Item # 1
AGENDA DATE: 5/18/18
SUPPLEMENT # 1

From:	D. Muirhead
To:	Michelle Bigelow; Angie Gonzalez
Subject:	comments for Council Budget workshop May 18
Date:	Thursday, May 17, 2018 7:23:06 AM

Dear Morgan Hill City Council,

Comments by Morgan Hill resident Doug Muirhead on
Workshop discussion of Recommended FY 2018-19/2019-20 Operating Budget.

I submitted my 4-page comment letter on the proposed budget to the Budget Manager.
I would be interested in a staff summary of how many residents chose to engage in the budget process.

I am going to give you some "sound bytes" from my letter for your evening news interviews.

1) While it is fair for each Department to recommend its preferred "decision packages", this does lend itself to a "blind men feeling the elephant" situation. We do not know what was in the second-level tier of packages that were rejected.

2) The Community Services FY2018-19 and 2019-20 Activity Goals include:
Age-Friendly City and our Senior Center
The City is proud of its Age-Friendly designation, but there is no acknowledgment of the demographic shift towards a larger percentage of older residents in the coming decade. Under Supporting Our Youth, Seniors, and Entire Community, a very good decision would be to upgrade Denise Melroy from part-time to full-time status at the Senior Center.

3) In your Special Analysis of Regional Initiatives, you say you will employ a regional approach to address animal services, but you only consider local spay/neuter programs and sheltering of cats rather than embracing the value to animals and residents of the new County Animal Services Center.

4) I do not see the value of spending $45,000 to enhance Monterey Road Underpass with landscaping. Who is going to see and appreciate this? You should instead spend money on a reversible ("zipper") lane (2 outbound morning, 2 inbound evening).

5) Environmental Services needs to expand waste reduction programs to apartment residents (most recent survey made sense only for homes).
Water Conservation should also promote graywater.

6) The split of graffiti removal between Street Maintenance and Police is confusing and not effective. Moving all graffiti removal into Street Maintenance should be considered.

7) The Long Range Planning program assists decision-makers to identify and evaluate future options for the growth and development of the community.
Who speaks for our residents who want to maintain the small-town feel?

Item # 1
AGENDA DATE: 5/18/18
SUPPLEMENT # 2

South Valley
Civic Theatre

South Valley Civic Theatre
16840 Joleen Way, G2, Morgan Hill, CA 95037
www.svct.org

To: Christina Turner, City Manager, City of Morgan Hill, CA
From: Peter Mandel, President, South Valley Civic Theatre
Date: 5 April 2018

South Valley Civic Theatre (SVCT) started 50 years ago, bringing entertainment to Morgan Hill and the South Valley. Over those years it has expanded its capacity to offer quality theater, as well as broadening its mission to be one of the few local theaters to include 2 youth productions in every season. The mission statement of the organization includes the belief "... that involvement in community theater is an important means for youth to develop confidence and skills and for adults to support the youth of our community."

Over the years, our commitment to both producing high quality theater and to growing the capacity of the youth of the community has grown as has the budget of the organization to accomplish this. The operating costs of a theater group are extensive, including the royalties for the shows, warehouse space, performing space, costumes, props, technical equipment, construction materials, etc. Unlike almost all of the other theater groups in the bay area, SVCT has had no government support. However, as the city has grown, and some support has been made available for similar purposes, I believe it's time for Morgan Hill to support the performing arts as many other cities in the region do and that this support will advance the priorities of the community as reflected in the priorities of the City Council.

Some years ago, I was involved in bringing Project Cornerstone to the school district and we worked cooperatively with the city to enhance the developmental assets of the youth of our community. I know that the city leadership still aggressively endorses these goals and focuses its efforts on these assets. Participating in SVCT theater activities supports at least 10 of the developmental assets [1] including: Offering other adult relationships (#3), Creative activities (#17), Responsibility (#30), and Cultural competence and Self esteem (#34 & 38). The youth that participate in theater tend to stay with it and grow with the supportive atmosphere of SVCT over many productions and many years. Their theatrical skills grow, but more importantly, their self esteem grows, their confidence grows, their ability to work with others on a common goal is enhanced, their power in public speaking is established and they have no fear of presenting to others. These transferrable skills will serve them well no matter their future career. As described in a recent article in South Valley Magazine, many of these children start with us when quite young. The article quotes one of the youth actors: "It was overwhelming, how accepting everyone is," said Bell, who was bullied as a younger child but found that theater gave her confidence and a voice. "When you come here, you get more confidence. You learn to listen to yourself. I felt like people believed in me and my passion was validated," she said.

SVCT activities also align well with the Council's ongoing priorities. Beyond our youth productions, SVCT "supports our youth, seniors, and the entire community" both onstage and backstage with hundreds of community members including many seniors working on productions throughout a season. Another priority, to

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[1] 3. Other adult relationships; 7.Community values youth; 14.Adult role models; 15.Positive peer influence; 16.High expectations; 17.Creative activities; 26.Caring; 30.Responsibility; 34 .Cultural competence; 38.Self esteem

"enhance the diversity and inclusiveness of our community" is well supported by SVCT as our volunteers come from every walk of life and every cultural and racial background. For example, our last mainstage production was lead by a Hispanic producer and an African American director. Theater, by its very nature, is an undertaking of very diverse participants.

How could the City of Morgan Hill help? Most other performing arts groups supplement their ticket sales with an operational grant from their local government. Some examples: Tabard: $67K; SV Shakespeare: $29K; Northside: $15K. Other forms of support include Gilroy offering a permanent performing space to Limelight for only $1. The common thread in these and other city grants is that they range from 10 to 20% of the operating budget of the performing groups. For SVCT, this would be between $15K and $30K.

What could be the benefits to the Morgan Hill community with support from the city? One issue that could be addressed relates to the Council goal of "Enhancing Diversity and Inclusiveness". Unfortunately, SVCT still has the need to charge "cast fees". This started early in our history to get cash to fund the start of each production. We charge every performer $85 (less if a member) to be in the show. This impacts the ability for those who are in a lower socio-economic state to be able to afford to participate. We effectively are hurting the inclusiveness and diversity that we could offer the community by charging these fees. This operating grant from the City would allow us the flexibility to mitigate this impact where necessary and broaden the reach of the theater program. Another benefit relates not to actors, but to musicians. With our current budget, we cannot afford to expand the musicians we use for our musicals. With more financial flexibility we'd like to expand the range of our orchestras and be able to involve more students and adult musicians of the community to perform. A final example is the flexibility to improve the quality of the productions. There are many advanced techniques (e.g. use of projection technology) that we could make use of to enhance the productions. These are just examples of the ways we could use the support of the city to enhance what we bring to the community, and expand the benefits of participating in theater to a wider range of the population.

I believe, as I've watched Morgan Hill grow over the 30+ years I've lived here, that it's time for the city to expand its reach and begin to support the performing arts in general and SVCT in particular. I believe we've been good partners with the City as the resident company of the Morgan Hill Playhouse, and it's time to expand that partnership. My request is for the city to make an operational grant of $20K to SVCT.

Thank you for your consideration.

Peter Mandel
President, South Valley Civic Theater

Fiscal Years
2018-19 & 2019-20

Recommended Operating and CIP Budget




morganhill.ca.gov/budget

CITY OF MORGAN HILL

Presentation Outline Morning

CITY OF MORGAN HILL

- Welcome to the City of Morgan Hill
- FY 17-18 Accomplishments
- Budget Process
- FY 18-20 Workplan
- Recommended Budgets
- Decision Packages
- Detailed Overview of Major Funds
- Q and A, Public Comment, and Council Discussion

Presentation Outline Afternoon

CITY OF MORGAN HILL

- Capital Improvement Program Budget
- Public Infrastructure
- Q and A, Public Comment, and Council Discussion

Welcome to the City of Morgan Hill

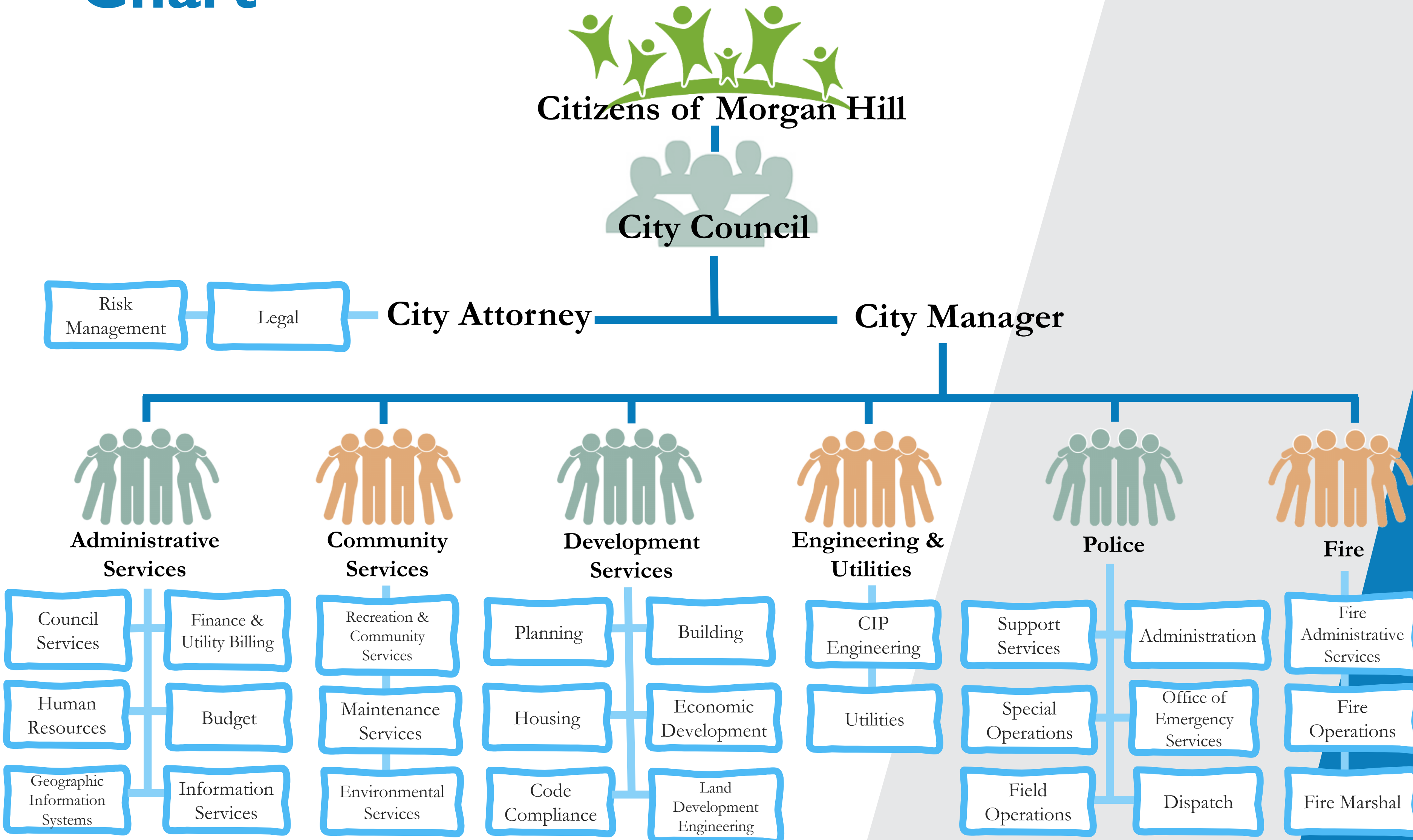
CITY OF MORGAN HILL

Welcome to the City of Morgan Hill

- Incorporated November 1906
- 13 square miles
- Population January 1, 2018: 44,513 (Source: State of CA Department of Finance Price Factor and Population Information May 2018)
- Full service city
- Current number of full-time equivalents: 195.0

City of Morgan Hill Organization Chart

CITY OF MORGAN HILL



Core Values

- Customer Service
- Innovation
- Meeting Challenges
- Professional Growth
- Teamwork

City of Morgan Hill

FY 17-18 Accomplishments

CITY OF MORGAN HILL

FY 17-18 Accomplishments

CITY OF MORGAN HILL

- Implemented district wide elections – creating four districts within the City
- Completed Public Safety and Water and Sewer System Master Plans
- Updated the development user fee schedule
- Completed a limited classification and citywide compensation study

FY 17-18 Accomplishments (cont.)

CITY OF MORGAN HILL

- Adopted Vision Zero Morgan Hill traffic safety strategies to eliminate traffic deaths and serious injuries

- Implemented the Measure S RDCS Competition Manual, streamlining the application process and providing clarity regarding future extensions

- Implemented a safe parking program in partnership with the faith-based community, housing, and the police department

FY 17-18 Accomplishments (cont.)

CITY OF MORGAN HILL

- Opened three Downtown parks
- Completed full deployment of Advanced Metering Infrastructure system for water services
- Launched Open Counter
- Hosted the Amgen Tour of California – one of the most prestigious races in the cycling world

Budget Process

CITY OF MORGAN HILL

2 Year Budget Process

CITY OF MORGAN HILL

January
2018
City Council Goal Setting Workshop

February – April
Budget Development

April
Recommended Budget Made Available to the Public

May
Budget Workshop

June
Public Hearing and Budget Adoption

January
2019
City Council Goal Setting Workshop

February – June
In-depth Budget Review Process
Mid Cycle Update (Yr. 2)
Budget Adjustments, as needed

City Council's Ongoing Priorities

City of Morgan Hill

- Enhancing Public Safety
- Protecting the Environment
- Maintaining Fiscal Responsibility
- Supporting our Youth, Seniors, and Entire Community

City Council's Ongoing Priorities (cont.)

CITY OF MORGAN HILL

- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving Our Cultural Heritage
- Enhancing Diversity and Inclusiveness

Community's Quality of Life Service Needs and Priorities

- Rapid response to 9-1-1 emergencies
- Maintaining the number of police officers on neighborhood patrols
- Maintaining crime prevention and investigation programs

Community's Quality of Life Service Needs and Priorities (cont.)

CITY OF MORGAN HILL

- Maintaining fire protection
- Maintaining City streets, roads, and repairing potholes
- Maintaining long-term financial stability

Principles that Guide the Sustainable Budget Strategy

City of Morgan Hill

- Critical services should be maintained to the greatest extent possible (Public Safety)
- Resources should be allocated to the highest priority service (Public Safety)
- No City services or functions should be exempt from evaluation (FY 18-20 started from zero)

Principles that Guide the Sustainable Budget Strategy (cont.)

CITY OF MORGAN HILL

- The City should continue to invest in building organizational capacity by supporting training and employee development (Core value – professional development)

- Community wide tax resources should be allocated first to support community wide services (76% discretionary expenditures allocated to Public Safety)

- Special services designed for only a few should be paid for by user charges and fees (Recreation services and Development service fees)

Principles that Guide the Sustainable Budget Strategy (cont.)

CITY OF MORGAN HILL

- Administrative and operational efficiencies should be maximized before pursuing new tax revenue (Continuous review of City operations at all levels)

- Reserves and one time revenues should be used first to invest in capital outlay items that could reduce long range operating costs, and, thereafter, fund transition expenses (Streets and building maintenance)

Principles that Guide the Sustainable Budget Strategy (cont.)

CITY OF MORGAN HILL

- New services should not be added, nor existing services expanded, unless they are highly valued by the community and there is a willingness to pay for them (GIS and animal services)

- There should be regular monitoring of financial performance and opportunity to make mid-course corrections as warranted (Monthly and quarterly reports and mid-cycle in depth review)

Principles that Guide the Sustainable Budget Strategy (cont.)

City of Morgan Hill

- City policies that may inhibit economic development, especially new retail development, should be reviewed regularly and modified (Impact fee freeze program)

Workplan 2018-2020

CITY OF MORGAN HILL

City Council's 2018 Strategic Priorities

- Community Engagement and Messaging
- Financial Stewardship
- Infrastructure
- Regional Initiatives
- Economic Development and Telecommunications

Community Engagement and Messaging

CITY OF MORGAN HILL

- Police Special Operations will present two parent project classes per year
- Develop a Retailer Managers monthly meeting
- Implement text to 911
- Investigate 311 services for Morgan Hill

Community Engagement and Messaging (cont.)

CITY OF MORGAN HILL

- Develop a partnership with security camera owners for emergency and investigative purposes
- Complete implementation of the City's brand refresh
- Develop and implement extensive community engagement campaign related to the City's infrastructure and public safety needs continuing to explore funding possibilities

Community Engagement and Messaging (cont.)

- Continue to provide a community board/table for sharing of community information as well as managing community use of the digital display board at the CCC

- Update website for ease of use by the public

- Implement a marketing campaign to promote the Economic Blueprint's vision and opportunities within the four key industries

Community Engagement and Messaging (cont.)

CITY OF MORGAN HILL

- Continue to develop our connections to our local Hispanic/Latino community, finding best ways to outreach and share important community information

- Explore the possibilities of providing City Council agendas in Spanish

- Implement "Listos" program – A grass roots disaster preparedness program tailored to meet the individual needs of Spanish speaking communities

Financial Stewardship

CITY OF MORGAN HILL

- Continue the City tradition of developing a prudent and balanced budget with effective long-term financial planning

- Continue to negotiate fiscally responsible labor agreements with all Labor Groups for contracts expiring in December 2018

- Continue to work with various departments and consultant to complete the Development Impact Fee Update

Financial Stewardship (cont.)

CITY OF MORGAN HILL

- Continue to safeguard the City's assets and maintain and implement appropriate controls to ensure financial compliance with regulations

- Pursue revenue Ballot Measures

Infrastructure

CITY OF MORGAN HILL

- Communicate with Council and the Community regarding High Speed Rail and advocate for measures to mitigate potential impacts

- Continue annual program to seal and refresh City owned parking lot facilities

- Continue to respond to deficient street conditions and make appropriate repairs

- Continue annual pavement maintenance projects

Infrastructure (cont.)

CITY OF MORGAN HILL

- Incorporate asphalt walking trails and other asphalt walkways into existing sealing program
- Continue the focus on park safety including repairs to play equipment, irrigation systems, and ball field maintenance
- Coordinate Downtown construction activities by private developments to avoid conflicts through construction zones

Infrastructure (cont.)

City of Morgan Hill

- Seek grant funding for street safety and circulation improvements

- Continue to engage the City Council and the Community to both educate and strategize the best way to move forward with a sustainable funding source for infrastructure and City services

Regional Initiatives

- Continue representation of Morgan Hill through participation in regional associations by professional division

- Continue partnership with the Santa Clara Valley Habitat Agency

- Continue to participate in Regional Task Forces for Public Safety

Regional Initiatives (cont.)

City of Morgan Hill

- Communicate with Council and the Community regarding High Speed Rail and advocate for measures to mitigate potential impacts
- Lead coordination on regional planning efforts related to bringing recycled water to Morgan Hill
- Work with the County and City of Gilroy on implementing regulatory requirements as required by the State and Regional Boards

Regional Initiatives (cont.)

City of Morgan Hill

- Collaborate with dedicated South County Case Management Worker, Santa Clara County, and the City of Gilroy and continue to build a South County homeless response system that integrates County Safety Net Services

- Participate and advocate for South County in regional transportation planning initiatives with Valley Transportation Agency (VTA), Caltrain, Boards, and Committees

Regional Initiatives (cont.)

CITY OF MORGAN HILL

- Participate with SCRWA on Plant Expansion
- Continue to participate in Upper Llagas Flood Control project

Economic Development and Telecommunications

CITY OF MORGAN HILL

- Adopt an Industrial Land Preservation strategy
- Develop a Retail Concentration strategy
- Develop a Freeway Signage program
- Deploy new Economic Development website
- Implement Economic Blueprint and new Zoning Code outreach and advertising campaign
- Implement Downtown News Rack Consolidation program

Economic Development and Telecommunications (cont.)

CITY OF MORGAN HILL

- Inventory and create a conduit map of all available City conduit
- Issue a Request for Proposals for fiber network infrastructure for City facilities
- Host community workshops on Telecommunications
- Develop a "Dig Once" ordinance

Recommended Budgets

City of Morgan Hill

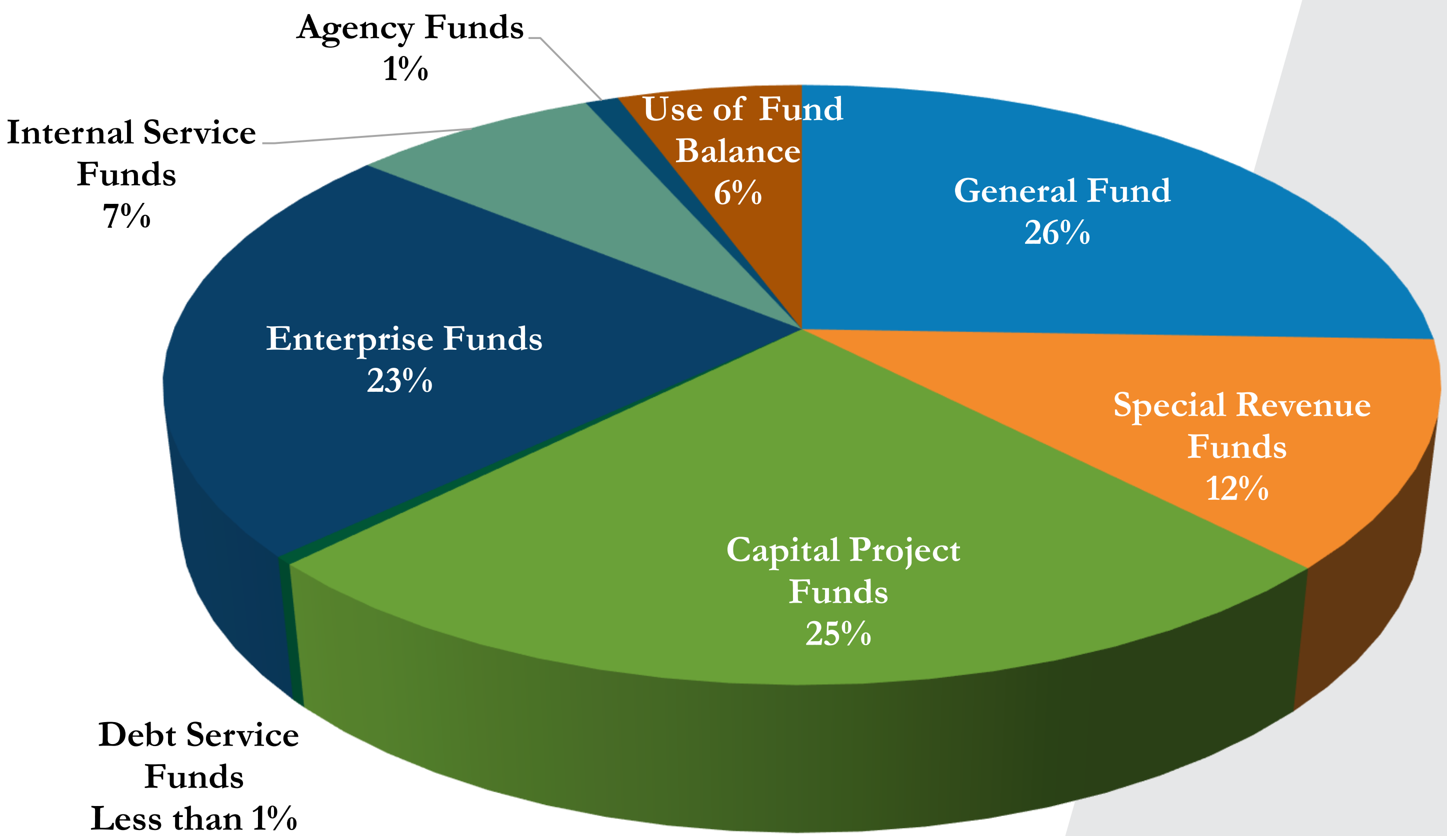
Budget Summary

	FY 18-19	FY 19-20
Operating Budget	$107.0 million	$104.6 million
Capital Improvement Program	50.0 million	30.5 million
Total Recommended Budget	**$157.0 million**	**$135.1 million**

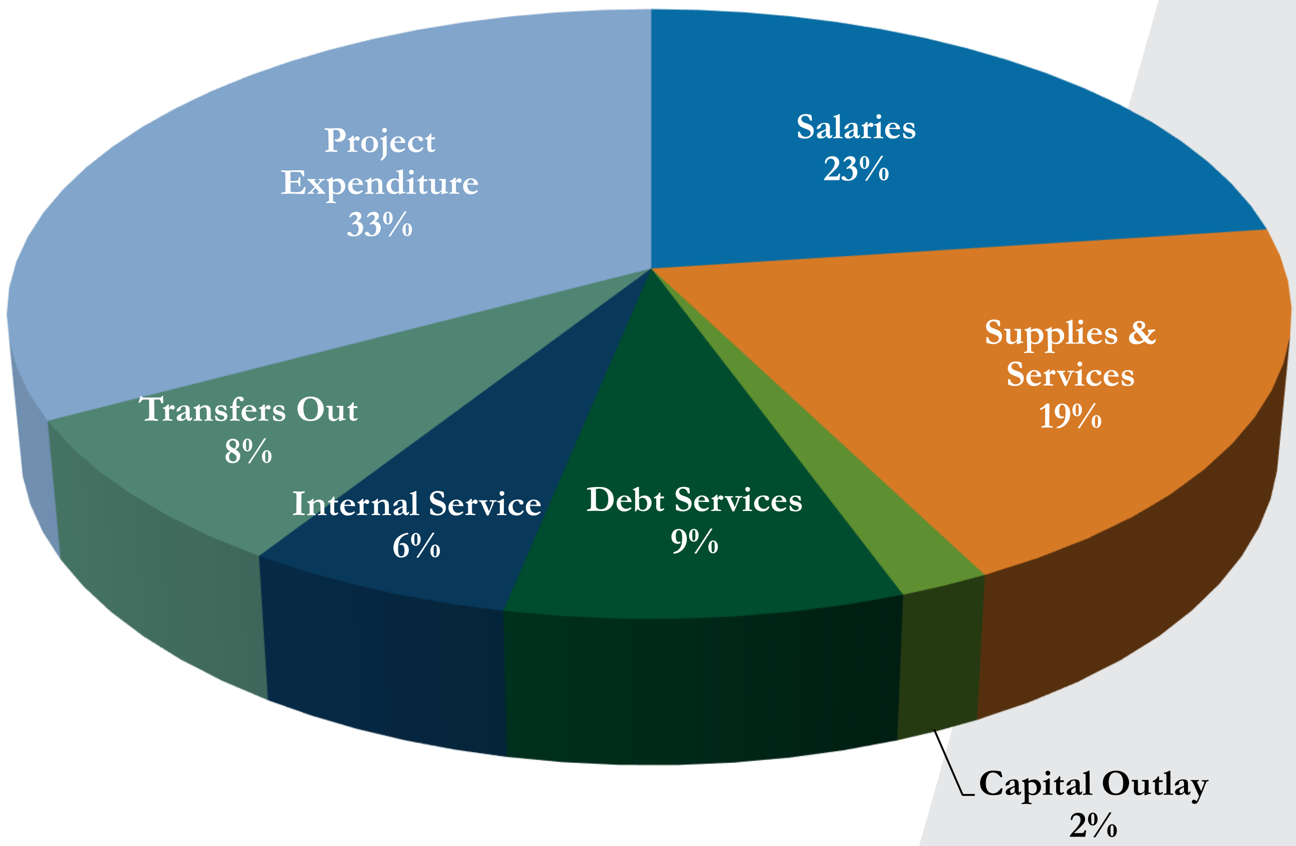
Total Recommended 6 Year CIP Budget: $151.5 million

Total Recommended FY 2018-19 City Resources by Fund Type $157.0 Million

CITY OF MORGAN HILL



Total Recommended FY 2018-19 Use of Funds by Category $157.0 Million

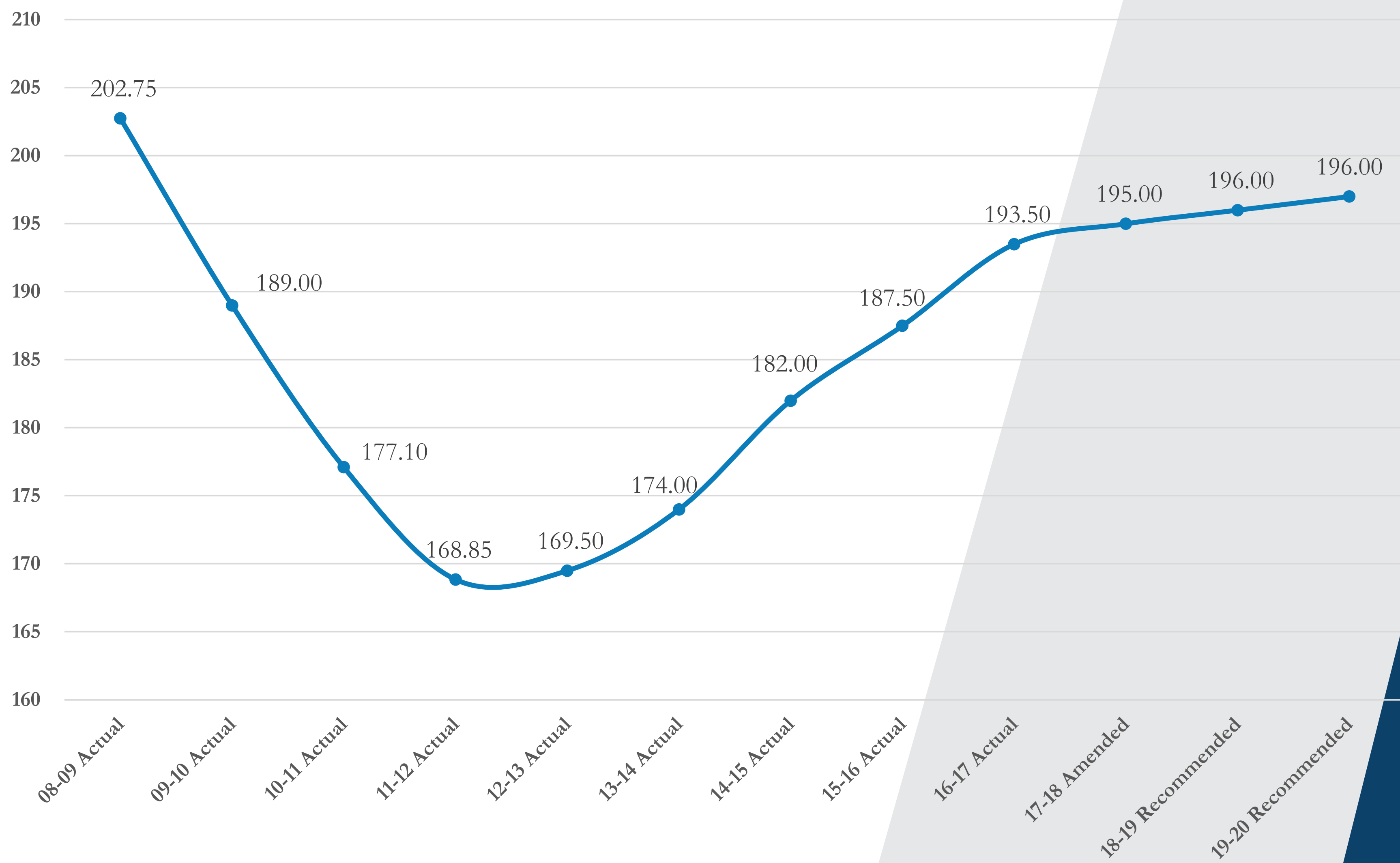


Personnel

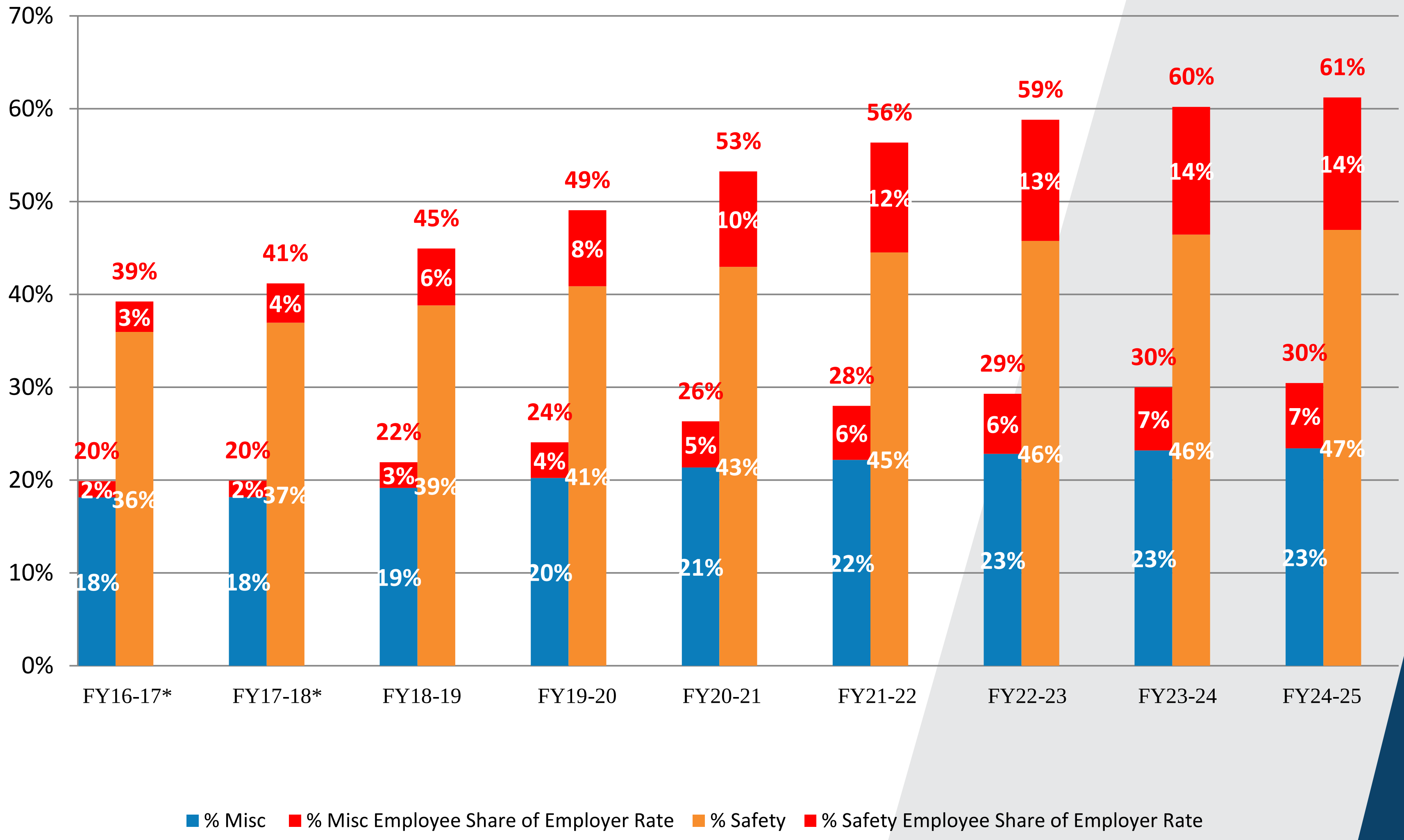
CITY OF MORGAN HILL

Personnel

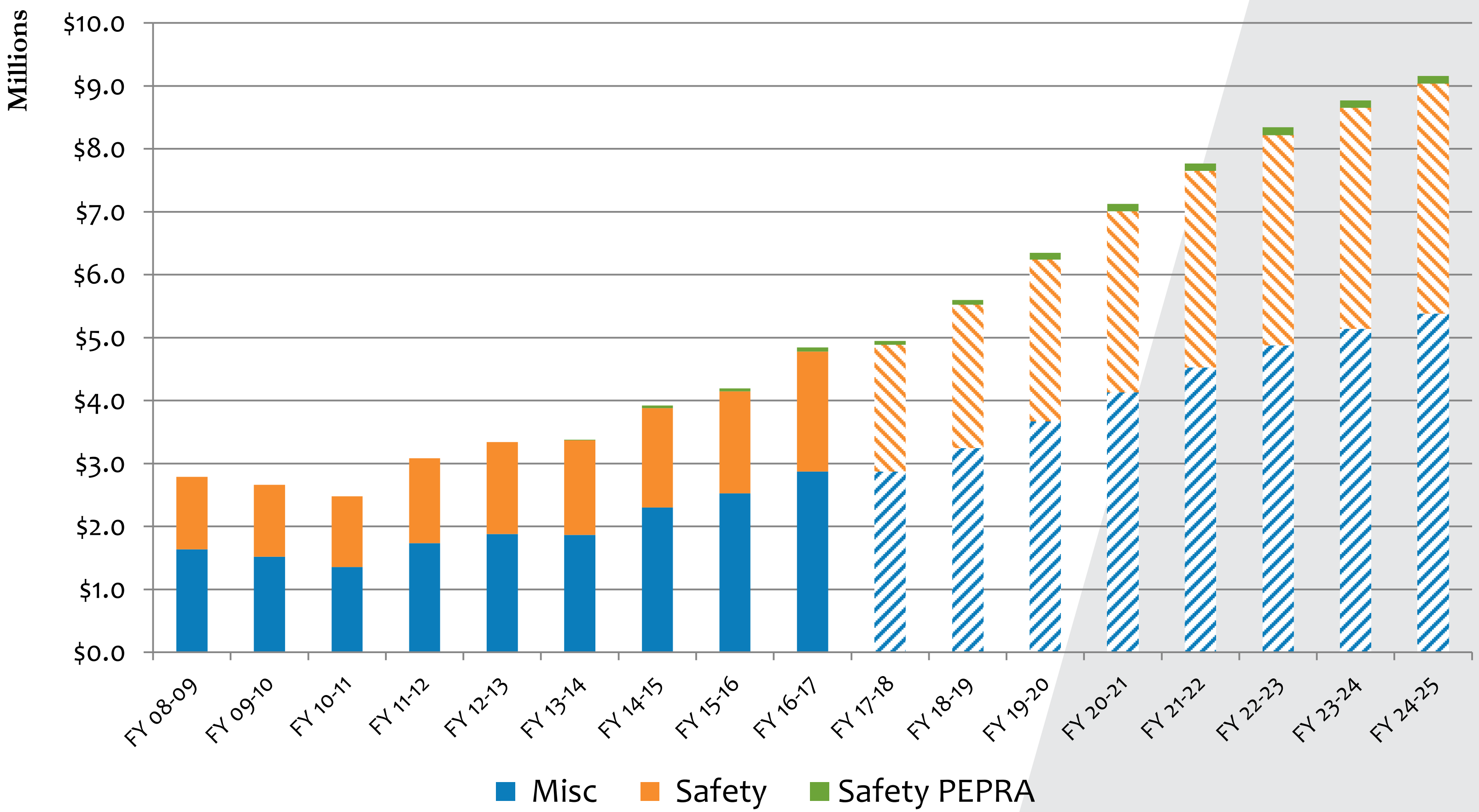
CITY OF MORGAN HILL



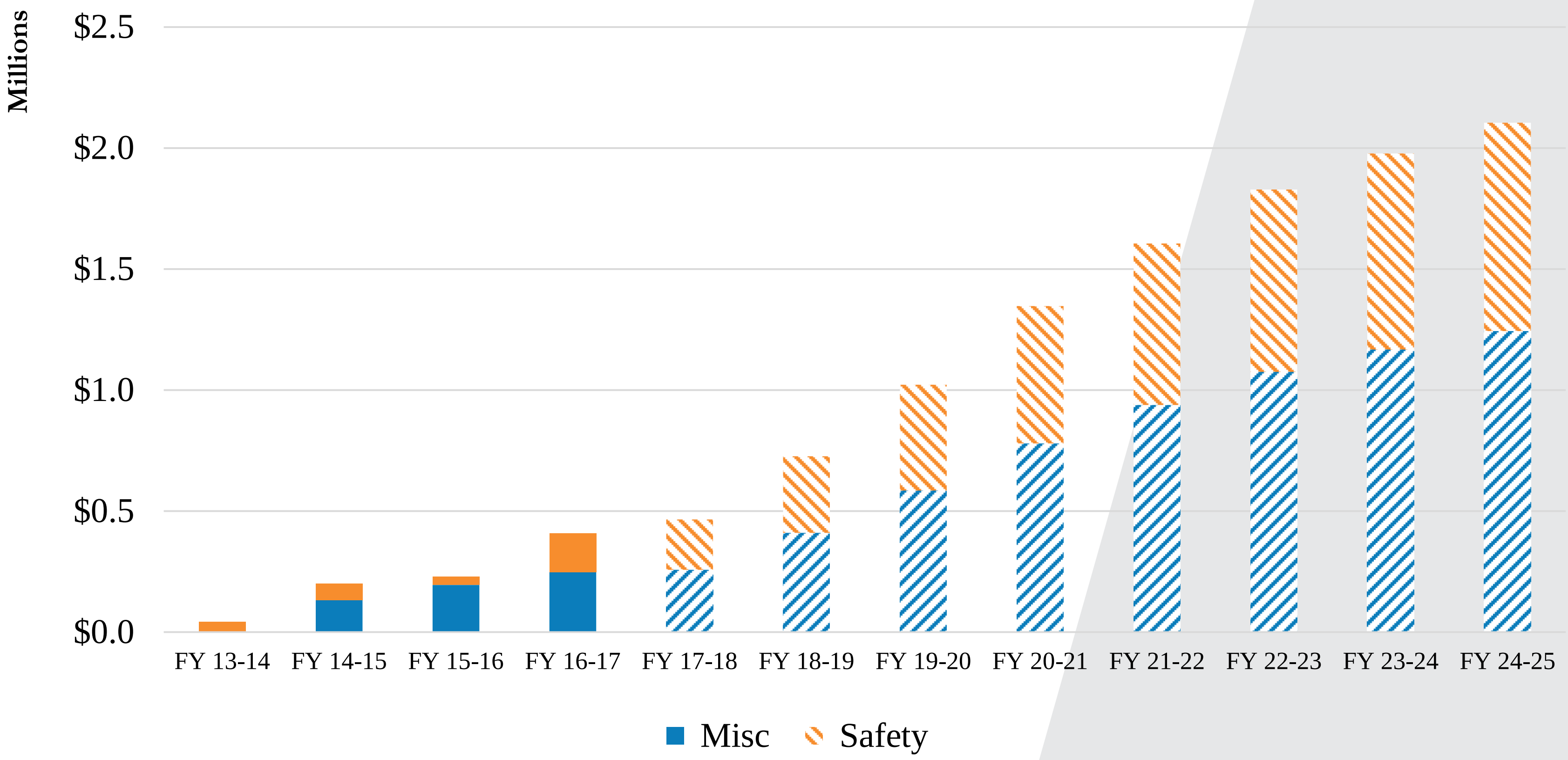
Projected Employer PERS Rate



Projected Employer PERS Cost Before Employee Sharing



Projected Employee Sharing of Employer PERS Cost

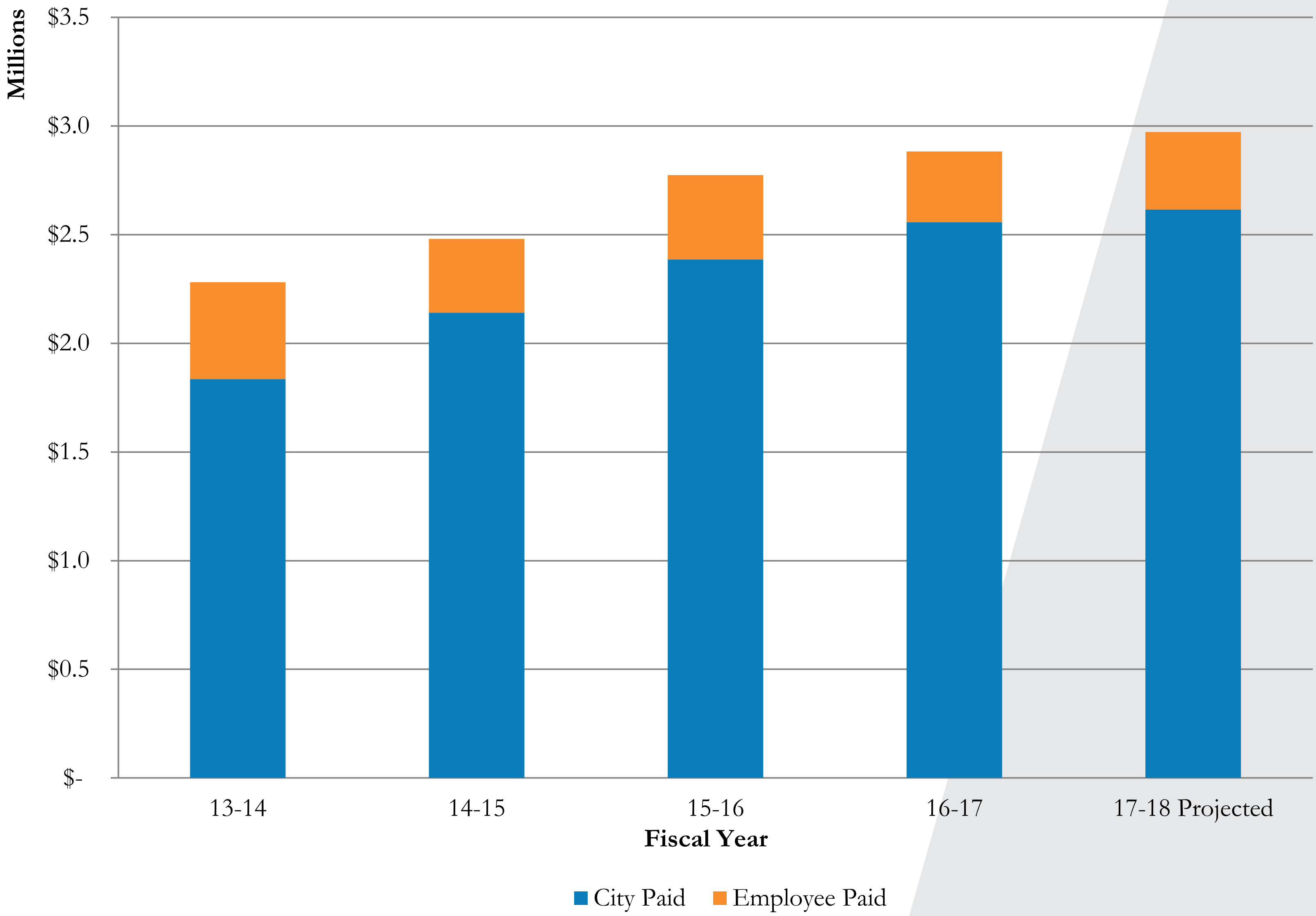


Health Plan Costs

CITY OF MORGAN HILL

- 5% annual increase in healthcare flex benefits throughout forecast
- City pays a percentage of the lowest cost health plan
- Employee pays the difference between the City's contribution and the selected health plan
- $3.0 million expense in FY 18-19

History of Health Benefits



Decision Packages

City of Morgan Hill

Enhancing Public Safety

CITY OF MORGAN HILL

- One new Traffic Officer in the Police Department - $200,000 (ongoing)
- Purchase new Automated License Plate Reader (ALPR) - $21,400 (one-time)
- Funding for an Analytical and Spatial Crime and Statistics Dashboard - $15,000 one-time with ongoing maintenance of $10,000
- Increase funding for all officers and dispatchers training, including Suicide Prevention Training – $64,400 for the first year and $30,000 on-going

Enhancing Public Safety (cont.)

CITY OF MORGAN HILL

- Additional funding for the on-going costs associated with the sheltering of cats at the San Martin Animal Shelter to allow for unlimited services - $19,000 (ongoing)

- Purchase equipment for Fire's reserve engine - $167,000 (one-time)

- Purchase electronic medicine dispensary and tracking equipment with double secure narcotic storage - $41,000 (one-time)

Enhancing Public Safety (cont.)

CITY OF MORGAN HILL

- Purchase of two advanced life support monitors and additional automated external defibrillators (AED) - $50,000 for FY 18-19 and $40,000 for FY 19-20
- Purchase of three life size American Heart Association advanced cardiac mannequins; one adult, one child, and one infant, equipped with electronic feedback and testing capabilities - $25,000 (one-time)
- Reroof, repair stucco, and paint exterior of the El Toro Fire Station - $180,000 (one-time)

Maintaining Fiscal Responsibility

CITY OF MORGAN HILL

- Continue to address the City's unfunded Other Post Employment Benefits (OPEB) liability – additional $100,000 annually

- Increase the General Fund investment for park maintenance - $150,000 (ongoing)

Supporting our Youth, Seniors, and the Entire Community

CITY OF MORGAN HILL

- Contribute to the "Focus" Safe Parking Program project - $30,000 (ongoing)
- Contribute funding to the hiring of a dedicated South County Case Manager who will act as a "Housing Navigator" to serve as the main point of contact for individuals who have been targeted for housing interventions - $50,000 (one-time)
- Enhance YMCA Partnership with additional group exercise classes, community building activities, upgrade card swipers to scanners, and adjust enrollment and daily fees - $61,000 (ongoing)

Economic Development and Telecommunications

CITY OF MORGAN HILL

- Reclassify the Economic Development Coordinator to Economic Development Manager - $11,000 (ongoing)
- Implement Senate Bill 743, shifting from Level of Service (LOS) to Vehicle Miles Traveled (VMT) Standards as the measure of transportation impacts - $200,000 (one-time)
- Increase Economic Development Fellowship program - $20,000 (ongoing)
- Enhance Monterey Road Underpass with landscaping - $45,000 (one-time and $5,000 ongoing)

Fostering a Positive Organizational Culture

CITY OF MORGAN HILL

- Reclassify Building Manager position to Building Official - $20,000 (ongoing)
- Reclassify the Fire/Building Inspector with Supervising Building Inspector - $10,000 (ongoing)
- Implement hourly wage increase to City temporary part time positions to align with YMCA - $53,000 (ongoing)
- Increase funding for training for Development Services teammates and Planning Commissioners - $10,000 (ongoing)

Infrastructure

- Increase the General Fund investment for street improvement projects - $750,000 (FY 19-20)

- Increase funding to Building Replacement Fund for all City buildings and facilities - $250,000 (ongoing)

- Purchase of a Hydro-Excavator Truck – $450,000 (one-time) and $50,000 (ongoing)

Regional Initiatives

CITY OF MORGAN HILL

- Hire an environmental review consultant to help City respond to the High Speed Rail's Environmental Impact Report (EIR) - $100,000 (one-time)

Recent budget requests not included in the Recommended Budget

CITY OF MORGAN HILL

Council approved recommendations

- Janitorial Increase - $57,500
- Community Promotions - $700

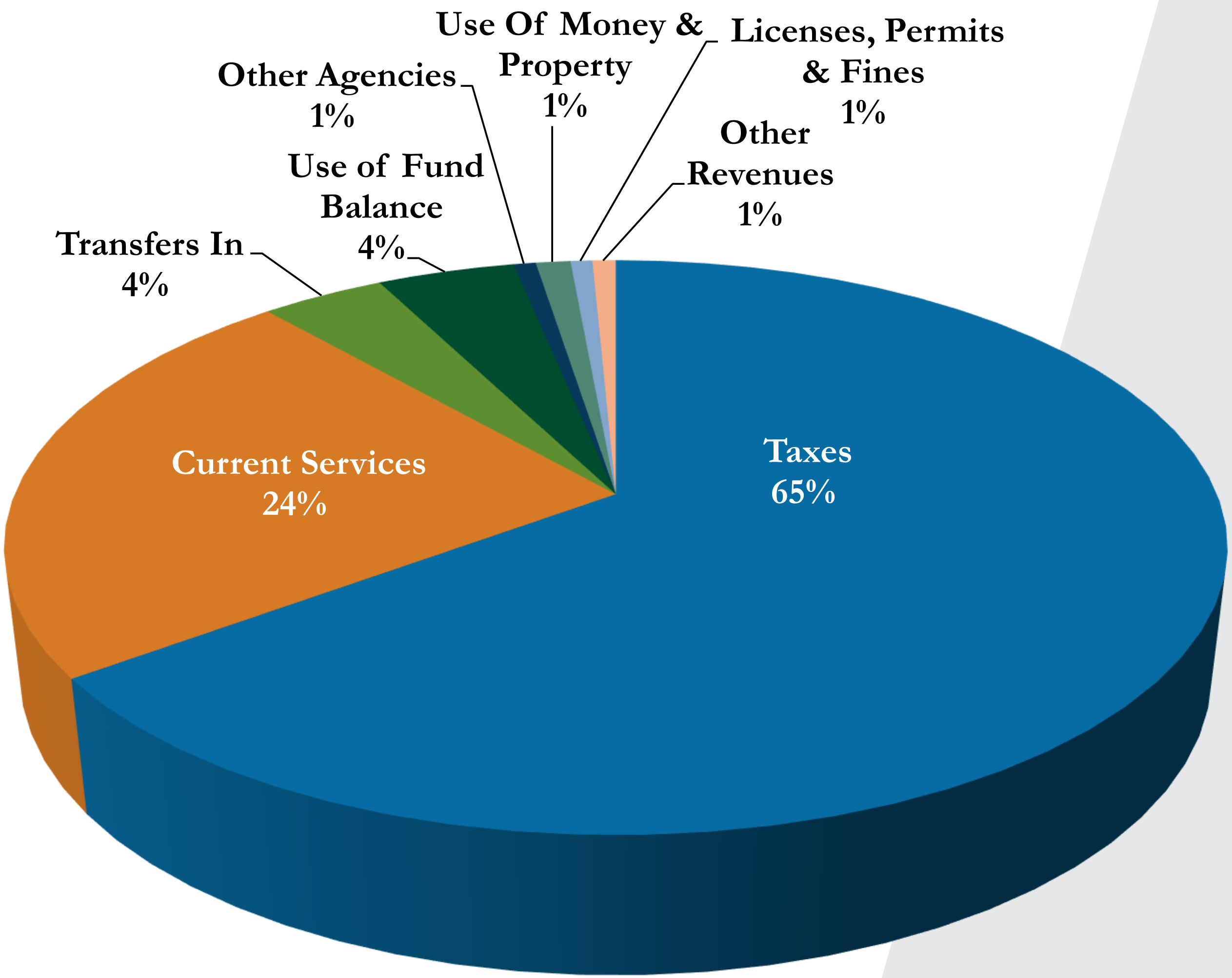
Council or Community Requests

- 1.0 FTE Police Officer (School Resource Officer (SRO) starting FY 19-20) - $140,000 (net cost to the City – offset by $60,000 additional funding from Morgan Hill Unified School District)
- South Valley Civic Theater - $20,000

General Fund

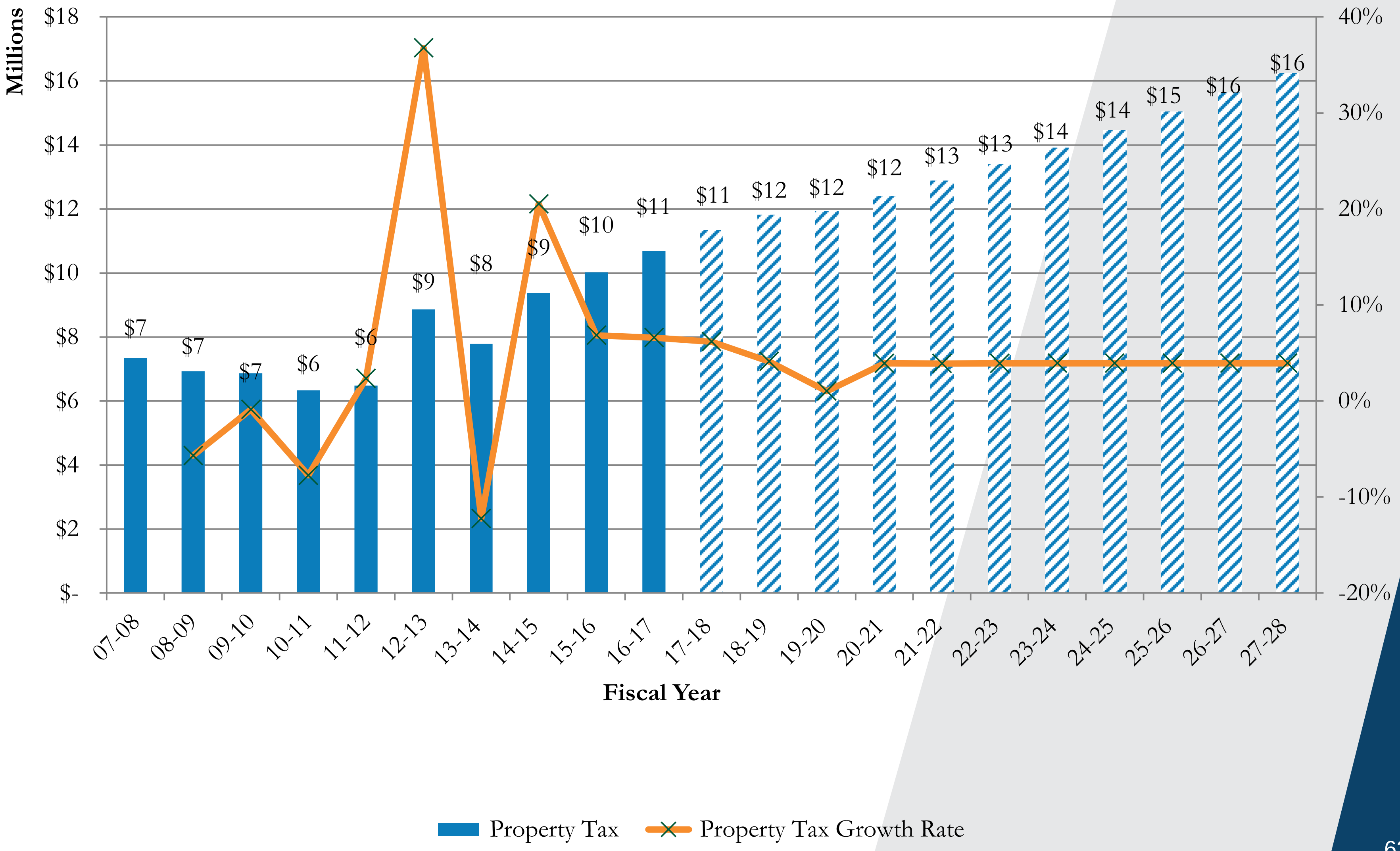
CITY OF MORGAN HILL

Total Recommended FY 2018-19 General Fund Resources $40.1 Million

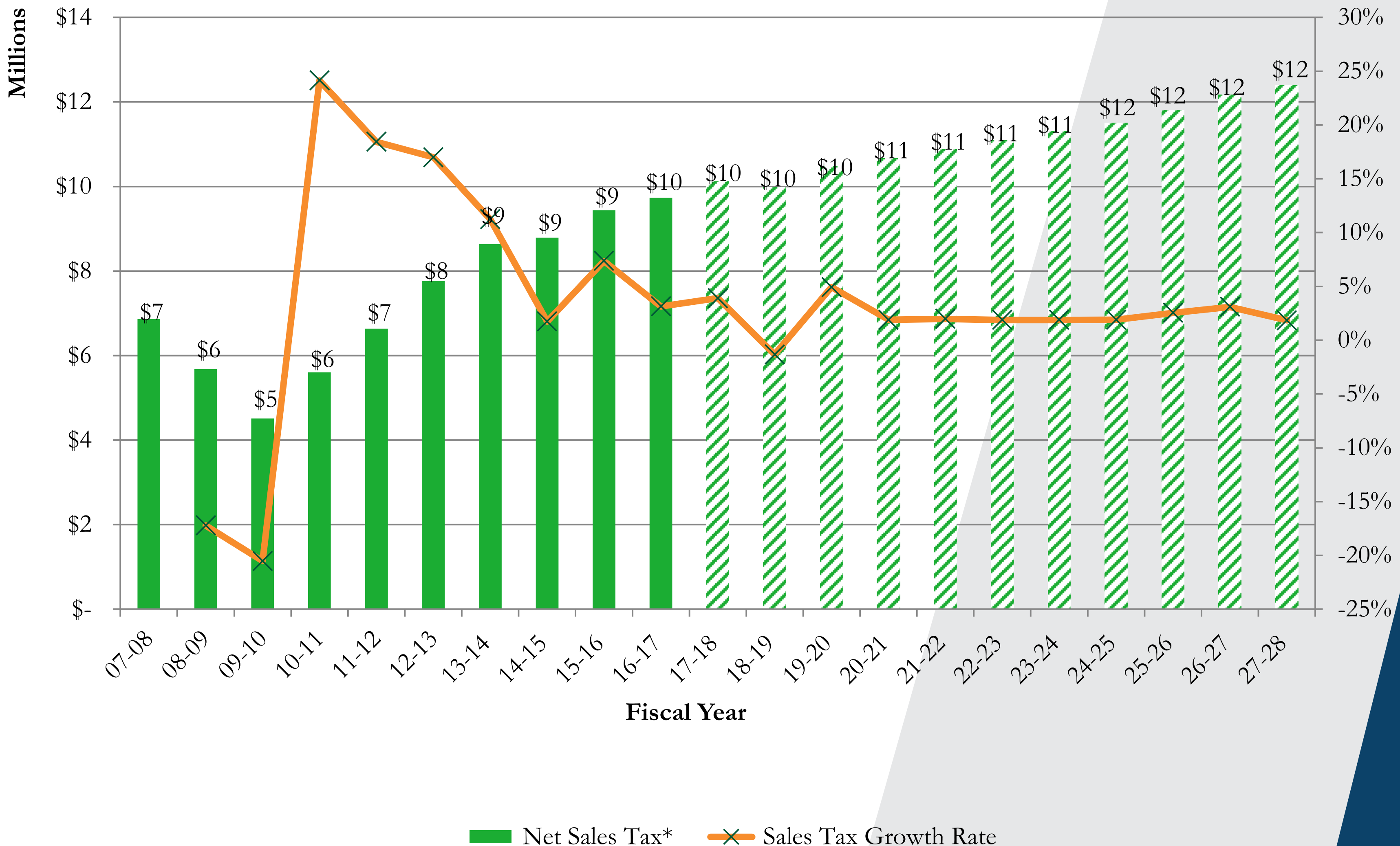


CITY OF MORGAN HILL

Property Tax Projection

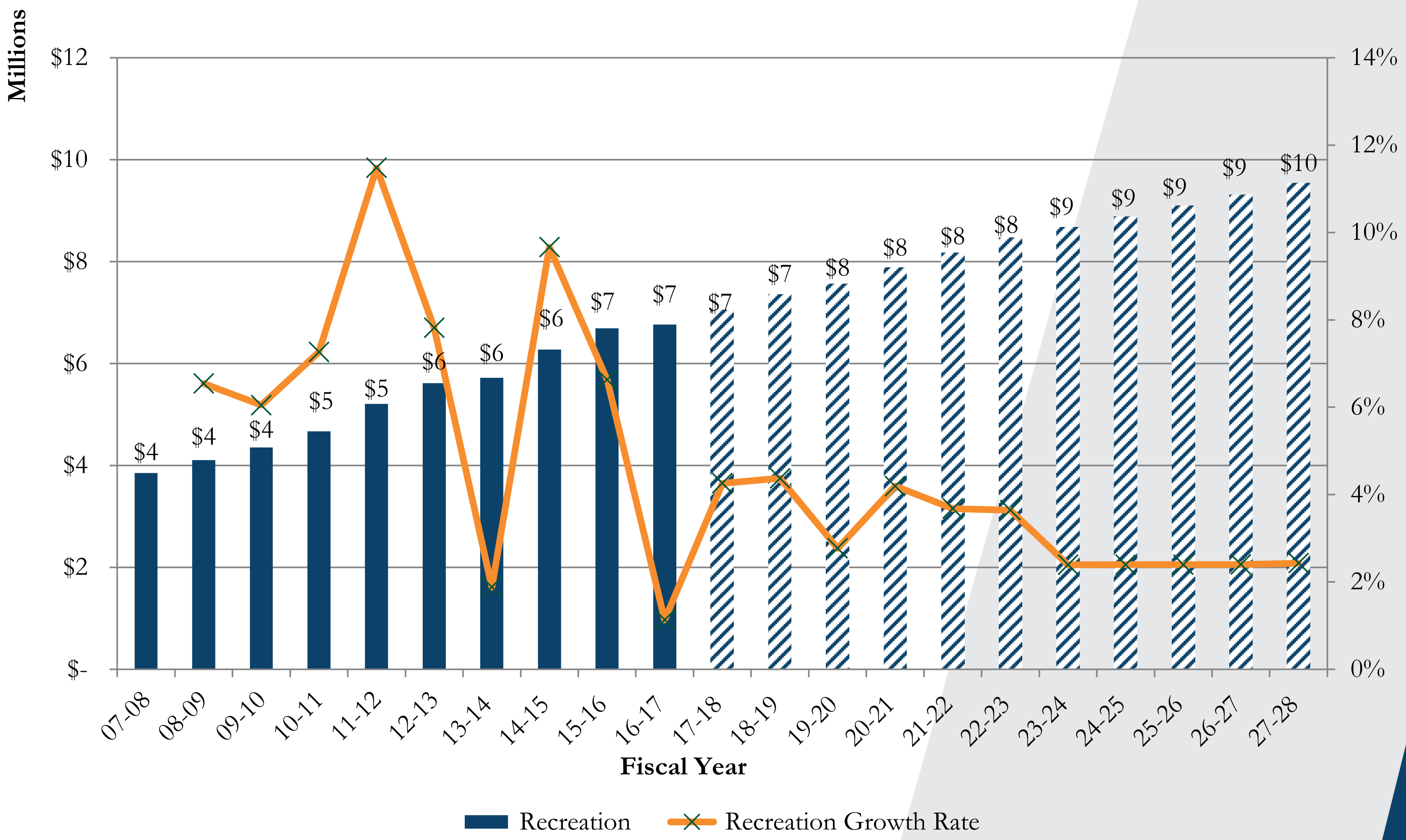


Sales Tax Projection

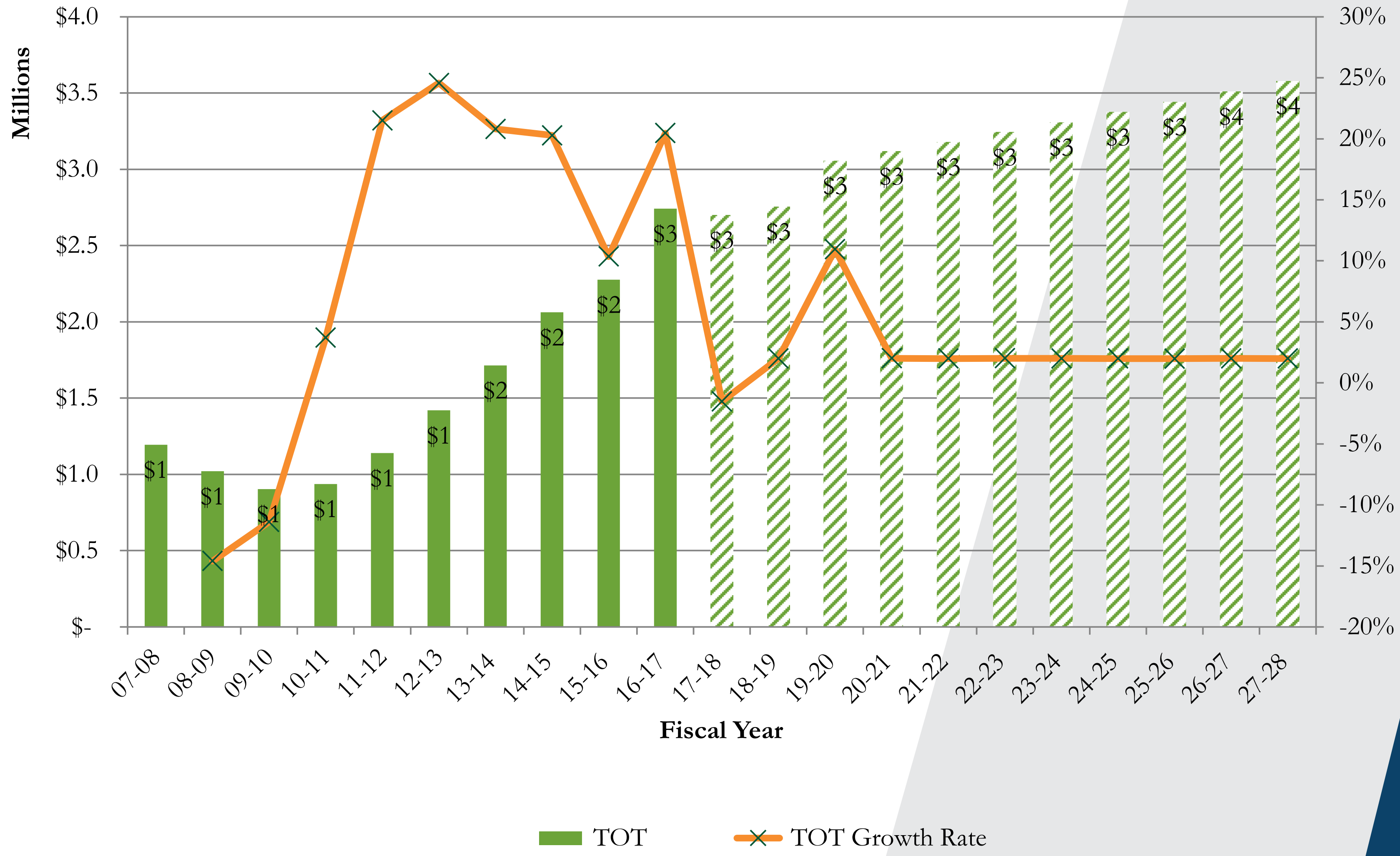


Recreation Revenue Projection

CITY OF MORGAN HILL

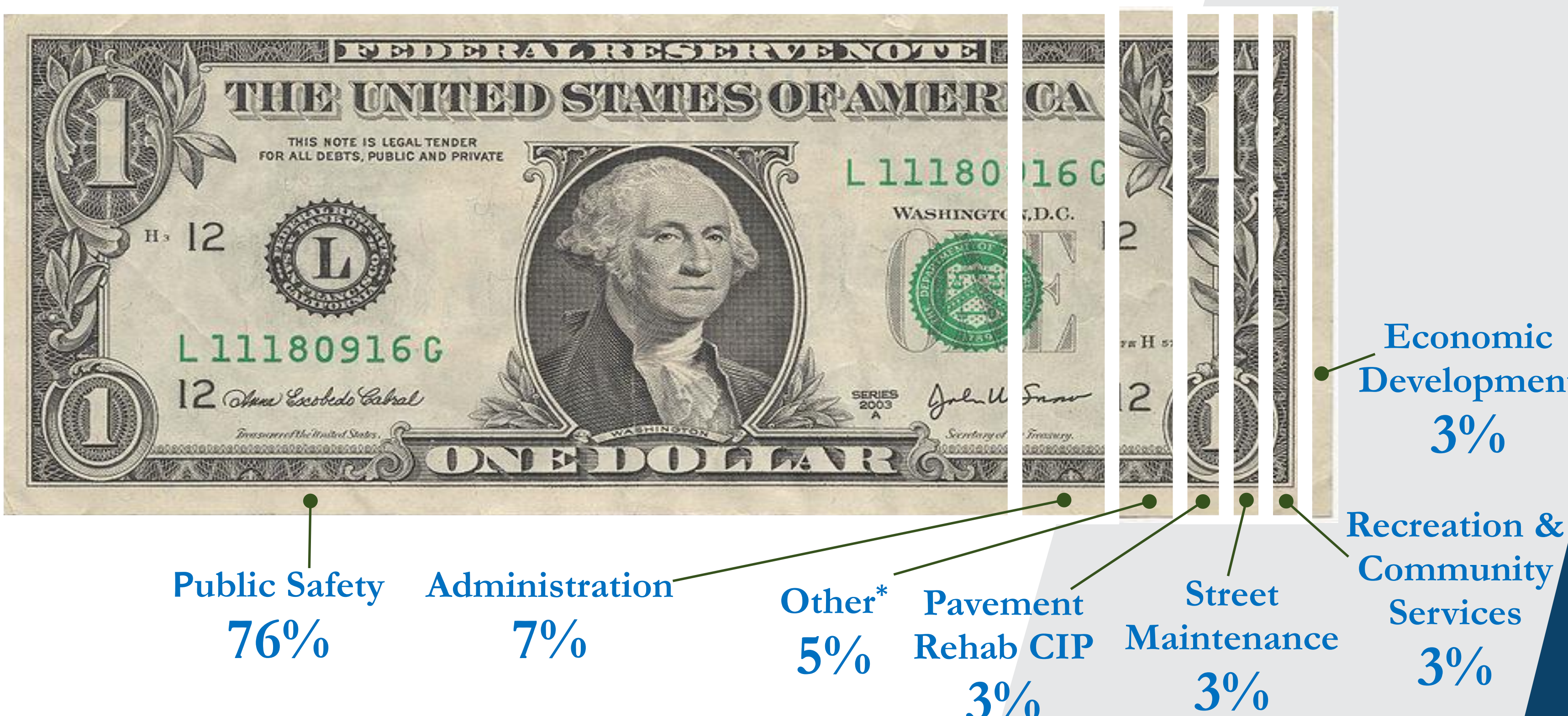


TOT Projection



Total Recommended FY 2018-19 General Fund Discretionary Expenditures
$29.1 Million

CITY OF MORGAN HILL



*Other includes: Downtown Maintenance, Park Maintenance, OPEB, Environmental Programs

CAL FIRE Partnership Agreement

CITY OF MORGAN HILL

5 year agreement: July 1, 2018 through June 30, 2023

- Five year budget amount of $29.8 million
- Five year "not to exceed" contract amount of $37.4 million
- Council maintains control over approved budget and spending
- Contract allows flexibility to increase resources as needed at Council discretion

CAL FIRE Partnership Agreement
(cont.)

CITY OF MORGAN HILL

What's included in the Recommended Budget:

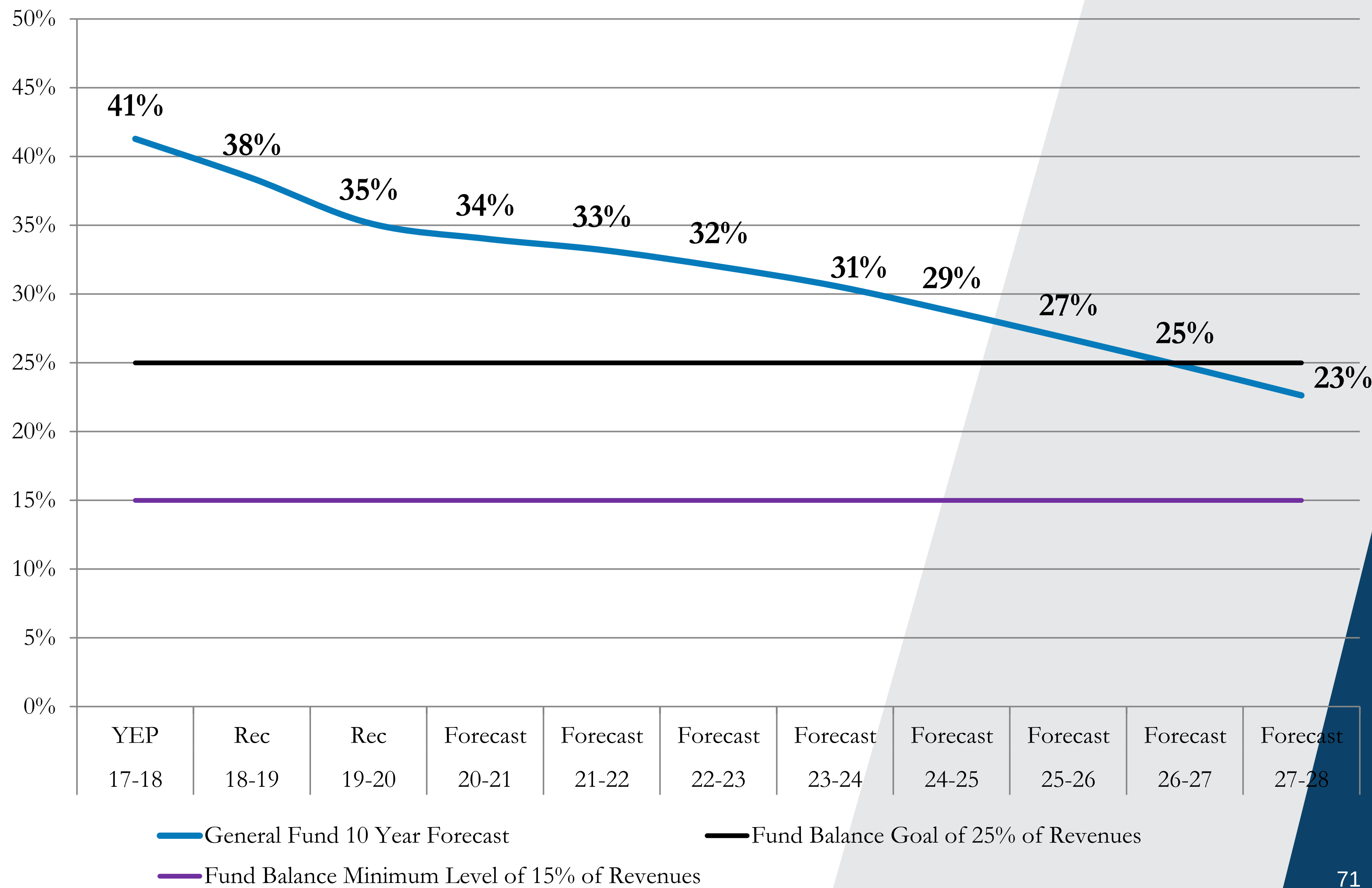
- State negotiated salary increases
- 50% share of a Heavy Equipment Mechanic position
- 50% share of a Analyst position
- Incremental cost of an Assistant Chief shared position
- Upgrade of EMS Fire Captain position to Battalion Chief position
- Additional Engineer Paramedic position previously paid in contractual services

General Fund Investments

CITY OF MORGAN HILL

	FY 17-18	FY 18-19 Base	FY 18-19 Additional Funding	FY 18-19 Total Rec	FY 19-20 Total Rec
Park Maintenance	$200,000	$200,000	$150,000	$350,000	$350,000
Building Maintenance	450,000	450,000	250,000	700,000	700,000
Streets	1,000,000	1,000,000	0	1,000,000	1,000,000
OPEB	300,000	300,000	100,000	400,000	400,000

General Fund 10 Year Forecast



Unfunded/Underfunded General Fund Needs

- Police
- Fire
- Park Maintenance
- Building Maintenance
- OPEB and PERS
- Development Services Support

Development Services Fund

CITY OF MORGAN HILL

Development Services Fund

CITY OF MORGAN HILL

Revenues

- FY 18-19 = $4.9 million & FY 19-20 = $5.3 million
- 15-20% of revenue based on number of allocations (units)
- Majority of revenue based on other factors such as number applications, projects submitted, and construction valuation
- Forecast years utilize a CPI increase

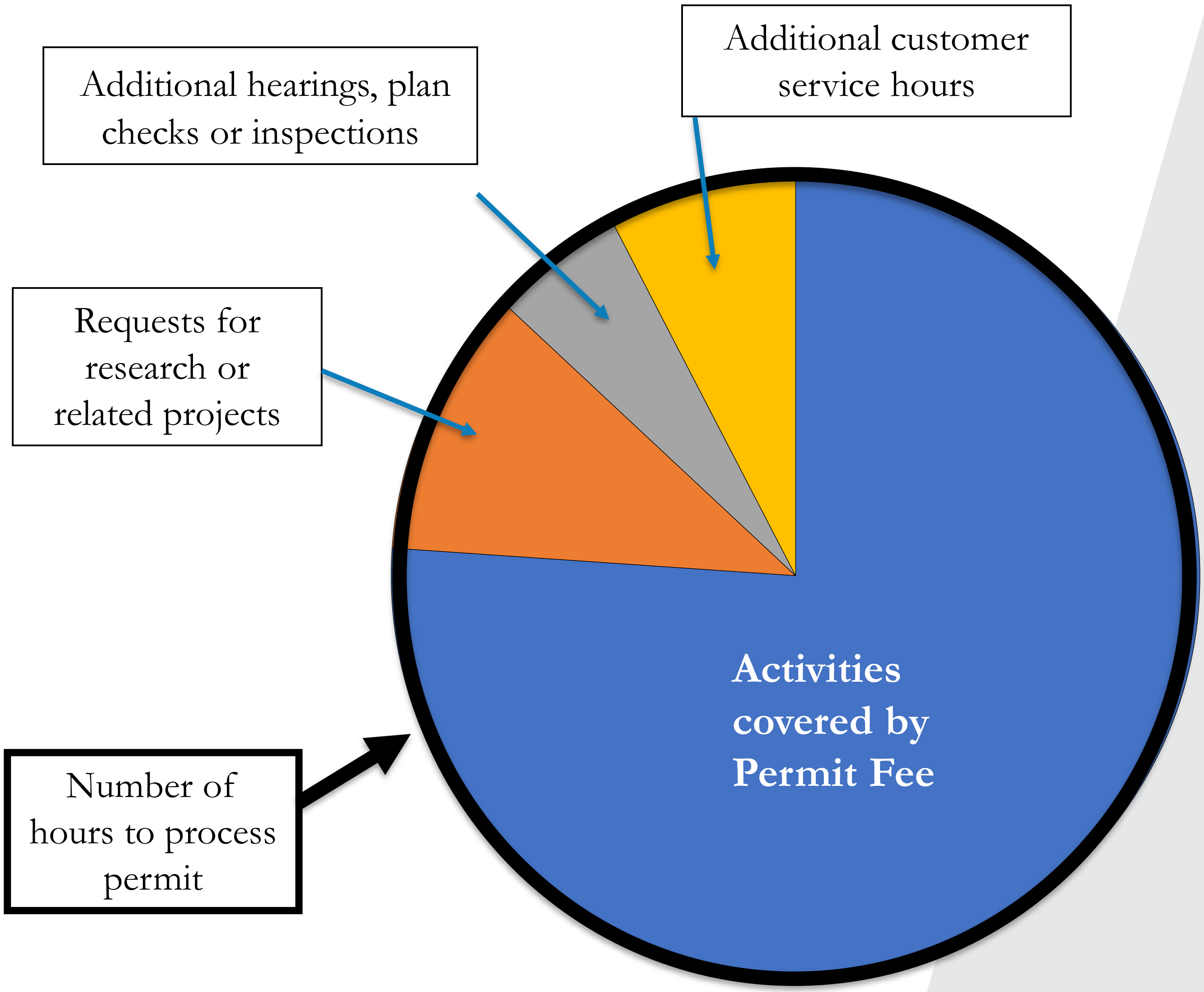
Expenditures

- FY 18-19 = $5.9 million & FY 19-20 = $6.0 million

Zucker Study Update Fall 2018

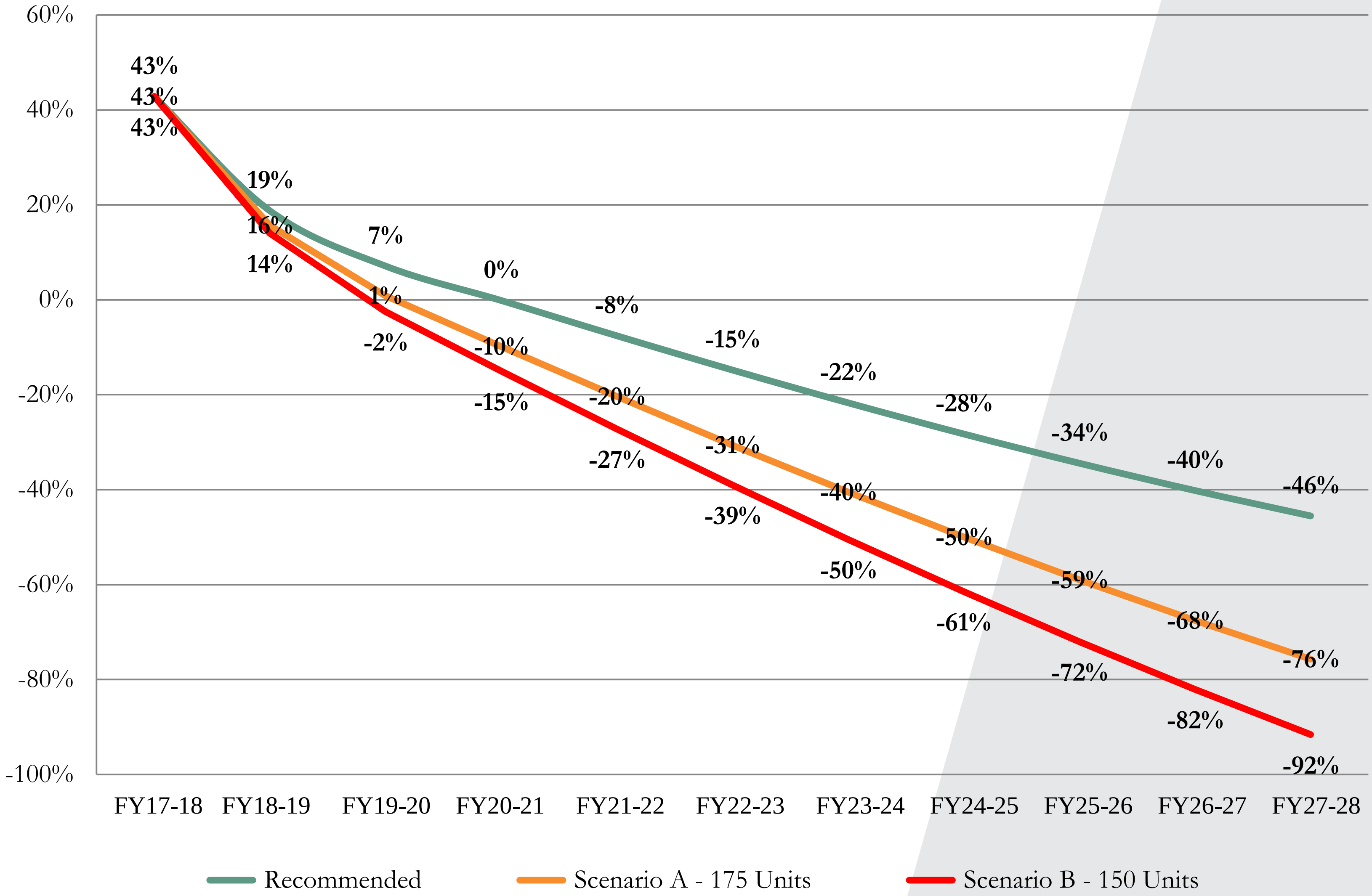
Permit Fees and Cost Recovery

CITY OF MORGAN HILL



Development Services Fund

CITY OF MORGAN HILL



Utilities Funds

CITY OF MORGAN HILL

Wastewater Operations Fund

CITY OF MORGAN HILL

	FY 18-19	FY 19-20
Revenues/Transfers In	$10.7 million	$11.3 million
Expenditures/Transfers Out	$11.1 million	$11.6 million
Operating Margin	**$(0.4) million**	**$(0.3) million**

Water Operations Fund

CITY OF MORGAN HILL

	FY 18-19	FY 19-20
Revenues/Transfers In	$13.8 million	$14.6 million
Expenditures/Transfers Out	13.0 million	14.2 million
Operating Margin	**$0.8 million**	**$0.4 million**

Water Operations Fund Pass-Through

Groundwater production cost increase (SCVWD Board adopted on May 9, 2018)

- FY 18-19 = 8% (City adopted rate includes a 3% increase)

Wholesale Pass-Through included in revenue recommendations

- Enables City to pass through unanticipated increases from wholesaler (SCVWD)
- Government Code 53756
- Included in Prop 218 notice
- 30 days notice to customers

Capital Improvement Program

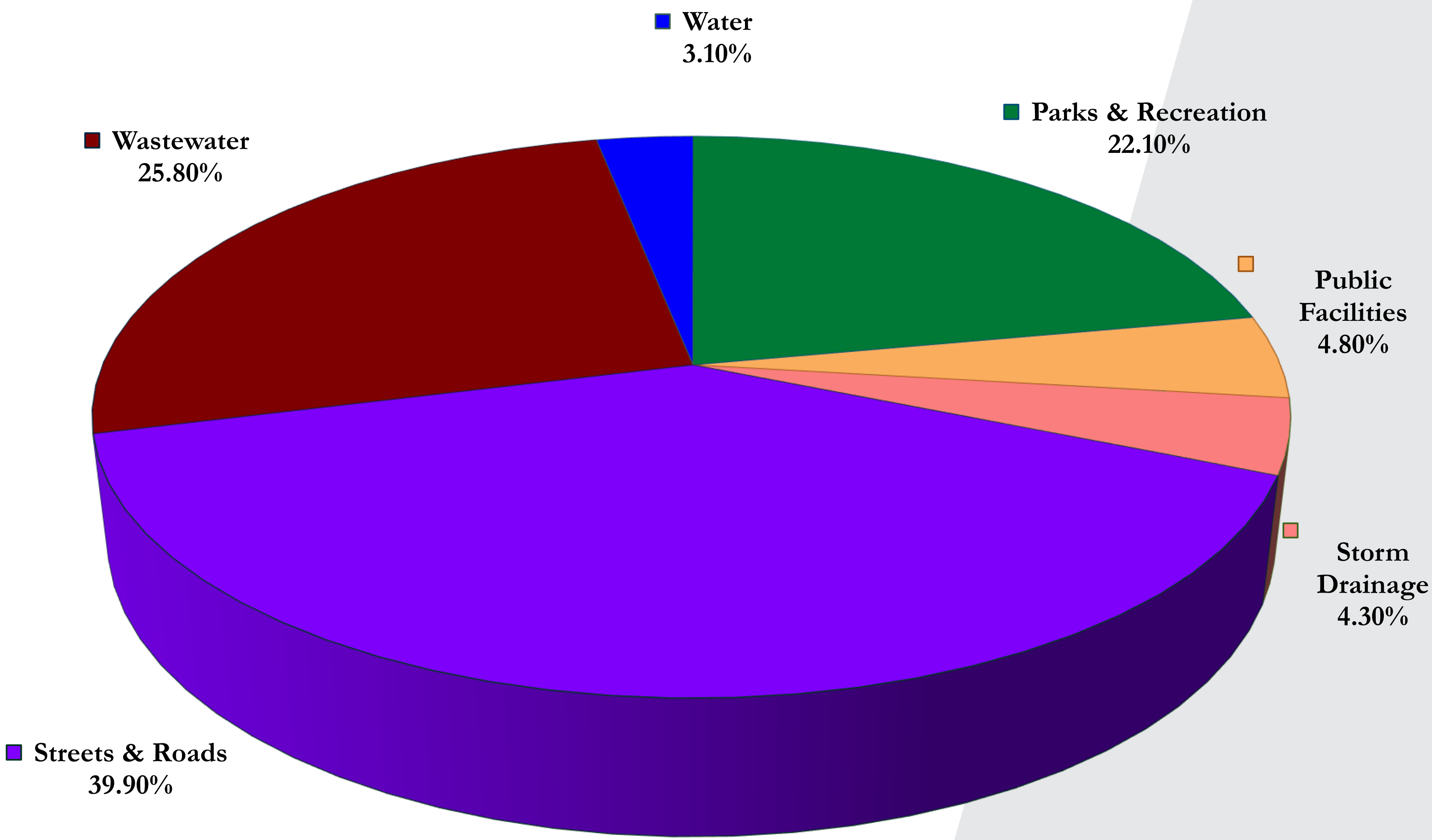
CITY OF MORGAN HILL

Capital Improvement Program 6 Year Budget Summary

CITY OF MORGAN HILL

Project Categories	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
1 Parks & Recreation	$11,738,493	$6,012,400	$2,920,000	$1,320,000	$4,965,000	$1,955,500	$28,911,393
2 Public Facilities	$3,662,364	$160,000	$110,000	$220,000	$3,700,000	$100,000	$7,952,364
3 Storm Drainage	$835,000	$2,624,000	$2,940,000	$250,000	$150,000	$150,000	$6,949,000
4 Streets & Roads	$25,515,000	$6,582,000	$3,483,600	$3,290,000	$3,090,000	$4,590,000	$46,550,600
5 Wastewater	$7,496,523	$13,298,196	$9,421,719	$6,996,900	$4,284,668	$3,000,000	$44,498,006
6 Water	$740,154	$1,783,596	$2,997,636	$3,647,636	$4,995,176	$2,476,286	$16,640,484
Totals	**$49,987,534**	**$30,460,192**	**$21,872,955**	**$15,724,536**	**$21,184,844**	**$12,271,786**	**$151,501,847**

FY 2018-19 and 2019-20 Budget by Project Category



Parks and Recreation Budget Summary

CITY OF MORGAN HILL

Project Title	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
110018 - Borello School/Park		$2,000,000					$2,000,000
110097 - Parks Land Purchase and Development	$70,000	$70,000	$70,000	$70,000	$2,070,000	$70,000	$2,420,000
117001 - West Little Llagas Creek Trail	$111,000	$887,400					$998,400
117018 - Madrone Channel Trail Improvements		$25,000					$25,000
132008 - El Toro Trail	$700,000	$500,000					$1,200,000
137015 - Inclusive Playground	$5,450,000	$200,000					$5,650,000
138016 - Centennial Recreation Center Expansion	$2,020,000	$50,000					$2,070,000
140016 - Agricultural Preservation	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$6,000,000
142017 - Community Garden	$220,000						$220,000
143017 - Tree Planting/Urban Forestry Mgmt Plan	$212,000						$212,000
144017 - Villa Mira Monte Improvements	$20,000	$250,000	$1,800,000				$2,070,000
148017 - Butterfield Blvd. Connector Path Project	$1,885,493						$1,885,493
148018 - Sports Facility Development		$1,030,000		$250,000	$1,145,000	$885,500	$3,310,500
149018 - Park Enhancements	$50,000		$50,000		$750,000		$850,000
Totals	**$11,738,493**	**$6,012,400**	**$2,920,000**	**$1,320,000**	**$4,965,000**	**$1,955,500**	**$28,911,393**

Parks and Recreation Highlights

CITY OF MORGAN HILL

Borello School Park ($2.0 million)

- Development of joint park/school site off Peet Road

Inclusive Playground ($5.7 million)

- Provide play opportunities for all children, including those with disabilities

Parks and Recreation Highlights (cont.)

CITY OF MORGAN HILL

Centennial Recreation Center Expansion ($2.1 million)

- Expand facility to accommodate future programming needs and membership growth

Butterfield Blvd. Connector Path Project ($1.9 million)

- Provides a green corridor for pedestrians and cyclists
- Approximately 1.2 miles of additional pathways along Butterfield Road between San Pedro and Railroad Avenues

Public Facilities Budget Summary

CITY OF MORGAN HILL

Project Title	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
231018 - New Fire Station	$167,000		$110,000	$220,000	$3,700,000	$100,000	$4,297,000
251015 - Library Expansion	$3,265,364	$50,000					$3,315,364
252016 - Corporation Yard Long Term Plan	$80,000						$80,000
801018 - Citywide Fiber Network Infrastructure	$150,000	$110,000					$260,000
Totals	**$3,662,364**	**$160,000**	**$110,000**	**$220,000**	**$3,700,000**	**$100,000**	**$7,952,364**

Public Facilities Highlights

CITY OF MORGAN HILL

New Fire Station ($4.3 million)

- Design and construction of third fire station- Butterfield Boulevard
- Provide responsive Emergency Medical Response (EMS) and fire response to meet community growth

Library Expansion ($3.3 million)

- Design and construction for the expansion and improvement of the Morgan Hill Library that includes space modification and improvements

Citywide Fiber Network Infrastructure ($0.26 million)

- Initial focus on constructing a City fiber network between all City Facilities

Storm Drainage Budget Summary

CITY OF MORGAN HILL

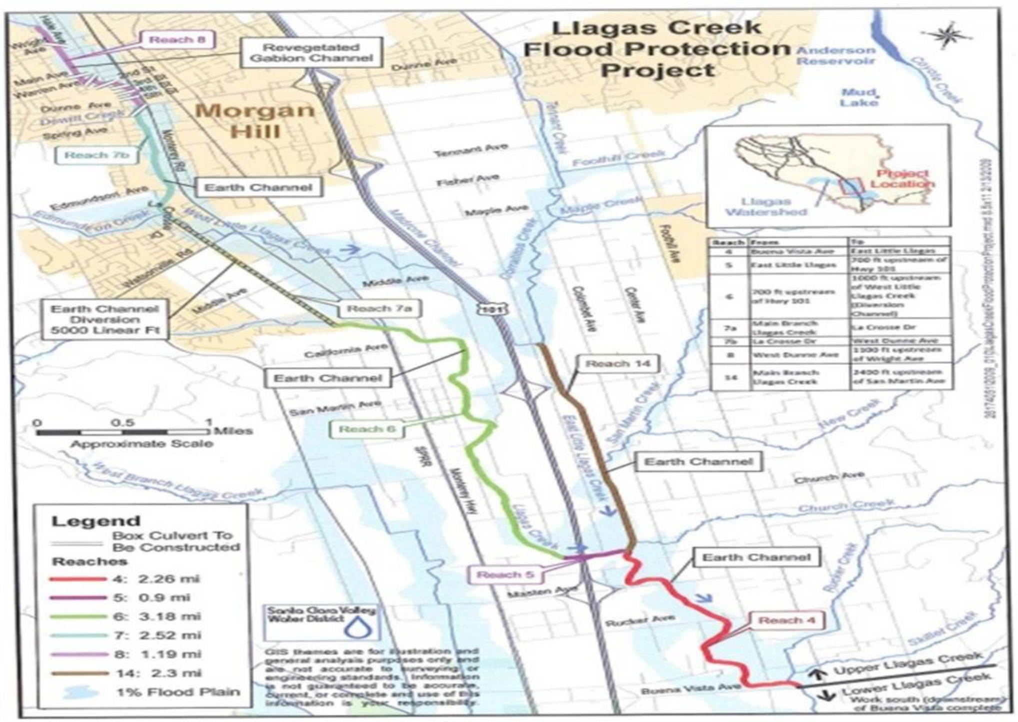
Project Title	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
415097 - Storm Pipe Installation	$335,000	$150,000	$150,000	$150,000	$150,000	$150,000	$1,085,000
417099 - Llagas Flood Control	$500,000	$2,474,000	$2,790,000	$100,000			$5,864,000
Totals	**$835,000**	**$2,624,000**	**$2,940,000**	**$250,000**	**$150,000**	**$150,000**	**$6,949,000**

Storm Drainage Highlights

City of Morgan Hill

Llagas Flood Control ($5.9 million)

- Project addresses storm water conveyance infrastructure that drains into the Upper Llagas Creek Flood Protection Project and the West Little Llagas watershed



Reach	From	To
4	Buena Vista Ave	East Little Llagas
5	East Little Llagas	700 ft upstream of Hwy 101
6	700 ft upstream of Hwy 101	1000 ft upstream of West Little Llagas Creek (Diversion Channel)
7a	Main Branch Llagas Creek	La Crosse Dr
7b	La Crosse Dr	West Dunne Ave
8	West Dunne Ave	1300 ft upstream of Wright Ave
14	Main Branch Llagas Creek	2400 ft upstream of San Martin Ave

Streets and Roads Budget Summary

CITY OF MORGAN HILL

Project Title	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
502000 - Intersection Improvements		$210,000		$200,000		$1,500,000	$1,910,000
519000 - Pavement Rehabilitation Program	$3,590,000	$4,507,000	$2,400,000	$2,400,000	$2,400,000	$2,400,000	$17,697,000
525018 - Downtown Safety Improvements	$175,000	$135,000					$310,000
526018 - Citywide Pedestrian Improvements	$150,000	$165,000	$150,000	$150,000	$150,000	$150,000	$915,000
546007 - Hale Avenue Extension	$19,650,000	$310,000					$19,960,000
551008 - RDCS School Safety Improvements	$1,100,000	$360,000	$350,000	$350,000	$350,000	$350,000	$2,860,000
563013 - Assessment District - Streets		$705,000	$393,600				$1,098,600
568014 - Parking Lot Maintenance & Rehabilitation	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$240,000
574015 - Sidewalk Repairs	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$900,000
577016 - Cochrane Green Bike Lane Striping	$110,000						$110,000
580018 - Main Ave Bike Lanes & Sidewalk Project	$550,000						$550,000
Totals	**$25,515,000**	**$6,582,000**	**$3,483,600**	**$3,290,000**	**$3,090,000**	**$4,590,000**	**$46,550,600**

Streets and Roads Highlights

Pavement Rehabilitation Program ($17.7 million)

- Ongoing program intended to address City's pavement rehabilitation needs, extending street surface life, and reducing future repair costs

Hale Avenue Extension ($20.0 million)

- Construct Hale Avenue between West Main and Spring Avenues
- Project will provide traffic congestion relief for both Downtown and residential areas west of the Downtown

Streets and Roads Highlights (cont.)

CITY OF MORGAN HILL

RDCS School Safety Improvements ($2.9 million)

- Construct school safety improvements in the public right of way
- Projects identified jointly by Morgan Hill Unified School District and the City of Morgan Hill

Main Avenue Bike Lanes & Sidewalk Project ($0.6 million)

- Install bike lanes on Main Avenue between Butterfield Blvd. and Condit Road, as well as provide for pedestrian sidewalks
- Add green bike lane markings at El Toro School

Wastewater Budget Summary

CITY OF MORGAN HILL

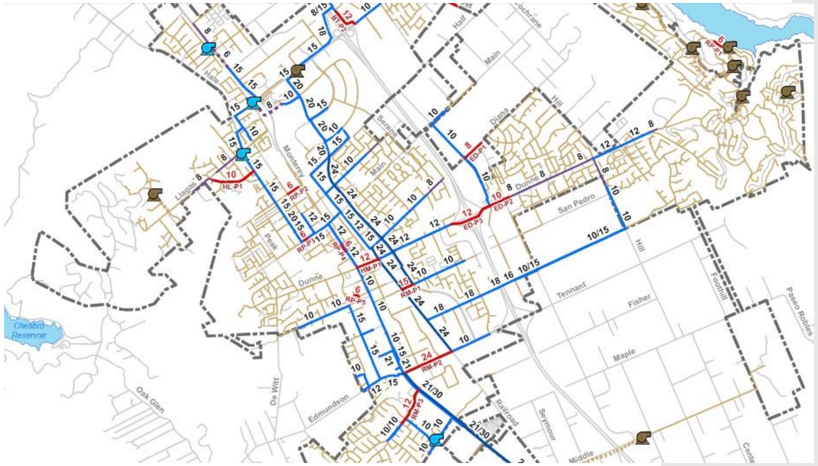
Project Title	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
302018 - Sewer System Repair and Replacements	$40,000			$1,000,000		$2,000,000	$3,040,000
302m15 - Vault Lining Project	$25,000						$25,000
302n15 - Trouble Spot Evaluation and Repair	$996,154	$50,000					$1,046,154
302t17 - East Dunne Ave & Tennant Ave Sewer Mains	$2,285,000	$1,600,000					$3,885,000
303093 - Sewer Plant Expansion (SCRWA)	$420,000	$10,475,000	$8,380,000	$5,880,000	$3,176,000	$1,000,000	$29,331,000
303a11 - Sewer Plant Improvements	$351,394	$368,196	$357,721	$41,900	$8,380		$1,127,591
304k15 - Lift Station Improvements	$1,523,000						$1,523,000
308a08 - New Trunk Line	$550,000	$650,000					$1,200,000
315006 - Sewer Capacity Improvement Projects	$570,975		$608,998		$700,288		$1,880,261
317a18 - Wastewater Planning	$735,000	$155,000	$75,000	$75,000	$400,000		$1,440,000
Totals	**$7,496,523**	**$13,298,196**	**$9,421,719**	**$6,996,900**	**$4,284,668**	**$3,000,000**	**$44,498,006**

Wastewater Highlights

CITY OF MORGAN HILL

Sewer System Repair & Replacements ($3.0 million)

- Identify and implement repairs and improvements needed to reduce inflow and infiltration



Wastewater Planning ($1.4 million)

- Condition assessment of the existing sewer trunk line
- Various studies, planning documents, and assessments to address the maintenance of the City's sewer system

Wastewater Highlights (cont.)

CITY OF MORGAN HILL

New Trunk Line ($1.2 million)

- Design costs associated with developing a new parallel sewer trunk line

Sewer Plant Expansion (SCRWA) ($29.3 million)

- Increased treatment capacity is required to meet growth expected in the service area
- Expansion also required to meet the standards of the State Water Resources Control Board

East Dunne Avenue & Tennant Avenue Sewer Mains ($3.9 million)

- Sewer infrastructure improvements to improve capacity in the Downtown area

Water Budget Summary

CITY OF MORGAN HILL

Project Title	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
602a18 - Water Storage Sys Imprv- Glen Ayre Tank			$908,116				$908,116
602b18 - Water Storage Sys Impv- Woodland Tank				$908,116			$908,116
603000 - New Water Mains	$200,000	$200,000	$200,000	$200,000			$800,000
610000 - Water Pipeline Repair and Replacement		$633,750	$689,520	$689,520	$459,680	$2,139,712	$4,612,182
610a18 - Holiday Lake Improvements				$1,000,000	$4,285,496	$336,574	$5,622,070
610b18 - Water Supply Facility Improvements	$450,000	$450,000	$500,000				$1,400,000
620a18 - Reservoir Recoating				$200,000			$200,000
620b15 - El Toro Tank Improvements		$299,846					$299,846
620b18 - Holiday Tank Repair #2	$90,154						$90,154
624018 - Water Planning		$200,000	$300,000	$650,000	$250,000		$1,400,000
625016 - Well Demolition and Abandonment			$400,000				$400,000
Totals	**$740,154**	**$1,783,596**	**$2,997,636**	**$3,647,636**	**$4,995,176**	**$2,476,286**	**$16,640,484**

Water Highlights

CITY OF MORGAN HILL

New Water Mains ($0.8 million)

- Installation of new water mains to increase the hydraulic capacity of the system

Holiday Lake Improvements ($5.6 million)

- Infrastructure improvements (pipes, storage, and pumping capacity) to Holiday Lake water systems to increase water delivery and reliability in the area

Water Pipeline Repair & Replacement ($4.6 million)

- Various pipeline improvements to address aging infrastructure and reliability issues in the water distribution system

Unfunded, Partially Funded and Delayed Projects

CITY OF MORGAN HILL

Project	Funding Required	Funding Source
Ball Field Development	$18.0 million	Park Impact Fund
Hale Avenue Extension	$5.0 million	Traffic Impact Fund
Police Headquarters Expansion	$0.6 million	Police Impact Fund
Fire Station Expansion	$3.0 million	Fire Impact Fund
Non-Profit Center/Civic Center Expansion	$3.0 million	Public Facilities Impact Fund
Corporation Yard Expansion	TBD	Public Facilities Impact Fund
Wastewater Projects	$27.6 Million	Sewer Impact Fund
Wastewater Projects	$19.7 million	Sewer Capital Project Fund
East Holiday Tank Improvements	Delayed	Water Impact Fund
East Holiday Tank Improvements	Delayed	Water Capital Project Fund

Next Steps

CITY OF MORGAN HILL

Unfunded/Underfunded Liabilities and Projects

CITY OF MORGAN HILL

- General fund needs

- Infrastructure (Buildings and facilities, Downtown, landscape assessment district, parks, trails, and open space, stormwater drainage, streets and sidewalks, wastewater system, and water system)

- Capital Projects (Wastewater Projects, New Fire Station, Non-profit Center/Civic Center Expansion, and Ballfield Development)

Funding Needs

CITY OF MORGAN HILL

November 2018 ballot measures

- Cannabis Tax
- Increase in TOT

Potential 2020 ballot measure

Sustainable General Fund funding source

- Infrastructure
- Public Safety
- General Services

Community Engagement

City of Morgan Hill

FLIPBOOK

LIBRARY

Upcoming Important Dates

CITY OF MORGAN HILL

Time	Date	Event	Location
7pm	Wednesday, June 6, 2018	Public Hearing and Budget Adoption	Council Chamber

CITY OF MORGAN HILL

Budget Workshop Agenda

City Council

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

Friday, May 18, 2018 9:00 am

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

CITY COUNCIL BUDGET WORKSHOP

A Special Meeting of the City Council is called Friday, May 18, 2018 at 9:00 a.m. for the purpose of conducting a workshop on the City's Operating Budget and Capital Improvement Program Budget.

CALL TO ORDER

(Mayor Tate)

ROLL CALL ATTENDANCE

(Deputy City Clerk Bigelow)

DECLARATION OF POSTING OF AGENDA

Per Government Code Section 54954.2
(Deputy City Clerk Bigelow)

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

BUDGET WORKSHOP

1. CITY MANAGER'S RECOMMENDED FISCAL YEAR 2018-19 AND 2019-20 OPERATING BUDGET AND FISCAL YEAR 2018-19 THROUGH 2023-24 CAPITAL IMPROVEMENT PROGRAM BUDGET

Recommendation:

Review and discuss the recommended budget.

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)

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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 safe, inclusive, socially responsible, environmentally conscious, and economically sound community.

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 · Enhancing Diversity and Inclusiveness

2018 STRATEGIC PRIORITIES

Community Engagement and Messaging

Economic Development and Telecommunications

Financial Stewardship

Infrastructure

Regional Initiatives

2018 STRATEGIC PRIORITIES:

Community Engagement and Messaging

The City of Morgan Hill will tell our story through outreach and by working closely with our community in presenting our vision, priorities, and financial needs, and by engaging citizens and business owners to find affordable and sustainable solutions. The City's communications, services, public spaces, and projects will embrace all community members as partners, encouraging public participation.

Economic Development and Telecommunications

The Economic Blueprint will continue to be implemented, with a primary goal of attracting jobs and investment into our community. 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 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 with private sector partnerships. The plan will be used to signal Morgan Hill's support for business expansion.

Financial Stewardship

We will be financial stewards of the City's assets to ensure long-term fiscal sustainability. New revenue sources, including a possible tax measure, will be considered to fund increasing costs to deliver services and complete infrastructure projects. The City will closely manage its expenditures to maintain its general fund reserve. The labor contracts will be negotiated using the City's adopted Employee Compensation Guiding Principles.

Infrastructure

The City will review its streets, parks, and public facilities infrastructure needs 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 transportation projects and road maintenance. For High Speed Rail, we will strongly advocate for the route with the least impact on Morgan Hill.

Regional Initiatives

City Council and staff will focus on influencing regional decisions that benefit Morgan Hill. A regional approach will be employed to address many priorities, including but not limited to, homelessness, animal services, teen suicide, High Speed Rail, and land use (Catholic High School, Outdoor Sports Center, agricultural preservation, and city limits). This regional involvement will include partnering with the League of California Cities, Valley Transportation Authority, Caltrain, 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.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: May 18, 2018

PREPARED BY: Christina Turner, City Manager
APPROVED BY: City Manager

CITY MANAGER'S RECOMMENDED FISCAL YEAR 2018-19 AND 2019-20 OPERATING BUDGET AND FISCAL YEAR 2018-19 THROUGH 2023-24 CAPITAL IMPROVEMENT PROGRAM BUDGET

RECOMMENDATION(S)
Review and discuss the recommended budget.

LINKS/ATTACHMENTS:
1. Fiscal Years 2018-19 & 2019-20 Recommended Operating and 2018-19 through 2023-24 CIP Budget (web link)

CITY OF MORGAN HILL

Budget Workshop Agenda

City Council

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

Friday, May 18, 2018 9:00 am

Council Chamber
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ADOPTION OF AGENDA

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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 safe, inclusive, socially responsible, environmentally conscious, and economically sound community.

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 · Enhancing Diversity and Inclusiveness

2018 STRATEGIC PRIORITIES

Community Engagement and Messaging

Economic Development and Telecommunications

Financial Stewardship

Infrastructure

Regional Initiatives

2018 STRATEGIC PRIORITIES:

Community Engagement and Messaging

The City of Morgan Hill will tell our story through outreach and by working closely with our community in presenting our vision, priorities, and financial needs, and by engaging citizens and business owners to find affordable and sustainable solutions. The City's communications, services, public spaces, and projects will embrace all community members as partners, encouraging public participation.

Economic Development and Telecommunications

The Economic Blueprint will continue to be implemented, with a primary goal of attracting jobs and investment into our community. 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 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 with private sector partnerships. The plan will be used to signal Morgan Hill's support for business expansion.

Financial Stewardship

We will be financial stewards of the City's assets to ensure long-term fiscal sustainability. New revenue sources, including a possible tax measure, will be considered to fund increasing costs to deliver services and complete infrastructure projects. The City will closely manage its expenditures to maintain its general fund reserve. The labor contracts will be negotiated using the City's adopted Employee Compensation Guiding Principles.

Infrastructure

The City will review its streets, parks, and public facilities infrastructure needs 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 transportation projects and road maintenance. For High Speed Rail, we will strongly advocate for the route with the least impact on Morgan Hill.

Regional Initiatives

City Council and staff will focus on influencing regional decisions that benefit Morgan Hill. A regional approach will be employed to address many priorities, including but not limited to, homelessness, animal services, teen suicide, High Speed Rail, and land use (Catholic High School, Outdoor Sports Center, agricultural preservation, and city limits). This regional involvement will include partnering with the League of California Cities, Valley Transportation Authority, Caltrain, 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.