



CITY OF MORGAN HILL

Special 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, December 20, 2017 5:30 PM

Council Chamber

17555 Peak Avenue, Morgan Hill, CA 95037

SPECIAL MEETING

A Special Meeting of the City Council is called at 5:30 p.m. for the purpose of conducting City business in lieu of the regularly scheduled meeting at 7:00 p.m.

CALL TO ORDER

(Mayor Tate)

ROLL CALL ATTENDANCE

DECLARATION OF POSTING OF AGENDA

*Per Government Code 54954.2
(Deputy City Clerk Wilson)*

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Council Member Constantine

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PRESENTATIONS

YAC Presentation- Asset #1- Family Support

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. OCTOBER 2017 FINANCIAL AND INVESTMENT REPORT

Recommendation:

Accept and file report.

2. APPROVE FOURTH AMENDMENT TO CONTRACT WITH LEONE AND ALBERTS

Recommendation:

Authorize City Manager to Execute Fourth Amendment to Legal Services Consultant Agreement With Leone and Alberts for Litigation Services For a Total Not to Exceed Amount of \$140,000.

3. UPDATE ON INCLUSIVENESS RELATING TO IMMIGRATION CHALLENGES

Recommendation:

Receive and accept report on inclusiveness relating to immigration challenges.

4. APPROVE TREE DEDICATION

Recommendation:

Approve the dedication of a tree at the Civic Center to Michelle Schull, daughter of former City Manager Steve Rymer.

5. CITY CORRESPONDENCE REGARDING TAX CUTS AND JOBS ACT (H.R.1)

Recommendation:

Receive legislative correspondence in support of an amendment submitted by Representatives Lance and Gottheimer to improve the Tax Cuts and Jobs Act (H.R.1).

6. ADOPT RESOLUTION APPROVING A REVISED SALARY SCHEDULE FOR PART-TIME TEMPORARY AND SEASONAL EMPLOYEES WHICH REFLECTS MINIMUM WAGE INCREASES AND OTHER SALARY ADJUSTMENTS

Recommendation:

Adopt Part-Time Temporary and Seasonal Employees Resolution increasing selected classification salary ranges, including minimum wage increase, and adding and reclassifying certain job classifications, effective the pay period including January 1, 2018.

PUBLIC HEARING

7. TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING APPROVING ISSUANCE OF BONDS FOR THE 39-UNIT CROSSINGS ON MONTEREY AFFORDABLE HOUSING PROJECT AT 16800 MONTEREY ROAD, APN 817-36-033 AND 032 (NE CORNER MONTEREY ROAD AND BISCEGLIA AVENUE)

Recommendation:

1. Open/close public hearing consistent with the requirements of the federal Tax and Equity Fiscal Responsibility Act ("TEFRA") and Section 147 (f) of the Internal Revenue Code of 1986, as amended (the "Code"); and
2. Adopt resolution approving the issuance of bonds by the California Statewide Communities Development Authority (CSCDA), for Urban Housing Communities (UHC) 00661 Morgan Hill, L.P., a UHC affiliate, to provide for the financing of the 39- unit Crossings on Monterey Affordable Housing Project.

Estimated Time: 10 Minutes

OTHER BUSINESS

8. SANTA CLARA VALLEY AGRICULTURAL PLAN

Recommendation:

Accept presentation and provide input to County staff.

Estimated Time: 30 Minutes

9. 2018 AMGEN TOUR OF CALIFORNIA

Recommendation:

1. Approve the City acting as a host of the Amgen Tour of California Time Trial race on May 16, 2018, provided special event plan is approved by the City Manager;
2. Direct the City Manager to negotiate and execute an agreement with AEG Cycling, and if necessary, with San Jose Sports Authority, to provide services and support for the Tour in an amount not to exceed \$40,000 to be funded by the General Fund;
3. Approve \$15,000 for marketing and branding opportunities, including the creation of a 30 second commercial to be broadcast on national television during the race; and
4. Adopt resolution appropriating \$55,000 from the General Fund (010) for this event.

Estimated Time: 20 Minutes

10. ADOPT UNCODIFIED ORDINANCE REAUTHORIZING CHAPTER 5.21 - STATE VIDEO FRANCHISES OF THE MORGAN HILL MUNICIPAL CODE

Recommendation:

1. Waive the first and second reading of the ordinance; and
2. Introduce and Adopt Urgency Ordinance reaffirming and reauthorizing Chapter 5.21 – State Video Franchises of the Morgan Hill Municipal Code.

Estimated Time: 5 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT

NOTICE

Any documents produced by the City and distributed to the majority of the City Council less than 72 hours prior to an open meeting, will be made available for public inspection at the City Clerk's Counter at City Hall located at 17575 Peak Avenue, Morgan Hill, CA, 95037 and at the Morgan Hill Public Library located at 660 West Main Avenue, Morgan Hill, California, 95037 during normal business hours. (Pursuant to Government Code 54957.5)

PUBLIC COMMENT

Members of the Public are entitled to directly address the City Council concerning any item that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers, and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order to speak to the Council, but it is very helpful. When you are called, proceed to the podium and the Mayor will recognize you. If you wish to address the City Council on any other item of interest to the public, you may do so by during the public comment portion of the meeting following the same procedure described above. Please limit your comments to three (3) minutes or less.

Please submit written correspondence to the Minutes Clerk, who will distribute correspondence to the City Council.

Persons interested in proposing an item for the City Council agenda should contact a member of the City Council who may plan an item on the agenda for a future City Council meeting. Should your comments require Council action, your request may be placed on the next appropriate agenda. Council discussion or action may not be taken until your item appears on an agenda. This procedure is in compliance with the California Public Meeting Law (Brown Act) Government Code §54950.

City Council Policies and Procedures (CP 03-01) outlines the procedure for the conduct of public hearings. Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to the Public Hearing on these matters.

The time within which judicial review must be sought of the action by the City Council, which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.

For a copy of City Council Policies and Procedures CP 97-01, please contact the City Clerk's office (408) 779-7259, (408) 779-3117 (fax) or by email michelle.wilson@morganhill.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA)

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



Sustainable Morgan Hill Vision

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

CITY COUNCIL ONGOING PRIORITIES

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

2017 STRATEGIC PRIORITIES

High Speed Rail

Inclusiveness

Infrastructure

Regional Initiatives

Telecommunications

2017 STRATEGIC PRIORITIES:



High Speed Rail

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



Inclusiveness

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



Infrastructure

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



Regional Initiatives

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



Telecommunications

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



CITY COUNCIL STAFF REPORT

MEETING DATE: December 20, 2017

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

OCTOBER 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 October 31, 2017. The Revenue and Expense Summary for the month of October is included on the first page. Overall, General Fund revenues through October totaled \$10.3 million or 27% of the budget. Expenditures, including encumbrances, amounted to \$15.9 million through October. The encumbrances represent commitments or contractual obligations that the City entered with vendors or suppliers such as Cal-West Lighting and Signal Maintenance for the maintenance of City's streetlights and traffic signals, and partnership agreement with the YMCA of Silicon Valley for the management and operation of the Community Recreation Center. The services from these vendors are expected to be utilized by the City and paid throughout the fiscal year.

COMMUNITY ENGAGEMENT: Inform

Finance staff prepares these financial 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. October 2017 Financial Statement Analysis
2. October 2017 Financial and Investment Report

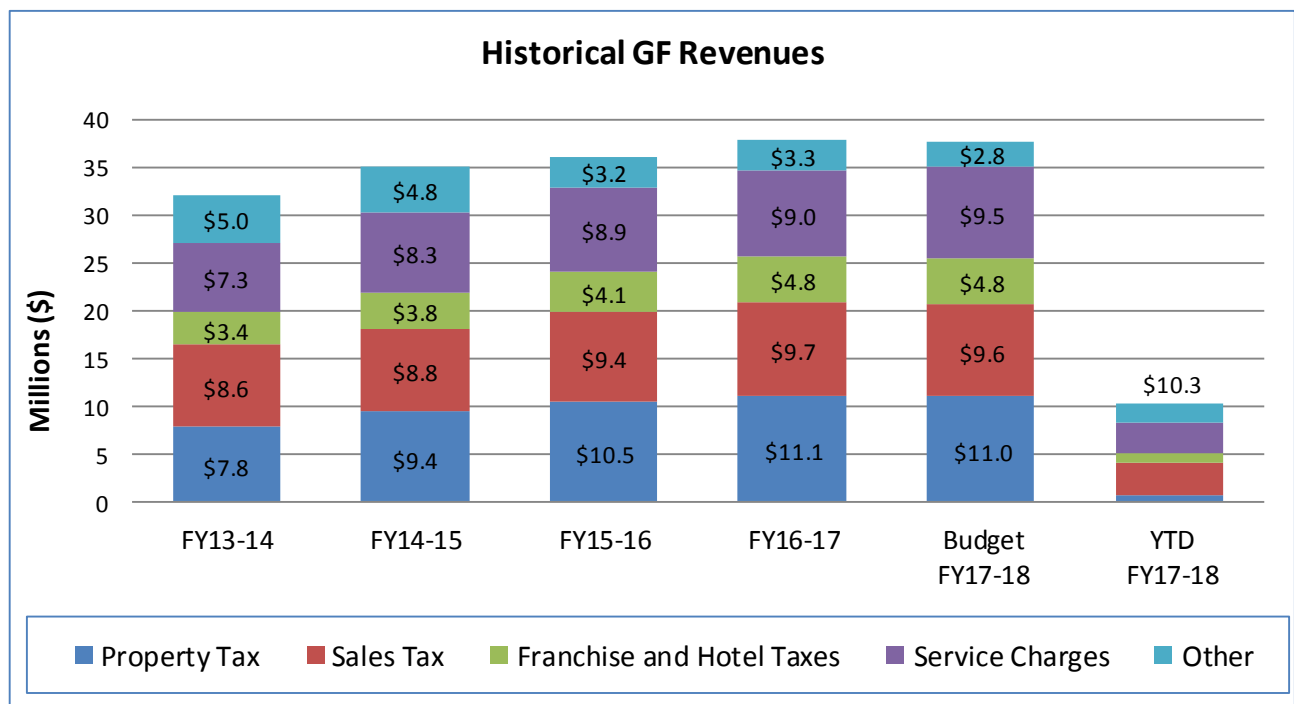


CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2017-18
FOR THE MONTH ENDED OCTOBER 2017 – 33% OF YEAR COMPLETE

- **General Fund** – Revenues through October totaled \$10.3 million, or 27% 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 \$37.8 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 84% of the budgeted amount as annual business license renewal payments are usually received in July.

The chart below shows historical General Fund revenues by major revenue category from FY13-14 through FY16-17 Actual, FY17-18 Budget, and YTD as of October 31, 2017.



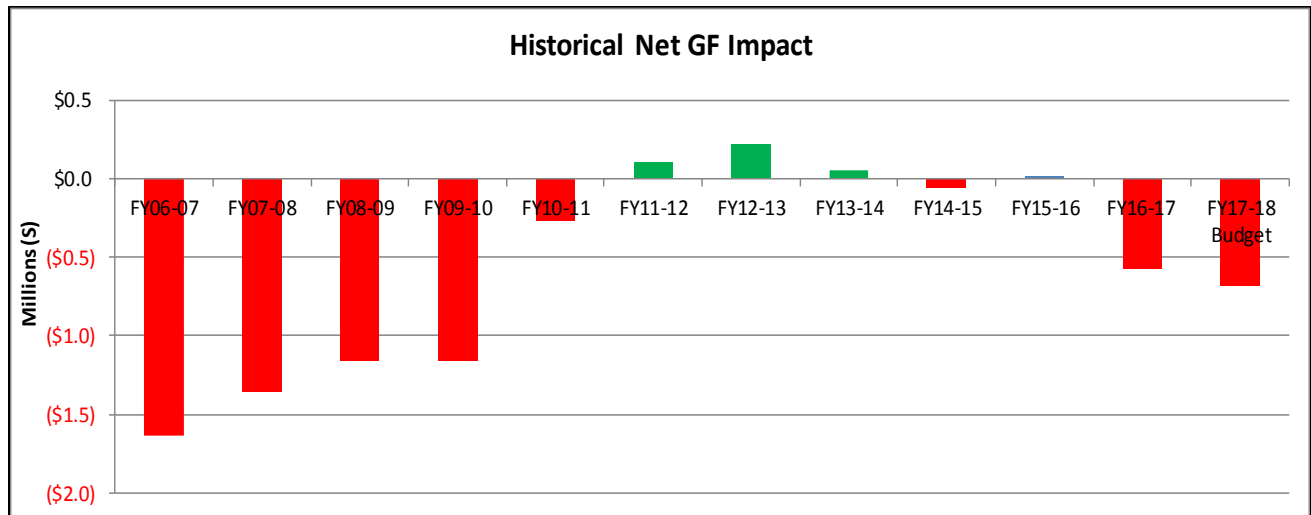
General Fund expenditures and encumbrances as of October 31, 2017 totaled \$15.9 million, of which approximately \$2.8 million is attributable to outstanding encumbrances.

- **Community Services** - The Community Services Department's recreation operations, as reflected in the schedule presented on page 4 of the Monthly Financial and Investments Reports, shows a negative impact to the General Fund of approximately \$1.5 million through the month of October. Without the carry-over encumbrances, year to date operations resulted in a much smaller negative impact to the general fund of approximately \$7,000. Any net impact from the recreation operations increases



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2017-18
FOR THE MONTH ENDED OCTOBER 2017 – 33% OF YEAR COMPLETE

(decreases) reserves in the General Fund. The following chart reflects the effect of Community Services activity on the General Fund.



Due to longstanding governmental accounting and budgeting convention, the City's recreation operations are not charged for indirect costs (known in Morgan Hill as "General Fund Administration") from the central services departments of City Attorney, City Manager, and Administrative Services. The City's other governmental funds, such as Community Development, and the proprietary funds, such as Water and Wastewater, and the Information Services Fund, are assessed such charges through the City's indirect cost allocation plan, prepared in compliance with the Federal government's OMB Circular No. A-87, which mandates certain calculation and cost allocation practices that must be followed in order to qualify for Federal grant funding, but which also represent best practice for non-grant funded City operations like utilities and information services.

- **Community Development Fund** – Revenues through October totaled \$1.3 million, or approximately 35% of the budget. The amount received to date is approximately \$206,000 less than prior year. Expenditures and encumbrances totaled \$2.2 million, or approximately 41% of the budgeted appropriation. Without the outstanding encumbrances, however, expenditures through the month of October amounted to \$1.7 million.
- **Debt Service Funds** – Expenditures through October totaled \$505,000. The debt service for the first half of the year includes both interest and principal, while the second half of the year will include interest only. Debt service payments were all scheduled when the bonds were issued, and are budgeted for in the months delineated in the underlying bond documents. 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 through October totaled \$3.4 million. Expenditures and outstanding encumbrances totaled \$3.5 million or 32% of the budget. The table below shows historical Sewer Operations revenues and expenditures from FY13-14 through FY16-17 Actual, FY17-18 Budget, and YTD as of October 31, 2017.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2017-18
FOR THE MONTH ENDED OCTOBER 2017 – 33% OF YEAR COMPLETE

(amount in millions)	FY13-14	FY14-15	FY15-16	FY16-17	Budget FY17-18	YTD FY17-18
Revenues	9.4	10.3	10.2	9.7	10.8	3.4
Expenditures	8.6	8.8	12.0	9.8	10.8	3.5
Operating Margin	0.8	1.5	(1.8)	(0.1)	-	(0.1)
Operating Margin without Encumbrances	0.8	1.5	(1.8)	(0.0)	-	-

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues from Water Operations through October totaled \$5.0 million, approximately \$689,000 more than a year ago at this time. Water Operations expenditures, including outstanding encumbrances, through the month of October totaled \$3.8 million. Without the encumbrances, however, the expenditures amounted to \$3.1 million. The table below shows Water Operations revenues and expenditures from FY13-14 through FY16-17 Actual, FY17-18 Budget, and YTD as of October 31, 2017.

(amount in millions)	FY13-14	FY14-15	FY15-16	FY16-17	Budget FY17-18	YTD FY17-18
Revenues	12.2	8.8	8.5	10.9	12.2	5.0
Expenditures	12.1	9.3	9.7	10.8	12.1	3.8
Operating Margin	0.1	(0.5)	(1.2)	0.1	0.1	1.2
Operating Margin without Encumbrances	0.1	(0.5)	(1.2)	0.3	0.1	1.9

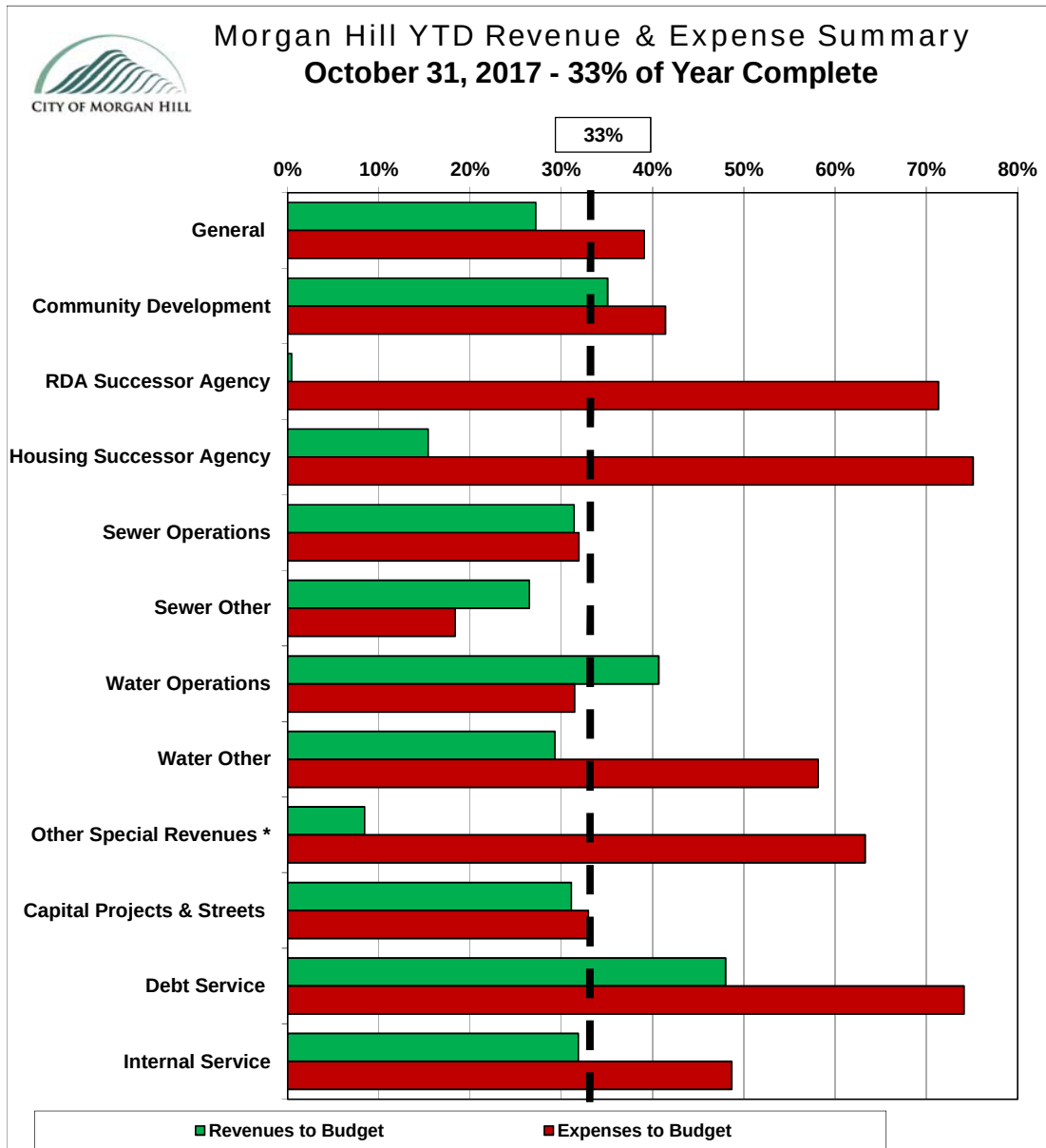
- **Investments** – Two securities were purchased and two securities were called during the month of October 2017. Total interest earnings received on investments were \$140,000 during the month.

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
October 31, 2017 - 33% of Year Complete



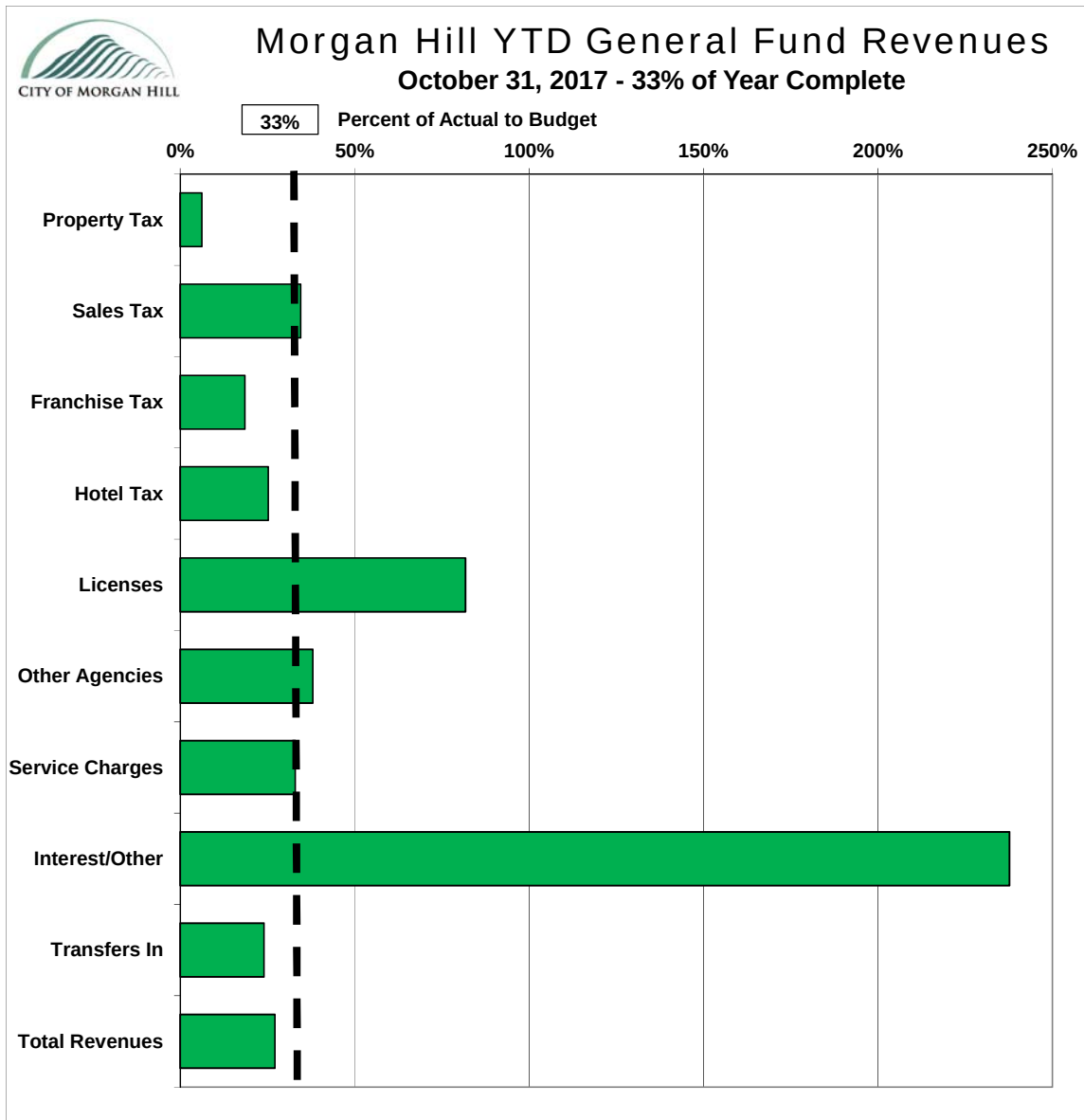
CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT

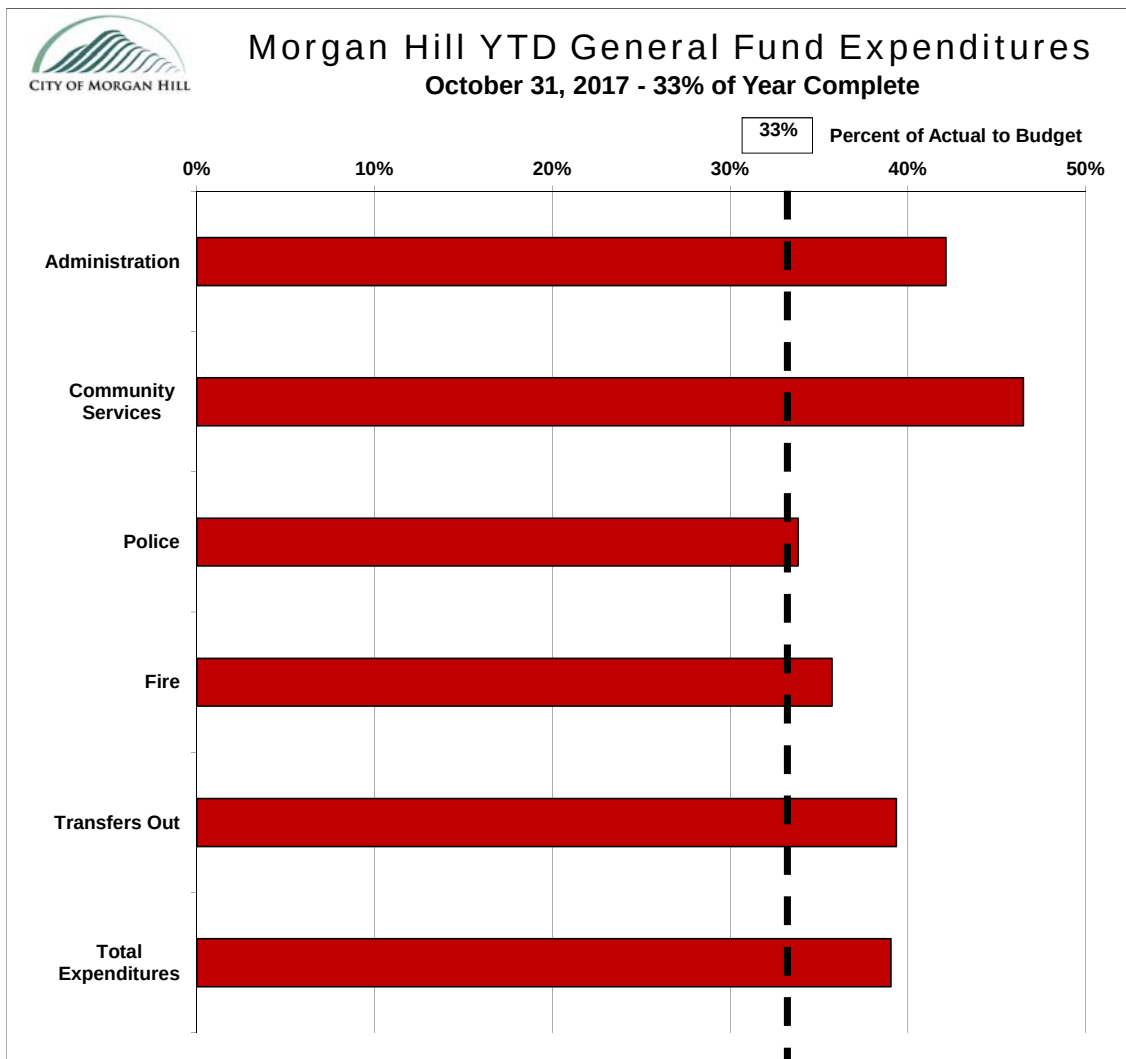


FUND NAME	REVENUES		EXPENSES	
	ACTUAL	% OF BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET
General	\$ 10,269,776	27%	\$ 15,860,572	39%
Community Development	1,290,119	35%	2,203,289	41%
RDA Successor Agency	31,564	0%	5,119,239	71%
Housing Successor Agency	198,045	15%	1,461,910	75%
Sewer Operations	3,402,094	31%	3,461,824	32%
Sewer Other	1,916,232	27%	3,413,915	18%
Water Operations	4,971,844	41%	3,793,265	31%
Water Other	895,982	29%	3,730,578	58%
Other Special Revenues *	675,137	8%	1,154,565	63%
Capital Projects & Streets	4,339,879	31%	8,594,582	33%
Debt Service	327,693	48%	504,784	74%
Internal Service	3,316,883	32%	5,184,062	49%
TOTAL FOR ALL FUNDS	\$ 31,635,249	29%	\$ 54,482,585	38%

* 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	\$ 689,091	6%	\$ 733,759	-6%
Sales Tax	9,588,502	3,315,203	35%	3,060,559	8%
Franchise Tax	1,981,796	368,861	19%	341,786	8%
Hotel Tax	2,827,050	716,525	25%	829,602	-14%
Licenses	210,621	172,359	82%	162,101	6%
Other Agencies	319,875	121,508	38%	77,661	56%
Service Charges	9,536,644	3,147,042	33%	3,029,612	4%
Interest/Other	561,760	1,335,503	238%	335,682	298%
Transfers In	1,682,103	403,684	24%	255,000	58%
TOTAL REVENUES	\$37,755,351	\$10,269,776	27%	\$ 8,825,762	16%



EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Administration	\$ 6,087,327	\$ 2,564,960	42%	\$ 2,690,666	-5%
Community Services	11,050,226	5,138,045	46%	4,798,330	7%
Police	15,794,165	5,342,174	34%	5,067,824	5%
Fire	5,785,389	2,067,031	36%	1,967,706	5%
Transfers Out	1,901,915	748,362	39%	913,497	-18%
TOTAL EXPENDITURES	\$ 40,619,022	\$ 15,860,572	39%	\$ 15,438,023	3%

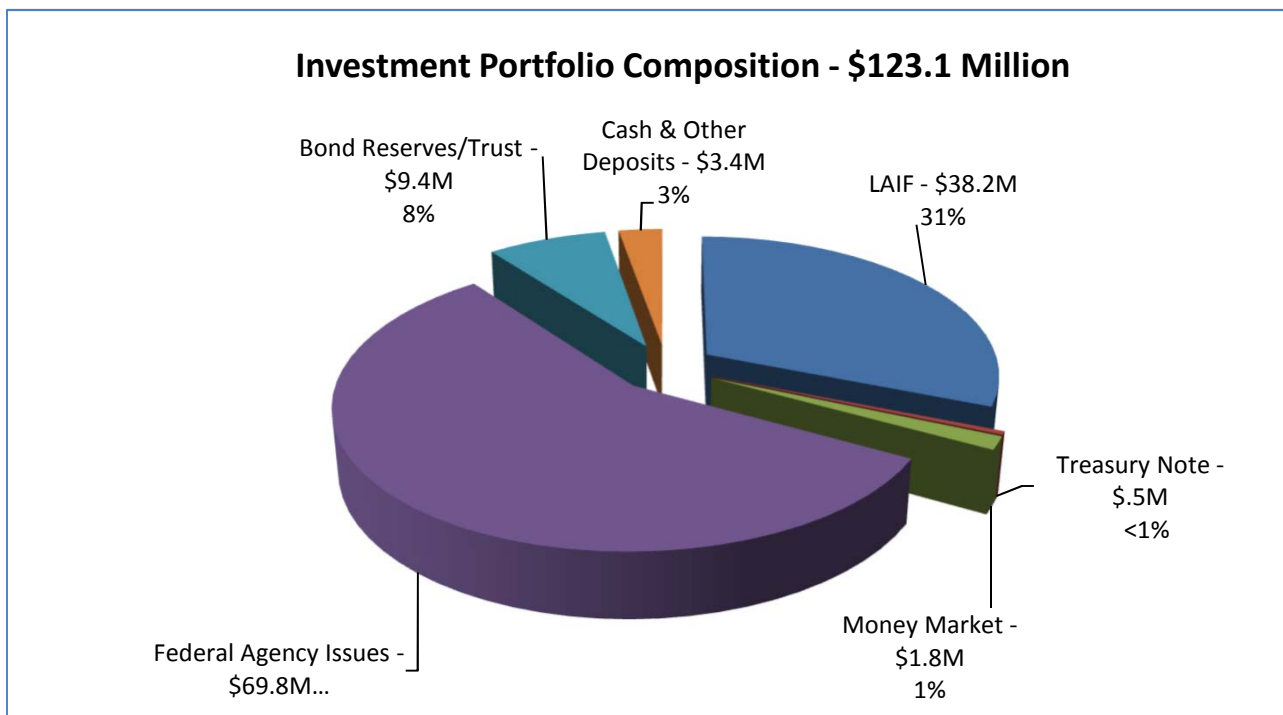


**City of Morgan Hill
Recreation Report - Fiscal Year 2017-18
For the Month and Four Months Ended October 31, 2017
33% of Year Complete**

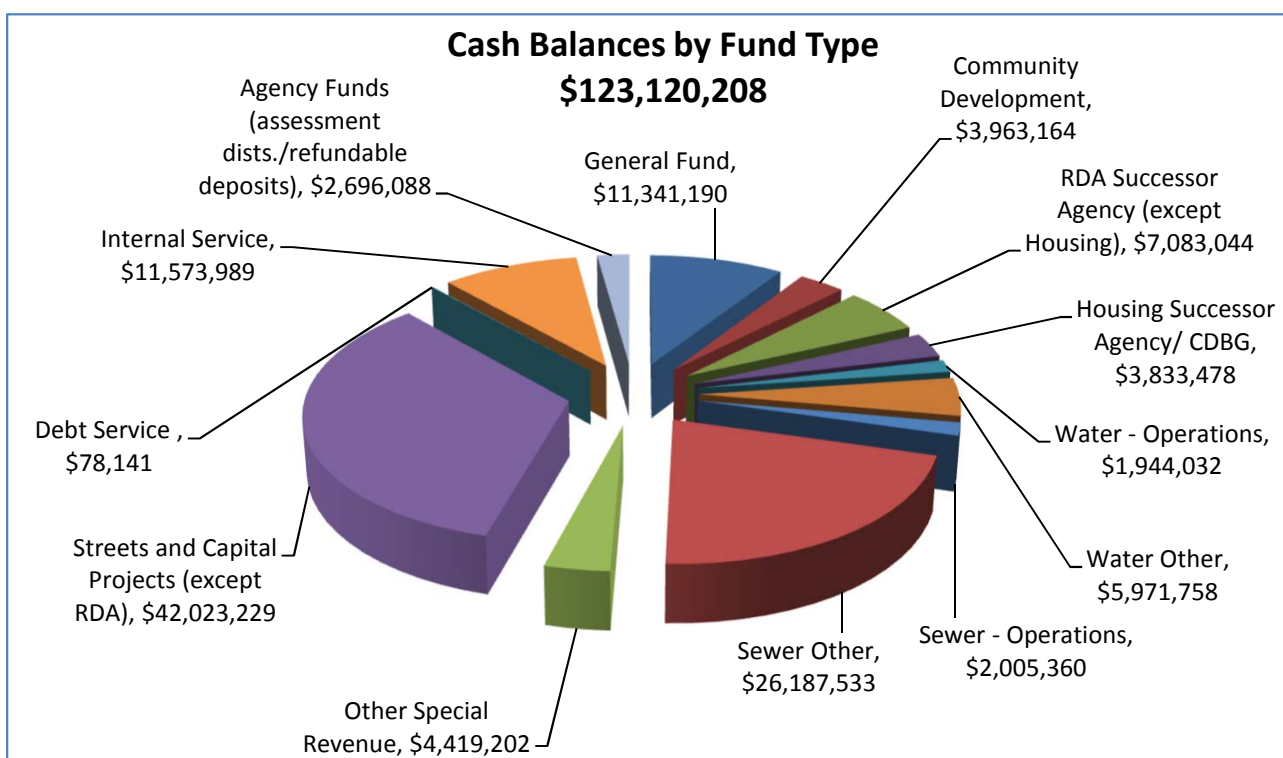
	<u>Budget</u>	<u>October 2017</u>	<u>YTD</u>	<u>% of Budget</u>
Revenues				
Membership Services & Rec Programs	\$ 6,197,036	\$ 401,013	\$ 2,165,035	
Facility Rentals	904,666	72,228	358,096	
Community Services	139,190	7,611	31,152	
Transfers in	75,000	6,250	25,000	
Total Revenues	<u>\$ 7,315,892</u>	<u>\$ 487,102</u>	<u>\$ 2,579,283</u>	35%
Less: Expenditures				
Membership & Program Services	\$ 5,914,430	\$ 308,821	\$ 1,903,603	
Facility Rentals	1,299,185	109,690	448,370	
Community Services	768,671	43,711	233,816	
Total Expenditures	<u>\$ 7,982,287</u>	<u>\$ 462,221</u>	<u>\$ 2,585,789</u>	32%
Net Impact without encumbrances	<u>\$ (666,395)</u>	<u>\$ 24,881</u>	<u>\$ (6,506)</u>	
Encumbrances	-	-	1,468,317	
Net Impact with encumbrances	<u>\$ (666,395)</u>	<u>\$ 24,881</u>	<u>\$(1,474,823)</u>	

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

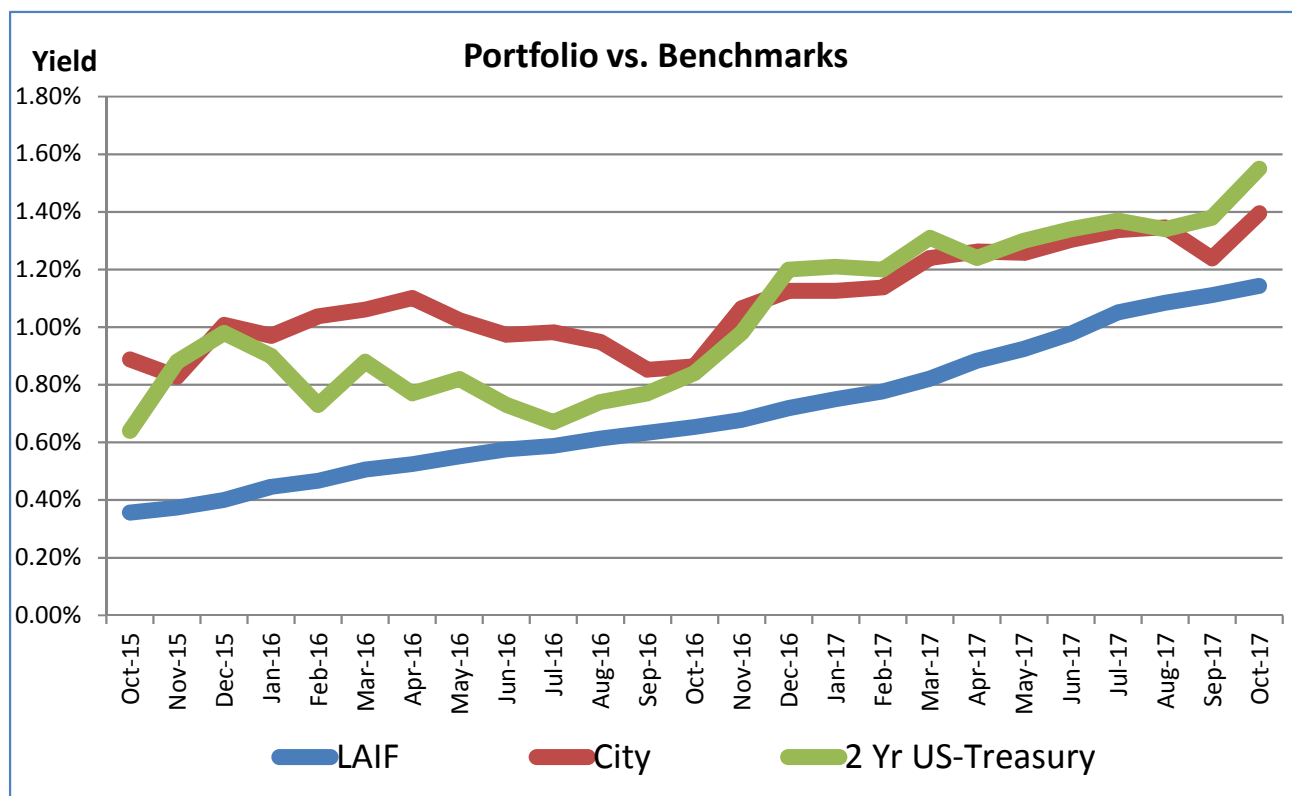
The following are the snapshots of City's investment portfolio as of October 31, 2017. The first chart shows the portfolio composition by investment type:



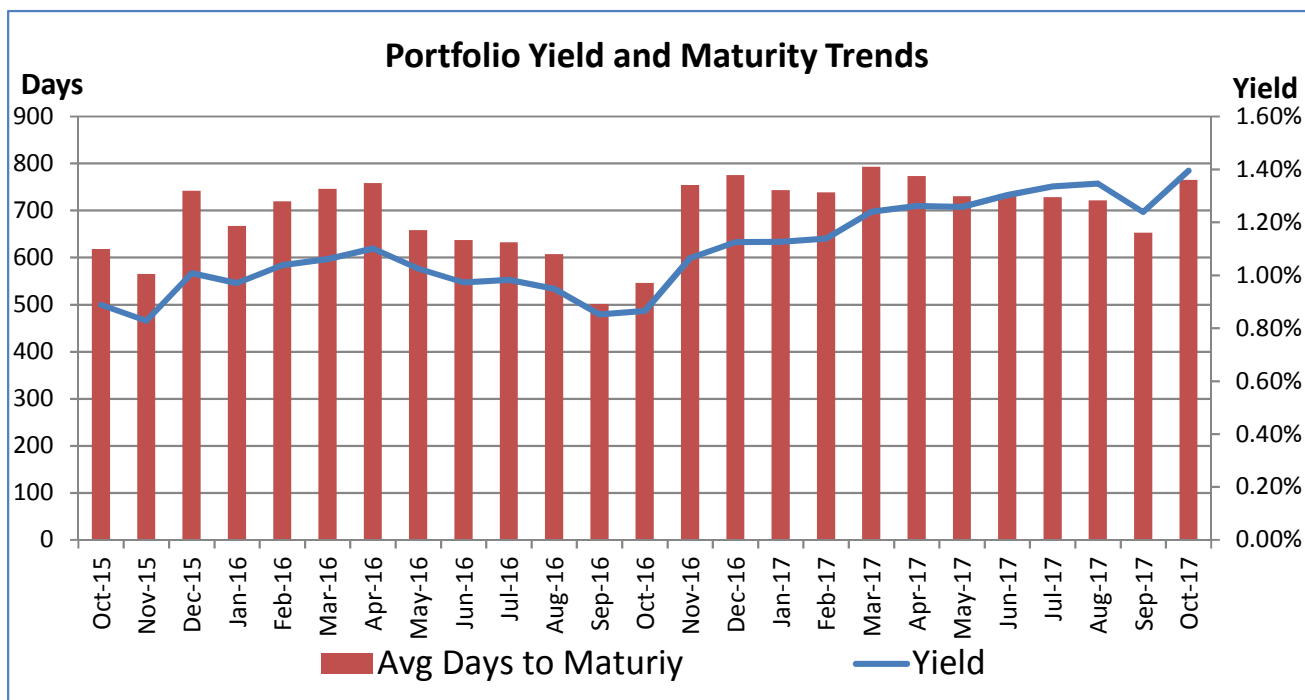
The chart below shows cash balances by fund type reconciled to City's financial system:



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 October 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		\$ 38,199,304	31.03%	\$ 37,833,381	1.14%		
City Managed							
Fed Home Loan Mortgage	1/31/2013	499,743	0.41%	499,600	1.01%	1/12/2018	1/12/2018
Fed Home Loan Mortgage	8/12/2013	999,442	0.81%	999,700	1.36%	12/12/2017	12/12/2017
Federal Farm Credit Bank	5/28/2015	1,000,352	0.81%	999,740	0.99%	2/20/2018	2/20/2018
Treasury Note	6/12/2015	499,377	0.41%	498,945	1.06%	3/31/2018	3/31/2018
Fed Natn'l Mortgage Assn	6/12/2015	500,055	0.41%	499,715	1.10%	2/28/2018	2/28/2018
Fed Home Loan Mortgage	7/2/2015	999,685	0.81%	998,800	0.97%	3/7/2018	3/7/2018
Fed Home Loan Bank	9/30/2015	1,000,249	0.81%	998,490	0.95%	4/24/2018	4/24/2018
Fed Home Loan Bank	10/19/2015	4,000,000	3.25%	3,978,200	1.70%	1/19/2018	10/19/2020
Fed Home Loan Bank	6/30/2016	4,000,000	3.25%	3,904,880	1.50%	6/30/2021	6/30/2021
Fed Natn'l Mortgage Assn	8/25/2016	4,000,000	3.25%	3,920,960	1.40%	8/25/2021	8/25/2021
Fed Home Loan Mortgage	9/29/2016	2,000,000	1.62%	1,972,940	1.65%	12/29/2017	9/29/2021
Fed Natn'l Mortgage Assn	9/29/2016	4,000,000	3.25%	3,900,360	1.60%	12/29/2017	9/29/2021
Fed Home Loan Mortgage	10/27/2016	4,000,000	3.25%	3,883,120	1.60%	1/27/2018	10/27/2021
Fed Natn'l Mortgage Assn	10/28/2016	4,000,000	3.25%	3,881,280	1.55%	1/28/2018	10/28/2021
Fed Home Loan Mortgage	10/28/2016	2,000,000	1.62%	1,944,020	1.65%	1/28/2018	10/28/2021
Fed Home Loan Bank	11/15/2016	4,000,000	3.25%	3,916,320	1.55%	11/15/2021	11/15/2021
Fed Home Loan Bank	11/23/2016	3,000,000	2.44%	2,939,010	1.65%	11/23/2017	11/23/2021
Fed Home Loan Bank	11/23/2016	4,000,000	3.25%	3,899,160	1.63%	11/23/2017	11/23/2021
Fed Home Loan Mortgage	11/30/2016	4,000,000	3.25%	3,949,480	1.88%	11/26/2017	11/26/2021
Fed Home Loan Mortgage	6/29/2017	1,300,000	1.06%	1,295,775	2.15%	3/29/2018	6/29/2022
Fed Home Loan Bank	10/19/17	3,850,000	3.13%	3,833,214	2.15%	10/19/2018	10/19/2022
Fed Natn'l Mortgage Assn	10/26/17	4,150,000	3.37%	4,135,973	2.20%	10/26/2018	10/26/2022
Sub Total/Average		\$ 57,798,902	46.95%	\$ 56,849,682	1.65%		
Money Market		\$ 1,709,267	1.39%	\$ 1,709,267	0.09%		
Total City Managed/Average		\$ 97,707,473	79.36%	\$ 96,392,330	1.03%		
City Managed - HighMark							
Fed Natn'l Mortgage Assn	8/18/2016	\$ 749,438	0.61%	\$ 744,465	1.06%	1/25/2019	1/25/2019
Fed Natn'l Mortgage Assn	8/18/2016	749,637	0.61%	743,123	1.18%	1/26/2019	7/26/2019
Fed Natn'l Mortgage Assn	8/23/2016	749,955	0.61%	743,183	1.25%	11/23/2017	8/23/2019
Fed Home Loan Mortgage	8/31/2016	750,000	0.61%	744,810	1.25%	8/15/2019	8/15/2019
Fed Home Loan Mortgage	9/13/2016	750,000	0.61%	747,390	1.10%	12/13/2017	9/3/2018
Fed Home Loan Bank	9/15/2016	750,000	0.61%	747,683	1.00%	12/15/2017	6/15/2018
Fed Home Loan Bank	9/21/2016	749,867	0.61%	747,578	1.12%	12/21/2017	9/21/2018
Fed Home Loan Mortgage	10/7/2016	749,785	0.61%	742,575	1.29%	12/12/2017	9/12/2019
Fed Natn'l Mortgage Assn	10/11/2016	749,821	0.61%	744,750	1.22%	11/23/2017	5/23/2019
Fed Home Loan Mortgage	10/24/2016	739,255	0.60%	733,828	1.03%	7/30/2018	1/30/2019
Fed Natn'l Mortgage Assn	10/24/2016	749,951	0.61%	743,070	1.25%	12/30/2017	9/30/2019
Federal Farm Credit Bank	11/1/2016	749,663	0.61%	745,350	1.02%	11/1/2017	11/1/2018
Fed Home Loan Mortgage	12/13/2016	1,006,244	0.82%	1,002,580	1.35%	5/30/2019	5/30/2019
Fed Home Loan Bank	12/13/2016	999,756	0.81%	996,370	1.27%	1/16/2019	1/16/2019
Fed Home Loan Mortgage	12/29/2016	747,397	0.61%	745,133	1.37%	4/15/2019	4/15/2019
Fed Natn'l Mortgage Assn	12/29/2016	744,276	0.60%	741,968	1.39%	6/20/2019	6/20/2019
Money Market		135,679	0.11%	135,679	0.01%		
Sub Total/Average		\$ 12,620,723	10.25%	\$ 12,549,533	1.19%		
Bond Reserve Accounts - Held By Trustees		\$ 7,578,673	6.16%	\$ 7,550,784			
Cash/Deposits		\$ 3,425,935	2.78%	\$ 3,425,935			
PARS Trust		\$ 1,787,404	1.45%	\$ 1,956,934 *			
GRAND TOTAL/AVERAGE		\$ 123,120,208	100.00%	\$ 121,875,516			

* Value as of 09/30/2017



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF OCTOBER 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	1.14%	\$ 29,932,493	24.31%	\$ 29,645,761
2014 Water Rev Bonds - Water Impact	Water Fund	1.14%	520,767	0.42%	515,778
2014 Water Rev Bonds - Water CIP	Water Fund	1.14%	1,084,671	0.88%	1,074,280
2015 Wastewater Rev Bonds - CIP	Wastewater Fund	1.14%	6,661,373	5.41%	6,597,562
Federal Issues	All Funds Pooled	1.31%	69,784,569	56.68%	68,764,591
US Treasury Notes	All Funds Pooled	1.04%	499,377	0.41%	498,945
Dreyfus Treas Cash Management Acct	All Funds Pooled	0.09%	1,844,947	1.50%	1,844,947
	SUBTOTAL		\$ 110,328,196	89.61%	\$ 108,941,864
Bond Reserve Accounts - held by trustees					
BNY - 2015 Wastewater Bonds					
Cash Balance	Wastewater Fund	0.00%	-	0.00%	-
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	0.00%	-	0.00%	-
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	0.00%	-	0.00%	-
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Successor Fund	0.93%	163,168	0.13%	163,168
US Treasury Notes	Successor Fund	1.28%	6,895,891	5.60%	6,868,002
Zions Bank - MH Ranch 2015					
Blackrock Liq Funds Fed Fund -DI -2015	Agency Fund	0.70%	256,170	0.21%	256,170
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015	Agency Fund	0.70%	263,444	0.21%	263,444
	SUBTOTAL		7,578,673	6.16%	7,550,784
Other Cash/Deposits					
General Checking	All Funds		3,388,823	2.75%	3,388,823
Workers' Comp Administrators	Workers' Comp		30,000	0.02%	30,000
Petty Cash & Emergency Cash	General Fund		7,112	0.01%	7,112
PARS - OPEB Trust			987,404	0.80%	1,103,288 *
PARS - PENSION Trust			800,000	0.65%	853,646 *
	SUBTOTAL		5,213,339	4.23%	5,382,868
Total Cash and Investments			\$ 123,120,208	100.00%	\$ 121,875,516

CASH ACTIVITY SUMMARY
FY 2017-18

Fund Type	07/01/17 Balance	Change in Cash Balance	10/31/2017 Balance
General Fund	\$ 13,850,210	\$ (2,509,019)	\$ 11,341,190
Community Development	4,641,472	(678,308)	3,963,164
RDA Successor Agency (except Housing)	12,149,330	(5,066,286)	7,083,044
Housing Successor Agency/ CDBG	4,732,509	(899,031)	3,833,478
Water - Operations	1,512,329	431,703	1,944,032
Water Other	5,507,256	464,502	5,971,758
Sewer - Operations	2,085,815	(80,456)	2,005,360
Sewer Other	26,927,307	(739,775)	26,187,533
Other Special Revenue	4,381,840	37,362	4,419,202
Streets and Capital Projects (except RDA)	42,727,410	(704,181)	42,023,229
Debt Service	256,088	(177,947)	78,141
Internal Service	12,201,454	(627,465)	11,573,989
Agency Funds (assessment dists./refundable deposits)	4,008,713	(1,312,625)	2,696,088
Total	\$ 134,981,732	\$ (11,861,524)	\$ 123,120,208

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

* Value as of 09/30/2017

I certify the information on the investment reports on pages has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: Harjot Sangha, Accounting Manager

Approved by: _____

Reviewed by: Dat Nguyen, Finance Director

David Clink, Treasurer

Attachment: October 2017 Financial and Investment Report (1551 : October 2017 Financial and Investment Report)



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2017-18
For the Four Months Ended October 31, 2017
33% 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	\$ 523,960	6%	\$ 480,893	\$ 43,067	9%
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	34,179	12%	36,816	(2,637)	-7%
Sales Tax	9,151,500	9,226,502	3,225,833	35%	2,976,854	248,979	8%
Public Safety Sales Tax	362,000	362,000	89,370	25%	83,705	5,665	7%
Transient Occupancy Taxes	2,827,050	2,827,050	716,525	25%	829,602	(113,077)	-14%
Franchise (Refuse, Cable, PG&E)	1,981,796	1,981,796	368,861	19%	341,786	27,075	8%
Property Transfer Tax	481,000	481,000	130,953	27%	105,995	24,958	24%
TOTAL TAXES	24,917,346	25,444,348	5,089,680	20%	4,965,706	123,974	2%
LICENSES/PERMITS							
Business License	202,878	202,878	169,623	84%	161,697	7,926	5%
Other Permits	7,743	7,743	2,736	35%	404	2,332	577%
TOTAL LICENSES/PERMITS	210,621	210,621	172,359	82%	162,101	10,258	6%
FINES AND PENALTIES							
Parking Enforcement	12,240	12,240	1,697	14%	1,905	(208)	-11%
Bails & Fines	65,280	65,280	10,942	17%	10,867	75	1%
Administrative Citations	-	-	6,150	n/a	100	6,050	6050%
TOTAL FINES AND PENALTIES	77,520	77,520	18,788	24%	12,872	(134)	-1%
OTHER AGENCIES							
Motor Vehicle in-Lieu	17,538	17,538	-	0%	-	-	n/a
Other Revenue - Other Agencies	406,875	319,875	121,508	38%	77,661	43,847	56%
TOTAL OTHER AGENCIES	424,413	337,413	121,508	36%	77,661	43,847	56%
CHARGES CURRENT SERVICES							
Police False Alarm Charge	32,640	32,640	12,610	39%	16,194	(3,584)	-22%
Business License Application Review	36,633	36,633	12,506	34%	14,625	(2,119)	-14%
Membership Services & Rec Programs	6,023,650	6,197,036	2,165,035	35%	2,084,291	80,744	4%
Facility Rentals	932,986	904,666	358,096	40%	313,234	44,862	14%
Community Services	139,190	139,190	31,152	22%	23,115	8,037	35%
General Administration Overhead	1,323,077	1,323,077	440,096	33%	419,140	20,956	5%
Other Charges Current Services	903,402	903,402	127,547	14%	159,013	(31,466)	-20%
TOTAL CURRENT SERVICES	9,391,578	9,536,644	3,147,042	33%	3,029,612	117,430	4%
OTHER REVENUE							
Use of money/property	309,396	309,396	132,657	43%	118,516	14,141	12%
Other Revenues	151,306	157,306	1,184,058	753%	204,294	979,764	480%
TOTAL OTHER REVENUE	460,702	466,702	1,316,714	282%	322,810	993,904	308%
TRANSFERS IN							
One Time Transfer	-	26,595	-	0%	-	-	0%
Public Safety	100,000	100,000	16,000	16%	-	16,000	0%
Streets	761,458	761,458	123,000	16%	-	123,000	n/a
Police Impact	25,000	25,000	8,332	33%	-	8,332	n/a
Sewer Operations	347,025	347,025	115,676	33%	115,000	676	1%
Water Operations	347,025	347,025	115,676	33%	115,000	676	1%
Park Development	75,000	75,000	25,000	33%	25,000	-	n/a
TOTAL TRANSFERS IN	1,655,508	1,682,103	403,684	24%	255,000	148,684	58%
TOTAL GENERAL FUND	37,137,688	37,755,351	10,269,776	27%	8,825,762	1,444,014	16%
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	761,458	761,458	191,109	25%	187,407	3,702	2%
Interest / Other Revenue/Other Charges	72	72	322	448%	407	(85)	-21%
202 STREET MAINTENANCE	761,530	761,530	191,432	25%	187,814	3,618	2%

Attachment: October 2017 Financial and Investment Report (1551 : October 2017 Financial and Investment Report)



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2017-18
For the Four Months Ended October 31, 2017
33% 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	82	21%	130	(48)	-37%
Police Grant/SLEF/JAG	100,000	100,000	47,750	48%	37,657	10,093	27%
205 PUBLIC SAFETY TRUST	100,395	100,395	47,832	48%	37,787	10,045	27%
206 COMMUNITY DEVELOPMENT							
Building Fees	1,937,862	1,937,862	783,255	40%	508,887	274,368	54%
Planning Fees	1,131,051	1,131,051	228,108	20%	327,188	(99,080)	-30%
Engineering Fees	601,640	601,640	263,028	44%	644,984	(381,956)	-59%
Other Revenue/Current Charges	9,417	9,417	15,728	167%	15,035	693	5%
206 COMMUNITY DEVELOPMENT	3,679,970	3,679,970	1,290,119	35%	1,496,094	(205,975)	-14%
207 GENERAL PLAN UPDATE	706,212	706,212	211,119	30%	250,351	(39,232)	-16%
215 and 216 HCD BLOCK GRANT							
HCD allocation	-	-	-	0%	-	-	0%
Interest Income/Other Revenue	417	417	1,443	346%	1,708	(265)	-16%
215 and 216 HCD BLOCK GRANT	417	417	1,443	346%	1,708	(265)	-16%
225 ASSET SEIZURE	250	250	540	216%	23,330	(22,790)	-98%
229 LIGHTING AND LANDSCAPE	187,321	187,321	651	0%	671	(20)	-3%
230 COMMUNITY FACILITIES DISTRICT	43,340	43,340	204	0%	143	61	42%
232 ENVIRONMENTAL PROGRAMS	382,164	382,164	148,799	39%	140,379	8,420	6%
234 MOBILE HOME PARK RENT STAB.	3,931	3,931	162	4%	3,732	(3,570)	-96%
235 SENIOR HOUSING	1,633	1,633	874	54%	795	79	10%
236 HOUSING MITIGATION	842,443	842,443	252,495	30%	1,036,075	(783,580)	-76%
240 EMPLOYEE ASSISTANCE	30,966	30,966	10,460	34%	10,103	357	4%
247 ENVIRONMENT REMEDIATION	1,104	1,104	558	51%	537	21	4%
250 COMH-SUCCESSOR AGENCY-MHRDA	7,131,889	7,131,889	31,564	0%	1,143,739	(1,112,175)	-97%
255 HOUSING SUCCESSOR AGENCY	1,285,374	1,285,374	198,045	15%	216,649	(18,604)	-9%
TOTAL SPECIAL REVENUE FUNDS	15,158,940	15,158,940	2,386,297	16%	4,549,907	(2,163,610)	-48%
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,439,640	1,931,640	1,113,330	58%	194,450	918,880	473%
302 PARK MAINTENANCE	888,026	905,061	638,587	71%	372,386	266,201	71%
303 LOCAL DRAINAGE	1,822,884	1,822,884	823,685	45%	804,632	19,053	2%
304 LOCAL DRAINAGE/NON AB1600	70,894	70,894	69,601	98%	78,776	(9,175)	-12%
306 AGRICULTURE & OPEN SPACE PRESERVATION	1,539,970	1,539,970	167,591	11%	109,553	58,038	53%
308 STREET CIP	1,357,235	1,603,833	405,540	25%	399,355	6,185	2%
309 TRAFFIC MITIGATION	1,348,287	1,348,287	115,996	9%	267,659	(151,663)	-57%
311 POLICE MITIGATION	256,218	256,218	54,663	21%	34,594	20,069	58%
313 FIRE MITIGATION	94,577	94,577	23,128	24%	48,088	(24,960)	-52%
346 PUBLIC FACILITIES NON-AB1600	617,956	617,956	75,972	12%	489,239	(413,267)	-84%
347 PUBLIC FACILITIES	171,217	171,217	37,865	22%	23,936	13,929	58%
348 LIBRARY	1,250,509	1,250,509	148,867	12%	65,952	82,915	126%
350 UNDERGROUNDING	53,236	53,236	198,433	373%	704,488	(506,055)	-72%
355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY	544,341	544,341	59,471	11%	597,306	(537,835)	-90%
360 COMMUNITY/REC IMPACT FUND	985,274	985,274	215,718	22%	65,766	149,952	228%
TOTAL CAPITAL PROJECTS FUNDS	12,440,264	13,195,897	4,148,447	31%	4,256,180	(107,733)	-3%
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	297,408	297,408	98,574	33%	100,092	(1,518)	-2%
441 POLICE FACILITY BOND	385,373	385,373	229,119	59%	181	228,938	126485%
TOTAL DEBT SERVICE FUNDS	682,781	682,781	327,693	48%	100,273	227,420	227%

Attachment: October 2017 Financial and Investment Report (1551 : October 2017 Financial and Investment Report)



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2017-18
For the Four Months Ended October 31, 2017
33% 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	10,602,695	3,244,520	31%	3,159,704	84,816	3%
Interest Income/Transfers	48,461	48,461	8,729	18%	7,813	916	12%
Other Revenue/Current Charges	183,354	183,354	148,846	81%	165,936	(17,090)	-10%
640 SEWER OPERATION	10,834,510	10,834,510	3,402,094	31%	3,333,453	68,641	2%
641 SEWER EXPANSION							
Interest Income	59,474	59,474	57,433	97%	52,524	4,909	9%
Development Impact Fee	4,727,753	4,727,753	1,021,192	22%	447,091	574,101	128%
Transfers/Other	-	-	-	0%	600	(600)	-100%
641 SEWER EXPANSION	4,787,227	4,787,227	1,078,625	23%	500,215	578,410	116%
642 SEWER RATE STABILIZATION	15,702	15,702	10,050	64%	9,020	1,030	11%
643 SEWER-CAPITAL PROJECT	2,424,509	2,424,509	827,557	34%	901,113	(73,556)	-8%
TOTAL SEWER FUNDS	18,061,948	18,061,948	5,318,326	29%	4,743,801	574,525	12%
650 WATER OPERATION							
Water Sales	11,201,856	11,401,856	4,439,531	39%	3,708,056	731,475	20%
Meter Install & Service	120,575	120,575	83,578	69%	79,102	4,476	6%
Transfers-In / Interest Income	424,507	424,507	145,201	34%	139,120	6,081	4%
Other Revenue/Current Charges	475,784	275,784	303,534	110%	356,481	(52,947)	-15%
650 WATER OPERATION	12,222,722	12,222,722	4,971,844	41%	4,282,759	689,085	16%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	1,944	1,944	13,931	717%	12,168	1,763	14%
Development Impact Fee	1,196,984	1,196,984	258,235	22%	162,887	95,348	59%
651 WATER EXPANSION	1,198,928	1,198,928	272,166	23%	175,055	97,111	55%
652 Water Rate Stabilization	505,618	505,618	169,140	33%	167,120	2,020	1%
653 Water Capital Project	1,351,992	1,351,992	454,676	34%	323,770	130,906	40%
TOTAL WATER FUNDS	15,279,260	15,279,260	5,867,827	38%	4,948,704	919,123	19%
TOTAL ENTERPRISE FUNDS	33,341,208	33,341,208	11,186,152	34%	9,692,505	1,493,647	15%
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	1,592,812	1,592,812	536,261	34%	536,335	(74)	0%
740 BUILDING MAINTENANCE	3,066,615	3,149,985	1,027,931	33%	1,057,054	(29,123)	-3%
741 BUILDING REPLACEMENT	487,008	487,008	165,663	34%	165,277	386	0%
745 CIP ADMINISTRATION	1,869,109	1,869,109	469,533	25%	459,080	10,453	2%
760 UNEMPLOYMENT INSURANCE	1,094	1,094	652	60%	622	30	5%
770 WORKERS COMPENSATION	763,390	763,390	261,265	34%	264,055	(2,790)	-1%
790 EQUIPMENT REPLACEMENT	974,418	974,418	333,368	34%	374,373	(41,005)	-11%
791 EMPLOYEE BENEFITS	624,676	624,676	204,895	33%	222,919	(18,024)	-8%
793 CORPORATION YARD COMMISSION	-	-	340	0%	-	340	n/a
795 GENERAL LIABILITY INSURANCE	941,342	941,342	316,975	34%	287,106	29,869	10%
TOTAL INTERNAL SERVICE FUNDS	10,320,464	10,403,834	3,316,883	32%	3,366,821	(49,938)	-1%
TOTAL FOR ALL FUNDS	\$ 109,081,345	\$ 110,538,011	\$ 31,635,249	29%	\$ 30,791,448	\$ 3,430,403	11%



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2017-18
 For the Month and Four Months Ended October 31, 2017
 33% 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	\$ 11,005	\$ 400,865	\$ 105,807	\$ 41,500	\$ 147,307	37%	\$ 12,000
	CITY ATTORNEY	53,825	836,813	253,212	93,054	346,267	41%	20,000
	CITY ATTORNEY LOAN	-	-	-	-	-	n/a	83,000
	CITY MANAGER	99,677	1,846,979	350,821	636,313	987,134	53%	25,000
	HUMAN RESOURCES	57,540	757,742	258,174	12,170	270,344	36%	21,000
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	50,643	601,195	195,061	12,800	207,861	35%	18,000
	Elections	1,443	30,669	8,025	-	8,025	26%	-
	COUNCIL SVCS & RECORDS MGMT	52,086	631,864	203,086	12,800	215,886	34%	19,000
	FINANCE	123,698	1,613,065	527,654	70,368	598,022	37%	54,000
	TOTAL ADMINISTRATION	397,831	6,087,327	1,698,754	866,206	2,564,960	42%	2,380,000
II. COMMUNITY SERVICES								
	Membership Services & Rec. Programs	308,821	5,914,430	1,903,603	1,404,714	3,308,317	56%	1,810,000
	Recreation Facility Rentals	109,690	1,299,185	448,370	-	448,370	35%	42,000
	Community Services	43,711	768,671	233,816	63,603	297,419	39%	21,000
	Solid Waste Management	17,241	277,104	66,504	-	66,504	24%	6,000
	Street Maintenance	159,181	2,225,954	574,855	244,008	818,863	37%	58,000
	Downtown Maintenance	23,212	296,241	77,052	30,820	107,872	36%	2,000
	Cable Television	1,550	49,443	6,748	-	6,748	14%	1,000
	COMMUNITY SERVICES	663,406	10,831,028	3,310,947	1,743,145	5,054,092	47%	3,140,000
	CODE COMPLIANCE	9,801	141,628	39,242	-	39,242	28%	2,000
	CONGESTION MANAGEMENT	25,447	77,570	44,711	-	44,711	58%	1,000
	TOTAL COMMUNITY SERVICES	698,654	11,050,226	3,394,900	1,743,145	5,138,045	46%	3,190,000
III. PUBLIC SAFETY								
	POLICE							
	PD Administration	179,343	1,185,166	425,323	21,812	447,135	38%	30,000
	Field Operations	599,303	7,864,431	2,584,264	109,090	2,693,354	34%	2,500,000
	Support Services	155,768	2,089,756	668,301	8,536	676,837	32%	69,000
	Emergency Services/Haz Mat	13,337	179,862	59,000	-	59,000	33%	5,000
	Special Operations	223,743	2,779,972	926,827	-	926,827	33%	86,000
	Dispatch Services	118,056	1,694,978	539,021	-	539,021	32%	52,000
	POLICE	1,289,551	15,794,165	5,202,736	139,438	5,342,174	34%	4,960,000
	FIRE	424,161	5,785,389	2,063,845	3,186	2,067,031	36%	1,930,000
	TOTAL PUBLIC SAFETY	1,713,712	21,579,554	7,266,581	142,624	7,409,205	34%	6,900,000
IV. TRANSFERS								
	Other	145,443	1,901,915	748,362	-	748,362	39%	91,000
	TOTAL TRANSFERS	145,443	1,901,915	748,362	-	748,362	39%	91,000
	TOTAL GENERAL FUND	2,955,640	40,619,022	13,108,597	2,751,975	15,860,572	39%	13,390,000

Attachment: October 2017 Financial and Investment Report (1551 : October 2017 Financial and Investment Report)



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2017-18
For the Month and Four Months Ended October 31, 2017
33% 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	219	763,480	123,726	-	123,726	16%	
205	PUBLIC SAFETY/SUPP.LAW	-	100,000	16,000	-	16,000	16%	
206	COMMUNITY DEVELOPMENT FUND							
	Planning	163,269	2,241,307	612,025	352,110	964,135	43%	62%
	Building	181,892	1,789,823	631,282	64,695	695,977	39%	57%
	Engineering	136,884	1,292,702	422,469	120,708	543,177	42%	32%
206	COMMUNITY DEVELOPMENT FUND	482,045	5,323,832	1,665,775	537,514	2,203,289	41%	1,52%
207	GENERAL PLAN UPDATE	40,156	988,643	220,506	241,825	462,330	47%	18%
215/216	CDBG	6,000	14,976	6,000	8,976	14,976	100%	
225	ASSET SEIZURE	-	26,595	-	-	-	0%	
229	LIGHTING AND LANDSCAPE	21,041	205,430	63,901	66,490	130,391	63%	4%
230	COMMUNITY FACILITIES DISTRICT	1,903	45,100	6,467	3,120	9,587	21%	
232	ENVIRONMENT PROGRAMS	23,993	345,422	105,532	19,900	125,432	36%	9%
234	MOBILE HOME PARK	71	880	284	-	284	32%	
236	HOUSING MITIGATION	72,692	1,320,091	193,593	198,564	392,157	30%	21%
240	EMPLOYEE ASSISTANCE	104	41,247	3,409	-	3,409	8%	1%
250	COMH-SUCCESSOR AGENCY-MHRDA	(2,804)	7,178,310	5,095,349	23,890	5,119,239	71%	6,55%
255	HOUSING SUCCESSOR AGENCY	90,193	1,945,760	1,103,577	358,333	1,461,910	75%	25%
TOTAL SPECIAL REVENUE FUNDS		735,612	18,299,766	8,604,119	1,458,610	10,062,729	55%	8,90%
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	447,370	6,728,249	2,083,867	1,697,985	3,781,852	56%	26%
302	PARK MAINTENANCE	100,272	2,467,188	312,990	68,960	381,950	15%	31%
303	LOCAL DRAINAGE	1,077	41,956	4,035	-	4,035	10%	
304	LOCAL DRAIN. NON-AB1600	1,036	155,141	9,288	34,134	43,422	28%	
306	AGRICULTURE & OPEN SPACE PRESERVATION	9,132	1,725,908	17,103	83,409	100,512	6%	1%
308	STREET CIP	5,080	3,931,275	18,893	2,318,521	2,337,414	59%	8%
309	TRAFFIC MITIGATION	52,220	3,372,406	215,210	252,593	467,803	14%	25%
311	POLICE MITIGATION	123,707	237,117	130,205	-	130,205	55%	2%
313	FIRE MITIGATION	113	623,735	445	-	445	0%	
346	PUBLIC FAC.NON AB1600	133,938	821,831	357,499	220,535	578,034	70%	42%
347	PUBLIC FACILITIES	93	9,481	346	-	346	4%	
348	LIBRARY IMPACT	17,785	3,824,836	107,788	272,764	380,552	10%	10%
350	UNDERGROUNDING	45	539	180	-	180	33%	31%
355	SCHOOL PEDESTRIAN & TRAFFIC SAFETY	54,466	1,131,267	168,235	95,715	263,950	23%	
360	COMM/REC CENTER IMPACT	87	244,000	156	-	156	0%	
TOTAL CAPITAL PROJECTS FUNDS		946,421	25,314,928	3,426,240	5,044,616	8,470,856	33%	1,81%
DEBT SERVICE FUNDS								
420	CIVIC CENTER DEBT	208,966	297,423	209,580	-	209,580	70%	21%
441	POLICE FACILITY BOND DEBT	294,198	383,610	295,204	-	295,204	77%	27%
TOTAL DEBT SERVICE FUNDS		503,164	681,033	504,784	-	504,784	74%	49%

Attachment: October 2017 Financial and Investment Report (1551 : October 2017 Financial and Investment Report)



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2017-18
 For the Month and Four Months Ended October 31, 2017
 33% 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	892,844	10,846,377	3,358,202	103,622	3,461,824	32%	3,231
641	SEWER CAPITAL EXPANSION	7,939	12,344,978	249,414	723,929	973,342	8%	91
642	SEWER RATE STABILIZATION	325	3,900	1,300	-	1,300	33%	-
643	SEWER-CAPITAL PROJECTS	74,757	6,243,443	1,709,688	729,585	2,439,273	39%	2,091
TOTAL SEWER FUND(S)		975,865	29,438,698	5,318,604	1,557,136	6,875,740	23%	5,431
WATER								
	Water Operations	693,483	11,005,629	2,844,390	541,756	3,386,146	31%	3,141
	Utility Billing	52,793	836,258	259,165	34,134	293,300	35%	241
	Water Conservation	8,780	212,502	28,687	85,133	113,819	54%	21
650	WATER OPERATIONS	755,056	12,054,389	3,132,242	661,023	3,793,265	31%	3,411
651	WATER CAPITAL EXPANSION	18,503	3,405,848	72,214	1,907,227	1,979,441	58%	591
652	WATER RATE STABILIZATION	51	662	204	-	204	31%	-
653	WATER-CAPITAL PROJECTS	12,641	2,991,557	175,243	1,575,690	1,750,933	59%	1,351
TOTAL WATER FUND(S)		786,251	18,452,455	3,379,903	4,143,940	7,523,843	41%	5,351
TOTAL ENTERPRISE FUNDS		1,762,117	47,891,153	8,698,507	5,701,076	14,399,582	30%	10,791
INTERNAL SERVICE FUNDS								
730	INFORMATION SYSTEMS	104,415	1,796,307	773,884	26,583	800,466	45%	421
740	BUILDING MAINTENANCE	306,687	3,328,743	940,414	408,027	1,348,440	41%	851
741	BUILDING REPLACEMENT	90,603	515,155	200,331	55,169	255,500	50%	31
745	CIP ADMINISTRATION	77,204	1,872,190	469,533	16,379	485,913	26%	451
760	UNEMPLOYMENT	80	20,400	80	-	80	0%	-
770	WORKERS COMPENSATION	35,926	808,807	826,097	-	826,097	102%	271
790	EQUIPMENT REPLACEMENT	148,221	694,939	219,506	508,750	728,256	105%	921
791	EMPLOYEE BENEFITS FUND	109,282	558,538	187,619	-	187,619	34%	111
793	CORP YARD COMMISSION	744	-	3,698	1,903	5,601	0%	-
795	GEN. LIABILITY INSURANCE	13,727	1,059,920	546,090	-	546,090	52%	661
TOTAL INTERNAL SERVICE FUNDS		886,890	10,655,000	4,167,251	1,016,810	5,184,062	49%	3,761
REPORT TOTAL		\$ 7,789,843	\$ 143,460,901	\$ 38,509,498	\$ 15,973,087	\$ 54,482,585	38%	\$ 39,171

City of Morgan Hill Fund Activity Summary - Fiscal Year 2017-18 For the Four Months Ended October 31, 2017 33% of Year Complete										
Fund No.	Fund	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	\$ 16,830,617	\$ 10,269,776	27%	\$ 13,108,597	32%	\$ (2,838,822)	\$ 2,751,975	\$ 11,239,821	
TOTAL GENERAL FUND		\$ 16,830,617	\$ 10,269,776	27%	\$ 13,108,597	32%	\$ (2,838,822)	\$ 2,751,975	\$ 11,239,821	
202	STREET MAINTENANCE	440	\$ 191,432	25%	\$ 123,726	35%	\$ 67,706	\$ -	\$ 68,146	
205	PUBLIC SAFETY/SUPPL. LAW	16,702	47,832	48%	16,000	33%	31,832	-	48,534	
206	COMMUNITY DEVELOPMENT	2,646,685	1,290,119	35%	1,665,775	31%	(375,656)	537,514	1,733,515	
207	GENERAL PLAN UPDATE	1,170,077	211,119	30%	220,506	22%	(9,386)	241,825	918,867	
215 / 216	CDBG	95,752	1,443	346%	6,000	0%	(4,557)	8,976	82,220	
225	ASSET SEIZURE	136,345	540	216%	-	0%	540	-	136,885	
229	LIGHTING AND LANDSCAPE	160,594	651	0%	63,901	31%	(63,250)	66,490	30,854	
230	COMMUNITY FACILITIES DISTRICT	60,276	204	0%	6,467	0%	(6,264)	3,120	50,892	
232	ENVIRONMENTAL PROGRAMS	157,637	148,799	39%	105,532	31%	43,268	19,900	181,005	
234	MOBILE HOME PK RENT STAB.	41,059	162	4%	284	32%	(122)	-	40,937	
235	SENIOR HOUSING	220,710	874	54%	-	0%	874	-	221,584	
236	HOUSING MITIGATION	2,178,174	252,495	30%	193,593	15%	58,902	198,564	2,038,512	
240	EMPLOYEE ASSISTANCE	36,302	10,460	34%	3,409	8%	7,052	-	43,354	
247	ENVIRONMENT REMEDIATION	139,723	558	51%	-	0%	558	-	140,281	
250	COMH-SUCCESSOR AGENCY-MHRDA	4,650,153	31,564	0%	5,095,349	71%	(5,063,785)	7,082,949	(7,496,581)	
255	HOUSING SUCCESSOR AGENCY	3,956,700	198,045	15%	1,103,577	57%	(905,532)	2,871,608	179,560	
TOTAL SPECIAL REVENUE FUNDS		\$ 15,667,329	\$ 2,386,297	16%	\$ 8,604,119	47%	\$ (6,217,821)	\$ 11,030,944	\$ (1,581,437)	
301	PARK DEV. IMPACT FUND	4,850,439	\$ 1,113,330	58%	\$ 2,083,867	31%	\$ (970,536)	\$ 1,697,985	\$ 2,181,917	
302	PARK MAINTENANCE	5,431,371	638,587	71%	312,990	13%	325,596	68,960	5,688,007	
303	LOCAL DRAINAGE	8,381,669	823,685	45%	4,035	10%	819,650	-	9,201,319	
304	LOCAL DRAINAGE/NON-AB1600	1,301,563	69,601	98%	9,288	6%	60,313	34,134	1,327,743	
306	AGRICULTURE AND OPEN SPACE PRESERV	6,014,381	167,591	11%	17,103	0%	150,488	83,409	6,081,460	
308	STREET CIP	1,819,399	405,540	25%	18,893	0%	386,647	2,318,521	(112,475)	
309	TRAFFIC IMPACT FUND	4,539,601	115,996	9%	215,210	6%	(99,214)	252,593	4,187,794	
311	POLICE IMPACT FUND	(778,194)	54,663	21%	130,205	55%	(75,542)	-	(853,736)	
313	FIRE IMPACT FUND	3,818,916	23,128	24%	445	0%	22,683	-	3,841,599	
346	PUBLIC FACILITIES NON-AB1600	1,117,552	75,972	12%	357,499	44%	(281,527)	-	836,024	
347	PUBLIC FACILITIES IMPACT FUND	343,009	37,865	22%	346	4%	37,519	272,764	107,764	
348	LIBRARY IMPACT FUND	2,103,639	148,867	12%	107,788	3%	41,079	-	2,144,718	
350	UNDERGROUNDING	510,438	198,433	373%	180	33%	198,253	95,715	612,976	
355	SCHOOL PEDESTRIAN/TRAFFIC SFTY	1,640,864	59,471	11%	168,235	15%	(108,764)	-	1,532,100	
360	COMM/REC CTR IMPACT FUND	268,766	215,718	22%	156	0%	215,562	-	484,328	
TOTAL CAPITAL PROJECT FUNDS		\$ 41,363,413	\$ 4,148,447	31%	\$ 3,426,240	14%	\$ 722,207	\$ 4,824,082	\$ 37,261,539	
420	CIVIC CENTER DEBT	161,328	\$ 98,574	33%	\$ 209,580	70%	\$ (111,006)	\$ -	\$ 50,322	
441	POLICE FACILITY BOND DEBT	93,903	229,119	59%	295,204	77%	(66,085)	-	27,819	
TOTAL DEBT SERVICE FUNDS		\$ 255,231	\$ 327,693	48%	\$ 504,784	74%	\$ (177,090)	\$ -	\$ 78,141	

City of Morgan Hill Fund Activity Summary - Fiscal Year 2017-18 For the Four Months Ended October 31, 2017 33% of Year Complete									
Fund No.	Fund	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	\$ 3,402,094	31%	\$ 3,358,202	31%	\$ 43,892	103,622	2,937,667
641	SEWER IMPACT FUND*	13,739,517	1,078,625	23%	249,414	2%	829,211	723,929	13,844,799
642	SEWER RATE STABILIZATION	2,538,125	10,050	64%	1,300	33%	8,750	-	2,546,875
643	SEWER-CAPITAL PROJECTS	8,964,265	827,557	34%	1,709,688	27%	(882,131)	729,585	7,352,549
650	WATER OPERATIONS	1,329,683	4,971,844	41%	3,132,242	26%	1,839,602	661,023	2,508,262
651	WATER IMPACT FUND*	3,153,845	272,166	23%	72,214	2%	199,952	1,907,227	1,446,570
652	WATER RATE STABILIZATION	539,303	169,140	33%	204	31%	168,936	-	708,239
653	WATER -CAPITAL PROJECT	613,123	454,676	34%	175,243	6%	279,433	1,575,690	(683,134)
TOTAL ENTERPRISE FUNDS		\$ 33,875,258	\$ 11,186,152	34%	\$ 8,698,507	18%	\$ 2,487,646	\$ 5,701,076	\$ 30,661,828

730	INFORMATION SERVICES	\$ 612,170	\$ 536,261	34%	\$ 773,884	43%	\$ (237,622)	\$ 26,583	\$ 347,965
740	BUILDING MAINTENANCE	126,409	1,027,931	33%	940,414	28%	87,517	408,027	(194,101)
741	BUILDING REPLACEMENT	2,063,612	165,663	34%	200,331	39%	(34,668)	55,169	1,973,775
745	CIP ENGINEERING	32,485	469,533	25%	469,533	25%	-	16,379	16,106
760	UNEMPLOYMENT	164,584	652	60%	80	0%	573	-	165,156
770	WORKERS COMPENSATION	1,647,992	261,265	34%	826,097	102%	(564,832)	30,000	1,053,160
790	EQUIPMENT REPLACEMENT	4,110,874	333,368	34%	219,506	32%	113,863	508,750	3,715,986
791	EMPLOYEE BENEFITS FUNDS	584,228	204,895	33%	187,619	34%	17,276	-	601,504
793	CORP YARD COMMISSION	-	340	0%	3,698	0%	(3,358)	1,903	(5,261)
795	GEN. LIABILITY INSURANCE	1,106,814	316,975	34%	546,090	52%	(229,115)	-	877,699
TOTAL INTERNAL SERVICE FUNDS		\$ 10,449,167	\$ 3,316,883	32%	\$ 4,167,251	39%	\$ (850,368)	\$ 1,046,810	\$ 8,551,989

SUMMARY BY FUND TYPE

GENERAL FUND GROUP	\$ 16,830,617	\$ 10,269,776	27%	\$ 13,108,597	32%	\$ (2,838,822)	\$ 2,751,975	\$ 11,239,821
SPECIAL REVENUE GROUP	15,657,329	2,386,297	16%	8,604,119	47%	(6,217,821)	11,030,944	(1,581,437)
DEBT SERVICE GROUP	255,231	327,693	48%	504,784	74%	(177,090)	-	78,141
CAPITAL PROJECTS GROUP	41,363,413	4,148,447	31%	3,426,240	14%	722,207	4,824,082	37,261,539
ENTERPRISE GROUP	33,875,258	11,186,152	34%	8,698,507	18%	2,487,646	5,701,076	30,661,828
INTERNAL SERVICE GROUP	10,449,167	3,316,883	32%	4,167,251	39%	(850,368)	1,046,810	8,551,989
TOTAL ALL GROUPS	\$ 118,441,015	\$ 31,635,249	29%	\$ 38,509,498	27%	\$ (6,874,248)	\$ 25,354,887	\$ 86,211,880

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: December 20, 2017

PREPARED BY: Donald Larkin, City Attorney
APPROVED BY: City Manager

APPROVE FOURTH AMENDMENT TO CONTRACT WITH LEONE AND ALBERTS

RECOMMENDATION(S)

Authorize City Manager to Execute Fourth Amendment to Legal Services Consultant Agreement With Leone and Alberts for Litigation Services For a Total Not to Exceed Amount of \$140,000.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Preserving and Cultivating Public Trust

REPORT NARRATIVE:

On January 25, 2016, the City of Morgan Hill was served with Petition for Writ of Mandamus brought by the Morgan Hill Hotel Coalition. This Writ attempted to compel the City to hold a Referendum on Ordinance No. 2131 which amended the zoning of the property located at 850 Lightpost Way from ML-Light Industrial to General Commercial. On February 17, 2016, the City Council directed the City Clerk to place the Referendum on the ballot of the June 7, 2016 election, and authorized the City Attorney to utilize outside counsel to file a lawsuit seeking to remove the Referendum from the ballot based on the fact that it would result in invalid zoning.

The City hired the law firm of Leone & Alberts to represent the City's interests in these matters. In the City's Writ action to remove the Referendum from the ballot, the Superior Court issued an order on March 28, 2016 directing the City Clerk and County Registrar of Voters to cease from preparing the Referendum, to remove the Referendum from the June 7, 2016 ballot, and to cancel the Special Municipal Election for June 7, 2016.

The Hotel Coalition appealed the Superior Court Order, and on June 19, 2017, the 6th District Court of Appeal issued an Opinion reversing the Superior Court. The matter is now pending before the California Supreme Court. This contract amendment will increase the total not to exceed amount to \$140,000 (an additional \$45,000), which is expected to be enough funds to complete briefing in the Supreme Court.

COMMUNITY ENGAGEMENT: Inform

Consideration of this action by City Council has been duly noticed and posted as required by applicable law in order to inform the public of this matter.

ALTERNATIVE ACTIONS:

The City Council could deny the contract amendment and direct staff to defend the lawsuit using existing resources.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The original contract with Leone & Alberts was entered into under the City Manager's authority with the compensation amount not to exceed \$45,000. In April 2016, the contract was amended to add an additional \$30,000, and in November 2016 to extend the term of the agreement to June 30, 2017. A third amendment, approved on June 28, 2017, increased the not to exceed amount by \$20,000, for a total not to exceed amount of \$95,000 and extended the term by a year to June 30, 2018.

FISCAL AND RESOURCE IMPACT:

There are sufficient funds in the City Attorney's budget for outside counsel to pay the additional \$45,000.

CEQA (California Environmental Quality Act):

Not a Project: Approval of this contract amendment will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:

1. Leone & Alberts - Litigation - Hotel Coalition 4th Amend - Agenda

FOURTH AMENDMENT TO AGREEMENT LEONE & ALBERTS

This FOURTH AMENDMENT TO AGREEMENT is entered into and becomes effective on _____ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and LEONE & ALBERTS, a California professional corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Fourth Amendment to Agreement is entered into based upon the action of the Morgan Hill City Council taken on _____, _____, 2017.
2. The CITY and CONSULTANT entered into that "Consultant Agreement" made as of February 3, 2016, for consultant services for a maximum compensation of FORTY-FIVE THOUSAND AND NO/100 DOLLARS (\$45,000.00) ("CONSULTANT AGREEMENT").
3. The CITY and CONSULTANT entered into a "First Amendment to Agreement" made as of April 27, 2016, under which the maximum compensation under the CONSULTANT AGREEMENT, as amended, was increased to SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$75,000.00).
4. The CITY and CONSULTANT entered into a "Second Amendment to Agreement" made as of November 29, 2016, under which the term was extended to June 30, 2017. On June 29, 2017, the CITY and CONSULTANT entered into a "Third Amendment to Agreement" increasing the maximum compensation to NINETY-FIVE THOUSAND AND NO/100 DOLLARS (\$95,000.00) and extending the term to June 30, 2018. The CONSULTANT AGREEMENT, and the First, Second and Third Amendments thereto are attached as Exhibit "A" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

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

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

"4.1. Amount. Compensation under this Agreement shall not exceed ONE HUNDRED FORTY THOUSAND AND NO/100 DOLLARS (\$140,000.00). Compensation shall be on an hourly billing rate, which rates are set forth in Exhibit "B," attached hereto and incorporated herein by reference. No rate changes shall be made during the term of this agreement without prior written

approval from the CITY. Services or work performed in excess of the total compensation set forth above shall be at no cost to CITY.

If the City Manager extends the term of this Agreement for up to one year pursuant to the provisions of Section 1 Term of Agreement, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed during the extended term period exceed an additional five percent (5%) above the compensation allowed to be paid to CONSULTANT during the initial term of this Agreement.

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

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:

THE CITY OF MORGAN HILL

 City Clerk

Date: _____

 City Manager

Date: _____

APPROVED AS TO FORM:

LEONE & ALBERTS

 City Attorney

Date: _____

By: _____

Title: Pres

Date: 12/7/17

By: _____

Title: Secretary

Date: 12/6/17

THIRD AMENDMENT TO AGREEMENT LEONE & ALBERTS

This THIRD AMENDMENT TO AGREEMENT is entered into and becomes effective on June 29, 2017 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and LEONE & ALBERTS, a California professional corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Third Amendment to Agreement is entered into based upon the action of the Morgan Hill City Council taken on June 28, 2017.
2. The CITY and CONSULTANT entered into that "Consultant Agreement" made as of February 3, 2016, for consultant services for a maximum compensation of FORTY-FIVE THOUSAND AND NO/100 DOLLARS (\$45,000.00) ("CONSULTANT AGREEMENT").
3. The CITY and CONSULTANT entered into a "First Amendment to Agreement" made as of April 27, 2016, under which the maximum compensation under the CONSULTANT AGREEMENT, as amended, was increased to SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$75,000.00).
4. The CITY and CONSULTANT entered into a "Second Amendment to Agreement" made as of November 29, 2016, under which the term was extended to June 30, 2017. The CONSULTANT AGREEMENT, and the First and Second Amendments thereto are attached as Exhibit "A" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

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

A. Paragraph 1 shall be amended and replaced in its entirety by the following:

"1. **Term of Agreement.** This Agreement shall cover services rendered from January 21, 2016, until June 30, 2018. The City Manager is authorized to extend the term of this Agreement for a maximum period of one year. Any such extension shall be in writing and signed by both parties to this Agreement."

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

"4.1. **Amount.** Compensation under this Agreement shall not exceed NINETY-

EXHIBIT "A"

FIVE THOUSAND AND NO/100 DOLLARS (\$95,000.00). Compensation shall be on an hourly billing rate, which rates are set forth in Exhibit "B," attached hereto and incorporated herein by reference. No rate changes shall be made during the term of this agreement without prior written approval from the CITY. Services or work performed in excess of the total compensation set forth above shall be at no cost to CITY.

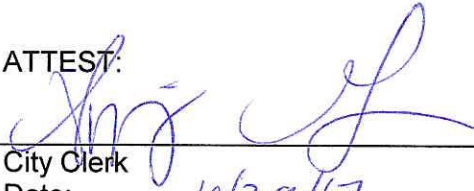
If the City Manager extends the term of this Agreement for up to one year pursuant to the provisions of Section 1 Term of Agreement, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed during the extended term period exceed an additional five percent (5%) above the compensation allowed to be paid to CONSULTANT during the initial term of this Agreement.

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

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

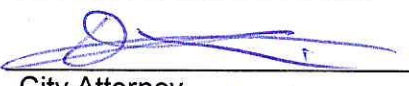
ATTEST:

Deputy 
 City Clerk
 Date: 6/29/17

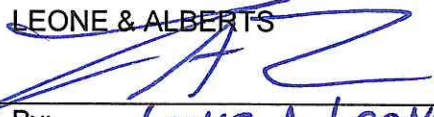
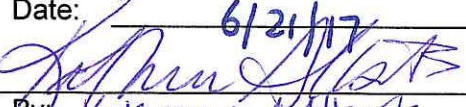
THE CITY OF MORGAN HILL


 for City Manager
 Date: 6/29/17 *christina Turner*

APPROVED AS TO FORM:


 City Attorney
 Date: 6/29/2017

LEONE & ALBERTS


 By: Louis A. Leone
 Title: Pres. n
 Date: 6/21/17

 By: Katherine A. Alberts
 Title: Vice President
 Date: 6/21/17

126-04-16-019

SECOND AMENDMENT TO AGREEMENT LEONE & ALBERTS

This SECOND AMENDMENT TO AGREEMENT is entered into and becomes effective on NOVEMBER 24, 2016 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and LEONE & ALBERTS, a California professional corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Second Amendment to Agreement is entered into based upon the action of the Morgan Hill City Council taken on April 20, 2016.
2. The CITY and CONSULTANT entered into that "Consultant Agreement" made as of February 3, 2016, for consultant services for a maximum compensation of FORTY FIVE THOUSAND AND NO/100 DOLLARS (\$45,000.00) ("CONSULTANT AGREEMENT").
3. The CITY and CONSULTANT entered into a "First Amendment to Agreement" made as of April 27, 2016, under which the maximum compensation under the CONSULTANT AGREEMENT, as amended, was increased to SEVENTY FIVE THOUSAND AND NO/100 DOLLARS (\$75,000.00). The CONSULTANT AGREEMENT and the First Amendment thereto are attached as Exhibit "A" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

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

Paragraph 1 shall be amended and replaced in its entirety by the following:

"1. **Term of Agreement.** This Agreement shall cover services rendered from January 21, 2016, until June 30, 2017. The City Manager is authorized to extend the term of this Agreement for a maximum period of one year. Any such extension shall be in writing and signed by both parties to this Agreement."

2. **Conflicts.** In the event of a conflict between the terms and provisions of this Second Amendment to Agreement and the terms and provisions of the CONSULTANT AGREEMENT, the terms of this Second Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:

Deputy

City Clerk

Date: 11/30/16

APPROVED AS TO FORM:

for

City Attorney

Date: 11/28/16

THE CITY OF MORGAN HILL

City Manager

Date:

11/29/16

LEONE & ALBERTS

By:

Katherine A. Alberts

Title:

Date:

Secretary / Vice President
11/17/2016

By:

Title:

Date:

126-04-16-019

FIRST AMENDMENT TO AGREEMENT LEONE & ALBERTS

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on 4/27/16 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and LEONE & ALBERTS, a California professional corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This First Amendment to Agreement is entered into based upon the action of the Morgan Hill City Council taken on April, 20, 2016.
2. The CITY and CONSULTANT entered into that "Consultant Agreement" made as of February 3, 2016, for consultant services for a maximum compensation of FORTY FIVE THOUSAND AND NO/100 DOLLARS (\$45,000.00) ("CONSULTANT AGREEMENT"). The CONSULTANT AGREEMENT is attached as Exhibit "A" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

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

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

"4.1. **Amount.** Compensation under this Agreement shall not exceed SEVENTY FIVE THOUSAND AND NO/100 DOLLARS (\$75,000.00). Compensation shall be on an hourly billing rate, which rates are set forth in Exhibit "B," attached hereto and incorporated herein by reference. No rate changes shall be made during the term of this agreement without prior written approval from the CITY. Services or work performed in excess of the total compensation set forth above shall be at no cost to CITY.

If the City Manager extends the term of this Agreement for up to one year pursuant to the provisions of Section 1 Term of Agreement, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed during the extended term period exceed an additional five percent (5%) above the compensation allowed to be paid to CONSULTANT during the initial term of this Agreement.

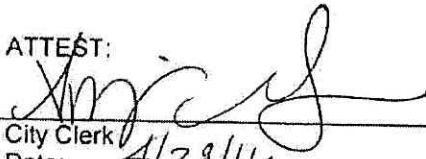
Exhibit "A"

2. **Conflicts.** In the event of a conflict between the terms and provisions of this First Amendment to Agreement and the terms and provisions of the CONSULTANT AGREEMENT, the terms of this First Amendment to Agreement shall govern and control.

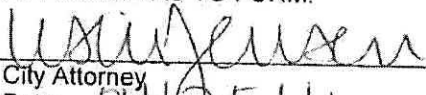
TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

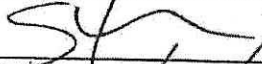
ATTEST:

Deputy 
 City Clerk
 Date: 4/28/16

APPROVED AS TO FORM:

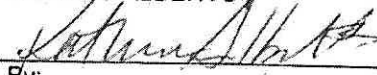
for 
 City Attorney
 Date: 04/25/16

THE CITY OF MORGAN HILL


 City Manager

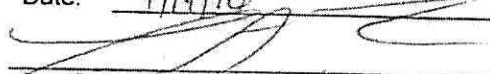
Date: 4/28/16

LEONE & ALBERTS

By: 

Title: Vice President

Date: 4/14/16

By: 

Title: Pres. Leone

Date: 4/14/16

**CONSULTANT AGREEMENT
LEONE & ALBERTS**

THIS AGREEMENT is made this 3rd day of February, 2016, by the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and LEONE & ALBERTS, a professional corporation ("CONSULTANT"),

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to City of Morgan Hill City Manager's authority.
2. CONSULTANT is qualified by virtue of experience, training, education, and expertise to accomplish these services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. Term of Agreement. This Agreement shall cover services rendered from January 21, 2016, until December 31, 2016. The City Manager is authorized to extend the term of this Agreement for a maximum period of one year. Any such extension shall be in writing and signed by both parties to this Agreement.
2. Services to be Provided. The services to be performed by CONSULTANT shall consist of the following: litigation services.
3. Compliance with Outside Counsel Retention and Billing Policy. CONSULTANT agrees that it will abide by the Outside Counsel Retention and Billing Policy attached hereto and incorporated herein as Exhibit "A."
4. Compensation: CONSULTANT shall be compensated as follows:
 - 4.1. Amount. Compensation for all services, fees and expenses under this Agreement shall not exceed FORTY FIVE THOUSAND AND NO/100 DOLLARS (\$45,000.00). Compensation shall be on an hourly billing rate, which rates are set forth in Exhibit "B," attached hereto and incorporated herein by reference. No rate changes shall be made during the term of this agreement without prior written approval from the CITY. Services or work performed in excess of the total compensation set forth above shall be at no cost to CITY.

If the City Manager extends the term of this Agreement for up to one year pursuant to the provisions of Section 1 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both

Parties to this Agreement and provided further that in no event shall such maximum compensation allowed during the extended term period exceed an additional five percent (5%) above the compensation allowed to be paid to CONSULTANT during the initial term of this Agreement.

- 4.2. Payment. For work under this Agreement, payment shall be made per monthly invoice. For extra work not a part of this Agreement, written authorization by CITY will be required, payment shall be based on hourly rates in Exhibit "B."
- 4.3. Records of Expenses. CONSULTANT shall keep accurate records of payroll, travel, and expenses. These records will be made available to CITY.
- 4.4. Termination. CITY or CONSULTANT shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination, CONSULTANT shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require CONSULTANT to complete certain work product or documents and CONSULTANT shall deliver to CITY all documents in its possession without additional compensation to CONSULTANT. The CITY Manager of CITY is authorized to terminate this AGREEMENT on behalf of CITY.

5. Insurance Requirements.

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

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

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

5.2. Workers Compensation Insurance. CONSULTANT and all subcontractors shall maintain Worker's Compensation Insurance, if applicable.

5.3. Insurance Types and Amounts. CONSULTANT shall maintain general commercial liability and automobile insurance against claims and liabilities for personal injury, death, or property damage, providing protection of at least \$1,000,000 for bodily injury or death to any one person for any one accident or occurrence and at least \$1,000,000 for property damage. CONSULTANT shall also maintain a claims-made professional liability insurance in an amount of \$1,000,000 per claim.

- 5.4. Acceptability of Insurers. All insurance required by this Agreement shall be carried only by responsible insurance companies licensed to do business in California. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.
- 5.5. Provision of Agreement to Insurers. CONSULTANT represents and warrants that they have provided a copy of this Agreement to their respective insurers, and the insurers are aware of all obligations pertaining to CONSULTANT as stated in this Agreement.
6. Non-Liability of Officials and Employees of the CITY. No official or employee of CITY shall be personally liable for any default or liability under this Agreement.
7. Non-Discrimination. CONSULTANT covenants there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, sexual orientation, national origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.
8. Independent Contractor. It is agreed to that CONSULTANT shall act and be an independent contractor and not an agent or employee of CITY. CONSULTANT shall be solely responsible for the performance of its employees, agents or subcontractors under this agreement.
9. Compliance with Law. CONSULTANT shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.
10. Ownership of Work Product. All documents or other information developed or received by CONSULTANT shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.
11. Conflict of Interest and Reporting. CONSULTANT states that it does not represent clients with adverse interests to the CITY.
12. 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.

Address of CONSULTANT is as follows:

Leone & Alberts
2175 N. California Blvd., Suite 900
Walnut Creek, CA 94596

Address of CITY is as follows:

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

13. CONSULTANT'S Proposal. This Agreement shall include CONSULTANT'S proposal or bid which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

14. Licenses, Permits and Fees. CONSULTANT shall obtain all permits, and licenses as may be required by this Agreement.

15. Familiarity with Work. By executing this Agreement, CONSULTANT warrants that: (1) it has investigated the work to be performed, (2) it has the skills, knowledge and experience to perform this work competently and fulfill all professional and ethical obligation of attorneys at law in the State of California; and (3) it understands the difficulties, and restrictions of the work under this Agreement. Should CONSULTANT discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.

16. Time of Essence. Time is of the essence in the performance of this Agreement.

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

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

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

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

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

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

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23. 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.

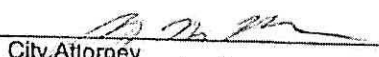
IN WITNESS THEREOF, these parties have executed this Agreement on the day and year shown below.

[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.]

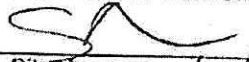
ATTEST:


City Clerk
Date: 2/3/16

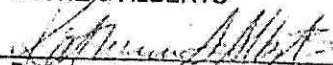
APPROVED AS TO FORM:


City Attorney
Date: 2/3/16

THE CITY OF MORGAN HILL


City Manager
Date: 2/3/16

LEONE & ALBERTS


By: Katherine A. Alberts
Title: Vice President / Shareholder
Date: 2/2/2016


By: Rep. ...
Title: Rep. ...
Date: 2/2/16

CITY OF MORGAN HILL
OUTSIDE COUNSEL BILLING AND RETENTION POLICY

A. Retention

The role of retained counsel will be that of co-counsel with the retaining attorney. (City Attorney). All legal services provided will be pursuant to a written analysis (including strategy and budget) developed by retained counsel in cooperation with the retaining attorney, and approved by the retaining attorney before work on the specified project begins. Retained counsel will also:

1. Obtain authorization from the retaining attorney before beginning work on any pleading, discovery, motion, or other legal paper, and before securing the services of any expert;
2. Review the above with the retaining attorney prior to use;
3. Provide written status reports on the progress of the litigation to the retaining attorney on the progress of the project as necessary, logical, or requested, but no less frequently than every 60 days;
4. Provide summaries of each deposition taken to the retaining attorney;
5. Coordinate with the retaining attorney to use the legal and paralegal services of the City Attorney's office to keep costs down;
6. Maintain a complete file and provide a copy of all documents generated to the retaining attorney;
7. Make a continuous and diligent attempt to resolve any litigation at the lowest possible cost, with the least expensive professional effort consistent with quality legal representation. To this end, the City will be billed for the time of only one attorney at depositions, hearings, trial, and interoffice conferences. Services performed without prior approval of the retaining attorney are not authorized and may not be approved for payment.

From time to time the retaining attorney may direct a departure from the requirements listed above, or may disapprove certain efforts proposed by retained counsel, or may direct efforts with which retained counsel disagrees. The retaining attorney is responsible for these decisions and will consult with the client as appropriate about such matters.

B. Billing Requirements

Retained counsel's services must be itemized individually and billed monthly. Each monthly statement must include 1) the name and billing rate of each attorney and paralegal who worked on the matter; 2) the date each service was performed; 3) a brief description of each service performed; 4) the time spent by each attorney and paralegal on each service performed, to the nearest tenth of one hour; 5) itemized costs; and 6) subtotal of fees and costs billed for the month and total for the matter to date.

Retained counsel will be reimbursed customary costs. When authorized, telephone, photocopy, electronic research and expedited delivery charges may be billed at the actual net cost to retained counsel or a rate approved in advance by the retaining attorney. Charges for approved travel will be at coach rates and automobile mileage will be reimbursed at the City's current rate (reflects IRS).

Costs for the following items will not be reimbursed unless approved in advance by the retaining attorney:

- Electronic research (Lexis, Westlaw, etc.)
- Word processing and photocopying
- Secretarial time
- Secretarial and paralegal overtime
- Express mail and messenger delivery
- Travel time in excess of 3 hours per trip

Bills must be submitted to the attention of the retaining attorney, 17575 Peak Avenue, Morgan Hill, California, 95037, in the form discussed above.

C. Contract

Each retained counsel will be required to execute a consultant agreement in a form acceptable to the City.

Retained counsel may not bill in excess of the contracted amount without prior written approval from the City Attorney.

LEONE & ALBERTS

Billing Rates for City of Morgan Hill Consultant Agreement

Shareholders: \$250.00/hr

Louis A. Leone and Katherine A. Alberts

Associate Attorneys: \$195.00/hr

Paralegals: \$100.00/hr

EXHIBIT B TO CITY OF MORGAN HILL CONSULTANT AGREEMENT WITH LEONE & ALBERTS



CITY COUNCIL STAFF REPORT

MEETING DATE: December 20, 2017

PREPARED BY: Jennie Tucker, Community Services Supervisor
APPROVED BY: City Manager

UPDATE ON INCLUSIVENESS RELATING TO IMMIGRATION CHALLENGES

RECOMMENDATION(S)

Receive and accept report on inclusiveness relating to immigration challenges.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community

2017 Strategic Priorities

Inclusiveness

REPORT NARRATIVE:

This report details the specific efforts in relation to immigration support in our community. City teammates began this discussion by identifying organizations in the area that were already discussing the same topic within South County. These included:

- South County Youth Task Force (SCYTF)
- Community Asset Builders (CAB)
- Services Immigration Rights & Education Network (SIREN)

Coordination

SIREN had already been providing support services in Gilroy on a regular basis. These services included legal resources, consultations, and informational seminars. The resources include information sheets on immigrant rights and contact information for legal support. Both the SCYTF and CAB are collaboratives of organizations that serve youth in South County, including Morgan Hill. Both organizations coordinated informational meetings to share information on the resources available to immigrants needing legal support. This was designed to provide community based organizations within Morgan Hill a baseline understanding of where to refer those seeking support on immigration issues.

City Specific Outreach

While the City has not committed dedicated resources to provide support in this area, it has been a focus of multiple team members. These efforts have included the following:

- Resources have been shared with City teammates to distribute to the public. These resources are now available at all City facilities.
- The Police Department held a 'Coffee with a Cop' at St. Catherine's Church after the Spanish mass on June 4th. At the end of mass, Chief Swing spoke to the Spanish speaking community at St. Catherine's Church sharing information about the role of law enforcement in our community. After the mass ended the congregation was invited to the parish center for 'Coffee with a Cop' in Spanish. Several bilingual officers were available to speak with the people individually and were able to answer many questions about immigration and ease fears about our local police department while at the same time building relationships and trust.
- The City's annual Summer Fun in the Park series continues to be well attended, with 300-500 people attending the free event this past summer at Galvin Park. A significant percentage of attendees are Spanish only speakers. This event series will continue to be an effective means to disseminate information and resources to our immigrant community.
- From September 15-October 15, 2017, the City recognized and celebrated Hispanic Heritage Month by highlighting and/or sponsoring the following events:
 - o Mexican Bark Painting, Mariachi Concert and Crafts, Family Loteria Night – Morgan Hill Library
 - o Mexican Independence Day Event – Gramaza Grupo Mazahua
 - o 90-minute Zumba Class and Outdoor Latin Concert – City of Morgan Hill

These events served as venues to disseminate immigration information and resources.

- The Community Services Department has partnered with SIREN to provide resources and booths at City events, including Summer Fun in the Park. The Department also partnered with SIREN to host a Deferred Action for Childhood Arrivals (DACA) workshop event in Morgan Hill. The workshop was attended by a half dozen people on September 28 at Central High School. Some participants completed the renewal and others that were not eligible received legal advice.
- The Communications and Engagement Manager participated in an Immigration Integration Sub-Regional Incubator through the Institute of Local Government. This provided an opportunity to dive deeper into immigrant engagement challenges and learn about best practices.
- This Fall the City is piloting a program in partnership with the Learning and Loving Center to help facilitate a Women's Group for the immigrant women at the Center and share resources in the City and broader community while building relationships and trust.
- City teammates continue to share resources with the community through contacts at local housing complexes and with community based organizations.

COMMUNITY ENGAGEMENT: Inform and Collaborate

Working in collaboration with other agencies and community groups, the City has been able to inform the Morgan Hill community on immigration updates and provide resources.

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On February 1, 2017, Councilmember Jachimowicz sent a memo (see attachment) to the Mayor, Council, and City Staff asking City staff to consider how the City could support, partner, and provide resources to the community on immigration.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact as these activities are part of the general work plan for all City Departments involved.

CEQA (California Environmental Quality Act):

Not a Project

Since the resulting activity is an administrative program that will not result in a change to the physical environment, this action is not a project under the California Environmental Quality Act.

LINKS/ATTACHMENTS:

1. Memo from Council Member Jachimowicz

To: Mayor, Council, and City Staff
 From: Caitlin Robinett Jachimowicz
 Date: February 1, 2017
 Re: Item to be considered for next agenda

I have been following the actions and reactions of cities and mayors this weekend in response to the immigration challenges that have developed over the weekend. Modified from proposed actions of the city of Seattle and the city of Alameda, the following represents what I hope will be the most effective but efficient use of our resources going forward.

Request: Have City Staff determine (for Council consideration) what short term or long term resources would be needed to further the following efforts:

Consider Minimal Impact Outreach Steps in furtherance of Morgan Hill's commitment to Inclusiveness in light of new immigration challenges.

- 1) **Morgan Hill Family Unity-** Determine if there are existing public or nonprofit programs or legal services available to city residents who may be separated from family members because of recent immigration changes. And either:
 - (1) Determine if there are MH residents separated from family members who are in need of these services and refer services appropriately –or-
 - (2) Generally disseminate information through existing channels of these services to families in MH who may be in need.
- 2) **Counseling and Peer Support-** Determine if there are existing community-based programs trained on providing counseling to minority youth. Either partner with existing orgs to provide successful counseling and peer support models for junior high and high school students who may be struggling with the status of immigrant, religious minority, racial minority, or otherwise disenfranchised family members, or develop partnerships to create volunteer opportunities for individuals willing to train peer counselors to this end.

I want to be clear that I'm not looking for staff to become versed on immigration issues. My hope is that these efforts would take minimal staff time while creating partnership opportunities with existing services while positively impacting families (particularly our youth) and demonstrating our commitment to Inclusiveness in the coming year.



CITY COUNCIL STAFF REPORT

MEETING DATE: December 20, 2017

PREPARED BY: Chris Ghione, Community Services Director

APPROVED BY: City Manager

APPROVE TREE DEDICATION

RECOMMENDATION(S)

Approve the dedication of a tree at the Civic Center to Michelle Schull, daughter of former City Manager Steve Rymer.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Fostering a Positive Organizational Culture

REPORT NARRATIVE:

Michelle Schull, daughter of former City Manager Steve Rymer, passed away on November 29, at the age of 28, due to complications from heart surgery. Michelle lived in Mankato, Minnesota, was a former resident of Morgan Hill, and a graduate of Sobrato High School.

The dedication of a tree at the Morgan Hill Civic Center would be in remembrance of Michelle and in support of the Rymer family. The tree dedicated could be one of the new trees that was installed with the demonstration garden area, which was constructed during Steve Rymer's tenure as City Manager (Attachment 1).

COMMUNITY ENGAGEMENT: Inform

A plaque at the base of the tree would serve to inform community members about the dedication.

ALTERNATIVE ACTIONS:

The Council could choose not to approve this dedication.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

There are no previous Council or Commission actions associated with this report

FISCAL AND RESOURCE IMPACT:

It is estimated the dedication plaque will cost approximately \$300 and can be funded from the City's existing Park Maintenance Budget. Installation of the plaque would be performed by the Community Services Maintenance Team.

CEQA (California Environmental Quality Act):

Categorical Exemption

The minor alteration to City facilities falls within the CEQA categorical exemption of Class 1, Existing Facilities.

LINKS/ATTACHMENTS:

1. Attachment 1 - Tree Location

Attachment 1



Attachment: Attachment 1 - Tree Location (1558 : Tree Dedication)



CITY COUNCIL STAFF REPORT

MEETING DATE: December 20, 2017

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

CITY CORRESPONDENCE REGARDING TAX CUTS AND JOBS ACT (H.R.1)

RECOMMENDATION(S)

Receive legislative correspondence in support of an amendment submitted by Representatives Lance and Gottheimer to improve the Tax Cuts and Jobs Act (H.R.1).

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Preserving and Cultivating Public Trust

2017 Strategic Priorities

Regional Initiatives

POLICY CONSIDERATIONS:

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

REPORT NARRATIVE:

The League of California Cities called attention to an amendment to the Tax Cuts and Jobs Act on December 6, 2017, urging cities to support the amendment by that evening. Staff received permission from the Mayor and sent the attached letter of support immediately.

The amendment proposes fully reinstating the state and local tax (SALT) deduction and protecting the tax exemption on Private Activity Bonds (PABs). This is a major issue for California cities. The elimination of state and local income, property and sales taxes will expose local taxpayers to double taxation. Instead of allowing taxpayers to deduct the amount they pay in state and local taxes, the Federal government will basically be forcing them to pay taxes a second time on the same income. The current bill would

disrupt the ability of state and local governments to raise the revenue they need to support critical public services: police and fire protection, education, health care, housing and transportation.

It is important the bill retain the deductions and exemptions on private activity bonds that fund important capital projects that benefit the public, like infrastructure and housing.

Currently, this bill is at the Conference Committee where the Senate and the House are reconciling the differences in their respective plans.

COMMUNITY ENGAGEMENT: Inform

This report informs the community of the legislative bill and the City's response.

ALTERNATIVE ACTIONS:

Council could rescind position taken.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None

FISCAL AND RESOURCE IMPACT:

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

CEQA (California Environmental Quality Act):

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

LINKS/ATTACHMENTS:

1. Tax Cuts and Jobs Act Letter 12.6.2017



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

December 6, 2017

Dear Member of Congress:

As elected officials in the State of California, we write to urge you to consider and adopt the provisions of an amendment submitted by Representatives Lance and Gottheimer to improve the Tax Cuts and Jobs Act (H.R. 1).

While we are gracious that certain key priorities for cities — including the tax exemption for publicly issued municipal bonds — were protected in both versions of the bill, we remain deeply concerned that provisions found in both versions will have tremendous repercussions for cities.

The Lance-Gottheimer amendment offers a bipartisan solution to resolve many of our concerns.

The amendment proposes a reasonable balance of pro-growth tax reforms and preservation of the existing pro-growth policies and tools, including the state and local tax (SALT) deduction and bonds.

We urge Congress to support the amendment as it would:

- **Fully reinstate the state and local tax (SALT) deduction.** As currently prescribed in both versions of the bill, eliminating or capping the federal deductibility for state and local property, sales and income taxes would represent double taxation, as these taxes are mandatory payments for all taxpayers. More than 43 million American taxpayers in all 50 states claim this deduction, which is currently the most used deduction in the federal taxpayers. Of these claimants, nearly 87% have an adjusted gross income (AGI) under \$200,000. States and local governments deploy revenues from state and local property, sales and income taxes to help finance local law enforcement, emergency services, education costs, long term infrastructure projects, and many other services.
- **Fully protect the tax exemption on Private Activity Bonds (PABs).** Tax-exempt private activity bonds (“PABs”) represent a critical source of financing for important qualified projects and programs, including infrastructure, affordable housing, economic development, the funding and refinancing of student loans, and much more. PABs help spur private investment and allow state and local governments to harness the private sector’s experience and expertise toward public projects and initiatives, and therefore should be preserved and enhanced.

California cities cannot afford the current versions of the Tax Cuts and Jobs Act (H.R. 1) passed by both chambers. We believe that the Lance-Gotttheimer amendment is a feat for bipartisanship and a major step in the right direction toward creating a simpler, fairer tax code.

If you have any questions or concerns, please contact us directly or Carolyn Coleman, Executive Director, League of California Cities at 916-658-8200 or ccoleman@cacities.org.

Sincerely,



Steve Tate
Mayor



CITY COUNCIL STAFF REPORT

MEETING DATE: December 20, 2017

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

ADOPT RESOLUTION APPROVING A REVISED SALARY SCHEDULE FOR PART-TIME TEMPORARY AND SEASONAL EMPLOYEES WHICH REFLECTS MINIMUM WAGE INCREASES AND OTHER SALARY ADJUSTMENTS

RECOMMENDATION(S)

Adopt Part-Time Temporary and Seasonal Employees Resolution increasing selected classification salary ranges, including minimum wage increase, and adding and reclassifying certain job classifications, effective the pay period including January 1, 2018.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Supporting Our Youth
Seniors
and Entire Community
Fostering a Positive Organizational Culture
Preserving and Cultivating Public Trust

REPORT NARRATIVE:

Effective January 1, 2018, the minimum wage in California will increase from \$10.50 per hour to \$11.00 per hour. This increase to the California minimum wage will have an impact on some of the salary ranges for the City's part-time temporary and seasonal classifications.

Included in the Part-Time Temporary and Seasonal Employees Resolution (Attachment A) is the recommended salary schedule, which includes the salary increases for select classifications from a minimum of \$10.50 per hour to \$11.00 per hour. Also, because the minimum hourly rates are increasing for some positions (see Table A below), staff recommends combining the High School Work Experience Student and the College Work Experience Student/Intern classifications into the combined single classification of High School/College Work Experience Student Intern to allow greater flexibility to move within a broader salary range depending on a student's skills, experience, and/or time in assignment. Additionally, there are some positions which staff recommends that some salary equity adjustments be made due to internal salary compression (see Table B below).

Table A – Positions resulting in hourly rate increases due to minimum wage

Classification	Current Bottom Step Hourly Rate	Recommended Bottom Step Hourly Rate
High School Work Experience Student	\$10.50	\$11.00
College Work Experience Student/Intern	\$10.50	\$11.00
Facilities Assistant	\$10.50	\$11.00
Recreation Leader	\$10.50	\$11.00
Welcome Desk Assistant	\$10.50	\$11.00

Table B – Positions to be considered for equity adjustments

Classification	Current Top Step Hourly Rate	Recommended Top Step Hourly Rate
High School/College Work Experience Student/Intern	\$12.00/\$20.00	\$25.00 for the combined High School/College Work Experience Student/Intern
Building Coordinator	\$19.00	\$20.00
Lifeguard	\$14.00	\$15.00
Recreation Leader	\$14.00	\$15.00
Welcome Desk Assistant	\$14.00	\$15.00
Welcome Desk Coordinator	Bottom step increasing from \$14.00 to \$15.00 per hour, with top step at \$19.00 per hour.	

Staff also recommends adding a new temporary and seasonal classification titled Special Projects Coordinator to allow departments to fill a part-time temporary or seasonal position for a limited duration with a specific scope of work. The recommended bottom step hourly rate is \$18 and the recommended top step hourly rate is \$35.

COMMUNITY ENGAGEMENT: Inform

Staff will post the adopted Part-Time Temporary and Seasonal Employees Resolution on the City's website.

ALTERNATIVE ACTIONS:

1. There is no alternative action for increasing any classification that is currently lower than \$11.00 per hour because the City is subject to the California minimum wage law.
2. Council could decide to not increase the top range of any of the recommended selected classification salary ranges, or could choose which classification salary ranges to increase.
3. Council could decide to not add a new temporary and seasonal classification titled Special Projects Coordinator.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

As mentioned, the City Council periodically considers revisions to the Part-Time Temporary and Seasonal Employees Resolution.

FISCAL AND RESOURCE IMPACT:

The fiscal impact to increase the minimum salary step for select part-time temporary and seasonal classifications from \$10.50 per hour to \$11.00 per hour was known previously, and was included in the FY 2017-18 Adopted Budget, and will be included in the FY 2018-19 recommended budget.

Future salary increases would have a fiscal impact as select positions' salary increases fall within the new ranges.

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. Part-Time Temporary and Seasonal Employees Resolution 12.20.17

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADOPTING JOB TITLES AND COMPENSATION FOR PART-TIME TEMPORARY AND SEASONAL EMPLOYEES

WHEREAS, the City Manager has presented to the City Council of the City of Morgan Hill a recommended set of job titles and salary ranges for Part-Time Temporary and Seasonal employees effective the pay period including January 1, 2018; and

WHEREAS, the update to the salary schedule regarding temporary and seasonal employees is necessary to remain in compliance with California law and for administrative and procedural clarity.

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

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

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

a. That the salary schedule, as attached to this Resolution as Exhibit A, is hereby approved; and

b. That the City Manager is hereby delegated authority to and is authorized and directed to adjust the salary schedule for part-time temporary and seasonal employees when necessary to comply with state and federal minimum wage laws; and

c. That the Human Resources Division is hereby authorized and directed to maintain the current salary schedule for part-time temporary and seasonal employees as may be adjusted by the City Manager pursuant to this Resolution.

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

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 20th day of December, 2017 by the following vote:

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

STEVE TATE, Mayor

ATTEST:

IRMA TORREZ, City Clerk

DATE: _____

∞ 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 December 20, 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

CITY OF MORGAN HILL

ATTACHMENT A

PART-TIME TEMPORARY AND SEASONAL EMPLOYEES SALARY SCHEDULE

Salaries effective the pay period including January 1, 2018

CLASSIFICATIONS	Bottom Step Hourly	Top Step Hourly
INTERNS		
High School/College Work Experience Student	\$11.00	\$25.00
POLICE DEPARTMENT		
Graffiti Abatement Worker	\$12.50	\$17.00
Level I Reserve Police Officer	Hourly rate for Step A Police Officer	
Level II Reserve Police Officer	90% of hourly rate for Step A Police Officer	
Police Officer Trainee	90% of monthly rate for Step A Police Officer	
Reserve Officer Trainee	\$15.00	\$15.00
TEMPORARY AND SEASONAL		
Building Coordinator	\$14.00	\$20.00
Clerical Assistant	\$13.00	\$17.00
Deck Coordinator	\$16.00	\$19.00
Government Access Technician	\$20.00	\$30.00
Event Attendant	\$12.50	\$14.00
Facilities Assistant	\$11.00	\$18.00
Fire Plans Examiner/Inspector	\$35.50	\$45.00
Lead Lifeguard	\$14.00	\$17.00
Lifeguard	\$12.00	\$15.00
Maintenance Worker Assistant	\$13.00	\$18.00
Recreation Instructor	\$15.75	\$52.50
Recreation Leader	\$11.00	\$15.00
Recreation Specialist	\$16.00	\$21.00
Senior Recreation Leader	\$14.00	\$19.00
Skate Park Attendant	\$14.00	\$17.00
Special Projects Coordinator	\$18.00	\$35.00
Swim Instructor	\$12.50	\$17.00
Welcome Desk Assistant	\$11.00	\$15.00
Welcome Desk Coordinator	\$15.00	\$19.00

Other Part-Time Temporary or Seasonal positions may be tied to the Salary Schedule for the Bargaining Units which are not listed above. The above list only includes those part-time and temporary positions which are frequently used or are not contained on a bargaining unit salary schedule.



CITY COUNCIL STAFF REPORT

MEETING DATE: December 20, 2017

PREPARED BY: Leslie Little, Assistant City Manager for Community Development
APPROVED BY: City Manager

TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING APPROVING ISSUANCE OF BONDS FOR THE 39-UNIT CROSSINGS ON MONTEREY AFFORDABLE HOUSING PROJECT AT 16800 MONTEREY ROAD, APN 817-36-033 AND 032 (NE CORNER MONTEREY ROAD AND BISCEGLIA AVENUE)

RECOMMENDATION(S)

1. Open/close public hearing consistent with the requirements of the federal Tax and Equity Fiscal Responsibility Act ("TEFRA") and Section 147 (f) of the Internal Revenue Code of 1986, as amended (the "Code"); and
2. Adopt resolution approving the issuance of bonds by the California Statewide Communities Development Authority (CSCDA), for Urban Housing Communities (UHC) 00661 Morgan Hill, L.P., a UHC affiliate, to provide for the financing of the 39-unit Crossings on Monterey Affordable Housing Project.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
Supporting Our Youth
Seniors
and Entire Community

2017 Strategic Priorities

Inclusiveness
Regional Initiatives

REPORT NARRATIVE:

The City Council has been requested to hold a hearing under the federal Tax Equity and Fiscal Responsibility Act ("TEFRA") in support of the issuance of tax exempt bonds to fund the 39-unit Urban Housing Communities (UHC) project proposed to be constructed at the corner Bisceglia Avenue and Monterey Road, known as Crossings on Monterey. A public hearing is required by Section 147 (f) of the Internal Revenue Code of 1986, to provide for the issuance by the California Statewide Communities Development Authority (CSCDA) of multifamily housing revenue bonds in an amount not to exceed \$14,000,000. This action has no fiscal impact on City funds. The City is holding the TEFRA Hearing needed for approval of issuance of bonds for a project being constructed in this community. The City is not issuing bonds or assuming any financial obligations related to them.

Pending federal tax reform legislation passed in the past two weeks eliminates all private activity bonds and any advance refundings after December 31, 2017. This has come as quite a shock to the entire public /private development industry, and impacts

nearly all affordable housing development financing in California. To ensure that the UHC project will have access to tax-exempt bonds, their bond transaction must close by the end of the year, thereby requiring this TEFRA hearing in December. Since CSCDA will issue the bonds in 2017, the project would be able to use the tax-exempt bond proceeds, even if private activity bonds are repealed beginning in 2018. Projects up and down the State are acting proactively to fund affordable housing projects as most affordable housing created in California uses this most important financing tool.

Typically, TEFRA hearings are held once a project has completed entitlements, received all permits, and is ready for construction. Due to the unprecedented legislative actions of the times, this TEFRA hearing is being held at a time when the project has been fully allocated under the Residential Development Control System (RDCS), but has not yet received permits. The project has one year to commence construction before allocations expire. The project received a \$750,000 local match commitment from the City of Morgan Hill and in October 2017, received \$5.75 million from the County, during the first round of funding made available via the County-wide Measure A Affordable Housing Bond, approved in November of 2016.

UHC has been involved in efforts to provide affordable housing in Morgan Hill since 2006. In 2006, UHC developed the Horizons at Morgan Hill and Crossings at Morgan Hill. Completed in 2011, Horizons is a 49-unit senior community located at the corner of Central and McLaughlin. The Crossings is a 24-unit acquisition/rehab development at 170 Wright Ave that in 2009 the City requested UHC to acquire to improve the neighborhood.

UHC participated in the RDCS process in 2014 and 2015, receiving allocations for 39 affordable units at a site located at the Northeast Corner of Monterey Road and Bisceglia Avenue, targeting family households at 30%, 40%, and 50% of Area Median Income (AMI). For example, a household of 3 would have a maximum income ranging from \$30,150 to \$50,250. Household sizes vary, and the maximum income is adjusted accordingly. UHC has been waiting to garner sufficient City/County local housing dollars to support a UHC tax credit application for development. They have remained engaged with staff and have relayed their ongoing interest and commitment to building a cost effective, service enriched development that meets City Council's priorities.

UHC requested that the California Statewide Communities Development Authority (CSCDA) serve as the municipal issuer of the tax-exempt revenue bonds in an aggregate principal amount not to exceed \$14.0 million. The proceeds of the bonds will be used to: (1) finance the acquisition of land and construct a 39-unit multi-family housing development and (2) pay certain expenses incurred in connection with the issuance of the bonds. Crossings on Monterey is to be owned and operated by UHC 00661 Morgan Hill, L.P a California Limited Partnership formed by UHC and is to be occupied, in part or in whole, by persons or families of extremely low, low, or very low income.

For all or a portion of the bonds to qualify as tax-exempt bonds, a public hearing (the "TEFRA Hearing") must be conducted providing members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing

of the Housing Project. In this case, the City Council provides the opportunity for the public hearing to occur. Following the close of the TEFRA Hearing, an “applicable elected representative” of the governmental unit hosting Crossings on Monterey (in this case, the City) must provide its approval of the issuance of the bonds for the financing of the Project. UHC 00661 Morgan Hill, L.P. is responsible for the full repayment obligation of the bonds. The City does not credit enhance or have any obligation towards the debt obligation. The Project meets the Council's ongoing priorities of "Supporting Our Youth, Seniors, and Entire Community" and particularly the strategy of leveraging outside financing for the purposes of enhancing and preserving the City's affordable housing supply.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY:

The California Statewide Communities Development Authority (CSCDA) was created in 1988, under California's Joint Exercise of Powers Act, to provide California's local governments with an effective tool for the timely financing of community-based public benefit projects.

Although cities, counties, and special districts are able to issue their own debt obligations or serve as a conduit issuer of private activity bonds that promote affordable housing and economic development and provide critical community services, many local agencies find stand-alone financings too costly or lack the necessary resources or experience to facilitate the bond issuance and perform post-issuance activities for the term of the bonds. In response, CSCDA was created by and for local governments in California, and is sponsored by the California State Association of Counties and the League of California Cities.

Currently, more than 500 cities, counties and special districts have become Program Participants to CSCDA – which serves as their conduit issuer and provides access to an efficient mechanism to finance locally-approved projects. CSCDA helps local governments build community infrastructure, provide affordable housing, create jobs, and make access available to quality healthcare and education. The City is a member of the CSCDA Joint Powers Authority.

The bonds to be issued by the CSCDA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability, or responsibility for the repayment of the bonds. All financing documents with respect to the issuance of the bonds will contain clear disclaimers that the bonds are not obligations of the City or the State, but are to be paid for solely from funds provided by the Borrower.

There are no costs associated with membership in the CSCDA and the City will in no way become exposed to any financial liability by reason of its membership. In addition, participation by the City in the CSCDA does not impact the City's appropriations limits and does not constitute any type of indebtedness by the City. Outside of holding the

TEFRA Hearing and adopting the required resolution, no other participation or activity of the City or the City Council with respect to the issuance of the bonds will be required.

COMMUNITY ENGAGEMENT: Inform

The community was informed by notices published in the San Jose Mercury News on December 5.

ALTERNATIVE ACTIONS:

As an alternative to the staff recommendation, the City Council may decide to not adopt the resolution approving the issuance of bonds by CSCDA.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council previously approved a financing commitment of \$750,000 conditioned upon the developer's ability to qualify for and obtain a \$5.75 million commitment from the County of Santa Clara for the balance of the local match needed to be competitive for tax credits. The developer received that commitment from the County Board of Supervisors in October 2017. The project received RDCA allocations by participating in the 2014 and 2015 RDCA competitions. The project was granted a one-year extension to commence construction in October 2017, based upon the City's inability to access required local match funding until the Countywide Housing Bond application period opened. The project must be constructed by December 2018 and is not eligible for further extensions under Measure S.

FISCAL AND RESOURCE IMPACT:

This action has no fiscal impact on City funds. The City is holding a TEFRA Hearing needed for approval of issuance of bonds by CSCDA. The City is not issuing bonds or assuming any financial obligations related to them.

CEQA (California Environmental Quality Act):

Not a Project

The proposed action (TEFRA Hearing) is not subject to the California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and Section 15378 (b)(4) of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required.

This CEQA clearance is limited to the actions described above related to the Project's financing. A project level CEQA analysis shall be required prior to issuance of any project development approval.

LINKS/ATTACHMENTS:

1. Resolution - Crossings on Monterey
2. UHC Merc News Notice

RESOLUTION NO. 17-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA STATEWIDE COMMUNITIES AUTHORITY FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF CERTAIN FACILITIES FOR THE BENEFIT OF UHC 00661 MORGAN HILL, L.P., A LIMITED PARTNERSHIP FORMED BY URBAN HOUSING COMMUNITIES LLC (UHC LLC)

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code and Chapter 7 of Part 5 of Division 31 of the Health and Safety Code, the California Statewide Communities Authority (the "Authority") is authorized to issue revenue bonds or other tax exempt obligations for the purpose of financing the acquisition, construction and/or development of multifamily rental housing facilities; and

WHEREAS, UHC 00661 Morgan Hill, L.P. or a partnership created by Urban Housing Communities LLC (the "Developer"), consisting at least of the Developer or a related person to the Developer and one or more limited partners, has requested that the Authority adopt a plan of financing providing for the issuance of multifamily housing revenue bonds (the "Bonds") in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, and at no time to exceed \$14,000,000 in outstanding aggregate principal amount, to finance the acquisition, construction and development of a 39-unit multifamily rental housing project located at northeast intersection of Bisceglia Avenue and Monterey Road (APN's 817-36-033 and 817-36-032), Morgan Hill, California, generally known as The Crossings on Monterey (the "Project") and operated by John Stewart Company; and

WHEREAS, in order for the interest on the Bonds to be tax-exempt, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires that an "applicable elected representative" of the governmental unit, the geographic jurisdiction of which contains the site of facilities to be financed with the proceeds of the Bonds, hold a public hearing on the issuance of the Bonds and approve the issuance of the Bonds following such hearing; and

WHEREAS, the City Council of the City of Morgan Hill (the "City Council") is an "applicable elected representative" for purposes of holding such hearing; and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Agreement (the "Agreement") pursuant to which the Authority was formed; and

WHEREAS, notice of such public hearing has been duly given as required by the Code, and this City Council has heretofore held such public hearing at which all interested persons were given an opportunity to be heard on all matters relative to the financing of the Project and the Authority's issuance of the Bonds therefor; and

WHEREAS, it is in the public interest and for the public benefit that the City Council approve the issuance of the Bonds by the Authority for the aforesaid purposes.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL, AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds in the not to exceed amount of \$14,000,000 by the Authority. It is the purpose and intent of the City Council that this resolution constitutes approval of the issuance of the Bonds (a) by the “applicable elected representative” of the governmental unit having jurisdiction over the area in which the Project is located in accordance with Section 147(f) of the Code and (b) by the City Council in accordance with Section 9 of the Agreement.

Section 3. The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The City shall have no responsibility or liability whatsoever with respect to the Bonds.

Section 4. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire, rehabilitate or improve the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, improvement or operation of the Project; (iii) make any contribution or advance any funds whatsoever to the Authority; or (iv) take any further action with respect to the Authority or its membership therein.

Section 5. The Mayor, the City Manager, the City Clerk, and all other proper officers and officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates, and to perform such other acts and deeds, as may be necessary or convenient to effect the purposes of this Resolution and the transactions herein authorized.

Section 6. This Resolution shall take effect immediately upon its passage.

City of Morgan Hill
Resolution No.
Page 3 of 3

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on this 20th day of December, 2017 by the following vote:

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

STEVE TATE, Mayor

ATTEST:

IRMA TORREZ, City Clerk

DATE: _____

∞ **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 December , 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

Attachment: Resolution - Crossings on Monterey (1544 : TEFRA Hearing)

CITY OF MORGAN HILL

DEVELOPMENT SERVICES CENTER

17575 Peak Avenue Morgan Hill CA 95037 (408) 778-6480 Fax (408) 779-7236
 Website Address: www.morgan-hill.ca.gov / Email: planning@morganhill.ca.gov

NOTICE OF PUBLIC HEARING

CITY COUNCIL SPECIAL MEETING

NOTICE IS HEREBY GIVEN that on Wednesday, December 20, 2017 a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986 will be held with respect to the proposed plan of financing proposed providing for the issuance by the California Statewide Communities Authority of multifamily housing revenue bonds in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time its revenue bonds in one or more series in an amount not to exceed \$14,000,000 (the "Bonds"). The proceeds of the Bonds will be used to: (1) finance the acquisition of land and construct a 39-unit multifamily housing development (the "Project") located on the northeast corner of Monterey Road and Biscaglia Avenue, 16800 Monterey Road, APN's 817-36-033 and 032 in the City of Morgan Hill, County of Santa Clara, California; and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The Projects is to be owned by UHC 00661 Morgan Hill, L.P., a California limited partnership, operated by the John Stewart Company and is to be occupied, in part or in whole by persons or families of low or very low income.

DATE: December 20, 2017
TIME: 5:30 p.m.
LOCATION: City Council Chambers
 Civic Center, 17555 Peak Avenue
 Morgan Hill, California 95037

The Bonds and the obligation to pay principal and of and interest thereon and any redemption premium with respect thereto do not constitute indebtedness of and obligation of the Authority, the State of California or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Bonds shall be a limited obligation of the Authority, payable solely from certain revenues duly pledged therefor and generally representing amounts paid by the Borrower. The hearing will commence at 5:30 p.m. or as soon thereafter as the matter can be heard, and will be held in the City Council Chambers, City Hall, 17555 Peak Avenue, Morgan Hill, California. Interested persons wishing to express their views on the issuance of the Bonds or on the nature and location of the facilities proposed to be financed may attend the public hearing or, prior to the time of the hearing, submit written comments.

Additional information concerning the above matter may be obtained from,
 and written comments should be addressed to
 City Clerk, City of Morgan Hill,
 17575 Peak Avenue, Morgan Hill, California 95037-4128

Date: December 1, 2017
 Publish: December 5, 2017

SJMN#6072451; December 5, 2017

Attachment: UHC Merc News Notice (1544 : TEFRA Hearing)



CITY COUNCIL STAFF REPORT

MEETING DATE: December 20, 2017

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

SANTA CLARA VALLEY AGRICULTURAL PLAN

RECOMMENDATION(S)

Accept presentation and provide input to County staff.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment

REPORT NARRATIVE:

Santa Clara County and the Santa Clara Valley Open Space Authority received a grant from the State of California to prepare an agricultural protection plan. This planning effort is concluding and will be presented to the City Council as an informational item and to provide the Council with an opportunity to provide comments to the County.

The attached plan includes a variety of strategies designed to preserve agricultural lands in South Santa Clara County. Major focus areas include:

- Land Use Policy;
- Regional Conservation Easements and Other Financial Incentives;
- Economic Development; and
- Branding, Education, and Awareness

COMMUNITY ENGAGEMENT: Not Applicable (for City)

ALTERNATIVE ACTIONS:

Not Applicable

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council has heard previous presentations from the County on this planning effort.

FISCAL AND RESOURCE IMPACT:

This is a presentation from the County and should not impact the City's budget.

CEQA (California Environmental Quality Act):

Not Applicable to the City

The County is the lead agency on this planning effort and will be responsible for CEQA compliance.

LINKS/ATTACHMENTS:

1. SCV_AgPlan_Draft-1



Santa Clara Valley

Agricultural Plan:

INVESTING IN OUR WORKING LANDS
FOR REGIONAL RESILIENCE

December 2017
County of Santa Clara
Santa Clara Valley Open Space Authority

FINAL DRAFT: DECEMBER 5, 2017



It is our pleasure to present to you the Santa Clara Valley Agricultural Plan.

The Santa Clara Valley Agricultural Plan represents our commitment to recognize and support our working agricultural lands, one of Santa Clara County's most valuable resources.

Although our agricultural working lands have often been overlooked within the shadow of Silicon Valley, the Santa Clara Valley Agricultural Plan acknowledges the vital importance of the Santa Clara Valley agriculture to the region -not only as a critical food source, but also as key to the long-term sustainability and health of our County, food security, greenhouse gas reductions, climate resilience, and various ecosystem co-benefits.

The Santa Clara Valley Agricultural Plan reflects a two-year effort between the County of Santa Clara, the Santa Clara Valley Open Space Authority, and multiple partner agencies and individuals; it assembles some of the most innovative policy and economic development tools to provide a comprehensive framework that ensures the support and growth of our regional agricultural economy.

We invite you to join us in this effort. Together we can develop a vibrant and strong regional agricultural economy in Santa Clara County.



President David Cortese
Supervisory District 3,
Santa Clara County Board of Supervisors



Supervisor Mike Wasserman
Supervisory District 1,
Santa Clara County Board of Supervisors



Mike Flaughner
Chair of the Board,
Santa Clara Valley Open Space Authority



Alex Kennett
Vice-Chair of the Board,
Santa Clara Valley Open Space Authority



Santa Clara Valley

Agricultural Plan:

**INVESTING IN OUR WORKING LANDS
FOR REGIONAL RESILIENCE**

Final Draft - December 5, 2017

A regional effort led by the County of Santa Clara and the Santa Clara Valley Open Space Authority



technical panels

We would like to thank the following Technical Panelists who provided valuable input and advice to help form the Valley Agricultural Plan

FARMING AND FOOD SECTOR PANEL

APARNA GAZULA

UC Cooperative Extension
Small Farm Advisor

BILL CHIALA

Ag Specialist

ERIN GILL

Grass Farm Business Owner,
President Santa Clara County
Farm Bureau

GREG LEONARD

Santa Clara County Food
Systems Alliance

JANET BURBACK

Owner-Tilton Ranch; President,
Santa Clara County Farm Bureau

JOHN TELFER (MORGAN HILL)

Realtor, South County farmland

JULIE HUTCHESON

Santa Clara County Food
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PETE AIELLO

Usegi Farms Owner/President

SAM AND NICK THORP

Spade and Plow Farm Owners

SHEILA BARRY

UC Cooperative Extension-Livestock
and Natural Resources Advisor

MUNICIPAL PANEL

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Program Administrator,
City of Morgan Hill

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Project Manager, Water Resources
Planning and Policy Unit, Santa
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City of Gilroy

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Specialist, Santa Clara Valley
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City Manager, Morgan Hill

team

COUNTY OF SANTA CLARA

KIRK GIRARD

Planning Director

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Planning Manager

MANIRA SANDHIR

Principal Planner

CHARU AHLUWALIA

Associate Planner

STEVE BORGSTROM

GIS Analyst

JOE DEVINEY

Agricultural Commissioner

SANTA CLARA VALLEY OPEN SPACE AUTHORITY (OSA)

ANDREA MACKENZIE

General Manager

MATT FREEMAN

Assistant General Manager

JAKE SMITH

Conservation GIS Coordinator

Attachment: SCV_AgPlan_Draft-1 (1552 : County Ag Plan)

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*UNIVERSITY OF CALIFORNIA
COOPERATIVE EXTENSION -
COUNTY OF SANTA CLARA*

Small Farm Advisor

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Attachment: SCV_AgPlan_Draft-1 (1552 : County Ag Plan)

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APPENDIX (SEPARATE DOC)

A Relevant portions of County Santa Clara's General Plan policies that address the preservation of agricultural land in the Santa Clara Valley
B List of Advisors and Technical Panel Members
C Advisors' Meetings & Advisors' Group Meeting Notes
D Technical Panel Meetings and Meeting Notes
E List of presentations & updates to County & OSA Boards, City Councils, LAFCO & Farm Bureau
F Report - The Economic Contribution of Agriculture to the County of Santa Clara, Agricultural Commissioner's Office (2014)
G Report - Comparing Greenhouse Gas Emissions from Southern Santa Clara County Rangeland and Irrigated Cropland & Santa Clara County Urban Lands, Steve Shaffer (2016)
H Map of existing agriculture related infrastructure in Santa Clara Valley
I ARA Sub-area Characteristics and Maps

“

There is something about the aesthetic of managed working lands -- it's grounding -- coming into Gilroy on the 152 corridor and seeing the whole valley before you, it's the most iconic setting in the area.

-Jim Leap , Agricultural Advisor, Mentor and Educator

01

VISION

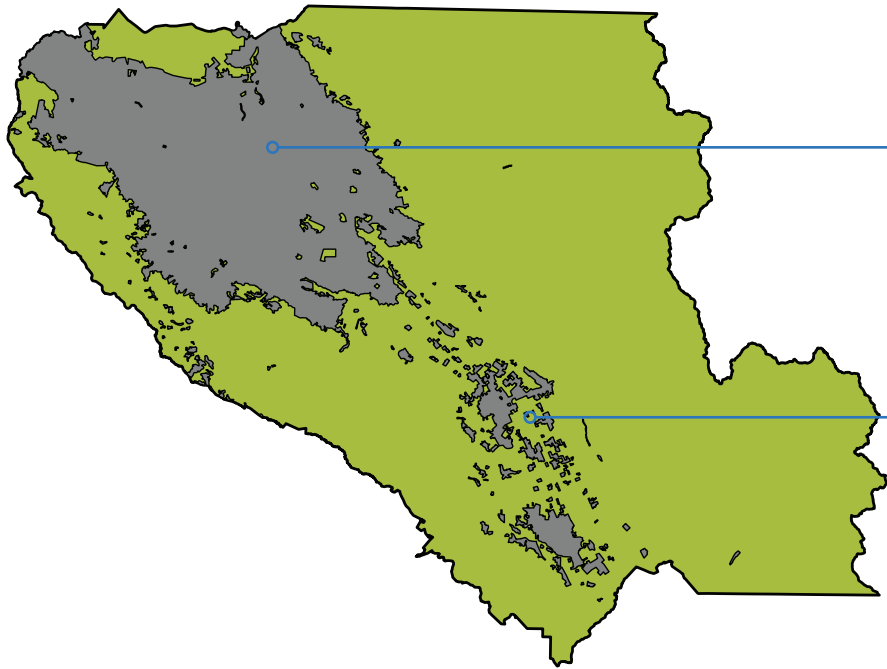
1.1 INTRODUCTION

California is rapidly losing one of the Golden State's most valuable assets – its farmland.

No place is this truer than in Santa Clara Valley. Not long ago, Santa Clara Valley was known as the “The Valley of Heart’s Delight”. The Valley was among the most productive farming areas in the country, renowned for endless rows of blossoming fruit and nut orchards, along with a fruit packing and canning industry that was the largest in the world. As Silicon Valley to the north grew with development of office parks and housing to support rapid growth of high tech industries, productive farmland and its agricultural infrastructure has been disappearing. **In the past 30 years alone, Santa Clara County has lost 21,171 acres of its farmland and rangeland to development, and an additional 28,391 acres of farmland and rangeland in the County are at risk of conversion going forward** not only diminishing our local food source, but also resulting in a loss of the iconic rural character of Santa Clara Valley and resulting in losses of important jobs and farms central to our Agricultural Economy.¹

IN THE PAST
30yrs
 SANTA CLARA
 COUNTY HAS LOST
21,171
acres
 OF ITS FARM &
 RANGELAND²





SILICON VALLEY

Every day, companies and universities in Silicon Valley prepare thousands of meals for their employees and students, creating an ever growing demand for local foods.

SANTA CLARA VALLEY

A variety of foods are produced on farms and ranches in the Santa Clara Valley today. A primary goal of this Valley Ag Plan is to link the supply and demand side of our local food system.

THE TALE OF SILICON AND SANTA CLARA VALLEYS

To the north, Silicon Valley is predominantly urban and globally renowned for its tech industry. To the south, Santa Clara Valley is primarily rural and driven by an agricultural economy. Together these two Valleys define the County of Santa Clara. Historically and today, they are linked in a symbiotic relationship, fostering a resilient and prosperous future for the region. Recognizing the co-dependence of these two Valleys and an imminent threat to one of them, now is the time to create a coordinated approach to preserve Santa Clara County's remaining working lands.

- THE MISSION OF THE -

SANTA CLARA VALLEY AGRICULTURAL PLAN: INVESTING IN OUR WORKING LANDS FOR REGIONAL RESILIENCE

is to shift the planning paradigm and create a comprehensive regional framework in order to preserve the remaining working lands and support a vibrant agricultural economy while mitigating climate change.

COMBATING CLIMATE CHANGE BY PRESERVING OUR WORKING LANDS

This Santa Clara Valley Agricultural Plan (Valley Agricultural Plan) is a regional effort led by the County of Santa Clara and the Santa Clara Valley Open Space Authority (OSA) to conserve the Santa Clara Valley's farmland and ranchland as a innovative climate change mitigation and economic development strategy. Funded in part by cap and trade revenues through the state's **Sustainable Agricultural Lands Conservation Program (SALCP)**, this Valley Agricultural Plan will help avoid future greenhouse gas emissions by reducing conversion of working lands and focusing development in existing urban areas. By linking State and regional efforts with those of the County, cities, special districts and the agricultural community, this Valley Agricultural Plan helps to reach California's climate goals while providing for a more sustainable agricultural future for the County.



THINK ABOUT IT

Where would we be without working lands?

Farmland and rangeland are the underlying fabric of Santa Clara Valley's rural landscape. These "working lands" cover 447,821 acres, or about 54% percent of Santa Clara County.⁴

Working lands are also the backbone of our rural economy. The agriculture sector in Santa Clara Valley supports 8,100 jobs in the County and contributes over \$830 million dollars annually to the region's economy.⁵

Working lands also provide a variety of environmental benefits or "ecosystem services." This includes lessening the effects of climate change. Woodlands, grasslands, healthy soils, and cover crops capture carbon and efficiently protect water resources, and provide other natural functions which are critical in helping build resilience to a changing climate. Santa Clara Valley falls within the area of the Santa Clara Valley Habitat Conservation Plan, which seeks to protect 18 special status wildlife and plant species.⁶ Protecting these lands, and supporting the people that work the land, builds on our agricultural heritage and enhances the quality of life for us all.



1.2 A VISION FOR A SHARED FUTURE - AN AGRICULTURE PLAN TO GROW A VIBRANT REGIONAL ECONOMY

With the continued threat of farmland loss through incremental conversion to urban development and non-agricultural uses, *fundamental changes to our planning policies along with new investments are needed to protect our rural communities, open spaces and working lands to honor the value these resources provide the County’s economy, quality of life, and future.*

THE SANTA CLARA VALLEY AGRICULTURAL PLAN ENVISIONS

a resilient, equitable, thriving agricultural economy that is unique to Santa Clara Valley; one that builds on its heritage, strengths, and proximity to neighboring Silicon Valley while encouraging innovation and supporting the State’s climate change goals.



If there’s a healthy agricultural economy, farmers will be successful and they will keep their land in farming rather than selling it for development. This benefits the whole community.

-Angela Twitchell

1.3 FOUNDATIONAL GOALS – RETHINKING OUR AGRICULTURAL ECONOMY

This Valley Agricultural Plan is being developed at a pivotal time in the County's history. In addition to State-level leadership on climate change, there is a robust network of partners emerging across the County and region in business, government and community sectors who are re-envisioning outdated patterns of growth, and are committed to protecting working lands and catalyzing the agricultural economy. Designed to be implemented by 2030 to align with the **State's SB 32 Climate Goals**, this Valley Agricultural Plan seeks to implement the following three **key goals**:

01

KEEP OUR WORKING LANDS AT WORK

Make farm and ranch viability a priority in land use policies, preservation and economic development strategies, incentive-based stewardship approaches and climate action planning. Recognize the importance of thriving working lands to a resilient future for the region.

02

HONOR THE IMPORTANCE OF AGRICULTURE TO SANTA CLARA VALLEY

Working lands and a vibrant regional food economy provide an important sense of place and abundant environmental co-benefits. Agriculture has defined Santa Clara Valley and grown its prosperity for over a century. Developing a regional awareness campaign will grow understanding and promote the value of farms and ranches, emphasizing the need to support and diversify the local agricultural economy.

03

CRAFT A UNIFIED REGIONAL LAND USE POLICY FRAMEWORK FOR THE FUTURE

Bring together the agricultural sector and local and regional government agencies to grow the economic, environmental and cultural values of the County's working lands. Creating a resilient agricultural economy will help the region mitigate and adapt to climate change, ensure food security while promoting sustainable growth of local communities.

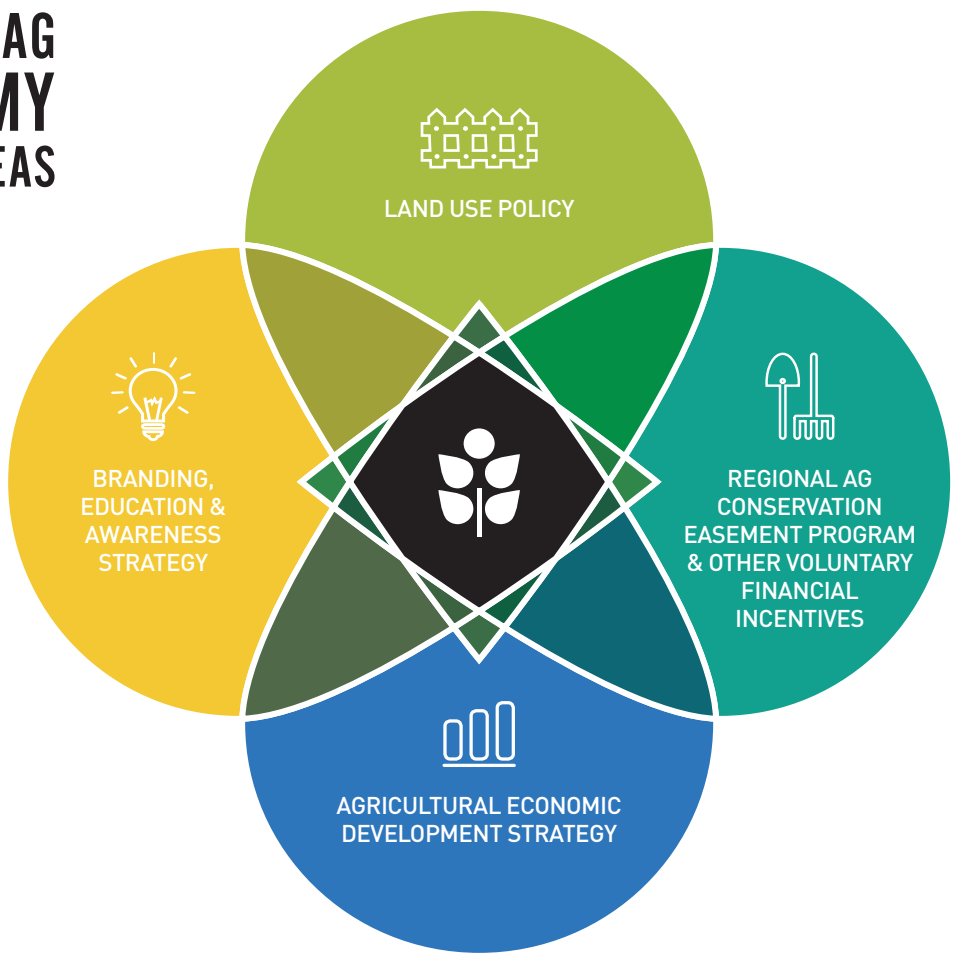
1.4 THE VALLEY AGRICULTURAL PLAN FRAMEWORK – GETTING TO 2030:
AN INTEGRATED VISION OF SANTA CLARA VALLEY’S AG ECONOMY

This Valley Agricultural Plan looks at the County’s agricultural sector from an integrated systems perspective. The Plan identifies “*Santa Clara Valley Agricultural Resource Area*” or “*ARA*”, as the farmland and ranchland base where efforts are to be focused.

This Valley Agricultural Plan is organized around four key Focus Areas. Each of the Focus Areas is interrelated and critical to building a robust agricultural economy in Santa Clara County:

- 1. Land Use Policy
- 2. Regional Agricultural Conservation Easement Program and other Voluntary Financial Incentives
- 3. Agricultural Economic Development Strategy
- 4. Branding, Education and Awareness Strategy

VIBRANT AG
ECONOMY
FOCUS AREAS



By integrating these **four interrelated Focus Areas** into one effort, this Valley Agriculture Plan will create a multi-pronged effort to grow and expand a vibrant regional agricultural economy that provides greater resiliency for Santa Clara County. *(see Vibrant Agricultural Economy Focus Areas Diagram).*

INTEGRATED FOCUS AREAS:

◆ FOCUS AREA: LAND USE POLICY

PREVENTING THE CONVERSION OF WORKING LANDS:

In this Focus Area we propose specific land use tools to address and counter the on-going conversion of agricultural land to development. This work builds off the County's existing land use policies to protect economic, environmental and cultural assets associated with farming and ranching. This policy structure focuses on an **Agricultural Resource Area (ARA)** where innovative tools and strategies could prove most effective in stemming farmland conversion.

◆ FOCUS AREA: REGIONAL AGRICULTURAL CONSERVATION EASEMENT PROGRAM AND OTHER VOLUNTARY FINANCIAL INCENTIVES

PROVIDING FINANCIAL SUPPORT FOR RESILIENT AGRICULTURAL PRACTICES, ECOSYSTEM SERVICES AND RURAL COMMUNITY INVESTMENT:

Voluntary financial incentives are important tools that address the economic challenges associated with farming while implementing State policies and reinforcing local land use policies for the protection of farmland and rangeland. This Focus Area proposes creating a **Regional Agricultural Conservation Easement Program** to permanently protect agricultural lands through voluntary conservation easements with willing sellers. It also proposes expanding other voluntary tax incentive programs such as the **Super Williamson Act** (i.e. Farm Security Zones) to encourage landowners to keep their land in agriculture land use in exchange for a reduction in property tax. Additionally, many **grants and payment for ecosystem service incentive programs** are available to landowners to promote sustainable agricultural practices to increase climate stability and other environmental co-benefits. This Valley Agricultural Plan includes recommendations to more effectively deliver these programs to ag producers.

◆ FOCUS AREA: DEVELOP AN AGRICULTURAL ECONOMIC DEVELOPMENT STRATEGY

MAKING THE CASE FOR INVESTMENT IN SANTA CLARA COUNTY'S AGRICULTURAL ECONOMY:

Santa Clara County's beautiful agricultural landscapes also contribute to the County's and region's economy by attracting employers, workers and visitors alike. But it is clear that land protection and easement acquisition alone are inadequate to protect these landscapes and grow a vibrant regional ag economy. This Focus Area sets out specific economic strategies and actions to support the agricultural sector, such as the creation of an agricultural incubator program and farmbudsman position, **with the goal of increasing agri-tourism, food security and building a healthy local food system.**

◆ FOCUS AREA: SANTA CLARA VALLEY BRANDING, EDUCATION & AWARENESS STRATEGY

COMMUNICATING THE VALUE OF WORKING LANDSCAPES IN SANTA CLARA VALLEY AND THEIR CONNECTION TO ECOLOGICAL AND ECONOMIC RESILIENCE:

Demand for local food is growing nine percent a year nationwide⁷, with the San Francisco Bay area as a leader in this shift toward farm-to-fork consumption. This Focus Area lays out specific steps **to build awareness about the region's agriculture and its contribution to a growing local food system** through a branding, awareness and education campaign and to enhance the rural-urban connections between the County's two Valleys.

The **four Focus Areas, include objectives, strategies and actions** that aim to advance and track progress towards implementing this Valley Agricultural Plan.

“

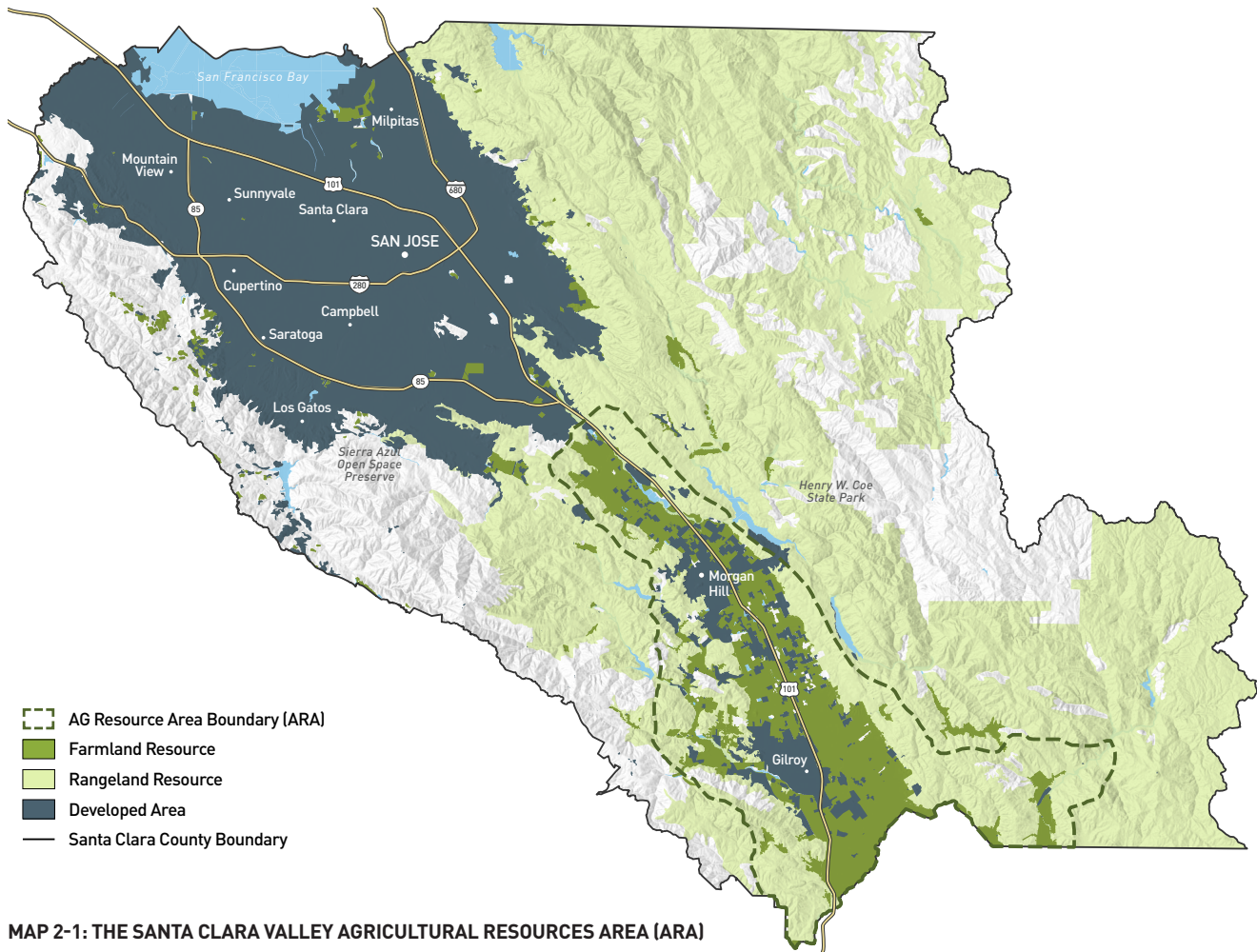
Farming is the deployment we always dreamed of. The work is so diverse, it's physical, I'm out in the field all day. It's a challenge, it's fun and it's meaningful work. I quit school to come do this -- here I learn everyday. And it's helped me to heal.

-Matt Smiley, Farm Manager, Farmer Veteran Coalition

02

BACKGROUND

While many policies and programs have been adopted by government, non-profit organizations and the private sector in the County that focus on climate change or agricultural land protection, there has been no effort to pro-actively link agricultural preservation to avoid greenhouse gas emissions and climate adaptation planning into a singular “action plan.” This Valley Agricultural Plan demonstrates the critical link between maintaining working agricultural lands and achieving California’s greenhouse gas reduction goals to provide regional resilience for future climate adaptation. In doing so, it provides a stronger foundation to protect, strengthen, and grow the local agricultural economy.



MAP 2-1: THE SANTA CLARA VALLEY AGRICULTURAL RESOURCES AREA (ARA)

2.1 REGIONAL AND LOCAL CONTEXT OF THE AGRICULTURAL RESOURCE AREA (ARA)

REGIONAL CONTEXT

Santa Clara County is the Bay Area's most populous county, with 15 cities and nearly two million people. The present urban and rural landscape of Santa Clara County is diverse; a complex social and economic setting that overlays a rich historic, multi-cultural and natural environment.

Beyond its cities that constitute the urban typology of the County, the agricultural areas of Santa Clara Valley have retained much of its rural character. Silicon Valley in the north part of the County is predominantly urban and known worldwide for its high-tech industry, while the rural Santa Clara Valley areas outside of the cities to the south are primarily characterized by the agricultural economy.

By 2040, the County's population is expected to increase by nearly 700,000, a 36% increase⁸. While much of this growth will be directed into existing urban areas, there is on-going development pressure on lands within the adjacent rural areas of Santa Clara Valley. Already the County and the Bay Area region as a whole are facing an affordable housing crisis due to growth of jobs and a shortage of affordable housing stock.

Sub-Areas within the ARA

The Santa Clara Valley ARA is comprised of distinct sub-areas each with unique characteristics. These are identified as the following:

1. COYOTE VALLEY

Large lots in middle Coyote Valley; closer to local markets; major crops include hay, asian vegetables, mushrooms, walnuts; challenges - interface with commuter traffic and future city annexation.

2. LIVE OAK

Vineyards, cherry orchards and other stone fruits. Surrounded on three sides by Morgan Hill with smaller parcels mostly under 10 acres; rural-urban interface; higher land values.

3. SAN MARTIN / TENNANT

Mix of crops on smaller parcels, mostly under 10 acres; rural urban interface; higher land values; Vegetable Processing Plant.

4. BUENA VISTA

Larger farming parcels between San Martin & Gilroy; row crops; farmers market, niche farming.

5. LEAVESLEY

Large lots mostly over 20 and 40 acres, lower property values, less land speculation and urban interface, good infrastructure / distribution for vegetables – warehousing, storage, processing plants.

6. WATSONVILLE ROAD WINE REGION

Santa Clara Valley American Viticultural Area; existing wine trails.

7. PACHECO PASS

Farming lands around Highway 152, farm stands.

8. RANGELANDS

Grazing lands in the foothills of the Diablo Range and Santa Cruz mountains.

This creates intensive pressure to develop rural agricultural lands to accommodate the region's housing and urban growth needs, as these lands are often far less expensive and easier to develop than redevelopment of urban areas. Santa Clara County's agricultural lands are considered extremely vulnerable to development over the next 30 years, **with over 14,145 acres deemed at risk.**⁹

GEOGRAPHIC CONTEXT

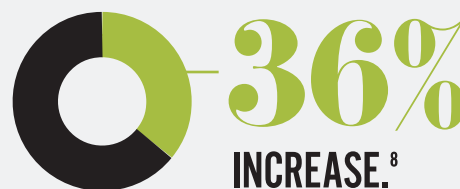
The *Santa Clara Valley Agricultural Resource Area (ARA)* extends from the southern urban edge of San Jose to the southern Santa Clara County boundary and extends from the valley up the first ridgelines in the Diablo Range and Santa Cruz mountains surrounding the Santa Clara Valley. The **ARA** encompasses 44,462 acres of prime or important farmland soils and 54,894 acres of grazing lands.

The **ARA** is comprised of distinct sub-areas each with unique characteristics. These are identified as: *Coyote Valley, Live Oak, San Martin / Tennant, Buena Vista, Leavesley, Watsonville Road Wine Region, Pacheco Pass and Rangelands* (refer to sidebar).

Of this, 4,413 acres of the **ARA's** farmland resources and 1,814 acres of rangeland resources lie within the Urban Service Areas of San Jose, Morgan Hill, and Gilroy. These areas within City Urban Service Areas are not within the County's land use authority and are outside of the County land use policies that are considered by this Valley Agricultural Plan.

**BY 2040, THE COUNTY'S POPULATION
IS EXPECTED TO INCREASE BY NEARLY**

700,000 -a-



2.2 EXISTING AGRICULTURAL LAND PRESERVATION POLICIES

Existing land use patterns within Santa Clara Valley have been shaped over decades by a variety of interrelated public land use policies, private landowner actions, and economic forces. The preservation of agricultural land and the maintenance of a strong agricultural industry have been fundamental goals of the County of Santa Clara General Plan since the 1970s. The County's General Plan is based on growth management principles that focus urban development into compact cities and protect open space and agricultural lands in the rural areas. This section briefly summarizes the existing policy framework as a basis for additional agricultural land preservation policies, programs and policy updates as part of **Focus Area: Land Use Policy**.

THE COUNTY OF SANTA CLARA – EXISTING POLICY FRAMEWORK

For lands outside city Urban Service Areas, the County maintains and enforces land use policies that preserve and protect open space and agricultural resources by limiting urban sprawl and maintaining stable rural land use policies. The County has four primary rural land use designations – *Exclusive Agriculture, Agricultural Ranchlands, Hillside*s, and *Rural Residential*. The County maintains General Plan designations and zoning for Valley agricultural land that limits the type of land uses allowed in agricultural lands and precludes subdivision into lots smaller than 20 or 40 acres.

The County administers the **Williamson Act Program** (*California Land Conservation Act of 1965*) which protects agricultural land by providing tax incentives to property owners who agree to keep their land in commercial agricultural production for a 10-year period. As of October 2017, there are 945 parcels under a Williamson Act Contract in the County, encompassing approximately 134,371 acres.¹⁰ As a part of the program, the County actively monitors the parcels under contract to verify commercial agricultural production; any development or change in use requires a compatible use determination to minimize its impacts on agricultural lands.

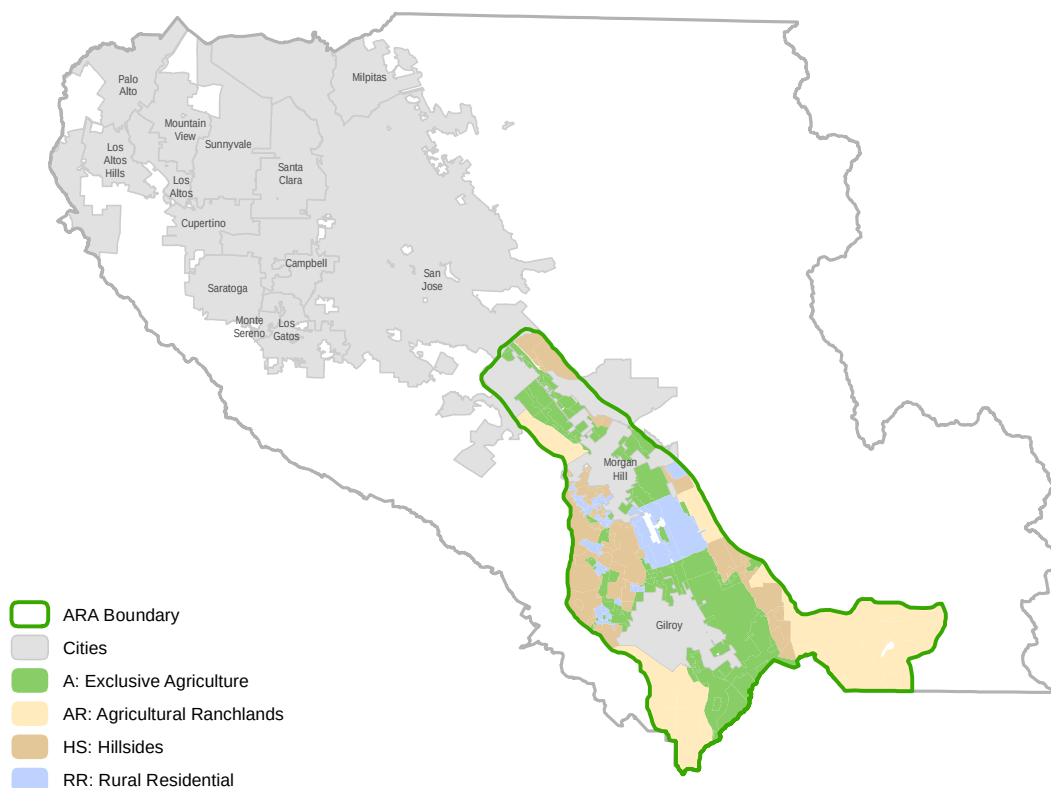
OTHER AGENCIES – EXISTING POLICY FRAMEWORK

The **Santa Clara County Local Agency Formation Commission (LAFCO)** approval is required for any expansion of Urban Service Areas and its policies recommend a 1:1 mitigation for conversion of agricultural lands. LAFCO policies discourage Urban Service Area expansions into agricultural land, unless effective measures have been accomplished for protecting the agricultural status of the land. The cities of Gilroy and Morgan Hill also have agricultural protection policies intended to preserve agricultural land and maintain a viable agricultural industry. The **Morgan Hill Agricultural Lands Preservation Program** promotes continued and viable agricultural activities in and around Morgan Hill through a set of land use policies and implementation activities, including the acquisition of agricultural conservation easements.

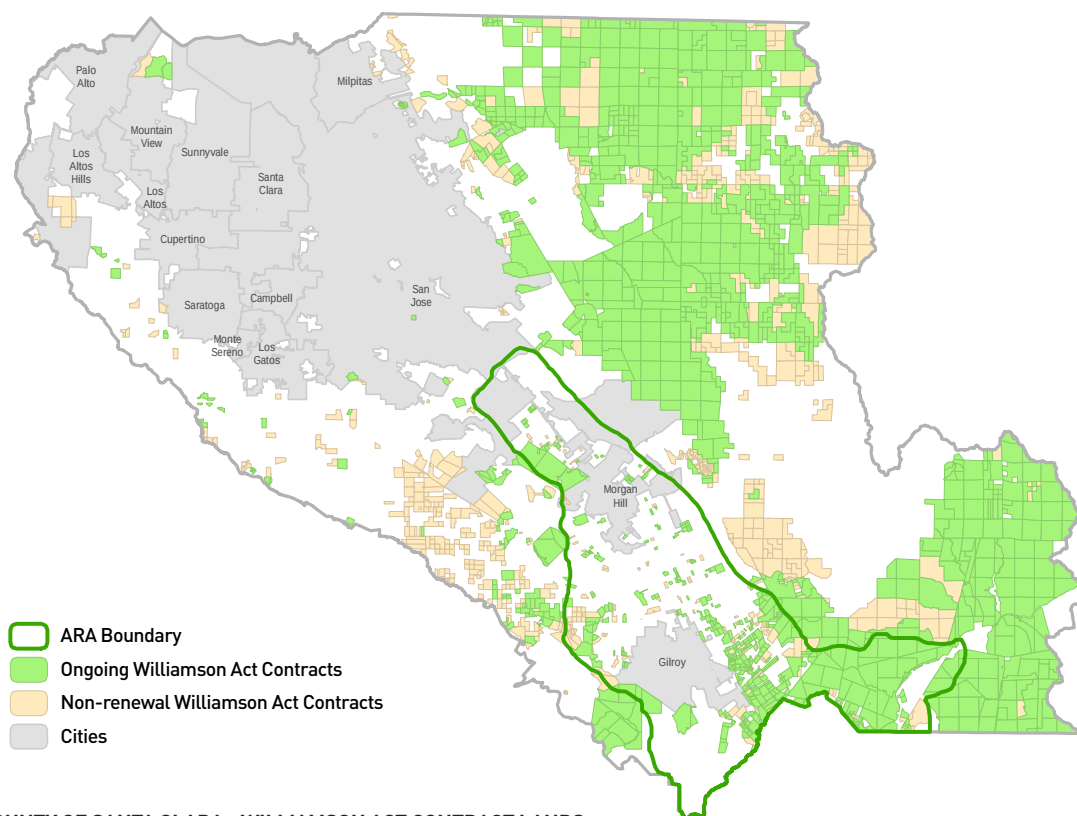
San Jose's Envision 2040 General Plan also focuses on directing growth inward through infill and urban villages, while preserving a greenline, an urban growth boundary created to protect its open space and agricultural resources.¹¹

Relevant portions of the County's General Plan policies, that address the preservation of agricultural land in the Santa Clara Valley, can be found in Appendix A.

Despite these efforts to protect agricultural resources, agricultural land continues to be converted to development within the Santa Clara Valley. ***The existing regional policy framework and agency actions need to be strengthened and coordinated to reverse this loss and to focus conservation efforts and agricultural investment.***



MAP 2-2: COUNTY OF SANTA CLARA - RURAL ZONING DESIGNATIONS



MAP 2-3: COUNTY OF SANTA CLARA - WILLIAMSON ACT CONTRACT LANDS

2.3 OTHER EFFORTS IN THE BAY AREA

Other significant efforts to protect farmland and open space have been undertaken. The Santa Clara Valley Habitat Plan is a 50-year regional plan to protect endangered species and natural resources while allowing for future development in Santa Clara County. *The Santa Clara Valley Greenprint*, a project of the Santa Clara Valley Open Space Authority (OSA) is a science-based, detailed roadmap for conservation efforts, identifies strategies for protection of water, wildlife, working lands, and outdoor recreation spaces that help shape the health and well-being of Santa Clara Valley residents.

On a much smaller scale, *San Jose Food Works*, (SAGE, 2017), provides an economic assessment of San Jose's food supply chain and makes recommendations for making the City's food and agriculture sector a driver in realizing the City's goals for economic development, place-making, innovation, public health and sustainability. In addition, *Locally Nourished-How a Stronger Regional Food System Improves the Bay Area* published by SPUR in 2013, provides goals and recommendations to strengthen the regional food system.

Other Bay Area counties that have significant agricultural economic activity have been engaged in related efforts to identify tools and strategies for assessing, preserving and enhancing their agricultural resources.

Several counties, including Sonoma, Yolo, San Mateo and San Francisco have developed assessments, feasibility studies and action plans covering agriculture and food sectors, or a subset such as distribution and processing. Most of these have been produced as collaborations between agencies and advocacy groups. One example is the San Francisco *Foodshed Assessment* report, which compared the amount and types of food consumed in San Francisco with the amount and types of food produced on agricultural lands within 100 miles of the Golden Gate Bridge.

At the regional level, the *Bay Area Food Economy White Paper* assesses the economic contributions of food and agriculture sectors to the region, as well as the challenges and opportunities faced by these sectors. (Data from the white paper on the Santa Clara County ag and food economy is described in Section 3.1.1.) It also outlines goals, strategies and actions that need to be undertaken by agencies, businesses and community-based organizations, in order to enhance and protect the agriculture and food industry cluster as a pillar of regional resilience.

One of the most prominent regional efforts is *Plan Bay Area*, a state-mandated plan, developed by ABAG that aims to integrate sustainable strategies to reduce transportation-related pollution and external greenhouse gas emission within the nine-counties of the Bay Area. In turn, *Plan Bay Area* has developed and is refining designations and incentives for Planned Conservation Areas (PCAs), Planned Development Areas (PDAs) and Planned Production Areas (PPAs), with production in this instance primarily referring to manufacturing of a range of goods including food. Other related regional planning efforts also under the auspices of ABAG are the above-mentioned CEDS, work on regional resiliency and disaster preparedness and on regional goods movement. The Regional Transportation Plan is a related major planning and budgeting effort work undertaken every five years by ABAG's sister agency, the Metropolitan Transportation Commission (MTC).

2.4 VALLEY AGRICULTURAL PLAN DEVELOPMENT PROCESS

METHODOLOGY USED TO DEVELOP THE VALLEY AGRICULTURAL PLAN

Development of this Valley Agricultural Plan involved mapping of agricultural resources, examining the implications of existing County and City land use policies and agricultural protection policies, evaluating best practices and successful models of agricultural preservation and seeking advice from experts around the State, and engaging local stakeholders. The methodology used to develop this Plan is described below:

1. MAPPING OF AGRICULTURAL RESOURCES AND CONVERSION THREATS IN SANTA CLARA VALLEY

Central to the development of this Valley Agricultural Plan was a comprehensive detailed mapping of existing agricultural resources and characteristics in Santa Clara Valley. This was carried out using Geographic Information System (GIS) tools such as ArcMap and other geospatial processing software.

Mapping products were developed keeping five research questions in focus:

- *What have been the root causes of conversion and underutilization of agricultural resources in the Santa Clara Valley?*
- *Where are the remaining agricultural resources and how are those resources being used?*
- *Are there areas that are relatively more viable for long-term agricultural uses than others?*
- *What areas are at higher risk of conversion to non-agricultural uses?*
- *How would conversion of these agricultural resources increase the County's GHG emissions?*

The team expanded mapping of agricultural resources beyond *California Department of Conservation's Important Farmland Maps* to identify remaining farmland resources as including all currently undeveloped land previously identified as either "*Important Farmland*" or as having **prime farmland soil characteristics** according to soils surveys conducted by the **US Department of Agriculture**.

Highly viable farmland resources were defined as:

- *Tracts of undeveloped prime or important farmland soils that were greater than 40 acres in size*
- *Adjacent to an operation that has been active in the last four years*
- *Overlay a groundwater basin*

These criteria were designed to be simple and to generally align with criteria that were shared between the **California Department of Conservation's Land Evaluation and Site Assessment (LESA)** model, and Natural Resource Conservation Service's Agricultural Conservation Easement Program Criteria.

Agricultural land conversion threat factors under the Department of Conservation's SALC Program Criteria

RISK OF CONVERSION TO URBAN OR ADDITIONAL RESIDENTIAL DEVELOPMENT WAS CALCULATED FOR THE FOLLOWING AREAS IN THE SANTA CLARA VALLEY:

1. *Ag land within a city's municipal service boundary or, within city's urban growth boundary;*
2. *Ag lands within unincorporated county that could support additional residential units based on the County's existing zoning.*

T H I N K A B O U T I T

Commonalities of successful agricultural preservation and economic development programs

COMPREHENSIVE AGRICULTURE ECONOMIC DEVELOPMENT PLAN

Every successful program has an economic development strategy at its foundation to make the case for investment in the food system.

BALANCING AGRICULTURE & DEVELOPMENT

Need for a bold land use policy structure that uses a blend of incentives, policies, and land use tools to be a “market maker” for agriculture so that the overall goal is to have a vibrant agricultural economy.

A COMMITMENT TO AG’S ECONOMIC & HISTORICAL IMPORTANCE

Successful programs emphasize the importance of their agricultural heritage both economically and culturally.

RECOGNIZING, ASSESSING & CAPITALIZING ON LOCAL MARKET OPPORTUNITY

Successful programs recognize and assess their market opportunity, and potential strategies to maximize agricultural production.

ENHANCING & PRESERVING THE RURAL NEIGHBORHOOD CHARACTER OF ESTABLISHED COMMUNITIES

Rural communities that develop around a vibrant and committed agriculture preservation and economic plan are important to the overall local economic cluster and long term neighborhood sustainability.

STRATEGIC TRANSPORTATION & INFRASTRUCTURE INVESTMENTS

Studies highlight the importance of analyzing transportation and infrastructure networks to assist in catalyzing the agricultural economy.

EDUCATION, AWARENESS & TRAINING PROGRAMS

All programs include a multi-faceted education and awareness campaign aka “branding” effort.

LOCAL PREFERENCE

Case studies emphasize that promoting and procuring foods and products from the local economy to strengthen the local economy, improve health and connect residents to the farming community.

COOPERATIVE PLANNING AGREEMENTS

Regional or cooperative planning agreements were essential in implementing successful regional approaches to protecting farmland.

Agricultural land conversion threat factors were identified and mapped based upon the State Department of Conservation’s SALC Program criteria, using local factors specific to Santa Clara Valley. Mapping tasks focused on conversion of farmland to other uses with the intent of determining “why” and “where” the land was converted and “which” of the existing agricultural preservation tools did not work. Research was conducted to also better understand farming trends over the last 30 years, changes in the agricultural economy, and current challenges and opportunities facing farmers and the agricultural industry. This analysis informed a policy gap assessment to help identify policies that could be expanded, strengthened or refined to preserve agricultural land.

2. IDENTIFICATION OF BEST PRACTICE POLICIES AND PROGRAMS FROM OTHER SUCCESSFUL AGRICULTURAL PRESERVATION EFFORTS

This task evaluated policies from other successful agricultural conservation programs within California and the United States and assessed which of these policies were most relevant to Santa Clara Valley. The consultant team conducted in-depth studies of other agricultural preservation and support programs in California, including the counties of Yolo, Contra Costa, Sonoma, and Napa. Research included interviews with staff and stakeholders associated with these programs, along with an evaluation of the effectiveness of different policies that were implemented.

Based on evaluation of existing policy and planning frameworks, feedback from advisor groups, and detailed case study research, components and commonalities of successful agricultural preservation and economic development programs were identified and integrated into this Valley Agricultural Plan. (See Commonalities of successful agricultural preservation and economic development programs, this page).

Community and Stakeholder Engagement

This Valley Agricultural Plan was spearheaded by a Project Team comprised of staff from the County of Santa Clara Planning Department and Division of Agriculture, and the Santa Clara Valley Open Space Authority (OSA). The Project Team was further assisted by groups of advisors with knowledge and expertise in the field of agriculture, locally and statewide. Stakeholders and experts were divided into two groups, **a) “Advisors”** consisted of statewide experts who served to advise the staff / consultant team during preparation of the Valley Agricultural Plan, and, **b) “Technical Panels”** comprised of local stakeholders in the farming and ranching community and partner governmental agencies who reviewed and provided input and feedback regarding the preparation of the program. A full list of all advisors and technical panel members is included as Appendix B.

Advisors’ Groups: The Advisors consisted of three sub-groups, each focusing on specialized areas of farming and agricultural preservation - **a) Agricultural Conservation Easements; b) Farming and Economic Vitality; and c) Land Use Planning and Policy.** The Project Team solicited their input through focused group sessions on these topics, individual one-on-one discussions, and presentations from the Advisors on their experience with such programs. Details of Advisors’ meeting and Advisors’ Group meeting notes can be found in Appendix C.

Technical Panels: Technical Panels consisted of two groups: **a) Municipal Sector Panel** - included staff from the three cities-San Jose, Morgan Hill and Gilroy and Santa Clara Valley Water District **b) Agricultural Sector Panel** - included representatives from the agricultural and food systems community; such as the Farm Bureau and the Santa Clara Food Systems Alliance and representatives of agricultural businesses, real estate, and non-profit interests.

A collaborative engagement process between the Project Team and both the Technical Panels, allowed a multi-stakeholder dialogue to effectively inform this Valley Agricultural Plan at key milestones in its development process. The panelists reviewed and provided feedback on work products and reports, in collaboration with the different stakeholder groups, resulting in a better understanding of the many tools necessary for a successful conservation program. The collaboration process was conducted during in-person meetings, over conference calls and webinars. Details of Technical Panel meetings and meeting notes can be found in Appendix D.

Other public outreach was conducted via a dedicated webpage on the The County of Santa Clara website containing detailed information about project and the development process of this Valley Agricultural Plan. This website was regularly updated with presentations and meeting notes. The webpage enabled the public to sign up for updates, which were provided when new information was added to this website.

In addition, County and OSA staff provided regular updates to their Boards and Committees, and also provided the presentations and updates at city council meetings, LAFCO Board meetings, and Farm Bureau meetings. A full list of these is provided in Appendix E.

Through the process of stakeholder engagement described above, this Valley Agricultural Plan activated conversations between government agencies and key stakeholders in the region. The process further sought to inform city general plans, in particular the cities of Gilroy, Morgan Hill and San Jose, which include agricultural preservation and mitigation policies.



The grasses in Santa Clara Valley are ideal for grass-fed beef. The quality of grass is as good as it gets. This is probably due to the minerals in the soil from serpentine rock. And we can graze year round.

-Justin Fields, Rancher and President of Santa Clara County's Cattlemen's Association

03

KEY FINDINGS

Agriculture makes significant direct and indirect contributions to the County's economy, climate resilience, social vitality, and environmental health. In order to understand how to best strengthen the agricultural economy, it is helpful to first understand agriculture's strengths, weaknesses, opportunities and challenges.

3.1 SANTA CLARA VALLEY AGRICULTURE AND ITS BENEFITS TO THE REGION

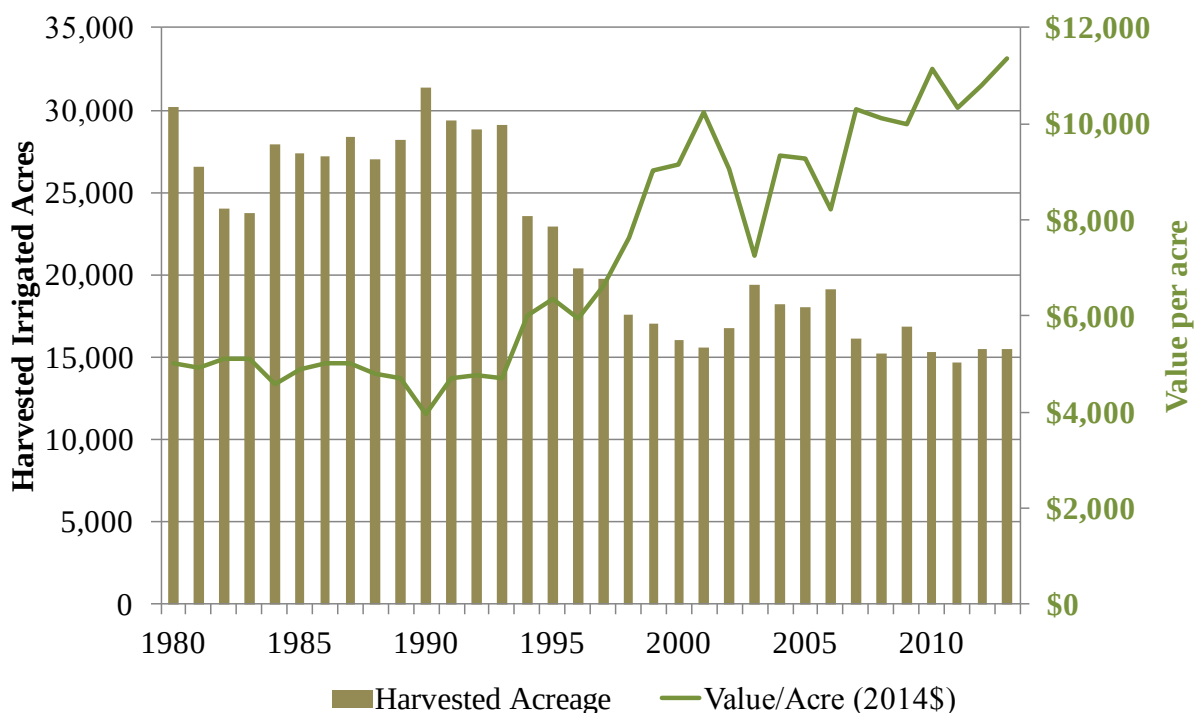
3.1.1 ECONOMIC CONTRIBUTIONS

The County's temperate climate, soils and long growing season supports a wide diversity of agricultural products. Major crops include, vegetables (including seed production), orchard fruit and nut crop, mushrooms, field crops and nursery crops. Farming trends over the past 30 years show the overall crop mix shifting toward higher value crops, including nurseries, mushrooms and vegetables, wine production and ag-tourism. (See page 24, *Southern Santa Clara County Agriculture - Then & Now*)

There are several ways to measure the County's agricultural economy. The basic metric is the direct 'farm-gate' value of products produced on farmland within the County. **For 2016, the gross value of Santa Clara County's agricultural production was \$310,132,000, an increase of around 11% from the 2015 value of \$279,162,600.**¹²

While agriculture's direct economic output is often referenced, the total holistic economic activity associated with Santa Clara Valley agriculture is rarely quantified or mentioned in public policy decisions. According to a 2014 study published by the Agricultural Commissioner's Office, titled *The Economic Contribution of Agriculture to the County of Santa Clara* (Appendix F), Santa Clara Valley agriculture industries created a total of \$1.6 billion in economic output and contributed a total of \$830 million annually to the Santa Clara County economy. Employment on the over 1,000 plus farms (average size of 225 acres) in Santa Clara County, represents 8,100 jobs.¹³ As these farms and jobs are essential to providing a constant food source to society, they provide a constant economic counterweight to other industries that have greater boom and bust cycles.

Beyond the direct economic value of the agricultural production, farming is a critical part of the County's entire regional food system, that includes production as well as processing, distribution, and consumption. Holistically, Santa Clara County's 7,490 agriculture and food sector establishments generate \$6.8 billion in annual revenue and support 92,162 jobs, accounting for six percent of the total Bay Area food sector revenue and 19 percent of Bay Area food sector jobs.¹⁴



GRAPH A: 1980 - 2013 HARVESTED IRRIGATED ACREAGE AND PRODUCTION VALUE PER ACRE

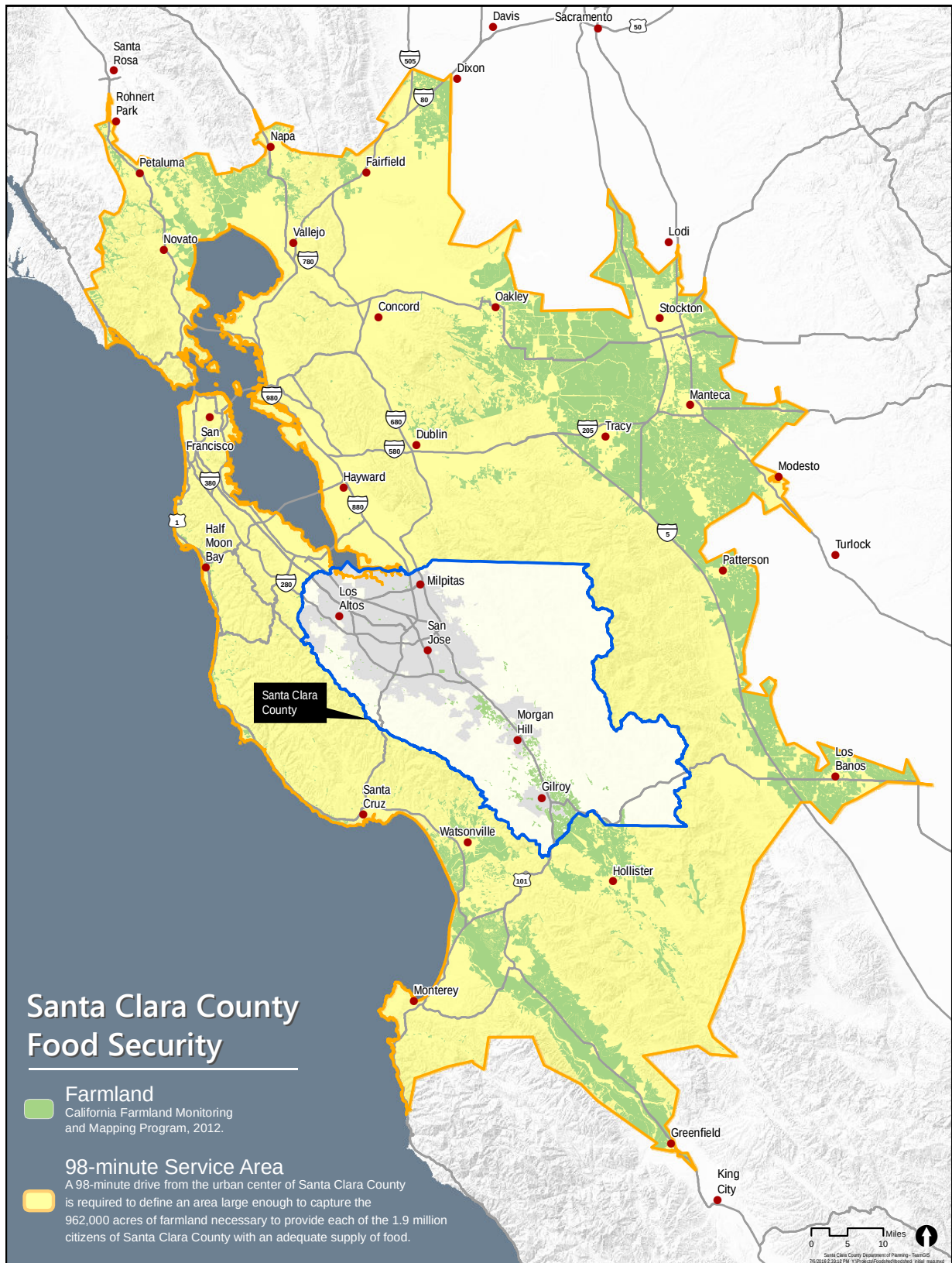
(Source: The Economic Contribution of Agriculture to the County of Santa Clara 2014 - Page 6, report by Department of Agriculture, County of Santa Clara)

3.1.2 FOOD SECURITY

Today, Santa Clara County, like other developed metro-regions throughout the world, sources its food from a supply chain that seamlessly integrates products from local, regional, national and global sources. In order to strengthen resiliency to climate change and peak oil with potential future disruptions to international food supply, more regions are making investments in their local and regional food production base. Santa Clara County is fortunate to have rich soils and a temperate climate that can support a wide array of agricultural crops, including fruits and vegetables as well as livestock products. Currently, Santa Clara County grown agriculture – part of California’s extensive and diversified production – is consumed locally and internationally. **Protecting the County’s farmland supports a current agricultural economy based on wide-spread markets while ensuring food security for the region in the future.**

3.1.3 ECOSYSTEM SERVICES

Agriculture is considered “self-financing” open space, and provides important ecosystem services to County residents that are normally unrecognized, such as clean air and water, flood risk reduction, groundwater recharge, erosion control and climate protection and resiliency. Sustaining and growing our agricultural lands in the County over time will retain and enhance these important and valuable regional ecosystem services. Recognizing and placing an economic value on these essential services enhances the importance of farming to the region, beyond food production. A 2014 study by the OSA established that in addition to the economic contributions of agricultural lands, the total value of Santa Clara County’s natural capital is \$45-107 billion.¹⁵



MAP 3-1: FOOD SECURITY

Professor Louise Jackson's Yolo County Case Study Found a 70 -Fold Difference in the Annual Rate of GHG Emissions Between Urbanized Land and Irrigated Cropland:

In 2012, Professor Louise Jackson with her team from UC Davis led a place-based case study to research adaptation strategies for agricultural sustainability in Yolo County. Using a local inventory of agricultural GHG emissions for Yolo County, Jackson found that emissions from cropland and rangeland were several orders of magnitude lower than urbanized land per unit area. Calculated on an area-wide basis the Yolo County's urban areas emitted approximately **152 tons of CO2 emissions per hectare per year** and by contrast, in 1990 Yolo County's irrigated cropland averaged **2.16 tons of CO2 emissions per hectare per year**.

The 70-fold difference in the annual rate of emissions between urbanized land and irrigated cropland underscored the importance of land use policies, which protect existing farmland from urban development, as likely tools to help stabilize and or reduce future emissions, particularly if they are coupled with "smart growth" policies that prioritize urban infill over expansion. The research also established that since emissions from cropland and rangeland were several orders of magnitude lower than urbanized land (per unit area), **local measures to protect farmland may themselves be viewed as mitigation strategies, or at the very least a means of stabilizing emissions.**

Louise Jackson is a professor and extension specialist in the Department of Land, Air and Water Resources at UC Davis

Source: <http://www.energy.ca.gov/2012publications/CEC-500-2012-032/CEC-500-2012-032.pdf>

Climate Change and Working Lands

There is growing support among policymakers in California for achieving California's greenhouse gas reduction goals by minimizing future conversion and urbanization of natural and working lands.

Studies by Professor Louise Jackson at UC Davis found that irrigated croplands emit 70 times less greenhouse gases (GHG) than urban land of the same size.¹⁶ Based on the average differential (68.3 MTCO2e/acre/year) between emissions from crop production and urban land uses in Santa Clara County, for each 1,000 acres of county farmland not converted to urban use, the annual greenhouse gas savings would be equivalent to taking 13,400 cars off the road and reducing vehicle miles traveled ("VMT") by more than 160 million miles. (See Appendix G –*Comparing Greenhouse Gas Emissions from Southern Santa Clara County Rangeland and Irrigated Cropland and Santa Clara County Urban Lands*, by Steve Shaffer).

If farmland conversions to urban uses in California were to be halved, a total of about 110 million MTCO2e of greenhouses gas emissions over the next decade could be avoided. This climate benefit would be equivalent to reducing VMT by approximately 258 billion miles.¹⁷

Watershed Protection

Local food production has a complex but co-beneficial relationship with water use. California's aquifers are shrinking as growers pump groundwater to support crop production when surface water is not available. However farmland can replenish aquifers by keeping lands open, and allowing groundwater infiltration, as opposed to urban development which creates impervious surfaces. Preliminary research at UC Davis indicates that in some circumstances deliberately flooding farmland in winter with excess winter stormwater runoff can replenish aquifers without harming crops or affecting drinking water.¹⁸

Santa Clara County's groundwater system, managed by the Santa Clara Valley Water District (SCVWD) has the potential to be managed in a strategic manner where local agriculture is recognized as a resource steward of groundwater and watershed protection.

Open Space and Ecosystem Protection

Agricultural lands constitute 54% of the land within Santa Clara County.¹⁹ Farmland and rangeland provide open space and regional ecosystem benefits including wildlife connectivity, and important foraging habitat for certain types of birds and mammals. Farmland and rangeland protection can also provide important water supply, groundwater recharge and flood risk reduction services; increase the real estate value of nearby properties; and decrease long-term infrastructure costs through the natural provision of ecosystem services.

California Department of Food and Agriculture's Environmental Farming Act Science Advisory Panel defined ecosystem services in agriculture as:

"The multiple benefits we gain from farming and ranching including crop and livestock production. In addition to valuable open space and wildlife habitat, the management decisions and conservation practices of farmers and ranchers also enhance environmental quality, provide recreational opportunities and offer social benefits"

(Source: CDFA, 2014)



I love the freedom of working out here. I am really proud of our quality. People will always want flowers.

-Mario Silva, Owner, Coyote Valley Nursery

3.1.4 RURAL COMMUNITY CHARACTER AND AGRICULTURAL HERITAGE

The County's agricultural lands are an important part the rural character and heritage of Santa Clara Valley which support the region's economy and quality of life. The community character of Santa Clara Valley is defined by the region's agricultural lands, and its history as the Valley of the Heart's Delight. Protecting Santa Clara Valley's unique agricultural landscapes and vital agricultural economies can attract and retain employers and tourism dollars into the region as people look for unique experiences that connect them to working lands and natural surroundings.

3.2 TRENDS AND CHALLENGES - SANTA CLARA COUNTY AGRICULTURE

Like other industries in the County, agriculture has been subject to constant change over the last 30 years. There are two dominant forces driving this change. On the one hand, there has been a significant reduction in the resource base of agricultural lands due to urban and rural development. Countering this effect is a growing interest by new farmers to locate in Santa Clara County with a shift toward higher-value commodity specialty crops and a significant increase in productivity which has substantially grown the value of agriculture per acre and per worker.

SOUTHERN SANTA CLARA COUNTY AGRICULTURE – THEN & NOW

1984
agriculture



2016
agriculture

- 40,000 acres in Farmland Production
- Gross Production Value of \$139,451,505
- Top Value Crops:
 - Cut Flowers \$26m
 - Nursery \$17m
 - Mushrooms \$15m
- 11,600 acres in vegetable crops
- 7,000 acres in fruit & nuts
- 26,888 acres field crops

- 24,000 Acres in Farmland Production
- Gross Production Value of \$310,132,000
- Top Value Crops:
 - Nursery \$81m
 - Mushrooms \$79m
 - Bell Peppers \$20m
- 15,193 acres in veg. crops
- 2,560 acres in fruits and nuts
- 4,459 acres in field crops

Based on data from the Agricultural Commissioner's Office, County of Santa Clara



3.2.1 AGRICULTURAL LAND CONVERSION – PAST HISTORY AND FUTURE THREATS

Between 1984 and 2014, Santa Clara County lost 14,807 acres of farmland and 6,364 acres of rangeland resources.²⁰

Mapping conducted by the Project Team found that of the 14,807 acres of agricultural land converted to other uses, 42% of the agricultural conversions were attributed to city annexations, while 58% was due to rural development. In rural unincorporated lands of Santa Clara County, the majority of agricultural land conversions have occurred in the Agricultural areas around the communities of San Martin and Morgan Hill.

The majority of agricultural conversions from urban development are associated with city annexations by the cities of Gilroy and Morgan Hill. This urban greenfield development trend peaked in the year 2000. (Refer to Graph B)

Within the rural areas, over 83% of land conversions from rural development occurred on existing properties sized 10 acres or less. The majority of these conversions entailed the development of single-family homes on existing lots in the Morgan Hill and San Martin Area. Although the County has a General Plan that establishes a 20 acre minimum lot size for subdivision within the agricultural zoning areas, much of the rural ranchette development has occurred on pre-existing lots that were created prior to existing zoning regulations.

Additional mapping and modeling was conducted by the Project Team, incorporating agricultural conversion threats identified by the State. Through this modeling, it is estimated that **over 28,391 acres of farmland are at risk of conversion in the future**. Farmlands near southern San Jose, south and east of Morgan Hill, and around Gilroy are at the greatest risk of development, and are considered high priorities for conservation.

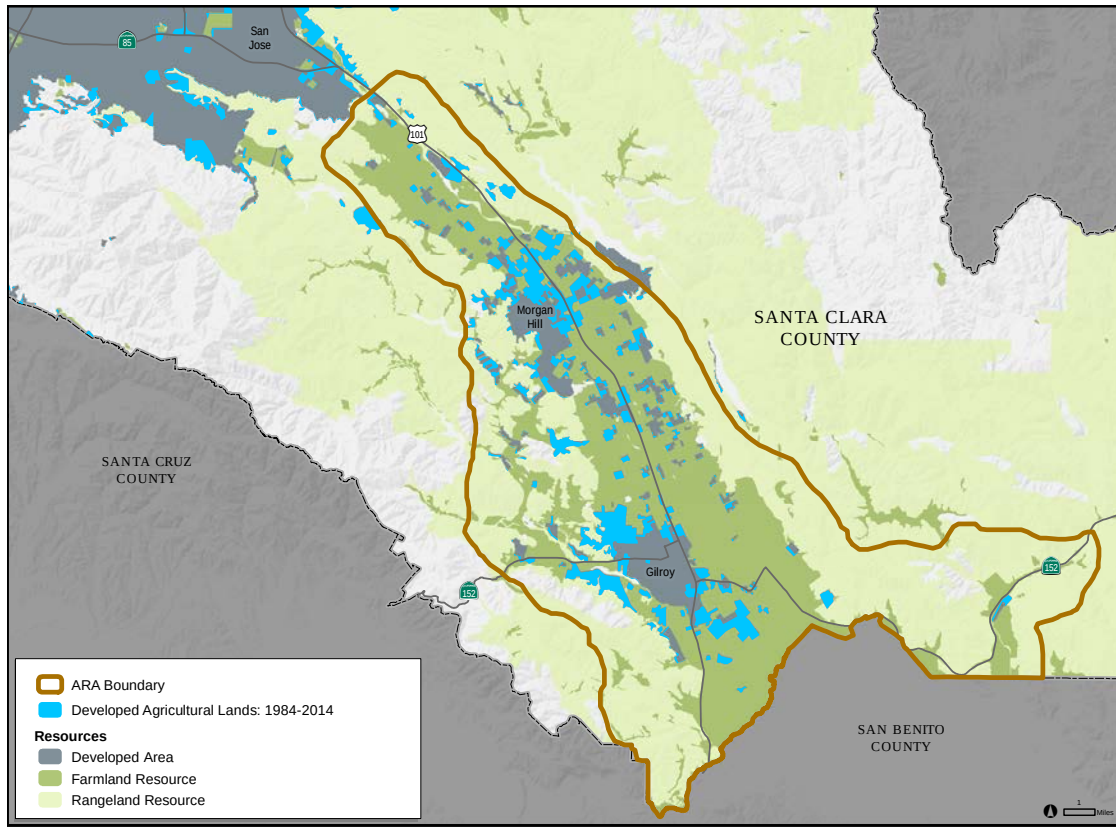
3.2.2 CHALLENGES FOR VIABLE AG IN SANTA CLARA COUNTY

Large number of small lots

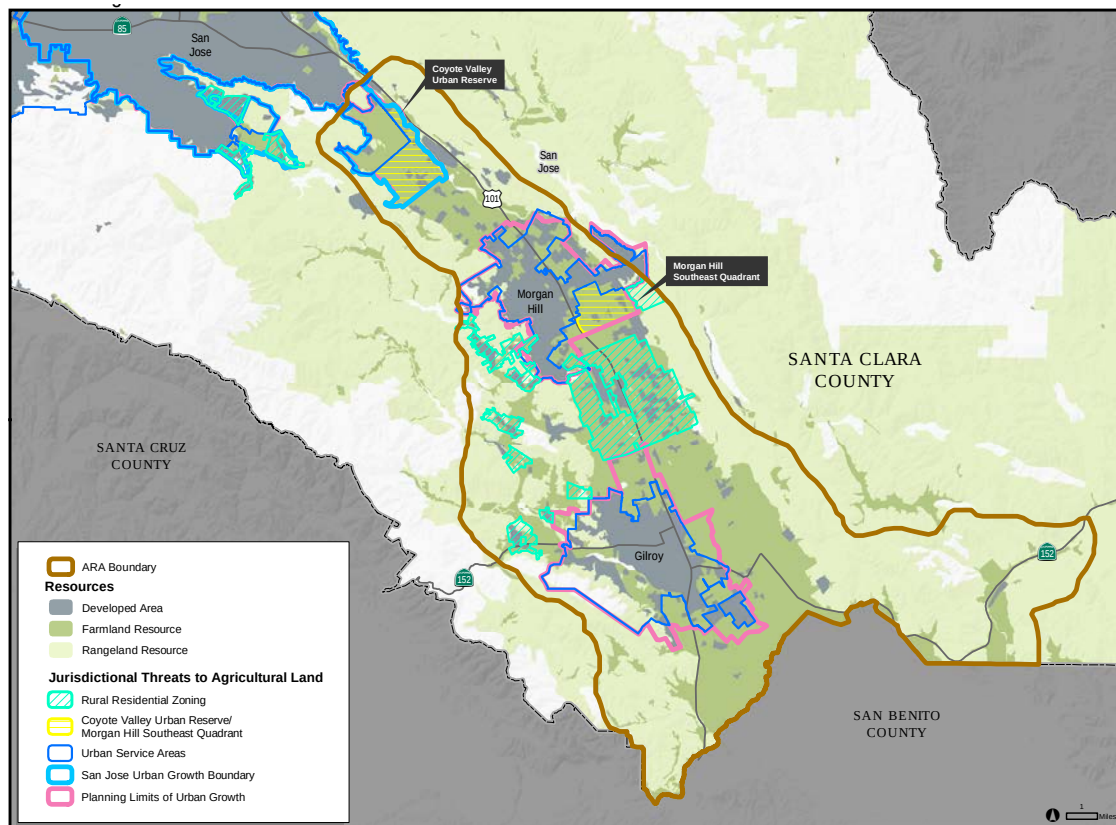
Approximately 51% of agricultural land in Santa Clara Valley is comprised of parcels sized 10 acres or less. Especially in the Morgan Hill and San Martin area, there are few larger lots available for farming (293 lots of size 20 acres or more). The median parcel size of all actively productive farmland is approximately 10 acres.²¹ A majority of the small parcels are located in Morgan Hill and San Martin, with the larger farms located around the Gilroy area.

Farming on smaller parcels can be challenging, especially in an urbanizing area. Based on economies of scale, smaller farms may not have the revenues to support investments in labor-saving machinery, technology and specialized management, resulting in higher production cost per unit. Farmers also find it hard to operate equipment on smaller parcels owing to insufficient area for moving the equipment. Moreover, smaller lots are more expensive compared to larger parcels as they are priced for rural ranchette development.

While it is important to preserve and aggregate larger parcels, an innovative approach is necessary to realize the potential of small and medium-scale farms in supporting a growing demand for local food production. A combination of education, emerging markets for specialty and niche crops, agricultural tourism, and discouraging the use of smaller agricultural parcels as rural ranchettes through stronger land use tools may all contribute to supporting the economic vitality of small parcel farming in the County. In 2016, the **Santa Clara County Food System Alliance** initiated a study to identify the necessary elements to promote viability of small and urban farms in the County. This work will be integrated into the Valley Agricultural Plan implementation elements.



MAP 3-2: AREA OVERVIEW OF AGRICULTURAL LANDS AND CONVERSIONS: 1984-2014



MAP 3-3: POTENTIAL DEVELOPMENT OF FARMLANDS

Proliferation of Rural Ranchettes

An ongoing challenge to sustaining agricultural lands and farming is the proliferation of rural residences on lots between 5-40 acres in agricultural areas. Identified as 'rural ranchettes', this housing may appear agricultural in character, but results in land not being used for commercial crop or livestock production. The proximity to large job sectors in Silicon Valley has induced market demand for rural ranchettes often driven by the desire by some for a rural lifestyle.

Land Held for Speculation

Santa Clara Valley contains approximately 20,099 acres of fallow farmland soils. It is assumed that many of these fallow agricultural parcels are purchased by property owners for future development purposes, driving speculative investments into Santa Clara Valley agricultural lands. The properties are often not made available for farming leases. Around the City of Morgan Hill, small parcel ownership is almost exclusively absentee-owned.

Without a priority on agriculture as a real estate investment, absentee landowners of agricultural resource lands have chosen not to make necessary investments in agricultural infrastructure. When the lands are made available for agriculture, it is often leased for farming that requires little or no long term agricultural investment, such as hay farming.²²

When farming leases are for a short term, often in the range of three to five years, there may be less incentive for a farmer to invest in higher value crops and favoring crops that are more temporary in nature.²³ This impacts the local agricultural economy, and limits diversification of farming practices.

Rural-Urban Interface

Farmers in Santa Clara Valley face challenges due to the rural-urban interface that are not present in other larger agricultural areas in California such as the Central Valley. Undeveloped agricultural lands in Santa Clara Valley are interspersed among uneven city limit lines, rural residential homes, and other incompatible land uses. In this environment, agriculture faces a number of challenges: development pressure, speculative land value, conflicts with residential neighbors, commuter traffic on rural roads, and disinvestment in agricultural infrastructure.

Once non-agricultural development occurs in an agricultural area, the resulting interface challenges create a significant burden for ongoing farming. Although the County has adopted a Right-to-Farm Ordinance, local growers often receive ongoing complaints from adjacent residences regarding dust, noise, spraying activities, and unsightly but necessary infrastructure such as portable toilets and hand washing stations for employee sanitation. Newly proposed State noticing requirements related to the use of pesticides near schools puts additional burdens on farmers. Moving farm equipment is also challenging on rural roads used by commuter traffic. As congestion intensifies on freeways and major roadways, traffic spills over onto rural roads posing a conflict with agricultural equipment movement. In some instances, such as on Highway 25 and Santa Teresa Boulevard, these rural roads have become defacto major thoroughfares.

Ag Infrastructure

Santa Clara Valley agriculture depends on a network of adequate roads and irrigation wells, as well as on the availability and proximity of field labor, processing facilities, transportation services, and other farm-related services.

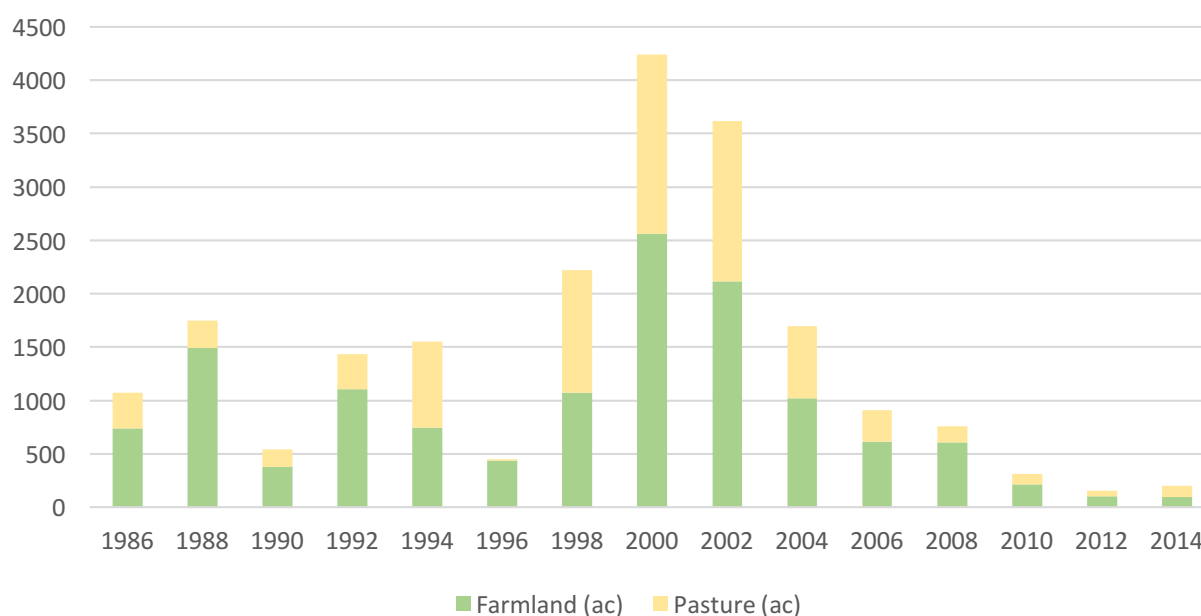
Santa Clara County's nearly 7,256 miles of roads provide a reliable network by which local farmers can move equipment, labor and supplies from field to field and transport their goods to processing plants and markets. However, increased traffic and the rural-urban interface impedes the movement of slower farm equipment, thus affecting productivity, especially in the areas north of Gilroy.

Scarcity of agricultural worker housing in the region, specifically for seasonal labor is a major concern. Agricultural worker housing is needed in locations throughout the County so farmers have a ready and nearby supply of reliable labor at key times in the crop cycle. In addition, farm workers and their families need an array of social support services, including schools, medical services, shopping, etc. that are largely located in the urban areas. Farm workers tend to have the lowest incomes among all workers, so housing needs to be affordable for households earning 50 percent or less of the median income.

Santa Clara County is home to an extensive agricultural packaging and distribution industry. However, this distribution industry is better developed in some sectors, such as vegetables, than others, such as for certain types of stone fruit. Map of existing agriculture related infrastructure in Santa Clara Valley can be found in Appendix H.

Small farms often do not have access to a centralized storage, processing, and distribution network to assist with their operations.

Development of Ag Lands 1986-2014



GRAPH B - DEVELOPMENT OF AG LANDS 1986-2014

Labor Challenges

Labor is one of the top challenges across food supply chain businesses, including farmers, food and beverage manufacturers, and food service. The issues are both cost of labor and a shortage of labor, especially unskilled low wage labor.²⁴

Limited Direct Marketing

The majority of produce from Santa Clara Valley is sold through wholesale facilities and distributed throughout the nation and world and there are limited direct sales between Santa Clara Valley farmers and consumers in Silicon Valley. There are no local procurement policies in place to give preference to local farmers and their produce such as farmer's markets, institutional purchasing or restaurants.

Regulation

Farming is currently regulated at multiple levels by local, state and federal requirements, ranging from food safety regulations, to water quality requirements to pesticide permitting. With respect to local land use controls, several types of agricultural uses such as processing facilities and agricultural worker housing require architecture and site approvals and use permits from the County.

The regulatory process can seem intimidating to farmers who want to comply with requirements but do not understand the regulatory framework.

Climate Change

Climate change is altering both average and extreme temperatures and precipitation patterns, which in turn has an influence on crop yields, pest and weed ranges and length of the growing season. Extreme events, such as heat waves, floods, and droughts, may be among the most challenging impacts of climate change for agriculture, since they can lead to large losses in crop yields and livestock productivity. In one study, researchers found that cherries, the 18th most valuable perennial crop in the state, with 900 acres planted in Santa Clara County, are likely to be the crop most negatively affected by warming in coming decades.²⁵

Water Rates

The Santa Clara Valley Water District offers agricultural water users a lower groundwater rate in accordance with their District Act. The cost of agricultural water is also lower in part because of a reduced cost of service and to encourage open space preservation, which is important for watershed health. There is a need to maintain water rates and water access for farms and ranches. (Refer to www.valleywater.org for more information on the District Act).

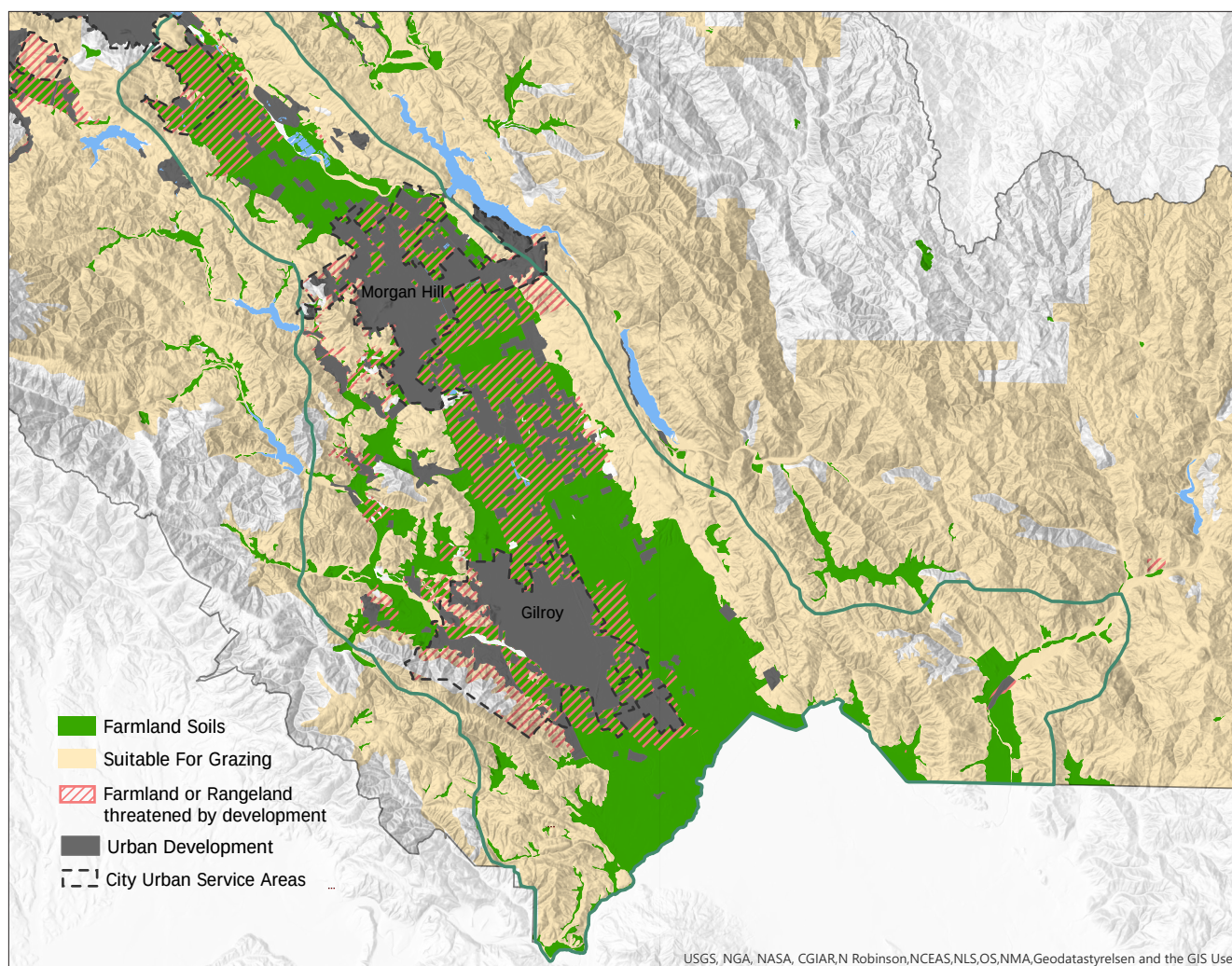
High Speed Rail (HSR) and other Utility/ Infrastructure projects

Development pressures are compounded by the potential displacement of farmland by planned highway widening projects and by the California HSR. The proposed HSR alignment places future urbanization risks and impacts to remaining agricultural lands in Santa Clara Valley.

3.3 AGRICULTURAL RESOURCES AND THE RISK OF DOING NOTHING

Santa Clara Valley contains 44,462 acres of available farmland and 54,894 acres of rangeland. Approximately 14,145 acres of available farmland and 2,641 acres of rangeland within the Santa Clara Valley are within City Urban Growth Boundaries or non-agricultural County zoning districts. Based on these factors, the Valley Agricultural Plan designates these areas at a higher risk for development. **If developed, The Santa Clara Valley would lose approximately 32% of its remaining available farmland and 5% of its rangeland.** This development, also factoring in additional residential development allowed under the County's agricultural zoning, would result in over 1.86 billion additional annual vehicle miles traveled, and over 21 million MT CO₂ emissions. This is the equivalent of burning nearly 2.47 billion gallons of gasoline, or over 50 million barrels of oil.

In addition to these direct impacts, an on-going loss in working lands puts the County at future sustainability risk with less capacity for climate resilience, where retention of local groundwater supplies (an ecosystem benefit provided by working lands) and local food security resources is critical. Other losses include the change and decline in rural community character of Santa Clara Valley, as defined by our working lands that provide self-financed open space.



MAP 3-6: THE RISK OF DOING NOTHING



Doing nothing also means missed opportunities, such as:

- **The food story.** The food system is evolving towards delivering the “story behind the food” and a full accounting about how food is produced, in response to growing consumer demand.
- **Opportunities at all scales.** The region is receptive to food supply chain businesses across all sectors and is notable for having a wide range of businesses at scales that are economically feasible, from owner/operator start-ups to international corporations.
- **Agglomeration of food and beverage processing and distribution firms adds value.** Geographic concentrations of interconnected food and beverage businesses, suppliers, service providers, and associated institutions create added value for the industry.
- **Growing demand for co-locating and co-packing operations.** There are marketing, equipment, labor, and other efficiencies that come with co-locating for food entrepreneurs in operations such as brick and mortar incubator spaces; kitchens; and workforce development programs with physical food production/manufacturing locations. Likewise, co-packing facilities help enterprises to scale production and can enable savings on start-up costs for equipment, rent, labor and certifications.
- **Institutional purchasing policy and infrastructure.** Large purchasers with “economies of scale”, such as schools, corporate campuses, hospitals, and jails have the potential to greatly impact the demand for local food. Better connecting farmers to local markets fosters increased revenue and diversified revenue streams (e.g., through direct marketing, food hubs, institutional procurement of local goods, etc.).
- **A wide range of job opportunities.** Occupations across the food value chain represent an array of fields, levels of training, and earnings potential. In every segment, training and requirements vary from on-the-job training to graduate degrees. In particular, there is a growing demand for people who can bring technological innovation to agricultural and food businesses.

3.4 SUPPORTING THE GROWTH OF A VIBRANT AGRICULTURAL ECONOMY

The Project Team identified several key ingredients and desirable conditions to create a favorable environment for farming and to allow growth of the agricultural economy. Enhancing and supporting these conditions is vital to growing a viable agricultural economy in Santa Clara Valley:

01

LARGE PARCELS:

Protecting contiguous holdings and consolidating smaller parcels where possible for agricultural use

02

LAND PRICED TO SUPPORT FARMING:

Reducing land speculation to provide favorable financial conditions for farming

03

GOOD SOIL:

Prioritizing conservation of parcels with prime Category I, II or III soils

04

AVAILABILITY OF WATER AND LOW WATER RATES:

Working with the SCVWD to maintain water rates that support sustainable agricultural practices

05

ACCESS TO SEASONAL AND YEAR-ROUND LABOR:

Promoting the development of agriculture worker housing

06

URBAN INTERFACE THAT VALUES AND RESPECTS AGRICULTURE:

Maximizing separation between agricultural land and incompatible residential development, directing commuter traffic off of rural roads

07

EASY ACCESS TO MARKETS AND CUSTOMERS:

Marketing, branding, education and instituting local-preferable purchasing policies

08

LESS RED TAPE WITH REGULATORY PERMITTING PROCESS:

Deregulation of permitting where possible in the agricultural sector and providing farmer assistance

09

SUPPORTIVE INFRASTRUCTURE:

Developing packing, warehousing, distribution, equipment and farm supplies

“

I'm a farmer because I understand climate change is directly linked to how we handle natural resources. We can work the land to sequester carbon.

-Matt Smiley, Farm Manager, Farmer Veteran Coalition

04

ORGANIZING FRAMEWORK

4.1 AN INTEGRATED VISION FOR GROWING SANTA CLARA VALLEY'S AGRICULTURAL ECONOMY

We can realize the vision of a thriving agricultural economy as articulated in Section 1. This is a vision that we can enact and commit to fulfilling today through our policy decisions and investments.

This Valley Agricultural Plan looks at Santa Clara County's agricultural economy from an integrated systems perspective. This Plan is organized around four Focus Areas of equal importance: **(a) Land Use Policy (b) Regional Agricultural Conservation Easement Program and other Voluntary Financial Incentives (c) Agricultural Economic Development Strategy and (d) Branding, Education and Awareness Strategy**, which make up the foundational system of advancing this Plan. The organizational framework is based on the idea that innovation is most likely to occur in the areas where the Focus Areas overlap and that the success of this Valley Agricultural Plan relies on businesses, nonprofits, government agencies, educational institutions, and others working together. The underlying concepts and goals of this framework are:

- **Common agenda** – To articulate a shared vision and actions that strengthen the regional ag economy and are implemented by 2030;
- **Collaboration** – To build on a range of opportunities for increased communication and collaboration across a diversity of stakeholders and decision makers; and
- **Mutually reinforcing activities** – To support and build on existing agricultural and food system projects, programs and organizations and advance new ideas in a coordinated and directed fashion.

4.2 FOCUS AREAS AND MAIN OBJECTIVES

Each of the four Focus Areas has a set of objectives, strategies, recommended near-term action steps and responsibilities in the following pages, and summarized below:



LAND USE POLICY

OBJECTIVES

1. Recognize viable agricultural lands and sub-areas within the County General Plan and Zoning Ordinance.
2. Prevent the conversion of agricultural lands to non-agricultural uses within the rural areas.
3. Encourage the establishment of infrastructure and support uses that facilitate the growth of the regional agricultural economy.
4. Reduce conflict between incompatible uses and Agriculture within agricultural areas.



AG ECONOMIC DEVELOPMENT STRATEGY

OBJECTIVES

8. Provide support for farmers in regulatory compliance.
9. Improve the climate for the growth of a diverse, vibrant, and innovative agriculture economy.
10. Support the growth of new farms and creation of new farmers to provide diversity and long term resiliency in the local agricultural economy.



AG LAND CONSERVATION EASEMENTS & OTHER VOLUNTARY FINANCIAL INCENTIVES

OBJECTIVES

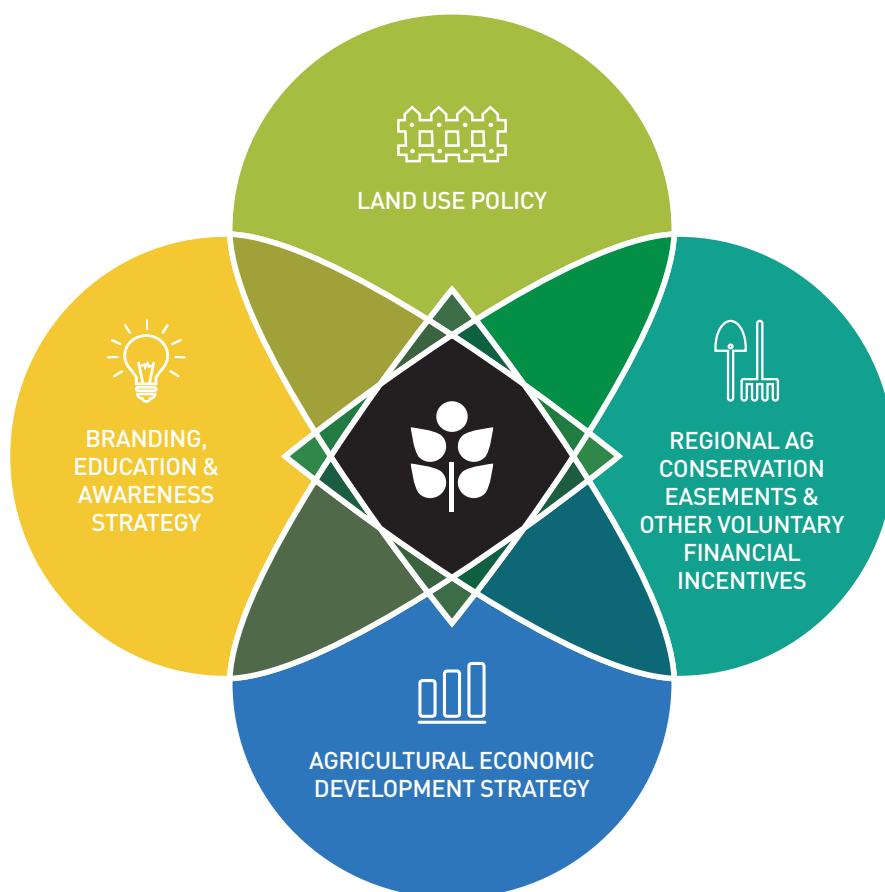
5. Establish a Regional Agricultural Conservation Easement purchasing program for Santa Clara Valley.
6. Encourage landowners to take advantage of property tax incentives to keep land in agriculture.
7. Identify opportunities and create programs that provide financial compensation to farmers who provide ecosystem benefits (greenhouse gas reduction, groundwater and floodplain protection) through farming.



BRANDING, EDUCATION & AWARENESS STRATEGY

OBJECTIVES

11. Develop and launch a Santa Clara Valley Agriculture Campaign.
12. Conduct outreach and engage and educate the public and consumers. Build a local constituency that is informed about and supportive of regional agriculture.



“

As many leading authorities have suggested, the Natural and Working Lands pillar of California’s climate strategy should include an aggressive effort to reduce the conversion of agricultural land to urban uses. This effort should be guided by an ambitious but achievable goal of reducing the annual rate of farmland conversion at least 50% by 2030 and at least 75% by 2050.

-American Farmland Trust–Agricultural Land Conservation: An Important Part of California’s Climate Strategy

4.3 WHAT SUCCESS LOOKS LIKE

This Valley Agricultural Plan recognizes the need for shared leadership and responsibility across many organizations to accomplish the vision of a vibrant regional agricultural economy. In contrast to the risk of doing nothing, success of the Plan centers around the growth and expansion of a vibrant regional agricultural economy that provides multiple benefits to all members of Santa Clara County.

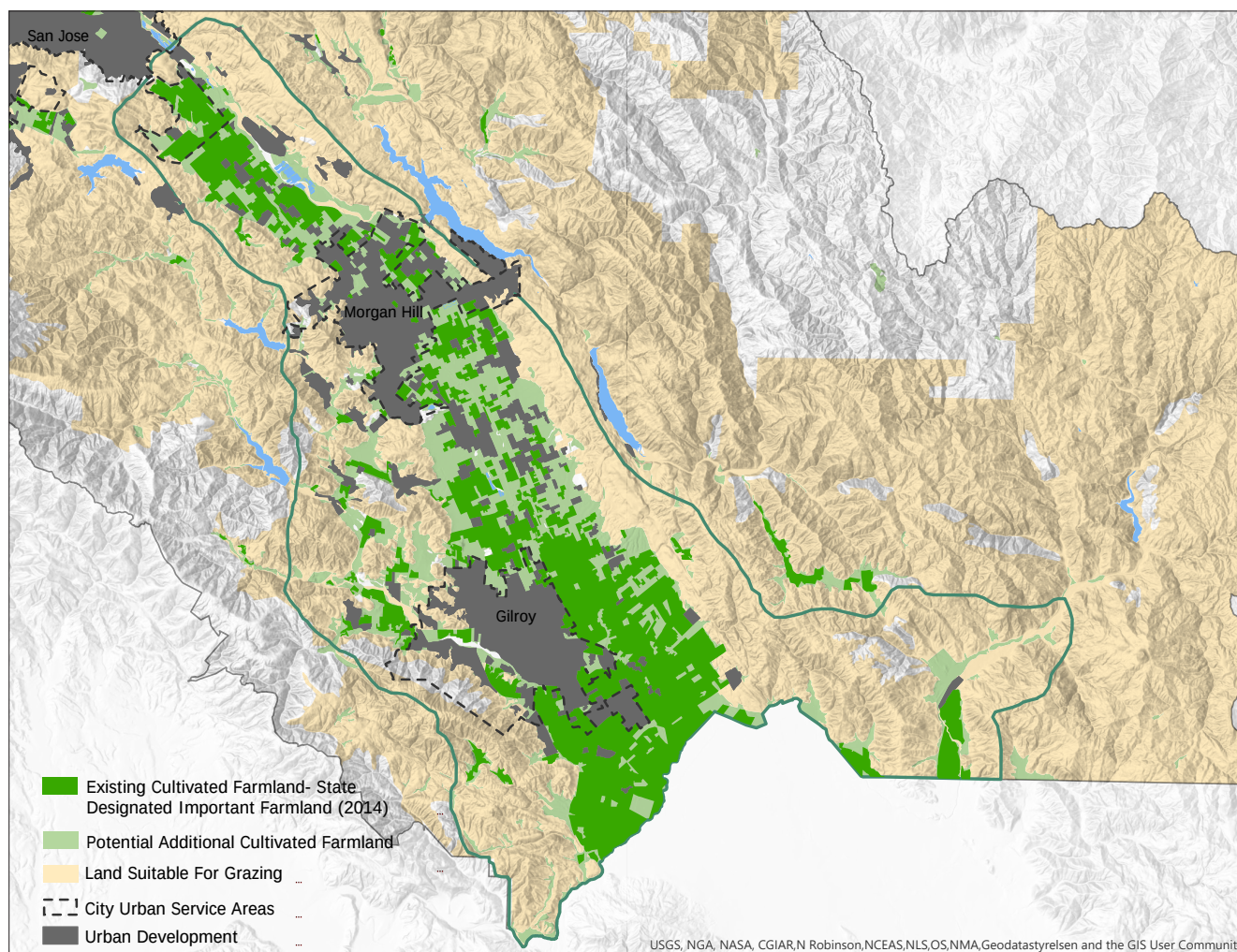
Success is defined not as a decline, but a growth in the amount of available lands that are actively farmed, a growth in the number of farms and farmers active in agriculture, a growth in farming diversity (including a new generation of farmers and a wider diversity of products) and a growth in the overall economic output of our agricultural sector. In addition, long-term success is defined as an evolution and maturity of an integrated regional food system, where food grown in Santa Clara Valley is present and recognized in markets, stores, and households throughout the County and region.

To realize the change in rural agricultural Santa Clara Valley, success of this Plan would result in recognized agricultural character as one travels through southern Santa Clara County, distinguished by a diversity of working farms, ranging from small “niche” farms that provide direct sales to restaurants and CSA’s, to larger operations that provide crops and important distribution facilities that integrate with both the local food economy and worldwide agricultural exports.

Expansion in the awareness of Santa Clara Valley agriculture and agri-tourism would be distinguished by the visual presence of more farm-stands, u-pick operations, farm to table events, areas for corporate picnics, signs and landmarks identifying and recognizing the Santa Clara Valley agricultural region, representing a richer understanding and appreciation of our working farms.

Finally, **success results in a more climate resilient and sustainable Santa Clara County.** Protection of critical food and groundwater resources associated with the maintenance of working lands is critical in the years ahead, in which access to the global food markets and non-local water resources will be challenged by climate change. **The retention of local working lands is a critical part of recognizing the importance of regional economies in which cities and rural areas are integrated in holistically managing resources, wastes, food, and water.**





MAP 4-1: WHAT SUCCESS LOOKS LIKE

“

If agriculture is to not only survive but thrive in Santa Clara County, we need a coordinated set of strategies that recognize the contribution of our working lands to a resilient and sustainable region. The Santa Clara Valley Agricultural Plan puts us on that path.

-Andrea Mackenzie, General Manager, Santa Clara Valley Open Space Authority





As California's population continues to grow, communities must expand to accommodate more people. However, urbanizing productive cropland can have real costs, both for the ag economy as well as the fiscal bottom line.

-Rural Urban Connections Strategy, Sacramento Area Council of Governments (SACOG)

05

FOCUS AREA: LAND USE POLICY

PRESERVING AGRICULTURAL RESOURCES AND SUPPORTING WORKING LANDS

This Valley Agricultural Plan proposes new agricultural land preservation policies, policy updates and programs to support long-term agriculture and a vibrant agricultural industry that in turn protects the County's economic, environmental and cultural assets. The proposed policy builds on foundational policies in the County's General Plan that identify agriculture as a key resource and identify areas of important agricultural value to focus conservation efforts.

OBJECTIVE

1. RECOGNIZE VIABLE AGRICULTURAL LANDS AND SUB-AREAS WITHIN THE COUNTY GENERAL PLAN AND ZONING ORDINANCE.

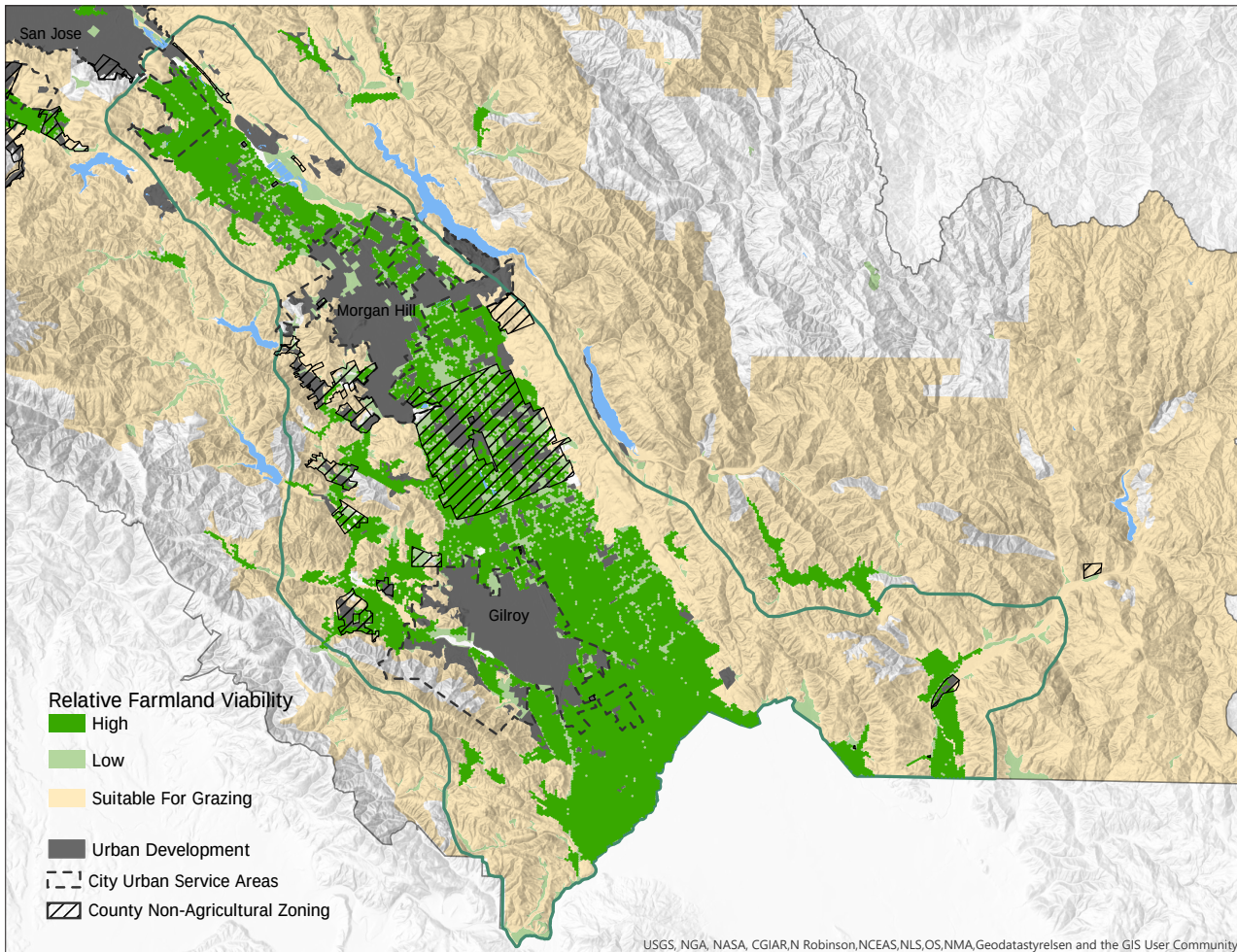
Strategies / Actions



Extend Agricultural zoning to encompass all viable agricultural lands.

ACTIONS AND ACTORS

- Designate all viable agricultural lands within the Agricultural Resource Area (ARA) as Agricultural Zoning. A preliminary map identifying this area is Map 5-1. (County)



MAP 5-1: VIABLE AG LANDS WITHIN THE ARA

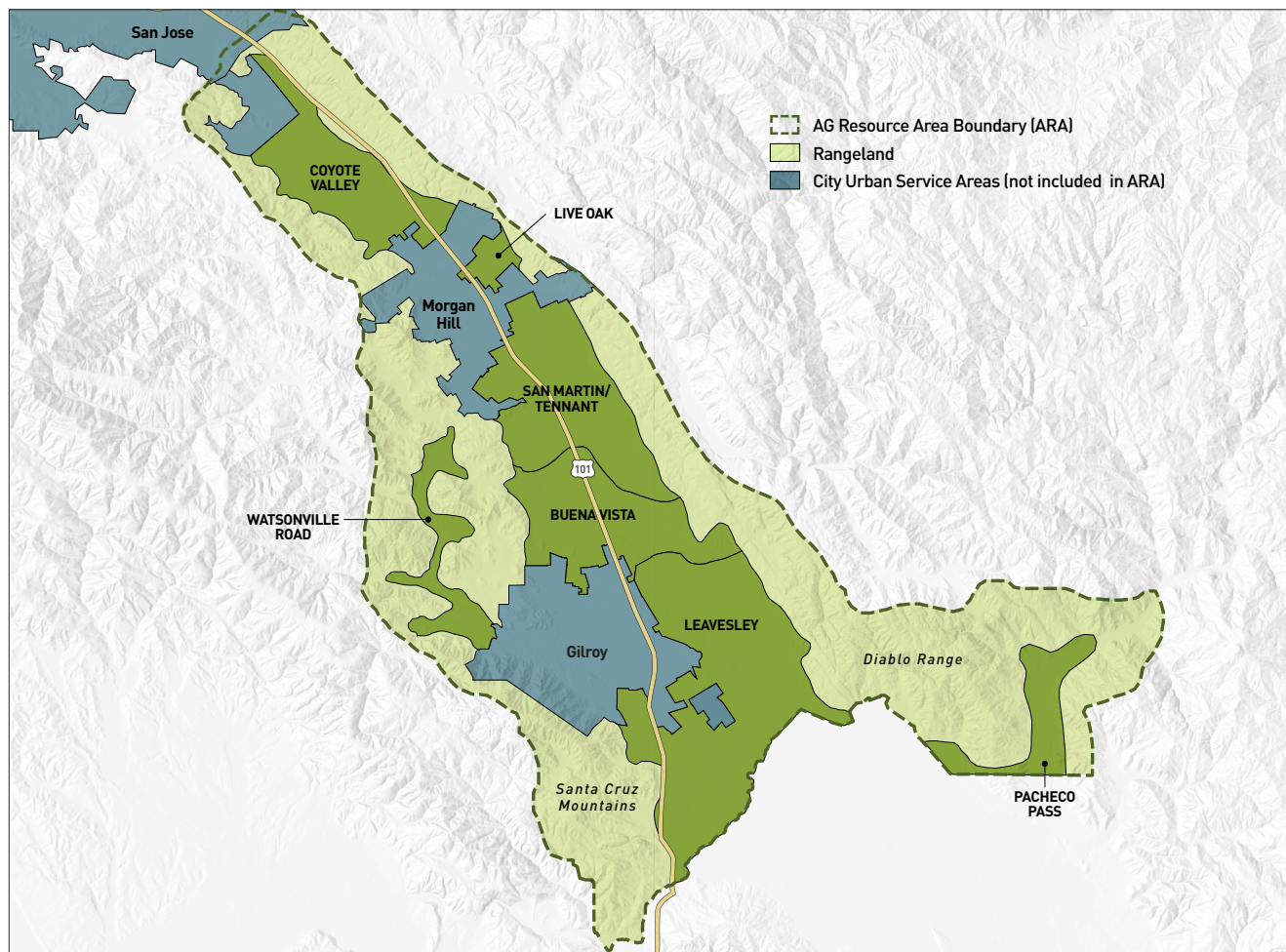
Attachment: SCV_AgPlan_Draft-1 (1552 : County Ag Plan)



Consider designation of agricultural zoning regions specific to sub-areas in the ARA that share a common identity, for focused application of agricultural protection tools.

ACTIONS AND ACTORS

- In concert with economic development actions (*Section 7 of this Plan*), consider application of specific zoning tools for different sub-areas based on specific characteristics. Potential land use tools include:
 - *Cluster Subdivision Requirements* – clustering of homes in subdivisions with retention of large contiguous lands for farming.
 - *Underlying Lot Standards* - Clustering standards and development footprint size limitations for underlying lots (undeveloped legal lots much smaller than the minimum lot size within the Agricultural areas)
 - *Agricultural Industrial zones* – recognition of areas essential for Agricultural packing, warehousing, processing and distribution of agricultural products.
 - *Agricultural Tourism* – recognition of areas where Agricultural tourism activities are prevalent.
 - *Transfer of Development Rights* – allowing the transfer of development rights on agricultural lands to higher density urban development within partner Cities. (*County*)



MAP 5-2: ARA SUB-AREAS



Coordinate with neighboring Santa Clara Valley cities to create consistency in the designation of agricultural areas between the County and Cities' General Plans.

ACTIONS AND ACTORS

- Create and share template language for agricultural resource definition and protection policies for consideration by Cities. *(County)*
- Integrate and adopt such policy language in general plans to share a common regional vision, goal, and approach for agricultural resource conservation in Santa Clara Valley. *(County -Lead, San Jose, Gilroy, Morgan Hill)*



OBJECTIVE

2. PREVENT THE CONVERSION OF AGRICULTURAL LANDS TO NON-AGRICULTURAL USES WITHIN RURAL AREAS

Strategies / Actions



Prevent the establishment of incompatible uses within the ARA which increase land speculation and impair ongoing agricultural production.

ACTIONS AND ACTORS

- Strengthen zoning standards for agricultural areas that restrict the establishment of non-agricultural and non-residential uses in agricultural areas that do not support agriculture. *(County)*



Prevent conversion of agricultural lands into rural ranchettes that increase land speculation and reduce viability of ongoing neighboring farm operations.

ACTIONS AND ACTORS

- Set limits on residential building sizes and footprints within the ARA with residences accessory to the agricultural production use.



Enact a County-wide agricultural mitigation fee that requires a mitigation fee for development that converts viable agricultural land to other uses.

ACTIONS AND ACTORS

Prepare and adopt an agricultural mitigation fee, including the definition of when the fee would apply, the cost / mitigation ratio (in compliance with mitigation fee act requirements), and the mitigation program *(County)*

- Create a regional mitigation fee program that uses a consistent fee among all jurisdictions in the ARA *(County-Lead, Gilroy, Morgan Hill, LAFCO)*



We found common ground among people that participated in this project - we must protect the land that is currently zoned for agriculture for long-term agricultural production.

-Kirk Girard, Planning Director, County of Santa Clara

OBJECTIVE

3. ENCOURAGE THE ESTABLISHMENT OF INFRASTRUCTURE AND SUPPORT USES THAT FACILITATE THE GROWTH OF THE REGIONAL AGRICULTURAL ECONOMY

Strategies / Actions



Enact regulatory reform that reduces regulatory barriers to allow the establishment of buildings, infrastructure and uses that support a regional agricultural economy.

ACTIONS AND ACTORS

Pursue revisions to County zoning ordinance regulations and development standards to streamline the establishment of agriculture supportive uses within the ARA, such as agricultural processing and agricultural research uses. *(County)*



Facilitate construction of more farm worker housing for seasonal and year around farmworkers.

ACTIONS AND ACTORS

- Pursue revisions to County zoning ordinance regulations and development standards to streamline the establishment of farmworker housing within the ARA.
- Identify opportunities, including siting and funding options, for farmworker housing projects. Develop farmworker housing models and identify densities that could be supported in urban and urban edge areas as well as in unincorporated rural communities. *(County-lead)*



OBJECTIVE

4. REDUCE CONFLICT BETWEEN INCOMPATIBLE USES AND AGRICULTURE WITHIN AGRICULTURAL AREAS

Strategies / Actions



Require setbacks / buffers for new non-agricultural development within or adjacent to agricultural lands to reduce interface between incompatible land uses and farming.

ACTIONS AND ACTORS

- Develop and adopt policies and standards relating to agricultural setbacks / buffers for non-agricultural uses that are developed adjacent to agricultural areas, when adjacent or within the ARA. This may include increasing setback requirements for residential uses, and specific setback requirements within the County Zoning Ordinance.
- Work with adjacent cities (San Jose, Gilroy, Morgan Hill) to adopt consistent agricultural setback standards within their zoning ordinances, for any urban edge development adjacent to agricultural areas. *(County – lead; San Jose, Morgan Hill, Gilroy)*



Strengthen right-to-farm requirements.

ACTIONS AND ACTORS

- Draft revisions to the ordinance code to require active disclosure and education for any individuals that buy property within agricultural areas, clarifying expectations regarding agricultural activities and potential nuisances and protections for agriculture under the County's Agriculture and Resource Management ordinance (Division B29, Chapter 1). *(County – lead)*





“

Agriculture easement programs are only successful if they are backed up by strong zoning and GP certainty.

-Kathryn Lyddan, Assistant Director - California State Department of Conservation

06 FOCUS AREA: REGIONAL AGRICULTURAL CONSERVATION EASEMENT PROGRAM AND OTHER FINANCIAL INCENTIVES

Agricultural conservation easements are the prescribed agricultural preservation tool under *California's Sustainable Agricultural Lands Conservation Program* (SALCP). Through strategic conservation easements, the SALC Program seeks ***“to protect the broad agricultural land and soil resource base from sprawl development, and in doing so, avoid increasing GHG emissions associated with increased automobile emissions.”***²⁶

An agricultural conservation easement (ACE) can result in significant financial benefits to a landowner or farm family. Payment by a conservation organization or agency to purchase all or a portion of a property's development rights results in payments that can be paid at one time or spread out over a period of time. This can provide capital for a family to make investments to support their operation, pay down debt, or perhaps buy out family members who want to sell the farm or ranch. Donations of easements to qualified conservation organizations are typically considered charitable gifts by the IRS for tax purposes and can significantly reduce income tax burden; a benefit that can be spread over a period of years. Reducing development potential may also result in a lower property tax assessment and reduce a family's annual property tax burden.

OBJECTIVE

5.

ESTABLISH A REGIONAL AGRICULTURAL CONSERVATION EASEMENT PURCHASING PROGRAM FOR THE SANTA CLARA VALLEY

THINK ABOUT IT

A Legacy of Conservation**THE SANTA CLARA VALLEY OPEN SPACE AUTHORITY (OSA)**

OSA was founded in 1993 for the purpose of balancing rapid development and ensuring protection of valuable open space lands and productive farm and ranchland. A small, diverse group of citizens together with community, business and government leaders sowed the seeds for the founding of the OSA during the 70's and 80's through advocacy and education about the threats to the environment from development and the urgent need to protect open space lands. This effort culminated with Governor Pete Wilson signing the OSA into being in 1993. The OSA's jurisdiction includes the cities of San Jose, Santa Clara, Milpitas, Campbell, Morgan Hill and parts of the unincorporated Santa Clara County.

The OSA's purpose is to protect the County's quality of life by preserving open space and natural resources. It does so through well-planned land preservation, state of the art resource management, educational programs, and collaborative partnerships. In the last 20 years, the OSA has protected nearly 22,000 acres of the Valley's most beautiful and valuable open space lands through purchase, conservation easements, and partnerships with other conservation agencies and nonprofits.

Strategies/Actions**Establish a Regional ACE Purchasing Program****ACTIONS AND ACTORS**

- Secure grant funding to support **ACE Program** development (*County and OSA – lead*)
- Create a **Regional ACE program**, establishing a sustainable administrative structure and financial model to support ongoing purchase of **Agricultural Conservation Easements** from agricultural landowners. Key factors include:
 - *Building on past efforts and models, including the 2000 County of Santa Clara Agricultural Conservation Easement Task Force, the Morgan Hill Agricultural Lands Preservation Program, and the California Council of Land Trusts' Conserving California's Harvest (2014).*
 - *Engage LAFCO and the Cities of San Jose, Morgan Hill, and Gilroy in this planning process, along with the Land Trust of Santa Clara Valley and other conservation partners.*
 - *Identify and implement a sustainable financial / funding model, including SALCP grant funding, agricultural mitigation fees (Land Use Policy Action 2.d) and / or real estate transaction fees or other fees or assessments.*
 - *Identify and establish the administrative structure for the ACE program, including the feasibility of developing a central ACE Program administrator.*
 - *Develop and adopt a preferred acquisition strategy, using refined mapping to identify strategic properties that maximize carbon and other environmental co-benefits, and which are essential to sustain the local agricultural economy.*
- Develop outreach program and materials to educate landowners about the benefits of conservation easements.
 - *Host ACE workshops for landowners incorporating legal and tax professional advice.*

OBJECTIVE

6.

ENCOURAGE LANDOWNERS TO TAKE ADVANTAGE OF PROPERTY TAX INCENTIVES TO KEEP LAND IN AGRICULTURE

Strategies/Actions



Increase participation in the County's Williamson Act Program and Establish a Farmland Security Zone Program

ACTIONS AND ACTORS

- Increase landowner participation in the **Williamson Act Program**, which is estimated to save agricultural landowners 20 to 75 percent in annual property tax liability.
- Develop promotional and outreach materials for landowners that describe the benefits of the **Williamson Act** and the County's role in covering the State's subvention payment.
- Adopt and implement a **Farmland Security Zone (FSZ)**, which offers landowners greater property tax reductions, and for a longer period (land restricted by a FSZ contract is valued for property assessment purposes at 65% of its **Williamson Act** valuation, or 65% of its Proposition 13 valuation, whichever is lower; and for a minimum term of 20 years).

THINK ABOUT IT

Preserve Land, Preserve Profit

Yuba County set policies to safeguard their agricultural economic base, while strategically allotting other areas for new jobs and residents.

THESE POLICIES INCLUDED:

- » *Preserve 10,000 acres of farmland from urbanization, thereby...*
- » *Protecting \$31 million per year of agricultural value in current crop mix, with...*
- » *Potential to reach \$150 million per year, as farmers grow higher-value crops*

Source: Rural-Urban Connections Strategy, SACOG



In addition to contributing to beef production, cattle grazing in Santa Clara County is now recognized by resource management professionals as essential to conserving open space and maintaining habitat for many native plants and animals. At the landscape level, ranching maintains extensive open spaces that support species-rich wildlife communities.”

-Sheila Barry, Livestock and Natural Resources Advisor for University of California Cooperative Extension, SCC

OBJECTIVE

7.

IDENTIFY OPPORTUNITIES AND CREATE PROGRAMS THAT PROVIDE FINANCIAL COMPENSATION TO FARMERS FOR PROVIDING ECOSYSTEM BENEFITS (GHG REDUCTION, GROUNDWATER AND FLOODPLAIN PROTECTION) THROUGH FARMING

Strategies/Actions



One of the most important means to protect the local agricultural land base is to help ensure that farmers and ranchers can stay profitable over the long-term, reducing the pressure to sell land for development.

In addition to the financial benefits provided by conservation easements, many voluntary programs, tools and financial incentives are available from Federal, State, and local agencies to help local agricultural families and businesses stay in the black. Many landowners lack the awareness or expertise to effectively pursue and secure these funds, which demonstrates the critical importance of increasing the capacity of local Resource Conservation Districts and related agencies to work with willing landowners to take full advantage of these and other programs. Simultaneously, many financially remunerative programs also incentivize the ecosystem co-benefits of agriculture, including greenhouse gas reduction, groundwater and flood plain protection.

ACTIONS AND ACTORS

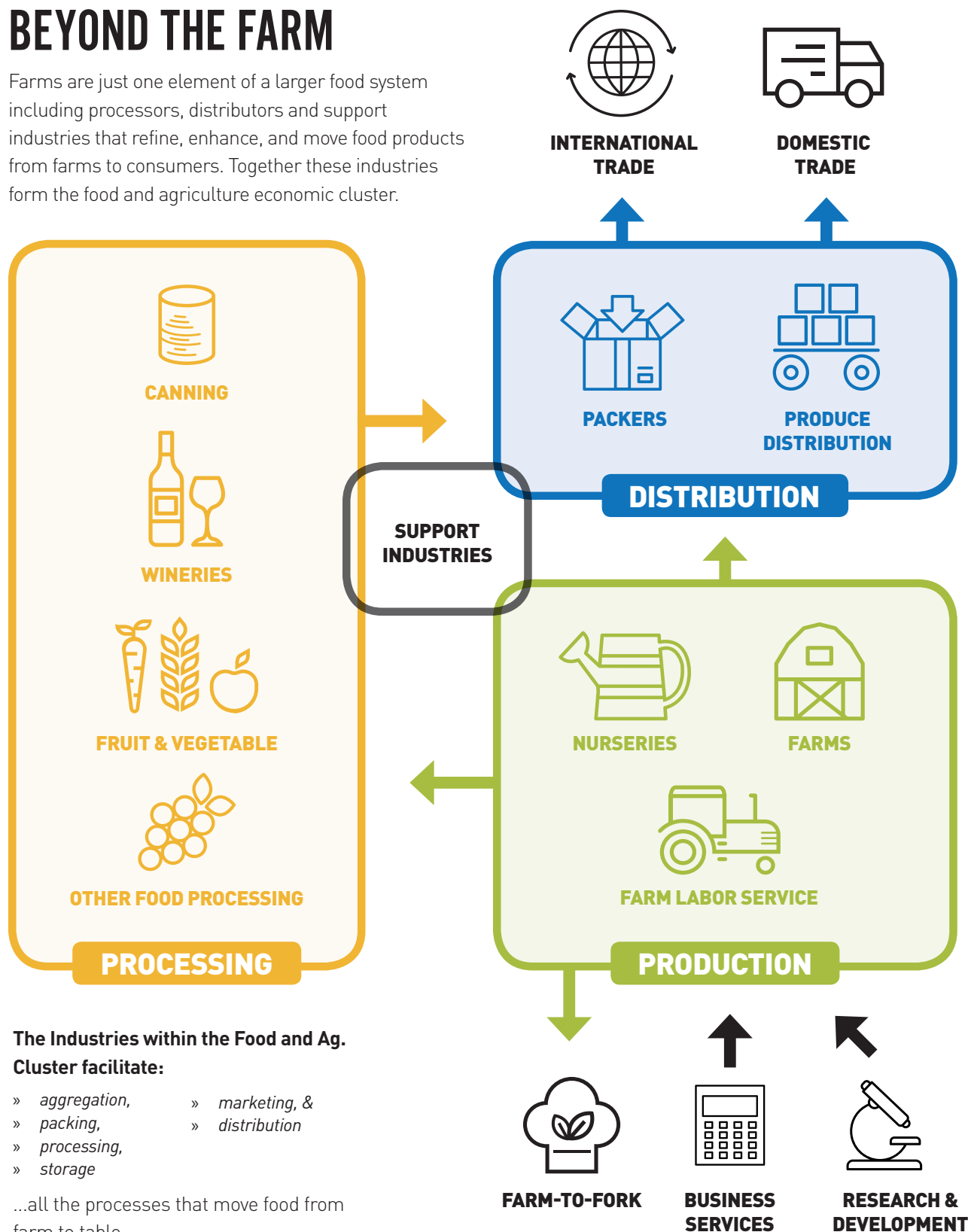
- Complete visible pilot projects under existing State and Federal grant and technical support programs that provide support for farmers that provide ecosystem benefits such as:
 - USDA Farm Bill funded grant programs such as the **Agricultural Water Enhancement Program, Agricultural Assistance Program**, and **Environmental Quality Incentives Program** that address areas such as:
 - > *On-farm water conservation, establishing cover crops and tailwater ponds to reduce nitrate pollution in groundwater, and creating hedgerows and farmscaping that provide habitat for beneficial insects, pollinators and wildlife.*
 - > *Programs like the CDFA Healthy Soils Initiative that provides financial incentives to farmers and ranchers for the adoption of new management practices with climate benefits.*
- Evaluate expansion of the **Santa Clara Valley Water District's Open Space Credit Program**, that currently caps the water rate at 1/10th the amount paid by industrial and municipal water users. Coordinate with the SCVWD to pursue opportunities to refine or expand the program to provide additional incentives to agricultural landowners who employ water-saving and climate-smart conservation management practices that promote water conservation and groundwater recharge.
 - Specific actions include pursuit of potential grant funding, conducting an economic cost-benefit analysis, and pursuing a pilot implementation program.

- Establish a Pilot Payment for **Ecosystem Services Program** to provide incentives to local landowners to implement conservation practices that promote climate, water, and related environmental benefits. Specific actions include:
 - Pursue **Conservation Innovation Grant** funding from the *Natural Resources Conservation Service (NRCS)* and related programs offered by public funders and private foundations.
 - Consider grant funding from OSA's **Measure Q** for a pilot implementation program for funding of farming that incorporates conservation practices that provide important ecosystem services —such as cover cropping.
 - Identify long-term funding opportunities for supporting agricultural land preservation and farming that reduces greenhouse gas emissions, thorough California's growing carbon market, including any regional GHG mitigation programs.



BEYOND THE FARM

Farms are just one element of a larger food system including processors, distributors and support industries that refine, enhance, and move food products from farms to consumers. Together these industries form the food and agriculture economic cluster.





FOCUS AREA: AGRICULTURAL ECONOMIC DEVELOPMENT STRATEGY

MAKING THE CASE FOR INVESTMENT IN SANTA CLARA COUNTY'S AGRICULTURAL ECONOMY

Economic development is the enhancement of a community's productive capabilities, largely through the retention and expansion of businesses, jobs and revenue as well as through investments in training and critical infrastructure, such as transportation, energy, and water systems. The County of Santa Clara is committed to growing a healthy agricultural economy, in order to help the private sector provide more business development and job opportunities for County residents, which in turn generates more revenue for the County to provide a better array and quality of services. The ***Economic Development Strategy*** Focus Area lays out a suite of strategies and actions that reinforce and support the other three Focus Areas of this Valley Agricultural Plan.

The following proposed strategies and actions, organized by three main objectives, directly build on the strengths, address the challenges, and capitalize on the opportunities described in the other Focus Areas.

OBJECTIVE

8.

SUPPORT THE VIABILITY OF THE AGRICULTURAL ECONOMY.

THINK ABOUT IT

Farmbudsman

A “Farmbudsman” acts as a liaison between agricultural businesses and local and county governments with the goal of facilitating projects and helping to add value to agricultural enterprises by reducing obstacles to expanding, enhancing, or maintaining these agricultural businesses. This position typically involves assisting farmers, ranchers, and agriculture-related businesses with permitting processes, including support with meeting agricultural permitting and standards required by regulatory agencies. The position may also be responsible for administering special grants from state and federal sources.

Solano and Yolo counties in California jointly established a farmbudsman program in 2013 to serve the agricultural needs of both counties. The farmbudsman was anticipated to improve the viability of the agricultural industry, enhancing its economic, cultural, and environmental benefits in the respective counties. The position was originally established by an operating agreement with the counties and Solano Community College Small Business Development Center to administer the program. However, Yolo County withdrew from the joint program in July 2016. Today, the farmbudsman program continues in Solano County with administrative support from Humboldt State University’s Northern California Small Business Development Center.

Within the first year of the joint farmbudsman program (2013-2014), the position directly facilitated a \$565,000 increase in agriculture sales across the two counties and \$620,000 in direct equity investments and loans. During this same time, the position contributed to an estimated \$1.7 million of economic growth through sales and investment and \$6.5 million in economic growth through jobs added. While the position no longer serves Yolo County, the Solano County Farmbudsman has built on these previous successes by continuing to help hundreds of farmers and ranchers throughout the County with direct assistance in navigating regulatory processes and cultivating new sales outlets for their products.

Strategies / Actions



Support farmers in obtaining permits and regulatory compliance associated with actions and activities that support long term agricultural investment and growth of the agricultural economy.

ACTIONS AND ACTORS

- Create an **Agricultural Ombudsman (Farmbudsman)** position to assist farmers and ranchers with regulatory compliance. **The Farmbudsman** would be a liaison between agricultural businesses and the local government, with the goal of facilitating projects and helping to add value to agricultural endeavors. *(County, UCCE)*
 - *Develop a job description based on assessment of responsibilities, successes and challenges of similar positions in other counties.*
 - *Identify organizational options for creation of a Farmbudsman program.*
 - *Identify existing staff resources, budget resources, and potential funding sources to support the creation of the Farmbudsman program.*
- Evaluate and implement opportunities for permit streamlining for farmers in ARA. *(County-lead)*
 - *In coordination with Objective 3, conduct an analysis and evaluate streamlining opportunities and resources for farmers for a seamless review process for all aspects of their operations. Amend ordinance codes and create collaborative opportunities with other local, state and federal agencies as needed. Create a task force with farmers and local, state and federal agencies to discuss permitting obstacles and opportunities. (County-lead)*

OBJECTIVE

9. IMPROVE THE CLIMATE FOR THE GROWTH OF A DIVERSE, VIBRANT, AND INNOVATIVE AGRICULTURE ECONOMY.

Strategies / Actions



Create an Agricultural Enterprise Program for specific sub-areas of the ARA.

ACTIONS AND ACTORS

- Develop a plan for this program, including goals, participation terms, management and funding
- In particular, assess current regulations for production of value-added products within farming areas; enact feasible recommendations for changes. *(OSA, County)*



Coordinate and support the small farms initiative effort under way by the SCC Food Systems Alliance.

ACTIONS AND ACTORS

- Analyze the demographics of existing small farms (County)
- Identify those areas that have an agglomeration of small farms now and that could potentially support additional small farms, such as the San Martin area, areas with concentrated greenhouse operations, areas around Morgan Hill and areas with smaller parcels.
- Identify the specific challenges and opportunities for these existing small farms
- Develop a plan to help address these challenges and to enhance opportunities for current and potential new small farms. *(County, OSA)*



Support expansion of ag tourism

ACTIONS AND ACTORS

- Assess current on-farm ag tourism regulations, facilities and programs, including visitor rates, opportunities and challenges
- Assess utilization of non-farm ag tourism adjunct facilities (e.g., hospitality) and programs (e.g., County CrossRoads) including utilization and needs
- Assess potential ag-tourism participants to understand their perceptions of Santa Clara Valley agriculture and their interests
- Identify best practices from other regions, including those that offer a range of interconnected experiences (e.g., art, food, farms, recreation, nature experience, education, etc.)
- Develop a plan to address ag tourism needs and opportunities
- Explore opportunities to develop new farm trails, docent-led walks and related programs to connect visitors to agriculture on public ag lands and with willing private landowners. *(OSA, County)*

THINK ABOUT IT

Ag Enterprise Areas

Agricultural Enterprise Areas (AEA) are generally defined as areas that a local land use authority has prioritized for farmland preservation and agricultural development. The term has various additional meanings depending on the context, as shown in the following examples:

- » *Wisconsin developed an Agricultural Enterprise Areas program as part of its Working Lands Initiative with a function similar to the Williamson Act Program in California. This tool helps communities preserve farmland and develop their agricultural economies, and also supports broader community planning efforts. In this two step process, communities first apply for state designation for an AEA and then encourage eligible farmers owning land within the area to enter into a farmland preservation agreement with the state. Currently, Wisconsin has 18 AEAs.*
- » *In Brentwood, California, the Agricultural Enterprise program administered by the Economic Development Office, provides funding for a variety of services and policy initiatives including: Partnership on purchase of conservation easements; support for a Brentwood Grown campaign; support for 'enterprise activities' within, and also serving, the agricultural core (e.g, commercial kitchens for producing value-added products); and support for agri-tourism initiatives and ag-related business development.*



Address the need for additional distribution and processing space for agricultural products; include assessment of 'hubs' for co-located businesses.

ACTIONS AND ACTORS

- Conduct an *Agricultural Distribution and Processing Facility Needs Assessment* to get information about locations of, specifications for, and target users of needed facilities
- Research analogs for types of facilities identified as most needed
- Convene City and County departments to discuss assessment and analog research and to consider options and identify potential partners, funding, and incentives for moving forward.
- Develop and implement a plan for developing any additional needed facilities. *(OSA, County, Cities)*



I'm lucky to be have had four generations of ranchers before me.

-Justin Fields, Rancher and President of Santa Clara County 's Cattlemen's Association

OBJECTIVE

10.

SUPPORT THE GROWTH OF NEW FARMS AND CREATION OF NEW FARMERS TO PROVIDE DIVERSITY AND LONG-TERM RESILIENCY IN THE LOCAL AGRICULTURAL ECONOMY

Strategies / Actions



Address the needs of beginning and immigrant farmers, currently in the County or interested in starting farming operations in the County, for land access, technical assistance and financial assistance

ACTIONS AND ACTORS

- Develop list of target farmers and outreach strategies through partners; one focus should be on urban ag farmers wanting to scale up
- Develop and implement assessment tool to determine farmers' needs, interests, capacity, background and resources
- Assess demand in terms of experience, resources, and needs/desires for land, technical assistance and financial assistance.
- Develop and implement a plan for addressing prioritized needs for affordable land, technical assistance and financial assistance. *(UCCE - lead, CA FarmLink, UC SC, ALBA, SAGE)*



Develop an action plan for implementation of a Farm Incubator or AgPark, with related programs

ACTIONS AND ACTORS

- Research and summarize descriptions of kinds of ag incubators, ag training programs, AgParks, and other collaborative farming opportunities
- Identify both specific farmland sites and general kinds of farmland sites available for farming, which fit the various needs of categories of 'new' farmers. Types of sites could range from large parcels (20 to 100 acres) to smaller parcels (5 acres or less) perhaps even on ranchette properties; farmland could be owned by public or private entities.
- For technical and financial assistance, identify all existing resources, and compare with needs of beginning farmers
- Conduct feasibility study, conceptual plan and business plan, for establishing an AgPark/Farm Incubator
- Beyond the AgPark/Farm Incubator idea, and per demonstrated need, assess best approaches for increasing access to financing, affordable land and technical assistance for emerging farmers and ranchers *(OSA/UCCE – co-leads, CA FarmLink, UC SC, ALBA, SAGE)*

THINK ABOUT IT

Food Hubs

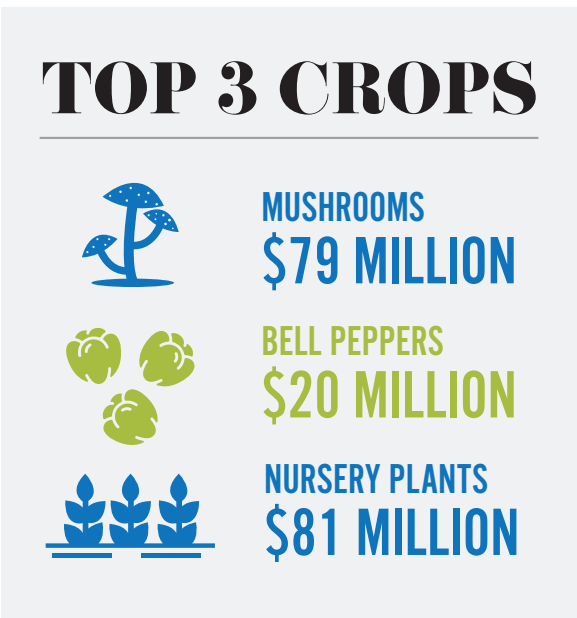
A food hub is a centrally located facility that helps facilitate the aggregation, storage, processing, distribution and/or marketing of locally or regionally produced food products. Food hubs can give small- and medium-sized farms better access to markets by connecting them to suburban and urban markets and removing barriers to entry into local food markets. In addition to aggregating and distributing food, many food hubs offer additional services to their producers, customers, and communities. For producers, such services may include marketing, branding or labeling, food safety training, and business management or strategic planning. For communities, food hubs play an important role in filling the gaps in a region’s food system infrastructure, including transportation, product processing, and product storage. Some food hubs may have relationships with local food banks where unsold or imperfect food is donated to the food bank on a daily or weekly basis. Food banks range in scale from smaller aggregation sites for a few farmers in rural areas to substantial wholesale distribution business in urban areas, such as the Common Market.

The Common Market is a regional food hub whose mission is to connect communities with food from regional family farms, develop fair wholesale markets, improve public health and food access, and promote the viability of small and mid-scale farmers. Started in Philadelphia, Pennsylvania in 2008, the Common Market now operates throughout the Mid-Atlantic and Southeast with plans for expansion into other U.S. regions. The Common Market partners with anchor institutions including hospitals, schools, and universities by connecting them with local farmers to change the quality of the food served at these institutions. Since its founding, the Common Market has aggregated and distributed over \$14 million of local foods from over 100 sustainable family farms and producers. The Common Market also guarantees the safety and quality of farmers’ products to its institutions, which can be a barrier to institutions contracting directly with farmers. This approach helps meet the needs of small farmers by providing them with a secure market outlet for their products, while helping anchor institutions invest in the economic health of their local community.

A GROWING INDUSTRY

SANTA CLARA COUNTY’S
TOTAL AGRICULTURAL
- PRODUCTION HAD -

11% GROWTH
IN ONE YEAR



Source: Crop Report 2016, County of Santa Clara





08

FOCUS AREA: BRANDING, EDUCATION & AWARENESS STRATEGY

ENSURING THAT THE REGION'S WORKING LANDS ARE NOT ONLY PRESERVED, BUT UNDERSTOOD, IDENTIFIABLE, AND VALUED.

The communications element of this Valley Agricultural Plan is predicated on the belief that in order for this Agricultural Plan to be successful **the story of the landscapes targeted for protection must be proactively communicated and the place itself branded**. Of equal importance is growing public awareness of those farmers and ranchers who steward these working lands, and of their stories and values.

The agricultural history and potential in Santa Clara Valley can easily be lost in the bustle and growth of the region. In order for the remaining acres of undeveloped land to resist development, the value of working landscapes and their connection to climate resilience must be effectively conveyed.

The goal of this Focus Area is to create a **positive feedback loop between the other Focus Areas: Land use policy, conservation easements, and economic development strategies, for a catalytic effect**.

While the goal of this Focus Area is to serve as a catalyst for new associations with Santa Clara Valley, and for attracting new producers and partnerships to the region, there is also an abiding need to champion those farmers and ranchers diligently managing these lands at present. Both well-established operations with consistent markets and new entrants are needed for a resilient regional ag economy. The duality of this approach supports the growth of both supply and demand, providing **increased opportunities to connect Silicon Valley with rural Santa Clara Valley**.

The goal is to develop and launch a **Santa Clara Valley Agriculture Campaign** that ensures a balanced implementation of the strategies delineated in this Valley Agricultural Plan, and build momentum and awareness around the motivations behind it.

OBJECTIVE

11. DEVELOP AND LAUNCH A SANTA CLARA VALLEY AGRICULTURE CAMPAIGN.

Strategies/Actions



Develop a regional brand identity, reclaiming “Santa Clara Valley” with a strong sense of place, associating it with working lands and representing a diversity of people and products.

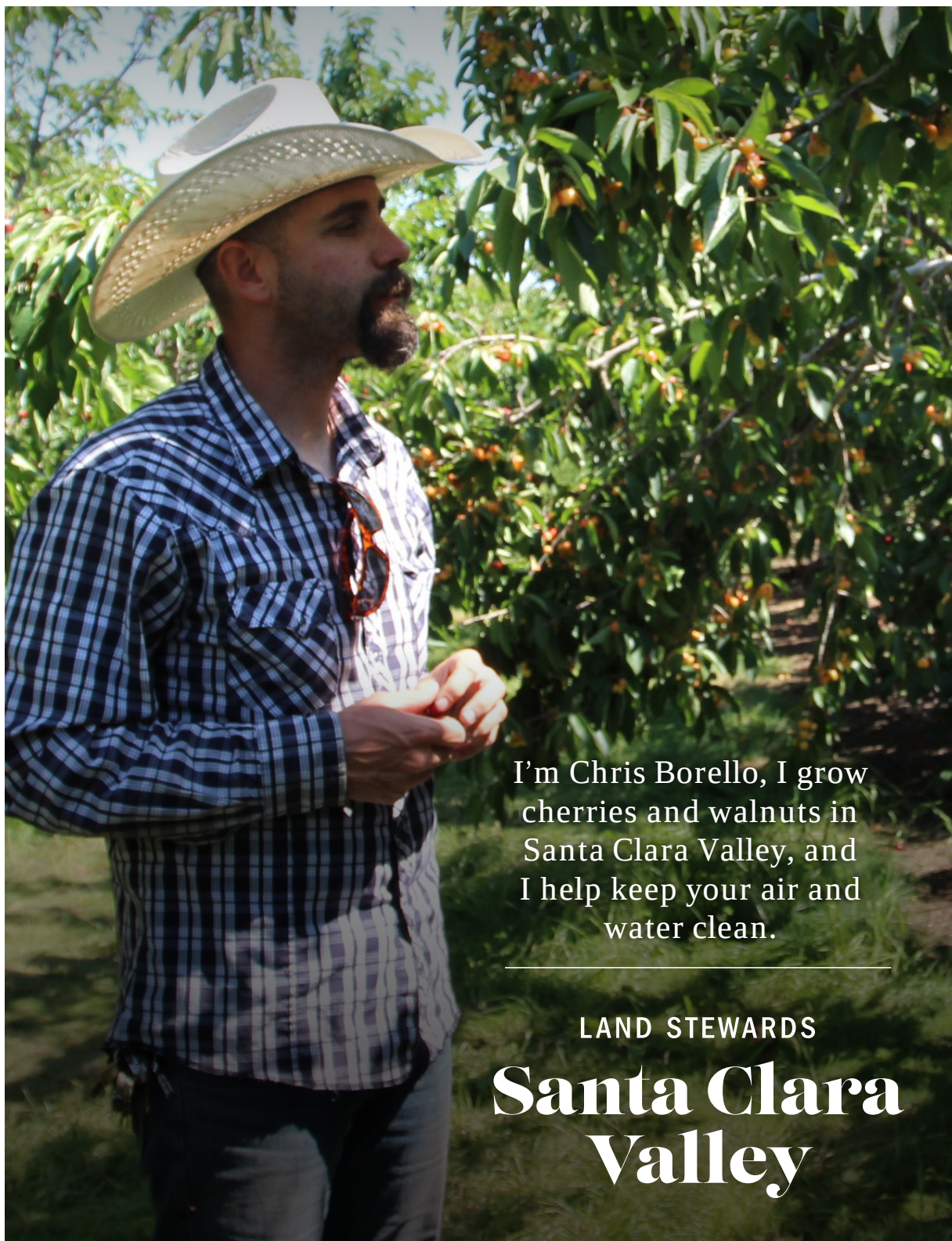
ACTIONS AND ACTORS

- Finalize initial concepts for a brand identity under the name of Santa Clara Valley across a range of communications.
- Develop communications tools to demonstrate the application of the place-based identity along with strategies to tell the story of Santa Clara Valley.
- Design and produce a Style Guide that will provide direction for use of the regional identity and application of brand elements, for use in creating a consistent identity over time.
- Calibrate campaign to balance branding efforts with concurrent strategies intended to materially support a diversity of farmers and ranchers, and a vibrant regional ag economy overall, including establishment of an Agricultural Incubator / Ag Park.
- Adapt materials to directly solicit committed relationships and funding from local institutions, identifying appropriate areas for targeted investments and partnerships. *(County/OSA/Farm Bureau)*



...what it comes down to is if the public values agricultural land.

-David Morrison, Napa County Director of Planning, Building and Environmental Services

A man with a beard, wearing a white cowboy hat and a blue and white plaid shirt, stands in a lush green orchard. He is holding a small fruit, likely a cherry, in his hands. The background is filled with trees bearing ripe, orange-red cherries. The scene is brightly lit, suggesting a sunny day.

I'm Chris Borello, I grow cherries and walnuts in Santa Clara Valley, and I help keep your air and water clean.

LAND STEWARDS

Santa Clara Valley

Sample of farmer story campaign approach with a focus on stewardship

OBJECTIVE

12.

BUILD A LOCAL CONSTITUENCY THAT IS INFORMED ABOUT AND SUPPORTIVE OF REGIONAL AGRICULTURE, BY CONDUCTING OUTREACH, ENGAGING AND EDUCATING THE PUBLIC.

Strategies/Actions



Explore potential partnerships with local institutions, primarily the region's universities, companies, and restaurants.

ACTIONS AND ACTORS

- Identify universities, technology companies and other large employers and local institutions to approach for engagement, procurement agreements, and potential capital investment – schedule informational interviews and presentations with each;
- Discuss and develop appropriate matches between the institutional resources available and regional agricultural needs;
- Identify opportunities, strategies and tools for communicating with institutional constituents (i.e. students and employees);
- Research models and precedent for corporate/institutional engagement on this level and assess effectiveness;
- Estimate various potential levels for engagement in cost and commitment, centered around the establishment of an Ag Incubator, and for other distinct projects. *(County/OSA/Farm Bureau)*



Promote and support local-preference purchasing policies for private companies, public schools and other institutions as a means to foster awareness and build relationships.

ACTIONS AND ACTORS

- Engage with organizations that have developed similar successful programs (e.g. Center for Good Food Purchasing).
- Prepare draft Local Preference policy for future County adoption *(County/OSA/Farm Bureau)*



Continue interviewing and updating agricultural stakeholders to build support for and inform this Valley Agricultural Plan.

ACTIONS AND ACTORS

- Make presentations to local community groups and leaders;
- Update stakeholders already interviewed on our progress and plans;
- Ensure that multi-generational, more established farms and ranches are able to sustain their businesses;
- Enlist more-experienced farmers and ranchers to serve as mentors to new entrants;
- Develop matchmaking programs for linking established farms with institutions, where appropriate;
- Assist legacy operations with succession planning. *(County/OSA/Farm Bureau)*



Preliminary branding concepts to tell the story about Santa Clara Valley agriculture



In partnership with Cities and natural resource agencies, develop programs and initiatives that connect the health, vitality, resilience, and identity of urban and rural areas.

ACTIONS AND ACTORS

- Convene City Economic Development departments, Chambers of Commerce, business associations, and County departments, to discuss potential programs that would be mutually beneficial;
- Create educational materials and programs with the Santa Clara Valley Water District that give examples of farmers as good water conservation and water quality stewards;
- Create educational materials and programs with the NRCS and RCD's, that give examples of farmers as good stewards of soil and biodiversity, and as a cutting edge for climate change mitigation and adaptation (*County/OSA/Farm Bureau*)



Promote agro-ecoliteracy in K-12 education, with focus on local agricultural production and stewardship stories.

ACTIONS AND ACTORS

- Convene interested school districts with exemplary practitioners (e.g. Center for Ecoliteracy, Ag in the Classroom). (*County/OSA/Farm Bureau*)

“

People think that farming should happen somewhere else. Farming should happen right here. People need to understand where their food comes from and what it takes to produce. There is still a huge disconnect.

-Matt Smiley, Farm Manager, Farmer Veteran Coalition



IMPLEMENTATION OF THE VALLEY AGRICULTURAL PLAN

As described in the previous Sections, implementation of the four Focus Areas is intended to put into effect a suite of different actions that collectively support the growth and expansion of the Santa Clara Valley agricultural economy.

Implementation of these Focus Areas and specific actions requires different staff and financial resources along with different community and agency partnerships to be successful. Success of the Valley Agricultural Plan in initiating and growing the Santa Clara Valley agricultural economy depends upon the effective use of resources and timing in implementing the action items within the four Focus Areas.

This Section of the Valley Agricultural Plan provides a recommended approach regarding the priority of implementation actions and the identification of existing and new resources and partnerships that will support these efforts.

As a key first step towards implementation success, the Valley Agricultural Plan identifies the creation of a **Program Manager** within the County who will act as a facilitator and coordinator in ensuring Implementation of this Plan.

9.1 RECOMMENDED IMPLEMENTATION PRIORITY

Table C below lists the four Valley Agricultural Plan Focus Areas and their respective actions and identifies priority for implementation.

Priority 1 actions are identified as the highest priority actions - those that are recommended to occur first – within a timeframe of the next one to two years.

Priority 2 actions are identified as the second tier priority implementation actions, to occur in years 3-5.

TABLE C - IMPLEMENTATION PRIORITY TABLE

FOCUS AREAS & ACTIONS	PRIORITY
Land Use Policy	
Expansion of Agricultural Zoning districts with new zoning tools	1
City / County Agriculture Designation Coordination	2
Limitation on non-agricultural uses in agricultural areas	1
Residential Building Size Limits on Agricultural Property	1
Regional Agricultural Mitigation Fee Program	2
Regulatory Reform - loosen regulations on agricultural supportive uses	1
Farmworker Housing Development	1
Setbacks for Non-Agricultural development next to Agriculture	1
Strengthen Right to Farm disclosures	1
Regional Agricultural Conservation Easement Program & Other Financial Incentives	
Creation of Regional ACE Purchasing Program	1
Outreach Program to landowners – Benefits of Conservation Easements	1
Outreach Program to landowners – Williamson Act Program	1
Adopt Farmland Security Zone	2
State and Federal Grant and Technical Support Programs	2
Expansion of Santa Clara Valley Water District Open Space Credit Program	2
Pilot Payment for Ecosystem Services Program	2
Agricultural Economic Development Strategy	
Agricultural Ombudsman	1
Permit Streamlining	1
Agricultural Enterprise Program	2
Small Farms Initiative Program	2
Agricultural Distribution & Processing Expansion	2
Establish a Farm Incubator / AgPark	2
Branding, Education and Awareness	
Development of Regional Brand Identity associated with Santa Clara Valley Agriculture	1
Partnerships with Local Institutions	2
Local Preference Purchasing Policies	2
Expand Stakeholder Support	1
Urban / Rural Partnerships	2
Agro-Eco Literacy in Local K-12 Education	2

PRIORITY 1 ACTIONS WERE CHOSEN AS THE HIGHEST PRIORITY ACTIONS BASED ON SEVERAL FACTORS –

- (a) Technical panel feedback** – Feedback from the panelists regarding which actions are of a higher priority and should be implemented first.
- (b) Existing resources and partnerships** – Actions for which there are current staff resources and skills available within the County or Open Space Authority or partnerships in place with other organizations and entities that can more quickly facilitate implementation of the item.
- (c) Knowledge of implementation specificity** – Actions for which the Implementation task, resources needed, and specific procedural steps required are currently known.

SUMMARY OF PRIORITY 1 ITEMS

As shown in Table C– the Priority 1 Valley Agricultural Plan implementation items consist of the following groups of actions:

Land Use Policies

- Expansion of Agricultural Zoning districts with new zoning tools
- Residential Building size limits in agricultural areas
- Limitation on non-agricultural uses in agricultural areas
- Regulatory Reform – loosen regulations on agricultural supportive uses
- Farmworker housing
- Setbacks for non-agricultural development next to agriculture
- Strengthen Right to Farm disclosures

Regional Agricultural Conservation Easement Program & Other Financial Incentives

- Creation of Regional ACE Program
- Outreach Program to landowners – benefits of agricultural conservation easements and Williamson Act

Agricultural Economic Development Strategy

- Agricultural Ombudsman
- Permit Streamlining

Branding, Education and Awareness

- Development of Regional Brand Identity associated with Santa Clara Valley Agriculture
- Expand Stakeholder Support

In several of these areas, work has already begun on the implementation action. This includes an additional SALC grant application by the County to support the creation of a regional ACE purchasing program and an initial partnership between the County, Morgan Hill and the Open Space Authority to purchase an ACE on farming property near Morgan Hill. Several of the pilot regional brand identity materials have been prepared and will soon start to be used.

9.2 INITIAL ORGANIZATIONAL FRAMEWORK

For the initial implementation phase, the Valley Agricultural Plan is proposed to incorporate existing staff resources within the County, Open Space Authority, and other partner agencies, and focus on the work efforts and programs that have already begun.

In addition to capitalizing on these existing resources and work efforts, a Program Manager position is envisioned to be created within the County to act as a central responsible party to orchestrate implementation of the Priority 1 tasks.

This position, envisioned to be located within either the Department of Planning and Development or the County Executive's Office, would be directly responsible for initiating several implementation actions while coordinating with other County departments, the Open Space Authority, and other partner agencies, to ensure implementation of actions that require an inter-coordinated effort.

In addition to this Program Manager position, another position envisioned to be created during the Phase 1 portion of the SCVAP program is the Agricultural Ombudsman. This position, responsible for assisting farmers with regulatory and permit compliance, is envisioned to be a ½ time or full time position and could potentially be positioned within the UC Cooperative Extension Office.

Below are the envisioned staff resources and responsibilities for Phase 1 Implementation.

County - Valley Agricultural Plan Program Manager

- Initiate Regional Agricultural Conservation Easement Purchasing Program
- Farmworker Housing Program
- Outreach / Education of Rural Property Owners – Agricultural Conservation Easements and Williamson Act program
- Strengthen Right to Farm Ordinance
- Development of Regional Brand Identity associated with Santa Clara Valley Agriculture
- Expand Stakeholder Support
- Coordinate with County, OSA, and other partner agencies on Implementation actions

County Department of Planning

- Land Use Policies
 - Expansion of Agricultural Zoning districts with new zoning tools
 - Residential Building Size Limits on Agricultural Property
 - Limitation on non-agricultural uses in agricultural areas
 - Regulatory Reform – loosen regulations on Agricultural supportive uses
 - Setbacks for Non-Agricultural development next to Agriculture
 - County Zoning Changes addressing Farmworker Housing

Open Space Authority

- Initiate Agricultural Conservation Easement Purchasing Program
- Development of Regional Brand Identity associated with Santa Clara Valley Agriculture

ADDITIONAL COUNTY AND AGENCY PARTNERSHIP ROLES – INCLUDING PHASE 2 TASKS

County Agricultural Commissioner's Office

- Coordination on Regional Brand Identity associated with Santa Clara Valley Agriculture & other related Branding action items
- Coordination on Agricultural Ombudsman
- Expand Stakeholder Support

County Office of Supportive Housing

- Farmworker Housing Program

County Office of Economic Development

- Development of Regional Brand Identity associated with Santa Clara Valley Agriculture & other related Branding action items
- Agricultural Economic Development Strategy

UC Cooperative Extension

- Agricultural Ombudsman & Permit streamlining

Farm Bureau

- Development of Regional Brand Identity associated with Santa Clara Valley Agriculture

Food System Alliance

- Small Farms Initiative Program
- Coordination on Local Preference Purchasing Policies
- Coordination on Regional Brand Identify and Agricultural Economic Development Strategy

Local Agency Formation Commission (LAFCO)

- Coordination on Land Use Policies

Santa Clara Valley Water District

- Expansion of Santa Clara Valley Water District Open Space Credit Program
- Pilot Payment for Ecosystem Services Program
- Local Preference Purchasing Policies

How Can I Help?

This Plan describes many actions to be taken by the County of Santa Clara, OSA, and other partner agencies and organizations to support and grow a regional agricultural economy.

In addition to these efforts, here are actions anyone living in Santa Clara County can take to support our local farmers and contribute to the success of the Valley Agricultural Plan:

1. *Buy locally grown farm products – Farms in Santa Clara County grow a wide variety of goods, from fruits and vegetables to wine, meat, dairy and nursery products. Look for these items in local markets and ask your grocer to stock more of them.*
2. *Encourage local preference purchasing programs in your schools, hospitals, businesses and other institutions - Larger scale procurement of locally grown farm products supports the bottom line for farmers and promotes community health and sense of place.*
3. *Visit local farms, ranches and vineyards - Santa Clara Valley is home to dozens of farms, vineyards and ranches that offer a wide range of on-farm experiences for all visitors and audiences. These include u-pick berries, educational events, farm dinners, seasonal celebrations and opportunities to purchase farm-grown and farm-made products.*
4. *Enjoy nearby nature and outdoor recreation - Regional open space lands offer trails and vantage points with views of the Valley's diverse and beautiful working landscapes. Rural backroads and creek-side trails offer opportunities to take in the landscape on bike rides and by horseback.*
5. *Support agricultural literacy in schools - Programs for all grade levels can help young people understand and connect with the many processes of growing our food. Older students can engage in learning about the many technical and hands-on careers related to the agriculture and food sector.*
6. *Avoid, and slow down on, our farm roads – With congestion on our freeways and major thoroughfares, many commuters resort to local farm roads for their commute – making it more difficult for farmers to move equipment and bring products to market. Please try to avoid using our farm roads, and if necessary, please slow down and accommodate tractors and farm equipment.*
7. *Coordination on development of a regional ACE program.*

City of San Jose

- Coordination on Regional Brand Identify
- Local Preference Purchasing Policies
- Coordination on Regional Agricultural Mitigation Fee Program
- City / County Coordination on Land Use Policies
 - Agricultural Designation
 - Setbacks for Non-Agricultural development next to Agriculture

City of Morgan Hill

- Coordination on Regional Brand Identify
- Local Preference Purchasing Policies
- Coordination on Regional Agricultural Mitigation Fee Program
- City / County Coordination on Land Use Policies
 - Agricultural Designation
 - Setbacks for Non-Agricultural development next to Agriculture

City of Gilroy

- Coordination on Regional Brand Identify
- Local Preference Purchasing Policies
- Coordination on Regional Agricultural Mitigation Fee Program
- City / County Coordination on Land Use Policies
 - Agricultural Designation
 - Setbacks for Non-Agricultural development next to Agriculture

ENDNOTES

CHAPTER 1

- 1 Santa Clara Valley Agriculture Plan (Valley Agricultural Plan) Project Team
- 2 Valley Agricultural Plan Project Team
- 3 Steve Shaffer, Comparing Greenhouse Gas Emissions from Southern Santa Clara County Rangeland and Irrigated Cropland and Santa Clara County Urban Lands (Conserve and the County of Santa Clara, December 2016), See Appendix G
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CHAPTER 3

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- 25 Santa Clara County Food System Alliance (SCCFSA), Santa Clara County Food System Assessment (December 2013), https://static1.squarespace.com/static/55fb5d35e4b0c8599268bb30/t/56398d36e4b06a301e34d13d/1447610218348/Final_VersionASSESS_010814_sm+2.compressed.pdf

CHAPTER 6 - REFERENCES

- 26 Sustainable Agricultural Lands Conservation Program Final Program Guidelines: 4/11/2017
<http://calclimateag.org/wp-content/uploads/2015/02/Climate-Benefits-of-Agriculture-2015.pdf>



CITY COUNCIL STAFF REPORT

MEETING DATE: December 20, 2017

PREPARED BY: Edith Ramirez, Economic Development Director
APPROVED BY: City Manager

2018 AMGEN TOUR OF CALIFORNIA

RECOMMENDATION(S)

1. Approve the City acting as a host of the Amgen Tour of California Time Trial race on May 16, 2018, provided special event plan is approved by the City Manager;
2. Direct the City Manager to negotiate and execute an agreement with AEG Cycling, and if necessary, with San Jose Sports Authority, to provide services and support for the Tour in an amount not to exceed \$40,000 to be funded by the General Fund;
3. Approve \$15,000 for marketing and branding opportunities, including the creation of a 30 second commercial to be broadcast on national television during the race; and
4. Adopt resolution appropriating \$55,000 from the General Fund (010) for this event.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility

2017 Strategic Priorities

Regional Initiatives

POLICY CONSIDERATIONS:

Should the City co-host the 2018 Amgen Tour of California Time Trial Race with the Start and Finish line in Downtown Morgan Hill with the required investment of up to \$40,000 from the General Fund?

Should the Council invest an additional \$15,000 toward marketing, branding, and promotions?

Do the short and long term economic development benefits associated with the event outweigh the significant one-time traffic impacts to City residents?

REPORT NARRATIVE:

The Amgen Tour of California is the United States' largest and most prestigious annual cycling stage race and one of the largest and most recognizable cycling races in the world. The 2018 Amgen Tour of California race will take place May 13th through the 19th, traveling from Long Beach to Lake Tahoe (with a final day in Sacramento). This race attracts teams and athletes from over 30 countries around the world. The 2018 race will have eleven stages and the selected destinations include Long Beach, Ventura, Gibraltar Road at Santa Barbara County, King City, Monterey County at Mazda Raceway Laguna Seca, San Jose, Stockton, Elk Grove, Folsom, South Lake Tahoe, and Sacramento.

Staff has been collaborating with the City of San Jose and the San Jose Sports Authority to find opportunities to bring more events to the region. In the spirit of this collaboration, the San Jose Sports Authority has invited the City of Morgan Hill to co-host the Time Trial race scheduled for May 16, 2018. This is a unique opportunity as cities generally 'compete' to be selected to host a stage for the race. Host cities are required to support the race with several efforts, including street closures, hotel rooms, and event planning. Given this last-minute opportunity to co-host with San Jose, these requirements are limited to street closures and community notification for the portion of the Morgan Hill segment. The new Time Trial route would provide an opportunity for the race to begin and end in Downtown Morgan Hill, with the Start and Finish lines between 2nd and 4th Streets along Monterey Road. The race also offers a free Lifestyle Festival which provides family friendly activities, demonstrations, and cycling displays as described below.

The race attracts millions of fans that line the route. In addition, the race is broadcast in over 200 countries and territories worldwide, including the US, Europe, Asia, Canada, Central America, Sub Saharan Africa, Japan, New Zealand, China, and Australia. Major broadcast partners include: NBC, Eurosport, Eurosport Asia Pac, Rogers Sportsnet, TDN, Supersport, JSports, Sky Sports, LeTV, and SBS. The global audience for the 2017 race was over 16 million viewers. The race has over 5.8 billion online, print, and broadcast media impressions plus extensive social media and website traffic.

This opportunity to co-host the 2018 Amgen Tour of California Time Trial race offers Morgan Hill a very unique and exceptional opportunity. First, hosting the start, finish, and community festival will offer Morgan Hill significant visibility. This event aligns with the City's efforts to attract events and promote the area as a tourism destination. This event will allow us to showcase the community to the cycling industry, event organizers, cycling companies and promote the area for business and tourism. The event needs over 200 room nights mid-week and expects to generate significant Transient Occupancy Tax (TOT) and sales tax revenue.

Second, co-hosting the event with the San Jose Sports Authority will provide Morgan Hill the capacity to implement such a large event and festival. The San Jose Sports Authority has hosted Amgen Tour of California races for the last eleven of the last twelve years and is very familiar and well experienced with what is needed to deliver an event of this magnitude.

Finally, many of the usual financial and logistic expectations of a hosting city are being waived for Morgan Hill given the short operational window in which the City needs to make a decision to participate in the event and immediately begin event planning. The City is only responsible for managing street closures in the areas within the city, supporting the event with community notifications, allowing the use of city streets and certain community and parking facilities, and hosting the lifestyle festival. Staff estimates the fiscal impact to cover the necessary Police Department resources to staff the event will be less than \$20,000. Another \$20,000 will be needed to obtain and execute a licensed traffic control program.

Morgan Hill has been offered a 30 second commercial spot as well as other marketing opportunities. Staff recommends the Council approve \$15,000 to create a commercial and other marketing collateral to take advantage of the global exposure this event offers Morgan Hill.

Below are some of the event details:

TIME TRIAL RACE

The Time Trial course is 10-20 miles in length and requires the Start and Finish to be near each other. The Time Trial race has approximately 120 professional riders and 30 amateur riders that ride in one to two-minute increments. Each rider has a lead vehicle riding in front and a team car with spare bikes riding in the back. The race is expected to begin at 11:00 AM and end by 4:00 PM. The race is concluded with a Lifestyle Festival and community celebration.

ROUTE

The Start will be on the west side of Monterey Road, across from the Community and Cultural Center. The route will head west on Dunne Avenue and south on Dewitt before entering the County. The proposed route will return to Morgan Hill on Hale Avenue, traveling south before turning left on Llagas and then right on Monterey Road. The Finish will be on Monterey Road and Fourth Street. See Attachment A.

STREET CLOSURES

The course requires street closures for the duration of the race. The main race event starts at 11:00 AM and is expected to end at 4:00 PM. Most street closures will begin around 8:30 A.M. with some flexibility to support traffic needs. Streets can systematically open for traffic after the last rider goes out, around 3:00 PM.

The Start, Finish, and Lifestyle Festival would take place in Downtown on Monterey Road. Street closures for Downtown begin the day before, Tuesday, May 15th with Northbound Monterey Road between Main Street and Dunne Avenue closing at 10:00 AM. Southbound Monterey Road will close at 8:00 PM. The Monterey Road closure needs to happen on Tuesday to accommodate the placement of necessary fencing, staging, and festival tents.

The route only requires fencing around the Start, Finish, and on turns to define the turns. The route will landlock a handful of properties at various locations. The event organizers and the City will work with the impacted people to address their access needs. The event will also require a traffic control plan to divert traffic around the impacted areas.

Morgan Hill's commitment would be to take on street closures and traffic control within the City Limits and all associated costs. Police officers will staff closures of main streets with help from course marshals from Amgen. San Jose will manage closures within City of San Jose right-of-way. CHP will manage closures within the County. Driveways will

be overseen by volunteers. Limited crossing will be allowed at certain locations and controlled by the Amgen Course Marshal, CHP, and MHPD.

PUBLIC WORKS AND ROAD SERVICES

The host city is responsible for the costs associated with road closures, course preparation, including police support for traffic control and to ensure safety along the course. These services include detours and traffic related equipment, barricades, cones, no-parking signage, notice distribution, provision of a “hot-line” for affected residents and businesses, and access to non-potable water for truck water barrel supports.

The host city must support the race with city permits for the operation of the event and related activities, including the community festival, on street and off-street parking and event signage, and portable toilets.

The event will need approximately 260 parking spaces for 20 teams, in proximity of the Start Line to accommodate team vehicles. Each team travels with a motor coach, trailer and support vehicles. The City proposes to use the Community and Cultural Center to accommodate the team parking and use the facility for media central.

LIFESTYLE FESTIVAL

The Amgen Tour of California hosts a lifestyle festival that includes several tents for display of sponsor products and industry related items. The event space is proposed along the Monterey Corridor between Main and 3rd Street. This space will need to accommodate several 10' x 10' tents, a hospitality tent, and the VIP tent among other logistical event facilities such as bike valet parking.

SCHEDULE

December 2017: Finalize course host city, identify staff and resources need

January 2018: Begin development of traffic management plan, begin coordination with all agencies and local outreach to affected areas

February 2018: Identify parking locations for team, staff, VIP, media, etc.

March 2018: Coordinate EMS services at Start and Finish area, identify caravan line up, command center and meeting rooms

April 2018: Identify hotel room count, volunteer resources, vendors, event logistics (portable toilets, waste, recycling, etc.)

May 2018:

May 15th:

10:00 AM: Northbound Monterey Road between Main Avenue and Dunne Street will close to traffic

8:00 PM: Southbound Monterey Road between Main Avenue and Dunne Street will close to traffic

May 16th (race day):

9:00 AM	Begin road closures
10:30 AM	Race begins, lifestyle festival open
3:15 PM	Begin live broadcast
4:00 PM	Race ends

Hosting the Amgen Tour of California Time Trial race in Morgan Hill, including a Lifestyle Festival, and the Start and Finish will place Morgan Hill in a national and international stage. Additionally, the race will bring over 800 individuals as part of the tour entourage, hundreds of volunteers, and thousands of spectators. The media exposure will be significant, especially with the Start and Finish and the Lifestyle Festival being held in Downtown Morgan Hill. The media and marketing campaign is expected to generate over one billion media impressions worldwide through newspaper, television, radio news, and advertising. The Lifestyle Festival is an opportunity to showcase the best of Morgan Hill and for health based and educational activities to encourage a healthy and active lifestyle.

It is expected that the race will need over two hundred hotel rooms in Morgan Hill. In addition to the added TOT generated by the increased occupancy that the event will create, there is direct spending of at least \$200,000 by the tour team, media, and sponsors. The City can also expect to see incremental tax generated by the thousands of visitors that will be spending money on food and gas.

The additional potential revenue stream may significantly offset the City's financial contribution. In addition to added sales tax and TOT tax revenues, City staff can try to offset some of these costs by securing sponsorships for the VIP tent. This event aligns with the City's Economic Blueprint that has identified Tourism as one of the key industries for the City's future economic prosperity. The Blueprint suggests we should grow leisure, agriculture, wine country, and recreational tourism. Below are the Action items in the Blueprint that are applicable:

- Action 28: Work with Hotels to Develop a Tourism Based Improvement District (TBID) to help Finance Capital Improvements to Sports Recreational Facilities and to Promote and Market the Region
- Action 29: Collaborate with Regional Partners to Enhance Branding, Marketing and Promotions of Regional Assets
- Action 31: Continue to Create a Lively Downtown with Entertainment Offerings

This event supports the vision of promoting Morgan Hill as a sports/recreation destination. Being able to host a race of this caliber will promote the area for future events. Establishing a TBID will help fund and attract these sorts of activities that support hotels, retailers, restaurants, and the City. City staff has been meeting with the hotel group and has been advancing discussions to create a TBID. If a TBID was in place by mid-Spring, revenue generated from the TBID could be used to finance the City's contribution toward the event.

Staff has identified and is in conversations with two consultant groups that help cities establish TBIDs. The hotel group has helped the City review these proposals and is assisting City staff verify support for the TBID. With the opportunity to host the 2018 Amgen Tour of California Time Trial race in Morgan Hill, the hoteliers, at a joint meeting between the City and hoteliers on December 7, 2017, urged the City to expedite the formation of the TBID to secure the race and have available funding to cover the needed costs without impacting the General Fund. The creation of the TBID is part of the Economic Development team's work program and the City has identified funds for it in FY 2017-18. Staff can try to expedite this work and bring forward a proposal to the Council in early 2018.

COMMUNITY ENGAGEMENT: Involve

Staff has reached out to the Hotels, Tourism Alliance, Chamber of Commerce, Downtown Association, Specialized, and event organizers. Staff has met with the Morgan Hill Unified School District and discussed the significant impacts that the event would have on parent and bus pick up for both Britton Middle School and PA Walsh Elementary School. Staff is also reaching out to Gavilan College and other CCC users to plan for event impacts. Staff plans to have a massive community engagement campaign with several months of community outreach to those impacted along the route to minimize impacts on transit. Additionally, staff will market and promote the event to encourage spectator attendance.

ALTERNATIVE ACTIONS:

Council could choose not to approve the event.

Council could choose to only contribute up to \$40,000 toward street closure and event logistics and not contribute toward the marketing and promotions efforts.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

No previous Council actions.

FISCAL AND RESOURCE IMPACT:

The fiscal impact is anticipated to be up to \$55,000 to cover up to \$40,000 toward street closures and traffic management and an additional \$15,000 for marketing. Staff recommends funding from the General Fund (010). A resolution authorizing the appropriation of this funding is attached. It is important to note that staff anticipates an increase in TOT and sales tax from the event that will partially offset the investment from the General Fund. Additionally, there is the possibility of staff securing certain sponsorships that will reduce these costs. Finally, if a TBID were to be formed in late spring, there could be revenues from the TBID that could go towards this event.

The event will also require significant staff (manpower) resources from the Police Department, CalFire, Community Services, Engineering, and Economic Development to help support the event planning, communications, marketing, and logistics. Event day Police resources will be covered with the requested funds. Planning and coordination efforts of other departments will be included within existing work programs.

CEQA (California Environmental Quality Act): Categorical Exemption

The planned management of City facilities falls within the CEQA categorical exemption of Class 1, Existing Facilities. Additionally, use of public facilities for special events falls within the categorical exemption of Class 23, Normal Operations of Facilities for Public Gatherings.

LINKS/ATTACHMENTS:

1. Attachment A: 2018 Amgen Tour of California Time Trial Route
2. Resolution for Budget Adjustment Amgen Time Trial Event
3. 022-2018 Amgen Tour of California Score Card

**2018 Amgen Tour of California
May 16th**

**Individual Time Trial
21.6 Miles**



RESOLUTION NO.

A RESOLUTION APPROVING AN AMENDMENT TO THE CITY'S FISCAL YEAR 2017-18 BUDGET IN THE GENERAL FUND (FUND NO. 010) TO APPROPRIATE FIFTY-FIVE THOUSAND DOLLARS (\$55,000) FOR SPECIAL EVENT SPORT FOR THE AMGEN TIME TRAIL EVENT IN MORGAN HILL

WHEREAS, recommended amendments are needed and proposed to the City's previously adopted Annual Budget for Fiscal Year 2017-18 as set forth on Exhibit A to this Resolution, to appropriate the requisite funds to implement the actions authorized by this Resolution; and

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

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

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

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

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

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

- a. That the City's previously adopted Fiscal Year 2017-18 Budget, as the same has been amended to date, is hereby further amended in accordance with and as reflected on Exhibit A attached hereto and incorporated herein by this reference; and
- b. That the City Clerk is hereby authorized and directed to forward a copy of this Resolution to the City's Finance Director, who is hereby authorized and directed to take all actions necessary to implement the terms of this Resolution pertaining to the Fiscal Year 2017-18 Budget of City.

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

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 20th day of December, 2017 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

DATE: _____

Steve Tate, MAYOR

∞ CERTIFICATION ∞

I, Irma Torrez, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No.XXXX , adopted by the City Council at the meeting held on December 20, 2017.

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

DATE: _____

Irma Torrez, CITY CLERK

AGENDA BUDGET SCORECARD

FISCAL YEAR 2017-18

ADJUSTMENT #

022

FUND:

DEPARTMENT:

OBJECT:

010	General Fund
2100	City Manager
42417	ECONOMIC DEVELOPMENT PROGRAMS

AGENDA DATE:

AGENDA ITEM TITLE:

12/20/17
2018 Amgen Tour of California

	07/01/17 PROJECTED BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	06/30/18 PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	16,830,617	37,137,688	39,033,006	14,935,299
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	67,995	1,368,995	(1,301,000)
RECOMMENDED ACTION	-	-	55,000	(55,000)
RESULT OF RECOMMENDED ACTION	<u>16,830,617</u>	<u>37,205,683</u>	<u>40,457,001</u>	<u>13,579,299</u>

Attachment: 022-2018 Amgen Tour of California Score Card (1550 : 2018 Amgen Tour of California)



CITY COUNCIL STAFF REPORT

MEETING DATE: December 20, 2017

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

ADOPT UNCODIFIED ORDINANCE REAUTHORIZING CHAPTER 5.21 - STATE VIDEO FRANCHISES OF THE MORGAN HILL MUNICIPAL CODE

RECOMMENDATION(S)

1. Waive the first and second reading of the ordinance; and
2. Introduce and Adopt Urgency Ordinance reaffirming and reauthorizing Chapter 5.21 – State Video Franchises of the Morgan Hill Municipal Code.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility

REPORT NARRATIVE:

The purpose of this report is to provide the City Council with an opportunity to adopt an ordinance reaffirming the City's regulations on holders of State Video Franchises.

In response to the State's passing of the Digital Infrastructure and Video Competition Act (DIVCA) of 2006, the City adopted an ordinance establishing Chapter 5.21 – State Video Franchises in 2008 establishing baseline regulations and fees relating to the services provided by State Video Franchise holders. A main component of DIVCA was that local cable television franchising was ended and all cable franchises are now issued by the State.

Spectrum (Charter) recently received a new franchise from the State. As the franchise holder serving the majority of the community, they informed the City that they believe that the City must reauthorize Chapter 5.21 in order for Spectrum to continue collecting and remitting fees for the support of public educational and governmental (PEG) access services under their new franchise. Although staff does not believe that reauthorization is necessary to continue the collection of the 1% PEG fees under DIVCA, we are recommending the adoption of an ordinance out of an abundance of caution. Adoption of the uncodified urgency ordinance will ensure that there is no dispute over the enforceability of Chapter 5.21 of the Municipal Code. This matter does not impact Spectrum's payment of franchise fees which are legally separate from the PEG fees.

Staff recommends that the Council adopt the attached urgency ordinance in order to ensure that PEG fees continue to be collected and remitted to the City.

COMMUNITY ENGAGEMENT: Inform

Cable television bills include a line item for the fees collected.

ALTERNATIVE ACTIONS:

The Council could decline to adopt the ordinance which could result in Spectrum ending the collection and payment of PEG support fee revenues to the City.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council adopted the ordinance establishing Chapter 5.21 on October 15, 2008.

FISCAL AND RESOURCE IMPACT:

The adoption of the ordinance will not impact the City's adopted budget as the adopted budget anticipates PEG support revenues of approximately \$54,000 that the City already receives. Regulating franchised video providers is an activity included in the work program of the Community Services Department.

CEQA (California Environmental Quality Act):

Not a Project

As the adoption of this ordinance affirms a governmental funding mechanism and will not have any physical impacts on the environment, it is not a project subject to CEQA per the CEQA guidelines.

LINKS/ATTACHMENTS:

1. Reauthorized DIVCA Urgency Ordinance Dec 2017

ORDINANCE NO. _____

**AN UNCODIFIED URGENCY ORDINANCE OF THE CITY
COUNCIL OF THE CITY OF MORGAN HILL
REAUTHORIZING CHAPTER 5.21 - STATE VIDEO
FRANCHISES OF THE MORGAN HILL MUNICIPAL
CODE ESTABLISHING FRANCHISE FEES, PEG FEES,
AND CUSTOMER SERVICE PENALTIES FOR STATE
VIDEO FRANCHISE HOLDERS PROVIDING VIDEO
SERVICE WITHIN THE CITY OF MORGAN HILL**

WHEREAS, the Digital Infrastructure and Video Competition Act of 2006 (Pub. Util. Code § 5800 *et seq.*, “DIVCA”) went into effect on January 1, 2007;

WHEREAS, on March 5, 2007, the California Public Utilities Commission released its Final Decision on the Commission's rulemaking to implement DIVCA, which determined that the State of California is the “sole franchising authority” for new video service providers within the City of Morgan Hill (“City”);

WHEREAS, pursuant to DIVCA, certain rights and responsibilities must be established by local ordinance before they may become effective and enforceable against state video franchise holders;

WHEREAS, DIVCA requires that local entities, although not franchising authorities are nonetheless responsible for the administration and implementation of certain provisions of DIVCA;

WHEREAS, The City adopted an ordinance on October 15, 2008 establishing Chapter 5.21 – State Video Franchises which established the City’s regulatory framework for holders of State Video Franchises; and

WHEREAS, since the establishment of Chapter 5.21, the City has received a franchise fee of 5% of gross revenues and a PEG support fee of 1% of gross revenues from holders of State Video Franchises.

**THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN
AS FOLLOWS:**

SECTION 1. Chapter 5.21 – State Video Franchises of the Morgan Hill Municipal Code is hereby reaffirmed and reauthorized.

THE FOREGOING URGENCY ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 20TH DAY OF DECEMBER 2017, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW BY THE FOLLOWING VOTE:

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

APPROVED:

STEVE TATE, Mayor

ATTEST:

IRMA TORREZ, City Clerk

DATE: _____

Effective December 20, 2017

⌘ CERTIFICATION ⌘

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. xxxx, New Series, adopted by the City Council of the City of Morgan Hill, California at its special meeting held on the 20th day of December 2017.

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

DATE: _____

IRMA TORREZ, City Clerk

Attachment: Reauthorized DIVCA Urgency Ordinance Dec 2017 (1541 : Cable Regulation Ordinance)

From: D. Muirhead
To: [Angie Gonzalez](#); [Michelle Wilson](#)
Subject: City Council Meeting December 20, 2017 Item #2: Litigation Services
Date: Monday, December 18, 2017 9:59:14 AM

Dear Morgan Hill City Council,
Comments for the Public Record for:
City Council Meeting December 20, 2017
Item #2: Litigation Services from Leone and Alberts Fourth Amendment

It is unfortunate that the current Alternative Actions
The City Council could deny the contract amendment and direct staff
to defend the lawsuit using existing resources.
was not included in the original recommendation on February 17, 2016,
which only proposed
Direct the City Attorney to utilize outside counsel
to file a legal challenge.
The Alternative Actions at that time did not include using local
resources. The City Attorney at the time is said to have performed
additional legal research and analysis but did not explain or document
the decision to spend General Fund money on "outside counsel"
(is this the same as "special counsel"?).

It troubles me that there was no worst-case analysis. The original
Fiscal Impact was an estimate of \$75,000 for a general municipal election
and legal fees for the challenge which were "difficult to estimate".

Instead, at each adverse ruling, extend the contract and spend more money.
The City Manager used his authority to start this ball rolling for \$45,000.
The first bump in April 2016 was an additional \$30,000. The second bump
in June 2017 was for another \$20,000. Now you are adding an amount not to
exceed \$45,000.

Where is the budget scorecard for City Attorney outside counsel fees?
We are told only that there are sufficient funds for this amendment with
the expectation that this will complete the briefing in the Supreme Court.

The Outside Counsel Billing and Retention Policy specified that all legal
services would be provided pursuant to a written analysis (including
strategy and budget).

[adopted City Attorney 2017-18 budget from General Fund is \$732,729;
no entry in Appropriations Summary for outside counsel;
FY 15-16 ACCOMPLISHMENTS New Litigation: Morgan Hill Hotel Coalition
does not mention outside counsel; FY 15-16 ACCOMPLISHMENTS Employment
and Personnel: With the support of outside counsel, assisted human
resources employees; FINANCIAL COMMENTS Should unanticipated litigation
or extraordinary events requiring specialized legal services arise, the
City Attorney will present to the City Council estimated extraordinary
legal costs that may require an amendment to the approved budget;
Expenditure Details SPECIAL COUNSEL \$74,243 for adopted 2017-18 budget]

Thank you for your consideration, Doug Muirhead, Morgan Hill

-----+-----+-----+-----+-----+-----+-----+-----+

Item # 7

**AGENDA DATE: 12/20/17
PRESENTATION**



TEFRA HEARING



TEFRA

(TAX EQUITY AND
FISCAL
RESPONSIBILITY
ACT)

- TEFRA Required by IRS prior to issuance of private activity bonds for affordable housing
- Approved for conditional issuance by California Statewide Communities Development Authority (a California Joint Exercise of Powers Entity)
- No City financial obligation, just approve use of financing tool in this jurisdiction
- Amount: \$14 million

**DEVELOPER-
URBAN
HOUSING
COMMUNITIES
(UHC)**

- Limited Partnership- 6HCC00661
Morgan Hill
- Previously developed Crossings 24 unit
rehab & Horizons 49 unit senior new-
construction
- Propose 39 unit multi-family project (low
& very low income)
- Fully allocated by Measure C



Monterey Road

Bisceglia Avenue



* NOTES (E) = Existing



FUNDING

- \$14 Million Bond
- \$750,000 City of Morgan Hill Housing Fund
- \$5.75 Million Santa Clara County Housing Bond (Measure B)



RECOMMENDATION

- Open/Close Public Hearing
- Adopt Resolution Approving Issuance of Bonds

Santa Clara Valley Agricultural Plan

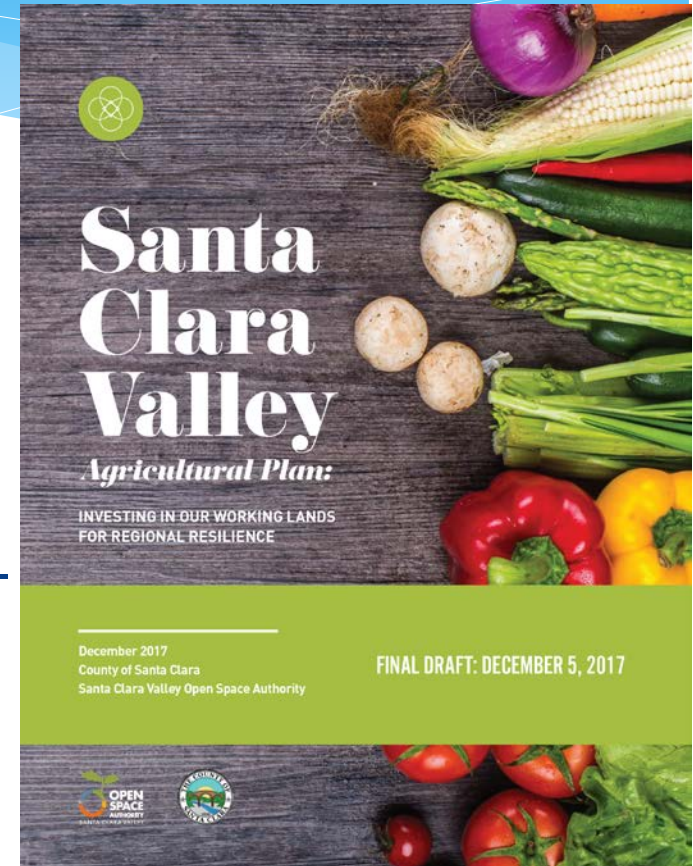
Investing in our working lands for regional resilience

**Morgan Hill City Council
December 20, 2017**



Morgan Hill Presentation

1. Provide update on the Valley Agriculture Plan
2. City's Feedback on Plan
3. Forward into Implementation – City / County Collaboration



Santa Clara Valley Agricultural Plan

Growing A Vibrant Regional Agricultural Economy
Investing in our Working Lands for Regional Resilience

- * Two Year Program
- * County of Santa Clara & Open Space Authority
- * Funded by Sustainable Agricultural Land Conservation Grant - \$100,000

FOOD FROM
**Santa Clara
Valley**



WORKING LANDS
**Santa Clara
Valley**

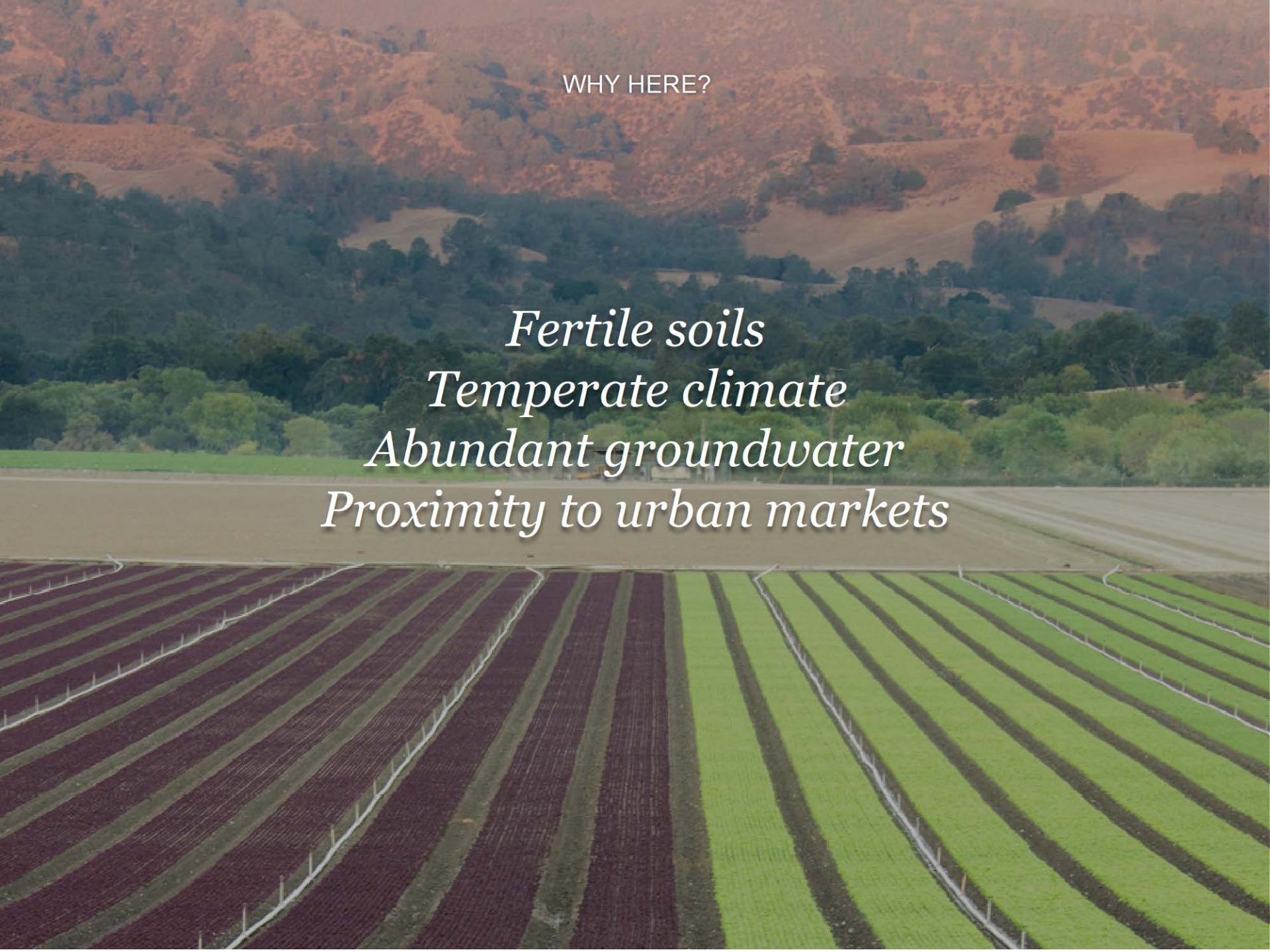


WHAT WILL SUCCESS LOOK LIKE?

*Keep our Working Lands at Work
Honor the Importance of
Agriculture to Santa Clara Valley
Craft a Unified Regional Land Use
Policy Framework for the Future*

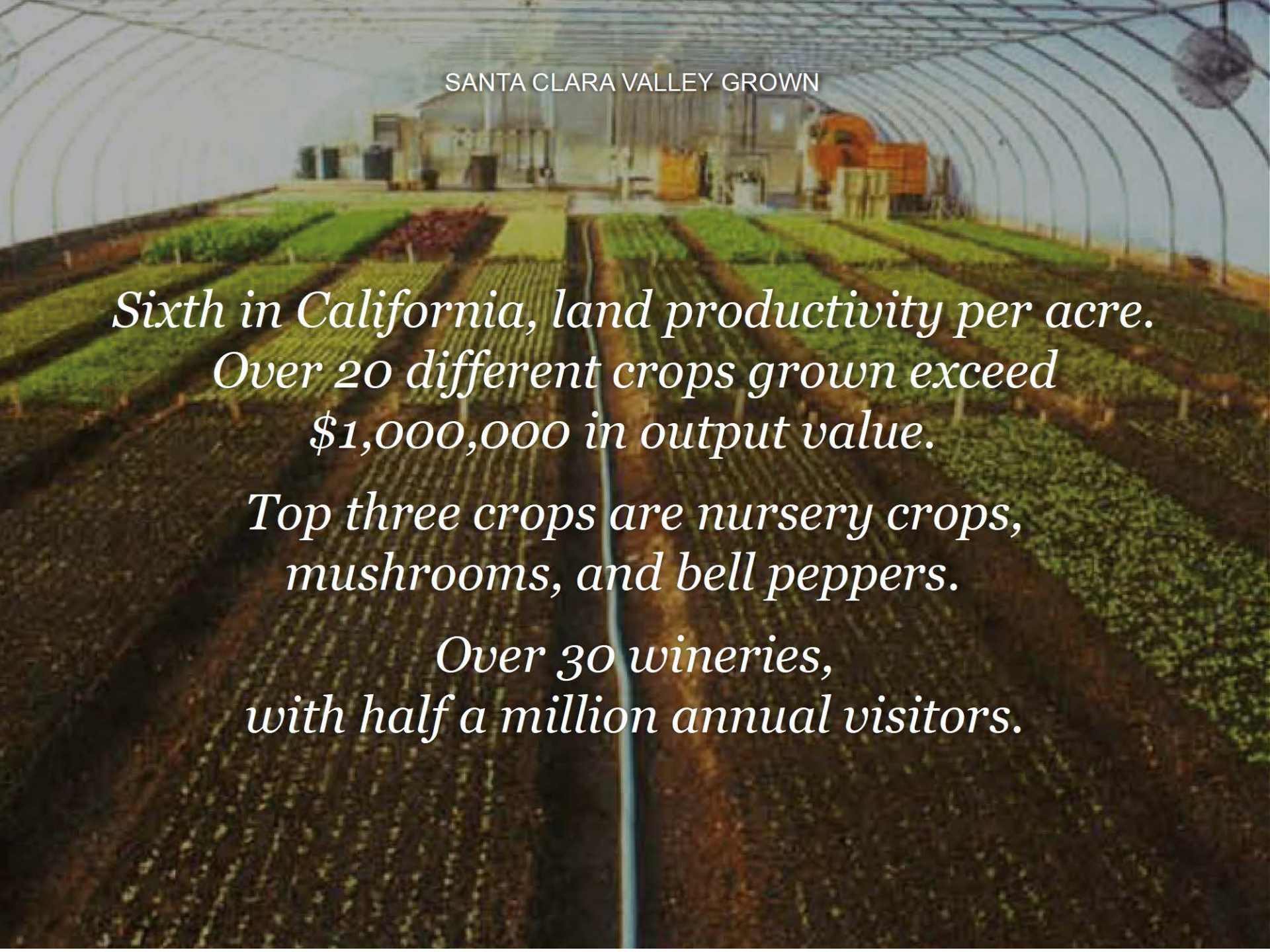


*What if we could support a
vibrant economy for both
agriculture and technology?*



WHY HERE?

Fertile soils
Temperate climate
Abundant groundwater
Proximity to urban markets



SANTA CLARA VALLEY GROWN

*Sixth in California, land productivity per acre.
Over 20 different crops grown exceed
\$1,000,000 in output value.*

*Top three crops are nursery crops,
mushrooms, and bell peppers.*

*Over 30 wineries,
with half a million annual visitors.*

LANDSCAPES AT WORK

Ecosystem Services

Aquifer recharge

Fire breaks

Erosion control

Wildlife habitat

Carbon sequestration

Flood risk reduction

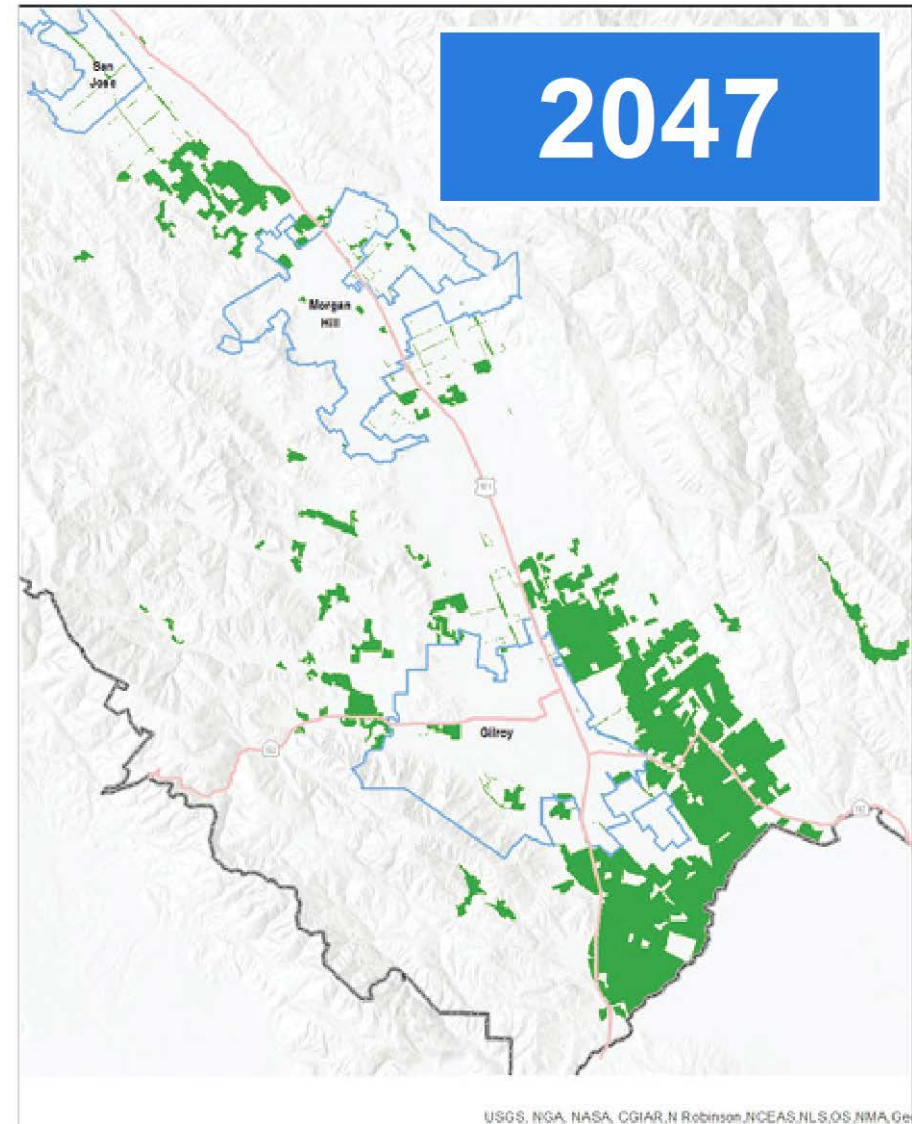
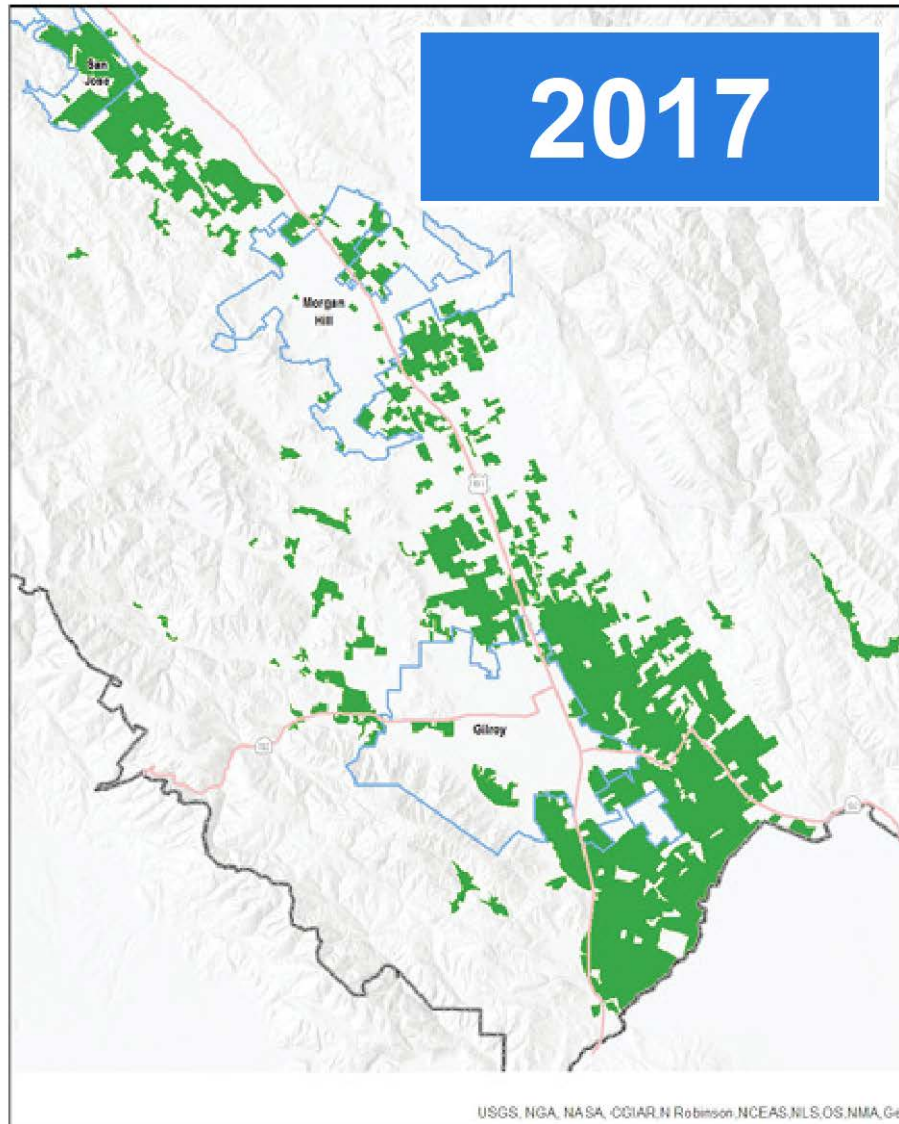
Traffic and sprawl mitigation

Agriculture – Challenges Today

- * Large number of small lots
- * Parcels are not available
- * Land held for speculation
- * Urban Interface - (a) commuters (b) complaining neighbors
- * Local Markets / direct marketing difficult
- * Lack of Agricultural Worker Housing
- * Regulations, Disease, Pests, Weather



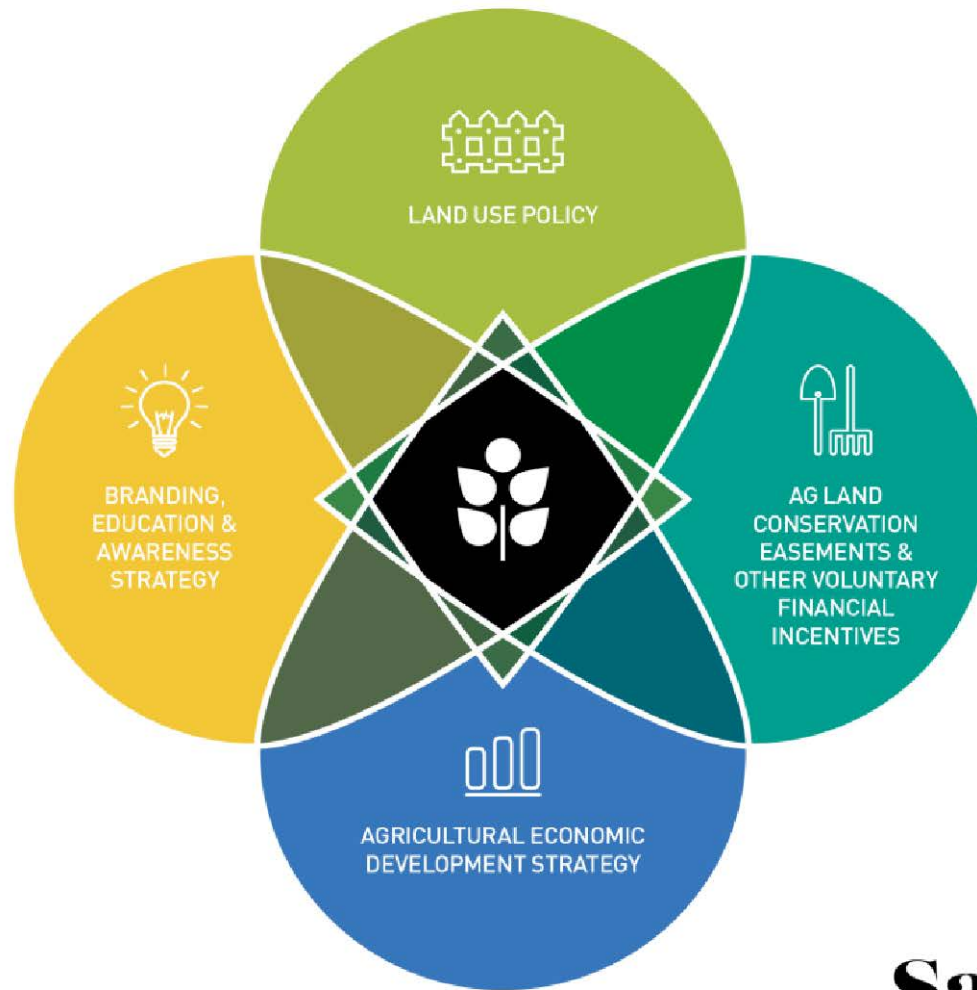
Conversion Trend of Agricultural Lands



Santa Clara Valley Agricultural Plan



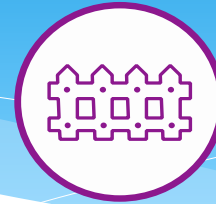
AGRICULTURAL PLAN FRAMEWORK



**Santa Clara
Valley**

Vibrant Agricultural Economy

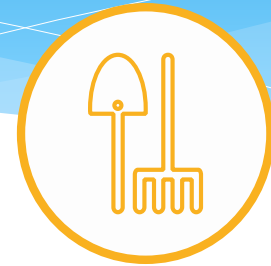
LAND USE ORDINANCES & POLICIES



- * Zoning Ordinance Changes
 - * Rural Residential – size / location limitations
 - * Regulatory Reform – Agricultural Worker Housing, Ag Processing
- * Agricultural Buffers
- * Agricultural Conversion Fees / Mitigation Program
- * Strengthen the Right to Farm Ordinance

Vibrant Agricultural Economy

REGIONAL AGRICULTURAL CONSERVATION EASEMENT PROGRAM



- * Agricultural Conservation Easement (ACE) Purchase Program
- * Williamson Act & Farmland Security Zone (FSZ)
- * Stewardship payment for Environmental Services



Vibrant Agricultural Economy

AGRICULTURAL ECONOMIC DEVELOPMENT STRATEGY



- * Agricultural Ombudsman
- * Local Food Preference Procurement Policy
- * Agricultural Tourism
- * Ag Incubator



Vibrant Agricultural Economy

REGIONAL BRANDING, EDUCATION & AWARENESS STRATEGY

- * Placemaking / Branding
- * Recognizing Farmers
- * Marketing local Agricultural products to tech companies and institutions
- * Education & Awareness of Santa Clara Valley Agriculture



LANDS AT WORK

Santa Clara Valley

WORKING LANDS

Santa Clara Valley



A photograph of a man and a woman standing in an orchard. The man is wearing a white cowboy hat and a blue and white plaid shirt. The woman is wearing sunglasses and a white tank top. They are both smiling. The background is filled with green trees and foliage.

FARMERS AS STEWARDS

Mary & Chris Borello

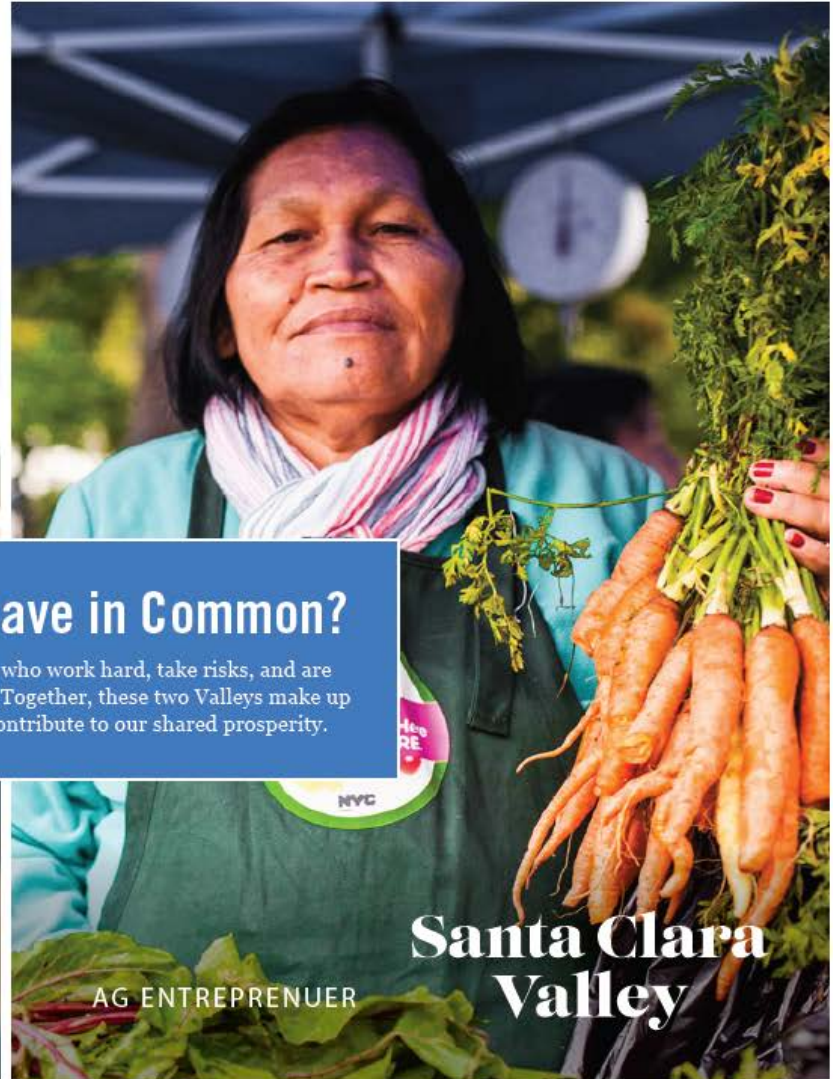
3rd generation farmers, Borello Farms

AD / POSTER / BILLBOARD SERIES



SILICON VALLEY

TECH ENTREPRENEUR



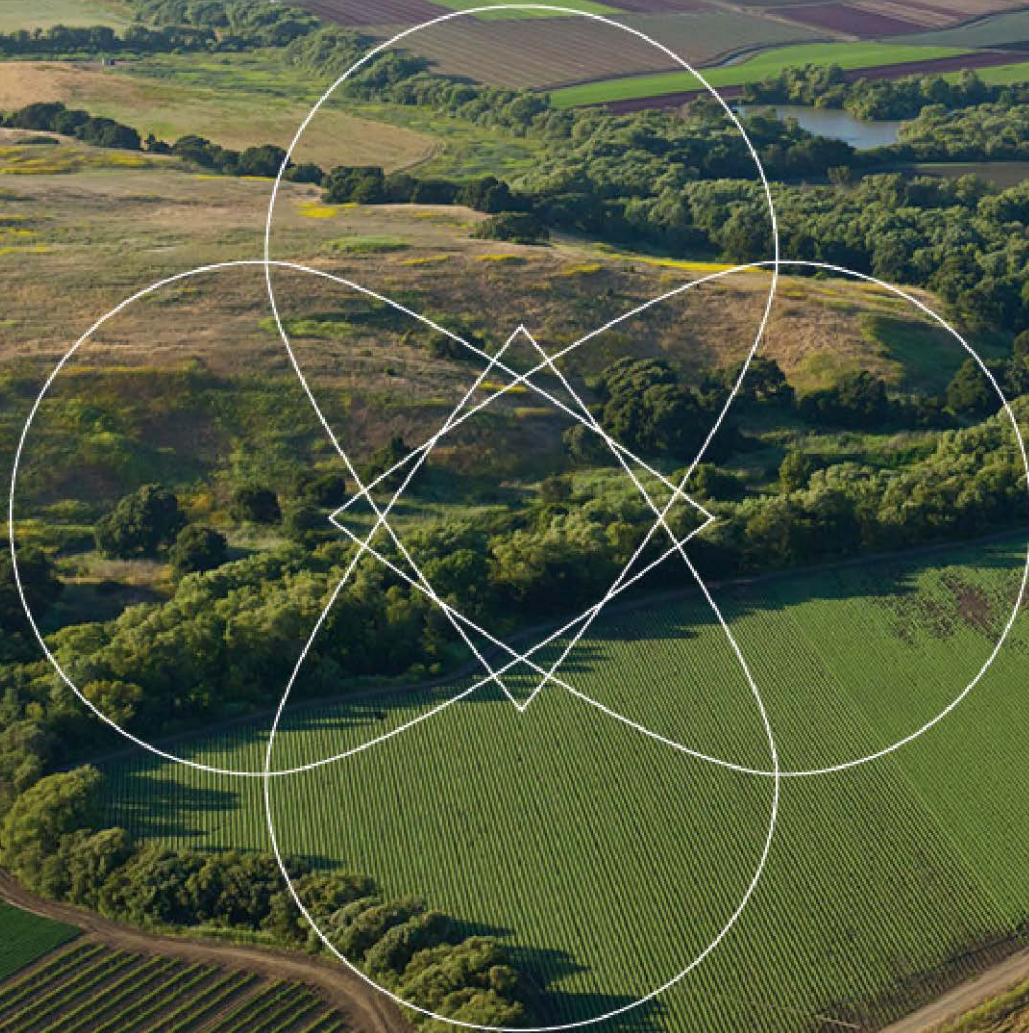
**Santa Clara
Valley**

AG ENTREPRENEUR

What do they have in Common?

Both are home to entrepreneurs who work hard, take risks, and are committed to growing businesses. Together, these two Valleys make up the County of Santa Clara and contribute to our shared prosperity.

WORKING TOGETHER



Morgan Hill Feedback

- * **Branding, Education & Awareness**

- * Santa Clara Valley Agriculture, Morgan Hill, Silicon Valley, Inclusion, Separation

- * **Ag Preservation Tools**

- * Transfer of Development Rights
 - * Agricultural Mitigation Fees – MH Program

- * **City UGB, Land Uses at City Edges, Agriculture**

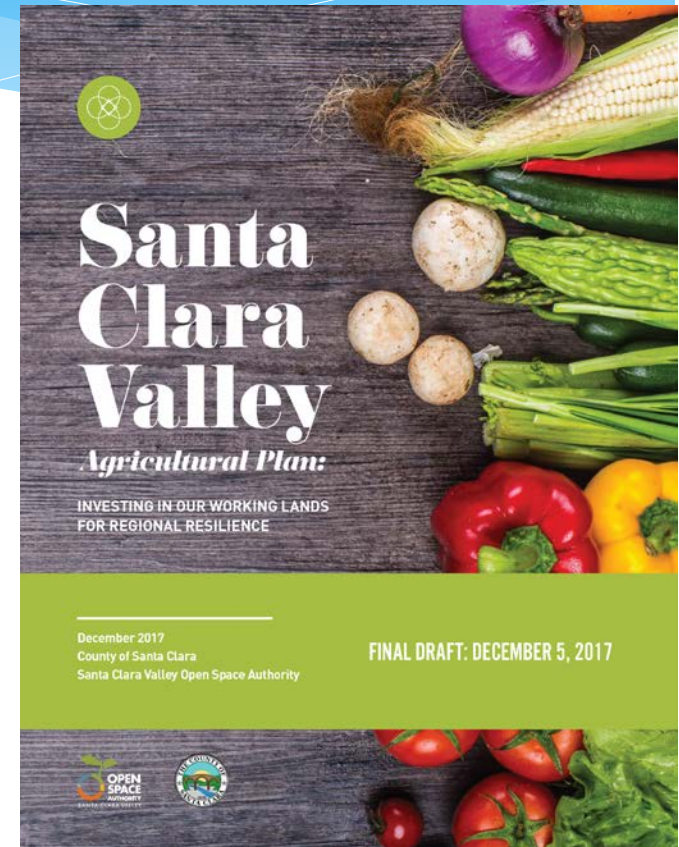
- * **Water Supply & Costs, High Speed Rail**

Implementation & Collaboration

- * **Fountain Oaks 70 Acre ACE** – awaiting decision
- * **Regional ACE purchasing program** – 2018
 - * MH program interface
 - * Regional Ag Conversion Fee
- * **Branding / Messaging** – Santa Clara Valley Agriculture
- * **Institutional Purchasing**
- * **Land Use**
 - * Agricultural Buffers
 - * Syncing County and MH Agricultural Zoning

Next Steps

- * **Santa Clara Valley Agricultural Plan**
 - * Published December 6th
- * **Board of Supervisors Adoption – January 9th**
 - * Task Force / Implementation





Santa Clara Valley

YOUR LANDS AT WORK



Item # 08

AGENDA DATE: 12/20/17
SUPPLEMENTAL # 1

17575 PEAK AVENUE
MORGAN HILL, CA 95037-4128
TEL: 408-778-7271
FAX: 408-779-3117
WWW.MORGANHILL.CA.GOV

Kirk Girard, Director
Santa Clara County Department of Planning and Development
70 W. Hedding Street, East Wing, 7th Floor
San Jose, CA 95110

Cc: Rob Eastwood, Planning Manager

Dear Kirk:

The City of Morgan Hill remains committed to the preservation of agricultural lands and we look forward to growing our collaboration with the County of Santa Clara and other agencies to make this a meaningful endeavor. The City of Morgan Hill has the following initial comments to the Santa Clara Valley Agricultural Action Plan (Plan); formerly the Climate and Agricultural Preservation Program (CAPP) and look forward to further discussing the plan and the following feedback with you on December 20 at the City Council meeting at 5:30 p.m.:

- 1) The branding, education, and awareness campaign should represent the area south of San Jose as a valley that is rich with technology and rooted in agriculture, instead of the current "Tale of Two Valleys" which divorces South County from the rest of Silicon Valley. The proposed concept ignores the fact that Morgan Hill and Gilroy are urbanized areas with unique urban/rural interface issues (and opportunities) that should be acknowledged. The findings of the Plan oversimplify the diverse, robust economy which exists south of San Jose. The City of Morgan Hill embraces this diversity, including the agriculture, food processing and manufacturing industry and the interrelationship with the City of Morgan Hill's primarily industrial/manufacturing demand-side economy, which is contrary to the supply-side economy suggested by the Plan.

The City of Morgan Hill has been and continues to be a leader in agricultural preservation, water conservation, housing production, affordable housing, open space conservation, and economic development. Morgan Hill is proud that its progressive values are keenly aligned with and shared throughout Santa Clara County and is proud to be a part of Silicon Valley. We are gratified by the ecosystem of international companies that call Morgan Hill home who are creating and supporting cutting edge technologies. Over 20 percent of our workforce is associated with computer component development, sports/recreation, technology and medical device development, and food manufacturing. With this in mind,

Morgan Hill's adopted General Plan and Economic Blueprint incorporate our culture of innovation and entrepreneurship, while embracing agriculture and open space. Suggesting that Morgan Hill (or South County) is part of a different valley is not only untrue, but discourteous to those who would be segregated by the proposed branding and strict boundary established by this Plan.

The City of Morgan Hill embraces the Plan, and believes that this effort could be aided by the experience that Morgan Hill has had, learning how to balance agriculture and technology together for the benefit of both, in one unifying identity. Following are links to some of the marketing materials that Morgan Hill uses to illustrate that this mutually beneficial, and not exclusive, campaign and brand is already underway.

City of Morgan Hill Economic Development Page:
<http://www.morgan-hill.ca.gov/628/Economic-Development>

South County Ag Tourism Amenities Map:
<http://www.morgan-hill.ca.gov/DocumentCenter/View/16934>

Tourism Page:
<http://www.morgan-hill.ca.gov/1142/Tourism>

Economic Blueprint:
<https://cld.bz/5cgfQGe>

Tourism Ideas Book (which includes ideas for Agritourism):
<http://www.morgan-hill.ca.gov/DocumentCenter/View/10896>

Lifestyle Video:
<https://www.youtube.com/embed/K6dzDfxfsPw>

Workstyle Video:
<https://www.youtube.com/embed/cXCxGU89xE0>

Meet Morgan Hill Overview:
<https://www.morgan-hill.ca.gov/DocumentCenter/View/16935>

Explore Downtown Morgan Hill:
<http://www.morganhill.ca.gov/DocumentCenter/View/22383>

Morgan Hill respectfully urges further discussion of this vision for the Plan and requests additional discussions prior to any endorsement. We suggest that this concept be referred to the County Economic Development staff to engage a broader community of individuals and organizations, before making any recommendations.

- 2) Providing adequate funding to permanently preserve agricultural lands remains the largest challenge associated with the implementation of the plan. While supporting farming in the variety of measures identified in the plan can assist, the high land values we are experiencing in the Morgan Hill area make farming increasingly

difficult to sustain. The embrace of TDR's (Transfers of Development Rights) and Cluster development policy as part of the financial incentive/implementation policy toolbox are good additions. Morgan Hill has had tremendous past success using TDR's to achieve open space/hillside protection goals in conjunction with the Residential Development Control System (RDSCS), and believes these TDR's could provide significant benefits to Agricultural preservation. However, excluding TDR use to existing urban lands severely limits the usefulness of this approach as cities are already densifying development within their boundaries. We could collectively permanently preserve vast areas of agricultural lands with the approval of development on some areas adjacent to existing urban areas

- 3) The proposed regional agricultural mitigation fee concept, rather than the City agricultural mitigation fee currently in place, is something that Morgan Hill desires to discuss further. Morgan Hill's public benefit contribution of \$3 million to the major SALC Program - County/OSA/Morgan Hill grant application pending to acquire nearly 70 acres of agricultural easements near Morgan Hill would have been impossible without the City of Morgan Hill's dollar pledge. While the City aspires to achieve the goals of agricultural easement acquisition in as broad-based a manner as possible, our currently operating Local Agricultural Mitigation program, is a tool to implement the objectives of the City's conservation priority areas, established in the Morgan Hill 2035 General Plan adopted in July 2016. We look forward to fully discussing this as outlined in the County's staff report to the Board of Supervisors (BOS) on March 24, 2015 where it is stated the "intention to develop a comprehensive strategy in partnership with the three Cities of Gilroy, Morgan Hill and San Jose.... and other key stakeholders, that targets and preserves key agricultural areas adjacent to the Cities for preservation" is a suggested major policy/approach (outcome) resulting from this program.
- 4) The Framework of the Plan outline, should consider urban interface and the City's Urban Growth Boundary (UGB), and Morgan Hill would respectfully request detailed discussions regarding the unincorporated Live Oak area, surrounded by the City, which by data alone suffers from past rural development patterns which preclude expanded agriculture. The Morgan Hill 2035 General Plan recognized this fact, and concluded that master planning of this area to protect agricultural interface and the preservation of some beloved local farms should ensue. We look forward to engaging in a conversation of consistency with our General Plan.
- 5) Similarly, the proposed SCC Agricultural Plan Framework suggests the agricultural resource area begin directly south of the City boundaries, rather than beyond the city's Urban Growth Boundary. Prior to adoption of a plan, this area should be discussed as it has been shown to be too expensive for State funding to support. Based upon City of Morgan Hill/County/OSA recent mutual experience with the aforementioned easement grant application, the goals of preservation by voluntary easement here may be impossible. Use of other tools in the toolbox, TDR's and clustering of development rights, in the city and county adjacent to the urban area, may be appropriate. This experience reinforces the Morgan Hill City Council's

resolution supporting the 2015 joint CAPP/SALC grant application, and the City's continued belief that "though preserving existing agriculture lands that are capable of supporting long term, viable agriculture is a focus of the efforts throughout the study area, it is recognized that development of agricultural lands in close proximity to existing development may be beneficial to achieve the overall preservation goal."

- 6) The Plan should discuss water supply protection, recharge policy, and water delivery policy and rates, which costs small agricultural users will no doubt find financially challenging, in terms of both new well construction and the associated delivery fees. The plan may need to provide financing tools to assist small users to bring water to these lands.
- 7) The Plan should recognize the future High-Speed Rail (HSR) and the implications to the urban and rural area, suggesting that careful collaborative review should be exercised, taking into consideration the long-term construction impacts, impacts to the housing supply, fiscal and economic impacts to urban and rural areas, to balance choices and decisions, not just impacts to the agricultural lands.
- 8) Finally, the Morgan Hill City Council specifically requested to be updated on the status and findings of the Plan/CAPP process, inviting County and OSA staff to Council meetings for updates on two previous occasions. With the delay of the December 12, 2017 SCC Board of Supervisors action on this plan, we are looking forward to engaging with you and discussing many of the issues communicated in this letter at the City Council meeting of December 20, 2017. Attached you will find, the City of Morgan Hill's Santa Clara Valley Agricultural Plan strategy-response matrix.

Sincerely,



Leslie A. Little
Assistant City Manager, Development Services

Attachment: Strategy-Response Matrix

Strategy	City Comment
Land Use Policy	
Extend Agricultural zoning to encompass all viable agricultural lands.	Agree with the concept. The City looks forward to discussing this strategy further in the urban interface areas.
Consider designation of agricultural zoning regions specific to subareas in the ARA that share a common identity, for focused application of agricultural protection tools.	Agree
Coordinate with neighboring Santa Clara Valley cities to create consistency in the designation of agricultural areas between the County and Cities' General Plans.	Agree in concept and look forward to further collaboration.
Prevent the establishment of incompatible uses within the ARA which increase land speculation and impair ongoing agricultural production.	Agree in concept. The Morgan Hill General Plan and accompanying Agricultural Lands Preservation Program already has extensive policy language addressing this issue that was the result of extensive research and discussion with the Morgan Hill community.
Prevent conversion of agricultural lands into rural ranchettes that increase land speculation and reduce viability of ongoing neighboring farm operations.	While recognizing that the proliferation of rural ranchettes is the single-greatest source of ag land conversion and appreciating the focus on preventing the development of additional ranchettes, the City is not certain that this action will appreciably reduce land values or prevent speculation. Foreign speculative investment, not individuals developing ranchettes, are what is driving up farmland prices. To the extent that this action may engender ill will between the County and property owners, this particular strategy may be counterproductive. The City encourages the County to continue laying the groundwork for collaborative voluntary actions by property owners that may result in the greatest amount of agricultural lands preserved.

Enact a County-wide agricultural mitigation fee that requires a mitigation fee for development that converts viable agricultural land to other uses.	The City has already established an agricultural mitigation fee of \$15,000 per acre. The City would be happy to explore establishing a consistent fee and countywide mitigation program for all County conversions, not just those located in the proposed ARA. Consider including rangeland conversion fees for the areas lost to annexation in north county. However, preserving agricultural activity within the City's Sphere of Influence should remain a priority of the City's program, consistent with the MH General Plan 2035.
Enact regulatory reform that reduces regulatory barriers to allow the establishment of buildings, infrastructure and uses that support a regional agricultural economy.	Agree
Facilitate construction of more farm worker housing for seasonal and year around farmworkers.	Agree and have been actively discussing this strategy with County staff.
Require setbacks / buffers for new non-agricultural development within or adjacent to agricultural lands to reduce interface between incompatible land uses and farming.	Agree in concept
Strengthen right-to-farm requirements.	Agree. Morgan Hill adopted Right To Farm Policies in 1996.
Regional Agricultural Conservation Easement Program & Other Financial Incentives	
Establish a Regional ACE Purchasing Program	Agree with the concept and have appreciated our regional efforts to date. However, without including revenues from transfer of development rights associated with the development of <i>any</i> agricultural lands, the region's opportunities to amass adequate funding for a robust program will be hamstrung.
Increase participation in the County's Williamson Act Program and Establish a Farmland Security Zone Program	Agree
One of the most important means to protect the local agricultural land base is to help ensure that farmers and ranchers can stay profitable over the long-term, reducing the pressure to sell land for development.	Agree and especially appreciate the attention paid to agricultural water conservation. The City is particularly interested in options the Water District is exploring to stimulate water reductions during times of drought or other water shortages.

Agricultural Economic Development

Support farmers in obtaining permits and regulatory compliance associated with actions and activities that support long term agricultural investment and growth of the agricultural economy.	Agree
Create an Agricultural Enterprise Program for specific subareas of the ARA.	Agree
Coordinate and support the small farms initiative effort under way by the SCC Food Systems Alliance.	Agree.
Support expansion of ag tourism	Agree. The City has been an active participant and proponent of ag tourism.
Address the need for additional distribution and processing space for agricultural products; include assessment of 'hubs' for co-located businesses.	Agree. The City's program identifies the need to site regionally needed resources, e.g., packing houses and coolers in the area to support small farms. Attracting these uses also places more demand on regional affordable housing needs as most of the workforce is unable to live in the County and existing uses currently find it difficult to attract talent.
Address the needs of beginning and immigrant farmers, currently in the County or interested in starting farming operations in the County, for land access, technical assistance and financial assistance	Agree
Develop an action plan for implementation of a Farm Incubator or AgPark, with related programs	Agree

Branding, Education and Awareness

Develop a regional brand identity, reclaiming "Santa Clara Valley" with a strong sense of place, associating it with working lands and representing a diversity of people and products.	Agree with the concept. The City is completely opposed, however, to any branding that may imply that South Santa Clara County is separate from the Silicon Valley. The City has worked to develop a diverse economy that is part of the Silicon Valley. Any efforts to separate South Santa Clara Valley from the Silicon Valley will be at cross purposes to our community's economic development and fiscal health.
Explore potential partnerships with local institutions, primarily the region's universities, companies, and restaurants.	Agree
Promote and support local-preference purchasing policies for private companies, public schools and other institutions as a means to foster awareness and build relationships.	Agree

Continue interviewing and updating agricultural stakeholders to build support for and inform this Valley Agricultural Plan.	Agree
In partnership with Cities and natural resource agencies, develop programs and initiatives that connect the health, vitality, resilience, and identity of urban and rural areas.	Agree
Promote agro-ecoliteracy in K-12 education, with focus on local agricultural production and stewardship stories.	Agree

Item # 9

**AGENDA DATE: 12/20/17
STAFF PRESENTATION**



2018 Amgen Tour of California

Morgan Hill City Council
December 20, 2017



gettyimages
Ezra Shaw



gettyimages®
CG

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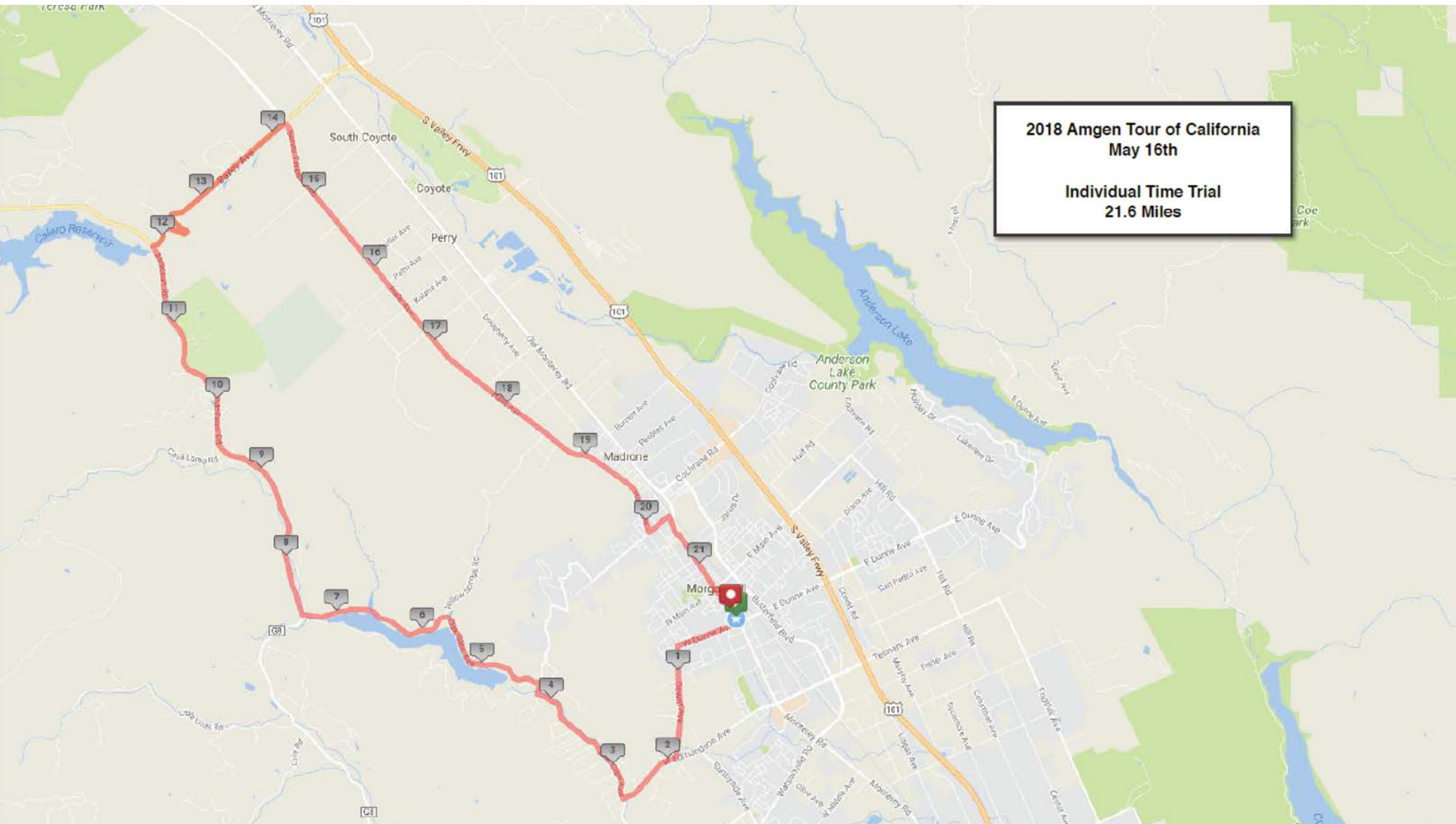
Lifestyle Festival

Expo
Hospitality Tent
Community Activities
Celebration



**2018 Amgen Tour of California
May 16th**

**Individual Time Trial
21.6 Miles**



**2018 Amgen Tour of California
May 16th**

**Individual Time Trial
21.6 Miles**

Morgan Hills Route





Event Details

Event Date: Wednesday, May 16, 2018, 11 AM to 4 PM

Route: Monterey Road (across CCC), to Dunne Ave., to DeWitt, to Hale Ave., & back to Monterey Rd.

Start/Finish & Festival: Monterey Road, Downtown MH

Route Street Closures: May 16th at 10:30 AM to 4:00 PM

Downtown Streets Closures: May 15th NB Monterey Rd. at 10 AM and SB at 8:00 PM.

Funding Request: \$40,000 for operations
\$15,000 for marketing & promotions



Item # 09
AGENDA DATE: 12/20/17
SUPPLEMENTAL # 1

December 20, 2017

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

Re: December 20, 2017 City Council Meeting Agenda item 9
2018 Amgen Tour of California

Mayor Tate and Councilmembers,

A previously unimaginable opportunity has been offered to Morgan Hill in the form of a world class bicycle race event right through our city streets, much of it downtown.

The Amgen Tour of California is the kind of event that can bring the world's eyes upon Morgan Hill and surrounding area, and this may be a once in a lifetime opportunity. Although much of the event will be focused on the downtown the entire community stands to benefit from the immediate business and long term recognition of Morgan Hill's attributes being shown to the world.

The approval of the event and supporting funding is only part of making this event one that will be successful and one that we can all be proud of. There will be many opportunities for different segments of the community to contribute in making this event successful and the MHDA is prepared to play a role in that success.

The immediate business gains and attention and long term exposure of our community makes the prospect of bringing the Amgen Tour of California a win for the downtown and community in general.

We support the resolution to approve the event and supporting funding.

Thank you for your time and attention.

Sincerely,

Board of Directors
Morgan Hill Downtown Association

Item # 9
AGENDA DATE: 12/20/17
SUPPLEMENTAL # 2

December 20, 2017

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

Re: 2018 Amgen Tour of California Bicycling Race Event Support
City Council Agenda Item No. 9

Mayor Tate and Councilmembers,

The coalition of local businesses and business organizations that make up the Morgan Hill Tourism Alliance enthusiastically support the proposed resolution to approve and provide funding to bring the 2018 Amgen Tour of California to Morgan Hill.

Hosting an event like a time trials stage of the Amgen Tour of California will not only shine a light on Morgan Hill but the entire region. This is an incredible opportunity for the world to see all that we have to offer across mainstream television, and digital communications and social media as well as the thousands that will attend in person.

The event demographics includes: average viewership age of 45, affluent, having an active lifestyle, and likes to travel. A very nice fit for our community and region.

The event supports many aspects of tourism including showcasing our vibrant downtown, highlighting our beautiful surrounding countryside, providing exposure to the local wineries and farming community, and highlighting our active lifestyle opportunities of which bicycling is taking center stage.

Businesses of all types will benefit immediately from the event and crowds that will be in attendance as well as the long-term benefits of being able to claim we hosted such an event seen on the world stage that highlights so many of our desirable values and attributes.

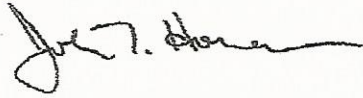
This is a multifaceted opportunity where we can all work together within our community and with our regional partners.

Please approve of this event and funding as an investment in the future of tourism in Morgan Hill and our region.

Thank you for your time and attention.

Sincerely,

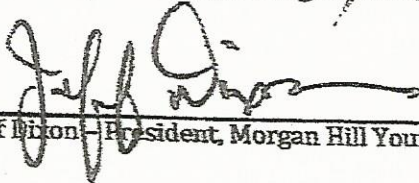
Morgan Hill Tourism Alliance Members:



John Horner - President, Morgan Hill Chamber of Commerce



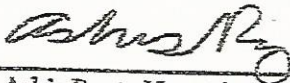
John McKay - President, Morgan Hill Downtown Association



Jeff Dixon - President, Morgan Hill Youth Sports Alliance (MH Outdoor Sports Center)



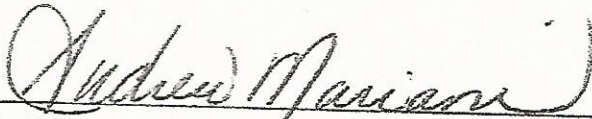
Karen Seeker - President, Wineries of Santa Clara Valley



Ashis Roy - Managing Member, Holiday Inn Express of Morgan Hill



David Dworkin - Hotel Consultant, representing the Granada Hotel and Spa



Andrew Mariani - Andy's Orchard

From: Michael Schaus
To: [Michelle Wilson](#)
Subject: Amgen Tour of California race in MH
Date: Wednesday, December 20, 2017 3:50:46 PM

Hi Michelle,

I learned through the Morgan Hill BPAG advocacy group that it's possible a stage of the Tour of California bike race could be held here – that would be amazing! There are a lot of bicycle enthusiasts here at Specialized, of course, and this event each spring brings a lot of excitement. Last year a large group of people all rode up to watch the San Jose stage.

I think an event like this would bring a lot of smart people into town and help continue to craft our image as a healthy, progressive, and beautiful place to live and exercise!

(Please note, I happen to work for Specialized but do not represent it in any official capacity)

Thanks,
Mike

Mike Schaus
Senior Test Engineer, Specialized Bicycle Components
408-779-6229 x4166

This communication (including any attachments) is for the use of the intended recipient(s) only and contains information that is CONFIDENTIAL and the property of Specialized Bicycle Components, Inc., 15130 Concord Circle, Morgan Hill, California, United States of America 95037 ("Specialized"). Any unauthorized use or dissemination of this communication (including any attachments) is strictly prohibited. If you have received this communication in error, please immediately notify the sender by return e-mail message and delete all copies of the original communication. Thank you for your cooperation.

From: D. Muirhead
To: [Angie Gonzalez](#); [Michelle Wilson](#)
Subject: Comments for the Public Record for: City Council Meeting December 20, 2017 Item #10: cable tv fees
Date: Monday, December 18, 2017 9:28:38 AM

Dear Morgan Hill City Council,
Comments for the Public Record for:
City Council Meeting December 20, 2017
Item #10: Morgan Hill Municipal Code Chapter 5.21 - State Video Franchises

The staff report/resolution says that since the establishment of Chapter 5.21, the City has received a franchise fee of 5% of gross revenues and a PEG support fee of 1% of gross revenues from holders of State Video Franchises. There is no mention of either the franchise fee nor the PEG support fee on the City web site.

This would be a good time to explain to the community what the Public, Educational, and/or Governmental (PEG) purposes are and how those receive capital support. The Municipal Code further states

Local franchises and holders of a state franchise under DIVCA shall provide four PEG channels.

Morgan Hill has one channel (17) for governmental programming and had one channel (19) for community (MHAT) programming. The MHAT studio closed when the Booksmart site was sold to developers. According to Larry Talbot, Spectrum (Charter) said that any new connection for the studio and transmission facilities would require a monthly fee of \$1,000. This was out of reach for MHAT. No Council member or City staff person was ever heard addressing the loss of the community channel. A few months ago, Channel 19 started showing educational programming featuring Gilroy School Board. Then a few days ago it started showing an out-of-service banner.

The staff report says that the City's adopted budget anticipates PEG support revenues of approximately \$54,000 that the City already receives. Regulating franchised video providers is an activity included in the work program of the Community Services Department.

So what is that \$54,000 buying and why is it not being used to support community programming? The Adopted 2017-18 Budget under Financial Comments for Cable Services says payments are split equally between the City and the City's public access provider.

One of the Council Ongoing Priorities is Preserving Our Cultural Heritage. As Larry Talbot said to you in Public Comment recently, MHAT had a history library of community events which have been preserved on YouTube. What current events will future residents be able to view?

[Adopted 2017-18 budget

General Fund Summary of Revenues & Transfer In

Franchise (Refuse,Cable,PG&E) \$1,981,796

Cable Services [010-5140] ACTIVITY DESCRIPTION

The Environmental Services Division is responsible for supporting cable television customer service, administering the public access contract, ...

The Media Access Coalition of Central California, through their Morgan Hill Access Television Project, has been the City's public

access provider for many years. Their contract was renewed in 2013 and does not expire until August, 2016.

ACTIVITY GOALS FY 16-17

Establish new contract for public access services

FINANCIAL COMMENTS

Payments for access television support received from Charter Cable of approximately \$49,000 are split equally between the City, for governmental access purposes, and the City's public access provider.

Thank you for your consideration, Doug Muirhead, Morgan Hill

-----+-----+-----+-----+-----+-----+-----+



CITY OF MORGAN HILL

Special 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, December 20, 2017 5:30 PM

Council Chamber

17555 Peak Avenue, Morgan Hill, CA 95037

SPECIAL MEETING

A Special Meeting of the City Council is called at 5:30 p.m. for the purpose of conducting City business in lieu of the regularly scheduled meeting at 7:00 p.m.

CALL TO ORDER

(Mayor Tate)

ROLL CALL ATTENDANCE

DECLARATION OF POSTING OF AGENDA

*Per Government Code 54954.2
(Deputy City Clerk Wilson)*

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Council Member Constantine

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PRESENTATIONS

YAC Presentation- Asset #1- Family Support

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. OCTOBER 2017 FINANCIAL AND INVESTMENT REPORT

Recommendation:

Accept and file report.

2. APPROVE FOURTH AMENDMENT TO CONTRACT WITH LEONE AND ALBERTS

Recommendation:

Authorize City Manager to Execute Fourth Amendment to Legal Services Consultant Agreement With Leone and Alberts for Litigation Services For a Total Not to Exceed Amount of \$140,000.

3. UPDATE ON INCLUSIVENESS RELATING TO IMMIGRATION CHALLENGES

Recommendation:

Receive and accept report on inclusiveness relating to immigration challenges.

4. APPROVE TREE DEDICATION

Recommendation:

Approve the dedication of a tree at the Civic Center to Michelle Schull, daughter of former City Manager Steve Rymer.

5. CITY CORRESPONDENCE REGARDING TAX CUTS AND JOBS ACT (H.R.1)

Recommendation:

Receive legislative correspondence in support of an amendment submitted by Representatives Lance and Gottheimer to improve the Tax Cuts and Jobs Act (H.R.1).

6. ADOPT RESOLUTION APPROVING A REVISED SALARY SCHEDULE FOR PART-TIME TEMPORARY AND SEASONAL EMPLOYEES WHICH REFLECTS MINIMUM WAGE INCREASES AND OTHER SALARY ADJUSTMENTS

Recommendation:

Adopt Part-Time Temporary and Seasonal Employees Resolution increasing selected classification salary ranges, including minimum wage increase, and adding and reclassifying certain job classifications, effective the pay period including January 1, 2018.

PUBLIC HEARING

7. TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING APPROVING ISSUANCE OF BONDS FOR THE 39-UNIT CROSSINGS ON MONTEREY AFFORDABLE HOUSING PROJECT AT 16800 MONTEREY ROAD, APN 817-36-033 AND 032 (NE CORNER MONTEREY ROAD AND BISCEGLIA AVENUE)

Recommendation:

1. Open/close public hearing consistent with the requirements of the federal Tax and Equity Fiscal Responsibility Act ("TEFRA") and Section 147 (f) of the Internal Revenue Code of 1986, as amended (the "Code"); and
2. Adopt resolution approving the issuance of bonds by the California Statewide Communities Development Authority (CSCDA), for Urban Housing Communities (UHC) 00661 Morgan Hill, L.P., a UHC affiliate, to provide for the financing of the 39- unit Crossings on Monterey Affordable Housing Project.

Estimated Time: 10 Minutes

OTHER BUSINESS

8. SANTA CLARA VALLEY AGRICULTURAL PLAN

Recommendation:

Accept presentation and provide input to County staff.

Estimated Time: 30 Minutes

9. 2018 AMGEN TOUR OF CALIFORNIA

Recommendation:

1. Approve the City acting as a host of the Amgen Tour of California Time Trial race on May 16, 2018, provided special event plan is approved by the City Manager;
2. Direct the City Manager to negotiate and execute an agreement with AEG Cycling, and if necessary, with San Jose Sports Authority, to provide services and support for the Tour in an amount not to exceed \$40,000 to be funded by the General Fund;
3. Approve \$15,000 for marketing and branding opportunities, including the creation of a 30 second commercial to be broadcast on national television during the race; and
4. Adopt resolution appropriating \$55,000 from the General Fund (010) for this event.

Estimated Time: 20 Minutes

10. ADOPT UNCODIFIED ORDINANCE REAUTHORIZING CHAPTER 5.21 - STATE VIDEO FRANCHISES OF THE MORGAN HILL MUNICIPAL CODE

Recommendation:

1. Waive the first and second reading of the ordinance; and
2. Introduce and Adopt Urgency Ordinance reaffirming and reauthorizing Chapter 5.21 – State Video Franchises of the Morgan Hill Municipal Code.

Estimated Time: 5 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT

NOTICE

Any documents produced by the City and distributed to the majority of the City Council less than 72 hours prior to an open meeting, will be made available for public inspection at the City Clerk's Counter at City Hall located at 17575 Peak Avenue, Morgan Hill, CA, 95037 and at the Morgan Hill Public Library located at 660 West Main Avenue, Morgan Hill, California, 95037 during normal business hours. (Pursuant to Government Code 54957.5)

PUBLIC COMMENT

Members of the Public are entitled to directly address the City Council concerning any item that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers, and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order to speak to the Council, but it is very helpful. When you are called, proceed to the podium and the Mayor will recognize you. If you wish to address the City Council on any other item of interest to the public, you may do so by during the public comment portion of the meeting following the same procedure described above. Please limit your comments to three (3) minutes or less.

Please submit written correspondence to the Minutes Clerk, who will distribute correspondence to the City Council.

Persons interested in proposing an item for the City Council agenda should contact a member of the City Council who may plan an item on the agenda for a future City Council meeting. Should your comments require Council action, your request may be placed on the next appropriate agenda. Council discussion or action may not be taken until your item appears on an agenda. This procedure is in compliance with the California Public Meeting Law (Brown Act) Government Code §54950.

City Council Policies and Procedures (CP 03-01) outlines the procedure for the conduct of public hearings. Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to the Public Hearing on these matters.

The time within which judicial review must be sought of the action by the City Council, which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.

For a copy of City Council Policies and Procedures CP 97-01, please contact the City Clerk's office (408) 779-7259, (408) 779-3117 (fax) or by email michelle.wilson@morganhill.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA)

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



Sustainable Morgan Hill Vision

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

CITY COUNCIL ONGOING PRIORITIES

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

2017 STRATEGIC PRIORITIES

High Speed Rail

Inclusiveness

Infrastructure

Regional Initiatives

Telecommunications

2017 STRATEGIC PRIORITIES:



High Speed Rail

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



Inclusiveness

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



Infrastructure

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



Regional Initiatives

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



Telecommunications

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

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December Developmental Asset Asset #1 **Family Support**

Family life provides high levels
of love and support.

How to use this asset in our daily lives

- ▶ Communication is important in strengthening family bonds
- ▶ Sharing responsibilities within the household builds trust
- ▶ Making time for each other creates a supportive environment



How this asset applies to YAC

- ▶ YAC is our second family because
 - ▶ We volunteer at various events together
 - ▶ Build lasting friendships with one another
 - ▶ Help and support each other



December Developmental Asset

Asset #20

Time At Home

Young person is out with friends “with nothing special to do” two or fewer nights per week

Connection to Family Support

- ▶ It is important to find balance when spending time with friends and spending time with family
- ▶ Building support systems in all areas of our lives

