



## **Regular Meeting Agenda**

### **City Council**

*Rich Constantine* - Mayor  
*Rene Spring* - Mayor Pro Tem  
*Yvonne Martinez Beltran* - Council Member  
*Larry Carr* - Council Member  
*John McKay* - Council Member

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**Wednesday, September 18, 2019 7:00 p.m.**

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

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### **AMENDED AGENDA**

Please note this agenda has been amended to include a closed session item at the end of the agenda.

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

### **CALL TO ORDER**

### **ROLL CALL ATTENDANCE**

Deputy City Clerk Michelle Bigelow

### **DECLARATION OF POSTING OF THE AGENDA**

Per Government Code Section 54954.2  
Deputy City Clerk Michelle Bigelow

### **SILENT INVOCATION**

### **PLEDGE OF ALLEGIANCE**

### **CITY COUNCIL REPORTS**

Council Member Martinez Beltran

### **CITY MANAGER'S REPORT**

City Manager Christina Turner

## **CITY ATTORNEY'S REPORT**

City Attorney Donald Larkin

## **OTHER REPORTS**

### **RECOGNITIONS**

Recognizing Alyssa Buzbee-Good, author of The Journey

### **PROCLAMATIONS**

Proclaiming September 30, 2019 as Lewy Body Dementia Awareness Day in honor of Susan Berghoff

Proclaiming the week of September 17-23, 2019 as Constitution Week

Proclaiming the month of September 15, 2019 to October 15, 2019 as Hispanic Heritage Month

### **PRESENTATIONS**

YAC Presentation - Asset # 21 - Achievement Motivation

### **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)

### **PUBLIC COMMENT SUPPLEMENT**

### **ADOPTION OF AGENDA**

### **CONSENT CALENDAR**

Items appearing on the Consent Calendar are considered routine and may be approved by one motion. Pursuant to City Council Policies and Procedures (CP 97-01), any member of the Council or public may request to have an item removed from the Consent Calendar for comment and action.

Time Estimate for Consent Calendar: 1 - 10 Minutes

#### **1. ACCEPT DONATION FROM JTJ MORGAN HILL RE, LLC FOR A SPEAKER SERIES**

Recommendation:

Accept \$10,000 in donations from JTJ Morgan Hill RE, LLC for the production and support of a Choose Morgan Hill Speaker Series, highlighting the four key industry sectors identified in Morgan Hill's Economic Blueprint.

#### **2. ACCEPT JULY 2019 FINANCIAL AND INVESTMENT REPORT**

Recommendation:

Accept and file report.



**3. ACCEPT ANNUAL REPORTS OF ACTIVITIES BY NONPROFIT PARTNER ORGANIZATIONS**

Recommendation:

Receive annual reports from City partner organizations.

**4. APPROVE A UTILITY MUTUAL ASSISTANCE AGREEMENT**

Recommendation:

1. Approve an agreement with California Water/Wastewater Agency Response Network (CalWARN) to provide mutual assistance during an emergency in accordance with the California Emergency Services Act and the California Disaster and Civil Defense Master Mutual Aid Agreement; and to provide reimbursement for equipment, supplies and personnel made available on an emergency basis; and
2. Authorize the City Manager to execute and administer the agreement.

**5. APPROVE IMPACT FEE FREEZE AGREEMENT WITH MORGAN HILL RETAIL VENTURE, L.P. FOR THE DEVELOPMENT OF RETAIL SPACES IN THE SHOPPING CENTER KNOWN AS COCHRANE COMMONS**

Recommendation:

1. Confirm that commercially zoned Assisted Living Facilities are not eligible for the Fee Freeze Program;
2. Approve an Impact Fee Freeze Agreement for the development of commercial retail/office buildings on 51 acres of Cochrane Commons; and
3. Authorize the City Manager to execute and administer the Impact Fee Freeze Agreement.

**6. AWARD CENTENNIAL RECREATION CENTER EXPANSION PROJECT TO CRW INDUSTRIES, INC.**

Recommendation:

1. Adopt resolution amending the Fiscal Year 2019-20 Budget to appropriate an additional \$805,000 from the Community Center Impact Fund (360), for the Centennial Recreation Expansion Project (CIP#138016);
2. Approve the Centennial Recreation Expansion Project plans and specifications;
3. Award contract to CRW Industries, Inc. for the Centennial Recreation Center Expansion Project in the amount of \$2,443,138;
4. Authorize the expenditures of construction contingency funds not to exceed \$244,314; and
5. Authorize the City Manager to execute and administer the construction contract with CRW Industries, Inc. pending review and approval by the City Attorney.

**7. ADOPT ORDINANCE APPROVING A DEVELOPMENT AGREEMENT DA2018-0001: OLD MONTEREY- KELLY VO FOR A 6-LOT SINGLE-FAMILY RESIDENTIAL SUBDIVISION PROJECT PROPOSED ON A 1.13-ACRE PARCEL LOCATED ON THE SOUTHWEST CORNER OF OLD MONTEREY ROAD AND MUSTARD AVE LOCATED AT 18755 OLD MONTEREY ROAD (APN 764-24-061)**

Recommendation:

Waive the reading, adopt Ordinance No. 2303, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

**8. ADOPT ORDINANCE AMENDING CHAPTER 6.36 (“ANIMALS AND LAND USE”) IN TITLE 6 (“ANIMALS”) OF THE MORGAN HILL MUNICIPAL CODE TO ALLOW RESIDENTIAL BEEKEEPING UNDER CERTAIN CIRCUMSTANCES**

Recommendation:

Waive the reading, adopt Ordinance No. 2304, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

**PUBLIC HEARING**

**9. ACCEPT THE 2019 PUBLIC HEALTH GOALS REPORT ON WATER QUALITY**

Recommendation:

1. Take public comment and provide staff response; and
2. Accept and file the June 2019 Public Health Goals Report on Water Quality for the City of Morgan Hill.

Estimated Time: 15 Minutes

**OTHER BUSINESS**

**10. PROVIDE DIRECTION REGARDING CITY USE OF HERBICIDES**

Recommendation:

1. Receive report on herbicide use in City parks, facilities, medians, and right of ways; and
2. Provide staff with direction on future use of herbicides by the City.

Estimated Time: 25 Minutes

**11. PROVIDE DIRECTION REGARDING CITYWIDE TRAFFIC STUDIES AND RELATED PROJECT UPDATES**

Recommendation:

1. Receive cut-through traffic study;
2. Receive final intersection analysis and update on improvements;
3. Receive update on traffic projects; and
4. Provide staff feedback on next steps for traffic congestion and pedestrian safety management.

Estimated Time: 30 Minutes

**12. ACCEPT REPORT ON GEOGRAPHIC INFORMATION SYSTEMS (GIS) STRATEGIC PLAN**

Recommendation:

Accept report on the Geographic Information Services (GIS) Strategic Plan.

Estimated Time: 15 Minutes

**13. APPOINT VOTING DELEGATES FOR THE 2019 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE AND APPROVE CITY SUPPORT OF THE LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE RESOLUTIONS**

Recommendation:

1. Appoint voting delegate and up to two (2) alternate voting delegates to the League of California Cities' Annual Conference;
2. Direct the Clerk team to complete and forward the voting delegate form to the League of California Cities;
3. Confirm "support" position on two resolutions; and
4. Authorize the City's voting delegate(s) to vote on the two resolutions to be considered at the League of California Cities (LOCC) annual conference.

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.

**CLOSED SESSION:**

**OPPORTUNITY FOR PUBLIC COMMENT**

**ADJOURN TO CLOSED SESSION**

**CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Pursuant to: Government Code Section 54956.9(d)(4)

Number of Cases: One (1)

**RECONVENE**

**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 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 [cityclerk@morganhill.ca.gov](mailto:cityclerk@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 [cityclerk@morganhill.ca.gov](mailto:cityclerk@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

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community

## Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.

## 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 Community History
- Enhancing Diversity and Inclusiveness
- Advancing Regional Initiatives

## 2019-2020 Strategic Priorities

- Agricultural Preservation
- Cannabis Policy
- Community Engagement and Messaging
- Economic Development
- Financial Stewardship
- High Speed Rail
- Homelessness
- Housing
- Infrastructure
- Telecommunications
- Traffic/Transportation



**From:** D. Muirhead  
**To:** [Michelle Bigelow](#); [Angie Gonzalez](#)  
**Cc:** [MHTimes Editor](#)  
**Subject:** Morgan Hill City Council Sept 18 non-agenda comment  
**Date:** Wednesday, September 11, 2019 4:22:34 PM

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Post-mortem on City Council September 4 meeting

Agenda Item #20. PROVIDE DIRECTION REGARDING BUILDING ELECTRIFICATION  
INCENTIVES AND REQUIREMENTS INCLUDING REACH CODES

Recommendation:

Provide policy direction to staff on electrification initiatives.

This item was heard at the end of the evening when only a handful of City staff paid to be there remained in the Council Chambers. Perhaps the lack of interest by our residents was due to the misleading agenda title "Electrification Incentives". This violates the Brown Act to have "a brief general description of each item of business to be transacted or discussed at the meeting".

The first line in the staff report and also in the staff presentation was on reducing or eliminating natural gas service in Morgan Hill. The majority of the presentation and Council discussion was on reducing or eliminating resident choice of energy options. Because it would be inconvenient (i.e. expensive) for the City to do without natural gas at some City facilities, you will grant yourselves exceptions.

And just as you did with the community aggregation for electricity, where you supported state legislation to force all PG&E customers into your program (because you could not successfully motivate them to voluntarily opt-in), staff teased you with going all out by using City police powers to "simply" ban all natural gas use in Morgan Hill; you get the benefit of this approach being "administratively efficient".

While electricity may be the cleanest fuel for building energy, you fail to mention the uncertainty of electricity supply in the face of PG&E Public Safety Power Shutoffs. And the CPUC had already postponed the PG&E South County Power Connect project to provide capacity and redundancy to our part of the County.

There is no clear definition of "Reach Codes", only that they are from the Reach Code project of SVCE and Peninsula Clean Energy, whose strategy is to have no additional requirements for all-electric buildings, while requiring dual-fuel buildings to meet higher energy standards. Staff claims that the the Proposed Reach Code has been tested for "cost-effectiveness" without telling us where to find the proposed code nor the test results.

At times staff shows that they are committed to informing and engaging the community (Parks and Recreation master plan, Urban Forest task force), while at other times it is "professionals at work, we do the right thing, do not disturb". For this item, the Community Engagement Continuum was "While no community engagement activities were completed prior to this meeting"

My mother, who lived in Nebraska, was persuaded to install an electric

furnace rather than use propane, propane being used by all her neighbors. Electricity prices soared. In the last winter of her life, we were paying \$500 per month to heat her home.

Doug Muirhead, Morgan Hill Resident

WARNING: This message is from an external user. Confidential information such as social security numbers, credit card numbers, bank routing numbers, gift card numbers, wire transfer information and other personally identifiable information should not be transmitted to this user. For question, please contact the Morgan Hill IT Department by opening a new helpdesk request online or call 408-909-0055.



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: John Lang, Economic Development Manager  
APPROVED BY: City Manager

## **ACCEPT DONATION FROM JTJ MORGAN HILL RE, LLC FOR A SPEAKER SERIES**

### **RECOMMENDATION(S)**

Accept \$10,000 in donations from JTJ Morgan Hill RE, LLC for the production and support of a Choose Morgan Hill Speaker Series, highlighting the four key industry sectors identified in Morgan Hill's Economic Blueprint.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Maintaining Fiscal Responsibility  
Supporting Our Youth  
Seniors  
and Entire Community

#### **2019 Strategic Priorities**

Community Engagement and Messaging  
Economic Development

### **GUIDING DOCUMENTS**

Economic Blueprint

### **REPORT NARRATIVE:**

Adopted two years ago, the Morgan Hill Economic Blueprint, identifies four key industry sectors; innovation and advanced manufacturing, tourism, healthcare, and retail to be significant to the economic vitality of the community. These sectors are therefore the primary focus of the City's economic development efforts attracting, retaining, and growing investment. Over the last year, the City has engaged in an aggressive effort to market Morgan Hill in both print and online content. All these efforts are important in sustaining a strong economy.

There are significant industry shifts occurring which have impacts on the City's four key industries. Much like the outreach effort that lead to the development of the Economic Blueprint, it is a great time to have a dialog with the community and the ever-changing economy. A speaker series is being launched to help inform and engage the community relative to these key industries.

The City has reached out to several local development companies to partner on an educational campaign regarding economic development efforts through the "Choose Morgan Hill" Speaker Series. JTJ Morgan Hill RE, LLC is a development entity that recently acquired the 60-acre asset in the Morgan Hill Ranch Business Park, formerly known as the DivcoWest or Butterfield Technology Park development. This development is a mixed-used project that is entitled with 389 apartment units and



600,000 square feet of industrial development. The project is subject to a Development Agreement which requires the developer to annually collaborate with the City on co-marketing efforts for the site. To meet the Development Agreement's marketing requirement, JTJ Morgan Hill RE is providing the City a \$10,000 contribution to fund the Speaker Series and launch a Choose Morgan Hill Newsletter.

It is recommended the Council formally accept the donation from JTJ Morgan Hill RE, LLC which will be utilized towards the production and support of the Choose Morgan Hill Speaker Series.

## **COMMUNITY ENGAGEMENT: Inform**

The economic development team has launched a Choose Morgan Hill Speaker Series. The Speaker Series focuses on what the City is doing to attract retail, jobs, healthcare, and tourism. The speaker series will have experts and industry leaders that will share their thoughts on successes, challenges, and opportunities facing their sector. The first Speaker Series took place on September 5, 2019 with a comprehensive conversation on economic development. The presentation included work program, budget overview, and projects underway. The following presentations will be topic specific as follows:

### **Retail**

A conversation about national retail trends. Hear from local brokers what is happening in the retail world in Morgan Hill. Join the dialog on how to strengthen existing retail nodes and where to prioritize retail development in Morgan Hill.

Date: Wednesday, September 25

Time: 6:30 p.m. - 8:00 p.m.

Location: Granada Theater

### **Innovation & Manufacturing**

A conversation about the efforts to grow and attract jobs in Morgan Hill. Hear from local developers about their plans and their take on the Morgan Hill market. Join the dialog on how to support job creation in Morgan Hill.

Date: Thursday, October 10

Time: 6:30 p.m. - 8:00 p.m.

Location: Granada Theater

### **Tourism**

A half day of fun learning about the tourism and hospitality industry. Hear from local organizations that contribute to our sports/recreation, wine and ag tourism. Learn from other Destination Management Organizations. Share your ideas for growing tourism in the area with the newly formed Visit Morgan Hill group.

Date: Monday, October 28

Time: 8:30 a.m. - 1:00 p.m.

Location: TBD

**Healthcare**

A conversation on the healthcare industry. Learn about the plans for the DePaul Hospital site and what the City is doing to attract healthcare services to Morgan Hill.

Date: Thursday, November 7

Time: 11:30 a.m. - 1:00 p.m.

Location: Granada Theater

**ALTERNATIVE ACTIONS:**

The City Council could elect to not accept this donation or direct staff to attempt to find other revenue sources to support the speaker series.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

There have been no prior Council or Commission actions relating to this specific donation.

**FISCAL AND RESOURCE IMPACT:**

The recommended action includes recognizing \$10,000 as revenue (GL#010.37780). The related expenditures will be recorded within the Economic Development budget (GL# 010.8010.42415).

**CEQA (California Environmental Quality Act):**

Not a Project -- Government fiscal activities that do not involve any commitment to a specific project that may result in physical environmental impacts.

**LINKS/ATTACHMENTS:**

1. CMH\_ChooseMorganHill\_Speaker\_Series\_Flyer

# 2019 CHOOSE MORGAN HILL SPEAKER SERIES

A PROGRAM HIGHLIGHTING KEY INDUSTRIES DRIVING OUR LOCAL ECONOMY

## About

The Economic Development team is hosting the first annual Choose Morgan Hill's Speaker Series this fall. Join us for in-depth conversations about the business sectors that drive the Morgan Hill economy. Each event will have local experts and industry leaders sharing their thoughts on successes, challenges, and opportunities facing their sectors.

## SPEAKER SERIES

### ECONOMIC DEVELOPMENT

Join the Morgan Hill Economic Development team for a conversation on economic development. Learn about the opportunities and challenges to attract retail, jobs and healthcare to the community and get an update on the companies that are expanding and developing in Morgan Hill.

**Date:** Thursday, September 5 **Time:** 6:30pm - 8:00pm

**Location:** Granada Theatre

### RETAIL

Join us for a conversation about national retail trends. Hear from local brokers what is happening in the retail world in Morgan Hill.

**Date:** Wednesday, September 25 **Time:** 6:30pm - 8:00pm

**Location:** Granada Theatre

### INNOVATION & MANUFACTURING

Join us for a conversation about the efforts to grow and attract jobs in Morgan Hill. Hear from local developers about their plans and their take on the Morgan Hill market. Join the dialogue on how to support job creation in Morgan Hill.

**Date:** Thursday, October 10 **Time:** 6:30pm - 8:00pm

**Location:** Granada Theatre

### TOURISM

Join us for a half day of fun learning about the tourism and hospitality industry. Hear from local organizations that contribute to sports/recreation, wine, and agricultural tourism. Learn from other Destination Management Organizations. Share your ideas for growing tourism in the area with the newly formed Visit Morgan Hill group.

**Date:** Monday, October 28 **Time:** 8:30am - 1:00pm

**Location:** TBD

### HEALTHCARE

Join us for a conversation on the healthcare industry. Learn about the plans for the DePaul Hospital site and what the City is doing to attract healthcare services to Morgan Hill.

**Date:** Thursday, November 7 **Time:** 11:30am - 1:00pm

**Location:** Granada Theatre

All sessions are Free but and RSVP is required. For the latest information, speaker profiles and to register for each session please visit [www.choosemorganhill.com/speakerseries](http://www.choosemorganhill.com/speakerseries)



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

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

## **ACCEPT JULY 2019 FINANCIAL AND INVESTMENT REPORT**

### **RECOMMENDATION(S)**

Accept and file report.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Maintaining Fiscal Responsibility  
Preserving and Cultivating Public Trust

#### **2019 Strategic Priorities**

Financial Stewardship

### **REPORT NARRATIVE:**

As part of the City Council's expectation to maintain a high level of transparency and to be responsible stewards of public funds, attached are the Financial and Investment Reports for the month ended July 31, 2019. The Revenue and Expense Summary for the month of July is included on the first page. Overall, General Fund revenues total \$1.4 million or 3% of the budget. Expenditures, including encumbrances, amounted to \$5.0 million.

### **COMMUNITY ENGAGEMENT: Inform**

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

### **ALTERNATIVE ACTIONS:**

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

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The City Council receives and files the financial and investment report for each month. At the September 16, 2015 meeting, City Council recommended monthly financial and investment reports be agendaized under the Consent Agenda, and quarterly financial and investment reports be presented to City Council as an "Other Business" item.

### **FISCAL AND RESOURCE IMPACT:**

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

### **CEQA (California Environmental Quality Act):**

Not a Project.

This report is not a project, as defined in Section 15378 of the State CEQA Guidelines. Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

**LINKS/ATTACHMENTS:**

1. July 2019 Financial Statement Analysis
2. July 2019 Financial and Investment Report

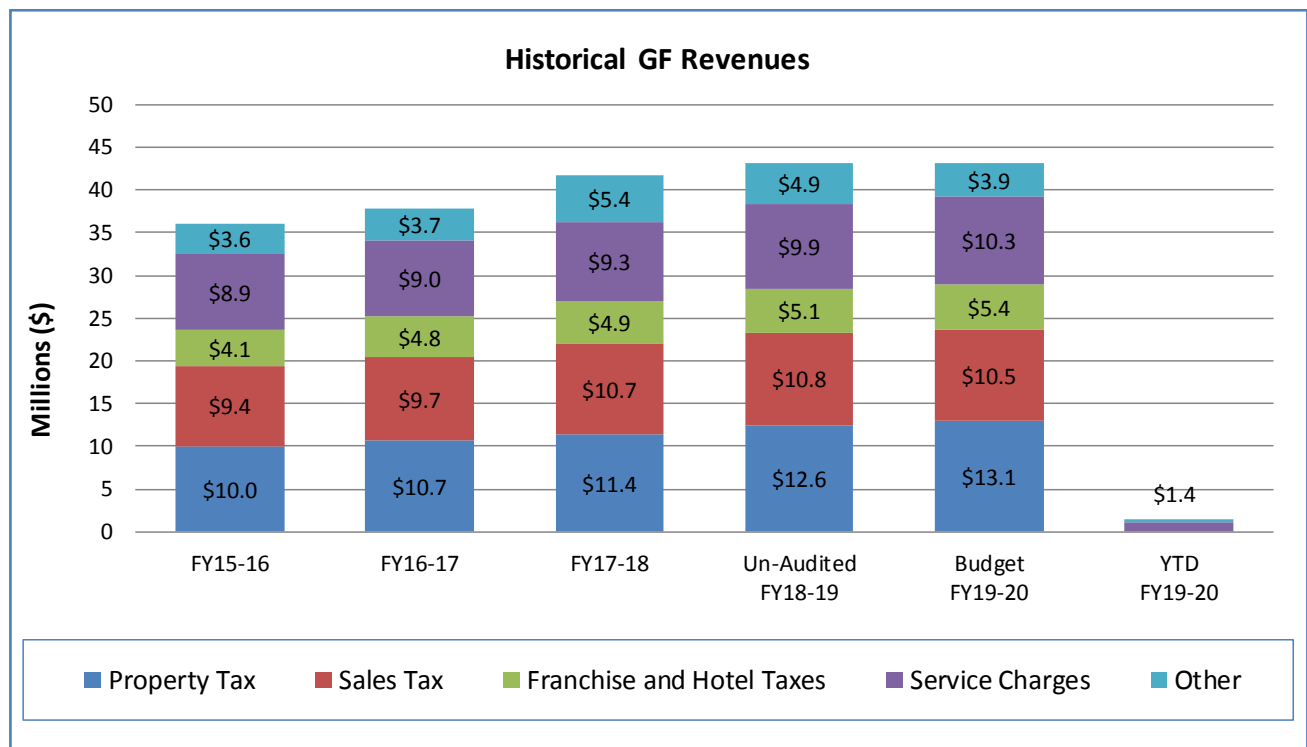


**CITY OF MORGAN HILL, CALIFORNIA**  
**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2019-20**  
**FOR THE MONTH ENDED JULY 2019 – 8% OF YEAR COMPLETE**

- **General Fund** – Revenues for the month of July totaled \$1.4 million, or 3% 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, the most recent County’s estimate projected Morgan Hill property tax revenue, excluding the property transfer tax, at \$13.4 million for the fiscal year 2019-20, which is approximately \$300,000 more than the revised budget, partially attributable to the higher excess Educational Revenue Augmentation Fund (ERAF) distribution of \$1.4 million versus \$1.2 million estimated in May 2019. Excess ERAF is the money that is returned to the cities, counties, and special districts after schools reach their state-mandated thresholds. Property tax is the largest source of Morgan Hill's General Fund revenue. However, it accounts for only 30% of the approximately \$43.1 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 49% of the budgeted amount as annual business license renewal payments are usually received in the first few months of the fiscal year.

The chart below shows historical General Fund revenues by major revenue category from FY15-16 through FY17-18 Actual, Un-audited FY18-19, FY19-20 Budget, and YTD as of July 31, 2019.

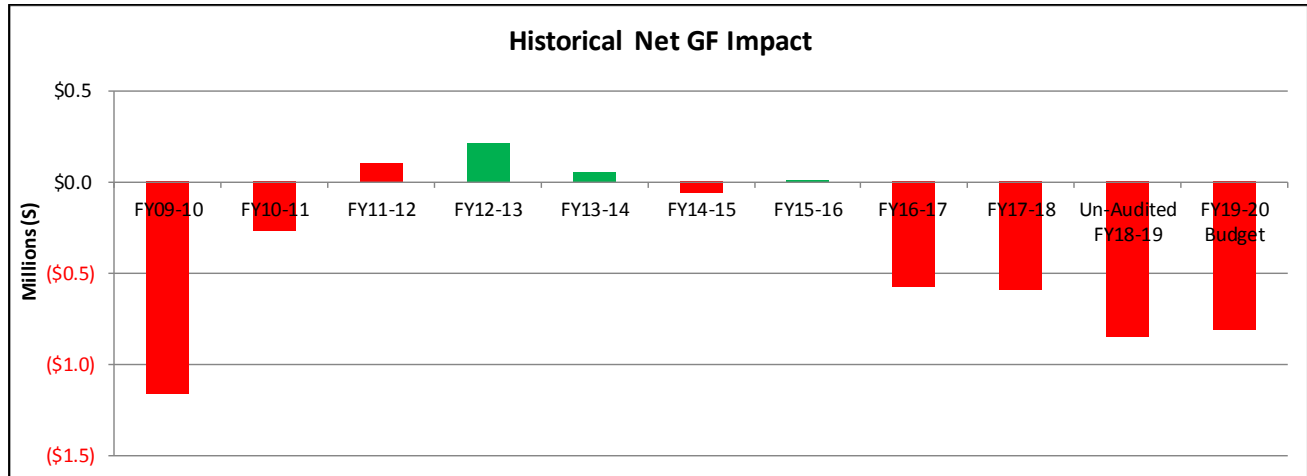


General Fund expenditures and encumbrances as of July 31, 2019 totaled \$5.0 million, of which approximately \$2.5 million is attributable to outstanding encumbrances.



**CITY OF MORGAN HILL, CALIFORNIA**  
**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2019-20**  
**FOR THE MONTH ENDED JULY 2019 – 8% OF YEAR COMPLETE**

- **Community Services** - The Community Services Department's recreation operations, as reflected in the schedule presented on page 4 of the Monthly Financial and Investments Reports, shows a positive impact to the General Fund of approximately \$0.5 million for the month of July. Without the carry-over encumbrances, the month of July operations resulted in a larger net deficit to the general fund of approximately \$1.4 million. Any net impact from the recreation operations increases (decreases) reserves in 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.

- **Development Services Fund** – Revenues for July totaled \$237,000. Expenditures, including encumbrances, totaled \$385,000. Without the outstanding encumbrances, however, expenditures for the month of July amounted to \$247,000. The fund is budgeted to end the fiscal year with an operating deficit of approximately \$0.6 million, a slight improvement from prior year un-audited actual deficit of approximately \$0.7 million. The projected deficit is primarily due to the timing of fee increases, services or new projects unsupported by fees, such as front counter services, responding to public inquiries, tree removal permits, use permits for non-profits or special projects, and continued implementation of Measure S.
- **Debt Service Funds** – Expenditures for the month totaled \$1,159. 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.





**CITY OF MORGAN HILL, CALIFORNIA**  
**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2019-20**  
**FOR THE MONTH ENDED JULY 2019 – 8% OF YEAR COMPLETE**

- **Wastewater Operations** – Revenues from Sewer Operations for the month of July totaled \$0.9 million. Expenditures and outstanding encumbrances totaled \$0.9 million or just 7% of the budget primarily attributable to the timing of the quarterly billing for sewer plant maintenance and operations. The table below shows historical Sewer Operations revenues and expenditures from FY15-16 through FY17-18 Actual, Un-audited FY18-19, FY19-20 Budget, and YTD as of July 31, 2019.

| (amount in millions)                     | FY15-16 | FY16-17 | FY17-18 | Un-Audited<br>FY18-19 | Budget<br>FY19-20 | YTD<br>FY19-20 |
|------------------------------------------|---------|---------|---------|-----------------------|-------------------|----------------|
| Revenues                                 | 10.2    | 9.7     | 10.3    | 11.4                  | 12.1              | 0.9            |
| Expenditures                             | 12.0    | 9.8     | 10.8    | 10.6                  | 12.1              | 0.9            |
| Operating Margin                         | (1.8)   | (0.1)   | (0.5)   | 0.8                   | -                 | -              |
| Operating Margin<br>without Encumbrances | (1.8)   | (0.0)   | (0.3)   | 1.2                   | -                 | 0.5            |

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues from Water Operations for the month of July totaled \$1.4 million. Water Operations expenditures, including outstanding encumbrances, totaled \$2.3 million for the year. Without the encumbrances, however, the expenditures amounted to \$0.6 million. The table below shows Water Operations revenues and expenditures from FY15-16 through FY17-18 Actual, Un-audited FY18-19, FY19-20 Budget, and YTD as of July 31, 2019.

| (amount in millions)                     | FY15-16 | FY16-17 | FY17-18 | Un-Audited<br>FY18-19 | Budget<br>FY19-20 | YTD<br>FY19-20 |
|------------------------------------------|---------|---------|---------|-----------------------|-------------------|----------------|
| Revenues                                 | 8.5     | 10.9    | 13.0    | 14.2                  | 14.8              | 1.4            |
| Expenditures                             | 9.7     | 11.2    | 12.1    | 12.8                  | 15.1              | 2.3            |
| Operating Margin                         | (1.2)   | (0.3)   | 0.9     | 1.4                   | (0.3)             | (0.9)          |
| Operating Margin<br>without Encumbrances | (1.2)   | (0.1)   | 1.4     | 2.3                   | (0.3)             | 0.8            |

- **Investments** – One security was purchased and two securities were called during the month of July 2019. Total interest earnings received on investments were \$91,000 during the month.

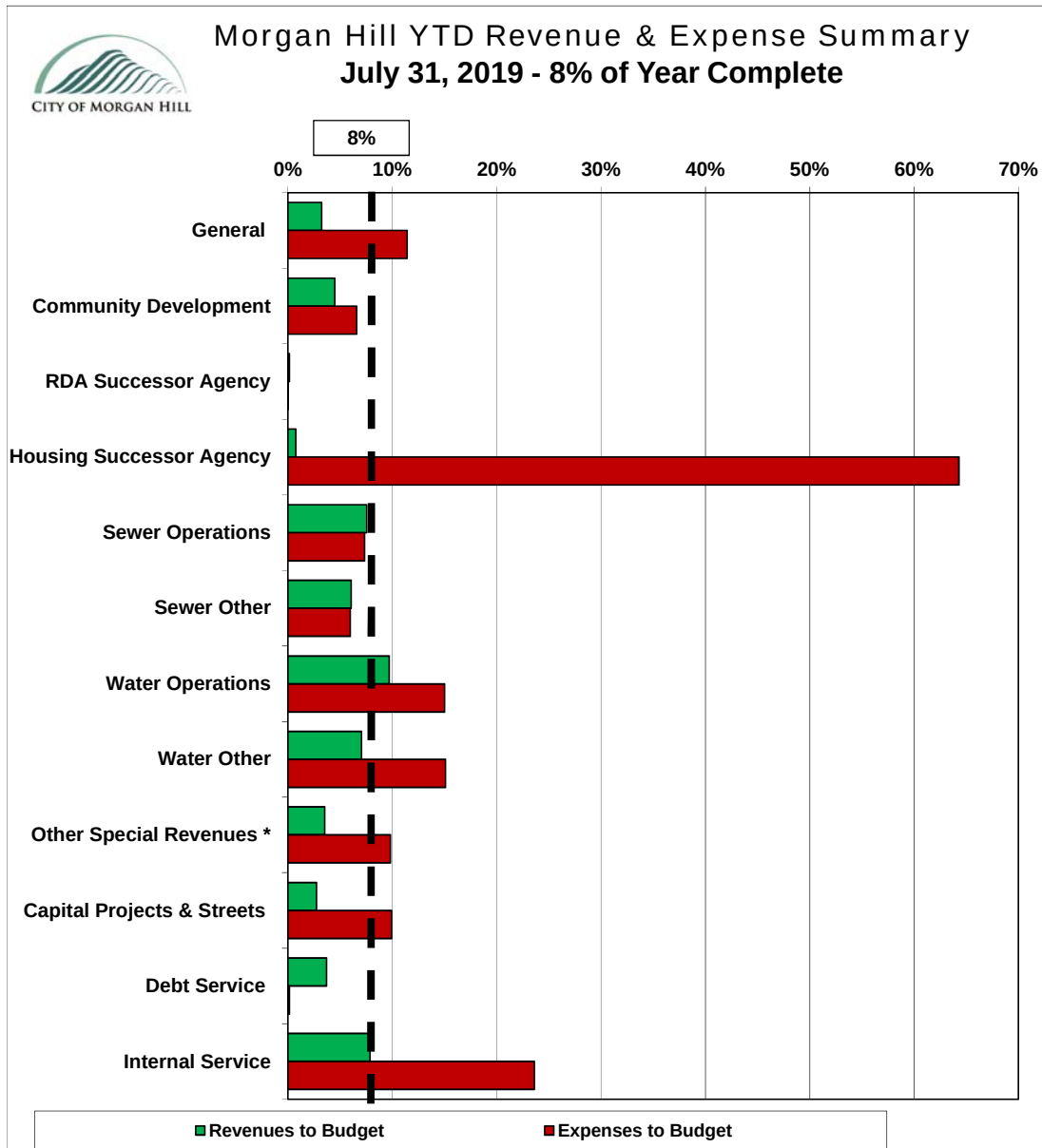


**CITY OF MORGAN HILL**  
**Monthly Financial and Investment Reports**  
**July 31, 2019 - 8% of Year Complete**



**CITY OF MORGAN HILL**

**Prepared by:**  
**FINANCE DIVISION**



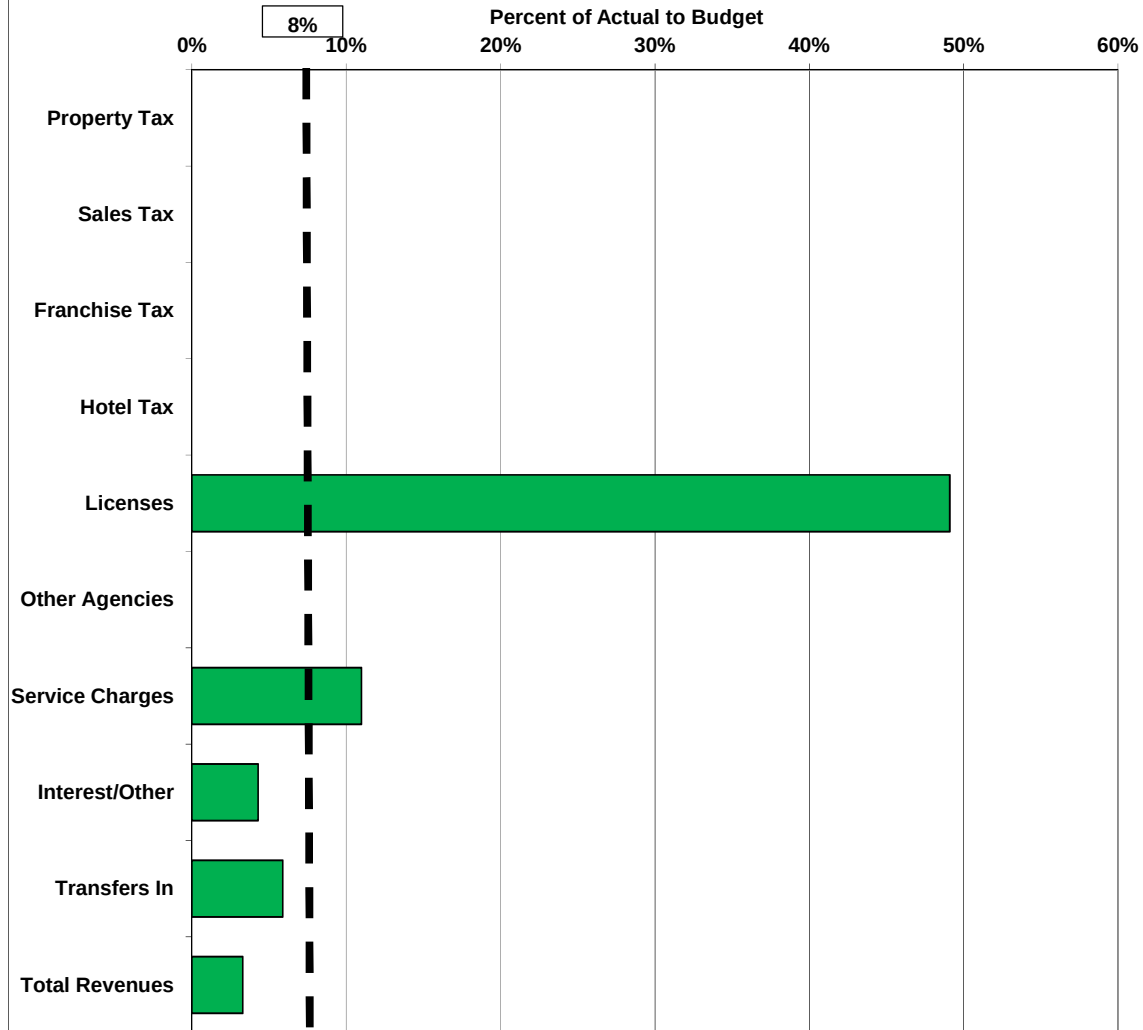
| FUND NAME                  | REVENUES            |             | EXPENSES                 |             |
|----------------------------|---------------------|-------------|--------------------------|-------------|
|                            | ACTUAL              | % OF BUDGET | ACTUAL PLUS ENCUMBRANCES | % OF BUDGET |
| General                    | \$ 1,403,830        | 3%          | \$ 5,019,032             | 11%         |
| Community Development      | 237,214             | 5%          | 385,451                  | 7%          |
| RDA Successor Agency       | 11,649              | 0%          | 2,095                    | 0%          |
| Housing Successor Agency   | 4,324               | 1%          | 601,784                  | 64%         |
| Sewer Operations           | 917,910             | 8%          | 890,198                  | 7%          |
| Sewer Other                | 484,013             | 6%          | 991,488                  | 6%          |
| Water Operations           | 1,437,672           | 10%         | 2,270,797                | 15%         |
| Water Other                | 377,235             | 7%          | 717,387                  | 15%         |
| Other Special Revenues *   | 136,368             | 4%          | 374,610                  | 10%         |
| Capital Projects & Streets | 573,987             | 3%          | 2,081,183                | 10%         |
| Debt Service               | 25,115              | 4%          | 1,159                    | 0%          |
| Internal Service           | 937,376             | 8%          | 2,698,556                | 24%         |
| <b>TOTAL FOR ALL FUNDS</b> | <b>\$ 6,546,694</b> | <b>5%</b>   | <b>\$ 16,033,740</b>     | <b>11%</b>  |

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

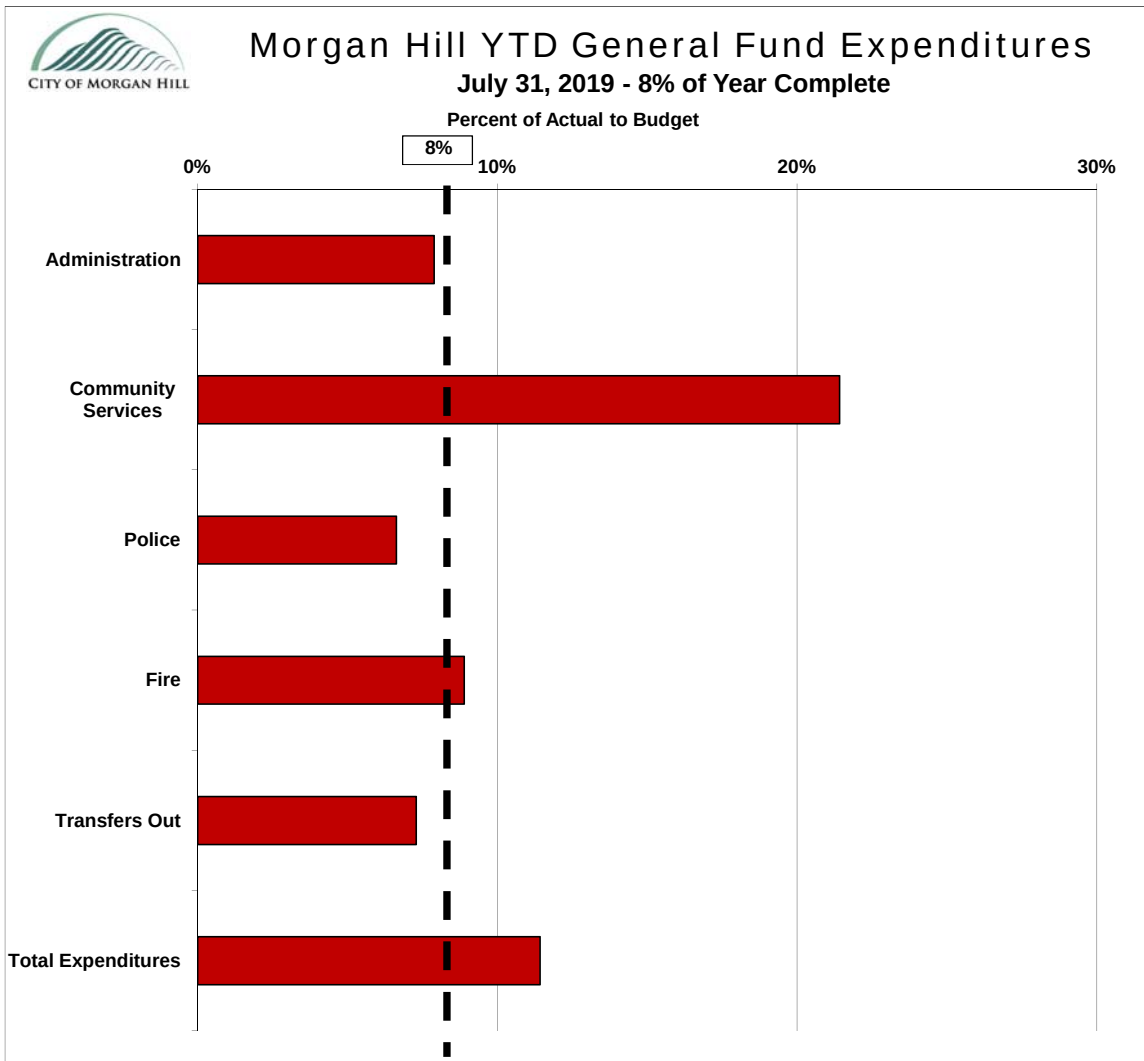


## Morgan Hill YTD General Fund Revenues

### July 31, 2019 - 8% of Year Complete



| REVENUE CATEGORY      | BUDGET              | ACTUAL              | % OF BUDGET | PRIOR YEAR TO DATE  | % CHANGE FROM PRIOR YEAR |
|-----------------------|---------------------|---------------------|-------------|---------------------|--------------------------|
| Property Tax          | \$13,082,377        | \$ -                | -           | \$ -                | -                        |
| Sales Tax             | 10,476,000          | -                   | -           | -                   | -                        |
| Franchise Tax         | 2,319,566           | -                   | -           | -                   | -                        |
| Hotel Tax             | 3,080,880           | -                   | -           | -                   | -                        |
| Licenses              | 206,940             | 101,567             | 49%         | 89,081              | 14%                      |
| Other Agencies        | 403,389             | -                   | -           | 84,405              | -100%                    |
| Service Charges       | 10,267,724          | 1,132,076           | 11%         | 1,152,780           | -2%                      |
| Interest/Other        | 1,461,324           | 63,214              | 4%          | 76,524              | -17%                     |
| Transfers In          | 1,822,658           | 106,974             | 6%          | 66,563              | 61%                      |
| <b>TOTAL REVENUES</b> | <b>\$43,120,858</b> | <b>\$ 1,403,830</b> | <b>3%</b>   | <b>\$ 1,469,353</b> | <b>-4%</b>               |



| EXPENDITURE CATEGORY      | BUDGET               | ACTUAL PLUS ENCUMBRANCES | % OF BUDGET | PRIOR YTD PLUS ENCUMBRANCES | % CHANGE FROM PRIOR YEAR |
|---------------------------|----------------------|--------------------------|-------------|-----------------------------|--------------------------|
| Administration            | \$ 4,835,112         | \$ 381,460               | 8%          | \$ 535,069                  | -29%                     |
| Community Services        | 12,679,427           | 2,716,068                | 21%         | 1,148,720                   | 136%                     |
| Police                    | 17,413,961           | 1,155,176                | 7%          | 1,766,667                   | -35%                     |
| Fire                      | 6,861,396            | 609,996                  | 9%          | 512,486                     | 19%                      |
| Transfers Out             | 2,142,463            | 156,333                  | 7%          | 151,753                     | 3%                       |
| <b>TOTAL EXPENDITURES</b> | <b>\$ 43,932,359</b> | <b>\$ 5,019,032</b>      | <b>11%</b>  | <b>\$ 4,114,695</b>         | <b>22%</b>               |



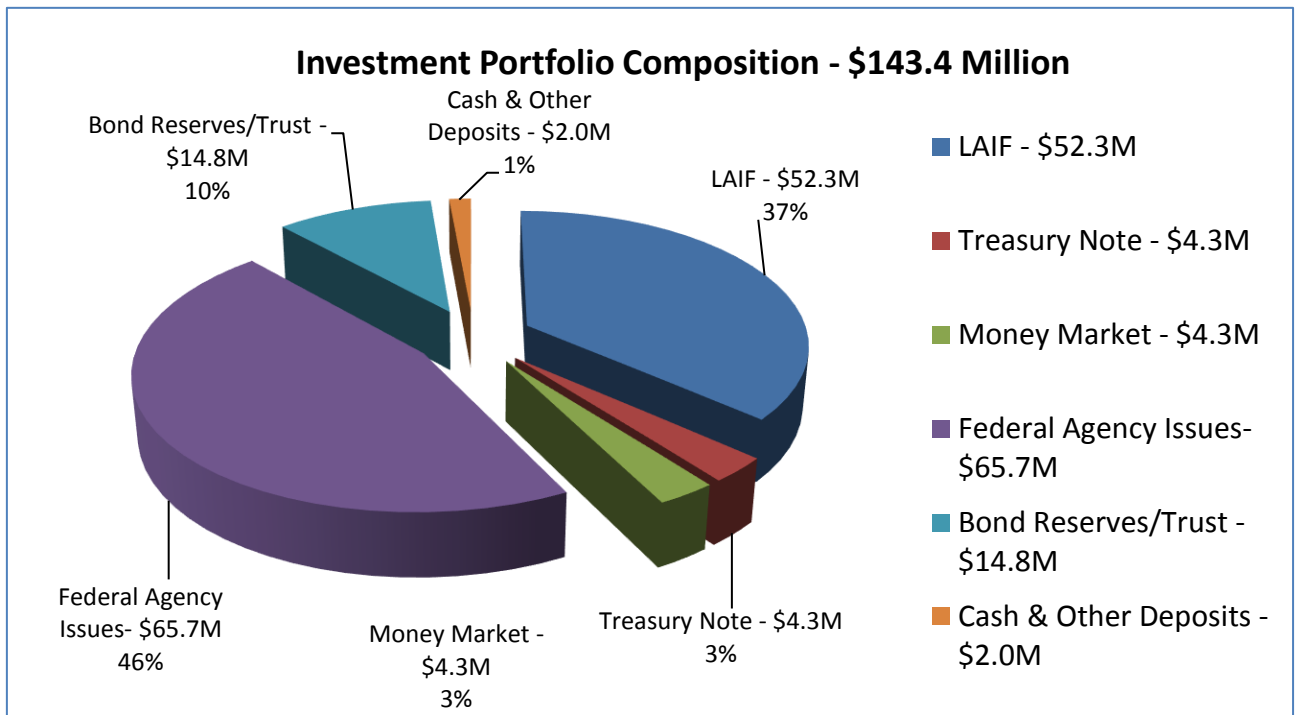
**City of Morgan Hill  
Recreation Report - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete**

|                                        | <u>Budget</u>       | <u>July 2019</u>  | <u>YTD</u>            | <u>% of Budget</u> |
|----------------------------------------|---------------------|-------------------|-----------------------|--------------------|
| Revenues                               |                     |                   |                       |                    |
| Membership Services & Rec Programs     | \$ 6,426,631        | \$ 818,997        | \$ 818,997            |                    |
| Facility Rentals                       | 915,330             | 122,112           | 122,112               |                    |
| Community Services                     | 149,705             | 5,056             | 5,056                 |                    |
| Transfers in                           | 75,000              | 6,250             | 6,250                 |                    |
| Total Revenues                         | \$ 7,566,666        | \$ 952,415        | \$ 952,415            | 13%                |
| Less: Expenditures                     |                     |                   |                       |                    |
| Membership & Program Services          | \$ 6,371,297        | \$ 316,080        | \$ 316,080            |                    |
| Facility Rentals                       | 1,356,318           | 89,200            | 89,200                |                    |
| Community Services                     | 648,407             | 22,678            | 22,678                |                    |
| Total Expenditures                     | \$ 8,376,023        | \$ 427,958        | \$ 427,958            | 5%                 |
| <b>Net Impact without encumbrances</b> | <b>\$ (809,357)</b> | <b>\$ 524,457</b> | <b>\$ 524,457</b>     |                    |
| Encumbrances                           | -                   | -                 | 1,952,260             |                    |
| <b>Net Impact with encumbrances</b>    | <b>\$ (809,357)</b> | <b>\$ 524,457</b> | <b>\$ (1,427,803)</b> |                    |

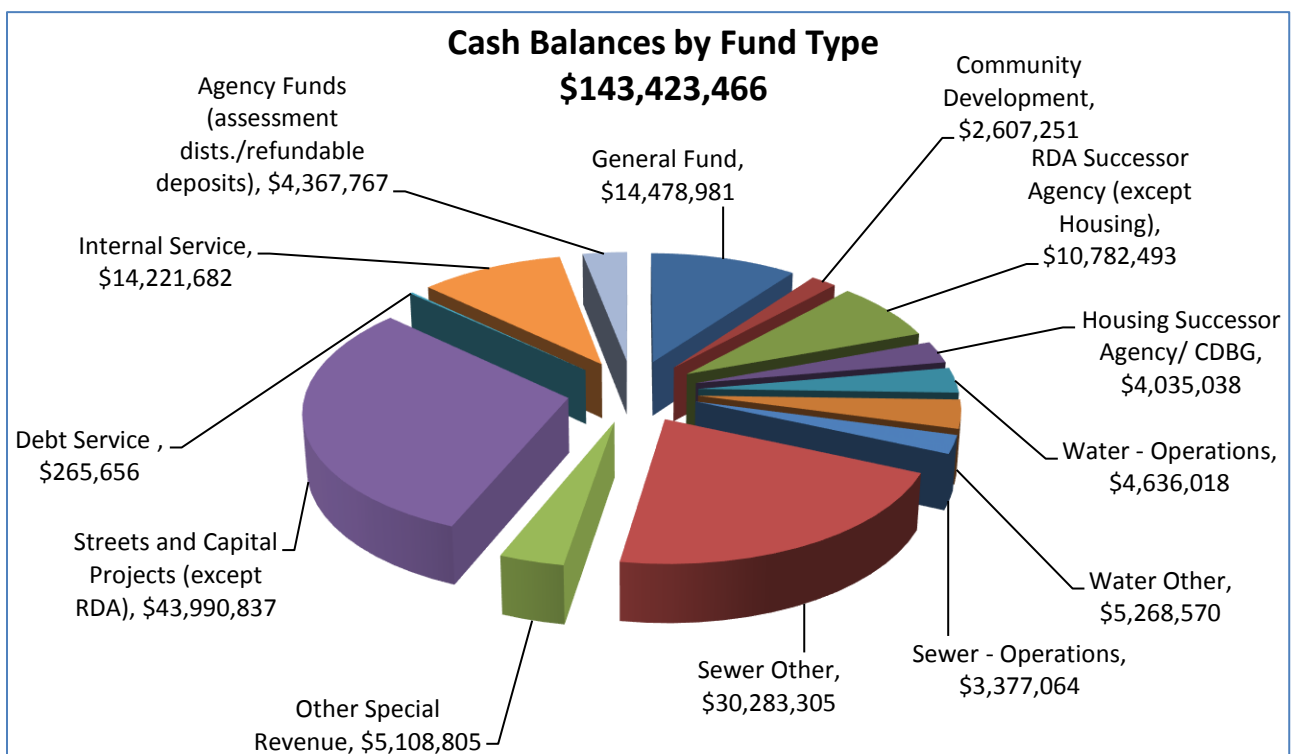
Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)

## City of Morgan Hill Monthly Investment Report - July 31, 2019

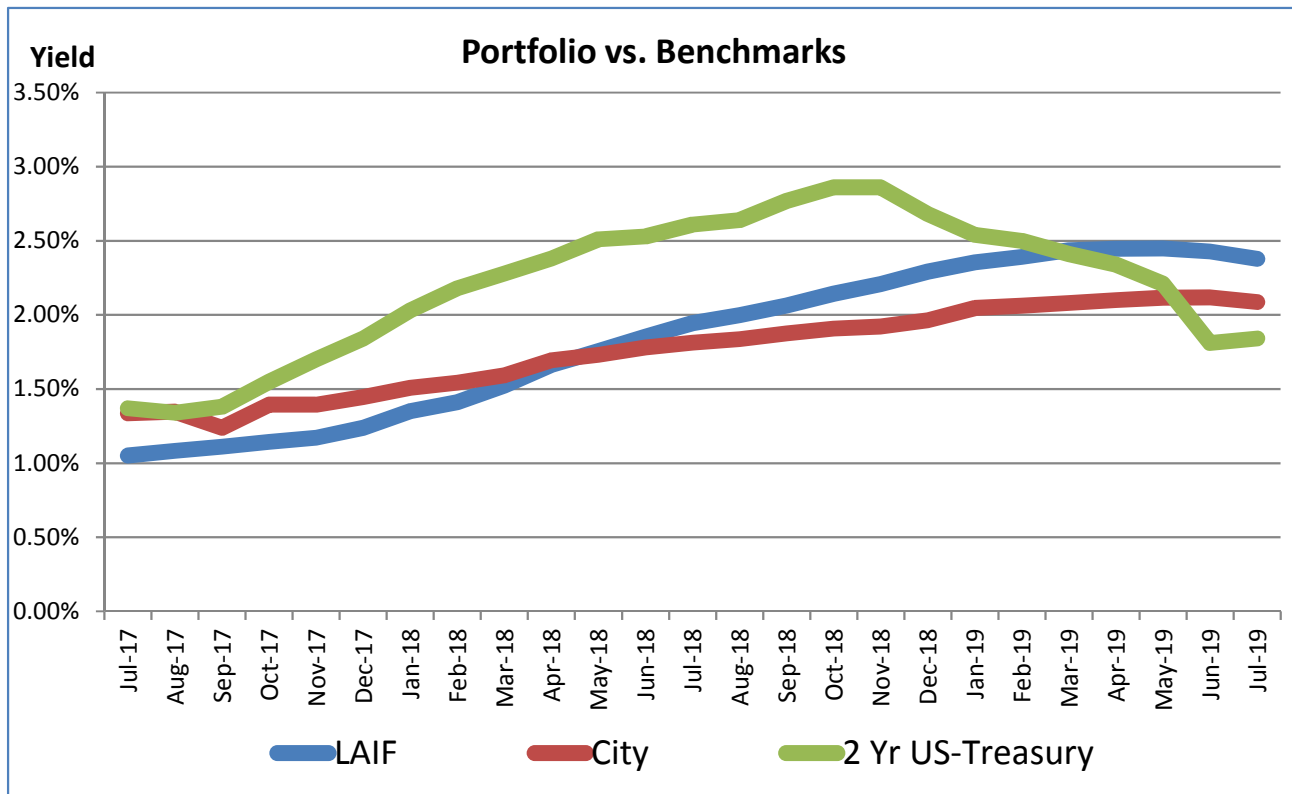
The following are the snapshots of City's investment portfolio as of July 31, 2019. The first chart shows the portfolio composition by investment type:



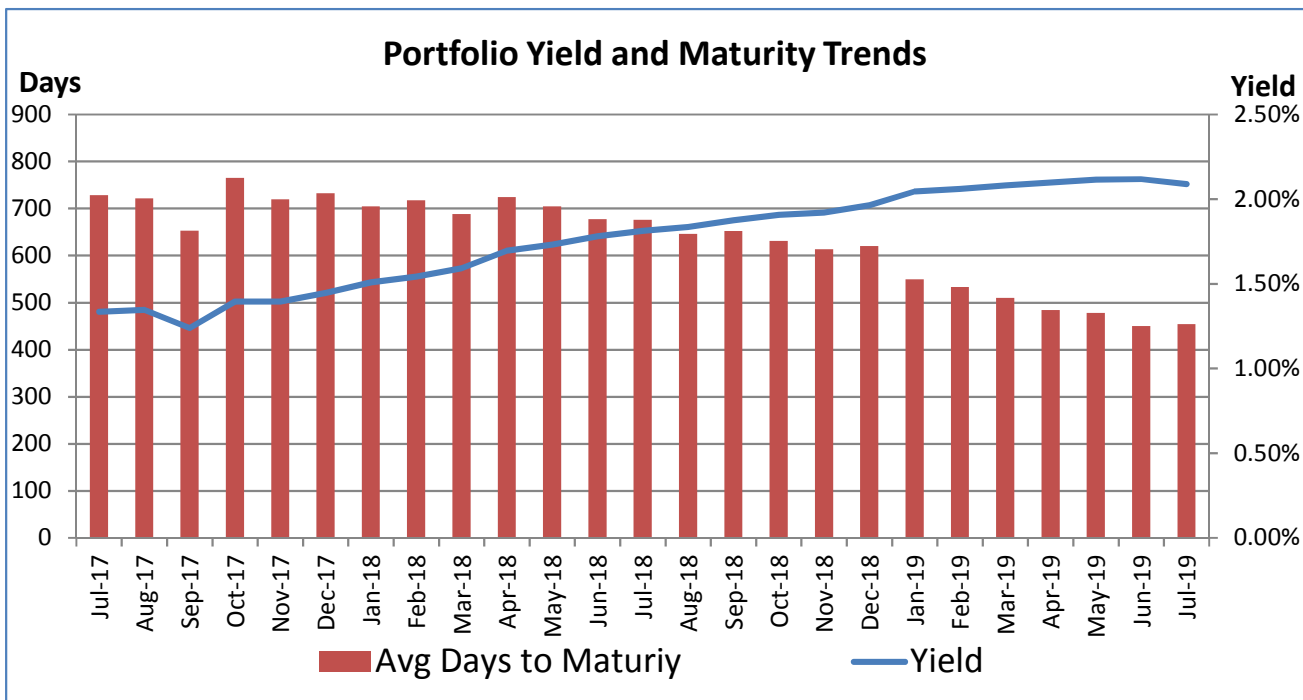
The chart below shows cash balances by fund type reconciled to City's financial system:



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



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



Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



**CITY OF MORGAN HILL CASH AND INVESTMENT REPORT**  
**FOR THE MONTH OF JULY 31, 2019**  
**FOR THE FISCAL YEAR OF 2018-19**

|                                                        | Invested<br>in Fund | Yield | Book Value<br>End of Month | % of<br>Total  | Market<br>Value       |
|--------------------------------------------------------|---------------------|-------|----------------------------|----------------|-----------------------|
| <b>Investments</b>                                     |                     |       |                            |                |                       |
| State Treasurer LAIF - City                            | All Funds Pooled    | 2.38% | \$ 49,403,983              | 34.45%         | \$ 49,411,243         |
| 2015 Wastewater Rev Bonds - CIP                        | Wastewater Fund     | 2.38% | 2,907,587                  | 2.03%          | 2,908,014             |
| Federal Issues                                         | All Funds Pooled    | 1.69% | 65,705,102                 | 45.81%         | 65,334,791            |
| US Treasury Notes                                      | All Funds Pooled    | 2.73% | 4,311,284                  | 3.01%          | 4,443,750             |
| Dreyfus Treas Cash Management Acct                     | All Funds Pooled    | 2.21% | 4,261,238                  | 2.97%          | 4,261,238             |
|                                                        | <b>SUBTOTAL</b>     |       | <b>\$ 126,589,194</b>      | <b>88.26%</b>  | <b>\$ 126,359,037</b> |
| <b>Bond Reserve Accounts - held by trustees</b>        |                     |       |                            |                |                       |
| Zions Bank - Civic Center/Library Facility             |                     |       |                            |                |                       |
| Blackrock Liq Fund                                     | Debt Service        | 1.96% | 81                         | 0.00%          | 81                    |
| Zions Bank - MH Police Facility Lease Revenue Bonds    |                     |       |                            |                |                       |
| Blackrock Liq Fund                                     | Debt Service        | 1.96% | 103                        | 0.00%          | 103                   |
| BNY - RDA Bonds                                        |                     |       |                            |                |                       |
| Dreyfus Cash Mgmt 521                                  | Successor Fund      | 2.21% | 6,394,961                  | 4.46%          | 6,394,961             |
| US Treasury Notes - Reserve Acct.                      | Successor Fund      | 1.25% | 5,074,237                  | 3.54%          | 5,130,098             |
| Zions Bank - MH Ranch 2015                             |                     |       |                            |                |                       |
| Blackrock Liq Funds Fed Fund -DI -2015                 | Agency Fund         | 1.96% | 583,595                    | 0.41%          | 583,595               |
| Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015 |                     |       |                            |                |                       |
| Blackrock Liquidity Temp Fund-2015                     | Agency Fund         | 1.96% | 543,651                    | 0.38%          | 543,651               |
|                                                        | <b>SUBTOTAL</b>     |       | <b>12,596,628</b>          | <b>8.78%</b>   | <b>12,652,489</b>     |
| <b>Other Cash/Deposits</b>                             |                     |       |                            |                |                       |
| General Checking                                       | All Funds           |       | 2,013,127                  | 1.40%          | 2,013,127             |
| Workers' Comp Administrators                           | Workers' Comp       |       | 30,000                     | 0.02%          | 30,000                |
| Petty Cash & Emergency Cash                            | General Fund        |       | 7,112                      | 0.00%          | 7,112                 |
| PARS - OPEB Trust                                      |                     |       | 1,387,404                  | 0.97%          | 1,646,146             |
| PARS - PENSION Trust                                   |                     |       | 800,000                    | 0.56%          | 923,425               |
|                                                        | <b>SUBTOTAL</b>     |       | <b>4,237,643</b>           | <b>2.95%</b>   | <b>4,619,810</b>      |
| <b>Total Cash and Investments</b>                      |                     |       | <b>\$ 143,423,466</b>      | <b>100.00%</b> | <b>\$ 143,631,337</b> |

**CASH ACTIVITY SUMMARY**  
**FY 2019-20**

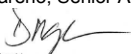
| Fund Type                                            | Un-Audited<br>07/01/19<br>Balance | Change in<br>Cash Balance | 7/31/2019<br>Balance  |
|------------------------------------------------------|-----------------------------------|---------------------------|-----------------------|
| General Fund                                         | \$ 15,044,885                     | \$ (565,905)              | \$ 14,478,981         |
| Community Development                                | 3,419,872                         | (812,621)                 | 2,607,251             |
| RDA Successor Agency (except Housing)                | 12,277,198                        | (1,494,705)               | 10,782,493            |
| Housing Successor Agency/ CDBG                       | 4,150,303                         | (115,265)                 | 4,035,038             |
| Water - Operations                                   | 2,317,454                         | 2,318,565                 | 4,636,018             |
| Water Other                                          | 4,954,819                         | 313,751                   | 5,268,570             |
| Sewer - Operations                                   | 1,505,059                         | 1,872,005                 | 3,377,064             |
| Sewer Other                                          | 29,212,866                        | 1,070,439                 | 30,283,305            |
| Other Special Revenue                                | 5,052,285                         | 56,520                    | 5,108,805             |
| Streets and Capital Projects (except RDA)            | 42,155,711                        | 1,835,126                 | 43,990,837            |
| Debt Service                                         | 253,454                           | 12,202                    | 265,656               |
| Internal Service                                     | 12,991,987                        | 1,229,695                 | 14,221,682            |
| Agency Funds (assessment dists./refundable deposits) | 4,116,381                         | 251,386                   | 4,367,767             |
| <b>Total</b>                                         | <b>\$ 137,452,276</b>             | <b>\$ 5,971,190</b>       | <b>\$ 143,423,466</b> |

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

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

Prepared by:   
 Gina Nazareno, Senior Accountant

Approved by:

Reviewed by:   
 Dat Nguyen, Finance Director

David Clink, Treasurer

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)





**City of Morgan Hill**  
**Investment Portfolio Detail**  
**As of July 31, 2019**

| Investment Type                                 | Settlement Date | Book Value            | % of Portfolio | Market Value          | YTM at Cost  | Next Call Date | Date of Maturity |
|-------------------------------------------------|-----------------|-----------------------|----------------|-----------------------|--------------|----------------|------------------|
| <b>L A I F</b>                                  |                 | <b>\$ 52,311,570</b>  | <b>36.47%</b>  | <b>\$ 52,319,257</b>  | <b>2.38%</b> |                |                  |
| <b>City Managed</b>                             |                 |                       |                |                       |              |                |                  |
| Fed Home Loan Bank                              | 10/19/2015      | 4,000,000             | 2.79%          | 3,981,680             | 1.70%        | 10/19/2019     | 10/19/2020       |
| Fed Home Loan Bank                              | 6/30/2016       | 4,000,000             | 2.79%          | 3,963,160             | 1.50%        | 6/30/2020      | 6/30/2021        |
| Fed Natn'l Mortgage Assn                        | 8/25/2016       | 4,000,000             | 2.79%          | 3,956,640             | 1.40%        | 8/25/2019      | 8/25/2021        |
| Fed Home Loan Mortgage                          | 9/29/2016       | 2,000,000             | 1.39%          | 1,983,700             | 1.65%        | 8/29/2019      | 9/29/2021        |
| Fed Natn'l Mortgage Assn                        | 9/29/2016       | 4,000,000             | 2.79%          | 3,959,600             | 1.60%        | 9/29/2019      | 9/29/2021        |
| Fed Home Loan Mortgage                          | 10/27/2016      | 4,000,000             | 2.79%          | 3,961,240             | 1.60%        | 10/27/2019     | 10/27/2021       |
| Fed Natn'l Mortgage Assn                        | 10/28/2016      | 4,000,000             | 2.79%          | 3,964,960             | 1.55%        | 10/28/2019     | 10/28/2021       |
| Fed Home Loan Mortgage                          | 10/28/2016      | 2,000,000             | 1.39%          | 1,983,240             | 1.65%        | 10/28/2019     | 10/28/2021       |
| Fed Home Loan Mortgage                          | 11/15/2016      | 4,000,000             | 2.79%          | 3,943,880             | 1.55%        | 10/15/2019     | 11/15/2021       |
| Fed Home Loan Mortgage                          | 11/23/2016      | 3,000,000             | 2.09%          | 2,975,220             | 1.65%        | 11/23/2019     | 11/23/2021       |
| Fed Home Loan Mortgage                          | 11/23/2016      | 4,000,000             | 2.79%          | 3,965,320             | 1.63%        | 11/23/2019     | 11/23/2021       |
| Fed Home Loan Mortgage                          | 11/30/2016      | 4,000,000             | 2.79%          | 3,985,120             | 1.88%        | 10/26/2019     | 11/26/2021       |
| Fed Home Loan Mortgage                          | 6/29/2017       | 1,300,000             | 0.91%          | 1,300,312             | 2.15%        | 8/29/2019      | 6/29/2022        |
| Fed Home Loan Bank                              | 10/19/2017      | 3,850,000             | 2.68%          | 3,850,039             | 2.15%        | 10/19/2019     | 10/19/2022       |
| Fed Natn'l Mortgage Assn                        | 10/26/2017      | 4,150,000             | 2.89%          | 4,150,374             | 2.20%        | 10/26/2019     | 10/26/2022       |
| Fed Home Loan Mortgage                          | 7/10/2019       | 3,000,000             | 2.09%          | 2,994,360             | 2.15%        | 7/2/2020       | 7/2/2024         |
| Fed Natn'l Mortgage Assn                        | 8/23/2016       | 749,998               | 0.52%          | 749,618               | 1.25%        | 8/23/2019      | 8/23/2019        |
| Fed Home Loan Mortgage                          | 8/31/2016       | 750,000               | 0.52%          | 749,745               | 1.25%        | 8/15/2019      | 8/15/2019        |
| Fed Home Loan Mortgage                          | 10/7/2016       | 749,987               | 0.52%          | 749,220               | 1.29%        | 9/12/2019      | 9/12/2019        |
| Fed Natn'l Mortgage Assn                        | 10/24/2016      | 749,996               | 0.52%          | 748,823               | 1.25%        | 9/30/2019      | 9/30/2019        |
| Fed Home Loan Mortgage                          | 9/14/2018       | 825,000               | 0.58%          | 825,000               | 2.56%        | 8/1/2019       | 8/1/2019         |
| Fed Home Loan Bank                              | 9/26/2018       | 747,950               | 0.52%          | 751,455               | 2.80%        | 3/30/2020      | 3/30/2020        |
| Fed Home Loan Bank                              | 11/6/2018       | 744,527               | 0.52%          | 748,380               | 2.87%        | 11/15/2019     | 11/15/2019       |
| Fed Home Loan Mortgage                          | 1/18/2019       | 999,380               | 0.70%          | 1,002,720             | 2.59%        | 4/23/2020      | 4/23/2020        |
| Fed Farm Credit Sys Disc                        | 4/30/2019       | 891,155               | 0.62%          | 893,133               | 2.39%        | 12/31/2019     | 12/31/2019       |
| Fed Home Loan Bank                              | 5/9/2019        | 1,499,659             | 1.05%          | 1,500,030             | 2.64%        | 11/9/2021      | 11/9/2021        |
| Fed Home Loan Bank                              | 5/28/2019       | 1,697,450             | 1.18%          | 1,697,824             | 2.38%        | 8/23/2019      | 8/23/2019        |
| Treasury Note                                   | 4/30/2018       | 4,311,284             | 3.01%          | 4,443,750             | 2.73%        | 3/31/2023      | 3/31/2023        |
| <b>Sub Total/Average</b>                        |                 | <b>\$ 70,016,386</b>  | <b>48.82%</b>  | <b>\$ 69,778,541</b>  | <b>1.86%</b> |                |                  |
| <b>Money Market</b>                             |                 | <b>\$ 4,261,238</b>   | <b>2.97%</b>   | <b>\$ 4,261,238</b>   | <b>2.21%</b> |                |                  |
| <b>Total City Managed/Average</b>               |                 | <b>\$ 126,589,194</b> | <b>88.26%</b>  | <b>\$ 126,359,036</b> | <b>2.15%</b> |                |                  |
| <b>Bond Reserve Accounts - Held By Trustees</b> |                 | <b>\$ 12,596,628</b>  | <b>8.78%</b>   | <b>\$ 12,652,489</b>  |              |                |                  |
| <b>Cash/Deposits</b>                            |                 | <b>\$ 2,050,239</b>   | <b>1.43%</b>   | <b>\$ 2,050,239</b>   |              |                |                  |
| <b>PARS Trust</b>                               |                 | <b>\$ 2,187,404</b>   | <b>1.53%</b>   | <b>\$ 2,569,571</b>   |              |                |                  |
| <b>GRAND TOTAL/AVERAGE</b>                      |                 | <b>\$ 143,423,466</b> | <b>100%</b>    | <b>\$ 143,631,337</b> |              |                |                  |

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



City of Morgan Hill  
Year to Date Revenues - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND<br>REVENUE<br>SOURCE                  | ADOPTED<br>BUDGET | AMENDED<br>BUDGET | CURRENT<br>YTD<br>ACTUAL | %<br>OF BUDGET | PRIOR<br>YTD     | INCR (DECR)<br>FROM PRIOR<br>YTD | %<br>CHANGE  |
|--------------------------------------------|-------------------|-------------------|--------------------------|----------------|------------------|----------------------------------|--------------|
| <b>010 GENERAL FUND</b>                    |                   |                   |                          |                |                  |                                  |              |
| <b>TAXES</b>                               |                   |                   |                          |                |                  |                                  |              |
| Property Tax - Secured/Unsecured           | \$ 11,189,507     | \$ 11,189,507     | \$ -                     | 0%             | \$ -             | \$ -                             | 0%           |
| Property Tax - RPTTF Residual Distribution | 1,573,610         | 1,573,610         | -                        | n/a            | -                | -                                | n/a          |
| Property Tax - Supplemental Roll           | 319,260           | 319,260           | -                        | n/a            | -                | -                                | n/a          |
| Sales Tax                                  | 10,091,000        | 10,091,000        | -                        | n/a            | -                | -                                | n/a          |
| Public Safety Sales Tax                    | 385,000           | 385,000           | -                        | n/a            | -                | -                                | n/a          |
| Transient Occupancy Taxes                  | 3,080,880         | 3,080,880         | -                        | n/a            | -                | -                                | n/a          |
| Franchise (Refuse, Cable, PG&E)            | 2,319,566         | 2,319,566         | -                        | 0%             | -                | -                                | n/a          |
| Property Transfer Tax                      | 515,000           | 515,000           | -                        | n/a            | -                | -                                | n/a          |
| <b>TOTAL TAXES</b>                         | <b>29,473,823</b> | <b>29,473,823</b> | <b>-</b>                 | <b>n/a</b>     | <b>-</b>         | <b>-</b>                         | <b>n/a</b>   |
| <b>LICENSES/PERMITS</b>                    |                   |                   |                          |                |                  |                                  |              |
| Business License                           | 202,000           | 202,000           | 98,067                   | 49%            | 86,744           | 11,323                           | 13%          |
| Other Permits                              | 4,940             | 4,940             | 3,500                    | 71%            | 2,337            | 1,163                            | 50%          |
| <b>TOTAL LICENSES/PERMITS</b>              | <b>206,940</b>    | <b>206,940</b>    | <b>101,567</b>           | <b>49%</b>     | <b>89,081</b>    | <b>12,486</b>                    | <b>14%</b>   |
| <b>FINES AND PENALTIES</b>                 |                   |                   |                          |                |                  |                                  |              |
| Parking Enforcement                        | 8,500             | 8,500             | -                        | n/a            | 677              | (677)                            | -100%        |
| Bails & Fines                              | 73,645            | 73,645            | -                        | n/a            | -                | -                                | 0%           |
| Administrative Citations                   | 9,785             | 9,785             | 2,186                    | 22%            | 100              | 2,086                            | 2086%        |
| <b>TOTAL FINES AND PENALTIES</b>           | <b>91,930</b>     | <b>91,930</b>     | <b>2,186</b>             | <b>2%</b>      | <b>777</b>       | <b>1,409</b>                     | <b>181%</b>  |
| <b>OTHER AGENCIES</b>                      |                   |                   |                          |                |                  |                                  |              |
| Motor Vehicle in-Lieu                      | 24,652            | 24,652            | -                        | 0%             | -                | -                                | n/a          |
| Other Revenue - Other Agencies             | 403,389           | 403,389           | -                        | n/a            | 84,405           | (84,405)                         | -100%        |
| <b>TOTAL OTHER AGENCIES</b>                | <b>428,041</b>    | <b>428,041</b>    | <b>-</b>                 | <b>n/a</b>     | <b>84,405</b>    | <b>(84,405)</b>                  | <b>-100%</b> |
| <b>CHARGES CURRENT SERVICES</b>            |                   |                   |                          |                |                  |                                  |              |
| Police False Alarm Charge                  | 33,990            | 33,990            | 180                      | 1%             | 870              | (690)                            | -79%         |
| Business License Application Review        | 36,000            | 36,000            | -                        | n/a            | 4,244            | (4,244)                          | -100%        |
| Membership Services & Rec Programs         | 6,426,631         | 6,426,631         | 818,997                  | 13%            | 822,315          | (3,317)                          | 0%           |
| Facility Rentals                           | 915,330           | 915,330           | 122,112                  | 13%            | 132,590          | (10,478)                         | -8%          |
| Community Services                         | 149,705           | 149,705           | 5,056                    | 3%             | 6,170            | (1,114)                          | -18%         |
| General Administration Overhead            | 1,795,198         | 1,795,198         | 149,285                  | 8%             | 142,176          | 7,109                            | 5%           |
| Other Charges Current Services             | 910,870           | 910,870           | 36,445                   | 4%             | 44,415           | (7,970)                          | -18%         |
| <b>TOTAL CURRENT SERVICES</b>              | <b>10,267,724</b> | <b>10,267,724</b> | <b>1,132,076</b>         | <b>11%</b>     | <b>1,152,780</b> | <b>(20,705)</b>                  | <b>-2%</b>   |
| <b>OTHER REVENUE</b>                       |                   |                   |                          |                |                  |                                  |              |
| Use of money/property                      | 517,900           | 517,900           | 58,218                   | 11%            | 36,349           | 21,869                           | 60%          |
| Other Revenues                             | 311,842           | 311,842           | 2,810                    | 1%             | 39,398           | (36,588)                         | -93%         |
| <b>TOTAL OTHER REVENUE</b>                 | <b>829,742</b>    | <b>829,742</b>    | <b>61,028</b>            | <b>7%</b>      | <b>75,747</b>    | <b>(14,719)</b>                  | <b>-19%</b>  |
| <b>TRANSFERS IN</b>                        |                   |                   |                          |                |                  |                                  |              |
| One Time Transfer                          | 180,000           | 180,000           | 14,999                   | 8%             | -                | 14,999                           | 0%           |
| Asset Seizure                              | -                 | -                 | -                        | 0%             | -                | -                                | 0%           |
| Public Safety                              | 100,000           | 100,000           | -                        | 0%             | -                | -                                | 0%           |
| Fire Impact                                | -                 | -                 | 25,000                   | 0%             | -                | 25,000                           | 0%           |
| Streets                                    | 738,968           | 738,968           | -                        | 0%             | -                | -                                | n/a          |
| Park Maintenance                           | -                 | -                 | -                        | 0%             | -                | -                                | n/a          |
| Police Impact                              | 25,000            | 25,000            | 2,083                    | 8%             | 2,083            | -                                | n/a          |
| Sewer Operations                           | 351,845           | 351,845           | 29,321                   | 8%             | 29,115           | 206                              | 1%           |
| Water Operations                           | 351,845           | 351,845           | 29,321                   | 8%             | 29,115           | 206                              | 1%           |
| Park Development                           | 75,000            | 75,000            | 6,250                    | 8%             | 6,250            | -                                | n/a          |
| <b>TOTAL TRANSFERS IN</b>                  | <b>1,822,658</b>  | <b>1,822,658</b>  | <b>106,974</b>           | <b>6%</b>      | <b>66,563</b>    | <b>40,411</b>                    | <b>61%</b>   |
| <b>TOTAL GENERAL FUND</b>                  | <b>43,120,858</b> | <b>43,120,858</b> | <b>1,403,830</b>         | <b>3%</b>      | <b>1,469,353</b> | <b>(65,522)</b>                  | <b>-4%</b>   |
| <b>SPECIAL REVENUE FUNDS</b>               |                   |                   |                          |                |                  |                                  |              |
| <b>202 STREET MAINTENANCE</b>              |                   |                   |                          |                |                  |                                  |              |
| Gas Tax 2105 - 2107.5                      | 738,968           | 738,968           | -                        | n/a            | 58,509           | (58,509)                         | -100%        |
| Interest / Other Revenue/Other Charges     | -                 | -                 | 40                       | n/a            | -                | 40                               | n/a          |
| <b>202 STREET MAINTENANCE</b>              | <b>738,968</b>    | <b>738,968</b>    | <b>40</b>                | <b>0%</b>      | <b>58,509</b>    | <b>(58,469)</b>                  | <b>-100%</b> |

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



City of Morgan Hill  
Year to Date Revenues - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND<br>REVENUE<br>SOURCE                            | ADOPTED<br>BUDGET | AMENDED<br>BUDGET | CURRENT<br>YTD<br>ACTUAL | %<br>OF BUDGET | PRIOR<br>YTD   | INCR (DECR)<br>FROM PRIOR<br>YTD | %<br>CHANGE |
|------------------------------------------------------|-------------------|-------------------|--------------------------|----------------|----------------|----------------------------------|-------------|
| <b>SPECIAL REVENUE FUNDS</b>                         |                   |                   |                          |                |                |                                  |             |
| <b>205 PUBLIC SAFETY TRUST</b>                       |                   |                   |                          |                |                |                                  |             |
| Interest Income                                      | 135               | 135               | 74                       | 55%            | -              | 74                               | n/a         |
| Police Grant/SLEF/JAG                                | 100,000           | 100,000           | -                        | n/a            | -              | -                                | 0%          |
| <b>205 PUBLIC SAFETY TRUST</b>                       | <b>100,135</b>    | <b>100,135</b>    | <b>74</b>                | <b>0%</b>      | <b>-</b>       | <b>74</b>                        | <b>n/a</b>  |
| <b>206 COMMUNITY DEVELOPMENT</b>                     |                   |                   |                          |                |                |                                  |             |
| Building Fees                                        | 3,275,864         | 3,275,864         | 154,708                  | 5%             | 140,368        | 14,340                           | 10%         |
| Planning Fees                                        | 1,476,912         | 1,476,912         | 60,979                   | 4%             | 174,562        | (113,583)                        | -65%        |
| Engineering Fees                                     | 495,977           | 495,977           | 19,386                   | 4%             | 159,684        | (140,298)                        | -88%        |
| Other Revenue/Current Charges                        | 14,682            | 14,682            | 2,141                    | 15%            | -              | 2,141                            | n/a         |
| <b>206 COMMUNITY DEVELOPMENT</b>                     | <b>5,263,435</b>  | <b>5,263,435</b>  | <b>237,214</b>           | <b>5%</b>      | <b>474,614</b> | <b>(237,400)</b>                 | <b>-50%</b> |
| <b>207 LONG RANGE PLANNING</b>                       | <b>736,371</b>    | <b>736,371</b>    | <b>38,373</b>            | <b>5%</b>      | <b>57,845</b>  | <b>(19,472)</b>                  | <b>-34%</b> |
| <b>215 and 216 HCD BLOCK GRANT</b>                   |                   |                   |                          |                |                |                                  |             |
| Interest Income/Other Revenue                        | 3,660             | 3,660             | 50                       | 1%             | -              | 50                               | n/a         |
| <b>215 and 216 HCD BLOCK GRANT</b>                   | <b>3,660</b>      | <b>3,660</b>      | <b>50</b>                | <b>1%</b>      | <b>-</b>       | <b>50</b>                        | <b>n/a</b>  |
| <b>225 ASSET SEIZURE</b>                             | <b>2,227</b>      | <b>2,227</b>      | <b>103</b>               | <b>5%</b>      | <b>-</b>       | <b>103</b>                       | <b>n/a</b>  |
| <b>229 LIGHTING AND LANDSCAPE</b>                    | <b>189,158</b>    | <b>189,158</b>    | <b>61</b>                | <b>0%</b>      | <b>-</b>       | <b>61</b>                        | <b>n/a</b>  |
| <b>230 COMMUNITY FACILITIES DISTRICT</b>             | <b>44,504</b>     | <b>44,504</b>     | <b>73</b>                | <b>0%</b>      | <b>-</b>       | <b>73</b>                        | <b>0%</b>   |
| <b>232 ENVIRONMENTAL PROGRAMS</b>                    | <b>409,843</b>    | <b>409,843</b>    | <b>34,028</b>            | <b>8%</b>      | <b>45,177</b>  | <b>(11,149)</b>                  | <b>-25%</b> |
| <b>234 MOBILE HOME PARK RENT STAB.</b>               | <b>873</b>        | <b>873</b>        | <b>41</b>                | <b>5%</b>      | <b>-</b>       | <b>41</b>                        | <b>n/a</b>  |
| <b>235 SENIOR HOUSING</b>                            | <b>4,462</b>      | <b>4,462</b>      | <b>181</b>               | <b>4%</b>      | <b>-</b>       | <b>181</b>                       | <b>n/a</b>  |
| <b>236 HOUSING MITIGATION</b>                        | <b>2,336,690</b>  | <b>2,336,690</b>  | <b>62,031</b>            | <b>3%</b>      | <b>-</b>       | <b>62,031</b>                    | <b>n/a</b>  |
| <b>240 EMPLOYEE ASSISTANCE</b>                       | <b>29,256</b>     | <b>29,256</b>     | <b>1,248</b>             | <b>4%</b>      | <b>997</b>     | <b>251</b>                       | <b>25%</b>  |
| <b>247 ENVIRONMENT REMEDIATION</b>                   | <b>2,824</b>      | <b>2,824</b>      | <b>105</b>               | <b>4%</b>      | <b>-</b>       | <b>105</b>                       | <b>n/a</b>  |
| <b>250 COMH-SUCCESSOR AGENCY-MHRDA</b>               | <b>6,935,750</b>  | <b>6,935,750</b>  | <b>11,649</b>            | <b>0%</b>      | <b>-</b>       | <b>11,649</b>                    | <b>n/a</b>  |
| <b>255 HOUSING SUCCESSOR AGENCY</b>                  | <b>553,622</b>    | <b>553,622</b>    | <b>4,324</b>             | <b>1%</b>      | <b>2,838</b>   | <b>1,486</b>                     | <b>52%</b>  |
| <b>TOTAL SPECIAL REVENUE FUNDS</b>                   | <b>17,351,779</b> | <b>17,351,779</b> | <b>389,595</b>           | <b>2%</b>      | <b>639,980</b> | <b>(250,384)</b>                 | <b>-39%</b> |
| <b>CAPITAL PROJECTS FUNDS</b>                        |                   |                   |                          |                |                |                                  |             |
| <b>301 PARK DEVELOPMENT</b>                          | <b>2,647,562</b>  | <b>2,647,562</b>  | <b>90,924</b>            | <b>3%</b>      | <b>95,494</b>  | <b>(4,570)</b>                   | <b>-5%</b>  |
| <b>302 PARK MAINTENANCE</b>                          | <b>1,371,696</b>  | <b>1,371,696</b>  | <b>32,402</b>            | <b>2%</b>      | <b>126,538</b> | <b>(94,136)</b>                  | <b>-74%</b> |
| <b>303 LOCAL DRAINAGE</b>                            | <b>1,652,576</b>  | <b>1,652,576</b>  | <b>11,794</b>            | <b>1%</b>      | <b>178,139</b> | <b>(166,345)</b>                 | <b>-93%</b> |
| <b>304 LOCAL DRAINAGE/NON AB1600</b>                 | <b>83,498</b>     | <b>83,498</b>     | <b>1,234</b>             | <b>1%</b>      | <b>26,510</b>  | <b>(25,276)</b>                  | <b>-95%</b> |
| <b>306 AGRICULTURE &amp; OPEN SPACE PRESERVATION</b> | <b>3,420,324</b>  | <b>3,420,324</b>  | <b>185,309</b>           | <b>5%</b>      | <b>32,939</b>  | <b>152,370</b>                   | <b>463%</b> |
| <b>308 STREET CIP</b>                                | <b>5,068,938</b>  | <b>5,068,938</b>  | <b>88,578</b>            | <b>2%</b>      | <b>101,185</b> | <b>(12,607)</b>                  | <b>-12%</b> |
| <b>309 TRAFFIC IMPACT</b>                            | <b>1,283,196</b>  | <b>1,283,196</b>  | <b>37,875</b>            | <b>3%</b>      | <b>213,105</b> | <b>(175,231)</b>                 | <b>-82%</b> |
| <b>311 POLICE IMPACT</b>                             | <b>295,109</b>    | <b>295,109</b>    | <b>12,585</b>            | <b>4%</b>      | <b>16,535</b>  | <b>(3,950)</b>                   | <b>-24%</b> |
| <b>313 FIRE IMPACT</b>                               | <b>469,220</b>    | <b>469,220</b>    | <b>5,099</b>             | <b>1%</b>      | <b>23,391</b>  | <b>(18,292)</b>                  | <b>-78%</b> |
| <b>346 PUBLIC FACILITIES NON-AB1600</b>              | <b>630,420</b>    | <b>630,420</b>    | <b>-</b>                 | <b>n/a</b>     | <b>-</b>       | <b>-</b>                         | <b>n/a</b>  |
| <b>347 PUBLIC FACILITIES IMPACT</b>                  | <b>221,932</b>    | <b>221,932</b>    | <b>8,897</b>             | <b>4%</b>      | <b>11,038</b>  | <b>(2,141)</b>                   | <b>-19%</b> |
| <b>348 LIBRARY</b>                                   | <b>936,224</b>    | <b>936,224</b>    | <b>34,343</b>            | <b>4%</b>      | <b>42,546</b>  | <b>(8,203)</b>                   | <b>-19%</b> |
| <b>350 UNDERGROUNDING</b>                            | <b>50,079</b>     | <b>50,079</b>     | <b>681</b>               | <b>1%</b>      | <b>-</b>       | <b>681</b>                       | <b>n/a</b>  |
| <b>355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY</b>          | <b>656,864</b>    | <b>656,864</b>    | <b>2,852</b>             | <b>0%</b>      | <b>1,667</b>   | <b>1,185</b>                     | <b>71%</b>  |
| <b>360 COMMUNITY/REC IMPACT FUND</b>                 | <b>1,359,693</b>  | <b>1,359,693</b>  | <b>61,376</b>            | <b>5%</b>      | <b>78,636</b>  | <b>(17,260)</b>                  | <b>-22%</b> |
| <b>TOTAL CAPITAL PROJECTS FUNDS</b>                  | <b>20,147,331</b> | <b>20,147,331</b> | <b>573,947</b>           | <b>3%</b>      | <b>947,724</b> | <b>(373,777)</b>                 | <b>-39%</b> |
| <b>DEBT SERVICE FUNDS</b>                            |                   |                   |                          |                |                |                                  |             |
| <b>420 CIVIC CENTER DEBT</b>                         | <b>301,874</b>    | <b>301,874</b>    | <b>25,059</b>            | <b>8%</b>      | <b>24,715</b>  | <b>344</b>                       | <b>1%</b>   |
| <b>441 POLICE FACILITY BOND</b>                      | <b>376,090</b>    | <b>376,090</b>    | <b>56</b>                | <b>0%</b>      | <b>-</b>       | <b>56</b>                        | <b>n/a</b>  |
| <b>TOTAL DEBT SERVICE FUNDS</b>                      | <b>677,964</b>    | <b>677,964</b>    | <b>25,115</b>            | <b>4%</b>      | <b>24,715</b>  | <b>400</b>                       | <b>2%</b>   |

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City of Morgan Hill  
Year to Date Revenues - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND<br>REVENUE<br>SOURCE              | ADOPTED<br>BUDGET     | AMENDED<br>BUDGET     | CURRENT<br>YTD<br>ACTUAL | %<br>OF BUDGET | PRIOR<br>YTD        | INCR (DECR)<br>FROM PRIOR<br>YTD | %<br>CHANGE  |
|----------------------------------------|-----------------------|-----------------------|--------------------------|----------------|---------------------|----------------------------------|--------------|
| <b>ENTERPRISE FUNDS</b>                |                       |                       |                          |                |                     |                                  |              |
| <b>640 SEWER OPERATION</b>             |                       |                       |                          |                |                     |                                  |              |
| Sewer Service Fees                     | 11,746,083            | 11,746,083            | 893,579                  | 8%             | 837,566             | 56,013                           | 7%           |
| Interest Income/Transfers              | 43,166                | 43,166                | 2,617                    | 6%             | -                   | 2,617                            | n/a          |
| Other Revenue/Current Charges          | 328,660               | 328,660               | 21,714                   | 7%             | 38,133              | (16,420)                         | -43%         |
| <b>640 SEWER OPERATION</b>             | <b>12,117,909</b>     | <b>12,117,909</b>     | <b>917,910</b>           | <b>8%</b>      | <b>875,699</b>      | <b>42,211</b>                    | <b>5%</b>    |
| <b>641 SEWER EXPANSION</b>             |                       |                       |                          |                |                     |                                  |              |
| Interest Income                        | 253,972               | 253,972               | 15,410                   | 6%             | 775                 | 14,635                           | 1889%        |
| Development Impact Fee                 | 4,801,041             | 4,801,041             | 224,955                  | 5%             | 319,679             | (94,724)                         | -30%         |
| Transfers/Other                        | -                     | -                     | -                        | 0%             | -                   | -                                | 0%           |
| <b>641 SEWER EXPANSION</b>             | <b>5,055,013</b>      | <b>5,055,013</b>      | <b>240,365</b>           | <b>5%</b>      | <b>320,453</b>      | <b>(80,089)</b>                  | <b>-25%</b>  |
| <b>642 SEWER RATE STABILIZATION</b>    | <b>52,262</b>         | <b>52,262</b>         | <b>2,074</b>             | <b>4%</b>      | <b>-</b>            | <b>2,074</b>                     | <b>n/a</b>   |
| <b>643 SEWER-CAPITAL PROJECT</b>       | <b>2,853,531</b>      | <b>2,853,531</b>      | <b>241,574</b>           | <b>8%</b>      | <b>228,260</b>      | <b>13,314</b>                    | <b>6%</b>    |
| <b>TOTAL SEWER FUNDS</b>               | <b>20,078,715</b>     | <b>20,078,715</b>     | <b>1,401,923</b>         | <b>7%</b>      | <b>1,424,413</b>    | <b>(22,490)</b>                  | <b>-2%</b>   |
| <b>650 WATER OPERATION</b>             |                       |                       |                          |                |                     |                                  |              |
| Water Sales                            | 13,400,000            | 13,400,000            | 1,279,224                | 10%            | 1,215,851           | 63,373                           | 5%           |
| Meter Install & Service                | 125,500               | 125,500               | 493                      | 0%             | 31,188              | (30,695)                         | -98%         |
| Transfers-In / Interest Income         | 478,039               | 478,039               | 38,004                   | 8%             | 33,175              | 4,829                            | 15%          |
| Other Revenue/Current Charges          | 776,961               | 776,961               | 119,950                  | 15%            | 145,247             | (25,297)                         | -17%         |
| <b>650 WATER OPERATION</b>             | <b>14,780,500</b>     | <b>14,780,500</b>     | <b>1,437,672</b>         | <b>10%</b>     | <b>1,425,461</b>    | <b>12,211</b>                    | <b>1%</b>    |
| <b>651 WATER EXPANSION</b>             |                       |                       |                          |                |                     |                                  |              |
| Interest Income/Other Revenue/Transfer | 73,821                | 73,821                | 2,108                    | 3%             | -                   | 2,108                            | n/a          |
| Development Impact Fee                 | 1,452,925             | 1,452,925             | 56,550                   | 4%             | 80,699              | (24,149)                         | -30%         |
| <b>651 WATER EXPANSION</b>             | <b>1,526,746</b>      | <b>1,526,746</b>      | <b>58,658</b>            | <b>4%</b>      | <b>80,699</b>       | <b>(22,041)</b>                  | <b>-27%</b>  |
| <b>652 Water Rate Stabilization</b>    | <b>11,107</b>         | <b>11,107</b>         | <b>444</b>               | <b>4%</b>      | <b>-</b>            | <b>444</b>                       | <b>n/a</b>   |
| <b>653 Water Capital Project</b>       | <b>3,812,288</b>      | <b>3,812,288</b>      | <b>318,133</b>           | <b>8%</b>      | <b>199,906</b>      | <b>118,227</b>                   | <b>59%</b>   |
| <b>TOTAL WATER FUNDS</b>               | <b>20,130,641</b>     | <b>20,130,641</b>     | <b>1,814,907</b>         | <b>9%</b>      | <b>1,706,066</b>    | <b>108,841</b>                   | <b>6%</b>    |
| <b>TOTAL ENTERPRISE FUNDS</b>          | <b>40,209,356</b>     | <b>40,209,356</b>     | <b>3,216,830</b>         | <b>8%</b>      | <b>3,130,479</b>    | <b>86,351</b>                    | <b>3%</b>    |
| <b>INTERNAL SERVICE FUNDS</b>          |                       |                       |                          |                |                     |                                  |              |
| <b>730 INFORMATION SYSTEMS</b>         | <b>1,783,719</b>      | <b>1,783,719</b>      | <b>151,678</b>           | <b>9%</b>      | <b>130,973</b>      | <b>20,705</b>                    | <b>16%</b>   |
| <b>740 BUILDING MAINTENANCE</b>        | <b>3,258,548</b>      | <b>3,258,548</b>      | <b>268,147</b>           | <b>8%</b>      | <b>273,825</b>      | <b>(5,679)</b>                   | <b>-2%</b>   |
| <b>741 BUILDING REPLACEMENT</b>        | <b>831,677</b>        | <b>831,677</b>        | <b>64,985</b>            | <b>8%</b>      | <b>61,187</b>       | <b>3,798</b>                     | <b>6%</b>    |
| <b>745 CIP ADMINISTRATION</b>          | <b>1,871,909</b>      | <b>1,871,909</b>      | <b>116,848</b>           | <b>6%</b>      | <b>55,225</b>       | <b>61,623</b>                    | <b>112%</b>  |
| <b>760 UNEMPLOYMENT INSURANCE</b>      | <b>2,898</b>          | <b>2,898</b>          | <b>113</b>               | <b>4%</b>      | <b>-</b>            | <b>113</b>                       | <b>n/a</b>   |
| <b>770 WORKERS COMPENSATION</b>        | <b>800,422</b>        | <b>800,422</b>        | <b>67,359</b>            | <b>8%</b>      | <b>29,805</b>       | <b>37,553</b>                    | <b>126%</b>  |
| <b>790 EQUIPMENT REPLACEMENT</b>       | <b>1,052,269</b>      | <b>1,052,269</b>      | <b>113,951</b>           | <b>11%</b>     | <b>84,140</b>       | <b>29,811</b>                    | <b>35%</b>   |
| <b>791 EMPLOYEE BENEFITS</b>           | <b>1,229,852</b>      | <b>1,229,852</b>      | <b>65,614</b>            | <b>5%</b>      | <b>112,797</b>      | <b>(47,183)</b>                  | <b>-42%</b>  |
| <b>793 CORPORATION YARD COMMISSION</b> | <b>-</b>              | <b>-</b>              | <b>-</b>                 | <b>0%</b>      | <b>764</b>          | <b>(764)</b>                     | <b>-100%</b> |
| <b>795 GENERAL LIABILITY INSURANCE</b> | <b>1,076,586</b>      | <b>1,076,586</b>      | <b>88,682</b>            | <b>8%</b>      | <b>83,592</b>       | <b>5,090</b>                     | <b>6%</b>    |
| <b>TOTAL INTERNAL SERVICE FUNDS</b>    | <b>11,907,880</b>     | <b>11,907,880</b>     | <b>937,376</b>           | <b>8%</b>      | <b>832,309</b>      | <b>105,067</b>                   | <b>13%</b>   |
| <b>TOTAL FOR ALL FUNDS</b>             | <b>\$ 133,415,168</b> | <b>\$ 133,415,168</b> | <b>\$ 6,546,694</b>      | <b>5%</b>      | <b>\$ 7,044,559</b> | <b>\$ (497,865)</b>              | <b>-7%</b>   |

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



City of Morgan Hill  
Year to Date Expenses - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND NO.                      | FUND/ACTIVITY                       | CURRENT MONTH ACTUAL EXPENSES | AMENDED BUDGET    | YTD EXPENSES     | OUTSTANDING ENCUMBRANCE | TOTAL ALLOCATED  | PERCENT OF TOTAL TO BUDGET | PRIOR YTD    |
|-------------------------------|-------------------------------------|-------------------------------|-------------------|------------------|-------------------------|------------------|----------------------------|--------------|
| <b>010 GENERAL FUND</b>       |                                     |                               |                   |                  |                         |                  |                            |              |
| <b>I. ADMINISTRATION</b>      |                                     |                               |                   |                  |                         |                  |                            |              |
|                               | CITY COUNCIL                        | \$ 47,000                     | \$ 336,684        | \$ 47,000        | \$ 74,000               | \$ 121,000       | 36%                        | \$ 31        |
|                               | CITY ATTORNEY                       | 30,481                        | 763,698           | 30,481           | 13,451                  | 43,932           | 6%                         | 21           |
|                               | CITY MANAGER                        | 21,432                        | 580,167           | 21,432           | -                       | 21,432           | 4%                         | 31           |
|                               | HUMAN RESOURCES                     | 38,872                        | 751,908           | 38,872           | -                       | 38,872           | 5%                         | 41           |
|                               | COUNCIL SVCS & RECORDS MGMT         |                               |                   |                  |                         |                  |                            |              |
|                               | Council Svcs & Records Mgmt         | 33,762                        | 601,560           | 33,762           | 6,131                   | 39,893           | 7%                         | 31           |
|                               | Elections                           | 1,563                         | 178,037           | 1,563            | -                       | 1,563            | 1%                         | 1            |
|                               | COUNCIL SVCS & RECORDS MGMT         | 35,325                        | 779,597           | 35,325           | 6,131                   | 41,456           | 5%                         | 31           |
|                               | FINANCE                             | 114,769                       | 1,623,059         | 114,769          | -                       | 114,769          | 7%                         | 121          |
|                               | <b>TOTAL ADMINISTRATION</b>         | <b>287,879</b>                | <b>4,835,112</b>  | <b>287,879</b>   | <b>93,581</b>           | <b>381,460</b>   | <b>8%</b>                  | <b>301</b>   |
| <b>II. COMMUNITY SERVICES</b> |                                     |                               |                   |                  |                         |                  |                            |              |
|                               | Membership Services & Rec. Programs | 316,080                       | 6,371,297         | 316,080          | 1,821,139               | 2,137,219        | 34%                        | 321          |
|                               | Recreation Facility Rentals         | 89,200                        | 1,356,318         | 89,200           | 37,360                  | 126,560          | 9%                         | 91           |
|                               | Community Services                  | 22,678                        | 648,407           | 22,678           | 93,761                  | 116,439          | 18%                        | 21           |
|                               | Environmental Services              | 10,747                        | 293,918           | 10,747           | -                       | 10,747           | 4%                         | 11           |
|                               | Street Maintenance                  | 65,746                        | 2,386,836         | 65,746           | 63,385                  | 129,131          | 5%                         | 111          |
|                               | Downtown Maintenance                | 13,806                        | 321,475           | 13,806           | 50,698                  | 64,504           | 20%                        | 11           |
|                               | Cable Television                    | 1,657                         | 22,594            | 1,657            | -                       | 1,657            | 7%                         | 1            |
|                               | <b>COMMUNITY SERVICES</b>           | <b>519,915</b>                | <b>11,400,845</b> | <b>519,915</b>   | <b>2,066,343</b>        | <b>2,586,258</b> | <b>23%</b>                 | <b>571</b>   |
|                               | CODE COMPLIANCE                     | 12,650                        | 160,943           | 12,650           | -                       | 12,650           | 8%                         | 1            |
|                               | CONGESTION MANAGEMENT               | 19,992                        | 318,537           | 19,992           | -                       | 19,992           | 6%                         | 1            |
|                               | ECONOMIC DEVELOPMENT PROGRAMS       | 33,240                        | 799,102           | 33,240           | 63,927                  | 97,168           |                            | 21           |
|                               | <b>TOTAL COMMUNITY SERVICES</b>     | <b>585,798</b>                | <b>12,679,427</b> | <b>585,798</b>   | <b>2,130,270</b>        | <b>2,716,068</b> | <b>21%</b>                 | <b>611</b>   |
| <b>III. PUBLIC SAFETY</b>     |                                     |                               |                   |                  |                         |                  |                            |              |
|                               | <b>POLICE</b>                       |                               |                   |                  |                         |                  |                            |              |
|                               | PD Administration                   | 57,546                        | 1,300,288         | 57,546           | 17,000                  | 74,546           | 6%                         | 51           |
|                               | Field Operations                    | 476,058                       | 9,094,915         | 476,058          | 161,917                 | 637,975          | 7%                         | 371          |
|                               | Support Services                    | 200,919                       | 2,359,572         | 200,919          | 7,500                   | 208,419          | 9%                         | 141          |
|                               | Emergency Services/Haz Mat          | 7,919                         | 195,641           | 7,919            | -                       | 7,919            | 4%                         | 1            |
|                               | Special Operations                  | 145,201                       | 2,747,543         | 145,201          | -                       | 145,201          | 5%                         | 131          |
|                               | Dispatch Services                   | 81,115                        | 1,716,002         | 81,115           | -                       | 81,115           | 5%                         | 81           |
|                               | <b>POLICE</b>                       | <b>968,758</b>                | <b>17,413,961</b> | <b>968,758</b>   | <b>186,417</b>          | <b>1,155,176</b> | <b>7%</b>                  | <b>791</b>   |
|                               | <b>FIRE</b>                         | <b>496,488</b>                | <b>6,861,396</b>  | <b>496,488</b>   | <b>113,508</b>          | <b>609,996</b>   | <b>9%</b>                  | <b>471</b>   |
|                               | <b>TOTAL PUBLIC SAFETY</b>          | <b>1,465,246</b>              | <b>24,275,358</b> | <b>1,465,246</b> | <b>299,925</b>          | <b>1,765,171</b> | <b>7%</b>                  | <b>1,261</b> |
| <b>IV. TRANSFERS</b>          |                                     |                               |                   |                  |                         |                  |                            |              |
|                               | Other                               | 156,333                       | 2,142,463         | 156,333          | -                       | 156,333          | 7%                         | 151          |
|                               | <b>TOTAL TRANSFERS</b>              | <b>156,333</b>                | <b>2,142,463</b>  | <b>156,333</b>   | <b>-</b>                | <b>156,333</b>   | <b>7%</b>                  | <b>151</b>   |
|                               | <b>TOTAL GENERAL FUND</b>           | <b>2,495,256</b>              | <b>43,932,359</b> | <b>2,495,256</b> | <b>2,523,776</b>        | <b>5,019,032</b> | <b>11%</b>                 | <b>2,341</b> |

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City of Morgan Hill  
Year to Date Expenses - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND NO.                            | FUND/ACTIVITY                         | CURRENT MONTH ACTUAL EXPENSES | AMENDED BUDGET    | YTD EXPENSES   | OUTSTANDING ENCUMBRANCE | TOTAL ALLOCATED  | PERCENT OF TOTAL TO BUDGET | PRIOR YTD  |
|-------------------------------------|---------------------------------------|-------------------------------|-------------------|----------------|-------------------------|------------------|----------------------------|------------|
| <b>SPECIAL REVENUE FUNDS</b>        |                                       |                               |                   |                |                         |                  |                            |            |
| 202                                 | STREET MAINTENANCE                    | 342                           | 743,072           | 342            | -                       | 342              | 0%                         | :          |
| 205                                 | PUBLIC SAFETY/SUPP.LAW                | 572                           | 106,863           | 572            | -                       | 572              | 1%                         | :          |
| 206                                 | COMMUNITY DEVELOPMENT FUND            |                               |                   |                |                         |                  |                            |            |
|                                     | Planning                              | 98,670                        | 2,516,024         | 98,670         | 49,968                  | 148,639          | 6%                         | 9%         |
|                                     | Building                              | 90,418                        | 1,998,366         | 90,418         | 2,895                   | 93,313           | 5%                         | 8%         |
|                                     | Engineering                           | 58,231                        | 1,332,942         | 58,231         | 85,268                  | 143,499          | 11%                        | 6%         |
| 206                                 | COMMUNITY DEVELOPMENT FUND            | 247,320                       | 5,847,332         | 247,320        | 138,131                 | 385,451          | 7%                         | 24%        |
| 207                                 | LONG RANGE PLANNING                   | 20,244                        | 736,054           | 20,244         | 174,149                 | 194,393          | 26%                        | 21%        |
| 215/216                             | CDBG                                  | 434                           | 5,209             | 434            | -                       | 434              | 8%                         | :          |
| 225                                 | ASSET SEIZURE                         | -                             | -                 | -              | -                       | -                | 0%                         | :          |
| 229                                 | LIGHTING AND LANDSCAPE                | 4,339                         | 206,031           | 4,339          | 30,571                  | 34,910           | 17%                        | :          |
| 230                                 | COMMUNITY FACILITIES DISTRICT         | 2,083                         | 46,979            | 2,083          | -                       | 2,083            | 4%                         | :          |
| 232                                 | ENVIRONMENT PROGRAMS                  | 27,053                        | 439,095           | 27,053         | 33,578                  | 60,631           | 14%                        | 2%         |
| 234                                 | MOBILE HOME PARK                      | 35                            | 425               | 35             | -                       | 35               | 8%                         | :          |
| 236                                 | HOUSING MITIGATION                    | 30,562                        | 2,235,207         | 30,562         | 47,713                  | 78,275           | 4%                         | 3%         |
| 240                                 | EMPLOYEE ASSISTANCE                   | 3,170                         | 28,477            | 3,170          | -                       | 3,170            | 11%                        | :          |
| 247                                 | ENVIRONMENTAL REMEDIATION             | 109                           | -                 | 109            | -                       | 109              | 0%                         | :          |
| 250                                 | COMH-SUCCESSOR AGENCY-MHRDA           | 2,095                         | 6,973,161         | 2,095          | -                       | 2,095            | 0%                         | !          |
| 255                                 | HOUSING SUCCESSOR AGENCY              | 62,552                        | 935,845           | 62,552         | 539,231                 | 601,784          | 64%                        | 6%         |
| <b>TOTAL SPECIAL REVENUE FUNDS</b>  |                                       | <b>400,909</b>                | <b>18,303,750</b> | <b>400,909</b> | <b>963,373</b>          | <b>1,364,282</b> | <b>7%</b>                  | <b>40%</b> |
| <b>CAPITAL PROJECT FUNDS</b>        |                                       |                               |                   |                |                         |                  |                            |            |
| 301                                 | PARK DEVELOPMENT                      | 23,667                        | 5,180,802         | 23,667         | 750,136                 | 773,803          | 15%                        | 2%         |
| 302                                 | PARK MAINTENANCE                      | 38,692                        | 1,227,852         | 38,692         | 163,723                 | 202,415          | 16%                        | 5%         |
| 303                                 | LOCAL DRAINAGE                        | 7,170                         | 2,513,533         | 7,170          | 7,912                   | 15,081           | 1%                         | (          |
| 304                                 | LOCAL DRAIN. NON-AB1600               | 228                           | 153,783           | 228            | -                       | 228              | 0%                         | :          |
| 306                                 | AGRICULTURE & OPEN SPACE PRESERVATION | 2,203                         | 1,640,771         | 2,203          | 57,959                  | 60,162           | 4%                         | 17%        |
| 308                                 | STREET CIP                            | 12,162                        | 5,414,791         | 12,162         | 188,090                 | 200,253          | 4%                         | !          |
| 309                                 | TRAFFIC IMPACT                        | 87,393                        | 1,267,514         | 87,393         | 170,856                 | 258,249          | 20%                        | !          |
| 311                                 | POLICE IMPACT                         | 2,334                         | 226,130           | 2,334          | -                       | 2,334            | 1%                         | :          |
| 313                                 | FIRE IMPACT                           | 25,266                        | 28,425            | 25,266         | 9,462                   | 34,728           | 122%                       | :          |
| 346                                 | PUBLIC FAC.NON AB1600                 | 1,554                         | 588,826           | 1,554          | 87,764                  | 89,318           | 15%                        | :          |
| 347                                 | PUBLIC FACILITIES IMPACT              | 2,267                         | 119,458           | 2,267          | 91,987                  | 94,254           | 79%                        | :          |
| 348                                 | LIBRARY IMPACT                        | 22,466                        | 655,384           | 22,466         | 44,565                  | 67,031           | 10%                        | 4%         |
| 350                                 | UNDERGROUNDING                        | 90                            | 1,075             | 90             | -                       | 90               | 8%                         | :          |
| 355                                 | SCHOOL PEDESTRIAN & TRAFFIC SAFETY    | 13,056                        | 663,118           | 13,056         | 131,091                 | 144,148          | 22%                        | :          |
| 360                                 | COMM/REC CENTER IMPACT                | 10,725                        | 458,875           | 10,725         | 128,021                 | 138,747          | 0%                         | :          |
| <b>TOTAL CAPITAL PROJECTS FUNDS</b> |                                       | <b>249,274</b>                | <b>20,140,338</b> | <b>249,274</b> | <b>1,831,567</b>        | <b>2,080,841</b> | <b>10%</b>                 | <b>32%</b> |
| <b>DEBT SERVICE FUNDS</b>           |                                       |                               |                   |                |                         |                  |                            |            |
| 420                                 | CIVIC CENTER DEBT                     | 839                           | 311,636           | 839            | -                       | 839              | 0%                         | :          |
| 441                                 | POLICE FACILITY BOND DEBT             | 320                           | 380,552           | 320            | -                       | 320              | 0%                         | :          |
| <b>TOTAL DEBT SERVICE FUNDS</b>     |                                       | <b>1,159</b>                  | <b>692,188</b>    | <b>1,159</b>   | <b>-</b>                | <b>1,159</b>     | <b>0%</b>                  | <b>:</b>   |

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City of Morgan Hill  
Year to Date Expenses - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND NO.                            | FUND/ACTIVITY            | CURRENT MONTH ACTUAL EXPENSES | AMENDED BUDGET        | YTD EXPENSES        | OUTSTANDING ENCUMBRANCE | TOTAL ALLOCATED      | PERCENT OF TOTAL TO BUDGET | PRIOR YTD       |
|-------------------------------------|--------------------------|-------------------------------|-----------------------|---------------------|-------------------------|----------------------|----------------------------|-----------------|
| <b>ENTERPRISE FUNDS</b>             |                          |                               |                       |                     |                         |                      |                            |                 |
| <b>SEWER</b>                        |                          |                               |                       |                     |                         |                      |                            |                 |
| 640                                 | SEWER OPERATIONS         | 428,274                       | 12,087,541            | 428,274             | 461,925                 | 890,198              | 7%                         | 42%             |
| 641                                 | SEWER CAPITAL EXPANSION  | 35,021                        | 12,040,565            | 35,021              | 378,839                 | 413,860              | 3%                         | 2%              |
| 642                                 | SEWER RATE STABILIZATION | 90                            | 1,078                 | 90                  | -                       | 90                   | 8%                         | 1%              |
| 643                                 | SEWER-CAPITAL PROJECTS   | 16,558                        | 4,480,646             | 16,558              | 560,981                 | 577,538              | 13%                        | 1%              |
| <b>TOTAL SEWER FUND(S)</b>          |                          | <b>479,942</b>                | <b>28,609,829</b>     | <b>479,942</b>      | <b>1,401,744</b>        | <b>1,881,687</b>     | <b>7%</b>                  | <b>46%</b>      |
| <b>WATER</b>                        |                          |                               |                       |                     |                         |                      |                            |                 |
|                                     | Water Operations         | 541,735                       | 14,118,964            | 541,735             | 1,593,207               | 2,134,941            | 15%                        | 39%             |
|                                     | Utility Billing          | 66,947                        | 789,099               | 66,947              | 16,040                  | 82,987               | 11%                        | 5%              |
|                                     | Water Conservation       | 4,868                         | 198,464               | 4,868               | 48,000                  | 52,868               | 27%                        | 1%              |
| 650                                 | WATER OPERATIONS         | 613,550                       | 15,106,526            | 613,550             | 1,657,246               | 2,270,797            | 15%                        | 46%             |
| 651                                 | WATER CAPITAL EXPANSION  | 76,140                        | 1,538,305             | 76,140              | 559,010                 | 635,150              | 41%                        | 5%              |
| 652                                 | WATER RATE STABILIZATION | 29                            | 352                   | 29                  | -                       | 29                   | 8%                         | 1%              |
| 653                                 | WATER-CAPITAL PROJECTS   | 8,408                         | 3,210,663             | 8,408               | 73,800                  | 82,208               | 3%                         | 1%              |
| <b>TOTAL WATER FUND(S)</b>          |                          | <b>698,127</b>                | <b>19,855,846</b>     | <b>698,127</b>      | <b>2,290,056</b>        | <b>2,988,184</b>     | <b>15%</b>                 | <b>53%</b>      |
| <b>TOTAL ENTERPRISE FUNDS</b>       |                          | <b>1,178,070</b>              | <b>48,465,676</b>     | <b>1,178,070</b>    | <b>3,691,800</b>        | <b>4,869,870</b>     | <b>10%</b>                 | <b>1,00%</b>    |
| <b>INTERNAL SERVICE FUNDS</b>       |                          |                               |                       |                     |                         |                      |                            |                 |
| 730                                 | INFORMATION SYSTEMS      | 74,039                        | 2,385,467             | 74,039              | 110,758                 | 184,796              | 8%                         | 8%              |
| 740                                 | BUILDING MAINTENANCE     | 146,917                       | 3,383,819             | 146,917             | 441,444                 | 588,361              | 17%                        | 9%              |
| 741                                 | BUILDING REPLACEMENT     | -                             | 278,950               | -                   | 135,109                 | 135,109              | 48%                        | 7%              |
| 745                                 | CIP ADMINISTRATION       | 116,837                       | 1,619,521             | 116,837             | 10,131                  | 126,968              | 8%                         | 7%              |
| 760                                 | UNEMPLOYMENT             | -                             | 10,000                | -                   | -                       | -                    | n/a                        | -               |
| 770                                 | WORKERS COMPENSATION     | 488,510                       | 952,045               | 488,510             | -                       | 488,510              | 51%                        | 36%             |
| 790                                 | EQUIPMENT REPLACEMENT    | -                             | 1,136,915             | -                   | 374,915                 | 374,915              | 33%                        | -               |
| 791                                 | EMPLOYEE BENEFITS FUND   | 23,004                        | 615,000               | 23,004              | -                       | 23,004               | 4%                         | 6%              |
| 793                                 | CORP YARD COMMISSION     | -                             | -                     | -                   | -                       | -                    | 0%                         | -               |
| 795                                 | GEN. LIABILITY INSURANCE | 776,893                       | 1,044,568             | 776,893             | -                       | 776,893              | 74%                        | 69%             |
| <b>TOTAL INTERNAL SERVICE FUNDS</b> |                          | <b>1,626,200</b>              | <b>11,426,284</b>     | <b>1,626,200</b>    | <b>1,072,357</b>        | <b>2,698,556</b>     | <b>24%</b>                 | <b>1,38%</b>    |
| <b>REPORT TOTAL</b>                 |                          | <b>\$ 5,950,867</b>           | <b>\$ 142,960,595</b> | <b>\$ 5,950,867</b> | <b>\$ 10,082,873</b>    | <b>\$ 16,033,740</b> | <b>11%</b>                 | <b>\$ 5,45%</b> |

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| <div>  <div> City of Morgan Hill<br/> Fund Activity Summary - Fiscal Year 2019-20<br/> For the Month Ended July 31, 2019<br/> 8% of Year Complete </div> </div> |                                    |                                   |                     |             |                     |             |                                   |                       |                      |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------|---------------------|-------------|---------------------|-------------|-----------------------------------|-----------------------|----------------------|--|
| Fund No.                                                                                                                                                                                                                                           | Fund                               | Preliminary Fund Balance 06-30-19 | Revenues            |             | Expenses            |             | Year to-Date Deficit or Carryover | Ending Fund Balance   |                      |  |
|                                                                                                                                                                                                                                                    |                                    |                                   | YTD Actual          | % of Budget | YTD Actual          | % of Budget |                                   | Reserved <sup>1</sup> | Unreserved           |  |
| 010                                                                                                                                                                                                                                                | GENERAL FUND                       | \$ 16,923,251                     | \$ 1,403,830        | 3%          | \$ 2,495,256        | 6%          | \$ (1,091,426)                    | \$ 2,523,776          | \$ 13,308,049        |  |
|                                                                                                                                                                                                                                                    | <b>TOTAL GENERAL FUND</b>          | <b>\$ 16,923,251</b>              | <b>\$ 1,403,830</b> | <b>3%</b>   | <b>\$ 2,495,256</b> | <b>6%</b>   | <b>\$ (1,091,426)</b>             | <b>\$ 2,523,776</b>   | <b>\$ 13,308,049</b> |  |
| 202                                                                                                                                                                                                                                                | STREET MAINTENANCE                 | 37,001                            | 40                  | 0%          | 342                 | 5%          | (302)                             | -                     | 36,699               |  |
| 205                                                                                                                                                                                                                                                | PUBLIC SAFETY/SUPPL. LAW           | 93,760                            | 74                  | 0%          | 572                 | 4%          | (498)                             | -                     | 93,262               |  |
| 206                                                                                                                                                                                                                                                | COMMUNITY DEVELOPMENT              | 2,907,445                         | 237,214             | 5%          | 247,320             | 4%          | (10,106)                          | 138,131               | 2,759,209            |  |
| 207                                                                                                                                                                                                                                                | LONG RANGE PLANNING                | 1,253,342                         | 38,373              | 5%          | 20,244              | 3%          | 18,129                            | 174,149               | 1,097,322            |  |
| 215 / 216                                                                                                                                                                                                                                          | CDBG                               | 62,328                            | 50                  | 1%          | 434                 | 0%          | (384)                             | -                     | 61,944               |  |
| 225                                                                                                                                                                                                                                                | ASSET SEIZURE                      | 129,741                           | 103                 | 5%          | -                   | 0%          | 103                               | -                     | 129,844              |  |
| 229                                                                                                                                                                                                                                                | LIGHTING AND LANDSCAPE             | 82,282                            | 61                  | 0%          | 4,339               | 2%          | (4,277)                           | 30,571                | 47,434               |  |
| 230                                                                                                                                                                                                                                                | COMMUNITY FACILITIES DISTRICT      | 92,596                            | 73                  | 0%          | 2,083               | 0%          | (2,010)                           | -                     | 90,586               |  |
| 232                                                                                                                                                                                                                                                | ENVIRONMENTAL PROGRAMS             | 332,708                           | 34,028              | 8%          | 27,053              | 6%          | 6,975                             | 33,578                | 306,105              |  |
| 234                                                                                                                                                                                                                                                | MOBILE HOME PK RENT STAB.          | 52,295                            | 41                  | 5%          | 35                  | 8%          | 6                                 | -                     | 52,301               |  |
| 235                                                                                                                                                                                                                                                | SENIOR HOUSING                     | 227,806                           | 181                 | 4%          | -                   | 0%          | 181                               | -                     | 227,987              |  |
| 236                                                                                                                                                                                                                                                | HOUSING MITIGATION                 | 2,572,871                         | 62,031              | 3%          | 30,562              | 1%          | 31,469                            | 47,713                | 2,556,627            |  |
| 240                                                                                                                                                                                                                                                | EMPLOYEE ASSISTANCE                | 52,272                            | 1,248               | 4%          | 3,170               | 11%         | (1,922)                           | -                     | 50,350               |  |
| 247                                                                                                                                                                                                                                                | ENVIRONMENT REMEDIATION            | 132,766                           | 105                 | 4%          | 109                 | 0%          | (4)                               | -                     | 132,762              |  |
| 250                                                                                                                                                                                                                                                | COMH-SUCCESSOR AGENCY-MHRDA        | 12,975,818                        | 11,649              | 0%          | 2,095               | 0%          | 9,554                             | 11,469,198            | 1,516,174            |  |
| 255                                                                                                                                                                                                                                                | HOUSING SUCCESSOR AGENCY           | 1,838,588                         | 4,324               | 1%          | 62,552              | 7%          | (58,228)                          | 539,231               | 1,241,128            |  |
| 260                                                                                                                                                                                                                                                | PUBLIC ART                         | 185                               | -                   | n/a         | -                   | -           | -                                 | -                     | 185                  |  |
|                                                                                                                                                                                                                                                    | <b>TOTAL SPECIAL REVENUE FUNDS</b> | <b>\$ 22,843,804</b>              | <b>\$ 389,595</b>   | <b>2%</b>   | <b>\$ 400,909</b>   | <b>2%</b>   | <b>\$ (11,313)</b>                | <b>\$ 12,432,571</b>  | <b>\$ 10,399,920</b> |  |
| 301                                                                                                                                                                                                                                                | PARK DEV. IMPACT FUND              | 4,199,953                         | 90,924              | 3%          | 23,667              | 0%          | 67,257                            | 750,136               | 3,517,073            |  |
| 302                                                                                                                                                                                                                                                | PARK MAINTENANCE                   | 4,112,677                         | 32,402              | 2%          | 38,692              | 3%          | (6,291)                           | 163,723               | 3,942,664            |  |
| 303                                                                                                                                                                                                                                                | LOCAL DRAINAGE                     | 9,826,411                         | 11,794              | 1%          | 7,170               | 0%          | 4,624                             | 7,912                 | 9,823,124            |  |
| 304                                                                                                                                                                                                                                                | LOCAL DRAINAGE/NON-AB1600          | 1,556,343                         | 1,234               | 1%          | 228                 | 0%          | 1,006                             | -                     | 1,557,349            |  |
| 306                                                                                                                                                                                                                                                | AGRICULTURE AND OPEN SPACE PRESERV | 7,929,839                         | 185,309             | 5%          | 2,203               | 0%          | 183,106                           | 57,959                | 8,054,987            |  |
| 308                                                                                                                                                                                                                                                | STREET CIP                         | 3,223,422                         | 88,578              | 2%          | 12,162              | 0%          | 76,416                            | 188,090               | 3,111,747            |  |
| 309                                                                                                                                                                                                                                                | TRAFFIC IMPACT FUND                | 991,301                           | 37,875              | 3%          | 87,393              | 7%          | (49,519)                          | 170,856               | 770,926              |  |
| 311                                                                                                                                                                                                                                                | POLICE IMPACT FUND                 | 103,466                           | 12,585              | 4%          | 2,334               | 1%          | 10,251                            | -                     | 113,717              |  |
| 313                                                                                                                                                                                                                                                | FIRE IMPACT FUND                   | 3,998,223                         | 5,099               | 1%          | 25,266              | 89%         | (20,167)                          | 9,462                 | 3,988,594            |  |
| 346                                                                                                                                                                                                                                                | PUBLIC FACILITIES NON-AB1600       | (159,653)                         | -                   | n/a         | 1,554               | 0%          | (1,554)                           | 91,987                | (253,194)            |  |
| 347                                                                                                                                                                                                                                                | PUBLIC FACILITIES IMPACT FUND      | 694,036                           | 8,897               | 4%          | 2,267               | 2%          | 6,630                             | 44,565                | 656,101              |  |
| 348                                                                                                                                                                                                                                                | LIBRARY IMPACT FUND                | 2,732,401                         | 34,343              | 4%          | 22,466              | 3%          | 11,877                            | -                     | 2,744,278            |  |
| 350                                                                                                                                                                                                                                                | UNDERGROUNDING                     | 859,066                           | 681                 | 1%          | 90                  | 8%          | 591                               | 131,091               | 728,566              |  |
| 355                                                                                                                                                                                                                                                | SCHOOL PEDESTRIAN/TRAFFIC SFY      | 1,504,861                         | 2,852               | 0%          | 13,056              | 2%          | (10,204)                          | 128,021               | 1,366,635            |  |
| 360                                                                                                                                                                                                                                                | COMM/REC CTR IMPACT FUND           | 2,126,444                         | 61,376              | 5%          | 10,725              | 0%          | 50,651                            | -                     | 2,177,095            |  |
|                                                                                                                                                                                                                                                    | <b>TOTAL CAPITAL PROJECT FUNDS</b> | <b>\$ 43,698,790</b>              | <b>\$ 573,947</b>   | <b>3%</b>   | <b>\$ 249,274</b>   | <b>1%</b>   | <b>\$ 324,673</b>                 | <b>\$ 1,743,803</b>   | <b>\$ 42,279,660</b> |  |
| 420                                                                                                                                                                                                                                                | CIVIC CENTER DEBT                  | 170,884                           | 25,059              | 8%          | 839                 | 0%          | 24,220                            | 81                    | 195,023              |  |
| 441                                                                                                                                                                                                                                                | POLICE FACILITY BOND DEBT          | 70,281                            | 56                  | 0%          | 320                 | 0%          | (264)                             | 103                   | 69,914               |  |
|                                                                                                                                                                                                                                                    | <b>TOTAL DEBT SERVICE FUNDS</b>    | <b>\$ 241,165</b>                 | <b>\$ 25,115</b>    | <b>4%</b>   | <b>\$ 1,159</b>     | <b>0%</b>   | <b>\$ 23,956</b>                  | <b>\$ 184</b>         | <b>\$ 264,937</b>    |  |



| Fund No. | Fund | City of Morgan Hill<br>Fund Activity Summary - Fiscal Year 2019-20<br>For the Month Ended July 31, 2019<br>8% of Year Complete |               |                |               |                |                                         |                       |            |
|----------|------|--------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|---------------|----------------|-----------------------------------------|-----------------------|------------|
|          |      | Preliminary<br>Fund Balance<br>06-30-19                                                                                        | Revenues      |                | Expenses      |                | Year to-Date<br>Deficit or<br>Carryover | Ending Fund Balance   |            |
|          |      |                                                                                                                                | YTD<br>Actual | % of<br>Budget | YTD<br>Actual | % of<br>Budget |                                         | Reserved <sup>1</sup> | Unreserved |

|                               |                          |                      |                     |           |                     |           |                     |                     |                      |
|-------------------------------|--------------------------|----------------------|---------------------|-----------|---------------------|-----------|---------------------|---------------------|----------------------|
| 640                           | SEWER OPERATIONS         | \$ 2,823,174         | \$ 917,910          | 8%        | \$ 428,274          | 4%        | \$ 489,636          | 461,925             | 2,850,885            |
| 641                           | SEWER IMPACT FUND*       | 18,814,124           | 240,365             | 5%        | 35,021              | 0%        | 205,344             | 378,839             | 18,640,629           |
| 642                           | SEWER RATE STABILIZATION | 2,616,622            | 2,074               | 4%        | 90                  | 8%        | 1,984               | -                   | 2,618,606            |
| 643                           | SEWER-CAPITAL PROJECTS   | 9,215,793            | 241,574             | 8%        | 16,558              | 0%        | 225,016             | 560,981             | 8,879,828            |
| 650                           | WATER OPERATIONS         | 4,236,038            | 1,437,672           | 10%       | 613,550             | 4%        | 824,121             | 1,657,246           | 3,402,913            |
| 651                           | WATER IMPACT FUND*       | 2,646,280            | 58,658              | 4%        | 76,140              | 5%        | (17,482)            | 559,010             | 2,069,788            |
| 652                           | WATER RATE STABILIZATION | 559,697              | 444                 | 4%        | 29                  | 8%        | 415                 | -                   | 560,112              |
| 653                           | WATER -CAPITAL PROJECT   | 1,808,228            | 318,133             | 8%        | 8,408               | 0%        | 309,726             | 73,800              | 2,044,154            |
| <b>TOTAL ENTERPRISE FUNDS</b> |                          | <b>\$ 42,719,956</b> | <b>\$ 3,216,830</b> | <b>8%</b> | <b>\$ 1,178,070</b> | <b>2%</b> | <b>\$ 2,038,760</b> | <b>\$ 3,691,800</b> | <b>\$ 41,066,916</b> |

|                                     |                          |                      |                   |           |                     |            |                     |                     |                      |
|-------------------------------------|--------------------------|----------------------|-------------------|-----------|---------------------|------------|---------------------|---------------------|----------------------|
| 730                                 | INFORMATION SERVICES     | \$ 980,991           | \$ 151,678        | 9%        | \$ 74,039           | 3%         | \$ 77,640           | \$ 110,758          | \$ 947,873           |
| 740                                 | BUILDING MAINTENANCE     | 257,695              | 268,147           | 8%        | 146,917             | 4%         | 121,230             | 441,444             | (62,519)             |
| 741                                 | BUILDING REPLACEMENT     | 2,590,644            | 64,985            | 8%        | -                   | -          | 64,985              | 135,109             | 2,520,520            |
| 745                                 | CIP ENGINEERING          | 64,112               | 116,848           | 6%        | 116,837             | 7%         | 11                  | 10,131              | 53,992               |
| 760                                 | UNEMPLOYMENT             | 142,037              | 113               | 4%        | -                   | -          | 113                 | -                   | 142,150              |
| 770                                 | WORKERS COMPENSATION     | 2,009,766            | 67,359            | 8%        | 488,510             | 51%        | (421,152)           | 30,000              | 1,558,614            |
| 790                                 | EQUIPMENT REPLACEMENT    | 4,873,213            | 113,951           | 11%       | -                   | -          | 113,951             | 374,915             | 4,612,249            |
| 791                                 | EMPLOYEE BENEFITS FUNDS  | 2,584,062            | 65,614            | 5%        | 23,004              | 4%         | 42,610              | -                   | 2,626,672            |
| 793                                 | CORP YARD COMMISSION     | 3,012                | -                 | 0%        | -                   | 0%         | -                   | -                   | 3,012                |
| 795                                 | GEN. LIABILITY INSURANCE | 1,647,076            | 88,682            | 8%        | 776,893             | 74%        | (688,211)           | -                   | 958,865              |
| <b>TOTAL INTERNAL SERVICE FUNDS</b> |                          | <b>\$ 15,152,608</b> | <b>\$ 937,376</b> | <b>8%</b> | <b>\$ 1,626,200</b> | <b>14%</b> | <b>\$ (688,823)</b> | <b>\$ 1,102,357</b> | <b>\$ 13,361,428</b> |

## SUMMARY BY FUND TYPE

|                         |                       |                     |           |                     |           |                   |                      |                       |
|-------------------------|-----------------------|---------------------|-----------|---------------------|-----------|-------------------|----------------------|-----------------------|
| GENERAL FUND GROUP      | \$ 16,923,251         | \$ 1,403,830        | 3%        | \$ 2,495,256        | 6%        | \$ (1,091,426)    | \$ 2,523,776         | \$ 13,308,049         |
| SPECIAL REVENUE GROUP   | 22,843,805            | 389,595             | 2%        | 400,909             | 2%        | (11,313)          | 12,432,571           | 10,399,920            |
| DEBT SERVICE GROUP      | 241,165               | 25,115              | 4%        | 1,159               | 0%        | 23,956            | 184                  | 264,937               |
| CAPITAL PROJECTS GROUP  | 43,698,791            | 573,947             | 3%        | 249,274             | 1%        | 324,673           | 1,743,803            | 42,279,660            |
| ENTERPRISE GROUP        | 42,719,956            | 3,216,830           | 8%        | 1,178,070           | 2%        | 2,038,760         | 3,691,800            | 41,066,916            |
| INTERNAL SERVICE GROUP  | 15,152,608            | 937,376             | 8%        | 1,626,200           | 14%       | (688,823)         | 1,102,357            | 13,361,428            |
| <b>TOTAL ALL GROUPS</b> | <b>\$ 141,579,576</b> | <b>\$ 6,546,694</b> | <b>5%</b> | <b>\$ 5,950,867</b> | <b>4%</b> | <b>\$ 595,827</b> | <b>\$ 21,494,491</b> | <b>\$ 120,680,910</b> |

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.

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

<sup>2</sup> 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: September 18, 2019**

PREPARED BY: Chris Ghione, Public Services Director  
APPROVED BY: City Manager

## **ACCEPT ANNUAL REPORTS OF ACTIVITIES BY NONPROFIT PARTNER ORGANIZATIONS**

### **RECOMMENDATION(S)**

Receive annual reports from City partner organizations.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Supporting Our Youth

Seniors

and Entire Community

Preserving Our Community History

### **GUIDING DOCUMENTS**

Bikeways

Trails

Parks and Recreation Masterplan

### **REPORT NARRATIVE:**

The City of Morgan Hill partners with various organizations through funding agreements and facility leases. The agreements require that these organizations provide annual reports to the City outlining the activities provided by the organization in relation to the City partnership. Annual reports are based on activities occurring in the prior fiscal year. This item includes reports from the following organizations for the 2018-19 fiscal year:

1. Morgan Hill Historical Society – Funding Agreement
2. Boys & Girls Club of Silicon Valley – Funding Agreement and Facility Lease
3. Healthier Kids Foundation – Funding Agreement and Facility Use Agreement
4. South Valley Civic Theater – Funding Agreement
5. Community Christian – Facility Lease

### **COMMUNITY ENGAGEMENT: Inform**

These reports serve to share with the Community the various activities being offered by these organizations over the last year.

### **ALTERNATIVE ACTIONS:**

This report is informational, and no Council action is necessary. The Council could provide input on the future direction of any of these programs.

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The Council has previously approved agreements with all organizations for facility use and/or funding.

**FISCAL AND RESOURCE IMPACT:**

There is no fiscal impact associated with receiving this report.

**CEQA (California Environmental Quality Act):**

Not a Project.

Since receiving the attached reports 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. Historical Society Annual Report
2. BGC Annual Report
3. HKF Annual Report
4. SVCT Annual Report 2019
5. Community Christian Annual Report



## Morgan Hill Historical Society

Date: August 26, 2019

Chris Ghione  
Director of Community Services  
City of Morgan Hill

### **Re: Year-end Expense and Revenue Report and Annual Budget for use of City Funds**

The Morgan Hill Historical Society is pleased to submit this annual report outlining the past year's expenses and revenues, particularly those included in the City's Operating and Capital Improvement budget. The Society greatly values its partnership with the City and takes quite seriously its role in furthering the City Council's ongoing priority to "Preserve Our Community History".

### **Memorandum of Understanding for Funding Assistance (9/19/2017)**

This MOU identifies a range of opportunities for collaboration between the Historical Society and the City to promote, advertise, and generally support the ongoing activities of the Society and the operations of the Villa Mira Monte site. The Funding Assistance and Collaboration terms in the MOU call for the City to provide a minimum of \$20,000 annually to the Society. The MOU terms out on June 30, 2020. The Historical Society has undertaken the following actions as its part in the MOU:

1. During construction and improvement projects, Historical Society continues to remain open to the public and offer a wide range of educational and recreational services for the community.
  - Park and grounds open daily from dawn to dusk at no charge
  - Docent led tours during regular open hours – hundreds of visitors from wide area – about 500 volunteer hours annually
  - Special tours by appointment – Italy and Japan Sister City Exchange Students and many more.
  - Living History Field Trips for Grades 3-5 – about 900 students per year, over 1,000 volunteer hours per year
  - Monthly History Conversations, no fee – average of 50 attendees per conversation
  - Wine tasting – Ended in June 2019
  - Hiram Morgan Hill House is available for use by nonprofits at reduced fees

17860 Monterey Road  
PO Box 1258, Morgan Hill, CA 95038-1258  
408.779.5755  
[www.morganhillhistoricalsociety.org](http://www.morganhillhistoricalsociety.org)  
MHHS is a non-profit 501(c)(3) organization tax ID#94-256450

- Community events: Children's Tea, Prohibition Party, Community Picnic, Founders Dinner, Holiday Boutique, Holiday Teas and more. This year a Youth Mariachi Competition was added to the Picnic.
  - Rentals for private events
  - Volunteers working on Museum collections – about 500 volunteer hours annually
  - Stories from the Past documentary films for years 2014 - 2019
  - Monthly Historic Downtown Walking Tours
2. City Liaisons, Nichole Martin and Jennie Tucker, along with other City Staff, have been invited to participate with the Historical Society at planning and operations meetings. They are doing an excellent job of collaborating with Historical Society to market and promote Villa Mira Monte and Historical Society events and programs.
  3. Nichole Martin and Jennie Tucker attend Historical Society attend Operations Council meetings as appropriate.
  4. The Historical Society is working with the Library, Culture and Arts Commission Liaisons to determine how to best support Villa Mira Monte operations. Suman Ganapathy is our new liaison. LCAC members have been cooperative, helpful, and willing to further conversations on how to support Villa Mira Monte operations. This support is ongoing.
  5. Any public safety issues are immediately addressed by the MH Police Department or through Director Ghione when other services are needed.
  6. Capital funding improvement discussions are ongoing.
  7. Operating funds from the City in the amount of \$20,000 contribute to Villa Mira Monte operation expenses allowing the Historical Society to provide educational and recreational programs offered to our community. As the term of this MOU nears its end in 2020, the Historical Society would like the City to consider extending these funds for additional years. In need of a staff person to oversee administration functions for the operation of the Villa Mira Monte site, the Historical Society will look into allocating these funds towards a contracted administration person. This suggestion is made to ensure that the Villa Mira Monte site is continuously open to the public without the jeopardy that comes with an all-volunteer operation that exists today. Responsibilities to be included in a job description would be administration for operations, maintenance and preservation projects. To date, the Historical Society has received \$40,000.
  8. Villa Mira Monte is open to the public as a community resource for education, research and recreation. Constant Contact emails and Facebook expand our outreach providing more opportunities for connecting our community with our cultural heritage. Information is also sent out in the City's 411 communications.
  9. Maintain regular public hours with docent led tours that are free of charge.

10. Historical Society has and will continue to apply for grants that support the maintenance, improvements and preservation of Villa Mira Monte. A 2020 County of Santa Clara Historic Grant program provides the opportunity to apply for funds to relate untold stories for under-represented/disadvantaged segments of the community. The Society is submitting two applications: Stories from the Past: An Historical Documentary Series and The Unredacted History of the Early Inhabitants of South County. Rotary Morgan Hill and Community Foundation Grants also provide funding assistance.
11. Historical Society has annual membership drives with donation requests and fundraising events to raise funds to support Villa Mira Monte's preservation and operation. Annual memberships average between 350 and 400.
12. This report contains an annual budget and year-end reporting of expenses and revenues.
13. Historical Society, in collaboration with the City, is changing its marketing materials and makes every effort to include the city in program and media materials.

*Historical Society appreciates all the efforts of Director Chris Ghione, City Staff and the LCAC as we partner with the City to preserve and share our Community History.  
The Historical Society is indebted to its members, volunteers and community partners who make all that we do possible.*

#### **Agreement Between City and Morgan Hill Historical Society (October 27,2017)**

This Agreement provides City funds towards a variety of maintenance and construction projects at the Villa Mira Monte site. Specifically, the City provides a maximum of \$206,000 to the Historical Society for much needed repair and maintenance projects at the Hiram Morgan Hill house, the Museum and at the site in general. Projects identified in the Agreement include driveway improvements, irrigation and lawn improvements, porch repairs, gutter repairs, door and window repairs, and a perimeter fence and camera system. There is no identified term in the Agreement.

#### **Projects and Funding Status**

Below is a summary on project details and funding uses. A Historical Society budget summary is provided in the attached spreadsheet.

**Recreation Impact Funds (64,000)** – Total costs for these projects, \$115,138.90. All funds have been expended on the following:

- A. Installation of Security Cameras: Updated final cost, \$31,362.91. The microwave link to the MH Police Department has not been completed. If and when this happens, it will be an additional expense.
- B. Decorative Fencing: Complete at a total cost of \$83,775.99, this includes the \$1,402 City permit expense for Height Exception.

**City Park Maintenance Funds (\$142,000)** – The majority of these projects will be completed by the end of the 2020 fiscal year.

- A. Museum porch: work is underway and expected to be completed this fall
- B. Driveway & parking base rock: completed by City – no cost to MHHS
- C. Irrigation & lawn maintenance: ongoing monthly cost of an average of \$900 per month.  
At an additional cost, maintenance on the front lawn will begin in spring of 2020.
- D. House and Museum exterior painting: Job complete, total cost of \$67,935
- E. Repair Museum thresholds: TBD
- F. Repair Museum gutters: To be completed this fall.
- G. Paint House exterior: Work is complete, cost is included above in item D.
- H. Repair house back porches: As part of this project, the two back doors have been replaced.
- I. Repair house veranda doors: TBD
- J. Repair leaking windows: Complete, painters caulked areas prior to painting.
- K. Repair interior house flooring: TBD
- L. Replace furnace: TBD

**County Parks Historical Heritage Grant for \$185,250 with \$30,000 in Historical Society Funds = \$215,250.**

Renovation work on Hiram Morgan Hill House: replace roof, restore second story colored glass windows, repair south wall exterior due to interior water damage. The majority of this work is complete and the House looks wonderful! The veranda floor is the last project for completion of this grant. Historical Society's \$30,000 contribution has been expended and the first reimbursement payment for work completed had been received from the county. In addition to the grant work, the Historical Society installed an exterior faux chimney flue on the south wall of the house to replicate the original that was destroyed by earthquakes.

Submitted for the Board of Directors by,

Kathy Sullivan, Co-President

Morgan Hill Historical Society  
2015-2018 Actuals  
2019 Through June

|                                    | 2019      | 2018      | 2017      | 2016      | 2015      |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
|                                    | Thru June | Actual    | Actual    | Actual    | Actual    |
| <b>INCOME</b>                      |           |           |           |           |           |
| Membership Dues                    | \$ 24,220 | \$ 22,355 | \$ 30,400 | \$ 26,100 | \$ 24,905 |
| City of Morgan Hill General Funds  |           | 20,000    | 20,000    |           |           |
| Contributions                      | 2,009     | 11,070    | 16,389    | 13,882    | 19,011    |
| Rental Income                      | 7,750     | 11,744    | 14,227    | 17,523    | 12,841    |
| Event Income/Expense (Net)         | 8,044     | 18,906    | 17,251    | 22,417    | 21,670    |
| Grants:                            | 22,799    | 226,960   | 1,000     |           |           |
| Community Foundation               | 2,460     |           | 2,460     | 2,960     | 2,460     |
| Merchandise Sales                  | (2,384)   | 652       | (3,658)   | 1,967     | 1,719     |
| Interest Income                    | 2         | 221       | 309       | 308       | 331       |
| Other                              | 475       |           |           | 126       | 383       |
| Total Income                       | 65,375    | 311,908   | 98,378    | 85,283    | 83,320    |
| <b>Villa Mira Monte Expenses</b>   |           |           |           |           |           |
| Grant Costs:                       | 13,596    | 312,035   |           |           |           |
| Event Expense:                     |           |           |           |           |           |
| General Villa Mira Monte expenses: |           |           |           |           |           |
| Security                           |           | 1,048     | 573       | 550       | 506       |
| Insurance                          | 1,542     | 3,096     | 2,552     | 5,835     | 5,405     |
| Landscaping                        | 6,209     | 14,302    | 9,340     | 8,690     | 9,974     |
| Maintenance & Repair               | 2,646     | 6,902     | 3,423     | 2,428     | 2,275     |
| Extra Repair and Maintenance       | 4,615     | 645       | 26,192    | 785       | 1,293     |
| Supplies                           | 464       | 488       | 2,288     | 1,278     | 2,194     |
| Cleaning                           | 2,660     | 5,510     | 6,600     | 4,740     | 3,900     |
| Property Tax                       |           | 1,361     | 1,361     | 1,274     | 1,254     |
| Utilities:                         |           |           |           |           |           |
| PG&E                               | 2,985     | 4,889     | 5,028     | 3,711     | 3,654     |
| Telephone                          | 2,054     | 2,318     | 2,660     | 2,347     | 2,540     |
| Total Villa Mira Monte Expenses    | 36,771    | 352,594   | 60,017    | 31,638    | 32,995    |



|                         |           |             |           |           |           |
|-------------------------|-----------|-------------|-----------|-----------|-----------|
|                         |           |             |           |           |           |
| MHHS Expenses           |           |             |           |           |           |
|                         |           |             |           |           |           |
| Insurance               | 1,488     | 2,773       | 3,385     | 650       | 600       |
| Donation                |           | 22          |           | -         | 25        |
| Storage                 | 810       | 1,070       | 1,200     | 1,271     | 732       |
| Professional Fees       | 1,197     | 2,747       | 177       | -         | 420       |
| Dues, Licenses & Fees   | 854       | 1,496       | 949       | 715       | 297       |
| Membership Expense      | 210       | 270         | 2,599     | 973       | 1,016     |
| Museum                  | 111       | 11,375      | 7,249     | 6,048     | 2,140     |
| Print & Mailing         | 384       | 1,827       | 859       | 336       | 2,195     |
| Newsletter              | 506       | 1,492       | 1,876     | 1,327     | 1,091     |
| Furniture & Equipment   | 1,770     | 1,131       | 512       | 56        | 2,151     |
| Publicity & Advertising | 577       | 2,604       | 721       | 524       | 457       |
| Website                 | 1,000     | 3,409       | 1,800     | 1,081     | 277       |
| Office Supplies         | 541       | 864         | 1,765     | 668       | 996       |
| General Expense         | 1,058     | 1,990       | 2,422     | 1,142     | 1,759     |
| Total MHHS Expenses     | 10,506    | 33,070      | 25,514    | 14,791    | 14,156    |
|                         |           |             |           |           |           |
| Total Expenses          | 47,277    | 385,664     | 85,531    | 46,429    | 47,151    |
|                         |           |             |           |           |           |
| Net Income              | \$ 18,098 | \$ (73,756) | \$ 12,847 | \$ 38,854 | \$ 36,169 |

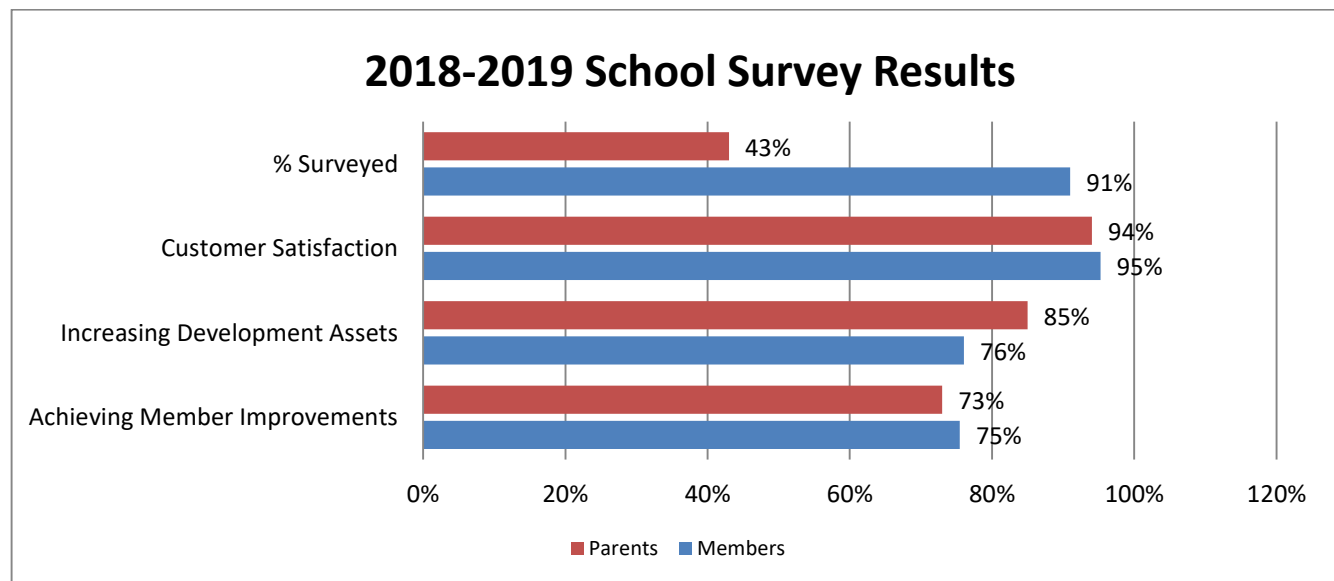
Support from the City of Morgan Hill has been instrumental in ensuring that Boys & Girls Clubs of Silicon Valley continues to offer opportunities for our members to participate in an array of programs that promote positive growth. We are pleased to provide a brief report detailing both our school year and summer highlights.

### 2018-2019 SCHOOL YEAR SUMMARY

91 (96%) unduplicated members and 25 (48%) unduplicated parents completed our end-of-year survey. There were three types of questions (five to twenty questions per category): satisfaction, asset development service productivity and agency-specified service productivity. Desirable level of performance is as follows: customer satisfaction (70%+), increasing development assets (60%+) and achieving member improvements (60%+). See *Table 1*

Across all categories, we exceeded the threshold. 95% of members and 94% of parents reported being satisfied with our program. 76% of members and 85% of parents reported an increase in developmental assets (i.e. attitudes towards learning, resilience, communication, connectedness, self-efficacy). 75% of members and 73% of parents reported member improvements (i.e. behavior, academic performance, goal setting, making responsible choices).

**Table 1**



## FACE OF THE FUTURE



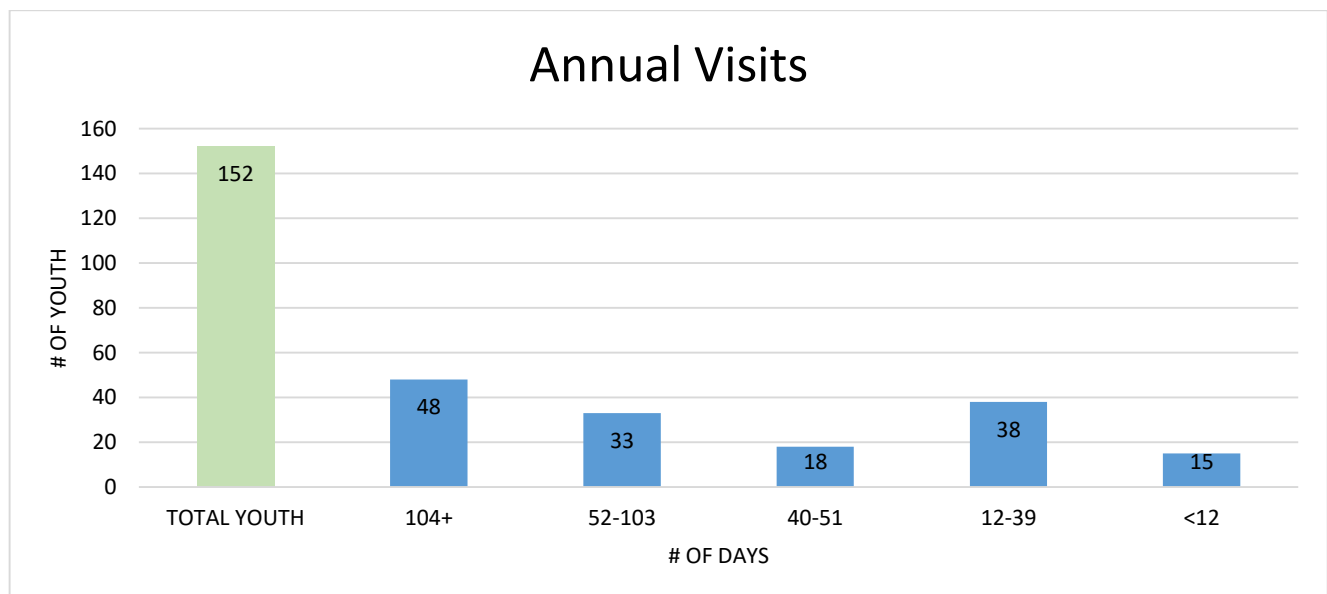
Lizette is our Morgan Hill Clubhouse's Youth of the Year. Immigrating with her family at the age of two, they hoped to find opportunity in the United States. But the transition was difficult. A new language and a new culture led to the unraveling of her family, fraught with addiction and violence. Home was unstable and frightening.

It was in fourth grade when Lizette started attending the Club. "At the Club we use a Hawaiian term, 'Ohana'. It means 'family'. That's what I've found here—no one is left behind or forgotten."

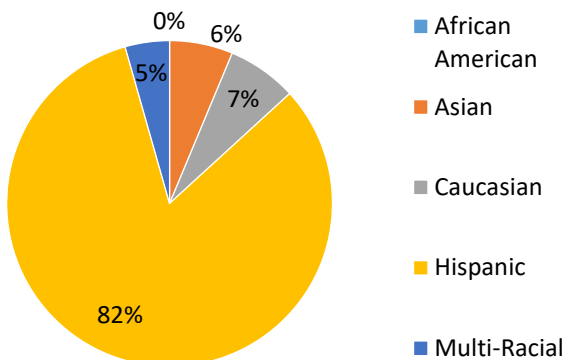
As a first generation college-bound student, Lizette credits the Club with inspiring her to pursue a post-secondary education. "I have come so far as a person with the help of the staff. They motivated me to do my best," she says. "I owe my academic success to the Club--I'm in the top ten percent of my class!"

Graduating in spring 2020, Lizette plans to attend University of California, Los Angeles with the goal of becoming a neurosurgeon.

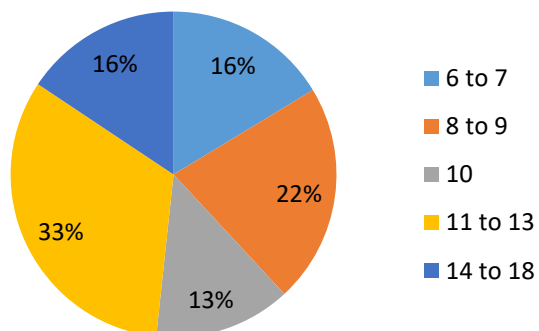
## MORGAN HILL CLUBHOUSE DASHBOARD



### Ethnicity

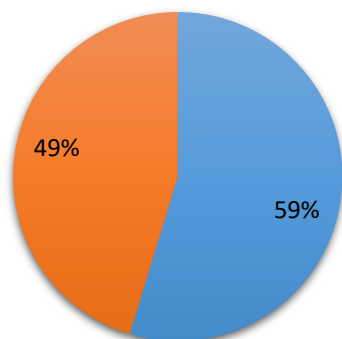


### Age %



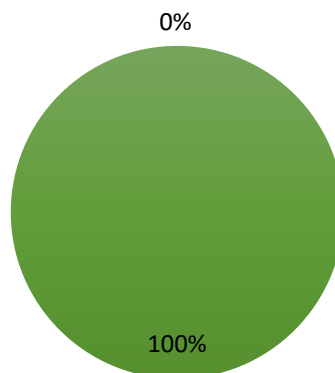
### Gender

Male Female



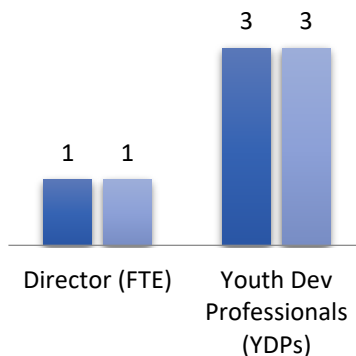
### Income

Low-Income Median-Income

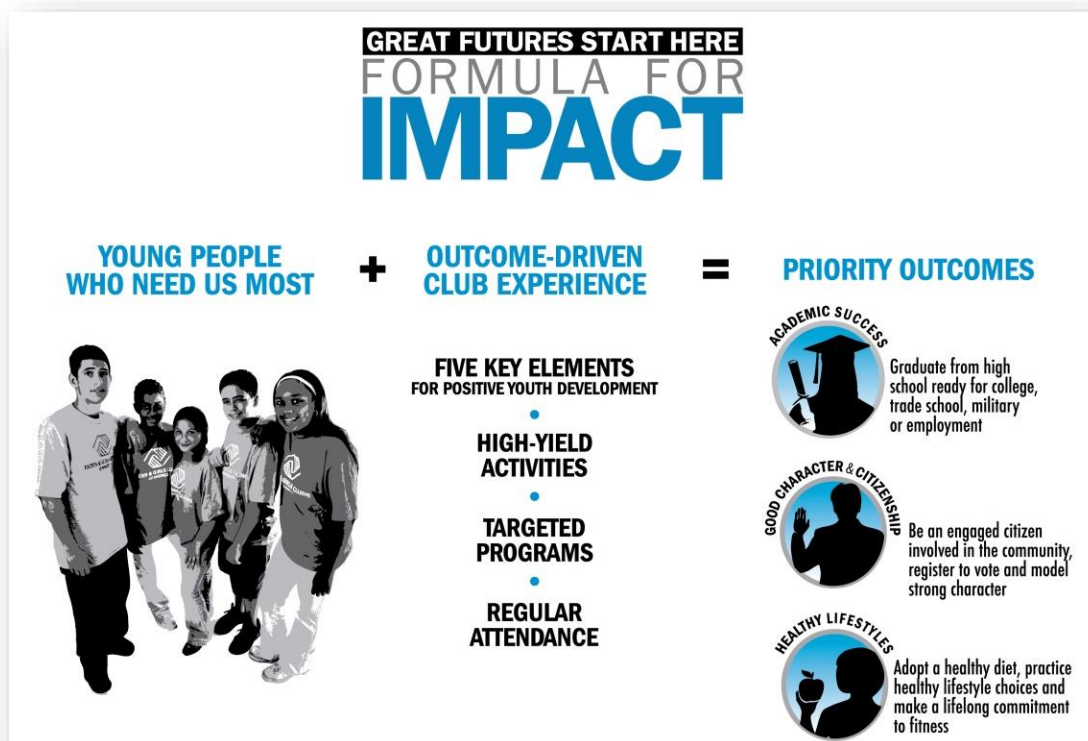


### Staffing

ACTUAL BUDGETED



## THEORY OF CHANGE AND TARGETED PROGRAMS



## 2018 – 2019 Targeted Programs by Outcome Area

## Academic Success

- **Power Hour:** daily homework assistance and tutoring.
- **NeoSci:** project- and inquiry-based life, earth and physical science program.
- **My.Future:** integrated, project-based digital skills development improving STEM proficiencies.
- **Digital Arts:** project-based programs in digital photography, filmmaking, music and graphic design.
- **CS First:** computer science programs developing foundation skills in coding and problem solving.
- **Robotics:** engineering programs culminating in an assembled, functional robot for competition.
- **Kidz Math:** for our youngest members, building math understanding through cooperative games.
- **Math Matters:** math skills mastery through online tools, small group and individual tutoring.
- **Kidz Lit & Literacy Lab:** literacy programs developing critical thinking, reading and writing skills.
- **Hardy Brain:** kinesthetic learning to improve members' math and English-Language Arts proficiencies.
- **Brain Gain:** a summer learning initiative focusing on Language Arts, writing, science and math.
- **College Bound:** college research; SAT prep; application, scholarship advising and support.
- **Junior Achievement/Money Matters:** work readiness, financial literacy and entrepreneurship.
- **Leaders In Training:** job-shadowing with emphasis on leadership and professional skills development.
- **The Arts:** dance, drama, music, painting, printmaking, collage, mixed media, sculpture and more.



### Good Character & Citizenship

- **Youth of the Year:** celebrates youth 14-18 and their service to Club, community and family.
- **Torch Club (11-13)** and **Keystone Club (14-18):** chartered service clubs dedicated to citizenship, leadership and fellowship.

### Healthy Lifestyles

- **SMART Programs:** life-skills training promoting self-efficacy and responsible behavior.
- **Triple Play:** addresses health, fitness and social-emotional development by building cooperation and team skills.
- **Sports Leagues:** year-round leagues focusing on skills, teamwork and sportsmanship.

### PROGRAM HIGHLIGHTS

- El Toro Clubhouse began the second year of running the STEM Mentoring program. Funded by the Office of Juvenile Justice and Delinquency Prevention, the overall goal of STEM Mentoring is to positively impact the social development and academic achievement of youth ages 6-10. STEM Mentoring consists of fun, hands-on activities, group projects, and multimedia connections that engage mentors and mentees in a variety of STEM topics, with a particular focus on conservation.
- Hosted a combined National Worldwide Day of Play & Day for Kids event, where parents and members participated in activities together including soccer, face painting and a barbecue.
- Celebrated STEM Decathlon, a week designed to encourage members to learn and get involved in science, technology, engineering and math.
- The Grand Opening Ribbon Cutting ceremony for the Friendly Inn location took place on September 7, 2018.
- El Toro Members Simran Rayapati and Smriti Rayapati were selected as the 2019 El Toro Clubhouse Junior Youths of the Year. Smriti and Simran have been Club members for 4 years.
- El Toro members participated in the Ford Driving Dreams Essay Contest. Members participate in essay writing workshops to write about what drives their dreams.
- Participated in the Boys & Girls Clubs of Silicon Valley cook-off. Every year a specific ingredient is chosen as the theme for the competition. This year's ingredient was sweet potato. Clubhouses were judged based on verbal presentation of their recipe, poster display, overall table and dish display, overall taste and originality. El Toro Clubhouse made sweet potato bacon bites, and won the "Kids Choice" award.
- Ran the Gamma Alpha Reading program every Tuesday, where several enthusiastic volunteers help our members improve their reading skills.
- The Clubhouse created and hosted a haunted house for Halloween.

- Hosted its 7<sup>th</sup> Annual Thanksgiving dinner and hosted over 200 members, families and friends.
- Established sports leagues that compete with local Clubs, including flag football, basketball and soccer. El Toro won both the soccer and flag football tournaments.
- Hosted Teen Night to serve teens in the community; every Tuesday from 6:30-8:30pm, the program provides teens with a safe place and positive environment. Teens participate in activities including bowling, movie outings, hiking, ice skating and Santa Cruz beach trips, giving the group a sense of unity and belonging as members of El Toro Clubhouse.
- Worked closely with Gamma Alpha, Morgan Hill Rotary, Family Giving Tree, Specialized, Morgan Hill Historical Society and Los Amigos Advisory Board to put on fun and enriching events for our members.
- El Toro Clubhouse Director participated in the South County Youth Task Force.

In closing, Boys & Girls Clubs of Silicon Valley is honored to have your support. As we continue our efforts to be both outcomes-driven and data-informed, it is with gratitude that we recognize those who believe in us.

Together, we are creating a brighter future for our community's most vulnerable youth.

*Thank you!*





**Healthier Kids Foundation**  
 4040 Moorpark Avenue, Suite 100  
 San Jose, CA 95117  
 Phone: 408.564.5114  
 Fax: 408.326.2711  
[www.hkidsf.org](http://www.hkidsf.org)

August 23, 2019

Chris Ghione  
 Community Services Director  
 City of Morgan Hill  
 17575 Peak Avenue  
 Morgan Hill, CA 95037

Re: Year-End Report on Fiscal Year 2018-2019 City of Morgan Hill Funding of Community Outreach to Enroll Uninsured Morgan Hill Children into Health Coverage

Dear Chris,

On behalf of Healthier Kids Foundation's health coverage enrollment program, I am pleased to provide the City of Morgan Hill with a year-end report on the status of our efforts to identify uninsured Morgan Hill children and assist them with enrolling into subsidized health coverage.

### Health Coverage Enrollment

Between July 1, 2018 and June 30, 2019, Healthier Kids Foundation successfully identified 30 uninsured Morgan Hill children. Of the 30 children identified, 17 have successfully enrolled into a health coverage program. Three children are still in the process of applying for and enrolling into health coverage; and the 10 remaining children were identified as having no health insurance, provided with all the information to apply, and assisted with processing their application. However, when it came to confirming the completion of the process, Healthier Kids Foundation could no longer reach them by phone. During the 2018-2019 year, many families in the Morgan Hill area were resistant to insurance enrollment services due to fear from the current political climate.

### Community Outreach

While the City of Morgan Hill provides funding for .33 FTE Program Coordinator to focus on the Morgan Hill community, Healthier Kids Foundation provided additional staff to assist with building relationships among community-based organizations and schools. Healthier Kids Foundation staff conducted community outreach to the following organizations:

- Morgan Hill Values Youth Meetings
- Morgan Hill CABB
- Cultural Center
- LATI event
- Boys and Girls Club El Toro
- Latin Concert
- Morgan Hill Summer Fun in The Park
- EAH Housing and Voices Academy
- Learning and Loving Center
- P.A. Walsh Food Distribution
- Learning and Loving Center
- Morgan Hill Unified School District
- Morgan Hill Library

Healthier Kids Foundation's outreach efforts in Morgan Hill is primarily centered on establishing and maintaining a presence among and within the Morgan Hill community. Our South County Program Coordinator, Maria Padilla, has been a constant figure at Morgan Hill youth collaborative meetings and community gatherings. She assisted with the planning of and advocacy for the Morgan Hill

### Healthier Kids Foundation • Board of Directors

|                       |                              |                                |                         |                         |
|-----------------------|------------------------------|--------------------------------|-------------------------|-------------------------|
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Values Youth Fair, the LATI's Annual Community Event, and was an MC for the Latin Concert. Maria has created strong community relationships and has become a true advocate for children in the Morgan Hill community.

### Leveraged Services

While staff are working to identify uninsured children, Healthier Kids Foundation was also able to work closely with Morgan Hill Unified School District and provide hearing, dental and vision screening services to their students.

Between July 1, 2018 and June 30, 2019:

- 2,985 Morgan Hill children were screened for undetected hearing issues
  - o 5% of kids screened identified with a potential hearing problem
  - o 117 kids identified with a problem received appropriate treatment with the help of a Healthier Kids Foundation case manager
- 2,928 Morgan Hill children were screened for undetected dental issues
  - o 23% of kids screened identified as having one or more dental problems
  - o 411 kids identified with a problem received appropriate treatment with the help of a Healthier Kids Foundation case manager
- 2,921 Morgan Hill children were screened for undetected vision issues.
  - o 9% of kids screened identified as having a potential vision problem
  - o 180 kids identified with a problem received appropriate treatment with the help of a Healthier Kids Foundation case manager

Healthier Kids Foundation case managers provide follow up to all parents whose child's screening result indicates a potential issue in order to assist the child with accessing the appropriate treatment. Additionally, Healthier Kids Foundation assists children with finding a dedicated physician, dentist, or optometrist so that they may access regular, preventative, health services. Healthier Kids Foundation is pleased to bring these additional services to the Morgan Hill community.

Preventative care only works if it's acted upon. A vision screening is only effective if the child diagnosed with a vision problem actually gets glasses and wears them. Now, teachers and staff will be able to view the child's result and see the outcome of their follow up. This will allow for teachers and staff to reinforce the importance of obtaining treatment and following through with doctors' recommendations, they will be able to remind a child that they should be wearing their new glasses in class and other things of that nature.

Healthier Kids Foundation is extremely grateful to the City of Morgan Hill for its investment in our efforts. Healthier Kids Foundation staff are committed to assisting Morgan Hill children with obtaining health coverage and services and look forward to reporting on our efforts.

Do not hesitate to contact me should you have any questions or need additional information. I can be reached by email ([laura@hkidsf.org](mailto:laura@hkidsf.org)) or by phone (408.564.5114 x220).

In community spirit,



Laura Clendaniel  
Development Manager  
Healthier Kids Foundation

# South Valley Civic Theatre

(408) 842-SHOW www.svct.org



To: Chris Ghione, Public Services Director, City of Morgan Hill

From: Peter Mandel, South Valley Civic Theatre

Date: 10 September 2019

Subject: Update on the use of City of Morgan Hill grant to SVCT

The City Council of the City of Morgan Hill generously made a grant to the South Valley Civic Theatre (SVCT) in this fiscal year. While the grant helps enhance the performing arts in the city overall, the main goal of the grant was to expand the impact and benefit of theater to those children and their families that are less able to financially afford to participate in theater and the performing arts. SVCT chose two paths to help further that goal: lower the financial impediments to participation, and expand the outreach and visibility of theater to encourage participation. To that end, the City's grant allowed SVCT to take a variety of actions:

## Cost reductions:

- To act in a production, the first step is to audition. Children typically have never auditioned before, don't know what to expect, or have material to present. SVCT has held workshops to prepare kids for auditions, however, those required a fee to participate posing an impediment to even the first step in participation, to those in lesser economic situations. The grant allowed us to eliminate all fees for these workshops. For the first time, the Audition Workshop for Children, filled up to maximum attendance as a result of this action and the attendees were almost uniformly new to SVCT and theater.
- SVCT charges cast fees to participate in the performances. While our fees were already significantly lower than those of other area programs (e.g. less than half the cost of Gilroy recreation children's theater), they still posed a significant financial hurdle for many families. Due to the grant, we offered to waive the cast fee for every family that simply requested it (and of course made it clear that we were happy to be able to do this due to the city grant) and did so throughout the year.
- Beyond cast fees, families are requested to participate in preparing a production, helping for a minimum number of hours in activities like set construction, marketing, etc. Alternatively, they can donate financially to the production. However some families will not be able to participate in this as they don't have the time available due to the many hours they work, nor do they have the financial capacity to just donate. Again, we wanted to eliminate this impediment and so we are now able to waive these family participation hours/costs whenever it proved to be an issue due to the city grant.
- While costumes are provided at no charge to cast members by SVCT, there are still some personal costume items that the families must provide (e.g. shoes, etc.). With the grant, we were able to help families with those items to again eliminate that financial hurdle.

- As we examined the costs of participation more closely, we also saw many minor costs that are not minor to many families (e.g. financial contribution to putting on the cast party, or the cost of performance DVDs, etc.) We were able to again eliminate those for many participants.
- All of these waivers were handled quietly and tactfully. We required no "evidence" of financial need beyond simply making the request, and while we announced the availability of such waivers broadly including explaining how the city grant has allowed us to take these actions, the family simply needed to make the request to one of the producers of the production at any appropriate opportunity.

#### Outreach:

- We made blocks of free tickets available through many avenues to increase the visibility of theater to a larger demographic reach than is usual. For example, blocks of tickets were given to Community Solutions in Morgan Hill which they are using with an "at-risk teen" program that they run. Additional blocks of tickets were offered to the Boys and Girls Club, El Toro Clubhouse, and they were using them for a group of socio-economically disadvantaged youth in a leadership skills program. The Learning and Loving Educational Center also received a block of tickets for their women's ESL classes with preschool children.
- The largest outreach effort was associated with our production of the musical *1776*. We asked our actors, musicians, and staff to take a day off to add two performances to our schedule during the school day. We invited the 5th graders (whose social studies curriculum focuses on American History) of all the Morgan Hill Unified Title 1 schools to come to these special performances. Ticket costs, royalties, stipends, etc. were all funded out of the grant. Morgan Hill Unified brought 400+ children/staff from 5 schools to the MH Playhouse to those performances. The children received a vivid educational lesson in how our country was founded and most children experienced live theater for the first time in their lives.

SVCT has made great strides in just this one year to expand the reach of theatre to the families of Morgan Hill while offering five outstanding productions in this 50th anniversary of our founding. I believe, and I hope the City of Morgan Hill Council and staff agrees, that the grant Morgan Hill made to SVCT has been well used and will see that we will make good use of that grant should the Council and staff continue it in the upcoming years.

Respectfully submitted,  
Peter Mandel, South Valley Civic Theatre



August 28, 2019

El Toro

Status Report

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### Quick Facts for 2018/2019:

- Community Christian removed all old, hard to keep clean landscaping and weeds
- Planted Wisteria for covered arch over office area
- Installed complete drip system instead of old, leaky system and planted all new easy to maintain landscaping at Community Christians expense
- Dialogue happening with 7/11 owners to install fencing to eliminate homeless encampments and health risks in between the two properties
- Established relationships with HVAC services and Fire Alarm/Sprinkler system services for ongoing services of El Toro
- AA now serves approximately 2,100 people per month through 80 meetings a month, with a total of over 25,000 served in the last year
- NA now serves approximately 160 people through 32 meetings a month with a total of over 2,000 served this last year
- 60 individuals meet weekly for a Line Dancing class in El Toro

*Community Christian would like to thank the city of Morgan Hill for providing this space. El Toro truly is a blessing to this community, and the history of the building is revered and appreciated.*

*Community Christian Central Offices – 305 West Main Avenue, Morgan Hill, California 95037*

*(408) 779-4914 info@community-christian.us*



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Dan Repp, Deputy Director Utility Services  
APPROVED BY: City Manager

## **APPROVE A UTILITY MUTUAL ASSISTANCE AGREEMENT**

### **RECOMMENDATION(S)**

1. Approve an agreement with California Water/Wastewater Agency Response Network (CalWARN) to provide mutual assistance during an emergency in accordance with the California Emergency Services Act and the California Disaster and Civil Defense Master Mutual Aid Agreement; and to provide reimbursement for equipment, supplies and personnel made available on an emergency basis; and
2. Authorize the City Manager to execute and administer the agreement.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Enhancing Public Safety

#### **2019 Strategic Priorities**

Infrastructure

### **REPORT NARRATIVE:**

The California Water/Wastewater Agency Response Network (CalWARN) supports and promotes statewide emergency preparedness, disaster response, and mutual assistance processes for public and private water and wastewater utilities.

The CalWARN Program provides its member utilities with:

1. A standard omnibus mutual assistance agreement and process for sharing emergency resources among signatories statewide.
2. The resources to respond and recover more quickly from a disaster.
3. A mutual assistance program consistent with other statewide mutual aid programs and the Standardized Emergency Management System (SEMS) and the National Incident Management System (NIMS).
4. A forum for developing and maintaining emergency contacts and relationships.
5. New ideas from lessons learned in disasters.

Morgan Hill is located in the CalWARN Region II Coastal Region. Some of the local CalWARN Members in this region include:

- City of Gilroy
- Great Oaks Water
- Valley Water
- City of San Jose
- City of Watsonville

The CalWARN agreement would allow the City of Morgan Hill Utilities Division to both provide and receive assistance to/from other CalWARN members during emergencies. There is no cost to become a member. If the City should request assistance, then the City would be required to reimburse assisting agencies for costs incurred while helping the City. The reverse would also be true if Morgan Hill was to provide assistance to another utility agency.

**COMMUNITY ENGAGEMENT: Inform**

This report serves to inform the public of the recommended agreement for water and wastewater utility mutual assistance.

**ALTERNATIVE ACTIONS:**

Council could choose not to enter into this mutual assistance agreement.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

There has been no prior Council action on this agreement.

**FISCAL AND RESOURCE IMPACT:**

The agreement does not have any direct fiscal impact, but the City would be required to reimburse agencies should mutual aid be requested and provided in an emergency.

**CEQA (California Environmental Quality Act):**

Not a Project.

Since the agreement is part of 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. CalWARN Articles of Agreement
2. CalWARN Agreement Signature Page



**Articles of Agreement**  
**California Water/Wastewater Agency Response Network**  
**WARN 2007 Omnibus Mutual Assistance Agreement**

This AGREEMENT is made and entered into by those water and wastewater utilities which have adopted and signed this agreement to provide mutual assistance in times of emergency in accordance with the California Emergency Services Act and the California Disaster and Civil Defense Master Mutual Aid Agreement; and to provide reimbursement for equipment, supplies and personnel made available on an emergency basis.

All of said water and wastewater utilities being herein referred to collectively as "the parties."

In consideration of the mutual covenants and agreements hereinafter set forth, the parties agree to provide mutual assistance to one another in times of emergency as follows:

**ARTICLE I.**  
**PURPOSE**

Recognizing that emergencies may require assistance in the form of personnel, equipment, and supplies from outside the area of impact, the signatory utilities hereby establish an Intrastate Program for Mutual Aid and Assistance. Through the Mutual Aid and Assistance Program, Members coordinate response activities and share resources during emergencies. This Agreement sets forth the procedures and standards for the administration of the Intrastate Mutual Aid and Assistance Program and is available to all water and wastewater utilities, public and private, in the State of California.

**ARTICLE II.**  
**DEFINITIONS**

- A. **Authorized Official** – An employee or officer of a Member who is authorized to: (1) request assistance; (2) offer assistance; (3) refuse to offer assistance or (4) withdraw assistance under this.
- B. **Emergency** – A natural or human caused event or circumstance causing, or imminently threatening to cause impact to the operations of a member utility's system, loss of life, injury to person or property, human suffering or financial loss, and includes, but is not limited to, fire, flood, severe weather, earthquake, civil disturbance, riot, explosion, drought, volcanic activity, spills or releases of oil or hazardous material, contamination, utility or transportation emergencies, disease, blight, infestation, intentional acts, sabotage, declaration of war, or other conditions which is, or is likely to be beyond the control of the services, personnel, equipment, and facilities of a Member and requires mutual assistance.
- C. **Member** – Any public or private water or wastewater utility that manifests intent to participate in the Mutual Aid and Assistance Program by executing this, the California Water/Wastewater Agency Response Network (CalWARN) Agreement.
- D. **Associate Member** – Any non utility participant, approved by the State Steering Committee, that provides a support role for the WARN program, for example State Department of Public

Health, or associations, who are members of the Regional or State Steering Committees and do not officially sign the WARN agreement.

- E. **Confidential Information** - Any document shared with any signatory to this Agreement that is marked confidential, including but not limited to any map, report, notes, papers, opinion, or e-mail which relates to the system vulnerabilities of a Member or Associate Member.
- F. **Non-Responding Member** - A Member that does not provide assistance during a Period of Assistance under the Mutual Aid and Assistance Program.
- G. **Requesting Member** – A Member who requests assistance under the Mutual Aid and Assistance Program.
- H. **Responding Member** – A Member that responds to a request for assistance under the Mutual Aid and Assistance Program.
- I. **Period of Assistance** – A specified period of time when a Responding Member assists a Requesting Member. The period commences when personnel, equipment, or supplies depart from Responding Member's facility and ends when the resources return to their facility (portal to portal). All protections identified in the Agreement apply during this period. The specified Period of Assistance may occur during response to or recovery from an Emergency.
- J. **National Incident Management System (NIMS)** - A national, standardized approach to incident management and response that sets uniform processes and procedures for emergency response operations.
- K. **Standardized Emergency Management System (SEMS)** - A standardized approach to field command and jurisdictional management and response set forth by State of California Code of Regulations for multi-agency or multi-jurisdictional response to an emergency.

### **ARTICLE III. ADMINISTRATION**

The administration of the Water/Wastewater Agency Response Network (WARN) will be through WARN Regional Steering Committees (RSC) and the WARN State Steering Committee (SSC).

The WARN RSCs will be established by representatives from the Members in that region. A chair and co-chair will be elected and act as administrators for that region. The chair will represent the region on the WARN SSC. Each WARN RSC will sponsor an annual meeting for Members, maintain a data base of all water and wastewater utilities who have signed this Agreement, and meet as a committee to address concerns and procedures for requesting mutual assistance in that region. The regions will be comprised of one or more of the six Office of Emergency Services (OES) mutual aid regions.

The WARN SSC will include the chairs of the regional steering committees, and a representative from the California Department of Public Health (CDPH), California Utilities Emergency Association (CUEA), Department of Water Resources (DWR), the American Water Works Association (AWWA) Emergency Planning Committee, California Rural Water



Association (CRWA) and California Sanitation Risk Management Authority (CSRMA). The SSC will identify a Chair for the purpose of leading the SSC and act as a point of contact for the WARN SSC. At a minimum, the WARN SSC will meet annually and issue a list of participating utilities. The database will be maintained on the WARN website, managed by a volunteer Member, as appointed by the SSC.

#### **ARTICLE IV. PROCEDURES**

- A. In coordination with the Regional Steering Committees, emergency management and public health system of the state, the State Steering Committee shall develop operational and planning procedures for the Mutual Aid and Assistance Program. These procedures shall be consistent with the Standardized Emergency Management System (SEMS) and the National Incident Management System (NIMS), reviewed at least annually and updated as needed by the State Steering Committee.
- B. Requests for emergency assistance under this Agreement shall be directed to the appropriate Authorized Official(s) from the list of Members.
- C. Consistent with SEMS, when more than one County is impacted by a disaster, requests for mutual assistance under this Agreement may be channeled through the CUEA Utility Operation Center to ensure maximum effectiveness in allocating resources to the highest priority needs.

#### **ARTICLE V. REQUESTS FOR ASSISTANCE**

In general, assistance will be in the form of resources, such as equipment, supplies, and personnel. Assistance shall be given only when Responding Member determines that its own needs can be met while rendering assistance. The execution of this Agreement shall not create any duty to respond on the part of any party hereto. A potential Responding Member shall not be held liable for failing to provide assistance. A potential Responding Member has the absolute discretion to decline to provide any requested assistance.

- A. **Member Responsibility** - Members shall identify an Authorized Official and alternates; provide contact information including 24-hour access; and maintain resource information made available by the utility for mutual aid and assistance response, as allowed by utility policy. Such information shall be updated annually or as changes occur (whichever is sooner), provided to the State Steering Committee, and uploaded into the statewide database.
- B. **Member Request** - In the event of an Emergency, a Member's Authorized Official may request mutual aid and assistance from a participating Member. Requests for assistance can be made orally or in writing. When made orally, the request for personnel, equipment, and supplies shall also be prepared in writing and submitted to the participating Member as soon as practicable. Requests for assistance shall be directed to the Authorized Official of the participating Member. Specific protocols for requesting aid shall be provided in the procedures developed under Article IV.

- 1 C. **Response to a Request for Assistance** – Members are not obligated to respond to a  
 2 request. After a Member receives a request for assistance, the Authorized Official evaluates  
 3 whether or not to respond, whether resources are available to respond, or if other  
 4 circumstances would hinder response. Following the evaluation, the Authorized  
 5 Representative shall inform, as soon as possible, the Requesting Member whether it will  
 6 respond. If the Member is willing and able to provide assistance, the Member shall inform  
 7 the Requesting Member about the type of available resources and the approximate arrival  
 8 time of such assistance.  
 9
- 10 D. **Discretion of Responding Member's Authorized Official** – Execution of this Agreement  
 11 does not create any duty to respond to a request for assistance. When a Member receives  
 12 a request for assistance, the Authorized Official shall have sole and absolute discretion as to  
 13 whether or not to respond, or the availability of resources to be used in such response. An  
 14 Authorized Member's decisions on the availability of resources shall be final.  
 15

## 16

### 17 **ARTICLE VI.**

### 18 **RESPONSE COORDINATION**

## 19

20 When providing assistance under this Agreement, the Requesting Member and Responding  
 21 Member shall be organized and shall function under the Standard Emergency Management  
 22 System and National Incident Management System protocols and procedures.  
 23

- 24 A. **Personnel** – Responding Member retains right to identify the employees who are willing  
 25 to participate and the resources that are available.  
 26
- 27 B. **Control** – While employees so provided may be under the supervision of the  
 28 Responding Member, the Responding Member's employees come under the direction  
 29 and control of the Requesting Member, consistent with the NIMS Incident Command  
 30 System to address the needs identified by the Requesting Member. The Requesting  
 31 Member's Authorized Official shall coordinate response activities with the designated  
 32 supervisor(s) of the Responding Member(s). Whenever practical, Responding  
 33 Member personnel must be self sufficient for up to 72 hours. The Responding Member's  
 34 designated supervisor(s) must keep accurate records of work performed by personnel  
 35 during the specified Period of Assistance.  
 36
- 37 C. **Food and Shelter** – When possible, the Requesting Member shall supply reasonable food  
 38 and shelter for Responding Member personnel. If the Requesting Member is unable to  
 39 provide food and shelter for Responding Member personnel, the Responding Member's  
 40 designated supervisor is authorized to secure the resources necessary to meet the needs of  
 41 its personnel. Except as provided below, the cost for such resources must not exceed the  
 42 State per diem rates for that area. To the extent Food and Shelter costs exceed the State  
 43 per diem rates for the area, the Responding Member must demonstrate that the additional  
 44 costs were reasonable and necessary under the circumstances. Unless otherwise agreed  
 45 to in writing, the Requesting Member remains responsible for reimbursing the Responding  
 46 Member for all reasonable and necessary costs associated with providing food and shelter,  
 47 if such resources are not provided.  
 48
- 49 D. **Communication** – The Requesting Member shall provide Responding Member personnel  
 50 with radio equipment as available, or radio frequency information to program existing radio,  
 51 in order to facilitate communications with local responders and utility personnel.

- 1  
2 E. **Status** - Unless otherwise provided by law, the Responding Member's officers and  
3 employees retain the same privileges, immunities, rights, duties and benefits as provided in  
4 their respective jurisdictions.  
5  
6 F. **Licenses and Permits** – To the extent permitted by law, Responding Member personnel  
7 who hold licenses, certificates, or permits evidencing professional, mechanical, or other  
8 skills shall be allowed to carry out activities and tasks relevant and related to their respective  
9 credentials during the specified Period of Assistance.  
10  
11 G. **Right to Withdraw Resources** - The Responding Member's Authorized Official retains the  
12 right to withdraw some or all of its resources at any time for any reason in the Responding  
13 Member's sole and absolute discretion. Notice of intention to withdraw must be  
14 communicated to the Requesting Member's Authorized Official as soon as soon as is  
15 practicable under the circumstances.  
16  
17

18 **ARTICLE VII.**  
19 **COST REIMBURSEMENT**  
20

21 Unless otherwise mutually agreed in whole or in part by both parties, the Requesting Member  
22 shall reimburse the Responding Member for each of the following categories of costs incurred  
23 while providing aid and assistance during the specified Period of Assistance.  
24

- 25 A. **Personnel** – Responding Member will make such employees as are willing to  
26 participate available to Requesting Member at Requesting Member's expense equal to  
27 Responding Member's full cost, i.e., equal to the employee's applicable salary or hourly  
28 wage plus fringe benefits and overhead, and consistent with Responding Member's  
29 collective bargaining agreements or other conditions of employment. All costs incurred  
30 for work performed during the specified Period of Assistance will be included. The  
31 Requesting Member shall be responsible for all direct and indirect labor costs.  
32  
33 B. **Equipment** – Use of equipment, such as construction equipment, vehicles, tools, pumps  
34 and generators, shall be at Responding Member's current equipment rate and subject to the  
35 following conditions: The Requesting Member shall reimburse the Responding Member for  
36 the use of equipment during the specified Period of Assistance, including, but not limited to,  
37 reasonable rental rates, all fuel, lubrication, maintenance, transportation, and  
38 loading/unloading of loaned equipment. All equipment shall be returned to the Responding  
39 Member as soon as is practicable and reasonable under the circumstances.  
40 (a) At the option of Responding Member, equipment may be provided with an  
41 operator.  
42 (b) Equipment shall be returned to Responding Member within 24 hours after receipt  
43 of an oral or written request for return.  
44 (c) Requesting Member shall, at its own expense, supply all fuel, lubrication and  
45 maintenance for furnished equipment.  
46 (d) Responding Member's cost related to the transportation, handling and  
47 loading/unloading of equipment shall be chargeable to Requesting Member.  
48 (e) In the event equipment is damaged while being dispatched to Requesting Member,  
49 or while in the custody and use of Requesting Member, Requesting Member shall  
50 reimburse Responding Member for the reasonable cost of repairing said damaged  
51 equipment. If the equipment cannot be repaired, then Requesting Member shall

reimburse Responding Member for the cost of replacing such equipment with equipment that is of at least equal capability as determined by the Responding Member. If Responding Member must lease a piece of equipment while Requesting Member equipment is being repaired or replaced, Requesting Member shall reimburse Responding Member for such lease costs.

- C. **Materials and Supplies** – Requesting Member shall reimburse Responding Member in kind or at actual replacement cost, plus handling charges, for use of expendable or non-returnable supplies. Other supplies and reusable items that are returned to Responding Member in a clean, damage-free condition shall not be charged to the Requesting Member and no rental fee will be charged; otherwise, they shall be treated as expendable supplies. Supplies that are returned to the Responding Member with damage must be treated as expendable supplies for purposes of cost reimbursement.
- D. **Payment Period** – The Responding Member shall provide an itemized bill to the Requesting Member for all expenses incurred by the Responding Member while providing assistance under this Agreement. The Requesting Member shall send the itemized bill not later than (90) ninety days following the end of the Period of Assistance. The Responding Member may request additional periods of time within which to submit the itemized bill, and Requesting Member shall not unreasonably withhold consent to such request. The Requesting Member agrees to reimburse the Responding Member within 60 days from receipt of an invoice for assistance provided under this Agreement. The Requesting Member may request additional periods of time within which to pay the itemized bill, and Responding Member shall not unreasonably withhold consent to such request, provided, however, that all payment shall occur not later than one-year after the date a final itemized bill is submitted to the Requesting Member.
- E. **Records** - Each Responding Member and its duly authorized representatives shall have access to a Requesting Member's books, documents, notes, reports, papers and records which are directly pertinent to this Agreement for the purposes of reviewing the accuracy of a cost bill or making a financial, maintenance or regulatory audit. Each Requesting Member and its duly authorized representatives shall have access to a Responding Member's books, documents, notes, reports, papers and records which are directly pertinent to this Agreement for the purposes of reviewing the accuracy of a cost bill or making a financial, maintenance or regulatory audit. Such records shall be maintained for at least three (3) years or longer where required by law and as needed for federal reimbursement practices.

## **ARTICLE VIII. ARBITRATION**

If any controversy or claim arises out of, or relates to, the Agreement, including, but not limited to an alleged breach of the Agreement, the disputing Members shall first attempt to resolve the dispute by negotiation, followed by mediation and finally shall be settled by arbitration in accordance with the Rules of the American Arbitration Association. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

**ARTICLE IX.**  
**REQUESTING MEMBER'S DUTY TO INDEMNIFY**

Pursuant to Government Code Section 895.4, and subject to Article X, Requesting Member shall assume the defense of, fully indemnify and hold harmless Responding Member, its Directors, Council Members, Supervisors, officers and employees, from all claims, loss, damage, injury and liability of every kind, nature and description, directly or indirectly arising from the Requesting Member's work hereunder, including, but not limited to, negligent or wrongful use of equipment, supplies or personnel provided to Requesting Member or faulty workmanship or other negligent acts, errors or omissions by Responding Member, or by personnel provided to Requesting Member from the time assistance is requested and rendered until the assistance is returned to Responding Member's control, portal to portal.

**ARTICLE X.**  
**SIGNATORY INDEMNIFICATION**

In the event of a liability, claim, demand, action or proceeding, of whatever kind or nature arising out of the rendering of assistance through this Agreement, the parties involved in rendering or receiving assistance agree to indemnify and hold harmless all Members whose only involvement is the execution and approval of this Agreement, in the transaction or occurrence which is the subject of such claim, action, demand or other proceeding. Such indemnification shall include indemnity for all claims, demands, liability, damages and costs, including reasonable attorneys' fees and other costs of defense, for injury, property damage and workers compensation.

**ARTICLE XI.**  
**WORKER'S COMPENSATION CLAIMS**

The Responding Member is responsible for providing worker's compensation benefits and administering worker's compensation for its employees. The Requesting Member is responsible for providing worker's compensation benefits and administering worker's compensation for its employees.

**ARTICLE XII.**  
**NOTICE**

Each party hereto shall give to the others prompt and timely written notice of any claim made or any suit instituted coming to its knowledge, which in any way, directly or indirectly, contingently or otherwise, affects or might affect them, and each Member shall have the right to participate in the defense of the same, as it considers necessary to protect its own interests.

1 **ARTICLE XIII.**  
2 **INSURANCE**  
3

4 Members shall maintain an insurance policy or maintain a self insurance program that covers  
5 activities that it may undertake by virtue of membership in the Mutual Aid and Assistance  
6 Program.  
7

8  
9 **ARTICLE XIV.**  
10 **CONFIDENTIAL INFORMATION**  
11

12 To the extent allowed by law, any Member or Associate Member shall maintain in the strictest  
13 confidence and shall take all reasonable steps necessary to prevent the disclosure of any  
14 Confidential Information provided to it by another Member pursuant to this Agreement. If any  
15 Member, Associate Member, or third party requests or demands, by subpoena or otherwise,  
16 that a Member or Associate Member disclose any Confidential Information provided to it under  
17 this Agreement, the Member or Associate Member shall immediately notify the owner of the  
18 Confidential Information and shall take all reasonable steps necessary to prevent the disclosure  
19 of any Confidential Information by asserting all applicable rights and privileges with respect to  
20 such information and shall cooperate fully in any judicial or administrative proceeding relating  
21 thereto.  
22

23  
24 **ARTICLE XV.**  
25 **EFFECTIVE DATE**  
26

27 This Agreement shall take effect for a new party immediately upon its execution by said  
28 party.  
29

30  
31 **ARTICLE XVI.**  
32 **WITHDRAWAL**  
33

34 Any party may terminate its participation in this Agreement by written notice to the Chair of the  
35 appropriate RSC and to the SSC Chair. Withdrawal takes effect 60 days after the appropriate  
36 officials receive notice. Withdrawal from this Agreement shall in no way affect a Requesting  
37 Member's duty to reimburse a Responding Member for cost incurred during a Period of  
38 Assistance, which duty shall survive such withdrawal.  
39

40  
41 **ARTICLE XVII.**  
42 **MODIFICATION**  
43

44 No provision of this Agreement may be modified, altered or rescinded by individual parties to the  
45 Agreement. Modifications to this Agreement require a simple majority vote of Members within  
46 each region and unanimous agreement among the regions. The State Steering Committee will  
47 notify all parties of modifications to this Agreement in writing and those modifications shall be  
48 effective upon 60 days written notice to the parties.  
49



**ARTICLE XVIII.**  
**SEVERABILITY**

If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.

**ARTICLE XIX.**  
**PRIOR AGREEMENTS**

To the extent that prior agreements among signatories to this Agreement for mutual assistance are inconsistent with this Agreement, such agreements are hereby superseded. This Agreement supersedes the 1996 Omnibus Mutual Aid Agreement, the WARN 1997 Omnibus Mutual Aid Agreement, and the WARN 2001 Omnibus Mutual Aid and Assistance Agreement.

**ARTICLE XX.**  
**PROHIBITION ON THIRD PARTIES AND ASSIGNMENT OF RIGHTS/DUTIES**

This Agreement is for the sole benefit of the Members and no other person or entity has rights under this Agreement as a third party beneficiary. Assignment of benefits or delegation of duties created by this Agreement to third parties that are not Members is prohibited and without effect.

**ARTICLE XXI.**  
**TORT CLAIMS**

This Agreement in no way abrogates or waives any immunity or defense available under California law.

**ARTICLE XXII.**  
**INTRASTATE AND INTERSTATE MUTUAL AID AND ASSISTANCE PROGRAMS**

To the extent practicable, Members retain the right to participate in mutual aid and assistance activities conducted under the State of California Intrastate WARN Mutual Aid and Assistance Program and the Interstate Emergency Management Assistance Compact (EMAC) and similar programs.

## California Water/Wastewater Agency Response Network (CalWARN) 2007 Omnibus Mutual Assistance Agreement

**WHEREAS**, the California Office of Emergency Services (OES), the Department of Water Resources (DWR), the Department of Public Health (DPH) and the California Utilities Emergency Association (CUEA) have expressed a mutual interest in the establishment of a plan to facilitate and encourage water agency mutual assistance agreements between water agencies; and

**WHEREAS**, the California Water Agency Response Network (CalWARN) was originally created to provide a forum for the development of mutual assistance agreements between water agencies in the OES Coastal Region of California; and later expanded to all water and wastewater agencies in the State of California, and

**WHEREAS**, the CALIFORNIA WATER/WASTEWATER AGENCY RESPONSE NETWORK (CalWARN) 2007 OMNIBUS MUTUAL ASSISTANCE AGREEMENT is a continuation of the WARN 1996 OMNIBUS MUTUAL AID and 2001 OMNIBUS MUTUAL AID AGREEMENT and sets forth the mutual covenants and agreements for water and wastewater agencies to provide mutual assistance to one another in times of emergency; and

**WHEREAS**, State OES regulates the SEMS program, and this agreement is consistent with SEMS, and that it is necessary to have a mutual assistance agreement in place to support requests to FEMA for costs of using assistance during an emergency, and

**WHEREAS**, the water or wastewater agency hereto has determined that it would be in its best interests to enter into an agreement that implements that plan and sets forth procedures and the responsibilities of the agency whenever emergency personnel, equipment and facility assistance are provided from one agency to the other; and

**WHEREAS**, no water or wastewater agency should be in a position of unreasonably using its own resources, facilities, or services providing such mutual assistance; and

**WHEREAS**, it is the intent of WARN to revise this agreement as necessary and to annually publish a list of all water and wastewater agencies participating in this agreement, as posted on [www.calwarn.org](http://www.calwarn.org); and

**WHEREAS**, such an agreement is in accord with the California Emergency Services Act set forth in Title 2, Division 1, Chapter 7 (Section 8550 et seq.) of the Government Code and specifically with Articles 14 and 17 (Section 8630 et seq.) of the Act.

**NOW, THEREFORE**, in consideration of the conditions and covenants contained therein, the

\_\_\_\_\_  
(Utility)

agrees to become a party to the CalWARN 2007 Omnibus Mutual Assistance Agreement.

Date: \_\_\_\_\_

Name: (printed) \_\_\_\_\_ (signature) \_\_\_\_\_

Title: \_\_\_\_\_

Please return an ORIGINAL signed copy of this page, plus the [information requested on](#)

Attachment: CalWARN Agreement Signature Page (2412 : Approve a Water and Wastewater Mutual Assistance Agreement with CalWARN)



Emergency Contacts List to:

Ms. Kelly Hubbard  
 CalWARN, Region 1, Southern Chair  
 Municipal Water District of Orange County  
 18700 Ward Street  
 Fountain Valley CA 92728

Send a copy to the appropriate Region Chair:

**Region I, Southern Chair**

Municipal Water District of Orange Co  
 Kelly Hubbard  
 18700 Ward Street  
 Fountain Valley, CA 92728  
 (714) 593-5010  
 khubbard@mwdoc.com

**Region II, Coastal Chair**

Alameda County Water District  
 Steven Dennis  
 43885 South Grimmer Boulevard  
 Fremont, CA 94537  
 (510) 668-6530  
 Steve.Dennis@acwd.com

**Region III, Inland Chair**

Bella Vista Water District  
 Don Groundwater  
 11368 East Stillwater Way  
 Redding, CA 96003-9510  
 (530) 241-1085  
 dgroundwater@bvwd.org

**State Steering Committee Chair**

Raymond Riordan  
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 2662 Marsh Drive  
 San Ramon, CA 94583  
 (925) 830-9019  
[rayriordan@comcast.net](mailto:rayriordan@comcast.net)

**Region IV, Inland Chair**

Golden State Water  
 John Spitler  
 3035 Prospect Park Drive Suite 60  
 Rancho Cordova, CA 95670  
 (916) 853-3616  
 jpspitler@gswater.com

**Region V, Inland South Chair**

Please send to the State Steering  
 Committee Chair

**Region VI, Southern Chair**

Western Municipal Water District  
 Tom McMillen  
 14205 Meridian Parkway  
 Riverside, CA 92518  
 (951) 571-7252  
 tmcmillen@wmwd.com



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: John Lang, Economic Development Manager  
APPROVED BY: City Manager

### **APPROVE IMPACT FEE FREEZE AGREEMENT WITH MORGAN HILL RETAIL VENTURE, L.P. FOR THE DEVELOPMENT OF RETAIL SPACES IN THE SHOPPING CENTER KNOWN AS COCHRANE COMMONS**

#### **RECOMMENDATION(S)**

1. Confirm that commercially zoned Assisted Living Facilities are not eligible for the Fee Freeze Program;
2. Approve an Impact Fee Freeze Agreement for the development of commercial retail/office buildings on 51 acres of Cochrane Commons; and
3. Authorize the City Manager to execute and administer the Impact Fee Freeze Agreement.

#### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

##### **Ongoing Priorities**

Maintaining Fiscal Responsibility

##### **2019 Strategic Priorities**

Financial Stewardship

#### **GUIDING DOCUMENTS**

Economic Blueprint

#### **REPORT NARRATIVE:**

Morgan Hill Retail Ventures L.P (Owner/Developer) has submitted an application (ZA2019-0003) to amend their Planned Unit Development (PUD) for Cochrane Commons Shopping Center. In 2005, a PUD for Cochrane Commons was approved allowing for the development of over 650,000 square feet of commercial space. In 2007, Phase I of the shopping center was built which included 262,000 square feet of commercial space. Phase I of the project included the Target Store along with Chili's, Party City, Staples, etc. Phase II of the project currently includes approval for over 450,000 square feet of retail and a 3000-seat movie theatre complex. The most recent activity on the site was the construction of a new 76 Gas Station and Burger King.

Staff is recommending the City Council approve an Impact Fee Freeze Agreement to lock development impact fees for the proposed eligible uses in a forthcoming Planned Development (PD) amendment which proposes construction of commercial, office, and retail within the Cochrane Commons shopping center. The proposed PD amendment also includes residential development on the portion of Phase II which was converted to Mixed Use Flex during the 2016 General Plan update. However, the proposed residential development is not eligible under the fee freeze program. Similarly, concurrence is being sought to eliminate Assisted Living facilities from the program.

Neither of these uses are in short supply, targeted by the Economic Development Blueprint, nor generate significant on-going revenues to the general fund outside of property tax.

The Fee Freeze Program approved by Council sets impact fees for three years through the approval of an Impact Fee Freeze Agreement. The developer is provided a three-year window to secure entitlements and submit for building permits in order to benefit from the program.

Based upon the conceptual plan provided to the City by the Developer for Phase II of Cochrane Commons, the City is able to estimate impact fees associated with the proposed commercial-only development identified by the Developer. Additional impact fees will be generated by residential and assisted living portions of the project as well, but are not contained in this analysis. The proposed Zoning amendment contemplates more flexibility given the evolving retail marketplace in terms of uses on one of the larger retail pads which results in considerable variability on calculating impact fees and General Fund revenues.

#### Impact Fee Analysis in Current Terms

|                                                 | Low Side Estimate | High Side Estimate | Likely           |
|-------------------------------------------------|-------------------|--------------------|------------------|
| Current Impact Fee Schedule Jan 1, 2019         | \$4,779,000       | \$5,509,000        | \$4,936,000      |
| Locking into the FY 2016-17 Impact Fee Schedule | \$4,274,000       | \$4,952,000        | \$4,419,000      |
| <b>Benefit to Project from Fee Freeze</b>       | <b>\$505,000</b>  | <b>\$557,000</b>   | <b>\$517,000</b> |

*The fees above only contemplate retail commercial development as proposed by the developer. Other types of non-retail/commercial development (i.e. Housing) are proposed, but are not eligible to participate in the fee freeze program and are therefore not included.*

At full buildout of Phase II, the project is anticipated to generate general fund revenue streams of property tax, sales tax, and transient occupancy tax. The figures are given in ranges as the flexibility in uses materially alters the type of general fund revenue that can be achieved.

|                                  | One Time Construction Benefit | Low Side Estimate (Annual) | High Side Estimate (Annual) |
|----------------------------------|-------------------------------|----------------------------|-----------------------------|
| General Fund Revenue to the City | \$114,000                     | \$462,900                  | \$527,900                   |

*General Fund revenues above only contemplate retail commercial development as proposed by the developer. Other types of non-retail/commercial development (i.e. Housing) are proposed, but those revenues are not captured in the analysis.*

#### COMMUNITY ENGAGEMENT: Inform

Approving a Fee Freeze Agreement with Morgan Hill Retail Ventures is consistent with the Impact Fee Freeze Program, aligns with the Economic Blueprint Strategy #3 “Attract New Development”, Action #5, “Explore Incentive Programs to Attract Industry Specific Development”.

#### **ALTERNATIVE ACTIONS:**

The City of Morgan Hill could choose not to enter into an Impact Fee Freeze Agreement with Morgan Hill Retail Ventures, Inc.

#### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

On June 21, 2017, City Council approved a Citywide Impact Fee Freeze Program establishing 2016-17 Development Impact Fees as the basis for the three-year term for any new commercial/industrial development project that enters into a Development Agreement for an Impact Fee Freeze approved by City Council.

On February 21, 2018, City Council made a minor adjustment to the Impact Fee Freeze program by changing the agreement structure to a Fee Freeze Agreement from a Development Agreement.

#### **FISCAL AND RESOURCE IMPACT:**

General Fund revenue received from the proposed development is anticipated to offset the forgone Impact Fees contemplated under the Fee Freeze Program within the 2<sup>nd</sup> full year of buildout. The City is expected to receive a one-time construction benefit, in the form of sales and property tax, of about \$114,000. Once fully built out and operational, the City will receive an ongoing benefit between \$462,900 and \$527,900 to the City General Fund.

#### **CEQA (California Environmental Quality Act):**

An Environmental Impact Report (EIR) for the Morgan Hill 2035 Project, which included the General Plan Update, was prepared in accordance with the California Environmental Quality Act (CEQA) and certified by the Morgan Hill City Council on July 27, 2016. Commercial and industrial development as discussed above is consistent with the general plan policies for which the EIR was certified. There is no substantial evidence that freezing impact fees will have a significant effect on the environment beyond that already analyzed in the certified EIR; therefore, no further environmental analysis is required.

Any project specific development that occurs in the future will undergo an independent analysis pursuant to the requirements of CEQA.

#### **LINKS/ATTACHMENTS:**

1. [CochraneCommonsFeeFreeze\\_Signed\\_09052019](#)

**IMPACT FEE FREEZE AGREEMENT**

**BY AND BETWEEN**

**THE CITY OF MORGAN HILL**

**AND**

**MORGAN HILL RETAIL VENTURE L.P., A CALIFORNIA LIMITED PARTNERSHIP**

**AKA COCHRANE COMMONS SHOPPING CENTER**

**IMPACT FEE FREEZE AGREEMENT  
BY AND BETWEEN  
THE CITY OF MORGAN HILL  
AND  
MORGAN HILL REAL VENTURE, L.P.**

**AKA COCHRANE COMMONS SHOPPING CENTER**

This Impact Fee Freeze Agreement (the "Agreement") is entered into as of \_\_\_\_\_, 2019, by and between Morgan Hill Retail Venture L.P., a California Limited Partnership, aka Cochrane Commons Shopping Center, and its successors and assigns (the "Developer") and the City of Morgan Hill, a municipal corporation duly organized and existing under the laws of the State of California (the "City") "Developer" and the "City" may be collectively referred to herein as the "Parties", with reference to the following facts and purposes:

**RECITALS**

A. Pursuant to the authority of Morgan Hill Municipal Code Sections 3.56.095, 12.02.115, and Resolution Numbers 17-052 and 18-013, the City has established an Impact Fee Freeze Program (the "Program") to freeze Development Impact Fees to the Fiscal Year 2016-2017 Fee Schedule for new commercial/industrial construction.

B. Developer owns, leases, or owns an option to purchase, certain real property in the City described in the attached Exhibit A (the "Subject Property") upon which improvements are to be made for a new or expanding industrial or commercial business (the "Project").

C. On \_\_\_\_\_ 2019, the City Council of the City granted a request of the Developer to be a Program participant with respect to locking in Development Impact Fees at the Fiscal Year 2016-2017 Impact Fee Schedule in the attached Exhibit B.

D. Developer and City have determined that the Project is the type of development for which this Agreement is appropriate. This Agreement will help to eliminate uncertainty in annual changes to Development Impact Fees, provide for the orderly development of the Project consistent with the planning goals, policies, and other provisions of the City's General Plan and City's Municipal Code, and otherwise achieve the goals and purposes for which the Development Impact Fee Program was adopted.

## ARTICLE 1

### ADMINISTRATION

#### 1.01 Definitions.

(a) The following terms, phrases and words shall have the meanings and be interpreted as set forth in this Section:

(1) **"Existing City Laws"** shall mean all City ordinances, resolutions, rules, regulations, guidelines, motions, practices and official policies governing land use, zoning and development, permitted uses, density and intensity of use, maximum height, bulk and size of proposed buildings, and other City land use regulations in force and effect on the Effective Date of this Agreement.

(2) **"Impact Fees"** shall mean those fees imposed so that developments bear a proportionate share of the cost of public facilities and service improvements that are reasonably related to the impacts and burdens of the Project, adopted pursuant to Morgan Hill Municipal Code Chapter 3.56 and California Government Code Section 66001 et seq.

(3) **"Legal Effect"** shall mean the ordinance, resolution, permit, license or other grant of approval has been adopted by City and has not been overturned or otherwise rendered without legal and/or equitable force and effect by a court of competent jurisdiction, and all applicable administrative appeal periods and statutes of limitations have expired.

(4) **"New City Laws"** shall mean any and all City ordinances, resolutions, orders, rules, official policies, standards, specifications and other regulations, whether adopted or enacted by City, its staff or its electorate (through their powers of initiative, referendum, recall or otherwise) that is not a Subsequent Approval, that takes **"Legal Effect"** after the Effective Date of this Agreement, and that applies City wide.

(5) **"Project Approvals"** mean, collectively, the Project's Existing Approvals and the Subsequent Approvals.

(6) **"Property"** shall mean that certain real property consisting of approximately 51.10 acres located within the City, and as may be further subdivided, as may be more particularly described and shown on *Exhibit A* to this Agreement.

(7) **"Subsequent Approvals"** and **"Subsequent Approval"** mean those City permits, entitlements, approvals or other grants of authority (and all text, terms and conditions of approval related thereto), that may be necessary or desirable for the development of the Project, that are sought by Developer, and that are granted by City.



(b) To the extent that any defined terms contained in this Agreement are not defined above, then such terms shall have the meaning otherwise ascribed to them elsewhere in this Agreement, or if not in this Agreement, by controlling law.

## 1.02 Term.

The term ("**Term**") of this Agreement shall commence on the Effective Date, and then shall continue for each building, lot or parcel (unless this Agreement is otherwise terminated, modified or extended as provided in this Agreement) until the earliest of (1) the issuance of certification of occupancy for the for each building, lot or parcel, that is part of the Project, or (2) October 30, 2022.

## ARTICLE 2

### APPLICABLE LAW

#### 2.01 Applicable Law—Generally.

(a) As used in this Agreement, "**Applicable Law**" shall mean all of the items listed below in this Section 2.01. The order of their importance is the order in which they are listed (with highest importance listed first, second most important listed second, etc.); in the event of a conflict between them, their order shall determine which one controls (the one listed higher controlling over the one listed lower):

- (1) All the provisions, terms and conditions of this Agreement.

The Existing Approvals. Developer hereby waives any legal or equitable right to challenge administratively or judicially any of the fees already agreed to and paid by Developer and not subject of this Agreement. The Subsequent Approvals, provided such Subsequent Approvals are:

- (i) In compliance with all controlling California law;
- (ii) Mutually agreed to by the Parties; and
- (iii) Duly enacted by City.

(2) The "Existing City Laws" that are not in conflict with this Agreement and the Project Approvals.

(3) Any "New City Laws" Developer is subject to under this Agreement; for example, as provided in, but not limited to, Section 2.05. Additionally, any New City Laws to which Developer elects to be subject pursuant to Section 2.05(d).

(b) The Parties acknowledge that the Subsequent Approvals may be processed in stages and therefore one or more Subsequent Approvals may be adopted and approved before other Subsequent Approvals needed for development of the Project are adopted and approved by City.

(c) The Parties shall cooperatively assemble all of the necessary documents to memorialize, to the best of their abilities, the Project Approvals, Existing City Laws, and the terms and conditions contained in this Agreement to assist Developer to maintain the documents assembled and to provide a continuing reference source for the approvals granted and the ordinances, policies and regulations in effect on the Effective Date of this Agreement.

## **2.02 Project Impacts and Costs.**

(a) **Agreement Subject to Project Mitigation Requirements.** Notwithstanding any other express or implied term or condition of this Agreement (or the Approvals) to the contrary, throughout the Term of this Agreement, the full and complete mitigation of all environmental (including any mitigation measure adopted pursuant to CEQA), physical, fiscal and other impacts of the Project and the Property on the community and on the City of Morgan Hill and its services, facilities, operations and maintenance (collectively, "**Project Mitigation**") shall be borne by and shall be the sole and exclusive responsibility of the Project (and the Developer who is the owner of same). Such Project Mitigation may be conditions of any Applicable Law or Project Approval and may include a mix of different approaches, including without limitation, Developer construction of and/or financing of such services, facilities, operations and maintenance through the payment of impact fees or other fees, taxes, levies, assessments, or other financing mechanisms including without limitation, reimbursement agreements, Landscaping and Lighting Districts, Mello-Roos Districts, Community Facilities Districts, Assessment Districts, Tax-Exempt and Taxable Financing Mechanisms, Maintenance Districts and participation in the Statewide Communities Infrastructure Program (collectively, "**Financing Mechanisms**"). The necessary scope and extent of such Project Mitigation, and which combination of Financing Mechanisms should be employed relating to such Project Mitigation to assure success of the Project Mitigation, shall be determined by City, in its sole and exclusive discretion, pursuant to appropriate City ordinance, resolution, regulations or procedures, taking into account and guided by the pre-existing rights of others in the existing and future public services and facilities (including their operations and maintenance) that Developer may seek to use. If no Financing Mechanism is available to fund the Project Mitigation, then the Project shall not progress forward.

(b) **Impact Fees.** As part of the Project's sole and exclusive obligation (and the Developer's as the owner of same) to cover Project Mitigation, Developer shall pay all Impact Fees as described in Exhibit B at the time any such Impact Fees become due and payable as provided for in the City's Municipal Code or as agreed between Developer and City.

(c) **Processing Fees.** The Project (including Developer as owner of same) shall be responsible for the costs to City of processing any and all Developer-requested land use approvals, including without limitation, building permits, plan checks, environmental studies required under CEQA and other similar requests for City permits and entitlements, when such costs are incurred by City. City shall impose those funding requirements needed to ensure that the processing costs to the City are fully covered by the Project (including Developer as owner of same). Further, if additional, accelerated, or more frequent inspections are requested by Developer of City than would otherwise take place in City's ordinary course of business, then City may either hire additional contract inspectors, plan checkers, engineers or planners, or City may hire a full or part time employee. If City hires additional contractors, then Developer shall reimburse City, on a monthly basis in arrears, the cost to City of hiring such additional contract inspectors, plus



Developer shall pay to City an additional ten percent (10%) of such cost to City on the same payment schedule. City shall use such additional 10% to defray administrative costs. If City hires a full or part time employee, then Developer shall reimburse City, on a monthly basis, in arrears, for a pro rata share of the total cost to the City of such employee, plus ten percent (10%) for administrative costs, for the period from hire to the end of the Term of this Agreement.

### **2.03 Construction Codes.**

With respect to the development of any or all of the Project or the Property, Developer shall be subject to the California Building Code and all those other State-adopted construction, fire and other codes applicable to improvements, structures, and development, and the applicable version or revision of said codes by local City action (collectively referred to as "**Construction Codes**") in place at that time that a plan check application for a building, grading or other permit subject to such Construction Codes is submitted to City for approval, provided that such Construction Codes have been adopted by City and are in effect on a City-wide basis.

### **2.04 Timing of Development.**

Developer agrees to secure building permits and to begin construction of the Project in accordance with the time requirements set forth in the Construction Codes, as these exist on the Effective Date. Except as otherwise provided for herein, in the event Developer fails to comply with the above permit issuance and beginning construction by October 30, 2022 the Impact Fee Freeze Program under Resolution 17-052 may expire.

### **2.05 New City Laws.**

(a) City may apply any New City Law to the Project that is not in conflict with this Agreement and the Applicable Law it describes. City shall not apply any New City Law to the Project that is in conflict with this Agreement and the Applicable Law it describes, nor otherwise reduces the development rights or assurances provided by this Agreement. City shall not apply to the Project nor Property any no-growth or slow-growth ordinance, measure, policy, regulation or development moratorium either adopted by City or by a vote of the electorate and whether or not by urgency ordinance, interim ordinance, initiative, referendum or any other change in the laws of the City by any method or name which would alter the Applicable Law that may stop, delay, or effect the rate, timing or sequence of development.

(b) Without limiting the generality of the foregoing, and except as otherwise provided in this Agreement, a New City Law shall be deemed to be in conflict with this Agreement or the Applicable Law or to reduce the development rights provided hereby if the application to the Project would accomplish any of the following results, either by specific reference to the Project or as part of a general enactment which affects or applies to the Project:

(1) Change any land use designation or permitted use of the Property allowed by the Applicable Law or limit or reduce the density or intensity of the Project, or any part thereof, or otherwise require any reduction in the square footage, floor area ratio, height of buildings, or number of proposed non-residential buildings, or other improvements;

(2) Limit or control the availability of public utilities, services, or facilities otherwise allowed by the Applicable Law;

(3) Limit or control the rate, timing, phasing or sequencing of the approval, development, or construction of all or any part of the Project in any manner, or take any action or refrain from taking any action that results in Developer having to substantially delay construction of the Project or require the acquisition of additional permits or approvals by the City other than those required by the Applicable Law;

(4) Limit or control the location of buildings, structures, grading, or other improvements of the Project in a manner that is inconsistent with or more restrictive than the limitations in the Existing Approvals and the Subsequent Approvals (as and when they are issued);

(5) Limit the processing of Subsequent Approvals.

(c) If City determines that it has the right under this Agreement to impose/apply a New City Law on the Property/Project, it shall send written notice to Developer of that City determination ("**Notice of New City Law**"). Upon receipt of the Notice of New City Law, if Developer believes that such New City Law is in conflict with this Agreement, Developer may send written notice to the City of the alleged conflict within thirty (30) days of receipt of City's Notice of New Law ("**Objection to New City Law**"). Developer's Objection to New City Law shall set forth the factual and legal reasons why Developer believes City cannot apply the New City Law to the Property/Project. City shall respond to Developer's Objection to New City Law ("**City Response**") within thirty (30) days of receipt of said Developer Objection to New City Law. The City Response shall set forth the factual and legal reasons why City believes it can apply the New City Law to the Project. Thereafter, the Parties shall meet and confer within thirty (30) days of the date of Developer's receipt of the City Response (the "**Meet and Confer Period**") with the objective of attempting to arrive at a mutually acceptable solution to this disagreement. Within fifteen (15) days of the conclusion of the Meet and Confer Period, City shall make its determination, and shall send written notice to Developer of that City determination. If City determines to "impose/apply" the New City Law to the Project, then Developer shall have a period of ninety (90) days from the date of receipt of such City determination within which to file legal action challenging such City action. In other words, a 90-day statute of limitations regarding Developer's right to judicial review of the New City Law shall commence upon Developer's receipt of City's determination following the conclusion of the Meet and Confer Period. If upon conclusion of judicial review of the New City Law (at the highest judicial level sought and granted), the reviewing court determines that Developer is not subject to the New City Law, such New City Law shall cease to be a part of the Applicable Law, and City shall return Developer to the position Developer was in prior to City's application of such New City Law (e.g., City return fees, return dedications, etc.). The above-described procedure shall not be construed to interfere with City's right to adopt or apply the New City Law with regard to all other areas of City (excluding the Project).

(d) Developer in its sole and absolute discretion may elect to have applied to the Project a New City Law that is not otherwise a part of the Applicable Law, subject to the limitations set forth in this subdivision (d). In the event Developer so elects to be subject to a New City Law that is not otherwise a part of the Applicable Law, Developer shall provide notice to City



of that election and thereafter such New City Law shall be part of the Applicable Law. In no event shall any New City Law become part of the Applicable Law if it would relieve Developer from, or impede Developer's compliance with, Developer's obligations under this Agreement.

(e) City shall not be precluded from adopting and applying New City Laws to the Project to the extent that such New City Laws are specifically required to be applied by State or Federal laws or regulations, and implemented through the Federal, State, regional and/or local level) ("**Mandated New City Laws**"), including without limitation those provisions in the Development Agreement Statute concerning property located in a flood hazard zone (Gov. Code § 65865.5), or that such New City Laws are necessitated by or arise from a declaration of City, local, state or federal declaration of a state of emergency.

(f) In the event that an administrative challenge and/or legal challenge (as appropriate) to a Mandated New City Laws preventing compliance with this Agreement is brought and is successful in having the Mandated New City Law determined to not apply to this Agreement, this Agreement shall remain unmodified and in full force and effect.

### **ARTICLE 3**

### **PROCESSING**

#### **3.01 Processing.**

(a) This Agreement does not provide Developer with any right to the approval of Subsequent Approvals nor to develop or construct the Project beyond that which is authorized in the Existing Approvals. For any Subsequent Approvals necessary for the Project, this Agreement simply provides a process by which such Subsequent Approvals may be processed by Developer, and later included into this Agreement, if and only if such Subsequent Approvals are compliant with all controlling California law (including proper Planning and Zoning Law and CEQA compliance), have secured approval of the Parties, and are adopted/approved by City, which shall retain all lawful discretion in this regard. That public review process is ongoing, and following the City's adoption of this Agreement, that public review process shall continue. Nothing in this Agreement shall be construed to limit the authority or obligation of City to hold necessary public hearings, or to limit the discretion of City or any of its officers or officials with regard to the Project Approvals that legally require the exercise of discretion by City. City's discretion as to the granting of Subsequent Approvals shall be the discretion afforded by the Applicable Law.

(b) Upon submission by Developer of any and all necessary and required applications for Subsequent Approvals and payment of any and all appropriate processing and other fees as provided in this Agreement, City shall use its best efforts to promptly commence and diligently complete all steps necessary to acting on the requested Subsequent Approvals, including, but not limited to, (i) the holding of any and all required public hearings and notice for such public hearings, and (ii) the granting of the requested approval to the extent that it is consistent with Applicable Law.

### 3.02 Significant Actions by Third Parties Necessary to Implement the Approvals.

(a) At Developer's sole discretion, Developer shall apply for such other permits, grants of authority, agreements, and other approvals from other private and/or public and quasi-public agencies, organizations, associations or other entities ("**Other Entity**") as may be necessary to the development of, or the provision of services and facilities to, the Project ("**Other Permits**").

(b) City shall cooperate with Developer in its endeavors to obtain any Other Permits and shall, from time to time, at the request of Developer, join with Developer in the execution of such permit applications and agreements as may be required to be entered into with any such other agency.

(c) In the event that any such Other Permit is not obtained from an Other Entity within the time permitted by law for such other entity to act and such circumstance materially deprives Developer of the ability to proceed with development of the Project or any portion thereof, or materially deprives City of a bargained-for public benefit of this Agreement, then, in such case, and at the election of either party, Developer and City shall meet and confer with the objective of attempting to mutually agree on solutions that may include alternatives, Subsequent Approvals, or an amendment(s) to this Agreement to allow the development of the Project to proceed with each Party substantially realizing its bargained-for benefit therefrom.

### 3.03 Administrative Amendments.

(a) Upon the written request of Developer for an amendment or modification of this Agreement or a Project Approval, the City Manager or her designee shall determine: (1) whether the requested amendment or modification is minor; and (2) whether the requested amendment or modification is consistent with this Agreement and the Applicable Law. If the City Manager or her designee finds that the proposed amendment or modification is both minor and consistent with this Agreement and the Applicable Law, and provided further that the Project and the Developer are otherwise in compliance with all agreements and approvals related to the project, the City Manager or her designee may approve the proposed amendment or modification without notice. Such minor amendments or modifications approved pursuant to this Section shall not constitute subsequent discretionary approvals triggering further CEQA review. Any minor amendment must be made in writing signed by the City Manager (and approved by the City Attorney) of the City and by the Developer.

(b) For the purpose of this Agreement, a "minor amendment" shall not include any of the following:

- (i) Any material amendment or modification, or elimination of provisions required pursuant to the Morgan Hill Municipal Code or by California law, including provisions relating to: (1) the duration or term of this Agreement with Notice to Council (2) the permitted uses of the subject property, (3) the density or intensity of uses, (4) the maximum height and size of proposed buildings, (5) provisions for reservation or dedication of land for public purposes, (6) general



location of the uses or proposed buildings or (7) the relation of the project to adjacent properties; or

- (ii) Any material amendment or modification, or elimination of provisions set forth in Article 2 of this Agreement.

#### **3.04 Amendments.**

Any request by Developer for an amendment or modification to this Agreement or a Project Approval that is determined to be not minor by the City Manager or her designee shall be subject to the applicable substantive and procedural provisions of the City's General Plan, zoning, subdivision, and other applicable land use ordinances and regulations (i.e., City review and approval) in effect when such an amendment or modification request is approved.

### **ARTICLE 4**

#### **DEFAULT, VALIDITY PROVISIONS, ASSIGNMENT**

##### **4.01 Resolution of Disputes.**

(a) In the event either Party is in default under the terms of this Agreement, the other Party may elect, in its sole and absolute discretion, to pursue any of the following courses of action: (i) waive such default; (ii) pursue administrative remedies as provided herein; (iii) pursue judicial remedies as provided for herein; and/or (iv) terminate this Agreement.

(b) Except as otherwise specifically stated in this Agreement, either Party may, in addition to any other rights or remedies, institute legal action to cure, correct, or remedy any default by another Party to this Agreement, to enforce any covenant or agreement herein, to enjoin any threatened or attempted violation hereunder, or to seek specific performance. It is expressly understood and agreed that the sole legal remedy available to Developer for a breach or violation of this Agreement by City shall be a legal action in mandamus, specific performance, and/or other injunctive or declaratory relief to enforce the provisions of this Agreement, and that Developer shall not be entitled to bring an action for damages including, but not limited to, lost profits, consequential damages or other economic damages. For purposes of instituting a legal action under this Agreement, any City Council determination under this Agreement shall be deemed a final agency action.

(c) The Parties agree to meet and confer regarding any dispute, in an effort to agree on utilizing Judicial Arbitration Mediation Services ("JAMS") for Alternative Dispute Resolution ("ADR"). However, no party shall be required to use JAMS or ADR.

##### **4.02 Force Majeure Delay, Extension of Times of Performance.**

(a) Performance by any Party hereunder shall be excused, waived or deemed not to be in default where delays or defaults are due to acts beyond a Party's control such as war, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, unexpected acts of governmental entities other than City, including revisions to capacity ratings of the



wastewater plant by the Regional Water Quality Control Board, the State Water Resources Board, enactment of conflicting State or Federal laws or regulations, or litigation (including without limitation litigation contesting the validity, or seeking the enforcement or clarification of this Agreement whether instituted by the Developer, City, or any other person or entity) (each a "**Force Majeure Event**").

(b) Any Party claiming a delay as a result of a Force Majeure Event shall provide the other Party with written notice of such delay and an estimated length of delay. Upon the other Party's receipt of such notice, an extension of time shall be granted in writing for the period of the Force Majeure Event, or longer as may be mutually agreed upon by the Parties, unless the other Party objects in writing within ten (10) days after receiving the notice. In the event of such objection, the Parties shall meet and confer within thirty (30) days after the date of objection to arrive at a mutually acceptable solution to the disagreement regarding the delay. If no mutually acceptable solution is reached, any Party may take action as permitted in this Agreement.

#### **4.03 Third Party Legal Actions.**

(a) In the event of any administrative, legal or equitable action or other proceeding instituted by any person, entity or organization (that is not a Party to this Agreement) challenging the validity of this Agreement, any Project Approvals, or the sufficiency of any environmental review under CEQA ("**Third Party Challenge**"), the Parties shall cooperate with each other in good faith in the defense of any such challenge.

(b) City shall have the option to defend such Third Party Challenge or to tender the complete defense of such Third Party Challenge to the Developer ("**Tender**"). If City chooses to defend the Third Party Challenge or Developer refuses City's Tender, City shall control all aspects of the defense and Developer shall pay City's attorneys fees and costs (including related court costs) incurred by the City.

(c) If Developer accepts City's Tender, Developer shall control all aspects of the defense and shall pay its own attorneys fees and costs (including related court costs), and shall indemnify and hold harmless City against any and all third-party fees and costs arising out of such Third Party Challenge. If City wishes to assist Developer when Developer has accepted the Tender, Developer shall accept that assistance and City shall pay City's own attorneys fees and costs (including related court costs) ("**City Costs**"), and Developer shall pay its own attorneys fees and costs (including related court costs), and shall indemnify and hold harmless City against any and all third-party fees and costs arising out of such Third Party Challenge (such third party fees and costs shall not include City Costs).

(d) If any part of this Agreement or any Project Approval is held by a court of competent jurisdiction to be invalid, the City shall: (1) use its best efforts to sustain and/or re-enact that part of this Agreement and/or Project Approval; and (2) take all steps possible to cure any inadequacies or deficiencies identified by the court in a manner consistent with the express and implied intent of this Agreement, and then adopting or re-enacting such part of this Agreement and/or Project Approval as necessary or desirable to permit execution of this Agreement and/or Project Approval.

#### 4.04 Estoppel Certificate.

(a) Any Party may, at any time, and from time to time, deliver written notice to any other Party, and/or to the Developer's lender, requesting such Party to certify in writing that, to the knowledge of the certifying Party:

(1) This Agreement has not been amended or modified either orally or in writing or if so amended, identifying the amendments.

(2) The Agreement is in effect and the requesting Party is not known to be in default of the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults.

(b) This written certification shall be known as an "**Estoppel Certificate.**" A Party receiving a request hereunder shall execute and return such Estoppel Certificate within ten (10) days following the receipt of the request, unless the Party, in order to determine the appropriateness of the Estoppel Certificate, promptly commences and proceeds to conclude an Annual Review. The Parties acknowledge that an Estoppel Certificate may be relied upon by Assignees and other persons having an interest in the Project, including holders of mortgages and deeds of trust. The City Manager shall be authorized to execute an Estoppel Certificate for City.

(c) If a Party fails to deliver an Estoppel Certificate within the ten (10) day period, as provided for in Section 4.04(b) above, the Party requesting the Estoppel Certificate may deliver a second notice (the "**Second Notice**") to the other Party stating that the failure to deliver the Estoppel Certificate within ten (10) working days following the receipt of the Second Notice shall constitute conclusive evidence that this Agreement is without modification and there are no unexcused defaults in the performance of the requesting Party. Failure to deliver the requested Estoppel Certificate within the ten (10) working day period shall then constitute conclusive evidence that this Agreement is in full force and effect without modification and there are no unexcused defaults in the performance of the requesting Party.

#### 4.05 Assignment.

Developer may assign its rights and obligations under this Agreement to third-parties who apply to purchase, construct or lease a portion of the Project with no additional fees or costs to Developer or Assignee so long as the uses are allowed and/or proposal remains consistent with the uses currently allowed for the subject property or as otherwise allowed in the future.

#### 4.06 Termination.

This Agreement shall terminate upon the expiration of the Term, as set forth in Section 1.02, or at such other time as this Agreement is terminated in accordance with the terms hereof, or as extended by the agreement of the Parties, whichever occurs last .



## ARTICLE 5

### GENERAL PROVISIONS

#### 5.01 Miscellaneous.

(a) Preamble, Recitals, Exhibits. References herein to "this Agreement" shall include the Preamble, Recitals and all of the exhibits of this Agreement.

(b) Requirements of Development Agreement Statute. The permitted uses, density and/or intensity of use, maximum height and size of buildings and other structures, provisions for reservation or dedication of land, and other terms and conditions applicable to the Project shall be those set forth in the Applicable Law. As Subsequent Approvals are adopted and therefore become part of the Applicable Law, the Subsequent Approvals will refine the permitted uses, density and/or intensity of use, maximum height and size of buildings and other structures, provisions for reservation or dedication of land, and other terms and conditions applicable to the Project.

(c) Governing Law and Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of California and legal actions commenced under or pursuant to this Agreement shall be brought in Santa Clara Superior Court. Should any legal action be brought by a Party for breach of this Agreement or to enforce any provision herein, the prevailing party of such action shall be entitled to reasonable attorneys' fees, arbitration fees and costs, court costs, and such other costs as may be fixed by the court or by an Arbitrator.

(d) Project as a Private Undertaking. No partnership, joint venture, or other association of any kind between Developer, on the one hand, and City on the other hand, is formed by this Agreement. The development of the Property is a separately undertaken private development. The only relationship between City and Developer is that of a governmental entity regulating the development of private Property and the owners of such private Property.

(e) Indemnification. Except as otherwise set forth herein, Developer shall hold City, its elective and appointive boards, commissions, officers, agents, and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Developer's contractors, subcontractors', agents' or employees' operations on the Project, whether such operations be by Developer or by any Developer's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Developer or any of Developer's contractors or subcontractors. Except as otherwise set forth herein, Developer shall indemnify and defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of any of the aforesaid operations and Developer shall pay all reasonable attorney's fees and costs that the City may incur. City does not, and shall not, waive any rights against Developer which it may have by reason of the aforesaid hold-harmless requirement of Developer because of the acceptance of improvements by City, or the deposit of security with City by Developer. The aforesaid hold-harmless requirement of Developer shall apply to all damages and claims for damages of every kind suffered, or alleged to have been suffered, by reason of any of the aforesaid operations

referred to in this subsection, regardless of whether or not City has prepared, supplied or approved of, plans and/or specifications for the Project. Notwithstanding anything herein to the contrary, Developer's indemnification of City shall not apply to the extent that such action, proceedings, demands, claims, damages, injuries or liability is based upon the active negligence of the City.

(f) Interpretation/Construction. This Agreement has been reviewed and revised by legal counsel for both Developer and City, and any rule or presumption that ambiguities shall be construed against the drafting Party shall not apply to the interpretation or enforcement of this Agreement. The standard of review of the validity and meaning of this Agreement shall be that accorded legislative acts of City. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and neuter and vice versa.

(g) Notices.

(1) All notices, demands, or other communications that this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the respective Party as follows:

If to City:

City Clerk  
17575 Peak Avenue  
Morgan Hill, CA 95037  
Tel: (408) 779-7259  
Fax: (408) 779-3117

With a Copy To:

City Attorney  
17575 Peak Avenue  
Morgan Hill, CA 95037  
Tel: (408) 779-7271  
Fax: (408) 779-1592

If to Developer:

Morgan Hill Retail Venture, L.P.  
c/o Browman Development Company  
1556 Parkside Drive  
Walnut Creek, CA 94596  
Attention: Darryl Browman

With a Copy To:

Morgan Hill Retail Venture, L.P.  
c/o Browman Development Company  
1556 Parkside Drive  
Walnut Creek, CA 94596  
Attention: Mario Albert

(2) Any Party may change the address stated herein by giving notice in writing to the other Parties, and thereafter notices shall be addressed and transmitted to the new address. Any notice given to the Developer as required by this Agreement shall also be given to

any lender which requests that such notice be provided. Any lender requesting receipt of such notice shall furnish in writing its address to the Parties to this Agreement.

(h) Severability. If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a specific situation, is found to be invalid, void, or unenforceable, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect.

(i) Jurisdiction. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed under the laws of the State of California.

(j) Entire Agreement. This Agreement, including these pages and all the exhibits (set forth below) inclusive, and all documents incorporated by reference herein, constitute the entire understanding and agreement of the Parties.

(k) Signatures. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of Developer and City. This Agreement may be executed in multiple originals, each of which is deemed to be an original.

(l) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument, and may be executed and delivered by each Party to the other Party by electronic means.

(m) Exhibits. The following exhibits are attached to this Agreement and are hereby incorporated herein by this reference for all purposes as if set forth herein in full:

***Exhibit A      Legal Description of Lot on Which Project is to be Located.***

***Exhibit B      2016/2017 Impact Fee Schedule***

IN WITNESS WHEREOF, City and Developer have executed this Agreement as of the date first hereinabove written.

**CITY OF MORGAN HILL:**

s/ \_\_\_\_\_  
Christina J. Turner  
City Manager

Date: \_\_\_\_\_



**Attest:**

s/ \_\_\_\_\_

\_\_\_\_\_  
Deputy City Clerk**Approved as to Form:**

s/ \_\_\_\_\_

\_\_\_\_\_  
Donald A. Larkin

City Attorney

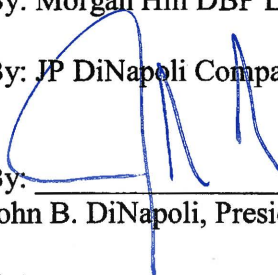
Date: \_\_\_\_\_

**DEVELOPER:**

Morgan Hill Retail Venture, L.P., a California Limited partnership

By: Morgan Hill DBP L.P., a California Limited partnership, its general partners

By: JP DiNapoli Companies, Inc., a California corporation, its general partners

By:  \_\_\_\_\_

John B. DiNapoli, President

Date: \_\_\_\_\_

By: Browman Development Company, Inc., a California corporation, its general partner

By: \_\_\_\_\_

Darryl M. Browman, President

Date: \_\_\_\_\_



**DEVELOPER:**

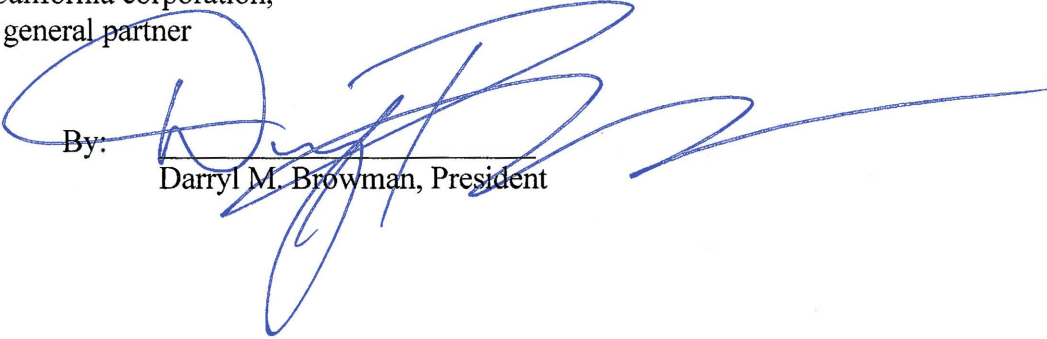
**MORGAN HILL RETAIL VENTURE, LP,**  
a California limited partnership

By: Morgan Hill DBP L.P.,  
a California limited partnership,  
its general partner

By: JP DiNapoli Companies, Inc.,  
a California corporation,  
its general partner

By: \_\_\_\_\_  
John B. DiNapoli, President

By: Browman Development Company, Inc.,  
a California corporation,  
its general partner

By:   
Darryl M. Browman, President

***EXHIBIT A***  
**LEGAL DESCRIPTION OF THE PROPERTY ON WHICH**  
**PROJECT IS BE LOCATED**

Real properties in the City of Morgan Hill, County of Santa Clara, State of California, and is described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED MORGAN HILL IN THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCELS 1-11 AS SHOWN UPON THAT CERTAIN MAP ENTITLED "PARCEL MAP" WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON JULY 15, 2009 IN BOOK 832 OF MAPS AT PAGES 52-54.

PARCELS 16-37, PARCEL A, AND PARCEL B AS SHOWN UPON THAT CERTAIN MAP ENTITLED "PARCEL MAP", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON AUGUST 30, 2006 IN BOOK 805 OF MAPS AT PAGES 21-28.

APNs: 728-37-008, 728-37-038, 728-37-058, 728-37-024, 728-37-026, 728-37-036, 728-37-040, 728-37-041, 728-37-042, 728-37-043 728-37-044 728-37-045, 728-37-046, 728-37-047, 728-37-048, 728-37-049, 728-37-050, 728-37-051, 728-37-052, 728-37-056, 728-37-067, 728-37-068, 728-37-069, 728-37-074, 728-37-075, 728-37-076, 728-37-079, 728-37-080, 728-37-081, 728-37-082, 728-37-083, 728-37-084, 728-37-085

***EXHIBIT B***  
**2016-2017 Impact Fee Schedule**

EXHIBIT B

-17-



## CITY OF MORGAN HILL PUBLIC WORKS DEPARTMENT

17575 Peak Avenue Morgan Hill CA 95037 - Office (408)778-6480 Fax (408)779-7236

### FEE SCHEDULE: 07.01.2016

DATE \_\_\_\_\_

TRACT / APN \_\_\_\_\_

ADDRESS / LOT \_\_\_\_\_

PROJECT DESCRIPTION \_\_\_\_\_

PER RESOLUTION 5902,  
EFFECTIVE JULY 1, 2006  
AND PER RESOLUTION 5592,  
INCREASED JANUARY 15, 2009  
AND PER RESOLUTION 6082,  
EFFECTIVE FEBRUARY 5, 2007  
\*\*SEE BACK PAGE FOR ADDITIONAL FEE  
RESOLUTIONS

FEE SCHEDULE EXPIRATION DATE \_\_\_\_\_

NAME \_\_\_\_\_

MAILING ADDRESS \_\_\_\_\_

CITY, STATE, ZIP CODE \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

#### NOTES:

1. PRESSURE REGULATORS ARE REQUIRED ON ALL WATER SERVICES.
2. BACKFLOW PREVENTORS ARE REQUIRED ON ALL NON-RESIDENTIAL WATER SERVICES & FIRE SPRINKLER SERVICES. BACKFLOW INSPECTION FEE SHALL BE PAID PRIOR TO INSPECTION.
3. MULTI-FAMILY IS DEFINED AS ANY UNIT WITH TWO BEDROOMS OR LESS. SINGLE FAMILY IS DEFINED AS ANY UNIT WITH 3 BEDROOMS OR MORE.

☐ THIS FEE SCHEDULE IS ESTIMATE ONLY

CALCULATED BY \_\_\_\_\_

CHECKED BY \_\_\_\_\_

BUILDING PERMIT # \_\_\_\_\_

DATE BLD PERMIT ISSUED \_\_\_\_\_

#### SEWER IMPACT FEES WITHIN RDA BOUNDARY

##### CHECK APPLICABLE SCENARIO BELOW

##### ☐ COMMERCIAL OR INDUSTRIAL WITHIN RDA BOUNDARY

SEWER IMPACT FOR COMMERCIAL & INDUSTRIAL PROJECTS  
TEMPORARILY ADJUSTED TO \$0 EFFECTIVE 02/05/07 PER RES# 6082.

##### ☐ RESIDENTIAL PROJECTS WITHIN RDCS DOWNTOWN AREA

SEWER IMPACT FOR SINGLE-FAMILY AND MULTI-FAMILY RESIDENTIAL  
TEMPORARILY ADJUSTED TO \$0 EFFECTIVE 02/05/07.

##### ☐ NOT IN RDA AREA BOUNDARY

\*\* BOTH NORMAL FEES AND ADJUSTED FEES ARE SUBJECT  
TO ANNUAL CPI INCREASES.

☐ COMMERCIAL OR INDUSTRIAL SHELL

**RDA SEWER ALLOCATION  
COMPLETED BY:**  
(write Initials below)

version 07.01.16 std



**WATER FEES:****1. METER DEPOSIT: 650-37672**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|                                           |         |   |  |   |  |
|-------------------------------------------|---------|---|--|---|--|
| 1"                                        | \$468   | x |  | = |  |
| 1 1/2"                                    | \$1,434 | x |  | = |  |
| 2"                                        | \$1,619 | x |  | = |  |
| 3" or larger-Time & Material + Meter Cost |         |   |  | = |  |

**METER CREDITS**

\$ x =

**SUBTOTAL =****2. BACKFLOW CONST. INSPECTION: 650-37859**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

\$ x Each =

**3. WATER FRONTAGE CHARGE: 650-37663**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|         |      |   |  |    |   |  |
|---------|------|---|--|----|---|--|
| 1 Side  | \$66 | x |  | LF | = |  |
| 2 Sides | \$37 | x |  | LF | = |  |

**4. WATER IMPACT FEE: 651-37648**

(Auth: Res. #5592 approved 08.21.02, Increased 01.15.16)

|                 |   |  |    |   |  |
|-----------------|---|--|----|---|--|
| a) Residential  |   |  |    |   |  |
| \$3,624 /DU     | x |  | DU | = |  |
| (Single Family) |   |  |    |   |  |
| \$3,269 /DU     | x |  | DU | = |  |
| (Multi Family)  |   |  |    |   |  |

|                              |   |  |    |   |  |
|------------------------------|---|--|----|---|--|
| b) Commercial & Industrial   |   |  |    |   |  |
| (Includes Landscape Service) |   |  |    |   |  |
| \$10,288 /AC                 | x |  | AC | = |  |

**WATER CREDITS**

\$ x =

**SUBTOTAL =****WATER FEE TOTALS =****5. ENGINEERING & INSPECTION FEE: 206-38734**

(Minimum \$500.00):

(Authority: Res. #5902 approved 05.04.05, Updated 07.01.09)

|                                  |           |    |           |   |  |
|----------------------------------|-----------|----|-----------|---|--|
| ENGINEERING ESTIMATE:            |           |    |           |   |  |
| DATE ENGINEERING EST. SUBMITTED: |           |    |           |   |  |
| % APPLIES TO ENGINEER'S ESTIMATE |           |    |           |   |  |
| 13.3%                            | \$1       | to | \$100,000 | = |  |
| 11.8%                            | \$100,001 | to | \$200,000 | = |  |
| 10.3%                            | \$200,001 | to | \$500,000 | = |  |
| 8.8%                             | OVER      |    | \$500,000 | = |  |
| ENGINEERING FEE                  |           |    |           | = |  |
| DEPOSIT PAID                     |           |    |           | = |  |

**ENGINEERING FEE TOTAL =****5A. LONG RANGE PLANNING FEE: 207-37912**

LONG RANGE PLANNING FEE (15% of E&amp;I) =

**SEWER FEES:****6. SEWER FRONTAGE CHARGE: 640-37663**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|         |      |     |   |  |    |   |  |
|---------|------|-----|---|--|----|---|--|
| 1 Side  | \$66 | /LF | x |  | LF | = |  |
| 2 Sides | \$37 | /LF | x |  | LF | = |  |

**7. SEWER IMPACT FEE: 641-37648**

(Auth: Res. #6082 approved 02.05.07 &amp; Res. #5592 approved 08.21.02, Increased 01.15.16)

|                            |   |  |     |   |  |
|----------------------------|---|--|-----|---|--|
| a) Residential             |   |  |     |   |  |
| \$14,183 /DU               | x |  | DU  | = |  |
| (Single Family)            |   |  |     |   |  |
| \$12,004 /DU               | x |  | DU  | = |  |
| (Multi Family)             |   |  |     |   |  |
| b) Commercial & Industrial |   |  |     |   |  |
| \$48.56 /GPD               | x |  | GPD | = |  |
| \$48.56 /GPD               | x |  | GPD | = |  |

**SEWER CREDITS**

\$ x =

**RDA ASSUMED SEWER OBLIGATION**

|                           |   |  |     |   |  |
|---------------------------|---|--|-----|---|--|
| \$14,183 /DU              | x |  | DU  | = |  |
| (Single Family)           |   |  |     |   |  |
| \$12,004 /DU              | x |  | DU  | = |  |
| (Multi Family)            |   |  |     |   |  |
| \$48.56 /GPD              | x |  | GPD | = |  |
| (Commercial & Industrial) |   |  |     |   |  |

**SUBTOTAL =****SEWER FEE TOTALS =****STORM DRAIN FEES:****8. STORM DRAIN FRONTAGE CHARGE: 304-37663**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|         |       |     |   |  |    |   |  |
|---------|-------|-----|---|--|----|---|--|
| 1 Side  | \$108 | /LF | x |  | LF | = |  |
| 2 Sides | \$53  | /LF | x |  | LF | = |  |

**9. STORM DRAIN IMPACT FEE: 303-37648**

(Auth: Res. #5592 approved 8.21.02, Amdd by Res. 6326 4 28.10, Increased 01.15.16)

|                       |   |  |    |   |  |
|-----------------------|---|--|----|---|--|
| \$3,847 /DU           | x |  | DU | = |  |
| (Single Family)       |   |  |    |   |  |
| \$2,001 /DU           | x |  | DU | = |  |
| (Multi Family)        |   |  |    |   |  |
| \$41,897 /ACRE        | x |  | AC | = |  |
| (Commercial & Office) |   |  |    |   |  |
| \$30,505 /ACRE        | x |  | AC | = |  |
| (Industrial)          |   |  |    |   |  |

**STORM CREDITS**

\$ x =

**SUBTOTAL =****STORM DRAIN FEE TOTALS =**



**10. UNDERGROUNDING UTILITIES: 350-37649**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|         |       |   |    |   |  |
|---------|-------|---|----|---|--|
| 1 Side  | \$681 | x | LF | = |  |
| 2 Sides | \$343 | x | LF | = |  |

**11a. PARK IMPACT FEE: 301-37648**

(Auth: Res. #5592 appr'd 8.21.02, Amdd by Res. 6326 4.28.10, Increased 01.15.16)

|                          |   |    |   |  |
|--------------------------|---|----|---|--|
| \$5,378 /DU              | x | DU | = |  |
| (Single Family - Sub)    |   |    |   |  |
| \$3,910 /DU              | x | DU | = |  |
| (Single Family - No Sub) |   |    |   |  |
| \$5,181 /DU              | x | DU | = |  |
| (Multi Family - Sub)     |   |    |   |  |
| \$3,771 /DU              | x | DU | = |  |
| (Multi Family - No Sub)  |   |    |   |  |

**11b. PARK MAINTENANCE DEV. FEE: 302-37648**

|    |   |      |   |  |
|----|---|------|---|--|
| \$ | x | EACH | = |  |
|----|---|------|---|--|

**PARK CREDITS**

|  |   |  |   |  |
|--|---|--|---|--|
|  | x |  | = |  |
|--|---|--|---|--|

**PARK FEE TOTAL =****12. TRAFFIC IMPACT FEE: 309-37648**

(Auth: Res. #15-152 approved 06.17.15 &amp; Res. #5592 approved 08.21.02, Increased 01.15.16)

|                 |   |     |   |  |
|-----------------|---|-----|---|--|
| \$1,863 /DU     | x | DU  | = |  |
| (Single Family) |   |     |   |  |
| \$1,155 /DU     | x | DU  | = |  |
| (Multi Family)  |   |     |   |  |
| \$1,863 /PHT    | x | PHT | = |  |
| (Commercial)    |   |     |   |  |
| \$1,863 /PHT    | x | PHT | = |  |
| (Industrial)    |   |     |   |  |

**TRAFFIC CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**TRAFFIC FEE TOTAL =****13. LIBRARY IMPACT FEE: 348-37648**

(Auth: Res. #5837 appr'd 09.01.04, Amdd by Res. 6326 4.28.10, Increased 01.15.16)

|                 |   |    |   |  |
|-----------------|---|----|---|--|
| \$1,974 /DU     | x | DU | = |  |
| (Single Family) |   |    |   |  |
| \$1,902 /DU     | x | DU | = |  |
| (Multi Family)  |   |    |   |  |

**LIBRARY CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**LIBRARY FEE TOTAL =****14. BURROWING OWL MITIGATION: 232-38145**

(Authority: Res. #5765 approved 01.21.04, Increased 07.01.16)

|                         |  |    |   |  |
|-------------------------|--|----|---|--|
| \$200 /DU               |  | DU | = |  |
| (Residential)           |  |    |   |  |
| \$1,395 /AC             |  | AC | = |  |
| (Commercial/Industrial) |  |    |   |  |

**15a. MAP CHECK FEE: 206-38716**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|             |         |   |  |
|-------------|---------|---|--|
| PARCEL MAP: | \$3,805 | = |  |
| TRACT MAP:  | \$5,667 | = |  |

**16. POLICE IMPACT FEE: 311-37648**

(Auth: Res. #5586 appr'd 06.18.03, Amdd by Res. 6326 4.28.10, Increased 01.15.16)

|                 |   |    |   |  |
|-----------------|---|----|---|--|
| \$767 /DU       | x | DU | = |  |
| (Single Family) |   |    |   |  |
| \$741 /DU       | x | DU | = |  |
| (Multi Family)  |   |    |   |  |
| \$1,666 /ACRE   | x | AC | = |  |
| (Commercial)    |   |    |   |  |
| \$2,333 /ACRE   | x | AC | = |  |
| (Industrial)    |   |    |   |  |

**POLICE CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**POLICE FEE TOTAL =****17. FIRE IMPACT FEE: 313-37648**

(Auth: Res. #6671 approved 07.17.13, Increased 01.15.16)

|                 |   |    |   |  |
|-----------------|---|----|---|--|
| \$118 /DU       | x | DU | = |  |
| (Single Family) |   |    |   |  |
| \$112 /DU       | x | DU | = |  |
| (Multi Family)  |   |    |   |  |
| \$1,550 /ACRE   | x | AC | = |  |
| (Commercial)    |   |    |   |  |
| \$1,550 /ACRE   | x | AC | = |  |
| (Industrial)    |   |    |   |  |

**FIRE CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**FIRE FEE TOTAL =****18. PUBLIC FACILITIES IMPACT FEE: 347-37648**

(Auth: Res. #5592 appr'd 8.21.02, Amdd by Res. 6326 4.28.10, Increased 01.15.16)

|                 |   |    |   |  |
|-----------------|---|----|---|--|
| \$512 /DU       | x | DU | = |  |
| (Single Family) |   |    |   |  |
| \$493 /DU       | x | DU | = |  |
| (Multi Family)  |   |    |   |  |
| \$1,128 /ACRE   | x | AC | = |  |
| (Commercial)    |   |    |   |  |
| \$1,579 /ACRE   | x | AC | = |  |
| (Industrial)    |   |    |   |  |

**PUBLIC FACILITIES CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**PUBLIC FACILITIES FEE TOTAL =****20. COMMUNITY/REC CTRS IMPACT FEE: 360-37648**

(Auth: Res. #15-152 appr'd 8.17.15, increased 01.15.16)

|                 |   |    |   |  |
|-----------------|---|----|---|--|
| \$3,663 /DU     | x | DU | = |  |
| (Single Family) |   |    |   |  |
| \$3,213 /DU     | x | DU | = |  |
| (Multi Family)  |   |    |   |  |

**PUBLIC FACILITIES CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**PUBLIC FACILITIES FEE TOTAL =**







## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Yat Cho, Senior Project Manager  
APPROVED BY: City Manager

## **AWARD CENTENNIAL RECREATION CENTER EXPANSION PROJECT TO CRW INDUSTRIES, INC.**

### **RECOMMENDATION(S)**

1. Adopt resolution amending the Fiscal Year 2019-20 Budget to appropriate an additional \$805,000 from the Community Center Impact Fund (360), for the Centennial Recreation Expansion Project (CIP#138016);
2. Approve the Centennial Recreation Expansion Project plans and specifications;
3. Award contract to CRW Industries, Inc. for the Centennial Recreation Center Expansion Project in the amount of \$2,443,138;
4. Authorize the expenditures of construction contingency funds not to exceed \$244,314; and
5. Authorize the City Manager to execute and administer the construction contract with CRW Industries, Inc. pending review and approval by the City Attorney.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Maintaining Fiscal Responsibility  
Supporting Our Youth  
Seniors  
and Entire Community

#### **2019 Strategic Priorities**

Infrastructure

### **GUIDING DOCUMENTS**

Bikeways  
Trails  
Parks and Recreation Masterplan

### **REPORT NARRATIVE:**

#### **Background**

The Centennial Recreation Center (CRC) (Attachment 1) opened in October 2006 and is currently operated by the City of Morgan Hill in partnership with the YMCA of Silicon Valley. The initial constructed facility was anticipated to accommodate 2,250 membership units (8,000 Members). By 2009, the facility had nearly 3,200 membership units (over 10,000 members). As the popularity of the CRC increased, it necessitated the first expansion in 2010. This resulted in the addition of over 2,000 square feet of useable fitness space and a variety of additional fitness equipment.

Since the completion of the first CRC expansion, facility membership has continued to rise, with the current facility membership base now at 5,000 membership units (over

16,000 members). While creative use of programming and space have been used, another facility expansion is necessary to accommodate future programming needs and membership growth.

From June through August of 2017, staff conducted a needs assessment to determine the expansion areas of health, wellness, and recreation. Staff collected feedback on the proposed expansion from facility users and staff through customer comment cards, annual SEER Customer Satisfactory Survey, Online Survey for Member Use and Expansion, and Focus Groups. The feedback included suggestions of additional group exercise space, added parking, and larger fitness center space being the highest priorities.

With the above information, staff issued a Request for Proposal (RFP) to firms for design services to expand the CRC. On October 27, 2017, the City received proposals from Noll & Tam Architects and Weston Miles Architects (WMA). Upon reviewing the two proposals, Weston Miles Architects showed a clearer understanding of the CRC expansion project.

On December 6, 2017, the City Council awarded the design agreement for the CRC expansion to Weston Miles Architects. Upon execution of the agreement, Weston Miles Architects began work to further understand the City and user needs for this phase of the expansion. Their design included additional parking spaces as well as a 4,000 square foot expansion specifically for additional group exercise. The conceptual plan for the CRC expansion was reviewed by the Park and Recreation Commission on April 17, 2018 and was approved by the City Council on May 2, 2018.

As WMA proceeded with the construction documents for the CRC expansion, staff and WMA struggled with escalating construction costs. At 75% design completion, both staff and WMA realized the original budget of \$1.8 million was no longer feasible in constructing the originally planned 4,000 square foot expansion and parking lot. Staff and WMA worked together to update the design with a smaller footprint and minimalistic yet functional finishes. This resulted in a project that would support the minimum needs for the expansion. On October 17, 2018, City Council approved the updated conceptual design, which provided a 3,640 square feet expansion.

### **Bids Received**

The plans and specifications were completed in May 2019 and the project was advertised for bidding in June 2019. The scope of work for this project includes a 3,640 square feet expansion, which includes a fitness space, storage area, and a new parking area with 25 additional spaces. The bid opening was held on August 13, 2019 and two bids were received:

|                                   |             |
|-----------------------------------|-------------|
| CRW Industries, Inc.              | \$2,443,138 |
| Agbayani Construction Corporation | \$2,495,000 |

CRW Industries, Inc. is the apparent low bidder for this project and their bid is approximately 5% less than the engineer's estimate of \$2,550,000. CRW Industries, Inc.

has many years of building construction experience and staff recommends the award of the contract in the amount of \$2,443,138. This project includes a 10% contingency (\$244,314) for this project. The project is currently scheduled to begin in October 2019 and be completed by July 2020, assuming no project delays.

The project plans and specifications may be found on the City's webpage in the [Community Projects link](#).

### **Project Budget**

On October 17, 2018, staff provided an update to the conceptual design for the Centennial Recreation Center Expansion Project. The updated conceptual design included a value engineering of the project design and expressed to City Council that even after the value engineering, the current project construction budget was underfunded. City Council approved the updated conceptual design with the understanding that a budget adjustment would most likely be necessary once bids were received for the project. To fully fund the project, an additional appropriation of \$805,000 from the Recreation Center Impact Fund (Fund 360) will be necessary (Attachment 2).

### **Fund Implications**

Currently, there are sufficient unappropriated funds in Fund 360 to support the recommended action to increase funding for this project. However, this appropriation will delay future projects, by 9 months to one year, that are planned to be funded by the Recreation Center Impact Fund. This includes the Villa Mira Monte Expansion Project and future sports facilities. However, staff is recommending moving forward at this time as the CRC project was identified as the highest priority in Bikeways, Trails, Parks and Recreation Master Plan, will be heavily used, and will support cost recovery in the Recreation Division. Additionally, staff does not believe that rebidding the project would yield a lower bidding result at this time.

### **COMMUNITY ENGAGEMENT: Consult**

During the pre-design phase of the project, staff conducted a needs assessment to determine the expansion areas of health, wellness, and recreation. Staff collected feedback on the proposed expansion from facility users and staff using four data points: review of customer comment cards, results of the annual customer satisfaction survey conducted by SEER Analytics, a separate online survey for member use and expansion, and staff and member focus group.

WMA, City Staff, and YMCA staff met regularly for a design review prior to completion of design. Additionally, prior to and during construction, staff is committed to provide weekly updates through City social media accounts and on the City's website.

### **ALTERNATIVE ACTIONS:**

The City Council may reject all bids for the Centennial Recreation Center Expansion Project and provide alternate direction to staff on the project and use of the Recreation Center Impact Fund.

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

December 6, 2017 – Approved an agreement with Weston Miles Architects, Inc. for design and construction support services for the Centennial Recreation Center Expansion Project.

April 17, 2018 – The Parks and Recreation Commission reviewed the conceptual plan for the Centennial Recreation Center Expansion Project and recommended approval by the City Council.

May 2, 2018 – City Council approved the conceptual design for Centennial Recreation Center Expansion Project.

October 17, 2018 – City Council approved an updated conceptual design for the Centennial Recreation Center Expansion Project.

### **FISCAL AND RESOURCE IMPACT:**

| <b>Description</b>                                          | <b>Amount</b>    |
|-------------------------------------------------------------|------------------|
| CRW Industries, Inc., including 10% Contingency             | \$ 2,687,452     |
| Project Implementation and Other Construction Related Costs | 187,548          |
| <b>Total Project Cost</b>                                   | <b>2,875,000</b> |
| Existing Adopted Project Budget                             | (2,070,000)      |
| <b>Additional Budget Recommended</b>                        | <b>805,000</b>   |

If approved as recommended, the total contract amount for construction is \$2,443,138. In addition, staff is requesting an authorization of a 10% contingency of \$244,314. Additional project expenses, including project implementation, equipment, permit fees, design, environmental, and other construction related costs outside of the contract, are anticipated to be \$187,548. The overall total project cost is \$2,875,000.

The adopted FY2019-20 Capital Improvement Program (CIP#138016) for Centennial Recreation Center Expansion Project has a total of \$2,070,000 appropriated. With existing adopted appropriations, and the additional appropriation of \$805,000, this project will be fully funded.

### **CEQA (California Environmental Quality Act):**

Categorical Exemption.

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15301 of CEQA Guidelines (Existing Facilities, Section E2), as this project will be an addition to existing structures provided that the addition will not result in an increase of more than 10,000 square feet if:

- (A) The project is in an area where all public services and facilities are available to allow for maximum development permissible in the General Plan and
- (B) The area in which the project is located is not environmentally sensitive.



**LINKS/ATTACHMENTS:**

1. Vicinity Map CRC Expansion 9-18-19
2. Resolution Budget Amendment CRC Expansion Project 9-18-19



Attachment: Vicinity Map CRC Expansion 9-18-19 (2433 : Award of Centennial Recreation Center Expansion Project)



CITY OF MORGAN HILL

**Engineering and Utilities Department  
CIP Engineering Division**

Document Path: G:\R-14\PROJ\GIS\StaffReport\_SiteMaps\SiteMap\_CentennialRec\_Center\_Expansion.mxd

## SITE MAP CENTENNIAL RECREATION EXPANSION PROJECT



0 50 100 200 300 400  
Feet



## RESOLUTION NO.

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE FISCAL YEAR 2019-20 BUDGET AND APPROPRIATING \$805,000 FROM THE COMMUNITY RECREATION CENTER IMPACT FUND (360) TO PROJECT #138016 – CENTENNIAL RECREATION CENTER EXPANSION PROJECT

**WHEREAS**, recommended amendments are needed and proposed to the City’s previously adopted Budget for Fiscal Year 2019-20, 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 2019-20 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 2019-20 Budget of City.

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

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Morgan Hill at a regular meeting held on the 18<sup>th</sup> day of September 2019.

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

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
**RICH CONSTANTINE, Mayor**

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

∞ **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. 19-XXX, adopted by the City Council at a regular meeting held on September 18, 2019.

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

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

## EXHIBIT A

## AGENDA BUDGET SCORECARD

FISCAL YEAR 2019-20

ADJUSTMENT #

007

FUND:

DEPARTMENT:

OBJECT:

|       |                               |
|-------|-------------------------------|
| 360   | Com. Rec. Centers Impact Fund |
| 8065  | Com/Rec Center Impact         |
| 86360 | CONSTRUCTION                  |

AGENDA DATE:

AGENDA ITEM TITLE:

|                                               |
|-----------------------------------------------|
| 09/18/19                                      |
| Award CRC Expansion Project (Project #138016) |

|                                                     | 07/01/19<br>PROJECTED<br>BEGINNING<br>FUND<br>BALANCE | ESTIMATED<br>REVENUES | AMENDED<br>APPROPRI-<br>ATIONS | 06/30/20<br>PROJECTED<br>ENDING<br>FUND<br>BALANCE |
|-----------------------------------------------------|-------------------------------------------------------|-----------------------|--------------------------------|----------------------------------------------------|
| ORIGINAL BUDGET                                     | 2,121,250                                             | 1,359,693             | 458,875                        | 3,022,068                                          |
| CUMULATIVE REVISIONS PRIOR<br>TO RECOMMENDED ACTION | -                                                     | -                     | -                              | -                                                  |
| RECOMMENDED ACTION                                  |                                                       | -                     | 805,000                        | (805,000)                                          |
| RESULT OF RECOMMENDED ACTION                        | <u>2,121,250</u>                                      | <u>1,359,693</u>      | <u>1,263,875</u>               | <u>2,217,068</u>                                   |





## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Angie Gonzalez, Council Services Assistant  
APPROVED BY: City Manager

**ADOPT ORDINANCE APPROVING A DEVELOPMENT AGREEMENT DA2018-0001: OLD MONTEREY- KELLY VO FOR A 6-LOT SINGLE-FAMILY RESIDENTIAL SUBDIVISION PROJECT PROPOSED ON A 1.13-ACRE PARCEL LOCATED ON THE SOUTHWEST CORNER OF OLD MONTEREY ROAD AND MUSTARD AVE LOCATED AT 18755 OLD MONTEREY ROAD (APN 764-24-061)**

#### **RECOMMENDATION(S)**

Waive the reading, adopt Ordinance No. 2303, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

#### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

##### **Ongoing Priorities**

Protecting the Environment  
Maintaining Fiscal Responsibility

##### **2019 Strategic Priorities**

Community Engagement and Messaging  
Infrastructure  
Traffic/Transportation

#### **GUIDING DOCUMENTS**

General Plan/Housing Element

#### **REPORT NARRATIVE:**

On September 4, 2019, the City Council introduced Ordinance No. 2303 New Series, by the following roll call vote: AYES: Carr, McKay, Martinez Beltran, Constantine; NOES: None; ABSTAIN: None; ABSENT: Spring.

Ordinance 2303 would approve a Development Agreement DA2018-0001: Old Monterey-Kelly Vo that will incorporate the awarded RDCS allotments and memorialize the RDCS public benefit commitments for five 2018/2019 building allotments. The project will develop a 6-lot single family residential subdivision on a 1.13-acre parcel. There is an existing house that will remain, as well as constructing five new detached single-family residences and two attached accessory dwelling units (ADUs) as a part of the project.

#### **COMMUNITY ENGAGEMENT: Involve/Inform**

The proposed project was publicly noticed (mailing to property owners within 300 feet of the project and newspaper legal noticing) for the minimum 10-day period and a sign was posted on the project site pursuant to the Planning Division requirements

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The Planning Commission adopted Resolution No.17-01 on January 10, 2017, awarding the project five (5) building allotments for the project site.

On June 11, 2019, the Planning Commission unanimously (6-0 vote, Habib absent) approved the tentative subdivision map and unanimously recommended City Council approval of the project's development agreement.

**FISCAL AND RESOURCE IMPACT:**

The City development review functions are cost-recovery, with fees collected from applicants to cover cost of services. These fees have been collected.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):**

An environmental assessment was prepared for the project by David J. Powers & Associates, Inc. dated February 27, 2019 in conformance with the California Environmental Quality Act (CEQA). The assessment determined the project qualifies for a Class 32 In-Fill Development exemption because it meets the criteria set forth in CEQA Guidelines Section 15332(a) through 15332(e).

The Director of Community Development concludes that the proposed project, Old Monterey - Kelly Vo, is Categorically Exempt pursuant to Section 15332 of the CEQA Guidelines.

**LINKS/ATTACHMENTS:**

1. Ordinance 2303 Old Monterey-Kelly Vo

## ORDINANCE NO. 2303, NEW SERIES

**AN ORDINANCE OF THE CITY OF MORGAN HILL  
APPROVING A DEVELOPMENT AGREEMENT DA2018-0001:  
OLD MONTEREY- KELLY VO FOR A 6-LOT SINGLE-FAMILY  
RESIDENTIAL SUBDIVISION PROJECT PROPOSED ON A 1.13-  
ACRE PARCEL LOCATED ON THE SOUTHWEST CORNER OF  
OLD MONTEREY ROAD AND MUSTARD AVE LOCATED AT  
18755 OLD MONTEREY ROAD (APN 764-24-061)**

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

**SECTION 1.** The Planning Commission, pursuant to Chapter 18.78 (now Chapter 18.156) of the Morgan Hill Municipal Code, awarded 5 building allotments for application RDCS 2016-0008: OLD MONTEREY-KELLY VO for FY 2018-2019.

**SECTION 2.** The City Council of the City of Morgan Hill enacted Ordinance number 1594, establishing a procedure for processing Development Agreements in Chapter 18.116 for projects receiving allotments through the Residential Development Control System, Chapter 18.156, of Title 18 of the Morgan Hill Municipal Code.

**SECTION 3.** Sections 65864 through 65869.5 of the California Government Code authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

**SECTION 4.** References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

**SECTION 5.** The City Council hereby finds that the development proposal and Development Agreement approved by this Ordinance is consistent with the goals, objectives, policies, general land uses, and programs specified in the General Plan and any applicable specific plan. The project would provide 5, single-family residential units. There have been no General Plan policy conflicts identified with the proposed project.

**SECTION 6.** The City Council hereby finds that the Development Agreement is compatible with the uses authorized in the zoning district in which the real property is located because the housing development project is a permitted use within the Residential Detached Medium zoning district and is compatible with the surrounding residential and commercial uses.

**SECTION 7.** The City Council has duly considered city mitigation programs in effect at the time

of execution of the agreement and hereby finds that the project is subject to the payment of applicable impact fees and community benefit commitments as part of the RDCS process.

**SECTION 8.** The City Council hereby finds that the project will be non-detrimental to the public health, safety and general welfare of persons residing or working in the neighborhood and to property and improvements in the neighborhood because project construction would adhere to state, local and federal laws. The project is residential housing that would include the normal daily operations of other residential sites.

**SECTION 9.** The City Council of the City of Morgan Hill finds that the Development Agreement complies with the provisions of the California Environmental Quality Act and city's procedures adopted pursuant thereto. The City Council further finds that, on the basis of the whole record before it, there is no substantial evidence that the project as currently proposed will have a significant effect on the environment and therefore finds the project Categorically Exempt pursuant to Class 32, Section 15332 relating to In-Fill Development Projects of the CEQA and this finding reflects the City Council's independent judgment and analysis. The custodian of the documents or other material which constitute the record shall be the Development Services Department.

**SECTION 10.** The Development Agreement will not adversely affect the orderly development of property or the preservation of property values because the project will provide high quality architecture consistent with the City's Architectural Design Guidelines. The project will also be consistent with state and local laws.

**SECTION 11.** Testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

**SECTION 12.** Severability: If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

**SECTION 13.** Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance or a summary thereof pursuant to 96933 of the Government Code.

**THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 4<sup>th</sup> DAY OF SEPTEMBER 2019 AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 18<sup>TH</sup> DAY OF SEPTEMBER 2019 AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH THE LAW BY THE FOLLOWING VOTE:**

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

**APPROVED:**

\_\_\_\_\_  
**RICH CONSTANTINE, Mayor**

**ATTEST:**

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

**DATE:** \_\_\_\_\_

Effective: October 18, 2019

**∞ CERTIFICATE OF THE CITY CLERK ∞**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. 2303, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 18<sup>th</sup> day of September 2019.

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

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**



RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

City of Morgan Hill  
Development Services Department  
17575 Peak Avenue  
Morgan Hill, CA 95037

RECORDING FEES EXEMPT  
PURSUANT TO GOVERNMENT  
CODE SECTION 27383

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**DEVELOPMENT AGREEMENT**

**[DA2018-0001: Old Monterey-Kelly Vo]**

**BY AND BETWEEN**

**THE CITY OF MORGAN HILL**

**AND**

**APPLETREE INVESTMENT LLC**

**REGARDING**

**THE OLD MONTEREY-KELLY VO RESIDENTIAL DEVELOPMENT PROJECT**

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

RESIDENTIAL DEVELOPMENT AGREEMENT  
BY AND BETWEEN  
THE CITY OF MORGAN HILL  
AND  
APPLETREE INVESTMENT LLC  
REGARDING THE  
OLD MONTEREY-KELLY VO PROJECT

This Development Agreement ("**Agreement**") is entered into on the below-stated "**Effective Date**" by and between the City of Morgan Hill, a California municipal corporation, (hereinafter "**City**"), and Appletree Investment LLC, a California limited liability company, and its successor and assigns (hereinafter, collectively, "**Developer**"), pursuant to Section 65864 *et seq.* of the Government Code of the State of California and City's police powers. City and Developer are, from time to time, also hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**."

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other considerations, the value and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

**RECITALS**

To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Sections 65864 *et seq.* ("**Development Agreement Statute**"), which regulates development agreements with any person having a legal or equitable interest in real property providing for the development of that property and establishes certain development rights in the property. In accordance with the Development Agreement Statute, and by virtue of its police powers, City has the authority to enter into development agreements, and has reflected that authority in its Morgan Hill Municipal Code (Chapter 18.116 *et seq.*) ("**Enabling Ordinance**"). This Agreement has been drafted and processed pursuant to the Development Agreement Statute and the Enabling Ordinance.

Developer currently has a legal and/or equitable interest in the Property.

Developer proposes to plan, develop, construct, operate and maintain the Project on the Property (as such terms are defined herein).

As of the Effective Date, various land use regulations, allotments, entitlements, grants, permits and other approvals have been adopted, issued, and/or granted by City relating to the Project (collectively "**Existing Approvals**"), including without limitation, all of the following:

RDCS Application RDCS2016-0008: Five (5) FY 2018-19 building allotments;

Environmental Assessment Application EA2018-0004;

Subdivision Application SD2018-0002; and,

Administrative Extension Application AAE2019-0002 which extended the exercise of allotment deadline to December 30, 2019;

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

The Existing Approvals are more particularly described in the CEQA Categorical Exemption Memorandum for the Old Monterey-Kelly Vo project and the resolutions adopting the Existing Approvals.

For the reasons recited herein, Developer and City have determined that the Project is the type of development for which this Agreement is appropriate. This Agreement will help to eliminate uncertainty in planning, provide for the orderly development of the Project consistent with the planning goals, policies, and other provisions of the City's General Plan and City's Municipal Code, and otherwise achieve the goals and purposes for which the Development Agreement Statute was enacted.

On January 10, 2017, the Morgan Hill Planning Commission awarded allotments for the Project as set forth in the Developer's application for residential allotments pursuant to Chapter 18.156 ("**Residential Development Control System**", or "**RDCS**") of the Morgan Hill Municipal Code ("**Code**"). This Agreement serves to secure in a permanent and enforceable manner the public benefits and commitments included in the Developer's application as required under Section 18.156.120.J of the Code.

On June 11, 2019, following a duly noticed and conducted public hearing, the Planning Commission of the City ("**Planning Commission**") considered the Development Agreement for recommendation to the City Council, and determined that the Development Agreement is consistent with the goals, objectives, policies, general land uses and programs specified in the General Plan and any applicable specific plan; is compatible with the uses authorized in the zoning district in which the real property is located; duly considers City mitigation programs in effect at the time of execution of the agreement; will be non-detrimental to the public health, safety and general welfare of persons residing or working in the neighborhood and to property and improvements in the neighborhood; complies with the provisions of the California Environmental Quality Act and City's procedures adopted pursuant thereto; and will not adversely affect the orderly development of property or the preservation of property values.

## **ARTICLE 1**

### **ADMINISTRATION**

**1.01 Effective Date.** Following a duly noticed and conducted public hearing, the Morgan Hill City Council ("City Council") introduced an ordinance ("**Ordinance**"), accepting the recommendation of the Planning Commission, finding that this Agreement's provisions are consistent with the General Plan and any applicable specific plan, approving this Agreement, and directing this Agreement's execution by City. The City adopted the Ordinance, and the Ordinance became effective thirty (30) days later. The "Effective Date" in this Agreement shall be the date that the Ordinance became effective.

#### **1.02 Definitions.**

(a) The following terms, phrases and words shall have the meanings and be interpreted as set forth in this Section:

- (1) "**Allotments**" shall mean those residential allotments awarded Developer through the Residential Development Control System
- (2) "**Applicable Law**" shall have that meaning set forth in Section 2.01(a) of this Agreement.
- (3) "**Commitments**" shall have that meaning set forth in Section 2.04(a) of this Agreement.

- (4) **"Director"** shall mean the Director of Community Development, and his or her designee.
- (5) **"Existing Approvals"** shall have that meaning set forth in paragraph D of the Recitals of this Agreement.
- (6) **"Existing City Laws"** shall mean all City ordinances, resolutions, rules, regulations, guidelines, motions, practices and official policies governing land use, zoning and development, RDCS, permitted uses, density and intensity of use, maximum height, bulk and size of proposed buildings, and other City land use regulations in force and effect on the Effective Date of this Agreement.
- (7) **"Impact Fees"** shall mean those fees imposed so that developments bear a proportionate share of the cost of public facilities and service improvements that are reasonably related to the impacts and burdens of the Project, adopted pursuant to Morgan Hill Municipal Code Chapter 3.56 and California Government Code Section 66001 *et seq.*
- (8) **"Legal Effect"** shall mean the ordinance, resolution, permit, license or other grant of approval that has been adopted by City and has not been overturned or otherwise rendered without legal and/or equitable force and effect by a court of competent jurisdiction, and all applicable administrative appeal periods and statutes of limitations have expired.
- (9) **"New City Laws"** shall mean any and all City ordinances, resolutions, orders, rules, official policies, standards, specifications and other regulations, whether adopted or enacted by City, its staff or its electorate (through their powers of initiative, referendum, recall or otherwise) that is not a Subsequent Approval, that takes **"Legal Effect"** after the Effective Date of this Agreement, and that applies City wide.
- (10) **"Project"** means the development containing 5 units in a residential subdivision project, as more particularly described in the RDCS Application RDCS2016-0008 and Subdivision Application SD2018-0002 as described in Exhibit B. Any reference in this Agreement to the "Project" shall mean and include the "Property".
- (11) **"Project Approvals"** mean, collectively, the Project's Existing Approvals and the Subsequent Approvals.
- (12) **"Property"** shall mean that certain real property consisting of approximately 1.13 acres located within the City, as more particularly described and shown on Exhibit A to this Agreement.
- (13) **"RDCS"** means the Residential Development Control System set forth in Chapter 18.156 of the Morgan Hill Municipal Code.
- (14) **"Second Notice"** shall have that meaning set forth in Section 4.07(c) of this Agreement.
- (15) **"Subdivision Document"** means, pursuant to Government Code Section 66452.6(a) and this Agreement, any tentative map, vesting tentative map, parcel map, or final map, or any such new map or any amendment to any such map, or any resubdivision.

- (16) **"Subsequent Approvals" and "Subsequent Approval"** mean those City permits, entitlements, approvals or other grants of authority (and all text, terms and conditions of approval related thereto), that may be necessary or desirable for the development of the Project, that are sought by Developer, and that are granted by City after the City Council adopts the Ordinance, including without limitation, subdivision maps and building permits.

(b) To the extent that any defined terms contained in this Agreement are not defined above, then such terms shall have the meaning otherwise ascribed to them elsewhere in this Agreement, or if not in this Agreement, by controlling law, including the Morgan Hill Municipal Code.

### 1.03 **Term.**

The term ("**Term**") of this Agreement shall commence on the Effective Date, and then shall continue (unless this Agreement is otherwise terminated or modified as provided in this Agreement) until the earliest of (1) the loss of all residential allotments for the Project pursuant to the RDCS, if applicable, (2) the issuance of a certificate of occupancy for all units in the Project or (3) ten (10) years plus one day after the Effective Date; provided however that Developer's obligations pursuant to Sections 2.03 and 2.04 shall survive the termination of this Agreement until such obligations are fully performed and completed in accordance with this Agreement.

If any "**Third-Party Challenge**" (as that term is defined in Section 4.06(a) of this Agreement) is filed, then the Term of this Agreement shall be tolled for the period or periods of time from the date of the filing of such litigation until the conclusion of such litigation by dismissal or entry of a final judgment ("**Litigation Tolling**"). Notwithstanding the foregoing, regardless of the number of Third-Party Challenges that may be filed during the Term of this Agreement, the sum total of such Litigation Tolling shall not exceed five (5) years. The filing of any Third-Party Challenge shall not delay or stop the development, processing or construction of the Project, or the approval or issuance of any Project Approvals, unless enjoined or otherwise controlled by a court of competent jurisdiction. The Parties shall not stipulate to the issuance of any such order unless mutually agreed to.

## **APPLICABLE LAW**

### 2.01 **Applicable Law—Generally.**

As used in this Agreement, "**Applicable Law**" shall mean the rules, regulations, official policies, standards, and specifications applicable to the development of the Property listed below in this Section 2.01. The order of their importance is the order in which they are listed (with highest importance listed first, second most important listed second, etc.); in the event of a conflict between them, their order shall determine which one controls (the one listed higher controlling over the one listed lower):

All the provisions, terms and conditions of this Agreement.

Existing Approvals.

The Subsequent Approvals, provided such Subsequent Approvals are:



- (i) In compliance with all controlling California law;
- (ii) Mutually agreed to by the Parties;
- (iii) In compliance with this Agreement; and
- (iv) Duly enacted by City.

The "Existing City Laws" that are not in conflict with this Agreement and the Project Approvals.

Any "New City Laws" Developer is subject to as provided in Section 2.09 of this Agreement.

The Parties shall cooperatively assemble all of the necessary documents to memorialize, to the best of their abilities, the Project Approvals, Existing City Laws, and the terms and conditions contained in this Agreement to assist Developer to maintain the documents assembled and to provide a continuing reference source for the approvals granted and the ordinances, policies and regulations in effect on the Effective Date of this Agreement.

#### **1.02 Vested Right to Applicable Law.**

(a) During the Term of this Agreement, Developer shall have the vested right to develop the Project subject only to, and in accordance with, the Applicable Law, and during the Term of this Agreement, City shall have the right to regulate the development and use of the Project subject only to, and in accordance with, the Applicable Law.

(b) Nothing contained herein will give Developer a vested right to obtain a sewer connection for said Project in the absence of sewer capacity available to the Project.

Pursuant to this Agreement, the Applicable Law will be an expanding body of law, such as, for example, when Subsequent Approvals are granted by City, and/or when Developer becomes subject to a New City Law pursuant to this Agreement.

The vested rights to develop the Project in accordance with Applicable Law and this Agreement shall be vested only to those residential units having an RDCS residential allotment. Nothing contained herein shall give Developer a vested right to develop the described Project absent valid RDCS residential allotments.

Developer agrees that the terms and conditions of this Agreement and conditions of approval issued pursuant to this Agreement shall govern and dictate the vesting of the Developer's right to develop in lieu of any other instrument of vesting, including any vesting tentative map or any other agreement, instrument or document purporting to vest any right of development. Developer agrees to waive any vesting rights by operation of any otherwise applicable City, state or federal law.

#### **2.03 Project Impacts and Costs.**

(c) Agreement Subject to Project Mitigation Requirements. Notwithstanding any other express or implied term or condition of this Agreement (or the Approvals) to the contrary, throughout the Term of this

Agreement, the full and complete mitigation of all environmental (including any mitigation measure adopted pursuant to CEQA), physical, fiscal and other impacts of the Project and the Property on the community and on the City of Morgan Hill and its services, facilities, operations and maintenance (collectively, "**Project Mitigation**") shall be borne by and shall be the sole and exclusive responsibility of the Developer. Such Project Mitigation may be conditions of any Applicable Law or Project Approval and may include a mix of different approaches, including without limitation, Developer construction of and/or financing of such services, facilities, operations and maintenance through the payment of impact fees or other fees, taxes, levies, assessments, or other financing mechanisms including without limitation, reimbursement agreements, Landscaping and Lighting Districts, Mello-Roos Districts, Community Facilities Districts, Assessment Districts, Tax-Exempt and Taxable Financing Mechanisms, Maintenance Districts, Homeowners Associations, and participation in the Statewide Communities Infrastructure Program (collectively, "**Financing Mechanisms**"). The necessary scope and extent of such Project Mitigation, and which combination of Financing Mechanisms should be employed relating to such Project Mitigation to assure success of the Project Mitigation, shall be determined by City, in its sole and exclusive discretion, pursuant to appropriate City ordinance, resolution, regulations or procedures, taking into account and guided by the pre-existing rights of others in the existing and future public services and facilities (including their operations and maintenance) that Developer may seek to use. If no Financing Mechanism is available to fund the Project Mitigation, then the Project shall not progress forward.

**Impact Fees.** In addition to any agreed-upon Project-specific requirements as set forth in Section 2.04 and as part of the Developer's sole and exclusive obligation to cover Project Mitigation, Developer shall pay all Impact Fees and in the amounts in legal effect at the time any such Impact Fees become due and payable as provided for in the City's Municipal Code.

**Processing Fees.** In addition to any agreed-upon Project-specific requirements as set forth in Section 2.04, the Project (including Developer as owner of same) shall be responsible for the costs to City of processing any and all Developer-requested land use approvals, including without limitation, building permits, plan checks, and environmental studies required pursuant to CEQA and other similar requests for City permits and entitlements, when such costs are incurred by City. City shall impose those funding requirements needed to ensure that the processing costs to the City are fully covered by the Developer. Further, if additional, accelerated, or more frequent inspections are requested by Developer of City than would otherwise take place in City's ordinary course of business, then City may either hire additional contract inspectors, plan checkers, engineers or planners, or City may hire a full or part time employee. If City hires additional contractors, then Developer shall reimburse City, on a monthly basis in arrears, the cost to City of hiring such additional contract inspectors, plus Developer shall pay to City an additional ten percent (10%) of such cost to City on the same payment schedule. City shall use such additional 10% to defray administrative costs. If City hires a full or part time employee, then Developer shall reimburse City, on a monthly basis, in arrears, for a pro rata share of the total cost to the City of such employee, plus ten percent (10%) for administrative costs, for the period from hire to the end of the Term of this Agreement.

## **2.04 RDCS and Other Specific Project-Specific Requirements.**

(d) The Specific Restrictions and Requirements set forth in Exhibit C are public benefit commitments ("**Commitments**") voluntarily assumed by Developer in return for benefits derived from the City's RDCS allotment approval program. These requirements are not Project Mitigation within the meaning of Section 2.03 of this Agreement. Developer hereby agrees that these requirements are not subject to credit, refund or reimbursement or prohibition pursuant to otherwise applicable City, state or federal law and hereby waives any such right to credit, refund, reimbursement or prohibition. These Commitments are voluntarily assumed by

Developer in return for benefits derived from the RDCS. Pursuant to the RDCS, awarding of residential allotments to new development is a competitive process based on a point system. Additional points can be awarded to a development proposal that voluntarily commits towards providing a public benefit contribution in addition to those already required to mitigate its impacts. The Commitments result in additional points, thereby allowing the development proposal to secure a higher score pursuant to the RDCS, which in turn may provide a high enough score for the development proposal to secure residential allotments. The Commitments set forth in Exhibit C, derived from that RDCS process, are enforced through this Agreement.

Substitution of Commitments within the same Objective may be allowed in limited circumstances, as provided in Section IV. F of the RDCS Competition Manual, with approval of the Community Development Director documented through an Administrative Amendment as provided in Section 3.05 of this Agreement. Substitution may be allowed only if the proposed changes result in the project receiving the same or higher score within each Objective, maintain or improve the quality of the project, and would result in the same or greater value to the City or its future residents. No changes which would subject the Project to further environmental review under CEQA shall be approved. In circumstances in which Substitution within the same Objective is not possible, Substitution may be allowed only by resolution of the Planning Commission.

The Developer's RDCS application – RDCS2016-0008: Old Monterey-Kelly Vo and approval actions (as reflected in the official records, including agendas and minutes of the City Planning Commission on January 10, 2017 and City Council on February 15, 2017) shall be incorporated into this Agreement by this reference.

## **2.05 Construction Codes.**

With respect to the development of any or all of the Project or the Property, Developer shall be subject to the California Building Code and all those other State-adopted construction, fire and other codes applicable to improvements, structures, and development, and the applicable version or revision of said codes by local City action (collectively referred to as "**Construction Codes**") in place at that time that a plan check application for a building, grading or other permit subject to such Construction Codes is submitted to City for approval, provided that such Construction Codes have been adopted by City and are in effect on a City-wide basis.

## **2.06 Timing of Development.**

(e) Securing Building Permits and Beginning Construction. Developer is required to obtain any approvals or permits for the development of the Project in accordance with this Agreement, the Applicable Law, and the Project Approvals. However, any Subsequent Approval initiated by Property Owner which substantially changes the permitted uses or substantially increases the height, and density or floor area allowed under the Project Approvals, shall be subject to the rules, regulations, ordinances and official policies of the City then in effect. Developer agrees to secure building permits and to begin construction of the Project in accordance with the time requirements set forth in the Construction Codes and the RDCS, if applicable. In the event Developer fails to comply with the above permit issuance and beginning construction dates, and satisfactory progress towards completion of the project in accordance with the Construction Codes, Project Approvals, and RDCS, Developer shall be in default of this Agreement, and must cure said default as provided in section 4.01 of this Agreement.

Progress Reports Until Construction of Project is Complete. Developer shall make reports regarding the progress of construction in such detail and at such time as the Community Development Director of the City of Morgan Hill reasonably requests.

City of Morgan Hill to Receive Construction Contract Documents. If the City reasonably requests copies of construction, off-site and landscaping contracts or documents, Developer agrees to furnish such documents to the City.

Certificate of Completion. Within thirty (30) days after completion to the City's satisfaction of 100% of the total number of units in the Project, the City shall provide Developers with an instrument in recordable form certifying completion of the entire project.

## **2.07 Improvements.**

In any instance where Developer is required to install improvements (including those set forth in Exhibit C), Developer shall obtain City approval of the plans and specifications and the timing and manner of the installation of improvements, and provided Developer has supplied all information required by City, City shall review and act on the application for such approval with good faith and in a reasonable manner. Where the actual cost of any improvement exceeds Developer's estimated cost or commitment, Developer shall be solely responsible for all improvement costs in excess of those approved by City unless otherwise provided for in a reimbursement agreement.

## **2.08 Overcapacity, Oversizing.**

(f) City may require Developer to construct on-site and off-site improvements in a manner that provides for oversizing or overcapacity so that the constructed improvement will serve other development or residents or facilities and services outside of the Project ("**Oversizing**"). Such Oversizing shall be reasonable in scope. The Parties recognize that the City shall not require any Oversizing from Developer except in connection with the Project Approvals and in accordance with provisions of the Subdivision Map Act and Applicable Law.

Unless no credit or reimbursement is owed to Developer pursuant to Section 2.04 of this Agreement, Developer's right to receive credits and reimbursements for Oversizing or excessive payment or performance shall be determined and processed pursuant to the City's Municipal Code and controlling practices (relative to credits and reimbursements) on the Effective Date.

## **2.09 New City Laws.**

(g) City may apply any New City Law to the Project that is not in conflict with this Agreement and the Applicable Law it describes. City shall not apply any New City Law to the Project that is in conflict with this Agreement and the Applicable Law it describes, nor otherwise reduces the development rights or assurances provided by this Agreement. City shall not apply to the Project nor Property any no-growth or slow-growth ordinance, measure, policy, regulation or development moratorium either adopted by City or by a vote of the electorate and whether or not by urgency ordinance, interim ordinance, initiative, referendum or any other change in the laws of the City by any method or name which would alter the Applicable Law that may stop, delay, or effect the rate, timing or sequence of development.

Without limiting the generality of the foregoing, and except as otherwise provided in this Agreement, a New City Law shall be deemed to be in conflict with this Agreement or the Applicable Law or to

reduce the development rights provided hereby if the application to the Project would accomplish any of the following results, either by specific reference to the Project or as part of a general enactment which affects or applies to the Project:

Change any land use designation or permitted use of the Property allowed by the Applicable Law or limit or reduce the density or intensity of the Project, or any part thereof, or otherwise require any reduction in the total number of residential dwelling units, square footage, floor area ratio, height of buildings, or number of proposed non-residential buildings, or other improvements;

Limit or control the availability of public utilities, services, or facilities otherwise allowed by the Applicable Law;

Limit or control the rate, timing, phasing or sequencing of the approval, development, or construction of all or any part of the Project in any manner, or take any action or refrain from taking any action that results in Developer having to substantially delay construction of the Project or require the acquisition of additional permits or approvals by the City other than those required by the Applicable Law;

Limit or control the location of buildings, structures, grading, or other improvements of the Project in a manner that is inconsistent with or more restrictive than the limitations in the Existing Approvals.

If City determines that it has the right pursuant to this Agreement to impose and apply a New City Law on the Property and Project, it shall send written notice to Developer of that City determination ("**Notice of New City Law**"). Upon receipt of the Notice of New City Law, if Developer believes that such New City Law is in conflict with this Agreement, Developer may send written notice to the City of the alleged conflict within thirty (30) days of receipt of City's Notice of New Law ("**Objection to New City Law**"). Developer's Objection to New City Law shall set forth the factual and legal reasons why Developer believes City cannot apply the New City Law to the Property/Project. City shall respond to Developer's Objection to New City Law ("**City Response**") within thirty (30) days of receipt of said Developer Objection to New City Law. The City Response shall set forth the factual and legal reasons why City believes it can apply the New City Law to the Project. Thereafter, the Parties shall meet and confer within thirty (30) days of the date of Developer's receipt of the City Response (the "**Meet and Confer Period**") with the objective of attempting to arrive at a mutually acceptable solution to this disagreement. Within fifteen (15) days of the conclusion of the Meet and Confer Period, City shall make its determination, and shall send written notice to Developer of that City determination. If City determines to "impose/apply" the New City Law to the Project, then Developer shall have a period of ninety (90) days from the date of receipt of such City determination within which to file legal action challenging such City action. In other words, a 90-day statute of limitations regarding Developer's right to judicial review of the New City Law shall commence upon Developer's receipt of City's determination following the conclusion of the Meet and Confer Period. If upon conclusion of judicial review of the New City Law (at the highest judicial level sought and granted), the reviewing court determines that Developer is not subject to the New City Law, such New City Law shall cease to be a part of the Applicable Law, and City shall return Developer to the position Developer was in prior to City's application of such New City Law (e.g., City return fees, return dedications, etc.). The above-described procedure shall not be construed to interfere with City's right to adopt or apply the New City Law with regard to all other areas of City (excluding the Project).

Developer in its sole and absolute discretion may elect to have applied to the Project a New City Law that is not otherwise a part of the Applicable Law, subject to the limitations set forth in this subdivision (d). In the event Developer so elects to be subject to a New City Law that is not otherwise a part of the Applicable



Law, Developer shall provide notice to City of that election and thereafter such New City Law shall be part of the Applicable Law. In no event shall any New City Law become part of the Applicable Law if it would relieve Developer from, or impede Developer's compliance with, Developer's obligations pursuant to this Agreement, including without limitation Developer's obligations of full "Project Mitigation" pursuant to Section 2.03 or the "RDCS and Other Project Specific Requirement" pursuant to Section 2.04. Further, for the purposes of this Agreement, the "New City Laws" Developer may elect to be subject to pursuant to this Section shall not mean nor include any or all individual development agreements with other developers (including without limitation such development agreements' term and conditions, exhibits, etc.) executed before or after the Effective Date of this Agreement.

City shall not be precluded from adopting and applying New City Laws to the Project to the extent that such New City Laws are specifically required to be applied by State or Federal laws or regulations, and implemented through the Federal, State, regional and/or local level ("**Mandated New City Laws**"), including without limitation those provisions in the Development Agreement Statute, or that such New City Laws are necessitated by or arise from a declaration of City, local, state or federal declaration of a state of emergency.

In the event that an administrative challenge and/or legal challenge (as appropriate) to a Mandated New City Laws preventing compliance with this Agreement is brought and is successful in having the Mandated New City Law determined to not apply to this Agreement, this Agreement shall remain unmodified and in full force and effect.

## **PROCESSING**

### **3.01 Processing.**

This Agreement does not provide Developer with any right to the approval of Subsequent Approvals nor to develop or construct the Project beyond that which is authorized in the Existing Approvals. This Agreement simply provides a process by which such Subsequent Approvals may be processed by Developer, and later added to this Agreement, if and only if such Subsequent Approvals are compliant with all controlling California law (including Planning and Zoning Law and CEQA), and are adopted/approved by City, which shall retain all lawful discretion in this regard. The public review process is ongoing, and following the City's adoption of this Agreement, that public review process shall continue. Nothing in this Agreement shall be construed to limit the authority or obligation of City to hold necessary public hearings, or to limit the discretion of City or any of its officers or officials with regard to the Project Approvals that legally require the exercise of discretion by City. City's discretion as to the granting of Subsequent Approvals shall be the discretion afforded by the Applicable Law. The Parties agree that this Agreement does not modify, alter or change the City's obligations pursuant to CEQA and acknowledge that Subsequent Approvals may require additional environmental review pursuant to CEQA.

Upon submission by Developer of any and all necessary and required applications for Subsequent Approvals and payment of any and all appropriate processing and other fees as provided in this Agreement, City shall use its best efforts to promptly commence and diligently complete all steps necessary to acting on the requested Subsequent Approvals, including, but not limited to, (i) the holding of any and all required public hearings and notice for such public hearings, and (ii) the granting of the requested approval to the extent that it is consistent with Applicable Law.

### **3.02 Significant Actions by Third Parties Necessary to Implement the Existing Approvals.**

(a) At Developer's sole discretion, Developer shall apply for such other permits, grants of authority, agreements, and other approvals from other private and/or public and quasi-public agencies, organizations, associations or other entities ("**Other Entity**") as may be necessary to the development of, or the provision of services and facilities to, the Project ("**Other Permits**").

City shall cooperate with Developer in its endeavors to obtain any Other Permits and shall, from time to time, at the request of Developer, join with Developer in the execution of such permit applications and agreements as may be required to be entered into with any such other agency.

In the event that any such Other Permit is not obtained from an Other Entity within the time permitted by law for such other entity to act and such circumstance materially deprives Developer of the ability to proceed with development of the Project or any portion thereof, or materially deprives City of a bargained-for public benefit of this Agreement, then, in such case, and at the election of either party, Developer and City shall meet and confer with the objective of attempting to mutually agree on solutions that may include alternatives, Subsequent Approvals, or an amendment(s) to this Agreement to allow the development of the Project to proceed with each Party substantially realizing its bargained-for benefit therefrom.

### **3.03 Establishment and Extension of Residential Development Control System Building Allotments.**

Allotments shall be exercised pursuant to Section 18.156.160 of the Morgan Hill Municipal Code and Section IV.J of the RDCS Competition Manual. The City may approve an extension to the date by which an allotment must be exercised only as allowed by Section 18.156.170 of the City of Morgan Hill Municipal Code and Section IV.L of the RDCS Competition Manual. Extensions and allotment adjustments for ongoing projects shall be processed by Planning Commission resolution as provided in Section IV.H of the RDCS Competition Manual.

### **3.04 Amendments.**

This Agreement may be amended from time to time by mutual consent in writing of the Parties to this Agreement in accordance with Government Code Section 65868. Any request by Developer for an amendment or modification to this Agreement or a Project Approval shall be subject to the applicable substantive and procedural provisions of the City's General Plan, zoning, subdivision, and other applicable land use ordinances and regulations (i.e., City review and approval) in effect when such an amendment or modification request is approved.

### **3.05 Administrative Amendment**

Upon the written request of, and payment of the established fee by, Developer, Substitution of Commitments within the same criteria category may be processed administratively by the Community Development Director. Any Administrative Amendment must be made in writing approved by the Director and approved by the City Attorney, and signed by the Developer.

## **DEFAULT, VALIDITY PROVISIONS, ASSIGNMENT**

### **4.01 Defaults.**

Any failure by City or Developer to perform any material term or provision of this Agreement, which failure continues uncured for a period of sixty (60) days (or 150 days for a Mortgagee (as that term is defined in Section 4.10(a)) following written notice of such failure from the other Party (unless such period is extended by written mutual consent) ("**Notice of Default**"), shall constitute a default pursuant to this Agreement ("**Default**"). Any Notice of Default shall specify the nature of the alleged failure and, where appropriate, the manner in which such alleged failure satisfactorily may be cured. If the nature of the alleged failure is such that it cannot reasonably be cured within such 60-day period (or 150 days for a Mortgagee), then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter, shall be deemed to be a cure within such 60-day period (or 150 days for a Mortgagee). If the alleged failure is cured, then no Default shall exist and the noticing Party shall take no further action. If the alleged failure is not cured, then a Default shall exist pursuant to this Agreement and the non-defaulting Party may exercise any of the remedies available pursuant to this Article.

No failure or delay in giving notice of default shall constitute a waiver of default; provided, however, that the provision of written notice and opportunity to cure shall nevertheless be a prerequisite to the enforcement or correction of any default. Waiver of a breach or default pursuant to this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

### **4.02 Actions During Cure Period.**

(a) During any cure period and during any period prior to any delivery of notice of failure or default, the Party charged shall not be considered in default for purposes of this Agreement. If there is a dispute regarding the existence of a default, the Parties shall otherwise continue to perform their obligations hereunder to the maximum extent practicable in light of the disputed matter and pending its resolution, or formal termination of the Agreement, as provided herein.

City will continue to process in good faith development applications during any cure period, but need not approve any such application if it relates to an alleged default of Developer hereunder.

### **4.03 Resolution of Disputes.**

(b) In the event either Party is in default pursuant to the terms of this Agreement, the other Party may elect, in its sole and absolute discretion, to pursue any of the following courses of action: (i) waive such default; (ii) pursue administrative remedies as provided herein; (iii) pursue judicial remedies as provided for herein; and/or (iv) terminate this Agreement.

Except as otherwise specifically stated in this Agreement, either Party may, in addition to any other rights or remedies, institute legal action to cure, correct, or remedy any default by another Party to this Agreement, to enforce any covenant or agreement herein, to enjoin any threatened or attempted violation hereunder, or to seek specific performance. It is expressly understood and agreed that the sole legal remedy available to Developer for a breach or violation of this Agreement by City shall be a legal action in mandamus, specific performance, and/or

other injunctive or declaratory relief to enforce the provisions of this Agreement, and that Developer shall not be entitled to bring an action for damages including, but not limited to, lost profits, consequential damages or other economic damages. For purposes of instituting a legal action pursuant to this Agreement, any City Council determination pursuant to this Agreement shall be deemed a final agency action.

If any dispute arises between or among the Parties as to interpretation or application of any of the terms of this Agreement, the Parties shall attempt to resolve the dispute in accordance with this Agreement prior to third party mediation, arbitration, or formal court action. As to any such dispute, the Parties shall first meet and confer in good faith to resolve the matter between themselves. Each Party shall make all reasonable efforts to provide to the other Party or Parties all information relevant to the dispute, to the end that all Parties will have appropriate and adequate information to resolve the dispute. Should the Parties not resolve the dispute informally, the Parties agree to meet and confer in an effort to agree on utilizing Judicial Arbitration Mediation Services ("JAMS") for Alternative Dispute Resolution ("ADR"). However, no party shall be required to use JAMS or ADR.

#### **4.04 Periodic Review.**

(c) The City shall review this Agreement at least once annually to assure compliance with the RDCS, at which time the Developer is required to demonstrate good faith compliance with the terms of this Agreement.

If, as a result of such annual review, the City finds and determines, on the basis of substantial evidence, that Developer has not complied in good faith with the terms or conditions of this Agreement, the City may rescind all or part of the allotments awarded pursuant to the RDCS, in addition to all other legally available remedies.

#### **4.05 Force Majeure Delay, Extension of Times of Performance.**

(d) Performance by any Party hereunder shall be excused, waived or deemed not to be in default where delays or defaults are due to acts beyond a Party's control such as war, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, unexpected acts of governmental entities other than City, including revisions to capacity ratings of the wastewater plant by the Regional Water Quality Control Board, the State Water Resources Board, enactment of conflicting State or Federal laws or regulations, or litigation (including without limitation litigation contesting the validity, or seeking the enforcement or clarification of this Agreement whether instituted by the Developer, City, or any other person or entity) (each a "Force Majeure Event").

Any Party claiming a delay as a result of a Force Majeure Event shall provide the other Party with written notice of such delay and an estimated length of delay. Upon the other Party's receipt of such notice, an extension of time shall be granted in writing for the period of the Force Majeure Event, or longer as may be mutually agreed upon by the Parties, unless the other Party objects in writing within ten (10) days after receiving the notice. In the event of such objection, the Parties shall meet and confer within thirty (30) days after the date of objection to arrive at a mutually acceptable solution to the disagreement regarding the delay. If no mutually acceptable solution is reached, any Party may take action as permitted in this Agreement.

#### 4.06 **Third Party Legal Actions.**

(e) In the event of any administrative, legal or equitable action or other proceeding instituted by any person, entity or organization (that is not a Party to this Agreement) challenging the validity of this Agreement, any Project Approvals, or the sufficiency of any environmental review pursuant to CEQA ("**Third-Party Challenge**"), the Parties shall cooperate with each other in good faith in the defense of any such challenge.

City shall have the option to defend such Third-Party Challenge or to tender the complete defense of such Third-Party Challenge to the Developer ("**Tender**"). If City chooses to defend the Third-Party Challenge or Developer refuses City's Tender, City shall control all aspects of the defense and Developer shall pay City's attorneys' fees and costs (including related court costs).

If Developer accepts City's Tender, Developer shall control all aspects of the defense and shall pay its own attorneys' fees and costs (including related court costs), and shall indemnify and hold harmless City against any and all third-party fees and costs arising out of such Third-Party Challenge. If City wishes to assist Developer when Developer has accepted the Tender, Developer shall accept that assistance and City shall pay City's own attorneys' fees and costs (including related court costs) ("**City Costs**"), and Developer shall pay its own attorneys' fees and costs (including related court costs), and shall indemnify and hold harmless City against any and all third-party fees and costs arising out of such Third Party Challenge (such third party fees and costs shall not include City Costs).

If any part of this Agreement or any Project Approval is held by a court of competent jurisdiction to be invalid, the City shall: (1) use its best efforts to sustain and/or re-enact that part of this Agreement and/or Project Approval; and (2) take all steps possible to cure any inadequacies or deficiencies identified by the court in a manner consistent with the express and implied intent of this Agreement, and then adopting or re-enacting such part of this Agreement and/or Project Approval as necessary or desirable to permit execution of this Agreement and/or Project Approval.

#### 4.07 **Estoppel Certificate.**

(f) Any Party may, at any time, and from time to time, deliver written notice to any other Party, and/or to the Developer's lender, requesting such Party to certify in writing that, to the knowledge of the certifying Party:

This Agreement has not been amended or modified either orally or in writing or if so amended, identifying the amendments.

The Agreement is in effect and the requesting Party is not known to be in default of the performance of its obligations pursuant to this Agreement, or if in default, to describe therein the nature and amount of any such defaults.

This written certification shall be known as an "**Estoppel Certificate.**" A Party receiving a request hereunder shall execute and return such Estoppel Certificate within ten (10) days following the receipt of the request, unless the Party, in order to determine the appropriateness of the Estoppel Certificate, promptly commences and proceeds to conclude an Annual Review. The Parties acknowledge that an Estoppel Certificate may be relied upon by Assignees and other persons having an interest in the Project, including holders of mortgages and deeds of trust. The City Manager shall be authorized to execute an Estoppel Certificate for City.



If a Party fails to deliver an Estoppel Certificate within the ten (10) day period, as provided for in Section 4.07(b) above, the Party requesting the Estoppel Certificate may deliver a second notice (the "**Second Notice**") to the other Party stating that the failure to deliver the Estoppel Certificate within ten (10) working days following the receipt of the Second Notice shall constitute conclusive evidence that this Agreement is without modification and there are no unexcused defaults in the performance of the requesting Party. Failure to deliver the requested Estoppel Certificate within the ten (10) working day period shall then constitute conclusive evidence that this Agreement is in full force and effect without modification and there are no unexcused defaults in the performance of the requesting Party.

#### **4.08 Assignment/Covenants Run with the Land.**

(g) Right to Assign. Developer shall have the right to sell, assign, or transfer this Agreement with all its rights, title and interests therein to any person, firm or corporation acquiring an interest in the Project or Property (or portion thereof associated with the Project) at any time during the term of this Agreement ("**Assignee**"). Developer shall provide City with written notice of any assignment or transfer of all or a portion of the Property no later than thirty (30) days prior to such action, which notice shall include specific portions of the Project or Property to be assigned and the proposed form of assignment. Any proposed assignment shall be subject to the express written consent of City, which consent shall not be unreasonably withheld, delayed or conditioned. City's approval of a proposed assignment or transfer shall be based upon the proposed assignee's reputation, experience, financial resources and access to credit and capability to successfully carry out the development of the Property to completion. The written assignment, assumption or release of rights or obligations with respect to a portion of the Project or of the Property shall specify the portion of the Project or Property and the rights assigned and obligations assumed, and shall be approved by the City Attorney. The express written assumption by an Assignee of the obligations and other terms and conditions of this Agreement with respect to the Property or such portion thereof sold, assigned or transferred shall relieve Developer of such obligations so assumed. Any such assumption of Developer's obligations pursuant to this Agreement shall be deemed to be to the satisfaction of the City Attorney if executed in the form as may be approved by the City Attorney.

Release Upon Assignment. Upon assignment, in whole or in part, and the express written assumption by the Assignee of such assignment, of Developer's rights and interests pursuant to this Agreement, Developer shall be released from its obligations with respect to the Property/Project (or any portion thereof), and any lot, parcel, or portion thereof so assigned to the extent arising subsequent to the effective date of such assignment. A default by any Assignee shall only affect that portion of the Property/Project owned by such Assignee and shall not cancel or diminish in any way Developer's rights or obligations hereunder with respect to the assigned portion of the Property/Project not owned by such Assignee. The Assignee shall be responsible for the reporting and annual review requirements relating to the portion of the Property/Project owned by such Assignee, and any amendment to this Agreement between City and Assignee shall only affect the portion of the Property/Project owned by such Assignee.

Covenants Run with the Land. This Agreement and all of its provisions, agreements, rights, powers, standards, terms, covenants and obligations shall be binding upon the Parties and their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, devisees, administrators, representatives, lessees, and all other persons or entities acquiring the Project and/or Property, any lot, parcel or any portion thereof, or any interest therein, whether by sale, operation of law or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns. All of the provisions of this Agreement shall be enforceable during the Term as equitable servitudes and constitute covenants running with the land pursuant to applicable law, including, but not limited to Civil Code Section 1468.

This Agreement shall not be binding upon any consumer, purchaser, transferee, devisee, assignee, or any other successor of Developer acquiring a completed residential unit comprising all or part of the Project ("**Consumer**") unless such Consumer is specifically bound by a provision of this Agreement or by a separate instrument or Agreement.

#### **4.09 Encumbrances on the Property.**

The parties hereto agree that this Agreement shall not prevent or limit Developer, in any manner, at Developer's sole and absolute discretion, from encumbering the Property, or any portion thereof or any improvements thereon with any Mortgage securing financing with respect to the construction, development, use or operation of the Project. Mortgagee may require certain modifications to this Agreement, and City shall negotiate in good faith any such request for modification or subordination.

#### **4.10 Obligations and Rights of Mortgage Lenders.**

(h) The holder of any mortgage, deed of trust or other security arrangement with respect to the Property, or any portion thereof ("**Mortgagee**"), shall not be obligated pursuant to this Agreement to construct or complete improvements or to guarantee such construction or completion, but shall otherwise be bound by all of the terms and conditions of this Agreement that pertain to the Property or such portion thereof in which it holds an interest.

Each Mortgagee shall be entitled to receive written notice from City of results of the annual review to be done pursuant to Section 4.04 and any default by Developer pursuant to this Agreement, provided such Mortgagee has informed City of its address for notices. Each Mortgagee shall have a further right, but not an obligation, to cure such default in accordance with the default and default cure provisions in Sections 4.01, 4.02, and 4.03 of this Agreement. In the event Developer (or any permitted Assignee) becomes subject to an order for relief pursuant to any chapter of Title 11 of the United States Code (the "**Bankruptcy Code**"), the cure periods provided for a Mortgagee in Section 4.01(a) of this Agreement shall be tolled for so long as the automatic stay of Section 362 of the Bankruptcy Code remains in effect as to Developer (or any permitted Assignee); provided, however, if City obtains relief from the automatic stay pursuant to Bankruptcy Code Section 362 to declare any default by or exercise any remedies against Developer (or any permitted Assignee), the tolling of any Mortgagee's cure period shall automatically terminate on the earlier of: (i) the date that is sixty days after entry of the order granting City relief from the automatic stay, or (ii) the date of the entry of an order granting Mortgagee relief from the automatic stay. Each Mortgagee shall be entitled to receive written notice from City of the filing of any motion by City in which City seeks relief from the automatic stay of Section 362 of the Bankruptcy Code to declare any default by or exercise any remedies against Developer (or any permitted Assignee).

Any Mortgagee who comes into possession of the Property, or any portion thereof, pursuant to a foreclosure of a mortgage or a deed of trust, or deed in lieu of such foreclosure, shall take the Property, or such portion thereof, subject to any pro rata claims for payments or charges against the Property, or such portion thereof, that have accrued prior to the time such holder comes into possession. In addition, any Mortgagee who comes into possession of the Property or any portion thereof, pursuant to a foreclosure of mortgage or deed of trust, or deed in lieu of such foreclosure, shall, subject to Section 4.10(a) above, be a permitted Assignee and, as such, shall succeed to all the rights, benefits and obligations of Developer pursuant to this Agreement.

Nothing in this Agreement shall be deemed to be construed to permit or authorize any such holder to devote the Property, or any portion thereof, to any uses, or to construct any improvements thereof, other than

those uses and improvements provided for or authorized by this Agreement, subject to all of the terms and conditions of this Agreement.

#### **4.11 Termination.**

This Agreement shall terminate upon the expiration of the Term, as set forth in Section 1.03(a), or at such other time as this Agreement is terminated in accordance with the terms hereof, whichever occurs first. Upon termination of this Agreement, the City shall record a notice of such termination, in a form satisfactory to the City Attorney that the Agreement has been terminated.

### **GENERAL PROVISIONS**

#### **5.01 Miscellaneous.**

Preamble, Recitals, Exhibits. References herein to "this Agreement" shall include the Preamble, Recitals and all of the exhibits of this Agreement.

Requirements of Development Agreement Statute. The permitted uses of the Property; density and/or intensity of use of the Property; the maximum height and size of proposed buildings and other structures; provisions for reservation or dedication of land for public purposes; location of public improvements; and other terms and conditions applicable to the Project shall be those set forth in the Applicable Law.

Governing Law and Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of California and legal actions commenced pursuant to or pursuant to this Agreement shall be brought in Santa Clara Superior Court. Should any legal action be brought by a Party for breach of this Agreement or to enforce any provision herein, the prevailing party of such action shall be entitled to reasonable attorneys' fees, court costs, and such other costs as may be fixed by the court.

Project as a Private Undertaking. No partnership, joint venture, or other association of any kind between Developer, on the one hand, and City on the other hand, is formed by this Agreement. The development of the Property is a separately undertaken private development. The only relationship between City and Developer is that of a governmental entity regulating the development of private Property and the owners of such private Property.

Indemnification. Developer shall hold City, its elective and appointive boards, commissions, officers, agents, and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Developer's contractors, subcontractors', agents' or employees' operations on the Project, whether such operations be by Developer or by any Developer's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Developer or any of Developer's contractors or subcontractors. Developer shall indemnify and defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of any of the aforesaid operations and Developer shall pay all reasonable attorney's fees and costs that the City may incur. City does not, and shall not, waive any rights against Developer which it may have by reason of the aforesaid hold-harmless requirement of Developer because of the acceptance of improvements by City, or the deposit of security with City by Developer. The aforesaid hold-harmless requirement of Developer shall apply to all damages and claims for

damages of every kind suffered, or alleged to have been suffered, by reason of any of the aforesaid operations referred to in this subsection, regardless of whether or not City has prepared, supplied or approved of, plans and/or specifications for the subdivision. Notwithstanding anything herein to the contrary, Developer's indemnification of City shall not apply to the extent that such action, proceedings, demands, claims, damages, injuries or liability is based upon the active negligence of the City.

Insurance. Developer shall, during the life of this Agreement take out and maintain insurance coverage with an insurance carrier authorized to transact business in the State of California as will protect the Developer or any Contractor or any Subcontractor or anyone directly or indirectly employed by any of them or by anyone for whose acts any of them may be liable, from claims for damages because of bodily injury, sickness, disease, or death of their employees or any person other than their employees, or for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom. The minimum limits of liability for such insurance coverage which shall include comprehensive general and automobile liability, including contractual liability assumed pursuant to this Agreement, shall be as follows:

Limit of Liability for Injury or Accidental Death:

Per Occurrence . . . . . \$1,000,000

Limit of Liability for Property Damage:

Aggregate Liability for Loss . . . . \$1,000,000

Such liability insurance policies shall name the City as an additional insured, by separate endorsement, and shall agree to defend and indemnify the City against loss arising from operations performed pursuant to this agreement and before permitting any Contractor or Subcontractors to perform work pursuant to this agreement, the Developer shall require Contractor or Subcontractors to furnish satisfactory proof that insurance has been taken out and is maintained similar to that provided by the Developer as it may be applied to the Contractor's or Subcontractor's work.

Interpretation/Construction. This Agreement has been reviewed and revised by legal counsel for both Developer and City, and any rule or presumption that ambiguities shall be construed against the drafting Party shall not apply to the interpretation or enforcement of this Agreement. The standard of review of the validity and meaning of this Agreement shall be that accorded legislative acts of City. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and neuter and vice versa.

Notices.

All notices, demands, or other communications that this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed, via first class mail, to the respective Party at the below listed address. Notice shall be deemed effective and received five days after the date of mailing or upon personal delivery.

If to City:                      City Clerk  
                                         17575 Peak Avenue  
                                         Morgan Hill, CA 95037

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

Tel: (408) 779-7259  
Fax: (408) 779-3117

With a Copy To: City Attorney  
17575 Peak Avenue  
Morgan Hill, CA 95037  
Tel: (408) 779-7271  
Fax: (408) 779-1592

If to Developer: Kelly Vo  
Appletree Investment LLC  
PO Box 32115  
San Jose, CA 95132  
Tel: (408) 889-4507

With a Copy To: Vince Burgos  
Development Process Consultants  
220 Live Oak Drive  
Danville, CA 94506  
Tel: (408) 421-2695

Any Party may change the address stated herein by giving notice in writing to the other Parties, and thereafter notices shall be addressed and transmitted to the new address. Any notice given to the Developer as required by this Agreement shall also be given to any lender which requests that such notice be provided. Any lender requesting receipt of such notice shall furnish in writing its address to the Parties to this Agreement.

Recordation. The Clerk of the City shall record, within ten (10) days after the Effective Date, a copy of this Agreement in the Official Records of the Recorder's Office of Santa Clara County. Developer shall be responsible for all recordation fees, if any.

Severability. If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a specific situation, is found to be invalid, void, or unenforceable, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect.

Jurisdiction. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed pursuant to the laws of the State of California.

Entire Agreement. This Agreement, including these pages and all the exhibits (set forth below) inclusive, and all documents incorporated by reference herein, constitute the entire understanding and agreement of the Parties.

Signatures. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of Developer and City. This Agreement may be executed in multiple originals, each of which is deemed to be an original.

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument.

Exhibits. The following exhibits are attached to this Agreement and are hereby incorporated herein by this reference for all purposes as if set forth herein in full:

***Exhibit A      Legal Description of Lot on Which Project is to be Located.***

***Exhibit B      Description of Project.***

***Exhibit C      RDCS Specific Restrictions and Requirements.***

**Signatures of all parties are on the following page.**

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Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)



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Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

IN WITNESS WHEREOF, City and Developer have executed this Agreement as of the date first hereinabove written.

**CITY OF MORGAN HILL:**

**DEVELOPER:**

s/ \_\_\_\_\_

\_\_\_\_\_  
Christina J. Turner  
City Manager

Date: \_\_\_\_\_

**Attest:**

s/ \_\_\_\_\_

\_\_\_\_\_  
Deputy City Clerk

**Approved as to Form:**

s/ Cynthia L. Larkin

+ \_\_\_\_\_  
Donald A. Larkin  
City Attorney

Date: 7-10-19

s/ \_\_\_\_\_

Kelly Vo  
Kelly Vo  
Appletree Investment LLC

Date: 7/3/19

*Corporate entities must provide a  
second signature:*

s/ \_\_\_\_\_

\_\_\_\_\_  
Name/Title [print]

Date: \_\_\_\_\_

Adopted by Ordinance No. \_\_\_\_\_  
by action of City Council on \_\_\_\_\_

(ALL SIGNATURES, EXCEPT CITY CLERK AND CITY ATTORNEY,  
MUST BE ACKNOWLEDGED BY A NOTARY)

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

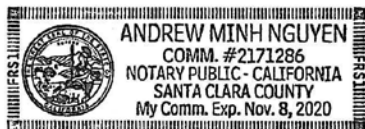
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Santa Clara )  
On July 3<sup>rd</sup>, 2019 before me, Andrew Minh Nguyen, Notary Public  
Date Here Insert Name and Title of the Officer  
personally appeared Kelly Vo  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature Andrew  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Residential Development Agreement Document Date: N/A  
Number of Pages: 21 Signer(s) Other Than Named Above: As above

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☒ Individual ☐ Attorney in Fact  
☐ Trustee ☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Individual ☐ Attorney in Fact  
☐ Trustee ☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

**EXHIBIT A**  
**LEGAL DESCRIPTION OF THE PROPERTY ON WHICH**  
**PROJECT IS BE LOCATED**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MORGAN HILL, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

A PORTION OF LOTS 1 AND 2, AS SHOWN ON THAT CERTAIN MAP ENTITLED "MORGAN HILL RANCH MAP NO. 3", WHICH WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON SEPTEMBER 21, 1892 IN BOOK G OF MAPS, PAGES 20 AND 21 AND BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHWESTERLY LINE OF MADRONE ROAD, AT THE NORTHERNMOST CORNER OF LOTS 1, AS SAID ROAD AND LOT ARE SHOWN ON THE MAP ABOVE REFERRED TO; THENCE FROM SAID POINT OF BEGINNING, SOUTH 57° 58' WEST ALONG THE NORTHWESTERLY LINE OF SAID LOT 1 FOR A DISTANCE OF 188.95 FEET TO THE NORTHERNMOST CORNER OF THAT CERTAIN 0.646 ACRE TRACT OF LAND DESCRIBED AS PARCEL ONE IN THE DEED TO JAMES J. CAMPOLI, ET UX, RECORDED FEBRUARY 15, 1961 IN BOOK 5072, PAGE 709 OF OFFICIAL RECORDS; THENCE SOUTH 38° 36' EAST ALONG THE NORTHWESTERLY LINE OF SAID 0.646 ACRE TRACT FOR A DISTANCE OF 295.27 FEET TO THE EASTERNMOST CORNER THEREOF IN THE NORTHWESTERLY LINE OF THAT CERTAIN 5.551 ACRE TRACT OF LAND DESCRIBED AS PARCEL ONE IN THE DEED TO NICK RIZZI, ET UX, RECORDED JUNE 13, 1944 IN BOOK 1206, PAGE 111 OF OFFICIAL RECORDS; THENCE NORTH 55° 22' EAST ALONG THE NORTHWESTERLY LINE OF SAID 5.551 ACRE TRACT, FOR A DISTANCE OF 188.42 FEET TO THE NORTHERNMOST CORNER THEREOF IN SAID SOUTHWESTERLY LINE OF MADRONE ROAD; THENCE NORTH 38° 45' WEST ALONG SAID LAST MENTIONED LINE 285.12 FEET TO THE POINT OF BEGINNING.

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

TRACT NO. 10215  
873-M-9

⑩

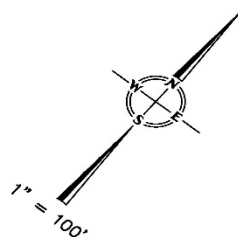
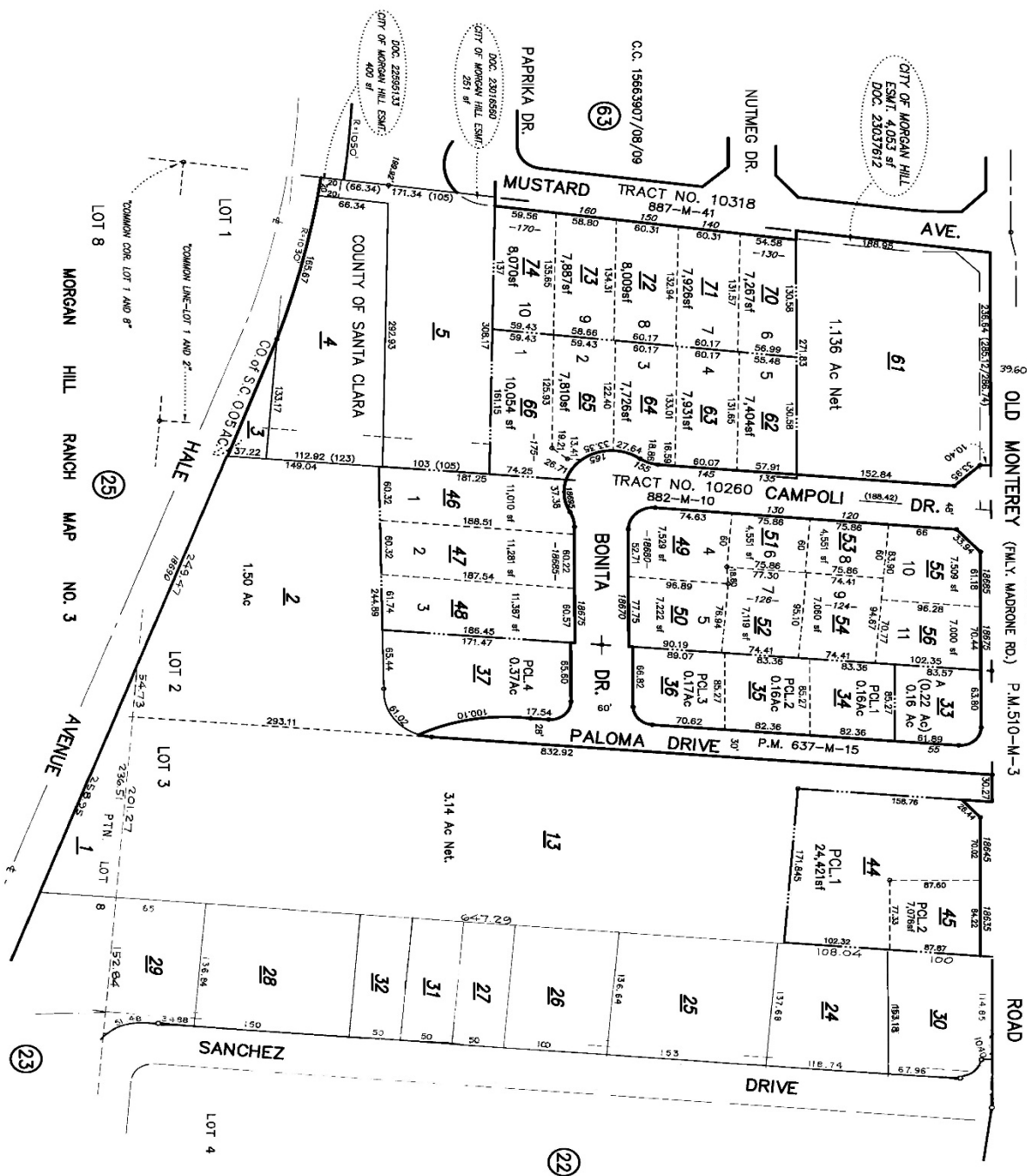
P.M. 846-M-21

OLD MONTEREY

Y. MADRONE F

100-510-M-3

ROAD

BOOK  
764PAGE  
24

**LAWRENCE E. STONE – ASSESSOR**  
Cadastral map for assessment purposes only  
Compiled under R. & T. Code, Sec. 327  
Effective Roll Year 2017–2018

***EXHIBIT B***

**DESCRIPTION OF PROJECT**

**RDCS APPLICATION NO. RDCS2016-0008: OLD MONTEREY-KELLY VO  
FOR A RESIDENTIAL DEVELOPMENT PROJECT THAT INCLUDES SIX LOTS,  
WITH FIVE NEW SINGLE FAMILY DWELLING UNITS AND ONE EXISTING  
DWELLING UNIT.**

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)



**EXHIBIT C**  
**SPECIFIC RESTRICTIONS AND REQUIREMENTS**  
**(INCLUDING RDCS REQUIREMENTS)**

The following restriction and requirements apply to the Development proposed in the RDCS application date September 1<sup>st</sup>, 2016 or RDCS application #2016-0008 and shall apply to that portion of the Property included in the said phases of the development on the Property. The following chart describes the applicable reference in the Morgan Hill Municipal Code to the requirement, a description of the commitments specific to the Project, the requirement timing of the implementation and the total estimated costs of improvement or applicable fee commitment. These commitments are IN ADDITION to any mitigation requirements pursuant to CEQA, impact fees, in-lieu fees or other requirements pursuant to federal or state laws, or the Morgan Hill Municipal Code (See Section 2.03 of the Agreement)

\*Contribution estimates may require augmentation for the completion of improvements. Impact fees are subject to the provisions of Section 2.03 (b) of this Agreement.

| Section No. | Category/Criteria                       | Public Benefit/Commitment                                                                                                                                                                                                                                                                                                                         | Implementation                           | Estimated Contribution |
|-------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------|
|             | <b>Public Schools</b>                   |                                                                                                                                                                                                                                                                                                                                                   |                                          |                        |
| B.1         | Developer Fees                          | Commit to payment of district adopted developer fees as provided by the Leroy F. Green School Facilities Act of 1988.                                                                                                                                                                                                                             | Prior to the issuance of building permit | \$4,950 per unit       |
| B.4         | Off-site pedestrian safety improvements | Provide off-site pedestrian safety improvements or traffic safety improvements to an elementary school located within 3/4 miles of the project site or to a middle school or high school up to \$4,950 per unit. Project commits to provide safe walking improvements as designated by MHUSD and the City of Morgan Hill Public Works Department. | Prior to the issuance of building permit | \$4,950 per unit       |

| Section No. | Category/Criteria                                          | Public Benefit/Commitment                                                                                                                                                                                                   | Implementation                     | Estimated Contribution                                               |
|-------------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------|
|             | <b>Open Space</b>                                          |                                                                                                                                                                                                                             |                                    |                                                                      |
| B.4.b       | TDC for projects (<25 units)                               | The project commits to double TDC's                                                                                                                                                                                         | Prior to building permit final     | Double TDC fee per unit, applicable rate applies at time of payment. |
|             | <b>Orderly and Contiguous Development</b>                  |                                                                                                                                                                                                                             |                                    |                                                                      |
| B.2         | Fills in existing utility lines                            | Property owner or designee agrees to fill in 1 water line, 1 sewer line, 1 stormdrain, and 1 fire. The required utility easements shall be obtained prior to approval of the Final/Parcel Map and public improvement plans. | Prior to Site Review Approval      | N/A                                                                  |
|             | <b>Public Facilities</b>                                   |                                                                                                                                                                                                                             |                                    |                                                                      |
| B.2.b       | Drainage concept consistent with City's storm drain system | Project drainage concept will be consistent with City's Storm drain system (e.g., the City Storm Drainage Master Plan, local area storm drain system)                                                                       | Prior to Improvement Plan approval | N/A                                                                  |
| B.2.f       | Excess public improvements                                 | Applicant will provide public improvements at \$4,400/unit.                                                                                                                                                                 | Prior to Improvement Plan approval | \$4,400 per unit                                                     |
| B.2.g       | Contribution to RDCS Capital Improvements fund             | Applicant will contribute \$1,100 per unit to the RDCS Capital Improvement Program Fund                                                                                                                                     | Prior to Improvement Plan approval | \$1,100 per unit                                                     |
|             | <b>Parks and Paths</b>                                     |                                                                                                                                                                                                                             |                                    |                                                                      |

| Section No. | Category/Criteria                                            | Public Benefit/Commitment                                                                                                                                                                                                        | Implementation                            | Estimated Contribution                                                     |
|-------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------|
| B.1         | Park in-lieu fee (<50 units)                                 | The project shall pay an in-lieu fee consistent with the requirements contained in Chapter 17.28 of the Municipal Code.                                                                                                          | Prior to Parcel Map Approval              | See Chapter 17.28 for fee calculation                                      |
| B.2         | On-site recreational amenities                               |                                                                                                                                                                                                                                  |                                           |                                                                            |
| B.3         | Bicycle/equestrian/pedestrian paths                          | Project shall provide at least 0.15 miles of Class II bike lanes. Prior to installation, the Project shall coordinate with City of Morgan Hill to determine the location for the Class II bike lane improvements to be installed | Prior to issuance of Offsite Improvements | N/A                                                                        |
| B.7         | Additional park fees (in-lieu fee) for projects (<50 units)  | In addition to standard park fees, project shall pay the lesser of either twelve times the in-lieu park fees or \$4,400 per unit.                                                                                                | Prior to Parcel Map Approval              | Twelve times the in-lieu park fees or \$4,400 per unit. Whichever is less. |
|             | <b>Housing Needs</b>                                         |                                                                                                                                                                                                                                  |                                           |                                                                            |
| B.1         | 15% Granny units or R-2 projects 10%-25% single family units | Applicant commits to 2 secondary dwelling units for 2 points.                                                                                                                                                                    | Prior to Site Review Approval             | N/A                                                                        |
| B.2.a       | Standard Housing Fee                                         | Applicant agrees to pay the standard housing fee                                                                                                                                                                                 | Prior to Building Permit final            | \$12,000                                                                   |
| B.2.b       | Double Housing Fee                                           | Applicant agrees to pay double the standard housing fee.                                                                                                                                                                         | Prior to Building Permit final            | \$24,000                                                                   |
|             | <b>Quality of Construction Standards</b>                     |                                                                                                                                                                                                                                  |                                           |                                                                            |

| Section No. | Category/Criteria                      | Public Benefit/Commitment                                                                                                                                                                                                                       | Implementation                    | Estimated Contribution |
|-------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------|
| B.1.a       | OSB/Plywood wrap                       | The project will include the installation of OSB/Plywood wrap.                                                                                                                                                                                  | Prior to Building Permit issuance | N/A                    |
| B.1.b       | Foundations                            | The project will utilize alternate materials in the concrete mix such as fly ash, slag, silica fume or rice hull to achieve a 20% reeducation of cement.                                                                                        | Prior to Building Permit issuance | N/A                    |
| B.1.c       | Wallboard                              | The project will include the installation of light weight wallboard for all walls excluding code requirement for fire walls.                                                                                                                    | Prior to Building Permit issuance | N/A                    |
| B.1.d       | Electrical raceway                     | The project will include installation of one dedicated ¾ inch electrical raceway for a future circuit to accommodate two 220 Volt electric car charging stations inside the garage.                                                             | Prior to Building Permit issuance | N/A                    |
| B.1.f       | 90% high efficiency fan forced heating | The project will include the installation of 90% high efficiency fan forced heating                                                                                                                                                             | Prior to Building Permit issuance | N/A                    |
| B.1.g       | Zoned heating and air conditioning     | The project will include the installation of zoned heating and air conditioning for all one and two-story homes. For multi-family projects with multi-story units, air returns are installed on two floors to improve temperature distribution. | Prior to Building Permit issuance | N/A                    |
| B.1.h       | Multiple efficiency improvements       | The project will include: 1) the installation of listed sound attenuated materials in walls that adjoin a                                                                                                                                       | Prior to Building Permit issuance | N/A                    |

| Section No. | Category/Criteria                                     | Public Benefit/Commitment                                                                                                                                                                                                                                  | Implementation                    | Estimated Contribution |
|-------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------|
|             |                                                       | bathroom and/or bedroom walls, 2) installation of high efficiency energy star water heater with energy factor of 0.70, 3) the installation of ultra-high efficiency or dual flush toilet, and 4) installation of rain sensor monitor on irrigation system. |                                   |                        |
|             | <b>Safety and Security</b>                            |                                                                                                                                                                                                                                                            |                                   |                        |
| B.1.a       | Fire proof safe                                       | Project will install a fireproof safe in each unit.                                                                                                                                                                                                        | Prior to Building Permit issuance | N/A                    |
| B.1.b       | First aid kit                                         | Project will provide a first aid kit with poison control document in the kitchen of each unit.                                                                                                                                                             | Prior to Building Permit issuance | N/A                    |
| B.1.d       | Outdoor lighting                                      | Applicant commits to providing lighting on all buildings that meet Police Department specifications, California Electrical Code and MHMC. Applicant will install motion detector light on each unit.                                                       | Prior to Building Permit issuance | N/A                    |
| B.1.f       | Illuminated address numbers                           | Applicant commits to installing lighted address numbers on each building and illuminated unit numbers on each dwelling unit. Applicant commits to installing painted reflective curb numbers where possible.                                               | Prior to Building Permit issuance | N/A                    |
| B.2         | Crime Prevention through Environmental Design (CPTED) | Applicant commits to utilizing the design principles of CPTED of natural surveillance, territorial                                                                                                                                                         | Prior to Building Permit issuance | N/A                    |

| Section No. | Category/Criteria          | Public Benefit/Commitment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Implementation                    | Estimated Contribution |
|-------------|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------|
|             |                            | reinforcement for each dwelling unit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                   |                        |
| B.3         | Lockable hardware          | Applicant commits to installing lockable hardware on all side yard and patio gates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Prior to Building Permit issuance | N/A                    |
| B.4         | Central Monitoring         | Project will install an intrusion, fire alarm, and heat detector system, monitored by a central station. Project will provide a one year monitoring contract with the purchase of each unit.                                                                                                                                                                                                                                                                                                                                                                                                                             | Prior to Building Permit issuance | N/A                    |
|             | <b>Livable Communities</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                   |                        |
| B.6         | Architectural variation    | Applicant will provide porches, two different roof lines, architectural profiles and massing and consistent architectural relief and detaining per stated requirements:<br>a. Uses porches, balconies, for any area viewed from the public right-of-way or multi-unit courtyards interior to the project on at least 25% of units to promote a neighborhood feel.<br>b. Uses at least two different roof lines and two different pitches throughout the project, i.e. gable, hipped, dormers, Mansard, etc.<br>c. Uses architecture and profiles and massing that are compatible and works with the existing surrounding | Prior to Site Review Approval     | N/A                    |



| Section No. | Category/Criteria | Public Benefit/Commitment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Implementation                | Estimated Contribution |
|-------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------|
|             |                   | <p>neighborhoods. Applicable only where a project adjoins an existing neighborhood on at least one side or twenty-five percent of the project's frontage.</p> <p>d. Provides a consistent level of architectural relief and detailing on all four building elevations. Where two-story rear and/or side-yard building elevations occur, architectural relief shall include some third dimensional design element such as bay windows, balconies, covered porches, decorative trellis, etc. In addition, each standard trim and base color must represent no more than 15% (project size permitting) of the project.</p> |                               |                        |
| B.7         | Maximizes privacy | Windows on sides will alternate. Noise producing elements [i.e. air conditioners] are located away from the property lines.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Prior to Site Review Approval | N/A                    |



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Angie Gonzalez, Council Services Assistant  
APPROVED BY: City Manager

### **ADOPT ORDINANCE AMENDING CHAPTER 6.36 (“ANIMALS AND LAND USE”) IN TITLE 6 (“ANIMALS”) OF THE MORGAN HILL MUNICIPAL CODE TO ALLOW RESIDENTIAL BEEKEEPING UNDER CERTAIN CIRCUMSTANCES**

#### **RECOMMENDATION(S)**

Waive the reading, adopt Ordinance No. 2304, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

#### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

##### **Ongoing Priorities**

Protecting the Environment  
Maintaining Fiscal Responsibility

##### **2019 Strategic Priorities**

Community Engagement and Messaging  
Infrastructure  
Traffic/Transportation

#### **GUIDING DOCUMENTS**

General Plan/Housing Element

#### **REPORT NARRATIVE:**

On September 4, 2019, the City Council introduced Ordinance No. 2304 New Series, by the following roll call vote: AYES: Carr, McKay, Martinez Beltran, Constantine; NOES: None; ABSTAIN: None; ABSENT: Spring.

The decline of bee populations has been well-documented. Given the importance that bees, as pollinators, play in producing fruits, nuts, and vegetables, staff prepared the attached ordinance changing the Municipal Code to allow beekeeping with the following restrictions:

1. Hobbyist beekeeper must register their apiary with the County Agricultural Commissioner.
2. One hive can be kept on a property with a lot size between 5,000 - 10,000 square feet. Up to two hives can be kept on property with a lot size exceeding 10,000 square feet. Beekeepers who seek to keep more hives must get the unanimous written consent from abutting property owners.
3. All hives are to be located in a side yard or backyard and must be easily accessible by City Inspectors.
4. All hives must be located at least 25 feet from the rear property line and at least 10 feet from the side yard property line that the apiary is registered in.

5. All hives in an apiary must have an adequate supply of water within 3 feet of the hives to prevent bees from foraging in undesirable areas.
6. Any hives that exceed 6 feet in height must be anchored with ratchet straps to prevent toppling during wind and earthquake events.

Staff recommends adopting the attached ordinance which integrates these restrictions into the Municipal Code.

#### **COMMUNITY ENGAGEMENT: Consult**

A survey was pushed out to the community for public input on the proposed change. There was a total of 157 respondents to the survey and 95% of the respondents were current residents of the City.

#### **Public Concerns:**

- A significant number of respondents reported they were aware of the decline in bee population (52% Extremely Aware, 33% Very Aware, 11% Somewhat Aware, and 3% were Not very Aware with a 1% rounding error).
- Based on public reports, 64% of the respondents were not concerned about beekeeping in neighboring properties, 20% were a little concerned, 16% were moderately concerned to greatly concerned.
- The most common concern that residents reported was getting stung by aggressive bees.
- Respondents who were not concerned about beekeeping were receptive to the ordinance and do hope to see more bees.

#### **Public Interest:**

- Most of the respondents are not likely to be future beekeepers.  
37% of the respondents answered that they are likely to start an apiary once the ordinance is passed;  
45% of the respondents answered they are unlikely to start an apiary if the ordinance were to pass; and  
17% of the respondents were neutral about starting an apiary if the ordinance were to pass with a 1% rounding error.

#### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

On September 4, 2019 the City Council introduced Ordinance 2304.

#### **FISCAL AND RESOURCE IMPACT:**

There are no direct fiscal impacts from this item and no budget adjustment is requested at this time. Staff resources expended on this project were accommodated within the Community Services Department's existing workplan.

#### **CEQA (California Environmental Quality Act):**

Categorical Exemption.

This Ordinance and actions taken hereafter pursuant to this Ordinance are categorically exempt from environmental review under the California Environmental Quality Act pursuant to California Code of Regulations, Title 21, Section 15305(i) (Minor Alterations in Land Use Limitations).

**LINKS/ATTACHMENTS:**

1. Ordinance 2304 Beekeeping

## ORDINANCE NO. 2304, NEW SERIES

### AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING CHAPTER 6.36 (“ANIMALS AND LAND USE”) IN TITLE 6 (“ANIMALS”) OF THE MORGAN HILL MUNICIPAL CODE TO ALLOW RESIDENTIAL BEEKEEPING UNDER CERTAIN CIRCUMSTANCES

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

**Section 1. Declaration of Purpose and Intent.**

The purpose of this Ordinance is to amend Section 6.36 of the City of Morgan Hill Municipal Code to allow residential beekeeping under certain circumstances.

**Section 2.** Section 6.36.030 (“Definitions”) of Chapter 6.36 (“Animals and Land Use”) in Title 6 (“Animal”) of the Morgan Hill Municipal Code is hereby amended to read as follows:

**6.36.030 – DEFINITIONS**

For the purposes of this chapter, unless otherwise apparent from the context, certain words and phrases used in this chapter are defined as follows:

- A. "Agricultural zone," "commercial zone," "industrial zone" and "residential zone" mean all areas within the city zoned for agricultural uses, commercial uses, industrial uses and residential uses, respectively, as established by the official zoning ordinances of the city.
- B. “Apiary” as used in this chapter refers to where bees, hives, and any accessory appliances related to beekeeping is located.
- C. “Bees” as used in this chapter means honey-producing insects of the genus *Apis*. It includes all life stages of these insects.
- D. “Colony” as used in this chapter refers to one hive and its content, including bees, combs, and appliances.
- E. “Corral” means an area enclosed by fencing for the keeping of livestock.
- F. "Enclosed premises" means any lot or premises so enclosed as to prevent any animal or fowl confined thereon, escaping therefrom, or any animal or fowl from entering thereon.
- G. "Health officer" means the county health officer acting as the health officer of the city.
- H. “Hive” as used in this chapter refers to any receptacle, containers, or structure in which a colony is established.
- I. “Hobbyist beekeeper” as used in this chapter refers to the person maintaining an apiary in residential areas.
- J. Household pets" means and includes dogs, cats, canaries, parrots and other kindred birds and animals which are legal to possess in the state of California, that are usually or ordinarily kept as household pets.
- K. "Livestock" means and includes horses, ponies, mules, burros, jacks and jennies, cows, bulls, calves, heifers, llamas, sheep, goats, and all other domestic or domesticated animals

that are legal to possess within the state of California except swine, hogs, pigs and other household pets.

- L. "Person" means an individual, firm, partnership or corporation, and their heirs, assigns, executors, administrators or agents.
- M. "Private use" means keeping of animals for private purposes and enjoyment and occasional sale.
- N. "Poultry" means and includes chickens, turkeys, ducks, geese, pigeons and all other fowl including birds which are kept in outdoor aviaries.
- O. "Poultry ranch" means any premises, including outdoor aviaries, where a combined total of fifteen or more domestic fowl and poultry are kept, maintained, harbored or controlled by any person. Poultry under three months of age and not exceeding fifteen in number shall not be considered in computing the number of fowl on the premises.
- P. "Public stable" means any building or structure for the keeping of two or more horses which are not owned by the occupant of the premises, and are so kept for remuneration, hire or sale.
- Q. "Rabbits and small animals" means and includes hares, hamsters, chinchillas and guinea pigs, and all types of rodents.
- R. "Rabbit ranch" means any premises where eight or more rabbits are kept, maintained, harbored or controlled by any person. Rabbits under three months of age and not exceeding fifteen in number shall not be considered in computing the number of rabbits on the premises.
- S. "Rear yard" means a yard extending across the full width of the lot between the main building and the rear lot line; the depth of the required rear yard shall be measured horizontally from the nearest part of the main building toward the rear lot line.
- T. "Side yard" means an open space between a main building and the side lot line, extending from the front yard to the rear yard, the width of which is the horizontal distance from the nearest point of the side lot line to the nearest point of the main building.

**Section 3.** Section 6.36.270 ("Keeping of swine or bees prohibited-Exceptions") of Chapter 6.36 ("Animals and Land Use") in Title 6 ("Animals") of the Morgan Hill Municipal Code is hereby amended to read as follows:

**6.36.270 – Keeping of swine prohibited - Exceptions**

"It is unlawful for any person to keep, maintain or permit to be maintained any swine on any premises within the city, except within those premises which have been zoned for agricultural use."

**Section 4.** Section 6.36.275 ("Keeping of bees regulation") of Chapter 6.36 ("Animals and Land Use") in Title 6 ("Animal") is hereby added to the Morgan Hill Municipal Code as follows:

**6.36.275 – Keeping of bees regulations**

- A. Hobbyist beekeeper in single-family residential property must register any operating apiary with the Santa Clara County Agricultural Commissioner. Number of colonies, location of apiary, and first and last name of the apiary owner must be clearly stated in the application.



- B. It is unlawful for a hobbyist beekeeper to maintain an apiary in the City of Morgan Hill that is not registered with the County Agricultural Commissioner.
- C. A hobbyist beekeeper can keep one hive on a property with a lot size between 5,000 square feet and 10,000 square feet. Up to two hives can be kept on property with a lot size exceeding 10,000 square feet.
  - 1. EXCEPTIONS: with written unanimous consent from adjacent property owners, property with a lot size between 5,000 square feet and 10,000 square feet can keep up to 2 hives, and property with a lot size exceeding 10,000 square feet can keep up to 3 hives.
- D. Prior to placing an apiary within a 1,000 feet radius of a church, school, public building, dairy, or corral, the hobbyist beekeeper must obtain written permission from such entities
- E. All hives in an apiary must have an adequate supply of water within 3 feet of the hives to prevent bees from foraging in undesirable areas.
- F. All hives must be located in a side yard or backyard and must be easily accessible by County Inspectors.
- G. All hives must be located at least 25 feet from the rear property line and at least 10 feet from the side yard property line that the apiary is registered in.
- H. Any hives that exceeds 6 feet in height must be anchored with ratchet straps to prevent toppling during wind and earthquake events.
- I. All hives must have the entrance facing a dwelling or building on the property that the apiary is registered in or to be surrounded by a solid perimeter fence not less than six feet in height.
- J. Continuing hobbyist beekeepers must renew their registered apiary within 30 days after January 1 of each year.
- K. All hives must have the owner's name, owner's phone number and address, and apiary registration number, visibly displayed in dark letters in front of each hive entrance.

### **Section 5. CEQA Exemption**

The city finds that this Ordinance and actions taken hereafter pursuant to this Ordinance are categorically exempt from environmental review under the California Environmental Quality Act pursuant to California Code of Regulations, Title 21, Section 15305(i) (Minor Alterations in Land Use Limitations)

### **Section 6. Severability.**

Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

### **Section 7. Effective Date; Posting.**

This Ordinance shall take effect on October 18, 2019. The City Clerk is hereby directed to publish this Ordinance or a summary thereof pursuant to Government Code Section 36933.

**THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 4<sup>th</sup> DAY OF SEPTEMBER 2019 AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 18<sup>TH</sup> DAY OF SEPTEMBER 2019 AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH THE LAW BY THE FOLLOWING VOTE:**

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

**APPROVED:**

\_\_\_\_\_  
**RICH CONSTANTINE, Mayor**

**ATTEST:**

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

**DATE:** \_\_\_\_\_

Effective: October 18, 2019

**∞ CERTIFICATE OF THE CITY CLERK ∞**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. 2304, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 18<sup>th</sup> day of September 2019.

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

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

Attachment: Ordinance 2304 Beekeeping (2467 : Adopt Ordinance 2304 - Beekeeping)



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Dan Repp, Deputy Director Utility Services  
APPROVED BY: City Manager

## **ACCEPT THE 2019 PUBLIC HEALTH GOALS REPORT ON WATER QUALITY**

### **RECOMMENDATION(S)**

1. Take public comment and provide staff response; and
2. Accept and file the June 2019 Public Health Goals Report on Water Quality for the City of Morgan Hill.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Enhancing Public Safety

#### **2019 Strategic Priorities**

Infrastructure

### **GUIDING DOCUMENTS**

Water System Master Plan

### **REPORT NARRATIVE:**

As a water purveyor, the City must prepare a special report for the public every three years with information about water quality constituents detected in the drinking water and how they relate to State of California Public Health Goals (PHG's). PHGs are water quality goals established by the California Office of Environmental Health Hazard Assessment (OEHHA). A PHG is the level of chemical constituents in drinking water that does not pose a significant risk to health and they are not regulatory standards. The OEHHA uses these constituents in health risk assessments and therefore keeping track of them is very important in assessing trends. In addition, State law requires that drinking water standards be set as close to the corresponding PHG's as is economically and technologically feasible. In some cases, it may not be feasible to set the drinking water standard at the same level as a PHG because the technology to treat the chemicals may not be available, or the cost of treatment may be excessive. The State must consider these factors when developing a drinking water standard.

The PHG report is required to address those constituents that have a Maximum Contaminant Level Goal (MCLG) or PHG and an existing Maximum Contaminant Level (MCL). A complete list is found in Attachment 2 of the PHG report. The City's PHG results are from water samples taken in 2018 except for Chromium VI which is data from 2016. Chromium VI was not a required parameter for this reporting period however we are required to report results going back 3 years. The samples were taken from wells and test stations located throughout the City's distribution system. The analysis found concentrations that were equal to or greater than PHG's for: Lead, Copper, Aluminum, and Chromium VI (see Table 1 below). However, in all cases the

concentrations were below levels that would require water treatment.

Table 1. City of Morgan Hill Public Health Goal Exceedances

| <b>Water Quality Parameter</b> | <b>Sample Results</b> | <b>Public Health Goal</b> |
|--------------------------------|-----------------------|---------------------------|
| Lead                           | 0.008 mg/L            | 0.0002 mg/L               |
| Copper                         | 0.370 mg/L            | 0.3 mg/L                  |
| Aluminum                       | 0.6 mg/L              | 0.6 mg/L                  |
| Chromium VI                    | 0.0027 mg/L           | 0.00002 mg/L              |

The complete PHG report is included as an attachment to this report.

**COMMUNITY ENGAGEMENT: Inform**

The purpose of this report is to inform consumers of any contaminant that exceeds the applicable public health goal in the City of Morgan Hill's drinking water from 2016-2018.

**ALTERNATIVE ACTIONS:**

N/A.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

None

**FISCAL AND RESOURCE IMPACT:**

Preparation of this report is included in the Utilities Divisions' workplan. There are no fiscal impacts to receiving this report.

**CEQA (California Environmental Quality Act):**

Not a Project

This report serves as an administrative activity that will not result in direct or indirect physical changes in the environment.

**LINKS/ATTACHMENTS:**

1. PUBLIC HEALTH GOALS REPORT 2019



**PUBLIC HEALTH GOALS  
REPORT ON WATER QUALITY  
CITY OF MORGAN HILL  
JUNE 2019**



# CITY OF MORGAN HILL WATER SYSTEM PUBLIC HEALTH GOALS REPORT ON WATER QUALITY

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## SECTION 1: BACKGROUND INFORMATION

### What Are Public Health Goals (PHGs):

PHGs are water quality goals established by the California Office of Environmental Health Hazard Assessment (OEHHA) and are based solely on public health risk considerations. In setting the PHGs, OEHHA does not consider any of the practical risk-management factors which are considered by the United States Environmental Protection Agency (USEPA) and the State Water Resources Control Board (SWRCB) when setting drinking water standards. Some of these factors include Maximum Contaminant Levels (MCLs), including factors such as analytical detection capability, treatment technology available, and benefits & costs. PHGs are non-enforceable and are not required to be met by public water systems under the California Health and Safety Code. Maximum Contaminant Level Goals (MCLGs), established by USEPA, are the federal equivalent to PHGs.

### Reporting Requirements:

Provisions of the California Health and Safety Code Section 116470 (see Attachment 1) specify that public water systems serving more than 10,000 service connections must prepare a special report if their water quality measurements have exceeded any PHGs. Reporting must be done every three years. The law also requires that where OEHHA has not adopted a PHG for a contaminant, the water suppliers are to use the MCLGs adopted by USEPA. The purpose of this report is to inform consumers of contaminants in City of Morgan Hill Water System's drinking water that exceeded the PHGs or MCLGs during 2016, 2017, and 2018. Included in PHG reports are the numerical public health risk associated with;

- The Maximum Contaminant Level (MCL) and the PHG or MCLG
- The category or type of risk to health that could be associated with each contaminant
- The best treatment technology available that could be used to reduce the contaminant level
- Estimate of the cost to install that treatment if it is appropriate and feasible.

For general information about the quality of the water delivered by City of Morgan Hill Water System, please refer to the latest Annual Water Quality Report. The report can be found online at:

[www.morganhill.ca.gov/mhccreport](http://www.morganhill.ca.gov/mhccreport)

### Water Quality Data Considered:

The water quality data collected by City of Morgan Hill Water System between 2016 and 2018 were considered for the purpose of determining compliance with drinking water standards and PHG reporting requirements (see Attachment 2). This data was all summarized in City of Morgan Hill's Annual Water Quality Reports, which are currently available to customers online at:

[www.morganhill.ca.gov/mhccreport](http://www.morganhill.ca.gov/mhccreport)

For each regulated contaminant, SWRCB establishes Detection Limits for Purposes of Reporting (DLR). DLRs are the minimum levels at which any analytical result must be reported to SWRCB. Analytical results below the DLRs cannot be quantified with any certainty. In some cases, PHGs are set below the DLRs.

Guidelines Followed:

The Association of California Water Agencies (ACWA) formed a workgroup which prepared guidelines for water utilities to use in preparing these PHG reports. ACWA guidelines were used in the preparation of this report and can be found by following the link below.

[2019-ACWA-PHG-Report-Guidance.pdf](#)

## **SECTION 2: CONTAMINANTS DETECTED THAT EXCEED PHGS OR MCLGS**

Following is a discussion of the contaminants that was detected at levels above the PHG/MCLG. Reference Attachment 2 for MCLs, DLRs, and PHGs for Regulated Drinking Water Contaminants chart.

Lead:

The MCL for lead is 0.015 milligrams per liter (mg/L) in the triennial sample group. The City of Morgan Hill Water System results show a 0.008 mg/L sample during 2018. Although the City of Morgan Hill Water System is not over the MCL, the Public Health Goal (PHG) requires the City of Morgan Hill to report any samples over the PHG for Lead 0.0002 mg/L. Lead may be an indicator of internal corrosion of/in the household plumbing system; discharges from industrial manufacturers; or erosion of natural deposits.

The reason for Lead drinking water standard is that infants and children who drink water containing lead in excess of the MCL may experience delays in their physical and mental development. Children may show slight deficits in attention span and learning abilities. Adults who drink this water over many years may develop kidney problems or high blood pressure.

Copper:

The MCL for Copper is 1.3 mg/L. The City of Morgan Hill Water System results show a 0.370 mg/L sample during this period of 2018. Although the City of Morgan Hill Water System is not over the MCL, the Public Health Goal (PHG) requires the City of Morgan Hill to report any samples over the PHG for Copper 0.3 mg/L. Copper may be an indicator of internal corrosion the household plumbing system; discharges from industrial manufacturers; or erosion of natural deposits.

The reason for Copper drinking water standard is copper is an essential nutrient, but some people who drink water containing copper in excess of the MCL over a relatively short amount of time may experience gastrointestinal distress. Some people who drink water containing copper in excess of the MCL over many years may suffer liver or kidney damage. People with Wilson's Disease should consult their personal doctor.

For customers concerned about lead and/or copper in their drinking water, below are some steps to take to reduce exposure.

Have household water tested for lead and copper.

Find out whether household pipes/fixtures contain lead or lead solder and replace if desired.

Run household water for 15-30 seconds to help flush lead and copper from the pipes.

#### Aluminum:

The MCL for Aluminum is more than 1 mg/L in any sample. During 2018 the City of Morgan Hill Water System results show a sample level of 0.6 mg/L. Although the City of Morgan Hill Water System is not over the MCL, the Public Health Goal (PHG) requires the City of Morgan Hill to report any samples over the PHG for Aluminum 0.6 mg/L. Aluminum may be an indicator of erosion of natural deposits; residue from surface water treatment plants.

The reason for Aluminum drinking water standards is some people who drink water containing Aluminum more than the MCL over many years may experience short term gastrointestinal tract effects.

#### Chromium VI:

The MCL for Chromium VI was repealed in 2017 which means water systems are not required to test for or report it as drinking water contaminant. The State of California is in process of establishing a new MCL for Chromium VI and once adopted the new MCL will apply to public water systems. During 2016 the City of Morgan Hill Water System results show a sample level of 0.0027 mg/L which is greater than the PHG 0.00002 mg/L. Chromium VI may be an indicator of discharge from electroplating factories; leather tanneries, wood preservation, chemical synthesis, refractory production, and textile manufacturing facilities; erosion of natural deposits.

The reason for Chromium VI is considered as a PHG is that some people have shown an increased risk of getting cancer when exposed through drinking water.

### **SECTION 3: TREATMENT FEASIBILITY AND RECOMMENDATIONS**

Both the USEPA and SWRCB adopt what are known as Bats, or Best Available Technologies, which are the best known methods of reducing contaminant levels to the MCL. Costs can be estimated for such technologies. However, since many PHGs and all MCLGs are set much lower than the MCL, it is not always possible or feasible to determine what treatment is needed to further reduce a constituent downward to or near the PHG or MCLG, many of which are set at zero. Estimating the costs to reduce a constituent to zero is difficult, if not impossible because it is not possible to verify by analytical means that the level has been lowered to zero. In some cases, installing treatment to try and further reduce very low levels of one constituent may have adverse effects on other aspects of water quality.

The City of Morgan Hill drinking water does not exceed MCL's for the PHG contaminants discussed above. Consequently, Staff is recommending that no additional treatment be applied to the City drinking water system. The City will continue to coordinate with SWRCB to identify

any additional measures that will improve operations and water quality in the distribution system. No further action is proposed at this time.

## ATTACHMENT 1

### EXERPT FROM CALIFORNIA HEALTH & SAFETY CODE SECTION 116470

(b) On or before July 1, 1998, and every three years thereafter, public water systems serving more than 10,000 service connections that detect one or more contaminants in drinking water that exceed the applicable public health goal, shall prepare a brief written report in plain language that does all of the following:

- (1) Identifies each contaminant detected in drinking water that exceeds the applicable public health goal.
  - (2) Discloses the numerical public health risk, determined by the office, associated with the maximum contaminant level for each contaminant identified in paragraph (1) and the numerical public health risk determined by the office associated with the public health goal for that contaminant.
  - (3) Identifies the category of risk to public health, including, but not limited to, carcinogenic, mutagenic, teratogenic, and acute toxicity associated with exposure to the contaminant in drinking water and includes a brief plainly worded description of these terms.
  - (4) Describes the best available technology, if any is then available on a commercial basis, to remove the contaminant or reduce the concentration of the contaminant. The public water system may, solely at its own discretion, briefly describe actions that have been taken on its own, or by other entities, to prevent the introduction of the contaminant into drinking water supplies.
  - (5) Estimates the aggregate cost and the cost per customer of utilizing the technology described in paragraph (4), if any, to reduce the concentration of that contaminant in drinking water to a level at or below the public health goal.
  - (6) Briefly describes what action, if any, the local water purveyor intends to take to reduce the concentration of the contaminant in public drinking water supplies and the basis for that decision.
- (f) Pending adoption of a public health goal by the Office of Environmental Health hazard Assessment pursuant to subdivision (c) of Section 116365, and in lieu thereof, public water systems shall use the national maximum contaminant level goal adopted by the United States Environmental Protection Agency for the corresponding contaminant for purposes of complying with the notice and hearing requirements of this section.

## ATTACHMENT 2

| <b>MCLs, DLRs, and PHGs for Regulated Drinking Water Contaminants</b><br><b>(Units are in milligrams per liter (mg/L), unless otherwise noted.)</b><br><b>Last Update: December 26, 2018</b>                                                                            |         |         |                                  |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|----------------------------------|---------------|
| <b>This table includes:</b><br><b>California's maximum contaminant levels (MCLs)</b><br><b>Detection limits for purposes of reporting (DLRs)</b><br><a href="#"><b>Public health goals (PHGs) from the Office of Environmental Health Hazard Assessment (OEHHA)</b></a> |         |         |                                  |               |
| Also, PHGs for NDMA (which are not yet regulated) are included at the bottom of this table.                                                                                                                                                                             |         |         |                                  |               |
|                                                                                                                                                                                                                                                                         | MCL     | DLR     | PHG                              | PHG Exceeded? |
| <i>Chemicals with MCLs in 22 CCR §64431—Inorganic Chemicals</i>                                                                                                                                                                                                         |         |         |                                  |               |
| Aluminum                                                                                                                                                                                                                                                                | 1       | 0.05    | 0.6                              | Yes           |
| Antimony                                                                                                                                                                                                                                                                | 0.006   | 0.006   | 0.001                            | NO            |
| Arsenic                                                                                                                                                                                                                                                                 | 0.010   | 0.002   | 0.000004                         | NO            |
| Asbestos (MFL = million fibers per liter; for fibers >10 microns long)                                                                                                                                                                                                  | 7 MFL   | 0.2 MFL | 7 MFL                            | NO            |
| Barium                                                                                                                                                                                                                                                                  | 1       | 0.1     | 2                                | NO            |
| Beryllium                                                                                                                                                                                                                                                               | 0.004   | 0.001   | 0.001                            | NO            |
| Cadmium                                                                                                                                                                                                                                                                 | 0.005   | 0.001   | 0.00004                          | NO            |
| Chromium, Total - OEHHA withdrew the 0.0025-mg/L PHG                                                                                                                                                                                                                    | 0.05    | 0.01    | withdrawn Nov. 2001              | NO            |
| Chromium, Hexavalent – 0.01-mg/L MCL & 0.01 mg/L DLR repealed September 2017                                                                                                                                                                                            | na      | 0.001   | 0.00002                          | Yes           |
| Cyanide                                                                                                                                                                                                                                                                 | 0.15    | 0.1     | 0.15                             | NO            |
| Fluoride                                                                                                                                                                                                                                                                | 2       | 0.1     | 1                                | NO            |
| Mercury (inorganic)                                                                                                                                                                                                                                                     | 0.002   | 0.001   | 0.0012                           | NO            |
| Nickel                                                                                                                                                                                                                                                                  | 0.1     | 0.01    | 0.012                            | NO            |
| Nitrate (as nitrogen, N)                                                                                                                                                                                                                                                | 10 as N | 0.4     | 45 as NO <sub>3</sub> (=10 as N) | NO            |
| Nitrite (as N)                                                                                                                                                                                                                                                          | 1 as N  | 0.4     | 1 as N                           | NO            |
| Nitrate + Nitrite (as N)                                                                                                                                                                                                                                                | 10 as N | --      | 10 as N                          | NO            |
| Perchlorate                                                                                                                                                                                                                                                             | 0.006   | 0.004   | 0.001                            | NO            |
| Selenium                                                                                                                                                                                                                                                                | 0.05    | 0.005   | 0.03                             | NO            |
| Thallium                                                                                                                                                                                                                                                                | 0.002   | 0.001   | 0.0001                           | NO            |

| Copper and Lead, 22 CCR §64672.3                                                        |            |       |        | PHG Exceeded? |
|-----------------------------------------------------------------------------------------|------------|-------|--------|---------------|
|                                                                                         |            |       |        |               |
| Copper                                                                                  | 1.3        | 0.05  | 0.3    | Yes           |
| Lead                                                                                    | 0.015      | 0.005 | 0.0002 | Yes           |
| Radionuclides with MCLs in 22 CCR §64441 and §64443—Radioactivity                       |            |       |        | PHG Exceeded? |
| [units are picocuries per liter (pCi/L), unless otherwise stated; n/a = not applicable] |            |       |        |               |
| Gross alpha particle activity - OEHA concluded in 2003 that a PHG was not practical     | 15         | 3     | none   | NO            |
| Gross beta particle activity - OEHA concluded in 2003 that a PHG was not practical      | 4 mrem/yr. | 4     | none   | NO            |
| Radium-226                                                                              | --         | 1     | 0.05   | NO            |
| Radium-228                                                                              | --         | 1     | 0.019  | NO            |
| Radium-226 + Radium-228                                                                 | 5          | --    | --     | NO            |
| Strontium-90                                                                            | 8          | 2     | 0.35   | NO            |
| Tritium                                                                                 | 20,000     | 1,000 | 400    | NO            |
| Uranium                                                                                 | 20         | 1     | 0.43   | NO            |

| Chemicals with MCLs in 22 CCR §64444—Organic Chemicals |        |        |         | PHG Exceeded? |
|--------------------------------------------------------|--------|--------|---------|---------------|
| (a) Volatile Organic Chemicals (VOCs)                  |        |        |         |               |
| Benzene                                                | 0.001  | 0.0005 | 0.00015 | NO            |
| Carbon tetrachloride                                   | 0.0005 | 0.0005 | 0.0001  | NO            |
| 1,2-Dichlorobenzene                                    | 0.6    | 0.0005 | 0.6     | NO            |
| 1,4-Dichlorobenzene (p-DCB)                            | 0.005  | 0.0005 | 0.006   | NO            |
| 1,1-Dichloroethane (1,1-DCA)                           | 0.005  | 0.0005 | 0.003   | NO            |
| 1,2-Dichloroethane (1,2-DCA)                           | 0.0005 | 0.0005 | 0.0004  | NO            |
| 1,1-Dichloroethylene (1,1-DCE)                         | 0.006  | 0.0005 | 0.01    | NO            |
| cis-1,2-Dichloroethylene                               | 0.006  | 0.0005 | 0.013   | NO            |
| trans-1,2-Dichloroethylene                             | 0.01   | 0.0005 | 0.05    | NO            |
| Dichloromethane (Methylene chloride)                   | 0.005  | 0.0005 | 0.004   | NO            |
| 1,2-Dichloropropane                                    | 0.005  | 0.0005 | 0.0005  | NO            |
| 1,3-Dichloropropene                                    | 0.0005 | 0.0005 | 0.0002  | NO            |
| Ethylbenzene                                           | 0.3    | 0.0005 | 0.3     | NO            |
| Methyl tertiary butyl ether (MTBE)                     | 0.013  | 0.003  | 0.013   | NO            |
| Monochlorobenzene                                      | 0.07   | 0.0005 | 0.07    | NO            |
| Styrene                                                | 0.1    | 0.0005 | 0.0005  | NO            |
| 1,1,2,2-Tetrachloroethane                              | 0.001  | 0.0005 | 0.0001  | NO            |
| Tetrachloroethylene (PCE)                              | 0.005  | 0.0005 | 0.00006 | NO            |
| Toluene                                                | 0.15   | 0.0005 | 0.15    | NO            |
| 1,2,4-Trichlorobenzene                                 | 0.005  | 0.0005 | 0.005   | NO            |
| 1,1,1-Trichloroethane (1,1,1-TCA)                      | 0.2    | 0.0005 | 1       | NO            |
| 1,1,2-Trichloroethane (1,1,2-TCA)                      | 0.005  | 0.0005 | 0.0003  | NO            |



|                                                                 | MCL    | DLR    | PHG     | PHG Exceeded? |
|-----------------------------------------------------------------|--------|--------|---------|---------------|
| <b>Chemicals with MCLs in 22 CCR §64431—Inorganic Chemicals</b> |        |        |         |               |
| Trichloroethylene (TCE)                                         | 0.005  | 0.0005 | 0.0017  | NO            |
| Trichlorofluoromethane (Freon 11)                               | 0.15   | 0.005  | 1.3     | NO            |
| 1,1,2-Trichloro-1,2,2-Trifluoroethane (Freon 113)               | 1.2    | 0.01   | 4       | NO            |
| Vinyl chloride                                                  | 0.0005 | 0.0005 | 0.00005 | NO            |
| Xylenes                                                         | 1.75   | 0.0005 | 1.8     | NO            |
|                                                                 |        |        |         |               |
|                                                                 |        |        |         |               |

| <b>(b) Non-Volatile Synthetic Organic Chemicals (SOCs)</b> |                    |                    |                     | <b>PHG Exceeded?</b> |
|------------------------------------------------------------|--------------------|--------------------|---------------------|----------------------|
| Alachlor                                                   | 0.002              | 0.001              | 0.004               | NO                   |
| Atrazine                                                   | 0.001              | 0.0005             | 0.00015             | NO                   |
| Bentazon                                                   | 0.018              | 0.002              | 0.2                 | NO                   |
| Benzo(a)pyrene                                             | 0.0002             | 0.0001             | 0.000007            | NO                   |
| Carbofuran                                                 | 0.018              | 0.005              | 0.0017              | NO                   |
| Chlordane                                                  | 0.0001             | 0.0001             | 0.00003             | NO                   |
| Dalapon                                                    | 0.2                | 0.01               | 0.79                | NO                   |
| 1,2-Dibromo-3-chloropropane (DBCP)                         | 0.0002             | 0.00001            | 0.0000017           | NO                   |
| 2,4-Dichlorophenoxyacetic acid (2,4-D)                     | 0.07               | 0.01               | 0.02                | NO                   |
| Di(2-ethylhexyl)adipate                                    | 0.4                | 0.005              | 0.2                 | NO                   |
| Di(2-ethylhexyl)phthalate (DEHP)                           | 0.004              | 0.003              | 0.012               | NO                   |
| Dinoseb                                                    | 0.007              | 0.002              | 0.014               | NO                   |
| Diquat                                                     | 0.02               | 0.004              | 0.006               | NO                   |
| Endrin                                                     | 0.002              | 0.0001             | 0.0003              | NO                   |
| Endothal                                                   | 0.1                | 0.045              | 0.094               | NO                   |
| Ethylene dibromide (EDB)                                   | 0.00005            | 0.00002            | 0.00001             | NO                   |
| Glyphosate                                                 | 0.7                | 0.025              | 0.9                 | NO                   |
| Heptachlor                                                 | 0.00001            | 0.00001            | 0.000008            | NO                   |
| Heptachlor epoxide                                         | 0.00001            | 0.00001            | 0.000006            | NO                   |
| Hexachlorobenzene                                          | 0.001              | 0.0005             | 0.00003             | NO                   |
| Hexachlorocyclopentadiene                                  | 0.05               | 0.001              | 0.002               | NO                   |
| Lindane                                                    | 0.0002             | 0.0002             | 0.000032            | NO                   |
| Methoxychlor                                               | 0.03               | 0.01               | 0.00009             | NO                   |
| Molinate                                                   | 0.02               | 0.002              | 0.001               | NO                   |
| Oxamyl                                                     | 0.05               | 0.02               | 0.026               | NO                   |
| Pentachlorophenol                                          | 0.001              | 0.0002             | 0.0003              | NO                   |
| Picloram                                                   | 0.5                | 0.001              | 0.166               | NO                   |
| Polychlorinated biphenyls (PCBs)                           | 0.0005             | 0.0005             | 0.00009             | NO                   |
| Simazine                                                   | 0.004              | 0.001              | 0.004               | NO                   |
| 2,4,5-TP (Silvex)                                          | 0.05               | 0.001              | 0.003               | NO                   |
| 2,3,7,8-TCDD (dioxin)                                      | 3x10 <sup>-8</sup> | 5x10 <sup>-9</sup> | 5x10 <sup>-11</sup> | NO                   |
| Thiobencarb                                                | 0.07               | 0.001              | 0.042               | NO                   |
| 1,2,3- Trichloropropane                                    | 0.000005           | 0.000005           | 0.0000007           | NO                   |
| Toxaphene                                                  | 0.003              | 0.001              | 0.00003             | NO                   |

| <b>Chemicals with MCLs in 22 CCR §64533—Disinfection Byproducts</b>                                                                |       |          |          | <b>PHG Exceeded?</b> |
|------------------------------------------------------------------------------------------------------------------------------------|-------|----------|----------|----------------------|
| Total Trihalomethanes                                                                                                              | 0.080 | --       | --       | <b>NO</b>            |
| Bromodichloromethane                                                                                                               | --    | 0.0010   | 0.00006  | <b>NO</b>            |
| Bromoform                                                                                                                          | --    | 0.0010   | 0.0005   | <b>NO</b>            |
| Chloroform                                                                                                                         | --    | 0.0010   | 0.0004   | <b>NO</b>            |
| Dibromochloromethane                                                                                                               | --    | 0.0010   | 0.0001   | <b>NO</b>            |
| Haloacetic Acids (five) (HAA5)                                                                                                     | 0.060 | --       | --       | <b>NO</b>            |
| Monochloroacetic Acid                                                                                                              | --    | 0.0020   | --       | <b>NO</b>            |
| Dichloroacetic Acid                                                                                                                | --    | 0.0010   | --       | <b>NO</b>            |
| Trichloroacetic Acid                                                                                                               | --    | 0.0010   | --       | <b>NO</b>            |
| Monobromoacetic Acid                                                                                                               | --    | 0.0010   | --       | <b>NO</b>            |
| Dibromoacetic Acid                                                                                                                 | --    | 0.0010   | --       | <b>NO</b>            |
| Bromate                                                                                                                            | 0.010 | 0.0050** | 0.0001   | <b>NO</b>            |
| Chlorite                                                                                                                           | 1.0   | 0.020    | 0.05     | <b>NO</b>            |
| <b>Chemicals with PHGs established in response to DDW requests. These are not currently regulated drinking water contaminants.</b> |       |          |          | <b>PHG Exceeded?</b> |
| N-Nitrosodimethylamine (NDMA)                                                                                                      | --    | --       | 0.000003 | <b>NO</b>            |
| *OEHHA's review of this chemical during the year indicated (rev20XX) resulted in no change in the PHG.                             |       |          |          |                      |
| **The DLR for Bromate is 0.0010 mg/L for analysis performed using EPA Method 317.0 Revision 2.0, 321.8, or 326.0.                  |       |          |          |                      |



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Chris Ghione, Public Services Director

APPROVED BY: City Manager

## **PROVIDE DIRECTION REGARDING CITY USE OF HERBICIDES**

### **RECOMMENDATION(S)**

1. Receive report on herbicide use in City parks, facilities, medians, and right of ways; and
2. Provide staff with direction on future use of herbicides by the City.

## **COUNCIL PRIORITIES, GOALS & STRATEGIES**

### **Ongoing Priorities**

Protecting the Environment

Maintaining Fiscal Responsibility

### **POLICY CONSIDERATIONS:**

There has been significant interest by several community members in reducing or eliminating the use of herbicides by the City. City staff have identified considerations that should be reviewed in association with this change in maintenance practice and are recommending an ongoing process to evaluate the reduction in herbicide use as well as the elimination of one herbicide specifically. The Council may want to consider the impacts associated with the immediate elimination and/or reduction in herbicide use when providing direction to City staff.

### **REPORT NARRATIVE:**

#### **Background**

Over the last several months numerous residents have reached out to City representatives regarding the use of herbicides on City property. Many of the requests from residents have been specific to eliminating the use of the herbicide Glyphosate. Multiple City Council Members have requested City staff review alternatives for the reduction in herbicide use. This report is intended to provide background information and potential next steps on herbicide use by the City.

The City of Morgan Hill, through its own employees and landscape contractors, uses a variety of means to control weeds in various City owned locations. These locations include parks, medians, facilities, and right of way (ROW) areas adjacent to streets where typically no sidewalk is present. This maintenance occurs for both aesthetic and fire protection reasons. Herbicide use is currently a major component of weed abatement and Glyphosate is currently the most common herbicide used. This is due to its effectiveness. In the case of the ROW maintenance, the work is done completely for

fire protection purposes and the weed abatement is performed almost completely by the spraying of Glyphosate.

Glyphosate is distributed commercially under the product name Roundup. Glyphosate was introduced commercially in 1974 and is now used in more than 160 countries. In early 2017, the California Environmental Protection Agency (CalEPA) placed glyphosate on a list of potentially harmful chemicals. The list is in accordance with State law enacted by California voters in 1986 (Proposition 65) that mandates notification and labeling of all products which the State of California has determined to potentially add to a person's cancer risk, may cause harm to unborn children or other reproductive harm. The CalEPA list does not ban the use of chemicals but does require clear and reasonable warnings for exposures to chemicals on the State's list under certain circumstances. The list itself includes over 1,000 chemicals, including things such as medications, alcoholic beverages, gasoline, etc.

Roundup is currently approved for use in the United States through the Environmental Protection Agency and California through the Department of Pesticide Regulation (DPR). Pesticides are currently categorized into three classifications, Caution (least toxic), Warning, and Danger (most toxic). Glyphosate has a Caution classification. The largest use of Glyphosate is in agriculture due to its use in on genetically altered crops designed to tolerate Glyphosate.

### **City Use of Herbicides**

Use of herbicides within the City is managed through the Community Services Maintenance Division. The Division utilizes Glyphosate and other herbicides 1-3 times per year in park areas and the City ROW. The number of applications depends on the weather and needs of the specific area, which can cause a need to reapply. For the use of herbicides, the City is regulated by the County Department of Agriculture and the DPR. The City files reports on all use to both organizations. The City follows all federal, state and county guidelines and regulations when spraying. Use occurs both by City staff and maintenance contractors.

Over the last several years, the City has been updating its approach to herbicide use on an ongoing basis to ensure safety of staff and the public. Updates include:

- The City staff follow all guidelines and regulations, utilize all personal protective equipment and follow all procedures outlined for each specific herbicide. Staff stay trained, up to date and implement all new requirements immediately.
- Six years ago, the City began requiring the posting of herbicide use 72 hours prior to utilizing herbicides in any City parks or in areas near schools. Signs are removed no less than 24 hours following the application. This is not a requirement, but City staff felt important and began implementing.
- The City does not use herbicides in or near waterways, except for organic herbicides approved specifically for this use.
- The City recently implemented a pilot program at Paradise Park eliminating the use of herbicides completely. This park was intended as a trial site to assess the possibility and costs related to eliminating the use of Glyphosate and other herbicides in the future. The trial completed its second year this summer. In

conjunction with the trial, the City has also tested two new organic alternative products to Glyphosate.

- All crews that apply pesticides are overseen by a maintenance worker on site with a valid California Pesticide Qualified Applicators Certificate (QAC), and all pesticide mixing is performed by a crew member properly trained and in possession of a valid QAC. We also assure no one is in the area of coverage while spraying which at times causes staff to wait for areas to be clear. Staff remain present until areas are safe to enter once the application is dry (as per the labels and training).

As noted, City staff have been experimenting with the use of alternate herbicides to Glyphosate. Unfortunately, this experimentation has not resulted in identifying an effective alternative to date. City staff has recently been in discussion with other agencies on an additional new organic herbicide that they have found effective. However, this new alternative as well as others will not be able to be tested until the Spring of 2020 as the weed abatement season is now over.

In reviewing alternative strategies City staff have spent considerable time evaluating options for reducing herbicide use and potentially eliminating the use of glyphosate. Unfortunately to date, there does not appear to be a path forward that will not result in increased costs or a significant decrease in the level of weed abatement services provided. The following chart outlines the City's weed abatement areas and the estimated staff hours committed to weed abatement. It further estimates the increased hours/costs associated with maintaining the existing service levels in each of the areas.

|                                                                                  | <b>Parks<br/>City<br/>Maintained</b> | <b>Staff</b> | <b>Parks, Medians,<br/>Landscaping<br/>Maintained<br/>Contract</b> | <b>by</b> | <b>Street Right of Way<br/>City<br/>Maintained</b> | <b>Staff</b> |
|----------------------------------------------------------------------------------|--------------------------------------|--------------|--------------------------------------------------------------------|-----------|----------------------------------------------------|--------------|
| <b>Size of Areas</b>                                                             | 17.6 acres                           |              | 15.75 acres<br>(estimate)                                          |           | 41.2 linear miles<br>(10-foot width)               |              |
| <b>Current<br/>maintenance<br/>hours</b>                                         | 116 hours                            |              | NA                                                                 |           | 345 hours                                          |              |
| <b>Estimated<br/>increased<br/>hours/costs<br/>without<br/>Glyphosate use</b>    | 233 hours<br>\$17,000 annually       |              | NA<br>\$24,900 annually                                            |           | 690 hours<br>\$51,000 annually                     |              |
| <b>Estimated<br/>increased<br/>hours/costs<br/>without any<br/>herbicide use</b> | 928 hours<br>\$68,000 annually       |              | NA<br>\$74,700 annually                                            |           | 2,760 hours<br>\$203,000 annually                  |              |

It is important to note that weed abatement is not just for aesthetics, and maintenance of the City ROW is intended for fire safety. Ensuring weeds do not reach the roadway



edges is important to fire prevention. To this point should the City determine it would like to eliminate the use of herbicides or Glyphosate in particular, just lowering the level of service would not be recommended.

### Other Agencies

City staff recently did a survey of surrounding jurisdictions as it relates to use of herbicides in general and specifically the use of Glyphosate. The chart below provides general information on use by other agencies. It should be noted that this use may vary in both how and in what quantities each agency uses herbicides, so the information is general in nature.

| Agency                   | Herbicides<br>Used in<br>ROW | Glyphosate<br>Used in<br>ROW | Herbicides<br>Used in<br>Parks | Glyphosate<br>Used in<br>Parks |
|--------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Campbell                 | Yes                          | Yes                          | Yes                            | Yes                            |
| Cupertino                | Yes                          | Yes                          | Yes                            | Yes                            |
| Fremont                  | Yes                          | Yes                          | Yes                            | Yes                            |
| Gilroy                   | Yes                          | Yes                          | Yes                            | Yes                            |
| Los Altos                | Yes                          | Yes                          | Yes                            | Yes                            |
| Los Gatos                | Yes                          | Yes                          | Yes                            | Yes                            |
| Mid-Pen Open Space Dist. | No                           | No                           | Yes                            | Yes                            |
| Mountain View            | Yes                          | Yes*                         | Yes                            | Yes*                           |
| Palo Alto                | Yes                          | Yes                          | Yes                            | Yes                            |
| San Jose                 | Yes                          | Yes                          | Yes                            | Yes**                          |
| Santa Clara County       | Yes                          | No                           | Yes                            | No                             |
| SCV Open Space Authority | Yes                          | Yes                          | Yes                            | Yes                            |

\* Mountain View will discontinue use of Glyphosate in 2020.

\*\* San Jose is currently reviewing the potential elimination of the use of Glyphosate in parks.

### Recommended Next Steps

City staff believe in working towards the reduction in herbicide use as well meeting the desire of the community members who would like to reduce or eliminate the use of Glyphosate by the City. However, the costs associated with this transition are significant and would need to be funded through the City's General Fund. General Fund resources are limited, and the Council has a significant number of unfunded priorities. City staff recommend no formal action at this time, but that the City staff be permitted to continue to explore alternate herbicide options to replace the use of Glyphosate. Alternate options would be tested in the Spring of 2020. City staff would then plan to report back to the Council in the Summer of 2020 with findings and any further recommendations.

### COMMUNITY ENGAGEMENT: Inform

City staff have been in communication with multiple members of the public on this issue. This report summarizes the information on the City's use of herbicides and provides for the City's future planning.

### ALTERNATIVE ACTIONS:

The City Council may alternatively provide further direction to staff on the use of herbicides in parks. Should the Council wish to take a more aggressive approach, City staff would bring back a report prior to the end of the year with options for reducing and/or eliminating the use of herbicides and/or Glyphosate. Based on this direction City staff would outline alternatives for increased funding for maintenance and/or reductions in service levels.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The Parks and Recreation Commission is scheduled to review this topic at its September 17 meeting. Any recommendations from the Commission will be provided to the Council as a supplemental item.

**FISCAL AND RESOURCE IMPACT:**

There is no fiscal impact associated with the recommended action. Significant fiscal and resource impacts are associated with the reduction of the use of herbicides by the City. These impacts could range from tens of thousands of dollars to hundreds of thousands of dollars.

**CEQA (California Environmental Quality Act):**

Categorical Exemption

The planned maintenance and management of city facilities falls within the CEQA categorical exemption of Class 1, Existing Facilities.



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Chris Ghione, Public Services Director  
APPROVED BY: City Manager

## **PROVIDE DIRECTION REGARDING CITYWIDE TRAFFIC STUDIES AND RELATED PROJECT UPDATES**

### **RECOMMENDATION(S)**

1. Receive cut-through traffic study;
2. Receive final intersection analysis and update on improvements;
3. Receive update on traffic projects; and
4. Provide staff feedback on next steps for traffic congestion and pedestrian safety management.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Enhancing Public Safety  
Advancing Regional Initiatives

#### **2019 Strategic Priorities**

Infrastructure  
Traffic/Transportation

### **GUIDING DOCUMENTS**

Vision Zero

### **POLICY CONSIDERATIONS:**

This report is being provided to allow the Council to review and discuss the City's activities in managing traffic throughout the City.

### **REPORT NARRATIVE:**

The purpose of this report is to provide an update on the Engineering Division's work in relation to traffic congestion management and traffic safety improvement planning. The report is intended to help provide the City Council with background information for future policy considerations when creating priorities and allocating resources.

Over the last few years, City staff have seen an increase in the number of resident complaints relating to traffic both from a traffic congestion perspective and from traffic calming perspective. In many cases these requests are conflicting in nature from the perspective that some are requests for traffic calming measures (stop signs, speed bumps, etc.) while others are requests for improvements to enhance traffic flow (traffic signals, additional lanes, etc.). Common requests include; improved signal coordination, new or enhanced crosswalks, reduced speed limits, installation of traffic calming devices, new stop signs, new traffic signals, the installation of roundabouts and the elimination of through traffic on specific streets.

Historically, the City has dedicated very limited resources to overall congestion

management and the ongoing planning for traffic. The approach has primarily been project based in developing specific Capital Improvement Projects to support the goals outlined in the Transportation Element of the City's General Plan. City staff do not currently dedicate resources to coordinate management of the traffic signals within the City. The City's traffic signal infrastructure is comprised solely of individually managed traffic signals with the exception of interconnected traffic signals near each of the freeway off-ramps.

### **Regional Cut-through Traffic Study**

In light of the traffic concerns, City initiated a traffic study to identify the amount of cut-through traffic using city streets. Staff recommended this study be conducted as an initial step to help inform future decision making on allocating resources to congestion management functions. It has always been assumed that significant regional traffic originating from areas to the south was impacting City streets due to traffic congestion on Highway 101. The geography and configurations of roadways in South County is such that several county roadways converge entering the City from the south and only three routes leave the City to the north (Highway 101, Monterey Road and Santa Teresa Avenue). Understanding if local traffic improvements in Morgan Hill would support reduced traffic congestion or would just draw more traffic from Highway 101 was the most significant question identified to be answered with the study.

The City engaged Hexagon Transportation Consultants, Inc. to conduct a regional cut-through analysis of major roadways within the City of Morgan Hill. The intent of the study was to 1) estimate the amount of regional cut-through traffic on major roadways within the City, 2) identify the major cut-through routes, and 3) estimate the potential effects of local roadway improvements on cut-through traffic. Regional cut-through traffic, for the purpose of this study, was defined as traffic travelling on City of Morgan Hill roadways that does not have an origin or destination within the City. The data utilized in the analysis was anonymous data from mobile applications from personal cell phones purchased from a third-party company. The Cut-Through Traffic study is included as Attachment 1.

The significant findings in the study include:

1. The City has significant cut-through traffic, but the majority of traffic on our roadways is still local.
2. There is opportunity to improve local traffic through investment in infrastructure without attracting additional cut-through traffic.
3. During the PM Peak it is estimated that 39% of southbound traffic cuts-through city streets and 31% of northbound AM Peak traffic cuts through city streets (remaining percentages stayed on Highway 101).
4. During AM Peak Traffic Hours on some streets up to 1 in 3 vehicles is pass-through and on some streets during PM it is up to 1 in 4 vehicles.
5. The AM Peak sees considerable pass through traffic on the East side of town, but the East side does not see significant cut-through traffic during the PM Peak.
6. The PM Peak sees most significant pass through traffic on Monterey North of Cochrane, followed by the Hale corridor.

7. Roadway improvements such as the Hale Avenue Extension or improving the infrastructure through intelligent traffic management systems will support improvement in local traffic and not just increase cut-through traffic.
8. Highway 101 congestion is a significant cause for cut-through traffic.

### **Intersection Capacity Analysis**

In 2017, the City commissioned an intersection capacity analysis (Attachment 2). This analysis looked at key intersections within the City. The studied intersections are major intersections that have historically had the greatest level of congestion and vehicle delays. The purpose of the report was to identify improvements to these intersections that could improve traffic congestion and enhance safety. The study was completed in mid-2018 and City staff have utilized it to make improvements at the intersections identified. The following information summarizes the work that has already been done or is the process of being done at each intersection:

#### **1. Condit Road and Dunne Avenue**

Improvements are currently in progress and all recommendations will be implemented with the upgrades to this intersection, with the exception of extending the Eastbound Dunne turn pocket. This final improvement is within Caltrans right of way and City staff are still reviewing options to complete as part of a future CIP project.

#### **2. Butterfield Boulevard and Tennant Avenue**

The pedestrian safety improvements are currently scheduled to be completed by October. The major intersection improvements require the acquisition of additional right of way and have significant cost associated with them. This work will be recommended for addition to the Capital Improvement Program in the future.

#### **3. Monterey Road and Main Avenue**

The pedestrian safety recommendations have been completed at this intersection. The traffic congestion improvements have not been made as the recommended permitted left turn phasing will likely improve congestion slightly but based on past experience will reduce pedestrian safety and will likely result in more vehicle collisions.

#### **4. Butterfield Boulevard and Dunne Avenue**

The pedestrian safety improvements are currently scheduled to be completed by October. However, the major intersection improvements require the acquisition of additional right of way and have significant cost associated with them. This work will be recommended for addition to the Capital Improvement Program in the future.

#### **5. Monterey Road at Tennant / Edmundson Avenue**

Only pedestrian safety improvements were recommended at this intersection. These improvements are currently scheduled to be completed by October.

### **Congestion Management Projects**

As noted earlier in this report, requests to replace stop signs with traffic signals is a common request of residents. The most common location for these requests is along the Santa Teresa/Sunnyside/Hale Avenue corridor, with the most common intersection requests occurring at the intersections of Watsonville Road and Tilton Avenue. Both intersections are planned for future signalization, but staff are not recommending these improvements occur immediately due to limited funding and the prioritization of the Hale Avenue Extension. The City has had to borrow against future Traffic Impact Fee revenues to complete the property acquisition for Phase 1 of the Hale Avenue Extension. Additionally, signalization of these intersections will not increase pedestrian or traffic safety as replacement of the stop signs will increase speeds through both intersections.

It should be noted that the Santa Teresa/Sunnyside/Hale corridor along with the Monterey Road/Butterfield Corridor serve a significant amount of regional traffic. City staff believe it would be appropriate to seek regional funding to improve congestion along these routes. Improvements would not only include additional signalization/intersection improvements, but Phase 2 of the Hale Avenue Extension, connecting Dewitt to Sunnyside Avenue is also needed. This project is currently outside the City, under County jurisdiction and unfunded. In addition to the improvements noted, funding to support improved signal management infrastructure through the corridor could be used to improve congestion and would be of both local and regional benefit.

### **Traffic Safety, Pedestrian and Bicycle Improvements**

City staff are currently working on a number of traffic safety projects throughout the City. These projects are in alignment with the City's Vision Zero initiative to make Morgan Hill streets safer (Attachment 3). City staff has identified dozens of future projects and begun the process of prioritizing these projects for future improvements. Current projects that are being worked on include:

- **Pedestrian Improvements at Intersections**  
These projects were noted through the intersection capacity analysis and include the upgrade of pedestrian crossing buttons and the addition of pedestrian count down timers. Some intersections have been completed and others are scheduled for completion by October.
- **Enhancement of Downtown Crosswalks**  
This project includes the addition of in-ground pedestrian flashing lights on Monterey Road at Fifth and First Streets. The project has completed design and will be bid in the coming weeks.
- **Main Avenue Bike and Pedestrian Improvements**  
This project includes the addition of a buffered bike lane from Calle Mazatan to Condit Road, new sidewalk on Main Avenue near Grand Prix Avenue, and an enhanced pedestrian crosswalk at Grand Prix Avenue. The project is currently in the property acquisition phase, which should be completed by year-end to allow for bidding to follow.



- Enhanced Crosswalks at Wright and Del Monte Avenues  
The addition of pedestrian activated lighting is planned for this mid-block crosswalk to support youth travelling to Britton School. This project is currently being designed.
- Enhanced Crosswalks on LaCrosse Avenue at the West Little Llagas Creek Trail  
The addition of pedestrian activated lighting is planned for these mid-block crosswalks to support trail crossings. This project is currently being designed.
- Watsonville Road Improvements  
City staff are currently working on a proposed design for upgrades to Watsonville Road between Sunnyside Avenue and Watsonville Road. Improvements being reviewed include a multi-use trail, enhanced crosswalks and traffic safety measures. City staff believe there may be a grant opportunity for this project in the very new future.
- Signal Improvements at Butterfield & Jarvis and Monterey & Spring Avenue  
The addition of left turn arrows will be added at both intersections to improve traffic safety.
- Britton School Frontage Improvements  
This is a significant project currently in the design phase that will improve sidewalks, add new streetlights, and underground utilities along Britton Middle School on Monterey Road and Central Avenue. Work would occur in the Summer of 2020.

The City has historically used funding from the Residential Development Control System (RDSCS) program to support traffic and pedestrian safety projects throughout the City. The funding obtained from RDSCS for these improvements has been significantly reduced with changes occurring during the transition to Measure S. This funding is likely to be eliminated for the next several years due to recent State legislation. Without alternate funding, the City will not have the ability to make these types of improvements in the future.

### **Other Traffic Related Activities**

**Speed Limits** - In addition to regularly requested improvements, another common request from residents is for reduced speed limits. These requests are normally for the City's arterial and collector streets, which are intended to support efficient traffic flow. In many cases, residents are also requesting various traffic calming measures. City staff review these requests on a case by case basis. Per state law, in most scenarios, speed limits must be set at or near the 85<sup>th</sup> percentile speed, meaning the City cannot reduce speed limits in many cases. It should be noted that 2018 State Law (AB-2363) established a task force to review and make recommendations on how speed limits are set. The report from the task force is required to be provided by January 2020. Additionally, City staff is reviewing the potential option of further reducing speed limits in some school zones as other cities have recently done.

VTA Measure B Bike and Pedestrian Education and Encouragement Funding – The City will be receiving approximately \$30,000 annually to support education and outreach to the community to promote bicycle and pedestrian activity. These funds may be used for Safe Routes to School programming. City staff is currently looking at potential partnerships as the City has no resources of its own dedicated to this purpose and the funding would only allow for a very limited amount of part-time staffing support.

Waze City Partnerships and Data Sharing – City staff has begun reviewing opportunities to utilize the data available through this potential partnership and is also reviewing the options to help prevent the mapping apps from routing traffic through residential streets.

Community Based Transportation Plan - As noted previously, the City has several other areas where residents have requested improvements and City staff have identified appropriate improvements. Additionally, the City is working in partnership with the VTA on the Community Based Transportation Plan for the City, which is expected to help identify other projects. It is anticipated the Plan will be ready in draft form in the coming months.

Highway 101 Widening – In 2018, Caltrans updated its US 101 South Comprehensive Corridor Plan. Within that plan is a project to widen Highway 101 by an additional lane in each direction from Cochrane Road south to Highway 25. The cost for this widening is estimated at \$225 million, with an estimated cost of \$107 million to add the lane from Cochrane Avenue south to Masten Avenue. This project is currently not funded, but would significantly reduce cut-through traffic within the City.

### **Moving Forward**

This report was intended to serve as a basic overview for the City Council as it relates to traffic congestion management and traffic safety work managed by the City's Engineering Division. Many cities dedicate significant General Fund resources to traffic management, including the funding of traffic engineering staff who are solely responsible for this work. For Morgan Hill, the City Engineer and Public Service Director currently fill this role, with various Engineers managing specific traffic related capital improvement projects. Given the City's current economic constraints and many priorities, City staff are not recommending any changes to funding levels associated with traffic management. City staff do recommend the following priorities for future traffic management:

1. Work to identify alternate funding for the loss of RDCS revenue to ensure traffic projects can continue to be funded.
2. Continue to prioritize work on pedestrian safety projects over congestion management improvements when solely using City funding.
3. Develop a strategy to advocate regionally for improvements, coordination and funding to the transportation corridor running through the South County. This would include advocating for the widening of Highway 101 through Morgan Hill.
4. Continue to look for grant opportunities for project funding.
5. Support VTA staff in completing the Morgan Hill Community Based Transportation Plan.

6. Continue to prioritize construction of the Hale Avenue extension Phase 1 and advocate for funding for completion of Phase 2 of the project.

**COMMUNITY ENGAGEMENT: Inform**

This report is serves to provide an update on traffic related projects and activities managed by the City.

**ALTERNATIVE ACTIONS:**

No action is required, but the City Council may choose to provide additional policy direction on the topic.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The Council has previously received numerous reports and taken numerous actions on traffic related capital improvement projects.

**FISCAL AND RESOURCE IMPACT:**

There is no fiscal impact associated with receiving this report.

**CEQA (California Environmental Quality Act):**

Not a Project

This report is informational in nature and 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. Individual projects all undergo various levels of environmental analysis and review to meet CEQA requirements.

**LINKS/ATTACHMENTS:**

1. Morgan Hill Regional Cut through Traffic Study (weblink)
2. Morgan Hill Intersection Capacity Analysis (weblink)
3. Morgan Hill Vision Zero Initiative (weblink)



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Pam van der Leeden, GIS Manager  
APPROVED BY: City Manager

## **ACCEPT REPORT ON GEOGRAPHIC INFORMATION SYSTEMS (GIS) STRATEGIC PLAN**

### **RECOMMENDATION(S)**

Accept report on the Geographic Information Services (GIS) Strategic Plan.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Enhancing Public Safety  
Protecting the Environment  
Supporting Our Youth  
Seniors  
and Entire Community  
Fostering a Positive Organizational Culture  
Advancing Regional Initiatives

### **REPORT NARRATIVE:**

This report serves to inform the community and the City Council of the City's strategic plan (Attachment 1) for Geographic Information Services (GIS). A City consultant has prepared the three-year plan that outlines specific tasks and recommendations for building a successful and sustainable geospatial program at the City.

Recommendations are made on GIS program governance, data and databases, procedures, workflow and integration, software, IT infrastructure, and training and knowledge transfer. The action plan includes producing a master address database, integrating GIS with City business systems, and making data available through a public portal.

This strategic plan was produced as Task 1 of the GIS Services Project through an agreement with Geographic Technologies Group that was approved by City Council on December 5, 2018.

### **What is GIS?**

- GIS stands for Geographic Information Systems.
- GIS is rooted in geography and uses specialized software to map anything that has a location, from topography to City zoning to utilities to the location and size of a wildland fire.

- The software company Esri makes the industry standard GIS software called ArcGIS that we use at the City.
- Information is stored in the GIS software as a spatial location, a water pipeline for example, with information about the pipeline, such as diameter, material, age, etc. included in a table that is linked to the location of the pipeline.
- GIS is distinguished from apps like Google Maps and Waze by its ability to overlay layers of information and analyze the relationships between items in those layers.

### **What is the GIS Services Project?**

Staff initiated a GIS Services Project to develop a GIS strategic plan to outline a road map that assesses existing GIS system infrastructure, and designs and implements an Enterprise GIS system. The goal of this project is to create the platform from which we can build out the City's GIS program with spatial data, maps, and applications. Previously, we were not able to support a City-wide Enterprise GIS system due to gaps in infrastructure and technology.

Staff recommended that the City contract with a highly qualified consultant to design a 3 to 5-year GIS strategic plan, assess the existing GIS system infrastructure, and design and implement an Enterprise GIS system. The consultant would also configure and customize an internal web map for the City and provide 2 years of support services. Staff selected Geographic Technologies Group for the GIS Services Project and this agreement was approved by City Council on December 5, 2018.

**GIS Services Project Status:** The project began in January 2019. To date, the strategic plan and the system assessment, design, and implementation have been completed and work on the replacement for the City's internal web map (MHMaps) is underway.

### **Other Related Agreements- GIS Software Licensing Agreement:**

The City Council approved this agreement on June 26, 2019 to allow the City to implement the new GIS system design.

### **GIS Strategic Plan:**

This is the first strategic plan for GIS at the City and will be instrumental in developing the City's Enterprise GIS program over the next three years. It includes a wealth of information and recommendations for increasing the City's GIS capabilities to meet business needs and industry standards. Due to the length of the report there is an Executive Summary that provides more condensed information. Major activities and findings are summarized here.

### **PHASE I: GIS Needs Assessment**

Geographic Technologies Group (GTG) used several methods to assess current GIS conditions and needs. These included benchmarking, gap analysis, GIS Manager interviews, a staff survey, and departmental interviews. These resulted in a snapshot of

current conditions that can be used to measure progress over time as well a picture of Citywide GIS needs.

The City's current GIS capabilities were measured against industry standards and best practices in other cities. GIS performance was assessed by key functions including; program governance (management), data and databases, procedures, workflow and integration (how work is accomplished and how GIS meshes with City business systems), GIS software, IT infrastructure (the GIS system depends on the City's IT infrastructure), and training and knowledge transfer.

At the end of this phase, a vision and over-arching goals and objectives for the GIS program were recommended.

### **PHASE II: GIS System Design**

Specific recommendations for each of the GIS program functions were developed based on where the City program is and where we want to be. This section also includes the technical assessment, specifications, and recommendations for system design and infrastructure to support the needs of the GIS program.

### **PHASE III: Strategic Implementation Plan: Business Needs and Plan of Action**

Recommendations are turned into a tactical plan with specific tasks that can be accomplished over the next three years. Priority tasks for the first year are funded in the current GIS budget for FY 2019-20. Tasks to be implemented in Years 2 and 3 are anticipated to be funded in the next biennial budget. Several tables in this section summarize priority tasks and costs.

The tasks in the tactical plan support the following ongoing priorities as established by the Council:

- Enhancing Public Safety: GIS infrastructure and master address database to better support GIS for emergency services.
- Protecting the Environment: System will enable mobile field data collection for Environmental Services projects and will also better support mapping of City utilities.
- Supporting our Youth and Seniors and Entire Community: Better GIS integration with City departments will enhance and improve data available. A public portal will allow the City to make data available on the web.
- Fostering a positive organization culture: Increased resources and collaboration possible between City departments.
- Advancing regional initiatives: Will allow the City to fully take advantage of public safety mapping initiatives.

### **COMMUNITY ENGAGEMENT: Inform**

This report serves to inform the community of the GIS Strategic Plan document.



**ALTERNATIVE ACTIONS:**

None.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The strategic plan was produced by Geographic Technologies Group as part of the agreement approved by the City Council on December 5, 2018. The City Council also approved a GIS software licensing agreement with ESRI on June 26, 2019.

**FISCAL AND RESOURCE IMPACT:**

Priority strategic plan tasks are funded within the current adopted GIS budget for FY 2019-20. Tasks to be implemented in FY 2020-21 and FY 2021-22 are anticipated to be funded through the upcoming biennial budget process.

**CEQA (California Environmental Quality Act):**

Not a Project.

Since the resulting activity 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. City of Morgan Hill GIS Strategic Plan (weblink)



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Michelle Bigelow, Deputy City Clerk  
APPROVED BY: City Manager

## **APPOINT VOTING DELEGATES FOR THE 2019 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE AND APPROVE CITY SUPPORT OF THE LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE RESOLUTIONS**

### **RECOMMENDATION(S)**

1. Appoint voting delegate and up to two (2) alternate voting delegates to the League of California Cities' Annual Conference;
2. Direct the Clerk team to complete and forward the voting delegate form to the League of California Cities;
3. Confirm "support" position on two resolutions; and
4. Authorize the City's voting delegate(s) to vote on the two resolutions to be considered at the League of California Cities (LOCC) annual conference.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Enhancing Public Safety  
Protecting the Environment  
Maintaining Fiscal Responsibility  
Supporting Our Youth  
Seniors  
and Entire Community  
Fostering a Positive Organizational Culture  
Preserving and Cultivating Public Trust  
Preserving Our Community History  
Enhancing Diversity and Inclusiveness  
Advancing Regional Initiatives

#### **2019 Strategic Priorities**

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

### **REPORT NARRATIVE:**

The League of California Cities will be holding its Annual Conference October 16-18, 2019 in Long Beach, CA. At the Annual Conference, the League conducts its Annual Business Meeting at which League Members vote on resolutions from member cities and elected officials. These resolutions help guide cities and the League in their efforts to improve the quality, responsiveness, and vitality of local government in California. This year, two resolutions have been introduced for consideration at the conference and referred to appropriate LOCC Policy Committees (Attachment 1). The League's bylaws stipulate that each city is entitled to one vote on matters affecting municipal or League policy. The voting delegate and/or alternate(s) must be registered for the conference

and present to vote. The memorandum from the League of California Cities requesting the designation of a voting delegate for the League's Annual Conference is attached (Attachment 2).

It has been the City Council's past practice to appoint the Mayor as the primary voting delegate and the Mayor Pro Tem as the alternate voting delegate. Staff is requesting the Council appoint a primary voting delegate and up to two alternate voting delegates. In 2006, the League of California Cities authorized the appointment of up to two alternates to plan for unforeseen situations (bylaw amendment).

The Annual Business meeting will convene on Friday, October 18th at 12:30 p.m., to consider two resolutions that have been brought forward:

1. A Resolution of the League of California Cities Calling on the California Public Utilities Commission to Amend Rule 20A to Add Projects in Very High Fire Hazard Severity Zones to the List of Eligibility Criteria and to Increase Funding Allocations for Rule 20A Projects; and
2. A Resolution Calling Upon the Federal and State Governments to Address the Devastating Impacts of International Transboundary Pollution Flows into the Southernmost Regions of California and the Pacific Ocean.

The Annual Conference Resolutions Packet containing details regarding each resolution is included as an attachment to this report.

By approving the recommendation, our LOCC representatives will have the Council's general guidance for the vote to be taken on the resolution and are authorized to vote on amendments in the manner they deem to be in the best interest of the City.

#### **COMMUNITY ENGAGEMENT: Inform**

This report serves to inform the community of the League's resolutions for consideration.

#### **ALTERNATIVE ACTIONS:**

Council could decide to not support the recommended positions.

#### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

Each year the City Council appoints voting delegates to attend and vote at the League of California Cities Annual Conference.

#### **FISCAL AND RESOURCE IMPACT:**

The cost of the conference registration and travel are included in the adopted FY 2019-20 City Council budget.

#### **CEQA (California Environmental Quality Act):**

Not a project.

The appointment of voting delegates is not a project, as defined in Section 15378 of the State CEQA guidelines.

**LINKS/ATTACHMENTS:**

1. 2019 Annual Conference Resolutions Packet
2. 2019 Voting Delegate Packet



# ***Annual Conference Resolutions Packet***

## ***2019 Annual Conference Resolutions***



***Long Beach, California***

***October 16 – 18, 2019***

## INFORMATION AND PROCEDURES

**RESOLUTIONS CONTAINED IN THIS PACKET:** The League bylaws provide that resolutions shall be referred by the president to an appropriate policy committee for review and recommendation. Resolutions with committee recommendations shall then be considered by the General Resolutions Committee at the Annual Conference.

This year, two resolutions have been introduced for consideration at the Annual Conference and referred to League policy committees.

**POLICY COMMITTEES:** Two policy committees will meet at the Annual Conference to consider and take action on the resolutions referred to them. The committees are: Environmental Quality and Transportation, Communication & Public Works. The committees will meet from 9:00 – 11:00 a.m. on Wednesday, October 16, at the Hyatt Regency Long Beach. The sponsors of the resolutions have been notified of the time and location of the meeting.

**GENERAL RESOLUTIONS COMMITTEE:** This committee will meet at 1:00 p.m. on Thursday, October 17, at the Hyatt Regency Long Beach, to consider the reports of the policy committees regarding the resolutions. This committee includes one representative from each of the League's regional divisions, functional departments and standing policy committees, as well as other individuals appointed by the League president. Please check in at the registration desk for room location.

**ANNUAL LUNCHEON/BUSINESS MEETING/GENERAL ASSEMBLY:** This meeting will be held at 12:30 p.m. on Friday, October 18, at the Long Beach Convention Center.

**PETITIONED RESOLUTIONS:** For those issues that develop after the normal 60-day deadline, a resolution may be introduced at the Annual Conference with a petition signed by designated voting delegates of 10 percent of all member cities (48 valid signatures required) and presented to the Voting Delegates Desk at least 24 hours prior to the time set for convening the Annual Business Meeting of the General Assembly. This year, that deadline is 12:30 p.m., Thursday, October 17. Resolutions can be viewed on the League's Web site: [www.cacities.org/resolutions](http://www.cacities.org/resolutions).

Any questions concerning the resolutions procedures may be directed to Carly Shelby [cshelby@cacities.org](mailto:cshelby@cacities.org) 916-658-8279 or Nick Romo [nromo@cacities.org](mailto:nromo@cacities.org) 916-658-8232 at the League office.



## **GUIDELINES FOR ANNUAL CONFERENCE RESOLUTIONS**

Policy development is a vital and ongoing process within the League. The principal means for deciding policy on the important issues facing cities is through the League's seven standing policy committees and the board of directors. The process allows for timely consideration of issues in a changing environment and assures city officials the opportunity to both initiate and influence policy decisions.

Annual conference resolutions constitute an additional way to develop League policy. Resolutions should adhere to the following criteria.

### **Guidelines for Annual Conference Resolutions**

1. Only issues that have a direct bearing on municipal affairs should be considered or adopted at the Annual Conference.
2. The issue is not of a purely local or regional concern.
3. The recommended policy should not simply restate existing League policy.
4. The resolution should be directed at achieving one of the following objectives:
  - (a) Focus public or media attention on an issue of major importance to cities.
  - (b) Establish a new direction for League policy by establishing general principles around which more detailed policies may be developed by policy committees and the board of directors.
  - (c) Consider important issues not adequately addressed by the policy committees and board of directors.
  - (d) Amend the League bylaws (requires 2/3 vote at General Assembly).

## LOCATION OF MEETINGS

### **Policy Committee Meetings**

Wednesday, October 16, 9:00 – 11:00 a.m.

Hyatt Regency Long Beach

200 South Pine Avenue, Long Beach

### **The following committees will be meeting:**

1. Environmental Quality 10:00 - 11:00 a.m.
2. Transportation, Communication & Public Works 9:00 - 10:00 a.m.

### **General Resolutions Committee**

Thursday, October 17, 1:00 p.m.

Hyatt Regency Long Beach

200 South Pine Avenue, Long Beach

### **Annual Business Meeting and General Assembly Luncheon**

Friday, October 18, 12:30 p.m.

Long Beach Convention Center

300 East Ocean Boulevard, Long Beach

## KEY TO ACTIONS TAKEN ON RESOLUTIONS

Resolutions have been grouped by policy committees to which they have been assigned.

| Number | Key Word Index | Reviewing Body Action                                                |   |   |
|--------|----------------|----------------------------------------------------------------------|---|---|
|        |                | 1                                                                    | 2 | 3 |
|        |                | 1 - Policy Committee Recommendation to General Resolutions Committee |   |   |
|        |                | 2 – General Resolutions Committee                                    |   |   |
|        |                | 3 - General Assembly                                                 |   |   |

### ENVIRONMENTAL QUALITY POLICY COMMITTEE

|   |                                             | 1 | 2 | 3 |
|---|---------------------------------------------|---|---|---|
| 1 | Amendment to Rule 20A                       |   |   |   |
| 2 | International Transboundary Pollution Flows |   |   |   |

### TRANSPORTATION, COMMUNICATION & PUBLIC WORKS POLICY COMMITTEE

|   |                       | 1 | 2 | 3 |
|---|-----------------------|---|---|---|
| 1 | Amendment to Rule 20A |   |   |   |

Information pertaining to the Annual Conference Resolutions will also be posted on each committee's page on the League website: [www.cacities.org](http://www.cacities.org). The entire Resolutions Packet is posted at: [www.cacities.org/resolutions](http://www.cacities.org/resolutions).

## **KEY TO ACTIONS TAKEN ON RESOLUTIONS *(Continued)***

Resolutions have been grouped by policy committees to which they have been assigned.

### **KEY TO REVIEWING BODIES**

1. Policy Committee
2. General Resolutions Committee
3. General Assembly

### **ACTION FOOTNOTES**

- \* Subject matter covered in another resolution
- \*\* Existing League policy
- \*\*\* Local authority presently exists

### **KEY TO ACTIONS TAKEN**

- |     |                                                             |
|-----|-------------------------------------------------------------|
| A   | Approve                                                     |
| D   | Disapprove                                                  |
| N   | No Action                                                   |
| R   | Refer to appropriate policy committee for study             |
| a   | Amend+                                                      |
| Aa  | Approve as amended+                                         |
| Aaa | Approve with additional amendment(s)+                       |
| Ra  | Refer as amended to appropriate policy committee for study+ |
| Raa | Additional amendments and refer+                            |
| Da  | Amend (for clarity or brevity) and Disapprove+              |
| Na  | Amend (for clarity or brevity) and take No Action+          |
| W   | Withdrawn by Sponsor                                        |

### **Procedural Note:**

The League of California Cities resolution process at the Annual Conference is guided by League Bylaws. A helpful explanation of this process can be found on the League's website by clicking on this link: [Guidelines for the Annual Conference Resolutions Process](#).

## League of California Cities Resolution Process

### REGULAR RESOLUTIONS

| Policy Committee Action | General Resolutions Committee Action | Calendar                             |
|-------------------------|--------------------------------------|--------------------------------------|
| Approve                 | Approve                              | Consent Calendar <sup>1</sup>        |
| Approve                 | Disapprove or Refer                  | Regular Calendar <sup>2</sup>        |
| Disapprove or Refer     | Approve                              | Regular Calendar                     |
| Disapprove or Refer     | Disapprove or Refer                  | Does not proceed to General Assembly |

### PETITION RESOLUTIONS

| Policy Committee Action       | General Resolutions Committee Action | Calendar                             |
|-------------------------------|--------------------------------------|--------------------------------------|
| Not Heard in Policy Committee | Approve                              | Consent Calendar                     |
| Not Heard in Policy Committee | Disapprove or Refer                  | Regular Calendar                     |
| Not Heard in Policy Committee | Disqualified per Bylaws Art. VI      | Does not proceed to General Assembly |

### Resolutions

- Submitted 60 days prior to conference *Bylaws Article VI, Sec. 4(a)*
- Signatures of at least 5 supporting cities or city officials submitted with the proposed resolution *Bylaws Article VI, Sec. 2*
- Assigned to policy committee(s) by League president *Bylaws Article VI, Sec. 4(b)(i)*
- Heard in policy committee(s) and report recommendation, if any, to GRC *Bylaws Article VI, Sec. 4(b)(ii)*
- Heard in GRC
  - Approved by policy committee(s) and GRC, goes on to General Assembly on consent calendar *2006 General Assembly Resolution Sec. 2(C)*
  - If amended/approved by all policy committee(s) to which it has been referred and disapproved by GRC, then goes on to General Assembly on the regular calendar. If not all policy committees to which it has been referred recommend amendment or approval, and the GRC disapproves or refers the resolution, the resolution does not move to the General Assembly *2006 General Assembly Resolution Sec. 2(A),(C); 1998 General Assembly Resolution, 1<sup>st</sup> Resolved Clause*
  - If disapproved by all policy committees to which it has been referred and disapproved by the GRC, resolution does not move to the General Assembly *2006 General Assembly Resolution Sec. 2(C)*
- Heard in General Assembly

<sup>1</sup> The consent calendar should only be used for resolutions where there is unanimity between the policy committees and the GRC that a resolution should be approved by the General Assembly, and therefore, it can be concluded that there will be less desire to debate the resolution on the floor.

<sup>2</sup> The regular calendar is for resolutions for which there is a difference in recommendations between the policy committees and the GRC.

### **Petitioned Resolutions**

- Submitted by voting delegate *Bylaws Article VI, Sec. 5 (a)*
- Must be signed by voting delegates representing 10% of the member cities *Bylaws Article VI, Sec. 5 (c)*
- Signatures confirmed by League staff
- Submitted to the League president for confirmation 24 hours before the beginning of the General Assembly. *Bylaws Article VI, Sec. 5 (d)*
- Petition to be reviewed by Parliamentarian for required signatures of voting delegates and for form and substance *Bylaws Article VI, Sec. 5(e)*
- Parliamentarian's report is presented to chair of GRC
- Will be heard at GRC for action (GRC cannot amend but may recommend by a majority vote to the GA technical or clarifying amendments) *2006 General Assembly Resolution sec. 6(A), (B)*
- GRC may disqualify if:
  - Non-germane to city issues
  - Identical or substantially similar in substance to a resolution already under consideration *Bylaws Article VI, Sec. 5(e), (f)*
- Heard in General Assembly
  - General Assembly will consider the resolution following the other resolutions<sup>3</sup> *Bylaws Article VI, Sec. 5(g)*
  - Substantive amendments that change the intent of the petitioned resolution may only be adopted by the GA *2006 General Assembly Resolution sec. 6(C)*

### **Voting Procedure in the General Assembly**

**Consent Calendar:** Resolution approved by Policy Committee(s) and GRC. Petitioned resolution approved by GRC)

- GRC Chair will be asked to give the report from the GRC and will ask for adoption of the GRC's recommendations
- Ask delegates if there is a desire to call out a resolution for discussion
- A voting delegate may make a motion to remove a resolution from the consent calendar for discussion
- If a motion is made to pull a resolution, the General Assembly votes on whether to pull the resolution from the consent calendar.
- If a majority of the General Assembly votes to pull the resolution, set "called out" reso(s) aside. If the motion fails, the resolution remains on the consent calendar.
- If reso(s) not called out, or after 'called out' reso is set aside, then ask for vote on remaining resos left on consent
- Move on to debate on reso(s) called out
- After debate, a vote is taken
- Voting delegates vote on resolutions by raising their voting cards.<sup>4</sup>

<sup>3</sup> Petitioned Resolutions on the Consent Calendar will be placed after all General Resolutions on the Consent Calendar. Petitioned Resolutions on the Regular Calendar will be placed after all General Resolutions on the Regular Calendar.

<sup>4</sup> Amendments to League bylaws require 2/3 vote



**Regular Calendar:** Regular resolutions approved by Policy Committee(s)<sup>5</sup>, and GRC recommends disapproval or referral; Regular resolutions disapproved or referred by Policy Committee(s)<sup>6</sup> and GRC approves; Petitioned resolutions disapproved or referred by the GRC.

- Open the floor to determine if a voting delegate wishes to debate a resolution on the regular calendar.
- If no voting delegate requests a debate on the resolution, a vote to ratify the recommendation of the GRC on the resolution is taken.
- Upon a motion by a voting delegate to debate a resolution, a debate shall be held if approved by a majority vote of the General Assembly. If a majority of the General Assembly to debate the resolution is not achieved, then a vote shall be taken on whether to ratify the GRC's recommendation. If a majority of the General Assembly approves of the motion to debate the resolution, debate will occur. After debate on the resolution, a vote is taken based upon the substitute motion that was made, if any, or on the question of ratifying the GRC's recommendation.
- Voting delegates vote by raising their voting cards.

<sup>5</sup> Applies in the instance where the GRC recommendation of disapproval or refer is counter to the recommendations of the policy committees.

<sup>6</sup> Applies in the instance where the GRC recommendation to approve is counter to the recommendations of the policy committees.

**1. RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES CALLING ON THE CALIFORNIA PUBLIC UTILITIES COMMISSION TO AMEND RULE 20A TO ADD PROJECTS IN VERY HIGH FIRE HAZARD SEVERITY ZONES TO THE LIST OF ELIGIBILITY CRITERIA AND TO INCREASE FUNDING ALLOCATIONS FOR RULE 20A PROJECTS**

Source: City of Rancho Palos Verdes

Concurrence of five or more cities/city officials

Cities: City of Hidden Hills, City of La Cañada Flintridge, City of Laguna Beach, City of Lakeport, City of Malibu, City of Moorpark, City of Nevada City, City of Palos Verdes Estates, City of Rolling Hills Estates, City of Rolling Hills, City of Ventura

Referred to: Environmental Quality Policy Committee; Transportation, Communications, and Public Works Policy Committee

**WHEREAS**, the California Public Utilities Commission regulates the undergrounding conversion of overhead utilities under Electric Tariff Rule 20 and;

**WHEREAS**, conversion projects deemed to have a public benefit are eligible to be funded by ratepayers under Rule 20A; and

**WHEREAS**, the criteria under Rule 20A largely restricts eligible projects to those along streets with high volumes of public traffic; and

**WHEREAS**, the cost of undergrounding projects that do not meet Rule 20A criteria is left mostly or entirely to property owners under other parts of Rule 20; and

**WHEREAS**, California is experiencing fire seasons of worsening severity; and

**WHEREAS**, undergrounding overhead utilities that can spark brush fires is an important tool in preventing them and offers a public benefit; and

**WHEREAS**, brush fires are not restricted to starting near streets with high volumes of public traffic; and

**WHEREAS**, expanding Rule 20A criteria to include Very High Fire Hazard Severity Zones would facilitate undergrounding projects that would help prevent fires; and

**WHEREAS**, expanding Rule 20A criteria as described above and increasing funding allocations for Rule 20A projects would lead to more undergrounding in Very High Fire Hazard Severity Zones; and now therefore let it be,

**RESOLVED** that the League of California Cities calls on the California Public Utilities Commission to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility and to increase funding allocations for Rule 20A projects.

## **Background Information on Resolution No. 1**

**Source:** City of Rancho Palos Verdes

**Background:**

Rancho Palos Verdes is the most populated California city to have 90 percent or more of residents living in a Cal Fire-designated Very High Fire Hazard Severity Zone. Over the years, the Palos Verdes Peninsula has seen numerous brush fires that were determined to be caused by electrical utility equipment.

Across the state, some of the most destructive and deadly wildfires were sparked by power equipment. But when it comes to undergrounding overhead utilities, fire safety is not taken into account when considering using ratepayer funds to pay for these projects under California's Electric Tariff Rule 20 program. The program was largely intended to address visual blight when it was implemented in 1967. Under Rule 20A, utilities must allocate ratepayer funds to undergrounding conversion projects chosen by local governments that have a public benefit and meet one or more of the following criteria:

- Eliminate an unusually heavy concentration of overhead lines;
- Involve a street or road with a high volume of public traffic;
- Benefit a civic or public recreation area or area of unusual scenic interest; and,
- Be listed as an arterial street or major collector as defined in the Governor's Office of Planning and Research (OPR) Guidelines.

As we know, brush fires are not restricted to erupting in these limited areas. California's fire season has worsened in severity in recent years, claiming dozens of lives and destroying tens of thousands of structures in 2018 alone.

Excluding fire safety from Rule 20A eligibility criteria puts the task of undergrounding power lines in Very High Fire Hazard Severity Zones squarely on property owners who are proactive, willing and able to foot the bill.

The proposed resolution calls on the California Public Utilities Commission to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the proposed resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

If adopted, utilities will be incentivized to prioritize undergrounding projects that could potentially save millions of dollars and many lives.

## **League of California Cities Staff Analysis on Resolution No. 1**

Staff: Rony Berdugo, Legislative Representative, Derek Dolfie, Legislative Representative, Caroline Cirrincione, Legislative Policy Analyst  
Committees: Environmental Quality; Transportation, Communications, and Public Works

### **Summary:**

This Resolution, in response to intensifying fire seasons and hazards associated with exposed energized utility lines, proposes that the League of California Cities (League) call upon the California Public Utilities Commission (CPUC) to amend the Rule 20A program by expanding the criteria for undergrounding overhead utilities to include projects in Very High Fire Hazard Severity Zones (VHFHSZ). This Resolution also proposes that the League call upon the CPUC to increase utilities' funding allocations for Rule 20A projects.

### **Background**

#### **California Wildfires and Utilities**

Over the last several years, the increasing severity and frequency of California's wildfires have prompted state and local governments to seek urgent prevention and mitigation actions. Record breaking wildfires in Northern and Southern California in both 2017 and 2018 have caused destruction and loss of life. This severe fire trend has local officials seeking solutions to combat what is now a year-round fire season exacerbated by years of drought, intense weather patterns, untamed vegetation and global warming.

These conditions create a dangerous catalyst for wildfires caused by utilities as extreme wind and weather events make downed power lines more of a risk. In response to recent catastrophic wildfires, Governor Newsom established a Strike Force tasked with developing a "comprehensive roadmap" to address issues related to wildfires, climate change, and utilities. [The Strike Force report](#) acknowledges that measures to harden the electrical grid are critical to wildfire risk management. A key utility hardening strategy: undergrounding lines in extreme high-fire areas.

Governor Newsom's Wildfire Strike Force program report concludes, "It's not a question of "if" wildfire will strike, but "when."

#### **Very High Fire Hazard Severity Zones**

This Resolution seeks to expand the undergrounding of overhead utility lines in VHFHSZ. California [Government Code Section 51178](#) requires the Director of the California Department of Forestry and Fire Protection (CalFIRE) to identify areas in the state as VHFHSZ based on the potential fire hazard in those areas. VHFHSZ are determined based on fuel loading, slope, fire weather, and other relevant factors. These zones are in both local responsibility areas and state responsibility areas. Maps of the statewide and county by county VHFHSZ can be found [here](#).<sup>1</sup>

<sup>1</sup> <https://osfm.fire.ca.gov/divisions/wildfire-prevention-planning-engineering/wildland-hazards-building-codes/fire-hazard-severity-zones-maps/>

More than 25 million acres of California wildlands are classified under very high or extreme fire threat. Approximately 25 percent of the state's population, 11 million people, live in those high-risk areas. Additionally, over 350,000 Californians live in cities that are nearly encompassed within Cal Fire's maps of VHFHSZ. Similar to the proponents of this Resolution, City of Rancho Palos Verdes, over 75 communities have 90 percent or more of residents living in a VHFHSZ.

### **CPUC Rule 20 Program**

The CPUC's Rule 20 program lays out the guidelines and procedures for converting overhead electric and telecommunication facilities to underground electric facilities. Rule 20 funding and criteria is provided at four levels. Levels A, B, and C, reflect progressively diminishing ratepayer funding for undergrounding projects. Recently added Rule 20D is a relatively new program that is specific to San Diego Gas and Electric (SDG&E), which was created in response to the destructive 2007 wildfires. Each of these levels will be discussed below:

### **Rule 20A**

The first California overhead conversion program, Rule 20A, was created in 1967 under then Governor Ronald Reagan. The program was created to provide a consistent and structured means of undergrounding utility lines throughout the state with costs covered broadly by utility ratepayers.

Each year, Investor Owned Utilities (IOUs) propose their Rule 20A allocation amounts to the CPUC during annual general rate case proceedings. In this process, IOUs propose revised utility customer rates based on expected service costs, new energy procurement and projects for the following year, including Rule 20 allocations. The CPUC then reviews, amends, and approves IOU rates. Currently, the cumulative budgeted amount for Rule 20A for Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and San Diego Gas and Electric (SDG&E) totals around \$95.7 million.

The funding set aside by IOUs for Rule 20A is allocated to local governments through a credit system, with each credit holding a value to be used solely for the costs of an undergrounding project. The credit system was created so that local governments and IOUs can complete undergrounding projects without municipal financing. Through Rule 20A, municipalities that have developed and received city council approval for an undergrounding plan receive annual credits from the IOU in their service area. At the last count by the CPUC, over 500 local governments (cities and counties) participate in the credit system.

While these credits have no inherent monetary value, they can be traded in or banked for the conversion of overhead lines. Municipalities can choose to accumulate their credits until their credit balance is sufficient to cover these conversion projects, or choose to borrow future undergrounding allocations for a period of up to five years. Once the cumulative balance of credits is sufficient to cover the cost of a conversion project, the municipality and the utility can move forward with the undergrounding. All of the planning, design, and construction is performed by the participating utility. Upon the completion of an undergrounding project, the utility is compensated through the local government's Rule 20A credits.

At the outset of the program, the amount of allocated credits were determined by a formula which factored in the number of utility meters within a municipality in comparison to the utilities' service territory. However, in recent years the formula has changed. Credit allocations for IOUs, except for PG&E, are now determined based on the allocation a city or county received in 1990 and is then adjusted for the following factors:

- 50% of the *change from the 1990* total budgeted amount is allocated for the ratio of the number of overhead meters in any city or unincorporated area to the total system overhead meters; and
- 50% of the *change from the 1990* total budgeted amount is allocated for the ratio of the number of meters (which includes older homes that have overhead services, and newer homes with completely underground services) in any city or the unincorporated area to the total system meters.

As noted, PG&E has a different funding formula for their Rule 20A credit allocations as they are not tied to the 1990 base allocation. Prior to 2011, PG&E was allocating approximately five to six percent of its revenue to the Rule 20A program. The CPUC decided in 2011 that PG&E's Rule 20A allocations should be reduced by almost half in an effort to decrease the growing accumulation of credits amongst local governments. Since 2011, PG&E's annual allocations for Rule 20A have been around \$41.3 million annually, which is between two and three percent of their total revenue.

### **Criteria for Rule 20A Projects**

For an undergrounding project to qualify for the Rule 20A program, there are several criteria that need to be met. The project must have a public benefit and:

1. Eliminate an unusually heavy concentration of overhead lines
2. Involve a street or road with a high volume of public traffic
3. Benefit a civic or public recreation area or area of unusual scenic interest,
4. Be listed as an arterial street or major collector as defined in the Governor's Office of Planning and Research (OPR) Guidelines

Notably, fire safety is excluded from the list of criteria that favors aesthetic and other public safety projects.

### **Rule 20A Credit System Imbalance Threatens Program Effectiveness**

Allocations are made by utilities each year for Rule 20A credits. These current budget allocations total \$95.7 million a year. Currently, the cumulative balance of credits throughout the state totals over \$1 billion dollars. The Rule 20A cumulative balances aggregated by region can be found [here](#).<sup>2</sup>

<sup>2</sup> Program Review, California Overhead Conversion Program, Rule 20A for Years 2011-2015, "The Billion Dollar Risk," California Public Utilities Commission.  
[https://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/About\\_Us/Organization/Divisions/Policy\\_and\\_Planning/PPD\\_Work\\_Products\\_\(2014\\_forward\)\(1\)/PPD\\_Rule\\_20-A.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Divisions/Policy_and_Planning/PPD_Work_Products_(2014_forward)(1)/PPD_Rule_20-A.pdf)

Note: The existing credit allocation formulas do not consider a municipality's need or plans for overhead conversion projects, resulting in large credit balances in some jurisdictions.

Cities and counties are, however, able to trade or sell unallocated Rule 20A credits if they will not be used to fund local undergrounding projects. There have been several cases where one agency has sold their unused credits, often for less than the full dollar value of the credits themselves to another agency.

### **Rule 20B**

Rule 20B projects are those that do not fit the Rule 20A criteria, but do, however, involve both sides of the street for at least 600 feet. These projects are typically done in conjunction with larger developments and are mostly paid for by the developer or applicant. Additionally, the applicant is responsible for the installation.

### **Rule 20C**

Rule 20C projects are usually small projects that involve property owners. The majority of the cost is usually borne by the applicants. Rule 20C applies when the project does not qualify for either Rule 20A or Rule 20B.

### **Rule 20D--Wildfire Mitigation Undergrounding Program**

Rule 20D was approved by the CPUC in January of 2014 and only applies to SDG&E. The Rule 20D program was established largely in response to the destructive wildfires that occurred in San Diego in 2007 as a wildfire mitigation undergrounding program. According to SDG&E, the objective of the Rule 20D undergrounding is exclusively for fire hardening as opposed to aesthetics. The program is limited in scope and is restricted to communities in SDG&E's Fire Threat Zone (now referred to as the [High Fire Threat District or HFTD](#)). As of this time, the program has yet to yield any projects and no projects are currently planned.

For an undergrounding project to qualify for the Rule 20D program, a minimum of three of the following criteria must be met. The project must be near, within, or impactful to:

- Critical electric infrastructure
- Remaining useful life of electric infrastructure
- Exposure to vegetation or tree contact
- Density and proximity of fuel
- Critical surrounding non-electric assets (including structures and sensitive environmental areas)
- Service to public agencies
- Accessibility for firefighters

Similar to Rule 20A, SDG&E must allocate funding each year through their general rate case proceedings to Rule 20D to be approved by the CPUC. This funding is separate from the allocations SDG&E makes for Rule 20A. However, the process of distributing this funding to localities is different. The amount of funding allocated to each city and county for Rule 20D is based on the ratio of the number of miles of overhead lines in SDG&E Fire Threat Zones in a city or county to the total miles of SDG&E overhead lines in the entire SDG&E fire zone. The



Rule 20D program is administered by the utility consistent with the existing reporting, engineering, accounting, and management practices for Rule 20A.

The Committee may want to consider whether Rule 20D should instead be expanded, adapted, or further utilized to support funding for overhead conversions within VHFHSZ throughout the state.

**Fiscal Impact:**

The costs to the State associated with this Resolution will be related to the staff and programmatic costs to the CPUC to take the necessary measures to consider and adopt changes to Rule 20A to include projects in VHFHSZ to the list of criteria for eligibility.

This Resolution calls for an unspecified increase in funding for Rule 20A projects, inferring that portions of increased funds will go towards newly eligible high fire hazard zones. While the Resolution does not request a specific amount be allocated, it can be assumed that these increased costs will be supported by utility ratepayers. According to the CPUC, the annual allocations towards Rule 20A are \$95.7 million.

The CPUC currently reports a cumulative credit surplus valued at roughly \$1 billion that in various regions, given the approval of expanded eligibility called for by this Resolution, could be used to supplement and reduce the level of new dollars needed to make a significant impact in VHFHSZ. The CPUC follows that overhead conversion projects range from \$93,000 per mile for rural construction to \$5 million per mile for urban construction.

The Resolution states that “California is experiencing fire seasons of worsening severity” which is supported by not only the tremendous loss of property and life from recent wildfires, but also in the rising costs associated with clean up, recovery, and other economic losses with high estimates in the hundreds of billions of dollars.

The Committee may wish to consider the costs associated with undergrounding utility lines in relation to the costs associated with past wildfires and wildfires to come.

**Comments:**

***CPUC Currently Exploring Revisions to Rule 20***

In May 2017, the CPUC issued an Order Instituting Rulemaking to Consider Revisions to Electric Rule 20 and Related Matters. The CPUC will primarily focus on revisions to Rule 20A but may make conforming changes to other parts of Rule 20. The League is a party in these proceedings will provide comments.

***Beyond Rule 20A: Additional Options for Funding Undergrounding Projects***

There are various ways in which cities can generate funding for undergrounding projects that fall outside of the scope of Rule 20A. At the local level, cities can choose to forgo the Rule 20A process and opt to use their own General Fund money for undergrounding. Other options are also discussed below:

### ***Rule 20D Expansion***

The City of Berkeley in a 2018 study titled [“Conceptual Study for Undergrounding Utility Wires in Berkeley.”](#) found that the city could possibly qualify for Rule 20D funding if they actively pursued this opportunity in partnership with PG&E and the CPUC.

One of the study’s recommendations is to advocate for release of 20D funds (now earmarked exclusively for SDG&E) to be used for more aggressive fire hardening techniques for above-ground utility poles and equipment, for undergrounding power lines, and for more aggressive utility pole and vegetation management practices in the Very High Hazard Fire Zone within Berkeley’s city limits.

As an alternative to changing the criteria for Rule 20A, the Committee may wish to consider whether there is the opportunity to advocate for the expansion of Rule 20D funding more broadly, expanding its reach to all IOU territories.

### ***Franchise Surcharge Fees***

Aside from Rule 20 allocations, cities can generate funding for undergrounding through franchise fee surcharges. For example, SDG&E currently operates under a 50-year City franchise that was granted in 1970. Under the franchises approved by the San Diego City Council in December 1970, SDG&E agreed to pay a franchise fee to the City equivalent to 3% of its gross receipts from the sales of both natural gas and electricity for 30 years.

These fees were renegotiated in 2000 and in 2001 an agreement was between the City of San Diego, SDG&E, and the CPUC to extend the existing franchise fee to include revenues collected from surcharges. SDG&E requested an increase of 3.88% to its existing electric franchise fee surcharge. The bulk, 3.53% of this increase is to be used for underground conversion of overhead electric wires.

Based on SDG&E's revenue projections, the increase would result in an additional surcharge revenue amount of approximately \$36.5 million per year. SDG&E estimates that this would create a monthly increase of approximately \$3.00 to a typical residential customer's electric bill. These surcharge revenues would pay for additional undergrounding projects including those that do not meet the Rule 20A criteria. The City of Santa Barbara has also adopted a similar franchise surcharge fee.

Having this funding source allows the City of San Diego to underground significantly more miles of above ground utility lines than other municipalities. However, the surcharge is currently being challenged in court, as it is argued that the City had SDG&E impose a tax without a ballot measure.

### ***Utility Bankruptcy and Undergrounding Funding***

In considering this Resolution, it is important to understand that Rule 20A allocations have been more substantial in the past. As mentioned earlier, prior to 2011, PG&E was allocating approximately 5% to 6% of its revenue to the Rule 20A program. Therefore, it is not unreasonable to encourage an increase in Rule 20A allocations as history shows that utilities had the capacity to do so in the past.

However, in a time where IOUs such as PG&E are facing bankruptcy as the result of utility caused wildfires, there is the possibility that expanding rule 20A funding will generate more costs for the ratepayers.

### **Questions to Consider:**

- 1) Is Rule 20A or Rule 20D the more appropriate program to advocate for such an expansion?
- 2) Are there any wildfire risks outside of VHFHSZ that could be mitigated by undergrounding projects?

### **Existing League Policy:**

#### ***Public Safety:***

The League supports additional funding for local agencies to recoup the costs associated with fire safety in the community and timely mutual aid reimbursement for disaster response services in other jurisdictions. (pg. 43)

The League supports the fire service mission of saving lives and protecting property through fire prevention, disaster preparedness, hazardous-materials mitigation, specialized rescue, etc., as well as cities' authority and discretion to provide all emergency services to their communities. (pg. 43)

#### ***Transportation, Communication, and Public Works:***

Existing telecommunications providers and new entrants shall adhere to local city policies on public utility undergrounding. (pg. 54)

The League supports protecting the additional funding for local transportation and other critical unmet infrastructure needs. (pg. 51)

The League supports innovative strategies including public private partnerships at the state and local levels to enhance public works funding. (pg. 52)

#### ***Environmental Quality***

The League opposes any legislation that interferes with local utility rate setting authority and opposes any legislation that restricts the ability of a city to transfer revenue from a utility (or other enterprise activity) to the city's general fund. (pg. 9)

Cities should continue to have the authority to issue franchises and any program should be at least revenue neutral relative to revenue currently received from franchises. (pg. 9)

The League is concerned about the impacts of escalating energy prices on low income residents and small businesses. The League supports energy pricing structures and other mechanisms to soften the impacts on this segment of our community. (pg. 10)

### ***2019 Strategic Goals***

Improve Disaster Preparedness, Recovery and Climate Resiliency.

- Provide resources to cities and expand partnerships to better prepare for and recover from wildfires, seismic events, erosion, mudslides and other disasters.
- Improve community preparedness and resiliency to respond to climate-related, natural and man-made disasters.

### **Support:**

The following letters of concurrence were received:

The City of Hidden Hills

The City of La Cañada Flintridge

The City of Laguna Beach

The City of Lakeport

The City of Malibu

The City of Moorpark

The City of Nevada City

The City of Palos Verdes Estates

The City of Rolling Hills Estates

The City of Rolling Hills

The City of Ventura

# **LETTERS OF CONCURRENCE**

Resolution No. 1

Amendment to Rule 20A



## City of Hidden Hills

6165 Spring Valley Road \* Hidden Hills, California 91302  
(818) 888-9281 \* Fax (818) 719-0083

August 14, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, California 95814

Dear President Arbuckle:

The City of Hidden Hills supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Larry G. Weber  
Mayor





City Council  
 Leonard Pieroni, Mayor  
 Gregory C. Brown, Mayor Pro Tem  
 Jonathan C. Curtis  
 Michael T. Davitt  
 Terry M. Walker

August 14, 2019

Jan Arbuckle, President  
 League of California Cities  
 1400 K St., Ste. 400  
 Sacramento, CA 95814

Dear President Arbuckle:

The City of La Cañada Flintridge supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The City of La Cañada Flintridge is one of the few Southern California cities in which 100% of the community within a Very High Fire Hazard Severity Zone. The City, in 1987, committed 100% of its 20A allocation for forty-five years from this year for a major downtown undergrounding project. Therefore, the only way our City can directly benefit from this Resolution is if there is an additional annual increased allocation for this purpose. Due to the extreme threat the City experienced at the time of the Station Fire, the City is keenly aware of the damage a fire may potentially cause, whether from utility issues or from natural causes. The City strongly supports any effort, including this Resolution, to reduce fire danger for the City's residents.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly with the City of La Cañada Flintridge in support.

Sincerely,

Leonard Pieroni  
 Mayor

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





July 25, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Laguna Beach supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. Ten to the Top 20 most destructive fires in California were caused by electrical sources. The California's Rule 20A program, which allows local governments to pay for undergrounding of utilities costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it. We also believe that this program should redirect unused Rule 20A allocations from cities who have no undergrounding projects planned to the cities in Very High Fire Hazard Severity zones.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects. The City of Laguna Beach recommends that the resolution also be amended to call on the CPUC to redirect unused Rule 20A allocations from cities who have no undergrounding projects planned to the cities in Very High Fire Hazard Severity zones.

Nearly 90% of the City of Laguna Beach land area is designated under State Law and local ordinance as Very High Fire Hazard Severity Zone. While the City has used Rule 20A and 20B funding in the past to underground more than half of its overhead utilities, sufficient funding is not available to underground the remaining parts of the City.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

July 25, 2019  
Page 2

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,



Bob Whalen  
Mayor

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)

**CITY OF LAKEPORT**

*Over 125 years of community  
pride, progress and service*



August 7, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Lakeport supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Tim Barnes  
Mayor  
City of Lakeport



# City of Malibu

Jefferson Wagner, Mayor

23825 Stuart Ranch Road · Malibu, California · 90265-4861  
Phone (310) 456-2489 · Fax (310) 456-3356 · [www.malibucity.org](http://www.malibucity.org)

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

RE: City of Rancho Palos Verdes Proposed Resolution to Amend California Public Utilities Commission Rule 20A – SUPPORT

Dear Ms. Arbuckle:

At its Regular meeting on August 12, 2019, the Malibu City Council unanimously voted to support the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state, but California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, as well as willing and able to foot the bill. The City of Malibu agrees with Rancho Palos Verdes that Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission (CPUC) should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects. As a recent series of news stories on wildfire preparedness in California pointed out, there are more than 75 communities across the state with populations over 1,000, including Rancho Palos Verdes and Malibu, where at least 90 percent of residents live in a Cal Fire-designated Very High Fire Hazard Severity Zone.

It is well-known that electric utility equipment is a common fire source, and has sparked some of the most destructive blazes in our state's history. Moving power lines underground is, therefore, a critical tool in preventing them. Currently, Rule 20A primarily addresses visual blight, but with fire seasons worsening, it is key that fire safety also be considered when local governments pursue Rule 20A projects, and that annual funding allocations for the program be expanded.

It is worth noting that the State does have a program, Rule 20D, that factors in fire safety for funding undergrounding projects. However, this is limited to San Diego Gas & Electric Company projects in certain areas only. This needs to be expanded to include projects in all projects within designated Very High Fire Hazard Severity Zones.



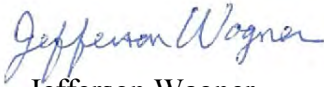


*Rancho PV League Resolution*  
*Amend Rule 20A*  
*August 15, 2019*  
*Page 2 of 2*

The proposed resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, the City of Malibu strongly concurs that the resolution should go before the General Assembly.

Sincerely,



Jefferson Wagner  
Mayor

Cc: Honorable Members of the Malibu City Council  
Reva Feldman, City Manager  
Megan Barnes, City of Rancho Palos Verdes, [mbarnes@rpvca.gov](mailto:mbarnes@rpvca.gov)

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





# CITY OF MOORPARK

799 Moorpark Avenue, Moorpark, California 93021  
Main City Phone Number (805) 517-6200 | Fax (805) 532-2205 | moorpark@moorparkca.gov

July 24, 2019

**SUBMITTED ELECTRONICALLY**

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

RE: SUPPORT FOR RANCHO PALOS VERDES RESOLUTION RE: POWER LINE UNDERGROUNDING

Dear President Arbuckle:

The City of Moorpark supports the City of Rancho Palos Verdes effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

All cities in Ventura County, including Moorpark, have wildfire prevention fresh in our memories following the highly destructive 2017-2018 Thomas Fire, which was caused by above-ground power lines. The 2018 Woolsey Fire similarly affected Ventura County, and lawsuits have been filed alleging it was also caused by above-ground power lines. Each of these fires caused billions of dollars in damages and highlight the importance of undergrounding power lines.

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,



Janice Parvin  
Mayor

cc: City Council  
City Manager

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Nevada City supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission (CPUC) should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The City of Nevada City would also like to add that the local agency be given the power to use private firms to do design, inspect and construct Rule 20A projects in local jurisdiction rather than be required to use the designated local utility. In addition, the City of Nevada City wants the CPUC to allow local jurisdictions to transfer excess funds between agencies to better serve projects in high fire hazard severity zones.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Reinette Senum  
Mayor  
City of Nevada City



CITY OF  
*Palos Verdes Estates*

13.a

July 25, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Palos Verdes Estates supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's current Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

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The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Mayor Kenneth J. Kao  
City of Palos Verdes Estates

cc: PVE City Council  
PVE Interim City Manager Petru  
RPV City Manager Willmore

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





**City of  
Rolling Hills Estates**

**Judith Mitchell**  
*Mayor*

**Velveth Schmitz**  
*Mayor Pro Tem*

**Britt Huff**  
*Council Member*

**Frank V. Zerunyan**  
*Council Member*

**Steven Zuckerman**  
*Council Member*

August 14, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Rolling Hills Estates supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

  
Judith Mitchell  
Mayor



# City of Rolling Hills

INCORPORATED JANUARY 24, 1957

NO. 2 PORTUGUESE BEND ROAD  
ROLLING HILLS, CALIF. 90274  
(310) 377-1521  
FAX: (310) 377-7288

August 14, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear Board of Directors:

The City of Rolling Hills supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Leah Mirsch  
Mayor

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





July 29, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Ventura supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,



Alex D. McIntyre  
City Manager



## 2. A RESOLUTION CALLING UPON THE FEDERAL AND STATE GOVERNMENTS TO ADDRESS THE DEVASTATING IMPACTS OF INTERNATIONAL TRANSBOUNDARY POLLUTION FLOWS INTO THE SOUTHERNMOST REGIONS OF CALIFORNIA AND THE PACIFIC OCEAN

Source: San Diego County Division

Concurrence of five or more cities/city officials

Cities: Calexico; Coronado; Imperial Beach; San Diego

Individual City Officials: City of Brawley: Mayor Pro Tem Norma Kastner-Jauregui; Council Members Sam Couchman, Luke Hamby, and George Nava. City of Escondido: Deputy Mayor Consuelo Martinez. City of La Mesa: Council Member Bill Baber. City of Santee: Mayor John Minto, City of Vista: Mayor Judy Ritter and Council Member Amanda Young Rigby

Referred to: Environmental Quality Policy Committee

**WHEREAS**, international transboundary rivers that carry water across the border from Mexico into Southern California are a major source of sewage, trash, chemicals, heavy metals and toxins; and

**WHEREAS**, transboundary flows threaten the health of residents in the United States and Mexico, harm important estuarine land and water of international significance, force closure of beaches, damage farmland, adversely impact the South San Diego County and Imperial County economy; compromise border security, and directly affect U.S. military readiness; and

**WHEREAS**, a significant amount of untreated sewage, sediment, hazardous chemicals and trash have been entering southern California through both the Tijuana River Watershed (75 percent of which is within Mexico) and New River flowing into southern California's coastal waterways and residential and agricultural communities in Imperial County eventually draining into the Salton Sea since the 1930s; and

**WHEREAS**, in February 2017, an estimated 143 million gallons of raw sewage flowed into the Tijuana River and ran downstream into the Pacific Ocean and similar cross border flows have caused beach closures at Border Field State Park that include 211 days in 2015; 162 days in 2016; 168 days in 2017; 101 days in 2018; and 187 days to date for 2019 as well as closure of a number of other beaches along the Pacific coastline each of those years; and

**WHEREAS**, approximately 132 million gallons of raw sewage has discharged into the New River flowing into California through communities in Imperial County, with 122 million gallons of it discharged in a 6-day period in early 2017; and

**WHEREAS**, the presence of pollution on state and federal public lands is creating unsafe conditions for visitors; these lands are taxpayer supported and intended to be managed for recreation, resource conservation and the enjoyment by the public, and

**WHEREAS**, the current insufficient and degrading infrastructure in the border zone poses a significant risk to the public health and safety of residents and the environment on both

sides of the border, and places the economic stress on cities that are struggling to mitigate the negative impacts of pollution; and

**WHEREAS**, the 1944 treaty between the United States and Mexico regarding *Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande* allocates flows on trans-border rivers between Mexico and the United States, and provides that the nations, through their respective sections of the International Boundary Water Commission shall give control of sanitation in cross border flows the highest priority; and

**WHEREAS**, in 1993, the United States and Mexico entered into the *Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a North American Development Bank* which created the North American Development Bank (NADB) to certify and fund environmental infrastructure projects in border-area communities; and

**WHEREAS**, public concerns in response to widespread threats to public health and safety, damage to fish and wildlife resources and degradation to California's environment resulting from transboundary river flow pollution in the southernmost regions of the state requires urgent action by the Federal and State governments, and

**WHEREAS**, Congress authorized funding under the U.S. Environmental Protection Agency's (EPA) Safe Drinking Water Act and established the State and Tribal Assistance Grants (STAG) program for the U.S.-Mexico Border Water Infrastructure Program (BWIP) in 1996 to provide grants for high-priority water, wastewater, and storm-water infrastructure projects within 100 kilometers of the southern border; and

**WHEREAS**, the EPA administers the STAG and BWIP programs, and coordinates with the North American Development Bank (NADB) to allocate BWIP grant funds to projects in the border zone; and

**WHEREAS**, since its inception, the BWIP program has provided funding for projects in California, Arizona, New Mexico and Texas that would not have been constructed without the grant program; and

**WHEREAS**, the BWIP program was initially funded at \$100 million per year, but, over the last 20 years, has been continuously reduced to its current level of \$10 million; and

**WHEREAS**, in its FY 2020 Budget Request, the Administration proposed to eliminate the BWIP program; and

**WHEREAS**, officials from EPA Region 9, covering California, have identified a multitude of BWIP-eligible projects along the southern border totaling over \$300 million; and

**WHEREAS**, without federal partnership through the BWIP program and state support to address pollution, cities that are impacted by transboundary sewage and toxic waste flows are

left with limited resources to address a critical pollution and public health issue and limited legal remedies to address the problem; and

**WHEREAS**, the National Association of Counties, (NACo) at their Annual Conference on July 15, 2019 and the U.S. Conference of Mayors at their Annual Conference on in July 1, 2019 both enacted resolutions calling on the federal and state governments to work together to fund and address this environmental crisis; and

**WHEREAS**, local governments and the public support the State's primary objectives in complying with environmental laws including the Clean Water Act, Porter-Cologne Water Quality Control Act, and Endangered Species Act and are supported by substantial public investments at all levels of government to maintain a healthy and sustainable environment for future residents of California, and

**WHEREAS**, League of California Cities policy has long supported efforts to ensure water quality and oppose contamination of water resources; and

**NOW, THEREFORE, BE IT RESOLVED** at the League General Assembly, assembled at the League Annual Conference on October 18, 2019 in Long Beach, that the League calls upon the Federal and State governments to restore and ensure proper funding to the U.S- Mexico Border Water Infrastructure Program (BWIP) and recommit to working bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

## Background Information on Resolution No. 2

Source: San Diego County Division

### **Background:**

Along California's southern border with Mexico, the New River in Imperial County and the Tijuana River in San Diego County are a major sources of raw sewage, trash, chemicals, heavy metals, and toxins that pollute local communities. Sewage contaminated flows in the Tijuana River have resulted in significant impacts to beach recreation that includes the closure of Border Field State Beach for more than 800 days over the last 5-years. Similarly, contaminated flows in the New River presents comparable hazards, impacts farm land, and contributes to the ongoing crisis in the Salton Sea. These transboundary flows threaten the health of residents in California and Mexico, harms the ecosystem, force closures at beaches, damage farm land, makes people sick, and adversely affects the economy of border communities. The root cause of this cross border pollution is from insufficient or failing water and wastewater infrastructure in the border zone and inadequate federal action to address the problem through existing border programs.

The severity of cross border pollution has continued to increase, due in part to the rapid growth of urban centers since the passage of the North American Free Trade Agreement (NAFTA). While economic growth has contributed to greater employment, the environmental infrastructure of the region has not kept pace, which is why Congress authorized the Border Water Infrastructure Program (BWIP) in 1996. The U.S. Environmental Protection Agency (EPA) administers the BWIP and coordinates with the North American Development Bank (NADB) to provide financing and technical support for projects on both sides of the U.S./Mexico border. Unfortunately, the current BWIP funding at \$10 million per year is only a fraction of the initial program budget that shares funding with the entire 2,000 mile Mexican border with California, Arizona, New Mexico and Texas. EPA officials from Region 9 have identified an immediate need for BWIP projects totaling over \$300 million just for California. Without federal partnerships through the BWIP and state support to address cross border pollution, cities that are impacted by transboundary sewage and toxic waste flows are left with limited resources to address a critical pollution and public health issue.

The International Boundary and Water Commission (IBWC) is another important federal stakeholder that, under the Treaty of 1944 with Mexico, must address border sanitation problems. While IBWC currently captures and treats some of the pollution generated in Mexico, it also redirects cross border flows without treatment directly into California.

Improving environmental and public health conditions for communities along the border is essential for maintaining strong border economy with Mexico. The IBWC, EPA, and NADB are the important federal partners with existing bi-national programs that are able to immediately implement solutions on cross border pollution. California is in a unique position to take the lead and work with local and federal partners to implement real solutions that will addresses the long standing and escalating water quality crisis along the border.

For those reasons, the cities of Imperial Beach and Coronado requested the San Diego County Division to propose a resolution at the 2019 League Annual Conference calling upon the federal

and state governments to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California, San Diego and Imperial Counties and the Pacific Ocean.

On August 12, 2019 at the regularly scheduled meeting of the San Diego County Division, the membership unanimously endorsed submittal of the resolution, with close to 75% membership present and voting.

The Imperial County Division does not have a schedule meeting until after the deadline to submit proposed resolutions. However, the City of Calexico, which is most directly impacted by initial pollution flow of the New River from Mexicali, sent a letter in concurrence of this resolution as well as numerous city official from cities within Imperial County and the Imperial County Board of Supervisors. The League Imperial County Division will place a vote to support this resolution on the agenda of their September 26, 2019 meeting.

## **League of California Cities Staff Analysis on Resolution No. 2**

Staff: Derek Dolfie, Legislative Representative  
 Carly Shelby, Legislative and Policy Development Assistant  
 Committees: Environmental Quality

### **Summary:**

This Resolution states that the League of California Cities should call upon the State and Federal governments to restore and ensure proper funding for the U.S. – Mexico Border Water Infrastructure Program (BWIP) and work bi-nationally to address water quality issues resulting from transboundary flows from Mexico’s Tijuana River into the United States containing untreated sewage, polluted sediment, and trash.

### **Background:**

The League of California Cities’ San Diego County Division is sponsoring this resolution to address their concerns over the contaminated flows from the Tijuana River into California that have resulted in the degradation of water quality and water recreational areas in Southern California.

The Tijuana River flows north through highly urbanized areas in Mexico before it enters the Tijuana River Estuary and eventually the Pacific Ocean via waterways in San Diego County in California. Urban growth in Tijuana has contributed to a rise in rates of upstream flows from water treatment facilities in Mexico. These treatment facilities have raised the amount of untreated sewage and waste in the Tijuana River due to faulty infrastructure and improper maintenance. The federal government refers to the river as an “impaired water body” because of the presence of pollutants in excess, which pose significant health risks to residents and visitors in communities on both sides of the border.

### ***Federal Efforts to Address Pollution Crisis***

To remedy the Tijuana River’s low water quality, the United States and Mexico entered into a Treaty in 1944 entitled: *Utilization of Waters of the Colorado River and Tijuana Rivers and of the Rio Grande – the International Boundary and Water Commission (IBWC)*. The IBWC was designed to consist of a United States section and a Mexico section. Both sections were tasked with negotiating and implementing resolutions to address water pollution in the area, which includes overseeing the development of water treatment and diversion infrastructure.

After the formation of the IBWC, the U.S. and Mexico entered into a treaty in 1993 entitled: *Agreement Concerning the Establishment of a Border Environment Cooperation Commission and a North American Development Bank*. This agreement established the North American Development Bank (NADB), which certifies and funds infrastructure projects located within 100 kilometers (62 miles) of the border line. The NADB supports federal programs like the Border Water Infrastructure Program (BWIP), which was initially funded at \$100 million, annually.

The degradation of existing water treatment infrastructure along the border coincides with the federal government’s defunding of the BWIP, which has steadily decreased from \$100 million in 1996 to \$10 million today. The Federal FY 2020 Budget proposes eliminating BWIP funding



altogether. EPA's regions 6 and 9 (includes U.S. states that border Mexico) have identified a number of eligible projects that address public health and environmental conditions along the border totaling \$340 million.

The NADB has funded the development of water infrastructure in both the U.S. and Mexico. Water diversion and treatment infrastructure along the U.S – Mexico border includes, but is not limited to, the following facilities:

- *The South Bay International Wastewater Treatment Plant (SBIWTP)*. This facility was constructed by the U.S. in 1990 and is located on the California side of the border and is operated under the jurisdiction of the IBWC. The SBIWTP serves as a diversion and treatment sewage plant to address the flow of untreated sewage from Mexico into the United States.
- *Pump Station CILA*. CILA was constructed by Mexico in 1991 and is located along the border in Mexico. This facility serves as the SBIWTP's Mexican counterpart.

Both the SBIWTP and CILA facilities have had a multitude of overflows containing untreated sewage and toxic waste that spills into the Tijuana River. The cause of overflows can be attributed to flows exceeding the maximum capacity that the infrastructure can accommodate (this is exacerbated during wet and rainy seasons) and failure to properly operate and maintain the facilities. Much of the existing infrastructure has not had updates or repairs for decades, causing overflows to become more frequent and severe. The most notable overflow occurred in February 2017, wherein 143 million gallons of polluting waste discharged into the Tijuana River; affecting the Tijuana Estuary, the Pacific Ocean, and Southern California's waterways.

### **State Actions**

In response to the February 2017 overflow, the San Diego Water Board's Executive Officer sent a letter to the U.S. and Mexican IBWC Commissioners which included recommendations on how to improve existing infrastructure and communications methods between both nations.

In September of 2018, California Attorney General Xavier Becerra submitted a lawsuit against IBWC for Violating the Clean Water Act by allowing flows containing sewage and toxic waste to flow into California's waterways, posing a public health and ecological crisis. The cities of Imperial Beach, San Diego, Chula Vista, the Port of San Diego, and the San Diego Regional Water Quality Board have also filed suit against the IBWC. The suit is awaiting its first settlement conference on October 19, 2019. If parties are unable to reach a settlement, the case will go to trial.

### **Fiscal Impact:**

California's economy is currently the sixth largest in the world, with tourism spending topping \$140.6 billion in 2018. In the past five years, San Diego's Border Field State Park has been closed for over 800 days because of pollution from the Tijuana River. A decline in the State's beach quality and reputation could carry macroeconomic effects that could ripple outside of the San Diego County region and affect coastal communities throughout California.

### **Existing League Policy**

The League of California Cities has extensive language on water in its Summary of Existing Policy and Guiding Principles. Fundamentally, the League recognizes that beneficial water quality is essential to the health and welfare of California and all of its citizens. Additionally, the League advocates for local, state and federal governments to work cooperatively to ensure that water quality is maintained.

The following policy relates to the issue of water quality:

- Surface and groundwater should be protected from contamination.
- Requirements for wastewater discharge into surface water and groundwater to safeguard public health and protect beneficial uses should be supported.
- When addressing contamination in a water body, water boards should place priority emphasis on clean-up strategies targeting sources of pollution, rather than in stream or end-of-pipe treatment.
- Water development projects must be economically, environmentally and scientifically sound.
- The viability of rivers and streams for instream uses such as fishery habitat, recreation and aesthetics must be protected.
- Protection, maintenance, and restoration of fish and wildlife habitat and resources.

Click here to view the [Summary of Existing Policy and Guiding Principles 2018](#).

### **Comments:**

1. Water quality issues are prevalent across California and have been a constant priority of the State's legislature and residents. In 2014, California's voters approved Proposition 1, which authorized \$7.5 billion in general obligation bonds to fund water quality improvement projects. In 2019, the Legislature reached an agreement to allocate \$130 million from the State's Greenhouse Gas Reduction Fund (GGRF) to address failing water infrastructure and bad water qualities for over one million of California's residents in rural communities. Water quality is not an issue unique to the County of San Diego and communities along the border.
2. Tijuana River cross-border pollution has caught national attention. Members of Congress have proposed recent funding solutions to address the pollution crisis, including:
  - In February of 2019, California Congressional Representatives Vargas, Peters, and Davis helped secure \$15 million for the EPA to use as part of its BWIP.
  - *H.R. 3895 (Vargas, Peters, 2019), The North American Development Bank Pollution Solution Act*. This bill seeks to support pollution mitigation efforts along the border by increasing the NADB's capital by \$1.5 billion.
  - *H.R. 4039 (Levin, 2019), The Border Water Infrastructure Improvement Act*. This bill proposes increasing funding to the BWIP from the existing \$10 million to \$150 million as a continuous appropriation until 2025.

Additionally, the National Association of Counties (NACo) and the U.S. Conference of Mayors enacted resolutions in support of increased funding for U.S. – Mexico border water infrastructure to address the environmental crisis in 2019.

3. The border pollution problem has sparked action from local, state, and federal actors. Should this resolution be adopted, League membership should be aware that future action will be adapted by what is explicitly stated in the resolution's language. In current form, the resolution's resolve clause cites the BWIP as the only program that should receive reinstated and proper funding. League staff recommends the language be modified to state:

**“NOW, THEREFORE, BE IT RESOLVED** at the League General Assembly, assembled at the League Annual Conference on October 18, 2019 in Long Beach, that the League calls upon the Federal and State governments to restore and ensure proper funding for environmental infrastructure on the U.S. – Mexico Border, including to the U.S.–Mexico Border Water Infrastructure Program (BWIP), and recommit to working bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.”

Modifying the language would ensure enough flexibility for the League to support funding mechanisms outside of the prescribed federally-operated BWIP.

4. It remains unclear if there is an appetite in Washington to fund border-related infrastructure projects that address environmental quality. Given the high probability of another overflow containing waste and sewage from the existing infrastructure operated by the IBWC, League membership should consider the outcome if no resolution is reached to address the issue.

#### **Support:**

The following letters of concurrence were received:

#### **Cities:**

The City of Calexico

The City of Coronado

The City of Imperial Beach

The City of San Diego

#### **In their individual capacity:**

Amanda Young Rigby, City of Vista Council Member

Bill Baber, City of La Mesa Council Member

Consuelo Martinez, City of Escondido Deputy Mayor

George A. Nava, City of Brawley Council Member

John Minto, City of Santee Mayor

Judy Ritter, City of Vista Mayor

Luke Hamby, City of Brawley Council Member

Norma Kastner-Jauregui, City of Brawley Mayor Pro-Tempore

Sam Couchman, City of Brawley Council Member

# **LETTERS OF CONCURRENCE**

## **Resolution No. 2**

### **International Transboundary Pollution Flows**



# CITY OF CALEXICO

608 Heber Ave.  
Calexico, CA 92231-2840  
Tel: 760.768.2110  
Fax: 760.768.2103  
[www.calexico.ca.gov](http://www.calexico.ca.gov)

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

RE: **Environmental and Water Quality Impacts Of International Transboundary River Pollution Flow Resolution**

President Arbuckle:

The city of Calexico strongly supports the San Diego County Division's effort to submit a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

The Division's resolution calls upon the Federal and State governments to restore and ensure proper funding of the Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

Local government and the public support the State's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. This resolution addresses the critical need for the federal and state governments to recommit to work bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental and safety concerns in communities along California's southern border impacting the state.

As members of the League, our city values the policy development process provided to the General Assembly. We appreciate your time on this issue.

*Viva Calexico!*

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)

If you have any questions or require additional information, please do not hesitate to contact me at 760/768-2110.

Sincerely,

**CITY OF CALEXICO**



David Dale  
City Manager

Cc: Honorable Mayor Bill Hodge

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)

*Viva Calexico!*





## CITY OF CORONADO

1825 STRAND WAY  
CORONADO, CA 92118

OFFICE OF THE CITY MANAGER  
(619) 522-7335  
FAX (619) 522-7846

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

**RE: Environmental and Water Quality Impacts of International Transboundary River Pollution Flows Resolution**

This letter is written on behalf of and with the support of the Coronado City Council. The City of Coronado wholeheartedly supports the resolution adopted by the San Diego County and Imperial County Division of the California League of Cities.

The San Diego County Division's resolution calls upon the federal and state governments to restore and ensure proper funding of the U.S.-Mexico Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

The City has been working closely with the Environmental Protection Agency and other federal partners on the matter since early 2018. City leaders are committed to finding long-term, sustainable solutions to this problem. Through its advocacy and education efforts, the City of Coronado has raised national awareness of the problem among legislators, political appointees and career staff at federal agencies. These efforts have been successful. However, the City along with our coalition partners, look forward to more action to swiftly resolve this issue.

Local government and the public support the state's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. This resolution addresses the critical need for the federal and state governments to recommit to work bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental and safety concerns in communities along California's southern border impacting the state.

As members of the League, Coronado values the policy development process provided to the General Assembly. We appreciate your time on this issue. Please feel free to contact me if you have any questions.

Sincerely,

Blair King  
Coronado City Manager

cc: Coronado Mayor and City Council  
Bill Baber, President, San Diego County Division  
c/o Catherine Hill, Regional Public Affairs Manager, San Diego County Division [chill@cacities.org](mailto:chill@cacities.org)

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



# City of Imperial Beach, California

OFFICE OF THE CITY MANAGER

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 423-8303 Fax: (619) 628-1395

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St. Suite 400  
Sacramento, CA 95814

RE: Environmental and Water Quality Impacts Of International Transboundary River  
Pollution Flow Resolution

President Arbuckle:

The city of Imperial Beach appreciates and supports the San Diego County Division's effort to submit a resolution for consideration by the full membership of the League of California Cities.

The Division's resolution calls on Federal and State government to address the impacts of transboundary pollution flows into the Southwestern regions of California. The pollution in these areas is an environmental disaster that threatens the health and general welfare of residents near the Mexican border in Imperial and San Diego Counties.

I encourage all voting delegates and elected officials in attendance at the 2019 Annual League of California Cities Conference in Long Beach to support this important resolution as it addresses the critical need for the federal and state government to recommit to work bi-nationally to address the serious contamination issues and to develop and implement long-term solutions.

I am available for any questions or additional information related to this letter of support.

Sincerely,

Andy Hall  
City Manger

Cc: Honorable Mayor Serge Dedina  
Honorable Mayor Pro Tem Robert Patton  
Honorable Councilmember Paloma Aguirre  
Honorable Councilmember Ed Spriggs  
Honorable Councilmember Mark West

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



# City of Imperial Beach, California

OFFICE OF THE MAYOR

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 423-8303 Fax: (619) 628-1395

August 16, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

RE: Environmental and Water Quality Impacts Of International Transboundary River Pollution Flow Resolution

President Arbuckle:

The city of Imperial Beach strongly supports the San Diego County Division's effort to submit a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

The Division's resolution calls upon the Federal and State governments to restore and ensure proper funding of the Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

Local government and the public support the State's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. This resolution addresses the critical need for the federal and state governments to recommit to work bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental and safety concerns in communities along California's southern border impacting the state.

As members of the League, our city values the policy development process provided to the General Assembly. We appreciate your time on this issue. If you have any questions or require additional information, please do not hesitate to contact me at 619-423-8303.

Sincerely,

Serge Dedina  
Mayor

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



THE CITY OF SAN DIEGO

**KEVIN L. FAULCONER**

Mayor

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

RE: **Environmental and Water Quality Impacts of International Transboundary River  
Pollution Flow Resolution**

President Arbuckle:

The City of San Diego supports the San Diego County Division in their effort to submit a resolution to the General Assembly at the League of California Cities' 2019 Annual Conference in Long Beach.

To suppress the flow of pollution between the Mexico and Southern California's water channels, the Division requests for the Federal and State governments to give proper funding to the Border Water Infrastructure Program (BWIP).

The City of San Diego and its citizens have expressed their concerns about untreated sewage, polluted sediment and trash flowing from Mexico, into California, causing health, environmental and safety concerns. The State's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. With the Division's resolution, the great need for federal and state governments to reconsider working together, will help in developing a long-term solution to address serious water quality and contamination issues.

As members of the League, our City values the policy development process provided to the General Assembly. We appreciate your time on this issue.

Please contact me at (619)453-9946 if you have any questions.

Sincerely,

Denice Garcia  
Director of International Affairs

Cc: Honorable Mayor Kevin L. Faulconer

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





# AMANDA YOUNG RIGBY

CITY COUNCILWOMAN

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Re: Border Sewage Issues

Dear President Arbuckle;

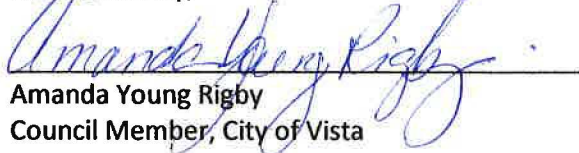
As a Council Member in the City of Vista, and solely in my individual capacity as such, I write in **support** of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the constant sewage pollution issues at the international border with Mexico.

This Resolution requests that the federal and state governments recognize the paramount importance of this issue and address the devastating impacts that this constant contamination has on the southernmost regions of California and the Pacific coastline by requesting the necessary funding to develop and implement effective and long term solutions to the raw sewage contamination coming into San Diego and Imperial Counties from Mexico.

Although I have lived in Vista for 27 years now, I grew up in Imperial Beach and know well the severe health and environmental impact that this situation has had on our border communities for the **decades**.

As a member of the League, I value the League's ability to effectively advocate on behalf of not only our cities but in effect, our citizens, and this is an important issue for our entire state. Should you have any questions or comments, please contact me at the number below. Thank you for your consideration.

Most Sincerely,

  
Amanda Young Rigby  
Council Member, City of Vista

cc: Vista City Council  
Vista City Manager  
Vista City Attorney  
City of Imperial Beach  
City of Coronado  
City of Calexico  
City of San Diego

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



**CITY OF  
LA MESA**  
JEWEL of the HILLS

August 16, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

**RE: Environmental and Water Quality Impacts Of International Transboundary River Pollution Flows Resolution**

President Arbuckle:

As a Council Member for the City of La Mesa and in my individual capacity, not on behalf of the full La Mesa City Council as a body or the City, I am writing you in support of the San Diego County Division's effort to submit a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

The Division's resolution calls upon the Federal and State governments to restore and ensure proper funding of the Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

As San Diego County Division President and a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at 619-667-1106, should you have any questions.

Sincerely,

BILL BABER  
COUNCIL MEMBER CITY OF LA MESA  
PRESIDENT, LEAGUE SAN DIEGO COUNTY DIVISION

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





Consuelo Martinez, Deputy Mayor  
201 North Broadway, Escondido, CA 92025  
Phone: 760-839-4638

August 16, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the city of Escondido, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at [cmartinez@escondido.org](mailto:cmartinez@escondido.org) if you have any questions.

Sincerely,

Consuelo Martinez  
Deputy Mayor

cc: Honorable Mayor and City Council Members  
Jeffrey R. Epp, City Manager

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



# CITY OF BRAWLEY

## ADMINISTRATIVE OFFICES

383 Main Street  
Brawley, CA 92227  
Phone: (760) 351-3048  
FAX: (760) 351-3088

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the City of Brawley, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

George A. Nava  
City Council Member  
City of Brawley



MAYOR  
John W. Minto



# CITY OF SANTEE

CITY COUNCIL  
Ron Hall  
Stephen Houlahan  
Laura Koval  
Rob McNelis

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As Mayor of the city of Santee, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (JMinto@cityofsantee.ca.gov) if you have any questions.

Sincerely,

JOHN W. MINTO  
Mayor  
City of Santee

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



**JUDY RITTER**  
MAYOR

August 16, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As Mayor of the city of Vista, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at [jritter@cityofvista.com](mailto:jritter@cityofvista.com) if you have any questions.

Sincerely,

Judy Ritter  
Mayor  
City of Vista

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



# CITY OF BRAWLEY

## ADMINISTRATIVE OFFICES

383 Main Street  
Brawley, CA 92227  
Phone: (760) 351-3048  
FAX: (760) 351-3088

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the City of Brawley, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

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As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

Luke Hamby  
City Council Member  
City of Brawley

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





# CITY OF BRAWLEY

## ADMINISTRATIVE OFFICES

383 Main Street  
Brawley, CA 92227  
Phone: (760) 351-3048  
FAX: (760) 351-3088

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the City of Brawley, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

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As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

Norma Kastner-Jauregui  
Mayor Pro-Tempore  
City of Brawley





# CITY OF BRAWLEY

ADMINISTRATIVE OFFICES  
383 Main Street  
Brawley, CA 92227  
Phone: (760) 351-3048  
FAX: (760) 351-3088

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the City of Brawley, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

Sam Couchman  
City Council Member  
City of Brawley

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



**Council Action Advised by August 30, 2019**

June 10, 2019

**TO: Mayors, City Managers and City Clerks**

**RE: DESIGNATION OF VOTING DELEGATES AND ALTERNATES  
League of California Cities Annual Conference – October 16 - 18, Long Beach**

The League's 2019 Annual Conference is scheduled for October 16 – 18 in Long Beach. An important part of the Annual Conference is the Annual Business Meeting (during General Assembly), scheduled for 12:30 p.m. on Friday, October 18, at the Long Beach Convention Center. At this meeting, the League membership considers and takes action on resolutions that establish League policy.

In order to vote at the Annual Business Meeting, your city council must designate a voting delegate. Your city may also appoint up to two alternate voting delegates, one of whom may vote in the event that the designated voting delegate is unable to serve in that capacity.

**Please complete the attached Voting Delegate form and return it to the League's office no later than Friday, October 4. This will allow us time to establish voting delegate/alternate records prior to the conference.**

Please note the following procedures are intended to ensure the integrity of the voting process at the Annual Business Meeting.

- **Action by Council Required.** Consistent with League bylaws, a city's voting delegate and up to two alternates must be designated by the city council. When completing the attached Voting Delegate form, please attach either a copy of the council resolution that reflects the council action taken, or have your city clerk or mayor sign the form affirming that the names provided are those selected by the city council. Please note that designating the voting delegate and alternates **must** be done by city council action and cannot be accomplished by individual action of the mayor or city manager alone.
- **Conference Registration Required.** The voting delegate and alternates must be registered to attend the conference. They need not register for the entire conference; they may register for Friday only. To register for the conference, please go to our website: [www.cacities.org](http://www.cacities.org). In order to cast a vote, at least one voter must be present at the

Business Meeting and in possession of the voting delegate card. Voting delegates and alternates need to pick up their conference badges before signing in and picking up the voting delegate card at the Voting Delegate Desk. This will enable them to receive the special sticker on their name badges that will admit them into the voting area during the Business Meeting.

Attachment: 2019 Voting Delegate Packet (2406 : LOCC Voting delegate)

- **Transferring Voting Card to Non-Designated Individuals Not Allowed.** The voting delegate card may be transferred freely between the voting delegate and alternates, but *only* between the voting delegate and alternates. If the voting delegate and alternates find themselves unable to attend the Business Meeting, they may *not* transfer the voting card to another city official.
- **Seating Protocol during General Assembly.** At the Business Meeting, individuals with the voting card will sit in a separate area. Admission to this area will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate. If the voting delegate and alternates wish to sit together, they must sign in at the Voting Delegate Desk and obtain the special sticker on their badges.

The Voting Delegate Desk, located in the conference registration area of the Sacramento Convention Center, will be open at the following times: Wednesday, October 16, 8:00 a.m. – 6:00 p.m.; Thursday, October 17, 7:00 a.m. – 4:00 p.m.; and Friday, October 18, 7:30 a.m.–11:30 a.m.. The Voting Delegate Desk will also be open at the Business Meeting on Friday, but will be closed during roll calls and voting.

The voting procedures that will be used at the conference are attached to this memo. Please share these procedures and this memo with your council and especially with the individuals that your council designates as your city's voting delegate and alternates.

Once again, thank you for completing the voting delegate and alternate form and returning it to the League's office by Friday, October 4. If you have questions, please call Darla Yacub at (916) 658-8254.

Attachments:

- Annual Conference Voting Procedures
- Voting Delegate/Alternate Form



## Annual Conference Voting Procedures

1. **One City One Vote.** Each member city has a right to cast one vote on matters pertaining to League policy.
2. **Designating a City Voting Representative.** Prior to the Annual Conference, each city council may designate a voting delegate and up to two alternates; these individuals are identified on the Voting Delegate Form provided to the League Credentials Committee.
3. **Registering with the Credentials Committee.** The voting delegate, or alternates, may pick up the city's voting card at the Voting Delegate Desk in the conference registration area. Voting delegates and alternates must sign in at the Voting Delegate Desk. Here they will receive a special sticker on their name badge and thus be admitted to the voting area at the Business Meeting.
4. **Signing Initiated Resolution Petitions.** Only those individuals who are voting delegates (or alternates), and who have picked up their city's voting card by providing a signature to the Credentials Committee at the Voting Delegate Desk, may sign petitions to initiate a resolution.
5. **Voting.** To cast the city's vote, a city official must have in his or her possession the city's voting card and be registered with the Credentials Committee. The voting card may be transferred freely between the voting delegate and alternates, but may not be transferred to another city official who is neither a voting delegate or alternate.
6. **Voting Area at Business Meeting.** At the Business Meeting, individuals with a voting card will sit in a designated area. Admission will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate.
7. **Resolving Disputes.** In case of dispute, the Credentials Committee will determine the validity of signatures on petitioned resolutions and the right of a city official to vote at the Business Meeting.



CITY: \_\_\_\_\_

**2019 ANNUAL CONFERENCE  
VOTING DELEGATE/ALTERNATE FORM**

**Please complete this form and return it to the League office by Friday, October 4, 2019. Forms not sent by this deadline may be submitted to the Voting Delegate Desk located in the Annual Conference Registration Area. Your city council may designate one voting delegate and up to two alternates.**

In order to vote at the Annual Business Meeting (General Assembly), voting delegates and alternates must be designated by your city council. Please attach the council resolution as proof of designation. As an alternative, the Mayor or City Clerk may sign this form, affirming that the designation reflects the action taken by the council.

**Please note:** Voting delegates and alternates will be seated in a separate area at the Annual Business Meeting. Admission to this designated area will be limited to individuals (voting delegates and alternates) who are identified with a special sticker on their conference badge. This sticker can be obtained only at the Voting Delegate Desk.

**1. VOTING DELEGATE**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**2. VOTING DELEGATE - ALTERNATE**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**3. VOTING DELEGATE - ALTERNATE**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PLEASE ATTACH COUNCIL RESOLUTION DESIGNATING VOTING DELEGATE AND ALTERNATES.**

**OR**

**ATTEST: I affirm that the information provided reflects action by the city council to designate the voting delegate and alternate(s).**

Name: \_\_\_\_\_

Email: \_\_\_\_\_

Mayor or City Clerk \_\_\_\_\_  
(circle one) (signature)

Date \_\_\_\_\_ Phone \_\_\_\_\_

**Please complete and return by Friday, October 4, 2019**

League of California Cities  
**ATTN: Darla Yacub**  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

**FAX: (916) 658-8240**  
E-mail: [dyacub@cacities.org](mailto:dyacub@cacities.org)  
(916) 658-8254

Attachment: 2019 Voting Delegate Packet (2406 : LOCC Voting delegate)



## **Regular Meeting Agenda**

### **City Council**

*Rich Constantine* - Mayor  
*Rene Spring* - Mayor Pro Tem  
*Yvonne Martinez Beltran* - Council Member  
*Larry Carr* - Council Member  
*John McKay* - Council Member

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**Wednesday, September 18, 2019 7:00 p.m.**

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

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

### **CALL TO ORDER**

### **ROLL CALL ATTENDANCE**

Deputy City Clerk Michelle Bigelow

### **DECLARATION OF POSTING OF THE AGENDA**

Per Government Code Section 54954.2  
Deputy City Clerk Michelle Bigelow

### **SILENT INVOCATION**

### **PLEDGE OF ALLEGIANCE**

### **CITY COUNCIL REPORTS**

Council Member Martinez Beltran

### **CITY MANAGER'S REPORT**

City Manager Christina Turner

### **CITY ATTORNEY'S REPORT**

City Attorney Donald Larkin



## **OTHER REPORTS**

### **RECOGNITIONS**

Recognizing Alyssa Buzbee-Good, author of The Journey

### **PROCLAMATIONS**

Proclaiming September 30, 2019 as Lewy Body Dementia Awareness Day in honor of Susan Berghoff

Proclaiming the week of September 17-23, 2019 as Constitution Week

Proclaiming the month of September 15, 2019 to October 15, 2019 as Hispanic Heritage Month

### **PRESENTATIONS**

YAC Presentation - Asset # 21 - Achievement Motivation

### **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. ACCEPT DONATION FROM JTJ MORGAN HILL RE, LLC FOR A SPEAKER SERIES**

Recommendation:

Accept \$10,000 in donations from JTJ Morgan Hill RE, LLC for the production and support of a Choose Morgan Hill Speaker Series, highlighting the four key industry sectors identified in Morgan Hill's Economic Blueprint.

#### **2. ACCEPT JULY 2019 FINANCIAL AND INVESTMENT REPORT**

Recommendation:

Accept and file report.

#### **3. ACCEPT ANNUAL REPORTS OF ACTIVITIES BY NONPROFIT PARTNER ORGANIZATIONS**

Recommendation:

Receive annual reports from City partner organizations.

**4. APPROVE A UTILITY MUTUAL ASSISTANCE AGREEMENT**

Recommendation:

1. Approve an agreement with California Water/Wastewater Agency Response Network (CalWARN) to provide mutual assistance during an emergency in accordance with the California Emergency Services Act and the California Disaster and Civil Defense Master Mutual Aid Agreement; and to provide reimbursement for equipment, supplies and personnel made available on an emergency basis; and
2. Authorize the City Manager to execute and administer the agreement.

**5. APPROVE IMPACT FEE FREEZE AGREEMENT WITH MORGAN HILL RETAIL VENTURE, L.P. FOR THE DEVELOPMENT OF RETAIL SPACES IN THE SHOPPING CENTER KNOWN AS COCHRANE COMMONS**

Recommendation:

1. Confirm that commercially zoned Assisted Living Facilities are not eligible for the Fee Freeze Program;
2. Approve an Impact Fee Freeze Agreement for the development of commercial retail/office buildings on 51 acres of Cochrane Commons; and
3. Authorize the City Manager to execute and administer the Impact Fee Freeze Agreement.

**6. AWARD CENTENNIAL RECREATION CENTER EXPANSION PROJECT TO CRW INDUSTRIES, INC.**

Recommendation:

1. Adopt resolution amending the Fiscal Year 2019-20 Budget to appropriate an additional \$805,000 from the Community Center Impact Fund (360), for the Centennial Recreation Expansion Project (CIP#138016);
2. Approve the Centennial Recreation Expansion Project plans and specifications;
3. Award contract to CRW Industries, Inc. for the Centennial Recreation Center Expansion Project in the amount of \$2,443,138;
4. Authorize the expenditures of construction contingency funds not to exceed \$244,314; and
5. Authorize the City Manager to execute and administer the construction contract with CRW Industries, Inc. pending review and approval by the City Attorney.

**7. ADOPT ORDINANCE APPROVING A DEVELOPMENT AGREEMENT DA2018-0001: OLD MONTEREY- KELLY VO FOR A 6-LOT SINGLE-FAMILY RESIDENTIAL SUBDIVISION PROJECT PROPOSED ON A 1.13-ACRE PARCEL LOCATED ON THE SOUTHWEST CORNER OF OLD MONTEREY ROAD AND MUSTARD AVE LOCATED AT 18755 OLD MONTEREY ROAD (APN 764-24-061)**

Recommendation:

Waive the reading, adopt Ordinance No. 2303, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

**8. ADOPT ORDINANCE AMENDING CHAPTER 6.36 (“ANIMALS AND LAND USE”) IN TITLE 6 (“ANIMALS”) OF THE MORGAN HILL MUNICIPAL CODE TO ALLOW RESIDENTIAL BEEKEEPING UNDER CERTAIN CIRCUMSTANCES**

Recommendation:

Waive the reading, adopt Ordinance No. 2304, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

**PUBLIC HEARING**

**9. ACCEPT THE 2019 PUBLIC HEALTH GOALS REPORT ON WATER QUALITY**

Recommendation:

1. Take public comment and provide staff response; and
2. Accept and file the June 2019 Public Health Goals Report on Water Quality for the City of Morgan Hill.

Estimated Time: 15 Minutes

**OTHER BUSINESS**

**10. PROVIDE DIRECTION REGARDING CITY USE OF HERBICIDES**

Recommendation:

1. Receive report on herbicide use in City parks, facilities, medians, and right of ways; and
2. Provide staff with direction on future use of herbicides by the City.

Estimated Time: 25 Minutes

**11. PROVIDE DIRECTION REGARDING CITYWIDE TRAFFIC STUDIES AND RELATED PROJECT UPDATES**

Recommendation:

1. Receive cut-through traffic study;
2. Receive final intersection analysis and update on improvements;
3. Receive update on traffic projects; and
4. Provide staff feedback on next steps for traffic congestion and pedestrian safety management.

Estimated Time: 30 Minutes

**12. ACCEPT REPORT ON GEOGRAPHIC INFORMATION SYSTEMS (GIS) STRATEGIC PLAN**

Recommendation:

Accept report on the Geographic Information Services (GIS) Strategic Plan.

Estimated Time: 15 Minutes

**13. APPOINT VOTING DELEGATES FOR THE 2019 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE AND APPROVE CITY SUPPORT OF THE LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE RESOLUTIONS**

Recommendation:

1. Appoint voting delegate and up to two (2) alternate voting delegates to the League of California Cities' Annual Conference;
2. Direct the Clerk team to complete and forward the voting delegate form to the League of California Cities;
3. Confirm "support" position on two resolutions; and
4. Authorize the City's voting delegate(s) to vote on the two resolutions to be considered at the League of California Cities (LOCC) annual conference.

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 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 [cityclerk@morganhill.ca.gov](mailto:cityclerk@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 [cityclerk@morganhill.ca.gov](mailto:cityclerk@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

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community

## Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.

## 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 Community History
- Enhancing Diversity and Inclusiveness
- Advancing Regional Initiatives

## 2019-2020 Strategic Priorities

- Agricultural Preservation
- Cannabis Policy
- Community Engagement and Messaging
- Economic Development
- Financial Stewardship
- High Speed Rail
- Homelessness
- Housing
- Infrastructure
- Telecommunications
- Traffic/Transportation







## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: John Lang, Economic Development Manager  
APPROVED BY: City Manager

## **ACCEPT DONATION FROM JTJ MORGAN HILL RE, LLC FOR A SPEAKER SERIES**

### **RECOMMENDATION(S)**

Accept \$10,000 in donations from JTJ Morgan Hill RE, LLC for the production and support of a Choose Morgan Hill Speaker Series, highlighting the four key industry sectors identified in Morgan Hill's Economic Blueprint.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Maintaining Fiscal Responsibility  
Supporting Our Youth  
Seniors  
and Entire Community

#### **2019 Strategic Priorities**

Community Engagement and Messaging  
Economic Development

### **GUIDING DOCUMENTS**

Economic Blueprint

### **REPORT NARRATIVE:**

Adopted two years ago, the Morgan Hill Economic Blueprint, identifies four key industry sectors; innovation and advanced manufacturing, tourism, healthcare, and retail to be significant to the economic vitality of the community. These sectors are therefore the primary focus of the City's economic development efforts attracting, retaining, and growing investment. Over the last year, the City has engaged in an aggressive effort to market Morgan Hill in both print and online content. All these efforts are important in sustaining a strong economy.

There are significant industry shifts occurring which have impacts on the City's four key industries. Much like the outreach effort that lead to the development of the Economic Blueprint, it is a great time to have a dialog with the community and the ever-changing economy. A speaker series is being launched to help inform and engage the community relative to these key industries.

The City has reached out to several local development companies to partner on an educational campaign regarding economic development efforts through the "Choose Morgan Hill" Speaker Series. JTJ Morgan Hill RE, LLC is a development entity that recently acquired the 60-acre asset in the Morgan Hill Ranch Business Park, formerly known as the DivcoWest or Butterfield Technology Park development. This development is a mixed-used project that is entitled with 389 apartment units and

600,000 square feet of industrial development. The project is subject to a Development Agreement which requires the developer to annually collaborate with the City on co-marketing efforts for the site. To meet the Development Agreement's marketing requirement, JTJ Morgan Hill RE is providing the City a \$10,000 contribution to fund the Speaker Series and launch a Choose Morgan Hill Newsletter.

It is recommended the Council formally accept the donation from JTJ Morgan Hill RE, LLC which will be utilized towards the production and support of the Choose Morgan Hill Speaker Series.

## **COMMUNITY ENGAGEMENT: Inform**

The economic development team has launched a Choose Morgan Hill Speaker Series. The Speaker Series focuses on what the City is doing to attract retail, jobs, healthcare, and tourism. The speaker series will have experts and industry leaders that will share their thoughts on successes, challenges, and opportunities facing their sector. The first Speaker Series took place on September 5, 2019 with a comprehensive conversation on economic development. The presentation included work program, budget overview, and projects underway. The following presentations will be topic specific as follows:

### **Retail**

A conversation about national retail trends. Hear from local brokers what is happening in the retail world in Morgan Hill. Join the dialog on how to strengthen existing retail nodes and where to prioritize retail development in Morgan Hill.

Date: Wednesday, September 25

Time: 6:30 p.m. - 8:00 p.m.

Location: Granada Theater

### **Innovation & Manufacturing**

A conversation about the efforts to grow and attract jobs in Morgan Hill. Hear from local developers about their plans and their take on the Morgan Hill market. Join the dialog on how to support job creation in Morgan Hill.

Date: Thursday, October 10

Time: 6:30 p.m. - 8:00 p.m.

Location: Granada Theater

### **Tourism**

A half day of fun learning about the tourism and hospitality industry. Hear from local organizations that contribute to our sports/recreation, wine and ag tourism. Learn from other Destination Management Organizations. Share your ideas for growing tourism in the area with the newly formed Visit Morgan Hill group.

Date: Monday, October 28

Time: 8:30 a.m. - 1:00 p.m.

Location: TBD

**Healthcare**

A conversation on the healthcare industry. Learn about the plans for the DePaul Hospital site and what the City is doing to attract healthcare services to Morgan Hill.

Date: Thursday, November 7

Time: 11:30 a.m. - 1:00 p.m.

Location: Granada Theater

**ALTERNATIVE ACTIONS:**

The City Council could elect to not accept this donation or direct staff to attempt to find other revenue sources to support the speaker series.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

There have been no prior Council or Commission actions relating to this specific donation.

**FISCAL AND RESOURCE IMPACT:**

The recommended action includes recognizing \$10,000 as revenue (GL#010.37780). The related expenditures will be recorded within the Economic Development budget (GL# 010.8010.42415).

**CEQA (California Environmental Quality Act):**

Not a Project -- Government fiscal activities that do not involve any commitment to a specific project that may result in physical environmental impacts.

**LINKS/ATTACHMENTS:**

1. CMH\_ChooseMorganHill\_Speaker\_Series\_Flyer

# 2019 CHOOSE MORGAN HILL SPEAKER SERIES

A PROGRAM HIGHLIGHTING KEY INDUSTRIES DRIVING OUR LOCAL ECONOMY

## About

The Economic Development team is hosting the first annual Choose Morgan Hill's Speaker Series this fall. Join us for in-depth conversations about the business sectors that drive the Morgan Hill economy. Each event will have local experts and industry leaders sharing their thoughts on successes, challenges, and opportunities facing their sectors.

## SPEAKER SERIES

### ECONOMIC DEVELOPMENT

Join the Morgan Hill Economic Development team for a conversation on economic development. Learn about the opportunities and challenges to attract retail, jobs and healthcare to the community and get an update on the companies that are expanding and developing in Morgan Hill.

**Date:** Thursday, September 5 **Time:** 6:30pm - 8:00pm

**Location:** Granada Theatre

### RETAIL

Join us for a conversation about national retail trends. Hear from local brokers what is happening in the retail world in Morgan Hill.

**Date:** Wednesday, September 25 **Time:** 6:30pm - 8:00pm

**Location:** Granada Theatre

### INNOVATION & MANUFACTURING

Join us for a conversation about the efforts to grow and attract jobs in Morgan Hill. Hear from local developers about their plans and their take on the Morgan Hill market. Join the dialogue on how to support job creation in Morgan Hill.

**Date:** Thursday, October 10 **Time:** 6:30pm - 8:00pm

**Location:** Granada Theatre

### TOURISM

Join us for a half day of fun learning about the tourism and hospitality industry. Hear from local organizations that contribute to sports/recreation, wine, and agricultural tourism. Learn from other Destination Management Organizations. Share your ideas for growing tourism in the area with the newly formed Visit Morgan Hill group.

**Date:** Monday, October 28 **Time:** 8:30am - 1:00pm

**Location:** TBD

### HEALTHCARE

Join us for a conversation on the healthcare industry. Learn about the plans for the DePaul Hospital site and what the City is doing to attract healthcare services to Morgan Hill.

**Date:** Thursday, November 7 **Time:** 11:30am - 1:00pm

**Location:** Granada Theatre

All sessions are Free but and RSVP is required. For the latest information, speaker profiles and to register for each session please visit [www.choosemorganhill.com/speakerseries](http://www.choosemorganhill.com/speakerseries)



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

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

## **ACCEPT JULY 2019 FINANCIAL AND INVESTMENT REPORT**

### **RECOMMENDATION(S)**

Accept and file report.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Maintaining Fiscal Responsibility  
Preserving and Cultivating Public Trust

#### **2019 Strategic Priorities**

Financial Stewardship

### **REPORT NARRATIVE:**

As part of the City Council's expectation to maintain a high level of transparency and to be responsible stewards of public funds, attached are the Financial and Investment Reports for the month ended July 31, 2019. The Revenue and Expense Summary for the month of July is included on the first page. Overall, General Fund revenues total \$1.4 million or 3% of the budget. Expenditures, including encumbrances, amounted to \$5.0 million.

### **COMMUNITY ENGAGEMENT: Inform**

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

### **ALTERNATIVE ACTIONS:**

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

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The City Council receives and files the financial and investment report for each month. At the September 16, 2015 meeting, City Council recommended monthly financial and investment reports be agendaized under the Consent Agenda, and quarterly financial and investment reports be presented to City Council as an "Other Business" item.

### **FISCAL AND RESOURCE IMPACT:**

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

### **CEQA (California Environmental Quality Act):**

Not a Project.

This report is not a project, as defined in Section 15378 of the State CEQA Guidelines. Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

**LINKS/ATTACHMENTS:**

1. July 2019 Financial Statement Analysis
2. July 2019 Financial and Investment Report



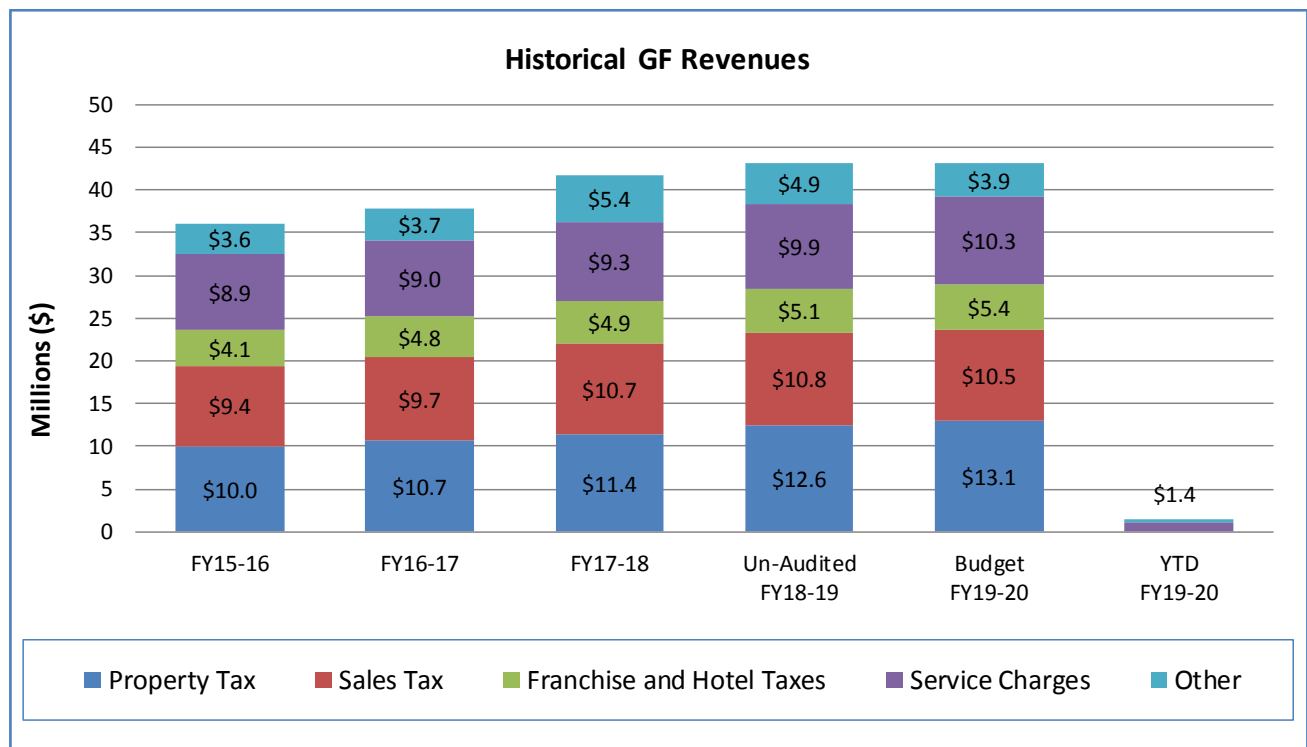


**CITY OF MORGAN HILL, CALIFORNIA**  
**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2019-20**  
**FOR THE MONTH ENDED JULY 2019 – 8% OF YEAR COMPLETE**

- **General Fund** – Revenues for the month of July totaled \$1.4 million, or 3% 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, the most recent County’s estimate projected Morgan Hill property tax revenue, excluding the property transfer tax, at \$13.4 million for the fiscal year 2019-20, which is approximately \$300,000 more than the revised budget, partially attributable to the higher excess Educational Revenue Augmentation Fund (ERAF) distribution of \$1.4 million versus \$1.2 million estimated in May 2019. Excess ERAF is the money that is returned to the cities, counties, and special districts after schools reach their state-mandated thresholds. Property tax is the largest source of Morgan Hill's General Fund revenue. However, it accounts for only 30% of the approximately \$43.1 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 49% of the budgeted amount as annual business license renewal payments are usually received in the first few months of the fiscal year.

The chart below shows historical General Fund revenues by major revenue category from FY15-16 through FY17-18 Actual, Un-audited FY18-19, FY19-20 Budget, and YTD as of July 31, 2019.

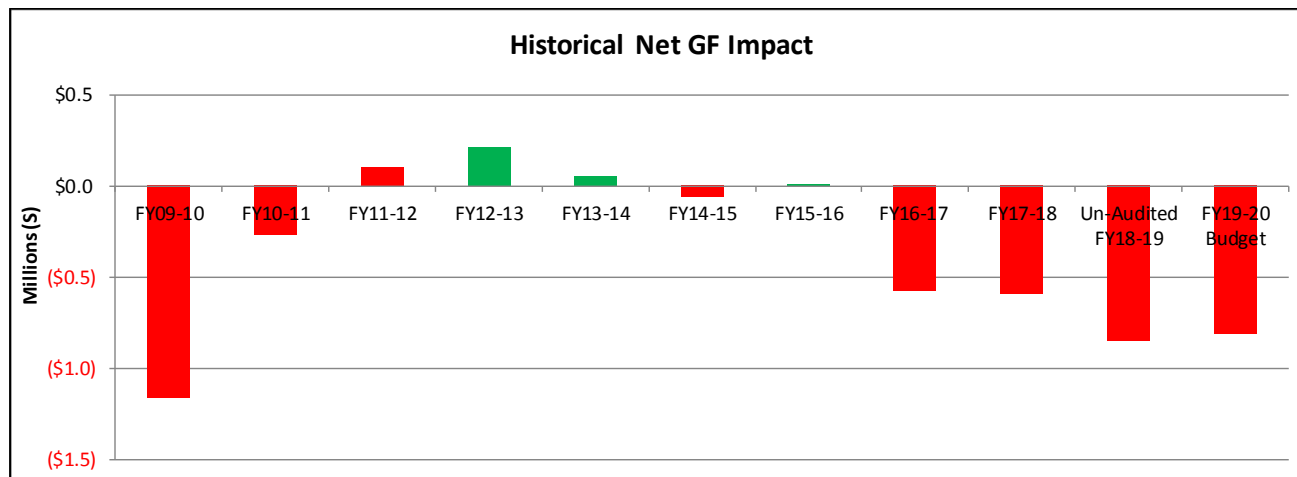


General Fund expenditures and encumbrances as of July 31, 2019 totaled \$5.0 million, of which approximately \$2.5 million is attributable to outstanding encumbrances.



**CITY OF MORGAN HILL, CALIFORNIA**  
**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2019-20**  
**FOR THE MONTH ENDED JULY 2019 – 8% OF YEAR COMPLETE**

- **Community Services** - The Community Services Department's recreation operations, as reflected in the schedule presented on page 4 of the Monthly Financial and Investments Reports, shows a positive impact to the General Fund of approximately \$0.5 million for the month of July. Without the carry-over encumbrances, the month of July operations resulted in a larger net deficit to the general fund of approximately \$1.4 million. Any net impact from the recreation operations increases (decreases) reserves in 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.

- **Development Services Fund** – Revenues for July totaled \$237,000. Expenditures, including encumbrances, totaled \$385,000. Without the outstanding encumbrances, however, expenditures for the month of July amounted to \$247,000. The fund is budgeted to end the fiscal year with an operating deficit of approximately \$0.6 million, a slight improvement from prior year un-audited actual deficit of approximately \$0.7 million. The projected deficit is primarily due to the timing of fee increases, services or new projects unsupported by fees, such as front counter services, responding to public inquiries, tree removal permits, use permits for non-profits or special projects, and continued implementation of Measure S.
- **Debt Service Funds** – Expenditures for the month totaled \$1,159. 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.



**CITY OF MORGAN HILL, CALIFORNIA**  
**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2019-20**  
**FOR THE MONTH ENDED JULY 2019 – 8% OF YEAR COMPLETE**

- **Wastewater Operations** – Revenues from Sewer Operations for the month of July totaled \$0.9 million. Expenditures and outstanding encumbrances totaled \$0.9 million or just 7% of the budget primarily attributable to the timing of the quarterly billing for sewer plant maintenance and operations. The table below shows historical Sewer Operations revenues and expenditures from FY15-16 through FY17-18 Actual, Un-audited FY18-19, FY19-20 Budget, and YTD as of July 31, 2019.

| (amount in millions)                     | FY15-16 | FY16-17 | FY17-18 | Un-Audited<br>FY18-19 | Budget<br>FY19-20 | YTD<br>FY19-20 |
|------------------------------------------|---------|---------|---------|-----------------------|-------------------|----------------|
| Revenues                                 | 10.2    | 9.7     | 10.3    | 11.4                  | 12.1              | 0.9            |
| Expenditures                             | 12.0    | 9.8     | 10.8    | 10.6                  | 12.1              | 0.9            |
| Operating Margin                         | (1.8)   | (0.1)   | (0.5)   | 0.8                   | -                 | -              |
| Operating Margin<br>without Encumbrances | (1.8)   | (0.0)   | (0.3)   | 1.2                   | -                 | 0.5            |

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues from Water Operations for the month of July totaled \$1.4 million. Water Operations expenditures, including outstanding encumbrances, totaled \$2.3 million for the year. Without the encumbrances, however, the expenditures amounted to \$0.6 million. The table below shows Water Operations revenues and expenditures from FY15-16 through FY17-18 Actual, Un-audited FY18-19, FY19-20 Budget, and YTD as of July 31, 2019.

| (amount in millions)                     | FY15-16 | FY16-17 | FY17-18 | Un-Audited<br>FY18-19 | Budget<br>FY19-20 | YTD<br>FY19-20 |
|------------------------------------------|---------|---------|---------|-----------------------|-------------------|----------------|
| Revenues                                 | 8.5     | 10.9    | 13.0    | 14.2                  | 14.8              | 1.4            |
| Expenditures                             | 9.7     | 11.2    | 12.1    | 12.8                  | 15.1              | 2.3            |
| Operating Margin                         | (1.2)   | (0.3)   | 0.9     | 1.4                   | (0.3)             | (0.9)          |
| Operating Margin<br>without Encumbrances | (1.2)   | (0.1)   | 1.4     | 2.3                   | (0.3)             | 0.8            |

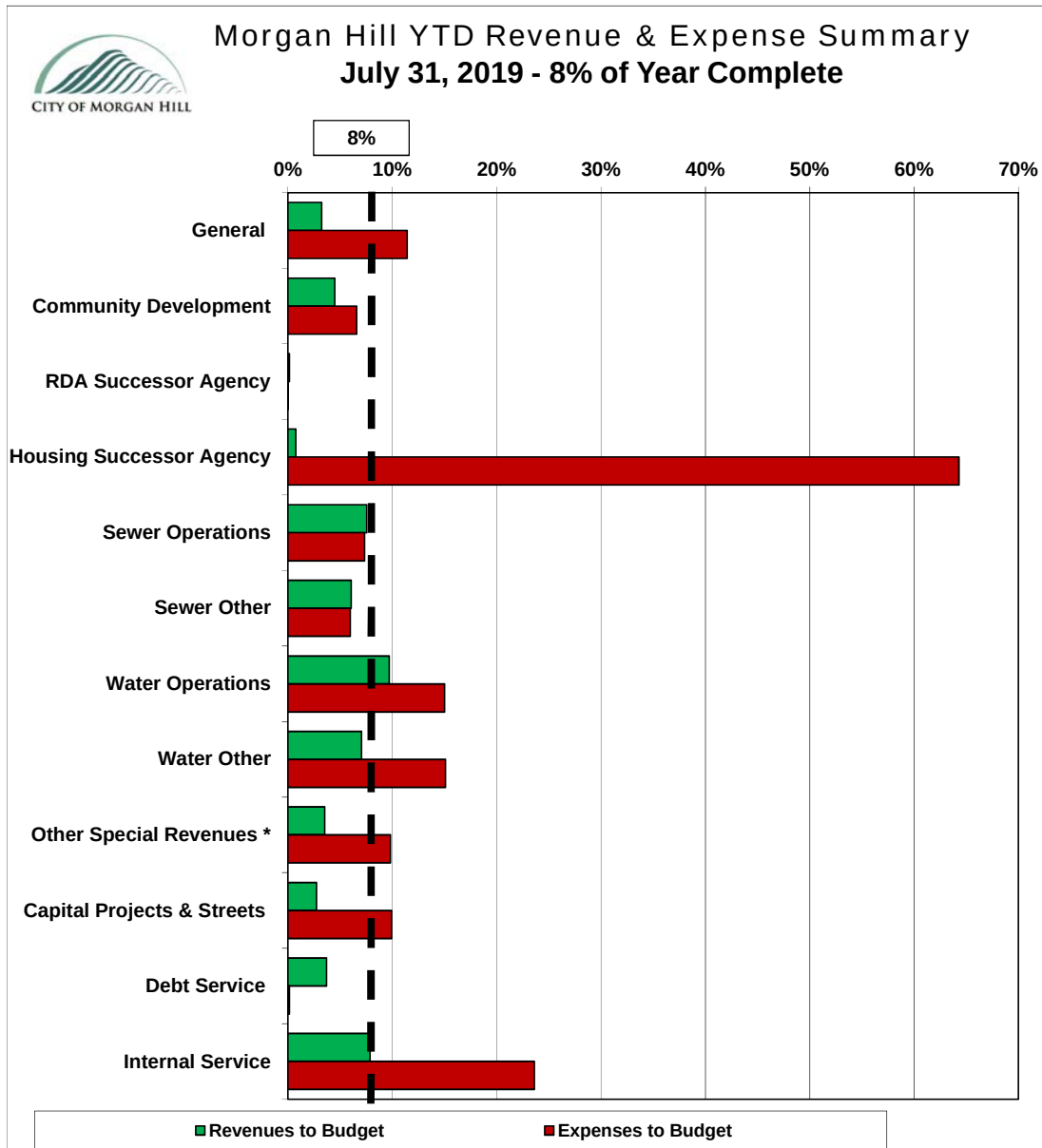
- **Investments** – One security was purchased and two securities were called during the month of July 2019. Total interest earnings received on investments were \$91,000 during the month.

**CITY OF MORGAN HILL**  
**Monthly Financial and Investment Reports**  
**July 31, 2019 - 8% of Year Complete**



**CITY OF MORGAN HILL**

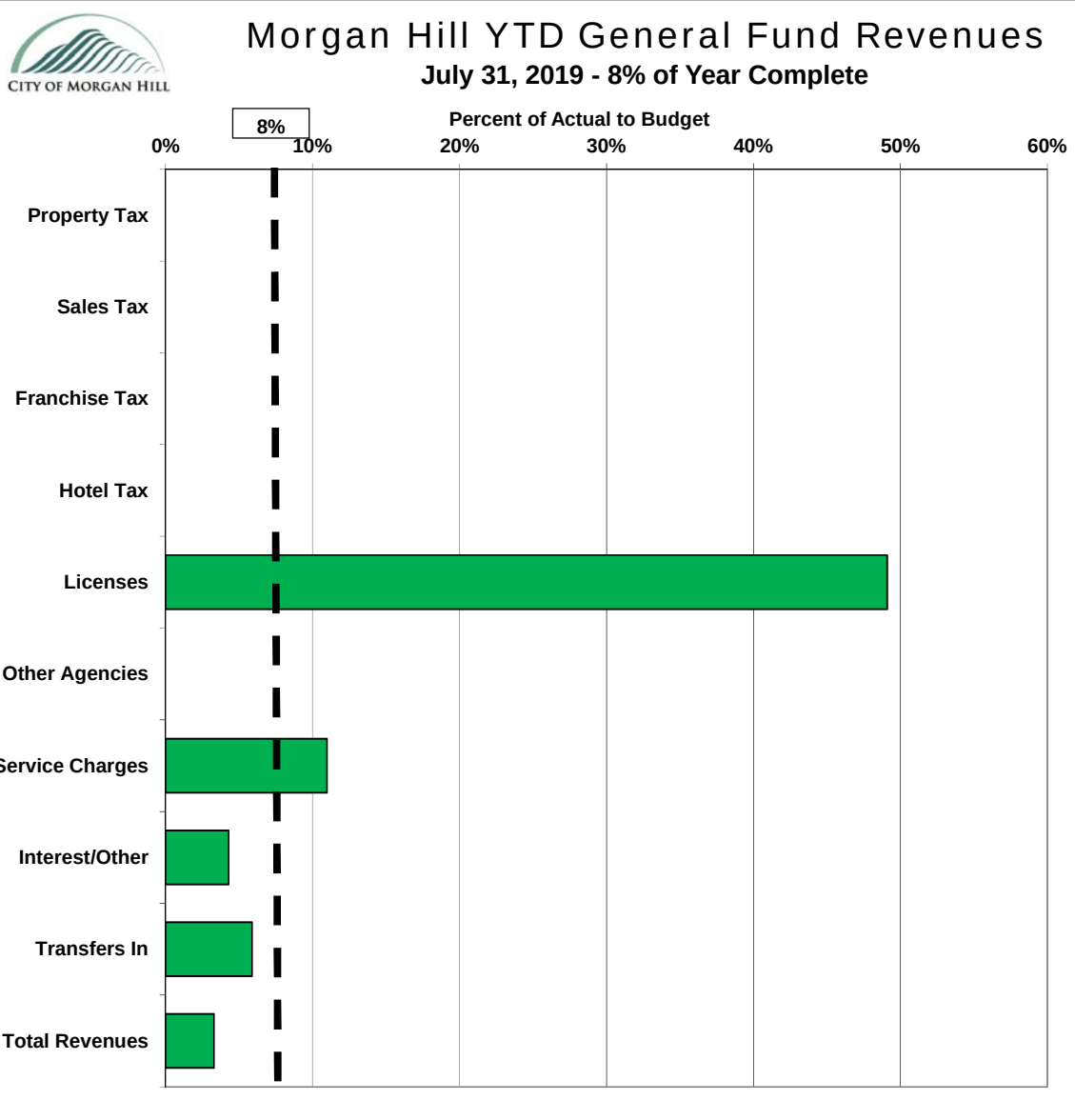
**Prepared by:**  
**FINANCE DIVISION**



| FUND NAME                  | REVENUES            |             | EXPENSES                 |             |
|----------------------------|---------------------|-------------|--------------------------|-------------|
|                            | ACTUAL              | % OF BUDGET | ACTUAL PLUS ENCUMBRANCES | % OF BUDGET |
| General                    | \$ 1,403,830        | 3%          | \$ 5,019,032             | 11%         |
| Community Development      | 237,214             | 5%          | 385,451                  | 7%          |
| RDA Successor Agency       | 11,649              | 0%          | 2,095                    | 0%          |
| Housing Successor Agency   | 4,324               | 1%          | 601,784                  | 64%         |
| Sewer Operations           | 917,910             | 8%          | 890,198                  | 7%          |
| Sewer Other                | 484,013             | 6%          | 991,488                  | 6%          |
| Water Operations           | 1,437,672           | 10%         | 2,270,797                | 15%         |
| Water Other                | 377,235             | 7%          | 717,387                  | 15%         |
| Other Special Revenues *   | 136,368             | 4%          | 374,610                  | 10%         |
| Capital Projects & Streets | 573,987             | 3%          | 2,081,183                | 10%         |
| Debt Service               | 25,115              | 4%          | 1,159                    | 0%          |
| Internal Service           | 937,376             | 8%          | 2,698,556                | 24%         |
| <b>TOTAL FOR ALL FUNDS</b> | <b>\$ 6,546,694</b> | <b>5%</b>   | <b>\$ 16,033,740</b>     | <b>11%</b>  |

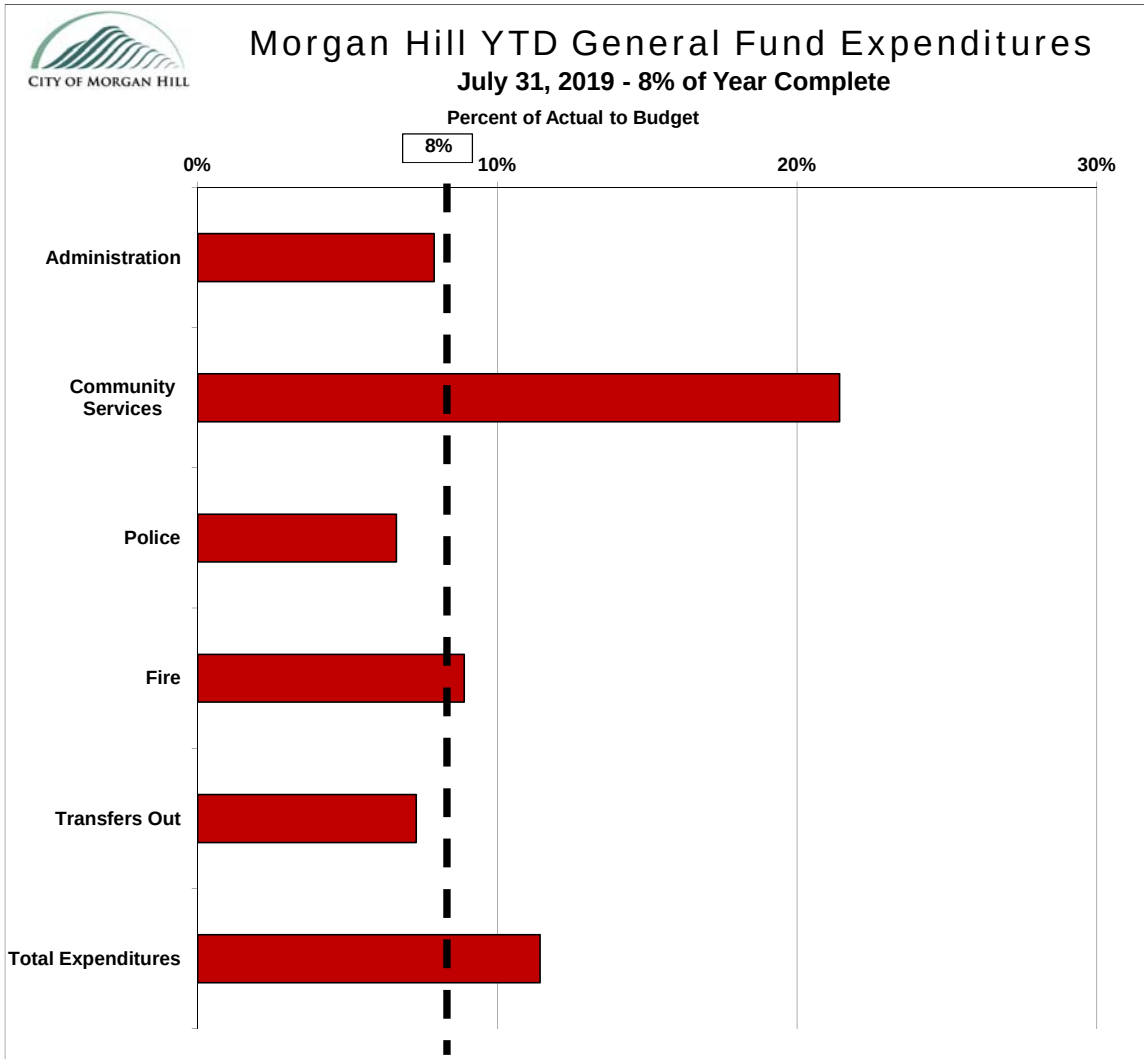
\* Includes all Special Revenue Funds except Community Development, Street Funds, and RDA and Housing Successor Agencies.

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



| REVENUE CATEGORY      | BUDGET              | ACTUAL              | % OF BUDGET | PRIOR YEAR TO DATE  | % CHANGE FROM PRIOR YEAR |
|-----------------------|---------------------|---------------------|-------------|---------------------|--------------------------|
| Property Tax          | \$13,082,377        | \$ -                | -           | \$ -                | -                        |
| Sales Tax             | 10,476,000          | -                   | -           | -                   | -                        |
| Franchise Tax         | 2,319,566           | -                   | -           | -                   | -                        |
| Hotel Tax             | 3,080,880           | -                   | -           | -                   | -                        |
| Licenses              | 206,940             | 101,567             | 49%         | 89,081              | 14%                      |
| Other Agencies        | 403,389             | -                   | -           | 84,405              | -100%                    |
| Service Charges       | 10,267,724          | 1,132,076           | 11%         | 1,152,780           | -2%                      |
| Interest/Other        | 1,461,324           | 63,214              | 4%          | 76,524              | -17%                     |
| Transfers In          | 1,822,658           | 106,974             | 6%          | 66,563              | 61%                      |
| <b>TOTAL REVENUES</b> | <b>\$43,120,858</b> | <b>\$ 1,403,830</b> | <b>3%</b>   | <b>\$ 1,469,353</b> | <b>-4%</b>               |





| EXPENDITURE CATEGORY      | BUDGET               | ACTUAL PLUS ENCUMBRANCES | % OF BUDGET | PRIOR YTD PLUS ENCUMBRANCES | % CHANGE FROM PRIOR YEAR |
|---------------------------|----------------------|--------------------------|-------------|-----------------------------|--------------------------|
| Administration            | \$ 4,835,112         | \$ 381,460               | 8%          | \$ 535,069                  | -29%                     |
| Community Services        | 12,679,427           | 2,716,068                | 21%         | 1,148,720                   | 136%                     |
| Police                    | 17,413,961           | 1,155,176                | 7%          | 1,766,667                   | -35%                     |
| Fire                      | 6,861,396            | 609,996                  | 9%          | 512,486                     | 19%                      |
| Transfers Out             | 2,142,463            | 156,333                  | 7%          | 151,753                     | 3%                       |
| <b>TOTAL EXPENDITURES</b> | <b>\$ 43,932,359</b> | <b>\$ 5,019,032</b>      | <b>11%</b>  | <b>\$ 4,114,695</b>         | <b>22%</b>               |



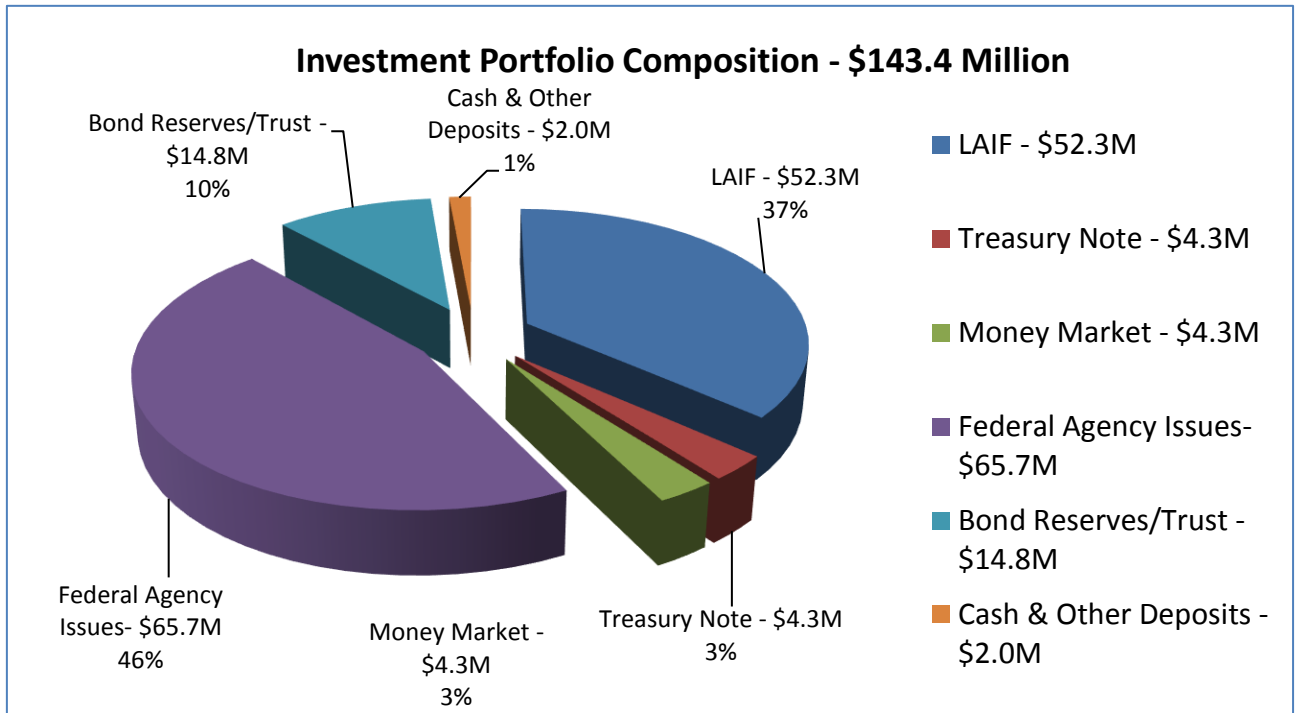
**City of Morgan Hill  
Recreation Report - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete**

|                                        | <u>Budget</u>       | <u>July 2019</u>  | <u>YTD</u>            | <u>% of Budget</u> |
|----------------------------------------|---------------------|-------------------|-----------------------|--------------------|
| Revenues                               |                     |                   |                       |                    |
| Membership Services & Rec Programs     | \$ 6,426,631        | \$ 818,997        | \$ 818,997            |                    |
| Facility Rentals                       | 915,330             | 122,112           | 122,112               |                    |
| Community Services                     | 149,705             | 5,056             | 5,056                 |                    |
| Transfers in                           | 75,000              | 6,250             | 6,250                 |                    |
| Total Revenues                         | \$ 7,566,666        | \$ 952,415        | \$ 952,415            | 13%                |
| Less: Expenditures                     |                     |                   |                       |                    |
| Membership & Program Services          | \$ 6,371,297        | \$ 316,080        | \$ 316,080            |                    |
| Facility Rentals                       | 1,356,318           | 89,200            | 89,200                |                    |
| Community Services                     | 648,407             | 22,678            | 22,678                |                    |
| Total Expenditures                     | \$ 8,376,023        | \$ 427,958        | \$ 427,958            | 5%                 |
| <b>Net Impact without encumbrances</b> | <b>\$ (809,357)</b> | <b>\$ 524,457</b> | <b>\$ 524,457</b>     |                    |
| Encumbrances                           | -                   | -                 | 1,952,260             |                    |
| <b>Net Impact with encumbrances</b>    | <b>\$ (809,357)</b> | <b>\$ 524,457</b> | <b>\$ (1,427,803)</b> |                    |

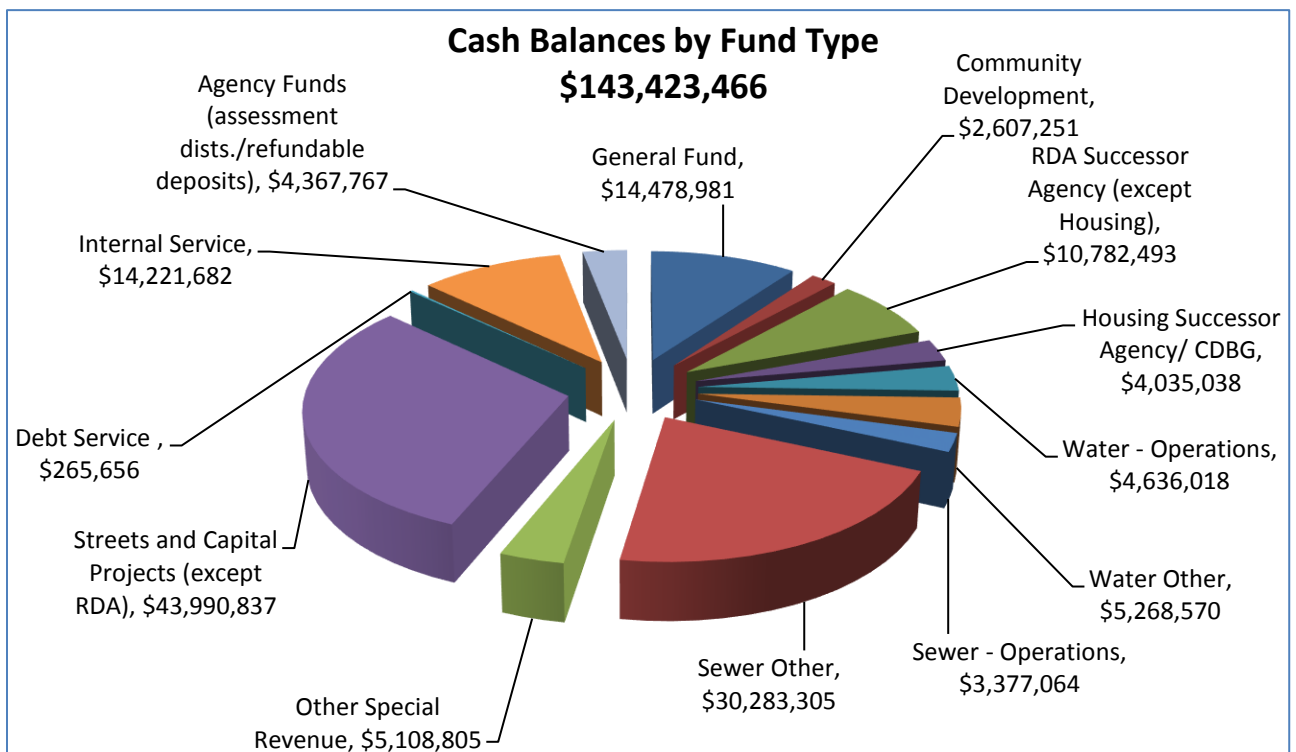
Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)

## City of Morgan Hill Monthly Investment Report - July 31, 2019

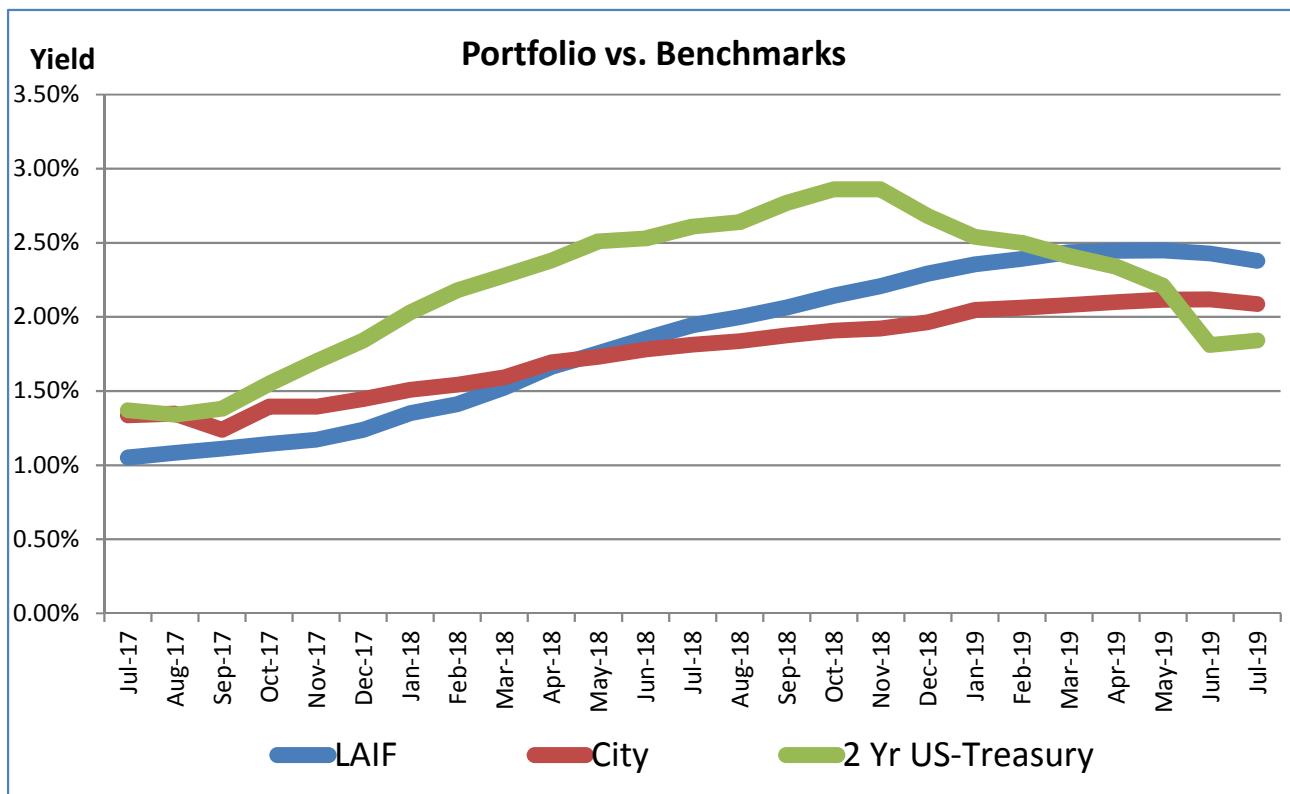
The following are the snapshots of City's investment portfolio as of July 31, 2019. The first chart shows the portfolio composition by investment type:



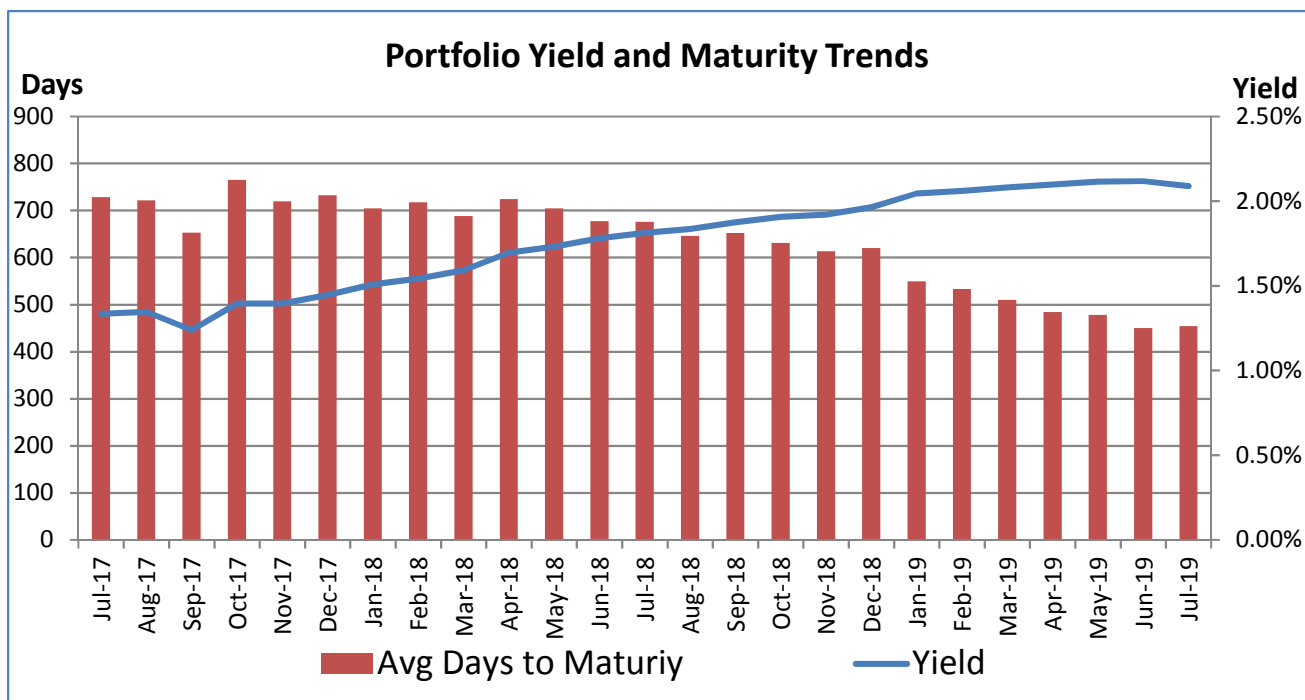
The chart below shows cash balances by fund type reconciled to City's financial system:



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



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



Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



**CITY OF MORGAN HILL CASH AND INVESTMENT REPORT**  
**FOR THE MONTH OF JULY 31, 2019**  
**FOR THE FISCAL YEAR OF 2018-19**

|                                                        | Invested<br>in Fund | Yield | Book Value<br>End of Month | % of<br>Total  | Market<br>Value       |
|--------------------------------------------------------|---------------------|-------|----------------------------|----------------|-----------------------|
| <b>Investments</b>                                     |                     |       |                            |                |                       |
| State Treasurer LAIF - City                            | All Funds Pooled    | 2.38% | \$ 49,403,983              | 34.45%         | \$ 49,411,243         |
| 2015 Wastewater Rev Bonds - CIP                        | Wastewater Fund     | 2.38% | 2,907,587                  | 2.03%          | 2,908,014             |
| Federal Issues                                         | All Funds Pooled    | 1.69% | 65,705,102                 | 45.81%         | 65,334,791            |
| US Treasury Notes                                      | All Funds Pooled    | 2.73% | 4,311,284                  | 3.01%          | 4,443,750             |
| Dreyfus Treas Cash Management Acct                     | All Funds Pooled    | 2.21% | 4,261,238                  | 2.97%          | 4,261,238             |
|                                                        | <b>SUBTOTAL</b>     |       | <b>\$ 126,589,194</b>      | <b>88.26%</b>  | <b>\$ 126,359,037</b> |
| <b>Bond Reserve Accounts - held by trustees</b>        |                     |       |                            |                |                       |
| Zions Bank - Civic Center/Library Facility             |                     |       |                            |                |                       |
| Blackrock Liq Fund                                     | Debt Service        | 1.96% | 81                         | 0.00%          | 81                    |
| Zions Bank - MH Police Facility Lease Revenue Bonds    |                     |       |                            |                |                       |
| Blackrock Liq Fund                                     | Debt Service        | 1.96% | 103                        | 0.00%          | 103                   |
| BNY - RDA Bonds                                        |                     |       |                            |                |                       |
| Dreyfus Cash Mgmt 521                                  | Successor Fund      | 2.21% | 6,394,961                  | 4.46%          | 6,394,961             |
| US Treasury Notes - Reserve Acct.                      | Successor Fund      | 1.25% | 5,074,237                  | 3.54%          | 5,130,098             |
| Zions Bank - MH Ranch 2015                             |                     |       |                            |                |                       |
| Blackrock Liq Funds Fed Fund -DI -2015                 | Agency Fund         | 1.96% | 583,595                    | 0.41%          | 583,595               |
| Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015 |                     |       |                            |                |                       |
| Blackrock Liquidity Temp Fund-2015                     | Agency Fund         | 1.96% | 543,651                    | 0.38%          | 543,651               |
|                                                        | <b>SUBTOTAL</b>     |       | <b>12,596,628</b>          | <b>8.78%</b>   | <b>12,652,489</b>     |
| <b>Other Cash/Deposits</b>                             |                     |       |                            |                |                       |
| General Checking                                       | All Funds           |       | 2,013,127                  | 1.40%          | 2,013,127             |
| Workers' Comp Administrators                           | Workers' Comp       |       | 30,000                     | 0.02%          | 30,000                |
| Petty Cash & Emergency Cash                            | General Fund        |       | 7,112                      | 0.00%          | 7,112                 |
| PARS - OPEB Trust                                      |                     |       | 1,387,404                  | 0.97%          | 1,646,146             |
| PARS - PENSION Trust                                   |                     |       | 800,000                    | 0.56%          | 923,425               |
|                                                        | <b>SUBTOTAL</b>     |       | <b>4,237,643</b>           | <b>2.95%</b>   | <b>4,619,810</b>      |
| <b>Total Cash and Investments</b>                      |                     |       | <b>\$ 143,423,466</b>      | <b>100.00%</b> | <b>\$ 143,631,337</b> |

**CASH ACTIVITY SUMMARY**  
**FY 2019-20**

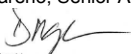
| Fund Type                                            | Un-Audited<br>07/01/19<br>Balance | Change in<br>Cash Balance | 7/31/2019<br>Balance  |
|------------------------------------------------------|-----------------------------------|---------------------------|-----------------------|
| General Fund                                         | \$ 15,044,885                     | \$ (565,905)              | \$ 14,478,981         |
| Community Development                                | 3,419,872                         | (812,621)                 | 2,607,251             |
| RDA Successor Agency (except Housing)                | 12,277,198                        | (1,494,705)               | 10,782,493            |
| Housing Successor Agency/ CDBG                       | 4,150,303                         | (115,265)                 | 4,035,038             |
| Water - Operations                                   | 2,317,454                         | 2,318,565                 | 4,636,018             |
| Water Other                                          | 4,954,819                         | 313,751                   | 5,268,570             |
| Sewer - Operations                                   | 1,505,059                         | 1,872,005                 | 3,377,064             |
| Sewer Other                                          | 29,212,866                        | 1,070,439                 | 30,283,305            |
| Other Special Revenue                                | 5,052,285                         | 56,520                    | 5,108,805             |
| Streets and Capital Projects (except RDA)            | 42,155,711                        | 1,835,126                 | 43,990,837            |
| Debt Service                                         | 253,454                           | 12,202                    | 265,656               |
| Internal Service                                     | 12,991,987                        | 1,229,695                 | 14,221,682            |
| Agency Funds (assessment dists./refundable deposits) | 4,116,381                         | 251,386                   | 4,367,767             |
| <b>Total</b>                                         | <b>\$ 137,452,276</b>             | <b>\$ 5,971,190</b>       | <b>\$ 143,423,466</b> |

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

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

Prepared by:   
 Gina Nazareno, Senior Accountant

Approved by:

Reviewed by:   
 Dat Nguyen, Finance Director

David Clink, Treasurer

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



**City of Morgan Hill**  
**Investment Portfolio Detail**  
**As of July 31, 2019**

| Investment Type                                 | Settlement Date | Book Value            | % of Portfolio | Market Value          | YTM at Cost  | Next Call Date | Date of Maturity |
|-------------------------------------------------|-----------------|-----------------------|----------------|-----------------------|--------------|----------------|------------------|
| <b>L A I F</b>                                  |                 | <b>\$ 52,311,570</b>  | <b>36.47%</b>  | <b>\$ 52,319,257</b>  | <b>2.38%</b> |                |                  |
| <b>City Managed</b>                             |                 |                       |                |                       |              |                |                  |
| Fed Home Loan Bank                              | 10/19/2015      | 4,000,000             | 2.79%          | 3,981,680             | 1.70%        | 10/19/2019     | 10/19/2020       |
| Fed Home Loan Bank                              | 6/30/2016       | 4,000,000             | 2.79%          | 3,963,160             | 1.50%        | 6/30/2020      | 6/30/2021        |
| Fed Natn'l Mortgage Assn                        | 8/25/2016       | 4,000,000             | 2.79%          | 3,956,640             | 1.40%        | 8/25/2019      | 8/25/2021        |
| Fed Home Loan Mortgage                          | 9/29/2016       | 2,000,000             | 1.39%          | 1,983,700             | 1.65%        | 8/29/2019      | 9/29/2021        |
| Fed Natn'l Mortgage Assn                        | 9/29/2016       | 4,000,000             | 2.79%          | 3,959,600             | 1.60%        | 9/29/2019      | 9/29/2021        |
| Fed Home Loan Mortgage                          | 10/27/2016      | 4,000,000             | 2.79%          | 3,961,240             | 1.60%        | 10/27/2019     | 10/27/2021       |
| Fed Natn'l Mortgage Assn                        | 10/28/2016      | 4,000,000             | 2.79%          | 3,964,960             | 1.55%        | 10/28/2019     | 10/28/2021       |
| Fed Home Loan Mortgage                          | 10/28/2016      | 2,000,000             | 1.39%          | 1,983,240             | 1.65%        | 10/28/2019     | 10/28/2021       |
| Fed Home Loan Mortgage                          | 11/15/2016      | 4,000,000             | 2.79%          | 3,943,880             | 1.55%        | 10/15/2019     | 11/15/2021       |
| Fed Home Loan Mortgage                          | 11/23/2016      | 3,000,000             | 2.09%          | 2,975,220             | 1.65%        | 11/23/2019     | 11/23/2021       |
| Fed Home Loan Mortgage                          | 11/23/2016      | 4,000,000             | 2.79%          | 3,965,320             | 1.63%        | 11/23/2019     | 11/23/2021       |
| Fed Home Loan Mortgage                          | 11/30/2016      | 4,000,000             | 2.79%          | 3,985,120             | 1.88%        | 10/26/2019     | 11/26/2021       |
| Fed Home Loan Mortgage                          | 6/29/2017       | 1,300,000             | 0.91%          | 1,300,312             | 2.15%        | 8/29/2019      | 6/29/2022        |
| Fed Home Loan Bank                              | 10/19/2017      | 3,850,000             | 2.68%          | 3,850,039             | 2.15%        | 10/19/2019     | 10/19/2022       |
| Fed Natn'l Mortgage Assn                        | 10/26/2017      | 4,150,000             | 2.89%          | 4,150,374             | 2.20%        | 10/26/2019     | 10/26/2022       |
| Fed Home Loan Mortgage                          | 7/10/2019       | 3,000,000             | 2.09%          | 2,994,360             | 2.15%        | 7/2/2020       | 7/2/2024         |
| Fed Natn'l Mortgage Assn                        | 8/23/2016       | 749,998               | 0.52%          | 749,618               | 1.25%        | 8/23/2019      | 8/23/2019        |
| Fed Home Loan Mortgage                          | 8/31/2016       | 750,000               | 0.52%          | 749,745               | 1.25%        | 8/15/2019      | 8/15/2019        |
| Fed Home Loan Mortgage                          | 10/7/2016       | 749,987               | 0.52%          | 749,220               | 1.29%        | 9/12/2019      | 9/12/2019        |
| Fed Natn'l Mortgage Assn                        | 10/24/2016      | 749,996               | 0.52%          | 748,823               | 1.25%        | 9/30/2019      | 9/30/2019        |
| Fed Home Loan Mortgage                          | 9/14/2018       | 825,000               | 0.58%          | 825,000               | 2.56%        | 8/1/2019       | 8/1/2019         |
| Fed Home Loan Bank                              | 9/26/2018       | 747,950               | 0.52%          | 751,455               | 2.80%        | 3/30/2020      | 3/30/2020        |
| Fed Home Loan Bank                              | 11/6/2018       | 744,527               | 0.52%          | 748,380               | 2.87%        | 11/15/2019     | 11/15/2019       |
| Fed Home Loan Mortgage                          | 1/18/2019       | 999,380               | 0.70%          | 1,002,720             | 2.59%        | 4/23/2020      | 4/23/2020        |
| Fed Farm Credit Sys Disc                        | 4/30/2019       | 891,155               | 0.62%          | 893,133               | 2.39%        | 12/31/2019     | 12/31/2019       |
| Fed Home Loan Bank                              | 5/9/2019        | 1,499,659             | 1.05%          | 1,500,030             | 2.64%        | 11/9/2021      | 11/9/2021        |
| Fed Home Loan Bank                              | 5/28/2019       | 1,697,450             | 1.18%          | 1,697,824             | 2.38%        | 8/23/2019      | 8/23/2019        |
| Treasury Note                                   | 4/30/2018       | 4,311,284             | 3.01%          | 4,443,750             | 2.73%        | 3/31/2023      | 3/31/2023        |
| <b>Sub Total/Average</b>                        |                 | <b>\$ 70,016,386</b>  | <b>48.82%</b>  | <b>\$ 69,778,541</b>  | <b>1.86%</b> |                |                  |
| <b>Money Market</b>                             |                 | <b>\$ 4,261,238</b>   | <b>2.97%</b>   | <b>\$ 4,261,238</b>   | <b>2.21%</b> |                |                  |
| <b>Total City Managed/Average</b>               |                 | <b>\$ 126,589,194</b> | <b>88.26%</b>  | <b>\$ 126,359,036</b> | <b>2.15%</b> |                |                  |
| <b>Bond Reserve Accounts - Held By Trustees</b> |                 | <b>\$ 12,596,628</b>  | <b>8.78%</b>   | <b>\$ 12,652,489</b>  |              |                |                  |
| <b>Cash/Deposits</b>                            |                 | <b>\$ 2,050,239</b>   | <b>1.43%</b>   | <b>\$ 2,050,239</b>   |              |                |                  |
| <b>PARS Trust</b>                               |                 | <b>\$ 2,187,404</b>   | <b>1.53%</b>   | <b>\$ 2,569,571</b>   |              |                |                  |
| <b>GRAND TOTAL/AVERAGE</b>                      |                 | <b>\$ 143,423,466</b> | <b>100%</b>    | <b>\$ 143,631,337</b> |              |                |                  |

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)





City of Morgan Hill  
Year to Date Revenues - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND<br>REVENUE<br>SOURCE                  | ADOPTED<br>BUDGET | AMENDED<br>BUDGET | CURRENT<br>YTD<br>ACTUAL | %<br>OF BUDGET | PRIOR<br>YTD     | INCR (DECR)<br>FROM PRIOR<br>YTD | %<br>CHANGE  |
|--------------------------------------------|-------------------|-------------------|--------------------------|----------------|------------------|----------------------------------|--------------|
| <b>010 GENERAL FUND</b>                    |                   |                   |                          |                |                  |                                  |              |
| <b>TAXES</b>                               |                   |                   |                          |                |                  |                                  |              |
| Property Tax - Secured/Unsecured           | \$ 11,189,507     | \$ 11,189,507     | \$ -                     | 0%             | \$ -             | \$ -                             | 0%           |
| Property Tax - RPTTF Residual Distribution | 1,573,610         | 1,573,610         | -                        | n/a            | -                | -                                | n/a          |
| Property Tax - Supplemental Roll           | 319,260           | 319,260           | -                        | n/a            | -                | -                                | n/a          |
| Sales Tax                                  | 10,091,000        | 10,091,000        | -                        | n/a            | -                | -                                | n/a          |
| Public Safety Sales Tax                    | 385,000           | 385,000           | -                        | n/a            | -                | -                                | n/a          |
| Transient Occupancy Taxes                  | 3,080,880         | 3,080,880         | -                        | n/a            | -                | -                                | n/a          |
| Franchise (Refuse, Cable, PG&E)            | 2,319,566         | 2,319,566         | -                        | 0%             | -                | -                                | n/a          |
| Property Transfer Tax                      | 515,000           | 515,000           | -                        | n/a            | -                | -                                | n/a          |
| <b>TOTAL TAXES</b>                         | <b>29,473,823</b> | <b>29,473,823</b> | <b>-</b>                 | <b>n/a</b>     | <b>-</b>         | <b>-</b>                         | <b>n/a</b>   |
| <b>LICENSES/PERMITS</b>                    |                   |                   |                          |                |                  |                                  |              |
| Business License                           | 202,000           | 202,000           | 98,067                   | 49%            | 86,744           | 11,323                           | 13%          |
| Other Permits                              | 4,940             | 4,940             | 3,500                    | 71%            | 2,337            | 1,163                            | 50%          |
| <b>TOTAL LICENSES/PERMITS</b>              | <b>206,940</b>    | <b>206,940</b>    | <b>101,567</b>           | <b>49%</b>     | <b>89,081</b>    | <b>12,486</b>                    | <b>14%</b>   |
| <b>FINES AND PENALTIES</b>                 |                   |                   |                          |                |                  |                                  |              |
| Parking Enforcement                        | 8,500             | 8,500             | -                        | n/a            | 677              | (677)                            | -100%        |
| Bails & Fines                              | 73,645            | 73,645            | -                        | n/a            | -                | -                                | 0%           |
| Administrative Citations                   | 9,785             | 9,785             | 2,186                    | 22%            | 100              | 2,086                            | 2086%        |
| <b>TOTAL FINES AND PENALTIES</b>           | <b>91,930</b>     | <b>91,930</b>     | <b>2,186</b>             | <b>2%</b>      | <b>777</b>       | <b>1,409</b>                     | <b>181%</b>  |
| <b>OTHER AGENCIES</b>                      |                   |                   |                          |                |                  |                                  |              |
| Motor Vehicle in-Lieu                      | 24,652            | 24,652            | -                        | 0%             | -                | -                                | n/a          |
| Other Revenue - Other Agencies             | 403,389           | 403,389           | -                        | n/a            | 84,405           | (84,405)                         | -100%        |
| <b>TOTAL OTHER AGENCIES</b>                | <b>428,041</b>    | <b>428,041</b>    | <b>-</b>                 | <b>n/a</b>     | <b>84,405</b>    | <b>(84,405)</b>                  | <b>-100%</b> |
| <b>CHARGES CURRENT SERVICES</b>            |                   |                   |                          |                |                  |                                  |              |
| Police False Alarm Charge                  | 33,990            | 33,990            | 180                      | 1%             | 870              | (690)                            | -79%         |
| Business License Application Review        | 36,000            | 36,000            | -                        | n/a            | 4,244            | (4,244)                          | -100%        |
| Membership Services & Rec Programs         | 6,426,631         | 6,426,631         | 818,997                  | 13%            | 822,315          | (3,317)                          | 0%           |
| Facility Rentals                           | 915,330           | 915,330           | 122,112                  | 13%            | 132,590          | (10,478)                         | -8%          |
| Community Services                         | 149,705           | 149,705           | 5,056                    | 3%             | 6,170            | (1,114)                          | -18%         |
| General Administration Overhead            | 1,795,198         | 1,795,198         | 149,285                  | 8%             | 142,176          | 7,109                            | 5%           |
| Other Charges Current Services             | 910,870           | 910,870           | 36,445                   | 4%             | 44,415           | (7,970)                          | -18%         |
| <b>TOTAL CURRENT SERVICES</b>              | <b>10,267,724</b> | <b>10,267,724</b> | <b>1,132,076</b>         | <b>11%</b>     | <b>1,152,780</b> | <b>(20,705)</b>                  | <b>-2%</b>   |
| <b>OTHER REVENUE</b>                       |                   |                   |                          |                |                  |                                  |              |
| Use of money/property                      | 517,900           | 517,900           | 58,218                   | 11%            | 36,349           | 21,869                           | 60%          |
| Other Revenues                             | 311,842           | 311,842           | 2,810                    | 1%             | 39,398           | (36,588)                         | -93%         |
| <b>TOTAL OTHER REVENUE</b>                 | <b>829,742</b>    | <b>829,742</b>    | <b>61,028</b>            | <b>7%</b>      | <b>75,747</b>    | <b>(14,719)</b>                  | <b>-19%</b>  |
| <b>TRANSFERS IN</b>                        |                   |                   |                          |                |                  |                                  |              |
| One Time Transfer                          | 180,000           | 180,000           | 14,999                   | 8%             | -                | 14,999                           | 0%           |
| Asset Seizure                              | -                 | -                 | -                        | 0%             | -                | -                                | 0%           |
| Public Safety                              | 100,000           | 100,000           | -                        | 0%             | -                | -                                | 0%           |
| Fire Impact                                | -                 | -                 | 25,000                   | 0%             | -                | 25,000                           | 0%           |
| Streets                                    | 738,968           | 738,968           | -                        | 0%             | -                | -                                | n/a          |
| Park Maintenance                           | -                 | -                 | -                        | 0%             | -                | -                                | n/a          |
| Police Impact                              | 25,000            | 25,000            | 2,083                    | 8%             | 2,083            | -                                | n/a          |
| Sewer Operations                           | 351,845           | 351,845           | 29,321                   | 8%             | 29,115           | 206                              | 1%           |
| Water Operations                           | 351,845           | 351,845           | 29,321                   | 8%             | 29,115           | 206                              | 1%           |
| Park Development                           | 75,000            | 75,000            | 6,250                    | 8%             | 6,250            | -                                | n/a          |
| <b>TOTAL TRANSFERS IN</b>                  | <b>1,822,658</b>  | <b>1,822,658</b>  | <b>106,974</b>           | <b>6%</b>      | <b>66,563</b>    | <b>40,411</b>                    | <b>61%</b>   |
| <b>TOTAL GENERAL FUND</b>                  | <b>43,120,858</b> | <b>43,120,858</b> | <b>1,403,830</b>         | <b>3%</b>      | <b>1,469,353</b> | <b>(65,522)</b>                  | <b>-4%</b>   |
| <b>SPECIAL REVENUE FUNDS</b>               |                   |                   |                          |                |                  |                                  |              |
| <b>202 STREET MAINTENANCE</b>              |                   |                   |                          |                |                  |                                  |              |
| Gas Tax 2105 - 2107.5                      | 738,968           | 738,968           | -                        | n/a            | 58,509           | (58,509)                         | -100%        |
| Interest / Other Revenue/Other Charges     | -                 | -                 | 40                       | n/a            | -                | 40                               | n/a          |
| <b>202 STREET MAINTENANCE</b>              | <b>738,968</b>    | <b>738,968</b>    | <b>40</b>                | <b>0%</b>      | <b>58,509</b>    | <b>(58,469)</b>                  | <b>-100%</b> |

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



City of Morgan Hill  
Year to Date Revenues - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND<br>REVENUE<br>SOURCE                            | ADOPTED<br>BUDGET | AMENDED<br>BUDGET | CURRENT<br>YTD<br>ACTUAL | %<br>OF BUDGET | PRIOR<br>YTD   | INCR (DECR)<br>FROM PRIOR<br>YTD | %<br>CHANGE |
|------------------------------------------------------|-------------------|-------------------|--------------------------|----------------|----------------|----------------------------------|-------------|
| <b>SPECIAL REVENUE FUNDS</b>                         |                   |                   |                          |                |                |                                  |             |
| <b>205 PUBLIC SAFETY TRUST</b>                       |                   |                   |                          |                |                |                                  |             |
| Interest Income                                      | 135               | 135               | 74                       | 55%            | -              | 74                               | n/a         |
| Police Grant/SLEF/JAG                                | 100,000           | 100,000           | -                        | n/a            | -              | -                                | 0%          |
| <b>205 PUBLIC SAFETY TRUST</b>                       | <b>100,135</b>    | <b>100,135</b>    | <b>74</b>                | <b>0%</b>      | <b>-</b>       | <b>74</b>                        | <b>n/a</b>  |
| <b>206 COMMUNITY DEVELOPMENT</b>                     |                   |                   |                          |                |                |                                  |             |
| Building Fees                                        | 3,275,864         | 3,275,864         | 154,708                  | 5%             | 140,368        | 14,340                           | 10%         |
| Planning Fees                                        | 1,476,912         | 1,476,912         | 60,979                   | 4%             | 174,562        | (113,583)                        | -65%        |
| Engineering Fees                                     | 495,977           | 495,977           | 19,386                   | 4%             | 159,684        | (140,298)                        | -88%        |
| Other Revenue/Current Charges                        | 14,682            | 14,682            | 2,141                    | 15%            | -              | 2,141                            | n/a         |
| <b>206 COMMUNITY DEVELOPMENT</b>                     | <b>5,263,435</b>  | <b>5,263,435</b>  | <b>237,214</b>           | <b>5%</b>      | <b>474,614</b> | <b>(237,400)</b>                 | <b>-50%</b> |
| <b>207 LONG RANGE PLANNING</b>                       | <b>736,371</b>    | <b>736,371</b>    | <b>38,373</b>            | <b>5%</b>      | <b>57,845</b>  | <b>(19,472)</b>                  | <b>-34%</b> |
| <b>215 and 216 HCD BLOCK GRANT</b>                   |                   |                   |                          |                |                |                                  |             |
| Interest Income/Other Revenue                        | 3,660             | 3,660             | 50                       | 1%             | -              | 50                               | n/a         |
| <b>215 and 216 HCD BLOCK GRANT</b>                   | <b>3,660</b>      | <b>3,660</b>      | <b>50</b>                | <b>1%</b>      | <b>-</b>       | <b>50</b>                        | <b>n/a</b>  |
| <b>225 ASSET SEIZURE</b>                             | <b>2,227</b>      | <b>2,227</b>      | <b>103</b>               | <b>5%</b>      | <b>-</b>       | <b>103</b>                       | <b>n/a</b>  |
| <b>229 LIGHTING AND LANDSCAPE</b>                    | <b>189,158</b>    | <b>189,158</b>    | <b>61</b>                | <b>0%</b>      | <b>-</b>       | <b>61</b>                        | <b>n/a</b>  |
| <b>230 COMMUNITY FACILITIES DISTRICT</b>             | <b>44,504</b>     | <b>44,504</b>     | <b>73</b>                | <b>0%</b>      | <b>-</b>       | <b>73</b>                        | <b>0%</b>   |
| <b>232 ENVIRONMENTAL PROGRAMS</b>                    | <b>409,843</b>    | <b>409,843</b>    | <b>34,028</b>            | <b>8%</b>      | <b>45,177</b>  | <b>(11,149)</b>                  | <b>-25%</b> |
| <b>234 MOBILE HOME PARK RENT STAB.</b>               | <b>873</b>        | <b>873</b>        | <b>41</b>                | <b>5%</b>      | <b>-</b>       | <b>41</b>                        | <b>n/a</b>  |
| <b>235 SENIOR HOUSING</b>                            | <b>4,462</b>      | <b>4,462</b>      | <b>181</b>               | <b>4%</b>      | <b>-</b>       | <b>181</b>                       | <b>n/a</b>  |
| <b>236 HOUSING MITIGATION</b>                        | <b>2,336,690</b>  | <b>2,336,690</b>  | <b>62,031</b>            | <b>3%</b>      | <b>-</b>       | <b>62,031</b>                    | <b>n/a</b>  |
| <b>240 EMPLOYEE ASSISTANCE</b>                       | <b>29,256</b>     | <b>29,256</b>     | <b>1,248</b>             | <b>4%</b>      | <b>997</b>     | <b>251</b>                       | <b>25%</b>  |
| <b>247 ENVIRONMENT REMEDIATION</b>                   | <b>2,824</b>      | <b>2,824</b>      | <b>105</b>               | <b>4%</b>      | <b>-</b>       | <b>105</b>                       | <b>n/a</b>  |
| <b>250 COMH-SUCCESSOR AGENCY-MHRDA</b>               | <b>6,935,750</b>  | <b>6,935,750</b>  | <b>11,649</b>            | <b>0%</b>      | <b>-</b>       | <b>11,649</b>                    | <b>n/a</b>  |
| <b>255 HOUSING SUCCESSOR AGENCY</b>                  | <b>553,622</b>    | <b>553,622</b>    | <b>4,324</b>             | <b>1%</b>      | <b>2,838</b>   | <b>1,486</b>                     | <b>52%</b>  |
| <b>TOTAL SPECIAL REVENUE FUNDS</b>                   | <b>17,351,779</b> | <b>17,351,779</b> | <b>389,595</b>           | <b>2%</b>      | <b>639,980</b> | <b>(250,384)</b>                 | <b>-39%</b> |
| <b>CAPITAL PROJECTS FUNDS</b>                        |                   |                   |                          |                |                |                                  |             |
| <b>301 PARK DEVELOPMENT</b>                          | <b>2,647,562</b>  | <b>2,647,562</b>  | <b>90,924</b>            | <b>3%</b>      | <b>95,494</b>  | <b>(4,570)</b>                   | <b>-5%</b>  |
| <b>302 PARK MAINTENANCE</b>                          | <b>1,371,696</b>  | <b>1,371,696</b>  | <b>32,402</b>            | <b>2%</b>      | <b>126,538</b> | <b>(94,136)</b>                  | <b>-74%</b> |
| <b>303 LOCAL DRAINAGE</b>                            | <b>1,652,576</b>  | <b>1,652,576</b>  | <b>11,794</b>            | <b>1%</b>      | <b>178,139</b> | <b>(166,345)</b>                 | <b>-93%</b> |
| <b>304 LOCAL DRAINAGE/NON AB1600</b>                 | <b>83,498</b>     | <b>83,498</b>     | <b>1,234</b>             | <b>1%</b>      | <b>26,510</b>  | <b>(25,276)</b>                  | <b>-95%</b> |
| <b>306 AGRICULTURE &amp; OPEN SPACE PRESERVATION</b> | <b>3,420,324</b>  | <b>3,420,324</b>  | <b>185,309</b>           | <b>5%</b>      | <b>32,939</b>  | <b>152,370</b>                   | <b>463%</b> |
| <b>308 STREET CIP</b>                                | <b>5,068,938</b>  | <b>5,068,938</b>  | <b>88,578</b>            | <b>2%</b>      | <b>101,185</b> | <b>(12,607)</b>                  | <b>-12%</b> |
| <b>309 TRAFFIC IMPACT</b>                            | <b>1,283,196</b>  | <b>1,283,196</b>  | <b>37,875</b>            | <b>3%</b>      | <b>213,105</b> | <b>(175,231)</b>                 | <b>-82%</b> |
| <b>311 POLICE IMPACT</b>                             | <b>295,109</b>    | <b>295,109</b>    | <b>12,585</b>            | <b>4%</b>      | <b>16,535</b>  | <b>(3,950)</b>                   | <b>-24%</b> |
| <b>313 FIRE IMPACT</b>                               | <b>469,220</b>    | <b>469,220</b>    | <b>5,099</b>             | <b>1%</b>      | <b>23,391</b>  | <b>(18,292)</b>                  | <b>-78%</b> |
| <b>346 PUBLIC FACILITIES NON-AB1600</b>              | <b>630,420</b>    | <b>630,420</b>    | <b>-</b>                 | <b>n/a</b>     | <b>-</b>       | <b>-</b>                         | <b>n/a</b>  |
| <b>347 PUBLIC FACILITIES IMPACT</b>                  | <b>221,932</b>    | <b>221,932</b>    | <b>8,897</b>             | <b>4%</b>      | <b>11,038</b>  | <b>(2,141)</b>                   | <b>-19%</b> |
| <b>348 LIBRARY</b>                                   | <b>936,224</b>    | <b>936,224</b>    | <b>34,343</b>            | <b>4%</b>      | <b>42,546</b>  | <b>(8,203)</b>                   | <b>-19%</b> |
| <b>350 UNDERGROUNDING</b>                            | <b>50,079</b>     | <b>50,079</b>     | <b>681</b>               | <b>1%</b>      | <b>-</b>       | <b>681</b>                       | <b>n/a</b>  |
| <b>355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY</b>          | <b>656,864</b>    | <b>656,864</b>    | <b>2,852</b>             | <b>0%</b>      | <b>1,667</b>   | <b>1,185</b>                     | <b>71%</b>  |
| <b>360 COMMUNITY/REC IMPACT FUND</b>                 | <b>1,359,693</b>  | <b>1,359,693</b>  | <b>61,376</b>            | <b>5%</b>      | <b>78,636</b>  | <b>(17,260)</b>                  | <b>-22%</b> |
| <b>TOTAL CAPITAL PROJECTS FUNDS</b>                  | <b>20,147,331</b> | <b>20,147,331</b> | <b>573,947</b>           | <b>3%</b>      | <b>947,724</b> | <b>(373,777)</b>                 | <b>-39%</b> |
| <b>DEBT SERVICE FUNDS</b>                            |                   |                   |                          |                |                |                                  |             |
| <b>420 CIVIC CENTER DEBT</b>                         | <b>301,874</b>    | <b>301,874</b>    | <b>25,059</b>            | <b>8%</b>      | <b>24,715</b>  | <b>344</b>                       | <b>1%</b>   |
| <b>441 POLICE FACILITY BOND</b>                      | <b>376,090</b>    | <b>376,090</b>    | <b>56</b>                | <b>0%</b>      | <b>-</b>       | <b>56</b>                        | <b>n/a</b>  |
| <b>TOTAL DEBT SERVICE FUNDS</b>                      | <b>677,964</b>    | <b>677,964</b>    | <b>25,115</b>            | <b>4%</b>      | <b>24,715</b>  | <b>400</b>                       | <b>2%</b>   |

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



City of Morgan Hill  
Year to Date Revenues - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND<br>REVENUE<br>SOURCE              | ADOPTED<br>BUDGET     | AMENDED<br>BUDGET     | CURRENT<br>YTD<br>ACTUAL | %<br>OF BUDGET | PRIOR<br>YTD        | INCR (DECR)<br>FROM PRIOR<br>YTD | %<br>CHANGE  |
|----------------------------------------|-----------------------|-----------------------|--------------------------|----------------|---------------------|----------------------------------|--------------|
| <b>ENTERPRISE FUNDS</b>                |                       |                       |                          |                |                     |                                  |              |
| <b>640 SEWER OPERATION</b>             |                       |                       |                          |                |                     |                                  |              |
| Sewer Service Fees                     | 11,746,083            | 11,746,083            | 893,579                  | 8%             | 837,566             | 56,013                           | 7%           |
| Interest Income/Transfers              | 43,166                | 43,166                | 2,617                    | 6%             | -                   | 2,617                            | n/a          |
| Other Revenue/Current Charges          | 328,660               | 328,660               | 21,714                   | 7%             | 38,133              | (16,420)                         | -43%         |
| <b>640 SEWER OPERATION</b>             | <b>12,117,909</b>     | <b>12,117,909</b>     | <b>917,910</b>           | <b>8%</b>      | <b>875,699</b>      | <b>42,211</b>                    | <b>5%</b>    |
| <b>641 SEWER EXPANSION</b>             |                       |                       |                          |                |                     |                                  |              |
| Interest Income                        | 253,972               | 253,972               | 15,410                   | 6%             | 775                 | 14,635                           | 1889%        |
| Development Impact Fee                 | 4,801,041             | 4,801,041             | 224,955                  | 5%             | 319,679             | (94,724)                         | -30%         |
| Transfers/Other                        | -                     | -                     | -                        | 0%             | -                   | -                                | 0%           |
| <b>641 SEWER EXPANSION</b>             | <b>5,055,013</b>      | <b>5,055,013</b>      | <b>240,365</b>           | <b>5%</b>      | <b>320,453</b>      | <b>(80,089)</b>                  | <b>-25%</b>  |
| <b>642 SEWER RATE STABILIZATION</b>    | <b>52,262</b>         | <b>52,262</b>         | <b>2,074</b>             | <b>4%</b>      | <b>-</b>            | <b>2,074</b>                     | <b>n/a</b>   |
| <b>643 SEWER-CAPITAL PROJECT</b>       | <b>2,853,531</b>      | <b>2,853,531</b>      | <b>241,574</b>           | <b>8%</b>      | <b>228,260</b>      | <b>13,314</b>                    | <b>6%</b>    |
| <b>TOTAL SEWER FUNDS</b>               | <b>20,078,715</b>     | <b>20,078,715</b>     | <b>1,401,923</b>         | <b>7%</b>      | <b>1,424,413</b>    | <b>(22,490)</b>                  | <b>-2%</b>   |
| <b>650 WATER OPERATION</b>             |                       |                       |                          |                |                     |                                  |              |
| Water Sales                            | 13,400,000            | 13,400,000            | 1,279,224                | 10%            | 1,215,851           | 63,373                           | 5%           |
| Meter Install & Service                | 125,500               | 125,500               | 493                      | 0%             | 31,188              | (30,695)                         | -98%         |
| Transfers-In / Interest Income         | 478,039               | 478,039               | 38,004                   | 8%             | 33,175              | 4,829                            | 15%          |
| Other Revenue/Current Charges          | 776,961               | 776,961               | 119,950                  | 15%            | 145,247             | (25,297)                         | -17%         |
| <b>650 WATER OPERATION</b>             | <b>14,780,500</b>     | <b>14,780,500</b>     | <b>1,437,672</b>         | <b>10%</b>     | <b>1,425,461</b>    | <b>12,211</b>                    | <b>1%</b>    |
| <b>651 WATER EXPANSION</b>             |                       |                       |                          |                |                     |                                  |              |
| Interest Income/Other Revenue/Transfer | 73,821                | 73,821                | 2,108                    | 3%             | -                   | 2,108                            | n/a          |
| Development Impact Fee                 | 1,452,925             | 1,452,925             | 56,550                   | 4%             | 80,699              | (24,149)                         | -30%         |
| <b>651 WATER EXPANSION</b>             | <b>1,526,746</b>      | <b>1,526,746</b>      | <b>58,658</b>            | <b>4%</b>      | <b>80,699</b>       | <b>(22,041)</b>                  | <b>-27%</b>  |
| <b>652 Water Rate Stabilization</b>    | <b>11,107</b>         | <b>11,107</b>         | <b>444</b>               | <b>4%</b>      | <b>-</b>            | <b>444</b>                       | <b>n/a</b>   |
| <b>653 Water Capital Project</b>       | <b>3,812,288</b>      | <b>3,812,288</b>      | <b>318,133</b>           | <b>8%</b>      | <b>199,906</b>      | <b>118,227</b>                   | <b>59%</b>   |
| <b>TOTAL WATER FUNDS</b>               | <b>20,130,641</b>     | <b>20,130,641</b>     | <b>1,814,907</b>         | <b>9%</b>      | <b>1,706,066</b>    | <b>108,841</b>                   | <b>6%</b>    |
| <b>TOTAL ENTERPRISE FUNDS</b>          | <b>40,209,356</b>     | <b>40,209,356</b>     | <b>3,216,830</b>         | <b>8%</b>      | <b>3,130,479</b>    | <b>86,351</b>                    | <b>3%</b>    |
| <b>INTERNAL SERVICE FUNDS</b>          |                       |                       |                          |                |                     |                                  |              |
| <b>730 INFORMATION SYSTEMS</b>         | <b>1,783,719</b>      | <b>1,783,719</b>      | <b>151,678</b>           | <b>9%</b>      | <b>130,973</b>      | <b>20,705</b>                    | <b>16%</b>   |
| <b>740 BUILDING MAINTENANCE</b>        | <b>3,258,548</b>      | <b>3,258,548</b>      | <b>268,147</b>           | <b>8%</b>      | <b>273,825</b>      | <b>(5,679)</b>                   | <b>-2%</b>   |
| <b>741 BUILDING REPLACEMENT</b>        | <b>831,677</b>        | <b>831,677</b>        | <b>64,985</b>            | <b>8%</b>      | <b>61,187</b>       | <b>3,798</b>                     | <b>6%</b>    |
| <b>745 CIP ADMINISTRATION</b>          | <b>1,871,909</b>      | <b>1,871,909</b>      | <b>116,848</b>           | <b>6%</b>      | <b>55,225</b>       | <b>61,623</b>                    | <b>112%</b>  |
| <b>760 UNEMPLOYMENT INSURANCE</b>      | <b>2,898</b>          | <b>2,898</b>          | <b>113</b>               | <b>4%</b>      | <b>-</b>            | <b>113</b>                       | <b>n/a</b>   |
| <b>770 WORKERS COMPENSATION</b>        | <b>800,422</b>        | <b>800,422</b>        | <b>67,359</b>            | <b>8%</b>      | <b>29,805</b>       | <b>37,553</b>                    | <b>126%</b>  |
| <b>790 EQUIPMENT REPLACEMENT</b>       | <b>1,052,269</b>      | <b>1,052,269</b>      | <b>113,951</b>           | <b>11%</b>     | <b>84,140</b>       | <b>29,811</b>                    | <b>35%</b>   |
| <b>791 EMPLOYEE BENEFITS</b>           | <b>1,229,852</b>      | <b>1,229,852</b>      | <b>65,614</b>            | <b>5%</b>      | <b>112,797</b>      | <b>(47,183)</b>                  | <b>-42%</b>  |
| <b>793 CORPORATION YARD COMMISSION</b> | <b>-</b>              | <b>-</b>              | <b>-</b>                 | <b>0%</b>      | <b>764</b>          | <b>(764)</b>                     | <b>-100%</b> |
| <b>795 GENERAL LIABILITY INSURANCE</b> | <b>1,076,586</b>      | <b>1,076,586</b>      | <b>88,682</b>            | <b>8%</b>      | <b>83,592</b>       | <b>5,090</b>                     | <b>6%</b>    |
| <b>TOTAL INTERNAL SERVICE FUNDS</b>    | <b>11,907,880</b>     | <b>11,907,880</b>     | <b>937,376</b>           | <b>8%</b>      | <b>832,309</b>      | <b>105,067</b>                   | <b>13%</b>   |
| <b>TOTAL FOR ALL FUNDS</b>             | <b>\$ 133,415,168</b> | <b>\$ 133,415,168</b> | <b>\$ 6,546,694</b>      | <b>5%</b>      | <b>\$ 7,044,559</b> | <b>\$ (497,865)</b>              | <b>-7%</b>   |

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City of Morgan Hill  
Year to Date Expenses - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND NO.                      | FUND/ACTIVITY                       | CURRENT MONTH ACTUAL EXPENSES | AMENDED BUDGET    | YTD EXPENSES     | OUTSTANDING ENCUMBRANCE | TOTAL ALLOCATED  | PERCENT OF TOTAL TO BUDGET | PRIOR YTD    |
|-------------------------------|-------------------------------------|-------------------------------|-------------------|------------------|-------------------------|------------------|----------------------------|--------------|
| <b>010 GENERAL FUND</b>       |                                     |                               |                   |                  |                         |                  |                            |              |
| <b>I. ADMINISTRATION</b>      |                                     |                               |                   |                  |                         |                  |                            |              |
|                               | CITY COUNCIL                        | \$ 47,000                     | \$ 336,684        | \$ 47,000        | \$ 74,000               | \$ 121,000       | 36%                        | \$ 31        |
|                               | CITY ATTORNEY                       | 30,481                        | 763,698           | 30,481           | 13,451                  | 43,932           | 6%                         | 21           |
|                               | CITY MANAGER                        | 21,432                        | 580,167           | 21,432           | -                       | 21,432           | 4%                         | 31           |
|                               | HUMAN RESOURCES                     | 38,872                        | 751,908           | 38,872           | -                       | 38,872           | 5%                         | 41           |
|                               | COUNCIL SVCS & RECORDS MGMT         |                               |                   |                  |                         |                  |                            |              |
|                               | Council Svcs & Records Mgmt         | 33,762                        | 601,560           | 33,762           | 6,131                   | 39,893           | 7%                         | 31           |
|                               | Elections                           | 1,563                         | 178,037           | 1,563            | -                       | 1,563            | 1%                         | 1            |
|                               | COUNCIL SVCS & RECORDS MGMT         | 35,325                        | 779,597           | 35,325           | 6,131                   | 41,456           | 5%                         | 31           |
|                               | FINANCE                             | 114,769                       | 1,623,059         | 114,769          | -                       | 114,769          | 7%                         | 121          |
|                               | <b>TOTAL ADMINISTRATION</b>         | <b>287,879</b>                | <b>4,835,112</b>  | <b>287,879</b>   | <b>93,581</b>           | <b>381,460</b>   | <b>8%</b>                  | <b>301</b>   |
| <b>II. COMMUNITY SERVICES</b> |                                     |                               |                   |                  |                         |                  |                            |              |
|                               | Membership Services & Rec. Programs | 316,080                       | 6,371,297         | 316,080          | 1,821,139               | 2,137,219        | 34%                        | 321          |
|                               | Recreation Facility Rentals         | 89,200                        | 1,356,318         | 89,200           | 37,360                  | 126,560          | 9%                         | 91           |
|                               | Community Services                  | 22,678                        | 648,407           | 22,678           | 93,761                  | 116,439          | 18%                        | 21           |
|                               | Environmental Services              | 10,747                        | 293,918           | 10,747           | -                       | 10,747           | 4%                         | 11           |
|                               | Street Maintenance                  | 65,746                        | 2,386,836         | 65,746           | 63,385                  | 129,131          | 5%                         | 111          |
|                               | Downtown Maintenance                | 13,806                        | 321,475           | 13,806           | 50,698                  | 64,504           | 20%                        | 11           |
|                               | Cable Television                    | 1,657                         | 22,594            | 1,657            | -                       | 1,657            | 7%                         | 1            |
|                               | <b>COMMUNITY SERVICES</b>           | <b>519,915</b>                | <b>11,400,845</b> | <b>519,915</b>   | <b>2,066,343</b>        | <b>2,586,258</b> | <b>23%</b>                 | <b>571</b>   |
|                               | CODE COMPLIANCE                     | 12,650                        | 160,943           | 12,650           | -                       | 12,650           | 8%                         | 1            |
|                               | CONGESTION MANAGEMENT               | 19,992                        | 318,537           | 19,992           | -                       | 19,992           | 6%                         | 1            |
|                               | ECONOMIC DEVELOPMENT PROGRAMS       | 33,240                        | 799,102           | 33,240           | 63,927                  | 97,168           |                            | 21           |
|                               | <b>TOTAL COMMUNITY SERVICES</b>     | <b>585,798</b>                | <b>12,679,427</b> | <b>585,798</b>   | <b>2,130,270</b>        | <b>2,716,068</b> | <b>21%</b>                 | <b>611</b>   |
| <b>III. PUBLIC SAFETY</b>     |                                     |                               |                   |                  |                         |                  |                            |              |
|                               | <b>POLICE</b>                       |                               |                   |                  |                         |                  |                            |              |
|                               | PD Administration                   | 57,546                        | 1,300,288         | 57,546           | 17,000                  | 74,546           | 6%                         | 51           |
|                               | Field Operations                    | 476,058                       | 9,094,915         | 476,058          | 161,917                 | 637,975          | 7%                         | 371          |
|                               | Support Services                    | 200,919                       | 2,359,572         | 200,919          | 7,500                   | 208,419          | 9%                         | 141          |
|                               | Emergency Services/Haz Mat          | 7,919                         | 195,641           | 7,919            | -                       | 7,919            | 4%                         | 1            |
|                               | Special Operations                  | 145,201                       | 2,747,543         | 145,201          | -                       | 145,201          | 5%                         | 131          |
|                               | Dispatch Services                   | 81,115                        | 1,716,002         | 81,115           | -                       | 81,115           | 5%                         | 81           |
|                               | <b>POLICE</b>                       | <b>968,758</b>                | <b>17,413,961</b> | <b>968,758</b>   | <b>186,417</b>          | <b>1,155,176</b> | <b>7%</b>                  | <b>791</b>   |
|                               | <b>FIRE</b>                         | <b>496,488</b>                | <b>6,861,396</b>  | <b>496,488</b>   | <b>113,508</b>          | <b>609,996</b>   | <b>9%</b>                  | <b>471</b>   |
|                               | <b>TOTAL PUBLIC SAFETY</b>          | <b>1,465,246</b>              | <b>24,275,358</b> | <b>1,465,246</b> | <b>299,925</b>          | <b>1,765,171</b> | <b>7%</b>                  | <b>1,261</b> |
| <b>IV. TRANSFERS</b>          |                                     |                               |                   |                  |                         |                  |                            |              |
|                               | Other                               | 156,333                       | 2,142,463         | 156,333          | -                       | 156,333          | 7%                         | 151          |
|                               | <b>TOTAL TRANSFERS</b>              | <b>156,333</b>                | <b>2,142,463</b>  | <b>156,333</b>   | <b>-</b>                | <b>156,333</b>   | <b>7%</b>                  | <b>151</b>   |
|                               | <b>TOTAL GENERAL FUND</b>           | <b>2,495,256</b>              | <b>43,932,359</b> | <b>2,495,256</b> | <b>2,523,776</b>        | <b>5,019,032</b> | <b>11%</b>                 | <b>2,341</b> |

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



City of Morgan Hill  
Year to Date Expenses - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND NO.                            | FUND/ACTIVITY                         | CURRENT MONTH ACTUAL EXPENSES | AMENDED BUDGET    | YTD EXPENSES   | OUTSTANDING ENCUMBRANCE | TOTAL ALLOCATED  | PERCENT OF TOTAL TO BUDGET | PRIOR YTD  |
|-------------------------------------|---------------------------------------|-------------------------------|-------------------|----------------|-------------------------|------------------|----------------------------|------------|
| <b>SPECIAL REVENUE FUNDS</b>        |                                       |                               |                   |                |                         |                  |                            |            |
| 202                                 | STREET MAINTENANCE                    | 342                           | 743,072           | 342            | -                       | 342              | 0%                         | :          |
| 205                                 | PUBLIC SAFETY/SUPP.LAW                | 572                           | 106,863           | 572            | -                       | 572              | 1%                         | :          |
| 206                                 | COMMUNITY DEVELOPMENT FUND            |                               |                   |                |                         |                  |                            |            |
|                                     | Planning                              | 98,670                        | 2,516,024         | 98,670         | 49,968                  | 148,639          | 6%                         | 9%         |
|                                     | Building                              | 90,418                        | 1,998,366         | 90,418         | 2,895                   | 93,313           | 5%                         | 8%         |
|                                     | Engineering                           | 58,231                        | 1,332,942         | 58,231         | 85,268                  | 143,499          | 11%                        | 6%         |
| 206                                 | COMMUNITY DEVELOPMENT FUND            | 247,320                       | 5,847,332         | 247,320        | 138,131                 | 385,451          | 7%                         | 24%        |
| 207                                 | LONG RANGE PLANNING                   | 20,244                        | 736,054           | 20,244         | 174,149                 | 194,393          | 26%                        | 21%        |
| 215/216                             | CDBG                                  | 434                           | 5,209             | 434            | -                       | 434              | 8%                         | :          |
| 225                                 | ASSET SEIZURE                         | -                             | -                 | -              | -                       | -                | 0%                         | :          |
| 229                                 | LIGHTING AND LANDSCAPE                | 4,339                         | 206,031           | 4,339          | 30,571                  | 34,910           | 17%                        | :          |
| 230                                 | COMMUNITY FACILITIES DISTRICT         | 2,083                         | 46,979            | 2,083          | -                       | 2,083            | 4%                         | :          |
| 232                                 | ENVIRONMENT PROGRAMS                  | 27,053                        | 439,095           | 27,053         | 33,578                  | 60,631           | 14%                        | 2%         |
| 234                                 | MOBILE HOME PARK                      | 35                            | 425               | 35             | -                       | 35               | 8%                         | :          |
| 236                                 | HOUSING MITIGATION                    | 30,562                        | 2,235,207         | 30,562         | 47,713                  | 78,275           | 4%                         | 3%         |
| 240                                 | EMPLOYEE ASSISTANCE                   | 3,170                         | 28,477            | 3,170          | -                       | 3,170            | 11%                        | :          |
| 247                                 | ENVIRONMENTAL REMEDIATION             | 109                           | -                 | 109            | -                       | 109              | 0%                         | :          |
| 250                                 | COMH-SUCCESSOR AGENCY-MHRDA           | 2,095                         | 6,973,161         | 2,095          | -                       | 2,095            | 0%                         | !          |
| 255                                 | HOUSING SUCCESSOR AGENCY              | 62,552                        | 935,845           | 62,552         | 539,231                 | 601,784          | 64%                        | 6%         |
| <b>TOTAL SPECIAL REVENUE FUNDS</b>  |                                       | <b>400,909</b>                | <b>18,303,750</b> | <b>400,909</b> | <b>963,373</b>          | <b>1,364,282</b> | <b>7%</b>                  | <b>40%</b> |
| <b>CAPITAL PROJECT FUNDS</b>        |                                       |                               |                   |                |                         |                  |                            |            |
| 301                                 | PARK DEVELOPMENT                      | 23,667                        | 5,180,802         | 23,667         | 750,136                 | 773,803          | 15%                        | 2%         |
| 302                                 | PARK MAINTENANCE                      | 38,692                        | 1,227,852         | 38,692         | 163,723                 | 202,415          | 16%                        | 5%         |
| 303                                 | LOCAL DRAINAGE                        | 7,170                         | 2,513,533         | 7,170          | 7,912                   | 15,081           | 1%                         | (          |
| 304                                 | LOCAL DRAIN. NON-AB1600               | 228                           | 153,783           | 228            | -                       | 228              | 0%                         | :          |
| 306                                 | AGRICULTURE & OPEN SPACE PRESERVATION | 2,203                         | 1,640,771         | 2,203          | 57,959                  | 60,162           | 4%                         | 17%        |
| 308                                 | STREET CIP                            | 12,162                        | 5,414,791         | 12,162         | 188,090                 | 200,253          | 4%                         | !          |
| 309                                 | TRAFFIC IMPACT                        | 87,393                        | 1,267,514         | 87,393         | 170,856                 | 258,249          | 20%                        | !          |
| 311                                 | POLICE IMPACT                         | 2,334                         | 226,130           | 2,334          | -                       | 2,334            | 1%                         | :          |
| 313                                 | FIRE IMPACT                           | 25,266                        | 28,425            | 25,266         | 9,462                   | 34,728           | 122%                       | :          |
| 346                                 | PUBLIC FAC.NON AB1600                 | 1,554                         | 588,826           | 1,554          | 87,764                  | 89,318           | 15%                        | :          |
| 347                                 | PUBLIC FACILITIES IMPACT              | 2,267                         | 119,458           | 2,267          | 91,987                  | 94,254           | 79%                        | :          |
| 348                                 | LIBRARY IMPACT                        | 22,466                        | 655,384           | 22,466         | 44,565                  | 67,031           | 10%                        | 4%         |
| 350                                 | UNDERGROUNDING                        | 90                            | 1,075             | 90             | -                       | 90               | 8%                         | :          |
| 355                                 | SCHOOL PEDESTRIAN & TRAFFIC SAFETY    | 13,056                        | 663,118           | 13,056         | 131,091                 | 144,148          | 22%                        | :          |
| 360                                 | COMM/REC CENTER IMPACT                | 10,725                        | 458,875           | 10,725         | 128,021                 | 138,747          | 0%                         | :          |
| <b>TOTAL CAPITAL PROJECTS FUNDS</b> |                                       | <b>249,274</b>                | <b>20,140,338</b> | <b>249,274</b> | <b>1,831,567</b>        | <b>2,080,841</b> | <b>10%</b>                 | <b>32%</b> |
| <b>DEBT SERVICE FUNDS</b>           |                                       |                               |                   |                |                         |                  |                            |            |
| 420                                 | CIVIC CENTER DEBT                     | 839                           | 311,636           | 839            | -                       | 839              | 0%                         | :          |
| 441                                 | POLICE FACILITY BOND DEBT             | 320                           | 380,552           | 320            | -                       | 320              | 0%                         | :          |
| <b>TOTAL DEBT SERVICE FUNDS</b>     |                                       | <b>1,159</b>                  | <b>692,188</b>    | <b>1,159</b>   | <b>-</b>                | <b>1,159</b>     | <b>0%</b>                  | <b>:</b>   |

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



City of Morgan Hill  
Year to Date Expenses - Fiscal Year 2019-20  
For the Month Ended July 31, 2019  
8% of Year Complete

| FUND NO.                            | FUND/ACTIVITY            | CURRENT MONTH ACTUAL EXPENSES | AMENDED BUDGET        | YTD EXPENSES        | OUTSTANDING ENCUMBRANCE | TOTAL ALLOCATED      | PERCENT OF TOTAL TO BUDGET | PRIOR YTD       |
|-------------------------------------|--------------------------|-------------------------------|-----------------------|---------------------|-------------------------|----------------------|----------------------------|-----------------|
| <b>ENTERPRISE FUNDS</b>             |                          |                               |                       |                     |                         |                      |                            |                 |
| <b>SEWER</b>                        |                          |                               |                       |                     |                         |                      |                            |                 |
| 640                                 | SEWER OPERATIONS         | 428,274                       | 12,087,541            | 428,274             | 461,925                 | 890,198              | 7%                         | 42%             |
| 641                                 | SEWER CAPITAL EXPANSION  | 35,021                        | 12,040,565            | 35,021              | 378,839                 | 413,860              | 3%                         | 2%              |
| 642                                 | SEWER RATE STABILIZATION | 90                            | 1,078                 | 90                  | -                       | 90                   | 8%                         | 1%              |
| 643                                 | SEWER-CAPITAL PROJECTS   | 16,558                        | 4,480,646             | 16,558              | 560,981                 | 577,538              | 13%                        | 1%              |
| <b>TOTAL SEWER FUND(S)</b>          |                          | <b>479,942</b>                | <b>28,609,829</b>     | <b>479,942</b>      | <b>1,401,744</b>        | <b>1,881,687</b>     | <b>7%</b>                  | <b>46%</b>      |
| <b>WATER</b>                        |                          |                               |                       |                     |                         |                      |                            |                 |
|                                     | Water Operations         | 541,735                       | 14,118,964            | 541,735             | 1,593,207               | 2,134,941            | 15%                        | 39%             |
|                                     | Utility Billing          | 66,947                        | 789,099               | 66,947              | 16,040                  | 82,987               | 11%                        | 5%              |
|                                     | Water Conservation       | 4,868                         | 198,464               | 4,868               | 48,000                  | 52,868               | 27%                        | 1%              |
| 650                                 | WATER OPERATIONS         | 613,550                       | 15,106,526            | 613,550             | 1,657,246               | 2,270,797            | 15%                        | 46%             |
| 651                                 | WATER CAPITAL EXPANSION  | 76,140                        | 1,538,305             | 76,140              | 559,010                 | 635,150              | 41%                        | 5%              |
| 652                                 | WATER RATE STABILIZATION | 29                            | 352                   | 29                  | -                       | 29                   | 8%                         | 1%              |
| 653                                 | WATER-CAPITAL PROJECTS   | 8,408                         | 3,210,663             | 8,408               | 73,800                  | 82,208               | 3%                         | 1%              |
| <b>TOTAL WATER FUND(S)</b>          |                          | <b>698,127</b>                | <b>19,855,846</b>     | <b>698,127</b>      | <b>2,290,056</b>        | <b>2,988,184</b>     | <b>15%</b>                 | <b>53%</b>      |
| <b>TOTAL ENTERPRISE FUNDS</b>       |                          | <b>1,178,070</b>              | <b>48,465,676</b>     | <b>1,178,070</b>    | <b>3,691,800</b>        | <b>4,869,870</b>     | <b>10%</b>                 | <b>1,00%</b>    |
| <b>INTERNAL SERVICE FUNDS</b>       |                          |                               |                       |                     |                         |                      |                            |                 |
| 730                                 | INFORMATION SYSTEMS      | 74,039                        | 2,385,467             | 74,039              | 110,758                 | 184,796              | 8%                         | 8%              |
| 740                                 | BUILDING MAINTENANCE     | 146,917                       | 3,383,819             | 146,917             | 441,444                 | 588,361              | 17%                        | 9%              |
| 741                                 | BUILDING REPLACEMENT     | -                             | 278,950               | -                   | 135,109                 | 135,109              | 48%                        | 7%              |
| 745                                 | CIP ADMINISTRATION       | 116,837                       | 1,619,521             | 116,837             | 10,131                  | 126,968              | 8%                         | 7%              |
| 760                                 | UNEMPLOYMENT             | -                             | 10,000                | -                   | -                       | -                    | n/a                        | -               |
| 770                                 | WORKERS COMPENSATION     | 488,510                       | 952,045               | 488,510             | -                       | 488,510              | 51%                        | 36%             |
| 790                                 | EQUIPMENT REPLACEMENT    | -                             | 1,136,915             | -                   | 374,915                 | 374,915              | 33%                        | -               |
| 791                                 | EMPLOYEE BENEFITS FUND   | 23,004                        | 615,000               | 23,004              | -                       | 23,004               | 4%                         | 6%              |
| 793                                 | CORP YARD COMMISSION     | -                             | -                     | -                   | -                       | -                    | 0%                         | -               |
| 795                                 | GEN. LIABILITY INSURANCE | 776,893                       | 1,044,568             | 776,893             | -                       | 776,893              | 74%                        | 69%             |
| <b>TOTAL INTERNAL SERVICE FUNDS</b> |                          | <b>1,626,200</b>              | <b>11,426,284</b>     | <b>1,626,200</b>    | <b>1,072,357</b>        | <b>2,698,556</b>     | <b>24%</b>                 | <b>1,38%</b>    |
| <b>REPORT TOTAL</b>                 |                          | <b>\$ 5,950,867</b>           | <b>\$ 142,960,595</b> | <b>\$ 5,950,867</b> | <b>\$ 10,082,873</b>    | <b>\$ 16,033,740</b> | <b>11%</b>                 | <b>\$ 5,45%</b> |

Attachment: July 2019 Financial and Investment Report (2463 : Accept July 2019 Financial and Investment Report)



| <div>  <div> City of Morgan Hill<br/> Fund Activity Summary - Fiscal Year 2019-20<br/> For the Month Ended July 31, 2019<br/> 8% of Year Complete </div> </div> |                                    |                                   |                     |             |                     |             |                                   |                       |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------|---------------------|-------------|---------------------|-------------|-----------------------------------|-----------------------|----------------------|
| Fund No.                                                                                                                                                                                                                                           | Fund                               | Preliminary Fund Balance 06-30-19 | Revenues            |             | Expenses            |             | Year to-Date Deficit or Carryover | Ending Fund Balance   |                      |
|                                                                                                                                                                                                                                                    |                                    |                                   | YTD Actual          | % of Budget | YTD Actual          | % of Budget |                                   | Reserved <sup>1</sup> | Unreserved           |
| 010                                                                                                                                                                                                                                                | GENERAL FUND                       | \$ 16,923,251                     | \$ 1,403,830        | 3%          | \$ 2,495,256        | 6%          | \$ (1,091,426)                    | \$ 2,523,776          | \$ 13,308,049        |
|                                                                                                                                                                                                                                                    | <b>TOTAL GENERAL FUND</b>          | <b>\$ 16,923,251</b>              | <b>\$ 1,403,830</b> | <b>3%</b>   | <b>\$ 2,495,256</b> | <b>6%</b>   | <b>\$ (1,091,426)</b>             | <b>\$ 2,523,776</b>   | <b>\$ 13,308,049</b> |
| 202                                                                                                                                                                                                                                                | STREET MAINTENANCE                 | 37,001                            | 40                  | 0%          | 342                 | 5%          | (302)                             | -                     | 36,699               |
| 205                                                                                                                                                                                                                                                | PUBLIC SAFETY/SUPPL. LAW           | 93,760                            | 74                  | 0%          | 572                 | 4%          | (498)                             | -                     | 93,262               |
| 206                                                                                                                                                                                                                                                | COMMUNITY DEVELOPMENT              | 2,907,445                         | 237,214             | 5%          | 247,320             | 4%          | (10,106)                          | 138,131               | 2,759,209            |
| 207                                                                                                                                                                                                                                                | LONG RANGE PLANNING                | 1,253,342                         | 38,373              | 5%          | 20,244              | 3%          | 18,129                            | 174,149               | 1,097,322            |
| 215 / 216                                                                                                                                                                                                                                          | CDBG                               | 62,328                            | 50                  | 1%          | 434                 | 0%          | (384)                             | -                     | 61,944               |
| 225                                                                                                                                                                                                                                                | ASSET SEIZURE                      | 129,741                           | 103                 | 5%          | -                   | 0%          | 103                               | -                     | 129,844              |
| 229                                                                                                                                                                                                                                                | LIGHTING AND LANDSCAPE             | 82,282                            | 61                  | 0%          | 4,339               | 2%          | (4,277)                           | 30,571                | 47,434               |
| 230                                                                                                                                                                                                                                                | COMMUNITY FACILITIES DISTRICT      | 92,596                            | 73                  | 0%          | 2,083               | 0%          | (2,010)                           | -                     | 90,586               |
| 232                                                                                                                                                                                                                                                | ENVIRONMENTAL PROGRAMS             | 332,708                           | 34,028              | 8%          | 27,053              | 6%          | 6,975                             | 33,578                | 306,105              |
| 234                                                                                                                                                                                                                                                | MOBILE HOME PK RENT STAB.          | 52,295                            | 41                  | 5%          | 35                  | 8%          | 6                                 | -                     | 52,301               |
| 235                                                                                                                                                                                                                                                | SENIOR HOUSING                     | 227,806                           | 181                 | 4%          | -                   | 0%          | 181                               | -                     | 227,987              |
| 236                                                                                                                                                                                                                                                | HOUSING MITIGATION                 | 2,572,871                         | 62,031              | 3%          | 30,562              | 1%          | 31,469                            | 47,713                | 2,556,627            |
| 240                                                                                                                                                                                                                                                | EMPLOYEE ASSISTANCE                | 52,272                            | 1,248               | 4%          | 3,170               | 11%         | (1,922)                           | -                     | 50,350               |
| 247                                                                                                                                                                                                                                                | ENVIRONMENT REMEDIATION            | 132,766                           | 105                 | 4%          | 109                 | 0%          | (4)                               | -                     | 132,762              |
| 250                                                                                                                                                                                                                                                | COMH-SUCCESSOR AGENCY-MHRDA        | 12,975,818                        | 11,649              | 0%          | 2,095               | 0%          | 9,554                             | 11,469,198            | 1,516,174            |
| 255                                                                                                                                                                                                                                                | HOUSING SUCCESSOR AGENCY           | 1,838,588                         | 4,324               | 1%          | 62,552              | 7%          | (58,228)                          | 539,231               | 1,241,128            |
| 260                                                                                                                                                                                                                                                | PUBLIC ART                         | 185                               | -                   | n/a         | -                   | -           | -                                 | -                     | 185                  |
|                                                                                                                                                                                                                                                    | <b>TOTAL SPECIAL REVENUE FUNDS</b> | <b>\$ 22,843,804</b>              | <b>\$ 389,595</b>   | <b>2%</b>   | <b>\$ 400,909</b>   | <b>2%</b>   | <b>\$ (11,313)</b>                | <b>\$ 12,432,571</b>  | <b>\$ 10,399,920</b> |
| 301                                                                                                                                                                                                                                                | PARK DEV. IMPACT FUND              | 4,199,953                         | 90,924              | 3%          | 23,667              | 0%          | 67,257                            | 750,136               | 3,517,073            |
| 302                                                                                                                                                                                                                                                | PARK MAINTENANCE                   | 4,112,677                         | 32,402              | 2%          | 38,692              | 3%          | (6,291)                           | 163,723               | 3,942,664            |
| 303                                                                                                                                                                                                                                                | LOCAL DRAINAGE                     | 9,826,411                         | 11,794              | 1%          | 7,170               | 0%          | 4,624                             | 7,912                 | 9,823,124            |
| 304                                                                                                                                                                                                                                                | LOCAL DRAINAGE/NON-AB1600          | 1,556,343                         | 1,234               | 1%          | 228                 | 0%          | 1,006                             | -                     | 1,557,349            |
| 306                                                                                                                                                                                                                                                | AGRICULTURE AND OPEN SPACE PRESERV | 7,929,839                         | 185,309             | 5%          | 2,203               | 0%          | 183,106                           | 57,959                | 8,054,987            |
| 308                                                                                                                                                                                                                                                | STREET CIP                         | 3,223,422                         | 88,578              | 2%          | 12,162              | 0%          | 76,416                            | 188,090               | 3,111,747            |
| 309                                                                                                                                                                                                                                                | TRAFFIC IMPACT FUND                | 991,301                           | 37,875              | 3%          | 87,393              | 7%          | (49,519)                          | 170,856               | 770,926              |
| 311                                                                                                                                                                                                                                                | POLICE IMPACT FUND                 | 103,466                           | 12,585              | 4%          | 2,334               | 1%          | 10,251                            | -                     | 113,717              |
| 313                                                                                                                                                                                                                                                | FIRE IMPACT FUND                   | 3,998,223                         | 5,099               | 1%          | 25,266              | 89%         | (20,167)                          | 9,462                 | 3,988,594            |
| 346                                                                                                                                                                                                                                                | PUBLIC FACILITIES NON-AB1600       | (159,653)                         | -                   | n/a         | 1,554               | 0%          | (1,554)                           | 91,987                | (253,194)            |
| 347                                                                                                                                                                                                                                                | PUBLIC FACILITIES IMPACT FUND      | 694,036                           | 8,897               | 4%          | 2,267               | 2%          | 6,630                             | 44,565                | 656,101              |
| 348                                                                                                                                                                                                                                                | LIBRARY IMPACT FUND                | 2,732,401                         | 34,343              | 4%          | 22,466              | 3%          | 11,877                            | -                     | 2,744,278            |
| 350                                                                                                                                                                                                                                                | UNDERGROUNDING                     | 859,066                           | 681                 | 1%          | 90                  | 8%          | 591                               | 131,091               | 728,566              |
| 355                                                                                                                                                                                                                                                | SCHOOL PEDESTRIAN/TRAFFIC SFY      | 1,504,861                         | 2,852               | 0%          | 13,056              | 2%          | (10,204)                          | 128,021               | 1,366,635            |
| 360                                                                                                                                                                                                                                                | COMM/REC CTR IMPACT FUND           | 2,126,444                         | 61,376              | 5%          | 10,725              | 0%          | 50,651                            | -                     | 2,177,095            |
|                                                                                                                                                                                                                                                    | <b>TOTAL CAPITAL PROJECT FUNDS</b> | <b>\$ 43,698,790</b>              | <b>\$ 573,947</b>   | <b>3%</b>   | <b>\$ 249,274</b>   | <b>1%</b>   | <b>\$ 324,673</b>                 | <b>\$ 1,743,803</b>   | <b>\$ 42,279,660</b> |
| 420                                                                                                                                                                                                                                                | CIVIC CENTER DEBT                  | 170,884                           | 25,059              | 8%          | 839                 | 0%          | 24,220                            | 81                    | 195,023              |
| 441                                                                                                                                                                                                                                                | POLICE FACILITY BOND DEBT          | 70,281                            | 56                  | 0%          | 320                 | 0%          | (264)                             | 103                   | 69,914               |
|                                                                                                                                                                                                                                                    | <b>TOTAL DEBT SERVICE FUNDS</b>    | <b>\$ 241,165</b>                 | <b>\$ 25,115</b>    | <b>4%</b>   | <b>\$ 1,159</b>     | <b>0%</b>   | <b>\$ 23,956</b>                  | <b>\$ 184</b>         | <b>\$ 264,937</b>    |

| Fund No. | Fund | City of Morgan Hill<br>Fund Activity Summary - Fiscal Year 2019-20<br>For the Month Ended July 31, 2019<br>8% of Year Complete |               |                |               |                |                                         |                       |            |
|----------|------|--------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|---------------|----------------|-----------------------------------------|-----------------------|------------|
|          |      | Preliminary<br>Fund Balance<br>06-30-19                                                                                        | Revenues      |                | Expenses      |                | Year to-Date<br>Deficit or<br>Carryover | Ending Fund Balance   |            |
|          |      |                                                                                                                                | YTD<br>Actual | % of<br>Budget | YTD<br>Actual | % of<br>Budget |                                         | Reserved <sup>1</sup> | Unreserved |

|                               |                          |                      |                     |           |                     |           |                     |                     |                      |
|-------------------------------|--------------------------|----------------------|---------------------|-----------|---------------------|-----------|---------------------|---------------------|----------------------|
| 640                           | SEWER OPERATIONS         | \$ 2,823,174         | \$ 917,910          | 8%        | \$ 428,274          | 4%        | \$ 489,636          | 461,925             | 2,850,885            |
| 641                           | SEWER IMPACT FUND*       | 18,814,124           | 240,365             | 5%        | 35,021              | 0%        | 205,344             | 378,839             | 18,640,629           |
| 642                           | SEWER RATE STABILIZATION | 2,616,622            | 2,074               | 4%        | 90                  | 8%        | 1,984               | -                   | 2,618,606            |
| 643                           | SEWER-CAPITAL PROJECTS   | 9,215,793            | 241,574             | 8%        | 16,558              | 0%        | 225,016             | 560,981             | 8,879,828            |
| 650                           | WATER OPERATIONS         | 4,236,038            | 1,437,672           | 10%       | 613,550             | 4%        | 824,121             | 1,657,246           | 3,402,913            |
| 651                           | WATER IMPACT FUND*       | 2,646,280            | 58,658              | 4%        | 76,140              | 5%        | (17,482)            | 559,010             | 2,069,788            |
| 652                           | WATER RATE STABILIZATION | 559,697              | 444                 | 4%        | 29                  | 8%        | 415                 | -                   | 560,112              |
| 653                           | WATER -CAPITAL PROJECT   | 1,808,228            | 318,133             | 8%        | 8,408               | 0%        | 309,726             | 73,800              | 2,044,154            |
| <b>TOTAL ENTERPRISE FUNDS</b> |                          | <b>\$ 42,719,956</b> | <b>\$ 3,216,830</b> | <b>8%</b> | <b>\$ 1,178,070</b> | <b>2%</b> | <b>\$ 2,038,760</b> | <b>\$ 3,691,800</b> | <b>\$ 41,066,916</b> |

|                                     |                          |                      |                   |           |                     |            |                     |                     |                      |
|-------------------------------------|--------------------------|----------------------|-------------------|-----------|---------------------|------------|---------------------|---------------------|----------------------|
| 730                                 | INFORMATION SERVICES     | \$ 980,991           | \$ 151,678        | 9%        | \$ 74,039           | 3%         | \$ 77,640           | \$ 110,758          | \$ 947,873           |
| 740                                 | BUILDING MAINTENANCE     | 257,695              | 268,147           | 8%        | 146,917             | 4%         | 121,230             | 441,444             | (62,519)             |
| 741                                 | BUILDING REPLACEMENT     | 2,590,644            | 64,985            | 8%        | -                   | -          | 64,985              | 135,109             | 2,520,520            |
| 745                                 | CIP ENGINEERING          | 64,112               | 116,848           | 6%        | 116,837             | 7%         | 11                  | 10,131              | 53,992               |
| 760                                 | UNEMPLOYMENT             | 142,037              | 113               | 4%        | -                   | -          | 113                 | -                   | 142,150              |
| 770                                 | WORKERS COMPENSATION     | 2,009,766            | 67,359            | 8%        | 488,510             | 51%        | (421,152)           | 30,000              | 1,558,614            |
| 790                                 | EQUIPMENT REPLACEMENT    | 4,873,213            | 113,951           | 11%       | -                   | -          | 113,951             | 374,915             | 4,612,249            |
| 791                                 | EMPLOYEE BENEFITS FUNDS  | 2,584,062            | 65,614            | 5%        | 23,004              | 4%         | 42,610              | -                   | 2,626,672            |
| 793                                 | CORP YARD COMMISSION     | 3,012                | -                 | 0%        | -                   | 0%         | -                   | -                   | 3,012                |
| 795                                 | GEN. LIABILITY INSURANCE | 1,647,076            | 88,682            | 8%        | 776,893             | 74%        | (688,211)           | -                   | 958,865              |
| <b>TOTAL INTERNAL SERVICE FUNDS</b> |                          | <b>\$ 15,152,608</b> | <b>\$ 937,376</b> | <b>8%</b> | <b>\$ 1,626,200</b> | <b>14%</b> | <b>\$ (688,823)</b> | <b>\$ 1,102,357</b> | <b>\$ 13,361,428</b> |

## SUMMARY BY FUND TYPE

|                         |                       |                     |           |                     |           |                   |                      |                       |
|-------------------------|-----------------------|---------------------|-----------|---------------------|-----------|-------------------|----------------------|-----------------------|
| GENERAL FUND GROUP      | \$ 16,923,251         | \$ 1,403,830        | 3%        | \$ 2,495,256        | 6%        | \$ (1,091,426)    | \$ 2,523,776         | \$ 13,308,049         |
| SPECIAL REVENUE GROUP   | 22,843,805            | 389,595             | 2%        | 400,909             | 2%        | (11,313)          | 12,432,571           | 10,399,920            |
| DEBT SERVICE GROUP      | 241,165               | 25,115              | 4%        | 1,159               | 0%        | 23,956            | 184                  | 264,937               |
| CAPITAL PROJECTS GROUP  | 43,698,791            | 573,947             | 3%        | 249,274             | 1%        | 324,673           | 1,743,803            | 42,279,660            |
| ENTERPRISE GROUP        | 42,719,956            | 3,216,830           | 8%        | 1,178,070           | 2%        | 2,038,760         | 3,691,800            | 41,066,916            |
| INTERNAL SERVICE GROUP  | 15,152,608            | 937,376             | 8%        | 1,626,200           | 14%       | (688,823)         | 1,102,357            | 13,361,428            |
| <b>TOTAL ALL GROUPS</b> | <b>\$ 141,579,576</b> | <b>\$ 6,546,694</b> | <b>5%</b> | <b>\$ 5,950,867</b> | <b>4%</b> | <b>\$ 595,827</b> | <b>\$ 21,494,491</b> | <b>\$ 120,680,910</b> |

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.

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

<sup>2</sup> 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: September 18, 2019**

PREPARED BY: Chris Ghione, Public Services Director  
APPROVED BY: City Manager

## **ACCEPT ANNUAL REPORTS OF ACTIVITIES BY NONPROFIT PARTNER ORGANIZATIONS**

### **RECOMMENDATION(S)**

Receive annual reports from City partner organizations.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Supporting Our Youth

Seniors

and Entire Community

Preserving Our Community History

### **GUIDING DOCUMENTS**

Bikeways

Trails

Parks and Recreation Masterplan

### **REPORT NARRATIVE:**

The City of Morgan Hill partners with various organizations through funding agreements and facility leases. The agreements require that these organizations provide annual reports to the City outlining the activities provided by the organization in relation to the City partnership. Annual reports are based on activities occurring in the prior fiscal year. This item includes reports from the following organizations for the 2018-19 fiscal year:

1. Morgan Hill Historical Society – Funding Agreement
2. Boys & Girls Club of Silicon Valley – Funding Agreement and Facility Lease
3. Healthier Kids Foundation – Funding Agreement and Facility Use Agreement
4. South Valley Civic Theater – Funding Agreement
5. Community Christian – Facility Lease

### **COMMUNITY ENGAGEMENT: Inform**

These reports serve to share with the Community the various activities being offered by these organizations over the last year.

### **ALTERNATIVE ACTIONS:**

This report is informational, and no Council action is necessary. The Council could provide input on the future direction of any of these programs.

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The Council has previously approved agreements with all organizations for facility use and/or funding.

**FISCAL AND RESOURCE IMPACT:**

There is no fiscal impact associated with receiving this report.

**CEQA (California Environmental Quality Act):**

Not a Project.

Since receiving the attached reports 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. Historical Society Annual Report
2. BGC Annual Report
3. HKF Annual Report
4. SVCT Annual Report 2019
5. Community Christian Annual Report



## Morgan Hill Historical Society

Date: August 26, 2019

Chris Ghione  
Director of Community Services  
City of Morgan Hill

### **Re: Year-end Expense and Revenue Report and Annual Budget for use of City Funds**

The Morgan Hill Historical Society is pleased to submit this annual report outlining the past year's expenses and revenues, particularly those included in the City's Operating and Capital Improvement budget. The Society greatly values its partnership with the City and takes quite seriously its role in furthering the City Council's ongoing priority to "Preserve Our Community History".

### **Memorandum of Understanding for Funding Assistance (9/19/2017)**

This MOU identifies a range of opportunities for collaboration between the Historical Society and the City to promote, advertise, and generally support the ongoing activities of the Society and the operations of the Villa Mira Monte site. The Funding Assistance and Collaboration terms in the MOU call for the City to provide a minimum of \$20,000 annually to the Society. The MOU terms out on June 30, 2020. The Historical Society has undertaken the following actions as its part in the MOU:

1. During construction and improvement projects, Historical Society continues to remain open to the public and offer a wide range of educational and recreational services for the community.
  - Park and grounds open daily from dawn to dusk at no charge
  - Docent led tours during regular open hours – hundreds of visitors from wide area – about 500 volunteer hours annually
  - Special tours by appointment – Italy and Japan Sister City Exchange Students and many more.
  - Living History Field Trips for Grades 3-5 – about 900 students per year, over 1,000 volunteer hours per year
  - Monthly History Conversations, no fee – average of 50 attendees per conversation
  - Wine tasting – Ended in June 2019
  - Hiram Morgan Hill House is available for use by nonprofits at reduced fees

17860 Monterey Road  
PO Box 1258, Morgan Hill, CA 95038-1258  
408.779.5755  
[www.morganhillhistoricalsociety.org](http://www.morganhillhistoricalsociety.org)  
MHHS is a non-profit 501(c)(3) organization tax ID#94-256450

- Community events: Children's Tea, Prohibition Party, Community Picnic, Founders Dinner, Holiday Boutique, Holiday Teas and more. This year a Youth Mariachi Competition was added to the Picnic.
  - Rentals for private events
  - Volunteers working on Museum collections – about 500 volunteer hours annually
  - Stories from the Past documentary films for years 2014 - 2019
  - Monthly Historic Downtown Walking Tours
2. City Liaisons, Nichole Martin and Jennie Tucker, along with other City Staff, have been invited to participate with the Historical Society at planning and operations meetings. They are doing an excellent job of collaborating with Historical Society to market and promote Villa Mira Monte and Historical Society events and programs.
  3. Nichole Martin and Jennie Tucker attend Historical Society attend Operations Council meetings as appropriate.
  4. The Historical Society is working with the Library, Culture and Arts Commission Liaisons to determine how to best support Villa Mira Monte operations. Suman Ganapathy is our new liaison. LCAC members have been cooperative, helpful, and willing to further conversations on how to support Villa Mira Monte operations. This support is ongoing.
  5. Any public safety issues are immediately addressed by the MH Police Department or through Director Ghione when other services are needed.
  6. Capital funding improvement discussions are ongoing.
  7. Operating funds from the City in the amount of \$20,000 contribute to Villa Mira Monte operation expenses allowing the Historical Society to provide educational and recreational programs offered to our community. As the term of this MOU nears its end in 2020, the Historical Society would like the City to consider extending these funds for additional years. In need of a staff person to oversee administration functions for the operation of the Villa Mira Monte site, the Historical Society will look into allocating these funds towards a contracted administration person. This suggestion is made to ensure that the Villa Mira Monte site is continuously open to the public without the jeopardy that comes with an all-volunteer operation that exists today. Responsibilities to be included in a job description would be administration for operations, maintenance and preservation projects. To date, the Historical Society has received \$40,000.
  8. Villa Mira Monte is open to the public as a community resource for education, research and recreation. Constant Contact emails and Facebook expand our outreach providing more opportunities for connecting our community with our cultural heritage. Information is also sent out in the City's 411 communications.
  9. Maintain regular public hours with docent led tours that are free of charge.



10. Historical Society has and will continue to apply for grants that support the maintenance, improvements and preservation of Villa Mira Monte. A 2020 County of Santa Clara Historic Grant program provides the opportunity to apply for funds to relate untold stories for under-represented/disadvantaged segments of the community. The Society is submitting two applications: Stories from the Past: An Historical Documentary Series and The Unredacted History of the Early Inhabitants of South County. Rotary Morgan Hill and Community Foundation Grants also provide funding assistance.
11. Historical Society has annual membership drives with donation requests and fundraising events to raise funds to support Villa Mira Monte's preservation and operation. Annual memberships average between 350 and 400.
12. This report contains an annual budget and year-end reporting of expenses and revenues.
13. Historical Society, in collaboration with the City, is changing its marketing materials and makes every effort to include the city in program and media materials.

*Historical Society appreciates all the efforts of Director Chris Ghione, City Staff and the LCAC as we partner with the City to preserve and share our Community History.  
The Historical Society is indebted to its members, volunteers and community partners who make all that we do possible.*

#### **Agreement Between City and Morgan Hill Historical Society (October 27,2017)**

This Agreement provides City funds towards a variety of maintenance and construction projects at the Villa Mira Monte site. Specifically, the City provides a maximum of \$206,000 to the Historical Society for much needed repair and maintenance projects at the Hiram Morgan Hill house, the Museum and at the site in general. Projects identified in the Agreement include driveway improvements, irrigation and lawn improvements, porch repairs, gutter repairs, door and window repairs, and a perimeter fence and camera system. There is no identified term in the Agreement.

#### **Projects and Funding Status**

Below is a summary on project details and funding uses. A Historical Society budget summary is provided in the attached spreadsheet.

**Recreation Impact Funds (64,000)** – Total costs for these projects, \$115,138.90. All funds have been expended on the following:

- A. Installation of Security Cameras: Updated final cost, \$31,362.91. The microwave link to the MH Police Department has not been completed. If and when this happens, it will be an additional expense.
- B. Decorative Fencing: Complete at a total cost of \$83,775.99, this includes the \$1,402 City permit expense for Height Exception.

**City Park Maintenance Funds (\$142,000)** – The majority of these projects will be completed by the end of the 2020 fiscal year.

- A. Museum porch: work is underway and expected to be completed this fall
- B. Driveway & parking base rock: completed by City – no cost to MHHS
- C. Irrigation & lawn maintenance: ongoing monthly cost of an average of \$900 per month.  
At an additional cost, maintenance on the front lawn will begin in spring of 2020.
- D. House and Museum exterior painting: Job complete, total cost of \$67,935
- E. Repair Museum thresholds: TBD
- F. Repair Museum gutters: To be completed this fall.
- G. Paint House exterior: Work is complete, cost is included above in item D.
- H. Repair house back porches: As part of this project, the two back doors have been replaced.
- I. Repair house veranda doors: TBD
- J. Repair leaking windows: Complete, painters caulked areas prior to painting.
- K. Repair interior house flooring: TBD
- L. Replace furnace: TBD

**County Parks Historical Heritage Grant for \$185,250 with \$30,000 in Historical Society Funds = \$215,250.**

Renovation work on Hiram Morgan Hill House: replace roof, restore second story colored glass windows, repair south wall exterior due to interior water damage. The majority of this work is complete and the House looks wonderful! The veranda floor is the last project for completion of this grant. Historical Society's \$30,000 contribution has been expended and the first reimbursement payment for work completed had been received from the county. In addition to the grant work, the Historical Society installed an exterior faux chimney flue on the south wall of the house to replicate the original that was destroyed by earthquakes.

Submitted for the Board of Directors by,

Kathy Sullivan, Co-President

Morgan Hill Historical Society  
2015-2018 Actuals  
2019 Through June

|                                    | 2019      | 2018      | 2017      | 2016      | 2015      |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
|                                    | Thru June | Actual    | Actual    | Actual    | Actual    |
| <b>INCOME</b>                      |           |           |           |           |           |
| Membership Dues                    | \$ 24,220 | \$ 22,355 | \$ 30,400 | \$ 26,100 | \$ 24,905 |
| City of Morgan Hill General Funds  |           | 20,000    | 20,000    |           |           |
| Contributions                      | 2,009     | 11,070    | 16,389    | 13,882    | 19,011    |
| Rental Income                      | 7,750     | 11,744    | 14,227    | 17,523    | 12,841    |
| Event Income/Expense (Net)         | 8,044     | 18,906    | 17,251    | 22,417    | 21,670    |
| Grants:                            | 22,799    | 226,960   | 1,000     |           |           |
| Community Foundation               | 2,460     |           | 2,460     | 2,960     | 2,460     |
| Merchandise Sales                  | (2,384)   | 652       | (3,658)   | 1,967     | 1,719     |
| Interest Income                    | 2         | 221       | 309       | 308       | 331       |
| Other                              | 475       |           |           | 126       | 383       |
| Total Income                       | 65,375    | 311,908   | 98,378    | 85,283    | 83,320    |
| <b>Villa Mira Monte Expenses</b>   |           |           |           |           |           |
| Grant Costs:                       | 13,596    | 312,035   |           |           |           |
| Event Expense:                     |           |           |           |           |           |
| General Villa Mira Monte expenses: |           |           |           |           |           |
| Security                           |           | 1,048     | 573       | 550       | 506       |
| Insurance                          | 1,542     | 3,096     | 2,552     | 5,835     | 5,405     |
| Landscaping                        | 6,209     | 14,302    | 9,340     | 8,690     | 9,974     |
| Maintenance & Repair               | 2,646     | 6,902     | 3,423     | 2,428     | 2,275     |
| Extra Repair and Maintenance       | 4,615     | 645       | 26,192    | 785       | 1,293     |
| Supplies                           | 464       | 488       | 2,288     | 1,278     | 2,194     |
| Cleaning                           | 2,660     | 5,510     | 6,600     | 4,740     | 3,900     |
| Property Tax                       |           | 1,361     | 1,361     | 1,274     | 1,254     |
| Utilities:                         |           |           |           |           |           |
| PG&E                               | 2,985     | 4,889     | 5,028     | 3,711     | 3,654     |
| Telephone                          | 2,054     | 2,318     | 2,660     | 2,347     | 2,540     |
| Total Villa Mira Monte Expenses    | 36,771    | 352,594   | 60,017    | 31,638    | 32,995    |

|                         |           |             |           |           |           |
|-------------------------|-----------|-------------|-----------|-----------|-----------|
|                         |           |             |           |           |           |
| MHHS Expenses           |           |             |           |           |           |
|                         |           |             |           |           |           |
| Insurance               | 1,488     | 2,773       | 3,385     | 650       | 600       |
| Donation                |           | 22          |           | -         | 25        |
| Storage                 | 810       | 1,070       | 1,200     | 1,271     | 732       |
| Professional Fees       | 1,197     | 2,747       | 177       | -         | 420       |
| Dues, Licenses & Fees   | 854       | 1,496       | 949       | 715       | 297       |
| Membership Expense      | 210       | 270         | 2,599     | 973       | 1,016     |
| Museum                  | 111       | 11,375      | 7,249     | 6,048     | 2,140     |
| Print & Mailing         | 384       | 1,827       | 859       | 336       | 2,195     |
| Newsletter              | 506       | 1,492       | 1,876     | 1,327     | 1,091     |
| Furniture & Equipment   | 1,770     | 1,131       | 512       | 56        | 2,151     |
| Publicity & Advertising | 577       | 2,604       | 721       | 524       | 457       |
| Website                 | 1,000     | 3,409       | 1,800     | 1,081     | 277       |
| Office Supplies         | 541       | 864         | 1,765     | 668       | 996       |
| General Expense         | 1,058     | 1,990       | 2,422     | 1,142     | 1,759     |
| Total MHHS Expenses     | 10,506    | 33,070      | 25,514    | 14,791    | 14,156    |
|                         |           |             |           |           |           |
| Total Expenses          | 47,277    | 385,664     | 85,531    | 46,429    | 47,151    |
|                         |           |             |           |           |           |
| Net Income              | \$ 18,098 | \$ (73,756) | \$ 12,847 | \$ 38,854 | \$ 36,169 |

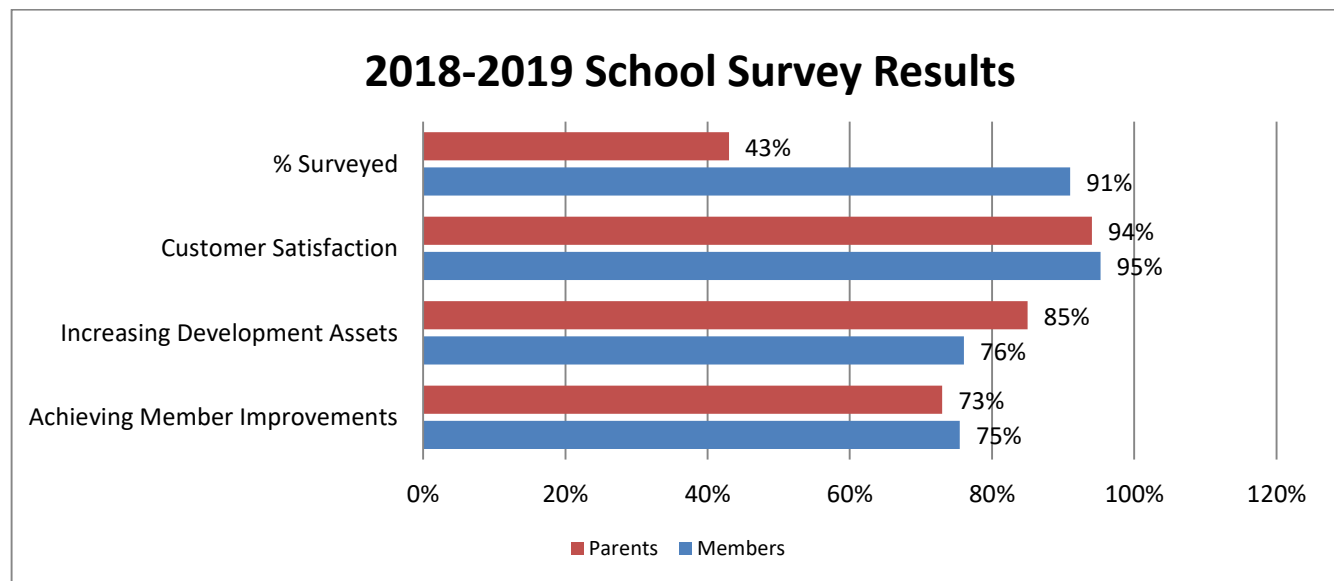
Support from the City of Morgan Hill has been instrumental in ensuring that Boys & Girls Clubs of Silicon Valley continues to offer opportunities for our members to participate in an array of programs that promote positive growth. We are pleased to provide a brief report detailing both our school year and summer highlights.

### 2018-2019 SCHOOL YEAR SUMMARY

91 (96%) unduplicated members and 25 (48%) unduplicated parents completed our end-of-year survey. There were three types of questions (five to twenty questions per category): satisfaction, asset development service productivity and agency-specified service productivity. Desirable level of performance is as follows: customer satisfaction (70%+), increasing development assets (60%+) and achieving member improvements (60%+). See *Table 1*

Across all categories, we exceeded the threshold. 95% of members and 94% of parents reported being satisfied with our program. 76% of members and 85% of parents reported an increase in developmental assets (i.e. attitudes towards learning, resilience, communication, connectedness, self-efficacy). 75% of members and 73% of parents reported member improvements (i.e. behavior, academic performance, goal setting, making responsible choices).

**Table 1**



## FACE OF THE FUTURE



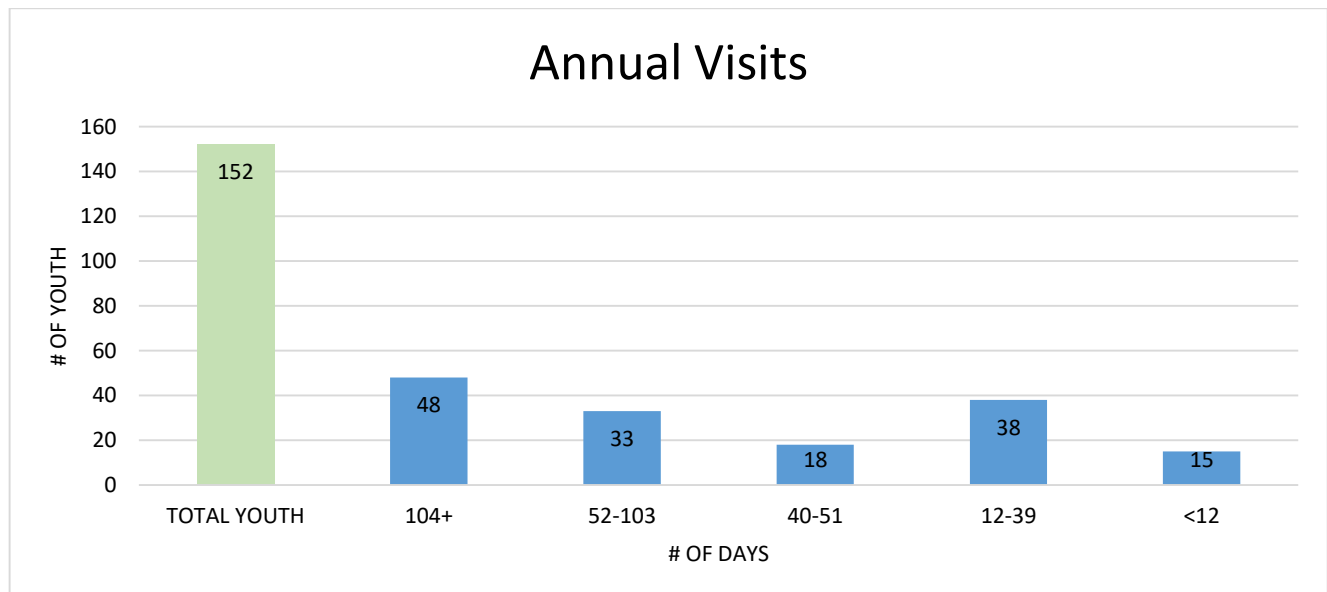
Lizette is our Morgan Hill Clubhouse's Youth of the Year. Immigrating with her family at the age of two, they hoped to find opportunity in the United States. But the transition was difficult. A new language and a new culture led to the unraveling of her family, fraught with addiction and violence. Home was unstable and frightening.

It was in fourth grade when Lizette started attending the Club. "At the Club we use a Hawaiian term, 'Ohana'. It means 'family'. That's what I've found here—no one is left behind or forgotten."

As a first generation college-bound student, Lizette credits the Club with inspiring her to pursue a post-secondary education. "I have come so far as a person with the help of the staff. They motivated me to do my best," she says. "I owe my academic success to the Club--I'm in the top ten percent of my class!"

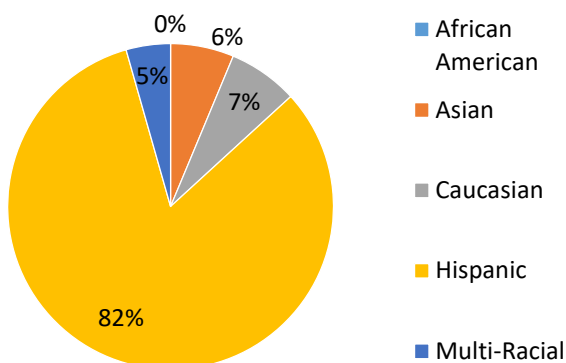
Graduating in spring 2020, Lizette plans to attend University of California, Los Angeles with the goal of becoming a neurosurgeon.

## MORGAN HILL CLUBHOUSE DASHBOARD

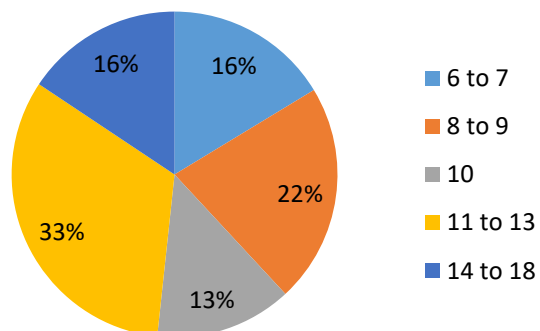




### Ethnicity

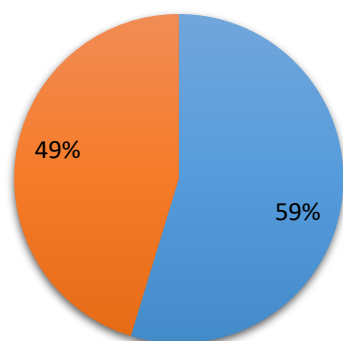


### Age %



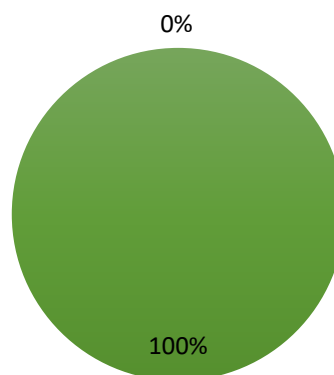
### Gender

Male Female



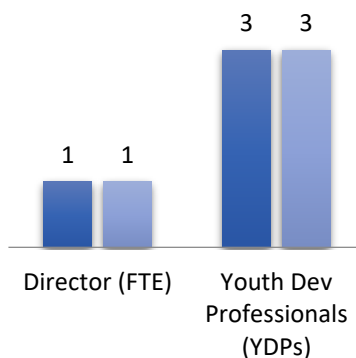
### Income

Low-Income Median-Income



### Staffing

ACTUAL BUDGETED



**THEORY OF CHANGE AND TARGETED PROGRAMS**

**2018 – 2019 Targeted Programs by Outcome Area**
**Academic Success**

- **Power Hour:** daily homework assistance and tutoring.
- **NeoSci:** project- and inquiry-based life, earth and physical science program.
- **My.Future:** integrated, project-based digital skills development improving STEM proficiencies.
- **Digital Arts:** project-based programs in digital photography, filmmaking, music and graphic design.
- **CS First:** computer science programs developing foundation skills in coding and problem solving.
- **Robotics:** engineering programs culminating in an assembled, functional robot for competition.
- **Kidz Math:** for our youngest members, building math understanding through cooperative games.
- **Math Matters:** math skills mastery through online tools, small group and individual tutoring.
- **Kidz Lit & Literacy Lab:** literacy programs developing critical thinking, reading and writing skills.
- **Hardy Brain:** kinesthetic learning to improve members' math and English-Language Arts proficiencies.
- **Brain Gain:** a summer learning initiative focusing on Language Arts, writing, science and math.
- **College Bound:** college research; SAT prep; application, scholarship advising and support.
- **Junior Achievement/Money Matters:** work readiness, financial literacy and entrepreneurship.
- **Leaders In Training:** job-shadowing with emphasis on leadership and professional skills development.
- **The Arts:** dance, drama, music, painting, printmaking, collage, mixed media, sculpture and more.

### Good Character & Citizenship

- **Youth of the Year:** celebrates youth 14-18 and their service to Club, community and family.
- **Torch Club (11-13)** and **Keystone Club (14-18):** chartered service clubs dedicated to citizenship, leadership and fellowship.

### Healthy Lifestyles

- **SMART Programs:** life-skills training promoting self-efficacy and responsible behavior.
- **Triple Play:** addresses health, fitness and social-emotional development by building cooperation and team skills.
- **Sports Leagues:** year-round leagues focusing on skills, teamwork and sportsmanship.

### PROGRAM HIGHLIGHTS

- El Toro Clubhouse began the second year of running the STEM Mentoring program. Funded by the Office of Juvenile Justice and Delinquency Prevention, the overall goal of STEM Mentoring is to positively impact the social development and academic achievement of youth ages 6-10. STEM Mentoring consists of fun, hands-on activities, group projects, and multimedia connections that engage mentors and mentees in a variety of STEM topics, with a particular focus on conservation.
- Hosted a combined National Worldwide Day of Play & Day for Kids event, where parents and members participated in activities together including soccer, face painting and a barbecue.
- Celebrated STEM Decathlon, a week designed to encourage members to learn and get involved in science, technology, engineering and math.
- The Grand Opening Ribbon Cutting ceremony for the Friendly Inn location took place on September 7, 2018.
- El Toro Members Simran Rayapati and Smriti Rayapati were selected as the 2019 El Toro Clubhouse Junior Youths of the Year. Smriti and Simran have been Club members for 4 years.
- El Toro members participated in the Ford Driving Dreams Essay Contest. Members participate in essay writing workshops to write about what drives their dreams.
- Participated in the Boys & Girls Clubs of Silicon Valley cook-off. Every year a specific ingredient is chosen as the theme for the competition. This year's ingredient was sweet potato. Clubhouses were judged based on verbal presentation of their recipe, poster display, overall table and dish display, overall taste and originality. El Toro Clubhouse made sweet potato bacon bites, and won the "Kids Choice" award.
- Ran the Gamma Alpha Reading program every Tuesday, where several enthusiastic volunteers help our members improve their reading skills.
- The Clubhouse created and hosted a haunted house for Halloween.

- 
- Hosted its 7<sup>th</sup> Annual Thanksgiving dinner and hosted over 200 members, families and friends.
  - Established sports leagues that compete with local Clubs, including flag football, basketball and soccer. El Toro won both the soccer and flag football tournaments.
  - Hosted Teen Night to serve teens in the community; every Tuesday from 6:30-8:30pm, the program provides teens with a safe place and positive environment. Teens participate in activities including bowling, movie outings, hiking, ice skating and Santa Cruz beach trips, giving the group a sense of unity and belonging as members of El Toro Clubhouse.
  - Worked closely with Gamma Alpha, Morgan Hill Rotary, Family Giving Tree, Specialized, Morgan Hill Historical Society and Los Amigos Advisory Board to put on fun and enriching events for our members.
  - El Toro Clubhouse Director participated in the South County Youth Task Force.

In closing, Boys & Girls Clubs of Silicon Valley is honored to have your support. As we continue our efforts to be both outcomes-driven and data-informed, it is with gratitude that we recognize those who believe in us.

Together, we are creating a brighter future for our community's most vulnerable youth.

*Thank you!*



**Healthier Kids Foundation**  
 4040 Moorpark Avenue, Suite 100  
 San Jose, CA 95117  
 Phone: 408.564.5114  
 Fax: 408.326.2711  
[www.hkidsf.org](http://www.hkidsf.org)

August 23, 2019

Chris Ghione  
 Community Services Director  
 City of Morgan Hill  
 17575 Peak Avenue  
 Morgan Hill, CA 95037

Re: Year-End Report on Fiscal Year 2018-2019 City of Morgan Hill Funding of Community Outreach to Enroll Uninsured Morgan Hill Children into Health Coverage

Dear Chris,

On behalf of Healthier Kids Foundation's health coverage enrollment program, I am pleased to provide the City of Morgan Hill with a year-end report on the status of our efforts to identify uninsured Morgan Hill children and assist them with enrolling into subsidized health coverage.

### Health Coverage Enrollment

Between July 1, 2018 and June 30, 2019, Healthier Kids Foundation successfully identified 30 uninsured Morgan Hill children. Of the 30 children identified, 17 have successfully enrolled into a health coverage program. Three children are still in the process of applying for and enrolling into health coverage; and the 10 remaining children were identified as having no health insurance, provided with all the information to apply, and assisted with processing their application. However, when it came to confirming the completion of the process, Healthier Kids Foundation could no longer reach them by phone. During the 2018-2019 year, many families in the Morgan Hill area were resistant to insurance enrollment services due to fear from the current political climate.

### Community Outreach

While the City of Morgan Hill provides funding for .33 FTE Program Coordinator to focus on the Morgan Hill community, Healthier Kids Foundation provided additional staff to assist with building relationships among community-based organizations and schools. Healthier Kids Foundation staff conducted community outreach to the following organizations:

- Morgan Hill Values Youth Meetings
- Morgan Hill CABB
- Cultural Center
- LATI event
- Boys and Girls Club El Toro
- Latin Concert
- Morgan Hill Summer Fun in The Park
- EAH Housing and Voices Academy
- Learning and Loving Center
- P.A. Walsh Food Distribution
- Learning and Loving Center
- Morgan Hill Unified School District
- Morgan Hill Library

Healthier Kids Foundation's outreach efforts in Morgan Hill is primarily centered on establishing and maintaining a presence among and within the Morgan Hill community. Our South County Program Coordinator, Maria Padilla, has been a constant figure at Morgan Hill youth collaborative meetings and community gatherings. She assisted with the planning of and advocacy for the Morgan Hill

### Healthier Kids Foundation • Board of Directors

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Values Youth Fair, the LATI's Annual Community Event, and was an MC for the Latin Concert. Maria has created strong community relationships and has become a true advocate for children in the Morgan Hill community.

### Leveraged Services

While staff are working to identify uninsured children, Healthier Kids Foundation was also able to work closely with Morgan Hill Unified School District and provide hearing, dental and vision screening services to their students.

Between July 1, 2018 and June 30, 2019:

- 2,985 Morgan Hill children were screened for undetected hearing issues
  - o 5% of kids screened identified with a potential hearing problem
  - o 117 kids identified with a problem received appropriate treatment with the help of a Healthier Kids Foundation case manager
- 2,928 Morgan Hill children were screened for undetected dental issues
  - o 23% of kids screened identified as having one or more dental problems
  - o 411 kids identified with a problem received appropriate treatment with the help of a Healthier Kids Foundation case manager
- 2,921 Morgan Hill children were screened for undetected vision issues.
  - o 9% of kids screened identified as having a potential vision problem
  - o 180 kids identified with a problem received appropriate treatment with the help of a Healthier Kids Foundation case manager

Healthier Kids Foundation case managers provide follow up to all parents whose child's screening result indicates a potential issue in order to assist the child with accessing the appropriate treatment. Additionally, Healthier Kids Foundation assists children with finding a dedicated physician, dentist, or optometrist so that they may access regular, preventative, health services. Healthier Kids Foundation is pleased to bring these additional services to the Morgan Hill community.

Preventative care only works if it's acted upon. A vision screening is only effective if the child diagnosed with a vision problem actually gets glasses and wears them. Now, teachers and staff will be able to view the child's result and see the outcome of their follow up. This will allow for teachers and staff to reinforce the importance of obtaining treatment and following through with doctors' recommendations, they will be able to remind a child that they should be wearing their new glasses in class and other things of that nature.

Healthier Kids Foundation is extremely grateful to the City of Morgan Hill for its investment in our efforts. Healthier Kids Foundation staff are committed to assisting Morgan Hill children with obtaining health coverage and services and look forward to reporting on our efforts.

Do not hesitate to contact me should you have any questions or need additional information. I can be reached by email ([laura@hkidsf.org](mailto:laura@hkidsf.org)) or by phone (408.564.5114 x220).

In community spirit,



Laura Clendaniel  
Development Manager  
Healthier Kids Foundation



# South Valley Civic Theatre

(408) 842-SHOW www.svct.org



To: Chris Ghione, Public Services Director, City of Morgan Hill

From: Peter Mandel, South Valley Civic Theatre

Date: 10 September 2019

Subject: Update on the use of City of Morgan Hill grant to SVCT

The City Council of the City of Morgan Hill generously made a grant to the South Valley Civic Theatre (SVCT) in this fiscal year. While the grant helps enhance the performing arts in the city overall, the main goal of the grant was to expand the impact and benefit of theater to those children and their families that are less able to financially afford to participate in theater and the performing arts. SVCT chose two paths to help further that goal: lower the financial impediments to participation, and expand the outreach and visibility of theater to encourage participation. To that end, the City's grant allowed SVCT to take a variety of actions:

## Cost reductions:

- To act in a production, the first step is to audition. Children typically have never auditioned before, don't know what to expect, or have material to present. SVCT has held workshops to prepare kids for auditions, however, those required a fee to participate posing an impediment to even the first step in participation, to those in lesser economic situations. The grant allowed us to eliminate all fees for these workshops. For the first time, the Audition Workshop for Children, filled up to maximum attendance as a result of this action and the attendees were almost uniformly new to SVCT and theater.
- SVCT charges cast fees to participate in the performances. While our fees were already significantly lower than those of other area programs (e.g. less than half the cost of Gilroy recreation children's theater), they still posed a significant financial hurdle for many families. Due to the grant, we offered to waive the cast fee for every family that simply requested it (and of course made it clear that we were happy to be able to do this due to the city grant) and did so throughout the year.
- Beyond cast fees, families are requested to participate in preparing a production, helping for a minimum number of hours in activities like set construction, marketing, etc. Alternatively, they can donate financially to the production. However some families will not be able to participate in this as they don't have the time available due to the many hours they work, nor do they have the financial capacity to just donate. Again, we wanted to eliminate this impediment and so we are now able to waive these family participation hours/costs whenever it proved to be an issue due to the city grant.
- While costumes are provided at no charge to cast members by SVCT, there are still some personal costume items that the families must provide (e.g. shoes, etc.). With the grant, we were able to help families with those items to again eliminate that financial hurdle.

- As we examined the costs of participation more closely, we also saw many minor costs that are not minor to many families (e.g. financial contribution to putting on the cast party, or the cost of performance DVDs, etc.) We were able to again eliminate those for many participants.
- All of these waivers were handled quietly and tactfully. We required no "evidence" of financial need beyond simply making the request, and while we announced the availability of such waivers broadly including explaining how the city grant has allowed us to take these actions, the family simply needed to make the request to one of the producers of the production at any appropriate opportunity.

#### Outreach:

- We made blocks of free tickets available through many avenues to increase the visibility of theater to a larger demographic reach than is usual. For example, blocks of tickets were given to Community Solutions in Morgan Hill which they are using with an "at-risk teen" program that they run. Additional blocks of tickets were offered to the Boys and Girls Club, El Toro Clubhouse, and they were using them for a group of socio-economically disadvantaged youth in a leadership skills program. The Learning and Loving Educational Center also received a block of tickets for their women's ESL classes with preschool children.
- The largest outreach effort was associated with our production of the musical *1776*. We asked our actors, musicians, and staff to take a day off to add two performances to our schedule during the school day. We invited the 5th graders (whose social studies curriculum focuses on American History) of all the Morgan Hill Unified Title 1 schools to come to these special performances. Ticket costs, royalties, stipends, etc. were all funded out of the grant. Morgan Hill Unified brought 400+ children/staff from 5 schools to the MH Playhouse to those performances. The children received a vivid educational lesson in how our country was founded and most children experienced live theater for the first time in their lives.

SVCT has made great strides in just this one year to expand the reach of theatre to the families of Morgan Hill while offering five outstanding productions in this 50th anniversary of our founding. I believe, and I hope the City of Morgan Hill Council and staff agrees, that the grant Morgan Hill made to SVCT has been well used and will see that we will make good use of that grant should the Council and staff continue it in the upcoming years.

Respectfully submitted,  
Peter Mandel, South Valley Civic Theatre



August 28, 2019

El Toro

Status Report

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### Quick Facts for 2018/2019:

- Community Christian removed all old, hard to keep clean landscaping and weeds
- Planted Wisteria for covered arch over office area
- Installed complete drip system instead of old, leaky system and planted all new easy to maintain landscaping at Community Christians expense
- Dialogue happening with 7/11 owners to install fencing to eliminate homeless encampments and health risks in between the two properties
- Established relationships with HVAC services and Fire Alarm/Sprinkler system services for ongoing services of El Toro
- AA now serves approximately 2,100 people per month through 80 meetings a month, with a total of over 25,000 served in the last year
- NA now serves approximately 160 people through 32 meetings a month with a total of over 2,000 served this last year
- 60 individuals meet weekly for a Line Dancing class in El Toro

*Community Christian would like to thank the city of Morgan Hill for providing this space. El Toro truly is a blessing to this community, and the history of the building is revered and appreciated.*

*Community Christian Central Offices – 305 West Main Avenue, Morgan Hill, California 95037*

*(408) 779-4914 info@community-christian.us*



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Dan Repp, Deputy Director Utility Services  
APPROVED BY: City Manager

## **APPROVE A UTILITY MUTUAL ASSISTANCE AGREEMENT**

### **RECOMMENDATION(S)**

1. Approve an agreement with California Water/Wastewater Agency Response Network (CalWARN) to provide mutual assistance during an emergency in accordance with the California Emergency Services Act and the California Disaster and Civil Defense Master Mutual Aid Agreement; and to provide reimbursement for equipment, supplies and personnel made available on an emergency basis; and
2. Authorize the City Manager to execute and administer the agreement.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Enhancing Public Safety

#### **2019 Strategic Priorities**

Infrastructure

### **REPORT NARRATIVE:**

The California Water/Wastewater Agency Response Network (CalWARN) supports and promotes statewide emergency preparedness, disaster response, and mutual assistance processes for public and private water and wastewater utilities.

The CalWARN Program provides its member utilities with:

1. A standard omnibus mutual assistance agreement and process for sharing emergency resources among signatories statewide.
2. The resources to respond and recover more quickly from a disaster.
3. A mutual assistance program consistent with other statewide mutual aid programs and the Standardized Emergency Management System (SEMS) and the National Incident Management System (NIMS).
4. A forum for developing and maintaining emergency contacts and relationships.
5. New ideas from lessons learned in disasters.

Morgan Hill is located in the CalWARN Region II Coastal Region. Some of the local CalWARN Members in this region include:

- City of Gilroy
- Great Oaks Water
- Valley Water
- City of San Jose
- City of Watsonville

The CalWARN agreement would allow the City of Morgan Hill Utilities Division to both provide and receive assistance to/from other CalWARN members during emergencies. There is no cost to become a member. If the City should request assistance, then the City would be required to reimburse assisting agencies for costs incurred while helping the City. The reverse would also be true if Morgan Hill was to provide assistance to another utility agency.

**COMMUNITY ENGAGEMENT: Inform**

This report serves to inform the public of the recommended agreement for water and wastewater utility mutual assistance.

**ALTERNATIVE ACTIONS:**

Council could choose not to enter into this mutual assistance agreement.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

There has been no prior Council action on this agreement.

**FISCAL AND RESOURCE IMPACT:**

The agreement does not have any direct fiscal impact, but the City would be required to reimburse agencies should mutual aid be requested and provided in an emergency.

**CEQA (California Environmental Quality Act):**

Not a Project.

Since the agreement is part of 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. CalWARN Articles of Agreement
2. CalWARN Agreement Signature Page

**Articles of Agreement**  
**California Water/Wastewater Agency Response Network**  
**WARN 2007 Omnibus Mutual Assistance Agreement**

This AGREEMENT is made and entered into by those water and wastewater utilities which have adopted and signed this agreement to provide mutual assistance in times of emergency in accordance with the California Emergency Services Act and the California Disaster and Civil Defense Master Mutual Aid Agreement; and to provide reimbursement for equipment, supplies and personnel made available on an emergency basis.

All of said water and wastewater utilities being herein referred to collectively as "the parties."

In consideration of the mutual covenants and agreements hereinafter set forth, the parties agree to provide mutual assistance to one another in times of emergency as follows:

**ARTICLE I.**  
**PURPOSE**

Recognizing that emergencies may require assistance in the form of personnel, equipment, and supplies from outside the area of impact, the signatory utilities hereby establish an Intrastate Program for Mutual Aid and Assistance. Through the Mutual Aid and Assistance Program, Members coordinate response activities and share resources during emergencies. This Agreement sets forth the procedures and standards for the administration of the Intrastate Mutual Aid and Assistance Program and is available to all water and wastewater utilities, public and private, in the State of California.

**ARTICLE II.**  
**DEFINITIONS**

- A. **Authorized Official** – An employee or officer of a Member who is authorized to: (1) request assistance; (2) offer assistance; (3) refuse to offer assistance or (4) withdraw assistance under this.
- B. **Emergency** – A natural or human caused event or circumstance causing, or imminently threatening to cause impact to the operations of a member utility's system, loss of life, injury to person or property, human suffering or financial loss, and includes, but is not limited to, fire, flood, severe weather, earthquake, civil disturbance, riot, explosion, drought, volcanic activity, spills or releases of oil or hazardous material, contamination, utility or transportation emergencies, disease, blight, infestation, intentional acts, sabotage, declaration of war, or other conditions which is, or is likely to be beyond the control of the services, personnel, equipment, and facilities of a Member and requires mutual assistance.
- C. **Member** – Any public or private water or wastewater utility that manifests intent to participate in the Mutual Aid and Assistance Program by executing this, the California Water/Wastewater Agency Response Network (CalWARN) Agreement.
- D. **Associate Member** – Any non utility participant, approved by the State Steering Committee, that provides a support role for the WARN program, for example State Department of Public



Health, or associations, who are members of the Regional or State Steering Committees and do not officially sign the WARN agreement.

- E. **Confidential Information** - Any document shared with any signatory to this Agreement that is marked confidential, including but not limited to any map, report, notes, papers, opinion, or e-mail which relates to the system vulnerabilities of a Member or Associate Member.
- F. **Non-Responding Member** - A Member that does not provide assistance during a Period of Assistance under the Mutual Aid and Assistance Program.
- G. **Requesting Member** – A Member who requests assistance under the Mutual Aid and Assistance Program.
- H. **Responding Member** – A Member that responds to a request for assistance under the Mutual Aid and Assistance Program.
- I. **Period of Assistance** – A specified period of time when a Responding Member assists a Requesting Member. The period commences when personnel, equipment, or supplies depart from Responding Member's facility and ends when the resources return to their facility (portal to portal). All protections identified in the Agreement apply during this period. The specified Period of Assistance may occur during response to or recovery from an Emergency.
- J. **National Incident Management System (NIMS)** - A national, standardized approach to incident management and response that sets uniform processes and procedures for emergency response operations.
- K. **Standardized Emergency Management System (SEMS)** - A standardized approach to field command and jurisdictional management and response set forth by State of California Code of Regulations for multi-agency or multi-jurisdictional response to an emergency.

### **ARTICLE III. ADMINISTRATION**

The administration of the Water/Wastewater Agency Response Network (WARN) will be through WARN Regional Steering Committees (RSC) and the WARN State Steering Committee (SSC).

The WARN RSCs will be established by representatives from the Members in that region. A chair and co-chair will be elected and act as administrators for that region. The chair will represent the region on the WARN SSC. Each WARN RSC will sponsor an annual meeting for Members, maintain a data base of all water and wastewater utilities who have signed this Agreement, and meet as a committee to address concerns and procedures for requesting mutual assistance in that region. The regions will be comprised of one or more of the six Office of Emergency Services (OES) mutual aid regions.

The WARN SSC will include the chairs of the regional steering committees, and a representative from the California Department of Public Health (CDPH), California Utilities Emergency Association (CUEA), Department of Water Resources (DWR), the American Water Works Association (AWWA) Emergency Planning Committee, California Rural Water

Association (CRWA) and California Sanitation Risk Management Authority (CSRMA). The SSC will identify a Chair for the purpose of leading the SSC and act as a point of contact for the WARN SSC. At a minimum, the WARN SSC will meet annually and issue a list of participating utilities. The database will be maintained on the WARN website, managed by a volunteer Member, as appointed by the SSC.

#### **ARTICLE IV. PROCEDURES**

- A. In coordination with the Regional Steering Committees, emergency management and public health system of the state, the State Steering Committee shall develop operational and planning procedures for the Mutual Aid and Assistance Program. These procedures shall be consistent with the Standardized Emergency Management System (SEMS) and the National Incident Management System (NIMS), reviewed at least annually and updated as needed by the State Steering Committee.
- B. Requests for emergency assistance under this Agreement shall be directed to the appropriate Authorized Official(s) from the list of Members.
- C. Consistent with SEMS, when more than one County is impacted by a disaster, requests for mutual assistance under this Agreement may be channeled through the CUEA Utility Operation Center to ensure maximum effectiveness in allocating resources to the highest priority needs.

#### **ARTICLE V. REQUESTS FOR ASSISTANCE**

In general, assistance will be in the form of resources, such as equipment, supplies, and personnel. Assistance shall be given only when Responding Member determines that its own needs can be met while rendering assistance. The execution of this Agreement shall not create any duty to respond on the part of any party hereto. A potential Responding Member shall not be held liable for failing to provide assistance. A potential Responding Member has the absolute discretion to decline to provide any requested assistance.

- A. **Member Responsibility** - Members shall identify an Authorized Official and alternates; provide contact information including 24-hour access; and maintain resource information made available by the utility for mutual aid and assistance response, as allowed by utility policy. Such information shall be updated annually or as changes occur (whichever is sooner), provided to the State Steering Committee, and uploaded into the statewide database.
- B. **Member Request** - In the event of an Emergency, a Member's Authorized Official may request mutual aid and assistance from a participating Member. Requests for assistance can be made orally or in writing. When made orally, the request for personnel, equipment, and supplies shall also be prepared in writing and submitted to the participating Member as soon as practicable. Requests for assistance shall be directed to the Authorized Official of the participating Member. Specific protocols for requesting aid shall be provided in the procedures developed under Article IV.

- 1 C. **Response to a Request for Assistance** – Members are not obligated to respond to a  
 2 request. After a Member receives a request for assistance, the Authorized Official evaluates  
 3 whether or not to respond, whether resources are available to respond, or if other  
 4 circumstances would hinder response. Following the evaluation, the Authorized  
 5 Representative shall inform, as soon as possible, the Requesting Member whether it will  
 6 respond. If the Member is willing and able to provide assistance, the Member shall inform  
 7 the Requesting Member about the type of available resources and the approximate arrival  
 8 time of such assistance.  
 9
- 10 D. **Discretion of Responding Member's Authorized Official** – Execution of this Agreement  
 11 does not create any duty to respond to a request for assistance. When a Member receives  
 12 a request for assistance, the Authorized Official shall have sole and absolute discretion as to  
 13 whether or not to respond, or the availability of resources to be used in such response. An  
 14 Authorized Member's decisions on the availability of resources shall be final.  
 15

## 16

### 17 **ARTICLE VI.**

### 18 **RESPONSE COORDINATION**

## 19

20 When providing assistance under this Agreement, the Requesting Member and Responding  
 21 Member shall be organized and shall function under the Standard Emergency Management  
 22 System and National Incident Management System protocols and procedures.  
 23

- 24 A. **Personnel** – Responding Member retains right to identify the employees who are willing  
 25 to participate and the resources that are available.  
 26
- 27 B. **Control** – While employees so provided may be under the supervision of the  
 28 Responding Member, the Responding Member's employees come under the direction  
 29 and control of the Requesting Member, consistent with the NIMS Incident Command  
 30 System to address the needs identified by the Requesting Member. The Requesting  
 31 Member's Authorized Official shall coordinate response activities with the designated  
 32 supervisor(s) of the Responding Member(s). Whenever practical, Responding  
 33 Member personnel must be self sufficient for up to 72 hours. The Responding Member's  
 34 designated supervisor(s) must keep accurate records of work performed by personnel  
 35 during the specified Period of Assistance.  
 36
- 37 C. **Food and Shelter** – When possible, the Requesting Member shall supply reasonable food  
 38 and shelter for Responding Member personnel. If the Requesting Member is unable to  
 39 provide food and shelter for Responding Member personnel, the Responding Member's  
 40 designated supervisor is authorized to secure the resources necessary to meet the needs of  
 41 its personnel. Except as provided below, the cost for such resources must not exceed the  
 42 State per diem rates for that area. To the extent Food and Shelter costs exceed the State  
 43 per diem rates for the area, the Responding Member must demonstrate that the additional  
 44 costs were reasonable and necessary under the circumstances. Unless otherwise agreed  
 45 to in writing, the Requesting Member remains responsible for reimbursing the Responding  
 46 Member for all reasonable and necessary costs associated with providing food and shelter,  
 47 if such resources are not provided.  
 48
- 49 D. **Communication** – The Requesting Member shall provide Responding Member personnel  
 50 with radio equipment as available, or radio frequency information to program existing radio,  
 51 in order to facilitate communications with local responders and utility personnel.

- 1  
2 E. **Status** - Unless otherwise provided by law, the Responding Member's officers and  
3 employees retain the same privileges, immunities, rights, duties and benefits as provided in  
4 their respective jurisdictions.  
5  
6 F. **Licenses and Permits** – To the extent permitted by law, Responding Member personnel  
7 who hold licenses, certificates, or permits evidencing professional, mechanical, or other  
8 skills shall be allowed to carry out activities and tasks relevant and related to their respective  
9 credentials during the specified Period of Assistance.  
10  
11 G. **Right to Withdraw Resources** - The Responding Member's Authorized Official retains the  
12 right to withdraw some or all of its resources at any time for any reason in the Responding  
13 Member's sole and absolute discretion. Notice of intention to withdraw must be  
14 communicated to the Requesting Member's Authorized Official as soon as soon as is  
15 practicable under the circumstances.  
16  
17

18 **ARTICLE VII.**  
19 **COST REIMBURSEMENT**  
20

21 Unless otherwise mutually agreed in whole or in part by both parties, the Requesting Member  
22 shall reimburse the Responding Member for each of the following categories of costs incurred  
23 while providing aid and assistance during the specified Period of Assistance.  
24

- 25 A. **Personnel** – Responding Member will make such employees as are willing to  
26 participate available to Requesting Member at Requesting Member's expense equal to  
27 Responding Member's full cost, i.e., equal to the employee's applicable salary or hourly  
28 wage plus fringe benefits and overhead, and consistent with Responding Member's  
29 collective bargaining agreements or other conditions of employment. All costs incurred  
30 for work performed during the specified Period of Assistance will be included. The  
31 Requesting Member shall be responsible for all direct and indirect labor costs.  
32  
33 B. **Equipment** – Use of equipment, such as construction equipment, vehicles, tools, pumps  
34 and generators, shall be at Responding Member's current equipment rate and subject to the  
35 following conditions: The Requesting Member shall reimburse the Responding Member for  
36 the use of equipment during the specified Period of Assistance, including, but not limited to,  
37 reasonable rental rates, all fuel, lubrication, maintenance, transportation, and  
38 loading/unloading of loaned equipment. All equipment shall be returned to the Responding  
39 Member as soon as is practicable and reasonable under the circumstances.  
40 (a) At the option of Responding Member, equipment may be provided with an  
41 operator.  
42 (b) Equipment shall be returned to Responding Member within 24 hours after receipt  
43 of an oral or written request for return.  
44 (c) Requesting Member shall, at its own expense, supply all fuel, lubrication and  
45 maintenance for furnished equipment.  
46 (d) Responding Member's cost related to the transportation, handling and  
47 loading/unloading of equipment shall be chargeable to Requesting Member.  
48 (e) In the event equipment is damaged while being dispatched to Requesting Member,  
49 or while in the custody and use of Requesting Member, Requesting Member shall  
50 reimburse Responding Member for the reasonable cost of repairing said damaged  
51 equipment. If the equipment cannot be repaired, then Requesting Member shall

- reimburse Responding Member for the cost of replacing such equipment with equipment that is of at least equal capability as determined by the Responding Member. If Responding Member must lease a piece of equipment while Requesting Member equipment is being repaired or replaced, Requesting Member shall reimburse Responding Member for such lease costs.
- C. **Materials and Supplies** – Requesting Member shall reimburse Responding Member in kind or at actual replacement cost, plus handling charges, for use of expendable or non-returnable supplies. Other supplies and reusable items that are returned to Responding Member in a clean, damage-free condition shall not be charged to the Requesting Member and no rental fee will be charged; otherwise, they shall be treated as expendable supplies. Supplies that are returned to the Responding Member with damage must be treated as expendable supplies for purposes of cost reimbursement.
- D. **Payment Period** – The Responding Member shall provide an itemized bill to the Requesting Member for all expenses incurred by the Responding Member while providing assistance under this Agreement. The Requesting Member shall send the itemized bill not later than (90) ninety days following the end of the Period of Assistance. The Responding Member may request additional periods of time within which to submit the itemized bill, and Requesting Member shall not unreasonably withhold consent to such request. The Requesting Member agrees to reimburse the Responding Member within 60 days from receipt of an invoice for assistance provided under this Agreement. The Requesting Member may request additional periods of time within which to pay the itemized bill, and Responding Member shall not unreasonably withhold consent to such request, provided, however, that all payment shall occur not later than one-year after the date a final itemized bill is submitted to the Requesting Member.
- E. **Records** - Each Responding Member and its duly authorized representatives shall have access to a Requesting Member's books, documents, notes, reports, papers and records which are directly pertinent to this Agreement for the purposes of reviewing the accuracy of a cost bill or making a financial, maintenance or regulatory audit. Each Requesting Member and its duly authorized representatives shall have access to a Responding Member's books, documents, notes, reports, papers and records which are directly pertinent to this Agreement for the purposes of reviewing the accuracy of a cost bill or making a financial, maintenance or regulatory audit. Such records shall be maintained for at least three (3) years or longer where required by law and as needed for federal reimbursement practices.

### **ARTICLE VIII. ARBITRATION**

If any controversy or claim arises out of, or relates to, the Agreement, including, but not limited to an alleged breach of the Agreement, the disputing Members shall first attempt to resolve the dispute by negotiation, followed by mediation and finally shall be settled by arbitration in accordance with the Rules of the American Arbitration Association. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.



**ARTICLE IX.**  
**REQUESTING MEMBER'S DUTY TO INDEMNIFY**

Pursuant to Government Code Section 895.4, and subject to Article X, Requesting Member shall assume the defense of, fully indemnify and hold harmless Responding Member, its Directors, Council Members, Supervisors, officers and employees, from all claims, loss, damage, injury and liability of every kind, nature and description, directly or indirectly arising from the Requesting Member's work hereunder, including, but not limited to, negligent or wrongful use of equipment, supplies or personnel provided to Requesting Member or faulty workmanship or other negligent acts, errors or omissions by Responding Member, or by personnel provided to Requesting Member from the time assistance is requested and rendered until the assistance is returned to Responding Member's control, portal to portal.

**ARTICLE X.**  
**SIGNATORY INDEMNIFICATION**

In the event of a liability, claim, demand, action or proceeding, of whatever kind or nature arising out of the rendering of assistance through this Agreement, the parties involved in rendering or receiving assistance agree to indemnify and hold harmless all Members whose only involvement is the execution and approval of this Agreement, in the transaction or occurrence which is the subject of such claim, action, demand or other proceeding. Such indemnification shall include indemnity for all claims, demands, liability, damages and costs, including reasonable attorneys' fees and other costs of defense, for injury, property damage and workers compensation.

**ARTICLE XI.**  
**WORKER'S COMPENSATION CLAIMS**

The Responding Member is responsible for providing worker's compensation benefits and administering worker's compensation for its employees. The Requesting Member is responsible for providing worker's compensation benefits and administering worker's compensation for its employees.

**ARTICLE XII.**  
**NOTICE**

Each party hereto shall give to the others prompt and timely written notice of any claim made or any suit instituted coming to its knowledge, which in any way, directly or indirectly, contingently or otherwise, affects or might affect them, and each Member shall have the right to participate in the defense of the same, as it considers necessary to protect its own interests.



**ARTICLE XIII.**  
**INSURANCE**

Members shall maintain an insurance policy or maintain a self insurance program that covers activities that it may undertake by virtue of membership in the Mutual Aid and Assistance Program.

**ARTICLE XIV.**  
**CONFIDENTIAL INFORMATION**

To the extent allowed by law, any Member or Associate Member shall maintain in the strictest confidence and shall take all reasonable steps necessary to prevent the disclosure of any Confidential Information provided to it by another Member pursuant to this Agreement. If any Member, Associate Member, or third party requests or demands, by subpoena or otherwise, that a Member or Associate Member disclose any Confidential Information provided to it under this Agreement, the Member or Associate Member shall immediately notify the owner of the Confidential Information and shall take all reasonable steps necessary to prevent the disclosure of any Confidential Information by asserting all applicable rights and privileges with respect to such information and shall cooperate fully in any judicial or administrative proceeding relating thereto.

**ARTICLE XV.**  
**EFFECTIVE DATE**

This Agreement shall take effect for a new party immediately upon its execution by said party.

**ARTICLE XVI.**  
**WITHDRAWAL**

Any party may terminate its participation in this Agreement by written notice to the Chair of the appropriate RSC and to the SSC Chair. Withdrawal takes effect 60 days after the appropriate officials receive notice. Withdrawal from this Agreement shall in no way affect a Requesting Member's duty to reimburse a Responding Member for cost incurred during a Period of Assistance, which duty shall survive such withdrawal.

**ARTICLE XVII.**  
**MODIFICATION**

No provision of this Agreement may be modified, altered or rescinded by individual parties to the Agreement. Modifications to this Agreement require a simple majority vote of Members within each region and unanimous agreement among the regions. The State Steering Committee will notify all parties of modifications to this Agreement in writing and those modifications shall be effective upon 60 days written notice to the parties.

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**ARTICLE XVIII.  
SEVERABILITY**

5 If any term or provision of this Agreement is declared by a court of competent jurisdiction to be  
6 illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be  
7 affected, and the rights and obligations of the parties shall be construed and enforced as if the  
8 Agreement did not contain the particular term or provision held to be invalid.  
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**ARTICLE XIX.  
PRIOR AGREEMENTS**

14 To the extent that prior agreements among signatories to this Agreement for mutual assistance  
15 are inconsistent with this Agreement, such agreements are hereby superseded. This  
16 Agreement supersedes the 1996 Omnibus Mutual Aid Agreement, the WARN 1997 Omnibus  
17 Mutual Aid Agreement, and the WARN 2001 Omnibus Mutual Aid and Assistance Agreement.  
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**ARTICLE XX.  
PROHIBITION ON THIRD PARTIES AND ASSIGNMENT OF RIGHTS/DUTIES**

23 This Agreement is for the sole benefit of the Members and no other person or entity has rights  
24 under this Agreement as a third party beneficiary. Assignment of benefits or delegation of  
25 duties created by this Agreement to third parties that are not Members is prohibited and without  
26 effect.  
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**ARTICLE XXI.  
TORT CLAIMS**

32 This Agreement in no way abrogates or waives any immunity or defense available under  
33 California law.  
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**ARTICLE XXII.  
INTRASTATE AND INTERSTATE MUTUAL AID AND ASSISTANCE PROGRAMS**

39 To the extent practicable, Members retain the right to participate in mutual aid and assistance  
40 activities conducted under the State of California Intrastate WARN Mutual Aid and Assistance  
41 Program and the Interstate Emergency Management Assistance Compact (EMAC) and similar  
42 programs.  
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## California Water/Wastewater Agency Response Network (CalWARN) 2007 Omnibus Mutual Assistance Agreement

**WHEREAS**, the California Office of Emergency Services (OES), the Department of Water Resources (DWR), the Department of Public Health (DPH) and the California Utilities Emergency Association (CUEA) have expressed a mutual interest in the establishment of a plan to facilitate and encourage water agency mutual assistance agreements between water agencies; and

**WHEREAS**, the California Water Agency Response Network (CalWARN) was originally created to provide a forum for the development of mutual assistance agreements between water agencies in the OES Coastal Region of California; and later expanded to all water and wastewater agencies in the State of California, and

**WHEREAS**, the CALIFORNIA WATER/WASTEWATER AGENCY RESPONSE NETWORK (CalWARN) 2007 OMNIBUS MUTUAL ASSISTANCE AGREEMENT is a continuation of the WARN 1996 OMNIBUS MUTUAL AID and 2001 OMNIBUS MUTUAL AID AGREEMENT and sets forth the mutual covenants and agreements for water and wastewater agencies to provide mutual assistance to one another in times of emergency; and

**WHEREAS**, State OES regulates the SEMS program, and this agreement is consistent with SEMS, and that it is necessary to have a mutual assistance agreement in place to support requests to FEMA for costs of using assistance during an emergency, and

**WHEREAS**, the water or wastewater agency hereto has determined that it would be in its best interests to enter into an agreement that implements that plan and sets forth procedures and the responsibilities of the agency whenever emergency personnel, equipment and facility assistance are provided from one agency to the other; and

**WHEREAS**, no water or wastewater agency should be in a position of unreasonably using its own resources, facilities, or services providing such mutual assistance; and

**WHEREAS**, it is the intent of WARN to revise this agreement as necessary and to annually publish a list of all water and wastewater agencies participating in this agreement, as posted on [www.calwarn.org](http://www.calwarn.org); and

**WHEREAS**, such an agreement is in accord with the California Emergency Services Act set forth in Title 2, Division 1, Chapter 7 (Section 8550 et seq.) of the Government Code and specifically with Articles 14 and 17 (Section 8630 et seq.) of the Act.

**NOW, THEREFORE**, in consideration of the conditions and covenants contained therein, the

\_\_\_\_\_  
(Utility)

agrees to become a party to the CalWARN 2007 Omnibus Mutual Assistance Agreement.

Date: \_\_\_\_\_

Name: (printed) \_\_\_\_\_ (signature) \_\_\_\_\_

Title: \_\_\_\_\_

Please return an ORIGINAL signed copy of this page, plus the [information requested on](#)

Attachment: CalWARN Agreement Signature Page (2412 : Approve a Water and Wastewater Mutual Assistance Agreement with CalWARN)

Emergency Contacts List to:

Ms. Kelly Hubbard  
 CalWARN, Region 1, Southern Chair  
 Municipal Water District of Orange County  
 18700 Ward Street  
 Fountain Valley CA 92728

Send a copy to the appropriate Region Chair:

**Region I, Southern Chair**

Municipal Water District of Orange Co  
 Kelly Hubbard  
 18700 Ward Street  
 Fountain Valley, CA 92728  
 (714) 593-5010  
 khubbard@mwdoc.com

**Region II, Coastal Chair**

Alameda County Water District  
 Steven Dennis  
 43885 South Grimmer Boulevard  
 Fremont, CA 94537  
 (510) 668-6530  
 Steve.Dennis@acwd.com

**Region III, Inland Chair**

Bella Vista Water District  
 Don Groundwater  
 11368 East Stillwater Way  
 Redding, CA 96003-9510  
 (530) 241-1085  
 dgroundwater@bvwd.org

**State Steering Committee Chair**

Raymond Riordan  
 City of San Ramon  
 2662 Marsh Drive  
 San Ramon, CA 94583  
 (925) 830-9019  
[rayriordan@comcast.net](mailto:rayriordan@comcast.net)

**Region IV, Inland Chair**

Golden State Water  
 John Spitler  
 3035 Prospect Park Drive Suite 60  
 Rancho Cordova, CA 95670  
 (916) 853-3616  
 jpspitler@gswater.com

**Region V, Inland South Chair**

Please send to the State Steering  
 Committee Chair

**Region VI, Southern Chair**

Western Municipal Water District  
 Tom McMillen  
 14205 Meridian Parkway  
 Riverside, CA 92518  
 (951) 571-7252  
 tmcmillen@wmwd.com



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: John Lang, Economic Development Manager  
APPROVED BY: City Manager

### **APPROVE IMPACT FEE FREEZE AGREEMENT WITH MORGAN HILL RETAIL VENTURE, L.P. FOR THE DEVELOPMENT OF RETAIL SPACES IN THE SHOPPING CENTER KNOWN AS COCHRANE COMMONS**

#### **RECOMMENDATION(S)**

1. Confirm that commercially zoned Assisted Living Facilities are not eligible for the Fee Freeze Program;
2. Approve an Impact Fee Freeze Agreement for the development of commercial retail/office buildings on 51 acres of Cochrane Commons; and
3. Authorize the City Manager to execute and administer the Impact Fee Freeze Agreement.

#### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

##### **Ongoing Priorities**

Maintaining Fiscal Responsibility

##### **2019 Strategic Priorities**

Financial Stewardship

#### **GUIDING DOCUMENTS**

Economic Blueprint

#### **REPORT NARRATIVE:**

Morgan Hill Retail Ventures L.P (Owner/Developer) has submitted an application (ZA2019-0003) to amend their Planned Unit Development (PUD) for Cochrane Commons Shopping Center. In 2005, a PUD for Cochrane Commons was approved allowing for the development of over 650,000 square feet of commercial space. In 2007, Phase I of the shopping center was built which included 262,000 square feet of commercial space. Phase I of the project included the Target Store along with Chili's, Party City, Staples, etc. Phase II of the project currently includes approval for over 450,000 square feet of retail and a 3000-seat movie theatre complex. The most recent activity on the site was the construction of a new 76 Gas Station and Burger King.

Staff is recommending the City Council approve an Impact Fee Freeze Agreement to lock development impact fees for the proposed eligible uses in a forthcoming Planned Development (PD) amendment which proposes construction of commercial, office, and retail within the Cochrane Commons shopping center. The proposed PD amendment also includes residential development on the portion of Phase II which was converted to Mixed Use Flex during the 2016 General Plan update. However, the proposed residential development is not eligible under the fee freeze program. Similarly, concurrence is being sought to eliminate Assisted Living facilities from the program.

Neither of these uses are in short supply, targeted by the Economic Development Blueprint, nor generate significant on-going revenues to the general fund outside of property tax.

The Fee Freeze Program approved by Council sets impact fees for three years through the approval of an Impact Fee Freeze Agreement. The developer is provided a three-year window to secure entitlements and submit for building permits in order to benefit from the program.

Based upon the conceptual plan provided to the City by the Developer for Phase II of Cochrane Commons, the City is able to estimate impact fees associated with the proposed commercial-only development identified by the Developer. Additional impact fees will be generated by residential and assisted living portions of the project as well, but are not contained in this analysis. The proposed Zoning amendment contemplates more flexibility given the evolving retail marketplace in terms of uses on one of the larger retail pads which results in considerable variability on calculating impact fees and General Fund revenues.

#### Impact Fee Analysis in Current Terms

|                                                 | Low Side Estimate | High Side Estimate | Likely           |
|-------------------------------------------------|-------------------|--------------------|------------------|
| Current Impact Fee Schedule Jan 1, 2019         | \$4,779,000       | \$5,509,000        | \$4,936,000      |
| Locking into the FY 2016-17 Impact Fee Schedule | \$4,274,000       | \$4,952,000        | \$4,419,000      |
| <b>Benefit to Project from Fee Freeze</b>       | <b>\$505,000</b>  | <b>\$557,000</b>   | <b>\$517,000</b> |

*The fees above only contemplate retail commercial development as proposed by the developer. Other types of non-retail/commercial development (i.e. Housing) are proposed, but are not eligible to participate in the fee freeze program and are therefore not included.*

At full buildout of Phase II, the project is anticipated to generate general fund revenue streams of property tax, sales tax, and transient occupancy tax. The figures are given in ranges as the flexibility in uses materially alters the type of general fund revenue that can be achieved.

|                                  | One Time Construction Benefit | Low Side Estimate (Annual) | High Side Estimate (Annual) |
|----------------------------------|-------------------------------|----------------------------|-----------------------------|
| General Fund Revenue to the City | \$114,000                     | \$462,900                  | \$527,900                   |

*General Fund revenues above only contemplate retail commercial development as proposed by the developer. Other types of non-retail/commercial development (i.e. Housing) are proposed, but those revenues are not captured in the analysis.*

#### COMMUNITY ENGAGEMENT: Inform



Approving a Fee Freeze Agreement with Morgan Hill Retail Ventures is consistent with the Impact Fee Freeze Program, aligns with the Economic Blueprint Strategy #3 “Attract New Development”, Action #5, “Explore Incentive Programs to Attract Industry Specific Development”.

#### **ALTERNATIVE ACTIONS:**

The City of Morgan Hill could choose not to enter into an Impact Fee Freeze Agreement with Morgan Hill Retail Ventures, Inc.

#### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

On June 21, 2017, City Council approved a Citywide Impact Fee Freeze Program establishing 2016-17 Development Impact Fees as the basis for the three-year term for any new commercial/industrial development project that enters into a Development Agreement for an Impact Fee Freeze approved by City Council.

On February 21, 2018, City Council made a minor adjustment to the Impact Fee Freeze program by changing the agreement structure to a Fee Freeze Agreement from a Development Agreement.

#### **FISCAL AND RESOURCE IMPACT:**

General Fund revenue received from the proposed development is anticipated to offset the forgone Impact Fees contemplated under the Fee Freeze Program within the 2<sup>nd</sup> full year of buildout. The City is expected to receive a one-time construction benefit, in the form of sales and property tax, of about \$114,000. Once fully built out and operational, the City will receive an ongoing benefit between \$462,900 and \$527,900 to the City General Fund.

#### **CEQA (California Environmental Quality Act):**

An Environmental Impact Report (EIR) for the Morgan Hill 2035 Project, which included the General Plan Update, was prepared in accordance with the California Environmental Quality Act (CEQA) and certified by the Morgan Hill City Council on July 27, 2016. Commercial and industrial development as discussed above is consistent with the general plan policies for which the EIR was certified. There is no substantial evidence that freezing impact fees will have a significant effect on the environment beyond that already analyzed in the certified EIR; therefore, no further environmental analysis is required.

Any project specific development that occurs in the future will undergo an independent analysis pursuant to the requirements of CEQA.

#### **LINKS/ATTACHMENTS:**

1. [CochraneCommonsFeeFreeze\\_Signed\\_09052019](#)

**IMPACT FEE FREEZE AGREEMENT**

**BY AND BETWEEN**

**THE CITY OF MORGAN HILL**

**AND**

**MORGAN HILL RETAIL VENTURE L.P., A CALIFORNIA LIMITED PARTNERSHIP**

**AKA COCHRANE COMMONS SHOPPING CENTER**

**IMPACT FEE FREEZE AGREEMENT  
BY AND BETWEEN  
THE CITY OF MORGAN HILL  
AND  
MORGAN HILL REAL VENTURE, L.P.**

**AKA COCHRANE COMMONS SHOPPING CENTER**

This Impact Fee Freeze Agreement (the "Agreement") is entered into as of \_\_\_\_\_, 2019, by and between Morgan Hill Retail Venture L.P., a California Limited Partnership, aka Cochrane Commons Shopping Center, and its successors and assigns (the "Developer") and the City of Morgan Hill, a municipal corporation duly organized and existing under the laws of the State of California (the "City") "Developer" and the "City" may be collectively referred to herein as the "Parties", with reference to the following facts and purposes:

**RECITALS**

A. Pursuant to the authority of Morgan Hill Municipal Code Sections 3.56.095, 12.02.115, and Resolution Numbers 17-052 and 18-013, the City has established an Impact Fee Freeze Program (the "Program") to freeze Development Impact Fees to the Fiscal Year 2016-2017 Fee Schedule for new commercial/industrial construction.

B. Developer owns, leases, or owns an option to purchase, certain real property in the City described in the attached Exhibit A (the "Subject Property") upon which improvements are to be made for a new or expanding industrial or commercial business (the "Project").

C. On \_\_\_\_\_ 2019, the City Council of the City granted a request of the Developer to be a Program participant with respect to locking in Development Impact Fees at the Fiscal Year 2016-2017 Impact Fee Schedule in the attached Exhibit B.

D. Developer and City have determined that the Project is the type of development for which this Agreement is appropriate. This Agreement will help to eliminate uncertainty in annual changes to Development Impact Fees, provide for the orderly development of the Project consistent with the planning goals, policies, and other provisions of the City's General Plan and City's Municipal Code, and otherwise achieve the goals and purposes for which the Development Impact Fee Program was adopted.

## ARTICLE 1

### ADMINISTRATION

#### 1.01 Definitions.

(a) The following terms, phrases and words shall have the meanings and be interpreted as set forth in this Section:

(1) **"Existing City Laws"** shall mean all City ordinances, resolutions, rules, regulations, guidelines, motions, practices and official policies governing land use, zoning and development, permitted uses, density and intensity of use, maximum height, bulk and size of proposed buildings, and other City land use regulations in force and effect on the Effective Date of this Agreement.

(2) **"Impact Fees"** shall mean those fees imposed so that developments bear a proportionate share of the cost of public facilities and service improvements that are reasonably related to the impacts and burdens of the Project, adopted pursuant to Morgan Hill Municipal Code Chapter 3.56 and California Government Code Section 66001 et seq.

(3) **"Legal Effect"** shall mean the ordinance, resolution, permit, license or other grant of approval has been adopted by City and has not been overturned or otherwise rendered without legal and/or equitable force and effect by a court of competent jurisdiction, and all applicable administrative appeal periods and statutes of limitations have expired.

(4) **"New City Laws"** shall mean any and all City ordinances, resolutions, orders, rules, official policies, standards, specifications and other regulations, whether adopted or enacted by City, its staff or its electorate (through their powers of initiative, referendum, recall or otherwise) that is not a Subsequent Approval, that takes **"Legal Effect"** after the Effective Date of this Agreement, and that applies City wide.

(5) **"Project Approvals"** mean, collectively, the Project's Existing Approvals and the Subsequent Approvals.

(6) **"Property"** shall mean that certain real property consisting of approximately 51.10 acres located within the City, and as may be further subdivided, as may be more particularly described and shown on *Exhibit A* to this Agreement.

(7) **"Subsequent Approvals"** and **"Subsequent Approval"** mean those City permits, entitlements, approvals or other grants of authority (and all text, terms and conditions of approval related thereto), that may be necessary or desirable for the development of the Project, that are sought by Developer, and that are granted by City.

(b) To the extent that any defined terms contained in this Agreement are not defined above, then such terms shall have the meaning otherwise ascribed to them elsewhere in this Agreement, or if not in this Agreement, by controlling law.

## **1.02 Term.**

The term ("**Term**") of this Agreement shall commence on the Effective Date, and then shall continue for each building, lot or parcel (unless this Agreement is otherwise terminated, modified or extended as provided in this Agreement) until the earliest of (1) the issuance of certification of occupancy for the for each building, lot or parcel, that is part of the Project, or (2) October 30, 2022.

## **ARTICLE 2**

### **APPLICABLE LAW**

#### **2.01 Applicable Law—Generally.**

(a) As used in this Agreement, "**Applicable Law**" shall mean all of the items listed below in this Section 2.01. The order of their importance is the order in which they are listed (with highest importance listed first, second most important listed second, etc.); in the event of a conflict between them, their order shall determine which one controls (the one listed higher controlling over the one listed lower):

- (1) All the provisions, terms and conditions of this Agreement.

The Existing Approvals. Developer hereby waives any legal or equitable right to challenge administratively or judicially any of the fees already agreed to and paid by Developer and not subject of this Agreement. The Subsequent Approvals, provided such Subsequent Approvals are:

- (i) In compliance with all controlling California law;
- (ii) Mutually agreed to by the Parties; and
- (iii) Duly enacted by City.

(2) The "Existing City Laws" that are not in conflict with this Agreement and the Project Approvals.

(3) Any "New City Laws" Developer is subject to under this Agreement; for example, as provided in, but not limited to, Section 2.05. Additionally, any New City Laws to which Developer elects to be subject pursuant to Section 2.05(d).

(b) The Parties acknowledge that the Subsequent Approvals may be processed in stages and therefore one or more Subsequent Approvals may be adopted and approved before other Subsequent Approvals needed for development of the Project are adopted and approved by City.



(c) The Parties shall cooperatively assemble all of the necessary documents to memorialize, to the best of their abilities, the Project Approvals, Existing City Laws, and the terms and conditions contained in this Agreement to assist Developer to maintain the documents assembled and to provide a continuing reference source for the approvals granted and the ordinances, policies and regulations in effect on the Effective Date of this Agreement.

## **2.02 Project Impacts and Costs.**

(a) **Agreement Subject to Project Mitigation Requirements.** Notwithstanding any other express or implied term or condition of this Agreement (or the Approvals) to the contrary, throughout the Term of this Agreement, the full and complete mitigation of all environmental (including any mitigation measure adopted pursuant to CEQA), physical, fiscal and other impacts of the Project and the Property on the community and on the City of Morgan Hill and its services, facilities, operations and maintenance (collectively, "**Project Mitigation**") shall be borne by and shall be the sole and exclusive responsibility of the Project (and the Developer who is the owner of same). Such Project Mitigation may be conditions of any Applicable Law or Project Approval and may include a mix of different approaches, including without limitation, Developer construction of and/or financing of such services, facilities, operations and maintenance through the payment of impact fees or other fees, taxes, levies, assessments, or other financing mechanisms including without limitation, reimbursement agreements, Landscaping and Lighting Districts, Mello-Roos Districts, Community Facilities Districts, Assessment Districts, Tax-Exempt and Taxable Financing Mechanisms, Maintenance Districts and participation in the Statewide Communities Infrastructure Program (collectively, "**Financing Mechanisms**"). The necessary scope and extent of such Project Mitigation, and which combination of Financing Mechanisms should be employed relating to such Project Mitigation to assure success of the Project Mitigation, shall be determined by City, in its sole and exclusive discretion, pursuant to appropriate City ordinance, resolution, regulations or procedures, taking into account and guided by the pre-existing rights of others in the existing and future public services and facilities (including their operations and maintenance) that Developer may seek to use. If no Financing Mechanism is available to fund the Project Mitigation, then the Project shall not progress forward.

(b) **Impact Fees.** As part of the Project's sole and exclusive obligation (and the Developer's as the owner of same) to cover Project Mitigation, Developer shall pay all Impact Fees as described in Exhibit B at the time any such Impact Fees become due and payable as provided for in the City's Municipal Code or as agreed between Developer and City.

(c) **Processing Fees.** The Project (including Developer as owner of same) shall be responsible for the costs to City of processing any and all Developer-requested land use approvals, including without limitation, building permits, plan checks, environmental studies required under CEQA and other similar requests for City permits and entitlements, when such costs are incurred by City. City shall impose those funding requirements needed to ensure that the processing costs to the City are fully covered by the Project (including Developer as owner of same). Further, if additional, accelerated, or more frequent inspections are requested by Developer of City than would otherwise take place in City's ordinary course of business, then City may either hire additional contract inspectors, plan checkers, engineers or planners, or City may hire a full or part time employee. If City hires additional contractors, then Developer shall reimburse City, on a monthly basis in arrears, the cost to City of hiring such additional contract inspectors, plus



Developer shall pay to City an additional ten percent (10%) of such cost to City on the same payment schedule. City shall use such additional 10% to defray administrative costs. If City hires a full or part time employee, then Developer shall reimburse City, on a monthly basis, in arrears, for a pro rata share of the total cost to the City of such employee, plus ten percent (10%) for administrative costs, for the period from hire to the end of the Term of this Agreement.

### **2.03 Construction Codes.**

With respect to the development of any or all of the Project or the Property, Developer shall be subject to the California Building Code and all those other State-adopted construction, fire and other codes applicable to improvements, structures, and development, and the applicable version or revision of said codes by local City action (collectively referred to as "**Construction Codes**") in place at that time that a plan check application for a building, grading or other permit subject to such Construction Codes is submitted to City for approval, provided that such Construction Codes have been adopted by City and are in effect on a City-wide basis.

### **2.04 Timing of Development.**

Developer agrees to secure building permits and to begin construction of the Project in accordance with the time requirements set forth in the Construction Codes, as these exist on the Effective Date. Except as otherwise provided for herein, in the event Developer fails to comply with the above permit issuance and beginning construction by October 30, 2022 the Impact Fee Freeze Program under Resolution 17-052 may expire.

### **2.05 New City Laws.**

(a) City may apply any New City Law to the Project that is not in conflict with this Agreement and the Applicable Law it describes. City shall not apply any New City Law to the Project that is in conflict with this Agreement and the Applicable Law it describes, nor otherwise reduces the development rights or assurances provided by this Agreement. City shall not apply to the Project nor Property any no-growth or slow-growth ordinance, measure, policy, regulation or development moratorium either adopted by City or by a vote of the electorate and whether or not by urgency ordinance, interim ordinance, initiative, referendum or any other change in the laws of the City by any method or name which would alter the Applicable Law that may stop, delay, or effect the rate, timing or sequence of development.

(b) Without limiting the generality of the foregoing, and except as otherwise provided in this Agreement, a New City Law shall be deemed to be in conflict with this Agreement or the Applicable Law or to reduce the development rights provided hereby if the application to the Project would accomplish any of the following results, either by specific reference to the Project or as part of a general enactment which affects or applies to the Project:

(1) Change any land use designation or permitted use of the Property allowed by the Applicable Law or limit or reduce the density or intensity of the Project, or any part thereof, or otherwise require any reduction in the square footage, floor area ratio, height of buildings, or number of proposed non-residential buildings, or other improvements;

(2) Limit or control the availability of public utilities, services, or facilities otherwise allowed by the Applicable Law;

(3) Limit or control the rate, timing, phasing or sequencing of the approval, development, or construction of all or any part of the Project in any manner, or take any action or refrain from taking any action that results in Developer having to substantially delay construction of the Project or require the acquisition of additional permits or approvals by the City other than those required by the Applicable Law;

(4) Limit or control the location of buildings, structures, grading, or other improvements of the Project in a manner that is inconsistent with or more restrictive than the limitations in the Existing Approvals and the Subsequent Approvals (as and when they are issued);

(5) Limit the processing of Subsequent Approvals.

(c) If City determines that it has the right under this Agreement to impose/apply a New City Law on the Property/Project, it shall send written notice to Developer of that City determination ("**Notice of New City Law**"). Upon receipt of the Notice of New City Law, if Developer believes that such New City Law is in conflict with this Agreement, Developer may send written notice to the City of the alleged conflict within thirty (30) days of receipt of City's Notice of New Law ("**Objection to New City Law**"). Developer's Objection to New City Law shall set forth the factual and legal reasons why Developer believes City cannot apply the New City Law to the Property/Project. City shall respond to Developer's Objection to New City Law ("**City Response**") within thirty (30) days of receipt of said Developer Objection to New City Law. The City Response shall set forth the factual and legal reasons why City believes it can apply the New City Law to the Project. Thereafter, the Parties shall meet and confer within thirty (30) days of the date of Developer's receipt of the City Response (the "**Meet and Confer Period**") with the objective of attempting to arrive at a mutually acceptable solution to this disagreement. Within fifteen (15) days of the conclusion of the Meet and Confer Period, City shall make its determination, and shall send written notice to Developer of that City determination. If City determines to "impose/apply" the New City Law to the Project, then Developer shall have a period of ninety (90) days from the date of receipt of such City determination within which to file legal action challenging such City action. In other words, a 90-day statute of limitations regarding Developer's right to judicial review of the New City Law shall commence upon Developer's receipt of City's determination following the conclusion of the Meet and Confer Period. If upon conclusion of judicial review of the New City Law (at the highest judicial level sought and granted), the reviewing court determines that Developer is not subject to the New City Law, such New City Law shall cease to be a part of the Applicable Law, and City shall return Developer to the position Developer was in prior to City's application of such New City Law (e.g., City return fees, return dedications, etc.). The above-described procedure shall not be construed to interfere with City's right to adopt or apply the New City Law with regard to all other areas of City (excluding the Project).

(d) Developer in its sole and absolute discretion may elect to have applied to the Project a New City Law that is not otherwise a part of the Applicable Law, subject to the limitations set forth in this subdivision (d). In the event Developer so elects to be subject to a New City Law that is not otherwise a part of the Applicable Law, Developer shall provide notice to City



of that election and thereafter such New City Law shall be part of the Applicable Law. In no event shall any New City Law become part of the Applicable Law if it would relieve Developer from, or impede Developer's compliance with, Developer's obligations under this Agreement.

(e) City shall not be precluded from adopting and applying New City Laws to the Project to the extent that such New City Laws are specifically required to be applied by State or Federal laws or regulations, and implemented through the Federal, State, regional and/or local level) ("**Mandated New City Laws**"), including without limitation those provisions in the Development Agreement Statute concerning property located in a flood hazard zone (Gov. Code § 65865.5), or that such New City Laws are necessitated by or arise from a declaration of City, local, state or federal declaration of a state of emergency.

(f) In the event that an administrative challenge and/or legal challenge (as appropriate) to a Mandated New City Laws preventing compliance with this Agreement is brought and is successful in having the Mandated New City Law determined to not apply to this Agreement, this Agreement shall remain unmodified and in full force and effect.

### **ARTICLE 3**

#### **PROCESSING**

##### **3.01 Processing.**

(a) This Agreement does not provide Developer with any right to the approval of Subsequent Approvals nor to develop or construct the Project beyond that which is authorized in the Existing Approvals. For any Subsequent Approvals necessary for the Project, this Agreement simply provides a process by which such Subsequent Approvals may be processed by Developer, and later included into this Agreement, if and only if such Subsequent Approvals are compliant with all controlling California law (including proper Planning and Zoning Law and CEQA compliance), have secured approval of the Parties, and are adopted/approved by City, which shall retain all lawful discretion in this regard. That public review process is ongoing, and following the City's adoption of this Agreement, that public review process shall continue. Nothing in this Agreement shall be construed to limit the authority or obligation of City to hold necessary public hearings, or to limit the discretion of City or any of its officers or officials with regard to the Project Approvals that legally require the exercise of discretion by City. City's discretion as to the granting of Subsequent Approvals shall be the discretion afforded by the Applicable Law.

(b) Upon submission by Developer of any and all necessary and required applications for Subsequent Approvals and payment of any and all appropriate processing and other fees as provided in this Agreement, City shall use its best efforts to promptly commence and diligently complete all steps necessary to acting on the requested Subsequent Approvals, including, but not limited to, (i) the holding of any and all required public hearings and notice for such public hearings, and (ii) the granting of the requested approval to the extent that it is consistent with Applicable Law.

### 3.02 Significant Actions by Third Parties Necessary to Implement the Approvals.

(a) At Developer's sole discretion, Developer shall apply for such other permits, grants of authority, agreements, and other approvals from other private and/or public and quasi-public agencies, organizations, associations or other entities ("**Other Entity**") as may be necessary to the development of, or the provision of services and facilities to, the Project ("**Other Permits**").

(b) City shall cooperate with Developer in its endeavors to obtain any Other Permits and shall, from time to time, at the request of Developer, join with Developer in the execution of such permit applications and agreements as may be required to be entered into with any such other agency.

(c) In the event that any such Other Permit is not obtained from an Other Entity within the time permitted by law for such other entity to act and such circumstance materially deprives Developer of the ability to proceed with development of the Project or any portion thereof, or materially deprives City of a bargained-for public benefit of this Agreement, then, in such case, and at the election of either party, Developer and City shall meet and confer with the objective of attempting to mutually agree on solutions that may include alternatives, Subsequent Approvals, or an amendment(s) to this Agreement to allow the development of the Project to proceed with each Party substantially realizing its bargained-for benefit therefrom.

### 3.03 Administrative Amendments.

(a) Upon the written request of Developer for an amendment or modification of this Agreement or a Project Approval, the City Manager or her designee shall determine: (1) whether the requested amendment or modification is minor; and (2) whether the requested amendment or modification is consistent with this Agreement and the Applicable Law. If the City Manager or her designee finds that the proposed amendment or modification is both minor and consistent with this Agreement and the Applicable Law, and provided further that the Project and the Developer are otherwise in compliance with all agreements and approvals related to the project, the City Manager or her designee may approve the proposed amendment or modification without notice. Such minor amendments or modifications approved pursuant to this Section shall not constitute subsequent discretionary approvals triggering further CEQA review. Any minor amendment must be made in writing signed by the City Manager (and approved by the City Attorney) of the City and by the Developer.

(b) For the purpose of this Agreement, a "minor amendment" shall not include any of the following:

- (i) Any material amendment or modification, or elimination of provisions required pursuant to the Morgan Hill Municipal Code or by California law, including provisions relating to: (1) the duration or term of this Agreement with Notice to Council (2) the permitted uses of the subject property, (3) the density or intensity of uses, (4) the maximum height and size of proposed buildings, (5) provisions for reservation or dedication of land for public purposes, (6) general



location of the uses or proposed buildings or (7) the relation of the project to adjacent properties; or

- (ii) Any material amendment or modification, or elimination of provisions set forth in Article 2 of this Agreement.

#### **3.04 Amendments.**

Any request by Developer for an amendment or modification to this Agreement or a Project Approval that is determined to be not minor by the City Manager or her designee shall be subject to the applicable substantive and procedural provisions of the City's General Plan, zoning, subdivision, and other applicable land use ordinances and regulations (i.e., City review and approval) in effect when such an amendment or modification request is approved.

### **ARTICLE 4**

#### **DEFAULT, VALIDITY PROVISIONS, ASSIGNMENT**

##### **4.01 Resolution of Disputes.**

(a) In the event either Party is in default under the terms of this Agreement, the other Party may elect, in its sole and absolute discretion, to pursue any of the following courses of action: (i) waive such default; (ii) pursue administrative remedies as provided herein; (iii) pursue judicial remedies as provided for herein; and/or (iv) terminate this Agreement.

(b) Except as otherwise specifically stated in this Agreement, either Party may, in addition to any other rights or remedies, institute legal action to cure, correct, or remedy any default by another Party to this Agreement, to enforce any covenant or agreement herein, to enjoin any threatened or attempted violation hereunder, or to seek specific performance. It is expressly understood and agreed that the sole legal remedy available to Developer for a breach or violation of this Agreement by City shall be a legal action in mandamus, specific performance, and/or other injunctive or declaratory relief to enforce the provisions of this Agreement, and that Developer shall not be entitled to bring an action for damages including, but not limited to, lost profits, consequential damages or other economic damages. For purposes of instituting a legal action under this Agreement, any City Council determination under this Agreement shall be deemed a final agency action.

(c) The Parties agree to meet and confer regarding any dispute, in an effort to agree on utilizing Judicial Arbitration Mediation Services ("JAMS") for Alternative Dispute Resolution ("ADR"). However, no party shall be required to use JAMS or ADR.

##### **4.02 Force Majeure Delay, Extension of Times of Performance.**

(a) Performance by any Party hereunder shall be excused, waived or deemed not to be in default where delays or defaults are due to acts beyond a Party's control such as war, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, unexpected acts of governmental entities other than City, including revisions to capacity ratings of the

wastewater plant by the Regional Water Quality Control Board, the State Water Resources Board, enactment of conflicting State or Federal laws or regulations, or litigation (including without limitation litigation contesting the validity, or seeking the enforcement or clarification of this Agreement whether instituted by the Developer, City, or any other person or entity) (each a "**Force Majeure Event**").

(b) Any Party claiming a delay as a result of a Force Majeure Event shall provide the other Party with written notice of such delay and an estimated length of delay. Upon the other Party's receipt of such notice, an extension of time shall be granted in writing for the period of the Force Majeure Event, or longer as may be mutually agreed upon by the Parties, unless the other Party objects in writing within ten (10) days after receiving the notice. In the event of such objection, the Parties shall meet and confer within thirty (30) days after the date of objection to arrive at a mutually acceptable solution to the disagreement regarding the delay. If no mutually acceptable solution is reached, any Party may take action as permitted in this Agreement.

#### **4.03 Third Party Legal Actions.**

(a) In the event of any administrative, legal or equitable action or other proceeding instituted by any person, entity or organization (that is not a Party to this Agreement) challenging the validity of this Agreement, any Project Approvals, or the sufficiency of any environmental review under CEQA ("**Third Party Challenge**"), the Parties shall cooperate with each other in good faith in the defense of any such challenge.

(b) City shall have the option to defend such Third Party Challenge or to tender the complete defense of such Third Party Challenge to the Developer ("**Tender**"). If City chooses to defend the Third Party Challenge or Developer refuses City's Tender, City shall control all aspects of the defense and Developer shall pay City's attorneys fees and costs (including related court costs) incurred by the City.

(c) If Developer accepts City's Tender, Developer shall control all aspects of the defense and shall pay its own attorneys fees and costs (including related court costs), and shall indemnify and hold harmless City against any and all third-party fees and costs arising out of such Third Party Challenge. If City wishes to assist Developer when Developer has accepted the Tender, Developer shall accept that assistance and City shall pay City's own attorneys fees and costs (including related court costs) ("**City Costs**"), and Developer shall pay its own attorneys fees and costs (including related court costs), and shall indemnify and hold harmless City against any and all third-party fees and costs arising out of such Third Party Challenge (such third party fees and costs shall not include City Costs).

(d) If any part of this Agreement or any Project Approval is held by a court of competent jurisdiction to be invalid, the City shall: (1) use its best efforts to sustain and/or re-enact that part of this Agreement and/or Project Approval; and (2) take all steps possible to cure any inadequacies or deficiencies identified by the court in a manner consistent with the express and implied intent of this Agreement, and then adopting or re-enacting such part of this Agreement and/or Project Approval as necessary or desirable to permit execution of this Agreement and/or Project Approval.



#### **4.04 Estoppel Certificate.**

(a) Any Party may, at any time, and from time to time, deliver written notice to any other Party, and/or to the Developer's lender, requesting such Party to certify in writing that, to the knowledge of the certifying Party:

(1) This Agreement has not been amended or modified either orally or in writing or if so amended, identifying the amendments.

(2) The Agreement is in effect and the requesting Party is not known to be in default of the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults.

(b) This written certification shall be known as an "**Estoppel Certificate.**" A Party receiving a request hereunder shall execute and return such Estoppel Certificate within ten (10) days following the receipt of the request, unless the Party, in order to determine the appropriateness of the Estoppel Certificate, promptly commences and proceeds to conclude an Annual Review. The Parties acknowledge that an Estoppel Certificate may be relied upon by Assignees and other persons having an interest in the Project, including holders of mortgages and deeds of trust. The City Manager shall be authorized to execute an Estoppel Certificate for City.

(c) If a Party fails to deliver an Estoppel Certificate within the ten (10) day period, as provided for in Section 4.04(b) above, the Party requesting the Estoppel Certificate may deliver a second notice (the "**Second Notice**") to the other Party stating that the failure to deliver the Estoppel Certificate within ten (10) working days following the receipt of the Second Notice shall constitute conclusive evidence that this Agreement is without modification and there are no unexcused defaults in the performance of the requesting Party. Failure to deliver the requested Estoppel Certificate within the ten (10) working day period shall then constitute conclusive evidence that this Agreement is in full force and effect without modification and there are no unexcused defaults in the performance of the requesting Party.

#### **4.05 Assignment.**

Developer may assign its rights and obligations under this Agreement to third-parties who apply to purchase, construct or lease a portion of the Project with no additional fees or costs to Developer or Assignee so long as the uses are allowed and/or proposal remains consistent with the uses currently allowed for the subject property or as otherwise allowed in the future.

#### **4.06 Termination.**

This Agreement shall terminate upon the expiration of the Term, as set forth in Section 1.02, or at such other time as this Agreement is terminated in accordance with the terms hereof, or as extended by the agreement of the Parties, whichever occurs last .

## ARTICLE 5

### GENERAL PROVISIONS

#### 5.01 Miscellaneous.

(a) Preamble, Recitals, Exhibits. References herein to "this Agreement" shall include the Preamble, Recitals and all of the exhibits of this Agreement.

(b) Requirements of Development Agreement Statute. The permitted uses, density and/or intensity of use, maximum height and size of buildings and other structures, provisions for reservation or dedication of land, and other terms and conditions applicable to the Project shall be those set forth in the Applicable Law. As Subsequent Approvals are adopted and therefore become part of the Applicable Law, the Subsequent Approvals will refine the permitted uses, density and/or intensity of use, maximum height and size of buildings and other structures, provisions for reservation or dedication of land, and other terms and conditions applicable to the Project.

(c) Governing Law and Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of California and legal actions commenced under or pursuant to this Agreement shall be brought in Santa Clara Superior Court. Should any legal action be brought by a Party for breach of this Agreement or to enforce any provision herein, the prevailing party of such action shall be entitled to reasonable attorneys' fees, arbitration fees and costs, court costs, and such other costs as may be fixed by the court or by an Arbitrator.

(d) Project as a Private Undertaking. No partnership, joint venture, or other association of any kind between Developer, on the one hand, and City on the other hand, is formed by this Agreement. The development of the Property is a separately undertaken private development. The only relationship between City and Developer is that of a governmental entity regulating the development of private Property and the owners of such private Property.

(e) Indemnification. Except as otherwise set forth herein, Developer shall hold City, its elective and appointive boards, commissions, officers, agents, and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Developer's contractors, subcontractors', agents' or employees' operations on the Project, whether such operations be by Developer or by any Developer's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Developer or any of Developer's contractors or subcontractors. Except as otherwise set forth herein, Developer shall indemnify and defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of any of the aforesaid operations and Developer shall pay all reasonable attorney's fees and costs that the City may incur. City does not, and shall not, waive any rights against Developer which it may have by reason of the aforesaid hold-harmless requirement of Developer because of the acceptance of improvements by City, or the deposit of security with City by Developer. The aforesaid hold-harmless requirement of Developer shall apply to all damages and claims for damages of every kind suffered, or alleged to have been suffered, by reason of any of the aforesaid operations



referred to in this subsection, regardless of whether or not City has prepared, supplied or approved of, plans and/or specifications for the Project. Notwithstanding anything herein to the contrary, Developer's indemnification of City shall not apply to the extent that such action, proceedings, demands, claims, damages, injuries or liability is based upon the active negligence of the City.

(f) Interpretation/Construction. This Agreement has been reviewed and revised by legal counsel for both Developer and City, and any rule or presumption that ambiguities shall be construed against the drafting Party shall not apply to the interpretation or enforcement of this Agreement. The standard of review of the validity and meaning of this Agreement shall be that accorded legislative acts of City. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and neuter and vice versa.

(g) Notices.

(1) All notices, demands, or other communications that this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the respective Party as follows:

If to City:

City Clerk  
17575 Peak Avenue  
Morgan Hill, CA 95037  
Tel: (408) 779-7259  
Fax: (408) 779-3117

With a Copy To:

City Attorney  
17575 Peak Avenue  
Morgan Hill, CA 95037  
Tel: (408) 779-7271  
Fax: (408) 779-1592

If to Developer:

Morgan Hill Retail Venture, L.P.  
c/o Browman Development Company  
1556 Parkside Drive  
Walnut Creek, CA 94596  
Attention: Darryl Browman

With a Copy To:

Morgan Hill Retail Venture, L.P.  
c/o Browman Development Company  
1556 Parkside Drive  
Walnut Creek, CA 94596  
Attention: Mario Albert

(2) Any Party may change the address stated herein by giving notice in writing to the other Parties, and thereafter notices shall be addressed and transmitted to the new address. Any notice given to the Developer as required by this Agreement shall also be given to

any lender which requests that such notice be provided. Any lender requesting receipt of such notice shall furnish in writing its address to the Parties to this Agreement.

(h) Severability. If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a specific situation, is found to be invalid, void, or unenforceable, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect.

(i) Jurisdiction. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed under the laws of the State of California.

(j) Entire Agreement. This Agreement, including these pages and all the exhibits (set forth below) inclusive, and all documents incorporated by reference herein, constitute the entire understanding and agreement of the Parties.

(k) Signatures. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of Developer and City. This Agreement may be executed in multiple originals, each of which is deemed to be an original.

(l) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument, and may be executed and delivered by each Party to the other Party by electronic means.

(m) Exhibits. The following exhibits are attached to this Agreement and are hereby incorporated herein by this reference for all purposes as if set forth herein in full:

***Exhibit A      Legal Description of Lot on Which Project is to be Located.***

***Exhibit B      2016/2017 Impact Fee Schedule***

IN WITNESS WHEREOF, City and Developer have executed this Agreement as of the date first hereinabove written.

**CITY OF MORGAN HILL:**

s/ \_\_\_\_\_  
Christina J. Turner  
City Manager

Date: \_\_\_\_\_

**Attest:**

s/ \_\_\_\_\_

\_\_\_\_\_  
Deputy City Clerk**Approved as to Form:**

s/ \_\_\_\_\_

\_\_\_\_\_  
Donald A. Larkin

City Attorney

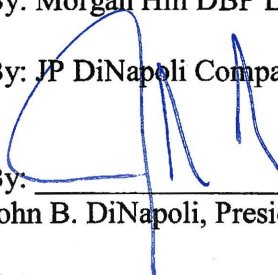
Date: \_\_\_\_\_

**DEVELOPER:**

Morgan Hill Retail Venture, L.P., a California Limited partnership

By: Morgan Hill DBP L.P., a California Limited partnership, its general partners

By: JP DiNapoli Companies, Inc., a California corporation, its general partners

By:  \_\_\_\_\_

John B. DiNapoli, President

Date: \_\_\_\_\_

By: Browman Development Company, Inc., a California corporation, its general partner

By: \_\_\_\_\_

Darryl M. Browman, President

Date: \_\_\_\_\_

**DEVELOPER:**

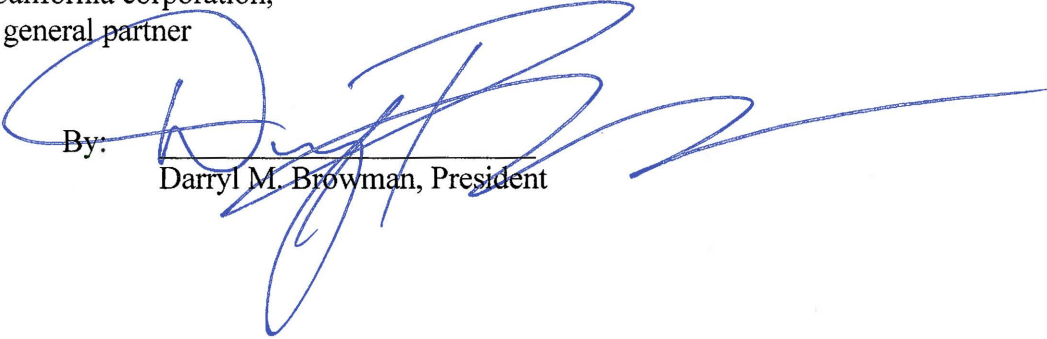
**MORGAN HILL RETAIL VENTURE, LP,**  
a California limited partnership

By: Morgan Hill DBP L.P.,  
a California limited partnership,  
its general partner

By: JP DiNapoli Companies, Inc.,  
a California corporation,  
its general partner

By: \_\_\_\_\_  
John B. DiNapoli, President

By: Browman Development Company, Inc.,  
a California corporation,  
its general partner

By:   
Darryl M. Browman, President



***EXHIBIT A***  
**LEGAL DESCRIPTION OF THE PROPERTY ON WHICH**  
**PROJECT IS BE LOCATED**

Real properties in the City of Morgan Hill, County of Santa Clara, State of California, and is described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED MORGAN HILL IN THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCELS 1-11 AS SHOWN UPON THAT CERTAIN MAP ENTITLED "PARCEL MAP" WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON JULY 15, 2009 IN BOOK 832 OF MAPS AT PAGES 52-54.

PARCELS 16-37, PARCEL A, AND PARCEL B AS SHOWN UPON THAT CERTAIN MAP ENTITLED "PARCEL MAP", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON AUGUST 30, 2006 IN BOOK 805 OF MAPS AT PAGES 21-28.

APNs: 728-37-008, 728-37-038, 728-37-058, 728-37-024, 728-37-026, 728-37-036, 728-37-040, 728-37-041, 728-37-042, 728-37-043 728-37-044 728-37-045, 728-37-046, 728-37-047, 728-37-048, 728-37-049, 728-37-050, 728-37-051, 728-37-052, 728-37-056, 728-37-067, 728-37-068, 728-37-069, 728-37-074, 728-37-075, 728-37-076, 728-37-079, 728-37-080, 728-37-081, 728-37-082, 728-37-083, 728-37-084, 728-37-085

***EXHIBIT B***  
**2016-2017 Impact Fee Schedule**

EXHIBIT B

-17-



## CITY OF MORGAN HILL PUBLIC WORKS DEPARTMENT

17575 Peak Avenue Morgan Hill CA 95037 - Office (408)778-6480 Fax (408)779-7236

### FEE SCHEDULE: 07.01.2016

DATE \_\_\_\_\_

TRACT / APN \_\_\_\_\_

ADDRESS / LOT \_\_\_\_\_

PROJECT DESCRIPTION \_\_\_\_\_

PER RESOLUTION 5902,  
EFFECTIVE JULY 1, 2006  
AND PER RESOLUTION 5592,  
INCREASED JANUARY 15, 2009  
AND PER RESOLUTION 6082,  
EFFECTIVE FEBRUARY 5, 2007  
\*\*SEE BACK PAGE FOR ADDITIONAL FEE  
RESOLUTIONS

FEE SCHEDULE EXPIRATION DATE \_\_\_\_\_

NAME \_\_\_\_\_

MAILING ADDRESS \_\_\_\_\_

CITY, STATE, ZIP CODE \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

#### NOTES:

1. PRESSURE REGULATORS ARE REQUIRED ON ALL WATER SERVICES.
2. BACKFLOW PREVENTORS ARE REQUIRED ON ALL NON-RESIDENTIAL WATER SERVICES & FIRE SPRINKLER SERVICES. BACKFLOW INSPECTION FEE SHALL BE PAID PRIOR TO INSPECTION.
3. MULTI-FAMILY IS DEFINED AS ANY UNIT WITH TWO BEDROOMS OR LESS. SINGLE FAMILY IS DEFINED AS ANY UNIT WITH 3 BEDROOMS OR MORE.

☐ THIS FEE SCHEDULE IS ESTIMATE ONLY

CALCULATED BY \_\_\_\_\_

CHECKED BY \_\_\_\_\_

BUILDING PERMIT # \_\_\_\_\_

DATE BLD PERMIT ISSUED \_\_\_\_\_

#### SEWER IMPACT FEES WITHIN RDA BOUNDARY

##### CHECK APPLICABLE SCENARIO BELOW

##### ☐ COMMERCIAL OR INDUSTRIAL WITHIN RDA BOUNDARY

SEWER IMPACT FOR COMMERCIAL & INDUSTRIAL PROJECTS  
TEMPORARILY ADJUSTED TO \$0 EFFECTIVE 02/05/07 PER RES# 6082.

##### ☐ RESIDENTIAL PROJECTS WITHIN RDCS DOWNTOWN AREA

SEWER IMPACT FOR SINGLE-FAMILY AND MULTI-FAMILY RESIDENTIAL  
TEMPORARILY ADJUSTED TO \$0 EFFECTIVE 02/05/07.

##### ☐ NOT IN RDA AREA BOUNDARY

\*\* BOTH NORMAL FEES AND ADJUSTED FEES ARE SUBJECT  
TO ANNUAL CPI INCREASES.

☐ COMMERCIAL OR INDUSTRIAL SHELL

**RDA SEWER ALLOCATION  
COMPLETED BY:**  
(write Initials below)

version 07.01.16 std



**WATER FEES:****1. METER DEPOSIT: 650-37672**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|                                           |         |   |  |   |
|-------------------------------------------|---------|---|--|---|
| 1"                                        | \$468   | x |  | = |
| 1 1/2"                                    | \$1,434 | x |  | = |
| 2"                                        | \$1,619 | x |  | = |
| 3" or larger-Time & Material + Meter Cost |         | x |  | = |

**METER CREDITS**

\$ x =

**SUBTOTAL =****2. BACKFLOW CONST. INSPECTION: 650-37859**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

\$ x Each =

**3. WATER FRONTAGE CHARGE: 650-37663**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|         |      |   |  |    |   |
|---------|------|---|--|----|---|
| 1 Side  | \$66 | x |  | LF | = |
| 2 Sides | \$37 | x |  | LF | = |

**4. WATER IMPACT FEE: 651-37648**

(Auth: Res. #5592 approved 08.21.02, Increased 01.15.16)

|                 |   |  |    |   |  |
|-----------------|---|--|----|---|--|
| a) Residential  |   |  |    |   |  |
| \$3,624 /DU     | x |  | DU | = |  |
| (Single Family) |   |  |    |   |  |
| \$3,269 /DU     | x |  | DU | = |  |
| (Multi Family)  |   |  |    |   |  |

|                              |   |  |    |   |  |
|------------------------------|---|--|----|---|--|
| b) Commercial & Industrial   |   |  |    |   |  |
| (Includes Landscape Service) |   |  |    |   |  |
| \$10,288 /AC                 | x |  | AC | = |  |

**WATER CREDITS**

\$ x =

**SUBTOTAL =****WATER FEE TOTALS =****5. ENGINEERING & INSPECTION FEE: 206-38734**

(Minimum \$500.00):

(Authority: Res. #5902 approved 05.04.05, Updated 07.01.09)

|                                  |           |    |           |   |  |
|----------------------------------|-----------|----|-----------|---|--|
| ENGINEERING ESTIMATE:            |           |    |           |   |  |
| DATE ENGINEERING EST. SUBMITTED: |           |    |           |   |  |
| % APPLIES TO ENGINEER'S ESTIMATE |           |    |           |   |  |
| 13.3%                            | \$1       | to | \$100,000 | = |  |
| 11.8%                            | \$100,001 | to | \$200,000 | = |  |
| 10.3%                            | \$200,001 | to | \$500,000 | = |  |
| 8.8%                             | OVER      |    | \$500,000 | = |  |
| ENGINEERING FEE                  |           |    |           | = |  |
| DEPOSIT PAID                     |           |    |           | = |  |

**ENGINEERING FEE TOTAL =****5A. LONG RANGE PLANNING FEE: 207-37912**

LONG RANGE PLANNING FEE (15% of E&amp;I) =

**SEWER FEES:****6. SEWER FRONTAGE CHARGE: 640-37663**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|         |      |     |   |  |    |   |
|---------|------|-----|---|--|----|---|
| 1 Side  | \$66 | /LF | x |  | LF | = |
| 2 Sides | \$37 | /LF | x |  | LF | = |

**7. SEWER IMPACT FEE: 641-37648**

(Auth: Res. #6082 approved 02.05.07 &amp; Res. #5592 approved 08.21.02, Increased 01.15.16)

|                            |   |  |     |   |  |
|----------------------------|---|--|-----|---|--|
| a) Residential             |   |  |     |   |  |
| \$14,183 /DU               | x |  | DU  | = |  |
| (Single Family)            |   |  |     |   |  |
| \$12,004 /DU               | x |  | DU  | = |  |
| (Multi Family)             |   |  |     |   |  |
| b) Commercial & Industrial |   |  |     |   |  |
| \$48.56 /GPD               | x |  | GPD | = |  |
| \$48.56 /GPD               | x |  | GPD | = |  |

**SEWER CREDITS**

\$ x =

**RDA ASSUMED SEWER OBLIGATION**

|                           |   |  |     |   |  |
|---------------------------|---|--|-----|---|--|
| \$14,183 /DU              | x |  | DU  | = |  |
| (Single Family)           |   |  |     |   |  |
| \$12,004 /DU              | x |  | DU  | = |  |
| (Multi Family)            |   |  |     |   |  |
| \$48.56 /GPD              | x |  | GPD | = |  |
| (Commercial & Industrial) |   |  |     |   |  |

**SUBTOTAL =****SEWER FEE TOTALS =****STORM DRAIN FEES:****8. STORM DRAIN FRONTAGE CHARGE: 304-37663**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|         |       |     |   |  |    |   |
|---------|-------|-----|---|--|----|---|
| 1 Side  | \$108 | /LF | x |  | LF | = |
| 2 Sides | \$53  | /LF | x |  | LF | = |

**9. STORM DRAIN IMPACT FEE: 303-37648**

(Auth: Res. #5592 approved 8.21.02, Amdd by Res. 6326 4 28.10, Increased 01.15.16)

|                       |   |  |    |   |  |
|-----------------------|---|--|----|---|--|
| \$3,847 /DU           | x |  | DU | = |  |
| (Single Family)       |   |  |    |   |  |
| \$2,001 /DU           | x |  | DU | = |  |
| (Multi Family)        |   |  |    |   |  |
| \$41,897 /ACRE        | x |  | AC | = |  |
| (Commercial & Office) |   |  |    |   |  |
| \$30,505 /ACRE        | x |  | AC | = |  |
| (Industrial)          |   |  |    |   |  |

**STORM CREDITS**

\$ x =

**SUBTOTAL =****STORM DRAIN FEE TOTALS =**



**10. UNDERGROUNDING UTILITIES: 350-37649**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|         |       |   |    |   |  |
|---------|-------|---|----|---|--|
| 1 Side  | \$681 | x | LF | = |  |
| 2 Sides | \$343 | x | LF | = |  |

**11a. PARK IMPACT FEE: 301-37648**

(Auth: Res. #5592 appr'd 8.21.02, Amdd by Res. 6326 4.28.10, Increased 01.15.16)

|                          |   |    |   |  |
|--------------------------|---|----|---|--|
| \$5,378 /DU              | x | DU | = |  |
| (Single Family - Sub)    |   |    |   |  |
| \$3,910 /DU              | x | DU | = |  |
| (Single Family - No Sub) |   |    |   |  |
| \$5,181 /DU              | x | DU | = |  |
| (Multi Family - Sub)     |   |    |   |  |
| \$3,771 /DU              | x | DU | = |  |
| (Multi Family - No Sub)  |   |    |   |  |

**11b. PARK MAINTENANCE DEV. FEE: 302-37649**

|    |   |      |   |  |
|----|---|------|---|--|
| \$ | x | EACH | = |  |
|----|---|------|---|--|

**PARK CREDITS**

|  |   |  |   |  |
|--|---|--|---|--|
|  | x |  | = |  |
|--|---|--|---|--|

**PARK FEE TOTAL =****12. TRAFFIC IMPACT FEE: 309-37648**

(Auth: Res. #15-152 approved 06.17.15 &amp; Res. #5592 approved 08.21.02, Increased 01.15.16)

|                 |   |     |   |  |
|-----------------|---|-----|---|--|
| \$1,863 /DU     | x | DU  | = |  |
| (Single Family) |   |     |   |  |
| \$1,155 /DU     | x | DU  | = |  |
| (Multi Family)  |   |     |   |  |
| \$1,863 /PHT    | x | PHT | = |  |
| (Commercial)    |   |     |   |  |
| \$1,863 /PHT    | x | PHT | = |  |
| (Industrial)    |   |     |   |  |

**TRAFFIC CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**TRAFFIC FEE TOTAL =****13. LIBRARY IMPACT FEE: 348-37648**

(Auth: Res. #5837 appr'd 09.01.04, Amdd by Res. 6326 4.28.10, Increased 01.15.16)

|                 |   |    |   |  |
|-----------------|---|----|---|--|
| \$1,974 /DU     | x | DU | = |  |
| (Single Family) |   |    |   |  |
| \$1,902 /DU     | x | DU | = |  |
| (Multi Family)  |   |    |   |  |

**LIBRARY CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**LIBRARY FEE TOTAL =****14. BURROWING OWL MITIGATION: 232-38145**

(Authority: Res. #5765 approved 01.21.04, Increased 07.01.16)

|                         |  |    |   |  |
|-------------------------|--|----|---|--|
| \$200 /DU               |  | DU | = |  |
| (Residential)           |  |    |   |  |
| \$1,395 /AC             |  | AC | = |  |
| (Commercial/Industrial) |  |    |   |  |

**15a. MAP CHECK FEE: 206-38716**

(Authority: Res. #5658 approved 03.19.03, Updated 07.01.16)

|             |         |   |  |
|-------------|---------|---|--|
| PARCEL MAP: | \$3,805 | = |  |
| TRACT MAP:  | \$5,667 | = |  |

**16. POLICE IMPACT FEE: 311-37648**

(Auth: Res. #5586 appr'd 06.18.03, Amdd by Res. 6326 4.28.10, Increased 01.15.16)

|                 |   |    |   |  |
|-----------------|---|----|---|--|
| \$767 /DU       | x | DU | = |  |
| (Single Family) |   |    |   |  |
| \$741 /DU       | x | DU | = |  |
| (Multi Family)  |   |    |   |  |
| \$1,666 /ACRE   | x | AC | = |  |
| (Commercial)    |   |    |   |  |
| \$2,333 /ACRE   | x | AC | = |  |
| (Industrial)    |   |    |   |  |

**POLICE CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**POLICE FEE TOTAL =****17. FIRE IMPACT FEE: 313-37648**

(Auth: Res. #6671 approved 07.17.13, Increased 01.15.16)

|                 |   |    |   |  |
|-----------------|---|----|---|--|
| \$118 /DU       | x | DU | = |  |
| (Single Family) |   |    |   |  |
| \$112 /DU       | x | DU | = |  |
| (Multi Family)  |   |    |   |  |
| \$1,550 /ACRE   | x | AC | = |  |
| (Commercial)    |   |    |   |  |
| \$1,550 /ACRE   | x | AC | = |  |
| (Industrial)    |   |    |   |  |

**FIRE CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**FIRE FEE TOTAL =****18. PUBLIC FACILITIES IMPACT FEE: 347-37648**

(Auth: Res. #5592 appr'd 8.21.02, Amdd by Res. 6326 4.28.10, Increased 01.15.16)

|                 |   |    |   |  |
|-----------------|---|----|---|--|
| \$512 /DU       | x | DU | = |  |
| (Single Family) |   |    |   |  |
| \$493 /DU       | x | DU | = |  |
| (Multi Family)  |   |    |   |  |
| \$1,128 /ACRE   | x | AC | = |  |
| (Commercial)    |   |    |   |  |
| \$1,579 /ACRE   | x | AC | = |  |
| (Industrial)    |   |    |   |  |

**PUBLIC FACILITIES CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**PUBLIC FACILITIES FEE TOTAL =****20. COMMUNITY/REC CTRS IMPACT FEE: 360-37648**

(Auth: Res. #15-152 appr'd 8.17.15, increased 01.15.16)

|                 |   |    |   |  |
|-----------------|---|----|---|--|
| \$3,663 /DU     | x | DU | = |  |
| (Single Family) |   |    |   |  |
| \$3,213 /DU     | x | DU | = |  |
| (Multi Family)  |   |    |   |  |

**PUBLIC FACILITIES CREDITS**

|    |   |  |   |  |
|----|---|--|---|--|
| \$ | x |  | = |  |
|----|---|--|---|--|

**PUBLIC FACILITIES FEE TOTAL =**







## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Yat Cho, Senior Project Manager  
APPROVED BY: City Manager

## **AWARD CENTENNIAL RECREATION CENTER EXPANSION PROJECT TO CRW INDUSTRIES, INC.**

### **RECOMMENDATION(S)**

1. Adopt resolution amending the Fiscal Year 2019-20 Budget to appropriate an additional \$805,000 from the Community Center Impact Fund (360), for the Centennial Recreation Expansion Project (CIP#138016);
2. Approve the Centennial Recreation Expansion Project plans and specifications;
3. Award contract to CRW Industries, Inc. for the Centennial Recreation Center Expansion Project in the amount of \$2,443,138;
4. Authorize the expenditures of construction contingency funds not to exceed \$244,314; and
5. Authorize the City Manager to execute and administer the construction contract with CRW Industries, Inc. pending review and approval by the City Attorney.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Maintaining Fiscal Responsibility  
Supporting Our Youth  
Seniors  
and Entire Community

#### **2019 Strategic Priorities**

Infrastructure

### **GUIDING DOCUMENTS**

Bikeways  
Trails  
Parks and Recreation Masterplan

### **REPORT NARRATIVE:**

#### **Background**

The Centennial Recreation Center (CRC) (Attachment 1) opened in October 2006 and is currently operated by the City of Morgan Hill in partnership with the YMCA of Silicon Valley. The initial constructed facility was anticipated to accommodate 2,250 membership units (8,000 Members). By 2009, the facility had nearly 3,200 membership units (over 10,000 members). As the popularity of the CRC increased, it necessitated the first expansion in 2010. This resulted in the addition of over 2,000 square feet of useable fitness space and a variety of additional fitness equipment.

Since the completion of the first CRC expansion, facility membership has continued to rise, with the current facility membership base now at 5,000 membership units (over

16,000 members). While creative use of programming and space have been used, another facility expansion is necessary to accommodate future programming needs and membership growth.

From June through August of 2017, staff conducted a needs assessment to determine the expansion areas of health, wellness, and recreation. Staff collected feedback on the proposed expansion from facility users and staff through customer comment cards, annual SEER Customer Satisfactory Survey, Online Survey for Member Use and Expansion, and Focus Groups. The feedback included suggestions of additional group exercise space, added parking, and larger fitness center space being the highest priorities.

With the above information, staff issued a Request for Proposal (RFP) to firms for design services to expand the CRC. On October 27, 2017, the City received proposals from Noll & Tam Architects and Weston Miles Architects (WMA). Upon reviewing the two proposals, Weston Miles Architects showed a clearer understanding of the CRC expansion project.

On December 6, 2017, the City Council awarded the design agreement for the CRC expansion to Weston Miles Architects. Upon execution of the agreement, Weston Miles Architects began work to further understand the City and user needs for this phase of the expansion. Their design included additional parking spaces as well as a 4,000 square foot expansion specifically for additional group exercise. The conceptual plan for the CRC expansion was reviewed by the Park and Recreation Commission on April 17, 2018 and was approved by the City Council on May 2, 2018.

As WMA proceeded with the construction documents for the CRC expansion, staff and WMA struggled with escalating construction costs. At 75% design completion, both staff and WMA realized the original budget of \$1.8 million was no longer feasible in constructing the originally planned 4,000 square foot expansion and parking lot. Staff and WMA worked together to update the design with a smaller footprint and minimalistic yet functional finishes. This resulted in a project that would support the minimum needs for the expansion. On October 17, 2018, City Council approved the updated conceptual design, which provided a 3,640 square feet expansion.

### **Bids Received**

The plans and specifications were completed in May 2019 and the project was advertised for bidding in June 2019. The scope of work for this project includes a 3,640 square feet expansion, which includes a fitness space, storage area, and a new parking area with 25 additional spaces. The bid opening was held on August 13, 2019 and two bids were received:

|                                   |             |
|-----------------------------------|-------------|
| CRW Industries, Inc.              | \$2,443,138 |
| Agbayani Construction Corporation | \$2,495,000 |

CRW Industries, Inc. is the apparent low bidder for this project and their bid is approximately 5% less than the engineer's estimate of \$2,550,000. CRW Industries, Inc.

has many years of building construction experience and staff recommends the award of the contract in the amount of \$2,443,138. This project includes a 10% contingency (\$244,314) for this project. The project is currently scheduled to begin in October 2019 and be completed by July 2020, assuming no project delays.

The project plans and specifications may be found on the City's webpage in the [Community Projects link](#).

### **Project Budget**

On October 17, 2018, staff provided an update to the conceptual design for the Centennial Recreation Center Expansion Project. The updated conceptual design included a value engineering of the project design and expressed to City Council that even after the value engineering, the current project construction budget was underfunded. City Council approved the updated conceptual design with the understanding that a budget adjustment would most likely be necessary once bids were received for the project. To fully fund the project, an additional appropriation of \$805,000 from the Recreation Center Impact Fund (Fund 360) will be necessary (Attachment 2).

### **Fund Implications**

Currently, there are sufficient unappropriated funds in Fund 360 to support the recommended action to increase funding for this project. However, this appropriation will delay future projects, by 9 months to one year, that are planned to be funded by the Recreation Center Impact Fund. This includes the Villa Mira Monte Expansion Project and future sports facilities. However, staff is recommending moving forward at this time as the CRC project was identified as the highest priority in Bikeways, Trails, Parks and Recreation Master Plan, will be heavily used, and will support cost recovery in the Recreation Division. Additionally, staff does not believe that rebidding the project would yield a lower bidding result at this time.

### **COMMUNITY ENGAGEMENT: Consult**

During the pre-design phase of the project, staff conducted a needs assessment to determine the expansion areas of health, wellness, and recreation. Staff collected feedback on the proposed expansion from facility users and staff using four data points: review of customer comment cards, results of the annual customer satisfaction survey conducted by SEER Analytics, a separate online survey for member use and expansion, and staff and member focus group.

WMA, City Staff, and YMCA staff met regularly for a design review prior to completion of design. Additionally, prior to and during construction, staff is committed to provide weekly updates through City social media accounts and on the City's website.

### **ALTERNATIVE ACTIONS:**

The City Council may reject all bids for the Centennial Recreation Center Expansion Project and provide alternate direction to staff on the project and use of the Recreation Center Impact Fund.

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

December 6, 2017 – Approved an agreement with Weston Miles Architects, Inc. for design and construction support services for the Centennial Recreation Center Expansion Project.

April 17, 2018 – The Parks and Recreation Commission reviewed the conceptual plan for the Centennial Recreation Center Expansion Project and recommended approval by the City Council.

May 2, 2018 – City Council approved the conceptual design for Centennial Recreation Center Expansion Project.

October 17, 2018 – City Council approved an updated conceptual design for the Centennial Recreation Center Expansion Project.

### **FISCAL AND RESOURCE IMPACT:**

| <b>Description</b>                                          | <b>Amount</b>    |
|-------------------------------------------------------------|------------------|
| CRW Industries, Inc., including 10% Contingency             | \$ 2,687,452     |
| Project Implementation and Other Construction Related Costs | 187,548          |
| <b>Total Project Cost</b>                                   | <b>2,875,000</b> |
| Existing Adopted Project Budget                             | (2,070,000)      |
| <b>Additional Budget Recommended</b>                        | <b>805,000</b>   |

If approved as recommended, the total contract amount for construction is \$2,443,138. In addition, staff is requesting an authorization of a 10% contingency of \$244,314. Additional project expenses, including project implementation, equipment, permit fees, design, environmental, and other construction related costs outside of the contract, are anticipated to be \$187,548. The overall total project cost is \$2,875,000.

The adopted FY2019-20 Capital Improvement Program (CIP#138016) for Centennial Recreation Center Expansion Project has a total of \$2,070,000 appropriated. With existing adopted appropriations, and the additional appropriation of \$805,000, this project will be fully funded.

### **CEQA (California Environmental Quality Act):**

Categorical Exemption.

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15301 of CEQA Guidelines (Existing Facilities, Section E2), as this project will be an addition to existing structures provided that the addition will not result in an increase of more than 10,000 square feet if:

- (A) The project is in an area where all public services and facilities are available to allow for maximum development permissible in the General Plan and
- (B) The area in which the project is located is not environmentally sensitive.

**LINKS/ATTACHMENTS:**

1. Vicinity Map CRC Expansion 9-18-19
2. Resolution Budget Amendment CRC Expansion Project 9-18-19





Attachment: Vicinity Map CRC Expansion 9-18-19 (2433 : Award of Centennial Recreation Center Expansion Project)



CITY OF MORGAN HILL

**Engineering and Utilities Department  
CIP Engineering Division**

Document Path: G:\R-14\PROJ\GIS\StaffReport\_SiteMaps\SiteMap\_CentennialRec\_Center\_Expansion.mxd

## SITE MAP CENTENNIAL RECREATION EXPANSION PROJECT



0 50 100 200 300 400  
Feet



## RESOLUTION NO.

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE FISCAL YEAR 2019-20 BUDGET AND APPROPRIATING \$805,000 FROM THE COMMUNITY RECREATION CENTER IMPACT FUND (360) TO PROJECT #138016 – CENTENNIAL RECREATION CENTER EXPANSION PROJECT

**WHEREAS**, recommended amendments are needed and proposed to the City’s previously adopted Budget for Fiscal Year 2019-20, 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 2019-20 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 2019-20 Budget of City.

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

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Morgan Hill at a regular meeting held on the 18<sup>th</sup> day of September 2019.

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

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
 RICH CONSTANTINE, Mayor

\_\_\_\_\_  
 IRMA TORREZ, City Clerk

∞ 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. 19-XXX, adopted by the City Council at a regular meeting held on September 18, 2019.

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

DATE: \_\_\_\_\_

\_\_\_\_\_  
 IRMA TORREZ, City Clerk

## EXHIBIT A

## AGENDA BUDGET SCORECARD

FISCAL YEAR 2019-20

ADJUSTMENT #

007

FUND:

360 Com. Rec. Centers Impact Fund

DEPARTMENT:

8065 Com/Rec Center Impact

OBJECT:

86360 CONSTRUCTION

AGENDA DATE:

09/18/19

AGENDA ITEM TITLE:

Award CRC Expansion Project (Project #138016)

|                                                     | 07/01/19<br>PROJECTED<br>BEGINNING<br>FUND<br>BALANCE | ESTIMATED<br>REVENUES | AMENDED<br>APPROPRI-<br>ATIONS | 06/30/20<br>PROJECTED<br>ENDING<br>FUND<br>BALANCE |
|-----------------------------------------------------|-------------------------------------------------------|-----------------------|--------------------------------|----------------------------------------------------|
| ORIGINAL BUDGET                                     | 2,121,250                                             | 1,359,693             | 458,875                        | 3,022,068                                          |
| CUMULATIVE REVISIONS PRIOR<br>TO RECOMMENDED ACTION | -                                                     | -                     | -                              | -                                                  |
| RECOMMENDED ACTION                                  |                                                       | -                     | 805,000                        | (805,000)                                          |
| RESULT OF RECOMMENDED ACTION                        | <u>2,121,250</u>                                      | <u>1,359,693</u>      | <u>1,263,875</u>               | <u>2,217,068</u>                                   |



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Angie Gonzalez, Council Services Assistant  
APPROVED BY: City Manager

#### **ADOPT ORDINANCE APPROVING A DEVELOPMENT AGREEMENT DA2018-0001: OLD MONTEREY- KELLY VO FOR A 6-LOT SINGLE- FAMILY RESIDENTIAL SUBDIVISION PROJECT PROPOSED ON A 1.13-ACRE PARCEL LOCATED ON THE SOUTHWEST CORNER OF OLD MONTEREY ROAD AND MUSTARD AVE LOCATED AT 18755 OLD MONTEREY ROAD (APN 764-24-061)**

#### **RECOMMENDATION(S)**

Waive the reading, adopt Ordinance No. 2303, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

#### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

##### **Ongoing Priorities**

Protecting the Environment  
Maintaining Fiscal Responsibility

##### **2019 Strategic Priorities**

Community Engagement and Messaging  
Infrastructure  
Traffic/Transportation

#### **GUIDING DOCUMENTS**

General Plan/Housing Element

#### **REPORT NARRATIVE:**

On September 4, 2019, the City Council introduced Ordinance No. 2303 New Series, by the following roll call vote: AYES: Carr, McKay, Martinez Beltran, Constantine; NOES: None; ABSTAIN: None; ABSENT: Spring.

Ordinance 2303 would approve a Development Agreement DA2018-0001: Old Monterey-Kelly Vo that will incorporate the awarded RDCS allotments and memorialize the RDCS public benefit commitments for five 2018/2019 building allotments. The project will develop a 6-lot single family residential subdivision on a 1.13-acre parcel. There is an existing house that will remain, as well as constructing five new detached single-family residences and two attached accessory dwelling units (ADUs) as a part of the project.

#### **COMMUNITY ENGAGEMENT: Involve/Inform**

The proposed project was publicly noticed (mailing to property owners within 300 feet of the project and newspaper legal noticing) for the minimum 10-day period and a sign was posted on the project site pursuant to the Planning Division requirements

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The Planning Commission adopted Resolution No.17-01 on January 10, 2017, awarding the project five (5) building allotments for the project site.

On June 11, 2019, the Planning Commission unanimously (6-0 vote, Habib absent) approved the tentative subdivision map and unanimously recommended City Council approval of the project's development agreement.

**FISCAL AND RESOURCE IMPACT:**

The City development review functions are cost-recovery, with fees collected from applicants to cover cost of services. These fees have been collected.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):**

An environmental assessment was prepared for the project by David J. Powers & Associates, Inc. dated February 27, 2019 in conformance with the California Environmental Quality Act (CEQA). The assessment determined the project qualifies for a Class 32 In-Fill Development exemption because it meets the criteria set forth in CEQA Guidelines Section 15332(a) through 15332(e).

The Director of Community Development concludes that the proposed project, Old Monterey - Kelly Vo, is Categorically Exempt pursuant to Section 15332 of the CEQA Guidelines.

**LINKS/ATTACHMENTS:**

1. Ordinance 2303 Old Monterey-Kelly Vo

## **ORDINANCE NO. 2303, NEW SERIES**

**AN ORDINANCE OF THE CITY OF MORGAN HILL  
APPROVING A DEVELOPMENT AGREEMENT DA2018-0001:  
OLD MONTEREY- KELLY VO FOR A 6-LOT SINGLE-FAMILY  
RESIDENTIAL SUBDIVISION PROJECT PROPOSED ON A 1.13-  
ACRE PARCEL LOCATED ON THE SOUTHWEST CORNER OF  
OLD MONTEREY ROAD AND MUSTARD AVE LOCATED AT  
18755 OLD MONTEREY ROAD (APN 764-24-061)**

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

**SECTION 1.** The Planning Commission, pursuant to Chapter 18.78 (now Chapter 18.156) of the Morgan Hill Municipal Code, awarded 5 building allotments for application RDCS 2016-0008: OLD MONTEREY-KELLY VO for FY 2018-2019.

**SECTION 2.** The City Council of the City of Morgan Hill enacted Ordinance number 1594, establishing a procedure for processing Development Agreements in Chapter 18.116 for projects receiving allotments through the Residential Development Control System, Chapter 18.156, of Title 18 of the Morgan Hill Municipal Code.

**SECTION 3.** Sections 65864 through 65869.5 of the California Government Code authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

**SECTION 4.** References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner(s) set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

**SECTION 5.** The City Council hereby finds that the development proposal and Development Agreement approved by this Ordinance is consistent with the goals, objectives, policies, general land uses, and programs specified in the General Plan and any applicable specific plan. The project would provide 5, single-family residential units. There have been no General Plan policy conflicts identified with the proposed project.

**SECTION 6.** The City Council hereby finds that the Development Agreement is compatible with the uses authorized in the zoning district in which the real property is located because the housing development project is a permitted use within the Residential Detached Medium zoning district and is compatible with the surrounding residential and commercial uses.

**SECTION 7.** The City Council has duly considered city mitigation programs in effect at the time



of execution of the agreement and hereby finds that the project is subject to the payment of applicable impact fees and community benefit commitments as part of the RDCS process.

**SECTION 8.** The City Council hereby finds that the project will be non-detrimental to the public health, safety and general welfare of persons residing or working in the neighborhood and to property and improvements in the neighborhood because project construction would adhere to state, local and federal laws. The project is residential housing that would include the normal daily operations of other residential sites.

**SECTION 9.** The City Council of the City of Morgan Hill finds that the Development Agreement complies with the provisions of the California Environmental Quality Act and city's procedures adopted pursuant thereto. The City Council further finds that, on the basis of the whole record before it, there is no substantial evidence that the project as currently proposed will have a significant effect on the environment and therefore finds the project Categorically Exempt pursuant to Class 32, Section 15332 relating to In-Fill Development Projects of the CEQA and this finding reflects the City Council's independent judgment and analysis. The custodian of the documents or other material which constitute the record shall be the Development Services Department.

**SECTION 10.** The Development Agreement will not adversely affect the orderly development of property or the preservation of property values because the project will provide high quality architecture consistent with the City's Architectural Design Guidelines. The project will also be consistent with state and local laws.

**SECTION 11.** Testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

**SECTION 12.** Severability: If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

**SECTION 13.** Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance or a summary thereof pursuant to 96933 of the Government Code.

**THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 4<sup>th</sup> DAY OF SEPTEMBER 2019 AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 18<sup>TH</sup> DAY OF SEPTEMBER 2019 AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH THE LAW BY THE FOLLOWING VOTE:**

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

**APPROVED:**

\_\_\_\_\_  
**RICH CONSTANTINE, Mayor**

**ATTEST:**

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

**DATE:** \_\_\_\_\_

Effective: October 18, 2019

**∞ CERTIFICATE OF THE CITY CLERK ∞**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. 2303, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 18<sup>th</sup> day of September 2019.

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

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

City of Morgan Hill  
Development Services Department  
17575 Peak Avenue  
Morgan Hill, CA 95037

RECORDING FEES EXEMPT  
PURSUANT TO GOVERNMENT  
CODE SECTION 27383

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**DEVELOPMENT AGREEMENT**

**[DA2018-0001: Old Monterey-Kelly Vo]**

**BY AND BETWEEN**

**THE CITY OF MORGAN HILL**

**AND**

**APPLETREE INVESTMENT LLC**

**REGARDING**

**THE OLD MONTEREY-KELLY VO RESIDENTIAL DEVELOPMENT PROJECT**

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

RESIDENTIAL DEVELOPMENT AGREEMENT  
BY AND BETWEEN  
THE CITY OF MORGAN HILL  
AND  
APPLETREE INVESTMENT LLC  
REGARDING THE  
OLD MONTEREY-KELLY VO PROJECT

This Development Agreement ("**Agreement**") is entered into on the below-stated "**Effective Date**" by and between the City of Morgan Hill, a California municipal corporation, (hereinafter "**City**"), and Appletree Investment LLC, a California limited liability company, and its successor and assigns (hereinafter, collectively, "**Developer**"), pursuant to Section 65864 *et seq.* of the Government Code of the State of California and City's police powers. City and Developer are, from time to time, also hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**."

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other considerations, the value and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

**RECITALS**

To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Sections 65864 *et seq.* ("**Development Agreement Statute**"), which regulates development agreements with any person having a legal or equitable interest in real property providing for the development of that property and establishes certain development rights in the property. In accordance with the Development Agreement Statute, and by virtue of its police powers, City has the authority to enter into development agreements, and has reflected that authority in its Morgan Hill Municipal Code (Chapter 18.116 *et seq.*) ("**Enabling Ordinance**"). This Agreement has been drafted and processed pursuant to the Development Agreement Statute and the Enabling Ordinance.

Developer currently has a legal and/or equitable interest in the Property.

Developer proposes to plan, develop, construct, operate and maintain the Project on the Property (as such terms are defined herein).

As of the Effective Date, various land use regulations, allotments, entitlements, grants, permits and other approvals have been adopted, issued, and/or granted by City relating to the Project (collectively "**Existing Approvals**"), including without limitation, all of the following:

RDCS Application RDCS2016-0008: Five (5) FY 2018-19 building allotments;

Environmental Assessment Application EA2018-0004;

Subdivision Application SD2018-0002; and,

Administrative Extension Application AAE2019-0002 which extended the exercise of allotment deadline to December 30, 2019;

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

The Existing Approvals are more particularly described in the CEQA Categorical Exemption Memorandum for the Old Monterey-Kelly Vo project and the resolutions adopting the Existing Approvals.

For the reasons recited herein, Developer and City have determined that the Project is the type of development for which this Agreement is appropriate. This Agreement will help to eliminate uncertainty in planning, provide for the orderly development of the Project consistent with the planning goals, policies, and other provisions of the City's General Plan and City's Municipal Code, and otherwise achieve the goals and purposes for which the Development Agreement Statute was enacted.

On January 10, 2017, the Morgan Hill Planning Commission awarded allotments for the Project as set forth in the Developer's application for residential allotments pursuant to Chapter 18.156 ("**Residential Development Control System**", or "**RDCS**") of the Morgan Hill Municipal Code ("**Code**"). This Agreement serves to secure in a permanent and enforceable manner the public benefits and commitments included in the Developer's application as required under Section 18.156.120.J of the Code.

On June 11, 2019, following a duly noticed and conducted public hearing, the Planning Commission of the City ("**Planning Commission**") considered the Development Agreement for recommendation to the City Council, and determined that the Development Agreement is consistent with the goals, objectives, policies, general land uses and programs specified in the General Plan and any applicable specific plan; is compatible with the uses authorized in the zoning district in which the real property is located; duly considers City mitigation programs in effect at the time of execution of the agreement; will be non-detrimental to the public health, safety and general welfare of persons residing or working in the neighborhood and to property and improvements in the neighborhood; complies with the provisions of the California Environmental Quality Act and City's procedures adopted pursuant thereto; and will not adversely affect the orderly development of property or the preservation of property values.

## **ARTICLE 1**

### **ADMINISTRATION**

**1.01 Effective Date.** Following a duly noticed and conducted public hearing, the Morgan Hill City Council ("City Council") introduced an ordinance ("**Ordinance**"), accepting the recommendation of the Planning Commission, finding that this Agreement's provisions are consistent with the General Plan and any applicable specific plan, approving this Agreement, and directing this Agreement's execution by City. The City adopted the Ordinance, and the Ordinance became effective thirty (30) days later. The "Effective Date" in this Agreement shall be the date that the Ordinance became effective.

#### **1.02 Definitions.**

(a) The following terms, phrases and words shall have the meanings and be interpreted as set forth in this Section:

- (1) "**Allotments**" shall mean those residential allotments awarded Developer through the Residential Development Control System
- (2) "**Applicable Law**" shall have that meaning set forth in Section 2.01(a) of this Agreement.
- (3) "**Commitments**" shall have that meaning set forth in Section 2.04(a) of this Agreement.

- (4) **"Director"** shall mean the Director of Community Development, and his or her designee.
- (5) **"Existing Approvals"** shall have that meaning set forth in paragraph D of the Recitals of this Agreement.
- (6) **"Existing City Laws"** shall mean all City ordinances, resolutions, rules, regulations, guidelines, motions, practices and official policies governing land use, zoning and development, RDCS, permitted uses, density and intensity of use, maximum height, bulk and size of proposed buildings, and other City land use regulations in force and effect on the Effective Date of this Agreement.
- (7) **"Impact Fees"** shall mean those fees imposed so that developments bear a proportionate share of the cost of public facilities and service improvements that are reasonably related to the impacts and burdens of the Project, adopted pursuant to Morgan Hill Municipal Code Chapter 3.56 and California Government Code Section 66001 *et seq.*
- (8) **"Legal Effect"** shall mean the ordinance, resolution, permit, license or other grant of approval that has been adopted by City and has not been overturned or otherwise rendered without legal and/or equitable force and effect by a court of competent jurisdiction, and all applicable administrative appeal periods and statutes of limitations have expired.
- (9) **"New City Laws"** shall mean any and all City ordinances, resolutions, orders, rules, official policies, standards, specifications and other regulations, whether adopted or enacted by City, its staff or its electorate (through their powers of initiative, referendum, recall or otherwise) that is not a Subsequent Approval, that takes **"Legal Effect"** after the Effective Date of this Agreement, and that applies City wide.
- (10) **"Project"** means the development containing 5 units in a residential subdivision project, as more particularly described in the RDCS Application RDCS2016-0008 and Subdivision Application SD2018-0002 as described in Exhibit B. Any reference in this Agreement to the "Project" shall mean and include the "Property".
- (11) **"Project Approvals"** mean, collectively, the Project's Existing Approvals and the Subsequent Approvals.
- (12) **"Property"** shall mean that certain real property consisting of approximately 1.13 acres located within the City, as more particularly described and shown on Exhibit A to this Agreement.
- (13) **"RDCS"** means the Residential Development Control System set forth in Chapter 18.156 of the Morgan Hill Municipal Code.
- (14) **"Second Notice"** shall have that meaning set forth in Section 4.07(c) of this Agreement.
- (15) **"Subdivision Document"** means, pursuant to Government Code Section 66452.6(a) and this Agreement, any tentative map, vesting tentative map, parcel map, or final map, or any such new map or any amendment to any such map, or any resubdivision.



- (16) **"Subsequent Approvals" and "Subsequent Approval"** mean those City permits, entitlements, approvals or other grants of authority (and all text, terms and conditions of approval related thereto), that may be necessary or desirable for the development of the Project, that are sought by Developer, and that are granted by City after the City Council adopts the Ordinance, including without limitation, subdivision maps and building permits.

(b) To the extent that any defined terms contained in this Agreement are not defined above, then such terms shall have the meaning otherwise ascribed to them elsewhere in this Agreement, or if not in this Agreement, by controlling law, including the Morgan Hill Municipal Code.

### 1.03 **Term.**

The term ("**Term**") of this Agreement shall commence on the Effective Date, and then shall continue (unless this Agreement is otherwise terminated or modified as provided in this Agreement) until the earliest of (1) the loss of all residential allotments for the Project pursuant to the RDCS, if applicable, (2) the issuance of a certificate of occupancy for all units in the Project or (3) ten (10) years plus one day after the Effective Date; provided however that Developer's obligations pursuant to Sections 2.03 and 2.04 shall survive the termination of this Agreement until such obligations are fully performed and completed in accordance with this Agreement.

If any "**Third-Party Challenge**" (as that term is defined in Section 4.06(a) of this Agreement) is filed, then the Term of this Agreement shall be tolled for the period or periods of time from the date of the filing of such litigation until the conclusion of such litigation by dismissal or entry of a final judgment ("**Litigation Tolling**"). Notwithstanding the foregoing, regardless of the number of Third-Party Challenges that may be filed during the Term of this Agreement, the sum total of such Litigation Tolling shall not exceed five (5) years. The filing of any Third-Party Challenge shall not delay or stop the development, processing or construction of the Project, or the approval or issuance of any Project Approvals, unless enjoined or otherwise controlled by a court of competent jurisdiction. The Parties shall not stipulate to the issuance of any such order unless mutually agreed to.

## **APPLICABLE LAW**

### 2.01 **Applicable Law—Generally.**

As used in this Agreement, "**Applicable Law**" shall mean the rules, regulations, official policies, standards, and specifications applicable to the development of the Property listed below in this Section 2.01. The order of their importance is the order in which they are listed (with highest importance listed first, second most important listed second, etc.); in the event of a conflict between them, their order shall determine which one controls (the one listed higher controlling over the one listed lower):

All the provisions, terms and conditions of this Agreement.

Existing Approvals.

The Subsequent Approvals, provided such Subsequent Approvals are:

- (i) In compliance with all controlling California law;
- (ii) Mutually agreed to by the Parties;
- (iii) In compliance with this Agreement; and
- (iv) Duly enacted by City.

The "Existing City Laws" that are not in conflict with this Agreement and the Project Approvals.

Any "New City Laws" Developer is subject to as provided in Section 2.09 of this Agreement.

The Parties shall cooperatively assemble all of the necessary documents to memorialize, to the best of their abilities, the Project Approvals, Existing City Laws, and the terms and conditions contained in this Agreement to assist Developer to maintain the documents assembled and to provide a continuing reference source for the approvals granted and the ordinances, policies and regulations in effect on the Effective Date of this Agreement.

#### **1.02 Vested Right to Applicable Law.**

(a) During the Term of this Agreement, Developer shall have the vested right to develop the Project subject only to, and in accordance with, the Applicable Law, and during the Term of this Agreement, City shall have the right to regulate the development and use of the Project subject only to, and in accordance with, the Applicable Law.

(b) Nothing contained herein will give Developer a vested right to obtain a sewer connection for said Project in the absence of sewer capacity available to the Project.

Pursuant to this Agreement, the Applicable Law will be an expanding body of law, such as, for example, when Subsequent Approvals are granted by City, and/or when Developer becomes subject to a New City Law pursuant to this Agreement.

The vested rights to develop the Project in accordance with Applicable Law and this Agreement shall be vested only to those residential units having an RDCS residential allotment. Nothing contained herein shall give Developer a vested right to develop the described Project absent valid RDCS residential allotments.

Developer agrees that the terms and conditions of this Agreement and conditions of approval issued pursuant to this Agreement shall govern and dictate the vesting of the Developer's right to develop in lieu of any other instrument of vesting, including any vesting tentative map or any other agreement, instrument or document purporting to vest any right of development. Developer agrees to waive any vesting rights by operation of any otherwise applicable City, state or federal law.

#### **2.03 Project Impacts and Costs.**

(c) Agreement Subject to Project Mitigation Requirements. Notwithstanding any other express or implied term or condition of this Agreement (or the Approvals) to the contrary, throughout the Term of this

Agreement, the full and complete mitigation of all environmental (including any mitigation measure adopted pursuant to CEQA), physical, fiscal and other impacts of the Project and the Property on the community and on the City of Morgan Hill and its services, facilities, operations and maintenance (collectively, "**Project Mitigation**") shall be borne by and shall be the sole and exclusive responsibility of the Developer. Such Project Mitigation may be conditions of any Applicable Law or Project Approval and may include a mix of different approaches, including without limitation, Developer construction of and/or financing of such services, facilities, operations and maintenance through the payment of impact fees or other fees, taxes, levies, assessments, or other financing mechanisms including without limitation, reimbursement agreements, Landscaping and Lighting Districts, Mello-Roos Districts, Community Facilities Districts, Assessment Districts, Tax-Exempt and Taxable Financing Mechanisms, Maintenance Districts, Homeowners Associations, and participation in the Statewide Communities Infrastructure Program (collectively, "**Financing Mechanisms**"). The necessary scope and extent of such Project Mitigation, and which combination of Financing Mechanisms should be employed relating to such Project Mitigation to assure success of the Project Mitigation, shall be determined by City, in its sole and exclusive discretion, pursuant to appropriate City ordinance, resolution, regulations or procedures, taking into account and guided by the pre-existing rights of others in the existing and future public services and facilities (including their operations and maintenance) that Developer may seek to use. If no Financing Mechanism is available to fund the Project Mitigation, then the Project shall not progress forward.

**Impact Fees.** In addition to any agreed-upon Project-specific requirements as set forth in Section 2.04 and as part of the Developer's sole and exclusive obligation to cover Project Mitigation, Developer shall pay all Impact Fees and in the amounts in legal effect at the time any such Impact Fees become due and payable as provided for in the City's Municipal Code.

**Processing Fees.** In addition to any agreed-upon Project-specific requirements as set forth in Section 2.04, the Project (including Developer as owner of same) shall be responsible for the costs to City of processing any and all Developer-requested land use approvals, including without limitation, building permits, plan checks, and environmental studies required pursuant to CEQA and other similar requests for City permits and entitlements, when such costs are incurred by City. City shall impose those funding requirements needed to ensure that the processing costs to the City are fully covered by the Developer. Further, if additional, accelerated, or more frequent inspections are requested by Developer of City than would otherwise take place in City's ordinary course of business, then City may either hire additional contract inspectors, plan checkers, engineers or planners, or City may hire a full or part time employee. If City hires additional contractors, then Developer shall reimburse City, on a monthly basis in arrears, the cost to City of hiring such additional contract inspectors, plus Developer shall pay to City an additional ten percent (10%) of such cost to City on the same payment schedule. City shall use such additional 10% to defray administrative costs. If City hires a full or part time employee, then Developer shall reimburse City, on a monthly basis, in arrears, for a pro rata share of the total cost to the City of such employee, plus ten percent (10%) for administrative costs, for the period from hire to the end of the Term of this Agreement.

## **2.04 RDCS and Other Specific Project-Specific Requirements.**

(d) The Specific Restrictions and Requirements set forth in Exhibit C are public benefit commitments ("**Commitments**") voluntarily assumed by Developer in return for benefits derived from the City's RDCS allotment approval program. These requirements are not Project Mitigation within the meaning of Section 2.03 of this Agreement. Developer hereby agrees that these requirements are not subject to credit, refund or reimbursement or prohibition pursuant to otherwise applicable City, state or federal law and hereby waives any such right to credit, refund, reimbursement or prohibition. These Commitments are voluntarily assumed by

Developer in return for benefits derived from the RDCS. Pursuant to the RDCS, awarding of residential allotments to new development is a competitive process based on a point system. Additional points can be awarded to a development proposal that voluntarily commits towards providing a public benefit contribution in addition to those already required to mitigate its impacts. The Commitments result in additional points, thereby allowing the development proposal to secure a higher score pursuant to the RDCS, which in turn may provide a high enough score for the development proposal to secure residential allotments. The Commitments set forth in Exhibit C, derived from that RDCS process, are enforced through this Agreement.

Substitution of Commitments within the same Objective may be allowed in limited circumstances, as provided in Section IV. F of the RDCS Competition Manual, with approval of the Community Development Director documented through an Administrative Amendment as provided in Section 3.05 of this Agreement. Substitution may be allowed only if the proposed changes result in the project receiving the same or higher score within each Objective, maintain or improve the quality of the project, and would result in the same or greater value to the City or its future residents. No changes which would subject the Project to further environmental review under CEQA shall be approved. In circumstances in which Substitution within the same Objective is not possible, Substitution may be allowed only by resolution of the Planning Commission.

The Developer's RDCS application – RDCS2016-0008: Old Monterey-Kelly Vo and approval actions (as reflected in the official records, including agendas and minutes of the City Planning Commission on January 10, 2017 and City Council on February 15, 2017) shall be incorporated into this Agreement by this reference.

## **2.05 Construction Codes.**

With respect to the development of any or all of the Project or the Property, Developer shall be subject to the California Building Code and all those other State-adopted construction, fire and other codes applicable to improvements, structures, and development, and the applicable version or revision of said codes by local City action (collectively referred to as "**Construction Codes**") in place at that time that a plan check application for a building, grading or other permit subject to such Construction Codes is submitted to City for approval, provided that such Construction Codes have been adopted by City and are in effect on a City-wide basis.

## **2.06 Timing of Development.**

(e) Securing Building Permits and Beginning Construction. Developer is required to obtain any approvals or permits for the development of the Project in accordance with this Agreement, the Applicable Law, and the Project Approvals. However, any Subsequent Approval initiated by Property Owner which substantially changes the permitted uses or substantially increases the height, and density or floor area allowed under the Project Approvals, shall be subject to the rules, regulations, ordinances and official policies of the City then in effect. Developer agrees to secure building permits and to begin construction of the Project in accordance with the time requirements set forth in the Construction Codes and the RDCS, if applicable. In the event Developer fails to comply with the above permit issuance and beginning construction dates, and satisfactory progress towards completion of the project in accordance with the Construction Codes, Project Approvals, and RDCS, Developer shall be in default of this Agreement, and must cure said default as provided in section 4.01 of this Agreement.

Progress Reports Until Construction of Project is Complete. Developer shall make reports regarding the progress of construction in such detail and at such time as the Community Development Director of the City of Morgan Hill reasonably requests.

City of Morgan Hill to Receive Construction Contract Documents. If the City reasonably requests copies of construction, off-site and landscaping contracts or documents, Developer agrees to furnish such documents to the City.

Certificate of Completion. Within thirty (30) days after completion to the City's satisfaction of 100% of the total number of units in the Project, the City shall provide Developers with an instrument in recordable form certifying completion of the entire project.

## **2.07 Improvements.**

In any instance where Developer is required to install improvements (including those set forth in Exhibit C), Developer shall obtain City approval of the plans and specifications and the timing and manner of the installation of improvements, and provided Developer has supplied all information required by City, City shall review and act on the application for such approval with good faith and in a reasonable manner. Where the actual cost of any improvement exceeds Developer's estimated cost or commitment, Developer shall be solely responsible for all improvement costs in excess of those approved by City unless otherwise provided for in a reimbursement agreement.

## **2.08 Overcapacity, Oversizing.**

(f) City may require Developer to construct on-site and off-site improvements in a manner that provides for oversizing or overcapacity so that the constructed improvement will serve other development or residents or facilities and services outside of the Project ("**Oversizing**"). Such Oversizing shall be reasonable in scope. The Parties recognize that the City shall not require any Oversizing from Developer except in connection with the Project Approvals and in accordance with provisions of the Subdivision Map Act and Applicable Law.

Unless no credit or reimbursement is owed to Developer pursuant to Section 2.04 of this Agreement, Developer's right to receive credits and reimbursements for Oversizing or excessive payment or performance shall be determined and processed pursuant to the City's Municipal Code and controlling practices (relative to credits and reimbursements) on the Effective Date.

## **2.09 New City Laws.**

(g) City may apply any New City Law to the Project that is not in conflict with this Agreement and the Applicable Law it describes. City shall not apply any New City Law to the Project that is in conflict with this Agreement and the Applicable Law it describes, nor otherwise reduces the development rights or assurances provided by this Agreement. City shall not apply to the Project nor Property any no-growth or slow-growth ordinance, measure, policy, regulation or development moratorium either adopted by City or by a vote of the electorate and whether or not by urgency ordinance, interim ordinance, initiative, referendum or any other change in the laws of the City by any method or name which would alter the Applicable Law that may stop, delay, or effect the rate, timing or sequence of development.

Without limiting the generality of the foregoing, and except as otherwise provided in this Agreement, a New City Law shall be deemed to be in conflict with this Agreement or the Applicable Law or to

reduce the development rights provided hereby if the application to the Project would accomplish any of the following results, either by specific reference to the Project or as part of a general enactment which affects or applies to the Project:

Change any land use designation or permitted use of the Property allowed by the Applicable Law or limit or reduce the density or intensity of the Project, or any part thereof, or otherwise require any reduction in the total number of residential dwelling units, square footage, floor area ratio, height of buildings, or number of proposed non-residential buildings, or other improvements;

Limit or control the availability of public utilities, services, or facilities otherwise allowed by the Applicable Law;

Limit or control the rate, timing, phasing or sequencing of the approval, development, or construction of all or any part of the Project in any manner, or take any action or refrain from taking any action that results in Developer having to substantially delay construction of the Project or require the acquisition of additional permits or approvals by the City other than those required by the Applicable Law;

Limit or control the location of buildings, structures, grading, or other improvements of the Project in a manner that is inconsistent with or more restrictive than the limitations in the Existing Approvals.

If City determines that it has the right pursuant to this Agreement to impose and apply a New City Law on the Property and Project, it shall send written notice to Developer of that City determination ("**Notice of New City Law**"). Upon receipt of the Notice of New City Law, if Developer believes that such New City Law is in conflict with this Agreement, Developer may send written notice to the City of the alleged conflict within thirty (30) days of receipt of City's Notice of New Law ("**Objection to New City Law**"). Developer's Objection to New City Law shall set forth the factual and legal reasons why Developer believes City cannot apply the New City Law to the Property/Project. City shall respond to Developer's Objection to New City Law ("**City Response**") within thirty (30) days of receipt of said Developer Objection to New City Law. The City Response shall set forth the factual and legal reasons why City believes it can apply the New City Law to the Project. Thereafter, the Parties shall meet and confer within thirty (30) days of the date of Developer's receipt of the City Response (the "**Meet and Confer Period**") with the objective of attempting to arrive at a mutually acceptable solution to this disagreement. Within fifteen (15) days of the conclusion of the Meet and Confer Period, City shall make its determination, and shall send written notice to Developer of that City determination. If City determines to "impose/apply" the New City Law to the Project, then Developer shall have a period of ninety (90) days from the date of receipt of such City determination within which to file legal action challenging such City action. In other words, a 90-day statute of limitations regarding Developer's right to judicial review of the New City Law shall commence upon Developer's receipt of City's determination following the conclusion of the Meet and Confer Period. If upon conclusion of judicial review of the New City Law (at the highest judicial level sought and granted), the reviewing court determines that Developer is not subject to the New City Law, such New City Law shall cease to be a part of the Applicable Law, and City shall return Developer to the position Developer was in prior to City's application of such New City Law (e.g., City return fees, return dedications, etc.). The above-described procedure shall not be construed to interfere with City's right to adopt or apply the New City Law with regard to all other areas of City (excluding the Project).

Developer in its sole and absolute discretion may elect to have applied to the Project a New City Law that is not otherwise a part of the Applicable Law, subject to the limitations set forth in this subdivision (d). In the event Developer so elects to be subject to a New City Law that is not otherwise a part of the Applicable



Law, Developer shall provide notice to City of that election and thereafter such New City Law shall be part of the Applicable Law. In no event shall any New City Law become part of the Applicable Law if it would relieve Developer from, or impede Developer's compliance with, Developer's obligations pursuant to this Agreement, including without limitation Developer's obligations of full "Project Mitigation" pursuant to Section 2.03 or the "RDCS and Other Project Specific Requirement" pursuant to Section 2.04. Further, for the purposes of this Agreement, the "New City Laws" Developer may elect to be subject to pursuant to this Section shall not mean nor include any or all individual development agreements with other developers (including without limitation such development agreements' term and conditions, exhibits, etc.) executed before or after the Effective Date of this Agreement.

City shall not be precluded from adopting and applying New City Laws to the Project to the extent that such New City Laws are specifically required to be applied by State or Federal laws or regulations, and implemented through the Federal, State, regional and/or local level ("**Mandated New City Laws**"), including without limitation those provisions in the Development Agreement Statute, or that such New City Laws are necessitated by or arise from a declaration of City, local, state or federal declaration of a state of emergency.

In the event that an administrative challenge and/or legal challenge (as appropriate) to a Mandated New City Laws preventing compliance with this Agreement is brought and is successful in having the Mandated New City Law determined to not apply to this Agreement, this Agreement shall remain unmodified and in full force and effect.

## **PROCESSING**

### **3.01 Processing.**

This Agreement does not provide Developer with any right to the approval of Subsequent Approvals nor to develop or construct the Project beyond that which is authorized in the Existing Approvals. This Agreement simply provides a process by which such Subsequent Approvals may be processed by Developer, and later added to this Agreement, if and only if such Subsequent Approvals are compliant with all controlling California law (including Planning and Zoning Law and CEQA), and are adopted/approved by City, which shall retain all lawful discretion in this regard. The public review process is ongoing, and following the City's adoption of this Agreement, that public review process shall continue. Nothing in this Agreement shall be construed to limit the authority or obligation of City to hold necessary public hearings, or to limit the discretion of City or any of its officers or officials with regard to the Project Approvals that legally require the exercise of discretion by City. City's discretion as to the granting of Subsequent Approvals shall be the discretion afforded by the Applicable Law. The Parties agree that this Agreement does not modify, alter or change the City's obligations pursuant to CEQA and acknowledge that Subsequent Approvals may require additional environmental review pursuant to CEQA.

Upon submission by Developer of any and all necessary and required applications for Subsequent Approvals and payment of any and all appropriate processing and other fees as provided in this Agreement, City shall use its best efforts to promptly commence and diligently complete all steps necessary to acting on the requested Subsequent Approvals, including, but not limited to, (i) the holding of any and all required public hearings and notice for such public hearings, and (ii) the granting of the requested approval to the extent that it is consistent with Applicable Law.

### **3.02 Significant Actions by Third Parties Necessary to Implement the Existing Approvals.**

(a) At Developer's sole discretion, Developer shall apply for such other permits, grants of authority, agreements, and other approvals from other private and/or public and quasi-public agencies, organizations, associations or other entities ("**Other Entity**") as may be necessary to the development of, or the provision of services and facilities to, the Project ("**Other Permits**").

City shall cooperate with Developer in its endeavors to obtain any Other Permits and shall, from time to time, at the request of Developer, join with Developer in the execution of such permit applications and agreements as may be required to be entered into with any such other agency.

In the event that any such Other Permit is not obtained from an Other Entity within the time permitted by law for such other entity to act and such circumstance materially deprives Developer of the ability to proceed with development of the Project or any portion thereof, or materially deprives City of a bargained-for public benefit of this Agreement, then, in such case, and at the election of either party, Developer and City shall meet and confer with the objective of attempting to mutually agree on solutions that may include alternatives, Subsequent Approvals, or an amendment(s) to this Agreement to allow the development of the Project to proceed with each Party substantially realizing its bargained-for benefit therefrom.

### **3.03 Establishment and Extension of Residential Development Control System Building Allotments.**

Allotments shall be exercised pursuant to Section 18.156.160 of the Morgan Hill Municipal Code and Section IV.J of the RDCS Competition Manual. The City may approve an extension to the date by which an allotment must be exercised only as allowed by Section 18.156.170 of the City of Morgan Hill Municipal Code and Section IV.L of the RDCS Competition Manual. Extensions and allotment adjustments for ongoing projects shall be processed by Planning Commission resolution as provided in Section IV.H of the RDCS Competition Manual.

### **3.04 Amendments.**

This Agreement may be amended from time to time by mutual consent in writing of the Parties to this Agreement in accordance with Government Code Section 65868. Any request by Developer for an amendment or modification to this Agreement or a Project Approval shall be subject to the applicable substantive and procedural provisions of the City's General Plan, zoning, subdivision, and other applicable land use ordinances and regulations (i.e., City review and approval) in effect when such an amendment or modification request is approved.

### **3.05 Administrative Amendment**

Upon the written request of, and payment of the established fee by, Developer, Substitution of Commitments within the same criteria category may be processed administratively by the Community Development Director. Any Administrative Amendment must be made in writing approved by the Director and approved by the City Attorney, and signed by the Developer.

## **DEFAULT, VALIDITY PROVISIONS, ASSIGNMENT**

### **4.01 Defaults.**

Any failure by City or Developer to perform any material term or provision of this Agreement, which failure continues uncured for a period of sixty (60) days (or 150 days for a Mortgagee (as that term is defined in Section 4.10(a)) following written notice of such failure from the other Party (unless such period is extended by written mutual consent) ("**Notice of Default**"), shall constitute a default pursuant to this Agreement ("**Default**"). Any Notice of Default shall specify the nature of the alleged failure and, where appropriate, the manner in which such alleged failure satisfactorily may be cured. If the nature of the alleged failure is such that it cannot reasonably be cured within such 60-day period (or 150 days for a Mortgagee), then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter, shall be deemed to be a cure within such 60-day period (or 150 days for a Mortgagee). If the alleged failure is cured, then no Default shall exist and the noticing Party shall take no further action. If the alleged failure is not cured, then a Default shall exist pursuant to this Agreement and the non-defaulting Party may exercise any of the remedies available pursuant to this Article.

No failure or delay in giving notice of default shall constitute a waiver of default; provided, however, that the provision of written notice and opportunity to cure shall nevertheless be a prerequisite to the enforcement or correction of any default. Waiver of a breach or default pursuant to this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

### **4.02 Actions During Cure Period.**

(a) During any cure period and during any period prior to any delivery of notice of failure or default, the Party charged shall not be considered in default for purposes of this Agreement. If there is a dispute regarding the existence of a default, the Parties shall otherwise continue to perform their obligations hereunder to the maximum extent practicable in light of the disputed matter and pending its resolution, or formal termination of the Agreement, as provided herein.

City will continue to process in good faith development applications during any cure period, but need not approve any such application if it relates to an alleged default of Developer hereunder.

### **4.03 Resolution of Disputes.**

(b) In the event either Party is in default pursuant to the terms of this Agreement, the other Party may elect, in its sole and absolute discretion, to pursue any of the following courses of action: (i) waive such default; (ii) pursue administrative remedies as provided herein; (iii) pursue judicial remedies as provided for herein; and/or (iv) terminate this Agreement.

Except as otherwise specifically stated in this Agreement, either Party may, in addition to any other rights or remedies, institute legal action to cure, correct, or remedy any default by another Party to this Agreement, to enforce any covenant or agreement herein, to enjoin any threatened or attempted violation hereunder, or to seek specific performance. It is expressly understood and agreed that the sole legal remedy available to Developer for a breach or violation of this Agreement by City shall be a legal action in mandamus, specific performance, and/or

other injunctive or declaratory relief to enforce the provisions of this Agreement, and that Developer shall not be entitled to bring an action for damages including, but not limited to, lost profits, consequential damages or other economic damages. For purposes of instituting a legal action pursuant to this Agreement, any City Council determination pursuant to this Agreement shall be deemed a final agency action.

If any dispute arises between or among the Parties as to interpretation or application of any of the terms of this Agreement, the Parties shall attempt to resolve the dispute in accordance with this Agreement prior to third party mediation, arbitration, or formal court action. As to any such dispute, the Parties shall first meet and confer in good faith to resolve the matter between themselves. Each Party shall make all reasonable efforts to provide to the other Party or Parties all information relevant to the dispute, to the end that all Parties will have appropriate and adequate information to resolve the dispute. Should the Parties not resolve the dispute informally, the Parties agree to meet and confer in an effort to agree on utilizing Judicial Arbitration Mediation Services ("JAMS") for Alternative Dispute Resolution ("ADR"). However, no party shall be required to use JAMS or ADR.

#### **4.04 Periodic Review.**

(c) The City shall review this Agreement at least once annually to assure compliance with the RDCS, at which time the Developer is required to demonstrate good faith compliance with the terms of this Agreement.

If, as a result of such annual review, the City finds and determines, on the basis of substantial evidence, that Developer has not complied in good faith with the terms or conditions of this Agreement, the City may rescind all or part of the allotments awarded pursuant to the RDCS, in addition to all other legally available remedies.

#### **4.05 Force Majeure Delay, Extension of Times of Performance.**

(d) Performance by any Party hereunder shall be excused, waived or deemed not to be in default where delays or defaults are due to acts beyond a Party's control such as war, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, unexpected acts of governmental entities other than City, including revisions to capacity ratings of the wastewater plant by the Regional Water Quality Control Board, the State Water Resources Board, enactment of conflicting State or Federal laws or regulations, or litigation (including without limitation litigation contesting the validity, or seeking the enforcement or clarification of this Agreement whether instituted by the Developer, City, or any other person or entity) (each a "Force Majeure Event").

Any Party claiming a delay as a result of a Force Majeure Event shall provide the other Party with written notice of such delay and an estimated length of delay. Upon the other Party's receipt of such notice, an extension of time shall be granted in writing for the period of the Force Majeure Event, or longer as may be mutually agreed upon by the Parties, unless the other Party objects in writing within ten (10) days after receiving the notice. In the event of such objection, the Parties shall meet and confer within thirty (30) days after the date of objection to arrive at a mutually acceptable solution to the disagreement regarding the delay. If no mutually acceptable solution is reached, any Party may take action as permitted in this Agreement.

#### **4.06 Third Party Legal Actions.**

(e) In the event of any administrative, legal or equitable action or other proceeding instituted by any person, entity or organization (that is not a Party to this Agreement) challenging the validity of this Agreement, any Project Approvals, or the sufficiency of any environmental review pursuant to CEQA ("**Third-Party Challenge**"), the Parties shall cooperate with each other in good faith in the defense of any such challenge.

City shall have the option to defend such Third-Party Challenge or to tender the complete defense of such Third-Party Challenge to the Developer ("**Tender**"). If City chooses to defend the Third-Party Challenge or Developer refuses City's Tender, City shall control all aspects of the defense and Developer shall pay City's attorneys' fees and costs (including related court costs).

If Developer accepts City's Tender, Developer shall control all aspects of the defense and shall pay its own attorneys' fees and costs (including related court costs), and shall indemnify and hold harmless City against any and all third-party fees and costs arising out of such Third-Party Challenge. If City wishes to assist Developer when Developer has accepted the Tender, Developer shall accept that assistance and City shall pay City's own attorneys' fees and costs (including related court costs) ("**City Costs**"), and Developer shall pay its own attorneys' fees and costs (including related court costs), and shall indemnify and hold harmless City against any and all third-party fees and costs arising out of such Third Party Challenge (such third party fees and costs shall not include City Costs).

If any part of this Agreement or any Project Approval is held by a court of competent jurisdiction to be invalid, the City shall: (1) use its best efforts to sustain and/or re-enact that part of this Agreement and/or Project Approval; and (2) take all steps possible to cure any inadequacies or deficiencies identified by the court in a manner consistent with the express and implied intent of this Agreement, and then adopting or re-enacting such part of this Agreement and/or Project Approval as necessary or desirable to permit execution of this Agreement and/or Project Approval.

#### **4.07 Estoppel Certificate.**

(f) Any Party may, at any time, and from time to time, deliver written notice to any other Party, and/or to the Developer's lender, requesting such Party to certify in writing that, to the knowledge of the certifying Party:

This Agreement has not been amended or modified either orally or in writing or if so amended, identifying the amendments.

The Agreement is in effect and the requesting Party is not known to be in default of the performance of its obligations pursuant to this Agreement, or if in default, to describe therein the nature and amount of any such defaults.

This written certification shall be known as an "**Estoppel Certificate.**" A Party receiving a request hereunder shall execute and return such Estoppel Certificate within ten (10) days following the receipt of the request, unless the Party, in order to determine the appropriateness of the Estoppel Certificate, promptly commences and proceeds to conclude an Annual Review. The Parties acknowledge that an Estoppel Certificate may be relied upon by Assignees and other persons having an interest in the Project, including holders of mortgages and deeds of trust. The City Manager shall be authorized to execute an Estoppel Certificate for City.

If a Party fails to deliver an Estoppel Certificate within the ten (10) day period, as provided for in Section 4.07(b) above, the Party requesting the Estoppel Certificate may deliver a second notice (the "**Second Notice**") to the other Party stating that the failure to deliver the Estoppel Certificate within ten (10) working days following the receipt of the Second Notice shall constitute conclusive evidence that this Agreement is without modification and there are no unexcused defaults in the performance of the requesting Party. Failure to deliver the requested Estoppel Certificate within the ten (10) working day period shall then constitute conclusive evidence that this Agreement is in full force and effect without modification and there are no unexcused defaults in the performance of the requesting Party.

#### **4.08 Assignment/Covenants Run with the Land.**

(g) Right to Assign. Developer shall have the right to sell, assign, or transfer this Agreement with all its rights, title and interests therein to any person, firm or corporation acquiring an interest in the Project or Property (or portion thereof associated with the Project) at any time during the term of this Agreement ("**Assignee**"). Developer shall provide City with written notice of any assignment or transfer of all or a portion of the Property no later than thirty (30) days prior to such action, which notice shall include specific portions of the Project or Property to be assigned and the proposed form of assignment. Any proposed assignment shall be subject to the express written consent of City, which consent shall not be unreasonably withheld, delayed or conditioned. City's approval of a proposed assignment or transfer shall be based upon the proposed assignee's reputation, experience, financial resources and access to credit and capability to successfully carry out the development of the Property to completion. The written assignment, assumption or release of rights or obligations with respect to a portion of the Project or of the Property shall specify the portion of the Project or Property and the rights assigned and obligations assumed, and shall be approved by the City Attorney. The express written assumption by an Assignee of the obligations and other terms and conditions of this Agreement with respect to the Property or such portion thereof sold, assigned or transferred shall relieve Developer of such obligations so assumed. Any such assumption of Developer's obligations pursuant to this Agreement shall be deemed to be to the satisfaction of the City Attorney if executed in the form as may be approved by the City Attorney.

Release Upon Assignment. Upon assignment, in whole or in part, and the express written assumption by the Assignee of such assignment, of Developer's rights and interests pursuant to this Agreement, Developer shall be released from its obligations with respect to the Property/Project (or any portion thereof), and any lot, parcel, or portion thereof so assigned to the extent arising subsequent to the effective date of such assignment. A default by any Assignee shall only affect that portion of the Property/Project owned by such Assignee and shall not cancel or diminish in any way Developer's rights or obligations hereunder with respect to the assigned portion of the Property/Project not owned by such Assignee. The Assignee shall be responsible for the reporting and annual review requirements relating to the portion of the Property/Project owned by such Assignee, and any amendment to this Agreement between City and Assignee shall only affect the portion of the Property/Project owned by such Assignee.

Covenants Run with the Land. This Agreement and all of its provisions, agreements, rights, powers, standards, terms, covenants and obligations shall be binding upon the Parties and their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, devisees, administrators, representatives, lessees, and all other persons or entities acquiring the Project and/or Property, any lot, parcel or any portion thereof, or any interest therein, whether by sale, operation of law or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns. All of the provisions of this Agreement shall be enforceable during the Term as equitable servitudes and constitute covenants running with the land pursuant to applicable law, including, but not limited to Civil Code Section 1468.



This Agreement shall not be binding upon any consumer, purchaser, transferee, devisee, assignee, or any other successor of Developer acquiring a completed residential unit comprising all or part of the Project ("**Consumer**") unless such Consumer is specifically bound by a provision of this Agreement or by a separate instrument or Agreement.

#### **4.09 Encumbrances on the Property.**

The parties hereto agree that this Agreement shall not prevent or limit Developer, in any manner, at Developer's sole and absolute discretion, from encumbering the Property, or any portion thereof or any improvements thereon with any Mortgage securing financing with respect to the construction, development, use or operation of the Project. Mortgagee may require certain modifications to this Agreement, and City shall negotiate in good faith any such request for modification or subordination.

#### **4.10 Obligations and Rights of Mortgage Lenders.**

(h) The holder of any mortgage, deed of trust or other security arrangement with respect to the Property, or any portion thereof ("**Mortgagee**"), shall not be obligated pursuant to this Agreement to construct or complete improvements or to guarantee such construction or completion, but shall otherwise be bound by all of the terms and conditions of this Agreement that pertain to the Property or such portion thereof in which it holds an interest.

Each Mortgagee shall be entitled to receive written notice from City of results of the annual review to be done pursuant to Section 4.04 and any default by Developer pursuant to this Agreement, provided such Mortgagee has informed City of its address for notices. Each Mortgagee shall have a further right, but not an obligation, to cure such default in accordance with the default and default cure provisions in Sections 4.01, 4.02, and 4.03 of this Agreement. In the event Developer (or any permitted Assignee) becomes subject to an order for relief pursuant to any chapter of Title 11 of the United States Code (the "**Bankruptcy Code**"), the cure periods provided for a Mortgagee in Section 4.01(a) of this Agreement shall be tolled for so long as the automatic stay of Section 362 of the Bankruptcy Code remains in effect as to Developer (or any permitted Assignee); provided, however, if City obtains relief from the automatic stay pursuant to Bankruptcy Code Section 362 to declare any default by or exercise any remedies against Developer (or any permitted Assignee), the tolling of any Mortgagee's cure period shall automatically terminate on the earlier of: (i) the date that is sixty days after entry of the order granting City relief from the automatic stay, or (ii) the date of the entry of an order granting Mortgagee relief from the automatic stay. Each Mortgagee shall be entitled to receive written notice from City of the filing of any motion by City in which City seeks relief from the automatic stay of Section 362 of the Bankruptcy Code to declare any default by or exercise any remedies against Developer (or any permitted Assignee).

Any Mortgagee who comes into possession of the Property, or any portion thereof, pursuant to a foreclosure of a mortgage or a deed of trust, or deed in lieu of such foreclosure, shall take the Property, or such portion thereof, subject to any pro rata claims for payments or charges against the Property, or such portion thereof, that have accrued prior to the time such holder comes into possession. In addition, any Mortgagee who comes into possession of the Property or any portion thereof, pursuant to a foreclosure of mortgage or deed of trust, or deed in lieu of such foreclosure, shall, subject to Section 4.10(a) above, be a permitted Assignee and, as such, shall succeed to all the rights, benefits and obligations of Developer pursuant to this Agreement.

Nothing in this Agreement shall be deemed to be construed to permit or authorize any such holder to devote the Property, or any portion thereof, to any uses, or to construct any improvements thereof, other than

those uses and improvements provided for or authorized by this Agreement, subject to all of the terms and conditions of this Agreement.

#### **4.11 Termination.**

This Agreement shall terminate upon the expiration of the Term, as set forth in Section 1.03(a), or at such other time as this Agreement is terminated in accordance with the terms hereof, whichever occurs first. Upon termination of this Agreement, the City shall record a notice of such termination, in a form satisfactory to the City Attorney that the Agreement has been terminated.

### **GENERAL PROVISIONS**

#### **5.01 Miscellaneous.**

Preamble, Recitals, Exhibits. References herein to "this Agreement" shall include the Preamble, Recitals and all of the exhibits of this Agreement.

Requirements of Development Agreement Statute. The permitted uses of the Property; density and/or intensity of use of the Property; the maximum height and size of proposed buildings and other structures; provisions for reservation or dedication of land for public purposes; location of public improvements; and other terms and conditions applicable to the Project shall be those set forth in the Applicable Law.

Governing Law and Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of California and legal actions commenced pursuant to or pursuant to this Agreement shall be brought in Santa Clara Superior Court. Should any legal action be brought by a Party for breach of this Agreement or to enforce any provision herein, the prevailing party of such action shall be entitled to reasonable attorneys' fees, court costs, and such other costs as may be fixed by the court.

Project as a Private Undertaking. No partnership, joint venture, or other association of any kind between Developer, on the one hand, and City on the other hand, is formed by this Agreement. The development of the Property is a separately undertaken private development. The only relationship between City and Developer is that of a governmental entity regulating the development of private Property and the owners of such private Property.

Indemnification. Developer shall hold City, its elective and appointive boards, commissions, officers, agents, and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Developer's contractors, subcontractors', agents' or employees' operations on the Project, whether such operations be by Developer or by any Developer's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Developer or any of Developer's contractors or subcontractors. Developer shall indemnify and defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of any of the aforesaid operations and Developer shall pay all reasonable attorney's fees and costs that the City may incur. City does not, and shall not, waive any rights against Developer which it may have by reason of the aforesaid hold-harmless requirement of Developer because of the acceptance of improvements by City, or the deposit of security with City by Developer. The aforesaid hold-harmless requirement of Developer shall apply to all damages and claims for

damages of every kind suffered, or alleged to have been suffered, by reason of any of the aforesaid operations referred to in this subsection, regardless of whether or not City has prepared, supplied or approved of, plans and/or specifications for the subdivision. Notwithstanding anything herein to the contrary, Developer's indemnification of City shall not apply to the extent that such action, proceedings, demands, claims, damages, injuries or liability is based upon the active negligence of the City.

Insurance. Developer shall, during the life of this Agreement take out and maintain insurance coverage with an insurance carrier authorized to transact business in the State of California as will protect the Developer or any Contractor or any Subcontractor or anyone directly or indirectly employed by any of them or by anyone for whose acts any of them may be liable, from claims for damages because of bodily injury, sickness, disease, or death of their employees or any person other than their employees, or for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom. The minimum limits of liability for such insurance coverage which shall include comprehensive general and automobile liability, including contractual liability assumed pursuant to this Agreement, shall be as follows:

Limit of Liability for Injury or Accidental Death:

Per Occurrence . . . . . \$1,000,000

Limit of Liability for Property Damage:

Aggregate Liability for Loss . . . . \$1,000,000

Such liability insurance policies shall name the City as an additional insured, by separate endorsement, and shall agree to defend and indemnify the City against loss arising from operations performed pursuant to this agreement and before permitting any Contractor or Subcontractors to perform work pursuant to this agreement, the Developer shall require Contractor or Subcontractors to furnish satisfactory proof that insurance has been taken out and is maintained similar to that provided by the Developer as it may be applied to the Contractor's or Subcontractor's work.

Interpretation/Construction. This Agreement has been reviewed and revised by legal counsel for both Developer and City, and any rule or presumption that ambiguities shall be construed against the drafting Party shall not apply to the interpretation or enforcement of this Agreement. The standard of review of the validity and meaning of this Agreement shall be that accorded legislative acts of City. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and neuter and vice versa.

Notices.

All notices, demands, or other communications that this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed, via first class mail, to the respective Party at the below listed address. Notice shall be deemed effective and received five days after the date of mailing or upon personal delivery.

If to City: City Clerk  
17575 Peak Avenue  
Morgan Hill, CA 95037

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

Tel: (408) 779-7259  
Fax: (408) 779-3117

With a Copy To: City Attorney  
17575 Peak Avenue  
Morgan Hill, CA 95037  
Tel: (408) 779-7271  
Fax: (408) 779-1592

If to Developer: Kelly Vo  
Appletree Investment LLC  
PO Box 32115  
San Jose, CA 95132  
Tel: (408) 889-4507

With a Copy To: Vince Burgos  
Development Process Consultants  
220 Live Oak Drive  
Danville, CA 94506  
Tel: (408) 421-2695

Any Party may change the address stated herein by giving notice in writing to the other Parties, and thereafter notices shall be addressed and transmitted to the new address. Any notice given to the Developer as required by this Agreement shall also be given to any lender which requests that such notice be provided. Any lender requesting receipt of such notice shall furnish in writing its address to the Parties to this Agreement.

Recordation. The Clerk of the City shall record, within ten (10) days after the Effective Date, a copy of this Agreement in the Official Records of the Recorder's Office of Santa Clara County. Developer shall be responsible for all recordation fees, if any.

Severability. If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a specific situation, is found to be invalid, void, or unenforceable, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect.

Jurisdiction. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed pursuant to the laws of the State of California.

Entire Agreement. This Agreement, including these pages and all the exhibits (set forth below) inclusive, and all documents incorporated by reference herein, constitute the entire understanding and agreement of the Parties.

Signatures. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of Developer and City. This Agreement may be executed in multiple originals, each of which is deemed to be an original.

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument.

Exhibits. The following exhibits are attached to this Agreement and are hereby incorporated herein by this reference for all purposes as if set forth herein in full:

***Exhibit A      Legal Description of Lot on Which Project is to be Located.***

***Exhibit B      Description of Project.***

***Exhibit C      RDCS Specific Restrictions and Requirements.***

**Signatures of all parties are on the following page.**

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Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

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Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)



IN WITNESS WHEREOF, City and Developer have executed this Agreement as of the date first hereinabove written.

**CITY OF MORGAN HILL:**

**DEVELOPER:**

s/ \_\_\_\_\_

\_\_\_\_\_  
Christina J. Turner  
City Manager

Date: \_\_\_\_\_

**Attest:**

s/ \_\_\_\_\_

\_\_\_\_\_  
Deputy City Clerk

**Approved as to Form:**

s/ Cynthia L. Larkin

+ \_\_\_\_\_  
Donald A. Larkin  
City Attorney

Date: 7-10-19

s/ \_\_\_\_\_

Kelly Vo  
Kelly Vo  
Appletree Investment LLC

Date: 7/3/19

*Corporate entities must provide a  
second signature:*

s/ \_\_\_\_\_

\_\_\_\_\_  
Name/Title [print]

Date: \_\_\_\_\_

Adopted by Ordinance No. \_\_\_\_\_  
by action of City Council on \_\_\_\_\_

(ALL SIGNATURES, EXCEPT CITY CLERK AND CITY ATTORNEY,  
MUST BE ACKNOWLEDGED BY A NOTARY)

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

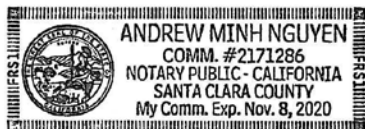
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Santa Clara )  
On July 3<sup>rd</sup>, 2019 before me, Andrew Minh Nguyen, Notary Public  
Date Here Insert Name and Title of the Officer  
personally appeared Kelly Vo  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature Andrew  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Residential Development Agreement Document Date: N/A  
Number of Pages: 21 Signer(s) Other Than Named Above: As above

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☒ Individual ☐ Attorney in Fact  
☐ Trustee ☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Individual ☐ Attorney in Fact  
☐ Trustee ☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE PROPERTY ON WHICH**

**PROJECT IS BE LOCATED**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MORGAN HILL, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

A PORTION OF LOTS 1 AND 2, AS SHOWN ON THAT CERTAIN MAP ENTITLED "MORGAN HILL RANCH MAP NO. 3", WHICH WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON SEPTEMBER 21, 1892 IN BOOK G OF MAPS, PAGES 20 AND 21 AND BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHWESTERLY LINE OF MADRONE ROAD, AT THE NORTHERNMOST CORNER OF LOTS 1, AS SAID ROAD AND LOT ARE SHOWN ON THE MAP ABOVE REFERRED TO; THENCE FROM SAID POINT OF BEGINNING, SOUTH 57° 58' WEST ALONG THE NORTHWESTERLY LINE OF SAID LOT 1 FOR A DISTANCE OF 188.95 FEET TO THE NORTHERNMOST CORNER OF THAT CERTAIN 0.646 ACRE TRACT OF LAND DESCRIBED AS PARCEL ONE IN THE DEED TO JAMES J. CAMPOLI, ET UX, RECORDED FEBRUARY 15, 1961 IN BOOK 5072, PAGE 709 OF OFFICIAL RECORDS; THENCE SOUTH 38° 36' EAST ALONG THE NORTHWESTERLY LINE OF SAID 0.646 ACRE TRACT FOR A DISTANCE OF 295.27 FEET TO THE EASTERNMOST CORNER THEREOF IN THE NORTHWESTERLY LINE OF THAT CERTAIN 5.551 ACRE TRACT OF LAND DESCRIBED AS PARCEL ONE IN THE DEED TO NICK RIZZI, ET UX, RECORDED JUNE 13, 1944 IN BOOK 1206, PAGE 111 OF OFFICIAL RECORDS; THENCE NORTH 55° 22' EAST ALONG THE NORTHWESTERLY LINE OF SAID 5.551 ACRE TRACT, FOR A DISTANCE OF 188.42 FEET TO THE NORTHERNMOST CORNER THEREOF IN SAID SOUTHWESTERLY LINE OF MADRONE ROAD; THENCE NORTH 38° 45' WEST ALONG SAID LAST MENTIONED LINE 285.12 FEET TO THE POINT OF BEGINNING.

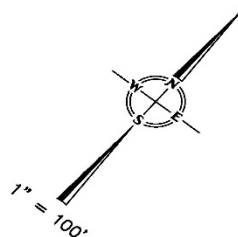
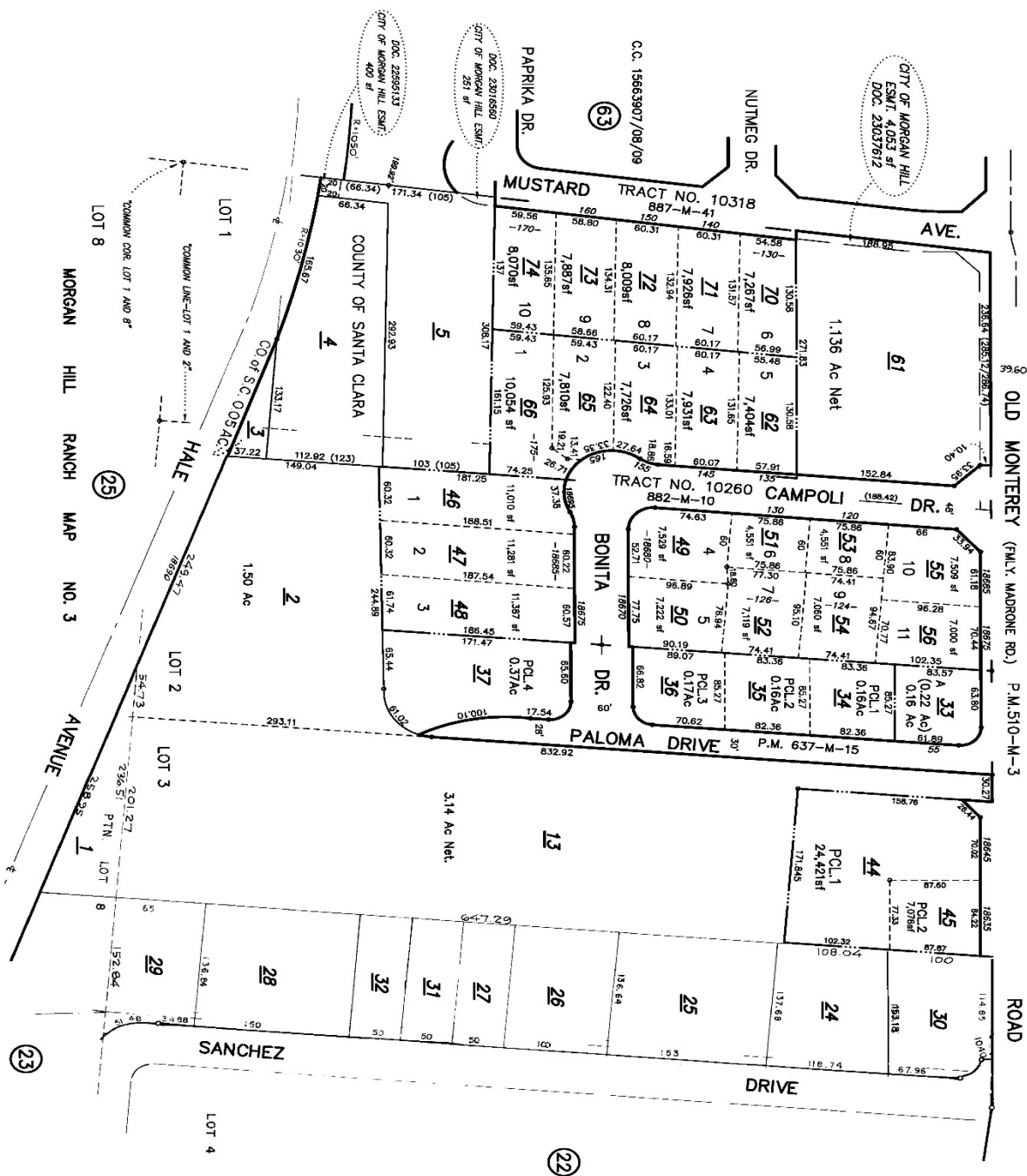
Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

TRACT NO. 10215  
873-M-9

⑩

P.M. 846-M-21

ROAD

BOOK  
764PAGE  
24

TRA DET. MAP 252  
LAWRENCE E. STONE - ASSESSOR  
Cadastral map for assessment purposes only  
Compiled under R. & T. Code, Sec. 327  
Effective Roll Year 2017-2018

***EXHIBIT B***

**DESCRIPTION OF PROJECT**

**RDCS APPLICATION NO. RDCS2016-0008: OLD MONTEREY-KELLY VO  
FOR A RESIDENTIAL DEVELOPMENT PROJECT THAT INCLUDES SIX LOTS,  
WITH FIVE NEW SINGLE FAMILY DWELLING UNITS AND ONE EXISTING  
DWELLING UNIT.**

Attachment: Ordinance 2303 Old Monterey-Kelly Vo (2466 : Adopt Ordinance 2303 - Old Monterey- Kelly Vo DA)

**EXHIBIT C**  
**SPECIFIC RESTRICTIONS AND REQUIREMENTS**  
**(INCLUDING RDCS REQUIREMENTS)**

The following restriction and requirements apply to the Development proposed in the RDCS application date September 1<sup>st</sup>, 2016 or RDCS application #2016-0008 and shall apply to that portion of the Property included in the said phases of the development on the Property. The following chart describes the applicable reference in the Morgan Hill Municipal Code to the requirement, a description of the commitments specific to the Project, the requirement timing of the implementation and the total estimated costs of improvement or applicable fee commitment. These commitments are IN ADDITION to any mitigation requirements pursuant to CEQA, impact fees, in-lieu fees or other requirements pursuant to federal or state laws, or the Morgan Hill Municipal Code (See Section 2.03 of the Agreement)

\*Contribution estimates may require augmentation for the completion of improvements. Impact fees are subject to the provisions of Section 2.03 (b) of this Agreement.

| Section No. | Category/Criteria                       | Public Benefit/Commitment                                                                                                                                                                                                                                                                                                                         | Implementation                           | Estimated Contribution |
|-------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------|
|             | <b>Public Schools</b>                   |                                                                                                                                                                                                                                                                                                                                                   |                                          |                        |
| B.1         | Developer Fees                          | Commit to payment of district adopted developer fees as provided by the Leroy F. Green School Facilities Act of 1988.                                                                                                                                                                                                                             | Prior to the issuance of building permit | \$4,950 per unit       |
| B.4         | Off-site pedestrian safety improvements | Provide off-site pedestrian safety improvements or traffic safety improvements to an elementary school located within 3/4 miles of the project site or to a middle school or high school up to \$4,950 per unit. Project commits to provide safe walking improvements as designated by MHUSD and the City of Morgan Hill Public Works Department. | Prior to the issuance of building permit | \$4,950 per unit       |



| Section No. | Category/Criteria                                          | Public Benefit/Commitment                                                                                                                                                                                                   | Implementation                     | Estimated Contribution                                               |
|-------------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------|
|             | <b>Open Space</b>                                          |                                                                                                                                                                                                                             |                                    |                                                                      |
| B.4.b       | TDC for projects (<25 units)                               | The project commits to double TDC's                                                                                                                                                                                         | Prior to building permit final     | Double TDC fee per unit, applicable rate applies at time of payment. |
|             | <b>Orderly and Contiguous Development</b>                  |                                                                                                                                                                                                                             |                                    |                                                                      |
| B.2         | Fills in existing utility lines                            | Property owner or designee agrees to fill in 1 water line, 1 sewer line, 1 stormdrain, and 1 fire. The required utility easements shall be obtained prior to approval of the Final/Parcel Map and public improvement plans. | Prior to Site Review Approval      | N/A                                                                  |
|             | <b>Public Facilities</b>                                   |                                                                                                                                                                                                                             |                                    |                                                                      |
| B.2.b       | Drainage concept consistent with City's storm drain system | Project drainage concept will be consistent with City's Storm drain system (e.g., the City Storm Drainage Master Plan, local area storm drain system)                                                                       | Prior to Improvement Plan approval | N/A                                                                  |
| B.2.f       | Excess public improvements                                 | Applicant will provide public improvements at \$4,400/unit.                                                                                                                                                                 | Prior to Improvement Plan approval | \$4,400 per unit                                                     |
| B.2.g       | Contribution to RDCS Capital Improvements fund             | Applicant will contribute \$1,100 per unit to the RDCS Capital Improvement Program Fund                                                                                                                                     | Prior to Improvement Plan approval | \$1,100 per unit                                                     |
|             | <b>Parks and Paths</b>                                     |                                                                                                                                                                                                                             |                                    |                                                                      |

| Section No. | Category/Criteria                                            | Public Benefit/Commitment                                                                                                                                                                                                        | Implementation                            | Estimated Contribution                                                     |
|-------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------|
| B.1         | Park in-lieu fee (<50 units)                                 | The project shall pay an in-lieu fee consistent with the requirements contained in Chapter 17.28 of the Municipal Code.                                                                                                          | Prior to Parcel Map Approval              | See Chapter 17.28 for fee calculation                                      |
| B.2         | On-site recreational amenities                               |                                                                                                                                                                                                                                  |                                           |                                                                            |
| B.3         | Bicycle/equestrian/pedestrian paths                          | Project shall provide at least 0.15 miles of Class II bike lanes. Prior to installation, the Project shall coordinate with City of Morgan Hill to determine the location for the Class II bike lane improvements to be installed | Prior to issuance of Offsite Improvements | N/A                                                                        |
| B.7         | Additional park fees (in-lieu fee) for projects (<50 units)  | In addition to standard park fees, project shall pay the lesser of either twelve times the in-lieu park fees or \$4,400 per unit.                                                                                                | Prior to Parcel Map Approval              | Twelve times the in-lieu park fees or \$4,400 per unit. Whichever is less. |
|             | <b>Housing Needs</b>                                         |                                                                                                                                                                                                                                  |                                           |                                                                            |
| B.1         | 15% Granny units or R-2 projects 10%-25% single family units | Applicant commits to 2 secondary dwelling units for 2 points.                                                                                                                                                                    | Prior to Site Review Approval             | N/A                                                                        |
| B.2.a       | Standard Housing Fee                                         | Applicant agrees to pay the standard housing fee                                                                                                                                                                                 | Prior to Building Permit final            | \$12,000                                                                   |
| B.2.b       | Double Housing Fee                                           | Applicant agrees to pay double the standard housing fee.                                                                                                                                                                         | Prior to Building Permit final            | \$24,000                                                                   |
|             | <b>Quality of Construction Standards</b>                     |                                                                                                                                                                                                                                  |                                           |                                                                            |

| Section No. | Category/Criteria                      | Public Benefit/Commitment                                                                                                                                                                                                                       | Implementation                    | Estimated Contribution |
|-------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------|
| B.1.a       | OSB/Plywood wrap                       | The project will include the installation of OSB/Plywood wrap.                                                                                                                                                                                  | Prior to Building Permit issuance | N/A                    |
| B.1.b       | Foundations                            | The project will utilize alternate materials in the concrete mix such as fly ash, slag, silica fume or rice hull to achieve a 20% reeducation of cement.                                                                                        | Prior to Building Permit issuance | N/A                    |
| B.1.c       | Wallboard                              | The project will include the installation of light weight wallboard for all walls excluding code requirement for fire walls.                                                                                                                    | Prior to Building Permit issuance | N/A                    |
| B.1.d       | Electrical raceway                     | The project will include installation of one dedicated ¾ inch electrical raceway for a future circuit to accommodate two 220 Volt electric car charging stations inside the garage.                                                             | Prior to Building Permit issuance | N/A                    |
| B.1.f       | 90% high efficiency fan forced heating | The project will include the installation of 90% high efficiency fan forced heating                                                                                                                                                             | Prior to Building Permit issuance | N/A                    |
| B.1.g       | Zoned heating and air conditioning     | The project will include the installation of zoned heating and air conditioning for all one and two-story homes. For multi-family projects with multi-story units, air returns are installed on two floors to improve temperature distribution. | Prior to Building Permit issuance | N/A                    |
| B.1.h       | Multiple efficiency improvements       | The project will include: 1) the installation of listed sound attenuated materials in walls that adjoin a                                                                                                                                       | Prior to Building Permit issuance | N/A                    |

| Section No. | Category/Criteria                                     | Public Benefit/Commitment                                                                                                                                                                                                                                  | Implementation                    | Estimated Contribution |
|-------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------|
|             |                                                       | bathroom and/or bedroom walls, 2) installation of high efficiency energy star water heater with energy factor of 0.70, 3) the installation of ultra-high efficiency or dual flush toilet, and 4) installation of rain sensor monitor on irrigation system. |                                   |                        |
|             | <b>Safety and Security</b>                            |                                                                                                                                                                                                                                                            |                                   |                        |
| B.1.a       | Fire proof safe                                       | Project will install a fireproof safe in each unit.                                                                                                                                                                                                        | Prior to Building Permit issuance | N/A                    |
| B.1.b       | First aid kit                                         | Project will provide a first aid kit with poison control document in the kitchen of each unit.                                                                                                                                                             | Prior to Building Permit issuance | N/A                    |
| B.1.d       | Outdoor lighting                                      | Applicant commits to providing lighting on all buildings that meet Police Department specifications, California Electrical Code and MHMC. Applicant will install motion detector light on each unit.                                                       | Prior to Building Permit issuance | N/A                    |
| B.1.f       | Illuminated address numbers                           | Applicant commits to installing lighted address numbers on each building and illuminated unit numbers on each dwelling unit. Applicant commits to installing painted reflective curb numbers where possible.                                               | Prior to Building Permit issuance | N/A                    |
| B.2         | Crime Prevention through Environmental Design (CPTED) | Applicant commits to utilizing the design principles of CPTED of natural surveillance, territorial                                                                                                                                                         | Prior to Building Permit issuance | N/A                    |

| Section No. | Category/Criteria          | Public Benefit/Commitment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Implementation                    | Estimated Contribution |
|-------------|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------|
|             |                            | reinforcement for each dwelling unit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                   |                        |
| B.3         | Lockable hardware          | Applicant commits to installing lockable hardware on all side yard and patio gates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Prior to Building Permit issuance | N/A                    |
| B.4         | Central Monitoring         | Project will install an intrusion, fire alarm, and heat detector system, monitored by a central station. Project will provide a one year monitoring contract with the purchase of each unit.                                                                                                                                                                                                                                                                                                                                                                                                                             | Prior to Building Permit issuance | N/A                    |
|             | <b>Livable Communities</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                   |                        |
| B.6         | Architectural variation    | Applicant will provide porches, two different roof lines, architectural profiles and massing and consistent architectural relief and detaining per stated requirements:<br>a. Uses porches, balconies, for any area viewed from the public right-of-way or multi-unit courtyards interior to the project on at least 25% of units to promote a neighborhood feel.<br>b. Uses at least two different roof lines and two different pitches throughout the project, i.e. gable, hipped, dormers, Mansard, etc.<br>c. Uses architecture and profiles and massing that are compatible and works with the existing surrounding | Prior to Site Review Approval     | N/A                    |

| Section No. | Category/Criteria | Public Benefit/Commitment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Implementation                | Estimated Contribution |
|-------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------|
|             |                   | <p>neighborhoods. Applicable only where a project adjoins an existing neighborhood on at least one side or twenty-five percent of the project's frontage.</p> <p>d. Provides a consistent level of architectural relief and detailing on all four building elevations. Where two-story rear and/or side-yard building elevations occur, architectural relief shall include some third dimensional design element such as bay windows, balconies, covered porches, decorative trellis, etc. In addition, each standard trim and base color must represent no more than 15% (project size permitting) of the project.</p> |                               |                        |
| B.7         | Maximizes privacy | Windows on sides will alternate. Noise producing elements [i.e. air conditioners] are located away from the property lines.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Prior to Site Review Approval | N/A                    |





## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Angie Gonzalez, Council Services Assistant  
APPROVED BY: City Manager

### **ADOPT ORDINANCE AMENDING CHAPTER 6.36 (“ANIMALS AND LAND USE”) IN TITLE 6 (“ANIMALS”) OF THE MORGAN HILL MUNICIPAL CODE TO ALLOW RESIDENTIAL BEEKEEPING UNDER CERTAIN CIRCUMSTANCES**

#### **RECOMMENDATION(S)**

Waive the reading, adopt Ordinance No. 2304, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

#### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

##### **Ongoing Priorities**

Protecting the Environment  
Maintaining Fiscal Responsibility

##### **2019 Strategic Priorities**

Community Engagement and Messaging  
Infrastructure  
Traffic/Transportation

#### **GUIDING DOCUMENTS**

General Plan/Housing Element

#### **REPORT NARRATIVE:**

On September 4, 2019, the City Council introduced Ordinance No. 2304 New Series, by the following roll call vote: AYES: Carr, McKay, Martinez Beltran, Constantine; NOES: None; ABSTAIN: None; ABSENT: Spring.

The decline of bee populations has been well-documented. Given the importance that bees, as pollinators, play in producing fruits, nuts, and vegetables, staff prepared the attached ordinance changing the Municipal Code to allow beekeeping with the following restrictions:

1. Hobbyist beekeeper must register their apiary with the County Agricultural Commissioner.
2. One hive can be kept on a property with a lot size between 5,000 - 10,000 square feet. Up to two hives can be kept on property with a lot size exceeding 10,000 square feet. Beekeepers who seek to keep more hives must get the unanimous written consent from abutting property owners.
3. All hives are to be located in a side yard or backyard and must be easily accessible by City Inspectors.
4. All hives must be located at least 25 feet from the rear property line and at least 10 feet from the side yard property line that the apiary is registered in.

5. All hives in an apiary must have an adequate supply of water within 3 feet of the hives to prevent bees from foraging in undesirable areas.
6. Any hives that exceed 6 feet in height must be anchored with ratchet straps to prevent toppling during wind and earthquake events.

Staff recommends adopting the attached ordinance which integrates these restrictions into the Municipal Code.

#### **COMMUNITY ENGAGEMENT: Consult**

A survey was pushed out to the community for public input on the proposed change. There was a total of 157 respondents to the survey and 95% of the respondents were current residents of the City.

#### **Public Concerns:**

- A significant number of respondents reported they were aware of the decline in bee population (52% Extremely Aware, 33% Very Aware, 11% Somewhat Aware, and 3% were Not very Aware with a 1% rounding error).
- Based on public reports, 64% of the respondents were not concerned about beekeeping in neighboring properties, 20% were a little concerned, 16% were moderately concerned to greatly concerned.
- The most common concern that residents reported was getting stung by aggressive bees.
- Respondents who were not concerned about beekeeping were receptive to the ordinance and do hope to see more bees.

#### **Public Interest:**

- Most of the respondents are not likely to be future beekeepers.  
37% of the respondents answered that they are likely to start an apiary once the ordinance is passed;  
45% of the respondents answered they are unlikely to start an apiary if the ordinance were to pass; and  
17% of the respondents were neutral about starting an apiary if the ordinance were to pass with a 1% rounding error.

#### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

On September 4, 2019 the City Council introduced Ordinance 2304.

#### **FISCAL AND RESOURCE IMPACT:**

There are no direct fiscal impacts from this item and no budget adjustment is requested at this time. Staff resources expended on this project were accommodated within the Community Services Department's existing workplan.

#### **CEQA (California Environmental Quality Act):**

Categorical Exemption.

This Ordinance and actions taken hereafter pursuant to this Ordinance are categorically exempt from environmental review under the California Environmental Quality Act pursuant to California Code of Regulations, Title 21, Section 15305(i) (Minor Alterations in Land Use Limitations).

**LINKS/ATTACHMENTS:**

1. Ordinance 2304 Beekeeping

## ORDINANCE NO. 2304, NEW SERIES

### AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING CHAPTER 6.36 (“ANIMALS AND LAND USE”) IN TITLE 6 (“ANIMALS”) OF THE MORGAN HILL MUNICIPAL CODE TO ALLOW RESIDENTIAL BEEKEEPING UNDER CERTAIN CIRCUMSTANCES

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

**Section 1. Declaration of Purpose and Intent.**

The purpose of this Ordinance is to amend Section 6.36 of the City of Morgan Hill Municipal Code to allow residential beekeeping under certain circumstances.

**Section 2.** Section 6.36.030 (“Definitions”) of Chapter 6.36 (“Animals and Land Use”) in Title 6 (“Animal”) of the Morgan Hill Municipal Code is hereby amended to read as follows:

**6.36.030 – DEFINITIONS**

For the purposes of this chapter, unless otherwise apparent from the context, certain words and phrases used in this chapter are defined as follows:

- A. "Agricultural zone," "commercial zone," "industrial zone" and "residential zone" mean all areas within the city zoned for agricultural uses, commercial uses, industrial uses and residential uses, respectively, as established by the official zoning ordinances of the city.
- B. “Apiary” as used in this chapter refers to where bees, hives, and any accessory appliances related to beekeeping is located.
- C. “Bees” as used in this chapter means honey-producing insects of the genus *Apis*. It includes all life stages of these insects.
- D. “Colony” as used in this chapter refers to one hive and its content, including bees, combs, and appliances.
- E. “Corral” means an area enclosed by fencing for the keeping of livestock.
- F. "Enclosed premises" means any lot or premises so enclosed as to prevent any animal or fowl confined thereon, escaping therefrom, or any animal or fowl from entering thereon.
- G. "Health officer" means the county health officer acting as the health officer of the city.
- H. “Hive” as used in this chapter refers to any receptacle, containers, or structure in which a colony is established.
- I. “Hobbyist beekeeper” as used in this chapter refers to the person maintaining an apiary in residential areas.
- J. Household pets" means and includes dogs, cats, canaries, parrots and other kindred birds and animals which are legal to possess in the state of California, that are usually or ordinarily kept as household pets.
- K. "Livestock" means and includes horses, ponies, mules, burros, jacks and jennies, cows, bulls, calves, heifers, llamas, sheep, goats, and all other domestic or domesticated animals

that are legal to possess within the state of California except swine, hogs, pigs and other household pets.

- L. "Person" means an individual, firm, partnership or corporation, and their heirs, assigns, executors, administrators or agents.
- M. "Private use" means keeping of animals for private purposes and enjoyment and occasional sale.
- N. "Poultry" means and includes chickens, turkeys, ducks, geese, pigeons and all other fowl including birds which are kept in outdoor aviaries.
- O. "Poultry ranch" means any premises, including outdoor aviaries, where a combined total of fifteen or more domestic fowl and poultry are kept, maintained, harbored or controlled by any person. Poultry under three months of age and not exceeding fifteen in number shall not be considered in computing the number of fowl on the premises.
- P. "Public stable" means any building or structure for the keeping of two or more horses which are not owned by the occupant of the premises, and are so kept for remuneration, hire or sale.
- Q. "Rabbits and small animals" means and includes hares, hamsters, chinchillas and guinea pigs, and all types of rodents.
- R. "Rabbit ranch" means any premises where eight or more rabbits are kept, maintained, harbored or controlled by any person. Rabbits under three months of age and not exceeding fifteen in number shall not be considered in computing the number of rabbits on the premises.
- S. "Rear yard" means a yard extending across the full width of the lot between the main building and the rear lot line; the depth of the required rear yard shall be measured horizontally from the nearest part of the main building toward the rear lot line.
- T. "Side yard" means an open space between a main building and the side lot line, extending from the front yard to the rear yard, the width of which is the horizontal distance from the nearest point of the side lot line to the nearest point of the main building.

**Section 3.** Section 6.36.270 ("Keeping of swine or bees prohibited-Exceptions") of Chapter 6.36 ("Animals and Land Use") in Title 6 ("Animals") of the Morgan Hill Municipal Code is hereby amended to read as follows:

**6.36.270 – Keeping of swine prohibited - Exceptions**

"It is unlawful for any person to keep, maintain or permit to be maintained any swine on any premises within the city, except within those premises which have been zoned for agricultural use."

**Section 4.** Section 6.36.275 ("Keeping of bees regulation") of Chapter 6.36 ("Animals and Land Use") in Title 6 ("Animal") is hereby added to the Morgan Hill Municipal Code as follows:

**6.36.275 – Keeping of bees regulations**

- A. Hobbyist beekeeper in single-family residential property must register any operating apiary with the Santa Clara County Agricultural Commissioner. Number of colonies, location of apiary, and first and last name of the apiary owner must be clearly stated in the application.

- B. It is unlawful for a hobbyist beekeeper to maintain an apiary in the City of Morgan Hill that is not registered with the County Agricultural Commissioner.
- C. A hobbyist beekeeper can keep one hive on a property with a lot size between 5,000 square feet and 10,000 square feet. Up to two hives can be kept on property with a lot size exceeding 10,000 square feet.
  - 1. EXCEPTIONS: with written unanimous consent from adjacent property owners, property with a lot size between 5,000 square feet and 10,000 square feet can keep up to 2 hives, and property with a lot size exceeding 10,000 square feet can keep up to 3 hives.
- D. Prior to placing an apiary within a 1,000 feet radius of a church, school, public building, dairy, or corral, the hobbyist beekeeper must obtain written permission from such entities
- E. All hives in an apiary must have an adequate supply of water within 3 feet of the hives to prevent bees from foraging in undesirable areas.
- F. All hives must be located in a side yard or backyard and must be easily accessible by County Inspectors.
- G. All hives must be located at least 25 feet from the rear property line and at least 10 feet from the side yard property line that the apiary is registered in.
- H. Any hives that exceeds 6 feet in height must be anchored with ratchet straps to prevent toppling during wind and earthquake events.
- I. All hives must have the entrance facing a dwelling or building on the property that the apiary is registered in or to be surrounded by a solid perimeter fence not less than six feet in height.
- J. Continuing hobbyist beekeepers must renew their registered apiary within 30 days after January 1 of each year.
- K. All hives must have the owner's name, owner's phone number and address, and apiary registration number, visibly displayed in dark letters in front of each hive entrance.

### **Section 5. CEQA Exemption**

The city finds that this Ordinance and actions taken hereafter pursuant to this Ordinance are categorically exempt from environmental review under the California Environmental Quality Act pursuant to California Code of Regulations, Title 21, Section 15305(i) (Minor Alterations in Land Use Limitations)

### **Section 6. Severability.**

Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

### **Section 7. Effective Date; Posting.**

This Ordinance shall take effect on October 18, 2019. The City Clerk is hereby directed to publish this Ordinance or a summary thereof pursuant to Government Code Section 36933.



**THE FOREGOING ORDINANCE WAS INTRODUCED AT A MEETING OF THE CITY COUNCIL HELD ON THE 4<sup>th</sup> DAY OF SEPTEMBER 2019 AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 18<sup>TH</sup> DAY OF SEPTEMBER 2019 AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH THE LAW BY THE FOLLOWING VOTE:**

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

**APPROVED:**

\_\_\_\_\_  
**RICH CONSTANTINE, Mayor**

**ATTEST:**

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

**DATE:** \_\_\_\_\_

Effective: October 18, 2019

**∞ CERTIFICATE OF THE CITY CLERK ∞**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. 2304, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 18<sup>th</sup> day of September 2019.

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

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

Attachment: Ordinance 2304 Beekeeping (2467 : Adopt Ordinance 2304 - Beekeeping)



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Dan Repp, Deputy Director Utility Services  
APPROVED BY: City Manager

## **ACCEPT THE 2019 PUBLIC HEALTH GOALS REPORT ON WATER QUALITY**

### **RECOMMENDATION(S)**

1. Take public comment and provide staff response; and
2. Accept and file the June 2019 Public Health Goals Report on Water Quality for the City of Morgan Hill.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Enhancing Public Safety

#### **2019 Strategic Priorities**

Infrastructure

### **GUIDING DOCUMENTS**

Water System Master Plan

### **REPORT NARRATIVE:**

As a water purveyor, the City must prepare a special report for the public every three years with information about water quality constituents detected in the drinking water and how they relate to State of California Public Health Goals (PHG's). PHGs are water quality goals established by the California Office of Environmental Health Hazard Assessment (OEHHA). A PHG is the level of chemical constituents in drinking water that does not pose a significant risk to health and they are not regulatory standards. The OEHHA uses these constituents in health risk assessments and therefore keeping track of them is very important in assessing trends. In addition, State law requires that drinking water standards be set as close to the corresponding PHG's as is economically and technologically feasible. In some cases, it may not be feasible to set the drinking water standard at the same level as a PHG because the technology to treat the chemicals may not be available, or the cost of treatment may be excessive. The State must consider these factors when developing a drinking water standard.

The PHG report is required to address those constituents that have a Maximum Contaminant Level Goal (MCLG) or PHG and an existing Maximum Contaminant Level (MCL). A complete list is found in Attachment 2 of the PHG report. The City's PHG results are from water samples taken in 2018 except for Chromium VI which is data from 2016. Chromium VI was not a required parameter for this reporting period however we are required to report results going back 3 years. The samples were taken from wells and test stations located throughout the City's distribution system. The analysis found concentrations that were equal to or greater than PHG's for: Lead, Copper, Aluminum, and Chromium VI (see Table 1 below). However, in all cases the

concentrations were below levels that would require water treatment.

Table 1. City of Morgan Hill Public Health Goal Exceedances

| <b>Water Quality Parameter</b> | <b>Sample Results</b> | <b>Public Health Goal</b> |
|--------------------------------|-----------------------|---------------------------|
| Lead                           | 0.008 mg/L            | 0.0002 mg/L               |
| Copper                         | 0.370 mg/L            | 0.3 mg/L                  |
| Aluminum                       | 0.6 mg/L              | 0.6 mg/L                  |
| Chromium VI                    | 0.0027 mg/L           | 0.00002 mg/L              |

The complete PHG report is included as an attachment to this report.

**COMMUNITY ENGAGEMENT: Inform**

The purpose of this report is to inform consumers of any contaminant that exceeds the applicable public health goal in the City of Morgan Hill's drinking water from 2016-2018.

**ALTERNATIVE ACTIONS:**

N/A.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

None

**FISCAL AND RESOURCE IMPACT:**

Preparation of this report is included in the Utilities Divisions' workplan. There are no fiscal impacts to receiving this report.

**CEQA (California Environmental Quality Act):**

Not a Project

This report serves as an administrative activity that will not result in direct or indirect physical changes in the environment.

**LINKS/ATTACHMENTS:**

1. PUBLIC HEALTH GOALS REPORT 2019



**PUBLIC HEALTH GOALS  
REPORT ON WATER QUALITY  
CITY OF MORGAN HILL  
JUNE 2019**



# CITY OF MORGAN HILL WATER SYSTEM PUBLIC HEALTH GOALS REPORT ON WATER QUALITY

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## SECTION 1: BACKGROUND INFORMATION

### What Are Public Health Goals (PHGs):

PHGs are water quality goals established by the California Office of Environmental Health Hazard Assessment (OEHHA) and are based solely on public health risk considerations. In setting the PHGs, OEHHA does not consider any of the practical risk-management factors which are considered by the United States Environmental Protection Agency (USEPA) and the State Water Resources Control Board (SWRCB) when setting drinking water standards. Some of these factors include Maximum Contaminant Levels (MCLs), including factors such as analytical detection capability, treatment technology available, and benefits & costs. PHGs are non-enforceable and are not required to be met by public water systems under the California Health and Safety Code. Maximum Contaminant Level Goals (MCLGs), established by USEPA, are the federal equivalent to PHGs.

### Reporting Requirements:

Provisions of the California Health and Safety Code Section 116470 (see Attachment 1) specify that public water systems serving more than 10,000 service connections must prepare a special report if their water quality measurements have exceeded any PHGs. Reporting must be done every three years. The law also requires that where OEHHA has not adopted a PHG for a contaminant, the water suppliers are to use the MCLGs adopted by USEPA. The purpose of this report is to inform consumers of contaminants in City of Morgan Hill Water System's drinking water that exceeded the PHGs or MCLGs during 2016, 2017, and 2018. Included in PHG reports are the numerical public health risk associated with;

- The Maximum Contaminant Level (MCL) and the PHG or MCLG
- The category or type of risk to health that could be associated with each contaminant
- The best treatment technology available that could be used to reduce the contaminant level
- Estimate of the cost to install that treatment if it is appropriate and feasible.

For general information about the quality of the water delivered by City of Morgan Hill Water System, please refer to the latest Annual Water Quality Report. The report can be found online at:

[www.morganhill.ca.gov/mhccreport](http://www.morganhill.ca.gov/mhccreport)

### Water Quality Data Considered:

The water quality data collected by City of Morgan Hill Water System between 2016 and 2018 were considered for the purpose of determining compliance with drinking water standards and PHG reporting requirements (see Attachment 2). This data was all summarized in City of Morgan Hill's Annual Water Quality Reports, which are currently available to customers online at:

[www.morganhill.ca.gov/mhccreport](http://www.morganhill.ca.gov/mhccreport)



For each regulated contaminant, SWRCB establishes Detection Limits for Purposes of Reporting (DLR). DLRs are the minimum levels at which any analytical result must be reported to SWRCB. Analytical results below the DLRs cannot be quantified with any certainty. In some cases, PHGs are set below the DLRs.

Guidelines Followed:

The Association of California Water Agencies (ACWA) formed a workgroup which prepared guidelines for water utilities to use in preparing these PHG reports. ACWA guidelines were used in the preparation of this report and can be found by following the link below.

[2019-ACWA-PHG-Report-Guidance.pdf](#)

## **SECTION 2: CONTAMINANTS DETECTED THAT EXCEED PHGS OR MCLGS**

Following is a discussion of the contaminants that was detected at levels above the PHG/MCLG. Reference Attachment 2 for MCLs, DLRs, and PHGs for Regulated Drinking Water Contaminants chart.

Lead:

The MCL for lead is 0.015 milligrams per liter (mg/L) in the triennial sample group. The City of Morgan Hill Water System results show a 0.008 mg/L sample during 2018. Although the City of Morgan Hill Water System is not over the MCL, the Public Health Goal (PHG) requires the City of Morgan Hill to report any samples over the PHG for Lead 0.0002 mg/L. Lead may be an indicator of internal corrosion of/in the household plumbing system; discharges from industrial manufacturers; or erosion of natural deposits.

The reason for Lead drinking water standard is that infants and children who drink water containing lead in excess of the MCL may experience delays in their physical and mental development. Children may show slight deficits in attention span and learning abilities. Adults who drink this water over many years may develop kidney problems or high blood pressure.

Copper:

The MCL for Copper is 1.3 mg/L. The City of Morgan Hill Water System results show a 0.370 mg/L sample during this period of 2018. Although the City of Morgan Hill Water System is not over the MCL, the Public Health Goal (PHG) requires the City of Morgan Hill to report any samples over the PHG for Copper 0.3 mg/L. Copper may be an indicator of internal corrosion the household plumbing system; discharges from industrial manufacturers; or erosion of natural deposits.

The reason for Copper drinking water standard is copper is an essential nutrient, but some people who drink water containing copper in excess of the MCL over a relatively short amount of time may experience gastrointestinal distress. Some people who drink water containing copper in excess of the MCL over many years may suffer liver or kidney damage. People with Wilson's Disease should consult their personal doctor.

For customers concerned about lead and/or copper in their drinking water, below are some steps to take to reduce exposure.

Have household water tested for lead and copper.

Find out whether household pipes/fixtures contain lead or lead solder and replace if desired.

Run household water for 15-30 seconds to help flush lead and copper from the pipes.

#### Aluminum:

The MCL for Aluminum is more than 1 mg/L in any sample. During 2018 the City of Morgan Hill Water System results show a sample level of 0.6 mg/L. Although the City of Morgan Hill Water System is not over the MCL, the Public Health Goal (PHG) requires the City of Morgan Hill to report any samples over the PHG for Aluminum 0.6 mg/L. Aluminum may be an indicator of erosion of natural deposits; residue from surface water treatment plants.

The reason for Aluminum drinking water standards is some people who drink water containing Aluminum more than the MCL over many years may experience short term gastrointestinal tract effects.

#### Chromium VI:

The MCL for Chromium VI was repealed in 2017 which means water systems are not required to test for or report it as drinking water contaminant. The State of California is in process of establishing a new MCL for Chromium VI and once adopted the new MCL will apply to public water systems. During 2016 the City of Morgan Hill Water System results show a sample level of 0.0027 mg/L which is greater than the PHG 0.00002 mg/L. Chromium VI may be an indicator of discharge from electroplating factories; leather tanneries, wood preservation, chemical synthesis, refractory production, and textile manufacturing facilities; erosion of natural deposits.

The reason for Chromium VI is considered as a PHG is that some people have shown an increased risk of getting cancer when exposed through drinking water.

### **SECTION 3: TREATMENT FEASIBILITY AND RECOMMENDATIONS**

Both the USEPA and SWRCB adopt what are known as Bats, or Best Available Technologies, which are the best known methods of reducing contaminant levels to the MCL. Costs can be estimated for such technologies. However, since many PHGs and all MCLGs are set much lower than the MCL, it is not always possible or feasible to determine what treatment is needed to further reduce a constituent downward to or near the PHG or MCLG, many of which are set at zero. Estimating the costs to reduce a constituent to zero is difficult, if not impossible because it is not possible to verify by analytical means that the level has been lowered to zero. In some cases, installing treatment to try and further reduce very low levels of one constituent may have adverse effects on other aspects of water quality.

The City of Morgan Hill drinking water does not exceed MCL's for the PHG contaminants discussed above. Consequently, Staff is recommending that no additional treatment be applied to the City drinking water system. The City will continue to coordinate with SWRCB to identify

any additional measures that will improve operations and water quality in the distribution system. No further action is proposed at this time.

## ATTACHMENT 1

### EXERPT FROM CALIFORNIA HEALTH & SAFETY CODE SECTION 116470

(b) On or before July 1, 1998, and every three years thereafter, public water systems serving more than 10,000 service connections that detect one or more contaminants in drinking water that exceed the applicable public health goal, shall prepare a brief written report in plain language that does all of the following:

- (1) Identifies each contaminant detected in drinking water that exceeds the applicable public health goal.
  - (2) Discloses the numerical public health risk, determined by the office, associated with the maximum contaminant level for each contaminant identified in paragraph (1) and the numerical public health risk determined by the office associated with the public health goal for that contaminant.
  - (3) Identifies the category of risk to public health, including, but not limited to, carcinogenic, mutagenic, teratogenic, and acute toxicity associated with exposure to the contaminant in drinking water and includes a brief plainly worded description of these terms.
  - (4) Describes the best available technology, if any is then available on a commercial basis, to remove the contaminant or reduce the concentration of the contaminant. The public water system may, solely at its own discretion, briefly describe actions that have been taken on its own, or by other entities, to prevent the introduction of the contaminant into drinking water supplies.
  - (5) Estimates the aggregate cost and the cost per customer of utilizing the technology described in paragraph (4), if any, to reduce the concentration of that contaminant in drinking water to a level at or below the public health goal.
  - (6) Briefly describes what action, if any, the local water purveyor intends to take to reduce the concentration of the contaminant in public drinking water supplies and the basis for that decision.
- (f) Pending adoption of a public health goal by the Office of Environmental Health hazard Assessment pursuant to subdivision (c) of Section 116365, and in lieu thereof, public water systems shall use the national maximum contaminant level goal adopted by the United States Environmental Protection Agency for the corresponding contaminant for purposes of complying with the notice and hearing requirements of this section.

## ATTACHMENT 2

| <b>MCLs, DLRs, and PHGs for Regulated Drinking Water Contaminants</b><br><b>(Units are in milligrams per liter (mg/L), unless otherwise noted.)</b><br><b>Last Update: December 26, 2018</b>                                                                            |         |         |                                  |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|----------------------------------|---------------|
| <b>This table includes:</b><br><b>California's maximum contaminant levels (MCLs)</b><br><b>Detection limits for purposes of reporting (DLRs)</b><br><a href="#"><b>Public health goals (PHGs) from the Office of Environmental Health Hazard Assessment (OEHHA)</b></a> |         |         |                                  |               |
| Also, PHGs for NDMA (which are not yet regulated) are included at the bottom of this table.                                                                                                                                                                             |         |         |                                  |               |
|                                                                                                                                                                                                                                                                         | MCL     | DLR     | PHG                              | PHG Exceeded? |
| <i>Chemicals with MCLs in 22 CCR §64431—Inorganic Chemicals</i>                                                                                                                                                                                                         |         |         |                                  |               |
| Aluminum                                                                                                                                                                                                                                                                | 1       | 0.05    | 0.6                              | Yes           |
| Antimony                                                                                                                                                                                                                                                                | 0.006   | 0.006   | 0.001                            | NO            |
| Arsenic                                                                                                                                                                                                                                                                 | 0.010   | 0.002   | 0.000004                         | NO            |
| Asbestos (MFL = million fibers per liter; for fibers >10 microns long)                                                                                                                                                                                                  | 7 MFL   | 0.2 MFL | 7 MFL                            | NO            |
| Barium                                                                                                                                                                                                                                                                  | 1       | 0.1     | 2                                | NO            |
| Beryllium                                                                                                                                                                                                                                                               | 0.004   | 0.001   | 0.001                            | NO            |
| Cadmium                                                                                                                                                                                                                                                                 | 0.005   | 0.001   | 0.00004                          | NO            |
| Chromium, Total - OEHHA withdrew the 0.0025-mg/L PHG                                                                                                                                                                                                                    | 0.05    | 0.01    | withdrawn Nov. 2001              | NO            |
| Chromium, Hexavalent – 0.01-mg/L MCL & 0.01 mg/L DLR repealed September 2017                                                                                                                                                                                            | na      | 0.001   | 0.00002                          | Yes           |
| Cyanide                                                                                                                                                                                                                                                                 | 0.15    | 0.1     | 0.15                             | NO            |
| Fluoride                                                                                                                                                                                                                                                                | 2       | 0.1     | 1                                | NO            |
| Mercury (inorganic)                                                                                                                                                                                                                                                     | 0.002   | 0.001   | 0.0012                           | NO            |
| Nickel                                                                                                                                                                                                                                                                  | 0.1     | 0.01    | 0.012                            | NO            |
| Nitrate (as nitrogen, N)                                                                                                                                                                                                                                                | 10 as N | 0.4     | 45 as NO <sub>3</sub> (=10 as N) | NO            |
| Nitrite (as N)                                                                                                                                                                                                                                                          | 1 as N  | 0.4     | 1 as N                           | NO            |
| Nitrate + Nitrite (as N)                                                                                                                                                                                                                                                | 10 as N | --      | 10 as N                          | NO            |
| Perchlorate                                                                                                                                                                                                                                                             | 0.006   | 0.004   | 0.001                            | NO            |
| Selenium                                                                                                                                                                                                                                                                | 0.05    | 0.005   | 0.03                             | NO            |
| Thallium                                                                                                                                                                                                                                                                | 0.002   | 0.001   | 0.0001                           | NO            |

| Copper and Lead, 22 CCR §64672.3                                                        |            |       |        | PHG Exceeded? |
|-----------------------------------------------------------------------------------------|------------|-------|--------|---------------|
|                                                                                         |            |       |        |               |
| Copper                                                                                  | 1.3        | 0.05  | 0.3    | Yes           |
| Lead                                                                                    | 0.015      | 0.005 | 0.0002 | Yes           |
| Radionuclides with MCLs in 22 CCR §64441 and §64443—Radioactivity                       |            |       |        | PHG Exceeded? |
| [units are picocuries per liter (pCi/L), unless otherwise stated; n/a = not applicable] |            |       |        |               |
| Gross alpha particle activity - OEHHA concluded in 2003 that a PHG was not practical    | 15         | 3     | none   | NO            |
| Gross beta particle activity - OEHHA concluded in 2003 that a PHG was not practical     | 4 mrem/yr. | 4     | none   | NO            |
| Radium-226                                                                              | --         | 1     | 0.05   | NO            |
| Radium-228                                                                              | --         | 1     | 0.019  | NO            |
| Radium-226 + Radium-228                                                                 | 5          | --    | --     | NO            |
| Strontium-90                                                                            | 8          | 2     | 0.35   | NO            |
| Tritium                                                                                 | 20,000     | 1,000 | 400    | NO            |
| Uranium                                                                                 | 20         | 1     | 0.43   | NO            |

| Chemicals with MCLs in 22 CCR §64444—Organic Chemicals |        |        |         | PHG Exceeded? |
|--------------------------------------------------------|--------|--------|---------|---------------|
| (a) Volatile Organic Chemicals (VOCs)                  |        |        |         |               |
| Benzene                                                | 0.001  | 0.0005 | 0.00015 | NO            |
| Carbon tetrachloride                                   | 0.0005 | 0.0005 | 0.0001  | NO            |
| 1,2-Dichlorobenzene                                    | 0.6    | 0.0005 | 0.6     | NO            |
| 1,4-Dichlorobenzene (p-DCB)                            | 0.005  | 0.0005 | 0.006   | NO            |
| 1,1-Dichloroethane (1,1-DCA)                           | 0.005  | 0.0005 | 0.003   | NO            |
| 1,2-Dichloroethane (1,2-DCA)                           | 0.0005 | 0.0005 | 0.0004  | NO            |
| 1,1-Dichloroethylene (1,1-DCE)                         | 0.006  | 0.0005 | 0.01    | NO            |
| cis-1,2-Dichloroethylene                               | 0.006  | 0.0005 | 0.013   | NO            |
| trans-1,2-Dichloroethylene                             | 0.01   | 0.0005 | 0.05    | NO            |
| Dichloromethane (Methylene chloride)                   | 0.005  | 0.0005 | 0.004   | NO            |
| 1,2-Dichloropropane                                    | 0.005  | 0.0005 | 0.0005  | NO            |
| 1,3-Dichloropropene                                    | 0.0005 | 0.0005 | 0.0002  | NO            |
| Ethylbenzene                                           | 0.3    | 0.0005 | 0.3     | NO            |
| Methyl tertiary butyl ether (MTBE)                     | 0.013  | 0.003  | 0.013   | NO            |
| Monochlorobenzene                                      | 0.07   | 0.0005 | 0.07    | NO            |
| Styrene                                                | 0.1    | 0.0005 | 0.0005  | NO            |
| 1,1,2,2-Tetrachloroethane                              | 0.001  | 0.0005 | 0.0001  | NO            |
| Tetrachloroethylene (PCE)                              | 0.005  | 0.0005 | 0.00006 | NO            |
| Toluene                                                | 0.15   | 0.0005 | 0.15    | NO            |
| 1,2,4-Trichlorobenzene                                 | 0.005  | 0.0005 | 0.005   | NO            |
| 1,1,1-Trichloroethane (1,1,1-TCA)                      | 0.2    | 0.0005 | 1       | NO            |
| 1,1,2-Trichloroethane (1,1,2-TCA)                      | 0.005  | 0.0005 | 0.0003  | NO            |

|                                                                 | MCL    | DLR    | PHG     | PHG Exceeded? |
|-----------------------------------------------------------------|--------|--------|---------|---------------|
| <b>Chemicals with MCLs in 22 CCR §64431—Inorganic Chemicals</b> |        |        |         |               |
| Trichloroethylene (TCE)                                         | 0.005  | 0.0005 | 0.0017  | NO            |
| Trichlorofluoromethane (Freon 11)                               | 0.15   | 0.005  | 1.3     | NO            |
| 1,1,2-Trichloro-1,2,2-Trifluoroethane (Freon 113)               | 1.2    | 0.01   | 4       | NO            |
| Vinyl chloride                                                  | 0.0005 | 0.0005 | 0.00005 | NO            |
| Xylenes                                                         | 1.75   | 0.0005 | 1.8     | NO            |
|                                                                 |        |        |         |               |
|                                                                 |        |        |         |               |



| <b>(b) Non-Volatile Synthetic Organic Chemicals (SOCs)</b> |                    |                    |                     | <b>PHG Exceeded?</b> |
|------------------------------------------------------------|--------------------|--------------------|---------------------|----------------------|
| Alachlor                                                   | 0.002              | 0.001              | 0.004               | NO                   |
| Atrazine                                                   | 0.001              | 0.0005             | 0.00015             | NO                   |
| Bentazon                                                   | 0.018              | 0.002              | 0.2                 | NO                   |
| Benzo(a)pyrene                                             | 0.0002             | 0.0001             | 0.000007            | NO                   |
| Carbofuran                                                 | 0.018              | 0.005              | 0.0017              | NO                   |
| Chlordane                                                  | 0.0001             | 0.0001             | 0.00003             | NO                   |
| Dalapon                                                    | 0.2                | 0.01               | 0.79                | NO                   |
| 1,2-Dibromo-3-chloropropane (DBCP)                         | 0.0002             | 0.00001            | 0.0000017           | NO                   |
| 2,4-Dichlorophenoxyacetic acid (2,4-D)                     | 0.07               | 0.01               | 0.02                | NO                   |
| Di(2-ethylhexyl)adipate                                    | 0.4                | 0.005              | 0.2                 | NO                   |
| Di(2-ethylhexyl)phthalate (DEHP)                           | 0.004              | 0.003              | 0.012               | NO                   |
| Dinoseb                                                    | 0.007              | 0.002              | 0.014               | NO                   |
| Diquat                                                     | 0.02               | 0.004              | 0.006               | NO                   |
| Endrin                                                     | 0.002              | 0.0001             | 0.0003              | NO                   |
| Endothal                                                   | 0.1                | 0.045              | 0.094               | NO                   |
| Ethylene dibromide (EDB)                                   | 0.00005            | 0.00002            | 0.00001             | NO                   |
| Glyphosate                                                 | 0.7                | 0.025              | 0.9                 | NO                   |
| Heptachlor                                                 | 0.00001            | 0.00001            | 0.000008            | NO                   |
| Heptachlor epoxide                                         | 0.00001            | 0.00001            | 0.000006            | NO                   |
| Hexachlorobenzene                                          | 0.001              | 0.0005             | 0.00003             | NO                   |
| Hexachlorocyclopentadiene                                  | 0.05               | 0.001              | 0.002               | NO                   |
| Lindane                                                    | 0.0002             | 0.0002             | 0.000032            | NO                   |
| Methoxychlor                                               | 0.03               | 0.01               | 0.00009             | NO                   |
| Molinate                                                   | 0.02               | 0.002              | 0.001               | NO                   |
| Oxamyl                                                     | 0.05               | 0.02               | 0.026               | NO                   |
| Pentachlorophenol                                          | 0.001              | 0.0002             | 0.0003              | NO                   |
| Picloram                                                   | 0.5                | 0.001              | 0.166               | NO                   |
| Polychlorinated biphenyls (PCBs)                           | 0.0005             | 0.0005             | 0.00009             | NO                   |
| Simazine                                                   | 0.004              | 0.001              | 0.004               | NO                   |
| 2,4,5-TP (Silvex)                                          | 0.05               | 0.001              | 0.003               | NO                   |
| 2,3,7,8-TCDD (dioxin)                                      | 3x10 <sup>-8</sup> | 5x10 <sup>-9</sup> | 5x10 <sup>-11</sup> | NO                   |
| Thiobencarb                                                | 0.07               | 0.001              | 0.042               | NO                   |
| 1,2,3- Trichloropropane                                    | 0.000005           | 0.000005           | 0.0000007           | NO                   |
| Toxaphene                                                  | 0.003              | 0.001              | 0.00003             | NO                   |

| <b>Chemicals with MCLs in 22 CCR §64533—Disinfection Byproducts</b>                                                                |       |          |          | <b>PHG Exceeded?</b> |
|------------------------------------------------------------------------------------------------------------------------------------|-------|----------|----------|----------------------|
| Total Trihalomethanes                                                                                                              | 0.080 | --       | --       | <b>NO</b>            |
| Bromodichloromethane                                                                                                               | --    | 0.0010   | 0.00006  | <b>NO</b>            |
| Bromoform                                                                                                                          | --    | 0.0010   | 0.0005   | <b>NO</b>            |
| Chloroform                                                                                                                         | --    | 0.0010   | 0.0004   | <b>NO</b>            |
| Dibromochloromethane                                                                                                               | --    | 0.0010   | 0.0001   | <b>NO</b>            |
| Haloacetic Acids (five) (HAA5)                                                                                                     | 0.060 | --       | --       | <b>NO</b>            |
| Monochloroacetic Acid                                                                                                              | --    | 0.0020   | --       | <b>NO</b>            |
| Dichloroacetic Acid                                                                                                                | --    | 0.0010   | --       | <b>NO</b>            |
| Trichloroacetic Acid                                                                                                               | --    | 0.0010   | --       | <b>NO</b>            |
| Monobromoacetic Acid                                                                                                               | --    | 0.0010   | --       | <b>NO</b>            |
| Dibromoacetic Acid                                                                                                                 | --    | 0.0010   | --       | <b>NO</b>            |
| Bromate                                                                                                                            | 0.010 | 0.0050** | 0.0001   | <b>NO</b>            |
| Chlorite                                                                                                                           | 1.0   | 0.020    | 0.05     | <b>NO</b>            |
| <b>Chemicals with PHGs established in response to DDW requests. These are not currently regulated drinking water contaminants.</b> |       |          |          | <b>PHG Exceeded?</b> |
| N-Nitrosodimethylamine (NDMA)                                                                                                      | --    | --       | 0.000003 | <b>NO</b>            |
| *OEHHA's review of this chemical during the year indicated (rev20XX) resulted in no change in the PHG.                             |       |          |          |                      |
| **The DLR for Bromate is 0.0010 mg/L for analysis performed using EPA Method 317.0 Revision 2.0, 321.8, or 326.0.                  |       |          |          |                      |



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Chris Ghione, Public Services Director

APPROVED BY: City Manager

## **PROVIDE DIRECTION REGARDING CITY USE OF HERBICIDES**

### **RECOMMENDATION(S)**

1. Receive report on herbicide use in City parks, facilities, medians, and right of ways; and
2. Provide staff with direction on future use of herbicides by the City.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Protecting the Environment

Maintaining Fiscal Responsibility

### **POLICY CONSIDERATIONS:**

There has been significant interest by several community members in reducing or eliminating the use of herbicides by the City. City staff have identified considerations that should be reviewed in association with this change in maintenance practice and are recommending an ongoing process to evaluate the reduction in herbicide use as well as the elimination of one herbicide specifically. The Council may want to consider the impacts associated with the immediate elimination and/or reduction in herbicide use when providing direction to City staff.

### **REPORT NARRATIVE:**

#### **Background**

Over the last several months numerous residents have reached out to City representatives regarding the use of herbicides on City property. Many of the requests from residents have been specific to eliminating the use of the herbicide Glyphosate. Multiple City Council Members have requested City staff review alternatives for the reduction in herbicide use. This report is intended to provide background information and potential next steps on herbicide use by the City.

The City of Morgan Hill, through its own employees and landscape contractors, uses a variety of means to control weeds in various City owned locations. These locations include parks, medians, facilities, and right of way (ROW) areas adjacent to streets where typically no sidewalk is present. This maintenance occurs for both aesthetic and fire protection reasons. Herbicide use is currently a major component of weed abatement and Glyphosate is currently the most common herbicide used. This is due to its effectiveness. In the case of the ROW maintenance, the work is done completely for

fire protection purposes and the weed abatement is performed almost completely by the spraying of Glyphosate.

Glyphosate is distributed commercially under the product name Roundup. Glyphosate was introduced commercially in 1974 and is now used in more than 160 countries. In early 2017, the California Environmental Protection Agency (CalEPA) placed glyphosate on a list of potentially harmful chemicals. The list is in accordance with State law enacted by California voters in 1986 (Proposition 65) that mandates notification and labeling of all products which the State of California has determined to potentially add to a person's cancer risk, may cause harm to unborn children or other reproductive harm. The CalEPA list does not ban the use of chemicals but does require clear and reasonable warnings for exposures to chemicals on the State's list under certain circumstances. The list itself includes over 1,000 chemicals, including things such as medications, alcoholic beverages, gasoline, etc.

Roundup is currently approved for use in the United States through the Environmental Protection Agency and California through the Department of Pesticide Regulation (DPR). Pesticides are currently categorized into three classifications, Caution (least toxic), Warning, and Danger (most toxic). Glyphosate has a Caution classification. The largest use of Glyphosate is in agriculture due to its use in on genetically altered crops designed to tolerate Glyphosate.

### **City Use of Herbicides**

Use of herbicides within the City is managed through the Community Services Maintenance Division. The Division utilizes Glyphosate and other herbicides 1-3 times per year in park areas and the City ROW. The number of applications depends on the weather and needs of the specific area, which can cause a need to reapply. For the use of herbicides, the City is regulated by the County Department of Agriculture and the DPR. The City files reports on all use to both organizations. The City follows all federal, state and county guidelines and regulations when spraying. Use occurs both by City staff and maintenance contractors.

Over the last several years, the City has been updating its approach to herbicide use on an ongoing basis to ensure safety of staff and the public. Updates include:

- The City staff follow all guidelines and regulations, utilize all personal protective equipment and follow all procedures outlined for each specific herbicide. Staff stay trained, up to date and implement all new requirements immediately.
- Six years ago, the City began requiring the posting of herbicide use 72 hours prior to utilizing herbicides in any City parks or in areas near schools. Signs are removed no less than 24 hours following the application. This is not a requirement, but City staff felt important and began implementing.
- The City does not use herbicides in or near waterways, except for organic herbicides approved specifically for this use.
- The City recently implemented a pilot program at Paradise Park eliminating the use of herbicides completely. This park was intended as a trial site to assess the possibility and costs related to eliminating the use of Glyphosate and other herbicides in the future. The trial completed its second year this summer. In

conjunction with the trial, the City has also tested two new organic alternative products to Glyphosate.

- All crews that apply pesticides are overseen by a maintenance worker on site with a valid California Pesticide Qualified Applicators Certificate (QAC), and all pesticide mixing is performed by a crew member properly trained and in possession of a valid QAC. We also assure no one is in the area of coverage while spraying which at times causes staff to wait for areas to be clear. Staff remain present until areas are safe to enter once the application is dry (as per the labels and training).

As noted, City staff have been experimenting with the use of alternate herbicides to Glyphosate. Unfortunately, this experimentation has not resulted in identifying an effective alternative to date. City staff has recently been in discussion with other agencies on an additional new organic herbicide that they have found effective. However, this new alternative as well as others will not be able to be tested until the Spring of 2020 as the weed abatement season is now over.

In reviewing alternative strategies City staff have spent considerable time evaluating options for reducing herbicide use and potentially eliminating the use of glyphosate. Unfortunately to date, there does not appear to be a path forward that will not result in increased costs or a significant decrease in the level of weed abatement services provided. The following chart outlines the City's weed abatement areas and the estimated staff hours committed to weed abatement. It further estimates the increased hours/costs associated with maintaining the existing service levels in each of the areas.

|                                                                                  | <b>Parks<br/>City<br/>Maintained</b> | <b>Staff</b> | <b>Parks, Medians,<br/>Landscaping<br/>Maintained<br/>Contract</b> | <b>by</b> | <b>Street Right of Way<br/>City<br/>Maintained</b> | <b>Staff</b> |
|----------------------------------------------------------------------------------|--------------------------------------|--------------|--------------------------------------------------------------------|-----------|----------------------------------------------------|--------------|
| <b>Size of Areas</b>                                                             | 17.6 acres                           |              | 15.75 acres<br>(estimate)                                          |           | 41.2 linear miles<br>(10-foot width)               |              |
| <b>Current<br/>maintenance<br/>hours</b>                                         | 116 hours                            |              | NA                                                                 |           | 345 hours                                          |              |
| <b>Estimated<br/>increased<br/>hours/costs<br/>without<br/>Glyphosate use</b>    | 233 hours<br>\$17,000 annually       |              | NA<br>\$24,900 annually                                            |           | 690 hours<br>\$51,000 annually                     |              |
| <b>Estimated<br/>increased<br/>hours/costs<br/>without any<br/>herbicide use</b> | 928 hours<br>\$68,000 annually       |              | NA<br>\$74,700 annually                                            |           | 2,760 hours<br>\$203,000 annually                  |              |

It is important to note that weed abatement is not just for aesthetics, and maintenance of the City ROW is intended for fire safety. Ensuring weeds do not reach the roadway

edges is important to fire prevention. To this point should the City determine it would like to eliminate the use of herbicides or Glyphosate in particular, just lowering the level of service would not be recommended.

### Other Agencies

City staff recently did a survey of surrounding jurisdictions as it relates to use of herbicides in general and specifically the use of Glyphosate. The chart below provides general information on use by other agencies. It should be noted that this use may vary in both how and in what quantities each agency uses herbicides, so the information is general in nature.

| Agency                   | Herbicides Used in ROW | Glyphosate Used in ROW | Herbicides Used in Parks | Glyphosate Used in Parks |
|--------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Campbell                 | Yes                    | Yes                    | Yes                      | Yes                      |
| Cupertino                | Yes                    | Yes                    | Yes                      | Yes                      |
| Fremont                  | Yes                    | Yes                    | Yes                      | Yes                      |
| Gilroy                   | Yes                    | Yes                    | Yes                      | Yes                      |
| Los Altos                | Yes                    | Yes                    | Yes                      | Yes                      |
| Los Gatos                | Yes                    | Yes                    | Yes                      | Yes                      |
| Mid-Pen Open Space Dist. | No                     | No                     | Yes                      | Yes                      |
| Mountain View            | Yes                    | Yes*                   | Yes                      | Yes*                     |
| Palo Alto                | Yes                    | Yes                    | Yes                      | Yes                      |
| San Jose                 | Yes                    | Yes                    | Yes                      | Yes**                    |
| Santa Clara County       | Yes                    | No                     | Yes                      | No                       |
| SCV Open Space Authority | Yes                    | Yes                    | Yes                      | Yes                      |

\* Mountain View will discontinue use of Glyphosate in 2020.

\*\* San Jose is currently reviewing the potential elimination of the use of Glyphosate in parks.

### Recommended Next Steps

City staff believe in working towards the reduction in herbicide use as well meeting the desire of the community members who would like to reduce or eliminate the use of Glyphosate by the City. However, the costs associated with this transition are significant and would need to be funded through the City's General Fund. General Fund resources are limited, and the Council has a significant number of unfunded priorities. City staff recommend no formal action at this time, but that the City staff be permitted to continue to explore alternate herbicide options to replace the use of Glyphosate. Alternate options would be tested in the Spring of 2020. City staff would then plan to report back to the Council in the Summer of 2020 with findings and any further recommendations.

### COMMUNITY ENGAGEMENT: Inform

City staff have been in communication with multiple members of the public on this issue. This report summarizes the information on the City's use of herbicides and provides for the City's future planning.

### ALTERNATIVE ACTIONS:



The City Council may alternatively provide further direction to staff on the use of herbicides in parks. Should the Council wish to take a more aggressive approach, City staff would bring back a report prior to the end of the year with options for reducing and/or eliminating the use of herbicides and/or Glyphosate. Based on this direction City staff would outline alternatives for increased funding for maintenance and/or reductions in service levels.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The Parks and Recreation Commission is scheduled to review this topic at its September 17 meeting. Any recommendations from the Commission will be provided to the Council as a supplemental item.

**FISCAL AND RESOURCE IMPACT:**

There is no fiscal impact associated with the recommended action. Significant fiscal and resource impacts are associated with the reduction of the use of herbicides by the City. These impacts could range from tens of thousands of dollars to hundreds of thousands of dollars.

**CEQA (California Environmental Quality Act):**

Categorical Exemption

The planned maintenance and management of city facilities falls within the CEQA categorical exemption of Class 1, Existing Facilities.



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Chris Ghione, Public Services Director  
APPROVED BY: City Manager

## **PROVIDE DIRECTION REGARDING CITYWIDE TRAFFIC STUDIES AND RELATED PROJECT UPDATES**

### **RECOMMENDATION(S)**

1. Receive cut-through traffic study;
2. Receive final intersection analysis and update on improvements;
3. Receive update on traffic projects; and
4. Provide staff feedback on next steps for traffic congestion and pedestrian safety management.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Enhancing Public Safety  
Advancing Regional Initiatives

#### **2019 Strategic Priorities**

Infrastructure  
Traffic/Transportation

### **GUIDING DOCUMENTS**

Vision Zero

### **POLICY CONSIDERATIONS:**

This report is being provided to allow the Council to review and discuss the City's activities in managing traffic throughout the City.

### **REPORT NARRATIVE:**

The purpose of this report is to provide an update on the Engineering Division's work in relation to traffic congestion management and traffic safety improvement planning. The report is intended to help provide the City Council with background information for future policy considerations when creating priorities and allocating resources.

Over the last few years, City staff have seen an increase in the number of resident complaints relating to traffic both from a traffic congestion perspective and from traffic calming perspective. In many cases these requests are conflicting in nature from the perspective that some are requests for traffic calming measures (stop signs, speed bumps, etc.) while others are requests for improvements to enhance traffic flow (traffic signals, additional lanes, etc.). Common requests include; improved signal coordination, new or enhanced crosswalks, reduced speed limits, installation of traffic calming devices, new stop signs, new traffic signals, the installation of roundabouts and the elimination of through traffic on specific streets.

Historically, the City has dedicated very limited resources to overall congestion

management and the ongoing planning for traffic. The approach has primarily been project based in developing specific Capital Improvement Projects to support the goals outlined in the Transportation Element of the City's General Plan. City staff do not currently dedicate resources to coordinate management of the traffic signals within the City. The City's traffic signal infrastructure is comprised solely of individually managed traffic signals with the exception of interconnected traffic signals near each of the freeway off-ramps.

### **Regional Cut-through Traffic Study**

In light of the traffic concerns, City initiated a traffic study to identify the amount of cut-through traffic using city streets. Staff recommended this study be conducted as an initial step to help inform future decision making on allocating resources to congestion management functions. It has always been assumed that significant regional traffic originating from areas to the south was impacting City streets due to traffic congestion on Highway 101. The geography and configurations of roadways in South County is such that several county roadways converge entering the City from the south and only three routes leave the City to the north (Highway 101, Monterey Road and Santa Teresa Avenue). Understanding if local traffic improvements in Morgan Hill would support reduced traffic congestion or would just draw more traffic from Highway 101 was the most significant question identified to be answered with the study.

The City engaged Hexagon Transportation Consultants, Inc. to conduct a regional cut-through analysis of major roadways within the City of Morgan Hill. The intent of the study was to 1) estimate the amount of regional cut-through traffic on major roadways within the City, 2) identify the major cut-through routes, and 3) estimate the potential effects of local roadway improvements on cut-through traffic. Regional cut-through traffic, for the purpose of this study, was defined as traffic travelling on City of Morgan Hill roadways that does not have an origin or destination within the City. The data utilized in the analysis was anonymous data from mobile applications from personal cell phones purchased from a third-party company. The Cut-Through Traffic study is included as Attachment 1.

The significant findings in the study include:

1. The City has significant cut-through traffic, but the majority of traffic on our roadways is still local.
2. There is opportunity to improve local traffic through investment in infrastructure without attracting additional cut-through traffic.
3. During the PM Peak it is estimated that 39% of southbound traffic cuts-through city streets and 31% of northbound AM Peak traffic cuts through city streets (remaining percentages stayed on Highway 101).
4. During AM Peak Traffic Hours on some streets up to 1 in 3 vehicles is pass-through and on some streets during PM it is up to 1 in 4 vehicles.
5. The AM Peak sees considerable pass through traffic on the East side of town, but the East side does not see significant cut-through traffic during the PM Peak.
6. The PM Peak sees most significant pass through traffic on Monterey North of Cochrane, followed by the Hale corridor.

7. Roadway improvements such as the Hale Avenue Extension or improving the infrastructure through intelligent traffic management systems will support improvement in local traffic and not just increase cut-through traffic.
8. Highway 101 congestion is a significant cause for cut-through traffic.

### **Intersection Capacity Analysis**

In 2017, the City commissioned an intersection capacity analysis (Attachment 2). This analysis looked at key intersections within the City. The studied intersections are major intersections that have historically had the greatest level of congestion and vehicle delays. The purpose of the report was to identify improvements to these intersections that could improve traffic congestion and enhance safety. The study was completed in mid-2018 and City staff have utilized it to make improvements at the intersections identified. The following information summarizes the work that has already been done or is the process of being done at each intersection:

#### **1. Condit Road and Dunne Avenue**

Improvements are currently in progress and all recommendations will be implemented with the upgrades to this intersection, with the exception of extending the Eastbound Dunne turn pocket. This final improvement is within Caltrans right of way and City staff are still reviewing options to complete as part of a future CIP project.

#### **2. Butterfield Boulevard and Tennant Avenue**

The pedestrian safety improvements are currently scheduled to be completed by October. The major intersection improvements require the acquisition of additional right of way and have significant cost associated with them. This work will be recommended for addition to the Capital Improvement Program in the future.

#### **3. Monterey Road and Main Avenue**

The pedestrian safety recommendations have been completed at this intersection. The traffic congestion improvements have not been made as the recommended permitted left turn phasing will likely improve congestion slightly but based on past experience will reduce pedestrian safety and will likely result in more vehicle collisions.

#### **4. Butterfield Boulevard and Dunne Avenue**

The pedestrian safety improvements are currently scheduled to be completed by October. However, the major intersection improvements require the acquisition of additional right of way and have significant cost associated with them. This work will be recommended for addition to the Capital Improvement Program in the future.

#### **5. Monterey Road at Tennant / Edmundson Avenue**

Only pedestrian safety improvements were recommended at this intersection. These improvements are currently scheduled to be completed by October.

### **Congestion Management Projects**

As noted earlier in this report, requests to replace stop signs with traffic signals is a common request of residents. The most common location for these requests is along the Santa Teresa/Sunnyside/Hale Avenue corridor, with the most common intersection requests occurring at the intersections of Watsonville Road and Tilton Avenue. Both intersections are planned for future signalization, but staff are not recommending these improvements occur immediately due to limited funding and the prioritization of the Hale Avenue Extension. The City has had to borrow against future Traffic Impact Fee revenues to complete the property acquisition for Phase 1 of the Hale Avenue Extension. Additionally, signalization of these intersections will not increase pedestrian or traffic safety as replacement of the stop signs will increase speeds through both intersections.

It should be noted that the Santa Teresa/Sunnyside/Hale corridor along with the Monterey Road/Butterfield Corridor serve a significant amount of regional traffic. City staff believe it would be appropriate to seek regional funding to improve congestion along these routes. Improvements would not only include additional signalization/intersection improvements, but Phase 2 of the Hale Avenue Extension, connecting Dewitt to Sunnyside Avenue is also needed. This project is currently outside the City, under County jurisdiction and unfunded. In addition to the improvements noted, funding to support improved signal management infrastructure through the corridor could be used to improve congestion and would be of both local and regional benefit.

### **Traffic Safety, Pedestrian and Bicycle Improvements**

City staff are currently working on a number of traffic safety projects throughout the City. These projects are in alignment with the City's Vision Zero initiative to make Morgan Hill streets safer (Attachment 3). City staff has identified dozens of future projects and begun the process of prioritizing these projects for future improvements. Current projects that are being worked on include:

- **Pedestrian Improvements at Intersections**  
These projects were noted through the intersection capacity analysis and include the upgrade of pedestrian crossing buttons and the addition of pedestrian count down timers. Some intersections have been completed and others are scheduled for completion by October.
- **Enhancement of Downtown Crosswalks**  
This project includes the addition of in-ground pedestrian flashing lights on Monterey Road at Fifth and First Streets. The project has completed design and will be bid in the coming weeks.
- **Main Avenue Bike and Pedestrian Improvements**  
This project includes the addition of a buffered bike lane from Calle Mazatan to Condit Road, new sidewalk on Main Avenue near Grand Prix Avenue, and an enhanced pedestrian crosswalk at Grand Prix Avenue. The project is currently in the property acquisition phase, which should be completed by year-end to allow for bidding to follow.

- Enhanced Crosswalks at Wright and Del Monte Avenues  
The addition of pedestrian activated lighting is planned for this mid-block crosswalk to support youth travelling to Britton School. This project is currently being designed.
- Enhanced Crosswalks on LaCrosse Avenue at the West Little Llagas Creek Trail  
The addition of pedestrian activated lighting is planned for these mid-block crosswalks to support trail crossings. This project is currently being designed.
- Watsonville Road Improvements  
City staff are currently working on a proposed design for upgrades to Watsonville Road between Sunnyside Avenue and Watsonville Road. Improvements being reviewed include a multi-use trail, enhanced crosswalks and traffic safety measures. City staff believe there may be a grant opportunity for this project in the very new future.
- Signal Improvements at Butterfield & Jarvis and Monterey & Spring Avenue  
The addition of left turn arrows will be added at both intersections to improve traffic safety.
- Britton School Frontage Improvements  
This is a significant project currently in the design phase that will improve sidewalks, add new streetlights, and underground utilities along Britton Middle School on Monterey Road and Central Avenue. Work would occur in the Summer of 2020.

The City has historically used funding from the Residential Development Control System (RDSCS) program to support traffic and pedestrian safety projects throughout the City. The funding obtained from RDSCS for these improvements has been significantly reduced with changes occurring during the transition to Measure S. This funding is likely to be eliminated for the next several years due to recent State legislation. Without alternate funding, the City will not have the ability to make these types of improvements in the future.

### **Other Traffic Related Activities**

**Speed Limits** - In addition to regularly requested improvements, another common request from residents is for reduced speed limits. These requests are normally for the City's arterial and collector streets, which are intended to support efficient traffic flow. In many cases, residents are also requesting various traffic calming measures. City staff review these requests on a case by case basis. Per state law, in most scenarios, speed limits must be set at or near the 85<sup>th</sup> percentile speed, meaning the City cannot reduce speed limits in many cases. It should be noted that 2018 State Law (AB-2363) established a task force to review and make recommendations on how speed limits are set. The report from the task force is required to be provided by January 2020. Additionally, City staff is reviewing the potential option of further reducing speed limits in some school zones as other cities have recently done.



VTA Measure B Bike and Pedestrian Education and Encouragement Funding – The City will be receiving approximately \$30,000 annually to support education and outreach to the community to promote bicycle and pedestrian activity. These funds may be used for Safe Routes to School programming. City staff is currently looking at potential partnerships as the City has no resources of its own dedicated to this purpose and the funding would only allow for a very limited amount of part-time staffing support.

Waze City Partnerships and Data Sharing – City staff has begun reviewing opportunities to utilize the data available through this potential partnership and is also reviewing the options to help prevent the mapping apps from routing traffic through residential streets.

Community Based Transportation Plan - As noted previously, the City has several other areas where residents have requested improvements and City staff have identified appropriate improvements. Additionally, the City is working in partnership with the VTA on the Community Based Transportation Plan for the City, which is expected to help identify other projects. It is anticipated the Plan will be ready in draft form in the coming months.

Highway 101 Widening – In 2018, Caltrans updated its US 101 South Comprehensive Corridor Plan. Within that plan is a project to widen Highway 101 by an additional lane in each direction from Cochrane Road south to Highway 25. The cost for this widening is estimated at \$225 million, with an estimated cost of \$107 million to add the lane from Cochrane Avenue south to Masten Avenue. This project is currently not funded, but would significantly reduce cut-through traffic within the City.

### **Moving Forward**

This report was intended to serve as a basic overview for the City Council as it relates to traffic congestion management and traffic safety work managed by the City's Engineering Division. Many cities dedicate significant General Fund resources to traffic management, including the funding of traffic engineering staff who are solely responsible for this work. For Morgan Hill, the City Engineer and Public Service Director currently fill this role, with various Engineers managing specific traffic related capital improvement projects. Given the City's current economic constraints and many priorities, City staff are not recommending any changes to funding levels associated with traffic management. City staff do recommend the following priorities for future traffic management:

1. Work to identify alternate funding for the loss of RDCS revenue to ensure traffic projects can continue to be funded.
2. Continue to prioritize work on pedestrian safety projects over congestion management improvements when solely using City funding.
3. Develop a strategy to advocate regionally for improvements, coordination and funding to the transportation corridor running through the South County. This would include advocating for the widening of Highway 101 through Morgan Hill.
4. Continue to look for grant opportunities for project funding.
5. Support VTA staff in completing the Morgan Hill Community Based Transportation Plan.

6. Continue to prioritize construction of the Hale Avenue extension Phase 1 and advocate for funding for completion of Phase 2 of the project.

**COMMUNITY ENGAGEMENT: Inform**

This report is serves to provide an update on traffic related projects and activities managed by the City.

**ALTERNATIVE ACTIONS:**

No action is required, but the City Council may choose to provide additional policy direction on the topic.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The Council has previously received numerous reports and taken numerous actions on traffic related capital improvement projects.

**FISCAL AND RESOURCE IMPACT:**

There is no fiscal impact associated with receiving this report.

**CEQA (California Environmental Quality Act):**

Not a Project

This report is informational in nature and 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. Individual projects all undergo various levels of environmental analysis and review to meet CEQA requirements.

**LINKS/ATTACHMENTS:**

1. Morgan Hill Regional Cut through Traffic Study (weblink)
2. Morgan Hill Intersection Capacity Analysis (weblink)
3. Morgan Hill Vision Zero Initiative (weblink)



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Pam van der Leeden, GIS Manager  
APPROVED BY: City Manager

## **ACCEPT REPORT ON GEOGRAPHIC INFORMATION SYSTEMS (GIS) STRATEGIC PLAN**

### **RECOMMENDATION(S)**

Accept report on the Geographic Information Services (GIS) Strategic Plan.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Enhancing Public Safety  
Protecting the Environment  
Supporting Our Youth  
Seniors  
and Entire Community  
Fostering a Positive Organizational Culture  
Advancing Regional Initiatives

### **REPORT NARRATIVE:**

This report serves to inform the community and the City Council of the City's strategic plan (Attachment 1) for Geographic Information Services (GIS). A City consultant has prepared the three-year plan that outlines specific tasks and recommendations for building a successful and sustainable geospatial program at the City.

Recommendations are made on GIS program governance, data and databases, procedures, workflow and integration, software, IT infrastructure, and training and knowledge transfer. The action plan includes producing a master address database, integrating GIS with City business systems, and making data available through a public portal.

This strategic plan was produced as Task 1 of the GIS Services Project through an agreement with Geographic Technologies Group that was approved by City Council on December 5, 2018.

### **What is GIS?**

- GIS stands for Geographic Information Systems.
- GIS is rooted in geography and uses specialized software to map anything that has a location, from topography to City zoning to utilities to the location and size of a wildland fire.

- The software company Esri makes the industry standard GIS software called ArcGIS that we use at the City.
- Information is stored in the GIS software as a spatial location, a water pipeline for example, with information about the pipeline, such as diameter, material, age, etc. included in a table that is linked to the location of the pipeline.
- GIS is distinguished from apps like Google Maps and Waze by its ability to overlay layers of information and analyze the relationships between items in those layers.

### **What is the GIS Services Project?**

Staff initiated a GIS Services Project to develop a GIS strategic plan to outline a road map that assesses existing GIS system infrastructure, and designs and implements an Enterprise GIS system. The goal of this project is to create the platform from which we can build out the City's GIS program with spatial data, maps, and applications. Previously, we were not able to support a City-wide Enterprise GIS system due to gaps in infrastructure and technology.

Staff recommended that the City contract with a highly qualified consultant to design a 3 to 5-year GIS strategic plan, assess the existing GIS system infrastructure, and design and implement an Enterprise GIS system. The consultant would also configure and customize an internal web map for the City and provide 2 years of support services. Staff selected Geographic Technologies Group for the GIS Services Project and this agreement was approved by City Council on December 5, 2018.

**GIS Services Project Status:** The project began in January 2019. To date, the strategic plan and the system assessment, design, and implementation have been completed and work on the replacement for the City's internal web map (MHMaps) is underway.

### **Other Related Agreements- GIS Software Licensing Agreement:**

The City Council approved this agreement on June 26, 2019 to allow the City to implement the new GIS system design.

### **GIS Strategic Plan:**

This is the first strategic plan for GIS at the City and will be instrumental in developing the City's Enterprise GIS program over the next three years. It includes a wealth of information and recommendations for increasing the City's GIS capabilities to meet business needs and industry standards. Due to the length of the report there is an Executive Summary that provides more condensed information. Major activities and findings are summarized here.

### **PHASE I: GIS Needs Assessment**

Geographic Technologies Group (GTG) used several methods to assess current GIS conditions and needs. These included benchmarking, gap analysis, GIS Manager interviews, a staff survey, and departmental interviews. These resulted in a snapshot of

current conditions that can be used to measure progress over time as well a picture of Citywide GIS needs.

The City's current GIS capabilities were measured against industry standards and best practices in other cities. GIS performance was assessed by key functions including; program governance (management), data and databases, procedures, workflow and integration (how work is accomplished and how GIS meshes with City business systems), GIS software, IT infrastructure (the GIS system depends on the City's IT infrastructure), and training and knowledge transfer.

At the end of this phase, a vision and over-arching goals and objectives for the GIS program were recommended.

### **PHASE II: GIS System Design**

Specific recommendations for each of the GIS program functions were developed based on where the City program is and where we want to be. This section also includes the technical assessment, specifications, and recommendations for system design and infrastructure to support the needs of the GIS program.

### **PHASE III: Strategic Implementation Plan: Business Needs and Plan of Action**

Recommendations are turned into a tactical plan with specific tasks that can be accomplished over the next three years. Priority tasks for the first year are funded in the current GIS budget for FY 2019-20. Tasks to be implemented in Years 2 and 3 are anticipated to be funded in the next biennial budget. Several tables in this section summarize priority tasks and costs.

The tasks in the tactical plan support the following ongoing priorities as established by the Council:

- Enhancing Public Safety: GIS infrastructure and master address database to better support GIS for emergency services.
- Protecting the Environment: System will enable mobile field data collection for Environmental Services projects and will also better support mapping of City utilities.
- Supporting our Youth and Seniors and Entire Community: Better GIS integration with City departments will enhance and improve data available. A public portal will allow the City to make data available on the web.
- Fostering a positive organization culture: Increased resources and collaboration possible between City departments.
- Advancing regional initiatives: Will allow the City to fully take advantage of public safety mapping initiatives.

### **COMMUNITY ENGAGEMENT: Inform**

This report serves to inform the community of the GIS Strategic Plan document.

**ALTERNATIVE ACTIONS:**

None.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The strategic plan was produced by Geographic Technologies Group as part of the agreement approved by the City Council on December 5, 2018. The City Council also approved a GIS software licensing agreement with ESRI on June 26, 2019.

**FISCAL AND RESOURCE IMPACT:**

Priority strategic plan tasks are funded within the current adopted GIS budget for FY 2019-20. Tasks to be implemented in FY 2020-21 and FY 2021-22 are anticipated to be funded through the upcoming biennial budget process.

**CEQA (California Environmental Quality Act):**

Not a Project.

Since the resulting activity 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. City of Morgan Hill GIS Strategic Plan (weblink)





## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: September 18, 2019**

PREPARED BY: Michelle Bigelow, Deputy City Clerk  
APPROVED BY: City Manager

## **APPOINT VOTING DELEGATES FOR THE 2019 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE AND APPROVE CITY SUPPORT OF THE LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE RESOLUTIONS**

### **RECOMMENDATION(S)**

1. Appoint voting delegate and up to two (2) alternate voting delegates to the League of California Cities' Annual Conference;
2. Direct the Clerk team to complete and forward the voting delegate form to the League of California Cities;
3. Confirm "support" position on two resolutions; and
4. Authorize the City's voting delegate(s) to vote on the two resolutions to be considered at the League of California Cities (LOCC) annual conference.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **Ongoing Priorities**

Enhancing Public Safety  
Protecting the Environment  
Maintaining Fiscal Responsibility  
Supporting Our Youth  
Seniors  
and Entire Community  
Fostering a Positive Organizational Culture  
Preserving and Cultivating Public Trust  
Preserving Our Community History  
Enhancing Diversity and Inclusiveness  
Advancing Regional Initiatives

#### **2019 Strategic Priorities**

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

### **REPORT NARRATIVE:**

The League of California Cities will be holding its Annual Conference October 16-18, 2019 in Long Beach, CA. At the Annual Conference, the League conducts its Annual Business Meeting at which League Members vote on resolutions from member cities and elected officials. These resolutions help guide cities and the League in their efforts to improve the quality, responsiveness, and vitality of local government in California. This year, two resolutions have been introduced for consideration at the conference and referred to appropriate LOCC Policy Committees (Attachment 1). The League's bylaws stipulate that each city is entitled to one vote on matters affecting municipal or League policy. The voting delegate and/or alternate(s) must be registered for the conference

and present to vote. The memorandum from the League of California Cities requesting the designation of a voting delegate for the League's Annual Conference is attached (Attachment 2).

It has been the City Council's past practice to appoint the Mayor as the primary voting delegate and the Mayor Pro Tem as the alternate voting delegate. Staff is requesting the Council appoint a primary voting delegate and up to two alternate voting delegates. In 2006, the League of California Cities authorized the appointment of up to two alternates to plan for unforeseen situations (bylaw amendment).

The Annual Business meeting will convene on Friday, October 18th at 12:30 p.m., to consider two resolutions that have been brought forward:

1. A Resolution of the League of California Cities Calling on the California Public Utilities Commission to Amend Rule 20A to Add Projects in Very High Fire Hazard Severity Zones to the List of Eligibility Criteria and to Increase Funding Allocations for Rule 20A Projects; and
2. A Resolution Calling Upon the Federal and State Governments to Address the Devastating Impacts of International Transboundary Pollution Flows into the Southernmost Regions of California and the Pacific Ocean.

The Annual Conference Resolutions Packet containing details regarding each resolution is included as an attachment to this report.

By approving the recommendation, our LOCC representatives will have the Council's general guidance for the vote to be taken on the resolution and are authorized to vote on amendments in the manner they deem to be in the best interest of the City.

#### **COMMUNITY ENGAGEMENT: Inform**

This report serves to inform the community of the League's resolutions for consideration.

#### **ALTERNATIVE ACTIONS:**

Council could decide to not support the recommended positions.

#### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

Each year the City Council appoints voting delegates to attend and vote at the League of California Cities Annual Conference.

#### **FISCAL AND RESOURCE IMPACT:**

The cost of the conference registration and travel are included in the adopted FY 2019-20 City Council budget.

#### **CEQA (California Environmental Quality Act):**

Not a project.

The appointment of voting delegates is not a project, as defined in Section 15378 of the State CEQA guidelines.

**LINKS/ATTACHMENTS:**

1. 2019 Annual Conference Resolutions Packet
2. 2019 Voting Delegate Packet



# ***Annual Conference Resolutions Packet***

## ***2019 Annual Conference Resolutions***



***Long Beach, California***

***October 16 – 18, 2019***

## INFORMATION AND PROCEDURES

**RESOLUTIONS CONTAINED IN THIS PACKET:** The League bylaws provide that resolutions shall be referred by the president to an appropriate policy committee for review and recommendation. Resolutions with committee recommendations shall then be considered by the General Resolutions Committee at the Annual Conference.

This year, two resolutions have been introduced for consideration at the Annual Conference and referred to League policy committees.

**POLICY COMMITTEES:** Two policy committees will meet at the Annual Conference to consider and take action on the resolutions referred to them. The committees are: Environmental Quality and Transportation, Communication & Public Works. The committees will meet from 9:00 – 11:00 a.m. on Wednesday, October 16, at the Hyatt Regency Long Beach. The sponsors of the resolutions have been notified of the time and location of the meeting.

**GENERAL RESOLUTIONS COMMITTEE:** This committee will meet at 1:00 p.m. on Thursday, October 17, at the Hyatt Regency Long Beach, to consider the reports of the policy committees regarding the resolutions. This committee includes one representative from each of the League's regional divisions, functional departments and standing policy committees, as well as other individuals appointed by the League president. Please check in at the registration desk for room location.

**ANNUAL LUNCHEON/BUSINESS MEETING/GENERAL ASSEMBLY:** This meeting will be held at 12:30 p.m. on Friday, October 18, at the Long Beach Convention Center.

**PETITIONED RESOLUTIONS:** For those issues that develop after the normal 60-day deadline, a resolution may be introduced at the Annual Conference with a petition signed by designated voting delegates of 10 percent of all member cities (48 valid signatures required) and presented to the Voting Delegates Desk at least 24 hours prior to the time set for convening the Annual Business Meeting of the General Assembly. This year, that deadline is 12:30 p.m., Thursday, October 17. Resolutions can be viewed on the League's Web site: [www.cacities.org/resolutions](http://www.cacities.org/resolutions).

Any questions concerning the resolutions procedures may be directed to Carly Shelby [cshelby@cacities.org](mailto:cshelby@cacities.org) 916-658-8279 or Nick Romo [nromo@cacities.org](mailto:nromo@cacities.org) 916-658-8232 at the League office.

## **GUIDELINES FOR ANNUAL CONFERENCE RESOLUTIONS**

Policy development is a vital and ongoing process within the League. The principal means for deciding policy on the important issues facing cities is through the League's seven standing policy committees and the board of directors. The process allows for timely consideration of issues in a changing environment and assures city officials the opportunity to both initiate and influence policy decisions.

Annual conference resolutions constitute an additional way to develop League policy. Resolutions should adhere to the following criteria.

### **Guidelines for Annual Conference Resolutions**

1. Only issues that have a direct bearing on municipal affairs should be considered or adopted at the Annual Conference.
2. The issue is not of a purely local or regional concern.
3. The recommended policy should not simply restate existing League policy.
4. The resolution should be directed at achieving one of the following objectives:
  - (a) Focus public or media attention on an issue of major importance to cities.
  - (b) Establish a new direction for League policy by establishing general principles around which more detailed policies may be developed by policy committees and the board of directors.
  - (c) Consider important issues not adequately addressed by the policy committees and board of directors.
  - (d) Amend the League bylaws (requires 2/3 vote at General Assembly).



## LOCATION OF MEETINGS

### **Policy Committee Meetings**

Wednesday, October 16, 9:00 – 11:00 a.m.

Hyatt Regency Long Beach

200 South Pine Avenue, Long Beach

### **The following committees will be meeting:**

1. Environmental Quality 10:00 - 11:00 a.m.
2. Transportation, Communication & Public Works 9:00 - 10:00 a.m.

### **General Resolutions Committee**

Thursday, October 17, 1:00 p.m.

Hyatt Regency Long Beach

200 South Pine Avenue, Long Beach

### **Annual Business Meeting and General Assembly Luncheon**

Friday, October 18, 12:30 p.m.

Long Beach Convention Center

300 East Ocean Boulevard, Long Beach

## KEY TO ACTIONS TAKEN ON RESOLUTIONS

Resolutions have been grouped by policy committees to which they have been assigned.

| Number | Key Word Index | Reviewing Body Action                                                |   |   |
|--------|----------------|----------------------------------------------------------------------|---|---|
|        |                | 1                                                                    | 2 | 3 |
|        |                | 1 - Policy Committee Recommendation to General Resolutions Committee |   |   |
|        |                | 2 – General Resolutions Committee                                    |   |   |
|        |                | 3 - General Assembly                                                 |   |   |

### ENVIRONMENTAL QUALITY POLICY COMMITTEE

|   |                                             | 1 | 2 | 3 |
|---|---------------------------------------------|---|---|---|
| 1 | Amendment to Rule 20A                       |   |   |   |
| 2 | International Transboundary Pollution Flows |   |   |   |

### TRANSPORTATION, COMMUNICATION & PUBLIC WORKS POLICY COMMITTEE

|   |                       | 1 | 2 | 3 |
|---|-----------------------|---|---|---|
| 1 | Amendment to Rule 20A |   |   |   |

Information pertaining to the Annual Conference Resolutions will also be posted on each committee's page on the League website: [www.cacities.org](http://www.cacities.org). The entire Resolutions Packet is posted at: [www.cacities.org/resolutions](http://www.cacities.org/resolutions).

## **KEY TO ACTIONS TAKEN ON RESOLUTIONS *(Continued)***

Resolutions have been grouped by policy committees to which they have been assigned.

### **KEY TO REVIEWING BODIES**

1. Policy Committee
2. General Resolutions Committee
3. General Assembly

### **ACTION FOOTNOTES**

- \* Subject matter covered in another resolution
- \*\* Existing League policy
- \*\*\* Local authority presently exists

### **KEY TO ACTIONS TAKEN**

- |     |                                                             |
|-----|-------------------------------------------------------------|
| A   | Approve                                                     |
| D   | Disapprove                                                  |
| N   | No Action                                                   |
| R   | Refer to appropriate policy committee for study             |
| a   | Amend+                                                      |
| Aa  | Approve as amended+                                         |
| Aaa | Approve with additional amendment(s)+                       |
| Ra  | Refer as amended to appropriate policy committee for study+ |
| Raa | Additional amendments and refer+                            |
| Da  | Amend (for clarity or brevity) and Disapprove+              |
| Na  | Amend (for clarity or brevity) and take No Action+          |
| W   | Withdrawn by Sponsor                                        |

### **Procedural Note:**

The League of California Cities resolution process at the Annual Conference is guided by League Bylaws. A helpful explanation of this process can be found on the League's website by clicking on this link: [Guidelines for the Annual Conference Resolutions Process](#).

## League of California Cities Resolution Process

### REGULAR RESOLUTIONS

| Policy Committee Action | General Resolutions Committee Action | Calendar                             |
|-------------------------|--------------------------------------|--------------------------------------|
| Approve                 | Approve                              | Consent Calendar <sup>1</sup>        |
| Approve                 | Disapprove or Refer                  | Regular Calendar <sup>2</sup>        |
| Disapprove or Refer     | Approve                              | Regular Calendar                     |
| Disapprove or Refer     | Disapprove or Refer                  | Does not proceed to General Assembly |

### PETITION RESOLUTIONS

| Policy Committee Action       | General Resolutions Committee Action | Calendar                             |
|-------------------------------|--------------------------------------|--------------------------------------|
| Not Heard in Policy Committee | Approve                              | Consent Calendar                     |
| Not Heard in Policy Committee | Disapprove or Refer                  | Regular Calendar                     |
| Not Heard in Policy Committee | Disqualified per Bylaws Art. VI      | Does not proceed to General Assembly |

### Resolutions

- Submitted 60 days prior to conference *Bylaws Article VI, Sec. 4(a)*
- Signatures of at least 5 supporting cities or city officials submitted with the proposed resolution *Bylaws Article VI, Sec. 2*
- Assigned to policy committee(s) by League president *Bylaws Article VI, Sec. 4(b)(i)*
- Heard in policy committee(s) and report recommendation, if any, to GRC *Bylaws Article VI, Sec. 4(b)(ii)*
- Heard in GRC
  - Approved by policy committee(s) and GRC, goes on to General Assembly on consent calendar *2006 General Assembly Resolution Sec. 2(C)*
  - If amended/approved by all policy committee(s) to which it has been referred and disapproved by GRC, then goes on to General Assembly on the regular calendar. If not all policy committees to which it has been referred recommend amendment or approval, and the GRC disapproves or refers the resolution, the resolution does not move to the General Assembly *2006 General Assembly Resolution Sec. 2(A),(C); 1998 General Assembly Resolution, 1<sup>st</sup> Resolved Clause*
  - If disapproved by all policy committees to which it has been referred and disapproved by the GRC, resolution does not move to the General Assembly *2006 General Assembly Resolution Sec. 2(C)*
- Heard in General Assembly

<sup>1</sup> The consent calendar should only be used for resolutions where there is unanimity between the policy committees and the GRC that a resolution should be approved by the General Assembly, and therefore, it can be concluded that there will be less desire to debate the resolution on the floor.

<sup>2</sup> The regular calendar is for resolutions for which there is a difference in recommendations between the policy committees and the GRC.

### **Petitioned Resolutions**

- Submitted by voting delegate *Bylaws Article VI, Sec. 5 (a)*
- Must be signed by voting delegates representing 10% of the member cities *Bylaws Article VI, Sec. 5 (c)*
- Signatures confirmed by League staff
- Submitted to the League president for confirmation 24 hours before the beginning of the General Assembly. *Bylaws Article VI, Sec. 5 (d)*
- Petition to be reviewed by Parliamentarian for required signatures of voting delegates and for form and substance *Bylaws Article VI, Sec. 5(e)*
- Parliamentarian's report is presented to chair of GRC
- Will be heard at GRC for action (GRC cannot amend but may recommend by a majority vote to the GA technical or clarifying amendments) *2006 General Assembly Resolution sec. 6(A), (B)*
- GRC may disqualify if:
  - Non-germane to city issues
  - Identical or substantially similar in substance to a resolution already under consideration *Bylaws Article VI, Sec. 5(e), (f)*
- Heard in General Assembly
  - General Assembly will consider the resolution following the other resolutions<sup>3</sup> *Bylaws Article VI, Sec. 5(g)*
  - Substantive amendments that change the intent of the petitioned resolution may only be adopted by the GA *2006 General Assembly Resolution sec. 6(C)*

### **Voting Procedure in the General Assembly**

**Consent Calendar:** Resolution approved by Policy Committee(s) and GRC. Petitioned resolution approved by GRC)

- GRC Chair will be asked to give the report from the GRC and will ask for adoption of the GRC's recommendations
- Ask delegates if there is a desire to call out a resolution for discussion
- A voting delegate may make a motion to remove a resolution from the consent calendar for discussion
- If a motion is made to pull a resolution, the General Assembly votes on whether to pull the resolution from the consent calendar.
- If a majority of the General Assembly votes to pull the resolution, set "called out" reso(s) aside. If the motion fails, the resolution remains on the consent calendar.
- If reso(s) not called out, or after 'called out' reso is set aside, then ask for vote on remaining resos left on consent
- Move on to debate on reso(s) called out
- After debate, a vote is taken
- Voting delegates vote on resolutions by raising their voting cards.<sup>4</sup>

<sup>3</sup> Petitioned Resolutions on the Consent Calendar will be placed after all General Resolutions on the Consent Calendar. Petitioned Resolutions on the Regular Calendar will be placed after all General Resolutions on the Regular Calendar.

<sup>4</sup> Amendments to League bylaws require 2/3 vote

**Regular Calendar:** Regular resolutions approved by Policy Committee(s)<sup>5</sup>, and GRC recommends disapproval or referral; Regular resolutions disapproved or referred by Policy Committee(s)<sup>6</sup> and GRC approves; Petitioned resolutions disapproved or referred by the GRC.

- Open the floor to determine if a voting delegate wishes to debate a resolution on the regular calendar.
- If no voting delegate requests a debate on the resolution, a vote to ratify the recommendation of the GRC on the resolution is taken.
- Upon a motion by a voting delegate to debate a resolution, a debate shall be held if approved by a majority vote of the General Assembly. If a majority of the General Assembly to debate the resolution is not achieved, then a vote shall be taken on whether to ratify the GRC's recommendation. If a majority of the General Assembly approves of the motion to debate the resolution, debate will occur. After debate on the resolution, a vote is taken based upon the substitute motion that was made, if any, or on the question of ratifying the GRC's recommendation.
- Voting delegates vote by raising their voting cards.

<sup>5</sup> Applies in the instance where the GRC recommendation of disapproval or refer is counter to the recommendations of the policy committees.

<sup>6</sup> Applies in the instance where the GRC recommendation to approve is counter to the recommendations of the policy committees.



**1. RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES CALLING ON THE CALIFORNIA PUBLIC UTILITIES COMMISSION TO AMEND RULE 20A TO ADD PROJECTS IN VERY HIGH FIRE HAZARD SEVERITY ZONES TO THE LIST OF ELIGIBILITY CRITERIA AND TO INCREASE FUNDING ALLOCATIONS FOR RULE 20A PROJECTS**

Source: City of Rancho Palos Verdes

Concurrence of five or more cities/city officials

Cities: City of Hidden Hills, City of La Cañada Flintridge, City of Laguna Beach, City of Lakeport, City of Malibu, City of Moorpark, City of Nevada City, City of Palos Verdes Estates, City of Rolling Hills Estates, City of Rolling Hills, City of Ventura

Referred to: Environmental Quality Policy Committee; Transportation, Communications, and Public Works Policy Committee

**WHEREAS**, the California Public Utilities Commission regulates the undergrounding conversion of overhead utilities under Electric Tariff Rule 20 and;

**WHEREAS**, conversion projects deemed to have a public benefit are eligible to be funded by ratepayers under Rule 20A; and

**WHEREAS**, the criteria under Rule 20A largely restricts eligible projects to those along streets with high volumes of public traffic; and

**WHEREAS**, the cost of undergrounding projects that do not meet Rule 20A criteria is left mostly or entirely to property owners under other parts of Rule 20; and

**WHEREAS**, California is experiencing fire seasons of worsening severity; and

**WHEREAS**, undergrounding overhead utilities that can spark brush fires is an important tool in preventing them and offers a public benefit; and

**WHEREAS**, brush fires are not restricted to starting near streets with high volumes of public traffic; and

**WHEREAS**, expanding Rule 20A criteria to include Very High Fire Hazard Severity Zones would facilitate undergrounding projects that would help prevent fires; and

**WHEREAS**, expanding Rule 20A criteria as described above and increasing funding allocations for Rule 20A projects would lead to more undergrounding in Very High Fire Hazard Severity Zones; and now therefore let it be,

**RESOLVED** that the League of California Cities calls on the California Public Utilities Commission to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility and to increase funding allocations for Rule 20A projects.

## **Background Information on Resolution No. 1**

**Source:** City of Rancho Palos Verdes

**Background:**

Rancho Palos Verdes is the most populated California city to have 90 percent or more of residents living in a Cal Fire-designated Very High Fire Hazard Severity Zone. Over the years, the Palos Verdes Peninsula has seen numerous brush fires that were determined to be caused by electrical utility equipment.

Across the state, some of the most destructive and deadly wildfires were sparked by power equipment. But when it comes to undergrounding overhead utilities, fire safety is not taken into account when considering using ratepayer funds to pay for these projects under California's Electric Tariff Rule 20 program. The program was largely intended to address visual blight when it was implemented in 1967. Under Rule 20A, utilities must allocate ratepayer funds to undergrounding conversion projects chosen by local governments that have a public benefit and meet one or more of the following criteria:

- Eliminate an unusually heavy concentration of overhead lines;
- Involve a street or road with a high volume of public traffic;
- Benefit a civic or public recreation area or area of unusual scenic interest; and,
- Be listed as an arterial street or major collector as defined in the Governor's Office of Planning and Research (OPR) Guidelines.

As we know, brush fires are not restricted to erupting in these limited areas. California's fire season has worsened in severity in recent years, claiming dozens of lives and destroying tens of thousands of structures in 2018 alone.

Excluding fire safety from Rule 20A eligibility criteria puts the task of undergrounding power lines in Very High Fire Hazard Severity Zones squarely on property owners who are proactive, willing and able to foot the bill.

The proposed resolution calls on the California Public Utilities Commission to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the proposed resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

If adopted, utilities will be incentivized to prioritize undergrounding projects that could potentially save millions of dollars and many lives.

## **League of California Cities Staff Analysis on Resolution No. 1**

Staff: Rony Berdugo, Legislative Representative, Derek Dolfie, Legislative Representative, Caroline Cirrincione, Legislative Policy Analyst  
Committees: Environmental Quality; Transportation, Communications, and Public Works

### **Summary:**

This Resolution, in response to intensifying fire seasons and hazards associated with exposed energized utility lines, proposes that the League of California Cities (League) call upon the California Public Utilities Commission (CPUC) to amend the Rule 20A program by expanding the criteria for undergrounding overhead utilities to include projects in Very High Fire Hazard Severity Zones (VHFHSZ). This Resolution also proposes that the League call upon the CPUC to increase utilities' funding allocations for Rule 20A projects.

### **Background**

#### **California Wildfires and Utilities**

Over the last several years, the increasing severity and frequency of California's wildfires have prompted state and local governments to seek urgent prevention and mitigation actions. Record breaking wildfires in Northern and Southern California in both 2017 and 2018 have caused destruction and loss of life. This severe fire trend has local officials seeking solutions to combat what is now a year-round fire season exacerbated by years of drought, intense weather patterns, untamed vegetation and global warming.

These conditions create a dangerous catalyst for wildfires caused by utilities as extreme wind and weather events make downed power lines more of a risk. In response to recent catastrophic wildfires, Governor Newsom established a Strike Force tasked with developing a "comprehensive roadmap" to address issues related to wildfires, climate change, and utilities. [The Strike Force report](#) acknowledges that measures to harden the electrical grid are critical to wildfire risk management. A key utility hardening strategy: undergrounding lines in extreme high-fire areas.

Governor Newsom's Wildfire Strike Force program report concludes, "It's not a question of "if" wildfire will strike, but "when."

#### **Very High Fire Hazard Severity Zones**

This Resolution seeks to expand the undergrounding of overhead utility lines in VHFHSZ. California [Government Code Section 51178](#) requires the Director of the California Department of Forestry and Fire Protection (CalFIRE) to identify areas in the state as VHFHSZ based on the potential fire hazard in those areas. VHFHSZ are determined based on fuel loading, slope, fire weather, and other relevant factors. These zones are in both local responsibility areas and state responsibility areas. Maps of the statewide and county by county VHFHSZ can be found [here](#).<sup>1</sup>

<sup>1</sup> <https://osfm.fire.ca.gov/divisions/wildfire-prevention-planning-engineering/wildland-hazards-building-codes/fire-hazard-severity-zones-maps/>

More than 25 million acres of California wildlands are classified under very high or extreme fire threat. Approximately 25 percent of the state's population, 11 million people, live in those high-risk areas. Additionally, over 350,000 Californians live in cities that are nearly encompassed within Cal Fire's maps of VHFHSZ. Similar to the proponents of this Resolution, City of Rancho Palos Verdes, over 75 communities have 90 percent or more of residents living in a VHFHSZ.

### **CPUC Rule 20 Program**

The CPUC's Rule 20 program lays out the guidelines and procedures for converting overhead electric and telecommunication facilities to underground electric facilities. Rule 20 funding and criteria is provided at four levels. Levels A, B, and C, reflect progressively diminishing ratepayer funding for undergrounding projects. Recently added Rule 20D is a relatively new program that is specific to San Diego Gas and Electric (SDG&E), which was created in response to the destructive 2007 wildfires. Each of these levels will be discussed below:

### **Rule 20A**

The first California overhead conversion program, Rule 20A, was created in 1967 under then Governor Ronald Reagan. The program was created to provide a consistent and structured means of undergrounding utility lines throughout the state with costs covered broadly by utility ratepayers.

Each year, Investor Owned Utilities (IOUs) propose their Rule 20A allocation amounts to the CPUC during annual general rate case proceedings. In this process, IOUs propose revised utility customer rates based on expected service costs, new energy procurement and projects for the following year, including Rule 20 allocations. The CPUC then reviews, amends, and approves IOU rates. Currently, the cumulative budgeted amount for Rule 20A for Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and San Diego Gas and Electric (SDG&E) totals around \$95.7 million.

The funding set aside by IOUs for Rule 20A is allocated to local governments through a credit system, with each credit holding a value to be used solely for the costs of an undergrounding project. The credit system was created so that local governments and IOUs can complete undergrounding projects without municipal financing. Through Rule 20A, municipalities that have developed and received city council approval for an undergrounding plan receive annual credits from the IOU in their service area. At the last count by the CPUC, over 500 local governments (cities and counties) participate in the credit system.

While these credits have no inherent monetary value, they can be traded in or banked for the conversion of overhead lines. Municipalities can choose to accumulate their credits until their credit balance is sufficient to cover these conversion projects, or choose to borrow future undergrounding allocations for a period of up to five years. Once the cumulative balance of credits is sufficient to cover the cost of a conversion project, the municipality and the utility can move forward with the undergrounding. All of the planning, design, and construction is performed by the participating utility. Upon the completion of an undergrounding project, the utility is compensated through the local government's Rule 20A credits.

At the outset of the program, the amount of allocated credits were determined by a formula which factored in the number of utility meters within a municipality in comparison to the utilities' service territory. However, in recent years the formula has changed. Credit allocations for IOUs, except for PG&E, are now determined based on the allocation a city or county received in 1990 and is then adjusted for the following factors:

- 50% of the *change from the 1990* total budgeted amount is allocated for the ratio of the number of overhead meters in any city or unincorporated area to the total system overhead meters; and
- 50% of the *change from the 1990* total budgeted amount is allocated for the ratio of the number of meters (which includes older homes that have overhead services, and newer homes with completely underground services) in any city or the unincorporated area to the total system meters.

As noted, PG&E has a different funding formula for their Rule 20A credit allocations as they are not tied to the 1990 base allocation. Prior to 2011, PG&E was allocating approximately five to six percent of its revenue to the Rule 20A program. The CPUC decided in 2011 that PG&E's Rule 20A allocations should be reduced by almost half in an effort to decrease the growing accumulation of credits amongst local governments. Since 2011, PG&E's annual allocations for Rule 20A have been around \$41.3 million annually, which is between two and three percent of their total revenue.

### **Criteria for Rule 20A Projects**

For an undergrounding project to qualify for the Rule 20A program, there are several criteria that need to be met. The project must have a public benefit and:

1. Eliminate an unusually heavy concentration of overhead lines
2. Involve a street or road with a high volume of public traffic
3. Benefit a civic or public recreation area or area of unusual scenic interest,
4. Be listed as an arterial street or major collector as defined in the Governor's Office of Planning and Research (OPR) Guidelines

Notably, fire safety is excluded from the list of criteria that favors aesthetic and other public safety projects.

### **Rule 20A Credit System Imbalance Threatens Program Effectiveness**

Allocations are made by utilities each year for Rule 20A credits. These current budget allocations total \$95.7 million a year. Currently, the cumulative balance of credits throughout the state totals over \$1 billion dollars. The Rule 20A cumulative balances aggregated by region can be found [here](#).<sup>2</sup>

<sup>2</sup> Program Review, California Overhead Conversion Program, Rule 20A for Years 2011-2015, "The Billion Dollar Risk," California Public Utilities Commission.  
[https://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/About\\_Us/Organization/Divisions/Policy\\_and\\_Planning/PPD\\_Work\\_Products\\_\(2014\\_forward\)\(1\)/PPD\\_Rule\\_20-A.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Divisions/Policy_and_Planning/PPD_Work_Products_(2014_forward)(1)/PPD_Rule_20-A.pdf)

Note: The existing credit allocation formulas do not consider a municipality's need or plans for overhead conversion projects, resulting in large credit balances in some jurisdictions.

Cities and counties are, however, able to trade or sell unallocated Rule 20A credits if they will not be used to fund local undergrounding projects. There have been several cases where one agency has sold their unused credits, often for less than the full dollar value of the credits themselves to another agency.

### **Rule 20B**

Rule 20B projects are those that do not fit the Rule 20A criteria, but do, however, involve both sides of the street for at least 600 feet. These projects are typically done in conjunction with larger developments and are mostly paid for by the developer or applicant. Additionally, the applicant is responsible for the installation.

### **Rule 20C**

Rule 20C projects are usually small projects that involve property owners. The majority of the cost is usually borne by the applicants. Rule 20C applies when the project does not qualify for either Rule 20A or Rule 20B.

### **Rule 20D--Wildfire Mitigation Undergrounding Program**

Rule 20D was approved by the CPUC in January of 2014 and only applies to SDG&E. The Rule 20D program was established largely in response to the destructive wildfires that occurred in San Diego in 2007 as a wildfire mitigation undergrounding program. According to SDG&E, the objective of the Rule 20D undergrounding is exclusively for fire hardening as opposed to aesthetics. The program is limited in scope and is restricted to communities in SDG&E's Fire Threat Zone (now referred to as the [High Fire Threat District or HFTD](#)). As of this time, the program has yet to yield any projects and no projects are currently planned.

For an undergrounding project to qualify for the Rule 20D program, a minimum of three of the following criteria must be met. The project must be near, within, or impactful to:

- Critical electric infrastructure
- Remaining useful life of electric infrastructure
- Exposure to vegetation or tree contact
- Density and proximity of fuel
- Critical surrounding non-electric assets (including structures and sensitive environmental areas)
- Service to public agencies
- Accessibility for firefighters

Similar to Rule 20A, SDG&E must allocate funding each year through their general rate case proceedings to Rule 20D to be approved by the CPUC. This funding is separate from the allocations SDG&E makes for Rule 20A. However, the process of distributing this funding to localities is different. The amount of funding allocated to each city and county for Rule 20D is based on the ratio of the number of miles of overhead lines in SDG&E Fire Threat Zones in a city or county to the total miles of SDG&E overhead lines in the entire SDG&E fire zone. The



Rule 20D program is administered by the utility consistent with the existing reporting, engineering, accounting, and management practices for Rule 20A.

The Committee may want to consider whether Rule 20D should instead be expanded, adapted, or further utilized to support funding for overhead conversions within VHFHSZ throughout the state.

**Fiscal Impact:**

The costs to the State associated with this Resolution will be related to the staff and programmatic costs to the CPUC to take the necessary measures to consider and adopt changes to Rule 20A to include projects in VHFHSZ to the list of criteria for eligibility.

This Resolution calls for an unspecified increase in funding for Rule 20A projects, inferring that portions of increased funds will go towards newly eligible high fire hazard zones. While the Resolution does not request a specific amount be allocated, it can be assumed that these increased costs will be supported by utility ratepayers. According to the CPUC, the annual allocations towards Rule 20A are \$95.7 million.

The CPUC currently reports a cumulative credit surplus valued at roughly \$1 billion that in various regions, given the approval of expanded eligibility called for by this Resolution, could be used to supplement and reduce the level of new dollars needed to make a significant impact in VHFHSZ. The CPUC follows that overhead conversion projects range from \$93,000 per mile for rural construction to \$5 million per mile for urban construction.

The Resolution states that “California is experiencing fire seasons of worsening severity” which is supported by not only the tremendous loss of property and life from recent wildfires, but also in the rising costs associated with clean up, recovery, and other economic losses with high estimates in the hundreds of billions of dollars.

The Committee may wish to consider the costs associated with undergrounding utility lines in relation to the costs associated with past wildfires and wildfires to come.

**Comments:**

***CPUC Currently Exploring Revisions to Rule 20***

In May 2017, the CPUC issued an Order Instituting Rulemaking to Consider Revisions to Electric Rule 20 and Related Matters. The CPUC will primarily focus on revisions to Rule 20A but may make conforming changes to other parts of Rule 20. The League is a party in these proceedings will provide comments.

***Beyond Rule 20A: Additional Options for Funding Undergrounding Projects***

There are various ways in which cities can generate funding for undergrounding projects that fall outside of the scope of Rule 20A. At the local level, cities can choose to forgo the Rule 20A process and opt to use their own General Fund money for undergrounding. Other options are also discussed below:

### ***Rule 20D Expansion***

The City of Berkeley in a 2018 study titled [“Conceptual Study for Undergrounding Utility Wires in Berkeley.”](#) found that the city could possibly qualify for Rule 20D funding if they actively pursued this opportunity in partnership with PG&E and the CPUC.

One of the study’s recommendations is to advocate for release of 20D funds (now earmarked exclusively for SDG&E) to be used for more aggressive fire hardening techniques for above-ground utility poles and equipment, for undergrounding power lines, and for more aggressive utility pole and vegetation management practices in the Very High Hazard Fire Zone within Berkeley’s city limits.

As an alternative to changing the criteria for Rule 20A, the Committee may wish to consider whether there is the opportunity to advocate for the expansion of Rule 20D funding more broadly, expanding its reach to all IOU territories.

### ***Franchise Surcharge Fees***

Aside from Rule 20 allocations, cities can generate funding for undergrounding through franchise fee surcharges. For example, SDG&E currently operates under a 50-year City franchise that was granted in 1970. Under the franchises approved by the San Diego City Council in December 1970, SDG&E agreed to pay a franchise fee to the City equivalent to 3% of its gross receipts from the sales of both natural gas and electricity for 30 years.

These fees were renegotiated in 2000 and in 2001 an agreement was between the City of San Diego, SDG&E, and the CPUC to extend the existing franchise fee to include revenues collected from surcharges. SDG&E requested an increase of 3.88% to its existing electric franchise fee surcharge. The bulk, 3.53% of this increase is to be used for underground conversion of overhead electric wires.

Based on SDG&E's revenue projections, the increase would result in an additional surcharge revenue amount of approximately \$36.5 million per year. SDG&E estimates that this would create a monthly increase of approximately \$3.00 to a typical residential customer's electric bill. These surcharge revenues would pay for additional undergrounding projects including those that do not meet the Rule 20A criteria. The City of Santa Barbara has also adopted a similar franchise surcharge fee.

Having this funding source allows the City of San Diego to underground significantly more miles of above ground utility lines than other municipalities. However, the surcharge is currently being challenged in court, as it is argued that the City had SDG&E impose a tax without a ballot measure.

### ***Utility Bankruptcy and Undergrounding Funding***

In considering this Resolution, it is important to understand that Rule 20A allocations have been more substantial in the past. As mentioned earlier, prior to 2011, PG&E was allocating approximately 5% to 6% of its revenue to the Rule 20A program. Therefore, it is not unreasonable to encourage an increase in Rule 20A allocations as history shows that utilities had the capacity to do so in the past.

However, in a time where IOUs such as PG&E are facing bankruptcy as the result of utility caused wildfires, there is the possibility that expanding rule 20A funding will generate more costs for the ratepayers.

### **Questions to Consider:**

- 1) Is Rule 20A or Rule 20D the more appropriate program to advocate for such an expansion?
- 2) Are there any wildfire risks outside of VHFHSZ that could be mitigated by undergrounding projects?

### **Existing League Policy:**

#### ***Public Safety:***

The League supports additional funding for local agencies to recoup the costs associated with fire safety in the community and timely mutual aid reimbursement for disaster response services in other jurisdictions. (pg. 43)

The League supports the fire service mission of saving lives and protecting property through fire prevention, disaster preparedness, hazardous-materials mitigation, specialized rescue, etc., as well as cities' authority and discretion to provide all emergency services to their communities. (pg. 43)

#### ***Transportation, Communication, and Public Works:***

Existing telecommunications providers and new entrants shall adhere to local city policies on public utility undergrounding. (pg. 54)

The League supports protecting the additional funding for local transportation and other critical unmet infrastructure needs. (pg. 51)

The League supports innovative strategies including public private partnerships at the state and local levels to enhance public works funding. (pg. 52)

#### ***Environmental Quality***

The League opposes any legislation that interferes with local utility rate setting authority and opposes any legislation that restricts the ability of a city to transfer revenue from a utility (or other enterprise activity) to the city's general fund. (pg. 9)

Cities should continue to have the authority to issue franchises and any program should be at least revenue neutral relative to revenue currently received from franchises. (pg. 9)

The League is concerned about the impacts of escalating energy prices on low income residents and small businesses. The League supports energy pricing structures and other mechanisms to soften the impacts on this segment of our community. (pg. 10)

### **2019 Strategic Goals**

Improve Disaster Preparedness, Recovery and Climate Resiliency.

- Provide resources to cities and expand partnerships to better prepare for and recover from wildfires, seismic events, erosion, mudslides and other disasters.
- Improve community preparedness and resiliency to respond to climate-related, natural and man-made disasters.

### **Support:**

The following letters of concurrence were received:

The City of Hidden Hills

The City of La Cañada Flintridge

The City of Laguna Beach

The City of Lakeport

The City of Malibu

The City of Moorpark

The City of Nevada City

The City of Palos Verdes Estates

The City of Rolling Hills Estates

The City of Rolling Hills

The City of Ventura

# **LETTERS OF CONCURRENCE**

Resolution No. 1

Amendment to Rule 20A



## City of Hidden Hills

6165 Spring Valley Road \* Hidden Hills, California 91302  
(818) 888-9281 \* Fax (818) 719-0083

August 14, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, California 95814

Dear President Arbuckle:

The City of Hidden Hills supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Larry G. Weber  
Mayor





City Council  
 Leonard Pieroni, Mayor  
 Gregory C. Brown, Mayor Pro Tem  
 Jonathan C. Curtis  
 Michael T. Davitt  
 Terry M. Walker

August 14, 2019

Jan Arbuckle, President  
 League of California Cities  
 1400 K St., Ste. 400  
 Sacramento, CA 95814

Dear President Arbuckle:

The City of La Cañada Flintridge supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The City of La Cañada Flintridge is one of the few Southern California cities in which 100% of the community within a Very High Fire Hazard Severity Zone. The City, in 1987, committed 100% of its 20A allocation for forty-five years from this year for a major downtown undergrounding project. Therefore, the only way our City can directly benefit from this Resolution is if there is an additional annual increased allocation for this purpose. Due to the extreme threat the City experienced at the time of the Station Fire, the City is keenly aware of the damage a fire may potentially cause, whether from utility issues or from natural causes. The City strongly supports any effort, including this Resolution, to reduce fire danger for the City's residents.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly with the City of La Cañada Flintridge in support.

Sincerely,

Leonard Pieroni  
 Mayor

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



July 25, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Laguna Beach supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. Ten to the Top 20 most destructive fires in California were caused by electrical sources. The California's Rule 20A program, which allows local governments to pay for undergrounding of utilities costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it. We also believe that this program should redirect unused Rule 20A allocations from cities who have no undergrounding projects planned to the cities in Very High Fire Hazard Severity zones.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects. The City of Laguna Beach recommends that the resolution also be amended to call on the CPUC to redirect unused Rule 20A allocations from cities who have no undergrounding projects planned to the cities in Very High Fire Hazard Severity zones.

Nearly 90% of the City of Laguna Beach land area is designated under State Law and local ordinance as Very High Fire Hazard Severity Zone. While the City has used Rule 20A and 20B funding in the past to underground more than half of its overhead utilities, sufficient funding is not available to underground the remaining parts of the City.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

July 25, 2019  
Page 2

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,



Bob Whalen  
Mayor



**CITY OF LAKEPORT**

*Over 125 years of community  
pride, progress and service*



August 7, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Lakeport supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Tim Barnes  
Mayor  
City of Lakeport



# City of Malibu

Jefferson Wagner, Mayor

23825 Stuart Ranch Road · Malibu, California · 90265-4861  
Phone (310) 456-2489 · Fax (310) 456-3356 · [www.malibucity.org](http://www.malibucity.org)

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

RE: City of Rancho Palos Verdes Proposed Resolution to Amend California Public Utilities Commission Rule 20A – SUPPORT

Dear Ms. Arbuckle:

At its Regular meeting on August 12, 2019, the Malibu City Council unanimously voted to support the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state, but California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, as well as willing and able to foot the bill. The City of Malibu agrees with Rancho Palos Verdes that Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission (CPUC) should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects. As a recent series of news stories on wildfire preparedness in California pointed out, there are more than 75 communities across the state with populations over 1,000, including Rancho Palos Verdes and Malibu, where at least 90 percent of residents live in a Cal Fire-designated Very High Fire Hazard Severity Zone.

It is well-known that electric utility equipment is a common fire source, and has sparked some of the most destructive blazes in our state's history. Moving power lines underground is, therefore, a critical tool in preventing them. Currently, Rule 20A primarily addresses visual blight, but with fire seasons worsening, it is key that fire safety also be considered when local governments pursue Rule 20A projects, and that annual funding allocations for the program be expanded.

It is worth noting that the State does have a program, Rule 20D, that factors in fire safety for funding undergrounding projects. However, this is limited to San Diego Gas & Electric Company projects in certain areas only. This needs to be expanded to include projects in all projects within designated Very High Fire Hazard Severity Zones.

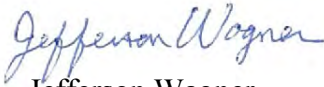


*Rancho PV League Resolution*  
*Amend Rule 20A*  
*August 15, 2019*  
*Page 2 of 2*

The proposed resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, the City of Malibu strongly concurs that the resolution should go before the General Assembly.

Sincerely,



Jefferson Wagner  
Mayor

Cc: Honorable Members of the Malibu City Council  
Reva Feldman, City Manager  
Megan Barnes, City of Rancho Palos Verdes, [mbarnes@rpvca.gov](mailto:mbarnes@rpvca.gov)

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)







# CITY OF MOORPARK

799 Moorpark Avenue, Moorpark, California 93021  
Main City Phone Number (805) 517-6200 | Fax (805) 532-2205 | moorpark@moorparkca.gov

July 24, 2019

**SUBMITTED ELECTRONICALLY**

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

RE: SUPPORT FOR RANCHO PALOS VERDES RESOLUTION RE: POWER LINE UNDERGROUNDING

Dear President Arbuckle:

The City of Moorpark supports the City of Rancho Palos Verdes effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

All cities in Ventura County, including Moorpark, have wildfire prevention fresh in our memories following the highly destructive 2017-2018 Thomas Fire, which was caused by above-ground power lines. The 2018 Woolsey Fire similarly affected Ventura County, and lawsuits have been filed alleging it was also caused by above-ground power lines. Each of these fires caused billions of dollars in damages and highlight the importance of undergrounding power lines.

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,



Janice Parvin  
Mayor

cc: City Council  
City Manager



Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Nevada City supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission (CPUC) should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The City of Nevada City would also like to add that the local agency be given the power to use private firms to do design, inspect and construct Rule 20A projects in local jurisdiction rather than be required to use the designated local utility. In addition, the City of Nevada City wants the CPUC to allow local jurisdictions to transfer excess funds between agencies to better serve projects in high fire hazard severity zones.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Reinette Senum  
Mayor  
City of Nevada City





July 25, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Palos Verdes Estates supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's current Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Mayor Kenneth J. Kao  
City of Palos Verdes Estates

cc: PVE City Council  
PVE Interim City Manager Petru  
RPV City Manager Willmore



**City of  
Rolling Hills Estates**

**Judith Mitchell**  
*Mayor*

**Velveth Schmitz**  
*Mayor Pro Tem*

**Britt Huff**  
*Council Member*

**Frank V. Zerunyan**  
*Council Member*

**Steven Zuckerman**  
*Council Member*

August 14, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Rolling Hills Estates supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

  
Judith Mitchell  
Mayor





# City of Rolling Hills

INCORPORATED JANUARY 24, 1957

NO. 2 PORTUGUESE BEND ROAD  
ROLLING HILLS, CALIF. 90274  
(310) 377-1521  
FAX: (310) 377-7288

August 14, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear Board of Directors:

The City of Rolling Hills supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Leah Mirsch  
Mayor

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





July 29, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St., Ste. 400  
Sacramento, CA 95814

Dear President Arbuckle:

The City of Ventura supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alex D. McIntyre". The signature is stylized with a large initial "A" and a long horizontal stroke at the end.

Alex D. McIntyre  
City Manager

## 2. A RESOLUTION CALLING UPON THE FEDERAL AND STATE GOVERNMENTS TO ADDRESS THE DEVASTATING IMPACTS OF INTERNATIONAL TRANSBOUNDARY POLLUTION FLOWS INTO THE SOUTHERNMOST REGIONS OF CALIFORNIA AND THE PACIFIC OCEAN

Source: San Diego County Division

Concurrence of five or more cities/city officials

Cities: Calexico; Coronado; Imperial Beach; San Diego

Individual City Officials: City of Brawley: Mayor Pro Tem Norma Kastner-Jauregui; Council Members Sam Couchman, Luke Hamby, and George Nava. City of Escondido: Deputy Mayor Consuelo Martinez. City of La Mesa: Council Member Bill Baber. City of Santee: Mayor John Minto, City of Vista: Mayor Judy Ritter and Council Member Amanda Young Rigby

Referred to: Environmental Quality Policy Committee

**WHEREAS**, international transboundary rivers that carry water across the border from Mexico into Southern California are a major source of sewage, trash, chemicals, heavy metals and toxins; and

**WHEREAS**, transboundary flows threaten the health of residents in the United States and Mexico, harm important estuarine land and water of international significance, force closure of beaches, damage farmland, adversely impact the South San Diego County and Imperial County economy; compromise border security, and directly affect U.S. military readiness; and

**WHEREAS**, a significant amount of untreated sewage, sediment, hazardous chemicals and trash have been entering southern California through both the Tijuana River Watershed (75 percent of which is within Mexico) and New River flowing into southern California's coastal waterways and residential and agricultural communities in Imperial County eventually draining into the Salton Sea since the 1930s; and

**WHEREAS**, in February 2017, an estimated 143 million gallons of raw sewage flowed into the Tijuana River and ran downstream into the Pacific Ocean and similar cross border flows have caused beach closures at Border Field State Park that include 211 days in 2015; 162 days in 2016; 168 days in 2017; 101 days in 2018; and 187 days to date for 2019 as well as closure of a number of other beaches along the Pacific coastline each of those years; and

**WHEREAS**, approximately 132 million gallons of raw sewage has discharged into the New River flowing into California through communities in Imperial County, with 122 million gallons of it discharged in a 6-day period in early 2017; and

**WHEREAS**, the presence of pollution on state and federal public lands is creating unsafe conditions for visitors; these lands are taxpayer supported and intended to be managed for recreation, resource conservation and the enjoyment by the public, and

**WHEREAS**, the current insufficient and degrading infrastructure in the border zone poses a significant risk to the public health and safety of residents and the environment on both

sides of the border, and places the economic stress on cities that are struggling to mitigate the negative impacts of pollution; and

**WHEREAS**, the 1944 treaty between the United States and Mexico regarding *Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande* allocates flows on trans-border rivers between Mexico and the United States, and provides that the nations, through their respective sections of the International Boundary Water Commission shall give control of sanitation in cross border flows the highest priority; and

**WHEREAS**, in 1993, the United States and Mexico entered into the *Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a North American Development Bank* which created the North American Development Bank (NADB) to certify and fund environmental infrastructure projects in border-area communities; and

**WHEREAS**, public concerns in response to widespread threats to public health and safety, damage to fish and wildlife resources and degradation to California's environment resulting from transboundary river flow pollution in the southernmost regions of the state requires urgent action by the Federal and State governments, and

**WHEREAS**, Congress authorized funding under the U.S. Environmental Protection Agency's (EPA) Safe Drinking Water Act and established the State and Tribal Assistance Grants (STAG) program for the U.S.-Mexico Border Water Infrastructure Program (BWIP) in 1996 to provide grants for high-priority water, wastewater, and storm-water infrastructure projects within 100 kilometers of the southern border; and

**WHEREAS**, the EPA administers the STAG and BWIP programs, and coordinates with the North American Development Bank (NADB) to allocate BWIP grant funds to projects in the border zone; and

**WHEREAS**, since its inception, the BWIP program has provided funding for projects in California, Arizona, New Mexico and Texas that would not have been constructed without the grant program; and

**WHEREAS**, the BWIP program was initially funded at \$100 million per year, but, over the last 20 years, has been continuously reduced to its current level of \$10 million; and

**WHEREAS**, in its FY 2020 Budget Request, the Administration proposed to eliminate the BWIP program; and

**WHEREAS**, officials from EPA Region 9, covering California, have identified a multitude of BWIP-eligible projects along the southern border totaling over \$300 million; and

**WHEREAS**, without federal partnership through the BWIP program and state support to address pollution, cities that are impacted by transboundary sewage and toxic waste flows are

left with limited resources to address a critical pollution and public health issue and limited legal remedies to address the problem; and

**WHEREAS**, the National Association of Counties, (NACo) at their Annual Conference on July 15, 2019 and the U.S. Conference of Mayors at their Annual Conference on in July 1, 2019 both enacted resolutions calling on the federal and state governments to work together to fund and address this environmental crisis; and

**WHEREAS**, local governments and the public support the State's primary objectives in complying with environmental laws including the Clean Water Act, Porter-Cologne Water Quality Control Act, and Endangered Species Act and are supported by substantial public investments at all levels of government to maintain a healthy and sustainable environment for future residents of California, and

**WHEREAS**, League of California Cities policy has long supported efforts to ensure water quality and oppose contamination of water resources; and

**NOW, THEREFORE, BE IT RESOLVED** at the League General Assembly, assembled at the League Annual Conference on October 18, 2019 in Long Beach, that the League calls upon the Federal and State governments to restore and ensure proper funding to the U.S- Mexico Border Water Infrastructure Program (BWIP) and recommit to working bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

## Background Information on Resolution No. 2

Source: San Diego County Division

### **Background:**

Along California's southern border with Mexico, the New River in Imperial County and the Tijuana River in San Diego County are a major sources of raw sewage, trash, chemicals, heavy metals, and toxins that pollute local communities. Sewage contaminated flows in the Tijuana River have resulted in significant impacts to beach recreation that includes the closure of Border Field State Beach for more than 800 days over the last 5-years. Similarly, contaminated flows in the New River presents comparable hazards, impacts farm land, and contributes to the ongoing crisis in the Salton Sea. These transboundary flows threaten the health of residents in California and Mexico, harms the ecosystem, force closures at beaches, damage farm land, makes people sick, and adversely affects the economy of border communities. The root cause of this cross border pollution is from insufficient or failing water and wastewater infrastructure in the border zone and inadequate federal action to address the problem through existing border programs.

The severity of cross border pollution has continued to increase, due in part to the rapid growth of urban centers since the passage of the North American Free Trade Agreement (NAFTA). While economic growth has contributed to greater employment, the environmental infrastructure of the region has not kept pace, which is why Congress authorized the Border Water Infrastructure Program (BWIP) in 1996. The U.S. Environmental Protection Agency (EPA) administers the BWIP and coordinates with the North American Development Bank (NADB) to provide financing and technical support for projects on both sides of the U.S./Mexico border. Unfortunately, the current BWIP funding at \$10 million per year is only a fraction of the initial program budget that shares funding with the entire 2,000 mile Mexican border with California, Arizona, New Mexico and Texas. EPA officials from Region 9 have identified an immediate need for BWIP projects totaling over \$300 million just for California. Without federal partnerships through the BWIP and state support to address cross border pollution, cities that are impacted by transboundary sewage and toxic waste flows are left with limited resources to address a critical pollution and public health issue.

The International Boundary and Water Commission (IBWC) is another important federal stakeholder that, under the Treaty of 1944 with Mexico, must address border sanitation problems. While IBWC currently captures and treats some of the pollution generated in Mexico, it also redirects cross border flows without treatment directly into California.

Improving environmental and public health conditions for communities along the border is essential for maintaining strong border economy with Mexico. The IBWC, EPA, and NADB are the important federal partners with existing bi-national programs that are able to immediately implement solutions on cross border pollution. California is in a unique position to take the lead and work with local and federal partners to implement real solutions that will addresses the long standing and escalating water quality crisis along the border.

For those reasons, the cities of Imperial Beach and Coronado requested the San Diego County Division to propose a resolution at the 2019 League Annual Conference calling upon the federal



and state governments to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California, San Diego and Imperial Counties and the Pacific Ocean.

On August 12, 2019 at the regularly scheduled meeting of the San Diego County Division, the membership unanimously endorsed submittal of the resolution, with close to 75% membership present and voting.

The Imperial County Division does not have a schedule meeting until after the deadline to submit proposed resolutions. However, the City of Calexico, which is most directly impacted by initial pollution flow of the New River from Mexicali, sent a letter in concurrence of this resolution as well as numerous city official from cities within Imperial County and the Imperial County Board of Supervisors. The League Imperial County Division will place a vote to support this resolution on the agenda of their September 26, 2019 meeting.



## **League of California Cities Staff Analysis on Resolution No. 2**

Staff: Derek Dolfie, Legislative Representative  
 Carly Shelby, Legislative and Policy Development Assistant  
 Committees: Environmental Quality

### **Summary:**

This Resolution states that the League of California Cities should call upon the State and Federal governments to restore and ensure proper funding for the U.S. – Mexico Border Water Infrastructure Program (BWIP) and work bi-nationally to address water quality issues resulting from transboundary flows from Mexico’s Tijuana River into the United States containing untreated sewage, polluted sediment, and trash.

### **Background:**

The League of California Cities’ San Diego County Division is sponsoring this resolution to address their concerns over the contaminated flows from the Tijuana River into California that have resulted in the degradation of water quality and water recreational areas in Southern California.

The Tijuana River flows north through highly urbanized areas in Mexico before it enters the Tijuana River Estuary and eventually the Pacific Ocean via waterways in San Diego County in California. Urban growth in Tijuana has contributed to a rise in rates of upstream flows from water treatment facilities in Mexico. These treatment facilities have raised the amount of untreated sewage and waste in the Tijuana River due to faulty infrastructure and improper maintenance. The federal government refers to the river as an “impaired water body” because of the presence of pollutants in excess, which pose significant health risks to residents and visitors in communities on both sides of the border.

### ***Federal Efforts to Address Pollution Crisis***

To remedy the Tijuana River’s low water quality, the United States and Mexico entered into a Treaty in 1944 entitled: *Utilization of Waters of the Colorado River and Tijuana Rivers and of the Rio Grande – the International Boundary and Water Commission (IBWC)*. The IBWC was designed to consist of a United States section and a Mexico section. Both sections were tasked with negotiating and implementing resolutions to address water pollution in the area, which includes overseeing the development of water treatment and diversion infrastructure.

After the formation of the IBWC, the U.S. and Mexico entered into a treaty in 1993 entitled: *Agreement Concerning the Establishment of a Border Environment Cooperation Commission and a North American Development Bank*. This agreement established the North American Development Bank (NADB), which certifies and funds infrastructure projects located within 100 kilometers (62 miles) of the border line. The NADB supports federal programs like the Border Water Infrastructure Program (BWIP), which was initially funded at \$100 million, annually.

The degradation of existing water treatment infrastructure along the border coincides with the federal government’s defunding of the BWIP, which has steadily decreased from \$100 million in 1996 to \$10 million today. The Federal FY 2020 Budget proposes eliminating BWIP funding

altogether. EPA's regions 6 and 9 (includes U.S. states that border Mexico) have identified a number of eligible projects that address public health and environmental conditions along the border totaling \$340 million.

The NADB has funded the development of water infrastructure in both the U.S. and Mexico. Water diversion and treatment infrastructure along the U.S – Mexico border includes, but is not limited to, the following facilities:

- *The South Bay International Wastewater Treatment Plant (SBIWTP)*. This facility was constructed by the U.S. in 1990 and is located on the California side of the border and is operated under the jurisdiction of the IBWC. The SBIWTP serves as a diversion and treatment sewage plant to address the flow of untreated sewage from Mexico into the United States.
- *Pump Station CILA*. CILA was constructed by Mexico in 1991 and is located along the border in Mexico. This facility serves as the SBIWTP's Mexican counterpart.

Both the SBIWTP and CILA facilities have had a multitude of overflows containing untreated sewage and toxic waste that spills into the Tijuana River. The cause of overflows can be attributed to flows exceeding the maximum capacity that the infrastructure can accommodate (this is exacerbated during wet and rainy seasons) and failure to properly operate and maintain the facilities. Much of the existing infrastructure has not had updates or repairs for decades, causing overflows to become more frequent and severe. The most notable overflow occurred in February 2017, wherein 143 million gallons of polluting waste discharged into the Tijuana River; affecting the Tijuana Estuary, the Pacific Ocean, and Southern California's waterways.

### **State Actions**

In response to the February 2017 overflow, the San Diego Water Board's Executive Officer sent a letter to the U.S. and Mexican IBWC Commissioners which included recommendations on how to improve existing infrastructure and communications methods between both nations.

In September of 2018, California Attorney General Xavier Becerra submitted a lawsuit against IBWC for Violating the Clean Water Act by allowing flows containing sewage and toxic waste to flow into California's waterways, posing a public health and ecological crisis. The cities of Imperial Beach, San Diego, Chula Vista, the Port of San Diego, and the San Diego Regional Water Quality Board have also filed suit against the IBWC. The suit is awaiting its first settlement conference on October 19, 2019. If parties are unable to reach a settlement, the case will go to trial.

### **Fiscal Impact:**

California's economy is currently the sixth largest in the world, with tourism spending topping \$140.6 billion in 2018. In the past five years, San Diego's Border Field State Park has been closed for over 800 days because of pollution from the Tijuana River. A decline in the State's beach quality and reputation could carry macroeconomic effects that could ripple outside of the San Diego County region and affect coastal communities throughout California.

### **Existing League Policy**

The League of California Cities has extensive language on water in its Summary of Existing Policy and Guiding Principles. Fundamentally, the League recognizes that beneficial water quality is essential to the health and welfare of California and all of its citizens. Additionally, the League advocates for local, state and federal governments to work cooperatively to ensure that water quality is maintained.

The following policy relates to the issue of water quality:

- Surface and groundwater should be protected from contamination.
- Requirements for wastewater discharge into surface water and groundwater to safeguard public health and protect beneficial uses should be supported.
- When addressing contamination in a water body, water boards should place priority emphasis on clean-up strategies targeting sources of pollution, rather than in stream or end-of-pipe treatment.
- Water development projects must be economically, environmentally and scientifically sound.
- The viability of rivers and streams for instream uses such as fishery habitat, recreation and aesthetics must be protected.
- Protection, maintenance, and restoration of fish and wildlife habitat and resources.

Click here to view the [Summary of Existing Policy and Guiding Principles 2018](#).

### **Comments:**

1. Water quality issues are prevalent across California and have been a constant priority of the State's legislature and residents. In 2014, California's voters approved Proposition 1, which authorized \$7.5 billion in general obligation bonds to fund water quality improvement projects. In 2019, the Legislature reached an agreement to allocate \$130 million from the State's Greenhouse Gas Reduction Fund (GGRF) to address failing water infrastructure and bad water qualities for over one million of California's residents in rural communities. Water quality is not an issue unique to the County of San Diego and communities along the border.
2. Tijuana River cross-border pollution has caught national attention. Members of Congress have proposed recent funding solutions to address the pollution crisis, including:
  - In February of 2019, California Congressional Representatives Vargas, Peters, and Davis helped secure \$15 million for the EPA to use as part of its BWIP.
  - *H.R. 3895 (Vargas, Peters, 2019), The North American Development Bank Pollution Solution Act*. This bill seeks to support pollution mitigation efforts along the border by increasing the NADB's capital by \$1.5 billion.
  - *H.R. 4039 (Levin, 2019), The Border Water Infrastructure Improvement Act*. This bill proposes increasing funding to the BWIP from the existing \$10 million to \$150 million as a continuous appropriation until 2025.

Additionally, the National Association of Counties (NACo) and the U.S. Conference of Mayors enacted resolutions in support of increased funding for U.S. – Mexico border water infrastructure to address the environmental crisis in 2019.

3. The border pollution problem has sparked action from local, state, and federal actors. Should this resolution be adopted, League membership should be aware that future action will be adapted by what is explicitly stated in the resolution's language. In current form, the resolution's resolve clause cites the BWIP as the only program that should receive reinstated and proper funding. League staff recommends the language be modified to state:

**“NOW, THEREFORE, BE IT RESOLVED** at the League General Assembly, assembled at the League Annual Conference on October 18, 2019 in Long Beach, that the League calls upon the Federal and State governments to restore and ensure proper funding for environmental infrastructure on the U.S. – Mexico Border, including to the U.S.–Mexico Border Water Infrastructure Program (BWIP), and recommit to working bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.”

Modifying the language would ensure enough flexibility for the League to support funding mechanisms outside of the prescribed federally-operated BWIP.

4. It remains unclear if there is an appetite in Washington to fund border-related infrastructure projects that address environmental quality. Given the high probability of another overflow containing waste and sewage from the existing infrastructure operated by the IBWC, League membership should consider the outcome if no resolution is reached to address the issue.

#### **Support:**

The following letters of concurrence were received:

#### **Cities:**

The City of Calexico

The City of Coronado

The City of Imperial Beach

The City of San Diego

#### **In their individual capacity:**

Amanda Young Rigby, City of Vista Council Member

Bill Baber, City of La Mesa Council Member

Consuelo Martinez, City of Escondido Deputy Mayor

George A. Nava, City of Brawley Council Member

John Minto, City of Santee Mayor

Judy Ritter, City of Vista Mayor

Luke Hamby, City of Brawley Council Member

Norma Kastner-Jauregui, City of Brawley Mayor Pro-Tempore

Sam Couchman, City of Brawley Council Member

# **LETTERS OF CONCURRENCE**

## **Resolution No. 2**

### **International Transboundary Pollution Flows**



# CITY OF CALEXICO

608 Heber Ave.  
Calexico, CA 92231-2840  
Tel: 760.768.2110  
Fax: 760.768.2103  
[www.calexico.ca.gov](http://www.calexico.ca.gov)

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

RE: **Environmental and Water Quality Impacts Of International Transboundary River  
Pollution Flow Resolution**

President Arbuckle:

The city of Calexico strongly supports the San Diego County Division's effort to submit a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

The Division's resolution calls upon the Federal and State governments to restore and ensure proper funding of the Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

Local government and the public support the State's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. This resolution addresses the critical need for the federal and state governments to recommit to work bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental and safety concerns in communities along California's southern border impacting the state.

As members of the League, our city values the policy development process provided to the General Assembly. We appreciate your time on this issue.

*Viva Calexico!*

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



If you have any questions or require additional information, please do not hesitate to contact me at 760/768-2110.

Sincerely,

**CITY OF CALEXICO**



David Dale  
City Manager

Cc: Honorable Mayor Bill Hodge

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)

*Viva Calexico!*



## CITY OF CORONADO

1825 STRAND WAY  
CORONADO, CA 92118

OFFICE OF THE CITY MANAGER  
(619) 522-7335  
FAX (619) 522-7846

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

**RE: Environmental and Water Quality Impacts of International Transboundary River Pollution Flows Resolution**

This letter is written on behalf of and with the support of the Coronado City Council. The City of Coronado wholeheartedly supports the resolution adopted by the San Diego County and Imperial County Division of the California League of Cities.

The San Diego County Division's resolution calls upon the federal and state governments to restore and ensure proper funding of the U.S.-Mexico Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

The City has been working closely with the Environmental Protection Agency and other federal partners on the matter since early 2018. City leaders are committed to finding long-term, sustainable solutions to this problem. Through its advocacy and education efforts, the City of Coronado has raised national awareness of the problem among legislators, political appointees and career staff at federal agencies. These efforts have been successful. However, the City along with our coalition partners, look forward to more action to swiftly resolve this issue.

Local government and the public support the state's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. This resolution addresses the critical need for the federal and state governments to recommit to work bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental and safety concerns in communities along California's southern border impacting the state.

As members of the League, Coronado values the policy development process provided to the General Assembly. We appreciate your time on this issue. Please feel free to contact me if you have any questions.

Sincerely,

Blair King  
Coronado City Manager

cc: Coronado Mayor and City Council  
Bill Baber, President, San Diego County Division  
c/o Catherine Hill, Regional Public Affairs Manager, San Diego County Division [chill@cacities.org](mailto:chill@cacities.org)



# City of Imperial Beach, California

OFFICE OF THE CITY MANAGER

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 423-8303 Fax: (619) 628-1395

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K St. Suite 400  
Sacramento, CA 95814

RE: Environmental and Water Quality Impacts Of International Transboundary River  
Pollution Flow Resolution

President Arbuckle:

The city of Imperial Beach appreciates and supports the San Diego County Division's effort to submit a resolution for consideration by the full membership of the League of California Cities.

The Division's resolution calls on Federal and State government to address the impacts of transboundary pollution flows into the Southwestern regions of California. The pollution in these areas is an environmental disaster that threatens the health and general welfare of residents near the Mexican border in Imperial and San Diego Counties.

I encourage all voting delegates and elected officials in attendance at the 2019 Annual League of California Cities Conference in Long Beach to support this important resolution as it addresses the critical need for the federal and state government to recommit to work bi-nationally to address the serious contamination issues and to develop and implement long-term solutions.

I am available for any questions or additional information related to this letter of support.

Sincerely,

Andy Hall  
City Manger

Cc: Honorable Mayor Serge Dedina  
Honorable Mayor Pro Tem Robert Patton  
Honorable Councilmember Paloma Aguirre  
Honorable Councilmember Ed Spriggs  
Honorable Councilmember Mark West

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



# City of Imperial Beach, California

OFFICE OF THE MAYOR

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 423-8303 Fax: (619) 628-1395

August 16, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

RE: Environmental and Water Quality Impacts Of International Transboundary River Pollution Flow Resolution

President Arbuckle:

The city of Imperial Beach strongly supports the San Diego County Division's effort to submit a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

The Division's resolution calls upon the Federal and State governments to restore and ensure proper funding of the Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

Local government and the public support the State's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. This resolution addresses the critical need for the federal and state governments to recommit to work bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental and safety concerns in communities along California's southern border impacting the state.

As members of the League, our city values the policy development process provided to the General Assembly. We appreciate your time on this issue. If you have any questions or require additional information, please do not hesitate to contact me at 619-423-8303.

Sincerely,

Serge Dedina  
Mayor

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



THE CITY OF SAN DIEGO

**KEVIN L. FAULCONER**

Mayor

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

**RE: Environmental and Water Quality Impacts of International Transboundary River  
Pollution Flow Resolution**

President Arbuckle:

The City of San Diego supports the San Diego County Division in their effort to submit a resolution to the General Assembly at the League of California Cities' 2019 Annual Conference in Long Beach.

To suppress the flow of pollution between the Mexico and Southern California's water channels, the Division requests for the Federal and State governments to give proper funding to the Border Water Infrastructure Program (BWIP).

The City of San Diego and its citizens have expressed their concerns about untreated sewage, polluted sediment and trash flowing from Mexico, into California, causing health, environmental and safety concerns. The State's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. With the Division's resolution, the great need for federal and state governments to reconsider working together, will help in developing a long-term solution to address serious water quality and contamination issues.

As members of the League, our City values the policy development process provided to the General Assembly. We appreciate your time on this issue.

Please contact me at (619)453-9946 if you have any questions.

Sincerely,

Denice Garcia  
Director of International Affairs

Cc: Honorable Mayor Kevin L. Faulconer

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





# AMANDA YOUNG RIGBY

CITY COUNCILWOMAN

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Re: Border Sewage Issues

Dear President Arbuckle;

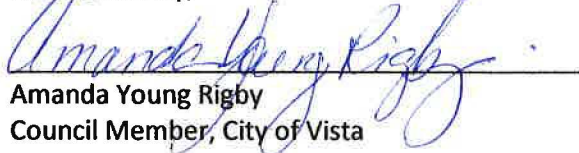
As a Council Member in the City of Vista, and solely in my individual capacity as such, I write in **support** of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the constant sewage pollution issues at the international border with Mexico.

This Resolution requests that the federal and state governments recognize the paramount importance of this issue and address the devastating impacts that this constant contamination has on the southernmost regions of California and the Pacific coastline by requesting the necessary funding to develop and implement effective and long term solutions to the raw sewage contamination coming into San Diego and Imperial Counties from Mexico.

Although I have lived in Vista for 27 years now, I grew up in Imperial Beach and know well the severe health and environmental impact that this situation has had on our border communities for the **decades**.

As a member of the League, I value the League's ability to effectively advocate on behalf of not only our cities but in effect, our citizens, and this is an important issue for our entire state. Should you have any questions or comments, please contact me at the number below. Thank you for your consideration.

Most Sincerely,

  
Amanda Young Rigby  
Council Member, City of Vista

cc: Vista City Council  
Vista City Manager  
Vista City Attorney  
City of Imperial Beach  
City of Coronado  
City of Calexico  
City of San Diego

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





**CITY OF  
LA MESA**  
JEWEL of the HILLS

August 16, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

**RE: Environmental and Water Quality Impacts Of International Transboundary River Pollution Flows Resolution**

President Arbuckle:

As a Council Member for the City of La Mesa and in my individual capacity, not on behalf of the full La Mesa City Council as a body or the City, I am writing you in support of the San Diego County Division's effort to submit a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

The Division's resolution calls upon the Federal and State governments to restore and ensure proper funding of the Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

As San Diego County Division President and a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at 619-667-1106, should you have any questions.

Sincerely,

BILL BABER  
COUNCIL MEMBER CITY OF LA MESA  
PRESIDENT, LEAGUE SAN DIEGO COUNTY DIVISION

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



Consuelo Martinez, Deputy Mayor  
201 North Broadway, Escondido, CA 92025  
Phone: 760-839-4638

August 16, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the city of Escondido, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at [cmartinez@escondido.org](mailto:cmartinez@escondido.org) if you have any questions.

Sincerely,

Consuelo Martinez  
Deputy Mayor

cc: Honorable Mayor and City Council Members  
Jeffrey R. Epp, City Manager

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



# CITY OF BRAWLEY

## ADMINISTRATIVE OFFICES

383 Main Street  
Brawley, CA 92227  
Phone: (760) 351-3048  
FAX: (760) 351-3088

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the City of Brawley, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

George A. Nava  
City Council Member  
City of Brawley



MAYOR  
John W. Minto



# CITY OF SANTEE

CITY COUNCIL  
Ronn Hall  
Stephen Houlahan  
Laura Koval  
Rob McNelis

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As Mayor of the city of Santee, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (JMinto@cityofsantee.ca.gov) if you have any questions.

Sincerely,

JOHN W. MINTO  
Mayor  
City of Santee

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



**JUDY RITTER**  
MAYOR

August 16, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As Mayor of the city of Vista, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

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As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at [jritter@cityofvista.com](mailto:jritter@cityofvista.com) if you have any questions.

Sincerely,

Judy Ritter  
Mayor  
City of Vista

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



# CITY OF BRAWLEY

## ADMINISTRATIVE OFFICES

383 Main Street  
Brawley, CA 92227  
Phone: (760) 351-3048  
FAX: (760) 351-3088

August 15, 2019

Jan Arbuckle, President  
League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the City of Brawley, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

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As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

Luke Hamby  
City Council Member  
City of Brawley

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)





# CITY OF BRAWLEY

## ADMINISTRATIVE OFFICES

383 Main Street  
Brawley, CA 92227  
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August 15, 2019

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League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

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As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

Norma Kastner-Jauregui  
Mayor Pro-Tempore  
City of Brawley



# CITY OF BRAWLEY

ADMINISTRATIVE OFFICES  
383 Main Street  
Brawley, CA 92227  
Phone: (760) 351-3048  
FAX: (760) 351-3088

August 15, 2019

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League of California Cities  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

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As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

Sam Couchman  
City Council Member  
City of Brawley

Attachment: 2019 Annual Conference Resolutions Packet (2406 : LOCC Voting delegate)



**Council Action Advised by August 30, 2019**

June 10, 2019

**TO: Mayors, City Managers and City Clerks**

**RE: DESIGNATION OF VOTING DELEGATES AND ALTERNATES  
League of California Cities Annual Conference – October 16 - 18, Long Beach**

The League's 2019 Annual Conference is scheduled for October 16 – 18 in Long Beach. An important part of the Annual Conference is the Annual Business Meeting (during General Assembly), scheduled for 12:30 p.m. on Friday, October 18, at the Long Beach Convention Center. At this meeting, the League membership considers and takes action on resolutions that establish League policy.

In order to vote at the Annual Business Meeting, your city council must designate a voting delegate. Your city may also appoint up to two alternate voting delegates, one of whom may vote in the event that the designated voting delegate is unable to serve in that capacity.

**Please complete the attached Voting Delegate form and return it to the League's office no later than Friday, October 4. This will allow us time to establish voting delegate/alternate records prior to the conference.**

Please note the following procedures are intended to ensure the integrity of the voting process at the Annual Business Meeting.

- **Action by Council Required.** Consistent with League bylaws, a city's voting delegate and up to two alternates must be designated by the city council. When completing the attached Voting Delegate form, please attach either a copy of the council resolution that reflects the council action taken, or have your city clerk or mayor sign the form affirming that the names provided are those selected by the city council. Please note that designating the voting delegate and alternates **must** be done by city council action and cannot be accomplished by individual action of the mayor or city manager alone.
- **Conference Registration Required.** The voting delegate and alternates must be registered to attend the conference. They need not register for the entire conference; they may register for Friday only. To register for the conference, please go to our website: [www.cacities.org](http://www.cacities.org). In order to cast a vote, at least one voter must be present at the

Business Meeting and in possession of the voting delegate card. Voting delegates and alternates need to pick up their conference badges before signing in and picking up the voting delegate card at the Voting Delegate Desk. This will enable them to receive the special sticker on their name badges that will admit them into the voting area during the Business Meeting.

Attachment: 2019 Voting Delegate Packet (2406 : LOCC Voting delegate)

- **Transferring Voting Card to Non-Designated Individuals Not Allowed.** The voting delegate card may be transferred freely between the voting delegate and alternates, but *only* between the voting delegate and alternates. If the voting delegate and alternates find themselves unable to attend the Business Meeting, they may *not* transfer the voting card to another city official.
- **Seating Protocol during General Assembly.** At the Business Meeting, individuals with the voting card will sit in a separate area. Admission to this area will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate. If the voting delegate and alternates wish to sit together, they must sign in at the Voting Delegate Desk and obtain the special sticker on their badges.

The Voting Delegate Desk, located in the conference registration area of the Sacramento Convention Center, will be open at the following times: Wednesday, October 16, 8:00 a.m. – 6:00 p.m.; Thursday, October 17, 7:00 a.m. – 4:00 p.m.; and Friday, October 18, 7:30 a.m.–11:30 a.m.. The Voting Delegate Desk will also be open at the Business Meeting on Friday, but will be closed during roll calls and voting.

The voting procedures that will be used at the conference are attached to this memo. Please share these procedures and this memo with your council and especially with the individuals that your council designates as your city's voting delegate and alternates.

Once again, thank you for completing the voting delegate and alternate form and returning it to the League's office by Friday, October 4. If you have questions, please call Darla Yacub at (916) 658-8254.

Attachments:

- Annual Conference Voting Procedures
- Voting Delegate/Alternate Form



## Annual Conference Voting Procedures

1. **One City One Vote.** Each member city has a right to cast one vote on matters pertaining to League policy.
2. **Designating a City Voting Representative.** Prior to the Annual Conference, each city council may designate a voting delegate and up to two alternates; these individuals are identified on the Voting Delegate Form provided to the League Credentials Committee.
3. **Registering with the Credentials Committee.** The voting delegate, or alternates, may pick up the city's voting card at the Voting Delegate Desk in the conference registration area. Voting delegates and alternates must sign in at the Voting Delegate Desk. Here they will receive a special sticker on their name badge and thus be admitted to the voting area at the Business Meeting.
4. **Signing Initiated Resolution Petitions.** Only those individuals who are voting delegates (or alternates), and who have picked up their city's voting card by providing a signature to the Credentials Committee at the Voting Delegate Desk, may sign petitions to initiate a resolution.
5. **Voting.** To cast the city's vote, a city official must have in his or her possession the city's voting card and be registered with the Credentials Committee. The voting card may be transferred freely between the voting delegate and alternates, but may not be transferred to another city official who is neither a voting delegate or alternate.
6. **Voting Area at Business Meeting.** At the Business Meeting, individuals with a voting card will sit in a designated area. Admission will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate.
7. **Resolving Disputes.** In case of dispute, the Credentials Committee will determine the validity of signatures on petitioned resolutions and the right of a city official to vote at the Business Meeting.





CITY: \_\_\_\_\_

**2019 ANNUAL CONFERENCE  
VOTING DELEGATE/ALTERNATE FORM**

**Please complete this form and return it to the League office by Friday, October 4, 2019. Forms not sent by this deadline may be submitted to the Voting Delegate Desk located in the Annual Conference Registration Area. Your city council may designate one voting delegate and up to two alternates.**

In order to vote at the Annual Business Meeting (General Assembly), voting delegates and alternates must be designated by your city council. Please attach the council resolution as proof of designation. As an alternative, the Mayor or City Clerk may sign this form, affirming that the designation reflects the action taken by the council.

**Please note:** Voting delegates and alternates will be seated in a separate area at the Annual Business Meeting. Admission to this designated area will be limited to individuals (voting delegates and alternates) who are identified with a special sticker on their conference badge. This sticker can be obtained only at the Voting Delegate Desk.

**1. VOTING DELEGATE**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**2. VOTING DELEGATE - ALTERNATE**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**3. VOTING DELEGATE - ALTERNATE**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PLEASE ATTACH COUNCIL RESOLUTION DESIGNATING VOTING DELEGATE AND ALTERNATES.**

**OR**

**ATTEST: I affirm that the information provided reflects action by the city council to designate the voting delegate and alternate(s).**

Name: \_\_\_\_\_

Email: \_\_\_\_\_

Mayor or City Clerk \_\_\_\_\_  
(circle one) (signature)

Date \_\_\_\_\_ Phone \_\_\_\_\_

**Please complete and return by Friday, October 4, 2019**

League of California Cities  
**ATTN: Darla Yacub**  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

**FAX: (916) 658-8240**  
E-mail: [dyacub@cacities.org](mailto:dyacub@cacities.org)  
(916) 658-8254

Attachment: 2019 Voting Delegate Packet (2406 : LOCC Voting delegate)





# PROVIDE DIRECTION REGARDING CITY USE OF HERBICIDES

## Item 10



# Background



## City Use of Herbicides

Currently used for weed control in various locations:

- City Parks
- City right of ways
  - o Roadway edges (unimproved areas)
  - o Medians

Used By:

- City Staff
- Landscape Maintenance Contractors

# Background



## City Use of Herbicides

### Reason for Use

- Efficient and effective in weed management
- Clear regulations for use are outlined
- Fire protection

### Use Locations and Frequency

- City Maintained
  - o 17.6 Acres of Park Space
  - o 41.2 Linear Miles of Right of Way
- Contractor Maintained
  - o ~15.75 Acres of Park/Median/Landscape Areas

# Glyphosate

## Glyphosate/Roundup

Most commonly used commercial herbicide

- Introduced in 1974
- In 2017 CalEPA placed Glyphosate on list of potentially harmful chemicals
  - CalEPA does not ban the use
- Currently Glyphosate is approved for use by:
  - US EPA
  - CA Department of Pesticide Regulation
- CADPR Categories
  - Caution - Warning - Danger

# Glyphosate

## Glyphosate/Roundup

### Use by other Government Entities

- Survey of 12 Nearby Agencies
  - o 11 Using herbicides in right of ways
  - o 10 Using Glyphosate in right of ways
  - o 12 Using herbicides in parks
  - o 11 Using Glyphosate in parks
  - o 2 are planning to eliminate Glyphosate use in parks
  - o 1 is planning to eliminate Glyphosate use in right of ways

# City Operations



## Maintenance Use of Herbicides

### Past Practice

- Follow all regulations
- Certified applicators oversee work
- 2013 implementation of posting at parks 72 hours
- Working alternative approaches
  - o Herbicide free pilot project at Paradise Park
  - o Alternative herbicides to Glyphosate



# Next Steps

## Budget and Financial of Operational Changes

- Elimination of Herbicides immediately
  - o \$350K per year or
  - o Reduced service levels and increased fire risk
  - o Not recommended
- Elimination of only Glyphosate immediately
  - o \$93K per year or
  - o Reduced service levels and increased fire risk
  - o Not recommended

## Recommendations

- No Formal Action at this time
- City staff to explore alternatives to Glyphosate
  - o Test alternatives Spring 2020
- Report back to the Council in Summer of 2020

# Questions?



**From:** D. Muirhead  
**To:** [Michelle Bigelow](#); [Angie Gonzalez](#)  
**Cc:** [Parks Recreation Commission](#)  
**Subject:** comment City Council Meeting September 18, 2019 Item #10. Provide direction on future use of herbicides  
**Date:** Monday, September 16, 2019 10:58:52 AM

---

Dear Morgan Hill City Council,  
Comments for the Public Record submitted by  
Doug Muirhead, a resident of Morgan Hill, for:  
Morgan Hill City Council Meeting September 18, 2019  
Item #10: Provide direction on future use of herbicides  
cc: Parks and Recreation Commission September 17  
Item #2: Use of herbicides in City parks  
Thank you for your consideration.

---

I am in favor of the City Administration having an ongoing process to evaluate the reduction and/or elimination of herbicide use by the City.

What I do not understand are these piecemeal items to Council with no reference to the planning framework provided by the Integrated Pest Management Plan for Facilities, Parks, Streets and Public Open Space March 22, 2018 and the associated yearly Annual Report. The Environmental Services web page used to list these documents, but now only the Rodenticide Project appears on the page. The plan and report are still returned in the search results for Integrated Pest Management on the City web site.

You will find no reference to herbicide, pesticide, or rodenticide in the Master Work Plan presented at the Goals workshop in July.

You have had several presentations on rodenticide reduction, none of which mentioned the IPM Plan (which does not include this activity). Nor were these planning documents mentioned in the August MH411 highlighting rodenticide reduction activities.

As to the agenda item tonight. From the 2017 Annual Report:  
2018 IPM Plan Goals  
During the 2018 calendar year, the City of Morgan Hill's IPM Plan Administrator will be working with a non-profit organization known as Beyond Pesticides, including training and best practices to implement a pilot project to reduce and potentially eliminate the use of pesticides in Paradise Park and the connected trails/pathways.

This pilot project has been presented to the Parks and Recreation Commission as part of the yearly maintenance report, but without mentioning the IPM plan and reports. Nor do we know anything about Beyond Pesticides or how they were selected.

I have suggested more than once that staff contact the County Integrated Pest Management Coordinator (Naresh Duggal). As you know, the County passed an ordinance in 2002 to reduce or eliminate pesticide use in County buildings and on County property. Relevant to tonight's

discussion on elimination of Glyphosate, this was addressed by the County IPM Technical Advisory Group recently at the request of County Roads, who were under direction from CalFire to address weed growth on rural County roads, primarily in South County.

From the recent 2019 Semi-Annual Sustainability and Climate Action Report June 2019

----

#### D.1. Toxics Reduction

##### (3) Right-of-Way Vegetation Fire Clearance

To support the IPM Ordinance goals and RDA's need to mitigate fire hazards, OOS IPM identified several, reduced-risk glyphosate-alternative herbicides: imazamox (brand name Imox formulation); flumioxazin (brand name Promenade formulation); and dithiopyr (brand name Dithiopyr L formulation). OOS IPM also submitted a grant proposal to the California Department of Food and Agriculture's Noxious Weed Grant Program on April 5, 2019 to field trial three new herbicides; unfortunately, the County was not awarded the grant.

Nonetheless, in support of County IPM and overall innovation, RDA has agreed to field test two of the three recommended new herbicides on 30 high fire-risk unincorporated roads and determine product efficacy. RDA is currently procuring imazamox and flumioxazin, and the IPM Coordinator will issue exemptions for their use upon RDA's request.

-----

WARNING: This message is from an external user. Confidential information such as social security numbers, credit card numbers, bank routing numbers, gift card numbers, wire transfer information and other personally identifiable information should not be transmitted to this user. For question, please contact the Morgan Hill IT Department by opening a new helpdesk request online or call 408-909-0055.



# Provide Direction Regarding Citywide Traffic Studies and Related Project Update

## Item 11



# Purpose of the Report



The purpose of the report is to provide an update on the Engineering Division's work in relation to traffic congestion and traffic safety.



# Purpose of the Report



## Components

1. Regional Cut Through Traffic Study
2. Intersection Capacity Analysis
3. Congestion Management Projects
4. Traffic Safety, Pedestrian and Bicycle Improvements
5. Other Traffic Related Activities

# Cut Through Traffic Study



## Hexagon Consultants

### Conducted an Analysis to:

- Estimate the amount of regional cut-through traffic on major roadways within the City
- Identify major cut-through routes
- Estimate the potential effects of local roadway improvements on cut-through traffic

### Data:

- Mobile phone application data
- Anonymous

# Cut Through Traffic Study

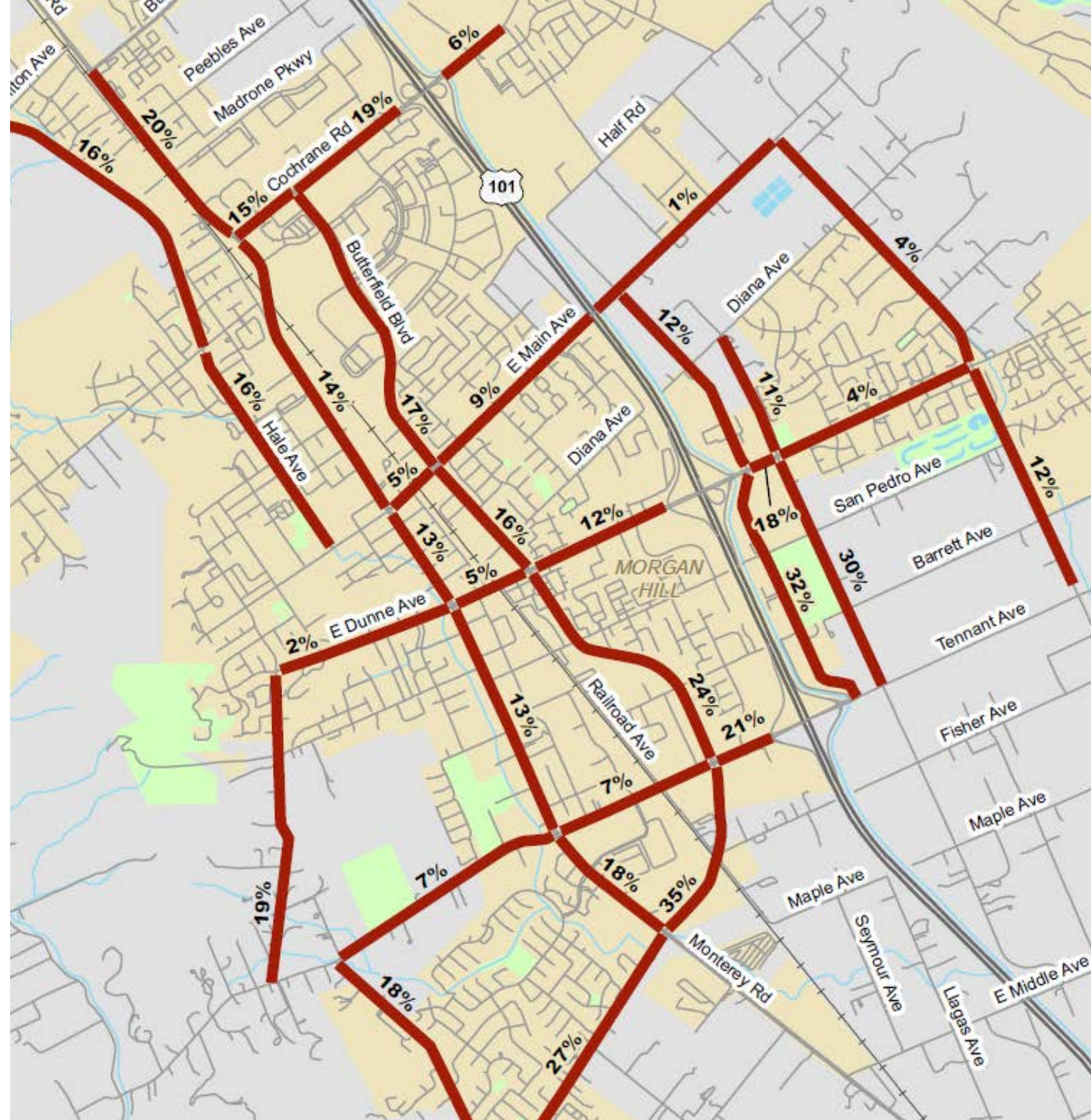


## Findings

- There is significant cut-through traffic on City streets, but majority is still local
- There is an opportunity to improve local traffic through investment in infrastructure
- Off Highway Cut-through Traffic
  - 39% of southbound traffic in PM
  - 31% of northbound traffic in AM

# Cut Through

- Butterfield (south end)
- Condit
- Murphy
- Watsonville
- Tennant
- Monterey

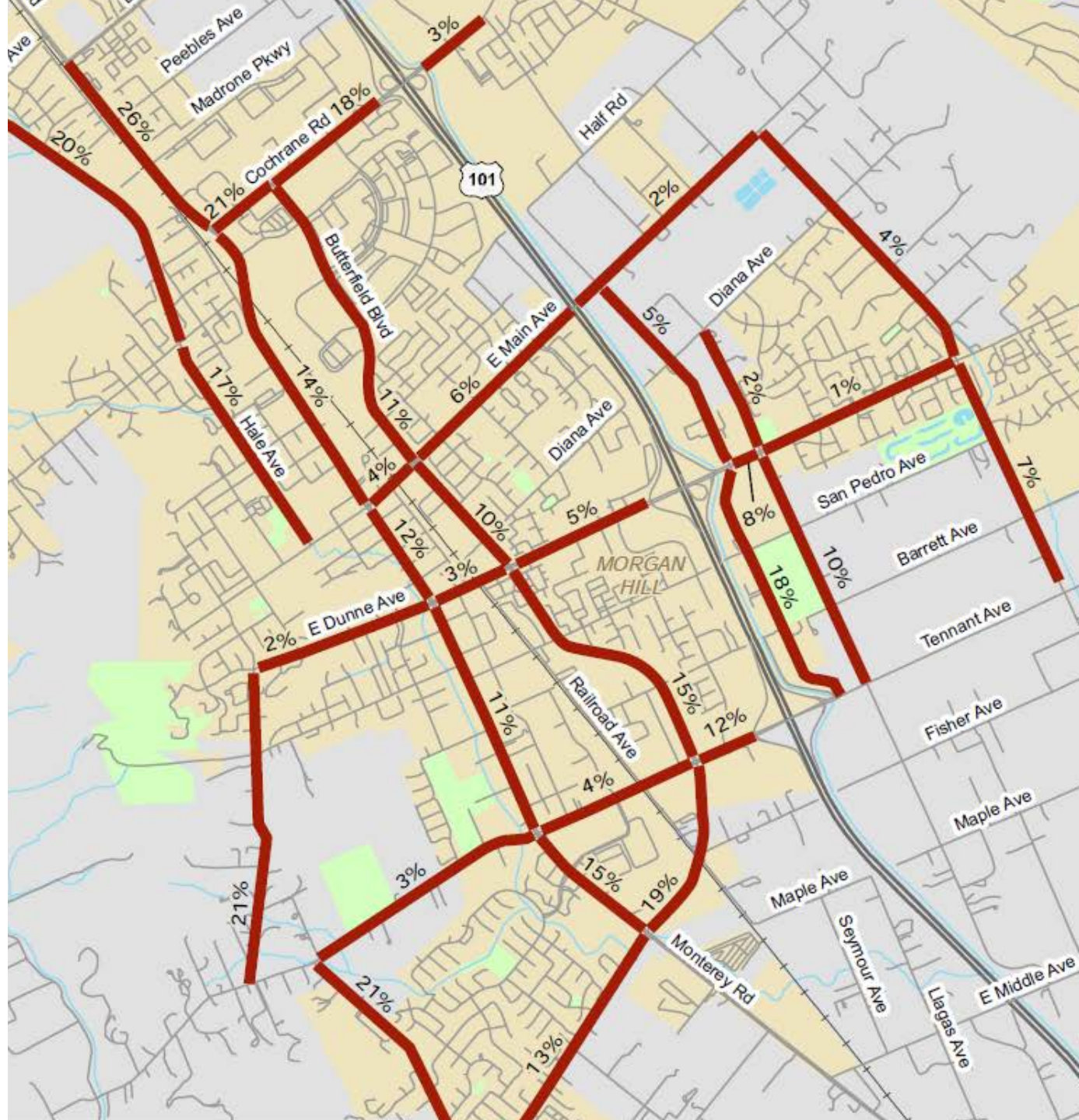




# PM

## Cut Through

- Monterey
- Dewitt
- Cochrane
- Sunnyside
- Hale
- Butterfield



# Cut Through Traffic Study



## Findings

- Highway 101 congestion is a significant cause for the City's cut-through traffic
- Local roadways improvements could have a positive impact on local traffic and not just pull more traffic off Highway 101



# Intersection Capacity Analysis



## 2017 Review of Key Intersections

### Study Intersections

- Condit Road and Dunne Avenue
- Butterfield Boulevard and Tennant Avenue
- Monterey Road at Main Avenue
- Butterfield Boulevard and Dunne Avenue
- Monterey Road and Tennant/Edmundson Ave

# Intersection Capacity Analysis



## Intersection Recommendations

Recommendations vary by intersection but in general include:

- Adjustments to Lane Configurations
  - o Striping
  - o ROW Acquisition
- Lengthening of turn pockets
- Pedestrian crossing upgrades
- Change in signal phasing
- Bike Lane Improvements/Sharrows

# Intersection Capacity Analysis



## Implementation Progress

### Improvements Completed

- Pedestrian safety recommendations at Monterey/Main

### Improvements In Progress

- Improvements at Condit/Dunne

### Improvements Scheduled

- Pedestrian safety recommendations at all other locations

### Future CIP Items

- ROW Acquisition and Major Improvements at:
  - o Butterfield/Dunne
  - o Butterfield/Tennant

# Congestion Management Projects



## Regular Requests

- Signalization and intersection improvement within the Santa Teresa/Hale Corridor
- Stop signs throughout the City on arterial and collect streets
- Reduced speed limits
- Traffic calming efforts

# Congestion Management Projects



## Current Focus

### Hale Santa Teresa Corridor

1. Complete Hale Avenue Phase 1
2. Advocate and work to identify funding for Hale Avenue Phase 2
3. Intersections Improvements
  - Current Funding Limitations

### Other City Improvements

- Reviewed case by case
- Work to improve issues with limited funding resources

# Traffic Safety, Pedestrian and Bicycle Improvements



## Multiple City Projects

### Guiding Principles

- Vision Zero
- Bikeways, Trails, Parks and Recreation Master Plan
- Safe Routes to Schools
- Support for alternate transportation

### Primary Project Funding

- RDCS Contributions



# Traffic Safety, Pedestrian and Bicycle Improvements



## Current Projects

- Pedestrian Improvements at Intersections
- Enhanced Downtown Crosswalks
- Main Avenue Bike Lanes and Pedestrian Improvements
- Enhanced Crosswalk at Wright and Del Monte
- Enhanced Crosswalks at La Crosse and WLLCT
- Watsonville Road Improvements and Concept
- Signal Improvements
  - o Butterfield and Jarvis/Digital
  - o Monterey and Spring
- Britton Frontage Improvements

# Other Traffic Related Activities



- Speed limits
- VTA Education and Encouragement Funding  
\$30,000 annually
- Waze data sharing
- Traffic calming efforts
- Community Based Transportation Plan
- Highway 101 widening
  - Caltrans US 101 South Comprehensive Corridor Plan

# Next Steps and Recommendations



Considering resource limitations, City Staff recommend the following:

1. Identify alternate funding due to loss of RDCS
2. Prioritize ped safety projects over congestion management with discretionary funds
3. Develop a strategy to regionally advocate for improvements, coordination and funding for the South County transportation corridor
4. Actively pursue grant opportunities
5. Support VTA in completing the CBTP
6. Construct Hale Avenue Phase 1 and advocate for Phase 2

# Questions?



**From:** D. Muirhead  
**To:** [Michelle Bigelow](#); [Angie Gonzalez](#)  
**Subject:** comment City Council Meeting September 18, 2019 Item #11. Citywide traffic studies et. al.  
**Date:** Sunday, September 15, 2019 11:44:52 AM

---

Dear Morgan Hill City Council,

Meeting September 18, 2019

Agenda Item #11. Update on citywide traffic studies and related projects

It has been just over two years since City Chief Engineer Bjarke presented the early administrative draft of the intersection analysis report to the Parks and Recreation Commission as well as to Lisa Aragon's bicycle and pedestrian advocacy group to solicit resident input. I thanked Mr. Bjarke for including bicycle and pedestrian facilities in the analysis and recommendations. That report appears to have been completed one year ago and now it is being presented to the Council and the Community as part of a more comprehensive overview of transportation issues in the City.

Unfortunately, although Mr. Bjarke made sure to include bicycles and pedestrians in the intersection study, this staff report omits bicycles in its focus and does not identify any bicycle improvements made as a result of the intersection study.

The Guiding Documents mentions Vision Zero but not the Bikes/Parks/Trails master plan nor the CIP. As is too often the case, improvements mentioned in the staff report do not identify the specific project or activity listed in the relevant planning document. So our residents cannot see if the work you actually do match the expectations from the plans.

Before I go into detailed comments on the intersection study (intended for staff), I want to highlight what I consider the most important improvements for your policy and planning recommendations.

- 1) We would benefit greatly for planning and evaluating bicycle and pedestrian projects if we had before and after usage counts and other event data:
  - a) City/Police app for reporting near misses in addition to actual accidents involving all modes of transportation.
  - b) Implement counters and collection mechanisms for bike-detected and pedestrian-detected or button-pushed events.
  - c) For signalized intersections, add adaptive timing for bicycles and for pedestrians.
- 2) Congestion Management Projects
  - a) A better solution at Santa Teresa/Watsonville and Santa Teresa/Tilton would be roundabouts rather than replacing stop signs with traffic signals.
  - b) The claim that signalization of these intersections will not increase pedestrian safety is nonsense. How can signal-protected pedestrian crossing not be more safe than trying to make eye contact with drivers from three or four directions before attempting to cross on foot (what about bikes).

- 3) A significant danger to pedestrians is that drivers making right-turns on to arterials are only looking to the left to find a window in the traffic flow to make their turn and pay no attention to whether there is a pedestrian waiting/trying to cross (even though signal-protected).
- 4) City staff repeatedly claim that they are working on a number of traffic safety projects which are in alignment with the City's Vision Zero initiative. City staff say they have identified dozens of future projects and begun the process of prioritizing these projects for future improvements. Yet none of these are linked back to the Vision Zero Action Tasks nor the Bike/Park/Trail master plan nor the CIP. Our residents only hear that the police will be writing more tickets and an occasional mention of Safe Routes to Schools.

Thank you for your consideration,  
Doug Muirhead, Morgan Hill

-----  
Comments for staff on Intersection Analysis.

Five intersections were analyzed:

1. Condit Road / E Dunne Avenue  
Improvements to bicycle lanes and pedestrian signals were recommended.  
When discussing exceptions with Caltrans, see if north-east on-ramp crosswalk can be moved closer to Dunne so that driver sightline is not blocked by vegetation.  
"Split" phasing is defined:  
where the northbound left, through, and right turn movements proceed separately from the southbound left, through, and right turn movements  
"Protected Lead-Lag" alternating left turn phasing and "eight-phase protected phasing" are not.
2. Butterfield Boulevard / Tennant Avenue  
Improvements to bicycle lanes and pedestrian signals were recommended.  
Unfortunately, the biggest danger to pedestrians is that drivers making right-turns are only looking to the left to find a window in the traffic flow to make their turn and pay no attention to if there is a pedestrian ready to cross. I regularly walk the north side of Tennent to get to the south end of Madrone Channel trail, and the danger is recurring.
3. Monterey Road / Main Avenue
4. Butterfield Boulevard / E Dunne Avenue  
Improvements to bicycle lanes and pedestrian signals were recommended.  
Same danger to pedestrians from drivers looking left and not being aware of pedestrian waiting to cross.
5. Monterey Road / W Edmundson Avenue Tennant Avenue  
Improvements to pedestrian signals were recommended.  
Same danger to pedestrians from drivers looking left and not being aware of pedestrian waiting to cross.

For Other Potential Universal Improvements, Other Technological Improvements, in addition to adding vehicle/bicycle video detection, I would like you to consider:

- a) Add adaptive timing for bicycles (extend green if bike approaching, lengthen minimum crossing time if bike waiting)
- b) Add adaptive timing for pedestrians (extend time if slow-mover)



detected, cancel timer when crosswalk empty)

- c) Implement counters and collection mechanism for bike-detected and pedestrian-detected or button-pushed. We would benefit greatly for planning and evaluating bike and ped projects if we had before and after counts.

You have a general recommendation that signal pedestrian crossing times at all intersection crosswalks should meet CA MUTCD requirements. How many intersection crosswalks without countdown timers are not in compliance? What are your criteria for changing out old pedestrian signals with countdown timers?

How many intersections (at least with modified E-type detectors for bicycles) meet minimum CA MUTCD requirements for bicycle clearance?

When entering Monterey from Spring, I am half-way across when the signal goes yellow and am crossing the farthest traffic lane when the signal goes to red.

Two intersections have significant pedestrian activity:

3. Monterey Road / Main Avenue

5. Monterey Road / W Edmundson Avenue Tennant Avenue

Of the five intersections studied, these are the two in built environments.

It would be interesting to know purpose of pedestrians. Monterey/Main has downtown commercial and a school nearby. Monterey/Tennant has the shopping centers and the #68/#168/other\_express bus stops.

Unlike many other reports, this one identifies relevant professional standards:

- \* Morgan Hill General Plan

- \* California Manual on Uniform Traffic Control Devices (CA MUTCD)

- \* 2000 Highway Capacity Manual, Transportation Research Board

- \* 2014 Collision Data on California State Highways [SWITR?]

- \* Caltrans Design Exception

How do you intend to evaluate impacts on all transportation modes (e.g. Multi-Modal LOS) rather than vehicles only (LOS).

-----

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# GIS Strategic Plan

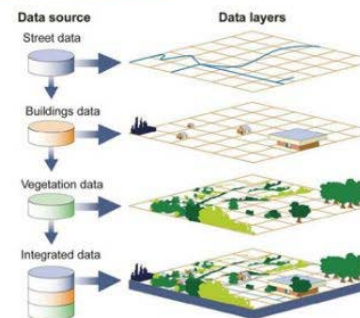
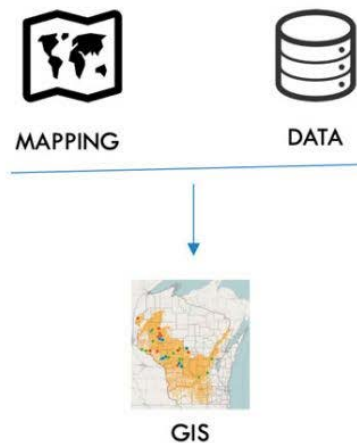
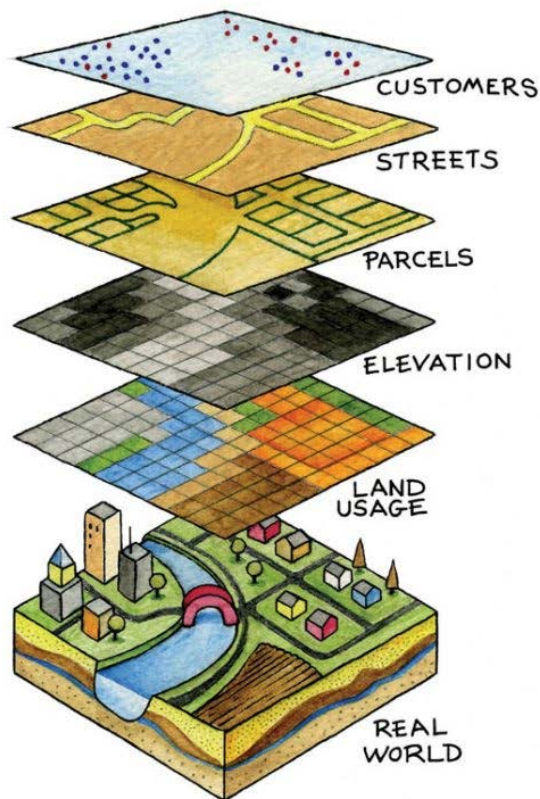
## Item 12



# What is GIS?

GIS = Geographic Information Systems

Digital mapping using specialized software



# The GIS Strategic Plan



We are proud to announce the City's first strategic plan for GIS!

## The GIS Services Project

Goal: To create the platform to build out GIS program with spatial data, maps and apps

- Strategic plan - road map
- Assess, design, implement GIS system infrastructure
- Update current in-house web map - MHMaps

# Strategic Plan: Our Roadmap for the GIS Program



Wealth of information and recommendations for increasing GIS capabilities to meet business needs and industry standards

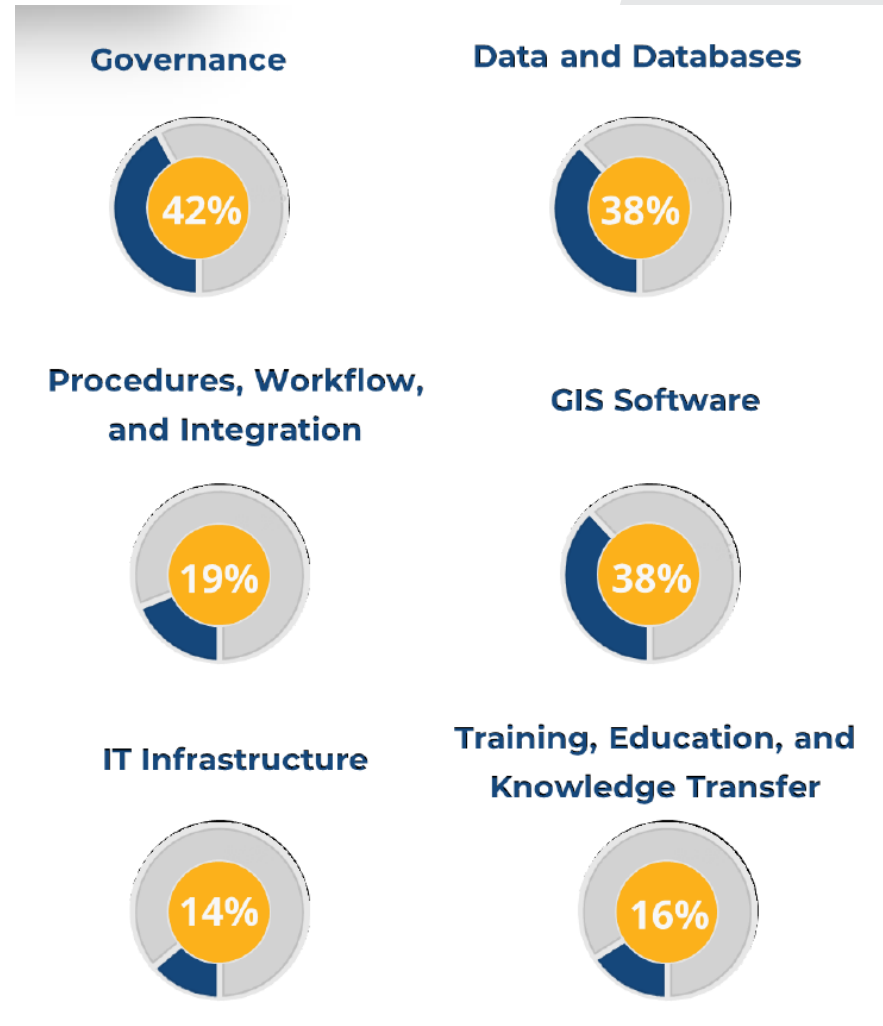
Summary of Plan's major activities and findings

- Phase I: Needs Assessment
- Phase II: System Design
- Phase III: Strategic Implementation Plan: Business Needs and Plan of Action

# Phase I: Needs Assessment

Current GIS conditions and needs assessed:

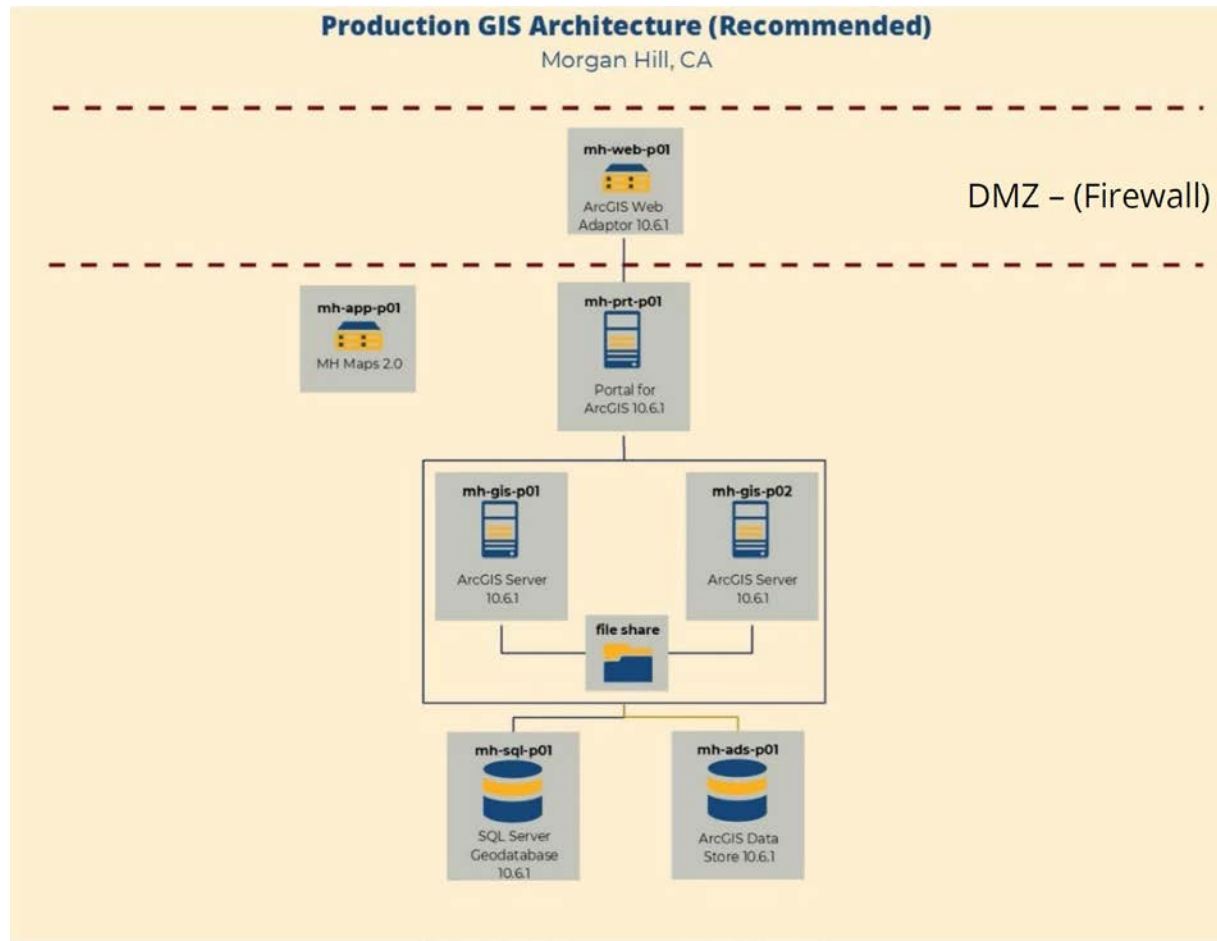
- Benchmarking
- Gap analysis
- Manager interviews
- Staff survey
- Departmental interviews





# Phase II: System Design

- Specific recommendations for all GIS functions
- GIS System depends on IT Infrastructure



# Phase III: Strategic Implementation Plan

Business needs and plan of action

Recommendations inform a tactical plan with specific tasks for next three years

- The recommendations have been analyzed by staff, and priority tasks have been identified
- Priority tasks for year 1 are funded in current GIS budget for FY 2019-20
- Tasks for years 2 and 3 are expected to be funded in next biennial budget

# Key Findings: Phases I and II



## Positive Experience: Geospatial technology in use throughout the City and most staff enthusiastic about its potential

- New apps: all departments noted need for expanded and focused internal and external GIS apps
- Integration: ample opportunities for integrating with existing City business systems, such as Sedaru and Trakit
- Performance: all departments have experienced slow performance using existing GIS software

## Deficiencies were found in technical resources

- System architecture: City's GIS architecture design is not sustainable and has periodic performance issues

# Key Findings: Phase III

Plan of Action: Enterprise GIS Tactical Plan  
turns recommendations into specific tactics

| Category                                          | Year 0<br>Budget Year<br>'18-'19 | Year 1<br>Budget Year<br>'19-'20 | Year 2<br>Budget Year<br>'20-'21 | Year 3<br>Budget Year<br>'21-'22 | Category<br>Total  |
|---------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--------------------|
| Governance                                        | \$20,000                         | \$8,000                          | \$20,000                         | \$20,000                         | \$68,000           |
| Data and<br>Databases                             | \$0                              | \$10,000                         | \$0                              | \$0                              | \$10,000           |
| Procedures,<br>Workflow and<br>Integration        | \$0                              | \$21,000                         | \$0                              | \$0                              | \$21,000           |
| GIS Software                                      | \$5,000                          | \$60,000                         | \$35,000                         | \$35,000                         | \$135,000          |
| IT<br>Infrastructure                              | \$24,000                         | \$500                            | \$0                              | \$0                              | \$24,500           |
| Training,<br>Education &<br>Knowledge<br>Transfer | \$0                              | \$8,500                          | \$5,000                          | \$5,000                          | \$18,500           |
| YEARLY TOTALS                                     | \$49,000                         | \$108,000                        | \$60,000                         | \$60,000                         | TOTAL<br>\$277,000 |

# GIS Tactical Plan Summary



These are priority tasks expected to be funded over the three-year plan

Summarized by category:

- Governance - the strategic plan, intern, and tech support
- Data - master address database
- Procedures - integration with business systems
- GIS Software - enterprise software licensing, public portal, and my government services app
- IT Infrastructure - GIS system design and implementation
- Training - web courses and in-house training

GIS needs strategically addressed to maximize benefit to City given limited resources





# Questions?



**From:** [Harjot Sangha](#)  
**To:** [Michelle Bigelow](#); [Angie Gonzalez](#)  
**Cc:** [Christina Turner](#); [Pam van der Leeden](#)  
**Subject:** FW: GIS strategic plan musings  
**Date:** Wednesday, September 18, 2019 8:49:30 AM

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Good Morning Teammates - Although no reference to agenda/cc meeting, below are Doug's comments regarding GIS Strategic Action Plan. We should make them available. Please include as supplement to item #12.

Thank you,  
Harjot

-----Original Message-----

From: D. Muirhead <doug.muirhead@stanfordalumni.org>  
Sent: Monday, September 16, 2019 9:20 AM  
To: Harjot Sangha <Harjot.Sangha@morganhill.ca.gov>  
Subject: GIS strategic plan musings

Greetings Assistant [to the] City Manger,

Not that you will be familiar with a 1980's management consultant named William Oncken ("Managing Management Time") and his "vicious compliance" technique, but your 360 page "strategic plan" fits the definition. I think your consultant spent a lot of time reminding us of what a great choice they were for this project. And while I strongly favor context and background, only your GIS professionals will wade through hundreds of pages in order to find out what is in store for the City in the future.

Other than mention of the GIS Manager tasks in the 2018 budget book, GIS has been invisible to our residents. You will find no mention of any GIS task in the Master Work Plan presented at the Goals workshop in July.

I have tried in the past to get the City to identify professional certifications, professional associations, training opportunities, and capture of institutional knowledge for the various departments. The Bike/Parks/Trails master plan notes the need for these activities, but I see no signs of implementing activities. I mention this because of the aspirational statements for training, mentoring, professional development, and knowledge capture in your strategic plan, but I question whether you can get other departments to commit resources.

A number of departments have a section in your plan where they identify layers that could be helpful. This is how I would have structured existing conditions and future plans. What data is in existing databases and what are necessary and desirable layers going forward. You have a section in the Master Data List with helpful layers such as hydrant flow data and traffic signal boxes. If I report a signal or street light pole number, do you know where it is? Some City web Report-a-Concern forms allow attachment of a picture. When will we have a system which can extract geo-tags from pictures or allow us to put a pin in a map to provide location information?

Where do you stand with databases for asset management and how those will connect to your GIS system? I know from talking to Scott Creer that you have no signalized intersection equipment inventory of things like pedestrian-crossing signal function. Scott relies on a contractor who I have shown to not know which signals trigger immediate walk during green stage (he said zero and I found at least six).

I do not know what to do with your Tactical Plan. Should not Priority reflect need? You define Priority 1 as funding anticipated and Priority 2 as funding required. You have 108 tactics and recommendations, with time frames of short-term, mid-term, long-term, and ongoing. I think staging of inter-related projects might be clearer than this laundry list.

I have been wanting Open Data Portals for several years, following along behind the Water District, County Parks, and VTA.

I look forward to what you do with Dashboards. I hope you use them for project status reporting as well as layer access.

If your mind has not been poisoned to see LAFCO as the enemy, I suggest that you consider a formal agreement with LAFCO.

This might be a way to reduce conflict with them over parcel availability now and in future years.

I will close with the only Continuing Education activity of which I am aware, and that is the yearly World GIS day, hosted last year and this year (Nov 13) by the County GIS team. They spoke favorably of Pam when I talked to them last year. Since support for the open source GIS program I was using was withdrawn, and I have not found a suitable replacement, I have never tried to talk to Pam about her work for the City and what I wanted to do.

Where I want all this to end up is to have diagrams of all signalized intersections with all signals and bicycle and pedestrian detectors located and identified by capability. So when the City says it will make multi-modal improvements, we will know how that fits into our overall system.

Best Wishes, DougM

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## **Regular Meeting Agenda**

### **City Council**

*Rich Constantine* - Mayor  
*Rene Spring* - Mayor Pro Tem  
*Yvonne Martinez Beltran* - Council Member  
*Larry Carr* - Council Member  
*John McKay* - Council Member

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**Wednesday, September 18, 2019 7:00 p.m.**

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

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### **AMENDED AGENDA**

Please note this agenda has been amended to include a closed session item at the end of the agenda.

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

### **CALL TO ORDER**

### **ROLL CALL ATTENDANCE**

Deputy City Clerk Michelle Bigelow

### **DECLARATION OF POSTING OF THE AGENDA**

Per Government Code Section 54954.2  
Deputy City Clerk Michelle Bigelow

### **SILENT INVOCATION**

### **PLEDGE OF ALLEGIANCE**

### **CITY COUNCIL REPORTS**

Council Member Martinez Beltran

### **CITY MANAGER'S REPORT**

City Manager Christina Turner

## **CITY ATTORNEY'S REPORT**

City Attorney Donald Larkin

## **OTHER REPORTS**

### **RECOGNITIONS**

Recognizing Alyssa Buzbee-Good, author of The Journey

### **PROCLAMATIONS**

Proclaiming September 30, 2019 as Lewy Body Dementia Awareness Day in honor of Susan Berghoff

Proclaiming the week of September 17-23, 2019 as Constitution Week

Proclaiming the month of September 15, 2019 to October 15, 2019 as Hispanic Heritage Month

### **PRESENTATIONS**

YAC Presentation - Asset # 21 - Achievement Motivation

## **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)

## **PUBLIC COMMENT SUPPLEMENT**

## **ADOPTION OF AGENDA**

## **CONSENT CALENDAR**

Items appearing on the Consent Calendar are considered routine and may be approved by one motion. Pursuant to City Council Policies and Procedures (CP 97-01), any member of the Council or public may request to have an item removed from the Consent Calendar for comment and action.

Time Estimate for Consent Calendar: 1 - 10 Minutes

### **1. ACCEPT DONATION FROM JTJ MORGAN HILL RE, LLC FOR A SPEAKER SERIES**

Recommendation:

Accept \$10,000 in donations from JTJ Morgan Hill RE, LLC for the production and support of a Choose Morgan Hill Speaker Series, highlighting the four key industry sectors identified in Morgan Hill's Economic Blueprint.

### **2. ACCEPT JULY 2019 FINANCIAL AND INVESTMENT REPORT**

Recommendation:

Accept and file report.

**3. ACCEPT ANNUAL REPORTS OF ACTIVITIES BY NONPROFIT PARTNER ORGANIZATIONS**

Recommendation:

Receive annual reports from City partner organizations.

**4. APPROVE A UTILITY MUTUAL ASSISTANCE AGREEMENT**

Recommendation:

1. Approve an agreement with California Water/Wastewater Agency Response Network (CalWARN) to provide mutual assistance during an emergency in accordance with the California Emergency Services Act and the California Disaster and Civil Defense Master Mutual Aid Agreement; and to provide reimbursement for equipment, supplies and personnel made available on an emergency basis; and
2. Authorize the City Manager to execute and administer the agreement.

**5. APPROVE IMPACT FEE FREEZE AGREEMENT WITH MORGAN HILL RETAIL VENTURE, L.P. FOR THE DEVELOPMENT OF RETAIL SPACES IN THE SHOPPING CENTER KNOWN AS COCHRANE COMMONS**

Recommendation:

1. Confirm that commercially zoned Assisted Living Facilities are not eligible for the Fee Freeze Program;
2. Approve an Impact Fee Freeze Agreement for the development of commercial retail/office buildings on 51 acres of Cochrane Commons; and
3. Authorize the City Manager to execute and administer the Impact Fee Freeze Agreement.

**6. AWARD CENTENNIAL RECREATION CENTER EXPANSION PROJECT TO CRW INDUSTRIES, INC.**

Recommendation:

1. Adopt resolution amending the Fiscal Year 2019-20 Budget to appropriate an additional \$805,000 from the Community Center Impact Fund (360), for the Centennial Recreation Expansion Project (CIP#138016);
2. Approve the Centennial Recreation Expansion Project plans and specifications;
3. Award contract to CRW Industries, Inc. for the Centennial Recreation Center Expansion Project in the amount of \$2,443,138;
4. Authorize the expenditures of construction contingency funds not to exceed \$244,314; and
5. Authorize the City Manager to execute and administer the construction contract with CRW Industries, Inc. pending review and approval by the City Attorney.

**7. ADOPT ORDINANCE APPROVING A DEVELOPMENT AGREEMENT DA2018-0001: OLD MONTEREY- KELLY VO FOR A 6-LOT SINGLE-FAMILY RESIDENTIAL SUBDIVISION PROJECT PROPOSED ON A 1.13-ACRE PARCEL LOCATED ON THE SOUTHWEST CORNER OF OLD MONTEREY ROAD AND MUSTARD AVE LOCATED AT 18755 OLD MONTEREY ROAD (APN 764-24-061)**

Recommendation:

Waive the reading, adopt Ordinance No. 2303, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.



**8. ADOPT ORDINANCE AMENDING CHAPTER 6.36 (“ANIMALS AND LAND USE”) IN TITLE 6 (“ANIMALS”) OF THE MORGAN HILL MUNICIPAL CODE TO ALLOW RESIDENTIAL BEEKEEPING UNDER CERTAIN CIRCUMSTANCES**

Recommendation:

Waive the reading, adopt Ordinance No. 2304, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

**PUBLIC HEARING**

**9. ACCEPT THE 2019 PUBLIC HEALTH GOALS REPORT ON WATER QUALITY**

Recommendation:

1. Take public comment and provide staff response; and
2. Accept and file the June 2019 Public Health Goals Report on Water Quality for the City of Morgan Hill.

Estimated Time: 15 Minutes

**OTHER BUSINESS**

**10. PROVIDE DIRECTION REGARDING CITY USE OF HERBICIDES**

Recommendation:

1. Receive report on herbicide use in City parks, facilities, medians, and right of ways; and
2. Provide staff with direction on future use of herbicides by the City.

Estimated Time: 25 Minutes

**11. PROVIDE DIRECTION REGARDING CITYWIDE TRAFFIC STUDIES AND RELATED PROJECT UPDATES**

Recommendation:

1. Receive cut-through traffic study;
2. Receive final intersection analysis and update on improvements;
3. Receive update on traffic projects; and
4. Provide staff feedback on next steps for traffic congestion and pedestrian safety management.

Estimated Time: 30 Minutes

**12. ACCEPT REPORT ON GEOGRAPHIC INFORMATION SYSTEMS (GIS) STRATEGIC PLAN**

Recommendation:

Accept report on the Geographic Information Services (GIS) Strategic Plan.

Estimated Time: 15 Minutes

**13. APPOINT VOTING DELEGATES FOR THE 2019 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE AND APPROVE CITY SUPPORT OF THE LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE RESOLUTIONS**

Recommendation:

1. Appoint voting delegate and up to two (2) alternate voting delegates to the League of California Cities' Annual Conference;
2. Direct the Clerk team to complete and forward the voting delegate form to the League of California Cities;
3. Confirm "support" position on two resolutions; and
4. Authorize the City's voting delegate(s) to vote on the two resolutions to be considered at the League of California Cities (LOCC) annual conference.

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.

**CLOSED SESSION:**

**OPPORTUNITY FOR PUBLIC COMMENT**

**ADJOURN TO CLOSED SESSION**

**CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Pursuant to: Government Code Section 54956.9(d)(4)

Number of Cases: One (1)

**RECONVENE**

**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 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 [cityclerk@morganhill.ca.gov](mailto:cityclerk@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 [cityclerk@morganhill.ca.gov](mailto:cityclerk@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

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community

## Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.

## 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 Community History
- Enhancing Diversity and Inclusiveness
- Advancing Regional Initiatives

## 2019-2020 Strategic Priorities

- Agricultural Preservation
- Cannabis Policy
- Community Engagement and Messaging
- Economic Development
- Financial Stewardship
- High Speed Rail
- Homelessness
- Housing
- Infrastructure
- Telecommunications
- Traffic/Transportation



**From:** D. Muirhead  
**To:** [Michelle Bigelow](#); [Angie Gonzalez](#)  
**Cc:** [MHTimes Editor](#)  
**Subject:** Morgan Hill City Council Sept 18 non-agenda comment  
**Date:** Wednesday, September 11, 2019 4:22:34 PM

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Post-mortem on City Council September 4 meeting

Agenda Item #20. PROVIDE DIRECTION REGARDING BUILDING ELECTRIFICATION  
INCENTIVES AND REQUIREMENTS INCLUDING REACH CODES

Recommendation:

Provide policy direction to staff on electrification initiatives.

This item was heard at the end of the evening when only a handful of City staff paid to be there remained in the Council Chambers. Perhaps the lack of interest by our residents was due to the misleading agenda title "Electrification Incentives". This violates the Brown Act to have "a brief general description of each item of business to be transacted or discussed at the meeting".

The first line in the staff report and also in the staff presentation was on reducing or eliminating natural gas service in Morgan Hill. The majority of the presentation and Council discussion was on reducing or eliminating resident choice of energy options. Because it would be inconvenient (i.e. expensive) for the City to do without natural gas at some City facilities, you will grant yourselves exceptions.

And just as you did with the community aggregation for electricity, where you supported state legislation to force all PG&E customers into your program (because you could not successfully motivate them to voluntarily opt-in), staff teased you with going all out by using City police powers to "simply" ban all natural gas use in Morgan Hill; you get the benefit of this approach being "administratively efficient".

While electricity may be the cleanest fuel for building energy, you fail to mention the uncertainty of electricity supply in the face of PG&E Public Safety Power Shutoffs. And the CPUC had already postponed the PG&E South County Power Connect project to provide capacity and redundancy to our part of the County.

There is no clear definition of "Reach Codes", only that they are from the Reach Code project of SVCE and Peninsula Clean Energy, whose strategy is to have no additional requirements for all-electric buildings, while requiring dual-fuel buildings to meet higher energy standards. Staff claims that the the Proposed Reach Code has been tested for "cost-effectiveness" without telling us where to find the proposed code nor the test results.

At times staff shows that they are committed to informing and engaging the community (Parks and Recreation master plan, Urban Forest task force), while at other times it is "professionals at work, we do the right thing, do not disturb". For this item, the Community Engagement Continuum was "While no community engagement activities were completed prior to this meeting"

My mother, who lived in Nebraska, was persuaded to install an electric

furnace rather than use propane, propane being used by all her neighbors. Electricity prices soared. In the last winter of her life, we were paying \$500 per month to heat her home.

Doug Muirhead, Morgan Hill Resident

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*All Council MEMBERS -***PUBLIC COMMENT**

Board Meeting Agenda Public Comment, Next Meeting

**AGENDA DATE: 09/18/19  
SUPPLEMENT # 2**

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

To: info@hsr.ca.gov; bholtzclaw@newsmedia.com; nmixer@newsmedia.com; rtdillon@garlic.com; askmike@garlic.com; shawna.freels@ci.gilroy.ca.us; roland.velasco@ci.gilroy.ca.us; fred.tovar@ci.gilroy.ca.us; dion.bracco@ci.gilroy.ca.us; peter.leroe-munoz@ci.gilroy.ca.us; carol.marques@ci.gilroy.ca.us; cat.tucker@ci.gilroy.ca.us; marie.blankley@ci.gilroy.ca.us; mgr42@charter.net; rich.constantine@morganhill.ca.gov; president@gilroyedc.org; john.lang@morganhill.ca.gov; sbcsuper@supervisor.co.san-benito.ca.us; info@sanbenitocog.org; mary@sanbenitocog.org; gary@custom-1.com; ehoward1965@gmail.com; donpatloe@att.net; sallybettencourt@gmail.com; carl@reformcalifornia.org; jon@hjta.org

Date: Saturday, September 7, 2019, 04:32 PM PDT

Dear Sirs,

Thank you for allowing public comment at your next meeting. I could not improve on what Jon Coupal wrote, so I'm repeating it to you.

As I said during the pre-Election debate sponsored by Gilroy and Morgan Hill Chambers at the Gilroy Chamber's Conference Room in Oct. 2008, with Hon. Rod Diridon, before the vote on Prop. 1A, if we put enough UPS, Fedex and Postal Service tonnage on the high speed rail then we would not need to ask the taxpayers for a dime.

We did not vote for another subsidized public sector transit boondoggle. Californians voted for self-sufficient high speed rail.

CAHSRA's HSR is a pig that will not fly. If it was a horse, then we would shoot it. End it now before you inflict any more irreversible damage on the taxpayers of this, and future, generations.

Overcome your self-centered bias and prejudice, and do the right thing for the taxpayers of California.

Joseph P. Thompson, Esq.  
Past-President 1999-2001, 2006, Gilroy-Morgan Hill Bar Assn.  
Past-Chair, Legislation Committee, Transportation Lawyers Assn.  
(408) 848-5506  
e-Mail: TransLaw@PacBell.Net

cc: Public Comment, Next Meeting, Regular, Special, Study Session and/or Public Workshop



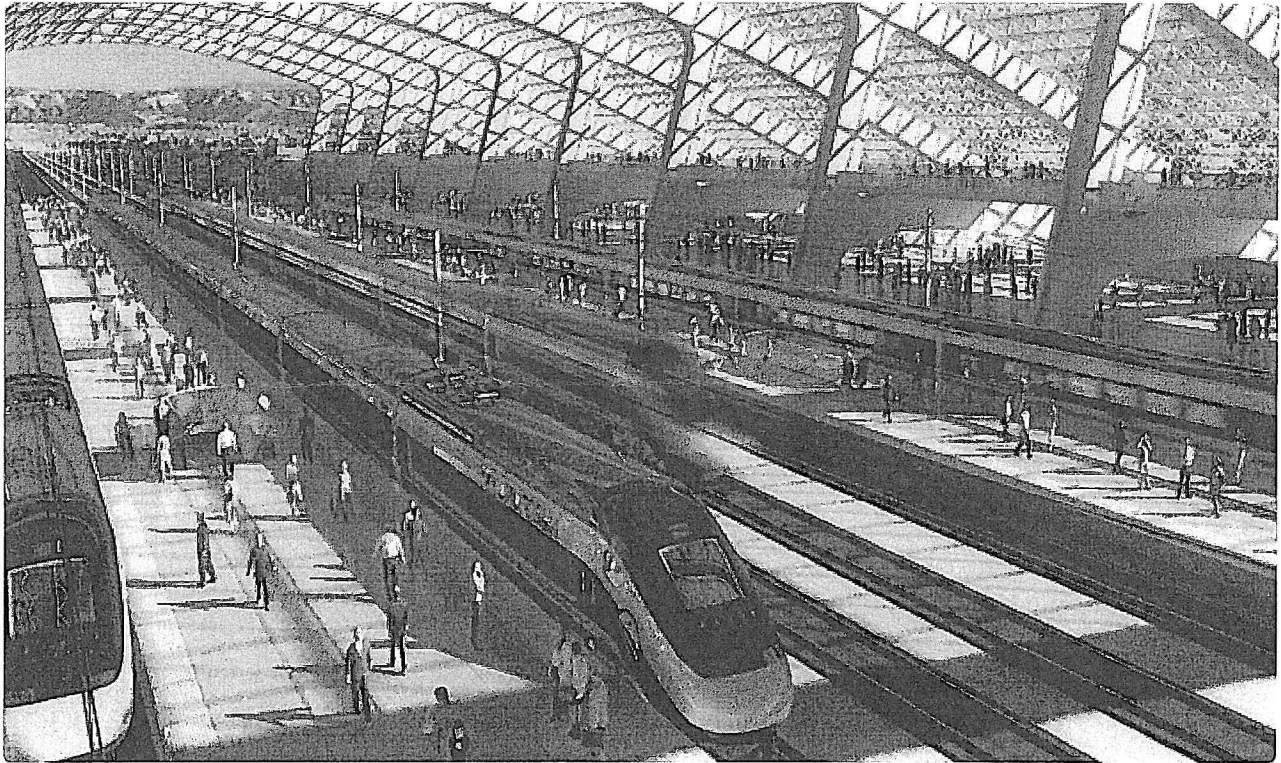
California Policy CenterBULLET TRAIN MADNESS 12-19-18 by JON COUPAL.pdf  
40.1kB



CAHSRAcritiqueByWendellCox.pdf  
67.8kB



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57.8kB



# State Audit Exposes High Speed Rail's Epic Waste of Time and Money

December 19, 2018 / by Jon Coupal

Although the midterm election was held on November 6th, the news media was absorbed for several weeks with undecided close races and the strength of the "blue wave," especially here in California. Perhaps that is why a report [<https://www.bsa.ca.gov/pdfs/reports/2018-108.pdf>] from the

attention as it would otherwise warrant.

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To understand just how damning the HSR audit was, just consider the subtitle: "Flawed Decision Making and Poor Contract Management Have Contributed to Billions in Cost Overruns and Delays in the System's Construction." But like many government documents, the audit is couched in bureaucratic language that ordinary citizens may not understand. For that reason, below are the summary points as provided by the state auditor with accompanying translations.

Auditor: "Although the Authority has secured and identified funding of over \$28 billion that it expects will be sufficient to complete initial segments, that funding will not be enough to connect those segments, or finish the rest of the system—estimated to cost over \$77 billion."

Translation: The Authority has succeeded in talking both the federal government and the state of California into providing billions of dollars on a failed project and yet still has no idea where the rest of the money will come from.

Auditor: "It has incrementally modified its plans for a fully dedicated high-speed rail system since 2012 and now intends

speed trains to lower speed limits and may require sharing time on the tracks with other rail operators."

Translation: All those promises made to voters about getting from San Francisco to Los Angeles in less than three hours were never serious.

Auditor: "The fact that [the Authority] has now exhausted all feasible options to use existing infrastructure raises concerns about its ability to mitigate future cost increases."

Translation: The Authority has followed Willie Brown's advice. The former Assembly Speaker, in a moment of candor, once told the San Francisco Chronicle, "In the world of civic projects, the first budget is really just a down payment. If people knew the real cost from the start, nothing would ever be approved. The idea is to get going. Start digging a hole and make it so big, there's no alternative to coming up with the money to fill it in."

Auditor: "The risk of additional cost increases is high. Costs to date have been significantly greater than originally projected because the Authority moved forward before it completed many critical tasks such as purchasing land, planning how to

Translation: The Authority's modus operandi can be distilled into three words: "Fire, ready, aim."

Auditor: "This risk contributed to \$600 million in changes to construction contracts."

Translation: \$600 million (over half a billion dollars) in unnecessary expenditures to date is just a preview of the waste we'll see in future years.

Auditor: "If the Authority does not complete construction by the federal government's December 2022 deadline, it may need to repay \$3.5 billion."

Translation: The Authority is going to have to spend tens of millions of dollars on Washington lobbyists to make sure this doesn't happen.

Auditor: "[The Authority] needs to improve its contract management to control soaring costs—it currently has 56 contract managers throughout its organization, but these individuals generally do not serve in contract management roles full time. Moreover, it has placed portions of its oversight of large contracts into the hands of outside consultants."



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that it is being ripped off by outside consultants.

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For years, transportation experts, taxpayer advocates and fiscal conservatives have watched the horror show known as California's high-speed rail project unfolding before our very eyes.

While we would hope that a new crop of legislative leaders would take a keen interest in protecting taxpayers as well as ensuring that valuable transportation dollars are spent wisely, the reality is that there are too many vested interests reaping billions of dollars from the project to allow serious oversight.

This virtually guarantees that California will continue to throw good money after bad for years to come.

*Jon Coupal is president of the Howard Jarvis Taxpayers Association [<https://hjta.org>].*

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## **Regular Meeting Agenda**

### **City Council**

*Rich Constantine* - Mayor  
*Rene Spring* - Mayor Pro Tem  
*Yvonne Martinez Beltran* - Council Member  
*Larry Carr* - Council Member  
*John McKay* - Council Member

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**Wednesday, September 18, 2019 7:00 p.m.**

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

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

### **CALL TO ORDER**

### **ROLL CALL ATTENDANCE**

Deputy City Clerk Michelle Bigelow

### **DECLARATION OF POSTING OF THE AGENDA**

Per Government Code Section 54954.2  
Deputy City Clerk Michelle Bigelow

### **SILENT INVOCATION**

### **PLEDGE OF ALLEGIANCE**

### **CITY COUNCIL REPORTS**

Council Member Martinez Beltran

### **CITY MANAGER'S REPORT**

City Manager Christina Turner

### **CITY ATTORNEY'S REPORT**

City Attorney Donald Larkin

## **OTHER REPORTS**

### **RECOGNITIONS**

Recognizing Alyssa Buzbee-Good, author of The Journey

### **PROCLAMATIONS**

Proclaiming September 30, 2019 as Lewy Body Dementia Awareness Day in honor of Susan Berghoff

Proclaiming the week of September 17-23, 2019 as Constitution Week

Proclaiming the month of September 15, 2019 to October 15, 2019 as Hispanic Heritage Month

### **PRESENTATIONS**

YAC Presentation - Asset # 21 - Achievement Motivation

### **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. ACCEPT DONATION FROM JTJ MORGAN HILL RE, LLC FOR A SPEAKER SERIES**

Recommendation:

Accept \$10,000 in donations from JTJ Morgan Hill RE, LLC for the production and support of a Choose Morgan Hill Speaker Series, highlighting the four key industry sectors identified in Morgan Hill's Economic Blueprint.

#### **2. ACCEPT JULY 2019 FINANCIAL AND INVESTMENT REPORT**

Recommendation:

Accept and file report.

#### **3. ACCEPT ANNUAL REPORTS OF ACTIVITIES BY NONPROFIT PARTNER ORGANIZATIONS**

Recommendation:

Receive annual reports from City partner organizations.

**4. APPROVE A UTILITY MUTUAL ASSISTANCE AGREEMENT**

Recommendation:

1. Approve an agreement with California Water/Wastewater Agency Response Network (CalWARN) to provide mutual assistance during an emergency in accordance with the California Emergency Services Act and the California Disaster and Civil Defense Master Mutual Aid Agreement; and to provide reimbursement for equipment, supplies and personnel made available on an emergency basis; and
2. Authorize the City Manager to execute and administer the agreement.

**5. APPROVE IMPACT FEE FREEZE AGREEMENT WITH MORGAN HILL RETAIL VENTURE, L.P. FOR THE DEVELOPMENT OF RETAIL SPACES IN THE SHOPPING CENTER KNOWN AS COCHRANE COMMONS**

Recommendation:

1. Confirm that commercially zoned Assisted Living Facilities are not eligible for the Fee Freeze Program;
2. Approve an Impact Fee Freeze Agreement for the development of commercial retail/office buildings on 51 acres of Cochrane Commons; and
3. Authorize the City Manager to execute and administer the Impact Fee Freeze Agreement.

**6. AWARD CENTENNIAL RECREATION CENTER EXPANSION PROJECT TO CRW INDUSTRIES, INC.**

Recommendation:

1. Adopt resolution amending the Fiscal Year 2019-20 Budget to appropriate an additional \$805,000 from the Community Center Impact Fund (360), for the Centennial Recreation Expansion Project (CIP#138016);
2. Approve the Centennial Recreation Expansion Project plans and specifications;
3. Award contract to CRW Industries, Inc. for the Centennial Recreation Center Expansion Project in the amount of \$2,443,138;
4. Authorize the expenditures of construction contingency funds not to exceed \$244,314; and
5. Authorize the City Manager to execute and administer the construction contract with CRW Industries, Inc. pending review and approval by the City Attorney.

**7. ADOPT ORDINANCE APPROVING A DEVELOPMENT AGREEMENT DA2018-0001: OLD MONTEREY- KELLY VO FOR A 6-LOT SINGLE-FAMILY RESIDENTIAL SUBDIVISION PROJECT PROPOSED ON A 1.13-ACRE PARCEL LOCATED ON THE SOUTHWEST CORNER OF OLD MONTEREY ROAD AND MUSTARD AVE LOCATED AT 18755 OLD MONTEREY ROAD (APN 764-24-061)**

Recommendation:

Waive the reading, adopt Ordinance No. 2303, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

**8. ADOPT ORDINANCE AMENDING CHAPTER 6.36 (“ANIMALS AND LAND USE”) IN TITLE 6 (“ANIMALS”) OF THE MORGAN HILL MUNICIPAL CODE TO ALLOW RESIDENTIAL BEEKEEPING UNDER CERTAIN CIRCUMSTANCES**

Recommendation:

Waive the reading, adopt Ordinance No. 2304, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

**PUBLIC HEARING**

**9. ACCEPT THE 2019 PUBLIC HEALTH GOALS REPORT ON WATER QUALITY**

Recommendation:

1. Take public comment and provide staff response; and
2. Accept and file the June 2019 Public Health Goals Report on Water Quality for the City of Morgan Hill.

Estimated Time: 15 Minutes

**OTHER BUSINESS**

**10. PROVIDE DIRECTION REGARDING CITY USE OF HERBICIDES**

Recommendation:

1. Receive report on herbicide use in City parks, facilities, medians, and right of ways; and
2. Provide staff with direction on future use of herbicides by the City.

Estimated Time: 25 Minutes

**11. PROVIDE DIRECTION REGARDING CITYWIDE TRAFFIC STUDIES AND RELATED PROJECT UPDATES**

Recommendation:

1. Receive cut-through traffic study;
2. Receive final intersection analysis and update on improvements;
3. Receive update on traffic projects; and
4. Provide staff feedback on next steps for traffic congestion and pedestrian safety management.

Estimated Time: 30 Minutes

**12. ACCEPT REPORT ON GEOGRAPHIC INFORMATION SYSTEMS (GIS) STRATEGIC PLAN**

Recommendation:

Accept report on the Geographic Information Services (GIS) Strategic Plan.

Estimated Time: 15 Minutes

**13. APPOINT VOTING DELEGATES FOR THE 2019 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE AND APPROVE CITY SUPPORT OF THE LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE RESOLUTIONS**

Recommendation:

1. Appoint voting delegate and up to two (2) alternate voting delegates to the League of California Cities' Annual Conference;
2. Direct the Clerk team to complete and forward the voting delegate form to the League of California Cities;
3. Confirm "support" position on two resolutions; and
4. Authorize the City's voting delegate(s) to vote on the two resolutions to be considered at the League of California Cities (LOCC) annual conference.

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 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 [cityclerk@morganhill.ca.gov](mailto:cityclerk@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 [cityclerk@morganhill.ca.gov](mailto:cityclerk@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

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community

## Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.

## 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 Community History
- Enhancing Diversity and Inclusiveness
- Advancing Regional Initiatives

## 2019-2020 Strategic Priorities

- Agricultural Preservation
- Cannabis Policy
- Community Engagement and Messaging
- Economic Development
- Financial Stewardship
- High Speed Rail
- Homelessness
- Housing
- Infrastructure
- Telecommunications
- Traffic/Transportation





# **September Developmental Asset #21**

## **ACHIEVEMENT MOTIVATION**

Young person is motivated to do  
well in school

# Ways to motivate youth

- o Acknowledge their achievements
- o Communicate with teachers
- o Set goals





# **September Complementary**

## **Asset number #40**

### **Positive View of Personal Future**

Young person is optimistic about  
her/his personal life



# Looking forward to a bright future



- o Students that think about the future are more likely to achieve their goals
- o More likely to have a better relationship with family and friends
- o More likely to achieve long term goals and less likely to give up





In what ways did your family motivate you or how do you motivate your family?

