,831,109	81%	2,980
II. COMMUNITY SERVICES								
	Membership Services & Rec. Programs	681,702	5,529,949	4,021,763	501,214	4,522,977	82%	3,690
	Recreation Facility Rentals	122,398	1,250,322	944,662	5,165	949,827	76%	86,000
	Community Services	84,563	719,212	499,073	19,655	518,728	72%	36,000
	Solid Waste Management	19,025	275,796	137,591	(500)	137,091	50%	24,000
	Street Maintenance	194,384	2,095,917	1,409,221	186,157	1,595,378	76%	1,200
	Downtown Maintenance	36,387	242,063	127,736	17,298	145,034	60%	1,000
	Cable Television	2,201	48,258	21,817	-	21,817	45%	2,000
	COMMUNITY SERVICES	1,140,660	10,161,517	7,161,864	728,988	7,890,853	78%	6,400
	CODE COMPLIANCE	14,120	135,689	91,242	-	91,242	67%	-
	CONGESTION MANAGEMENT	6,270	75,219	64,078	-	64,078	85%	5,000
	TOTAL COMMUNITY SERVICES	1,161,051	10,372,425	7,317,184	728,988	8,046,172	78%	6,460
III. PUBLIC SAFETY								
	POLICE							
	PD Administration	101,412	1,157,010	831,722	23,562	855,284	74%	89,000
	Field Operations	789,062	7,596,138	5,666,636	9,203	5,675,839	75%	4,610
	Support Services	188,653	2,065,701	1,541,002	18,079	1,559,080	75%	1,450
	Emergency Services/Haz Mat	33,261	195,542	140,140	-	140,140	72%	12,000
	Special Operations	288,025	2,685,665	1,991,765	-	1,991,765	74%	1,660
	Dispatch Services	165,352	1,639,601	1,166,243	-	1,166,243	71%	1,030
	POLICE	1,565,765	15,339,657	11,337,508	50,844	11,388,352	74%	9,780
	FIRE	520,369	5,428,841	4,241,426	25,890	4,267,316	79%	4,080
	TOTAL PUBLIC SAFETY	2,086,134	20,768,497	15,578,934	76,734	15,655,668	75%	13,860
IV. TRANSFERS								
	Other	145,078	2,064,119	1,638,885	-	1,638,885	79%	1,170
	TOTAL TRANSFERS	145,078	2,064,119	1,638,885	-	1,638,885	79%	1,170
	TOTAL GENERAL FUND	3,884,214	39,173,474	29,079,471	1,092,363	30,171,834	77%	24,490

Attachment: March 2017 Financial and Investment Report (1192 : March 2017 Financial and Investment Report)



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2016-17
For the Month and Nine Months Ended March 31, 2017
75% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
SPECIAL REVENUE FUNDS								
202	STREET MAINTENANCE	161	764,507	340,658	-	340,658	45%	36%
205	PUBLIC SAFETY/SUPP.LAW	-	100,000	54,501	-	54,501	55%	11%
206	COMMUNITY DEVELOPMENT FUND							
	Planning	200,174	2,355,225	1,475,568	142,750	1,618,318	69%	1,714
	Building	187,425	1,863,218	1,286,789	66,032	1,352,821	73%	1,154
	Engineering	97,459	1,186,172	759,416	105,478	864,894	73%	654
206	COMMUNITY DEVELOPMENT FUND	485,058	5,404,615	3,521,774	314,260	3,836,034	71%	3,514
207	GENERAL PLAN UPDATE	80,379	1,086,553	401,723	340,244	741,967	68%	41%
215/216	CDBG	2,138	78,830	20,864	17,735	38,599	49%	64
229	LIGHTING AND LANDSCAPE	13,865	205,192	118,921	37,712	156,633	76%	10%
230	COMMUNITY FACILITIES DISTRICT	2,251	50,850	13,664	1,689	15,353	30%	4
232	ENVIRONMENT PROGRAMS	32,443	331,143	463,348	5,090	468,438	141%	17%
234	MOBILE HOME PARK	68	840	612	-	612	73%	
236	HOUSING MITIGATION	89,564	3,337,298	2,917,554	101,995	3,019,549	90%	1,554
240	EMPLOYEE ASSISTANCE	99	41,188	23,500	-	23,500	57%	21
250	COMH-SUCCESSOR AGENCY-MHRDA	1,915,941	8,881,727	8,553,157	46,558	8,599,715	97%	25,164
255	HOUSING SUCCESSOR AGENCY	62,736	2,792,194	689,626	137,361	826,988	30%	57
TOTAL SPECIAL REVENUE FUNDS		2,684,702	23,074,937	17,119,902	1,002,645	18,122,546	79%	32,074
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	39,910	8,785,319	864,397	4,863,122	5,727,519	65%	5,594
302	PARK MAINTENANCE	79,243	950,987	710,625	25,864	736,489	77%	624
303	LOCAL DRAINAGE	7,596	27,808	16,705	1,269	17,973	65%	54
304	LOCAL DRAIN. NON-AB1600	5,251	54,922	17,727	-	17,727	32%	124
306	AGRICULTURE & OPEN SPACE PRESERVATION	10,505	1,904,843	817,610	105,602	923,212	48%	74
308	STREET CIP	21,061	3,393,276	119,968	6,806	126,774	4%	1,404
309	TRAFFIC MITIGATION	61,408	1,995,440	953,859	555,516	1,509,375	76%	214
311	POLICE MITIGATION	5,939	270,999	153,499	-	153,499	57%	224
313	FIRE MITIGATION	105	26,316	1,002	-	1,002	4%	
346	PUBLIC FAC.NON AB1600	962	3,018,479	511,808	593,804	1,105,612	37%	274
347	PUBLIC FACILITIES	77	431,177	938	-	938	0%	34
348	LIBRARY IMPACT	31,182	629,913	313,933	285,919	599,852	95%	184
350	UNDERGROUNDING	9,459	1,094,900	706,052	28,904	734,956	67%	214
355	SCHOOL PEDESTRIAN & TRAFFIC SAFETY	314	1,162,543	5,202	355,975	361,177	31%	294
360	COMM/REC CENTER IMPACT	-	-	844	-	844	0%	54
TOTAL CAPITAL PROJECTS FUNDS		273,012	23,746,922	5,194,168	6,822,780	12,016,948	51%	9,194
DEBT SERVICE FUNDS								
420	CIVIC CENTER DEBT	92	298,643	219,397	-	219,397	73%	264
441	POLICE FACILITY BOND DEBT	189	377,578	282,226	-	282,226	75%	354
TOTAL DEBT SERVICE FUNDS		281	676,221	501,623	-	501,623	74%	614

Attachment: March 2017 Financial and Investment Report (1192 : March 2017 Financial and Investment Report)



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2016-17
 For the Month and Nine Months Ended March 31, 2017
 75% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
ENTERPRISE FUNDS								
SEWER								
640	SEWER OPERATIONS	544,551	10,643,452	7,259,175	70,659	7,329,834	69%	5,531
641	SEWER CAPITAL EXPANSION	141,482	11,195,314	1,240,492	453,239	1,693,731	15%	7,371
642	SEWER RATE STABILIZATION	310	3,714	2,790	-	2,790	75%	1
643	SEWER-CAPITAL PROJECTS	241,764	7,505,173	3,198,439	156,199	3,354,638	45%	931
TOTAL SEWER FUND(S)		928,107	29,347,653	11,700,896	680,097	12,380,993	42%	13,841
WATER								
	Water Operations	518,585	10,237,562	6,591,964	363,509	6,955,473	68%	6,321
	Utility Billing	68,771	811,093	528,264	25,524	553,787	68%	441
	Water Conservation	7,954	191,935	87,638	51,204	138,842	72%	221
650	WATER OPERATIONS	595,310	11,240,589	7,207,865	440,237	7,648,102	68%	6,991
651	WATER CAPITAL EXPANSION	33,161	5,267,930	1,341,839	341,296	1,683,135	32%	561
652	WATER RATE STABILIZATION	48	632	432	-	432	68%	1
653	WATER-CAPITAL PROJECTS	79,453	6,137,249	3,207,268	574,462	3,781,730	62%	1,011
TOTAL WATER FUND(S)		707,972	22,646,400	11,757,404	1,355,996	13,113,399	58%	8,571
TOTAL ENTERPRISE FUNDS		1,636,080	51,994,054	23,458,300	2,036,093	25,494,393	49%	22,412
INTERNAL SERVICE FUNDS								
730	INFORMATION SYSTEMS	127,551	1,747,198	953,088	13,092	966,181	55%	811
740	BUILDING MAINTENANCE	247,060	3,154,554	2,219,789	247,295	2,467,084	78%	2,061
741	BUILDING REPLACEMENT	780	1,155,566	564,948	410,115	975,063	84%	111
745	CIP ADMINISTRATION	147,542	1,820,194	1,020,736	3,662	1,024,398	56%	1,191
760	UNEMPLOYMENT	-	20,000	7,189	-	7,189	36%	1
770	WORKERS COMPENSATION	23,801	792,948	428,431	-	428,431	54%	571
790	EQUIPMENT REPLACEMENT	-	2,236,123	1,289,124	32,337	1,321,461	59%	531
791	EMPLOYEE BENEFITS FUND	28,039	537,056	452,342	-	452,342	84%	381
793	CORP YARD COMMISSION	102	-	5,060	-	5,060	0%	1
795	GEN. LIABILITY INSURANCE	58,554	1,008,256	809,326	-	809,326	80%	751
TOTAL INTERNAL SERVICE FUNDS		633,427	12,471,894	7,750,033	706,501	8,456,534	68%	6,461
REPORT TOTAL		\$ 9,111,716	\$ 151,137,502	\$ 83,103,496	\$ 11,660,382	\$ 94,763,878	63%	\$ 95,271

Attachment: March 2017 Financial and Investment Report (1192 : March 2017 Financial and Investment Report)

City of Morgan Hill Fund Activity Summary - Fiscal Year 2016-17 For the Nine Months Ended March 31, 2017 75% 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	\$ 24,658,751	68%	\$ 29,079,471	74%	\$ (4,420,721)	\$ 1,092,363	\$ 11,885,064	
TOTAL GENERAL FUND		\$ 17,398,147	\$ 24,658,751	68%	\$ 29,079,471	74%	\$ (4,420,721)	\$ 1,092,363	\$ 11,885,064	
202	STREET MAINTENANCE	1,662	\$ 505,340	66%	\$ 340,658	69%	\$ 164,682	\$ -	\$ 166,344	
205	PUBLIC SAFETY/SUPPL. LAW	25,185	79,591	79%	54,501	64%	25,089	-	50,274	
206	COMMUNITY DEVELOPMENT	2,778,585	3,618,071	83%	3,521,774	65%	96,298	314,260	2,560,623	
207	GENERAL PLAN UPDATE	1,045,698	576,352	88%	401,723	37%	174,629	340,244	880,083	
210	COMMUNITY REC CENTERS START-UP	298	-	0%	-	0%	-	-	298	
215 / 216	CDBG	67,727	7,814	11%	20,864	0%	(13,050)	17,735	36,941	
225	ASSET SEIZURE	66,884	66,437	39783%	-	0%	66,437	-	133,321	
229	LIGHTING AND LANDSCAPE	160,501	99,680	54%	118,921	58%	(19,241)	37,712	103,548	
230	COMMUNITY FACILITIES DISTRICT	36,575	21,437	51%	13,664	0%	7,773	1,689	42,659	
232	ENVIRONMENTAL PROGRAMS	323,595	290,092	76%	463,348	140%	(173,256)	5,090	145,249	
234	MOBILE HOME PK RENT STAB.	35,998	3,832	100%	612	73%	3,220	-	39,219	
235	SENIOR HOUSING	218,348	1,356	125%	-	0%	1,356	-	219,704	
236	HOUSING MITIGATION	2,632,682	2,532,185	158%	2,917,554	87%	(385,369)	101,995	2,145,318	
240	EMPLOYEE ASSISTANCE	43,179	20,497	68%	23,500	57%	(3,003)	-	40,176	
247	ENVIRONMENT REMEDIATION	147,550	917	125%	-	0%	917	-	148,467	
250	COMH-SUCCESSOR AGENCY-MHRDA	3,958,263	9,077,975	124%	8,553,157	96%	524,818	12,118,405	(7,635,325)	
255	HOUSING SUCCESSOR AGENCY	3,901,936	436,934	35%	689,626	25%	(252,693)	2,650,636	998,607	
TOTAL SPECIAL REVENUE FUNDS		\$ 15,444,667	\$ 17,338,509	103%	\$ 17,119,902	74%	\$ 218,608	\$ 15,587,768	\$ 75,507	
301	PARK DEV. IMPACT FUND	\$ 7,162,036	\$ 1,966,832	59%	\$ 864,397	10%	\$ 1,102,435	\$ 4,863,122	\$ 3,401,349	
302	PARK MAINTENANCE	5,404,028	771,849	74%	710,625	75%	61,224	25,864	5,439,388	
303	LOCAL DRAINAGE	7,080,630	1,178,376	73%	16,705	60%	1,161,672	1,269	8,241,033	
304	LOCAL DRAINAGE/NON-AB1600	1,150,352	155,324	183%	17,727	32%	137,597	-	1,287,949	
306	AGRICULTURE AND OPEN SPACE PRESERV	6,612,245	180,116	9%	817,610	0%	(637,494)	105,602	5,869,149	
308	STREET CIP	955,386	1,134,513	42%	119,968	4%	1,014,545	6,806	1,963,125	
309	TRAFFIC IMPACT FUND	5,109,589	495,338	36%	953,859	48%	(458,521)	555,516	4,095,552	
311	POLICE IMPACT FUND	44,712	83,967	31%	153,499	57%	(69,532)	-	(24,820)	
313	FIRE IMPACT FUND	3,681,468	95,999	69%	1,002	4%	94,998	-	3,776,466	
346	PUBLIC FACILITIES NON-AB1600	1,272,644	730,163	93%	511,808	17%	218,354	-	1,490,998	
347	PUBLIC FACILITIES IMPACT FUND	268,285	53,740	29%	938	0%	52,801	285,919	35,167	
348	LIBRARY IMPACT FUND	2,171,424	171,365	21%	313,933	50%	(142,568)	28,904	1,999,952	
350	UNDERGROUNDING	318,891	895,661	81%	706,052	64%	189,610	355,975	152,525	
355	SCHOOL PEDESTRIAN/TRAFFIC SFTY	998,252	798,150	120%	5,202	0%	792,949	-	1,791,200	
360	COMM/REC CTR IMPACT FUND	37,257	132,502	11%	844	0%	131,658	-	168,915	
TOTAL CAPITAL PROJECT FUNDS		\$ 42,267,197	\$ 8,843,895	51%	\$ 5,194,168	22%	\$ 3,649,727	\$ 6,228,976	\$ 39,687,948	
420	CIVIC CENTER DEBT	\$ 159,200	\$ 224,792	75%	\$ 219,397	73%	\$ 5,395	\$ 14	\$ 164,581	
441	POLICE FACILITY BOND DEBT	94,402	187,949	50%	282,226	75%	(94,277)	18	107	
545	COCHRANE BUSINESS PARK	11,196	70	124%	-	0%	70	-	11,266	
TOTAL DEBT SERVICE FUNDS		\$ 264,797	\$ 412,811	61%	\$ 501,623	74%	\$ (88,812)	\$ 33	\$ 175,953	

 CITY OF MORGAN HILL City of Morgan Hill Fund Activity Summary - Fiscal Year 2016-17 For the Nine Months Ended March 31, 2017 75% 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	71%	\$ 7,343,557	71%	\$ 7,259,175	68%	\$ 84,382	70,659	3,150,898	
641	SEWER IMPACT FUND*	14,119,765	22%	1,257,671	22%	1,240,492	11%	17,179	8,869,662	5,267,283	
642	SEWER RATE STABILIZATION	2,478,572	560%	51,709	560%	2,790	75%	48,919	-	2,527,491	
643	SEWER-CAPITAL PROJECTS	9,630,531	76%	2,019,870	76%	3,198,439	43%	(1,178,569)	165,413	8,286,549	
650	WATER OPERATIONS	1,593,089	81%	8,068,266	81%	7,207,865	64%	860,401	440,237	2,013,253	
651	WATER IMPACT FUND*	4,540,130	30%	388,555	30%	1,341,839	25%	(953,284)	3,998,332	(411,485)	
652	WATER RATE STABILIZATION	36,701	75%	376,194	75%	432	68%	375,762	-	412,463	
653	WATER -CAPITAL PROJECT	4,050,727	76%	725,267	76%	3,207,268	52%	(2,482,000)	574,462	994,264	
TOTAL ENTERPRISE FUNDS		\$ 39,586,690	64%	\$ 20,231,089	64%	\$ 23,458,300	45%	\$ (3,227,210)	\$ 14,118,765	\$ 22,240,715	

730	INFORMATION SERVICES	\$ 384,159	76%	\$ 1,209,344	76%	\$ 953,088	55%	\$ 256,256	13,092	\$ 627,323	
740	BUILDING MAINTENANCE	209,188	77%	2,312,604	77%	2,219,789	70%	92,815	247,295	54,708	
741	BUILDING REPLACEMENT	2,472,241	79%	354,706	79%	564,948	49%	(210,242)	410,115	1,851,884	
745	CIP ENGINEERING	34,049	56%	1,020,730	56%	1,020,736	56%	(6)	3,662	30,382	
760	UNEMPLOYMENT	177,459	128%	1,060	128%	7,189	36%	(6,129)	-	171,330	
770	WORKERS COMPENSATION	1,357,898	81%	593,355	81%	428,431	54%	164,924	30,000	1,492,822	
790	EQUIPMENT REPLACEMENT	4,348,478	80%	791,734	80%	1,289,124	58%	(497,390)	32,337	3,818,751	
791	EMPLOYEE BENEFITS FUNDS	464,099	90%	1,068,911	90%	452,342	84%	616,569	-	1,080,668	
793	CORP YARD COMMISSION	(3,934)	0%	547	0%	5,060	0%	(4,513)	-	(8,447)	
795	GEN. LIABILITY INSURANCE	990,072	75%	644,394	75%	809,326	80%	(164,932)	-	825,140	
TOTAL INTERNAL SERVICE FUNDS		\$ 10,433,709	75%	\$ 7,997,385	75%	\$ 7,750,033	62%	\$ 247,352	\$ 736,501	\$ 9,944,560	

SUMMARY BY FUND TYPE

GENERAL FUND GROUP	\$ 17,398,147	\$ 24,658,751	68%	\$ 29,079,471	74%	\$ (4,420,721)	\$ 1,092,363	\$ 11,885,064
SPECIAL REVENUE GROUP	15,444,667	17,338,509	103%	17,119,902	74%	218,608	15,587,768	75,507
DEBT SERVICE GROUP	264,797	412,811	61%	501,623	74%	(88,812)	33	175,953
CAPITAL PROJECTS GROUP	42,287,197	8,843,895	51%	5,194,168	22%	3,649,727	6,228,976	39,687,948
ENTERPRISE GROUP	39,586,690	20,231,089	64%	23,458,300	45%	(3,227,210)	14,118,765	22,240,715
INTERNAL SERVICE GROUP	10,433,709	7,997,385	75%	7,750,033	62%	247,352	736,501	9,944,560
TOTAL ALL GROUPS	\$ 125,395,207	\$ 79,482,440	70%	\$ 83,103,496	55%	\$ (3,621,056)	\$ 37,764,405	\$ 84,009,746

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: May 17, 2017

PREPARED BY: Angie Gonzalez, Council Services Assistant
APPROVED BY: City Manager

ADOPT ORDINANCE 2235, NEW SERIES, AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING SECTION 1.19.040 OF CHAPTER 1.19 OF TITLE 1, OF THE MORGAN HILL MUNICIPAL CODE REGARDING THE AMOUNT OF FINES FOR ADMINISTRATIVE PENALTIES

RECOMMENDATION(S)

Waive the reading, adopt Ordinance No. 2235, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

Protecting the Environment

Maintaining Fiscal Responsibility

REPORT NARRATIVE:

On May 3, 2017, the City Council Introduced Ordinance No. 2235 New Series, by the Following Roll Call Vote: AYES: Carr, Constantine, Spring, Robinett Jachimowicz, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

The City of Morgan Hill has seen an increase of illegal fireworks during the week of 4th of July and the 48 hours surrounding New Year's Eve. A recent survey taken in 2017 indicated the community sees the increase of illegal fireworks as a threat to public safety and quality of life. Based on the information the Morgan Hill Police Department reviewed best practices concerning other cities in the area. The Morgan Hill Police Department requests that the City Council adopt an amendment to three existing municipal codes which would triple those fines during the designated time periods.

COMMUNITY ENGAGEMENT: Inform,

This staff report serves to inform the community of the ordinance designed to deter dangerous and illegal behaviors during the specified time frames.

The Police Department has developed a comprehensive outreach campaign to educate the community regarding unsafe behaviors including the use of illegal fireworks. Outreach activities will begin one month prior to the Fourth of July and New Year's Eve

holidays. Significant efforts will be made to educate the public about the tripling of fines and why illegal fireworks are dangerous and banned.

The police and fire departments will distribute this information to the community through a variety of communications outlets, including the newspapers, press releases, social media including NextDoor Facebook, and Twitter; door to door flyers, e-flyers, neighborhood associations, community centers, and the public library.

ALTERNATIVE ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

There would be no fiscal impact to the Morgan Hill Police Department during the two designated time periods because the police department has sufficient over-time budgeted for additional officers during 4th of July and New Year's Eve. The fiscal impact of additional revenue from these fines is unknown because the proposed solution is new to the city.

CEQA (California Environmental Quality Act):

Not a Project

Government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment, are not projects subject to environmental review

LINKS/ATTACHMENTS:

1. Ordinance 2235

ORDINANCE NO. 2235, NEW SERIES

**AN ORDINANCE OF THE CITY OF MORGAN HILL
AMENDING SECTION 1.19.040 OF CHAPTER 1.19 OF
TITLE 1, OF THE MORGAN HILL MUNICIPAL CODE
REGARDING THE AMOUNT OF FINES FOR
ADMINISTRATIVE PENALTIES**

**THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN
AS FOLLOWS:**

SECTION 1: Section 1.19.040 of Chapter 1.19 of Title 1 of the Morgan Hill Municipal Code is amended to read as follows. Deletions from existing code have been ~~crossed-out~~. New language is in *italics*.

1.19.040 Amount of fines.

- (a) Unless a different amount is specified in this code, the amount of the fine payable to the city for an administrative citation is one hundred dollars (\$100) for a first violation, two hundred dollars (\$200) for a second violation of the same ordinance within one year and five hundred dollars (\$500) for each additional violation of the same ordinance within one year.
- (b) Between July 1 and July 7 and between December 30 and January 2 of each year the fine for a violation of the following sections will be three times the amount that would otherwise be assessed under subsection (a):

Section 08.32.010: Sale or Possession of Fireworks—Prohibited

Section 09.04.010: Discharge—Permit Required

Section 09.08.010: Drinking in Public—Permit Requirement

SECTION 2. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

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

The foregoing ordinance was introduced and the title thereof read at a regular meeting of the City Council of the City of Morgan Hill held on the 3rd day of May 2017, and was finally adopted at a regular meeting of said Council on the 17th day of May 2017, and said ordinance was duly passed and adopted in accordance with law.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 3rd DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17TH DAY OF MAY 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

APPROVED:

DATE:

STEVE TATE, Mayor

ATTEST:

DATE:

IRMA TORREZ, City Clerk

Effective Date: June 16, 2017

⌘ CERTIFICATE OF THE CITY CLERK ⌘

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 Ordinance No. 2235, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 17th day of May 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

Attachment: Ordinance 2235 (1195 : Adopt Ordinance 2235)

DRAFT



Meeting Minutes City Council

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

Wednesday, May 3, 2017 5:00 PM

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

**(5:00 P.M. SOFTWARE TRAINING / 6:00 P.M. COMMISSION
INTERVIEWS / 7:00 P.M. REGULAR MEETING)**

SPECIAL/REGULAR MEETING

A Special Meeting of the City Council was called at 5:00 p.m. for the purpose of conducting a training and commission interviews.

SPECIAL MEETING

5:00 P.M.

CALL TO ORDER

Mayor Tate called the meeting to order at 5:09 p.m.

ROLL CALL ATTENDANCE

Deputy City Clerk Wilson

Attendee Name	Title	Status	Arrived
Steve Tate	Mayor	Present	

Minutes Acceptance: Minutes of May 3, 2017 5:00 PM (CONSENT CALENDAR)

Larry Carr	Mayor Pro Tem	Present	
Rich Constantine	Council Member	Present	
Caitlin Jachimowicz	Council Member	Present	
Rene Spring	Council Member	Present	

DECLARATION OF POSTING AGENDA

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

TRAINING

Accela WeGovern app electronic agenda access and electronic voting training.

COMMISSION INTERVIEWS

1. INTERVIEWS TO FILL ONE (1) VACANCY ON THE LIBRARY, CULTURE, AND ARTS COMMISSION AND THREE (3) VACANCIES ON THE PLANNING COMMISSION

Recommendation:

1. Accept Library, Culture, and Arts commissioner Linda Vrabel's resignation;
2. Discuss the characteristics/traits that a successful applicant(s) would possess;
3. Conduct Interviews;
4. Council Members identify top applicant(s) and provide recommendation to the Mayor; and
5. Discuss and/or appoint applicant(s).

The Mayor and Council shared the characteristics they are looking for in successful commission applicants.

Brigitte Crawford and Katie Khera were interviewed for the Library, Culture, and Arts Commission.

Mohammad Habib, Yvonne Martinez Beltran, and John McKay were interviewed for the Planning Commission.

MOTION

Motion to accept Library, Culture, and Arts Commissioner Linda Vrabel's resignation.

RESULT:	ACCEPTED [UNANIMOUS]
MOVER:	Caitlin Jachimowicz, Council Member
SECONDER:	Rich Constantine, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

MOTION

Appointing Katie Khera to the Library, Culture, and Arts Commission and appointing John McKay, Mohammad Habib, and Yvonne Martinez Beltran to the Planning Commission.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Rich Constantine, Council Member
SECONDER:	Caitlin Jachimowicz, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

REGULAR MEETING

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Council Member Spring shared that he loves spring time in our town because there are so many wonderful events going on such as, the downtown walks on Saturdays or the history talks on the first Saturday of the month both organized by the Historical Society. Another great event, the Cops and Robbers Ball was held last Saturday and was organized by the Community Law Enforcement Foundation. He volunteered at the Art a la Cart event Saturday morning. On Monday evening, he attended a High Speed Rail (HSR) community meeting which was less fun and somewhat disturbing. Some of the HSR representatives quoted positions that the Council took which were not correct. We should do whatever we can to make sure that the Council's position is known to both the community and HSR. He encouraged the community to reach out to City teammates or the Council if they have questions.

CITY MANAGER'S REPORT

Under the Council's highest priority of Enhancing Public Safety, City Manager Rymer recognized Corporal Scott Silva and Officer John Kuhlen for coordinating a regional traffic enforcement effort on the morning of April 26, 2017. He also thanked and recognized the following agencies for their participation and efforts: the cities of Campbell, Sunnyvale, Mountain View, Milpitas, Los Altos, San Jose, Santa Clara, and the Santa Clara County Sheriff's Office. We will return the favor and be working with these agencies in their communities. This is a reminder for all of us to keep the community safe by abiding by driving laws when in the car.

He encouraged the public to participate in the meeting and to share their voice and ideas on the various items on the agenda.

He shared that the City has started a new communication to our community. Starting last week, we are sending a weekly 411 email consolidating all our communications into one place. He asked that the community please provide feedback regarding the new communication.

Last week, the City sent out a call for local artists. We will be accepting submissions through June 30th for specific items. You can visit our website to find out more. There are three new parks that will be built downtown; we strongly encourage the local artists to apply. We want the parks and the art in the parks to reflect our community.

He commented that the City is also working with a new council agenda management system, and asked the community to please bear with us as we learn and transition to the new system.

He recommended that item 20 be moved up to the first or second business item this evening and concluded by speaking to the evening's supplements and presentations.

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin introduced Cynthia Hasson, the new Assistant City Attorney. He spoke regarding the High Speed Rail (HSR) meeting that took place on Monday and read an excerpt of a letter that he drafted and sent to the HSR yesterday in response to their comments at the meeting.

OTHER REPORTS

Council Member Constantine shared that the middle school students from the 2017/18 Mizuho-Morgan Hill Student Exchange Program are collecting your unwanted house hold items to raise funds for their cultural exchange trip to Japan in 2018. Mizuho is one of our Sister Cities. This being spring time as the weather is dictating, they are holding a spring cleanup day, Saturday, May 13, 2017 from 9:00 a.m. to 3:00 p.m. in conjunction with Goodwill. Please look for the Goodwill truck at the corner of Tennant Avenue and Monterey Road.

He reported that he received an email yesterday from Susan who is a volunteer coordinator for Town Cats of Morgan Hill. She shared that during the storms and floods this winter, they were housing many feral cats, they found homes for most of the cats and the building they were using is no longer needed. They are looking for volunteers to help clean up that building on the weekend of May 19, 2017. If you would like to volunteer, you can find more information on the City's social media pages; the event is called "the Big Clean" and lunch will be provided.

PROCLAMATIONS

Proclaiming May 20, 2017 as Kids to Parks Day
 Proclaiming May 15, 2017 as Peace Officers' Memorial Day and
 the week of May 14-20, 2017 as National Police Week
 Proclaiming the week of May 7-13, 2017 as Wildfire Awareness Week
 Proclaiming the month of May as Aquatics Month
 Proclaiming the month of May as Foster Care/Resource Parent Month

PUBLIC COMMENT

The public comment was opened at 7:40 p.m.

Michelle Wexler was called to speak.

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

SUPPLEMENTS UNDER PUBLIC COMMENT

ADOPTION OF AGENDA

MOTION

Adopting the agenda moving item 20 before the consent calendar.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Rich Constantine, Council Member
SECONDER:	Larry Carr, Mayor Pro Tem
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

ITEM MOVED FROM OTHER BUSINESS

20. INCREASE SPECIFIED FINES DURING CERTAIN PERIODS

Recommendation:

1. Waive the first and second reading of the ordinance; and
2. Introduce Ordinance.

Sergeant Carson Thomas presented the staff report.

The public comment was opened at 7:57 p.m.
Hearing no requests to speak, the public comment was closed.

MOTION

Waiving the first and second reading of the ordinance.

RESULT:	WAIVED [UNANIMOUS]
MOVER:	Larry Carr, Mayor Pro Tem
SECONDER:	Rich Constantine, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

MOTION

Introducing the ordinance.

RESULT:	INTRODUCE [UNANIMOUS]
MOVER:	Larry Carr, Mayor Pro Tem
SECONDER:	Rich Constantine, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

RESOLUTIONS OF SUPPORT

2. ADOPT RESOLUTION REAFFIRMING THE CITY'S COMMITMENT TO A DIVERSE, SUPPORTIVE, INCLUSIVE COMMUNITY AND TO PROTECTING THE CONSTITUTIONAL RIGHTS OF ITS RESIDENTS

Recommendation:

Adopt resolution reaffirming the City's commitment to a diverse, supportive, inclusive community and to protecting the constitutional rights of its residents.

Mayor Tate presented the report.

The public comment was opened at 7:59 p.m.
Anonymous individual was called to speak.
Hearing no further requests to speak, the public comment was closed.

The meeting went into recess at 8:02 p.m.
The meeting was reconvened at 8:11 p.m.

MOTION

Approving the recommended action.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Rene Spring, Council Member
SECONDER:	Rich Constantine, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

CONSENT CALENDAR

MOTION

Approving consent calendar items 4 through 14 with Council Member Spring abstaining on item 13.

RESULT: APPROVED [UNANIMOUS]
MOVER: Larry Carr, Mayor Pro Tem
SECONDER: Caitlin Jachimowicz, Council Member
AYES: Tate, Carr, Constantine, Jachimowicz, Spring

3. ITEM PULLED FOR DISCUSSION

4. APPROVE AMENDED CASH DEPOSIT GUARANTEEING IMPROVEMENTS FOR GIOVANNI DEVELOPMENT - TRACT NO. 9971

Recommendation:

Adopt resolution:

1. Amending Cash Deposit Agreement Guaranteeing Improvements for Giovanni Development – Tract No. 9971 with Giovanni Development Company, LLC; and
2. Authorizing the City Manager to execute the agreement pending review and approval by the City Attorney.

5. AWARD CONTRACT FOR THE MONTEREY ROAD PRESERVATION PROJECT

Recommendation:

Adopt resolution to:

1. Amend the Fiscal Year 2016-17 budget and appropriate an additional \$899,526 from the Street CIP Fund (308) for the Monterey Road Preservation Project (CIP Project No. 519Z15);
2. Approve project plans and specifications;
3. Award a contract to Granite Construction Company for the Monterey Road Preservation Project in the amount of \$2,465,933;
4. Authorize expenditure of construction contingency funds not to exceed \$246,593; and
5. Authorize the City Manager to execute and administer the construction contract with Granite Construction Company.

6. AWARD BOYS RANCH WELL #2A AND JACKSON WELL #3 PROJECT

Recommendation:

1. Approve Boys Ranch Well #2 and Jackson Well #3 Project plans and specifications;
2. Award a contract to Conco-West, Inc. for the Boys Ranch Well #2 and Jackson Well #3 Project in the amount of \$1,281,230;
3. Authorize expenditure of construction contingency funds not to exceed \$128,123; and
4. Authorize the City Manager to execute and administer the construction contract with Conco-West, Inc.

7. APPROVAL OF MICROSOFT ENTERPRISE AGREEMENT

Recommendation:

1. Approve the purchase of Microsoft Office 365 Government Enterprise 3, Exchange Plan 2 and Software Assurance and Device Client Access Licenses from Insight Public Sector, Inc. for a not-to-exceed amount of \$75,000; and
2. Authorize the City Manager to execute a Microsoft Enterprise Agreement for the licensing of City of Morgan Hill Microsoft products and services, pending review and approval by the City Attorney.

8. ANNUAL REPORT ON CENTENNIAL RECREATION CENTER MEMBERSHIP

Recommendation:

Accept the Annual Report on Centennial Recreation Center Membership.

9. SILICON VALLEY ENERGY WATCH GRANT FOR ENERGY CONTROL IMPROVEMENTS

Recommendation:

1. Accept \$90,000 grant from the City of San Jose for Silicon Valley Energy Watch funding and authorize the City Manager to execute a grant agreement subject to the review and approval of the City Attorney; and
2. Direct staff to include the grant revenue and expenditures in the Fiscal Year 2017-18 budget, including an additional appropriation of \$27,790 for City matching funds from the Building Maintenance Fund.

10. PARK PLACE AFTER SCHOOL PROGRAM CONTINUATION

Recommendation:

Direct staff to include \$13,000 in funding from the General Fund for consideration in the mid-cycle budget review for FY 2017-18 to fund the afterschool program at Park Place with the expiration of CALGRIP grant funding.

11. CITY POSITION ON PENDING LEGISLATION SB 649 AND AB 1250

Recommendation:

Receive legislative correspondence in opposition of SB 649 (Hueso) Wireless Telecommunications Facilities and AB 1250 (Jones-Sawyer) Counties and Cities: Contracts for Personal Services.

12. ADOPT ORDINANCE 2234, NEW SERIES, AN ORDINANCE OF THE CITY OF MORGAN HILL APPROVING AN AMENDED DEVELOPMENT AGREEMENT FOR A NINE LOT DEVELOPMENT PROJECT AAE2017-0010: WALNUT GROVE-NEWLAND LOCATED ON THE EAST SIDE OF WALNUT GROVE DRIVE, SOUTH OF DIANA AVENUE (APN 726-07-089, 726- 07-023, -024)

Recommendation:

Waive the reading, adopt Ordinance No. 2234, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

13. ITEM PULLED FOR SEPERATE VOTE

14. CITY COUNCIL - SPECIAL - REGULAR MEETING - APR 19, 2017 5:00 PM

Recommendation:

Approve the meeting minutes.

ITEMS PULLED FROM CONSENT

CITY COUNCIL - SPECIAL - REGULAR MEETING - APR 5, 2017 6:30 PM

Recommendation:

Approve minutes.

RESULT:	APPROVED [4 TO 0]
MOVER:	Larry Carr, Mayor Pro Tem
SECONDER:	Caitlin Jachimowicz, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz
ABSTAIN:	Spring

3. FINAL MAP APPROVAL OF DUNNE MURPHY - TRACT NO. 10387

Recommendation:

Adopt resolution:

1. Approving the Final Map;
2. Authorizing the City Manager to execute the Subdivision Improvement Agreement with Live Oak Investments LLC;
3. Authorizing the City Manager to execute a Stormwater Best-Management-Practices (BMP) Operation and Maintenance Agreement pending review and approval by the City Attorney; and
4. Authorizing the recordation of the Final Map and the Subdivision Improvement Agreement.

Community Development Director Jennifer Carman presented the staff report.

MOTION

Approving the recommended actions.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Steve Tate, Mayor
SECONDER:	Caitlin Jachimowicz, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

OTHER BUSINESS

15. CITY MANAGER AMENDED AND RESTATED EMPLOYMENT AGREEMENT

Recommendation:

Approve the City Manager's Amended and Restated Employment Agreement.

Mayor Tate presented the report.

The public comment was opened at 8:20 p.m.

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

MOTION

Approving the recommended action.

Minutes Acceptance: Minutes of May 3, 2017 5:00 PM (CONSENT CALENDAR)

RESULT: **APPROVED [UNANIMOUS]**
MOVER: Larry Carr, Mayor Pro Tem
SECONDER: Caitlin Jachimowicz, Council Member
AYES: Tate, Carr, Constantine, Jachimowicz, Spring

16. MASTER SERVICES AGREEMENT WITH OPEN COUNTER ENTERPRISES, INC. FOR A WEB BASED TOOL FOR ZONING AND PERMITTING.

Recommendation:

Authorize the City Manager to execute a Master Services Agreement with Open Counter Enterprises, Inc. for a not-to-exceed fee of \$79,000 for the configuration and use of the Open Counter Economic Development software service suite for three years.

Economic Development Coordinator John Lang and Economic Development Director Edith Ramirez presented the report and introduced Peter Koht with Open Counter who continued the presentation.

The public comment was opened at 8:50 p.m.
Hearing no requests to speak, the public comment was closed.

MOTION

Approving the recommended action.

RESULT: **APPROVED [UNANIMOUS]**
MOVER: Larry Carr, Mayor Pro Tem
SECONDER: Rich Constantine, Council Member
AYES: Tate, Carr, Constantine, Jachimowicz, Spring

17. ECONOMIC BLUEPRINT BUDGET REQUEST

Recommendation:

1. Discuss the proposed budget for initial Economic Blueprint implementation; and
2. Direct staff to include funding the implementation of the Economic Blueprint as part of the budget mid-cycle workshop on May 19, 2017.

Economic Development Director Edith Ramirez presented the report.

The public comment was opened at 9:01 p.m.
John McKay was called to speak.
Hearing no further requests to speak, the public comment was closed.

MOTION

Approving the recommended action.

RESULT: **APPROVED [UNANIMOUS]**
MOVER: Caitlin Jachimowicz, Council Member
SECONDER: Larry Carr, Mayor Pro Tem
AYES: Tate, Carr, Constantine, Jachimowicz, Spring

18. HISTORICAL SOCIETY PARTNERSHIP FRAMEWORK

Recommendation:

Minutes Acceptance: Minutes of May 3, 2017 5:00 PM (CONSENT CALENDAR)

1. Direct staff to develop an agreement with the Morgan Hill Historical Society for the operation of Villa Mira Monte as a public facility, based on framework outlined in this report; and
2. Direct staff to include operating and maintenance financial support for the Historical Society in the budget mid-cycle discussion.

Community Services Director Chris Ghione presented the staff report.

The public comment was opened at 9:13 p.m.

Kathy Sullivan was called to speak.

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

MOTION

Approving the recommended action.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Rich Constantine, Council Member
SECONDER:	Rene Spring, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

19. ACCEPTANCE OF STATE HOMELAND SECURITY GRANTS AND APPROVAL OF THE PURCHASE OF A PUBLIC SAFETY COMMAND VEHICLE

Recommendation:

1. Accept the 2016 and 2017 State Homeland Security Grant Program grants in the amount of \$690,132;
2. Approve sole source purchasing process through LDV; and
3. Direct staff to return at a future meeting with a recommendation to confirm the purchase of a Public Safety Command Vehicle.

Police Captain Shane Palsgrove presented the staff report.

The public comment was opened at 9:30 p.m.

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

MOTION

Approving the recommended action.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Larry Carr, Mayor Pro Tem
SECONDER:	Rich Constantine, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

20. ITEM MOVED UP ON THE AGENDA TO FOLLOW THE ADOPTION OF THE AGENDA.

FUTURE COUNCIL INITIATED AGENDA ITEMS

Council Member Spring asked to have the High Speed Rail come back at some point.

ADJOURNMENT

The meeting was adjourned at 9:31 p.m.

Minutes Prepared by:

Michelle Wilson, Deputy City Clerk

Minutes Acceptance: Minutes of May 3, 2017 5:00 PM (CONSENT CALENDAR)



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.



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

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

INITIATE ANNUAL ASSESSMENT PROCESS FOR LANDSCAPE ASSESSMENT DISTRICT NUMBER 1

RECOMMENDATION(S)

Adopt resolutions approving the following actions:

1. Initiate the proceedings for the levy of assessments for Fiscal Year 2017-18;
2. Provide approval of the Engineer's Annual Report and the proposed assessment levy; and
3. Declare the City Council's intention to levy the assessments in the District and to set the Public Hearing date for June 7, 2017.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility

2017 Strategic Priorities

Infrastructure

REPORT NARRATIVE:

Landscape Assessment District No. 1 (District) was created to pay for the maintenance of the parks and common area landscaping in new neighborhoods benefiting from the open space. Per Government Code Sections 22623 to 22631, an Engineer's Annual Report (Attachment 1) is required to set the annual assessments in the Landscaping Assessment District and establish a Public Hearing date. This Public Hearing date has been scheduled for the City Council meeting of June 7, 2017.

In May 2011, reserve targets for each subarea were recommended and approved by the Council. The recommended assessment rate for each subarea, which is reflected in the Annual Report, has been proposed at a level that will enable the City to maintain each subarea and make reasonable improvements during the fiscal year. No areas are proposed for an increase in Fiscal Year 2017-18. In one subarea, Hamilton Square, a decrease in the assessment is proposed. Attachment 1 details the proposed Fiscal Year 2017-18 assessments.

In the case of multiple subareas where the assessment cap does not increase annually and funding is limited, maintenance services continue to be minimized. The Landscape Assessment District law requires property owners in these areas to vote to improve assessment increases. In some cases, property owners are not willing to increase their assessments and in others the administrative consultant costs to hold an election is too excessive to implement for the very small subareas. Staff continue to look for

alternatives to effectively manage the District and plans to engage the residents of the underfunded sub-areas over the next year to look for solutions.

COMMUNITY ENGAGEMENT: Inform to Involve

All residents residing in subareas where the assessment rate will be changing will be informed via direct mail. Some areas have more active homeowners groups that work with City staff in planning maintenance projects for their subareas, while residents of other subareas are less engaged.

ALTERNATIVE ACTIONS:

There is no other practical alternative action.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

In 1991, the City Council, under the Landscaping and Lighting Act of 1972, created the Fox Hollow/Murphy Springs Landscape Assessment District, and in 2010 chose to rename it to the City of Morgan Hill Landscape Assessment District No. 1. In May 2011, reserve targets for each subarea were established by the Council.

On June 15, 2016, City Council adopted the Fiscal Year 2016-17 Annual Assessments and Ordering Levy for Assessments for the District.

FISCAL AND RESOURCE IMPACT:

The cost for preparation of the Engineer's Annual Report will be paid for by the Assessment District. It is anticipated that the District will generate \$181,452 in revenues in Fiscal Year 2017-18. Expenses are budgeted at \$181,642 meaning that overall the District's reserves are projected to be reduced by \$190 in the coming year. Providing administrative oversight to the District is a core activity of the Community Services Department's work program.

CEQA (California Environmental Quality Act):

Categorical Exemption

The planned maintenance and management of the subareas within the lighting and landscape assessment district fall within the CEQA categorical exemption of Class 1, Existing Facilities.

LINKS/ATTACHMENTS:

1. Engineer's Report Fiscal Year 2017/18
2. Reso1_InitiateProceedings_17-18
3. Reso2_ApproveReport_17-18
4. Reso3_IntentPubHearing_17-18



CITY OF MORGAN HILL

Landscape Assessment District No. 1

Engineer's Report Fiscal Year 2017/18

May 2017

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CITY COUNCIL

Steve Tate, Mayor

Larry Carr, Mayor Pro Tem

Rich Constantine, Council Member

Rene Spring, Council Member

Caitlin Robinett Jachimowicz, Council Member

CITY STAFF

Steve Rymer, City Manager

Christina Turner, Assistant City Manager for Administrative Services

Chris Ghione, Community Services Director

Judy Viegas, Administrative Analyst

NBS

Greg Davidson, Client Service Director

Kristin Harvey, Senior Consultant

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1. ENGINEER'S LETTER

WHEREAS, the City Council of the City of Morgan Hill (the "City"), State of California, directed NBS to prepare and file a report, in accordance with Chapter 1, Article 4 of the Landscaping and Lighting Act of 1972 (the "Act"), presenting the plans and specifications describing the general nature, location and extent of the improvements to be maintained, an estimate of the costs of the maintenance, operations and servicing of the improvements for the City's Landscape Assessment District No. 1 (the "District") for Fiscal Year 2017/18. The report includes a diagram for the District, showing the area and properties proposed to be assessed, an assessment of the estimated costs of the maintenance, operations and servicing the improvements, and the net amount upon all assessable lots and/or parcels within the District in proportion to the special benefit received and;

WHEREAS, the assessment for each parcel is in compliance with the Proposition 218 Omnibus Implementation Act and Section 4 of Article XIII D of the California Constitution. The proposed assessments are not proposed to increase by more than the approved maximum allowable increases.

NOW THEREFORE, assessments have been levied in accordance with the assessment methodology adopted and approved by the City Council at the time of District formation, and are made to cover the portion of the estimated costs of maintenance, operation, and servicing of the improvements, to be paid by the assessable real property within the District in proportion to the special benefit received:

Zone	Units	2017/18 Maximum Assessment Rate	2017/18 Actual Assessment Rate	Total Assessment (1)
Belle Estates	36	\$502.22	\$320.00	\$11,520.00
Chang/Bertelone	8	1,215.00	550.00	4,400.00
Conte Gardens	11	477.82	400.00	4,400.00
Diana Estates	64	139.39	139.39	8,920.96
Fox Hollow (2)	75	201.17	173.53	13,014.75
Hamilton Square	38	425.54	325.00	12,350.00
Jackson Meadows #6	70	108.10	108.00	7,560.00
Jackson Meadows #7	10	314.58	100.00	1,000.00
La Grande Estates	32	88.00	88.00	2,816.00
Lacrosse/Gera	24	142.99	50.00	1,200.00
Llagas Creek (2)	71	270.89	233.67	16,590.57
Llagas/Obata	5	629.16	143.92	719.60
Mill Creek	84	186.82	186.82	15,692.88
Oak Creek I, II, III	119	453.82	350.00	41,650.00
Parsons Corner	10	568.32	250.00	2,500.00
Rose Haven	27	488.47	488.00	13,176.00
Sandalwood	11	192.39	192.36	2,115.96
Sparhawk (2)	18	288.45	248.82	4,478.76
Stone Creek (2)	35	450.32	388.46	13,596.10
Sunnyside/Stonegate (2)	10	659.95	375.00	3,750.00
Totals	758			\$181,451.58

- (1) Actual amount placed on secured tax roll may be less due to Santa Clara County submittal requirements. Amounts placed on the tax roll must be rounded down to an even number.
- (2) Maximum Assessment Rate increases by 3% annually

2. OVERVIEW

2.1 Introduction

In 1991, the City Council created the Fox Hollow/Murphy Springs Landscape Assessment District, under the Act, and in 2010 chose to rename it to the City of Morgan Hill Landscape Assessment District No. 1. The District was formed in order to provide for the continued maintenance, operation, and administration of various improvements within the boundaries of the District. Following the initial formation, additional territory was annexed to the District as separate Zones. Currently, the District is comprised of 20 Zones.

The District provides for and ensures the continued maintenance, servicing, administration, and operation of various landscaping improvements and associated appurtenances located within the public right-of-way and dedicated easements within the boundaries of the District.

2.2 Description of Boundaries

Exhibits from the Engineer's Report at the formation of the District define the boundaries and maintenance areas of each Zone within the District. These exhibits are on file and available for review at the office of the City Engineer and, in conjunction with the County of Santa Clara (the "County") Assessor's maps of the areas annexed, comprise the assessment diagrams for the respective annexations. The Assessor's maps are on file in the office of the County Assessor and are, by reference, made a part of this Report.

2.3 Description of Improvements and Services

The improvements include the construction, operation, maintenance, and servicing of landscaping and appurtenant facilities; including, but not limited to, personnel, electrical energy, utilities such as water and gas, materials, contracting services, and other items necessary for the satisfactory operation of the following services:

"Landscape improvements provided within the District may include, but are not limited to: ground cover, shrubs, plants and trees, irrigation and drainage systems, graffiti removal, entry monuments, and associated appurtenant facilities. Services provided include all necessary service, operations, administration, and maintenance required to keep the above mentioned improvements in a healthy, vigorous, and satisfactory condition."

Reference is made to the Plans and Specifications for the improvements, which is on file with the City

3. ESTIMATE OF COSTS

3.1 Definitions of Budget Items

The following definitions describe some of the services and costs that may be included in the Zone Budgets:

Direct Expenses

Monthly Maintenance: Includes all regularly scheduled labor, material (i.e. pipe, fertilizer, insecticides, paint, etc.) and equipment required to properly maintain and ensure the satisfactory condition of all landscaping, irrigation and drainage systems, and appurtenant facilities.

Extra Contract Costs: Includes all labor, equipment, and material costs associated with unscheduled repairs and improvements needed to ensure the satisfactory condition of all landscaping, irrigation and drainage systems, and appurtenant facilities.

Water/Sewer: Includes the furnishing of water required for the operation and maintenance of the landscaping facilities.

Electricity Costs: Includes the furnishing of electricity required for irrigation systems for the operation and maintenance of the landscaping facilities.

Other Supplies: Includes costs that are generally unforeseen and not normally included in the yearly maintenance contract costs. This may include repair of damaged amenities due to vandalism, storms, heavy frost, etc. Also included may be planned upgrades that provide a direct benefit to the District. These upgrades could include replacing plant materials and/or renovation of irrigation systems.

Administrative Expenses

Salaries: Includes the cost to particular departments and staff of the City to provide the coordination of District services, operations, and maintenance of the improvements, response to public concerns and education, and procedures associated with the levy and collection of assessments.

Postage/Advertising: Includes the cost of providing any mailed notice to the property owners and publishing and posting the Resolution of Intention as required by the Act.

Internal Services: Includes overhead costs allocated to the District for various City staff services.

Administrative/Engineering Contract: Includes the costs associated with contracting with professionals to provide services specific to the administration of the levy.

Contingency/Capital Replacement Fund Balance (Reduction)/Reserve

Positive amounts are collected for various reasons that include, but are not limited to, any or all of the following:

- J To maintain reserves which enable the City to pay for costs associated with the District during the first six months of the fiscal year,

Contingency/Capital Replacement Fund Balance (Reduction)/Reserve (continued)

-) To reduce the current fund balance deficit (if any) that exists as of the beginning of the fiscal year, and
-) To plan for the replacement of capital improvements in the future.

3.2 Zone Budgets

The estimated costs of servicing, maintaining, repairing, and replacing the actual improvements for each Zone for Fiscal Year 2017/18 are shown on the following pages.

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone

	<u>Belle Estates</u>
DIRECT EXPENSES	
Monthly Maintenance	\$3,552.00
Extra Contract Costs	1,000.00
Water/Sewer	2,200.00
Electricity Costs	0.00
Other Supplies	650.00
Subtotal Direct Expenses	<u>\$7,402.00</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$1,670.34
Postage/Advertising	9.69
Internal Services	532.88
Administrative/Engineering Contract	391.82
Subtotal Administrative Expenses	<u>\$2,604.73</u>
SUBTOTAL ZONE COST	\$10,006.73
Fund Balance (Reduction)/Reserve	1,513.27
TOTAL BALANCE TO LEVY	<u>\$11,520.00</u>
Number of Assessable Units	36
Assessment Rate per Unit	\$320.00
Estimated Beginning Fund Balance July 1, 2017	\$7,227.38
Fund Balance Change	<u>1,513.27</u>
Estimated Ending Fund Balance June 30, 2018	<u>\$8,740.65</u>

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)



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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone

	Chang / Bertelone
DIRECT EXPENSES	
Monthly Maintenance	\$2,040.00
Extra Contract Costs	0.00
Water/Sewer	1,314.00
Electricity Costs	0.00
Other Supplies	500.00
Subtotal Direct Expenses	\$3,854.00
ADMINISTRATIVE EXPENSES	
Salaries	\$371.19
Postage/Advertising	2.15
Internal Services	118.42
Administrative/Engineering Contract	87.07
Subtotal Administrative Expenses	\$578.83
SUBTOTAL ZONE COST	\$4,432.83
Fund Balance (Reduction)/Reserve	(32.83)
TOTAL BALANCE TO LEVY	\$4,400.00
Number of Assessable Units	8
Assessment Rate per Unit	\$550.00
Estimated Beginning Fund Balance July 1, 2017	\$7,468.95
Fund Balance Change	(32.83)
Estimated Ending Fund Balance June 30, 2018	\$7,436.12

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone

	<u>Conte Gardens</u>
DIRECT EXPENSES	
Monthly Maintenance	\$0.00
Extra Contract Costs	2,000.00
Water/Sewer	1,300.00
Electricity Costs	180.00
Other Supplies	750.00
Subtotal Direct Expenses	<u>\$4,230.00</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$510.38
Postage/Advertising	2.96
Internal Services	162.82
Administrative/Engineering Contract	119.72
Subtotal Administrative Expenses	<u>\$795.88</u>
SUBTOTAL ZONE COST	\$5,025.88
Fund Balance (Reduction)/Reserve	(625.88)
TOTAL BALANCE TO LEVY	<u>\$4,400.00</u>
Number of Assessable Units	11
Assessment Rate per Unit	\$400.00
Estimated Beginning Fund Balance July 1, 2017	\$13,075.57
Fund Balance Change	<u>(625.88)</u>
Estimated Ending Fund Balance June 30, 2018	\$12,449.69

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	<u>Diana Estates</u>
DIRECT EXPENSES	
Monthly Maintenance	\$3,540.00
Extra Contract Costs	500.00
Water/Sewer	300.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$4,340.00</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$2,969.50
Postage/Advertising	17.22
Internal Services	947.34
Administrative/Engineering Contract	696.57
Subtotal Administrative Expenses	<u>\$4,630.63</u>
SUBTOTAL ZONE COST	\$8,970.63
Fund Balance (Reduction)/Reserve	(49.67)
TOTAL BALANCE TO LEVY	<u>\$8,920.96</u>
Number of Assessable Units	64
Assessment Rate per Unit	\$139.39
Estimated Beginning Fund Balance July 1, 2017	\$8,551.13
Fund Balance Change	<u>(49.67)</u>
Estimated Ending Fund Balance June 30, 2018	\$8,501.46

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	Fox Hollow
DIRECT EXPENSES	
Monthly Maintenance	\$2,040.00
Extra Contract Costs	2,000.00
Water/Sewer	2,150.00
Electricity Costs	0.00
Other Supplies	500.00
Subtotal Direct Expenses	\$6,690.00
ADMINISTRATIVE EXPENSES	
Salaries	\$3,479.88
Postage/Advertising	20.18
Internal Services	1,110.16
Administrative/Engineering Contract	816.29
Subtotal Administrative Expenses	\$5,426.51
SUBTOTAL ZONE COST	\$12,116.51
Fund Balance (Reduction)/Reserve	898.24
TOTAL BALANCE TO LEVY	\$13,014.75
Number of Assessable Units	75
Assessment Rate per Unit	\$173.53
Estimated Beginning Fund Balance July 1, 2017	\$12,515.46
Fund Balance Change	898.24
Estimated Ending Fund Balance June 30, 2018	\$13,413.70

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone

	<u>Hamilton Square</u>
DIRECT EXPENSES	
Monthly Maintenance	\$4,693.80
Extra Contract Costs	2,000.00
Water/Sewer	2,700.00
Electricity Costs	265.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$9,658.80</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$1,763.14
Postage/Advertising	10.23
Internal Services	562.48
Administrative/Engineering Contract	413.59
Subtotal Administrative Expenses	<u>\$2,749.44</u>
SUBTOTAL ZONE COST	\$12,408.24
Fund Balance (Reduction)/Reserve	(58.24)
TOTAL BALANCE TO LEVY	<u>\$12,350.00</u>
Number of Assessable Units	38
Assessment Rate per Unit	\$325.00
Estimated Beginning Fund Balance July 1, 2017	\$22,258.37
Fund Balance Change	<u>(58.24)</u>
Estimated Ending Fund Balance June 30, 2018	\$22,200.13

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	Jackson Meadows #6
DIRECT EXPENSES	
Monthly Maintenance	\$1,725.00
Extra Contract Costs	0.00
Water/Sewer	300.00
Electricity Costs	400.00
Other Supplies	0.00
Subtotal Direct Expenses	\$2,425.00
ADMINISTRATIVE EXPENSES	
Salaries	\$3,247.89
Postage/Advertising	18.84
Internal Services	1,036.15
Administrative/Engineering Contract	761.87
Subtotal Administrative Expenses	\$5,064.75
SUBTOTAL ZONE COST	\$7,489.75
Fund Balance (Reduction)/Reserve	70.25
TOTAL BALANCE TO LEVY	\$7,560.00
Number of Assessable Units	70
Assessment Rate per Unit	\$108.00
Estimated Beginning Fund Balance July 1, 2017	(\$33.20)
Fund Balance Change	70.25
Estimated Ending Fund Balance June 30, 2018	\$37.05

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	Jackson Meadows #7
DIRECT EXPENSES	
Monthly Maintenance	\$0.00
Extra Contract Costs	500.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$500.00
ADMINISTRATIVE EXPENSES	
Salaries	\$463.98
Postage/Advertising	2.69
Internal Services	148.02
Administrative/Engineering Contract	108.84
Subtotal Administrative Expenses	\$723.53
SUBTOTAL ZONE COST	\$1,223.53
Fund Balance (Reduction)/Reserve	(223.53)
TOTAL BALANCE TO LEVY	\$1,000.00
Number of Assessable Units	10
Assessment Rate per Unit	\$100.00
Estimated Beginning Fund Balance July 1, 2017	\$5,106.89
Fund Balance Change	(223.53)
Estimated Ending Fund Balance June 30, 2018	\$4,883.36

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone

	<u>La Grande Estates</u>
DIRECT EXPENSES	
Monthly Maintenance	\$0.00
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	200.00
Subtotal Direct Expenses	\$200.00
ADMINISTRATIVE EXPENSES	
Salaries	\$1,484.75
Postage/Advertising	8.61
Internal Services	473.67
Administrative/Engineering Contract	348.28
Subtotal Administrative Expenses	\$2,315.31
SUBTOTAL ZONE COST	\$2,515.31
Fund Balance (Reduction)/Reserve	300.69
TOTAL BALANCE TO LEVY	\$2,816.00
Number of Assessable Units	32
Assessment Rate per Unit	\$88.00
Estimated Beginning Fund Balance July 1, 2017	(\$11,735.14)
Fund Balance Change	300.69
Estimated Ending Fund Balance June 30, 2018	(\$11,434.45)

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	<u>Lacrosse/Gera</u>
DIRECT EXPENSES	
Monthly Maintenance	\$0.00
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$0.00</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$1,113.56
Postage/Advertising	6.46
Internal Services	355.25
Administrative/Engineering Contract	261.21
Subtotal Administrative Expenses	<u>\$1,736.48</u>
SUBTOTAL ZONE COST	\$1,736.48
Fund Balance (Reduction)/Reserve	(536.48)
TOTAL BALANCE TO LEVY	<u>\$1,200.00</u>
Number of Assessable Units	24
Assessment Rate per Unit	\$50.00
Estimated Beginning Fund Balance July 1, 2017	\$2,526.00
Fund Balance Change	<u>(536.48)</u>
Estimated Ending Fund Balance June 30, 2018	\$1,989.52

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	<u>Llagas Creek</u>
DIRECT EXPENSES	
Monthly Maintenance	\$5,700.00
Extra Contract Costs	2,705.00
Water/Sewer	3,000.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$11,405.00</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$3,294.29
Postage/Advertising	19.11
Internal Services	1,050.95
Administrative/Engineering Contract	772.76
Subtotal Administrative Expenses	<u>\$5,137.11</u>
SUBTOTAL ZONE COST	\$16,542.11
Fund Balance (Reduction)/Reserve	48.46
TOTAL BALANCE TO LEVY	<u>\$16,590.57</u>
Number of Assessable Units	71
Assessment Rate per Unit	\$233.67
Estimated Beginning Fund Balance July 1, 2017	\$10,837.05
Fund Balance Change	48.46
Estimated Ending Fund Balance June 30, 2018	<u>\$10,885.51</u>

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone

	<u>Llagas/Obata</u>
DIRECT EXPENSES	
Monthly Maintenance	\$1,200.00
Extra Contract Costs	0.00
Water/Sewer	300.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$1,500.00
ADMINISTRATIVE EXPENSES	
Salaries	\$231.99
Postage/Advertising	1.35
Internal Services	74.01
Administrative/Engineering Contract	54.42
Subtotal Administrative Expenses	\$361.77
SUBTOTAL ZONE COST	\$1,861.77
Fund Balance (Reduction)/Reserve	(1,142.17)
TOTAL BALANCE TO LEVY	\$719.60
Number of Assessable Units	5
Assessment Rate per Unit	\$143.92
Estimated Beginning Fund Balance July 1, 2017	\$1,155.80
Fund Balance Change	(1,142.17)
Estimated Ending Fund Balance June 30, 2018	\$13.63

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)



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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	<u>Mill Creek</u>
DIRECT EXPENSES	
Monthly Maintenance	\$4,573.80
Extra Contract Costs	1,700.00
Water/Sewer	2,500.00
Electricity Costs	200.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$8,973.80</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$3,897.47
Postage/Advertising	22.61
Internal Services	1,243.38
Administrative/Engineering Contract	914.25
Subtotal Administrative Expenses	<u>\$6,077.71</u>
SUBTOTAL ZONE COST	\$15,051.51
Fund Balance (Reduction)/Reserve	641.37
TOTAL BALANCE TO LEVY	<u>\$15,692.88</u>
Number of Assessable Units	84
Assessment Rate per Unit	\$186.82
Estimated Beginning Fund Balance July 1, 2017	\$514.12
Fund Balance Change	<u>641.37</u>
Estimated Ending Fund Balance June 30, 2018	\$1,155.49

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)



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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	<u>Oak Creek I, II, III</u>
DIRECT EXPENSES	
Monthly Maintenance	\$15,485.88
Extra Contract Costs	10,000.00
Water/Sewer	8,000.00
Electricity Costs	2,795.00
Other Supplies	500.00
Subtotal Direct Expenses	<u>\$36,780.88</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$5,521.41
Postage/Advertising	32.03
Internal Services	1,761.45
Administrative/Engineering Contract	1,295.18
Subtotal Administrative Expenses	<u>\$8,610.07</u>
SUBTOTAL ZONE COST	\$45,390.95
Fund Balance (Reduction)/Reserve	(3,740.95)
TOTAL BALANCE TO LEVY	<u>\$41,650.00</u>
Number of Assessable Units	119
Assessment Rate per Unit	\$350.00
Estimated Beginning Fund Balance July 1, 2017	\$22,314.91
Fund Balance Change	<u>(3,740.95)</u>
Estimated Ending Fund Balance June 30, 2018	\$18,573.96

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)



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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	<u>Parsons Corner</u>
DIRECT EXPENSES	
Monthly Maintenance	\$3,355.32
Extra Contract Costs	0.00
Water/Sewer	850.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$4,205.32</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$463.98
Postage/Advertising	2.69
Internal Services	148.02
Administrative/Engineering Contract	108.84
Subtotal Administrative Expenses	<u>\$723.53</u>
SUBTOTAL ZONE COST	\$4,928.85
Fund Balance (Reduction)/Reserve	(2,428.85)
TOTAL BALANCE TO LEVY	<u>\$2,500.00</u>
Number of Assessable Units	10
Assessment Rate per Unit	\$250.00
Estimated Beginning Fund Balance July 1, 2017	\$2,823.84
Fund Balance Change	<u>(2,428.85)</u>
Estimated Ending Fund Balance June 30, 2018	\$394.99

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	<u>Rose Haven</u>
DIRECT EXPENSES	
Monthly Maintenance	\$3,535.32
Extra Contract Costs	3,000.00
Water/Sewer	1,000.00
Electricity Costs	215.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$7,750.32</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$1,252.76
Postage/Advertising	7.27
Internal Services	399.66
Administrative/Engineering Contract	293.87
Subtotal Administrative Expenses	<u>\$1,953.56</u>
SUBTOTAL ZONE COST	\$9,703.88
Fund Balance (Reduction)/Reserve	3,472.12
TOTAL BALANCE TO LEVY	<u>\$13,176.00</u>
Number of Assessable Units	27
Assessment Rate per Unit	\$488.00
Estimated Beginning Fund Balance July 1, 2017	\$12,159.93
Fund Balance Change	<u>3,472.12</u>
Estimated Ending Fund Balance June 30, 2018	\$15,632.05

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	<u>Sandalwood</u>
DIRECT EXPENSES	
Monthly Maintenance	\$0.00
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$0.00</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$510.38
Postage/Advertising	2.96
Internal Services	162.82
Administrative/Engineering Contract	119.72
Subtotal Administrative Expenses	<u>\$795.88</u>
SUBTOTAL ZONE COST	\$795.88
Fund Balance (Reduction)/Reserve	1,320.08
TOTAL BALANCE TO LEVY	<u>\$2,115.96</u>
Number of Assessable Units	11
Assessment Rate per Unit	\$192.36
Estimated Beginning Fund Balance July 1, 2017	(\$7,215.24)
Fund Balance Change	<u>1,320.08</u>
Estimated Ending Fund Balance June 30, 2018	(\$5,895.16)

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	Sparhawk
DIRECT EXPENSES	
Monthly Maintenance	\$2,040.00
Extra Contract Costs	100.00
Water/Sewer	1,000.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$3,140.00
ADMINISTRATIVE EXPENSES	
Salaries	\$835.17
Postage/Advertising	4.84
Internal Services	266.44
Administrative/Engineering Contract	195.91
Subtotal Administrative Expenses	\$1,302.36
SUBTOTAL ZONE COST	\$4,442.36
Fund Balance (Reduction)/Reserve	36.40
TOTAL BALANCE TO LEVY	\$4,478.76
Number of Assessable Units	18
Assessment Rate per Unit	\$248.82
Estimated Beginning Fund Balance July 1, 2017	\$3,797.61
Fund Balance Change	36.40
Estimated Ending Fund Balance June 30, 2018	\$3,834.01

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	<u>Stone Creek</u>
DIRECT EXPENSES	
Monthly Maintenance	\$7,380.00
Extra Contract Costs	1,000.00
Water/Sewer	3,000.00
Electricity Costs	0.00
Other Supplies	75.00
Subtotal Direct Expenses	<u>\$11,455.00</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$1,623.94
Postage/Advertising	9.42
Internal Services	518.07
Administrative/Engineering Contract	380.94
Subtotal Administrative Expenses	<u>\$2,532.37</u>
SUBTOTAL ZONE COST	\$13,987.37
Fund Balance (Reduction)/Reserve	(391.27)
TOTAL BALANCE TO LEVY	<u>\$13,596.10</u>
Number of Assessable Units	35
Assessment Rate per Unit	\$388.46
Estimated Beginning Fund Balance July 1, 2017	\$6,234.07
Fund Balance Change	<u>(391.27)</u>
Estimated Ending Fund Balance June 30, 2018	\$5,842.80

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone**

	Sunnyside / Stone Gate
DIRECT EXPENSES	
Monthly Maintenance	\$888.00
Extra Contract Costs	650.00
Water/Sewer	500.00
Electricity Costs	250.00
Other Supplies	0.00
Subtotal Direct Expenses	\$2,288.00
ADMINISTRATIVE EXPENSES	
Salaries	\$463.98
Postage/Advertising	2.69
Internal Services	148.02
Administrative/Engineering Contract	108.84
Subtotal Administrative Expenses	\$723.53
SUBTOTAL ZONE COST	\$3,011.53
Fund Balance (Reduction)/Reserve	738.47
TOTAL BALANCE TO LEVY	\$3,750.00
Number of Assessable Units	10
Assessment Rate per Unit	\$375.00
Estimated Beginning Fund Balance July 1, 2017	\$7,920.98
Fund Balance Change	738.47
Estimated Ending Fund Balance June 30, 2018	\$8,659.45

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18 Budget by Zone

	Total
DIRECT EXPENSES	
Monthly Maintenance	\$61,749.12
Extra Contract Costs	27,155.00
Water/Sewer	30,414.00
Electricity Costs	4,305.00
Other Supplies	3,175.00
Subtotal Direct Expenses	\$126,798.12
ADMINISTRATIVE EXPENSES	
Salaries	\$35,169.98
Postage/Advertising	204.00
Internal Services	11,220.01
Administrative/Engineering Contract	8,249.99
Subtotal Administrative Expenses	\$54,843.98
SUBTOTAL ZONE COST	\$181,642.10
Fund Balance (Reduction)/Reserve	(190.52)
TOTAL BALANCE TO LEVY	\$181,451.58
Number of Assessable Units	758
Assessment Rate per Unit	N/A
Estimated Beginning Fund Balance July 1, 2017	\$127,504.48
Fund Balance Change	(190.52)
Estimated Ending Fund Balance June 30, 2018	\$127,313.96

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4. ASSESSMENTS

The amount of the actual assessment for the Fiscal Year 2017/18 apportioned to each parcel as shown on the latest equalized roll at the County Assessor's office is listed in Section 6 of this Report. The description of each lot or parcel is part of the records of the County Assessor and such records are, by reference, made part of this Report.

4.1 Method of Apportionment

The assessments are levied in accordance with the assessment methodology adopted and approved by the City Council at the time of District formation.

Pursuant to the Act and Article XIII D of the Constitution of the State of California, all parcels that have special benefit conferred upon them as a result of the maintenance and operation of improvements shall be identified and the proportionate special benefit derived by each identified parcel shall be determined in relation to the entire cost of the maintenance and operation of the improvements. Only parcels that receive direct special benefit are assessed, and each parcel is assessed in proportion to the estimated benefit received.

Several Zones have been annexed into the District and it has been determined that by reason of variations in the nature, location, and extent of the improvements, those areas will receive differing degrees of benefit from the improvements.

Within the Zones, each parcel is allocated a number of units, where each such unit is deemed to receive the same proportional special benefit from the maintenance and operation of the improvements within that Zone. The typical parcel, with a single family residential use, will have one unit assigned. If the use or nature of a parcel confers special benefit in a greater or lesser degree than that typical use, that parcel may have greater than or less than one unit assigned

4.2 Belle Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$502.22 per unit. There is currently no inflator associated with the Belle Estates Zone assessments.

There are currently 36 parcels within this Zone, and the total Zone costs are spread to each of the 36 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$11,520.00
Total Units	36
Fiscal Year 2017/18 Actual Assessment Per Unit	\$320.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$502.22

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$320.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$320.00
Change in the Actual Assessment Rate	\$0.00

4.3 Chang/Bertelone Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$1,215.00 per unit. There is currently no inflator associated with the Chang/Bertelone Zone assessments.

There are currently eight parcels within this Zone, and the total Zone costs are spread to each of the eight units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$4,400.00
Total Units	8
Fiscal Year 2017/18 Actual Assessment Per Unit	\$550.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$1,215.00

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$550.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$550.00
Change in the Actual Assessment Rate	\$0.00

4.4 Conte Gardens Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$477.82 per unit. There is currently no inflator associated with the Conte Gardens Zone assessments.

There are currently 11 parcels within this Zone, and the total Zone costs are spread to each of the 11 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$4,400.00
Total Units	11
Fiscal Year 2017/18 Actual Assessment Per Unit	\$400.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$477.82

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$400.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$400.00
Change in the Actual Assessment Rate	\$0.00

4.5 Diana Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$139.39 per unit. There is currently no inflator associated with the Diana Estates Zone assessments.

There are currently 64 parcels within this Zone, and the total Zone costs are spread to each of the 64 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$8,920.96
Total Units	64
Fiscal Year 2017/18 Actual Assessment Per Unit (1)	\$139.39
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$139.39

(1) May be rounded down to even cents per parcel for County Tax Roll purposes.

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$139.39
Fiscal Year 2017/18 Actual Assessment Per Unit	\$139.39
Change in the Actual Assessment Rate	\$0.00

4.6 Fox Hollow/Murphy Springs Zone

The assessment rate originally approved at the time of District formation was \$106.15 per unit. In July 2005 the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the rate increase and the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The rate increase took effect in Fiscal Year 2005/06 and the 3% inflator took effect in Fiscal Year 2006/07.

There are currently 75 parcels within this Zone, and the total Zone costs are spread to each of the 75 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$13,014.75
Total Units	75
Fiscal Year 2017/18 Actual Assessment Per Unit (1)	\$173.53
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$201.17

(1) May be rounded down to even cents per parcel for County Tax Roll purposes.

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$173.53
Fiscal Year 2017/18 Actual Assessment Per Unit	\$173.53
Change in the Actual Assessment Rate	\$0.00

4.7 Hamilton Square Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$425.54 per unit. There is currently no inflator associated with the Hamilton Square Zone assessments.

There are currently 38 parcels within this Zone, and the total Zone costs are spread to each of the 38 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$12,350.00
Total Units	38
Fiscal Year 2017/18 Actual Assessment Per Unit	\$325.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$425.54

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$425.54
Fiscal Year 2017/18 Actual Assessment Per Unit	\$325.00
Change in the Actual Assessment Rate	(\$100.54)

4.8 Jackson Meadows 6A/6B Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$108.10 per unit. There is currently no inflator associated with the Jackson Meadows 6A/6B Zone assessments.

There are currently 70 parcels within this Zone, and the total Zone costs are spread to each of the 70 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$7,560.00
Total Units	70
Fiscal Year 2017/18 Actual Assessment Per Unit	\$108.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$108.10

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$108.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$108.00
Change in the Actual Assessment Rate	\$0.00

4.9 Jackson Meadows Number 7 Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$314.58 per unit. There is currently no inflator associated with the Jackson Meadows Number 7 Zone assessments.

There are currently 10 parcels within this Zone, and the total Zone costs are spread to each of the 10 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$1,000.00
Total Units	10
Fiscal Year 2017/18 Actual Assessment Per Unit	\$100.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$314.58

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$100.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$100.00
Change in the Actual Assessment Rate	\$0.00

4.10 La Grande Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$88.00 per unit. There is currently no inflator associated with the La Grande Estates Zone assessments.

There are currently 32 parcels within this Zone, and the total Zone costs are spread to each of the 32 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$2,816.00
Total Units	32
Fiscal Year 2017/18 Actual Assessment Per Unit	\$88.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$88.00

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$88.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$88.00
Change in the Actual Assessment Rate	\$0.00

4.11 Lacrosse/Gera Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$142.99 per unit. There is currently no inflator associated with the Lacrosse/Gera Zone assessments.

There are currently 24 parcels within this Zone, and the total Zone costs are spread to each of the 24 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$1,200.00
Total Units	24
Fiscal Year 2017/18 Actual Assessment Per Unit	\$50.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$142.99

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$50.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$50.00
Change in the Actual Assessment Rate	\$0.00

4.12 Llagas Creek Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$140.84 per unit. In July 2005 the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the rate increase and the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The rate increase took effect in Fiscal Year 2005/06 and the 3% inflator took effect in Fiscal Year 2006/07.

There are currently 71 parcels within this Zone, and the total Zone costs are spread to each of the 71 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$16,590.57
Total Units	71
Fiscal Year 2017/18 Actual Assessment Per Unit	\$233.67
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$270.89

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$233.67
Fiscal Year 2017/18 Actual Assessment Per Unit	\$233.67
Change in the Actual Assessment Rate	\$0.00

4.13 Llagas/Obata Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$629.16 per unit. There is currently no inflator associated with the Llagas/Obata Zone assessments.

There are currently five parcels within this Zone, and the total Zone costs are spread to each of the five units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$719.60
Total Units	5
Fiscal Year 2017/18 Actual Assessment Per Unit	\$143.92
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$629.16

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$143.92
Fiscal Year 2017/18 Actual Assessment Per Unit	\$143.92
Change in the Actual Assessment Rate	\$0.00

4.14 Mill Creek Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$186.82 per unit. There is currently no inflator associated with the Mill Creek Zone assessments.

There are currently 84 parcels within this Zone, and the total Zone costs are spread to each of the 84 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$15,692.88
Total Units	84
Fiscal Year 2017/18 Actual Assessment Per Unit	\$186.82
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$186.82

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$186.82
Fiscal Year 2017/18 Actual Assessment Per Unit	\$186.82
Change in the Actual Assessment Rate	\$0.00

4.15 Oak Creek I, II, III

The assessment rate originally approved at the time of annexing this Zone into the District was \$453.82 per unit. There is currently no inflator associated with the Oak Creek I, II, III Zone assessments.

There are currently 119 parcels within this Zone, and the total Zone costs are spread to each of the 119 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$41,650.00
Total Units	119
Fiscal Year 2017/18 Actual Assessment Per Unit	\$350.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$453.82

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$350.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$350.00
Change in the Actual Assessment Rate	\$0.00

4.16 Parsons Corner Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$568.32 per unit. There is currently no inflator associated with the Parsons Corner Zone assessments.

There are currently 10 parcels within this Zone, and the total Zone costs are spread to each of the 10 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$2,500.00
Total Units	10
Fiscal Year 2017/18 Actual Assessment Per Unit	\$250.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$568.32

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$250.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$250.00
Change in the Actual Assessment Rate	\$0.00

4.17 Rose Haven Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$488.47 per unit. There is currently no inflator associated with the Rose Haven Zone assessments.

There are currently 24 parcels with a total of 27 units within this Zone, and the total Zone costs are spread to each of the 27 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$13,176.00
Total Units	27
Fiscal Year 2017/18 Actual Assessment Per Unit	\$488.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$488.47

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$488.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$488.00
Change in the Actual Assessment Rate	\$0.00

4.18 Sandalwood Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$192.39 per unit. There is currently no inflator associated with the Sandalwood Zone assessments.

There are currently 11 parcels within this Zone, and the total Zone costs are spread to each of the 11 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$2,115.96
Total Units	11
Fiscal Year 2017/18 Actual Assessment Per Unit	\$192.36
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$192.39

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$192.36
Fiscal Year 2017/18 Actual Assessment Per Unit	\$192.36
Change in the Actual Assessment Rate	\$0.00

4.19 Sparhawk Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$174.77 per unit. In July 2005 the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the rate increase and the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The rate increase took effect in Fiscal Year 2005/06 and the 3% inflator took effect in Fiscal Year 2006/07.

There are currently 18 parcels within this Zone, and the total Zone costs are spread to each of the 18 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$4,478.76
Total Units	18
Fiscal Year 2017/18 Actual Assessment Per Unit	\$248.82
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$288.45

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$248.82
Fiscal Year 2017/18 Actual Assessment Per Unit	\$248.82
Change in the Actual Assessment Rate	\$0.00

4.20 Stone Creek Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$306.66 per unit. In July 2005 the City conducted Proposition 218 proceedings to add an annual inflator of 3% for the Zone. Property owners approved the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The inflator took effect in Fiscal Year 2005/06.

There are currently 35 parcels within this Zone, and the total Zone costs are spread to each of the 35 units as follows:

Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$13,596.10
Total Units	35
Fiscal Year 2017/18 Actual Assessment Per Unit	\$388.46
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$450.32

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2016/17 Actual Assessment Per Unit	\$388.46
Fiscal Year 2017/18 Actual Assessment Per Unit	\$388.46
Change in the Actual Assessment Rate	\$0.00

4.21 Sunnyside/Stone Gate Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$449.40 per unit. In July 2005 the City conducted Proposition 218 proceedings to add an annual inflator of 3% for the Zone. Property owners approved the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The inflator took effect in Fiscal Year 2005/06.

There are currently 10 parcels within this Zone, and the total Zone costs are spread to each of the 10 units as follows:

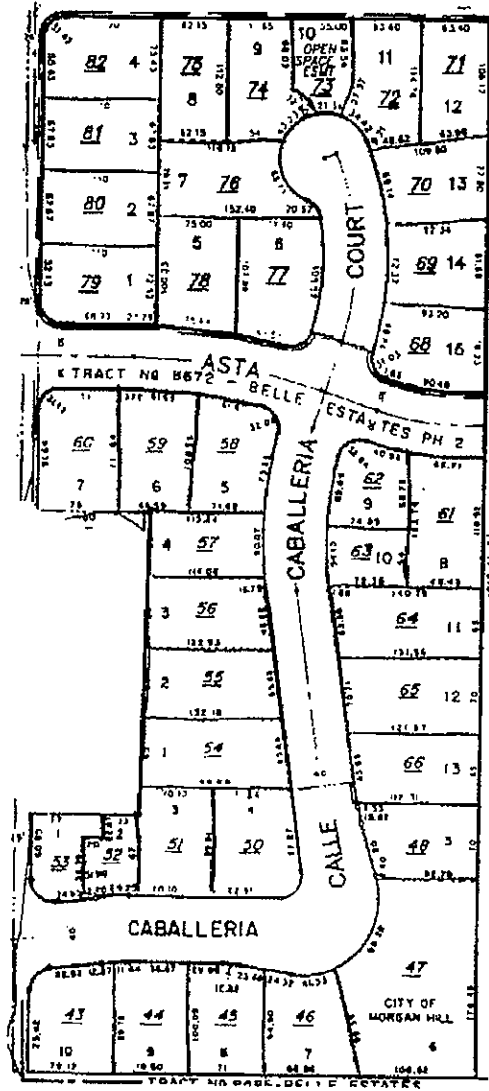
Estimated Fiscal Year 2017/18 Costs and Fund Adjustment	\$3,750.00
Total Units	10
Fiscal Year 2017/18 Actual Assessment Per Unit	\$375.00
Fiscal Year 2017/18 Maximum Assessment Per Unit	\$659.95

Any change in the assessment rate from the previous fiscal year is identified below:

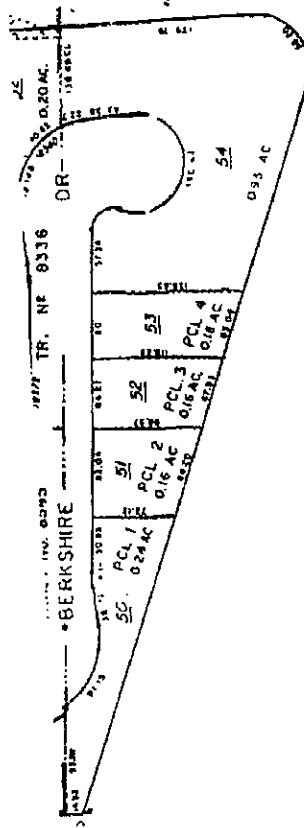
Fiscal Year 2016/17 Actual Assessment Per Unit	\$375.00
Fiscal Year 2017/18 Actual Assessment Per Unit	\$375.00
Change in the Actual Assessment Rate	\$0.00

5. ASSESSMENT DIAGRAMS

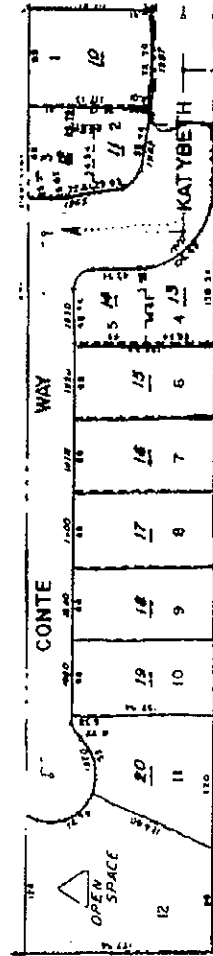
The Assessment Diagrams for each Zone in the District have been submitted to the City Clerk in the format required under the provisions of the Act. Copies of the diagrams are included herein. The lines and dimensions shown on maps of the County Assessor for the current year are, by reference, made part of this Report as well.



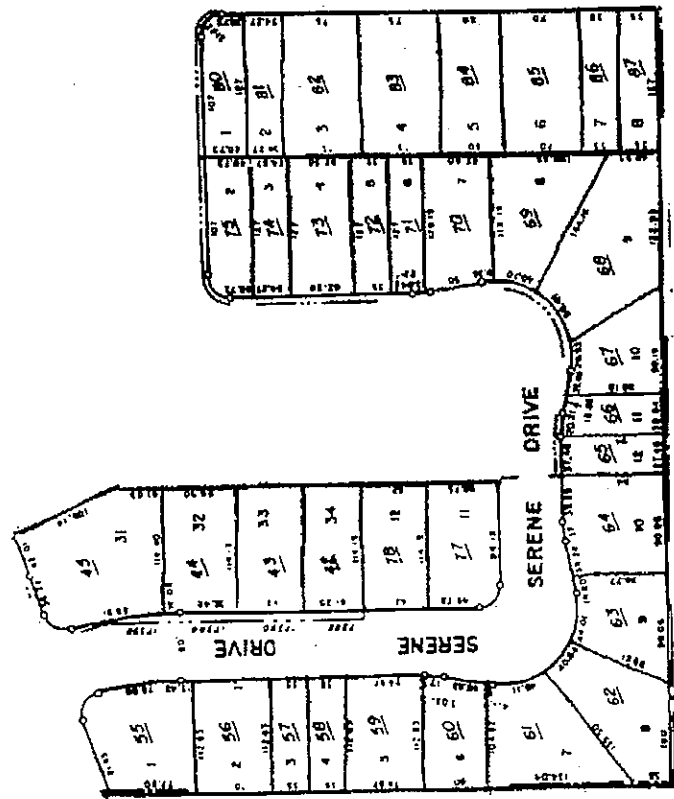
BELLE ESTATES ZONE



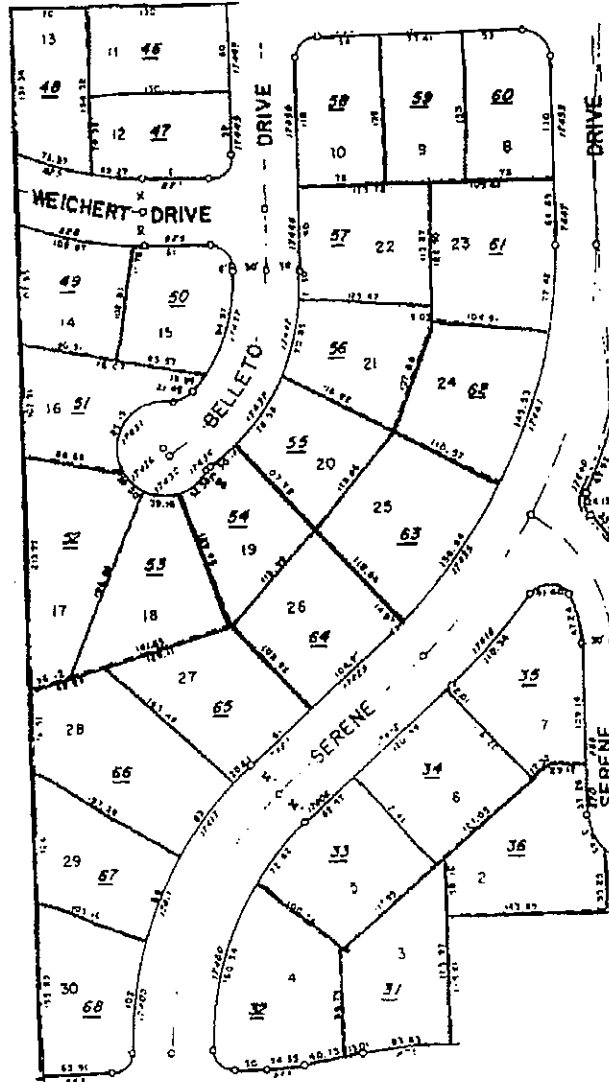
CHIANG/BERTELOONE ZONE



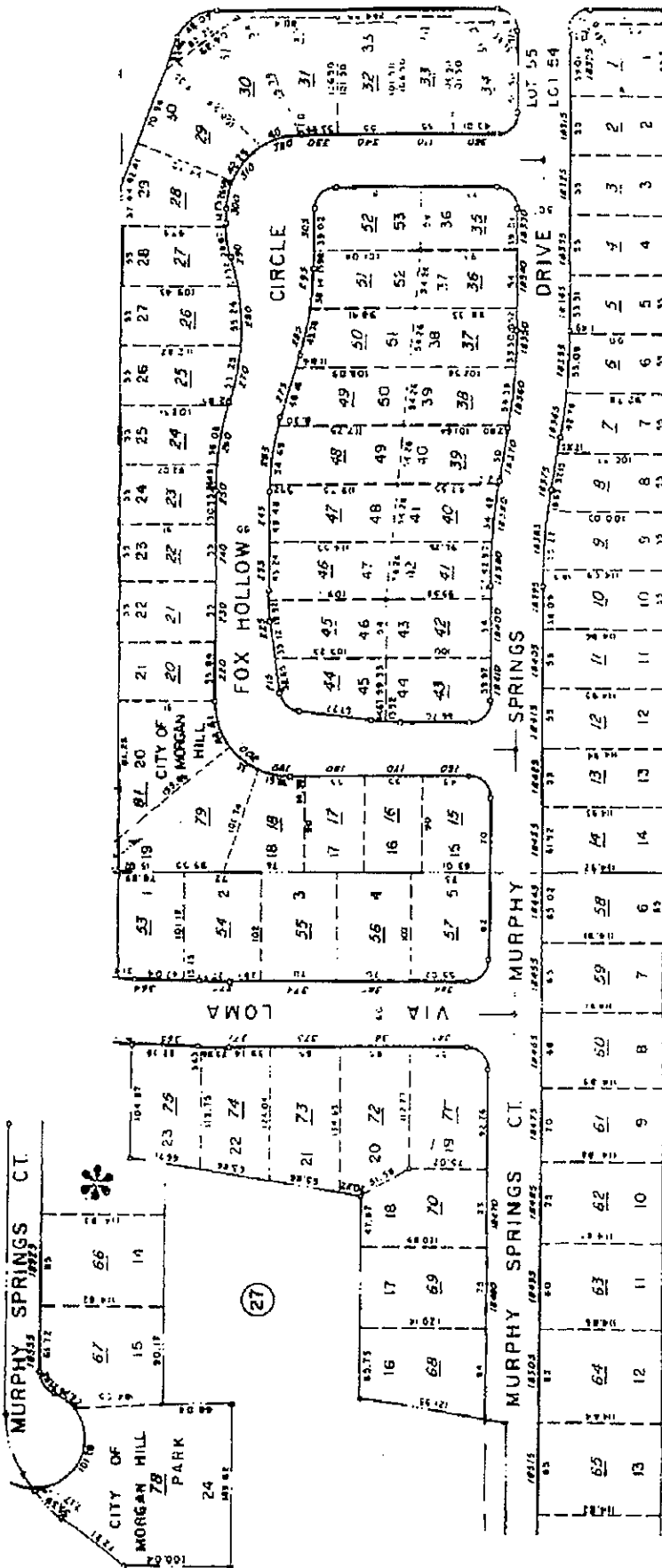
CONTE GARDENS ZONE



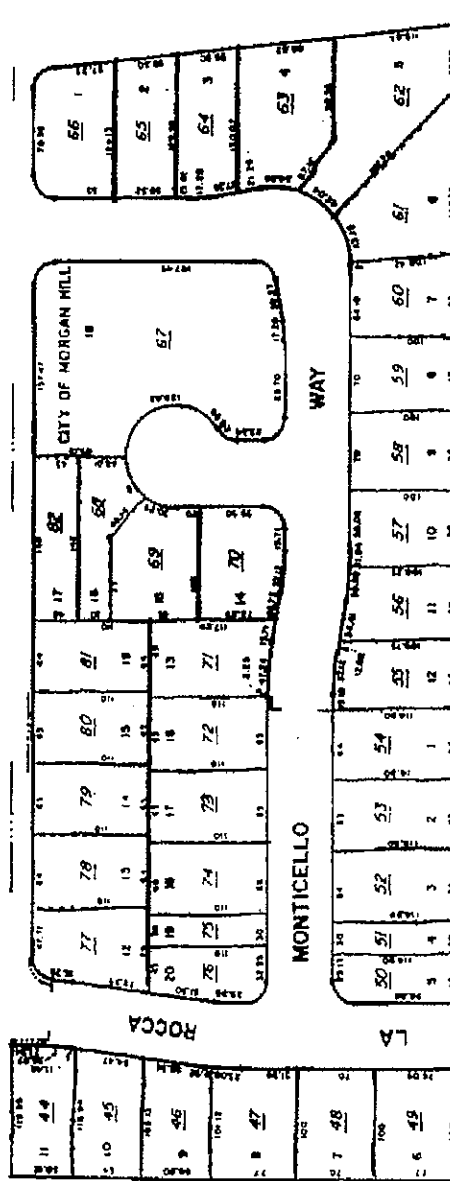
DIANA ESTATES ZONE SHEET 1



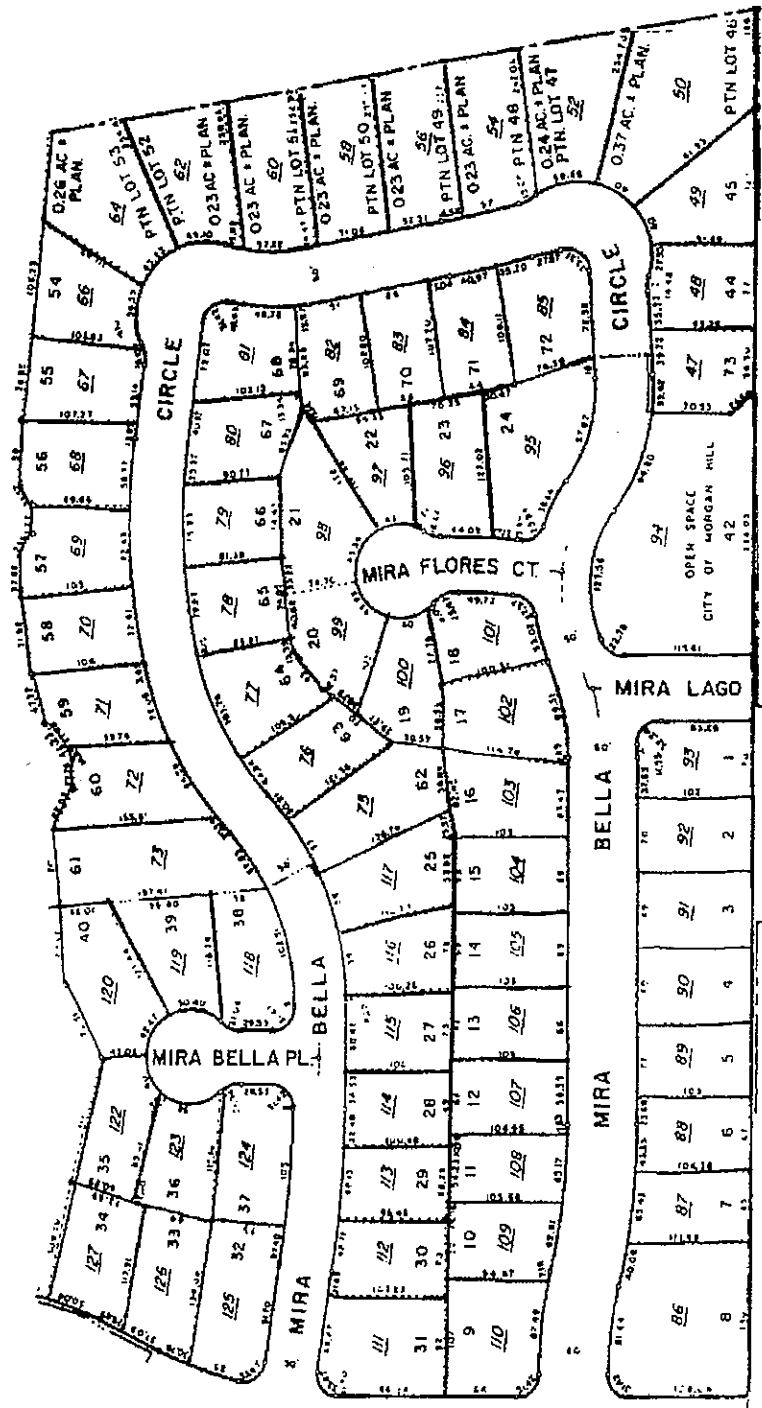
DIANA ESTATES ZONE SHEET 2



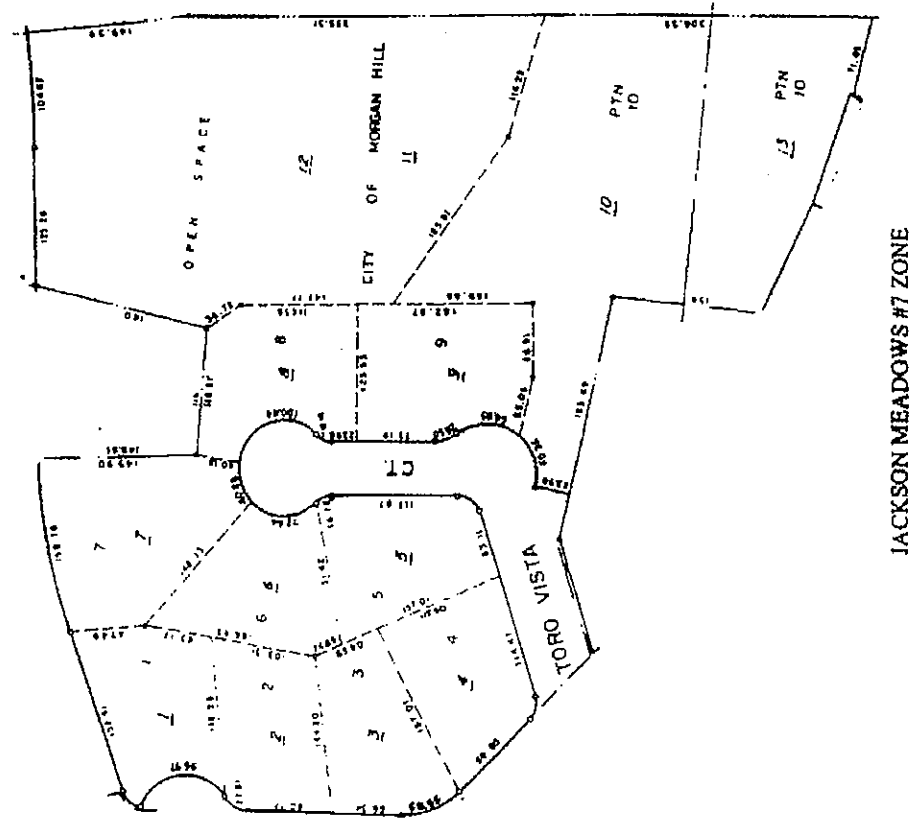
FOX HOLLOW/MURPHY SPRINGS ZONE



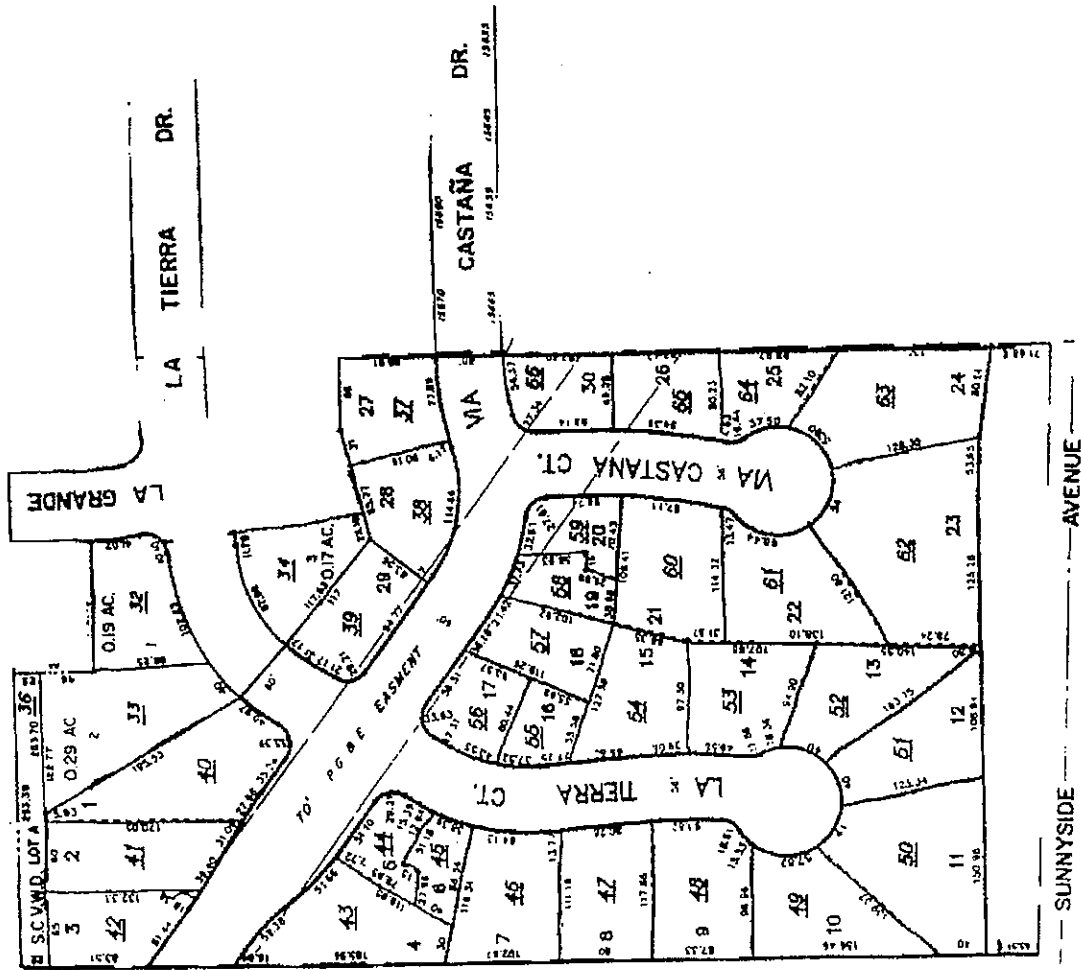
HAMILTON SQUARE ZONE



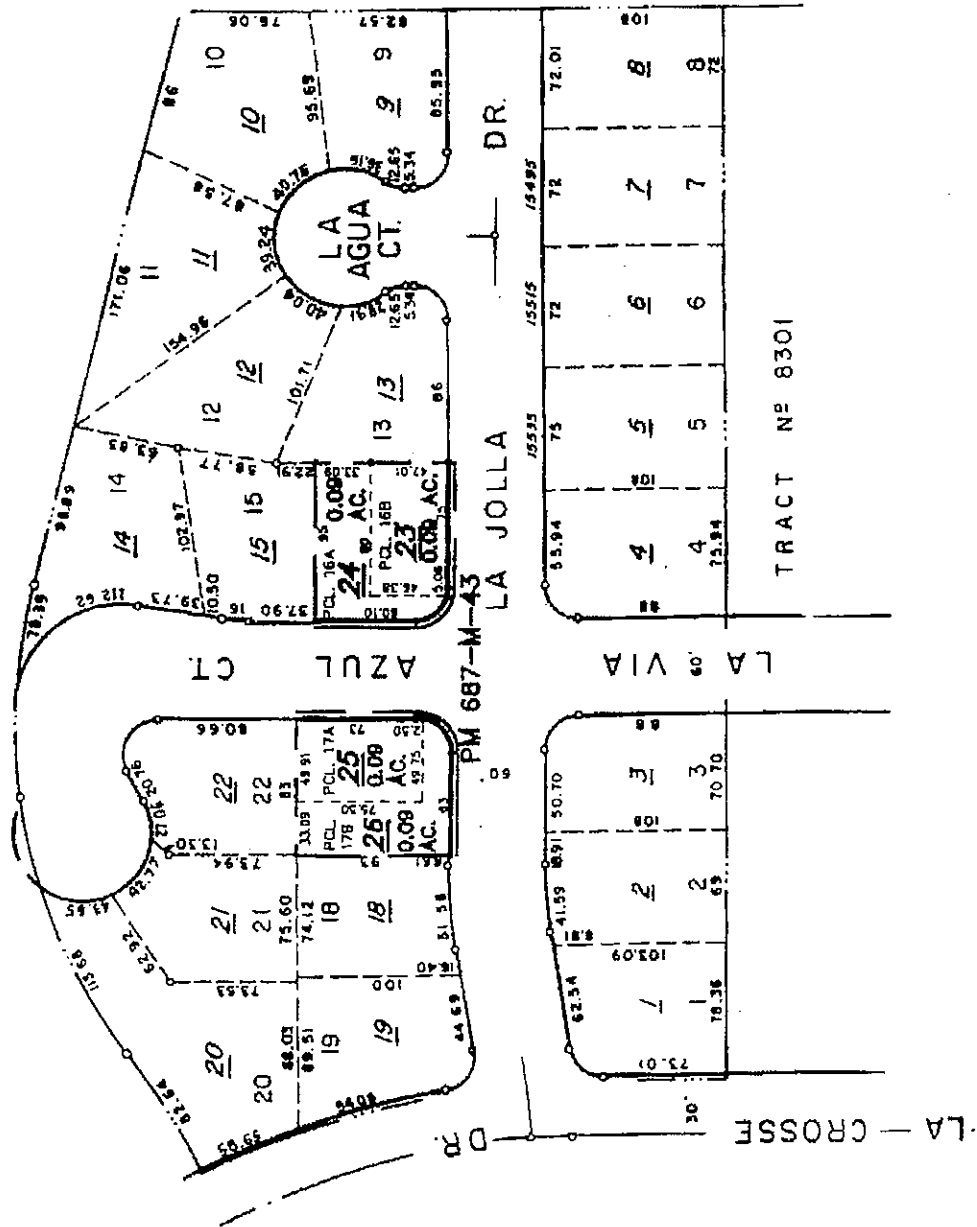
JACKSON MEADOWS #6 ZONE



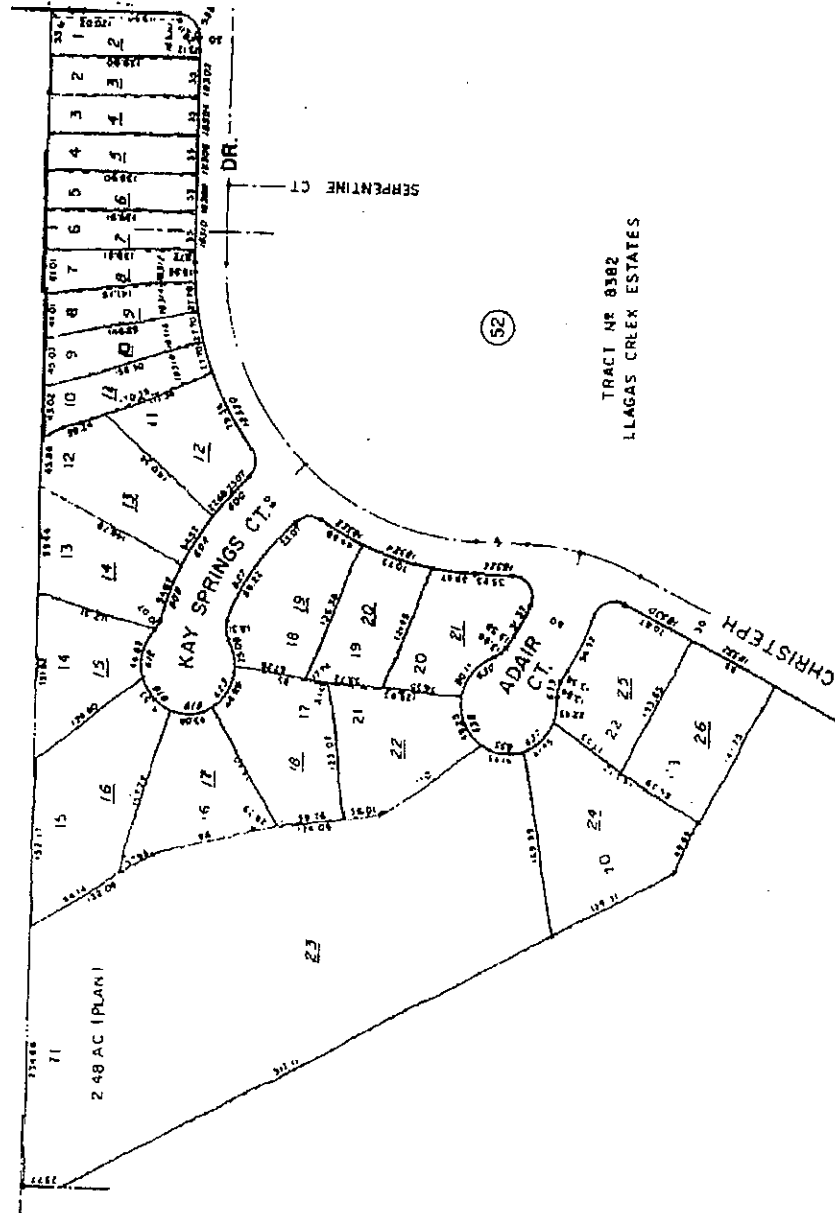
JACKSON MEADOWS #7 ZONE



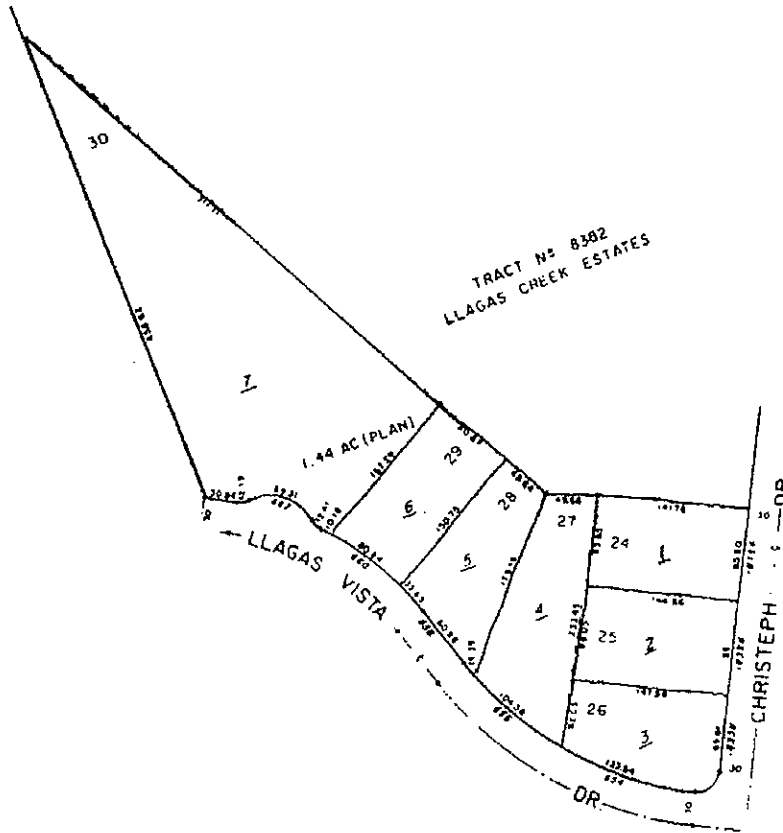
LA GRANDE ESTATES ZONE



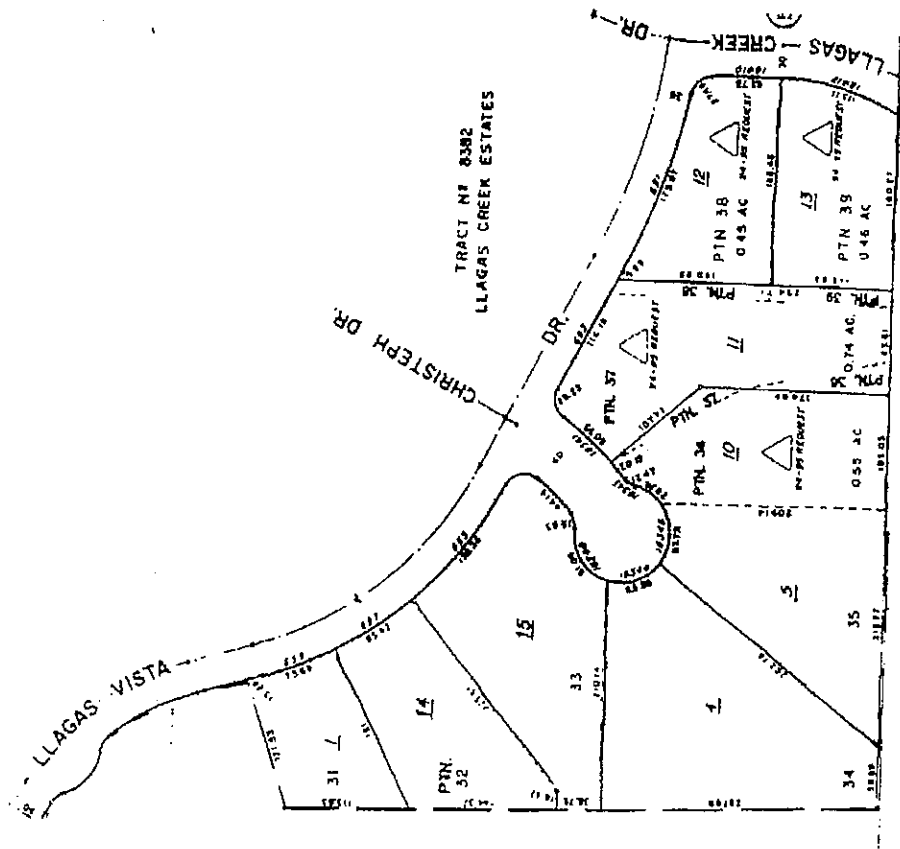
LACROSSE/GERA ZONE



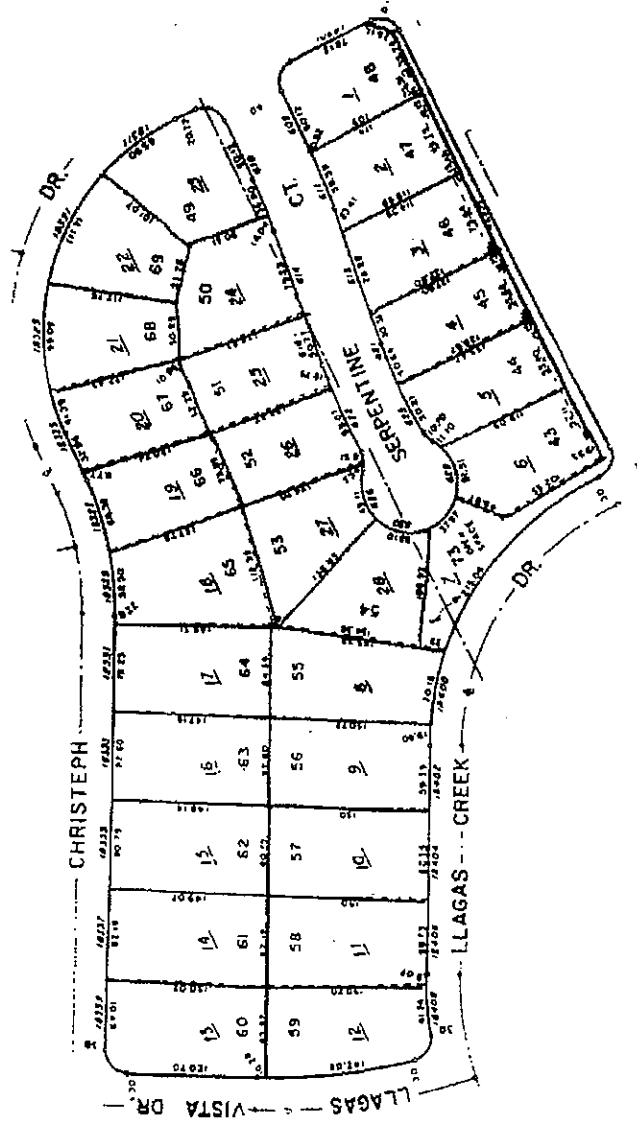
LLAGAS CREEK ESTATES ZONE SHEET 1



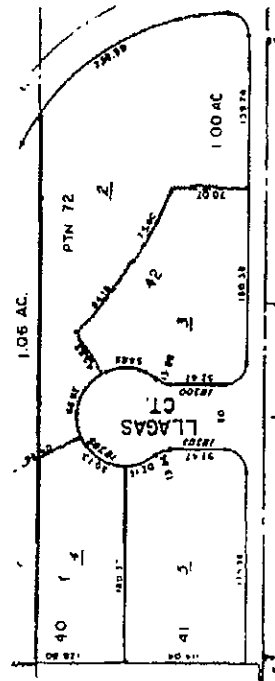
LLAGAS CREEK ESTATES ZONE SHEET 2



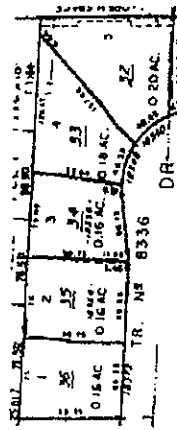
LLAGAS CREEK ESTATES ZONE SHEET 3



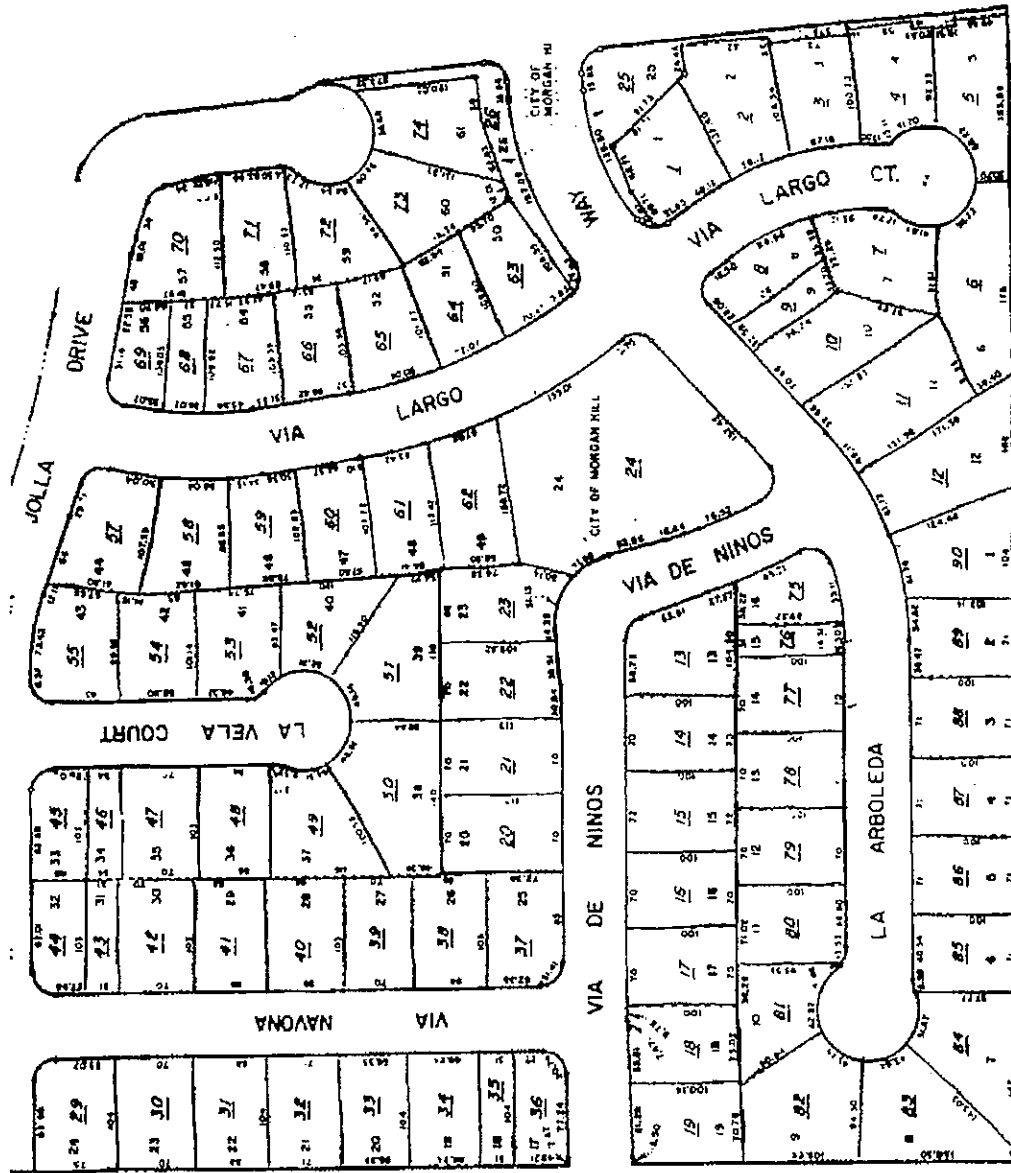
LLAGAS CREEK ESTATES ZONE SHEET 4



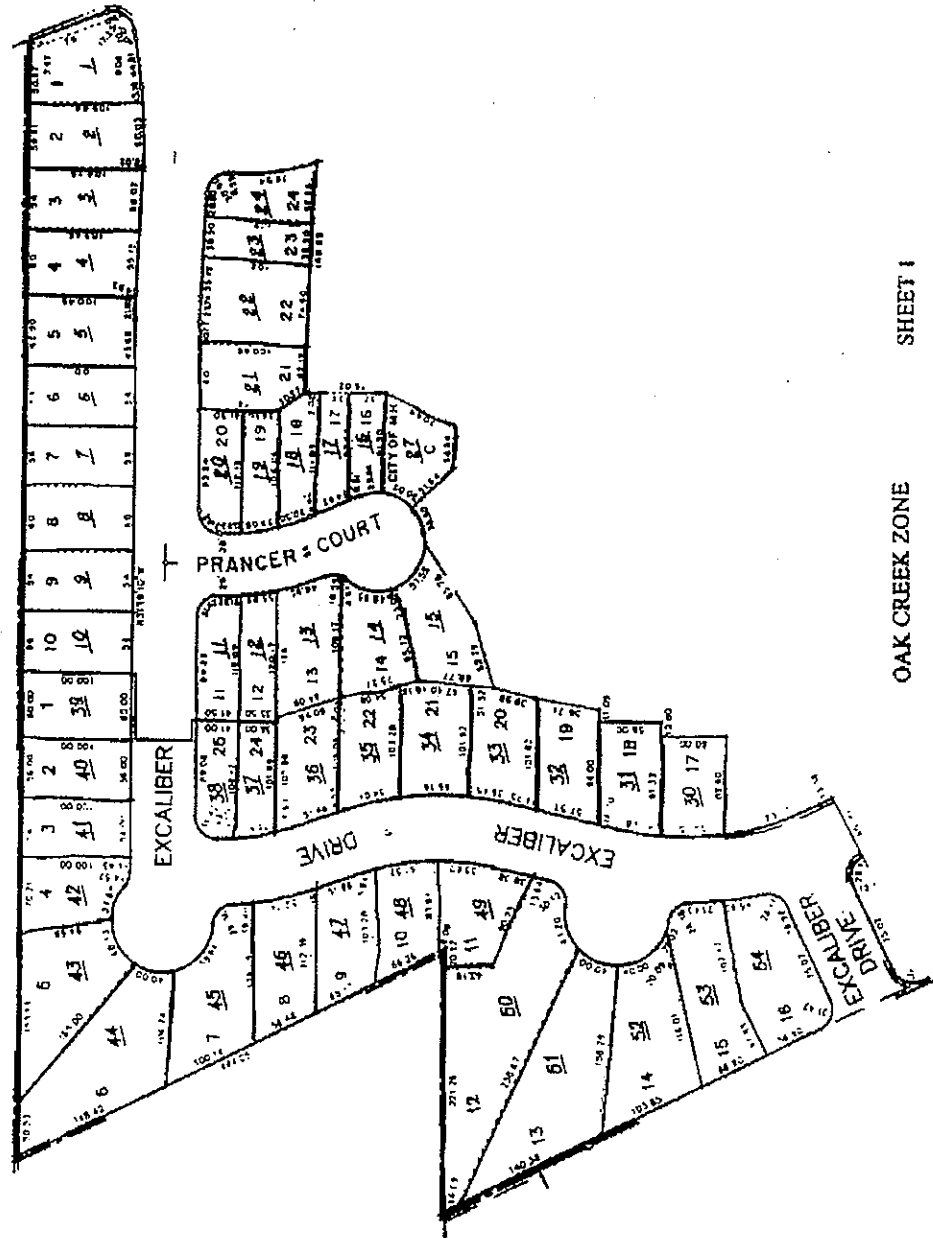
LLAGAS CREEK ESTATES ZONE SHEET 5

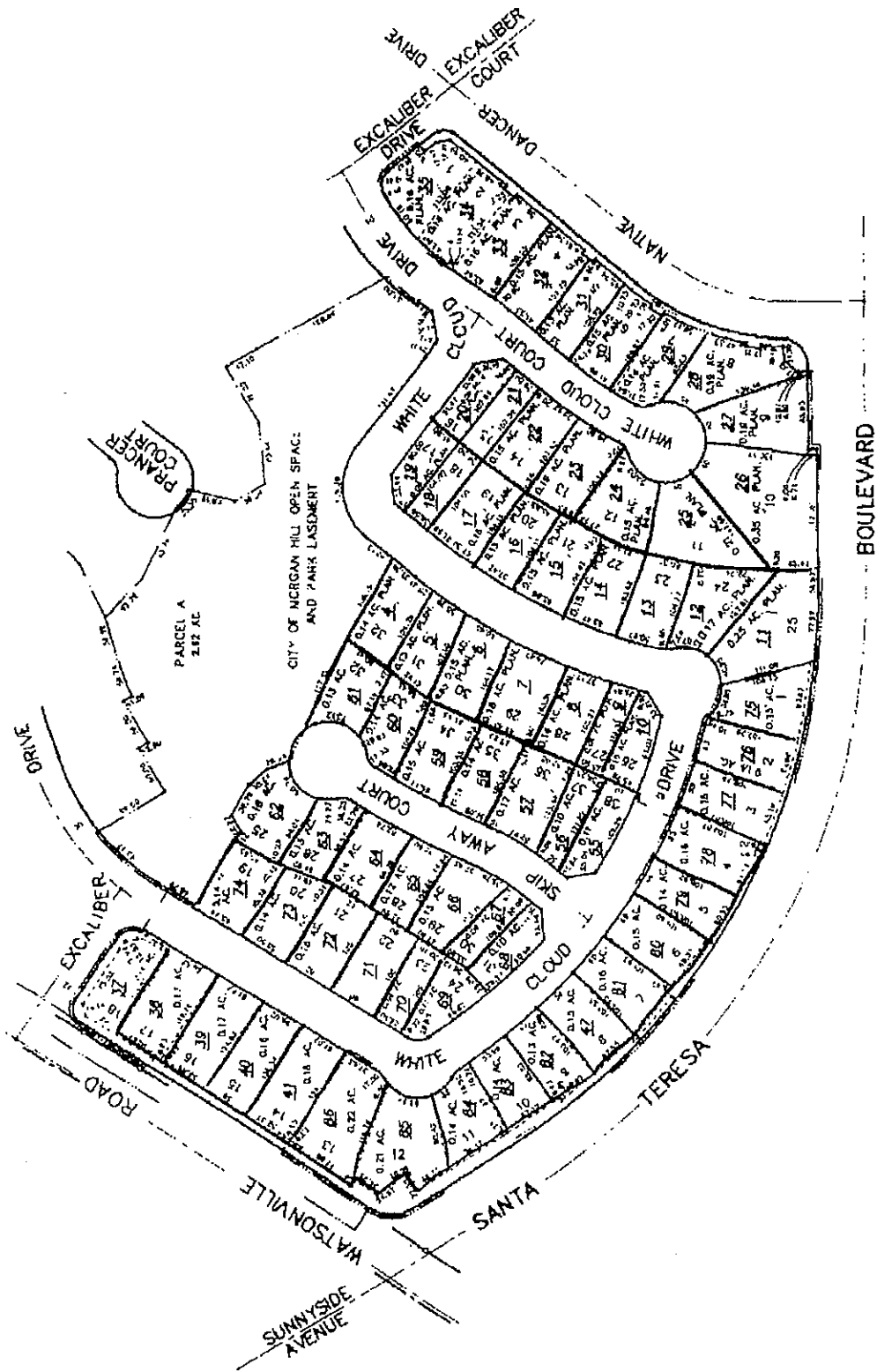


LLAGAS/OBATA ZONE

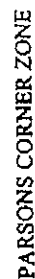


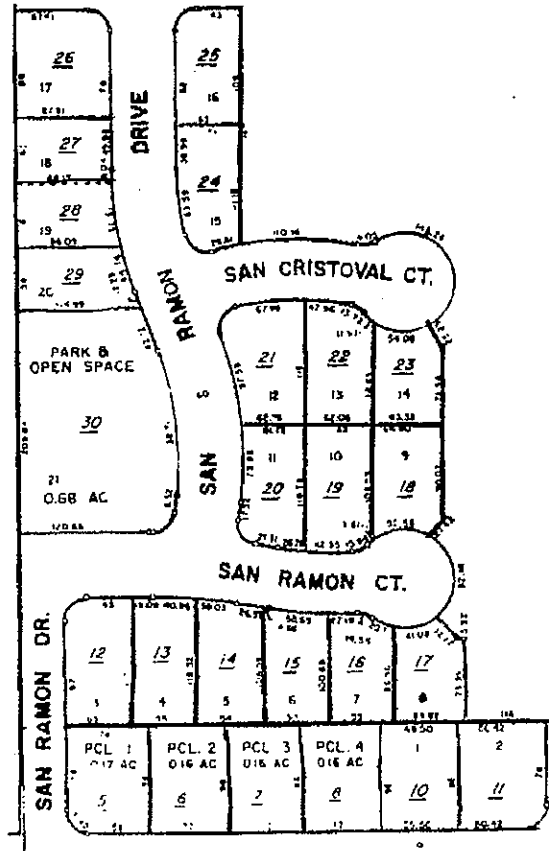
MILL CREEK ZONE



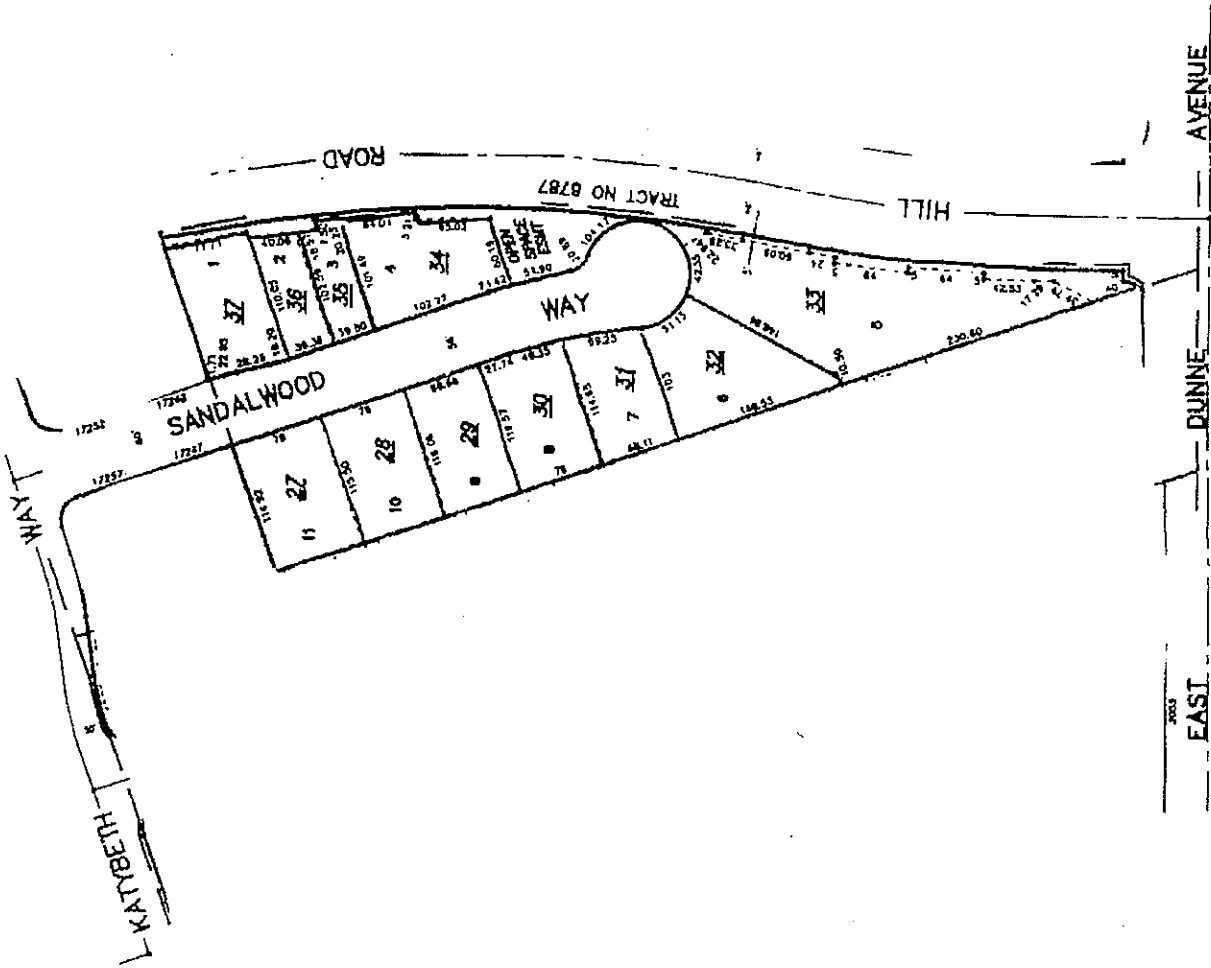


OAK CREEK ZONE SHEET 2

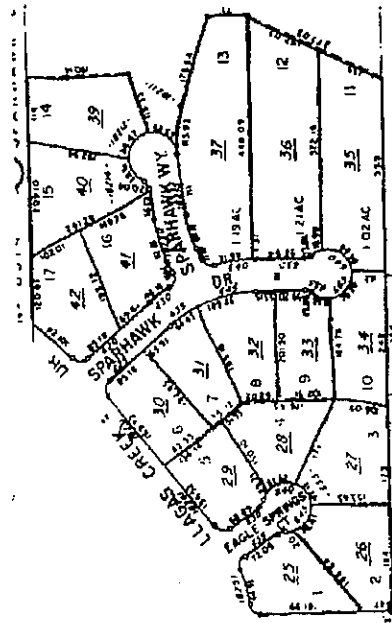




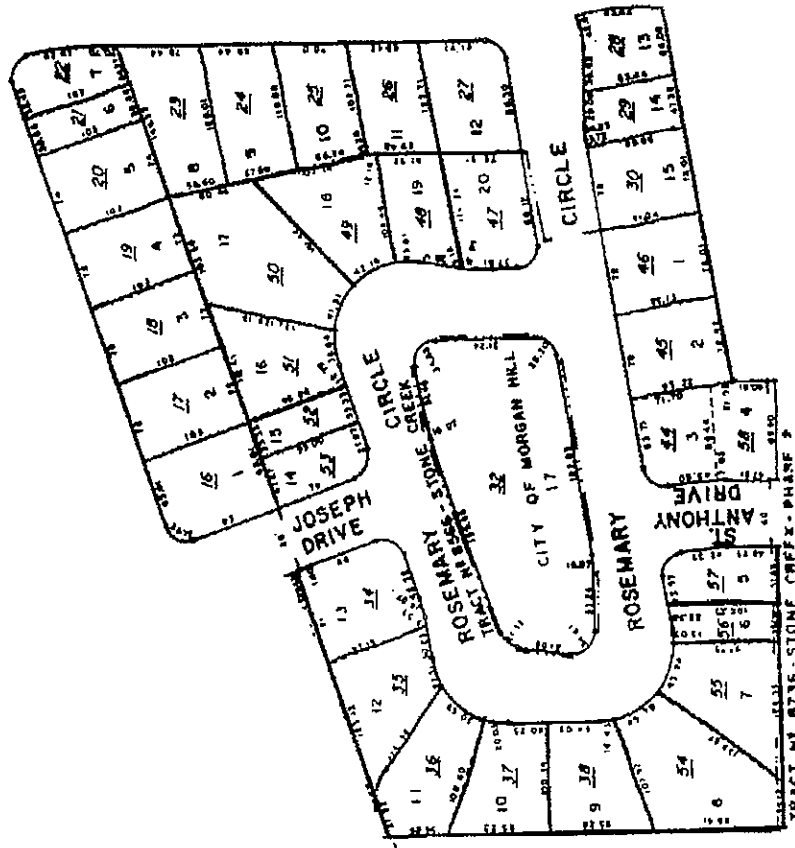
ROSEHAVEN ZONE



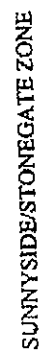
SANDALWOOD ZONE



SPARHAWK ZONE



STONE CREEK ZONE



6. ASSESSMENT ROLL

The listing of Fiscal Year 2017/18 assessments is provided per Zone on the following pages. The description of each lot or parcel as part of the records of the County Assessor are, by reference, made part of this Report as well.

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Belle Estates	726-16-043	320.00	1.00	-	\$320.00
Belle Estates	726-16-044	320.00	1.00	-	320.00
Belle Estates	726-16-045	320.00	1.00	-	320.00
Belle Estates	726-16-046	320.00	1.00	-	320.00
Belle Estates	726-16-048	320.00	1.00	-	320.00
Belle Estates	726-16-050	320.00	1.00	-	320.00
Belle Estates	726-16-051	320.00	1.00	-	320.00
Belle Estates	726-16-052	320.00	1.00	-	320.00
Belle Estates	726-16-053	320.00	1.00	-	320.00
Belle Estates	726-16-054	320.00	1.00	-	320.00
Belle Estates	726-16-055	320.00	1.00	-	320.00
Belle Estates	726-16-056	320.00	1.00	-	320.00
Belle Estates	726-16-057	320.00	1.00	-	320.00
Belle Estates	726-16-058	320.00	1.00	-	320.00
Belle Estates	726-16-059	320.00	1.00	-	320.00
Belle Estates	726-16-060	320.00	1.00	-	320.00
Belle Estates	726-16-061	320.00	1.00	-	320.00
Belle Estates	726-16-062	320.00	1.00	-	320.00
Belle Estates	726-16-063	320.00	1.00	-	320.00
Belle Estates	726-16-064	320.00	1.00	-	320.00
Belle Estates	726-16-065	320.00	1.00	-	320.00
Belle Estates	726-16-066	320.00	1.00	-	320.00
Belle Estates	726-16-068	320.00	1.00	-	320.00
Belle Estates	726-16-069	320.00	1.00	-	320.00
Belle Estates	726-16-070	320.00	1.00	-	320.00
Belle Estates	726-16-071	320.00	1.00	-	320.00
Belle Estates	726-16-072	320.00	1.00	-	320.00
Belle Estates	726-16-074	320.00	1.00	-	320.00
Belle Estates	726-16-075	320.00	1.00	-	320.00
Belle Estates	726-16-076	320.00	1.00	-	320.00
Belle Estates	726-16-077	320.00	1.00	-	320.00
Belle Estates	726-16-078	320.00	1.00	-	320.00
Belle Estates	726-16-079	320.00	1.00	-	320.00
Belle Estates	726-16-080	320.00	1.00	-	320.00
Belle Estates	726-16-081	320.00	1.00	-	320.00
Belle Estates	726-16-082	320.00	1.00	-	320.00
Chang/Bertelone	764-23-050	550.00	1.00	-	550.00
Chang/Bertelone	764-23-051	550.00	1.00	-	550.00
Chang/Bertelone	764-23-052	550.00	1.00	-	550.00
Chang/Bertelone	764-23-053	550.00	1.00	-	550.00
Chang/Bertelone	764-23-057	550.00	1.00	-	550.00
Chang/Bertelone	764-23-058	550.00	1.00	-	550.00
Chang/Bertelone	764-23-059	550.00	1.00	-	550.00
Chang/Bertelone	764-23-060	550.00	1.00	-	550.00
Conte Gardens	728-10-010	400.00	1.00	-	400.00
Conte Gardens	728-10-011	400.00	1.00	-	400.00
Conte Gardens	728-10-012	400.00	1.00	-	400.00
Conte Gardens	728-10-013	400.00	1.00	-	400.00
Conte Gardens	728-10-014	400.00	1.00	-	400.00
Conte Gardens	728-10-015	400.00	1.00	-	400.00
Conte Gardens	728-10-016	400.00	1.00	-	400.00
Conte Gardens	728-10-017	400.00	1.00	-	400.00

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Conte Gardens	728-10-018	400.00	1.00	-	400.00
Conte Gardens	728-10-019	400.00	1.00	-	400.00
Conte Gardens	728-10-020	400.00	1.00	-	400.00
Diana Estates	726-07-042	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-043	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-044	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-045	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-055	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-056	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-057	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-058	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-059	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-060	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-061	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-062	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-063	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-064	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-065	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-066	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-067	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-068	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-069	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-070	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-071	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-072	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-073	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-074	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-075	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-077	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-078	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-080	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-081	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-082	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-083	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-084	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-085	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-086	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-087	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-031	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-032	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-033	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-034	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-035	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-036	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-046	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-047	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-048	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-049	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-050	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-051	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-052	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-053	139.39	1.00	(0.01)	139.38

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Diana Estates	726-08-054	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-055	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-056	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-057	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-058	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-059	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-060	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-061	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-062	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-063	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-064	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-065	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-066	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-067	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-068	139.39	1.00	(0.01)	139.38
Fox Hollow/Murphy Sp	764-47-001	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-002	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-003	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-004	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-005	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-006	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-007	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-008	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-009	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-010	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-011	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-012	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-013	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-014	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-015	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-016	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-017	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-018	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-020	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-021	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-022	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-023	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-024	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-025	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-026	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-027	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-028	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-029	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-030	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-031	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-032	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-033	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-034	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-035	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-036	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-037	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-038	173.53	1.00	(0.01)	173.52

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Fox Hollow/Murphy Sp	764-47-039	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-040	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-041	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-042	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-043	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-044	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-045	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-046	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-047	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-048	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-049	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-050	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-051	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-052	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-053	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-054	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-055	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-056	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-057	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-058	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-059	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-060	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-061	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-062	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-063	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-064	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-065	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-066	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-067	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-068	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-069	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-070	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-071	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-072	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-073	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-074	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-075	173.53	1.00	(0.01)	173.52
Fox Hollow/Murphy Sp	764-47-079	173.53	1.00	(0.01)	173.52
Hamilton Square	767-36-044	325	1.00	-	325.00
Hamilton Square	767-36-045	325	1.00	-	325.00
Hamilton Square	767-36-046	325	1.00	-	325.00
Hamilton Square	767-36-047	325	1.00	-	325.00
Hamilton Square	767-36-048	325	1.00	-	325.00
Hamilton Square	767-36-049	325	1.00	-	325.00
Hamilton Square	767-36-050	325	1.00	-	325.00
Hamilton Square	767-36-051	325	1.00	-	325.00
Hamilton Square	767-36-052	325	1.00	-	325.00
Hamilton Square	767-36-053	325	1.00	-	325.00
Hamilton Square	767-36-054	325	1.00	-	325.00
Hamilton Square	767-36-055	325	1.00	-	325.00
Hamilton Square	767-36-056	325	1.00	-	325.00
Hamilton Square	767-36-057	325	1.00	-	325.00

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll**

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Hamilton Square	767-36-058	325	1.00	-	325.00
Hamilton Square	767-36-059	325	1.00	-	325.00
Hamilton Square	767-36-060	325	1.00	-	325.00
Hamilton Square	767-36-061	325	1.00	-	325.00
Hamilton Square	767-36-062	325	1.00	-	325.00
Hamilton Square	767-36-063	325	1.00	-	325.00
Hamilton Square	767-36-064	325	1.00	-	325.00
Hamilton Square	767-36-065	325	1.00	-	325.00
Hamilton Square	767-36-066	325	1.00	-	325.00
Hamilton Square	767-36-068	325	1.00	-	325.00
Hamilton Square	767-36-069	325	1.00	-	325.00
Hamilton Square	767-36-070	325	1.00	-	325.00
Hamilton Square	767-36-071	325	1.00	-	325.00
Hamilton Square	767-36-072	325	1.00	-	325.00
Hamilton Square	767-36-073	325	1.00	-	325.00
Hamilton Square	767-36-074	325	1.00	-	325.00
Hamilton Square	767-36-075	325	1.00	-	325.00
Hamilton Square	767-36-076	325	1.00	-	325.00
Hamilton Square	767-36-077	325	1.00	-	325.00
Hamilton Square	767-36-078	325	1.00	-	325.00
Hamilton Square	767-36-079	325	1.00	-	325.00
Hamilton Square	767-36-080	325	1.00	-	325.00
Hamilton Square	767-36-081	325	1.00	-	325.00
Hamilton Square	767-36-082	325	1.00	-	325.00
Jackson Meadows #6	817-26-047	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-048	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-049	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-066	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-067	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-068	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-069	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-070	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-071	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-072	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-073	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-075	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-076	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-077	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-078	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-079	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-080	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-081	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-082	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-083	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-084	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-085	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-086	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-087	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-088	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-089	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-090	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-091	108.00	1.00	-	108.00

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll**

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Jackson Meadows #6	817-26-092	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-093	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-095	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-096	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-097	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-098	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-099	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-100	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-101	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-102	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-103	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-104	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-105	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-106	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-107	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-108	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-109	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-110	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-111	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-112	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-113	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-114	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-115	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-116	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-117	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-118	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-119	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-120	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-122	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-123	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-124	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-125	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-126	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-127	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-129	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-130	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-131	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-132	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-133	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-134	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-135	108.00	1.00	-	108.00
Jackson Meadows #6	817-26-136	108.00	1.00	-	108.00
Jackson Meadows #7	817-70-001	100.00	1.00	-	100.00
Jackson Meadows #7	817-70-002	100.00	1.00	-	100.00
Jackson Meadows #7	817-70-003	100.00	1.00	-	100.00
Jackson Meadows #7	817-70-004	100.00	1.00	-	100.00
Jackson Meadows #7	817-70-005	100.00	1.00	-	100.00
Jackson Meadows #7	817-70-006	100.00	1.00	-	100.00
Jackson Meadows #7	817-70-007	100.00	1.00	-	100.00
Jackson Meadows #7	817-70-008	100.00	1.00	-	100.00
Jackson Meadows #7	817-70-009	100.00	1.00	-	100.00
Jackson Meadows #7	817-70-017	100.00	1.00	-	100.00

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll**

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
La Grande Estates	767-45-032	88.00	1.00	-	88.00
La Grande Estates	767-45-033	88.00	1.00	-	88.00
La Grande Estates	767-45-034	88.00	1.00	-	88.00
La Grande Estates	767-45-037	88.00	1.00	-	88.00
La Grande Estates	767-45-038	88.00	1.00	-	88.00
La Grande Estates	767-45-039	88.00	1.00	-	88.00
La Grande Estates	767-45-040	88.00	1.00	-	88.00
La Grande Estates	767-45-041	88.00	1.00	-	88.00
La Grande Estates	767-45-042	88.00	1.00	-	88.00
La Grande Estates	767-45-043	88.00	1.00	-	88.00
La Grande Estates	767-45-044	88.00	1.00	-	88.00
La Grande Estates	767-45-045	88.00	1.00	-	88.00
La Grande Estates	767-45-046	88.00	1.00	-	88.00
La Grande Estates	767-45-047	88.00	1.00	-	88.00
La Grande Estates	767-45-048	88.00	1.00	-	88.00
La Grande Estates	767-45-049	88.00	1.00	-	88.00
La Grande Estates	767-45-050	88.00	1.00	-	88.00
La Grande Estates	767-45-051	88.00	1.00	-	88.00
La Grande Estates	767-45-052	88.00	1.00	-	88.00
La Grande Estates	767-45-053	88.00	1.00	-	88.00
La Grande Estates	767-45-054	88.00	1.00	-	88.00
La Grande Estates	767-45-055	88.00	1.00	-	88.00
La Grande Estates	767-45-056	88.00	1.00	-	88.00
La Grande Estates	767-45-057	88.00	1.00	-	88.00
La Grande Estates	767-45-058	88.00	1.00	-	88.00
La Grande Estates	767-45-059	88.00	1.00	-	88.00
La Grande Estates	767-45-060	88.00	1.00	-	88.00
La Grande Estates	767-45-061	88.00	1.00	-	88.00
La Grande Estates	767-45-062	88.00	1.00	-	88.00
La Grande Estates	767-45-063	88.00	1.00	-	88.00
La Grande Estates	767-45-064	88.00	1.00	-	88.00
La Grande Estates	767-45-065	88.00	1.00	-	88.00
Lacrosse/Gera	767-46-001	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-002	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-003	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-004	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-005	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-006	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-007	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-008	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-009	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-010	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-011	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-012	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-013	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-014	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-015	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-018	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-019	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-020	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-021	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-022	50.00	1.00	-	50.00

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Lacrosse/Gera	767-46-023	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-024	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-025	50.00	1.00	-	50.00
Lacrosse/Gera	767-46-026	50.00	1.00	-	50.00
Llagas Creek	764-49-002	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-003	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-004	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-005	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-006	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-007	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-008	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-009	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-010	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-011	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-012	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-013	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-014	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-015	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-016	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-017	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-018	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-019	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-020	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-021	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-022	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-023	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-024	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-025	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-026	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-001	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-002	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-003	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-004	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-005	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-006	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-007	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-001	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-004	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-005	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-010	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-011	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-012	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-013	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-014	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-015	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-001	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-002	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-003	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-004	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-005	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-006	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-008	233.67	1.00	(0.01)	233.66

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Llagas Creek	764-52-009	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-010	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-011	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-012	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-013	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-014	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-015	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-016	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-017	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-018	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-019	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-020	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-021	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-022	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-023	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-024	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-025	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-026	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-027	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-028	233.67	1.00	(0.01)	233.66
Llagas Creek	764-53-003	233.67	1.00	(0.01)	233.66
Llagas Creek	764-53-004	233.67	1.00	(0.01)	233.66
Llagas Creek	764-53-005	233.67	1.00	(0.01)	233.66
Llagas/Obata	764-23-032	143.92	1.00	-	143.92
Llagas/Obata	764-23-033	143.92	1.00	-	143.92
Llagas/Obata	764-23-034	143.92	1.00	-	143.92
Llagas/Obata	764-23-035	143.92	1.00	-	143.92
Llagas/Obata	764-23-036	143.92	1.00	-	143.92
Mill Creek	767-47-001	186.82	1.00	-	186.82
Mill Creek	767-47-002	186.82	1.00	-	186.82
Mill Creek	767-47-003	186.82	1.00	-	186.82
Mill Creek	767-47-004	186.82	1.00	-	186.82
Mill Creek	767-47-005	186.82	1.00	-	186.82
Mill Creek	767-47-006	186.82	1.00	-	186.82
Mill Creek	767-47-007	186.82	1.00	-	186.82
Mill Creek	767-47-008	186.82	1.00	-	186.82
Mill Creek	767-47-009	186.82	1.00	-	186.82
Mill Creek	767-47-010	186.82	1.00	-	186.82
Mill Creek	767-47-011	186.82	1.00	-	186.82
Mill Creek	767-47-012	186.82	1.00	-	186.82
Mill Creek	767-47-013	186.82	1.00	-	186.82
Mill Creek	767-47-014	186.82	1.00	-	186.82
Mill Creek	767-47-015	186.82	1.00	-	186.82
Mill Creek	767-47-016	186.82	1.00	-	186.82
Mill Creek	767-47-017	186.82	1.00	-	186.82
Mill Creek	767-47-018	186.82	1.00	-	186.82
Mill Creek	767-47-019	186.82	1.00	-	186.82
Mill Creek	767-47-020	186.82	1.00	-	186.82
Mill Creek	767-47-021	186.82	1.00	-	186.82
Mill Creek	767-47-022	186.82	1.00	-	186.82
Mill Creek	767-47-023	186.82	1.00	-	186.82
Mill Creek	767-47-029	186.82	1.00	-	186.82

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Mill Creek	767-47-030	186.82	1.00	-	186.82
Mill Creek	767-47-031	186.82	1.00	-	186.82
Mill Creek	767-47-032	186.82	1.00	-	186.82
Mill Creek	767-47-033	186.82	1.00	-	186.82
Mill Creek	767-47-034	186.82	1.00	-	186.82
Mill Creek	767-47-035	186.82	1.00	-	186.82
Mill Creek	767-47-036	186.82	1.00	-	186.82
Mill Creek	767-47-037	186.82	1.00	-	186.82
Mill Creek	767-47-038	186.82	1.00	-	186.82
Mill Creek	767-47-039	186.82	1.00	-	186.82
Mill Creek	767-47-040	186.82	1.00	-	186.82
Mill Creek	767-47-041	186.82	1.00	-	186.82
Mill Creek	767-47-042	186.82	1.00	-	186.82
Mill Creek	767-47-043	186.82	1.00	-	186.82
Mill Creek	767-47-044	186.82	1.00	-	186.82
Mill Creek	767-47-045	186.82	1.00	-	186.82
Mill Creek	767-47-046	186.82	1.00	-	186.82
Mill Creek	767-47-047	186.82	1.00	-	186.82
Mill Creek	767-47-048	186.82	1.00	-	186.82
Mill Creek	767-47-049	186.82	1.00	-	186.82
Mill Creek	767-47-050	186.82	1.00	-	186.82
Mill Creek	767-47-051	186.82	1.00	-	186.82
Mill Creek	767-47-052	186.82	1.00	-	186.82
Mill Creek	767-47-053	186.82	1.00	-	186.82
Mill Creek	767-47-054	186.82	1.00	-	186.82
Mill Creek	767-47-055	186.82	1.00	-	186.82
Mill Creek	767-47-057	186.82	1.00	-	186.82
Mill Creek	767-47-058	186.82	1.00	-	186.82
Mill Creek	767-47-059	186.82	1.00	-	186.82
Mill Creek	767-47-060	186.82	1.00	-	186.82
Mill Creek	767-47-061	186.82	1.00	-	186.82
Mill Creek	767-47-062	186.82	1.00	-	186.82
Mill Creek	767-47-063	186.82	1.00	-	186.82
Mill Creek	767-47-064	186.82	1.00	-	186.82
Mill Creek	767-47-065	186.82	1.00	-	186.82
Mill Creek	767-47-066	186.82	1.00	-	186.82
Mill Creek	767-47-067	186.82	1.00	-	186.82
Mill Creek	767-47-068	186.82	1.00	-	186.82
Mill Creek	767-47-069	186.82	1.00	-	186.82
Mill Creek	767-47-070	186.82	1.00	-	186.82
Mill Creek	767-47-071	186.82	1.00	-	186.82
Mill Creek	767-47-072	186.82	1.00	-	186.82
Mill Creek	767-47-073	186.82	1.00	-	186.82
Mill Creek	767-47-074	186.82	1.00	-	186.82
Mill Creek	767-47-075	186.82	1.00	-	186.82
Mill Creek	767-47-076	186.82	1.00	-	186.82
Mill Creek	767-47-077	186.82	1.00	-	186.82
Mill Creek	767-47-078	186.82	1.00	-	186.82
Mill Creek	767-47-079	186.82	1.00	-	186.82
Mill Creek	767-47-080	186.82	1.00	-	186.82
Mill Creek	767-47-081	186.82	1.00	-	186.82
Mill Creek	767-47-082	186.82	1.00	-	186.82

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Mill Creek	767-47-083	186.82	1.00	-	186.82
Mill Creek	767-47-084	186.82	1.00	-	186.82
Mill Creek	767-47-085	186.82	1.00	-	186.82
Mill Creek	767-47-086	186.82	1.00	-	186.82
Mill Creek	767-47-087	186.82	1.00	-	186.82
Mill Creek	767-47-088	186.82	1.00	-	186.82
Mill Creek	767-47-089	186.82	1.00	-	186.82
Mill Creek	767-47-090	186.82	1.00	-	186.82
Oak Creek I, II, III	779-51-001	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-002	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-003	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-004	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-005	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-006	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-007	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-008	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-009	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-010	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-011	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-012	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-013	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-014	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-015	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-016	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-017	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-018	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-019	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-020	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-021	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-022	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-023	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-024	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-030	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-031	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-032	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-033	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-034	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-035	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-036	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-037	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-038	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-039	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-040	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-041	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-042	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-043	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-044	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-045	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-046	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-047	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-048	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-049	350.00	1.00	-	350.00

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll**

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Oak Creek I, II, III	779-51-050	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-051	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-052	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-053	350.00	1.00	-	350.00
Oak Creek I, II, III	779-51-054	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-004	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-005	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-006	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-007	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-008	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-009	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-010	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-011	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-012	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-013	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-014	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-015	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-016	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-017	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-018	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-019	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-020	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-021	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-022	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-023	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-024	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-025	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-026	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-027	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-028	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-029	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-030	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-031	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-032	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-033	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-034	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-035	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-037	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-038	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-039	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-040	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-041	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-047	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-055	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-056	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-057	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-058	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-059	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-060	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-061	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-062	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-063	350.00	1.00	-	350.00

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Oak Creek I, II, III	779-52-064	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-065	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-066	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-067	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-068	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-069	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-070	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-071	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-072	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-073	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-074	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-075	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-076	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-077	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-078	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-079	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-080	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-081	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-082	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-083	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-084	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-085	350.00	1.00	-	350.00
Oak Creek I, II, III	779-52-086	350.00	1.00	-	350.00
Parsons Corner	767-48-001	250.00	1.00	-	250.00
Parsons Corner	767-48-002	250.00	1.00	-	250.00
Parsons Corner	767-48-003	250.00	1.00	-	250.00
Parsons Corner	767-48-004	250.00	1.00	-	250.00
Parsons Corner	767-48-005	250.00	1.00	-	250.00
Parsons Corner	767-48-006	250.00	1.00	-	250.00
Parsons Corner	767-48-007	250.00	1.00	-	250.00
Parsons Corner	767-48-008	250.00	1.00	-	250.00
Parsons Corner	767-48-009	250.00	1.00	-	250.00
Parsons Corner	767-48-010	250.00	1.00	-	250.00
Rosehaven	817-10-005	488.00	1.00	-	488.00
Rosehaven	817-10-006	488.00	1.00	-	488.00
Rosehaven	817-10-007	488.00	1.00	-	488.00
Rosehaven	817-10-008	488.00	1.00	-	488.00
Rosehaven	817-10-010	488.00	1.00	-	488.00
Rosehaven	817-10-011	488.00	2.00	-	976.00
Rosehaven	817-10-012	488.00	1.00	-	488.00
Rosehaven	817-10-013	488.00	1.00	-	488.00
Rosehaven	817-10-014	488.00	1.00	-	488.00
Rosehaven	817-10-015	488.00	1.00	-	488.00
Rosehaven	817-10-016	488.00	1.00	-	488.00
Rosehaven	817-10-017	488.00	1.00	-	488.00
Rosehaven	817-10-018	488.00	1.00	-	488.00
Rosehaven	817-10-019	488.00	1.00	-	488.00
Rosehaven	817-10-020	488.00	1.00	-	488.00
Rosehaven	817-10-021	488.00	2.00	-	976.00
Rosehaven	817-10-022	488.00	1.00	-	488.00
Rosehaven	817-10-023	488.00	1.00	-	488.00
Rosehaven	817-10-024	488.00	1.00	-	488.00

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Rosehaven	817-10-025	488.00	1.00	-	488.00
Rosehaven	817-10-026	488.00	2.00	-	976.00
Rosehaven	817-10-027	488.00	1.00	-	488.00
Rosehaven	817-10-028	488.00	1.00	-	488.00
Rosehaven	817-10-029	488.00	1.00	-	488.00
Sandalwood	728-11-027	192.36	1.00	-	192.36
Sandalwood	728-11-028	192.36	1.00	-	192.36
Sandalwood	728-11-029	192.36	1.00	-	192.36
Sandalwood	728-11-030	192.36	1.00	-	192.36
Sandalwood	728-11-031	192.36	1.00	-	192.36
Sandalwood	728-11-032	192.36	1.00	-	192.36
Sandalwood	728-11-033	192.36	1.00	-	192.36
Sandalwood	728-11-034	192.36	1.00	-	192.36
Sandalwood	728-11-035	192.36	1.00	-	192.36
Sandalwood	728-11-036	192.36	1.00	-	192.36
Sandalwood	728-11-037	192.36	1.00	-	192.36
Sparhawk	764-31-025	248.82	1.00	-	248.82
Sparhawk	764-31-026	248.82	1.00	-	248.82
Sparhawk	764-31-027	248.82	1.00	-	248.82
Sparhawk	764-31-028	248.82	1.00	-	248.82
Sparhawk	764-31-029	248.82	1.00	-	248.82
Sparhawk	764-31-030	248.82	1.00	-	248.82
Sparhawk	764-31-031	248.82	1.00	-	248.82
Sparhawk	764-31-032	248.82	1.00	-	248.82
Sparhawk	764-31-033	248.82	1.00	-	248.82
Sparhawk	764-31-034	248.82	1.00	-	248.82
Sparhawk	764-31-035	248.82	1.00	-	248.82
Sparhawk	764-31-036	248.82	1.00	-	248.82
Sparhawk	764-31-037	248.82	1.00	-	248.82
Sparhawk	764-31-038	248.82	1.00	-	248.82
Sparhawk	764-31-039	248.82	1.00	-	248.82
Sparhawk	764-31-040	248.82	1.00	-	248.82
Sparhawk	764-31-041	248.82	1.00	-	248.82
Sparhawk	764-31-042	248.82	1.00	-	248.82
Stone Creek	726-06-016	388.46	1.00	-	388.46
Stone Creek	726-06-017	388.46	1.00	-	388.46
Stone Creek	726-06-018	388.46	1.00	-	388.46
Stone Creek	726-06-019	388.46	1.00	-	388.46
Stone Creek	726-06-020	388.46	1.00	-	388.46
Stone Creek	726-06-021	388.46	1.00	-	388.46
Stone Creek	726-06-022	388.46	1.00	-	388.46
Stone Creek	726-06-023	388.46	1.00	-	388.46
Stone Creek	726-06-024	388.46	1.00	-	388.46
Stone Creek	726-06-025	388.46	1.00	-	388.46
Stone Creek	726-06-026	388.46	1.00	-	388.46
Stone Creek	726-06-027	388.46	1.00	-	388.46
Stone Creek	726-06-028	388.46	1.00	-	388.46
Stone Creek	726-06-029	388.46	1.00	-	388.46
Stone Creek	726-06-030	388.46	1.00	-	388.46
Stone Creek	726-06-034	388.46	1.00	-	388.46
Stone Creek	726-06-035	388.46	1.00	-	388.46
Stone Creek	726-06-036	388.46	1.00	-	388.46

Attachment: Engineer's Report Fiscal Year 2017/18 (1181 : LAD Initiate Process)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2017/18
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2017/18 Assessment (1)
Stone Creek	726-06-037	388.46	1.00	-	388.46
Stone Creek	726-06-038	388.46	1.00	-	388.46
Stone Creek	726-06-044	388.46	1.00	-	388.46
Stone Creek	726-06-045	388.46	1.00	-	388.46
Stone Creek	726-06-046	388.46	1.00	-	388.46
Stone Creek	726-06-047	388.46	1.00	-	388.46
Stone Creek	726-06-048	388.46	1.00	-	388.46
Stone Creek	726-06-049	388.46	1.00	-	388.46
Stone Creek	726-06-050	388.46	1.00	-	388.46
Stone Creek	726-06-051	388.46	1.00	-	388.46
Stone Creek	726-06-052	388.46	1.00	-	388.46
Stone Creek	726-06-053	388.46	1.00	-	388.46
Stone Creek	726-06-054	388.46	1.00	-	388.46
Stone Creek	726-06-055	388.46	1.00	-	388.46
Stone Creek	726-06-056	388.46	1.00	-	388.46
Stone Creek	726-06-057	388.46	1.00	-	388.46
Stone Creek	726-06-058	388.46	1.00	-	388.46
Sunnyside/Stonegate	773-31-034	375.00	1.00	-	375.00
Sunnyside/Stonegate	773-31-035	375.00	1.00	-	375.00
Sunnyside/Stonegate	773-31-036	375.00	1.00	-	375.00
Sunnyside/Stonegate	773-31-037	375.00	1.00	-	375.00
Sunnyside/Stonegate	773-31-038	375.00	1.00	-	375.00
Sunnyside/Stonegate	773-31-039	375.00	1.00	-	375.00
Sunnyside/Stonegate	773-31-040	375.00	1.00	-	375.00
Sunnyside/Stonegate	773-31-043	375.00	1.00	-	375.00
Sunnyside/Stonegate	773-31-044	375.00	1.00	-	375.00
Sunnyside/Stonegate	773-31-045	375.00	1.00	-	375.00
Totals:			758.00	(2.10)	\$181,449.48

(1) Amounts placed on the tax roll must be rounded down to an even number. The Assessment includes the rounding adjustment.

7. HISTORICAL ASSESSMENT RATES

The historical assessment rates per Zone are identified on the following pages.

City of Morgan Hill
Landscape Assessment District No. 1
Actual Historical Assessment Rates Per Zone

Zone	Belle Estates	Chang/Bertelone	Conte Gardens	Diana Estates	Fox Hollow / Murphy Sp.	Hamilton Square	Jackson Meadows #6	Jackson Meadows #7	La Grande Estates	Lacrosse/Gera
Annexation Number	93-03	93-05	92-10	94-01	Original	94-03	93-06	91-03	95-03	91-04
Original Rate	\$502.22	\$1,215.00	\$477.82	\$139.39	\$106.15	\$425.54	\$108.10	\$314.58	\$88.00	\$142.99
Unit Count	36	8	11	64	75	38	70	10	32	24
1991/92	-	-	-	\$139.39	-	-	-	\$314.58	-	\$142.99
1992/93	-	-	-	-	-	-	-	-	-	-
1993/94	-	-	-	69.80	-	-	-	77.35	-	8.93
1994/95	-	-	-	69.80	\$106.15	-	-	77.35	-	8.93
1995/96	\$502.00	\$1,215.00	\$285.98	54.14	79.92	\$425.54	\$108.10	88.66	-	8.93
1996/97	71.00	8.93	477.82	21.94	49.11	214.08	76.04	194.70	-	8.93
1997/98	71.00	8.93	477.82	21.94	49.11	214.08	76.04	194.70	-	8.93
1998/99	71.00	8.93	477.82	21.94	49.11	214.08	76.04	194.70	-	8.93
1999/00	147.81	8.93	477.82	81.03	49.11	399.71	108.10	314.50	\$88.00	8.93
2000/01	147.81	8.93	477.82	81.03	49.11	399.71	108.10	314.50	88.00	8.93
2001/02	147.80	8.92	477.82	54.80	49.10	399.70	86.38	314.50	88.00	8.92
2002/03	147.80	8.92	477.82	70.00	101.10	399.70	104.18	314.50	88.00	8.92
2003/04	175.00	8.92	477.82	80.00	101.10	399.70	104.18	314.50	88.00	8.92
2004/05	180.00	8.92	477.82	80.00	101.10	399.70	108.10	314.50	88.00	8.92
2005/06	180.00	94.92	477.82	105.00	141.10	399.70	108.10	314.50	88.00	8.92
2006/07	180.00	94.92	477.82	105.00	141.10	399.70	108.10	314.50	88.00	8.92
2007/08	194.00	94.92	477.82	135.00	141.10	399.70	108.10	314.50	88.00	8.92
2008/09	234.00	94.92	477.82	139.39	149.69	425.54	108.10	314.50	88.00	130.00
2009/10	234.00	200.00	477.82	139.39	149.69	425.54	108.10	314.50	88.00	130.00
2010/11	234.00	300.00	477.82	139.39	149.69	425.54	108.10	314.50	88.00	130.00
2011/12	282.00	400.00	477.82	139.39	168.48	425.54	108.10	314.50	88.00	50.00
2012/13	282.00	400.00	477.82	139.39	173.53	425.54	98.10	140.00	88.00	50.00
2013/14	320.00	500.00	477.82	139.39	173.53	425.54	98.10	140.00	88.00	50.00
2014/15	320.00	500.00	477.82	139.39	173.53	425.54	98.10	140.00	88.00	50.00
2015/16	320.00	550.00	400.00	139.39	173.53	425.54	108.00	140.00	88.00	50.00
2016/17	320.00	550.00	400.00	139.39	173.53	425.54	108.00	100.00	88.00	50.00
2017/18	320.00	550.00	400.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00

City of Morgan Hill
Landscape Assessment District No. 1
Actual Historical Assessment Rates Per Zone

Zone	Llagas Creek Estates	Llagas/Obata	Mill Creek	Oak Creek	Parsons Corner	Rose Haven	Sandalwood	Sparhawk	Stone Creek	Sunnyside / Stone Gate
Annexation Number	91-05	91-07	93-01	94-04	95-02	95-01	96-01	91-06	94-02	91-01
Original Rate	\$140.84	\$629.16	\$186.82	\$453.82	\$568.32	\$488.47	\$192.39	\$174.77	\$306.66	\$449.40
Unit Count	71	5	84	119	10	27	11	18	35	10
1991/92	\$140.85	\$629.16	-	-	-	-	-	\$174.77	-	\$449.40
1992/93	-	-	-	-	-	-	-	-	-	-
1993/94	19.13	335.37	-	-	-	-	-	93.03	-	15.05
1994/95	19.13	15.05	-	-	-	-	-	308.84	-	15.04
1995/96	76.60	15.05	\$186.82	\$453.82	-	-	-	226.46	\$306.66	15.04
1996/97	59.54	8.93	64.57	47.67	\$568.32	\$488.47	-	147.33	146.66	8.93
1997/98	59.54	8.93	64.57	47.67	457.40	189.73	-	147.33	146.66	8.93
1998/99	59.54	8.93	64.57	337.09	457.40	189.73	-	147.33	146.66	8.93
1999/00	140.85	8.93	95.83	320.52	457.40	189.73	\$192.36	147.33	275.00	8.93
2000/01	140.85	8.93	158.64	245.16	457.40	189.73	192.36	147.33	275.00	8.93
2001/02	105.86	8.92	158.64	150.00	457.40	189.72	192.36	147.32	275.00	8.92
2002/03	140.00	8.92	182.64	250.00	300.00	300.00	192.36	147.32	275.00	275.00
2003/04	140.00	8.92	120.00	300.00	300.00	300.00	192.36	147.32	275.00	192.50
2004/05	140.00	8.92	120.00	300.00	300.00	300.00	192.36	147.32	306.66	192.50
2005/06	190.00	53.92	138.00	300.00	430.00	300.00	192.36	202.32	306.66	332.50
2006/07	190.00	53.92	138.00	300.00	430.00	300.00	192.36	202.32	306.66	332.50
2007/08	190.00	53.92	168.00	300.00	460.00	330.00	192.36	208.38	306.66	332.50
2008/09	195.70	53.92	186.82	300.00	460.00	370.00	192.36	214.64	306.66	332.50
2009/10	195.70	53.92	186.82	300.00	460.00	370.00	192.36	214.64	306.66	332.50
2010/11	195.70	53.92	186.82	300.00	460.00	370.00	192.36	214.64	306.66	332.50
2011/12	195.70	53.92	186.82	350.00	250.00	450.00	192.36	241.58	306.66	332.50
2012/13	195.70	53.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	332.50
2013/14	233.67	53.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	412.50
2014/15	233.67	53.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	412.50
2015/16	233.67	143.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	375.00
2016/17	233.67	143.92	186.82	350.00	250.00	488.00	192.36	248.82	388.46	375.00
2017/18	233.67	143.92	186.82	350.00	250.00	488.00	192.36	248.82	388.46	375.00

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL, INITIATING PROCEEDINGS FOR THE
LEVY AND COLLECTION OF ASSESSMENTS FOR THE
CITY OF MORGAN HILL LANDSCAPE ASSESSMENT
DISTRICT NO. 1 FOR FISCAL YEAR 2017/18**

WHEREAS, the Council previously completed its proceedings in accordance with and pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500) (the “Act”) to establish the City’s Fox Hollow/Murphy Springs Landscape Assessment District and has by previous resolution changed the name to the City of Morgan Hill Landscape Assessment District No. 1 (the “Assessment District”); and,

WHEREAS, the City has retained NBS for the purpose of assisting with the annual levy of the Assessment District, and to prepare and file an Annual Report.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE COUNCIL, AS FOLLOWS:

1. **Annual Report:** The Council hereby orders NBS to prepare and file with the City Clerk the Annual Report concerning the levy and collection of assessments within the Assessment District for the fiscal year commencing July 1, 2017 and ending June 30, 2018.
2. **New Improvements or Changes to Existing Improvements:** There are no changes to existing improvements nor are there any items being added to the list of improvements previously approved at the formation of the Assessment District.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 17th day of May 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

Attachment: Reso1_InitiateProceedings_17-18 (1181 : LAD Initiate Process)

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. ____, adopted by the City Council at the meeting held on May 17, 2017.

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

DATE:_____

Irma Torrez, CITY CLERK

Attachment: Reso1_InitiateProceedings_17-18 (1181 : LAD Initiate Process)

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL, APPROVING THE ANNUAL REPORT FOR
THE CITY OF MORGAN HILL LANDSCAPE ASSESSMENT
DISTRICT NO. 1 FOR FISCAL YEAR 2017/18**

WHEREAS, the Council previously completed its proceedings in accordance with and pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500) (the “Act”) to establish the City’s Fox Hollow/Murphy Springs Landscape Assessment District and has by previous resolution changed the name to the City of Morgan Hill Landscape Assessment District No. 1 (the “Assessment District”); and,

WHEREAS, the City has retained NBS for the purpose of assisting with the annual levy of the Assessment District, and to prepare and file an Annual Report; and

WHEREAS, the Council has, by previous resolution, ordered NBS to prepare and file such Annual Report; and

WHEREAS, NBS has prepared and filed such Annual Report with the City Clerk.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE COUNCIL, AS FOLLOWS:

- 1. Approval of Report:** The Council approves the Annual Report concerning the levy of assessments for the fiscal year commencing July 1, 2017 and ending June 30, 2018.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 17th day of May 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

Attachment: Reso2_ApproveReport_17-18 (1181 : LAD Initiate Process)

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. ____, adopted by the City Council at the meeting held on May 17, 2017.

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

DATE:_____

Irma Torrez, CITY CLERK

Attachment: Reso2_ApproveReport_17-18 (1181 : LAD Initiate Process)

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL, DECLARING ITS INTENTION TO LEVY
AND COLLECT ASSESSMENTS FOR THE CITY OF
MORGAN HILL LANDSCAPE ASSESSMENT DISTRICT NO. 1
FOR FISCAL YEAR 2017/18**

WHEREAS, the Council previously completed its proceedings in accordance with and pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500) (the “Act”) to establish the City’s Fox Hollow/Murphy Springs Landscape Assessment District and has by previous resolution changed the name to the City of Morgan Hill Landscape Assessment District No. 1 (the “Assessment District”); and

WHEREAS, the City has retained NBS for the purpose of assisting with the annual levy of the Assessment District, and to prepare and file an Annual Report.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE COUNCIL, AS FOLLOWS:

1. **Intention:** The Council hereby declares its intention to levy and collect assessments within the Assessment District to pay the costs of the Improvements for the fiscal year commencing July 1, 2017 and ending June 30, 2018. The Council finds that the public’s best interest requires such action.
2. **Improvements:** The Improvements include, but are not limited to: ground cover, shrubs, plants and trees, irrigation and drainage systems, graffiti removal, entry monuments, and associated appurtenant facilities. Services provided include all necessary service, operations, administration and maintenance required to keep the above mentioned improvements in a healthy, vigorous and satisfactory condition.
3. **Assessment District Boundaries:** The boundaries of the Assessment District are as shown by the assessment diagram filed in the offices of the City Clerk, which map is made a part hereof by reference.
4. **Annual Report:** Reference is made to the Annual Report prepared by NBS, on file with the Clerk, for a full and detailed description of the improvements, the boundaries of the Assessment District and the zones therein, and the proposed assessments upon assessable lots and parcels of land within the Assessment District.
5. **Notice of Public Hearing:** The Council hereby declares its intention to conduct a Public Hearing concerning the levy of assessments in accordance with Section 22629 of the Act. All objections to the assessment, if any, will be considered by the Council. The Public Hearing will be held on **Wednesday June 7, 2017 at 7:00 PM** or as soon thereafter as is feasible in the Council Chambers located at 17555 Peak Avenue, Morgan Hill, CA

95037. The Council further orders the City Clerk to publish notice of this resolution in accordance with Section 22626 of the Act.

- 6. Increase of Assessment:** The maximum assessment is not proposed to increase from the previous year above that previously approved by the property owners (as “increased assessment” is defined in Section 54954.6 of the Government Code).

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 17th day of May 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. ____, adopted by the City Council at the meeting held on May 17, 2017.

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

DATE: _____

Irma Torrez, CITY CLERK

Attachment: Reso3_IntentPubHearing_17-18 (1181 : LAD Initiate Process)



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Maureen Tobin, Communications and Engagement Manager
APPROVED BY: City Manager

COMMUNICATIONS AND ENGAGEMENT UPDATE

RECOMMENDATION(S)

Receive report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Fostering a Positive Organizational Culture
Preserving and Cultivating Public Trust

2017 Strategic Priorities

Inclusiveness

REPORT NARRATIVE:

For a number of years, communication and engagement has been an ongoing priority for the City of Morgan Hill. Although it has been noted that our overall communications efforts have improved significantly in the past 3+ years, the very nature of communication calls for constant and regular review of effectiveness and continuous improvement. In support of the City Council's 2016 Focus Area of Improving Communication, the City engaged Tripepi Smith, a marketing, technology, and public affairs consulting firm to assess the City's current communication and engagement strategy and processes. The assessment took place from August through November 2016 and involved interviews with 48 individuals including: City Council Members, City Teammates, Chamber of Commerce Representatives, Downtown Association Representatives, the School District, Library Staff, and involved citizens.

Additionally, Tripepi Smith, conducted a thorough evaluation of the many City communication platforms and methods, reviewing analytics and statistical information. A final step in the assessment was a bilingual (English/Spanish) communications survey which was shared electronically with the community through our various communications channels: E-blast, City website, Facebook, Twitter, and Nextdoor. A bilingual (English/Spanish) postcard was also mailed to all residents encouraging participation in the survey and providing a simple link to use to access the survey directly in either English or Spanish.

In January 2017, staff presented the Tripepi Smith Communication Assessment report which included recommendations. Staff also provided its recommendations. The City Council accepted the report and provided direction to staff to move forward with several of the recommendations and return with updates. This report provides a formal update to City Council on our communication efforts in the various priority areas noted by the

City Council at the January 25, 2017 City Council Meeting. Staff anticipates providing similar reports every three to four months.

Communicating and Engaging with our Spanish Speaking Community

The topic of Spanish communications and outreach has come up many times over the past few years from the City Council, community members, and teammates. Roughly 19% of our population identifies as speaking Spanish in the home. In January, the City Council directed staff to continue with efforts in this area.

Communicating and engaging with our Spanish speaking community involves far more than providing translated documents and information. Like any community members, it requires time and effort to build relationships and understand their needs and wants. The current issues around immigration, which impact a portion of our Spanish speaking community as well as others, have created another layer of complexity in effectively outreaching and engaging with our Spanish speaking community. A key part of this is building trust and confidence in their local government. The City Council's efforts with the Letter of Assurance and Support and recent adoption of a resolution supporting our entire community are significant steps in creating a trusting relationship.

To further our efforts the following has occurred since January 2017:

- Participation in an Institute for Local Government (ILG) Immigration Integration Sub-Regional Incubator, diving deeper into immigrant engagement challenges and learning about best practices
- Discussions with the Multilingual Engagement Coordinator for the City of Mountain View about its new Spanish Language Civic Leadership Academy and the possibility of working with the Coordinator as a resource for exploring enhanced outreach with our Spanish speaking community in Morgan Hill
- Connecting with the pastor at St. Catherine Church to explore outreach with the Spanish speaking community at the church. Chief Swing is scheduled to speak to the Spanish speaking community at St. Catherine at the end of the Spanish mass on June 4. He will be speaking to them about the role of law enforcement in our community. Following the mass, the community will be invited to "Coffee with a Cop" in the St. Catherine Parish Hall with several of our bilingual officers
- We are also exploring offering an Emergency Preparedness Class in Spanish at St. Catherine Church after the Spanish mass.
- The Council recently approved the purchase of OpenCounter software which includes translating the entire site into Spanish to ensure ease of access for those interested in opening a business in Morgan Hill.

Already established and ongoing efforts:

- Translatable website pages with Google Translate enabled. Note that the issue of Spanish not showing up as a translation option on mobile devices was a problem with Google Translate that was affecting many websites. Our vendor, CivicPlus, corrected it immediately and Spanish translation (along with many other languages) is now an option when accessing our website on

mobile devices.

- Eblasts and social media posts for general health, safety, and other messages with links to Spanish translations.
 - Rain and flooding Public Service Announcements (PSAs)
 - Cooling Center PSAs
 - Council Support and Assurance Statement
 - City Council Vacancy and Request for Applicants
 - Anderson Dam Evacuation Routes

For the past 5 months, we have been working directly with a translation service to translate the information we have been sharing through our eblasts into Spanish. We have spent an average of \$500 per month for translation of a handful of documents, some which can be reused in the future with slight edits that likely can be done internally. It is difficult to estimate exactly what it would cost if we moved forward in translating significantly more documents/information or all information as has been previously suggested.

It is important to note that the information that we have shared in Spanish to date has had a minimal reach in terms of what we can measure. Many of the Spanish versions of our emails have only been viewed by 5 or 6 individuals. However, the most recent information that was shared in Spanish, the Anderson Dam Evacuation Routes, had 25 unique views. Currently, we do not have a contact list of community members who would prefer to receive City information in Spanish. As such, this will be one of our primary focus areas moving forward.

Advancing Community Inclusiveness

Inclusiveness was adopted by the City Council as one of the Strategic Priorities for 2017. Our communication efforts are just one piece of advancing inclusiveness in our community. For example, many recent City Council resolutions, such as proclaiming June LGBTQ month, have assisted in establishing the foundation and expectation for our organization which in turn will influence our overall communication efforts.

Before moving forward with a community inclusiveness workshop, staff would like to better understand and “inventory” what we currently are doing across the organization and where the gaps may lie. We have reached out to the Institute of Local Government (ILG) to assist us in this effort and are awaiting its proposal.

Cohesive Communications Strategy throughout Departments

As was noted in the Communication Assessment, the City's communication efforts and strategies have evolved in a decentralized manner with several City departments managing their own communication and engagement strategies and efforts independently. This decentralized approach was deliberate as it provides individual departments with the responsibility and ability to directly communicate with our community. However, it has resulted in varied approaches, methods, use of varied visuals, and inconsistent use of the City logo.

To address this and as indicated in our January report, a first priority is to update and enhance the existing "Style Guide" and implement its consistent use throughout the organization. We will be working Articulate Solutions to assist us in this regard.

Facilitating Community Engagement with Partner Agencies

On a regular basis, we share our partner agency information with the community through our various communication channel and in some cases this includes dedicated pages on our website. We assist with the sharing of information for the Morgan Hill Library, Morgan Hill Unified School District, Santa Clara County Library District, Santa Clara Valley Water District, Valley Transportation Authority, PG&E, High Speed Rail Authority, Santa Clara County Parks, and other County information. With the introduction of the Weekly 411 e-blast newsletter, we have an effective method to easily share partner agency information on a consistent and regular basis.

Communication with our Schools

We regularly share information with the principals in the Morgan Hill Unified School District, the District Office Leadership team, and all members of the School Board through our various e-blasts. This has been an ongoing practice for several years. We have received many positive comments from various school district staff for our efforts in this regard.

Status Updates of Various City Efforts/Projects

Significant information on the status of projects is shared through weekly updates in "the Scoop" and on project pages on the City website. The Scoop is shared with the community through Nextdoor, Facebook, Twitter and a Newsflash on the home page of the website. The Scoop is now included in the new Weekly 411 e-blast newsletter.

The Weekly 411 may also be a mechanism to provide brief updates on various City Council actions taken at City Council meetings and feedback from Coffee with the Mayor and other less formal outreach efforts.

Staffing Resources

In the end of March, we filled the part-time temporary Communications Technician position which had been vacant for approximately one year. This position is budgeted for 16 hours per week at \$15 per hour. We are currently training and developing this resource to provide support for social media monitoring and posting, creation of e-blasts, updating the website, and reviewing and monitoring analytics.

Other Efforts

- **New Resident Welcome Packets**

In October 2016, the Community Services Department began mailing out new resident welcome packets including information about the CRC membership and recreation offerings. We have been in the process of expanding the information to include a welcome letter from the City Manager, ways to "engage" with the City, information from the Historical Society and Downtown Association, and hoping to soon include information from the Chamber of Commerce, the Library,

and the School District. We have developed a new resident page on the website and are continuing to build it out. A City of Morgan Hill pen with a thumb drive will also be included in the packet of information with the link to the new resident page: <http://morganhill.ca.gov/1592/Welcome-New-Residents>

- **Getting to Know You 95037 Meetup**

In December 2016, a new meetup group was started by two very engaged members of the community, Nancy Reynolds and Nancy Domnauer. The goal of this meetup group is to connect residents of Morgan Hill, both new and longer term, keeping a focus on building positive community spirit and values in Morgan Hill. The efforts of 95037 Meetup have been informally supported by the City and began with a series of meetings about how to increase positive feelings in Morgan Hill and connect new residents with positive long term Morgan Hill residents.

In just a few short months, the group has grown to 86 members and has had a variety of activities all aimed at really appreciating and exploring all the positive attributes Morgan Hill and the surrounding area offer. The City's Communications and Engagement Manager recently attended one of the meetup meetings to share information about the new Downtown parks. The group would love to have other City staff and elected officials join them to share information as possible.

Noteworthy, is that "Getting to Know You 95037 Meetup" is the only meetup in the entire world that has a focus of connecting new residents with long term residents: <https://www.meetup.com/Getting-to-Know-You-95037/>

Next Steps

1. Begin to develop a contact list for those who prefer information in Spanish.
2. Continue with participation in the ILG Immigrant Integration Sub-Regional Incubator, which will be complete in September.
3. Move forward with contract with Articulate Solutions to develop an enhanced style guide and templates.
4. Move forward with the ILG assessment of the current level of organization inclusiveness, begin the framework for enhancement of inclusiveness, and plan for the inclusiveness community workshop.
5. Continue to explore ways to outreach with our Spanish speaking community, including providing printed information at key venues or events, such as St. Catherine Church after Spanish Mass.
6. Further assess the cost of providing more materials and information in Spanish.
7. Consider contracting for support to explore ways to outreach with our Spanish speaking community.
8. Continue with the training and development of the new part-time temporary Communications Technician.

The next steps shared above can be implemented within the approved Communications and Engagement budget and assume that the new Communications Technician will be

able to provide a resource to offload some responsibilities and allow the Communications and Engagement Manager to plan and enhance the City's overall communications and engagement efforts in a more strategic manner.

Efforts beyond what is noted above will require further resources that are not currently budgeted.

COMMUNITY ENGAGEMENT: Involve

ALTERNATIVE ACTIONS:

The City Council could provide direction for further or different priority enhancements to communication and engagement efforts and strategies.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

In January 2017, City Council accepted the Tripepi Smith Communication Assessment report and provided direction to staff to return with updates.

FISCAL AND RESOURCE IMPACT:

The recommended next steps can be taken within the approved budget. Depending on the City Council's priorities for enhancing communication and engagement relative to other priorities, the City Council may find it necessary to consider different staffing resources in the future.

The implementation of a comprehensive, consistent, and strategic Spanish communication program is not included in the current budget. Additional resources would be required primarily for translation services. The translation of website pages with Google Translate enabled and specific eblasts and social media posts has been funded within the current budgeted appropriations.

CEQA (California Environmental Quality Act):

Not a Project

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

LINKS/ATTACHMENTS:

1. January 25, 2017 Report to Council: Communications Assessment Report and Recommendations (weblink)



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Chris Ghione, Community Services Director

APPROVED BY: City Manager

DOWNTOWN PARKS NAMING

RECOMMENDATION(S)

Approve the names recommended by the Parks and Recreation Commission for the new downtown parks.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community

POLICY CONSIDERATIONS:

The City Council Naming Rights Policy provides guidance on the naming of City facilities.

1. Are the names recommended by the Parks and Recreation Commission (Commission) appropriate in relation to the policy?
2. Are there alternative names that are more appropriate for the parks?

REPORT NARRATIVE:

The City has three new Downtown parks under construction, which are anticipated to be completed by November of this year. These park spaces have utilized informal names until this time. It is necessary for formal names for the parks to be approved, so that park signage can be designed and installed as the parks are completed.

In March, the City reached out to the community using an online survey to take input on potential park names. The survey included some potential names for each park that were based on the guidelines in the City's Naming Policy (Attachment 1). The survey also allowed for open ended responses, so community members could suggest any names they thought appropriate. The survey results are available in Attachment 2. These results also include some direct requests for specific park names that were received via email.

On April 18, the Commission reviewed survey results and provided recommendations on names for the three parks. These include:

1. **Railroad Park.** The Commission found the highest scored option from the survey was most appropriate for the park space on Depot Street near the train platform. Commission discussion included the fun environment and that the name Railroad Park would be used often by children to describe the park location.
2. **Water Tower Trail Park.** The Commission decided to recommend a new name instead of those submitted by the community or provided in the survey. Several members of the Commission felt that “Hill Top” and “Nob Hill” were not well known enough in the Morgan Hill community to accurately describe the location of the park space. Commissioners felt that if the park had the “Nob Hill” name, people may be confused into thinking there would be a park next to the grocery store of the same name. The Commission recommended “Water Tower” as that was the most notable feature of the park area. Additionally, the Commission felt it important to recognize both the trail and park aspect of the facility, hence “Water Tower Trail Park.”
3. **Third Street Creek Park.** The Commission agreed with the survey results that this park should utilize “Third Street” in the name. The Commission further recommended the addition of “Creek” to help better describe the exact location of the park.

The names for the second and third parks above are slightly longer than most of the other City parks. The length of the park names will not provide any issues for future park signage or promotion via other media.

Once the Council determines the final names for the park, they will be publicized on all future documents and signage relating to the parks.

COMMUNITY ENGAGEMENT: Involve

The Community was involved in providing input on park names through an online survey. Over 500 responses were received. The Commission thoughtfully reviewed the responses and utilized them in making recommendations to the Council.

ALTERNATIVE ACTIONS:

The City Council will determine the final park names and may choose any alternative names that are appropriate per the Council Policy on Facility Naming.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council approved construction of the parks on February 2, 2017. The Commission made the recommendations on park names at its regular meeting on March 21, 2017.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact associated with naming the park sites. Signage for the parks is included within the construction budget for the parks.

CEQA (California Environmental Quality Act):

Not a Project

Since the resulting activity is an administrative program that will not result in a change to the physical environment, this action is not a project under the California Environmental Quality Act. Development of the park sites has undergone an environmental review process to meet CEQA requirements.

LINKS/ATTACHMENTS:

1. Park Naming Attachment 1 Naming Policy
2. Park Naming Attachment 2 Survey Results

CITY OF MORGAN HILL

CITY COUNCIL POLICIES AND PROCEDURES

CP-04-02

SUBJECT: Naming of City Facilities

DATE: April 7, 2004, Reviewed June 27, 2007,
Revised September 2, 2015

ORIGINATING DEPT: City Manager

BACKGROUND

The City of Morgan Hill has a number of planned new facilities and the City does not currently have a system in place to guide the naming of facilities.

PURPOSE

The primary purpose of this policy is to provide guidance on the naming of facilities.

POLICY

I. Process

The City Council shall be the decision-making body for the naming of parks, buildings, and public facilities.

II. Procedures for Naming New Facilities

In the naming of new parks, buildings, and other facilities, consideration shall primarily be given to:

1. Neighborhood, geographic, or common usage identification;
2. A natural or geological feature;
3. Significant historical events or cultural attributes;
4. A historical figure;
5. An individual (living or deceased) who has made a significant land and/or monetary contribution to the City's public facilities and who has stipulated the name as a condition of the donation;
6. An individual (living or deceased) who has contributed outstanding civic service to the City and who has not served in elected City office for a period of at least one year.

II. Procedures for Naming Existing Facilities

The City does not normally rename existing parks, buildings, and other facilities. In the event that extraordinary circumstances result in the need to rename an existing facility, consideration shall primarily be given to:

1. An individual (living or deceased) who has made a significant land and/or monetary contribution to the City's public facilities and who has stipulated the name as a condition of the donation;
2. An individual (living or deceased) who has contributed outstanding civic service to the City and who has not served in elected City office for a period of at least one year.

This Policy shall remain in effect until modified by the City Council.

APPROVED:



STEVE TATE, Mayor

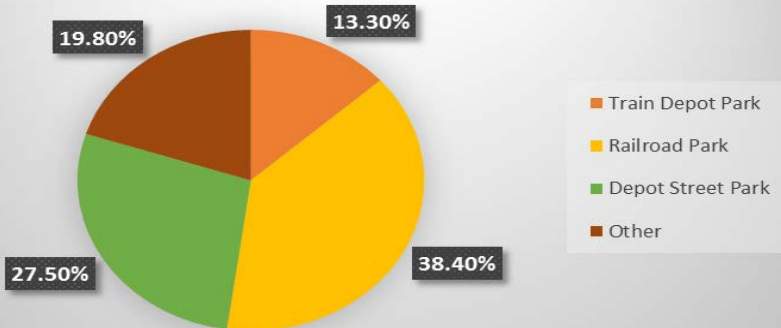
Attachment 1 – Survey Results

13.b

Park 1

Name	Response Ratio
Train Depot Park	13.30%
Railroad Park	38.40%
Depot Street Park	27.50%
Other	19.80%

Park 1



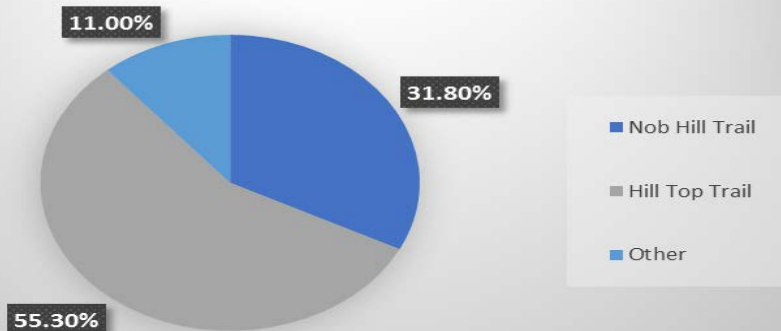
Top 6 (Other) Responses

1. Granary Park
2. Depot Park
3. Whistle Stop Park
4. Train Station Park
5. Depot Train Park

Park 2

Name	Response Ratio
Nob Hill Trail	31.80%
Hill Top Trail	55.30%
Other	11.00%

Park 2



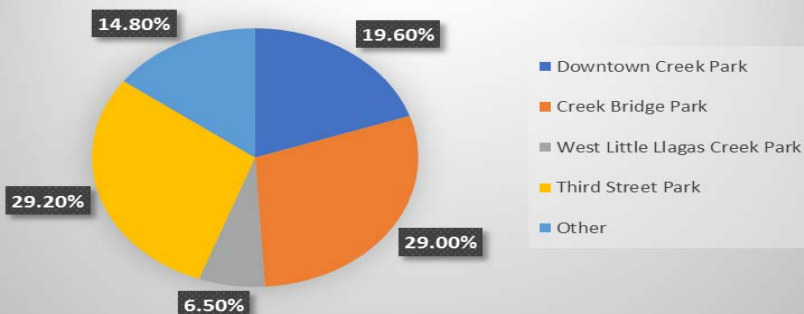
Top 3 (Other) Responses

1. Hill Top Park
2. Del Monte Park
3. Serenity Trail

Park 3

Name	Response Ratio
Downtown Creek Park	19.60%
Creek Bridge Park	29.00%
West Little Llagas Creek Park	6.50%
Third Street Park	29.20%
Other	14.80%

Park 3



Top 5 (Other) Responses

1. Crown Prince of Sweden Park
2. Crown Prince Park
3. Bridge Creek Park
4. Little Creek Park
5. Little Llagas Creek Park

Park 1: Other responses	
	Answer
	Choo Choo Park
	Poppy Jasper Park
	Depot Children's Park
	Rocke's Park
	Lil Locomotive Park
	Depot Junction Park
	Central Station Park or Morgan Hill Station Park
	Reed Park
	Depot Train Park
	Park Mcparkface
	Morgan Hill Village Park
	Depot Park
	Train Spotter
	Railroad Green Park
	Depot Park
	Brakeman's Park
	Depot Park
	Huntingtop Park
	Synthetic Floor, Non-Native Plant Park
	Lil Uzi Park
	Morgan Hill Railroad Park
	Depot train park
	Edes Park
	Park along the Rail
	Connection Park
	Depot Patk
	Train Station Park
	Depot Rail Park
	Gateway Park
	Hill's Rancho Park
	Morgan Hill Family Park
	I Can't Believe I Got Mugged Park
	Depot Park
	Morgan hill park
	Dennis Kennedy Park
	Parky McParkface
	Choochoo park nu
	Iron Horse Park
	Depot Park
	Parky McParkface
	Train Station Park
	Parky McParkface

Chugga Chugga Park
Depot Park
Choo-choo Commons
Depot Park
Depark on Depot
Monterey Park
Sawyer Park
South Station Park
Morgan's Junction Park
Depot Park
Hiram Morgan Hill Park
Depot Park
Granary Park
Kids Corner
Name it after a MHPD legend or hero.
Choo Choo Train Park
Downtown Train Park
Toot Toot Park
FUN FOR EVERYONE PARK!
Whistle Stop Park
All Aboard Park
Station-Side Park
Depot Railroad Park
Depot Park
Iron horse park
Granary Park
Train Central Park
Train park
Granary Park
Granary Park
Granary Park
Granary Park
Granary Park
Granary Park
granary park
Granary Park
Granary park
Granary Park
Granary Park
Granary Park
Granary Park
Granary District Park
Granary Park
Granary District Park

	granary park
	Whistlestop Park
	Whistlestop Park
	WhistleStop Park
	Whistle Stop Park
	Choo Choo Depot
	Whistlestop Patio Park
	Coco Loco Train Park
	Whistle Stop Park
	Courteous Children's Park
	Tooty Dooty Deport Street Park
	Granary Park
	Granary Park
	Granary Park
	Granary Park
	Granary Park
	depot park
	Parky McParkface
Park 2:	
	Answer
	La Avenida de Toro
	Nob Hill Fitness Trail
	Hill Top Fitness Trail
	Hillside Trail
	Sliding Hill Trail
	Hill Top Park
	Nob Hill park
	Park Mcparkface
	Rotary Park
	Hike A Hill
	Parky McParkface
	Slider's Trail
	Last Remnant of the Valley of the Heart's Delightt
	Water Tower Park
	Del Monte Trail
	Hilltop Slide and Trail
	Hill Top Park
	Alciati Trail
	Del Monte Trail
	(The) Slide Park
	Sierra La Mar Trail
	dennis kennedy Park
	Parky McParkface
	Via Bella Park
	Chuck Norris Park
	Trail Creek Park

Loop Hill Trail
Hilltop Park
Over The Hill Trail
Poppy Jasper Park
Slide Trail
The Downtown Trail
Deer Hop Trail
Hilltop Park
knob hill trail
Morgan Hill Trail
Street Slide Trail Park
Del Monte Trail
Del Monte Trail
park the magic dragon
Little Llagas Trail Park
Hill Top Park
SUNNYSIDE PARK
Tranquility Trail
Hillside Park
3-5 hill trail
Wellness Trail
Hill Top Park Trail
Serenity Trail
Sunny side trail
Mindfulness Mountain View Trail
Majestic Mountain View Trail
Almost There Trail
Serenity Trail
Wildflower Way
Buried Treasure Trail
Wrong Way Trail
Where Are We Any Way
Parky McParkface
Park 3:
Answer
None sound good
Twin Bridges Park
Llagas creek park
Crawdad Creek Park
Diamond Creek Park
Downtown Leisure Park
Charles Kellogg Nature Park (after famous Morgan Hill resident)
Little Creek Park
Pop up park
Little Llagas Park

	Park McParkface
	Rotary Park
	Llagas Park
	Creekside Park
	Steps Away
	Piper Park
	Storage Container Box View Park
	Xavier Park
	Moreno Park (or Telfer Park, or Chiala Park)
	Little Creek
	Quiet Creek Park
	Drug Filled Park
	Parky McParkface
	Little Llagas Creek Park
	Ohlone Park
	Calvin Coolidge Park
	Bridge Creek Park
	Little Creek Park
	Bridge Creek park
	Third Street Bridge Park
	Bridge On Llagas Creek Park
	Turkey Park
	Skeels Park
	Little Llagas Creek Park
	Bridge Creek Park
	Peaceful Creek Park
	Llagas Creek Community Park
	PICNIC IN THE PARK
	Thomas Kinkade Park
	Town Creek Park
	Edes Park
	Trees street park
	Bridge Park
	Crown Prince Park
	Crown Prince Park
	Crown Prince of Sweden Park
	Crown Prince of Sweden Park
	Crown Prince of Sweden Park
	Crown Prince of Sweden Park
	crown prince of Sweden park
	Crown Prince of Sweden Park
	Crown Prince of Sweden park
	Crown Prince of Sweden Park
	Crown Prince of Sweden Park
	Crown Prince of Sweden Park
	Little Llagas Creek Park

	Crown Prince of Sweden Park
	Crown Prince Park
	Crown Prince Of Sweden Park
	Crown Prince of Sweden
	Crown Prince Park
	Crown Prince of Sweden Park
	Robert Kincade Park
	Creekside Vista Park
	The Gathering
	Rendezvous Park
	Robert Kincade Portrait Park
	Garden Street Park
	Downtown Vista Creek Park
	Little Los Gatos Park
	Market Street Park
	Gardenview Park
	Crown Prince of Sweden Park
	Crown Prince of Sweden Park
	Crown Prince of Sweden Park
	Crown Prince of Sweden Park
	Crown Prince of Sweden Park
	crown prince of sweden park
	Parky McParkface



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

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

OUTDOOR SPORTS CENTER UPDATE

RECOMMENDATION(S)

1. Receive the report on Outdoor Sports Center Operations; and
2. Provide direction as necessary.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Supporting Our Youth
Seniors
and Entire Community

2017 Strategic Priorities

Infrastructure

Policy Considerations:

The purpose of this report is to 1) provide the City Council with an update on the current operations at the City owned Outdoor Sports Center (OSC) and 2) provide information on possible strategies for moving forward. As part of this, the Council may want to consider the following policy considerations:

1. Should the City issue a Request for Proposals (RFP) for facility operations and maintenance in the very near future?
2. As part of an RFP, is it still a priority to balance community access with the ability to generate revenue?
3. Should the City Council consider making a significant capital investment to upgrade and improve the OSC so it remains competitive and provides a high-quality player and spectator experience with the understanding that the facility could be closed during renovations?
4. Should the City Council consider creating a destination management organization (DMO) to advance the recently adopted Economic Blueprint tourism priority?

Background

The OSC has become a very important resource for the Morgan Hill Community over the past decade. It has provided a venue for local teams and regional events that support the City's focus on sports tourism and community activities. It is also the most

utilized City facility in terms of local youth sports, serving the City's largest soccer and football organizations as well a plethora of other sports groups.

When the City first partnered with the Morgan Hill Youth Sports Alliance (MHYSA) in 2010, the vision for the OSC was one that would continue to promote regional sports events and would also open the facility for local Morgan Hill sports organizations. The previous operator provided very limited access for local youth teams as the facility was only open on weekends for tournaments. This was a continuous point of frustration by coaches, league organizers, and other community members. Additionally, it was envisioned that the partnership would allow the OSC to be operated without any City subsidy. These key components of the vision have been attained through the City/MHYSA partnership. It is important to highlight that the MHYSA was immediately successful in providing significant access to local teams upon assuming facility operations and the City has not subsidized operations. In fact, the City has received revenue from MHYSA as part of the current agreement.

The operating model at the OSC is currently in a time of transition. In May 2016, the City Council amended the concessionaire agreement with the MHYSA to continue through June 2019. At that time, the three-year extension was to be used as a bridge in moving to a new operating model. Work towards development of a new operating model is underway and should now be considered simultaneously with potential capital improvement for the facility.

The MHYSA has recently run into financial difficulties in managing the operations at the OSC and this is being taken into consideration in relation to the future planning of facility operations. The following sections of the report address both the current status of the OSC and future plans.

Current Agreement

The concessionaire agreement with the MHYSA currently runs through June 2019 (Attachment 3). When approving the most recent three-year extension of the agreement, five factors were considered:

- Term extension of three years – Intended to provide time for the MHYSA to pay down its debt associated with operating the facility, while also allowing for a transition period to a new operating model.
- Payment amount - Provided a reduced financial obligation for the MHYSA in annual payments to the City. This was in part to support the repayment of debt. The minimum payment was reduced from \$65,000 annually to \$45,000 in Fiscal Year (FY) 2016-17, \$60,000 in FY 2017-18, and increased to \$70,000 in FY 2018-19.
- Enhanced Operational Partnerships - Provided for streamlined special event permit processing, required more detailed parking plans to be developed by MHYSA, guaranteed MHYSA "City pricing" with City contractors, and provided for the MHYSA to sell advertising/sponsorship program at the OSC and the Morgan Hill Aquatics Center.

- Transparency - Required MHYSA to provide audited financial statements annually to continue to demonstrate improved accounting practices.
- Coordination in efforts to enhance Sports Tourism -The City's Community Services and Economic Development Teams are continuing to work on a formal sports tourism program. The MHYSA is a stakeholder in the development of this model, and will be critical in the transition to the new model.

Current Operator Status

The MHYSA continues to operate the OSC without any direct cost to the City. However, reduced event bookings have resulted in financial hardships for the MHYSA. The MHYSA was delinquent in making its quarterly payments for October and January, making those payments in March. The MHYSA is now delinquent in its April payment, owing the City \$11,250. The team at the MHYSA has been upfront with the City, noting that they do not know when they will be able to catch up on quarterly payments. The MHYSA has noted that they are prioritizing their dollars on ongoing operations contracts and maintaining the facility. The late payment places the MHYSA in default of the agreement, which provides the City the option to terminate the concessionaire agreement.

The MHYSA appears to be in a significantly worse fiscal position than it was one year ago. In FY 2014-15, the MHYSA had its most successful year financially showing an increase in the net assets. In FY 2015-16, the MHYSA reported a loss of \$62,469 in its annual report (Attachment 1). This total is not an audited figure, as the MHYSA is delinquent in providing the City with the Audit for FY 2015-16. The MHYSA's second Quarter Report for FY 2016-17 (Attachment 2) shows a loss of \$9,864 through December 2016. The City has not yet received the third quarter report from the MHYSA, however, from verbal conversations with the MHYSA and delinquent payments to the City, it is believed the financial condition of the MHYSA has not improved.

At this point staff estimates the MHYSA's debt at over \$150,000. With only two years remaining on the agreement, it may not be possible for the MHYSA to recover and work its way out of this debt by the end of the contract term. This will need to be taken into consideration before the end of the contract term as there is the potential the MHYSA may be unable to maintain the facility in the final year of its contract term.

In discussions with the MHYSA, the single largest contributing factor causing its financial difficulty is the loss of several events hosted at the facility. Tournaments have moved to other venues or just cancelled and new events are not being found to replace them. Nearby new tournament venues for soccer have taken some of the long-time soccer events held at the OSC. The aging of the facility has also made it less desirable for event organizers.

Current Facility Conditions Status

The City monitors the condition of the OSC and the information in this section is based on three sources of information.

- Quarterly inspections by City Maintenance Teammates (recently updated to monthly inspections)
- Sports Market Business Strategy
- Consultant Recommendations on artificial turf fields

City inspections have shown an ongoing decline in the maintenance provided by the MHYSA. The most recent maintenance report notes the following issues: significant weeds and lack of maintenance of landscaped areas, broadleaf weeds in the turf, dying trees, broken/missing fixtures, unsightly areas with leaves and clutter left out visible to the public, and various other minor issues. Most of these items can be repaired without great difficulty, but with the MHYSA's limited resources, they have been unable to rectify these situations.

Of greatest concern is the grass turf area. The wet winter has helped the turf recover to some extent but broadleaf weeds and drying of the turf is now evident. Watering through the summer will be a key factor to ensure the turf remains in average condition. On a long-term basis, renovation of the natural turf fields or conversion to synthetic turf has been recommended. While improved maintenance by the MHYSA could improve the condition of these fields, a renovation of the grass fields is the only way to fully upgrade the facility.

The artificial turf fields were installed nearly ten years ago with an anticipated life of ten years. Recent results of an assessment of the artificial turf fields has identified that the current soccer field is at the end of its life and that the football field may have one to two more years of life. With the fields near the end of their life expectancy and new products now available that can last much longer and be maintained much more easily, it may be more cost effective to replace the current turf fields in the near future rather than continuing to maintain the existing fields. With the MHYSA having very limited financial resources, it is not believed they will be able to maintain the fields at a playable level for the remainder of the agreement.

Sports Market Business Strategy Report

On February 22, the City Council received a Sports Market Business Strategy report. This report provided multiple recommendations for operations relating to the OSC. The two most notable recommendations included the development of a tourism/destination management organization (DMO) to support sports tourism and to update/renovate the existing facilities at the OSC.

Staff has begun preliminary work in developing a framework for the purpose, role, and function of a DMO. One option to consider is revising the purpose of the existing Morgan Hill Economic Development Corporation (MHEDC) that was created several years ago for downtown redevelopment, though has primarily been dormant since RDA dissolution. Another key consideration is how a DMO would be financially supported and sustained.

One opportunity to assist with partially funding a DMO is the creation of a Tourism Based Improvement District (TBID). Recently, City teammates met with representatives

from Morgan Hill hotels at which a discussion was held on how a potential TBID could be integrated into this effort. The City's Economic Development Team has outlined the formation of a TBID within the plans for the Economic Blueprint. One advantage of forming a DMO with the involvement of all stakeholders is it would allow for the community to apply and bid on major sports events in a coordinated effort.

In relation to OSC facility improvements, the study identifies the following key areas:

- Replace existing artificial turf
- Install artificial turf at all multipurpose fields
- Add lighting for each surface
- Consider additional parking
- Improve maintenance and day-to-day operations

A renovation of this magnitude would require that the OSC cease operations for a considerable period. It may also be possible to phase improvements over time though this would extend the period that the entire OSC is not available for large scale tournaments that generate hotel stays and local sales tax.

It is important to recognize that the installation of artificial turf throughout the facility may be cost prohibitive. Staff is also researching the cost to significantly improve the existing natural grass, including the installation of an inground irrigation system. This concept has been considered for many years and the timing may now be right to move forward.

The need to upgrade the OSC will be taken into consideration during the future request for proposal (RFP) process to identify a new operator. There is a potential that a new operator may be interested in providing capital investment for a longer-term concessionaire agreement. However, the City would likely have to fund many of the improvements itself. City staff are identifying and reaching out to potential future partners now for the next RFP process.

Future Operating Models

Based on the recommendations in the Sports Market Business Strategy and the City's Economic Blueprint, the future operating model should allow for the coordination with a potential DMO. Additionally, a key component of operations will continue to be balancing local and regional use. This requires an understanding that the greater the local use, the fewer opportunities to generate revenue. This is due to the fact that rental rates for local teams are generally less than is required to cover operating costs.

Considering these factors, a new operating model could take the form of any of the following:

- Concessionaire/Developer – Invest capital into the facility and operate the facility. This model would likely require a longer-term agreement.
- Concessionaire – An operator agrees to operate the facility (current scenario).
- City operated facility – Facility is managed by City teammates.

- Hybrid City partnership – City teammates partner with another organization to operate the facility in an integrated fashion (similar to the YMCA partnership at the Centennial Recreation Center).

It is planned that the RFP for a new operator would be broad enough to allow for varying options to be explored and evaluated.

Next Steps

City teammates plan to move forward taking the following next steps immediately upon City Council direction:

1. Continue to work with the MHYSA to support its operations of the OSC during the contract term. While going through financial difficulties, the MHYSA is committed to operating the facility and the City shall continue to work as a partner with the MHYSA on current operations and on planning for future operations. The MHYSA has committed to paying the City past balances, but has not yet determined a timeframe for when that may occur.
2. Continue to monitor OSC maintenance closely and prepare for any unexpected transitions. The MHYSA has committed to investing resources into maintaining the facility, but given its current financial difficulties the City will need to ensure required maintenance of the facility occurs. Formal monthly inspections and more frequent informal inspections will be made regularly by City teammates. The City will need to be prepared to utilize City resources to manage the facility for the short term if necessary.
3. Move forward on development of a DMO to support tourism in conjunction with the Economic Blueprint. While the formation of a TBID is anticipated to be a multi-year process in partnership with our local hotels, there are many short-term goals to start assembling the core of this future group and support immediate steps in this direction. One such effort is already underway in development of a sports tourism based website that is anticipated to go live in the next month. Teammates from Economic Development and Community Services will begin to lead the effort to bring this group together.
4. Provide recommendations on capital projects in coordination with adoption of the Bikeways, Trails, Parks and Recreation Master Plan. Capital funding for the replacement of the artificial turf fields will be recommended during the next fiscal year. The cost is estimated at \$1.2 million. Additionally, during this time of transition there may be an opportunity for the facility to undergo a major renovation that renovates the turf, adds irrigation, adds lighting, and improves the facility in general. Costs for these improvements are estimated at \$3 to \$4 million. Recommendations on capital funding would be presented to the Council in June.

5. Begin utilizing expanded overflow parking. The City Council previously authorized the purchase of 10 additional acres of property next to the OSC. The purchase of this property is near complete and should be available to support major events in the next two months.
6. Develop an RFP for a new operator. In previous schedules this has been envisioned to occur in March 2018. Now staff intends to develop an RFP in the coming months that could be released as early as August 2017. Issuing this RFP earlier would allow greater opportunity for a coordinated transition from the MHYSA. An earlier RFP would provide for more opportunity to have the potential new organization involved in the funding of capital improvements.

COMMUNITY ENGAGEMENT: Consult

City teammates intend to reach out to local stakeholders, including youth sports organizations, hotels, and other interested groups to take input before developing the next RFP.

ALTERNATIVE ACTIONS:

The Council may provide staff with further direction as it relates to plans for operations of the OSC.

As previously noted, the MHYSA is currently in default. The City Council could direct staff to terminate the agreement. Should the Council move forward with this action, a significant amount of work conducted by the Community Services Department would need to be eliminated or delayed to take on the task of immediately managing the facility. This would also immediately create new expenses associated with operating the OSC. For these reasons, staff is not recommending this option.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- May 19, 2010 - Selected the MHYSA as the operator of the OSC
- June 16, 2010 - Approved the Concessionaire Agreement with the MHYSA
- June 19, 2013 - Approved First Amendment to Concessionaire Agreement with the MHYSA
- September 24, 2014 - Audits of MHYSA operations of OSC presented
- October 1, 2014 - Council received OSC operations update and directed staff to offer the MHYSA a one year extension to the Concessionaire Agreement
- December 3, 2014 – Council approved Second Amendment to the Concessionaire Agreement with the MHYSA extending it for one year through June 2016
- February 17, 2015 – The Parks and Recreation Commission reviewed operations and made a recommendation to Council on future OSC operations
- March 4, 2015 – Council directed staff to negotiate an agreement extension with the MHYSA
- May 18, 2016 – City approved Third Amendment to the Concessionaire Agreement with the MHYSA extending it for an additional three years and updating various provisions.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact associated with receiving this report.

The current agreement requires payments from the MHYSA to the City of \$45,000 in FY 2016-17, \$60,000 in FY 2017-18 and \$70,000 in FY 2018-19. The MHYSA has already made payments of \$22,500 for FY 2016-17. Should future payments not be received from the MHYSA, the General Fund (010) would receive that much less in revenue.

CEQA (California Environmental Quality Act):

Not a Project

Since the resulting activity is an administrative program that will not result in a change to the physical environment, this action is not a project under the California Environmental Quality Act.

LINKS/ATTACHMENTS:

1. Attachment 1 - Q42015-16 Status Report Final
2. Attachment 2 - Q22016-17 Status Report
3. Attachment 3 - MHYSA Agreement through Amendment 3



MORE KIDS IN MORE SPORTS

Outdoor Sports Center – Q4/2015-16 Status Report

Section One: Key Indicators

Actual Fields Use (Hours)	Fourth Quarter	Year To Date	Comments
<u>Regional by Sport (Total)</u>			
Youth Soccer	865	3487	
Adult Soccer	58	58	
Youth Football	6	6	
Other – Adult	0	0	
Other – Youth	128	938	LAX, Field Hockey, Frisbee, Flag
Total	1057	4489	53% of Usage
<u>Community by Sport (Total)</u>			
Youth Soccer	1146	3178	
Adult Soccer	0	0	
Youth Football	0	572	
Youth Flag Football	0	26	
Youth Rugby	0	44	
Youth Field Hockey	0	0	
Other - Adult	0	7	
Other - Youth	0	31	Lacrosse
Total	1146	3858	47% of Usage

(Event hours not reflected in usage hours)

Category	Fourth Quarter	Year To Date	Comments
Financial Performance			
Advertising Revenue	\$5,700	\$11,581	
Concessions	\$19,108	\$64,805	
Event Sales		\$0	
Field Rentals	\$67,550	\$341,387	
Parking	\$28,843	\$132,491	
Hotel Commissions	\$0	\$1,172	
Tournament Team Fees	\$0	\$78,212	
Services	\$19,864	\$42,102	
Interest Income	\$2	\$10	
Total Revenue	\$135,192	\$671,760	
Total Expense	\$165,004	\$734,229	
Gross Income	\$29,813	\$62,469	



MORE KIDS IN MORE SPORTS

Section Two: This Quarter Accomplishments

Operations

- Obtained third amendment to OSC contract
- Implemented Good360 Home Depot Donation program
- Purchased new nets for Turf Soccer Goals
- Conducted MHPW Raiders Fall planning – Provided savings up to \$4K
- Purchase additional flags and field equipment
- Repaired Toros electrical system and replaced seats
- Began preparations for Copa Univision
- Began planning for Fireworks with a Splash
- Began planning for All West Lacrosse Tournament
- Worked with City staff to install ADA Walkway
- Switched parking ticket vendors
- Continued to evolve Cricket regional partnership
- Supported Hexagon Transportation Consultants for D2 visit
- Hired and trained new bookkeeper
- Negotiated terms for 2016 Flynn Creek Circus dates
- Negotiated new lease terms on trailer
- Streamlined City of Morgan Hill and Santa Clara County road closure permit processed
- Reviewed City of Morgan Hill Economic Blueprint plan
- Booked new CYSA Cal North event – National C Course in December 2016

Facilities

- Completed quarterly city staff inspection
- Repainted lines for small sided on Turf fields
- Repair existing water cannons
- Completed negotiations for OV purchase of third KIFCO water cannon
- Experienced broken mainline June 11 – lost three nights of watering, requested temporary resumption of daytime watering
- Installed marine combo locks for better survivability and operations. Welded chains onto clasp for retention
- Began use of Wondersoil gopher hole filler
- Converted old trailer to create water sprayer towable unit to spread Dustout
- Completed RHINO Turf refurbishment
- Lost main well pump June 30th – Necessitated \$19K pump replacement and \$18K water truck expenditures



Field Use

- Tournaments and Camps
 - o SC Sporting Girls Invitational: May 28-30
 - o CYSA D2 Spring Cup (8v8): June 4-5
 - o CYSA D2 Spring Cup (11v11): June 11-12
 - o 49ers Play60 Camp: June 18th
 - o USASA Region IV Amateur Playoffs: June 18-20
 - o Midsummer Invitational: June 25-26
- Morgan Hill leagues and schools
 - o Orchard Valley Spring season practices and games
 - o Coerver Soccer Camps
 - o South Valley Youth Rugby practices and games

Marketing Programs

- Attended NASC Symposium in Grand Rapids, MI
 - o Trip reports sent to Morgan Hill City Staff and Gilroy Welcome Center
- Obtained IATA booking link and created landing page courtesy of La Quinta
- Made Ad package for Restaurants, Lodging and Retail
- Cancelled Midsummer Invitational Soccer Tournament
- Began advertising discussion with new Supercuts management
- Continued working with Tourism Alliance formed with City of Morgan Hill, Chamber of Commerce, Morgan Hill Downtown Association and various community wine advocates
- Responded to field inquiries as needed
 - o USDAA Title Mania
 - o San Jose Rugby
 - o EXACT Sports Camp
 - o International Football Club Clinic
 - o ADVNC Lacrosse



Section Three: Next Quarter Priorities

Operations

- Continue fiscal management improvements
 - Complete process documentation
- Complete FY2015-1 financial reconciliation
 - Tournament review
 - Debit/ACH tracking
- Complete planning for Fireworks with a Splash
 - Joint AC/OSC parking plan
- Begin booking process with La Quinta
- Began analysis of alternative traffic management providers

Facilities

- Repair Goal Cushions
- Repair Fridge and Icemaker (Dan Creighton)
- Coordinate implementation of new traffic management plan with AC staff
- Complete quarterly city staff inspection
- Implement ADM pest remediation program
- Complete soil testing with Cricket prospects
- Set up and establish CERT capability on site with MHPD
 - Staging of supplies, generators, communities and tents for emergencies

Field Use

- Tournaments and Camps
 - All West Lacrosse Showcase: July 9-10
 - COPA Univision: July 16
 - Summer Splash (LAX): July 30-31
 - Alianza de Futbol: August 12-14
 - Magic Cup (Girls): August 20-21
 - SASC Medina Classic: September 24-25
- Morgan Hill leagues and schools
 - Orchard Valley Fall season practices and games
 - CSMH Flag Football practices and games
 - Coerver Soccer Camps
- Events
 - Fireworks on the Green: July 4
 - Flynn Creek Circus: July 21-24



Marketing Programs

- Respond to USDAA Title Mania RFP
- Evaluate bringing Aaron Blas (COPA ESPN) on board to develop sponsor program
- Started Dialogues with Dicks which opened in Sept
- Continue working with Tourism Alliance formed with City of Morgan Hill, Chamber of Commerce, Morgan Hill Downtown Association and various community wine advocates
- Renew strategic partnership with Team San Jose and Sports Authority
- Develop strategic partnership with Coca Cola
- Begin posting events with NASC
- Respond to 2015-16 field inquiries as needed
- Develop marketing strategy for events and festivals
 - o International Festival and Events Association
 - o KRTY/KBAY/KEZR
- Continue to expand social media outlets (Facebook pages, etc.)



MORE KIDS IN MORE SPORTS

Outdoor Sports Center – Q2/2016-17 Status Report

Section One: Key Indicators

Actual Fields Use (Hours)	Second Quarter	Year To Date	Comments
<u>Regional by Sport (Total)</u>			
Youth Soccer	1133	2065	
Adult Soccer			
Youth Football			
Other – Adult	114	114	Cricket
Other – Youth		437	LAX, Field Hockey, Frisbee, Flag
Total		2616	58% of Usage
<u>Community by Sport (Total)</u>			
Youth Soccer	786	1580	
Adult Soccer			
Youth Football	92	283	
Youth Flag Football	14	28	
Youth Rugby	12	12	
Youth Field Hockey			
Other - Adult			
Other - Youth	18	22	Lacrosse
Total		1925	42% of Usage

(Event hours not reflected in usage hours)

Category	Second Quarter	Year To Date	Comments
Financial Performance			
Advertising Revenue	\$3,600	\$3,878	
Commissions	\$1,244	\$1,244	
Concessions	\$22,449	\$47,980	
Event Sales	\$0	\$2,910	
Field Rentals	\$106,022	\$248,312	
Parking	\$38,068	\$354,334	
Services	\$1,976	\$15,219	
Tournament Team Fees	\$0	\$0	
Interest Income	\$1	\$2	
Total Revenue	\$173,360	\$403,728	
Total Expense	\$191,402	\$413,592	
Gross Income	(\$18,042)	(\$9,864)	



MORE KIDS IN MORE SPORTS

Section Two: This Quarter Accomplishments

Operations

- Renewed Gatorade partnership
 - Tournament activation
 - Vending machine
 - Pricing agreement for MHYSA members
- Set 2017 Poppy Jasper structure and offerings
 - KBAY/KEZR FanZone
 - Gatorade Activation
 - Games and attractions
 - Local sponsor opportunities
 - Home Depot
 - Shoe Palace
 - Dick's Sporting Goods
 - Commonwealth Central Credit Union
 - Cross promotion with restaurants and stores
- Evaluated RecPro use for OSC bookings
 - Good for local users, unwieldy for regional users
- Published all required traffic plans (3 D2 Fall Cups and Jr Festival Cup)
- Completed Accounting projects:
 - QuickBooks 2015-16 review and new process evaluation
- Assisted with City of Morgan Hill Sports Tourism Economic Impact Study
- Joined non-profit support group TechSoup for best deals on Software like QuickBooks
- Evaluated in house production of corner flags versus Alibaba replacement flags versus Kwik Goal direct
- Interviewed alternative traffic control company
- Presented expanded OSC vision to San Jose Soccer Foundation
- Began Cricket operations:
 - Installed SouthWest (fields 1/3) and SouthEast (fields 4/6) cricket pitches
 - Rolled Cricket pitches
 - Defined operational lining protocol and process for field markings
 - Took delivery of Jute mats for cricket pitches
 - Held First matches
- Began revamp of MHOSC website for publication in late 4Q
- Evolved Rental Agreement - publish before FY2018
- Compiled Lessons learned from Raiders season

Facilities

- Assisted with Rotary Morgan Hill assessment of portable bleachers donation
- Began evaluating wireless fire and burglar alarm services
- Completed quarterly city staff inspection



MORE KIDS IN MORE SPORTS

- Assisted city with tree grant application
- Supported local Boy Scout Eagle Scout project to install new leaderboards
- Pressure washed bleachers and courtyard
- Demonstrated feasibility of blue tooth locks

Field Use

- Tournaments and Camps
 - o CYSA D2 Fall Cup U14-U19: October 22-23
 - o Almaden Halloween Classic: October 29-30 (Cancelled)
 - o CYSA D2 Fall Cup U8-U11: November 5-6
 - o CYSA D2 Fall Cup U12-U13: November 12-13
 - o Grid Iron Elite Football Tournament: November 24-27 (Cancelled)
 - o CYSA Cal North National C Course: December 9-11
 - o CYSA Jr. Cup Festival: December 10-11
- Morgan Hill leagues and schools
 - o Orchard Valley Fall season practices and games
 - o Pop Warner Raiders season practices and games
 - o CSMH flag football and soccer practices and games
 - o Sobrato High School girls soccer practices and games
 - o Oakwood boys soccer practices
 - o Coerver Soccer Camps
 - o South County Outlaws lacrosse club practices and camps
 - o South Valley Youth Rugby practices and games

Marketing Programs

- Continued working with Tourism Alliance formed with City of Morgan Hill, Chamber of Commerce, Morgan Hill Downtown Association and various community wine advocates
- Continued sports tourism meetings with City Staff
- Met with Gilroy Welcome Center team
- Met with Raiders, Shoe Palace and MHYSA about scoreboard replacement
- Hosted International Cricket Council (ICC) site visit
- Completed agreement for Hotel Partner program
- Responded to 2016-17 field inquiries as needed
 - o Stanford USA Ultimate Frisbee Invitational
 - o 2017 College Women's Lacrosse Regional Playoffs
 - o Flycasters of San Jose – 2017 National Casting Championships
 - o San Jose State Spartans Men's lacrosse – February 2017
 - o Procom Soccer Tournament
 - o Fremont Lions Soccer Tournament January 2017
 - o City of Morgan Hill 2017 Summer Camps
 - o FC Barcelona 2017 Summer Tournament



Section Three: Next Quarter Priorities

Operations

- Produce Poppy Jasper and Skills Competition
- Install Gatorade vending machine
- Complete 2017 Poppy Jasper offerings
 - KBAY/KEZR FanZone
 - Gatorade Activation
 - Games and attractions
 - Celebrity Game between local PD and FD
 - Local sponsor opportunities
 - Shoe Palace
 - Dick's Sporting Goods
 - Commonwealth Central Credit Union
 - Cross promotion with restaurants and stores
- Schedule 2015-16 Financial audit
- Continue to assist with City of Morgan Hill Sports Tourism Economic Impact Study
- Follow up on San Jose Soccer Foundation acquisition plans
- Conduct year to year revenue and expense analysis
- Negotiate multi-year Home Field Partnership with Silicon Valley Cricket Group
- Evaluate feasibility of hosting lacrosse tournaments
- Complete projected usage through June 30, 2019
- Work with city staff to develop adult soccer league at OSC
- Conduct site tours for new city council members

Facilities

- Continue to assist with Rotary Morgan Hill assessment of portable bleachers donation
- Install wireless fire and burglar alarm services
- Complete quarterly city staff inspection
- Correct facility repairs
 - Drain pipes
 - Turf field gate
 - Bathroom doors
- Install additional valves to facilitate field irrigation
- Repair flood damage as occurs
- Continue to assist city with tree grant application
- Continue to develop cricket pitches
- Repair Toros
- Determine location and security measures for Gatorade vending machine



Field Use

- Tournaments and Camps
 - o USACA Training Camp – January 15-16
 - o Stanford Invitational – February 11-12
 - o San Jose FC College Showcase – March 4-5
 - o Poppy Jasper Tournament and Skills Competition – March 25-26
- Morgan Hill leagues and schools
 - o Orchard Valley Spring season practices and games
 - o CSMH soccer practices and games
 - o Sobrato High School girls soccer practices and games
 - o Oakwood boys soccer practices
 - o Coerver Soccer Camps
 - o South Valley Youth Rugby practices and games

Marketing Programs

- Continue working with Tourism Alliance formed with City of Morgan Hill, Chamber of Commerce, Morgan Hill Downtown Association and various community wine advocates
- Continue sports tourism meetings with City Staff
- Develop strategic partnership with Dick's Sporting Goods
- Finalize Hotel Partner Program Version 4
 - o Courtyard/Residence Inn
 - o Holiday Inn Express
 - o Hampton Inn
- Respond to 2016-17 field inquiries as needed:
 - o EXACT Sports Camps
 - o COPA Univision
 - o Alianza de Futbol
 - o CYSA Cal North National C Course
 - o Circo Caballero
 - o Flynn Creek Circus
 - o Bay to Bay Volleyball
 - o College Soccer Exposure
 - o City of Morgan Hill 2017 Summer Camps
 - o FC Barcelona 2017 Summer Tournament

124-04-10-057

**THIRD AMENDMENT TO
AGREEMENT FOR THE OPERATION AND MAINTENANCE
OF
THE OUTDOOR SPORTS CENTER CONCESSION
BETWEEN
THE CITY OF MORGAN HILL
AND
MORGAN HILL YOUTH SPORTS ALLIANCE**

This THIRD AMENDMENT TO AGREEMENT ("THIRD AMENDMENT") is made and entered into as of this 13th day of June, 2016 (the "EFFECTIVE DATE"), by and between the CITY OF MORGAN HILL, a municipal corporation ("CITY") and the MORGAN HILL YOUTH SPORTS ALLIANCE ("CONCESSIONAIRE"), a California non-profit corporation.

RECITALS

The Parties intend that the following recitals are a substantive part of this THIRD AMENDMENT:

1. This THIRD AMENDMENT is entered into based upon City of Morgan Hill City Council action taken on May 18, 2016.
2. A Second Amendment to the AGREEMENT described below was entered into based upon City of Morgan Hill City Council action taken on December 3, 2014 ("SECOND AMENDMENT").
3. A First Amendment to the AGREEMENT described below was entered into based upon City of Morgan Hill City Council action taken on October 2, 2012 ("FIRST AMENDMENT").
4. CITY and CONCESSIONAIRE entered an Agreement for the Operation and Maintenance of the Outdoor Sports Center Concession made as of July 1, 2010, to provide a well-maintained and operated sports field and related facilities, services and advertising opportunities ("AGREEMENT"). The AGREEMENT, FIRST AMENDMENT, AND SECOND AMENDMENT are collectively attached as Exhibit "A" to this THIRD AMENDMENT and incorporated herein by this reference.

AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED BY THE PARTIES HERETO, THE PARTIES FURTHER MUTUALLY AGREE AS FOLLOWS:

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

SECTION 1. Amendments: Pursuant to the provisions of Section 31 of the AGREEMENT, the Parties agree that all of the terms and conditions of the AGREEMENT, as amended by the FIRST AMENDMENT AND SECOND AMENDMENT attached collectively hereto as Exhibit "A", shall remain in full force and effect except that the parties hereto agree that the following further amendments shall be made and incorporated into the AGREEMENT, as amended to date, as follows:

A. SECTION 4 of the AGREEMENT, as amended to date, shall be further amended to read in its entirety as follows:

SECTION 4. TERM OF AGREEMENT

A. The term of the Concession AGREEMENT shall be nine (9) years subject to early termination as set forth below.

Sections B through D are unchanged and incorporated herein by this reference.

B. SECTION 5 of the AGREEMENT, as amended to date, shall be further amended to read in its entirety as follows:

SECTION 5. CONCESSION FEE AND PAYMENT

A. Quarterly Concession Fee:

As part of the consideration for CITY'S granting the concession rights set forth in this AGREEMENT, CONCESSIONAIRE shall pay the CITY quarterly concession fee as follows:

1. \$10,000 due on October 10, 2010 for the quarter ending September 30, 2010.
2. \$20,000 due on January 10, 2011 for the quarter ending December 31, 2010.
3. \$20,000 due on April 10, 2011 for the quarter ending March 31, 2011.
4. \$15,000 due on July 10, 2011 for the quarter ending June 30, 2011.
5. For the FISCAL YEAR 2011-2012, equal quarterly payments totaling \$65,000.
6. For the FISCAL YEAR 2012-2013, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.
7. For the FISCAL YEAR 2013-2014, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.

8. For the FISCAL YEAR 2014-2015, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.
9. For the FISCAL YEAR 2015-2016, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.
10. For the FISCAL YEAR 2016-2017, equal quarterly payments totaling \$45,000 and an amount equal to 25% of total revenue generated through advertisement programs each quarter.
11. For the FISCAL YEAR 2017-2018, equal quarterly payments totaling \$60,000 and an amount equal to 25% of total revenue generated through advertisement programs each quarter.
12. For the FISCAL YEAR 2018-2019, equal quarterly payments totaling \$70,000 and an amount equal to 25% of total revenue generated through advertisement programs each quarter.

Sections B through D are unchanged and incorporated herein by this reference.

C. SECTION 6 of the AGREEMENT, as amended to date, shall be further amended to read in its entirety as follows:

SECTION 6. ADDITIONAL PAYMENT OBLIGATIONS

For the purposes of this Section 6 and this AGREEMENT, the term "gross revenue" shall mean the total amount charged for the use of the PREMISES or OSC, or sale of any goods, services (whether or not such services are performed as a part of or in connection with the sale of goods) or advertising provided in connection with this AGREEMENT. "Net income" shall mean the gross revenue less operation and interest expenses.

A. Capital Improvement Fund: CONCESSIONAIRE shall deposit the following into an OSC Capital Improvement Fund to be established and held by the CITY:

1. Not later than the thirtieth (30th) day after the end of FISCAL YEAR 2011-2012, CONCESSIONAIRE shall pay to the CITY for deposit in the Capital Improvement Fund an amount equal to that amount of CONCESSIONAIRE'S "net income" that exceeds one hundred thousand dollars (\$100,000) of net income during the first two FISCAL YEARS of the term of this AGREEMENT.
2. Not later than the thirtieth (30th) day after the end of FISCAL YEAR 2012-2013 and of each FISCAL YEAR thereafter, CONCESSIONAIRE shall pay to the CITY for deposit in the Capital Improvement Fund an amount equal to fifty percent (50%) of the net income of that FISCAL YEAR, **through FISCAL YEAR 2015-16.**

3. No later than the ninetieth (90th) day after the end of FISCAL YEAR 2016-17, CONCESSIONAIRE shall pay to the CITY for deposit in the Capital Improvement Fund an amount equal to fifty percent (50%) of that amount of CONCESSIONAIRE'S "net income" that exceeds one hundred thousand dollars (\$100,000) of net income during FISCAL YEAR 2016-17.

4. No later than the ninetieth (90th) day after the end of FISCAL YEAR 2017-18, CONCESSIONAIRE shall pay to the CITY for deposit in the Capital Improvement Fund an amount equal to fifty percent (50%) of that amount of CONCESSIONAIRE'S "net income" that exceeds seventy thousand dollars (\$70,000) of net income during FISCAL YEAR 2017-18.

5. No later than the ninetieth (90th) day after the end of FISCAL YEAR 2018-19, CONCESSIONAIRE shall pay to the CITY for deposit in the Capital Improvement Fund an amount equal to fifty percent (50%) of that amount of CONCESSIONAIRE'S "net income" that exceeds fifty thousand dollars (\$50,000) of net income during FISCAL YEAR 2018-19.

6. CITY shall use amounts deposited in the Capital Improvement Fund only for the purpose of constructing or improving IMPROVEMENTS according to the Capital Improvement Program referenced in Section 10.

B. Net Income Share: Not later than the thirtieth (30th) day after the end of FISCAL YEAR 2012-2013 and of each FISCAL YEAR thereafter, CONCESSIONAIRE shall pay to the CITY the amount equal to ten percent (10%) of the net income of that FISCAL YEAR, **through FISCAL YEAR 2015-16.**

Sections C through E are unchanged and incorporated herein by this reference.

D. SECTION 9 of the AGREEMENT, as amended to date, shall be further amended to read in its entirety as follows:

SECTION 9. OPERATING RESPONSIBILITIES

Sections A through D are unchanged and incorporated herein by this reference.

E. Marketing and Promotion CONCESSIONAIRE shall use its best efforts to market and promote the usage of the OSC and Premises for purposes permitted under this AGREEMENT. The CITY reserves the right to concurrently market and promote the use of the OSC. Status on marketing efforts shall be included in quarterly status report provided as outlined in Section 5D. The CITY shall commit to dedicate staff resources and funding to support regional sports tourism promotion on, including promotion of use of, the Outdoor Sports Center.

Sections F through L are unchanged and incorporated herein by this reference.

M. Special Event Permits: CONCESSIONAIRE shall submit a City special event application for any uses occurring outside the PREMISES, including, but not limited to, the closure of adjacent streets. All required traffic control responsibilities will be documented in the permit. The CITY will issue permits at no charge as long as permit applications are submitted 30 days in advance.

N. Parking Plans: CONCESSIONAIRE shall be required to submit a written parking plan to the CITY for all events that are anticipated to exceed 2,500 people in attendance.

O. Joint Advertising: CONCESSIONAIRE and the CITY shall develop a joint advertising plan for the PREMISES and the adjacent Morgan Hill Aquatics Center. The CONCESSIONAIRE shall have the ability to sell joint advertising.

E. SECTION 10 of the AGREEMENT, as amended to date, shall be further amended to read in its entirety as follows:

SECTION 10. MAINTENANCE AND REPAIR

Sections A through J are unchanged and incorporated herein by this reference.

K. The CITY shall make good faith effort to include provisions within requests for proposals and contracts for citywide maintenance services that provide for City pricing to be extended to the CONCESSIONAIRE for work performed at the PREMISES.

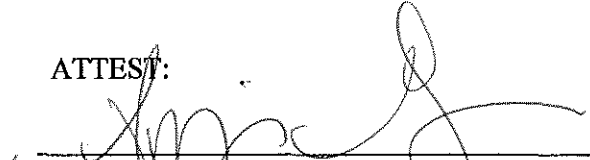
F. SECTION 35 of the AGREEMENT, as amended to date, shall be further amended to read in its entirety as follows:

SECTION 35 CONFLICTING PROVISIONS

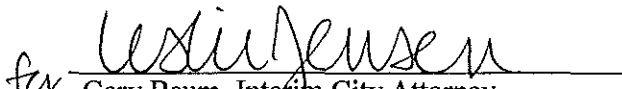
Except as expressly set forth in this THIRD AMENDMENT, the AGREEMENT, as amended by the prior SECOND AMENDMENT and FIRST AMENDMENT, shall remain unchanged and continue in full force and effect in accordance with its terms. If there is conflict between the terms and conditions of this THIRD AMENDMENT and the terms and conditions of the AGREEMENT, as amended by the prior FIRST AMENDMENT AND SECOND AMENDMENT, the terms and conditions of this THIRD AMENDMENT will control, govern, and prevail.

IN WITNESS WHEREOF, the parties to this THIRD AMENDMENT have executed this AMENDMENT to be effective as of the EFFECTIVE DATE first set forth hereinabove.

ATTEST:


 Michelle Wilson, Deputy City Clerk
 Date: 6/1/16

APPROVED AS TO FORM:

for 
 Gary Baum, Interim City Attorney
 Date: 06/01/16
 Resolution No. 16-079

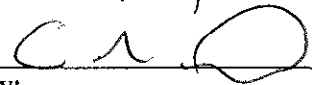
CITY OF MORGAN HILL:


 Steve Rymer, City Manager
 Date: 6/1/16

MORGAN HILL YOUTH SPORTS
 ALLIANCE:


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

Date: 5/11/16


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

Date: 5/11/2016

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

126-04-10-039

SECOND AMENDMENT TO
AGREEMENT FOR THE OPERATION AND MAINTENANCE
OF
THE OUTDOOR SPORTS CENTER CONCESSION
BETWEEN
THE CITY OF MORGAN HILL
AND
MORGAN HILL YOUTH SPORTS ALLIANCE

This SECOND AMENDMENT TO AGREEMENT ("AMENDMENT") is made and entered into as of this third day of December, 2014 (the "EFFECTIVE DATE"), by and between the CITY OF MORGAN HILL, a municipal corporation ("CITY") and the MORGAN HILL YOUTH SPORTS ALLIANCE ("CONCESSIONAIRE"), a California non-profit corporation.

RECITALS

The parties intend that the following recitals are a substantive part of this AMENDMENT:

1. This AMENDMENT is entered into based upon City of Morgan Hill City Council action taken on December 3, 2014.
2. A First Amendment to the AGREEMENT described below was entered into based upon City of Morgan Hill City Council action taken on October 2, 2012 and is attached hereto as Exhibit "B" and incorporated herein by this reference.
2. CITY and CONCESSIONAIRE entered an Agreement for the Operation and Maintenance of the Outdoor Sports Center Concession made as of July 1, 2010, to provide a well-maintained and operated sports field and related facilities, services and advertising opportunities ("AGREEMENT"). The AGREEMENT is attached as Exhibit "A" to this AMENDMENT and incorporated herein by this reference.

AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED BY THE PARTIES HERETO, THE PARTIES FURTHER MUTUALLY AGREE AS FOLLOWS:

SECTION 1. Amendments: Pursuant to the provisions of Section 31 of the AGREEMENT, the parties agree that all of the terms and conditions of the AGREEMENT as attached as Exhibit "A" and as amended by the First Amendment to the AGREEMENT attached as Exhibit "B" shall remain in full force and effect except that the parties hereto agree that the following further amendments shall be made and incorporated into the AGREEMENT, as amended to date, as follows:

A. SECTION 4 of the AGREEMENT, as amended to date, shall be further amended to read in its entirety as follows:

SECTION 4. TERM OF AGREEMENT

- A. The term of the Concession AGREEMENT shall be six (6) years subject to early termination as set forth below.
- B. The CITY may terminate this Agreement upon an event of default and notice as set forth in Section 20.
- C. The CITY may terminate this Agreement pursuant to Section 14C.
- D. The CITY or CONCESSIONAIRE may terminate this Agreement without cause 180 days after the delivery of notice to the other party of its intent to terminate this Agreement.

B. SECTION 5 of the AGREEMENT, as amended to date, shall be further amended to read in its entirety as follows:

SECTION 5. CONCESSION FEE AND PAYMENT

A. Quarterly Concession Fee:

As part of the consideration for CITY'S granting the concession rights set forth in this AGREEMENT, CONCESSIONAIRE shall pay the CITY quarterly concession fee as follows:

1. \$10,000 due on October 10, 2010 for the quarter ending September 30, 2010.
2. \$20,000 due on January 10, 2011 for the quarter ending December 31, 2010.
3. \$20,000 due on April 10, 2011 for the quarter ending March 31, 2011.
4. \$15,000 due on July 10, 2011 for the quarter ending June 30, 2011.
5. For the FISCAL YEAR 2011-2012, equal quarterly payments totaling \$65,000.
6. For the FISCAL YEAR 2012-2013, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.

7. For the FISCAL YEAR 2013-2014, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.
8. For the FISCAL YEAR 2014-2015, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.
9. For the FISCAL YEAR 2015-2016, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.

B. Payment Due Date

Payments of quarterly concession fees every FISCAL YEAR to the City shall be made for each quarter ending March 31, June 30, September 30 and December 31 of each FISCAL YEAR and shall be due and payable by the tenth day after the quarters ending March 31, September 30 and December 31 (April 10, October 10 and January 10 respectively) and the thirtieth day after the quarter ending June 30 (July 30) ("Payment Due Dates") during the term of the AGREEMENT.

C. Method of Payment

The quarterly concession payments shall be addressed to:

Community Services Department
ATTN: Director of Community Services
Outdoor Sports Center Concession Agreement
17575 Peak Avenue
Morgan Hill, CA 95037

D. Quarterly Concession Reports:

CONCESSIONAIRE shall transmit with each quarterly concession fee payment a quarterly Status Report, which includes quarterly statistical information on the following: ongoing programs, field reservations, participant levels, use by sports type, community and regional use levels, hours of use, marketing and sponsorship revenue, gross revenue and net receipts, expenses and revenues.

C. SECTION 35 of the AGREEMENT, as amended to date, shall be further amended to read in its entirety as follows:

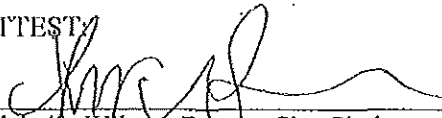
SECTION 35 CONFLICTING PROVISIONS

Except as expressly set forth in this AMENDMENT, the AGREEMENT, as amended by

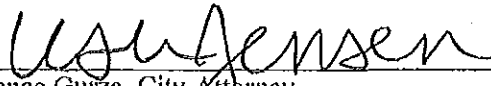
the prior First Amendment, shall remain unchanged and continue in full force and effect in accordance with its terms. If there is conflict between the terms and conditions of this AMENDMENT and the terms and conditions of the AGREEMENT, as amended by the prior First Amendment, the terms and conditions of this AMENDMENT will control, govern, and prevail.

IN WITNESS WHEREOF, the parties to this AMENDMENT have executed this AMENDMENT to be effective as of the EFFECTIVE DATE first set forth hereinabove.

ATTEST:


Michelle Wilson, Deputy City Clerk
Date: 2/25/15

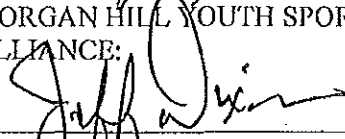
APPROVED AS TO FORM:


for Renee Gurza, City Attorney
Date: 02/18/15

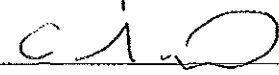
CITY OF MORGAN HILL:


Steve Rymer, City Manager
Date: 2/20/15

MORGAN HILL YOUTH SPORTS
ALLIANCE:


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

Date: 11/25/14


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

Date: 11/25/2014

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

126-04-10-039

**FIRST AMENDMENT TO
AGREEMENT FOR THE OPERATION AND MAINTENANCE
OF
THE OUTDOOR SPORTS CENTER CONCESSION
BETWEEN
THE CITY OF MORGAN HILL
AND
MORGAN HILL YOUTH SPORTS ALLIANCE**

This FIRST AMENDMENT TO AGREEMENT is made and entered into this 8/14/13 ~~day of June, 2013~~, by the CITY OF MORGAN HILL, a municipal corporation ("CITY") and MORGAN HILL YOUTH SPORTS ALLIANCE ("CONCESSIONAIRE"), a California non-profit corporation.

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 City Council action taken on October 2, 2012.
2. The CITY and CONCESSIONAIRE entered an Agreement for the Operation and Maintenance of the Outdoor Sports Center Concession made as of July 1, 2010, to provide a well-maintained and operated sports field and related facilities, services and advertising opportunities ("AGREEMENT"). The AGREEMENT is attached as Exhibit "A" to this First Amendment to Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

Amendments: Pursuant to the provisions of Section 31, all terms and conditions of the AGREEMENT as attached as Exhibit "A" shall remain in full force and effect; except that the following amendments shall be made as follows:

SECTION 1. DEFINITIONS

AGENCY: The City of Morgan Hill

All other Definitions included in this Section 1 are unchanged and incorporated herein by this reference.

SECTION 5. CONCESSION FEE AND PAYMENT

A. Quarterly Concession Fee:

As part of the consideration for CITY'S granting the concession rights set forth in this AGREEMENT, CONCESSIONAIRE shall pay the CITY quarterly concession fee as follows:

1. \$10,000 due on October 10, 2010 for the quarter ending September 30, 2010.
2. \$20,000 due on January 10, 2011 for the quarter ending December 31, 2010.
3. \$20,000 due on April 10, 2011 for the quarter ending March 31, 2011.
4. \$15,000 due on July 10, 2011 for the quarter ending June 30, 2011.
5. For the FISCAL YEAR 2011-2012, equal quarterly payments totaling \$65,000.
6. For the FISCAL YEAR 2012-2013, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.
7. For the FISCAL YEAR 2013-2014, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.
8. For the FISCAL YEAR 2014-2015, equal quarterly payments totaling \$65,000 and an amount equal to 15% of total revenue generated through advertisement programs each quarter.

B. Payment Due Date

Payments of quarterly concession fees every FISCAL YEAR to the City shall be made for each quarter ending March 31, June 30, September 30 and December 31 of each FISCAL YEAR and shall be due and payable by the tenth day after the quarters ending March 31, September 30 and December 31 (April 10, October 10 and January 10 respectively) and the thirtieth day after the quarter ending June 30 (July 30) ("Payment Due Dates") during the term of the AGREEMENT.

C. Method of Payment

The quarterly concession payments shall be addressed to:

Community Services Department
ATTN: Director of Community Services
Outdoor Sports Center Concession Agreement
17575 Peak Avenue
Morgan Hill, CA 95037

D. Quarterly Concession Reports:

CONCESSIONAIRE shall transmit with each quarterly concession fee payment a quarterly Status Report, which includes quarterly statistical information on the following: ongoing programs, field reservations, participant levels, use by sports type, community and regional use levels, hours of use, marketing and sponsorship revenue, gross revenue and net receipts, expenses and revenues.

SECTION 6. ADDITIONAL PAYMENT OBLIGATIONS

For the purposes of this Section 6 and this AGREEMENT, the term "gross revenue" shall mean the total amount charged for the use of the PREMISES or OSC, or sale of any goods, services (whether or not such services are performed as a part of or in connection with the sale of goods) or advertising provided in connection with this AGREEMENT. "Net income" shall mean the gross revenue less operation and interest expenses.

A. Capital Improvement Fund: CONCESSIONAIRE shall deposit the following into an OSC Capital Improvement Fund to be established and held by the CITY:

1. Not later than the thirtieth (30th) day after the end of FISCAL YEAR 2011-2012, CONCESSIONAIRE shall pay to the CITY for deposit in the Capital Improvement Fund an amount equal to that amount of CONCESSIONAIRE'S "net income" that exceeds one hundred thousand dollars (\$100,000) of net income during the first two FISCAL YEARS of the term of this AGREEMENT.

2. Not later than the thirtieth (30th) day after the end of FISCAL YEAR 2012-2013 and of each FISCAL YEAR thereafter, CONCESSIONAIRE shall pay to the CITY for deposit in the Capital Improvement Fund an amount equal to fifty percent (50%) of the net income of that FISCAL YEAR.

3. CITY shall use amounts deposited in the Capital Improvement Fund only for the purpose of constructing or improving IMPROVEMENTS according to the Capital Improvement Program referenced in Section 10.

B. Net Income Share: Not later than the thirtieth (30th) day after the end of FISCAL YEAR 2012-2013 and of each FISCAL YEAR thereafter, CONCESSIONAIRE shall pay to the CITY the amount equal to ten percent (10%) of the net income of that FISCAL YEAR.

Sections C through E are unchanged and incorporated herein by this reference.

SECTION 8. OSC USAGE

F. Advertising. CONCESSIONAIRE shall have the right to pursue advertising and sponsorship agreements and offer space and locations at the OSC for advertising that are consistent with the City's approved policy (restricts pornography, religious and political organizations, firearms, tobacco, alcohol). CONCESSIONAIRE may be allowed to have temporary advertising for alcohol products for exclusively adult only tournaments occurring at the OSC upon approval by the GENERAL MANAGER. As a part of Morgan Hill tourism efforts CONCESSIONAIRE may be allowed to have advertising for local wineries and winery events upon approval by the GENERAL MANAGER. 15% of revenues derived from such advertising and sponsorship agreements shall be paid to the City quarterly as described in Section 5. A.2 & 5B.

Sections A through E and G through J are unchanged and incorporated herein by this reference.

SECTION 9. OPERATING RESPONSIBILITIES

B. Marketing and Promotion. CONCESSIONAIRE shall use its best efforts to market and promote the usage of the OSC and Premises for purposes permitted under this AGREEMENT. The CITY reserves the right to concurrently market and promote the use of the OSC. Status on marketing efforts shall be included in quarterly status report provided as outlined in Section 5.D.

Sections A through D and F through L are unchanged and incorporated herein by this reference.

SECTION 11. CAPITAL IMPROVEMENT PROGRAM

The CITY and CONCESSIONAIRE shall negotiate in good faith to develop and agree by December 31, 2013 upon a 10-year capital improvement program for the PREMISES and

OSC. Such program shall set forth the needed capital IMPROVEMENTS to be made within the 10 year program and the respective responsibilities of the CITY and CONCESSIONAIRE to fund and complete such program. The respective share of responsibility of the program shall reasonable reflect the following factors: the term of this AGREEMENT and possible future extension of the AGREEMENT, the expected life of IMPROVEMENTS, the degree to which the activities of each party contributes to the wear and tear on the IMPROVEMENTS or the need for the Improvements, and the expertise of each respective party to make any such IMPROVEMENTS.

SECTION 14. PERFORMANCE DEPOSIT AND ASSURANCES

B. Annual Progress Report. CONCESSIONAIRE shall submit no later than sixty (60) days after the end of each FISCAL YEAR a progress report of an annual compilation of information contained in the quarterly reports required in Section 5.D., as well as gross revenue and net receipts for each FISCAL YEAR (as defined in Section 6). CONCESSIONAIRE will include a profit and loss statement and balance sheet with each annual report.

Sections A and C are unchanged and incorporated herein by this reference.

SECTION 29. NOTICES

A. To CITY:

Unless otherwise stated in the AGREEMENT, written notices to CITY hereunder shall be addressed to Community Services Department, Attn: Director of Community Services, Outdoor Sports Center Concession Agreement, 17575 Peak Avenue, Morgan Hill, CA 95037.

All such notices may either be delivered personally or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid for delivery by registered or certified mail. Service in such manner by registered or certified mail shall be effective upon receipt.

CITY shall provide CONCESSIONAIRE with written notice of any address change within thirty (30) days of the occurrence of said address change.

B. To CONCESSIONAIRE:

All such notices may either be delivered personally to the CONCESSIONAIRE or to any officer or responsible employee of CONCESSIONAIRE or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid for

delivery by registered or certified mail. Service in such manner by registered or certified mail shall be effective upon receipt.

Written notices to CONCESSIONAIRE shall be addressed to CONCESSIONAIRE as follows:

Morgan Hill Youth Sports Alliance
16755 Jackson Oaks Drive
Morgan Hill, CA 95037

CONCESSIONAIRE shall provide CITY with written notice of any address change within thirty (30) days of the occurrence of said address change.

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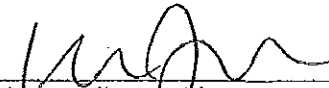
SECTION 34 CONFLICTING PROVISIONS

Except as expressly set forth in this First Amendment, the AGREEMENT shall remain unchanged and continue in full force and effect in accordance with its terms. If there is conflict between this First Amendment and the AGREEMENT, the terms of this First Amendment will control and prevail.

ATTEST:


Michelle Wilson, Deputy City Clerk
Date: 8/15/13

APPROVED AS TO FORM:

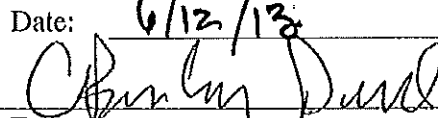
for 
Renee Gurza, City Attorney
Date: 08/14/13
Council Approval:
06/19/13

CITY OF MORGAN HILL


Steve Rymer, City Manager
Date: 8/14/13

MORGAN HILL YOUTH SPORTS
ALLIANCE

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

Date: 6/12/13

By: C BRADLEY DANIEL
Title: Secretary

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

Date: 6/12/13

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

**AGREEMENT FOR THE OPERATION AND MAINTENANCE
OF
THE OUTDOOR SPORTS CENTER CONCESSION
Between
THE CITY OF MORGAN HILL
And
MORGAN HILL YOUTH SPORTS ALLIANCE**

Dated: July 1, 2010

AGREEMENT FOR THE OPERATION AND MAINTENANCE OF THE
OUTDOOR SPORTS CENTER CONCESSION

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AGREEMENT FOR THE OPERATION AND MAINTENANCE

OF

THE OUTDOOR SPORTS CENTER CONCESSION

Between

THE CITY OF MORGAN HILL

And

MORGAN HILL YOUTH SPORTS ALLIANCE

THIS AGREEMENT is made and entered into on this day of July 1, 2010 ("EFFECTIVE DATE"), by and between the CITY OF MORGAN HILL, a municipal corporation ("CITY"), and MORGAN HILL YOUTH SPORTS ALLIANCE ("CONCESSIONAIRE"), a California non-profit corporation.

WHEREAS, CITY advertised for proposals for the operation and maintenance of the fields and related improvements known as the Outdoor Sports Center ("OSC") and related concessions; and

WHEREAS, the City Council determined, pursuant to Section 3.04.150 of the Morgan Hill Municipal Code, that the use of competitive bidding upon notice would not be likely to result in a lower price to the City from a responsible bidder, or would cause unnecessary expense or delay under the circumstances because, unlike the purchase of a specified product, there is no single criterion, such as price comparison, that will determine which proposer can best provide the services required by the City for the improvement, operation and maintenance of the OSC or the Concessions. To select the best proposer for this Concession, the City Council found it is necessary to utilize a request for proposals process and to evaluate proposals received based upon the criteria included in the Request for Proposals ("RFP"); and

WHEREAS, the CITY'S Parks and Recreation Commission and Recreation and Community Services Department ("DEPARTMENT"), received and analyzed the proposals which were received on March 19, 2010; and

WHEREAS, the City Council determined that CONCESSIONAIRE was responsive to the RFP and was the best responsible proposer, and selected said proposer to operate the CONCESSION in accordance with the terms and conditions of this Concession Agreement (hereinafter "AGREEMENT"); and

WHEREAS, CONCESSIONAIRE desires to secure and enter into an agreement in accordance with the foregoing and undertakes to provide services of the type and character required therein by CITY to meet the needs of the public at the OSC; and

WHEREAS, the principal purpose of CITY entering into this AGREEMENT is to serve the public by providing a well-maintained and operated sports field and related facilities, services, and advertising opportunities (hereinafter "CONCESSIONS");

NOW THEREFORE, in consideration of the premises and of the terms, covenants and conditions hereinafter contained to be kept and performed by the respective parties, it is agreed as follows:

SECTION 1. DEFINITIONS

For the purpose of this AGREEMENT, the following capitalized words and phrases not defined elsewhere in this AGREEMENT are defined and shall be construed as hereinafter set forth:

AGENCY: The Morgan Hill Redevelopment Agency.

AGREEMENT: This "AGREEMENT FOR THE OPERATION AND MAINTENANCE OF THE OUTDOOR SPORTS CENTER CONCESSION" and exhibits (A-E) attached hereto.

CODE: The Morgan Hill Municipal Code.

FISCAL YEAR: The period from July 1 to June 30 of the next calendar year.

GENERAL MANAGER: The Director of the DEPARTMENT.

IMPROVEMENTS: All buildings and appurtenances recessed into or attached by any method to the ground or to another object which is recessed or attached to the ground or to other CITY owned facilities (such as buildings, turf, fences, posts, signs, electrical hook-ups, irrigation systems, plumbing, tracks, tanks, etc.).

PREMISES: The geographical area, as defined in Exhibit A, which is the subject of this AGREEMENT and in which the CONCESSION may be operated.

SECTION 2. PERMISSION GRANTED

A. For and in consideration of the payment of the fees and charges as hereinafter provided, and subject to all of the terms, covenants, and conditions of this AGREEMENT, CITY hereby grants the CONCESSIONAIRE, subject to all of the terms and conditions of this AGREEMENT, the exclusive right and obligation within the PREMISES to: offer the use of the OSC and CONCESSIONS approved by the GENERAL MANAGER; to operate and maintain the OSC and CONCESSIONS for the purpose of hosting, organizing or scheduling of the OSC for sporting events appropriate for the OSC, including, but not limited to football, soccer, lacrosse, field hockey, rugby and cheerleading; and not for any other purpose without the prior written

consent of GENERAL MANAGER. The CONCESSION rights herein granted shall be carried on solely within the limits and confines of said areas designated as PREMISES (Exhibit A).

B. CONCESSIONAIRE, by accepting the AGREEMENT, agrees for itself, and its successors and assigns, that it will not make use of the PREMISES in any manner which might interfere with the recreational uses of the OSC.

C. CITY reserves the right to further develop or improve the PREMISES as it sees fit, without interference or hindrance, however the CITY shall consider the desire and views of CONCESSIONAIRE. No other activity, service or amenity shall be provided by CONCESSIONAIRE unless related to CONCESSION and without the express written approval of DEPARTMENT.

SECTION 3. PREMISES

A. The PREMISES (Exhibit A) subject to this AGREEMENT is located at:

16500 Condit Road

Morgan Hill, CA 95037

B. The OSC includes, but is not limited to, two (2) synthetic turf fields, nine (9) grass soccer fields, bleachers, field lights, an improved parking lot, overflow parking lot, concession/restroom building, corporation yard, well with booster pump, exterior fencing, public address system, and scoreboards.

C. CONCESSIONAIRE shall not use or allow the OSC or the PREMISES to be used, in whole or in part, during the term of the AGREEMENT, for any use in violation of any present or future laws, ordinances, rules, and regulations at any time applicable thereto of any public or governmental authority or agencies, departments or officers thereof, including CITY. These ordinances, rules, and regulations include those which relate to sanitation, public health, and safety.

D. At any time during the term of this AGREEMENT, CITY may, by resolution of the City Council fully setting forth the reasons therefor, require the CONCESSIONAIRE to surrender any portion of the PREMISES for a public necessity. Should CITY impose such a requirement on CONCESSIONAIRE, DEPARTMENT shall attempt to provide CONCESSIONAIRE with equivalent, substitute space.

SECTION 4. TERM OF AGREEMENT

A. The term of the Concession AGREEMENT shall be five (5) years subject to early termination as set forth below.

B. The CITY may terminate this Agreement upon an event of default and notice as set forth in Section 20.

C. The CITY may terminate this Agreement pursuant to Section 14D.

D. Either the CITY or CONCESSIONAIRE may terminate this Agreement without cause 180 days after the delivery of notice to the other party of its intent to terminate this Agreement.

SECTION 5. CONCESSION FEE AND PAYMENT

A. Quarterly Concession Fee:

As part of the consideration for CITY'S granting the concession rights set forth in this AGREEMENT, CONCESSIONAIRE shall pay the CITY a quarterly concession fee as follows:

1. \$10,000 due on October 10, 2010 for the quarter ending September 30, 2010.
2. \$20,000 due on January 10, 2011 for the quarter ending December 31, 2010.
3. \$20,000 due on April 10, 2011 for the quarter ending March 31, 2011.
4. \$15,000 due on July 10, 2011 for the quarter ending June 30, 2011.
5. For the FISCAL YEAR 2011-2012: equal quarterly payments totaling \$65,000.
6. For the FISCAL YEAR 2012-13: equal quarterly payments totaling the greater of (a) \$130,000 or (b) fifteen percent (15%) of the gross receipts.
7. For the FISCAL YEAR 2013-2014: equal quarterly payments equal to the greater of (a) \$130,000 or (b) fifteen percent (15%) of the gross receipts.
8. For the FISCAL YEAR 2014-2015: equal quarterly payments equal to the greater of (a) \$130,000 or (b) fifteen percent (15%) of the gross receipts.

B. Payment Due Date.

Payments of quarterly concession fees every FISCAL YEAR to the City shall be made for each quarter ending March 31, June 30, September 30 and December 31 of each FISCAL YEAR and shall be due and payable by the tenth day after the quarters ending March 31, September 30 and December 31 (April 10, October 10 and January 10 respectively) and the thirtieth day after the quarter ending June 30 (July 30) ("Payment Due Dates") during the term of the AGREEMENT.

C. Method of Payment.

The quarterly concession payments shall be addressed to:

Recreation and Community Services Department
ATTENTION: Director of Recreation and Community Services
Outdoor Sports Center Concession Agreement
17555 Peak Avenue
Morgan Hill, CA 95037

D. Gross Receipts Defined:

For the purposes of this Section 5 and this AGREEMENT, the term "gross receipts" shall mean the total amount charged for the use of the PREMISES or OSC, or sale of any goods, services

(whether or not such services are performed as a part of or in connection with the sale of goods) or advertising provided in connection with this AGREEMENT. Gross receipts shall not include:

1. Any sales taxes, use taxes, or excise taxes required by law to be included in or added to the purchase price and collected from the consumer or purchaser and paid by CONCESSIONAIRE;
2. California Redemption Value (CRV);
3. The value of any merchandise, supplies, or equipment exchanged or transferred from or to other business locations of CONCESSIONAIRE where such exchanges or transfers are not made for the purpose of avoiding a sale by CONCESSIONAIRE which would otherwise be made from or at the PREMISES;
4. Refunds from, or the value of, merchandise, supplies, or equipment returned to shippers, suppliers, or manufacturers;
5. Receipts from the sale at cost of uniforms, clothing, or supplies to CONCESSIONAIRE'S employees where such uniforms, clothing, or supplies are required to be worn or used by said employees;
6. Receipts from any sale where the subject of such sale, or some part thereof, is thereafter returned by the purchaser to and accepted by CONCESSIONAIRE, to the extent of any refund actually granted or adjustment actually made, either in the form of cash or credit;
7. Fair market trade-in allowance, in the event merchandise is taken in trade;
8. The amount of any cash or quantity discounts received from sellers, suppliers, or manufacturers.

CONCESSIONAIRE shall not reduce or increase the amount of gross receipts, as herein defined, as a result of any of the following:

1. Any discount or reduced-price programs (such as the "Home Field Program") so that the full price that would have been charged absent any such discount or reduced-price program shall constitute the amount of gross receipts. (For example, if a regularly established rate is \$100, but the customer only pays \$75 through a discount or reduced-price program, the \$100 market rate will be used to calculate gross revenue.). Free usage by the CITY pursuant to Section 8D shall not be a discount or reduced-price program and shall not be counted as gross receipts;
2. Any error in cash handling by CONCESSIONAIRE or CONCESSIONAIRE'S employees or agents;
3. Any losses resulting from bad checks received from the consumers or dishonored payment to CONCESSIONAIRE by customer or purchaser; or
4. Any arrangement for a rebate, kickback, or hidden credit given or allowed to customer.

E. Quarterly Concession Reports:

1. CONCESSIONAIRE shall transmit with each concession fee payment a Quarterly Gross Receipts, also referred to as a Quarterly Remittance Advice Form, for the quarter for which concession fee is submitted.

2. Additionally, CONCESSIONAIRE shall maintain and submit to the CITY quarterly statistical information and reports on the following: ongoing programs, field reservations, participant levels, use by sports type, community and regional use levels, hours of use, gross receipts and net receipts, expenses and revenues.

SECTION 6. ADDITIONAL PAYMENT OBLIGATIONS

For the purposes of this Section 6 and this AGREEMENT, "net receipts" shall mean the gross receipts (as defined in Section 5) less operation and interest expenses.

A. Capital Improvement Fund: CONCESSIONAIRE shall deposit the following into an OSC Capital Improvement Fund to be established and held by the CITY:

1. Not later than the thirtieth (30th) day after the end of FISCAL YEAR 2011-2012, CONCESSIONAIRE shall pay to the CITY for deposit in the Capital Improvement Fund an amount equal to that amount of CONCESSIONAIRE'S net receipts that exceeds one hundred thousand dollars (\$100,000) of net receipts during the first two FISCAL YEARS of the term of this AGREEMENT.
2. Not later than the thirtieth (30th) day after the end of FISCAL YEAR 2012-2013 and of each FISCAL YEAR thereafter, CONCESSIONAIRE shall pay to the CITY for deposit in the Capital Improvement Fund an amount equal to fifty percent (50%) of the net receipts of that FISCAL YEAR.
3. City shall use amounts deposited in the Capital Improvement Fund only for the purpose of constructing or improving IMPROVEMENTS according to the Capital Improvement Program referenced in Section 10.

B. Net Receipts Share: Not later than the thirtieth (30th) day after the end of FISCAL YEAR 2012-2013 and of each FISCAL YEAR thereafter, CONCESSIONAIRE shall pay to the CITY the amount equal to ten percent (10%) of the net receipts of that FISCAL YEAR.

C. Reimbursements: If CITY pays any sum or incurs any obligations or expense which CONCESSIONAIRE has agreed to pay or reimburse CITY for, or if CITY is required or elects to pay any sum or to incur any obligations or expense by reason of the failure, neglect, or refusal of CONCESSIONAIRE to perform or fulfill any one or more of the conditions, covenants, or agreements contained in the AGREEMENT, or as a result of an act or omission of CONCESSIONAIRE contrary to said conditions, covenants, and agreements, CONCESSIONAIRE agrees to pay to CITY the sum so paid or the expense so incurred, including all interest, costs (including CITY'S 15% administrative overhead cost), damages, and penalties. For all purposes under this Section, and in any suit, action, or proceeding of any kind between the parties hereto, any receipt showing the payment of any sum by CITY for any work done or material furnished shall be prima facie evidence that the amount of such payment was necessary and reasonable. Should CITY elect to use its own personnel in making any repairs, replacements, and/or alterations, and to charge CONCESSIONAIRE with the cost of same,

receipts and timesheets will be used to establish the charges, which shall be presumed to be reasonable in absence of contrary proof submitted by CONCESSIONAIRE.

D. Impermissible Use. Use of the PREMISES for purposes not expressly permitted herein may result in additional charges; however, any such use without the prior written approval of the GENERAL MANAGER shall also constitute a material breach of this AGREEMENT and is prohibited.

E. Additional Concession Fees: Any amount due in subsection B, C and D shall be added to the concession fee payment thereafter due hereunder, and each and every part of the same shall be and become additional concession fee payment, recoverable by CITY in the same manner and with like remedies as if it were originally a part of the basic concession fee payment set forth in Section 6 hereof.

SECTION 7. LATE PAYMENT

A. Failure of CONCESSIONAIRE to pay any of the concession fee payments pursuant to Section 5 on Payment Due Date or any payments, charges, or fees required pursuant to Section 6 when due is a breach of the AGREEMENT for which CITY may terminate same pursuant to Section 20 or take such other legal action as it deems necessary.

B. Without waiving any rights available at law, in equity or under the AGREEMENT, in the event of late or delinquent payments, CONCESSIONAIRE recognizes that CITY will incur certain expenses as a result thereof, the amount of which is difficult to ascertain. Therefore, in addition to monies owing, CONCESSIONAIRE agrees to pay the CITY a late fee set forth below to compensate CITY for all expenses and or damages and loss resulting from said late or delinquent payments.

C. The charges for late or delinquent payments shall be \$50.00 for each month late plus interest calculated at the rate of eighteen percent (18%) per annum or one and one-half percent (1.5%) each month, assessed daily, on the balance of the unpaid amount. Payments shall be considered past due if postmarked after the tenth (10th) day of the month in which payment is due.

SECTION 8. OSC USAGE

Subject to the conditions set forth below, CITY agrees that CONCESSIONAIRE, upon payment of the concession fees, and all other charges and payments to be paid by CONCESSIONAIRE under the terms of this AGREEMENT, and upon observing and keeping the required terms, conditions and covenants of this AGREEMENT, and provided that CONCESSIONAIRE is not in breach or default of this AGREEMENT, shall lawfully and quietly hold, use and enjoy the concession PREMISES during the term of and for purposes specified in this AGREEMENT. In the case of disputes, during the life of the AGREEMENT, over any conditions which may impede upon the CONCESSIONAIRE'S quiet enjoyment of the concession PREMISES, the GENERAL MANAGER shall have final determination of any solution to such dispute; the GENERAL MANAGER'S final determination shall be binding upon all parties in such dispute.

A. Charges and Pricing. CONCESSIONAIRE shall have the right to charge and establish prices for the usage of the OSC, parking, advertising, and any other usage of the PREMISES permitted under this AGREEMENT; subject, however, to disapproval by GENERAL MANAGER if he or she determines that any of said prices are discriminatory or excessively high or low. Such determination shall not be unreasonable and shall take into account the business considerations presented by CONCESSIONAIRE. CONCESSIONAIRE shall provide the GENERAL MANAGER with a list of prices for all services and goods offered pursuant to this AGREEMENT. This list shall be updated whenever prices are changed.

B. Scheduling. CONCESSIONAIRE shall establish and implement a field reservation system and shall schedule OSC field usage for Community Use and other regional uses.

C. Morgan Hill Community Use and Sports Mix. CONCESSIONAIRE shall make available the turf fields and grass fields in a manner that maximizes use of the OSC while maintaining the OSC at standards specified in this AGREEMENT. CONCESSIONAIRE shall use reasonable efforts to assure that (1) approximately sixty percent (60%) of the field usage shall be usage by Morgan Hill residents and community groups ("Community Use") and (2) field usage comprises a variety of permitted sports.

D. City Use. CITY shall have the right to four hundred (400) field hours of scheduled use at the OSC at no charge to the CITY. CONCESSIONAIRE shall use reasonable efforts to schedule the CITY's request. Charges forgone for the CITY's scheduled use shall not be counted as a gross receipt for the purpose of Section 5D.

E. Parking Use. The improved and overflow parking lots are part of the Premises under this AGREEMENT. However, CITY shall have the right to utilize fifty (50%) the overflow parking lot during the Aquatics Center's ("AC") summer recreation swim season and during days when regional swim meets or other large events are held at the AC. The City shall provide sufficient notice to CONCESSIONAIRE when the lot is needed. CONCESSIONAIRE and the City shall provide each other with monthly calendars in advance to ensure clear communication when events are occurring at each location. During shared use, a parking fee can only be charged for the portion of the lot for OSC customers, unless prior approval is provided by the City. AC customers will be required to enter from the south gate and OSC customers will be required to enter from the paved parking lot gate. In the event that the City requires the use of both the improved parking lot and overflow parking lot for large community events and events at the AC, the City and CONCESSIONAIRE will work in a good faith effort to accommodate the City's request unless the parking is already needed for events occurring at the OSC. When the City utilizes any parking lot, parking fees shall not be allowed unless the parties mutually agree.

F. Advertising. CONCESSIONAIRE shall have the right to pursue advertising and sponsorship agreements and offer space and locations at the OSC for advertising that are consistent with the City's approved policy (restricts pornography, religious and political organizations, firearms, tobacco, alcohol, and gambling). CONCESSIONAIRE may be allowed to have temporary advertising for alcohol products for exclusively adult only tournaments occurring at the OSC

upon approval by the GENERAL MANAGER. Revenues derived from such advertising and sponsorship agreements shall be part of gross receipts.

G. Naming Rights: CONCESSIONAIRE shall have the right to pursue and have the authority to enter into agreements for advertising naming rights for the fields, scoreboards, and other OSC amenities, provided that the term of any such agreement shall not continue beyond the term of this AGREEMENT. CONCESSIONAIRE may also pursue naming rights agreements for the entire OSC; subject to approval by the City Council by resolution. CONCESSIONAIRE and the City shall work in good faith to negotiate the terms of any agreement.

H. Food and Beverage Concession Stand: CONCESSIONAIRE shall have the right to establish or permit food and beverage sales at the concession stand; provided that no such concession shall sell any alcohol or tobacco products without prior written consent from GENERAL MANAGER. Revenues derived from any sales from such concession shall be part of gross receipts.

I. Vending Machines: CONCESSIONAIRE shall not install, or allow to be installed, any vending machines, electronic games, or other coin-operated machines without prior written approval of the GENERAL MANAGER. The GENERAL MANAGER shall have the right to order the immediate removal of any unauthorized machines.

J. Signage. CONCESSIONAIRE may design and construct a sign on the PREMISES to advertise the location and events at the OSC subject to the approval of the GENERAL MANAGER. CONCESSIONAIRE shall provide an advertising sign plan to the GENERAL MANAGER for approval.

SECTION 9. OPERATING RESPONSIBILITIES

CONCESSIONAIRE shall, at all times during the term of the AGREEMENT, comply with the following conditions:

A. Conduct: CONCESSIONAIRE shall at all times conduct its business in a professional, quiet, and orderly manner to the satisfaction of the GENERAL MANAGER. CONCESSIONAIRE shall use its best efforts to permit no intoxicated person(s), profane or indecent language, or boisterous or loud conduct in or about the PREMISES and shall not knowingly allow the use or possession of illegal drugs, narcotics, or controlled substances on the PREMISES. CONCESSIONAIRE will call upon peace officers to assist in maintaining peaceful conditions.

B. Non-Discrimination: CONCESSIONAIRE, in its CONCESSION operations at the FACILITY, for itself, its personal representatives, successors in interest and assigns, as part of the consideration hereof, does hereby covenant and agree that: (1) no person on the grounds of race, color, national origin, religion, ancestry, sex, age, physical disability, or sexual orientation shall be excluded from the PREMISES or OSC or activities thereon, denied the benefits of or be otherwise subjected to unjust discrimination in access to or in the use of the facilities covered by this AGREEMENT; (2) that in the construction of any improvements on, over or under the PREMISES authorized to be utilized herein and the furnishing of services thereon, no person on

the grounds of race, color, national origin, religion, ancestry, sex, age, physical disability, or sexual orientation shall be excluded from participation in, denied the benefits of or otherwise be subjected to unjust discrimination. In addition, CONCESSIONAIRE, during the term of the AGREEMENT, agrees not to unjustly discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, color, religion, national origin, ancestry, sex, age, physical disability, or sexual orientation. All subcontracts entered into by CONCESSIONAIRE shall contain a like provision.

C. Qualified Personnel: CONCESSIONAIRE will, in the operation of the CONCESSION, employ or permit the employment of only such personnel as will assure a high standard of service to the public and cooperation with the CITY. All such personnel, while on or about the PREMISES, shall be neat in appearance and courteous at all times and shall be appropriately attired, with badges or other suitable means of identification. No person employed by CONCESSIONAIRE, while on or about the PREMISES, shall be under the influence of illegal drugs, narcotics, other controlled substances or alcohol, or use inappropriate language, or engage in otherwise inappropriate conduct for a work environment. In the event an employee is not satisfactory, the CONCESSIONAIRE shall remove that person from the PREMISES.

D. Concession Manager: CONCESSIONAIRE shall appoint a Concession Manager of CONCESSIONAIRE'S operations at the FACILITY. If CONCESSIONAIRE elects to subcontract the management of any or all of the CONCESSION operations to a managing entity or entities, the provisions of this section shall also apply to any such entity.

E. Marketing and Promotion. CONCESSIONAIRE shall use its best efforts to market and promote the usage of the OSC and Premises for purposes permitted under this AGREEMENT. No later than thirty (30) days after the first day of each FISCAL YEAR, CONCESSIONAIRE shall provide the CITY with an annual marketing plan, which plan shall include goals to support local economic development activities. The CITY reserves the right to concurrently market and promote the use of the OSC.

F. Utilities: CONCESSIONAIRE shall be responsible for utility charges. Charges may include, but are not limited to, deposits, installation costs, meter deposits, and all service charges for gas, electricity, water, heat, air-conditioning, and other utility services to PREMISES, and shall be paid by CONCESSIONAIRE regardless of whether such utility services are furnished by CITY or by other utility service providers.

The DEPARTMENT will incur the cost of all refuse collection from the main dumpster during the term of this AGREEMENT; provided however, the CONCESSIONAIRE shall agree to pay the costs of such refuse collection if and when the CITY's agreement with its current refuse hauler terminates.

CONCESSIONAIRE hereby expressly waives all claims for compensation, or for any diminution or abatement of the concession fee payment provided for herein, for any and all loss or damage sustained by reason of any defect, deficiency, or impairment of the water, heating, or air conditioning systems, electrical apparatus, or wires furnished to the PREMISES which may occur from time to time and from any cause or from any loss resulting from water, earthquake,

wind, civil commotion, or riot; and CONCESSIONAIRE hereby expressly releases and discharges CITY and its officers, employees, and agents from any and all demands, claims, actions, and causes of action arising from any of the aforesaid causes.

In all instances where damage to any utility service line is caused by CONCESSIONAIRE, its employees, contractors, sub-contractors, suppliers, agents, or invitees, CONCESSIONAIRE shall be responsible for the cost of repairs and any and all damages occasioned thereby.

G. Safety: CONCESSIONAIRE shall correct safety deficiencies, and violations of safety practices, immediately after the condition becomes known or GENERAL MANAGER notifies CONCESSIONAIRE of said condition. CONCESSIONAIRE shall cooperate fully with CITY in the investigation of accidents occurring on the PREMISES. In the event of injury to a patron or customer, CONCESSIONAIRE shall reasonably ensure that the injured person receives prompt and qualified medical attention, and as soon as possible thereafter, CONCESSIONAIRE shall notify the CITY in writing describing the person(s) injured, and the time, place and nature of the injury. If CONCESSIONAIRE fails to correct hazardous conditions specified by the GENERAL MANAGER in a written notice, which have led, or in the opinion of CITY could lead, to injury, the GENERAL MANAGER may, in addition to all other remedies which may be available to CITY, repair, replace, rebuild, redecorate, or paint any such PREMISES to correct the specified hazardous conditions, with the cost thereof, plus fifteen percent (15%) for administrative overhead, to be paid by CONCESSIONAIRE to CITY on demand.

H. Security. CONCESSIONAIRE shall be responsible for the security of the PREMISES. CONCESSIONAIRE may install equipment approved by the CITY, which will assist in protecting the PREMISES from theft, burglary, or vandalism. Any such equipment must be purchased, installed, and maintained by CONCESSIONAIRE.

I. Environmental Sensitivity: The CONCESSIONAIRE must operate the CONCESSION in an environmentally sensitive manner and all operations must comply with CITY policies and ordinances regarding protection of the environment. CONCESSIONAIRE shall not use or allow the use on the PREMISES of environmentally unsafe products.

J. Fund Raising Activities: CONCESSIONAIRE will be expected to cooperate with CITY personnel on all matters relative to the conduct of fund-raising and/or special events.

K. Community Outreach: CONCESSIONAIRE shall coordinate and cooperate with DEPARTMENT to develop strategies to outreach to all members of the community, particularly those living in low-to-moderate income areas, fixed-income households, youth, the disabled, etc., to provide its services to these members of the community who may not otherwise have the opportunity to partake in the services provided by CONCESSIONAIRE.

L. Resources Supplied by Concessionaire: CONCESSIONAIRE shall supply resource items that are specifically listed in this section in order to ensure business operations are run effectively and efficiently.

SECTION 10. MAINTENANCE AND REPAIR

A. "As Is": CONCESSIONAIRE acknowledges that it is agreeing to a concession of the Premises on an "as is" basis.

B. Maintenance and Operating Standards: During all periods that the PREMISES are used or are under the control of the CONCESSIONAIRE for the uses, purposes, and occupancy set forth in this AGREEMENT, CONCESSIONAIRE shall maintain and operate the PREMISES and the OSC at its own expense, in compliance with law and, unless otherwise more specifically set forth, to a standard equal to or better than standards in place as of the EFFECTIVE DATE of AGREEMENT.

C. General Maintenance and Repair: CONCESSIONAIRE shall be responsible for all necessary janitorial duties and damage and maintenance repairs, to the satisfaction of the GENERAL MANAGER. The cause of said cleaning and repairs may result from normal wear and tear, as well as vandalism.

D. Fields: CONCESSIONAIRE shall, at its own expense, keep and maintain the turf fields and the grass fields to a standard equal or greater than the City's established Park Maintenance Numeric Standard's Rating Guideline 4 (good condition, no increased maintenance required). CONCESSIONAIRE shall maintain and operate all improvements, fixtures, irrigation system and utility systems which may now or hereafter exist on said fields, whether installed by CITY or CONCESSIONAIRE.

E. Improvements: CONCESSIONAIRE shall, at its own expense, keep and maintain IMPROVEMENTS. CONCESSIONAIRE'S maintenance duties shall include all sweeping, washing, servicing, repairing, replacing, cleaning, and interior and exterior painting that may be required to properly maintain the premises in a safe, clean, operable, and attractive condition. CONCESSIONAIRE shall provide for such repairs, replacements, rebuilding, and restoration as may be required by or given prior written approval by the GENERAL MANAGER to comply with the requirements hereof. Those duties shall also include electrical, mechanical, and plumbing maintenance in the interior of the premises, such as light fixtures, toilets, and faucets.

F. Correction of Conditions Leading to Damage: If CONCESSIONAIRE fails, after written notice, to correct such conditions which have led or, in the opinion of CITY, could lead to significant waste or damage to CITY property, the GENERAL MANAGER may at its option, and in addition to all other remedies which may be available to it, repair, replace, rebuild, redecorate or paint any such PREMISES included in said notice, with the cost thereof, plus fifteen percent (15%) for administrative overhead, to be paid by CONCESSIONAIRE to CITY on demand.

G. Property Damage and Theft Reporting: CONCESSIONAIRE shall report to the CITY in writing in the event that the PREMISES and/or CITY-owned property is damaged or destroyed, in whole or in part, from any cause whatsoever, and in the event of theft, burglary, or other crime committed on the PREMISES.

H. Damage or Destruction to Premises:

1. **Partial Damage.** If all or a portion of the PREMISES are partially damaged by fire, explosion, flooding inundation, floods, the elements, public enemy, or other casualty, but not rendered uninhabitable, the same will be repaired with due diligence by CITY at its own cost and expense, subject to the limitations as hereinafter provided; if said damage is caused by the negligent acts or omissions of CONCESSIONAIRE, its agents, officers, or employees, CONCESSIONAIRE shall be responsible for reimbursing CITY for the cost and expense incurred in making such repairs.

If the damages as described above in "Partial Damage" are so extensive as to render the PREMISES or a portion thereof uninhabitable, but are capable of being repaired within a reasonable time not to exceed sixty (60) days, the same shall be repaired with due diligence by CITY at its own cost and expense and a negotiated portion of the fees and charges payable hereunder shall abate from the time of such damage until such time as the PREMISES are fully restored and certified by GENERAL MANAGER as again ready for use; provided, however, that if such damage is caused by the negligent acts or omissions of CONCESSIONAIRE, its agents, officers, or employees, said fees and charges will not abate and CONCESSIONAIRE shall be responsible for the cost and expenses incurred in making such repairs.

2. **Complete Destruction:** In the event all or a substantial portion of the PREMISES are completely destroyed by fire, explosion, the elements, public enemy, or other casualty, or are so damaged that they are uninhabitable and cannot be replaced except after more than sixty (60) days, CITY shall be under no obligation to repair, replace or reconstruct said PREMISES, and an appropriate portion of the fees and charges payable hereunder shall abate as of the time of such damage or destruction and shall henceforth cease until such time as the said PREMISES are fully restored. If within four (4) months after the time of such damage or destruction said PREMISES have not been repaired or reconstructed, CONCESSIONAIRE may terminate this AGREEMENT in its entirety as of the date of such damage or destruction. Notwithstanding the foregoing, if the said PREMISES, or a substantial portion thereof, are completely destroyed as a result of the negligent acts or omissions of CONCESSIONAIRE, its agents, officers, or employees, said fees and charges shall not abate and CITY may, in its discretion, require CONCESSIONAIRE to repair and reconstruct the same within twelve (12) months of such destruction and CONCESSIONAIRE shall be responsible for reimbursing CITY for the cost and expenses incurred in making such repairs. CONCESSIONAIRE shall continue paying CITY quarterly concession fees as determined above during the rebuilding of the facility.

3. **Limits of CITY'S Obligation Defined:** In the application of the foregoing provisions, CITY may, but shall not be obligated to, repair or reconstruct the PREMISES. If CITY chooses to do so, CITY'S obligation shall also be limited to repair or reconstruction of the PREMISES to the same extent and of equal quality as obtained by CONCESSIONAIRE at the commencement of its operations hereunder.

4. **Use of Capital Improvement Fund.** CITY may use the funds in the Capital Improvement Fund for the purposes set forth in this Section.

I. Redecoration and replacement of furniture, equipment and supplies shall be the responsibility of CONCESSIONAIRE and any such redecoration and refurbishing, equipping shall be equivalent in quality to that originally installed.

J. Pest Control: Unless otherwise specified in the AGREEMENT, CONCESSIONAIRE shall be responsible for pest control in and around the PREMISES, including but not limited to, abatement of insects (including roaches, bees, etc.), spiders, rodents, vermin, and other nuisance pests, if the pests are found in or on structures or areas used and maintained by CONCESSIONAIRE.

SECTION 11. CAPITAL IMPROVEMENT PROGRAM

The CITY and CONCESSIONAIRE shall negotiate in good faith to develop and agree by December 31, 2010 upon a 10-year capital improvement program for the PREMISES and OSC. Such program shall set forth the needed capital IMPROVEMENTS to be made within the 10 year program and the respective responsibilities of the CITY and CONCESSIONAIRE to fund and complete such program. The respective share of responsibility of the program shall reasonable reflect the following factors: the term of this AGREEMENT and possible future extension of the AGREEMENT, the expected life of IMPROVEMENTS, the degree to which the activities of each party contribute to the wear and tear on the IMPROVEMENTS or the need for the Improvements, and the expertise of each respective party to make any such IMPROVEMENTS.

SECTION 12. LIABILITY

A. Indemnification:

1. Except for the active negligence or willful misconduct of CITY OR AGENCY, CONCESSIONAIRE undertakes and agrees to defend, indemnify and hold harmless CITY, AGENCY and any and all of their officers, agents, and employees from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including CONCESSIONAIRE'S employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of, or incident to, the performance of this AGREEMENT on the part of CONCESSIONAIRE, its officers, agents, employees, or sub-contractor of any tier.

2. The CONCESSIONAIRE or licensee, in consideration of the granting of this concession or license, agrees to hold the CITY and the AGENCY harmless for any and all claims or rights of action for damages which may or might arise or accrue to said CONCESSIONAIRE or licensee, his officers, agents, servants, employees, or others who may be on the licensed premises at his invitation or the invitation of any one of them, by reason of injury to the property, or the persons of any of them resulting from the entry upon or the use of the licensed premises, by the CITY or AGENCY at any time, for any purpose necessary or convenient in connection with public works.

B. Insurance Required. CONCESSIONAIRE shall, at its own cost and expense, purchase and maintain throughout the term of this Agreement the following insurance:

1. Automobile and Liability. CONCESSIONAIRE shall maintain business automobile liability insurance (any auto, including owned autos, non-autos and hired autos), comprehensive general liability insurance, and employer liability insurance protecting CONCESSIONAIRE, the CITY and AGENCY and their members (including, without limitation, members of the City Council), officers, agents and employees, all of whom shall be named as additional insureds, from and against any and all liabilities arising out of or relating to CONCESSIONAIRE's use or occupancy of the PREMISES or the conduct of its operations under this AGREEMENT, in such form and with such companies as the CITY may reasonably approve, with a combined single limit (or its equivalent) per occurrence of not less than the amount set forth below, with a deductible reasonably acceptable to the CITY, with a waiver of any right of subrogation that the insurer may have against CITY or AGENCY; with contractual liability coverage for CONCESSIONAIRE's covenants to and indemnification of the CITY and AGENCY under this AGREEMENT. This insurance shall provide that it is primary insurance as respects any other valid and collectible insurance CITY or AGENCY may possess, including any self-insured retention or deductible CITY or AGENCY may have, and that CITY and AGENCY shall not be obligated to contribute to cover any loss, damage or liability. This insurance shall also provide that it shall act for each insured and each additional insured as though a separate policy has been written for each; provided, however, that this provision shall not operate to increase the policy limits of the insurance.

Business Automobile Liability	\$1,000,000
Comprehensive General Liability	\$2,000,000
Employer Liability	\$1,000,000

2. Workers' Compensation. CONCESSIONAIRE shall maintain workers compensation insurance as required by the laws of California; provided, however, that CONCESSIONAIRE may self-insure its workers compensation liability, subject to all applicable requirements of California law, together with employer liability insurance in the coverage amount of not less than \$1,000,000.

3. Insurance Certificates. At least three (3) business days prior to the commencement of the term of this AGREEMENT and at least thirty (30) days prior to the expiration of any policy or policies theretofore provided hereunder by CONCESSIONAIRE, CONCESSIONAIRE shall cause a certificate or certificates of insurance to be furnished to the CITY evidencing all such coverage, and such certificate shall provide that the policy or policies will not be cancelled nor the limits thereunder materially changed without first providing at least thirty (30) days' written notice thereof to CITY. At the CITY's request, copies of all required insurance policies will be provided to CITY.

SECTION 13. PROHIBITED ACTS

CONCESSIONAIRE shall not:

- A. Rent, sell, lease or offer any space for storing of any articles whatsoever within or on the PREMISES other than specified herein, without the prior written approval of the GENERAL MANAGER;
- B. Do or permit to be done any act or thing upon the PREMISES which will invalidate, suspend or increase the rate of any insurance policy required under the AGREEMENT, or carried by CITY, covering the PREMISES, or the buildings in which the same are located or which, in the opinion of GENERAL MANAGER, may constitute a hazardous condition that will increase the risks normally attendant upon the operations contemplated under the AGREEMENT, provided, however, that nothing contained herein shall preclude CONCESSIONAIRE from bringing, keeping or using on or about the PREMISES such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary;
- C. Use, create, store or allow any hazardous materials as defined in California Health and Safety Code 25117, or those which meet the criteria of the above Code, as well as any other substance which poses a hazard to health and environment, provided, however, that nothing contained herein shall preclude CONCESSIONAIRE from bringing, keeping or using on or about the PREMISES such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary except that all hazardous materials must be stored and used in compliance with all City, State and Federal rules, regulations, ordinances and laws;
- D. Use the PREMISES in any manner that will constitute waste.

SECTION 14. PERFORMANCE DEPOSIT AND ASSURANCES

- A. Financial Assurances: CONCESSIONAIRE represents to the CITY that it has sufficient capital, credit and investment available to it for the purposes of meeting its obligations set forth in this AGREEMENT. In order to demonstrate the CONCESSIONAIRE's financial capacity to perform under this AGREEMENT, CONCESSIONAIRE shall provide to the CITY evidence of its source of capital and operational funding upon the CITY's request, including:
 - 1. Written representation from a bona fide financial institution (bank, lending institution, etc.) evidencing the amount of loan or credit offered or extended to the CONCESSIONAIRE for the purposes set forth in this AGREEMENT.
 - 2. Written representation from investors stating the amount of investment capital invested in, loaned to or offered to CONCESSIONAIRE for the purposes set forth in this AGREEMENT.

B. Annual Progress Report. CONCESSIONAIRE shall submit no later than sixty (60) days after the end of each FISCAL YEAR a progress report of an annual compilation of information contained in the monthly reports required under Section 5C, as well as gross receipts (as defined in Section 5D) and net receipts for each FISCAL YEAR (as defined in Section 6F).

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C. Termination for Failure to Meet Performance Goals. Based on the annual progress reports submitted pursuant to Section 14C, CONCESSIONAIRE shall demonstrate that it has met the following performance goals by the end of FISCAL YEAR 2011-2012: (a) that the CONCESSIONAIRE has achieved net receipts of at least fifty thousand dollars (\$50,000) in FISCAL YEAR 2011-2012, (b) CONCESSIONAIRE has made all payments pursuant to Sections 5 and 6 of this Agreement when due and (c) CONCESSIONAIRE has reasonably complied with covenant and condition set forth in Section 8C. The City Council may determine by resolution within ninety (90) days of the CITY'S receipt of the FISCAL YEAR 2011-2012 annual progress report, that, based on the annual progress reports, CONCESSIONAIRE has not met the performance goals set forth in this paragraph. Upon such determination by the City Council, the CONCESSIONAIRE shall be deemed in default of this AGREEMENT and the CITY may terminate this AGREEMENT upon a 30-day notice (as provided for in Section 20A) to the CONCESSIONAIRE of the termination of this AGREEMENT.

SECTION 15. INDEPENDENT CONTRACTORS / CONSULTANTS

The CONCESSIONAIRE is acting hereunder as an independent contractor and not as an agent or employee of the CITY. The CONCESSIONAIRE shall not represent or otherwise hold itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of the CITY or AGENCY.

SECTION 16. TAXES, PERMITS, AND LICENSES

A. CONCESSIONAIRE shall obtain and maintain at its sole expense any and all approvals, permits, or licenses that may be required in connection with the operation of the CONCESSION including, but not limited to, tax permits, business licenses, health permits, building permits, police and fire permits, etc.

B. CONCESSIONAIRE shall pay all taxes of whatever character that may be levied or charged upon the rights of CONCESSIONAIRE to use the PREMISES, or upon CONCESSIONAIRE'S improvements, fixtures, equipment, or other property thereon or upon CONCESSIONAIRE'S operations hereunder. In addition, by executing the AGREEMENT and accepting the benefits thereof, a property interest may be created known as "Possessory Interest" and such property interest will be subject to property taxation. CONCESSIONAIRE, as the party to whom the Possessory Interest is vested, may be subject to the payment of the property taxes levied by the State and County upon such interest.

C. During the entire term of the AGREEMENT, the CONCESSIONAIRE must hold a current Morgan Hill business license as required by the CODE Section 5.04.110 and pay applicable fees and taxes pursuant to Chapter 5.04 of the CODE.

SECTION 17. ASSIGNMENT, SUBLEASE, BANKRUPTCY

A. CONCESSIONAIRE shall not under-let or sub-let the subject PREMISES or any part thereof or allow the same to be used or occupied by any other person or for other use than that herein specified, nor assign the AGREEMENT nor transfer, assign or in any manner convey any of the rights or privileges herein granted without the prior written consent of CITY. Neither the AGREEMENT nor the rights herein granted shall be assignable or transferable by any process or proceedings in any court, or by attachment, execution, proceeding in insolvency or bankruptcy either voluntary or involuntary, or receivership proceedings. Any attempted assignment, mortgaging, hypothecation, or encumbering of the CONCESSION rights or other violation of the provisions of this Section shall be void and shall confer no right, title or interest in or to the AGREEMENT or right of use of the whole or any portion of the PREMISES upon any such purported assignee, mortgagee, encumbrancer, pledgee or other lien holder, successor or purchaser.

B. CONCESSIONAIRE may not, without prior written permission of the CITY:

1. Assign or otherwise alienate any of its rights hereunder, including the right to payment; or
2. Delegate, subcontract, or otherwise transfer any of its duties hereunder.

SECTION 18. BUSINESS RECORDS

A. Record Retention. CONCESSIONAIRE shall maintain during the term of the AGREEMENT and for three (3) years thereafter, all of its books, ledgers, journals, and accounts wherein are kept all entries reflecting the gross receipts received or billed by it from the business transacted pursuant to the AGREEMENT. Such books, ledgers, journals, accounts, and records shall be available for inspection and examination by GENERAL MANAGER, or a duly authorized representative of the CITY, during ordinary business hours at any time during the term of this agreement and for at least three (3) years thereafter.

B. Employee Fidelity Bonds. At the GENERAL MANAGER'S discretion, adequate employee fidelity bonds may be required to be maintained by CONCESSIONAIRE covering all its employees who handle money.

C. Cash and Record Handling Requirements. If requested by GENERAL MANAGER, CONCESSIONAIRE shall prepare a description of its cash handling and sales recording systems and equipment to be used for operation of the CONCESSION which shall be submitted to GENERAL MANAGER for approval. CONCESSIONAIRE shall be required to maintain a method of accounting of the CONCESSION which shall correctly and accurately reflect the gross receipts and disbursements received or made by CONCESSIONAIRE from the operation of the CONCESSION. The method of accounting, including bank accounts, established for the CONCESSION shall be separate from the accounting systems used for any other business operated by CONCESSIONAIRE or for recording CONCESSIONAIRE'S personal financial affairs.

D. Annual Statement of Gross Receipts and Expenses:

CONCESSIONAIRE shall transmit a Statement of Gross Receipts and Expenses (Profit and Loss Statement) for the CONCESSION operations specified in this AGREEMENT in a form acceptable to the GENERAL MANAGER, on or before April 30th of each calendar year during the term of the AGREEMENT. Such Statement must be prepared by a Certified Public Accountant (CPA) and shall not include statements of omission or non-disclosure. In addition, CITY may from time to time conduct an audit and re-audit of the books and businesses conducted by CONCESSIONAIRE and observe the operation of the business so that accuracy of the above records can be confirmed. If the report of gross receipts made by CONCESSIONAIRE to CITY shall be found to be less than the amount of gross receipts disclosed by such audit and observation, CONCESSIONAIRE shall pay CITY within 30 days after billing any additional concession fees disclosed by such audit. If discrepancy exceeds 2% and no reasonable explanation is given for such discrepancy, CONCESSIONAIRE shall also pay the cost of the audit.

SECTION 19. REGULATIONS, INSPECTION, AND DIRECTIVES

A. The operations conducted by CONCESSIONAIRE pursuant to the AGREEMENT shall be subject to:

1. Any and all applicable rules, regulations, orders, and restrictions which are now in force or which may be hereafter adopted by CITY with respect to the operation of the CONCESSION;
2. Any and all orders, directions or conditions issued, given, or imposed by GENERAL MANAGER with respect to the use of the roadways, driveways, curbs, sidewalks, parking areas, or public areas adjacent to the PREMISES;
3. Any and all applicable laws, ordinances, statutes, rules, regulations or orders, including the CODE, and of any governmental authority, federal, state or municipal, lawfully exercising authority over the CONCESSIONAIRE'S operations; and,
4. Any and all applicable local, state and federal laws and regulations relative to the design and installation of facilities to accommodate disabled persons, including the Americans with Disabilities Act.

B. Permissions:

Any permission required by the AGREEMENT shall be secured in writing by CONCESSIONAIRE from CITY or the GENERAL MANAGER and any errors or omissions therefrom shall not relieve CONCESSIONAIRE of its obligations to faithfully perform the conditions therein. CONCESSIONAIRE shall immediately comply with any written request or order submitted to it by CITY or the GENERAL MANAGER.

C. Right of Inspection:

CITY and the GENERAL MANAGER, their authorized representatives, agents and employees shall have the right to enter upon the PREMISES at any and all reasonable times for the purpose of inspection, evaluation, and observation of CONCESSIONAIRE'S operation.

D. Access to Premises:

CITY shall have absolute and full access to the PREMISES and all its appurtenances during the term of the AGREEMENT and may make such changes and alterations therein, and in the grounds surrounding same, as may be determined by said CITY. Such determination shall not be unreasonable and shall take into account the business considerations presented by CONCESSIONAIRE.

SECTION 20. TERMINATION

A. Termination by CITY:

CITY may, by 30-day written notice, terminate the AGREEMENT in its entirety and all rights ensuing therefrom as provided by applicable law if any one or more of the following events of default occur:

1. CONCESSIONAIRE fails to pay concession fee pursuant to Section 5, or any other payment obligation pursuant to Sections 6 and 7 and CONCESSION fails to pay within five (5) days after date of a written notice of default for failure to pay from the CITY.
2. CONCESSIONAIRE fails to keep, perform and observe any promise, covenant and condition set forth in the AGREEMENT on its part to be kept, performed or observed and CONCESSIONAIRE fails to perform within ten (10) days after the receipt of written notice from the CITY, or, where fulfillment of CONCESSIONAIRE'S obligation requires activity over a period of time, CONCESSIONAIRE fails to commence to perform whatever may be required within ten (10) days after receipt of such notice and to continue such performance diligently and without interruption except for causes beyond its control;
3. CONCESSIONAIRE fails to meet performance goals pursuant to that procedure and process set forth in Section 14**10**; *GD MCD*
4. The interest of CONCESSIONAIRE under the AGREEMENT is assigned, transferred, passes to or devolves upon, by operation of law or otherwise, any other person, firm or corporation without the written consent of GENERAL MANAGER;
5. CONCESSIONAIRE becomes, without the prior, written approval of GENERAL MANAGER a successor or merged corporation in a merger, a constituent corporation in a consolidation or a corporation in dissolution;
6. The levy of any attachment or execution, or the appointment of any receiver, or the execution of any other process of any court of competent jurisdiction which is not vacated, dismissed or set

aside within a period of ten (10) days and which does, or as a direct consequence of such process will, interfere with CONCESSIONAIRE'S use of the PREMISES or with its operations under the AGREEMENT;

7. CONCESSIONAIRE becomes insolvent, or takes the benefit of any present or future insolvency statute, or makes a general assignment for the benefit of creditors, or files a voluntary petition in bankruptcy, or a petition or answer seeking an arrangement for its reorganization, or the arrangement for its reorganization, or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States, or of any state law, or consents to the appointment of a receiver, trustee or liquidator of all or substantially all of its property or its property located within the CONCESSION areas;

8. By order or decree of court, CONCESSIONAIRE is adjudged bankrupt, or an order is made approving a petition filed by any of the creditors or stockholders of CONCESSIONAIRE seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws, or under any law or statute of the United States, or any state thereof;

9. A petition under any part of the federal bankruptcy laws, or an action under any present or future solvency law or statute is filed against CONCESSIONAIRE which materially and adversely affects the operation or service required to be performed by CONCESSIONAIRE under the AGREEMENT;

10. By or pursuant to, or under authority of, any legislative act, resolution or rule, order or decree of any court, governmental board, agency or officer having jurisdiction, a receiver, trustee or liquidator takes possession or control of all or substantially all of the property of CONCESSIONAIRE;

11. Cessation or deterioration of service for any period which, in the opinion of GENERAL MANAGER, materially and adversely affects the operation or service required to be performed by CONCESSIONAIRE under the AGREEMENT;

12. Any lien is filed against the PREMISES because of any act or omission of CONCESSIONAIRE and such lien is not removed, enjoined or a bond for satisfaction of such lien is not posted within ten (10) days; or

13. CONCESSIONAIRE voluntarily abandons, deserts, vacates or discontinues its operation of the business herein authorized.

No acceptance by CITY of the concession fee payment or other payments specified herein, in whole or in part, and for any period, after a default of any of the terms, covenants and conditions to be performed, kept or observed by CONCESSIONAIRE, other than the default in the payment thereof, shall be deemed a waiver of any right on the part of CITY including the right to terminate the AGREEMENT on account of such default.

B. CITY'S Right of Reentry:

CITY shall, as an additional remedy, upon an event of default as above provided, have the right to reenter the PREMISES and every part thereof on the effective date of termination without further notice of any kind, remove any and all persons therefrom and may regain and resume possession either with or without the institution of summary or legal proceedings or otherwise. Such reentry, however, shall not in any manner affect, alter or diminish any of the obligations of CONCESSIONAIRE under the AGREEMENT.

C. Additional Rights of CITY:

CITY, upon termination of the AGREEMENT, or upon reentry, regaining, or resumption of possession of the PREMISES, may occupy said PREMISES and shall have the right to permit any person, firm or corporation to enter upon the PREMISES and use the same. Such occupation by others may be of only a part of the PREMISES, or the whole thereof or a part thereof together with other space, and for a period of time the same as or different from the balance of the term remaining hereunder, and on terms and conditions the same as or different from those set forth in the AGREEMENT.

D. Survival of CONCESSIONAIRE'S Obligations:

In the event the AGREEMENT is terminated by CITY, or in the event CITY reenters, regains, or resumes possession of the PREMISES, CONCESSIONAIRE shall be responsible to pay the CITY the concession fee due up to and including the date of termination. In addition, CONCESSIONAIRE shall be responsible to pay CITY all deferred revenue, including but not limited to deposits, advances, cash, or checks received for services scheduled to be provided by CONCESSIONAIRE after the date of termination. CITY may maintain an action to recover any monies due.

E. Waiver of Redemption and Damages:

CONCESSIONAIRE hereby waives any and all rights of redemption granted by or under any present or future law or statute in the event it is dispossessed for any cause, or in the event CITY obtains or retains possession of the PREMISES in any lawful manner.

F. Termination by CONCESSIONAIRE:

The AGREEMENT may be terminated by CONCESSIONAIRE, via 30-day written notice, upon the happening of one or more of the following event of default:

1. The complete destruction of all or a substantial portion of the PREMISES from a cause other than the negligence or omission to act of CONCESSIONAIRE, its agents, officers, or employees, and the failure of CITY to repair or reconstruct said PREMISES;
2. Any exercise of authority under the AGREEMENT which so interferes with CONCESSIONAIRE'S use and enjoyment of the PREMISES as to constitute a termination, in

whole or in part, of the AGREEMENT by operation of law in accordance with the laws of the State of California; or

3. The default by CITY in the performance of any covenant or agreement herein required to be performed by CITY and the failure of CITY to remedy such default for a period of thirty (30) days after receipt from CONCESSIONAIRE of written notice to do so.

SECTION 21. SURRENDER OF POSSESSION

CONCESSIONAIRE agrees to yield and deliver possession of the PREMISES to CITY on the date of the expiration or earlier termination of the AGREEMENT promptly, peaceably, quietly, and in as good order and condition as the same now are or may be hereafter improved by CONCESSIONAIRE or CITY, normal use and wear and tear thereof excepted. No agreement of surrender or to accept a surrender shall be valid unless and until the same is in writing and signed by the duly authorized representatives of CITY and CONCESSIONAIRE. Neither the doing nor omission of any act or thing by any of the officers, agents or employees of CITY shall be deemed an acceptance of a surrender of the PREMISES utilized by CONCESSIONAIRE under the AGREEMENT.

CONCESSIONAIRE shall have the right to remove its equipment, supplies, furnishings, inventories, removable fixtures and personal property from the PREMISES within thirty (30) days of the expiration or earlier termination of the AGREEMENT. If CONCESSIONAIRE fails to remove said property within that thirty (30) days, said property shall be considered abandoned and CITY may dispose of same as it sees fit.

SECTION 22. WAIVER

A waiver of a default of any part, term, or provision of the AGREEMENT shall not be construed as a waiver of any succeeding default or as a waiver of the part, term, or provision itself. A party's performance after the other party's default shall not be construed as a waiver of that default.

SECTION 23. FORCE MAJEURE

Neither party hereto shall be liable to the other for any failure, delay, or interruption in the performance of any of the terms, covenants or conditions of the AGREEMENT due to causes beyond the control of that party including, without limitation, strikes, boycotts, labor disputes, embargoes, shortage of material, acts of God, landslides, acts of the public enemy, acts of superior governmental authority, floods, riots, rebellion, sabotage, or any other circumstance for which such party is not responsible and which is not in its power to control.

SECTION 24. REMEDIES ARE NON-EXCLUSIVE

No right, power, remedy, or privilege of CITY shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of said rights, powers, remedies, or privileges shall be deemed cumulative and additional and not in lieu or exclusive of each other or of any other remedy available to CITY at law or in equity.

SECTION 25. AGREEMENT BINDING UPON SUCCESSORS

The AGREEMENT shall be binding upon and shall inure to the benefit of the successors, heirs, executors, administrators, and assigns of the parties hereto. The term "CONCESSIONAIRE" shall include any assignee of CONCESSIONAIRE under any assignment permitted and approved by GENERAL MANAGER.

SECTION 26. LAW OF CALIFORNIA APPLIES

The AGREEMENT shall be enforced and interpreted under the laws of the State of California.

SECTION 27. AGENT FOR SERVICE OF PROCESS

It is expressly agreed and understood that if CONCESSIONAIRE is not a resident of the State of California, or is a partnership or joint venture without a partner or member resident in said State, or is a foreign corporation, then in any such event CONCESSIONAIRE does designate the Secretary of State, State of California, its agent for the purpose of service of process in any court action between it and CITY arising out of or based upon the AGREEMENT, and the service shall be made as provided by the laws of the State of California for service upon a non-resident. It is further expressly agreed, covenanted and stipulated that if, for any reason, service of such process is not possible, as an alternative method of service of process, CONCESSIONAIRE may be personally served with such process out of this state by mailing, by registered or certified mail, the complaint and process to CONCESSIONAIRE at the address set out hereafter in the AGREEMENT, and that such service shall constitute valid service upon CONCESSIONAIRE as of the date of mailing, and CONCESSIONAIRE shall have thirty (30) days from the date of mailing to respond thereto. It is further expressly agreed that CONCESSIONAIRE is amenable, and hereby agrees, to the process so served, submits to the jurisdiction and waives any and all objection and protest thereto, any laws to the contrary notwithstanding.

SECTION 28. VENUE

Venue of any action brought under the AGREEMENT shall lie in Santa Clara County.

SECTION 29. NOTICES

A. To CITY:

Unless otherwise stated in the AGREEMENT, written notices to CITY hereunder shall be addressed to the Department of Recreation and Community Services, Attn: Department Director, 17555 Peak Avenue Morgan Hill, California, 95037.

All such notices may either be delivered personally or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid for delivery by registered or certified mail. Service in such manner by registered or certified mail shall be effective upon receipt.

CITY shall provide CONCESSIONAIRE with written notice of any address change within thirty (30) days of the occurrence of said address change.

B. To CONCESSIONAIRE:

All such notices may either be delivered personally to the CONCESSIONAIRE or to any officer or responsible employee of CONCESSIONAIRE or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid for delivery by registered or certified mail. Service in such manner by registered or certified mail shall be effective upon receipt.

Written notices to CONCESSIONAIRE shall be addressed to CONCESSIONAIRE as follows:

Morgan Hill Youth Sports Alliance
17485 Monterey Road, Suite 200
Morgan Hill, CA, 95037

CONCESSIONAIRE shall provide CITY with written notice of any address change within thirty (30) days of the occurrence of said address change.

SECTION 30. INTERPRETATION

CONCESSIONAIRE and CITY agree that the AGREEMENT shall be deemed to have been jointly drafted and shall be construed according to its fair meaning and not strictly for or against either CITY or CONCESSIONAIRE. The section headings appearing herein are for the convenience of CITY and CONCESSIONAIRE, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of the AGREEMENT. If any provision of the AGREEMENT is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of the AGREEMENT, and all such other provisions shall remain in full force and effect; and it is the intention of the parties hereto that if any provision of the AGREEMENT is capable of two constructions, one of which render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. The use of any

gender herein shall include all genders and the use of any number shall be construed as the singular or the plural, all as the context may require.

SECTION 31. AGREEMENT CONTAINS ENTIRE AGREEMENT

The provisions of the AGREEMENT contain the entire Agreement between the parties hereto and said AGREEMENT may not be changed or modified in any manner except by formal, written amendment fully executed by both CITY and CONCESSIONAIRE.

SECTION 32. TIME OF THE ESSENCE

Time is of the essence for all provisions of the AGREEMENT

SECTION 33. INCORPORATION OF DOCUMENTS

This AGREEMENT and incorporated documents represent the entire integrated agreement of the parties and supersedes all prior written or oral representations, discussions, and agreements. The following exhibits are to be attached to and made part of this AGREEMENT by reference:

EXHIBIT B – City Issued Request for Proposals

EXHIBIT C – Morgan Hill Youth Sports Alliance OSC Proposal

EXHIBIT D – Morgan Hill Youth Sports Alliance Parks and Recreation Commission
Supplemental Questions Responses

EXHIBIT E – Morgan Hill Youth Sports Alliance City Council Questions Responses

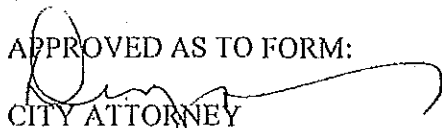
IN WITNESS WHEREOF, THE CITY OF MORGAN HILL has caused this AGREEMENT to be executed on its behalf by its duly authorized representative and CONCESSIONAIRE has executed the same as of the day and year herein below written.

THE CITY OF MORGAN HILL, a municipal corporation

BY: 

CITY MANAGER

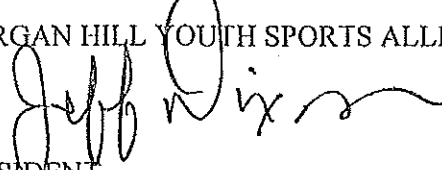
APPROVED AS TO FORM:


CITY ATTORNEY

7/7/10

Council
Approval: 6/16/10

MORGAN HILL YOUTH SPORTS ALLIANCE, a California non-profit corporation

BY: 

PRESIDENT

6/14/10

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

EXHIBIT A

PARCEL ONE:

All of lots 69 and 70, as shown on that certain Map entitled, "CATHERINE DUNNE RANCH MAP NO. 5", which Map was filed for record in the office of the Recorder of the County of Santa Clara, State of California on April 5, 1897 in Book "I" of Maps, at page(s) 59.

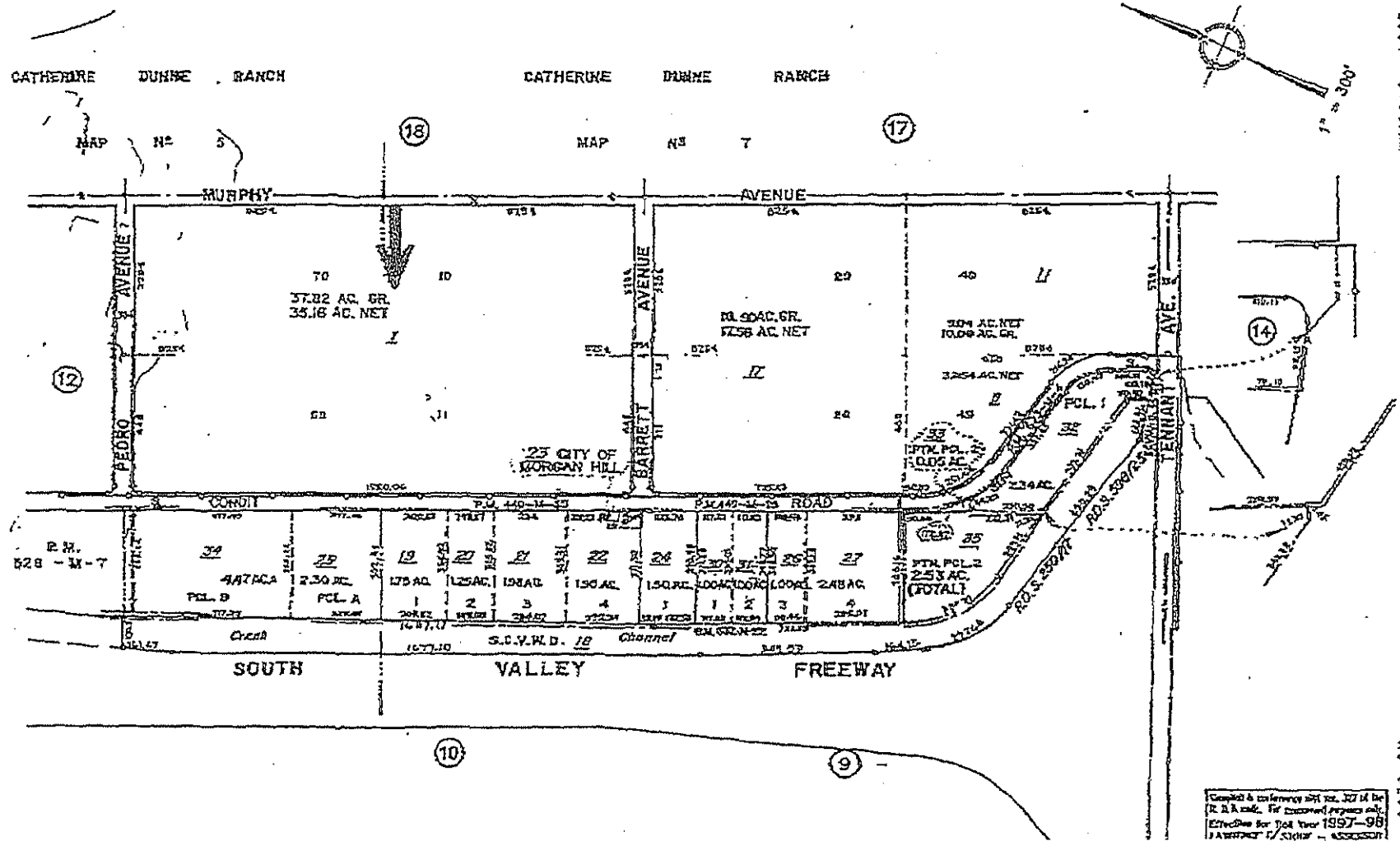
PARCEL TWO:

All of lots 10 and 11 as shown on that certain Map entitled, "CATHERINE DUNNE RANCH MAP NO. 7", which Map was filed for record in the office of the Recorder of the County of Santa Clara, State of California on March 5, 1906 in Book "L" of Maps, at page(s) 26.

Excepting from parcels 1 and 2, above described that certain Parcel of Land more particularly described as follows:

Commencing at the intersection of the Southwesterly line of Lot 11 and the Northwesterly line of Barrett Avenue as said Lot and Avenue are shown on that certain Map entitled, "CATHERINE DUNNE RANCH MAP NO. 7", filed March 5, 1906 in Book "L" of Maps, at page 26, in the office of the Recorder of Santa Clara County; thence along said Northwesterly line N. 65° 19' 50" E, 80.00 feet; thence from a tangent that bears S. 65° 15' 50" W., along a curve to the right with a radius of 20.00 feet through an angle of 90° 00' 00", an arc length of 31.42 feet; thence N. 24° 44' 10" W., 1550.06 feet; thence along a tangent curve to the right with a radius of 20.00 feet; through an angle of 90° 00' 00", an arc length of 31.42 feet to the Southwesterly line of San Pedro Avenue as said Avenue is shown upon that certain Map entitled, "CATHERINE DUNNE RANCH MAP NO. 5", filed on April 5, 1897, in Book "I" of Maps, at page 59, in the Office of the Recorder of Santa Clara County; thence along last said line and along the Southwesterly line of said lots 11 and 69, S. 65° 15' 50" W., 80.00 feet and S. 24° 44' 10", E., 1590.06 feet to the Point of Commencement.

MAY 23, 2001 9:55AM



No. 0235 P. 7/9



EXHIBIT B

REQUEST FOR PROPOSAL

Morgan Hill Outdoor Sports Center

The City of Morgan Hill is seeking proposals to operate the 38 acre Outdoor Sports Center (OSC). The facility is located at 16500 Condit Road and is easily accessible from Highway 101.

It is the City's objective to enter into a mutually beneficial agreement with an organization that demonstrates the ability to:

1. Operate the OSC without city subsidy.
2. Balance community access and regional use.
3. Ensure a diverse mix of field use by sport type.

Background

The City has invested approximately \$16 million in acquiring the property and constructing two synthetic turf fields with lights and bleachers, concession/restroom building, and improved parking for 325 vehicles. The OSC was developed to accommodate local youth non-profit athletic organizations (ie. soccer, football, lacrosse, field hockey, rugby), youth and adult regional tournaments, sports camps, high school games/practices, and other special events.

Presently, the city maintains and operates the two synthetic turf fields, concessions, parking lot and restrooms. The facility has "limited access" because paid reservations are required to use the facility. Through a lease with the City (currently month-to-month), the California Youth Soccer Association (CYSA) is responsible for scheduling and maintaining the nine grass fields. CYSA also has priority scheduling privileges for the synthetic turf fields on weekends, but the City is responsible for scheduling and maintaining these amenities. The 23 acres of grass fields do not have an in-ground irrigation system and are watered with large water cannons owned by CYSA.

To assist with your response, attached is an aerial photo of the facility with use statistics and current rates. The City recognizes that a wide array of revenue sources may be necessary to ensure financial viability and understands that on-site advertising, concessions, parking fees, among other strategies may be proposed.

Proposal Content and Submittal Requirements

Applicants submitting a proposal should provide one master and five (5) unbound copies of the following information no later than 4:00 p.m. on Friday, March 19, 2010 to:

City of Morgan Hill, Attention: Steve Rymer, 17555 Peak Avenue, Morgan Hill, CA 95037.

In order to ensure that the City has a thorough understanding of your proposal, please include the following information in addition to other information you believe is pertinent.

- 1) **General Information**
 - a. Cover letter including your name, your organization, and a description of your organizational or corporate structure.
 - b. Information regarding your organization's qualifications, experience, and capacity to operate the OSC.

RECREATION AND COMMUNITY SERVICES DEPARTMENT

408-779-7271

FAX: 408-779-3117

WWW.MORGANHILL.CA.GOV



- 2) **Business Plan**
- a. Provide a detailed narrative description of your proposed plan.
 - b. Provide a business plan with the following information:
 - i. Management structure
 - ii. Community access and regional use philosophy
 - iii. Market strategy
 - iv. Risk management plan
 - v. Revenue sources and pricing system
 - vi. Itemized expenses
 - vii. 3 year revenue/expense pro-forma

Proposal Selection Schedule

Selected proposals may be invited to an interview by a City selection committee. The selection committee will make a recommendation to the City Council based on the interview and evaluation of the submitted materials.

The following is the tentative schedule:

Proposals Released:	February 19, 2010
Proposals Due:	March 19, 2010
Review/Interview Process:	March 20-31, 2010
City Council Selects Operator:	April/May 2010
Transition Period (if necessary):	June/July 2010

Other Information

- The City reserves the right to reject any and all submittals.
- The City is not responsible for any costs incurred by applicants in the preparation of a response to this RFP.
- Applicants should be aware that the City, as a public entity, cannot guarantee the confidentiality of information contained in the RFP submittal. While the City will attempt to maintain confidentiality of submitted materials, applicants may choose not to submit some information requested in the RFP. If such an instance occurs, the affected applicants should note for the reviewers the specific information purposely withheld and indicate that it will be provided to the City if granted an interview.

Thank you for considering this RFP. For further information, questions, or to arrange for a site visit, please contact:

Steve Rymer
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037
(408) 779-7271
Steve.rymer@morganhill.ca.gov

RECREATION AND COMMUNITY SERVICES DEPARTMENT

408-779-7271

FAX: 408-779-3117

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CITY OF MORGAN HILL

Outdoor Sports Center

RATES and USE

Synthetic Turf Fields Rates – City Responsibility

Customer	Rate
Resident, non-profit	\$10/hour
Resident	\$21/hour
Non-resident, non-profit	\$42/hour
Non-resident	\$42/hour
Commercial	\$84/hour
Field Lights	\$8/hour
Parking Lot	\$500/day

Synthetic Turf Fields 2009 Combined Use – City Responsibility

2009	Hours	Days (730 available)
TOTAL ALL CUSTOMERS	3760	608

Primary Customers	Type	Primary Days	Hours	Days
CYSA	Non-resident, non-profit	Weekends	1150	113
Orchard Valley Youth Soccer	Resident, non-profit	Weekdays	1550	332
Pop Warner Football	Resident, non-profit	Weekends	190	17
Charter School	Resident, non-profit	Weekdays	50	29
Morgan Hill Unified School District	Resident, non-profit	Weekdays	300	121
City of Morgan Hill	Owner	Weekdays	270	57

Grass Fields – CYSA Responsibility

Customer	Rate
CYSA Member	\$300/day/field

Note: Grass field schedules may be available at www.cysanorth.org

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

RECREATION AND COMMUNITY SERVICES DEPARTMENT

408-779-7271

FAX: 408-779-3117

WWW.MORGANHILL.CA.GOV



CITY OF MORGAN HILL

Grass Fields

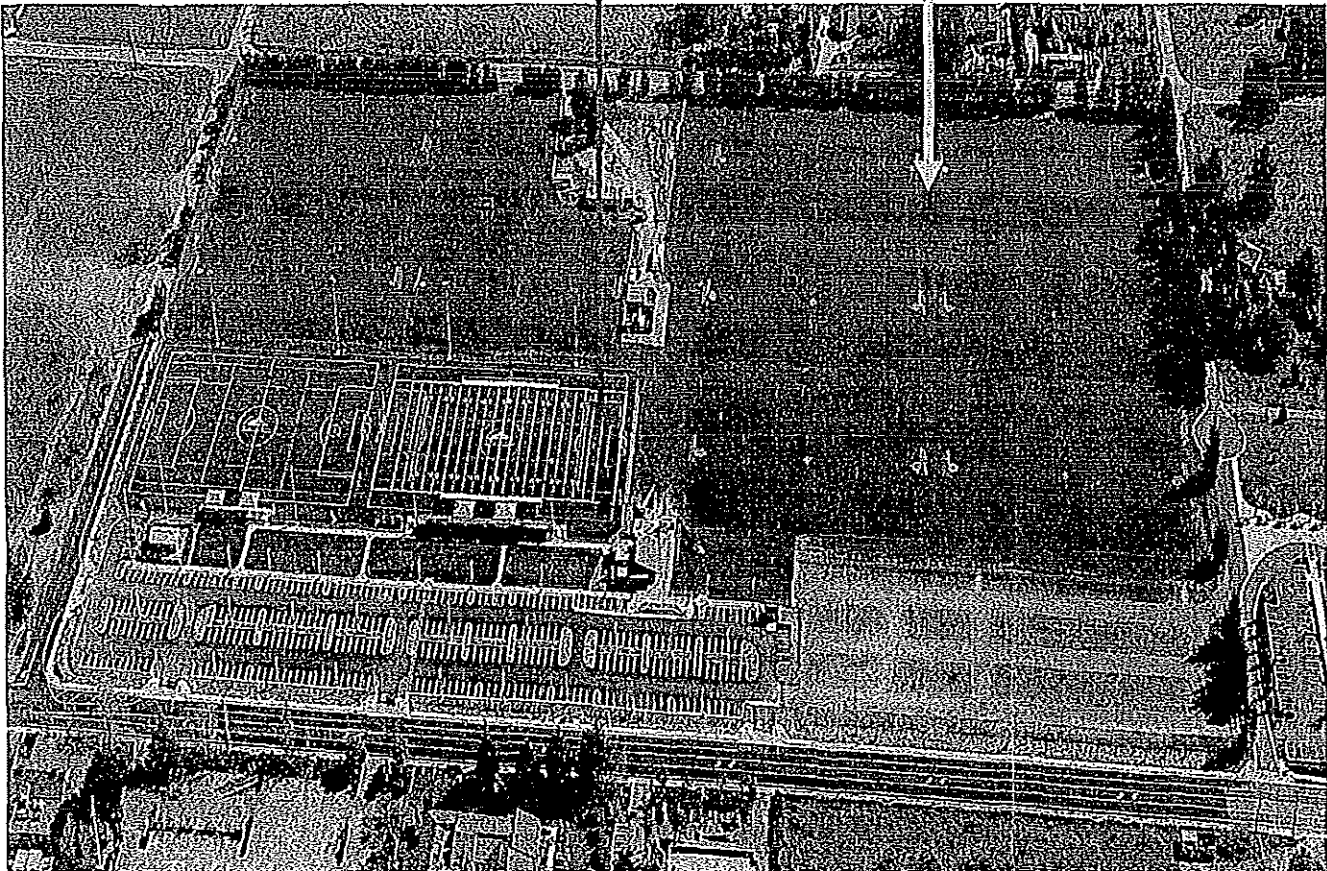
- 9 fields
- 23 +/- acres
- Watered by above ground water cannon system
- No field lights

Synthetic Turf Fields

- 2 fields
- Field lights
- Bleachers with seating for 600 and 200
- PA system
- Electronic scoreboards

Other

- Improved parking for 325 vehicles
- Unimproved parking for 200 +/-
- Restrooms
- Concession stand
- Tournament/meeting room

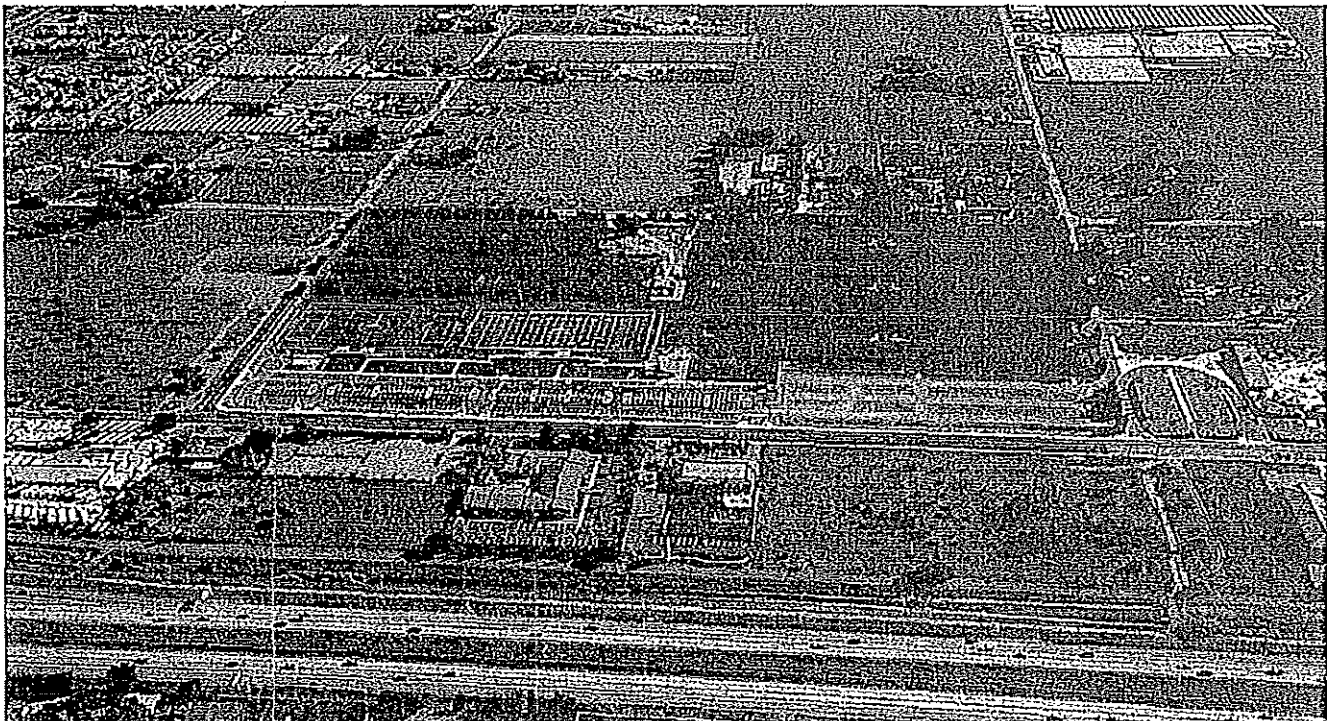


RECREATION AND COMMUNITY SERVICES DEPARTMENT

408-779-7271

FAX: 408-779-3117

WWW.MORGANHILL.CA.GOV



Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

EXHIBIT C



Morgan Hill Youth Sports Alliance, Inc.

Proposal for

Operation of the Outdoor Sports Complex





Morgan Hill Youth Sports Alliance Proposal for Operation of the Outdoor Sports Complex

March 19, 2010

Executive Summary

The City of Morgan Hill has requested a proposal from the Morgan Hill Youth Sports Alliance, Inc. (MHYSA) to operate and manage the Morgan Hill Outdoor Sports Complex (Complex) at 16500 Condit Road in Morgan Hill. Their three priorities are:

- Operate at no cost to the city
- Demonstrate balance of local and regional usage
- Ensure diverse mix of use by sports type

Meeting these priorities is part of a larger plan that MHYSA has for the facility. Regarding the first priority, however, our plan is to not only operate the Complex at no cost to the city, but to transform it into a direct revenue source for the City of Morgan Hill, while bringing incremental revenue to merchants and businesses.

To balance local and regional use, we will meet local sports group needs, as well as develop a comprehensive regional marketing plan to bring out-of-town tournaments, events and games to the facility. We will create a community-based team to operate the Complex to ensure the success of this priority.

Ensuring a diverse use of the facility requires acknowledging which sports we are looking for. In its current format, the Complex only accommodates rectangular sports users. MHYSA plans to bring in a more diverse group of users, but initially will accommodate only those that play on a rectangular field.

The best method to achieve these goals is to build a sustainable revenue source from field rentals, along with a complete set of services that will provide everything that a tournament host or event company will want.

The Morgan Hill Youth Sports Alliance is a California 501c4 non-profit organization, committed to increasing the opportunity and experience of children in the Morgan Hill Area who participate or want to participate in sports. Sports facilities development and operation are one way we achieve this. To manage the Complex, MHYSA will move to 501c3 status and install additional board members.

MHYSA believes we are ideal to operate and manage the Complex. We can organize community resources to offer our city the full benefit of its investment. Direct revenue streams to the city, grass field access for community organizations, and an integrated community-based organization representing local interests are the first steps.

As a non-profit organization, we will ensure remaining funds go back into the community in the form of financial assistance, program development and community support. No other proponents can offer the full measure of benefit to the City of Morgan Hill.

The transition for the current operation to the MHYSA will require a property inspection, process and/or equipment handoffs from CYSA and city staff, as well as meeting with each of the existing permit holders as of July 1, 2010.



Page 1



Morgan Hill Youth Sports Alliance Proposal for Operation of the Outdoor Sports Complex

March 19, 2010

Operate at no Cost to the City

Our objective is to do more than operate without city subsidy. Our objective is to provide a growing revenue stream directly to the city from operating the Complex. The exact trend is outlined in our pro forma and extends over the first three years. A quick summary is as follows:

- \$50,000 revenue to the City of Morgan Hill in the first year paid in quarterly segments.
- Move to a percentage of gross revenue plan by Year 3
- Jointly develop a 5 year plan with city staff for capital equipment replacement and improvements for the Complex.

First year payments should come in a sliding scale to allow for the absorption of existing field rental permits over the first six months of operation. We assume all revenue received for the first six months of rentals would be paid to MHYSA—either by the city or registered field users. The quarterly payments to the city by MHYSA would be made on the 10th day of the month, following the quarter in the amounts of:

- \$5,000 first quarter
- \$5,000 second quarter
- \$15,000 third quarter
- \$25,000 fourth quarter

The second year would have a mixture of percentage of gross revenue with fixed minimum payments by quarter. Total payment for the year will be a minimum of \$60,000 with a potential of up to \$75,000. In the third year, we will move completely into a percentage of gross revenue that will be determined after the first full year of operations.

Per contract terms, MHYSA will immediately assume responsibility for all operational costs:

- Grass field maintenance and repair
- Corporation yard maintenance and operation
- Turf field maintenance and repair
- Parking lot shrubbery and grass maintenance
- Janitorial maintenance of concession building, front parking lot, turf and grass fields
- Equipment maintenance and repair
- Field scheduling and inquiries
- Security
- Insurance
- Utilities (Gas, Electricity, Water and Trash)



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Demonstrate a balance of local and regional use

Past expectations for achieving a balance of local and regional use have been portrayed as 60% local and 40% field usage, but it is much more complex than this. Looking at the field usage needs for local and regional sports organizations shows us that regional groups have shown little or no interest in week-day use and both groups covet the quality game times that weekends provide. The true achievement in meeting goals will be offering all groups the best mix of use for their mutual needs. Adhering strictly to the 60/40 split means virtually all weekend hours will need to go to regional groups. This means that the benefit of the \$17 million capital investment made by the community is used by people who don't live here. Our approach will be to meet the overall 60/40 goal, while giving the community full benefit of their investment.

The cornerstones of our proposal to achieve this objective are:

- Create a Home Field Program for local sports leagues
- Change the scheduling to allow for simultaneous use of the facility by multiple organizations
- Develop aggressive marketing and sales programs directed to both local and regional users with the goal to increase both week-day and weekend use.

The approach to achieve this objective is to understand local needs first. MHYSA would reach agreement with local sports leagues, clubs and schools to give them primary access to the facility. Primary access does not, however, mean exclusive access. They will need to work with MHYSA to assure appropriate availability for regional users.

The Complex will be their home field. Home Field means that they store their equipment at the facility, as well as hold their meetings there. They will operate the snack bar and parking concessions during their events to help raise revenue for their program. They will pay the going rental rates, but their fees will be offset by in-kind labor support for operational needs of the facility such as:

- Field striping
- Concession stand shifts (Outside their league's operation of the Complex)
- Parking lot shifts (Outside their league's operation of the Complex)
- Field clean up
- Parking lot clean up
- In-kind trade from members in the landscaping, electrical and construction trades

The second part of our strategy is to move away from the current practice of using the entire Complex for a single organization or event. This will entail negotiating with Home Field groups, as well as CYSA as a priority customer to schedule games so that not every field is required for their rentals. This will allow for the use of the facility by multiple organizations at the same time and will help balance local and regional use. Our regional and local use target ratio is 60% local and 40% regional on a field—not facility basis. This practice will continue with future facility users as well.



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Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)



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Ensure diverse mix of use by sports type

To achieve this objective, MHYSA will reach out to local and regional sports organizations, including:

- Soccer (Youth and Adult)
- Tackle Football (Youth)
- Flag Football (Youth and Adult)
- Corporate leagues (Any sport/Adult)
- Field Hockey
- Lacrosse
- Rugby

Community groups, clubs and schools will be invited to participate in the Home Field program, thus giving them top priority. Conflict would be resolved using a priority season system that allows each league to designate a Primary Season. An example of how this would look is:

<u>Sport</u>	<u>Primary Season</u>
Football	Fall
Soccer	Spring
Flag Football	Winter

Leagues would be given top priority during their primary season and lower priority during other parts of the year. Another determining factor will be if the time requested is to be used for games, practices or fundraising events. Scheduling processes need to be capable of managing multiple considerations when achieving this objective.

Participating sports could be expanded in the future to include cricket and disc golf if facility development provides the space for the equipment needed to run these sports.

Development of additional facilities would be directed toward outdoor—not indoor sports. Creating and operating a recreational indoor sport facility would lead to competition with the Centennial Recreation Center and other privately operated businesses already in the community and would be counter-productive to the goals of the organization and community.

Outdoor sports development would need to be done in conjunction with city planning and business development. The city strategy is to build a separate facility for diamond sports instead of completing Phase 2 and 3 of the plan for the Complex. The plans for development of the Southeast Quadrant of Morgan Hill would need to be considered as part of any additional development at the Complex.

Working with the city and MHUSD to achieve this goal city-wide would be the most logical way to ensure use of all city sports facilities to support this objective. The Complex would be an integral part of this approach and MHYSA would participate in the planning.



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a. Provide a detailed narrative description of your proposed plan.

Our proposal is to transform the Complex from a simple field rental revenue source into a facility that the city of Morgan Hill realizes full value for. We plan to do this by:

1. Forming a professional community-based team, paid workers and volunteers to operate the facility
2. Integrating community sports organizations into operation of the Complex.
3. Increasing community pride and participation in the success of the Complex
4. Developing a sustainable revenue stream by attracting premier regional sports field users to complement increased local use.

In its current operation, both stakeholders—City of Morgan Hill and CYSA—run their operations in a “Status quo” mode; meaning as a simple field or plot of grass asset as opposed to the dynamic community asset it can be. The Complex should be the sports focal point in our city and our region.

Having a local company as opposed to one not residing in Morgan Hill operate the Complex will ensure that the revenue and income realized by the presence of the Complex will be retained in Morgan Hill, rather than going to organizations and businesses outside our community.

The plan calls for operating the Complex as an independent business unit using an annual revenue model versus one that is just rental revenue for field use, parking lot or snack bar concession services. Here are the four major elements to MHYSA’s plan to achieve these goals:

1. Form a professional community-based team comprised of local community, business and sports leaders. This will be accomplished by expanding the current MHYSA Board of Directors from its current level of three up to potentially seven to bring in Morgan Hill professionals with experience in:

- Sports Marketing and Sales
- Event Planning and Management
- Business Finance and Investment
- Facility Operations and Management

This board would provide direction to the management team of the Complex, with each having a different role:

- Facility Maintenance
- Facility Scheduling
- Facility Operations
- Promotion and Sales



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Facility Maintenance: We will manage the different local contractors providing facility maintenance, landscape, janitorial, repair and field maintenance services. These contractors will be all Morgan Hill businesses. Some portion of this labor will be offset by volunteers from local sports leagues provided through the Home Field Program.

Facility Scheduling: We would process all field applications and manage changes as they occur. MHYSA would like to have user access and an ID to the city's CLASS Field Reservation system so field rentals of the Complex can be seamlessly incorporated into the overall city field management process. With that capability, the Field Scheduler for the Complex would enter field and facility rental reservations in the same manner as done today, responding to inquiries and availability, as well as coordinating usage with operations.

Facility Operations: We would coordinate all activities from field usage to field maintenance, rotation and access. Snack Bar and Parking Lot concession would be another part of our responsibilities, as well as coordination of security and vendors providing retail services.

Promotion and Sales: We would have three major objectives:

- Maximize usage of available field hours by bringing in a diverse mix of sport leagues, camps, tournaments and events to complement expanded local use. Current field usage is roughly 40% of available hours. This number can be doubled by a comprehensive scheduling policy and program that matches available time slots with specific users. Allowing more than one organization to use the facility at a time is critical to achieving this goal. Gaining access to the grass fields will also enable local leagues to consolidate their practices and games into one facility. This will drive week-day use.
- Conduct an aggressive advertising, sponsorship and field naming campaign to fill the available signage space at the facility. The facility venue as an advertising tool is an untapped opportunity. Given the high rate of foot traffic through the Complex on an annual basis, this can be a valuable commodity for local, regional and national companies to get their messages out to the sporting community. Facility names rights for tournaments, even the facility itself, banners and signs on fences and at the fields, announcements made during games, and ads in event programs are all tools for driving advertising revenue.
- Work closely with community businesses to develop promotion packages for organizations holding events at the Complex. Despite all the tournaments currently held at the Complex, Morgan Hill businesses see only a limited benefit from them. The hotels and businesses along the 101 corridor realize some revenues, but remaining city businesses probably do not. Promotional packages can be developed with downtown merchants, businesses north and south along Monterey Road, as well as local wineries and restaurants. City facilities such as the Aquatic Center could be partners in weekend specials to bring in additional revenue to city programs. Programs, fliers and brochures can be



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distributed during events at the Complex, helping Morgan Hill businesses get their messages out.

The key point to our approach is that it will be a community-based focus that helps Morgan Hill residents realize full benefit from the city money invested in the Complex—not just from field rentals and a few hotel nights. Potentially keeping most, if not all of the money in town, also benefits the city in terms of tax revenue.

2. Integrate community sports organizations into operations of the Complex. This will make it more of a local asset than it is today. An important part of integrating community organizations into operations of the Complex will be to honor the pricing and reservation commitments made for the first half of the first year by city staff prior to MHYSA operation.

Besides the obvious move to open grass fields to local sports organizations during the week, the key benefit to integrating community sports organizations into operation of the Complex is community pride-of-ownership. Clearly, operations would need to be controlled by MYHSA with an eye on profitability. Making the Complex the “Home of the Morgan Hill Raiders”, “Home of Orchard Valley Youth Soccer League”, or “Home of the Morgan Hill Maverick Lacrosse Club” creates a sense of community pride that simple field rentals cannot do.

The basis for this approach will be our **Home Field Program**. Home Field Program organizations will be able to meet their field and operational needs, while working through a cooperative process that saves them time and money. We have developed a test case of this program with the Pop Warner Raiders. It includes a sample of Pop Warner’s needs and an outline of the services they will receive as part of the Home Field Program. The overview of their needs is shown in Attachment A. They have committed to paying \$11,000 per year as an annual charge. Their membership in the Home Field program will give them the ability to:

- Conduct all practices and home games at the Complex
- Hold board and coaches meetings and team parties, as well as weigh-ins and walk-in registrations at the Complex
- Store all their equipment at the Complex
- Operate a snack bar and parking concessions to raise revenue for their operations
- Use barter or in-kind system to lower actual dollar amount paid for usage of the Complex
- Participate in Advisory Council to MHYSA leadership

Though this amount is higher than their existing field costs, the ability to trade labor for dollars along with additional fundraising opportunities will save them program money on an annual basis. Using this process with each organization, our objectives will be to



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Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)



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provide leagues with an increased value for their investment and also to reduce their annual costs while doing so.

The second part of our community integration will be through our Advisory Council. The MHYSA Advisory Council will be run by a President who will have one of the expanded seats on the proposed expanded MHYSA Board. That vote, as voted on by the Advisory Council, will enable the local sports organizations to have input into the development and implementation of MHYSA Board policies and processes.

The final element of community integration will be to reach out to local sports-oriented businesses through sponsorships to bring revenue to operations of the Complex and increased messaging to businesses. Train-For-Life, Little Gym, Champions Gymnastics Academy and sports medicine practitioners are just a sample of the organizations that will benefit by supporting the Complex. More about these relationships is detailed in our Business Plan.

3. Create community pride in the Complex and involve the community in its success. Doing so will develop a strong operating team. All employees and contractors will be from Morgan Hill. They will not only be professionals in their work, but will have a vested interest in how they perform the job since their friends, neighbors and possibly families use the facility. With a community-based organization operating the Complex, management will be familiar with local business needs, attend city council and commission meetings, participate in local initiatives, and probably even know many of the people going through the facility.

All of this will take the Complex to the next level. For example, in the current facility, we have two half stadiums and neither meets our community needs. Morgan Hill residents would welcome the plan to install grandstands on the east side of the two turf fields. That installation, together with reorganizing the soccer fields so that we still have ten fields, will enable us to hold the annual EL Toro Bowl football game between Sobrato and Live Oak High Schools at the Complex without any impact to soccer field availability.

Additional opportunities to bring capital improvements to the facility include:

- Adding irrigation to the grass field section
- Moving the corporate yard to a more central location with a smaller footprint
- Adding playgrounds, volleyball pits and larger picnic facilities
- Providing multiple access points through the fence to the sports fields
- Adding a media tower to the turf fields

As these capital improvements take place, the overall value of the Complex increases. With that, potential revenue potential and support to local organizations is improved. The city will gain in reputation not only as a regional destination, but as a desirable community to live in. Positioned appropriately, these two elements can be used to bring more business into the city, thus providing a positive effect on city revenues.



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The final component to community integration would be to understand and support the city's 2030 General Plan. In the near term, the Complex will support city revenue objectives by generating income to the city directly with lease revenues and indirectly through tax revenues. Managed properly, it could bring support for long-term city goals such as the development of the Southeast Quadrant. In this way, the operator of the Complex can contribute to the city's future not only in the short term, but in the long term as well. This makes the selection of an operator committed to local issues more critical.

4. Develop sustainable revenue sources. This objective will drive business strategy and operations. Our programs will require sustainable revenue to survive. Our first step is to ensure profitability in 2010. A challenge to this will be honoring commitments made by the city for field reservations starting July 1, 2010 and going through December 31, 2010. A new pricing structure will go in effect on July 1st, but previous committed rate and dates will be honored. MHYSA expects that it will receive payment for all field use during this period from the field users or the City of Morgan Hill.

Sustainable revenue must come from more than just field rentals. Our plan calls for an evolution from simple field use to a community-based operation running a "Destination" for sports enthusiasts around the region, state and country. We see the transition taking no more than three years. As the transition takes place, the contribution each revenue source makes evolves into a more sustainable whole. Here are our projections for revenue percentage by type over the first three years:

Revenue Type	2010/11	2011/12	2012/13
Field Rental Fees	39%	41%	26%
Parking Concession	29%	26%	15%
Snack Bar Concession	24%	22%	12%
Advertising	1%	2%	9%
Sponsorship	1%	3%	18%
Camps and Clinics	2%	3%	18%
Grants	4%	3%	2%

With Field Rental revenue playing such a large part in the first two years, we have studied the historical turf field usage data provided by the city to understand usage by revenue and sports type. This report shows that the primary users of the turf fields are CYSA, OVYSL, Pop Warner and local schools, along with a couple of other sports leagues and clubs. CYSA has the majority of the weekend hours and OVYSL has the majority of the week day hours. Together, they represent 72% of the current turf field usage. Current turf field usage by all groups was approximately 58% of available hours.

We plan to retain these users at these levels at a minimum so this revenue remains consistent from last year. This will be the first priority. With the financial jumpstart from the first six months of rentals, MHYSA will be able to begin building additional revenue



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sources during the first half of 2010/11. In the second half of 2010/11, we will begin soliciting advertising, sponsor and service revenue sources. This will begin to bring the operation to more profitable levels.

Another important component to field use revenue is opening up the grass fields to local use during the week. Our plan is to open the grass fields for weekly use effective July 1, 2010. Field rental rates will be established to support 2010/11 financial objectives.

Opening the grass fields during the week will not only increase revenue to the Complex, but will support the diverse mixed use objective and Home Field Program as well. The ten grass fields on site will allow local leagues to consolidate their team practices into a single facility. Additional customers such as adult soccer can be found to use the fields once the Home Field Program members' requirements are met. We are reaching out to MHUSD and other local organizations looking for week day field space.

A third major element to our field user revenue component is to implement a Market Pricing Policy. Current rates around the area and regional for facilities like the Complex are:

Field Type	MH Rate	Market Rate	% Increase	Source
Turf Field	\$10 or \$42/hr	\$60/hr	500/20%	CSJ Sports Field Study
Grass Field	\$5 or \$6/hr	\$25/hr	400/350%	CSJ Sports Field Study

Please note that a resident/non-resident rate structure will need to be maintained. For planning purposes, we will use a 50% discount rate for residents.

Bringing the field rental price in-line over the next three years will not only increase revenue, but profitability as well. It must be done gradually, however, to allow current customers to develop strategies to pay for the higher price. MHYSA will look for ways to help them.

Additional revenue sources will be developed over the first three years. A big first year component will be parking and snack bar concessions. Parking alone can provide almost \$250K in revenue. Some revenue will be offset by a parking pass system that we will implement for Home Field members. Years 2 and 3 involve bringing our advertising and sponsorship programs online, reaching full stride in Year 3 when those revenues reach \$600k. This is the year the payments to Morgan Hill become a percentage of gross revenue as opposed to flat rate or a mix of the two. Additional plans included running camps and clinics, selling advertising at games and tournaments and bringing in championship tournaments.

The final component is one that only a non-profit can bring—namely grants and donations. As a non-profit, MHYSA can apply for and receive grants from regional and national philanthropic organizations. MHYSA has identified 40 potential local, regional, national and corporate grant sources. A complete list is included in the revenue sources and pricing policy section of our business plan. Examples of each type include:



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- Local
 - Morgan Hill Community Foundation
- Regional
 - Bay Area Hall Of Fame – Youth Sports Grants
- National
 - National Alliance for Youth Sports
- Corporate
 - General Mills Foundation
 - Professional sports franchises
 - San Francisco 49ers Foundation

b. Provide a business plan with the following information

i. Management structure

Morgan Hill Youth Sports Alliance is currently run by a three member board of directors. This will be increased to create additional leadership for operation of the Complex. The roles of the new members will be defined and appropriate community leaders found to fulfill these roles.

The board of directors will manage and run the business with separate and distinct responsibilities. Their roles will reflect areas of responsibilities:

- President/Executive Director
- Vice-President/Secretary
- Director of Finance
- Director of Marketing and Fundraising
- Director of Business Development
- Advisory Council President

The Advisory Council consisting of members of various local sports organizations, city departments and MHUSD staff will provide input as to best practices and communicate community needs to the board. This council reviews policies and activities of the board, develops joint programs with MHYSA leadership, and provides feedback on programs and services.

MHYSA will have two distinct independent operations if awarded the contract for management and operation of the Complex. Both will report to the President/Executive Director. The first and primary operational group will be the Outdoor Sports Complex Operation and Management team. The second team will handle the continued operation of the South Valley Flag Football League and creation of the South Valley BMX/Skate Club. The board itself will continue running financial aid and cooperative programs for local sports leagues and will work together with the Advisory Council.



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Within the Management team of the Complex, responsibilities will be handled by a Site Director, Facilities Manager and Service Manager. General duties include, but are not limited to:

Site Director

- Business development of the Complex
- Operational Performance to Budget
- Manage all personnel
- Field User Contracts
- Home Field Program
- Long term rentals (CYSA)
- Site Development
- Interact with MHYSA Board of Directors
- Report to the MHYSA President/Executive Director

Facilities Manager

- Operations – Customer facility usage
- Locks and Security
- Janitorial Contractor Management
- Field Maintenance Contractor Management

Services Manager

- Manage field schedule
- Process Field reservations
- Run Concessions
- Reporting and administration

ii. Community access and regional use philosophy

Community access and regional use need not conflict. With ten grass fields and two turf fields, there is plenty of room for all groups. The scheduling approach will need to change. With the flexibility that lights provide, there are plenty of hours available to meet everyone's needs—straight-forward tasks for an organization with good resource utilization management skills.

Community use will primarily take place during the week. Depending on the number of daylight hours, grass fields can be used for practice, while turf fields are used for afternoon and evening games. Regional use will be more targeted towards weekends when families and teams can travel. Regional activities can be easily accommodated, while allowing local use during the same time. Putting together destination packages with local hotels, stores and restaurants will enhance the tournament event experience and help direct spending by out-of-town consumers, thus complementing and enabling partnerships that will develop a thriving community.



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The mixed use field marking strategy employed on the turf fields can be expanded to the grass fields. Tournament hosts will work with MHYSA staff to determine the optional number of fields needed for their events. With the extended day provided by field lights, organizations will have the flexibility of scheduling that allows them to use fewer fields during community use and to expand into the available space when local leagues finish.

Using the "simultaneous multiple user model" ensures a diverse sports mix, while maintaining a good balance between regional and local users. The new challenge becomes a field balancing process, instead of a facility balancing process. There is more flexibility toward meeting everyone's needs, while generating sustainable revenue growth.

With that in mind, a sample of what a typical week of field usage might look like is below:

Field	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
1	PW	PW	PW	PW	PREP	OVYSL	PW
2	PW	PW	PW	PW	PREP	OVYSL	CYSA
3	OVYSL	OVYSL	OVYSL	OVYSL	PREP	OVYSL	CYSA
4	OVYSL	OVYSL	OVYSL	OVYSL	PREP	OVYSL	CYSA
5	OVYSL	OVYSL	OVYSL	OVYSL	PREP	CYSA	CYSA
6	MHUSD	MHUSD	MHUSD	MHUSD	PREP	CYSA	CYSA
7	MHUSD	MHUSD	MHUSD	MHUSD	PREP	CYSA	CYSA
8	OVYSL	OVYSL	OVYSL	OVYSL	PREP	CYSA	CYSA
9	OVYSL	OVYSL	OVYSL	OVYSL	PREP	CYSA	CYSA
10	MHM	MHM	MHM	MHM	PREP	CYSA	CYSA
11 (TF)	MIXED	MIXED	CMH	CMH	LO/AS	CYSA	PW
12 (TS)	OVYSL	OVYSL	OVYSL	OVYSL	LO/AS	CYSA	CYSA

Legend: PW = Pop Warner Raiders, OVYSL = Orchard Valley Youth Soccer League, MHUSD = High school teams, Charter School of Morgan Hill, Oakwood, MHM = Morgan Hill Mavericks Lacrosse Club, CMH = City of Morgan Hill, MIXED = Corporate leagues, local groups, city programs, LO/AS = Live Oak and Ann Sobrato

Please note that this chart is for demonstration purposes and shows only one user per field when in fact all fields will probably have more than one user throughout the course of any given day. With lights, the (TF) Turf Football and (TS) Turf Soccer fields can be used for longer hours. Actual schedules will display time slots throughout the day and the number of hours for each group. There will be hours set aside each day for maintenance and repair as well.



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iii. Market Strategy

The Market Strategy is to utilize the facility and community resources to develop service offerings for a variety of sports organizations. The market consists of drastically different types of customers:

- Field and facility users
- Sports-related businesses
- Camps and clinics
- National championship events
- Corporate advertisers
- Sponsorship and naming

As such, separate strategies are needed for each customer type. Field and/or Facility Users are the primary market for the organization. Their use of the facility brings value to the other two target markets.

The key values of this primary target market are:

- Price/value
- Flexibility of service offerings
- Easy of use

This market can be broken into the following segments:

- Community Sports Leagues
- Local Schools
- Local Competitions and Tournaments
- Regional Leagues and Tournaments
- Special interest groups such as seniors and adult leagues, youth and travel teams
- National Tournament Tours
- Event Companies – Car Shows, Festivals

Each group has specific needs that can be addressed through service offerings with packages that include the base rental fee plus options such as:

- Field Equipment Storage
- Field Lights
- Parking
- Concession Stand
- Sport Specific Equipment Rental
- Referee/Director tents
- Photo/Video Services



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Another way to further refine our strategy is to put each of the groups in time slots that match customer needs with the capacity of the Complex:

Weekday opportunity:

- Before 11am
- 11am to 1pm
- 1pm to 3pm
- 3pm to 6pm
- 6pm-8pm
- 8pm-10pm

Weekend opportunity (In specific time and field slots to meet their needs):

- 8am to 6pm
- 6pm to 10pm

By matching program components such as time of use, services and sports type to target markets and developing specific plans for each one, a comprehensive marketing package can be created to sell our services both locally and regionally. Coupling service offerings with the facility/field rental opens the way to attracting non-traditional customers to the Complex. Examples of how this approach will reach potential customers are:

- Establish the Complex Turf Stadium as a premier "Big Game" field
- Promote facility for corporate sports league use at lunch and after 8pm
- Provide snack bar services to all tournaments and non-Home Field leagues
- Identify Senior leagues for pre-11am weekday use
- Promote packages that include hotel, restaurant, tourist services such as Aquatic Center discounts to national sports tours

All of this makes the Complex the "Destination" facility it was designed to be. During the year, local companies reserve it to hold corporate events, national tours for regional and national championship tournament and event companies to host charity events. As a destination, the Complex is packaged with other attractions around the area such as wineries, parks and lakes to bring more tourist business into the community.

The "Destination" marketing strategy necessitates a vigorous program to ensure community access. This is why the Home Field Program has a major strategic importance. By ensuring access protection for local sports leagues, it can also ensure their participation by allowing them to use labor and in-kind services to reduce their annual program costs. Our strategy is dependent on a willingness to share for the greater good. Organizations that do not participate fully will be assigned to the general access pool.



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With field use revenue flowing, other components of our market strategy can be brought to bear:

- Sponsorship
- Naming Rights
- Advertising
- Regional/National Events Schedule
- Rental of Facility for pro Training Camps

iv. Risk Management

Risk comes in four ways to the Complex operations:

- City
- Financial
- Customer
- Assets

City

In the relationship between the City of Morgan Hill and MHYSA as a General Contractor/Operator of the Complex, each party has to ensure their organization is protected. As a contractor to the City of Morgan Hill, MHYSA will need to meet City of Morgan Hill contractor guidelines and regulations, provide the city with general liability insurance, as well as demonstrate compliance with state laws and regulations with Workman's Compensation, Health and Environmental statutes. MHYSA will comply with all city requirements for background and tuberculosis testing.

MHYSA will need to ensure that all users of the facility are properly insured with the city and MHYSA named as an additional insured. Users will also have to comply with all city, state and national regulations and laws when using the Complex.

Both parties will have to ensure compliance to the terms and conditions of the contract. In terms of risk, the city is only at risk if MHYSA fails to successfully operate the Complex. Terms will need to be included in the contract to provide adequate audit and contract termination controls to minimize each party's risk.

Financial

This risk comes primarily in terms of revenue achievement and cost management. Upon award of the contract, MHYSA would move to obtain community financial support for the cost of the first year of operations. These funds, coupled with the pre-existing field reservation revenue, will provide start-up funding that will enable MHYSA to bring the second half of the first year revenue in as targeted.



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Using the initial investment as a starting point, the operation of the Complex should maintain a favorable revenue pipeline throughout its fiscal plan. Response measures if the revenue pipeline began to empty would include modifying field use policies and rates, participating in community fundraising, as well as applying for national and corporate grants.

Cost management will be supported primarily by good business practices on the part of the staff of the Complex. Setting an accurate budget and operating to plan help keep operational costs under control. Asset management and care represent the remaining majority of cost management. If there is a need to reduce costs, the service contract for janitorial and field maintenance may be reviewed. Staff level may need to be reduced and business processes analyzed. A final option, of course, would be to discuss renegotiating contract terms with the City of Morgan Hill.

Customer

Customer damage to property or personal injury risk is primarily handled through the use of liability insurance, damage waivers and rental deposits. Customer interaction with the major assets of the Complex can be monitored to insure that possible damages are avoided. Staffing will need to be adequate to ensure customer behavior is appropriate.

The intangible risk is one of customer satisfaction. Meeting or exceeding customer expectations is the best way to maintain satisfaction. Benchmarking other facilities, finding and adopting best-of-breed practices and position pricing competitively should be sufficient to ensure the Complex remains competitive in its market. The community involvement in operations of the Complex provides an excellent base to operate from.

Assets

The major assets of the Complex are its turf and grass fields, fixtures and buildings. Fixtures include goals and nets, lights, fencing, grandstands, scoreboard, security gates and tables. Buildings include the main concession/restrooms, equipment sheds and storage sheds.

After hours security will come in the form of an alarm company and inspection visits by MHYSA staff.

Capital reserves will need to be established between the city and MHYSA for the turf fields, fixtures and buildings. Grass fields generally stay in operating shape if usage is monitored and field quality levels are maintained. This typically involves good field care practices, field use rotation and a "rain out" policy. "Rain out" premiums can also be utilized in the case of customer cancellation clauses as might be the case in scheduling a national tournament or event. Insurance may need to be considered for disaster mitigation and recovery.



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v. Revenue Sources and Pricing System

Revenue Sources

Our revenue sources come from field use rentals, service offerings such as parking and snack bar concessions, advertising, sponsorship, national and regional events, professional training camps and grants. Given the short start-up cycle, the first two quarters of operation will be limited by field rentals committed to by the city of Morgan Hill prior to MHYSA operations and the first year to building up usage. Years 2 and 3 will see the introduction of the sponsorship, advertising and events revenue sources. Grants will take at least 18 months to bring online due to their long processing times.

- **Field Use Revenue (Including lights)**
- **Parking Concessions**
 - Resident Pass for all Home Field Program
 - \$5 tournament fees
 - Free access for practices and casual users
- **Snack Bar Concessions**
 - Revenue share with Home Field Programs – Home Field partner operates concession as a fundraiser with minor share to MHYSA to cover administrative expense.
 - Tournament hosting – Operate snack bar to sell food and drink to tournament participants and guests
 - Vendor machine contract for casual users
- **Sponsorship**
 - Title Sponsorship (Seasonal)
 - Field Sponsorship (Yearly)
 - Concessions Sponsor – Example: Gatorade
 - Per Event/Day Sponsorship
- **Naming Rights**
 - Scoreboard
 - Field
 - Parking Area
 - Stadium/Complex
 - Major Events
 - Seasonal Schedules





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- **Advertising**
 - Banner and Signage Packages
 - Radio Commercials
 - Game Day Commercials (Played during games)
 - Banners and Signage Packages
 - Title Sponsors per Event per day
- **Regional and National Events**
 - National/Regional Training Camps hosted in Our Sports Corridor
 - National/Regional competitions held in our venue
- **Rental of Facility to Professional Training Camps**
 - Professional Soccer
 - Professional Football (Multiple Divisions)
- **Grants**
MHYSA's initial grant research has identified the following existing grant opportunities which will be engaged upon award of the contract:
 - President's Council on Physical Fitness
 - US Department of Education – various programs
 - US Department of State "Sports United" Grants
 - California Department of Education Grants
 - California After School Network
 - National Association for Sport and Physical Education -Carol M. White Physical Education Program
 - National Alliance for Youth Sports – "Start Smart" Sports Development Programs
 - After School Alliance/MetLife
 - Gilroy Grant Foundation
 - Morgan Hill Community Foundation
 - Olympic Club Foundation – City Fields Program
 - Change Makers – Team up for Youth
 - Liberty Mutual
 - Earthquakes
 - Finish Line Youth Foundation
 - SF Giants Community Fund
 - Warriors Foundation
 - 49ers Foundations
 - NFL Players Foundation
 - BAYS Foundation – Bay Area Youth Lacrosse Grants
 - Bay Area Hall of Fame – Youth Sports Grants
 - Motorola Foundation
 - General Mills Foundation "Champions for Healthy Kids"



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- Annenberg Foundation Youth Organization Funding
- Albertson's In the Community
- Herbalife "Improving the Lives of Children Grant"
- Office Depot "Helping Kids and Schools Grants"
- Liberty Mutual responsible Sports Program
- Tony Hawk Foundation
- The Christopher and Dana Reeve Foundation "Quality of Life Grants" Program
- Bird's Eye Food "Health, Education and Youth grant"
- WAL*MART Corporate Donations & Sponsorships
- Sports Authority Corporate Donations & Sponsorships
- Target Community Grants
- Nike Product Donations
- United States Soccer Foundations
- US Youth Soccer Grants
- Soccer Across America
- Women Win Foundation
- Gatorade's "GoGirlGo! Ambassador Awards"

Pricing System

Field Rentals

Field rental rates will need to be increased, but in a gradual way to allow existing customers to adapt their operations to the increased price. The plan is to honor the rate and field use commitments made for July 1st to December 31st, 2010. Rates will increase July 1st for all new reservations. Agreements will be made with existing users to prepare their organizations for new rates in the 2011 calendar years. Rates will continue to be adjusted gradually until they are inline with market rates. Local organizations will be intimately involved in the development of rate pricing.

Proposed rental rate schedule:

Hourly Rates	6 Months			Base Year 1 & 2			Year 3 & 4		
User Type	Turf	Lights	Grass	Turf	Lights	Grass	Turf	Lights	Grass
Local NP	\$10	\$8	\$5	\$20	\$8	\$12	\$20	\$12	\$12
Resident	\$21	\$8	\$6	\$30	\$8	\$25	\$30	\$12	\$25
Visitor NP	\$42	\$8	\$5	\$42	\$8	\$30	\$50	\$12	\$30
Visitor	\$42	\$8	\$6	\$60	\$8	\$45	\$60	\$12	\$45
Corporate	\$84	\$8	\$30	\$84	\$8	\$60	\$92	\$12	\$60

This schedule brings the field rates of the Complex inline with marketing pricing by Year 3. Rates will change as market rates change. Annual studies will be conducted to ensure fair value.



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Sponsorship Levels

Levels will be set at local, regional, state and national levels. Naming rights will carry the higher amounts.

Advertising

Advertising rates will be set based on media, labor and frequency.

Regional and National Events

Regional and national events will be based at tournament or corporate field rental rates, but coupled with service offerings into packages designed to meet each event's needs.

Rental of Facility to Professional Training Camps

Rental rates will be developed based on market rates for similar facilities. Service packages will augment the field rental fees.

vi. Itemized Expenses

Operations Expenses	Year 1
Facility Lease	\$50,000
Facility Revenue Splitting	\$0
Utilities	\$41,174
Water and Sewer (CoMH)	11,211.43
Pacific Gas and Electric	21,059.00
Junk/Trash	\$5,000
Communications (Verizon cell and internet access)	\$1,360
Bay Area Alarm	\$1,544
Repairs & Maintenance	\$173,463
Electrical	\$122
Plumbing and gas	\$122
Equipment repair (movable - eg soccer goals and nets)	\$122
Infrastructure repair (immovable (eg fences))	\$122
Security and Locks (Fences and Gates)	\$200
Sign and Facility Directions	\$500
Turf Field Sanitation and Rubber Replacement	
Audio System and Scoreboard	\$100
Field Maintenance (mowing and watering)	\$172,000
Pest Control	\$175
Event preparations and clean up	\$244,201
Open/close, Client support	\$300
Signage	\$250
Parking Concession Operations	\$109,792
Snack Bar Concession Operations	\$139,659
City Liaison	
Inspections	\$270.00
Insurance	\$6,500
General Liability	\$5,000
Workman's Compensation	\$1,500
Staff	\$353,000
Exempt Salaries	\$100,000
Tax Burden	\$33,000
Benefits (33% burden rate)	\$33,000
TAXES	\$0
G&A	\$30,000
TOTAL EXPENSE	\$699,208



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vii. Three Year Pro Forma

OSC Three Year Pro Forma			
	Year 1	Year 2	Year 3
	7/1/2010 to 6/30/2011	7/1/2011 to 6/30/2012	7/1/2012 to 6/30/2013
Revenue sources			
Field Rentals	\$327,112	\$399,734	\$424,070
Concessions (Snack Bar, Parking, etc.)	\$453,457	\$453,457	\$453,457
Camps, Clinics and Events	\$14,000	\$25,000	\$300,000
Advertising Program	\$8,000	\$16,000	\$160,000
Naming Rights (Complex, Each Field, etc)	\$0	\$0	\$0
Sponsorship	\$5,000	\$30,000	\$300,000
Grants and donations	\$36,000	\$27,000	\$27,000
Gross Revenue	\$843,569	\$951,190	\$1,654,526
Operations Expenses			
Facility Lease	\$50,000	\$60,000	\$0
Facility Revenue Sharing	\$0	\$0	\$82,726
Utilities	\$41,174	\$43,088	\$46,037
Repair & Maintenance	\$173,463	\$173,073	\$176,584
Event preparations and clean up	\$244,201	\$250,694	\$261,621
Reservation services (non payroll)	\$0	\$0	\$0
Member management (non payroll)	\$0	\$0	\$0
City Liaison	\$0	\$0	\$0
Inspections	\$270	\$270	\$270
Service Operation Expenses	\$6,500	\$6,575	\$6,654
Staff	\$153,000	\$160,650	\$168,683
TAXES	\$0	\$0	\$0
G&A	\$30,600	\$32,130	\$33,737
Net Expense	\$699,208	\$726,680	\$775,311
Capital Needs			
Replacement and Additions	\$26,680	\$30,608	\$83,608
CYSA Transition	\$41,000	\$4,000	\$0
Capital Needs	\$20,000	\$40,000	\$60,000
Improvements	\$0	\$0	\$65,000
TOTAL Capital	\$87,680	\$74,608	\$208,608
Operational Variance	\$96,681	\$149,902	\$670,607

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)



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viii. Conclusion

The City of Morgan Hill needs the best partner possible to build the Complex into the facility that was envisioned years ago when it was developed. MHYSA is the best partner for the following reasons:

- We are a talented and committed **Morgan Hill** team of professionals dedicated to serving the city and residents of Morgan Hill
- We are supported by community leaders and organizations
- We will build a sustainable revenue flow for the City of Morgan Hill
- Our operations of the Complex will keep the revenue earned in the community serving local children
- We have a comprehensive plan for facility management and operation
- Our vision for the Complex fits best within the 2030 Morgan Hill General Plan

We have much to do to be operational by July 1, 2010. In the next 90 days, we will:

- Add four directors to our Board of Directors
- Prepare the necessary documents to move MHYSA to 501c3 non-profit status
- Qualify and select local landscape and janitorial contractors
- Gain commitment from local sports organizations to the **Home Field Program**
- Develop a 180-day plan to manage the rental transfer to MHYSA
- Develop a grass field renovation plan
- Secure long-term rental agreement with CYSA
- Develop a transition plan with the City of Morgan Hill and CYSA
- Develop a co-marketing plan with local hotels and retail merchants

Bringing the Complex back under community control is the best option for the City of Morgan Hill and its residents. The city needs an operator committed to our community who truly appreciates what a special place Morgan Hill is to live. Candidates from outside of our community do not understand the **Community Value** of the Complex. The financial and community effort put into the creation of the Complex deserves no less than our best. MHYSA is the optimal choice.

We thank the City of Morgan Hill staff and City Council for the opportunity to respond to this RFP. We understand this proposal to non-binding and understand that a contract will need to negotiated and signed before operations can begin.

We look forward to working the City of Morgan Hill staff and City Council to bring the Outdoor Sports Complex back to community.



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ix. Attachments

Attachment A

Morgan Hill Youth Sports Alliance, Inc. Board of Directors

Jeff Dixon, President

Jeff is a lifetime entrepreneur and long-time community service contributor with 35 years of professional experience in sports, high-tech and telecommunications industries.

Jeff's professional experience includes 14 years as a league owner and operator of adult and youth flag football leagues. He has hosted tournaments along with many community events and fundraisers. He consulted to the NFL FLAG and USA Football on rule sets and training, coordinated all officials for the NFL FLAG Regional Tournament Tour and managed the officials at the NFL FLAG 2008 National Championship Tournament.

Jeff previously spent 17 years at Rolm Corporation/IBM/Siemens. As their Northern California Materials Manager, he created and managed a 5 site distribution network and managed \$10 million in inventory. As the Western Regional Materials Manager, he was responsible for all materials related operations west of the Rockies. He was the creator and national program manager of the Siemens MAC Challenge, a sales incentive program that generated over \$92 million in incremental installed base sales.

As a community contributor, Jeff has participated in many community organizations:

- San Jose Mayor's Advisory Council on the Metcalf Energy Center
- City of San Jose's Sports Field Study
- Morgan Hill's Outdoor Sports Complex Advisory Committee
- California Amateur Athletic Association, Inc. – Founding President
- Morgan Hill Independence Day, Inc. – Currently Vice President
- Morgan Hill Gymnastics Parents' Club - Founding president
- Morgan Hill Aquatics Center Foundation – Event Director
- Leadership Morgan Hill Class of 2009
- Volunteer Morgan Hill – Currently Director of Operations

Jeff, along with his wife and daughter, enjoy the close knit and friendly community of Morgan Hill.

Dave Payne, Vice President

Dave is a veteran of the high-tech industry, with over 25 years of experience leading teams in the creation, development and operation of advanced systems, networks, and high tech startups. He runs a technology consulting and corporate management practice from his offices in Morgan Hill, where he has lived the past decade with his wife and four children.



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Dave's customers range from the US Government (Defense, NASA, National Labs, Justice, and Homeland Security) to International clients (UN, Lockheed, and numerous Silicon Valley concerns). His practice focuses on high tech startups in consumer electronics, communications, security, RFID, as well as advanced space system design and integration. He has been a CEO/COO at multiple startups, and has been an executive director at such firms as Northrop Grumman, Lockheed Martin, Boeing, OPNET Technologies, and Bill Gates' Teledesic Corporation.

Dave is a graduate of UCLA with a Bachelor of Science in System Engineering and Economics. He and Christine have lived in Morgan Hill since the 90s raising their four children and enjoying the urban/rural/coastal mashup that is the South Valley. Dave enjoys home remodeling and jacuzzi maintenance, playing jazz piano, free lance web development, and coaching youth football, basketball, and soccer.

Rui Azevedo, Secretary/Treasurer

A recent arrival in Morgan Hill, Rui Azevedo was born and raised in Santa Clara, California. He attended Archbishop Mitty High School and then went on to graduate from Santa Clara University in 1994 with a Bachelor of Arts in Accounting.

He has worked in the accounting field in positions as the Vice President of Baytech Credit Union and Controller of Signals Wireless Communications. He has spent the past two years as the Director of Accounting for the Sisters of Mercy of the Americas in Burlingame. Rui has worked for other nonprofit credit unions and religious orders with a focus on mergers.

Rui has assisted amateur sports organizations providing guidance in the areas of financial management and accounting practices.

He is excited to move to Morgan Hill and contribute to his community. With his background in amateur sports and accounting expertise, Rui is looking forward to making a positive contribution to his new community.



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Attachment B

Morgan Hill Pop Warner Raiders Requirements

Example Home Field Program: MHPW

Morgan Hill Pop Warner Raiders

ACCESSIBILITY

Storage Facility Area - requires full access 24/7 365 calendar days

PRACTICE AREA - 4 Total fields duration of season July - Dec 1

JULY-AUGUST (5 Weekdays Monday-Friday) 45 calendar days

SEPTEMBER - DECEMBER (5 Weekdays Monday-Friday) 82 calendar days

6 Football Teams = Approx. 200 football players
(25 kids Tiny Mite 6-7 yrs old) (35 kids each MIA, JP, PW, JM, M, 7-15 yrs old)
3 Football Practice Fields ~ 50 sq yards per team

6 Cheer Teams = Approx. 100 cheerleaders
(10 girls Tiny Mite 6-7 yrs old) (20 girls per squad each MIA, JP, PW, JM, M, 7-15 yrs old)

~1 Football field sized Practice area (need not be a dedicated playing field but must be level no hazards)

Note: Duration of outdoor practice for Cheer approximately 1.5 months (August + 1/2 September, Cheer moves indoors)

PHYSICAL ASSETS - Reserved vehicle accessible space 50'X80' total footprint

- (1) 40'X8' Tractor Trailer - Container with wooden steps
- (2) 40'X8' Construction Container
- (2) 20'X8' Construction Container
- (1) 15'X6' 6 man blocking sled
- (2) 2-man blocking sleds
- (1) 26'X1' Trap Chute wheeled (large)
- (1) small flatbed trailer (single axle)
- (1) 24'X40' Equipment filling area (included in total above)

PARKING

Parking for 300 families/kids & 80-100 volunteers - mitigates after August 31st to drop off & pick up of football players with cheer moving indoors mid-September

CONCESSIONS

Agreement to allow MHPW to maintain a concession operation on the practice fields during the course of the season.

Possible rental of City Owned concession trailers as viable alternative to a hard structure.

Additional possible rental of Concession Building at front of complex for season.

TURF FIELDS

Access to lighted Turf Fields minimum one weekday per week July-August 6-9pm

Saturday or Sunday Day (one day only) use of both North & South late August 21st or 22nd

Jamboree Host - August 29th Sunday Day (one day only) use of both North & South turf fields + Concession Bldg

Weekdays Monday through Friday (Football Field only) October 18th-22nd, 25th-29th & November 1st-5th 6-9pm with lights

SCHEDULING

8 Saturdays (one day only) use of both North & South turf fields + Concession Bldg September-October

October 30 & 31st Round 1 Playoffs

Both Days use of both North & South turf fields + Concession Bldg

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)



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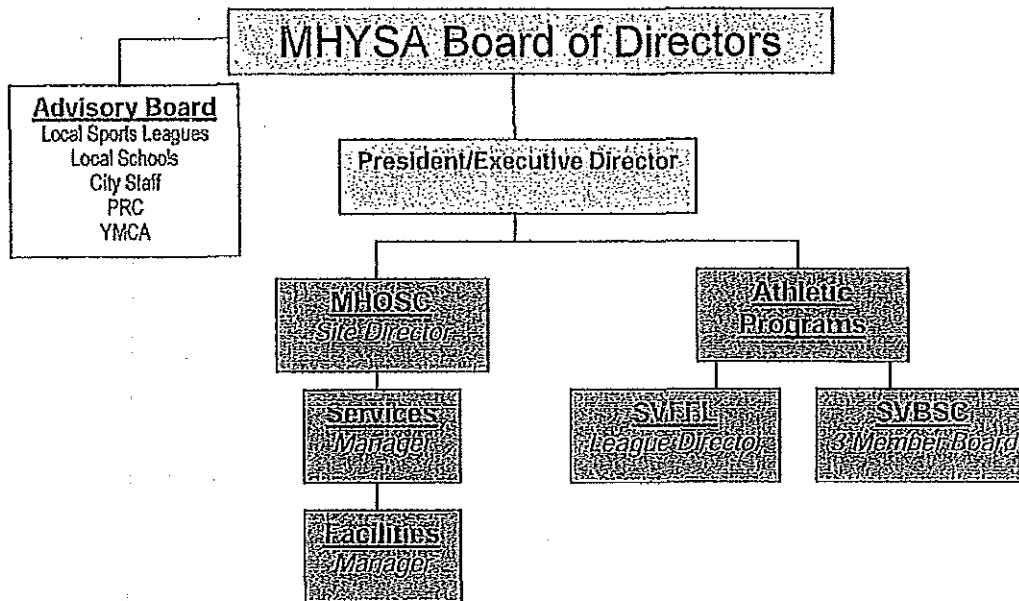


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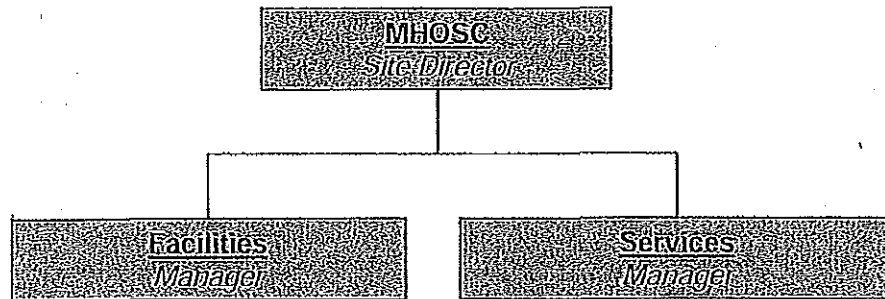
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Attachment C

MHYSA Organization Chart



Outdoor Sports Complex Operational Team



- | | |
|----------------------|---------------------|
| ◦ Operations | ◦ Manages All Sales |
| ◦ Locks and Security | ◦ Runs Ad Program |
| ◦ Janitorial | ◦ Schedules Fields |
| ◦ Field Maintenance | ◦ Run Concessions |

EXHIBIT D



1. Please explain your strategy to satisfy the City's OSC objectives to balance community access and regional use, as well as to ensure a diverse mix of field use.

Balancing community access and regional use first involves understanding the dynamics. Regional organizations have little or no interest in renting the fields during the week and critical interest on the weekends. Community groups would like to have weekday and weekend use is also a high priority. MHYSA's target balance is roughly 60% local and 40% regional.

MHYSA will use several methodologies to balance local access and regional use. The first will be to open the grass fields to local organizations Monday through Friday. Local organizations include OVYSL, Pop Warner, MHUSD teams and adult leagues. Additional users could come in the form of the YMCA programs and seniors. These organizations would be able to rent the fields on an hourly basis.

The second element of our approach will be to work with regional organizations to develop scheduling strategies that allow regional events (Tournaments) to take place at the same time there are local games (Leagues) going on at the facility. All users will have an opportunity to request hours on the OSC fields. The key will be balancing the ability to meet customer needs with maximizing the use of available hours. Tournaments and leagues both require a certain amount of field hours. The OSC has a fixed number of fields. The solution lies in determining how fields must be allocated to fulfill the individual need. The existence of two lighted fields allows for greater flexibility as games can be played there in the evening.

This approach also will provide the ability to ensure a diverse mix of field use. The facility has 12 fields and can be scheduled as such. MHYSA plans to use portable soccer goals on all fields which allows for fields to be use for different sports, possibly within the same day. As with the City of Campbell, grass fields will be marked in different colors as the OSC turf fields are today to allow for varied sports groups to play on the grass fields. Another step will be to reach out to non-traditional sports such as cricket and emerging sports such as disc golf to understand their fields needs and develop strategies to bring them into the facility in currently vacated times.

It is important to note that only rectangular sports field users can be accommodated at this time. These sports are soccer, football, rugby, lacrosse, flag football and field hockey. An additional consideration is there are leagues for both youths and adults.

Despite this fact MHYSA plans to work with diamond sports leagues such as Pony Baseball, SPIRIT and PRIDE in the near term to enhance their field access. The OSC is just one sports facility in the Morgan Hill Area. Others exist in city parks and schools as well in South San Jose and Gilroy. By bringing OVYSL and the Raiders to the OSC for all practices and games, these fields open up to allow greater access to diamond sports organizations. In the long term MHYSA will collaborate with the City of Morgan Hill and the SCCHS committee in developing permanent solutions.



Flexible scheduling strategies are the key to achieving these goals. As an example, a three game minimum/single elimination tournament for 30 teams whose games are scheduled in 2 hour time slots requires a total of 118 field hours. Assuming that set up hours can be accommodated as part of the scheduling the choices, there several ways to fulfill the 118 hours requested. Two examples are:

Total Hours	Total Fields	Sat. Hrs	Hrs/Field	Sun. Hrs	Hrs/Field
118	10	60	6	58	5.8
118	6 (Sa)/12 (Su)	60	10	58	<5

Successfully combined, these elements create an environment that would allow for a Saturday scheduling with diverse users that balance local and regional use:

Time	Field 1-6	Field 7	Field 8	Field 9	Field 10	Field 11	Field 12
8:00am	NorCal	OVYSL	OVYSL	OVYSL	OVYSL	Raiders	Raiders
9:00am	NorCal	OVYSL	OVYSL	OVYSL	OVYSL	Raiders	Raiders
10:00am	NorCal	OVYSL	OVYSL	OVYSL	OVYSL	Raiders	Raiders
11:00am	NorCal	OVYSL	OVYSL	OVYSL	OVYSL	Raiders	Raiders
12:00pm	NorCal	OVYSL	OVYSL	OVYSL	OVYSL	Raiders	Raiders
1:00pm	NorCal	OVYSL	OVYSL	OVYSL	OVYSL	Raiders	Raiders
2:00pm	NorCal	OVYSL	OVYSL	OVYSL	OVYSL	Raiders	Raiders
3:00pm	NorCal	OVYSL	OVYSL	OVYSL	OVYSL	Raiders	Raiders
4:00pm	NorCal	OVYSL	OVYSL	OVYSL	OVYSL	Raiders	Raiders
5:00pm	NorCal	OVYSL	OVYSL	OVYSL	OVYSL	Raiders	Raiders
6:00pm	OPEN	OPEN	OPEN	OPEN	OPEN	OPEN	OPEN
7:00pm	OPEN	OPEN	OPEN	OPEN	OPEN	OPEN	OPEN
8:00pm	OPEN	OPEN	OPEN	OPEN	OPEN	OPEN	OPEN

2. How do you plan to implement your proposed rates?

Existing and traditional users will be brought into the new rates on a scheduled and pre-arranged basis. New users will pay the new rate immediately. There are two considerations driving this strategy. The first is the reservations already on record with the City of Morgan Hill for the first six months on the turf fields. Those reservations will be honored at the existing rates. In addition, those parties will be given the opportunity to pay the existing rates for the grass fields even though there currently are no reservations placed for their use. Finally, based on the organizations' needs for the second half of the year and first half usage, rates may remain fixed until fiscal 2011/12.



MORE KIDS IN MORE SPORTS

A second consideration is the Home Field Program. Home Field Program members will have an opportunity to negotiate fund raising opportunities and in-kind labor exchange to reduce the impact of the rate increase. Rate discussions will require total transparency in terms of needs and the impact of the rate increase so that a collaborative method can be used to ensure that all parties' needs are fairly met.

3. Please explain your priority use system and implementation plan.

The main considerations for setting priorities will be the local/regional balance strategies, providing preferred access to Home Field Program members and retaining or acquiring regional partners. Additional considerations are giving priority to youth organizations, supporting local non-profits and providing access for casual users

The historical use of a priority system has been intended to provide the fairest approach to meeting competing field needs. Its failing comes from its reactive as opposed to proactive approach in meeting customer needs. MHYSA has a plan to ensure customer satisfaction by:

- Setting annual usage needs for all use traditional and existing users
- Employing a flexible scheduling strategy
- Working in an open and collaborative way with all users
- Providing an online tools for field scheduling and reservations

4. Do you currently have agreements or memorandum of understanding conditioned on your receipt of the contract with the City with organizations interested in reserving the OSC fields? If so, for which fields, turf or grass, for how many hours, and at what hourly rates? Please provide copies.

The opportunity to have access to the Morgan Hill Outdoor Sports Center has produced a frenzy of interest that grows every day. MHYSA remains committed to retaining CYSA and bringing OVYSL into the alliance which affects our opportunities with other organizations. If they choose not to participate; MHYSA has received letters of interest from the following organizations that are interested in replacing their field usage and site management operations:

- Upper V. Management Group, Inc
- Nor Cal Soccer
- Mustang Soccer
- ZFootball National 4-on-4 Flag Football Tournament Tour
- MHUSD

All of these organizations have indicated sincere interested in operating one or more events at the OSC. Specific hours of usage have not been discussed. The rates will be at Year 1 and 2 levels. MHUSD will probably join forces with MHYSA as a Home Field Program member.

Upper V. Management Group has proposed a more comprehensive partnership where they support MHYSA in an advisory or consultancy capacity, provide technical expertise and help facilitate sponsorship.



In addition we have received a letter of interest from the Morgan Hill Sister City Committee for hosting an international tournament on the site.

Most importantly however is the opportunity for future growth beyond we already have. For example, despite the extensive use of the turf fields by CYSA and OVYSL, these two fields remain largely unused during week days and throughout the summer months. Working with MHUSD and other local schools provides an opportunity to increase week day usage between 3pm to 6pm as well as between the hours of 9am to 3pm for special events. Specific hours have not been discussed.

In addition to the organizations listed above we are currently in preliminary discussion with:

- NFL Players Associations (Camps and clinics)
- U.S. Club Soccer
- NFL FLAG Football Tournament Tours
- USA Football

5. Do you have a contingency plan if your proposal assumptions do not materialize (for example, if CYSA or other existing customers elect not to reserve the OSC)?

Our contingency plans are two-fold. The first is if CYSA and OVYSL pulls out of their current 2010/11 reservations and the second is if they choose not to reserve the fields.

Current indications are that OVYSL and CYSA intend to vacate the OSC once a decision is made to move the OSC to another operator. This represents 371 hours for CYSA and 600 hours for OVYSL on the turf fields. MHYSA has not confirmed their plans, but will immediately begin booking alternative permits to ensure that the revenue stream remains uninterrupted in case these rumors are confirmed. We expect that we have all CYSA and OVYSL turf hours replaced and the grass fields booked for the first six months of FY2010/11 by the end of April. If CYSA and OVYSL choose to keep their tentative field reservations, but not renew in January 2011 then MHYSA will begin booking the second half of the year instead.

A second part of our contingency planning involves establishing a line of credit with community banks such as Pinnacle, Heritage and South Valley National Bank. We are in the process of working with all three banks to set our line of credit with one or possibly all of these banks. This line of credit will ensure that MHYSA can manage the ebb and flow of day-to-day financial management.

6. Please discuss your local economic development strategy and steps you have taken to move this forward.



MORE KIDS IN MORE SPORTS

We have shared our proposal with Morgan Hill Downtown Association, the Morgan Hill Chamber of Commerce, local community leaders such as Roger Knopf of Leadership Morgan Hill and Morgan Hill Rotary Club, Jeff Roth of South Valley National Bank, former Morgan Hill Mayor Dennis Kennedy, Anthony Goulart owner of Associated Concrete and Steven Stratton of Steven M. Stratton Insurance and Financial Services. These community leaders have contributed to and support the MHYSA proposal.

In addition we have shared our plans with local hotel association leaders David Dworkin and Keith Gapol as well as local business owners Rich and Rosie Bergin (Rosy's At The Beach), Debra Creighton (Huntington Station formerly Glory Days) and Troy Carson (Morgan Hill Bowl). While public support for our proposal varies among these parties, all have indicated a willingness to work with and/or support MHYSA should MHYSA obtain the OSC management contract.

Our economic development strategy is three fold:

- Work with community business leaders and associations to develop a comprehensive plan leveraging the value of the Outdoor Sports Center to drive economic development. These plans will involve at a minimum:
 - Working with Community Development to produce an information packet describing the vibrancy of our residential and business community due to the local control of and access to the OSC and other recreational facilities, our cooperative and enjoyable sports environment and the multitude of entertainment options Morgan Hill enjoys. This message will help Community Development facilitate residential and commercial growth.
 - Developing a comprehensive strategy with the Morgan Hill Chamber of Commerce and the Morgan Hill Downtown Association to leverage the OSC when promoting Morgan Hill retailers to other communities, event planners, tournament organizers and national organizations.
- Develop co-marketing strategies with the aforementioned businesses along with other retail merchants, restaurants, wineries and recreational oriented businesses, associations and youth organizations that direct tournament and event attendees to the downtown, northeast and southern districts. These efforts will at a minimum include:
 - On site, web site and social media advertising
 - Information collateral on all local retailers
 - Promotions and special offers for tournament attendees
 - Hotel packages that combines hotel, retail, restaurant and winery offers that direct tournament attendees towards local businesses as PART of their planning and attendance of their event.
- Continue to work with MHYSA members to create and execute mutually beneficially fundraising efforts.



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7. Do you plan to make any improvements to the grass fields? If so, what are they and how do you plan to fund the improvements as of the date you assume responsibility for the OSC?
 - While the grass fields are functional now, they clearly have been allowed to deteriorate over the past few years. MHYSA will develop a renovation plan that will improve the conditions of the entire facility. The first step will be a facility evaluation prior to the beginning of MHYSA management. The next steps will be through a negotiated approach agreed to by the City of Morgan Hill and MHYSA which will encompass:
 - Bringing the fields back to a superior condition
 - Ensuring continued warranty support for the turf fields
 - Defining a capital replacement strategy
 - Defining a capital improvement plan
 - Developing a fund raising strategy to support the facility plans
 - Our plan to handle the immediate grass field renovations will primarily through donations and community support. George Chiala has indicated interest in donating compost, Aaron Gill of Grass Farms volunteered to act as a grass consultant and Volunteer Morgan Hill will serve as a conduit for attracting volunteers. Upper V. Management has offered logistical and possibly financial support. Incremental costs will be absorbed as renovations take place.
8. How do you propose to fund the start-up of your operation as of the date you assume responsibility for the OSC?

Start up funding is the primary challenge MHYSA faces. This means start up operations will need to be creatively and conservatively managed. MHYSA plans to negotiate their lease, vendor and employee contracts along with site improvements and capital equipment purchases in a manner that defers most payments to later in the fiscal year. The uncertainty of the status of CYSA and OVYSI means that the MHYSA will have to move quickly to obtain reservations from Nor Cal Soccer, U.S. Club and other organizations to reserve and pay for fields. This requires cancelling the early reservations from these two organizations, identifying the now available hours to prospective users then booking the new reservations and collecting the rental fees. The remaining users will then be contacted to understand their payment status and time frames.

The only non-negotiable payables that MHYSA will incur will be for the water, electricity and insurance. MHYSA has the financial resources to pay these services for the first six months without income

We are mainly encouraged by the breadth and depth of interest our proposal has generated. It would be inappropriate to discuss our competitive and partnership strategies at this time. It suffices to say that there are many, many organizations willing to partner with and support MHYSA in the operation of the OSC.



9. What start-up capital do you have in your bank account?

We have immediately available financial resources of \$110,000 that is comprised of \$10,000 in an SVNB account and start up investment of up to \$100,000 from local investors. The investment funds will be moved once the amount needed is defined.

In addition, the following "pros/cons" matrix will be provided to the PRC for your organization. The PRC would also like to see a written response to these.

Organization	Pros	Cons	MHYSA Response
MHYSA (recommended)	- Well thought out, comprehensive business plan - Community based field use philosophy - Diverse facility use plan - Economic development goal - In-depth background research - Diverse revenue generation strategy	- No experience operating a public, recreation facility - Liberal three year pro-forma - Business start up based on volunteer leadership - Suggested increasing field rates	

Con: No experience operating a public, recreation facility

The addition of Upper V to our team mitigates this risk, and builds on the community approach. The coalition of MHYSA, NorCal Soccer, Earthquakes, Grass Farm to name a few members promises to be an exciting proposition.

Con: Liberal three year pro-forma

The math is solid, the assumptions conservative and our projections based on national industry standards

Con: Business start up based on volunteer leadership

MHYSA Directors were selected for 3 year terms based on professional qualifications, personal commitment and lack of encumbrance or potential conflict of interest through their leadership roles in similar or associated organizations.

Con: Suggested increasing field rates

Increasing rates are appropriate. We will offset impact to local organizations through the Home Field Program. Regional organizations will have the opportunity to pass cost on.

EXHIBIT E



May 6, 2010

City Council Questions
MHYSA Response

1. What are the City's risks associated with your proposal to operate and maintain the Outdoor Sports Center? What are your plans to manage the risk?

The risks for the city fall into two key categories: financial and facilities management. In terms of financial risk, the two main risks are:

- 1) CYSA decides to withdraw use of the facilities
- 2) MHYSA projections are overly optimistic

The MHYSA proposal and pro forma stands as submitted almost 60 days ago. In order to address both of these potential risks, we have provided an additional pro forma business plan, (See attached). While we are confident in our initial projections, along with the industry data and assumptions that underlie them, we have taken steps to mitigate any City concerns or risk by providing this highly conservative "worst case" scenario, which demonstrates that even under the worst circumstances, MHYSA is will be able to maintain a solid financial position.

In this scenario, CYSA abruptly ends any use of the facilities, reducing revenue dramatically and removing all their equipment. We have already demonstrated there is interest from many organizations to acquire CYSA's time and making up that lost revenue, however, it is inherently impossible for them to make that commitment (or us to accept it) until a contract is awarded. So for the purposes of this worst case scenario we have made the assumption that not only has CYSA ended use of the facilities, but also made the highly unlikely assumption that MHYSA is unable to replace any of it within the first year. As you can see in the pro forma, because many of the costs of operation are variable, not only does revenue decrease dramatically, but our expenses decrease as well. This would take our first year position from a positive variance of \$56,881 to just under break even amount of -\$24,998, but given the combination of our Bank LOC and private availability of funds, our financial position would remain sound and not put the City in risk whatsoever.

The second concern would be that our revenue projections are overly aggressive. It is worth noting here that both our expense and revenue projections are highly detailed and based on known industry standards and costs. The single area which is not as easily predictable is sponsorship, but even our initial projections did not reflect significant income from this area until year



MORE KIDS IN MORE SPORTS

three. As you can see in the attached "worst case" pro forma, while our positive variance is significantly reduced, we run no risk of negative cash flow due to lack of sponsorship funds.

Thus -- the City can be assured that even if CYSA leaves and MHYSA significantly under-performs our sponsorship projections, we remain financially strong and sound.

Another area of risk to the City is that the fields and facilities are not maintained adequately. As we have identified and contacted alternative field user groups if CYSA pulls out, we have also made initial preparations with local landscapers, sports turf and grass maintenance professionals from Sports Turf Management Association (STMA) and the California Landscaping Contractors Association (CLCA). These consultants have offered their expertise pro bono to assist with the development of an annual maintenance program. Local landscape companies will receive a detail statement of work they can bid on. There currently three companies who have provided preliminary estimates. These estimates are reflected in our pro forma.

2. Please explain the economic impact your proposal will have on the Morgan Hill community from July 1, 2010 through June 30, 2011. Include number of weekend dates that regional events will be held and include estimated number of fields used, teams, and spectators.

Scenario 1: CYSA stays and no additional users are found -- We expect the CYSA response to accurately define the impact and defer to their data. Not having access to their actual data, we have estimated their volume to at least be equivalent to the Nor Cal/Mustang even though declined comparatively declined 25% in recent years. Nor Cal/CYSA data available upon request.

- Total Weekend Dates - 30
- Number of Fields - 360
- Teams -- 1,427
- Spectators -- 45,795

In the event that CYSA stays, there are additional events identified which provide incremental revenue opportunities. These events are:

- Nor Cal Soccer Play Date on August 22nd
- Mustang Soccer MLS Academy September 3rd through 6th
- CVSL Magic Cup Tournaments on July 31st/August 1st and August 28th/29th (Currently identified as a CYSA event, they would stay.)



These events improve the local economic impact realized by MHYSA's operation by allowing non-CYSA organizations to use the OSC. The indicators are:

- Total Weekend Dates - 7
- Number of Fields - 84
- Teams - 256
- Spectators -- 10,123

Scenario 2: CYSA pulls out leaving a gap in the first six months usage and requiring replacement users be found for the second six month of 2010/11. In addition to the non-CYSA events listed above, there are requests for Nor Cal State Cup events, MLS events and other national tours that can replace historical CYSA usage.

- Total Weekend Dates - 34
- Number of Fields - 408
- Teams -- 1,567
- Spectators -- 48,795

The final favorable economic impact comes from MHYSA's co-marketing and collaboration strategies. Co-marketing with local associations, businesses and hotels will have a net multiplier effect on revenue realized. Our collaboration strategy will allow business partners to reduce costs, build business-to-business networks and create synergies between community sports organization.

3. How does your proposal enhance community access to the entire complex? For the period July 1, 2010 through June 30, 2011, please differentiate between the number of hours Morgan Hill teams will have access to:

- a. **Synthetic turf fields on weekdays and proposed rate** (Local Rate=\$10/hr)
There will be no change to current policies or rates and minimal impact on Morgan Hill teams' usage. The process will utilize the collaborative approach recently adopted by the city parks and recreation staff. This will ensure an appropriate balance of access for all community groups. We expect an overall increase in facility access and utilization local teams.
- b. **Synthetic turf fields on weekends and proposed rate** (Local Rate=\$10/hr)
Use best scheduling practices to increase local leagues access to facility while meeting regional customers' requirements.



c. ***Grass fields on weekdays and proposed rate*** (Local Rate=\$12/hr)

As previously stated, we will open grass fields to meet local needs during the week. We do not expect the need to be great enough to use every field every day. Furthermore, daily use will be primarily during the 3pm to sunset hours. Still, these fields should adequate to meet local teams' needs.

d. ***Grass fields on weekends and proposed rate*** (Local Rate=\$12/hr)

The MHYSA proposed hourly rate will open field availability to local leagues. Regional operators will release fields earlier if not charged a daily rate. This approach will lead to a culture shift in the way these tournaments are scheduled. Additional opportunity can be introduced if local teams pursue a similar collaborative approach when scheduling the fields when regional users are not.

Costs concerns under the new rate will be mitigated though the Home Field Program. The initial arrangement with Pop Warner Raiders gives them significant savings in the first year over their current field rental expense. Orchard Valley Youth Soccer League (OVYSL) has indicated their costs are approximately \$60,000 annually. MHYSA will work with OVYSL to reduce their annual costs while moving them off the sub par fields they play on today.

The Home Field Program also will allow alliance members to develop fundraising and cost reduction strategies providing further assistance to local teams.

4. ***How do you respond to the Council's request that CYSA and MHYSA work together? Please summarize your interactions subsequent to the Council meeting of May 19, if you have a specific proposal, please provide the details below and forward to the other organization when you submit your responses to the City?***

Our verbal proposal to CYSA on April 26th is contained in the following outline. We will formally send CYSA this information in the next 24 hours.

Proposal for working relationship between CYSA and MHYSA

1. Looking for long term arrangement
2. CYSA North and affiliates retain priority status among regional users
3. Rates and permits honored for July 1st to December 31st, 2010
4. CYSA North and affiliates reserve OSC directly with MHYSA
5. MHYSA interested in rent back arrangement for on site equipment



Summary of communication (Email thread copies available upon request)

- March 8th Jeff asks Dave Mann if CYSA would work with winner of proposal if CYSA not chosen. Answer was affirmative.
- April 6th Dave Payne emails Jack Salvamini to open dialogue on CYSA/OVYSL/MHYSA partnership.
- April 15th Rodney Robinson contacts Jeff Dixon to discuss options for working together. Main topic was MHYSA proposal. Dave Payne calls Dave Mann. No Response
- April 22nd Dave Payne and Rodney Robinson exchange emails regarding CYSA District 2 using OSC. Dave Mann provides final reply that CYSA District 2 will not commit until contract is signed with city and MHYSA. No further contact with Robinson
- April 23rd Kathi Killion and Jeff Dixon schedule Monday meeting between CYSA staff and MHYSA.
- April 26th CYSA (Dave, Kathi and Margaret) and MHYSA (Jeff, Rui) meeting in San Jose. Meeting results emailed to Steve R. Proposal topics shown below discussed. Dave Mann commits to provide field dates by the following week.
- May 3rd CYSA (Dave and Margaret) and MHYSA (Jeff) meet with Steve Rymer to find common ground. CYSA reiterates position of waiting on contract. MHYSA shares priorities.
- May 7th Proposal outline sent to Dave Mann by Jeff Dixon

5. Please clearly explain your Board of Directors' structure, including the number of directors, how directors are elected/appointed, and any local presence on the Board.

Our Board of Directors consists entirely of unpaid volunteers that meet our three key criteria:

- 1)
- 2) Morgan Hill citizens and community members with the best interests of our community at heart
- 3) Passionate supporters of youth sports
- 4) Specialized expertise in relevant fields (management, marketing, finance, etc)



Our Board has been expanded to seven members fulfilling three year terms in the following organizational positions. Each Board Candidate is voted on/approved by the existing Board of Directors:

1. President/Executive Director:
2. Vice President
3. Secretary/Treasurer
4. Marketing and Sales Director
5. Business Development Director
6. Community Advocacy Director
7. Advisory Council* President

*In addition to our governing Board of Directors, we have established an Advisory Council comprised of representatives of local youth sports organizations to ensure broad representation. The President of the Advisory Council is one of the seven voting members of our Board of Directors.

Board candidates must be endorsed by Advisory Council and will be selected by Board. Board members cannot have conflict of interest with OSC users or MHSYA members.



Attachment A Worst Case Scenario Pro Forma

OSC Semi-annual Pro Forma		First 6 mos	Last 6 mos
		7/1/2010 to 12/31/2010	1/1/2011 to 6/30/2011
Revenue sources			
Field Rentals	\$109,595	\$167,851	
Concessions (Snack Bar, Parking, etc.)	\$56,791	\$273,211	
Camps, Clinics and Events	\$12,500	\$1,500	
Advertising Program	\$3,700	\$4,300	
Naming Rights (Complex, Each Field, etc)	\$0	\$0	
Sponsorship	\$0	\$5,000	
Grants and donations	\$0	\$0	
Gross Revenue	\$182,586	\$451,862	
Operations Expenses			
Facility Lease	\$10,000	\$40,000	
Facility Revenue Sharing	\$0	\$0	
Utilities	\$20,582	\$20,590	
Repair & Maintenance	\$86,988	\$86,475	
Event preparations and clean up	\$26,576	\$86,366	
Reservation services (non payroll)	\$0	\$0	
Member management (non payroll)	\$0	\$0	
City-Liaison	\$0	\$0	
Inspections	\$270	\$0	
Service Operation Expenses	\$5,625	\$750	
Staff	\$25,035	\$59,125	
TAXES	\$0	\$0	
G&A	\$5,007	\$11,825	
Net Expense	\$180,083	\$305,131	
Capital Needs			
Replacement and Additions	\$0	\$0	
CYSA Transition	\$27,500	\$0	
Capital Needs	\$0	\$0	
Improvements	\$0	\$0	
TOTAL Capital	\$27,500	\$0	
Operational Variance	-\$24,998	\$146,731	

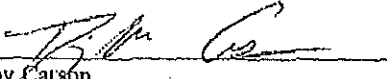
Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

Morgan Hill Youth Sports Alliance

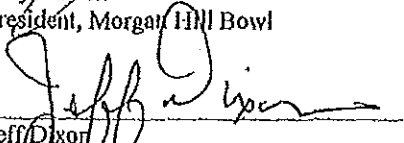
MORE KIDS IN MORE SPORTS
LINE OF CREDIT AGREEMENT

This LINE OF CREDIT AGREEMENT is made as of the 23rd day of June, 2010 (The "Line Of Credit Agreement") by and among Morgan Hill Youth Sports Alliance, Inc., corporation (MHYSA) and Troy Carson, individual (CARSON). A LINE OF CREDIT is hereby established in the amount of one hundred thousand dollars (\$100,000) for the benefit of MHYSA for the purpose of managing Outdoor Sports Center (OSC) Cash Flow during start up operations through fiscal year 2010/11.

1. CARSON hereby agrees to establish \$100,000 line of credit for access by MHYSA available for 1 year from July 1, 2010 until June 30, 2011.
2. MHYSA agrees to pay an annual interest rate of 6% on the total amount withdrawn and provide a 68"x68" advertising space at the front grass field entrance at no charge for one year.
3. MHYSA will request the funds through a Letter of Request stating the dollar amount required.
4. CARSON will provide funds requested within 48 hours of receiving the Letter of Request in the form of check or money order.
5. Interest is applied to withdrawn amount upon delivery of funds upon issuance and delivery of the check or money order to an MHYSA representative.
6. Amounts can be withdrawn as follows:
 - First Draw \$10,000
 - Minimum Draw \$5,000
7. MHYSA agrees to pay back all borrowed funds with interest immediately if OSC contract is concluded before June 30, 2011.
8. MHYSA may pay CARSON part or all of funds loaned at any time during the contract period.
9. Interest shall be calculated for the period of time the monies were held.
10. Total payment is due on July 1, 2011 for all withdrawals and interest.
11. In the event MHYSA becomes unable to pay back CARSON, Jeff Dixon will assume the AGREEMENT becoming responsible all existing debt and interest.


 Troy Carson
 President, Morgan Hill Bowl

Date: 6/28/10


 Jeff Dixon
 President, Morgan Hill Youth Sports Alliance, Inc.

Date: 6/28/10

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)



CERTIFICATE OF LIABILITY INSURANCE

 DATE (MM/DD/YYYY)
1/21/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER SelectSolutions Insurance Services, LLC #0127711 1350 Carlbach Avenue Walnut Creek, CA 94596		CONTACT NAME: PHONE (A/C, No, Ext): 866-500-6359 FAX (A/C, No): (855) 804-8449 E-MAIL: ADDRESS: PRODUCER CUSTOMER ID #:																						
INSURED Morgan Hill Youth Sports Alliance Inc. 16755 Jackson Oaks Dr Morgan Hill, CA 95037		<table border="1"> <thead> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A:</td> <td>State Compensation Insurance Fund</td> <td>35076</td> </tr> <tr> <td>INSURER B:</td> <td>Westchester Surplus Lines Insurance</td> <td>10172</td> </tr> <tr> <td>INSURER C:</td> <td>Northfield Insurance Company</td> <td>27987</td> </tr> <tr> <td>INSURER D:</td> <td></td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	State Compensation Insurance Fund	35076	INSURER B:	Westchester Surplus Lines Insurance	10172	INSURER C:	Northfield Insurance Company	27987	INSURER D:			INSURER E:			INSURER F:		
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INSURER F:																								

COVERAGES
CERTIFICATE NUMBER:
REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
C	GENERAL LIABILITY			WS240208	1/13/2016	1/13/2017	EACH OCCURRENCE
	☒ COMMERCIAL GENERAL LIABILITY	Yes	Yes				DAMAGE TO RENTED PREMISES (Ea occurrence)
	☐ CLAIMS-MADE ☒ OCCUR						MED EXP (Any one person)
							PERSONAL & ADV INJURY
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE
	☒ POLICY ☐ PROJECT ☐ LOC						PRODUCTS - COM/PROP AGG
							\$
C	AUTOMOBILE LIABILITY			WS240208	1/13/2016	1/13/2017	COMBINED SINGLE LIMIT (Ea accident)
	☐ ANY AUTO	BODILY INJURY (Per person)					
	☐ ALL OWNED AUTOS	BODILY INJURY (Per accident)					
	☐ SCHEDULED AUTOS	PROPERTY DAMAGE (Per accident)					
	☒ HIRED AUTOS						\$
	☒ NON-OWNED AUTOS						\$
							\$
	UMBRELLA LIAB						EACH OCCURRENCE
	EXCESS LIAB						AGGREGATE
	DEDUCTIBLE						\$
	RETENTION \$						\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			9104983-15	7/1/2015	7/1/2016	☒ WC STATUTORY LIMITS ☐ OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	N/A				E.L. EACH ACCIDENT
	If yes, describe under DESCRIPTION OF OPERATIONS below	Y					E.L. DISEASE - EA EMPLOYEE
							E.L. DISEASE - POLICY LIMIT
							\$ 1,000,000
							\$ 1,000,000
							\$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as named as Additional Insureds as their interests may appear in regards to General Liability policy per attached endorsement. This insurance is primary and non-contributory to any other insurance provided as respects General Liability policy. Waiver of subrogation in favor of the certificate holder with regard to the General Liability policy per attached endorsement.

B: Directors and Officers Liability G25736400006 1/13/2016 - 1/13/2017 \$1,000,000

CERTIFICATE HOLDER
CANCELLATION

 City of Morgan Hill
 17555 Peak Avenue
 Morgan Hill, CA 95037-4128

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



CERTIFICATE OF LIABILITY INSURANCE

 DATE(MM/DD/YYYY)
01/11/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services Central, Inc. SME IL Office 200 East Randolph Chicago IL 60601 USA		CONTACT NAME: PHONE (A/C No. Ext): (866) 283-7122 FAX (A/C No.): (800) 363-0105 E-MAIL ADDRESS:	
INSURED Bel Brands USA 30 South Wacker Drive Suite 3000 Chicago IL 60606-7459 USA		INSURER(S) AFFORDING COVERAGE INSURER A: AXA Insurance Company NAIC # 33022 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	

Holder Identifier:

COVERAGES CERTIFICATE NUMBER: 570060936488 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC OTHER:		PCS00216816	01/01/2016	01/01/2017	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$300,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ H-RED AUTOS ☐ NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
A	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$10,000		XS00216916	01/01/2016	01/01/2017	EACH OCCURRENCE \$25,000,000 AGGREGATE \$25,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A			PER STATUTE ☐ OTH-ER ☐ E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

City of Morgan Hill, Morgan Hill Youth Sports Alliance and Morgan Hill Outdoor Sports Center are included as Additional Insured in accordance with the policy provisions of the General Liability policy.

CERTIFICATE HOLDER
CANCELLATION

City of Morgan Hill Attn: Saida Reyes 17555 Peak Avenue Morgan Hill CA 95037 USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Aon Risk Services Central, Inc.</i>
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Certificate No : 570060936488

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to **SECTION II - WHO IS AN INSURED:**

Any person or organization that you have agreed in a written contract or agreement to include as an additional insured on this Coverage Part is an insured, but only with respect to liability for "bodily injury" or "property damage" that:

- a. Is caused by an "occurrence" that takes place after you have signed and executed that contract or agreement; and
- b. Is caused, in whole or in part, by your acts or omissions in the performance of your ongoing operations to which that written contract or agreement applies or the acts or omissions of any person or organization performing such operations on your behalf.

The insurance provided to such insured is subject to the following provisions:

- a. The limits of insurance provided to such insured will be the limits which you agreed to provide in the written contract or agreement, or the limits shown in the Declarations for this Coverage Part, whichever are less; and
- b. This insurance is excess over any valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to the insured for a loss we cover under this endorsement. However, if the written contract or agreement specifically requires that this insurance apply on a primary basis or a primary and non-contributory basis, this insurance is primary to other insurance available to the insured which covers that person or organization as a named insured for such loss, and we will not share with that other insurance. But the insurance provided to the insured by this endorsement still is excess over any valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to the insured when that person or organization is an additional insured under such other insurance.

Coverage under this provision does not apply to:

- a. Any person or organization for which coverage as an additional insured specifically is scheduled by attachment of an endorsement under this Coverage Part, or for whom you have purchased an Owners And Contractors Protective Liability policy;
- b. Any person or organization who distributes or sells "your product" in the regular course of that person's or organization's business with respect to liability arising out of "your products";
- c. Any person or organization from whom you have acquired "your product", or any ingredient, part or container entering into, accompanying or containing such product with respect to liability arising out of "your product";
- d. Any premises owner, manager or lessor with respect to liability arising out of the ownership, maintenance, or use of that part of any premises leased to you;
- e. Any equipment lessor with respect to liability arising out of the maintenance, operation or use of equipment leased to you by such equipment lessor; or
- f. Any architect, engineer or surveyor with respect to liability for "bodily injury" or "property damage" arising out of:
 - (1) The preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders or change orders, or the preparing, approving, or failing to prepare or approve, drawings and specifications; or
 - (2) Supervisory or inspection activities performed as part of any related architectural or engineering activities.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET WAIVER OF SUBROGATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to Paragraph 8., **Transfer Of Rights Of Recovery Against Others To Us**, of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If you have agreed in a written contract or agreement to waive your right of recovery against any person or organization, we waive our right of recovery against such person or organization, but only for payments we make because of:

- a. "Bodily injury" or "property damage" caused by an "occurrence" that takes place; or
- b. "Personal and advertising injury" caused by an offense that is committed;

subsequent to the execution of the written contract or agreement.

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OTHER INSURANCE - ADDITIONAL INSURED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV), Paragraph 4. (**Other Insurance**), is amended as follows:

1. The following is added to Paragraph a. **Primary Insurance**:

However, if you specifically agree in a written contract or written agreement that the insurance provided to an additional insured under this Coverage Part must apply on a primary basis; or a primary and non-contributory basis, this insurance is primary to other insurance that is available to such additional insured which covers such additional insured as a named insured, and we will not share with that other insurance, provided that:

- a. The "bodily injury" or "property damage" for which coverage is sought occurs; and
- b. The "personal and advertising injury" for which coverage is sought arises out of an offense committed, subsequent to the signing and execution of that contract or agreement by you.

2. The first Subparagraph (2) of Paragraph b. **Excess Insurance** regarding any other primary insurance available to you is deleted.

3. The following is added to Paragraph b. **Excess Insurance**, as an additional subparagraph under Subparagraph (1):

That is available to the insured when the insured is added as an additional insured under any other policy, including any umbrella or excess policy.

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)

POLICY NUMBER: WS240208

COMMERCIAL GENERAL LIABILITY
CG 20 12 05 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED - STATE OF GOVERNMENTAL
AGENCY OR SUBDIVISION OR POLITICAL
SUBDIVISION - PERMITS OR AUTHORIZATIONS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE**State Or Governmental Agency or Subdivision or Political Subdivision:**

City of Morgan Hill, 17555 Peak Avenue, Morgan Hill, CA 95037-4128

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Section II - Who Is An Insured is amended to include as an insured any state or governmental agency or subdivision or political subdivision shown in the Schedule, subject to the following provisions:

1. This insurance applies only with respect to operations performed by you or on your behalf for which the state or governmental agency or subdivision or political subdivision has issued a permit or authorization.
2. This insurance does not apply to:
 - a. "Bodily Injury", "property damage" or "personal and advertising injury" arising out of operations performed for the federal government, state or municipality; or
 - b. "Bodily Injury" or "property damage" included within the "products-completed operations hazard".

POLICY NUMBER: WS240208

COMMERCIAL GENERAL LIABILITY
CG 24 04 05 09**WAIVER OF TRANSFER OF RIGHTS OF RECOVERY
AGAINST OTHERS TO US**

This endorsement modifies Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART**SCHEDULE****Name of Person or Organization:**

City of Morgan Hill, 17555 Peak Avenue, Morgan Hill, CA 95037-4128

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8. Transfer Of
Rights Of Recovery Against Others To Us of Section IV -
Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

Attachment: Attachment 3 - MHYSA Agreement through Amendment 3 (1209 : OSC update)



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Anthony Eulo, Program Administrator
APPROVED BY: City Manager

AMENDMENTS TO CITY'S WATER WASTE ORDINANCE EXPANDING PERMANENT CONSERVATION POLICIES

RECOMMENDATION(S)

1. Open/Close public hearing;
2. Waive the first and second reading of the ordinance;
3. Introduce ordinance.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment
Preserving and Cultivating Public Trust

2017 Strategic Priorities

Regional Initiatives

REPORT NARRATIVE:

The purpose of this report is to present a draft ordinance that expands the City's permanent water conservation measures for City Council consideration.

During the recent historic drought, the Morgan Hill community responded exceptionally to the call for conservation. As indicated in the attached chart, the City's per capita water production was reduced by over 35% in 2015 and 2016 when compared to the index year of 2013. The community saved nearly a billion gallons of water in 2015 alone.

While the bountiful winter brought the State, Region, and City out of the drought, most experts agree that California must continue to treat water as a precious resource that is highly valued. When considered together, climate change, seismic instability, and biological concerns paint an uncertain picture of California's future water supply. With this in mind, the State Water Resources Control Board and other State agencies finalized their report, *Making Water Conservation a California Way of Life*, in April 2017. The framework introduced in this report will evolve into regulations requiring all water agencies, including the City, to take steps toward higher levels of permanent conservation.

In evaluating the City's current ordinance, the City has a set of permanent measures, that are always in effect, along with additional tiered sets of water supply shortage measures that are instituted during droughts. In order to permanently encourage greater levels of conservation, staff recommends the following approach:

- Continue the full range of economic assistance (rebates), demonstration gardens, and educational programs to encourage water conservation;
- Shift limiting irrigation to three days per week in the summer and one day per week in the winter to the list of permanent measures (while allowing for more frequent watering to support occasional major relandscaping projects) and make associated adjustments in the Level 1, Level 2, and Level 3 water supply shortage restrictions in order to maintain the ability to generate additional reductions during droughts;
- Continue to solely enforce the restrictions on a complaint basis during normal time periods, but engage in more active enforcement during times of water supply shortages; and
- Make additional minor adjustments to update the City's ordinance to be consistent with recent State regulations.

Based on the Council's direction on April 19th, staff has prepared the attached redline ordinance that addresses the above recommendation. In preparing the draft ordinance, staff sought out a way to expand the City's permanent provisions while still maintaining a way for the City to achieve additional water use reductions during droughts and other water supply shortages. Staff believes that enhancing ordinance enforcement, as needed, during water supply shortages will enable the City to still demonstrate an appreciable and adequate response to droughts and other water supply shortages. The City's activities in response to the last drought involved no active enforcement and no fines for water waste were issued. While the Community's overall response was impressive, there were anecdotal reports of substantial noncompliance. By addressing this noncompliance during water supply shortages, staff believes that the City's ability to respond to water supply shortages will remain adequate. To support these activities, the proposed ordinance includes the tripling of fines during water supply shortages.

As it has in the past, the proposed ordinance does not specify which days each week are watering days, but instead indicates that the City will publish an irrigation schedule. It is recommended that the City continue to publish the successful odd address/even address schedule that was widely adopted by other jurisdictions during the drought. If the specific days of the week are not specified, it may be nearly impossible to enforce the ordinance. Staff recognizes that the Council expressed some concern with mandating dates, rather than allowing individual selection of the three days. As stated above, this may be problematic so staff continues to recommend that the City establish the irrigation schedule.

The proposed changes to the ordinance fall into the following four categories:

1. Expansions to the list of permanent conservation measures;
2. Changes to update the City's ordinance to be consistent with changes in State law;
3. Minor typographical corrections or adjustments that add clarity; and

4. Provisions to enable the tripling of fines during water supply shortage conditions.

The attached redline ordinance has line numbers to enable the Council to easily refer to a specific provision when considering the ordinance. The following table refers to the line numbers as it describes each proposed change:

Description of Water Waste Ordinance Changes

<u>Line #</u>	<u>Description</u>
4 – 6	Description of which sections of the code are proposed to be changed
45 – 56	Updating of Finding “H” which describes the current status of Governor Executive Orders and State agency actions
58 – 64	Clarification on the challenges to the City’s water supplies that necessitate the need for permanent conservation measures
102 – 106	Language exempting home vegetable gardens and community garden plots
120 – 121	Updating City ordinance to align with State regulations recently enacted that permanently prohibit irrigation 48 hours after a rain storm
126 – 127	Language clarifying that soaker hoses and bubblers are considered forms of drip irrigation that can operate for more than 15 minutes
130 – 137	Section that establishes three day a week irrigation schedule as a permanent measure
138 – 143	Language that provides exemptions for drip and hand-held irrigation practices from the three day a week measure and allows irrigation system testing for very short periods of time. These exemptions are carried over from the current “Level 1” provisions
144 – 145	New language that provides an exemption to irrigation systems served by a weather-based irrigation controller. This exemption is NOT part of the current “Level 1” provision but has been requested by several customers.
146 – 149	New language that exempts new and significantly rehabilitated landscapes from the three day a week measure. Without this exemption, property owners could not adequately irrigate to get new plantings established. A 60 day exemption was recommended by the Water District’s Landscape Committee. This exemption is NOT part of the current “Level 1” provision but has been requested by several customers.
153 – 167	Section updated to align City ordinance with State regulations recently enacted that permanently prohibit the washing down of hard surfaces at all times
221 – 244	Old language requiring limits on watering days during “Level 1” conditions has been reworded for clarity. The new suggested exemptions for weather based controllers and new landscapes are NOT included in the “Level 1” language

249 – 258	Language removed because it is now included in the permanent provisions (per State law) and does not need to be repeated in the “Level 1” section
260, 263	Section updated to be consistent with the tiers included in the City’s Urban Water Management Plan as adopted in 2016
270	Clarifying language only making it clear which months are limited to two day a week irrigation during a “Level 2” condition
302, 306	Section updated to be consistent with the tiers included in the City’s Urban Water Management Plan as adopted in 2016
418	Updating name of City department
449 – 460	Language updated to triple fines during water supply shortage situations

Staff recommends that the Council introduce the ordinance expanding the City’s permanent water conservation measures.

COMMUNITY ENGAGEMENT: Consult

Staff requested input from the community via a survey, e-mails, and at a public meeting. A full report on these engagement activities is attached. The key results were:

- Public Meeting - There was an overall tone of acceptance among the participants that the City shouldn’t return to “business as usual” now that the drought has passed since drought will almost certainly return. City staff introduced the concept of limiting irrigation to three days a week in the summer on an ongoing basis (with allowances for new plantings) and there was general acceptance of the concept.
- Survey Responses – 143 responses were received. Highlights are:
 - Respondents reported that they personally engaged in a wide variety of water conserving measures during the drought. Nearly 90% of the respondents indicated that they watered less frequently.
 - 94% reported that they watered three times or less in 2016 – indicating that the survey respondents largely complied with the City’s drought restrictions in 2016.
 - 63% thought that watering should be limited to three times per week or less during times of normal (non-drought) weather.
- E-mailed Input – The input received via e-mails did not address the specific concept of expanding water conservation activities. Notably, 50% of the e-mails indicated an opinion that the City shouldn’t continue building new housing units if there isn’t ample water for existing residents.

ALTERNATIVE ACTIONS:

The City Council could decline to take action at this time to encourage higher levels of permanent water conservation or could direct staff to evaluate other measures to achieve permanent conservation such as enhanced public education, water allocations with fines, or other restrictions.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council has considered and adopted changes to the City's water waste ordinance several times in the past ten years. The most recent action was taken on April 19, 2017 when the Council directed staff to proceed with preparing a draft ordinance expanding the City's permanent water conservation measures. Prior to the April meeting, the last time the Council amended the ordinance was on November 18, 2015.

FISCAL AND RESOURCE IMPACT:

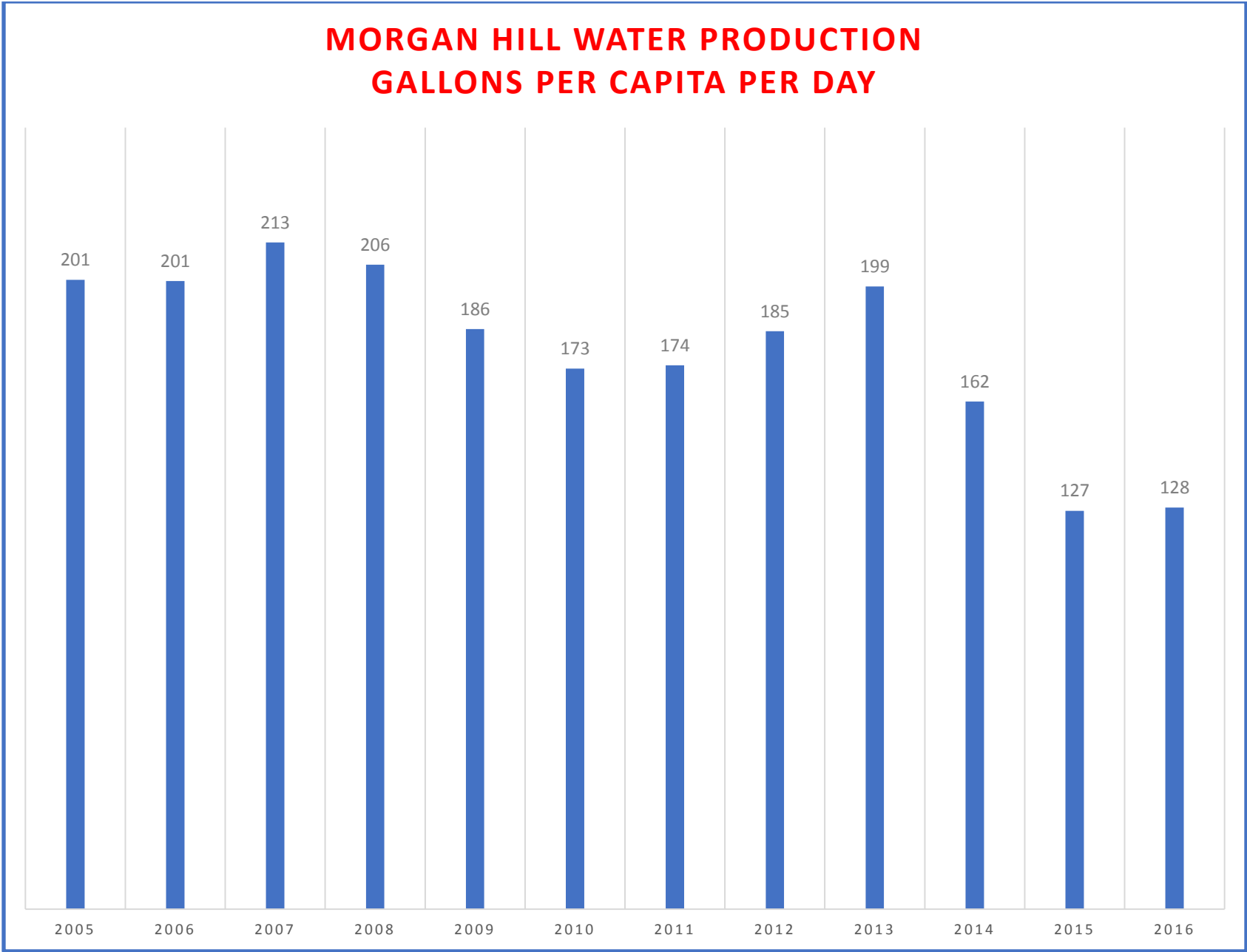
There are no direct fiscal impacts from this item and no budget adjustment is requested at this time. While permanent reductions in water consumption will lead to permanently reduced water sales, these reductions were anticipated in the City's most recent water rate study. The new rate structure decreases the fiscal impact of reduced sales due to the increase in fixed charges for each water account.

CEQA (California Environmental Quality Act):

This Ordinance and actions taken hereafter pursuant to this Ordinance are exempt from the California Environmental Quality Act as actions intended to preserve and protect natural resources (CEQA Guidelines section 15307).

LINKS/ATTACHMENTS:

1. GPCD Chart Shortened
2. City of Morgan Hill Water Conservation Engagement Results
3. 2017 Water Waste Ordinance Revisions



Attachment: GPCD Chart Shortened (1197 : Water Conservation Ordinance Amendment)

Water Conservation Public Engagement Report (April 2017)

City staff engaged the community by soliciting their input on the future direction of the City's Water Conservation program. The following message was sent out as an "e-blast" to the community and was reinforced with Facebook and Nextdoor messages and on the City's website:



Greetings Morgan Hill Community!

By saving nearly a billion gallons of water a year, the Morgan Hill Community has done an outstanding job in conserving water during the recent drought. While the record winter rains have washed away this drought, we know that drought in California can always be just one dry winter away and that water is always a precious resource in Morgan Hill. With this in mind, we are working to make Water Conservation a Way of Life in Morgan Hill....and California. Based on the community's recent success, it is clear that Morgan Hill residents and businesses can permanently use water more efficiently by converting their yards to California-friendly landscapes, watering less often, replacing inefficient fixtures and appliances, and reducing system leakage and runoff. The City will be evaluating changes to the City's Water Conservation Ordinance this April and is interested in hearing what ideas local residents and businesses have about ensuring that Morgan Hill continues to use water efficiently.

We have three ways that you can share your ideas with us.

One - Come to a Meeting

The City will be convening a meeting at 7 pm on Thursday, April 6 in the City Council Chambers West Conference Room, 17555 Peak Avenue, to discuss ideas the community has about our water conservation future. Please come ready to share your thoughts with your friends and neighbors. Click [here](#) for the meeting flyer.

Two - Complete a Brief Survey

We have prepared a quick, 3-question on-line survey that you can complete to share your thoughts. [Take the survey now.](#)

Three - Send Us Your Thoughts

Don't like surveys or meetings? You can directly [email](#) us your ideas about changes you'd like to see in the City's water conservation program.

Even if you're unable to make the meeting, please take the [Water Conservation Survey](#) or send us an [email](#) and let us know your thoughts on the future of water conservation in Morgan Hill. Thank you for your input!

[Survey Link](#)

As a result of this outreach, the City received public input via all three identified paths of providing input.

1. **Public Meeting** – the public meeting was held on Thursday, April 6th with five residents attending. Given the small size of the group, the discussion was far-ranging and there was a general collegial feel to the meeting. There was an overall tone of acceptance among the participants that the City shouldn't return to "business as usual" now that the drought has passed since drought will almost certainly return. City staff introduced the concept of limiting irrigation to three days a week in the summer on an ongoing basis (with allowances for new plantings) and there was general acceptance of the concept. Staff pledged to work with one participant, in particular, to follow up with his idea of enhancing stormwater capture as a way of increasing water supplies.
2. **Survey Responses** – the City received 143 responses to the brief electronic survey. The complete survey results and analysis are included as Attachment A. The highlights of the responses are:
 - Respondents reported that they personally engaged in a wide variety of water conserving measures during the drought. Nearly 90% of the respondents indicated that they watered less frequently.
 - 94% reported that they watered three times or less in 2016 – indicating that the survey respondents largely complied with the City's drought restrictions in 2016
 - 63% thought that watering should be limited to three times per week or less during times of normal (nondrought) weather
3. **E-mailed Input:** The City received eight responses directly e-mailed to us. The responses are copied verbatim in Attachment B. Since it may not have been clear that the comments would be publicly attributed to an individual when the City solicited this input, the sender's name has not been included.

While the eight e-mails are unsurprisingly different from one another, the following commonalities were present:

- Four of the e-mails indicated an opinion that the City shouldn't continue building new housing units if there isn't ample water for existing residents;
- Two of them mentioned higher water rates; and
- Two of them mentioned the water that flowed to the ocean during recent rains.

Attachment A

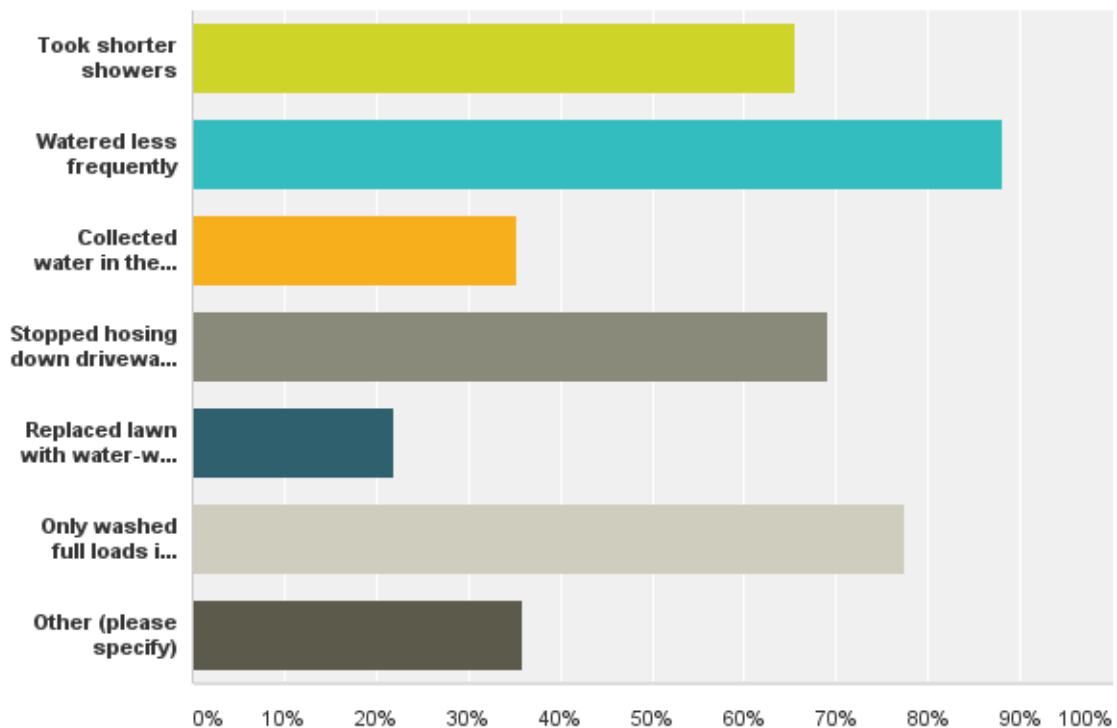
City of Morgan Hill Water Conservation Survey Results

March – April 2017

143 Total Responses

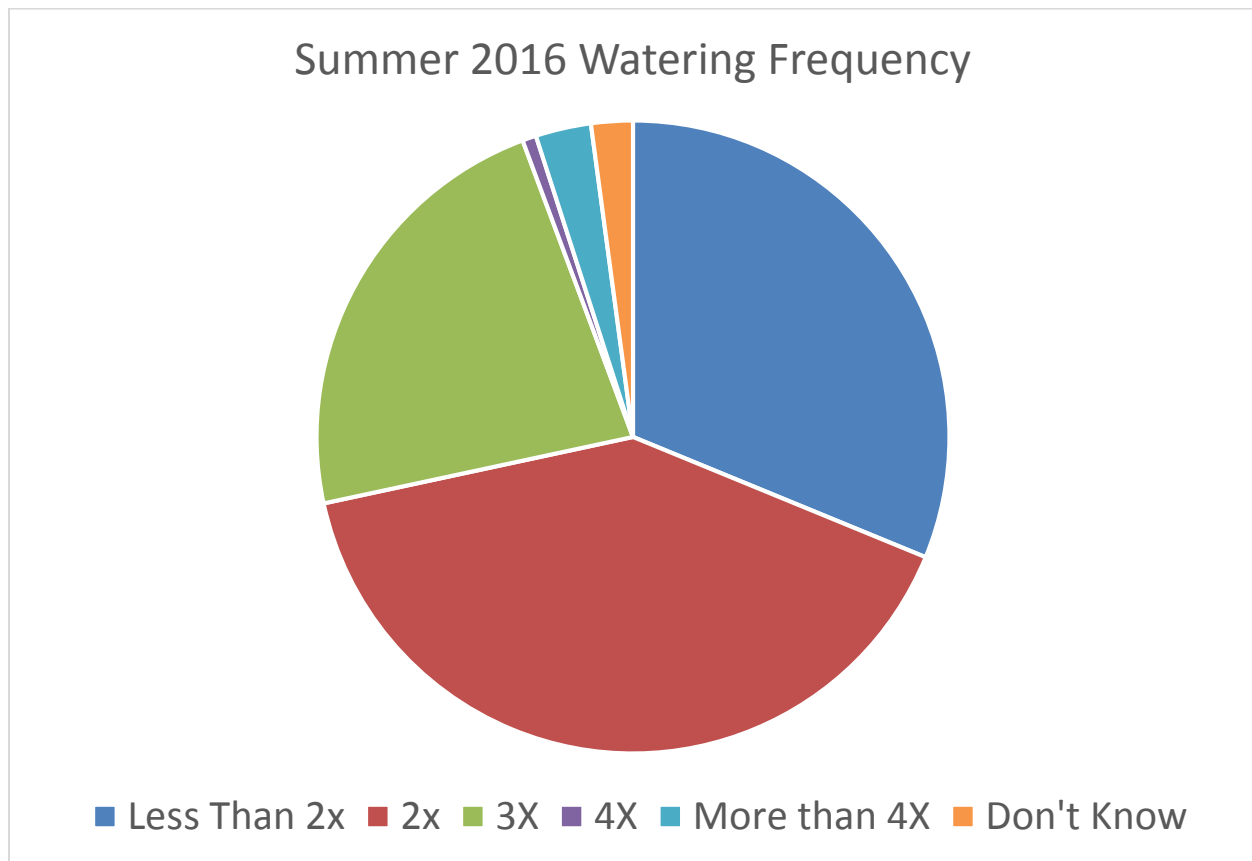
Q1 What did you do at your home to conserve water during the drought?

Answered: 142 Skipped: 1



The 51 “Other” responses included a wide variety of different ideas. Common responses were flushing the toilet less often, reusing graywater or captured water for the landscape, and letting portions of the landscape die.

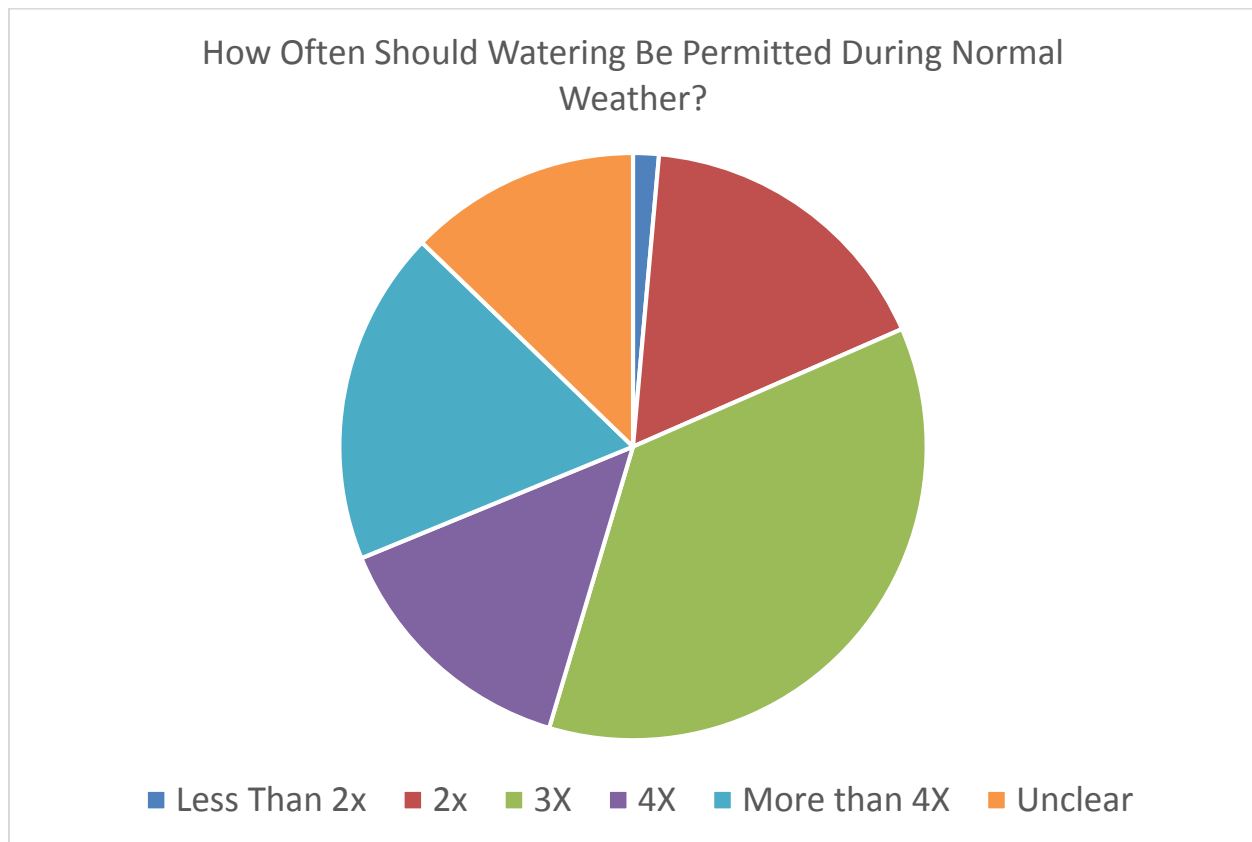
Question 2 was, “On average, how frequently did you water your landscape in the summer of 2016?”



31%	Less than two times per week
40%	Two times per week
23%	Three times per week
1%	Four times per week
3%	More than four times per week
2%	Don't know or didn't answer

The overwhelming majority of survey respondents (94%) complied with the City's irrigation restrictions in 2016 which allowed for irrigation three times per week.

Question 3 was, “During normal weather, when California isn’t in a drought, how frequently should watering in Morgan Hill be permitted?”



1%	Less than two times per week
17%	Two times per week
36%	Three times per week
14%	Four times per week
18%	More than four times per week
13%	Don't know or didn't answer

Since the number of different options and the level of unclear responses clouds the analysis, a second analysis of the responses was done which eliminated the unclear responses and separated the answers into the two choices of “3X Per Week or Less” and “More Than 3X Per Week.”

63%	3X Per Week or Less
37%	More Than 3X Per Week

Question 4 was, “Is there anything else you’d like the City to consider in its water conservation program?”

We received the following 91 responses that are broad ranging and difficult to quantify. They are listed below verbatim.

- how much and long thy water
- Tax, lawnscap discount programs like OTHER cities provide. We all know this is a very financially revenue stable county and simply saying to conserve is not enough. If this is something the city of MH already does, I would suggest cascading this down to its residents.
- stricter enforcement on violators. residential developers don't seem to follow rules very well
- Making sure that homeowner's associations allow native gardens in front yards.
- The rates are not fair for those who do save the water and yet there is corporations just down the street who are blasting water in the middle of the day. I would like to have more flexibility to water since it doesn't help the lawn when it's being water in the middle of the night and can grow fungus.
- No more NEW residents until water supply is sufficient for EXISTING residents WITHOUT severe water restrictions!
- Ask the state to build more damn so we don't need to conserve. Water is a natural occurring product and we should be able to use what we want.
- The continuing restrictions, in light of all the rain, are viewed by many as a farce. I recognize that the governor has much to do with this, but the whole campaign, and the government, loses credibility and is seen as an excuse to raise rates. Many see this as just another created crises to make more laws and additional money grabs for a dysfunctional government. Further, some residents see this as an excuse not maintain their yards and encourage blight. I hope I don't have to tell you why that is not good. We are seeing our urban forest being destroyed because of the failure to adequately train on how to preserve it with a short sighted goal of just water reduction.
- keep reminding customers
- No washing of vehicles except at commercial car washes.
- None
- Encourage citizens to report leaks or incorrect time of day/over use of irrigation - including office buildings, and car company hosing of cars on lots
- take into consideration that not all families of equal size share the same water conservation tools and don't punish families for using a tad more. who says what is normal usage anyway
- Make rain barrel available and affordable. Other than occasional tips with water bills, there isn't a comprehensive City water conservation educational program. These should appeal to families and non English speaking
- perhaps restricting installation of new lawn areas (unless for a park) and consider offering some incentive for those who remove existing lawns or discontinue lawn watering/maintenance
- Provide rebates for upgrading irrigation controllers to smart controllers that use weather data in determining watering scheduling.
- Yes, consider alternative water savings like subsurface watering for lawns. Most people over water, so educate rather than regulate. Sod is very important resource for the urban environment. In only

using high water pricing as a means of regulating use hurts those most vulnerable while disallowing the benefits of water use on the urban environment as well as the home.

- offer cistern installation programs
- Offer rebates for changing landscape...
- no
- Perhaps having a group of volunteers surveying yards. There's very little you have to do to see the water sats. Be backed by the city /County in sending out notices and following up with some of the consequences.
- Stop building apartments! We will have less water because of all the building.
- I don't think landscape should be the primary focus of water conservation. Plants are beneficial in so many ways. I think whatever is encouraged will be viewed with skepticism because our community was financially penalized for conserving. We do not want to be fined for being responsible citizens.
- Reclaimed water for landscaping, rain "smart" sprinklers that auto shut off if it rains. It is so frustrating to see sprinklers going when it is pouring rain. An anonymous "tip line" to report offenders....
- Ways to collect more water in wet years so that we do not have such severe problems in dry years.
- Charge commercial water rates or higher water rates to all the private homes watering vineyards
- After all this rain we have had, we shouldn't have to conserve. Our water bill should go down and not up.
- no
- Not that I can think of---the program has been very successful as is.
- no
- Ban lawns! except in public places, like parks
- Monitor office buildings who do not follow suggestions on the use of water
- No. After conservation, city will increase the rate. We already save the water, if city need money, they can not depends increase rate!
- We need to educate residents on how much water is actually needed for flora to survive. My neighbors started watering their lawns immediately after the rain stopped. Due to the volume of rain, there is still enough water in the ground for us to go weeks without watering. I do not think people understand this and are wasting water now.
- Who is monitoring the median strip watering? I see sprinklers on when it's raining and water running down the street very often.
- drill more wells build more aquifers build more dams
- yes, stop building apartments and houses and parks that use more water!!!! Why keep building something that needs a commodity we are short on!!! Doesn't make sense.
- Spraying down concrete and other surfaces should be permitted when needed to avoid health issues
- Not allowing individuals to let their landscape just die. There are other options rather than blighting the neighborhood. It would be nice if the City would spend sometime educating the population about being good neighbors. Also water use. Such as rather than watering for 10 minutes at a time, watering for 3 minutes 3 hours apart, most timers will accommodate that, your put more water where you want it eliminates run off and saves one minute of water.
- Require new residents to install drought-tolerant landscaping

- Home owners should be allowed to power wash outside walls in preparation for painting. Also home car washing should be allowed as long as water is not running constantly from the hose
- I've lived here for over 40 years. Every drought(and there have been several) we cut back and to reward us you raise our rates. :-(
- Provide homeowners money to replace what we were required to let die by not being allowed to water.
- Having only one designated day a week to water sometimes forced us to water when we didn't need it because the plants would need it before the next available day. If there was some rain or cool days we could have waited to water, but knowing we have to wait an entire week we sometimes watered anyway in case the following 7 days were hot or dry.
- Yes, the amount of houses being built, and the water that is needed to support that housing. (Landscaping, parks, and more residents.)
- encourage and provide assistance for replacing grass with natural, drought tolerant yards
- That during normal rain fall years, underground water does not get saved from year to year. Once it is full, the excess is run off. On normal years, the rainfall replenishes underground water. So conserving during normal years at the same level of drought years is a waste. Also, some of the water used on landscape filters back down to under ground water reservoirs.
- Making people aware of the conservation program who rent. Renters water usage is usually included in their rent payment. The rent is not adjustable each month regardless of how much water you use.
- LOWER WATER AND SEWAGE BILL.
- better programs to help identify leaks. It would be great if you could get water assessments done on your property.

Attachment B

City of Morgan Hill Water Conservation E-mailed Input March – April 2017

Good morning,

I have lived in Morgan Hill for almost 4 years and in California for 67 years. The idea of an ordinance to mandate water conservation, is in my opinion, Orwellian.

Why don't you look at ways to capture the millions of gallons of water that have been wasted from the release from Anderson Dam?

I at times feel government creates problems that do not exist.

Just curious why we are so concerned about water and we keep building all these apartments.

Hundreds of them are being built, and we are still building and worried about water. Stop building and that would help our town save water. Worry about the congestion on 101, Santa Teresa, and Butterfield for all the commuters. Open 101 to 4 lanes and maybe that would help.

Thank you. I will be out of town April 6 for your conservation meeting. If I were there I would request consideration of weather-base initiated watering perhaps as a trial by registered home owners.

you asked us to cut back on our water usage and conserve due to the drought. We complied only to have our water bill increase!

you ask us to cut back on water usage because we need to continue to conserve for future needs.

- then you build apartments, houses, parks that all need to use the water you are telling us we're short on!

Start practicing what you preach . . . stop punishing us for doing a good job of conservation.

Here's a tip for you (Stop dumping it in the ocean) and the lower my water bill

I have sent medals before about water conservation and wanted to add a couple more, i dont think I can make the meeting

First off, I think each household should be given an allotment of water per month and have each homeowner decide how they would like to use their water. Having government decide for you is not how it should be. If I want to install water saving devices in my home so I can water my plants/grass as needed, I should be able to.

Ban water softners. They waste a lot of water and there are other ways to filter the water with no waste

Install hot water circulators. How many people actually know how much water they waste when the let the water run until it gets hot. Especially showers

Install smart irrigation controls that predict the weather before watering. They adjust more or less deeding on the weather of that day. Including how much rain..

Install irrigation sprinkler heads that not only save water, but do not throw the water too far into the air to prevent watering sidewalks, etc

There are so many ways to save water but it should be up to the homeowner to decide where. And if an allotment were given, all of us would realize who much we really use and save. And dont penalize people like myself that have been installing all types of water saving devices in my home for years. When we go on restrictions, you put out to everyone to save 20% from the previous year. If I am already saving, why do I need to save 20 more percent when other people could be abusing and the 20% form them is just going back to normal.. An allotment would solve all of this. You would also be saving money on the time you investigate people abusing. It would be on their bill.

My 2 cents.

The city should consider the option of stopping the housing boom in Morgan Hill, which would significantly reduce the amount of water the community needs.

While I would like to join the meeting Thursday to express my concerns, I may have a conflict. In case I can't attend, please advise the Council that you have received this. As I have mentioned before, the need to conserve water would be greatly reduced if we did not have so many new residents coming in to the City. Instead of restricting our water use, the City should take care of EXISTING resident's needs. In other words, only allow NEW residents when there is sufficient supply for the EXISTING residents WITHOUT severe restrictions! Thank you and please do not hesitate to contact me with any questions.

ORDINANCE NO. XXX, NEW SERIES

AN ORDINANCE OF THE CITY OF MORGAN HILL
AMENDING SECTIONS, 13.04.330 (WASTING OF WATER
AND DROUGHT EMERGENCIES) AND 13.04.390
(ENFORCEMENT) AND 13.04.400 (VIOLATION-
PENALTY) OF CHAPTER 13.04 (WATER SYSTEM) OF
TITLE 13 (PUBLIC SERVICES), AMENDING
REGULATIONS PROHIBITING NONESSENTIAL USE OF
POTABLE WATER

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY
ORDAIN AS FOLLOWS:

Section 1. Findings.

- a. A reliable minimum supply of potable water is essential to the public health, safety and welfare of the people and economy of City of Morgan Hill.
- b. The City of Morgan Hill is located in a semi-arid region and is dependent upon local groundwater, and imported water supplies. A growing population, climate change, environmental concerns, and other factors in other parts of the State and western United States, make the region highly susceptible to water supply reliability issues.
- c. There is a need for water conservation program and regulations because there is a limited supply of water available to serve the residents and businesses of Morgan Hill and demand for water has, at times, exceeded supply, threatening a water shortage.
- d. Careful water management that includes active water conservation measures not only in times of drought, but at all times, is essential to ensure a reliable minimum supply of water to meet current and future water supply needs.
- e. Article X, Section 2 of the California Constitution declares that the general welfare requires that water resources be put to beneficial use, waste or unreasonable use or unreasonable method of use of water be prevented, and conservation of water be fully exercised with a view to the reasonable and beneficial use thereof.
- f. Article XI, Section 7 of the California Constitution declares that a city or county may make and enforce within its limits all local, police, sanitary and other ordinances and regulations not in conflict with general laws.
- g. California Water Code Section 375 authorizes water suppliers to adopt and enforce a comprehensive water conservation program to reduce water consumption and conserve supplies.
- h. The Governor of California issued Executive Order B-37-16 on May 9, 2016 instructing State agencies to establish a long-term water conservation framework that enhances the resiliency of California communities against climate change and drought. When finalized, the resulting framework will require the City of Morgan Hill to comply with water use

~~reduction targets on an ongoing basis. has proclaimed a statewide drought and issued an Executive Order, which takes immediate action to address a dire situation where numerous California communities are being forced to mandate water conservation or rationing. The lack of water has created other problems, such as extreme fire danger due to dry conditions, economic harm to urban and rural communities, loss of crops and the potential to degrade water quality in some regions. As well, the Santa Clara Valley Water District Board of Directors has called for an immediate 30 percent reduction in water use to assure we have enough water to endure the current drought.~~

- g. The City of Morgan Hill's water conservation and supply shortage program has functioned adequately since its adoption in 2009. ~~Minor e~~Changes to the program are necessary in order to expand and establish the permanent water conservation practices needed to best manage the City of Morgan Hill's potable water supply in the short and long-term and to avoid or minimize the effects of drought, climate change, and shortage the unreliability of imported water infrastructure that serves within the City of Morgan Hill.

Section 2. Declaration of Purpose and Intent.

a. The purpose of this Ordinance is to amend the City of Morgan Hill's water conservation and supply shortage program. The program's purposes are to reduce water consumption within the City of Morgan Hill through conservation, enable effective water supply planning, assure reasonable and beneficial use of water, prevent waste of water, and maximize the efficient use of water within the City of Morgan Hill to avoid and minimize the effect and hardship of water shortage to the greatest extent possible.

b. This Ordinance amends permanent water conservation standards intended to alter behavior related to water use efficiency at all times and further establishes three levels of water supply shortage response actions to be implemented during times of declared water shortage or declared water shortage emergency, with increasing restrictions on water use in response to worsening drought or emergency conditions and decreasing supplies.

Section 3. CEQA Exemption

The city finds that this Ordinance and actions taken hereafter pursuant to this Ordinance are exempt from the California Environmental Quality Act per the California Environmental Quality Act Guidelines Section 15307 (protection and preservation of natural resources). The City Clerk is hereby authorized and directed to file a Notice of Exemption as soon as possible following adoption of this Ordinance.

Section 4. Section 13.04.330 (Wasting of Water) of Chapter 13.04 (Water System) of Title 13 (Public Services) is hereby amended in its entirety to read as follows:

"13.04.330 Wasting of water and drought emergencies

A. Applicability

1. The provisions of this chapter apply to any person in the use of any potable water in the city.

2. The provisions of this chapter do not apply to uses of water necessary to protect public health and safety or for essential government services, such as police, fire and other similar emergency services.

3. The provisions of this chapter do not apply to the use of recycled water, with the exception of subsection B (1) of this section.

4. The provisions of this chapter do not apply to the use of water by commercial nurseries and commercial growers to sustain plants, trees, shrubs, crops or other vegetation intended for commercial sale, to the use of water in a community garden providing garden plots to the public, or to home fruit and vegetable gardens less than 200 square feet.

5. This chapter is intended solely to further the conservation of water. It is not intended to implement nor supersede any provision of federal, State, or local statutes, ordinances, or regulations relating to protection of water quality or control of drainage or runoff.

B. Prohibition Against Waste: The following water conservation requirements are effective at all times and are permanent. Violations of this section will be considered waste and an unreasonable use of water.

1. Limits on Watering Hours: Watering or irrigating of lawn, landscape or other vegetated area with potable water is prohibited between the hours of 9:00 a.m. and 7:00 p.m. Pacific Standard/Daylight Savings Time on any day, except by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system. Watering or irrigating within 48 hours after ¼ inch or more of precipitation is received is prohibited.

2. Limit on Watering Duration: Watering or irrigating of lawn, landscape or other vegetated area with potable water using a landscape irrigation system or a watering device that is not continuously attended is limited to no more than fifteen (15) minutes watering per day per station/valve/zone. This subsection does not apply to landscape irrigation stations/valves/zones that exclusively use drip type irrigation systems, soaker hoses, bubblers, or high efficiency sprinkler nozzles that have a precipitation rate of less than one (1) inch per hour. However, at no time can any irrigation system be operated long enough to cause runoff.

3. Limit on Watering Days: During the months of April through October, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to three to five days per week (as necessary to achieve reductions as determined in the discretion of the City Manager) on a schedule established and posted by the city. During the months of November through March, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to no more than one day per week on a schedule established and posted by the city. This provision does not apply to the following uses of water:

a. To landscape irrigation zones that exclusively use very low flow drip type irrigation systems when no emitter produces more than two (2) gallons of water per hour;

b. This provision also does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water

shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system;

c. To landscape irrigation zones that are controlled by an activated weather-based irrigation controller;

d. To watering or irrigating a newly installed or significantly rehabilitated landscape for the first sixty days after the first plant is placed in the ground. For the purposes of this section, a significantly rehabilitated landscape is a landscape in which 25% or more of a property's landscape is replaced.

34. No Excessive Water Flow or Runoff: Watering or irrigating of any lawn, landscape or other vegetated area in a manner that causes or allows excessive water flow or runoff onto an adjoining sidewalk, driveway, street, alley, gutter or ditch is prohibited.

45. No Washing Down Hard or Paved Surfaces: Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, is prohibited except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off device, a low-volume, high-pressure cleaning machine equipped to recycle any water used, or a low-volume high-pressure water broom. Washing down structures, fences, and hard surfaces expressly for the purposes of preparing a surface for the application of a surface coating is not prohibited provided it does not occur more than one time in any twelve (12) month period. Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, is prohibited except by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut off device, a low volume, high pressure cleaning machine equipped to recycle any water used, or a low volume high pressure water broom.

56. Obligation to Fix Leaks, Breaks or Malfunctions: Excessive use, loss or escape of water through breaks, leaks or other malfunctions in the water user's plumbing or distribution system for any period of time after such escape of water should have reasonably been discovered and corrected and in no event more than ten (10) days of receiving written notice from the city, is prohibited.

67. Recirculating Water Required for Water Fountains and Decorative Water Features: Operating a water fountain or other decorative water feature that does not use recirculated water is prohibited.

78. Limits on Washing Vehicles: Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not is prohibited, except by use of a hand-held bucket or similar container or a hand-held hose equipped with a positive self-closing water shut-off nozzle or device. This subsection does not apply to any commercial car washing facility that incorporates a recycled water system in its operation.

89. Drinking Water Served Upon Request Only: Eating or drinking establishments, including but not limited to a restaurant, hotel, cafe, cafeteria, bar, or other public place where food or drinks are sold, served, or offered for sale, are prohibited from providing drinking water to any person unless expressly requested.

910. Commercial Lodging Establishments Must Provide Guests Option to Decline Daily Linen Services: Hotels, motels and other commercial lodging establishments must provide customers the option of not having towels and linen laundered daily.

Commercial lodging establishments must prominently display notice of this option in each bathroom using clear and easily understood language.

119. No Installation of Single Pass Cooling Systems: Installation of single pass cooling systems is prohibited in buildings requesting new water service.

124. No Installation of Non-recirculating in Commercial Car Wash and Laundry Systems: Installation of non-recirculating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.

132. Restaurants Required to Use Water Conserving Dish Wash Spray Valves: Food preparation establishments, such as restaurants or cafes, are prohibited from using non-water conserving dish wash spray valves.

143. Commercial Car Wash Systems: Within one year of passage of this ordinance, all commercial conveyor car wash systems must have installed operational re-circulating water systems, or must have secured a waiver of this requirement from the city.

154. Construction Activities: Use of potable water for construction site dust control, compaction, and other site activities suitable for nonpotable water is prohibited if recycled water is available within five miles of the construction site.

165. Plumbing System Testing: Use of potable water for plumbing system testing is prohibited unless required by law or alternative testing procedures are determined to be unsuitable by City inspection staff.

176. Pool Covers: Constructing a pool without the inclusion of a pool cover is prohibited. All contracts for the construction of a new pool entered into after September 2, 2015 shall include the provision of a pool cover.

C. Level 1 Water Supply Shortage (11% - 20% reduction): A Level 1 Water Supply Shortage exists when the city council determines, in its sole discretion, that due to drought, other water supply conditions, or as mandated by the State of California, a water supply shortage or threatened shortage exists and a 11% - 20% consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water conditions. Upon the declaration by the city of a Level 1 Water Supply Shortage condition, the following mandatory water conservation requirements, in addition to the prohibited uses of water set forth in subsection B of this section, shall apply during such time that the Level 1 Water Supply Shortage is in effect.

1. Limits on Watering Days. During the months of April through October, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to three days per week on a schedule established and posted by the city. During the months of November through March, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to no more than one day per week on a schedule established and posted by the city. This provision does not apply to the following uses of water:

a. To landscape irrigation zones that exclusively use very low flow drip type irrigation systems when no emitter produces more than two (2) gallons of water per hour;

b. To watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system. ~~Watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to three to five days per week (as necessary to achieve reductions as determined in the discretion of the City Manager) on a schedule established and posted~~

~~by the city. During the months of November through March, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to no more than one day per week on a schedule established and posted by the city. This provision does not apply to landscape irrigation zones that exclusively use very low flow drip type irrigation systems when no emitter produces more than two (2) gallons of water per hour. This provision also does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.~~

2. Obligation to Fix Leaks, Breaks or Malfunctions. All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within seventy-two (72) hours of notification by the city unless other arrangements are made with the city.

~~3. No Washing Down Hard or Paved Surfaces. Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, is prohibited except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off device, a low volume, high-pressure cleaning machine equipped to recycle any water used, or a low volume high-pressure water broom. Washing down structures, fences, and hard surfaces expressly for the purposes of preparing a surface for the application of a surface coating is not prohibited provided it does not occur more than one time in any twelve (12) month period.~~

D. Level 2 Water Supply Shortage (21% - ~~35~~40% reduction).

A Level 2 Water Supply Shortage exists when the city council declares, in its sole discretion, that due to drought, other water supply conditions, or as mandated by the State of California, a water supply shortage or threatened shortage exists and a 21% - ~~35~~40% consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water conditions. Upon the declaration of a Level 2 Water Supply Shortage condition, the following mandatory water conservation requirements, in addition to the prohibited uses of water set forth in subsections B and C of this section, shall apply during such time that the Level 1 Water Supply Shortage is in effect.

1. Watering Days. ~~During the months of April through October, w~~Watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to two days per week- (as necessary to achieve reductions as determined in the discretion of the City Manager) on a schedule established and posted by the city. During the months of November through March, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to no more than one day per week on a schedule established and posted by the city. This provision does not apply to landscape irrigation zones that exclusively use very low flow drip type irrigation systems when no emitter produces more than two (2) gallons of water per hour. This provision also does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.

2. Obligation to Fix Leaks, Breaks or Malfunctions. All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within forty-eight (48) hours of notification by the city unless other arrangements are made with the city.

3. Limits on Filling Ornamental Lakes or Ponds. Filling or refilling ornamental lakes or ponds with potable water is prohibited, except to the extent needed to sustain aquatic life, provided that such animals are of significant value and have been actively managed within the water feature prior to declaration of a supply shortage level under this section.

4. Limits on Washing Vehicles. Using potable water to wash or clean a vehicle, including but not limited to, any automobile, truck, van, bus, , boat or trailer, whether motorized or not, is prohibited except at a commercial car washing facility that utilizes a recirculating water system to capture or reuse water. This provision does not apply to bicycles and motorcycles. The use of potable water to clean the windshield, windows, or mirrors of a vehicle by use of a hand-held bucket or similar container is not prohibited.

5. Recirculating Water Required for Water Slides and Water Play Features: Operating a water slide or other water play feature that does not use recirculated water is prohibited.

6. Pool covering. Pools constructed after September 2, 2015 shall be covered at all times except when being actively used for recreational purposes or serviced.

E. Level 3 Water Supply Shortage – Emergency Condition (Greater than 3540% reduction). A Level 3 Water Supply Shortage shall be referred to as a Water Shortage Emergency. A Level 3 condition exists when the city council declares, in its sole discretion or as mandated by the State of California, a water shortage emergency and notifies its residents and businesses that a greater than 3540% reduction in consumer demand is necessary to maintain sufficient water supplies for public health and safety, pursuant to Water Code Section 350 et seq. Upon the declaration of a Level 3 Water Supply Shortage condition, the following mandatory water conservation requirements, in addition to the prohibited uses of water set forth in subsections B, C and D of this section, shall apply during such time that the Level 3 Water Supply Shortage is in effect

1. No Watering or Irrigating. Watering or irrigating of lawn, landscape or other vegetated area with potable water is prohibited. This restriction does not apply to the following categories of use, unless the city has determined that recycled water is available and may be applied to the use:

a. Maintenance of vegetation, excluding lawns, that is watered using a hand-held bucket or similar container, hand-held hose equipped with a positive self-closing water shut-off nozzle or device;

b. Maintenance of existing landscape necessary for fire protection;

c. Maintenance of existing landscape for soil erosion control;

d. Maintenance of plant materials identified to be rare or essential to the well-being of protected species;

e. Maintenance of landscape within active public parks and playing fields, day care centers, golf course greens, and school grounds, provided that such irrigation does not exceed two (2) days per week for no more than fifteen (15) minutes watering per day per station and is prohibited between the hours of 9:00 a.m. and 7:00 p.m. Pacific Standard/Daylight Savings Time, according to the schedule established in subsection D(1) or this section.

f. Actively irrigated environmental mitigation projects.

2. Obligation to Fix Leaks, Breaks or Malfunctions. All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within twenty-four (24) hours of notification by the city unless other arrangements are made with the city.

3. Limits on New Potable Water Service: Upon declaration of a Level 3 Water Shortage Emergency condition, the city may limit the issuance of building permits, new potable water services, temporary meters and/or statements of immediate ability to serve or provide potable water service (such as, will-serve letters, certificates, or letters of availability). The City may consider exemptions to the limitation that include, but are not limited to the following circumstances:

- a. A valid, unexpired building permit has been issued for the project; or
- b. The project is necessary to protect the public health, safety, and welfare; or
- c. The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset prior to the provision of a new water meter(s) to the satisfaction of the city.
- d. This provision does not preclude the resetting or turn-on of meters to provide continuation of water service or the restoration of service that has been interrupted for a period of one year or less.

4. Limits on Building Permits. Upon declaration of a Level 3 Water Supply Shortage Emergency condition, the city manager is authorized to implement a program in his or her discretion to limit or withhold the issuance of building permits which require new or expanded water service, except to protect the public health, safety and welfare, or in cases which meet the city's adopted conservation offset requirements.

5. Discontinue Service. The city, in its sole discretion, may discontinue service to consumers who willfully violate provisions of this section.

6. No New Annexations. Upon the declaration of a Level 3 Water Supply Shortage condition, the city may suspend consideration of annexations to its service area. This subsection does not apply to boundary corrections and annexations that will not result in any immediate increased use of water.

7. Suspension of Swimming Pool Permit Issuance. The issuance of all permits for the initial construction of all swimming pools shall be suspended. Valid unexpired swimming pool construction permits issued prior to the declaration of Level 3 Water Supply Shortage shall remain valid if pool construction has begun prior to the declaration of the Level 3 Water Supply Shortage.

8. Construction Activities: Use of potable water for construction site dust control, compaction, and other site activities suitable for nonpotable water is prohibited if recycled water is available within forty miles of the construction site.

F. Procedures for Determination/Notification of Water Supply Shortage

The existence of Level 1, Level 2 or Level 3 Water Supply Shortage conditions may be declared by resolution of the city council adopted at a regular or special public meeting held in accordance with state law. The mandatory conservation requirements applicable to Level 1, Level 2 or Level 3 conditions will take effect on the tenth day after the date the shortage level is declared. Within five (5) days following the declaration of the shortage level, the city must publish a copy of the resolution in a newspaper used for publication of official notices.

G. Hardship Waiver. If, due to unique circumstances, a specific requirement of this chapter would result in undue hardship to a person using water or to property upon which water is used, that is disproportionate to the impacts to water users generally or to similar property or classes of water users, then the person may apply for a waiver to the requirement as provided in this Section.

1. Application: Application for a waiver must be on a form prescribed by the City Manager and accompanied by a nonrefundable processing fee in an amount set by city council resolution.

2. Supporting Documentation: The application must be accompanied by photographs, maps, drawings, and other information, including a written statement of the applicant.

3. Required Findings for Waiver: The waiver may be granted or conditionally granted only upon a written finding of the existence of facts demonstrating an undue hardship to a person using water or to property upon which water is used, that is disproportionate to the impacts to water users generally or to similar property or classes of water use due to specific and unique circumstances of the user or the user's property. An application for a waiver will be denied unless the City Manager finds, based on the information provided in the application, supporting documents, or such additional information as may be requested, and on water use information for the property as shown by the records of the city or its agent, all of the following:

a. That the waiver does not constitute a grant of special privilege inconsistent with the limitations upon other residents and businesses;

b. That because of special circumstances applicable to the property or its use, the strict application of this chapter would have a disproportionate impact on the property or use that exceeds the impacts to residents and businesses generally;

c. That the authorizing of such waiver will not be of substantial detriment to adjacent properties, and will not materially affect the ability of the city to effectuate the purpose of this chapter and will not be detrimental to the public interest; and

d. That the condition or situation of the subject property or the intended use of the property for which the waiver is sought is not common, recurrent or general in nature.

4. Approval Authority: The City Manager must act upon any completed application no later than ten (10) days after submittal and may approve, conditionally approve, or deny the waiver. The applicant requesting the waiver must be promptly notified in writing of any action taken. Unless specified otherwise at the time a waiver is approved, the waiver will apply to the subject property during the period of the mandatory water supply shortage condition. The decision of the City Manager shall be final."

Section 5. Section 13.04.390 (Enforcement) of Chapter 13.04 (Water System) of Title 13 (Public Services) is hereby amended in its entirety to read as follows:

"13.04.390 - Enforcement.

It shall be the duty of the employees of the police, fire, community development, community services, and engineering and utilities and departments to give vigilant aid to the city manager in the enforcement of the provisions of this chapter, and to this end they shall report all violations thereof which shall come to their knowledge, to the office of the city manager and it shall be the duty of the chief of the fire department to report

immediately to the city manager in case of fire in premises, having metered service for fire protection purposes that fire has occurred there. “

Section 6. Section 13.04.400 (Violation-Penalty) of Chapter 13.04 (Water System) of Title 13 (Public Services) is hereby amended in its entirety to read as follows:

“13.04.400 - Violation—Penalty.

A. Penalty. Any person violating or causing or permitting to be violated, any of the provisions of this chapter, is deemed guilty of a misdemeanor. Upon conviction thereof, such person shall be punished by a fine not exceeding one thousand dollars, or by imprisonment in the county jail for not more than 30 days. Every such person shall be deemed to be guilty of a separate offense for every day during any portion of which any violation of any provision of this chapter is committed, continued or permitted by such person, and shall be punishable therefor as provided in this section.

B. Notwithstanding any other provision of this code, whenever a violation of any section contained in this chapter is punishable as a misdemeanor, the city attorney may specify that the offense is an infraction, and proceed with prosecution as an infraction, unless the defendant objects to the offense being made an infraction, in which event the court may elect to have the complaint amended to charge as a misdemeanor, and the case shall proceed on a misdemeanor charge.

C. Violation of [Section 13.04.330](#). In addition to all other available remedies, including penalties available pursuant to subsection A or B of this section, any person violating or causing or permitting to be violated any provision of [Section 13.04.330](#) shall be subject to the following penalties and fines pursuant to the authorities and procedures set forth in [Chapter 1.19](#):

1. First Violation: The City of Morgan Hill will issue a written warning and deliver a copy of the ordinance codified in this section by mail.

2. Second Violation: A second violation within any consecutive twelve months period is punishable by a fine not to exceed one hundred dollars. [The fine for a second violation shall be three hundred dollars if the violation occurred during a City Council declared Water Supply Shortage condition.](#)

3. Third Violation: A third violation within any consecutive twelve months period is punishable by a fine not to exceed two hundred dollars. [The fine for a third violation shall be six hundred dollars if the violation occurred during a City Council declared Water Supply Shortage condition.](#)

4. Subsequent Violations: Any subsequent violations within any consecutive twelve months period are punishable by a fine not to exceed [five-one thousand five](#) hundred dollars and subject to installation of a water flow restrictor device of approximately one gallon per minute capacity for services up to one and one-half inch size and

comparatively sized restrictors for larger services after written notice of intent to install a flow restrictor for a minimum of forty-eight hours.

a. In addition to any other fines or penalties, a person who violates provisions of [Section 13.04.330](#) is responsible for payment of the City of Morgan Hill's charges for installing and/or removing any flow restricting device and for disconnecting and/or reconnecting service per the city's schedule of charges then in effect. The charge for installing and/or removing any flow restricting device must be paid to the city before the device is removed. Nonpayment will be subject to the same remedies as nonpayment of basic water rates.

b. The first installation of a flow-restricting device shall remain in place for a minimum of three days and shall be removed by the city not more than ten days after installation. The second installation of a flow-restricting device, for continued violation of this chapter, shall remain in place for a minimum period of ten days before being removed by the city no later than thirty days thereafter. Normal water service shall not be restored until all installation and removal costs of flow-restricting devices have been paid.

5. Separate Offenses: Each day that a person violated provisions of [Section 13.04.330](#) shall constitute a separate violation or offense.

D. All remedies provided for herein shall be cumulative and not exclusive.”

Section 67. Severability

If any section, subsection, sentence, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of the Ordinance will not be affected. The city council hereby declares it would have passed this Ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases or is declared invalid.

Section 78. Effective Date; Posting.

Pursuant to California Water Code Section 376, this Ordinance shall constitute a water conservation program and shall be effective upon adoption. Within ten (10) days of its adoption, this ordinance shall be published in full once in a newspaper of general circulation which is printed, published, and circulated in the City of Morgan Hill.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17TH DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 7th DAY OF JUNE 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

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

APPROVED:

STEVE TATE, Mayor

ATTEST:

IRMA TORREZ, City Clerk

DATE: _____

APPROVED:

STEVE TATE, Mayor

ATTEST:

IRMA TORREZ, City Clerk

DATE: _____

Effective xxx

⌘ 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 Ordinance No. xxxx, New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the 7th day of June 2017.

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

City of Morgan Hill
Ordinance No. XXXX, New Series
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DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Karl Bjarke, Public Works Director
APPROVED BY: City Manager

AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING TITLE 17 (SUBDIVISIONS), CHAPTER 17.34 (STANDARDS FOR RESIDENTIAL AND PRIVATE STREETS), PARAGRAPH 17.34.060 (PRIVATE STREETS) TO ADD A SUB-PARAGRAPH DIRECTING THAT PRIVATE STREETS BE CONSTRUCTED TO PUBLIC STREETS STANDARDS

RECOMMENDATION(S)

1. Open/Close Public Hearing;
2. Waive the first and second reading of the Ordinance; and
3. Introduce the Ordinance.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility

2017 Strategic Priorities

Infrastructure

POLICY CONSIDERATIONS:

Private streets in new development projects are authorized in Chapter 17, Subdivisions, of the Municipal Code upon approval of the Community Development Director. By amending the Code as recommended, all private streets shall be constructed to a structural section that meets the current Engineering Design Standards. While the long-term maintenance of private streets is not the City's responsibility, this will help ensure that residents living on private streets are not faced with premature road deterioration.

REPORT NARRATIVE:

In the process of reviewing and approving final maps, the City Council has expressed a concern about private streets being placed in residential subdivisions. The concern lies with the long-term durability of private streets since they are not necessarily built to the City's public streets standards and maintenance practices are unknown. The purpose of this report is to amend the Municipal Code to require developers to design and build private streets to the same structural design requirements as public streets.

Developers, particularly residential developers, lay out their internal street circulation to provide adequate, safe access for their residents and to optimize the number of lots they can create. The City has engineering design standards for public roads that require minimum street widths, sidewalk widths, lighting, striping, material types, and structural sections. These standards ensure uniformity City-wide and a predictable

durability for these street improvements. Staff's observation is that most developers design and build public roadways within their projects meeting the City's design standards. However, there are instances in which a residential developer may opt for private streets and the Municipal Code provides them with that option. Private streets are typically narrower than public streets and are owned and maintained by the residents living in the residential tract. The City may have publicly owned water and wastewater lines below these private streets which means the City's utilities crews have access to the streets via utility easements.

Chapter 17.34 of the Municipal Code, STANDARDS FOR RESIDENTIAL AND PRIVATE STREETS provides the local street standards for residential development. Paragraph 17.34.060, Private Streets, states *"Residential units may take primary access from a private street or paseo in the R-4, R-3, R-2, CL-R, CC-R, or R-1 4,500 zoning districts. Minimum standards for private streets and paseos shall be determined by the community development director in consultation with the fire marshal."* This paragraph further identifies a list of design requirements that private streets must meet. The list of requirements, however, is silent to the structural section required for construction. To remedy this, staff recommends adding a new sub-paragraph 'K' to the end of Paragraph 17.34.060 as follows.

K. Private streets must be designed and constructed to a structural section that meets the current City Engineering Design Standards or as approved by the City Engineer.

It should be noted that several recent residential projects have employed private streets in their internal circulation layout. Almost without exception, the private streets have been designed with a structural section that meets the City's Engineering Design Standards. By amending the Code as recommended, the Council will ensure that all future private streets are constructed to the same standard as public streets.

COMMUNITY ENGAGEMENT: Inform

Requiring private streets to be constructed to public streets standards is by the direction of the City Council. This report serves to inform the community of this requirement.

ALTERNATIVE ACTIONS:

The Council could reject the recommendation and developers would not be required to construct private streets to meet public streets standards.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- September 2, 2015 – Council affirmed that developers may incorporate private streets and established design requirements for private streets.
- May 4, 2016 – Council received report on public vs. private streets and directed staff to return with a recommendation for ensuring private streets are constructed to public streets standards as found in the Municipal Code.

FISCAL AND RESOURCE IMPACT:

No fiscal impact. As a result of requiring private streets to be constructed to public street standards, construction costs will be incurred by private developers. The City does not maintain private streets.

CEQA (California Environmental Quality Act):

Statutory Exemption

The Ordinance amendment is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b) (3) of the State CEQA Guidelines. Text amendments to the Morgan Hill Municipal Code are covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have significant effect on the environment, the activity is not subject to CEQA. Adoption of this amendment does not create changes in the physical environment and is therefore exempt. Additional CEQA review will be conducted for specific development projects in the future if such projects are proposed under the provisions of the proposed ordinance change.

LINKS/ATTACHMENTS:

1. Private Streets Ordinance Final Draft

ORDINANCE NO. _____, NEW SERIES

**AN ORDINANCE OF THE CITY OF MORGAN HILL
AMENDING TITLE 17 (SUBDIVISIONS), CHAPTER 17.34
(STANDARDS FOR RESIDENTIAL AND PRIVATE
STREETS), PARAGRAPH 17.34.060 (PRIVATE STREETS)
TO ADD A SUBPARAGRAPH DIRECTING THAT PRIVATE
STREETS BE CONSTRUCTED TO PUBLIC STREETS
STANDARDS**

WHEREAS, residential units may take primary access from a private street or paseo as determined by the Community Development Director as described in paragraph 17.34.060 of the Municipal Code; and

WHEREAS, structural section construction standards for private streets are not currently defined in paragraph 17.34.060 or elsewhere in the Municipal Code; and

WHEREAS, the City Council finds that requiring minimum structural section standards will help ensure that private streets are constructed to be as durable as public streets; and

WHEREAS, the provisions of this Ordinance do not constitute a project under the provisions of the California Environmental Quality Act of 1970.

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING, THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, DOES ORDAIN AND ENACT AS FOLLOWS:

SECTION 1: Section 17.34.060 (Private Streets) of Chapter 17.34 (Standards for Residential and Private Streets) is hereby amended to read as follows:

“17.34.060 - Private streets.

Residential units may take primary access from a private street or paseo in the R-4, R-3, R-2, CL-R, CC-R or R-1 4,500 zoning districts. Minimum standards for private streets and paseos shall be as determined by the Community Development Director in consultation with the Fire Marshall.

- A. Private Streets shall incorporate pedestrian-friendly design features that integrate public and private spaces and promote connectivity to nearby neighborhoods, schools, parks, shopping, transit routes, and other destinations. The design of private streets shall conform to all applicable city standards, as established elsewhere in the development code, subdivision regulations, or Morgan Hill Municipal Code.
- B. Private Streets shall provide multiple ingress and egress points within and into subdivisions wherever feasible; cul-de-sac and dead-end streets shall be avoided unless other options are not available.
- C. Private Streets shall be designed to connect to adjacent uses wherever feasible.

- D. Design measures which slow traffic and encourage walking and bicycling shall be incorporated. Typical features include curb bulbs, street trees, raised crosswalks, and roundabouts. A minimum of one street tree per unit is required.
- E. Decorative or accent paving shall be used at neighborhood entries, crosswalks, and major pedestrian areas within the development.
- F. Rolled curbs are prohibited.
- G. Street lights shall be designed and scaled at a pedestrian scale with a maximum height of sixteen (16) feet. "Cobra head" type street lights are prohibited.
- H. Bike lanes and pedestrian walkways shall be incorporated wherever feasible, connecting to existing bicycle and pedestrian facilities on the perimeter of the development. The design and dimensions of bike lanes and pedestrian walkways shall conform to all applicable provisions of the Morgan Hill Municipal Code.
- I. Sidewalks shall be provided on both sides of any street, driveway, or courtyard which serves six or more units. Sidewalks which are located on one side of the street only are acceptable on streets within developments of fewer than six homes, provided they are at least four feet in width.
- J. Street trees may be provided in either a park strip or within bulb outs. The minimum dimension for a tree planting area shall be five feet in width and five feet in length.
- K. Private streets must be designed and constructed to a structural section that meets the current City Engineering Design Standards or as approved by the City Engineer.

SECTION 2: Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

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

The foregoing ordinance was introduced and the title thereof read at a regular meeting of the City Council of the City of Morgan Hill held on the ____ of _____, 2017, and was finally adopted at a regular meeting of said Council on the ____ day of _____, 2017, and said ordinance was duly passed and adopted in accordance with law.

PASSED AND ADOPTED by the City Council of Morgan Hill at the regular meeting held on the _____ day of _____, 2017 by the following vote:

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

APPROVED:

STEVE TATE, MAYOR

ATTEST:

DATE:

IRMA TORREZ, City Clerk

Effective:

∞ CERTIFICATE OF THE CITY CLERK ∞

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 Ordinance No. ____, New Series, adopted by the City Council of the City of Morgan Hill, California at the meeting held on this _____ day of _____, 2017 and has been published pursuant to Government Code.

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

DATE: _____

Irma Torrez, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Rebecca Garcia, Housing Manager
APPROVED BY: City Manager

ORDINANCE ADDING A NEW CHAPTER 15.22 (BELOW MARKET RATE (BMR) HOUSING IN LIEU FEE) TO TITLE 15 (HOUSING CODE) OF THE MORGAN HILL MUNICIPAL CODE, ADDING 15.22.10 PURPOSE, 15.22.20 DEFINITIONS, AND 15.22.30 APPLICABILITY.

RECOMMENDATION(S)

1. Open/Close Public Hearing;
2. Waive the First and Second Reading of the Ordinance; and
3. Introduce Ordinance that:
 - A. Institutes a \$12.92 housing in-lieu fee (based on 8% affordability provision), per square foot of livable space of the entire project, effective with the Fiscal Year (FY) 2019-20 Residential Development Control System (RDSCS) competition year; and
 - B. Maintains the existing .5 fractional threshold for payment and providing the unit on site.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Preserving and Cultivating Public Trust

2017 Strategic Priorities

Inclusiveness

POLICY CONSIDERATIONS:

Should the City Council formally modify the housing in-lieu fee from a flat rate of \$150,000 per unit to \$12.92 per square foot of the total project as previously discussed?

REPORT NARRATIVE:

Beginning in May 2016, several Housing Workshops were held to discuss several elements of the City of Morgan Hill's Housing Program. The most recent workshop was held on April 19, 2017 to discuss the City's ongoing commitment to set aside affordable units through its annual Residential Development Control System (RDSCS) competition. The Council voted to maintain the existing 8% affordability goal commitment from BMR new construction (in addition to the existing 20% set aside). This report serves as a follow up to previous workshops at which the 8% affordable commitment was discussed in conjunction with the corresponding newly recommended housing in-lieu fee, which analysis was prepared by Keyser Marston and Associates (KMA).

The City retained KMA to conduct an analysis of the impact of the City's RDSCS BMR requirements, and to:

1. Estimate the financial cost to developers of providing on-site BMR units;
2. Provide a comparison of the cost of providing on-site BMR units to the RDSCS program's in-lieu fee and, if appropriate, recommend changes to the in-lieu fee amount so that it more closely approximates the cost of providing on-site units in today's market; and
3. Recommend program changes that will provide long term support for administration of the City's BMR program.

The first draft report "Analysis of the Impact of the Below Market Rate (BMR) requirements of the City's Residential Development Control System (RDSCS) on Development Economics" dated March 28, 2016 (Attachment B) was provided to City Council on June 22, 2016, and included a preliminary analysis of the cost of providing on-site BMR units relative to the City's current housing in-lieu fee (\$150,000) per unit delivered. It provided initial recommendations that allowed the City to consider more closely aligning the Housing In-lieu fee with the actual cost of providing on-site units in today's market and to obtain input from the development community.

The most recent KMA report " Analysis of Select Attributes of Morgan Hill's BMR Program" dated November 29, 2016 (Attachment A) was informed by the following series of workshops and discussions held regarding the Housing Program and the Housing In-lieu fee:

- City Council BMR Workshop I, May 18, 2016
- BMR Ordinance, City Council Meeting, June 1, 2016
- KMA Housing In-lieu fee workshop with the development community, June 15, 2016
- KMA Housing In-lieu fee discussion with City Council, June 22, 2016
- Second KMA Housing In-lieu fee workshop with the development community, November 1, 2016
- Housing Program workshop with City Council to discuss the annual percentage of affordable units in projects and the RDSCS competition, April 19, 2017

KMA compared the City's current "standard" \$150,000 in-lieu fee (\$12,000 per unit impact per door of each unit in the project), and "double" \$300,000 in-lieu fee structure (\$24,000 per unit impact per door of each unit in the project) to the fees charged by other cities, using eight prototypes as case studies, and converted the existing per unit fee to an amount per square foot of building area. On a per square foot basis, Morgan Hill's current maximum "double" fee of \$24,000 per unit translates into a fee ranging from \$8.40 per square foot (Esperanza project) to \$12.75 per square foot (Loden project). The "standard" fee amount of \$12,000 per unit translates into a current fee of \$4.20 per square foot (Esperanza) to \$6.37 per square foot (Loden). Whether the City receives a standard or double housing in-lieu housing fee is based on how the applicant commits to earn points through its initial menu of RDSCS competition options. Based on KMA's analysis, and the time that has passed since the existing fee was assessed (1997), the Housing Team suggested and the City Council on April 19, concurred with the following recommendations:

1. New In-Lieu Fee:

When an applicant chooses to pay the housing in-lieu fee, it is recommended that the basis for the in-lieu fee calculation be modified from a “per unit” fee to a \$12.92 “per square foot” fee of total livable space.

This recommendation is based on KMA's analysis of the eight case studies, whereby the developer's foregone profit associated with providing on-site affordable units was converted to an amount per square foot of building area. This change makes the fee more equitable, and accounts for the differences in unit sizes and sales prices across projects.

Example of new calculation: Project has 56 total units, average size of market rate units is 2,000 square feet. To receive maximum RDCS points, pledge is 8%:

On site obligation = 56 total units X 8% affordable commitment = 4.48 BMR units.

In lieu fee = 56 units X 2,000 square feet X \$12.92 per SF = \$1,447,000, divided by 56 units is \$25,839 per unit.

2. Fractional Fee to remain the same:

It is recommended that the fractional BMR threshold remain .5 to encourage the construction of new BMR units. The program applies the fractional fee to fractional requirements less than 0.5 of a unit.

Example of the new calculation when the BMR commitment yields a fraction of a fee:

Project has 56 total units; average size of market rate units is 2,000 square feet. To receive maximum RDCS points the 56-total unit project has committed to an 8% affordable commitment, 56 units x 8% = 4.48. This equates to 4 on-site BMR units and a fractional fee payment due for the “.48” units.

First, calculate the implicit in-lieu fee: 56 units X 2,000 square feet X \$12.92 per SF = an implicit in-lieu fee of \$1,447,000. From that implicit in-lieu fee, calculate the per BMR unit cost: \$1,447,000 / 4.48 = \$322,991 per BMR unit cost. The fractional payment owed for this project is .48 x \$322,991 = \$155,000, final fractional in-lieu fee owed. This project provided 4 on-site BMR new units and a fractional payment of \$155,000.

Lastly, this report coincides with the new RDCS Competitional Manual (Manual) and scoring platform developed by the Planning Commission and pending City Council review and approval. The fee has been discussed with the development community and Planning Commission through the Manual development process. If the Council chooses to approve the new fee of \$12.92 per square foot of livable space of the entire project, it is recommended that it become effective with the October 2017 RDCS Competition Year.

COMMUNITY ENGAGEMENT: Consult

A notice of the public hearing was placed in the Morgan Hill Times May 5, 2017. Additionally, a series of workshops and discussions have been held regarding the Housing Program and in-lieu fee.

- City Council BMR Workshop I, May 18, 2016

- BMR Ordinance, City Council Meeting, June 1, 2016
- KMA Housing In-lieu fee workshop with the development community, June 15, 2016
- KMA Housing In-lieu fee discussion with City Council, June 22, 2016
- Second KMA Housing In-lieu fee workshop with the development community, November 1, 2016
- Housing Program workshop to discuss the 20% and 8% (annual goal, percentage of affordable units in projects and the RDCS competition), April 19, 2017

ALTERNATIVE ACTIONS:

The Council can choose not to approve any one of the recommendations, and/or direct staff to return with alternatives.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council adopted a BMR Ordinance, June 1, 2016, and held a KMA Housing In-lieu fee discussion at the City Council meeting on June 22, 2016, at which they directed staff to continue further refining the in-lieu fee analysis. On April 19th, the Council voted to maintain the 8% affordability provision.

FISCAL AND RESOURCE IMPACT:

The additional built units will be managed as part of the City's existing affordable housing program which is currently performed by City and HouseKeys staff.

CEQA (California Environmental Quality Act):

Not a Project: The creation of governmental funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project that may result in physical environmental impacts is not a project for CEQA purposes.

LINKS/ATTACHMENTS:

1. Attachment A KMA First Report 11_29_2016
2. Attachment B KMA Report 3_28_2016
3. Ordinance Housing in lieu fee



KEYSER MARSTON ASSOCIATES

ANALYSIS OF SELECT ATTRIBUTES OF MORGAN HILL'S BMR PROGRAM

Prepared for
City of Morgan Hill

Prepared by
Keyser Marston Associates, Inc.

November 29, 2016

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I. INTRODUCTION

Pursuant to a voter initiative first passed in 1977, the City of Morgan Hill has adopted the Residential Development Control System (RDCS) to limit the total amount and pace of new residential construction and encourage high-quality development that enhances residents' quality of life. The RDCS requires residential projects to compete for allotments of building permits each year using a point system.

One of the categories of points relates to providing Below Market Rate (BMR) units within each project. The RDCS system in tandem with the former Redevelopment Agency has been very successful in creating affordable housing in Morgan Hill. There are currently approximately 500 deed-restricted residential units within the City, for which the City is responsible for monitoring compliance with the requirements for the initial sale to income-eligible households as well as the ongoing compliance with occupancy and resale restrictions.

The RDCS point system and administration policies have periodically changed over the past 35+ years and the City is currently in the process of updating the point system and undertaking a general review of the BMR program. The City is interested in understanding how the development community is addressing the BMR component and what improvements could be made to the program and point system. Questions that have been raised include the following:

- What is the typical on-site percentage of BMR units?
- What is the size of the BMR units relative to market rate units?
- Which types of projects are paying fees in-lieu of providing on-site units?
- Where are BMR units located within each project – are they dispersed or concentrated?
- What is the cost to the development community of providing on-site BMR units and how does the City's current in-lieu fee compare with the cost of providing on-site units?
- What are other communities' BMR requirements?
- How does the current fractional fee amount compare with the cost of providing on-site units?
- What funding sources are available to replace the \$5 million of annual RDA revenue that is no longer available to the City to build new affordable units and administer the BMR program?

The City has retained Keyser Marston Associates, Inc. (KMA) to address some of these issues. The primary purpose of this review is three-fold, to:

1. Estimate the financial cost to developers of providing on-site BMR units;
2. Compare the cost of providing on-site BMR units to the RDCS program's in-lieu fee and, if appropriate, recommend changes to the in-lieu fee amount so that it more closely approximates the cost of providing on-site units; and
3. Recommend program changes that will provide long term support for administration of the City's BMR program.

A series of workshops with members of the development community, City staff, and the City Council have been held during the summer of 2016 to discuss the BMR program and the preliminary findings of KMA's review. Based on input received during these sessions, KMA and City staff have undertaken additional review of the recorded maps for projects with BMR units to understand the dispersion of BMR units within projects and the size of BMR units relative to the size of market rate units.

This report summarizes the findings of our review and provides suggested modifications to enhance the program. It is important to note that the analysis contained in this report reflects the RDCS point system in place during fiscal year 2015/16. The point system and the resulting cost to developers to provide on-site affordable units may change in the future due to the passage of Measure S and policy modifications that are currently being considered. The findings of this analysis, including the calculation of the equivalent in-lieu fee may need to be updated to reflect the new provisions of the program and how new projects respond to those provisions.

II. ANALYSIS

A. Summary of the Current RDCS BMR Point System and Administration

The RDCS' current standards and criteria¹ enable for-sale residential developments to receive 13 to 15 points if 8% of the project's units are deed restricted affordable units for Low to Moderate-income households (73% -120% AMI). The requirements vary by product type. In summary the current requirements are as follows:

	Condominiums	Townhouses	R-2 SFD & R-1 7000	R-1 9000 & above lot size
13 points	4% of units at 70% AMI and 4% at 90% AMI	4% at 73% AMI and 4% at 100% AMI	4% at 76% AMI and 4% at 110% AMI	4% at 80% AMI and 4% at 120% AMI
14 points	6% at 70% AMI and 2% at 90% AMI	6% at 73% AMI and 2% at 100% AMI	6% at 76% AMI and 2% at 110% of AMI	6% at 80% AMI and 2% at 120% AMI
15 points	8% at 65% AMI	8% at 70% AMI	8% at 75% AMI	8% at 80% AMI

The required level of affordability of the BMR units is inversely related to the density of the project, with condominiums² being required to provide BMR units in the 65% to 90% AMI range, while large-lot projects are required to provide BMR units in the 80% to 120% AMI range. Deeper levels of affordability (i.e. below 65% AMI) are addressed by the RDCS' provisions applicable to rental housing developments.

The current maximum prices for BMR units are as follows:

Maximum BMR Prices			
	2br	3br	4br
Low - 65%	\$201,500	\$229,450	\$250,250
Low - 70%	\$217,000	\$247,100	\$269,500
Low - 73%	\$226,300	\$257,690	\$281,050
Low - 75%	\$232,500	\$264,750	\$288,750
Low- 76%	\$235,600	\$268,280	\$292,600
Low - 80%	\$248,000	\$282,400	\$308,000
Median - 90%	\$279,000	\$317,700	\$346,500
Median - 100%	\$310,000	\$353,000	\$385,000
Median - 110%	\$341,000	\$388,300	\$423,500
Median - 120%	\$372,000	\$423,600	\$462,000

Source: City of Morgan Hill.

¹ The analysis in this report reflects terms of the RDCS program in place as of November 7, 2016. The passage of Measure S on the November 8 ballot will result in a new RDCS workbook and scoring mechanism, which may differ significantly from the current program.

² While the RDCS specifies requirements for condominium projects, currently there are no projects that have self-identified as being condominiums.

Under the RDCS' current regulations, when the application of the 8% requirement yields a fraction of a unit, fractions of 50% or more trigger the requirement that a BMR unit be built on-site. Fractions of less than 50% trigger the requirement that the applicant pay an in-lieu fee equal to \$150,000 times the applicable fraction. For example, if a project has 23 units, the 8% BMR requirement results in the need for 1.84 units, and the project is required to provide two (2) on-site BMR units. If, however, the project has 53 units, then the 8% requirement yields the requirement to provide 4.24 BMR units. In this case, the project is required to build four (4) on-site units and pay a fee of \$36,000 (.24 X \$150,000).

In some cases, projects receive RDCS points by paying a fee. The fee ranges from \$12,000 to \$24,000 per market rate unit, which translates into \$150,000 to \$300,000 per owed BMR unit if the project were to provide 8% on-site BMR units.³ Some projects are eligible to receive up to 12 RDCS points through the payment of fees.

³ The conversion formulas are $\$12,000 \div 8\%$ and $\$24,000 \div 8\%$. For example, a 50-unit project that pays a fee of \$12,000 per unit would pay a total fee of \$600,000. If that project were to provide 8% on-site BMR units in lieu of paying the fee, the project would provide 4 BMR units ($8\% \times 50$ units). The \$600,000 fee payment would translate into a fee of \$150,000 per BMR unit ($\$600,000/4$ units).

B. Residential Prototypes/Case Studies

We have selected eight (8) residential developments that are currently marketing units in Morgan Hill and have sold BMR units (or paid in-lieu fees) in 2015/16 to serve as prototypes for this analysis. The eight projects represent a range of residential product types in terms of density, lot size, price point, and unit size.

Development	Type	Avg. Lot Size – SF	Units in Marketing Phase ⁴	BMR Units (sold in 2015/16)
<i>Madrone Plaza II⁵</i>	<i>Townhome</i>	<i>NA</i>	56	6 (6)
<i>Cypress/Willow-Tilton Park</i>	<i>Townhome</i>	<i>NA for TH; 6,500 for detached</i>	46	4 (4)
<i>Loden Place</i>	<i>Detached</i>	3,600	42	4 (2)
<i>Stonebridge</i>	<i>Detached</i>	6,000	108	10 (6)
<i>Terra Mia – Mission Ranch</i>	<i>Detached</i>	7,500	68	5 (3)
<i>Paseo Seville</i>	<i>Detached</i>	7,000	23	2(2)
<i>Esperanza</i>	<i>Detached</i>	7,200	52	4(4)
<i>Amadora</i>	<i>Detached</i>	21,600	23	<i>Paid double in-lieu fee⁶</i>

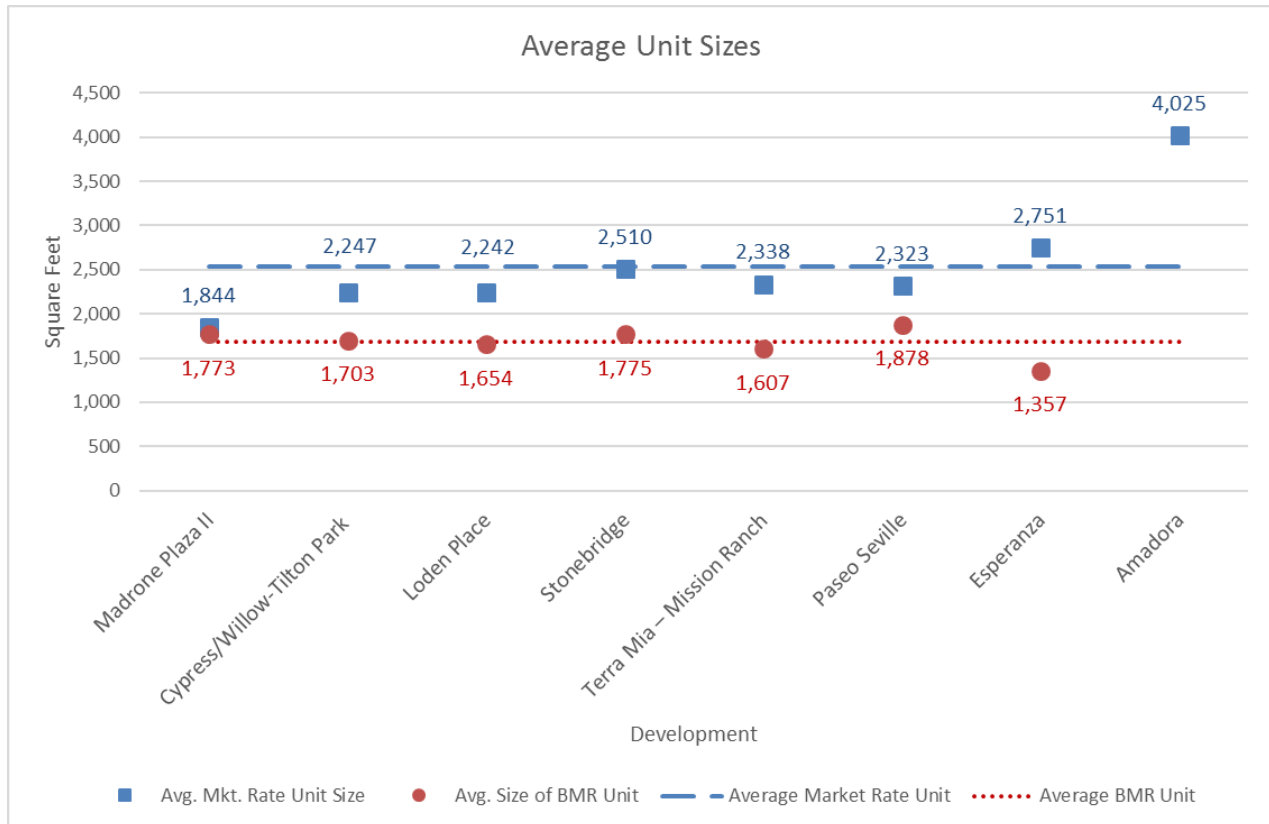
The firm of Real Estate Economics tracks and publishes profiles of new residential communities that are being marketed, including the eight selected projects. This data source provides the mix of market rate units by plan type, sales price, unit size, bedroom count, and other marketing data about each project. To understand each project's BMR component, we reviewed recorded site plans and sales data provided by the City's Community Development Department. The Real Estate Economics data is provided in Appendix A. From the City's data, we were able to obtain the lot location, size, bedroom count, sales price, and AMI level of each BMR unit sold and/or programmed in each project.

In general, the BMR units are dispersed throughout the project and are comprised of the smaller plan-types offered at each project. As shown in the following chart and Table 1, the size of the BMR units range from 49% to 96% of the average size of the market rate units in each project, with an average size equivalent to 69% of the average size of market rate units.

⁴ Per Real Estate Economics. The unit count of the marketing phase is generally consistent with the unit count identified on the recorded maps, with the exception of Madrone Plaza II.

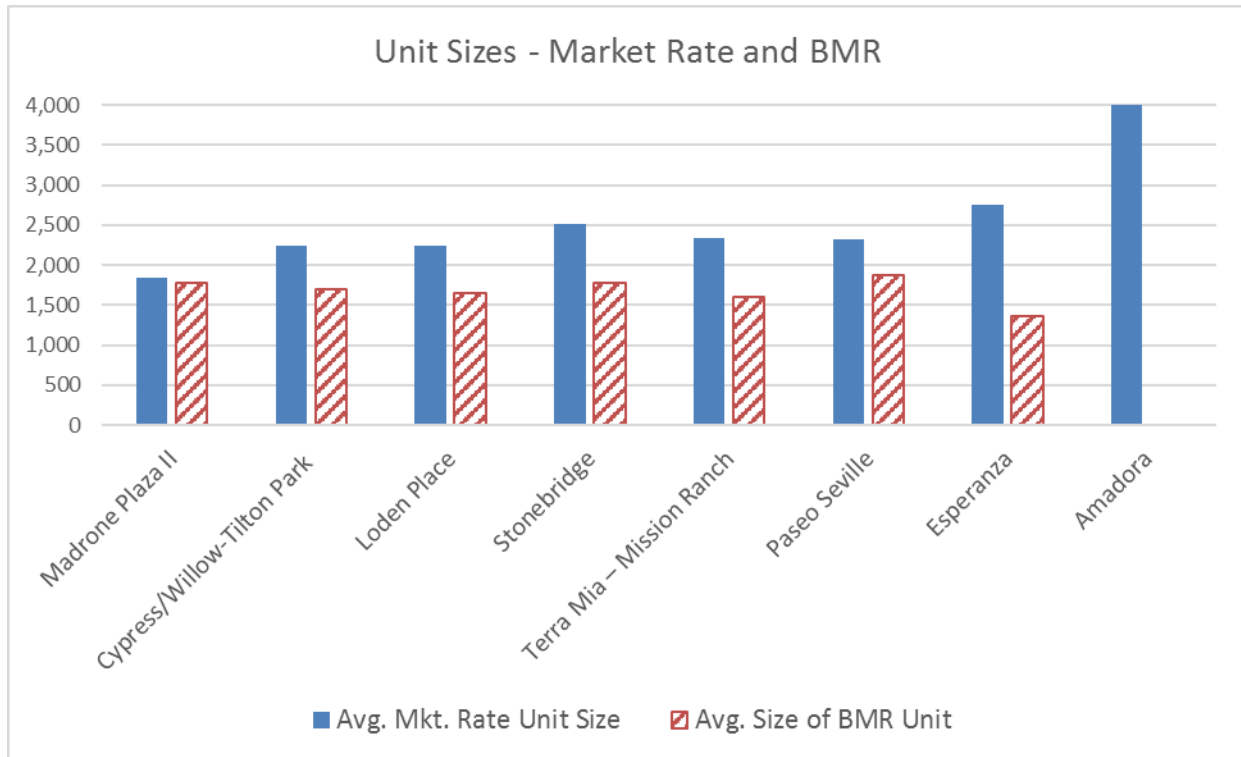
⁵ There are a number of unusual attributes of Madrone Plaza II. The Madrone Plaza project consist of two phases with a total of 95 units. The original entitlements were apparently received several years ago. The six BMR units that recently sold were priced at 120% of AMI, which is unusually high. The unit count attributed to Phase II varies by source from 37 units according to the map to 49 noted on the map to 56 provided by Real Estate Economics. Six BMR units are recorded as being part of Phase II, which amounts to between 16% to 11% of total units in the phase, which is more than other projects. Given these abnormalities, we have excluded the project from the calculation of "averages" for projects with BMR units.

⁶ Fee paid = 9 units x .08 x \$300,000 = \$216,000



Development	Avg. Mkt. Rate Unit Size	Avg. Size of BMR Unit	Avg. Size of BMR as a % of Avg. Size of Market Rate Unit	Bedroom Count of BMR Units
<i>Madrone Plaza II</i>	1,840	1,770	96%	4 bedrooms
<i>Cypress/Willow- Tilton Park</i>	2,250	1,700	76%	3 bedrooms
<i>Loden Place</i>	2,240	1,650	74%	3 bedrooms
<i>Stonebridge</i>	2,510	1,780	71%	3 and 4 bedrooms
<i>Terra Mia – Mission Ranch</i>	2,340	1,610	69%	3 and 4 bedrooms
<i>Paseo Seville</i>	2,320	1,880	81%	4 bedrooms
<i>Esperanza</i>	2,750	1,360	49%	4 bedrooms
<i>Amadora</i>	4,030	NA	NA	NA
Average, ex. Amadora and Madrone	2,400	1,660	69%	

A comparison of market rate prices to BMR prices is provided in the following chart. As shown, the price difference between market rate units and BMR units ranges from \$115,000 to \$820,000 per unit, with an average difference of \$588,000. As noted previously, the small gap for Madrone Plaza reflects the BMR pricing at 120% of AMI, which is unusual for RDCS projects.



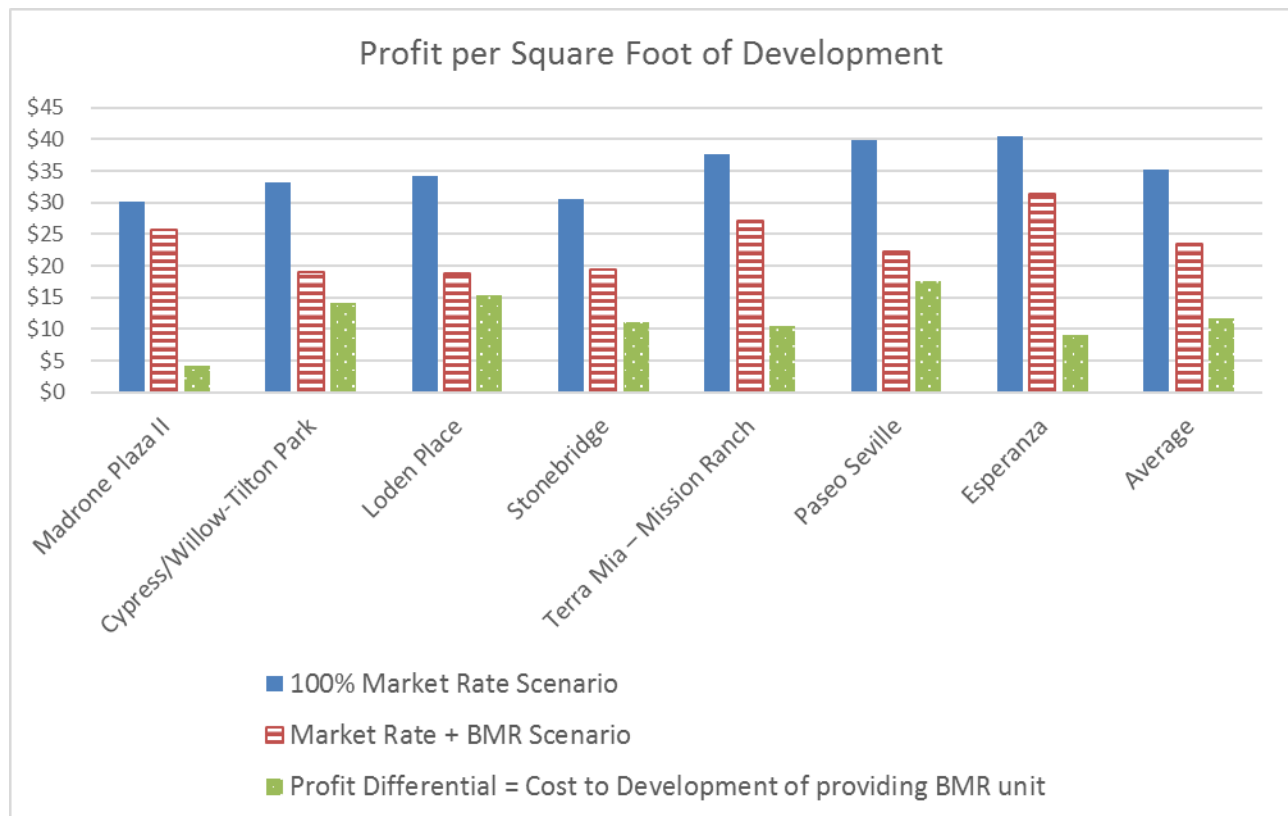
Development	Avg. Mkt. Rate Unit Price	Avg. BMR Price	Avg. Per Unit Difference	BMR Affordability Level, % of AMI
<i>Madrone Plaza II</i>	\$555,000	\$439,900	\$115,100	120%
<i>Cypress/Willow- Tilton Park</i>	\$746,700	\$257,700	\$489,000	73%
<i>Loden Place</i>	\$766,000	\$262,400	\$403,600	75%
<i>Stonebridge</i>	\$767,00	\$270,200	\$496,800	75%
<i>Terra Mia – Mission Ranch</i>	\$881,000	\$302,000	\$579,000	76% and 110%
<i>Paseo Seville</i>	\$925,000	\$281,100	\$643,900	73%
<i>Esperanza</i>	\$1,113,000	\$292,600	\$820,400	76%
<i>Amadora</i>	\$1,233,000	NA	NA	NA
Average, ex. Amadora and Madrone	\$866,000	\$278,000	\$588,000	

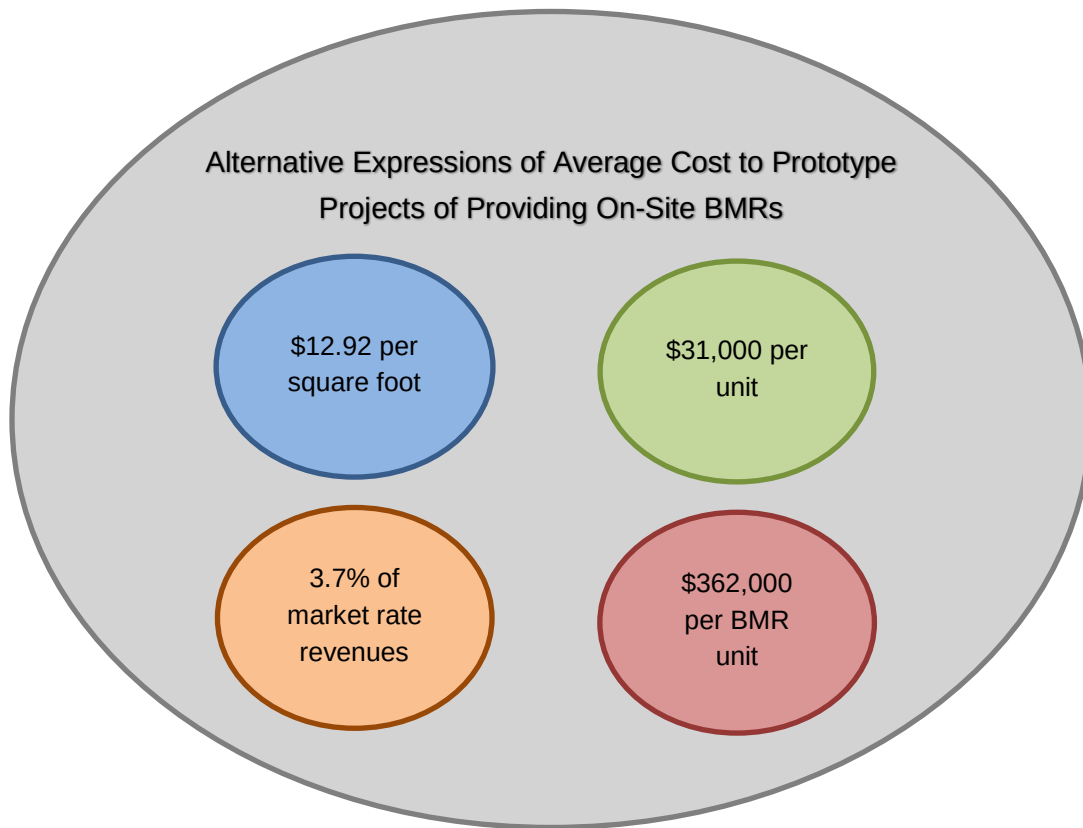
C. Cost of Providing On-site BMR Units

For each of the prototypes, we have estimated sales revenues, development costs, and profit margins under two scenarios: 1) hypothetical scenario in which it is assumed that each project contains only market rate units; and 2) the actual mix of BMR units and market rate units provided by the project per data provided by the City. The cost to the developer of providing on-site BMR units is calculated as the difference between the net potential profits generated by a 100% market rate project and the estimated profits generated by the project with onsite inclusionary BMR units.

The analysis of each prototype project is provided in Table 2 through Table 9. For purposes of this analysis, it has been assumed that the market rate projects achieve, on average, a 10% profit margin, which yields an estimate of market rate unit development costs approximating 90% of unit sales prices. The per square foot cost of developing the BMR units has been estimated based on the per square foot cost of the market rate units with an adjustment for the smaller size of the BMR units. A 3% transaction fee has been included in the cost of developing/selling BMR units.

As summarized in the following chart and Table 1, the foregone profit resulting from providing on-site BMR units averages approximately \$12.92 per square foot for the case study projects. This cost translates into \$31,000 per unit, 3.7% of market rate prices, or \$362,000 per BMR unit.





D. In-lieu Fees of other Jurisdictions

Morgan Hills' RDCS program has proven to be an effective means to encourage the development of affordable housing. However, it is not a commonly used tool. Most communities have adopted "inclusionary" programs, which require new residential developments to either include a certain percentage of on-site affordable units or pay an affordable housing fee in-lieu of providing on-site affordable units. While both tools result in the production of affordable housing, they are very different. In Morgan Hill, providing 8% on-site units generates up to 15 points, out of a required minimum score of 160 points in order to receive an allocation of building permits. In order to cumulate sufficient points to be competitive,⁷ developments must provide other public benefits. There are nine different categories of public benefits. Examples include: providing transportation improvements, providing environmental protection, or providing an exceptional project design. These benefits are in addition to impact fees charged by the City of Morgan Hill. In comparison, cities with inclusionary programs typically do not require developments to provide other public benefits. Development exactions are limited to an affordable housing on-site requirement and development impact fees.

Given these differences, it can be misleading to compare the Morgan Hill cost of providing 8% on-site affordable units to the cost of providing 15% inclusionary units in other communities. In order for a comparison to be meaningful, the aggregate cost of providing all Morgan Hill RDCS public benefits and development fees would need to be compared to the aggregate cost of other communities' affordable housing requirements and development fees.

While recognizing that the on-site affordable housing costs of various communities cannot be fairly compared without examining the aggregate costs of all exactions, we have been asked to provide a summary of the on-site inclusionary requirements of neighboring communities. As shown on the following charts, the on-site inclusionary requirements of neighboring communities range from 10% to 15% of on-site units. Most of the jurisdictions have in-lieu fee provisions, but they range from applying only to fractional units to being available at the developer's discretion to meeting the entire on-site obligation. The in-lieu fee is expressed as a per square foot fee applied to the entire project, a percent of sales revenues of the entire project, or a fee per affordable unit owed. The cities with a per square foot fee include Campbell, Cupertino, and Fremont, with the fee ranging from \$15 per sf to \$34.50 per sf. The cities with fees expressed as a percentage of sales revenues include: Mountain View, Sunnyvale, and Palo Alto, with the fee ranging from 3% of sales revenue to 7.5% of sales revenue. Fremont requires both a fee and the provision of on-site units.

⁷ Projects in competitive fields such as open/market typically need to generate approximately 180 points.

Affordable Housing Requirements in Other Jurisdictions – Ownership Units				
City	Percent	Affordability Level	Fee**	Fee by Right?***
Campbell	15%	Low and Moderate	\$34.50	Only projects 6 du/ ac. or less
Los Altos	10%	Low and Moderate	None	N/A
Santa Clara	10% (voluntary but encouraged)	Very Low to Moderate	None	N/A
Cupertino	15%	½ Moderate, ½ Median	\$15 detached; \$16.50 attached \$20 multifamily	Projects under 7 units only
San Jose*	15%	Moderate	Affordability gap based on attached unit re-sales.	Yes
Mountain View	10%	Median	3% of sales price****	Projects under 10 units only
Sunnyvale	12.5%	Moderate	7% of sales price****	Projects under 20 units only
Fremont	Attached 3.5% + fee Detached: 4.5% + fee	Moderate	With on-site units: Attached: \$18.50 psf Detached: \$17.50 psf If no on-site units: Attached: \$27 psf Detached: \$26 psf	Yes
Palo Alto	15%	Low and Moderate	7.5% of sales price	No
*Suspended during litigation but to be reinstated in 2016 **Of the identified fees for ownership units, all are implemented as in-lieu fees except Fremont which is implemented as a combination in-lieu and impact fee. ***The term “fee by right” refers to an ordinance feature permitting payment of an in-lieu fee by right as an alternative to providing affordable units on-site without the need for special approval from the City Council. ****In-lieu fees computed as a percent of sales price are usually paid out of escrow at the time of sale.				

As shown on Tables 2 - 9, on a per square foot basis, Morgan Hill’s double fee of \$24,000 per unit translates into a fee ranging from \$6.48 per square foot (Amadora project) to \$12.74 per square foot (Loden project). The standard fee amount of \$12,000 per unit translates into \$3.24 per square foot (Amadora) to \$6.37 per square foot (Loden), or 1% to 2% of market rate sales revenues.

E. Recommendations

Based on our review of the case study projects and the analysis described above, we offer the following suggested recommendations:

1. Minimum Size of BMR Units

The RDCS program does not currently specify minimum sizes for the BMR units. The BMR units within the projects that we reviewed are generally equal in size to the smallest market rate plan. In some cases, however, the BMR units are significantly smaller than any of the market rate units. We recommend that the City require that the BMR units be no smaller than either a) the smallest market rate plan; or b) a schedule of minimum unit sizes by bedroom count to be established by the City. Under this provision, if the developer chooses to have the BMR units be equivalent in size to the smallest market rate plan, then the bedroom count of the BMR units cannot exceed the bedroom count of the comparable market rate unit.

2. In-Lieu Fee

We recommend that the basis for the in-lieu fee be changed from a “per unit” fee to a “per square foot” fee. This change makes the fee more equitable, given that there is a significant difference in unit sizes across projects.

If the City desires to maintain the current RDCS point structure that encourages the production of 8% on-site BMR units, we recommend that the in-lieu fee be set at approximately \$12.92 per square foot of livable space of the entire project. For the case study projects, this fee amount translates into \$31,000 per residential unit or an average fee per owed BMR unit of \$362,000. This in-lieu fee amount approximates the average cost of providing on-site BMR units.

In the following example of a project with a smaller average unit size of 2,000 square feet, a fee of \$12.92 per square foot translates into \$323,000 per BMR unit owed, or \$25,840 per market rate residential unit.

Example: Project has 56 units, average size of market rate units is 2,000 square feet. To receive maximum RDCS points:

On site obligation = 56 units X 8% = 4.48 units.

In lieu fee = 56 units X 2,000 square feet X \$12.92 per SF = \$1,447,000.

3. Fractional Fee

We recommend that the fractional BMR fee be increased from the current level of \$150,000 per BMR unit owed to an amount that is equivalent to the per BMR unit in-lieu fee amount. The fractional fee obligation would be established through the following steps: 1) calculate the

project's implicit in-lieu fee amount as if the project is 100% market rate; 2) Divide the implicit in-lieu fee amount by the total number of required BMR units to derive the in-lieu fee amount per BMR unit owed; and 3) multiply the in-lieu fee per BMR unit owed by the applicable fraction.

Example: Project has 56 units, average size of market rate units is 2,000 square feet. To receive maximum RDCS points:

Obligation = 56 units X 8% = 4 on-site BMR units + Fractional Fee for .48 units

Implicit in lieu fee = 56 units X 2,000 square feet X \$12.92 per SF = \$1,447,000

Implicit fee per BMR unit = \$1,447,000 / 4.48 units = \$322,991 per BMR unit owed

Fractional fee owed = .48 X \$322,991 = \$155,000.

We recommend that the fractional fee apply to any fractional requirement of less than 0.8 of a unit. Fractional requirements equal to or greater than 0.8 would be met through the development of an additional on-site BME unit. The current program applies the fee to fractional requirements of less than 0.5 of a unit. The recommended increase would increase the amount of fee revenue generated by the RDCS program, which is needed to manage the resale and ongoing compliance of the City's stock of 500 BMR units.

APPENDIX A: Real Estate Economics Data

Table 1
Summary of Cost of Providing On-site BMR Units
City of Morgan Hill

	Madrone Plaza	Tilton	Loden Place	Stonebridge	Terra Mia- Mission Ranch	Paseo Seville	Esperanza	Amadora ¹	Avg., Exclgd. Madrone Plaza and Amadora ²
Type of Project	Townhouse	Townhouse + Detached	SF-R-1 7000	SF-R-1 7000	SF-R-1 7000	SF-R-1 7000	SF-R-1 7000	20,000 sf lot +	
Avg. Lot Size	NA	NA and 6,500	3,600	6,000	7,500	7,000	7,200	21,600	
Range of Unit Sizes	1,773 to 1,929	1,703 to 2,506	1,520 to 2,996	1,670 to 3,456	1,567 to 3,705	1,878 to 2,714	2,126 to 3,611	3,349 to 5,123	
Avg. Unit Size	1,844	2,247	2,242	2,510	2,338	2,323	2,751	4,025	2,402
Avg. Size of BMR Unit	1,773	1,703	1,654	1,775	1,607	1,878	1,357	1,878 (hypothetical) ¹	1,662
Bedroom Count - BMR Units	4 bedrooms	3 bedrooms	3 bedrooms	3 and 4 bedrooms	3 and 4 bedrooms	4 bedrooms	4 bedrooms	4 bedrooms (hypothetical)	
BMR Size as a % of Mkt Size	96%	76%	74%	71%	69%	81%	49%	47%	69%
Avg. Mkt. Rate Price	\$555,000	\$746,700	\$766,000	\$767,000	\$881,000	\$925,000	\$1,113,000	\$1,233,000	\$866,000
Avg. BMR Price	\$439,917	\$257,690	\$262,425	\$270,200	\$302,000	\$281,050	\$292,600	\$281,050	\$278,000
BMR Price as % of AMI	120%	73%	75%	75%	76% and 110%	73%	76%	73% (hypothetical)	74%
On Site BMR Cost (Foregone Profit)									
Per BMR Unit	\$110,000	\$370,000	\$360,000	\$300,000	\$340,000	\$470,000	\$330,000	\$501,000	\$362,000
Per SF	\$4.30	\$14.18	\$15.00	\$11.09	\$10.54	\$17.61	\$9.10	\$9.96	\$12.92
Per Du	\$8,000	\$32,000	\$35,000	\$28,000	\$25,000	\$41,000	\$25,000	\$40,000	\$31,000
% of Mkt. Rate Price	1.4%	4.3%	4.6%	3.7%	2.8%	4.4%	2.2%	3.2%	3.7%
Fees Paid									
Per Du								\$24,000	
Per SF								\$5.96	

¹ According to records, project did not provide on-site units. Project paid fees totaling \$24,000 per market rate unit, which translated into \$5.96 per square foot. For analytical purposes, we have analyzed a hypothetical scenario in which it is assumed that the project provided 8% on-site units with BMR sizes comparable to the 4-bedroom units at Paseo Seville.

² Madrone Plaza has been excluded from the calculation of "averages" because of unique features, including the pricing of the BMR units at 120% of AMI and the consideration that the project has been receiving entitlements over many years and there are numerous phases. Amadora has been excluded from the calculation of "averages" because records indicate that this project did not provide on-site BMR units and paid an in-lieu fee.

Prepared by Keyser Marston Associates, Inc.

\\SF-FS2\wp\16\16036\017\on site calculation 11 21 16; 11/29/2016

Table 2

Madrone Plaza, Phase 2 - Unit counts are not consistent across all data sources (37, 49, 56 units). BMRs at 120% AMI is unusual.

Townhomes

BMR Requirement is based on assumed 8%; Required is 4.48 units, which results in 4 units + fractional fee

-----Madrone Plaza; BMR Unit Sizes < Mkt. Rate Sizes-----

-----On-site BMR Units-----				Range Mkt Rate		
Total Units	56			56	1,773	1,929
Inclusionary Rqmt	8%			Known BMR Sales		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>	Lot 62	1,773	461913
Units	52	4	56	Lot 89	1,773	307942
SF	1,844	1,773		Lot 90	1,773	461913
Price Per Du	\$555,000	\$439,917		Lot 101	1,773	461913
Transaction costs (3%)	\$16,650	\$13,198		Lot 100	1,773	461913
Cost per DU	\$482,850	\$464,259		Lot 110	1,773	461913
Price Per sf	\$301	\$248		Lot 107	1,773	461913
Cost per sf	\$262	\$262		BMR units are Plan "A"s - smallest unit size		\$439,917
				Units are dispersed in buildings.		
Revenues	\$27,994,200	\$1,706,879	\$29,701,079			
Costs	\$25,108,200	\$1,857,035	\$26,965,235			
Fractional Fee		\$72,000				
Profit	\$2,886,000	-\$222,156	\$2,663,844			
-----All Market Rate Units-----						
Total Units	56					
Inclusionary Rqmt	0					
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>			
Units	56	0	56			
SF	1,844	1,773	103,264			
Price Per Du	\$555,000	\$439,917				
Transaction costs (3%)	\$16,650	\$13,198				
Cost per DU	\$482,850	\$464,259				
Price Per sf	\$301	\$248				
Cost per sf	\$262	\$262				
Revenues	\$30,147,600	\$0	\$30,147,600			
Costs	\$27,039,600	\$0	\$27,039,600			
Profit	\$3,108,000	\$0	\$3,108,000			
-----On-site Compliance Cost-----						
	<u>Per unit</u>	<u>Per SF</u>	<u>Total</u>			
100% Mkt. Rate Profit	\$38,850,000	\$30.10	\$3,108,000	Cost with		
Profit W/ BMR	<u>\$33,298,046</u>	\$25.80	\$2,663,844	<u>\$300,000 In-Lieu</u>		
Difference	\$5,551,954	\$4.30	\$444,156	\$1,200,000		
	Per BMR	\$110,000		\$300,000		
	Per SF, all units	\$4.30		\$12.51		
	Per unit, all units	\$8,000		\$23,077		
	% of Price	1.44%		4.16%		

Table 3

**Tilton - Cypress and Willow
Townhouse and Detached**

Known sales of 4 BMRs = 9% ; Required is 3.68 units, which resulted in 4 units

-----Tilton; BMR Unit Sizes < Mkt. Rate Sizes-----

-----On-site BMR Units-----			
Total Units	46		
Inclusionary Rqmt	8%		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	42	4	46
SF	2,247	1,703	
Price Per Du	\$746,700	\$257,690	
Transaction costs (3%)	\$22,401	\$7,731	
Cost per DU	\$649,629	\$541,589	
Price Per sf	\$332	\$151	
Cost per sf	\$289	\$318	
Revenues	\$30,420,558	\$999,837	\$31,420,395
Costs	\$27,284,418	\$2,166,355	\$29,450,773
Profit	\$3,136,140	-\$1,166,518	\$1,969,622

-----All Market Rate Units-----			
Total Units	46		
Inclusionary Rqmt	0		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	46	0	46
SF	2,247	1,703	103,362
Price Per Du	\$746,700	\$257,690	
Transaction costs (3%)	\$22,401	\$7,731	
Cost per DU	\$649,629	\$541,589	
Price Per sf	\$332	\$151	
Cost per sf	\$289	\$318	
Revenues	\$33,317,754	\$0	\$33,317,754
Costs	\$29,882,934	\$0	\$29,882,934
Profit	\$3,434,820	\$0	\$3,434,820

-----On-site Compliance Cost-----			
	<u>Per unit</u>	<u>Per SF</u>	<u>Total</u>
100% Mkt. Rate Profit	\$74,670	\$33.23	\$3,434,820
Profit W/ BMR	\$42,818	\$19.06	\$1,969,622
Difference	\$31,852	\$14.18	\$1,465,198
	Per BMR	\$370,000	\$300,000
	Per SF, all units	\$14.18	\$11.61
	Per unit, all units	\$32,000	\$26,087
	% of Price	4.29%	3.49%

Range Mkt Rate		
total Units	46	1,703 2,506
Known BMR Sales		
Lot 22		1,703
Lot 15		1,703
Lot 21		1,703
Lot 9		1,703
BMR units are all smallest units. Units are dispersed		

Table 4
Loden
Avg. Lot = 3,600 sf

-----Loden ; BMR Unit Sizes < Mkt. Rate Sizes-----

-----On-site BMR Units-----			
Total Units	42		
Inclusionary Rqmt	10%		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	38	4	42
SF	2,242	1,654	
Price Per Du	\$766,000	\$262,425	(75% AMI)
Sales Transaction (3%)	\$22,980	\$7,873	
Cost per DU, ex. Trans	\$666,420	\$540,805	
Price Per sf	\$342	\$159	
Cost per sf	\$297	\$327	
Revenues	\$28,234,760	\$1,018,209	\$29,252,969
Costs	\$25,323,960	\$2,163,220	\$27,487,180
Profit	\$2,910,800	-\$1,145,011	\$1,765,789

-----All Market Rate Units-----			
Total Units	42		
Inclusionary Rqmt	0		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	42	0	42
SF	2,242	1654	94,164
Price Per Du	\$766,000	\$262,425	
Sales transaction	\$22,980	\$7,873	
Cost per DU	\$666,420	\$540,805	
Price Per sf	\$342	\$159	
Cost per sf	\$297	\$327	
Revenues	\$31,206,840	\$0	\$31,206,840
Costs	\$27,989,640	\$0	\$27,989,640
Profit	\$3,217,200	\$0	\$3,217,200

-----On-site Compliance Cost-----			Cost with Current \$300,000 In-Lieu	
	<u>Per unit</u>	<u>Per SF</u>	<u>Total</u>	
100% Mkt. Rate Profit	\$76,600	\$34.17	\$3,217,200	
Profit W/ BMR	\$42,043	\$18.75	\$1,765,789	
Difference	\$34,557	\$15.41	\$1,451,411	\$ 1,200,000
	Per BMR	\$360,000		\$300,000
	Per SF, all units	\$15.00		\$12.74
	Per unit, all uni	\$35,000		\$28,571
	% of Price	4.57%		3.73%

	Range Mkt Rate	
	42	1520 2996
Total Units	42	
BMRs		
Lot 40		1520
Lot 41		1520
Lot 39		1788
Lot 42		1788

BMR Units are the smallest two plans, but there are mkt. rate units of same size

Table 5
Stonebridge
Avg. Lot - 6,000 sf

-----Stonebridge; BMR Unit Sizes < Mkt. Rate Sizes-----

-----On-site BMR Units-----			
Total Units	108		
Inclusionary Rqmt	9%		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	98	10	108
SF	2,510	1,775	
Price Per Du	\$767,000	\$270,200	75% AMI
Transaction costs (3%)	\$23,010	\$8,106	
Cost per DU	\$667,290	\$486,136	
Price Per sf	\$306	\$152	
Cost per sf	\$266	\$274	
Revenues	\$72,911,020	\$2,620,940	\$75,531,960
Costs	\$65,394,420	\$4,861,363	\$70,255,783
Profit	\$7,516,600	-\$2,240,423	\$5,276,177

-----All Market Rate Units-----			
Total Units	108		
Inclusionary Rqmt	0		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	108	0	108
SF	2,510	1,775	271,080
Price Per Du	\$767,000	\$270,200	
Transaction costs (3%)	\$23,010	\$8,106	
Cost per DU	\$667,290	\$486,136	
Price Per sf	\$306	\$152	
Cost per sf	\$266	\$274	
Revenues	\$80,350,920	\$0	\$80,350,920
Costs	\$72,067,320	\$0	\$72,067,320
Profit	\$8,283,600	\$0	\$8,283,600

-----On-site Compliance Cost-----			
	<u>Per unit</u>	<u>Per SF</u>	<u>Total</u>
100% Mkt. Rate Profit	\$76,700	\$30.56	\$8,283,600
Profit W/ BMR	\$48,853	\$19.46	\$5,276,177
Difference	\$27,847	\$11.09	\$3,007,423
	Per BMR		\$300,000
	Per SF, all units		\$11.07
	Per unit, all units		\$28,000
	% of Price		3.65%

Range Mkt Rate		
Total Units	108	1,670 3,456
Known BMR Units		
Lot 93		1,986
Lot 105		1,986
Lot 99		1,670
Lot 102		1,670
Lot 107		1,670
Lot 95		1,670

BMR units are duets and townhomes. No BMR detached.

BMR duets are on corner lots, next to SF market rate. TH BMRs are in mixed income bldgs.

Cost with Current
\$300,000 In-Lieu

\$3,000,000
 \$300,000
\$11.07
\$27,778
3.62%

Table 6

Mission Ranch/Terra Mia

Avg. Lot - 7,500 sf

BMR Requirement is based an assumed 8%, which is 5.44 units, resulting 5 BMR units and fractional fee.

-----Mission Ranch; BMR Unit Sizes < Mkt. Rate Sizes-----

-----On-site BMR Units-----			
Total Units	68		
Inclusionary Rqmt	8%		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	63	5	68
SF	2,338	1,607	
Price Per Du	\$881,000	\$302,000	76%/110% AMI
Sales transaction	\$26,430	\$9,060	
Cost per DU, ex. Trans	\$766,470	\$526,825	
Price Per sf	\$376.82	\$187.93	
Cost per sf	\$328	\$328	
Revenues	\$53,837,910	\$1,464,700	\$55,302,610
Costs	\$48,287,610	\$2,634,126	\$50,921,736
Fractional fee		\$66,000	
Profit	\$5,550,300	-\$1,235,426	\$4,314,874

-----All Market Rate Units-----			
Total Units	68		
Inclusionary Rqmt	0		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	68	0	68
SF	2,338	1607	158,984
Price Per Du	\$881,000	\$302,000	
Sales Transaction	\$26,430	\$9,060	
Cost per DU	\$766,470	\$526,825	
Price Per sf	\$377	\$188	
Cost per sf	\$328	\$328	
Revenues	\$58,110,760	\$0	\$58,110,760
Costs	\$52,119,960	\$0	\$52,119,960
Profit	\$5,990,800	\$0	\$5,990,800

-----On-site Compliance Cost-----			
	<u>Per unit</u>	<u>Per SF</u>	<u>Total</u>
100% Mkt. Rate Profit	\$88,100	\$37.68	\$5,990,800
Profit W/ BMR	<u>\$63,454.03</u>	\$27.14	\$4,314,874
Difference	\$24,646	\$10.54	\$1,675,926
	Per BMR	\$340,000	\$300,000
	Per SF, all units	\$10.54	\$9.43
	Per unit, all units	\$25,000	\$22,059
	% of Price	2.84%	2.50%

	Range Mkt Rate	
	68	1567 3705
Total Units	68	
Known BMRs		
Lot 1		1647
Lot 2		1567
Lot 4		1647
Lot 5		1567
BMR Units are the smallest two plans, but there are mkt. rate units of same size		

Table 7

Paseo Seville

Avg. Lot = 7,000 sf

BMR Requirement is based on assumed 8%; Required 1.84 units, which results in 2 units.

-----Paseo Seville; BMR Unit Sizes < Mkt. Rate Sizes-----

-----On-site BMR Units-----			
Total Units	23		
Inclusionary Rqmt	8%		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	21	2	23
SF	2,323	1,878	
Price Per Du	\$925,000	\$281,050	
Transaction costs (3%)	\$27,750	\$8,432	
Cost per DU	\$804,750	\$650,590	
Price Per sf	\$398	\$150	
Cost per sf	\$346	\$346	
Revenues	\$18,842,250	\$545,237	\$19,387,487
Costs	\$16,899,750	\$1,301,180	\$18,200,930
Profit	\$1,942,500	-\$755,943	\$1,186,557

-----All Market Rate Units-----			
Total Units	23		
Inclusionary Rqmt	0		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	23	0	23
SF	2,323	1,878	53,429
Price Per Du	\$925,000	\$281,050	
Transaction costs (3%)	\$27,750	\$8,432	
Cost per DU	\$804,750	\$650,590	
Price Per sf	\$398	\$150	
Cost per sf	\$346	\$346	
Revenues	\$20,636,750	\$0	\$20,636,750
Costs	\$18,509,250	\$0	\$18,509,250
Profit	\$2,127,500	\$0	\$2,127,500

-----On-site Compliance Cost-----			
	<u>Per unit</u>	<u>Per SF</u>	<u>Total</u>
100% Mkt. Rate Profit	\$92,500	\$39.82	\$2,127,500
Profit W/ BMR	<u>\$51,589</u>	\$22.21	\$1,186,557
Difference	\$40,911	\$17.61	\$940,943
	Per BMR	\$470,000	\$300,000
	Per SF, all units	\$17.61	\$11.23
	Per unit, all units	\$41,000	\$26,087
	% of Price	4.43%	2.82%

		Range Mkt Rate	
Total Units	23	1,878	2,714
Known BMR Sales			
Lot 14		1,878	
Lot 9		1,878	
BMR units are smallest unit size and small lots Units are dispersed			

Table 8

Esperanza

Avg. Lot = 7,200 sf

Known sales of 4 BMRs. 8% requirement would be 4.16 units, resulting in 4 BMRs and a fractional fee.

-----Esperanza; BMR Unit Sizes < Mkt. Rate Sizes-----

-----On-site BMR Units-----			
Total Units	52		
Inclusionary Rqmt	8%		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	48	4	52
SF	2,751	1,357	
Price Per Du	\$1,113,000	\$292,600	
transaction costs (3%)	\$33,390	\$8,778	
Cost per DU	\$968,310	\$491,973	
Price Per sf	\$405	\$216	
Cost per sf	\$352	\$363	
Revenues	\$51,821,280	\$1,135,288	\$52,956,568
Costs	\$46,478,880	\$1,967,890	\$48,446,770
Fractional Fee		\$24,000	
Profit	\$5,342,400	-\$856,602	\$4,485,798

-----All Market Rate Units-----			
Total Units	52		
Inclusionary Rqmt	0		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	52	0	52
SF	2,751	1,357	143,052
Price Per Du	\$1,113,000	\$292,600	
transaction costs (3%)	\$33,390	\$8,778	
Cost per DU	\$968,310	\$491,973	
Price Per sf	\$405	\$216	
Cost per sf	\$352	\$363	
Revenues	\$56,139,720	\$0	\$56,139,720
Costs	\$50,352,120	\$0	\$50,352,120
Profit	\$5,787,600	\$0	\$5,787,600

-----On-site Compliance Cost-----			
	Per unit	Per SF	<u>Total</u>
100% Mkt. Rate Profit	\$111,300	\$40.46	\$5,787,600
Profit W/ BMR	\$86,265	\$31.36	\$4,485,798
Difference	\$25,035	\$9.10	\$1,301,802
	Per BMR		\$330,000
	Per SF, all units		\$9.10
	Per unit, all units		\$25,000
	% of Price		2.25%

Range Mkt Rate		
Total Units	52	2,126 3,611
Known BMR Sales		
Lot 33		1,357
Lot 37		1,357
Lot 44		1,357
Lot 47		1,357

BMR units are all smaller than market rate units.

Table 9

Amadora - Avg. Lot = 21,600 sf

Amadora Paid Fees - No on-site BMR units

-----Amadora, BMR Unit sizes < Mkt. Rate Size-----

-----On-site BMR Units-----			
Total Units	23		
Inclusionary Rqmt	0.08	Hypothetical	
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	21.16	1.84	23
SF	4025	1,878	
Price Per Du	\$1,233,000	\$281,050	
Transaction costs (3%)	\$36,990	\$8,432	
Cost per DU	\$1,072,710	\$650,590	
Price Per sf	\$306	\$150	
Cost per sf	\$267	\$346	
Revenues	\$25,307,572	\$501,618	\$25,809,190
Costs	\$22,698,544	\$1,197,086	\$23,895,629
Profit	\$2,609,028	-\$695,468	\$1,913,560

-----All Market Rate Units-----			
Total Units	23		
Inclusionary Rqmt	0		
	<u>Market Rate</u>	<u>BMR</u>	<u>Total</u>
Units	23	0	23
SF	4025	1878	92,575
Price Per Du	\$1,233,000	\$281,050	
transaction costs	\$36,990	\$8,432	
Cost per DU	\$1,072,710	\$650,590	
Price Per sf	\$306	\$150	
Cost per sf	\$267	\$346	
Revenues	\$27,508,230	\$0	\$27,508,230
Costs	\$24,672,330	\$0	\$24,672,330
Profit	\$2,835,900	\$0	\$2,835,900

-----On-site Compliance Cost-----			
	<u>Per unit</u>	<u>Per SF</u>	<u>Total</u>
100% Mkt. Rate Profit	\$123,300	\$30.63	\$2,835,900
Profit W/ BMR	\$83,198	\$20.67	\$1,913,560
Difference	\$40,102	\$9.96	\$922,340
	Per BMR	\$501,271	\$300,000
	Per SF, all units	\$9.96	\$6.48
	Per unit, all units	\$40,000	\$26,087
	% of Price	3.24%	2.12%

**Cost with
\$300,000 In-Lieu****\$600,000****\$300,000****\$6.48****\$26,087****2.12%**

APPENDIX A: Real Estate Economics Data

NEW HOUSING DEVELOPMENT PROFILE REPORT

DEVELOPMENT:	Madrone Plaza II	REGION:	CA - Santa Clara	PROFILE/MAP #:	8
DEVELOPER:	Taylor Morrison	SUB-MARKET:	SCLARA - Morgan Hill/Gilroy	MAP PAGE/GRID:	
WEB SITE:	taylormorrison.com	CITY:	Morgan Hill	LATITUDE:	37.14540
PRODUCT TYPE:	At Grade Attached	ZIP CODE:	95037	LONGITUDE:	-121.66365
SALES OPENING:	09/06/2014	COMMUNITY:	Morgan Hill	MINIMUM LOT SIZE:	1742.4
MODEL OPENING:	09/06/2014	STREETS:	Cochrane & Monterey Rd	TYPICAL LOT SIZE:	15
SURVEY DATE:	12/08/2015	SALES ADDRESS:	130 Cochrane Rd	LOT DIMENSION/DENSITY:	15/acre
SELLOUT DATE:	05/10/2015	SALES PHONE:	408-423-9441	STATUS:	Active

SALES SUMMARY	SINCE PREV.SVY	SINCE OPENING	PREVIOUS SURVEY DATES					
			09/10/2015	06/15/2015	03/16/2015	12/10/2014	09/18/2014	
TOTAL UNITS ZONED	0	56	56	56	56	56	56	
TOTAL UNITS RELEASED	0	56	56	56	44	19	4	
TOTAL UNITS SOLD	0	56	56	56	44	19	2	
TOTAL ESCROWS CLOSED	9	51	42	30	12	0	0	
TOTAL STAND INVENTORY	0	0	0	0	0	0	0	
UNSOLD/UNDER CONSTRUCTION	0	0	0	0	0	0	2	
TOTAL IMPROVED LOTS	-9	5	14	30	30	30	30	
UNRELEASED INVENTORY:	0	0	0	0	12	37	52	
TOTAL MONTHS SELLING	7.0 mos.	15.1 mos.	8.1 mos.	8.1 mos.	6.3 mos.	3.1 mos.	0.4 mos.	
MONTHLY SALES RATE	0.0/mo.	3.7/mo.	6.9/mo.	6.9/mo.	7.0/mo.	6.1/mo.	2.0/mo.	
RATE OF ESCROW CLOSURE:	3.1/mo.	3.4/mo.	3.5/mo.	3.2/mo.	1.9/mo.	0.0/mo.	0.0/mo.	

FLOORPLAN SUMMARY			
PLAN	A	C	B
PRICE	\$546,000	\$551,000	\$568,000
RANGE			
09/10/2015	\$546,000	\$551,000	\$568,000
06/15/2015	\$546,000	\$551,000	\$568,000
03/16/2015	\$546,000	\$551,000	\$568,000
12/10/2014	\$512,000	\$517,000	\$534,000
INCENTIVE	\$0	\$0	\$0
LIVING AREA	1,775sf	1,821sf	1,929sf
PRICE/ SQ.FT.:	\$307.61	\$302.58	\$294.45
BED-	3	3	3
ROOMS	Loft	Loft	Loft
BATHS	3.0	3.0	3.5
FAMILY	Grt	Grt	Grt
KIT. NOOK	No	No	No
ADD'L SPACE	No	No	No
LEVELS	3	3	3
PARKING	2	2	2
CONFIGURATION	STANDARD	STANDARD	STANDARD
UNIT MIX	19	17	20
AVAILABLE	0	0	0
SALES RATE	1.3/mo.	1.1/mo.	1.3/mo.

GENERAL INTERIOR FEATURES	
AIR CONDITIONING:	DUAL
ENTRY:	CERAMIC TILE
FIREPLACE(S):	NONE
STAIRCASE:	WD RAIL/PT SPNDL
LAUNDRY:	INT W/OPT SINK
SECURITY SYSTEM:	OPTION
ADDED STORAGE:	NO
CEILING FAN:	PREWIRED
VOLUME/VAULTED CEILING :	NO
1ST/2ND LEVEL PLATES:	9'8'
MEDIA NICHE	NO

KITCHEN FEATURES	
OVEN/RANGE:	RANGE-GE
MICROWAVE:	YES
CEILING LIGHTING:	RECESSED
UNDER CABINET LIGHTING:	OPTION
COUNTERS:	GRANITE
SINK/FAUCET:	S. STL/SP. WAND
CABINETRY:	MAPLE
FLOORING:	C.TILE
ISLAND:	NO
WALK-IN PANTRY:	NO
BUTLERS PANTRY:	NO
REFRIGERATOR:	OPTION

MASTER BED/BATH FEATURES	
CEILING TREATMENT:	FLAT
FIREPLACE:	NO
RETREAT:	NO
DECK/PATIO:	NO
BATH LIGHTING:	THEATRE
COUNTERS:	SOLID SURFACE
TYPE OF TUB:	AC / FIB OVAL
SEPARATE SHOWER.:	YES
SURROUND:	SOLID SURFACE
ENCLOSURE:	CLEAR
TOILET CLOSET:	YES
FIXTURES:	CHROME
CABINETRY:	MAPLE
FLOORING:	C.TILE
WALK-IN CLOSET:	YES
MIRRORED DOORS:	NO

SECONDARY BATH FEATURES	
LIGHTING:	THEATRE
COUNTERS:	SOLID SURFACE
TUB/SURROUND:	FIBERGLASS/CULT.MBL
1 OR 2 BASINS:	ONE
FIXTURES:	CHROME
CABINETRY:	MAPLE
COMPARTMENTALIZED:	NO

EXTERIOR FEATURES	
TYPE OF ROOFING:	CON. TILE
TYPE OF FENCING:	NONE
ENTRY CRTYD/EXT. PORCH:	NO
TYPE OF GARAGE:	ATTACHED
GARAGE DOOR OPENER:	YES
FRONT LANDSCAPING:	COMMON

MONTHLY FEES	
HOA (MASTER):	\$157/MO.
HOA (SUB):	\$0/MO.
BASE TAX RATE:	1.00%
TOTAL TAX (W/ ASSESS):	1.47%

MISCELLANEOUS	
TRAFFIC COUNT/ WK :	22/wk
BROKER COOP:	3%*
HIGH SCHOOL:	Ann Sobrato
MIDDLE SCHOOL:	Martin Murphy
ELEMENTARY:	El Toro
ARCHITECT:	
BELOW MARKET RATE:	0

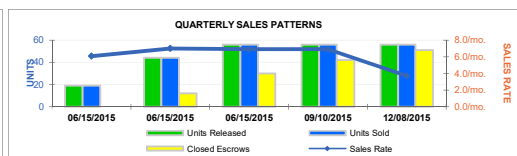
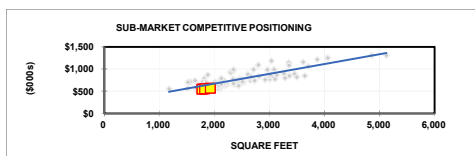
COMMUNITY FEATURES							
ELECT ENTRY	NO	TRAILS	YES	TENNIS COURTS	NO	BBQ AREA	YES
GUARDED ENTRY	NO	PARK	YES	GOLF COURSE	NO	FITNESS CTR	NO
POOL	YES	TOT LOT	YES	BOCCE BALL	NO	BUSINESS CTR	NO
SPA	YES	SPORT FIELD	NO	EQUEST. TRAILS	NO	MEDIA ROOM	NO
CABANA	NO	BALL COURTS	YES	CLUBHOUSE	YES	MEETING ROOM	NO
BALLROOM	NO						
KITCHEN	NO						
CHEF'S KITCHEN	NO						
CONCIERGE/ACT.	NO						
VALET PARKING	NO						

STREET/AREA/VIEW DESCRIPTION
Level, Non-View

FINANCING/CONCESSIONS/INCENTIVES
Negotiable

GENERAL COMMENTS

PROFILE: Single, Young Couples, Empty Nesters, Retirees, and Professional Couples. PREMIUMS: None at this time. NOTES: SOLD OUT



NEW HOUSING DEVELOPMENT PROFILE REPORT

DEVELOPMENT:	Cypress	REGION:	CA - Santa Clara	PROFILE/MAP #:	10
DEVELOPER:	KB Home	SUB-MARKET:	SCLARA - Morgan Hill/Gilroy	MAP PAGE/GRID:	
WEB SITE:	kbhome.com	CITY:	Morgan Hill	LATITUDE:	37.15462
PRODUCT TYPE:	At Grade Attached	ZIP CODE:	95037	LONGITUDE:	-121.67872
SALES OPENING:	05/09/2015	COMMUNITY:	Tilton Park	MINIMUM LOT SIZE:	1089
MODEL OPENING:	05/09/2015	STREETS:	Cochrane Rd & Monterey St	TYPICAL LOT SIZE:	24
SURVEY DATE:	12/10/2015	SALES ADDRESS:	19531 Caraway Pl	LOT DIMENSION/DENSITY:	24/acre
SELLOUT DATE:		SALES PHONE:	408-612-4951	STATUS:	Active

SALES SUMMARY	SINCE PREV.SVY	SINCE OPENING	PREVIOUS SURVEY DATES					
			09/09/2015	06/19/2015				
TOTAL UNITS ZONED	0	46	46	18				
TOTAL UNITS RELEASED	13	23	10	4				
TOTAL UNITS SOLD	14	18	4	2				
TOTAL ESCROWS CLOSED	4	4	0	0				
TOTAL STAND INVENTORY	0	0	0	0				
UNSOLD/UNDER CONSTRUCTION	3	3	0	0				
TOTAL IMPROVED LOTS	5	20	15	15				
UNRELEASED INVENTORY:	-13	23	36	14				
TOTAL MONTHS SELLING	3.0 mos.	7.1 mos.	4.0 mos.	1.3 mos.				
MONTHLY SALES RATE	4.6/mo.	2.5/mo.	1.0/mo.	1.5/mo.				
RATE OF ESCROW CLOSURE:	1.3/mo.	0.6/mo.	0.0/mo.	0.0/mo.				

FLOORPLAN SUMMARY			
PLAN	- 1 -	- 2 -	- 3 -
PRICE	\$640,000	\$653,000	\$670,000
RANGE			
09/09/2015	\$611,528	\$620,481	\$648,416
06/19/2015	\$603,715	\$616,299	\$640,000
1/00 BASE			
1/00 BASE			
INCENTIVE	\$6,500	\$6,500	\$6,500
LIVING AREA	1,703sf	1,809sf	1,992sf
PRICE/ SQ.FT.:	\$375.81	\$360.97	\$336.35
BED-	3	3	3
ROOMS	Den	Den	Den
BATHS	2.5	2.5	3.0
FAMILY	No	No	No
KIT. NOOK	No	No	No
ADD'L SPACE	No	No	No
LEVELS	3	3	3
PARKING	2	2	2
CONFIGURATION	STANDARD	STANDARD	STANDARD
UNIT MIX	8	9	6
AVAILABLE	2	2	1
SALES RATE	0.8/mo.	1.0/mo.	0.7/mo.

GENERAL INTERIOR FEATURES	
AIR CONDITIONING:	YES
ENTRY:	CERAMIC TILE
FIREPLACE(S):	NONE
STAIRCASE:	PONY WALL
LAUNDRY:	INTERIOR
SECURITY SYSTEM:	OPTION
ADDED STORAGE:	NO
CEILING FAN:	OPTION
VOLUME/VAULTED CEILING :	NO
1ST/2ND LEVEL PLATES:	9/8'
MEDIA NICHE	NO

KITCHEN FEATURES	
OVEN/RANGE:	OVEN-WP
MICROWAVE:	OPTION
CEILING LIGHTING:	RECESSED
UNDER CABINET LIGHTING:	OPTION
COUNTERS:	CERAMIC TILE
SINK/FAUCET:	PORC/SP. WAND
CABINETRY:	CHOICE
FLOORING:	VINYL
ISLAND:	NO
WALK-IN PANTRY:	NO
BUTLERS PANTRY:	NO
REFRIGERATOR:	OPTION

MASTER BED/BATH FEATURES	
CEILING TREATMENT:	FLAT
FIREPLACE:	NO
RETREAT:	NO
DECK/PATIO:	NO
BATH LIGHTING:	THEATRE
COUNTERS:	CERAMIC TILE
TYPE OF TUB:	AC / FIB OVAL
SEPARATE SHOWER.:	NO
SURROUND:	CULT. MARBLE
ENCLOSURE:	OPTION
TOILET CLOSET:	YES
FIXTURES:	CHROME
CABINETRY:	CHOICE
FLOORING:	VINYL
WALK-IN CLOSET:	YES
MIRRORED DOORS:	NO

SECONDARY BATH FEATURES	
LIGHTING:	THEATRE
COUNTERS:	CULT. MARBLE
TUB/SURROUND:	FIBERGLASS/CULT.MBL
1 OR 2 BASINS:	ONE
FIXTURES:	CHROME
CABINETRY:	CHOICE
COMPARTMENTALIZED:	NO

EXTERIOR FEATURES	
TYPE OF ROOFING:	CON. TILE
TYPE OF FENCING:	NONE
ENTRY CRTYD/EXT. PORCH:	NO
TYPE OF GARAGE:	ATTACHED
GARAGE DOOR OPENER:	YES
FRONT LANDSCAPING:	COMMON

MONTHLY FEES	
HOA (MASTER):	\$162/MO.
HOA(SUB):	\$57/MO.
BASE TAX RATE:	1.20%
TOTAL TAX (W/ ASSESS):	1.60%

MISCELLANEOUS	
TRAFFIC COUNT/ WK :	12/wk
BROKER COOP:	2%*
HIGH SCHOOL:	Central
MIDDLE SCHOOL:	Burnett
ELEMENTARY:	Burnett
ARCHITECT:	
BELOW MARKET RATE:	0

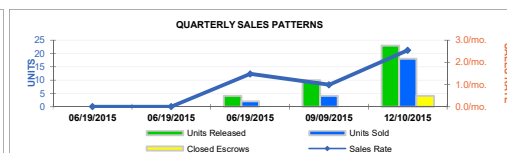
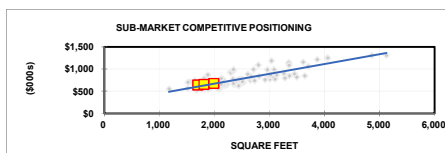
COMMUNITY FEATURES							
ELECT ENTRY	NO	TRAILS	NO	TENNIS COURTS	NO	BBQ AREA	NO
GUARDED ENTRY	NO	PARK	NO	GOLF COURSE	NO	FITNESS CTR	NO
POOL	NO	TOT LOT	NO	BOCCE BALL	NO	BUSINESS CTR	NO
SPA	NO	SPORT FIELD	NO	EQUEST. TRAILS	NO	MEDIA ROOM	NO
CABANA	NO	BALL COURTS	NO	CLUBHOUSE	NO	MEETING ROOM	NO

STREET/AREA/VIEW DESCRIPTION
Level, Double-Loaded, Non-view

FINANCING/CONCESSIONS/INCENTIVES
\$6,500 NRCC W/Bid's Lender

GENERAL COMMENTS

PROFILE: Singles, young couples, empty nesters, and professional couples. PREMIUMS: None at this time. NOTES:



NEW HOUSING DEVELOPMENT PROFILE REPORT

DEVELOPMENT: Willow
 DEVELOPER: KB Home
 WEB SITE: kbhome.com
 PRODUCT TYPE: Detached 6000-8999sf Lot
 SALES OPENING: 05/09/2015
 MODEL OPENING: 05/09/2015
 SURVEY DATE: 12/10/2015
 SELLOUT DATE:

REGION: CA - Santa Clara
 SUB-MARKET: SCLARA - Morgan Hill/Gilroy
 CITY: Morgan Hill
 ZIP CODE: 95037
 COMMUNITY: Tilton Park
 STREETS: Cochrane & Monterey st.
 SALES ADDRESS: 19531 Caraway Place
 SALES PHONE: 408-612-4951

PROFILE/MAP #: 11
 MAP PAGE/GRID:
 LATITUDE: 37.15462
 LONGITUDE: -121.67872
 MINIMUM LOT SIZE: 6000
 TYPICAL LOT SIZE: 6500
 LOT DIMENSION/DENSITY: 65 x 100
 STATUS: Active

SALES SUMMARY	SINCE PREV.SVY	SINCE OPENING	PREVIOUS SURVEY DATES					
			09/09/2015	06/19/2015				
TOTAL UNITS ZONED	0	28	28	28				
TOTAL UNITS RELEASED	15	28	13	6				
TOTAL UNITS SOLD	15	26	11	5				
TOTAL ESCROWS CLOSED	5	8	3	0				
TOTAL STAND INVENTORY	0	0	0	0				
UNSOLD/UNDER CONSTRUCTION	0	2	2	0				
TOTAL IMPROVED LOTS	0	22	22	22				
UNRELEASED INVENTORY:	-15	0	15	22				
TOTAL MONTHS SELLING	3.0 mos.	7.1 mos.	4.0 mos.	1.3 mos.				
MONTHLY SALES RATE	5.0/mo.	3.7/mo.	2.7/mo.	3.7/mo.				
RATE OF ESCROW CLOSURE:	1.7/mo.	1.1/mo.	0.7/mo.	0.0/mo.				

FLOORPLAN SUMMARY					
PLAN	- 4 -	- 7 -	- 5 -	- 8 -	- 6 -
PRICE	\$759,000	\$769,000	\$769,000	\$761,000	\$883,000
RANGE	\$767,000	\$777,000	\$777,000	\$769,000	\$891,000
09/09/2015	\$759,000	\$769,000	\$769,000	\$773,000	\$849,000
06/19/2015	\$771,000	\$750,000	\$780,000	\$768,000	\$874,000
1/00 BASE					
1/00 BASE					
INCENTIVE	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
LIVING AREA	2,440sf	2,462sf	2,501sf	2,506sf	2,608sf
PRICE/	\$311.07	\$312.35	\$307.48	\$303.67	\$338.57
SQ.FT.:	\$314.34	\$315.60	\$310.68	\$306.86	\$341.64
BED-	3	4	4	5	3
ROOMS					Loft
BATHS	2.5	3.0	2.5	3.0	2.5
FAMILY	Yes	No	Yes	no	Yes
KIT. NOOK	No	No	No	No	Yes
ADD'L SPACE	No	No	No	No	No
LEVELS	2	2	2	2	2
PARKING	2	2	2	2	2
CONFIGURATION	STANDARD	STANDARD	STANDARD	STANDARD	STANDARD
UNIT MIX	7	6	4	6	5
AVAILABLE	0	0	0	1	1
SALES RATE	1.0/mo.	0.8/mo.	0.6/mo.	0.7/mo.	0.6/mo.

GENERAL INTERIOR FEATURES	
AIR CONDITIONING:	YES
ENTRY:	CERAMIC TILE
FIREPLACE(S):	NONE
STAIRCASE:	PONY WALL
LAUNDRY:	INTERIOR
SECURITY SYSTEM:	OPTION
ADDED STORAGE:	NO
CEILING FAN:	OPTION
VOLUME/VAULTED CEILING :	NO
1ST/2ND LEVEL PLATES:	9/8'
MEDIA NICHE	NO

KITCHEN FEATURES	
OVEN/RANGE:	OVEN-WP
MICROWAVE:	NO
CEILING LIGHTING:	RECESSED
UNDER CABINET LIGHTING:	OPTION
COUNTERS:	CERAMIC TILE
SINK/FAUCET:	PORC/SP. WAND
CABINETRY:	CHOICE
FLOORING:	VINYL
ISLAND:	PER PLAN
WALK-IN PANTRY:	NO
BUTLERS PANTRY:	NO
REFRIGERATOR:	OPTION

MASTER BED/BATH FEATURES	
CEILING TREATMENT:	FLAT
FIREPLACE:	NO
RETREAT:	NO
DECK/PATIO:	NO
BATH LIGHTING:	THEATRE
COUNTERS:	CERAMIC TILE
TYPE OF TUB:	FIBER STD.
SEPARATE SHOWER.:	NO
SURROUND:	CERAMIC TILE
ENCLOSURE:	CLEAR
TOILET CLOSET:	YES
FIXTURES:	CHROME
CABINETRY:	CHOICE
FLOORING:	VINYL
WALK-IN CLOSET:	YES
MIRRORED DOORS:	NO

SECONDARY BATH FEATURES	
LIGHTING:	THEATRE
COUNTERS:	CULT. MARBLE
TUB/SURROUND:	FIBERGLASS/CULT.MBL
1 OR 2 BASINS:	ONE
FIXTURES:	CHROME
CABINETRY:	CHOICE
COMPARTMENTALIZED:	NO

EXTERIOR FEATURES	
TYPE OF ROOFING:	CON. TILE
TYPE OF FENCING:	WOOD
ENTRY CRTYD/EXT. PORCH:	YES
TYPE OF GARAGE:	ATTACHED
GARAGE DOOR OPENER:	NO
FRONT LANDSCAPING:	FRONT

MONTHLY FEES	
HOA (MASTER):	\$162/MO.
HOA(SUB):	\$0/MO.
BASE TAX RATE:	1.20%
TOTAL TAX (W/ ASSESS):	1.60%

MISCELLANEOUS	
TRAFFIC COUNT/ WK :	13/wk
BROKER COOP:	2%*
HIGH SCHOOL:	Central
MIDDLE SCHOOL:	Burnett
ELEMENTARY:	Burnett
ARCHITECT:	
BELOW MARKET RATE:	0

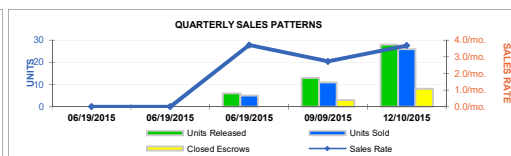
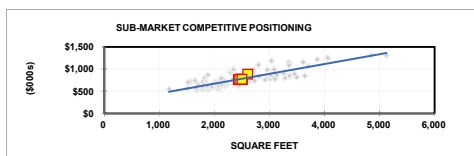
COMMUNITY FEATURES							
ELECT ENTRY	NO	TRAILS	NO	TENNIS COURTS	NO	BBQ AREA	NO
GUARDED ENTRY	NO	PARK	NO	GOLF COURSE	NO	FITNESS CTR	NO
POOL	NO	TOT LOT	NO	BOCCE BALL	NO	BUSINESS CTR	NO
SPA	NO	SPORT FIELD	NO	EQUEST. TRAILS	NO	MEDIA ROOM	NO
CABANA	NO	BALL COURTS	NO	CLUBHOUSE	NO	MEETING ROOM	NO

STREET/AREA/VIEW DESCRIPTION	
Level, Double-Loaded, Non-view	

FINANCING/CONCESSIONS/INCENTIVES	
\$6,000 to \$7,000NRCC W/Bldr's Lender	

GENERAL COMMENTS	
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PROFILE: Growing families, mature families, professional couples, and 1st time buyers. PREMIUMS: \$0 to \$8,000 for location and lot size. NOTES:



NEW HOUSING DEVELOPMENT PROFILE REPORT

DEVELOPMENT: Loden Place
 DEVELOPER: City Ventures
 WEB SITE: cityventures.com
 PRODUCT TYPE: Detached < 4000sf Lot
 SALES OPENING: 03/07/2015
 MODEL OPENING: 04/15/2015
 SURVEY DATE: 12/08/2015
 SELLOUT DATE:

REGION: CA - Santa Clara
 SUB-MARKET: SCLARA - Morgan Hill/Gilroy
 CITY: Morgan Hill
 ZIP CODE: 95037
 COMMUNITY: Morgan Hill
 STREETS: E. Dunne & Monterey Rd
 SALES ADDRESS: 18130 Hale Ave
 SALES PHONE: 408-782-2800

PROFILE/MAP #: 2
 MAP PAGE/GRID: 37.13596
 LATITUDE: -121.66347
 LONGITUDE: 3500
 MINIMUM LOT SIZE: 3600
 TYPICAL LOT SIZE: 40 x 90
 LOT DIMENSION/DENSITY: Active
 STATUS:

SALES SUMMARY	SINCE PREV.SVY	SINCE OPENING	PREVIOUS SURVEY DATES					
			09/08/2015	06/18/2015	03/23/2015			
TOTAL UNITS ZONED	0	42	42	42	42			
TOTAL UNITS RELEASED	0	41	41	39	13			
TOTAL UNITS SOLD	4	38	34	25	5			
TOTAL ESCROWS CLOSED	9	15	6	0	0			
TOTAL STAND INVENTORY	0	0	0	0	0			
UNSOLD/UNDER CONSTRUCTION	-4	3	7	10	13			
TOTAL IMPROVED LOTS	0	29	29	29	29			
UNRELEASED INVENTORY:	0	1	1	3	29			
TOTAL MONTHS SELLING	3.0 mos.	9.1 mos.	6.1 mos.	3.4 mos.	0.5 mos.			
MONTHLY SALES RATE	1.3/mo.	4.2/mo.	5.6/mo.	7.4/mo.	5.0/mo.			
RATE OF ESCROW CLOSURE:	3.0/mo.	1.7/mo.	1.0/mo.	0.0/mo.	0.0/mo.			

FLOORPLAN SUMMARY						
PLAN	- 6 -	- 5 -	- 1 -	- 2 -	- 3 -	- 4 -
PRICE	\$703,000	\$710,000	\$719,000	\$749,000	\$828,000	\$845,000
RANGE						
09/08/2015	\$703,000	\$710,000	\$719,000	\$749,000	\$828,000	\$845,000
06/18/2015	\$703,000	\$710,000	\$719,000	\$749,000	\$828,000	\$845,000
03/23/2015	\$703,000	\$710,000	\$719,000	\$749,000	\$828,000	\$845,000
1/00 BASE						
INCENTIVE	\$0	\$0	\$0	\$0	\$0	\$0
LIVING AREA	1,520sf	1,788sf	1,834sf	2,118sf	2,810sf	2,996sf
PRICE/ SQ.FT.:	\$462.50	\$397.09	\$392.04	\$353.64	\$294.66	\$282.04
BED- ROOMS	3	3	3	3	4	4
BATHS	2.5	Den	Den	Den	Den	Studio
FAMILY	No	No	No	No	Yes	No
KIT. NOOK	No	No	No	No	No	No
ADD'L SPACE	No	No	No	No	No	No
LEVELS	2	2	2	2	2	2
PARKING	2	2	2	2	2	2
CONFIGURATION	STANDARD	STANDARD	STANDARD	STANDARD	STANDARD	STANDARD
UNIT MIX	7	4	7	7	8	8
AVAILABLE	0	0	1	0	0	2
SALES RATE	0.8/mo.	0.4/mo.	0.7/mo.	0.8/mo.	0.9/mo.	0.7/mo.

GENERAL INTERIOR FEATURES	
AIR CONDITIONING:	YES
ENTRY:	CERAMIC TILE
FIREPLACE(S):	ONE
STAIRCASE:	WD RAIL/PT SPNDL
LAUNDRY:	INTERIOR
SECURITY SYSTEM:	OPTION
ADDED STORAGE:	NO
CEILING FAN:	OPTION
VOLUME/VAULTED CEILING :	PER PLAN
1ST/2ND LEVEL PLATES:	9'9"
MEDIA NICHE	NO

KITCHEN FEATURES	
OVEN/RANGE:	S.STL OVEN
MICROWAVE:	YES
CEILING LIGHTING:	RECESSED
UNDER CABINET LIGHTING:	OPTION
COUNTERS:	GRANITE
SINK/FAUCET:	S. STL/SP. WAND
CABINETRY:	HARDWOOD
FLOORING:	C.TILE
ISLAND:	YES
WALK-IN PANTRY:	YES
BUTLERS PANTRY:	NO
REFRIGERATOR:	OPTION

MASTER BED/BATH FEATURES	
CEILING TREATMENT:	FLAT
FIREPLACE:	NO
RETREAT:	NO
DECK/PATIO:	NO
BATH LIGHTING:	THEATRE
COUNTERS:	SOLID SURFACE
TYPE OF TUB:	AC / FIB OVAL
SEPARATE SHOWER.:	YES
SURROUND:	CERAMIC TILE
ENCLOSURE:	CLEAR
TOILET CLOSET:	YES
FIXTURES:	CHROME
CABINETRY:	HARDWOOD
FLOORING:	C.TILE
WALK-IN CLOSET:	YES
MIRRORED DOORS:	NO

SECONDARY BATH FEATURES	
LIGHTING:	THEATRE
COUNTERS:	SOLID SURFACE
TUB/SURROUND:	PORC./CER. TILE
1 OR 2 BASINS:	ONE
FIXTURES:	CHROME
CABINETRY:	HARDWOOD
COMPARTMENTALIZED:	NO

EXTERIOR FEATURES	
TYPE OF ROOFING:	CON. TILE
TYPE OF FENCING:	WOOD
ENTRY CRTYD/EXT. PORCH:	YES
TYPE OF GARAGE:	ATTACHED
GARAGE DOOR OPENER:	YES
FRONT LANDSCAPING:	FRONT

MONTHLY FEES	
HOA (MASTER):	\$123/MO.
HOA(SUB):	\$0/MO.
BASE TAX RATE:	1.20%
TOTAL TAX (W/ ASSESS):	1.58%

MISCELLANEOUS	
TRAFFIC COUNT/ WK :	25/wk
BROKER COOP:	3%*
HIGH SCHOOL:	Ann Sobrato
MIDDLE SCHOOL:	Britton
ELEMENTARY:	Walsh
ARCHITECT:	
BELOW MARKET RATE:	0

COMMUNITY FEATURES							
ELECT ENTRY	NO	TRAILS	NO	TENNIS COURTS	NO	BBQ AREA	NO
GUARDED ENTRY	NO	PARK	NO	GOLF COURSE	NO	FITNESS CTR	NO
POOL	NO	TOT LOT	NO	BOCCE BALL	NO	BUSINESS CTR	NO
SPA	NO	SPORT FIELD	NO	EQUEST. TRAILS	NO	MEDIA ROOM	NO
CABANA	NO	BALL COURTS	NO	CLUBHOUSE	NO	MEETING ROOM	NO

STREET/AREA/VIEW DESCRIPTION

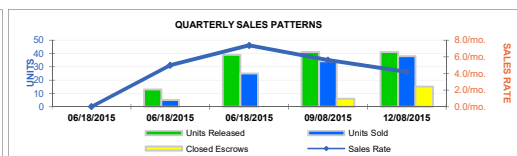
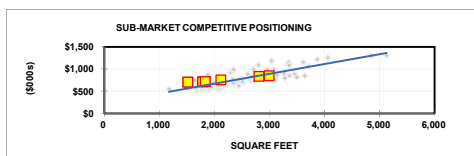
Level, Infill, and Non-View

FINANCING/CONCESSIONS/INCENTIVES

No Incentives.

GENERAL COMMENTS

PROFILE: Singles, young couples, empty nesters, and professional couples. PREMIUMS: None at this time. NOTES: Solar included.



NEW HOUSING DEVELOPMENT PROFILE REPORT

DEVELOPMENT: Stonebridge
 DEVELOPER: Meritage Homes
 WEB SITE: meritagehomes.com
 PRODUCT TYPE: Detached 6000-8999sf Lot
 SALES OPENING: 07/19/2014
 MODEL OPENING: 07/19/2014
 SURVEY DATE: 12/08/2015
 SELLOUT DATE: 06/02/2015

REGION: CA - Santa Clara
 SUB-MARKET: SCLARA - Morgan Hill/Gilroy
 CITY: Morgan Hill
 ZIP CODE: 95037
 COMMUNITY: Morgan Hill
 STREETS: Monterey Rd. & Tilton Ave.
 SALES ADDRESS: 18687 Hale Ave.
 SALES PHONE: 877-275-6374

PROFILE/MAP #: 7
 MAP PAGE/GRID: 37.14635
 LATITUDE: -121.67124
 LONGITUDE: 6000
 MINIMUM LOT SIZE: 6000
 TYPICAL LOT SIZE: 6000
 LOT DIMENSION/DENSITY: 60 x 100
 STATUS: Active

SALES SUMMARY	SINCE PREV.SVY	SINCE OPENING	PREVIOUS SURVEY DATES					
			09/09/2015	06/17/2015	03/16/2015	12/10/2014	09/17/2014	
TOTAL UNITS ZONED	0	82	82	82	82	82	82	
TOTAL UNITS RELEASED	0	82	82	82	72	52	32	
TOTAL UNITS SOLD	0	82	82	82	68	50	29	
TOTAL ESCROWS CLOSED	12	70	58	45	30	15	0	
TOTAL STAND INVENTORY	0	0	0	0	0	0	0	
UNSOLD/UNDER CONSTRUCTION	0	0	0	0	4	2	3	
TOTAL IMPROVED LOTS	-22	12	34	30	30	30	30	
UNRELEASED INVENTORY:	0	0	0	0	10	30	50	
TOTAL MONTHS SELLING	6.2 mos.	16.7 mos.	10.5 mos.	10.5 mos.	7.9 mos.	4.7 mos.	2.0 mos.	
MONTHLY SALES RATE	0.0/mo.	4.9/mo.	7.8/mo.	7.8/mo.	8.6/mo.	10.6/mo.	14.7/mo.	
RATE OF ESCROW CLOSURE:	4.1/mo.	4.2/mo.	4.2/mo.	4.1/mo.	3.8/mo.	3.2/mo.	0.0/mo.	

FLOORPLAN SUMMARY							
PLAN	Shasta S/O	Berryessa SO	Larkspur	Eureka	Humboldt	Windsor	Piedmont
PRICE	\$589,950	\$599,950	\$761,990	\$771,990	\$801,990	\$861,990	\$891,990
RANGE	\$596,950	\$606,950	\$771,990	\$781,990	\$811,990	\$871,990	\$901,990
09/09/2015	\$589,950	\$599,950	\$761,990	\$771,990	\$801,990	\$861,990	\$891,990
06/17/2015	\$589,950	\$599,950	\$761,990	\$771,990	\$801,990	\$861,990	\$891,990
03/16/2015	\$589,950	\$599,950	\$761,990	\$771,990	\$801,990	\$861,990	\$891,990
12/10/2014	\$589,950	\$599,950	\$726,990	\$736,990	\$766,990	\$826,990	\$856,990
INCENTIVE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LIVING AREA	1,819sf	1,909sf	2,110sf	2,341sf	2,640sf	3,130sf	3,455sf
PRICE/	\$324.33	\$314.27	\$361.13	\$329.77	\$303.78	\$275.40	\$258.17
SQ.FT.:	\$328.17	\$317.94	\$365.87	\$334.04	\$307.57	\$278.59	\$261.07
BED-	3	3	3	3	4	4	5
ROOMS	Loft	Loft		Den, Loft	Den, Loft	Den, Loft	Den, Loft
BATHS	2.5	2.5	2.5	2.5	2.5	3.5	4.5
FAMILY	Grt	Grt	Grt	Grt	Grt	Grt	Grt
KIT. NOOK	No	No	Yes	Yes	Yes	Yes	No
ADD'L SPACE	No	No	No	No	No	No	No
LEVELS	2	2	1	2	2	2	2
PARKING	2	2	2	2	2	3	3
CONFIGURATION	STANDARD	STANDARD	STANDARD	STANDARD	STANDARD	TANDEM	TANDEM
UNIT MIX	8	9	14	15	14	11	11
AVAILABLE	0	0	0	0	0	0	0
SALES RATE	0.5/mo.	0.5/mo.	0.8/mo.	0.9/mo.	0.8/mo.	0.7/mo.	0.7/mo.

GENERAL INTERIOR FEATURES	
AIR CONDITIONING:	YES
ENTRY:	CERAMIC TILE
FIREPLACE(S):	NONE
STAIRCASE:	WD RAIL/PT SPNDL
LAUNDRY:	INT W/OPT SINK
SECURITY SYSTEM:	OPTION
ADDED STORAGE:	STAIRS
CEILING FAN:	PREWIRED
VOLUME/VAULTED CEILING :	PER PLAN
1ST/2ND LEVEL PLATES:	9'9"
MEDIA NICHE	NO

KITCHEN FEATURES	
OVEN/RANGE:	OVEN-GE
MICROWAVE:	YES
CEILING LIGHTING:	RECESSED
UNDER CABINET LIGHTING:	OPTION
COUNTERS:	GRANITE
SINK/FAUCET:	S. STL/SP. WAND
CABINETRY:	BEECH
FLOORING:	C.TILE
ISLAND:	YES
WALK-IN PANTRY:	PER PLAN
BUTLERS PANTRY:	PER PLAN
REFRIGERATOR:	OPTION

MASTER BED/BATH FEATURES	
CEILING TREATMENT:	FLAT
FIREPLACE:	NO
RETREAT:	NO
DECK/PATIO:	NO
BATH LIGHTING:	THEATRE
COUNTERS:	CERAMIC TILE
TYPE OF TUB:	AC / FIB OVAL
SEPARATE SHOWER.:	YES
SURROUND:	CERAMIC TILE
ENCLOSURE:	CLEAR
TOILET CLOSET:	YES
FIXTURES:	CHROME
CABINETRY:	BEECH
FLOORING:	C.TILE
WALK-IN CLOSET:	YES
MIRRORED DOORS:	NO

SECONDARY BATH FEATURES	
LIGHTING:	THEATRE
COUNTERS:	CERAMIC TILE
TUB/SURROUND:	FIBER/CER. TILE
1 OR 2 BASINS:	ONE
FIXTURES:	CHROME
CABINETRY:	BEECH
COMPARTMENTALIZED:	YES

EXTERIOR FEATURES	
TYPE OF ROOFING:	CON. TILE
TYPE OF FENCING:	WOOD
ENTRY CRTYD/EXT. PORCH:	YES
TYPE OF GARAGE:	ATTACHED
GARAGE DOOR OPENER:	YES
FRONT LANDSCAPING:	FRONT

MONTHLY FEES	
HOA (MASTER):	\$117/MO.
HOA (SUB):	\$0/MO.
BASE TAX RATE:	1.00%
TOTAL TAX (W/ ASSESS):	1.63%

MISCELLANEOUS	
TRAFFIC COUNT/ WK :	12/wk
BROKER COOP:	3%*
HIGH SCHOOL:	Sobrato
MIDDLE SCHOOL:	Martin Murphy
ELEMENTARY:	P.A. Walsh
ARCHITECT:	
BELOW MARKET RATE:	0

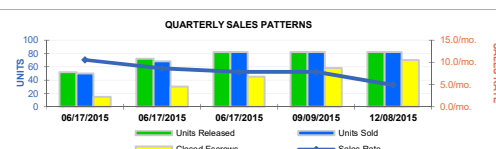
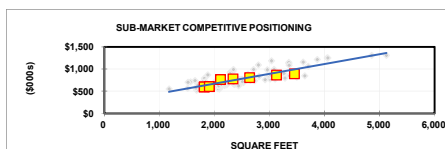
COMMUNITY FEATURES							
ELECT ENTRY	NO	TRAILS	NO	TENNIS COURTS	NO	BBQ AREA	NO
GUARDED ENTRY	NO	PARK	NO	GOLF COURSE	NO	FITNESS CTR	NO
POOL	NO	TOT LOT	NO	BOCCE BALL	NO	BUSINESS CTR	NO
SPA	NO	SPORT FIELD	NO	EQUEST. TRAILS	NO	MEDIA ROOM	NO
CABANA	NO	BALL COURTS	NO	CLUBHOUSE	NO	MEETING ROOM	NO

STREET/AREA/VIEW DESCRIPTION
Level, Double Loaded, Hillside View

FINANCING/CONCESSIONS/INCENTIVES
Negotiable

GENERAL COMMENTS

PROFILE: Young Couples, Growing Families, Mature Families, Professional Couples, and 1st Time Buyers. PREMIUMS: \$0 to \$10,000. NOTES: SOLD OUT



NEW HOUSING DEVELOPMENT PROFILE REPORT

DEVELOPMENT: Terra Mia
 DEVELOPER: Dividend Homes
 WEB SITE: dividendhomes.com
 PRODUCT TYPE: Detached 6000-8999sf Lot
 SALES OPENING: 08/13/2013
 MODEL OPENING: 08/13/2013
 SURVEY DATE: 12/10/2015
 SELLOUT DATE:

REGION: CA - Santa Clara
 SUB-MARKET: SCLARA - Morgan Hill/Gilroy
 CITY: Morgan Hill
 ZIP CODE: 95037
 COMMUNITY: Mission Ranch
 STREETS: Mission View & Via de las Padres
 SALES ADDRESS: 18271 Tolusa Place
 SALES PHONE: 408-782-8685

PROFILE/MAP #: 1
 MAP PAGE/GRID: 37.15339
 LATITUDE: -121.64368
 LONGITUDE: 7000
 MINIMUM LOT SIZE: 7500
 TYPICAL LOT SIZE: 75 x 100
 LOT DIMENSION/DENSITY: Active

SALES SUMMARY	SINCE PREV.SVY	SINCE OPENING	PREVIOUS SURVEY DATES						
			09/08/2015	06/15/2015	03/18/2015	12/10/2014	09/08/2014	06/16/2014	03/19/2014
TOTAL UNITS ZONED	0	85	85	85	85	85	85	85	85
TOTAL UNITS RELEASED	5	68	63	58	57	43	36	36	20
TOTAL UNITS SOLD	6	66	60	57	57	43	36	36	18
TOTAL ESCROWS CLOSED	3	60	57	52	42	35	27	20	17
TOTAL STAND INVENTORY	0	0	0	0	0	0	0	0	2
UNSOLD/UNDER CONSTRUCTION	-1	2	3	0	0	0	0	0	0
TOTAL IMPROVED LOTS	0	30	30	30	30	30	30	30	30
UNRELEASED INVENTORY:	-5	17	22	27	28	42	49	49	65
TOTAL MONTHS SELLING	3.1 mos.	27.9 mos.	24.9 mos.	22.1 mos.	19.1 mos.	15.9 mos.	12.9 mos.	10.1 mos.	7.2 mos.
MONTHLY SALES RATE	2.0/mo.	2.4/mo.	2.4/mo.	2.6/mo.	3.0/mo.	2.7/mo.	2.8/mo.	3.6/mo.	2.5/mo.
RATE OF ESCROW CLOSURE:	1.0/mo.	2.1/mo.	2.3/mo.	2.4/mo.	2.2/mo.	2.2/mo.	2.1/mo.	2.0/mo.	2.4/mo.

FLOORPLAN SUMMARY							
PLAN	- 5 -	- 6 -	- 7 -	- 1 -	- 3 -	- 2 -	- 4 -
PRICE	\$709,000	\$735,000	\$785,000	\$925,000	\$985,000	\$989,000	\$1,059,000
RANGE	\$719,000	\$745,000	\$795,000	\$935,000	\$995,000	\$999,000	\$1,069,000
09/08/2015	\$704,000	\$730,000	\$780,000	\$920,000	\$980,000	\$984,000	\$1,054,000
06/15/2015	\$699,000	\$725,000	\$775,000	\$915,000	\$975,000	\$979,000	\$1,049,000
03/18/2015	\$699,000	\$725,000	\$775,000	\$915,000	\$975,000	\$979,000	\$1,049,000
12/10/2014	\$699,000	\$725,000	\$775,000	\$915,000	\$975,000	\$979,000	\$1,049,000
INCENTIVE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LIVING AREA	1,567sf	1,647sf	1,817sf	2,289sf	2,960sf	3,081sf	3,705sf
PRICE/	\$452.46	\$446.27	\$432.03	\$404.11	\$332.77	\$321.00	\$285.83
SQ.FT.:	\$458.84	\$452.34	\$437.53	\$408.48	\$336.15	\$324.25	\$288.53
BED-	3	4	3	3	4	4	5
ROOMS				Lanai		Loft	
BATHS	2.5	2.5	2.0	3.0	3.5	3.5	5.5
FAMILY	No	No	no	Grt	Grt	Grt	Grt
KIT. NOOK	No	No	No	No	Yes	Yes	No
ADD'L SPACE	No	No	No	No	No	No	No
LEVELS	2	2	1	1	2	2	2
PARKING	2	2	2	2	2	3	2
CONFIGURATION	STANDARD	STANDARD	STANDARD	STANDARD	SPLIT	TANDEM	STANDARD
UNIT MIX	10	9	13	11	9	10	6
AVAILABLE	0	0	1	0	0	0	1
SALES RATE	0.4/mo.	0.3/mo.	0.4/mo.	0.4/mo.	0.3/mo.	0.4/mo.	0.2/mo.

GENERAL INTERIOR FEATURES	
AIR CONDITIONING:	YES
ENTRY:	CERAMIC TILE
FIREPLACE(S):	ONE
STAIRCASE:	WD RAIL/PT SPNDL
LAUNDRY:	INT W/SINK
SECURITY SYSTEM:	YES
ADDED STORAGE:	NO
CEILING FAN:	PREWIRED
VOLUME/VAULTED CEILING :	PER PLAN
1ST/2ND LEVEL PLATES:	9'9"
MEDIA NICHE	NO

KITCHEN FEATURES	
OVEN/RANGE:	S.STL OVEN
MICROWAVE:	YES
CEILING LIGHTING:	RECESSED
UNDER CABINET LIGHTING:	YES
COUNTERS:	GRANITE
SINK/FAUCET:	S. STL/SP. WAND
CABINETRY:	MAPLE
FLOORING:	C.TILE
ISLAND:	PER PLAN
WALK-IN PANTRY:	NO
BUTLERS PANTRY:	NO
REFRIGERATOR:	OPTION

MASTER BED/BATH FEATURES	
CEILING TREATMENT:	FLAT
FIREPLACE:	NO
RETREAT:	NO
DECK/PATIO:	NO
BATH LIGHTING:	THEATRE
COUNTERS:	CERAMIC TILE
TYPE OF TUB:	AC / FIB OVAL
SEPARATE SHOWER.:	YES
SURROUND:	CERAMIC TILE
ENCLOSURE:	CLEAR
TOILET CLOSET:	YES
FIXTURES:	CHROME
CABINETRY:	MAPLE
FLOORING:	C.TILE
WALK-IN CLOSET:	YES
MIRRORED DOORS:	NO

SECONDARY BATH FEATURES	
LIGHTING:	THEATRE
COUNTERS:	CERAMIC TILE
TUB/SURROUND:	FIBERGLASS/CULT.MBL
1 OR 2 BASINS:	ONE
FIXTURES:	CHROME
CABINETRY:	MAPLE
COMPARTMENTALIZED:	NO

EXTERIOR FEATURES	
TYPE OF ROOFING:	CON. TILE
TYPE OF FENCING:	WOOD
ENTRY CRTYD/EXT. PORCH:	YES
TYPE OF GARAGE:	ATTACHED
GARAGE DOOR OPENER:	YES
FRONT LANDSCAPING:	FRONT

MONTHLY FEES	
HOA (MASTER):	\$60/MO.
HOA (SUB):	\$0/MO.
BASE TAX RATE:	1.18%
TOTAL TAX (W/ ASSESS):	1.40%

MISCELLANEOUS	
TRAFFIC COUNT/ WK :	15/wk
BROKER COOP:	3%*
HIGH SCHOOL:	Live Oak
MIDDLE SCHOOL:	Martin Murphy
ELEMENTARY:	Nordstrom
ARCHITECT:	
BELOW MARKET RATE:	0

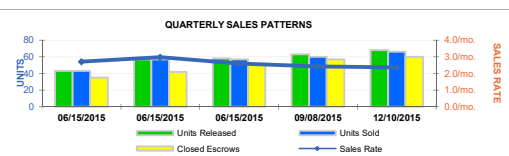
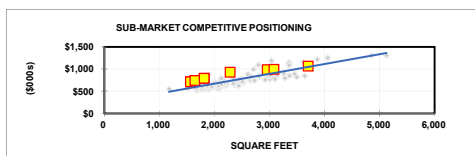
COMMUNITY FEATURES							
ELECT ENTRY	NO	TRAILS	YES	TENNIS COURTS	NO	BBQ AREA	NO
GUARDED ENTRY	NO	PARK	YES	GOLF COURSE	NO	FITNESS CTR	NO
POOL	NO	TOT LOT	YES	BOCCE BALL	NO	BUSINESS CTR	NO
SPA	NO	SPORT FIELD	NO	EQUEST. TRAILS	NO	MEDIA ROOM	NO
CABANA	NO	BALL COURTS	NO	CLUBHOUSE	NO	MEETING ROOM	NO

STREET/AREA/VIEW DESCRIPTION	
Level, Non-View	

FINANCING/CONCESSIONS/INCENTIVES	
No Incentives.	

GENERAL COMMENTS	
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PROFILE: Young couples, growing families, mature families, empty nesters, professional couples, and 1st time buyers. PREMIUMS: \$0 to \$10,000 for location and lot size. NOTES: Plan 4 has 2 master suites. SOLD OUT spring 2016.



NEW HOUSING DEVELOPMENT PROFILE REPORT

DEVELOPMENT: Paseo Seville
 DEVELOPER: KB Home
 WEB SITE: kbhome.com
 PRODUCT TYPE: Detached 6000-8999sf Lot
 SALES OPENING: 03/14/2015
 MODEL OPENING: 03/14/2015
 SURVEY DATE: 12/08/2015
 SELLOUT DATE: 11/16/2015

REGION: CA - Santa Clara
 SUB-MARKET: SCLARA - Morgan Hill/Gilroy
 CITY: Morgan Hill
 ZIP CODE: 95037
 COMMUNITY: Morgan Hill
 STREETS: E. Dunne & Murphy
 SALES ADDRESS: 1630 E. Dunne Ave
 SALES PHONE: 408-612-4849

PROFILE/MAP #: 5
 MAP PAGE/GRID: 37.13545
 LATITUDE: -121.62297
 LONGITUDE: 6000
 MINIMUM LOT SIZE: 7000
 TYPICAL LOT SIZE: 70 x 100
 LOT DIMENSION/DENSITY: Active

SALES SUMMARY	SINCE PREV.SVY	SINCE OPENING	PREVIOUS SURVEY DATES					
			09/08/2015	06/16/2015	03/16/2015			
TOTAL UNITS ZONED	0	23	23	23	23			
TOTAL UNITS RELEASED	2	23	21	20	20			
TOTAL UNITS SOLD	5	23	18	13	7			
TOTAL ESCROWS CLOSED	7	15	8	0	0			
TOTAL STAND INVENTORY	0	0	0	0	0			
UNSOLD/UNDER CONSTRUCTION	-3	0	3	0	0			
TOTAL IMPROVED LOTS	-3	0	3	3	3			
UNRELEASED INVENTORY:	-2	0	2	3	3			
TOTAL MONTHS SELLING	3.0 mos.	8.8 mos.	5.9 mos.	3.1 mos.	0.1 mos.			
MONTHLY SALES RATE	1.7/mo.	2.6/mo.	3.1/mo.	4.2/mo.	7.0/mo.			
RATE OF ESCROW CLOSURE:	2.3/mo.	1.7/mo.	1.4/mo.	0.0/mo.	0.0/mo.			

FLOORPLAN SUMMARY					
PLAN	- 1 - S/O	- 2 - S/O	- 3 -	- 4 -	- 5 - S/O
PRICE	\$870,000	\$770,000	\$915,000	\$955,000	\$990,000
RANGE	\$880,000	\$780,000	\$925,000	\$965,000	\$1,000,000
09/08/2015	\$870,000	\$770,000	\$915,000	\$955,000	\$990,000
06/16/2015	\$870,000	\$770,000	\$914,000	\$960,000	\$990,000
03/16/2015	\$850,000	\$752,000	\$897,000	\$907,000	\$945,000
100 BASE					
INCENTIVE	\$0	\$0	\$0	\$0	\$0
LIVING AREA	1,878sf	2,151sf	2,299sf	2,337sf	2,714sf
PRICE/	\$463.26	\$357.97	\$398.00	\$408.64	\$364.78
SQ.FT.:	\$468.58	\$362.62	\$402.35	\$412.92	\$368.46
BED-	4	3	3	3	4
ROOMS		Loft	Flex	Den	Den, Loft
BATHS	2.5	2.5	2.5	2.0	3.0
FAMILY	No	No	No	Yes	No
KIT. NOOK	No	Yes	No	Yes	No
ADD'L SPACE	No	No	No	No	No
LEVELS	2	2	1	1	2
PARKING	2	2	2	2	2
CONFIGURATION	STANDARD	STANDARD	STANDARD	STANDARD	STANDARD
UNIT MIX	3	3	7	5	5
AVAILABLE	0	0	0	0	0
SALES RATE	0.3/mo.	0.3/mo.	0.8/mo.	0.6/mo.	0.6/mo.

GENERAL INTERIOR FEATURES	
AIR CONDITIONING:	YES
ENTRY:	CERAMIC TILE
FIREPLACE(S):	ONE
STAIRCASE:	PT RAIL/PT SPNDL
LAUNDRY:	INTERIOR
SECURITY SYSTEM:	OPTION
ADDED STORAGE:	YES
CEILING FAN:	OPTION
VOLUME/VAULTED CEILING :	NO
1ST/2ND LEVEL PLATES:	9/8'
MEDIA NICHE	NO

KITCHEN FEATURES	
OVEN/RANGE:	OVEN-WP
MICROWAVE:	YES
CEILING LIGHTING:	RECESSED
UNDER CABINET LIGHTING:	OPTION
COUNTERS:	GRANITE
SINK/FAUCET:	PORC/SP. WAND
CABINETRY:	BIRCH
FLOORING:	C.TILE
ISLAND:	PER PLAN
WALK-IN PANTRY:	NO
BUTLERS PANTRY:	NO
REFRIGERATOR:	OPTION

MASTER BED/BATH FEATURES	
CEILING TREATMENT:	FLAT
FIREPLACE:	NO
RETREAT:	OPTION PER PLAN
DECK/PATIO:	NO
BATH LIGHTING:	THEATRE
COUNTERS:	CERAMIC TILE
TYPE OF TUB:	AC / FIB OVAL
SEPARATE SHOWER.:	NO
SURROUND:	CERAMIC TILE
ENCLOSURE:	CLEAR
TOILET CLOSET:	YES
FIXTURES:	CHROME
CABINETRY:	BIRCH
FLOORING:	C.TILE
WALK-IN CLOSET:	YES
MIRRORED DOORS:	NO

SECONDARY BATH FEATURES	
LIGHTING:	THEATRE
COUNTERS:	CULT. MARBLE
TUB/SURROUND:	FIBERGLASS/CULT.MBL
1 OR 2 BASINS:	ONE
FIXTURES:	CHROME
CABINETRY:	BIRCH
COMPARTMENTALIZED:	NO

EXTERIOR FEATURES	
TYPE OF ROOFING:	CON. TILE
TYPE OF FENCING:	WOOD
ENTRY CRTYD/EXT. PORCH:	YES
TYPE OF GARAGE:	ATTACHED
GARAGE DOOR OPENER:	YES
FRONT LANDSCAPING:	FRONT

MONTHLY FEES	
HOA (MASTER):	\$135/MO.
HOA(SUB):	\$0/MO.
BASE TAX RATE:	1.20%
TOTAL TAX (W/ ASSESS):	1.60%

MISCELLANEOUS	
TRAFFIC COUNT/ WK :	8/wk
BROKER COOP:	3%*
HIGH SCHOOL:	Live Oak
MIDDLE SCHOOL:	Britton
ELEMENTARY:	Nordstrom
ARCHITECT:	
BELOW MARKET RATE:	0

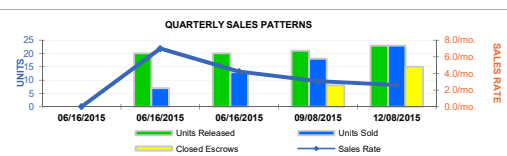
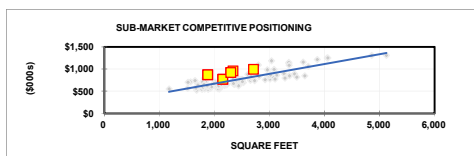
COMMUNITY FEATURES					
ELECT ENTRY	NO	TRAILS	YES	TENNIS COURTS	NO
GUARDED ENTRY	NO	PARK	YES	GOLF COURSE	NO
POOL	NO	TOT LOT	YES	BOCCE BALL	NO
SPA	NO	SPORT FIELD	NO	EQUEST. TRAILS	NO
CABANA	NO	BALL COURTS	NO	CLUBHOUSE	NO
				BBQ AREA	NO
				FITNESS CTR	NO
				BUSINESS CTR	NO
				MEDIA ROOM	NO
				MEETING ROOM	NO
				BALLROOM	NO
				KITCHEN	NO
				CHEF'S KITCHEN	NO
				CONCIERGE/ACT.	NO
				VALET PARKING	NO

STREET/AREA/VIEW DESCRIPTION	
Level, Non-View	

FINANCING/CONCESSIONS/INCENTIVES	
No Incentives.	

GENERAL COMMENTS	
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PROFILE: Young couples, growing families, mature families, empty nesters, and professional couples. PREMIUMS: Up to \$10,000. NOTES: Plan 1 build as single family home and duet home. Plan 2 is built as duet home only. 6 has not been released yet. Took over remaining lots of another. SOLD OUT



NEW HOUSING DEVELOPMENT PROFILE REPORT

DEVELOPMENT:	Esperanza	REGION:	CA - Santa Clara	PROFILE/MAP #:	9
DEVELOPER:	Van Daele Homes	SUB-MARKET:	SCLARA - Morgan Hill/Gilroy	MAP PAGE/GRID:	
WEB SITE:	vandaale.com	CITY:	Morgan Hill	LATITUDE:	37.13238
PRODUCT TYPE:	Detached 6000-8999sf Lot	ZIP CODE:	95037	LONGITUDE:	-121.64201
SALES OPENING:	10/28/2015	COMMUNITY:	Morgan Hill	MINIMUM LOT SIZE:	6600
MODEL OPENING:	10/28/2015	STREETS:	East Dunne & Butterfield	TYPICAL LOT SIZE:	7200
SURVEY DATE:	12/11/2015	SALES ADDRESS:	655 Diana Ave	LOT DIMENSION/DENSITY:	80 x 90
SELLOUT DATE:		SALES PHONE:	408-659-4384	STATUS:	Active

SALES SUMMARY	SINCE	SINCE	PREVIOUS SURVEY DATES						
	PREV.SVY	OPENING							
TOTAL UNITS ZONED		52							
TOTAL UNITS RELEASED		8							
TOTAL UNITS SOLD		7							
TOTAL ESCROWS CLOSED		0							
TOTAL STAND INVENTORY		0							
UNSOLD/UNDER CONSTRUCTION		1							
TOTAL IMPROVED LOTS		25							
UNRELEASED INVENTORY:		44							
TOTAL MONTHS SELLING		1.4 mos.							
MONTHLY SALES RATE		4.8/mo.							
RATE OF ESCROW CLOSURE:		0.0/mo.							

FLOORPLAN SUMMARY						
PLAN	- 2 -	- 3 -	- 4 -	- 5 -	- 6 -	- 7 -
PRICE	\$785,875	\$987,960	\$1,090,465	\$1,185,310	\$1,084,800	\$1,156,970
RANGE	\$795,875	\$997,960	\$1,100,465	\$1,195,310	\$1,094,800	\$1,166,970

1/00 BASE						
1/00 BASE						
1/00 BASE						
INCENTIVE	\$0	\$0	\$0	\$0	\$0	\$0
LIVING AREA	2,126sf	2,344sf	2,796sf	3,036sf	3,356sf	3,611sf
PRICE/	\$369.65	\$421.48	\$390.01	\$390.42	\$323.24	\$320.40
SQ.FT.:	\$374.35	\$425.75	\$393.59	\$393.71	\$326.22	\$323.17
BED-	4	4	4	4	4	5
ROOMS		California	Bonus	California	Bonus	ImagBonus
BATHS	3.0	3.5	3.5	3.5	4.5	4.5
FAMILY	Grt	Grt	Grt	Grt	Grt	Grt
KIT. NOOK	No	No	No	Yes	No	Yes
ADD'L SPACE	No	No	No	No	No	No
LEVELS	2	1	2	1	2	2
PARKING	2	2	2	2	3	2
CONFIGURATION	STANDARD	STANDARD	STANDARD	STANDARD	SPLIT	STANDARD
UNIT MIX	1	2	2	1	1	1
AVAILABLE	0	0	1	0	0	0
SALES RATE	0.7/mo.	1.4/mo.	0.7/mo.	0.7/mo.	0.7/mo.	0.7/mo.

GENERAL INTERIOR FEATURES	
AIR CONDITIONING:	YES
ENTRY:	CERAMIC TILE
FIREPLACE(S):	ONE
STAIRCASE:	WD RAIL/WD SPNDL
LAUNDRY:	INT W/OPT SINK
SECURITY SYSTEM:	OPTION
ADDED STORAGE:	YES
CEILING FAN:	PREWIRED
VOLUME/VAULTED CEILING :	YES
1ST/2ND LEVEL PLATES:	10"/9'
MEDIA NICHE	NO

KITCHEN FEATURES	
OVEN/RANGE:	S.STL OVEN
MICROWAVE:	YES
CEILING LIGHTING:	RECESSED
UNDER CABINET LIGHTING:	OPTION
COUNTERS:	GRANITE
SINK/FAUCET:	S. STL/SP. WAND
CABINETRY:	BEECH
FLOORING:	C.TILE
ISLAND:	YES
WALK-IN PANTRY	YES
BUTLERS PANTRY:	NO
REFRIGERATOR:	OPTION

MASTER BED/BATH FEATURES	
CEILING TREATMENT:	FLAT
FIREPLACE:	NO
RETREAT:	NO
DECK/PATIO:	NO
BATH LIGHTING:	THEATRE
COUNTERS:	CULT MARBLE
TYPE OF TUB:	AC / FIB OVAL
SEPARATE SHOWER.:	YES
SURROUND:	CULT. MARBLE
ENCLOSURE:	CLEAR
TOILET CLOSET:	YES
FIXTURES:	CHROME
CABINETRY:	BEECH
FLOORING:	C.TILE
WALK-IN CLOSET:	YES
MIRRORED DOORS:	NO

SECONDARY BATH FEATURES	
LIGHTING:	THEATRE
COUNTERS:	CULT. MARBLE
TUB/SURROUND:	FIBERGLASS MOLD
1 OR 2 BASINS:	1-2 PER PLAN
FIXTURES:	CHROME
CABINETRY:	BEECH
COMPARTMENTALIZED:	YES

EXTERIOR FEATURES	
TYPE OF ROOFING:	CON. TILE
TYPE OF FENCING:	NONE
ENTRY CRTYD/EXT. PORCH:	YES
TYPE OF GARAGE:	ATTACHED
GARAGE DOOR OPENER:	YES
FRONT LANDSCAPING:	FRONT

MONTHLY FEES	
HOA (MASTER):	\$279/MO.
HOA(SUB)	\$0/MO.
BASE TAX RATE:	1.25%
TOTAL TAX (W/ ASSESS):	1.65%

MISCELLANEOUS	
TRAFFIC COUNT/ WK :	40/wk
BROKER COOP:	2%*
HIGH SCHOOL:	Sobrato
MIDDLE SCHOOL:	Murphy
ELEMENTARY:	El Toro
ARCHITECT:	
BELOW MARKET RATE:	0

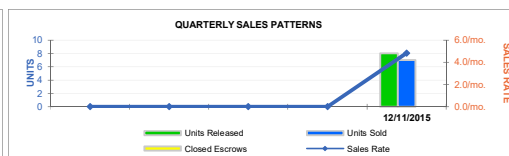
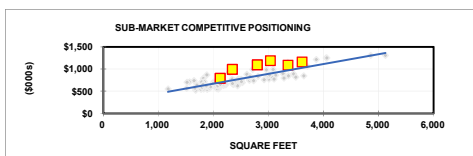
COMMUNITY FEATURES									
ELECT ENTRY	NO	TRAILS	NO	TENNIS COURTS	NO	BBQ AREA	NO	BALLROOM	NO
GUARDED ENTRY	NO	PARK	YES	GOLF COURSE	NO	FITNESS CTR	NO	KITCHEN	NO
POOL	NO	TOT LOT	YES	BOCCE BALL	NO	BUSINESS CTR	NO	CHEF'S KITCHEN	NO
SPA	NO	SPORT FIELD	NO	EQUEST. TRAILS	NO	MEDIA ROOM	NO	CONCIERGE/ACT.	NO
CABANA	NO	BALL COURTS	NO	CLUBHOUSE	NO	MEETING ROOM	NO	VALET PARKING	NO

STREET/AREA/VIEW DESCRIPTION	
Level, Double-Loaded, and Non-View	

FINANCING/CONCESSIONS/INCENTIVES
None at this time.

GENERAL COMMENTS

PROFILE: Young couples, growing families, mature families, professional couples, and move-ups. PREMIUMS: \$0 to \$10,000. NOTES:



NEW HOUSING DEVELOPMENT PROFILE REPORT

DEVELOPMENT:	Amadora	REGION:	CA - Santa Clara	PROFILE/MAP #:	3
DEVELOPER:	Dividend Homes	SUB-MARKET:	SCLARA - Morgan Hill/Gilroy	MAP PAGE/GRID:	
WEB SITE:	dividendhomes.com	CITY:	Morgan Hill	LATITUDE:	37.15970
PRODUCT TYPE:	Detached 9000+sf Lot	ZIP CODE:	95037	LONGITUDE:	-121.64217
SALES OPENING:	02/23/2013	COMMUNITY:	Morgan Hill	MINIMUM LOT SIZE:	20000
MODEL OPENING:	02/23/2013	STREETS:	Peebles Ave & Clayton Ave	TYPICAL LOT SIZE:	21600
SURVEY DATE:	12/08/2015	SALES ADDRESS:	1600 Agruello Ct.	LOT DIMENSION/DENSITY:	120 x 180
SELLOUT DATE:	12/06/2015	SALES PHONE:	408-465-2544	STATUS:	Active

SALES SUMMARY	SINCE PREV.SVY	SINCE OPENING	PREVIOUS SURVEY DATES						
			09/11/2015	06/15/2015	03/18/2015	12/10/2014	09/08/2014	06/03/2014	03/17/2014
TOTAL UNITS ZONED	0	23	23	23	23	23	23	23	23
TOTAL UNITS RELEASED	0	23	23	15	14	10	10	10	10
TOTAL UNITS SOLD	2	23	21	14	14	10	9	7	7
TOTAL ESCROWS CLOSED	2	16	14	14	10	8	7	5	2
TOTAL STAND INVENTORY	0	0	0	0	0	0	0	0	0
UNSOLD/UNDER CONSTRUCTION	0	0	0	0	0	0	0	0	0
TOTAL IMPROVED LOTS	0	13	13	13	13	13	13	13	13
UNRELEASED INVENTORY:	0	0	0	8	9	13	13	13	13
TOTAL MONTHS SELLING	2.9 mos.	33.5 mos.	30.6 mos.	27.7 mos.	24.8 mos.	21.5 mos.	18.5 mos.	15.3 mos.	12.7 mos.
MONTHLY SALES RATE	0.7/mo.	0.7/mo.	0.7/mo.	0.5/mo.	0.6/mo.	0.5/mo.	0.5/mo.	0.5/mo.	0.6/mo.
RATE OF ESCROW CLOSURE:	0.7/mo.	0.5/mo.	0.5/mo.	0.5/mo.	0.4/mo.	0.4/mo.	0.4/mo.	0.3/mo.	0.2/mo.

FLOORPLAN SUMMARY			
PLAN	- 3 -	- 5 -	- 6 -
PRICE	\$1,130,000	\$1,250,000	\$1,310,000
RANGE	\$1,150,000	\$1,270,000	\$1,330,000
09/11/2015	\$1,130,000	\$1,250,000	\$1,310,000
06/15/2015	\$1,130,000	\$1,210,000	\$1,310,000
03/18/2015	\$1,130,000	\$1,210,000	\$1,310,000
12/10/2014	\$1,120,000	\$1,200,000	\$1,300,000
INCENTIVE	\$0	\$0	\$0
LIVING AREA	3,349sf	4,050sf	5,123sf
PRICE/	\$337.41	\$308.64	\$255.71
SQ.FT.:	\$343.39	\$313.58	\$259.61
BED-	4	4	4
ROOMS	Library	Library,Teen	Lib,Bon,Med
BATHS	3.5	3.5	3.5
FAMILY	Grt	Yes	No
KIT. NOOK	No	Yes	Yes
ADD'L SPACE	No	No	No
LEVELS	1	1	2
PARKING	3	3	3
CONFIGURATION	SPLIT	SPLIT	SPLIT
UNIT MIX	10	7	6
AVAILABLE	0	0	0
SALES RATE	0.3/mo.	0.2/mo.	0.2/mo.

GENERAL INTERIOR FEATURES	
AIR CONDITIONING:	DUAL
ENTRY:	CERAMIC TILE
FIREPLACE(S):	ONE
STAIRCASE:	WD RAIL/PT SPNDL
LAUNDRY:	INTERIOR
SECURITY SYSTEM:	YES
ADDED STORAGE:	NO
CEILING FAN:	PREWIRED
VOLUME/VAULTED CEILING :	PER PLAN
1ST/2ND LEVEL PLATES:	9'9"
MEDIA NICHE	NO

KITCHEN FEATURES	
OVEN/RANGE:	S.STL OVEN
MICROWAVE:	YES
CEILING LIGHTING:	RECESSED
UNDER CABINET LIGHTING:	YES
COUNTERS:	GRANITE
SINK/FAUCET:	S. STL/SP. WAND
CABINETRY:	MAPLE
FLOORING:	C.TILE
ISLAND:	YES
WALK-IN PANTRY:	PER PLAN
BUTLERS PANTRY:	PER PLAN
REFRIGERATOR:	OPTION

MASTER BED/BATH FEATURES	
CEILING TREATMENT:	VAULTED
FIREPLACE:	NO
RETREAT:	NO
DECK/PATIO:	NO
BATH LIGHTING:	RECESSED
COUNTERS:	STONE
TYPE OF TUB:	AC / FIB OVAL
SEPARATE SHOWER.:	YES
SURROUND:	CERAMIC TILE
ENCLOSURE:	CLEAR
TOILET CLOSET:	YES
FIXTURES:	CHROME
CABINETRY:	MAPLE
FLOORING:	C.TILE
WALK-IN CLOSET:	YES
MIRRORED DOORS:	NO

SECONDARY BATH FEATURES	
LIGHTING:	THEATRE
COUNTERS:	CERAMIC TILE
TUB/SURROUND:	FIBER/CER. TILE
1 OR 2 BASINS:	TWO
FIXTURES:	CHROME
CABINETRY:	MAPLE
COMPARTMENTALIZED:	YES

EXTERIOR FEATURES	
TYPE OF ROOFING:	CON. TILE
TYPE OF FENCING:	WOOD
ENTRY CRTYD/EXT. PORCH:	YES
TYPE OF GARAGE:	ATTACHED
GARAGE DOOR OPENER:	YES
FRONT LANDSCAPING:	FRONT

MONTHLY FEES	
HOA (MASTER):	\$0/MO.
HOA(SUB):	\$0/MO.
BASE TAX RATE:	1.10%
TOTAL TAX (W/ ASSESS):	1.30%

MISCELLANEOUS	
TRAFFIC COUNT/ WK :	18/wk
BROKER COOP:	2%*
HIGH SCHOOL:	Sobrato
MIDDLE SCHOOL:	Murphy
ELEMENTARY:	Walsh
ARCHITECT:	
BELOW MARKET RATE:	0

COMMUNITY FEATURES							
ELECT ENTRY	NO	TRAILS	NO	TENNIS COURTS	NO	BBQ AREA	NO
GUARDED ENTRY	NO	PARK	YES	GOLF COURSE	NO	FITNESS CTR	NO
POOL	NO	TOT LOT	YES	BOCCE BALL	NO	BUSINESS CTR	NO
SPA	NO	SPORT FIELD	NO	EQUEST. TRAILS	NO	MEDIA ROOM	NO
CABANA	NO	BALL COURTS	NO	CLUBHOUSE	NO	MEETING ROOM	NO

STREET/AREA/VIEW DESCRIPTION

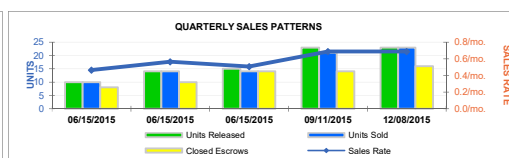
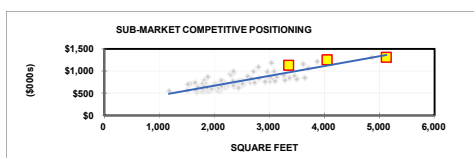
Level, Infill, Non-View

FINANCING/CONCESSIONS/INCENTIVES

No Incentives.

GENERAL COMMENTS

PROFILE: Growing families, mature families, and professional couples. PREMIUMS: \$20,000. NOTES: Solar included. SOLD OUT





KEYSER MARSTON ASSOCIATES™
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

ADVISORS IN:
REAL ESTATE
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

SAN FRANCISCO
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TIMOTHY C. KELLY
KATE EARLE FUNK
DEBBIE M. KERN
REED T. KAWAHARA
DAVID DOEZEMA

LOS ANGELES
KATHLEEN H. HEAD
JAMES A. RABE
GREGORY D. SOO-HOO
KEVIN E. ENGSTROM
JULIE L. ROMEO

SAN DIEGO
PAUL C. MARRA

To: Ms. Rebecca Garcia
City of Morgan Hill

From: Debbie Kern

Date: March 28, 2016

Subject: Analysis of the Impact of the Below Market Rate (BMR) requirements of the City's Residential Development Control System (RDCS) on Development Economics

In accordance with your request, Keyser Marston Associates, Inc. (KMA) has evaluated the impacts of the BMR provisions of the City's RDCS on the development economics of new residential development. The purpose of this review is three-fold:

1. To estimate the cost of providing on-site BMR units relative to the current in-lieu fee;
2. To recommend changes to the in-lieu fee amount so that it more closely approximates the cost of providing on-site units; and
3. To recommend program changes that will provide long term support for administration of the City's BMR program.

For purposes of this analysis, we have selected eight (8) residential developments that are currently marketing units in Morgan Hill to serve as prototypes for this analysis. The eight projects represent a range of residential product types in terms of density, lot size, price point, and unit size. This memorandum summarizes the findings of our review.

A. Recommendations

- 1) ***Increase the BMR fee so that it is more closely aligned with the cost of providing BMR units on-site and with the fees of other jurisdictions.*** The program's current in-lieu fee of \$150,000 per owed BMR unit is significantly less than the cost of providing an on-site BMR unit and what is charged by surveyed jurisdictions in the Bay Area.

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To: Ms. Rebecca Garcia, Morgan Hill

March 28, 2016

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2) **Recommended fee structure and amounts.** We recommend that the City either:

a) Replace the current fee of \$150,000 per required BMR unit with a schedule of fees that apply to each project's square footage. We suggest that the fee vary by product type and be within the following ranges:

- \$8 to \$10 per square foot for condominiums;
- \$10 to \$12 per square foot for townhomes;
- \$14 to \$16 per square foot for single family detached homes with lots less than 9,000 sf;
- \$16 to \$17 per square foot for single family detached homes with lots equal to or larger than 9,000 square feet
- These fees could be increased annually by the builder's cost index.

b) Replace the current per BMR unit fee with a schedule of fees that apply to each project's sales revenues, as follows:

- 3% to 4% of value for projects with homes priced less than \$875,000;
- 4% to 5% of value for projects with homes priced at \$875,000 or higher.

3) **Options for Raising More Fee Revenue.** Fee revenue is used to administer the existing stock of BMR units, create a reserve to administer the program during years in which there is little construction, and provide financial assistance for the construction of new deeply affordable rental units. There are a variety of alternatives for in-lieu fee application:

- a) Require the payment of a fee for all fractional units, or
- b) Increase the fraction threshold for triggering the development of an additional on-site unit from, say, .50 to .80, or
- c) Reduce or eliminate the on-site requirements of the large lot, low density projects but increase the fee charged on these low density projects.

B. Residential Prototypes/Case Studies

The residential developments selected to serve as "prototypical" projects for this analysis are as follows:

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To: Ms. Rebecca Garcia, Morgan Hill

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Development	Type	Avg. Lot Size – SF	Avg. Price
<i>Madrone Plaza II</i>	<i>Townhome</i>	NA	\$555,000
<i>Brighton Oaks</i>	<i>Townhome</i>	NA	\$592,000
<i>Cypress/Tilton Park</i>	<i>Townhome</i>	NA	\$653,000
<i>Loden Place</i>	<i>Detached</i>	3,600	\$766,000
<i>Sonebridge</i>	<i>Detached</i>	6,000	\$767,000
<i>Terra Mia</i>	<i>Detached</i>	7,500	\$881,000
<i>Paseo Seville</i>	<i>Detached</i>	7,000	\$925,000
<i>Amadora</i>	<i>Detached</i>	21,600	\$1,233,000

The firm of Real Estate Economics tracks and publishes profiles of new residential communities that are being marketed, including the eight selected projects. We used the unit mix and pricing data in the profiles to understand the prices of market rate homes by unit size. We estimated the number of BMR units required of the current marketing phase by applying the current RDCS point structure to the project's unit mix. The actual BMR requirements that apply to each of the prototype projects may vary from the requirements embodied in the current point schedule because this analysis is evaluating only a marketing phase of the project and the projects are, in many cases, neighborhoods of larger developments that obtained entitlements many years ago under different requirements. For consistency purposes, we have applied the current point system to each of the projects to understand the relative impacts of the BMR point system to the range of prototypes.

C. Cost of Meeting 8% BMR requirements of the City's Residential Development Control System (RDCS)

The RDCS' standards and criteria enable for-sale residential developments to receive 13 to 15 points if 8% of the project's units are deed restricted affordable units for Low to Moderate-income households (73% -120% AMI). The requirements vary by product type. In summary the requirements are as follows:

	Condominiums	Townhouses	R-2 SFD & R-1 7000	R-1 9000 & above lot size
13 points	4% of units at 70% AMI and 4% at 90% AMI	4% at 73% AMI and 4% at 100% AMI	4% at 76% AMI and 4% at 110% AMI	4% at 80% AMI and 4% at 120% AMI
14 points	6% at 70% AMI and 2% at 90% AMI	6% at 73% AMI and 2% at 100% AMI	6% at 76% AMI and 2% at 110% of AMI	6% at 80% AMI and 2% at 120% AMI
15 points	8% at 65% AMI	8% at 70% AMI	8% at 75% AMI	8% at 80% AMI

To: Ms. Rebecca Garcia, Morgan Hill

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The required level of affordability of the BMR units is inversely related to the density of the project, with condominiums¹ being required to provide BMR units in the 65% to 90% AMI range, while large-lot projects are required to provide BMR units in the 80% to 120% AMI range. Deeper levels of affordability (i.e. below 65% AMI) are addressed by the RDSCS' provisions applicable to rental housing developments.

The current maximum prices for BMR units are as follows:

Maximum BMR Prices			
	2br	3br	4br
Low - 65%	\$201,500	\$229,450	\$250,250
Low - 70%	\$217,000	\$247,100	\$269,500
Low - 73%	\$226,300	\$257,690	\$281,050
Low - 75%	\$232,500	\$264,750	\$288,750
Low- 76%	\$235,600	\$268,280	\$292,600
Low - 80%	\$248,000	\$282,400	\$308,000
Median - 90%	\$279,000	\$317,700	\$346,500
Median - 100%	\$310,000	\$353,000	\$385,000
Median - 110%	\$341,000	\$388,300	\$423,500
Median - 120%	\$372,000	\$423,600	\$462,000

Source: City of Morgan Hill.

Under the RDSCS' regulations, when the application of the 8% requirement yields a fraction of a unit, fractions of 50% or more trigger the requirement that a BMR unit be built on-site. Fractions of less than 50% trigger the requirement that the applicant pay an in-lieu fee equal to \$150,000 times the applicable fraction. For example, if a project has 23 units, the 8% BMR requirement results in the need for 1.84 units, and the project is required to provide two (2) on-site BMR units. If, however, the project has 53 units, then the 8% requirement yields the requirement to provide 4.24 BMR units. In this case, the project is required to build four (4) on-site units and pay a fee of \$36,000 (.24 X \$150,000).

For each of the prototypes, we have estimated the potential revenues if all units in the marketing phase were to be sold as market rate units, calculated the BMR requirements under each point structure, estimated the sales revenues of the phase assuming that the BMR requirements are met and estimated the net cost to the project associated with meeting the BMR requirements.

¹ While the RDSCS specifies requirements for condominium projects, currently there are no projects that have self-identified as being condominiums.

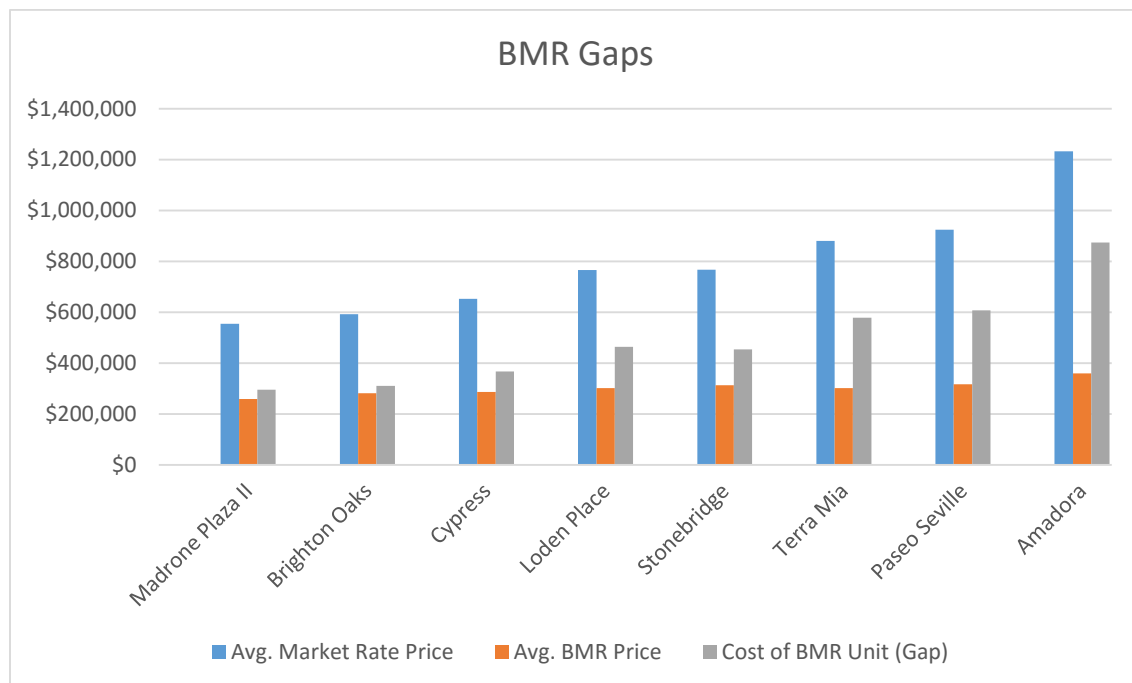
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The findings of the analysis are summarized in Table 1. The analysis for each project is provided in the Appendix Tables. The key findings are as follows:

- **Market rate prices are generally inversely correlated with density.**
The lower the density, the higher the price of the home. Townhomes are in the \$550,000 to \$650,000 range, the medium density detached homes range from \$765,000 to \$925,000 and the low density homes are priced above \$1.2 million.
- **The average BMR prices that apply to the prototypes range from \$278,000 for a townhome project to \$359,000 for the low density detached project.**
- **The gap between BMR prices and market rate prices ranges from approximately \$275,000 to \$875,000 per unit, with the gap inversely correlated to density and positively correlated to market rate prices.**
This is due to the consideration that BMR prices are tied to the number of bedrooms. Even though low density projects provide BMR units at a higher AMI than condominium projects, the AMI differences do not fully offset the large gap between permitted BMR prices and market rate prices.



- **With a gap of \$275,000 to \$875,000 per unit, the cost of providing an on-site BMR unit is obviously much greater than the cost of the current in-lieu fee of \$150,000 per unit.** Because of the difference in cost, there is definitely an incentive for developers to desire to pay in-lieu fees instead of providing on-site units.

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- ***Satisfying the BMR requirement reduces sales revenues by approximately 4% to 7% relative to a 100% market rate project.***

The lower end of the range is associated with the impact to the higher density, less-expensive product types while the higher-end of the range is the impact to the lower density, more-expensive homes.

- ***The BMR cost (gap between market rate price and BMR price) increases with the target number of RDCS points.***

For example, the cost to the Cypress townhome project to achieve 13 points is approximately \$378,000 for each BMR unit required. The cost to achieve 15 points is \$441,000 per BMR unit. For a medium density detached project, such as Paseo Seville, the cost to achieve 13 points is \$632,000 per BMR unit or \$712,000 per BMR unit to achieve 15 points.

D. In-lieu Fees of other Jurisdictions

We have prepared a summary of the inclusionary/in-lieu fee programs of selected other Bay Area communities, as provided in Table 2. As shown, the on-site inclusionary requirements range from 10% to 15% of on-site units, which exceed the RDCS' requirement of 8%. All of the selected jurisdictions have in-lieu fee provisions, but they range from applying only to fractional units to being available at the developer's discretion to meet the entire on-site obligation. The in-lieu fee is expressed as a per square foot fee applied to the entire project, a percent of sales revenues of the entire project, or a fee per affordable unit owed. With the exception of Santa Clara's program (and perhaps San Francisco's), all of the surveyed jurisdictions charge an in-lieu fee that is likely to be less costly to a developer than building on-site units. The cities with a per square foot fee include Cupertino, San Jose, and Fremont, with the fee ranging from \$15 per sf to \$22.50 per sf. The cities with fees expressed as a percentage of sales revenues include: Mountain View, Sunnyvale, and Palo Alto, with the fee ranging from 3% of sales revenue to 7.5% of sales revenue. Santa Clara permits the payment of an in-lieu fee only for fractional units and the fraction is applied to the full on-site gap. San Francisco's in-lieu fee is expressed as a fee per BMR unit, with the amount per unit tied to the number of bedrooms in a unit. San Francisco's fees range from \$198,000 for a one bedroom BMR unit to \$417,799 for a 3 bedroom BMR unit.²

To compare Morgan Hill's in lieu fee of \$150,000 per BMR unit, using the eight prototypes as case studies, we have converted the per unit fee to an amount per square foot of building area and a percentage of sales value. As shown on Table 3, on a per

² While San Francisco has a 12% on-site requirement, if a project pays fees in-lieu of providing on-site BMR units, the fee is calculated assuming a 20% BMR requirement.

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square foot basis, Morgan Hill's current in-lieu fee translates into a fee ranging from \$2.98 per square foot (Amadora project) to \$6.59 per square foot (Cypress/Tilton Park project). This per square foot fee is significantly less than the \$15 to \$22.50 per square foot charged by the other surveyed jurisdictions. Morgan Hill's fee approximates 1% to 2% of sales revenue, which is less than the range of 3% to 7.5% of sales revenue charged by the surveyed jurisdictions.

To formulate recommendations for the City's in-lieu fee, for each of the eight prototype projects, we have calculated the per unit in-lieu fee amount that would be generated by a range of a range of "percent of value" fees and a range of "per square foot" fees and then compared the derived per BMR unit fees to the cost of providing on-site units. The analysis is presented in Table 4. As shown, the "percent of value" structure yields amounts that correspond well with the on-site gap. A fee amount of 4% of sales revenues would be somewhat less than the cost of providing on-site units for projects with unit prices of less than \$875,000. For projects with unit prices in excess of \$850,000, a fee amount of 5% of sales revenues would approach but not exceed the cost of providing on-site units. These percentages are within the 3% to 7.5% range charged by other communities. While this structure is closely aligned with on-site gaps, it is more complicated to administer than a per square foot or per unit fee as the City will need information on actual unit prices in order to apply the fee. This would require delaying payment until a certain portion of the units have sold.

A per square foot fee structure is somewhat positively correlated with unit sizes but not as closely as is the nexus between percent of revenue and unit prices. As shown, for the townhome projects, a fee of up to \$12 per square foot would generally approach the cost of providing units on-site. For single family detached homes, a fee of \$16 per square foot would be less than the cost of providing on-site units for 5 of the six prototypes. However, a \$16 fee would exceed the cost of providing an on-site unit at the Stonebridge project but would fall far short of the on-site costs for Terra Mia and Paseo Seville, which would support a fee in the \$19 to \$20 per square foot range. While the per square foot structure does not correlate to on-site gaps as closely as prices, it has the benefit of being easier to administer as unit sizes are known at the time that building permits are issued.

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Table 1
Summary of Cost of Providing BMR Units
City of Morgan Hill

Name of Project	Madrone Plaza II	Brighton Oaks	Cypress / Tilton Park	Loden Place	Stonebridge	Terra Mia	Paseo Seville	Amadora
Type of Project	Townhouse	Townhouse	Townhouse	SF - R-1 7000	SF - R-1 7000	SF - R-1 7000	SF - R-1 7000	R-1 9000 & Above
Avg. Lot Size	NA	NA	NA	3,600	6,000	7,500	7,000	21,600
Avg. Unit Size	1,844	1,832	1,820	2,242	2,510	2,338	2,323	4,025
Developer	Taylor Morrison	Lyon Homes	KB Home	City Ventures	Meritage Homes	Dividend Homes	KB Home	Dividend Homes
Num. Units in Phase	56	100	23	41	82	68	23	23
8% BMR Requirement	4.48	8	1.84	3.28	6.56	5.44	1.84	1.84
Avg. Market Rate Price	\$555,000	\$592,000	\$653,000	\$766,000	\$767,000	\$881,000	\$925,000	\$1,233,000
Avg. BMR Price	\$278,000	\$278,000	\$286,000	\$302,000	\$313,000	\$302,000	\$317,000	\$359,000
Cost of BMR Unit (Gap)	\$277,000	\$314,000	\$367,000	\$464,000	\$454,000	\$579,000	\$608,000	\$874,000
Gap as a % of Mkt. Price	50%	53%	56%	61%	59%	66%	66%	71%
BMR Requirement	4 on-site; fee for .48 units	8 on-site	2 on-site	3 on-site; fee for .28 units	7 on-site	5 on-site units; fee for .44 units	2 on-site	2 on-site
Foregone Revenue Due to BMR Units as a % of Potential 100% Mkt. Rate Revenue	3.5% to 4.2%	3.8% to 4.4%	4.6% to 5.4%	4.4% to 4.8%	4.6% to 5.5%	4.5% to 5.0%	5.5% to 6.2%	6.0% to 6.5%
Foregone Revenue per BMR Unit								
13 Points	\$239,000	\$282,966	\$378,000	\$418,378	\$442,869	\$498,000	\$632,000	\$922,259
14 Points	\$261,000	\$306,187	\$378,000	\$418,378	\$481,119	\$522,000	\$637,000	\$922,259
15 Points	\$291,000	\$330,015	\$441,000	\$458,296	\$523,282	\$548,000	\$712,000	\$1,005,955

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Table 2
Comparison of Below Market Rate Housing Programs
Morgan Hill BMR Study

WORKING DRAFT FOR REVIEW BY STAFF

	Cupertino	San Jose	Mountain View	Santa Clara	Sunnyvale	Fremont	Palo Alto	San Francisco
Year Adopted / Updated	Est. 1992; updated 2015	Est. 2010, suspended; update in process	Est. 1999; Rental Impact Fee in 2012; update in process	Est. 1995; updated 2006.	Updated 2015.	Est. nexus-based program in 2010; update in progress.	Est. 1974; nexus analysis in process.	Est. 1992; updated 2012.
Minimum Project Size For In-lieu Fee	1 unit	R: 3 units	FS: 3 units R: 5 units Mixed: 6 units	No fee	FS: 8 units R: 4 units	2 units	5 units	10 units
For Build Requirement	7 units	20 units (S)	10 units	10 units	20 units ¹	no build req.	5 units	n/a
For Sale Onsite Requirement Percent of Units	15%	15% (S)	10%	10%	12.5%	15%	Base: 15% 20% if site > 5 acres 25% if loss of rentals	12% onsite or 20% offsite
Income Level (% AMI)	1/2 @ 80-100% AMI 1/2 @ 100 - 120% AMI	FS- Moderate: 80-110% (S)	80% - 100% AMI	Moderate: 80-120%	Up to 120% AMI	Moderate: 80-110% (120% w/approval)	Base: 10% @ 80-100% 5% @ 100-120%	Onsite: 90% AMI Offsite: 70% AMI
Rental Onsite Option?	As alternative to fee.	No	As alternative to fee.	n/a	As alternative to fee.	No.	In Process	As alternative to fee.
Impact / In-Lieu Fee	FS: \$15 psf (detached), \$16.50 psf (townhome), \$20 psf (multifamily) Rental: \$20 psf (35 du/ac or less), \$25 psf (>35 du/ac)	R: \$17 psf Downtown highrises exempted for 5 years.	FS: 3% of sales price R: Current \$10.26 psf; City Council approved increase to \$17 psf	Fractional only: Fractional unit X difference between initial market value and affordable sales price	FS: 7% of sales price R: \$8.50 per nsf (4-7 units); \$17 per nsf (8+ units)	FS: \$19.50 per nsf (single family w/lots ≥6,000 SF are \$22.50 per nsf) R: \$19.50 per nsf	FS: 7.5% of sales price 10% of sales price is site > 5 acres 12.5% of sales price if loss of rental units ³	Per affordable unit owed based on 20% offsite rqrm Studio - \$198,008 1BR - \$268,960 2BR - \$366,369 3BR - \$417,799
Fractional Units	<.50 unit owed: pay fee .50+ unit owed: round	pay fee or provide unit (S)	pay fee or provide unit	pay fee or provide unit	pay fee or provide unit	pay fee or provide unit	pay fee or provide unit	pay fee or provide unit
Alternatives to Onsite Provision² Fee Option	6 or Fewer Units (Developer)	yes (Developer, S)	9 or Fewer Units (Developer)	yes (Developer, fractional only)	yes (City)	yes (Developer)	if infeasible onsite or offsite (City)	yes (Developer)
Land Dedication	yes	yes (City, S)	no	not specified	no	yes (City)	yes (City)	yes (City)
Offsite	yes	yes (S)	no	not specified	yes (City)	yes (City)	yes (City)	yes (Developer)
Other		Rehab units (City, S)			Purchase existing units and convert to affordable (City). Preserve & rehab expiring units (City).	Purchase existing units and convert to affordable (City). Preserve at-risk units (City).	Rehab units (City).	
Design of Inclusionary Units³ Smaller Units	not specified	no (S)	no	not specified	yes	no	no	minimum sizes
Lesser Interior Finishes	yes	yes (S)	no	not specified	no	yes	yes (FS only)	no
Other Design Standards	not specified			not specified		May be attached units; may be single story.		
Other Concessions	Fee waivers - park dedication and construction tax.	Downtown highrises exempted for 5 years.				Rental units in ownership project (City).		

¹Not specified in Ordinance, but City documents indicate that projects with fewer than 20 units are eligible to pay fee.

²Parentheses indicate which entity has discretion.

³Staff has recommended fees of \$95 for SFD and \$50 psf for all other unit types (including rental). (2/16 staff report)
 Note: This chart presents an overview and terms have been simplified. Consult code and City staff for more information.
 Abbreviations: R = Rental FS = For Sale PSF = Per Square Foot NSF = Net Square Feet S= Suspended

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Table 3

Existing In-lieu Fee Amount Expressed as a Percent of Sales Revenue and as a Cost Per Square Feet of Building Area
Morgan Hill BMR Study

	Project Prototypes							
	<u>Madrone Paza II</u>	<u>Brighton Oaks</u>	<u>Cypress / Titlon Park</u>	<u>Loden Place</u>	<u>Stonebridge</u>	<u>Terra Mia</u>	<u>Paseo Seville</u>	<u>Amadora</u>
Market rate Price	\$555,000	\$592,000	\$653,000	\$766,000	\$767,000	\$881,000	\$925,000	\$1,233,000
On-site Gap	\$277,000	\$314,000	\$367,000	\$464,000	\$454,000	\$579,000	\$608,000	\$874,000
In Lieu Fee per BMR U	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
SF	1,844	1,832	1,820	2,242	2,510	2,338	2,323	4,025
In Lieu Fee per SF	\$6.51	\$6.55	\$6.59	\$5.35	\$4.78	\$5.13	\$5.17	\$2.98
In-lieu fee as a % of Revenue	2%	2%	2%	2%	2%	1%	1%	1%

Table 4
Evaluation of BMR In-Lieu Fee Amounts Yielded by a Range of Alternative Fee Structures
Morgan Hill BMR Study

Project Prototypes								
	Madrone Paza II	Brighton Oaks	Cypress / Titlon Park	Loden Place	Stonebridge	Terra Mia	Paseo Seville	Amadora
On-site Gap	\$277,000	\$314,000	\$367,000	\$464,000	\$454,000	\$579,000	\$608,000	\$874,000
Fee per BMR Unit								
Per SF Fee								
20	\$461,000	\$458,000	\$455,000	\$561,000	\$628,000	\$585,000	\$581,000	\$1,006,000
19	\$438,000	\$435,000	\$432,000	\$532,000	\$596,000	\$555,000	\$552,000	\$956,000
18	\$415,000	\$412,000	\$410,000	\$504,000	\$565,000	\$526,000	\$523,000	\$906,000
17	\$392,000	\$389,000	\$387,000	\$476,000	\$533,000	\$497,000	\$494,000	\$855,000
16	\$369,000	\$366,000	\$364,000	\$448,000	\$502,000	\$468,000	\$465,000	\$805,000
15	\$346,000	\$344,000	\$341,000	\$420,000	\$471,000	\$438,000	\$436,000	\$755,000
14	\$323,000	\$321,000	\$319,000	\$392,000	\$439,000	\$409,000	\$407,000	\$704,000
13	\$300,000	\$298,000	\$296,000	\$364,000	\$408,000	\$380,000	\$377,000	\$654,000
12	\$277,000	\$275,000	\$273,000	\$336,000	\$377,000	\$351,000	\$348,000	\$604,000
11	\$254,000	\$252,000	\$250,000	\$308,000	\$345,000	\$321,000	\$319,000	\$553,000
10	\$231,000	\$229,000	\$228,000	\$280,000	\$314,000	\$292,000	\$290,000	\$503,000
% of Value Fee								
0.03	\$208,000	\$222,000	\$245,000	\$287,000	\$288,000	\$330,000	\$347,000	\$462,000
0.04	\$278,000	\$296,000	\$327,000	\$383,000	\$384,000	\$441,000	\$463,000	\$617,000
0.05	\$347,000	\$370,000	\$408,000	\$479,000	\$479,000	\$551,000	\$578,000	\$771,000
0.06	\$416,000	\$444,000	\$490,000	\$575,000	\$575,000	\$661,000	\$694,000	\$925,000
0.07	\$486,000	\$518,000	\$571,000	\$670,000	\$671,000	\$771,000	\$809,000	\$1,079,000

indicates fee amount that most closely approximates but does not exceed cost of providing BMR unit on-site.

Appendix: Supporting Tables

Appendix Table 1
Madrone Plaza 2 - Townhouse

	Plan	A	C	B	
Beds		3	3	3	
number of units		19	17	20	56
SF		1775	1821	1929	1,844
Market Rate Price		\$546,000	\$551,000	\$568,000	\$555,375
Potential Market Rate Revenue	\$10,374,000	\$9,367,000	\$11,360,000		\$31,101,000
Required Affordable Mix					
13 pts					
	Low - 73%				4.00%
	Median 100%				4.00%
14 pts					
	Low - 73%				6.00%
	Median 100%				2.00%
15 points					
	Low - 70%				8.00%
	Median 100%				0.00%
Required Number of Affordable Units					4.48
Required Fractional Unit Payment			0.48	\$150,000	\$72,000
Maximum Affordable Prices					
13 pts					
	Low - 73%	\$257,690	\$257,690	\$257,690	
	Median 100%	\$353,000	\$353,000	\$353,000	
14 pts					
	Low - 73%	\$257,690	\$257,690	\$257,690	
	Median 100%	\$353,000	\$353,000	\$353,000	
15 points					
	Low - 70%	\$247,100	\$247,100	\$247,100	
Number of Affordable Units					
13 pts					
	Low - 73%				2
	Median 100%				2
14 pts					
	Low - 73%				3
	Median 100%				1
15 points					
	Low - 70%				4
	Median 100%				0

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 1
Madrone Plaza 2 - Townhouse

Unit Mix

13 points

Market Rate Units	52
Affordable Low	2
Affordable Median	2

14 points

Market Rate Units	52
Affordable Low	3
Affordable Median	1

15 points

Market Rate Units	52
Affordable Low	4
Affordable Median	0

Revenues

13 points

Market Rate Units	\$28,879,500
Affordable Low	\$515,380
Affordable Median	\$706,000
Less Fractional Unit Pmt	-\$72,000
Total Revenue	\$30,028,880

14 points

Market Rate Units	\$28,879,500
Affordable Low	\$773,070
Affordable Median	\$353,000
Less Fractional Unit Pmt	-\$72,000
Total Revenue	\$29,933,570

15 points

Market Rate Units	\$28,879,500
Affordable Low	\$988,400
Affordable Median	\$0
Less Fractional Unit Pmt	-\$72,000
Total Revenue	\$29,795,900

Foregone Revenue

13 points

Total	\$1,072,120
Per Affordable Unit	\$239,313

14 points

Total	\$1,167,430
Per Affordable Unit	\$260,587

15 points

Total	\$1,305,100
Per Unit	\$291,317

Appendix Table 2
Brighton Oaks - Townhome

								Total
Plan	1	2	3	4	5	6	7	
Beds	2	3	3	3	3	4	4	
Num. Units	11	16	15	16	14	15	13	100
% of unit mix	11%	16%	15%	16%	14%	15%	13%	100%
SF	1,175	1,512	1,668	1,794	1,952	2,222	2,440	1,832
Market Rate Price	\$551,000	\$561,000	\$571,000	\$591,000	\$601,000	\$641,000	\$621,000	\$591,600
Total Potential Rev.	\$6,061,000	\$8,976,000	\$8,565,000	\$9,456,000	\$8,414,000	\$9,615,000	\$8,073,000	\$59,160,000
					2br	3br	4br	Total Phase
Number of Units					11	61	28	100
Percent of Units					11%	61%	28%	100%
Market Rate Price					\$551,000	\$580,508	\$631,714	\$591,600
Required Affordable Mix								
13 pts								
Low - 73%					0.04	0.04	0.04	4.00%
Median - 100%					0.04	0.04	0.04	4.00%
14 pts								
Low - 73%					0.06	0.06	0.06	6.00%
Median - 100%					0.02	0.02	0.02	2.00%
15 points								
Low - 73%					0.08	0.08	0.08	8.00%
Median - 100%								
Required Number of Affordable Units								8.00
Required Fractional Unit Payment								\$0
Affordable Prices								
13 pts								
Low - 73%					\$226,300	\$257,690	\$281,050	
Median - 100%					\$310,000	\$353,000	\$385,000	
14 pts								
Low - 73%					\$226,300	\$257,690	\$281,050	
Median - 100%					\$310,000	\$353,000	\$385,000	
15 points								
Low - 70%					\$217,000	\$247,100	\$269,500	
Required Number of Affordable Units								8
13 pts								
Low - 73%					1	2	1	4
Median - 100%					1	2	1	4
14 pts								
Low - 73%					1	3	2	6
Median - 100%					0	2		2
15 points								
Low - 70%					1	5	2	8
Unit Mix								
13 points								
Market Rate Units					9	57	26	92
Affordable Low					1	2	1	4
Affordable Median					1	2	1	4
14 points								
Market Rate Units					10	56	26	92
Affordable Low					1	3	2	6
Affordable Median					0	2	0	2
15 points								
Market Rate Units					10	56	26	92
Affordable Low					1	5	2	8
Affordable Median					0	0	0	0

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 2
Brighton Oaks - Townhome

				Total
Revenues				
13 points				
Market Rate Units	\$4,959,000	\$33,088,967	\$16,424,571	\$54,472,539
Affordable Low	\$226,300	\$515,380	\$281,050	\$1,022,730
Affordable Median	\$310,000	\$706,000	\$385,000	\$1,401,000
Less fractional unit in-lieu fee payment				\$0
Total Revenue				\$56,896,269
14 points				
Market Rate Units	\$5,510,000	\$32,508,459	\$16,424,571	\$54,443,030
Affordable Low	\$226,300	\$773,070	\$562,100	\$1,561,470
Affordable Median	\$0	\$706,000	\$0	\$706,000
Less fractional unit in-lieu fee payment				\$0
Total Revenue				\$56,710,500
15 points				
Market Rate Units	\$5,510,000	\$32,508,459	\$16,424,571	\$54,443,030
Affordable Low	\$217,000	\$1,235,500	\$539,000	\$1,991,500
Affordable Median				\$0
Less fractional unit in-lieu fee payment				\$0
Total Revenue				\$56,434,530
Foregone Revenue with BMR Units				
13 points				
Total				\$2,263,731
Per Affordable Unit				\$282,966
14 points				
Total				\$2,449,500
Per Affordable Unit				\$306,187
15 points				
Total				\$2,725,470
Per Unit				\$340,684

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 3
Cypress/Tilton Park - Townhouse

Plan	1	2	3	0	0	0	0	
Beds	3	3	3	0	0	0	0	
Num. Units	8	9	6	0	0	0	0	23
% of unit mix	35%	39%	26%	0%	0%	0%	0%	100%
SF	1,703	1,809	1,992	0	0	0	0	1,820
Market Rate Price	\$640,000	\$653,000	\$670,000	\$0	\$0	\$0	\$0	\$652,913
Total Potential Rev.	\$5,120,000	\$5,877,000	\$4,020,000	\$0	\$0	\$0	\$0	\$15,017,000

	Avg.				3br	4br	5br	Total Phase
Number of Units					23	0	0	23
Percent of Units					100%	0%	0%	100%
Market Rate Price					\$652,913	\$0	\$0	\$652,913

Required Affordable Mix

13 pts								
	Low - 73%				0.04	0.04		4.00%
	Median 100%				0.04	0.04		4.00%
14 pts								
	Low - 73%				0.06	0.06		6.00%
	Median 100%				0.02	0.02		2.00%
15 points								
	Low - 70%				0.08	0.08		8.00%

Affordable Prices

13 pts								
	Low - 73%				\$257,690	\$281,050		
	Median 100%				\$353,000	\$385,000		
14 pts								
	Low - 73%				\$257,690	\$281,050		
	Median 100%				\$353,000	\$385,000		
15 points								
	Low - 70%				\$247,100	\$269,500		

Required Number of Affordable Units

13 pts								1.84
	Low - 73%				1	0		1
	Median 100%				1	0		1
14 pts								
	Low - 73%				1	0		1
	Median 100%				1	0		1
15 points								
	Low - 70%				2	0		2

Unit Mix

13 points								
Market Rate Units					21	0	0	21
Affordable Low					1	0		1
Affordable Median					1	0		1
14 points								
Market Rate Units					21	0	0	21
Affordable Low					1	0	0	1
Affordable Median					1	0	0	1
15 points								
Market Rate Units					21	0	0	21
Affordable Low					2	0	0	2
Affordable Median					0	0	0	0

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 3
Cypress/Tilton Park - Townhouse

Revenues

13 points

Market Rate Units	13,711,174	0	0	13,711,174
Affordable Low	\$257,690	\$0	\$0	\$257,690
Affordable Median	\$353,000	\$0	\$0	\$353,000
Total Revenue				\$14,321,864

14 points

Market Rate Units	13,711,174	0	0	\$13,711,174
Affordable Low	\$257,690	\$0	\$0	\$257,690
Affordable Median	\$353,000	\$0	\$0	\$353,000
Total Revenue				\$14,321,864

15 points

Market Rate Units	13,711,174	0	0	13,711,174
Affordable Low	\$494,200	\$0	\$0	\$494,200
Affordable Median				\$0
Total Revenue				\$14,205,374

Foregone Revenue

13 points

Total				\$695,136
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Per Affordable Unit

\$377,791

14 points

Total				\$695,136
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Per Affordable Unit

\$377,791

15 points

Total				\$811,626
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Per Unit

\$441,101

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 4

Loden Place, Detached; R-2 SFD & R-1 7000

								Total
Plan	6	5	1	2	3	4		
Beds	3	3	3	3	4	4	5	
Num. Units	7	4	7	7	8	8	0	41
% of unit mix	17%	10%	17%	17%	20%	20%	0%	100%
SF	1,520	1,788	1,834	2,118	2,810	2,996	0	2,242
Market Rate Price	\$703,000	\$710,000	\$719,000	\$749,000	\$828,000	\$845,000	\$0	\$766,366
Total Potential Rev.	\$4,921,000	\$2,840,000	\$5,033,000	\$5,243,000	\$6,624,000	\$6,760,000	\$0	\$31,421,000
					3br	4br	5br	Total Phase
Number of Units					25	16	0	41
Percent of Units					61%	39%	0%	100%
Market Rate Price					\$721,480	\$836,500	NA	\$766,366
Required Affordable Mix								
13 pts								
Low - 76%					0.04	0.04		4.00%
Median 110%					0.04	0.04		4.00%
14 pts								
Low - 76%					0.06	0.06		6.00%
Median 110%					0.02	0.02		2.00%
15 points								
Low - 75%					0.08	0.08		8.00%
Affordable Prices								
13 pts								
Low - 76%					\$268,280	\$292,600		
Median 110%					\$388,300	\$423,500		
14 pts								
Low - 76%					\$268,280	\$292,600		
Median 110%					\$388,300	\$423,500		
15 points								
Low - 75%					\$264,750	\$288,750		
Required Number of Affordable Units								
13 pts								3.28
Low - 76%					1.00	1.00		2.00
Median 110%					1.00	0.00		1.00
14 pts								
Low - 76%					1.00	1.00		2.00
Median 110%					1.00	0.00		1.00
15 points								
Low - 75%					2.00	1.00		3.00
Unit Mix								
13 points								
Market Rate Units					23	15	0	38
Affordable Low					1	1		2
Affordable Median					1	0		1
14 points								
Market Rate Units					23	15	0	38
Affordable Low					1	1	0	2
Affordable Median					1	0	0	1
15 points								
Market Rate Units					23	15	0	38
Affordable Low					2	1	0	3

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 4**Loden Place, Detached; R-2 SFD & R-1 7000****Revenues****13 points**

Market Rate Units			\$16,594,040	\$12,547,500	\$0	\$29,141,540
Affordable Low			\$268,280	\$292,600	\$0	\$560,880
Affordable Median			\$388,300	\$0	\$0	\$388,300
Fractional in-lieu pmt	0.28	\$150,000				-\$42,000
Total Revenue						\$30,048,720

14 points

Market Rate Units			\$16,594,040	\$12,547,500	\$0	\$29,141,540
Affordable Low			\$268,280	\$292,600	\$0	\$560,880
Affordable Median			\$388,300	\$0	\$0	\$388,300
Fractional in-lieu pmt	0.28	\$150,000				-\$42,000
Total Revenue						\$30,048,720

15 points

Market Rate Units			\$16,594,040	\$12,547,500	\$0.00	\$29,141,540
Affordable Low			\$529,500	\$288,750	\$0	\$818,250
Affordable Median						\$0
Fractional in-lieu pmt	0.28	\$150,000				-\$42,000
Total Revenue						\$29,917,790

Foregone Revenue with BMR Units**13 points**

Total						\$1,372,280
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Per Affordable Unit

\$418,378

14 points

Total						\$1,372,280
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Per Affordable Unit

\$418,378

15 points

Total						\$1,503,210
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Per Unit

\$458,296

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 5

Stonebridge - Detached; \$-2 SFD &R-1 7000

								Total
Plan	1	2	3	4	5	6	7	
Beds	3	3	3	3	4	4	5	
Num. Units	8	9	14	15	14	11	11	82
% of unit mix	10%	11%	17%	18%	17%	13%	13%	100%
SF	1,819	1,909	2,110	2,341	2,640	3,130	3,455	2,510
Market Rate Price	\$589,950	\$599,950	\$761,990	\$771,990	\$801,990	\$861,990	\$891,990	\$766,933
Total Potential Rev.	\$4,719,600	\$5,399,550	\$10,667,860	\$11,579,850	\$11,227,860	\$9,481,890	\$9,811,890	\$62,888,500
						3br	4br + 5br	Total Phase
Number of Units						46	36	82
Percent of Units						56%	44%	100%
Market Rate Price						\$703,627	\$847,823	\$766,933
Required Affordable Mix								
13 pts								
Low - 76%						0.04	0.04	4.00%
Median - 110%						0.04	0.04	4.00%
14 pts								
Low - 76%						0.06	0.06	6.00%
Median - 110%						0.02	0.02	2.00%
15 points								
Low - 75%						0.08	0.08	8.00%
Required Number of Affordable Units								
Required Fractional Unit Payment		0	150000					6.56
Affordable Prices								\$0
13 pts								
Low - 76%						\$268,280	\$292,600	
Median - 110%						\$388,300	\$423,500	
14 pts								
Low - 76%						\$268,280	\$292,600	
Median - 110%						\$388,300	\$423,500	
15 points								
Low - 75%						\$264,750	\$288,750	
Required Number of Affordable Units								
13 pts								
Low - 76%						2	1	3
Median - 110%						2	2	4
14 pts								
Low - 76%						3	2	5
Median - 110%						1	1	2
15 points								
Low - 75%						4	3	7
Unit Mix								
13 points								
Market Rate Units						42	33	75
Affordable Low						2	1	3
Affordable Median						2	2	4
14 points								
Market Rate Units						42	33	75
Affordable Low						3	2	5
Affordable Median						1	1	2
15 points								
Market Rate Units						42	33	75
Affordable Low						4	3	7
Affordable Median						0	0	0

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 5

Stonebridge - Detached; \$-2 SFD &R-1 7000

	Total		
Revenues			
13 points			
Market Rate Units	\$29,552,350	\$27,978,170	\$57,530,520
Affordable Low	\$536,560	\$292,600	\$829,160
Affordable Median	\$776,600	\$847,000	\$1,623,600
Less fractional unit in-lieu fee payment			\$0
Total Revenue			\$59,983,280
14 points			
Market Rate Units	\$29,552,350	\$27,978,170	\$57,530,520
Affordable Low	\$804,840	\$585,200	\$1,390,040
Affordable Median	\$388,300	\$423,500	\$811,800
Less fractional unit in-lieu fee payment			\$0
Total Revenue			\$59,732,360
15 points			
Market Rate Units	\$29,552,350	\$27,978,170	\$57,530,520
Affordable Low	\$1,059,000	\$866,250	\$1,925,250
Affordable Median			\$0
Less fractional unit in-lieu fee payment			\$0
Total Revenue			\$59,455,770
Foregone Revenue with BMR Units			
13 points			
Total			\$2,905,220
Per Affordable Unit			\$442,869
14 points			
Total			\$3,156,140
Per Affordable Unit			\$481,119
15 points			
Total			\$3,432,730
Per Unit			\$523,282

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 6

Terra Mia - Detached; R-2 SFD & R-1 7000

								Total
Plan	1	2	3	4	5	6	7	
Beds	3	4	3	3	4	4	5	
Num. Units	10	9	13	11	9	10	6	68
% of unit mix	15%	13%	19%	16%	13%	15%	9%	100%
SF	1,567	1,647	1,817	2,289	2,960	3,081	3,705	2,338
Market Rate Price	\$719,000	\$745,000	\$795,000	\$935,000	\$995,000	\$999,000	\$1,069,000	\$880,500
Total Potential Rev.	\$7,190,000	\$6,705,000	\$10,335,000	\$10,285,000	\$8,955,000	\$9,990,000	\$6,414,000	\$59,874,000
					3br	4br	5br	Total Phase
Number of Units					34	28	6	68
Percent of Units					50%	41%	9%	100%
Market Rate Price					\$817,941	\$916,071	\$1,069,000	\$880,500
Required Affordable Mix								
13 pts								
Low - 76%					0.04	0.04		4.00%
Median 110%					0.04	0.04		4.00%
14 pts								
Low - 76%					0.06	0.06		6.00%
Median 110%					0.02	0.02		2.00%
15 points								
Low - 75%					0.08	0.08		8.00%
Affordable Prices								
13 pts								
Low - 76%					\$268,280	\$292,600		
Median 110%					\$388,300	\$423,500		
14 pts								
Low - 76%					\$268,280	\$292,600		
Median 110%					\$388,300	\$423,500		
15 points								
Low - 75%					\$264,750	\$288,750		
Required Number of Affordable Units								
								5.44
Required Fractional Payment								
		0.44	\$150,000					\$66,000
13 pts								
Low - 76%					2	1		3
Median 110%					1	1		2
14 pts								
Low - 76%					2	2		4
Median 110%					1	0		1
15 points								
Low - 75%					3	2		5
Unit Mix								
13 points								
Market Rate Units					31	26	6	63
Affordable Low					2	1		3
Affordable Median					1	1		2
14 points								
Market Rate Units					31	26	6	63
Affordable Low					2	2	0	4
Affordable Median					1	0	0	1
15 points								
Market Rate Units					31	26	6	63
Affordable Low					3	2	0	5
Affordable Median					0	0	0	0

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 6

Terra Mia - Detached; R-2 SFD & R-1 7000

					Total
Revenues					
13 points					
Market Rate Units	\$25,356,176	\$23,817,857	\$6,414,000	\$55,588,034	
Affordable Low	\$536,560	\$292,600	\$0	\$829,160	
Affordable Median	\$388,300	\$423,500	\$0	\$811,800	
Less fractional unit in-lieu fee payment				-\$66,000	
Total Revenue				\$57,162,994	
14 points					
Market Rate Units	\$25,356,176	\$23,817,857	\$6,414,000	\$55,588,034	
Affordable Low	\$536,560	\$585,200	\$0	\$1,121,760	
Affordable Median	\$388,300	\$0	\$0	\$388,300	
Less fractional unit in-lieu fee payment				-\$66,000	
Total Revenue				\$57,032,094	
15 points					
Market Rate Units	\$25,356,176	\$23,817,857	\$6,414,000	\$55,588,034	
Affordable Low	\$794,250	\$577,500	\$0	\$1,371,750	
Affordable Median				\$0	
Less fractional unit in-lieu fee payment				-\$66,000	
Total Revenue				\$56,893,784	
Foregone Revenue with BMR Units					
13 points					
Total				\$2,711,006	
Per Affordable Unit				\$498,347	
14 points					
Total				\$2,841,906	
Per Affordable Unit				\$522,409	
15 points					
Total				\$2,980,216	
Per Unit				\$547,834	

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 7

Paseo Seville - Detached; R-2 SFD & R-1 7000

Plan	1	2	3	4	5	6	7	
Beds	4	3	3	3	4	0	0	
Num. Units	3	3	7	5	5	0	0	23
% of unit mix	13%	13%	30%	22%	22%	0%	0%	100%
SF	1,878	2,151	2,299	2,337	2,714	0	0	2,323
Market Rate Price	\$880,000	\$780,000	\$925,000	\$965,000	\$1,000,000	\$0	\$0	\$925,217
Total Potential Rev.	\$2,640,000	\$2,340,000	\$6,475,000	\$4,825,000	\$5,000,000	\$0	\$0	\$21,280,000
	Avg.				3br	4br	5br	Total Phase
Number of Units					15	8	0	23
Percent of Units					65%	35%	0%	100%
Market Rate Price					\$909,333	\$955,000	\$0	\$925,217
Required Affordable Mix								
13 pts								
Low - 76%					0.04	0.04		4.00%
Median 110%					0.04	0.04		4.00%
14 pts								
Low - 76%					0.06	0.06		6.00%
Median 110%					0.02	0.02		2.00%
15 points								
Low - 75%					0.08	0.08		8.00%
Affordable Prices								
13 pts								
Low - 76%					\$268,280	\$292,600		
Median 110%					\$388,300	\$423,500		
14 pts								
Low - 76%					\$268,280	\$292,600		
Median 110%					\$388,300	\$423,500		
15 points								
Low - 75%					\$264,750	\$288,750		
Required Number of Affordable Units								
13 pts								1.84
Low - 76%					1	0		1
Median 110%					1	0		1
14 pts								
Low - 76%					1			1
Median 110%					0	1		1
15 points								
Low - 75%					1	1		2
Unit Mix								
13 points								
Market Rate Units					13	8	0	21
Affordable Low					1	0		1
Affordable Median					1	0		1
14 points								
Market Rate Units					14	7	0	21
Affordable Low					1	0	0	1
Affordable Median					0	1	0	1
15 points								
Market Rate Units					14	7	0	21
Affordable Low					1	1	0	2
Affordable Median					0	0	0	0

Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 7

Paseo Seville - Detached; R-2 SFD & R-1 7000

Revenues

13 points

Market Rate Units	\$11,821,333	\$7,640,000	\$0	\$19,461,333
Affordable Low	\$268,280	\$0	\$0	\$268,280
Affordable Median	\$388,300	\$0	\$0	\$388,300
Total Revenue				\$20,117,913

14 points

Market Rate Units	\$12,730,667	\$6,685,000	\$0	\$19,415,667
Affordable Low	\$268,280	\$0	\$0	\$268,280
Affordable Median	\$0	\$423,500	\$0	\$423,500
Total Revenue				\$20,107,447

15 points

Market Rate Units	\$12,730,667	\$6,685,000	\$0	\$19,415,667
Affordable Low	\$264,750	\$288,750	\$0	\$553,500
Affordable Median				\$0
Total Revenue				\$19,969,167

Foregone Revenue

13 points

Total				\$1,162,087
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Per Affordable Unit

Total				\$631,569
-------	--	--	--	-----------

14 points

Total				\$1,172,553
-------	--	--	--	-------------

Per Affordable Unit

Total				\$637,257
-------	--	--	--	-----------

15 points

Total				\$1,310,833
-------	--	--	--	-------------

Per Unit

Total				\$712,409
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Attachment: Attachment B KMA Report 3_28_2016 (1179 : Housing In Lieu Fee)

Appendix Table 8**Amadora - R-1 9,000 & above lot size**

	Plan	A	C	B	
Beds		4	4	4	
number of units		10	7	6	23
SF		3,349	4,050	5,123	4,025
Market Rate Price		\$1,150,000	\$1,270,000	\$1,330,000	\$1,233,478
Potential Market Rate Revenue		\$11,500,000	\$8,890,000	\$7,980,000	\$28,370,000
Required Affordable Mix					
13 pts					
	Low - 80%				4.00%
	Mod. 120%				4.00%
14 pts					
	Low - 80%				6.00%
	Mod. 120%				2.00%
15 points					
	Low - 80%				8.00%
	Mod. 120%				0.00%
Required Number of Affordable Units					1.84
Required Fractional Unit Payment			0	\$150,000	\$0
13 pts					
	Low - 80%	1			1
	Mod. 120%	1			1
14 pts					
	Low - 80%	1			1
	Mod. 120%	1			1
15 points					
	Low - 80%	2			2
	Mod. 120%				0
Unit Mix					
13 points					
Market Rate Units					21
Affordable Low					1
Affordable Median					1
14 points					
Market Rate Units					21
Affordable Low					1
Affordable Mod					1
15 points					
Market Rate Units					21
Affordable Low					2
Affordable Mod					0
Affordable Prices					
	Low - 80%	\$308,000	\$308,000	\$308,000	\$308,000
	Mod. 120%	\$462,000	\$462,000	\$462,000	\$462,000

Appendix Table 8**Amadora - R-1 9,000 & above lot size****Revenues****13 points**

Market Rate Units	\$25,903,043
Affordable Low	\$308,000
Affordable Median	\$462,000
Less Fractional Unit Pmt	\$0
Total Revenue	\$26,673,043

14 points

Market Rate Units	\$25,903,043
Affordable Low	\$308,000
Affordable Median	\$462,000
Less Fractional Unit Pmt	\$0
Total Revenue	\$26,673,043

15 points

Market Rate Units	\$25,903,043
Affordable Low	\$616,000
Affordable Median	\$0
Less Fractional Unit Pmt	\$0
Total Revenue	\$26,519,043

Foregone Revenue**13 points**

Total	\$1,696,957
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Per Affordable Unit

\$922,259

14 points

Total	\$1,696,957
-------	-------------

Per Affordable Unit

\$922,259

15 points

Total	\$1,850,957
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Per Unit

\$1,005,955

ORDINANCE NO. _____ NEW SERIES

**AN ORDINANCE OF THE CITY OF MORGAN HILL
ADDING A NEW CHAPTER 15.22 (AFFORDABLE
HOUSING FEE) TO TITLE 15 (BUILDINGS AND
CONSTRUCTION) OF THE MORGAN HILL MUNICIPAL
CODE, ADDING SECTIONS 15.22.10 PURPOSE, 15.22.20
DEFINITIONS, AND 15.22.30 APPLICABILITY.**

WHEREAS, this proposed Ordinance was considered by the City Council of the City of Morgan Hill at its regular meeting of May 17, 2017; and

WHEREAS, testimony received at duly-noticed public hearings on the proposed Ordinance, along with exhibits and other materials submitted as a part of public hearing, have been considered in the review process; and

WHEREAS, to increase the supply of affordable housing in Morgan Hill, the City of Morgan Hill Residential Development Control System (“RDCS”) awards points to projects correlated to the provision of affordable housing in the proposed development; and

WHEREAS, applicants competing in the RDCS competition obtain points to satisfy the affordable housing provision by pledging either to build 8% of their project as Below Market Rate (BMR) units or to make a voluntary contribution to the Affordable Housing Fund in lieu of building affordable housing on-site; and

WHEREAS, since 1977, the City has amassed one of the largest BMR property portfolios per capita in the State and established a BMR Program that provides ownership opportunities and affordability to very low, low and moderate-income households; and

WHEREAS, the City retained Keyser Marston and Associates (KMA) to conduct an analysis of the impact of the City’s RDCS BMR requirements, and to:

1. Estimate the financial cost to developers of providing on-site BMR units;
2. Provide a comparison of the cost of providing on-site BMR units to the RDCS program’s in-lieu fee and, if appropriate, recommend changes to the in-lieu fee amount so that it more closely approximates the cost of providing on-site units in today’s market; and
3. Recommend program changes that will provide long term support for construction of new BMR units and the administration of the City’s BMR program.

WHEREAS, KMA recommended a housing in-lieu fee of \$12.92 per square foot of the total project’s livable space; and

WHEREAS, adoption of this proposed Ordinance does not constitute a project under the provisions of the California Environmental Quality Act of 1970 and is exempt from environmental

review under Section 15061(b)(3) of the State CEQA Guidelines, because the requirements for development of Below Market Rate units or payment of the in lieu affordable housing fee as a result of the City's Below Market Rate Program, will undergo an independent analysis pursuant to the requirements of CEQA.

**THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES
HEREBY ORDAIN AS FOLLOWS:
AFFORDABLE HOUSING FEE**

- 15.22.10 Purpose.**
15.22.20 Definitions.
15.22.30 Applicability.

SECTION 1: 15.22.10, Purpose

Findings. The city council finds that:

1. There is created an affordable housing fee for new residential development effective October 1, 2017, with the first Measure S, Residential Development Control System (RDSCS) competition. The affordable housing fee shall be twelve dollars and ninety-two cents (\$12.92) per habitable square foot of the residential building area of market-rate housing. Projects that pledge to pay a fee in lieu of commitment to build eight percent (8%) of the project's units as Below Market Rate (BMR) homes governed by the development agreement, will require the payment of the affordable housing fee as established by this Chapter.
2. The affordable housing fee will also be used to calculate the payment obligation for fractions of affordable units for projects that commit to build eight percent of the project's units as Below Market Rate (BMR) homes and the 8% obligation results in a fraction of a unit of less than 0.5.
3. Basis for calculation of the affordable housing fee. The city approves, adopts and incorporates the report from Keyser Marston Associates (KMA), entitled "Analysis of Select Attributes of Morgan Hill's BMR Program" dated November 29, 2016 which establishes the value of the housing in-lieu fee at \$12.92 per square foot of livable space of the market rate units of the entire project, which is determined to be a fair and effective fee to maintain the BMR Program.
4. Need for affordable housing fees. The city council has determined, based on such reports, the city's general plan including the housing element, and existing statutes and regulations of the State of California, that the affordable housing fee is needed in order to finance the preservation of the existing Below Market Rate Portfolio, the administration of the Housing Program, future affordable housing programs and projects.
5. Consistency with city general, specific and master plans. In establishing the affordable housing fee, the city council finds that it is consistent with the city's general plan, including the housing element and applicable specific plans and master plans.
6. The City of Morgan Hill Residential Development Control System ("RDSCS") awards competing developments points for construction of very low, low-income and moderate-

income housing or for the contribution of affordable housing fees to the Affordable Housing Fund.

7. Since 1977, the City has amassed one of the largest below market rate (“BMR”) property portfolios per capita in the State and established a BMR Program that provides ownership opportunities and affordability to very low, low-income and moderate-income households.
8. The City recognizes that affordable units are obtained by the commitment of the developer to build 8% of project’s units on site, incorporated within the project, or developer may select the option to pay an affordable housing fee at the initial time of the RDCS competition. Both options secure the applicant points in the competition.
9. Affordable Housing Fees provide for the cost of administering the City’s Housing Program, maintaining the BMR portfolio, as well as the creation and preservation of affordable units, as funding is available.

SECTION 2: 15.22.20, Definitions

For the purposes of this chapter, the following terms, phrases, words and their derivations shall have the meanings respectively ascribed to them by this section:

1. "Affordable Housing Fee" means a monetary contribution, provided to the city by the applicant in connection with approval of a development project in lieu of providing some or all of the minimum affordable housing on-site required for project approval. This does not include a fee for processing applications for regulatory actions or approvals.
2. “Area median income (AMI)” means the median household income of households in Santa Clara County, adjusted for household size, as determined and published by the California Housing and Community Development Department (HCD).
3. “Below market rate (BMR) ownership housing” means dwelling units developed to be sold and affordable to lower to moderate income households and regulated by the City and or its designated administrator. “BMR unit” means one BMR ownership housing dwelling unit.
4. “Development project” means any project undertaken on land, that is subject to city approval of a subdivision, parcel map, site approval, special conditional use permit or administrative approval, and on which residences are to be constructed, including any development for which a city permit authorizing construction of a residential dwelling unit or units is required.
5. “Habitable square feet” means the livable space of the market rate unit, excluding garages and other non-livable space, such as utility buildings.
6. “Low income household” means a household with a gross annual household income between 51%-80% of AMI for Santa Clara County. This definition corresponds to the definition of lower income household used for state- and federally-assisted housing programs.
7. “Market rate unit” means a dwelling unit that is not subject to the occupancy or sale regulations in this chapter or any other affordability restrictions or covenants.

8. “Moderate income household” means a household with a gross annual household income between 80 to 120% of AMI for Santa Clara County. This definition corresponds to the definition of moderate income household for state-assisted housing programs.
9. “Very low income household” means a household with a gross annual household income that does not exceed 50% of AMI for Santa Clara County. This includes extremely low income (ELI) households, whose household income does not exceed 30% AMI. This definition corresponds to the definition of very low income household used for state- and federally-assisted housing programs. Very low income households are a subset of lower income households; thus, it includes ELI.
10. “Project” means one or more applications filed for City approval of a residential development. “Project” includes a development across adjacent lots or a multi-phased development, on the same or adjacent lots. “Project” also includes developments on adjacent lots for which applications are filed by the same owner or applicant within a period of 10 years.

SECTION 3: 15.23.30, Applicability

1. All project applicants subject to Residential Development Control System (“RDSCS”) must either agree to construct new affordable units on-site or volunteer to pay the Affordable Housing Fee to meet the city’s need for affordable housing.
2. The Affordable Housing Fee is established for residential development projects and will be incorporated into development agreements effective October 1, 2017, the first Measure S RDSCS competition year.
3. All collected Affordable Housing Fees shall be used to finance the administration and implementation of affordable housing programs and projects within the City of Morgan Hill in support of the goals and objectives established in the City of Morgan Hill housing element.
4. The Affordable Housing Fee is \$12.92 per square foot resulting from a calculation of total livable space of the market rate project, excluding garages and other non-habitable space.
5. The Affordable Housing Fee will be paid by developers electing RDSCS points for a voluntary contribution to the Affordable Housing Fund.

Example Calculation of Affordable Housing Fee Amount:

Project has 56 market rate units. The average habitable square footage of each unit is 2,000 square feet. The Affordable Housing Fee contribution shall be = \$12.92 X 56 units X 2,000 square feet = \$1,447,000.

6. The Affordable Housing Fee must be provided to the Housing Division in proportion to the market rate units being delivered prior to Housing Division signing off for occupancy.

7. If a developer elects to provide 8% of on-site units as BMR units and the number of required on-site units is a mixed number with a fraction of less than .5, then the developer will be required to pay a fractional Affordable Housing Fee.

Example Calculation of Fractional Affordable Housing Fee:

Project has 56 units. Developer will provide 8% on-site BMR units. On-site BMR requirement = $.08 \times 56 \text{ units} = 4.48 \text{ units}$. Developer will provide 4 on-site BMR units and pay a fractional Affordable Housing Fee for 0.48 units. Implicit Fee per BMR unit owed is $\$1,447,000 / 4.48 \text{ units} = \$322,991 \text{ per BMR unit}$. The fractional Affordable Housing Fee Amount owed is $\$322,991 \times .48 = \$155,000$.

SECTION 4: The City Council hereby finds that the proposed Ordinance is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b)(3) of Guidelines for CEQA. The proposed Below Market Rate Program Ordinance to the Morgan Hill Municipal Code are covered by the general rule that CEQA applies to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Adoption of this ordinance does not create changes in the physical environment and are therefore exempt pursuant to the exemption described above.

SECTION 5. The City Council hereby adds Chapter 15.22 (Affordable Housing Fee) to Title 15 (Building and Construction) of the Morgan Hill Municipal Code, adding the following sections.

- 15.22.10 Purpose.
- 15.22.20 Definitions.
- 15.22.30 Applicability.

SECTION 6. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 7. Effective Date; Publication. This Ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A REGULAR MEETING OF THE CITY COUNCIL HELD ON THE 17TH DAY OF MAY 2017 AND WAS FINALLY ADOPTED AT A REGULAR MEETING OF THE CITY COUNCIL HELD ON THE — DAY OF ____ 2017 AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

APPROVED:

STEVE TATE, Mayor

ATTEST:

DATE:

IRMA TORREZ, City Clerk

Effective Date:

∞ CERTIFICATE OF THE CITY CLERK ∞

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 Ordinance No. XXXX, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the — day of ____ 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

Attachment: Ordinance Housing in lieu fee (1179 : Housing In Lieu Fee)



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: Terry Linder, Interim Planning Manager
APPROVED BY: City Manager

DEVELOPMENT AGREEMENT AMENDMENTS A. AAE 2017-0004 (DAA 14-06): COCHRANE – CAL ATLANTIC; B. AAE 2017-0009 (DAA 16-05): CONDIT -MANA; C. AAE 2017-0008 (DAA 15-05): LAUREL - DEROSE; D. AAE 2017-0014 (DAA 15-10): ALTIMIRA – DIVIDEND; E. AAE 2017-0017 (DAA 09-05): COCHRANE – TOLL BROTHERS; F. AAE 2017-0006 (DAA 14-09): MONTEREY - KB; G. AAE 2017-0012 (DAA 15-02): SAN PEDRO – PRESIDIO; H. AAE 2017-0015 (DAA 12-03): WATSONVILLE – DIVIDEND; J. AAE 2017-0018 (DAA 14-10): E. DUNNE – BUSK; AND K. AAE 2017-0019 (DAA 14-11): MONTEREY – CENTRAL ECA

RECOMMENDATION(S)

1. Open/close public hearing on requests A through H;
2. Waive first and second reading of Development Agreement Amendment Ordinances A and B incorporating allotments from the 2016 RDCS competition;
3. Introduce Development Agreement Amendment Ordinances A and B (by individual roll call vote);
4. Waive first and second reading of Development Agreement Amendment Ordinances C, D, and E incorporating allotments from the 2016 RDCS competition and incorporating extensions to allotments due to rain delays;
5. Introduce Development Agreement Amendment Ordinances C, D, and E (by individual roll call vote.);
6. Waive first and second reading of Development Agreement Amendment Ordinances F, G, and H incorporating extensions to allotments due to rain delays;
7. Introduce Development Agreement Amendment Ordinances F, G, and H (by individual roll call vote.);
8. Open/close public hearing on request J;
9. Waive first and second reading of Development Agreement Amendment Ordinance J incorporating a four-month extension to allotments due to City delay; and
10. Introduce Development Agreement Amendment Ordinance J.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Preserving and Cultivating Public Trust

2017 Strategic Priorities

Inclusiveness

POLICY CONSIDERATIONS:

1. Should Building allotments be extended due to substantial amounts of rain?

2. Should Building allotments be extended when the City (or other public agency) is not solely responsible for the delay in issuance of permits or granting approval required to exercise the allotment?

REPORT NARRATIVE:

Nine applicants are requesting amendments to their respective project Development Agreements. The tenth applicant (Item K) was only included as it was published in the public hearing notice. However, on April 25, the Planning Commission unanimously voted not to grant the six-month extension request. No appeal of the Planning Commission denial was filed, so no further action is required.

The nine Development Agreement Amendment requests have been grouped for discussion purposes as follows:

1. Incorporation of allotments awarded from the 2016 competition
 - A. AAE 2017-0004 (DAA 14-06): Cochrane-Cal Atlantic**
 - B. AAE 2017-0009 (DAA 16-05): Condit-Mana**
2. Incorporation of allotments awarded from the 2016 competition and extension of the commencement of construction dates for FY 2016-17 allotments due to rain delays
 - C. AAE 2017-0008 (DAA 15-05): Laurel-DeRose**
 - D. AAE 2017-0014 (DAA 15-10): Altimira-Dividend**
 - E. AAE 2017-0017 (DAA 09-05): Cochrane-Toll Brothers**
3. Extension of the commencement of construction dates for FY 2015-16 and FY 2016-17 allotments due to rain delays
 - F. AAE 2017-0006 (DAA 14-09): Monterey-Gippetti/KB**
 - G. AAE 2017-0012 (DAA 15-02): San Pedro-Presidio**
 - H. AAE 2017-0015 (DAA 12-03): Watsonville-Dividend**
4. Extension of the commencement of construction dates for FY 2015-16 and FY 2016-17 allotments due to other delays
 - J. AAE 2017-0018 (DAA 14-10): E. Dunne-Busk**

1. Incorporation of allotments awarded from the 2016 RDSCS competition

The following two projects competed in the 2016 RDSCS competition and were each awarded additional allotments for Fiscal Years 2017-18 and 2018-19. Each project has an approved Development Agreement that contains the project's RDSCS commitments and development schedule. The proposed amendments will modify the approved Development Agreements to incorporate the new allotments into the projects' development schedules and add any additional commitments specific to the new allocation years.

- A. AAE 2017-0004 (DAA 14-06): Cochrane-Cal Atlantic:** Request for a Development Agreement Amendment to add 12, Fiscal Year 2017-2018 and 52, Fiscal Year 2018-2019 building allotments to an existing Development Agreement for the 135-unit Wisteria project located on the north corner of Cochrane Road and Mission View Drive.
- B. AAE 2017-0009 (DAA 16-05): Condit-Mana:** Request for a Development Agreement Amendment to add 44, Fiscal Year 2018-2019 and 30, Fiscal Year 2017-2018 building allotments to an existing Development Agreement for the 74-unit Mana project located on the north side of San Pedro Avenue between Condit Road and Murphy Avenue.

On April 25, the Planning Commission reviewed the proposed Development Agreement Amendments and unanimously recommended City Council approval of the Amendments as shown in Exhibit A of Ordinances A and B.

2. Incorporation of allotments awarded from the 2016 competition and extension of the commencement of construction dates for Fiscal Year 2016-17 allotments due to rain delays for varying periods of time.

The following three projects competed in the 2015 and 2016 RDCS competitions and were awarded additional allotments for Fiscal Years 2016-17, 2017-18, and 2018-19. Each project has an approved Development Agreement that contains the project's RDCS commitments and development schedule. The proposed amendments will modify the currently approved Development Agreements to incorporate the new allotments into the projects' development schedules and add any additional commitments specific to the new allotment years. Each of these projects is also requesting a six or 12-month extension to their respective Fiscal Year 2016-17 allocations due to delays caused by the extraordinary amounts of rainfall.

- C. AAE 2017-0008 (DAA 15-05): Laurel – DeRose:** Request for a Development Agreement Amendment to add 13, Fiscal Year 2016-17, one, Fiscal Year 2017-18 and 11, Fiscal Year 2018-19 building allotments to a previously approved Development Agreement. The request also includes a six-month extension of the commencement of construction dates for 18, 2016-17 Fiscal Year allotments for the 65 unit Madison Gate project located north of Laurel Road and east of Walnut Grove Drive.

The Madison Gate project prepared a final map which is ready to record but with the additional allotments, Tri-Pointe Homes submitted an amended map that incorporates the additional allotments. Once the Development Agreement is approved, the final map with the additional lots will be approved. Tri-Pointe Homes has its building permit master plan approved and commenced preliminary grading of the site, however the significant rainfall has slowed its progress.

D. AAE 2017-0014 (DAA 15-10): Altimira – Dividend: Request for a Development Agreement Amendment to add five, Fiscal Year 2017-18 building allotments to an approved Development Agreement. The request also includes a request for a 12-month extension to the commencement of construction date for two, 2016-17 Fiscal Year allotments for the seven-unit Altimira project located on the south side of Altimira Circle, easterly of the intersection with Mission Avenida.

The seven (7) lot project has been delayed by a combination of two factors; the significant rain fall and additional toxic soil testing required by the California State Department of Toxic Substances Control (DTSC). As detailed in the applicant's letter of request, the site which had previously tested clean, is now testing positive for soil toxins that must be remediated prior to construction of homes. The testing required by DTSC cannot move forward due to the rainfall conditions. Once testing is completed, up to two feet of soil may have to be removed from the entire site which will further delay the commencement of construction.

The applicant has also requested to have the "Commencement of Construction" deadline be replaced with a "Final Map Recordation" deadline of June 30, 2018. Pursuant to Measure S (Morgan Hill Municipal Code, MHMC Section 18.78.160 A), an allotment is considered "exercised" with the recordation of a final map. The new definition of "exercised" is a topic that will be discussed by the City Council during an RDCS study session on May 17. Until the provisions of MHMC Section 18.78.160 A are clarified, it is recommended that this deadline replacement request not be granted.

E. AAE 2017-0017 (DAA 09-05): Cochrane – Toll Brothers: Request for a Development Agreement Amendment for a six-month extension to the commencement of construction date for 15, Fiscal Year 2016-17 allotments granted to the 244-unit San Sebastian project located on Cochrane Road adjacent to Alicante Estates and Alicante Ranch bordered by Peet Road and Coyote Road.

Toll Brothers commenced construction on 15-units within the San Sebastian project in December 2016, however, its efforts to commence on the next 15, Fiscal Year 2016-17 allotments have been delayed due to the extraordinary amounts of rain and the discovery of a considerable number of archeological remains requiring coordination with an archeologist and oversight by the State Native American Heritage Commission.

On April 25, the Planning Commission:

- *Reviewed the proposed Development Agreement Amendments and unanimously recommended City Council approval of the Amendments as shown in shown in Exhibit A of Ordinances C, D and E.*
- *Granted a six-month extension to the Madison Gate project's 18, Fiscal Year 2016-17 allotments finding that the delay has been caused by a severe act of nature outside of the applicant's control;*
- *Granted a 12-month extension to the Altimira project's two, Fiscal Year 2016-17 allotments finding that the delay has been caused by a severe act of nature outside of the applicant's control and delays caused by an outside agency;*
- *Granted a six-month extension to the San Sebastian project's 15, Fiscal Year*

2016-17 allotments finding that the delay has been caused by a severe act of nature outside of the applicant's control and delays caused by an outside agency.

3. Extension of the commencement of construction dates for Fiscal Year 2015-16 and Fiscal Year 2016-17 allotments due to rain delays.

The following three extension requests F, G, and H are each requesting six-month extensions to their respective building allotments due to rain delays. Each of the projects have recorded maps and grading permits.

F. AAE 2017-0006 (DAA 14-09): Monterey – Gippetti/KB: Request for a Development Agreement Amendment to incorporate a six-month extension to the 26 Fiscal Year 2015-16 and 32, Fiscal Year 2016-17 allotments for the 58-unit Parque project located on Monterey Road, south east of the intersection of Monterey Road and Old Monterey.

KB Homes has pulled all 58 permits and has commenced construction on approximately seven units. Its ability to meet the commencement of construction deadline of June 30, 2017 on all 56 units has been hindered by significant amounts of rain.

G. AAE 2017-0012 (DAA 15-02): San Pedro – Presidio: Request for a Development Agreement Amendment to incorporate a six-month extension to the eight, Fiscal Year 2016-17 allotments for the 14-unit “The Commons” project located on the northwest corner of San Pedro Avenue and Church Street.

Van Daele Homes began preliminary grading operations on the site in December 2016 but its efforts to commence construction have been stalled due to significant amounts of rainfall.

H. AAE 2017-0015 (DAA 12-03) Watsonville – Dividend: Request for a Development Agreement Amendment to incorporate a six-month extension to the eight, Fiscal Year 2016-17 allotments for the 36-unit Connemara project located on the south side of Watsonville Road at the southerly terminus of La Alameda.

Phase one (22-units) of the Connemara project was completed in May 2016. Dividend Homes began clearing the phase two area in January 2017 but its efforts to fully exercise its grading permit has been stalled by significant amounts of rainfall.

On April 25, the Planning Commission reviewed the proposed Development Agreement Amendments and granted a six-month extension finding that the delays have been caused by a severe act of nature outside of the applicant's control. It is recommended the City Council approve the Amendments as shown in shown in Exhibit A of Ordinances F, G, and H.

4. Extension of the commencement of construction dates for Fiscal Year

2015-16 and 2016-17 allotments due to other delays.

Extension request J is seeking six-month extensions to all project allotments due to City delays.

J. AAE 2017-0018 (DAA 14-10): E. Dunne – Busk: Request for a Development Agreement Amendment for a six-month extension to the seven, Fiscal Year 2015-16 and five, Fiscal Year 2016-17 commencement of construction dates as set forth in an approved Development Agreement for the 14-unit Busk project located on the southeast corner of the intersection of East Dunne Avenue and Murphy Avenue.

The applicant's letter of request states that there have been unforeseen circumstances and occurrences for the owner/developer and the City that have caused a delay in the project moving forward by the June 30, 2017, deadline set forth in the current Development Agreement. The applicant's letter concludes that the City's processing of the map and improvement plans has delayed the project four months.

To date the project has received two, six-month extensions (12 months) to the seven, Fiscal Year 2015-16 allotments. The first extension was granted in April 2016 and a second six-month extension was granted in November 2016. In granting the second extension the Council stipulated that all deadlines within the project's development schedule would become hard deadlines, thus failure to meet any of the dates would result in a loss of all building allotments. At the applicant's request the Council also changed the submittal deadline for building permits to March 30, 2017, eliminated the obtain building permit deadline and replaced it with a final map recordation deadline of April 30, 2017.

The project received Tentative Subdivision Map, Zoning and Development Agreement approval on April 6, 2016; six-months later a final map and improvement plan application was submitted on October 24, 2016; and nine months later a Site Review application was filed on January 31, 2017. The Site Review application was still incomplete as of April 25. A building permit application was submitted on April 6, 2017.

The first round of plan check comments for the final map and improvement plans were returned on February 17, 2017, four months after the October 24 submittal.

On April 25, the Planning Commission approved (4-3 vote) a four-month extension finding that the four-month map review delay is responsible for the delay in the issuance of permits or granting approval required to exercise the allotments. The Planning Commission recommends the City Council approve the requested Amendment as shown in Exhibit A of Ordinance J.

COMMUNITY ENGAGEMENT: A 10-day public hearing notice was published in the Friday, May 5, 2017 edition of the Morgan Hill Times and notices were mailed to property owners within three hundred feet of the project pursuant to Government Code

Sections 65090-65096. A noticed public hearing was also conducted by the Planning Commission on April 25, 2017.

ALTERNATIVE ACTIONS:

The Council can decide not to approve any of the Development Agreement Amendments. If the Council does not approve an amendment to extend the deadline to commence construction, Council should remand the extension request to the Planning Commission with instructions to make alternative findings.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Planning commission considered the application requests at the April 25, 2017 meeting where they unanimously approved nine of the ten amendment requests.

FISCAL AND RESOURCE IMPACT:

Application processing fees were collected for each of the amendment requests.

CEQA (California Environmental Quality Act):

The proposed development agreement amendment requests do not alter the previous environmental determinations made for the respective projects. Environmental determination for each project described in this report has been made as part of the previous application approvals. Record of each project's CEQA determination is on file with the Community Development Department.

LINKS/ATTACHMENTS:

1. April 25 PC staff report (weblink)
2. A Cochrane-Cal Atlc CC Ord AE2017-0004
3. B Condit-Mana CC Ord AE2017-009
4. C Laurel-DeRose CC Ord AE2017-0008
5. D Altimira Divded CC Ord AE2017-0014
6. E Cochrane-Toll CC Ord AE2017-0017
7. F Mo-KB (Gippetti) CC Ord AE2017-0006
8. G San Pedro-Presidio CC Ord AE2017-0012
9. H Watsnvllle-Dividend CC Ord AE2017-0015
10. J EDunne-Busk CC Ord AE2017-0018

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDED OF A DEVELOPMENT AGREEMENT AMENDMENT TO DA-14-06 (AAE 2017-0004): COCHRANE - CAL ATLANTIC RECOMMENDING THE INCORPORATION OF 12 FY 2017-2018 AND 52 FY 2018-2019 ALLOTMENTS AWARDED TO MC 16-13. (APN 728-59-001, 728-59-002, 728-59-013, 728-56-013, AND 728-56-045)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded 13 building allotments (FY2015-2016) for application MC-13-10: Cochrane - Standard Pacific, awarded 28 allotment (FY2015-2016) for application MC 13-11: Cochrane-Lantana, awarded 16 allotments (FY2016-2017) for application MC 14-03, and awarded 14 allotments (FY2016-2017) for application MC 14-04; and

SECTION 4. On September 2, 2015, the City Council adopted Ordinance No. 2168, N.S. which approved a Development Agreement and established ‘commence construction’ dates for the 41, FY 2015-2016 and the 30 FY 2016-2017 allotments. Reference is hereby made to that certain Agreement on file in the office of the City Clerk of the City of Morgan Hill. The agreement signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City; and

SECTION 5. The City Council of the City of Morgan Hill found that, on the basis of the whole record before it (including the initial study and any comments received), that there is no substantial evidence that the project will have a significant effect on the environment and that the Mitigated Negative Declaration reflects the City Council’s independent judgment and analysis, and that the Mitigated Negative Declaration was adopted prior to action taken to adopt the original project proposal. The custodian of the documents or other material which constitute the record shall be the Community Development Agency.

SECTION 6. The Planning Commission on January 12, 2016, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded MC 15-13: Lantana-Standard Pacific 12 building allotments (FY2017-2018); and

SECTION 7. The Planning Commission on January 10, 2017, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded RDCS2016-0013: Cochrane-Cal Atlantic, 52 building allotments (FY2018-2019); and

SECTION 8. The City Council on February 15, 2017, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, reaffirmed the awarded RDCS2016-0013: Cochrane-Cal Atlantic, 52 building allotments (FY2018-2019); and

SECTION 9. The incorporation of 12 FY2017-2018 and 52 FY2018-2019 allotments awarded to RDCS2016-0013 is requested; and

SECTION 10. ADOPTION OF AMENDED DEVELOPMENT SCHEDULE, EXHIBIT B. The City Council hereby approves the Development Agreement Amendment attached to this Ordinance as Exhibit A.

SECTION 11. The amended development schedule attached to this Ordinance hereby supersedes and replaces the development schedule approved under Ordinance No. 2168.

SECTION 12. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 13. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 14. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17th DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE ____ DAY OF _____ 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ATTEST:

APPROVED:

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 Ordinance No. , New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the day of , 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

R:\PLANNING\WP51\Land Agreements\DA\MassDAA.17\Ordinances\A Cochrane-Cal Atlc CC Ord AAE2017-0004.docx

Attachment: A Cochrane-Cal Atlc CC Ord AE2017-0004 (1190 : Development Agreement Amendments)

EXHIBIT A

Exhibit B of the Development Agreement DA-14-06 shall be amended as follows:

EXHIBIT B**DEVELOPMENT SCHEDULE**

**MC 13-10: 13 allotments, MC 13-11: 28 allotments,
MC 14-03: 16 allotments and MC 14-04: 14 allotments, MC 15-13: Lantana-Standard Pacific: 12
allotments and RDCS2016-0013: 52 allotments
FY: 2015-16, 2016-17, 2017-18 & 2018-2019**

I. SUBDIVISION AND ZONING APPLICATIONS

Applications Filed:

FY 2015-16 (41 allotments)	09-02-14
FY 2016-17 (30 allotments)	09-02-15
FY 2017-18 (12 allotments)	N/A
FY 2018-19 (52 allotments)	N/A

II. SITE REVIEW APPLICATION

Application Filed:

FY 2015-16 (41 allotments)	02-04-15 (revised to 10-30-15)
FY 2016-17 (30 allotments)	02-04-16 (revised to 10-30-16)
FY 2017-18 (12 allotments)	07-01-18
FY 2018-19 (52 allotments)	04-01-19

III. FINAL MAP SUBMITTAL

Map, Improvements Agreement and Bonds:

FY 2015-16 (41 allotments)	02-04-15 (revised to 3-30-16)
FY 2016-17 (30 allotments)	02-04-16 (revised to 3-30-17)
FY 2017-18 (12 allotments)	09-01-17
FY 2018-19 (52 allotments)	03-01-18

IV. BUILDING PERMIT SUBMITTAL

Submit plans to Building Division for plan check:

FY 2015-16 (41 allotments)	07-01-15 (revised to 7-01-16)
FY 2016-17 (30 allotments)	07-01-16 (revised to 7-01-17)
FY 2017-18 (12 allotments)	12-01-17
FY 2018-19 (52 allotments)	07-01-18

V. BUILDING PERMITS

Obtain Building Permits:

FY 2015-16 (41 allotments)	04-01-16 (revised to 10-30-16)
FY 2016-17 (30 allotments)	04-01-17 (revised to 10-30-17)
FY 2017-18 (12 allotments)	04-01-18
FY 2018-19 (52 allotments)	04-01-19

VI. COMMENCE CONSTRUCTION:

FY 2015-16 (41 allotments)	06-30-16 (revised to 04-30-17)
FY 2016-17 (30 allotments)	06-30-17 (revised to 07-30-18)
FY 2017-18 (12 allotments)	06-30-18
FY 2018-19 (52 allotments)	06-30-19

Failure to obtain building permits by the dates listed above shall result in the loss of building allotments. Submitting a Final Map Application or a Building Permit one (1) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allotments. In such event, the property owner must

re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

If a portion of the project has been completed (physical commencement on at least eight [8] dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allotments for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

B

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDED DEVELOPMENT AGREEMENT TO DA2016-005 (AAE 2017-0009): CONDIT – MANA (FOR SALE) RECOMMENDING THE INCORPORATION OF 44 ALLOTMENTS FOR FY 2018-2019 AWARDED TO RDCS 2016-0017 MURPHY-PRESIDIO EVERGREEN (APN 817-12-009)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission on January 12, 2016, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded 30 building allotments (FY2017-2018) for application MC2015-0017: Condit-Mana (For Sale); and

SECTION 4. On August 24, 2016, the City Council of the City of Morgan Hill found that, on the basis of the whole record before it (including any comments received), that there is no substantial evidence that the project will have a significant effect on the environment based on the findings in the Addendum. The addendum demonstrated that the circumstances, impacts, and mitigation measures identified in the adopted EIR remain substantively unchanged by the project-level detail described in the Addendum, and supported the finding that the proposed project does not raise any new issues, and does not cause any significant impacts identified in the previous Initial Study to be substantially increased in severity

SECTION 5. On August 24, 2016, the City Council adopted Ordinance No. 2215, N.S. which approved a Development Agreement which established ‘commence construction’ dates for the 74-unit project. Reference is hereby made to that certain Agreement on file in the office of the City Clerk of the City of Morgan Hill. The agreement signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

Attachment: B Condit-Mana CC Ord AE2017-009 (1190 : Development Agreement Amendments)

SECTION 6. The Planning Commission on January 10, 2017, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded 44 building allotments (FY2018-2019) for application RDCS2016-0017: Murphy – Presidio Evergreen (For Sale); and

SECTION 7. The City Council on February 15, 2017, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, reaffirmed the awarded RDCS2016-0017: Murphy – Presidio Evergreen (For Sale), 44 building allotments (FY2018-2019); and

SECTION 8. The incorporation of 44 FY2018-2019 allotments awarded to RDCS2016-0017 Murphy – Presidio is requested; and

SECTION 9. ADOPTION OF AMENDED DEVELOPMENT SCHEDULE, EXHIBIT B. The City Council hereby approves the Development Agreement Amendment attached to this Ordinance as Exhibit A.

SECTION 10. The amended development schedule attached to this Ordinance hereby supersedes and replaces the amended development schedule approved under Ordinance No. 2215.

SECTION 11. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 12. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 13. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17th DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE __ DAY OF _____ 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ATTEST:

APPROVED:

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 Ordinance No. _____, New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the _____ day of _____, 2017.

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

DATE:_____

IRMA TORREZ, City Clerk

R:\PLANNING\WP51\Land Agreements\DA\MassDAA.17\Ordinances\B Condit-Mana CC Ord AAE2017-0009.docx

Attachment: B Condit-Mana CC Ord AE2017-009 (1190 : Development Agreement Amendments)

Exhibit B of the development agreement shall be amended as follows:

EXHIBIT B

MC-15-17 and RDCS 2016-0017: Condit - Mana Investments (For Sale) 30 allotments in 2017-2018 and 44 allotments in 2018-2019

I. GENERAL PLAN AMENDMENT	
Application Approved:	02-04-2015
II. ZONING APPLICATION(S)	
Application Filed:	01-29-2016
III. SUBDIVISION MAP APPLICATION	
Application Filed:	06-29-2016
IV. SITE REVIEW APPLICATION	
Submit to Planning Department for approval: FY 2016-2017	09-01-2017
V. FINAL MAP SUBMITTAL	
Map, Improvements Agreement and Bonds: FY 2016-2017	12-01-2017
VI. BUILDING PERMIT SUBMITTAL	
Submit plans to Building Division for plan check: FY 2017-2018 FY 2018-2019	12-01-2017 12-01-2018
VII. BUILDING PERMITS	
FY 2017-2018 (30 allotments) FY 2018-2019 (44 allotments)	02-30-2018 03-30-2019
VIII. COMMENCEMENT CONSTRUCTION:	
FY 2017-2018 (30 allotments) FY 2018-2019 (44 allotments)	06-30-2018 07-30-2019

Failure to obtain building permits by the dates listed above shall result in the loss of building allotments. Submitting a Final Map Application or a Building Permit one (1) or more months beyond the filing dates listed above shall result in the property owner/designee being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allotments. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

If a portion of the project has been completed (physical commencement on at least 7 dwelling allotments and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allotments for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

EXHIBIT A

Exhibit C of Development Agreement DA2016-0005: Condit – Mana (For Sale) shall be amended to include or replace the following sections:

EXHIBIT C
SPECIFIC RESTRICTIONS AND REQUIREMENTS

The following restriction and requirements apply to 30 allotments awarded in the RDCS application MC-15-17 **and 44 allotments awarded in the RDCS application RDCS 2016-0017** shall apply to that portion of the Property included in the said phases of the development on the Property. The following chart describes the applicable reference in the Morgan Hill Municipal Code to the requirement, a description of the commitments specific to the Project, the requirement timing of the implementation and the total estimated costs of improvement or applicable fee commitment. These commitments are IN ADDITION to any mitigation requirements under CEQA, impact fee, in-lieu fees or other requirements under federal or state laws, or the Morgan Hill Municipal Code (See Section 2.03 of the Agreement)

*Estimated cost are estimates and may require augmentation for the completion of improvements. Impact fees are subject to the provisions of Section 2.03 (b) of this Agreement.

Municipal Code Reference	Description of Requirement	Time of Implementation (specify date or phase #)	Estimated Cost or Fee Amount*
18.78.270	Housing Types		
3.a Variation of size	FY 2018-2019 (44 allotments) 10% of the 44 allotments shall provide 200 square foot differences between livable square footage and size (1,554-2,820).	Prior to Building Permit Issuance	NA
3. b Variation of size	Each condo or single family detached home includes at least three bedrooms for the FY 2017-2018 (30 allotments) .	Prior to Building Permit Issuance	NA
18.78.300	Circulation Efficiency		
3.a The project commits to convert existing street lighting adjacent to the site to LED lights at a ratio of one street light conversion perm dwelling unit.	FY 2018-2019 (44 allotments) The project will pay the street light conversion fee of \$750.00 per dwelling unit.	Prior to issuance of Certificate of Occupancy	\$750.00 per unit
3.b Dedication or improvement to existing streets and parking lots outside of project	FY 2017-2018 (30 allotments) The project will pay the streetlight conversion of \$1,500 (2 x \$750) per dwelling unit.	Prior to issuance of Certificate of Occupancy	\$1,500 per unit
18.78.330	Natural and Environmental		
2.h Build It Green	All units shall exceed the Title 24 requirement by 20% The sixty multi-family units shall exceed a 70 point Build it Green minimum by 14 additional points.	Prior to building permit issuance	NA

C

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDED DEVELOPMENT AGREEMENT TO DA15-05 (AAE 2017-0008): LAUREL-DEROSE INCORPORATING 13 FISCAL YEAR 2016-2017 ALLOTMENTS, ONE FISCAL YEAR 2017-2018 ALLOCATION, AND 11 FISCAL YEAR 2018-2019, ALLOTMENTS AWARDED TO RDCS2016-0014 AND EXTENDING THE COMMENCEMENT OF CONSTRUCTION DATE FOR SIX -MONTHS FOR 18 FISCAL YEAR 2016-2017 ALLOTMENTS. (APN 726-01-008)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The City Council on March 4, 2015, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded 5 building allotments for FY 2016-2017 (MC-14-16: Laurel – Tri Pointe De Rose).

SECTION 4. The Planning Commission on January 12, 2016, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded 15 building allotments for FY 2017-2018 (MC-15-06: Laurel - DeRose).

SECTION 5. On July 20, 2016, the City Council of the City of Morgan Hill found that, on the basis of the whole record before it (including the initial study and any comments received), that there is no substantial evidence that the project will have a significant effect on the environment and that the Mitigated Negative Declaration reflects the City Council's independent judgment and analysis, and that the Mitigated Negative Declaration was adopted prior to action taken to adopt the original project proposal. The custodian of the documents or other material which constitute the record shall be the Community Development Agency.

SECTION 6. On July 20, 2016, the City Council adopted Ordinance No. 2209, N.S. which approved a development agreement and established 'commence construction' dates for the five (5), FY 2016-2017 and 15, FY 2017-2018 allotments. Reference is hereby made to that certain

Attachment: C Laurel-DeRose CC Ord AE2017-0008 (1190 : Development Agreement Amendments)

Agreement on file in the office of the City Clerk of the City of Morgan Hill. The agreement signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 7. The Planning Commission on January 10, 2017, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded 11 building allotments (FY 2018-2019) for application RDCS2016-0014: Laurel -DeRose.

SECTION 8. The City Council on February 15, 2017, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, reaffirmed the awarded RDCS2016-0014: Laurel-DeRose, 11 building allotments (FY 2018-2019).

SECTION 9. The City Council on February 15, 2017, pursuant to Chapter 18.78.150.B of the Morgan Hill Municipal Code and Resolution 17-018, awarded and redistributed 13, 2016-2017 Fiscal Year building allotments and one additional Fiscal Year 2017-2018 building allotment to applications MC-14-16: Laurel – Tri Pointe De Rose and MC-15-06: Laurel – DeRose.

SECTION 10. The incorporation of 13, FY 2016-2017, 1, FY2017-2018 and 11, FY2018-2019 allotments awarded to RDCS2016-0013 is requested.

SECTION 11. A six-month extension is currently requested for 18 allocations awarded for FY 2016-17.

SECTION 12. On April 25, 2017, pursuant to Section 18.78.170.F of the Municipal Code, the Planning Commission approved a six-month extension finding the applicant has been diligent in pursuing all necessary approvals, has a pending approved final map, has pulled a grading permit and has an approved master building plans but the extraordinary amount of rainfall has delayed the project site work resulting in delays in utility installation and creation building pads. The excessive rainfall is considered a severe act of nature, has resulted in saturated soils and flooding which has left the Madison Gate project unable to meet the current FY 2016-2017 commencement of construction deadline and therefore meet the criteria for extension to the date by which these allotments must be exercised.

SECTION 13. ADOPTION OF AMENDED DEVELOPMENT SCHEDULE, EXHIBIT C AND ADOPTION OF AMENDMENTS TO EXHIBIT D. The City Council hereby approves the Development Agreement Amendment attached to this Ordinance as Exhibit A.

SECTION 14. The amended development schedule attached to this Ordinance hereby supersedes and replaces the amended development schedule approved under Ordinance No. 2209.

SECTION 15. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 16. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 17. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17th DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE __ DAY OF _____ 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ATTEST:

APPROVED:

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 Ordinance No. , New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the day of , 2017.

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

DATE:_____

IRMA TORREZ, City Clerk

EXHIBIT A

Exhibit B of the development agreement shall be amended as follows:

EXHIBIT B**DESCRIPTION OF PROJECT**

LAUREL –DEROSE DEVELOPMENT

MC-14-16: Laurel-TRI Pointe Homes
18, FY 2016-2017 Allocations

MC-15-06: Laurel-TRI Pointe Homes
16, FY 2017-2018 Allocations

RDCS 2016-0014: Laurel-DeRose
11, FY2018-2019 Allocations

Attachment: C Laurel-DeRose CC Ord AE2017-0008 (1190 : Development Agreement Amendments)

Exhibit C of the development agreement shall be amended as follows:

EXHIBIT C

DEVELOPMENT SCHEDULE

**MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018
and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019**

1. SUBDIVISION APPLICATION		
Application Approved:		12-08-15
11. SITE REVIEW APPLICATION		
Application Filed:		06-16-15
111. FINAL MAP SUBMITTAL		
Map, Improvements Agreement and Bonds:		09-30-16
IV. BUILDING PERMIT SUBMITTAL		
Submit plans to Building Division for plan check:		
FY 2016-2017 (5 18 allotments)		01-05-17
FY 2017-2018 (15 16 allotments)		01-05-18
FY 2018-2019 (11 allotments)		01-05-19
V. BUILDING PERMITS		
Obtain Building Permits:		
FY 2016-2017 (5 18 allotments)	11-30-17	05-31-17
FY 2017-2018 (15 16 allotments)		05-31-18
FY 2018-2019 (11 allotments)		05-31-19
VI. COMMENCE CONSTRUCTION:		
FY 2016-2017 (5 18 allotments)	12-30-17	06-30-17
FY 2017-2018 (15 16 allotments)		06-30-18
FY 2018-2019 (11 allotments)		06-30-19

Failure to obtain building permits by the dates listed above shall result in the loss of building allotments. Submitting a Final Map Application or a Building Permit one (1) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allotments. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

If a portion of the project has been completed (physical commencement on at least one dwelling unit and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allotments for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

Attachment: C Laurel-DeRose CC Ord AE2017-0008 (1190 : Development Agreement Amendments)

Development Agreement Exhibit D shall be amended as follows:

EXHIBIT D

SPECIFIC RESTRICTIONS AND REQUIREMENTS

The following restrictions and requirements apply to the allocations awarded to RDCS application MC-14-16: TRI Pointe Homes, MC-15-06: TRI Pointe Homes and ***RDCS2016-0014: Laurel -DeRose***. The following chart describes the applicable reference in the Morgan Hill Municipal Code to the requirement, a description of the commitments specific to the Project, the requirement timing of the implementation and the total estimated costs of improvement or applicable fee commitment. These commitments are IN ADDITION to any mitigation requirements under CEQA, impact fee, in-lieu fees or other requirements under federal or state laws, or the Morgan Hill Municipal Code (See Section 2.03 of the Agreement)

*Estimated costs are estimates and may require augmentation for the completion of improvements. Impact fees are subject to the provisions of Section 2.3 (b) of this Agreement.

Municipal Code Reference	Description of Requirement	<u>Time of Implementation</u> (specify date or phase #)	<u>Estimated Cost or Fee Amount*</u>
18.78.210 Schools			
B 1. Developer Fees	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Commit to payment of district adopted developer fees as provided by the Leroy F. Green School Facilities Act of 1988.	Prior to the issuance of each building permit.	Fee at time of Building Permit

EXHIBIT D

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B 3. & B 4. Off-site pedestrian safety improvements	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Provide off-site pedestrian safety improvements or traffic safety improvements to an elementary school located within ¾ miles of the project site or to a middle school or high school up to \$4,950 per unit. The improvements shall be coordinated through the City of Morgan Hill's Engineering Division and approved by the City Engineer.	Prior to issuance of Certificate of Occupancy	Up to \$4,950 per unit
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18.78.220 Open Space			
B 1b	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Private open space area retention area and front yards are to be maintained by a Homeowners Association. A portion of the centrally-located open space is to be used for storm water storage, but the underground rain tanks will allow for storm water detention to be used as useable open space.	Prior to development plan approval	NA
B 1d	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Provide convenient access to private parks or amenities internal to the project where appropriate through the use of pedestrian pathways. Pedestrian pathways shall be at least six feet in width.	Prior to development plan approval	NA
B 1g	MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Provide public or private common usable open space, which may be used for a dual purpose to include underground stormwater detention, as determined by the Department of Public Works.	Prior to development plan approval	NA

B 2b	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Building coverage of 45% defined as that portion of the overall project master plan, exclusive of sidewalks, driveways and streets, which is covered by a building, parking lot or carport.	Prior to development plan approval	NA
B 4c. Transfer Development Credit	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Applicant commits to purchase double TDC's or in lieu of a TDC commitment, applicant agrees to pay double the Open Space fee.	Prior to issuance of Certificate of Occupancy	Fee at time of Certificate of Occupancy:

18.78.240 Public Facilities			
B2a Grid of water mains	RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 <i>Project will improve existing water main configuration along the project frontage to improve water system pressure</i>	Prior to improvement plan approval	NA
B2b Drainage System	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 <i>Drainage concept is consistent with City's Storm drain system (e.g., the City Storm Drainage Master Plan, local area storm drain system):</i>	Prior to improvement plan approval	
B 2f. Provides public improvements	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 The project will provide public improvements at a cost of \$4,400 per unit. Public improvements shall be determined and approved by Public Works.	Shall provide on improvement plans prior to approval and complete prior to issuance of Certificate of Occupancy	\$4,400 per unit

B 2g. Contribution to RDCS Capital Improvements fund	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Applicant will contribute \$1,100 per unit to the RDCS Capital Improvement Program Fund:	Prior to issuance of Certificate of Occupancy	\$1,100 per unit
18.78.250 Parks and Paths			
B 6	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 The project shall pay an in-lieu fee consistent with the requirements contained in Chapter 17.28 of the Municipal Code. In addition to standard park fees, project shall pay the lesser of either six times the in-lieu park fees or \$3,300 per unit.	Prior to issuance of Certificate of Occupancy	Fee at time of Certificate of Occupancy
B 2	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Project shall provide: two separate cabana or shade trellis areas; seven community garden plots encompassing 48 square feet each with water service located in areas that will receive at least eight hours of summer sun daily for a period of 20-years when accounting for anticipated tree growth; and a tot lot with minimum of three age appropriate activities.	Prior to issuance of Certificate of Occupancy	NA

B 3	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Project shall provide at least 1.625 miles of Class II bike lanes. Prior to installation, the project shall coordinate with the City of Morgan Hill to determine the location for the Class II bike lane improvements to be installed	Prior to the final building inspection for the final unit.	NA
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18.78.260 Housing Needs			
Affordable units for sale	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 <i>The 65-unit project shall provide 8% Below Market Rate BMR, units for a total of 5.2 units; 6% (4 units) shall be low income and 2% (1) shall be median.</i> <i>Any fraction of a BMR shall be carried over to the future project phases. Prior to the occupancy of the final (65th unit) the .2 fraction shall be paid as a fraction of the Housing in-lieu fee.</i> Based on the number of allocations granted to date the project shall provide: Three (3) Low income BMR: 3 bedroom, 2.5 bath and approx. 1701 sq. ft. One (1) Median income BMR: 3 bedroom, 2.5 bath and approx. 1701 sq. ft. BMR sales price determination is based on median income and household size. All BMR units, including Moderate BMRs are deed restricted. Final BMR sales price is based on verification of property zoning and housing types.	Prior to Certificate of Occupancy of 65th unit Prior to development plan approval	<i>Housing in-lieu fee at time of Certificate of Occupancy</i> Sale price to be determined by Housing Division at time unit is ready for sale

	Low Income is defined as 73% Area Median Income (as determined and updated annually by the State HCD). Individual unit prices are dependent on unit sizes/bedroom counts and subject to the prices shown in the City of Morgan Hill's "New BMR Sales Pricing Index" table. The Project shall provide at least 4-unit for participation in a Below Market Rate (BMR) for sale program approved by the Community Development Department. The BMR unit shall be approved by the City of Morgan Hill Planning Commission and Site and Architectural Review process. BMRs are also subject to the requirements listed under "Additional Requirements" and as referenced per the Affordable Housing Agreement (AHA). Additional Requirements: (i) Below Market Rate (BMR) purchasers shall be treated in the same manner as purchasers of non-BMR units. Developer, including Developer's company, employees, and/or agents) agrees to cooperate with the Below Market Rate (BMR) Program Administrator and follow the guidelines and procedures as outlined in the Affordable Housing Agreement (AHA). (ii) Project will provide the buyer(s) of the BMR unit(s) the same option to upgrade the materials in the BMR home as a market rate buyers would in the market rate homes. (iii) Project will provide the same level of customer service to the BMR buyer as the market rate buyer. (iv) The Below Market Rate (BMR) Program Guidelines are hereby incorporated herein in full by this reference. (v) All BMRs will be processed using the guidelines, requirements, and pricing in effect at the time they are released for "sale."		
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EXHIBIT D

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	(vi) Exterior trim entry door hardware, and finish to the same standard as the Market Rate. (vii) Minimum standards for equipment, fixtures, appliances and finishes have been established for the BMR units. All items installed by the developer shall be of good quality and in new condition. Good quality shall be deemed as entry level but generally not the lowest level of product offered for that application. All products shall offer durability, reliability and maintain a quality appearance and function that is standard to most other median priced homes in the area. The below listed items must be installed as a basic feature of each BMR home. Minimum Interior standard finishes will be as follows: • All closets shall have doors • Interior doors to be raised panel type or same as market rate • Door hardware to be brass finish or the equivalent • Appliances shall be major brand name • Microwave with an exhaust vent shall be installed over the range. • Kitchen counters shall be white ceramic tile • Kitchen cabinets shall be stained wood with white melamine interiors • Units will be roughed in for AC including electrical and line set. • Basic alarm system to secure all accessible openings to the home • Carpet in bedrooms, hallways, family rooms • Linoleum or tile in entry, bathrooms kitchens • Laminate flooring may be substituted for carpet or linoleum • Electric garage door opener		
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EXHIBIT D

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18.78.270 Housing Types			
B 1a	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Two housing types shall be provided.	Prior to development plan approval	NA
B 4	MC-14-16: 13 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 <i>The project including the town house/condominium units shall provide 25% of the units as visitability accessible units. Visitability units are accessible dwellings that have one zero-step entrance; all main floor interiors, including bathrooms, with 32 inches of clear passage space; and at least a half-bath on the main floor usable for a person in a wheelchair.</i>	Prior to development plan approval	NA

18.78.280 Quality of Construction			
B 1	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Over and above commitments made in B1 above or in the Natural and Environmental category, the proposed development will install the following: a. Installation of full exterior OSB/Plywood wrap with window/door flashing. b. foundations that include a 20% reduction in cement mix c. Installation of light weight wall board for all walls excluding code requirement of fire walls. d. Installation of one dedicated ¾ inch electrical raceway for a future circuit to accommodate two 220 Volt electric car charging stations inside the garage. e. Installation of 90% high efficiency fan forced heating. f. Zoned heating and air conditioning for all one and two-story homes. For multi-family projects with multi-story units, air returns are installed on two floors to improve temperature distribution. g. Installation of high efficiency energy star water heater with energy factor of 0.70. h. Listed sound attenuated materials in walls that adjoin a bathroom and/or bedroom walls i. Installation of ultra-high efficiency or dual flush toilet. j. Install rain sensor monitor on irrigation system.	Incorporate in to construction plans prior to the issuance of a building permit and shall be verified prior to the final building inspection for each unit.	NA

18.78.290 Lot Layout and Orientation			
B 1a	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Project avoids excessively deep or narrow lots AND provides side yards at least 20% in excess of the minimum setback. The zoning is R-2-3,500. The standard setback is 5 feet. A 6-foot setback is required to comply with the 20% requirement.	Prior to development plan approval	NA
B 1b	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Town home buildings will be separated by at least 15', which exceeds the 10' minimum by at least 20%	Prior to development plan approval	NA
B 1g.	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Project commits to a repeat factor of 2.5 or less for the single-family homes, and 3.5 or less for town homes	Prior to development plan approval	NA
B 2b	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 A minimum of 75 percent of the units have entrances that are visible from public streets.	Prior to development plan approval	NA
B 3 a	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 A 5-foot front and rear setback variation is provided on the single-family dwellings.	Prior to development plan approval	NA

EXHIBIT D

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B 4	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 A masonry wall will be installed at the common property line between the project and Honda of Morgan Hill. A/C condensers for single family homes will be located in the rear yards.	Site Review and building permit plan approval.	NA
18.78.300 Circulation Efficiency			
B 1c	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 The project commits to full street improvements to Laurel Road at the project frontage, contiguous with the frontage of Trader Joe's, and the installation of a cul-de-sac at the easterly property line.	Prior to issuance of Certificate of Occupancy	NA
B 1e	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Provides a minimum 20-foot clear view back-out distance between enclosed garage space and the adjacent public street for single family homes, and 3-foot driveway aprons for town homes.	Prior to development plan approval	NA
B 3a	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Converts existing city lighting to energy efficient LED lights at a ratio of one street light conversion per dwelling unit. The cost of the light conversion shall be at least equal to or greater than \$ 750.00 per unit.	Prior to the final building inspection for each unit.	
B 4	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 The applicant agrees to spend \$2,200/unit toward the construction of roadway improvements near or adjacent to the proposed development.	Prior to the final building inspection for each unit.	

B 4	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Project will provide and install intrusion, fire alarm and heat detector system monitored but central station and meets City ordinance. Will include a one year monitoring contract with home purchase and commits to deliver to the homeowner a City specific responsible listing card that the MH Police Department can keep on file.	Prior to the issuance of a building permit.	NA
B 5	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Project commits to providing a Neighborhood Emergency Preparedness program to be administered by the Homeowners Association. Applicant shall direct HOA to contact the Morgan Hill Office of Emergency Services within 180 days of first homeowners taking occupancy to schedule a resident meeting.	Shall be verified within seven months of first homeowner taking occupancy.	NA
B 6	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Applicant commits to including in the CC&Rs of the development provisions to direct an HOA Board Member to contact the appropriate Police Department staff member to assist in the establishment of a Neighborhood Watch Program. The Applicant commits to establishing the program within 120 days of the first homeowners taking occupancy.	Shall be verified within 120 days of the first homeowner taking occupancy.	NA
18.78.320 Landscaping, Screening and Color			
B 1a	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Developer agrees to provide twenty-four-inch box-size trees, including street trees from a city approved list, with a minimum height of nine feet and a spread of three to four feet. The box-size trees will be provided within the development at a ratio of one box-size tree per ten trees provided with the landscape area to be installed by the developer. The one box-size tree per ten trees calculation does not include street trees.	Prior to development plan approval	NA

18.d

Attachment: C Laurel-DeRose CC Ord AE2017-0008 (1190 : Development Agreement Amendments)

g 1c	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Varied front yard landscaping will be installed by the developer.	Prior to development plan approval	NA
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B 1d	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 The developer will plant street trees that will conform to the street tree master plan per established criteria.	Prior to development plan approval	NA
B 2a	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 The landscape to be installed by the developer will include pervious hardscape coverage such as decorative paving, decorative stone and similar non-irrigated areas on at least fifteen percent of the landscape area. Pedestrian walkways across circulation aisles are not included in this item.	Prior to development plan approval	NA
B 2b	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Drought tolerant grasses will be used for lawn areas and no more than twenty-five percent of the landscape area is covered with lawn.	Prior to development plan approval	NA
B 3	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Landscaping is installed by the developer on all areas visible from public and private rights-of-way	Prior to development plan approval	NA
B 4	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Project incorporates bio-retention basins and underground retention facilities to treat and infiltrate, at a minimum, the first flush of storm water runoff.	Prior to development plan approval	NA

18.78.330 Natural and Environmental			
B 1	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Foundations are standard types to U.B.C. standards. Fills are less than 2 ft. and detention pond is less than 3 ft.	Prior to development plan approval	NA
B 2	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 All units shall exceed the Title 24 requirements by 15% All multi-family units shall exceed a 70 Point Build it Green minimum by Forty-five (45) additional points	Prior to issuance of building permit	NA

18.78.335 Livable Communities			
B 6a	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Uses porches, balconies, for any area viewed from the public right-of-way or multi-unit courtyards interior to the project on at least 25% of units to promote a neighborhood feel.	Shall be shown on the plans submitted for Design Review Approval.	NA
B 6b	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 The proposed architecture includes at least two different roof lines and pitches.	Shall be shown on the plans submitted for Design Review Approval.	NA
B 6c	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Project will retain architecture, profiles, and massing that conforms to the existing surrounding neighborhoods.	Shall be shown on the plans submitted for Design Review Approval.	NA
B 6d	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Project provides a consistent level of architectural relief and detailing on all four building elevations and conforms to other criteria, such as porches/balconies, standard trim, and base color, represent no more than 15% of the project.	Shall be shown on the plans submitted for Design Review Approval.	NA
B 7	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 Uses design and layout techniques that give individuals maximum privacy within and outside the homes. Such techniques include the off set of windows between units, alternating outdoor patio areas and entrance and consideration of fence height in relation to grade changes.	Shall be shown on the plans submitted for Design Review Approval.	NA
B 8	MC-14-16: 18 allotments FY 2016-2017, MC-15-06: 16 allotments FY 2017-2018 and RDCS2016-0014: Laurel -DeRose 11 allotments FY2018-2019 All multi-family units shall include a washer and dryer in each unit.	Shall be shown on the plans submitted for Design Review	NA

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING OF AN AMMENDED DEVELOPMENT AGREEMENT TO DA-15-10 (AAE 2017-0014): ALTIMIRA-DIVIDEND EXTENDING THE COMMENCEMENT OF CONSTRUCTION DATE FOR 12-MONTHS FOR TWO (2) FISCAL YEAR 2016-2017 AND INCORPORATING FIVE (5) FY 2017-2018 ALLOTMENTS AWARDED TO MC 14-15: ALTIMIRA-VENTURA/ALICANTE. (APN 728-55-017)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The City Council on March 4, 2015, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded two (2) building allotments (FY2016-2017) for application MC-14-15: Altimira-Ventura/Alicante.

SECTION 4. On February 2, 2016, the City Council of the City of Morgan Hill found that, on the basis of the whole record before it (including any comments received), that there is no substantial evidence that the project will have a significant effect on the environment based on the findings in the Addendum to the adopted in the 2001 Initial Study for the Cochrane – Lupine Annexation and Rezone project. This addendum demonstrates that the circumstances, impacts, and mitigation measures identified in the Cochrane – Lupine Annexation and Rezone Project remain substantively unchanged by the project-level detail described in the Addendum, and supports the finding that the Altimira - Dividend Project (proposed project) does not raise any new issues, and does not cause any significant impacts identified in the previous Initial Study to be substantially increased in severity. The custodian of the documents or other material which constitute the record shall be the Community Development Department.

SECTION 5. On February 2, 2016, the City Council adopted Ordinance No. 2148, N.S. which approved a Development Agreement and established ‘commence construction’ date for the two (2), FY 2016-2017 allotments. Reference is hereby made to that certain Agreement on file in the office of the City Clerk of the City of Morgan Hill. The agreement signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 6. The Planning Commission on January 12, 2016, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded five (5) building allotments (FY2017-18) from the On-going Project set-aside; and

SECTION 7. The incorporation of five (5) building allotments (FY2017-18) awarded to RDSCS2016-0013 is requested.

SECTION 8. A twelve-month extension is currently requested for two allocations awarded for FY 2016-17.

SECTION 9. On April 25, 2017, pursuant to Section 18.78.170.F of the Municipal Code, the Planning Commission approved a twelve-month extension finding the project has been diligent in pursuing necessary approvals, a Development Agreement has been approved along with an approved Tentative Subdivision Map, Site and Architectural Review and pending Final Map. The extraordinary amount of rainfall is considered a severe act of nature causing a delay in the completion of additional required soil testing and implementation of a Remedial Action Work Plan to remove contaminated soils from the project site. The rain delay and requirement for additional testing have delayed obtaining final approval from the State of California Department of Substances Control to complete contaminated soils remediation resulting in delays in completing the soil mitigation, grading and pad certification by the June 30, 2017 commencement deadline.

SECTION 10. ADOPTION OF AMENDED DEVELOPMENT SCHEDULE, EXHIBIT C AND ADOPTION OF AMENDMENTS TO EXHIBIT D. The City Council hereby approves the Development Agreement Amendment attached to this Ordinance as Exhibit A. The City Council hereby approves the Development Agreement Amendment attached to this Ordinance as Exhibit A.

SECTION 12. The amended development schedule attached to this Ordinance hereby supersedes and replaces the amended development schedule approved under Ordinance No. 2148.

SECTION 13. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 14. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 15. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17th DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE __ DAY OF _____ 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ATTEST:

APPROVED:

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 Ordinance No. _____, New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the _____ day of _____, 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

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Attachment: D Altimira Divded CC Ord AE2017-0014 (1190 : Development Agreement Amendments)

EXHIBIT A

Exhibit B of the development agreement shall be amended as follows:

Exhibit B of Development Agreement DA 15-10: Altimira-Dividend shall be amended as follows:

EXHIBIT B**DESCRIPTION OF PROJECT**

ALICANTE PHASE 6 DEVELOPMENT

MC-14-15: Altimira – Ventura/Alicante

FY 2016-2017, Two (2) Building Allotments

FY 2017-2018, Five (5) Building Allotments

Exhibit C of Development Agreement DA 15-10: Altimira-Dividend shall be amended as follows:

**EXHIBIT C
DEVELOPMENT SCHEDULE**

**MC-14-15: Altimira – Ventura/Alicante
FY 2016-2017, two allotments
FY 2017-2018, five allotments**

I.	SUBDIVISION APPLICATION		
	Application Approved:		12-08-15
II.	SITE REVIEW APPLICATION		
	Application Approved		02-29-16
III.	FINAL MAP SUBMITTAL		
	Map, Improvement Agreement and Bonds:		09-30-16
IV.	BUILDING PERMIT SUBMITTAL		
	Submit plans to Building Division for plan check:		01-05-17
V.	BUILDING PERMITS		
	Obtain Building Permits FY 2016-17, two allotments:	01-28-18	03-31-17
	Obtain Building Permits FY 2017-18, five allotments:		01-28-18
VI.	COMMENCE CONSTRUCTION		
	FY 2016-17, two allotments:	06-30-18	06-30-17
	FY 2017-18, five allotments:		06-30-18

Failure to obtain building permits by the dates listed above shall result in the loss of building allotments. Submitting a Final Map Application or a Building Permit one (1) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allotments. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

If a portion of the project has been completed (physical commencement on at least one dwelling unit and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allotments for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

Attachment: D Altimira Divided CC Ord AE2017-0014 (1190 : Development Agreement Amendments)

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMMENDED DEVELOPMENT AGREEMENT TO DA-09-05: COCHRANE – TOLL BROTHERS (AAE2017-0017) EXTENDING THE COMMENCEMENT OF CONSTRUCTION DATE FOR SIX-MONTHS FOR 15, FISCAL YEAR 2016-2017 ALLOTMENTS AND INCORPORATING 16, FY 2018-2019 ALLOTMENTS AWARDED TO RDCS2016-0015: COCHRANE-BORELLO. (APN 728-34-008)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. Planning Commission, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, has to date awarded 151 building allotments to applications MC-08-16: Peet-Borello, 23 building allotments (FY 2010-2011), MC 09-04: Cochrane-Borello, 37 building allotments (FY 2011-2012), MC 11-03: Cochrane-Borello, 15 building allotments (FY 2013-2014), MC 12-07: Cochrane-Borello, 20 building allotments (FY 2014-2015), MC 13-21: Cochrane-Borello, 25 building allotments (FY 2015-2016), MC 14-12: Cochrane-Borello, 15 building allotments (FY 2016-2017) and RDCS2016-0015: Cochrane Borello, 16 building allotments (FY 2018-2019).

SECTION 4. The City Council of the City of Morgan Hill found that, on the basis of the whole record before it (including the EIR and any comments received), that there is no substantial evidence that the project will have a significant effect on the environment and that the Environment Impact Report adopted by the City Council in January 2013, and the Planning Commission's independent judgment and analysis, and that the EIR was adopted prior to action taken to adopt the original project proposal. The custodian of the documents or other material which constitute the record shall be the Community Development Department.

SECTION 5. On March 27, 2013, the City Council adopted Ordinance No. 2065, N.S., which approved a Development Agreement which established 'commence construction' dates for a 244-unit project. Reference is hereby made to that certain Agreement on file in the office of the City Clerk of the City of Morgan Hill. The agreement signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 6. On June 30, 2013, 23 building allotments (FY 2010-2011) expired because the project did not commence construction pursuant to the terms of the Development Agreement.

SECTION 7. On February 10, 2015, the Planning Commission pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded application MC14-12: Cochrane Borello, 15 building allotments for FY 2016-2017.

SECTION 8. On June 30, 2015, 37 building allotments (FY 2011-2012) and 20 building allotments (FY 2014-2015) expired because the project did not commence construction pursuant to the terms of the Development Agreement.

SECTION 9. On August 5, 2015, the City Council adopted Ordinance No. 2161, N.S., which approved an amendment to the Development Agreement incorporating commitments and adding to exhibit D the development schedule for 15 building allotments for FY 2016-2017.

SECTION 9. On June 1, 2016, the City Council adopted Ordinance No. 2201, N.S., which approved an amendment to exhibit D the development schedule granting an extension to 15 building allotments (FY 2013-2014) and 25 building allotments (FY 2015-2016); and

SECTION 10. On January 10, 2017, the Planning Commission pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded application RDCS2016-0015: Cochrane-Borello, 16 building allotments for FY 2018-2019; and

SECTION 11. The City Council on February 15, 2017, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, reaffirmed the awarded RDCS2016-0015: Cochrane-Borello, 16 building allotments for FY 2018-2019

SECTION 12. On April 25, 2017, pursuant to Section 18.78.170.F of the Municipal Code, the Planning Commission approved a six-month extension finding the project has been diligent in pursuing all necessary approvals, has a recorded final map, has pulled a grading permit and has pulled 15 building permits but the discovery of a significant number of archeological remains which has delayed the project through required coordination with archeologist and the Native American Heritage Commission. The extraordinary amount of rainfall has further delayed the project site work resulting in delays in utility installation and creation building pads therefore it does meet the criteria for extension to the date by which these allotments must be exercised.

SECTION 13. ADOPTION OF REVISED DEVELOPMENT. The City Council hereby approves a revised Development Agreement that shall replace the development agreement approved by Ordinance 2065, as attached to this Ordinance as Exhibit A.

SECTION 14. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 15. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 23. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17th DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE __ DAY OF _____ 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ATTEST:

APPROVED:

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 Ordinance No. _____, New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the _____ day of _____, 2017.

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

DATE:_____

IRMA TORREZ, City Clerk

R:\PLANNING\WP51\Land Agreements\DA\MassDAA.17\Ordinances\E Cochrane-Toll CC Ord AE2017-0017.docx

Attachment: E Cochrane-Toll CC Ord AE2017-0017 (1190 : Development Agreement Amendments)

EXHIBIT A

Exhibit B of the development agreement shall be amended as follows:

EXHIBIT A

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Morgan Hill
Community Development Agency
17575 Peak Avenue
Morgan Hill, CA 95037

RECORDING FEES EXEMPT
PURSUANT TO GOVERNMENT
CODE SECTION 27383

AMENDED AND RESTATED DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF MORGAN HILL

AND

~~SAN SEBASTIAN MH GENERAL PARTNERSHIP~~

TOLL BROTHERS XX CALIFORNIA GENERAL PARTNERSHIP CORPORATION

REGARDING

THE SAN SEBASTIAN RESIDENTIAL DEVELOPMENT PROJECT

Attachment: E Cochrane-Toll CC Ord AE2017-0017 (1190 : Development Agreement Amendments)

EX

RESIDENTIAL DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE CITY OF MORGAN HILL
AND
~~**SAN SEBASTIAN MH GENERAL PARTNERSHIP**~~
TOLL BROTHERS XX CALIFORNIA GENERAL PARTNERSHIP CORPORATION

This Development Agreement ("**Agreement**") is entered into on the below-stated "**Effective Date**" by and between the City of Morgan Hill, a California municipal corporation, (hereinafter "**City**"), and ~~San Sebastian MH~~ **Toll Brothers XX CA**, a General Partnership, and its successor and assigns (hereinafter, collectively, "**Developer**"), pursuant to section 65864 *et seq.* of the Government Code of the State of California and City's police powers. City and Developer are, from time to time, also hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**."

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other considerations, the value and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

RECITALS

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code sections 65864 *et seq.* ("**Development Agreement Statute**"), which regulates development agreements with any person having a legal or equitable interest in real property providing for the development of that property and establishes certain development rights in the property. In accordance with the Development Agreement Statute, and by virtue of its police powers, City has the authority to enter into development agreements, and has reflected that authority in its Morgan Hill Municipal Code (Section 1880 *et seq.*) ("**Enabling Ordinance**"). This Agreement has been drafted and processed pursuant to the Development Agreement Statute and the Enabling Ordinance.

B. Developer currently has a legal and/or equitable interest in the Property.

C. Developer proposes to plan, develop, construct, operate and maintain the Project on the Property (as such terms are defined herein).

D. As of the Effective Date, various land use regulations, allotments, entitlements, grants, permits and other approvals have been adopted, issued, and/or granted by City relating to the Project (collectively "**Existing Approvals**"), including without limitation, all of the following:

1. MC 11-03/MC 13-21/MC14-12: Cochrane-Borello; **and RDCS 2016-0015: Cochrane-Borello**
2. EA 09-23: Cochrane-Borello;
3. Zoning Amendment ZA 09-08: Cochrane-Borello;
4. Subdivision SD 09-07: Cochrane-Borello;

Attachment: E Cochrane-Toll CC Ord AE2017-0017 (1190 : Development Agreement Amendments)

The Existing Approvals are more particularly described in the EIR, and the resolutions adopting the Existing Approvals.

E. For the reasons recited herein, Developer and City have determined that the Project is the type of development for which this Agreement is appropriate. This Agreement will help to eliminate uncertainty in planning, provide for the orderly development of the Project consistent with the planning goals, policies, and other provisions of the City's General Plan and City's Municipal Code, and otherwise achieve the goals and purposes for which the Development Agreement Statute was enacted.

F. On February 14, 2012, February 25, 2014, February 10, 2015 **and January 10, 2017**, the Morgan Hill Planning Commission approved an allotment for the Project as set forth in the Developer's application for a development allotment pursuant to Chapter 18.78 of the Morgan Hill Municipal Code ("**Residential Development Control System**", or "**RDCS**"). This Agreement serves to secure in a permanent and enforceable manner the public benefits included in the Developer's application as required under Section 18.78.060A of Chapter 18.78 of the Code.

G. On February 12, 2013, following a duly noticed and conducted public hearing, the Planning Commission of the City ("**Planning Commission**"), the hearing body for purposes of the Development Agreement Statute and the Enabling Ordinance, adopted Resolutions that affirmed CEQA compliance for this Agreement, adopted findings that this Agreement is consistent with the City's General Plan and the Existing Approvals and recommended that this Agreement be approved by the City Council.

ARTICLE 1

ADMINISTRATION

1.01 Effective Date. On February 27, 2013, following a duly noticed and conducted public hearing, the Morgan Hill City Council ("City Council") introduced Ordinance No. 2065, an ordinance that affirms CEQA compliance that adopts findings that this Agreement is consistent with the City's General Plan and the Existing Approvals, that approves this Agreement, and that directs this Agreement's execution by City ("Approving Ordinance"). The City adopted the Approving Ordinance on March 27, 2013, the Approving Ordinance became effective thirty (30) days later, and the Parties signed the Agreement. The "Effective Date" in this Agreement shall be the date that the Approving Ordinance became effective.

1.02 Definitions.

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

(1) "**Applicable Law**" shall have that meaning set forth in Section 2.01(a) of this Agreement.

(2) "**Existing Approvals**" shall have that meaning set forth in Recital paragraph D of this Agreement.

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

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

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

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

(7) **"Project"** shall mean the development containing 244 single family residential units as more particularly described in the Environmental Impact Report titled Cochrane-Borello, dated August 2012 Any reference in this Agreement to the "Project" shall mean and include the "Property,"; provided however, that the Project to which this Agreement applies may be only occupy a part of the Property and may be only a phase of a larger development on the Property.

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

(9) **"Property"** shall mean that certain real property consisting of approximately 122 acres located within the City, as more particularly described and shown on **Exhibit A** to this Agreement.

(10) **"RDCS"** means the Residential Development Control System set forth in Chapter 18.78 of the Morgan Hill Municipal Code.

(11) **"Second Notice"** shall have that meaning set forth in Section 4.07(c) of this Agreement.

(12) **"Subdivision Document"** means, pursuant to Government Code section 66452.6(a) and this Agreement, the term of any tentative map, vesting tentative map, parcel map, vesting parcel map, final map or vesting final maps, or any such new map or any amendment to any such map, or any resubdivision.

(13) "**Subsequent Approvals**" and "**Subsequent Approval**" mean those City permits, entitlements, approvals or other grants of authority (and all text, terms and conditions of approval related thereto), that may be necessary or desirable for the development of the Project, that are sought by Developer, and that are granted by City after the City Council adopts the Approving Ordinance (defined below), including without limitation, a City Resolution of Application for Annexation and subdivision maps and any Subdivision Document.

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

1.03 Term/Subdivision Documents.

(a) The term ("**Term**") of this Agreement shall commence on the Effective Date, and then shall continue (unless this Agreement is otherwise terminated, modified or extended as provided in this Agreement) until the earliest of (1) the loss of all development allocation for the Project under the RDCS, if applicable, (2) the issuance of a certification of occupancy for all units in the Project or (3) ten (10) years plus one day after the Effective Date; provided however that Developer's obligations under Sections 2.03 and 2.04 shall survive the termination of this Agreement until such obligations are fully performed and completed in accordance with this Agreement.

(b) Any Subdivision Document relating to the Project shall automatically be extended to and until the end of the Term of this Agreement. The termination of this Agreement shall have no effect on the remaining term of a Subdivision Document that has not yet expired. Any improvement agreement entered into pursuant to the Subdivision Map Act (Gov. Code §§ 66410 *et seq.*) or other State or local regulation shall have that term determined by City. If this Agreement terminates for any reason prior to the expiration of vested rights otherwise given under the Subdivision Map Act to any vesting tentative map, vesting parcel map, vesting final map or any other type of vesting map on the Property (or any portion of the Property) (collectively, "**Vesting Map**"), such Vesting Map approved during the Term of this Agreement shall NOT extend the Applicable Law beyond the stated Term of this Agreement and the City rules, regulations and official policies applicable to that portion of the Property covered by such Vesting Map shall become those City rules, regulations and official policies in effect as of the date of the termination of this Agreement; provided, however, that City and Developer may agree to an extension of the Term of this Agreement with respect to the area covered by any such Vesting Map.

(c) If any "**Third Party Challenge**" (as that term is defined in Section 4.06(a) of this Agreement) is filed, then the Term of this Agreement shall be tolled for the period or periods of time from the date of the filing of such litigation until the conclusion of such litigation by dismissal or entry of a final judgment ("**Litigation Tolling**"). Notwithstanding the foregoing, regardless of the number of Third Party Challenges that may be filed during the Term of this Agreement, the sum total of such Litigation Tolling shall not exceed five (5) years. The filing of any Third Party Challenge shall not delay or stop the development, processing or construction of the Project, or the approval or issuance of any Project Approvals, unless enjoined or otherwise

controlled by a court of competent jurisdiction. The Parties shall not stipulate to the issuance of any such order unless mutually agreed to.

ARTICLE 2

APPLICABLE LAW

2.01 Applicable Law—Generally.

(a) As used in this Agreement, "**Applicable Law**" shall mean all of the items listed below in this Section 2.01, subject only to the conditions set forth in Section 2.02(c) of this Agreement. The order of their importance is the order in which they are listed (with highest importance listed first, second most important listed second, etc.); in the event of a conflict between them, their order shall determine which one controls (the one listed higher controlling over the one listed lower):

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

(2) The Existing Approvals. Developer hereby waives any legal or equitable right to challenge administratively or judicially any Existing Approvals including conditions of those Existing Approvals. Such waiver includes any requirements for notice, acts of protest and/or right to litigation pursuant to the Mitigation Fee Act and/or any other applicable law.

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

- (i) In compliance with all controlling California law;
- (ii) Mutually agreed to by the Parties; and
- (iii) Duly enacted by City.

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

(5) Any "New City Laws" Developer is subject to under this Agreement; for example, as provided in, but not limited to, Section 2.09. Additionally, any New City Laws to which Developer elects to be subject pursuant to Section 2.09(e).

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

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

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

(d) Nothing contained herein will give Developer a vested right to develop the described Project or to obtain a sewer connection for said Project in the absence of sewer capacity available to the Project.

(e) Nothing contained herein will give Developer a vested right to develop the described Project absent valid and unexpired development allocations under the RDCS.

2.02 Vested Right to Applicable Law.

(a) During the Term of this Agreement, Developer shall have the vested right to develop the Project subject only to, and in accordance with, the Applicable Law, and during the Term of this Agreement City shall have the right to regulate the development and use of the Project subject only to, and in accordance with, the Applicable Law. Nothing contained herein will give Developer a vested right to obtain a sewer connection for said Project in the absence of sewer capacity available to the Project.

(b) Under this Agreement, the Applicable Law will be an expanding body of law, such as, for example, when Subsequent Approvals are granted by City, and/or when Developer becomes subject to a New City Law pursuant to this Agreement.

(c) If the RDCS is applicable to the Project or any portion thereof, the vested rights to develop the Project according with Applicable Law and this Agreement shall be vested only to those residential units having a RDCS allotment. If the Project defined in this Agreement includes units that have not been awarded RDCS allotments ("Pending Units"), the RDCS allotments for the Pending Units shall be a necessary Subsequent Approval and this Agreement shall be amended to reflect the application and conditions attaching to the RDCS allotments for the Pending Units.

(d) Developer agrees that the terms and conditions of this Agreement and conditions of approval issued pursuant to this Agreement shall govern and dictate the vesting of the Developer's right to develop in lieu of any other instrument of vesting, including any vesting tentative map or any other agreement, instrument or document purporting to vest any right of development. Developer agrees to waive any vesting rights by operation of any otherwise applicable city, state or federal law.

2.03 Project Impacts and Costs.

(e) Agreement Subject to Project Mitigation Requirements. Notwithstanding any other express or implied term or condition of this Agreement (or the Approvals) to the contrary, throughout the Term of this Agreement, the full and complete mitigation of all environmental (including any mitigation measure adopted pursuant to CEQA), physical, fiscal and other impacts of the Project and the Property on the community and on the City of Morgan Hill and its services, facilities, operations and maintenance (collectively, "**Project Mitigation**") shall be borne by and shall be the sole and exclusive responsibility of the Project (and the Developer

who is the owner of same). Such Project Mitigation may be conditions of any Applicable Law or Project Approval and may include a mix of different approaches, including without limitation, Developer construction of and/or financing of such services, facilities, operations and maintenance through the payment of impact fees or other fees, taxes, levies, assessments, or other financing mechanisms including without limitation, reimbursement agreements, Landscaping and Lighting Districts, Mello-Roos Districts, Community Facilities Districts, Assessment Districts, Tax-Exempt and Taxable Financing Mechanisms, Maintenance Districts, Homeowners Associations, and participation in the Statewide Communities Infrastructure Program (collectively, "**Financing Mechanisms**"). The necessary scope and extent of such Project Mitigation, and which combination of Financing Mechanisms should be employed relating to such Project Mitigation to assure success of the Project Mitigation, shall be determined by City, in its sole and exclusive discretion, pursuant to appropriate City ordinance, resolution, regulations or procedures, taking into account and guided by the pre-existing rights of others in the existing and future public services and facilities (including their operations and maintenance) that Developer may seek to use. If no Financing Mechanism is available to fund the Project Mitigation, then the Project shall not progress forward.

(f) Impact Fees. In addition to any agreed-upon Project-specific requirements as set forth in Section 2.04 and as part of the Project's sole and exclusive obligation (and the Developer's as the owner of same) to cover Project Mitigation, Developer shall pay all Impact Fees and in the amounts in legal effect at the time any such Impact Fees become due and payable as provided for in the City's Municipal Code.

(g) Processing Fees. In addition to any agreed-upon Project-specific requirements as set forth in Section 2.04, the Project (including Developer as owner of same) shall be responsible for the costs to City of processing any and all Developer-requested land use approvals, including without limitation, building permits, plan checks, environmental studies required under CEQA and other similar requests for City permits and entitlements, when such costs are incurred by City. City shall impose those funding requirements needed to ensure that the processing costs to the City are fully covered by the Project (including Developer as owner of same). Further, if additional, accelerated, or more frequent inspections are requested by Developer of City than would otherwise take place in City's ordinary course of business, then City may either hire additional contract inspectors, plan checkers, engineers or planners, or City may hire a full or part time employee. If City hires additional contractors, then Developer shall reimburse City, on a monthly basis in arrears, the cost to City of hiring such additional contract inspectors, plus Developer shall pay to City an additional ten percent (10%) of such cost to City on the same payment schedule. City shall use such additional 10% to defray administrative costs. If City hires a full or part time employee, then Developer shall reimburse City, on a monthly basis, in arrears, for a pro rata share of the total cost to the City of such employee, plus ten percent (10%) for administrative costs, for the period from hire to the end of the Term of this Agreement.

2.04 RDSCS and Other Specific Project-Specific Requirements.

(h) The following specific requirements set forth in Exhibit C are voluntarily assumed by Developer in return for benefits derived from the City's RDSCS building allotment approval program. These requirements are not Project Mitigation within the meaning of Section

2.03 of this Agreement or otherwise imposed to mitigate impacts of the Project. Developer hereby agrees that these requirements are not subject to credit, refund or reimbursement or prohibition under otherwise applicable city, state or federal law and waives any such right to credit, refund, reimbursement or prohibition. Instead, these requirements are voluntarily assumed by Developer in return for benefits derived from the RDCS. For example, under the RDCS, awarding of residential allotments to new development is a competitive process based on a point system. Additional points can be awarded to a development proposal that is willing to pay fees in addition to those already required to mitigate its impacts. The payment of these additional fees results in additional points being awarded to the development proposal under the RDCS, thereby allowing the development proposal to secure a higher score under the RDCS, which in turn may provide a high enough score for the development proposal to secure allotments. The obligation that results (to pay such additional fees and to otherwise abide by the requirements derived from that RDCS process in return for additional points under the RDCS) are enforced through this Agreement.

(i) The Developer's RDCS applications MC 11-03: Cochrane-Borello allocations approved February 14, 2012, MC 13-21 Cochrane-Borello allocations approved February 25, 2014, MC 14-12: Cochrane-Borello allocations approved February 10, 2015, ***RDCS2016-0015 allocations approved January 10, 2017*** and approval actions (as reflected in the official records, including agendas and minutes of the City Planning Commission and City Council) shall be incorporated into this Agreement; provided however, the Project under this Agreement may constitute only part of the development or Property to which said RDCS application and approvals apply and cover only part of the allotments awarded to the Property or development. Attachment A identifies the portion of the Property, the phase of the development and the number of allotments that the Project and this Agreement covers. If this Agreement covers multiple phases of a development on the Property, then Attachment also identifies the phase during which each of the specific requirements shall apply.

2.05 Construction Codes.

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

2.06 Timing of Development.

(j) Securing Building Permits and Beginning Construction. Developer agrees to secure building permits and to begin construction of the Project in accordance with the time requirements set forth in the Construction Codes and the RDCS, if applicable, as these exist on the Effective Date. In the event Developer fails to comply with the above permit issuance and beginning construction dates, and satisfactory progress towards completion of the project in accordance with the RDCS, the RDCS allotment shall expire pursuant to Section 18.78.125 of Chapter 18.78 of the Morgan Hill Municipal Code.

(k) Progress Reports Until Construction of Project is Complete. Developer shall make reports to the progress of construction in such detail and at such time as the Community Development Director of the City of Morgan Hill reasonably requests.

(l) City of Morgan Hill to Receive Construction Contract Documents. If the City reasonably requests copies of off-site and landscaping contracts or documents for purpose of determining the amount of any bond to secure performance under said contracts, Developer agrees to furnish such documents to the City and the City agrees to maintain the confidentiality of such documents and not disclose the nature or extent of such documents to any person or entity in conformance with the requirements of the California Public Records Act.

(m) Certificate of Completion. Within thirty (30) days after completion to the City's satisfaction of 100% of the total number of units in the Project, the City shall provide Developers with an instrument in recordable form certifying completion of the entire project. Upon issuance of the certificate of completion for 100% of the total units of the Project, this Development Agreement shall be deemed terminated as to the entire Project.

2.07 Improvements.

In any instance where Developer is required to install improvements (including those set forth in Exhibit C), Developer shall obtain City approval of the plans and specifications and the timing and manner of the installation of improvements, and provided Developer has supplied all information required by City, City shall review and act on the application for such approval with good faith and in a reasonable manner. Where the actual cost of any improvement exceed Developer's estimated cost or commitment, Developer shall be solely responsible for all improvements costs in excess of those approved by City unless otherwise provided for in a reimbursement agreement.

2.08 Overcapacity, Oversizing.

(n) City may require Developer to construct on-site and off-site improvements in a manner that provides for oversizing or overcapacity so that the constructed improvement will serve other development or residents or facilities and services outside of the Project ("**Oversizing**"). Such Oversizing shall be reasonable in scope. The Parties recognize that the City shall not require any Oversizing from Developer except in connection with the Project Approvals and in accordance with provisions of the Subdivision Map Act and Applicable Law.

(o) Unless no credit or reimbursement is owed to Developer pursuant to Section 2.04 of this Agreement, Developer's right to receive credits and reimbursements for Oversizing or excessive payment or performance shall be determined and processed pursuant to the City's Municipal Code and controlling practices (relative to credits and reimbursements) on the Effective Date.

2.09 New City Laws.

(p) City may apply any New City Law to the Project that is not in conflict with this Agreement and the Applicable Law it describes. City shall not apply any New City Law to

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

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

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

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

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

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

(5) Limit the processing of Subsequent Approvals.

(r) If City determines that it has the right under this Agreement to impose/apply a New City Law on the Property/Project, it shall send written notice to Developer of that City determination ("**Notice of New City Law**"). Upon receipt of the Notice of New City Law, if Developer believes that such New City Law is in conflict with this Agreement, Developer may send written notice to the City of the alleged conflict within thirty (30) days of receipt of City's Notice of New Law ("**Objection to New City Law**"). Developer's Objection to New City Law shall set forth the factual and legal reasons why Developer believes City cannot apply the New City Law to the Property/Project. City shall respond to Developer's Objection to New City Law ("**City Response**") within thirty (30) days of receipt of said Developer Objection to New City Law. The City Response shall set forth the factual and legal reasons why City believes it can apply the New City Law to the Project. Thereafter, the Parties shall meet and confer within thirty (30)

days of the date of Developer's receipt of the City Response (the "**Meet and Confer Period**") with the objective of attempting to arrive at a mutually acceptable solution to this disagreement. Within fifteen (15) days of the conclusion of the Meet and Confer Period, City shall make its determination, and shall send written notice to Developer of that City determination. If City determines to "impose/apply" the New City Law to the Project, then Developer shall have a period of ninety (90) days from the date of receipt of such City determination within which to file legal action challenging such City action. In other words, a 90-day statute of limitations regarding Developer's right to judicial review of the New City Law shall commence upon Developer's receipt of City's determination following the conclusion of the Meet and Confer Period. If upon conclusion of judicial review of the New City Law (at the highest judicial level sought and granted), the reviewing court determines that Developer is not subject to the New City Law, such New City Law shall cease to be a part of the Applicable Law, and City shall return Developer to the position Developer was in prior to City's application of such New City Law (*e.g.*, City return fees, return dedications, etc.). The above-described procedure shall not be construed to interfere with City's right to adopt or apply the New City Law with regard to all other areas of City (excluding the Project).

(s) Developer in its sole and absolute discretion may elect to have applied to the Project a New City Law that is not otherwise a part of the Applicable Law, subject to the limitations set forth in this subdivision (d). In the event Developer so elects to be subject to a New City Law that is not otherwise a part of the Applicable Law, Developer shall provide notice to City of that election and thereafter such New City Law shall be part of the Applicable Law. In no event shall any New City Law become part of the Applicable Law if it would relieve Developer from, or impede Developer's compliance with, Developer's obligations under this Agreement, including without limitation Developer's obligations of full "Project Mitigation" under Section 2.03 or the "RDSCS and Other Project Specific Requirement" under Section 2.04. Further, for the purposes of this Agreement, the "New City Laws" Developer may elect to be subject to pursuant to this Section shall not mean nor include any or all individual development agreements with other developers (including without limitation such development agreements' term and conditions, exhibits, etc.) executed before or after the Effective Date of this Agreement.

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

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

ARTICLE 3 **PROCESSING**

3.01 Processing.

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

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

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

(a) At Developer's sole discretion, Developer shall apply for such other permits, grants of authority, agreements, and other approvals from other private and/or public and quasi-public agencies, organizations, associations or other entities ("**Other Entity**") as may be necessary to the development of, or the provision of services and facilities to, the Project ("**Other Permits**").

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

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

an amendment(s) to this Agreement to allow the development of the Project to proceed with each Party substantially realizing its bargained-for benefit therefrom.

3.03 Administrative Amendments.

(d) Upon the written request of Developer for an amendment or modification of this Agreement or a Project Approval, the City Manager or his designee shall determine: (1) whether the requested amendment or modification is minor; and (2) whether the requested amendment or modification is consistent with this Agreement and the Applicable Law. If the city manager or his designee finds that the proposed amendment or modification is both minor and consistent with this Agreement and the Applicable Law, the City Manager or his designee may approve the proposed amendment or modification without notice and public hearing. Such minor amendments or modifications approved pursuant to this Section shall not constitute subsequent discretionary approvals subject to further CEQA review. Any minor amendment must be made in writing signed by the City Manager (and approved by the City Attorney) of the City and by the Developer. After approval and signatures from the City Manager and the Developer, the amendment shall be recorded with the Santa Clara county recorder.

(e) For the purpose of this Agreement, a minor amendment shall include any extension, postponement or amendment of the time for commencement of construction of the Project that is concurrent and to the same extent as the time extension granted pursuant to an “exception to the loss of allotment” granted by the City council pursuant to Section 18.78.125 of Chapter 18.78 of the Morgan Hill Municipal Code.

(f) A “minor amendment” shall not include any of the following:

- (i) Any material amendment or modification, or elimination of provisions required pursuant to the Morgan Hill Municipal Code and California Government Code Section 65865.2, or its successor legislation, including provisions relating to: (1) the duration or term of this Agreement, (2) the permitted uses of the subject property, (3) the density or intensity of uses, (4) the maximum height and size of proposed buildings, (5) provisions for reservation or dedication of land for public purposes, (6) general location of the uses or proposed buildings or (7) the relation of the project to adjacent properties; or
- (ii) Any material amendment or modification, or eliminations of provisions set forth in Article 2 of this Agreement or Exhibit C to this Agreement or any reduction in fees or Project Mitigations hereunder.

3.04 Amendments.

Any request by Developer for an amendment or modification to this Agreement or a Project Approval that is determined to be not minor by the City Manager or his designee shall be subject

to the applicable substantive and procedural provisions of the City's General Plan, zoning, subdivision, and other applicable land use ordinances and regulations (i.e., City review and approval) in effect when such an amendment or modification request is approved.

ARTICLE 4

DEFAULT, VALIDITY PROVISIONS, ASSIGNMENT

4.01 Defaults.

(a) Any failure by City or Developer to perform any material term or provision of this Agreement, which failure continues uncured for a period of sixty (60) days (or 150 days for a Mortgagee (as that term is defined in Section 4.10(a)) following written notice of such failure from the other Party (unless such period is extended by written mutual consent) ("**Notice of Default**"), shall constitute a default under this Agreement ("**Default**"). Any Notice of Default shall specify the nature of the alleged failure and, where appropriate, the manner in which such alleged failure satisfactorily may be cured. If the nature of the alleged failure is such that it cannot reasonably be cured within such 60-day period (or 150 days for a Mortgagee), then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter, shall be deemed to be a cure within such 60-day period (or 150 days for a Mortgagee). If the alleged failure is cured, then no Default shall exist and the noticing Party shall take no further action. If the alleged failure is not cured, then a Default shall exist under this Agreement and the non-defaulting Party may exercise any of the remedies available under this Article.

(b) No failure or delay in giving notice of default shall constitute a waiver of default; provided, however, that the provision of written notice and opportunity to cure shall nevertheless be a prerequisite to the enforcement or correction of any default. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

4.02 Actions During Cure Period.

(a) During any cure period and during any period prior to any delivery of notice of failure or default, the Party charged shall not be considered in default for purposes of this Agreement. If there is a dispute regarding the existence of a default, the Parties shall otherwise continue to perform their obligations hereunder, to the maximum extent practicable in light of the disputed matter and pending its resolution or formal termination of the Agreement as provided herein.

(b) City will continue to process in good faith development applications during any cure period, but need not approve any such application if it relates to an alleged default of Developer hereunder.

4.03 Resolution of Disputes.

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

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

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

4.04 Periodic Review.

(f) The City shall review this Agreement at least four times per year and on a schedule to assure compliance with the RDCS, at which time the Developer is required to demonstrate good faith compliance with the terms of this Agreement.

(g) If, as a result of such periodic review, the City finds and determines, on the basis of substantial evidence, that Developer has not complied in good faith with the terms or conditions of this Agreement, the City may rescind all or part of the allotments awarded under the RDCS.

4.05 Force Majeure Delay, Extension of Times of Performance.

(h) Performance by any Party hereunder shall be excused, waived or deemed not to be in default where delays or defaults are due to war, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, governmental entities other than City, including revisions to capacity ratings of the wastewater plant by the Regional Water Quality Control Board, the State Water Resources Board, enactment of conflicting State or Federal laws or regulations, or litigation (including without limitation litigation contesting the validity, or seeking the enforcement or clarification of this Agreement whether instituted by the Developer, City, or any other person or entity) (each a "**Force Majeure Event**").

(i) Any Party claiming a delay as a result of a Force Majeure Event shall provide the other Party with written notice of such delay and an estimated length of delay. Upon

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

4.06 Third Party Legal Actions.

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

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

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

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

4.07 Estoppel Certificate.

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

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

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

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

(p) If a Party fails to deliver an Estoppel Certificate within the ten (10) day period, as provided for in Section 4.07(b) above, the Party requesting the Estoppel Certificate may deliver a second notice (the "**Second Notice**") to the other Party stating that the failure to deliver the Estoppel Certificate within ten (10) working days following the receipt of the Second Notice shall constitute conclusive evidence that this Agreement is without modification and there are no unexcused defaults in the performance of the requesting Party. Failure to deliver the requested Estoppel Certificate within the ten (10) working day period shall then constitute conclusive evidence that this Agreement is in full force and effect without modification and there are no unexcused defaults in the performance of the requesting Party.

4.08 Assignment/Covenants Run with the Land.

(q) Right to Assign. Developer shall have the right to sell, assign, or transfer this Agreement with all its rights, title and interests therein to any person, firm or corporation acquiring an interest in the Project or Property (or portion thereof associated with the Project) at any time during the term of this Agreement ("**Assignee**"). Developer shall provide City with written notice of any assignment or transfer of all or a portion of the Property no later than thirty (30) days prior to such action, which notice shall include specific portions of the Project or Property to be assigned and the proposed form of assignment. Any proposed assignment shall be subject to the express written consent of City, which consent shall not be unreasonably withheld, delayed or conditioned. City's approval of a proposed assignment or transfer shall be based upon the proposed assignee's reputation, experience, financial resources and access to credit and capability to successfully carry out the development of the Property to completion. The written assignment, assumption or release of rights or obligations with respect to a portion of the Project or of the Property shall specify the portion of the Project or Property and the rights assigned and obligations assumed, and shall be approved by the City Attorney. The express written assumption by an Assignee of the obligations and other terms and conditions of this Agreement with respect to the Property or such portion thereof sold, assigned or transferred shall relieve Developer of such obligations so assumed. Any such assumption of Developer's obligations under this Agreement shall be deemed to be to the satisfaction of the City Attorney if executed in the form as may be approved by the City Attorney.

(r) Release Upon Assignment. Upon assignment, in whole or in part, and the express written assumption by the Assignee of such assignment, of Developer's rights and interests

under this Agreement, Developer shall be released from its obligations with respect to the Property/Project (or any portion thereof), and any lot, parcel, or portion thereof so assigned to the extent arising subsequent to the effective date of such assignment. A default by any Assignee shall only affect that portion of the Property/Project owned by such Assignee and shall not cancel or diminish in any way Developer's rights or obligations hereunder with respect to the assigned portion of the Property/Project not owned by such Assignee. The Assignee shall be responsible for the reporting and annual review requirements relating to the portion of the Property/Project owned by such Assignee, and any amendment to this Agreement between City and Assignee shall only affect the portion of the Property/Project owned by such Assignee.

(s) Covenants Run with the Land. This Agreement and all of its provisions, agreements, rights, powers, standards, terms, covenants and obligations shall be binding upon the Parties and their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, devisees, administrators, representatives, lessees, and all other persons or entities acquiring the Project and/or Property, any lot, parcel or any portion thereof, or any interest therein, whether by sale, operation of law or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns. All of the provisions of this Agreement shall be enforceable during the Term as equitable servitudes and constitute covenants running with the land pursuant to applicable law, including, but not limited to Civil Code section 1468. This Agreement shall not be binding upon any consumer, purchaser, transferee, devisee, assignee, or any other successor of Developer acquiring a completed residential unit comprising all or part of the Project ("**Consumer**") unless such Consumer is specifically bound by a provision of this Agreement or by a separate instrument or Agreement.

4.09 Encumbrances on the Property.

The parties hereto agree that this Agreement shall not prevent or limit Developer, in any manner, at Developer's sole and absolute discretion, from encumbering the Property, or any portion thereof or any improvements thereon with any Mortgage securing financing with respect to the construction, development, use or operation of the Project. Mortgagee may require certain modifications to this Agreement, and City shall negotiate in good faith any such request for modification or subordination.

4.10 Obligations and Rights of Mortgage Lenders.

(t) The holder of any mortgage, deed of trust or other security arrangement with respect to the Property, or any portion thereof ("**Mortgagee**"), shall not be obligated under this Agreement to construct or complete improvements or to guarantee such construction or completion, but shall otherwise be bound by all of the terms and conditions of this Agreement that pertain to the Property or such portion thereof in which it holds an interest.

(u) Each Mortgagee shall be entitled to receive written notice from City of results of the annual review to be done pursuant to Section 4.04 and any default by Developer under this Agreement, provided such Mortgagee has informed City of its address for notices. Each Mortgagee shall have a further right, but not an obligation, to cure such default in accordance with the default and default cure provisions in Sections 4.01, 4.02, and 4.03 of this Agreement. In the

event Developer (or any permitted Assignee) becomes subject to an order for relief under any chapter of Title 11 of the United States Code (the "**Bankruptcy Code**"), the cure periods provided for a Mortgagee in Section 4.01(a) of this Agreement shall be tolled for so long as the automatic stay of section 362 of the Bankruptcy Code remains in effect as to Developer (or any permitted Assignee); provided, however, if City obtains relief from the automatic stay under Bankruptcy Code section 362 to declare any default by or exercise any remedies against Developer (or any permitted Assignee), the tolling of any Mortgagee's cure period shall automatically terminate on the earlier of: (i) the date that is sixty days after entry of the order granting City relief from the automatic stay, or (ii) the date of the entry of an order granting Mortgagee relief from the automatic stay. Each Mortgagee shall be entitled to receive written notice from City of the filing of any motion by City in which City seeks relief from the automatic stay of section 362 of the Bankruptcy Code to declare any default by or exercise any remedies against Developer (or any permitted Assignee).

(v) Any Mortgagee who comes into possession of the Property, or any portion thereof, pursuant to a foreclosure of a mortgage or a deed of trust, or deed in lieu of such foreclosure, shall take the Property, or such portion thereof, subject to any pro rata claims for payments or charges against the Property, or such portion thereof, that have accrued prior to the time such holder comes into possession. In addition, any Mortgagee who comes into possession of the Property or any portion thereof, pursuant to a foreclosure of mortgage or deed of trust, or deed in lieu of such foreclosure, shall, subject to Section 4.10(a) above, be a permitted Assignee and, as such, shall succeed to all the rights, benefits and obligations of Developer under this Agreement.

(w) Nothing in this Agreement shall be deemed to be construed to permit or authorize any such holder to devote the Property, or any portion thereof, to any uses, or to construct any improvements thereof, other than those uses and improvements provided for or authorized by this Agreement, subject to all of the terms and conditions of this Agreement.

4.11 Compliance with Government Code Section 65867.5.

In accordance with the requirements of Government Code section 65867.5, City and Developer agree that any tentative subdivision map(s) for the Project is hereby made subject to a condition that a sufficient water supply shall be available. Proof of the availability of a sufficient water supply shall be secured in accordance with the provisions of Government Code section 66473.7.

4.12 Termination.

This Agreement shall terminate upon the expiration of the Term, as set forth in Section 1.03(a), or at such other time as this Agreement is terminated in accordance with the terms hereof, whichever occurs first. Upon termination of this Agreement, the City shall record a notice of such termination, in a form satisfactory to the City Attorney that the Agreement has been terminated.

ARTICLE 5

GENERAL PROVISIONS

5.01 Miscellaneous.

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

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

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

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

(e) Indemnification. Developer shall hold City, its elective and appointive boards, commissions, officers, agents, and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Developer's contractors, subcontractors', agents' or employees' operations on the Project, whether such operations be by Developer or by any Developer's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Developer or any of Developer's contractors or subcontractors. Developer shall indemnify and defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of any of the aforesaid operations and Developer shall pay all reasonable attorney's fees and costs that the City may incur. City does not, and shall not, waive any rights against Developer which it may have by reason of the aforesaid hold-harmless requirement of Developer because of the acceptance of improvements by City, or the deposit of security with City by Developer. The aforesaid hold-harmless requirement of Developer shall apply to all damages and claims for damages of every kind suffered, or alleged to have been suffered, by reason of any

of the aforesaid operations referred to in this subsection, regardless of whether or not City has prepared, supplied or approved of, plans and/or specifications for the subdivision. Notwithstanding anything herein to the contrary, Developer's indemnification of City shall not apply to the extent that such action, proceedings, demands, claims, damages, injuries or liability is based upon the active negligence of the City. Developer shall, during the life of this Agreement take out and maintain insurance coverage with an insurance carrier authorized to transact business in the State of California as will protect the Developer or any Contractor or any Subcontractor or anyone directly or indirectly employed by any of them or by anyone for whose acts any of them may be liable, from claims for damages because of bodily injury, sickness, disease, or death of their employees or any person other than their employees, or for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom. The minimum limits of liability for such insurance coverage which shall include comprehensive general and automobile liability, including contractual liability assumed under this agreement, shall be as follows:

Limit of Liability for Injury or Accidental Death:

Per Occurrence \$2,000,000

Limit of Liability for Property Damage:

Aggregate Liability for Loss \$2,000,000

Such liability insurance policies shall name the City as an additional insured, by separate endorsement, and shall agree to defend and indemnify the City against loss arising from operations performed under this agreement and before permitting any Contractor or Subcontractors to perform work under this agreement, the Subdivider shall require Contractor or Subcontractors to furnish satisfactory proof that insurance has been taken out and is maintained similar to that provided by the Subdivider as it may be applied to the Contractor's or Subcontractor's work.

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

(g) Notices.

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

If to City:

City Clerk
17575 Peak Avenue
Morgan Hill, CA 95037
Tel: (408) 779-7271
Tel: (408) 779-7259
Fax: (408) 779-3117

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

If to Developer: Attn: Toll Brothers XX
Rick Nelson
6800 Koll Center Parkway, Suite 320
Pleasanton, CA 94566-7053

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

(h) Recordation. The Clerk of the City shall record, within ten (10) days after the Effective Date, a copy of this Agreement in the Official Records of the Recorder's Office of Santa Clara County. Developer shall be responsible for all recordation fees, if any.

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

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

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

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

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

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

Exhibit A Description of Project

Exhibit B Legal Description of Lot on Which Project is to be Located

Exhibit C Project Requirements and Commitment (including RDCS)

Exhibit D Development Schedule

5.02 Limitations on Time to Challenge Validity of this Agreement. Developer shall have ninety (90) days from the date that the City Council approved this Agreement to commence and affect service of summons of any action or proceeding to attack, review, set aside, void or annul this Agreement or any part of this Agreement. Thereafter, all persons are barred from any action or proceeding or any defense of invalidity or unreasonableness of the decision of the proceedings, acts or determinations, including any provision of this Agreement or the enforcement hereof.

5.03 Notice of 90-day Right to Protest. Developer is hereby notified that Developer shall have ninety (90) days from the date of the imposition of any fees, dedications, reservations, or other exactions, to file a protest of the imposition of any such fees, dedications, reservations or other exactions; provided however that any challenge to the validity of any provisions of this Agreement, including Project Mitigations, or any RDCS or Project Specific Requirements, shall be subject to Section 5.02 and that this notice of the right to protest shall not supplant, extend or start anew any protest period already commenced pursuant to previous notices.

Attachment: E Cochrane-Toll CC Ord AE2017-0017 (1190 : Development Agreement Amendments)

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

CITY OF MORGAN HILL:

s/ _____

City Manager

Date: _____

Attest:

s/ _____

Deputy City Clerk

Approved as to Form:

s/ _____

Interim City Attorney

Date: _____

DEVELOPER:

s/ _____

Name/Title [print]

Corporate entities must provide a second signature:

s/ _____

Name/Title [print]

Date: _____

**(ALL SIGNATURES, EXCEPT CITY CLERK AND CITY ATTORNEY,
MUST BE ACKNOWLEDGED BY A NOTARY)**

Attachment: E Cochrane-Toll CC Ord AE2017-0017 (1190 : Development Agreement Amendments)

EXHIBIT A**DESCRIPTION OF PROJECT:**

**AS FOUND IN APPLICATIONS MC 11-03/MC 13-21/MC 14-12/RDCS2016-0015:
Cochrane-Borello AND AS DESCRIBED IN THE EIR FOR COCHRANE-BORELLO
DATED AUGUST 2012 AND FINAL EIR DATED JANUARY 2013**

EXHIBIT B**LEGAL DESCRIPTION****EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MORGAN HILL, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

Beginning at a point on the Southeasterly line of the Laguna Seca Rancho at the most Southerly corner of the 300 Acre Tract of Land described in the Deed from Jose Jesus Bernal and Susana Gulnac de Bernal to Alvora Cottle, dated November 8, 1862, and recorded November 10, 1862, in Book "Q" of Deeds, at Page 157, said Point of Beginning being marked by an Old stake "E"; thence running along the Southwesterly line of said 300 Acre Tract of Land and along the center line of Peet Road, N. 65 deg 09' W. 27.01 chains to a picket marked M.H.F. and 1 1/2 inch iron pipe five feet long driven along side at the most Southerly corner of the 112.68 Acre Tract of Land described in the Deed from Alvora Cottle, et ux, to Simon Mathews, dated August 13, 1867, and recorded August 20, 1867, in Book "Z" of Deeds, at Page 88; thence running N 15 deg 14' E. and along said line 46.84 chains to an old stake in mound of cobbles marked M.P.2 and from which a live oak 24" in diameter bears N 17 deg 34' W. 0.40 chains and sycamore 12" in diameter bears N 31 deg 30' W. 0.34 chains; thence N. 52 deg 46' W. 3.58 chains to a stake marked P.M. standing in the Northeasterly line of the 635.20 Acre Tract of Land conveyed by Cesar Piatti, et ux, to Jose Jesus Bernal by Deed dated January 31, 1861, and recorded February 4, 1861, in Book "O" of Deeds, at Page 35, records of said County of Santa Clara, and from which stake P.E. a sycamore 8" in diameter bears S 20 deg 35' E. 0.27 chains distant; thence along said line of said 635.20 Acre Tract, S. 68 deg 53' E. 14.087 chains to a point in said line that is distant S. 69 deg 07' W. 515.68 feet and N. 68 deg 53' W. 167.83 feet measured along the Northerly line of said 635.20 Acre Tract from the Northeasterly corner of the aforementioned 300 Acre Tract; thence S 15 deg 02' E. 176.88 feet to a 3/4" iron pipe, S 15 deg 05' W. 527.90 feet to a 3/4" iron pipe and S. 75 deg 43' E. 967.94 feet to a point in a line that is parallel with the Westerly line of the Coyote Road and distant Westerly at right angles 1.32 feet therefrom; thence along said parallel line S 11 deg 17' E. 24.04 chains to a point in the Southeasterly line of the Laguna Seca Rancho; thence along said line S. 46 deg 20' W. 22.94 chains to the Point of Beginning, and being a portion of the Rancho Laguna Seca and being a part of that 156.92 Acre Tract of Land as laid down, designated and delineated upon the Map of the Survey of the formerly Phegley Home Ranch in the Rancho Laguna Seca, and which said Map was filed for record in the Office of the Recorder of the County of Santa Clara, State of California, in Book "F2" of Maps, at Page 28.

Excepting therefrom the Parcel of property bounded by a line beginning at an iron pipe set at the Point of Intersection of the Southwesterly line of Cochran Road, formerly Coyote Road, 40 feet wide, with the Southerly line of that certain 14.31 Acre Tract of Land described in the Deed from Katherine Garnett Rhoades, also known as Katherine G. Rhoadens, to Harold E. Thomas, et ux, dated March 12, 1945; and recorded March 14, 1945, in Book 1249 of Official Records, Page 108; thence along said line of Cochran Road, formerly Coyote Road, S. 11 deg 17' E. 232.34 feet to an iron pipe; thence leaving said line of Cochran Road and running at right angles thereto, S. 78 deg 43' W. 170.0 feet to an iron pipe; thence at right angles, and parallel with said line of Cochran Road, N. 11 deg 17' W. 311.73 feet to an iron pipe set on the Southerly line of said 14.31 Acre Tract; thence along said Southerly line of said 14.31 Acre Tract, S. 76 deg 15' E. 187.63 feet to the Point of Beginning and being a portion of the Rancho Laguna Seca. Being designated upon the Map of the Record of Survey, which was filed for record on February 27, 1958, in Book 91 of Maps, at Page 13, Records of Santa Clara County, California.

Also excepting that portion of Said Land conveyed to the County of Santa Clara, instrument recorded March 23, 1954 in Book 2839, Page 377, Official Records.

Also excepting therefrom that portion of Said Land conveyed to the Santa Clara Valley Water Conservation District by Deed recorded March 23, 1960 in Book 4737, Page 109, Official Records.

Also excepting therefrom that portion of Said Land conveyed to the United States of America, by Deed recorded December 28, 1984 in Book J145, Page 391, Official Records.

Also excepting therefrom that portion of Said Land conveyed to the United States of America by Deed recorded February 15, 1985 in Book J251, Page 392, Official Records.

Also excepting therefrom that portion of Said Land conveyed to the Santa Clara Valley Water District by Deed recorded May 17, 1985 in Book J349, Page 325, Official Records.

Also excepting therefrom that portion of Said Land conveyed to the Santa Clara Valley Water District by Deed recorded May 17, 1985 in Book J349 Page 328, Official Records.

PARCEL TWO:

Together with those certain rights and interests reserved and described in that certain Deed executed by Katherine Garnett Rhoades, also known as Katherine G. Rhoades, in favor of Sebastian G. Borello and Luigia Borello, Husband and Wife, As Joint Tenants, recorded March 5, 1945 in Book 1250 Page 75, Official Records.

Also together with those certain rights to irrigation facilities and appurtenances thereto, which rights were reserved in that certain Deed executed by S. G. Borello & Sons, Inc., a Corporation, in favor of the Santa Clara Valley Water Conservation District, recorded March 23, 1960 in Book 4737, Page 109, Official Records.

Also together with those certain rights and interests reserved in that certain Deed executed by S. G. Borello & Sons, Inc., a Corporation, in favor of the United States of America, recorded December 28, 1984 in Book J145, Page 391, Official Records.

Also together with those certain rights reserved in that certain Deed executed by S. G. Borello & Sons, Inc., in favor of the Santa Clara Valley Water District, recorded May 17, 1985 in Book J349, Page 328, Official Records.

"Note: Parcel Two herein described is being included so as to avoid Chicago Title being the cause of excluding it from conveyances. Said parcel is not insured even though it may be included as part of the legal description of the land described in any policy."

Assessor's Parcel No. 728-34-027

EXHIBIT C

SPECIFIC RESTRICTIONS AND REQUIREMENTS

The following restriction and requirements apply to Phase 1 (15 FY 13-14 allotments/15 FY 2016-17 allotments), Phase 2, (25 FY 15-16 allotments), and **Phase 3, 16 FY 18-19 allotments** of the Development proposed in the following respective RDCS applications MC 11-03: Cochrane-Borello, MC 13-12: Cochrane-Borello, MC 14-14: Cochrane-Borello and RDCS 2016-0015: **Cochrane Borello** and shall apply to that portion of the Property included in the said phases of the development on the Property. Certain of the restrictions and requirements may be a partial allocation of the total requirements the Developer has committed as conditions of the total RDCS allotments awarded to the entire Project. The following chart describes the applicable reference in the Morgan Hill Municipal Code to the requirement, a description of the commitments specific to the Project, the requirement timing of the implementation and the total estimated costs of improvement or applicable fee commitment. These commitments are **IN ADDITION** to any mitigation requirements under CEQA, impact fee, in-lieu fees or other requirements under federal or state laws, or the Morgan Hill Municipal Code (See Section 2.03 of the Agreement)

*Estimated costs are estimates and may require augmentation for the completion of improvements. Impact fees are subject to the provisions of Section 2.03 (b) of this Agreement.

Municipal Code Reference	Description of Requirement	<u>Time of Implementation</u> (specify date or phase #)	<u>Estimated Cost or Fee Amount*</u>
18.78.210	Schools		
1. Developer fees	Commit to payment of district adopted developer fees as provided by the Leroy F. Green School Facilities Act of 1988.		
3. Off-site pedestrian safety improvements	MC 11-03: Applicant will provide off-site pedestrian safety improvements or traffic safety improvements near or on a MHUSD school site valued at (\$825 X 5 = \$4,125) \$4,125 dollars per unit or pay an in-lieu fee equal to \$4,125 dollars per unit or develop any other improvements valued at \$4,125 dollars per unit to be determined by the MHUSD.	FY 2013-2014 allotments	\$4,125/unit

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3. Off-site pedestrian safety improvements	Project commits to provide safe walking improvements as designated by MHUSD and the City of Morgan Hill Public Works Department. Said fee shall not exceed \$4,125 dollars per unit. MC 13-21 and MC 14-12: Will provide off-site pedestrian safety improvements or traffic safety improvements near or on a MHUSD school site valued at ($\\$825 \times 5 = \\$4,125$) \$4,125 dollars per unit or pay an in-lieu fee equal to \$4,125 dollars per unit or develop any other improvements valued at \$4,125 dollars per unit to be determined by the MHUSD. RDCS 2016-0015: Will provide off-site pedestrian safety improvements or traffic safety improvements to an elementary school located within 3/4 miles of the project site or to a middle school or high school up to \$4,950 per unit or develop any other improvements valued at \$4,950 as determined by MHUSD and the City of Morgan Hill Public Works Department.	FY 2015-2016 & FY 2016-2017 Allotments FY 2018-2019 Allotments	\$4,125/unit \$4,950/unit
18.78.220	Open Space		
1.a Open space buffer	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Applicant commits to providing a minimum 10ft buffer in excess to the standard along Peet Rd (arterial). Minimum setback for fence/wall on side yard is 15ft (20ft average). For front yard, minimum 30ft.		
1.b Common useable open space	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Private open space areas and amenities are to be maintained by a Homeowners Association.		
1.c Convenient access to parks	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Applicant to provide a minimum 7ft wide pedestrian/bicycle pathway in areas no less than 20ft wide with an average of 30ft		

	wide. Cannot be redundant of public sidewalks and will provide convenient direct and safe access to the centrally located park.		
1.d Accessibility to parks/open space	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: For consistency with prior scoring of application, applicant will provide minimum 7ft wide pathway in area no less than 20ft wide. Pathway will provide access through SCVWD property to "The Ranch at Alicante" subdivision which has pathway that provides better access to Coyote Creek Park on north side of Cochrane Rd.		
2. Percentage of buildings Ratio to open space	MC 11-03: Provides less than 20% building coverage. MC 13-21 and MC 14-12 and RDCS2016-0015: Provides less than 25% building coverage	FY 2013-2014 allotments FY 2015-2016,-FY 2016-2017 and FY2018-2019 allotments	
4. Transfer Development Credit (TDC)	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Applicant commits to purchase TDC's at a ratio of one TDC for every twenty units in project.	Paid prior to certificate of occupancy	
18.78.240	Public Facilities		
2.a Grids water mains to existing system	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Project proposes to grid water in future phases Peet to Cochrane.	FY 2013-2014/FY 2015-2016/ FY 2018-2019 allotments	
2.b Design consistent with city storm drain system	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Drainage concept will be consistent with City's Storm drain system (e.g., the City Storm Drainage Master Plan, local area storm drain system).		

2.c Location of storm drain lines	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: All Storm drain lines will be constructed entirely within the paved area of the street (curb to curb), or in a location acceptable to the Director of Public Works. Public Storm Drain Lines that are to be maintained by the City shall be constructed within a paved area or a location acceptable to the Director of Public Works.		
2.d Design of on-site detention/retention pond	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Applicant will provide an oversized detention pond along Cochrane Road. Oversized detention ponds shall be provided because the adjacent Alicante Ranch project cannot accept any additional flows. Additional storage capacity shall be provided at the direction of the Director of Public Works.		
2.f Provides public improvements	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Will provide public facilities, off site storm drainage or pedestrian improvements from a City approved list at a rate of \$4400/unit per stated requirements.	FY 2013-2014, FY 2015-2016, FY 2016-2017, and and FY 2018-2019 allotments	\$4,400.00/unit
2.g Contribution to RDCS Capital Improvements fund	MC 11-03: Applicant will contribute \$1,100 per unit to the RDCS Capital Improvement Program Fund:	FY 2013-2014 allotments	\$1,100 per unit
18.78.250	Parks and Paths		
2. Amenities	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Swimming Pool Restroom Area Tot Lot Club house with kitchen area Tennis Court Recreation Hall Exercise Room Cabana/Shade Trellis 1/2 Court Basketball Court		

3. Bike paths/equestrian trails	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Applicant commits to the criteria above and agrees to install 6.1 Miles of Class II Bike Lanes where required by the 2008 Bicycle Master Plan (244/10*0.25)=6.1 Miles. (1 Mile = 5280 ft.) Applicant commits to a total of 32,208 Linear Feet of Class II bike lane improvements. <i>Prior to installation, the Project shall coordinate with City of Morgan Hill to determine the location for the Class II bike lane improvements to be installed</i>		
5. Neighborhood park	MC 11-03/MC 13-21: Project will provide 3.5-acre open space/park plus provide public pathways to link all the open space areas to the pathway system within the adjacent developments.		
6. Lesser of Double standard park impact fees in effect (State Amount)	MC 11-03, MC 14-12 and RDCS2016-0015: Applicant agrees to pay the lesser of double the required in-lieu park fees or \$1,100 per unit.	FY 2013-2014, FY 2016-2017, and FY2018-2019 allotments	\$1,100/unit
18.78.260	Housing Needs		
B1 15% Secondary Dwellings	MC 11-03/MC 13-21 and MC 14-12 and RDCS2016-0015: The developer to providing a minimum of 15% secondary units for the entire project.		

2a. Standard Housing Fees	MC 11-03/RDCS2016-0015: Applicant commits to pay Double the standard housing fee, and to provide a minimum of 20 percent of the overall dwellings with secondary dwelling units. 244 lots with 49 secondary units (20.08% of total project) Commits to payment of double the current standard housing fee (\$150,000 X 2 = \$300,000) computed at 8% of the total units. MC 13-21 and MC 14-12: Applicant commits to payment of the standard housing fee and to and to provide a minimum of 20 percent of the overall dwellings with secondary dwelling units. 244 lots with 49 secondary units (20.08% of total project)		
18.78.270	Housing Types		
1. Diversity of types and categories	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Applicant is committing to provide 15% sf detached, 15% secondary dwelling units, and 15% single story sf units.		
3. Variation of sizes	MC 11-03/MC 13-21 and MC 14-12 and RDCS2016-0015: The project will provide for a variation of housing sizes within the project. The proposed project provides at least a fifty percent variation in house size from the smallest to largest floor plan and each house size represents at least ten percent of the total units. (three points) For purposes of making the above determination, there must be at least three (3) different floor plans and there must be a two hundred square foot difference between the size of each floor plan (less than two hundred square feet difference will be aggregated as one floor plan).		
4. Visitability accessible units	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: The project will provide at least 25 percent of the dwellings as visitability accessible units will be awarded one point. Visitability units are accessible dwellings that have one zero-step entrance on an accessible route; all main floor interiors,		

	including bathrooms, with 32 inches of clear passage space; and at least a half-bath on the main floor usable for a person in a wheelchair.		
18.78.280	Quality of Construction		
1. Conservation of resources	MC 11-03: The following improvements shall be included in each home: • Recycling center built in to cabinet layout with pull out bins. • Noncombustible siding. • 5/8 sheet rock in all interior bathroom. • Appliances shall be Energy Star rated. • Full exterior OSB/Plywood wrap with window/door flashing. • 5/8" Type "X" sheetrock in all interior walls. • Mud room from garage into home on 30% of homes. MC 13-21: The following improvements shall be included in each home: • Full exterior OSB/Plywood wrap with window/door flashing. • 5/8" Type "X" sheetrock in all interior walls. • Mud room from garage into home on 30% of homes • Recycle center built in to cabinet layout with pull outs for bins. • Noncombustible Siding and roofing Materials except for window, fascia and door trim on all homes. • Energy Star rated fresh air exhausts system in home. MC 14-12/RDCS2016-0015: The following improvements shall be included in each home: • Full exterior OSB/Plywood wrap with window/door flashing. • Installation of light weight wallboard for all walls excluding code requirement for fire walls.		

	• Installation of one dedicated 3/4inch electrical raceway for a future circuit to accommodate two 220 Volt electric car charging stations inside the garage. • Installation of 90% high efficiency fan forced heating. • Zoned heating and air condition for all one and two-story homes. • Listed sound attenuated materials in wall that adjoin a bathroom and or bedroom walls. • Installation of high efficiency energy star water heater with energy factor of 0.70. • Installation of ultra-high efficiency or dual flush toilet • Install rain sensor monitor in irrigation system.		
18.78.290	Lot Layout and Orientation		
a. Avoids deep or narrow lots and provides side yard setbacks that exceed city requirements by 20%.	Side yard setbacks (majority) shall exceed city requirements by 20%.		
c. Avoids sharp angled lots	No sharp angled lots or poor building sites proposed.		
d. Driveways < 150 ft. long—	No driveways of 150 feet in length are proposed.		
e. Transition of lot sizes	A sufficient transition in lot sizes shall be proposed in the site plan design to allow compatibility between existing and proposed neighborhoods.		
g. Exterior design	Each floor plan/elevation repeats less than 3.5 times.		
2. Street design			
a. Location to parks and open space	Park/open space area shall be aggregated into a large meaningful area.		
b. Visibility of entrances	Over 75% of the units' entrances are visible from the public right of way.		

3. Variety of setbacks			
a. Between units - front	A minimum five-foot front setback variation is provided between adjoining units.		
b. Between units - rear	A minimum five-foot rear setback variation is provided between single-family dwellings.		
c. Variation of lot widths	A four-foot variation in standard lot widths (excluding cul-de-sac lots) and each lot width represents at least 10 percent of the total lots.		
d. Garage placement	At least 50% percent of units have side-loading, detached, rear garages, or two car garages with tandem parking space to accommodate a third vehicle inside the garage.		
4. Measures to reduce noise	Project commits to: • Greater setbacks at project boundaries. • Sound insulation in units exposed to higher noise levels than average or on specific units as required by the Director of Planning. • Minimizing windows on the side of the units. • Locating AC units away from property lines.		
18.78.300	Circulation Efficiency		
1.a Discourage fast traffic	Project will have gated private streets.		
1.b Future street extensions	The project will provide the Peet Road/Hill Road realignment per the City's General Plan • Project will provide the following internal improvements: Privately maintained private streets. • Storm water bio-swales. • Project specific street sections will be utilized. • Roadway system that meets City Standard R-Values and allow for a looping pattern of circulation.		

1.d Looping pattern of circulation	Interior streets and/or drive aisles are designed to meet all city safety and parking standards and allow for a looping pattern of circulation.		
1.e Eliminate existing stubs	Full street improvements will be constructed as part of the Peet/Hill Road realignment work. The internal roadway system will meet City Standard R-Values and allow for a looping pattern of circulation		
1.g Minimum 20 ft. clear view backout distance	The project will provide for a minimum 20-foot clear view back outdistance between enclosed garage space and roadway and/or drive aisle.		
1.h Multiple access streets	All phases will have access from two separate streets.		
1.i Landscaped islands and entry monument	Islands and entry statements will be provided at all project entries.		
1.j Facilitates emergency response	The proposed access points to the project will provide adequate circulation for emergency response and police patrol.		
2.a Internal circulation for local residents	Internal project circulation is designed for use primarily by local residents.		
2.b Avoids undesirable future traffic situations	No double frontage lots. No utility easements in rear or side yards of private property. No landlocked property.		
2.c Detached sidewalks	MC 14-12: Project shall include detached sidewalks with a minimum five-foot street landscape strip	FY 2016-2017 and FY 2018-2019 allotments	
Minimize damage to surrounding streets.	The project shall document the condition of the existing surrounding right-of-ways prior to any on-site grading. Any damage caused to the adjacent or surrounding right of ways as a result of the project's construction activity shall be the responsibility of the project to repair and restore to the satisfaction of the City Engineer.		
3a. Convert existing lights to LED	Converts existing city lighting to energy efficient LED lights at a ratio of one street light conversion per dwelling unit. The	FY 2016-2017 & FY 2018-2019 allotments	

	cost of the light conversion shall be at least equal to or greater than \$ 750.00 per unit.		
4. Dedication or improvement to existing streets and parking lots outside of project	MC 11-03 & MC 14-12 and RDCS2016-0015: The project will install full street improvements on the realignment of Peet Road at a cost of \$2200/unit. Should the cost exceed \$2200/unit for said Peet Road realignment, applicant will install offsite improvements from the City approved list. The project has committed to install full street improvements along the full length realigned section of Peet Road between Half Road and the northwesterly boundary of the project. MC 13-21: The project will install street improvements along the length of the re- aligned section of Peet Road between Half Road and the northwesterly boundary of the project. The applicant has obtained letters from the affected property owners agreeing to the required dedication at a cost of \$1,100 dollars per unit or pay an in- lieu-fee equal to \$1,100 dollars per unit. Said fee shall not exceed \$1,100 dollars per unit.	FY 2013-2014, 2016-2017 & FY 2018-2019 allotments FY 2015-2016 allotments	\$2200/unit \$1,100/unit
18.78.310	Safety and Security		
1.a Provide fire escape ladder, fire extinguishers and fire proof safe.	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: : Units shall have a fireproof safe installed; the safe shall be bolted to the floor or other suitable location.	FY 2013-2014 FY 2015-2016, FY 2016-2017, and FY 2018-2019 allotments	
1.b Provide first aid kit	Applicant agrees to provide a first aid kit with a poison control document installed in the kitchen area of each D.U.		
1.d Provide outdoor lighting	Project will provide: • Outdoor lighting to meet all police department specifications. • Lockable hardware on all side yard gates. • On-site lighting (or modified electrolier) to a minimum of 1.5 foot candles in all park and common areas		

1.e Illuminated address numbers and curb numbers	Developer will install illuminated address numbers for each unit and painted reflective curb numbers. <i>House identification number markers will be installed at the entrance of each cul-de-sac.</i> to be maintained by the homeowners association.		
2. Non-combustible siding materials	Noncombustible siding will be used on 50% of units comprising of at least 75% of the siding on each unit.		
2a. Natural Surveillance 2b. Territorial Reinforcement 2c. Natural Access Control	Project will include features that maximize the visibility of people, parking and entrances Features that include landscape plantings, paving designs, and gateway treatments that define property lines and distinguish private space from public space Project shall include features that promotes natural access control by designing streets, walkways and entrances to clearly indicate public routes and discourage access to private areas		
3. Monitored alarm system	MC 11-03/MC 13-21, MC 14-12 and RDCS2016-0015: Each unit shall have installed an intrusion alarm; fire alarm and heat detector system monitored by a central station and meets City ordinance. A one-yr monitoring contract shall be provided with home purchase and commits to deliver to the homeowner a City specific responsible listing card that the MH Police Dept. can keep on file.		
5. Neighborhood emergency preparedness program through HOA	Project commits to neighborhood Emergency Preparedness Program administered through a homeowners association or central property management.		
6. Carbon monoxide detection device	Each unit shall be provided a hardwired carbon monoxide detection device or devices with battery backup. The installations of the devices are to be located per manufacturer's requirement with at least one detector per floor of the residence.		

7. Neighborhood "Watch Program" in CC&R's	The developer shall include provisions in the Covenants, Conditions and Restrictions (CC&R's) of the homeowners association which directs a Board representative to the City of Morgan Hill Police Department's Community Service Officer to enact a neighborhood watch program to be established as part of the first phase of the development.		
18.78.320	Landscaping, Screening and Color		
1.a 24" box-size trees within project	Agrees to provide twenty-four-inch box-size trees at a ratio of one box-size tree per ten trees.		
1.b Shading and screening of group parking areas	Sufficient planting will be provided around the necessary and appropriate group parking to achieve shading and visual screening as viewed from the public street.		
1.c Varied front yard landscaping	Varied front yard landscaping plans will be installed by the developer.		
1.d Energy saving trees on south walls—	Deciduous trees will be planted along the south facing side of homes		
1.e Adheres to Street Tree Master Plan	Project will conform to a Street Tree Master Plan		
2.a Drought tolerant grasses	Drought tolerant grasses are used for lawn areas and no more than twenty-five percent of the landscape area is covered with lawn.		
2.b Automatic irrigation systems	Automatic irrigation systems utilize separate valve and circuits for trees.		
2.d Use of water conserving plants	The landscape to be installed by the developer will include pervious hardscape coverage on at least fifteen percent of the landscape area.		
2.e Separate water source for irrigation of common area	A separate water source (e.g., well, import or recycled water) to irrigate common area landscape areas that are maintained by a homeowners association.		

3. Visible landscaping to public	Landscaping shall be installed on all areas visible from public and private rights-of-way.		
4. Minimize drainage runoff	Project will install pervious pavement in all open parking lots, driveways and sidewalk areas to minimize drainage runoff.		
18.78.330	Natural and Environmental		
1.a Minimize grading	Foundation types will be designed to minimize grading of the site and road alignment follows and maintains existing ground elevation to the greatest extent possible. Minimal grading is considered a fill or excavation of less than two feet in depth (four feet is acceptable for detention ponds or required fill for flood protection), and restricts the amount of runoff caused by impervious surfaces and the covering of land area suitable for percolation or bio-swales where applicable.		
1.c Preserves trees	Each building site and project circulation plan shall preserve significant trees as defined in Section 12.32.020G of the Morgan Hill Municipal Code.		
2.a Over and above commitments made in Quality of Construction, the proposed development will install the following:	MC 11-03: The project will add 50 BIG points beyond the commitments in the Quality of Construction category		
2.a Over and above commitments made in Quality of Construction, the proposed development will install the following:	MC 13-21, MC 14-12 and RDCS2016-0015: The project will add 40 BIG points beyond the 70-point commitment in the Quality of Construction category		
2.b Minimizes use of sound walls	Landscape buffer areas shall be provided at Cochrane Road, Peet /Hill Road.		
3. Pre-wired for alt. energy	A 2.4 Kwh solar system shall be installed on all homes. MC 14-12 and RDCS2016-0015: Install solar photovoltaic panels to offset 60% of anticipated electrical energy demand of residential unit.		

4.b All homes use alternative power for home electricity	A 2.4 Kwh solar system shall be installed on all homes. Install solar photovoltaic panels to offset 60% of anticipated electrical energy demand of residential unit.		
18.78.335	Livable Communities		
a. Porches and balconies	Uses porches, balconies, for any area viewed from the public right-of-way or multi-unit courtyards interior to the project on at least 25% of units to promote a neighborhood feel		
b. Roof lines	Home plans retain two different roof lines and two different pitches throughout.		
c. Profiles and massing	The proposed project conforms to the existing development that adjoins to the north.		
d. Relief and details	All materials and window detailing wrap all four sides of each home. Rear and side elevation offsets between first and second floors provide architectural interest. The color schemes are plotted to provide the additional variety and each scheme is utilized on less than 15% of the homes.		
2b In residential areas by constructing school bus bench and shelter within common area maintained by an HOA or at a location approved by the MHUSD.	Project commits to install <i>a reinforced street</i> bus pullout area across the street from Live Oak High School. sections. <i>The applicant will provide the pullout, shelter and bench.</i>		
7. Provides privacy for residents	Uses design and layout techniques that give individuals maximum privacy within and outside the homes. Such techniques include the off set of windows between units, alternating outdoor patio areas and entrance and consideration of fence height in relation to grade changes.		

EXHIBIT D

DEVELOPMENT SCHEDULE MC 11-03/MC 13-21/MC 14-12/RDCS2016-0015: Cochrane-Borello Fiscal Year 2013-14 (15 allotments)/ Fiscal Year 2015-16 (25 allotments)/Fiscal Year 2016-17 (15 allotments)/Fiscal Year 2018-19 (16 allotments)

I. SUBDIVISION AND ZONING APPLICATIONS

Applications Filed: 09-01-09

II. SITE REVIEW APPLICATION

Application Filed: 04-08-13

III. FINAL MAP SUBMITTAL

Map, Improvements Agreement and Bonds:

FY 2013-2014 – (15 units) 08-01-15

FY 2015-2016 – (25 units) 08-01-15

FY 2016-2017 – (15 units) 08-01-16

FY 2018-2019 – (16 units) 08-01-18

IV. BUILDING PERMIT SUBMITTAL

Submit plans to Building Division for plan check:

FY 2013-2014 – (15 units) 03-01-16

FY 2015-2016 – (25 units) 03-01-18

FY 2016-2017 – (15 units) 03-01-17

FY 2018-2019 – (16 units) 03-01-19

V. BUILDING PERMITS

Obtain Building Permits:

FY 2013-14 – (15 units) 05-30-16

FY 2015-16 – (25 units) 05-30-18

FY 2016-17 – (15 units) 11-30-17 ~~05-30-17~~

FY 2018-19 – (16 units) 05-30-19

VI. COMMENCE CONSTRUCTION

FY 2013-14 – (15 units) 01-15-17*

FY 2015-16 – (25 units) 06-30-18*

FY 2016-17 – (15 units) 12-30-17 ~~06-30-17~~

FY 2018-19 – (16 units) 06-30-19

~~*The allocation extensions are effective only if the Master Building Plan set is approved by August 1, 2016 and the final map for phase I (21 lots) of the San Sebastian project is recorded prior to October 31, 2016.~~

Attachment: E Cochrane-Toll CC Ord AE2017-0017 (1190 : Development Agreement Amendments)

Failure to commence construction by the dates listed above, shall result in the loss of building allotments. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

If a portion of the project has been completed (physical commencement on at least 72 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allotments for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDED DEVELOPMENT AGREEMENT TO DA-14-09 (AAE 2017-0006): MONTEREY - KB EXTENDING THE COMMENCEMENT OF CONSTRUCTION DATE FOR SIX-MONTHS FOR 26 FISCAL YEAR 2015-2016 AND 32 FISCAL YEAR 2016-2017 ALLOTMENTS. (APN 726-53-001 THRU 726-53-058)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. On February 25, 2014, the Planning Commission, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded 26 building allotments (FY2015-2016) and 26 building allotments (FY2016-2017) for application MC-13-12, and on February 10, 2015, awarded 6 building allotments (FY2016-2017) for application MC-14-13: Monterey-KB Gippetti; and

SECTION 4. On September 2, 2015, the City Council adopted Ordinance No. 2170, N.S which approved a Development Agreement for application DA-14-09: Monterey- KB Gippetti. Reference is hereby made to that certain Agreement on file in the office of the City Clerk of the City of Morgan Hill. The agreement signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. The City Council of the City of Morgan Hill found that, on the basis of the whole record before it (including the initial study and any comments received), that there is no substantial evidence that the project will have a significant effect on the environment and that the Mitigated Negative Declaration reflects the City Council's independent judgment and analysis, and that the Mitigated Negative Declaration was adopted prior to action taken to adopt the original project proposal. The custodian of the documents or other material which constitute the record shall be the Community Development Agency.

SECTION 6. A six-month extension is currently requested for 26 of the allocations awarded for FY2015-2016 and 32 of the allocations awarded for FY2016-2017; and

SECTION 7. On April 25, 2017, pursuant to Section 18.78.170.F of the Municipal Code, the Planning Commission approved a six-month extension finding the applicant has been diligent in pursuing all necessary approvals, has a recorded final map, has pulled a grading permit and has pulled 58 building permits but the extraordinary amount of rainfall has delayed the project site work resulting in delays in utility installation and creation building pads therefore it does meet the criteria for extension to the date by which these allotments must be exercised.

SECTION 8. ADOPTION OF AMENDED DEVELOPMENT SCHEDULE, EXHIBIT B. The City Council hereby approves the Development Agreement Amendment attached to this Ordinance as Exhibit A.

SECTION 9. The amended development schedule attached to this Ordinance hereby supersedes and replaces the amended development schedule approved under Ordinance No. 2170.

SECTION 10. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 11. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 12. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17th DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE __ DAY OF _____ 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ATTEST:

APPROVED:

IRMA TORREZ, City Clerk

STEVE TATE, Mayor

Attachment: F Mo-KB (Gippetti) CC Ord AE2017-0006 (1190 : Development Agreement Amendments)

✧ 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 Ordinance No. _____, New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the _____ day of _____, 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

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Attachment: F Mo-KB (Gipetti) CC Ord AE2017-0006 (1190 : Development Agreement Amendments)

EXHIBIT A

Exhibit B of the development agreement shall be amended as follows:

EXHIBIT B**DEVELOPMENT SCHEDULE**

MC-13-12 Monterey-UCP: 26, FY 2015-16 allotments/MC-14-13 Monterey -KB Gippetti: 32, FY 2016-17 allotments

I. SUBDIVISION AND ZONING APPLICATIONS			
	Applications Filed:		09-02-15
II. SITE REVIEW APPLICATION			
	Application Filed:		02-04-16
III. FINAL MAP SUBMITTAL			
	Map, Improvements Agreement and Bonds:		
	FY 2015-16 MC-13-12 (26 allotments)		02-04-16
	FY 2016-17 MC-13-12 (26 allotments)		02-04-16
	FY 2016-17 MC-14-13 (6 allotments)		02-04-16
IV. BUILDING PERMIT SUBMITTAL			
	Submit plans to Building Division for plan check:		
	FY 2015-16 MC-13-12 (26 allotments)		07-01-16
	FY 2016-17 MC-13-12 (26 allotments)		07-01-16
	FY 2016-17 MC-14-13 (6 allotments)		07-01-16
V. BUILDING PERMITS			
	Obtain Building Permits:		
	FY 2015-16 MC-13-12 (26 allotments)		04-01-17
	FY 2016-17 MC-13-12 (26 allotments)		04-01-17
	FY 2016-17 MC-14-13 (6 allotments)		04-01-17
VI. COMMENCE CONSTRUCTION:			
	FY 2015-16 MC-13-12 (26 allotments)	12-30-17	06-30-17
	FY 2016-17 MC-13-12 (26 allotments)	12-30-17	06-30-17
	FY 2016-17 MC-14-13 (6 allotments)	12-30-17	06-30-17

Failure to obtain building permits by the dates listed above shall result in the loss of building allotments. Submitting a Final Map Application or a Building Permit one (1) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allotments. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

If a portion of the project has been completed (physical commencement on at least [7] dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allotments for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

Attachment: F Mo-KB (Gippetti) CC Ord AE2017-0006 (1190 : Development Agreement Amendments)

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDED DEVELOPMENT AGREEMENT TO DA 15-02 (AAE 2017-0012): SAN PEDRO-PRESIDIO EXTENDING THE COMMENCEMENT OF CONSTRUCTION DATE FOR SIX-MONTHS FOR EIGHT FISCAL YEAR 2016-2017 ALLOTMENTS. (APN 817-01-001)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. On February 10, 2014, the Planning Commission, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded eight (8) building allotments for application MC-14-08: Presidio-Mana Monterey for FY 2016-2017.

SECTION 4. On September 2, 2015, the City Council adopted Ordinance No. 2166, N.S. which approved a Development Agreement which established 'commence construction' dates for the eight FY 2016-17 allocations. Reference is hereby made to that certain Agreement on file in the office of the City Clerk of the City of Morgan Hill. The agreement signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. On September 2, 2015, the City Council of the City of Morgan Hill found that, on the basis of the whole record before it (including the initial study and any comments received), that there is no substantial evidence that the project will have a significant effect on the environment and that the Mitigated Negative Declaration reflects the City Council's independent judgment and analysis, and that the Mitigated Negative Declaration was adopted prior to action taken to adopt the original project proposal. The custodian of the documents or other material which constitute the record shall be the Community Development Agency.

SECTION 6. On January 12, 2016, the Planning Commission, pursuant to Chapter 18.78.125 of the Morgan Hill Municipal Code, awarded four (4) building allotments for application MC-15-11: San Pedro-Presidio/Mana for FY 2017-2018.

SECTION 7. On July 20, 2016, the City Council adopted Ordinance No. 2210, N.S. which approved an amended Development Agreement incorporating four (4), FY 2017-2018 building allotments awarded to MC-15-11: San Pedro: Presidio Mana Monterey; and

SECTION 8. A six-month extension is currently requested for eight (8) allocations awarded for FY 2016-2017.

SECTION 9. On April 25, 2017, pursuant to Section 18.78.170.F of the Municipal Code, the Planning Commission approved a six-month extension finding the applicant has been diligent in pursuing all necessary approvals, has a recorded final map, has pulled a grading permit and has approved master building plans; but the extraordinary amount of rainfall has delayed the project site work resulting in delays in utility installation and creation building pads therefore it does meet the criteria for extension to the date by which these allotments must be exercised.

SECTION 10. ADOPTION OF AMENDED DEVELOPMENT SCHEDULE, EXHIBIT B. The City Council hereby approves the Development Agreement Amendment attached to this Ordinance as Exhibit A.

SECTION 11. The amended development schedule attached to this Ordinance hereby supersedes and replaces the amended development schedule approved under Ordinance No. 2210.

SECTION 12. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 13. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 14. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17th DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE __ DAY OF _____ 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ATTEST:

APPROVED:

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 Ordinance No. _____, New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the _____ day of _____, 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

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Attachment: G San Pedro-Presidio CC Ord AE2017-0012 (1190 : Development Agreement Amendments)

EXHIBIT A

Exhibit B of the development agreement shall be amended as follows:

EXHIBIT B**DEVELOPMENT SCHEDULE**

MC-14-08: San Pedro: Presidio Mana Monterey 8, FY 2016-2017 Allotments

MC-15-11: San Pedro: Presidio Mana Monterey 4, FY 2017-2018 Allotments

I.	SUBDIVISION AND ZONING APPLICATIONS	
	Applications Approved:	08-14-07
II.	SITE REVIEW APPLICATION	
	Application Filed:	07-29-15
III.	FINAL MAP SUBMITTAL	
	Map, Improvements Agreement and Bonds:	
	FY 2016-17 (8 allotments)	05-30-16
	FY 2017-18 (4 allotments)	05-30-17
IV.	BUILDING PERMIT SUBMITTAL	
	Submit plans to Building Division for plan check:	
	FY 2016-17 (8 allotments)	12-30-16
	FY 2017-18 (4 allotments)	12-30-17
V.	BUILDING PERMITS	
	Obtain Building Permits:	
	FY 2016-17 (8 allotments)	03-30-17
	FY 2017-18 (4 allotments)	03-30-18
VI.	COMMENCE CONSTRUCTION:	
	FY 2016-17 (8 allotments)	12-30-17 06-30-17
	FY 2017-18 (4 allotments)	06-30-17 06-30-18

Failure to obtain building permits by the dates listed above shall result in the loss of building allotments. Submitting a Final Map Application or a Building Permit one (1) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allotments. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

If a portion of the project has been completed (physical commencement on at least 6 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allotments for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDED DEVELOPMENT AGREEMENT TO DA 12-03 (AAE 2017-0015): WATSONVILLE-DIVIDEND EXTENDING THE COMMENCEMENT OF CONSTRUCTION DATE FOR SIX-MONTHS FOR EIGHT FISCAL YEAR 2016-2017 ALLOTMENTS. (APN 779-57-027)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. Planning Commission, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded eight (8) building allotments for application MC 10-01: Watsonville-Dividend for FY 2016-2017; and

SECTION 4. On April 3, 2013, the City Council of the City of Morgan Hill found that, on the basis of the whole record before it (including the initial study and any comments received), that there is no substantial evidence that the project will have a significant effect on the environment and that the Mitigated Negative Declaration reflects the City Council's independent judgment and analysis, and that the Mitigated Negative Declaration was adopted prior to action taken to adopt the original project proposal. The custodian of the documents or other material which constitute the record shall be the Community Development Agency.

SECTION 5. On April 3, 2013, the City Council adopted Ordinance No. 2067, N.S. which approved a Development Agreement establishing 'commence construction' dates for a 24-unit portion of the 36-unit project which received allotments from MC 10-01: Watsonville-Dividend. Reference is hereby made to that certain Agreement on file in the office of the City Clerk of the City of Morgan Hill. The agreement signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 6. On June 3, 2015, the City Council adopted Ordinance No. 2149, N.S. which approved an amended Development Agreement incorporating eight (8), FY 2015-2016 allotments and granting a 12-month extension of time to the commence construction on eight, FY 2014-2015 allotments.

SECTION 7. A six-month extension is currently requested for eight (8) allocations awarded for FY 2016-2017; and

SECTION 8. On April 25, 2017, pursuant to Section 18.78.170.F of the Municipal Code, the Planning Commission approved a six-month extension finding the applicant has been diligent in pursuing all necessary approvals, a recorded final map and has pulled a grading permit but the extraordinary amount of rainfall has delayed the phase two project site work resulting in delays in utility installation and creation building pads therefore it does meet the criteria for extension to the date by which these allotments must be exercised.

SECTION 9. ADOPTION OF AMENDED DEVELOPMENT SCHEDULE, EXHIBIT B. The City Council hereby approves the Development Agreement Amendment attached to this Ordinance as Exhibit A.

SECTION 10. The amended development schedule attached to this Ordinance hereby supersedes and replaces the amended development schedule approved under Ordinance No. 2149.

SECTION 11. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 12. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 13. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17th DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE __ DAY OF _____ 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

ATTEST:

APPROVED:

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 Ordinance No. _____, New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the _____ day of _____, 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

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Attachment: H Watsonville-Dividend CC Ord AE2017-0015 (1190 : Development Agreement Amendments)

EXHIBIT A

Exhibit B of the development agreement shall be amended as follows:

EXHIBIT B
DEVELOPMENT SCHEDULE
MC-10-01: Watsonville-Dividend

FY 2012-13 (16 allotments); FY 2014-15 (8 allotments); FY 2016-17 (8 allotments +4 existing)

I. SUBDIVISION APPLICATION	
Applications Filed:	March 29, 2012
II. SITE REVIEW APPLICATION:	
	March 29, 2012
III. FINAL MAP SUBMITTAL	
Map, Improvements Agreement and Bonds:	
FY 2012-2013 (16 allotments)	December 1, 2013
FY 2014-2015 (8 allotments)	December 1, 2014
FY 2016-2017 (8 allotments)	December 1, 2016
IV. BUILDING PERMIT SUBMITTAL	
Submit plans to Building Division for plan check:	
FY 2012-2013 (16 allotments)	January 1, 2014
FY 2014-2015 (8 allotments)	January 1, 2016
FY 2016-2017 (8 allotments)	January 1, 2017
V. BUILDING PERMITS	
Obtain Building Permits	
FY 2012-2013 (16 allotments)	May 1, 2014
FY 2014-2015 (8 allotments)	May 1, 2016
FY 2016-2017 (8 allotments)	November 30, 2017 May 1, 2017
Commence Construction:	
FY 2012-2013 (16 allotments)	June 30, 2014
FY 2014-2015 (8 allotments)	June 30, 2016
FY 2016-2017 (8 allotments)	December 30, 2017 June 30, 2017

Failure to commence construction by the dates listed above, shall result in the loss of building allotments. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

If a portion of the project has been completed (physical commencement on at least 7 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allotments for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN APPROVAL OF DEVELOPMENT AGREEMENT AMENDMENT DA 14-10 (AAE2017-0018): DUNNE-BUSK GRANTING A FOUR-MONTH EXTENSION FOR SEVEN (7) FISCAL YEAR 2015-2016 AND FIVE (5) FISCAL YEAR 2016-2017 BUILDING ALLOTMENTS (APN 817-19-044)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. On February 25, 2014, the Planning Commission pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded seven (7) building allotments for application MC-13-16: East Dunne – MDMH Investors for FY 2015-2016 and five (5) building allotments for FY 2016-2017; and

SECTION 4. On April 6, 2016, the City Council adopted Ordinance No. 2195, N.S which approved a Development Agreement for application MC-13-16: East Dunne – MDMH Investors, said ordinance included a six-month extension to the seven (7) FY 2015-2016 allotments and established ‘commence construction’ dates for the 12-unit project. Reference is hereby made to that certain Agreement on file in the office of the City Clerk of the City of Morgan Hill. The agreement signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. On January 18, 2017, the City Council adopted Ordinance No. 2228 N.S. which approved an amended Development Agreement granting a six-month extension of time to commence construction on the seven (7) FY 2015-2016 allotments, said ordinance further stipulated as a condition of the six-month extension all dates within Exhibit B of the Development Agreement shall become hard deadlines and if any of the deadlines were missed, all allotments shall expire immediately. Ordinance No. 2228 further stipulated that no further extensions will be provided; and

SECTION 6. The City Council of the City of Morgan Hill found that, on the basis of the whole record before it (including the initial study and any comments received), that there is no substantial evidence that the project will have a significant effect on the environment and that the

Mitigated Negative Declaration reflects the City Council's independent judgment and analysis, and that the Mitigated Negative Declaration was adopted prior to action taken to adopt the original project proposal. The custodian of the documents or other material which constitute the record shall be the Community Development Agency.

SECTION 7. A four-month extension is currently requested for the seven (7), FY 2015-2016 allotments and the five (5) FY 2016-2017 allotments;

SECTION 8. On April 25, 2017, pursuant to Section 18.78.170.F of the Municipal Code, the Planning Commission approved a four-month extension finding the applicant has demonstrated that there are circumstances from extended City processing of the Final Map and Improvement Plans that have precluded the issuance of permits or granting of approvals required to exercise the allotments.

SECTION 9. ADOPTION OF AMENDED DEVELOPMENT SCHEDULE, EXHIBIT B. The City Council hereby approves the Development Agreement Amendment attached to this Ordinance as Exhibit A.

SECTION 10. The amended development schedule attached to this Ordinance hereby supersedes and replaces the amended development schedule approved under Ordinance No. 2195.

SECTION 11. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 12. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 13. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 17th DAY OF MAY 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE ____ DAY OF _____ 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

ATTEST:

APPROVED:

IRMA TORREZ, City Clerk

STEVE TATE, Mayor

Attachment: J EDunne-Busk CC Ord AE2017-0018 [Revision 1] (1190 : Development Agreement Amendments)

✧ 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 Ordinance No. , New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the day of , 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

R:\PLANNING\WP51\Land Agreements\DA\MassDAA.17\Ordinances\J EDunne-Busk CC Ord AE2017-0018.docx

Attachment: J EDunne-Busk CC Ord AE2017-0018 [Revision 1] (1190 : Development Agreement Amendments)

EXHIBIT A

Exhibit B of the development agreement shall be amended as follows:

EXHIBIT B**DEVELOPMENT SCHEDULE****MC 13-16: E. Dunne- MDMH Investors 7 FY 2015-16 & 5 FY 2016-17 Allotments**

I.	SUBDIVISION AND ZONING APPLICATIONS		
	Applications Filed:		10-31-2014
II.	SITE REVIEW APPLICATION		
	Application Filed:		01-30-2017
III.	FINAL MAP SUBMITTAL		
	Map, Improvements Agreement and Bonds:		
	FY 2015-16 (7 units)		10-24-2016
	FY 2016-17 (5 units)		10-24-2016
IV.	BUILDING PERMIT SUBMITTAL		
	Submit plans to Building Division for plan check:		
	FY 2015-16 (7 units)	04-06-2017	03-30-2017
	FY 2016-17 (5 units)	04-06-2017	03-30-2017
V.	FINAL MAP RECORDATION		
	FY 2015-16 (7 units)	08-30-2017	04-30-2017
	FY 2016-17 (5 units)	08-30-2017	04-30-2017
VI.	COMMENCE CONSTRUCTION:		
	FY 2015-16 (7 units)	10-30-2017	06-30-2017
	FY 2016-17 (5 units)	10-30-2017	06-30-2017

Failure to obtain building permits by the dates listed above shall result in the loss of building allotments. Submitting a Final Map Application or a Building Permit one (1) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allotments. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

If a portion of the project has been completed (physical commencement on at least 7 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allotments for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.



CITY COUNCIL STAFF REPORT

MEETING DATE: May 17, 2017

PREPARED BY: John Baty, Principal Planner/Development Services
APPROVED BY: City Manager

ZA2017-0003: AN ORDINANCE ESTABLISHING A COMPETITION MANUAL FOR THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS)

RECOMMENDATION(S)

1. Open/close public hearing;
2. Waive first and second reading of RDCS Competition Manual Ordinance; and
3. Introduce RDCS Competition Manual Ordinance.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment
Maintaining Fiscal Responsibility
Supporting Our Youth
Seniors
and Entire Community
Preserving and Cultivating Public Trust

POLICY CONSIDERATIONS:

1. Does the proposed Residential Development Control System (RDCS) Competition Manual (Manual) adequately address the objectives identified in Measure S?
2. Does the Manual provide comprehensive guidance for the RDCS competition?
3. Do the policies and guidance contained in the Manual adequately update or replace the need for City Council Policies CP-06-01, CP-06-04, CP-07-01/02, CP-07-04, CP-09-02, and CP-09-03?

REPORT NARRATIVE:

The comprehensive update of the City of Morgan Hill's RDCS began in 2015 as part of the Morgan Hill 2035 Project. In meetings between May 2015 and July 2016, an RDCS Working Group, Planning Commission, and City Council drafted the RDCS Ordinance update which was set for the ballot on November 8, 2016. The measure known as Measure "S" was subsequently approved by Morgan Hill voters and became effective on March 1, 2017. The RDCS Ordinance is codified in Chapter 18.78 of Title 18 (Zoning) of the Morgan Hill Municipal Code (weblink below).

Section 18.78.100 of the RDCS ordinance requires that the City Council adopt and maintain an RDCS Manual that establishes criteria and point values (Section III in the attached Manual) for awarding allotments to competing residential projects. The Manual

is also intended to contain policies (Section IV in the attached Manual) updating and replacing existing City Council Policies, to guide the implementation of the RDCS.

Over the past six months, between October 11, 2016 and April 25, 2017, the Planning Commission held 20 public workshops (over 100 total hours) to review, consider input from the community, discuss, and refine a Draft Manual. City staff want to recognize the Planning Commission for its commitment and dedication to the process and ensuring a quality Manual was developed.

At its hearing on April 25, 2017, the Planning Commission unanimously recommended City Council adopt the attached RDCS Competition Manual for the upcoming 2017 RDCS competition. The Planning Commission Chair, Wayne Tanda, has graciously agreed to attend the City Council meeting to answer any Council questions and provide context as necessary.

Competition Manual Development

Section III. Competition Criteria, Standards, and Points

Measure S provides that each year the City may conduct a competition for allotments for development of residential units and when there is a competition, to be eligible to compete for allotments, a project must receive a minimum score of at least 80 percent of the total maximum score of the RDCS competition criteria.

According to the Measure, RDCS competition criteria, which are established in the Manual, shall advance the nine City Objectives identified in Measure S: schools; location; affordable housing; housing diversity; parks & open space; environmental protection; transportation; infrastructure & services; and project quality.

The Planning Commission established 200 points as the maximum score and distributed the maximum points for each of the nine Objectives as shown in the following table.

Objective	Maximum Score	
	Points	Percent
1. Schools	12	6%
2. Location	22	11%
3. Affordable Housing	32	16%
4. Housing Diversity	23	11.5%
5. Parks and Open Space	29	14.5%
6. Environmental Protection	22	11%
7. Transportation	15	7.5%
8. Municipal Infrastructure	10	5%

9. Project Quality	35	17.5%
Total	200	100%

Measure S requires that the total number of points for each of the nine Objectives be no more than 20 percent (40 points) and no less than 5 percent (10 points) of the total number of available RDCS competition points (200 points).

The Planning Commission developed specific criteria and points to advance each of the nine Objectives. Within each Objective there are typically more available points than maximum points that may be awarded, which provides projects with multiple pathways to maximize their scores.

The RDCS competition criteria generally fit into one of four categories:

1. **Location** – based on the location of a property within the City;
2. **Qualitative** – for improvements and design features located on the development site;
3. **Off-site** – for construction of improvements outside of the project site that would provide a public benefit; and
4. **Voluntary Funding** – for financial contributions to City funds used to provide community services and infrastructure.

To evaluate how a range of project types, in a variety of locations would score according to the criteria, standards, and points available within the nine Objectives, a series of tests were conducted with each significant revision to the scoring criteria.

With help from several volunteers from the development community, an initial round of tests on 15 different projects (generally projects that successfully competed under the previous RDCS - Measure C) revealed that significant adjustments to the competition criteria and points were necessary to ensure that there would be a reasonable pathway for all projects to achieve a minimum score (160 out of 200 points) through location and qualitative (on-site) criteria.

Through subsequent rounds of changes and testing, it was evident that certain classes of projects (Micro and Small, including custom lots) and projects with primarily single-family detached homes had difficulty achieving a minimum score necessitating further adjustments.

The Manual recommended by the Planning Commission includes criteria and point revisions that address the previously identified scoring challenges and provides a reasonable path for all projects to achieve a minimum score. Final testing indicated that projects will likely choose to make voluntary contributions, at amounts that are generally comparable with commitments made under Measure C, to increase their scores.

Section IV. RDCS Implementation Policies

Section IV of the Manual includes the policies and procedures necessary for implementing the RDCS. The Planning Commission reviewed and incorporated updated versions of the following existing City Council policies within the Manual. Three existing policies were determined to no longer be relevant with Measure S and were not included. The adoption of the Implementation Policies within the Manual is intended to replace the following City Council policies (available by weblink below).

- CP-06-01 Early Start of Construction for Residential Projects Awarded a Building Allotment (updated/included);
- CP-06-04 Tentative Subdivision Map Approval Prior to the Award of Building Allocations (updated/included);
- CP-07-01/02 Policy for Establishing Procedures for Scoring and Awarding the 100 Allotments Made Available November 2006 – Competition/No Competition (not included);
- CP-07-04 Residential Development Control System Implementation Policies (updated/included);
- CP-09-02 Policy Guidance for Decisions on ELBA Requests Filed by Developers (not included); and,
- CP-09-03 Allocations for On-Going Projects (updated/included)

COMMUNITY ENGAGEMENT: Collaborate

Planning Commission workshops on the RDCS were open to the public and included opportunities for community members to participate in discussions by asking questions and providing input on the development of the Manual and Implementation of the RDCS.

Members of the community, including developers and their representatives, regularly attended the 20 public workshops and actively participated with the Planning Commission providing valuable feedback on the development and refinement of competition criteria, standards, and points, and on RDCS implementation policies.

ALTERNATIVE ACTIONS:

Adopt an Ordinance establishing the RDCS Competition Criteria, Standards, and Points (Section III of the Manual) and at a future hearing adopt a resolution approving the remaining sections of the Manual including the Implementation Policies (Section IV).

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

At its hearing on April 25, 2017, the Planning Commission unanimously recommended that the City Council approve an Ordinance establishing a Manual for the RDCS.

FISCAL AND RESOURCE IMPACT:

Development of the Manual is within the work plan and budget for the Morgan Hill 2035 Project.

CEQA (California Environmental Quality Act):

An Environmental Impact Report (EIR) for the Morgan Hill 2035 Project, which included the RDCS Update, was prepared in accordance with the California Environmental Quality Act (CEQA) and certified by the Morgan Hill City Council on July 27, 2016. (SCH #2015022074) requirements.

LINKS/ATTACHMENTS:

1. RDCS Ordinance Chapter 18.78 (weblink)
2. RDCS Competition Manual
3. CP-06-01 Early Start of Construction (weblink)
4. CP-06-04 Tentative Subdivision Map Approval (weblink)
5. CP-07-01 Procedures for Scoring and Awarding 100 Allotments - Competition (weblink)
6. CP-07-02 Procedures for Scoring and Awarding 100 Allotments - No Competition (weblink)
7. CP-07-04 RDCS Implementation Policies (weblink)
8. CP-09-02 ELBA Requests (weblink)
9. CP-09-03 Allocations for On-Going Projects (weblink)
10. Draft RDCS Competition Manual Ordinance



RDCS Competition Manual

City of Morgan Hill

Attachment: RDCS Competition Manual (1187 : RDCS Competition Manual)



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APPENDIX: RD​CS Ordinance

I. COMPETITION MANUAL OVERVIEW

This RDCS Competition Manual contains the criteria and standards that the City of Morgan Hill uses to award residential allotments to projects. These criteria and standards are consistent with the RDCS ballot measure approved by the voters in 2016, the RDCS Ordinance in Division IV of the Morgan Hill Development Code, and with the growth management goals and policies in the General Plan.

The RDCS Competition Manual is an official City policy document adopted by the City Council on May 17, 2017. The Manual contains the specific rules to award points to competing projects, as well as examples of how these rules are applied and interpreted for sample projects. The Manual will be revised overtime to help the City identify projects that best meet the community's development objectives and award points to competing projects in a predictable and consistent manner.

Following this introduction, the RDCS Competition Manual presents the nine Objectives, which are categories of RDCS competition criteria established by the RDCS ordinance and lists the individual competition criteria within these nine Objectives. The manual then presents each individual standard and criteria with definitions of terms, rules for scoring projects, and example project scoring as needed. The final section of the manual establishes policies and procedures for administering the RDCS competition and award of allotments. The RDCS ordinance is attached to this manual as an appendix.

The Updated RDCS

The Residential Development Control System (RDCS) is Morgan Hill's voter-approved growth management system that limits the total amount and pace of new residential construction and encourages high-quality development that enhances residents' quality of life. The RDCS was first established in 1977 and has been extended and modified multiple times by voters since then.

In November of 2016 the voters approved the current version of the RDCS, known as Measure S. This updated RDCS establishes a maximum population limit of 58,200 in 2035 and a maximum of 215 allotments available each year. The updated RDCS continues the requirement that a residential development project compete for allotments each year, predicated upon the City awarding allotments to projects based on established scoring criteria. Unlike previous versions of the RDCS, the specific competition criteria is contained in this Competition Manual, not in the RDCS Ordinance itself.

The RDCS Ordinance contains rules and requirements that may only be modified by the voters as well as content that may be modified by the City Council without voter approval. Content within the Competition Manual which may be modified only by the voters include the nine City Objectives and limitations regarding the number of points available under these nine Objectives described in the next section. Other contents of this Competition Manual, including the specific competition criteria and standards and the specific point values for each, may be modified by the City Council without voter approval.

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II. COMPETITION CRITERIA SUMMARY

A. Criteria and Points Overview

Section 18.78.100.A (Competition Criteria) of the RDCS Ordinance states that the Competition Manual must establish the criteria that the City will use to award projects to competing projects, and these criteria must advance nine specific City Objectives. Table 1 below lists these nine Objectives, identifies the maximum number of points that may be awarded from criteria that advance the Objectives, and shows the percent of the maximum points that may be awarded for each.

TABLE 1: CRITERIA ADVANCING OBJECTIVES

Objective	Maximum Score	
	Points	Percent
1. Schools	12	6%
2. Location	22	11%
3. Affordable Housing	32	16%
4. Housing Diversity	23	11.5%
5. Parks and Open Space	29	14.5%
6. Environmental Protection	22	11%
7. Transportation	15	7.5%
8. Municipal Infrastructure	10	5%
9. Project Quality	35	17.5%
Total	200	100%

Section 18.78.100.B (Points) of the RDCS Ordinance states that the cumulative total number of points for competition criteria that advance each of the nine Objectives shall be a minimum of 5 percent (i.e., 10 points) and a maximum of 20 percent (i.e., 40 points) of the maximum total number of RDCS competition points (i.e., 200 points). The City Council may adjust the number of points within each Objective by no more than 15 percent of the points available within the Objective the previous year.

B. Specific Criteria and Available Points

Table 2 shows each of the competition criteria for the nine Objectives, the available points for each competition criteria, and the maximum number of points that may be awarded under each Objective. Within each Objective there are typically more *available* points than *maximum* points that may be awarded. For example, within the Location Objective there are 36 available points and 22 maximum points. A project may select any of the 36 available points to maximize its score, but may not be awarded more than 22 points within the Objective. With total available points that exceed maximum points that may be awarded in each Objective, projects have multiple pathways to maximize their scores and may earn points from criteria that are most appropriate for the project type.

Points are intended to be awarded only for projects that provide for excellence in project design and provide a community benefit that exceeds minimum requirements of the City and other governmental agencies. All projects must comply with City standards established in the General Plan, Municipal Code, and other City rules and regulations together with other applicable laws.

To promote long term consistency and reduce uncertainty for applicants for residential development, the City Council may amend competition criteria and point values in the Competition Manual only when necessary and no more frequently than once per year. Annually the Planning Commission reviews and recommends to the City Council any revisions to the competition criteria and/or point values. If amended, competition criteria and/or point values must be established no later than six months prior to the RDCS application submittal deadline.

TABLE 2: RDCS COMPETITION CRITERIA

Criteria	Points Available	Objective Maximum Points
1. Schools	17	12
1-A: Proximity to Schools	5 (6 Senior)	
1-B: Proximity to Schools with Capacity	2	
1-C: Student Transportation Improvements	10	
2. Location	40	22
2-A: Central Core	12	
2-B: Infill Corridors	10	
2-C: Adjacent to Development	3	
2-D: Proximity to Daily Needs	5	
2-E: Proximity to Police and Fire Service	5	
2-F: Areas with Public Utility Capacity	5	
3. Affordable Housing	32	32
3-A: Affordable Housing Fund Contribution	32	
3-B: Development of Affordable Units	32	
4. Housing Diversity	38	23
4-A: Accessory Dwelling Units	3	
4-B: Diversity of Housing Types	8	
4-C: Variation in Housing Size	8	
4-D: Small Units	8	
4-E: Housing Stock Diversity	8	
4-F: Single-Story Homes	3	

5. Parks and Open Space	59	29
5-A: Park Fund Contribution	6	
5-B: Excess Park Land	5	
5-C: Agriculture Conservation or Open Space Easement	9	
5-D: Agriculture Buffer	4	
5-E: Agriculture Preservation or Open Space Fund Contribution	9	
5-F: On-Site Recreational Amenities	8	
5-G: Amenities for All Age Groups	2	
5-H: Public Gathering Places	3	
5-I: Proximity to Public Park	3	
5-J: Open Space Design	10	
6. Environmental Protection	54	22
6-A: Energy Efficiency	6	
6-B: On-Site Solar Energy Generation	10	
6-C: Indoor Water Use	4	
6-D: Outdoor Water Use	12	
6-E: Sustainable Site and Building Design	22	
7. Transportation	31	15
7-A: Bicycle and Pedestrian Improvements	6	
7-B: Transit Improvements	3	
7-C: Off-Site Roadway Improvements or Fund Contribution	6	
7-D: Transportation Demand Management	5	
7-E: Connections to Adjacent Property	3	
7-F: Internal Connections	4	
7-G: EV Charging Stations	4	
8. Municipal Infrastructure	18	10
8-A: Water Infrastructure	3	
8-B: Wastewater Infrastructure	3	
8-C: Storm Water Infrastructure	3	
8-D: Infrastructure and Services Fund Contribution	3	
8-E: Broadband Connectivity	6	
9. Project Quality	58	35

9-A: Exterior Building Design	13	
9-B: Building Placement and Massing	15	
9-C: Site Improvements	7	
9-D: Vehicle Parking and Access	13	
9-E: Public Art	3	
9-F: Smart Homes	4	
9-G: Project Excellence	3	
Total Points Available	347	200

C. Types of Criteria and Project Scoring Examples

There are four general types of RDSCS competition criteria: 1) location criteria 2) qualitative criteria; 3) off-site criteria; and 4) voluntary funding criteria.

Location Criteria

Location criteria award points based on the location of a property within the City of Morgan Hill. These points are awarded based on location and therefore cannot be “earned” through project features or contributions. A total of 46 location points are available, primarily within the Location Objective but also in the Schools and Parks and Open Space Objectives. Location criteria are intended to encourage and prioritize infill development and housing close to existing services and infrastructure.

Location Criteria Example: Criteria 2-A (Central Core)

Under Criteria 2-A (Central Core) a project receives 1 to 12 points depending on its distance from Morgan Hill’s central core. A project that is two miles from the central core would receive 1 point. Projects closer to the central core would receive more points, up to 12 points for projects within the central core. The central core boundaries are shown in Figure 2 in Part 3 of the Competition Manual. The distance from the central core is measured using the minimum distance between any portion of a parcel and the central core boundary measured in a straight line.

Qualitative Criteria

Qualitative criteria award points for improvements and design features located on the development site. Up to 238 qualitative points are available, with point opportunities in all Objectives except for Schools and Location. Qualitative points are awarded for project features such as diversity in housing types and sizes, parks and recreational amenities, on-site bicycle and pedestrian facilities, and excellence in site and building design. Qualitative criteria directly benefit project residents as well as the community at large.

Qualitative Criteria Example: Criteria 4-A (Accessory Dwelling Units)

Under Criteria 4-A (Accessory Dwelling Units) a project receives 1 to 3 points for incorporating accessory dwelling units on lots with detached single-family homes. An accessory dwelling unit is a secondary dwelling unit located on the same lot as a detached single-family dwelling and may be either attached or detached from the main home. Under this criteria projects receive 1 point for providing 10 to 20 percent of lots with accessory dwelling units, 2 points for 20 to 30 percent of lots with accessory dwelling units, and 3 points for more than 30 percent of lots with accessory dwelling units.

Off-Site Criteria

Off-site criteria award points for the construction of improvements outside of the project site that would provide a public benefit. A total of 44 off-site points are available for constructing bicycle, pedestrian, and roadway improvements, establishing an agricultural conservation easement, and constructing public utility improvements. Points awarded for off-site improvements are typically based on the value of the improvement per number of units (e.g., 1 point for \$1,000 in improvement value per unit). In some cases the City may accept a financial contribution in-lieu of constructing the improvement to better meet community needs.

Off-Site Criteria Example: Criteria 7-C (Off-Site Street and Parking Improvements)

Under Criteria 7-C (Off-Site Street and Parking Improvements) a project receives up to 6 points for constructing off-site street roadway improvements or providing funds for the construction of off-site street roadway improvements. A project receives 1 point for every \$1,000 in value of improvement per unit. For example, if a 10-unit project constructs off-site street improvements valued at \$20,000, the project would receive 2 points. To receive these points, the off-site improvement must be voluntary and not otherwise required by the City or any other public agency.

Voluntary Funding Criteria

Voluntary funding criteria awards points for financial contributions to City funds used to provide community services and infrastructure. A total of 41 points are available for contributions to City funds for affordable housing, parks and open space, agricultural preservation, transportation improvements, infrastructure, and services. Points awarded for voluntary fund contributions are based on the value of the improvement per number of units (e.g., 1 point for \$1,000 in contribution per unit). Points are awarded only for contributions beyond minimum City fees and are separate from any required development impact fees.

Voluntary Funding Criteria Example: Criteria 5-E (Agriculture Preservation or Open Space Fund Contribution)

Under Criteria 5-E (Agriculture Preservation or Open Space Fund Contribution) a project receives up to 9 points for contributing to the City's agriculture preservation or open space fund beyond the minimum requirement. Points awarded are based on amounts established through the City's Special Funds Ordinance (4 points for \$3,899.09 contributed per unit and 9 points for \$7,798.19 contributed per unit). Based on this a 10-unit project that contributes \$38,990.90 would receive 4 points and a 10-unit project that contributes \$77,981.90 would receive 9 points.

In most cases, a project feature or contribution may not earn a project points in more than one criteria. For example, a project that earns points for installing safe-routes-to-school pedestrian improvements under Criteria 1-C (Student Transportation Improvements) may not also receive points for the same improvement under Criteria 7-A (Bicycle and Pedestrian Improvements). However, there are cases where a project design feature may allow a project to receive points from multiple criteria. For example, a project that incorporates accessory dwelling units may earn points in criteria 4-A (Accessory Dwelling Units) and 4-B (Diversity of Housing Types). Points may be awarded in multiple criteria for a single project feature only where expressly identified in Section III of this manual.

D. Minimum Score

Section 18.78.080.B (Minimum Score) of the RDCS Ordinance states that a project may receive allotments only if it receives a score of at least 80 percent of the total maximum score in the RDCS competition criteria. As shown in Table 1, the total maximum score is 200, so a project must receive at least 160 points (80 percent of 200) to receive allotments.

To receive allotments, a project must receive a minimum score of 18 points, except as provided for under Section III Objective 3 Affordable Housing. For all other Objectives, there is no minimum score to be eligible for allotments. However, to receive at least 160 points, a project would need to receive points from criteria under at least six of the nine Objectives, if not more.

RDCS criteria and point values have been designed to provide a realistic pathway for all types of projects to achieve a minimum score through location and qualitative criteria points. Based on previous RDCS competitions, it is expected that many projects will elect to receive points from off-site and funding contribution in order to achieve a winning score and receive allotments.

III. COMPETITION CRITERIA, STANDARDS, AND POINTS

1. SCHOOLS

Intent: Support safe and convenient access to schools and promote high quality schools in Morgan Hill.

Points Available: See Table 3.

TABLE 3: SCHOOL POINTS AVAILABLE

Criteria	Points Available	
1-A: Proximity to Schools	5	
1-B: Proximity to Schools with Capacity	2	
1-C: Student Transportation Improvements	10	
Total	17	12 Maximum

Criteria 1-A: Proximity to Schools

Standard: The project is within walking distance of one or more Morgan Hill Unified School District (MHUSD) schools.

Points: See Table 4.

TABLE 4: POINTS FOR PROXIMITY TO SCHOOL

Project Location	Points
Walking distance from one school (elementary, middle, or high school)	2
Walking distance from two schools, each serving different grade levels (elementary, middle, or high school)	5

Total Available Points: 5

Senior Projects. Housing projects for senior citizens as defined in Section 51.2 of the State Civil Code will receive an automatic 6 points regardless of proximity to schools.

Scoring Instructions: A project is within walking distance of a school if it is 0.75 miles or less from an elementary school and 1.5 miles or less from a middle or high school.

To be eligible for points, students must be able to walk along a safe route from the project to the school as determined by the MHUSD. A safe route means a continuous sidewalk, pedestrian path, or trail with street crossings, intersection controls, and other physical improvements that reduce potential conflicts between pedestrians, bicyclists, and vehicles. A safe route must be in place at time of application submittal or established by the applicant within the first year of project construction.

The distance to a school is measured as the lineal distance a student would walk, from the project point of entrance nearest to the school to the nearest entrance point of the school grounds.

Schools eligible for points include any MHUSD school or charter school included on the MHUSD official list of existing and planned schools. MHUSD schools and programs which serve all students in the district and don't have specific boundaries (e.g., Community Adult School, Continuation High School) are not eligible for points.

Scoring Example: A project located within walking distance of an elementary school would receive two points. If the project is within walking distance of both an elementary and a middle school, the project would receive five points.

Criteria 1-B: Proximity to Schools with Capacity

Standard: The project is located within walking distance of one or more Morgan Hill Unified School District (MHUSD) schools with capacity to serve new students.

Total Available Points: 2 points

Scoring Instructions: To be eligible for points, the project must be located within walking distance of an elementary, middle, or high school that has capacity to house the number of students that the development would yield as determined by the MHUSD in writing prior to the RDCS competition application deadline.

For multi-year projects, the project shall retain the points received during the first phase.

The requirements for walking distance, safe routes to schools, rules of measurement, and eligible schools for Criteria 1-B above also apply to Criteria 1-C.

Criteria 1-C: Student Transportation Improvements

Standard: The project contributes funds or constructs off-site pedestrian, bicycle and/or vehicle access improvements for Morgan Hill Unified School District (MHUSD) schools within the Morgan Hill Sphere of Influence.

Points: 1 point for every \$1,000 of improvement value per unit; and/or 1 point for every \$1,000 in funds contributed per unit.

Total Available Points: 10 points

Scoring Instructions: A project may receive points if it constructs sidewalks, pedestrian paths, trails with street crossings, intersection controls, vehicle access enhancements, and other physical improvements that reduce potential conflicts between pedestrians, bicyclists, and vehicles. Improvements must facilitate a safe route to school for pedestrians and bicyclists from the project to a MHUSD school. A project may also receive points for contributing funds to the City's Safe Access to Schools Fund to be used by the City to construct physical improvements to enhance safe student access to MHUSD schools.

2. LOCATION

Intent: Encourage infill projects adjacent to existing development and close to existing community services and facilities.

Points Available: See Table 5.

TABLE 5: LOCATION POINTS AVAILABLE

Criteria	Points Available	
2-A: Central Core	12	
2-B: Infill Corridors	10	
2-C: Adjacent to Development	5	
2-D: Proximity to Daily Needs	5	
2-E: Proximity to Police and Fire Service	5	
2-F: Areas with Public Utility Capacity	5	
Total	42	22 Maximum

Criteria 2-A: Central Core

Standard: The project is in or near Morgan Hill's central core.

Points: See Table 6.

TABLE 6: POINTS FOR CENTRAL CORE

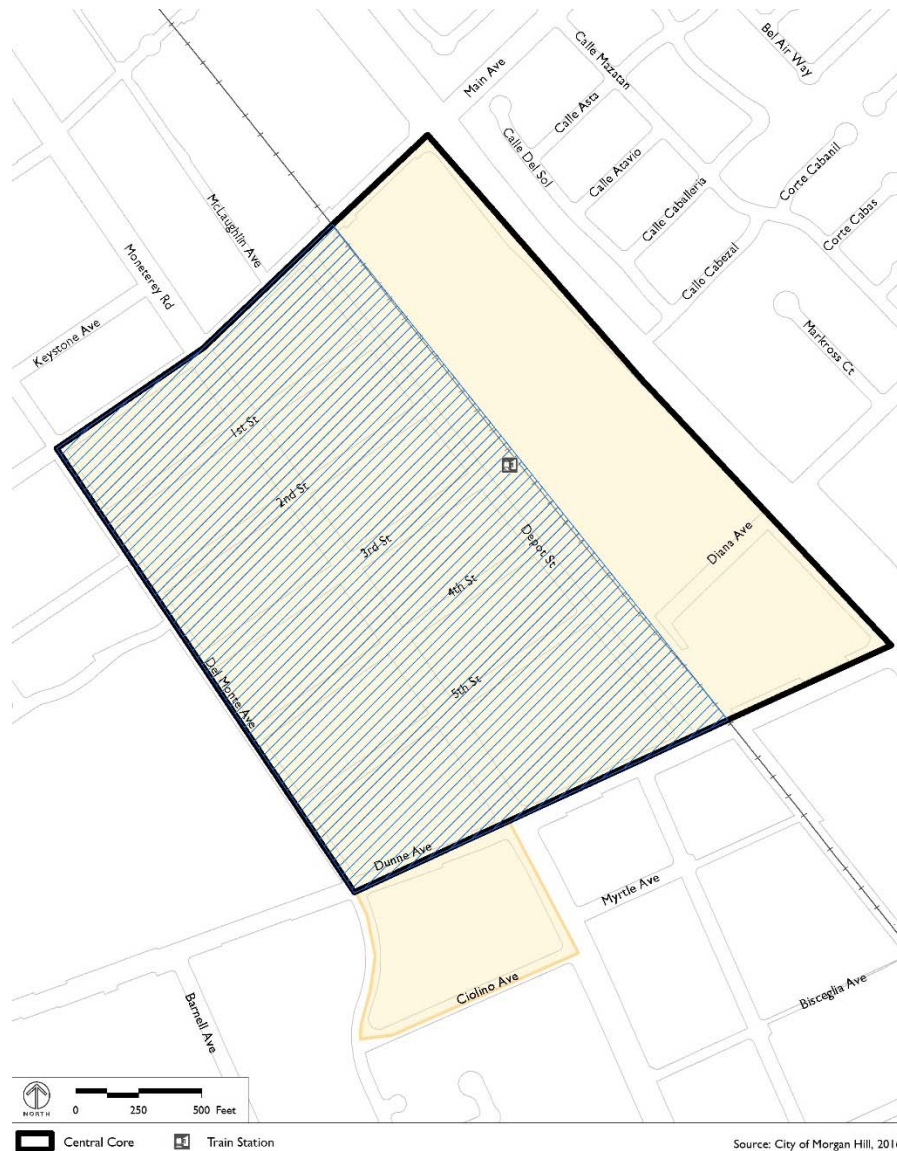
Project Distance from Central Core	Points
Within two miles	2
Within one mile	4
Within three-quarters mile	6
Within one-half mile	8
Within one-quarter mile	10
Within the Central Core	12

Total Available Points: 12

Scoring Instructions: Central core boundaries are shown in Figure 1. The distance from the central core is measured using the minimum distance between any portion of a parcel and the central core boundary measured in a straight line.

If any portion of a project is within a distance from the central core shown in Table 6, the project may receive the total number of points corresponding to that distance. For example, if any portion of the project area is within a half mile of the central core, the project may receive 4 points.

FIGURE 1: CENTRAL CORE BOUNDARIES



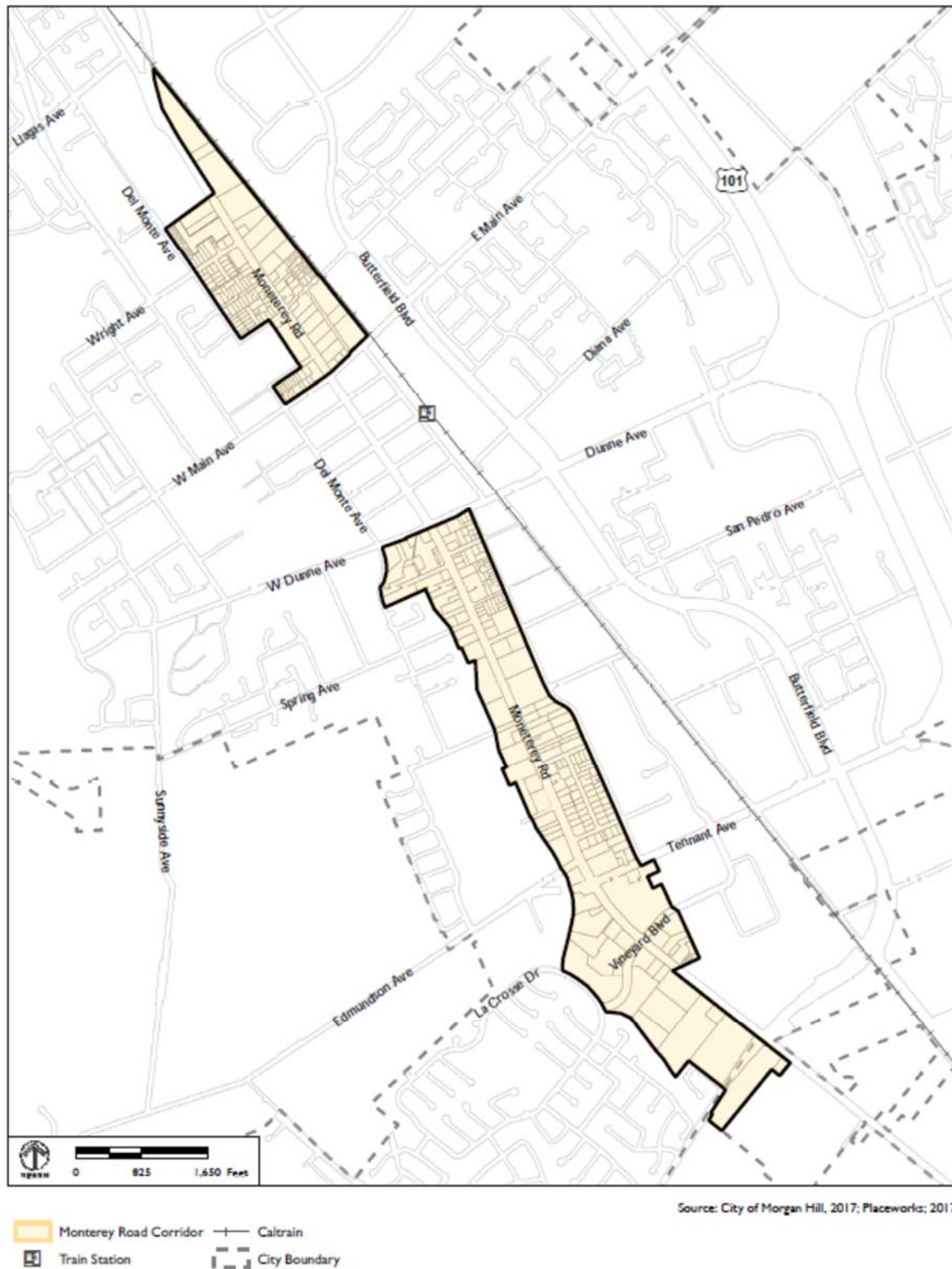
Criteria 2-B: Infill Corridors

Standard: The project is located in an infill corridor as shown in Figure 2.

Points: 10 points for projects located in the Monterey Road infill corridor.

Total Available Points: 10

FIGURE 2: INFILL CORRIDORS



Criteria 2-C: Adjacent to Development

Standard: The project is adjacent to land that is developed, utilized to its ultimate potential, or that requires no further discretionary approvals for development.

Points: See Table 7.

TABLE 7: POINTS FOR ADJACENT TO DEVELOPMENT

Percent of Project Boundary Adjacent to Existing Development	Points
25% to less than 50%	2
50% to less than 75%	3
75% to 100%	5

Total Available Points: 5

Scoring Instructions: A project boundary is adjacent to existing development if the project boundary abuts the property line of the adjacent development or is across a street from the existing development. Existing development means the following:

- Property in Morgan Hill's city limits with at least 95 percent of its contiguous land area developed or utilized to its ultimate potential use according to the General Plan or applicable zoning.
- Land in unincorporated Santa Clara County owned or under control (i.e., permanent easement) of a public agency that is developed or utilized to its ultimate potential use according to the County's General Plan or applicable zoning.
- Privately owned, non-agricultural (designated Rural County or greater) land in unincorporated Santa Clara County that is utilized to its ultimate potential according to the City's General Plan.
- Undeveloped property which by RDCS Application submittal deadline of the competition year has received final map approval, tentative map and development agreement approval for projects with previously completed phase(s), or for which building permits have been issued.

Criteria 2-D: Proximity to Daily Needs

Standard: The project is within walking distance of non-residential land uses that meet residents' daily needs.

Points: See Table 8.

TABLE 8: POINTS AVAILABLE FOR PROXIMITY TO DAILY NEEDS

Project Distance from Two or More Different Land Use Categories	Points
Within three-quarters mile	1
Within one-half mile	3
Within one-quarter mile	5

Total Available Points: 5

Scoring Instructions: Land use categories are as follows:

1. Community-serving retail, such as a supermarket, pharmacy, or convenience store.
2. Restaurants and cafes.
3. Personal services, such as bank, salons, and medical offices.
4. Public and quasi-public uses such as places of worship; community centers; and parks, trails and recreational facilities.
5. An existing or planned bus or rail transit stop or station.

A single establishment may not be counted in two categories (e.g., retail establishment may be counted only once even if it also contains a café). Establishments in a mixed-use building may each count if they are distinctly operated enterprises with separate exterior entrances. No more than two of the minimum number of land use categories can be situated in a single building or under a common roof.

The distance to a land use category is measured as the lineal distance a pedestrian would walk, from the average center point of housing in a project to the nearest entrance point of the land use category.

Criteria 2-E: Proximity to Police and Fire Service

Standard: The project is located within the established response time of one or more fire stations.

Points: See Table 9.

TABLE 9: POINTS AVAILABLE FOR PROXIMITY TO FIRE STATIONS

Standard	Points
The project is located within the established response time of the police station	2 point
The project is located within the established response time standard of one fire station	1 point
The project is located within the established response time standard of two or more fire stations	3 points

Total Available Points: 5

Scoring Instructions: Determinations of whether a project is located within an established response time and eligible for points under this criteria shall be made by the Community Development Director in consultations with the City of Morgan Hill Police and Fire Departments.

Three fire stations serve Morgan Hill: the El Toro Fire Station (18300 Old Monterey Road) the Dunne Hill Fire Station, (2100 E. Dunne Avenue), and the CAL FIRE station (15670 Monterey Road). The Fire Department's current response time is eight minutes.

The Morgan Hill Police Department headquarters is located at 16200 Vineyard Boulevard. The Police Department's aims to respond to Priority One calls within 5 minutes and Priority Two calls within 8 minutes.

Criteria 2-F: Areas with Public Utility Capacity

Standard: The project is located in areas with sufficient public utility capacity to serve the project.

Points: See Table 10.

TABLE 10: POINTS FOR PROXIMITY TO MUNICIPAL SERVICES AND FACILITIES

Standard	Points
Local water distribution lines are of sufficient size to serve the proposed project. The project does not require replacing existing local water distribution lines with larger diameter pipes. New water mains to serve the site do not need to be installed.	2 points
The existing wastewater collection system is sufficient to serve the proposed project. The project does not require extending or replacing existing sewer pipes or lift stations outside of the project site.	2 points
Existing off-site storm drainage facilities are sufficient to serve the project.	1 point

Total Available Points: 5

3. AFFORDABLE HOUSING

Intent: Increase the supply of affordable housing in Morgan Hill.

Points Available: See Table 11.

TABLE 11: AFFORDABLE HOUSING POINTS AVAILABLE

Criteria	Points Available	
3-A: Affordable Housing Fund Contribution	22 or 32 depending on project type	
3-B: Development of Affordable Units	32	
Total	32	32 Maximum

Minimum Score: 18 (for-sale projects) and 10 (rental projects)

***Unlike other objectives, projects must receive a minimum score in the Affordable Housing Objective to be eligible for allotments.** The minimum score is 18 points for projects where individual units will be sold to buyers (for-sale projects) and 10 points for projects where individual units will be occupied by renters (rental projects).

Automatic Points – Rental Projects. Rental projects shall receive an automatic 10 points within this Objective without contributing to the City's affordable housing fund or constructing BMR units. However, if the State adopts legislation specifically authorizing cities to establish inclusionary housing requirements for rental housing, rental projects will not receive automatic points and must contribute to the City's affordable housing fund and/or construct BMR units to receive points.

Criteria 3-A: Affordable Housing Fund Contribution

Standard: The project makes a voluntary contribution to the City's affordable housing fund.

Points: See the following tables:

- Table 12 for projects with 12 units or more, excluding single-family detached projects where all home lots are 12,000 square feet or more.
- See Table 13 for single-family detached projects with 12 units or more where all home lots are 12,000 square feet or more.
- See Table 14 for projects with 11 units or less, including single-family detached projects where all home lots are 12,000 square feet or more.

TABLE 12: POINTS FOR CONTRIBUTION TO AFFORDABLE HOUSING FUND – PROJECTS WITH 12 OR MORE UNITS EXCLUDING SINGLE-FAMILY DETACHED PROJECTS WHERE ALL HOME LOTS ARE 12,000 SQUARE FEET OR MORE

Contribution to Affordable Housing Fund	Points
20% of baseline contribution	2
30% of baseline contribution	4
40% of baseline contribution	6
50% of baseline contribution	8
60% of baseline contribution	10
70% of baseline contribution	12
80% of baseline contribution	14
90% of baseline contribution	16
Baseline contribution	18
110% of baseline contribution	20
120% of baseline contribution	22

TABLE 13: POINTS FOR CONTRIBUTION TO AFFORDABLE HOUSING FUND – SINGLE-FAMILY DETACHED PROJECTS WITH 12 UNITS OR MORE WHERE ALL HOME LOTS ARE 12,000 SQUARE FEET OR MORE

Contribution to Affordable Housing Fund	Points
20% of baseline contribution	2
30% of baseline contribution	4
40% of baseline contribution	6
50% of baseline contribution	8
60% of baseline contribution	10
70% of baseline contribution	12
Baseline contribution	18
150% of baseline contribution	28

TABLE 14: POINTS FOR CONTRIBUTION TO AFFORDABLE HOUSING FUND – PROJECTS WITH 11 UNITS OR LESS

Contribution to Affordable Housing Fund	Points
Baseline contribution	26
110% of baseline contribution	29
120% of baseline contribution	32

Total Available Points: 22 for projects with 12 units or more, 32 for projects with 11 units or less, 29 for single-family detached projects with 12 or more units and all home lots 12,000 square feet or more.

Scoring Instructions: The baseline contribution to the City’s affordable housing fund is set by the City Council and may change from year to year. In 2016, the City Council set the baseline contribution at \$12.92 per square foot of livable space of the entire project. A project with 12 or more units receiving points for contributing to the City’s affordable housing fund may also receive points for incorporating BMR units within the projects from Criteria 3-B provided the total number of combined points awarded from both Criteria 3-A and 3-B does not exceed 24. A project with 11 units or less may receive points only from Criteria 3-A or 3-B, not both. The City uses 12 units as the threshold because a project with 12 units can build one on-site BMR unit (8 percent of total project units) whereas a project with 11 or fewer units cannot.

Project Scoring Example: A proposed project contains 56 units, each with 2,000 square feet of floor area, with 112,000 square feet total within the project. The baseline contribution would be \$1,447,000 (112,000 x \$12.92) or \$25,840 per unit. If the project contributes the baseline amount of \$1,447,000, the project would receive 18 points. If the project contributes 120 percent baseline contribution (\$1,736,000), the project would receive 22 points.

Criteria 3-B: Development of Affordable Units

Standard: The project incorporates below market rate (BMR) units within the project.

Points: See Tables 15, 16, 17, and 18.

TABLE 15: POINTS FOR DEVELOPMENT OF AFFORDABLE UNITS, MARKET RATE FOR-SALE PROJECTS

Percent of Total Project Units			Points
70% AMI	80% AMI	90% - 120% AMI (see scoring instructions)	
-	4%	4%	20
4%	-	4%	24
-	6%	2%	28
8%	-	-	32

TABLE 16: POINTS FOR DEVELOPMENT OF AFFORDABLE UNITS, AFFORDABLE FOR-SALE PROJECTS

Percent of Total Project Units					Points
70% AMI	80% AMI	90% AMI	100% AMI	120% AMI	
-	-	20%	40%	40%	20
		20%	50%	30%	24
	10%	10%	40%	40%	28
20%	30%	30%	20%	-	32

TABLE 17: POINTS FOR DEVELOPMENT OF AFFORDABLE RENTAL UNITS, MARKET RATE PROJECTS

Percent of Total Project Units			Points
30% AMI	50% AMI	80% AMI	
-	-	8%	20
-	4%	4%	24
-	6%	2%	28
4%	4%	-	32

TABLE 18: POINTS FOR DEVELOPMENT OF AFFORDABLE UNITS, AFFORDABLE RENTAL PROJECTS

Percent of Total Project Units			Points
30% AMI	50% AMI	80% AMI	
-	30%	70%	20
5%	35%	60%	24
10%	40%	50%	28
10%	50%	40%	32

“AMI” means Area Median Income for Santa Clara County as established by the U.S. Department of Housing and Urban Development (HUD)

Total Available Points: 32

Scoring Instructions: Points shall be awarded and monitored consistent with the City of Morgan Hill’s Below Market Rate Housing Program policies and procedures. When a calculation produces a fraction of a unit less than one-half, the applicant shall pay the corresponding fraction of the standard housing fee. A fraction of one-half or greater requires one additional BMR unit. If a project receives the maximum 32 points for constructing BMR units and pays the corresponding fraction of the standard housing fee, the project does not receive additional points for the fractional housing fee. A project with 12 units or more receiving points for incorporating BMR units within the project may also receive points for contributing to the City’s affordable housing fund from Criteria 3-A provided the total number of combined points awarded from both Criteria 3-A and 3-B does not exceed 32.

Affordability levels to receive points for units affordable at the “90% to 120% AMI” level in a market rate for sale project (Table 13) depend on the unit type, as follows:

- Multi-Family (Condominiums): 90% AMI
- Attached Single-Family: 100% AMI
- Small Detached Single-Family (up to 2,000 square feet): 110% AMI
- Large Detached Single-Family (up to 2,000 square feet): 120% AMI

For market rate for-sale projects (Table 15) to be eligible for points, BMR units must comply with the City Council approved BMR unit policies, including but not limited to the following:

- BMR units must be distributed throughout project and integrated with the market rate units rather than separated from the market rate units and/or concentrated together within one location within the project.
- The floor area of each BMR unit shall be no less than the floor area of the smallest market rate unit of the same housing type.
- Housing type (e.g., detached single-family home, multi-family) for the BMR units must be generally proportionate to the market rate housing type(s) within the project. For example, if two-thirds of the units in a project are detached single-family homes and one-third are multi-family, roughly two-thirds of the BMR units must be located in the single-family portion of the project.
- BMR units for a detached single-family project may be in the form of duets if duets are a permitted housing type in the applicable zoning district (e.g., R-1 7,000 and R-1 9,000). Triplex BMR units are allowed in zoning districts that permit duplex units. Only one BMR unit is allowed per duplex or triplex building.

4. HOUSING DIVERSITY

Intent: Encourage a diverse housing stock in Morgan Hill.

Points Available: See Table 19.

TABLE 19: HOUSING DIVERSITY POINTS AVAILABLE

Criteria	Points Available	
4-A: Accessory Dwelling Units	3	
4-B: Diversity of Housing Types	8	
4-C: Variation in Housing Size	8	
4-D: Small Units	8	
4-E: Housing Stock Diversity	8	
4-F: Single-Story Homes	3	
Total	38	23 Maximum

Criteria 4-A: Accessory Dwelling Units

Standard: The project incorporates accessory dwelling units on lots with detached single-family homes.

Points: See Table 20.

TABLE 20: POINTS FOR ACCESSORY DWELLING UNITS

Percentage of Detached Single-Family Lots with Accessory Dwelling Units	Points
10 to 20 percent	1 points
20 to 30 percent	2 points
More than 30 percent	3 points

Total Available Points: 3

Scoring Instructions: Accessory dwelling units are secondary dwelling units located on a lot occupied by a detached single-family dwelling. Accessory dwelling units must be a permanent structure and include provisions for living, sleeping, eating, cooking, and sanitation and have a private entry accessed from the exterior of the building. Accessory dwelling units may be either detached from or attached to the primary dwelling on the lot. To be eligible for points, accessory dwelling units must comply with development standards for new secondary units in Chapter 18.55 (Secondary Dwelling Units) in the Zoning Code.

Scoring Example: A project contains 10 single-family detached homes and 10 single-family attached (townhome) units. Two of the detached single-family homes feature an accessory dwelling unit on the same lot. The project would receive 2 points as twenty percent of the detached single-family lots contain accessory dwelling units.

Criteria 4-B: Diversity of Housing Types

Standard: The project contains a diversity of housing types.

Points: See Table 21 and 22.

TABLE 21: POINTS AVAILABLE FOR DIVERSITY OF HOUSING TYPES FOR PROJECTS WITH 16 OR MORE UNITS.

Number of Different Housing Types in the Project	Points
2	4 points
3	8 points

TABLE 22: POINTS AVAILABLE FOR DIVERSITY OF HOUSING TYPES FOR PROJECTS WITH UP TO 15 UNITS.

Number of Different Housing Types in the Project	Points
2	8 points
3	12 points

Total Available Points: 8 for projects with 16 or more units. 12 for projects with up to 15 units.

Scoring Instructions: To be eligible for points, a housing type must constitute at least 10 percent of total number of units in the project. Different housing types are defined as follows:

1. **Multiple-Story Detached Single-Family Home.** A residential structure on its own lot designed for occupancy by one household with two or more stories of living space.
2. **Single-Story Detached Single-Family Home.** A residential structure on its own lot designed for occupancy by one household with one story of living space.
3. **Accessory Dwelling Unit.** An accessory dwelling unit located on the same lot as a detached single-family home. Accessory dwelling units may be attached to or detached from the primary home on the lot.
4. **Single-Family Attached.** Single-family homes attached to one or more other single-family homes in a linear arrangement, either as multiple townhome units per parcel or one townhome unit per parcel.
5. **Courtyard Housing.** Detached single-family homes with entrances oriented toward a shared common area.
6. **Custom Lots.** Lots left undeveloped for future development by the lot buyer.
7. **Duplex or Duet.** A building that contains two dwelling units, each with its own entrance.
8. **Triplex or Quadplex.** A single residential structure that contains three or four dwelling units, with each unit having its own entrance.
9. **Multi-Family.** A Structure that contains three or more dwelling units that share one or more common entries.
10. **Vertical Mixed Use.** A building with commercial uses on the grounds floor and three or more multi-family or condominium units on the upper floors.

A unit may qualify as only one housing type even if it meets the definition for two or more housing types. For example, a single-story detached single-family home oriented towards a shared common area may qualify only as courtyard housing (housing type number 5 above), not courtyard housing and single-story detached single-family home (housing type number 2 above).

Scoring Examples: A 100-unit project with 90 detached single-family homes and 10 townhome units would receive six points as both the detached single-family homes and townhome units constitute 10 percent or more of the total project units. A 100-unit project with 50 detached single-family homes, 25 duplex units, 25 townhome units, and 25 single-story detached single-family homes would receive 12 points as the three housing types each constitute 10 percent or more of the total project units.

Criteria 4-C: Variation in Housing Size

Standard: The project includes a diversity of housing sizes.

Points: See Tables 23 and 24.

TABLE 23: POINTS AVAILABLE FOR DIVERSITY OF HOUSING SIZE FOR PROJECTS WITH 16 OR MORE UNITS.

Number of Different Housing Size Categories in the Project	Points
2	3 point
3	6 points
4	8 points

TABLE 24: POINTS AVAILABLE FOR DIVERSITY OF HOUSING SIZE FOR PROJECTS WITH UP TO 15 UNITS.

Number of Different Housing Size Categories in the Project	Points
2	6 point
3	9 points
4	12 points

Total Available Points: 8 for projects with 16 or more units. 12 for projects with up to 15 units.

Scoring Instructions: Diversity of housing types is calculated by determining the percent of units that are in two or more housing size categories. Housing size categories for multi-family projects is based on the number of bedrooms. For all other housing types housing size categories are based on square footage of the unit. To be eligible for points, the number of units in a housing size category must constitute at least 10 percent of total number of units in the project.

Housing size categories for multi-family housing types are as follows:

1. Studio apartment
2. One-bedroom
3. Two-bedroom

4. Three-bedroom
5. Four-bedroom or more

For all other housing types (single-family detached, duplex, etc.) and for projects with both multi-family units and other housing types, a project shall be considered to have two or more different size categories only if there is a minimum 35 percent variation between the smallest and largest floor plan the project. In such a case, every floor plan that varies in size from another floor plan by 200 square feet or more shall be considered a different housing size category.

Scoring Example: A proposed project contains ten detached single family homes with two different floor plans. The smaller floor plan is 2,000 square feet and the larger floor plan is 3,000 square feet. The project would receive six points because there is 50 percent variation in size between the smallest and largest floor plans and more than 200 feet in variation between the two floor plans.

Criteria 4-D: Small Units

Standard: The project includes small dwelling units.

Points: See Table 25.

TABLE 25: POINTS AVAILABLE FOR SMALL UNITS

Percent Small Units	Points
10	4 points
20	5 points
30	6 points
40	7 points
50 or more	8 points

Total Available Points: 8

Scoring Instructions: Small units are defined as follows:

- **Detached Single-Family Home:** Less than 1,700 square feet
- **Single-Family Attached:** Less than 1,500 square feet
- **Duplex or Duet:** Less than 1,500 square feet
- **Triplex or Quadplex:** Less than 1,250 square feet
- **Multi-Family:** Less than 1,000 square feet (rental); 1,200 square feet (ownership)

Unit square footage means total livable building area excluding garages. Unit type definitions are the same as in Criteria 4-B.

Scoring Example: A 100-unit project with 10 detached single-family homes less than 1,700 square feet would receive 4 points. A 100-unit project with 10 detached single-family homes less than 1,700 square feet and 10 duplex units less than 1,250 square feet would receive 6 points.

Criteria 4-E: Housing Stock Diversity

Standard: The project adds housing types that are underrepresented in Morgan Hill’s citywide housing stock.

Points: See Table 26.

TABLE 26: POINTS AVAILABLE FOR HOUSING STOCK DIVERSITY

Housing Type	Points
Courtyard Housing	4 points
Multi-Family Owner Occupied	6 points
Market-rate Senior	8 points
Multi-Family Rental	8 points
Vertical Mixed Use (owner-occupied or rental)	8 points

Total Available Points: 8

Scoring Instructions: Unit type definitions are the same as in Criteria 4-B. To be eligible for points, the housing type must constitute 75 percent or more of the total project housing units.

Scoring Example: A 100-unit project with 25 detached single-family homes and 75 townhomes would receive 4 points. A 100-unit project with 40 detached single-family homes and 60 townhomes would not receive any points under this criteria, but may be eligible for points under Criteria 4-B.

Criteria 4-F: Single-Story Homes

Standard: The project includes single-story single-family homes.

Points: See Table 27.

TABLE 27: POINTS FOR SINGLE-STORY SINGLE-FAMILY HOMES

Percentage of Single-Story Single-Family Homes	Points
25 percent	1 point
50 percent	2 points
75 percent	3 points
100 percent	4 points

Total Available Points: 4

Scoring Instructions: Percentage is calculated by dividing the number of single-story single-family homes in the project by the total number of units (regardless of type) within the project. A story is defined in accordance with Zoning Code Section 18.04.415 (Story).

Scoring Example: A 100-unit project that includes 50 single-story detached single-family homes would receive 2 points. If all units within the project are single-story detached single-family homes, the project would receive 4 points.

5. PARKS AND OPEN SPACE

Intent: Provide high quality parks and recreational facilities, encourage publicly accessible outdoor amenities, and preserve open space and agricultural land.

Points Available: See Table 28.

TABLE 28: PARKS AND OPEN SPACE POINTS AVAILABLE

Criteria	Points Available	
5-A: Park Fund Contribution	6	
5-B: Excess Park Land	5	
5-C: Agriculture Conservation or Open Space Easement	9	
5-D: Agriculture Buffer	4	
5-E: Agriculture Preservation or OS Fund Contribution	9	
5-F: On-Site Recreational Amenities	8	
5-G: Amenities for All Age Groups	2	
5-H: Public Gathering Places	3	
5-I: Proximity to Public Park	3	
5-J: Open Space Design	10	
Total	9	29 Maximum

Criteria 5-A: Park Fund Contribution

Standard: The project contributes to the City's park fund beyond the minimum requirement.

Points: 1 points for every \$1,000 contributed per unit.

Total Available Points: 6

Scoring Instructions: To be eligible for points, the project must contribute funds in addition to the minimum required park impact fee and fees in lieu of park land dedication. Contributed funds may be used by the City to fund acquisition and maintenance of parks.

The required park impact fee is identified in the current City of Morgan Hill Fee Schedule as adopted by the City Council. Minimum requirements for payment of fees in lieu of park land dedication are established in Chapter 17.28 (Land Dedications and Reservations) in Title 17 (Subdivisions) of the Morgan Hill Municipal Code. The Community Development Director shall estimate the minimum park land dedication in-lieu fee for competing projects using the standards and formula in Chapter 17.28 (Land Dedications and Reservations). Minimum in-lieu fee estimates are prepared only for the purpose of awarding points for the RDCS competition. Actual in-lieu fee requirements will be determined at the time of subdivision approval and may be different from these estimates.

Criteria 5-B: Excess Park Land

Standard: The project provides land for parks beyond the minimum City park land requirement.

Points: See Table 29.

TABLE 29: POINTS FOR EXCESS PARK LAND

Park Land Provided in Excess of Minimum City Requirement	Points	
	16 or more units	
10%	3	
20%	4	
30%	5	
40%	6	
50%	7	

*Includes custom lot projects

Total Available Points: 7

Small and Micro Projects: Projects with up to 15 units, including custom lot projects, shall automatically receive 7 points under Criteria 5-B without dedicating any park land.

Scoring Instructions: Minimum park land dedication and private park requirements are in Chapter 17.28 (Land Dedications and Reservations) in Title 17 (Subdivisions) of the Morgan Hill Municipal Code. The Community Development Director shall estimate the minimum required park land for competing projects using the standards and formula in Section 17.28.060 (Acreage Required – Formula).

Minimum park land estimates are prepared only for the purpose of awarding points for the RDCS competition. Actual dedication requirements will be determined at the time of subdivision approval and may be different from these estimates.

To be eligible for points under this criteria, projects must comply with the following requirements:

- Park land must be either a) within the project boundaries; or a) adjacent to the project boundaries and owned or controlled by the project applicant.
- Land for parks shall be consistent with the City of Morgan Hill Parks, Facilities & Recreation Program Master Plan, the General Plan, and any other adopted City policy or ordinance concerning park and recreational facilities.
- Either: a) Dedicated park land shall be deeded to the City for public park purposes, or b) Private park land for use by residents shall be maintained by the home owners association or other similar maintenance entity.
- The calculation of park land may not include yards, court areas, setbacks and other open areas required by the Zoning Code, Building Code, or other City ordinances. Points may not be awarded to passive open space or landscape buffer areas deeded to a homeowners' association.

Project Scoring Example: Section 17.28.060 (Acreage Required – Formula) of the Subdivision Ordinance states that 0.01 acres of land per dwelling unit shall be provided as a park in a single-family subdivision. Assuming a 100-unit single-family subdivision, the minimum required dedication of park land would be 1.0 acres. Providing 1.5 acres of park land would exceed the minimum requirement by 50 percent and would receive 5 points.

Criteria 5-C: Agriculture Conservation or Open Space Easement

Standard: The project establishes an agriculture conservation easement consistent with the City’s agriculture conservation easement policy or an open space easement.

Points: 9 points

TABLE 30: POINTS FOR EASEMENTS

Type of Easement	Points
Agriculture Conservation	9
Open Space	9

Total Available Points: 9

Scoring Instructions: Points may be awarded for projects that establish one of the following: an agriculture conservation easement or an open space easement. Points are awarded only for one type of easement. A project may not receive points for establishing a second or third type of easement on the property.

Agriculture Easement

Establishment of an agriculture conservation easement shall occur in a manner consistent with Municipal Code Chapter 18.85 (Agricultural Lands Preservation Program). If a project is required to establish an agriculture conservation easement to mitigate the loss of agricultural land pursuant to Chapter 18.85, points may be awarded only for establishing an agriculture conservation easement beyond the minimum 1:1 mitigation ratio required by Chapter 18.85.

To be eligible for points, an agriculture conservation easement must be established within the Morgan Hill Sphere of Influence (SOI). The property subject to the easement must be of adequate size, configuration, and location to be viable for continued agricultural use and must meet the criteria for “eligible mitigation lands” as established in Municipal Code Section 18.85.090 (Eligible Mitigation Lands).

Open Space Easement

To be eligible for points, an open space easement must be established within the Morgan Hill Sphere of Influence (SOI). The property subject to the easement must be of adequate size, configuration, and location to protect and/or preserve open space and natural resources as identified in the General Plan. Natural resources include but are not limited to agricultural lands, undeveloped open space, scenic hillsides, habitat for sensitive species, and riparian areas and aquatic habitat as defined in the General Plan Natural Resources and Environment Element. There is no minimum size for the easement provided the City determines the easement to be of adequate size, configuration, and location to preserve open space or protect natural resources.

Project Scoring Example: A proposed project that converts five acres of agriculture land to non-agricultural use proposes the establishment of a five-acre agricultural conservation easement on adjacent agricultural land to satisfy the agricultural mitigation requirement in Municipal Code Chapter 18.85. If the project establishes an additional agricultural conservation easement on a property separate from the easement used for mitigation, the project would receive five points. There is no minimum size for the additional easement eligible for points provided the property subject to the easement meets the criteria for “eligible mitigation lands” as established in Municipal Code Section 18.85.090 (Eligible Mitigation Lands).

Criteria 5-D: Agriculture Buffer

Standard: The project establishes and agriculture buffer easement.

Points: 4

Scoring Instructions. To be eligible for points, a project shall establish an open space easement to provide a buffer between active agricultural operations and new development. The City determines the size and configuration of the buffer is adequate to minimize future conflicts between the new residential use and the existing agricultural operation.

Criteria 5-E: Agriculture Preservation or Open Space Fund Contribution

Standard: The project contributes to the City’s agriculture preservation or open space fund beyond the minimum requirement.

Points: See Table 31.

TABLE 31: POINTS FOR AGRICULTURE PRESERVATION OR OPEN SPACE FUND CONTRIBUTION

Contribution Amount	Points
Single: \$3,899.09 per unit*	4
Double: \$7,798.19 per unit*	9

* Adjusts annually.

Total Available Points: 9

Scoring Instructions: Contribution to the City’s agriculture preservation fund shall occur in a manner consistent with Municipal Code Chapter 18.85 (Agricultural Lands Preservation Program). If a project is required to pay an agricultural preservation in-lieu fee to mitigate the loss of agricultural land pursuant to Chapter 18.85, points may be awarded only for the amount of the contribution to the City’s agriculture preservation fund in that exceeds the required in-lieu fee.

Project Scoring Example: A 10-unit project that converts one acre of agricultural land pays an in-lieu mitigation fee of \$14,960 to satisfy the minimum requirement in Chapter 18.85. If the project contributes an additional \$38,990.90 beyond the required mitigation fee, the project would receive 4 points.

Criteria 5-F: On-Site Recreational Amenities

Standard: The project provides on-site recreational amenities to serve residents.

Points: See Table 32. Points identified in Table 24 are for each individual amenity included in the project.

Total points. Total points awarded to a project under this criteria will be the sum of points for each individual amenity up to a maximum of eight points.

TABLE 32: POINTS FOR ON-SITE RECREATIONAL AMENITIES

	Points for Each Amenity Provided			
Project Size	Tier 1	Tier 2	Tier 3	Tier 4
1 to 15 units	6	8		
16 to 50 units	2	3	4	-
51-100 units	1	2	3	4
101-150 units	0	1	2	3
151+ units	0	0	1	2
201+ units	0	0	1	1

Recreational amenities eligible for points are divided into the four tiers as follows:

Tier 1 amenities:

- Shuffleboard
- Horseshoes
- Bowling green w/artificial turf
- Passive recreation area and/or gardens
- Passive water feature (e.g., fountain)
- Picnic/barbeque area

Tier 2 amenities:

- Cabana or shade trellis area
- Two picnic/barbeque areas
- Clubhouse
- Volleyball court and/or Bocce ball court

- Outdoor racquetball/handball tilt-up wall
- Dog Park (add one point more with dog wash station)
- Sauna and/or Jacuzzi
- Tree grove as approved by the community development director or designated staff.
- Community garden plots (minimum one forty-eight-square-foot plot per each ten dwelling units) with water service
- ½ court basketball (one hoop)
- Bridle paths
- Bocce ball
- Artificial turf putting green

Tier 3 amenities:

- Softball field
- Sports court and/or 2 1/2-court basketball courts (two hoops)
- Restroom area
- ½ scale soccer field
- Tot lots (age appropriate play equipment/minimum three activities; can be integrated in structure)
- Jacuzzi and separate child wading pool (for projects between twenty and fifty units zoned R-2, R-3 or higher density development)
- Tennis court
- Recreation hall
- Exercise room
- Clubhouse w/ kitchen

Tier 4 amenities:

- Swimming pool (for projects of fifty-one or more units zoned R-2, R-3 or higher density development)

Small and Micro Projects: Projects with up to 15 units with no usable common open space or shared recreational amenities, including custom lot projects, shall automatically receive 8 points under Criteria 5-F without providing on-site recreational amenities.

Scoring Instructions: Points awarded are based on the number and type of recreational amenities for different project sizes as shown in Table 30. Projects with 50 or fewer units may receive points for a maximum of one Tier 1 amenity. Projects with 50 to 150 units may receive points only for Tier 2, 3 and 4 amenities. To be eligible for points, projects with more than 150 units must provide at least two Tier 3 or Tier 4 amenities. For a project of more than 150 units, two Tier 2 amenities may count as one Tier 3

amenity if the project provides at least one Tier 3 amenity. Projects with between 201 and 300 units must provide two Tier 3 amenities before two Tier 2 amenities may be counted as one Tier 3 amenity. Projects over 300 units must provide three Tier 3 amenities before two Tier 2 amenities may be counted as one Tier 3 amenity.

The Planning Commission may award points for unlisted amenities that provide recreational amenities to a level similar to those described above.

Total Available Points: 8

Project Scoring Example: A 25-unit project includes common open space with shuffleboard court, horseshoe area, and a volleyball court. The project would receive a total of four points with one point awarded for the shuffleboard court, one point for the horseshoe area, and two points for the volleyball court.

Criteria 5-G: Amenities for Age Groups

Standard: The project provides on-site social and recreational amenities for various age groups.

Points: 2

Total Available Points: 1 or 2 (two age groups = 1; all age groups =2)

Scoring Instructions: To be eligible for points, a project must provide on-site social and recreational amenities specifically designed to meet the unique needs of all age groups, including children, teens, adults, and seniors. Examples of amenities appropriate for different age groups include the following:

- **Children:** tot lots, children's wading pool
- **Teens:** Outdoor spaces for socializing, recreational equipment that provides physical challenge (e.g., skate park), indoor recreational amenities (pool tables, table tennis)
- **Adults:** Indoor gym, outdoor picnic/barbecue area
- **Seniors:** Walking paths, low-impact outdoor exercise equipment designed for seniors ("senior playgrounds")

Criteria 5-H: Public Gathering Places

Standard: The project provides publicly accessible outdoor gathering places and open space in higher density and more urban settings.

Points: 1 point per \$1,000 value of amenity per unit.

Total Available Points: 3

Scoring Instructions: To be eligible for points, a project must provide one or more outdoor public gathering places such as plazas, courtyards, and parks that exceed minimum City requirements. Points awarded for the criteria are intended for projects located Downtown and in other higher intensity areas

with pedestrian activity. To receive points, the public gathering place must comply with the following standards:

- **Location:** The public gathering places space must be located close to pedestrian activity, along streets, or where pathways intersect. Open spaces must support an integrated pedestrian network by providing on-site and off-site connections to the open space.
- **Activity:** For public gathering places incorporated into to mixed use development with ground commercial uses, active ground-floor uses (e.g., retail or restaurants) must be located uses along the edge of a courtyards and plazas.
- **Visibility and Access:** Plazas, courtyards, and other similar spaces must open to public sidewalks and building entrances to provide visibility and access opportunities along project frontages.
- **Seating:** Usable open spaces must include well-designed seating, such as seat walls, free-standing elements, fixed and moveable seating, and other seating options.
- **Year-Round Use:** Open space must be usable year-round with features such as awnings, wind breaks, and sun shades, umbrellas, or other similar features that provide shelter from the elements.

Criteria 5-I: Proximity to Public Parks

Standard: The project is within walking distance of a public park or recreational facility.

Points: See Table 33.

TABLE 33: POINTS AVAILABLE FOR PROXIMITY TO PUBLIC PARKS

Project Distance from Public Park	Points
Within three-quarters mile	1
Within one-half mile	2
Within one-quarter mile	3

Total Available Points: 3

Scoring Instructions: To be eligible for points, the project must be located within walking distance of a City of Morgan Hill or Santa Clara County park with recreational amenities available for public use without charge. The distance to the park is measured as the lineal distance a pedestrian would walk, from the average center point of housing in a project to the nearest entrance point of the park.

Criteria 5-J: Open Space Design

Standard: The project provides common open space and outdoor amenities that enhance project residents' quality of life and the overall project design quality.

Points: See Table 34.

TABLE 34: POINTS FOR OPEN SPACE

Open Space	Points
1. Outdoor Rooms. The project designs open spaces to function as “outdoor rooms” for common use of project residents. As outdoor rooms, open spaces feature amenities such as seating areas, shade structures and play equipment to create inviting places that encourage resident activity and interaction.	2
2. Size. The project provides common open space areas of sufficient size for the use and enjoyment of residents. The project does not fulfill its minimum common open space requirement primarily through small patches of unconnected open space areas which individually are of insufficient size to serve as a useful recreational amenity for residents.	1
3. Edges. The project uses buildings, fences, walls, and landscaping to define the edges of common open space.	2
4. Visibility. The project locates open space area so that they can be viewed from individual units, preferably from the kitchen, living room, or dining room.	2
5. Adjacent Units. The project maximizes the number of units that are immediately adjacent to common open space. Units not immediately adjacent to common open space can access open space areas through pedestrian connections separate from drive aisles and vehicle parking lots.	2
6. Landscape. The project incorporates exceptional landscape design in common open space areas to create a unique and welcoming environment for residents.	2
7. Existing Trees. The project retains existing native trees on the property which, if removed, would require a tree removal permit in accordance with Municipal Code Chapter 12.32 (Restrictions on Removal of Significant Trees).	1
8. Rear Yard Open Space. For detached single family and duplex/duet projects, rear-yard usable open space is 25 percent or more than the minimum rear setback area required by the applicable zoning. or	2
9. Backyard Improvements. Finished (e.g., landscape, hardscape, irrigation) backyard improvements are installed by the developer.	1

10. Private Open Space - Attached Projects. For attached projects, usable private open space for ground floor units is 25 percent or more than required by the applicable zoning and finished private open space improvements are installed by the developer.	2
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Total Available Points: 10

Small and Micro Projects: Projects with up to 15 units, including custom lot projects, with no common open space, shall automatically receive 6 points under Criteria 5-J.

6. ENVIRONMENTAL PROTECTION

Intent: Encourage protection of natural resource and promote the City’s environmental sustainability goals.

Points Available: See Table 35.

TABLE 35: ENVIRONMENTAL PROTECTION POINTS AVAILABLE

Criteria	Points Available	
6-A: Energy Efficiency	6	
6-B: On-Site Solar Energy Generation	10	
6-C: Indoor Water Use	4	
6-D: Outdoor Water Use	12	
6-E: Sustainable Site and Building Design	22	
Total	54	22 Maximum

Criteria 6-A: Energy Efficiency

Standard: The project exceeds the minimum building energy efficiency required by the California Energy Code.

Points: See Table 36.

TABLE 36: POINTS FOR ENERGY EFFICIENCY

Energy Efficiency Beyond Minimum Requirement	Points
5%	2
10%	4
15%	6

Total Available Points: 6

Scoring Instructions: Energy use and efficiency is calculated as the aggregate of all buildings within a project. To receive points, a project must show a reduction in its energy budget compared to the standard design building, as calculated by Title 24, Part 6 Compliance Software certified by the California Energy Commission.

Criteria 6-B: On-Site Solar Energy Generation

Standard: The project incorporates on-site solar energy generation systems to provide energy for on-site use.

Points: See Table 37.

TABLE 37: POINTS FOR ON-SITE SOLAR ENERGY GENERATION

Project's annual electrical energy cost provided from an on-site solar energy generation system	Points
60%	4
70%	6
80%	8
90%	10

Total Available Points: 10

Scoring Instructions: Percentage of energy generated from on-site renewable sources must be demonstrated using a building energy performance simulation tool consistent with industry standards.

Criteria 6-C: Indoor Water Use

Standard: The project exceeds the minimum indoor water efficiency and conservation requirements of the California Green Building Standards Code (CalGreen).

Points: See Table 38.

TABLE 38: POINTS FOR INDOOR WATER EFFICIENCY AND CONSERVATION

Water Efficiency Beyond Minimum Requirement	Points
5%	2
10%	4

Total Available Points: 4

Scoring Instructions: Applicants shall demonstrate attainment of water efficiency standards utilizing methods consistent with CalGreen and industry standards.

Criteria 6-D: Outdoor Water Use

Standard: The project reduces outdoor water use through water efficiency landscaping and irrigation.

Points: See Table 39.

TABLE 39: POINTS FOR OUTDOOR WATER USE

Standard	Points
Less than 50% of landscaped area contains natural turf	2
The project contains no natural turf outside of common areas used for active play	4
The project exceeds outdoor water efficiency standards by 10 percent	2
The project exceeds outdoor water efficiency standards by 20 percent	4
The project exceeds outdoor water efficiency standards by 30 percent	6

The project installs subsurface irrigation for all natural turf areas	2
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Total Available Points: 12

Scoring Instructions: The project's outdoor water efficiency shall be calculated in accordance with Morgan Hill Municipal Code Chapter 18.73 (Water Conservation in Landscaping). Standards (a) and (b) and standards (c) and (d) are mutually exclusive; points for all other standards may be combined.

Criteria 6-E: Sustainable Site and Building Design

Standard: The project incorporates sustainable building site design features beyond the minimum requirements of the California Green Building Standards Code (CalGreen).

Points: 1 point for every 2 Build It Green Point (BIG) over the minimum required by Chapter 15.65 of the City of Morgan Hill Municipal Code

Total Available Points: 22

Scoring Instructions: Applicants shall use the current Build It Green Checklist maintained by the City of Morgan Hill. A project may receive Build It Green Points only for measures beyond the minimum requirements of the California Green Building Standards Code adopted by the City of Morgan Hill. Consistent with Chapter 15.65 of the City of Morgan Hill Municipal Code, Community points in the Build It Green checklist are excluded from the sustainability standard and the project is required to meet minimum point requirements within the checklist categories (energy, water, resource, and indoor air quality).

If construction on a project has not commenced within 3 years of initial award of allotments, project must use Build It Green checklist in effect at the time of application for building permits.

7. TRANSPORTATION

Intent: Support a balanced and efficient transportation system for pedestrians, cyclists, public transit, and automobiles that maintains quality of life in residential neighborhoods.

Points Available: See Table 40.

TABLE 40: TRANSPORTATION POINTS AVAILABLE

Criteria	Points Available	
7-A: Bicycle and Pedestrian Improvements	6	
7-B: Transit Improvements	3	
7-C: Off-Site Roadway Improvements or Fund Contribution	6	
7-D: Transportation Demand Management	5	
7-E: Connections to Adjacent Property	3	
7-F: Internal Connections	4	
7-G: EV Charging Station	4	
Total	31	15 Maximum

Criteria 7-A: Bicycle and Pedestrian Improvements

Standard: The project constructs pedestrian and bicyclist improvements beyond the minimum requirement.

Points: 1 point for every \$1,000 in improvements constructed per unit.

Total Available Points: 6

Small and Micro Projects: Projects with up to 15 units, including custom lot projects, shall automatically receive 4 points under Criteria 7-A without constructing pedestrian and bicyclist improvements.

Scoring Instructions: Improvements may be on-site or off-site consistent with the City's Bikeways Master Plan. Points may be awarded only for the construction of improvements that exceed improvements normally required as a condition of approval for a subdivision map or other project permit. For example, the City would not typically award points for the installation of a bikeway along the property frontage identified as a future bikeway in the City's Bikeways Master Plan as the installation of this bikeway would be a typical condition for the approval of a proposed subdivision.

To be eligible for points, bicycle improvements must be consistent with the City of Morgan Hill Bikeways Master Plan. Types of bicycle improvements may include construction of bicycle paths, lanes, and routes; repair of existing facilities, installation of bicycle racks and lockers, and installation of way-finding signs.

Types of pedestrian improvements may include installation of new sidewalks, enhanced street crossings, ADA-compliant curb ramps, mid-block crossings, traffic calming measures, and curb extensions.

Points may be awarded for creative or innovative amenities that support bicycling and walking, including but not limited to secure indoor bicycle storage for each unit, shared bicycle repair facilities, and car sharing facilities.

Criteria 7-B: Transit Improvements

Standard: The project constructs bus stop or other bus transit improvements beyond the minimum requirement

Points: 1 point for every \$1,000 in value of improvement per unit.

Total Available Points: 3

Scoring Instructions: Points may be awarded only for the construction of improvements that exceed improvements normally required as a condition of approval for a subdivision map or other project permit. For example, the City would not typically award points for the installation of a bus turnout along the property frontage if the City's General Plan or other policy documents identify the location as requiring the turnout. The requirement to install the turnout or other similar improvement would be a typical condition for the approval of a proposed subdivision to comply with and achieve consistency with the General Plan.

Types of improvements eligible for points include bus shelters, benches, reinforced street sections or bus pullout areas, information signs and displays, enhanced pedestrian access, security enhancements, and landscaping. These improvements must be located on an approved or planned Valley Transportation Agency (VTA) transit route and accepted by the VTA for maintenance. A letter from the VTA must be submitted confirming VTA's acceptance and maintenance of the proposed bus stop. For planned bus routes, the VTA letter shall provide confirmation of the future bus route extension. This standard may apply to a bus stop constructed in the initial or previous phase that would serve subsequent phases of the same development.

There is no geographic requirement for improvements - points may be awarded for improvements located outside of the project boundary or away from the immediate vicinity of the project.

Criteria 7-C: Off-Site Street and Parking Improvements or Fund Contribution

Standard: The project constructs and/or funds off-site street roadway improvements.

Points: 1 point for every \$1,000 in value of improvement per unit.

Total Available Points: 6

Scoring Instructions: To be eligible for points, a project must provide for the dedication and/or improvement of extensions to existing streets and/or shared parking lots outside of the project boundaries. Shared parking must be subject to an agreement between property owners to ensure the continued availability of shared parking. Projects which offer to complete adjacent or nearby off-site

street or parking improvements which were committed to be installed by another project under a previously approved application will not receive points for the same commitment. To be eligible for points improvements must be voluntary and not otherwise required by the City or any other public agency.

After a project receives entitlements and before the completion of construction, the City may allow the applicant to contribute in-lieu funds equal to the value of the improvements for which points were awarded. The City may allow the contribution of in-lieu funds only if the Public Works Director determines that the in-lieu funds will allow for street and parking improvements with a greater community benefits than could be provided by the construction of improvements by the project developer.

Criteria 7-D: Transportation Demand Management

Standard: The project incorporates transportation demand management (TDM) measures

Points: See Table 41.

TABLE 41: POINTS FOR TRANSPORTATION DEMAND MANAGEMENT MEASURES

Building Design Feature and Construction Method	Points
The project contributes to the City's transportation fund to be used to provide city-wide TDM programs	1 per \$1,000 contributed per unit, up to 2
For rental projects, the project establishes a TDM program that incorporates three or more TDM measures	1 to 3

Total Available Points: 5

Scoring Instructions: To be eligible for points, TDM measure must be in excess of those required as environmental mitigation and may not be used to receive point under other competition criteria. Rental projects may receive one point for committing to maintain a TDM program for the life of the project that incorporates three or more of the following TDM measures:

- Free transit passes for residents.
- Free car share membership for residents.
- On-site cargo bicycle available for residents' use.
- Operation of a dedicated shuttle service during the peak period to a rail station.
- Operation of a commute assistance center, offering on site, one stop shopping for transit and commute alternatives information.
- Installation of shared office facilities for the use of residents to facilitate telecommuting and home-based employment. high bandwidth connections in employees' homes to the Internet to facilitate home telecommuting.
- Other similar measures as approved by the Planning Commission.

Criteria 7-E: Connections to Adjacent Property

Standard: The project maximizes connections to adjacent property for vehicles, bicyclists, and pedestrians.

Points: See Table 42.

TABLE 42: POINTS FOR CONNECTIONS TO ADJACENT PROPERTY

Connection to Adjacent Property	Points
For projects abutting developed land, the project aligns and connects streets intersecting the project boundary with all adjoining streets.	1
For projects abutting undeveloped land, the project extends streets to the adjoining undeveloped land to provide access to undeveloped land in the event of its future development.	1
The project provides off-street bicycle and pedestrian connections to adjacent destinations, including parks, open space, transit facilities, and commercial areas. Connections must be established and maintained through an easement, dedication or other similar method to guarantee it remains accessible to the general public.	1

Total Available Points: 3

Small and Micro Projects: Projects with up to 15 units, including custom lot projects, shall automatically receive 4 points under Criteria 7-E.

Criteria 7-F: Internal Connections

Standard: The project maximizes internal connections within the project for vehicles, bicyclists, and pedestrians.

Points: See Table 43.

TABLE 43: POINTS FOR INTERNAL CONNECTIONS

Internal Connection	Points
The project incorporates “complete streets” that meet the needs of multiple users, including motorists, bicyclists, pedestrians, transit users, and persons of different physical capabilities.	1
The project incorporates enhanced bicycle and pedestrian improvements such as bicycle storage facilities, traffic calming measures, intersection crossings, and wayfinding signage.	1
The project provides direct pedestrian connections from units to common open space, recreational facilities, and other project amenities.	1

The project incorporates neighborhood traffic management techniques, such as traffic circles, narrow lanes, and bulbouts, to control vehicle speeds and increase the safety of bicycle and pedestrian travel.	1
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Total Available Points: 4

Small and Micro Projects: Projects with up to 15 units, including custom lot projects, shall automatically receive 4 points under Criteria 7-F.

Criteria 7-G: Electric Vehicle Charging Stations

Standard: The project provides electric vehicle charging stations beyond minimum requirements.

Points: 1 point per charging station.

Maximum Points: 4

Scoring Instructions. Charging stations shall be publicly available for use by all project residents and visitors. The developer shall install all connections and equipment necessary for the charging stations to be ready to use by residents and visitors upon project completion. Technical specifications for charging stations and related improvements shall be as required by the Building Official upon time of installation.

8. MUNICIPAL INFRASTRUCTURE

Intent: Encourage the efficient use of public infrastructure and services.

Points Available: See Table 44.

TABLE 44: MUNICIPAL INFRASTRUCTURE POINTS AVAILABLE

Criteria	Points Available	
8-A: Water Infrastructure	3	
8-B: Wastewater Infrastructure	3	
8-C: Storm Water Infrastructure	3	
8-D: Infrastructure and Services Fund Contribution	3	
8-E: Broadband Connectivity	6	
Total	18	10 Maximum

Criteria 8-A: Water Infrastructure

Standard: The project constructs off-site water infrastructure improvements beyond minimum requirements.

Points: 1 point for every \$1,000 in improvements constructed per unit

Total Available Points: 3

Scoring Instructions: Off-site water infrastructure improvements must be consistent with the City's Infrastructure Master Plan, approved by the Public Works Director, and constructed consistent with the City's standard specification for water infrastructure improvements. After a project receives entitlements and before the completion of construction, the City may allow the applicant to contribute in-lieu funds equal to the value of the improvements for which points were awarded. The City may allow the contribution of in-lieu funds only if the Public Works Director determines that the in-lieu funds will allow for water infrastructure improvements with a greater community benefits than could be provided by the construction of improvements by the project developer.

Criteria 8-B: Wastewater Infrastructure

Standard: The project constructs off-site wastewater infrastructure improvements beyond minimum requirements.

Points: See Table 45.

TABLE 45: POINTS AVAILABLE FOR WASTEWATER INFRASTRUCTURE

Standard	Points
The project provides off-site extensions or replacement of wastewater collection pipes and lift stations beyond minimum requirements.	1 point for every \$1,000 in improvements constructed per unit

Total Available Points: 3

Scoring Instructions: Off-site waste water infrastructure improvements must be consistent with the City's Infrastructure Master Plan, approved by the Public Works Director, and constructed consistent with the City's standard specification for water infrastructure improvements. After a project receives entitlements and before the completion of construction, the City may allow the applicant to contribute in-lieu funds equal to the value of the improvements for which points were awarded. The City may allow the contribution of in-lieu funds only if the Public Works Director determines that the in-lieu funds will allow for waste water infrastructure improvements with a greater community benefits than could be provided by the construction of improvements by the project developer.

Criteria 8-C: Storm Water Infrastructure

Standard: The project utilizes low impact development (LID) techniques and/or constructs storm water improvements beyond minimum requirements.

Points: See Table 46.

TABLE 46: POINTS AVAILABLE FOR STORM WATER INFRASTRUCTURE

Standard	Points
The project reduces the volume of off-site storm water flows beyond minimum requirements using low impact development (LID) techniques.	2 points
The project provides off-site stormwater infrastructure improvements beyond minimum requirements.	1 point for \$1,000 in improvements constructed

Total Available Points: 3

Scoring Instructions: Low-Impact Development (LID) is a stormwater management approach that manages rainfall on the site through landscape features that infiltrate, filter, store, evaporate and detain stormwater at the source. LID techniques integrate green space, native landscaping, natural hydrologic functions, and other techniques to generate less runoff from developed land. City LID requirements can be found in the City's Stormwater Management Guidance Manual for Low Impact Development and Post-Construction Requirements (2015). The applicant is required to demonstrate that the LID techniques specifically proposed will result in water quality and flood control benefits to the project site and community.

Off-site storm water infrastructure improvements must be consistent with the City's Infrastructure Master Plan, approved by the Public Works Director, and constructed consistent with the City's standard specification for water infrastructure improvements. After a project receives entitlements and before the completion of construction, the City may allow the applicant to contribute in-lieu funds equal to the value of the improvements for which points were awarded. The City may allow the contribution of in-lieu funds only if the Public Works Director determines that the in-lieu funds will allow for storm water infrastructure improvements with a greater community benefits than could be provided by the construction of improvements by the project developer.

Criteria 8-D: Infrastructure and Services Fund Contribution

Standard: The project contributes water, sewer, storm drain funds greater than the minimum required.

Points: 1 point for every \$1,000 contributed.

Total Available Points: 3

Criteria 8-E: Broadband Connectivity

Standard: The project provides advanced broadband connectivity.

Points: See Table 47.

TABLE 47: POINTS AVAILABLE FOR COMMUNICATION TECHNOLOGY

Standard	Points
The project installs broadband conduit in the public right-of way.	2
The project installs broadband conduit from the public right-of-way to each home or occupied building in the project.	1
The project pre-installs indoor conduit, wiring and other necessary infrastructure so that broadband service may be provided to each unit.	1
The project provides primary broadband service to each unit from a competitive telecommunications company (i.e., a company other than Frontier or Charter)	6

Total Available Points: 6

Scoring Instructions: Broadband means telecommunications service capable of supporting digital data transmission at minimum download speeds of 25 Mbps. To be eligible for points, projects must install conduit each with at least two pull cables and of sufficient size and quality to accommodate multiple future broadband providers. At least one conduit shall remain empty and reserved for use by a potential future broadband service provider. Points for providing broadband service from a competitive telecommunications company may not be combined with points for installing conduit pathways within the right-of way, from the right-of-way to buildings, and within buildings.

9. PROJECT QUALITY

Intent: Encourage exceptional project design at the neighborhood, site, and building scale.

Points Available: See Table 48.

TABLE 48: PROJECT QUALITY POINTS AVAILABLE

Criteria	Points Available	
9-A: Exterior Building Design	13	
9-B: Building Placement and Massing	15	
9-C: Site Improvements	7	
9-D: Vehicle Parking and Access	13	
9-E: Public Art	3	
9-F: Smart Homes	4	
9-G: Project Excellence	3	
Total	58	35 Maximum*

*The maximum score for Criteria 9-A through 9-F is 32. The Planning Commission may award an additional 3 points for Criteria 9-G for a total maximum score of 35.

Criteria 9-A: Exterior Building Design

Standard: Exterior architectural elements support walkable and attractive neighborhoods.

Points: See Table 49.

TABLE 49: POINTS FOR EXTERIOR BUILDING DESIGN

Building Design Features	Points
1. Front Porches. A minimum of 50 percent of homes facing a street or common interior courtyard include a front porch. Porches must be part of the home's primary entrance, connected to the front yard or common interior courtyard, a minimum of 6 feet by 5 feet, and in full view of the street or common interior courtyard. Multi-family projects may earn points if 50 percent of ground floor units with exterior entrances include a porch.	1 (attached) 3 (detached)
2. Balconies Facing Street or Courtyard. A minimum of 25 percent of homes facing a street or common interior courtyard include a balcony overlooking a public space. Balconies must provide usable private outdoor space for residents, be in full view of a street or common interior courtyard, and face away from neighbors' yards to maintain privacy. Multi-family projects may earn points if 25 percent of upper floor units facing a street or common interior courtyard include a balcony.	1

3. Balconies Facing Alleys. A minimum of 25 percent of homes abutting a shared alley include a balcony overlooking the alley, parking area, or drive aisle. Multi-family projects may earn points if 25 percent of upper floor units facing an alley, parking area, or drive aisle include a balcony.	1
4. Façade Articulation and Finishes – Front building facades feature quality façade articulation and finishes to break up blank, flat walls and provide visual interest. Example façade articulation include but are not limited to windows, shutters, awnings, balconies, bay windows, and stone enhancements.	1 (attached) 3 (detached)
5. 360-degree Architecture. The project features full and consistent articulation and design detail on all building facades.	1 (attached) 3 (detached)
6. Corner Treatments. For projects where the side or rear of a home faces a street or common courtyard street, the project incorporates enhanced treatments of these side and rear facades to support a welcoming and visually interesting public realm.	1
7. Colors and Materials. The project incorporates a mix of exterior finish materials and colors that is compatible with the architecture of the homes and enhances visual interest.	1 (attached) 3 (detached)
8. Multi-family Ground Level Entrances. For multi-family residences, the project provides as many private, exterior ground-level entries to individual units as possible.	1
9. Individual Residences – Attached Projects. Large buildings are architecturally subdivided so that they appear as individual residences or small groups of units. Buildings incorporate features such as window bays, balconies, porches and entrance vestibules, varied color schemes, and individual roof volumes to define individual units.	4
10. Residential-Scale Design Elements – Attached Projects. Buildings incorporate design details, including but not limited to porches, projections, eaves, bay windows, and other similar architectural elements, that provide residential scale and help to break up the building mass.	1

Total Available Points: 13 (attached); 15 (detached)

Criteria 9-B: Building Placement and Massing

Standard: The placement of buildings on lots, orientation of units to the street, and configuration of building height and volume supports a high-quality design environment.

Points: See Table 50.

TABLE 50: POINTS FOR BUILDING PLACEMENT AND MASSING

Building Placement and Massing Features	Points
1. Entrance Orientation – Collector and Residential Streets. The primary entrance of homes face streets along the project perimeter for projects: - Fronting an existing residential or collector street; or - Located Downtown or in the Monterey Road corridor.	2
2. Entrance Orientation – Single-Family Detached Projects/Arterial Streets. The primary entrances of detached single-family homes outside of Downtown or the Monterey Road corridor do not face an arterial street. Project perimeters along arterial streets feature landscaping, fences, walls, and other improvements that create visual interest and support a pedestrian-friendly environment.	2
3. Variation in Building Height. The project incorporates variation in building heights to minimize monotony and enhance visual interest.	2
4. Variation in Building Placement. The project incorporates variation in building front setbacks and placement on lots to minimize monotony and enhance visual interest.	2
5. Roof Line Variation. Variation in roof lines through changes in roof height and form break of building massing and create visual interest.	2
6. Upper Floor Set Back – Detached Homes. A minimum of 50 percent of detached single-family homes feature second stories stepped back a minimum of 10 feet from the street-facing ground floor building wall.	2
7. Upper Floor Set Back – Attached Homes. Upper floors of attached housing types facing a street are stepped back a minimum of 10 feet from the street-lower floor building wall.	1
8. Height and Project Edge – Attached Projects. The project minimizes building heights along the project edge and locates larger buildings towards the interior of the site.	1
9. Separate Structures – Attached Projects. Large projects divide units into multiple separate structures. Maximum number of units per structure is as follows: - Attached single-family (townhomes): 5 units maximum per structure - Multi-family: 10 units maximum per structure	4
10. Adjacent Building Types– Attached Projects. The project matches building types along project edge with adjacent land that is developed to its ultimate	1

potential use according to the General Plan or applicable zoning. For example, the project locates detached single-family homes along the project perimeter when facing existing detached single-family homes in an area zoned for detached single-family homes.	
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Total Available Points: 12 (detached); 15 (attached)

Criteria 9-C: Site Improvements

Standard: Landscaping and other site improvements contribute to a high-quality design environment.

Points: See Table 51.

TABLE 51: POINTS FOR SITE IMPROVEMENTS

Site Improvements	Points
1. Landscaping – Parkway Design. The project provides a landscape parkway along the street 50 percent wider than the minimum required for the street type. Street trees and pedestrian-scale lighting within or adjacent to the parkway exceed minimum requirements and help create a distinctive and memorable design environment. For private streets with no minimum parkway standard, projects may receive points for exceed the width of an equivalent public street standard.	2
2. Landscaping – Visual Relief. Landscaping is placed and designed to minimize the appearance of building bulk and mass and to emphasize building features that create visual interest and support a pedestrian-friendly environment.	1
3. Exterior Lighting. Exterior lighting fixtures are architecturally integrated with the primary building's design, style, material, and colors.	1
4. Entrance Pathways. The project provides a direct pathway connection from a public sidewalk to the primary entrance of each unit or building adjacent to the sidewalk. For buildings and units oriented towards interior common open space, points may be awarded if direct pathway connection is provided from the open space to each unit or building facing the open space.	1
5. Public/Private Transitions. The project includes transition zones between private and public spaces along the street frontage through the use of landscaping, fences, trellises, walls, or a change in floor elevation.	1
6. Mechanical Equipment. All mechanical equipment is screened from the public right-of-way and common areas enclosed with an architecturally compatible structure. Equipment closures are screened through landscaping.	1

Total Available Points: 7**Criteria 9-D: Vehicle Parking and Access**

Standard: The project minimizes visual impacts from on-site vehicle access and parking facilities.

Points: See Table 52.

TABLE 52: POINTS FOR VEHICLE PARKING AND ACCESS

Vehicle Parking and Access Features	Points
1. Garage Door Orientation. Garage doors do not face the front street. Garages are configured on the site such that garage doors face either the side or rear of the property.	3
2. Garage Door Design – Minimizing Visual Dominance. For garage doors that face the front street, garage doors and entrances are designed to be visually subservient to other building elements through methods such as increasing garage door setbacks, incorporating greenery within the driveway, and other methods.	1
3. Garage Door Design - Detailing. Garage doors feature enhanced windows or architectural detailing consistent with the main dwelling.	1
4. Garage Configuration. No more than 50 percent of single-family homes feature an identical garage configuration. Garage configuration may include front loaded attached, front loaded detached, side loaded, and rear loaded garages.	1
5. Parking – Attached Projects. The project locates parking lots serving attached residential units at the rear or side of the site to allow a majority of dwelling units to front on the street or an internal courtyard. Parking is not located between a building and any public sidewalk or street.	1
6. Screening. Parking visible from a public street is screened with fences, walls, and/or landscaping to the greatest extent possible.	1
7. Landscaping – Attached Projects. The project incorporates landscaping to soften the appearance of off-street parking areas and private drive aisles in attached single family and multi-family projects	1
8. Setback Areas. For detached single-family projects, paved areas and hard surface for vehicle access and parking occupies not more than 50 percent of the front and street-side setback area.	1

9. Pavement Design. Areas for vehicle parking and circulation feature enhanced paving finishes such as stone, brick, and colored and textured concrete that complement the architectural style of buildings.	2
10. Clustered Units. Parking for clustered single-family units use a shared driveway that minimizes the amount of overall hardscape and maximizes the amount of landscaping to screen driveway.	1

Total Available Points: 13

Criteria 9-E: Public Art

Standard: The project incorporates public art to create a livable and visually stimulating environment.

Points: 1 point for every \$1,000 in artwork cost per unit.

Total Available Points: 3

Scoring Instructions: Public art means privately funded, constructed, and maintained artwork located on private property, but which also provides a public benefit, or on public property pursuant to City approval. The public art must be located in areas on the site clearly visible from the public street or sidewalk or in publicly accessible outdoor areas. Public art must be displayed in a manner that will enhance its enjoyment by the general public.

Artwork costs include all costs associated with the selection, acquisition, purchase, commissioning, design, fabrication, placement, installation, or exhibition of the public art. Public art may include sculpture, murals, photography and original works of graphic art, earthworks, fiber works, waterworks, neon, glass, mosaics, or any combination of forms of media, furnishing or fixtures permanently affixed to the building or its grounds, and may include architectural features of the building or elements of landscape design. The creator of public art shall be a practitioner in the visual arts who is not a member of the project engineering, architecture or landscape architecture firm.

Criteria 9-F: Smart Homes

Standard: The project accommodates or provides home automation devices that are connected to and controlled through a digital network.

Points: See Table 53.

TABLE 53: POINTS AVAILABLE FOR SMART HOMES

Standard	Points
The project installs home automation devices within units.	1 per \$1,000 in device value per unit
The project installs home automation devices within units that reduce energy consumptions, such as devices that automatically adjust lighting, heating, and air conditioning.	1 per \$1,000 in device value per unit

Total Available Points: 4

Scoring Instructions: A home automation device means a household device, appliance, or fixture that is connected to a digital network and controlled remotely by the resident. Example home automation devices include, but are not limited to major homes appliances (refrigerators, freezers, ovens washers/dryers), heaters and air conditions, thermostats, lighting systems, locks and home security, doorbells, and home theatre and entertainment systems.

Criteria 9-G: Project Excellence

Standard: The project incorporates exceptional features as determined by the Planning Commission.

Points: See Table 54

TABLE 54: POINTS AVAILABLE FOR PROJECT EXCELLENCE

Planning Commission Vote	Points
Majority	1
Super-Majority	2
Unanimous	3

Total Available Points: 3

Scoring Instructions: Points may be awarded to projects that demonstrate exceptional consistency with policies under Goal CNF-11 in the General Plan City and Neighborhood Form Element as determined by the Planning Commission. Points for Planning Commission votes (majority, super-majority, unanimous) are based on Planning Commissioners present. Super-majority means one vote more than a majority vote. When making its decision the Planning Commission will consider information provided by staff.

IV. RDSCS IMPLEMENTATION POLICIES

A. Schedule for 2017 Competition

March 14	Planning Commission Evaluation and Recommendation of Available Allotments (18.78.110B)
April 19	City Council Determination on Possible Reduction to Available Allotments (18.78.110B)
June 19	Pre-Competition Orientation (18.78.120A)
August 18	Pre-Application Review (18.78.130)
September 15	Pre-Application Review Letter (18.78.130F)
September 29	Applicant Response to Pre-Application Review Letter (18.78.130G)
October 19	RDSCS Application Submittal Deadline (18.78.120C)
November 2	General Plan and Zoning Consistency Determination (18.78.120D)
November 20	Deadline to file General Plan and Zoning Consistency Appeal to City Council
December 4	Staff Scoring of Applications/Recommendation to Planning Commission (18.78.120E)
December 13	Appeals of General Plan and Zoning Consistency Heard by City Council
December 19	Planning Commission Hearing - Project Scores (18.78.120F)
January 3	Deadline to File Scoring Appeal to City Council
February 7	Scoring Appeal Heard by City Council
February 12	Staff Recommendation - Award of Allotments (18.78.120G)
February 27	Planning Commission Hearing - Award of Allotments (18.78.120H)
March 14	Deadline to File Allotment Appeal to City Council
April 3	Allotment Appeal Heard by City Council

* All decisions of the Planning Commission may be appealed to the City Council (18.78.120J)

B. Exemptions

The following types of residential projects may be developed without first receiving any allotments:

1. One single-family home on a lot existing as of March 1, 2017;
2. Secondary dwelling units;
3. The conversion of an existing single-family home into a duplex provided that a new detached primary structure is not constructed on the lot or lots;
4. Assisted living/nursing homes (reference Zoning Ordinance for definition); and
5. The annexation of existing dwelling units outside of City limits into the City.

C. Application Submittal Requirements

See RDCS Process and Filing Requirements section on RDCS Process web page:

<http://www.morgan-hill.ca.gov/109/RDCS-Process>

The following additional submittal requirements shall also apply:

- When evaluating and scoring applications, the City may not consider any additional information submitted by the applicant after the application filing date.
- For projects requesting points for an activity on property not owned by the applicant or developer, the applicant must submit a written approval from the property owner consenting to the activity.
- For projects requesting points to provide access to public parks and open space areas outside the project boundary, the applicant must submit written approval from the agency in control of the facilities to allow access between the project and the facilities.
- In cases of conflict between a written project narrative and plans, the narrative shall take precedent over plans.

D. General Plan and Zoning Consistency

After deeming an RDCS application complete, the Community Development Director or the Director's designee shall evaluate each application for consistency with the City's General Plan and Zoning Code and reject any applications which are found to be inconsistent with either the City's General Plan or Zoning Code. The Community Development Director's determination is appealable to the City Council. The City Council may direct the applicant to make modifications to the application and if these modifications bring the application into compliance with the General Plan and Zoning Code the application may continue to compete for allotments.

A proposal is consistent with the General Plan when:

1. The subject site's General Plan Land Use designation allows the proposed use at the proposed density; and
2. The proposal meets the overall intent of the Goals and Policies of applicable elements of the General Plan.

A proposal is consistent with the Zoning Code when the base Zoning District or PD Zoning for the site allows the proposed use; and the proposal meets the zoning regulations (e.g., setbacks) of the subject site's base Zoning District or PD Zoning, or the proposal only includes minor deviations from zoning regulations that, at the entitlement stage, could either be modified to be fully consistent with zoning regulations or the applicant would secure approval of a PD Zoning to establish modified development standards.

Minor deviation means an adjustment to the development standard in the project's base zoning district not to exceed the percentages in Table 55. For example, if a project is in a zoning district with a minimum front setback of 25 feet and proposes front setbacks of no less than 20 feet through PD Zoning, the project would be consistent with the Zoning Code. If a project in a zoning district with a maximum height of 30 feet proposed a height of 35 feet (more than a 10 percent deviation from the zoning district standard), the project would not be considered consistent with the Zoning Code. In this example, no structure within the project may have a height of more than 35 feet for the project in its entirety to be considered consistent with the Zoning Code.

TABLE 55: MAXIMUM DEVIATIONS FOR ZONING CONSISTENCY

Standard	Maximum Deviation
Setbacks, Front and Rear	20 percent decrease
Setbacks, Side	30 percent decrease
Lot Coverage and FAR	10 percent increase
On-site Parking (number of spaces)	10 percent decrease
Building Height	10 percent increase
Lot Size	15 percent decrease

Any proposed minor deviation(s) must be clearly identified with justification for the deviation(s) provided in writing as part of the required Pre-Application Review process, per Section 18.78.130 of the RDCCS Ordinance. Proposed deviations shall not unreasonably affect abutting sites.

The Community Development Director may allow greater deviations from the percentages shown in Table 55 if the applicant can demonstrate that the greater deviation would produce a public benefit that cannot be provided without the greater deviation.

E. Competition Categories and Ongoing Projects

Each year the City Council may establish competition categories for certain types of projects. Projects within a competition category will compete for allotments only with other projects in the same competition category. For each competition category, the City Council shall identify the number of allotments available for projects competing within the competition category. Examples of competition categories may include, but are not limited to, projects within the Monterey Road Corridor, small projects (less than 15 units), senior housing, vertical mixed use, custom lots, and multi-family rental.

2017 Competition for Fiscal Year 2019/20

<u>Competition Category</u>	<u>Number of Allotments</u>
Affordable Housing	39 (20% of total allotments)
Micro Projects	XX
Small Projects	XX
Multi-family Rental	XX
Open/Market	XX
Senior Housing	XX
Monterey Corridor	XX
Custom Lots	XX
On-going Projects	59
Prior Multi-year Commitment	0
Total	195

Affordable Housing: The City Council shall ensure that an adequate number of allotments are available for affordable housing projects consistent with the City's Regional Housing Needs Allocation (RHNA) and adopted Housing Element.

Micro Projects: A Micro Project consists of a maximum of six (6) dwelling units on a site with an ultimate development potential of no more than six (6) units.

Small Projects: A Small Project consists of between seven (7) and 15 dwelling units on a site with an ultimate development potential of no more than 15 units.

Multi-family Rental: A Multi-family Rental project is a development of any size providing market rate rental housing.

Open/Market: The Open/Market category applies to housing of any type typically consisting of more than 15 units at build-out.

Senior Housing: Senior Housing projects are any market-rate housing type for persons 55 and older. For RDCS purposes Senior Housing must meet the following minimum requirements: 1) Must be 25 units or more; 2) Lot sizes shall not exceed an average 9,000 square feet (unless a single lot multi-family development); 3) Must have an HOA to maintain all common amenities and front yard landscaping; 4) Seventy-five percent or more of the units must be single story in projects proposed in single-family zoning districts (or single level flats in multi-family zoning districts) with the exception of R-1 4,500 Zoning District where fifty percent or more shall be single story; 5) All 2-story units shall be designed and prewired for elevators or stair lifts; 6) All units within the project must meet visitability and adaptability standards. The Planning Commission has the discretion to waive or allow variation from the above definition for multifamily senior projects that are found to be in substantial conformance with the above definition.

Custom Lot: A Custom Lot is defined as a project which includes the opportunity for individuals to purchase lots. Custom lots shall be defined as follows: 1) Minimum lot size shall be based on the

underlying zoning (no RE or large lot minimums); 2) The original developer can retain ownership of up to 50% of the lots with the balance made available for purchase by individual builders who wish to construct homes; 3) Of the "for sale lots", no more than 2 lots may be purchased by any one person; 4) Exterior elevations should vary throughout the project and floor plans may not be repeated, but can be reversed if elevation is varied.

On-going Projects: In addition to the competition categories, allotments may also be given to on-going projects. These are projects that were awarded building allotments in previous competitions, but were not fully allocated. Each on-going project can receive allotments without submitting a new application. See Section N below for additional details.

Prior Multi-Year Commitment: The number of allotments in a given competition year that were previously awarded to multi-year/phased projects.

F. Scoring

Scoring Errors: After the Planning Commission approval of final points no point adjustments are allowed.

Changes to Approved Projects/Substitution of Points/Criteria: Changes will be considered on a case-by-case basis with any changes resulting in the project receiving the same or higher score within each Objective and the change would maintain or improve the quality of the project and would result in the same or greater value to the City or its project's future residents. If project is refined, allow points to be made up in a different Objective only if it is not possible to make-up in Objective where loss of points occurred.

Point Opportunities for Project Feature Under Multiple Criteria. In most cases, a project feature or contribution may not earn a project points in more than one criteria. For example, a project that earns points for installing safe-routes-to-school pedestrian improvements under Criteria 1-C (Student Transportation Improvements) may not also receive points for the same improvement under Criteria 7-A (Bicycle and Pedestrian Improvements). However, there are cases where a project design feature may allow a project to receive points from multiple criteria. For example, a project that incorporates accessory dwelling units may earn points in criteria 4-A (Accessory Dwelling Units) and 4-B (Diversity of Housing Types). Points may be awarded in multiple criteria for a single project feature only where expressly identified in Section III of this manual.

G. Multi-year Allotments

Section 18.78.140 Project Phasing allows the Planning Commission to distribute allotments awarded to a single project over multiple years to support a fair and efficient RDCS process by allowing high quality projects constructed over multiple years to compete one time for allotments.

The Planning Commission has discretion to determine which projects are eligible for multi-year allotments and may award multi-year allotments over a period of up to: 1) Three years for projects with less than 100 units; and 2) Five years for projects with 100 or more units. How well a project scores will be one factor Planning Commission will consider when awarding multi-year allotments.

The Planning Commission may award multi-year allotments to projects only upon finding that:

1. The multi-year allotments will support a steady rate of growth and help to avoid a sudden spike in construction of new housing;
2. The multi-year allotments will help the City to plan for adequate public services and infrastructure to accommodate new development;
3. The City will benefit from requiring the applicant to compete only once to receive allotments for all project phases; and
4. An adequate number of allotments will remain in future years to accommodate a range of housing types to meet Morgan Hill's housing needs.

The Planning Commission will strive to ensure that a sufficient number of allotments are available each year for non-multi-year allotted projects, in addition to affordable allotments, to allow for a yearly competition.

Multi-year projects are not eligible to compete for additional allotments within the years awarded.

H. Development Agreement

A deadline to commence construction under the fiscal year building allotment shall be incorporated into a Development Agreement approved by the City Council.

I. Tentative Subdivision Map

The City will allow for the processing of tentative subdivision maps which exceed the number of allotments currently assigned to a development if the following criteria are met:

- The overall project must be consistent with the Zoning Code.
- The Tentative Map shall be non-vesting.
- The recordation of a Final Map will not be permitted until allotments are secured under the RDCS and a Development Agreement has been recorded.

The Tentative Map approval would expire after two years (or sooner as specified by the Planning Commission) and the Tentative Map approval period will not be automatically extended through the filing of a Final Map, but may be extended through separate application and approval by the Planning Commission.

J. Exercise of Allotments

Allotments must be exercised within 30 months of approval or by an alternative date specified in the Development Agreement. An allotment is considered exercised with the recordation of a Final Map, issuance of a grading permit, or the commencement of construction if no Final Map is required.

A project shall be deemed to have physically commenced construction upon issuance of a building permit and completion of the following improvements: Installation of on-site and off-site improvements including grading and certification of the building pad by the Building Division and completion of one or

more of the following: a) Excavation of the footings and foundations for the dwelling units; b) Installation of water or sewer laterals to the relevant units.

K. Early Start of Construction

An early start of construction date is possible as long as the units are not completed and occupied until after the start of the fiscal year in which the allotments must be used. The construction schedule incorporated into the project development schedule shall ensure that dwelling units are not completed before the start of the fiscal year in which the allotments must be used.

L. Extensions

For Projects that received allotments under the previous RDCS, but have not secured a Development Agreement, the Community Development Director may issue a (single) six (6) month extension based on current Measure S criteria.

Extension requests shall be submitted in writing to the Community Development Department a minimum of 60 days prior to the allotment expiration date and shall describe how the project meets the extension eligibility criteria listed below and in Section 17.78.170F of the Zoning Code.

In addition to receiving an Administrative Extension and/or prior extensions under the previous RDCS, a project, for each allocation year, may receive no more than one (1) extension for a maximum one additional year period for reasons due to delay by the City or public agency. There is no limit the number of exceptions that may be granted to a project due a severe act of nature outside of the applicant's control. On-going projects and projects that re-compete for allotments in future allocation years may receive subsequent extensions each allocation year subject to these same limitations.

Phased projects, including multi-year projects, may only receive one, one-year extension. For phased projects, the commencement date of successive phases may, at the discretion of the Planning Commission, be extended at the time of granting the one extension.

Eligibility Criteria

1. The Planning Commission may approve an extension only when the City or other public agency is responsible for a delay (evaluated on a case-by-case basis) in the issuance of permits or granting approvals required to exercise the allotments, or due to an earthquake, flood, fire, or other severe act of nature outside of the applicant's control. It is the applicant's responsibility to provide evidence that the request is consistent with this requirement.
2. The Planning Commission may not approve an extension for any reason other than in the above paragraph, including but not limited to difficulties obtaining financing, changes to the project not required by the City or other public agencies, applicant delays responding to requests from the City or other public agency, personal circumstances of the applicant, or changes in property ownership.

M. Transfer of Allotments

In order to expedite the completion of projects awarded allotments under the RDCS, the transfer of fiscal year allotments between and within projects that meet the following criteria, may occur:

1. The receiving project has sufficient lead time to exercise the transferred allotment prior to the deadline.
2. The transfer must work as a trade between two developments or within a project.
3. The transfer may apply to partially allotted and fully allotted projects.
4. Both on-going and recently allotted first time projects may transfer allotments.

A transfer only changes the year the units may be built. A transfer does not alter in any way project commitments.

N. On-Going Allotments

Each on-going project can receive up to 15 allotments (up to 25 for projects that are transitioning from Measure C to Measure S) each year without submitting a new application. Projects are required to submit a letter by the RDCS Application filing date requesting on-going allotments. Projects that have previously competed and are partially allotted shall be considered on-going and may receive allotments from the on-going category. To be eligible to receive an allotment, the following criteria must be met:

1. A project has completed all planning entitlements (Tentative Map, Development Agreement, and Site Review).
2. A project is in compliance with their development schedule.
3. A project will pay additional fees for Development Agreement compliance related to the additional award and any fees for processing and administration of on-going allotments should they be established and required.
4. Finally, for the unique 2017 RDCS competition, the three Measure C transitional projects, Laurel-TRI Pointe, San Pedro-Presidio Evergreen, and Toll Brothers (formerly Borello) will be entitled to receive a combined maximum of 59 allotments.

Projects that were awarded, but do not use on-going allotments will lose their eligibility to be considered on-going and must re-compete.

APPENDIX: RDCE ORDINANCE (MORGAN HILL MUNICIPAL CODE CHAPTER 18.78)

Attachment: RDCE Competition Manual (1187 : RDCE Competition Manual)

Chapter 18.78 – Residential Development Control System

Sections:

18.78.010	RDSC Purpose and History
18.78.020	Amendments to RDSC Ordinance
18.78.030	Transitional Provisions
18.78.040	Population Limit
18.78.050	Allotments– General
18.78.060	Downtown and Agricultural Preservation Set Asides
18.78.070	Urban Service Area Boundaries
18.78.080	Competition for Allotments
18.78.090	Competition Categories
18.78.100	Competition Manual
18.78.110	Number of Available Allotments
18.78.120	RDSC Procedures – Application Submittal and Review, Project Scoring, and Award of Allotments [CCA]
18.78.130	Pre-Application Review [CCA]
18.78.140	Project Phasing [CCA]
18.78.150	Land Use Entitlements Required [CCA]
18.78.160	Expiration of Allotments [CCA]
18.78.170	Extensions [CCA]

Note: Sections which may be amended or repealed by the City Council without voter approval are identified with the note “[CCA]” following the section heading.

18.78.010 RDCS Purpose and History

A. Purpose. This chapter establishes requirements for the Morgan Hill Residential Development Control System (RDCS). The purpose of the RDCS is to:

1. Establish a limit on the amount and rate of residential growth in Morgan Hill through 2035.
2. Encourage high quality residential development that enhances residents' quality of life.
3. Ensure that new residential development does not adversely impact the level of public services and infrastructure provided for current and future residents.
4. Promote a diverse stock of high quality housing to meet the full range of housing needs within Morgan Hill.
5. Encourage new residential development to contribute community benefits that enhance the public health, safety, and welfare.
6. Encourage an orderly, efficient, and sustainable residential development pattern.
7. Advance the goals and policies of the General Plan and Downtown Specific Plan.
8. Provide certainty to residents that residential development patterns will reflect local goals and values.

B. History. The RDCS is a continuation and refinement of the voter-approved growth management system first established in Morgan Hill in 1977. The RDCS was originally approved by voters in response to concerns over the amount and pace of residential growth and the impacts of this growth on city services and infrastructure. RDCS ballot measures adopted by the voters include the following:

1. Measure E (1977), which set a target population of 30,000 for year 2000 and established the RDCS.
2. Measure P (1990), which refined the RDCS and established a population ceiling of 38,800 for 2010.
3. Measure C (2004), which again refined the RDCS and set the population ceiling to 48,000 for 2020.
4. Measure F (2006) and Measure A (2009), which established exemptions for units constructed Downtown.
5. Measure [TBD] (2016), which was adopted in conjunction with the City's General Plan Update to further refine the RDCS and set the population ceiling to 58,200 for 2035.

18.78.020 Amendments to RDCS Ordinance

This ordinance (Chapter 18.78 of the Morgan Hill Municipal Code) was adopted by the voters of Morgan Hill in 2016 and may be amended or repealed only with voter approval except as specified in subsections A and B below.

A. Amendments Allowed without Voter Approval. The following sections may be amended by an ordinance duly adopted by the City Council in accordance with state law:

1. 18.78.120 (RDSCS Procedures – Application Submittal and Review, Project Scoring, and Award of Allotments).
2. 18.78.130 (Pre-Application Review).
3. 18.78.140 (Project Phasing).
4. 18.78.150 (Land Use Entitlements Required).
5. 18.78.160 (Expiration of Allotments).
6. 18.78.170 (Extensions).

B. Reorganizing and Renumbering of Municipal Code. The Morgan Hill Municipal Code may be reorganized or readopted in a different format, and individual provisions may be renumbered or reordered, in the course of ongoing updates of the Municipal Code, provided that the provisions of this ordinance adopted by the voters of Morgan Hill in 2016 remains in the Municipal Code unless earlier repealed or amended by the voters or by the City Council in accordance with subsection A, above.

18.78.030 Transitional Provisions

- A. Replacement of Prior RDSCS Ordinance.** This ordinance repeals and replaces in its entirety the prior RDSCS ordinances, previously codified in Division IV (Residential Development Code) of Title 18 (Zoning) of the Morgan Hill Municipal Code.
- B. Prior Actions Remain Valid.** Any City action taken or approval granted pursuant to the prior RDSCS ordinance is not affected by the enactment of this ordinance. All future actions and approvals shall comply with this ordinance.
- C. Previously Approved Allotments.**
1. Allotments awarded and exercised prior to March 1, 2017 shall remain valid and are not affected by this ordinance.
 2. Allotments awarded prior to March 1, 2017 but which have not yet been exercised shall remain valid until the expiration date established at the time of allotment or as established in the project's Development Agreement. Applicant requests for an extension to the date by which these allotments must be exercised and City action on these requests are governed by Section 18.78.170 (Extensions) of this ordinance.
- D. No Changes to Prior Projects Required.** No provision of this ordinance shall require any change in the plans, construction, or design of the portion of a project which received allotments prior to March 1, 2017.

18.78.040 Population Limit

- A. Maximum Population.** Morgan Hill's population as of January 1, 2035 shall not exceed 58,200.
- B. Ceiling, Not a Target.** The 58,200 population limit is a maximum ceiling, not a target. The City is not required to actively strive to reach 58,200 residents by 2035. Instead, the City shall ensure that Morgan Hill's population does not exceed this limit by 2035 while continuing to meet the full range of housing needs in Morgan Hill.

- C. Limit to all Population Growth.** Morgan Hill's population limit is intended to limit all population growth, including growth from new housing exempt from receiving RDCS allotments as specified in Section 18.78.050.C (Exemptions from Allotments) and set-aside allotments awarded as allowed by Section 18.78.070 (Downtown and Agricultural Preservation Set Asides). The number of allotments available each year and the process to adjust this number is intended to ensure that residential growth from all sources does not result in a population that exceeds the population limit of 58,200 residents in 2035.

18.78.050 Allotments – General.

- A. Allotments Based on Population Limit.** The City Council shall establish a maximum number of residential allotments available each year, not to exceed 215 allotments per year, such that the population in Morgan Hill does not exceed 58,200 as of January 1, 2035.
- B. Allotment Requirement.** A residential allotment authorizes an applicant to apply for land use entitlements and to construct these units should the City approve these entitlements. No residential unit may be developed without first obtaining an allotment, except for exempt units specified in Section C below.
- C. Exemptions from Allotments.** The following types of residential projects may be developed without first receiving any allotments:
1. One single-family home on a lot existing as of March 1, 2017;
 2. Secondary dwelling units;
 3. The conversion of an existing single-family home into a duplex provided that a new detached primary structure is not constructed on the lot or lots;
 4. Assisted living/nursing homes; and
 5. The annexation of existing dwelling units outside of City limits into the City.
- D. Timing of Allotment Use.** To maintain a steady rate of residential development, allotments must be used ("exercised") by a specific date as established in Section 18.78.160 (Expiration of Allotments). Allotments that are not used by the specified date expire and are no longer valid. Projects with expired allotments must reapply for allotments in the same manner as all other new proposed projects requesting allotments.
- E. Rate of Growth.** The Planning Commission shall allocate available allotments each year with the goal of maintaining a steady rate of growth.
- F. Cancellation of Allotment Awards.** The City Council may cancel the process to award allotments upon finding that public services and facilities are inadequate to accommodate additional residential development and that awarding allotments would significantly impact the public health, safety and welfare.

18.78.060 Downtown and Agricultural Preservation Set Asides

- A. General.** Through 2035 a certain number of allotments are set aside for residential projects in Downtown Morgan Hill and for projects that contribute to the City's agricultural preservation goals.
- B. Eligibility.** To be eligible to receive set-aside allotments, a project must receive at least 80 percent of the total maximum score in the RDCS competition criteria.
- C. Competition Not Required.** Eligible projects are not required to compete for set-aside allotments. Instead, allotments are issued to eligible projects by the Planning Commission on a first-come, first-served basis up to the total number of available set-aside allotments each year.
- D. Number of Available Set-Aside Allotments.**
 - 1. **Downtown Set-Asides.** Through 2035, 500 allotments are set aside for housing within the Downtown Specific Plan boundaries set forth in the City's General Plan as of July 27, 2016. No more than 100 set-aside allotments are available for downtown projects within a single year.
 - 2. **Agricultural Preservation Set-Asides.** Through 2035, 300 allotments are set-aside for housing that may be applied anywhere within the City. Recipient projects must directly establish permanent agricultural conservation easements within the City Limits or within the City's Priority Agricultural Conservation Area. Easements must be established within the City's Sphere of Influence in a manner consistent with the Citywide Agricultural Lands Preservation Program. The number of allotments granted to an eligible project shall be commensurate with the community benefit obtained from the resulting preservation of agricultural lands. No more than 35 set-aside allotments are available for agricultural preservation projects within a single year.

18.78.070 Urban Service Area Boundaries

- A. Allotments within Urban Service Area Only.** The City may approve allotments only for projects located within the City's Urban Service Area boundaries.
- B. Application to Expand Urban Service Area.** The City may apply to the Santa Clara County Local Agency Formation Commission to expand the Urban Service Area boundary of the City to accommodate additional residential development if the City Council first makes all of the following findings supported by substantial evidence on the record of a duly noticed public hearing on the matter:
 - 1. The expansion is necessary to accommodate the amount, rate, location, and type of residential development envisioned in the General Plan.
 - 2. The expansion is consistent with any City adopted plans, policies, or ordinances specifying a preferred sequence of future annexations.
 - 3. Public services and infrastructure are or will be sufficient to accommodate development resulting from the expansion of the Urban Service Area boundary. Additional development will not adversely impact public services and infrastructure, including public schools, the transportation system, parks, police, fire service, storm drainage, wastewater, and water service.

4. The expansion supports an orderly development pattern that prioritizes infill development adjacent to existing development and served by existing public services and infrastructure.
5. The expansion is necessary to accommodate the housing and/or employment needs of Morgan Hill.
6. The expansion promotes fiscal responsibility, cost-effective service delivery, and the City's ability to plan for and adequately maintain urban services over time.

18.78.080 Competition for Allotments

- A. Annual Competition.** Each year the City may conduct a competition for allotments for development of residential units, except when the City Council cancels the competition allowed by Paragraph D below. Projects exempt from the RDCS competition as specified in Section 18.78.050.C (Exemptions from Allotments) and projects eligible for set-aside allotments as specified in Section 18.78.060 (Downtown and Agricultural Preservation Set Asides) do not participate in the competition.
- B. Minimum Score.** To be eligible to compete for allotments, a project must receive a minimum score of at least 80 percent of the total maximum score in the RDCS competition criteria.
- C. Award of Allotments.** The Planning Commission shall award allotments based on a scoring of projects using criteria established by the City Council pursuant to Section 18.78.100 (Competition Manual). The Planning Commission may award a project fewer than the total number of allotments requested by the applicant. In such a case, the Planning Commission may award the surplus allotments to the next highest scoring projects if doing so would help create a more balanced and equitable distribution of allotments and help to achieve the goals of the General Plan.
- D. Cancellation of Allotment Awards.** The City Council may cancel the process to award allotments upon finding that public services and facilities are inadequate to accommodate additional residential development and that awarding allotments would significantly impact the public health, safety and welfare, or if there is insufficient demand necessary to produce high quality developments.

18.78.090 Competition Categories

- A. General.** Each year the City Council may establish competition categories for certain types of projects. Projects within a competition category will compete for allotments only with other projects in the same competition category. For each competition category, the City Council shall identify the number of allotments available for projects competing within the competition category.
- B. Example Competition Categories.** Example of competition categories may include, but are not limited to, projects within the Monterey Road corridor, small projects (less than 15 units), senior housing, vertical mixed use, and multi-family rental.
- C. Affordable Housing.** When establishing competition categories, the City Council shall ensure that an adequate number of allotments are available for affordable housing projects consistent with the City's Regional Housing Needs Allocation (RHNA) and adopted Housing Element.

18.78.100 Competition Manual

The City Council shall adopt and maintain an RDCS Competition Manual that establishes criteria and point values for the RDCS competition. The Competition Manual shall define terms and provide detail as needed to ensure that the City awards points consistently for all competing projects.

A. Competition Criteria. The Competition Manual shall identify the criteria that the City will use to award allotments to competing projects. Competition criteria in the Competition Manual shall advance the nine City objectives below, which may be modified only with voter approval.

1. **Schools.** Provide safe and convenient access to schools and ensure high quality schools in Morgan Hill.
2. **Location.** Encourage infill development adjacent to existing development and close to existing community services and facilities.
3. **Affordable Housing.** Increase the supply of housing affordable to households of all incomes levels.
4. **Housing Diversity.** Provide a variety of housing types and sizes to meet the range of housing needs within Morgan Hill.
5. **Parks and Open Space.** Provide high quality parks and recreational facilities and protect and preserve open space and productive agricultural land.
6. **Environmental Protection.** Increase energy efficiency, renewable energy, energy conservation, water conservation, habitat protection, and achieve other sustainability goals.
7. **Transportation.** Support a balanced and efficient transportation system for pedestrians, cyclists, public transit, and automobiles that maintains quality of life in residential neighborhoods.
8. **Infrastructure and Services.** Emphasize efficient use of public infrastructure and services.
9. **Project Quality.** Ensure quality design related to general livability, public safety, neighborhood form, site planning, building design, and landscape design.

B. Points. The Competition Manual shall establish points available for competition criteria that advance the City goals identified in Section A above.

1. **Limitations on Number of Points and Changes.** The total number of points for each of the nine objectives above (e.g., schools, location, affordable housing, etc.) shall be no more than 20 percent and no less than 5 percent of the total number of available RDCS competition points. The City Council may adjust the number of points within each objective by no more than 15 percent of the points available within the objective the previous year.
2. **Intent of Points.** Points shall be awarded only for projects that provide for excellence in project design and provide a community benefit that exceeds minimum requirements of the City and other governmental agencies. All projects must comply with City standards established in the General Plan, Municipal Code, and other City rules and regulations together with other applicable laws.

C. Revisions to Criteria and Points. In order to promote long term consistency and reduce uncertainty for applicants for residential development, the City Council shall amend competition criteria and point values in the Competition Manual only when necessary and no more frequently than once a year. The Planning Commission shall recommend to the City Council any revisions to the competition criteria and/or point values. If amended, competition criteria and/or point values shall be established no later than six months prior to the RDCS application submittal deadline.

18.78.110 Number of Available Allotments

A. Annual Allocations. Beginning with the competition in year 2017, the City may allocate no more than 215 allotments in any given year for residential development that must compete for allotments. Set-aside allotments as described in Section 18.78.060 (Downtown and Agricultural Preservation Set-Asides) may be awarded in addition to the annual allotment maximum.

B. Annual Reductions to Available Allotments. Each year staff shall provide the Planning Commission with an assessment of conditions, per the findings below, that may necessitate a reduction in the number of available allotments. No later than six months prior to the RDCS application submittal deadline each year, the Planning Commission may recommend and the City Council may reduce the number of available allotments for an RDCS competition year upon finding that:

1. Reducing the number of allotments is necessary to prevent a sudden spike in construction of new housing caused by a backlog of awarded allotments which have not yet been exercised.
2. Public infrastructure and services are or will be inadequate to accommodate the new development. Public infrastructure and services include public schools, the transportation system, parks, police, fire service, storm drainage, wastewater, and water service.
3. Other conditions are present that necessitate a reduction in the number of available allotments to achieve the RDCS purpose as stated in Section 18.78.010 (RDCS Purpose and History).
4. Downtown and/or Agricultural Preservation Set-Aside allotments have been issued. The number of annual allotments must be reduced to address the issuance of any set-aside allotments.
5. There is insufficient demand necessary to produce high quality developments or public benefits.

18.78.120 RDCS Procedures – Application Submittal and Review, Project Scoring, and Award of Allotments [CCA]

- A. Pre-Competition Orientation.** The City shall hold an open pre-competition orientation meeting at least four months prior to the RDCS application submittal deadline. At this meeting the City shall review with prospective applicants the RDCS schedule, application requirements, and competition criteria for awarding points.
- B. Pre-Application Review.** To be eligible to submit an RDCS application, applicants must have completed Pre-Application Review as described in Section 18.78.130 (Pre-Application Review).
- C. Applications.** Applicants shall submit an RDCS application consisting of the information and materials required by the City. Applications shall be submitted on a date determined by the Community Development Director. Applications may not be modified after submittal except as otherwise provided for in this chapter.
- D. General Plan and Zoning Consistency Determination.** After deeming an RDCS application complete, the Community Development Director or the Director's designee shall evaluate each application for consistency with the City's General Plan and Zoning Code and reject any applications which are found to be inconsistent with either the City's General Plan or Zoning Code. The Community Development Director's determination is appealable to the City Council. The City Council may direct the applicant to make modifications to the application and if these modifications bring the application into compliance with the General Plan and Zoning Code the application may continue to compete for allotments.
- E. Staff Scoring of Applications.** After deeming an RDCS application complete and consistent with the General Plan and Zoning Code, the Community Development Director or Director's designee shall recommend point assignments to projects using scoring criteria established by the City Council. City staff shall forward recommended scoring to the Planning Commission.
- F. Planning Commission Hearings – Project Scores.** The Planning Commission shall hold a public hearing to consider the scoring recommendation and to make a final determination of project scoring.
- G. Staff Recommendation – Award of Allotments.** After the completion of the appeal period following the Planning Commission determination of project scoring, the Community Development Director or the Director's designee shall recommend the award of allotments based on the project scoring. City staff shall forward recommended award of allotments to the Planning Commission.
- H. Planning Commission Hearings – Award of Allotments.** The Planning Commission shall hold a public hearing to consider the award of allotment recommendation and to award allotments based on the project scoring. The Planning Commission may award fewer than the total number of allotments requested for a project and may award allotments to lower-scoring projects if doing so would create a more balanced and equitable distribution of allotments and help to achieve the goals of the General Plan.
- I. Appeals.** All decisions of the Planning Commission may be appealed to the City Council pursuant to Municipal Code Chapter 18.64.

- J. Development Agreement.** The City may issue building permits only after the applicant has entered into a Development Agreement with the City confirming the specific development commitments made by the applicant at the time the Planning Commission awarded allotments.

18.78.130 Pre-Application Review [CCA]

- A. Pre-Application Review Requirement.** Applicants may apply for allotments only after completing the Pre-Application Review process. Pre-Application Review is required only once for a development project – projects which previously received allotments and reapply for additional allotments in subsequent competitions are not required to complete Pre-Application Review again prior to reapplication. Significant changes to a project, as determined by the Community Development Director, will require Pre-Application Review.
- B. Project Quality and Consistency.** Pre-Application Review allows City staff to evaluate the overall project quality as well as consistency with the General Plan, any applicable specific plan, the Morgan Hill Municipal Code, Architectural Review Handbook, and other applicable City rules and regulations. Pre-Application Review is intended to help ensure that projects receiving allotments can be built consistent with their approved RDCS application.
- C. Timing and Schedule.** The Community Development Director shall establish a schedule for submittal of materials and City staff review that provides sufficient time for the completion of Pre-Application Review prior to the RDCS application submittal date.
- D. Project Information Required.** Applicants shall submit information and materials for Pre-Application Review necessary to present the project concept and demonstrate compliance with City land use and neighborhood design policies in the General Plan. Detailed architectural plans are not required. Materials submitted for Pre-Application Review become part of the public record and are not confidential.
- E. Multi-Department Review.** The City Planning Division of the Community Development Department, Engineering Division of the Public Works Department, and other City staff involved in the land use entitlement approval process shall participate in the Pre-Application Review.
- F. Review Letter.** After reviewing the submittal and meeting with the applicant, the Community Development Director shall provide applicants with a Pre-Application Review Letter either making a preliminary finding that for the purposes of the RDCS competition the project is consistent with City policies and ordinances, or recommending changes to a project necessary to achieve consistency with those policies and regulations. The Pre-Application Review Letter is not a project approval or final determination by the City as to a project's conformity to City policies and ordinances.
- G. Applicant Response.** Applicants shall submit their Pre-Application Review Letter with their allotment application and any response, if needed, detailing the changes made to the project to address staff comments, or reasons why changes were not possible or desirable.
- H. Planning Commission Consideration.** The Planning Commission shall consider the Pre-Application Review Letter and the applicant's response to the letter when awarding competition points under the Project Quality criteria category.

18.78.140 Project Phasing [CCA]

- A. Multi-Year Allotments.** The Planning Commission may distribute allotments awarded to a single project over multiple years as allowed by this section.
- B. Intent.** Multi-year allotments are intended to support a fair and efficient RDCS process by allowing high quality projects constructed over multiple years to compete one time for allotments.
- C. Eligibility.** The Planning Commission shall have the discretion to determine which projects are eligible for multi-year allotments.
- D. Number of Years.** The Planning Commission may award allotments over a period of up to:
 - 1. Three years for projects with less than 100 units; and
 - 2. Five years for projects with 100 or more units.
- E. Findings.** The Planning Commission may award multi-year allotments to projects only upon finding that:
 - 1. The multi-year allotments will support a steady rate of growth and help to avoid a sudden spike in construction of new housing;
 - 2. The multi-year allotments will help the City to plan for adequate public services and infrastructure to accommodate new development;
 - 3. The City will benefit from requiring the applicant to compete only once to receive allotments for all project phases; and
 - 4. An adequate number of allotments will remain in future years to accommodate a range of housing types to meet Morgan Hill's housing needs.
- F. Use of Allotments.**
 - 1. Multi-year allotments must be exercised by the date specified by the Planning Commission consistent with Section 18.78.160 (Expiration of Allotments).
 - 2. If allotments for one year are not exercised by the specified expiration date, all multi-year allotments awarded to the project shall expire.
- G. Regular Rate of Growth.** Allotments awarded for future years shall be subtracted from the number of allotments available to other projects in those years so as to maintain a regular rate of growth consistent with the RDCS.

18.78.150 Land Use Entitlements Required [CCA]

- A. Authorization to Apply for Entitlements.** An award of an allotment is not an entitlement to develop. Allotments authorize an applicant to apply for land use entitlements and to construct these units should the City approve the required land use entitlements.
- B. Effective Allotment.** Applicants may submit an application for land use entitlements only after receiving an award of allotment. Planned Development Zoning applications may be filed prior to receiving an award of allotment.

- C. Finding of Compliance with Approved RDCS Application.** To approve land use entitlements, the City must find that the project substantially complies with the RDCS application as approved by the Planning Commission.

18.78.160 Expiration of Allotments [CCA]

- A. Exercise of Allotment.** Allotments must be exercised within 30 months of approval or by an alternative date specified in the Development Agreement. An allotment is considered exercised with the recordation of a final map, issuance of a grading permit, or the commencement of construction if no final map or grading permit is required. The City may grant an extension to an allotment only as permitted under Section 18.78.170 (Extensions).
- B. Expiration.** Allotments that are not exercised consistent with the terms above expire the day following the exercise date specified in the Development Agreement.
- C. Reapplication.** Projects with expired allotments must reapply for allotments in the same manner as all other new proposed projects requesting allotments.

18.78.170 Extensions [CCA]

- A. General.** The City may approve an extension to the date by which an allotment must be exercised only as allowed by this section.
- B. Extension Request.** Extension requests shall be submitted in writing to the Community Development Department a minimum of 60 days prior to the allotment expiration date and shall describe how the project meets the extension eligibility criteria in Subsection F below.
- C. Administrative Extension.** For projects that received allotments under the previous RDCS, but have not secured a Development Agreement, the Community Development Director may issue a six month extension.
- D. Number and Duration.** In addition to receiving an Administrative Extension and/or prior extensions under the previous RDCS, a project may receive no more than one extension for a maximum one additional year period. Phased projects may only receive one one-year extension.
- E. Public Notice and Hearing.** The Planning Commission shall review and act on an extension request at a noticed public hearing.
- F. Eligibility Criteria.**
1. The Planning Commission may approve an extension only when the City or other public agency is responsible for a delay in the issuance of permits or granting approvals required to exercise the allotments, or due to an earthquake, flood, fire, or other severe act of nature outside of the applicant's control. It is the applicant's responsibility to provide evidence that the request is consistent with this requirement.
 2. The Planning Commission may not approve an extension for any reason other than in Paragraph E.1 above, including but not limited to difficulties obtaining financing, changes to the project not required by the City or other public agencies, applicant delays responding to requests from the City or other public agency, personal circumstances of the applicant, or changes in property ownership.

- G. Appeals.** Planning Commission denial of a requested extension may be appealed to the City Council. The City Council may grant the appeal only upon finding that the request complies with the eligibility criteria in Paragraph F above.
- H. Effect of Denial.** If a request for extension is denied, the allotments shall expire the day following the exercise date specified in the Development Agreement. Projects with expired allotments must reapply for allotments in the same manner as all other new proposed projects requesting allotments.

ORDINANCE NO.**AN ORDINANCE OF THE CITY OF MORGAN HILL
APPROVING A COMPETITION MANUAL (FILE NO.
ZA2017-0003) FOR THE RESIDENTIAL DEVELOPMENT
CONTROL SYSTEM (RDCS)**

WHEREAS, a comprehensive update of the City of Morgan Hill Residential Development Control System (RDCS) was approved by voters on November 8, 2016 (Measure S) and became effective on March 1, 2017 and codified in Chapter 18.78 of Title 18 (Zoning) of the Morgan Hill Municipal Code; and

WHEREAS, Section 18.78.100 of the RDCS ordinance requires that the City Council adopt and maintain an RDCS Competition Manual that establishes criteria and point values that the City will use to award allotments to competing residential projects; and

WHEREAS, the RDCS Competition Manual will contain policies updating and replacing existing policies to guide the implementation of the RDCS, including City Council Policies: CP-06-01 Early Start of Construction for Residential Projects Awarded a Building Allotment; CP-06-04 Tentative Subdivision Map Approval Prior to the Award of Building Allocations; CP-07-01 Policy for Establishing Procedures for Scoring and Awarding the 100 Allotments Made Available November 2006 – Competition; CP-07-02 Policy for Establishing Procedures for Scoring and Awarding the 100 Allotments Made Available November 2006 – No Competition; CP-07-04 Residential Development Control System Implementation Policies; CP-09-02 Policy Guidance for Decisions on ELBA Requests Filed by Developers; and, CP-09-03 Allocations for On-Going Projects; and

WHEREAS, the Planning Commission, between October 11, 2016 and April 25, 2017, has held 20 public workshops to review, consider input from the community, discuss, and provide feedback on revisions to the RDCS Competition Manual; and

WHEREAS, said RDCS Competition Manual was considered by the Planning Commission at its regular meeting of April 25, 2017, at which time the Planning Commission recommended approval of Ordinance ZA2017-0003: Residential Development Control System (RDCS) Competition Manual; and

WHEREAS, said RDCS Competition Manual was considered by the City Council at its regular meeting of May 17, 2017; and

WHEREAS, testimony received at a duly-noticed public hearing on the proposed Ordinance, along with exhibits and other materials have been considered in the review process.

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEARBY ORDAIN AS FOLLOWS:

SECTION 1. The proposed RDCS Competition Manual is consistent with the RDCS Ordinance (Chapter 18.78 of the Municipal Code), and the General Plan.

SECTION 2. An Environmental Impact Report (EIR) for the Morgan Hill 2035 Project, which included the Residential Development Control System (RDCS) Update, was prepared in accordance with the California Environmental Quality Act (CEQA) and certified by the Morgan Hill City Council on July 27, 2016. (SCH #2015022074)

SECTION 3. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 4. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A REGULAR MEETING OF THE CITY COUNCIL HELD ON THE 17th DAY OF MAY 2017 AND WAS FINALLY ADOPTED AT A REGULAR MEETING OF THE CITY COUNCIL HELD ON THE DAY OF _____2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

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 Ordinance No. _____, New Series, adopted by the City Council of the City of Morgan Hill, California at its regular meeting held on the _____ day of _____, 2017.

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

DATE: _____

IRMA TORREZ, City Clerk



CITY OF MORGAN HILL

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, May 17, 2017 5:00 PM

Council Chamber

17555 Peak Avenue, Morgan Hill, CA 95037

SPECIAL/REGULAR MEETING

(5:00 P.M. Closed Session/ 5:30 P.M. Workshop/ 7:00 P.M. Regular Meeting)

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

SPECIAL MEETING

5:00 P.M.

CALL TO ORDER

Mayor Tate

ROLL CALL ATTENDANCE

Deputy City Clerk Wilson

DECLARATION OF POSTING AGENDA

Deputy City Clerk Wilson

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to: Government Code Section 54956.9(d)(2)

Number of Cases: One (1)

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to: Government Code Section 54956.8

Property: APN 817-21-001

Agency Negotiators: Steve Rymer and Anthony Eulo

Negotiating Parties: Fountain Oaks Ranch, LLC

County of Santa Clara

Open Space Authority

Under Negotiation: Price and Terms of Payment

RECONVENE

CLOSED SESSION ANNOUNCEMENT

WORKSHOP

RDCS Workshop

The purpose of this workshop is to discuss potential Measure S Residential Development Control System (RDCS) process changes with the City Council

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 Constantine

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PROCLAMATIONS

Proclaiming the week of May 12-19, 2017 as Affordable Housing Week
Proclaiming the Month of May 2017 as Older Americans Month

COMMENDATIONS

Sakata Seeds 40th Anniversary Commendation
John Nelson, Director of Sales and Marketing

PRESENTATIONS

YAC presentation- Asset # 18 - Youth Programs

Recycler of the Year Presentation to The Lodge
by Julie Alter, Recology South Valley

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)

COMMENTS RECEIVED FROM THE PUBLIC

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. COMMUNITY PROMOTIONS FUNDING REQUESTS FOR 2017

Recommendation:

1. Receive report; and
2. Direct staff to provide \$41,300 for the requested Community Promotions Funding Support.

2. AUTHORIZATION TO PARTICIPATE IN REGIONAL AGRICULTURAL CONSERVATION EASEMENT GRANT

Recommendation:

Adopt resolution approving and authorizing the City's participation in a grant application to the State for the purchase of an agricultural conservation easement.

3. EXTENSION OF THE AGREEMENT BETWEEN THE CITY OF MORGAN HILL AND CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION FOR FIRE PROTECTION SERVICES IN THE CITY OF MORGAN HILL

Recommendation:

Approve an extension of the Fire Protection Reimbursement Agreement (Agreement) between the City of Morgan Hill (City) and California Department of Forestry and Fire Protection (CAL FIRE) for fire protection services in the City of Morgan Hill per the terms of the Agreement.

4. THIRD AMENDMENT TO AGREEMENT WITH BRIGHTVIEW LANDSCAPE SERVICES, INC.

Recommendation:

Approve the third amendment to the maintenance service agreement with Brightview Landscape Services, Inc.

5. THIRD AMENDMENT TO FIRATO SERVICE COMPANY AGREEMENT FOR JANITORIAL SERVICES

Recommendation:

Approve the third amendment to the maintenance service agreement with Firato Service Company.

6. EMPLOYEE COMPENSATION GUIDING PRINCIPLES

Recommendation:

Approve Employee Compensation Guiding Principles

7. CITY POSITION ON COMMUNITY DEVELOPMENT BLOCK GRANT TRAILER BILL

Recommendation:

Receive legislative correspondence in opposition of trailer bill language proposing to cut Community Development Block Grant funding from State budget.

8. MARCH 2017 FINANCIAL AND INVESTMENT REPORT

Recommendation:

Accept and file report.

9. ADOPT ORDINANCE 2235, NEW SERIES, AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING SECTION 1.19.040 OF CHAPTER 1.19 OF TITLE 1, OF THE MORGAN HILL MUNICIPAL CODE REGARDING THE AMOUNT OF FINES FOR ADMINISTRATIVE PENALTIES

Recommendation:

Waive the reading, adopt Ordinance No. 2235, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived

10. APPROVE THE MAY 3, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

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

Recommendation:

Adopt resolutions approving the following actions:

1. Initiate the proceedings for the levy of assessments for Fiscal Year 2017-18;
2. Provide approval of the Engineer's Annual Report and the proposed assessment levy; and
3. Declare the City Council's intention to levy the assessments in the District and to set the Public Hearing date for June 7, 2017.

Estimated Time: 10 Minutes

12. COMMUNICATIONS AND ENGAGEMENT UPDATE

Recommendation:

Receive report.

Estimated Time: 15 Minutes

13. DOWNTOWN PARKS NAMING

Recommendation:

Approve the names recommended by the Parks and Recreation Commission for the new downtown parks.

Estimated Time: 10 Minutes

14. OUTDOOR SPORTS CENTER UPDATE

Recommendation:

1. Receive the report on Outdoor Sports Center Operations; and
2. Provide direction as necessary.

Estimated Time: 45 Minutes

PUBLIC HEARING

15. AMENDMENTS TO CITY'S WATER WASTE ORDINANCE EXPANDING PERMANENT CONSERVATION POLICIES

Recommendation:

1. Open/Close public hearing;
2. Waive the first and second reading of the ordinance;
3. Introduce ordinance.

Estimated Time: 20 Minutes

16. AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING TITLE 17 (SUBDIVISIONS), CHAPTER 17.34 (STANDARDS FOR RESIDENTIAL AND PRIVATE STREETS), PARAGRAPH 17.34.060 (PRIVATE STREETS) TO ADD A SUB-PARAGRAPH DIRECTING THAT PRIVATE STREETS BE CONSTRUCTED TO PUBLIC STREETS STANDARDS

Recommendation:

1. Open/Close Public Hearing;
2. Waive the first and second reading of the Ordinance; and
3. Introduce the Ordinance.

Estimated Time: 10 Minutes

17. ORDINANCE ADDING A NEW CHAPTER 15.22 (BELOW MARKET RATE (BMR) HOUSING IN LIEU FEE) TO TITLE 15 (HOUSING CODE) OF THE MORGAN HILL MUNICIPAL CODE, ADDING 15.22.10 PURPOSE, 15.22.20 DEFINITIONS, AND 15.22.30 APPLICABILITY.

Recommendation:

1. Open/Close Public Hearing;
2. Waive the First and Second Reading of the Ordinance; and
3. Introduce Ordinance that:
 - A. Institutes a \$12.92 housing in-lieu fee (based on 8% affordability provision), per square foot of livable space of the entire project, effective with the Fiscal Year (FY) 2019-20 Residential Development Control System (RDCS) competition year; and
 - B. Maintains the existing .5 fractional threshold for payment and providing the unit on site.

Estimated Time: 10 Minutes

18. DEVELOPMENT AGREEMENT AMENDMENTS A. AAE 2017-0004 (DAA 14-06): COCHRANE – CAL ATLANTIC; B. AAE 2017-0009 (DAA 16-05): CONDIT -MANA; C. AAE 2017-0008 (DAA 15-05): LAUREL - DEROSE; D. AAE 2017-0014 (DAA 15-10): ALTIMIRA – DIVIDEND; E. AAE 2017-0017 (DAA 09-05): COCHRANE – TOLL BROTHERS; F. AAE 2017-0006 (DAA 14-09): MONTEREY - KB; G. AAE 2017-0012 (DAA 15-02): SAN PEDRO – PRESIDIO; H. AAE 2017-0015 (DAA 12-03): WATSONVILLE – DIVIDEND; J. AAE 2017-0018 (DAA 14-10): E. DUNNE – BUSK; AND K. AAE 2017-0019 (DAA 14-11): MONTEREY – CENTRAL ECA

Recommendation:

1. Open/close public hearing on requests A through H;
2. Waive first and second reading of Development Agreement Amendment Ordinances A and B incorporating allotments from the 2016 RDCS competition;
3. Introduce Development Agreement Amendment Ordinances A and B (by individual roll call vote);
4. Waive first and second reading of Development Agreement Amendment Ordinances C, D, and E incorporating allotments from the 2016 RDCS competition and incorporating extensions to allotments due to rain delays;
5. Introduce Development Agreement Amendment Ordinances C, D, and E (by individual roll call vote.);
6. Waive first and second reading of Development Agreement Amendment Ordinances F, G, and H incorporating extensions to allotments due to rain delays;
7. Introduce Development Agreement Amendment Ordinances F, G, and H (by individual roll call vote.);
8. Open/close public hearing on request J;
9. Waive first and second reading of Development Agreement Amendment Ordinance J incorporating a four-month extension to allotments due to City delay; and
10. Introduce Development Agreement Amendment Ordinance J.

Estimated Time: 45 Minutes

19. ZA2017-0003: AN ORDINANCE ESTABLISHING A COMPETITION MANUAL FOR THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS)

Recommendation:

1. Open/close public hearing;
2. Waive first and second reading of RDCS Competition Manual Ordinance; and
3. Introduce RDCS Competition Manual Ordinance.

Estimated Time: 60 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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BRAD - I sent this to Jeff Denham, Joe Thompson

Subject: FLAWED CONCEPT FOR CALIFORNIA MPOs, APPOINTED, NOT ELECTED, THUS UNACCOUNTABLE, NONTRANSPARENT, AND IMMUNE FROM VOTERS' RECALL REMEDIES---Fw: House Sends Bill Repealing Burdensome MPO Rule to the President

From: Joseph Patrick Thompson (translaw@pacbell.net)

teresa.kinney@mail.house.gov; senator.cannella@senate.ca.gov; mcclintock@tommcclintock.com;

areli.rios@mail.house.gov; sbcsuper@supervisor.co.san-benito.ca.us; info@sanbenitocog.org;

allcouncilmembers@ci.gilroy.ca.us; steve.tate@morganhill.ca.gov; ignaciovelazquez@hotmail.com;

To: editor@gilroydispatch.com; bkava@newsmedia.com; editor@freelancenews.com;

mmoore@morganhilltimes.com; mgr42@charter.net; casey@caseylucius.com; ehoward1965@gmail.com;

gary@custom-1.com; president@gilroyedc.org; sanbenitochapter@yahoo.com; shawna.freels@ci.gilroy.ca.us;

askmike@garlic.com; mturner@gilroy.org; markstar@garlic.com; rtdillon@garlic.com; jchris@gmhtoday.com;

jon@hjta.org;

Date: Friday, April 28, 2017 11:07 AM

Public Comment

AGENDA DATE: 05/17/17

SUPPLEMENTAL # 1

ALL COONCIL MEMBERS!

PUBLIC COMMENT: NEXT MEETING, REGULAR, SPECIAL, STUDY SESSION, PUBLIC WORKSHOP, AND/OR PRIVATE RETREAT:

The flaw in this for California MPOs like VTA, COG, TAMC, SCCRTC, MTA, etc., is that the voters' mandate, consent, is missing when the MPOs are governed by appointed "directors," who are unaccountable to voters, and thus immune from voters' recall remedies.

We have the Counties with lawful jurisdiction, and the municipalities, whose elected reps must answer to the voters, for whom our reps govern us. Jefferson called it the consent of the governed ✓

On the ground floor of the Capitol Building you will find a window representing each one of California's Counties.

You won't find any for the MPOs, no VTA window, no COG window, no TAMC window, etc.

If the voters want to elect "regional" representatives, then they could do so. In the absence of such consent from the voters to another layer of government, then we have unelected "directors" who don't have to worry about what the voters think about their decisions.

Virginia's State Supreme Court considered this in Virginia, where the same kind of unelected MPO existed, and they held that their MPOs were unconstitutional, and their taxes, fees and bonds were null and void.

It's hard enough for voters to monitor those we elect. But when you remove the voters' control over their representatives in government, you end up with governance abuses like the ones we see today at the wastrel MPOS, where they never met a boondoggle that they didn't like, or spend "OPM" to keep running.

In my opinion, Jefferson was right, and so was the Virginia State Supreme Court when it was faced with this issue.

Joseph P. Thompson, Esq.

Past-Chair, Legislation Committee, Transportation Lawyers Assn.

(408) 848-5506

Gilroy

Joe Thompson

On Thursday, April 27, 2017 11:27 AM, Transportation Committee <Transport@mail.house.gov> wrote:



TRANSPORT.HOUSE.GOV

T&I COMMITTEE

CHAIRMAN BILL SHUSTER

PRESS RELEASE

House Sends Bill Repealing Burdensome MPO Rule to the President

For Immediate Release: April 27, 2017**Contact:** Justin Harclerode, Jeff Urbanchuk, or Keith Hall (202) 225-9446

Washington - A bill to repeal regulatory mandates on Metropolitan Planning Organizations (MPOs) and keep decision-making authority for transportation improvements at the local level overwhelmingly passed the U.S. House of Representatives by a vote of 417 to 3 today.

The House passed S. 496, a bill that repeals the rule entitled "Metropolitan Planning Organization Coordination and Planning Area Reform," a rule that increases burdens on MPOs and states in excess of what is required in law. The legislation approved today, which now goes to the president's desk, maintains MPO and state flexibility in planning and making transportation investments.

The bill approved today is identical to bipartisan legislation (H.R. 1346) that passed out of the Transportation and Infrastructure Committee on March 29th and was spearheaded **U.S. Rep. Dan Lipinski (D-IL) and U.S. Rep. Jason Lewis (R-MN)**.

"MPOs serve a unique planning role in our nation's transportation system," said **Lipinski**. "They bridge the gap between planning at the state and local levels to focus on regional priorities and deliver projects. The DOT's rule would stifle the voice of local elected officials, make public participation difficult, and cause serious planning challenges. For example, in my Illinois district, the rule would give Indiana and Wisconsin more power on decisions that directly impact the daily commutes of Chicago area residents."

"It was a pleasure to work in a bipartisan fashion with my colleagues to advance this common-sense policy. We are making sure that decision-making stays local when it comes to vital planning projects in our communities, and I look forward to seeing this bill become law," **Lewis** said.

"When we sat down to write the FAST Act, our primary focus was on giving states more ownership over their own transportation decisions," said **Highways and Transit Subcommittee Chairman Sam Graves (R-MO)**. "We all agreed that people on the ground were in the best position to identify infrastructure needs and set priorities. Unfortunately, the previous administration's DOT decided it wanted things run differently. The bill passed in the House today will restore Congress' intent in the FAST Act to emphasize local planning authority, and I look forward to seeing it signed into law by the President in the coming days."

Congress sets policy for how transportation planning should be done by states and MPOs. However, the previous administration issued a final rule imposing strict new requirements on MPOs that far exceed what is required in law and was not in response to a Congressional mandate. The Department of Transportation estimates the additional requirements under the recent rule could cost local planning organizations more than \$340 million over four years, money that could otherwise be spent on advancing local transportation projects.

WEBSITE | UNSUBSCRIBE | CONTACT



Subject: PRECURSER FOR BULLET TRAIN TO GILROY? MST LUXURY YACHTS SAILING EMPTY INTO THE GILROY TRANSIT HUB?-----Fw: Comments online

From: Joseph Patrick Thompson (translaw@pacbell.net)

PUBLIC COMMENT -

NEXT MTG.

J.P.T.

To: editor@gilroydispatch.com; bkava@newsmedia.com; mmoore@morganhilltimes.com;
editor@freelancenews.com; mgr42@charter.net; sbcsuper@supervisor.co.san-benito.ca.us;
info@sanbenitocog.org; ignaciovelazquez@hotmail.com; senator.cannella@senate.ca.gov;
casey@caseylucius.com; ehoward1965@gmail.com; sanbenitochapter@yahoo.com; gary@custom-1.com;
allcouncilmembers@ci.gilroy.ca.us; president@gilroyedc.org; shawna.freels@ci.gilroy.ca.us; askmike@garlic.com;
mturner@gilroy.org; steve.tate@morganhill.ca.gov; markstar@garlic.com; rtdillon@garlic.com;
teresa.kinney@mail.house.gov; mcclintock@tommcclintock.com; areli.rios@mail.house.gov;

Date: Sunday, April 23, 2017 9:43 AM

✓ Dear Brad,

We can glimpse what's in store for Gilroy with the arrival of the Bullet Train by looking at those Monterey Salinas Transit ("MST") luxury yachts that sail past your old Office every day going to the Gilroy Transit Hub. Why don't you tell your readers the truth about the losses taxpayers sustain with those ultra extravagant examples of government transport gone amuck? Of course, you'll have to look a legal accounting for their losses, and not the losses reported by the transit agency. Why? The Legislature has exempted the transit agencies from using legal accounting (aka Generally Accepted Accounting Principles = GAAP), which Federal and State tax regs require that everyone use. This has the effect of hiding the true extent of their losses. They all do it: VTA, COG, TAMC, SCCRTC, etc. So, when you read Mr. Roadshow's articles about the "fare box recovery rate" on transit, bus or rail, you are seeing what the transit agencies report---far from truth in transportation.

Since fares are not remunerative, meaning that they don't cover their costs (all of their costs), they can never run in the black; only in the red. So, to keep going, they need heavy infusions of OPM--motorists, truckers & motorcyclists. If they wanted to be transparent and accountable, then they would use legal accounting, and tell us just how badly they are screwing us. But they use Enron-style, Bernie Madoff-style, "off book" accounting.

Take a look at Amtrak's reported losses; Caltrain's losses. Then adjust for GAAP accounting, if you want to let your readers know the truth about the waste, fraud and abuse at the joint power authorities ("JPAs"), MST, VTA, COG, TAMC, SCCRTC, etc.

Then, if you want your readers to get informed about what the Bullet Train is going to do to us, extrapolate the MST's losses by factors of 100s, 1000s, etc.

✓ Please give us truth in transportation; it would be a refreshing change.

Joe Thompson
(408) 607-7351 cell phone

On Saturday, April 22, 2017 4:38 PM, Joseph Patrick Thompson <translaw@pacbell.net> wrote:

Dear Bob,

As you know, with me it's often open mouth, insert foot. But Rod Diridon's lie to the audience during our debate, after my time to rebut had expired, is galling to me. There are some Companies, and some people, who are going to make tons of money on this Monstrosity, and taxpayers will be the source of their new found wealth.

A Gilroy CPA and I worked on the Caltrain riders' subsidies

Public Comment

AGENDA DATE: 05/17/17

SUPPLEMENTAL # 2

OPINION

The hidden costs of gas-tax legislation



AP Photo/Rich Pedroncelli

Calif., Gov. Jerry Brown, center, discusses a plan to raise \$52 billion to fix California roads, during a news conference Wednesday, March 29, 2017, in Sacramento, Calif.

By JON COUPAL |

April 22, 2017 at 12:07 am

3 COMMENTS

For the last three weeks this column has focused on both the policies and politics of the \$5.2 billion annual transportation tax increase. In the unlikely event that some have forgotten — or were on another planet — the taxes include a substantial hike in the car tax as well as a 12 cent increase in the gas tax.

However, as one might hear in a low-budget, late-night television ad, “But wait, there’s more!” Specifically, the gas-tax hike which politicians tell us is 12 cents per gallon — which is bad enough — in actuality could be as high as 19 cents gallon. How is that possible?

The explanation is a bit complicated but important to understand. It involves a convoluted process known as the “gas tax swap” passed by the Legislature and implemented by the California Board of Equalization in 2010.

The gas tax swap eliminated the state sales tax on gasoline and replaced it with what was supposed to be a revenue-neutral per-gallon excise tax. This made it more legally defensible for the state to repay Proposition 1B transportation bond debt when California was in the midst of recession. The BOE was tasked with adjusting the numbers every year in a “backward looking” process so that California would collect no more revenue from the excise tax than it would have collected from the sales tax had it not been eliminated.

But here’s the kicker: The tax hike just jammed through the Legislature in less than one week by Senate Bill 1 contains a provision that, beginning in July of 2019, adjusts the base excise tax to what it was in July 2010 when the gas tax swap started. Currently, the excise tax on gas is 27.8 cents a gallon. But in July of 2010 it was 35.3 cents a gallon. So as it stands right now, that’s a seven cents per gallon increase, on top of the new 12 cents per gallon tax.

Magically, the 12-cent gas tax increase will likely be a 19-cent-per-gallon increase. And, of course, that entire 47 cents per gallon excise tax ($35.3 + 12$ cents) will be adjusted annually for inflation beginning Jan. 1, 2020 under SB1. If this seems complicated and hard to understand, keep in mind that the politicians like it that way.

But wait! There’s more!

California’s response to climate change is what is known as a “cap and trade” system by which generators of carbon emissions can trade emission allowances under an overall cap. California’s regulations already add substantial costs to gasoline even though those costs do not show up as a separate item at the pump.

The “cap and trade” law was just recently upheld by the California Court of Appeal against a Proposition 13 challenge (as a tax and not a fee) and is now on its way to the Supreme Court. But the law expires in 2020 and the biggest political battle in Sacramento right now is what will replace the old regulations.

Assemblyman Vince Fong, R-Bakersfield, an opponent of Senate Bill 1 and proponent of an alternative transportation funding plan that does not raise taxes, asked the Legislative Analyst's Office what the impact of various replacement scenarios would have on the price of gasoline. The answer was shocking.

Under the less costly scenario, cap and trade would raise gas prices by an estimated 15 cents per gallon in 2021, increasing to 24 cents per gallon in 2031. Under the more costly scenario, cap-and-trade would raise gas prices by an estimated 63 cents per gallon in 2021, increasing to 73 cents per gallon in 2031.

If one adds up all the hidden government costs, fees and taxes that California may soon impose on gasoline, drivers can expect to pay close to two dollars more than the national average.

And politicians wonder why people are leaving.

Jon Coupal is president of the Howard Jarvis Taxpayers Association.

Tags: **Opinion Columns**



**Jon
Coupal**

VIEW COMMENTS

Join the Conversation

We invite you to use our commenting platform to engage in insightful conversations about issues in our community. Although we do not pre-screen comments, we reserve the right at all times to remove any information or materials that are unlawful, threatening, abusive, libelous, defamatory, obscene, vulgar, pornographic, profane, indecent or otherwise objectionable to us, and to disclose any information

BRAD - I sent this to Jeff Denham, Joe Thompson

Subject: FLAWED CONCEPT FOR CALIFORNIA MPOs, APPOINTED, NOT ELECTED, THUS UNACCOUNTABLE, NONTRANSPARENT, AND IMMUNE FROM VOTERS' RECALL REMEDIES---Fw: House Sends Bill Repealing Burdensome MPO Rule to the President

From: Joseph Patrick Thompson (translaw@pacbell.net)

JEFF DENHAM, Chair of Rail Subcommittee

teresa.kinney@mail.house.gov; senator.cannella@senate.ca.gov; mcclintock@tommcclintock.com; areli.rios@mail.house.gov; sbcsuper@supervisor.co.san-benito.ca.us; info@sanbenitocog.org; allcouncilmembers@ci.gilroy.ca.us; steve.tate@morganhill.ca.gov; ignaciovelazquez@hotmail.com; editor@gilroydispatch.com; bkava@newsmedia.com; editor@freelancenews.com; mmoore@morganhilltimes.com; mgr42@charter.net; casey@caseylucius.com; ehoward1965@gmail.com; gary@custom-1.com; president@gilroyedc.org; sanbenitochapter@yahoo.com; shawna.freels@ci.gilroy.ca.us; askmike@garlic.com; mturner@gilroy.org; markstar@garlic.com; rtdillon@garlic.com; jchris@gmhtoday.com; jon@hjta.org;

Date: Friday, April 28, 2017 11:07 AM

Public Comment

**AGENDA DATE: 05/17/17
SUPPLEMENTAL # 1**

ALL COONCIL MEMBERS!

PUBLIC COMMENT: NEXT MEETING, REGULAR, SPECIAL, STUDY SESSION, PUBLIC WORKSHOP, AND/OR PRIVATE RETREAT:

The flaw in this for California MPOs like VTA, COG, TAMC, SCCRTC, MTA, etc., is that the voters' mandate, consent, is missing when the MPOs are governed by appointed "directors," who are unaccountable to voters, and thus immune from voters' recall remedies.

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Virginia's State Supreme Court considered this in Virginia, where the same kind of unelected MPO existed, and they held that their MPOs were unconstitutional, and their taxes, fees and bonds were null and void.

It's hard enough for voters to monitor those we elect. But when you remove the voters' control over their representatives in government, you end up with governance abuses like the ones we see today at the wastrel MPOS, where they never met a boondoggle that they didn't like, or spend "OPM" to keep running.

In my opinion, Jefferson was right, and so was the Virginia State Supreme Court when it was faced with this issue.

Joseph P. Thompson, Esq.

Past-Chair, Legislation Committee, Transportation Lawyers Assn.

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Gilroy

Joe Thompson

On Thursday, April 27, 2017 11:27 AM, Transportation Committee <Transport@mail.house.gov> wrote:



TRANSPORT.HOUSE.GOV

T&I COMMITTEE

CHAIRMAN BILL SHUSTER

PRESS RELEASE

House Sends Bill Repealing Burdensome MPO Rule to the President

For Immediate Release: April 27, 2017**Contact:** Justin Harclerode, Jeff Urbanchuk, or Keith Hall (202) 225-9446

Washington - A bill to repeal regulatory mandates on Metropolitan Planning Organizations (MPOs) and keep decision-making authority for transportation improvements at the local level overwhelmingly passed the U.S. House of Representatives by a vote of 417 to 3 today.

The House passed S. 496, a bill that repeals the rule entitled "Metropolitan Planning Organization Coordination and Planning Area Reform," a rule that increases burdens on MPOs and states in excess of what is required in law. The legislation approved today, which now goes to the president's desk, maintains MPO and state flexibility in planning and making transportation investments.

The bill approved today is identical to bipartisan legislation (H.R. 1346) that passed out of the Transportation and Infrastructure Committee on March 29th and was spearheaded **U.S. Rep. Dan Lipinski (D-IL) and U.S. Rep. Jason Lewis (R-MN)**.

"MPOs serve a unique planning role in our nation's transportation system," said **Lipinski**. "They bridge the gap between planning at the state and local levels to focus on regional priorities and deliver projects. The DOT's rule would stifle the voice of local elected officials, make public participation difficult, and cause serious planning challenges. For example, in my Illinois district, the rule would give Indiana and Wisconsin more power on decisions that directly impact the daily commutes of Chicago area residents."

"It was a pleasure to work in a bipartisan fashion with my colleagues to advance this common-sense policy. We are making sure that decision-making stays local when it comes to vital planning projects in our communities, and I look forward to seeing this bill become law," **Lewis** said.

"When we sat down to write the FAST Act, our primary focus was on giving states more ownership over their own transportation decisions," said **Highways and Transit Subcommittee Chairman Sam Graves (R-MO)**. "We all agreed that people on the ground were in the best position to identify infrastructure needs and set priorities. Unfortunately, the previous administration's DOT decided it wanted things run differently. The bill passed in the House today will restore Congress' intent in the FAST Act to emphasize local planning authority, and I look forward to seeing it signed into law by the President in the coming days."

Congress sets policy for how transportation planning should be done by states and MPOs. However, the previous administration issued a final rule imposing strict new requirements on MPOs that far exceed what is required in law and was not in response to a Congressional mandate. The Department of Transportation estimates the additional requirements under the recent rule could cost local planning organizations more than \$340 million over four years, money that could otherwise be spent on advancing local transportation projects.

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PLEASE PUBLISH —

Joe Thompson

Subject: PRECURSER FOR BULLET TRAIN TO GILROY? MST LUXURY YACHTS SAILING EMPTY INTO THE GILROY TRANSIT HUB?-----Fw: Comments online

From: Joseph Patrick Thompson (translaw@pacbell.net)

PUBLIC COMMENT —

NEXT MTG.

J.P.T.

To: editor@gilroydispatch.com; bkava@newsmedia.com; mmoore@morganhilltimes.com;
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Date: Sunday, April 23, 2017 9:43 AM

✓ Dear Brad,

We can glimpse what's in store for Gilroy with the arrival of the Bullet Train by looking at those Monterey Salinas Transit ("MST") luxury yachts that sail past your old Office every day going to the Gilroy Transit Hub. Why don't you tell your readers the truth about the losses taxpayers sustain with those ultra extravagant examples of government transport gone amuck? Of course, you'll have to look a legal accounting for their losses, and not the losses reported by the transit agency. Why? The Legislature has exempted the transit agencies from using legal accounting (aka Generally Accepted Accounting Principles = GAAP), which Federal and State tax regs require that everyone use. This has the effect of hiding the true extent of their losses. They all do it: VTA, COG, TAMC, SCCRTC, etc. So, when you read Mr. Roadshow's articles about the "fare box recovery rate" on transit, bus or rail, you are seeing what the transit agencies report---far from truth in transportation.

Since fares are not remunerative, meaning that they don't cover their costs (all of their costs), they can never run in the black; only in the red. So, to keep going, they need heavy infusions of OPM—motorists, truckers & motorcyclists. If they wanted to be transparent and accountable, then they would use legal accounting, and tell us just how badly they are screwing us. But they use Enron-style, Bernie Madoff-style, "off book" accounting.

Take a look at Amtrak's reported losses; Caltrain's losses. Then adjust for GAAP accounting, if you want to let your readers know the truth about the waste, fraud and abuse at the joint power authorities ("JPAs"), MST, VTA, COG, TAMC, SCCRTC, etc.

Then, if you want your readers to get informed about what the Bullet Train is going to do to us, extrapolate the MST's losses by factors of 100s, 1000s, etc.

✓ Please give us truth in transportation; it would be a refreshing change.

Joe Thompson
 (408) 607-7351 cell phone

On Saturday, April 22, 2017 4:38 PM, Joseph Patrick Thompson <translaw@pacbell.net> wrote:

Dear Bob,

As you know, with me it's often open mouth, insert foot. But Rod Diridon's lie to the audience during our debate, after my time to rebut had expired, is galling to me. There are some Companies, and some people, who are going to make tons of money on this Monstrosity, and taxpayers will be the source of their new found wealth.

A Gilroy CPA and I worked on the Caltrain riders' subsidies

Public Comment

AGENDA DATE: 05/17/17

SUPPLEMENTAL # 2

OPINION

The hidden costs of gas-tax legislation



AP Photo/Rich Pedroncelli

Calif., Gov. Jerry Brown, center, discusses a plan to raise \$52 billion to fix California roads, during a news conference Wednesday, March 29, 2017, in Sacramento, Calif.

By JON COUPAL |

April 22, 2017 at 12:07 am

3 COMMENTS

For the last three weeks this column has focused on both the policies and politics of the \$5.2 billion annual transportation tax increase. In the unlikely event that some have forgotten — or were on another planet — the taxes include a substantial hike in the car tax as well as a 12 cent increase in the gas tax.

However, as one might hear in a low-budget, late-night television ad, “But wait, there’s more!” Specifically, the gas-tax hike which politicians tell us is 12 cents per gallon — which is bad enough — in actuality could be as high as 19 cents gallon. How is that possible?

The explanation is a bit complicated but important to understand. It involves a convoluted process known as the “gas tax swap” passed by the Legislature and implemented by the California Board of Equalization in 2010.

The gas tax swap eliminated the state sales tax on gasoline and replaced it with what was supposed to be a revenue-neutral per-gallon excise tax. This made it more legally defensible for the state to repay Proposition 1B transportation bond debt when California was in the midst of recession. The BOE was tasked with adjusting the numbers every year in a “backward looking” process so that California would collect no more revenue from the excise tax than it would have collected from the sales tax had it not been eliminated.

But here’s the kicker: The tax hike just jammed through the Legislature in less than one week by Senate Bill 1 contains a provision that, beginning in July of 2019, adjusts the base excise tax to what it was in July 2010 when the gas tax swap started. Currently, the excise tax on gas is 27.8 cents a gallon. But in July of 2010 it was 35.3 cents a gallon. So as it stands right now, that’s a seven cents per gallon increase, on top of the new 12 cents per gallon tax.

Magically, the 12-cent gas tax increase will likely be a 19-cent-per-gallon increase. And, of course, that entire 47 cents per gallon excise tax ($35.3 + 12$ cents) will be adjusted annually for inflation beginning Jan. 1, 2020 under SB1. If this seems complicated and hard to understand, keep in mind that the politicians like it that way.

But wait! There’s more!

California’s response to climate change is what is known as a “cap and trade” system by which generators of carbon emissions can trade emission allowances under an overall cap. California’s regulations already add substantial costs to gasoline even though those costs do not show up as a separate item at the pump.

The “cap and trade” law was just recently upheld by the California Court of Appeal against a Proposition 13 challenge (as a tax and not a fee) and is now on its way to the Supreme Court. But the law expires in 2020 and the biggest political battle in Sacramento right now is what will replace the old regulations.

Assemblyman Vince Fong, R-Bakersfield, an opponent of Senate Bill 1 and proponent of an alternative transportation funding plan that does not raise taxes, asked the Legislative Analyst's Office what the impact of various replacement scenarios would have on the price of gasoline. The answer was shocking.

Under the less costly scenario, cap and trade would raise gas prices by an estimated 15 cents per gallon in 2021, increasing to 24 cents per gallon in 2031. Under the more costly scenario, cap-and-trade would raise gas prices by an estimated 63 cents per gallon in 2021, increasing to 73 cents per gallon in 2031.

If one adds up all the hidden government costs, fees and taxes that California may soon impose on gasoline, drivers can expect to pay close to two dollars more than the national average.

And politicians wonder why people are leaving.

Jon Coupal is president of the Howard Jarvis Taxpayers Association.

Tags: [Opinion Columns](#)



**Jon
Coupal**

[VIEW COMMENTS](#)

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May
Developmental Asset
Asset #18
Youth Programs

Youth spend three or more hours per week in sports, clubs, or organizations at school and/or in the community.

As a teen, why do you consider youth programs important?

- It grants youth the ability to invest themselves and their time deeper within a school and local community
- Similarly, it establishes necessary mediums in which people are able to create lasting relationships
- Youth programs can also act as extracurriculars that look good on college resumes

How this applies to the community?

- ▣ - FBLA and YAC are prime examples of programs that provide volunteers for numerous events
- ▣ Whether they be inside or outside of school, it's without a doubt that the community benefits from youth who are actively engaged in groups and activities that they want to be a part of



Complementary Developmental Asset

Asset # 26

Caring

Young person places high value on helping other people.

Youth Empowerment and caring for the world around you

