



CITY OF MORGAN HILL

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, October 18, 2017 7:00 PM

Council Chamber

17555 Peak Avenue, Morgan Hill, CA 95037

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.

CALL TO ORDER

(Mayor Tate)

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2

(Minutes Clerk Gonzalez)

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Council Member Jachimowicz

CITY MANAGER'S REPORT

Quarterly Teammate Recognitions

New Hires

Caitlin Lesondak- Municipal Services Assistant

Christina Machado - Accounting Assistant II
Nicole Brown- Management Analyst
Rudy Medina- Building Inspector II

Retirement
Ron Wake

CITY ATTORNEY'S REPORT

OTHER REPORTS

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)

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. **SECOND AMENDMENT TO THE COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AGREEMENT FOR GALVAN PARK FOR FY 2015-2016**

Recommendation:

Adopt resolution authorizing the City Manager to negotiate and execute the Second Amendment to the County CDBG contract.

2. **ADOPTION OF WATER SYSTEM AND SEWER SYSTEM MASTER PLANS**

Recommendation:

Adopt Water System Master Plan and Sewer System Master Plan.

3. **APPROVE PURCHASE OF A TRUCK EQUIPPED WITH A DUMP BODY**

Recommendation:

1. Approve purchase of a new truck equipped with a dump body from National Auto Fleet Group, in the amount of \$90,338.15; and
2. Authorize City Manager to approve purchase order in the amount of \$90,338.15 with National Auto Fleet Group.

4. AWARD MULTI-FACILITY CARPET REPLACEMENT CONTRACT

Recommendation:

1. Award a contract to Orchard City Floor Covering, Inc. in the amount of \$43,197;
2. Authorize the expenditure of contingency funds not to exceed \$4,320; and
3. Authorize the City Manager to execute and administer that certain construction contract with Orchard City Floor Covering, Inc.

5. FINAL MAP APPROVAL OF ALTIMIRA – TRACT NO. 10411

Recommendation:

1. Approve Final Map;
2. Authorize the City Manager to execute the Subdivision Improvements Agreement with Alicante 2016 Inc., a California Corporation;
3. Authorize 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. Authorize the recordation of the Final Map and the Subdivision Improvements Agreement.

6. JULY 2017 FINANCIAL AND INVESTMENT REPORT

Recommendation:

Accept and file report.

7. ADOPT ORDINANCE APPROVING ZONING AMENDMENT ZA 2017-0001 CHANGING THE ZONING DESIGNATION ON A FIVE ACRE SITE MADE UP OF THREE PARCELS, LOCATED ON THE SOUTH WEST CORNER OF THE INTERSECTION OF NINA LANE AND SAN PEDRO AVENUE (ASSESSOR PARCEL NUMBERS 817-60-019; -026 & -027) FROM R-1 12,000/RPD TO R-1 7,000 SINGLE FAMILY MEDIUM DENSITY RESIDENTIAL DISTRICT

Recommendation:

Waive the reading, adopt Ordinance No. 2262, 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.

8. APPROVE THE OCTOBER 4, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

9. PROPOSED CHANGES TO SKATEBOARD/BMX PARK OPERATIONS

Recommendation:

Approve changes to Skateboard/BMX Park operations to eliminate direct staffing at the Park on a trial basis.

Estimated Time: 10 Minutes

10. AD HOC ADVISORY COMMITTEE ON SOUTH FLOW AIRCRAFT ARRIVALS

Recommendation:

1. Discuss the City's involvement in the Ad Hoc Advisory Committee on South Flow Aircraft Arrivals; and
2. Consider appointing a primary Ad Hoc Committee Member and alternate.

Estimated Time: 10 Minutes

PUBLIC HEARING

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

LIABILITY CLAIMS

Authority:	Pursuant to Government Code Section 54956.95
Claimant:	Goldstein, Borgen, Dardarian & Ho
Agency claimed against:	City of Morgan Hill

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to:	Government Code Section 54956.9(d)(2)
Number of Cases:	One (1)
Potential Plaintiff:	California River Watch

RECONVENE

CLOSED SESSION ANNOUNCEMENT

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.



CITY COUNCIL STAFF REPORT

MEETING DATE: October 18, 2017

PREPARED BY: Rebecca Garcia, Housing Manager
APPROVED BY: City Manager

SECOND AMENDMENT TO THE COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AGREEMENT FOR GALVAN PARK FOR FY 2015-2016

RECOMMENDATION(S)

Adopt resolution authorizing the City Manager to negotiate and execute the Second Amendment to the County CDBG contract.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community

2017 Strategic Priorities

Inclusiveness
Infrastructure

REPORT NARRATIVE:

Last year the City utilized Community Development Block Grant (CDBG) funds to complete several enhancements to Galvan Park. These enhancements included a new tot playground, expansion of the large playground, addition of a new picnic area, and a new walking path around the outside of the park.

The City selected these enhancements after consultation with the community and through specific coordinated outreach to the adjacent neighborhood. In 2015, Community Services and the Police Department held meetings to discuss several items related to the park. These items included neighborhood safety, future park needs and improvements, and the handball courts. Through these conversations, a plan was developed to relocate and expand the handball courts to the northwest corner of the park in the area north of the Friendly Inn Building.

The City of Morgan Hill applies for and receives CDBG grant funds through the small cities program managed by Santa Clara County. The City of Morgan Hill is one of seven participating cities with a population of under 50,000, allowed to submit CDBG requests for eligible capital projects. The County of Santa Clara's Office of Supportive Housing completed a substantial amendment to its FY 2016 CDBG Annual Action Plan allowing the reprogramming of CDBG funds for the Morgan Hill project. The County initially approved the City of Morgan Hill's request to increase the project budget to complete improvements at Galvan Park. Subsequently, the First Amendment increased the CDBG agreement amount to \$155,904, providing \$83,767.75 for the FY 16-17 Galvan Park Handball Court Capital Improvement Program (CIP) project.

On April 5, 2017, the City Council directed staff to proceed to value engineer the Galvan Park Handball Court Improvements Project by reducing the amount of handball courts from three courts to two courts. The bid opening was held on August 8, 2017. On September 6, 2017 City Council rejected the bids due to recent input from the local handball playing community. The proposed changes were provided to staff from local regular handball players who expressed their desire for the community to have a highly functional facility that could also host tournaments.

To address the additional funding needed for the revised project, staff consulted with Santa Clara County about the availability of additional CDBG funds. The County CDBG team, understanding the needs and benefits to the changes, has conditionally approved an additional \$120,000 in CDBG funding to be awarded to the City for this project to support the enhanced design to be expended by February 28, 2018, pending Board of Supervisors approval November 6, 2017. These additional CDBG funds will increase the overall project budget to \$645,000.

If approved, Verde Design Group will begin work to redesign the Handball Courts and rebid the project. Due to design and funding delays, the timeline for the expenditure of the CDBG funds needs to be extended to February 28, 2018. Below is the revised project timeline.

Milestone	Date of Completion
Design	March 30, 2017
Submit Draft Bid Documents to County for Review	April 30, 2017
Bids Released	September 14, 2017
Open Bids	October 12, 2017
Award Contract	November 1, 2017
Pre-Construction Meeting	November 8, 2017
Construction Start	November 15, 2017
Construction Completed	February 28, 2018
File Review and Close Out	February 28, 2018

COMMUNITY ENGAGEMENT: Consult

A community engagement process was initiated in 2014 with the explicit goal to enlist the park neighborhood residents to assist with the design of park improvements. As a result, the City developed an improvement program that has already completed the neighborhood's request for updated playground equipment, expanded park paths, and

additional picnic areas. The relocation of the new handball courts is being made in response to the neighborhood's concern regarding the lack of lighting and visibility around the courts in the evening. The new handball courts will be located on the northern side of the park with improved security lighting.

ALTERNATIVE ACTIONS:

The alternative action is not to approve the Second Amendment to the CDBG Grant Agreement. The City would return the CDBG grant funds to the County of Santa Clara Office of Supportive Housing.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

July 17, 2013 – City Council approved the change in use of 2013/14 CDBG funds from the installation of security cameras at the VTA Bus Depot on Main and Hale to a multi-year project to establish and implement improvements to Galvan Park.

December 4, 2013 – City Council approved the application of 2014/15 CDBG funds for the continuation of improvements and refurbishment of Galvan Park.

March 4, 2015 – City Council approved the application of 2015/16 CDBG funds for the continuation of improvements and refurbishment of Galvan Park.

November 2, 2016 – City Council approved the Galvan Park Handball Court Improvements and adopted a resolution authorizing the City Manager to negotiate and execute the First Amendment to the County CDBG contract.

April 5, 2017 – City Council approved the project scope to proceed with value engineering the Galvan Park Handball Court Project to two adjacent handball courts.

September 6, 2017 – City Council rejected bids for the Galvan Park Handball Court Improvements Project and directed staff to re-bid the project with design amendments.

FISCAL AND RESOURCE IMPACT:

The project is estimated to cost \$645,000. The current CIP budget for the Galvan Park Handball Court is \$255,000. With the additional CDBG funds of \$120,000, an additional \$270,000 will still need to be appropriated from the Park Impact Fund (301) to fully fund the completion of the project. The planned additional allocation of funding for the handball courts was anticipated in the planning for the Parks and Recreation CIP budget and previously discussed with the Council.

A formal budget amendment will be proposed for Council review and action after receiving updated bids for the project. The recommended action, to approve the second amendment, has no fiscal impact.

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 (New Construction or Conversion of Small Structures).

LINKS/ATTACHMENTS:

1. CDBG Second Amendment Reso
2. County Second Amendment to CDBG
3. County of Santa Clara 64 Orig CDBG 15_16
4. County of Santa Clara 64 Orig CDBG 15_16 Amend 1

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL
APPROVING AND ACCEPTING THE SECOND AMENDMENT TO THE FIRST
AMENDMENT TO THE COMMUNITY DEVELOPMENT BLOCK (CDBG) FY 15-16
GRANT AGREEMENT BETWEEN THE COUNTY OF SANTA CLARA AND THE
CITY OF MORGAN HILL FOR THE GALVAN PARK REFURBISHMENT PROJECT
(PROJECT); AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND
EXECUTE THE SECOND AMENDMENT TO THE FIRST AMENDMENT TO THE
CDBG GRANT AGREEMENT (AMENDMENT) FOR THE PROJECT**

WHEREAS, the primary purpose of the Community Development Block Grant (CDBG) Program is to benefit low and moderate income individuals and families; and eliminate blight; and

WHEREAS, the County completed a Substantial Amendment to FY 2016 Annual Action Plan ("Amendment") allowing the reprogramming of funds and the County Board of Supervisors has approved the Amendment on April 26, 2016; and

WHEREAS, the City of Morgan Hill is eligible to receive an allocation of eighty-three thousand, seven hundred sixty-seven dollars and seventy-five cents (83,767.75) in CDBG capital improvement project funds from the Fiscal Year 2015-2016 First Amendment from the County of Santa Clara due to participation in the Urban County Joint Powers Authority (JPA); and

WHEREAS, each participating jurisdiction in the Urban JPA may use its own local process to determine the best use of CDBG capital funding to address local needs; and

WHEREAS, the proposed Galvan Park Improvements that will be constructed with the CDBG funds will benefit the surrounding neighborhoods, which are located in CDBG eligible census tracts with predominantly low and moderate-income households; and

WHEREAS, County of Santa Clara CDBG staff and City of Morgan Hill staff have verified that this is an eligible project because it serves a predominantly lower income census tract; and

WHEREAS, the City Council previously held a public meeting on March 4, 2015, regarding the potential use of the available Fiscal Year 2015-2016 CDBG capital project funds; and

WHEREAS, this action provides the authorization for the City Manager to do everything necessary and appropriate to facilitate the project.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORGAN HILL
BASED UPON THE FOREGOING AND ALL DOCUMENTS, STATEMENTS, AND FACTS

KNOWN TO CITY COUNCIL DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

Section 1. Authorization to Approve and Accept Second Amendment to the First Amendment to CDBG FY 15-16 Grant Agreement extending the term of the Existing Agreement and increasing the amount. The First Amendment increased the CDBG agreement amount to \$155,904, providing \$83,767.75 for the FY 16-17 Galvan Park Handball Court Capital Improvement Program (CIP) project. Pending City Council approval and the Board of Supervisors approval on November 6, 2017, the Second Amendment proposed would increase the CDBG contribution by \$120,000 to meet the project's revised design needs. The Total CDBG agreement would be for \$275,904 for FY 16-17 and the term would be extended to February 28, 2018 or date of the expenditure of the total grant and/or program income or termination date established pursuant to Section VI or Section VII of this Agreement.

Section 2. City Manager Authorization. The City Manager is authorized to do everything necessary and appropriate to execute and implement the Second Amendment to First Amendment to the County FY 15-16 CDBG Grant Agreement with the County of Santa Clara for FY 16-17.

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this **18th day of October 2017** by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

DATE: _____

Steve Tate, Mayor

CERTIFICATION

I, Irma Torrez, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. ____, adopted by the City Council at the meeting held on October 18, 2017.

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

DATE: _____

Irma Torrez, CITY CLERK

**SECOND AMENDMENT TO THE
FIRST AMENDMENT TO THE CITY/COUNTY CONTRACT
BETWEEN CITY OF MORGAN HILL AND THE COUNTY OF SANTA CLARA
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

This Second Amendment (this "Second Amendment") is made and entered into the date it is fully executed by and between the County of Santa Clara ("COUNTY"), a political subdivision of the State of California ("COUNTY"), and the City of Morgan Hill, a California municipal corporation ("CITY").

WHEREAS, COUNTY and CITY entered into that certain CITY COUNTY Contract, dated July 1, 2015 (the "Existing Contract"); and,

WHEREAS, COUNTY and CITY entered into that certain First Amendment to CITY COUNTY Contract, dated April 26, 2016 (the "First Amendment"), that amended the Existing Contract in its entirety.

NOW, THEREFORE, in consideration of the mutual obligations in the Existing Agreement, the First Amendment, and this Second Amendment, COUNTY and CITY agree as follows:

1. Paragraph II. TERM is amended as to read as follows:

A. The purpose of this Contract is for the COUNTY to disburse CDBG funds. Unless amended prior to its expiration, the term of this Contract for disbursement purposes will begin on July 1, 2015 and will terminate on February 28, 2018 (the "Contract Term"), or unless terminated earlier pursuant to Sections VI or VII of this Contract or by any other applicable Contract provision. Invoices requesting disbursements submitted after the expiration of this Contract will be honored only for allowable costs incurred during the Contract Term and received prior to the processing cut-off date established by the County. The First Amendment increased the CDBG agreement amount to \$155,904, providing \$83,767.75 for the FY 16-17 Galvan Park Handball Court Capital Improvement Program (CIP) project. The Second Amendment proposed would increase the CDBG contribution by \$120,000 to meet the project's revised design needs. The Total CDBG agreement would be for \$275,904 for FY 16-17 and the term would be extended to February 28, 2018

1.

1. Except as expressly provided for herein, all remaining terms of the First Amendment shall remain the same.

IN WITNESS WHEREOF, City of Morgan Hill and the County of Santa Clara have executed this Second Amendment to City/County Contract First Amendment as indicated below.

CITY OF MORGAN HILL

By: _____
Christina Turner, City Manager

Irma Torrez, City Clerk Date

APPROVED AS TO FORM

City Attorney Date

COUNTY OF SANTA CLARA:

By: _____
Dave Cortese, President Date
Board of Supervisors

ATTEST:

Megan Doyle Date
Clerk, Board of Supervisors

APPROVED AS TO FORM AND LEGALITY:



Christopher Cheleden Date
Lead Deputy County Counsel

County of Santa Clara

Office of Supportive Housing

3180 Newberry Drive Suite 150
San Jose, CA 95118
(408) 793-0550 Main
(408) 266-0124 Fax



November 4, 2015

City of Morgan Hill
Attn: Steve Rymer, City Manager
17575 Peak Avenue
Morgan Hill, CA 95020

Received
City of Morgan Hill

NOV 6 2015

City Clerk

Dear Steve,

Enclosed you will find FY16 CDBG contract(s) with the County of Santa Clara for your records.
Please contact Tracy Cunningham with any questions or concerns at (408) 793-0560.

Sincerely,

Angelo Scrofani
Office Specialist III
Office of Supportive Housing
(408) 793-0550

**SANTA CLARA COUNTY
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
CITY/COUNTY CONTRACT
between the
COUNTY OF SANTA CLARA and CITY OF MORGAN HILL
FY15/16**

Contract No. **MH-16-41** (Galvan Park)

Grant Amount: **\$ 77,952**

THIS Contract is made and entered into pursuant to the Catalog of Federal Domestic Assistance (CFDA) 14.218 by and between the **COUNTY OF SANTA CLARA**, a political subdivision of the State of California (hereinafter "COUNTY"), and the **CITY OF MORGAN HILL** (hereinafter "CITY") participating as a member of the County of Santa Clara COMMUNITY DEVELOPMENT BLOCK GRANT (hereinafter "CDBG") Joint Powers Agreement. The allocation of funds pursuant to this Contract shall be a grant. The COUNTY, acting by and through its Board of Supervisors, approved the allocation and disbursement of CDBG funds to CITY on **May 5, 2015**.

WITNESSETH

WHEREAS, COUNTY has received CDBG Entitlement Program funds from the United States Department of Housing and Urban Development (hereinafter "HUD") as an entitlement jurisdiction pursuant to the provisions of Title 1 of the Housing and Community Development Act of 1974, as amended; and

WHEREAS, COUNTY has agreed to the use by CITY, as a subrecipient, of a portion of COUNTY'S CDBG Entitlement Program funds for a Housing and Community Development Program to be operated within COUNTY and which shall benefit extremely-low, low, and very-low income households.

NOW, THEREFORE, the parties agree as follows:

I. PROGRAM

- A. COUNTY agrees to allocate a portion of its CDBG Entitlement Program funds and/or program income as defined in 24 CFR 570 Subpart J, "Grant Administration" (570.504), to the CITY, as a subrecipient of the COUNTY in the amount of **\$77,952** (the "CDBG Funds") for the purpose of reimbursing CITY for project and activity costs and expenses that are allowed and incurred in the implementation of the Housing and Community Development Program, such projects and activities being more particularly described in Exhibits "A" through "H" (collectively, the "PROGRAM"). A lump sum figure is allocated for this Contract and the parties understand and agree that the allocation is distributed by the COUNTY through reimbursing the CITY for allowed expenses, and no lump sum distribution of CDBG Funds is made at the outset of this Contract. Reimbursement for **Fiscal Year 2015/2016** shall not exceed the total sum of the beginning fiscal year Cash Control Sheet (fiscal year CDBG allocation of funds to CITY, and any roll-over of unexpended CDBG funds from previous year's allocations to CITY. Such authority is contingent upon CITY and its subrecipients full compliance at all times with all Federal Rules and Regulations governing the CDBG PROGRAM, the COUNTY CDBG Reallocation Guidelines and all other applicable laws.

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- B. As a condition of this Contract, CITY has provided numerous Exhibits marked "A" through "G" as noted herein, attached to this Contract, incorporated by this reference, as though fully set forth. Exhibits are as follows:

EXHIBITS

Exhibit "A" (Scope of Services, Performance Outcomes and Measurements, and Budget),
 Exhibit "B" (Payment to CITY)
 Exhibit "C" (General Block Grant Conditions")
 Exhibit "D" (Assurances),
 Exhibit "E" (Declaration of Contractor and Contract Provisions to Implement the Terms of the Resolution Regarding Contracting Principles)
 Exhibit "F" (Insurance Requirements), and
 Exhibit "G" (Cash Control Record (CCR)).

II. TERM

A. The purpose of this Contract is for the COUNTY to disburse CDBG funds. Unless amended prior to its expiration, the term of this Contract for disbursement purposes will begin on July 1, 2015 and will terminate on June 30, 2016, (the "Contract Term"), or unless terminated earlier pursuant to Sections VI or VII of this Contract or by any other applicable Contract provision. Invoices requesting disbursements submitted after the expiration of this Contract will be honored only for allowable costs incurred during the Contract Term and received prior to the processing cut-off date established by the County.

B. The term of expenditure by CITY for the grant amount provided for herein shall begin on July 1, 2015 and terminate on the earliest of the following dates as set forth herein (the "Expenditure Term"):

1. June 30, 2016, or
2. The date of the expenditure of the total grant, and/or program income amount provided for herein, or
3. Upon the termination date established pursuant to Section VI or Section VII of this Contract.

III. OBLIGATIONS OF CITY

A. Certifications by CITY:

CITY must provide COUNTY with written certification that the following information is on file at the CITY offices, and is subject to monitoring by HUD and/or COUNTY (County's Housing and Community Development Department, "OAH") OAH staff, or their representatives:

1. Names and addresses of the current CITY Manager and CITY Council members.
2. Records of all discussions and actions taken at CITY Council meetings pertaining to the CDBG PROGRAM.
3. Information and housing objectives for the Consolidated Plan required by HUD at the beginning of each program year.

B. Program Performance Responsibilities of CITY. CITY shall:

1. Conduct the PROGRAM within Santa Clara County, for the purpose of benefiting low and very low income households;
2. File quarterly reports with COUNTY detailing adherence to the PROGRAM as described in Exhibits "A" through "G." The reports must document services rendered by the PROGRAM, describe the beneficiaries of the services, and evaluate the manner in which the PROGRAM is achieving its objectives and goals as a participating non-entitlement CITY; and,
3. Utilize minority and/or female owned business, vendors, suppliers, and contractors to the maximum extent feasible, for items funded pursuant to this Contract, in accordance with County policy.

C. Fiscal Responsibilities of CITY. CITY shall:

1. Identify the CITY's current fiscal agent who is responsible for financial activities of CITY, including the receipt and disbursement of CDBG Funds. CITY will notify COUNTY in writing of the appointment of any subsequently appointed fiscal agent and that agent's name;
2. Maintain an accounting system that conforms with generally accepted accounting principles ("GAAP"). The accounting system is subject to review and approval by COUNTY;
3. CDBG Housing Rehabilitation Revolving Loan Fund Conditions:

If CITY maintains a Revolving Loan Fund ("RLF"), CITY will maintain the RLF as a separate fund (with a set of accounts that are independent of other program accounts) established for the purpose of carrying out specific activities which, in turn, generate payments to the fund for use in carrying out the same activities. The following are additional CITY RLF conditions and requirements:

- a. The RLF must be capitalized only with housing rehabilitation or housing acquisition repayment funds, which are considered CDBG Program Income for CDBG purposes. CDBG program funds may not be drawn down to serve as the initial available funding or ongoing funding of the RLF.
- b. The RLF will cover a single, specific activity, i.e. housing rehabilitation. Properties which may be assisted under the RLF include:
 - Single-family properties occupied by low and moderate-income households with annual gross incomes not to exceed 80% of the median area income threshold by family size, as issued by HUD for each program year; and,
 - Multi-family (rental) properties with at least 51% of the units (or such percentage as published by HUD as an exception area) occupied by tenants with annual gross incomes which meet the same HUD annual income thresholds.
- c. Program income received by the RLF from rehabilitation loan principal and interest repayments, must be held in an interest bearing account. Note: Principal repayments and the

interest paid by borrowers of CDBG-funded loans made from the RLF is considered CDBG Program Income and subject to the CDBG Program Income requirements.

- d. Any accrued interest on the total funds maintained in the account must be returned to HUD annually, to be remitted through the COUNTY to the U.S. Treasury.
- e. The COUNTY's Consolidated Plan must be amended following a public review process, to reflect the establishment of a RLF as a strategy to address priority housing needs. The scope of the housing RLF should be described.
- f. In future years, the RLF's estimated production and program income should be incorporated into each Annual Action Plan, as well as accomplishments and program income reported in the Consolidated Annual Performance and Evaluation Report (CAPER).
- g. An amendment of the applicable Annual Action Plan is required in order to transfer any RLF funds to the grantee's main account for use with non-RLF but eligible activities. (See Title 24 CFR 570 Subpart J, 570.500 "Definitions," 570.500(b) "Revolving Fund.")

4. Comply with the audit requirements of OMB Circular A-133 which require compliance with the Single Audit Act for any subrecipient expending \$300,000 or more of federal funds for the fiscal year.

5. Document all PROGRAM costs by maintaining records in accordance with Section III, Paragraph D below.

6. Submit to the COUNTY documented requests for reimbursement.

7. Certify current and continuous insurance coverage of CITY, subject to approval of COUNTY and in accordance with requirements as outlined in Exhibit F "Insurance Requirements;" and obtain certificate of insurance from all subrecipients which will list CITY and COUNTY as additional insured.

8. Subparagraph C. 1. through 7. of Section C. above are express conditions precedent to disbursement of any COUNTY funding and failure to comply with these conditions may, at the discretion of COUNTY, result in the suspension of funding or termination of specific PROGRAM projects or activities in non-compliance; or initiate the suspension of funding of the PROGRAM or termination of this Contract as provided for herein.

9. If CITY does not use CDBG Funds in accordance with this Contract, CITY is liable for repayment of all CDBG Funds not used or applied in accordance with this Contract, including but not limited to disallowed costs and ineligible activities (collectively, the "Disallowed Costs"). Disallowed Costs may be identified through audits, monitoring or others sources. CITY will be required to respond to any adverse determinations, findings or allegations relating to the identity of Disallowed Costs, subject to the provisions of OMB Circular A-87 ("Cost Principles for State and Local Governments"), OMB Circular A-133 ("Single Audits of State and Local Governments"), Parts 570.201-206 ("Eligible Activities") or 570-207 ("Ineligible Activities") of Title 24 of the Code of Federal Regulations, or any other applicable laws.

D. Establishment and Maintenance of Records by CITY:

1. Maintain complete and accurate records of all PROGRAM and CDBG transactions, CDBG Fund disbursements and allocations, projects, activities and expenditures including, but not limited to, contracts, grants, subrecipients of CITY, third party services and relationships, expenses, time cards, cash receipts, vouchers, canceled checks, bank statements, client statistical records, personnel, property, disbursements and allocations among and to CITY departments, offices, agencies and staff, invoices and all other pertinent records sufficient to reflect properly the use, disbursement and allocation of all CDBG Funds;

2. All direct and indirect costs of claims incurred or anticipated to be incurred to perform this Contract or to operate the PROGRAM, including but not limited to any and all costs and expenses needed, incurred or anticipated for displacement or relocation of residents, tenants and others; and

E. Preservation of Records. CITY will preserve and make available its records:

1. Until five years following expiration of this Contract, or

2. For such longer period, if any as is required by applicable law; or

3. If this Contract is completely or partially terminated, the records relating to the PROGRAM projects and activities terminated (including their funding, costs and expenses) shall be preserved and made available for a period of five years from the date of project or activity termination.

E. Examination of Records:

1. At any time during normal business hours, and as often as may be deemed reasonably necessary, CITY agrees that HUD and the COUNTY (together or independently), and/or any authorized representatives of HUD or the COUNTY may have access to and the right to examine any and all records required to be kept pursuant to (1) the terms and conditions of the Contract, (2) applicable law or (3) kept as a normal course of CITY operations relating directly or indirectly to the PROGRAM, the CDBG Funds or this Contract until the expiration of:

- a. five years after expiration of this Contract;
- b. five years from the date of termination of this Contract; or
- c. such longer period as may be prescribed by law.

2. The CITY must provide language in its contracts with all subrecipients stipulating that at any time during normal business hours, and as often as may be deemed reasonably necessary, subrecipient agrees that HUD and the COUNTY, and/or any authorized representatives may have access to and the right to examine subrecipient CDBG records and facilities until expiration of:

- a. five years after expiration of this Contract;
- b. five years from the date of termination of this Contract; or
- c. such longer period as may be prescribed by law.

3. CITY also agrees that COUNTY and any authorized representatives has the right to audit, examine, and make excerpts or transactions of and from, such records and to make audits of all contracts and subcontracts, invoices, payrolls, records of personnel, conditions of employment, materials and all other data relating to the PROGRAM and matters covered by this Contract. CITY will be notified in writing of intended audits. CITY will be notified in writing of intended inspections of records and facilities and of intended audits

no less than three business days before such inspections or audits. CITY is required to respond in writing to the OAH Director any audit findings within 30 days of receipt of written audit findings. Responses will be included in the final audit report.

G. Compliance with Law. CITY staff will become familiar and comply with and require all its subcontractors, independent contractors and employees, if any, to become familiar and comply with all applicable federal, state and local laws, ordinances, codes, regulations and decrees including, but not limited to, those federal rules and regulations, executive orders, and statutes identified in "C" ASSURANCES. Specifically, CITY will comply with the requirements of OMB Circular No. A-87, "Principles for Determining Costs Applicable to Grants and Contracts with State, Local and Federally Recognized Indian Tribal Governments," and OMB Circular A-133 "Audits of State and Local Governments." In addition, CITY will comply with federal regulations as cited in 24 CFR Part 570, Subpart J, and 24 CFR Part 85, and all other local, state or federal laws applicable to the PROGRAM. CITY and its subrecipients must comply with Section 109 of Title I of the Housing and Community Development Act of 1974, the Fair Housing Amendment Act of 1988, the Age Discrimination Act of 1975, Executive Order 11063, and with Executive Order 11246 as amended by Executive Orders 11375 and 12086.

H. Suspension and Termination. In accordance with 24 CFR 85.43, suspension or termination of this Contract may occur if the CITY materially fails to comply with any term or condition of this Contract. This Contract may also be terminated for convenience or cause in accordance with 24 CFR 85.44, Sections VI or Section VII below, or in accordance with any other provision of this Contract allowing for Contract termination, cancellation or expiration.

I. Reversion of Assets. Upon expiration or termination of this Contract, or in the event HUD cancels its PROGRAM for any reason, the CITY will transfer to the COUNTY any CDBG Funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG Funds. Any real property under the CITY's control that was acquired or improved in whole or in part with CDBG Funds (including CDBG Funds provided to CITY in the form of a loan) in excess of \$25,000:

1. Must be used to meet one of the national objectives stated in Title 24 CFR part 570.208 for a period of five years after expiration of this Contract, or for such longer period of time as required by the COUNTY; or,
2. The CITY must reimburse the COUNTY an amount equal to the current market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property (reimbursement is not required after the period of time specified in I. 1. above).

J. "Section 3" Provisions.

1. Compliance. Compliance with the provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701, the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this Contract, shall be a condition of the federal financial assistance provided under this Contract and binding upon the COUNTY, the CITY, and any subrecipients. Failure to fulfill these requirements shall subject the COUNTY, the CITY, and any subrecipients, their successors and assigns, to those remedies specified in the contract through which federal assistance is provided and any other remedies available under applicable law. The CITY certifies and agrees that no contractual or other disability exists which would prevent compliance with these requirements. The

CITY further agrees to comply with these "Section 3" requirements and to include the following language in all subrecipient contracts executed under this Contract or using CDBG Funds:

"The work to be performed under the contract is a project or activity assisted under a PROGRAM providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project or activity area and agreements for work in connection with the project or activity be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the project or activity."

The CITY certifies and agrees that no contractual or other disability exists which would prevent compliance with these requirements.

2. Notifications. The CITY and its subrecipients must send to each labor organization or representative of workers with which it has a collective bargaining agreement or other agreement or understanding, if any, a notice advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

3. Subcontracts. The CITY and its subrecipients will include this Section 3 clause in every contract and will take appropriate action pursuant to the contract upon a finding that the sub-subrecipient is in violation of regulations issued by COUNTY. The CITY will not contract with any sub-subrecipient where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135 and will not let, authorize, permit or allow any contract unless the sub-subrecipient has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

IV. OBLIGATIONS OF COUNTY

A. **Method of Payment.** During the Contract Term, COUNTY will disburse CDBG Funds to CITY on a reimbursement basis, unless otherwise provided herein, for all allowable costs and expenses incurred in connection with the PROGRAM. Reimbursement will not exceed the total sum of \$77,952 as stated in the fiscal year Cash Control Record document plus all Program Income accrued during the fiscal year. Reimbursement to CITY may be denied or retained, in part or in full, by COUNTY in the event of CITY'S non-compliance with PROGRAM regulations, rules, laws or conditions. Substantial non-compliance includes by way of example, but is not limited to, incomplete documentation of expenses, failure to submit adequate documentation of PROGRAM progress as described in Section III, paragraph B.2, of this Contract, failure to provide and maintain an accounting system that is in conformance with generally accepted accounting principles ("GAAP"), or based on the suspension or termination of the grant to COUNTY made pursuant to the Housing and Community Development Act of 1974, as amended.

B. **In the case of CITY substantial non-compliance prior to exercising any recourse authorized herein, COUNTY will initiate the following procedure:**

1. Notify the CITY Coordinator in writing of the alleged substantial non-compliance and request an immediate meeting between CITY Coordinator and COUNTY OSH Program Manager to resolve issue(s). If issue(s) is(are) not resolved satisfactorily within thirty (30) days, notify CITY Manager in writing requesting an

immediate meeting between CITY Manager, CITY Coordinator and COUNTY OAH Program Manager to resolve the issue(s).

2. Determine if any portion of the reimbursement request meets all eligible criteria, and if so, authorize payment for the eligible portion of the reimbursement request;
3. Review the procedure to be followed pursuant to Section VI. C. of this Contract (CONTRACT COMPLIANCE, Corrective Action Procedure); and
4. If applicable, forward a written report to HUD's Regional Office detailing the substantial non-compliance issues and the steps being instituted to correct performance, copy to the CITY Manager.

C. Compliance with Law. COUNTY shall become familiar and comply with, and require all its subcontractors and employees, if any, to become familiar and comply with, all applicable federal, state and local laws, ordinances, codes, regulations and decrees including, but not limited to, those federal rules and regulations, executive orders, and statutes identified in Exhibit "D" ASSURANCES. Specifically, COUNTY shall comply with the requirements of OMB Circular No. A-87, "Principles for Determining Costs Applicable to Grants and Contracts with State, Local, Federally recognized Indian Tribal Governments," and OMB Circular A133 "Audits of State and Local Governments."

In addition, COUNTY will comply with federal regulations as cited in 24 CFR Part 570, Subpart J, and 24 CFR Part 85, and all other local, state or federal laws applicable to this PROGRAM.

V. PROGRAM COORDINATION

A. The COUNTY Executive has assigned the OAH Program Manager to supervise the progress and performance required by this Contract. All services performed by COUNTY will be at the overall direction of the OAH Program Manager.

B. CITY has designated Rebecca Garcia to serve as CITY CDBG Program Coordinator for this project, and City Manager Steve Rymer (or assignee approved by the CITY Council) assumes overall responsibility for the progress and performance of this Contract. CITY will immediately notify the COUNTY in writing, of the appointment of a new CITY CDBG Program Coordinator, or a new CITY Manager (or assignee approved by the CITY Council).

C. NOTICES. All notices or other correspondence required or contemplated by this Contract must be sent to the parties at the following addresses:

COUNTY County of Santa Clara
 Housing and Community Development
 Office of Supportive Housing
 3180 Newberry Drive, #150
 San Jose, CA 95118

CITY: Steve Rymer, City Manager
 City of Morgan Hill
 17575 Peak Avenue
 Morgan Hill, CA 95020

All notices must either be hand delivered or sent by United States mail, registered or certified, postage prepaid. Notices given in such a manner will be deemed received when hand delivered or seventy-two (72) hours after deposit in the United States mail. Any party may change his or her address for the purpose of this section by giving five days written notice of such change to the other party in the manner provided in this section.

VI. CONTRACT COMPLIANCE

A. Monitoring and Evaluation of Services. Evaluation and monitoring of the PROGRAM performance is the mutual responsibility of COUNTY and CITY, with the understanding that HUD looks to COUNTY as the sole responsible party for meeting PROGRAM requirements. CITY will furnish data, statements, records, information and reports to COUNTY as necessary for COUNTY to monitor, review and evaluate the performance of the PROGRAM and its components. COUNTY has the right to request the services of an outside agent to assist in any such evaluation. Such services will be paid for by COUNTY.

B. Contract Non-compliance. If CITY fails to comply with any provision of this Contract, COUNTY has the right to terminate this Contract or to require corrective action to enforce compliance with such provision. Such enforcement authority is pursuant to these Contract terms and in accordance with the provisions of 24 CFR 85.43. Examples of non-compliance include but are not limited to:

1. If any material misrepresentation of any nature is made or represented in any information, document, material or data furnished to COUNTY by or through the CITY in connection with the PROGRAM (regardless of CITY's intent or knowledge).
2. If there is pending litigation with respect to the performance by CITY of any of its duties or obligations under this Contract which may materially jeopardize or adversely affect the undertaking of or the carrying out of the PROGRAM. The CITY and COUNTY may negotiate a reinstatement of this Contract following termination or conclusion of such litigation.
3. If CITY has taken any action pertaining or related to the PROGRAM or this Contract, which action required COUNTY approval, and such approval was not obtained before the action was taken.
4. If CITY is in default pursuant to any provision of this Contract.
5. If CITY makes improper use of CDBG Funds.
6. If CITY fails to meet all provisions of the COUNTY CDBG Reallocation Guidelines, or the Joint Powers Agreement currently in full force and effect between the parties hereto.

C. Corrective Action Procedure. COUNTY, in its absolute discretion and in lieu of immediately terminating this Contract, upon occurrence or discovery of noncompliance by CITY pursuant to this Contract, may give CITY notice of COUNTY'S intention to consider corrective action to enforce compliance utilizing the Corrective Action Procedure outlined below. Such notice will indicate the nature of the non-compliance and the procedure whereby CITY will have the opportunity to participate in formulating any corrective action recommendation. The Corrective Action Procedure contemplated herein is as follows:

1. COUNTY OAH Program Manager and CITY Manager will negotiate a time frame and course of action for correcting the non-compliance;
2. CITY will provide COUNTY with a written plan and time frame for correcting the non-compliance issue(s), subject to COUNTY approval. Such plan must be submitted by CITY to COUNTY within thirty (30) days of the initial non-compliance meeting between CITY and COUNTY;

3. CITY must initiate the corrective action procedure within sixty (60) days of the initial non-compliance meeting between the COUNTY OAH Program Manager and the CITY Coordinator (COUNTY, at its sole discretion, may extend this time line for extenuating circumstances);

4. COUNTY will have the right to require the presence of CITY officers at any hearing or meeting called for the purpose of considering corrective action;

5. CITY has the right to appeal all findings of non-compliance, and subsequent corrective action, with both the COUNTY Board of Supervisors and HUD; and,

6. County reserves the right to seek any and all other remedies (equitable or other) available to it under the law.

In the event that CITY does not implement the corrective action recommendations in accordance with the corrective action timetable as approved by COUNTY, COUNTY may suspend payments hereunder, terminate this Contract and/or exercise any other right or remedy available to it under the law.

VII. TERMINATION

A. Termination for Cause. COUNTY may terminate this Contract by providing written notice stating the date of termination, to CITY for any of the following reasons:

1. Uncorrected Contract non-compliance identified by COUNTY pursuant to Section VI. B which has not been addressed or resolved within the time frame provided for in the COUNTY-approved corrective action plan;
2. If CITY is in bankruptcy or receivership;
3. If the CITY or a member of CITY'S Executive Management staff is found to have committed fraud in connection with or related to the PROGRAM;
4. If the COUNTY determines or has reason to believe that there is reliable evidence that CITY is unable to effectively operate the PROGRAM or operate the PROGRAM in accordance with all requirements and obligations; or,
5. If CITY is in violation of any material term or condition of this Contract.

B. Termination for Convenience. In addition to the COUNTY'S right to terminate for cause as set forth in Section VII above, either COUNTY or CITY may suspend or terminate this Contract for any reason upon mutual consent by giving thirty (30) days prior written notice to the other party. Upon receipt of such notice, performance of the services hereunder will be immediately discontinued and all payments to CITY immediately discontinued and terminated.

C. In addition to the COUNTY'S right to terminate for cause set forth in Section VII, either COUNTY or CITY may suspend or terminate this Contract as provided for in 24 CFR 570, at Subpart J "Grant Administration," and/or 24 CFR 85.44 "Termination for Convenience." Provisions of the Reallocation Guidelines will apply, but may be adjusted if termination is for cause.

D. Upon termination, CITY will:

1. If termination is for convenience, be reimbursed for all documented allowable costs and expenses incurred in connection with the PROGRAM up to the date of such termination. COUNTY shall be

obligated to compensate CITY only for allowable costs and expenses as determined by an audit or other monitoring method;

2. Turn over to COUNTY immediately any and all copies of studies, reports and other data, whether or not completed, prepared by CITY or its subcontractors, if any, in connection with this Contract. Such materials shall become property of COUNTY. CITY, however, shall not be liable to COUNTY for COUNTY'S use of incomplete materials or for COUNTY'S use of completed documents if used for reasons not otherwise provided for or contemplated under the terms of this Contract; and

3. Transfer to the COUNTY any CDBG Funds on hand and any accounts receivable attributable to the use of the CDBG Funds. All assets acquired with the CDBG Funds shall be returned to the COUNTY unless otherwise negotiated by separate contract per the provisions of the COUNTY CDBG REALLOCATION GUIDELINES.

E. Upon termination of this Contract, CITY will immediately provide COUNTY access to all documents, records, payroll, minutes of meetings, correspondence, and all other data pertaining to the CDBG Funds.

VIII. PURCHASING REAL OR PERSONAL PROPERTY

A. CITY and COUNTY must comply with all applicable federal regulations as detailed by 24 CFR Part 570, Subpart J, i.e. Sections 570.500 (Definitions), 570.503 (Agreements with Subrecipients), 570.504 (Program Income), and 570.505 (Use of Real Property) and all other applicable laws as amended from time to time, with regards to the use and disposal of Real or Personal Property purchased in whole, or in part, with CDBG funds. In addition, 24 CFR Part 85 (the Common Rule) includes definitions which apply to CDBG Real Property, however, the Common Rule section governing Real Property (CFR 85.31) DOES NOT APPLY TO CDBG ACTIVITIES.

B. The following definitions apply to this Contract pursuant to 24 CFR, Part 58 (Common Rule) 85.3:

1. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.
2. Title as defined in detail in 24 CFR, Part 85.32 (a).
3. Use as defined in detail in 24 CFR, Part 85.32 © (1).
4. Supplies as defined in detail in 24 CFR, Part 85.33.
5. Procurement, Use and Disposition of Real Property as defined in detail by 24 CFR, Part 570.503 (Agreements with Subrecipients), 570.505 (Use of Real Property), and 570.504 (Program Income).

C. Security Document. As a condition precedent to COUNTY granting funds for the purchase of real property or an option to purchase real property, CITY will prepare and require its subrecipient(s) to execute a Loan Agreement, Promissory Note, Deed of Trust and such other contracts restricting the use of said real property for purposes consistent with this Contract, HUD and CDBG requirements.

- D. Grants.** If a grant is provided for the acquisition of real property, CITY will require its subrecipients(s) to continually operate its project or activity funded or supported with CDBG Funds for a minimum period of six (6) years from the effective date of this Contract. This obligation will survive the termination or expiration of all City contracts with its subrecipient(s), the assignment or assumption of this Contract, and the sale of the property prior to expiration of the obligation period as set forth in this paragraph. If this obligation is not fully met, CITY may be required to reimburse the COUNTY for all CDBG Funds. The COUNTY may consider, but will not be limited by, the following factors in calculating the CDBG Fund reimbursement obligation: initial grant sum; the duration of the initial contractual obligation to operate the PROGRAM versus the actual duration of operation; and the appreciated value.
- E. Relocation, Acquisition, and Displacement.** CITY agrees to comply with 24 CFR 570.606 and all other applicable laws and regulations relating to the acquisition and disposition of all real property utilizing CDBG funds, and to the displacement of persons, businesses, and non-profit organizations as a direct or indirect result of any acquisition or disposition of real property utilizing or supported with the use of CDBG funds. CITY agrees to comply with all applicable state and federal laws, County Ordinances, Resolutions and Policies concerning or related to the displacement of individuals from their residences or homes.

IX. PROGRAM INCOME

A. Income generated from activities carried out with CDBG Funds is Program Income and shall be regulated by all provisions of Title 24 CFR 570 Subpart J "Grant Administration," 570.503 "Agreements with Subrecipients," and 570.504 "Program Income." In addition, all provisions of the COUNTY REALLOCATION GUIDELINES apply to this Contract. CITY must quarterly report all program income generated by activities carried out with CDBG funds made available under this Contract. By way of further limitations, CITY may use such income during the Contract Term for activities permitted by this Contract and shall reduce requests for additional funds by the amount of any such Program Income balances on hand. All unused Program Income will be returned to the COUNTY at the end of the Contract Term with the exception of Rehabilitation Loan payments.

X. INDEPENDENT CONTRACTOR

A. This is a contract by and between independent contractors and is not intended and will not be construed to create the relationship of agent, servant, employee, partnership, joint venture or association between CITY and COUNTY. CITY, including its officers, employees, agents, independent contractors or subrecipients, will not have any claim arising from the terms of this Contract or otherwise against COUNTY for any Social Security, Worker's Compensation, or employee benefits extended to employees of COUNTY.

XI. ASSIGNABILITY – THIRD PARTY CONTRACTORS

A. None of the work or services to be performed hereunder may be assigned, delegated or subcontracted to third parties without the prior written approval of COUNTY. Copies of all third party contracts must be submitted to COUNTY at least ten (10) days prior to the proposed effective date of each third party contract. In the event COUNTY approves of any such assignment, delegation or sub-contract, the subcontractors, assignees and delegates will be deemed to be employees of CITY, and CITY will be responsible for their performance and any liabilities attaching to their actions or omissions.

B. This Contract may not be assumed nor assigned to another CITY, person, partnership or any other entity without the prior written approval of COUNTY.

XII. DISCLOSURE OF CONFIDENTIAL CLIENT INFORMATION

A. COUNTY and CITY agree to maintain the confidentiality of any information regarding existing, former or prospective applicants for services offered by the PROGRAM pursuant to this Contract or their immediate families which may be obtained through application forms, interviews, tests, reports from public agencies or counselors, or any other source. Without the written permission of the applicant, such information may be divulged only if permitted by law or as necessary for purposes related to the performance or evaluation of the services and work to be provided pursuant to this Contract, and then only to persons having responsibilities pursuant to this Contract, including those furnishing services for the PROGRAM through approved subcontracts.

XIII. HOLD HARMLESS

A. In addition to the indemnity obligations set forth in Exhibit F, "Insurance Requirements," CITY warrants and represents that it shall and will indemnify, save and hold harmless the COUNTY, its employees, agents, and officials, members of boards and commissions, for, from and against any and all claims, costs, settlements, litigation expenses, actions, suits, attorneys' fees, allegations, charges, direct and indirect damages, injuries, illnesses, deaths, and judgments whatsoever (collectively, the "Claims") arising out of or relating to (a) CITY's negligence or intentional acts or omissions, (b) CITY's breach or violation of any term or condition of this Contract, (c) CITY's failure to comply with any applicable law, or (d) the failure of the CITY's PROGRAM or its subrecipient(s) failure (for CITY) to comply with applicable laws, ordinances, codes, regulations or decrees.

XIV. WAIVER OF RIGHTS AND REMEDIES

A. In no event will any payment by COUNTY constitute or be construed to be a waiver by COUNTY of any breach or violation of the requirements, obligations, covenants, conditions or any other provisions of this Contract or any default which may then exist on the part of CITY, and the making of any such payment while any such breach, violation or default exists will in no way impair or prejudice any right or remedy available to COUNTY with respect to such breach, violation or default. In no event will payment to CITY by COUNTY in any way constitute a waiver by COUNTY of its rights to recover from CITY the amount of money paid to CITY on any item which is not eligible for payment from the PROGRAM or this Contract or any other right.

XV. NON-DISCRIMINATION

A. CITY will comply with all applicable federal, state and local laws and regulations including Santa Clara County's policies concerning nondiscrimination and equal opportunity in contracting. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990; The Rehabilitation Act of 1973 (Sections 503 and 504); California Fair Employment and Housing Act (Government Code sections 12900 et seq.); and California Labor Code sections 1101 and 1102. CITY will not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay

or other forms of compensation. Nor will CITY discriminate in provision of services provided under this contract because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status. When using CDBG Funds, this non-discrimination provision must be included in CITY's contracts with its subrecipients and vendors, in subrecipients' contracts with third parties, in promissory notes and in grant agreements.

XVI. AMENDMENTS

A. Amendments to the terms or conditions of this Contract must be requested in writing by an authorized representative of the party desiring amendments, and any amendment will be effective only upon the mutual agreement in writing of the parties hereto by and through the parties authorized representatives. Amendments will not invalidate this Contract, nor relieve or release the COUNTY or the CITY from its obligations under this Contract.

TRANSFER OF FUNDS:

A. During the Contract Term, CITY may choose to transfer funds within the PROGRAM described in Exhibits "A through G." Fund transfers exceeding \$50,000 as well as new projects or activities added to CITY's PROGRAM, require CITY and COUNTY's Board approval. New projects must be the same or similar in kind of the activity that was originally approved by the Board of Supervisors and City Council.

XVII. INTEGRATED DOCUMENT- JOINT POWERS AGREEMENT

A. This Contract, in conjunction with the Santa Clara County CDBG Joint Powers Agreement (JPA), contains the entire agreement between COUNTY and CITY with respect to the subject matter hereof. No written or oral agreements, other than the Santa Clara County CDBG Joint Powers Agreement, with any officer, agent or employee of COUNTY prior to execution of this Contract will affect or modify any of the terms or obligations contained in any documents comprising this Contract.

XVIII. NON-SMOKING POLICY

A. Contractor and its employees, agents and subcontractors, shall comply with the County's No Smoking Policy, as set forth in the Board of Supervisors Policy Manual section 3.47 (as amended from time to time), which prohibits smoking: (1) at the Santa Clara Valley Medical Center Campus and all County-owned and operated health facilities, (2) within 30 feet surrounding County-owned buildings and leased buildings where the County is the sole occupant, and (3) in all County vehicles.

XIX. MISCELLANEOUS

- A. The captions and section headings used in this Contract are for convenience of reference only, and the words contained therein in no way explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Contract.
- B. All exhibits attached hereto and referred to in this Contract are incorporated herein by this reference as if set forth fully herein. Exhibit "A" (Project Description, Performance Measurements, and Budget), Exhibit "B" (Payment to CITY), Exhibit "C" (General Block Grant Conditions), Exhibit "D" (Assurances), Exhibit "E" (Declaration of Contractor and Contract Provisions to Implement the Terms

of the Resolution Regarding Contracting Principles), Exhibit "F" (Insurance Requirements), and Exhibit "G" (Cash Control Record).

- C. The persons signing below are duly authorized to execute this Contract.
- D. Those terms that by their nature should survive termination, expiration or cancellation of this Contract, shall so survive.

IN WITNESS WHEREOF, the parties have executed this as indicated below.

CITY OF MORGAN HILL:

By: [Signature] 9/14/15
City Manager Date

Steve Rymer
Print Name City Manager

[Signature] 9/21/15
City Clerk Date

**APPROVED AS TO FORM AND
LEGALITY:**

[Signature] 09/09/15
City Attorney Date

Renee A. Gurza
Print Name
Resolution NO. 15-048

COUNTY OF SANTA CLARA:

By: [Signature] MAY 05 2015
DAVE CORTESE, President Date
Board of Supervisors

ATTEST: [Signature] MAY 05 2015
MEGAN DOYLE Date
Clerk, Board of Supervisors

**APPROVED AS TO FORM AND
LEGALITY:**

[Signature] 10/8/15
Donald A. Larkin Date
Deputy County Counsel

**EXHIBIT A
SCOPE OF SERVICES
OUTCOMES and MEASUREMENTS
BUDGET FY 15/16**

CONTRACT #: **MH-16 41**

CONTRACT AMOUNT: **\$77,952**

CONTACT INFORMATION:

PROJECT NAME: Galvan Park Improvements (Phase III)

CDBG COORDINATOR: Rebecca Garcia Phone: (408) 310-4637

E-mail: Rebecca.Garcia@morganhill.ca.gov

PROJECT CONTACT Cynthia Iwanaga Phone: (408) 776-7383

E-Mail: Cynthia.Iwanaga@morganhill.ca.gov

LOCATION OF PROJECT: Unless otherwise indicated, the Grant Services specified will be offered at the following location(s): *Site Name Site location:*

Galvan Park , Morgan Hill, CA 95037

PROJECT DESCRIPTION: The primary purpose of the Project is to:

This is a multi-year project. Galvan Park is a city public park that had aging site amenities. The first year the Community Services team engaged the neighborhood in enhancing the park and the adjoining community center to best meet the neighborhoods' needs. They met with neighbors to develop consensus on the physical changes desired at the park to invigorate the park and the neighborhood. The second year, the City completed the installation of new walkways, BBQs, picnic tables and garbage cans. This year the primary purpose is to install a new tot lot and renovate the existing children's playground along with the installation of new park lighting.

NOTE: ELIGIBILITY: Eligible clients under this Contract shall be lower income individuals of all ethnic groups being provided service. Lower income is defined as household income at or below 80% of the median income for the San Jose Metropolitan Statistical Area (MSA) as defined by the Secretary of HUD. This includes very low-income which is defined as household income that exceeds 30% but does not exceed 50% of the HUD median income for the San Jose Metropolitan Statistical Area (MSA) and extremely low-income which is defined as household income that is 30% or lower of the HUD median income for the San Jose Metropolitan Statistical Area (MSA).

NOTE: DETERMINING INCOME: shall document each participant's eligibility on intake sheets, or other such form as to thoroughly document the client's household income.

EXHIBIT A-1 PERFORMANCE MEASUREMENTS

NATIONAL OBJECTIVES *(check one):*

- Provide Decent Affordable Housing
- ☒ Create a Suitable Living Environment, or
- Create Economic Opportunities

This Activity will serve (check those that apply):

Low Moderate Income Benefit:

- ☐ Low Moderate Income Clientele (LMC) (45.99% of the beneficiaries of an activity have to be LMI persons)
- ☐ Low Moderate Limited Clientele (LMI) (activity is designed for exclusive use by a segment of the population presumed by HUD to be LMI persons. Examples: severely disabled adults, migrant farm workers, seniors)
- ☐ Low Moderate Area Benefit (LMA) (Area where at least 45.99% of the residents are LMI persons)
- ☐ Low Moderate Income Housing Activities (LMH) (rental units and rehab)
- ☒ Public Improvements: Site improvements of any kind that are made to property that is in public owners are considered to be a "public improvement" eligible for assistance under this category, except construction of new housing. One other notable exception, this category does NOT authorize expenditure for "buildings for the general conduct of government", except funds may be used to remove building materials and architectural barrier that restrict the mobility and accessibility of elderly or severely disabled adults.

How will the National Objective be met?

UNDUPLICATED PARTICIPANTS.

Proposed total number of unduplicated participants to be served by this Project: _____

For purposes of this Agreement, UNDUPLICATED PARTICIPANTS shall be defined as participants who receive more than one service offered by this project, and at least once a year, but who may not be counted more than once in that year. CITY shall retain records documenting eligibility. Such records shall include family size, total household income, gender head of household, race, ethnic and disability data.

Objective 1	Outcomes:	Total # To Be Served	Performance Indicator (check)	Clients or Population Estimated per Quarter			
Create a sustainable living environment	Neighborhood use of improved Galvan Park	3,560	☐ Housing Units ☒ People ☐ Households	1	2	3	4
							3,6
Objective 2 (if applicable)	Outcomes:	Total # To Be Served	Performance Indicator (check)	Served (Goals) per Quarter			
			☐ Housing Units ☐ People ☐ Households	1	2	3	4

**BUDGET
COST CATEGORIES**

DIRECT COSTS Personnel Expenses	Dollar Amount		CONSTRUCTION COSTS	Dollar Amount	OTHER (Type In)	Dollar Amount
Staff #1			Appraisal			
Staff #2			Engineering Expenses			
Staff #3			Architectural/Design Expenses			
			Acquisition of Land or Facility			
			Construction Costs/Rehab	76,452		76,452
			Davis Bacon / Labor Standards	1,500		1,500
Add In Category:						
					TOTAL:	77,952

EXHIBIT B PAYMENTS TO CITY

A. Payments: COUNTY agrees to pay CITY for the performance of the services, work, and duties, subject to and performed in connection with this Agreement, a sum of money not to exceed the amount set forth in this Agreement. Such sum shall be paid by COUNTY to CITY on a reimbursement basis for services actually performed by CITY and for eligible costs actually incurred by and paid by , pursuant to this Agreement, for the cost categories appearing in this section.

No sum shall be paid until COUNTY receives a Reimbursement Request (RR) request for the Project on a quarterly basis, for approved invoices submitted pursuant to this Contract. The RR form must be accompanied by a request for reimbursement on CITY letterhead. Requests for reimbursement will be made quarterly via the CityData Grants Management website at www.Citydataservices.net and specifying in detail the services performed by, and the costs incurred by and paid by CITY during the period for which payment is requested. Any Program Income received by the CITY shall reduce total allowable payments by the same amount. "Program Income" is defined as income or earnings received by CITY which are directly generated from the use of CDBG funds (as defined at 24 CFR 570.500(a)). It shall be reported by CITY to COUNTY on a monthly basis. Any Program Income on hand when this Agreement expires or terminated or any Program Income received after this Agreement expires or terminates, shall be promptly paid to COUNTY.

Payment to CITY will be made within thirty (30) calendar days of receipt by COUNTY of all such required statements and supporting documents, including but not limited to, paid invoices, provided that the items on such statements and supporting data for which payment is requested can properly be paid under this Agreement, HUD regulations OMB A-122 applicable to the program, and the COUNTY-HUD Grant Agreement, as the same may from time to time be amended. In making such determination, COUNTY may rely upon the certification by CITY that the items appearing on said statement and supporting data are eligible items for payment under this program and Agreement, and such determination by COUNTY shall in no way constitute a waiver by COUNTY of its right to recover from the amount of any money paid to on any item which is not eligible for payment under the program and this Agreement.

The total amount of such payments to be made to CITY shall be distributed in the following manner for each month during the course of the Project. Any amendments to a line item in the approved budget must receive prior written approval from the Office of Affordable Housing.

B. Reporting Requirements.

- **Quarterly Progress Reports.** At the end of each quarter, CITY shall report the CDBG and or HOME number of UNDUPLICATED PARTICIPANTS/BENFICIARIES and results of productivity measures, and

- **A Narrative Report.** A narrative detailing results of the outcome measures. The report at a minimum shall include:

1. A description of how the activities being provided under this grant contribute to meeting performance measures stated in the contract.

C. Reporting Schedule. All required reports shall be submitted to the CDBG office no later than TEN (10) calendar days after the end of the first, second, and third quarters and no later than SEVEN (7) calendar days after the end of the fourth quarter. CONTRATOR agrees to submit quarterly progress reports via the CityData Grants Management website at www.Citydataservices.net.

D. Reimbursement Requests (RR). Project will be reimbursed on a quarterly basis, for approved invoices submitted pursuant to this Contract. Requests for reimbursement will be made quarterly via the CityData Grants Management website at www.Citydataservices.net.

E. Personnel: The Personnel Expenses section of the CDBG Reimbursement Request (Expense Summary) should include only fringe benefits and salary actually paid to employees during the month being reported. Salary accrued or earned but not paid out during the month should not be listed. The exception to this is the final pay period of June; because salary earned during this last pay period will likely be paid out in July (of the following program year), this accrued salary may be included on the June Reimbursement Request (Expense Summary).

F. Reallocating of Project Funds. On a monthly basis, COUNTY shall review the monthly expenditures if any, for services performed and costs incurred by CITY provided in this Exhibit. If such review reveals that the monthly expenditures in any such month for the Project as a whole or any cost category thereof, is below the total amount allocated under this Agreement for the total Project or cost category thereof for such month, COUNTY may reallocate the amount of such under spending. In the case of under spending in a cost category, COUNTY may reallocate unspent amount into another cost category of the Project. In the case of underspending in the Project as a whole, COUNTY may reallocate unspent amount to another community development project. COUNTY shall, before reallocating, give CITY ten (10) days' written notice of its intention to reallocate funds. Such notice shall include a copy of COUNTY's monthly expenditure review for the Project and statement of its reasons for such reallocation. COUNTY shall make its final determination with respect to reallocation only after CITY has been given an opportunity to present its views and recommendations with respect to such contemplated reallocation. In no event, however, shall COUNTY be bound to accept CITY'S views or recommendations with respect to such contemplated recycling. If the expenditures by CITY in any month, for the Project or any cost category thereof, exceed the total amount allocated to the Project or any cost category thereof, COUNTY may terminate non-salary expenditures for the Project for such period of time as is necessary to bring expenditures into conformance with this Agreement.

G. Reallocation of Budget. Cost Category Funds are subject to the rules of the County's Reallocation Guidelines.

EXHIBIT C GENERAL BLOCK GRANT CONDITIONS

SECTION 1. GENERAL GRANT CONDITIONS.

Definitions. As used herein, "HUD" means United States Department of Housing and Urban Development. "Project Area" for the purposes of this EXHIBIT C means the Urban County.

Compliance with Applicable Federal Regulations. CITY shall comply with the provisions of 24 CFR 570, Subpart J and K, describing other program requirements, and the provisions of 24 CFR 85, relating to the uniform administrative requirements in the acceptance and use of Federal funds.

Applicable Federal Civil Rights Laws and Executive Orders. In providing the services and work set forth in this Agreement, CITY will carry out its work in a manner that will permit full compliance by. COUNTY and strict adherence by CITY with the following:

- **Title VI of the Civil Rights Act of 1964**, which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance; and
- **The Housing and Community Development Acts of 1974 and 1977**, as amended, which provide that no person in the United States shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available pursuant to said acts; and

Title VIII of the Civil Rights Act of 1968 (The Fair Housing Act) which prohibits discrimination in the sale, rental, and financing of housing and the provision of brokerage services because of race, color, religion, sex, sexual orientation, actual or perceived gender identity, national origin, handicap, or familial status; and Executive Order 11063, as amended by Executive Order 12259, which provides for equal opportunity in housing and related facilities provided by federal financial assistance. This order and its implementing regulations require the Department of Housing and Urban Development to take all actions necessary to prevent discrimination because of race, color, religion, sex, or national origin in the use, occupancy, sale, leasing, rental or other disposition of residential property assisted with Federal loans, advances, grants or contributions; and

Executive Order 11246, (as amended by Executive Orders 11375 and 12086 and further amendments) Equal Opportunity Under HUD Contracts and HUD-assisted Construction Contracts, which requires that S and CITYs, and their subcontractor, agree not to discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, sexual orientation, actual or perceived gender identity, or national origin; and,

Section 3 of the Housing and Community Development Act of 1968 Pertaining to Employment Opportunities for Lower-Income Persons (12 U.S.C. 1701u), requires that, to the greatest extent feasible on projects financed by HUD, a CITY must: (See Exhibit H)

1. Provide opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project, are given to persons with household income that is at or below 80% of the median income for San Jose Metropolitan Statistical Area defined by the Secretary of HUD residing within the San Jose metropolitan area, Where feasible, priority should be given to residents within the service area of the Project or the neighborhood in which the Project is located who have household income that is at or below 80% of the median income for San Jose Metropolitan Statistical Area (MSA) as defined by the Secretary of HUD, and to participants in other HUD programs who have household income that is at or below 80% of the median income for the San Jose Metropolitan Statistical Area; and
2. Award contracts for work undertaken in connection with housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for persons residing within the metropolitan area in which the CDBG-funded Project is located and have household income that is at or below 80% of the median income for San Jose Metropolitan Statistical Area as defined by the Secretary of HUD, Where feasible, priority should be given to business concerns that provide economic opportunities to residents within the service area or the neighborhood in which the Project is located who have household income that is at or below 80% of the median income for San Jose Metropolitan Statistical Area as defined by the Secretary of HUD, and to participants in other HUD programs who have household income that is at or below 80% of the median income for that area; and
3. Self-certify whether they are a Section 3 business, employs Section 3 residents, or subcontracts with business that provide opportunities to low-income persons when an award of \$200,000 or more of HUD funding is provided for housing rehabilitation, housing construction, or other public construction projects, and/or \$100,000 or more to subcontractors; and
4. At a minimum, provide documentation on federal compliance, reporting and outreach efforts; and

Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), as amended, and implementing regulations when published which specify that no otherwise qualified individual shall, solely by reason of his or her handicap, be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving Federal assistance; and

The Age Discrimination Act of 1975 (Pub. L. 94-135), as amended, and implementing regulations when published for effect which provides that no person shall be excluded from participation, denied program benefits, or subjected to discrimination on the basis of age under any program or activity receiving Federal assistance; and

The requirements relating to Minority-Owned and Women-Owned Business Enterprises set forth in Executive Order No. 11625 of October 13, 1971, 36 Fed. Reg. 19967, as amended by Executive Order No. 12007 of August 22, 1977, 42 Fed. Reg. 42839; and Executive Order No. 12432 of July 14, 1983, 48 Fed. Reg., 32551; and Executive Order No. 12138 of May 18, 1979, 44 Fed. Reg. 29637, a CITY must exercise affirmative outreach efforts when soliciting bids for service or construction when the Federal funds received by the CITY

or subcontractor exceeds \$10,000 and when the CITY or subcontractor is a for-profit organization/business; and the

Uniform Federal Accessibility Standards set forth in 24 CFR, Part 40, Appendix A; and

Americans with Disabilities Act of 1990 (ADA), which prohibits discrimination on the basis of disability in employment and in public accommodations and commercial facilities and defines the range of conditions that qualify as disabilities, and the reasonable accommodations that must be made to assure equality of opportunity, full participation, independent living, and economic self-sufficiency for persons with disabilities. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993, that are readily accessible to and usable by individuals with disabilities. Further the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities where such removal is readily achievable - that is easily accomplishable and able to be carried out without much difficulty or expense; and

The provisions of 24 CFR Part 24, relating to the employment, engagement of services, awarding of contracts, or funding of any CITY or sub during any period of debarment, suspension or placement in ineligibility status; and

Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 *et. seq.*) This law provides that any grant under section 106 shall be made only if the CITY certifies to the satisfaction of the Secretary of HUD that the CITY will, among other things, affirmatively further fair housing; and

Section 109 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 *et. seq.*, particularly 42 U.S.C. 6101 *ets. seq.*, and 29 U.S.C. ~94) and further amendments, which mandates that no person on the grounds of race, color, national origin, sex, sexual orientation, actual or perceived gender identity, age or religion shall be excluded from participation, denied the benefits of, or otherwise be subject to discrimination under any activity funded in whole or part with CDBG funds; and

Architectural Barriers Act of 1968 requires that federally funded buildings and other facilities, as defined in 24 CFR 40.2 and 40 CFR 101-19.602(2), to be designed, constructed, or altered in accordance with standards that insure accessibility to, and use by, physically handicapped people.

Relocation and Real Property Acquisition. CITY shall comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) and 24 CFR 570.606(b); and (b) the requirements of 24 CFR 570.606(c) governing the Residential Antidisplacement and Relocation Assistance Plan (Plan) under section 104(d) of the HCD Act. Under the URA and the Plan, the CITY must provide relocation assistance to persons (families, individuals, businesses, non-profit organizations and farms) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. All property occupants must be issued certain notices on a timely basis. The Plan also required the one-for-one replacement of any occupied or vacant occupiable low/moderate-income housing that is demolished or converted to another use in connection with a CDBG-assisted project. Finally, the Plan requires the identification of the steps that will be taken to minimize displacement.

Political Reform Act. CITY shall comply with the applicable provisions of the Political Reform Act of 1974, as amended, relating to conflicts of interest (codified at California Government Code Section 87000) CITY will

promptly advise COUNTY of the facts and circumstances concerning any disclosure made to it or any information obtained by it relating to conflicts of interest.

Flood Disaster Protection. Notwithstanding any other provision of this Agreement, CITY shall comply with the Flood Disaster Protection Act of 1973, as amended (P.L. 93-234), and the standards issued thereto. No portion of the moneys to be paid to CITY pursuant to this Agreement shall be used for acquisition or construction purposes as defined under Section 3(a) of said Act, for use in an area identified by the Secretary of HUD as having special flood hazards which is located in an area not in compliance with the requirements for participation in the National Flood Insurance Program pursuant to Section 201(d) of said Act; and the use of any of said moneys for such acquisition or construction in such identified areas in communities then participating in the National Flood Insurance Program shall be subject to the mandatory purchase of flood insurance requirements of Section 102(a) of said Act.

Any contract or agreement for the sale, lease or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain, if such land is located in an area identified by the Secretary of HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001, ~., provisions obligating the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under Section 102(a) of the Flood Disaster Protection Act of 1973, as amended. Such provisions shall be required notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

Equal Employment Opportunity. In providing the work and services herein specified, CITY shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. CITY shall take action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, sexual orientation, actual or perceived gender identity, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. CITY shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Federal Government or the COUNTY setting forth the provisions of this nondiscrimination clause. CITY shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, actual or perceived gender identity, or national origin. CITY shall incorporate the foregoing requirements of this paragraph in all of its contracts for program work, and will require all of its contractors for such work to incorporate such requirements in all subcontracts for program work.

Prohibition of and Elimination of Lead-Based Paint Hazard. Notwithstanding any other provision, CITY agrees to comply with the regulations issued by the Secretary of HUD set forth in 24 CFR 570.608 and all applicable rules and orders issued thereunder which prohibit the use of lead-based paint in residential structures undergoing federally assisted construction or rehabilitation and require the elimination of lead-based paint hazards. Every contract or subcontract, including painting, pursuant to which such federally assisted construction or rehabilitation is performed, shall include appropriate provisions prohibiting the use of lead-based paint.

Compliance With Clean Air and Water Acts. This Agreement is subject to 42 U.S.C. 1857, and 33 U.S.C. 1251 *et seq.*, and the regulations issued pursuant thereto. Therefore, CITY agrees as follows:

CITY stipulates that any facility to be utilized in the performance of any nonexempt contract or subcontract is not listed on the List of Violating Facilities issued by the Environmental Protection Agency (EPA) pursuant to 40 CFR 15.20;

CITY agrees to comply with all the requirements of Section 114 of the Clean Air Act, as amended, (42 U.S.C. 1857c-8) and Section 308 of the Federal Water Pollution Control Act, as amended, (33 U.S.C. 1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in said Sections 114 and 308, and all regulations and guidelines issued thereunder;

CITY stipulates that as a condition for the award of the contract prompt notice will be given of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized or to be utilized for the contract is under consideration to be listed on the EPA List of Violating Facilities;

CITY agrees that criteria and requirements in subparagraphs (a) through (d) of this section 1.09 will be included in every non-exempt subcontract and CITY shall take such action as the COUNTY or HUD requires as a means of enforcing such provisions.

In no event shall any amount of the assistance provided under this Agreement be utilized with respect to a facility which has given rise to a conviction under Section 113(c)(1) of the Clean Air Act or Section 309(c) of the Federal Water Pollution Control Act.

Federal Labor Standards Provisions. Except with respect to the rehabilitation of residential property designed for residential use for less than eight (8) families, and all S engaged under contracts in excess of Two Thousand Dollars (\$2,000) for the construction, completion or repair of any building or work financed in whole or in part with assistance provided under this Agreement, shall comply with HUD requirements pertaining to such contracts and the applicable requirements of the regulations of the Department of Labor under 29 CFR Parts 3, 5 and 5a, governing the payment of wages and the ratio of apprentices and trainees to journeymen; provided, that if wage rates higher than those required under such regulations are imposed by state or local law, nothing hereunder is intended to relieve of its obligation, if any, to require payment of the higher rates. shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of 29 CFR 5.5 and for such contracts in excess of Twenty Five Thousand Dollars (\$25,000), 29 CFR 5a.3.

CITY shall not award any contract or subcontract which is otherwise in compliance with this Agreement to any person or subcontractor who is at the time ineligible under the provisions of any applicable regulations of the Department of Labor to receive an award of such contract.

Nondiscrimination Under Title VI of the Civil Rights Act of 1964. under this Agreement shall be subject to the requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and HUD regulations with respect thereto including the regulations under 24 CFR Part 1. In the sale, lease or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, CITY shall require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination upon the basis of race, color, religion, sex, sexual orientation, actual or perceived gender identity, or national origin, in the sale, lease or rental, or in the use of occupancy of such land or any improvements erected or to be erected thereon, and providing that and the United States are beneficiaries of and entitled to enforce such covenant. , in

providing the services and work it is to provide, pursuant to this Agreement, agrees to take such measures as are necessary to enforce such covenant and will not itself so discriminate.

Interest of Certain Federal Officials. No member of, or Delegate to, the Congress of the United States, and no Resident Commissioner, shall be admitted to any share or part of this Agreement or to any benefit arising from same.

Conflict of Interest. Under 24 CFR Part 570.66, no officer, employee or agent of COUNTY or CITY who exercises any functions or responsibilities with respect to the CDBG Program or to the services and work to be performed by CITY pursuant to this Agreement, during such officer's, employee's or agent's tenure or for one (1) year thereafter, shall have any interest, direct or indirect, in this Agreement or the proceeds thereof. CITY shall incorporate or cause to be incorporated in every contract required to be in writing a provision prohibiting such interest pursuant to the purposes of this section.

Prohibition Against Payments of Bonuses or Commissions. The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purpose of obtaining HUD approval of the application for such assistance, or HUD approval of applications for additional assistance, or any other approval or concurrence of HUD required under this Agreement, Title I of the Housing and Community Development Acts of 1974 or 1977, or HUD regulations with respect thereto; provided, however, that reasonable fees or bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

Copyrights. If this Agreement results in a book or other copyrightable material, the author is free to copyright the work, but HUD reserves a royalty-free, nonexclusive and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use, all copyrighted material and all material which can be copyrighted.

Patents. Any discovery or invention arising out of or developed in the course of work aided by this Agreement shall be promptly and fully reported to COUNTY and HUD for determination by HUD as to whether patent protection on such invention or discovery will be sought and how the rights in the invention or discovery, including the rights under any patent issued thereon, shall be disposed of and administered, in order to protect the public interest.

Political Activity. Partisan Activity Prohibited. No funds provided in this Agreement shall be used for any partisan political activity or to further the election or defeat of any candidate for public office; nor shall they be used to provide services, or for the employment or assignment of personnel in a manner supporting or resulting in the identification of programs conducted pursuant to this Agreement with the following:

1. Any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office;
2. any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or
3. any voter registration activity.

Participants employed in the administration of the CDBG Plan and/or Program, and participants whose principal employment is in connection with an activity financed by the CDBG Program or its proceeds are subject to limitation on political activities under the Hatch Act (5 U.S.C. 1502(a), 18 U.S.C. 595). All participants may take part in non-partisan activities outside working hours. b. Lobbying Prohibited. No Federal appropriated funds have been paid or will be paid, by or on behalf of the CITY, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the CITY shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The CITY shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all CITYs shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Guidelines On Church-Related Activities. Construction or Rehabilitation of Facilities. Block grant fund recipients shall not use any funds to construct, rehabilitate, maintain, or restore religious structures (including those which may be historic properties) currently used for religious purposes. Block grant funds shall not be used to construct, rehabilitate, maintain, or restore structures or other real property owned by "pervasively sectarian" organizations. Block grant funds shall not be used to assist a religious organization in acquiring property. These prohibitions apply whether or not the property is used for religious services or instruction or is used in any other way for religious activities.

The CDBG funds may be used only for the provision of public services and not for the construction, rehabilitation or restoration of any facility owned by the religious organization where the services are to be provided. A narrow exception to this prohibition is that minor repairs may be made where such repairs (a) are directly related to the public services, (b) are located in a structure used exclusively for non-religious purposes, and (c) constitute in dollar terms a minor portion of the CDBG expenditure for the public services.

Resident Aliens. (24 CFR 570.613) Certain newly legalized aliens, as described in 24 CFR Part 49, are not eligible to apply for the benefits under covered activities funded by the CDBG Program. "Covered activities" are activities meeting the requirements of 24 CFR 570.208(a) that either (1) have income eligibility requirements limiting benefits exclusively to low- and moderate-income persons, or (2) are targeted geographically or otherwise to primarily benefit low- and moderate-income persons (except for activities that benefit the public at large), and provide benefits on the basis of an application.

ENVIRONMENTAL REQUIREMENTS. (24 CFR 470.604) CITY is not allowed to incur program expenses until the COUNTY has performed an environmental review of the proposed activities, received the release of funds, and provided the CITY with formal clearance to initiate them, along with directives for any action necessary to mitigate negative environmental impacts (24 CFR Part 58).

Historic Preservation. CITY shall not violate provisions of the Historic Preservation Act and related laws and Executive Orders. Before any commitments are made to make any physical improvements or alterations or demolition of any building, CITY shall receive assurances from the COUNTY that the CITY is in compliance.

If CITY receives State or COUNTY funds, CITY shall, in the use of those State or COUNTY funds adhere to the applicable Federal laws, regulations, policies, guidelines or requirements, herein specified, only insofar as adherence thereto would not be prohibited by valid COUNTY or State laws, regulations, policies, guidelines or requirements.

RECORDS, REPORTS AND AUDITS OF CITY.

Establishment and Maintenance of Records. CITY shall maintain records, including but not limited to, books, financial records, supporting documents, statistical records, personnel, property, and all other pertinent records sufficient to reflect properly:

1. All direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred to perform this Agreement, and
2. All other matters covered by this Agreement. Such records shall be maintained in accordance with requirements now or hereafter prescribed by the COUNTY.

Preservation of Records. CITY shall preserve and make available its records:

For the period of six (6) years from the date of final payment to CITY under this Agreement; or such longer period, if any, as may be required by applicable law; or if this Agreement is completely or partially terminated, for a period of six (6) years from the date of any resulting final settlement.

Records to be Maintained. The CITY shall maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

1. Records providing a full description of each activity undertaken;
2. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG Program;
3. Records required to determine the eligibility of activities;
4. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
5. Records documenting compliance with the fair housing and equal opportunity components of the CDBG Program;
6. Financial records as required by 24 CFR 570.502 and 24 CFR 84.21 - 28; and
7. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

Examination of Records; Facilities. At any time during normal business hours, and as often as may be deemed necessary, CITY agrees that HUD and/or COUNTY, and/or any of their respective authorized representatives shall:

1. For a period of four (4) years after final payment under this Agreement; or, for such longer period as may be required by applicable law; or
2. if this Agreement is completely or partially terminated, for a period of four (4) years from date of any resulting settlement;

have access to and the right to examine CITYS offices and facilities engaged in performance of this Agreement and all its records with respect to all matters covered by this Agreement. CITY also agrees that HUD and/or COUNTY, or any of their respective authorized representatives shall have the right to audit, examine, and make excerpts or transcripts of and from such records, and to make audits of all contracts and subcontracts, invoices, payrolls, records of personnel, conditions of employment, materials, and all other data relating to matters covered by this Agreement. Notwithstanding anything in this Agreement to the contrary for monitoring purposes, COUNTY shall not require access to any information of CITY mutually determined by the parties hereto to be proprietary.

SECTION 2. OTHER REQUIREMENTS OF CITY

Client Data. The CITY shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to the COUNTY monitors or their designees for review upon request.

Disclosure. The CITY understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the CITYS or CITY's responsibilities with respect to services provided under this Agreement, is prohibited unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

Close-outs. The CITY's obligation to the COUNTY shall not end until all close-out requirements are completed pursuant to 24 CFR 570.509. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the CITYS), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the CITY has control over CDBG funds, including program income.

Program Income. The CITY shall report all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this Agreement. The use of program income by the CITY shall comply with the requirements set forth at 24 CFR 570.504. By way of further limitations, the CITY may use such income during the contract period for activities permitted under this Agreement and shall reduce requests for additional funds by the amount of any such program income balances on hand. All unexpended program income shall be returned to the COUNTY at the end of the contract period. Any interest earned on cash advances from the U.S. Treasury and from funds held in a revolving fund account is not program income and shall be remitted promptly to the COUNTY

Indirect Costs. If indirect costs are charged, the CITY will develop an indirect cost allocation plan for determining the appropriate CITY's share of administrative costs and shall submit such plan to the COUNTY for approval, in a form specified by the COUNTY.

Hatch Act. The CITY agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

HMIS Participation. All agencies providing homeless services in receipt of funding from the COUNTY's CDBG Program are required to fully participate in the Homeless Management Information System ("HMIS") and work closely with the Community Technology Alliance ("CTA"), to ensure the agency has the mechanisms and staffing in place to use the system appropriately and in a timely manner. Funded agencies are required to collect demographic information on all clients served by the funded projects, the services provided, and consent to release the information to CTA and the COUNTY'S Office of Affordable Housing. Funded projects must utilize all appropriate aspects of HMIS in order to generate the statistical information required for reporting to the COUNTY on all universal and program level elements of the HUD Data Standards. These statistical reports must be generated directly out of HMIS. No adjustments to the HMIS reports will be accepted and it is therefore incumbent on the agency to ensure that the information they put into HMIS is accurate and up to date. CITY will measure performance and outcomes relating to these funded projects through the use of the HMIS statistical data, based on the HUD data elements, or other reporting requirements as determined by the COUNTY.

CITY shall include in all outreach and marketing materials, including public websites, an affirmative statement that it will provide services or benefits to all persons, race, sex, color, age, religion, actual or perceived gender identity, sexual orientation, disability, ethnic or national origin, or familial status.

EXHIBIT D

ASSURANCES

The CITY hereby assures and certifies that it will comply with all regulations, policies, guidelines and requirements applicable to the acceptance and use of Federal funds for this Federally-assisted program and will be responsible for implementing and complying with all relevant future changes to Federal Regulations or OMB Circulars. Specifically gives assurances and certifies with respect to the PROGRAM that it is compliant with the following Regulations as defined by 24 CFR, Part 570, Subpart J; 24 CFR, Part 570, Subpart K; and will be conducted and administered in conformity with "Public Law 88.352 and Public Law 90-284. *Full text of the regulations can be located at: <http://www.gpoaccess.gov/cfr/index.html>*

1. **570.505. Use of Real Property**
2. **570.506. Records to be Maintained**
3. **570.508. Public Access to Public Records**
4. **570.601. Public Law 88-352 and Public Law 90-284;** affirmatively furthering fair housing; Executive Order 11063, as amended by Executive Order 12259 addresses discrimination. HUD regulations implementing Executive Order 11063 are contained in 24 CFR, Part 107.
5. **570.602. Section 109 of the Act addresses discrimination**
6. **570.603. Labor Standards**
7. **570.604. Environmental Standards**
8. **570.605. National Flood Insurance Program**
9. **570.606. Displacement, Relocation, Acquisition, and Replacement of Housing.**
10. **570.607. Employment and Contracting Opportunities**
11. **570.608. Lead-Based Paint**
12. **570.609. Use of Debarred, Suspended, or Ineligible Contractors or CITYs**
13. **570.610. Uniform Administrative Requirement and Cost Principles.** The COUNTY, its CITYs, agencies or instrumentalities, shall comply with the policies, guidelines, and requirements of 24 CFR Part 85 (Common Rule), and OMB Circulars A-110 (Grants and Agreements with Non-Profit Organizations), A-122 (Cost Principles for Non-Profits), A-128 (Audits of State and Local Governments-implemented at 24 CFR, Part 24), and A-133 (Audits of Institutions of Higher Education and Other Non-Profit Institutions), as applicable, as they relate to the acceptance and use of Federal funds under this part. The applicable sections of 24 CFR, Part 85 and OMB Circular A-100 are set forth at 570.502.
14. **570.611. Conflict of Interest**
15. **570.612. Executive Order 12372** allows States to establish its own process for review and comment on proposed Federal financial assistance programs, specifically the use of CDBG funds for the construction or planning of water or sewer facilities.
16. **570.613. Eligibility Restrictions for Certain Resident Aliens**
17. **570.614. Architectural Barriers Act and the Americans with Disabilities Act**

EXHIBIT E**DECLARATION OF CONTRACTOR**

(To be completed by all Type I)

This is a Type I service contract under the Board of Supervisor's Resolution of Contracting Principles.

Type I Category: Section II C.6

Explanation: Contract with other Public Agencies

I am authorized to complete this form on behalf of the City of Morgan Hill.

I have used due diligence in obtaining this information, and this information contained herein is complete and accurate.

**CONTRACT PROVISIONS TO IMPLEMENT THE TERMS OF THE RESOLUTION RE:
CONTRACTING PRINCIPLES**

This contract is a Type I service contract, subject to the Resolution of Contracting Principles adopted by the Board of Supervisors on October 28, 1997 and subsequently amended on October 21, 2008. Accordingly, Contractor shall comply with all of the following:

a. Contractor shall, during the term of this contract, comply with all applicable federal, state, and local rules, regulations, and laws.

b. Contractor shall maintain financial records adequate to show that County funds paid under the contract were used for purposes consistent with the terms of the contracts. These records shall be maintained during the term of this contract and for a period of three (3) years from termination of this contract or until all claims if any, have been resolved, whichever period is longer, or longer if otherwise required under other provisions of this contract.

The failure of Contractor to comply with this Section or any portion thereof may be considered a material breach of this contract and may, at the option of the County, constitute grounds for the termination and/or non-renewal of the contract. Contractor shall be provided reasonable notice of any intended termination or non-renewal on the ground of non compliance with this Section, and the opportunity to respond and discuss the County's intended action.

City Manager Signature: _____

 9/14/15
Date

Print Name: Steve Rymer

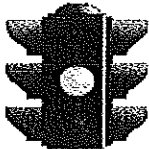
Service. Community. Innovation.



Edit Contractor

BE SURE TO CLICK any SAVE button on this page to save your changes!

you are here: [Main Menu](#) / [Insured Search](#) / Edit Insured

Name	Address	Details	SAVE RECORD
Requirements and Enforcement	Internal Contacts, Organizational Units and Projects		Contracts
Editing: City of Morgan Hill (1002328)			
Insured Name and ID ID Number 1002328 (ISN: 337950) Insd Name City of Morgan Hill		Current Status CertScore: 86 Waivered Score: 100* <i>*Ignoring all waived deficiencies</i>  Waivers Next Expiry: 7/1/2016	
REQUIRED ITEMS			
 An ID Number must be entered.  Enter a name for the Contractor.  An address must be entered for the Contractor  Requirements must be selected  An enforcement level must be selected  Assign at least one internal contact to the Contractor			
Last Changed: 10/23/2015 8:38:40 AM (US Eastern Time)			

Dept. of Planning and Development from County of Santa Clara

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Terms of Use

LAWCX

Local Agency Workers' Compensation Excess
Joint Powers Authority
 A California Public Agency

Certificate of Coverage - 2015/16 Program Year

Covered Member:	City of Morgan Hill
	17555 Peak Avenue
	Morgan Hill, CA 95037

This certificate is issued as a matter of information only and confers no right upon the Certificate Holder. This certificate does not amend, extend, or alter the coverage afforded by the coverage below. The coverage provided is subject to all terms, exclusions and conditions of such coverage. Limits shown below may have been reduced by paid claims.

TYPE OF COVERAGE	COVERAGE NUMBER	COVERAGE PERIOD	LIMITS OF COVERAGE
EMPLOYER'S LIABILITY	2015/16 LAWCX MOC	7/1/2015 - 7/1/2016	\$5,000,000
WORKERS' COMPENSATION	2015/16 LAWCX MOC	7/1/2015 - 7/1/2016	\$5,000,000
WORKERS' COMPENSATION	POLICY # EIA-PE 15 EWC-32	7/1/2015 - 7/1/2016	\$45,000,000
WORKERS' COMPENSATION	POLICY # XWC 91-0613	7/1/2015 - 7/1/2016	STATUTORY

Description of Operations/Locations Covered; Special Items of Restrictions:

PROOF OF EXCESS WORKERS' COMPENSATION COVERAGE
 for the City of Morgan Hill and its employees.

PREPARED FOR:
County of Santa Clara
Office of Supportive Housing
3180 Newberry Drive #150
San Jose, CA 95118
Attn: Carlos Sanchez
Housing Rehabilitation Specialist

Should the above described coverage be cancelled before the expiration date thereof, LAWCX will mail 30 days written notice of the certificate holder named to the left, but failure to mail such a notice shall impose no obligation or liability of any kind upon LAWCX, its agents, or its representatives.

AUTHORIZED REPRESENTATIVE:

Beth Lyons

**SANTA CLARA COUNTY
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
CITY/COUNTY CONTRACT
between the
COUNTY OF SANTA CLARA and CITY OF MORGAN HILL
FY15/16**

This First Amendment to City/County Contract (the "First Amendment") amends that certain City County Contract, dated July 1, 2015 ("the Existing Contract") in its entirety to read as follows:

Contract No. <u>MH-16-41</u> (Galvan Park)	Grant Amount: <u>\$ 72,136.25</u>
Contract No. <u>MH-16-51</u> (Galvan Park Final Improvements)	Grant Amount: <u>\$ 83,767.75</u>
	<u>Total: \$155,904.00</u>

THIS Contract is made and entered into pursuant to the Catalog of Federal Domestic Assistance (CFDA) 14.218 by and between the **COUNTY OF SANTA CLARA**, a political subdivision of the State of California (hereinafter "COUNTY"), and the **CITY OF MORGAN HILL** (hereinafter "CITY") participating as a member of the County of Santa Clara COMMUNITY DEVELOPMENT BLOCK GRANT (hereinafter "CDBG") Joint Powers Agreement. The allocation of funds pursuant to this Contract shall be a grant. The COUNTY, acting by and through its Board of Supervisors, approved the allocation and disbursement of CDBG funds to CITY on May 5, 2015.

WITNESSETH

WHEREAS, COUNTY has received CDBG Entitlement Program funds from the United States Department of Housing and Urban Development (hereinafter "HUD") as an entitlement jurisdiction pursuant to the provisions of Title 1 of the Housing and Community Development Act of 1974, as amended; and

WHEREAS, COUNTY has agreed to the use by CITY, as a subrecipient, of a portion of COUNTY'S CDBG Entitlement Program funds for a Housing and Community Development Program to be operated within COUNTY and which shall benefit extremely-low, low, and very-low income households.

WHEREAS, COUNTY has received request from CITY to increase the budget to complete the improvements at Galvan Park.

WHEREAS, transfer of funds exceeding \$50,000 as well as new projects or activities added to Program requires Board Approval.

WHEREAS, COUNTY has completed a Substantial Amendment to FY2016 Annual Action Plan ("Amendment") allowing the reprogramming of funds and Board has considered and approved the Amendment on April 26, 2016.

NOW, THEREFORE, the parties agree as follows:

I. PROGRAM

- A. COUNTY agrees to allocate a portion of its CDBG Entitlement Program funds and/or program income as defined in 24 CFR 570 Subpart J, "Grant Administration" (570.504), to the CITY, as a subrecipient of the COUNTY in the amount of **\$155,904** (the "CDBG Funds") for the purpose of reimbursing CITY for project and activity costs and expenses that are allowed and incurred in the implementation of the Housing and Community Development Program, such projects and activities being more particularly described in Exhibits "A" through "H" (collectively, the "PROGRAM"). A lump sum figure is allocated for this Contract and the parties understand and agree that the allocation is distributed by the COUNTY through reimbursing the CITY for allowed expenses, and no lump sum distribution of CDBG Funds is made at the outset of this Contract. Reimbursement for **Fiscal Year 2016** shall not exceed the total sum of the beginning fiscal year Cash Control Sheet (fiscal year CDBG allocation of funds to CITY, and any roll-over of unexpended CDBG funds from previous year's allocations to CITY. Such authority is contingent upon CITY and its subrecipients full compliance at all times with all Federal Rules and Regulations governing the CDBG PROGRAM, the COUNTY CDBG Reallocation Guidelines and all other applicable laws.
- B. As a condition of this Contract, CITY has provided numerous Exhibits marked "A" through "G" as noted herein, attached to this Contract, incorporated by this reference, as though fully set forth. Exhibits are as follows:

EXHIBITS

Exhibit "A" (Scope of Services, Performance Outcomes and Measurements, and Budget),
 Exhibit "B" (Payment to CITY)
 Exhibit "C" (General Block Grant Conditions")
 Exhibit "D" (Assurances),
 Exhibit "E" (Declaration of Contractor and Contract Provisions to Implement the Terms of the Resolution Regarding Contracting Principles)
 Exhibit "F" (Insurance Requirements), and
 Exhibit "G" (Cash Control Record (CCR).

II. TERM

- A. The purpose of this Contract is for the COUNTY to disburse CDBG funds. Unless amended prior to its expiration, the term of this Contract for disbursement purposes will begin on **July 1, 2015** and will terminate on **April 30, 2017**, (the "Contract Term"), or unless terminated earlier pursuant to Sections VI or VII of this Contract or by any other applicable Contract provision. Invoices requesting disbursements submitted after the expiration of this Contract will be honored only for allowable costs incurred during the Contract Term and received prior to the processing cut-off date established by the County.
- B. The term of expenditure by CITY for the grant amount provided for herein shall begin on **July 1, 2015** and terminate on the earliest of the following dates as set forth herein (the "Expenditure Term"):
1. **April 30, 2017**, or

2. The date of the expenditure of the total grant, and/or program income amount provided for herein, or
3. Upon the termination date established pursuant to Section VI or Section VII of this Contract.

III. OBLIGATIONS OF CITY

A. Certifications by CITY:

CITY must provide COUNTY with written certification that the following information is on file at the CITY offices, and is subject to monitoring by HUD and/or COUNTY (County's Housing and Community Development Department, "OAH") OAH staff, or their representatives:

1. Names and addresses of the current CITY Manager and CITY Council members.
2. Records of all discussions and actions taken at CITY Council meetings pertaining to the CDBG PROGRAM.
3. Information and housing objectives for the Consolidated Plan required by HUD at the beginning of each program year.

B. Program Performance Responsibilities of CITY. CITY shall:

1. Conduct the PROGRAM within Santa Clara County, for the purpose of benefiting low and very low income households;
2. File quarterly reports with COUNTY detailing adherence to the PROGRAM as described in Exhibits "A" through "G." The reports must document services rendered by the PROGRAM, describe the beneficiaries of the services, and evaluate the manner in which the PROGRAM is achieving its objectives and goals as a participating non-entitlement CITY; and,
3. Utilize minority and/or female owned business, vendors, suppliers, and contractors to the maximum extent feasible, for items funded pursuant to this Contract, in accordance with County policy.

C. Fiscal Responsibilities of CITY. CITY shall:

1. Identify the CITY's current fiscal agent who is responsible for financial activities of CITY, including the receipt and disbursement of CDBG Funds. CITY will notify COUNTY in writing of the appointment of any subsequently appointed fiscal agent and that agent's name;
2. Maintain an accounting system that conforms with generally accepted accounting principles ("GAAP"). The accounting system is subject to review and approval by COUNTY;
3. CDBG Housing Rehabilitation Revolving Loan Fund Conditions:

If CITY maintains a Revolving Loan Fund ("RLF"), CITY will maintain the RLF as a separate fund (with a set of accounts that are independent of other program accounts) established for the purpose of carrying out specific activities which, in turn, generate payments to the fund for use in carrying out the same activities. The following are additional CITY RLF conditions and requirements:

- a. The RLF must be capitalized only with housing rehabilitation or housing acquisition repayment funds, which are considered CDBG Program Income for CDBG purposes. CDBG program funds may not be drawn down to serve as the initial available funding or ongoing funding of the RLF.
- b. The RLF will cover a single, specific activity, i.e. housing rehabilitation. Properties which may be assisted under the RLF include:
 - Single-family properties occupied by low and moderate-income households with annual gross incomes not to exceed 80% of the median area income threshold by family size, as issued by HUD for each program year; and,
 - Multi-family (rental) properties with at least 51% of the units (or such percentage as published by HUD as an exception area) occupied by tenants with annual gross incomes which meet the same HUD annual income thresholds.
- c. Program income received by the RLF from rehabilitation loan principal and interest repayments, must be held in an interest bearing account. Note: Principal repayments and the interest paid by borrowers of CDBG-funded loans made from the RLF is considered CDBG Program Income and subject to the CDBG Program Income requirements.
- d. Any accrued interest on the total funds maintained in the account must be returned to HUD annually, to be remitted through the COUNTY to the U.S. Treasury.
- e. The COUNTY's Consolidated Plan must be amended following a public review process, to reflect the establishment of a RLF as a strategy to address priority housing needs. The scope of the housing RLF should be described.
- f. In future years, the RLF's estimated production and program income should be incorporated into each Annual Action Plan, as well as accomplishments and program income reported in the Consolidated Annual Performance and Evaluation Report (CAPER).
- g. An amendment of the applicable Annual Action Plan is required in order to transfer any RLF funds to the grantee's main account for use with non-RLF but eligible activities. (See Title 24 CFR 570 Subpart J, 570.500 "Definitions," 570.500(b) "Revolving Fund.")

4. Comply with the audit requirements of 2 CFR Part 200, Subpart F which require compliance with the Single Audit Act for any subrecipient expending \$750,000 or more of federal funds for the fiscal year.

5. Document all PROGRAM costs by maintaining records in accordance with Section III, Paragraph D below.

6. Submit to the COUNTY documented requests for reimbursement.

7. Certify current and continuous insurance coverage of CITY, subject to approval of COUNTY and in accordance with requirements as outlined in Exhibit F "Insurance Requirements;" and obtain certificate of insurance from all subrecipients which will list CITY and COUNTY as additional insured.

8. Subparagraph C. 1. through 7. of Section C. above are express conditions precedent to disbursement of any COUNTY funding and failure to comply with these conditions may, at the discretion of COUNTY, result in the suspension of funding or termination of specific PROGRAM projects or activities in non-compliance; or initiate the suspension of funding of the PROGRAM or termination of this Contract as provided for herein.

9. If CITY does not use CDBG Funds in accordance with this Contract, CITY is liable for repayment of all CDBG Funds not used or applied in accordance with this Contract, including but not limited to disallowed costs and ineligible activities (collectively, the "Disallowed Costs"). Disallowed Costs may be identified through audits, monitoring or others sources. CITY will be required to respond to any adverse determinations, findings or allegations relating to the identity of Disallowed Costs, subject to the provisions of 2 CFR Part 200, Subpart E ("Cost Principles"), 2 CFR Part 200, Subpart F ("Audit Requirements"), Parts 570.201-206 ("Eligible Activities") or 570-207 ("Ineligible Activities") of Title 24 of the Code of Federal Regulations, or any other applicable laws.

D. Establishment and Maintenance of Records by CITY:

1. Maintain complete and accurate records of all PROGRAM and CDBG transactions, CDBG Fund disbursements and allocations, projects, activities and expenditures including, but not limited to, contracts, grants, subrecipients of CITY, third party services and relationships, expenses, time cards, cash receipts, vouchers, canceled checks, bank statements, client statistical records, personnel, property, disbursements and allocations among and to CITY departments, offices, agencies and staff, invoices and all other pertinent records sufficient to reflect properly the use, disbursement and allocation of all CDBG Funds;

2. All direct and indirect costs of claims incurred or anticipated to be incurred to perform this Contract or to operate the PROGRAM, including but not limited to any and all costs and expenses needed, incurred or anticipated for displacement or relocation of residents, tenants and others; and

E. Preservation of Records. CITY will preserve and make available its records:

1. Until five years following expiration of this Contract, or
2. For such longer period, if any as is required by applicable law; or
3. If this Contract is completely or partially terminated, the records relating to the PROGRAM projects and activities terminated (including their funding, costs and expenses) shall be preserved and made available for a period of five years from the date of project or activity termination.

E. Examination of Records:

1. At any time during normal business hours, and as often as may be deemed reasonably necessary, CITY agrees that HUD and the COUNTY (together or independently), and/or any authorized representatives of HUD or the COUNTY may have access to and the right to examine any and all records required to be kept pursuant to (1) the terms and conditions of the Contract, (2) applicable law or (3) kept as a normal course of CITY operations relating directly or indirectly to the PROGRAM, the CDBG Funds or this Contract until the expiration of:

- a. five years after expiration of this Contract;

- b. five years from the date of termination of this Contract; or
- c. such longer period as may be prescribed by law.

2. The CITY must provide language in its contracts with all subrecipients stipulating that at any time during normal business hours, and as often as may be deemed reasonably necessary, subrecipient agrees that HUD and the COUNTY, and/or any authorized representatives may have access to and the right to examine subrecipient CDBG records and facilities until expiration of:

- a. five years after expiration of this Contract;
- b. five years from the date of termination of this Contract; or
- c. such longer period as may be prescribed by law.

3. CITY also agrees that COUNTY and any authorized representatives has the right to audit, examine, and make excerpts or transactions of and from, such records and to make audits of all contracts and subcontracts, invoices, payrolls, records of personnel, conditions of employment, materials and all other data relating to the PROGRAM and matters covered by this Contract. CITY will be notified in writing of intended audits. CITY will be notified in writing of intended inspections of records and facilities and of intended audits no less than three business days before such inspections or audits. CITY is required to respond in writing to the OAH Director any audit findings within 30 days of receipt of written audit findings. Responses will be included in the final audit report.

G. Compliance with Law. CITY staff will become familiar and comply with and require all its subcontractors, independent contractors and employees, if any, to become familiar and comply with all applicable federal, state and local laws, ordinances, codes, regulations and decrees including, but not limited to, those federal rules and regulations, executive orders, and statutes identified in "D" ASSURANCES. Specifically, CITY will comply with the requirements of 2 CFR 200, Part E, "Cost Principles," and 2 CFR Part 200, Subpart F "Audit Requirements." In addition, CITY will comply with federal regulations as cited in 24 CFR Part 570, Subpart J, and 24 CFR Part 85, and all other local, state or federal laws applicable to the PROGRAM. CITY and its subrecipients must comply with Section 109 of Title I of the Housing and Community Development Act of 1974, the Fair Housing Amendment Act of 1988, the Age Discrimination Act of 1975, Executive Order 11063, and with Executive Order 11246 as amended by Executive Orders 11375 and 12086.

H. Suspension and Termination. In accordance with 24 CFR 85.43, suspension or termination of this Contract may occur if the CITY materially fails to comply with any term or condition of this Contract. This Contract may also be terminated for convenience or cause in accordance with 24 CFR 85.44, Sections VI or Section VII below, or in accordance with any other provision of this Contract allowing for Contract termination, cancellation or expiration.

I. Reversion of Assets. Upon expiration or termination of this Contract, or in the event HUD cancels its PROGRAM for any reason, the CITY will transfer to the COUNTY any CDBG Funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG Funds. Any real property under the CITY's control that was acquired or improved in whole or in part with CDBG Funds (including CDBG Funds provided to CITY in the form of a loan) in excess of \$25,000:

1. Must be used to meet one of the national objectives stated in Title 24 CFR part 570.208 for a period of five years after expiration of this Contract, or for such longer period of time as required by the COUNTY; or,

2. The CITY must reimburse the COUNTY an amount equal to the current market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property (reimbursement is not required after the period of time specified in I. 1. above).

J. "Section 3" Provisions.

1. Compliance. Compliance with the provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701, the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this Contract, shall be a condition of the federal financial assistance provided under this Contract and binding upon the COUNTY, the CITY, and any subrecipients. Failure to fulfill these requirements shall subject the COUNTY, the CITY, and any subrecipients, their successors and assigns, to those remedies specified in the contract through which federal assistance is provided and any other remedies available under applicable law. The CITY certifies and agrees that no contractual or other disability exists which would prevent compliance with these requirements. The CITY further agrees to comply with these "Section 3" requirements and to include the following language in all subrecipient contracts executed under this Contract or using CDBG Funds:

"The work to be performed under the contract is a project or activity assisted under a PROGRAM providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project or activity area and agreements for work in connection with the project or activity be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the project or activity."

The CITY certifies and agrees that no contractual or other disability exists which would prevent compliance with these requirements.

2. Notifications. The CITY and its subrecipients must send to each labor organization or representative of workers with which it has a collective bargaining agreement or other agreement or understanding, if any, a notice advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

3. Subcontracts. The CITY and its subrecipients will include this Section 3 clause in every contract and will take appropriate action pursuant to the contract upon a finding that the sub-subrecipient is in violation of regulations issued by COUNTY. The CITY will not contract with any sub-subrecipient where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135 and will not let, authorize, permit or allow any contract unless the sub-subrecipient has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

IV. OBLIGATIONS OF COUNTY

A. Method of Payment. During the Contract Term, COUNTY will disburse CDBG Funds to CITY on a reimbursement basis, unless otherwise provided herein, for all allowable costs and expenses incurred in connection with the PROGRAM. Reimbursement will not exceed the total sum of **\$155,904** as stated in the fiscal year Cash Control Record document plus all Program Income accrued during the fiscal year. Reimbursement to CITY may be denied or retained, in part or in full, by COUNTY in the event of CITY'S non-compliance with PROGRAM regulations, rules, laws or conditions. Substantial non-compliance includes by way of example, but is not limited to, incomplete documentation of expenses, failure to submit adequate documentation of PROGRAM progress as described in Section III, paragraph B.2, of this Contract, failure to provide and maintain an accounting system that is in conformance with generally accepted accounting principles ("GAAP"), or based on the suspension or termination of the grant to COUNTY made pursuant to the Housing and Community Development Act of 1974, as amended.

B. In the case of CITY substantial non-compliance prior to exercising any recourse authorized herein, COUNTY will initiate the following procedure:

1. Notify the CITY Coordinator in writing of the alleged substantial non-compliance and request an immediate meeting between CITY Coordinator and COUNTY OSH Program Manager to resolve issue(s). If issue(s) is(are) not resolved satisfactorily within thirty (30) days, notify CITY Manager in writing requesting an immediate meeting between CITY Manager, CITY Coordinator and COUNTY OAH Program Manager to resolve the issue(s).
2. Determine if any portion of the reimbursement request meets all eligible criteria, and if so, authorize payment for the eligible portion of the reimbursement request;
3. Review the procedure to be followed pursuant to Section VI. C. of this Contract (CONTRACT COMPLIANCE, Corrective Action Procedure); and
4. If applicable, forward a written report to HUD's Regional Office detailing the substantial non-compliance issues and the steps being instituted to correct performance, copy to the CITY Manager.

C. Compliance with Law. COUNTY shall become familiar and comply with, and require all its subcontractors and employees, if any, to become familiar and comply with, all applicable federal, state and local laws, ordinances, codes, regulations and decrees including, but not limited to, those federal rules and regulations, executive orders, and statutes identified in Exhibit "D" ASSURANCES. Specifically, COUNTY shall comply with the requirements of 2 CFR Part 200, Subpart E, "Cost Principles," and 2 CFR Part 200, Subpart F "Audit Requirements."

In addition, COUNTY will comply with federal regulations as cited in 24 CFR Part 570, Subpart J, and 24 CFR Part 85, and all other local, state or federal laws applicable to this PROGRAM.

V. PROGRAM COORDINATION

A. The COUNTY Executive has assigned the HCD Program Manager to supervise the progress and performance required by this Contract. All services performed by COUNTY will be at the overall direction of the OAH Program Manager.

B. CITY has designated Rebecca Garcia to serve as CITY CDBG Program Coordinator for this project, and City Manager Steve Rymer (or assignee approved by the CITY Council) assumes overall responsibility for the progress and performance of this Contract. CITY will immediately notify the COUNTY in writing, of the

appointment of a new CITY CDBG Program Coordinator, or a new CITY Manager (or assignee approved by the CITY Council).

C. NOTICES. All notices or other correspondence required or contemplated by this Contract must be sent to the parties at the following addresses:

COUNTY County of Santa Clara
Housing and Community Development
Office of Supportive Housing
3180 Newberry Drive, #150
San Jose, CA 95118

CITY: Mr. Steve Rymer, City Manager
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

All notices must either be hand delivered or sent by United States mail, registered or certified, postage prepaid. Notices given in such a manner will be deemed received when hand delivered or seventy-two (72) hours after deposit in the United States mail. Any party may change his or her address for the purpose of this section by giving five days written notice of such change to the other party in the manner provided in this section.

VI. CONTRACT COMPLIANCE

A. Monitoring and Evaluation of Services. Evaluation and monitoring of the PROGRAM performance is the mutual responsibility of COUNTY and CITY, with the understanding that HUD looks to COUNTY as the sole responsible party for meeting PROGRAM requirements. CITY will furnish data, statements, records, information and reports to COUNTY as necessary for COUNTY to monitor, review and evaluate the performance of the PROGRAM and its components. COUNTY has the right to request the services of an outside agent to assist in any such evaluation. Such services will be paid for by COUNTY.

B. Contract Non-compliance. If CITY fails to comply with any provision of this Contract, COUNTY has the right to terminate this Contract or to require corrective action to enforce compliance with such provision. Such enforcement authority is pursuant to these Contract terms and in accordance with the provisions of 24 CFR 85.43. Examples of non-compliance include but are not limited to:

1. If any material misrepresentation of any nature is made or represented in any information, document, material or data furnished to COUNTY by or through the CITY in connection with the PROGRAM (regardless of CITY's intent or knowledge).
2. If there is pending litigation with respect to the performance by CITY of any of its duties or obligations under this Contract which may materially jeopardize or adversely affect the undertaking of or the carrying out of the PROGRAM. The CITY and COUNTY may negotiate a reinstatement of this Contract following termination or conclusion of such litigation.
3. If CITY has taken any action pertaining or related to the PROGRAM or this Contract, which action required COUNTY approval, and such approval was not obtained before the action was taken.
4. If CITY is in default pursuant to any provision of this Contract.
5. If CITY makes improper use of CDBG Funds.

6. If CITY fails to meet all provisions of the COUNTY CDBG Reallocation Guidelines, or the Joint Powers Agreement currently in full force and effect between the parties hereto.

C. Corrective Action Procedure. COUNTY, in its absolute discretion and in lieu of immediately terminating this Contract, upon occurrence or discovery of noncompliance by CITY pursuant to this Contract, may give CITY notice of COUNTY'S intention to consider corrective action to enforce compliance utilizing the Corrective Action Procedure outlined below. Such notice will indicate the nature of the non-compliance and the procedure whereby CITY will have the opportunity to participate in formulating any corrective action recommendation. The Corrective Action Procedure contemplated herein is as follows:

1. COUNTY OAH Program Manager and CITY Manager will negotiate a time frame and course of action for correcting the non-compliance;
2. CITY will provide COUNTY with a written plan and time frame for correcting the non-compliance issue(s), subject to COUNTY approval. Such plan must be submitted by CITY to COUNTY within thirty (30) days of the initial non-compliance meeting between CITY and COUNTY;
3. CITY must initiate the corrective action procedure within sixty (60) days of the initial non-compliance meeting between the COUNTY OAH Program Manager and the CITY Coordinator (COUNTY, at its sole discretion, may extend this time line for extenuating circumstances);
4. COUNTY will have the right to require the presence of CITY officers at any hearing or meeting called for the purpose of considering corrective action;
5. CITY has the right to appeal all findings of non-compliance, and subsequent corrective action, with both the COUNTY Board of Supervisors and HUD; and,
6. County reserves the right to seek any and all other remedies (equitable or other) available to it under the law.

In the event that CITY does not implement the corrective action recommendations in accordance with the corrective action timetable as approved by COUNTY, COUNTY may suspend payments hereunder, terminate this Contract and/or exercise any other right or remedy available to it under the law.

VII. TERMINATION

A. Termination for Cause. COUNTY may terminate this Contract by providing written notice stating the date of termination, to CITY for any of the following reasons:

1. Uncorrected Contract non-compliance identified by COUNTY pursuant to Section VI. B which has not been addressed or resolved within the time frame provided for in the COUNTY-approved corrective action plan;
2. If CITY is in bankruptcy or receivership;
3. If the CITY or a member of CITY'S Executive Management staff is found to have committed fraud in connection with or related to the PROGRAM;
4. If the COUNTY determines or has reason to believe that there is reliable evidence that CITY is unable to effectively operate the PROGRAM or operate the PROGRAM in accordance with all requirements and obligations; or,

5. If CITY is in violation of any material term or condition of this Contract.

B. Termination for Convenience. In addition to the COUNTY'S right to terminate for cause as set forth in Section VII above, either COUNTY or CITY may suspend or terminate this Contract for any reason upon mutual consent by giving thirty (30) days prior written notice to the other party. Upon receipt of such notice, performance of the services hereunder will be immediately discontinued and all payments to CITY immediately discontinued and terminated.

C. In addition to the COUNTY'S right to terminate for cause set forth in Section VII, either COUNTY or CITY may suspend or terminate this Contract as provided for in 24 CFR 570, at Subpart J "Grant Administration," and/or 24 CFR 85.44 "Termination for Convenience." Provisions of the Reallocation Guidelines will apply, but may be adjusted if termination is for cause.

D. Upon termination, CITY will:

1. If termination is for convenience, be reimbursed for all documented allowable costs and expenses incurred in connection with the PROGRAM up to the date of such termination. COUNTY shall be obligated to compensate CITY only for allowable costs and expenses as determined by an audit or other monitoring method;
 2. Turn over to COUNTY immediately any and all copies of studies, reports and other data, whether or not completed, prepared by CITY or its subcontractors, if any, in connection with this Contract. Such materials shall become property of COUNTY. CITY, however, shall not be liable to COUNTY for COUNTY'S use of incomplete materials or for COUNTY'S use of completed documents if used for reasons not otherwise provided for or contemplated under the terms of this Contract; and
 3. Transfer to the COUNTY any CDBG Funds on hand and any accounts receivable attributable to the use of the CDBG Funds. All assets acquired with the CDBG Funds shall be returned to the COUNTY unless otherwise negotiated by separate contract per the provisions of the COUNTY CDBG REALLOCATION GUIDELINES.
- E. Upon termination of this Contract, CITY will immediately provide COUNTY access to all documents, records, payroll, minutes of meetings, correspondence, and all other data pertaining to the CDBG Funds.**

VIII. PURCHASING REAL OR PERSONAL PROPERTY

A. CITY and COUNTY must comply with all applicable federal regulations as detailed by 24 CFR Part 570, Subpart J, i.e. Sections 570.500 (Definitions), 570.503 (Agreements with Subrecipients), 570.504 (Program Income), and 570.505 (Use of Real Property) and all other applicable laws as amended from time to time, with regards to the use and disposal of Real or Personal Property purchased in whole, or in part, with CDBG funds. In addition, 24 CFR Part 85 (the Common Rule) includes definitions which apply to CDBG Real Property, however, the Common Rule section governing Real Property (CFR 85.31) DOES NOT APPLY TO CDBG ACTIVITIES.

B. The following definitions apply to this Contract pursuant to 24 CFR, Part 58 (Common Rule) 85.3:

1. Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.
 2. Title as defined in detail in 24 CFR, Part 85.32 (a).
 3. Use as defined in detail in 24 CFR, Part 85.32 (c)(1).
 4. Supplies as defined in detail in 2 CFR Part 200.94.
 5. Procurement, Use and Disposition of Real Property as defined in detail by 24 CFR, Part 570.503 (Agreements with Subrecipients), 570.505 (Use of Real Property), and 570.504 (Program Income).
- C. Security Document.** As a condition precedent to COUNTY granting funds for the purchase of real property or an option to purchase real property, CITY will prepare and require its subrecipient(s) to execute a Loan Agreement, Promissory Note, Deed of Trust and such other contracts restricting the use of said real property for purposes consistent with this Contract, HUD and CDBG requirements.
- D. Grants.** If a grant is provided for the acquisition of real property, CITY will require its subrecipients(s) to continually operate its project or activity funded or supported with CDBG Funds for a minimum period of six (6) years from the effective date of this Contract. This obligation will survive the termination or expiration of all City contracts with its subrecipient(s), the assignment or assumption of this Contract, and the sale of the property prior to expiration of the obligation period as set forth in this paragraph. If this obligation is not fully met, CITY may be required to reimburse the COUNTY for all CDBG Funds. The COUNTY may consider, but will not be limited by, the following factors in calculating the CDBG Fund reimbursement obligation: initial grant sum; the duration of the initial contractual obligation to operate the PROGRAM versus the actual duration of operation; and the appreciated value.
- E. Relocation, Acquisition, and Displacement.** CITY agrees to comply with 24 CFR 570.606 and all other applicable laws and regulations relating to the acquisition and disposition of all real property utilizing CDBG funds, and to the displacement of persons, businesses, and non-profit organizations as a direct or indirect result of any acquisition or disposition of real property utilizing or supported with the use of CDBG funds. CITY agrees to comply with all applicable state and federal laws, County Ordinances, Resolutions and Policies concerning or related to the displacement of individuals from their residences or homes.

IX. PROGRAM INCOME

A. Income generated from activities carried out with CDBG Funds is Program Income and shall be regulated by all provisions of Title 24 CFR 570 Subpart J "Grant Administration," 570.503 "Agreements with Subrecipients," and 570.504 "Program Income." In addition, all provisions of the COUNTY REALLOCATION GUIDELINES apply to this Contract. CITY must quarterly report all program income generated by activities carried out with CDBG funds made available under this Contract. By way of further limitations, CITY may use such income during the Contract Term for activities permitted by this Contract and shall reduce requests for additional funds by the amount of any such Program Income balances on hand. All unused Program Income will be returned to the COUNTY at the end of the Contract Term with the exception of Rehabilitation Loan payments.

X. INDEPENDENT CONTRACTOR

A. This is a contract by and between independent contractors and is not intended and will not be construed to create the relationship of agent, servant, employee, partnership, joint venture or association between CITY and COUNTY. CITY, including its officers, employees, agents, independent contractors or subrecipients, will not have any claim arising from the terms of this Contract or otherwise against COUNTY for any Social Security, Worker's Compensation, or employee benefits extended to employees of COUNTY.

XI. ASSIGNABILITY – THIRD PARTY CONTRACTORS

A. None of the work or services to be performed hereunder may be assigned, delegated or subcontracted to third parties without the prior written approval of COUNTY. Copies of all third party contracts must be submitted to COUNTY at least ten (10) days prior to the proposed effective date of each third party contract. In the event COUNTY approves of any such assignment, delegation or sub-contract, the subcontractors, assignees and delegates will be deemed to be employees of CITY, and CITY will be responsible for their performance and any liabilities attaching to their actions or omissions.

B. This Contract may not be assumed nor assigned to another CITY, person, partnership or any other entity without the prior written approval of COUNTY.

XII. DISCLOSURE OF CONFIDENTIAL CLIENT INFORMATION

A. COUNTY and CITY agree to maintain the confidentiality of any information regarding existing, former or prospective applicants for services offered by the PROGRAM pursuant to this Contract or their immediate families which may be obtained through application forms, interviews, tests, reports from public agencies or counselors, or any other source. Without the written permission of the applicant, such information may be divulged only if permitted by law or as necessary for purposes related to the performance or evaluation of the services and work to be provided pursuant to this Contract, and then only to persons having responsibilities pursuant to this Contract, including those furnishing services for the PROGRAM through approved subcontracts.

XIII. HOLD HARMLESS

A. In addition to the indemnity obligations set forth in Exhibit F, "Insurance Requirements," CITY warrants and represents that it shall and will indemnify, save and hold harmless the COUNTY, its employees, agents, and officials, members of boards and commissions, for, from and against any and all claims, costs, settlements, litigation expenses, actions, suits, attorneys' fees, allegations, charges, direct and indirect damages, injuries, illnesses, deaths, and judgments whatsoever (collectively, the "Claims") arising out of or relating to (a) CITY's negligence or intentional acts or omissions, (b) CITY's breach or violation of any term or condition of this Contract, (c) CITY's failure to comply with any applicable law, or (d) the failure of the CITY's PROGRAM or its subrecipient(s) failure (for CITY) to comply with applicable laws, ordinances, codes, regulations or decrees.

XIV. WAIVER OF RIGHTS AND REMEDIES

A. In no event will any payment by COUNTY constitute or be construed to be a waiver by COUNTY of any breach or violation of the requirements, obligations, covenants, conditions or any other provisions of this

Contract or any default which may then exist on the part of CITY, and the making of any such payment while any such breach, violation or default exists will in no way impair or prejudice any right or remedy available to COUNTY with respect to such breach, violation or default. In no event will payment to CITY by COUNTY in any way constitute a waiver by COUNTY of its rights to recover from CITY the amount of money paid to CITY on any item which is not eligible for payment from the PROGRAM or this Contract or any other right.

XV. NON-DISCRIMINATION

A. CITY will comply with all applicable federal, state and local laws and regulations including Santa Clara County's policies concerning nondiscrimination and equal opportunity in contracting. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990; The Rehabilitation Act of 1973 (Sections 503 and 504); California Fair Employment and Housing Act (Government Code sections 12900 et seq.); and California Labor Code sections 1101 and 1102. CITY will not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay or other forms of compensation. Nor will CITY discriminate in provision of services provided under this contract because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status. When using CDBG Funds, this non-discrimination provision must be included in CITY's contracts with its subrecipients and vendors, in subrecipients' contracts with third parties, in promissory notes and in grant agreements.

XVI. AMENDMENTS

A. Amendments to the terms or conditions of this Contract must be requested in writing by an authorized representative of the party desiring amendments, and any amendment will be effective only upon the mutual agreement in writing of the parties hereto by and through the parties authorized representatives. Amendments will not invalidate this Contract, nor relieve or release the COUNTY or the CITY from its obligations under this Contract.

TRANSFER OF FUNDS:

A. During the Contract Term, CITY may choose to transfer funds within the PROGRAM described in Exhibits "A through G." Fund transfers exceeding \$50,000 as well as new projects or activities added to CITY's PROGRAM, require CITY and COUNTY's Board approval. New projects must be the same or similar in kind of the activity that was originally approved by the Board of Supervisors and City Council.

XVII. INTEGRATED DOCUMENT- JOINT POWERS AGREEMENT

A. This Contract, in conjunction with the Santa Clara County CDBG Joint Powers Agreement (JPA), contains the entire agreement between COUNTY and CITY with respect to the subject matter hereof. No written or oral agreements, other than the Santa Clara County CDBG Joint Powers Agreement, with any officer, agent or employee of COUNTY prior to execution of this Contract will affect or modify any of the terms or obligations contained in any documents comprising this Contract.

XVIII. NON-SMOKING POLICY

A. Contractor and its employees, agents and subcontractors, shall comply with the County's No Smoking Policy, as set forth in the Board of Supervisors Policy Manual section 3.47 (as amended from time to time), which prohibits smoking: (1) at the Santa Clara Valley Medical Center Campus and all County-owned and operated health facilities, (2) within 30 feet surrounding County-owned buildings and leased buildings where the County is the sole occupant, and (3) in all County vehicles.

XIX. MISCELLANEOUS

- A. The captions and section headings used in this Contract are for convenience of reference only, and the words contained therein in no way explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Contract.
- B. All exhibits attached hereto and referred to in this Contract are incorporated herein by this reference as if set forth fully herein. Exhibit "A" (Project Description, Performance Measurements, and Budget), Exhibit "B" (Payment to CITY), Exhibit "C" (General Block Grant Conditions), Exhibit "D" (Assurances), Exhibit "E" (Declaration of Contractor and Contract Provisions to Implement the Terms of the Resolution Regarding Contracting Principles), Exhibit "F" (Insurance Requirements), and Exhibit "G" (Cash Control Record).
- C. The persons signing below are duly authorized to execute this Contract.
- D. Those terms that by their nature should survive termination, expiration or cancellation of this Contract, shall so survive.

IN WITNESS WHEREOF, the parties have executed this as indicated below.

CITY OF Morgan Hill _____:

By: [Signature]
Steve Rymer, City Manager

Print Name City Manager

ATTEST:

[Signature] 11/16/16
Irma Torrez, City Clerk Date

COUNTY OF SANTA CLARA:

By: [Signature] APR 26 2016
Dave Cortese, President Date
Board of Supervisors

ATTEST:

[Signature] APR 26 2016
Megan Doyle Date
Clerk, Board of Supervisors

**APPROVED AS TO FORM AND
LEGALITY:**

[Signature] 11/08/16
Deputy City Attorney Date
Leslie Jensen

Print Name

Resolution No. 16-173

**APPROVED AS TO FORM AND
LEGALITY:**

[Signature] 11/17/16
Christopher Cheleden Date
Lead Deputy County Counsel

**EXHIBIT A
SCOPE OF SERVICES
OUTCOMES and MEASUREMENTS
BUDGET FY 15/16**

CONTRACT #: **MH-16-41**

CONTRACT AMOUNT: **\$72,136.25**

CONTACT INFORMATION:

PROJECT NAME: Galvan Park Improvements (Phase II)

CDBG COORDINATOR: Rebecca Garcia Phone: (408) 310-4637
E-mail: Rebecca.Garcia@morganhill.ca.gov

PROJECT CONTACT Cynthia Iwanaga Phone: (408) 776-7383
E-Mail: Cynthia.Iwanaga@morganhill.ca.gov

LOCATION OF PROJECT: Unless otherwise indicated, the Grant Services specified will be offered at the following location(s): *Site Name Site location:*

Galvan Park, Morgan Hill, CA 95037

PROJECT DESCRIPTION: The primary purpose of the Project is to:

This is a multi-year project. Galvan Park is a city public park that had aging site amenities. The first year the Community Services team engaged the neighborhood in enhancing the park and the adjoining community center to best meet the neighborhood's needs. They met with neighbors to develop consensus on the physical changes desired at the park to invigorate the park and the neighborhood. The second year, the City completed the installation of new walkways, BBQ's, picnic tables and garbage cans.

NOTE: ELIGIBILITY: Eligible clients under this Contract shall be lower income individuals of all ethnic groups being provided service. Lower income is defined as household income at or below 80% of the median income for the San Jose Metropolitan Statistical Area (MSA) as defined by the Secretary of HUD. This includes very low-income which is defined as household income that exceeds 30% but does not exceed 50% of the HUD median income for the San Jose Metropolitan Statistical Area (MSA) and extremely low-income which is defined as household income that is 30% or lower of the HUD median income for the San Jose Metropolitan Statistical Area (MSA).

NOTE: DETERMINING INCOME: shall document each participant's eligibility on intake sheets, or other such form as to thoroughly document the client's household income.

EXHIBIT A-1 PERFORMANCE MEASUREMENTS

NATIONAL OBJECTIVES *(check one):*

- ☐ Provide Decent Affordable Housing
- ☒ Create a Suitable Living Environment, or
- ☐ Create Economic Opportunities

This Activity will serve (check those that apply):

Low Moderate Income Benefit:

- ☐ Low Moderate Income Clientele (LMC) (45.99% of the beneficiaries of an activity have to be LMI persons)
- ☐ Low Moderate Limited Clientele (LMI) (activity is designed for exclusive use by a segment of the population presumed by HUD to be LMI persons. Examples: severely disabled adults, migrant farm workers, seniors)
- ☐ Low Moderate Area Benefit (LMA) (Area where at least 45.99% of the residents are LMI persons)
- ☐ Low Moderate Income Housing Activities (LMH) (rental units and rehab)
- ☒ Public Improvements: Site improvements of any kind that are made to property that is in public ownership are considered to be a "public improvement" eligible for assistance under this category, except construction of new housing. One other notable exception, this category does NOT authorize expenditures for "buildings for the general conduct of government", except funds may be used to remove building materials and architectural barrier that restrict the mobility and accessibility of elderly or severely disabled adults.

How will the National Objective be met?

UNDUPLICATED PARTICIPANTS.

Proposed total number of unduplicated participants to be served by this Project: _____

For purposes of this Agreement, UNDUPLICATED PARTICIPANTS shall be defined as participants who receive more than one service offered by this project, and at least once a year, but who may not be counted more than once in that year. CITY shall retain records documenting eligibility. Such records shall include family size, total household income, gender head of household, race, ethnic and disability data.

Objective 1	Outcomes:	Total # To Be Served	Performance Indicator (check)	Clients or Population Estimated per Quarter			
Create a suitable living environment	Neighborhood use of improved Galvan Park	3,560	___ Housing Units	1	2	3	4
			x ___ People				
			___ Households				3,650
Objective 2 (if applicable)	Outcomes:	Total # To Be Served	Performance Indicator (check)	Served (Goals) per Quarter			
			___ Housing Units	1	2	3	4
			___ People				
			___ Households				

BUDGET COST CATEGORIES

DIRECT COSTS Personnel Expenses	Dollar Amount	CONSTRUCTION COSTS	Dollar Amount	OTHER (Type In)	Dollar Amount
Staff #1		Appraisal			
Staff #2		Engineering Expenses			
Staff #3		Architectural/Design Expenses			
		Acquisition of Land or Facility			
		Construction Costs/Rehab	67,911.25		67,911.25
		Davis Bacon / Labor Standards	3,200		—3,200
Add In Category:		Playground Consultant	1,025		1,025
				TOTAL:	72,136.25

**EXHIBIT A
SCOPE OF SERVICES
OUTCOMES and MEASUREMENTS
BUDGET FY 15/16**

CONTRACT #: MH-16-51

CONTRACT AMOUNT: \$83,767.75

CONTACT INFORMATION:

PROJECT NAME: Galvan Park Improvements (Final Improvements)

CDBG COORDINATOR: Rebecca Garcia
E-mail: Rebecca.Garcia@morganhill.ca.gov

Phone: (408) 310-4637

PROJECT CONTACT Cynthia Iwanaga
E-Mail: Cynthia.Iwanaga@morganhill.ca.gov

Phone: (408) 776-7383

LOCATION OF PROJECT: Unless otherwise indicated, the Grant Services specified will be offered at the following location(s): *Site Name Site location:*

Galvan Park, Morgan Hill, CA 95037

PROJECT DESCRIPTION: This is a multi-year project. Galvan Park is a city public park that had aging site amenities. The first year the Community Services team engaged the neighborhood in enhancing the park and adjoining community center to best meet the need the neighborhood's needs. The second year the City completed the installation of new walkways, BBQs, picnic tables and garbage cans. The third year the City completed a new tot lot and renovated the existing children's playground. This year the primary purpose is to demolish the existing handball court, and rebuild two new handball courts with improved lighting in a new location within Galvan Park that is better situated for overall neighborhood safety.

NOTE: ELIGIBILITY: Eligible clients under this Contract shall be lower income individuals of all ethnic groups being provided service. Lower income is defined as household income at or below 80% of the median income for the San Jose Metropolitan Statistical Area (MSA) as defined by the Secretary of HUD. This includes very low-income which is defined as household income that exceeds 30% but does not exceed 50% of the HUD median income for the San Jose Metropolitan Statistical Area (MSA) and extremely low-income which is defined as household income that is 30% or lower of the HUD median income for the San Jose Metropolitan Statistical Area (MSA).

NOTE: DETERMINING INCOME: shall document each participant's eligibility on intake sheets, or other such form as to thoroughly document the client's household income.

EXHIBIT A-1

PERFORMANCE MEASUREMENTS

NATIONAL OBJECTIVES (check one):

- ☐ Provide Decent Affordable Housing
- ☒ Create a Suitable Living Environment, or
- ☐ Create Economic Opportunities

This Activity will serve (check those that apply):**Low Moderate Income Benefit:**

- ☐ Low Moderate Income Clientele (LMC) (45.99% of the beneficiaries of an activity have to be LMI persons)
- ☐ Low Moderate Limited Clientele (LMI) (activity is designed for exclusive use by a segment of the population presumed by HUD to be LMI persons. Examples: severely disabled adults, migrant farm workers, seniors)
- ☐ Low Moderate Area Benefit (LMA) (Area where at least 45.99% of the residents are LMI persons)
- ☐ Low Moderate Income Housing Activities (LMH) (rental units and rehab)
- ☒ Public Improvements: Site improvements of any kind that are made to property that is in public ownership are considered to be a "public improvement" eligible for assistance under this category, except construction of new housing. One other notable exception, this category does NOT authorize expenditures for "buildings for the general conduct of government", except funds may be used to remove building materials and architectural barrier that restrict the mobility and accessibility of elderly or severely disabled adults.

How will the National Objective be met?

UNDUPLICATED PARTICIPANTS.

Proposed total number of unduplicated participants to be served by this Project: _____

For purposes of this Agreement, UNDUPLICATED PARTICIPANTS shall be defined as participants who receive more than one service offered by this project, and at least once a year, but who may not be counted more than once in that year. CITY shall retain records documenting eligibility. Such records shall include family size, total household income, gender head of household, race, ethnic and disability data.

Objective 1	Outcomes:	Total # To Be Served	Performance Indicator (check)	Clients or Population Estimated per Quarter			
Create a sustainable living environment	Neighborhood use of improved Galvan Park	3,560	___ Housing Units	1	2	3	4
			<u>X</u> People				
			___ Households				3,650
Objective 2 (if applicable)	Outcomes:	Total # To Be Served	Performance Indicator (check)	Served (Goals) per Quarter			
			___ Housing Units	1	2	3	4
			___ People				
			___ Households				

**BUDGET
COST CATEGORIES**

DIRECT COSTS Personnel Expenses	Dollar Amount		CONSTRUCTION COSTS	Dollar Amount	OTHER (Type In)	Dollar Amount
Staff #1			Appraisal			
Staff #2			Engineering Expenses	4,400		
Staff #3			Architectural/Design Expenses	35,518		
			Acquisition of Land or Facility			
			Construction Costs/Rehab	43,849.75		
			Davis Bacon / Labor Standards			
Add In Category:						
					TOTAL:	83,767.25

EXHIBIT B PAYMENTS TO CITY

A. Payments: COUNTY agrees to pay CITY for the performance of the services, work, and duties, subject to and performed in connection with this Agreement, a sum of money not to exceed the amount set forth in this Agreement. Such sum shall be paid by COUNTY to CITY on a reimbursement basis for services actually performed by CITY and for eligible costs actually incurred by and paid by, pursuant to this Agreement, for the cost categories appearing in this section.

No sum shall be paid until COUNTY receives a Reimbursement Request (RR) request for the Project on a quarterly basis, for approved invoices submitted pursuant to this Contract. The RR form must be accompanied by a request for reimbursement on CITY letterhead. Requests for reimbursement will be made quarterly via the CityData Grants Management website at www.Citydataservices.net and specifying in detail the services performed by, and the costs incurred by and paid by CITY during the period for which payment is requested. Any Program Income received by the CITY shall reduce total allowable payments by the same amount. "Program Income" is defined as income or earnings received by CITY which are directly generated from the use of CDBG funds (as defined at 24 CFR 570.500(a)). It shall be reported by CITY to COUNTY on a monthly basis. Any Program Income on hand when this Agreement expires or terminated or any Program Income received after this Agreement expires or terminates, shall be promptly paid to COUNTY.

Payment to CITY will be made within thirty (30) calendar days of receipt by COUNTY of all such required statements and supporting documents, including but not limited to, paid invoices, provided that the items on such statements and supporting data for which payment is requested can properly be paid under this Agreement, HUD regulations in 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards applicable to the program, and the COUNTY-HUD Grant Agreement, as the same may from time to time be amended. In making such determination, COUNTY may rely upon the certification by CITY that the items appearing on said statement and supporting data are eligible items for payment under this program and Agreement, and such determination by COUNTY shall in no way constitute a waiver by COUNTY of its right to recover from the amount of any money paid to on any item which is not eligible for payment under the program and this Agreement.

The total amount of such payments to be made to CITY shall be distributed in the following manner for each month during the course of the Project. Any amendments to a line item in the approved budget must receive prior written approval from the Office of Affordable Housing.

B. Reporting Requirements.

- **Quarterly Progress Reports.** At the end of each quarter, CITY shall report the CDBG and or HOME number of UNDUPLICATED PARTICIPANTS/BENFICIARIES and results of productivity measures, and
- **A Narrative Report.** A narrative detailing results of the outcome measures. The report at a minimum shall include:
 1. A description of how the activities being provided under this grant contribute to meeting performance measures stated in the contract.

- C. Reporting Schedule.** All required reports shall be submitted to the CDBG office no later than TEN (10) calendar days after the end of the first, second, and third quarters and no later than SEVEN (7) calendar days after the end of the fourth quarter. CONTRATOR agrees to submit quarterly progress reports via the CityData Grants Management website at www.Citydataservices.net.
- D. Reimbursement Requests (RR).** Project will be reimbursed on a quarterly basis, for approved invoices submitted pursuant to this Contract. Requests for reimbursement will be made quarterly via the CityData Grants Management website at www.Citydataservices.net.
- E. Personnel:** The Personnel Expenses section of the CDBG Reimbursement Request (Expense Summary) should include only fringe benefits and salary actually paid to employees during the month being reported. Salary accrued or earned but not paid out during the month should not be listed. The exception to this is the final pay period of June; because salary earned during this last pay period will likely be paid out in July (of the following program year), this accrued salary may be included on the June Reimbursement Request (Expense Summary).
- F. Reallocating of Project Funds.** On a monthly basis, COUNTY shall review the monthly expenditures if any, for services performed and costs incurred by CITY provided in this Exhibit. If such review reveals that the monthly expenditures in any such month for the Project as a whole or any cost category thereof, is below the total amount allocated under this Agreement for the total Project or cost category thereof for such month, COUNTY may reallocate the amount of such under spending. In the case of under spending in a cost category, COUNTY may reallocate unspent amount into another cost category of the Project. In the case of underspending in the Project as a whole, COUNTY may reallocate unspent amount to another community development project. COUNTY shall, before reallocating, give CITY ten (10) days' written notice of its intention to reallocate funds. Such notice shall include a copy of COUNTY's monthly expenditure review for the Project and statement of its reasons for such reallocation. COUNTY shall make its final determination with respect to reallocation only after CITY has been given an opportunity to present its views and recommendations with respect to such contemplated reallocation. In no event, however, shall COUNTY be bound to accept CITY'S views or recommendations with respect to such contemplated recycling. If the expenditures by CITY in any month, for the Project or any cost category thereof, exceed the total amount allocated to the Project or any cost category thereof, COUNTY may terminate non-salary expenditures for the Project for such period of time as is necessary to bring expenditures into conformance with this Agreement.
- G. Reallocation of Budget.** Cost Category Funds are subject to the rules of the County's Reallocation Guidelines.

EXHIBIT C GENERAL BLOCK GRANT CONDITIONS

SECTION 1. GENERAL GRANT CONDITIONS.

Definitions. As used herein, "HUD" means United States Department of Housing and Urban Development. "Project Area" for the purposes of this EXHIBIT C means the Urban County.

Compliance with Applicable Federal Regulations. CITY shall comply with the provisions of 24 CFR 570, Subpart J and K, describing other program requirements, and the provisions of 24 CFR 85, relating to the uniform administrative requirements in the acceptance and use of Federal funds.

Applicable Federal Civil Rights Laws and Executive Orders. In providing the services and work set forth in this Agreement, CITY will carry out its work in a manner that will permit full compliance by. COUNTY and strict adherence by CITY with the following:

- **Title VI of the Civil Rights Act of 1964**, which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance; and
- **The Housing and Community Development Acts of 1974 and 1977**, as amended, which provide that no person in the United States shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available pursuant to said acts; and

Title VIII of the Civil Rights Act of 1968 (The Fair Housing Act) which prohibits discrimination in the sale, rental, and financing of housing and the provision of brokerage services because of race, color, religion, sex, sexual orientation, actual or perceived gender identity, national origin, handicap, or familial status; and Executive Order 11063, as amended by Executive Order 12259, which provides for equal opportunity in housing and related facilities provided by federal financial assistance. This order and its implementing regulations require the Department of Housing and Urban Development to take all actions necessary to prevent discrimination because of race, color, religion, sex, or national origin in the use, occupancy, sale, leasing, rental or other disposition of residential property assisted with Federal loans, advances, grants or contributions; and

Executive Order 11246, (as amended by Executive Orders 11375 and 12086 and further amendments) Equal Opportunity Under HUD Contracts and HUD-assisted Construction Contracts, which requires that S and CITYs, and their subcontractor, agree not to discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, sexual orientation, actual or perceived gender identity, or national origin; and,

Section 3 of the Housing and Community Development Act of 1968 Pertaining to Employment Opportunities for Lower-Income Persons (12 U.S.C. 1701u), requires that, to the greatest extent feasible on projects financed by HUD, a CITY must: (See Exhibit H)

1. Provide opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project, are given to persons with household income that is at or below 80% of the median

income for San Jose Metropolitan Statistical Area defined by the Secretary of HUD residing within the San Jose metropolitan area, Where feasible, priority should be given to residents within the service area of the Project or the neighborhood in which the Project is located who have household income that is at or below 80% of the median income for San Jose Metropolitan Statistical Area (MSA as defined by the Secretary of HUD, and to participants in other HUD programs who have household income that is at or below 80% of the median income for the San Jose Metropolitan Statistical Area; and

2. Award contracts for work undertaken in connection with housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for persons residing within the metropolitan area in which the CDBG-funded Project is located and have household income that is at or below 80% of the median income for San Jose Metropolitan Statistical Area as defined by the Secretary of HUD, Where feasible, priority should be given to business concerns that provide economic opportunities to residents within the service area or the neighborhood in which the Project is located who have household income that is at or below 80% of the median income for San Jose Metropolitan Statistical Area as defined by the Secretary of HUD, and to participants in other HUD programs who have household income that is at or below 80% of the median income for that area; and
3. Self-certify whether they are a Section 3 business, employs Section 3 residents, or subcontracts with business that provide opportunities to low-income persons when an award of \$200,000 or more of HUD funding is provided for housing rehabilitation, housing construction, or other public construction projects, and/or \$100,000 or more to subcontractors; and
4. At a minimum, provide documentation on federal compliance, reporting and outreach efforts; and

Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), as amended, and implementing regulations when published which specify that no otherwise qualified individual shall, solely by reason of his or her handicap, be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving Federal assistance; and

The Age Discrimination Act of 1975 (Pub. L. 94-135), as amended, and implementing regulations when published for effect which provides that no person shall be excluded from participation, denied program benefits, or subjected to discrimination on the basis of age under any program or activity receiving Federal assistance; and

The requirements relating to Minority-Owned and Women-Owned Business Enterprises set forth in Executive Order No. 11625 of October 13, 1971, 36 Fed. Reg. 19967, as amended by Executive Order No. 12007 of August 22, 1977, 42 Fed. Reg. 42839; and Executive Order No. 12432 of July 14, 1983, 48 Fed. Reg., 32551; and Executive Order No. 12138 of May 18, 1979, 44 Fed. Reg. 29637, a CITY must exercise affirmative outreach efforts when soliciting bids for service or construction when the Federal funds received by the CITY or subcontractor exceeds \$10,000 and when the CITY or subcontractor is a for-profit organization/business; and the

Uniform Federal Accessibility Standards set forth in 24 CFR, Part 40, Appendix A; and

Americans with Disabilities Act of 1990 (ADA), which prohibits discrimination on the basis of disability in employment and in public accommodations and commercial facilities and defines the range of conditions that

qualify as disabilities, and the reasonable accommodations that must be made to assure equality of opportunity, full participation, independent living, and economic self-sufficiency for persons with disabilities. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993, that are readily accessible to and usable by individuals with disabilities. Further the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities where such removal is readily achievable - that is easily accomplishable and able to be carried out without much difficulty or expense; and

The provisions of 24 CFR Part 24, relating to the employment, engagement of services, awarding of contracts, or funding of any CITY or sub during any period of debarment, suspension or placement in ineligibility status; and

Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 *et. seq.*) This law provides that any grant under section 106 shall be made only if the CITY certifies to the satisfaction of the Secretary of HUD that the CITY will, among other things, affirmatively further fair housing; and

Section 109 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 *et. seq.*, particularly 42 U.S.C. 6101 *ets. seq.*, and 29 U.S.C. ~94) and further amendments, which mandates that no person on the grounds of race, color, national origin, sex, sexual orientation, actual or perceived gender identity, age or religion shall be excluded from participation, denied the benefits of, or otherwise be subject to discrimination under any activity funded in whole or part with CDBG funds; and

Architectural Barriers Act of 1968 requires that federally funded buildings and other facilities, as defined in 24 CFR 40.2 and 40 CFR 101-19.602(2), to be designed, constructed, or altered in accordance with standards that insure accessibility to, and use by, physically handicapped people.

Relocation and Real Property Acquisition. CITY shall comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) and 24 CFR 570.606(b); and (b) the requirements of 24 CFR 570.606(c) governing the Residential Antidisplacement and Relocation Assistance Plan (Plan) under section 104(d) of the HCD Act. Under the URA and the Plan, the CITY must provide relocation assistance to persons (families, individuals, businesses, non-profit organizations and farms) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. All property occupants must be issued certain notices on a timely basis. The Plan also required the one-for-one replacement of any occupied or vacant occupiable low/moderate-income housing that is demolished or converted to another use in connection with a CDBG-assisted project. Finally, the Plan requires the identification of the steps that will be taken to minimize displacement.

Political Reform Act. CITY shall comply with the applicable provisions of the Political Reform Act of 1974, as amended, relating to conflicts of interest (codified at California Government Code Section 87000) CITY will promptly advise COUNTY of the facts and circumstances concerning any disclosure made to it or any information obtained by it relating to conflicts of interest.

Flood Disaster Protection. Notwithstanding any other provision of this Agreement, CITY shall comply with the Flood Disaster Protection Act of 1973, as amended (P.L. 93-234), and the standards issued thereto. No portion of the moneys to be paid to CITY pursuant to this Agreement shall be used for acquisition or construction purposes as defined under Section 3(a) of said Act, for use in an area identified by the Secretary of

HUD as having special flood hazards which is located in an area not in compliance with the requirements for participation in the National Flood Insurance Program pursuant to Section 201(d) of said Act; and the use of any of said moneys for such acquisition or construction in such identified areas in communities then participating in the National Flood Insurance Program shall be subject to the mandatory purchase of flood insurance requirements of Section 102(a) of said Act.

Any contract or agreement for the sale, lease or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain, if such land is located in an area identified by the Secretary of HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001, ~., provisions obligating the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under Section 102(a) of the Flood Disaster Protection Act of 1973, as amended. Such provisions shall be required notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

Equal Employment Opportunity. In providing the work and services herein specified, CITY shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. CITY shall take action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, sexual orientation, actual or perceived gender identity, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. CITY shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Federal Government or the COUNTY setting forth the provisions of this nondiscrimination clause. CITY shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, actual or perceived gender identity, or national origin. CITY shall incorporate the foregoing requirements of this paragraph in all of its contracts for program work, and will require all of its contractors for such work to incorporate such requirements in all subcontracts for program work.

Prohibition of and Elimination of Lead-Based Paint Hazard. Notwithstanding any other provision, CITY agrees to comply with the regulations issued by the Secretary of HUD set forth in 24 CFR 570.608 and all applicable rules and orders issued thereunder which prohibit the use of lead-based paint in residential structures undergoing federally assisted construction or rehabilitation and require the elimination of lead-based paint hazards. Every contract or subcontract, including painting, pursuant to which such federally assisted construction or rehabilitation is performed, shall include appropriate provisions prohibiting the use of lead-based paint.

Compliance With Clean Air and Water Acts. This Agreement is subject to 42 U.S.C. 1857, and 33 U.S.C. 1251 *et seq.*, and the regulations issued pursuant thereto. Therefore, CITY agrees as follows: CITY stipulates that any facility to be utilized in the performance of any nonexempt contract or subcontract is not listed on the List of Violating Facilities issued by the Environmental Protection Agency (EPA) pursuant to 40 CFR 15.20;

CITY agrees to comply with all the requirements of Section 114 of the Clean Air Act, as amended, (42 U.S.C. 1857c-8) and Section 308 of the Federal Water Pollution Control Act, as amended, (33 U.S.C. 1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in said Sections 114 and 308, and all regulations and guidelines issued thereunder;

CITY stipulates that as a condition for the award of the contract prompt notice will be given of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized or to be utilized for the contract is under consideration to be listed on the EPA List of Violating Facilities;

CITY agrees that criteria and requirements in subparagraphs (a) through (d) of this section 1.09 will be included in every non-exempt subcontract and CITY shall take such action as the COUNTY or HUD requires as a means of enforcing such provisions.

In no event shall any amount of the assistance provided under this Agreement be utilized with respect to a facility which has given rise to a conviction under Section 113(c)(1) of the Clean Air Act or Section 309(c) of the Federal Water Pollution Control Act.

Federal Labor Standards Provisions. Except with respect to the rehabilitation of residential property designed for residential use for less than eight (8) families, and all S engaged under contracts in excess of Two Thousand Dollars (\$2,000) for the construction, completion or repair of any building or work financed in whole or in part with assistance provided under this Agreement, shall comply with HUD requirements pertaining to such contracts and the applicable requirements of the regulations of the Department of Labor under 29 CFR Parts 3, 5 and 5a, governing the payment of wages and the ratio of apprentices and trainees to journeymen; provided, that if wage rates higher than those required under such regulations are imposed by state or local law, nothing hereunder is intended to relieve of its obligation, if any, to require payment of the higher rates. shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of 29 CFR 5.5 and for such contracts in excess of Twenty Five Thousand Dollars (\$25,000), 29 CFR 5a.3.

CITY shall not award any contract or subcontract which is otherwise in compliance with this Agreement to any person or subcontractor who is at the time ineligible under the provisions of any applicable regulations of the Department of Labor to receive an award of such contract.

Nondiscrimination Under Title VI of the Civil Rights Act of 1964. under this Agreement shall be subject to the requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and HUD regulations with respect thereto including the regulations under 24 CFR Part 1. In the sale, lease or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, CITY shall require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination upon the basis of race, color, religion, sex, sexual orientation, actual or perceived gender identity, or national origin, in the sale, lease or rental, or in the use of occupancy of such land or any improvements erected or to be erected thereon, and providing that and the United States are beneficiaries of and entitled to enforce such covenant. , in providing the services and work it is to provide, pursuant to this Agreement, agrees to take such measures as are necessary to enforce such covenant and will not itself so discriminate.

Interest of Certain Federal Officials. No member of, or Delegate to, the Congress of the United States, and no Resident Commissioner, shall be admitted to any share or part of this Agreement or to any benefit arising from same.

Conflict of Interest. Under 24 CFR Part 570.66, no officer, employee or agent of COUNTY or CITY who exercises any functions or responsibilities with respect to the CDBG Program or to the services and work to be performed by CITY pursuant to this Agreement, during such officer's, employee's or agent's tenure or for one (1) year thereafter, shall have any interest, direct or indirect, in this Agreement or the proceeds thereof. CITY shall incorporate or cause to be incorporated in every contract required to be in writing a provision prohibiting such interest pursuant to the purposes of this section.

Prohibition Against Payments of Bonuses or Commissions. The assistance provided under this Agreement Shall not be used in the payment of any bonus or commission for the purpose of obtaining HUD approval of the application for such assistance, or HUD approval of applications for additional assistance, or any other approval or concurrence of HUD required under this Agreement, Title I of the Housing and Community Development Acts of 1974 or 1977, or HUD regulations with respect thereto; provided, however, that reasonable fees or bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

Copyrights. If this Agreement results in a book or other copyrightable material, the author is free to copyright the work, but HUD reserves a royalty-free, nonexclusive and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use, all copyrighted material and all material which can be copyrighted.

Patents. Any discovery or invention arising out of or developed in the course of work aided by this Agreement shall be promptly and fully reported to COUNTY and HUD for determination by HUD as to whether patent protection on such invention or discovery will be sought and how the rights in the invention or discovery, including the rights under any patent issued thereon, shall be disposed of and administered, in order to protect the public interest.

Political Activity. Partisan Activity Prohibited. No funds provided in this Agreement shall be used for any partisan political activity or to further the election or defeat of any candidate for public office; nor shall they be used to provide services, or for the employment or assignment of personnel in a manner supporting or resulting in the identification of programs conducted pursuant to this Agreement with the following:

1. Any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office;
2. any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or
3. any voter registration activity.

Participants employed in the administration of the CDBG Plan and/or Program, and participants whose principal employment is in connection with an activity financed by the CDBG Program or its proceeds are subject to limitation on political activities under the Hatch Act (5 U.S.C. 1502(a), 18 U.S.C. 595). All participants may take part in non-partisan activities outside working hours. b. Lobbying Prohibited. No Federal appropriated funds have been paid or will be paid, by or on behalf of the CITY, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding

of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the CITY shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The CITY shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all CITYs shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Guidelines On Church-Related Activities. Construction or Rehabilitation of Facilities. Block grant fund recipients shall not use any funds to construct, rehabilitate, maintain, or restore religious structures (including those which may be historic properties) currently used for religious purposes. Block grant funds shall not be used to construct, rehabilitate, maintain, or restore structures or other real property owned by "pervasively sectarian" organizations. Block grant funds shall not be used to assist a religious organization in acquiring property. These prohibitions apply whether or not the property is used for religious services or instruction or is used in any other way for religious activities.

The CDBG funds may be used only for the provision of public services and not for the construction, rehabilitation or restoration of any facility owned by the religious organization where the services are to be provided. A narrow exception to this prohibition is that minor repairs may be made where such repairs (a) are directly related to the public services, (b) are located in a structure used exclusively for non-religious purposes, and (c) constitute in dollar terms a minor portion of the CDBG expenditure for the public services.

Resident Aliens. (24 CFR 570.613) Certain newly legalized aliens, as described in 24 CFR Part 49, are not eligible to apply for the benefits under covered activities funded by the CDBG Program. "Covered activities" are activities meeting the requirements of 24 CFR 570.208(a) that either (1) have income eligibility requirements limiting benefits exclusively to low- and moderate-income persons, or (2) are targeted geographically or otherwise to primarily benefit low- and moderate-income persons (except for activities that benefit the public at large), and provide benefits on the basis of an application.

Environmental Requirements. (24 CFR 470.604) CITY is not allowed to incur program expenses until the COUNTY has performed an environmental review of the proposed activities, received the release of funds, and provided the CITY with formal clearance to initiate them, along with directives for any action necessary to mitigate negative environmental impacts (24 CFR Part 58).

Historic Preservation. CITY shall not violate provisions of the Historic Preservation Act and related laws and Executive Orders. Before any commitments are made to make any physical improvements or alterations or demolition of any building, CITY shall receive assurances from the COUNTY that the CITY is in compliance.

If CITY receives State or COUNTY funds, CITY shall, in the use of those State or COUNTY funds adhere to the applicable Federal laws, regulations, policies, guidelines or requirements, herein specified, only insofar as adherence thereto would not be prohibited by valid COUNTY or State laws, regulations, policies, guidelines or requirements.

RECORDS, REPORTS AND AUDITS OF CITY.

Establishment and Maintenance of Records. CITY shall maintain records, including but not limited to, books, financial records, supporting documents, statistical records, personnel, property, and all other pertinent records sufficient to reflect properly:

1. All direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred to perform this Agreement, and
2. All other matters covered by this Agreement. Such records shall be maintained in accordance with requirements now or hereafter prescribed by the COUNTY.

Preservation of Records. CITY shall preserve and make available its records:

For the period of six (6) years from the date of final payment to CITY under this Agreement; or such longer period, if any, as may be required by applicable law; or if this Agreement is completely or partially terminated, for a period of six (6) years from the date of any resulting final settlement.

Records to be Maintained. The CITY shall maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

1. Records providing a full description of each activity undertaken;
2. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG Program;
3. Records required to determine the eligibility of activities;
4. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
5. Records documenting compliance with the fair housing and equal opportunity components of the CDBG Program;
6. Financial records as required by 24 CFR 570.502 and 24 CFR 84.21 - 28; and
7. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

Examination of Records; Facilities. At any time during normal business hours, and as often as may be deemed necessary, CITY agrees that HUD and/or COUNTY, and/or any of their respective authorized representatives shall:

1. For a period of four (4) years after final payment under this Agreement; or, for such longer period as may be required by applicable law; or
2. if this Agreement is completely or partially terminated, for a period of four (4) years from date of any resulting settlement;

have access to and the right to examine CITYS offices and facilities engaged in performance of this Agreement and all its records with respect to all matters covered by this Agreement. CITY also agrees that HUD and/or COUNTY, or any of their respective authorized representatives shall have the right to audit, examine, and make excerpts or transcripts of and from such records, and to make audits of all contracts and subcontracts, invoices, payrolls, records of personnel, conditions of employment, materials, and all other data relating to matters covered by this Agreement. Notwithstanding anything in this Agreement to the contrary for monitoring purposes, COUNTY shall not require access to any information of CITY mutually determined by the parties hereto to be proprietary.

SECTION 2. OTHER REQUIREMENTS OF CITY

Client Data. The CITY shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to the COUNTY monitors or their designees for review upon request.

Disclosure. The CITY understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the CITYS or CITY's responsibilities with respect to services provided under this Agreement, is prohibited unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

Close-outs. The CITY's obligation to the COUNTY shall not end until all close-out requirements are completed pursuant to 24 CFR 570.509. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the CITYS), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the CITY has control over CDBG funds, including program income.

Program Income. The CITY shall report all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this Agreement. The use of program income by the CITY shall comply with the requirements set forth at 24 CFR 570.504. By way of further limitations, the CITY may use such income during the contract period for activities permitted under this Agreement and shall reduce requests for additional funds by the amount of any such program income balances on hand. All unexpended program income shall be returned to the COUNTY at the end of the contract period. Any interest earned on cash advances from the U.S. Treasury and from funds held in a revolving fund account is not program income and shall be remitted promptly to the COUNTY.

Indirect Costs. If indirect costs are charged, the CITY will develop an indirect cost allocation plan for determining the appropriate CITY's share of administrative costs and shall submit such plan to the COUNTY for approval, in a form specified by the COUNTY.

Hatch Act. The CITY agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

HMIS Participation. All agencies providing homeless services in receipt of funding from the COUNTY's CDBG Program are required to fully participate in the Homeless Management Information System ("HMIS") and work closely with the Community Technology Alliance ("CTA"), to ensure the agency has the mechanisms and staffing in place to use the system appropriately and in a timely manner. Funded agencies are required to collect demographic information on all clients served by the funded projects, the services provided, and consent to release the information to CTA and the COUNTY'S Office of Affordable Housing. Funded projects must utilize all appropriate aspects of HMIS in order to generate the statistical information required for reporting to the COUNTY on all universal and program level elements of the HUD Data Standards. These statistical reports must be generated directly out of HMIS. No adjustments to the HMIS reports will be accepted and it is therefore incumbent on the agency to ensure that the information they put into HMIS is accurate and up to date. CITY will measure performance and outcomes relating to these funded projects through the use of the HMIS statistical data, based on the HUD data elements, or other reporting requirements as determined by the COUNTY.

CITY shall include in all outreach and marketing materials, including public websites, an affirmative statement that it will provide services or benefits to all persons, race, sex, color, age, religion, actual or perceived gender identity, sexual orientation, disability, ethnic or national origin, or familial status.

EXHIBIT D

ASSURANCES

The CITY hereby assures and certifies that it will comply with all regulations, policies, guidelines and requirements applicable to the acceptance and use of Federal funds for this Federally-assisted program and will be responsible for implementing and complying with all relevant future changes to Federal Regulations or OMB Circulars. Specifically gives assurances and certifies with respect to the PROGRAM that it is compliant with the following Regulations as defined by 24 CFR, Part 570, Subpart J; 24 CFR, Part 570, Subpart K; and will be conducted and administered in conformity with "Public Law 88.352 and Public Law 90-284. *Full text of the regulations can be located at: <http://www.gpoaccess.gov/cfr/index.html>*

1. **570.505. Use of Real Property**
2. **570.506. Records to be Maintained**
3. **570.508. Public Access to Public Records**
4. **570.601. Public Law 88-352 and Public Law 90-284;** affirmatively furthering fair housing; Executive Order 11063, as amended by Executive Order 12259 addresses discrimination. HUD regulations implementing Executive Order 11063 are contained in 24 CFR, Part 107.
5. **570.602. Section 109 of the Act addresses discrimination**
6. **570.603. Labor Standards**
7. **570.604. Environmental Standards**
8. **570.605. National Flood Insurance Program**
9. **570.606. Displacement, Relocation, Acquisition, and Replacement of Housing.**
10. **570.607. Employment and Contracting Opportunities**
11. **570.608. Lead-Based Paint**
12. **570.609. Use of Debarred, Suspended, or Ineligible Contractors or CITYs**
13. **570.610. Uniform Administrative Requirement and Cost Principles.** The COUNTY, its CITYs, agencies or instrumentalities, shall comply with the policies, guidelines, and requirements of 24 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
14. **570.611. Conflict of Interest**
15. **570.612. Executive Order 12372** allows States to establish its own process for review and comment on proposed Federal financial assistance programs, specifically the use of CDBG funds for the construction or planning of water or sewer facilities.
16. **570.613. Eligibility Restrictions for Certain Resident Aliens**
17. **570.614. Architectural Barriers Act and the Americans with Disabilities Act**

EXHIBIT E**DECLARATION OF CONTRACTOR**

(To be completed by all Type I)

This is a Type I service contract under the Board of Supervisor's Resolution of Contracting Principles.

Type I Category: Section II C.6
 Explanation: Contract with other Public Agencies

I am authorized to complete this form on behalf of the City of Morgan Hill.

I have used due diligence in obtaining this information, and this information contained herein is complete and accurate.

**CONTRACT PROVISIONS TO IMPLEMENT THE TERMS OF THE RESOLUTION RE:
 CONTRACTING PRINCIPLES**

This contract is a Type I service contract, subject to the Resolution of Contracting Principles adopted by the Board of Supervisors on October 28, 1997 and subsequently amended on October 21, 2008. Accordingly, Contractor shall comply with all of the following:

- a. Contractor shall, during the term of this contract, comply with all applicable federal, state, and local rules, regulations, and laws.
- b. Contractor shall maintain financial records adequate to show that County funds paid under the contract were used for purposes consistent with the terms of the contracts. These records shall be maintained during the term of this contract and for a period of three (3) years from termination of this contract or until all claims if any, have been resolved, whichever period is longer, or longer if otherwise required under other provisions of this contract.

The failure of Contractor to comply with this Section or any portion thereof may be considered a material breach of this contract and may, at the option of the County, constitute grounds for the termination and/or non-renewal of the contract. Contractor shall be provided reasonable notice of any intended termination or non-renewal on the ground of non compliance with this Section, and the opportunity to respond and discuss the County's intended action.

City Manager Signature: _____

Print Name: _____

SK
STEVE RYMER

11/9/16
 Date

EXHIBIT F
INSURANCE REQUIREMENTS FOR
STANDARD CONTRACTS ABOVE \$100,000

Indemnity

The Contractor shall indemnify, defend, and hold harmless the County of Santa Clara (hereinafter "County"), its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by Contractor and/or its agents, employees or sub-contractors, excepting only loss, injury or damage caused by the sole negligence or willful misconduct of personnel employed by the County. It is the intent of the parties to this Agreement to provide the broadest possible coverage for the County. The Contractor shall reimburse the County for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which the Contractor is obligated to indemnify, defend and hold harmless the County under this Agreement.

Insurance

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

A. Evidence of Coverage

Prior to commencement of this Agreement, the Contractor shall provide a Certificate of Insurance certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, a certified copy of the policy or policies shall be provided by the Contractor upon request.

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

B. Qualifying Insurers

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

C. Notice of Cancellation

All coverage as required herein shall not be canceled or changed so as to no longer meet the specified County insurance requirements without 30 days' prior written notice of such cancellation or change being delivered to the County of Santa Clara or their designated agent.

D. Insurance Required

1. Commercial General Liability Insurance - for bodily injury (including death) and property damage which provides limits as follows:
 - a. Each occurrence - \$1,000,000
 - b. General aggregate - \$2,000,000
 - i. Products/Completed Operations aggregate - \$2,000,000
 - ii. Personal Injury - \$1,000,000
2. General liability coverage shall include:
 - a. Premises and Operations
 - b. Products/Completed
 - c. Personal Injury liability
 - d. Severability of interest
3. General liability coverage shall include the following endorsement, a copy of which shall be provided to the County:

Additional Insured Endorsement, which shall read:

"County of Santa Clara, and members of the Board of Supervisors of the County of Santa Clara, and the officers, agents, and employees of the County of Santa Clara, individually and collectively, as additional insureds."

Insurance afforded by the additional insured endorsement shall apply as primary insurance, and other insurance maintained by the County of Santa Clara, its officers, agents, and employees shall be excess only and not contributing with insurance provided under this policy. Public Entities may also be added to the additional insured endorsement as applicable and the contractor shall be notified by the contracting department of these requirements.

4. Automobile Liability Insurance

For bodily injury (including death) and property damage which provides total limits of not less than one million dollars (\$1,000,000) combined single limit per occurrence applicable to all owned, non-owned and hired vehicles.

- 4a. Aircraft/Watercraft Liability Insurance (Required if Contractor or any of its agents or subcontractors will operate aircraft or watercraft in the scope of the Agreement)

For bodily injury (including death) and property damage which provides total limits of not less than one million dollars (\$1,000,000) combined single limit per occurrence applicable to all owned, non-owned and hired aircraft/watercraft.

5. Workers' Compensation and Employer's Liability Insurance

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

E. Special Provisions

The following provisions shall apply to this Agreement:

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

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



CITY COUNCIL STAFF REPORT

MEETING DATE: October 18, 2017

PREPARED BY: Karl Bjarke, Public Works Director
APPROVED BY: City Manager

ADOPTION OF WATER SYSTEM AND SEWER SYSTEM MASTER PLANS

RECOMMENDATION(S)

Adopt Water System Master Plan and Sewer System Master Plan.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Protecting the Environment

2017 Strategic Priorities

Infrastructure

REPORT NARRATIVE:

Upon the completion of the 2035 General Plan in 2016, the City's utilities master plans were updated to reflect the infrastructure needs associated with the growth anticipated in the General Plan. The Water, Sewer, and Storm Drain master plans were included in this effort. On August 23, 2017, the City Council held a workshop to review the findings and recommendations in the Water and Sewer master plans. The Storm Drain master plan was not ready for Council review at that workshop and will be brought to the Council for adoption at a later date. This report requests the Council adoption of the Water and Sewer master plans.

The utilities master plans become the City's blueprint for building out the water, sewer, and storm drain infrastructure to meet the community's needs now and as the City grows. In the case of the 2017 Master Plans, the growth horizon is 2035 to coincide with the General Plan. In addition to identifying future infrastructure, the water and sewer master plans also identify existing system deficiencies to allow the City to plan for the resources necessary for both maintaining the existing systems and to build out the future infrastructure.

Developing Master Plans:

The water and sewer master plans included the following objectives:

- ✓ Summarize the City's existing water and sewer system facilities
- ✓ Document growth planning assumptions and known future developments
- ✓ Summarize the performance criteria to be used
- ✓ Project future water demands and sewer flows
- ✓ Update and calibrate hydraulic models
- ✓ Evaluate the capacity of existing systems to meet existing and projected needs
- ✓ Evaluate existing ground water conditions

- ✓ Perform a capacity analysis for major distribution mains and sewer mains
- ✓ Recommend a Capital Improvement Program and opinion of probable costs
- ✓ Determine responsibility for paying for infrastructure (existing vs. future users)
- ✓ Prepare final report

Recommendations in the Water Master Plan:

The Water Master Plan provides for a comprehensive list of replacement work, new well and pump facilities, new mains, and new reservoirs. Starting with an evaluation of the existing water system and using recent water use trends, the study provides an assessment of how well existing needs are being met. The report documents the City's performance and design criteria for evaluating the domestic water system. The system performance and design criteria are used to establish guidelines for determining future water demands and the sizing of future facilities. Future needs are based on the growth identified in the General Plan build-out.

The total capital costs projected in the Water Master Plan are \$48M with approximately two-thirds of that amount paid for by future development. The remainder is paid for by existing rate payers. Included in the plan is a variety of water improvements City-wide. The highlights of the CIP program are five new storage reservoirs and pipeline upgrades in the Holiday Lake and Jackson Oaks area.

Recommendations in the Sanitary Sewer Master Plan:

The Sewer Master Plan provides for a comprehensive list of repair work, upgrades, and capacity expansion. The City's system experienced a sewer spill this past winter due to an unusually large amount of rain infiltration into the system. The master plan includes several projects geared towards repairing and replacing leaky pipes and manholes to reduce the amount of infiltration of rain water in future years. From a capacity expansion standpoint, the City is planning for two significant projects to meet the future growth needs of the City. A secondary trunk line must be completed to the sewage treatment plant in Gilroy and the treatment plant itself must be expanded.

The total capital costs projected in the Sewer Master Plan is \$108M with a little more than half of that being paid for by future development. The City's share of the sewage treatment plant expansion is projected to cost \$32.7M.

Factors used for growth assumptions:

To determine the needs for future growth, unit demand factors were applied to land use acreages pulled from the General Plan 2035. Recent measured unit water demand factors were used for general planning purposes and, when applied to acreages of future growth, represent average water demands. The calculation is expressed as follows:

$$(Net\ Land\ Use\ Acreages) \times (Water\ Unit\ Factor,\ Table\ 1) = Gallons\ per\ Day\ (gpd)$$

The baseline unit water demand factors for various land use categories within the City were developed based on evaluation of the City's recent water meter billing database, as maintained by the City's Finance Department. The billing records were sorted into specific consolidated land use categories, consistent with the recently adopted Morgan

Hill General Plan. The per acre unit factors were calculated based on existing land use acreages, and thus reflect existing trends.

The unit demand factors that were developed for this study are smaller by comparison than the factors used in the last water master plan of 2002. This reflects that Morgan Hill water customers are using less water on a unit basis than in 2002.

Similarly, unit flow factors for sewer discharge are smaller than the previous master plan as the City's customers have reduced overall water use in homes and businesses.

COMMUNITY ENGAGEMENT: Inform

The water and sewer master plans were prepared as a subcontract to the General Plan 2035 effort. The City Council held a public workshop on August 23, 2017 to discuss the two master plans. The public was invited to provide comments and input.

ALTERNATIVE ACTIONS:

The water and sewer master plans are critical to the future build-out of infrastructure in support of the community's growth. No alternative action is proposed due to the importance of having utility master plans adopted.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- The Council reviewed the growth assumptions and recommendations of the General Plan 2035 on numerous occasions over three years. Those efforts led to the assumptions and findings of the water and sewer master plans.
- On August 23, 2017, the Council held a public workshop to review the draft master plans.

FISCAL AND RESOURCE IMPACT:

Adoption of the Water and Sewer master plans have no direct fiscal or resource impact. The recommendations contained in the master plans will be used to guide future Capital Improvement Program (CIP) spending plans.

CEQA (California Environmental Quality Act):

The proposed Water System Master Plan (WSMP) and Sewer System Master Plan (SSMP) are consistent with the development assumptions in the General Plan 2035.

On July 27, 2016 the Morgan Hill City Council adopted Resolution No. 16-127, certifying the Final EIR for the Morgan Hill 2035 General Plan consistent with the requirements of the California Environmental Quality Act (CEQA) and adopting a Statement of Overriding Considerations regarding environmental impacts and a related Mitigation Monitoring and Reporting Program (MMRP).

LINKS/ATTACHMENTS:

1. 2017 Sewer System Master Plan (weblink)
2. Water System Master Plan (weblink)



CITY COUNCIL STAFF REPORT

MEETING DATE: October 18, 2017

PREPARED BY: Inga Alonzo, Management Analyst
APPROVED BY: City Manager

APPROVE PURCHASE OF A TRUCK EQUIPPED WITH A DUMP BODY

RECOMMENDATION(S)

1. Approve purchase of a new truck equipped with a dump body from National Auto Fleet Group, in the amount of \$90,338.15; and
2. Authorize City Manager to approve purchase order in the amount of \$90,338.15 with National Auto Fleet Group.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

2017 Strategic Priorities

Infrastructure

REPORT NARRATIVE:

The Equipment Replacement Fund (Fund 790) provides for the City to budget and fund the replacement of vehicles and equipment. The Engineering and Utilities Department requests the purchase of a truck equipped with a dump body to replace the 2003 Ford truck with a dump body.

Staff proposes to purchase a truck equipped with a dump body under a cooperative purchasing arrangement. Section 3.04.180 of the Morgan Hill Municipal Code allows the purchasing officer the authority to join with other public jurisdictions in cooperative purchasing plans or programs, including, but not limited to California Communities Purchasing Program (CCPP), the California Department of General Services (CADGS), the California Multiple Award Schedule (CMAS), the National Association of Counties (NACo), National Joint Powers Alliance (NJPA), or similar arrangements or plans, as determined by the purchasing officer to be in the City's best interest. The purchasing officer may either: 1) buy directly from a vendor at a price established by a competitive bid by another jurisdiction even if the City had not joined with the public agency in a cooperative purchase; or 2) compare bids among cooperative purchasing plans or programs and choose the bid that best matches the needs of the city.

Staff prepared detailed specifications for the truck equipped with a dump body based on the City's needs which were sent to four qualified equipment vendors (Wondries Fleet Group, Downtown Ford Sales, National Auto Fleet Group, and Altec Industries) who have been approved under various cooperative purchasing programs. One bid submittal was received by the City from National Auto Fleet Group under the NJPA cooperative purchasing group contract #120716. NJPA offers a wide variety of competitively bid commodities at prices which have been assessed to be fair and reasonable. The City is

a member of the NJPA purchasing cooperative and has previously purchased from its contracts.

Staff has determined that the bid for the truck equipped with a dump body submitted by National Auto Fleet Group complies with the specifications and performance requirements of the City. Consequently, staff is recommending that City Council accept the bid and authorize the purchase of the National Auto Fleet Group truck equipped with a dump body.

COMMUNITY ENGAGEMENT: Inform

This report serves to inform the public of the recommendation to purchase the equipment for the Engineering and Utilities Department.

ALTERNATIVE ACTIONS:

The Council could choose to not approve the recommended purchase and direct staff to solicit quotes/bids through a formal bidding process.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

The equipment purchase is included in the City Council adopted FY 2017-18 budget under the Equipment Replacement Program (Fund 790). The proposed purchase price of \$90,338.15 is more than the \$80,000 budgeted for this particular equipment replacement but is still within the overall equipment replacement budget due to savings from a recently purchased excavator which was \$18,000 under the budgeted amount.

CEQA (California Environmental Quality Act):

Not a Project.

Continuing administrative or maintenance activities, including the replacement of equipment, is not a project subject to environmental review.

LINKS/ATTACHMENTS:

1. Invitation for Bid and Equipment Specifications
2. National Auto Fleet Group Bid Quote



CORPORATION YARD
UTILITIES AND MAINTENANCE
100 EDES COURT
MORGAN HILL, CA 95037-5301
408-776-7333
FAX: 408-779-6282
WWW.MORGAN-HILL.CA.GOV

August 2017

INVITATION FOR BID

TRUCK EQUIPPED WITH DUMP BODY

The City of Morgan Hill, Engineering and Utilities Department has a requirement for a truck equipped with a dump body. The successful bidder will be responsible to supply and deliver a complete unit ready for service. The City's ordinance allows purchasing from public cooperative contracts such as those through NJPA or CMAS. This invitation for bid is for cooperative purchase pricing.

Instructions for delivering bid:

- **Deliver By:** No later than **11:00 a.m. on Wednesday September 6, 2017**
- **Deliver To:** City of Morgan Hill Utilities Division, 100 Edes Court, Morgan Hill, CA 95037
- **Sealed Envelope:** Clearly labeled "**INVITATION FOR BID – TRUCK EQUIPPED WITH DUMP BODY**"

Bids will be reviewed by staff within a reasonable period following receipt, and all respondents will be notified of results. Respondents need not be present for consideration of award. Incomplete bids will not be considered.

Companies submitting a bid shall maintain the appropriate license, insurance and permit requirements of the City, State and Federal governments, and other requirements of the law.

For additional information pertaining to this invitation for bid, please contact me by email at Inga.alonzo@morganhill.ca.gov or at 408-310-4182.

Sincerely,

Inga Alonzo

Inga Alonzo
Public Utilities Management Analyst

EQUIPMENT SPECIFICATIONS

The equipment shall be new and manufacturer's standard model in current production; shall comply with all performance specifications; include all standard functions, features and accessories as advertised or otherwise represented by the Bidder and/or manufacturer. The equipment shall meet or exceed the minimum specifications and requirements listed below.

TRUCK CHASSIS:

2017 Ford F-550 Chassis Cab XLT Regular Cab, White, 169" Wheelbase, 7L 4 Valve OHV Power Stroke® V8 Turbo Diesel B20 Engine, 6 Speed Automatic with SelectShift® Transmission (6R140), 4X4, 4.56 Limited Slip Axle, Dual Rear Wheels, 19,500 GVWR, XL Value Package, Rubber Flooring
 Payload Plus Upgrade Package
 Power Equipment Group
 Trailer Tow Package - High Capacity
 Low Deflection Package
 Extra Heavy-Service Suspension Package
 Fixed-Glass Rear Window
 Exterior Backup Alarm
 Advanced Security Pack
 Rear View Camera Prep Kit
 Spare Tire, Wheel and Jack
 Manually Telescoping/Folding Trailer Tow Mirrors with Power/Heated Glass
 Platform Running Boards
 19.5" Argent Painted Steel Wheels (DRW)
 225/70Rx19.5G BSW Max Traction 4X4 Tires
 Operator Commanded Regeneration with Active Regeneration Inhibit
 All-Weather Floor Mats
 Trailer Brake Controller
 Electronic-Shift-On-the-Fly - 4X4
 110V/400W Outlet
 Bluetooth Sync
 Controller Area Network Interface Module
 AM/FM Stereo with Single-CD/MP3 Player and 5 Speakers

3 – 4 YARD DUMP BODY WITH SOLID SIDES:

11' 6" LONG X 86" WIDE INSIDE X 13" SIDES X 20" TAIL GATE X 32" BULKHEAD 10 GA. HIGH TENSILE STEEL THROUGHOUT BEVELED FLOOR CORNER AT FRONT 3" CROSSBARS ON 15" CENTERS 5" LONG SILLS 13" TALL STATIONARY SIDES
 4 FLANGED BOXED TOP RAIL (SCELZI DBS 11-6 OR SIMILAR)
 FRONT CORNER POST
 32" BULKHEAD WITH SINGLE CORRUGATION AND PERFORATED WINDOW
 20" DOUBLE ACTING TAILGATE, 3 PANEL
 MANUALLY OPERATED TAILGATE LOCKS

1EA - 3/16" 6" SPEADER APRON
 1EA - CENTER MOUNT DITCH GATE
 1/4 SIZE CAB SHIELD
 LED LIGHT PACKAGE (OVAL AND MARKER LED, OEM INCANDESCENT)
 PAINT BODY WHITE

HOIST:

ELECTRIC HYDRAULIC UNDERBODY HOIST, CLASS 40, 11.2 TON (MIN) CAPACITY WITH FULL STEEL SUB-FRAME, DOUBLE ACTING, POWER UP/DOWN, LED BODY RAISED WARNING LIGHT, SINGLE BODY PROP, AND INSIDE CAB CONTROL (SCELZI C615T-11 OR SIMILAR)

OTHER EQUIPMENT:

REAR MUD FLAPS
 SEMI-AUTOMATIC PULL TARP SYSTEM WITH MESH TARP
 48" X 18" X 18" UNDERBODY FRAME MOUNTED TOOLBOXES (1EA) SIDE AT FRONT
 1EA - 1/2" BUCKPLATE WITH 2 5/16" COMBO/PINTLE HITCH WITH (2EA) D-RINGS
 AFT AXLE FUEL TANK
 1EA - TRAILER PLUG 7 PIN ROUND #12063
 DIESEL EXHAUST FLUID TANK SET UP WITH FUEL LINE AND BEZEL
 4EA - WHELEN VTX609A AMBER STROBES WITH FLANG KIT # VTXFB (2EA) IN GRILLE, AND (2EA) AT REAR WIRED TO SINGLE UPFITTER SWITCH
 1EA - WHELEN JUSTICE SERIES LIGHT BAR # JY8AAAA MOUNTED TO TOP OF CAB GUARD ON SELF LEVELING BRACKET WITH IN CAB CONTROLLER
 1EA - INSTALL FACTORY BACK UP SENSORS
 1EA - INSTALL FACTORY BACK UP CAMERA
 WEIGHT CERTIFICATE OF COMPLETED UNIT

**CITY OF MORGAN HILL
BID FORM – PROPOSAL**

SUBMITTED BY (Company Name) _____

Pursuant to and in accordance with the above stated Invitation for Bid, the undersigned hereby declares that they have examined the Bid documents and specifications for the item(s) listed below. The undersigned proposes and agrees, if their Bid is accepted to furnish the item(s) submitted below, including delivery to Morgan Hill, CA in accordance with the delivery schedule indicated below and according to the prices products/services information submitted.

Cooperative _____

Contract # _____

ITEM EST		QTY	DESCRIPTION	UNIT PRICE	EXTENDED AMOUNT
1		1	2017 FORD F-550 CHASSIS CAB XLT REGULAR CAB, WHITE, COMPLETE WITH DUMP BODY READY FOR SERVICE		
			DUMP BODY MFG: _____ MODEL _____		
			DELIVERY: _____ DAYS AFTER RECEIPT OF ORDER.		
			SHALL WARRANTY THE ABOVE EQUIPMENT FOR PARTS, LABOR, AND TRAVEL FOR _____ MONTHS		
			ATTACH COPY OF WARRANTY		
			LICENSE		
			SALES TAX		
			TOTAL	\$	\$

Please specify below or attach a separate sheet listing any of the equipment specification items that cannot be supplied or for which an alternative product will be substituted (list substituted product).

DELIVERY: F.O.B. DESTINATION

Prompt Payment Discount _____ % _____ Days, Net _____ Days



National Auto Fleet Group

A Division of Chevrolet of Watsonville

490 Auto Center Drive, Watsonville, CA 95076

(855) 289-6572 • (855) BUY-NJPA • (831) 480-8497 Fax

Fleet@NationalAutoFleetGroup.com

09/25/2017

Quote ID#5037

Inga Alonzo

City of Morgan Hill

17575 Peak Ave

Morgan Hill, CA 95037

Dear Inga Alonzo,

National Auto Fleet Group is pleased to quote the following vehicle(s) for your consideration.

One (1) New/Unused (2018 Ford Super Duty F-550 DRW (F5H) XL 4WD Reg Cab 169"

WB 84" CA with CTEC 11' ¾ Yard Dump Body,) delivered to your department yard, each for

	(1)One Unit
NJPA Contract Price	\$ 52,263.38
CTEC 11' Dump Body	\$ 30,606.02
Tax (9.00%)	\$ 7,458.25
CA Tire Fee	\$ 10.50
Total	\$ 90,338.15

-per your attached specifications:

Ford F-550 Additional Options:

1. One Additional Ignition Key \$200.00 per
2. Ford CD Service Manual \$400.00 per

This vehicle(s) is available under the **National Joint Powers Alliance Vehicle Contract Number 120716**. Please reference this Bid Number on all Purchase Orders to National Auto Fleet Group.

Payment terms are Net 30 days after receipt of vehicle.

Thank you in advance for your consideration. Should you have any questions, please do not hesitate to call.

Sincerely,

Jesse Cooper

National Fleet Manager/ Office (855) 289-6572/ Office (855) 289-6572





CITY COUNCIL STAFF REPORT

MEETING DATE: October 18, 2017

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

AWARD MULTI-FACILITY CARPET REPLACEMENT CONTRACT

RECOMMENDATION(S)

1. Award a contract to Orchard City Floor Covering, Inc. in the amount of \$43,197;
2. Authorize the expenditure of contingency funds not to exceed \$4,320; and
3. Authorize the City Manager to execute and administer that certain construction contract with Orchard City Floor Covering, Inc.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility

REPORT NARRATIVE:

The scope of work for the Multi-Facility Carpet Replacement Project ("Project") will include the removal and replacement of carpet in the Morgan Hill Playhouse Theatre area, City Corporation Yard offices, and the Community and Cultural Center's Madrone and Machado meeting rooms.

In soliciting for the Project, the City advertised in the Morgan Hill Times newspaper, and two online plan services, Public Purchase and the Online Plan Service, whose subscribers include multiple Northern California Builders' Exchanges.

The bid opening was held on September 28, 2017 and four bids were received as listed below:

Contractor	Bid Amount
Orchard City Floor Covering, Inc.	\$ 43,197
Harry L. Murphy, Inc.	\$ 65,497
G & S Carpet Mills, Inc.	\$ 89,800
Century Carpet	\$108,600

About six months ago, the low bidder successfully completed a project for the City of Morgan Hill. Staff recommends the award of this contract to Orchard City Floor Covering, Inc. for \$43,197 along with a 10% contingency of \$4,320, which will yield a total construction authorization of \$47,517. The Project will be scheduled to begin in late December, and is expected to take no more than 40 calendar days from the issuance of the Notice to Proceed. The contractor will closely coordinate the carpet installation with

the seating contractor who is expected to replace the seating at the MH Playhouse in January 2018.

COMMUNITY ENGAGEMENT: Inform

This report serves to inform the public of the recommendation to award the carpet replacement project contract.

Signs will be posted at the Community and Cultural Center informing clients that carpet replacement is underway at the Machado and Madrone Rooms. Notification will also be posted on the City's website, Next Door Morgan Hill, Facebook, and Twitter to inform residents that the Project is underway through the end of January.

ALTERNATIVE ACTIONS:

An alternative action is to not approve the replacement of the carpets at these three facilities.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

If approved, the total funding authorization for this project will be \$47,517, which is the contract price with a 10% contingency. Funding for the carpet removal and replacement at these facilities is in the approved Fiscal Year 2017-18 Building Replacement Fund 741. The contract amount is lower than the \$85,000 appropriated for this Project in Fund 741 (Building Replacement) in the Fiscal Year 2017-18 Adopted Budget.

CEQA (California Environmental Quality Act):

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. Orchard City Flooring Multi-Facility Signed Contract

CONTRACT

This public works contract ("Contract") is entered into by and between the City of Morgan Hill ("City") and Orchard City Floor Covering, Inc. ("Contractor") for work on the Multi-Facility Carpet Replacement Project ("Project").

The parties agree as follows:

1. **Award of Contract.** In response to the Notice Inviting Informal Bids, Contractor has submitted a Bid Proposal to perform work on the Project, and on _____, 20____, (Contract Date) City authorized award of this Contract to Contractor for the amount of Contractor's bid.
2. **Contract Documents.** The Contract Documents incorporated into this Contract include and are comprised of all of the following:
 - 2.1 Notice Inviting Informal Bids;
 - 2.2 Instructions to Bidders;
 - 2.3 Addenda, if any;
 - 2.4 Bid Proposal and attachments thereto;
 - 2.5 Contract;
 - 2.6 Payment and Performance Bonds;
 - 2.7 General Conditions;
 - 2.8 Special Conditions;
 - 2.9 Project Drawings and Specifications;
 - 2.10 Change Orders, if any;
 - 2.11 Notice of Award;
 - 2.12 Notice to Proceed;
 - 2.13 And the following: *"No other documents"*
3. **Contractor's Obligations.** Contractor agrees to perform all of the Work required for the Project, as specified in the Contract Documents. Contractor must provide, furnish, and supply all things necessary and incidental for the timely performance and completion of the Work, including all necessary labor, materials, equipment, transportation, and utilities, unless otherwise specified in the Contract Documents. Contractor must use its best efforts to complete the Work in a professional and expeditious manner and to meet or exceed the performance standards required by the Contract Documents.
4. **Payment.** As full and complete compensation for Contractor's timely performance and completion of the Work in strict accordance with the terms and conditions of the Contract Documents, City will pay Contractor Forty-Three Thousand One Hundred Ninety-Seven Dollars (\$43,197.00) (the "Contract Price"), in accordance with the payment provisions in the General

Conditions. The Contract Price includes all applicable federal, state, and local taxes.

5. **Time for Completion.** Contractor will fully complete the Work for the Project within forty (40) calendar days from the commencement date given in the Notice to Proceed ("Contract Time"). By signing below, Contractor expressly waives any claim for delayed early completion.
6. **Liquidated Damages.** If Contractor fails to complete the Work within the Contract Time, City will assess liquidated damages in the amount of Five Hundred Dollars (\$500.00) for each day of unexcused delay in completion, and the Contract Price will be reduced accordingly.
7. **Labor Code Compliance.**
 - 7.1 **General.** This Contract is subject to all applicable requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code, including requirements pertaining to wages, working hours and workers' compensation insurance.
 - 7.2 **Prevailing Wages.** This Project is subject to the prevailing wage requirements applicable to the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the Work, including employer payments for health and welfare, pension, vacation, apprenticeship and similar purposes. Copies of these prevailing rates are available online at <http://www.dir.ca.gov/DLSR>.
 - 7.3 **DIR Registration.** City will not accept a Bid Proposal from or enter into the Contract with a bidder, without proof that the bidder and its Subcontractors are registered with the California Department of Industrial Relations ("DIR") to perform public work under Labor Code Section 1725.5, subject to limited legal exceptions.
8. **Workers' Compensation Certification.** Under Labor Code Section 1861, by signing this Contract, Contractor certifies as follows: "I am aware of the provisions of Labor Code Section 3700 which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the Work on this Contract."
9. **Notice.** Any notice, billing, or payment required by the Contract Documents must be made in writing, and sent to the other party by personal delivery, U.S. Mail, a reliable overnight delivery service, facsimile, or by email as a

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

City:

City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Phone: (409) 779-7259
Attn: City Clerk
Email: michelle.wilson@morganhill.ca.gov
Copy to: keri.russell@morganhill.ca.gov

Contractor:

Name: ORCHARD CITY FLOOR COVERING, INC.
Address: 480 McGLINCY LANE
City/State/Zip: CAMPBELL, CA 95008
Phone: 408-371-8801
Attn: Kim Vagel
Email: kim@orchardcity.com
Copy to: Frank Cuaresma - Project Manager
Frank@orchardcity.com

10. General Provisions.

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

provision of the Contract Documents, or portion of a provision, is determined to be illegal, invalid, or unenforceable, the remaining provisions of the Contract Documents will remain in full force and effect.

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

[Signatures are on the following page.]

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

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

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

CITY OF MORGAN HILL:

 Christina J. Turner
 City Manager

Date: _____

Attest:

 Michelle Wilson
 Deputy City Clerk

Date: _____

Approved as to Form:

 Donald A. Larkin
 City Attorney

Date: _____

CONTRACTOR:

 Name/Title [print]

Date: 10/9/2017

Corporate entities must provide a second signature:

 Name/Title [print]

Date: 10/9/2017

467694
 Contractor's License Number(s)

... 03/31/2019
 Expiration Date(s)

Seal:

1060611314 Exp. 6/30/19
 DIR Registration Number

END OF CONTRACT



CITY COUNCIL STAFF REPORT

MEETING DATE: October 18, 2017

PREPARED BY: Mario Jimenez, Associate Engineer

APPROVED BY: City Manager

FINAL MAP APPROVAL OF ALTIMIRA – TRACT NO. 10411

RECOMMENDATION(S)

1. Approve Final Map;
2. Authorize the City Manager to execute the Subdivision Improvements Agreement with Alicante 2016 Inc., a California Corporation;
3. Authorize 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. Authorize the recordation of the Final Map and the Subdivision Improvements Agreement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment

2017 Strategic Priorities

Infrastructure

REPORT NARRATIVE:

Altimira – Tract No. 10411 is a 7-lot subdivision located north of the Peet Road and Mission Avenida intersection (see attached site map). The developer, Alicante 2016 Inc., a California Corporation, has completed all the conditions specified by the Planning Commission in the approval of the Tentative Map on December 8, 2015.

The City Council is required to approve the map if it conforms to all the requirements of the Subdivision Map Act, and any conditions of approval for the Tentative Map.

The developer has furnished the City with the necessary documents to complete the processing of the Final Map and has made provisions with a title company to provide the City with the required fees, security, and insurance prior to recordation of the Final Map. The Final Map conforms to the requirements of the Subdivision Map Act, and conditions of approval have been met.

Staff recommends that the City Council approve the Final Map, authorize the City Manager to sign a Subdivision Improvements Agreement on behalf of the City, authorize the City Manager to sign a Stormwater BMP Operation and Maintenance Agreement pending review and approval by the City Attorney, and authorize the recordation of the Final Map, Subdivision Improvements Agreement, and the Stormwater BMP Operation and Maintenance Agreement.

COMMUNITY ENGAGEMENT: Involve

December 8, 2015 – Planning Commission Approved Tentative Map. Residents within a 300 feet radius were informed of the Planning Commission's intent to approve the tentative map for the project. A public hearing was held to allow the public to be involved and voice their concerns over tentative map requirements.

ALTERNATIVE ACTIONS:

There is no feasible alternative action as the developer has met the requirements of the tentative map conditions approved by the Planning Commission to file for a final map approval.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

January 20, 2016 – City Council Approved Development Agreement.

FISCAL AND RESOURCE IMPACT:

Development review costs for this project are paid for from development processing fees.

CEQA (California Environmental Quality Act):

A Negative Declaration was adopted on November 24, 2000 for the Zoning Amendment and Annexation of the property and is filed with Zoning Amendment and Annexation Applications, ZA-00-06/ANX-00-02 Cochrane - Lupine.

LINKS/ATTACHMENTS:

1. Exhibit A map Tract 10411
2. Exhibit B Subdivision Improvement agreement Tract 10411
3. Exhibit C Stormwater BMP Operation and Maintenance Agreement Form Tract 10411
4. Tract 10411-Layout1

WE HEREBY STATE THAT WE ARE THE OWNERS OF, OR HAVE SOME RIGHT, TITLE, OR INTEREST IN AND TO THE REAL PROPERTY INCLUDED WITHIN THE SUBDIVISION SHOWN UPON THE HEINEN MAP; THAT WE ARE THE ONLY PERSONS WHOSE CONSENTS ARE NECESSARY TO PASS A CLEAR TITLE TO SAID REAL PROPERTY; THAT WE HEREBY CONSENT TO THE PREPARATION AND FILING OF SAID MAP AND SUBDIVISION AS SHOWN WITHIN THE DISTINCTIVE BOUNDARY LINE.

WE HEREBY RESERVE FOR THE EXCLUSIVE USE OF THE OWNERS OF LOTS 7 AND 8 THROUGH 14 A STORM DRAINAGE EASEMENT FOR THE PURPOSES OF THE COLLECTION, CONVEYANCE AND DISCHARGE OF STORMWATER, SEWAGE, POLES, WIRES AND CONDUITS FOR ELECTRICAL, TELEPHONE, TELEVISION, GAS, STORM DRAINAGE, SANITARY AND WATER SERVICES, AND ALL APPURTENANCES THEREON UNDER, UPON, OR OVER THE LOT AND DESIGNATED AS 7-15E (PUBLIC SERVICE EASEMENT) ON THE WITHIN MAP.

ALL OF THE HEREIN DESCRIBED STREETS AND EASEMENTS SHALL BE KEPT FREE OF BUILDINGS EXCEPT LAWFUL UNSUPPORTED ROOF OVERHANGS, AND OBSTRUCTIONS THAT DO NOT IMPAIR THE USE OF, OR ARE CONSISTENT WITH THE PURPOSES OF THE STREET OR EASEMENT.

THE HEREIN DESCRIBED OFFERS OF DEDICATION TO THE CITY OF MORGAN SHALL BE ACCEPTED ONLY WHEN THE CITY COUNCIL OF THE CITY OF MORGAN SHALL BE SUCCESSOR TO THE CITY OF MORGAN. THE CITY OF MORGAN SHALL HAVE THE RIGHT TO ACCEPT A RESOLUTION ACCEPTING SAID STREETS AND EASEMENTS, UNTIL SAID RESOLUTION(S) ARE ADOPTED. ALL STREETS AND EASEMENTS ENCUMBERED WITH SUCH OFFERS OF DEDICATION SHALL BE MAINTAINED BY THE DEVELOPER DURING ANY REQUIRED WARRANTY PERIOD AND THEREAFTER BY THE OWNER(S) OF THE LOTS OR PARCELS IN THE SUBDIVISION. THE CITY OF MORGAN SHALL HAVE THE RIGHT TO INSURE THE SUBDIVISION AND SHALL BE RESPONSIBLE TO DEFEND TO SUCH OFFERS OF STREETS AND EASEMENTS ON ANY IMPROVEMENT THEREON BY THE CITY OR OTHER AGENCY. THE CITY OF MORGAN SHALL HAVE THE RIGHT TO ACCEPT FOR MAINTENANCE BY THE CITY OR OTHER AGENCY SHALL BE MAINTAINED BY THE OWNER(S) OF THE LOTS OR PARCELS IN THE SUBDIVISION.

LUPINE INVESTORS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY
BY: DIVIDEND HOMES, INC., A CALIFORNIA CORPORATION
ITS: GENERAL MANAGER

ITS: _____

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

ON _____, BEFORE ME

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S) OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

SIGNATURE: _____
NAME (PRINT): _____

PRINCIPAL COUNTY OF BUSINESS:

MY COMMISSION EXPIRES

ALTIMIRA

BEING ALL OF PARCEL G, AS SAID PARCEL IS SHOWN UPON THAT CERTAIN TRACT MAP NO. 10094 ENTITLED, "AUCANTE PHASE 4", FILED FOR RECORD ON DECEMBER 16, 2011, IN BOOK 849 OF MAPS AT PAGES 32 THROUGH 34, SANTA CLARA COUNTY RECORDERS' OFFICE.

CITY OF MORGAN HILL COUNTY OF SAN JUAN CLAY
STATE OF CALIFORNIA
JANUARY 2017

1.) THE DISTINCTIVE BOUNDARY LINE INDICATES THE BOUNDARIES OF THE LAND SUBDIVIDED BY THIS FINAL MAP.

- 2.) THE AREA WITHIN THE DISTINCTIVE BOUNDARY IS 6.702 ACRES.
- 3.) ALL DISTANCES AND DIMENSIONS ARE IN FEET AND DECIMALS THEREOF.
- 4.) A GEOTECHNICAL REPORT WAS PREPARED BY TOW MOADISS CONSULTING, INC. ON DATED NOVEMBER 2, 2015, PROJECT NO. E 438-1, PHONE (408) 629-3822
- 5.) THE PROPERTY OWNER IS PROVIDING CONSTRUCTIVE NOTICE HERON THAT EACH LOT IS SUBJECT TO EASEMENTS, ENCUMBRANCES, AND OTHER INTERESTS, AND THAT THE PROPERTY OWNER HAS BEEN ADVISED BY THE RECORDING OFFICE OF THE PROPERTY OWNER TO DELAY, MUST BE FULFILLED BY THE SUBSEQUENT PROPERTY OWNER/OWNER.

THE CITY COUNCIL OF THE CITY OF MORGAN HILL AT ITS REGULAR MEETING HELD ON _____, DULY APPROVED THE FINAL MAP SHOWN HEREON, AUTHORIZED ITS RECORDATION, AND ACCEPTS ON BEHALF OF THE PUBLIC, SUBJECT TO THEIR IMPROVEMENT IN ACCORDANCE WITH CITY STANDARDS, THE STREETS AND EASEMENTS OFFERED FOR DEDICATION FOR PUBLIC USE IN CONFORMITY WITH THE TERMS OF THE OFFER OF DEDICATION.

IRMA TORREZ
CITY CLERK OF THE CITY OF MORGAN HILL

DATE _____

I HEREBY STATE THAT THIS FINAL MAP AND THE FIELD SURVEY, UPON WHICH THE MAP IS BASED, WERE MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBMISSION MAP ACT AND LOCAL ORDINANCE. AT THE TIME THE FIELD SURVEY WAS MADE, I BELIEVED THAT THE MONUMENTS ARE THE TRUE AND COMPLETE AS SHOWN THAT ALL THE MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED, OR WILL BE IN SUCH POSITIONS ON OR BEFORE JUNE 15, 2018 AND THAT SUCH MONUMENTS ARE, OR WILL BE, SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED. I HEREBY STATE THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP.

HARINDER SINGLA, P.L.S. 834/

DAIRY



I HEREBY STATE THAT I HAVE EXAMINED THIS FINAL MAP, THE SUBDIVISION AS SHOWN, IS SUBSTANTIALLY THE SAME AS IT APPEARED ON THE TENTATIVE MAP, IF REQUIRED, AND ANY APPROVED ALTERATIONS THEREOF. ALL PROVISIONS OF THE SUBDIVISION MAP ACT, AS AMENDED, AND OF ANY LOCAL ORDINANCES APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP, IF REQUIRED, HAVE BEEN COMPLIED WITH.

KARL D. BJARKE - CITY ENGINEER
CITY OF MORGAN HILL, CALIFORNIA
R.C.E. NO. 39416

DATA



I HEREBY STATE THAT I HAVE EXAMINED THIS FINAL MAP AND THAT I AM SATISFIED THAT SAID MAP IS TECHNICALLY CORRECT.

JOHN K. KING - ACTING CITY SURVEYOR
P.L.S. NO. 6809

DATA



I HEREBY STATE THAT THE TENTATIVE MAP FOR THE FINAL MAP SHOWN HEREON WAS CONDITIONALLY APPROVED ON _____ BY THE PLANNING COMMISSION OF THE CITY OF MORCAN HILL, CALIFORNIA, BY RESOLUTION NUMBER 15--14, APPLICATION NUMBER SD-15--05.

2D-10-00

ANDREW CRABTREE

DATE _____

FILED THIS ____ DAY OF _____, 20__

AT _____ M. IN BOOK _____ OF MAPS, AT PAGES _____ AT THE REQUEST OF
M.H. ENGINEERING CO.

FILE NO. _____

FREE

REGINA ALCOMENDRAS, COUNTY RECORDER OF SANTA CLARA COUNTY

BY: _____
DEPUTY _____

TRACT NO. 10120 ALTIMIRA

BEING ALL OF PARCEL G, AS SAID PARCEL IS SHOWN UPON THAT CERTAIN TRACT MAP NO. 10094 ENTITLED "ALCANTATE PHASE 4", FILED FOR RECORD ON DECEMBER 16, 2011, IN BOOK 849 OF MAPS AT PAGES 32 THROUGH 34, SANTA CLARA COUNTY RECORDER'S OFFICE. CITY OF MORGAN HILL COUNTY OF SANTA CLARA STATE OF CALIFORNIA JANUARY 2017

SHEET 2 OF 2

LEGEND

- SET 3/4" IRON PIPE, TAGGED R.C.E. 24893
- FOUND IRON PIPE, AS NOTED
- ⊙ FOUND MONUMENT IN MONUMENT BOX, AS NOTED

DISTINCTIVE BOUNDARY LINE
CENTERLINE

LOT LINE

BDM BRASS DISK MONUMENT

EX. EXISTING

FD. FOUND

IP. IRON PIPE

MON. MONUMENT

PM. PARCEL MAP

P.S.D.E. PRIVATE STORM DRAINAGE EASEMENT

P.S.E. PUBLIC SERVICE EASEMENT

PRIVATE WATER LINE EASEMENT

PER DOC#20629710, ENCUMPERSED

WITHIN EXISTING 10' P.S.E.

FRONTING A PORTION OF LOT 6

AND ALL OF LOT 7

SF. SQUARE FEET

RECORD DATA

TRACT MAP NO. 10094
ALCANTATE PHASE 4
BOOK 849, MAPS, PGS 32-34
TRACT MAP NO. 9578
ALCANTATE PHASE 1
BOOK 774, MAPS, PGS 49-52

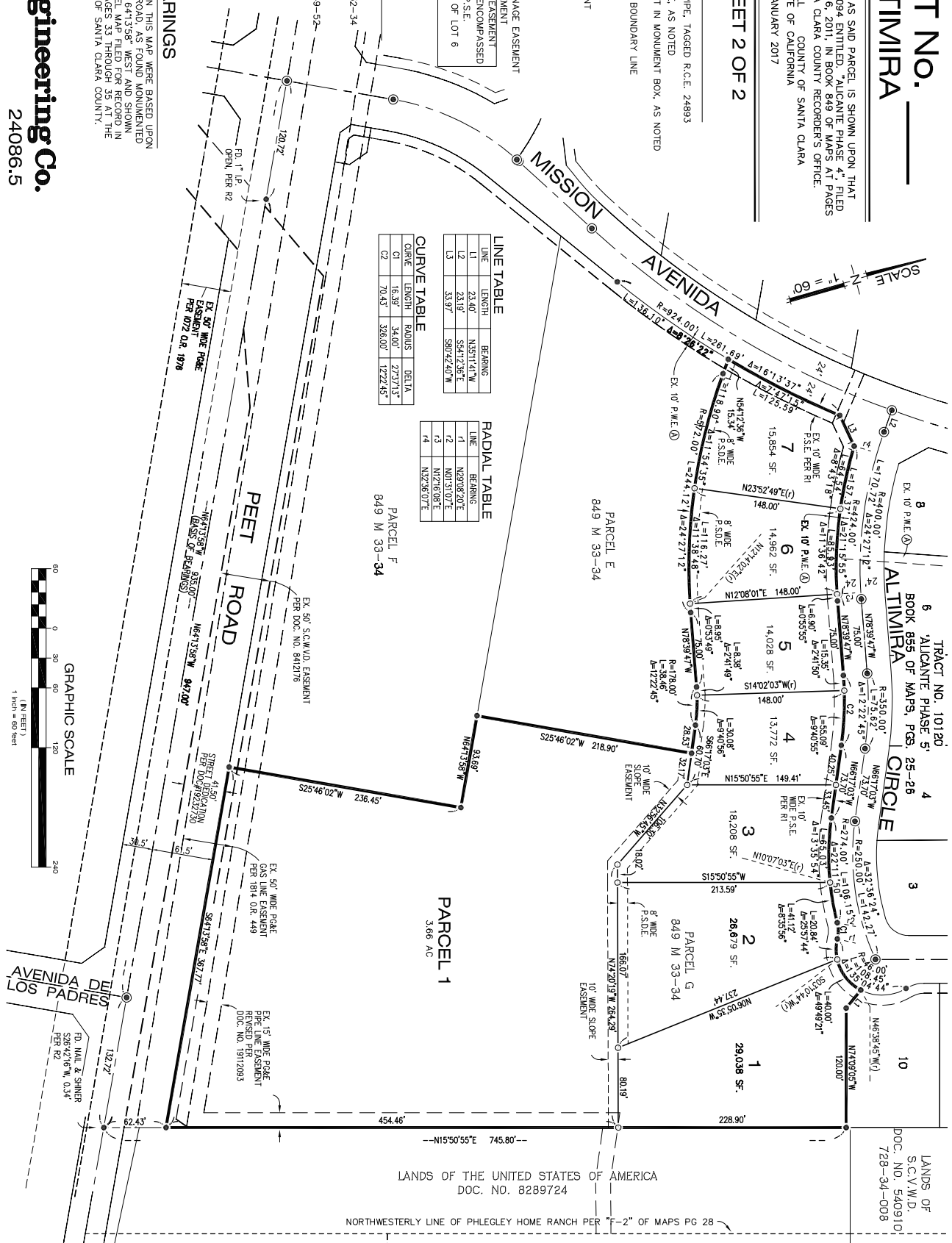
LINE TABLE			
LINE	LENGTH	BEARING	
L1	23.40'	N53°11'41"W	
L2	23.19'	S54°12'56"E	
L3	33.97'	S50°42'40"W	

RADIAL TABLE			
LINE	BEARING		
r1	N29°08'20"E		
r2	N01°31'07"E		
r3	N12°16'08"E		
r4	N32°36'07"E		

CURVE TABLE			
CHORD	LENGTH	RADIUS	DELTA
C1	16.39'	34.00'	27°17'13"
C2	70.43'	356.00'	122°24'45"

PARCEL F
849 M 33-34

PARCEL 1
3.66 AC



MH engineering Co.
16075 Thayer Boulevard
Morgan Hill, CA 95037
24086.5

EXHIBIT B

RECORDING REQUESTED BY
WHEN RECORDED RETURN TO

CITY OF MORGAN HILL
City Clerk's Office
17575 PEAK AVENUE
MORGAN HILL, CA 95037

(RECORD AT NO FEE PURSUANT TO
GOVERNMENT CODE SECTION 27383)

THE AREA ABOVE IS RESERVED FOR RECORDER'S USE

SUBDIVISION IMPROVEMENTS AGREEMENT

ALICANTE 2016 INC.

ALTIMIRA – TRACT NO. 10411

This Subdivision Improvements Agreement ("Agreement") between the City of Morgan Hill, a municipal corporation ("City"), and **ALICANTE 2016 INC., a CALIFORNIA CORPORATION** ("Subdivider"), is entered into this ____ day of _____, 20___. City and Subdivider hereby acknowledge the following:

1. Subdivider has filed a Tentative Subdivision Map and supporting documents for **Tract No. 10411**, the subdivision known as **ALTIMIRA** ("Map").
2. City desires, as part of the conditions of approval ("Conditions") of the Final Tract Map or Parcel Map ("Final Map"), that certain improvements be installed by Subdivider ("Improvements") as shown on the City Engineer approved and signed Subdivision Improvement Plans entitled "Improvement Plans for **ALTIMIRA, Tract No. 10411**" ("Plans").
3. Subdivider has been unable to complete, prior to filing of the Final Map, all of the improvements required by City to the satisfaction of the City Engineer.
4. Subdivider is required by the terms of the Morgan Hill Municipal Code ("Municipal Code"), to improve all streets, highways, or public areas which are part of the development, including but not limited to necessary paving, curbs, sidewalks, catch basins, water mains, culverts, storm drains, and sanitary sewers, in accordance with the plans and specifications on file with the City Engineer and to post certain securities to secure the completion of the Improvements.
5. To assure City that Subdivider will construct, install and complete all Improvements required for the Subdivision, the parties have entered into this Agreement.

EXHIBIT B

6. This Agreement is executed pursuant to California Government Code Section 66410, et seq., and Chapter 17.32 of the Municipal Code in order to provide for the manner in which Improvements shall be constructed and completed.

NOW, THEREFORE, and in consideration of the approval of the Final Map, and in order to ensure satisfactory performance by Subdivider of Subdivider's obligations under the Conditions, the Subdivision Map Act, and applicable ordinances of City, the parties hereto, for themselves, their successors, and assigns, hereby agree as follows:

Section 1. Incorporation by Reference

The Development Agreement between Subdivider and City, if applicable, Subdivider's Map application, the Conditions, the Map, all Plans as referenced in Section 2 below and all items submitted to the Planning Department, Planning Commission and City Council, all are incorporated herein by reference. In the event of any inconsistency between their representations in any incorporated documents and this Agreement, this Agreement shall govern.

Section 2. Construction of Improvements

(a) Subdivider shall construct to the approval of City, and as provided for in the Conditions, the Improvements as shown fully executed in the Plans entitled "Improvement Plans for **ALTIMIRA – TRACT NO. 10411**".

(b) Acquire and dedicate, or pay the cost of acquisition by City, of all rights-of-way, easements, and other interests in real property for the construction or installation of the Improvements, free and clear of all liens and encumbrances.

(c) Survey Monumentation:

(1) Subdivider shall place survey monumentation as described on the Map.

(2) Subdivider shall replace or repair all survey monumentation that is destroyed or damaged as a result of Subdivider's activities. Any such repair or replacement shall be to the satisfaction and subject to the approval of City.

Section 3. Modification of Plans

Subdivider agrees that, if during the construction of the Improvements, it is determined by City that revisions to the Plans are necessary in the interest of the public, Subdivider will undertake such design and construction changes required by City. Said changes, if any, shall be confined to the premises owned by Subdivider.

Section 4. Security

(a) Pursuant to California Government Code Section 66499.3(a), and the Municipal Code, Subdivider shall, concurrently with the execution hereof, furnish a surety bond in an amount equal to at

EXHIBIT B

least one hundred percent (100%) of the estimated construction cost of the Improvements as security guaranteeing the faithful performance of the Improvements and this Agreement ("Performance Bond").

Improvements and the City Engineer's Estimated Costs of Improvements as of July 2017 are attached hereto as Exhibit "A".

The Performance Bond shall be in a form substantially the same as Exhibit "B".

(b) Pursuant to California Government Code Section 66499.3(b), Subdivider shall, concurrently with the execution hereof, furnish a surety bond in an amount equal to one hundred percent (100%) of the estimated construction cost of the Improvements (as listed in Section 4(a) above) as security guaranteeing the payment to the contractors, subcontractors and persons furnishing labor, materials, or equipment in connection with this Agreement ("Labor and Materials Bond"). The Labor and Materials Bond shall be in a form substantially the same as Exhibit "C".

(c) Subdivider shall, upon completion of the Improvements, furnish a surety bond in an amount equal to fifty percent (50%) of the estimated construction cost of the Improvements (as listed in Section 4(a) above) to secure the guarantee and warranty of the work for a period of one year following the completion and acceptance thereof by the City Council ("Warranty Period") against any defective work or labor performed, or defective materials furnished by Subdivider in connection with this Agreement ("Warranty Bond"). The Warranty Bond shall be in a form substantially the same as Exhibit "D".

(d) Pursuant to Government Code Section 66499.9, any liability upon the security given for faithful performance of any act or agreement shall be limited to:

(1) The performance of the work covered by the Agreement or the performance of the required act.

(2) The performance of any changes or alterations in such work; provided that all changes or alterations do not exceed ten percent of the original estimated cost of the Improvements.

(3) The guarantee and warranty of the work for a period of one year following completion and acceptance thereof, against any defective work or labor done or defective materials furnished in the performance of the Agreement or the performance of the act.

(4) Costs and reasonable expenses and fees, including reasonable attorneys' fees.

(e) The surety on each bond and the form thereof shall be satisfactory to City. The surety shall be furnished by a surety company authorized to write the same in the State of California and that is approved and accepted by the City's risk manager.

(f) Subdivider agrees to furnish any bonds required by the State or County for Improvements outside the City's jurisdiction.

(g) The release of any securities shall be governed by the provisions of Government Code Section 66499.7.

EXHIBIT B

Section 5. Inspections

At least fifteen (15) calendar days prior to the commencement of any work hereunder, Subdivider shall notify City in writing of the fixed start date of construction so that City shall be able to provide inspection services. Subdivider shall at all times maintain proper facilities and provide safe access to all parts of the work site(s) for City inspections, including any workshops or plants where work related to the Improvements is being conducted.

Subdivider shall pay and reimburse City for all expenses incurred by City for inspecting and checking all work to be performed under the provisions of the Municipal Code or this Agreement. City Engineering plan checking and field improvement inspection costs are included in the Department of Public Works Fee Schedule which may be revised from time to time.

Section 6. Timing of Performance

Subdivider agrees to perform and complete all Improvements within eighteen (18) months from the date of the recording of the Final Map; provided however, the City Manager may extend the deadline for completion by not more than six (6) months at his reasonable discretion and determination that granting the extension will not be detrimental to the public welfare. No extension of this deadline for completion shall be made except upon the basis of a written application made by Subdivider stating fully the ground for the application and the facts relied upon for an extension.

It is further agreed by and between Subdivider and City that any extension granted shall in no way affect the validity of this Agreement or release the surety (ies) on any bond attached hereto or the financial institution guaranteeing the same. Subdivider further agrees to maintain the securities described in Section 4 above in full force and effect during the terms of this Agreement, including any extensions of time as may be granted, and until such time as the Improvements have been accepted for maintenance by City

Section 7. Work Performance and Warranty

(a) Subdivider shall construct, at Subdivider's own expense, all of the Improvements in a good and workmanlike manner, and furnish all required materials incident thereto, in accordance with the Plans and to the satisfaction of City, including any changes required by City which in City's opinion are necessary to complete the Improvements.

(b) All work shall be conducted and completed in accordance with the Plans and federal, state, Municipal Code, laws, ordinances, and regulations. For any Improvements partially completed prior to this Agreement, Subdivider agrees to complete the Improvements in accordance with this Agreement.

(c) Neither Subdivider, nor any of Subdivider's agents or contractors in connection with Subdivider's obligations under this Agreement are, or shall be considered to be, employees or agents of City.

(d) The work performance for the Improvements shall not be deemed complete until such time as such Improvements have been accepted for maintenance by the City Council.

(e) Subdivider warrants that: (1) it has investigated the work to be performed under this agreement, (2) it has investigated the site of the work and is aware of all conditions there; and (3) it

EXHIBIT B

understands the difficulties and restrictions of the work under this Agreement. Should Subdivider discover any conditions materially differing from those inherent in the Improvements or work or as represented by City, it shall immediately inform City and shall not proceed, except at Subdivider's risk, until written instructions are received from City.

(f) Subdivider guarantees and warrants the work required by this Agreement and agrees to remedy any defects in the Improvements or work arising from faulty or defective materials or construction occurring within one year after its acceptance. Following notice, Subdivider shall, without delay or cost to City, repair, replace, or construct any defective or unsatisfactory portion of the Improvements. City may, at its sole option, perform the repair or replacement itself if Subdivider or its surety has failed to commence repair within twenty (20) days after City has mailed written notice to Subdivider. In such event, Subdivider or its surety agrees to pay the cost of repair and replacement to City, plus fifteen percent (15%); and City may recover such costs as a lien against the Subdivision. City may proceed immediately to make repairs should an emergency arises.

Section 8. Acquisition and Dedication of Easements or Rights-of-Way

(a) No construction or installation of the Improvements shall be commenced before:

(1) The offer of dedication to City of appropriate rights-of-way, easements, or other interests in real property for the Improvements, which offer of dedication shall be irrevocable and remain open pursuant to California Government Code Section 66477.2, and authorization from the property owner to allow construction or installation of Improvements, or

(2) The dedication to, and acceptance by, City of appropriate rights-of-way, easements, or other interests in real property, as determined by the City Engineer, or

(3) The issuance by a court of competent jurisdiction pursuant to state Eminent Domain Law of an order of possession.

(b) Except as otherwise provided by this Agreement, City rejects all lands, rights-of-way, and easements offered for dedication on the Final Map of the Subdivision. All such offers shall, however, remain open, and shall constitute irrevocable offers of dedication in accordance with Government Code Section 66477.2. All such offers may be accepted by City in its sole discretion at any later date without further notice to Subdivider as provided by law. By way of explanation only, it is the current intention of City to accept all or part of the irrevocable offers to dedicate upon acceptance of the Improvements called for in this Agreement.

(c) Nothing in this Section 8 shall be construed as authorizing or granting an extension of time to Subdivider.

Section 9. Indemnity

Subdivider hereby agrees to save harmless and indemnify, including, without limitation, City's defense costs (including reasonable attorney's fees), from and against any and all suits, actions, or claims, of any character whatever, brought for, or on account of any injuries or damages sustained by any person or property resulting or arising, or alleged to have resulted or arisen, from Subdivider or Subdivider's contractors, subcontractors, agents, or employees activities, omissions or operations pursuant to this

EXHIBIT B

Agreement. Should City be named in any suit, or should any claim be brought against it by suit or otherwise, whether the same be groundless or not, arising out of this Agreement, or its performance, Subdivider will defend City, (at City's request and with counsel satisfactory to City) and will indemnify City for any judgment rendered against it or any sums paid out in settlement or otherwise.

Subdivider shall defend, indemnify, and hold harmless the City and its elective and appointive boards, officials, officers, agents, employees and volunteers from any claim, action, or proceeding to review, set aside, void, or annul an approval of the City concerning the Map and acts made in respect thereof, provided any such action is brought within the time period provided for in California Government Code Section 66499.37.

City shall promptly notify Subdivider of any claim, action, or proceeding, and cooperate fully in the defense of any claim, action, or proceeding.

It is expressly understood and agreed that this Subsection (a) will survive termination of this Agreement.

Section 10. Insurance

Concurrent with the execution of this Agreement, Subdivider is required to procure and provide proof of the insurance coverage required by this section in the form of certificates and endorsements. The required insurance must cover the activities of Subdivider and its Subcontractors relating to or arising from the performance of work associated with the Improvements, and must remain in full force and effect at all times during the period covered by the Agreement, including any extensions of time as may be granted, and until such time as the Improvements have been accepted for maintenance by the City. The coverages may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by excess or "umbrella" policies, provided each such policy complies with the requirements set forth herein. If the Subdivider will utilize the services of a General Contractor to perform all of the work associated with the Improvements, then Subdivider may opt to have all coverages provided by Subdivider's General Contractor. If Subdivider fails to provide any of the required coverage in full compliance with the requirements outlined in this Agreement City shall issue a stop work order, or terminate the Agreement for default. Subdivider further understands that the City reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to Subdivider, at any time as deemed necessary to protect the interests of the City.

(a) Policies and Limits. The following insurance policies and limits are required for this Agreement:

- (1) Commercial General Liability Insurance ("CGL"): Subdivider shall maintain CGL and shall include coverage for liability arising from Subdivider's or its Subcontractor's acts or omissions in the performance of work associated with the Improvements against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) two million dollars (\$2,000,000.00) for bodily injury or death to any one person for any one accident or occurrence and at least two million dollars (\$2,000,000.00) for property damage, or (ii) the maximum amount of such insurance available to Subdivider under Subdivider's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Further, if CGL coverage is being provided by Subdivider's General Contractor pursuant to Section 10, General Contractor

EXHIBIT B

may elect to insure the CGL exposures under an “Owners and Contractors Protective Liability Policy (OCP)” on which the City is included as an additional insured.

a. CGL policy may not exclude explosion, collapse, underground excavation hazard, or removal of lateral support.

b. CGL policy must include contractor’s protected coverage, blanket contractual, and completed operations.

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

(3) Automobile Liability: Subdivider shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if Subdivider does not own automobiles, then Subdivider shall maintain Hired/Non-owned Automobile Liability) against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) for bodily injury or death to any one person for any one accident or occurrence and at least one million dollars (\$1,000,000.00) for property damage, or (ii) the maximum amount of such insurance available to Subdivider under Subdivider’s combined insurance policies (including any excess or “umbrella” policies), whichever is greater.

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

(b) Required Endorsements. Subdivider shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below. Further, if coverages are being provided by Subdivider’s General Contractor pursuant to Section 10, endorsements may not be restricted to work performed “under a written contract” (i.e. “blanket endorsements”)

(1) ALL Policies:

EXHIBIT B

“Waiver of Subrogation” - Each required policy must include an endorsement providing that the carrier agrees to waive any right of subrogation it may have against the City of Morgan Hill and the City’s elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.

(2) ALL Policies except Workers Compensation:

a. “Additionally Insured” - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds.

(3) General Liability:

a. “Primary and Non-Contributing” - Insurance shall be primary non-contributing;

b. “Separation of Insureds” - The inclusion of more than one insured will not operate to impair the rights of one insured against another, and the coverages afforded will apply as though separate policies have been issued to each insured.

(c) Subcontractors. Subdivider must ensure that each Subcontractor is required to maintain the same insurance coverage required under this Section 10 as appropriate based on each subcontractor’s scope of work, with respect to its performance of work associated with the Improvements, including those requirements related to the additional insureds and waiver of subrogation.

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

(e) Certificates. Subdivider shall furnish City with copies of all policies or certificates as outlined herein, whether new or modified, promptly upon receipt. No policy subject to the Subdivider’s agreement with the City shall be reduced, canceled, allowed to expire, or materially changed except after thirty (30) days' notice by the insurer to City, unless due to non-payment of premiums, in which case ten (10) days written notice must be made to City. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

EXHIBIT B

Section 11. Permits and Requisite Fees

(a) Subdivider shall pay all current fee obligations in the total amount of **\$435,265** due under City Resolution No. 5592, as amended, in accordance with the Department of Public Work fee schedule, as follows:

- (1) **\$118,358** payable at the time of recording of the Final Map, and
- (2) **\$316,907** payable on a pro-rata basis for each individual lot in the Subdivision prior to final inspection of each and every residence.
- (3) All fees payable pursuant to this Subsection (a) constitutes valid and due consideration for City's approval of the Final Map, and amounts set forth are estimates that are subject to change prior to the issuance of building permit(s), subject to resolution or ordinance of the City Council.

(b) Subdivider shall, at its expense, obtain all necessary permits and licenses for the construction of the Improvements, give all necessary notices, and pay all fees and taxes required by law.

(c) Subdivider shall obtain a City of Morgan Hill Business License.

(d) Subdivider agrees to procure, at its expense, any necessary permits for Improvements outside the City's jurisdiction.

Section 12. On-Site Supervision

Subdivider shall designate an on-site supervisor, satisfactory to City, who shall be on the work site(s) at all times during the construction of the Improvements, and who has the authority to act on behalf of Subdivider when communicating with City personnel.

Section 13. Waiver

Waiver by City or Subdivider of any breach of any of the provisions of the Agreement shall not constitute a waiver of any other provision, nor a waiver of any subsequent breach or violation of the same or any other provision of this Agreement. Acceptance by City of any work by Subdivider shall not be a waiver of any of the provisions of this Agreement.

Section 14. Notices. All notices shall be personally delivered or mailed, via first class mail to the below listed addresses. These addresses shall be used for delivery of service of process. Notices shall be effective five (5) days after date of mailing, or upon date of personal delivery.

- a. Address of Subdivider is as follows:
c/o Richard Oliver
Alicante 2016 INC.
385 Woodview Avenue, #100
Morgan Hill, CA 93037

- b. Address of City is as follows:

With a copy to:

EXHIBIT B

Public Works Director
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

City Clerk
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

Section 15. Noncompliance

If City determines that Subdivider is in violation of any federal, state, County or City laws, ordinances, rules, regulations, and requirements, and/or the terms and provisions of this Agreement, it may issue a cease and desist order, stop work order, or other action City deems necessary.

Section 16. Notice of Breach and/or Default

City may serve written notice upon Subdivider and surety of breach of this Agreement or of any portion thereof, and default of Subdivider for any of the following circumstances:

- (a) Subdivider refuses or fails to complete the Improvements as required in Section 6 above.
- (b) Subdivider refuses or fails to perform or cure any defects in the Improvements as required in Section 7.
- (c) Subdivider is insolvent, is subject to a receivership, or files any petition in bankruptcy, either voluntary or involuntary which Subdivider fails to discharge within thirty (30) days.
- (d) The commencement of a foreclosure action against the Subdivision or any portion thereof, or any conveyance in lieu of or in avoidance of foreclosure.
- (e) Subdivider or any of Subdivider's contractors, subcontractors, agent, or employees materially violates any of the provisions of this Agreement and not cure the violation within a reasonable time.

Section 17. Performance by Surety or City

- (a) In the event of a material breach and/or default by Subdivider, Subdivider's surety shall have the duty to take over and complete the Improvements.
- (b) If the surety, within a reasonable time after receiving notice of Subdivider's default does not provide City written notice to take over the performance of this Agreement or if the surety does not commence performance thereof within the time specified in such notice to City, City may take over the construction of the Improvements and prosecute the same to completion, by contract or by any method City may deem advisable, on behalf and at the expense of Subdivider, and Subdivider's surety shall be liable to City for any excess cost or damages incurred by City thereby. In such event, City, without liability for so doing, may take possession of and utilize such materials, appliances, and other property belonging to Subdivider as may be on the work site(s) and necessary therefore to complete the Improvements.
- (c) City shall have the right to draw upon or utilize the appropriate security provided for in Section 4 to recover costs and damages to City damages. The right of City to draw upon or utilize the

EXHIBIT B

security is additional and not in lieu of any other remedy available to City at law or in equity. The parties agree that the estimated costs and security amounts may not reflect the actual cost of construction or installation of Improvements, and therefore, City damages for Subdivider's default shall be measured by the cost of completing the required Improvements.

(d) Failure of Subdivider to comply with terms of this Agreement shall constitute consent to filing by City of a notice of violation against all lots in the Subdivision, or to rescind the approval or otherwise revert the Subdivision to acreage. The remedies provided in this Subsection (d) are in addition to and not in lieu of other remedies available to City.

(e) In the event that Subdivider fails to perform any obligation under this Agreement, Subdivider agrees to pay all costs and expenses incurred by City in securing performance of such obligation, including the costs of suit and reasonable attorney's fees.

(f) The failure by City to take an enforcement action with respect to a default, or to declare a breach, shall not be construed as a waiver of that default or breach or subsequent default or breach.

Section 18. Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the parties. It shall be recorded in the Office of the Recorder of Santa Clara County concurrently with the Final Map of the Subdivision and shall constitute a covenant running with the land and an equitable servitude upon the real property within the Subdivision. It shall be the responsibility of City to cause the executed Agreement to be recorded.

Section 19. Effective Date

This Agreement shall be effective as of the date and year first above written.

Section 20. Amendment of Agreement

This Agreement may only be amended by mutual consent of the original parties or their successors in interest, provided that any such amendment is executed in writing by the parties to be bound thereby.

Section 21. Execution

By signing this Agreement, the person signing states that he or she is authorized to enter into contracts on behalf of Subdivider. The undersigned, on behalf of Subdivider, binds Subdivider, its partners, successors, executors, administrators, and assigns with respect to the terms and conditions of this Agreement.

Section 22. Non-Liability of Officials and Employees of the City.

No official or employee of City shall be personally liable for any default or liability under this Agreement.

Section 23. Law to Govern: Venue

The law of the State of California shall govern this Agreement. In the event of litigation between the parties, the action must be filed in the Santa Clara County Superior Court.

EXHIBIT B

Section 24. Limitations Upon Subcontracting and Assignment.

Neither this Agreement or any portion shall be assigned by Subdivider without prior written consent of City.

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Attachment: Exhibit B Subdivision Improvement agreement Tract 10411 (1420 : FINAL MAP APPROVAL OF ALTIMIRA – TRACT NO. 10411)

EXHIBIT B

Section 25. Miscellaneous

(a) Compliance with Law: Subdivider shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.

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

(c) Conflict of Interest and Reporting. Subdivider shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

(d) Time of Essence. Time is of the essence in the performance of this Agreement.

(e) Interpretation. This Agreement shall be interpreted as though prepared by both parties.

(f) Preservation of Agreement. Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

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

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

CITY OF MORGAN HILL

By:

Christina Turner, City Manager

Date: _____

ATTEST:

By:

Michelle Wilson, Deputy City Clerk

Date: _____

APPROVED AS TO FORM:

By:

Donald A. Larkin, City Attorney

Date: _____

"Subdivider"**ALICANTE 2016 INC.**

By:

Print Name

(If Corporation, must be Chairperson of the Board, President, or Vice President)

Date: _____

By:

Print Name

(If Corporation, must be Secretary, Assistant Secretary, CFO, or Assistant Treasurer)

Date: _____

EXHIBIT "A"

IMPROVEMENTS AND

ESTIMATED COSTS OF IMPROVEMENTS

AS OF JULY 2017

MH 204086.5

7/26/2017

Engineers Cost Estimate for
Altimira (Tr#10411) Public Improvements Only

Item	Description	Quantity	Unit	Unit Price	Total
<i>Schedule I - Streets and Earthwork</i>					
1	Altimira Circle grind and 'AC' overlay	17,370	SF	\$ 2.00	\$ 34,740.00
2	Demolish portions of existing curb, gutter & sidewalk to install 7 each City std. driveway approaches	188	LF	\$ 55.00	\$ 10,340.00
Total Schedule I					\$ 45,080.00
<i>Schedule II - Water</i>					
1	Install City std 1" water services under existing street (includes street pavement restoration per City std detail 'U-2')	7	EA	\$2,500	\$ 17,500.00
Total Schedule II					\$ 17,500.00
<i>Schedule III - Sanitary Sewer</i>					
1	Install City std 4" sewer laterals under existing street (includes street pavement restoration per City std detail 'U-2')	7	EA	\$4,000	\$ 28,000.00
Total Schedule III					\$ 28,000.00
Estimated Const Cost (I-III)					\$ 90,580.00

SUB TOTAL \$90,580

10% CONTINGENCY \$9,058

TOTAL \$99,638

Attachment: Exhibit B Subdivision Improvement agreement Tract 10411 (1420 : FINAL MAP APPROVAL OF ALTIMIRA - TRACT NO. 10411)

EXHIBIT "B"
PERFORMANCE BOND
(100% of Engineer's Estimate)

Bond No.:

Premium: _____

Whereas, the City Council of the City of Morgan Hill, State of California, and _____ (hereinafter designated as "principal") have entered into a Subdivision Improvement Agreement:

ALICANTE 2016 INC.
ALTIMIRA – TRACT NO. 10411

whereby principal agrees to install and complete certain designated public improvements, which said agreement, dated _____, 20_____, and identified as project **ALTIMIRA – TRACT NO. 10411**, is hereby referred to and made a part hereof; and

Whereas, said principal is required under the terms of said agreement to furnish a bond for the faithful performance of said agreement.

Now, therefore, we, the principal and _____, as surety, are held and firmly bound unto the City of Morgan Hill hereinafter called ("City"), in the penal sum of **Ninety Nine Thousand Six Hundred Thirty Eight dollars (\$99,638)** lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The Surety's office is located at _____,

Telephone No. _____; the Surety is licensed to do business in the State of California; and the California Insurance Agent's License No., address, and telephone number are as follows:

License No.:

Address: _____

Telephone No.: _____ .

The non-resident agent for the Surety, if any, is a party to the transaction:

Name of non-resident _____

agent:

Non-resident agent's office
address:

Telephone
No.:

The condition of this obligation is such that if the above bounded principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

Executed this _____ day of _____ 20____.

Principal

Principal

By:

Surety

By:

Attorney-in Fact

By:

California Resident Agent

By:

Non-resident Agent - Attorney-in-Fact

APPROVED:

Karl Bjarke, Public Works Director

Date:

APPROVED AS TO FORM:

By:

Donald A. Larkin, City Attorney

Date:

(Acknowledgment on following page.)

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

State of **California**
County of **Santa Clara**

On _____ 20__, before me, _____ a Notary Public in and for said County and State, personally appeared _____ proved to me on the basis of satisfactory evidence to be the person whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

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

State of **California**
County of **Santa Clara**

On _____ 20__, before me, _____ a Notary Public in and for said County and State, personally appeared _____ proved to me on the basis of satisfactory evidence to be the person whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

EXHIBIT "C"
LABOR AND MATERIAL BOND
(100% of Engineer's Estimate)

Bond No.: _____

Premium: _____

Whereas, the City Council of the City of Morgan Hill, State of California, and **ALICANTE 2016 INC., a CALIFORNIA CORPORATION** (hereinafter designated as "the principal") have entered into a Subdivision Improvement Agreement:

ALICANTE 2016 INC.
ALTIMIRA – TRACT NO. 10411

whereby the principal agrees to install and complete certain designated public improvements, which agreement, dated _____, 20_____, and identified as project **ALTIMIRA – TRACT NO. 10411**, is hereby referred to and made a part hereof; and Whereas, under the terms of the agreement, the principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Morgan Hill to secure the claims to which reference is made in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code of the State of California.

Now, therefore, the principal and the undersigned as corporate surety, and their successors and assigns are held firmly bound unto the City of Morgan Hill and all contractors, subcontractors, laborers, material suppliers, and other persons employed in the performance of the agreement and referred to in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code in the sum of **Ninety Nine Thousand Six Hundred Thirty Eight dollars (\$99,638)**, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this work or labor, that the surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City of Morgan Hill in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety's office is located at _____,

Telephone No. _____; the Surety is licensed to do business in the State of California; and the California Insurance Agent's License No., address, and telephone number as follows:

License No.:

Address: _____

Telephone No.: _____ .

The following non-resident agent, if any, for the Surety is a party to the transaction:

Name of non-resident agent: _____ ,

Non-resident agent's office address: _____

Telephone No.: _____ .

The surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

Executed this _____ day of _____ 20____ .

Principal

Principal

By:

Surety

By:

Attorney-in Fact

By:

California Resident Agent

By:

Non-resident Agent - Attorney-in-Fact

APPROVED:

Karl Bjarke, Public Works Director

Date:

APPROVED AS TO FORM:

By:

Donald A. Larkin, City Attorney

Date:

(Acknowledgment on following page.)

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

State of **California**
County of **Santa Clara**

On _____ 20__, before me, _____ a Notary Public in and for said County and State, personally appeared _____ proved to me on the basis of satisfactory evidence to be the person whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

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

State of **California**
County of **Santa Clara**

On _____ 20__, before me, _____ a Notary Public in and for said County and State, personally appeared _____ proved to me on the basis of satisfactory evidence to be the person whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

**EXHIBIT “D”
WARRANTY BOND
(50% of Engineer’s Estimate)**

Bond No.:

Premium: _____

Whereas, the City Council of the City of Morgan Hill, State of California (hereinafter designated as “City”), and **ALICANTE 2016 INC., a CALIFORNIA CORPORATION** (hereinafter designated as “Principal”) have entered into a Subdivision Improvement Agreement (hereinafter “Agreement”):

**ALICANTE 2016 INC.
ALTIMIRA – TRACT NO. 10411**

whereby the Principal agrees to install and complete certain designated public improvements (hereinafter “Improvements”), which said Agreement, dated _____, 20_____, and identified as project **ALTIMIRA – TRACT NO. 10411**, is hereby referred to and made a part hereof; and

Whereas, under the terms of said Agreement, the Principal is required to furnish a bond to guarantee and warrant the work required by said Agreement for a period of one year following the completion and acceptance by the City of the Improvements, against any defective work or labor performed, or defective materials furnished by Principal.

Now, therefore, we, the Principal and _____ as Surety, are held and firmly bound unto the City of Morgan Hill in the penal sum of **Forty Nine Thousand Eight Hundred Nineteen dollars (\$49,819)** for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

If Principal faithfully carries out and performs its guarantee and warranty under the Agreement, and, on due notice from City, repairs and make good at its sole expense any and all defects in materials and workmanship in the Project which are discovered during the Warranty Period, or if Principal promptly reimburses City for all loss and damage that City sustains because of Principal’s failure to makes such repairs in accordance with the Agreement requirements, then Surety’s obligations under this Bond will be null and void. Otherwise, Surety’s obligations will remain in full force and effect.

Surety waives the provisions of Civil Code Sections 2819 and 2845. Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement

Warranty Bond Page 1 of 4
Version July 2017

or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

Any notice to Surety may be given in the manner specified in the Agreement and delivered or transmitted to Surety as follows:

Attn: _____

Address: _____

City/State/Zip: _____

Phone: _____

Fax: _____

Email: _____

This Bond will be governed by California law, and any dispute pursuant to this Bond will be venued in the Superior Court of Santa Clara County, and no other place. Surety will be responsible for City's attorneys' fees and costs in any action to enforce the provisions of this Bond.

In witness whereof, this instrument has been duly executed by the principal and surety above named.

SURETY:

Principal:

Date: _____

Date: _____

s/ _____

s/ _____

Name: _____

Name: _____

Title: _____

Title: _____

(Attach Acknowledgment with Notary

Seal and Power of Attorney)

APPROVED AS TO FORM:

By: _____

Donald A. Larkin, City Attorney

Date: _____

END OF WARRANTY BOND

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

State of **California**
County of **Santa Clara**

On _____ 20__, before me, _____ a Notary Public in and for said County and State, personally appeared _____ proved to me on the basis of satisfactory evidence to be the person whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

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

State of **California**
County of **Santa Clara**

On _____ 20__, before me, _____ a Notary Public in and for said County and State, personally appeared _____ proved to me on the basis of satisfactory evidence to be the person whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

SIGNATURE OF NOTARY PUBLIC

(ABOVE AREA FOR NOTARY SEAL)

RECORDING REQUESTED BY:

CITY OF MORGAN HILL

WHEN RECORDED MAIL DOCUMENT TO:

CITY CLERK
CITY OF MORGAN HILL
17575 PEAK AVENUE
MORGAN HILL, CA 95037

RECORD AT NO FEE PER
GOVERNMENT CODE SECTIONS 6103
& 27383

SPACE ABOVE THIS LINE FOR RECORDER'S
USE

**STORMWATER BEST MANAGEMENT PRACTICES,
OPERATION, AND MAINTENANCE AGREEMENT**

THIS STORMWATER BEST MANAGEMENT PRACTICES OPERATION, AND MAINTENANCE AGREEMENT ("AGREEMENT") is made and entered into this ____ day of _____, 2017, by **Alicante 2016 Inc.**, (hereinafter referred to as "COVENANTOR") and the City of Morgan Hill ("CITY"). CITY and COVENANTOR may be referred to individually as a "Party" or collectively as the "Parties" throughout this AGREEMENT.

RECITALS:

This AGREEMENT is made and entered into with reference to the following facts:

- A. CITY is authorized and required to regulate and control the disposition of storm and surface waters as set forth in CITY's National Pollutant Discharge Elimination System permit.
- B. COVENANTOR is the owner of a certain tract or parcel of land more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "PROPERTY").
- C. COVENANTOR desires to construct certain improvements of the kind or nature described in Morgan Hill Municipal Code Chapter 18.71 (the "ORDINANCE") on the PROPERTY that may alter existing stormwater conditions on both the PROPERTY and adjacent lands.
- D. To minimize adverse impacts due to these anticipated changes in existing storm and surface water flow conditions, COVENANTOR is required by CITY to implement Best Management Practices ("BMPs") and to build and maintain, at COVENANTOR's expense, stormwater management facilities ("FACILITIES"), more particularly described and shown in the **Stormwater Runoff Management Plan for Altimira, Tract 10411** prepared by **M.H. Engineering Co.** and dated **October 20, 2015**, which plans and any amendments thereto, are on file with CITY's Public Works Department, and are hereby incorporated by this reference.
- E. CITY has reviewed and approved the Stormwater Runoff Management Plan (the "PLAN") subject to the execution of this AGREEMENT.

NOW, THEREFORE, in consideration of the benefit received and to be received by COVENANTOR, its successors, and assigns, as a result of CITY's approval of the Stormwater Runoff Management Plan, COVENANTOR, hereby covenants and agrees with CITY as follows:

1. Covenants Running With the Land; Property Subject to Agreement: All of the real property described in Exhibit "A" shall be subject to this AGREEMENT. It is intended and determined that the provisions of this AGREEMENT shall run with the land and shall be binding on all parties having or acquiring any right, title, or interest in the real PROPERTY or any portion thereof and shall be for the benefit of each owner of any of said parcels or any portion of said PROPERTY and shall inure to the benefit of and be binding upon each successor in interest of the owners thereof. Each and all of the limitations, easements, obligations, covenants, conditions, and restrictions contained herein shall be deemed to be, and shall be construed as, equitable servitudes, enforceable by any of the owners of any of the PROPERTY subject to this AGREEMENT against any other owner, tenant or occupant of the said PROPERTY, or any portion thereof.
2. Responsibility for Installation, Operation, and Maintenance: At its sole expense, COVENANTOR, its successors, and assigns, shall construct, operate, and perpetually maintain the FACILITIES in strict accordance with the PLAN and any amendments thereto that have been approved by CITY or required by the ORDINANCE.
3. Facility Modifications: At its sole expense, COVENANTOR, its successors, and assigns, shall make such changes or modifications to the FACILITIES as may be determined as reasonably necessary by CITY to ensure that the FACILITIES are properly maintained and continue to operate as originally designed and approved. COVENANTOR agrees that it shall not modify the BMPs and shall not allow BMP maintenance activities to alter the designed function of the FACILITIES from its original design unless approved by CITY prior to the commencement of the proposed modification or maintenance activity.
4. Facility Inspections by CITY: At reasonable times and in a reasonable manner as provided in the ORDINANCE, CITY, its agents, employees, and contractors shall have the right of ingress and egress to the FACILITIES and the right to inspect the FACILITIES in order to ensure that the FACILITIES are being properly maintained, are continuing to perform in an adequate manner, and are in compliance with the ORDINANCE, the PLAN and any amendments thereto approved by CITY.
5. Failure to Perform Required Facility Repairs or Modifications: Should either COVENANTOR or its successors and assigns fail to implement the BMPs, maintain the facilities, or correct any defects in the FACILITIES in accordance with the approved design standards and/or the PLAN, and in accordance with the law and applicable regulations of the ORDINANCE, after thirty (30) days from the date of the written notice from CITY, CITY shall have the right to enter the PROPERTY to perform remedial work, for which CITY will collect reimbursement for such work from COVENANTOR. Additionally, conditions from failure to implement the BMPs or to maintain or correct the FACILITIES shall be deemed a nuisance subject to abatement of such conditions as provided in Chapter 1.18 of the Morgan Hill Municipal Code. In addition, CITY may pursue other such remedies as provided by law, including, but not limited to, such civil and criminal remedies set forth in the ORDINANCE.
6. Indemnity: COVENANTOR, its successors, and assigns, shall defend, indemnify, and hold CITY harmless of and from any and all claims, liabilities, actions, causes of action, and damages for personal injury and property damage, including, without limitation, reasonable attorneys' fees, arbitration fees, or costs and court costs, arising out of or related to COVENANTOR's, its successors', and/or assigns' construction, operation, or maintenance of the FACILITIES except claims, liabilities, actions, causes of action, and damages that arise out of CITY's sole negligence or willful misconduct or the sole negligence or willful misconduct of any of CITY'S employees, agents, representatives, contractors, vendors, or consultants.

7. Obligations and Responsibilities of COVENANTOR: Initially, COVENANTOR is solely responsible for the performance of the obligations required hereunder and, to the extent permitted under applicable law, the payment of any and all fees, fines, and penalties associated with such performance or failure to perform under this AGREEMENT. Notwithstanding any provisions of this AGREEMENT to the contrary, upon the recordation of a deed or other instrument of sale, transfer or other conveyance of fee simple title to the PROPERTY or any portion thereof (a "Transfer") to a third party (the "Transferee"), COVENANTOR shall be released of all of its obligations and responsibilities under this AGREEMENT accruing after the date of such Transfer to the extent such obligations and responsibilities are applicable to that portion of the PROPERTY included in such Transfer, but such release shall be expressly conditioned upon the Transferee assuming such obligations and responsibilities by recorded written agreement for the benefit of CITY. Such written agreement may be included in the Transfer deed or instrument, provided that the Transferee joins in the execution of such deed or instrument. A certified copy of such deed, instrument, or agreement shall be provided to CITY. The provisions of the preceding three sentences shall be applicable to the original COVENANTOR and any successor Transferee who has assumed the obligations and responsibilities of COVENANTOR under this AGREEMENT as provided above.
8. Property Transfer: Nothing herein shall be construed to prohibit a transfer by COVENANTOR to subsequent owners and assigns.
9. Attorneys' Fees: In the event that any Party institutes legal action or arbitration against the other to interpret or enforce this AGREEMENT, or to obtain damages for any alleged breach hereof, the prevailing party in such action or arbitration shall be entitled to reasonable attorneys' or arbitrators' fees in addition to all other recoverable costs, expenses, and damages.
10. Further Documents: The Parties covenant and agree that they shall execute such further documents and instructions as shall be necessary to fully effectuate the terms and provisions of this AGREEMENT.
11. Entire Agreement: This AGREEMENT constitutes the entire agreement of the Parties with respect to the subject matter contained herein and supersedes all prior agreements, whether written or oral. There are no representations, agreements, arrangements, or undertakings, oral or written, that are not fully expressed herein.
12. Severability: In the event any part or provision of this AGREEMENT shall be determined to be invalid or unenforceable under the laws of the State of California, the remaining portions of this AGREEMENT that can be separated from the invalid, unenforceable provisions shall, nevertheless, continue in full force and effect.
13. No Waiver: The waiver of any covenant contained herein shall not be deemed to be a continuing waiver of the same or any other covenant contained herein.
14. Amendment: This AGREEMENT may be amended in whole or in part only by mutual written agreement. Any such amendment shall be recorded in Santa Clara County, California. In the event any conflict arises between the provisions of any such amendment and any of the provisions of any earlier document or documents, the most recently duly executed and recorded amendment shall be controlling.
15. Authority to Execute: The persons executing this AGREEMENT on behalf of the parties warrant that they are duly authorized to execute this AGREEMENT.

16. In the event that CITY shall determine, at its sole discretion, at any future time, that the FACILITIES are no longer required, then at the written request of COVENANTOR, its successors, and/or assigns, CITY shall execute a release of this AGREEMENT which COVENANTOR, it successors, and/or assigns, shall record in the Recorder's Office, at its expense.

Executed the day and year first above written.

COVENANTOR:

By: _____

Name: _____

Title: _____

CITY OF MORGAN HILL:

By: _____

Name: CHRISTINATURNER

Title: CITY MANAGER, CITY OF MORGAN HILL

APPROVED AS TO FORM:

By: _____

Name: DONALD A. LARKIN

Title: CITY ATTORNEY, CITY OF MORGAN HILL

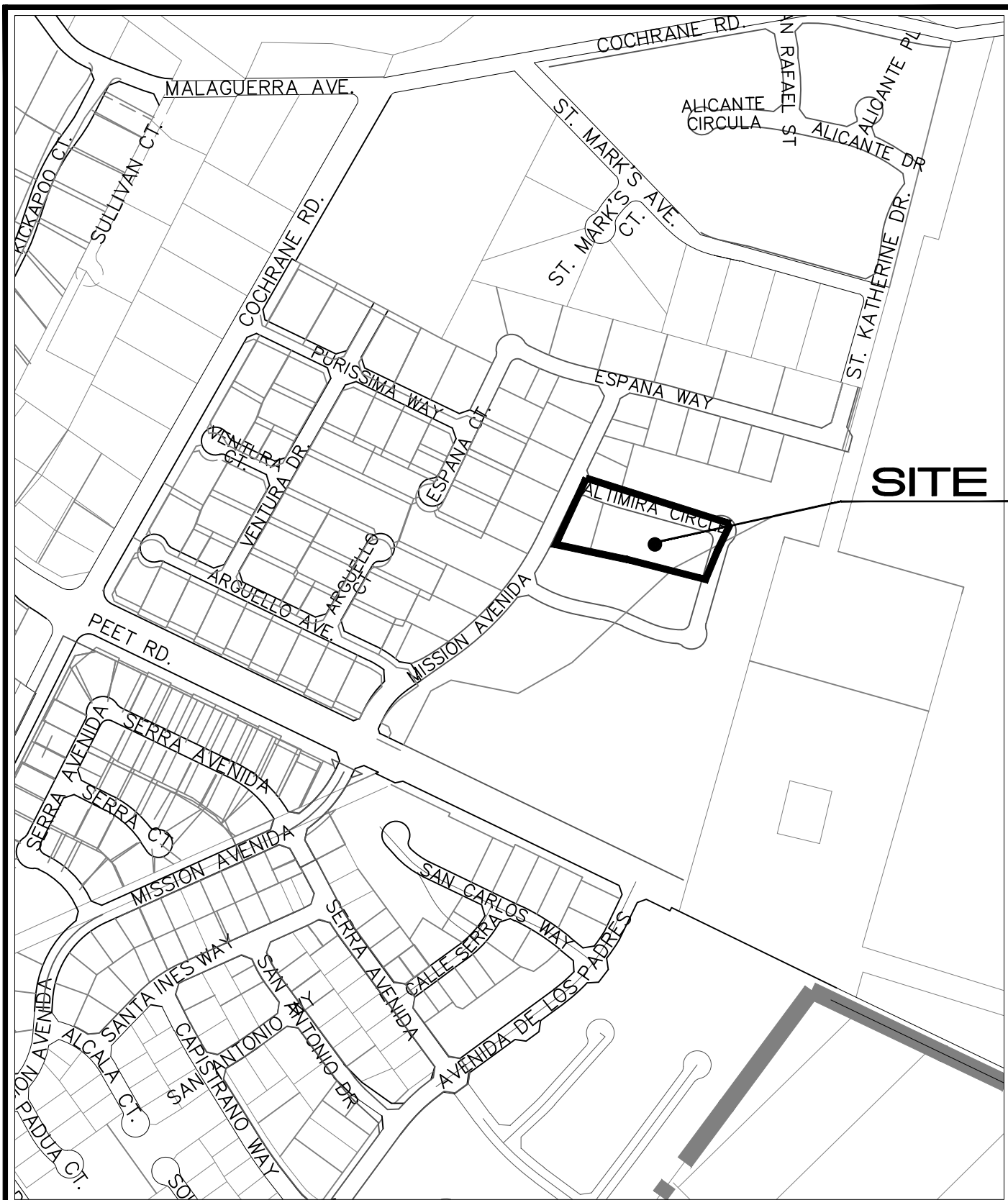
EXHIBIT C
EXHIBIT "A"

5.c

All that real property situated in the City of Morgan Hill, Santa Clara County, State of California being more particularly described as follows:

Open Spaces _____ as shown on that Map of Tract No. 10411 thereof
filed in Book _____ of Maps at Pages _____, Santa Clara County Records.

Attachment: Exhibit C Stormwater BMP Operation and Maintenance Agreement Form Tract 10411 (1420 : FINAL MAP APPROVAL OF ALTIMIRA



Attachment: Tract 10411-Layout1 (1420 : FINAL MAP APPROVAL OF ALTIMIRA - TRACT NO. 10411)

City of Morgan Hill

Public Works Department



CITY OF MORGAN HILL

M:\PROJECTS\DEVELOP\PWPR 2017-0004 Altimira Circle - Altimira\Staff Report

SITE MAP ALTIMIRA TRACT 10411

Date: 9/22/17

Drwn by: MJ

Chkd by: CH



CITY COUNCIL STAFF REPORT

MEETING DATE: October 18, 2017

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

JULY 2017 FINANCIAL AND INVESTMENT REPORT

RECOMMENDATION(S)

Accept and file report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Preserving and Cultivating Public Trust

REPORT NARRATIVE:

As part of the City Council's expectation to maintain a high level of transparency and to be responsible stewards of public funds, attached are the Financial and Investment Reports for the month ended July 31, 2017. The Revenue and Expense Summary for the month of July is included on the first page. Overall, General Fund revenues total \$2.1 million or 5% of the budget. Expenditures, including encumbrances, amounted to \$4.7 million.

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

LINKS/ATTACHMENTS:

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

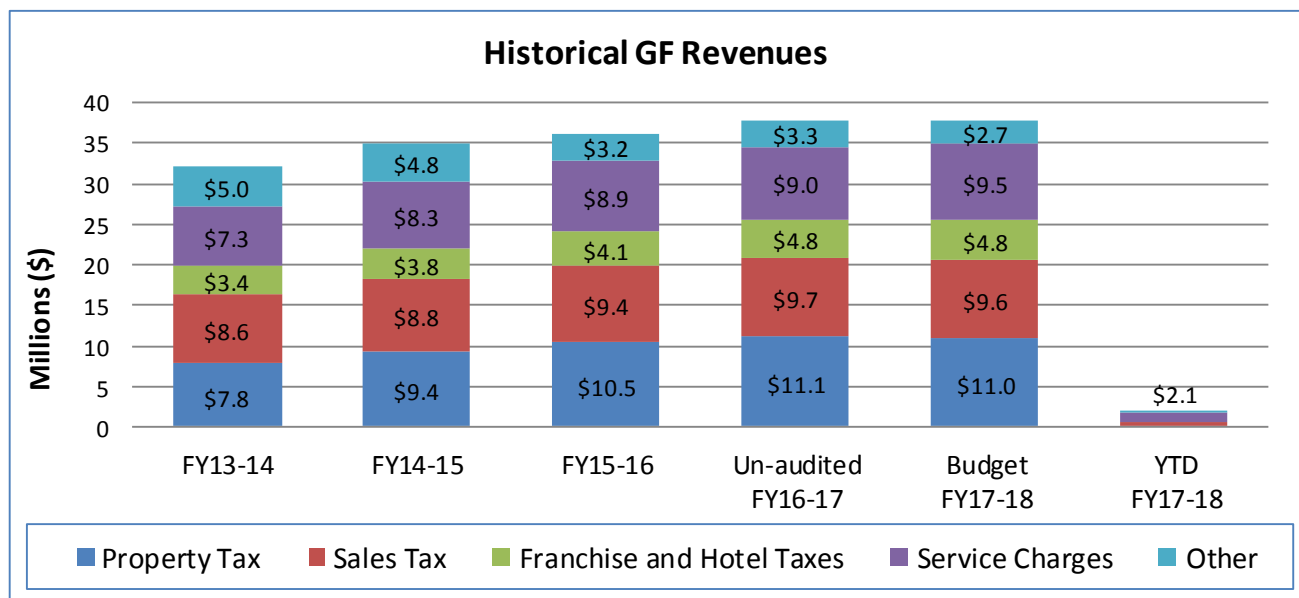


CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2017-18
FOR THE MONTH ENDED JULY 2017 – 8% OF YEAR COMPLETE

- **General Fund** – Revenues for the month of July totaled \$2.1 million, or 5% of the budgeted revenues as some of the major revenue categories such as property tax are received later in the fiscal year. With respect to the property tax revenue forecast, at the recent Cities Property Tax Meeting, County staff projected Morgan Hill property tax revenue, excluding the property transfer tax, at \$11.1 million for the fiscal year 2017-18, which is approximately \$500,000 more than the mid-cycle revised estimate. Property tax is the largest source of Morgan Hill's General Fund revenue. However, it accounts for only 28% of the approximately \$37.7 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 business licenses was already at 70% 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 FY13-14 through FY15-16 Actual, Un-audited FY16-17, FY17-18 Budget, and YTD as of July 31, 2017.

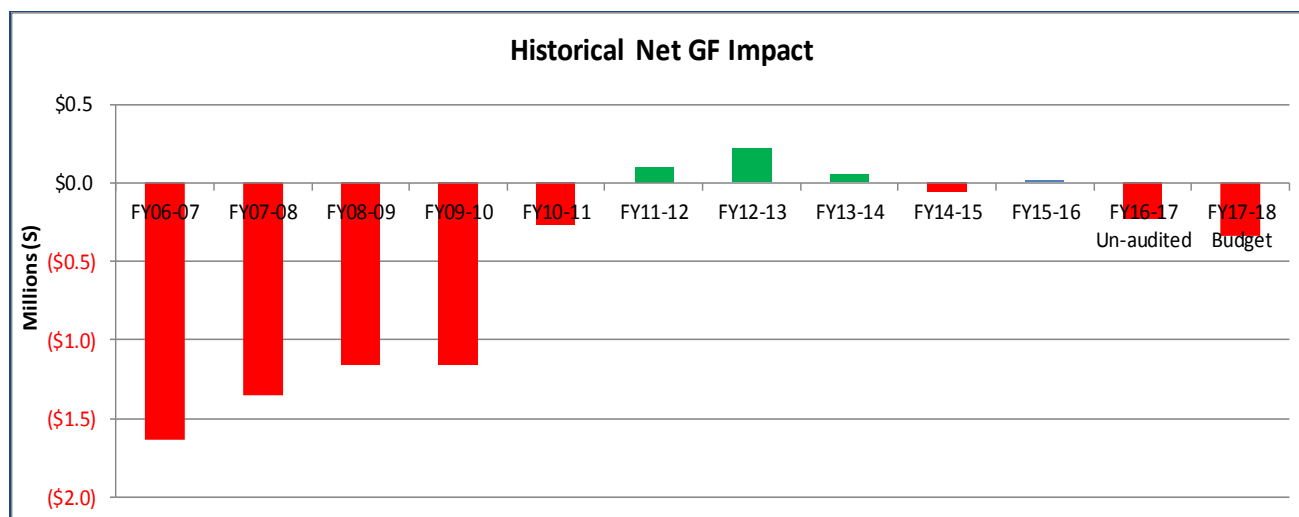


General Fund expenditures and encumbrances as of July 31, 2017 totaled \$4.7 million, of which approximately \$1.7 million is attributable to outstanding encumbrances.

- **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 positive impact to the General Fund of approximately \$110,000 for the month of July. Without the carry-over encumbrances, the month of July operations resulted in a larger net benefit to the general fund of approximately \$383,000. Any net impact from the recreation operations increases (decreases) reserves in the General Fund.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2017-18
FOR THE MONTH ENDED JULY 2017 – 8% OF YEAR COMPLETE



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 for July totaled \$0.4 million, or approximately 11% of the budget. Expenditures and encumbrances totaled \$0.6 million, or approximately 11% of the budgeted appropriation. Without the outstanding encumbrances, however, expenditures for the month of July amounted to \$329,000. The fund is budgeted to end the fiscal year with an operating deficit of approximately \$1.7 million.
- **Debt Service Funds** – Expenditures for the month totaled \$295. 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. The General Fund's portion of the annual debt service payments is approximately \$200,000, less than one percent of the General Fund's budgeted revenues.
- **Sewer Operations** – Revenues from Sewer Operations for the month of July totaled \$0.9 million. Expenditures and outstanding encumbrances totaled \$0.6 million or just 5% of the budget primarily attributable to the timing of the quarterly billing for sewer plant maintenance and operations. The table below shows historical Sewer Operations revenues and expenditures from FY13-14 through FY15-16 Actual, Un-audited FY16-17, FY17-18 Budget, and YTD as of July 31, 2017.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2017-18
FOR THE MONTH ENDED JULY 2017 – 8% OF YEAR COMPLETE

(amount in millions)	FY13-14	FY14-15	FY15-16	Un-audited FY16-17	Budget FY17-18	YTD FY17-18
Revenues	9.4	10.3	10.2	9.7	10.8	0.9
Expenditures	8.6	8.8	12.0	9.8	10.8	0.6
Operating Margin	0.8	1.5	(1.8)	(0.1)	-	0.3
Operating Margin without Encumbrances	0.8	1.5	(1.8)	(0.0)	-	0.4

- Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues from Water Operations for the month of July totaled \$1.4 million, approximately \$419,000 more than a year ago at this time. Water Operations expenditures, including outstanding encumbrances, for the month totaled \$0.9 million. Without the encumbrances, however, the expenditures amounted to \$554,000. The table below shows Water Operations revenues and expenditures from FY13-14 through FY15-16 Actual, Un-audited FY16-17, FY17-18 Budget, and YTD as of July 31, 2017.

(amount in millions)	FY13-14	FY14-15	FY15-16	Un-audited FY16-17	Budget FY17-18	YTD FY17-18
Revenues	12.2	8.8	8.5	10.9	12.2	1.4
Expenditures	12.1	9.3	9.7	11.2	12.1	0.9
Operating Margin	0.1	(0.5)	(1.2)	(0.3)	0.1	0.5
Operating Margin without Encumbrances	0.1	(0.5)	(1.2)	(0.1)	0.1	0.8

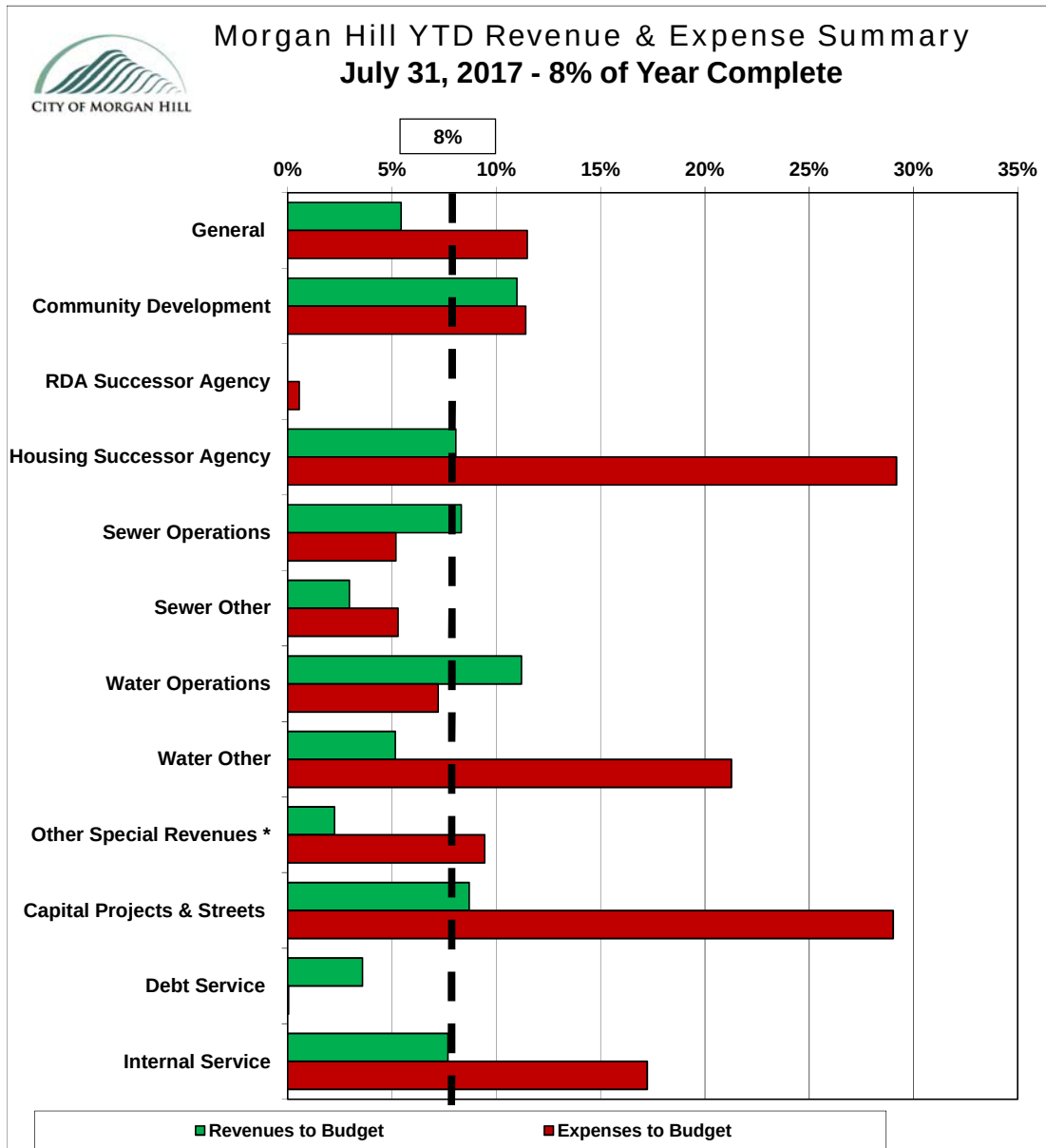
- Investments** – No purchases were made during the month of July 2017. Total interest earnings received on investments were \$20,000 during the month.

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
July 31, 2017 - 8% of Year Complete



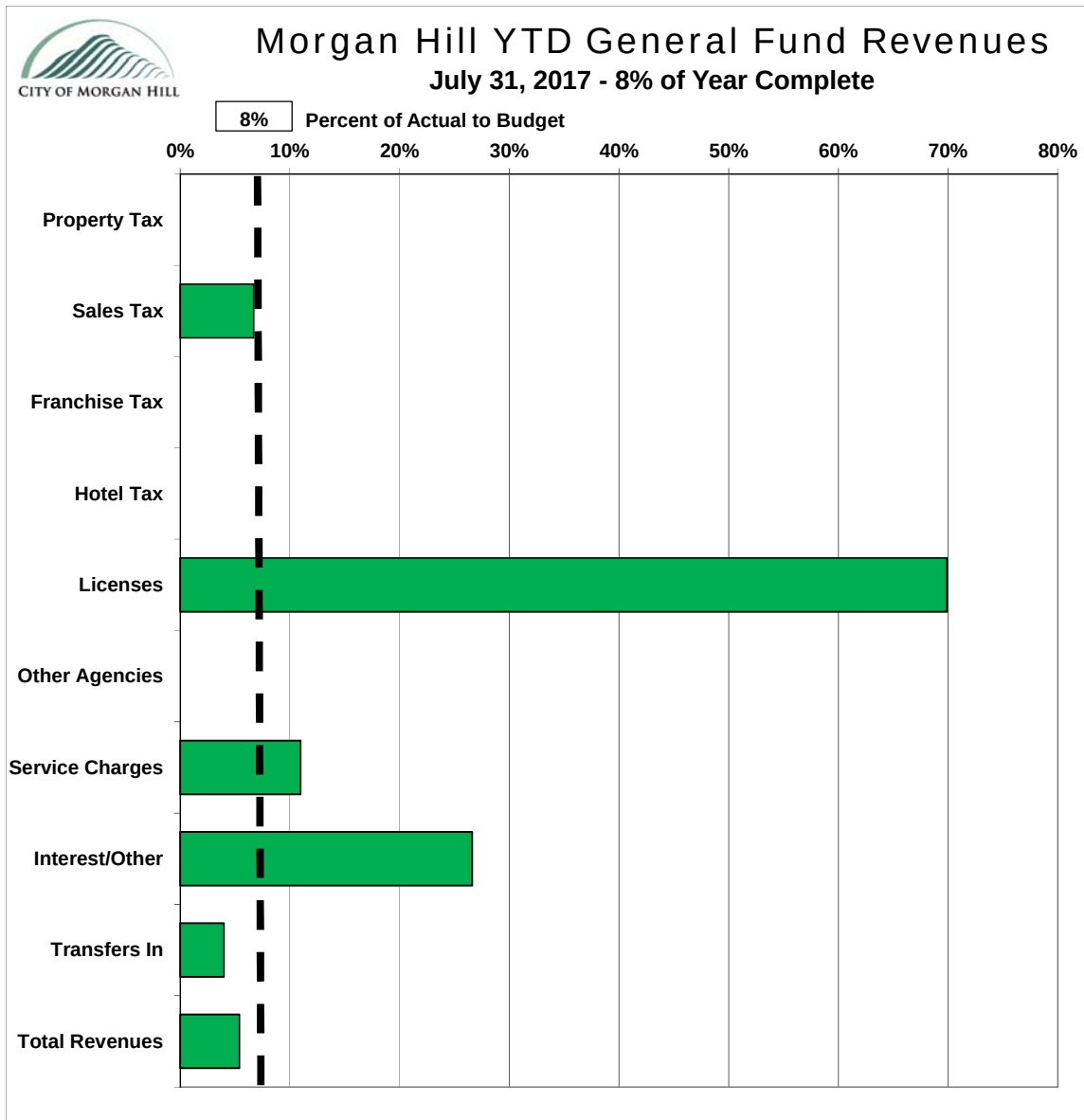
CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT

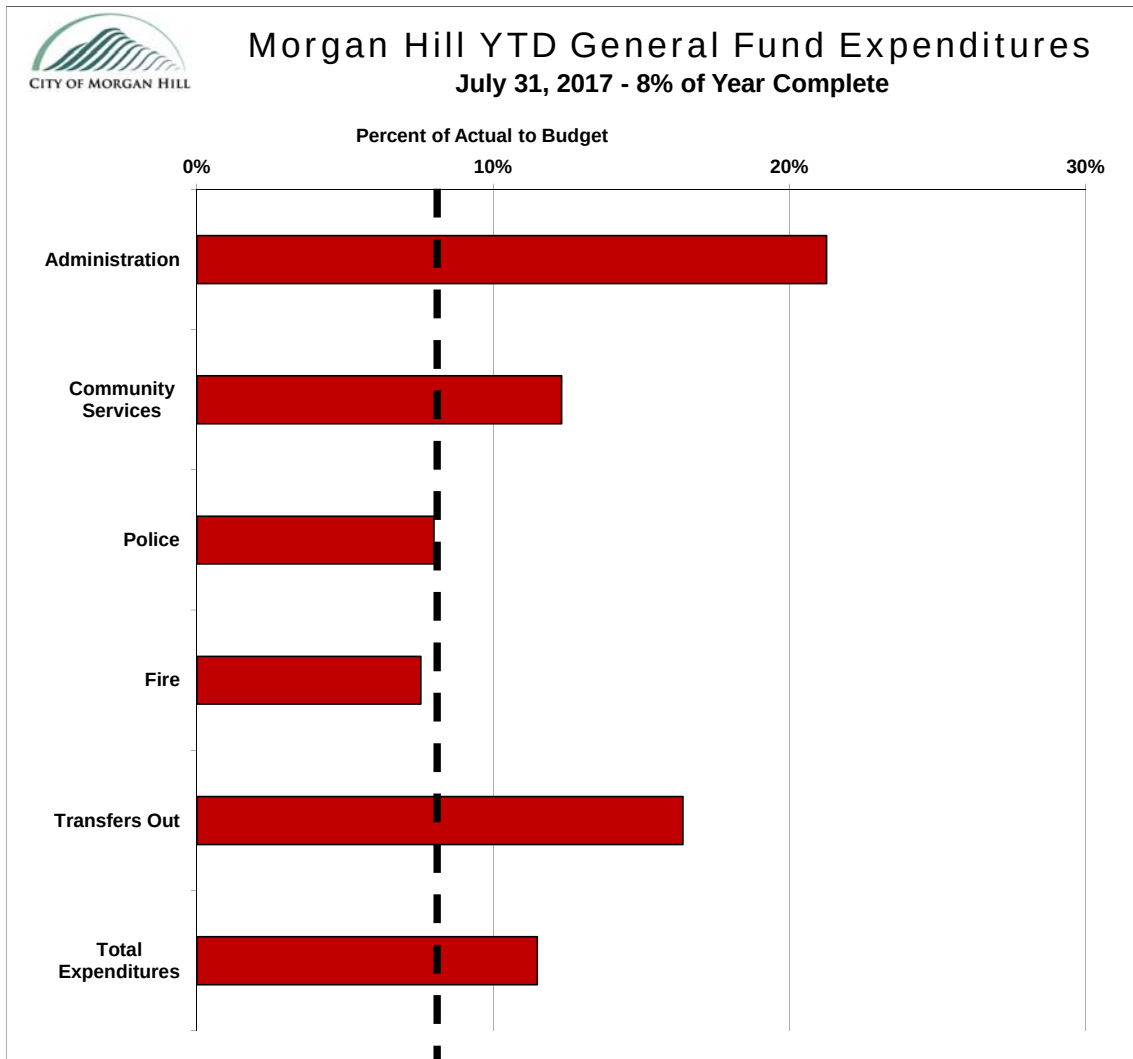


FUND NAME	REVENUES		EXPENSES	
	ACTUAL	% OF BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET
General	\$ 2,051,134	5%	\$ 4,665,206	11%
Community Development	404,474	11%	618,009	11%
RDA Successor Agency	-	n/a	40,027	1%
Housing Successor Agency	103,644	8%	568,097	29%
Sewer Operations	901,797	8%	564,071	5%
Sewer Other	213,762	3%	983,891	5%
Water Operations	1,370,200	11%	869,604	7%
Water Other	157,939	5%	1,886,550	21%
Other Special Revenues *	137,902	2%	557,045	9%
Capital Projects & Streets	1,149,074	9%	7,419,256	29%
Debt Service	24,478	4%	295	0%
Internal Service	816,553	8%	1,837,063	17%
TOTAL FOR ALL FUNDS	\$ 7,330,957	7%	\$ 20,009,113	14%

* 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	\$11,047,000	\$ -		\$ 110,055	-100%
Sales Tax	9,588,502	639,300	7%	613,000	4%
Franchise Tax	1,981,796	-		-	#DIV/0!
Hotel Tax	2,827,050	-		10,773	-100%
Licenses	210,621	147,274	70%	122,776	20%
Other Agencies	319,875	-		-	#DIV/0!
Service Charges	9,536,644	1,050,660	11%	1,001,116	5%
Interest/Other	555,760	147,729	27%	90,773	63%
Transfers In	1,655,508	66,171	4%	63,750	4%
TOTAL REVENUES	\$37,722,756	\$ 2,051,134	5%	\$ 2,012,243	2%



EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Administration	\$ 6,087,327	\$ 1,293,568	21%	\$ 1,450,021	-11%
Community Services	11,050,226	1,360,473	12%	1,065,038	28%
Police	15,767,570	1,261,445	8%	1,189,473	6%
Fire	5,785,389	437,687	8%	424,382	3%
Transfers Out	1,901,915	312,033	16%	478,264	-35%
TOTAL EXPENDITURES	\$ 40,592,427	\$ 4,665,206	11%	\$ 4,607,178	1%

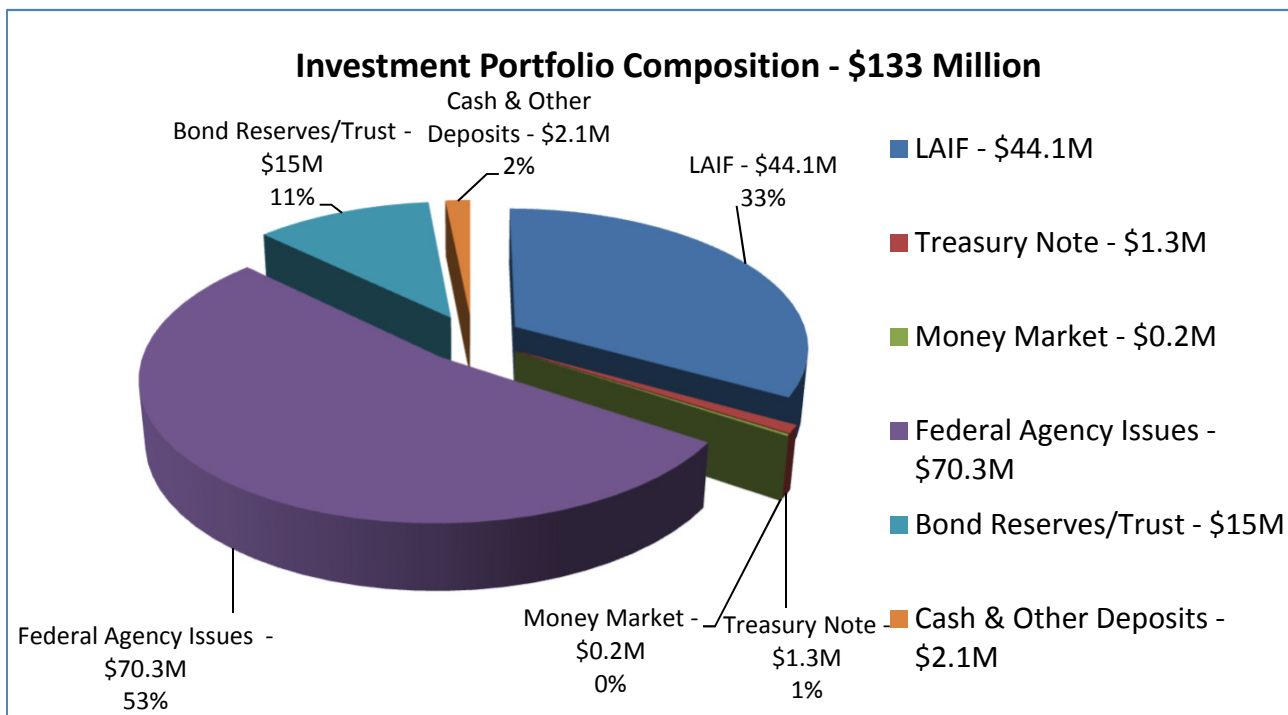


**City of Morgan Hill
Recreation Report - Fiscal Year 2016-17
For the Month Ended July 31, 2017
8% of Year Complete**

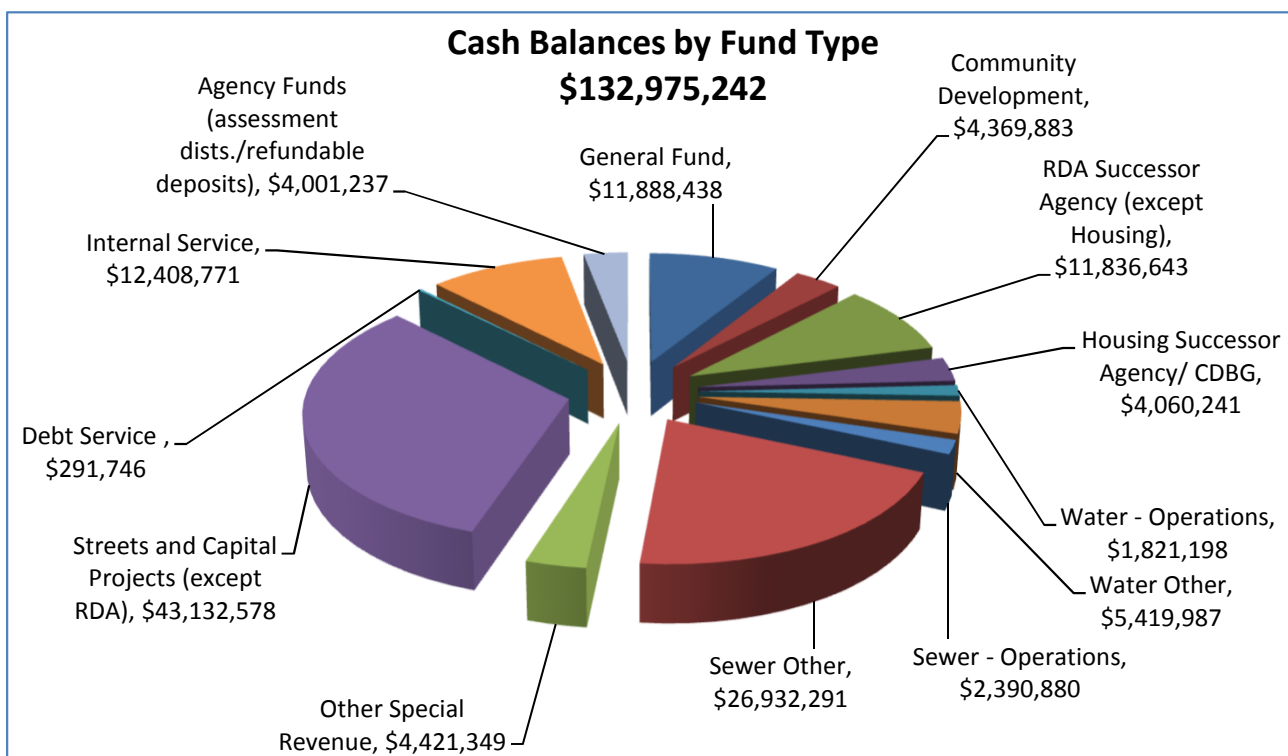
	<u>Budget</u>	<u>July 2017</u>	<u>YTD</u>	<u>% of Budget</u>
Revenues				
Membership Services & Rec Programs	\$ 6,197,036	\$ 763,347	\$ 763,347	
Facility Rentals	904,666	147,036	147,036	
Community Services	139,190	6,995	6,995	
Transfers in	75,000	6,250	6,250	
Total Revenues	<u>\$ 7,315,892</u>	<u>\$ 923,628</u>	<u>\$ 923,628</u>	13%
Less: Expenditures				
Membership & Program Services	\$ 5,914,430	\$ 383,413	\$ 383,413	
Facility Rentals	1,299,185	104,761	104,760	
Community Services	768,671	52,060	52,060	
Total Expenditures	<u>\$ 7,982,287</u>	<u>\$ 540,233</u>	<u>\$ 540,233</u>	7%
Net Impact without encumbrances	<u>\$ (666,395)</u>	<u>\$ 383,395</u>	<u>\$ 383,395</u>	
Encumbrances	-	-	273,502	
Net Impact with encumbrances	<u>\$ (666,395)</u>	<u>\$ 383,395</u>	<u>\$ 109,893</u>	

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

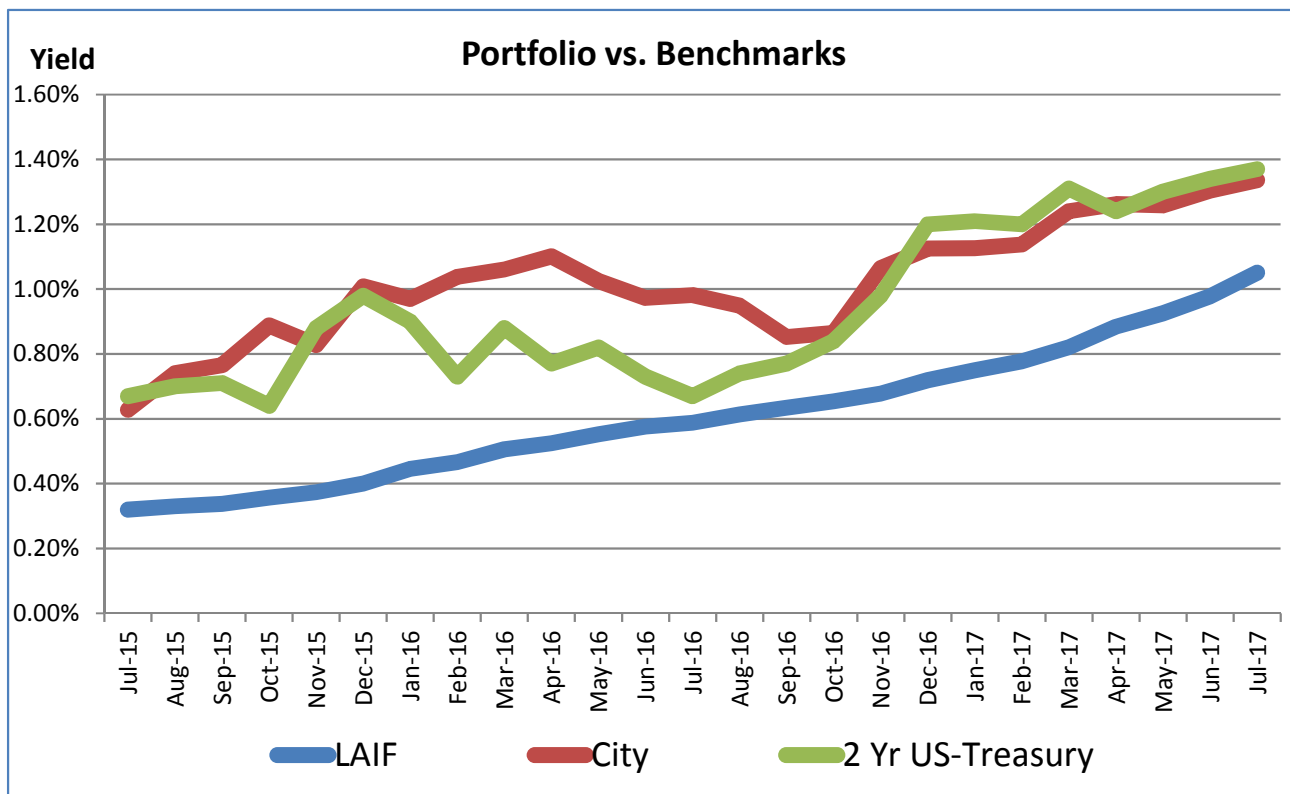
The following are the snapshots of City's investment portfolio as of July 31, 2017. The first chart shows the portfolio composition by investment type:



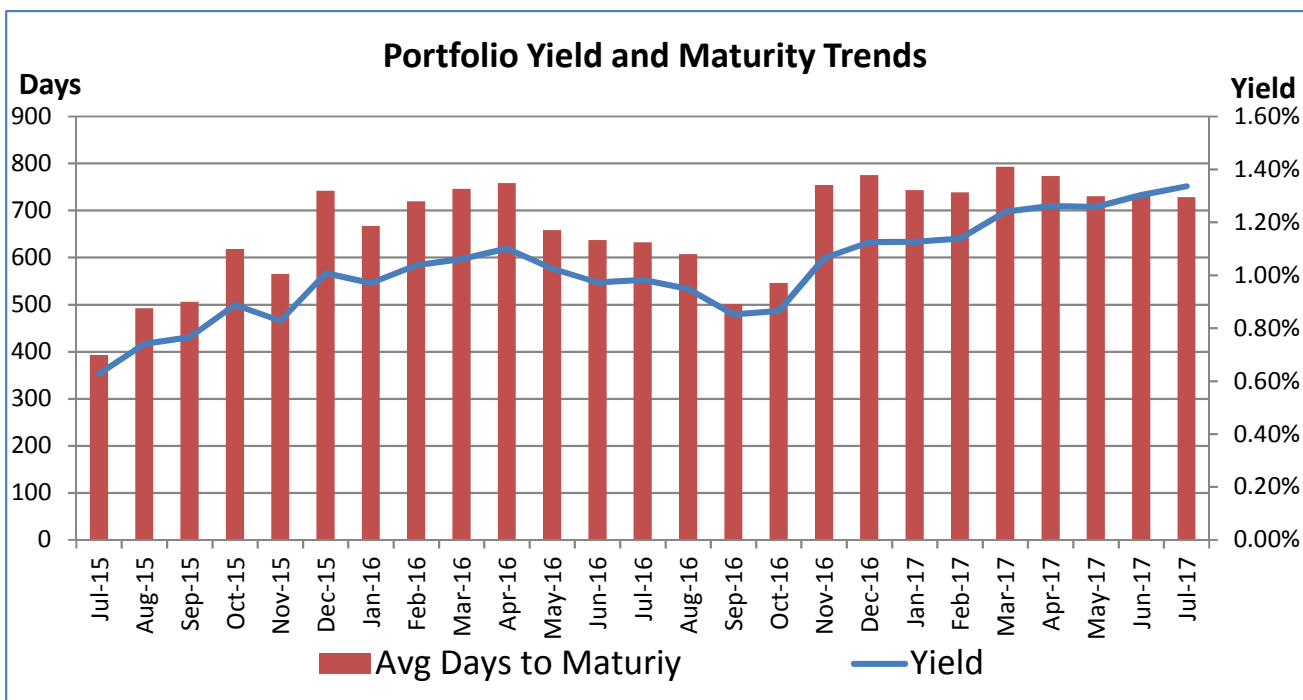
The chart below shows cash balances by fund type reconciled to City's financial system:



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



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





City of Morgan Hill
Investment Portfolio Detail
As of July 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		\$ 44,083,932	33.15%	\$ 44,037,233	1.05%		
City Managed							
Fed Home Loan Bank	12/3/2012	\$ 2,000,182	1.50%	\$ 1,999,500	0.93%	9/20/2017	9/20/2017
Fed Home Loan Mortgage	1/31/2013	499,422	0.38%	499,065	1.01%	1/12/2018	1/12/2018
Fed Home Loan Mortgage	8/12/2013	998,216	0.75%	998,860	1.36%	12/12/2017	12/12/2017
Treasury Note	12/15/2014	751,600	0.57%	751,425	1.01%	10/31/2017	10/31/2017
Federal Farm Credit Bank	5/28/2015	1,000,642	0.75%	999,480	0.99%	2/20/2018	2/20/2018
Treasury Note	6/12/2015	498,998	0.38%	498,575	1.06%	3/31/2018	3/31/2018
Fed Nat'l Mortgage Assn	6/12/2015	500,097	0.38%	499,250	1.10%	2/28/2018	2/28/2018
Fed Home Loan Mortgage	7/2/2015	999,461	0.75%	998,120	0.97%	3/7/2018	3/7/2018
Fed Home Loan Mortgage	8/31/2015	999,976	0.75%	999,830	0.79%	8/25/2017	8/25/2017
Fed Home Loan Bank	9/30/2015	1,000,377	0.75%	998,050	0.95%	4/24/2018	4/24/2018
Fed Home Loan Bank	9/30/2015	510,757	0.38%	510,403	0.80%	10/12/2017	10/12/2017
Fed Home Loan Bank	10/19/2015	4,000,000	3.01%	3,996,360	1.70%	10/19/2017	10/19/2020
Fed Home Loan Bank	6/30/2016	4,000,000	3.01%	3,924,160	1.50%	6/30/2021	6/30/2021
Fed Nat'l Mortgage Assn	8/25/2016	4,000,000	3.01%	3,923,520	1.40%	8/25/2017	8/25/2021
Fed Home Loan Mortgage	9/29/2016	2,000,000	1.50%	1,984,940	1.65%	9/29/2017	9/29/2021
Fed Nat'l Mortgage Assn	9/29/2016	4,000,000	3.01%	3,921,360	1.60%	9/29/2017	9/29/2021
Fed Home Loan Mortgage	10/27/2016	4,000,000	3.01%	3,903,560	1.60%	10/27/2017	10/27/2021
Fed Nat'l Mortgage Assn	10/28/2016	4,000,000	3.01%	3,901,920	1.55%	10/28/2017	10/28/2021
Fed Home Loan Mortgage	10/28/2016	2,000,000	1.50%	1,954,480	1.65%	10/28/2017	10/28/2021
Fed Home Loan Bank	11/15/2016	4,000,000	3.01%	3,939,720	1.55%	11/15/2021	11/15/2021
Fed Home Loan Bank	11/23/2016	3,000,000	2.26%	2,956,380	1.65%	8/23/2017	11/23/2021
Fed Home Loan Bank	11/23/2016	4,000,000	3.01%	3,921,760	1.63%	8/23/2017	11/23/2021
Fed Home Loan Mortgage	11/30/2016	4,000,000	3.01%	3,974,560	1.88%	8/26/2017	11/26/2021
Fed Home Loan Mortgage	3/29/2017	5,000,000	3.76%	5,000,850	2.38%	9/29/2017	3/29/2022
Fed Home Loan Mortgage	6/29/2017	1,300,000	0.98%	1,300,104	2.15%	9/29/2017	6/29/2022
Sub Total/Average		\$ 59,059,726	44.41%	\$ 58,356,232	1.58%		
Money Market		\$ 153,475	0.12%	\$ 153,475	0.01%		
Total City Managed/Average		\$ 103,297,133	77.68%	\$ 102,546,939	1.03%		
City Managed - HighMark							
Fed Nat'l Mortgage Assn	8/18/2016	\$ 749,324	0.56%	\$ 746,220	1.06%	1/25/2019	1/25/2019
Fed Nat'l Mortgage Assn	8/18/2016	749,584	0.56%	744,045	1.18%	1/26/2019	7/26/2019
Fed Nat'l Mortgage Assn	8/23/2016	749,948	0.56%	745,305	1.25%	8/23/2017	8/23/2019
Fed Home Loan Mortgage	8/31/2016	750,000	0.56%	747,435	1.25%	8/15/2019	8/15/2019
Fed Home Loan Mortgage	9/13/2016	750,000	0.56%	748,133	1.10%	9/13/2017	9/3/2018
Fed Home Loan Bank	9/15/2016	750,000	0.56%	747,570	1.00%	9/15/2017	6/15/2018
Fed Home Loan Bank	9/21/2016	749,829	0.56%	747,675	1.12%	9/21/2017	9/21/2018
Fed Home Loan Mortgage	10/7/2016	749,757	0.56%	745,028	1.29%	9/12/2017	9/12/2019
Fed Nat'l Mortgage Assn	10/11/2016	749,792	0.56%	746,903	1.22%	8/23/2017	5/23/2019
Fed Home Loan Mortgage	10/24/2016	739,106	0.56%	735,042	1.03%	7/30/2018	1/30/2019
Fed Nat'l Mortgage Assn	10/24/2016	749,945	0.56%	745,650	1.25%	9/30/2017	9/30/2019
Federal Farm Credit Bank	11/1/2016	749,578	0.56%	746,100	1.02%	11/1/2017	11/1/2018
Fed Home Loan Mortgage	12/13/2016	1,007,231	0.76%	1,006,950	1.35%	5/30/2019	5/30/2019
Fed Home Loan Bank	12/13/2016	999,706	0.75%	998,670	1.27%	1/16/2019	1/16/2019
Fed Home Loan Mortgage	12/29/2016	746,950	0.56%	747,060	1.37%	4/15/2019	4/15/2019
Fed Nat'l Mortgage Assn	12/29/2016	744,929	0.56%	744,884	1.39%	6/20/2019	6/20/2019
Money Market		104,151	0.08%	104,151	0.01%		
Sub Total/Average		\$ 12,589,831	9.47%	\$ 12,546,820	1.19%		
Bond Reserve Accounts - Held By Trustees		\$ 13,195,657	9.92%	\$ 13,118,798			
Cash/Deposits		\$ 2,105,216	1.58%	\$ 2,105,216			
PARS Trust		\$ 1,787,404	1.34%	\$ 1,929,587			
GRAND TOTAL/AVERAGE		\$ 132,975,242	100.00%	\$ 132,247,361			

Attachment: July 2017 Financial and Investment Report (1443 : July 2017 Financial and Investment Report)



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF JULY 31, 2017
FOR THE FISCAL YEAR OF 2017-18

	Invested in Fund	Yield	Book Value End of Month	% of Total	Market Value
Investments					
State Treasurer LAIF - City	All Funds Pooled	1.05%	\$ 35,839,722	26.95%	\$ 35,801,756
2014 Water Rev Bonds - Water Impact	Water Fund	1.05%	519,343	0.39%	518,793
2014 Water Rev Bonds - Water CIP	Water Fund	1.05%	1,081,706	0.81%	1,080,560
2015 Wastewater Rev Bonds - CIP	Wastewater Fund	1.05%	6,643,161	5.00%	6,636,123
Federal Issues	All Funds Pooled	1.30%	70,294,808	52.86%	69,548,900
US Treasury Notes	All Funds Pooled	1.06%	1,250,598	0.94%	1,250,000
Dreyfus Treas Cash Management Acct	All Funds Pooled	0.01%	257,627	0.19%	257,627
	SUBTOTAL		\$ 115,886,965	87.15%	\$ 115,093,760
Bond Reserve Accounts - held by trustees					
BNY - 2002 SCRWA Bonds	Sewer				
BNY - 2015 Wastewater Bonds					
Cash Balance	Wastewater Fund	0.00%	9,214	0.01%	9,214
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	0.61%	17	0.00%	17
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	0.61%	22	0.00%	22
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Successor Fund	0.00%	161,929	0.12%	161,929
US Treasury Notes	Successor Fund	1.53%	11,910,268	8.96%	11,833,409
Zions Bank - MH Ranch 2015					
Blackrock Liq Funds Fed Fund -DI -2015	Agency Fund	0.61%	563,722	0.42%	563,722
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015	Agency Fund	0.61%	550,485	0.41%	550,485
	SUBTOTAL		13,195,657	9.92%	13,118,798
Other Cash/Deposits					
General Checking	All Funds		2,068,716	1.56%	2,068,716
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			987,404	0.74%	1,085,736
PARS - PENSION Trust			800,000	0.60%	843,849
	SUBTOTAL		3,892,620	2.93%	4,034,803
Total Cash and Investments			\$ 132,975,242	100.00%	\$ 132,247,361

CASH ACTIVITY SUMMARY
FY 2017-18

Fund Type	Unaudited 07/01/17 Balance	Change in Cash Balance	7/31/2017 Balance
General Fund	\$ 14,425,249	\$ (2,536,811)	\$ 11,888,438
Community Development	4,643,593	(273,710)	4,369,883
RDA Successor Agency (except Housing)	11,855,580	(18,937)	11,836,643
Housing Successor Agency/ CDBG	4,018,293	41,949	4,060,241
Water - Operations	1,478,968	342,230	1,821,198
Water Other	5,510,461	(90,474)	5,419,987
Sewer - Operations	2,118,908	271,972	2,390,880
Sewer Other	26,928,130	4,162	26,932,291
Other Special Revenue	4,391,575	29,774	4,421,349
Streets and Capital Projects (except RDA)	43,234,272	(101,694)	43,132,578
Debt Service	267,394	24,352	291,746
Internal Service	12,183,598	225,173	12,408,771
Agency Funds (assessment dists./refundable deposits)	3,997,405	3,831	4,001,237
Total	\$ 135,053,425	\$ (2,078,183)	\$ 132,975,242

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

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:

David Clink, Treasurer

Reviewed by:

Dat Nguyen, Finance Director



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2016-17
For the Month Ended July 31, 2017
8% 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	\$ 8,852,000	\$ 9,083,000	\$ -	0%	\$ -	\$ -	0%
Property Tax - RPTTF Residual Distribution	1,100,000	1,200,000	-	n/a	110,055	(110,055)	-100%
Property Tax - Supplemental Roll	162,000	283,000	-	n/a	-	-	n/a
Sales Tax	9,151,500	9,226,502	639,300	7%	613,000	26,300	4%
Public Safety Sales Tax	362,000	362,000	-	n/a	-	-	n/a
Transient Occupancy Taxes	2,827,050	2,827,050	-	n/a	10,773	(10,773)	-100%
Franchise (Refuse ,Cable ,PG&E)	1,981,796	1,981,796	-	0%	-	-	n/a
Property Transfer Tax	481,000	481,000	-	n/a	-	-	n/a
TOTAL TAXES	24,917,346	25,444,348	639,300	3%	733,828	(94,528)	-13%
LICENSES/PERMITS							
Business License	202,878	202,878	144,992	71%	122,706	22,286	18%
Other Permits	7,743	7,743	2,282	29%	70	2,212	3160%
TOTAL LICENSES/PERMITS	210,621	210,621	147,274	70%	122,776	24,498	20%
FINES AND PENALTIES							
Parking Enforcement	12,240	12,240	-	n/a	-	-	n/a
Bails & Fines	65,280	65,280	-	n/a	-	-	0%
Administrative Citations	-	-	5,400	n/a	-	5,400	0%
TOTAL FINES AND PENALTIES	77,520	77,520	5,400	7%	-	-	n/a
OTHER AGENCIES							
Motor Vehicle in-Lieu	17,538	17,538	-	0%	-	-	n/a
Other Revenue - Other Agencies	406,875	319,875	-	n/a	-	-	n/a
TOTAL OTHER AGENCIES	424,413	337,413	-	n/a	-	-	n/a
CHARGES CURRENT SERVICES							
Police False Alarm Charge	32,640	32,640	840	3%	-	840	n/a
Business License Application Review	36,633	36,633	3,500	10%	3,097	403	13%
Membership Services & Rec Programs	6,023,650	6,197,036	763,347	12%	745,158	18,189	2%
Facility Rentals	932,986	904,666	147,036	16%	105,082	41,954	40%
Community Services	139,190	139,190	6,995	5%	7,954	(959)	-12%
General Administration Overhead	1,323,077	1,323,077	110,024	8%	104,785	5,239	5%
Other Charges Current Services	903,402	903,402	18,918	2%	35,040	(16,122)	-46%
TOTAL CURRENT SERVICES	9,391,578	9,536,644	1,050,660	11%	1,001,116	49,544	5%
OTHER REVENUE							
Use of money/property	309,396	309,396	35,253	11%	29,076	6,177	21%
Other Revenues	151,306	151,306	107,076	71%	61,697	45,379	74%
TOTAL OTHER REVENUE	460,702	460,702	142,329	31%	90,773	51,556	57%
TRANSFERS IN							
Public Safety	100,000	100,000	-	0%	-	-	0%
Streets	761,458	761,458	-	0%	-	-	n/a
Police Impact	25,000	25,000	2,083	8%	-	2,083	n/a
Sewer Operations	347,025	347,025	28,919	8%	28,750	169	1%
Water Operations	347,025	347,025	28,919	8%	28,750	169	1%
Park Development	75,000	75,000	6,250	8%	6,250	-	n/a
TOTAL TRANSFERS IN	1,655,508	1,655,508	66,171	4%	63,750	2,421	4%
TOTAL GENERAL FUND	37,137,688	37,722,756	2,051,134	5%	2,012,243	38,891	2%
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	761,458	761,458	-	n/a	-	-	n/a
Interest / Other Revenue/Other Charges	72	72	-	n/a	-	-	n/a
202 STREET MAINTENANCE	761,530	761,530	-	n/a	-	-	n/a



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2016-17
For the Month Ended July 31, 2017
8% 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	395	395	-	n/a	-	-	n/a
Police Grant/SLEF/JAG	100,000	100,000	-	n/a	-	-	0%
205 PUBLIC SAFETY TRUST	100,395	100,395	-	n/a	-	-	n/a
206 COMMUNITY DEVELOPMENT							
Building Fees	1,937,862	1,937,862	196,830	10%	111,147	85,683	77%
Planning Fees	1,131,051	1,131,051	47,880	4%	15,523	32,357	208%
Engineering Fees	601,640	601,640	160,751	27%	538,611	(377,860)	-70%
Other Revenue/Current Charges	9,417	9,417	(987)	-10%	335	(1,322)	-395%
206 COMMUNITY DEVELOPMENT	3,679,970	3,679,970	404,474	11%	665,616	(261,142)	-39%
207 GENERAL PLAN UPDATE	706,212	706,212	65,913	9%	109,638	(43,725)	-40%
215 and 216 HCD BLOCK GRANT							
HCD allocation	-	-	-	0%	-	-	0%
Interest Income/Other Revenue	417	417	785	188%	-	785	n/a
215 and 216 HCD BLOCK GRANT	417	417	785	188%	-	785	n/a
225 ASSET SEIZURE	250	250	-	n/a	-	-	n/a
229 LIGHTING AND LANDSCAPE	187,321	187,321	-	n/a	-	-	n/a
230 COMMUNITY FACILITIES DISTRICT	43,340	43,340	-	0%	-	-	0%
232 ENVIRONMENTAL PROGRAMS	382,164	382,164	55,517	15%	44,533	10,984	25%
234 MOBILE HOME PARK RENT STAB.	3,931	3,931	-	n/a	-	-	n/a
235 SENIOR HOUSING	1,633	1,633	-	n/a	-	-	n/a
236 HOUSING MITIGATION	842,443	842,443	13,449	2%	790,929	(777,480)	-98%
240 EMPLOYEE ASSISTANCE	30,966	30,966	2,238	7%	1,499	740	49%
247 ENVIRONMENT REMEDIATION	1,104	1,104	-	n/a	-	-	n/a
250 COMH-SUCCESSOR AGENCY-MHRDA	7,131,889	7,131,889	-	n/a	1,135,824	(1,135,824)	-100%
255 HOUSING SUCCESSOR AGENCY	1,285,374	1,285,374	103,644	8%	125,650	(22,006)	-18%
TOTAL SPECIAL REVENUE FUNDS	15,158,940	15,158,940	646,020	4%	2,873,688	(2,227,668)	-78%
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,439,640	1,439,640	20,411	1%	20,964	(553)	-3%
302 PARK MAINTENANCE	888,026	888,026	407,167	46%	245,467	161,700	66%
303 LOCAL DRAINAGE	1,822,884	1,822,884	561,462	31%	395,185	166,277	42%
304 LOCAL DRAINAGE/NON AB1600	70,894	70,894	50,496	71%	3,770	46,726	1239%
306 AGRICULTURE & OPEN SPACE PRESERVATI	1,539,970	1,539,970	3,120	0%	29,652	(26,532)	-89%
308 STREET CIP	1,357,235	1,357,235	85,877	6%	85,877	0	0%
309 TRAFFIC MITIGATION	1,348,287	1,348,287	1,874	0%	103,229	(101,355)	-98%
311 POLICE MITIGATION	256,218	256,218	767	0%	3,388	(2,621)	-77%
313 FIRE MITIGATION	94,577	94,577	118	0%	6,838	(6,720)	-98%
346 PUBLIC FACILITIES NON-AB1600	617,956	617,956	-	n/a	-	-	n/a
347 PUBLIC FACILITIES	171,217	171,217	512	0%	2,267	(1,755)	-77%
348 LIBRARY	1,250,509	1,250,509	1,974	0%	7,696	(5,722)	-74%
350 UNDERGROUNDING	53,236	53,236	-	n/a	330,194	(330,194)	-100%
355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY	544,341	544,341	11,633	2%	28,133	(16,500)	-59%
360 COMMUNITY/REC IMPACT FUND	985,274	985,274	3,663	0%	-	3,663	n/a
TOTAL CAPITAL PROJECTS FUNDS	12,440,264	12,440,264	1,149,074	9%	1,262,660	(113,586)	-9%
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	297,408	297,408	24,478	8%	24,888	(410)	-2%
441 POLICE FACILITY BOND	385,373	385,373	-	n/a	-	-	n/a
545 COCHRANE BUSINESS PARK	84	84	-	n/a	-	-	n/a
TOTAL DEBT SERVICE FUNDS	682,865	682,865	24,478	4%	24,888	(410)	-2%

Attachment: July 2017 Financial and Investment Report (1443 : July 2017 Financial and Investment Report)



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2016-17
For the Month Ended July 31, 2017
8% 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	10,602,695	10,102,695	832,462	8%	646,155	186,307	29%
Interest Income/Transfers	48,461	48,461	-	n/a	-	-	n/a
Other Revenue/Current Charges	183,354	683,354	69,335	10%	12,411	56,924	459%
640 SEWER OPERATION	10,834,510	10,834,510	901,797	8%	658,566	243,231	37%
641 SEWER EXPANSION							
Interest Income	59,474	59,474	178	0%	9	169	1872%
Development Impact Fee	4,727,753	4,727,753	14,183	0%	55,296	(41,113)	-74%
Transfers/Other	-	-	-	0%	400	(400)	-100%
641 SEWER EXPANSION	4,787,227	4,787,227	14,361	0%	55,705	(41,344)	-74%
642 SEWER RATE STABILIZATION	15,702	15,702	-	n/a	-	-	n/a
643 SEWER-CAPITAL PROJECT	2,424,509	2,424,509	199,401	8%	219,957	(20,556)	-9%
TOTAL SEWER FUNDS	18,061,948	18,061,948	1,115,559	6%	934,228	181,331	19%
650 WATER OPERATION							
Water Sales	11,201,856	11,401,856	1,153,189	10%	678,315	474,874	70%
Meter Install & Service	120,575	120,575	66,456	55%	53,091	13,365	25%
Transfers-In / Interest Income	424,507	424,507	34,629	8%	33,483	1,146	3%
Other Revenue/Current Charges	475,784	275,784	115,927	42%	185,816	(69,889)	-38%
650 WATER OPERATION	12,222,722	12,222,722	1,370,200	11%	950,705	419,495	44%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	1,944	1,944	-	n/a	-	-	n/a
Development Impact Fee	1,196,984	1,196,984	3,624	0%	16,597	(12,973)	-78%
651 WATER EXPANSION	1,198,928	1,198,928	3,624	0%	16,597	(12,973)	-78%
652 Water Rate Stabilization	505,618	505,618	41,667	8%	41,667	-	n/a
653 Water Capital Project	1,351,992	1,351,992	112,648	8%	78,796	33,852	43%
TOTAL WATER FUNDS	15,279,260	15,279,260	1,528,139	10%	1,087,765	440,374	40%
TOTAL ENTERPRISE FUNDS	33,341,208	33,341,208	2,643,698	8%	2,021,993	621,705	31%
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	1,592,812	1,592,812	134,305	8%	133,368	938	1%
740 BUILDING MAINTENANCE	3,066,615	3,066,615	255,386	8%	302,646	(47,260)	-16%
741 BUILDING REPLACEMENT	487,008	487,008	39,388	8%	46,006	(6,618)	-14%
745 CIP ADMINISTRATION	1,869,109	1,869,109	122,958	7%	83,097	39,861	48%
760 UNEMPLOYMENT INSURANCE	1,094	1,094	-	n/a	-	-	n/a
770 WORKERS COMPENSATION	763,390	763,390	56,365	7%	55,609	756	1%
790 EQUIPMENT REPLACEMENT	974,418	974,418	79,307	8%	81,578	(2,271)	-3%
791 EMPLOYEE BENEFITS	924,676	924,676	50,927	6%	648,970	(598,043)	-92%
793 CORPORATION YARD COMMISSION	-	-	-	0%	-	-	n/a
795 GENERAL LIABILITY INSURANCE	941,342	941,342	77,917	8%	70,834	7,083	10%
TOTAL INTERNAL SERVICE FUNDS	10,620,464	10,620,464	816,553	8%	1,422,107	(605,553)	-43%
TOTAL FOR ALL FUNDS	\$ 109,381,429	\$ 109,966,497	\$ 7,330,957	7%	\$ 9,617,579	\$ (2,193,754)	-23%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2017-18
For the Month Ended July 31, 2017
8% 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	\$ 28,236	\$ 400,865	\$ 28,236	\$ 21,500	\$ 49,736	12%	\$ 4:
	CITY ATTORNEY	53,896	836,813	53,896	104,083	157,979	19%	3:
	CITY ATTORNEY LOAN	-	-	-	-	-	n/a	83:
	CITY MANAGER	85,648	1,846,979	85,648	653,399	739,047	40%	4:
	HUMAN RESOURCES	48,266	757,742	48,266	47,955	96,221	13%	5:
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	42,559	601,195	42,559	-	42,559	7%	4:
	Elections	1,374	30,669	1,374	-	1,374	4%	:
	COUNCIL SVCS & RECORDS MGMT	43,933	631,864	43,933	-	43,933	7%	4:
	FINANCE	124,285	1,613,065	124,285	82,368	206,653	13%	10:
	TOTAL ADMINISTRATION	384,264	6,087,327	384,264	909,304	1,293,568	21%	1,15:
II. COMMUNITY SERVICES								
	Membership Services & Rec. Programs	383,413	5,914,430	383,413	251,257	634,670	11%	38:
	Recreation Facility Rentals	104,761	1,299,185	104,760	16,695	121,455	9%	9:
	Community Services	52,060	768,671	52,060	5,550	57,610	7%	4:
	Solid Waste Management	12,974	277,104	12,974	-	12,974	5%	1:
	Street Maintenance	89,047	2,225,954	89,047	385,503	474,550	21%	8:
	Downtown Maintenance	15,071	296,241	15,071	28,463	43,534	15%	:
	Cable Television	1,505	49,443	1,505	-	1,505	3%	:
	COMMUNITY SERVICES	658,830	10,831,028	658,830	687,468	1,346,298	12%	63:
	CODE COMPLIANCE	8,697	141,628	8,697	-	8,697	6%	:
	CONGESTION MANAGEMENT	5,478	77,570	5,478	-	5,478	7%	:
	TOTAL COMMUNITY SERVICES	673,005	11,050,226	673,004	687,468	1,360,473	12%	64:
III. PUBLIC SAFETY								
	POLICE							
	PD Administration	69,199	1,185,166	69,199	21,812	91,011	8%	6:
	Field Operations	560,254	7,837,836	560,254	86,633	646,888	8%	55:
	Support Services	163,748	2,089,756	163,748	3,500	167,248	8%	17:
	Emergency Services/Haz Mat	12,399	179,862	12,399	-	12,399	7%	1:
	Special Operations	220,304	2,779,972	220,304	-	220,304	8%	21:
	Dispatch Services	123,596	1,694,978	123,596	-	123,596	7%	11:
	POLICE	1,149,500	15,767,570	1,149,500	111,945	1,261,445	8%	1,14:
	FIRE	411,650	5,785,389	411,650	26,037	437,687	8%	36:
	TOTAL PUBLIC SAFETY	1,561,150	21,552,959	1,561,150	137,983	1,699,132	8%	1,51:
IV. TRANSFERS								
	Other	312,033	1,901,915	312,033	-	312,033	16%	47:
	TOTAL TRANSFERS	312,033	1,901,915	312,033	-	312,033	16%	47:
	TOTAL GENERAL FUND	2,930,452	40,592,427	2,930,451	1,734,755	4,665,206	11%	3,78:

Attachment: July 2017 Financial and Investment Report (1443 : July 2017 Financial and Investment Report)



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2017-18
For the Month Ended July 31, 2017
8% 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	169	763,480	169	-	169	0%	
205	PUBLIC SAFETY/SUPP.LAW	-	100,000	-	-	-	n/a	
206	COMMUNITY DEVELOPMENT FUND							
	Planning	131,479	2,329,064	131,479	146,712	278,191	12%	14%
	Building	118,399	1,789,823	118,399	7,640	126,040	7%	13%
	Engineering	79,485	1,292,702	79,485	134,293	213,778	17%	7%
206	COMMUNITY DEVELOPMENT FUND	329,364	5,411,589	329,364	288,645	618,009	11%	35%
207	GENERAL PLAN UPDATE	38,019	988,643	38,019	319,053	357,072	36%	3%
215/216	CDBG	-	14,976	-	14,976	14,976	100%	
229	LIGHTING AND LANDSCAPE	8,611	205,430	8,611	84,148	92,759	45%	
230	COMMUNITY FACILITIES DISTRICT	1,169	45,100	1,169	4,689	5,858	13%	
232	ENVIRONMENT PROGRAMS	23,745	345,422	23,745	-	23,745	7%	2%
234	MOBILE HOME PARK	71	880	71	-	71	8%	
236	HOUSING MITIGATION	36,539	1,320,091	36,539	25,921	62,460	5%	3%
240	EMPLOYEE ASSISTANCE	104	41,247	104	-	104	0%	
250	COMM-SUCCESSOR AGENCY-MHRDA	16,137	7,178,310	16,137	23,890	40,027	1%	1,16%
255	HOUSING SUCCESSOR AGENCY	72,543	1,945,760	72,543	495,553	568,097	29%	3%
TOTAL SPECIAL REVENUE FUNDS		526,471	18,360,927	526,471	1,256,875	1,783,345	10%	1,66%
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	32,317	6,719,991	32,317	3,362,841	3,395,158	51%	2%
302	PARK MAINTENANCE	52,837	2,450,153	52,837	40,667	93,504	4%	6%
303	LOCAL DRAINAGE	986	33,698	986	-	986	3%	
304	LOCAL DRAIN. NON-AB1600	384	155,141	384	-	384	0%	
306	AGRICULTURE & OPEN SPACE PRESERVATION	1,707	1,725,908	1,707	93,684	95,391	6%	
308	STREET CIP	912	3,684,677	912	2,328,466	2,329,378	63%	
309	TRAFFIC MITIGATION	24,959	3,364,148	24,959	341,098	366,057	11%	
311	POLICE MITIGATION	2,161	228,859	2,161	-	2,161	1%	
313	FIRE MITIGATION	110	615,477	110	-	110	0%	
346	PUBLIC FAC. NON AB1600	311	621,831	311	576,790	577,101	93%	
347	PUBLIC FACILITIES	81	1,223	81	-	81	7%	
348	LIBRARY IMPACT	28,970	3,816,578	28,970	272,764	301,733	8%	2%
350	UNDERGROUNDING	45	539	45	-	45	8%	
355	SCHOOL PEDESTRIAN & TRAFFIC SAFETY	330	1,131,267	330	256,669	256,999	23%	
360	COMM/REC CENTER IMPACT	-	244,000	-	-	-	0%	
TOTAL CAPITAL PROJECTS FUNDS		146,110	24,793,489	146,110	7,272,978	7,419,087	30%	14%
DEBT SERVICE FUNDS								
420	CIVIC CENTER DEBT	97	297,423	97	-	97	0%	
441	POLICE FACILITY BOND DEBT	198	383,610	198	-	198	0%	
TOTAL DEBT SERVICE FUNDS		295	681,033	295	-	295	0%	

Attachment: July 2017 Financial and Investment Report (1443 : July 2017 Financial and Investment Report)



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2017-18
 For the Month Ended July 31, 2017
 8% 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	459,866	10,846,377	459,866	104,205	564,071	5%	49%
641	SEWER CAPITAL EXPANSION	22,494	12,336,720	22,494	803,704	826,198	7%	1%
642	SEWER RATE STABILIZATION	325	3,900	325	-	325	8%	-
643	SEWER-CAPITAL PROJECTS	1,858	6,243,443	1,858	155,510	157,368	3%	-
TOTAL SEWER FUND(S)		484,543	29,430,440	484,543	1,063,419	1,547,962	5%	51%
WATER								
	Water Operations	476,776	11,005,629	476,776	183,533	660,309	6%	44%
	Utility Billing	71,566	836,258	71,566	40,170	111,736	13%	7%
	Water Conservation	5,964	212,502	5,964	91,595	97,558	46%	-
650	WATER OPERATIONS	554,306	12,054,389	554,306	315,298	869,604	7%	51%
651	WATER CAPITAL EXPANSION	17,523	961,074	17,523	186,940	204,463	21%	-
652	WATER RATE STABILIZATION	51	662	51	-	51	8%	-
653	WATER-CAPITAL PROJECTS	40,694	2,991,557	40,694	1,641,342	1,682,036	56%	2%
TOTAL WATER FUND(S)		612,574	16,007,681	612,574	2,143,579	2,756,154	17%	55%
TOTAL ENTERPRISE FUNDS		1,097,118	45,438,121	1,097,118	3,206,998	4,304,116	9%	1,06%
INTERNAL SERVICE FUNDS								
730	INFORMATION SYSTEMS	100,962	1,796,307	100,962	322,799	423,761	24%	10%
740	BUILDING MAINTENANCE	125,368	3,328,743	125,368	480,956	606,324	18%	10%
741	BUILDING REPLACEMENT	-	515,155	-	158,655	158,655	31%	-
745	CIP ADMINISTRATION	122,958	1,872,190	122,958	17,080	140,038	7%	13%
760	UNEMPLOYMENT	-	20,400	-	-	-	n/a	-
770	WORKERS COMPENSATION	338,568	808,807	338,568	-	338,568	42%	22%
790	EQUIPMENT REPLACEMENT	-	694,939	-	119,828	119,828	17%	-
791	EMPLOYEE BENEFITS FUND	41,300	558,538	41,300	-	41,300	7%	1%
793	CORP YARD COMMISSION	102	-	102	1,903	2,005	0%	-
795	GEN. LIABILITY INSURANCE	6,584	1,059,920	6,584	-	6,584	1%	63%
TOTAL INTERNAL SERVICE FUNDS		735,842	10,655,000	735,842	1,101,221	1,837,063	17%	1,20%
REPORT TOTAL		\$ 5,436,287	\$ 140,520,997	\$ 5,436,286	\$ 14,572,828	\$ 20,009,113	14%	\$ 7,86%

Attachment: July 2017 Financial and Investment Report (1443 : July 2017 Financial and Investment Report)

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2016-17
For the Month Ended July 31, 2017
8% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-17	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	\$ 17,046,963	\$ 2,051,134	5%	\$ 2,930,451	7%	\$ (879,317)	\$ 1,734,755	\$ 14,432,890
TOTAL GENERAL FUND		\$ 17,046,963	\$ 2,051,134	5%	\$ 2,930,451	7%	\$ (879,317)	\$ 1,734,755	\$ 14,432,890
202	STREET MAINTENANCE	439	\$ -	n/a	\$ 169	7%	\$ (169)	\$ -	\$ 270
205	PUBLIC SAFETY/SUPL. LAW	16,702	-	n/a	-	6%	-	-	16,702
206	COMMUNITY DEVELOPMENT	2,646,685	404,474	11%	329,364	6%	75,110	288,645	2,433,150
207	GENERAL PLAN UPDATE	1,170,077	65,913	9%	38,019	4%	27,894	319,053	878,919
210	COMMUNITY REC CENTERS START-UP	302	-	0%	-	0%	-	-	302
215 / 216	CDBG	51,806	785	188%	-	0%	785	14,976	37,616
225	ASSET SEIZURE	136,345	-	n/a	-	0%	-	-	136,345
229	LIGHTING AND LANDSCAPE	160,594	-	n/a	8,611	4%	(8,611)	84,148	67,835
230	COMMUNITY FACILITIES DISTRICT	60,276	-	0%	1,169	0%	(1,169)	4,689	54,417
232	ENVIRONMENTAL PROGRAMS	159,665	55,517	15%	23,745	7%	31,772	-	191,437
234	MOBILE HOME PK RENT STAB.	41,059	-	n/a	71	8%	(71)	-	40,988
235	SENIOR HOUSING	220,710	-	n/a	-	0%	-	-	220,710
236	HOUSING MITIGATION	2,178,174	13,449	2%	36,539	3%	(23,090)	25,921	2,129,163
240	EMPLOYEE ASSISTANCE	36,302	2,238	7%	104	0%	2,134	-	38,436
247	ENVIRONMENT REMEDIATION	149,147	-	n/a	-	0%	-	-	149,147
250	COMH-SUCCESSOR AGENCY-MHRDA	4,650,153	-	n/a	16,137	0%	(16,137)	12,096,087	(7,462,071)
255	HOUSING SUCCESSOR AGENCY	3,956,700	103,644	8%	72,543	4%	31,101	3,008,828	978,972
TOTAL SPECIAL REVENUE FUNDS		\$ 15,635,135	\$ 646,020	4%	\$ 526,471	3%	\$ 119,549	\$ 15,842,347	\$ (87,663)
301	PARK DEV. IMPACT FUND	\$ 4,850,439	\$ 20,411	1%	\$ 32,317	0%	\$ (11,906)	\$ 3,362,841	\$ 1,475,693
302	PARK MAINTENANCE	5,431,371	407,167	46%	52,837	2%	354,330	40,667	5,745,034
303	LOCAL DRAINAGE	8,381,669	561,462	31%	986	3%	560,476	-	8,942,145
304	LOCAL DRAINAGE/NON-AB1600	1,301,563	50,496	71%	384	0%	50,112	-	1,351,675
306	AGRICULTURE AND OPEN SPACE PRESERV	6,014,382	3,120	0%	1,707	0%	1,413	93,684	5,922,110
308	STREET CIP	1,819,399	85,877	6%	912	-	84,965	2,328,466	(424,102)
309	TRAFFIC IMPACT FUND	4,535,126	1,874	0%	24,959	1%	(23,085)	341,098	4,170,944
311	POLICE IMPACT FUND	(115,553)	767	0%	2,161	1%	(1,394)	-	(116,947)
313	FIRE IMPACT FUND	3,818,638	118	0%	110	0%	8	-	3,818,646
346	PUBLIC FACILITIES NON-AB1600	1,120,338	-	n/a	311	0%	(311)	-	1,120,027
347	PUBLIC FACILITIES IMPACT FUND	343,009	512	0%	81	7%	431	272,764	70,676
348	LIBRARY IMPACT FUND	2,103,639	1,974	0%	28,970	1%	(26,996)	-	2,076,644
350	UNDERGROUNDING	510,438	-	n/a	45	8%	(45)	256,669	253,724
355	SCHOOL PEDESTRIAN/TRAFFIC SFTY	1,643,464	11,633	2%	330	0%	11,303	-	1,654,767
360	COMM/REC CTR IMPACT FUND	268,766	3,663	0%	-	0%	3,663	-	272,429
TOTAL CAPITAL PROJECT FUNDS		\$ 42,026,688	\$ 1,149,074	9%	\$ 146,110	1%	\$ 1,002,965	\$ 6,696,188	\$ 36,333,465
420	CIVIC CENTER DEBT	\$ 161,328	\$ 24,478	8%	\$ 97	0%	\$ 24,381	\$ 17	\$ 185,692
441	POLICE FACILITY BOND DEBT	93,903	-	n/a	198	0%	(198)	22	93,683
TOTAL DEBT SERVICE FUNDS		\$ 255,231	\$ 24,478	4%	\$ 295	0%	\$ 24,183	\$ 39	\$ 279,375

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2016-17
For the Month Ended July 31, 2017
8% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-17	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	\$ 2,997,397	\$ 901,797	8%	\$ 459,866	4%	\$ 441,931	104,205	3,335,123
641	SEWER IMPACT FUND*	13,781,329	14,361	0%	22,494	0%	(8,133)	803,704	12,969,492
642	SEWER RATE STABILIZATION	2,538,125	-	n/a	325	8%	(325)	-	2,537,800
643	SEWER-CAPITAL PROJECTS	8,964,265	199,401	8%	1,858	0%	197,543	164,724	8,997,084
650	WATER OPERATIONS	1,329,683	1,370,200	11%	554,306	5%	815,894	315,298	1,830,279
651	WATER IMPACT FUND*	3,153,844	3,624	0%	17,523	2%	(13,899)	186,940	2,953,005
652	WATER RATE STABILIZATION	539,303	41,667	8%	51	8%	41,616	-	580,919
653	WATER -CAPITAL PROJECT	613,123	112,648	8%	40,694	1%	71,954	1,641,342	(956,265)
TOTAL ENTERPRISE FUNDS		\$ 33,917,069	\$ 2,643,698	8%	\$ 1,097,118	2%	\$ 1,546,581	\$ 3,216,212	\$ 32,247,437
730	INFORMATION SERVICES	\$ 612,170	\$ 134,305	8%	\$ 100,962	6%	\$ 33,343	\$ 322,799	\$ 322,714
740	BUILDING MAINTENANCE	126,409	255,386	8%	125,368	4%	130,018	480,956	(224,529)
741	BUILDING REPLACEMENT	2,063,612	39,388	8%	-	-	39,388	158,655	1,944,345
745	CIP ENGINEERING	(42,561)	122,958	7%	122,958	7%	0	17,080	(59,641)
760	UNEMPLOYMENT	164,584	-	n/a	-	-	-	-	164,584
770	WORKERS COMPENSATION	1,647,992	56,365	7%	338,568	42%	(282,203)	30,000	1,335,789
790	EQUIPMENT REPLACEMENT	4,110,874	79,307	8%	-	-	79,307	119,828	4,070,353
791	EMPLOYEE BENEFITS FUNDS	584,228	50,927	6%	41,300	7%	9,627	-	593,855
793	CORP YARD COMMISSION	(9,423)	-	0%	102	0%	(102)	1,903	(11,428)
795	GEN. LIABILITY INSURANCE	1,106,814	77,917	8%	6,584	1%	71,333	-	1,178,147
TOTAL INTERNAL SERVICE FUNDS		\$ 10,364,698	\$ 816,553	8%	\$ 735,842	7%	\$ 80,711	\$ 1,131,221	\$ 9,314,188
SUMMARY BY FUND TYPE									
GENERAL FUND GROUP		\$ 17,046,963	\$ 2,051,134	5%	\$ 2,930,451	7%	\$ (879,317)	\$ 1,734,755	\$ 14,432,890
SPECIAL REVENUE GROUP		15,635,135	646,020	4%	526,471	3%	119,549	15,842,347	(87,663)
DEBT SERVICE GROUP		255,231	24,478	4%	295	0%	24,183	39	279,375
CAPITAL PROJECTS GROUP		42,026,688	1,149,074	9%	146,110	1%	1,002,965	6,696,188	36,333,465
ENTERPRISE GROUP		33,917,069	2,643,698	8%	1,097,118	2%	1,546,581	3,216,212	32,247,437
INTERNAL SERVICE GROUP		10,364,698	816,553	8%	735,842	7%	80,711	1,131,221	9,314,188
TOTAL ALL GROUPS		\$ 119,245,784	\$ 7,330,957	7%	\$ 5,436,286	4%	\$ 1,894,671	\$ 28,620,763	\$ 92,519,692

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: October 18, 2017

PREPARED BY: Angie Gonzalez, Council Services Assistant
APPROVED BY: City Manager

ADOPT ORDINANCE APPROVING ZONING AMENDMENT ZA 2017-0001 CHANGING THE ZONING DESIGNATION ON A FIVE ACRE SITE MADE UP OF THREE PARCELS, LOCATED ON THE SOUTH WEST CORNER OF THE INTERSECTION OF NINA LANE AND SAN PEDRO AVENUE (ASSESSOR PARCEL NUMBERS 817-60-019; -026 & -027) FROM R-1 12,000/RPD TO R-1 7,000 SINGLE FAMILY MEDIUM DENSITY RESIDENTIAL DISTRICT

RECOMMENDATION(S)

Waive the reading, adopt Ordinance No. 2262, 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

Protecting the Environment

REPORT NARRATIVE:

On October 4, 2017, the City Council introduced Ordinance No. 2262 New Series, by the following roll call vote: AYES: Carr, Constantine, Spring, Robinett Jachimowicz, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

This ordinance will amend the zoning designation on three parcels from R-1 12,000/RPD to R-1 7,000. The three parcels total 5 acres and are located on the southwest corner of the intersection of Nina Lane and San Pedro Avenue.

COMMUNITY ENGAGEMENT: Involve

The proposed project was publicly noticed (mailing to property owners within 300 feet of the expanded project site and newspaper legal noticing) for the minimum 10-day period. Both property owners in the application expansion area were sent letters detailing the proposal and the reasoning for proposed rezone.

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On September 12, the Planning Commission considered the application request to rezone three parcels totaling 5 acres from R-1 12,000/ RPD to R-1 7,000. The Planning Commission voted 6-1 to rezone the three parcels R-1 7,000, with Commissioner Mueller voting no. Commissioner Mueller believed the R-1 7,000 designation would allow lot sizes that are too small to provide an appropriate transition to one acre lots on Nina Lane.

FISCAL AND RESOURCE IMPACT:

Application fees were collected to cover the cost of processing the zoning amendment request.

CEQA (California Environmental Quality Act):

The project was reviewed as part of Master Environmental Impact Report for the 2035 General Plan update and has been found consistent with the California Environmental Quality Act Section 21083.3 and Guidelines Section 15183 (Projects Consistent with a Community Plan, General Plan, or Zoning), there are no new environmental effects peculiar to the property or the project and no new information, and thus additional environmental review is not required. The Zoning Amendment complies with the General Plan as required by Government Code Section 65860 and as noted in this report.

LINKS/ATTACHMENTS:

1. Ordinance 2262 Nina-Botros

ORDINANCE NO. 2260, NEW SERIES

AN ORDINANCE OF THE CITY OF MORGAN HILL APPROVING ZONING AMENDMENT ZA 2017-0001 CHANGING THE ZONING DESIGNATION ON A FIVE ACRE SITE MADE UP OF THREE PARCELS, LOCATED ON THE SOUTH WEST CORNER OF THE INTERSECTION OF NINA LANE AND SAN PEDRO AVENUE (ASSESSOR PARCEL NUMBERS 817-60-019; -026 & -027) FROM R-1 12,000/RPD TO R-1 7,000 SINGLE FAMILY MEDIUM DENSITY RESIDENTIAL DISTRICT

WHEREAS, an application for rezoning of the property located at 16675 Nina Lane, APN 817-60-019 was made by the owners of the property, Adel M. and Amal M. Botros (“Owners”), from R-1 12,000/Residential Planned Development to R-1 7,000 Residential Detached Medium to be consistent with the General Plan;

WHEREAS, the rezoning is necessary to achieve consistency with the General Plan to allow Owners to participate in the 2017 Residential Development Control System (RDCS) process;

WHEREAS, the City initiated rezoning of the two adjacent parcels located at 820 San Pedro Avenue, APN 817-60-026, owned by Guy and Nicole Brault and 16685 Nina Lane, APN 817-60-027, owned by Lisa M. Varney;

WHEREAS, the General Plan designates the three above-referenced parcels as Residential Detached Medium;

WHEREAS, the project site was reviewed as part of Master Environmental Impact Report for the 2035 General Plan update and has been found consistent with the requirements of the California Environmental Quality Act. No new environmental effects peculiar to the property or the project and no new information has been identified, and thus additional environmental review is not required pursuant to Public Resources Code Section 21083.3 and CEQA Guidelines Section 15183; and

WHEREAS, the Zoning Amendment complies with the General Plan as required by Government Code Section 65860; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

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

SECTION 1. The proposed zoning amendment is consistent with the General Plan.

SECTION 2. The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.

SECTION 3. Further development and any future building additions shall comply with the site development standards of the R-1 7,000 Single Family Medium Density Residential District.

SECTION 4. The City Council hereby approves an amendment to the City zoning map changing the zoning designation from 12,000/RPD to the R-1 7,000 Single Family Medium Density Residential District to the site described attached hereto, as Exhibit "A", and by this reference incorporated herein.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 4TH DAY OF OCTOBER 2017, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 18TH DAY OF OCTOBER 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: November 18, 2017

Attachment: Ordinance 2262 Nina-Botros [Revision 1] (1445 : Adopt Ordinance 2262 Nina-Botros)

☞ 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. 2262, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 18th day of October 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

Attachment: Ordinance 2262 Nina-Botros [Revision 1] (1445 : Adopt Ordinance 2262 Nina-Botros)

DEVELOPMENT
SERVICES

JUL 21 2017

CITY OF MORGAN HILL

EXHIBIT "A"

LEGAL DESCRIPTION

All that certain real property in the City of Morgan Hill, County of Santa Clara, State of California, and being ALL of Parcels 1 and 2 as shown on that Parcel Map entitled "All of Lot 66 of the Catherine Dunne Ranch Mao No. 5", recorded in Book "I" of Maps, Page 53, recorded May 9, 1980 in Book 463 of Maps, at Page 13 at the Office of the Recorder of Santa Clara County, and being more particularly described as follows:

BEGINNING at the centerline intersection of Nina Lane (60' wide) and San Pedro Avenue (59.70' wide), as said lane and avenue are shown upon said Parcel Map, said intersection being the **POINT OF BEGINNING**; thence along the centerline of Nina Lane South $25^{\circ}29'09''$ East, a distance of 412.58 feet; thence leaving said centerline and running along the southerly line of said Parcel 2, South $64^{\circ}31'00''$ West, a distance of 527.90 feet to the southwesterly corner of said Parcel 2; thence along the westerly line of said parcel North $25^{\circ}29'09''$ West, a distance of 412.58 feet to a point on the centerline of said San Pedro Avenue; thence along said centerline North $64^{\circ}31'00''$ East, a distance of 527.90 feet to the **POINT OF BEGINNING** and containing 5.00 acres.

END OF DESCRIPTION.

See "Exhibit B" attached hereto and made a part hereof.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors' Act.


William J. McClintock, RCE 24893
Expires: 12/31/2017

Date 7/21/17

Prepared by the firm of MH engineering Company, Morgan Hill, CA
RCE 24893 (2/1/15) Reissuing Legal Descriptions





216156 Rezoning.txt

LANDS OF BOTROS
Rezoning
DATE: July 20, 2017
MH JOB: 216156

DEVELOPMENT
SERVICES
JUL 21 2017
CITY OF MORGAN HILL

Parcel name: Rezoning

North: 1870754.5726 East : 6226516.4528
Line Course: S 25-29-09 E Length: 412.58
North: 1870382.1401 East : 6226693.9810
Line Course: S 64-31-00 W Length: 527.90
North: 1870155.0119 East : 6226217.4401
Line Course: N 25-29-09 W Length: 412.58
North: 1870527.4453 East : 6226039.9137
Line Course: N 64-31-00 E Length: 527.90
North: 1870754.5735 East : 6226516.4546

Perimeter: 1880.96 Area: 217,800. sq. ft. 5.00 acres

Mapcheck Closure - (Uses listed courses and chords)
Error Closure: 0.0020 Course: N 64-30-52 E
Error North: 0.00086 East : 0.00181
Precision 1: 940,480.00

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, October 4, 2017 5:30 PM

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

SPECIAL/REGULAR MEETING

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

SPECIAL MEETING

5:30 P.M.

CALL TO ORDER

Mayor Tate called the meeting to order at 5:30 p.m.

ROLL CALL ATTENDANCE

Deputy City Clerk Michelle Wilson called the roll.

Attendee Name	Title	Status	Arrived
Steve Tate	Mayor	Present	
Larry Carr	Mayor Pro Tem	Present	
Rich Constantine	Council Member	Present	
Caitlin Jachimowicz	Council Member	Present	
Rene Spring	Council Member	Present	

Minutes Acceptance: Minutes of Oct 4, 2017 5:30 PM (CONSENT CALENDAR)

DECLARATION OF POSTING AGENDA

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

WORKSHOP

ENVIRONMENTAL AGENDA PRESENTATION AND HANDOUT

The purpose of the Environmental Workshop is to provide an update on environmental program activities and obtain policy direction from the City Council on future programs.

Program Administrator Anthony Eulo provided the update.

The public comment was opened at 7:01 p.m.

Brian Sullivan was called to speak.

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

The Mayor called a recess at 7:02 p.m.

REGULAR MEETING

7:00 P.M.

The regular meeting was convened at 7:07 p.m.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Council Member Constantine shared that he serves on the Valley Transportation Authority's (VTA) Policy Advisory Committee. He shared that the VTA recently conducted a survey asking citizens to specify which VTA services they miss and/or would like to have. Over 500 responses were received and those will be shared soon.

He mentioned that he also serves on the Water Commission for the Santa Clara Valley Water District (SCVWD) and one of the recent reports they received stated that after a five-year drought, the aquifer has been restored to pre-drought conditions. He recognized the conservation efforts of the Morgan Hill community as well as the efforts of SCVWD for banking water to keep the watershed as full as possible.

He asked that the meeting be adjourned in honor of the 59 souls that were lost in the senseless acts of violence in Las Vegas on Sunday night.

CITY MANAGER'S REPORT

City Manager Christina Turner shared her excitement for her first City Council meeting as City Manager and commented that it has been a great week so far. She announced the evening's supplements and presentations.

She recognized two groups of teammates; the Leadership team for their support and their high level of expertise and talent and the Administrative Services Team comprised of Human Resources, Finance, Council Services, and Information Services for the quality and quantity of work they provide to the City. She mentioned that on Friday, October 6th in conjunction with the City of Morgan Hill and the Chamber of Commerce will be an event called "Manufacturing Day" that will start at Golden State Assembly at 8:30 am. The event will include three factory tours in the afternoon and is an opportunity for us to learn more about and appreciate the manufacturing industry. The Get Fit Obstacle Course will take place on Saturday, October 7th, at 8:00 am at the Centennial Recreation Center. Sunday at the Community and Cultural Center Amphitheatre at 4:00 pm we will have a Latin concert. She concluded by announcing that there will not be a Council meeting on October 25th.

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin had no report.

OTHER REPORTS

Mayor Tate shared that on Friday, October 13th, at the Community and Cultural Center, we will be having a very comprehensive three hour fair for seniors on all of the services that are available to the senior community.

PROCLAMATIONS

Proclaiming the Week of October 8 - 14, 2017 as Fire Prevention Week

PUBLIC COMMENT

The public comment was opened at 7:16 p.m.

The Morgan Hill Aquatic Foundation Board Members confirmed their donation of \$2,500, which is part of the Dennis Kennedy Memorial Swim fund, to the City of Morgan Hill to provide swimming lessons to the low-income children in our community. That amount will serve about 70 children.

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

ADOPTION OF AGENDA

MOTION:

Adopting the agenda moving the closed session item after the public hearing item.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Rene Spring, Council Member
SECONDER:	Caitlin Jachimowicz, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

CONSENT CALENDAR

MOTION:

Approving consent calendar items 1 through 10.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Rene Spring, Council Member
SECONDER:	Caitlin Jachimowicz, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

1. HAZARD MITIGATION PLAN UPDATE

Recommendation:

Adopt resolution accepting the City of Morgan Hill and Santa Clara County Operational Area Hazard Mitigation Plan update.

2. GRANT APPLICATION TO THE SANTA CLARA VALLEY WATER DISTRICT FOR THE WEST LITTLE LLAGAS CREEK INTERPRETIVE WILDLIFE TRAIL PROJECT

Recommendation:

Adopt resolution approving the submission of a grant application to the Santa Clara Valley Water District, authorizing the City Manager to execute grant documents if the grant application is successful, and finding the proposed project categorically exempt from the California Environmental Quality Act.

3. ACCEPTANCE OF SUBDIVISION PUBLIC IMPROVEMENTS FOR MISSION RANCH PHASE 14 - TRACT NO. 10272

Recommendation:

1. Accept the subdivision public improvements for Mission Ranch Phase 14 – Tract No. 10272;
2. Authorize the Public Works Director to sign a Notice of Completion; and
3. Direct the City Clerk to file the Notice of Completion with the Recorder of Santa Clara County.

4. COUNTY INCLUSIVE PLAYGROUND GRANT AUTHORIZATION

Recommendation:

Adopt resolution authorizing the City Manager to prepare and submit an application for the County of Santa Clara's All-Inclusive Playground Grant.

5. HISTORICAL SOCIETY VILLA MIRA MONTE IMPROVEMENT AND REPAIR FUNDING AGREEMENT

Recommendation:

Authorize the City Manager to execute and subsequently administer a funding agreement with the Morgan Hill Historical Society for repairs and improvements at Villa Mira Monte.

6. PLAYHOUSE SEATING PROJECT

Recommendation:

Adopt resolution with the following actions related to the Playhouse Seating Project:

1. Rejecting all bids received;
2. Declaring that the project can be performed more economically by day labor, or the materials or supplies furnished at a lower price in the open market; and
3. Authorizing the City Manager to execute a purchase agreement in an amount not to exceed \$80,000 for the purchase of playhouse seating.

7. APPROVE SERVICE MAINTENANCE AGREEMENT WITH CD & POWER FOR GENERATOR MAINTENANCE AND REPAIR

Recommendation:

Approve and authorize the City Manager to execute a three-year agreement with CD & Power in the amount of \$119,475 for routine and emergency maintenance and repair to the City's 26 standby generators.

8. APPROVE APPLICATION FOR EMERGENCY MANAGEMENT PERFORMANCE GRANT 2017 MOU

Recommendation:

1. Adopt resolution authorizing the City Manager to execute the Memorandum of Understanding (MOU) with County of Santa Clara for the 2017 Emergency Management Performance Grant (EMPG); and
2. Recognize grant revenue in an amount not to exceed \$37,150 to implement an Emergency Volunteer Center (EVC) exercise, purchase Emergency Operations Center (EOC) Computers, and for registration and associated costs for the OES Coordinator to attend the California Emergency Services Association (CESA) and International Association of Emergency Managers (IAEM) training and conferences.

9. APPROVE THE SEPTEMBER 6, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

10. APPROVE THE SEPTEMBER 27, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

11. DOWNTOWN SPECIAL EVENTS AND STREET CLOSURES

Recommendation:

Approve the proposed revised Downtown Special Events Street Closure Policy.

Community Services Coordinator Nichole Martin provided the report.

The public comment was opened at 7:45 p.m.

There being no requests to speak, the public comment was closed.

MOTION:

Continuing the item to a future meeting, date to be determined.

RESULT:	CONTINUED TO A FUTURE MEETING [UNANIMOUS]
MOVER:	Rene Spring, Council Member
SECONDER:	Caitlin Jachimowicz, Council Member
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

12. APPROVE OUTDOOR SPORTS CENTER CONCESSIONAIRE AGREEMENT AMENDMENT

Recommendation:

Authorize the City Manager to execute and subsequently administer a Fourth Amendment to the Concessionaire Agreement with the Morgan Hill Youth Sports Alliance for the operations of the Outdoor Sports Center.

The Mayor called a recess at 7:58 p.m.
The meeting was reconvened at 8:04 p.m.

Community Services Director Chris Ghione provided the report.

The public comment was opened at 8:14 p.m.
Jeff Dixon was called to speak.
There being no further requests to speak, the public comment was closed.

MOTION:

Approve the recommended action and direct staff to bring the audit results back to Council with the possibility that the Council may relinquish the annual payments in the future with annual reviews.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Rich Constantine, Council Member
SECONDER:	Larry Carr, Mayor Pro Tem
AYES:	Tate, Carr, Constantine, Jachimowicz, Spring

13. BOYS & GIRLS CLUB TRANSITION TO THE FRIENDLY INN

Recommendation:

1. Direct staff to move forward in developing and updating agreements for the Boys & Girls Club of Silicon Valley to move to the Friendly Inn by August 2018; and
2. Direct staff to further investigate construction of a new permanent non-profit center.

Community Services Director Chris Ghione provided the report.

The public comment was opened at 8:45 p.m. The following people were called to speak:
Mark Washbush
Don Edgar
Kyle Windsor
There being no further requests to speak, the public comment was closed.

MOTION:

Approving the recommended action.

RESULT: DIRECTED [UNANIMOUS]
MOVER: Caitlin Jachimowicz, Council Member
SECONDER: Rene Spring, Council Member
AYES: Tate, Carr, Constantine, Jachimowicz, Spring

PUBLIC HEARING

14. ZONING AMENDMENT, ZA2017-0001: NINA – BOTROS: REQUEST FOR ZONING AMENDMENT TO CHANGE THE ZONING MAP DESIGNATION FOR THREE PROPERTIES FROM R-1 12,000/RPD TO R-1 7,000. CEQA: PROJECT COMPLIES WITH SECTION 15183 (CONSISTENT WITH COMMUNITY PLAN, GENERAL PLAN OR ZONING)

Recommendation:

1. Open/close public hearing;
2. Waive the First and Second Reading of Ordinance approving zoning amendment; and
3. Introduce Ordinance.

Interim Planning Manager Terry Linder provided the report.

The public hearing was opened at 9:04 p.m.

Bill McClintock was called to speak.

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

MOTION:

Waiving the first and second reading of the ordinance.

RESULT: WAIVED [UNANIMOUS]
MOVER: Rich Constantine, Council Member
SECONDER: Larry Carr, Mayor Pro Tem
AYES: Tate, Carr, Constantine, Jachimowicz, Spring

MOTION:

Introducing the ordinance.

RESULT: INTRODUCED [UNANIMOUS]
MOVER: Rich Constantine, Council Member
SECONDER: Larry Carr, Mayor Pro Tem
AYES: Tate, Carr, Constantine, Jachimowicz, Spring

FUTURE COUNCIL INITIATED AGENDA ITEMS

Mayor Tate asked that a process be developed to address flag raising requests.

CLOSED SESSION

City Attorney Donald Larkin announced the closed session.

OPPORTUNITY FOR PUBLIC COMMENT

The public comment was opened at 9:11 p.m.

There being no requests to speak, the public comment was closed.

ADJOURN TO CLOSED SESSION

The meeting adjourned to closed session at 9:12 p.m.

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Authority:	Government Code Section 54956.8
Property:	APN 728-06-019, Hendry Drive
Agency Negotiators:	Christina Turner and Anthony Eulo
Negotiating Parties:	Thomas George Preston, Jr., Trustee, et al.
Under Negotiation:	Price and Terms of Payment

RECONVENE

The meeting was reconvened at 9:24 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney Donald Larkin announced that there was no reportable action.

ADJOURNMENT

The meeting was adjourned at 9:25 p.m. in honor of the 59 souls lost in the senseless acts of violence in Las Vegas on Sunday night.

MINUTES PREPARED BY:

Michelle Wilson, Deputy City Clerk



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: October 18, 2017

PREPARED BY: Nick Calubaquib, Recreation Manager
APPROVED BY: City Manager

PROPOSED CHANGES TO SKATEBOARD/BMX PARK OPERATIONS

RECOMMENDATION(S)

Approve changes to Skateboard/BMX Park operations to eliminate direct staffing at the Park on a trial basis.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Supporting Our Youth
Seniors
and Entire Community

REPORT NARRATIVE:

Background

In April 2008, the City Council approved a supervision plan for the Skateboard/BMX Park that did not include charging users. During the 2009 budget reduction process, it was decided that the park would not be supervised as originally planned. On June 27, 2009, the City opened the park and attendance was high. However, many users were not following the rules established for use of the park and many were concerned over safety at and around the park. On July 22, 2009, the Council approved changing the operations at the park to a supervised facility where a fee was collected. On August 26, 2009, the Council adopted a resolution establishing a \$1 daily entry fee for use of the park. As a result, negative activities were virtually eliminated, however, attendance also declined.

On May 25, 2012, during the 2012 City Council Budget Workshop, the Council received an update from staff on Skate Park operations which indicated a significant decline in attendance and use of the Park. Staff attributed this drop-in use to two main factors:

- Users unwilling to pay the entrance fee charged (\$1) for use by non-CRC/AC members, and
- Users' dislike for enforcement of park rules by Skate Park Staff, particularly regarding the requirement for helmets and elbow and knee pads.

The Council decided to have staff continue supervising the park and directed staff to waive the \$1 entrance fee during the summer of 2012 in efforts to increase attendance.

On September 19, 2012, the Council received a report on Park operations. Summer attendance was 14% higher than the previous summer after entrance fees were waived. The Council directed staff to permanently eliminate the \$1 admission fee. At the same time, due to park user demand and to potentially further increase attendance, scooters began to be permitted during BMX hours.

On June 5, 2013, the Council accepted a report on Park operations that noted a continued increase in Park attendance.

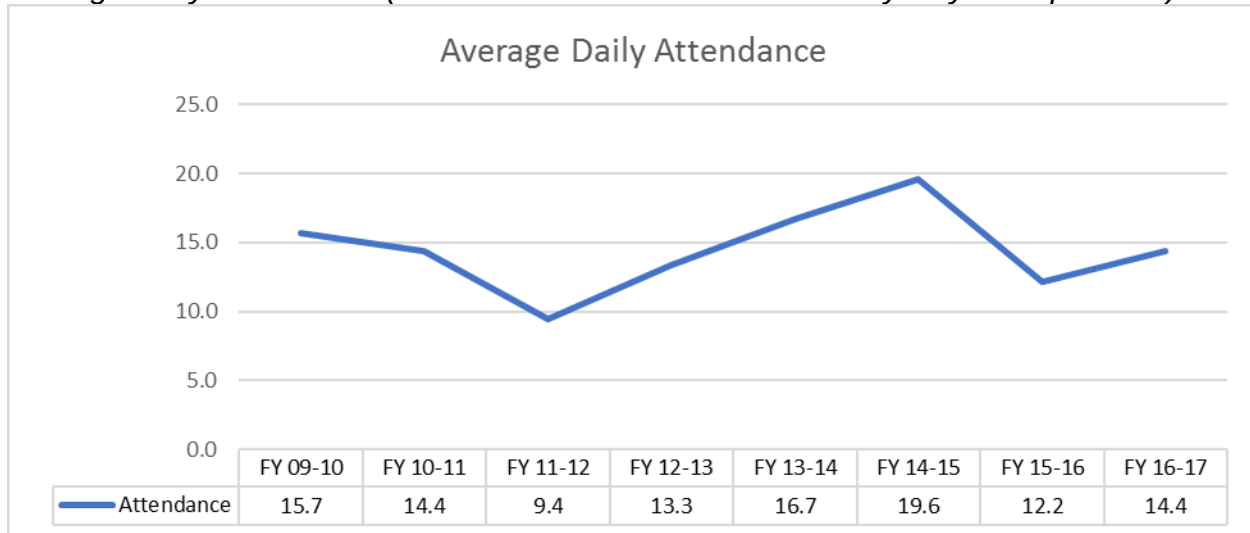
Current Operations

Since the time that staff began to supervise the Park, the hours of operation have been as follows:

	Skateboard	BMX/Scooter
Sunday	9am-1pm	1pm-6pm (or sunset if earlier)
Monday	3pm-Sunset	
Tuesday		11:30am-1:30pm 3pm-Sunset
Wednesday	11:30am-1:30pm 3pm-Sunset	
Thursday		3pm-Sunset
Friday	3pm-Sunset	
Saturday	1pm-8pm (or Sunset if earlier)	9am-1pm
On weekdays when MHUSD schools are not in session, the Park is open at 9am.		

After the \$1 entrance fee was eliminated and scooters were allowed in the Park, average daily attendance rose from the previous year by 40% in FY 2012-2013, by another 26% in FY 2013-2014, and peaked in FY 2014-2015 with a 17% increase. In FY 2015-2016, a sharp decline in use was noted as average daily attendance fell by 38%. Although attendance rose by 18% in FY 2016-2017, average daily attendance was 14.4 users. With Park operating hours averaging seven (7) hours per day, this equates to two (2) users per hour. In FY 2016-2017, salaries for Skatepark teammates totaled \$46,640, equating to a subsidy of \$10.67 per each park users use. Reports of negative behavior at the Park continue to be low to none.

Average Daily Attendance (Total Annual Attendance divided by Days of Operation)



Recommendation

Due to the low attendance rates and infrequency of incidents at the Park, staff recommends that the Council approve the following changes to Skateboard/BMX Park operations:

1. Eliminate Direct Supervision of the Skatepark. This change would eliminate the need for a paid Park Attendant to be present during Park operating hours. California State law (Government Code Section 831.7.) provides qualified immunity to local public agencies who operate skateboard parks as skateboarding is classified as a "hazardous recreational activity." As such, this classification offers strong liability protection for a sport that can be dangerous if performed responsibly. This shields public entities and public employees from liability to any person participating in a hazardous recreational activity, including voluntary spectators, who recognized the substantial risk of injury due to the activity. Public entities and public employees remain liable for injuries proximately caused by the negligent failure of the public entity or public employee to properly construct or maintain in good repair any structure, recreational equipment or machinery, or substantial work of improvement. Therefore, not supervising the Park would not expose the City to any greater liability, provided we continue to perform maintenance on the park. The existing municipal code as it relates to the Skateboard/BMX Park would still apply with no changes needed.

Regarding the current teammates, the majority of Park Attendants hold other positions with the City and would be easily reassigned. This change would increase the hours that the Park is open to the public as it would be unlocked at 9:00am, regardless if MHUSD schools are in session. For liability purposes, the

separate posted hours for skateboards versus bikes/scooters would remain the same.

2. Increase funding for Building Coordinators at the Centennial Recreation Center. Building Coordinators at the Centennial Recreation Center (CRC) serve as Managers on Duty during weekday nights and weekend operating hours, when full-time teammates are not present. Because of the CRC's proximity to the Park, Building Coordinators also assume responsibility for activity in the CRC parking lot and the Skateboard/BMX Park and would continue to do so under this plan.

It is recommended that the funds currently allocated for Skateboard/BMX Park Attendant salaries be reallocated to increase salaries for CRC Building Coordinators so that they may be scheduled to work throughout the day on weekdays, rather than only in the evenings. This would provide Building Coordinator coverage from the morning hours until the facility closes, seven days per week. During these additional work hours, Building Coordinators would be responsible for opening the Park and monitoring activity, as needed, to ensure that the low frequency of incidents continues. In addition to this responsibility, Building Coordinators would also be assigned to perform tasks at the CRC, such as setting up rooms and sports courts, clerical work, assisting various program areas as needed, providing customer assistance at the Welcome Desk, assisting with emergencies and light maintenance work. The presence of a consistent additional teammate who could assist wherever needed would help to improve overall customer service as CRC membership and use continues to grow. Building Coordinator salaries for these additional hours would cost approximately \$41,000, resulting in an annual budget savings of approximately \$7,500 and would improve service and efficiencies at the CRC, while maintaining resources to address incidents at the Park, as needed.

We believe this change in supervision model will not result in significant negative activities occurring at the Park. Should the Council approve the above outlined changes, staff would plan to adjust operations beginning in January 2018 on a one-year trial basis. Should the need arise during the trial period, staff would return to Council for further discussion.

COMMUNITY ENGAGEMENT: Consult

Teammates at the park continue to build relationships with many of the regular users who have freely provided feedback. Park users also utilize a Comment Card System to provide regular input. Teammates also record attendance each day of operation. The engagement and outreach at the park will be more difficult without direct staff supervision at the park, and staff will need to make intentional efforts to continue to engage users of the Park. If operational changes are approved by the Council, notice would be provided at the Park, on the City Website, and via social media.

ALTERNATIVE ACTIONS:

The Council may instead not approve any changes to Skateboard/BMX Park operations or alternatively provide staff with other direction regarding operations.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- April 2008 – City Council approved a supervision plan for the Skateboard/BMX Park that did not include charging users.
- 2009 budget reduction process – City Council approved a budget that did not include supervision of the park as originally planned.
- July 22, 2009 - City Council approved changing the operations at the park to a supervised facility where a fee was collected.
- August 26, 2009 - City Council adopted a resolution establishing a \$1 daily entry fee for use of the park. Council also directed staff to monitor operations closely and report back regularly.
- April 28, 2010 – City Council accepted a report on Park operations.
- August 25, 2010 - City Council accepted a report on Park operations.
- May 25, 2012 - During the 2012 City Council Budget Workshop, the Council received an update on Skate Park operations. The Council decided to continue supervising the park and directed staff to waive the \$1 entrance fee during the summer months in efforts to increase attendance.
- September 19, 2012 – City Council received a report on Park operations and directed staff to permanently eliminate the \$1 admission fee.
- June 5, 2013 – City Council accepted a report on Park operations.
- October 17, 2018 – The Parks and Recreation Commission will review this report. Input from the Commission will be shared during the Council meeting on October 18, 2017.

FISCAL AND RESOURCE IMPACT:

The adopted FY 2017-2018 Budget includes \$48,500 for Skateboard/BMX Park operations (salaries and benefits). The proposed additional CRC Building Coordinator hours would cost \$41,000 annually, or \$20,500 for January-June 2018. This would result in a savings of \$3,750 for the remainder of FY 2017-2018 and \$7,500 in subsequent years.

CEQA (California Environmental Quality Act):

Categorical Exemption

The planned maintenance and management of city facilities falls within the CEQA categorical exemption of Class 1, Existing Facilities.

LINKS/ATTACHMENTS:



CITY COUNCIL STAFF REPORT

MEETING DATE: October 18, 2017

PREPARED BY: Hilary Holeman, Administrative Analyst

APPROVED BY: City Manager

AD HOC ADVISORY COMMITTEE ON SOUTH FLOW AIRCRAFT ARRIVALS

RECOMMENDATION(S)

1. Discuss the City's involvement in the Ad Hoc Advisory Committee on South Flow Aircraft Arrivals; and
2. Consider appointing a primary Ad Hoc Committee Member and alternate.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment

Preserving and Cultivating Public Trust

2017 Strategic Priorities

Regional Initiatives

REPORT NARRATIVE:

Since the summer of 2016, the San José International Airport has received many complaints from residents of surrounding communities related to noise impact when the Airport operates in south flow configuration (when planes take off and land in the reverse direction of the typical north flow operations). In response to resident concerns, and to the recommendation from the San José Airport Commission on October 3, 2017, the San José City Council authorized the formation of the Ad Hoc Advisory Committee of South Flow Arrivals.

The charge of the Ad Hoc Advisory Committee will be to:

1. Gather input, concerns, and comments from the general public on the south flow issue.
2. Identify and discuss possible options to address this procedure's noise impacts.
3. Recommend potential "feasible" options for Federal Aviation Administration (FAA) consideration.

The operating parameters of the Committee adopted by the San José City Council are as follows:

- The focus is on the south flow issue only.
- The Committee will sunset after 120 days.
- The Committee will not adopt any recommendations that will impact a community not represented on the Committee.
- Every city in Santa Clara County, as well as the County of Santa Clara, will be invited to participate on the Committee. Each jurisdiction is welcome to appoint one

elected official and one elected alternate, except the City of San José, which will have two representatives.

- Each participating jurisdiction will have one vote on the Committee, except the City of San José, which will have two votes.
- At least 2/3rds of participating members will be needed to adopt a recommendation.
- The FAA will have the sole authority to determine the “feasibility” of any proposed recommendations.
- A final report with preliminarily feasible recommendations would be shared with FAA and Congressional offices for their information and review.

On October 6, 2017, the City of Morgan Hill received the attached invitation from San José International Airport, Director of Aviation, John Aitken, to participate on the committee. The City is committed to preserving and enhancing the quality of neighborhoods by maintaining or reducing the levels of noise generated by airports, as such, staff is recommending Council consider appointing one member and one alternate from the Council to serve on the Ad Hoc Advisory Committee.

COMMUNITY ENGAGEMENT: Inform

ALTERNATIVE ACTIONS:

Council may choose not to participate.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On July 26, 2017, Council received a staff report explaining how a temporary committee of local officials, “Select Committee on South Bay Arrivals,” spent a significant amount of time in 2016 soliciting public input and developed a regional consensus on recommendations to reduce aircraft noise caused by flights and airspace, and procedural changes related to the FAA’s Generation Air Transportation System. One of the most significant recommendations was the need for a permanent body to represent currently disenfranchised communities in addressing aircraft noise concerns from the Norman Y. Mineta San José International Airport and the San Francisco International Airport. At the August 2017 Cities Association meeting, Mayor Tate was appointed to the committee of seven elected officials, referred to as the South Peninsula Airport/Community Roundtable, which is separate and distinct from this staff report to appoint members to the Ad Hoc Advisory Committee on South Flow Arrivals.

FISCAL AND RESOURCE IMPACT:

There are no fiscal impacts at this time.

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. South Flow Arrivals - Gov’t Stakeholders Invitation

From: [Hilary Holeman](#)
To: [Hilary Holeman](#)
Subject: FW: South Flow Arrivals - Gov't Stakeholders
Date: Tuesday, October 10, 2017 1:34:29 PM

From: Adams, Janelle [<mailto:JAdams@sjc.org>] **On Behalf Of** Aitken, John
Sent: Friday, October 06, 2017 8:55 AM
To: Aitken, John <JAitken@sjc.org>
Subject: South Flow Arrivals - Gov't Stakeholders

On behalf of Mayor Sam Liccardo and the San José City Council, we are inviting all Santa Clara County cities and the County of Santa Clara to participate on the Ad Hoc Advisory Committee on South Flow Arrivals.

Since the summer of 2016, the San José International Airport has received many complaints from residents of surrounding communities related to noise impacts when the Airport operates in south flow configuration (when planes take off and land in the reverse direction of the typical north flow operations). In response to resident concerns, and to a recommendation from the San José Airport Commission, on October 3, 2017, the San José City Council authorized the formation of the Ad Hoc Advisory Committee on South Flow Arrivals.

The charge of the Ad Hoc Advisory Committee will be to:

1. Gather input, concerns, and comments from the general public on the south flow issue.
2. Identify and discuss possible options to address this procedure's noise impacts.
3. Recommend potential "feasible" options for FAA consideration.

The operating parameters of the Committee adopted by the City Council are as follows:

- The focus is on the south flow issue only.
- The Committee will sunset after 120 days.
- The Committee will not adopt any recommendations that will impact a community not represented on the Committee.
- Every city in Santa Clara County, as well as the County of Santa Clara, will be invited to participate on the Committee. Each jurisdiction is welcome to appoint one elected official and one elected alternate, except the City of San José, which will have two representatives.
- Each participating jurisdiction will have one vote on the Committee, except the City of San José, which will have two votes.
- At least 2/3rds of participating members will be needed to adopt a recommendation.
- The FAA will have the sole authority to determine the "feasibility" of any proposed recommendations.
- A final report with preliminarily feasible recommendations would be shared with FAA and Congressional offices for their information and review.

FAA representatives can participate in Committee meetings, when invited, to provide technical information, but the FAA is not a member and does not vote on Committee

recommendations. Therefore, appropriate FAA staff has agreed to participate in the Committee's meetings. Their role will be to provide information on the south flow procedure and provide feedback on the feasibility of any Committee recommendations to address the noise impacts. The FAA Air Traffic Organization can provide technical expertise on operational issues and airspace procedure design when requested by the Committee.

The FAA will look for the Committee to make "well-established" recommendations that involve potential airspace operational changes through the airport sponsor. A "well-established" recommendation would have some recognition of the impacts (e.g., to the airspace and all potentially affected communities) and thorough discussion/vetting takes place during the Committee's meetings before adoption for FAA for consideration – especially if it involves amending or creating a new procedure. After the FAA determines a recommendation to be initially feasible and flyable, from a safety and efficiency perspective, the FAA has to conduct mandated environmental and safety reviews. It is important for the Committee to understand that its recommendations will be new actions whose associated reviews have many steps, are dependent on available resources and may take a period of months to accomplish. With the above understanding, the FAA is willing to subsequently take a more detailed look at any adopted recommendation it initially determines may have the potential to reduce the noise impact on residents while allowing the agency to accomplish its mandate to ensure the safe and efficient use of the National Airspace System. Mineta San José International Airport staff will provide non-technical support. To reiterate, neither the FAA nor Airport staff will vote on Committee recommendations (although the City of San José will be voting members of the Committee).

If your jurisdiction would like to participate on the Ad Hoc Committee, we ask that you designate one primary representative and one alternate representative that will participate when the primary representative is unable to attend a meeting. Both representatives must be elected officials. **We ask that you provide us the name, email address and a daytime phone number for each appointed representative by no later than close of business Friday, November 3, 2017.** We also ask that each primary appointee also identify days of the week and parts of day (morning or afternoon) that work best for them for regular meetings (e.g., Wednesday mornings and Thursday afternoons). Please provide at least three days and times that would work for you. We anticipate that meetings will occur during daytime business hours and would last a maximum of three hours. Based on the information we receive, we will look to schedule meetings to encourage maximum attendance. Please send the name of your primary and alternate appointees to Assistant to the Director James Webb, Jr. Mr. Webb's email address is jwebb@sjc.org.

We are planning an organizational meeting in San José sometime in the mid-November timeframe. We hope to confirm the date, time as well as the location as quickly as we can in the near future. In the meantime, please provide us with the requested information about your designated representative and alternate. The purpose of the organizational meeting will be to review the parameters of the Committee's operation, elect a chair and vice chair and discuss a draft work plan to guide the overall effort. FAA staff will also be present at the meeting and will offer comment. This meeting will *not* get into the substance of the south flow issue and while the meeting will be open to the public, no public comment will be taken at this specific meeting. We anticipate the organizational meeting will be relatively short.

The Ad Hoc Advisory Committee is the region's opportunity to talk with the FAA about possible remedies to reduce the noise impacts of the south flow procedure. If your jurisdiction

is interested in participating on this committee, please provide us with the information requested above by Friday, November 3. Any questions about this committee can be directed to Mr. Webb. Mr. Webb can be reached via email at jwebb@sjc.org or at (408) 392-3609.

Sincerely,

John Aitken, A.A.E.
Director of Aviation

- *Agenda Item: 9*



Morgan Hill City Council Meeting – October 18, 2017
Agenda Item: 9
Skate/BMX Park Operations

Recommendation

Approve changes to Skateboard/BMX Park operations to eliminate direct staffing at the Park on a trial basis.



- **Background**

- June 2009 – Park opened
- Several operational changes over the years based on use

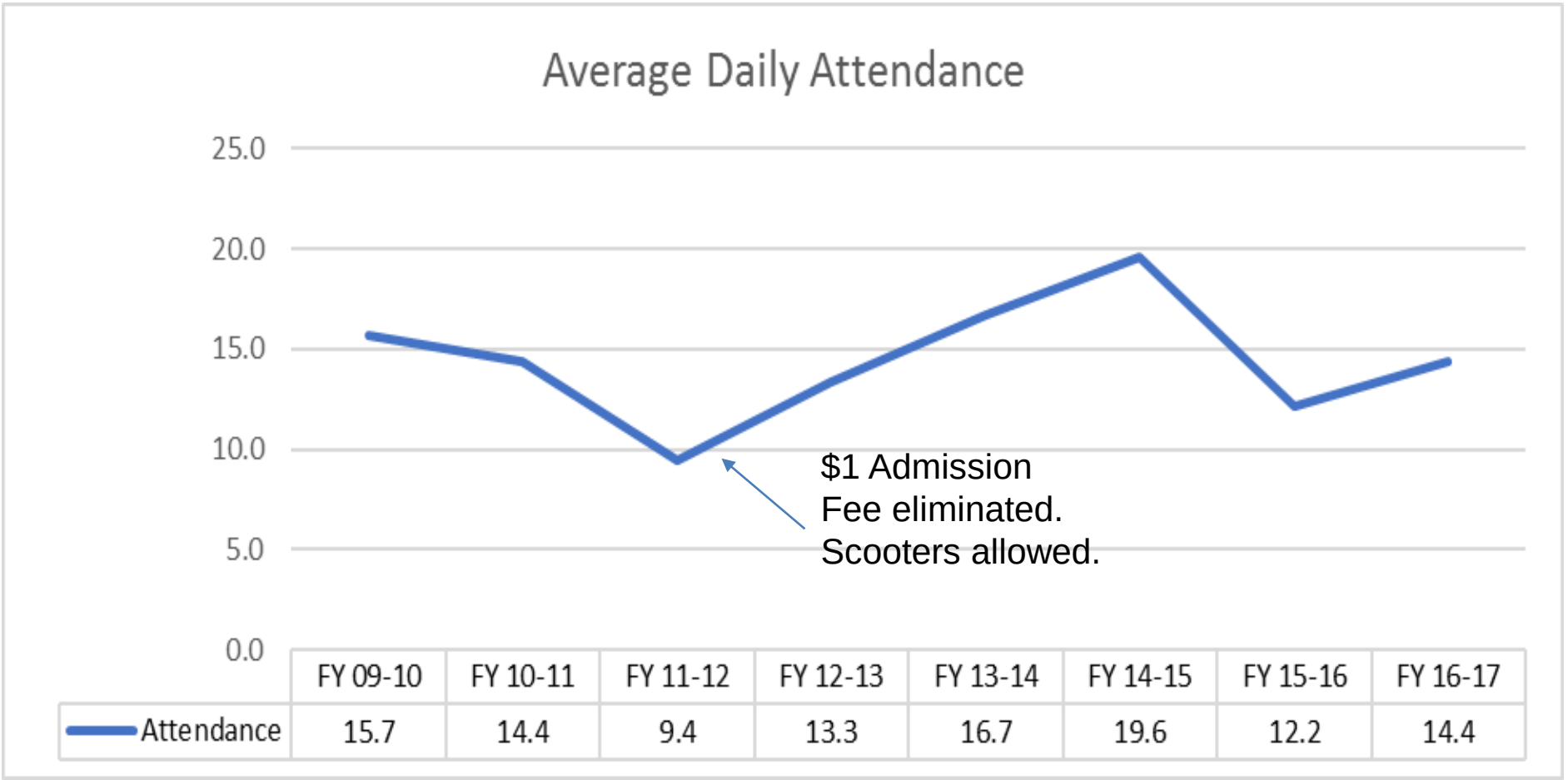


- *Agenda Item: 9*

- **Current Operations**
-

	Skateboard	BMX/Scooter
Sunday	9am-1pm	1pm-6pm (or sunset if earlier)
Monday	3pm-Sunset	
Tuesday		11:30am-1:30pm 3pm-Sunset
Wednesday	11:30am-1:30pm 3pm-Sunset	
Thursday		3pm-Sunset
Friday	3pm-Sunset	
Saturday	1pm-8pm (or Sunset if earlier)	9am-1pm
On weekdays when MHUSD schools are not in session, the Park is open at 9am.		

• *Agenda Item: 9*



Proposed Operational Changes

1. Eliminate direct supervision of the park
2. Increase funding for Building Coordinators at the Centennial Recreation Center to assist with park and other duties

Proposed Operational Changes

1. Eliminate direct supervision of the park
 - Would not expose City to greater liability
 - Would increase hours open to the public

Proposed Operational Changes

2. Increase funding for Building Coordinators at the Centennial Recreation Center to assist with park and other duties
 - Would allow for continued monitoring of park for incidents
 - Would allow for greater customer support within the CRC
 - Would result in annual costs savings of \$7,500

- *Agenda Item: 9*

Parks and Recreation Commission Recommendation

- 10/17/17 - The PRC approved staff's recommended changes to Skateboard/BMX Park operations.

Recommendation

Approve changes to Skateboard/BMX Park operations to eliminate direct staffing at the Park on a trial basis.





CITY OF MORGAN HILL

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, October 18, 2017 7:00 PM

Council Chamber

17555 Peak Avenue, Morgan Hill, CA 95037

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.

CALL TO ORDER

(Mayor Tate)

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2

(Minutes Clerk Gonzalez)

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Council Member Jachimowicz

CITY MANAGER'S REPORT

Quarterly Teammate Recognitions

New Hires

Caitlin Lesondak- Municipal Services Assistant

Christina Machado - Accounting Assistant II
Nicole Brown- Management Analyst
Rudy Medina- Building Inspector II

Retirement
Ron Wake

CITY ATTORNEY'S REPORT

OTHER REPORTS

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)

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. **SECOND AMENDMENT TO THE COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AGREEMENT FOR GALVAN PARK FOR FY 2015-2016**

Recommendation:

Adopt resolution authorizing the City Manager to negotiate and execute the Second Amendment to the County CDBG contract.

2. **ADOPTION OF WATER SYSTEM AND SEWER SYSTEM MASTER PLANS**

Recommendation:

Adopt Water System Master Plan and Sewer System Master Plan.

3. **APPROVE PURCHASE OF A TRUCK EQUIPPED WITH A DUMP BODY**

Recommendation:

1. Approve purchase of a new truck equipped with a dump body from National Auto Fleet Group, in the amount of \$90,338.15; and
2. Authorize City Manager to approve purchase order in the amount of \$90,338.15 with National Auto Fleet Group.

4. AWARD MULTI-FACILITY CARPET REPLACEMENT CONTRACT

Recommendation:

1. Award a contract to Orchard City Floor Covering, Inc. in the amount of \$43,197;
2. Authorize the expenditure of contingency funds not to exceed \$4,320; and
3. Authorize the City Manager to execute and administer that certain construction contract with Orchard City Floor Covering, Inc.

5. FINAL MAP APPROVAL OF ALTIMIRA – TRACT NO. 10411

Recommendation:

1. Approve Final Map;
2. Authorize the City Manager to execute the Subdivision Improvements Agreement with Alicante 2016 Inc., a California Corporation;
3. Authorize 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. Authorize the recordation of the Final Map and the Subdivision Improvements Agreement.

6. JULY 2017 FINANCIAL AND INVESTMENT REPORT

Recommendation:

Accept and file report.

7. ADOPT ORDINANCE APPROVING ZONING AMENDMENT ZA 2017-0001 CHANGING THE ZONING DESIGNATION ON A FIVE ACRE SITE MADE UP OF THREE PARCELS, LOCATED ON THE SOUTH WEST CORNER OF THE INTERSECTION OF NINA LANE AND SAN PEDRO AVENUE (ASSESSOR PARCEL NUMBERS 817-60-019; -026 & -027) FROM R-1 12,000/RPD TO R-1 7,000 SINGLE FAMILY MEDIUM DENSITY RESIDENTIAL DISTRICT

Recommendation:

Waive the reading, adopt Ordinance No. 2262, 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.

8. APPROVE THE OCTOBER 4, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

9. PROPOSED CHANGES TO SKATEBOARD/BMX PARK OPERATIONS

Recommendation:

Approve changes to Skateboard/BMX Park operations to eliminate direct staffing at the Park on a trial basis.

Estimated Time: 10 Minutes

10. AD HOC ADVISORY COMMITTEE ON SOUTH FLOW AIRCRAFT ARRIVALS

Recommendation:

1. Discuss the City's involvement in the Ad Hoc Advisory Committee on South Flow Aircraft Arrivals;
and
2. Consider appointing a primary Ad Hoc Committee Member and alternate.

Estimated Time: 10 Minutes

PUBLIC HEARING

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

LIABILITY CLAIMS

Authority:	Pursuant to Government Code Section 54956.95
Claimant:	Goldstein, Borgen, Dardarian & Ho
Agency claimed against:	City of Morgan Hill

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to:	Government Code Section 54956.9(d)(2)
Number of Cases:	One (1)
Potential Plaintiff:	California River Watch

RECONVENE

CLOSED SESSION ANNOUNCEMENT

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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CITY OF MORGAN HILL

Teammate Recognition

October 18, 2017



Welcome to our New Teammates!



City of Morgan Hill

New Teammate

Previous Position:

Customer Service Representative,
San Jose Metals

Arizona State University

Bachelor's in Interdisciplinary Studies

Responsible for issuing building permits, providing customer assistance for general permitting questions, and assisting with code enforcement.



Caitlin Lesondak

Municipal Services Assistant



City of Morgan Hill

New Teammate

Previous Position:

Accounting Technician
City of Sunnyvale

Works with Finance and is the primary business license liaison and responsible for accounts receivable function.



Christina Machado
Accounting Assistant II



City of Morgan Hill

New Teammate

Previous Position:

Economic Development Specialist
City of Campbell

University of California, Riverside

Bachelor's Economic Policy

Assists the Development Services Department with various projects, supporting the Economic Development, Planning and Building Divisions.



Nicole Brown

Management Analyst



City of Morgan Hill

New Teammate

Previous Position:

Code Compliance Investigator II
City of Santa Cruz

University of California, Santa Cruz

Bachelor's in Marine Biology/Research Diver

Conducts field inspections for commercial and residential structures. Interprets and enforces applicable codes and regulations.



Rudy Medina

Building Inspector II



**Congratulations to our recent
RETIREMENT!**



City of Morgan Hill Teammate

Celebrating 7 years of Dedicated Service

Started with the City April 2010
Retired September 3, 2017

- Building Inspector II



Ron Wake
Building Inspector II



**Welcome Back to a
Returning Teammate!**



Welcome Back!

**California Polytechnic State University,
San Luis Obispo**

- Master's in Business Administration (MBA)
- Bachelor's in Accounting

Certified Public Accountant (CPA)



Cindy Murphy

Assistant City Manager for Administrative Services

OCTOBER

Developmental Asset

Asset #2

Positive Family Communication

Young person and his/her parent(s) communicate positively, and young person is willing to seek advice and counsel from parent(s).

HOW IT APPLIES TO YAC

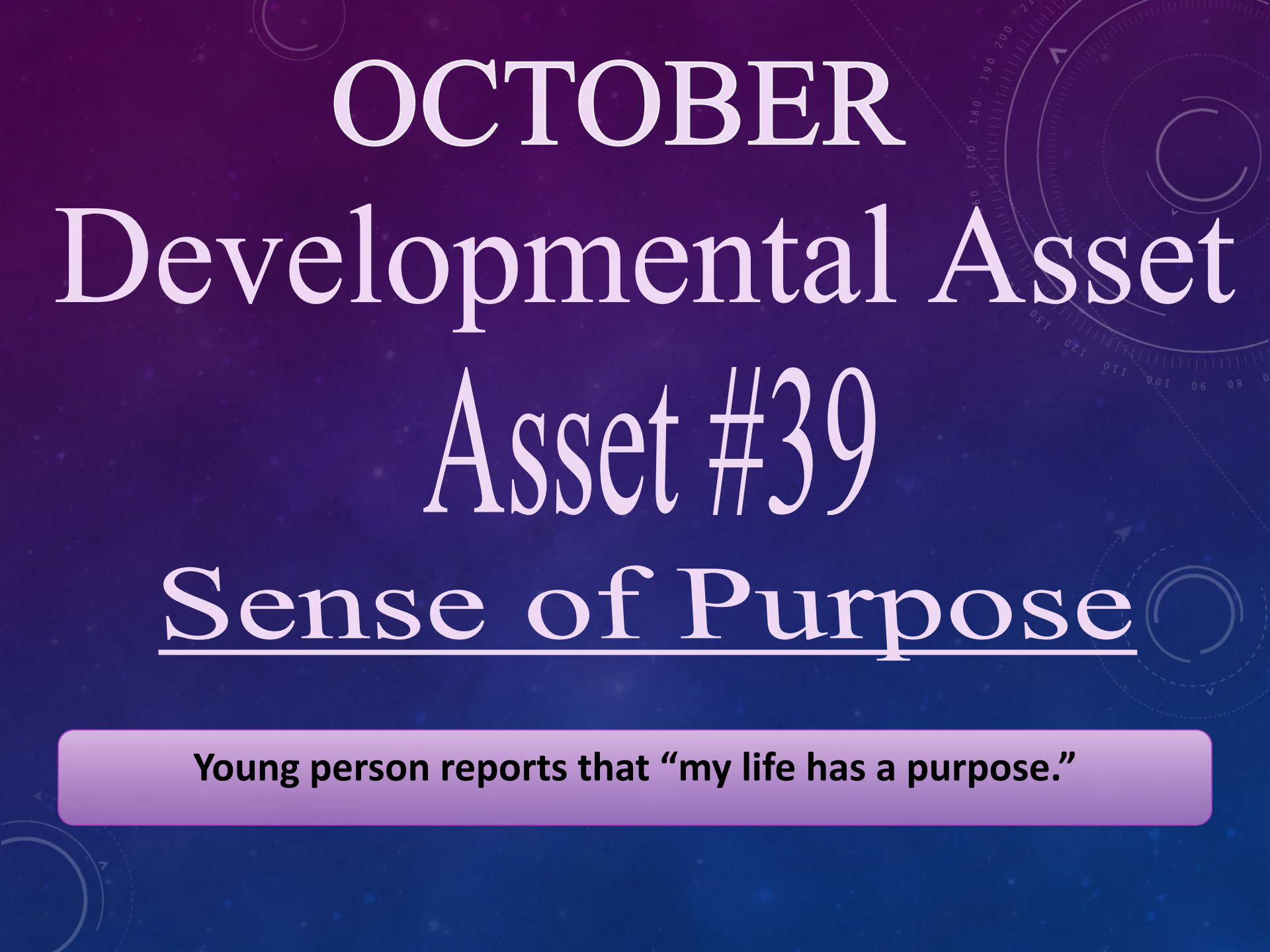
- Communicating with our parents to get us to various YAC events
- Compromising with our parents to make time for YAC and family events
- Parents invest time into YAC as well (ex: chaperone events, Parent Social)



HOW IT APPLIES TO MORGAN HILL

- “A report showing that Morgan Hill has the second highest suicide rate in the county among “youth” between ages 10-24 was released March 3 by the Santa Clara County Public Health Department.” – The Morgan Hill Times
- Positive communication is vital in preventing these kind of tragedies
- Expressing your feelings to your family can help teens overcome challenges





OCTOBER

Developmental Asset

Asset #39

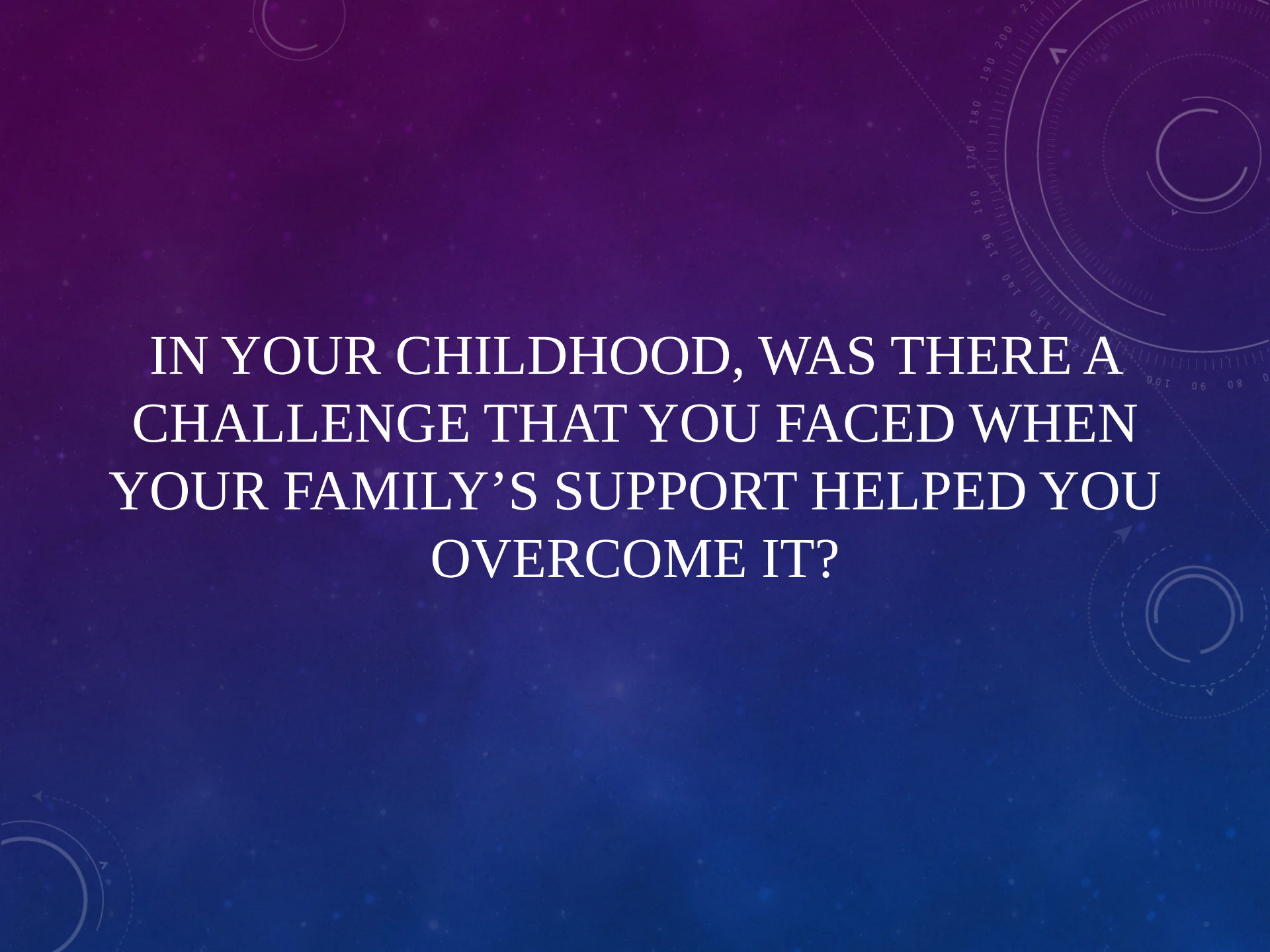
Sense of Purpose

Young person reports that “my life has a purpose.”

CONNECTION TO POSITIVE FAMILY COMMUNICATION

- Communication with your family leads to
 - Having a supportive environment
 - Creating a positive attitude
 - Understanding your importance to others
- These all create a sense of purpose because they allow the youth to feel valued





IN YOUR CHILDHOOD, WAS THERE A
CHALLENGE THAT YOU FACED WHEN
YOUR FAMILY'S SUPPORT HELPED YOU
OVERCOME IT?



YAC PERSONAL EXPERIENCES