



Regular Meeting Agenda

Joint City Council and Successor Agency Meeting

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

Wednesday, April 1, 2020 7:00 p.m.

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

PUBLIC MEETINGS DURING THE COVID-19 VIRUS EMERGENCY

Public Participation:

In accordance with Executive Orders N-25-20, N-29-20, and guidance from the California Department of Public Health on gatherings, remote public participation is allowed. The Order will be addressed in the following ways:

Members of the public may not physically attend meetings at the Morgan Hill City Council Chamber.

The City Council meeting will be live-streamed on Channel 17 and on the City's website. Members of the public may participate in the meeting remotely through an electronic meeting in the following ways; by either joining the electronic meeting at bit.ly/040120CCMTG and enter ID: 663 791 422 or by calling in (669) 900-9128 enter Meeting ID: 663 791 422#.

Public comment for City Council meetings will be accepted via email to ccpubliccomment@morganhill.ca.gov <<mailto:ccpubliccomment@morganhill.ca.gov>>. Members of the public participating in the electronic meeting wishing to speak may do so during public comment.

CONTINUED PUBLIC HEARINGS

The public hearing regarding **The amendment of title 18 (Zoning), Division III (Residential Development Control System(RDCS)), of the Morgan Hill Municipal Code, by adding a section 18.156.180 (enforcement) to establish procedures for the limited enforcement or non-enforcement of the Residential Development Control System (RDCS) while the Housing Crisis Act is in effect,** that was publicly noticed for consideration by the City Council at this meeting has been continued to a date certain of April 15, 2020.

The item **Environmental Assessment application EA2019-0017 and Improvement Agreement: Cochrane-Monument Land Company (TechCon Project)** that was publicly noticed for consideration by the City Council at this meeting has been continued to a date certain of April 15, 2020.

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

CALL TO ORDER

Mayor Constantine

ROLL CALL ATTENDANCE

Deputy City Clerk Michelle Bigelow

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2
Deputy City Clerk Bigelow

PLEDGE OF ALLEGIANCE

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

CITY COUNCIL ACTIONS

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. DIRECT THE CITY MANAGER TO NEGOTIATE BROADBAND AGREEMENT

Recommendation:

Direct the City Manager to Negotiate a Dark Fiber Agreement with Wave Broadband for City internet and intranet connectivity.

2. APPROVE FUNDING AGREEMENT WITH COUNTY OF SANTA CLARA FOR MORGAN HILL MAGICAL BRIDGE PLAYGROUND

Recommendation:

Adopt resolution approving and authorizing the City Manager to execute and administer an agreement with the County of Santa Clara for the approval and transfer of \$150,000 from the County of Santa Clara Park Charter Fund for improvements associated with the Morgan Hill Magical Bridge Playground Project.

3. APPROVE PURCHASE OF AN ASPHALT TRUCK AND TRACK LOADER

Recommendation:

1. Approve purchase of an Asphalt Truck from Municipal Maintenance Equipment in the amount of \$238,911 through a Sourcewell cooperative bid contract;
2. Approve purchase of a Track Loader from Bobcat of Fremont in the amount of \$82,081 through a Sourcewell cooperative bid contract;
3. Adopt resolution amending the Fiscal Year 2019-20 budget to appropriate \$235,000 as expenditures, and \$37,200 as revenue, in the Equipment Replacement Fund (790);
4. Authorize the City Manager to approve both purchase orders totaling \$320,992;
5. Declare the current asphalt truck and woodchipper as surplus equipment; and
6. Authorize the disposal of the surplus equipment in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

4. APPROVE PURCHASE OF A NEW VACTOR COMBO TRUCK

Recommendation:

1. Approve purchase of a Vactor Combo Truck from Owen Equipment Company in the amount of \$511,590 through a Sourcewell cooperative bid contract;
2. Adopt resolution amending the Fiscal Year 2019-20 budget to appropriate \$350,000 from the Equipment Replacement Fund (790) to fully fund the purchase of the Vactor Combo Truck;
3. Authorize the City Manager to approve a purchase order for \$511,590 with Owen Equipment Company;
4. Declare the current combo truck, City vehicle S09166, as surplus; and
5. Authorize the disposal of the surplus truck in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

5. RECEIVE REPORT REGARDING THE EXTENSION OF TERMS OF TWO (2) MEMBERS ON THE LIBRARY, CULTURE & ARTS COMMISSION; AND THREE (3) MEMBERS ON THE PARKS AND RECREATION COMMISSION

Recommendation:

1. Receive report; and
2. If desired, the Council can reappoint the two commissioners who have applied for reappointment.

6. APPROVE THE MARCH 18, 2020 MEETING MINUTES

Recommendation:

Approve Minutes.

7. APPROVE THE MARCH 23, 2020 MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

8. REVIEW RESOLUTION RATIFYING EMERGENCY PROCLAMATION

Recommendation:

Reaffirm Council's ratification of the Director of Emergency Services proclamation of a local emergency on March 13, 2020.

Estimated Time: 60 Minutes

SUCCESSOR AGENCY ACTIONS

OTHER BUSINESS

1. ADOPT RESOLUTION AUTHORIZING THE SALE AND ISSUANCE OF TAXABLE REFUNDING BONDS TO REFINANCE AT LOWER INTEREST RATES CERTAIN OUTSTANDING BONDS PREVIOUSLY ISSUED BY THE SUCCESSOR AGENCY

Recommendation:

Adopt resolution authorizing the sale and issuance of Tax Allocation Refunding Bonds to refinance at lower interest rates certain outstanding bonds previously issued by the Successor Agency.

Estimated Time:

FUTURE CITY 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.

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. 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 and Preserving Open Space and Agricultural Land
- Maintaining Infrastructure
- 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

2020-2021 Strategic Priorities

- **Fiscal Sustainability**
- Affordable Housing and Homelessness
- Community Engagement and Messaging
- Economic Development
- Transportation





CITY COUNCIL STAFF REPORT

MEETING DATE: April 1, 2020

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

DIRECT THE CITY MANAGER TO NEGOTIATE BROADBAND AGREEMENT

RECOMMENDATION(S)

Direct the City Manager to Negotiate a Dark Fiber Agreement with Wave Broadband for City internet and intranet connectivity.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Infrastructure
Enhancing Diversity and Inclusiveness
Advancing Regional Initiatives

2020-2021 Strategic Priorities

Economic Development
Telecommunications

GUIDING DOCUMENTS

Economic Blueprint
General Plan/Housing Element

REPORT NARRATIVE:

The City of Morgan Hill has a master dark fiber lease with Charter Business (Spectrum) to provide intra-connectivity between the following locations: City Hall, Police Department, Corporation Yard, Recreation Center, Aquatic Center, and the Community Center. The dark fiber lease was approved in December 2012 and will expire December 31, 2022.

The City of Morgan Hill began discussions with Charter in 2018 about the future of the dark fiber lease. As a result of those interactions, the City elected to move forward with a Request for Proposals (RFP) for broadband connectivity (Attachment 1).

In order to develop the RFP more effectively, the City retained the services of Civic Foundry, a consultancy focused on technology in the public sector. Civic Foundry's scope of work included an assessment of connectivity within Morgan Hill as well as interviewing local and non-local broadband providers about their assessment of Morgan Hill and general experience responding to Request for Proposals.

Civic Foundry developed an RFP for Broadband services that addresses: 1) the City's need as a customer, and 2) the potential to enhance broadband for businesses and residents through strategic City assets.

The City issued the Broadband services RFP on June 17, 2019. Notification of the RFP was emailed out to all vendors interviewed by Civic Foundry, all known vendors the City has interacted with along with Joint Venture Silicon Valley's smart cities and wireless initiative partners. The RFP was posted on the City's website.

The RFP core objectives are:

- City Facilities – Cost effectively replace existing connectivity at comparable speed
- Business Parks - Bring symmetrical gigabit access to the three business parks
- Residential and Mobile – Improve speed and availability of residential and mobile Internet access

As part of the RFP, the City did not mandate the type of technology solution being wired or wireless. The RFP called for the most cost effective, efficient solution to meeting the City's objectives.

The City held a bidder's conference on June 26, 2019 to outline the RFP and answer questions related to the RFP.

Phase I, Vendor proposals were due on Friday July 19, 2019. The city received 9 responses. The Phase I proposal was a chance for vendors to outline their experience and capabilities related to meeting the goals of the RFP. All Phase I responses were reviewed and deemed complete. All Phase I respondents were invited to Phase II.

Phase II of the RFP was an interview between vendors and the City. The interview was a chance for vendors and the City to better understand the process, proposal(s) and provided feedback to each other. This process allowed vendors to get clarity on how they would respond with a written proposal as part of Phase III.

All Phase II respondents were invited to submit a full written response to the RFP as Phase III.

Phase III vendors submitted written proposals to the City. The City received seven responses to the RFP. Responses offered a mix of solutions including Fixed Wireless, Fiber, and a combination of both. In addition to the types of technology solutions, responses varied from lease models to ownership models. Three of the responses addressed with varying degrees providing broadband services to the community.

An internal leadership team evaluated the Phase III proposals against the objectives of the RFP and cost and determined that Wave Broadband's RFP response was the best aligned.

A summary of the Wave Broadband's response included both lease options and ownership options. In addition, their response also included bringing connectivity to business parks and select multifamily dwelling units.

Option	Cost Range	Business Park Connectivity	Residential Connectivity	Business Model	Technology
20-year commitment					
A	\$2.4 -\$3.6 million	1 to 3 Business Parks	2-3 Multifamily Housing Units	Own	Dark Fiber
B	\$2.1 -\$3.2 million	1 to 3 Business Parks	2-3 Multifamily Housing Units	Lease	Ethernet

The proposal by Wave Broadband offers the City the opportunity to continue providing service to City facilities as currently being done with Spectrum (Charter) but most importantly it provides an opportunity to invest in a fiber solution for long-term ownership. This will help the City be in a much better position when the agreement expires and save the City money in the long run. The proposal builds a network backbone to be turned over to the City at the end of the term. Additionally, their solution offers the opportunity to extend services to some residential areas and to business parks.

An ownership model versus a lease model provides the City with the following benefits:

- Dedicated and virtually unlimited bandwidth
- High degree of security for the network
- Flexibility and scalability for the City's evolving needs
- Allows complete control for our IS staff
- There is no risk of losing a lease or lease cost escalation
- Unused bandwidth/capacity can be rented/leased to others, which helps offset costs

Staff recommends that Council direct the City Manager or her designee to negotiate an agreement with Wave Broadband for Option A, a dark fiber ownership model.

COMMUNITY ENGAGEMENT: Collaborate

As part of the Council's Sustainable Morgan Hill, Telecommunications is a strategic priority for 2019. In particular, "The City will collaborate with the private sector to explore ways to provide fast, reliable access and wireless connectivity for residents and businesses. The 2016 Telecommunications Infrastructure (Attachment 2) and Economic Blueprint reports will be the foundation for continuing discussions with broadband providers, public utilities, and other infrastructure service providers in developing an implementation plan for growing our telecommunications infrastructure with private sector partnerships." As part of the City's need to ensure its own future connectivity, there is an opportunity to support additional investment by broadband providers into our business parks and residential neighborhoods through location of City strategic assets. The Broadband RFP specifically recognized this opportunity and called for responses that addressed these needs. During Phase II, respondents had questions about the opportunity for City investment and infrastructure. Dialog and feedback from the Phase II process rendered more comprehensive outcomes to the RFP.

The RFP was shared with all vendors known to the City, Civic Foundry and Joint Venture Silicon Valley's smart cities and wireless initiative partners.

ALTERNATIVE ACTIONS:

The City could reject all RFP responses and re-open conversations with Spectrum on negotiating a new dark fiber lease effective January 1, 2023.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- On December 5, 2012, City Council approved an agreement with Placeworks calling out a telecommunications report as part of the infrastructure analysis associated with the General Plan update.
- On February 17, 2016, City Council adopted its Priorities, Goals, and Strategies which included creating a Telecommunications Masterplan.
- On November 2, 2016, City Council discussed and accepted the Telecommunications Infrastructure report by Tellus Ventures Associates.
- On January 31, 2017, City Council adopted Sustainable Morgan Hill, identifying Telecommunications as a Strategic Priority for 2017.
- On April 19, 2017, City Council adopted the Economic Blueprint, including the priority to Create a Telecommunications Master Plan to Improve Access to Fiber.
- On July 26, 2017, City Council received a report on public private partnership models and approaches to expanding broadband connectivity.
- On January 26, 2018, staff provided an update to City Council on telecommunication activities through 2017 and work efforts for 2018 at the Annual Goal Setting meeting.
- On January 26, 2019, staff provided an update to City Council on telecommunication activities planned for 2019 at the Annual Goal Setting meeting.

FISCAL AND RESOURCE IMPACT:

The City's current annual cost for broadband intranet and internet connectivity is \$66,000 a year, as a lease model.

The option A proposal cost from Wave Broadband over a 20-year horizon would range between \$2.4 million to \$3.6 million, or \$120,000 to \$180,000 annually, depending on the amount of public benefit provided as outlined in the table below. The difference between the annual cost of the current solution by Spectrum (\$66,000) and Wave Broadband's solution (\$120,000 - \$180,000) is that Wave Broadband is providing connectivity to City facilities, connectivity opportunities for the community and is building a future network backbone to be turned over to the City at the end of the agreement.

The final agreement will be presented to the City Council pending the result of the negotiations including actual fiscal impact and the public benefits.

Option	Cost Range	Business Park Connectivity	Residential Connectivity	Business Model	Technology
20-year commitment					
A	\$2.4 - \$3.6 million	1 to 3 Business Parks	2-3 Multifamily Housing Units	Own	Dark Fiber

B	\$2.1 -\$3.2 million	1 to 3 Business Parks	2-3 Multifamily Housing Units	Lease	Ethernet
---	----------------------	-----------------------	-------------------------------	-------	----------

CEQA (California Environmental Quality Act):

Statutory Exemption: 15262 Feasibility and Planning Studies. Feasibility or planning studies for possible future actions that the agency has not approved, adopted, or funded.

LINKS/ATTACHMENTS:

1. RFP 2019_Broadband_FINAL
2. 2016 Telecommunication Infrastructure Report



Request for Proposals (RFP) For Enhancing High Speed Broadband for City Facilities

The City of Morgan Hill is requesting proposals from qualified respondents to
provide
Enhanced High Speed Broadband for City Facilities in Morgan Hill
for the period beginning no later than January 1, 2023 to December 31, 2033.

**Phase I Vendor Proposals are due on Friday, July 19, 2019 at 4:30 p.m.
at City Hall located at
17575 Peak Avenue in Morgan Hill.**

REQUEST FOR PROPOSALS (RFP) INFORMATION

SECTION 1 – Introduction and Scope of Work
SECTION 2 – General Instructions and Information
SECTION 3 – Wage Theft Prevention
SECTION 4 - Attachments

SECTION 1: Introduction and Scope of Work

Background

The City of Morgan Hill (City) is located within the southern part of Santa Clara County, California, 10 miles south of San Jose and 10 miles north of Gilroy. Morgan Hill is nestled between the Diablo Mountain Range and the Santa Cruz Mountains, and has a rich history of farming and manufacturing. While Morgan Hill resembles Silicon Valley in its business mix, rich entrepreneurial spirit and thirst for innovation, the city's natural geography and open space make it a unique place. The City is 13 square miles, home to approximately 44,000 residents and 1,200

businesses employing approximately 16,000 people. Over 47% of households in Morgan Hill earn over \$100,000 a year. Over 70% of all employed residents travel more than 20 miles to work each day. Morgan Hill is best known for its superb quality of life with access to open space and abundant recreational amenities that give businesses, visitors, and residents alike a unique place within Silicon Valley to live, work, and recreate.

The City has made many thoughtful decisions and as a result is a leader in affordable housing production, open space preservation, water and agricultural land conservation, and environmental stewardship. Smart planning has resulted in state-of-the-art recreational facilities for residents and visitors, making Morgan Hill a sports/recreation destination. As a gateway to the Santa Clara Valley wine region, proximity to wineries, farms, cycling, golfing, swimming, and boating also make the area an ideal tourism destination. In recent years, the City has been developing a brand that promotes Morgan Hill as a healthy community with access to the outdoors and as a tourist destination. The recent success in the revitalization of the downtown is putting Morgan Hill on the map as a coveted neighborhood. In addition to the superb quality of life and access to wineries, farms and open space, the City of Morgan Hill is looking to elevate and market itself as an excellent place to do business.

With a strong advanced manufacturing and innovation base, along with land for new development, the City is looking to capture more business investment. The City approved an Economic Blueprint that identifies key industries for the City to promote long-term economic prosperity. These industries include retail, healthcare, innovation, manufacturing and tourism. High-speed broadband connectivity is a critical component in the success of these initiatives and the City seeks to engage in a public/private partnership that advances the state of broadband and improves reliability, affordability, and availability of high-speed broadband.

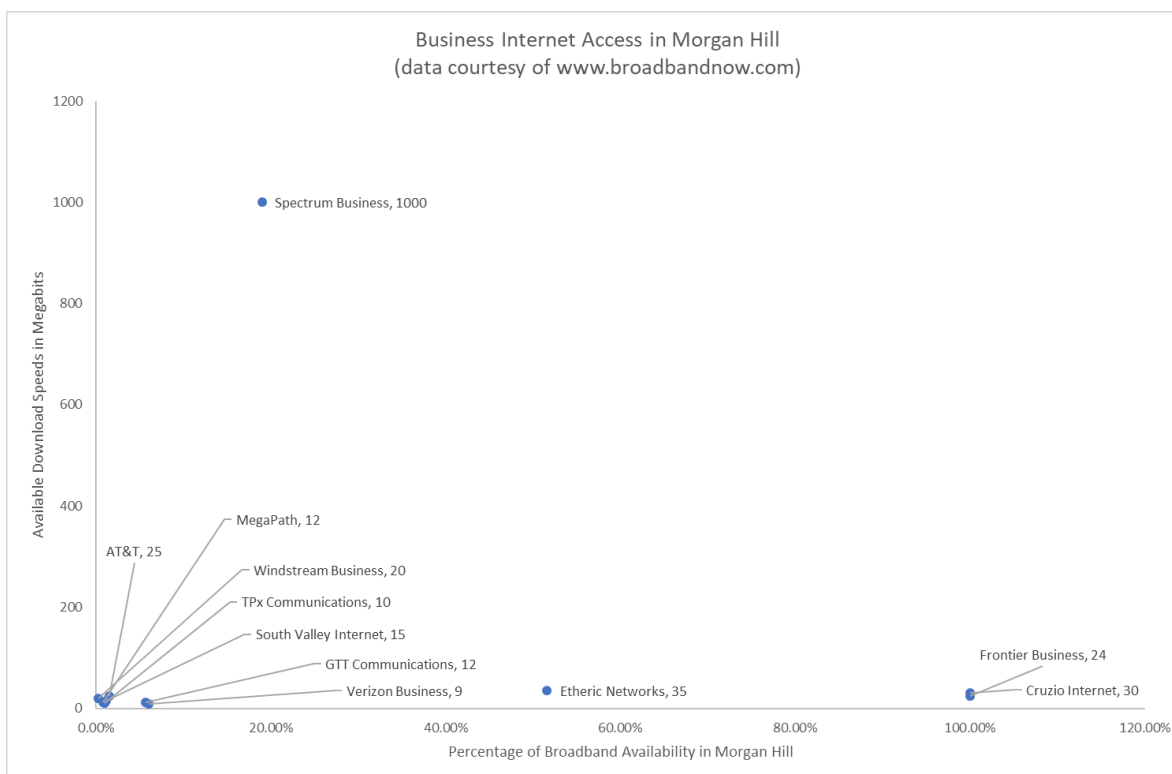
Introduction

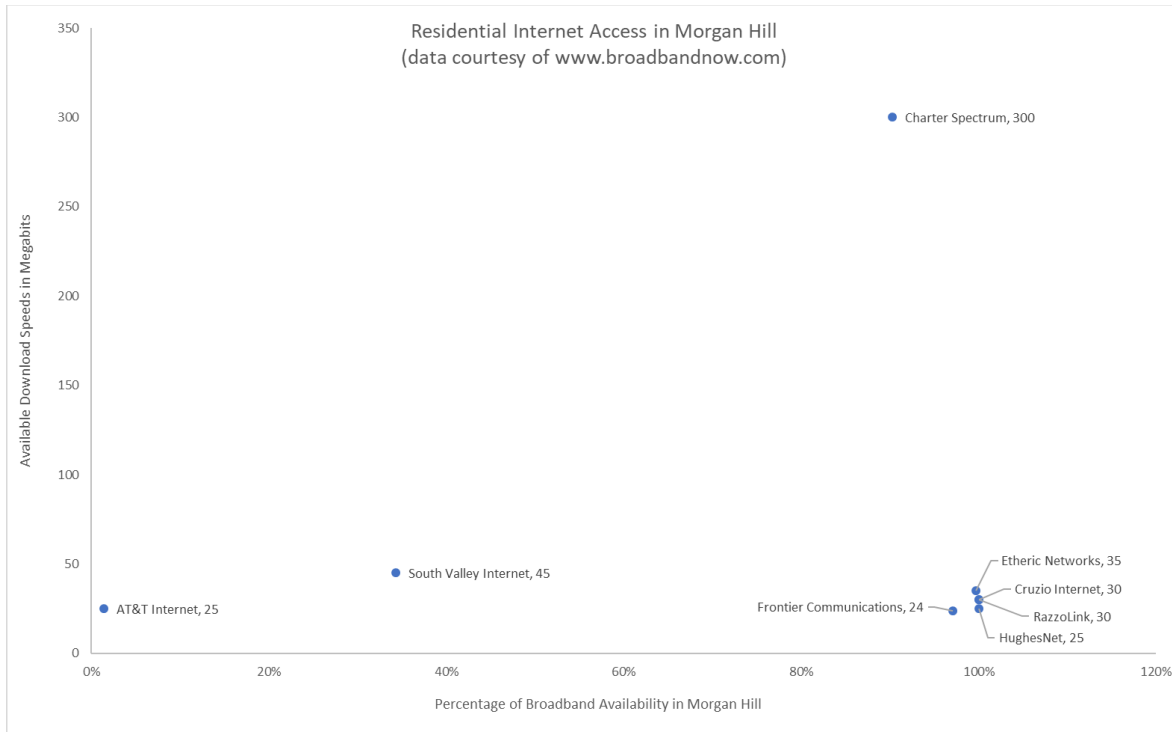
The City currently benefits from a dark fiber lease with Charter Communications (Charter) which is set to expire on December 31, 2022. Under this agreement the City receives dark fiber from Charter for connectivity between City facilities. While there is planning to address the expiration of this agreement and associated connectivity to city facilities, the City additionally seeks to maximize its public assets, potentially to the direct benefit of businesses and residents by expanding high-speed broadband offerings within the City limits. The City has identified the following priorities for connectivity:

1. City Facilities – Cost effectively replace existing connectivity at comparable speeds
2. Business Parks - Bring symmetrical gigabit access to the three business parks
3. Residential and Mobile – Improve speed and availability of residential and mobile Internet access

For the purpose of this RFP, the City of Morgan Hill views high-speed broadband connectivity similar to digital highways that nearly instantaneously connect residents to one another, their government, and to the world beyond the local geography. The City strongly believes that connectivity can address or resolve some of its most challenging issues such as addressing the opportunity gap by providing equal access to information. In addition, the City seeks to promote innovation, foster entrepreneurial activities, and strengthen economic growth by meeting immediate needs of its residents and businesses, and enabling the community for the future.

An estimated 88.4% of Morgan Hill households currently have access to the Internet, while 95.5% of households have computers according to the latest U.S. census of April 2010. According to Ookla, the average download speed over fixed broadband in the U.S. during Q2-Q3 2018 was 95.25 Mbps and the average upload speed was 32.88 Mbps. Below is a graph based on BroadbandNow.com which depicts the state of both residential and business internet access within Morgan Hill. While providers are constantly improving their networks the charts below are intended to provide an overview of the opportunity to improve high-speed broadband within the City of Morgan Hill.





At a macro level, the City recognizes that consumer and business trends dynamically change as computing continues to migrate from fixed to mobile, content consumption to content creation, and new and emerging technologies such as 4K streaming strain current bandwidth limits. These trends are reflected in the Cisco Visual Networking Index (VNI) for Forecasts and Trends, 2017-2022.

As a result, the City of Morgan Hill recognizes that symmetrical high-speed broadband is a vital part of its future. The City is interested in partnering with private sector providers to plan and execute a broadband strategy that serves their mutual customers, the residents, business and visitors of Morgan Hill. While the City recognizes that providers regularly plan to improve service offerings, it is the intent of this RFP to advance broadband connectivity in a more coordinated fashion.

RFP Goals and Objectives

The City recognizes the ambitious nature of this RFP and has developed a progressive RFP process that eliminates the burden of submitting voluminous RFP document responses for proposers. Rather, the City is interested in engaging proposers in a dialogue of how best to accomplish the following goals:

- To forge a strong collaborative relationship between the City and a private sector partner to plan and deploy symmetrical high-speed broadband access for City facilities, business parks, and residents
- To identify interested providers that the City can notify for dig-once opportunities for laying empty conduit

- To lower barriers for service providers to deploy new services or enhance existing broadband services
- To reduce the cost per megabit for symmetrical broadband services
- To leverage broadband connectivity as a foundation for future economic development

The City is incorporating strategies as discussed by Blair Levin, previous Director of the National Broadband Plan and Attorney for the Federal Communications Commission in “Achieving Bandwidth Abundance: The Three Policy Levers for Intensifying Broadband Competition.” These strategies include lowering the barrier to building broadband networks through leveraging Morgan Hill’s public assets, supporting business models that include incremental build-out, and generating customer demand to quickly achieve a return on capital investments.

Asset Utilization and Improvement

The City has assets that could potentially be leveraged by the provider at little or no incremental costs to improve the economics of deployment and operations. These may include:

- Physical Assets: Right-of-ways (ROWs), utility poles, conduit, buildings, etc.
- Information Assets: Maps, diagrams and other data regarding conduit, ducts, and other ROWs
- Process Improvements: Fast track permitting, low-cost inspection process, etc.

Flexibility to Accommodate New Business Models

The City is open to business models that include addressing connectivity in only portions of the City or in a phased approach if the approach allows for lower capital expenditures and monetizing the network more rapidly. However, the RFP evaluation will favor those proposals that take the most comprehensive approach to providing community connectivity (i.e. City facilities, business parks, and residential areas).

Demand Aggregation

Once the City selects a partner, both entities will collaborate on planning and deploying a broadband network including the identification of pertinent City and provider assets, and the areas of greatest demand within the city to minimize risk and maximize ROI.

The City intends that one of the outcomes of this RFP will be to codify a partnership that focuses on developing a high-speed broadband rollout plan to the goals outlined in this RFP below, working together with the selected proposer to

operationalize that plan. Proposers are encouraged to think broadly about leveraging infrastructure investments in both fixed (business and residential) and mobile (5G small cells, WiFi, etc.) broadband needs of the community as a mechanism to monetize their investments while meeting the needs of the community. The City encourages creativity in the proposer's approach and methodology with respect to developing a sustainable business model.

Connectivity Requirements

The City is aware that there are several fixed-wireless solutions available on the market that could connect City facilities very cost effectively. However, the City is interested in potentially identifying if its assets could be used in a broader context to deliver enhanced services to the community. The City may consider building fixed wireless solutions separate and apart from any agreement reached through this RFP if the terms are not favorable to the City for connecting city facilities together.

The City has very limited funds to achieve these goals and any investments from the City will be considered non-exclusive. However, the City does have a number of public assets that could assist providers in lowering the barrier to introducing new or expanding existing Internet services. As a result, the City seeks to incentivize private sector investment in its community through a public/private partnership. For its part, the City has already made significant strides in permitting costs, timelines and modernizing its pole attachment fees in preparation for this RFP. In addition, the City has a list of public assets located in Attachment A that proposers may consider in the planning efforts. To address the broader needs of the community, the following is a breakdown of land parcels in the City of Morgan Hill:

- Commercial/Industrial Parcels: 657
- Residential Parcels: 13,007
- Mixed Use (Could be residential or commercial): 675
- Other (Open Space/Public Facilities): 587

City Priorities

The City is interested in addressing connectivity in the following locations, prioritizing City facilities first, business parks next, and ultimately residential connections:

1. City Facilities (Primary Locations)

- Civic Center/City Hall, 17555 Peak Rd., Morgan Hill
- Police Department, 16200 Vineyard Blvd., Morgan Hill
- Corporate Yard, 100 Edes Court, Morgan Hill
- Recreation Center, 171 W. Edmundson Ave., Morgan Hill
- Aquatic Center, 16200 Condit Rd., Morgan Hill
- Community and Cultural Center, 17000 Monterey Rd., Morgan Hill

Key connectivity requirements:

- The connectivity between the Civic Center and Police Department should be 10 gigabits
- The connectivity to all other locations should be one gigabit to either the Civic Center or Police Department
- All connectivity within 24 Months

2. Business Parks

The City has three major business parks within the City limits that are in proximity to one another. The second priority is to provide up to one gigabit symmetrical service to customers of these business parks.

- Morgan Hill Ranch Business Park (existing)
- Madrone Business Park (existing)
- Concord Circle Business Park (proposed additional buildout)

The business park locations are shown in the map below: Key connectivity goals:

- Symmetrical gigabit Internet access to the three business parks within 24 months.

3. Residential Buildings

The City of Morgan Hill has 14,926 parcels of land spread over 12.88 square miles. With just over 44,000 residents, there remains a significant opportunity for broadband investments to meet future consumer demands.

Key connectivity goals:

- Symmetrical gigabit Internet access to residents within 36-60 months.

List of City Assets

<u>Latitude</u>	<u>Longitude</u>	<u>Description</u>
-121.625781	37.119316	OVERPASS Pullbox Southeast crossing of Highway 101 @ Tenant Avenue
-121.626706	37.118965	OVERPASS Pullbox Southwest crossing of Highway 101 @ Tenant Avenue
-121.6516984942479951	37.1511380791689021	COCHRANE WELL
-121.6737128944919988	37.1544372618048016	BURNETT WELL
-121.6568741847819979	37.1124162075872022	EDMUNDSON RESERVOIR
-121.6700452123200051	37.1186671989067989	EL TORO RESERVOIR
-121.6961628559119930	37.1227077150905984	WOODLAND RESERVOIR
-121.6929759272750005	37.1327573027504982	GLEN AYRE RESERVOIR
-121.6538296616139974	37.1265071420399977	NOB HILL RESERVOIR
-121.6830147418340005	37.1278337064790023	GLEN AYER BOOSTER
-121.6475141988999980	37.1355981335124028	MAIN WELL 1
-121.6270570618359983	37.1242870317675013	CONDIT WELL
-121.6480781248340008	37.1273991115839976	DIANA WELL 1
-121.6313839586189971	37.1405067879266966	DIANA WELL II
-121.6364083264339939	37.1152250202150995	TENNANT WELL
-121.6700704225600020	37.1366846834605013	LLAGAS BOOSTER
-121.6141328401359942	37.1386609847543028	JACKSON WELL 1
-121.6564236744320056	37.1021064219056029	ENCINO RESERVOIR
-121.6046295170079929	37.1516457955864965	HOLIDAY LAKE RES 1
-121.6044713980879948	37.1519334137606023	HOLIDAY LAKE RES 2
-121.5855404589420061	37.1403888057976985	HYDRO-PNEUM BOOSTER
-121.6283313866569955	37.1281271167809024	SAN PEDRO WELL
-121.6283839371370021	37.1339583695223965	NORDSTROM PARK WELL
-121.6421201916819967	37.1682236736635971	BOY'S RANCH 3
-121.6418388332759974	37.1681900162655978	BOY'S RANCH 2
-121.6500983035499956	37.1681716095293027	BOY'S RANCH II WELL
-121.6526087057410024	37.1682351579188008	BOY'S RANCH III WELL
-121.6547452337999999	37.1646814003304016	BOY'S RANCH I WELL
-121.6358909334850011	37.1371090665830010	DIANA WELL III
-121.6700956365330057	37.1366692342186013	LLAGAS BOOSTER
-121.6440145296469950	37.1315483979489969	DIANA WELL 4
-121.6529771566709996	37.1393141379395004	BUTTERFIELD WELL
-121.6552217207349997	37.1030073208422024	Encino Booster
-121.6552360685389971	37.1030039201681987	Encino Booster
-121.6667955597090014	37.1206079270528022	El Toro Booster
-121.5931503869989996	37.1460695967918966	JACKSON OAKS BOOSTER
-121.6076616311329985	37.1416812676667973	EAST DUNNE BOOSTER
-121.5854661126179934	37.1403048108476028	JACKSON OAKS RES
-121.6310799353310017	37.1322654211003993	DUNNE WELL 2
-121.6309901847189963	37.1321431804111981	DUNNE WELL 1
-121.6829287031190034	37.1255587864454029	LLAGAS RESERVOIR
-121.6627457720740040	37.1413347375174965	MHMAP83

SECTION 2 – General Instructions and Evaluation Information

Proposal Submission. Deliver Phase I sealed proposals to the City of Morgan Hill Development Services Department, City Hall, 17575 Peak Avenue, Morgan Hill, California 95037, by the due date and time below. Proposals must be addressed to Economic Development, and labeled as **“Response to RFP for Enhancing High Speed Broadband for City Facilities.”**

Following receipt of Phase I Vendor proposals, City Staff will review all proposals on a pass/fail basis listed below. Phase I Vendors that pass the Phase I review will be invited to present as part of Phase II the week of July 29th. Proposals will not be publicly opened.

Phase II presentation will be evaluated based upon criteria listed below. Phase II Vendors with highest score will be invited to take part in Phase III.

Phase III written submittal will be due August 19th.

Respondents complete the following bid document and include them in the bid proposal package:

1) Wage Theft Prevention Bid Certification

The form is provided in Section 3. Incomplete proposals will not be considered.

Request for Proposal (RFP) Schedule.

Enhancing High Speed Broadband for City Facilities RFP Schedule	
RFP Release	June 17, 2019
Pre-Bidder's Conference City of Morgan Hill 17555 Peak Avenue, Morgan Hill West Conference Room 9 am -10 am	June 26, 2019
Vendor Questions Due	July 1, 2019
City to Post Answers	July 8, 2019
Phase I Vendor Proposals Due	July 19, 2019
Phase II Presentation & Dialogue	Week of July 29, 2019

Phase III Written Vendor Proposals Due	August 19, 2019
BAFO (if necessary)	August 28, 2019
Award of Contract	September 16, 2019

Contractor Selection Criteria.

Phase I – Experience

The City seeks a written submittal that outlines the experience and capabilities of the proposer as it relates to meeting to goals of this RFP. Proposers should be able to outline demonstrated experience delivering high-speed broadband to communities similar to Morgan Hill.

Evaluation Criteria:

- Experience deploying symmetrical gigabit service residents and businesses
- Experience deploying services described throughout this RFP in a sustainable manner
- Corporate overview that demonstrates fiscal stability and resources to invest in Morgan Hill

Phase I is a pass/fail evaluation.

Phase II - Capabilities

The City seeks to engage in a dialogue with proposers regarding backhaul infrastructure, point of presence, etc. and other assets proposers have that could benefit the City in achieving the goals of this RFP. In addition, the City wishes to engage in a dialogue regarding what city assets a proposer may wish to leverage to potentially build or expand their network. Finally, the City wishes to discuss specific policies and design standards for empty conduit in the ROW and new construction for commercial and residential homes that will benefit the community long-term.

Evaluation Criteria:

- Demonstrated approach that minimizes direct City funding (40%)
- Demonstrated assets such as mid-mile and last-mile or the willingness to invest in bringing those assets to address the immediate needs of Morgan Hill (40%)
- Demonstrated ability to engage in a partnership to assist the City in designing policies and standards to address long-term broadband connectivity (20%)

The most advantageous partnership strategies discussed will advance to the Phase III of the evaluation.

Phase III – Written Proposal

Those proposers that demonstrate the capability to engage in a partnership with the City in Phase II above will be invited to submit a plan that outlines how to achieve the City's priorities. The City will evaluate written proposals on the criteria below:

- Approach & Methodology (20%)
- Number of priorities achieved (i.e. City facilities, business parks, residential) (30%)
- Timeline(s) to implement each priority (20%)
- Costs to the City (30%)

Phase IV – Best and Final Offer (BAFO)

The City may optionally seek to clarify or normalize proposals with one or more providers.

The City reserves the right to reject all proposals.

License. The successful respondent will be required to obtain a City of Morgan Hill Business License.

City Representative. The designated City representative for this Request for Proposals (RFP) is John Lang, Economic Development Manager at john.lang@morganhill.ca.gov

Submittal of Written Questions regarding this RFP. All questions regarding this RFP must be submitted in writing to John Lang at john.lang@morganhill.ca.gov no later than **Monday, July 1st at 5:00 p.m.** The City will respond to all questions via an Addendum to be posted on the City's website no later than Monday, July 8th at 5:00 p.m.

Addenda. The City reserves the right to issue addenda prior to Bid Time. Any addenda issued prior to Bid Time shall constitute part of the Contract Documents.

City Assets: Access to any City assets as part of a proposal should be considered non-exclusive.

Permits. The Contractor shall obtain and pay for any necessary permits.

Taxes. The proposal price shall include all applicable federal, state and local taxes.

Bid Protest. Any bid protest must be in writing and received by the City Attorney's Office at 17575 Peak Avenue, Morgan Hill, CA, (Fax: (408) 779-1592), before 5:00

p.m. no later than two (2) working days following the Notice of Award/Notice of Intent to Award [after bidders are notified of bid results via an e-mail] (the “Bid Protest Deadline”) and must comply with the following requirements:

Only a bidder who has actually submitted a Proposal is eligible to submit a bid protest against another bidder. Subcontractors are not eligible to submit bid protests. A bidder may not rely on the bid protest submitted by another bidder, but must timely pursue its own protest.

The bid protest must contain a complete statement of the basis for the protest and all supporting documentation. Material submitted after the Bid Protest Deadline will not be considered. The protest must refer to the specific portion or portions of the Contract Documents upon which the protest is based. The protest must include the name, address and telephone number of the person representing the protesting bidder if different from the protesting bidder.

A copy of the protest and all supporting documents must also be transmitted by fax or by e-mail, by or before the Bid Protest Deadline, to the protested bidder and any other bidder who has a reasonable prospect of receiving an award depending upon the outcome of the protest

The protested bidder may submit a written response to the protest, provided the response is received by City before 5:00 p.m., within two (2) working days after the Bid Protest Deadline or after receipt of the bid protest, whichever is sooner (the “Response Deadline”). The response must include all supporting documentation. Material submitted after the Response Deadline will not be considered. The response must include the name, address and telephone number of the person representing the protested bidder if different from the protested bidder. Protested bidder must concurrently transmit a copy of the response and all supporting documents by fax or by e-mail, by or before the Response Deadline, to the protesting bidder and any other bidder who has reasonable prospect of receiving an award depending upon the outcome of the protest.

The procedure and time limits set forth in this section are mandatory and are the bidder’s sole and exclusive remedy in the event of bid protest. The bidder’s failure to comply with these procedures shall constitute a waiver of any right to further pursue a bid protest, including filing a Government Code Claim or initiation of legal proceedings.

Rejection of Bids and Award of Contract. City reserves the right, acting in its sole discretion, to waive non-substantive bid irregularities, the right to accept or reject any and all bids, or to abandon the work entirely. City does reserve the right to select one more providers. Contract(s) will be awarded by City Council, if at all, within sixty (60) calendar days after conducting interviews on the basis of the bid most advantageous to the City.

Execution of Contract. Contractor selected through the RFP process will be expected to execute a formal Contract with the City of Morgan Hill for the provision of the requested service. Entering into contract with the City of Morgan Hill will require compliance with the Section 4 Attachments which includes insurance requirements and defense and indemnification. Submission of a signed proposal will be interpreted to mean respondent has agreed to all the terms and conditions set forth in the pages of this RFP. Contractor must submit any and all exceptions to this RFP with its proposal, clearly identifying the exception, including the page number and section number, as appropriate. Contractor should note that the submittal of an exception does not obligate the City to revise the terms of this RFP or any resulting agreement. The City will not consider any exceptions that are not identified in the proposal.

Insurance. If awarded the contract, the Contractor may need to procure and provide proof of the insurance coverage. If proposer's scope of work involves access to or entry upon a City-owned property or right of way by proposer and/or its contractors, agents, employees, or subcontractors, proposer must meet the City's insurance requirements as outlined in Section 4, "Insurance Requirements". If proposer's scope of work does not involve access to or entry upon a City-owned property or right of way by proposer and/or its contractors, agents, employees, or subcontractors, then the City's insurance requirements do not apply.

Indemnification: If awarded the contract, the Contractor will be requirement to agree to the defense and indemnification as outlined in Section 4, "Defense and Indemnification."

SECTION 3 REQUIREMENTS TO PHASE III PROPOSAL

1) Wage Theft Prevention Bid Certification

This document must be included in bid proposal package.

Attachment 1

Required Phase III Submission

Wage Theft Prevention Bid Certification

(To be executed by bidder and submitted with bid)

All Bidders are expected to have read and understand the “Wage Theft Prevention Policy” adopted on July 26, 2017. which can be found at <http://www.morgan-hill.ca.gov/1061/Council-Policy-by-Number>

The undersigned Bidder hereby certifies that Bidder and its principals have__, have not__ been found by a final court judgement or final administrative action of an investigatory agency to have violated federal, state or local wage and hour laws within the past five years from the date of the submitted bid or proposal. For each disclosed violation, the Bidder shall provide a copy of (i) the court order and judgment and/or final administrative decision; and (ii) documents demonstrating either that the order/judgment has been satisfied, or if the order/judgment has not been fully satisfied, a written and signed description of Bidder’s efforts to date to satisfy the order/judgment. The completed Certification shall be submitted by the Bidder to the City as a part of its bid or proposal. The City, at its sole discretion, may disqualify a bidder based on one or more disclosed judgments consistent with the criteria set forth in the Policy.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this certification is executed on _____ [date], at _____ [city], _____ [state].

s/_____

Print Name and Title

SECTION 4: Attachments

- 1) Insurance Requirements
- 2) Defense and Indemnification

Attachment 1

Insurance Requirements

The insurance requirements outlined herein represent the minimum types and amounts of insurance SERVICE PROVIDER will be required to provide to the City. Both the types and amounts of the insurance outlined herein are subject to change based upon the City's review of the SERVICE PROVIDER's final scope of work and the City's determination of the types and amounts of insurance needed to protect the interests of the City.

a. **Insurance Requirements.** SERVICE PROVIDER shall procure and provide proof of the insurance coverage required by this section in the form of certificates and endorsements. The required insurance must cover the activities of SERVICE PROVIDER, including its subcontractors, employees and agents, relating to or arising from the performance of any work or service under this Agreement, and must remain in full force and effect at all times during the period covered by this Agreement. **The coverages may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by excess or "umbrella" policies, provided each such policy complies with the requirements set forth herein. SERVICE PROVIDER further understands that the CITY reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to SERVICE PROVIDER, at any time as deemed necessary to protect the interests of the CITY.**

a.1. **Insurance Types and Amounts.**

a.1.1. **Commercial General Liability (CGL).** SERVICE PROVIDER shall maintain CGL against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) for bodily injury or death to any one person for any one accident or occurrence and at least one million dollars (\$1,000,000.00) for property damage, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

a.1.2. **Automobile Liability.** SERVICE PROVIDER shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if SERVICE PROVIDER does not own automobiles, then SERVICE PROVIDER shall maintain Hired/Non-owned Automobile Liability) against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) for bodily injury or death to any one person for any one accident or occurrence and at least one million dollars (\$1,000,000.00) for

Attachment 1

Insurance Requirements

property damage, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

a.1.3. Workers' Compensation Insurance and Employer's Liability. SERVICE PROVIDER shall maintain Workers Compensation coverage, as required by law, in the minimum amount of: (i) one million dollars (\$1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. If SERVICE PROVIDER is self-insured, SERVICE PROVIDER shall provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.

a.2. Endorsements. SERVICE PROVIDER shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:

a.2.1. General Liability.

1. The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds;
2. the insurer waives the right of subrogation against the City of Morgan Hill and the CITY's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and,
3. insurance shall be primary non-contributing.

a.2.2. Workers Compensation.

If the performance of CONSULTANT'S work or service under this Agreement involves access to or activity on any property or premises owned or occupied by the CITY, including, but not limited to, CONSULTANT'S presence during site visits and meetings, then insurer waives the right of subrogation against the City of Morgan Hill and the CITY's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.

a.3. Qualification of Insurers. All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or

Attachment 1

Insurance Requirements

otherwise legally authorized to carry out insurance business in the State of California, and each insurer must have a current A.M. Best's financial strength rating of "A" or better and a financial size rating of "VII" or better.

- a.4. **Certificates.** SERVICE PROVIDER shall furnish CITY of Morgan Hill with copies of all policies or certificates as outlined herein, whether new or modified, promptly upon receipt. No policy subject to the SERVICE PROVIDER's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein

Certificate Holder address:

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

Attachment 2

Defense and Indemnification

- a.1. Defense and Indemnification. SERVICE PROVIDER shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of an Agreement or the failure to comply with any obligations contained in an Agreement by SERVICE PROVIDER, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").
- a.2. Exceptions. SERVICE PROVIDER is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence or willful misconduct of the CITY.
- a.3. Not limited by insurance. The indemnity, defense and hold harmless provisions of an Agreement apply to all CLAIMs alleged against an INDEMNITEE, regardless of whether any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by SERVICE PROVIDER.
- a.4. Right to Offset. CITY shall have the right to offset against any compensation due SERVICE PROVIDER under an Agreement any amount due CITY from SERVICE PROVIDER as a result of SERVICE PROVIDER's failure to pay CITY promptly any indemnification arising under this Section and any amount due CITY from SERVICE PROVIDER arising from SERVICE PROVIDER's failure either to (i) pay taxes on amounts received pursuant to an Agreement or (ii) comply with applicable workers' compensation laws.

Interpretation. It is expressly understood and agreed that the obligation of the SERVICE PROVIDER to indemnify the INDEMNITEE shall be as broad and inclusive as permitted by the laws of the State of California and shall survive termination of any Agreement

City of Morgan Hill 2035 General Plan Telecommunications Infrastructure



Final Report

12 September 2016



Stephen A Blum
Tellus Venture Associates

www.tellusventure.com

Table of Contents

1. Executive Summary	1
1.1. Current infrastructure	1
1.2. Broadband planning and policy	2
1.3. Conclusions and recommendations	3
2. Broadband Infrastructure and Service	5
2.1. Primary broadband infrastructure	5
2.2. Frontier and Charter transactions	12
2.3. Secondary service providers	14
2.4. Commercial and industrial broadband infrastructure	15
2.5. Wireless broadband service	18
2.6. Broadband adoption rate	19
2.7. Business and consumer perceptions	20
Workshop	20
Business survey	21
Consumer survey	23
2.8. Conclusions	24
3. Broadband infrastructure planning	27
3.1. Types of infrastructure	27
3.2. Land use considerations	29
Implications for Future Development	29
Single-Family Housing	29
Multi-Family Housing	30
Commercial	30
Industrial	30
3.3. Municipal resources	30
Pole routes	30
Conduit	30
Real estate	31
Agency IT budgets	31
4. Broadband planning framework	33
4.1. Overview	33
4.2. Initiative options	34
4.3. Requests for proposals	35
5. Policy options	38
5.1. Planning	38
5.2. Dig Once	39
5.3. Asset management	43
5.4. Permitting	44
5.5. Smart Cities	46
5.6. Regulatory	47
5.7. Government operations	50
6. Wireless	53

Table of Contents

6.1. Constraints on local agency discretion	53
6.2. Determining which shot clock applies	53
6.3. Preserving City control of wireless permitting	57
6.4. Considerations for applications involving the public right of way	59
6.5. Pre-approval of standard solutions	60
6.6. Summary	61
7. Recommendations	62
7.1. Strategic vision	62
7.2. Core broadband planning and management	63
7.3. Baseline broadband development policy	64
7.4. Second phase broadband development policy	65
7.5. Broadband development options	66
7.6. Wireless facilities management	67
Appendix A - Maps	69
1. Infrastructure grading maps	69
2. Frontier (formerly Verizon) DSL service	72
3. Charter cable modem service	75
Charter coverage gaps (versus assigned franchise area)	76
4. AT&T DSL service	77
5. Secondary providers	78
6. Wireless broadband availability	83
Appendix B - Infrastructure grades	89
Appendix C – Municipal enterprises	91
1. Dark fiber	91
2. Fiber to the home	91
3. Business Models	92
4. Municipal broadband case studies	95
Appendix D – Funding options	98
1. Bond funding	98
2. Infrastructure financing districts	99
3. Economic Development Administration	99
4. Transportation funding	99
5. Educational broadband programs	100
6. Telemedicine programs	100
7. California Advanced Services Fund	100
8. Connect America Fund	101
9. Rural Utilities Service	102
10. ARRA programs	102
11. Other funding sources	102
Appendix E - Glossary	103

1. Executive Summary

1.1. Current infrastructure

Primary broadband infrastructure in Morgan Hill rates a “D” grade (1.0 out of 4.0 possible) using a “report card” scale initially developed in the East Bay Area and subsequently adopted by cities, regional organizations and other agencies throughout California.

The relatively low grade in Morgan Hill is due to a lack of consistent upgrades by Verizon to the legacy telephone system it formerly operated (Frontier Communications took over ownership earlier this year) and the below industry average cable infrastructure maintained by Charter Communications.

By comparison, most cities to the north in Santa Clara and Alameda counties get at least a “C-” grade, with ratings between 1.7 and 2.0, on a 4-point scale. The two major cities to the south, Gilroy and Hollister, are more or less on a par with Morgan Hill. Both also receive “D” grades, at 1.0 and 1.1 out of 4.0 respectively.

The service available in Morgan Hill does not meet the expectations of the vast majority of residents. The minimum upload speed considered acceptable by 84% of residential customers who participated in an online survey is 6 Mbps or greater. The best commercially available consumer class service, from Charter, is reported at a maximum speed upload speed of 5 Mbps, according to the most recent information published by the California Public Utilities Commission.

Overall, only 30% of residents said that their current broadband service meets their needs.

There is also a disparity between the level of broadband service available to business and residential customers. On the whole, Frontier’s system delivers faster speeds in residential areas than in commercial/industrial zones. Although Charter claims a consistent level of service throughout Morgan Hill, businesses report difficulty obtaining adequate service or, in some cases, any service at all.

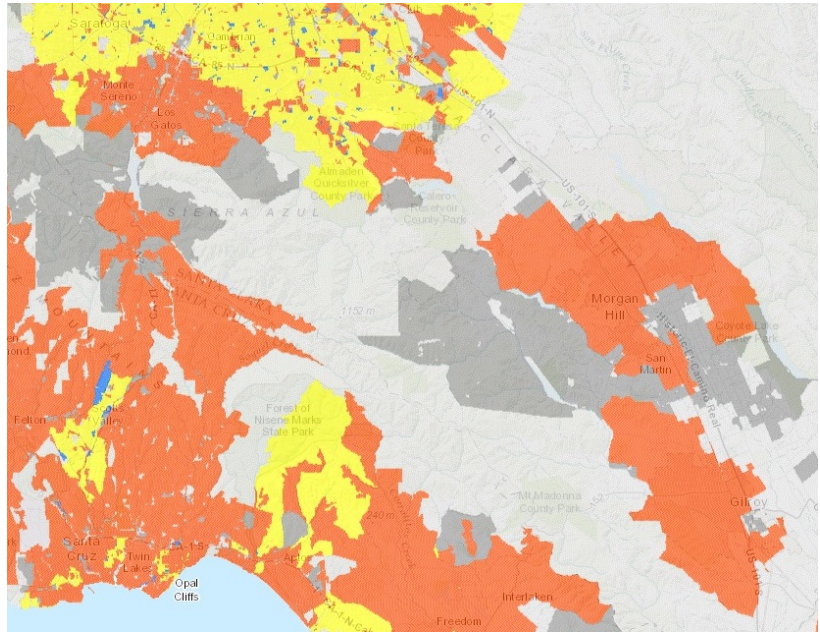


Figure 1.1 – Morgan Hill and regional broadband infrastructure grades, by census block. Red areas are “D” grades, grey are “F”, yellow are “C”. Larger maps are in Appendix A.

When businesses were surveyed, 93% of respondents stated that the reliability is the most important aspect of their Internet service. Only 20% of those businesses are very satisfied with the current level of reliability, whereas 40% are not satisfied. Responses regarding broadband speeds were similar.

Table 1.1 - Primary broadband service providers - Morgan Hill

Telephone companies, DSL-based service by census block

Download speed	1 Mbps	1.5 Mbps	3 Mbps	5 Mbps	7 Mbps	6 Mbps	10 Mbps	12 Mbps	15 Mbps
Frontier	10	36	43	25	94		40		120
AT&T			1		3				

Upload speed

384 Kbps	512 Kbps	768 Kbps	1 Mbps
Frontier	46	162	160
AT&T		1	3

Charter - cable modem (DOCSIS 3.0) speeds claimed throughout service area

Download	100 Mbps
Upload	5 Mbps

Secondary broadband service providers – Level 3 and TW Telecom – have moved in to fill some of the gaps left by the primary providers by offering more specialized services, including direct fiber optic connections to end users. Major fiber network operators also provide connectivity in Morgan Hill on a wholesale basis.

1.2. Broadband planning and policy

Local governments in California have virtually no direct authority over broadband providers, and few options for compelling them to upgrade infrastructure or improve service. On the other hand, advanced infrastructure must be developed if Morgan Hill is to keep pace with high tech development in Silicon Valley, attract and retain jobs and meet the expectations of residents.

Broadband development and planning options are available, however. Recommendations include:

1. Set higher standards for broadband infrastructure in new residential and commercial developments.
2. Work cooperatively with Frontier, Charter and mobile carriers to identify policy barriers that could be removed or incentives that might be offered to encourage greater investment in their systems in Morgan Hill.
3. Evaluate options for creating a third, citywide broadband system, either as a municipal enterprise or through cooperation or partnership with a private, competitive provider.
4. Pursue targeted broadband projects, with or without private sector partners, that address specific last mile infrastructure and/or service deficits in commercial and industrial zones, and that improve local availability of existing middle mile resources.

5. Establish programs to 1. identify, construct and document broadband assets for future use and 2. create an ongoing role for the City as a coordinating body that aggregates information and complaints and provides such to state and federal regulators.

Planning options range from setting out a long term road map for broadband development, to working cooperatively with incumbents providers, to establishing a detailed master plan that might include new service providers or even a direct role by the City itself.

Specific policies can be adopted that encourage greater investment in broadband infrastructure by service providers, create market opportunities for new entrants and establish baseline standards for new development and ongoing upgrades. These include “dig once” requirements that encourage, or even mandate, cooperation among utilities and the City when work is done in the public right of way. Other options include management and development of broadband-related City assets, changes in permit and leasing procedures, proactive measures regarding regulatory proceedings, and policies that stimulate demand for broadband services.

1.3. Conclusions and recommendations

This report recommends that the City articulate its role in broadband infrastructure planning and development, establish goals and adopt a phased approach to reaching those goals.

The first recommended step is to determine the level of the City’s involvement and identify the roles and responsibilities that are appropriate to it, in order to set broadband infrastructure development goals and establish policies designed to reach those goals.

The City should first develop a roadmap based on the infrastructure “report card” grading criteria described more fully in Section 2.1 and Appendix B. Morgan Hill receives a “D” grade, in comparison to the “C” grades given to cities immediately to the north. Keeping in mind that those cities are also actively engaged in improving their broadband infrastructure, the City should lay out a road map that brings its broadband infrastructure up to the statewide average in the near term, and keeps pace with and/or exceeds it over the long term.

The initial phase should focus on creation of a roadmap for development, organization and consolidation of the City’s broadband-related assets and establishment of a proactive working relationship with primary broadband providers.

Once this initial work is done, the City can move to the second phase and implement ten recommended policies in the near term that set specific broadband development goals, ideally in cooperation with existing providers but independently when necessary. The primary market research conducted for this report indicates that residential and business broadband use and expectations differ in Morgan Hill, but in either case there is a significant amount of dissatisfaction with the choices available.

The City has the greatest amount of influence over greenfield and new or major remodelled infill development, and over work performed in the public right of way. By establishing clear broadband-

related requirements for these kinds of projects, the City can encourage the construction of facilities that will support upgraded infrastructure. Municipal assets can be offered on open terms to any qualified broadband provider, and information about all broadband infrastructure can likewise be made available, so as to reduce barriers to entry for new competitors and promote the more efficient use of existing resources by incumbents.

The third and subsequent phases represent a greater level of direct City involvement in broadband development. For example, prospective installation of city-owned conduit, either in conjunction with routine undergrounding programs or third party utility projects, puts the City in the position of being an active developer of broadband assets, rather than simply making use of resources obtained in the normal course of business. Putting teeth into “dig once” policies by imposing moratoria on street excavations following an open trench notification process puts similar pressure on utility companies to do the same.

Other measures include:

- Setting building standards that range from requirements for broadband infrastructure in new or redeveloped City right of way to specifications for wiring and access in new construction.
- Reviewing construction plans to maximize use of existing facilities.
- Mapping broadband assets and availability.
- Driving demand through open data, telecommuting and online services.
- Adapting the City’s wireless permitting practices to maintain control of the process in light of recent changes in state law and federal regulations.

These recommendations will allow the City to take both immediate and long term steps, to the degree desired, to encourage private sector investment, extend the benefits of modern telecommunications services to residents and businesses, attract new jobs and leverage existing City resources to promote the development of broadband infrastructure in ways that further the City’s goals.

2. Broadband Infrastructure and Service

2.1. Primary broadband infrastructure

The primary broadband infrastructure in Morgan Hill is owned and operated by Frontier Communications, which recently took over ownership and operation of Verizon’s wireline telephone systems in California, and Charter Communications, which are the incumbent telephone and cable companies. When compared to the primary broadband infrastructure available to the average home or business in California, Morgan Hill is significantly below average, with a grade of “D” (1.0 on a 4 point scale), using criteria originally developed for the East Bay and Central Coast Broadband Consortia.

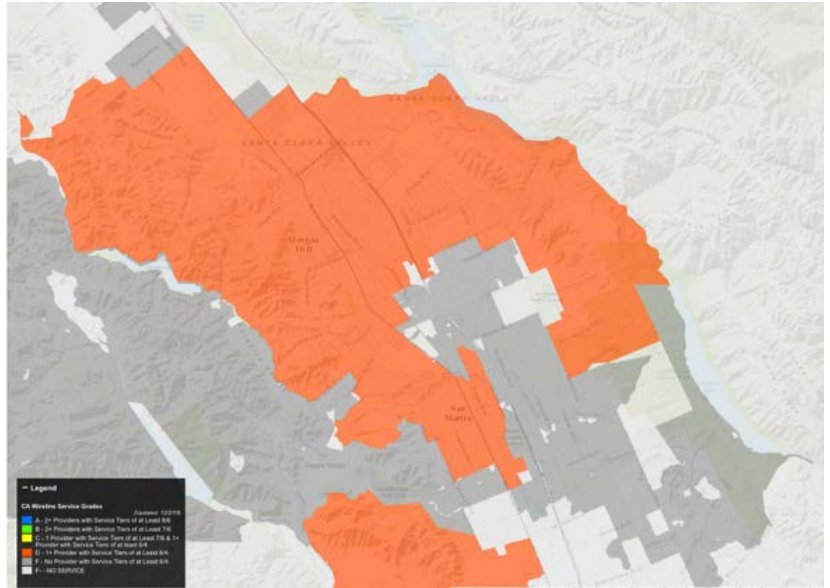


Figure 2.1 – Morgan Hill broadband infrastructure grades, by census block. Red areas are “D” grades, grey are “F”. Larger maps are in Appendix A.

When compared to the primary broadband infrastructure elsewhere in the region, Morgan Hill's grade fits into a clear pattern: San Jose and communities to its north and east generally match the Californian average, with most grades falling within two-tenths of a point of "C" (2.0), while communities to the south are largely within one-tenth of a point of "D" (1.0). San Martin, which is largely unserved by Charter and has poor service from AT&T, is an outlier with an F+ (0.3).

Figure 2.1 – Morgan Hill broadband infrastructure grades, by census block. Red areas are "D" grades, grey are "F". Larger maps are in Appendix A.

Verizon, Charter and AT&T, along with two secondary service providers in Morgan Hill, filed availability, technology and service level reports with the Federal Communications Commission as of 31 December 2014. The data was then given to the California Public Utilities Commission, which further refined it. The analysis in this report is based on the data sets published by the CPUC and supplemented with standard census data, unless otherwise indicated. Another update to this data set, using information submitted as of the end of 2015 is expected later this year. The information and analysis contained in this report is based on the 31 December 2014 reports filed by the service providers with the FCC and CPUC.

Frontier has not yet filed data regarding its new service territories, so the evaluation of its service and infrastructure in this study is based solely on the data provided by Verizon.

AT&T's service reports indicate that it provides service in four census blocks on the southern edge of Morgan Hill, south of Llagas Creek and between Santa Theresa Blvd. and Monterey Highway. A total of 139 housing units are in these four census blocks, and it is not entirely clear that all are located within the city limits of Morgan Hill. This slight overlap is not significant in terms of evaluating city-wide infrastructure, although the data is included in the overall analysis below.

The sharp dividing line between Morgan Hill and San Jose is the result of having two different sets of primary infrastructure providers.

The original telephone company in Morgan Hill was the Western California Telephone Company, which also owned a system in Los Gatos and which was acquired by GTE in the 1970s. GTE merged with Bell Atlantic in 2000, and became Verizon. The company's capital investment strategy focused initially on converting copper-wire telephone systems to fully fiber optic systems¹ and on expanding its mobile telephone and broadband infrastructure. The return on the fiber conversion investments proved disappointing and Verizon discontinued the program and re-focused on its wireless business.

As a result, wireline service areas that weren't upgraded suffered from a lack of investment, initially because fiber conversion was the preferred upgrade path and later because consumer-focused wireline infrastructure of any kind – copper or fiber – became a much lower priority for the company. Last year, Verizon reached an agreement with Frontier Communications to sell its wireline systems in California, Texas and Florida. That transaction closed on 1 April 2016.

The incumbent telephone company in San Jose is AT&T. The systems there were developed and operated by Pacific Telephone and Telegraph Company within the old Bell System, and have retained a consistent Bell-centric line of ownership through Pacific Bell, SBC and, now, AT&T.

¹ Fiber optic systems use bundles of thin strands of glass or plastic – i.e., fibers – to carry information via light waves, as opposed to the electric signals carried by copper wires. Fiber optic technology allows for much greater data speeds and volumes than copper, usually by orders of magnitude.

Table 2.1 - Broadband infrastructure grades

	Grade	GPA
Campbell	C	2.0
Milpitas	C-	1.9
Los Altos	C-	1.9
Cupertino	C-	1.9
San Jose	C-	1.8
Mountain View	C-	1.8
Saratoga	C-	1.8
Santa Clara	C-	1.7
Los Altos Hills	C-	1.7
Hollister	D	1.1
Los Gatos	D	1.0
San Juan Bautista	D	1.0
Gilroy	D	1.0
Morgan Hill	D	1.0
Monte Sereno	D-	0.8
Lexington Hills	D-	0.7
San Martin	F+	0.3

AT&T has had a track record of favoring copper-wire infrastructure over fiber for final connections to customers, and has been more consistent in investing in ongoing upgrades and maintenance.

As a result, the copper wireline systems acquired by Frontier from Verizon in California, including the one serving Morgan Hill, tend to be less capable than systems in comparable communities operated by AT&T.

When upload and download speeds reported by the two companies to the Federal Communications Commission are compared, the difference between the services offered by the two companies, and consequently the condition and capability of the supporting infrastructure, become evident. Taking Union City as a typical example – it received a “C-” (1.9) grade – the difference in supported speeds and underlying architecture becomes clear. Speeds in Union City skew higher on both the download and upload side than in Morgan Hill. The distribution of those speeds indicates that Frontier’s service in Morgan Hill is based on Verizon’s legacy DSL² and interim ADSL2 technology to a greater degree than in Union City, where AT&T has made substantial investments in more advanced VDSL technology (and upgrades to ADSL2 technology).

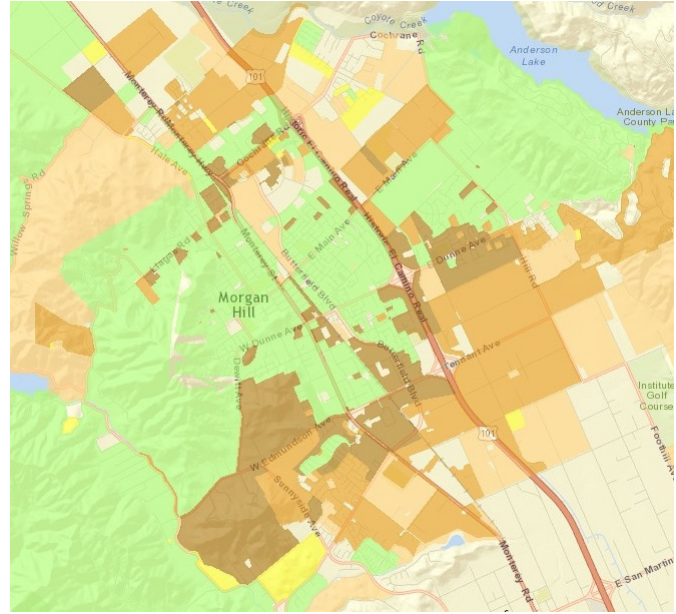


Figure 2.2 – Verizon DSL coverage in Morgan Hill. Note slower speeds further from the center. A larger version is in Appendix A.

From a consumer standpoint, the difference between the three technologies is readily apparent. If the service being received is branded as Uverse and television service is (or at least was, until recently) available, then it is VDSL-based. If it carries the Uverse brand and television service isn’t available, it’s ADSL2. If it doesn’t carry the Uverse brand, it is legacy DSL service. AT&T has made a concerted effort over the past several years to transition customers from legacy service, which is subject to regulation by the California Public Utilities Commission, to unregulated Uverse branded service where it is available. Verizon’s strategy, on the other hand, has been to sell off its regulated, wireline telephone systems, as it has just done in California.

The pattern of reported service levels in Morgan Hill also indicates a lack of infrastructure upgrades over the years. In communities where AT&T has invested in newer generations of DSL technology, it has also modified the architecture of the physical network that supports it. To a much greater degree

² “DSL” stands for digital subscriber line, and is a term that refers to technology developed by telephone companies to transmit data over the legacy copper telephone network. ADSL, ADSL-2 and VDSL are progressively more advanced versions of the technology. Older DSL technology is, for example, generally limited to 3 to 6 Mbps download speeds, ADSL-2 usually tops out in the 20 Mbps (or lower) download range and VDSL can support download speeds in excess of 40 Mbps.

than Verizon, AT&T has installed high capacity fiber optic cables deeper into neighborhoods, where it connects to shorter and more localized copper wires that, in turn, connect to customers. Since DSL service speeds are, to a great degree, a function of the distance traveled over copper wires, a typical pattern seen in AT&T markets is a checkerboard of fast speed reports around a number of neighborhood fiber “nodes³”, surrounded by relatively small and compact areas of declining speeds.

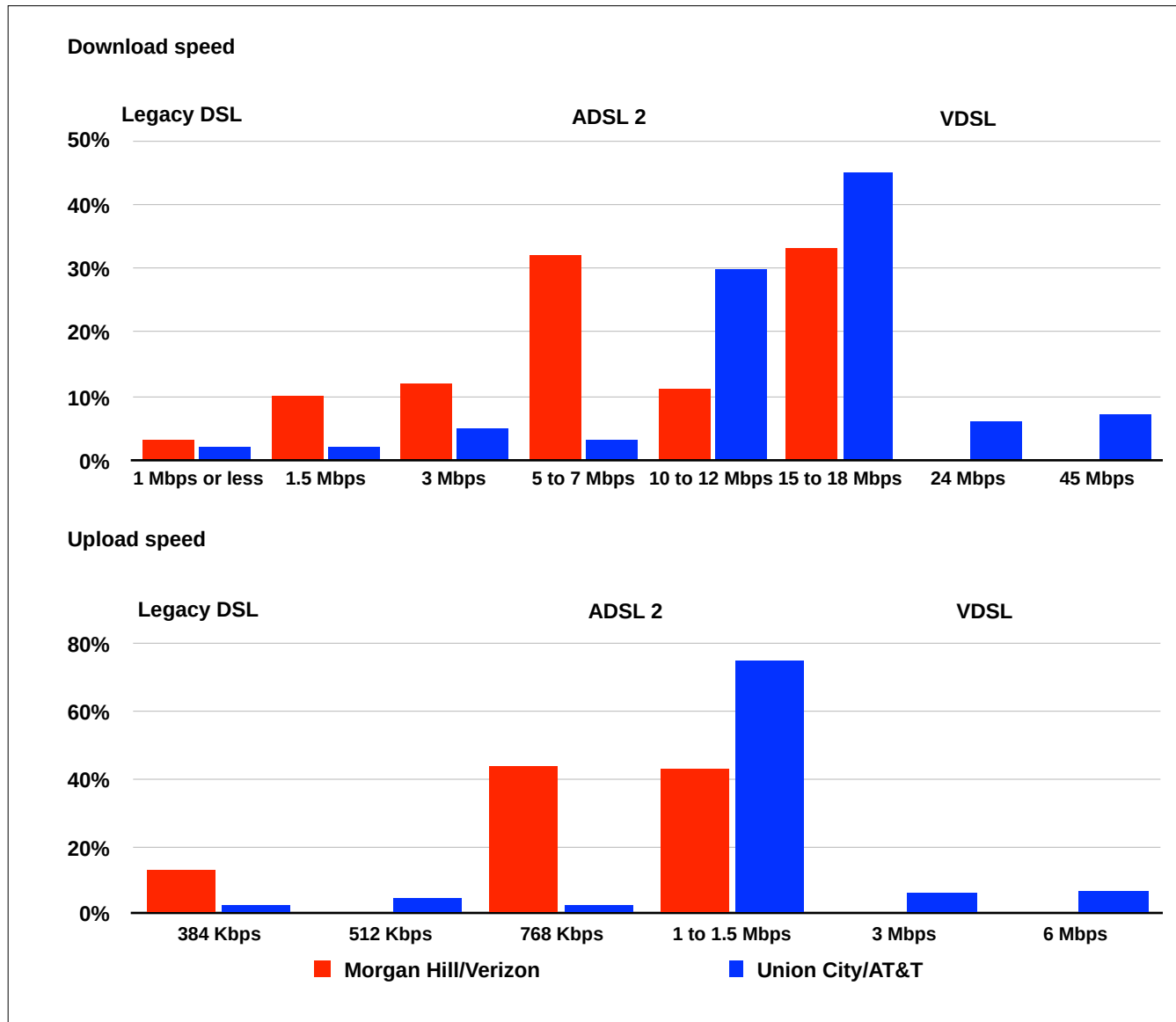


Figure 2.3 – Morgan Hill/Verizon versus Union City/AT&T broadband speeds, by census block.

By contrast, the overall pattern of service speeds reported on the system previously owned by Verizon in Morgan Hill indicates that this sort of fiber upgrade is not commonly present. DSL service is generally at its best in the center of the city, and drops off as the distance from the center increases.

³ Although the term “node” can refer to many things, in this report it refers to a central box or vault in a neighborhood where high capacity fiber optic trunk lines connect to copper distribution lines that serve customers’ homes or businesses.

There are exceptions, particularly in the western and eastern areas of Morgan Hill, but the overall pattern indicates that Verizon’s former network relies on copper wired-based distribution and legacy architecture to a much higher extent than AT&T’s networks to the north.

Charter Communications is the cable company serving Morgan Hill. Charter reports that it is using DOCSIS⁴ 3.0 technology exclusively and, consistent with common practice in the cable industry, claims to deliver up to 100 Mbps download and 5 Mbps upload speeds everywhere in its broadband service area. The key phrase is “up to”. It is a term of art in the broadband industry that means, in effect, that the technology that’s been deployed in an area is theoretically capable of supporting the indicated service level, but consumers should not expect to experience that maximum service level consistently, if at all. Charter’s ability to actually deliver promised speeds depends on the level of investment it has made in a particular neighborhood and the usage patterns of residents – the more people accessing the Internet in a given area, the lower the speeds each will receive. Charter also has a practice of not fully building out its cable systems to marginal residential areas, or to commercial and industrial zones.

Charter’s reported service speeds are below average for the California cable industry overall. By contrast, Comcast, which serves San Jose and most of the remainder of the Bay Area, offers service at 150 Mbps download and 20 Mbps upload speeds, which is typical of cable companies in California.

Table 2.2 - Primary broadband availability in Morgan Hill

	Census blocks	Housing units	Population
AT&T	4	139	433
Charter	682	12,623	37,425
Frontier	368	11,201	33,377
Combined availability (all 3 carriers)	687	12,628	37,433
Union City total (including unserved)	729	12,857	37,882
AT&T	1%	1%	1%
Charter	94%	98%	99%
Frontier	50%	87%	88%
Combined availability (all 3 carriers)	94%	98%	99%

In other words, Morgan Hill is served by telephone and cable companies that offer significantly slower speeds than their peers elsewhere in California. Frontier’s current service does not meet the California Public Utilities Commission’s minimum standard of 6 Mbps download and 1.5 Mbps upload speeds anywhere in Morgan Hill – consistently on the upload side and frequently on the download side – and

⁴ DOCSIS stands for “data over cable service interface specification”, and is the set of standards used by cable companies in the U.S. to provide two-way Internet service over coaxial cable networks that were originally designed to deliver one-way television service.

Charter's speeds in Morgan Hill are lower than Comcast, Cox and, in large measure, Time Warner⁵, its three peer companies in California.

Overall though, broadband availability at one level or another is nearly ubiquitous. Table 2.2 shows that 98% of homes in Morgan Hill – 12,628 out of 12,857 – have broadband service available at some speed from at least one company. The remaining unserved homes are scattered throughout Morgan Hill, but generally on the periphery (see Appendix D, sub-section 7).

“Broadband” refers generally to any telecommunications service capable of supporting digital data transmission at high speeds. These services can include and/or support Internet, television, telephone, private data networks and various specialized uses. Broadband service can be delivered in a variety of ways, including telephone lines (e.g., DSL), coaxial cable (e.g., cable modem), fiber optic cable, wireless cellular/mobile service (e.g., cell phones, tablets, wireless modems), WiFi, point-to-point and point-to-multipoint fixed wireless service and hybrid networks. There are technical distinctions between the terms “broadband” and “Internet”, but when discussing retail services offered to consumers and small businesses, the two can be used interchangeably.

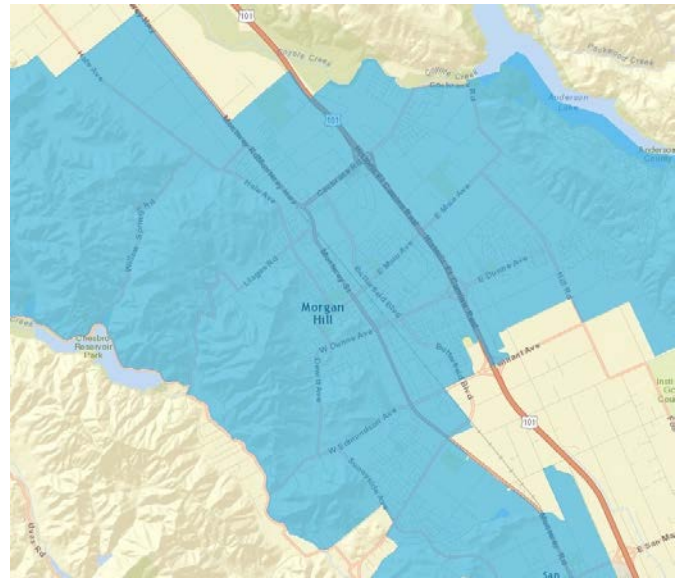


Figure 2.4 – Charter's claimed cable modem service availability. A larger version is in Appendix A.

The infrastructure grade of a census block is determined by the generally available level of service it supports. A “C” grade means a census block has the most common wireline service choices found in California, typical of the standard packages offered by, for example, AT&T and Comcast: a minimum of two providers, one just meeting the minimum standard of broadband service set by the CPUC (6 Mbps download and 1.5 Mbps upload) and the other exceeding it. A “D” grade – below the Californian average – is given when wireline service meets but does not exceed this standard or where consumers only have access to one qualifying service provider. If no qualifying service is available, a failing grade – “F” – is given. “A” and “B” grades are given where superior service is offered. Details regarding the grading method are in Appendix B.

Service levels reported by telephone and cable companies are listed separately because of the differences in the quality of the reports and the methods used to generate the data.

⁵ On 18 May 2016, Charter Communications completed its purchase of Time Warner and Bright House cable systems in California. Since the transaction is so recent and no operational changes have been implemented, Charter and Time Warner systems are compared separately for the purposes of this report.

Table 2.3 - Primary broadband service providers - Morgan Hill**Telephone companies, DSL-based service by census block**

Download speed	1 Mbps	1.5 Mbps	3 Mbps	5 Mbps	7 Mbps	6 Mbps	10 Mbps	12 Mbps	15 Mbps
Frontier	10	36	43	25	94		40		120
AT&T			1		3				
Upload speed	384 Kbps	512 Kbps	768 Kbps	1 Mbps					
Frontier	46		162	160					
AT&T		1	3						

Charter - cable modem (DOCSIS 3.0) speeds claimed throughout service area

Download	100 Mbps
Upload	5 Mbps

Primary broadband infrastructure is designed to provide retail level service, and often supports telephone and television service as well. It is the type of service that consumers buy for consumer-class home use, and small to medium-sized business use for routine, commercial-class Internet access. The two primary broadband companies in Morgan Hill, Frontier and Charter, have hybrid networks that use copper wires to connect directly to homes and businesses, and fiber optic lines that connect these local distribution networks to the Internet. In some cases, Frontier and Charter might use fiber optic lines to connect directly to a major customer, but neither report doing so in Morgan Hill.

Table 2.4 - Major California cable company maximum upload speed, as a percentage of census blocks

	5 Mbps	20 Mbps
Charter Communications	100%	
Comcast		100%
Cox Communications		100%
Time Warner Cable	14%	86%

Table 2.5 - Major California cable company maximum download speed, as a percentage of census blocks

	30 Mbps	50 Mbps	100 Mbps	105 Mbps	150 Mbps	300 Mbps
Charter Communications	3%		97%			
Comcast				3%	97%	
Cox Communications					100%	
Time Warner Cable	1%	14%				86%

Both Charter and Frontier offer significantly slower upload speeds than their peers. As a general rule, disproportionately slow upload speeds are an additional indicator of poor infrastructure. The geographic gap between service speeds offered by the respective providers is the reason cities in

AT&T's and Comcast's territories in the Bay Area receive broadband infrastructure grades in the "C" range and Morgan Hill receives a "D".

The primary broadband service providers in Morgan Hill report reaching most residential customers. Altogether, the primary providers (in this case, including AT&T) offer broadband service to 98% of housing units and 99% of the population in Morgan Hill, according to their own reports. These numbers are likely overstated, since the providers report partial coverage of a census block as full coverage. When looked at in detail, Frontier's coverage appears significantly poorer than Charter's, with gaps in the northern and southern edges of Morgan Hill, as well as some predominantly commercial/industrial areas.

2.2. Frontier and Charter transactions

On 1 April 2016, Frontier Communications assumed ownership of local wireline (copper and fiber) telephone systems owned by Verizon in California, including the one serving Morgan Hill. Frontier took operational control of its 2 million new customers in California by performing a "flash cutover", which was an attempt to transfer all former Verizon customers into its systems at once. The flash cutover did not go as expected.

Three systematic problems caused service disruptions to what appears to be several thousand customers. Most of the customers affected were in southern California, but not all. Media reports indicated that some customers in Verizon's Bay Area systems also experienced service disruptions, primarily related to Internet access but also possibly to telephone service as well.

The three problems that affected the vast majority of customers reporting problems were:

- Corrupt data in the customer records imported from Verizon's system.
- Records that said some customers' equipment had one serial number when in fact it had another.
- The need to train ex-Verizon employees on Frontier's systems.

The first two problems – corrupt data and mismatched serial numbers – resulted in the transmission of incorrect authorization messages and other operational data to some customers. The number of customers affected is believed to be less than 1% of Frontier's new customer base, but even that relatively low percentage of errors resulted in probably 10,000 to 20,000 service disruptions. Many of the service disruptions appear to be related to television service on fiber-to-the-home systems that Frontier acquired from Verizon in southern California, but telephone and Internet service was also affected statewide.

There were also service disruptions reported that were caused by incidental problems of the sort that's common for utility companies. These problems included, for example, a squirrel chewing through a cable and a vehicle hitting a utility pole. As a point of reference, Frontier expects to process an average of 50,000 trouble tickets a month in California in its normal course of business.

The third problem compounded the issues caused by the corrupt data, mismatched serial numbers and normal operational factors. Frontier’s staffing plan for the cutover involved bringing in current Frontier employees from other regions to handle what they expected would be a higher than usual number of customer service calls, while using Verizon’s existing call center in the Philippines as a back up resource. In the meantime, the former Verizon employees in California were to be trained on Frontier’s systems in an orderly process that was intended to result in a 100% U.S.-based customer service staff following the transition period.

The flood of phone calls triggered by the faulty data Frontier received from Verizon overwhelmed the existing Frontier staff and more calls with more complex problems were transferred to the back-up call center than expected. Personnel at the back up call center were not equipped and/or trained to handle the level or volume of problems they faced, and the result was a high degree of customer anger and dissatisfaction.

According to information given to state regulators by Frontier, all of their California systems were back to “business as usual” status by June 2016.

On 18 May 2016, Charter Communications completed a purchase of cable systems belonging to Time Warner Cable and Bright House Networks, nationwide. Many of those systems are in southern California and the San Joaquin Valley. Charter has stated that there is no expectation of similar problems, because its plan is to transfer operational control and integrate system gradually over time, rather than do a flash cutover, as Frontier attempted.

However, this transaction will affect the existing Charter cable system that serves Morgan Hill. In addition to the financial considerations of the purchase itself and the cost of integrating millions of new customers over time, Charter will also have to bear the cost of fulfilling the conditions that were attached to the approval of the transaction by regulators, particularly the Federal Communications Commission (FCC) and the CPUC, but also by regulatory agencies in other states. These conditions include extending service and/or upgrading analog service to digital to up to 2 million new locations nationwide.

The Morgan Hill system is at the northernmost end of a chain of existing Charter systems that generally extends south into Santa Barbara County, and an estimated 20,000 to 30,000 of the digital conversions and line extensions required will be in this region. The combination of required upgrades, transaction financing considerations and system integration costs will very likely result in capital constraints that will put a lower priority on investment in current Charter systems, such as the one in Morgan Hill, that are performing adequately from a management and regulatory point of view.

Both Frontier and Charter are required by the terms attached to regulatory approval of their respective purchases to provide other public benefits, including free WiFi service, free connections to a limited number of government agencies, discounted service packages for low income households and other programs intended to increase Internet adoption in disadvantaged communities. The companies were given a year or more to comply with these requirements and to date neither have provided any details regarding plans to do so.

2.3. Secondary service providers

In addition to the primary, retail level of service provided by Frontier and Charter, two other secondary companies provide commercial and industrial class service in Morgan Hill, via infrastructure or facilities they own themselves and/or leased facilities. Typically, these companies lease lines from the incumbent telephone company, but it is also possible that they are buying wholesale access from Charter.

The secondary broadband infrastructure in Morgan Hill is limited and generally falls into two categories: fiber optic networks and electronic enhancements to traditional copper wireline networks, likely leased from Frontier.

Two companies – Level 3 Communications and TW Telecom – report providing business-oriented services via leased lines (Level 3 acquired TW Telecom in 2014, but the companies still report service levels to the FCC separately). In accordance with state and federal rules, these companies are able to install equipment in Frontier’s central offices and use it to provide a higher level of service than would ordinarily be available. Both focus primarily on industrial and commercial areas of Morgan Hill. Full coverage area maps are in Appendix A.

TW Telecom claims to offer wireline service at 45 Mbps upload and download speeds in 11 census blocks and Level 3 reports the same in one census block. The type of technology reported – “other copper” – and the symmetrical speeds⁶ are consistent with DS-3 service, which is an older type of high capacity data transport connection that typically uses copper wires leased from an incumbent telephone company, which in this case is Frontier.

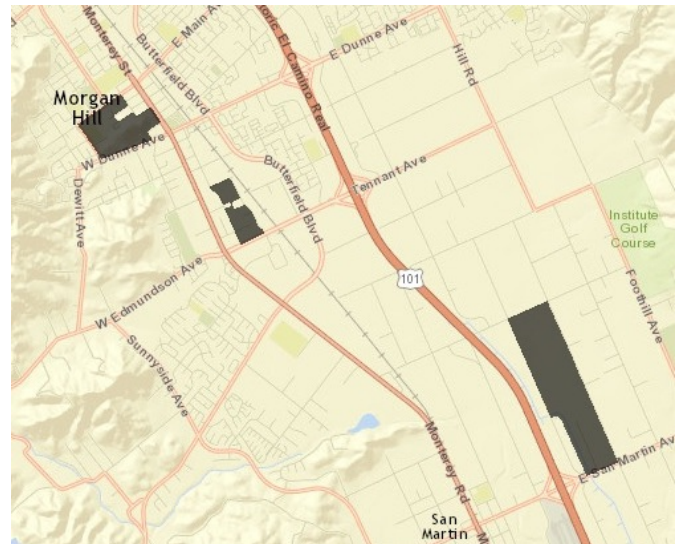


Figure 2.5 – Census blocks with fiber-to-the-premise service from Level 3. Larger map is in Appendix A.

Level 3 also reports providing 100 Gbps symmetrical service directly to end users via fiber optic lines in two census blocks.

Two long haul fiber corridors pass through Morgan Hill. The companies that have installed fiber optic cables along these corridors generally use it to connect large customers, Internet service providers and mobile telecommunications companies directly to major Internet exchanges and data centers in the Bay Area and Los Angeles, but some also use it for inter-city connections between customer sites and, in

⁶ Broadband service is considered symmetrical when upload and download speeds are the same.

limited circumstances, for intra-city connections.

The larger corridor of the two runs along the Union Pacific right of way, going north and south through Morgan Hill. AT&T, Verizon, CenturyLink, Level 3 and Zayo are among the companies present. A supplemental corridor runs north and south along Monterey Rd. through Morgan Hill. Optic Access (now owned by Integra) and AT&T are present on this route.

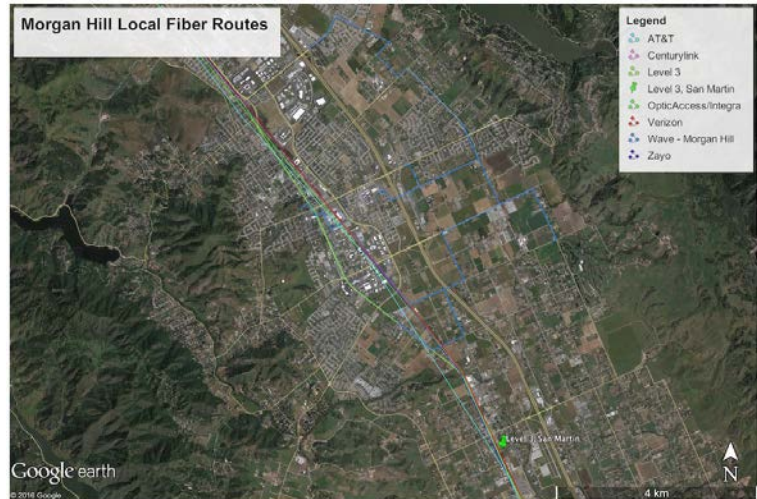


Figure 2.6 – Fiber routes in Morgan Hill. A larger version is in Appendix A.

At least four telecommunications companies are accessing fiber in Morgan Hill along this corridor: Frontier, Charter, Level 3 and Wave Broadband, which filed permit applications with the City of Morgan Hill requesting permission to build a fiber distribution network that is consistent with a network design intended to provide connections to cellular sites used by mobile telecommunications companies. It is likely that other companies are also accessing this trunk fiber, since it is standard practice in the mobile telecommunications business to provision cellular sites with direct fiber connections.

2.4. Commercial and industrial broadband infrastructure

It is much easier for primary broadband service providers to generate an acceptable return on investment in residential areas than in commercial or industrial ones, particularly densely populated urban and suburban neighborhoods. Standardized equipment can be used to provide a managed level of service, and each home can be offered a wide range of products including Internet access, television programming and telephone service. It is a predictable business, and capital investments can be made with a reasonable degree of certainty.

Industrial and commercial customers are more diverse and less predictable than residential subscribers. One business might need gigabit speeds at the highest quality-of-service levels, while the one next door is content with a standard, relatively slow DSL connection. As a result, incumbent carriers tend to approach commercial and industrial customers on a case by case basis. They do not prospectively build high speed infrastructure. Businesses seeking higher grade service are frequently presented with installation estimates in the thousands and tens of thousands of dollars range. Specialized, secondary companies offer a more diverse range of services to this market.

“Commercial class” service is defined as being similar to residential service in that the provider takes effectively all responsibility for installing, maintaining and supporting the service. Speeds are similar (6 to 150 Mbps), but service levels, reliability, consistency and pricing are higher.

“Industrial class” service refers to situations where the customer plays a much greater role in building and supporting the service, including buying different elements from different vendors and managing installation and support. Speeds would be higher – perhaps as high as 100 gigabits per second or more – and quality of service levels could be as high as found in top tier Internet exchanges. DS-3 circuits or dark fiber strands are examples of industrial class service. Large industrial customers frequently buy services directly from middle mile providers.

At this level of service, the distinction between “broadband” and “Internet” facilities becomes important. “Internet” service involves a connection, at whatever speed, to the vast, publicly accessible network of interconnected information technology (IT) resources that’s called the Internet. Internet service is usually obtained from a company that provides a connection between the end user and a major Internet exchange facility where data is handed back and forth between various networks: either a dedicated exchange facility or a data center where many companies install servers and other IT equipment. There are several such facilities in the Bay Area, including Fremont and San Jose, but none have been identified in Morgan Hill.

“Broadband” is a more generic term. It simply refers to a high speed data connection. That connection might be between an end user and an Internet exchange point, or it could be only for internal connections within a company.

The reports regarding Frontier’s service in Morgan Hill (filed by Verizon) show a pattern of not prioritizing broadband service in commercial and industrial areas. This data is reported by census block, and not by street address or zone designation, so inferences must be made based on the number of housing units in a given census block, as reported by the U.S. Census Bureau (2010 census). Frontier provides no broadband service in 361 of 726 census blocks total in Morgan Hill, of which 275, or 76%, have zero housing units. Frontier offers broadband service in the remaining 368 census blocks, of which 97, or 26%, have zero housing units.

A census block with zero housing units is usually either vacant residential land or used for commercial, industrial or institutional purposes. However, comparison of the map of Frontier’s reported service with a City of Morgan Hill zoning map indicates that these unserved census blocks are predominantly in areas zoned for commercial, industrial and institutional use.

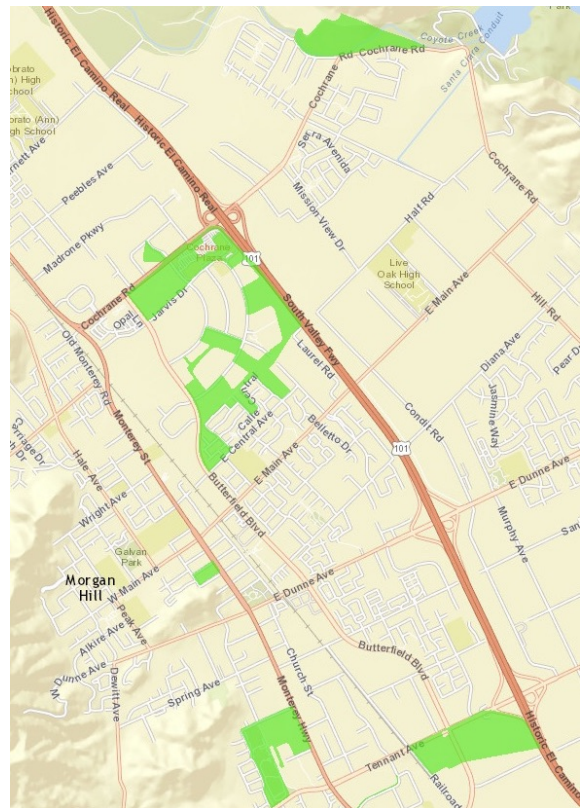


Figure 2.7 – Census blocks with enhanced copper service. Note correlation to commercial and industrial zones. A larger version is in Appendix A.

In the census blocks with zero housing where Frontier does offer service, the reported download speeds are significantly slower than in census blocks containing residences. Since service would not be reported for vacant land, effectively all of these census blocks can be assumed to be commercial, industrial or institutional in nature.

In just over half (51%) of census blocks with residences, Frontier offers broadband at its two highest download speeds, 10 Mbps and 15 Mbps. In census blocks without residences, just under a quarter (24%) have that level of service. The lowest download speed service tiers – 3 Mbps and less – are offered in 35% of census blocks without residences, while only 20% of census blocks with residences have such service.

Census blocks with residences are inferred to be residential in character, while census blocks without residences are inferred to be commercial or industrial in nature.

Charter Communications reports serving a greater number of presumably commercial, industrial and/or institutional census blocks. Of the 352 census blocks in Morgan Hill with zero housing units, Charter reports that it offers broadband to 340, or 97%. It also reports offering a uniform download speed of 100 Mbps in every census block it serves.

Table 2.6 - Frontier download speeds by land use

	3 Mbps or less	5 to 7 Mbps	10 to 15 Mbps
Commercial/industrial	35%	41%	24%
Residential	20%	29%	51%

Although there appears to be a significant disparity in commercial and industrial area service between Charter and Frontier, it should not be assumed that the difference is as great as it appears. It is common practice in the cable industry to advertize service to business customers without having the facilities in place to immediately provide that service, and with the intention of requiring those customers to pay for the cost of installing the necessary facilities.

The poor state of commercial-class Internet infrastructure in Morgan Hill was also brought out in the workshop and online surveys discussed below.

The two secondary providers – TW Telecom and Level 3 – specialize in providing service to business customers. The 14 census blocks served by the companies are all commercial, industrial or institutional in nature. Ten of these census blocks are in commercial planned unit developments or light industrial zoned areas on or near Cochrane Rd., Jarvis Dr., Tennant Ave. and Vineyard Blvd. Two are in or near the central business district on Monterey Rd., and one is south of there on Monterey Rd. The remaining census block appears to contain a Santa Clara County facility, north of Malaguerra Ave. on the north side of Morgan Hill. Frontier reports offering broadband service in 10 and Charter in 11 of these census blocks.

2.5. Wireless broadband service

Four mobile broadband companies – AT&T, Sprint, T-Mobile and Verizon – serve Morgan Hill. According to testing conducted by the California Public Utilities Commission, AT&T's expected mobile download speeds in Morgan Hill are in the 3 Mbps to 10 Mbps range, with speeds decreasing as users move from north to south in the city. Verizon has a similar pattern, but with lower expected download speeds, ranging from 768 Kbps to 6 Mbps.

Sprint is largely unable to provide reliable service in Morgan Hill. The CPUC's testing shows its effective coverage ending just north of the city limits. T-Mobile's download speeds are in the 1.5 Mbps to 3 Mbps range in the northern end of Morgan Hill, decreasing to the 768 Kbps to 1.5 Mbps range in the middle of the city, and effective coverage lacking in the southern end.

Fixed wireless Internet service is offered by at least two companies in Morgan Hill. Etheric reports offering spotty coverage in the city, in the 25 Mbps to 50 Mbps range. The data Etheric submitted to the CPUC indicates that it can provide service in the eastern half of the city, but not on the western side. Examination of the mapping data provided by Etheric indicates that its coverage estimates are based on unsophisticated modeling of relatively few access points and cannot be taken at face value. Prospective customers are best advised to contact the companies to confirm availability and actual service levels.

South Valley Internet does not report its coverage and service levels to the CPUC, and does not provide coverage data on its website. The company advises prospective customers to contact it to find out pricing, service level and availability details.

Both Etheric and SVI use unlicensed radio frequencies, which are subject to inference and may be preempted by other users. Any and all users have the same legal right to transmit on unlicensed frequencies, and must accept whatever interference or degradation results.

Other fixed wireless Internet service providers are active in the Bay Area and in northern San Benito County, and might offer service in the Morgan Hill area from time to time. The same caveats apply.

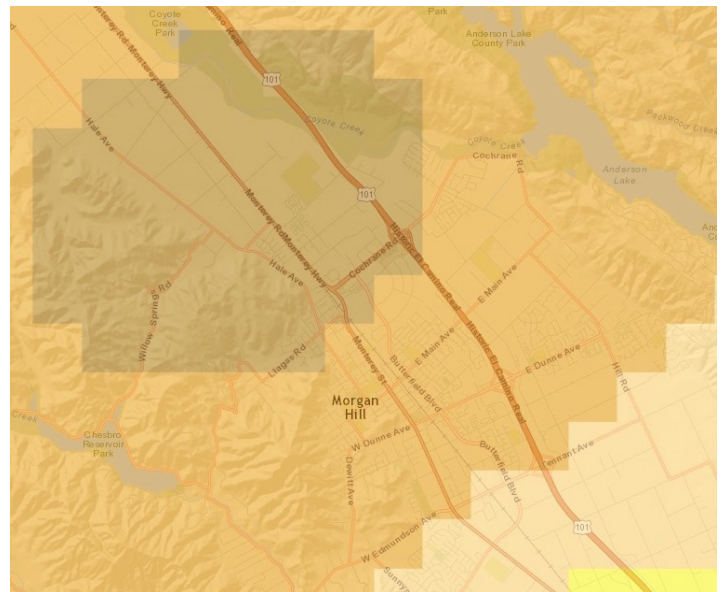


Figure 2.8 – AT&T's mobile broadband coverage in Morgan Hill, per CPUC testing. Dark brown indicates 6 Mbps to 10 Mbps download speeds, light brown and yellow are progressively slower. More and bigger maps are in Appendix A.

2.6. Broadband adoption rate

The most recent data collected and published by the California Public Utilities Commission (circa June 2012) indicates that broadband adoption and penetration in Morgan Hill is consistent with the statewide average in California.

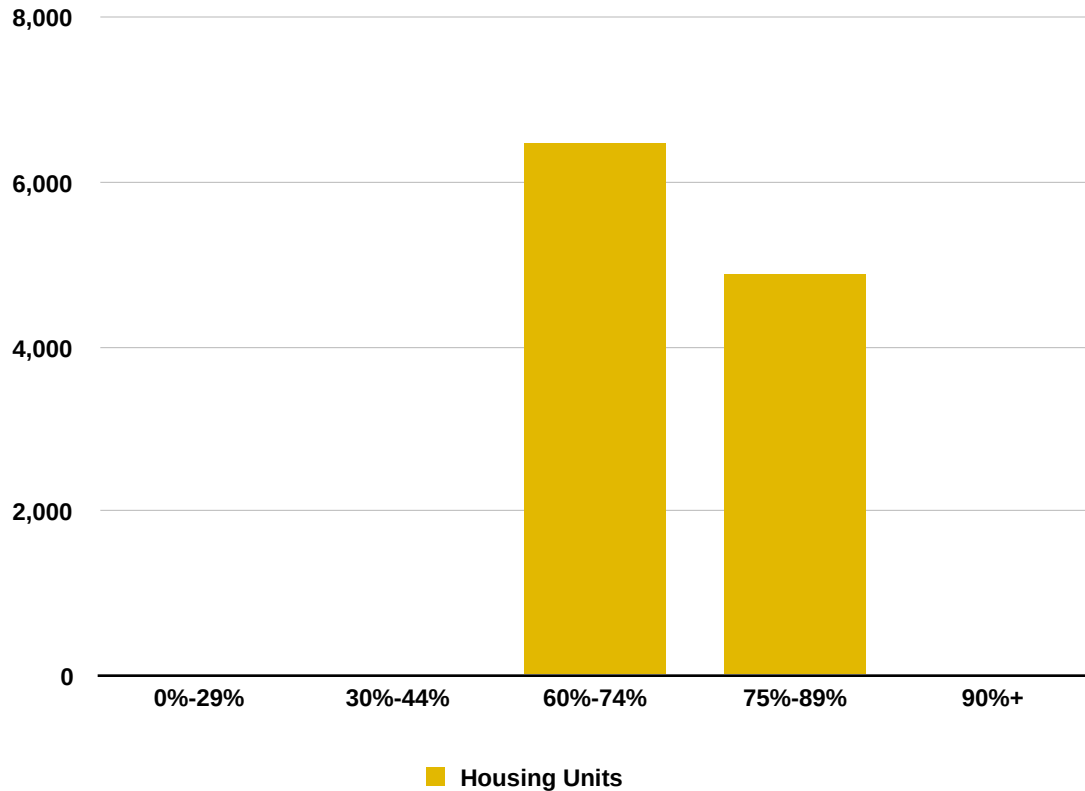


Figure 2.9 – Morgan Hill household broadband adoption rate by census tract.

The two metrics differ in that the adoption rate factors in broadband availability, while the penetration rate simply expresses broadband use as a percentage of overall population. Because broadband service of one kind or another is available to virtually every household in Morgan Hill, the two metrics are identical and this report will use the adoption figures for comparison.

Service providers consider this kind of customer data to be proprietary, and as a result the FCC and CPUC treat it confidentially. Exact figures for cities, or census tracts or blocks are not released. Other than state and county-level summaries, the only data published is an indication of which of six broad percentage ranges the adoption rate in any given census tract falls into. Even this scant information is suppressed when there are fewer than three service providers reporting customer data in a census tract, in order to preserve confidentiality.

The CPUC provided adoption data for eight census tracts that include a significant number of homes within the Morgan Hill city limits, and suppressed data for one. One census tract with an insignificant

number of homes in Morgan Hill (4 homes) was disregarded, as were two census tracts with zero homes within Morgan Hill.

There are 11,360 homes within the Morgan Hill city limits and within the eight census tracts for which data was provided. Of those, 57% (6,470 homes) are reported to have household broadband adoption rates within a range of 60% to 74%, and 43% (4,890 homes) fall within a 75% to 89% range. None of the significant census tracts in Morgan Hill for which data was provided have adoption rates of 59% or less, or 90% or higher.

By comparison, the California statewide adoption rate is 74%, Santa Clara County's is 81% and San Benito County's is 65%. In other words, the statewide rate is roughly at the center of the range and distribution of adoption rates within Morgan Hill, while approximately two-fifths of homes fall are in the same range as Santa Clara County overall and three-fifth of homes are in the same range as San Benito County overall.

2.7. Business and consumer perceptions

Tellus Venture Associates conducted primary market research to find out what residents and business people think about the broadband service and infrastructure that is available in Morgan Hill. A workshop was held for local businesses on 20 November 2015, and online surveys were conducted: one for local businesses in February 2016 and one for residents in March 2016.

Workshop

Ten people from Morgan Hill businesses and local government attended, representing:

- Anristu Americas
- Robinson Technologies
- Smith Commercial Management
- Leal Vineyards
- Morgan Hill City Government

Two representatives from Charter Communications were also present but, consistent with sound market research methodology and as required by Tellus Venture Associates, observed anonymously and did not participate.

All companies represented have contracts with at least two broadband providers, including:

- Charter
- Exceed
- Verizon
- South Valley Internet
- AT&T Uverse
- Level 3

- BCN Networks
- NTT Etheric

Each company stated multiple times that they needed the redundancy because of a long history of re-occurring system reliability issues. They also expressed frustration regarding inadequate throughput and latency, and that none of the available broadband systems meet their current needs at an affordable price. Several participants detailed problems they had with their respective service providers regarding outages.

Each company has experienced significant growth over the past three years and they all expect this trend to continue in the foreseeable future. Each company stated that a major obstacle to realizing and sustaining that growth is the ability of the current broadband systems to meet data system needs at an affordable rate. Currently they are paying anywhere from \$1,200 to \$10,000 per month for services they do not find satisfactory, with the exception of one participant.

When asked to rate the level of satisfaction for their current broadband services in terms of: 1. overall reliability and 2. quality of service (i.e. throughput and latency) on a scale of 1 to 5 with 5 being excellent and 1 being very poor, each company gave a rating of 1 for each metric for their respective service provider, with the exception of one company which gave a 4 rating.

Major issues with current broadband service and providers include:

- System throughput and latency.
- System reliability.
- Extremely poor customer service, especially technical support.
- Length of time required to upgrade current service/system.
- Current pricing models, which are not a sustainable business model that facilitates growth and long term partnership.
- Limited system footprint, which does not support employees working remotely.

Business survey

There were 53 survey respondents, representing an 8.5% sample size, which is a statistically sound sample. Generally, any sample greater than 5% of total population is statistically relevant in analysis projections. However, because this survey was conducted online and the respondents were self-selected, the statistical validity of the results is open to question, and the data gathered should be considered qualitatively, rather than strictly quantitatively.

- 81% of respondents currently purchase Internet service for their business.
- 96% of the responding businesses have Internet access.
- 62% of the businesses responding allow telecommuting,
- Roughly one half purchase cellular (54%) and/or fixed line phone service (47%).

There does not appear to be a dominant trend among the respondents with regard to how these services are purchased, about one-third each purchase these services as a bundled package, separately or some combination:

- 27% - All my services are bundled
- 35% - All services are obtained through separate providers
- 33% - Some services are bundled, some are sold separately

Nearly one half of the respondents (47%) currently contract with Verizon for their broadband services, followed by Charter (40%). AT&T Uverse and South Valley Internet are currently used by 10% of the respondents as their primary broadband carrier.

- 31% of the respondents use DSL as their primary Internet connection.
- 18% use T-1 lines or similar (1960s vintage digital transmission technology using telephone lines).
- 13% use cable modem service.
- 13% use fixed wireless service.

When asked how important Internet access is:

- 88% of respondents said it is very or somewhat important in their ability to achieve strategic goals (68% very important).
- 80% said it was very or somewhat important in their ability to stay competitive (66% very important).
- 62% stated that it is very or somewhat important when deciding where to locate existing or future facilities (44% very important).

Nearly one-half (48%) do not have a backup or secondary connection, and of those who do have a secondary service, 14% use wireless and 7% rely on cable.

- 93% of respondents stated that the reliability of connection is the most important aspect of their businesses Internet service. Only 20% of those businesses are very satisfied with the current level of reliability, whereas 40% are somewhat/not at all satisfied with the current reliability of their Internet service.
- 80% responded that the speed of connection was very important while only 24% responded that they are very satisfied with current internet speed versus 42% stating that they are not at all or only somewhat satisfied with current internet speed.
- Technical support was identified as the 3rd most important service attribute (71%). Only 17% were very satisfied with their current level of tech support.

Each of these key metrics indicate a need for the current providers to substantially improve current systems and services.

In terms of value, 60% stated that the price of services was either very or somewhat important, only 11% are currently very satisfied with the price of services, 28% are neither satisfied or unsatisfied with current prices of services. This result is noteworthy. In our experience if only 10% to 15% of a customer base feels that they are getting good value for services it is a key indicator that most would likely switch providers if any were available.

Type of businesses responding:

- 15% of the respondents represented the Professional, Scientific & Technical Industries.
- 12% from the Finance, Insurance and Real Estate Community
- 11% from the Retail Sector
- 38% of the responding businesses have had a presents in Morgan Hill for more the 20 years.
- 31% between 1-5 years, and of that 31%, 17% have been in Morgan Hill less than 2 years.
- 51% have 5 or fewer employees
- 21% have between 6 and 20 employees

Consumer survey

There were 510 survey respondents, representing a 4.2% sample size. Because this survey was conducted online and the respondents were self-selected, the statistical validity of the results is open to question, and the data gathered should be considered qualitatively, rather than strictly quantitatively.

- 99% of respondents have internet access at their home.
- 98% of respondents currently purchase Internet for their home.
- 93% of respondents purchase cellular/mobile telephone service.
- 85% of the responding households purchase either cable or satellite television.

There does not appear to be a dominant trend among the respondents with regard to how these services are purchased:

- 5% - All my services are bundled
- 42% - All services are obtained through separate providers
- 48% - Some services are bundled, some are sold separately

More than half of the respondents (67%) currently use cable as their primary Internet connection, followed by DSL (14%) and Wireless (10%).

Only 30% of respondents reported that their current Internet speed was fast enough for their needs. Given that 65% of respondents say their employers allow telecommuting, it was surprising that only 24% considered the availability of Internet services prior to purchasing or renting a home.

Reliability of connection was very important to 93%, yet only 15% reported being very satisfied with current reliability. It is alarming that 38% reported being either not at all satisfied or only somewhat satisfied.

86% said that speed of connection (including latency and throughput) was very important to 86% of respondents but, again, only 15% reported being very satisfied with the speed of their current Internet service, whereas 38% reported being either not at all satisfied or only somewhat satisfied. Similarly, 64% of the respondents said that the cost of services was very important and only 24% reported being very satisfied or somewhat satisfied with the price they were paying.

The minimum acceptable upload speed for Internet service was 6 Mbps or higher or higher for 84% of respondents:

Table 2.7 - Minimum acceptable upload speed for Internet service

1.5 Mbps or less	2%
3 Mbps	14%
6 Mbps	25%
10 Mbps	31%
25 Mbps or greater	28%

The minimum acceptable download speed for Internet was 10 Mbps or greater for 81% of respondents.

Table 2.8 - Minimum acceptable download speed for Internet service

1.5 Mbps or less	1%
3 Mbps	6%
6 Mbps	12%
10 Mbps	25%
25 Mbps or greater	56%

Our overall conclusion is that residential and business Internet customers in Morgan Hill are not satisfied with their current service and are not receiving a perceived good value.

2.8. Conclusions

The broadband availability data reported by Verizon (for the system now owned by Frontier Communications), Charter Communications, AT&T, Level 3 and TW Telecom and the results from primary market research conducted for this analysis paints a clear and consistent picture: broadband infrastructure and service in Morgan Hill is significantly poorer than the Californian and Bay Area average. The broadband adoption rate is generally lower than for Santa Clara County residents overall, however it is in line with the statewide average.

Frontier's system in Morgan Hill has not been maintained at the level and upgraded to the extent that AT&T's wireline systems have been in the Bay Area. It relies on older generations of technology and a legacy copper line network that has not been supplemented with high capacity distribution fiber or reconfigured to provide even levels of availability throughout the city, to the same degree as networks in comparable cities to the north.

The predominance of commercial and industrial areas in the census blocks where Frontier offers no broadband service, and the generally lower level of service offered in the commercial and industrial areas it does serve indicates that the previous owner, Verizon, gave scant consideration to providing the commercial and industrial classes of broadband services that businesses rely on now, much less an ever increasing demand for bandwidth in the future.

Charter Communications does a better job of providing high speed broadband connectivity to residents and businesses, but it also falls short of meeting common industry standards. Although its advertised service levels in Morgan Hill are the same as it offers in most of the other California cities it serves, those service levels are significantly below that of its peers in the cable industry. Particularly, its advertised 5 Mbps upload speed is only a quarter of that offered in California by Comcast, Cox and, for the most part, Time Warner, which indicates that it is severely constrained by the condition of its network, the degree to which it has deployed upgraded technology and/or the resources – such as wholesale Internet bandwidth – it provides to its network. This upload speed also falls below a level considered to be adequate by 84% of Morgan Hill consumer respondents to the online survey described above.

Secondary companies – Level 3 and TW Telecom – have moved in to fill some of the gaps left by the primary providers with more specialized services, including via direct fiber optic network connections to end users. Major fiber network operators also provide connectivity in Morgan Hill on a wholesale basis.

Mobile broadband coverage is generally poorer in Morgan Hill than in areas to the north, but the level of service experienced by users will vary depending on the carrier, location and the number of users accessing service at the same time. Internet service is also offered in some locations from fixed wireless system operators, but little reliable information is available regarding actual coverage, availability and true service levels.

There is a sharp divide between the broadband service and infrastructure in residential areas, and that found in commercial and industrial areas. Although Frontier's service levels fail to meet the CPUC's minimum standard of 1.5 Mbps upload speeds anywhere in Morgan Hill, it meets or exceeds the minimum download standard of 6 Mbps in 72% of residential census blocks it serves. By comparison, it only meets the CPUC's download minimum in 61% of non-residential census blocks. Its highest tier of service – 15 Mbps download speeds – is available in 39% of residential census blocks, but only 13% of non-residential ones.

Charter's service reports indicate a more even distribution of broadband availability across residential and non-residential areas, meeting both the CPUC's 6 Mbps download/1.5 Mbps upload standard and

the Federal Communication Commission’s higher standard of 25 Mbps download and 3 Mbps upload speeds for “advanced services”. However, that claim does not match the experience of Morgan Hill business people participating in the workshop and online survey described above. Participants reported unavailability of service from Charter, delays in installing service, and unreliable levels of service.

Although one company (Level 3, reporting as two separate service providers, Level 3 and TW Telecom) offers faster connections to a limited number of business customers, the responses from the survey and workshop indicates that this service is very expensive. The reported speed levels and technology employed for 12 of the 14 census blocks where Level 3 offers service indicates it is based on older and limited facilities.

The low level of residential broadband service in Morgan Hill, relative to other Bay Area and Silicon Valley communities, creates a competitive economic disadvantage for both the real estate market and for individuals who operate home-based businesses or have the option, but not the ability, to telecommute to jobs elsewhere. The inability of Morgan Hill residents to enjoy the same level of social, entertainment and recreational benefits as people living in the greater Bay Area results in a lower quality of life as well. The even lower level of commercial and industrial broadband service and infrastructure is a barrier to companies that might wish to locate or expand in Morgan Hill, and is a motivating factor for existing businesses that might consider moving elsewhere.

However, Morgan Hill is not isolated. The inter-city (middle mile) fiber routes that run along the railroad right of way and on city streets provide the essential connectivity that would make it possible for incumbent carriers to upgrade their networks or for new service providers to locate in Morgan Hill. This middle mile connectivity is a necessary resource. Many communities do not have access to this sort of resource, but Morgan Hill does and should make the most of it.

Morgan Hill’s future economic growth and living standards will be constrained or even degraded by its legacy broadband infrastructure and the substandard levels of broadband service it supports. The planning and policy analysis sections that follow offer both near term and long recommendations for addressing this problem. Solutions will necessarily involve the current incumbents, Frontier and Charter, but the capital and operational constraints both companies face, as a result of recent transactions and otherwise, will require the involvement of other service providers as well.

3. Broadband infrastructure planning

Morgan Hill, like other California cities, has no direct role in regulating Internet service providers. However, the City can implement policies that help or hinder broadband infrastructure development and competition. Options include managing the use of city-owned facilities by Internet service providers, setting policy for shared use of public right of ways, becoming directly involved in developing broadband infrastructure and directly providing services, with or without private sector partners. Policy initiatives that encourage broadband infrastructure development can have a significant impact on the availability of service and facilities. Cities have attracted private, competitive broadband service providers by lowering barriers to entry and leveraging existing city infrastructure and budgets.

3.1. Types of infrastructure

Broadband infrastructure generally breaks down into two categories – middle and last mile – and supports four different types of service: consumer, commercial and industrial classes, and mobile.

Last mile infrastructure is used to deliver broadband service directly to customers from a central office or other distribution point operated by telephone, cable, mobile and other telecommunications companies. It is the type of infrastructure most commonly seen in Morgan Hill and, as described above, variations in its quality and capacity result in different service levels in different areas of the city. In Morgan Hill, these last mile facilities primarily consist of older generation telephone lines (Frontier), coaxial cables (Charter Communications) and cellular wireless sites, plus some very limited access via fiber optic cables.

Middle mile infrastructure connects the central offices and distribution points to major data centers and Internet exchanges, and provides the high capacity, wholesale bandwidth that is distributed on a retail basis via last mile infrastructure. As with other types of utilities, middle and last mile infrastructure is also sometimes referred to as transmission and distribution facilities, respectively. The terms can be used interchangeably.

In most of Morgan Hill, consumer, commercial and industrial class service is delivered via wireline networks, although service is also available via fixed wireless technology on a more limited basis.

As discussed above, consumer-class Internet access is typically a shared resource, with many subscribers contending for the same bandwidth, and is subject to speed and volume limits as determined by the provider. This type of service often meets the needs of small and medium businesses, but not always. And it is generally inadequate for larger companies, which need commercial and industrial class broadband facilities.

It is much easier for broadband service providers to generate an acceptable return on investment in residential areas than in commercial or industrial ones, particularly densely populated urban and suburban neighborhoods. Standardized equipment can be used to provide a managed level of residential-class service, and each home can be offered a wide range of products including Internet

access, television programming and telephone service. It is a predictable business, and capital investments can be made with a reasonable degree of certainty.

“Commercial class” service is defined as being similar to residential service in that the provider takes effectively all responsibility for installing, maintaining and supporting the service. Speeds are similar (6 to 150 Mbps), but service levels, reliability, consistency and pricing are higher.

“Industrial class” service refers to situations where the customer plays a much greater role in building and supporting the service, including buying different elements from different vendors and managing installation and support. Speeds would be higher – perhaps as high as a gigabit per second or more – and quality of service levels could be as high as found in top tier Internet exchanges. Large industrial customers frequently buy services directly from middle mile providers. DS-3⁷ circuits or dark fiber strands are examples of industrial class services that are available in Morgan Hill, although it is the older, copper wire-based services, such as DS-3 circuits, which predominate.

Industrial and commercial customers are more diverse and less predictable than residential subscribers. One business might need gigabit speeds at the highest quality-of-service levels, while the one next door is content with a standard, relatively slow DSL connection. As a result, incumbent carriers tend to approach commercial and industrial customers on a case by case basis or be extremely selective in choosing which neighborhoods and business districts to upgrade. They do not prospectively build high speed infrastructure. Businesses seeking higher grade service are frequently presented with installation estimates in the thousands and tens of thousands of dollars range.

The experience of other cities, particularly those in the Bay Area, shows that relatively small-scale efforts can result in significant improvements in commercial and industrial class broadband infrastructure by reducing the risk for private telecommunications companies. These steps have included streamlining permitting procedures, directing redevelopment funds towards broadband projects and other measures.

Mobile broadband infrastructure supports yet another type of service. It is differentiated from fixed services and infrastructure – consumer, commercial or industrial – in that it is accessible over a wide area, rather than in a specific place. Because it relies on limited radio frequency spectrum, mobile service has less overall capacity than service based on modern wireline technology and is more expensive to purchase, on a cost per megabyte basis. Although carriers will often make claims to the contrary, mobile service is not a generally acceptable substitute for wireline service, either in terms of service levels or cost. However, it is regarded as equally essential. The Federal Communications Commission’s *2016 Broadband Progress Report*⁸ defined this distinction:

⁷ “DS-3” is one of several standard types of data connections, originally developed for use by telephone companies. It refers to a copper wire-based circuit that can support speeds of approximately 45 Mbps.

⁸ *Broadband Progress Report 2016*, Federal Communications Commission 28 January 2016, In the Matter of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act.

Consumers have advanced telecommunications capability only to the extent that they have access to both fixed and mobile broadband service. As they currently exist, fixed and mobile broadband services are not functional substitutes for one another, as some commenters suggest. Rather, as many commenters recognize, in today's society, fixed and mobile broadband are both critically important services that provide different and complementary capabilities, and are tailored to serve different consumer needs...

It is true that, at a high level of generality, both services provide consumers with broadband Internet access service. As we have explained, however, significant differences in service capability and pricing prevent fixed and mobile broadband from being adequate substitutes for one another. Although fixed and mobile broadband sometimes provide overlapping functionality, this does not compel the conclusion that the two services are interchangeable for purposes of our Inquiry. Indeed, Americans with access to only one type of service are often unable to take advantage of the full range of functionality offered by advanced telecommunications capability.

Cellular wireless sites are last mile facilities and rely on the same middle mile fiber optic networks as wireline systems.

3.2. Land use considerations

Implications for Future Development

The Morgan Hill land use alternatives evaluated in 2014 include four primary types of land use – single-family housing, multi-family housing, commercial and industrial – each of which have particular implications for broadband policy. All four, however, share the same need for core infrastructure.

Single-Family Housing

If a residential project is in the thousands of homes range, it might be practical for a developer or home owners' association to bring in a competitive telecommunications company as a primary Internet (or cable or telephone) service provider. In a gated community, the threshold might drop to hundreds, or even dozens, of homes because rules for providing television service are different when the public right of way is not involved. If residents agree to buy services in bulk – i.e., all residents subscribe to a base level of service, which might or might not include Internet service – then a broadband provider will be able to amortize construction costs over fewer homes.

Smaller last mile projects in residential developments will almost always rely on incumbents, which in Morgan Hill are Frontier and Charter. It is becoming common practice for new homes to include pre-wired data networks, but there is no single, industry standard for doing so, or for providing open access to existing or potential competitive networks. The City can play a role in setting these standards for new construction (and for major remodeling projects). The greater the degree of standardization and open access, the easier it is for prospective last mile competitors to enter the market and offer residents additional choices.

Multi-Family Housing

The same considerations apply as with single-family housing, with one major difference. Landlords and homeowner associations play a gatekeeper role and, up to a point, can control which broadband service providers can gain access to a property. In some cases, this control poses a barrier – e.g., landlords can prevent or refuse to pay for upgrades – but in other cases it can be an opportunity. Even a small multi-tenant property could be attractive to a competitive provider, due to the low cost per customer to build and maintain facilities, and the potential for bulk purchases of service, by landlords or homeowner/tenant groups. Google Fiber is following this model in San Francisco.

Commercial

Office and retail properties—particularly those with a large number of tenants—are attractive to incumbent and competitive service providers alike, particularly when some or all of the construction costs for broadband facilities are borne by property owners. However, without access to core infrastructure, competitive providers operate at a severe disadvantage. Municipal conduit and dark fiber facilities, along with policies that require lateral connections to new construction, can level the playing field.

Industrial

Companies and institutions will often prefer to work directly with the raw materials of broadband: dark fiber, electronic equipment, and direct connections to major Internet exchanges. Although organizations with large-scale bandwidth needs are often willing to invest in on-site upgrades, site selectors will bypass locations that lack access to this core infrastructure.

3.3. Municipal resources

City facilities that can support broadband development fall into two general categories: conduit and pole routes, and real estate.

Pole routes

Most California cities, including the City of Morgan Hill, do not own pole routes. The exceptions are cities that also operate municipal electric utilities, such as Alameda, Santa Clara and Palo Alto. Not coincidentally, these three cities were the first in the San Francisco Bay Area to embark on large scale, municipal broadband projects.

Conduit

According to the Public Works department, the City of Morgan Hill does not own a significant amount of broadband-capable conduit. Some conduit has been installed for traffic signal management purposes, but it is not designed to support interconnection of facilities over a significant footprint. The City also

apparently owns, by default, some abandoned conduit in various, scattered locations. This abandoned conduit has not been mapped or evaluated for re-use potential, and at this point appears to be irrelevant for broadband planning purposes.

Most cities in California similarly lack municipal conduit assets that are relevant to broadband planning. However, many do own significant conduit routes, particularly interconnect conduit used to manage traffic signal networks. Because traffic signals tend to be installed on busy streets in commercial areas, the conduit routes that serve them are usually well suited to support business-oriented broadband service and middle mile facilities. The City of San Leandro was the first in the Bay Area to make large scale use of traffic signal conduit for this purpose.

Other types of municipal conduit include empty conduit installed on a prospective basis – the Cities of Brentwood and Watsonville are examples – as well as conduit specifically designed to support internal city data networks and street light systems. Conduit installed for IT network purposes can be useful, but is usually more limited in scope than traffic signal systems. Electrical conduit installed for street light purposes is usually not well suited for broadband systems because of differences in the way electrical distribution networks are designed and maintained. The conduit used to deliver electricity to Morgan Hill's streetlights follow this pattern and appear to be designed to support relatively short connections to PG&E's distribution network. Using other city utility systems, such as sanitary and storm sewers, is likewise problematic.

Real estate

According to staff, the City of Morgan Hill is currently leasing space on city-owned water tanks to mobile broadband infrastructure companies, including Crown Castle, which owns and manages cellular wireless sites on behalf of mobile carriers. No other city-owned real estate assets were identified as being currently used by third-party broadband providers.

City-owned real estate – either vacant land or space inside buildings – can be used to house network electronics and data centers for fiber and other wireline projects. City buildings, street lights and other facilities can support public WiFi access points. Towers, tall structures and vacant land can be used for cellular sites and support facilities for wireline networks.

As discussed below, cities can use these resources to build municipally owned broadband infrastructure. Many different kinds of business arrangements can also be made with major incumbent providers and competitive independent companies, including swaps of service for access to facilities, partnerships and normal purchase agreements.

Agency IT budgets

Public agencies are usually among the biggest users of broadband service at the local level. Although there are restrictions on the use of services and facilities purchased with public funds, particularly those earmarked for educational purposes, public agencies can serve as anchor customers of new broadband

projects. Within limits, municipal information technology and telecommunications budgets can be directed in ways that support broadband development goals.

Although money allocated for educational networks cannot be used to subsidize municipal or public broadband service, it can be used to purchase service from competitive private or municipal service providers. For example, pre-purchase commitments made on behalf of U.C. Santa Cruz provided the critical initial revenue stream which made it possible for a private company, Sunesys LLC, to build a fiber line from Silicon Valley to Santa Cruz, and to successfully apply for state grant funds to build a second line from Santa Cruz to Soledad.

4. Broadband planning framework

4.1. Overview

The evaluation in Section 2 above reached several conclusions about the state of broadband infrastructure in Morgan Hill:

- Overall, primary last mile wireline infrastructure is generally below average in Morgan Hill, receiving a “D” grade, as opposed to the “C” and “C-” grades typically found to the north, in the greater Bay Area.
- The existing telephone network (now owned by Frontier Communications) was not upgraded to contemporary standards by Verizon.
- Charter Communications’ cable system supports higher broadband speeds but is less capable than systems operated by other major cable companies in California.
- Mobile broadband availability varies by carrier and location, and is often poorer than the service that is available in the greater Bay Area.
- There is a significant last mile infrastructure deficit in commercial and industrial areas, across all primary and secondary service providers.
- Competitive middle mile connectivity to major Internet exchanges is available and appears to be sufficient to support significant last mile upgrades.

There are a number of alternatives for addressing these deficiencies. As discussed in the policy section below, the City of Morgan Hill has no direct regulatory influence over telecommunications service and, where broadband service is concerned, few, if any, regulatory avenues to pursue at the state or federal level. Instead, the tools available are limited to persuasion, coordination, direct or indirect broadband initiatives, and policy that promotes or impedes broadband infrastructure development.

The City has several options for encouraging the development of core broadband infrastructure. It can do nothing and allow the incumbent service providers, working with property developers, to install telecommunications facilities that can only be accessed on their terms, as is generally the case in Morgan Hill today. The City might also establish requirements for installing fiber and conduit in new developments and, up to a point, mandate some level of access by competitive carriers. Or the City can take a more proactive role, ranging from installing its own conduit any time trenches are dug, to building out a dark fiber network, possibly extending to developed properties as well. This core infrastructure would also include connections to regional fiber networks, for greater utility and lower cost.

In general, the choices can be summed up as:

1. Set higher standards for broadband infrastructure in new residential and commercial developments.
2. Work cooperatively with Frontier, Charter and mobile carriers to identify policy barriers that could be removed or incentives that might be offered to encourage greater investment in their systems in Morgan Hill.
3. Evaluate options for creating a third, citywide broadband system, either as a municipal enterprise or through cooperation or partnership with a private, competitive provider.
4. Pursue targeted broadband projects, with or without private sector partners, that address specific last mile infrastructure and/or service deficits in commercial and industrial zones, and that improve local availability of existing middle mile resources.
5. Establish programs to 1. identify, construct and document broadband assets for future use and 2. create an ongoing role for the City as a coordinating body that aggregates information and complaints and provides it to state and federal regulators.

Broadband infrastructure initiatives (items 3 and 4 above) and related considerations follow; policy-based options (item 1, 2 and 5) are discussed in Section 5 below.

4.2. Initiative options

Similar to planning roads and water supplies, assessing alternatives for broadband infrastructure initiatives includes consideration of the immediate needs of existing companies as well as long term growth requirements for future commercial and industrial development, new businesses that might be relocated or started in Morgan Hill and new residential construction.

Even though existing broadband infrastructure is below average, the City of Morgan Hill is in a position to make targeted improvements and meet the increasing demand for low cost, high capacity, reliable broadband infrastructure and service from consumers as well as new and existing businesses.

These options include:

Survey, map and systematically track broadband assets. As far as is known, the City of Morgan Hill does not own any conduit that might be capable of supporting broadband initiatives. However, the City does not systematically track conduit or other broadband assets and there is some degree of uncertainty. Conducting an engineering survey of known or suspected conduit locations and routinely entering information about conduit and other assets into a GIS database will give the City the ability to pursue opportunities or plan initiatives using accurate and immediately available data. The City can also evaluate city owned real estate and related facilities to determine if it might be available or appropriate to a broadband development project.

Build the City's inventory of municipal broadband assets. Over time, the City can improve its negotiating position with incumbent service providers and increase its independent options through coordinated planning of 1. internal information technology needs, 2. public works and transportation

infrastructure construction and 3. conduit (and other broadband asset) development, via targeted projects or general policy implementation.

Develop a phased build out plan. Once the City has a systematic process for tracking current assets and coordinated plans for building its overall inventory, the next step is to prioritize areas with the greatest need and/or the least attention from incumbents – older business parks, for example – and identify specific projects that those assets could support, or alternatively projects that fill gaps in those assets.

Seek private sector partners. Many cities have issued general requests for proposals, seeking private sector partners who are willing to finance and implement projects that achieve municipal objectives. Generally, the more assets – money or broadband infrastructure – that are put on the table, the more likely an RFP will produce a useful result. Alternatively, cities have used other procedures, such as exclusive negotiating rights agreements or non-exclusive leases of public assets, to recruit willing private companies.

Assess the potential for using existing City funds. This option is likely to be limited in scope, but, for example, the City could be an anchor tenant on new infrastructure built by a private carrier. Even a small amount of guaranteed revenue at the beginning of a capital-intensive project can make a big difference in the attractiveness of the business model to investors.

Investigate mutual use agreements with VTA, Caltrain and other agencies. Transit and regional and state transportation agencies often include conduit and fiber optic facilities in new construction or major upgrades. Often, these projects are coordinated with cities, at least at a public works/transportation planning level. This coordination can and should include consideration of broadband development policies and priorities.

Establish a municipal dark fiber enterprise. See Appendix C for municipal broadband enterprise descriptions and examples. Table 4.1 summarizes significant examples.

Conduct a fiber-to-the-home feasibility study. The cost of building a full, fiber to the home system that serves every Morgan Hill home and business would be in the tens of millions of dollars range⁹, perhaps approaching the \$100 million point. A feasibility study can be used to assess such a project, from the point of view of operating it as a municipal enterprise as well as an opportunity to present to potential private sector partners (see Appendix C below). Table 4.1 summarizes significant examples.

4.3. Requests for proposals

California cities have used a number of different strategies to solicit interest in infrastructure partnerships, conduit leases and other broadband initiatives. Some examples are:

Benicia - The city targeted a specific industrial area, put \$750,000 on the table and asked companies to bid to build a system that would provide service to the area. Several proposals were received and the

⁹ *Financial analysis of user-financed residential broadband service in Palo Alto*, Tellus Venture Associates, June 2012.

city is in the final stages of negotiating a contract with one of the proposers. The advantage is that the city gets the economic development boost it wants at a defined cost and no additional risk or operational involvement.

Los Angeles - The city put some assets – mostly existing middle mile fiber – on the table, offered good will efforts to obtain other assets, such as pole routes that the city also owns, and asked for what amounts to a full fiber to the home system. Advantage is that it focuses attention on the city's goal of improving broadband access for all residents. Downside, so far, is that there's been no tangible result.

Salinas - The city put its conduit on the table (but no money) and asked companies for proposals to build out a broadband network in two targeted areas: downtown and a mostly greenfield area that's designated as an agricultural technology corridor. The RFP is still in process. The intended advantage is that the city will encourage economic development in two depressed areas and improve the city's overall infrastructure, and perhaps gain the benefit of better a better internal IT network, without incurring significant costs.

Watsonville - The city stitched 3 miles of existing conduit and fiber together with a mile of new conduit. It built, owns and operates the system. It was done as a standard public works build-to-spec bid (not a formal RFP), and the city went with the low bidder. The system was built with the intention of using it as a replacement for the INET formerly provided by Charter Communications. It serves that purpose now and the city is in the process of developing a standard rate card for leasing out surplus capacity to ISPs. Advantage is that the city has complete control over the network with guaranteed completion, and a much lower cost of operation for its IT infrastructure. Disadvantage is that the city pays the full construction cost (~\$300,000) and ongoing operating expense (and responsibility).

Inyo County - The county asked for someone to both build a fiber to the home network and find the money to do it. Nothing substantial was on the table. Only two responses came back. One was from a construction company that basically said "if you give us enough money we'll build it for you". The other was from a reputable fiber company that offered to look for grant funding. Nothing has come of it yet, and it doesn't appear anything will. Advantage is zero risk. Disadvantage, to date, is zero gain.

Seattle - An RFP to lease out a short section (~200 feet) of city-owned conduit was issued. Advantage is the city gains revenue, and some economic development benefit. Disadvantage is that it's limited.

San Leandro - An exclusive negotiating rights agreement (ENRA) was entered into with a major local company, OSI Soft, to build a fiber enterprise called Lit San Leandro. No public RFP was published; the ENRA was in response to an offer made by a local company for use of city-owned conduit. A similar process was used in the City of Brentwood and the City of Santa Cruz. The advantage is that the city can quickly take advantage of a firm offer made by an interested party, and have greater control over the negotiating process. The disadvantage is that it requires an interested party at the beginning.

San Luis Obispo - An RFP to lease out two miles of city-owned conduit was issued. Similar to Seattle, but for a longer distance.

City of Morgan Hill 2035 General Plan – Telecommunications Infrastructure

Table 4.1 Municipal broadband enterprises

City	Business model	Markets Served					Financial notes
		Business	Industrial	Public uses	Amenity WiFi	Homes	
Alameda	Formerly public, now private.	•		•		•	Funded by revenue bonds, bondholders lost when system was sold at 50% of value.
Austin, TX	Google Fiber, private.	•	?	•		•	No direct city investment, provided concessions regarding access to city assets, permits.
Benicia	Private with public funding.	•	•				Under development, funded by transportation grant
Brentwood	Conduit is developer funded; private operator.	•	?	•		•	Conduit deeded to city required in new construction. City leases conduit to 3rd party provider.
Kansas City	Google Fiber, private.	•	?	•		•	No direct city investment, provided concessions regarding access to city assets, permits.
Loma Linda	Conduit is developer-funded; city owns & operates system.	•	•	•		•	Conduit required in new & major remodel construction. Service is optional & fee-based.
Lompoc	City owned & operated, WiFi only.			•	•	•	WiFi-only system, funded by 10 year lease-back and subsidized by utility department.
Pacific Grove	Private, city funding undefined.	•		•		•	Either city or private provider will have to pay fee to company that funds/builds.
Palo Alto	City owned & operated, funded via electric utility. Dark fiber only.	•	•	•	•		\$2+ million surplus/year, initially funded as electric infrastructure, now self supporting.
Provo, Utah	Built via city utility revenue bonds; sold to Google for \$2.	•	?	•		•	Ratepayers still paying off electric revenue bond obligations incurred to build network.
San Francisco	CCSF owned; operated as an ad hoc service; built via IT budget		•	•			City conduit and fiber originally installed for public purposes; funded out of agency budgets.
San Leandro	City traffic signal conduit leased to local company.	•	•	•	•		Extension funded by EDA grant. City will receive revenue in future years.
Santa Clara	City owned & operated, funded via electric utility. Dark fiber only.	•	•	•	•		\$500K surplus/year, initially funded as electric infrastructure, now self supporting.
Santa Cruz	City funded, leased by private operator	•	?	•		•	City responsible for any lease payment shortfall or default.
Santa Monica	City owned & operated "lit service": system built with IT budget funds.	•	•	•	•		Revenue appears to be at or above break even level.
Seattle	City conduit lease via RFP.		•				Limited conduit revenue only, no larger network built.
Watsonville	City owned fiber; run as ad hoc service; built via IT, public works budget.		•	•			Saved the City \$150,000/year in telecoms costs, now generating revenue.

5. Policy options

Federal and State laws have largely preempted the ability of local government to regulate or manage telecommunications service providers. Cities may, however, adopt policies that encourage competition and put more choices in the hands of residents and businesses.

There are already many sections within the City's municipal code that have an impact on telecommunications facilities planning, policy and deployment. Provisions concerning encroachments, excavations, underground utility districts, towers, and zoning criteria are directly relevant to the construction and maintenance of new telecommunications facilities.

Appropriately, most of these provisions relate generally to utilities and are not specific to telecommunications planning. In some cases the language is restrictive (e.g., Chapter 15.08.070) and could exclude telecommunications facilities that are not built or owned by organizations that are regulated by the CPUC or FCC. In other cases (e.g., Chapter 12.12.010.E) definitions are broader, allowing for a greater variety of solutions. While useful, these provisions do not deal comprehensively with the issues, opportunities, and constraints involved in planning and deploying telecommunications facilities. Proactive measures, such as open trench notification requirements, are also generally lacking in Morgan Hill.

The code does contain language regarding municipal cable television franchises as well as provisions relating to newer statewide franchises. This language should be evaluated to ensure that, on the one hand, it does not inhibit the development of new infrastructure and, on the other, does not prevent the City from exercising appropriate oversight or proactively pursuing development of telecommunications projects.

As Morgan Hill 2035 General Plan moves forward, the City of Morgan Hill may choose to investigate the possibility of adopting a range of new policies that directly target broadband infrastructure development and broadband service availability.

5.1. Planning

- 5.1.1. **Develop a long term broadband infrastructure roadmap.** *Taking into account existing resources, City networking needs, economic and social development objectives and private sector investment plans, draft specific objectives for high speed network expansion into commercial and residential areas.*
- 5.1.2. **Solicit implementable ideas for upgrading Morgan Hill's broadband infrastructure.** *Hold informal staff discussions with local Internet service providers and provide notice to all interested parties of the City's goal of supporting equitable fiber optic network expansion.*
- 5.1.3. **Broadband Master Plan.** *Develop and maintain a Broadband Master Plan for prioritizing connectivity needs in future years, with an emphasis on delivering high bandwidth services to Morgan Hill's industrial and commercial land use districts and*

community anchor organizations (education, public services, public safety, and health care).

The benefits to a community of modern, high-speed broadband infrastructure generally break out into three categories: sustainable economic development, improved quality of life and greater social equity.

Technology forms the backbone of the local and regional economy, and will continue to do so in the future. As technology spreads through more aspects of everyday lives, tremendous opportunities arise to creatively and carefully use technology to shape the community. Technological innovation can help the City in many ways. It can facilitate citizen interaction with each other and government; company services to customers; and City services to visitors; and it can provide ways to showcase Morgan Hill’s commitment to a sustainable environment.

Electronic services in particular (cable television, telephone, satellite, computer networking technologies, internet, radio, and other such services) create greater accessibility to and exchange of information, impact the ways people communicate, and create job opportunities. Enhancing and improving access to these resources will have a profound effect on the quality of daily life and work. Toward improving both, the City can examine and respond to the possibilities and challenges offered by—and the implications of—technological advances and opportunities.

5.2. Dig Once

Cities retain the ability to establish reasonable conditions and procedures for utility companies, including telecommunications carriers, to do construction work in the public right of way. There are many different approaches, but in general most street cut management – also known as “dig once” – policies intended to promote broadband fall into three categories: “open trench”, “shadow conduit” and construction standards.

- 5.2.1. **Open Trench.** *Require and provide a process for notification and information about all major infrastructure and construction projects, including transportation projects and new residential subdivisions, to a shared data base so that broadband and other utility providers have the opportunity to coordinate infrastructure deployment with projects.*

Open trench policies require some degree of advance notice of any digging that’s done in streets, sidewalks or other public places. This notice goes to other utilities that might be interested in installing facilities in that location or local agencies or both. If another utility wants to take advantage of the opportunity presented by the work, cost sharing arrangements can be negotiated or specified by policy. San Francisco, Santa Cruz and Berkeley have such policies.

Santa Cruz routinely sends out notifications of encroachment permit applications to utilities and other interested providers. Berkeley mandates participation in “city-sponsored utility coordination meetings” involving other utility companies, and requires companies to submit “general information regarding any Facilities that the Company plans to apply for permits to install within the [public right of way] in the next six (6) months, regardless of whether a permit is currently sought for those Facilities”.

The City can also be a participant in the open trench process, either an installer of last resort (5.2.7 below) or as part of planned process for meeting internal networking needs (5.2.5 below).

- 5.2.2. **Conduit Specifications.** *Adopt standard specifications for placement and construction of conduit, applicable to both planned work in the public right of way and prospective installation of spare (or “shadow” conduit).*

Although the City generally does not have the authority to review proposed telecommunications projects on the basis of capacity or network design, it can create a preference for a minimum set of specifications. It can also establish standard specifications for conduit it installs, either for specific projects or on a prospective basis, and for conduit installed pursuant to building standards imposed on new development or major remodelling projects.

The City and County of San Francisco has developed standard conduit specifications for its own installations, and a similar effort is underway in San Benito, Santa Cruz and Monterey counties. Likewise, Caltrans may adopt standard conduit specifications if a pending bill (AB 1549) receives final approval from the governor.

- 5.2.3. **Conduit Standards.** *Require spare, city-owned broadband conduit within joint utility trenches in new developments or major remodelling projects.*
- 5.2.4. **Lateral Connection Standards.** *Require spare, lateral broadband conduit to all structures within new developments or major remodelling projects.*

Requirements for installation of empty, fiber-ready conduit can be imposed on new construction and major remodelling projects. This conduit should, as a minimum, comply with the specifications developed in 5.2.2 above. Ownership of the conduit can be passed to the city, as in Brentwood, or remain with the property owner with the requirement it be connected to a municipal network, as in Loma Linda.

- 5.2.5. **Shadow Conduit - Public Works.** *Require installation of city-owned broadband conduit as a part of any suitable city public works project, including public buildings and all transportation projects.*
- 5.2.6. **Shadow Conduit - Undergrounding.** *Incorporate routine placement of spare, city-owned broadband conduit into utility undergrounding programs.*

- 5.2.7. **Shadow Conduit - Excavations.** *Include evaluation of need to install city-owned broadband conduit in review of any work or permit involving excavation in the public right of way and establishes process for requiring such installation.*

Shadow conduit policies build on the opportunity presented by open trench notifications. Cities can make it a routine practice to install empty conduit prospectively any time a suitable trench is available. Typical cost estimates are in the one dollar per foot range. Shadow conduit placement can be done according to a predetermined broadband infrastructure construction plan, or routinely in any suitable location. The risk is that the conduit would never be used; the benefit is that if even a small fraction of the installed conduit is eventually used, the cost savings and/or revenue it would generate would offset the additional installation cost.

Watsonville, Salinas and Santa Cruz have all adopted shadow conduit policies. Watsonville built a cross-city fiber network which included previously installed conduit and Salinas is currently pursuing a downtown fiber network using its shadow conduit.

- 5.2.8. **Excavation Moratorium.** *Establish a 5 year or more moratorium on excavations in the public right of way after completion of work conducted subsequent to an "open trench" notification process.*

Some jurisdictions require a moratorium – five years is common – on any other utility work being done in the public right of way following major street work after potentially interested parties have been given an opportunity to participate. This policy achieves two objectives. First, it minimizes wear and tear on streets – any time a cut is made in a street, its remaining useful life is reduced by 10% to 40%, depending on the circumstances. Second, it provides an incentive for telecommunications companies and other utilities to upgrade or build infrastructure sooner rather than later by setting a deadline for doing so and by offering an opportunity to share costs.

San Francisco has such a policy, as does Berkeley, which states that “a Company may not excavate any Street that has been reconstructed or resurfaced by the [Public Works] Department or at its direction in the preceding five-year period and shall participate in City efforts to coordinate excavation activities”¹⁰.

- 5.2.9. **Excess Capacity Utilization.** *Facilitate the use of existing conduit and other pathways by requiring encroachment permit applicants to demonstrate that alternatives do not exist, supported by City collection and coordination of information.*

To a certain extent, California law requires telecommunications carriers and other utilities to provide access to conduit and pole routes to other carriers. Cities can encourage and, to some degree, require this kind of cooperation.

¹⁰ Berkeley Municipal Code 16.10.080 C 4

Berkeley requires anyone who applies for a permit to install new conduit in the ground to first show that there is no existing conduit (or pathway) that can be used instead, including conduit owned by other companies or the city, “whenever sufficient Excess Capacity is available on commercially reasonable terms and conditions”. Berkeley’s ordinance also gives the city broad scope to inspect work¹¹ and related documents¹², and to consider the availability of existing conduit capacity in approving or denying a permit application¹³.

This requirement can also be used to encourage use of publicly-owned conduit and other resources. In order to be effective, however, sufficient information must be available to both the City and applicants. The asset management policies below are integral to this process.

- 5.2.10. **Establish a dedicated revenue account.** *This account would be funded through leases or rents of City property, including publicly owned conduit, for the purpose of communications infrastructure, and to be made available for construction and maintenance of public owned conduit.*
- 5.2.11. **Future Proofing.** *Encourage broadband providers to size underground and overhead facilities to accommodate future expansion, changes in technology, and where possible the facilities of other telecommunications and utility providers.*

Similar to shadow conduit policies, future proofing involves the installation of surplus conduits, ducts and pole space in anticipation of potential future need. Standard specifications can be included in building codes for new and major remodelled construction. For work done in the public of right of way, minimum sizes may be suggested, and encouraged by encroachment permit policies. For example, West Sacramento reduced encroachment permit fees for a conduit project in exchange for the inclusion of a spare, city-owned inner-duct within that conduit. The city subsequently leased out its inner-duct, recovered the initial cost and continued generating revenue.

Wireless facilities and supporting infrastructure, such as fiber optic networks, should also be planned with future needs in mind. The current trend is toward smaller cell areas and facility sizes, and this trend will accelerate as 5G standards are finalized and network upgrades begin.

¹¹ BMC 16.10.060 F

¹² BMC 16.10.080 G

¹³ BMC 16.10.060 B 4

5.3. Asset management

- 5.3.1. **Asset Inventory.** *Identify city-owned assets, including fiber, conduit, rights of way and towers, that can support broadband infrastructure deployment.*
- 5.3.2. **Open Access.** *Make public assets available to all providers on an open and non-exclusive basis, commensurate with adopted policies regarding public benefits.*
- 5.3.3. **Master Leases.** *Establish standard terms and conditions for the lease of City assets such as buildings, towers and land by telecommunications companies.*

Performing an initial inventory and systematically following up – e.g., routinely logging newly constructed or identified assets – and then publishing the information or making it available to telecommunications companies upon request maximizes the opportunities to put broadband-related assets to work. Setting standard lease terms and access policies reduces the time and effort necessary for telecommunications companies to take advantage of those assets, which in turn makes the city a more attractive location for infrastructure upgrades or expansion and reduces barriers to competition.

- 5.3.4. **Telecom Operations and Maintenance Matrix.** *Establish detailed delineation of responsibilities for operating and maintaining city-owned conduit, fiber and other assets, and any attachments or equipment/facilities placement by third parties.*

When a mix of public and private assets are involved in a broadband project, responsibilities and roles for operation, maintenance and ongoing capital investment must be clearly stated. San Leandro uses an operations and maintenance matrix to assign roles and define demarcation points for responsibilities.

- 5.3.5. **GIS Logging.** *Require routine entry of conduit and other broadband asset data into geographic information systems.*

An important adjunct to both open trench and shadow conduit policies is a requirement that all conduit installed by public agencies and, ideally, private utilities, be logged into the city's GIS database. Watsonville was able to build its own city-wide data network because it had taken care over the years to keep its records up to date. On the other hand, cities that have failed to do so often lose track of where municipal conduit has been installed.

Collecting detailed information about telecommunications infrastructure, making it available in a convenient and useful way, and requiring, to the extent possible, that telecommunications companies cooperate with each other levels the playing field for smaller companies that might want to build new facilities or offer upgraded service. It also gives the City a means of participating in the telecommunications marketplace.

- 5.3.6. **Digital Plans.** *Establish a requirement that plans and other information be submitted by utilities, developers, contractors and others in an appropriate GIS format.*

Traditional, paper-based permit applications do not provide adequate access to information about telecommunications infrastructure installed in the public right of way or in conjunction other municipally regulated work. One solution, adopted by Santa Cruz County, the City of Santa Cruz and Berkeley, is to require permit applicants to submit maps in “electronic and/or other form required by the City, and include information describing the proposed facilities”¹⁴. This map data would also include “information regarding any Excess Capacity that will exist in such Facilities after the installation of the Company’s Facilities” if requested by the City.

- 5.3.7. **Broadband infrastructure database.** *Build a database showing the types and location of broadband infrastructure in Morgan Hill.*

The City can improve the telecommunications market in Morgan Hill by compiling a geo-database of available infrastructure (and/or services). Information can be requested from service providers, collected from publicly available source and gathered from ground surveys. For example, the Central Coast Broadband Consortium has published a regional online, interactive map showing local and inter-city fiber routes and other infrastructure. Most of the data was the result of a professional survey, which was supplemented by information provided by local companies and other sources.

5.4. Permitting

- 5.4.1. **Transparent Process.** *Delineate the process for ensuring fairness, including transparency, public notice and timetables and deadlines for timely review of any required local permits.*
- 5.4.2. **Permit Streamlining.** *Establish procedures to streamline the approval of broadband-related public right of way encroachment permits consistent with principles of fairness and competition for all providers.*
- 5.4.3. **Master Permits.** *Establish a process for issuing a master encroachment permit for large scale telecommunications projects, subject to standard conditions for specific circumstances.*
- 5.4.4. **Single Review.** *Limit permit requirements to encroachment permits for broadband infrastructure work in the public right of way.*

Complicated and/or opaque permitting processes can serve as barriers to entry for broadband companies that want to bring competitive service into a city. Permit processes for broadband projects that meet certain criteria – construction completely contained in the public right of way, for example – can be standardized through the use of checklists, reference designs and administrative reviews. As a first step, streamlining existing

¹⁴ BMC 16.10.040

processes does not necessarily involve eliminating or consolidating review requirements. Rather, it recognizes that many broadband project reviews confront largely identical issues, which can be addressed in standard way.

Streamlining is important because it can reduce time and costs, and increase predictability for service providers, making Morgan Hill a more attractive target for capital investment. As described in Section 6 below, permit streamlining is now unavoidable for most permits involving wireless facilities, due to continuing changes in state and federal law.

Although care must be taken to protect the public's interests and ensure community values are maintained, some jurisdictions, such as the City of Santa Cruz, are moving permitting for broadband facility construction out of planning departments and completely into the hands of public works departments, which can use a relatively streamlined encroachment permit process to achieve the same ends in a single review. Costs to applicants are expected to drop from the tens of thousands of dollars to the hundreds of dollars.

One approach, advocated by Google Fiber, is to establish a master permit process for large scale projects. Standard conditions can be established for defined circumstances, with provisions for specific conditions when unique circumstances occur.

- 5.4.5. **Evergreen Permits.** *Authorize longer-term “evergreen” permits that provide a right to providers to enter specified easements to upgrade their infrastructure for an indefinite or significant period of time (such as 20 years) to upgrade the broadband service consistent with the adopted policies.*

An extension of the master permit concept, evergreen permits go one step further and allow upgrade and expansion work to take place within defined parameters over a longer period of time.

- 5.4.6. **Environmental and Aesthetic Mitigation.** *Set forth transparent and consistent procedures and process for preventing and/or mitigating environmental impacts and protecting and/or preserving visual integrity of jurisdiction.*

The California Environmental Quality Act allows for expedited review of many types of broadband projects, particularly when those projects occur within or on existing structures, including utility poles, or paved ground. Establishing clear guidelines for when the City will and won't allow broadband projects to proceed on the basis of a negative declaration will add predictability to the environmental review process and aid in defending any subsequent challenges.

As discussed in Section 6 below, state and federal law requires rapid CEQA review of permit applications for wireless projects, and only provides a limited window of time and discretion for addressing aesthetic issues. A simple and well defined process, with standard solutions where appropriate, will help avoid permit approval by default.

- 5.4.7. **Permitted Telecommunications Sites.** *Establish a preference for colocating new telecommunications facilities at existing telecommunications sites.*

As noted in Section 6 below, federal and state regulations provide for favorable treatment of wireless facility permit applications when a site is already used for such purposes. By establishing policies that take existing telecommunications into account when reviewing permit applications and provide for more rapid decision-making, the City can encourage greater use of existing sites.

5.5. Smart Cities

- 5.5.1. **Broadband Building Standards.** *Require projects to provide broadband connectivity and include the infrastructure components necessary to support broadband, similar to requirements for other essential utilities.*
- 5.5.2. **Broadband Wiring Standards.** *Establish standards for broadband wiring in residential and commercial buildings, similar to standards for other utilities.*
- 5.5.3. **Smart Building Requirements.** *Specify “smart building” requirements for land use and construction permits for all projects (public, commercial, residential, industrial).*

Building standards can be used to increase broadband availability and access, and promote the use of broadband dependent applications that promote energy efficiency, safety and other public policy goals. The simplest approach is to require all new construction and major remodelling work to include broadband facilities and provisions for connecting those facilities to the necessary outside infrastructure. San Leandro has taken this approach.

The next level of involvement is to specify the types and extent of indoor wiring, connection panels and other “plumbing” required for new and remodelled construction, as Loma Linda has done, or establish specifications and requirements for broadband infrastructure in the public right of way and lateral connections from homes, as Brentwood has done.

The final stage is to include requirements for specific “smart building” features and applications, such as predictive climate control or health and security monitoring. These types of requirements bring intrinsic benefits, but also help drive demand for high quality broadband service.

- 5.5.4. **Public Facilities.** *Promote the provision of broadband facilities in all public buildings, major transportation and other infrastructure projects.*

It is commonplace to include basic information technology networking capabilities and Internet connectivity in plans for public buildings, transportation facilities and other public projects. These plans can be expanded to include provisions for supporting commercial broadband service on a partnership basis, for example by including spare conduit and

inner-ducts or increasing the size of fiber optic cables. This spare capacity can be leased to private users or could form the basis of an economic development initiative, as AC Transit and Oakland are doing with a bus rapid transit project.

Public facilities can also serve as anchor tenants for new broadband infrastructure built by private companies, and provide a baseline of revenue that will justify the construction of facilities that can serve much larger areas of the city. The University of California, for example, offered sufficient revenue to Sunesys LLC to first build a fiber optic line from Silicon Valley to Santa Cruz, and then extend it to the Salinas Valley. These lines are available to any user along the route, and have been credited with spurring economic development, particularly within the City of Santa Cruz.

- 5.5.5. **Telecommuting - City.** *Establish a telecommuting program for city employees.*
- 5.5.6. **Telecommuting - General.** *Encourage local businesses to develop telecommuting programs.*

Factoring telecommuting incentives and requirements into reviews of planned commercial developments, and establishing policies to encourage telecommuting by city employees when appropriate, can have the double benefit of reducing automobile traffic and increasing the demand for advanced broadband services. Mono County, for example, promotes telecommuting “as a viable method allowing visitors to stay in the region longer and work remotely, and attract new permanent residents”.

5.6. Regulatory

- 5.6.1. **Regulatory Position.** *Articulate the interest of the jurisdiction in monitoring the reliability and quality of broadband connectivity in the local jurisdiction and ensuring appropriate speed availability.*

The California Public Utilities Commission (CPUC) regulates “telephone corporations” and, to a lesser extent, “cable television corporations” and “video service providers”. These categories include Frontier Communications and, to a restricted extent, Charter Communications, which are the two primary retail broadband service providers in Morgan Hill. Intercity carriers are also regulated as telephone corporations.

Responsibility for regulating telephone corporations is shared between the CPUC and the Federal Communications Commission (FCC). Municipalities are allowed no authority in that regard.

Nevertheless, cities can be very effective advocates on behalf of residents and businesses. The City of Gonzales intervened in the CPUC’s review of Charter’s purchase of Time Warner and Bright House cable systems in California, and obtained an agreement to significantly upgrade the city’s broadband service and infrastructure. Similar concessions were obtained by others during the review of Frontier’s purchase of Verizon’s telephone

systems. Establishing a clear mission statement regarding the City's role as an advocate for better broadband infrastructure and service allows consistent routine communications with service providers regarding expectations and makes it possible to move quickly when windows of opportunity, such as regulatory proceedings at the CPUC or FCC, appear.

5.6.2. Franchise Compliance. *Monitor and audit compliance with state video franchising requirements.*

Originally, regulation of cable television corporations was the responsibility of local governments in California. Many were actively involved in regulating franchisees to the extent allowed by federal and state law until the Digital Infrastructure and Video Competition Act of 2006 (DIVCA) was approved by the California legislature.

DIVCA established statewide franchises for video service providers, which now includes telephone companies such as AT&T. DIVCA severely limits the role cities and other local government entities may play in regulating or otherwise influencing video service providers. Cities still receive a 5% franchise fee from video franchise holders, and have a limited opportunity to inspect their books to ensure compliance. Requirements for public access channels, consumer protection rules and obligations to build out infrastructure are also subject to municipal review, but enforcement authority is severely limited.

Nevertheless, some jurisdictions are taking an aggressive approach to franchise compliance monitoring. Palo Alto, on behalf of itself and neighboring cities, recently completed an audit of Comcast's compliance with franchise fee and public access channel requirements. Such an audit may form the basis for formal court proceedings, or informal negotiations with franchise holders.

5.6.3. Specific Conditions Compliance. *Monitor and audit Frontier and Charter compliance with CPUC and FCC mandates.*

Recently concluded proceedings at the CPUC and FCC resulted in approval of Frontier's purchase of Verizon's telephone system in Morgan Hill (along with others in California) and Charter's purchase of Time Warner and Bright House cable systems in the state. These approvals came with conditions regarding upgrades and line extensions, and other public benefits such as equipment for schools, digital literacy programs and connections for community anchor institutions.

The City can play a role in ensuring compliance with these conditions by identifying specific requirements that apply to Morgan Hill as well as general requirements that include it. The City can directly engage with the companies, and/or seek relief from the CPUC and FCC if compliance or cooperation is lacking.

5.6.4. **Enforcement Liaison.** *Establish a program for systematically collecting and aggregating public complaints and concerns regarding telecommunications services, and submitting information to appropriate state and federal regulatory agencies.*

The FCC’s recent decision¹⁵ to bring “broadband Internet access service” under common carrier regulation (often referred to as the “network neutrality” decision) tries to draw a clear line between the kind of regulation that does and does not apply to providers of those services. In particular, the FCC has ruled out regulation, by itself or states, of Internet service offerings, rates, or access to infrastructure by third parties, except to say that it will review complaints on an after-the-fact basis using a “just and reasonable” standard.

The decision specifically allows “any body politic, or municipal organization”, as well as individuals and state utility commissions, to file complaints. It establishes formal and informal procedures for doing so, and creates an ombudsman’s position to facilitate the process.

The CPUC’s role is narrower and generally restricted to “telephone corporations”, which can include traditional wireline carriers, such as Frontier, as well as broadband companies that use the public right of way. Its oversight responsibilities include enforcement of safety requirements, such as those related to utility poles, minimum telephone service standards, particularly relating to 911 access, and general compliance with applicable consumer laws and regulations. The commission has shown a willingness to couple this relatively narrow but well established jurisdiction with general but largely undefined responsibilities granted by federal law to extend its influence over broadband providers and other non-traditional telecommunications companies.

The FCC and CPUC have established procedures for the public to use in submitting and pursuing complaints against regulated companies. However, knowledge of these procedures is not widespread and making use of them involves a learning curve which can be an obstacle for many people. The City may reduce these barriers by acting as a middleman between residents and these two regulators.

The City can establish an enquiry and complaint process for businesses and/or residents that are seeking broadband services or are having problems with current providers. Although the City has limited authority in this regard, collecting this information and making it public is an effective first step toward providing incentives for telecommunications companies to voluntarily cooperate, expanding public knowledge of existing resources and constraints, and building a record for submission to the appropriate regulatory bodies.

¹⁵ *In The Matter of Protecting and Promoting the Open Internet*; Report and Order on Remand, Declaratory Ruling, and Order; Federal Communications Commission; adopted February 26, 2015 and released March 12, 2015.

5.6.5. **Performance Test Participation.** *Encourage public participation in CPUC and FCC broadband speed and performance test programs.*

The CPUC and FCC have separate but complementary programs that allow the public to conduct speed tests of wireless and wireline Internet service. This data is factored into assessments of needs and eligibility for various programs. The more data points that are submitted from a given area, the better the understanding of local conditions will be on the part of the public, local officials and state and federal regulators. The City can play a role in promoting participation in these testing programs.

5.7. Government operations

- 5.7.1. **Broadband Role.** *Establish an ongoing role for the City to play in identifying broadband needs and working proactively with businesses and service providers to meet those needs.*
- 5.7.2. **Evaluate long term City networking needs.** *Review existing City broadband facilities and budgets with due consideration to expected future traffic loads and expectations of available resources, and identify infrastructure development projects which are potentially of mutual interest to the City and private sector providers.*
- 5.7.3. **Anchor Tenant Positioning.** *Leverage City budget to stimulate demand for broadband facilities.*
- 5.7.4. **Interagency Coordination.** *Participate in regional and statewide planning and standards organizations.*

The City is a major purchaser of broadband services. By actively engaging with service providers as a customer, the City can influence the location and extent of infrastructure upgrades by incumbents, and provide opportunities for competitive carriers to enter the market. Coordinating these efforts, when possible, with large businesses and other agencies with similar needs, such as Santa Clara County or VTA, multiplies this influence.

The City can identify opportunities for investment by evaluating funding available for economic development initiatives, applying that funding to broadband construction plans – both public and private sector – and determine if those funds can be directed to support those projects, either through direct investment or indirectly through administrative means.

One alternative for the City to consider is transitioning from leased facilities to lines that it owns or controls on a long term basis, perhaps via a public/private partnership that allows the City to concentrate on its own operations while a private (usually for-profit) company focuses on the utility aspects of the business. Over time, money currently budgeted for leased lines could be increasingly invested in new facilities that would support economic development, or saved for other uses.

One example of this kind of public/private partnership is Lit San Leandro. The City of San Leandro has worked with a local company to build a 20-mile fiber optic ring through the

industrial and commercial areas of the city, for use by local businesses. The City contributed the use of traffic signal conduit and in return received 30 fiber strands for its own use. The remaining capacity on the network is sold to local businesses by the private, for-profit partner, Lit San Leandro LLC.

Without new investment in local fiber optic infrastructure, the City – like other agencies, institutions and companies – will face increasing operating costs over time, for the use of ageing assets. Putting additional emphasis on long term infrastructure planning and investment, in cooperation with private sector carriers, is a potential solution to this problem.

- 5.7.5. **Validate broadband infrastructure mapping.** *Review information collected by state, federal and regional organizations, incorporate it into the City's GIS system and make it publicly available.*

Publishing reliable information regarding the availability of infrastructure and services is one of the most powerful policy tools available to the City to promote broadband development. The California Public Utilities Commission, the National Telecommunications and Information Administration and other agencies collect and publish a wide variety of information about broadband availability, access and adoption. Consolidating this information, as it relates to Morgan Hill, will lead to better planning and project development, by the City, telecommunications companies and others.

The City can develop a detailed geodatabase of existing fiber optic networks, including lateral connections, access points, splice points and information regarding ownership, and make it available for economic development purposes. Included in this database development can be an ongoing assessment of the condition of private utility poles and conduit. Over time, deficiencies can be documented and presented to either the owners or regulatory bodies to address.

- 5.7.6. **Upgrade broadband availability in publicly subsidized housing.** *Identify private and public sources of investment in broadband facilities and service in public housing and develop implementable initiatives.*

Publicly subsidized housing operators in Morgan Hill are eligible to apply for grants to upgrade broadband facilities in their properties and support programs designed to increase broadband adoption among public housing residents. The California Advanced Services Fund is one such source, and federal agencies, such as HUD, have similar programs.

- 5.7.7. **Online Access.** *Direct how government operations and services are to be provided online.*
 5.7.8. **Online Permits.** *Streamline and provide online access to business and development permit processes.*
 5.7.9. **Open Data.** *Establish an "open data" policy.*

The City also is, or can be, a major producer of online content and services. Maximizing the accessibility of information and public services via the Internet provides an incentive for people to adopt and increase their use of broadband services. Offering services, such as permits, to businesses via online platforms, such as the Open Counter system originally developed by the City of Santa Cruz, will also stimulate broadband demand, and attract new, high tech businesses by engaging with them on their own terms.

The City has a wealth of stored data – information collected from its programs on topics ranging from municipal finance to scientific and sociological data. Much of this data is already publicly available though not, in most cases, in machine readable formats that programmers can easily use. The trend across local governments to make this kind of machine readable municipal data publicly accessible; this movement has been termed “Open Data”.

6. Wireless

The Morgan Hill municipal code does not include a written policy regarding construction of wireless facilities. Planning Commission minutes and staff reports indicate that the City has procedures in place that appear to be generally consistent with the scope of its authority. However, recent changes in California law and federal decisions have shortened the timeframe available for exercising that authority in many, if not most, cases.

6.1. Constraints on local agency discretion

As of 1 January 2016, permit applications for wireless facilities within California have to be approved or denied by local governments within specific time frames, commonly referred to as "shot clocks". If the clock runs out, the application is "deemed approved". The new rules are the combined result of a new California state law – Assembly Bill 57 – which just took effect, two FCC decisions (and subsequent affirming decisions from federal appeals courts), existing California public utilities law and a California Public Utilities Commission rulemaking.

Depending on the type of facility and location involved, the applicable shot clock could be 60, 90 or 150 days. The clock begins running when the application is submitted. The City has 30 days to review the application and request additional information. In that case, the clock is tolled – stops – but starts again when the applicant responds. Additional requests for information are allowed under stricter limits and will toll the clock, but a response by the applicant starts it running again.

The only other ways to toll the clock is by mutual consent, or by approving or denying the application. It will not stop due to CEQA review, public hearing requirements, council meeting schedules or any other local agency process requirement. If the City has not approved or denied the application when the clock runs out, it is "deemed approved". The applicant must notify the City that it is proceeding with construction on that basis and the City has 30 days to file a lawsuit seeking to block it.

There are three primary methods the City can use to maintain control of the process:

- Front load the application process by requiring a comprehensive submission (backed up by a standard checklist), covering all contingencies from the very beginning.
- Structure the review process so that a legitimate administrative denial can be quickly issued if appropriate.
- Adopt a short form application and review process for pre-approved, standard solutions for wireless facilities, to encourage applicants to voluntarily choose appropriate designs and locations.

6.2. Determining which shot clock applies

The wireless permit "shot clock" rules that went into effect on New Year's Day result in three different shot clock limits (60, 90 and 150 days), and California law (including a California Public Utilities Commission rulemaking, 14-05-001) creates two different classes of wireless facilities: construction by a mobile carrier in the public right of way and everything else.

City of Morgan Hill 2035 General Plan – Telecommunications Infrastructure

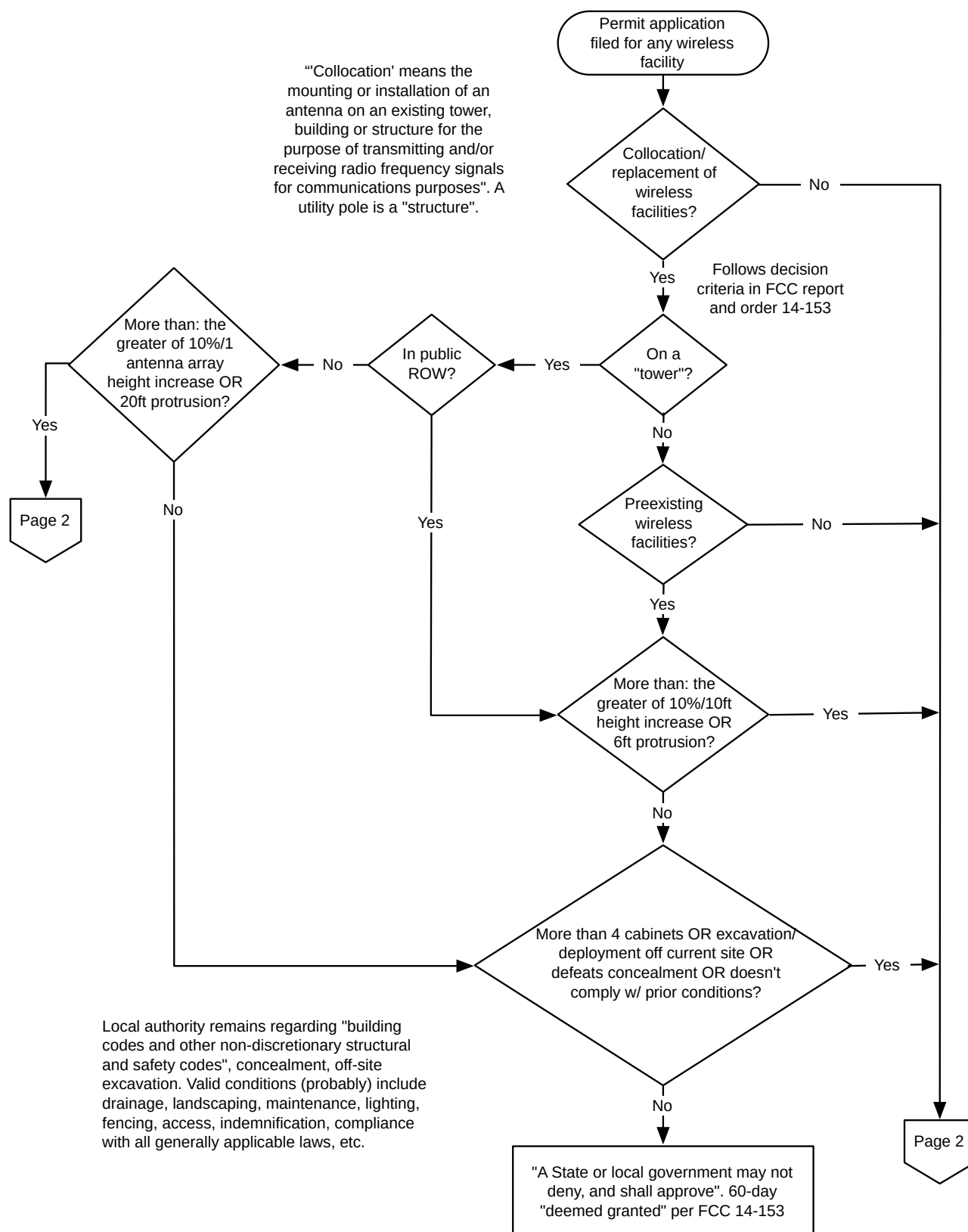


Figure 6.1 – Wireless permit “shot clock” flowchart, page 1.

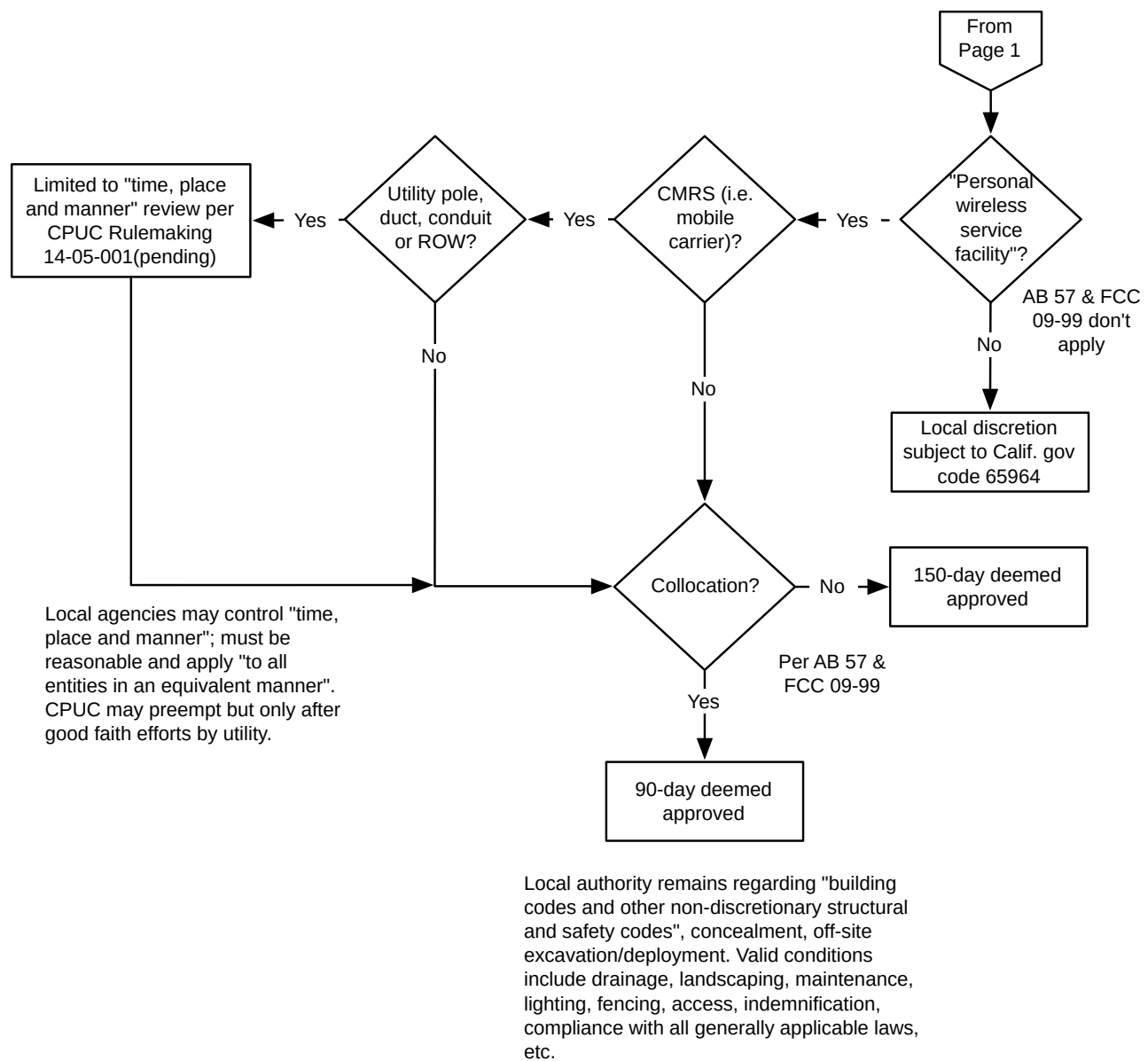


Figure 6.2 – Wireless permit “shot clock” flowchart, page 2.

Figures 6.1 and 6.2 contain a flowchart that gives an overview of how the different rules relate to each other. The result is three basic scenarios:

- Minor collocation of transmission equipment on an existing structure (or replacement of existing transmission equipment): 60 days with significant limits on criteria the City may consider when reviewing the application. This shot clock results from a 2014 FCC order (14-153), which was recently upheld by the federal fourth circuit court of appeals.

- Major collocation: 90 days. This shot clock is the result of the combination of Assembly Bill 57 and a 2009 FCC ruling (09-99), which AB 57 references (Referred to as the “AB 57 rule”, for the sake of brevity).
- New facilities (i.e., anything else): 150 days, per AB 57.

The 60-day shot clock applies to wireless facilities built for nearly any purpose; the 90 and 150-day clocks only apply to "personal wireless service", which are defined as "commercial mobile services, unlicensed wireless services, and common carrier wireless exchange access services". In other words, wireless telephone or broadband facilities. It wouldn't include, for example, satellite services or public safety facilities.

Another potential difference could be in the definition of "collocation". The FCC 60-day order is based on Section 6409(a) of the Middle Class Tax Relief and Job Creation Act of 2012, and is often referred to as the "6409 rules". The order makes it clear that in order to be eligible, a collocation has to be on an existing wireless facility, while the 2009 shot clock ruling could be interpreted as applying to any preexisting structure. That's one of many details that are likely to be worked out in court or by the FCC.

Section 6409 says in part that "a State or local government may not deny, and shall approve, any eligible facilities request for a modification of an existing wireless tower or base station that does not substantially change the physical dimensions of such tower or base station". The order says...

A modification “substantially changes” the physical dimensions of a tower or base station, as measured from the dimensions of the tower or base station inclusive of any modifications approved prior to the passage of the Spectrum Act, if it meets any of the following criteria:

- For towers outside of public rights-of-way, it increases the height by more than 20 feet or 10%, whichever is greater; for those towers in the rights-of-way and for all base stations, it increases the height of the tower or base station by more than 10% or 10 feet, whichever is greater;
- For towers outside of public rights-of-way, it protrudes from the edge of the tower more than twenty feet, or more than the width of the tower structure at the level of the appurtenance, whichever is greater; for those towers in the rights-of-way and for all base stations, it protrudes from the edge of the structure more than six feet;
- It involves installation of more than the standard number of new equipment cabinets for the technology involved, but not to exceed four cabinets;
- It entails any excavation or deployment outside the current site of the tower or base station;
- It would defeat the existing concealment elements of the tower or base station; or
- It does not comply with conditions associated with the prior approval of the tower or base station unless the non-compliance is due to an increase in height, increase in width, addition of cabinets, or new excavation that does not exceed the corresponding “substantial change” thresholds.

The order also allows local governments to "continue to enforce and condition approval on compliance with generally applicable building, structural, electrical, and safety codes and with other laws codifying

objective standards reasonably related to health and safety". However, local governments "may only require applicants to provide documentation that is reasonably related to determining whether the eligible facilities request meets the requirements of Section 6409(a)".

Similarly, existing CPUC policy limits the scope of local authority over utility pole use in the public right of way by licensed mobile carriers to the same kind of "time, place and manner" restrictions that might apply to other telephone companies (and, as a practical matter, to cable and electric companies).

Under the AB 57 criteria, the definition of a major collocation is fairly narrow. Generally, it's any attachment of new equipment to an existing structure that falls within the same dimension limits as the 6409 rules (except the tighter restrictions on facilities in the public right of way don't apply) but entails more construction work, or modifications to existing conditions. There is room to debate whether an apparent collocation actually falls under the 150-day instead of the 90-day clock, but the clock will run while the debate continues.

Although AB 57 doesn't directly apply to the 60-day shot clock – it specifically excludes facilities that are eligible under the 6409 rules – the procedural requirements are, for the most part, identical. As a practical matter, the only question is whether the applicable shot clock is 60, 90 or 150 days. Expect wireless carriers to be more aggressive about claiming "deemed granted" or "deemed approved" status now that any application for wireless facilities falls under one shot clock or another.

Once a shot clock expires, or an applicant believes it has, then the applicant has to notify the City that it is proceeding on that basis and the City then has 30 days to challenge the "deemed approved" assumption in court. There's no guidance in AB 57 as to what happens if the City doesn't go to court – alternatives range from an applicant being able to simply start work on the basis of the notice, to the City being required to automatically issue the permits, to an applicant being required to obtain a court order confirming the deemed approved status. The City should consider the position it will initially take in those circumstances, but be prepared to adjust as practice and the courts clarify the procedure.

However it happens, though, carriers are likely to prevail eventually in at least some cases, and the City needs to consider what it will do in that event. One option is to create conditions of approval that would automatically apply if a deemed granted action occurs. Rather than trying to craft a default policy from scratch, however, the City might instead rely on existing design requirements or precedent. The carrier could be served notice that even though the applicable permits have been automatically granted, it is still responsible for adhering to the standards, conditions and precedent that apply to such permits and the City will enforce those terms as it would with any other permit. In other words, there's nothing special or exempt about a permit that's been deemed granted. The same rules apply, the only difference is in the method of approval.

6.3. Preserving City control of wireless permitting

The City of Morgan Hill has only a couple of sticks and one carrot left when it comes to administering permits for wireless facilities.

The biggest stick is the application requirements. An incomplete application is the only specific grounds for "tolling" (i.e., stopping) the clock, other than mutual agreement. The City has 30 days to ask for additional information, and 10 days for subsequent (albeit limited) requests if it falls under 6409 rules. The time it takes to review the application and request additional information counts against the shot clock, but the clock will be tolled (stopped) while the applicant is responding. Once an application is complete, either by default or formal acceptance by the City, the clock will run while any discussions or questions or negotiations continue.

The only way to maintain control of the clock is to explicitly require all potentially relevant information be included in the initial application. Specific, predetermined information should be routinely required in an initial application and itemized in a detailed checklist provided to the applicant.

A checklist allows the City to quickly review an application and, where necessary, write a comprehensive request for additional information. The less time required to determine that an application is incomplete, the more quickly the clock is stopped. But more importantly, it helps ensure that all deficiencies will be caught in the first review. Under 6409 rules, the City can make subsequent requests for additional information within 10 days but only in regard to items identified in the initial request. The primary FCC ruling referenced in AB 57 is less specific about limitations on additional requests for information, but until the question has been fully litigated the safest course is to assume that the same limits apply.

A further step is requiring wireless carriers to hold their own community meeting, prior to either considering an application complete or allowing a carrier to submit a new facility or colocation permit application. Such a meeting would make any subsequent public hearing less contentious by reducing the sense of surprise for community members and allow more potentially unforeseen land use challenges (e.g., noise concerns from specific equipment cabinet or generator placement) to be resolved earlier on during the review process. Furthermore the community meetings may allow for more substantive engagement by wireless carriers with neighborhood groups, so that less-intrusive sites are initially proposed. Any challenges that do occur will happen while the clock is running and could, perversely, result in an application being deemed granted because the process required for denial was not completed.

The City should take what steps it can to guard against "Trojan Horse" applications, where a seemingly innocuous facility is approved and built under the more rigorous review allowed by AB 57, but then significantly modified later under the more lax standards of the 6409 rules.

The City should also require the inclusion evidence of approval by all other necessary public agencies, such as Caltrans, as a mandatory item on the application checklist.

A community meeting requirement or Caltrans approval are examples of requirements that might apply to a new facility but not a minor collocation, for example. It's an important consideration because 6409 limits application requirements to items necessary for determining whether a proposed collocation qualifies for the expedited 60-day review. The application should establish that all applications are considered to be subject to the 150-day shot clock rule unless the applicant submits specific

information that demonstrates otherwise. If the information is omitted or insufficient, the application could be tolled or denied on that basis.

The only other stick is the threat of denial. The value of that threat is greatest when the information included in the application creates a sufficient record to support denial because subsequent inquiries could end up providing the applicant an opportunity to run out the clock. If possible, denials should be done on an administrative basis. Noticing and other requirements for City Council and Planning Commission agenda items could likewise result in a deemed granted outcome.

It can be argued that the shot clock requirements make it less likely that a denial will be appealed. Refiling the application would reset the clock and could provide the applicant with greater predictability and a faster outcome than a court challenge would offer. At that point, however, an even better alternative for the applicant might be to agree to toll the clock. The credible threat of denial creates an incentive for mutual cooperation, and does it in a way that gives the applicant a clearer idea of how to balance the costs.

The one carrot to offer is the establishment of standard, pre-approved plans and thereby create the opportunity for the applicant to avoid lengthy and detailed application requirements up front and the possibility of denial down the road. The 6409 rules allow cities to give preferential treatment to proposals for facilities that would be located on municipal property, and presumably the same would apply under the AB 57 rules.

6.4. Considerations for applications involving the public right of way

Other than the more restrictive qualification criteria for the 60-day shot clock and a categorical exclusion for NEPA (but not section 106 NHPA) review in the 6409 rules, the FCC's rules do not differentiate between applications for facilities in the public right of way and on private property. The 6409 order does, however, "conclude that Section 6409(a) applies only to State and local governments acting in their role as land use regulators and does not apply to such entities acting in their proprietary capacities", and it specifically refuses to draw a clear line between those two roles except to say "like private property owners, local governments enter into lease and license agreements to allow parties to place antennas and other wireless service facilities on local-government property, and we find no basis for applying Section 6409(a) in those circumstances".

The arguments laid out in the order and in subsequent court cases indicate that at least some cities consider ROWs to be municipal property, so that question is likely to be litigated at some point. California law, though, effectively makes ROWs state property and limits municipal authority over telephone company work (wired or wireless) in the public right of way to "reasonable control as to the time, place, and manner in which roads, highways, and waterways are accessed". However, local ordinances that regulate the location and appearance of wireless facilities in the ROW are allowed so long as a local government 1. "does not abuse its discretion or arbitrarily or unfairly deny requests for access", 2. establishes reasonable rules, 3. applies the rules "to all entities in an equivalent manner" and 4. the rules do not effectively prohibit wireless facilities.

Consequently, the City can enforce aesthetic and other standards for installation of wireless facilities, particularly small/micro cell sites often referred to as distributed antenna systems (DAS), on existing utility poles and on new poles placed in the ROW. The process is subject to federal shot clock limits and it may be reviewed by the California Public Utilities Commission. Location may also be regulated, but not in a way that particularly singles out wireless carriers.

6.5. Pre-approval of standard solutions

As noted above, the City can offer the carrot of a short form application and/or expedited processing for projects that involve standard, pre-approved cell site installations. Over time, detailed specifications for what is and isn't acceptable could be developed either by the City or others, but in the short term the City could establish a process for approving reference designs submitted by either carriers or equipment manufacturers. It's possible that an interagency group, for example under the auspices of the California League of Cities or a professional organization, could assume that responsibility, but for now it's up to the City.

As a general and quickly implementable policy, the City can encourage the organization of applications such that generic, non-proprietary information – manufacturer's specs or a particular landscaping scheme, for example – is presented separately in a standardized format. Once the application has been approved, the generic elements can be published on the City's website as an example of an acceptable solution. Those elements could either be downloaded and included "as is" in subsequent applications by anyone – allowing virtually instant review by the City – or modified to the minimum extent necessary for faster review. This process could speed up review of multiple applications by a single carrier, and in the long run it could simplify the process for everyone. But any acceleration of the City's overall processing ability would happen gradually over time.

Other fast track considerations could include locating facilities in the ROW on busier or wider streets in commercial and industrial areas, rather than in residential neighborhoods, or when set back a certain distance from residential properties.

Rather than try to establish a comprehensive reference design review process, the City could consider immediately pursuing some degree of standardization for two specific cases: replacement/upgrade of streetlights and installation of new or upgraded utility poles.

There are a couple of different ways to approach light standards. From an administrative perspective, the simplest solution is to establish specifications for new light standards intended to support wireless facilities (existing City light standard specifications might suffice) and design parameters for the attachments. Initially those parameters can be stated generally, in terms of height and width/circumference and placement on the pole (e.g., on the pole top), but as experience is accumulated, the general requirements could be replaced by specific reference designs. The carrier would either rent space on an existing City light standard, or replace a deficient City-owned light standard with a conforming one, with the City maintaining ownership of the new pole. Rent can be deferred for a period of time sufficient for the carrier to recoup the construction cost. Since it's a city-owned asset, an

encroachment permit and, possibly, a use permit wouldn't be necessary. A design permit could be issued, if necessary, on the basis of the standardized, pre-approved specifications.

Maintaining ownership of the supporting pole also gives the City more flexibility under FCC rules, since it will be acting in its capacity as a landlord, rather than a regulator. For example, it could limit or prohibit attachment of additional equipment, as would otherwise be allowed under the 6409 rules.

Another alternative is for the carrier to own the light standard and operate it under terms that are similar to those that apply to electric utilities. The carrier might be persuaded to absorb some or all of the operating cost of the light, but the City's negotiating power in that regard is limited: past a certain point, it would make more sense economically for the carrier to apply for permits under standard procedures. There's also the question of how much of the standard permitting procedure may be waived, although presumably any precedents set by the City in regard to other public utilities would apply.

It would be more difficult for the City to create significantly different standards for installation of new utility poles by wireless carriers in the ROW – in general, rules that apply to one utility must apply to all – but creating a fast track process based on the City's future needs could be defensible. It would also be reasonable to create a fast track permit process for a metal pole – either completely new or as a replacement for an overloaded wooden one – that would be available to any utility. As with light standards, the City could also establish specifications and/or reference designs for the wireless equipment that would be attached. Although opponents could still invoke the appeals process, the worst case is that the shot clock would simply expire (and the City might, in that case, be able to agree that a 90-day shot clock applies). The City could choose not to challenge the "deemed approved" status, but still be confident that the resulting installation would comply with all applicable regulations.

6.6. Summary

AB 57 has created a situation where rigorous review of applications for wireless facilities, including opportunities for public comment and decisions by elected officials, works against the original purpose of safeguarding the public interest. In order to work within the limits set by State and federal rules, the City of Morgan Hill should adapt its current wireless facilities review process to allow for rapid decisions via comprehensive application information, rapid administrative decisions and incentives for applicants to propose conforming designs from the very beginning. Existing city code should be reviewed and modifications considered to ensure its provisions do not work against the original intent, now that the game has changed. Recommendations for doing so can be found in Section 7.6 below.

7. Recommendations

The overall recommendation of this report is for the City to articulate its role in broadband infrastructure planning and development, establish goals and adopt a phased approach to reaching those goals.

The trend at the state and federal level is toward less regulation of telecommunications companies. Local governments in California no longer manage franchises for video service and state regulation is minimal. Legislation proposed in Sacramento would transition landline telephone service away from its current regulatory regime, which is based on assumptions regarding legacy analog technology, and toward a less restrictive environment that might or might not be in keeping with current digital technology trends. Broadband and Internet service is not directly regulated at the state level at all, and federal agencies have adopted a “light touch” approach, where they have considered intervention at all.

Morgan Hill, like other California communities, should consider its policy and program choices not just in terms of municipal authority, which is limited, but also in terms of opportunities to become a partner and an active participant in broadband infrastructure development initiatives. The specific recommendations below identify a path that begins with a strategic vision and moves through several steps, each representing greater involvement by the City in broadband development and an increasingly engaged role.

Recommendations for wireless facilities planning and management are treated separately. Development of wireless facilities, particularly those designed to support mobile broadband services, is necessary to meet increasing consumer demand and because construction of mobile infrastructure also requires additional investment in the fiber optic networks that support it. On the other hand, the City has a stewardship responsibility regarding environmental regulations, other community standards, and the use of the public right of way. Recent changes in state law and federal regulations has made exercising this responsibility problematic, and require adjustments to City policy and procedures in the near term.

In order to develop a sustainable economy by fostering new technology-based enterprises and expanding the City’s technology infrastructure, as called for by the Morgan Hill 2035 General Plan, the following steps are recommended:

7.1. Strategic vision

5.1.1. Long term broadband infrastructure roadmap

5.6.1. Regulatory position

5.7.1. Broadband role

The first step in setting broadband infrastructure development goals and establishing policies designed to reach those goals is to determine the level of the City’s involvement and identify the roles and responsibilities that are appropriate to it.

It is recommended that the City first develop a roadmap based on the infrastructure “report card” grading criteria in Section 2. Morgan Hill receives a “D”/1.0 grade on that four point scale, in comparison to the “C”/2.0 or thereabouts grades currently given to cities immediately to the north. Keeping in mind that those cities are also actively engaged in improving their broadband infrastructure, the City should lay out a road map that brings its primary broadband infrastructure up to the statewide average in the near term, and keeps pace with and/or exceeds it over the long term. Similar goals should be set for commercial and industrial class infrastructure.

The City should also determine the extent of its involvement in the telecommunications regulatory process – nearly all of which is outside its direct control – and whether it will be an active participant and advocate in the broadband development process, a passive observer, or something in between. These recommendations assume that the City wishes to actively work to develop and improve local broadband infrastructure.

7.2. Core broadband planning and management

- 5.1.2. **Solicit ideas for infrastructure upgrades**
- 5.3.1. **Asset inventory**
- 5.3.5. **GIS logging**
- 5.3.6. **Digital plans**
- 5.4.1. **Transparent process**
- 5.5.4. **Public facilities**
- 5.6.3. **Specific conditions compliance**
- 5.7.2. **Long term City networking needs**

Before setting specific policy or launching broadband development initiatives, the City should establish ongoing working relationships with telecommunications providers and organize its internal resources and standard processes to support the achievement of the goals in its long term road map.

Incumbent providers, particularly Charter Communications and Frontier Communications, are in the best position to embark on infrastructure upgrade projects. They are also in a position to inhibit or even block competing initiatives by smaller companies or new market entrants. Engaging in an ongoing conversation that focuses on the City’s road map will allow the City to ascertain the degree to which incumbents’ goals coincide with its own and identify the gaps that need to be addressed.

The City can work with Frontier and Charter to develop and implement plans to address those problems, and provide ongoing information regarding service conditions to existing and prospective businesses. If Frontier and/or Charter are not willing to meaningfully engage, then the City will have to find remedies on its own, including pursuing regulatory options and creating opportunities for competitors to enter the market.

As a result of regulatory approval conditions placed on their recently approved transactions, Charter and Frontier have specific obligations they must fulfil in their California service areas. The City should immediately establish clear expectations as to what that fulfilment entails in Morgan Hill, and monitor

progress on a quarterly basis. These regulatory conditions represent a unique and immediate opportunity for the City, one which is unlikely to reoccur in the foreseeable future.

The City is also a participant in the development process. It owns and controls assets that are essential to broadband infrastructure development. Identifying and routinely tracking those assets, along with improvements made by third parties pursuant to encroachment or other permits, will allow the City to manage and employ its resources to the greatest effect. Creating a transparent process for managing and developing those resources, and making them available to interested parties will maximize their value, both as capital assets and as day to day tools.

The City can also design and build future public works projects and other facilities with broadband development goals in mind, and plan its internal IT network development along those same lines.

7.3. Baseline broadband development policy

- 5.1.3. **Broadband master plan**
- 5.2.1. **Open trench**
- 5.2.2. **Conduit specifications**
- 5.2.3. **Conduit standards**
- 5.2.4. **Lateral connection standards**
- 5.2.5. **Shadow conduit - public works**
- 5.3.2. **Open access**
- 5.3.7. **Infrastructure database**
- 5.4.2. **Permit streamlining**
- 5.7.3. **Anchor tenant positioning**

Ten policies are recommended for near term adoption and implementation. The first step is to develop the City's long term roadmap into a specific master plan that sets goals for the type and extent of broadband infrastructure in residential, commercial, industrial and other land use categories. The primary market research conducted for this report indicates that residential and business broadband use and expectations differ in Morgan Hill, but in either case there is a significant amount of dissatisfaction with the choices available.

The City has the greatest amount of influence over greenfield and new or major remodelled infill development, and over work performed in the public right of way. By establishing clear broadband-related requirements for these kinds of projects, the City can encourage the construction of facilities that will support upgraded infrastructure. Establishing an "open trench" notification process any time excavation work is done in the public right of way offers all interested parties, including the City, potential cost savings or unique opportunities to pursue upgrade or new utility construction projects. Setting minimal technical specifications for broadband conduit, where appropriate, and requirements for main conduit and lateral connections in new or major remodelled construction, or in public works projects ensures, over time, the development of a consistent and adequate level of basic infrastructure.

The City's own assets can be offered on open terms to any qualified broadband provider, and information about all broadband infrastructure can likewise be made available, so as to reduce barriers to entry for new competitors and promote the more efficient use of existing resources by incumbents. The City can further reduce barriers by streamlining permit processes and create incentives for infrastructure development that meets City goals by using its information technology budget to position itself as the anchor tenant for particularly critical projects.

These baseline policies primarily serve to standardize and focus existing policy and practices on well articulated broadband development goals, without requiring major new initiatives or changes.

7.4. Second phase broadband development policy

- 5.2.6. **Shadow conduit - undergrounding**
- 5.2.7. **Shadow conduit - excavations**
- 5.2.8. **Excavation moratorium**
- 5.3.3. **Master leases**
- 5.4.3. **Master permits**
- 5.4.4. **Single review**
- 5.4.6. **Environmental and aesthetic mitigation**
- 5.5.1. **Broadband building standards**
- 5.5.2. **Broadband wiring standards**
- 5.6.2. **Franchise compliance**

A baseline broadband development program can be supplemented with more proactive measures that position the City as an active participant in broadband development initiatives. These steps can be taken either at the same time as adoption of baseline policies or later, after the effectiveness of the baseline program is assessed.

Each of the above policies represent a greater level of direct City involvement in broadband development. Prospective installation of city-owned conduit, either in conjunction with routine undergrounding programs or third party utility projects, puts the City in the position of being an active developer of broadband assets as such, rather than simply making use of resources obtained in the normal course of business. Putting teeth into “dig once” policies by imposing moratoria on street excavations following an open trench notification process puts similar pressure on utility companies to do the same.

Adopting a master lease template for third party use of City assets allows for more aggressive marketing, with either the goal of increasing revenue or incentivizing development, or both. A master permit process for large scale projects can be likewise used to attract the attention of companies, including incumbents, that might be interested in pursuing major upgrades, and position Morgan Hill as a better destination for investment. The same is true of a single review process for smaller projects and standard, predictable environmental and aesthetic mitigation requirements.

Adding broadband requirements to construction standards will build the City’s inventory of high-tech enabled real estate over the long term and provide a competitive incentive for owners of older property to retrofit. The more properties that are “gigabit ready”, the more cost effective it is to upgrade and add infrastructure and facilities upstream, and the more demand there will be for that level of service.

A consistent, proactive approach to enforcement of video franchise requirements, even to the limited extent allowed under California law, also puts the City in the role of an active participant in the broadband industry, albeit as a regulator who sits on the other of the table from the companies involved. Doing so can improve the City’s negotiating position with some broadband providers and build, and possibly fund, in-house expertise that can be used to pursue further measures.

All of these policies are recommended for the City’s adoption over the long term, and the City should consider including some in its initial baseline program if more rapid progress is desired in specific policy areas.

7.5. Broadband development options

- 5.2.9. **Excess capacity utilization**
- 5.2.10. **Dedicated revenue account**
- 5.2.11. **Future proofing**
- 5.3.4. **Telecom O&M matrix**
- 5.4.5. **Evergreen permits**
- 5.4.7 **Permitted Telecommunications Sites**
- 5.5.3. **Smart building requirements**
- 5.5.5. **Telecommuting - City**
- 5.5.6. **Telecommuting - general**
- 5.6.4. **Enforcement liaison**
- 5.6.5. **Performance test participation**
- 5.7.4. **Interagency coordination**
- 5.7.5. **Validate infrastructure mapping**
- 5.7.6. **Broadband in public housing**
- 5.7.7. **Online access**
- 5.7.8. **Online permits**
- 5.7.9. **Open data**

The broadband development options listed above can be divided into two groups: incremental enhancements to proactive second phase policies – for example, combining City-owned asset development initiatives into an ongoing enterprise fund – and policies that serve to increase demand for high speed broadband service and promote its adoption by residents. The recommended approach to these options is to defer action on them until a baseline program is established and the extent of City involvement and the degree to which it will be an active in developing broadband infrastructure has been determined.

7.6. Wireless facilities management

The changes in California and federal law regarding municipal authority over wireless facilities, as described in Section 6 above, make it advisable to quickly respond by changing City procedures, specific policies and, where necessary, the Municipal Code to ensure continued control of the process and avoid permit issuance by default. A dozen specific steps are recommended:

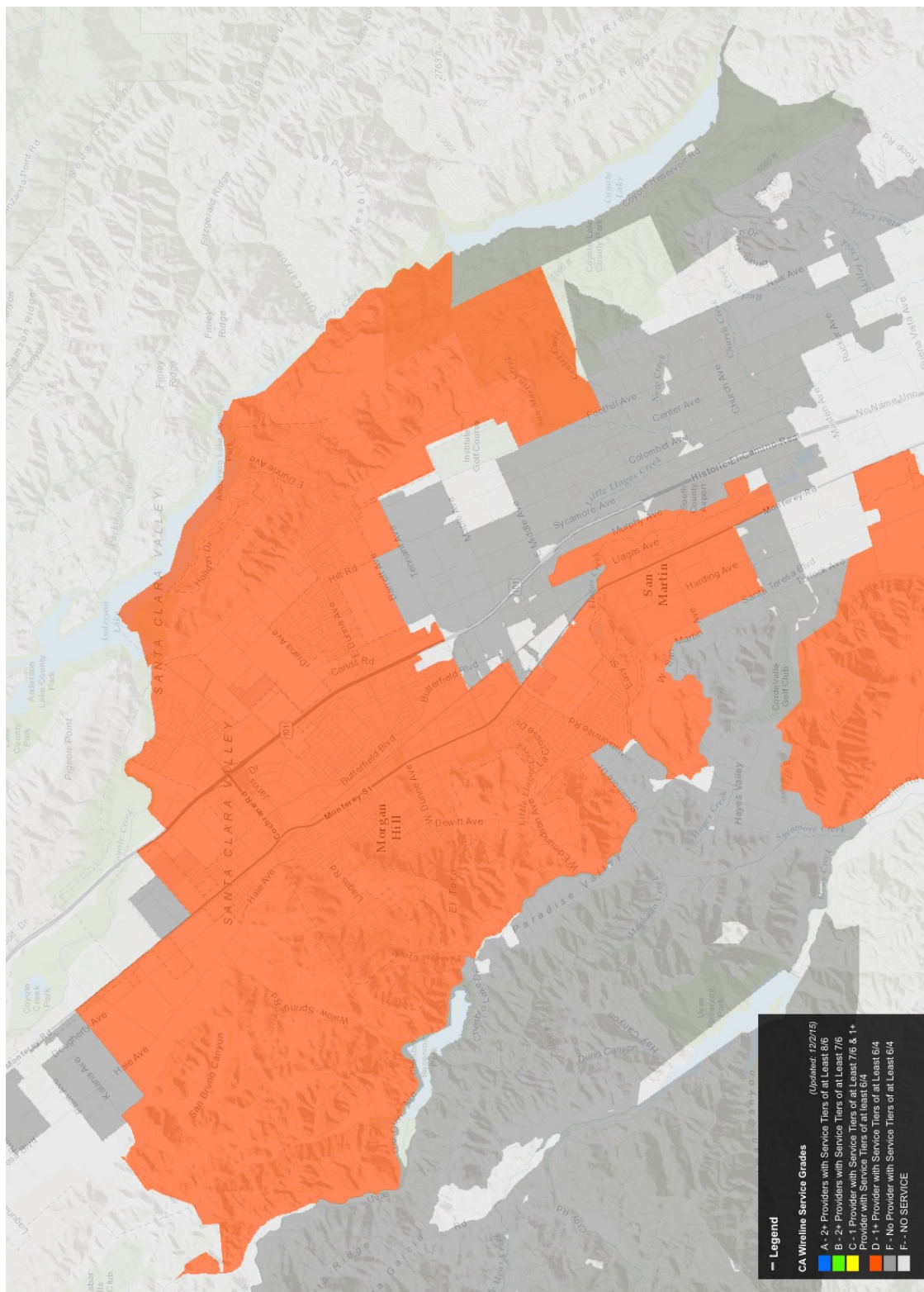
1. Create a comprehensive checklist of items that must be included in a wireless facilities application.
2. In the application, establish the presumption that the 150-day clock applies unless the applicant 1. states otherwise and 2. provides specific information that demonstrates eligibility for the 60 or 90 day clocks. Any application for a location that doesn't already support wireless facilities would automatically be subject to the 150-day clock. Failure to provide the necessary information would be grounds for either denial or immediate tolling.
3. Include all possible questions, documentation, other city departments/outside agency approvals , etc., as a standard requirement of an initial design permit application. In particular, the application should include all information required for use and encroachment permits or other approvals by other City departments to demonstrate that it complies "with generally applicable building, structural, electrical, and safety codes and with other laws codifying objective standards reasonably related to health and safety".
4. Descriptions of the facilities, including photo simulations, should include 1. the facilities as currently designed. 2. as potentially modified according to the federal rules described in Section 6.2 above (e.g. 20 feet higher and 20 feet wider in all directions).
5. Require evidence, including blueprints and photo simulations, that shows that proposed modifications to existing facilities will not "defeat concealment" and that new facilities will be able to support concealment even if later modified under federal rules.
6. Require full documentation regarding all previous permits for existing facilities, in order to determine that a collocation/modification complies "with conditions associated with the prior approval".
7. Require all CEQA-related studies, including seasonal-dependent biological assessments, to be completed and included in the application.
8. Structure the application and the process so that denials can be issued administratively during the design permit review, even for reasons pertinent to use and encroachment permit reviews.
9. Decide what position the City will take if and when presented with the initial "deemed approved" notices from carriers. Will the City routinely challenge the presumption in court? Will it demand that the applicant obtain a court order confirming the presumption (and use its enforcement powers if the applicant refuses)? Will it concede the point but still require the applicant to follow City policies and conditions? If so, what are those policies and conditions?

10. Establish preferred specifications for streetlight mounted wireless facilities, including the light standard itself, and for equipment mounted on utility poles.
11. Create a short form application/checklist for proposed wireless facilities that are mounted on light standards or utility poles and conform to the preferred specifications.
12. Review the Municipal Code to determine if procedural changes can be made to safeguard the City's ability to reach decisions within the allowable time frames.

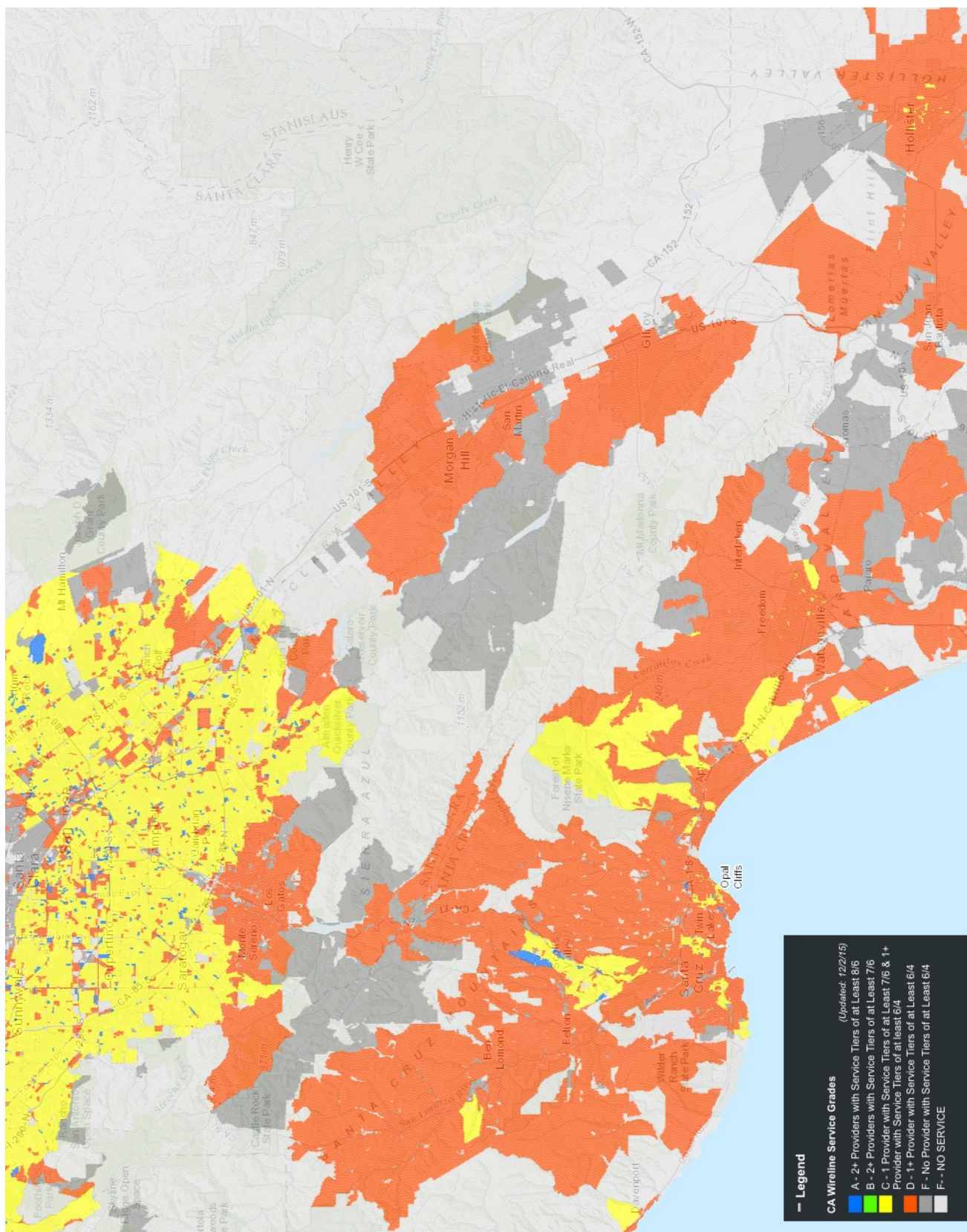
Appendix A - Maps

1. Infrastructure grading maps

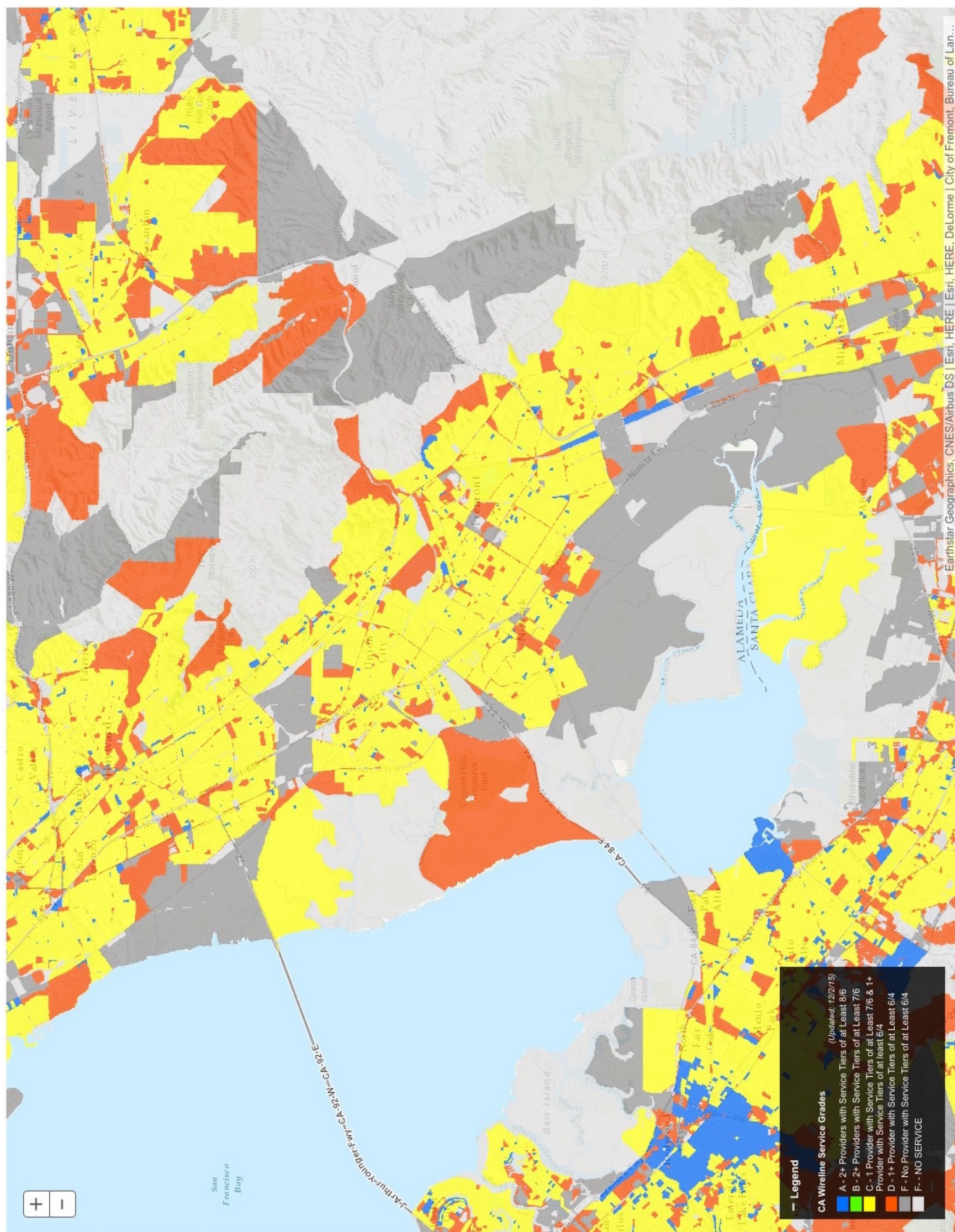
Morgan Hill



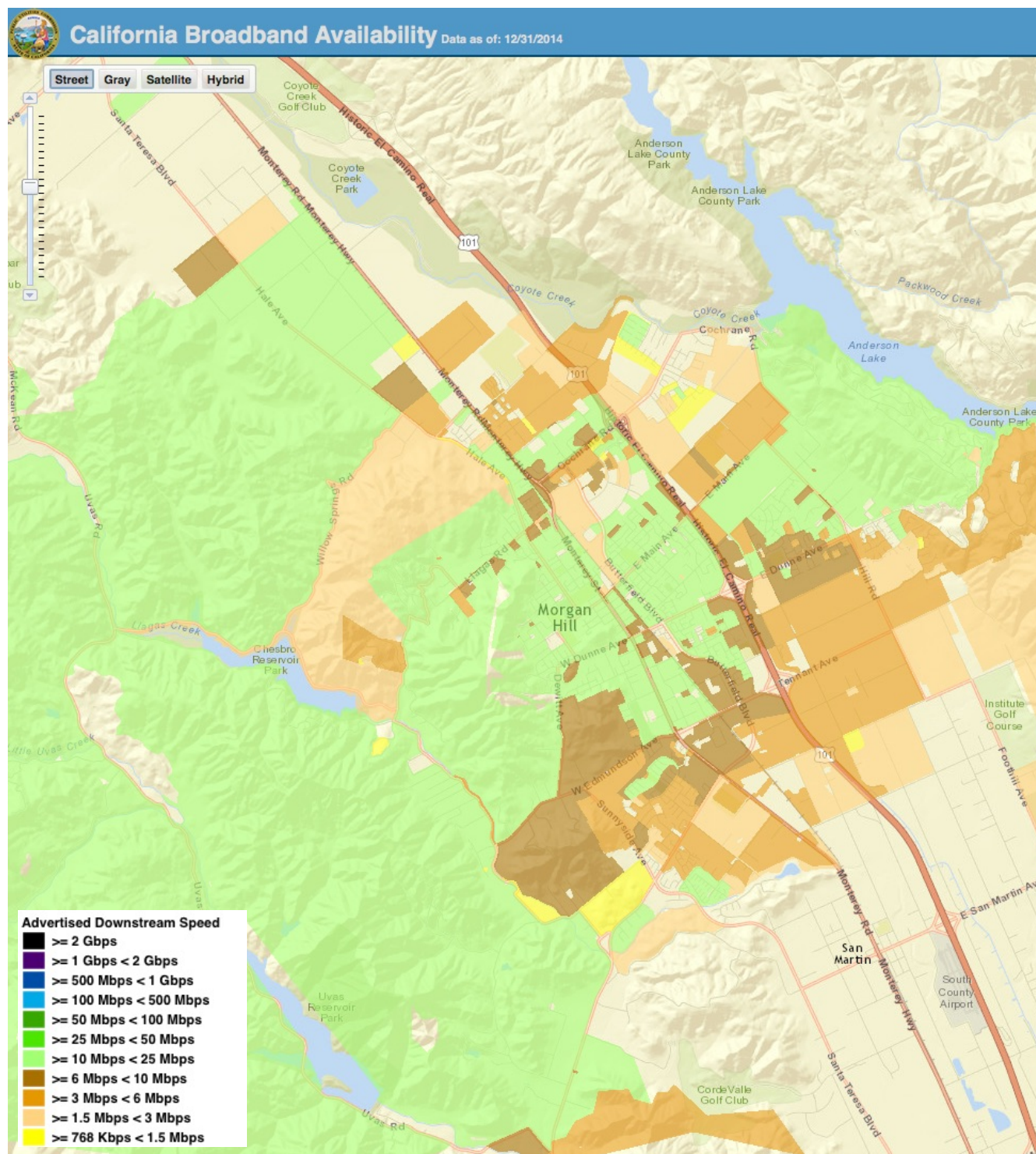
South Bay Area



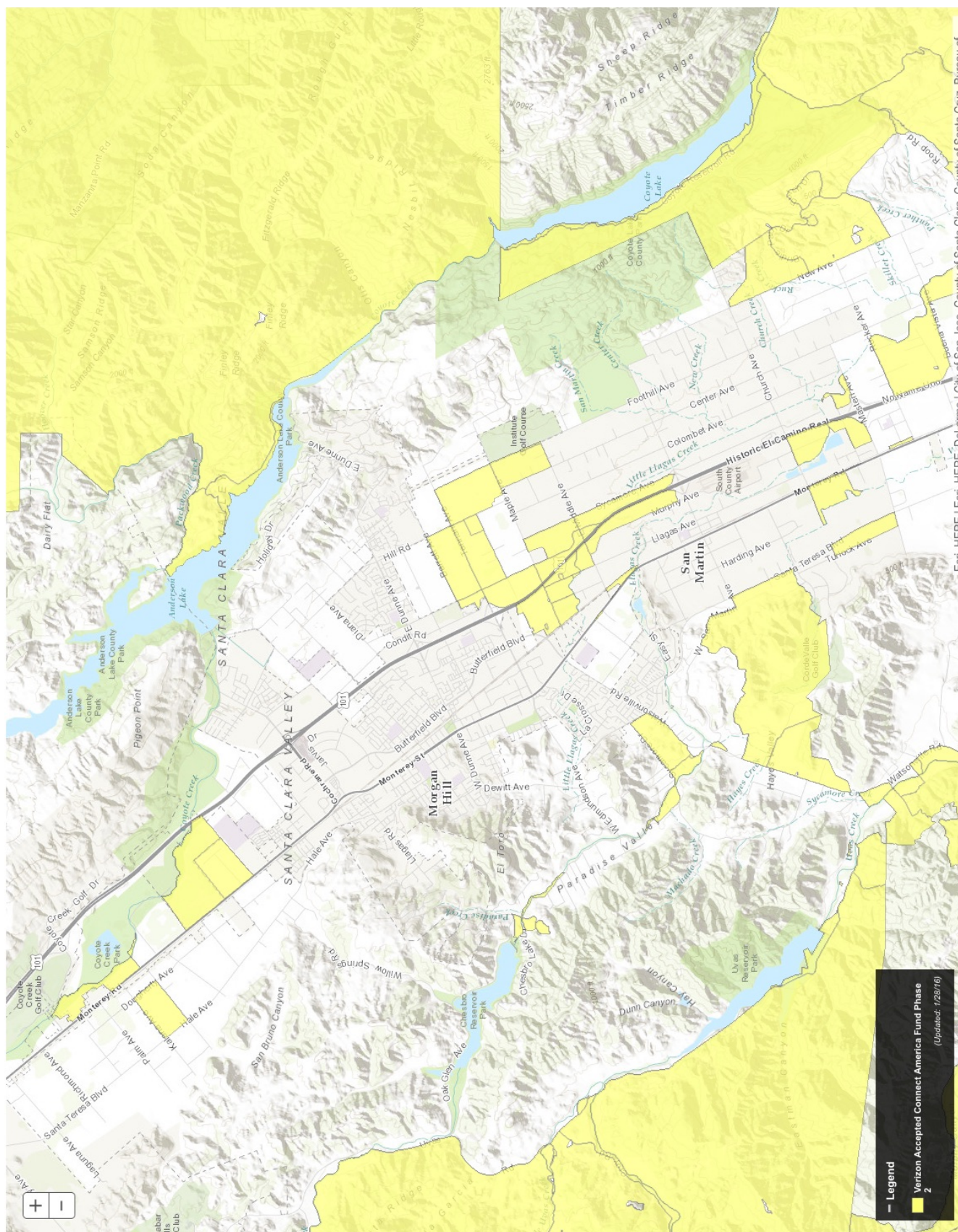
East Bay Area



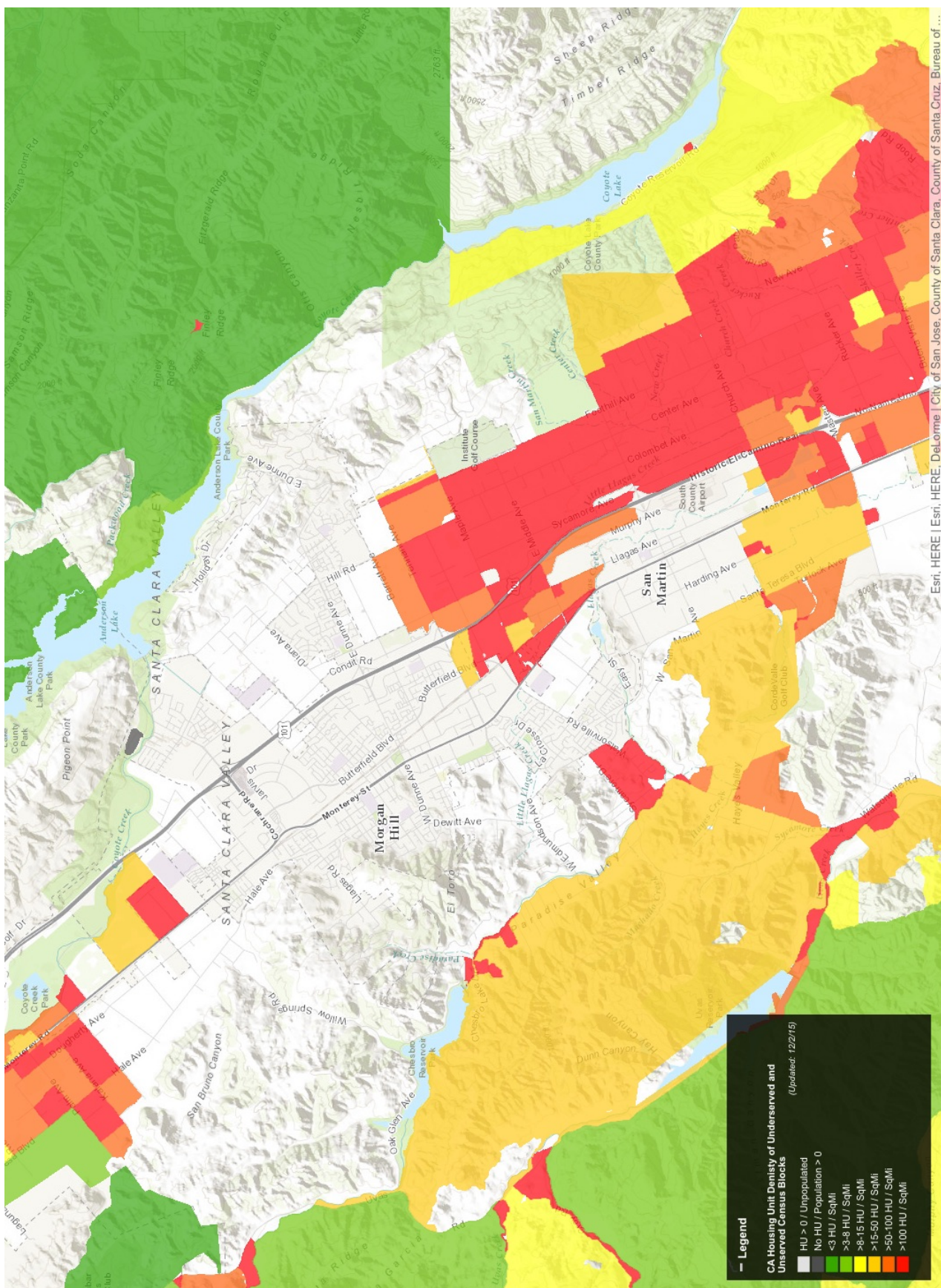
2. Frontier (formerly Verizon) DSL service



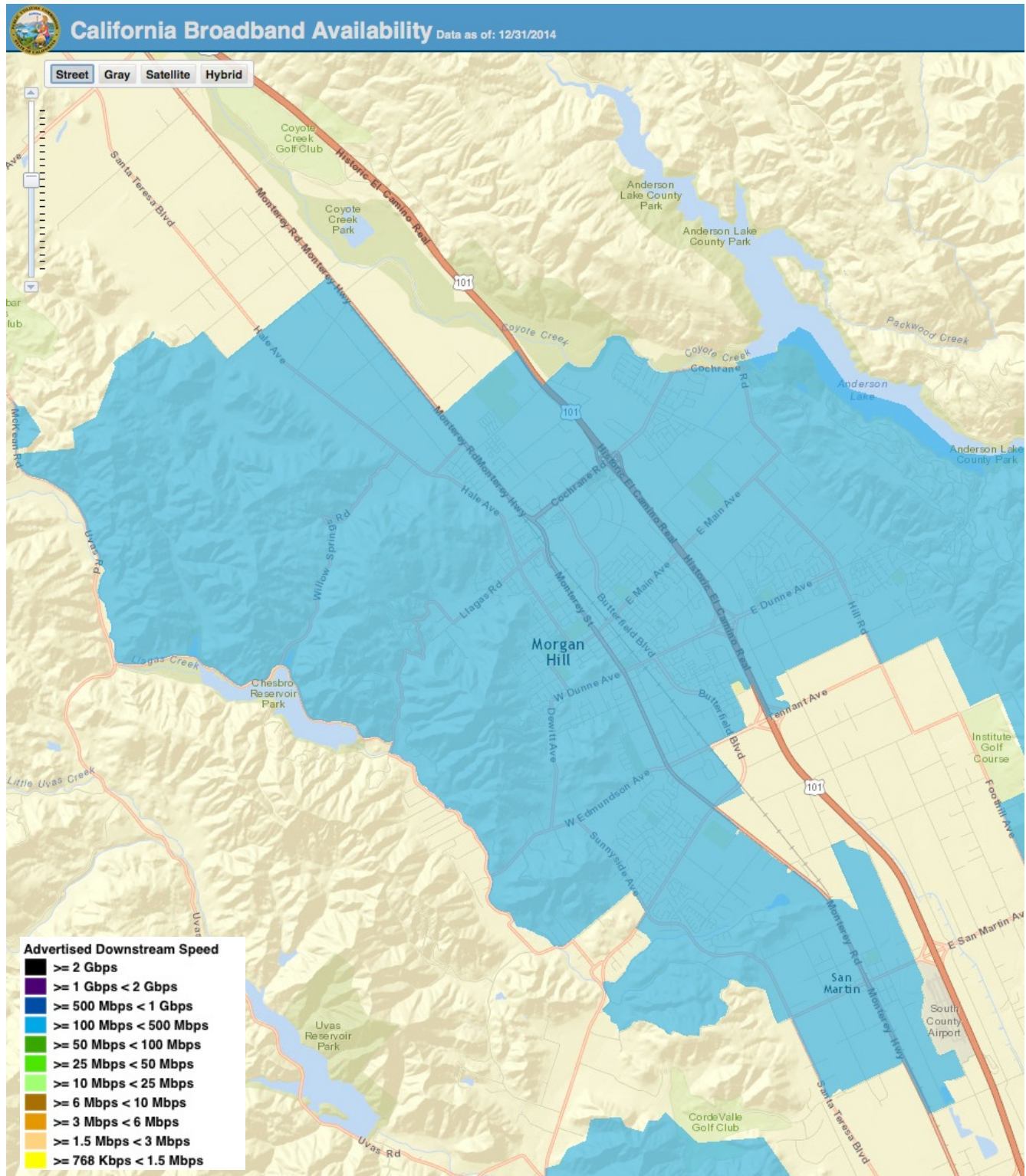
Frontier – census blocks qualified for federal upgrade subsidies (CAF-2 program)



Census blocks provisionally eligible for California Advanced Service Fund subsidies

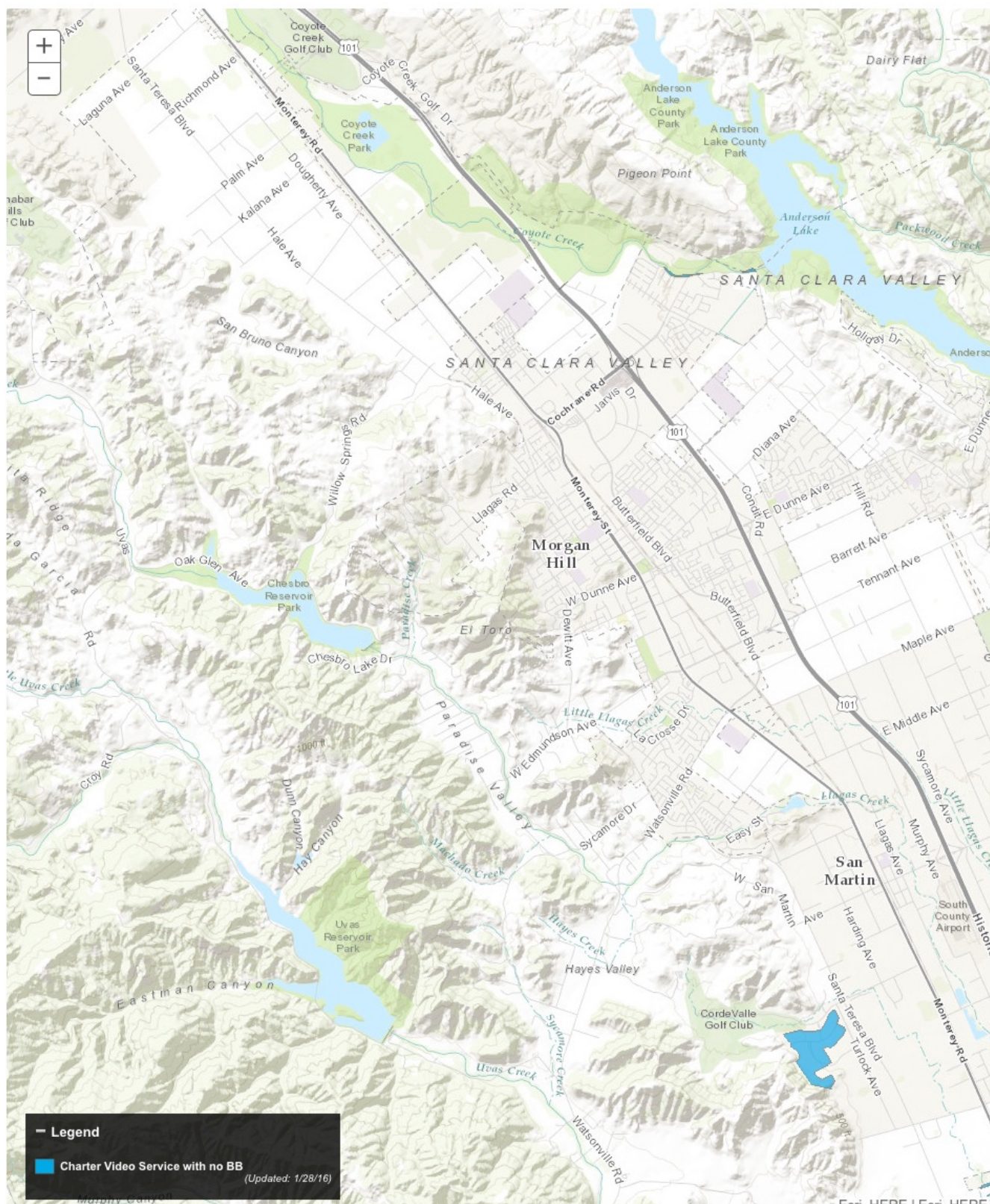


3. Charter cable modem service



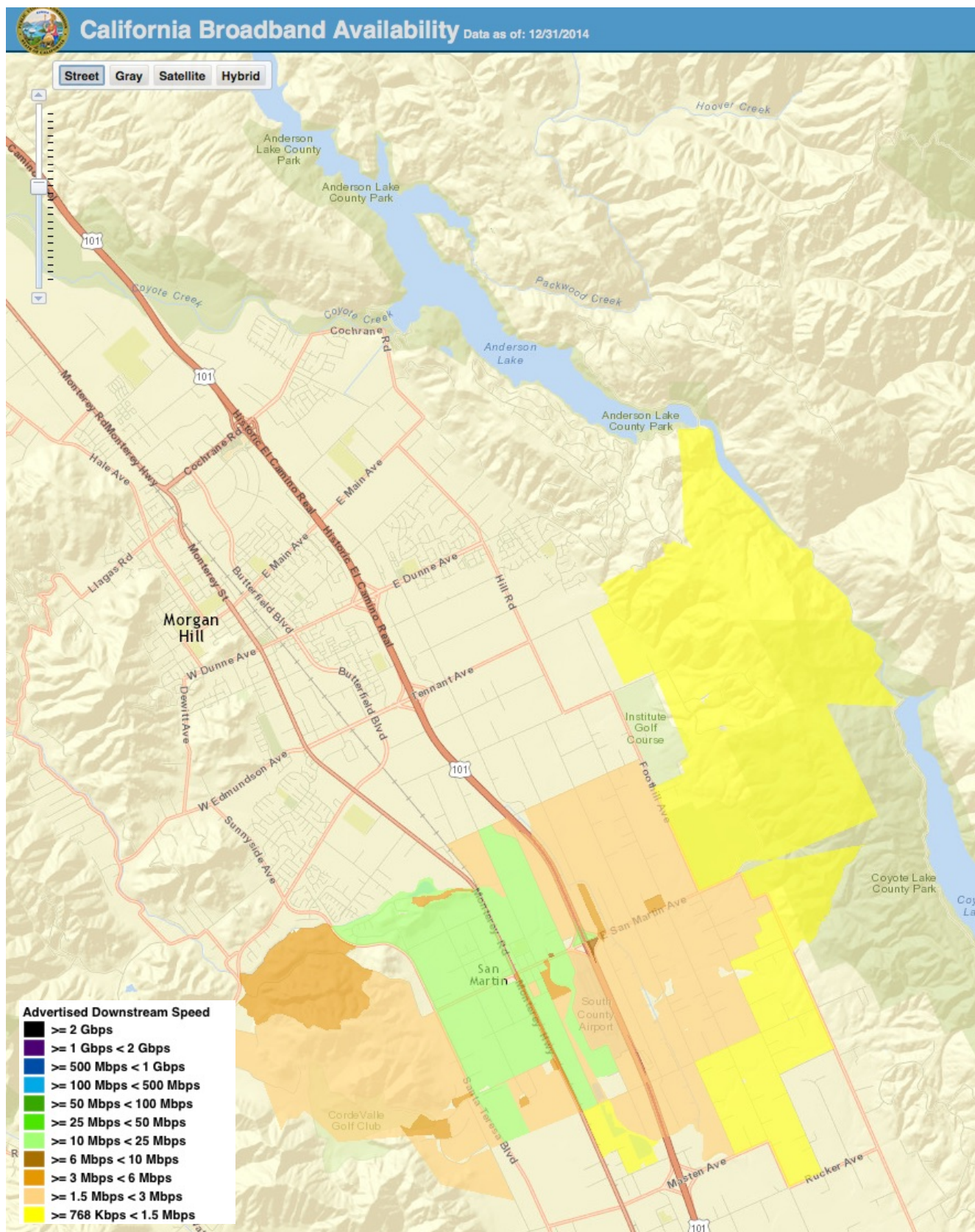
City of Morgan Hill 2035 General Plan – Telecommunications Infrastructure

Charter coverage gaps (versus assigned franchise area)



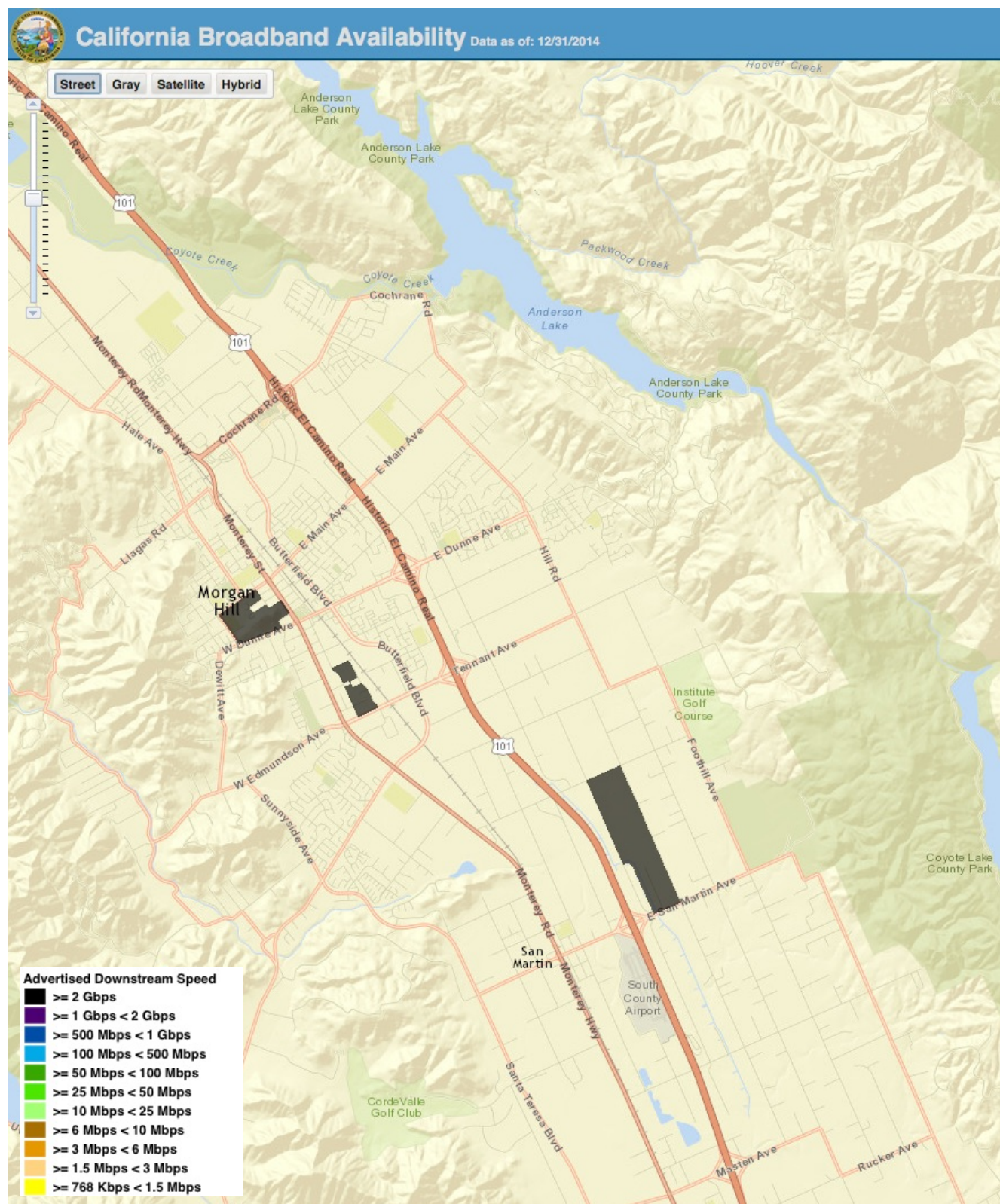
Attachment: 2016 Telecommunication Infrastructure Report (2569 : Direct the City Manager to Negotiate a Broadband Agreement with Wave

4. AT&T DSL service



5. Secondary providers

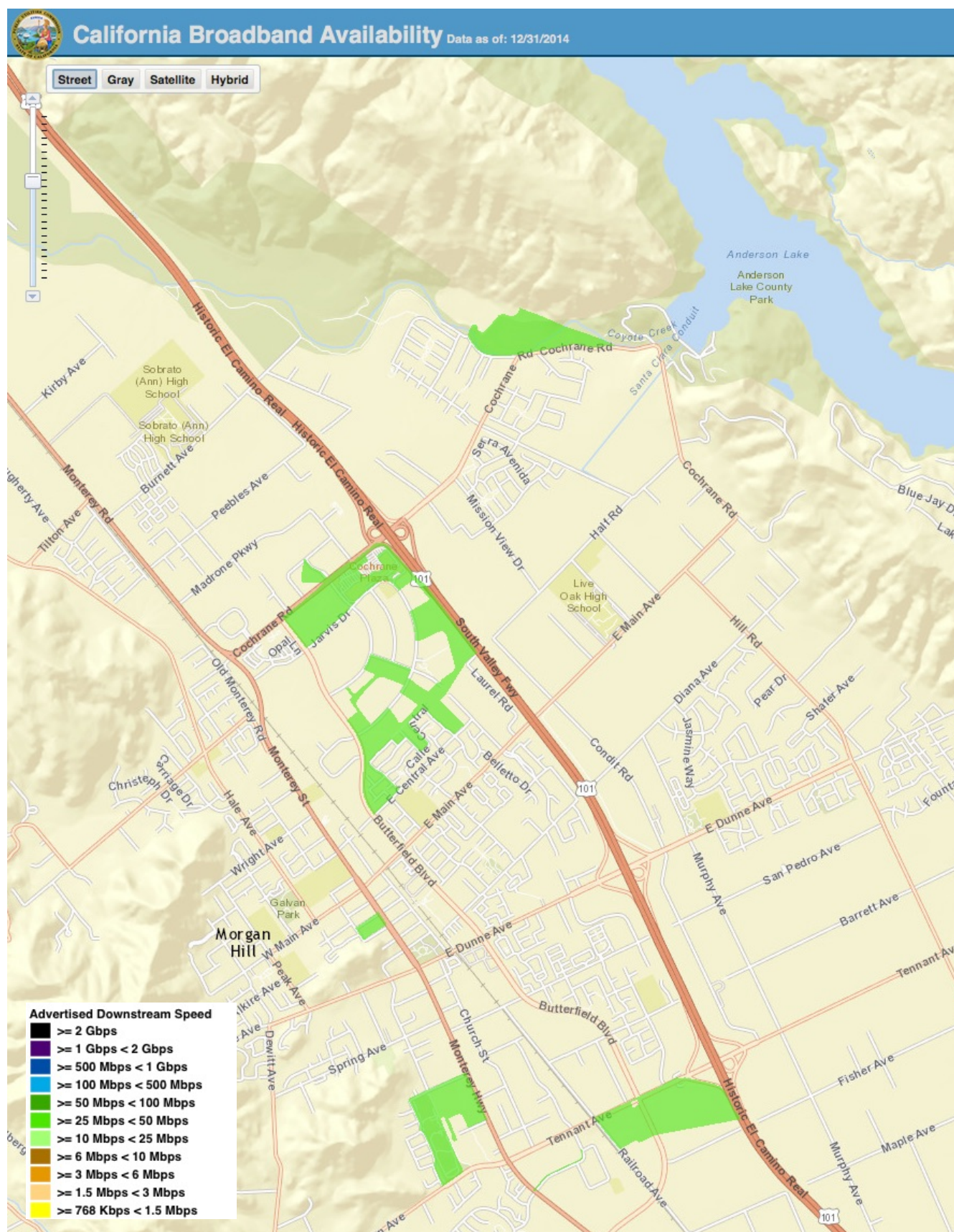
Level 3 fiber locations



Level 3 enhanced copper locations

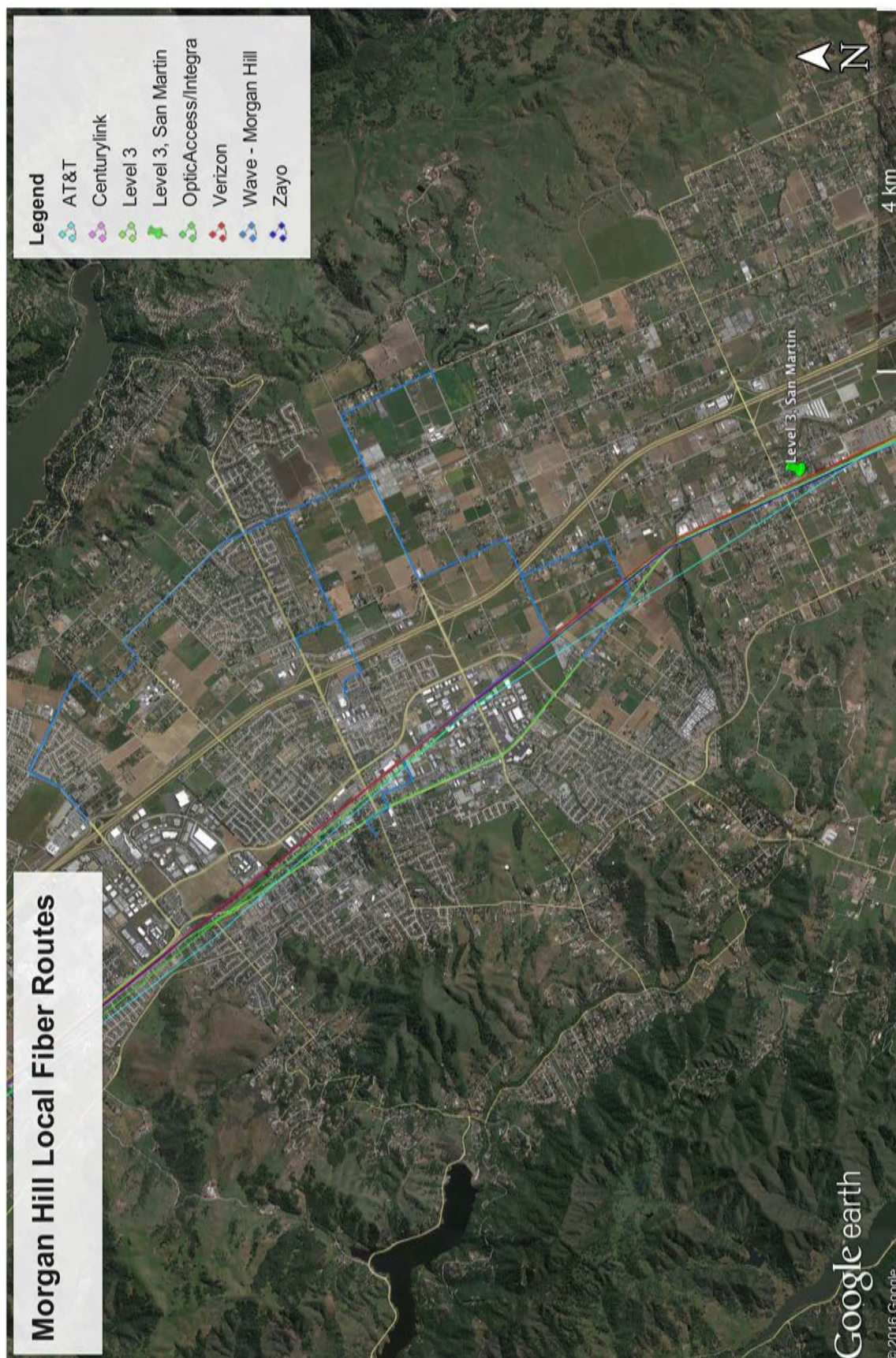


TW Telecom enhanced copper locations

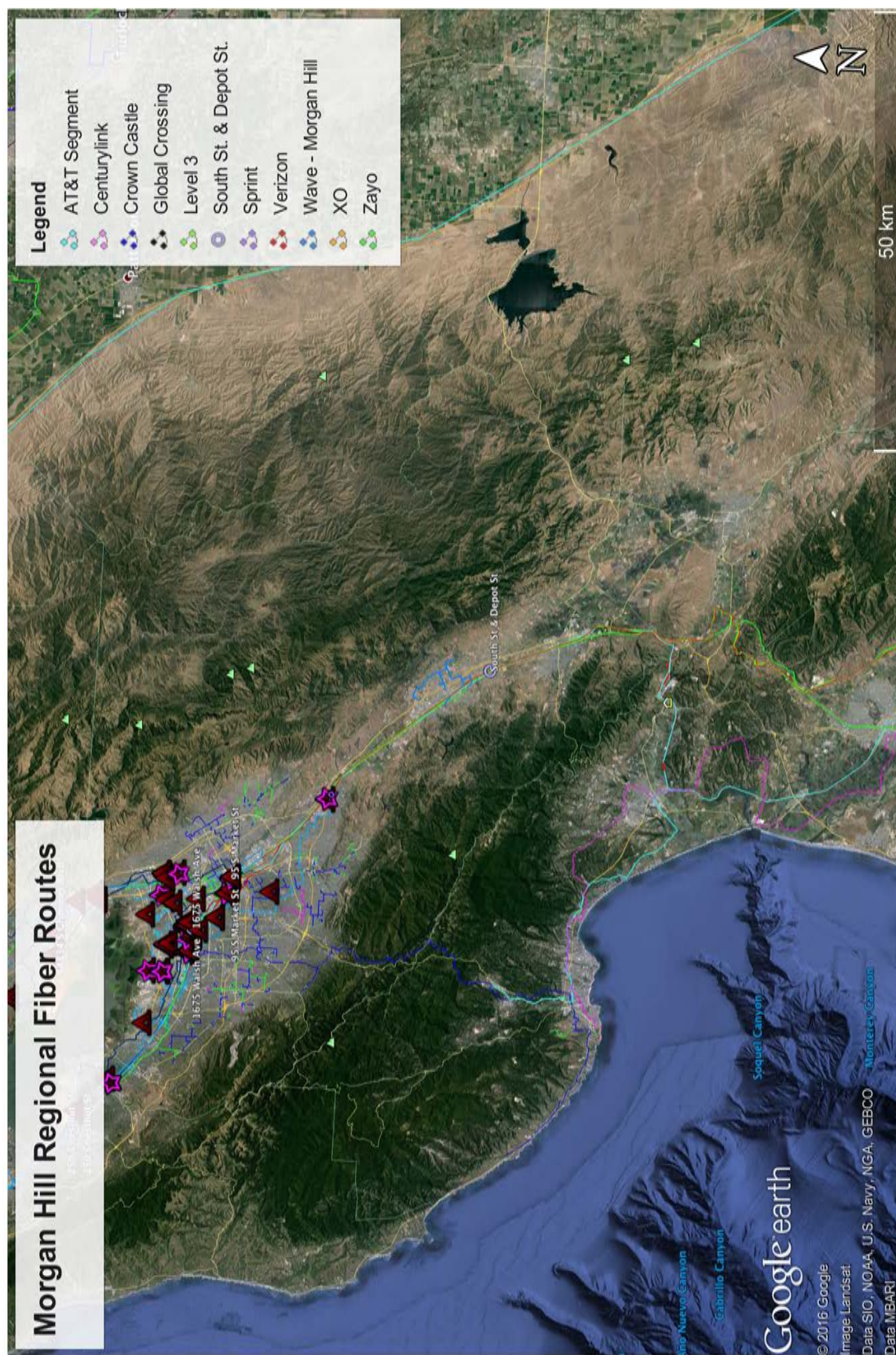


Attachment: 2016 Telecommunication Infrastructure Report (2569 : Direct the City Manager to Negotiate a Broadband Agreement with Wave

Local fiber optic network routes

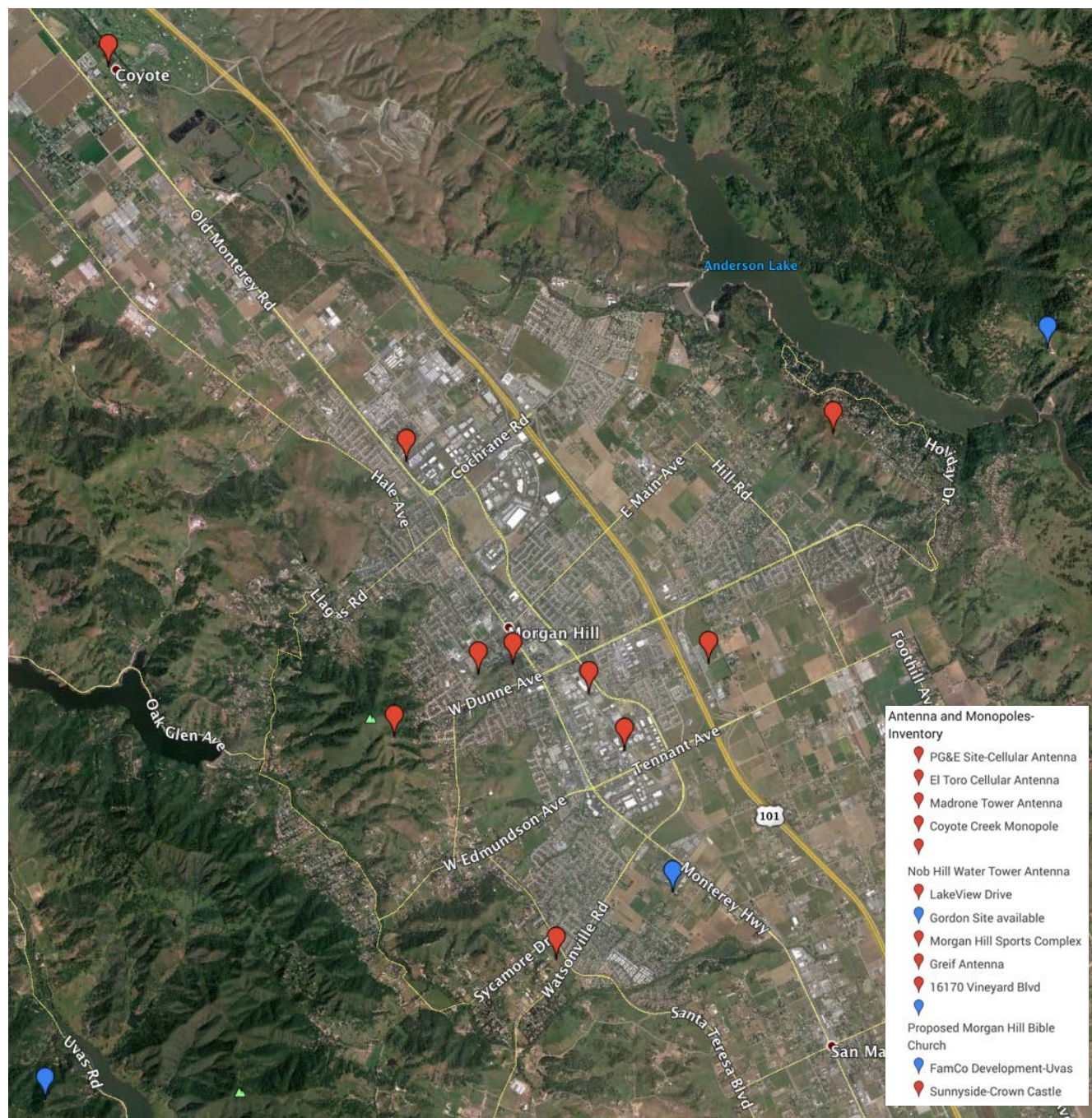


Regional fiber optic network routes



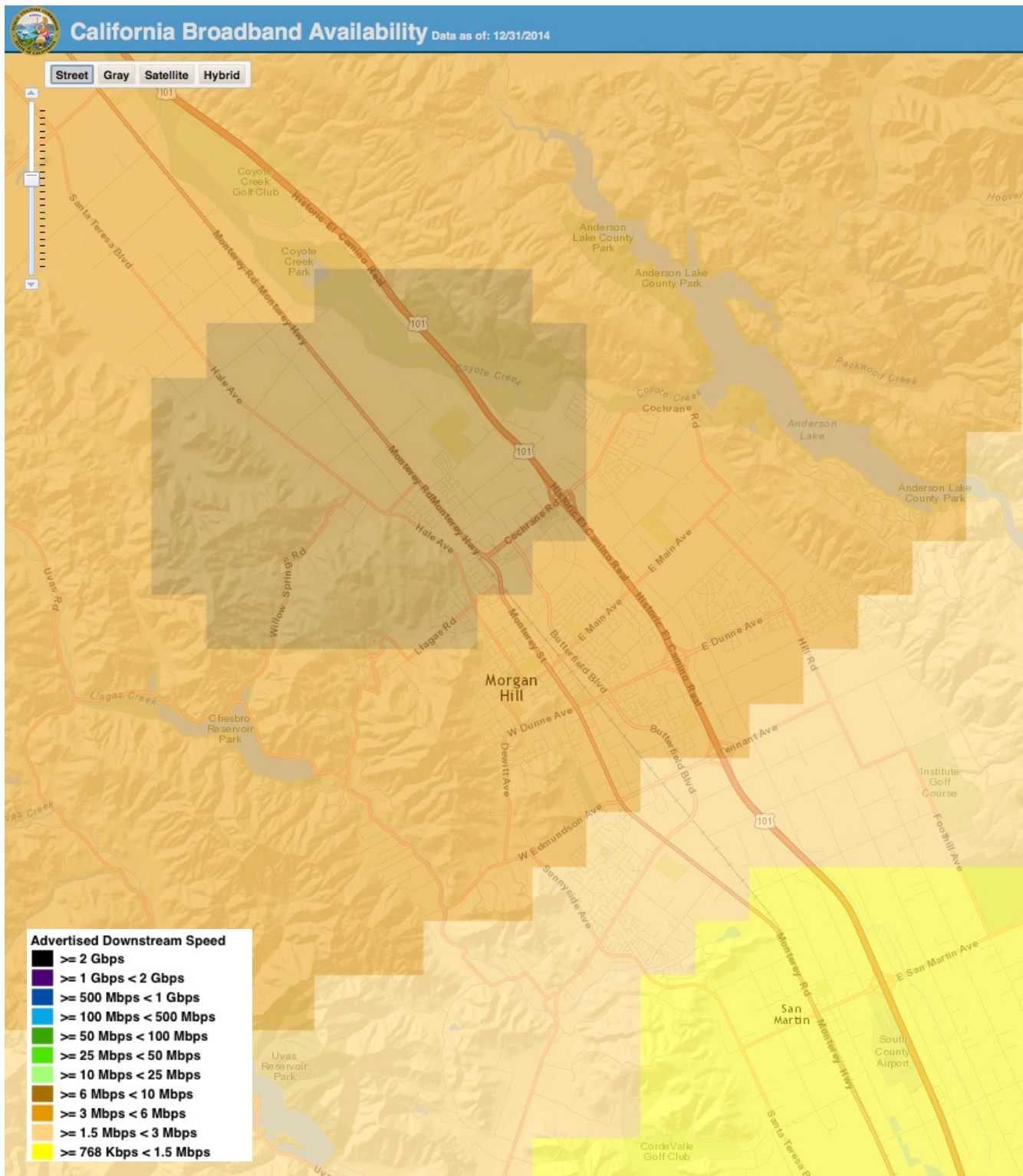
6. Wireless broadband availability

Antenna and monopoles – Morgan Hill

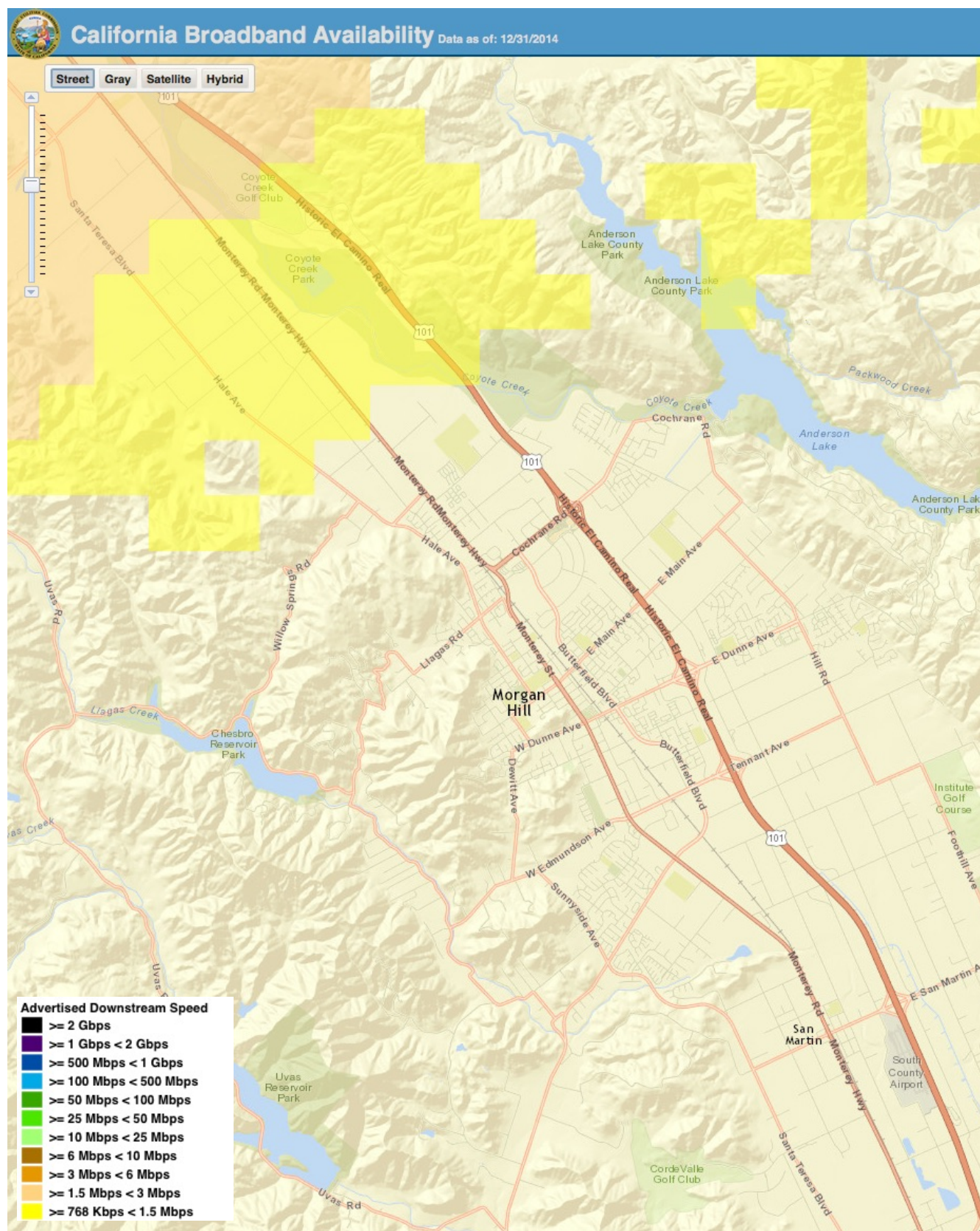


City of Morgan Hill 2035 General Plan – Telecommunications Infrastructure

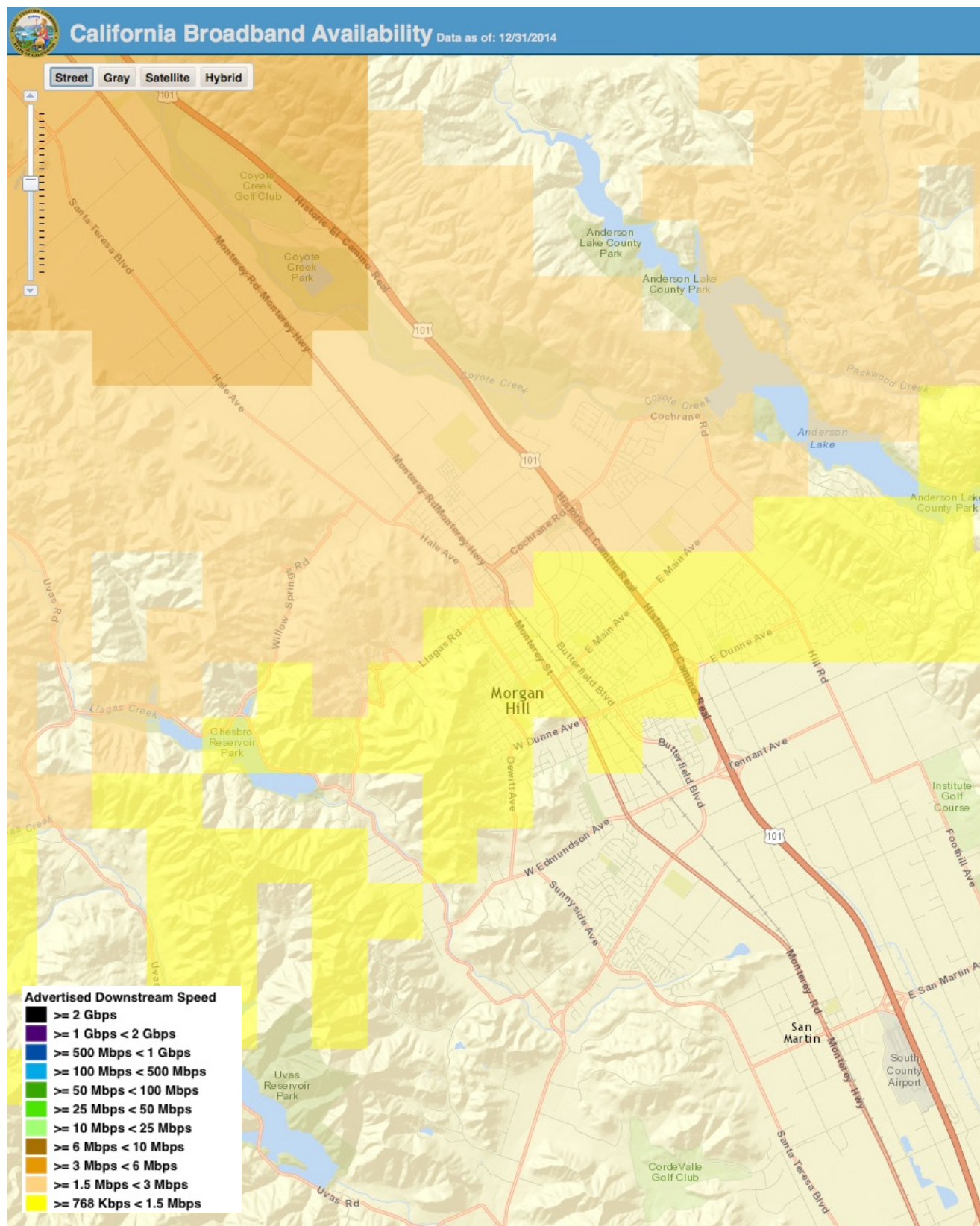
AT&T mobile broadband service



Sprint mobile broadband service



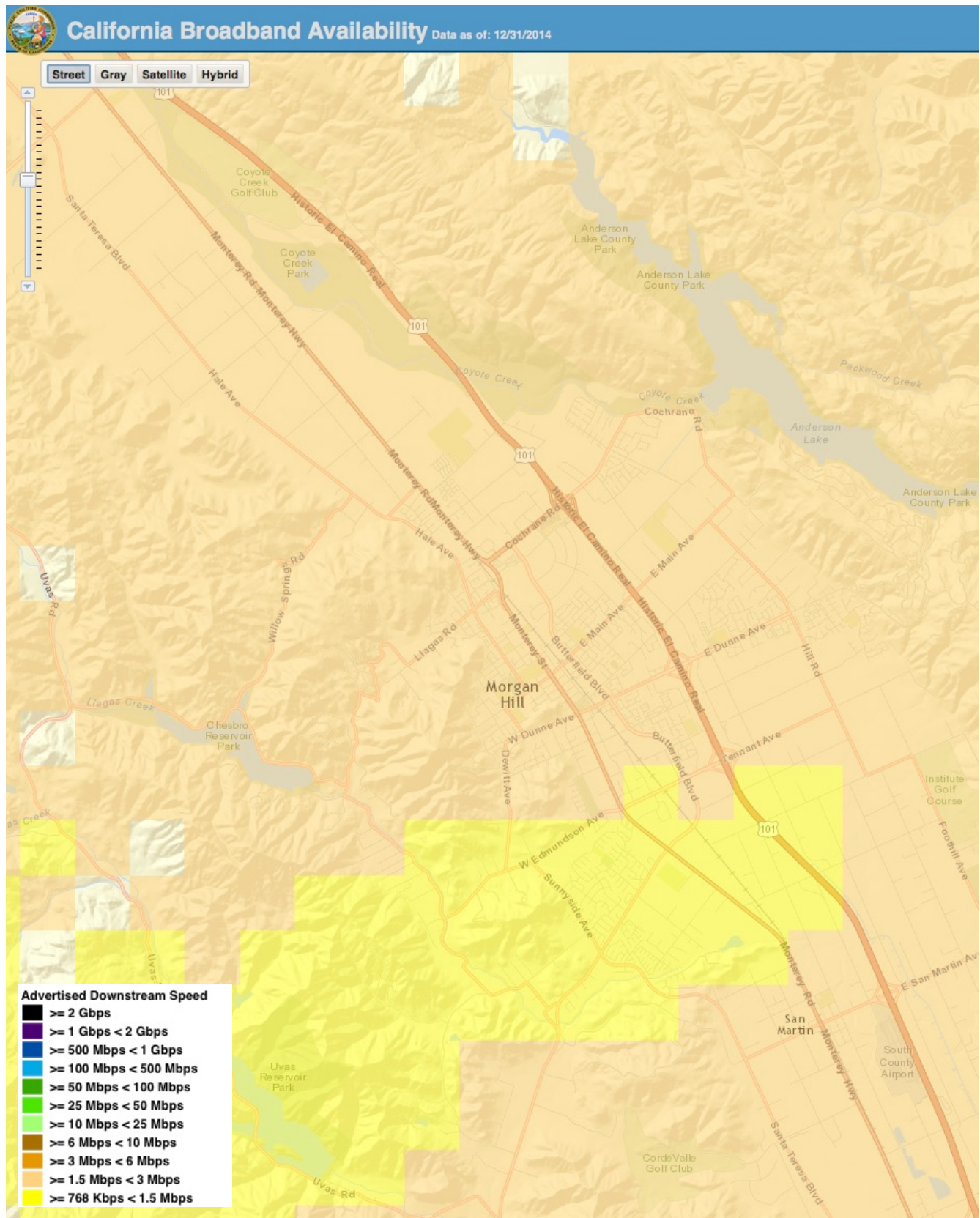
T-Mobile mobile broadband service



Attachment: 2016 Telecommunication Infrastructure Report (2569) : Direct the City Manager to Negotiate a Broadband Agreement with Wave

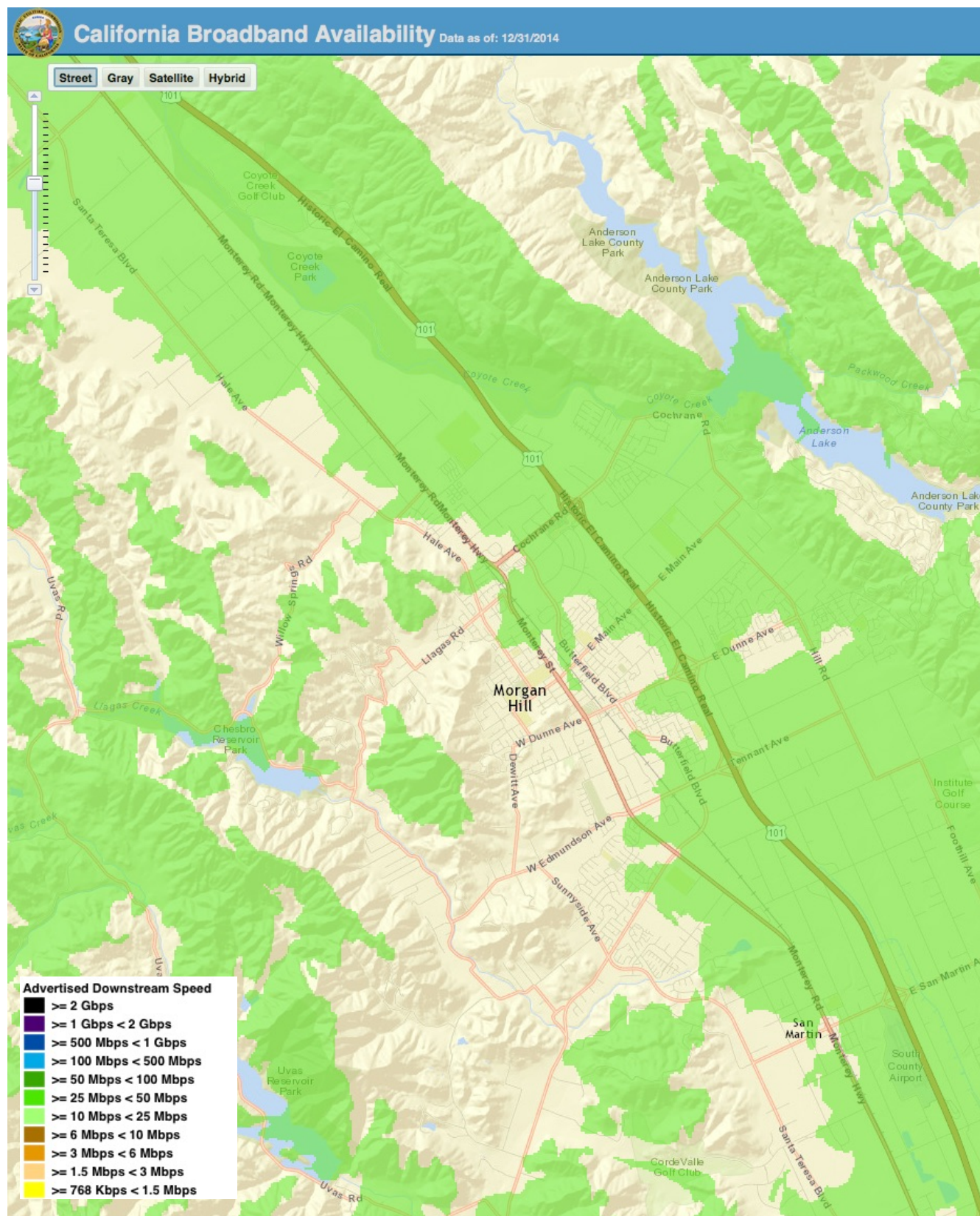
City of Morgan Hill 2035 General Plan – Telecommunications Infrastructure

Verizon mobile broadband service



Attachment: 2016 Telecommunication Infrastructure Report (2569) : Direct the City Manager to Negotiate a Broadband Agreement with Wave

Etheric fixed wireless service area (unlicensed)



Attachment: 2016 Telecommunication Infrastructure Report (2569 : Direct the City Manager to Negotiate a Broadband Agreement with Wave

Appendix B - Infrastructure grades

Methodology

In a study conducted for the East Bay Broadband Consortium (EBBC) in 2013¹⁶, in cooperation with the Central Coast Broadband Consortium, core broadband infrastructure was evaluated in Alameda, Contra Costa and Solano Counties using data submitted to the California Public Utilities Commission by Internet service providers. A comparative report card was developed, with the average grade – “C” – set at the most prevalent infrastructure, and corresponding service levels, in the state: a combination of relatively high speed cable modem and mid-range telephone company DSL facilities.

This methodology was subsequently used by the Central Coast Broadband Consortium to evaluate California broadband infrastructure and service on a statewide basis, on behalf of the California Emerging Technology Fund. It was later adopted by the Tahoe Broadband Consortium, the Broadband Consortium of the Pacific Coast and the California Center for Rural Policy.

The primary data for assessing the quantity and quality of broadband infrastructure comes from the California Public Utilities Commission, which collects service level reports from providers throughout the state. This data can be broken down to the census block level, and shows what level of service Internet companies claim to provide, but not necessarily what they deliver. The accuracy of this data and the definition of service levels varies from company to company, although it is generally consistent within any given company. In other words, if Company Z exaggerates the speeds and availability of home Internet service, it tends to do so to more or less the same extent everywhere. By using a comparative system for ranking, rather than using the absolute values provided, the variation in the accuracy of the data can be smoothed out and an apples-to-apples comparison can be achieved.

The data collected by CPUC was divided into three categories: core wireline service, commercial broadband service providers and mobile carriers.

Consumer-class service throughout California was assessed, and used as one of the two primary grading benchmarks, the other being the CPUC's standard for minimum acceptable service of 6 Mbps download/1.5 Mbps upload speed. Upload speed was given equal weight to download speed, even though it's generally less critical for consumers, because upload speed gives a good indication of the capacity of the underlying infrastructure. When a service provider skimps on upload speeds, as frequently happens, it is usually because its cables and other core equipment have a limited capacity.

Grades were then assigned as follows:

A - Two competing providers, both advertizing maximum download speeds of at least 25 Mbps and maximum uploads speeds of 6 Mbps, or 3 or more competing providers offering that standard of service in combination.

¹⁶ *East Bay Broadband Report Card*, Tellus Venture Associates, 28 January 2014.

B - Competing providers, both advertizing maximum download speeds of at least 10 Mbps and maximum uploads speeds of 6 Mbps.

C - Competing providers, one advertizing max down/up speeds of at least 10/6 Mbps and the remainder meeting CPUC's minimum 6 down/1.5 up standard.

D - At least one provider advertizing speeds that meet the CPUC's minimum standards of 6 Mbps down and 1.5 Mbps up.

F - At least one provider offers service, but no service is available that meets the CPUC's minimum standard of 6 Mbps down and 1.5 Mbps up (meets CPUC's definition of underserved).

F- - No broadband service available (meets CPUC's definition of unserved).

A "C" grade indicates that the consumer class broadband services, and consequently the underlying core infrastructure, in a given area meets the statewide average. A "D" grade means it meets the minimum passing service standard set by the CPUC. "F" grades indicate full or partial failure, which also means the area is eligible for infrastructure construction subsidies from the Commission. "A" and "B" grades show that service in an area is superior to the California average.

The first step in grading was to give a letter grade to each census block in the three counties. Then, the grade points were tallied, weighted by population and averaged for the census blocks within cities, counties and unincorporated areas, to produce a numerical grade on a four point scale, which was rounded to the nearest tenth.

The numerical grade point average for an area was then converted to a letter grade on the following scale:

A	4.0
A-	3.7-3.9
B+	3.3-3.6
B	3.0-3.2
B-	2.7-2.9
C+	2.3-2.6
C	2.0-2.2
C-	1.7-1.9
D+	1.3-1.6
D	1.0-1.2
D-	0.7-0.9
F+	0.3-0.6
F	0.0-0.2
F-	No service available

Appendix C – Municipal enterprises

Several cities, including San Leandro, Benicia, Palo Alto and Santa Clara in the Bay Area, either own and operate commercial and industrial class fiber optic networks, or partner with private companies to make sure those resources are available to the community.

1. Dark fiber

Palo Alto and Santa Clara operate dark fiber networks which have proved very profitable. Once installed these systems require little upkeep other than fixing accidental breaks, and customer service is mostly limited to making the initial connections – for a fee – and sending periodic bills.

San Leandro has given a local company non-exclusive access to its traffic signal network (a near-loop of approximately 11.5 miles in length) and to 7.5 miles of new conduit it built using a federal grant. In return, the city received ownership of approximately 10% of the fiber installed by the company and eventually will receive cash payments, as the business becomes profitable. Similarly, the City and County of San Francisco is leasing surplus capacity in its own fiber optic network to Google Fiber, as part of a targeted effort to improve broadband service to multiple dwelling units.

2. Fiber to the home

Direct municipal involvement in providing consumer-class service via fiber-to-the-home (FTTH) systems has a less successful track record, particularly in communities such as Morgan Hill which are served by two large, consumer-oriented broadband providers. Frontier and Charter, between them, offer a range of residential Internet service in Morgan Hill and most residents subscribe to it, with Charter appearing to have about two-thirds of broadband customers. Both companies offer telephone service, and Charter has an extensive television line-up. Although both companies are the target of complaints about service and prices, it is evident from the research conducted for this study that their service offerings fall within the range desired by most residents. Both companies have a national presence and millions of customers. They enjoy substantial operating economies of scale, including the ability to negotiate favorable terms with television programming providers, and can pick and choose which neighborhoods to upgrade on the basis of expected return on investment.

City-run systems do not have those economies of scale and cannot discriminate amongst residents on the basis of their economic potential. Consequently, it is usually impossible to compete with entrenched incumbents on the basis of lower prices offered, due to national-scale purchasing power and operating efficiencies, or lower costs incurred as a result of limiting the provision of advanced services to high potential customers.

Although a municipal FTTH system could theoretically offer more television programming options and greater broadband speeds at the same price as copper-based incumbent service providers, this competitive strategy usually results in lower net revenue and ongoing operating losses, particularly when employed against major incumbents such as Charter or Frontier.

The only successful example of a municipally operated FTTH system in California is Loma Linda, which only provides Internet service – and not television service – to newly constructed or remodeled homes where the developer or property owner has installed empty conduit for the city’s use. The City of Loma Linda – which is 4 square miles in size and suburban in character – has invested in a fiber backbone network to support this service, but much of the cost of building and operating it is borne by the several colleges and hospitals in town which act as anchor customers.

It is possible for cities in competitive urban markets to build and operate FTTH systems, but it is not reasonable to expect that operating costs and capital pay-back requirements – bond payments, for example – will be met by customer revenue in the near to mid term. Instead, a municipal FTTH operator must expect to subsidize operations for the foreseeable future, via the general fund, grant money, tax increment financing or assessments on property owners or utility ratepayers.

3. Business Models

California cities have a wide range of choices when considering how to pursue broadband projects. They can work with, or even own, for profit corporations, participate in cooperatives and non profit corporations or they can own and operate a broadband network, either fully or in partnership with a private sector company.

Generally, California cities (and some special districts) can provide telecommunications services within their boundaries with few restrictions. Even if a city provides a service that falls under the CPUC's jurisdiction, it is exempt from CPUC oversight. On the other hand, it is subject to all the controls, restrictions and obligations that pertain to any other municipal function, such as public oversight, open access and Brown Act requirements.

Full City Ownership

A common way of organizing a municipal telecommunications utility is to run it via a separate enterprise fund. Examples include the cities of Palo Alto, Santa Clara, Lompoc, Alameda and Chattanooga, which all have municipal electric utilities, and Santa Monica, which operates a business-oriented lit fiber service via its information technology department.

Advantages: City controls operating policy and benefits from any profits generated, most regulatory requirements do not apply.

Disadvantages: City would have to support any financial deficits, could require additional costs such as staff time.

Partial City Ownership

When a city contributes resources to a broadband network project, it can take ownership of specific parts of that network, rather than owning and operating the entire system.

Examples include the cities of San Leandro and Brentwood, which are leasing conduit to a competitive service provider. Another example is the City of Monterey. When Comcast installed an institutional network as part of its former franchise agreement, the city paid for extra fiber strands to be installed. Those strands are the property of the city, and are now being used to provide effectively free connectivity between city locations even though local franchise agreements have been preempted at the state level.

Advantages: City gains access to telecommunications resources for its own use and can exercise a degree of control over the operation of a system that it helped to fund.

Disadvantages: Control is only partial. Continued access to the resource may depend on the viability or cooperation of a private sector partner. Care must be taken to avoid exposure to liability or unreasonable ongoing costs.

Corporation/LLC

Limited liability companies and for-profit corporations of various types can do business with few restrictions. Telecommunications companies are potentially an exception. For example, if it is deemed to be a telephone company (CLEC/competitive local exchange carrier) a private company would fall under the California Public Utilities Commission's jurisdiction.

Corporations are owned by shareholders, and different classes of stock can have different voting rights. The assets of a corporation can be sold or assigned to shareholders or others with few restrictions. To a great degree, ongoing governance and control of a corporation can be predetermined by the founders, who can also put requirements and restrictions on how it can do business and structure it to achieve goals they set (and benefit from), within limits.

For-profit organizations make money, pay taxes and distribute dividends to shareholders. Individual shareholders can usually sell their stock, although there are ways to limit the ability of new stock owners to control the company. The City can be a shareholder of such a corporation, even the sole shareholder.

Examples run from national organizations (AT&T and Comcast) to intrastate networks (Sunesys, now a subsidiary of Crown Castle) to local companies (Cruzio Internet). Several public-private partnerships were formed to apply for ARRA grants in 2009 and 2010. Examples include the City of Oakland and the City of Watsonville, which did not receive funds.

Advantages: freedom of action, ability to maintain control, able to operate company for the direct benefit of shareholders, able to borrow money and take private investment.

Disadvantages: could bear a regulatory burden, would likely require arms-length dealings with the City, no guarantee that it will always put the public interest foremost.

Non-Profit

A non-profit corporation can do nearly everything a for-profit corporation can do. The major differences are that a non-profit must offer some kind of public benefit, has limits on the amount of cash surplus it can generate from its operations and its governance structure is less controllable by the founders.

Non-profits aren't owned by anyone. The corporation is governed by a board that can be chosen by voting members, named by organizations designated in the bylaws or picked by the board itself. There are restrictions on the degree to which board members can act on items in which they have a financial interest.

With self-perpetuating boards or boards chosen by voting members, there is a chance that the organization will take a direction that was not intended by the founders. A board with directors appointed by other people or organizations, for example the founders, is less likely to take an unintended direction but there are limits on the extent to which appointed directors can act in the interest of their parent organization.

A mutual benefit corporation is another type of non-profit, and is similar in concept to a cooperative.

In California, CENIC (Corporation for Education Network Initiatives in California) is a non-profit that runs a statewide broadband network supporting K-12 and higher education institutions. It is a membership based non-profit, controlled primarily by major public and private universities, which in turn are its major customers. Because it is a non-profit serving primarily government entities (as well as a few private non-profit schools) it can more directly serve the needs of its members than it could if its members were for-profit companies.

The Nevada Hospital Association (technically a not-for-profit professional association) received a \$20 million ARRA grant to build a public access fiber network throughout Nevada. OneCommunity received a similar grant to build a fiber network in Ohio, as did the University Corporation for Advanced Internet Development, which is working on a national network primarily for higher education use.

Advantage: some freedom of action, less potential for conflict of interest with the City.

Disadvantage: can be difficult to maintain control over the long term, financial and managerial options are restricted.

Cooperative

Cooperatives are not-for-profit corporations that are usually set up to provide some kind of benefit to members. Commonly, cooperatives are set up to pool buying power. Although there can be different classes of membership with different rights, generally governance is on the basis of one vote per

member, regardless of the amount of business a member does with the cooperative. Operating surpluses, on the other hand, are usually distributed to members according to how much business they do with the co-op.

The board of directors is chosen by a vote of eligible members. Although there are ways that founders can maintain a large degree of influence, it is possible that other members, representing a majority of votes, can gain control.

Examples:

California Broadband Cooperative. This ARRA grant recipient built and is now operating a 500 mile fiber optic network from Reno, down the eastern side of the Sierra generally along U.S. 395 in California to Barstow.

Plumas-Sierra Rural Electrical Co-op. A rare Californian example of a traditional rural utilities cooperative. These sorts of organization are common in the midwest and south, and provide telecommunications services as well as electricity.

Mid-Atlantic Broadband Cooperative. Located in rural Virginia, operates a fiber optic network of several hundred miles. Built with tobacco settlement money and ARRA funds.

Advantages: can be run strictly for the benefit of members, has freedom of action and can do business as a private company would.

Disadvantage: can be run strictly for the benefit of members (rather than focusing on public policy objectives), difficult for the founders to maintain control.

4. Municipal broadband case studies

Some cities, such as Palo Alto, San Leandro, Benicia and Santa Monica, are involved to one degree or another in developing broadband facilities and services for commercial and industrial areas. Other cities, for example Alameda, Loma Linda, Lompoc and Provo, Utah, have pursued broadband projects that are focused on providing consumer-class Internet service to homes. Still others, such as Santa Cruz, Brentwood, Kansas City and Austin, Texas, have used policy initiatives to attract private fiber-to-the-home projects.

Each city has its own particular set of circumstances, constraints and needs, but all have determined that broadband is an essential twenty-first century utility – as necessary for economic development and social equity as water or electricity – and that there is a public interest in encouraging its development.

Municipal broadband business models include city or county owned and operated networks, partnerships with private companies, and facilitation of the development of completely private systems.

Examples (in California unless otherwise indicated) include:

City of Palo Alto – the municipal electric utility has installed more than 40 miles of fiber optic cables, which it makes available to business and industrial customers, and is supplementing this coverage with publicly available, amenity grade WiFi access (i.e., intended to meet occasional, on-the-spot needs of tourists and shoppers, for example, rather than daily household, business or educational needs). No residential service is offered. The system generates more than \$2 million in surplus revenue a year.

City of Santa Clara - similar to Palo Alto, the city's electric utility provides access to fiber optic lines to businesses, and also uses the smart meter infrastructure it has installed to support amenity grade WiFi service. This system also generates an annual surplus.

City of San Leandro - as noted above, the city entered into an agreement with a local company, Lit San Leandro, to provide access to city-owned conduit. This private company installed fiber optic lines in the city's conduit, to support commercial and industrial customers as well as public uses. In the second phase of this project, the city applied for and received a grant from the federal Economic Development Administration to install additional conduit in order to extend the fiber network. In exchange, the city receives access to the network for its own use and, eventually, will receive conduit lease revenue. The city incurs costs to support the project and currently generates no direct revenue, but has had significant success in attracting new, high technology businesses.

City of Lompoc - the city's electric utility department built and continues to operate a municipal WiFi utility which was originally intended to provide ubiquitous Internet access to homes and businesses. Although using WiFi to provide primary Internet access to homes proved problematic, the system provides a valuable, albeit low speed, lifeline option for residents and access for visitors. The revenue generated by this service is not sufficient to meet costs, and it is currently subsidized by other city funds.

City and County of San Francisco - over the years, San Francisco has developed an extensive, municipally owned fiber system to meet internal networking needs. Surplus capacity in the system is leased to private companies, most notably Google Fiber, which may use it to connect to multiple dwelling units. Going forward, this municipal network will be expanded as opportunities are presented. A policy is in place that requires inclusion of broadband conduit in public projects and to provide an option for placement of publicly-owned conduit in private projects which involve cutting into streets and other right of ways.

City of Watsonville - since the end of local cable television franchising in California, cable companies have begun charging cities for the use of institutional networks – INETs – originally provided at little or no cost. Charter Communications initially wanted to charge the City of Watsonville \$150,000 a year for the use of its INET, which connected critical city facilities. Because the city had a policy of routinely keeping an inventory of conduit and other network assets that had been installed on a prospective basis as well as for specific projects over the year, it was able to use conduit routes it already owned to duplicate all but a few segments, totalling a mile, of the INET system. The remaining

gaps were connected via conduit installed by the city for about the cost of two years of service from Charter.

City of Brentwood - for the past 17 years, the city has required new home construction to include empty conduits which are deeded over to the city. An agreement has been reached with an independent Internet service provider, Sonic.net, to use the city-owned conduit to install fiber lines and provide fiber-to-the-home service to homes already served by conduit, and extend the system over time throughout the city.

City of Pacific Grove - a contract was approved with SiFi Networks, a U.K.-based company, which provides the company with access to city streets, right of ways and sewers in order to build a fiber-to-the-home network. Originally, the project would have been funded by SiFi Networks, using capital raised overseas and repaid with guaranteed leases from incumbent operators. This financing mechanism is commonly used in Europe and elsewhere in the world, however incumbent business models in the U.S. do not support it. Consequently, SiFi Networks proposed that the City take over responsibility for lease payment at an annual cost of approximately \$1 million per year, which might or might not be offset by operating surplus. So far, this plan has met with skepticism.

Kansas City, Kansas and Missouri and Austin, Texas – local governments have worked with Google Fiber to facilitate construction of privately-owned, competitive fiber-to-the-home systems. This facilitation includes access to government owned facilities, such as right of ways and pole access for fiber installation and real estate leases for equipment huts, as well as a high degree of cooperation in granting permits and carrying out inspections.

Appendix D – Funding options

Some California cities are in a position to use economic development resources, including federal and state grants and other financing vehicles to expand existing broadband facilities, either on behalf of private companies or as part of a municipal enterprise. Examples of potential funding sources include the Economic Development Administration, U.S. Department of Agriculture and the Federal Communications Commission's Connect America Fund phase 2 (CAF-2) on the federal level, and the California Teleconnect Fund, the California Advanced Services Fund (CASF) and the California Infrastructure and Economic Development Bank at the state level.

All these programs have different eligibility and matching fund requirements, service levels, application processes, design and due diligence standards and schedules. To a degree, these programs are complementary, but in many respects there are conflicting requirements or standards. Another, larger problem is that each program – including local telecommunications budgets that receive state and federal subsidies – is independently administered and, with the occasional exception of CASF, is managed without regard for the others.

To an extent, this variety is useful. For example, homes that are not eligible for CAF subsidies might be eligible for funding from CASF. The challenge is to comprehensively analyse eligibility on a census block by census block and project by project basis, and coordinate grant and loan applications and service contracts accordingly.

The challenge in Morgan Hill is to identify which funding sources are realistically available, given the City's economic and demographic characteristics and existing service levels.

1. Bond funding

The City of Santa Cruz is in the process of negotiating an agreement with a local Internet service provider – Cruzio – to operate a fiber-to-the-premise system that would be built with money raised via revenue lease bonds. Cruzio would be responsible for making bond payments, although the City remains the ultimate guarantor.

Other municipal broadband projects have been built via other types of bonds or lease-back financing.

The City of Alameda funded construction of a cable television and Internet system by its municipal electric utility with revenue bonds secured only by revenue from the project. It could not generate sufficient revenue to meet its bond obligations and the system was sold at a loss to the local private cable operator, Comcast. Because the bonds were only backed by revenue from the cable system, and not the electric utility or the city's general fund, bondholders lost approximately 50% of their investment. The city was able to successfully defend the subsequent lawsuits. Since then, no California city has funded a broadband project using pure revenue bonds.

The City of Provo, Utah began building a fiber to the home system with bond repayment guaranteed by revenue, first from the project and then from its municipal electric utility. However, the revenue was insufficient to meet bond obligations and a mandatory \$5.25 monthly fee was added to residential and commercial electric bills. The system was subsequently sold to Google for a nominal amount, although the bond obligations remain with the city and local electric ratepayers.

2. Infrastructure financing districts

Although it can be difficult to gain approval for traditional bond measures, new legislation enacted in 2014 (Senate Bill 628) gave local agencies the ability to form enhanced infrastructure financing districts and issue tax increment financed bonds with 55% voter approval. These districts can also use incremental property tax gains to pay back other kinds of financing, including private loans. Additionally, Assembly Bill 2292, passed the same year, added broadband infrastructure to list of allowable projects that may be pursued by traditional infrastructure financing districts.

To date, no California jurisdiction has formed such a district for broadband project purposes.

3. Economic Development Administration

Jurisdictions that are eligible for grants from the federal Economic Development Administration (EDA) may apply for grants to build certain types of broadband infrastructure and perform various broadband related planning tasks, including feasibility studies and engineering work. Broadband infrastructure projects can be eligible for grants under the EDA's public works program, which typically funds 50% of project costs up to \$3 million. Planning grants also typically require a 50% match, and will provide up to \$1,250,000 in funding.

The first such grant in California was received by the City of San Leandro to build underground telecommunications conduit, which it then made available to a private telecommunications company. The EDA has recently put a higher priority on broadband infrastructure, and is accepting proposals for such grants within its regular application cycle.

4. Transportation funding

Broadband projects as such are not eligible for funding under the various state and federal transportation infrastructure programs, but broadband facilities installed as elements of transportation projects are usually eligible for funding. Typically, broadband facilities must either enhance the operations of the transportation project or improve public safety. Examples include spare capacity included in traffic signal interconnect conduit and conduit installed in bike paths to support public safety agencies.

A proposed bill (AB 1549) is pending approval by the governor and, if approved, would encourage Caltrans to include broadband facilities, such as conduit, in its future construction projects.

5. Educational broadband programs

The federal E-rate program provides subsidies to schools and libraries, including funds to upgrade supporting infrastructure under certain circumstances. The Corporation for Education Network Initiatives in California (CENIC) funds, builds and manages educational broadband networks in California, including high capacity networks for higher education. Generally, the specific resources funded through these sorts of programs are restricted to use only by qualified schools, libraries and research institutions, but in many cases those specific resources can be purchased from or be made part of a larger project. If, for example, municipal conduit projects were to be planned in Morgan Hill, consideration should be given to opportunities to link to eligible schools and libraries that might be able to contribute such funds.

It is also advisable to maintain an ongoing conversation with school districts that serve Morgan Hill. Educational organizations are not required to consult with other local agencies when using federal and state funds to build broadband infrastructure.

6. Telemedicine programs

As with educational broadband programs, federal and state agencies provide funding for broadband resources that support telemedicine programs. For example, the California Telehealth Network, based at U.C. Davis, receives federal funding to provide network services to, primarily, rural health care facilities. Typically, telemedicine programs buy services from existing providers rather than constructing facilities, and can potentially be anchor tenants of new broadband projects.

7. California Advanced Services Fund

The State of California has established the California Advanced Services Fund (CASF) to pay for broadband infrastructure in areas where service that meets the CPUC's minimum standard of 6 Mbps download and 1.5 Mbps upload speeds is not available. Typically, CASF will subsidize 60% of construction costs in areas where substandard service is available and 70% in areas where broadband service is not available at all. An additional 20% of constructions costs, up to a total of \$500,000, can be covered via loans from CASF.

An analysis of census data and broadband availability reports submitted by service providers to the CPUC indicates that only a negligible number of homes in Morgan Hill are in census blocks that are arguably eligible for CASF funding, based on an analysis of wireline service availability. However, when deciding whether or not to approve CASF grants, the CPUC also takes mobile and fixed wireless service availability into account. As mentioned above, most of the mobile broadband service that is available in Morgan Hill does not meet the CPUC's minimum standard, and is not likely to be an obstacle. Fixed wireless Internet service is spotty, but there are locations – particularly in areas not well served by wireline providers – where challenges from fixed wireless operators might also be problematic.

Out of a total of 12,857 housing units in Morgan Hill (2010 census), all but 235 are automatically excluded from CASF eligibility on the basis of wireline service. Most, if not all, of the 235 would probably be considered ineligible on the basis of fixed or mobile wireless service, although more testing would be required.

Adding to the problem is the fact that these arguably eligible homes are in scattered locations around the edge of the city (see map in Appendix A). There is an insufficient concentration of eligible homes to support independent service providers' business models, given the fixed costs involved, including the cost of developing and defending a CASF infrastructure grant or loan application. Given those costs and the probability that few or none of the homes would ultimately be verified as eligible, even Frontier Communications, which routinely applies for CASF grants in more rural areas, would not likely be interested in pursuing such funding in Morgan Hill.

Separate CASF accounts provide funding to public housing entities for broadband facilities in eligible properties and for programs that promote broadband adoption by residents of public housing. First Community Housing received a \$34,838 grant for broadband facilities in 100 living units at its Murphy Ranch property on East Dunne Avenue in Morgan Hill. Eden Housing received two grants, \$28,029 and \$19,028, for, respectively, its Jasmine Square and Royal Court properties on Monterey Rd. A grant application for \$34,020 was for the Butterfield Retirement property on Butterfield Blvd. Two grants are pending for EAH Housing, \$40,620 and 40,085 for Cochrane Village on Butterfield Blvd. and Village Avante on Del Monte Ave., respectively. No CASF public housing broadband adoption grants have been awarded in Morgan Hill.

8. Connect America Fund

The Federal Communications Commission gives operating subsidies to telephone companies that provide broadband service in rural and/or remote areas, as a part of its universal service mandate. In the current round – Phase 2 – of the Connect America Fund (CAF-2) program, the FCC offered large telephone companies a right of first refusal to accept these funds or not, on a state by state basis. Frontier accepted CAF-2 subsidies in California for its existing systems as well as those acquired from Verizon, including approximately \$3 million for locations in Santa Clara County. AT&T accepted CAF-2 subsidies as well, including approximately \$260,000 for Santa Clara County locations.

As the map in Appendix A shows, there are census blocks in the area surrounding Morgan Hill that are eligible for CAF-2 funding, in service territories that belong to both Frontier and AT&T. However, only three such census blocks served by Frontier and one served by AT&T are within the city limits of Morgan Hill. Of those four census blocks, three are unpopulated and one contains only a single housing unit. As a practical matter, Morgan Hill is not currently eligible for CAF-2 funding.

The FCC closed the application window in 2014 for its rural broadband experiments program, also funded through CAF. Initially, three projects in California – two in Monterey County and one in the San Joaquin Valley – were provisionally funded, but all three failed to meet program requirements and were dropped from consideration. In at least two cases, the applicants were unable to obtain the particular kind of technical and financial expertise required by the FCC and other federal agencies. In

all three cases, the areas involved had much smaller populations and were either more remote and/or had economies that were more dependent on agriculture than Morgan Hill's.

9. Rural Utilities Service

The U.S. Department of Agriculture runs several broadband-related grant and loan programs via the Rural Utilities Service (RUS). These programs include Community Connect Grants, loans and loan guarantees and a series of gigabit community pilot projects. The loan programs are available on a year-round basis, while application windows are periodically announced for the grant programs.

In the past, service providers in California have had difficulty qualifying for and/or winning RUS funding. The programs have been designed with midwestern and southern business models and demographics in mind, which are markedly different from conditions in California. These programs typically define eligibility in terms of population, to distinguish between rural areas, which are fundable, and urban areas, which are not. Under any of the USDA definitions used, Morgan Hill's population is well in excess of the established limits and would be considered an ineligible urban area.

10. ARRA programs

American Recovery and Reinvestment Act of 2009 (ARRA) included the Broadband Technology Opportunities Program (BTOP) run by the National Telecommunications and Information Administration and the Broadband Initiatives Program (BIP) run by the Rural Utilities Service. Several billion dollars in grants and loans were awarded, and the programs are no longer funded or active, except to the extent that the responsible agencies are managing implementation and compliance. In the past, though, some cities received stimulus grants for the purpose of building publicly available telecommunications networks. Chattanooga, Tennessee is the best known example. It received approximately \$100 million in grants through ARRA and, via its municipal electric utility, used it to build a fiber-to-the-home system.

11. Other funding sources

Both the State of California and the federal government operate programs that provide funding to various types of agencies – for example police and fire departments, sheriffs' offices and other first responders – for the purpose of purchasing broadband and other telecommunications services and facilities. Typically, this money is not directly available for construction of commercially available broadband infrastructure but can be used to support business plans on an ongoing basis.

Appendix E - Glossary

ADSL	Asymmetric Digital Subscriber Line: DSL service with a larger portion of the capacity devoted to downstream communications, less to upstream. Typically thought of as a residential service. ADSL2 is the second generation of ADSL technology and provides higher service levels.
ATM	Asynchronous Transfer Mode: A data service offering by ASI, that can be used for interconnection of customer's LAN. ATM provides service from 1 Mbps to 145 Mbps utilizing Cell Relay Packets.
Backhaul	Connecting Internet access to a location over long or short distances. Traditionally, wired networks have been necessary for backhaul, but with 802.16, also known as WiMAX, backhaul via wireless will become even more common than it is with WiFi.
Bandwidth	The amount of data transmitted in a given amount of time; usually measured in bits per second, kilobits per second, and megabits per second.
Bit	A single unit of data, either a one or a zero. In the world of broadband, bits are used to refer to the amount of transmitted data. A kilobit (Kb) is approximately 1,000 bits. A megabit (Mb) is approximately 1,000,000 bits.
Broadband	“Broadband” refers generally to any telecommunications service capable of supporting digital data transmission at high speeds. These services can include and/or support Internet, television, telephone, private data networks and various specialized uses. Broadband service can be delivered in a variety of ways, including telephone lines (e.g. DSL), coaxial cable (e.g. cable modem), fiber optic cable (e.g. Lit San Leandro), wireless cellular/mobile service (e.g. cell phones, tablets, wireless modems), WiFi, point-to-point and point-to-multipoint wireless service (e.g. TelePacific, Etheric) and hybrid networks (XO Communications). Although different organizations use different criteria, the California Public Utilities Commission considers 6 Mbps download and 1.5 Mbps upload speed to be a standard for adequate broadband service availability. Unless otherwise stated, this report uses the CPUC definition.
Byte	The amount of memory space needed to store one character, which is normally 8 bits.
Cable modem	A device that hooks to your cable TV line to allow your computer to receive data at about 1.5 Mbps. The theoretical maximum for downstream transactions is 27 Mbps and 2.5 Mbps upstream, but the connection is usually much slower because the provider may be hooked to the Internet via a T-1 line.
CDMA	The type of digital cellular phone network used throughout most of the United States, but rare elsewhere in the world. CDMA stands for Code Division Multiple Access, and CDMA2000 1x is the third-generation, or 3G, extension to which CDMA cellular operators are upgrading their networks. It is a digital

cellular technology that uses spread-spectrum techniques. Unlike competing systems, such as GSM, that use TDMA, CDMA does not assign a specific frequency to each user. Instead, every channel uses the full available spectrum. Individual conversations are encoded with a pseudo-random digital sequence. CDMA consistently provides better capacity for voice and data communications than other commercial mobile technologies, allowing more subscribers to connect at any given time, and it is the common platform on which 3G technologies are built.

Cell	The geographic area covered by a cellular telephone transmitter. A connected group of cells form a cell system, which is what you gain access to when you sign up for cellular telephone service.
Cellular	A mobile communications system that uses a combination of radio transmission and conventional telephone switching to permit telephone communications to and from mobile users within a specified area.
CLEC	Competitive Local Exchange Carrier: Wireline service provider that is authorized under state and Federal rules to compete with ILECs to provide local telephone service. CLECs provide telephone services in one of three ways or a combination thereof: a) by building or rebuilding telecommunications facilities of their own, b) by leasing capacity from another local telephone company (typically an ILEC) and reselling it, and c) by leasing discreet parts of the ILEC network referred to as UNEs.
Coaxial cable	A type of cable that can carry large amounts of bandwidth over long distances. Cable TV and cable modem service both utilize this technology.
Commercial class	Broadband service similar to residential service in that the provider takes effectively all responsibility for installing, maintaining and supporting the service. Speeds are similar (6 to 100 Mbps), but service levels, reliability, consistency and pricing are higher.
Copper	Most telephone and cable lines are built using copper wires, which is a telecommunications technology that has been in use since the 19th century. The term is to distinguish lower capacity copper wires (and cables) from higher capacity fiber optic strands (and cables) that are made from glass or plastic.
CPCN	Certificate of Public Convenience and Necessity: Authorization given by the CPUC to telecommunications carriers in order to provide service in the state of California.
Dark fiber	Fiber optic cables are composed of many, very thin fiber optic strands made of glass. A laser is used to send a beam of light through a fiber optic strand, and this beam carries data from one end to the other. If no electronic equipment (i.e., the laser) is connected to a strand, it is literally dark, and cannot carry data. Dark fiber is sought after and used by telecommunications carriers and large companies that prefer to install and operate their own electronic equipment at either end.

Dial-Up	A technology that provides customers with access to the Internet over an existing telephone line.
DS3	A dedicated phone connection supporting data rates of about 43Mbps (megabits per second). Also called a T-3, the line actually consists of 672 individual channels, each of which supports 64Kbps. DS3 lines are used mainly by Internet Service Providers (ISPs) connecting to the Internet backbone. Large businesses also use DS3 lines when they have large sites to interconnect.
DSL	A common form of broadband Internet connection. DSL stands for Digital Subscriber Line.
E-Rate	A Federal program that provides subsidy for voice and data lines to qualified schools, hospitals, CBOs, and other qualified institutions. The subsidy is based on a percentage designated by the FCC. CTF benefits are calculated net of the E-rate subsidy.
E911	Enhanced 911, an emergency service that automatically sends phone number and location information to the operator. E911 comes in handy, say, when you need to get emergency help and are unable to speak or don't know your location.
Ethernet	The most common networking standard in the world, formally known as IEEE 802.3.
Fixed wireless	Broadband systems based on fixed wireless technology provide Internet service using outdoor antennas installed on homes and businesses. It is most commonly found in rural areas, but it is also sometimes used by businesses to compensate for poor wireline service in urban areas. Fixed wireless systems can provide services between two specific locations – i.e., point to point – or from a central access point to many locations in the surrounding areas – i.e., point to multipoint.
FTTN	Fiber To The Neighborhood: A hybrid network architecture involving optical fiber from the carrier network, terminating in a neighborhood cabinet with converts the signal from optical to electrical.
FTTP	Fiber To The Premise.
Gigahertz	A measure of electromagnetic wave frequency equal to one thousand million (1,000,000,000) hertz, often abbreviated as GHz and used to specify the radio frequency used by wireless devices. 802.11a networks operate at 5 GHz. 802.11b and g networks use 2.4 GHz, which is susceptible to interference from nearby cordless phones and microwave ovens that use the same frequency.
GPON	Gigabyte-Capable Passive Optical Network: GPON uses a different, faster approach (up to 2.5 Gbit/s in current products) than BPON.

GSM	Global System for Mobile Communications: This is the current radio/telephone standard in Europe and many other countries except Japan and the United States.
Hub	A common connection point for devices, such as computers and printers, in a network.
ILEC	Incumbent Local Exchange Carrier. An ILEC is a telephone company that was providing local service when the Telecommunications Act of 1996 was enacted. Compare with CLEC, a company that competes with the already established local telephone business.
Industrial class	Broadband service where the customer plays a much greater role in provisioning and supporting the service, including buying different elements from different vendors and managing installation and support. Speeds would be higher – perhaps as high as a Gigabit per second or more – and quality of service levels could be as high as Tier 1. Comcast’s Business Class service or AT&T’s business DSL service are examples of commercial class service. A DS-3 or dark fiber strands are examples of industrial class service.
I-Net	Institutional Network. Provides a high-speed connection between government, educational and community entities. It is often negotiated with a cable franchise, in exchange for using right-of-way in a jurisdiction.
ISP	Internet Service Provider: A company providing Internet access to consumers and businesses, acting as a bridge between customer (end-user) and infrastructure owners for dial-up, cable modem and DSL services.
LAN	Local Area Network: A geographically localized network consisting of both hardware and software. The network can link workstations within a building or multiple computers with a single wireless Internet connection.
Last mile	Infrastructure (e.g., fiber optic lines, distribution boxes, equipment vaults, poles, conduit) that provides broadband service to end users or end-user devices (including households, and businesses).
Lit fiber	Fiber optic cables are composed of many, very thin fiber optic strands made of glass. A laser is used to send a beam of light through a fiber optic strand, and this beam carries data from one end to the other. When this kind of electronic equipment (i.e., the laser) is installed and operating, then the fiber strand is literally “lit” and ready to transmit data, either for the company that operates it or for third-party customers.
Local Loop	A generic term for the connection between the customer’s premises (home, office, etc.) and the provider’s serving central office. Historically, this has been a wire connection; however, wireless options are increasingly available for local loop capacity.

MAN	Metropolitan Area Network: A high-speed data intra-city network that links multiple locations with a campus, city or LATA. A MAN typically extends as far as 50 kilometers.
Managed services	The type of service provided by dominant incumbent providers, such as AT&T and Comcast. Rather than providing a simple connection between points – via lit or dark fiber – these companies provide full Internet bandwidth services, at a speed and quality of service level they specify, and sometimes with quantity limits, i.e., data caps. It is analogous to water service: these companies sell “water” and don’t rent out access to their “pipes”.
Mbps	Megabits per second: 1,000,000 bits per second. A measure of how fast data can be transmitted.
Middle mile	Broadband infrastructure that does not predominantly provide broadband service to end users or to end-user devices, and may include interoffice transport, backhaul, Internet connectivity, or special access. Middle mile facilities are the link between last mile facilities and major interconnection points, such as those that form the core of the Internet.
Modem	Short for modulator/demodulator. A modem modulates outgoing digital data into analog signals so they can be sent over copper phone lines, and demodulates incoming analog signals into digital.
Overbuilders	Building excess capacity. In this context, it involves investment in additional infrastructure project to provide competition.
PON	Passive Optical Network: A Passive Optical Network consists of an optical line terminator located at the Central Office and a set of associated optical network terminals located at the customer’s premise. Between them lies the optical distribution network composed of fibers and passive splitters or couplers. In a PON network, a single piece of fiber can be run from the serving exchange out to a subdivision or office park, and then individual fiber strands to each building or serving equipment can be split from the main fiber using passive splitters / couplers. This allows for an expensive piece of fiber cable from the exchange to the customer to be shared amongst many customers thereby dramatically lowering the overall costs of deployment for fiber to the business (FTTB) or fiber to the home (FTTH) applications.
Rights-of-Way	Legal rights of passage over land owned by another. Carriers and service providers must obtain rights-of-way to dig trenches or plant poles for cable systems, and to place wireless antennae.
Router	An intelligent network device that goes one step beyond bridging by converting address-based protocols that describe how packets move from one place to another. In practice, this generally comes down to translating between IP addresses and MAC addresses for data flowing between your local network and the Internet. Many people use the term interchangeably with "gateway." You

	must enter the IP address of your router when configuring network settings manually.
Subscribership	Subscribership is how many customers have subscribed for a particular telecommunications service.
Switched Network	A domestic telecommunications network usually accessed by telephones, key telephone systems, private branch exchange trunks, and data arrangements.
T-1	The T-1 standard was introduced in 1961 in order to support a bi-directional speed of 1.5 Mbps at a high quality-of-service level, using the copper wires of the time. Because it is a dedicated and managed circuit, its performance is usually substantially better than shared services such as DSL or cable modem, even in cases where the claimed top speed of those shared services is many times higher. A T-1 circuit is generally considered to be the lowest level of service that can be described as industrial or carrier class.
Telco	An abbreviation for Telephone Company.
Telecommunications	Refers to all types of data transmission, from voice to video.
Throughput	The amount of data that can be transmitted in a given amount of time. Throughput is commonly measured in bits per second. (Although throughput is not really a measurement of speed, most people, including us, use the word "speed" when talking about a high-throughput network.)
Universal Service	The idea of providing every home in the United States with basic telephone service.
VDSL	Very-high-bit-rate digital subscriber line (VDSL or VHDSL)[1] is a digital subscriber line (DSL) technology providing data transmission faster than asymmetric digital subscriber line (ADSL) over a single flat untwisted or twisted pair of copper wires (up to 52 Mbit/s downstream and 16 Mbit/s upstream),[2] and on coaxial cable (up to 85 Mbit/s down- and upstream)[3] using the frequency band from 25 kHz to 12 MHz.[4] These rates mean that VDSL is capable of supporting applications such as high-definition television, as well as telephone services (voice over IP) and general Internet access, over a single connection. VDSL is deployed over existing wiring used for analog telephone service and lower-speed DSL connections. This standard was approved by ITU in November 2001.
Videoconferencing	Conducting a conference between two or more participants at different sites by using computer networks to transmit audio and video data.
VLAN	Virtual Local Area Network. A network of computers that behave as if they are connected to the same wire even though they may actually be physically located on different segments of a LAN.
VoIP	Voice Over Internet Protocol: A new technology that employs a data network (such as a broadband connection) to transmit voice conversations.

VPN	A method of creating an encrypted tunnel through which all traffic passes, preventing anyone from snooping through transmitted and received data. VPN stands for virtual private network.
WAN	Wide Area Network, A collection of local area networks connected by a variety of physical means. The Internet is the largest and most well-known wide area network. Wide area network is generally abbreviated to WAN.
WiFi	Short for wireless fidelity and is meant to be used generically when referring of any type of 802.11 network, whether 802.11b, 802.11a, dual-band, etc. The term is promulgated by the WiFi Alliance. Any products tested and approved as "WiFi Certified" (a registered trademark) by the WiFi Alliance are certified as interoperable with each other, even if they are from different manufacturers. A user with a "WiFi Certified" product can use any brand of access point with any other brand of client hardware that also is certified. Typically, however, any WiFi product using the same radio frequency (for example, 2.4 GHz for 802.11b or 11g, 5 GHz for 802.11a) will work with any other, even if not "WiFi Certified." Formerly, the term "WiFi" was used only in place of the 2.4 GHz 802.11b standard, in the same way that "Ethernet" is used in place of IEEE 802.3. The Alliance expanded the generic use of the term in an attempt to stop confusion about wireless LAN interoperability.
WiMAX	Another name for the 802.16 wireless networking specification used for long-haul and backhaul connections.
Wireless ISP	A company that provides wireless Internet access. The term is often abbreviated to WISP.
WLAN	Wireless Local Access Network, a LAN that can be connected to via a wireless connection.

Sources: Tellus Venture Associates, California Public Utilities Commission, Neratech, Wikipedia.



CITY COUNCIL STAFF REPORT

MEETING DATE: April 1, 2020

PREPARED BY: Judy Viegas, Administrative Analyst
APPROVED BY: City Manager

APPROVE FUNDING AGREEMENT WITH COUNTY OF SANTA CLARA FOR MORGAN HILL MAGICAL BRIDGE PLAYGROUND

RECOMMENDATION(S)

Adopt resolution approving and authorizing the City Manager to execute and administer an agreement with the County of Santa Clara for the approval and transfer of \$150,000 from the County of Santa Clara Park Charter Fund for improvements associated with the Morgan Hill Magical Bridge Playground Project.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community
Enhancing Diversity and Inclusiveness

2020-2021 Strategic Priorities

Community Engagement and Messaging

REPORT NARRATIVE:

The attached resolution (Attachment 1) and funding agreement (Attachment 2) will provide the City with County Parks Charter Funding to fund improvements included in the Morgan Hill Magical Bridge Playground Project. It should be recognized that these funds will not go to fund the Playground itself but will support the project by funding amenities adjacent to the Playground. This project is time sensitive as the agreement must be approved and signed by the County prior to construction commencing.

COMMUNITY ENGAGEMENT: Inform

No specific public engagement was performed in relation to the receipt of the grant. Volunteers from the project coordinated the request for grant funds, which was facilitated through the office of Supervisor Mike Wasserman. The City will inform the public of the grant and acknowledge the County funding with recognition within the Playground.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Significant prior actions to the Playground Planning and development have taken place, but there is no prior action relating to these specific grant funds.

FISCAL AND RESOURCE IMPACT:

The specified funds would go directly towards the construction of infrastructural improvements to support universal access to the Morgan Hill Magical Bridge

Playground. The funds will be deposited into the Park Impact Fund (301) and have been included in the Fiscal Year (FY) 2019-20 Capital Improvement Program Budget.

CEQA (California Environmental Quality Act): Categorical Exemption

The City filed a Notice of Exemption for the inclusive playground project based on CEQA Guidelines Article 19, Categorical Exemptions, Sections 15301 Existing Facilities, 15304 Minor Alterations to Land and 15311 Accessory Structures.

LINKS/ATTACHMENTS:

1. City of MH Playground Charter Funds Reso Revised 1.25.20
2. FUNDING AGREEMENT Morgan Hill (3-10-20)

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL MAKING ALL NECESSARY FINDINGS PURSUANT TO GOVERNMENT CODE SECTION 25553 FOR THE APPROVAL AND TRANSFER OF \$150,000 OF COUNTY OF SANTA CLARA PARK CHARTER FUNDS TO THE CITY OF MORGAN HILL FOR THE IMPROVEMENT OF MORGAN HILL COMMUNITY PARK SERVING A PARK PURPOSE

WHEREAS, the City of Morgan Hill, a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California ("City"), is authorized to enter into contracts and agreements for the benefit of the City;

WHEREAS, the City of Morgan Hill intends to improve and expand Morgan Hill Community Park by constructing a new all-inclusive playground, the Morgan Hill Magical Bridge Playground, and adjacent improvements including restrooms, pathways, Americans with Disabilities-compliant parking and other amenities;

WHEREAS, Morgan Hill Community Park is the largest park in Morgan Hill, consisting of 26 acres, including a dog park, tennis courts, softball fields, basketball courts, trails, pathways, parking areas, recreation buildings, group picnic areas, natural areas, large grass areas, and children's play equipment, located at 171 West Edmundson Avenue in Morgan Hill;

WHEREAS, Morgan Hill Community Park serves significant numbers of non-Morgan Hill residents of Santa Clara County because it includes recreation facilities that draw constituents from throughout the region, including the tennis courts, dog park, and softball fields, which generates added maintenance expenses and need for improvements that are not associated with use by residents of the City of Morgan Hill;

WHEREAS, the construction of Morgan Hill Magical Bridge Playground will increase use by non-Morgan Hill residents of Santa Clara County even more because it will improve access to what is currently the only all-inclusive playground in South Santa Clara County, and such increased use by non-residents will increase additional maintenance expenses and need for improvements;

WHEREAS, on or about April 1, 2020, the Council, by the vote recorded below, adopted this resolution (the "City Resolution"), making findings pursuant to California Government Code Section 25551 in order to request funding from the County of Santa Clara (the "County") in the amount of \$150,000 (the "County Funds") to construct the improvements to Morgan Hill Community Park, which is estimated to cost approximately \$354,000;

WHEREAS, for the purpose of this resolution, the Council finds that the following provisions of Government Code Sections 25551 through 25557, inclusive, apply to the City's application for aid with the County and the County's determination to act on that application: Section 25551, the City's request for financial aid by the County; Section 25552, the requisites of

the City Resolution; Section 25553, the County's determination to grant aid to the City; Section 25554, the form of the County's aid to the City to increase the recreational area that will benefit from the aid; Section 25555, the County's resolution pertaining to the issuance of the warrant for the amount of the aid; Section 25556, the time limitation imposed on the aid provided to the City; and Section 25557, a City report to the County Board of Supervisors relating to the disposition of the County aid;

WHEREAS, the Funding Agreement by and between the City of Morgan Hill and the County of Santa Clara (the "Funding Agreement"), attached as Exhibit A, commits the City to use any County approved funds for the purpose of constructing the improvements and to expend such funds within one year from the County's approval of the Funding Agreement:

WHEREAS, the City is requesting that the Board aid in constructing the park improvements which, together with serving as a recreational facility and park experience for children, also serves and fulfills the County's additional park purpose of providing a transition, rest-spot, destination, and staging area for all users of Community Park (the "Park Purpose").

WHEREAS, pursuant to the terms of the Funding Agreement, the City will comply fully with the California Environmental Quality Act ("CEQA") prior to the expenditure of any County Funds for the Morgan Hill Community Park Improvements.

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

WHEREAS, upon adoption of this resolution by a four-fifths vote, a certified copy of this resolution shall be presented to the County Board of Supervisors who will determine whether to grant the requested aid.

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. The City of Morgan Hill hereby requests financial aid or assistance in the amount of \$150,000 from the County of Santa Clara to fund the construction of improvements adjacent to an all-inclusive playground in Morgan Hill Community Park including restrooms, pathways and Americans with Disabilities-compliant parking, which will be made accessible without barriers to children of any ability who are residents of Santa Clara County, in accordance with Government Code section 25551. Such use will necessitate the improvement of Morgan Hill Community Park with the construction of the Morgan Hill Magical Bridge Playground at a total cost of approximately three hundred fifty-four thousand dollars (\$354,000). The City finds that the project is of general interest to the County of Santa Clara and that the cost of maintenance of the improvements will increase by reason of its use by residents of the County of Santa Clara who reside outside of Morgan Hill.

Section 3. The Council hereby finds that, pursuant to Government Code 25551, Morgan Hill Community Park and the improvements that are the subject of this request to the County will be used by large numbers of residents of the County who are not residents of Morgan Hill, and the use by non-residents of the City necessitates increased maintenance and improvements.

Section 4. The Council hereby approves the Funding Agreement by and between the City of Morgan Hill and the County of Santa Clara, both of which relate to the Morgan Hill Community Park Improvements at Morgan Hill Community Park and the City's and County's rights and obligations arising under the respective agreements, and the Council authorizes the City Manager to execute the agreement on behalf of the City. The City will use the financial aid of \$150,000 within one year and file a report on its use with the County's Board of Supervisors in accordance with Government Code section 25556 and 25557.

Section 5. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 1st day of April 2020 by the following vote:

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. 20-0XX adopted by the City Council at the meeting held on the 1st day of April 2020.

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

DATE: _____

Irma Torrez, CITY CLERK

**FUNDING AGREEMENT BY AND BETWEEN THE CITY OF MORGAN HILL
AND THE COUNTY OF SANTA CLARA FOR THE CONSTRUCTION OF
INFRASTRUCTURAL IMPROVEMENTS TO SUPPORT UNIVERSAL ACCESS
TO MORGAN HILL MAGICAL BRIDGE PLAYGROUND**

This Funding Agreement (“Agreement”) is made and entered into by and between the County of Santa Clara, a political subdivision of the State of California (hereinafter referred to as the “County”), and the City of Morgan Hill (hereinafter referred to as “City”). The County and City are sometimes referred to herein individually as a “Party,” and collectively as the “Parties.”

RECITALS

WHEREAS, the City needs financial assistance to complete infrastructural improvements that support universal access to the Morgan Hill Magical Bridge Playground, an all-inclusive playground, located within Morgan Hill Community Park (“Project”);

WHEREAS, the Project is located on parkland owned by the City;

WHEREAS, the City of Morgan Hill officially requested funding for the Project from the County by the City Council’s adoption of Resolution No. _____ (“City Resolution”) (attached as Exhibit 1 and incorporated herein) on _____;

WHEREAS, the County Board of Supervisors wishes to assist the City in completing the Project which fulfills a park purpose by improving access to a recreational park facility for children (collectively, the “Park Purpose”); and,

WHEREAS, the Board of Supervisors has adopted a resolution finding, by four-fifths vote, that the Project will serve a park purpose of general County interest and that the cost of maintenance is increased by reason of use by residents of the County outside of the City of Morgan Hill.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions herein, the County and City agree to the foregoing and as follows:

1. The City may utilize the County Funds specified in Section 4 of this Agreement to complete the Project within one year from the Effective Date of this Agreement and shall return any unspent funds to the County at the end of this one-year period;
2. The City shall acknowledge the County’s contribution to the Project by placing a plaque in public view within the Morgan Hill Magical Bridge Playground (“Playground”) identifying the County of Santa Clara Parks and Recreation Department (“Department”) as a sponsor of the Project after review and approval by the County;

3. The City warrants and represents that it shall expend all County Funds in accordance with the terms of this Agreement.

SECTION 1. PARK PURPOSES

The City represents and warrants that it will ensure that at all times:

- (1) The Playground is open and available to the public on an equal basis, and accessible by all members of the public;
- (2) The Project shall be maintained in good and operative condition and will provide the intended access at all times to the Playground;
- (3) The Project will benefit all citizens of the County.

SECTION 2. CITY RESPONSIBILITIES

(1) The City shall complete the Project, such that County funds are expended for construction of the Project within one year of the date of execution of this Agreement by all Parties (“Effective Date”), and the City shall act promptly and without delay with respect to such matters in relation to the Project in accordance with the following:

- a. Comply with all laws, including but not limited to all environmental, health, and safety laws and all provisions of the public contracts code, where applicable.
- b. Comply with best industry practices and manufacturer design and construction specifications.
- c. Prepare plans and specifications and construct the Project using qualified persons with the requisite skills and expertise to complete the Project.
- d. Comply with all environmental laws, including but not limited to the California Environmental Quality Act.
- e. Secure all approvals, permits, and certifications by government agencies.
- f. Secure performance and payment bonds in 100% of the amount of the construction contract to assure satisfactory completion of the Project, and the payment of laborers and suppliers of material.
- g. Within one year from the Effective Date, City shall make a report, or cause a report to be made, to the County Board of Supervisors showing the disposition of the County Funds.

(2) Capital Contributions

a. The City shall ensure that any funds in excess of the County Funds that are needed to complete the Project are secured by the City and not by the County.

b. No County Funds may be used for office space, salary, or administrative expenses incidental to the Project, or for professional planning or architectural design fees, or pre-construction services.

(3) **Budget Contingency.** Performance and/or payment by the County pursuant to this Agreement is contingent upon the appropriation of sufficient funds by the County for the work covered by this Agreement. If funding is reduced or eliminated by the County for the work covered by this Agreement, the County may, at its option and without penalty or liability, terminate this Agreement or offer an amendment to this Agreement indicating the reduced amount.

SECTION 3. OPERATION AND MAINTENANCE

Upon completion of Project construction, the City warrants, represents, and agrees that it, or its authorized representatives, will operate, manage, and maintain the Project for a period of at least 20 consecutive years from the Effective Date in conformance with the Park Purpose, and will maintain the Playground open to the public and for the benefit of the general public. Ongoing operation, management, and maintenance is solely the responsibility of the City acting by itself or through its authorized representatives.

SECTION 4. COMPENSATION

(1) The County shall provide the City One Hundred Fifty Thousand Dollars (\$150,000.00) ("County Funds") in exchange for City's compliance with all terms and conditions of this Agreement. The City shall be solely liable and responsible for managing the expenditure and distribution of the County Funds upon receipt from the County, including full responsibility and accountability for ensuring all County Funds are expended in compliance with this Agreement and applicable laws.

(2) The County shall pay the County Funds to the City upon the issuance of the Notice to Proceed for the construction work contemplated herein.

(3) Any County Funds not expended pursuant to the terms and conditions of this Agreement within one year of the Effective Date shall be immediately returned to the County. If the City is unable to ensure the completion of the Project or is unable to ensure that the Playground is operated, managed, and maintained for the Park Purpose described herein for twenty (20) consecutive years from the effective date of this Agreement, then City shall immediately refund to the County all the County Funds, even if such funds have already been expended for the Project.

SECTION 5. RECORDS RETENTION AND AUDIT

(1) The City shall maintain project records for audit purposes for three (3) years after completion of the Project or until all claims are settled, whichever occurs last. All records and data shall be available to the County upon reasonable notice within five (5) working days of a request by the County. The City shall repay the County with interest at the rate earned on the County's investments for any unauthorized activities disclosed by audit or inspection, including the cost of the audit, within thirty (30) days of demand by the County.

(2) Audits may be conducted at the County's discretion. The audits may take two forms; a walk-through inspection of the Project and informal review of the Project records by Department staff, and/or a formal financial audit conducted by either County staff or a consultant. The City shall be prepared for either or both types of audits. A walk-through inspection may occur at any point before, during, or after construction of the Project. A formal financial audit may occur as deemed necessary by the Department.

SECTION 6. INDEMNIFICATION AND RELEASE.

The City covenants, warrants, represents, and agrees that:

(1) The City shall defend, indemnify, and hold harmless the County, its officers, employees, and agents from any loss, injury, or damage arising out of or in connection with the Project, including the construction of the Project through ongoing operation and maintenance of the Project.

a. Excluding any Claims that are the direct result of the sole gross negligence or willful misconduct of the County or the Indemnified Parties, the City shall indemnify, defend, save, and hold harmless the County and the County's Board of Supervisors, employees, officers, attorneys, agents, representatives, affiliates, contractors and subcontractors (collectively, the "Indemnified Parties") from, for, and against any and all claims, causes of action, risks, suits, losses, allegations, injuries, illness, death, damages, and liabilities (including but not limited to litigation costs and attorneys' fees) ("Claims") relating to, or resulting from, wholly or in part, directly or indirectly, (1) any breach of this Agreement by the City, and/or (2) the acts or omissions of the City or any of the City's employees, officers, agents, representatives, contractors, consultants, or subcontractors (collectively, the "City Representatives") during the Term of this Agreement.

b. The County shall have the right to employ any counsel it selects and to determine its own defense of any action for which the City indemnifies the County under the preceding subparagraph, but the fees and expenses of such counsel shall be at the expense of the City. The City shall not be liable for any settlement of any such action affected without its consent. The City shall not enter into any settlement without the County's consent.

c. No defense, indemnification, or hold harmless obligations hereunder shall relieve any insurance carrier of its obligations under any insurance policies carried by the City.

d. All indemnification, release, and warranty obligations shall survive the expiration, termination, or cancellation of this Agreement. The County shall be entitled to recover its reasonable attorney's fees and court costs incurred in enforcing these obligations.

SECTION 7. TERM OF AGREEMENT

This Agreement shall terminate three (3) years from the Effective Date of this Agreement, unless otherwise terminated earlier pursuant to the terms of this Agreement.

SECTION 8. NOTICES

Any notices provided herein shall be deemed received when mailed or delivered to the respective Parties addressed as follows:

<u>COUNTY OF SANTA CLARA</u>	<u>CITY OF MORGAN HILL</u>
Don Rocha, Director Parks and Recreation Department 298 Garden Hill Drive Los Gatos, CA 95032 Phone. (408) 355-2220	Christina Turner, City Manager City of Morgan Hill 17575 Peak Avenue, Morgan Hill, CA 95037 408-776-7382

SECTION 9. MISCELLANEOUS

(1) **Entire Agreement.** This document represents the entire agreement between the Parties in relation to the subject matter contained herein. All prior negotiations and written and/or oral agreements between the Parties with respect to the subject matter of the Agreement are merged into this Agreement.

(2) **Amendments.** This Agreement may only be amended by a written instrument signed by authorized representatives of both Parties.

(3) **Conflict of Interest.** The City shall comply, and require its contractors, employees, agents, representatives, subcontractors, and consultants to comply, with all applicable (i) requirements governing avoidance of impermissible client conflicts; and (ii) federal, state, and local conflict of interest laws and regulations including, without limitation, California Government Code section 1090 et. seq., the California Political Reform Act (California Government Code section 87100 et. seq.) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations section 18700 et. seq.). Failure to do so constitutes a material breach

of this Agreement and is grounds for immediate termination of this Agreement by the County.

a. In accepting this Agreement, the City covenants, warrants, represents, and agrees that it presently has no interest, and will not acquire any interest, direct or indirect, financial, or otherwise, which would conflict in any manner or degree with the performance of this Agreement. The City further covenants that, in the performance of this Agreement, it will not employ any contractor, consultant, or person having such an interest. The City, including but not limited to the City's employees, contractors, subcontractors and consultants, may be subject to the disclosure and disqualification provisions of the California Political Reform Act of 1974 (the "Act"), that (1) requires such persons to disclose economic interests that may foreseeably be materially affected by the work performed under this Agreement, and (2) prohibits such persons from making or participating in making decisions that will foreseeably financially affect such interests.

b. If the disclosure provisions of the Political Reform Act are applicable to any individual providing service under this Agreement, the City shall ensure that all such individuals identified pursuant to this section understand that they are subject to the Act and shall conform to all requirements of the Act and other applicable laws and regulations including, as required, filing of Statements of Economic Interests within 30 days of commencing any work pursuant to this Agreement, annually by April 1, and within 30 days of their termination or cessation of work pursuant to this Agreement.

(4) **Governing Law, Venue.** This Agreement, and all the rights and duties of the Parties arising from or relating in any way to the subject matter of this Agreement or the transaction(s) contemplated by it, shall be governed by, construed, and enforced in accordance with the law of the State of California (excluding any conflict of laws provisions that would refer to and apply the substantive laws of another jurisdiction). Any suit or proceeding relating to this Agreement, including arbitration proceedings, shall be brought only in Santa Clara County, California. The Parties consent to the exclusive personal jurisdiction and venue of the courts, state and federal, located in Santa Clara County, California.

(5) **Assignment.** No assignment of this Agreement or of any of the rights or obligations hereunder shall be valid without the prior written consent of the County.

(6) **Waiver.** No delay or omission by either party hereto to exercise any right occurring upon any noncompliance or default by the other party with respect to any of the terms of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either of the Parties hereto of any of the covenants, conditions, or agreements to be performed by the other shall not be construed to be a waiver of any succeeding breach thereof or of any covenant, condition, or agreement herein contained.

(7) **Non-Discrimination.**

- a. The City represents, warrants, and agrees that it and its contractors, consultants and representatives shall comply with all applicable Federal, State, and local laws, regulations, rules, and policies (collectively, “Laws”), including but not limited to the non-discrimination, equal opportunity, and wage and hour Laws referenced in the paragraphs below.
- b. The City shall comply with the County’s policies concerning nondiscrimination and equal opportunity in employment and contracting, including but not limited to the following: Santa Clara County’s policies for contractors on nondiscrimination and equal opportunity; Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990; the Age Discrimination in Employment Act of 1967; the Rehabilitation Act of 1973 (Sections 503 and 504); the Equal Pay Act of 1963; California Fair Employment and Housing Act (Gov. Code § 12900 et seq.); California Labor Code sections 1101, 1102, and 1197.5; and the Genetic Information Nondiscrimination Act of 2008. The City represents, warrants, and agrees that it shall not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex, gender identity, gender expression, sexual orientation, mental disability, physical disability, medical condition, political belief, organizational affiliation, or marital status in the recruitment, selection for training (including but not limited to apprenticeship), hiring, employment, assignment, promotion, layoff, rates of pay or other forms of compensation. The City also represents, warrants, and agrees that it shall not discriminate in provision of work performed in relation to this Agreement because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status.

(8) **Food and Beverage Standards.** Except in the event of an emergency or medical necessity, the County’s nutritional standards shall apply to any foods and/or beverages purchased by the City with County Funds for County-sponsored meetings or events.

(9) **California Public Records Act.** All documents and records provided to or made available to the County under this Agreement become the property of the County, which is a public agency subject to the disclosure requirements of the California Public Records Act (“CPRA”). If the City’s proprietary information is contained in documents submitted to the County, and the City claims that such information falls within one or more CPRA exemptions, the City must clearly mark such information “CONFIDENTIAL AND PROPRIETARY,” and identify the specific lines containing the information. In the event of a request for such information, the County will make reasonable efforts to provide notice to the City prior to such disclosure. If the City contends that any documents are exempt from the CPRA and wishes to prevent disclosure, it is required at its own cost, liability, and expense to obtain a protective order, injunctive relief, or other appropriate remedy from a court of law in Santa Clara County before the County responds to the CPRA request. If the City fails to obtain such a remedy before the County responds to the CPRA request, the County may disclose the requested information and shall not be liable

or responsible for such disclosure. The City further warrants, represents, and agrees that it shall defend, indemnify, and hold the County harmless against any and all claims, actions, or litigation (including but not limited to all judgments, costs, fees, and attorney's fees) that may result from denial by the County of a CPRA request for any information arising from any representation, or any action (or inaction), by the City, its contractors, consultants, employees, agents, or representatives.

(10) **Third Party Beneficiaries.** This Agreement does not, and is not intended to, confer any rights or remedies upon any person or entity other than the Parties signing this Agreement.

(11) **Relationship of the Parties.** The Parties acknowledge and agree that nothing set forth in this Agreement shall be deemed or construed to render the Parties as joint venturers, partners, agents, a joint enterprise, employer-employee, or lender-borrower. The City shall have no authority to employ any person as employee or agent on behalf of the County for any purpose.

(12) **No Indemnification and Insurance by County.** Nothing contained in this Agreement is to be construed as an indemnification by the County for any loss, damage, injury, or death arising out of or caused, in whole or in part, by the County or its Board of Supervisors, officers, executives, attorneys, employees, agents, representatives, contractors, or subcontractors. Nothing contained herein shall be construed to, and nothing shall, obligate the County to provide any insurance, indemnity, or protection for or on behalf of any third party, the City, the Project, the Playground, or the County Funds.

(13) **Subcontractors.** If any obligation is performed for or on behalf of the City through a consultant, contractor, or subcontractor, the City shall remain fully responsible for the performance of all obligations under this Agreement and the City shall be solely responsible for all payments due to its contractors, consultants, or subcontractors. No contract, subcontract, or other agreement entered into by the City with any third party in connection with this Agreement, or for or in relation to the use of the County Funds, will provide for any indemnity, guarantee, or assumption of liability by, or other obligation of, the County with respect to such arrangement. No contractor, consultant, or subcontractor will be deemed a third-party beneficiary for any purposes under or to this Agreement.

(14) **Paragraph Headings.** The headings and captions of the various paragraphs and subparagraphs hereof are for convenience only, and they shall not limit, expand, or otherwise affect the construction or interpretation of this Agreement.

(15) **Cumulative Remedies.** The rights and remedies of the Parties to this Agreement, whether pursuant to this Agreement or in accordance with law, shall be construed as cumulative, and the exercise of any single right or remedy shall constitute neither a bar to the exercise of nor the waiver of any other available right or remedy.

(16) **Counterparts.** This Agreement may be executed in several counterparts, and all of such counterparts so executed together shall be deemed to constitute one and the same agreement, and each such counterpart shall be deemed to be an original. Facsimile or electronic signatures shall have the same legal effect as original or manual signatures.

(17) **Construction/Severability.** This Agreement shall not be construed more strongly against either party regardless of who is more responsible for its preparation. If any provision of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable any other part of this Agreement, but the Agreement shall be construed as not containing the particular provision or provisions held to be invalid or unenforceable.

(18) **Authority.** Each Party represents and warrants that it has executed this Agreement freely, fully intending to be bound by the terms and provisions contained in this Agreement and that the persons signing below are authorized to sign on each Party's behalf.

(19) **Survival.** All terms and conditions that by their nature should survive termination or expiration of this Agreement, shall so survive.

(20) **Insurance.** The City shall provide insurance and comply with all insurance and other terms and conditions set out in the attached Exhibit 2.

/// Signatures on following page ///

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as provided below. The “Effective Date” of this Agreement shall be the last date signed by all below.

COUNTY OF SANTA CLARA:

CITY OF MORGAN HILL:

CINDY CHAVEZ, President
Board of Supervisors

CHRISTINA TURNER, City Manager

Dated: _____

Dated: _____

Signed and certified that a copy of this document has been delivered by electronic or other means to the President, Board of Supervisors.

ATTEST:

Megan Doyle, Clerk of the Board of Supervisors

Approved as to form and legality:

Tony LoPresti, Deputy County Counsel

Enclosures:

Exhibit 1: City of Morgan Hill Resolution

Attachment: FUNDING AGREEMENT Morgan Hill (3-10-20) [Revision 1] (2687 : Funding for Morgan Hill Magical Bridge Playground)

Exhibit 2

INSURANCE REQUIREMENTS FOR
GRANT AGREEMENT

Indemnity

The Grantee shall indemnify, defend, and hold harmless the County of Santa Clara (hereinafter "County"), its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by Grantee and/or its agents, employees or sub-contractors, excepting only loss, injury or damage caused by the sole negligence or willful misconduct of personnel employed by the County. It is the intent of the parties to this Agreement to provide the broadest possible coverage for the County. The Grantee shall reimburse the County for all costs, attorneys' fees, expenses, and liabilities incurred with respect to any litigation in which the Grantee contests its obligation to indemnify, defend and/or hold harmless the County under this Agreement and does not prevail in that contest.

Insurance

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

A. Evidence of Coverage

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

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

B. Qualifying Insurers

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

C. Notice of Cancellation

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

D. Insurance Required

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

Additional Insured Endorsement, which shall read:

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

Insurance afforded by the additional insured endorsement shall apply as primary insurance, and other insurance maintained by the County of Santa Clara, its officers, agents, and employees shall be excess only and not contributing with insurance provided under this policy. Public Entities

may also be added to the additional insured endorsement as applicable and the Grantee shall be notified by the contracting department of these requirements.

4. Fidelity Bond

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

E. Special Provisions

The following provisions shall apply to this Agreement:

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



CITY COUNCIL STAFF REPORT

MEETING DATE: April 1, 2020

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

APPROVE PURCHASE OF AN ASPHALT TRUCK AND TRACK LOADER

RECOMMENDATION(S)

1. Approve purchase of an Asphalt Truck from Municipal Maintenance Equipment in the amount of \$238,911 through a Sourcwell cooperative bid contract;
2. Approve purchase of a Track Loader from Bobcat of Fremont in the amount of \$82,081 through a Sourcwell cooperative bid contract;
3. Adopt resolution amending the Fiscal Year 2019-20 budget to appropriate \$235,000 as expenditures, and \$37,200 as revenue, in the Equipment Replacement Fund (790);
4. Authorize the City Manager to approve both purchase orders totaling \$320,992;
5. Declare the current asphalt truck and woodchipper as surplus equipment; and
6. Authorize the disposal of the surplus equipment in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Maintaining Infrastructure

REPORT NARRATIVE:

The Community Services Maintenance Team relies on the asphalt truck to make a variety of road repairs ranging from pothole filling to “dig outs” for replacement of larger asphalt sections. The equipment has become significantly more critical as the City’s residential streets have deteriorated. The Maintenance Team does all the emergency work to take basic measures to ensure that sections of failing street pavement remain safe for vehicles. The City currently has over \$20 million in backlogged pavement repairs, which is increasing the number of emergency repairs needed. City crews use this truck on a regular basis, but the truck has recently begun to require significant repairs and has been unavailable for service for months at a time. It currently is out of service with required repairs likely to be in the tens of thousands of dollars. Due to safety implications, staff is recommending immediate replacement of the asphalt truck.

Additionally, City staff are recommending the purchase of a compact track loader with accessories designed to improve efficiency in pavement repairs that are performed in house. Currently the Maintenance Team must use equipment to saw cut the pavement followed by pavement removal with a backhoe or jackhammer for most street repairs

above basic pothole filling. This process is very time consuming and requires USA locates be performed a day in advance for each area where a “dig out” occurs. With the purchase of the Track Loader and accessories the maintenance crew will be able to use the planer accessory to grind out only the top layer of asphalt for replacement. This work will be much faster than full “dig outs” and will not require USA locates, since only the top layers of asphalt will be ground out. It is believed that the new equipment will allow crews to complete work 25 to 40 percent faster. This increased efficiency will be critical as our pavement continues to degrade across the City.

Staff is further recommending using a cooperative purchasing arrangement as allowed by Section 3.04.180 of the Morgan Hill Municipal Code to purchase the new equipment. Section 3.04.180 allows the City purchasing officer the authority to join with other public jurisdictions in cooperative purchasing plans or programs, including, but not limited to California Communities Purchasing Program (CCPP), the California Department of General Services (CADGS), the California Multiple Award Schedule (CMAS), the National Association of Counties (NACo), Sourcwell, or similar arrangements or plans, as determined by the purchasing officer to be in the City's best interest.

For this purchase, staff obtained quotes from Sourcwell under cooperative contracts #052417-PBL and #040319-CEC (Attachment 1 and 2). Staff has reviewed the quotes and they meet all City's specifications. No businesses in the City sell this type of specialized equipment.

COMMUNITY ENGAGEMENT: None

The replacement of vehicles and equipment for the operations within the Community Services Department are necessary functions to support basic operations of the City and therefore no community engagement was performed.

ALTERNATIVE ACTIONS:

The Council could choose to not approve the recommended purchase and direct staff to solicit quotes/bids through a formal bidding process. It is not believed this alternative approach will result in cost savings due to the specialized nature of the equipment. The Council could also choose to not purchase the compact track loader.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

Considering the fiscal constraints of the City and the General Fund, staff is recommending the surplus of the previous asphalt truck and a woodchipper that is currently scheduled for replacement. Replacement funds accumulated for both items would be used for the purchase of the two new pieces of equipment. The woodchipper is used much less often and the track loader is much more critical to public safety due to the degradation of the City streets. Funding for both vehicles would total \$320,992 and come from following sources:

1. The Equipment Replacement Fund will fund \$235,000. The Fund has accumulated \$197,800 for the current truck and woodchipper, plus it is

anticipated the surplus sales revenue from existing vehicles will more than cover the remaining balance of \$37,200 towards this purchase; and

2. Various maintenance operating budget savings in FY 2019-20 of \$85,992. Staff is recommending deferring some maintenance work to obtain the savings necessary to make this purchase since getting these pieces of equipment into service is a much greater priority relating to public safety.

Staff recommends appropriating \$235,000 as expenditure, and recognize \$37,200 as estimated surplus revenue, in the Equipment Replacement Fund 790, by adopting the budget amendment resolution (Attachment 3).

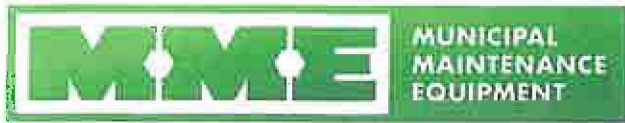
CEQA (California Environmental Quality Act):

Categorical Exemption

The planned maintenance and management of existing city infrastructure falls within the CEQA categorical exemption of Class 1, Existing Facilities.

LINKS/ATTACHMENTS:

1. Asphalt Truck Spec and Quote
2. Track Loader Spec and Quote
3. Budget Amendment Resolution



CSLB #980409
DIR 1000004282
www.source-mme.com
Toll Free 1-888-484-9968

3.a

January 21, 2020

City of Morgan Hill
100 Edes Court
Morgan Hill, CA 95037-5301

Tel: 408-776-7333
dale.dapp@morganhill.ca.gov
frank.alvarez@morganhill.ca.gov

Attention: Dale L. Dapp, Maintenance Manager
Frank Alvarez, Maintenance Worker II

We are pleased to provide the enclosed contract pricing sheet off the Sourcewell program Contract No. 052417-PBL for one (1) PB Loader Model BC-4 Asphalt Patcher mounted on a new 2021 Freightliner M2 106 truck chassis for your review.

Summary:	Complete Unit per attached Sourcewell price sheet	
	Price F.O.B. Morgan Hill, CA	\$215,973.00
	9.0% Estimated Sales Tax	19,437.57
	Sub-Total	\$235,410.57
	Freight	3,500.00
	Total	\$238,910.57

City's Purchase Order to be prepared and sent directly to the Sourcewell Contract

Holder: PB Loader Corporation 5778 W. Barstow, Fresno, CA 93722-5024
Tel: (559) 277-7370 Fax: (559) 277-7375 Toll Free: (800) 350-8521

- Municipal Maintenance Equipment, Inc. is the local dealer and will provide warranty support and future service for the PB Loader products.
- Pricing includes delivery and on-site training.
- Normal delivery 240-270 days after receipt of chassis and body.
- Sales tax applicable at time of delivery will be shown on invoice.
- Terms: per Sourcewell Program.

Thank you for your interest in this fine product. Should you have any questions or need additional information, please let us know. We look forward to being of service.

Sincerely,
Municipal Maintenance Equipment, Inc.


James Wheeler,
General Manager

Enclosure

4634 Mayhew Road
Sacramento, CA 95827
Office: 916-922-1101
Fax: 916-922-1034

4750 Caterpillar Road, #D
Redding, CA 96003
Office: 530-243-4856
Fax: 530-243-1447

1913 Nancita Circle
Placentia, CA 92870
Office: 714-528-8770
Fax: 714-528-8744

1930 W. Winton Avenue, #8
Hayward, CA 94545
Office: 510-670-0230
Fax: 510-670-9003

6230 Greyhound Lane, #K
Las Vegas, NV 89122
Office: 888-484-9968
Fax: 916-922-1034

Packet Pg. 165

Attachment: Asphalt Truck Spec and Quote [Revision 1] (2697 : Purchase of a Asphalt Truck and Track Loader)


**QUOTATION
NO. 10175R**

CITY OF MORGAN HILL
SOURCEWELL MEMBER NUMBER: 97407

DATE: 1/14/2020
TERMS: NET 30
F.O.B: CUSTOMER
MFG PRODUCT: SEE BELOW
INSTALL: SEE BELOW

QTY		DESCRIPTION	PRICE	UNIT PRICE
PB LOADER CONTRACT NO. 052417-PBL SOURCEWELL CONTRACT - LISTED PRICES				
1	51618-00	PATCHER BOX & ACCESSORIES MODEL BC-4 (4 CUBIC YARD CAPACITY) ABOVE MODEL EQUIPPED WITH RADIANT HEATER, THERMOSTATICALLY CONTROLLED LPG BURNER, HYDRAULIC TOP LIDS AND DOORS, KEVLAR CHAIN CONVEYOR, HAND TORCH, TORCH, SHOVEL APRON, 25 GAL. LPG TANK, INSTALLATION AND PAINT BLACK		\$78,521.00
1	53200-00	SIDE DISCHARGE CONVEYOR 4FT		\$10,546.00
1	MODS-51	20" WORK PLATFORM/CATWALK WITH HAND RAILS AND LADDERS		\$3,046.00
1	50567-00	SPOILS BIN 18" HALF		\$2,575.00
1	7000-48	TOOL BOX 48"		\$983.00
1	50200-00	CAB GUARD W/ PB LOGO AND PERFORATED WINDOW		\$859.00
1	50555-00	LPG TANK 35 GAL W/ BRACKETS - IN LIEU OF 25GAL.		\$1,428.00
1	7000-20	TOOL BASKET		\$592.00
4	2001-10	STAINLESS-STEEL SPRING ASPHALT LUTE HOLDER	\$130.00	\$520.00
2	5437-00	HOSE REEL - 3/8" X 25' FOR TORCH/HAIR	\$443.00	\$886.00
1	130-06	8 GAL POLY WATER TANK W/ 10' HOSE & SPIGOT		\$348.00
1	50635-00	CAB CONTROLS (TOP LIDS)		\$613.00
1	5978-00	AIR BLOW GUN W/ 25' HOSE		\$1,555.00
1	7302-00	FRAME MNT CONE HOLDER (MALE)		\$298.00
COMPACTOR LIFT ACCESSORIES				
1	50576-00	ROLLER TRANSPORT DEVICE - HYDRAULIC		\$2,676.00
1	7110-30	VIBRATORY ROLLER BOMAG BW55E		\$8,738.00
1	50573-00	PBL BOMAG LIFT HOOK BRACKET - FOR ROLLER HOIST		\$886.00
LIGHTS & SAFETY EQUIPMENT				
2	895-240	WHELEN LED MICRONS MCRNSA	\$532.00	\$1,064.00
4	895-058	WHELEN 500 SERIES STROBE (LED)	\$418.00	\$1,672.00
1	MODS-23	WHELEN MODEL L31HAF STROBE W/L380BGB BRANCH GUARD		\$1,588.00
2	895-047	ECCO WORKLIGHT LED 4"	\$430.00	\$860.00
1	MODS-37	ECCO EC7000-K BACKUP CAMERA SYSTEM (MONITOR W/ SOUND + 1 CAM)		\$1,388.00
1	MODS-3701	ADDITIONAL EC2014 CAMERA AND CABLE FOR EC7000-K SYS		\$483.00
EMULSION SYSTEM & ACCESSORIES				
1	BH-45-10	PB MODEL BH-45-10 EMULSION SPRAY UNIT HEATED BY TRUCK COOLING SYSTEM, Y STRAINER, FILL BASKET, HYDRAULICALLY POWERED, 10 GAL. SOLVENT TANK, 35 GAL. EMULSION, WAND WITH 25' HOSE, AUXILIARY ELECTRIC HEAT SYSTEM, INSTALLATION AND PAINT BLACK		\$8,296.00
1	5437-00	HOSE REEL - 3/8" X 25' FOR SOLVENT		\$443.00
1	5438-00	HOSE REEL - 1/2" X 25' FOR EMULSION		\$489.00
1	50580-00	SOLVENT PUMP & WAND		\$750.00
CHASSIS				
1	FRTLJNR-05	2018 FREIGHTLINER M2 108 CHASSIS, 26,000 GVWR, SET BACK AXLE, CUMMINS B6.7 DIESEL 200HP ENGINE, ALLISON 2500 SERIES TRANSMISSION WITH PTO PROVISION, LEAF SPRING SUSPENSION, 50 GALLON FUEL TANK, STEEL WHEELS, CAB PAINTED WHITE		\$70,584.00
SUB TOTAL:				\$200,866.00
3% SOURCEWELL DISCOUNT:				(\$6,025.00)
NON LISTED ITEMS				
1		WHELEN MODEL TA165NF2 LED AMBER TRAFFIC ADVISOR		\$3,170.00
NON LISTED CHASSIS				
1		2021 M2 108 CHASSIS WITH 350 HP ENGINE, ALLISON 3000 RDS AUTOMATIC TRANSMISSION WITH PTO PROVISION, 33,000 GVWR 50 GALLON FUEL TANK		\$17,962.00
TOTAL:				\$215,973.00
SALES TAX 9.0%:				\$19,437.57
FREIGHT:				\$3,500.00
GRAND TOTAL WITH FREIGHT:				\$238,910.57
NOTES:				
1. LEAD TIME FOR BODY PRODUCTION IS 120 DAYS, WITH AN ADDITIONAL 120-150 DAYS TO INSTALL AFTER RECEIPT OF CHASSIS AND BODY.				
2. PB LOADER REQUIRES A 114" CAB TO AXLE. REQUIREMENT MUST TO BE MUTUALLY AGREED UPON WITH PB LOADER PRIOR TO ORDERING THE CHASSIS. PB LOADER WILL NOT BE RESPONSIBLE FOR FRAME CHANGES DUE TO INSUFFICIENT CHASSIS FRAME SPACE.				
3. LEAD TIME SUBJECT TO CHANGE AT TIME OF ORDER				
4. CHASSIS REQUIRES PTO AND AUXILIARY SWITCHES IN DASH.				
5. DELIVERY DATE FOR CHASSIS TO PB LOADER MUST BE MUTUALLY AGREED UPON				
Delivery Times are approximate				

Attachment: Asphalt Truck Spec and Quote [Revision 1] (2697 : Purchase of a Asphalt Truck and Track Loader)

PB Loader Corporation
5778 W. Barstow • Fresno, California 93722-5024 • Telephone (559) 277-7370 • Fax (559) 277-7375
Toll free 800-350-8521 • Web www.pbloader.com



Bobcat

Product Quotation

Quotation Number: HMM-20326

Date: 2020-02-28 11:03:02

Customer Name/Address:	Bobcat Delivering Dealer	ORDER TO BE PLACED WITH: Contract Holder/Manufacturer
CITY OF MORGAN HILL	Bobcat of Fremont, Fremont, CA	Clark Equipment Co dba Bobcat Company
MORGAN HILL, CA 95037	43801 OSGOOD RD	250 E Beaton Dr, PO Box 6000
Phone: (408) 427-6200	FREMONT CA 94539	West Fargo, ND 58078
	Phone: (510) 897-4123	Phone: 701-241-8719
	Fax: (510) 897-4007	Fax: 855-608-0681
		Contact: Heather Messmer
		Heather.Messmer@doosan.com

Description	Part No	Qty	Price Ea.	Total
T650 T4 Bobcat Compact Track Loader	M0271	1	\$44,634.96	\$44,634.96
74 HP Tier 4 Turbo Diesel Engine	Lift Path: Vertical			
Auxiliary Hydraulics: Variable Flow	Lights, Front & Rear			
Backup Alarm	Operator Cab			
Bob-Tach	Includes: Adjustable Suspension Seat, Top & Rear Windows, Seat Bar, Seat Belt			
Bobcat Interlock Control System (BICS)	Roll Over Protective Structure (ROPS) meets SAE-J1040 & ISO 3471			
Controls: Bobcat Standard	Falling Object Protective Structure (FOPS) meets SAE-J1043 & ISO 3449, Level I; (Level II is available through Bobcat Parts)			
Cylinder Cushioning - Lift, Tilt	Parking Brake: Spring Applied, Pressure Released (SAPR)			
Engine/Hydraulic Systems Shutdown	Solid Mounted Carriage with 4 Rollers			
Glow Plugs (Automatically Activated)	Spark Arrestor Exhaust System			
Horn	Tracks: Rubber, 12.6" wide			
Instrumentation: Engine Temp and Fuel Gauges, Hourmeter, RPM and Warning Lights	Warranty: 2 years, or 2000 hours whichever occurs first			
Lift Arm Support				
A91 Option Package	M0271-P01-A91	1	\$8,215.20	\$8,215.20
Cab enclosure with Heat and AC	Deluxe Instrument Panel			
High Flow Hydraulics	Keyless Start			
Sound Reduction	Attachment Control Kit			
Hydraulic Bucket Positioning	Cab Accessories Package			
Power Bob-Tach	3-Point Seat Belt			
Two Speed Travel				
Selectable Joystick Controls (SJC)	M0271-R01-C04	1	\$680.40	\$680.40
Telematics US	M0271-R51-C02	1	\$0.00	\$0.00
18" Planer, High Flow	M7018	1	\$10,557.16	\$10,557.16
--- Drum 18 Smoothcut	M7018-R01-C11	1	\$3,198.08	\$3,198.08
84" Sweeper	7112646	1	\$3,771.88	\$3,771.88
--- Quick-Tach Water Kit	6813816	1	\$1,211.07	\$1,211.07
--- Quick-Tach Mounting Kit	7152508	1	\$353.40	\$353.40
--- Nozzle Spray Kit for Water Kit	7113709	1	\$330.96	\$330.96
Total of Items Quoted				\$72,953.11
Freight Charges				\$1,862.00
Dealer Assembly Charges				\$700.00
Quote Total - US dollars				\$75,515.11

Notes:

Plus applicable taxes

Attachment: Track Loader Spec and Quote (2697 : Purchase of a Asphalt Truck and Track Loader)

****Prices per the Sourcewell Contract –040319-CEC***

****Terms Net 30 Days. Credit cards accepted.***

****FOB Origin within the 48 Contiguous States.***

****Delivery: 60 to 90 days from ARO.***

****State Sales Taxes apply. Must include a Tax Exempt Certificate with order placed.***

****TID# 38-0425350***

****Orders Must be Placed With: Clark Equipment dba Bobcat Company, Govt Sales, 250 E Beaton Drive, West Fargo, ND 58078.***

ORDER ACCEPTED BY:

SIGNATURE

DATED

PRINT NAME AND TITLE

PURCHASE ORDER #

SHIP TO ADDRESS: _____

BILL TO ADDRESS (if different than Ship To): _____



Attachment: Track Loader Spec and Quote (2697 : Purchase of a Asphalt Truck and Track Loader)

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO THE CITY'S FISCAL YEAR 2019-20 ADOPTED BUDGET TO APPROPRIATE \$235,000 IN THE EQUIPMENT REPLACEMENT FUND (790) FOR THE PURCHASE OF AN ASPHALT TRUCK AND TRACK LOADER.

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 AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 1st day of April 2020 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

DATE: _____

RICH CONSTANTINE, MAYOR

∞ CERTIFICATION ∞

I, Irma Torrez, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. _____, adopted by the City Council at the meeting held on April 1, 2020.

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 #

023

FUND:

790 Equipment Replacement Fund

DEPARTMENT:

8500 Equipment Replacement

OBJECT:

43830 AUTO/TRUCKS

AGENDA DATE:

04/01/20

AGENDA ITEM TITLE:

Purchase Asphalt Truck and Track Loader

	07/01/19			06/30/20 PROJECTED
	BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	ENDING FUND BALANCE
ORIGINAL BUDGET	5,235,129	1,052,269	1,136,915	5,150,483
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	66,948	426,100	(359,152)
RECOMMENDED ACTION		37,200	235,000	(197,800)
RESULT OF RECOMMENDED ACTION	5,235,129	1,156,417	1,798,015	4,593,531



CITY COUNCIL STAFF REPORT

MEETING DATE: April 1, 2020

PREPARED BY: Inga Alonzo, Management Analyst

APPROVED BY: City Manager

APPROVE PURCHASE OF A NEW VACTOR COMBO TRUCK

RECOMMENDATION(S)

1. Approve purchase of a Vactor Combo Truck from Owen Equipment Company in the amount of \$511,590 through a Sourcewell cooperative bid contract;
2. Adopt resolution amending the Fiscal Year 2019-20 budget to appropriate \$350,000 from the Equipment Replacement Fund (790) to fully fund the purchase of the Vactor Combo Truck;
3. Authorize the City Manager to approve a purchase order for \$511,590 with Owen Equipment Company;
4. Declare the current combo truck, City vehicle S09166, as surplus; and
5. Authorize the disposal of the surplus truck in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

Maintaining Infrastructure

GUIDING DOCUMENTS

Sewer System Master Plan

REPORT NARRATIVE:

The combo truck is a critical piece of equipment used for maintaining the City's wastewater collection system. City crews use this truck on a daily basis to clean the more than 150 miles of pipe in the City's wastewater system. The truck is also the primary tool for removing blockages and cleaning up wastewater spills; and is therefore important for customer service and environmental protection. The current truck is eleven (11) years old and has been experiencing mechanical problems with its transmission, electrical and hydraulic systems causing it to be removed from service for long periods at a time. Given the truck's near constant use, the expense of repair work, and the vulnerability of not having reliable equipment, staff is recommending that the truck be replaced as soon as possible.

Staff is further recommending using a cooperative purchasing arrangement as allowed by Section 3.04.180 of the Morgan Hill Municipal Code to purchase the new combo truck. Section 3.04.180 allows the City purchasing officer the authority to join with other public jurisdictions in cooperative purchasing plans or programs, including, but not limited to California Communities Purchasing Program (CCPP), the California Department of General Services (CADGS), the California Multiple Award Schedule

(CMAS), the National Association of Counties (NACo), Sourcewell, or similar arrangements or plans, as determined by the purchasing officer to be in the City's best interest.

For this purchase, Staff obtained a quote from Sourcewell under cooperative contract #1022017-FSC (Attachment 1). The quote is for a Vactor 2100i Combo unit on a Kenworth T-880 truck chassis to be supplied by the Owen Equipment Company. Staff has reviewed the quote and it meets all City's specifications. The total purchase price is \$511,590. Staff configured the truck with a Kenworth chassis so that maintenance services could be performed at the Kenworth dealership located in the City. No businesses in the City sell this type of specialized vehicle.

COMMUNITY ENGAGEMENT: None

The replacement of vehicles and equipment for the operations within the Engineering and Utilities Departments is a necessary function to support basic operations of the City and therefore no community engagement was performed.

ALTERNATIVE ACTIONS:

The Council could choose to not approve the recommended purchase and direct staff to solicit quotes/bids through a formal bidding process. It is not believed this alternative approach will result in cost savings due to the specialized nature of the equipment.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

Funding for the purchase of this equipment would come from two sources:

- 1). The Equipment Replacement Fund (790), which has accumulated \$350,000 for the current truck; and
- 2). Sewer Operations Fund (640), which has projected budgetary savings in current FY2019-20, will fund the remainder \$161,590.

Staff recommends adopting the budget amendment resolution to appropriate \$350,000 from the Equipment Replacement Fund (790), to fully fund this purchase (Attachment 2).

CEQA (California Environmental Quality Act):

Categorical Exemption

The planned maintenance and management of existing city infrastructure falls within the CEQA categorical exemption of Class 1, Existing Facilities.

LINKS/ATTACHMENTS:

1. Morgan Hill 2100i Proposal
2. Budget Amendment Resolution



Presents a Proposal Summary

of the



2100i

Combination Single Engine Dual Stage Sewer Cleaner with Hydrostatic Driven Vacuum System Mounted on a Heavy Duty Kenworth T880 Truck Chassis

for

City of Morgan Hill

NJPA Contact #1022017-FSC

www.njpacoop.org



Attachment: Morgan Hill 2100i Proposal (2695 : Purchase of a New Vactor Combo Truck)

PRODUCT DESCRIPTION

- 2100i with 16in Positive Displacement blower, 12 Yard Debris Body, 1500 Gallons of Fresh Water

STANDARD FEATURES

- 24" x 26" x 69" Curb Side Aluminum Toolbox
- Aluminum Fenders
- Mud Flaps
- Electric/Hydraulic Four Way Boom
- Color Coded Sealed Electrical System
- Remote Pendant Control w/35' Cord
- Intuitouch Electronic Package
- Double Acting Dump Hoist Cylinder
- Handgun Assembly w/35' x 1/2" Hose w/Quick Disconnects
- 3" Y-Strainer at Water Pump Inlet
- Ex-Ten Steel Cylindrical Debris Tank
- Flexible Hose Guide
- 30 Deg. Sanitary Nozzle w/Carbide Inserts
- 15 Deg. Penetrator Nozzle w/Carbide Inserts
- Nozzle Storage Rack
- Vacuum Tube Storage: Rear Door (2) Pipe
- 1" Nozzle
- Flat Rear Door w/Hydraulic Locks and Door Power-up/Down, Open/Close Feature
- Dual 10" Stainless Steel Float Shut Off System/Rear Mounted
- Debris Body Vacuum Relief System
- Debris Deflector Plate
- 60" Dump Height
- Water Sight Gauge PS
- Liquid Float Level Indicator
- Boom Transport Post Storage
- 3" Y-Strainer @ Water Pump w/3" Drain Valve
- Performance Package: (Hyd Variable Flow, Dual PTO's, Dual Hyd. Pumps)
- 1" Water Relief Valve for Vector Water Pump
- Midship Handgun Coupling
- Side Mounted Water Pump
- Hose Wind Guide (Dual Roller)
- Hose Footage Counter - Mechanical
- Hose Reel Manual Hyd. Extend/Retract
- Hose Reel Chain Cover (Full)
- Tachometer/Chassis Engine W/Hour meter
- Circuit Breakers
- LED Lights. Clearance, Back-Up, Stop, Tail & Turn
- Tow Hooks, Front and Rear
- Electronic Back-Up Alarm
- Hydraulic Tank Shutoff Valves
- 7" Vacuum Pipe Package
- Emergency Flare Kit
- Fire Extinguisher 5 Lbs.
- Low Water Alarm with Water Pump Flow Indicator
- Front Joystick Boom Control
- Rodder System Accumulator- Jack Hammer on/off control w/ manual valve
- Digital Hose Footage Counter
- Water Pump Hour Meter
- PTO Hour Meter
- Camera System, Rear Only, front for manhole placement, side

- Hydraulic Oil Temp Alarm
- Digital Water Pressure Gauge
- Chassis Modifications

ADDITIONAL FEATURES

- 25' Leader Hose (in lieu of standard)
- 180 Degree Rotation, 10 Ft. Telescoping Boom x 15 Ft. Hydraulic Extendable
- Boom out of Position Light/Alarm
- 80 GPM Variable Flow Water System
- 2,500 PSI Water Pressure
- 1" x 800' Pirahana Sewer Hose, 2,500 PSI
- Hydraulic Extending/Rotating 15" Hose Reel (1" x 800') Capacity
- Module Paint, Dupont Imron Elite - Sanded Primer Base
- Debris Body Flush Out System
- 6" Butterfly Valve, Rear Door, 3:00 Position
- 6" Blocked off, Rear Door, 6:00 Position
- Full Rear Door Swinging Screen
- Centrifugal Separators
- Folding Pipe Rack, Curb side, 7" Pipe
- Rear Door Splash Shield
- Lube Manifold
- Plastic Lube Chart
- Debris Body Inspection Port w/Ladder
- Laval Water Separator at Fill
- Continuous Water Tank Fill
- Wireless Controls, including hose reel controls
- Rotatable Boom Inlet Hose, 10 x 15 RDB
- Anti Splash Valve
- Handgun Couplers, Front and Rear
- Hydro Excavation Kit - Includes Lances, Nozzles, Storage Tray, and Vacuum Tubes
- Automatic Hose Level Wind Guide, Indexing
- High Pressured Hose Reel
- Rodder Pump Drain Valves
- Rear Directional Control, Signal Master LED Arrow Stick, 8 Lights
- Hand Light w/Bumper Plug
- Strobe Light, LED, Rear, Federal Signal, Amber
- 10 Lighting Package, 10 Federal Signal Strobe Lights, LED
- LED Mid-Ship Turn Signals
- Debris Body-Up Alarm
- Work lights (2), LED, 10 x 15 RDB
- Work lights (2), LED, Rear Door
- Work light, LED, Operators Station
- Work light, LED, Hose Reel Manhole
- Work light, LED, Curb Side
- Work light, LED, Street Side
- Hose Reel Wrapped for Delivery
- Toolbox, Front Bumper Mounted, 16 x 12 x 18 w/(2) LED Side Markers
- Toolbox, Behind Cab
- Toolbox, Driver Side Chassis Subframe, 60w x 24h x 24d
- Toolbox, Driver Side Subframe, 60w x 20h x 12d
- (4) Long Handle Tool Storage Locations Behind Cab
- Safety Cone Storage Rack - Post Style
- Additional Safety Cone Storage Rack - Drop in Style
- Digital Water Level Indicator
- (1) 6" x 7'-6" Higbee C/B Nozzle Assembly

- 2 Printed Full Vector Manuals
- 2 Total Vector Standard Manuals and USB Version - Plus Dealer
- Mounted on a 2021 Kenworth chassis
- Debris body load limit alarm
- 2021 Kenworth T-880 (Chassis Spec attached)

Sourcewell Price, FOB Morgan Hill, CA.....	\$ 469,348.00
Tax (9.00 %).....	\$ 42,241.32
Licensing and Registration	INCLUDED
Federal Excise Tax	INCLUDED
In-service, Delivery and Training	<u>INCLUDED</u>
Total, FOB Morgan Hill, CA.....	\$ 511, 589.32

THE PROPERTY HEREIN IS GUARANTEED BY MANUFACTURER'S WARRANTY ONLY AND SELLER MAKES NO WARRANTY EXPRESS OR IMPLIED, OF MERCHANTABILITY OR OTHERWISE, OR OF FITNESS FOR ANY PARTICULAR PURPOSE, THAT EXTENDS BEYOND THE ABOVE DESCRIPTION OF THE EQUIPMENT.

NOTE: Price is good for 60 Days. Cost increases due to the addition of Government mandated safety or environmental devices incurred after the date of the proposal, will be charged to you at our cost. Proof of such costs, if any, will be documented.

TAXES: SALES TAX applicable at time of delivery will be shown on our invoice. FEDERAL EXCISE TAXES, if applicable, will require payment unless properly executed Exemption Certificate is submitted.

DELIVERY: 10 months (ARO)

TERMS: Net 30 Days

If you have any questions please give me a call at (916) 675-2105.

Sincerely,

Joseph Blackman

Joseph Blackman
Territory Manager

Attachment: Morgan Hill 2100i Proposal (2695 : Purchase of a New Vector Combo Truck)

LIMITED WARRANTY

Limited Warranty. Each machine manufactured by VACTOR/GUZZLER MANUFACTURING (or, "the Company") is warranted against defects in material and workmanship for a period of 12 months, provided the machine is used in a normal and reasonable manner and in accordance with all operating instructions. In addition, certain machines and components of certain machines have extended warranties as set forth below. If sold to an end user, the applicable warranty period commences from the date of delivery to the end user. If used for rental purposes, the applicable warranty period commences from the date the machine is first made available for rental by the Company or its representative. This limited warranty may be enforced by any subsequent transferee during the warranty period. This limited warranty is the sole and exclusive warranty given by the Company.

STANDARD EXTENDED WARRANTIES (Total Warranty Duration)

<u>2100 Series, HXX, Series and Jetters</u>	10 years against water tank leakage due to corrosion. Nonmetallic water tanks are covered for 5 yrs. against any factory defect in material or workmanship.
<u>2100 Series and HXX only</u>	5 years against leakage of debris tank, centrifugal compressor or housing due to rust-through.
<u>2100 Series and Jetters</u>	2 years - Vactor Rodder Pump on all unit serial numbers starting with 13##V#####.

Exclusive Remedy. Should any warranted product fail during the warranty period, the Company will cause to be repaired or replaced, as the Company may elect, any part or parts of such machine that the Company's examination discloses to be defective in material or factory workmanship. Repairs or replacements are to be made at the selling Vactor/Guzzler distributor's location or at other locations approved by the Company. In lieu of repair or replacement, the Company may elect, at its sole discretion, to refund the purchase price of any product deemed defective. The foregoing remedies shall be the sole and exclusive remedies of any party making a valid warranty claim. This Limited Warranty shall not apply to (and the Company shall not be responsible for):

1. Major components or trade accessories that have a separate warranty from their original manufacturer, such as, but not limited to, trucks, engines, hydraulic pumps and motors, tires and batteries.
2. Normal adjustments and maintenance services.
3. Normal wear parts such as, but not limited to, oils, fluids, vacuum hose, light bulbs, fuses, gaskets.
4. Failures resulting from the machine being operated in a manner or for a purpose not recommended by the Company.
5. Repairs, modifications or alterations without the express written consent of the Company, which in the Company's sole judgment, have adversely affected the machine's stability, operation or reliability as originally designed and manufactured.
6. Items subject to misuse, negligence, accident or improper maintenance.

NOTE The use in the product of any part other than parts approved by the Company may invalidate this warranty. The Company reserves the right to determine, in its sole discretion, if the use of non-approved parts operates to invalidate the warranty. Nothing contained in this warranty shall make the Company liable for loss, injury, or damage of any kind to any person or entity resulting from any defect or failure in the machine.

THIS WARRANTY SHALL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, AND TO THE EXTENT PERMITTED, CONFERRED BY STATUTE, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY AGAINST FAILURE OF ITS ESSENTIAL PURPOSE, ALL OF WHICH ARE DISCLAIMED.

This warranty is in lieu of all other obligations or liabilities, contractual and otherwise, on the part of the Company. For the avoidance of doubt, the Company shall not be liable for any indirect, special, incidental or consequential damages, including, but not limited to, loss of use or lost profits. The Company makes no representation that the machine has the capacity to perform any functions other than as contained in the Company's written literature, catalogs or specifications accompanying delivery of the machine. No person or affiliated company representative is authorized to alter the terms of this warranty, to give any other warranties or to assume any other liability on behalf of the Company in connection with the sale, servicing or repair of any machine manufactured by the Company. Any legal action based hereon must be commenced within eighteen (18) months of the event or facts giving rise to such action.

The Company reserves the right to make design changes or improvements in its products without imposing any obligation upon itself to change or improve previously manufactured products.



VACTOR/GUZZLER MANUFACTURING

1621 S. Illinois Street
Streator, IL 61364

Attachment: Morgan Hill 2100i Proposal (2695 : Purchase of a New Vactor Combo Truck)

KENWORTH

Central Illinois Trucks, Inc. C251
3030 May Rd.

VACTOR MANUFACTURING
1621 South Illinois Street

Peru, Illinois United States 61354
Phone:
Fax:
Email:

Streator, Illinois United States 61364
Phone: (815) 672-3171
Fax:
Contact Email:
Prepared for:

ORDERS: All orders are subject to acceptance by Vactor Manufacturing, Inc. or Guzzler Manufacturing, Inc. (hereafter referred to as Vactor). Orders for products not normally carried in stock or requiring special engineering or manufacturing is in every case subject to approval by Vactor's Management.

PRICES: All orders are subject to current prices in effect at the time of order acknowledgement.

F.O.B. Point: Unless otherwise stated, all prices listed are F.O.B. factory.

PAYMENT TERMS: The company's payment terms are due upon receipt, unless otherwise stated. However, until such time as Vactor receives full payment, Vactor shall maintain a purchase money security interest in the product.

CANCELLATION: Orders regularly entered cannot be cancelled except upon terms that will compensate Vactor for any loss or damage sustained. Such loss will be a minimum of 10% of the purchase price.

SHIPMENT: All proposals are based on continuous and uninterrupted delivery of the order upon completion, unless specifications distinctly state otherwise. In the event that agreement is reached for Vactor to store completed items, they will be immediately invoiced to the customer and become due and payable. Storage shall be at the risk of the customer and Vactor shall be liable only for ordinary care of the property.

STORAGE CHARGES: Vactor shall charge the customer at current rates for handling and storing customer's property (e.g. truck chassis) held for more than thirty (30) days after notification of availability for shipment. All customer's property, or third party's property, that is stored by Vactor is at the customer's or other party's risk. Vactor is not liable for any loss or damage thereto caused by fire, water, corrosion, theft, negligence, or any caused beyond its reasonable control.

PERFORMANCE: Vactor shall not be liable for failure to complete the contract in accordance with its terms if failure is due to wars, strikes, fires, floods, accidents, delays in transportation or other causes beyond its reasonable control.

EXPERIMENTAL WORK: Work performed at customer's request such as sketches, drawings, design, testing, fabrication and materials shall be charged at current rates.

SKETCHES, ENGINEERING DRAWINGS, MODELS and all preparatory work created or furnished by Vactor, shall remain its exclusive property; and no use of same shall be made nor may ideas obtained therefrom be used except with the consent of and on terms acceptable to Vactor.

TAXES: The pricing attached does not include Federal, State or local taxes which are the buyer's responsibility. However, Vactor/Guzzler Manufacturing, Inc. shall be responsible for Federal Excise Tax (F.E.T.) unless it is separately stated on the invoice and added to the selling price. If F.E.T. is not separately stated on the invoice it has not been included in the price and Vactor/Guzzler will pay any F.E.T. due itself and bear the cost of the tax. Any refunds or adjustments to the F.E.T. in such cases belong to Vactor/Guzzler.

PRODUCT IMPROVEMENTS: Vactor reserves the right to change manufacturing specifications and procedure in accordance with its product improvement policy.

MOUNTING PRICES: Mounting prices assume normally factory installation on a truck chassis suitable for the unit purchased. Relocation of batteries, fuel tanks, mufflers, air tanks, etc. will be an additional charge, billed at the standard factory labor rate.

KENWORTH

Central Illinois Trucks, Inc. C251
3030 May Rd.

VACTOR MANUFACTURING
1621 South Illinois Street

Peru, Illinois United States 61354
Phone:
Fax:
Email:

Streator, Illinois United States 61364
Phone: (815) 672-3171
Fax:
Contact Email:
Prepared for:

WARRANTY: Vactor warrants its products to be free from defects in material and workmanship, subject to the limitations and conditions set forth in its current published warranty. Other than those expressly stated herein. THERE ARE NOT OTHER WARRANTIES OF ANY KIND EXPRESS OR IMPLIED, AND SPECIFICALLY EXCLUDED BUT NOT BY WAY OF LIMITATION, ARE THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND MECHANABILITY.

IT IS UNDERSTOOD AND AGREED THE SELLER'S LIABILITY WHETHER IN CONTRACT, IN TORT, UNDER ANY WARRANTY IN NEGLIGENCE OR OTHERWISE SHALL NOT EXCEED THE RETURN OF THE AMOUNT OF THE PURCHASE PRICE PAID BY THE PURCHASER AND UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES. THE PRICES STATED FOR THE EQUIPMENT IS A CONSIDERATION IN LIMITING SELLER'S LIABILITY. NO ACTION REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTION OF THE AGREEMENT MAY BE BROUGHT BY PURCHASER MORE THAN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCURED.

SELLER'S MAXIMUM LIABILITY SHALL NOT EXCEED AND BUYER'S REMEDY IS LIMITED TO EITHER (I) REPAIR OR REPLACEMENT OF THE DEFECTIVE PART OF PRODUCT, OR AT SELLER'S OPTION (II) RETURN OF THE PRODUCT AND REFUND OF THE PURCHASE PRICE AND SUCH REMEDY SHALL BE BUYER'S ENTIRE AND EXCLUSIVE REMEDY.

This agreement shall be construed according to the laws of the State of Illinois. Failure at anytime by Vactor to exercise any right of the Company may have under this agreement shall not constitute a waiver thereof nor prejudice Vactor's right to enforce it thereafter.

This order, including the above terms and conditions, contains the complete and final agreement between the parties hereto and no other agreement in any way modifying any of said terms and conditions will be binding on Vactor unless in writing and agreed to by an authorized representative of Vactor.

I agree with the above terms and conditions: _____

Date: _____

Attachment: Morgan Hill 2100i Proposal (2695 : Purchase of a New Vactor Combo Truck)

KENWORTH

Central Illinois Trucks, Inc. C251
3030 May Rd.

VACTOR MANUFACTURING
1621 South Illinois Street

Peru, Illinois United States 61354
Phone:
Fax:
Email:

Streator, Illinois United States 61364
Phone: (815) 672-3171
Fax:
Contact Email:
Prepared for:

Vehicle Summary

Unit		Chassis	
Model:	T880 Series Conventional	Fr Axle Load (lbs):	20000
Type:	FULL TRUCK	Rr Axle Load (lbs)	46000
Description:	Morgan Hill	G.C.W. (lbs):	66000
HOKT370A.2020.0			
Application		Road Conditions:	
Intended Serv.:	Construction. Vehicles used in the construction	Class A (Highway)	85
Commodity:	Excavated earth	Class B (Hwy/Mtn)	10
		Class C (Off-Hwy)	05
		Class D (Off-Road)	00
Body		Maximum Grade:	6
Type:	Vacuum tank	Wheelbase (in):	279
Length (ft):	20.0	Overhang (in):	70
Height (ft):	13.5	Fr Axle to BOC (in):	68
Max Laden Weight (lbs):	4000	Cab to Axle (in):	211
		Cab to EOF (in):	281
Trailer		Overall Comb. Length (in):	398
No. of Trailer Axles:	0		
Type:		Special Req.	
Length (ft):	0.0	U.S. Domestic Registry, 50-State	
Height (ft):	0.0		
Kingpin Inset (in):	0		
Corner Radius (in):	0		
Restrictions			
Length (ft):	120		
Width (in):	102		
Height (ft):	13.5		

Approved by: _____ Date: _____

Note: All sales are F.O.B. designated plant of manufacture.

	Ask your dealer for a quote today, or visit our website @ www.paccarfinancial.com .
	PACCAR Financial offers innovative finance, lease and insurance programs customized to meet your needs.

Unpublished options may require review/approval.
Dimensional and performance data for unpublished options may vary from that displayed in PROSPECTOR.

Printed: 12/3/2018 5:39:33 PM
Effective Date: Jan 1, 2018
Prepared by: ID: GRANT MAGERKURTH

Complete

Model Number: T880 Series Conventional
Quote/DTPO/CO: Q83925185
Version Number: 41 20

KENWORTH

Central Illinois Trucks, Inc. C251
3030 May Rd.

VACTOR MANUFACTURING
1621 South Illinois Street

Peru, Illinois United States 61354
Phone:
Fax:
Email:

Streator, Illinois United States 61364
Phone: (815) 672-3171
Fax:
Contact Email:
Prepared for:

Data	Code	Description	Weight
Model			
0000810	O	T880 Series Conventional	15,073
0070060	O	T880	0
0072001	O	Chassis operation will include stationary application used in lower 48 states [US only]. Stationary operation is defined as running the engine under load while stationary at a substantial fraction of engine gross horsepower (60% or greater) for an extended period of time (longer than 5 - 10 minutes).	0
0080066	O	CARB Idle Emissions Reduction - MX	0
0090096	O	T880 with PX-9	0
0091220	O	Excavated earth	0
0093130	O	Construction. Vehicles used in the construction industry, other than those listed above. Use typically involves operating on the jobsite, to pick up or deliver construction materials, or to position the vehicle for its intended use at the construction site. Includes such activities as delivery of precast concrete, concrete pumpers, flatbeds or roll-offs for delivery of construction materials or equipment, etc. Typically includes some operation off of paved roads. Road usage: any combination, which includes some Class C.	0
0095165	O	Vacuum tank	0
0098025	O	U.S. Domestic Registry, 50-State	0

Engine & Equipment

0129569	O	PACCAR PX-9 370 2017 370@2000 365@2100 1250@1400	-985
Includes turbo exhaust brake, no code is used. Diagnostic Plug for data link, Oil Cooler, Aluminum Flywheel Housing.			
N09200	N205	68...Standard Maximum Speed Limit [LSL]	
N09220	N207	0....Expiration Distance	
N09260	P14	64...Maximum Accelerator Pedal Vehicle Speed	
N09300	P19	64...Maximum Cruise Speed	
N09360	N203	252..Reserve Speed Function Reset Distance	
N09380	N202	0....Maximum Cycle Distance	
N09400	N206	10...Maximum Active Distance	
N09420	N201	0....Reserve Speed Limit Offset	
N09440	P11	NO...Engine Protection Shutdown	
N09460	P06	NO...Gear Down Protection	
N09480	P26	1400.Max PTO Speed	
N09500	P02	NO...Cruise Control Auto Resume	
N09520	P04	NO...Auto Engine Brake in Cruise	
N09540	N209	0....Expiration Distance	
N09560	P520	YES..Enable Idle Shutdown Park Brake Set	
N09580	P32	5....Timer Setting	
N09600	P233	YES..Enable Impending Shutdown Warning	
N09620	P234	60...Timer For Impending Shutdown Warning	
N09640	P516	35...Engine Load Threshold	
N09680	P33	NO...Idle Shutdown Manual Override	
N09720	P230	YES..Enable Hot Ambient Automatic Override	
N09740	P46	40...Low Ambient Temperature Threshold	
N09760	P56	60...Intermediate Ambient Temperature Threshold	

Attachment: Morgan Hill 2100i Proposal (2695 : Purchase of a New Vactor Combo Truck)

		N09780 P47 80...High Ambient Temperature Threshold	
1000158	O	Prospector Version 43.0 Replaces 42.1	0
1000684	O	Effective VSL Setting NA	0
1000858	O	Engine Idle Shutdown Timer Disabled	0
1000859	O	Enable EIST Ambient Temp Ovrerrule	0
1000860	O	Enable EIST in PTO Mode Use only with MX and Cummins engines	0
1000891	O	Eff EIST NA Expiration Miles Use only with MX and Cummins engines	0
1002060	O	Air compressor: Cummins 18.7 CFM For Cummins And PACCAR PX engines.	0
1051200	S	Air Cleaner: composite firewall mounted PACCAR or Cummins engines	0
1105230	O	Fan Hub: Horton 2-Speed for ISL9, ISL-G, PX-8 or PX-9	0
1123555	S	Cooling module: 1330 square inches. Includes aluminum radiator core, aluminum charge air cooler, translucent surge tank and washer bottle, silicone hoses, and extended life coolant.	0
1247166	S	Exhaust: 2017 EPA RH Under DPF/SCR w/ RH side of cab vertical tailpipe w/ daycabs, extended daycabs, or modular sleepers.	0
1290136	O	Tailpipe: 5 in. single 36 in. 45 degree curved.	0
1321109	S	Fuel Filter:PACCAR Standard Service Interval Fuel/Water Separator. 2017 Emissions	0
1321200	O	Run Aid:None *For Fuel Filter	0
1321300	O	Start Aid:None *For Fuel Filter	0
1500029	O	Kenworth Fuel Cooler Required for Cummins engines with a single fuel tank. Required for PACCAR MX-13 engine with a single fuel tank and stationary use: High RPM, low vehicle speed, sustained for longer than 1 hour. Optional for all other applications.	6
1504002	O	Immersion block heater 120V 1000W w/plug under door on C500, T660, T800 & W900.	0
1509099	U	ACTUAL CODE: 1509029: SHUTOFF VALVES FO R TRAILER HEAT WITH HOSES ROUTED 3 FT. BOC	0
1816260	S	Alternator: PACCAR 160 amp, brush type	0
1821225	O	Batteries: 2 PACCAR GP31 threaded post (1000) 2000 CCA starting.	-59
1836100	S	Starter: PACCAR 12 volt electrical system. W/ centralized power distribution incorporating plug-in style relays. Circuit protection for serviceability, 12-volt light system w/circuit protection circuits number & color coded.	0
1840065	S	12V low voltage disconnect for starter battery protection.	0
1900082	O	Multi-function engine connector for body builder interface for Cummins.	0
1901018	O	Remote PTO/Throttle, 12-Pin, 250K, Back of Cab OR Back of Sleeper, J1939, Remote Control Provision	0
Transmission & Clutch			
2011003	U	Allison 3000RDS Cooler Lines Run to Por ts	0
2011205	O	Transmission: Allison 3000RDS 6-speed w/PTO drive gear. 5th Gen controls. Includes heat exchanger & oil level sensor. Rugged Duty Series for vocational applications. Transynd transmission fluid is standard on all Allison 1000, 2000, 3000 & 4000 series transmissions. Requires a push button shift control code. Oil temperature gauge is standard on class 8 models.	139
2406005	O	45 degree yokes on interaxle drivelines.	11

2406802	O	Driveline: 3 SPL170XL 2 centerbearing requires 3500057 interaxle driveline.	152
2410018	O	Torque converter included w/Allison Transmission.	0
2410099	U	ACTUAL CODE: 2410072: AUTO NEUTRAL NOT REQ'D THIS APPLICATION	0
2410151	O	Pushbutton control center console mounted. Class 8 with Allison Transmission.	0
2410204	O	Delete Allison Fuel Sense	0
2410430	U	Allison 5th Gen RDS PKG 150 for 3000,	0
2429358	O	Rear transmission support springs for transmission PTO applications are required to ensure that engine flywheel housings are not overloaded when transmission PTO's are installed.	0
2429379	O	Customer installed transmission PTO in the RH Mounted position (4 o'clock) for Allison 3000 transmissions.	0
2495023	O	Two steel centerbearing crossmembers installed with heavy-duty aluminum gussets replacing standard.	70

Front Axle & Equipment

2506181	O	Dana Spicer D2000 Front Axle rated 20K standard track.	120
2621078	O	Front Brakes: 22K Bendix ES S-cam 16.5x6 in.	-46
2690013	O	Front Brake Drum: 20,000 lbs. Meritor X30 light weight 16-1/2x6 in.	58
2702020	O	Front Hubs Iron hub pilot 20,000 lbs. 10 Bolt 16.5x6in. or 7in. or air disc brakes. 10 Bolt, 11-1/4 in. bolt circle. Consider Wheelguards (5850002) with aluminum wheels.	80
2741970	S	ConMet PreSet Plus Hub package; front axle.	0
2750001	S	Hubcap: front vented.	0
2765001	O	Front Auto Slack Adjuster.	0
2866020	O	Front Springs: Taperleaf 20K w/ shock absorbers w/ maintenance-free elastomer spring pin bushings. Standard with rubber pins except for C500 which has threaded pins. Not available on W900L. W900B use 2866021.	241
2893642	O	Dual power steering gear: 16-22K TRW THP60 Not for use on T3.	54
2899336	O	Power Steering Cooler:Radiator Mounted Air-to-Oil	11

Rear Axle & Equipment

3142171	O	Dual Meritor RT46-164PEH rear axle rated at 46K w/ heavy wall housing. Tandem rear axles.	641
3200538	O	Rear Axle Ratio - 5.38.	0
3334004	S	Dual Rear Brakes 16-1/2x7 in. to 46K; Bendix ES-extended service S-cam.	0
3392005	S	Dual Rear Brake Drums: cast.	0
3403460	O	Dual Rear Hubs: Iron hub pilot 11-1/4 in. BC.	104
3441972	S	ConMet PreSet Plus Hub package; dual rear axle.	0
3465002	S	Dual Rear axle automatic slack adjusters.	0
3485209	S	Spring Brake: 3030 high output dual.	0
3495226	O	Bendix 4S/4M anti-lock brake system.	0
3500057	O	Interaxle driveline 1 Dana SPL170XL	-4
3747460	O	Rear suspension: Tandem Hendrickson RT463 46K. 54 in. axle spacing. Steel beams & barpin bushing. 6 in. saddle height. Unladen Height: 11.1 in. Laden Height: 10 in.	573

Tires & Wheels

4077533	O	Front tires: Bridgestone M864 425/65R22.5 20PR All Position, On/Off Highway, Wide-base tire.	156
4277487	O	Rear tires: Bridgestone M799 11R22.5 16PR.	80

4900008	O	42 in. diameter, drive. 19.5 in. SLR. Code is priced per pair of tires.	0
5045216	O	Rear Tire Quantity: 8 Front Wheel: Alcoa 82362 22.5x12.25 aluminum, with Lvl One [TM] finish, hub-pilot mount. 11400lb. maximum rating. Super single. Standard track axles may be over 102 in. w/425 tires. Air disc brake compatible.	-10
5245251	O	Rear Wheel: Alcoa 88367/Acc 50344 heavy-duty 22.5x8.25, aluminum outside with Lvl One[TM] finish/steel Steel Armor [TM] powder coat inside, hub-pilot mount. 7400 lb. maximum rating. Includes wheel guards. Air disc brake compatible. Code is priced per pair of wheels.	-36
5853906	O	Powder coat white steel wheel. Use in conjunction with front, dual front, rear, spare or lift axle wheel code(s). All wheels on chassis must have same finish color.	0
5859010	O	Single Front Axle: 2 wheels Dura-Bright Buffed. Dura-Bright outboard surface of aluminum wheels.	0
5859012	O	Dual Rear Axle Wheels: 4 wheels Dura-Bright Buffed. Dura-Bright outboard surface of outer dual or single aluminum wheels.	0
5900008	O	Rear Wheel/Rim Quantity: 8	0
Frame & Equipment			
6054600	O	Frame Rails: 10-5/8 x 3-1/2 x 5/16 in. Steel to 337 in. to 416 in. Truck frame weight is 2.91 lb.-in. per pair of rails. Section modulus is 14.80, RBM is 1,776,000 in.-lbs per rail. Frame rail availability may be restricted based upon application, axle/suspension capacity, fifth wheel setting, or component/dimensional specifications. The results of the engineering review may result in a change to the requested frame rail. If a change is required Kenworth Application Engineering will advise the dealer of the appropriate material specification for a substitute rail.	372
6141600	O	Full Steel Insert: for 10-5/8 in. or 10-3/4 in. Steel 337 in. to 416 in. or 2nd insert for 11-5/8 in. steel frame. Adds 1,149,000 in.-lb to main rail RBM. Truck insert weight is 2.05 lb.-in. per pair of rails. Full frame insert length is equal to wheelbase plus rear frame cutoff plus dimension forward of front axle by model: T660, T680, T800, T880 = 21.26 in.; C500B = bumper setting minus 0.79 in.; W900B = 5.27 in., W900L = 1.50 in., W900S = 3.27 in.; T440/T470 50 in. bumper setting = 21.26 in., T470 73 in. bumper setting = 72.3 in.	758
6301610	O	Bumper: Stainless steel clad straight aluminum channel. Requires bumper setting code.	-11
6319485	O	48.5 in. Bumper setting. Requires a bumper code.	0
6324025	O	Front tow hook: Center mounted, cast. Requires iron front drive brackets.	28
6391201	O	Custom Frame Layout: one chassis CFL C/M:LOCATE SAME AS 163275 CFL A/D:USE DRYER BRKT G11-1740R DRYER CFL A/D:CLOSE AS POSS TO C/M FWD FWRD CFL A/D:OF DRIVE AXLE/DRYER FWRD CFL A/T:SAME AS 163275 CFL DEF:SAME AS 163275	0
6400636	O	Battery box cantilever aluminum BOC with fiberglass cover. N64000 LOCATE AS CLOSE TO BBOX N64010 AS POSSIBLE	8
6409901	O	Battery box location: LH Side.	0
6451090	O	T470,C5, T6, T8 non-polished DPF/SCR or CNG cover diamond plate w/ step. For use w/ 2010 or later exhaust systems. For T8, use extended length non-polished battery box on opposite rail to match the length of under cab components. End plates will be painted standard black frame color.	0
6721102	S	Rear mudflap arms: Betts B-25 standard-duty, straight. Includes B1732 mounting brackets as standard.	0
6722000	S	Rear mudflap shields: White plastic antisail w/ Kenworth logo.	0
6742009	S	Square end-of-frame w/o crossmember; non-towing.	0

Fuel Tanks & Equip

7510120	O	Fuel Tank: 120 US gallon 28.5in. aluminum under	72
		replace. Class 8 fuel tank includes an anti-siphon device on the filler neck.	
7722011	O	Small round DEF tank. 11 gallons of	0
		usable volume. The DEF tank will be located on the side you specified. If you have specific configuration or body builder concerns, please utilize the Custom Frame Layout option. Standard capacity is calculated by fuel capacity of the vehicle and will accommodate two diesel fill-ups for every DEF fill-up. For 1:1 DEF fuel fill ratio, add 7889204.	
7840015	O	Polish only one aluminum tank.	0
7840038	O	Polished cover for 1 DEF tank any size.	3
7881300	O	Welded-in fitting w/ gasket & cover plate for	0
		mounting customer-installed fuel tank heater.	
7881310	U	PLATE/GASKET MOVED TO REAR OF FUEL TANK	0
7889061	O	Polished stainless steel tank straps for 1 tank.	0
7889203	O	Standard DEF to fuel fill ratio: 2:1 or greater.	0
7889245	S	Anti-siphon device swaged in place.	0
		For any number of fuel tanks.	
7889603	O	DEF tank location is on the RH.	0
7920120	O	Location: 120 gal fuel tank LH under cab	0

Cab & Equipment

8025301	S	Cab: Stamped aluminum cab with panoramic curved	0
		glass windshield. Standard with stamped aluminum doors, heavy duty in-swinging hinges, and triple sealed doors. Manufactured using self-piercing rivets and structural adhesive. Includes LED exterior marker lights and turn signals.	
8090605	S	Hood:T880 Short Length MX-Optimized W/Mechan.	0
		Fastened Fenders. 116.7 inch BBC.	
8108011	S	Cab HVAC - Day Cab and 40in Sleeper	0
		System With Defrost, A/C, and 48,000 BTU/hr Heater. Includes automatic temperature control with one touch defrost operation and dash mounted cab temperature and solar intensity sensors. Pleated fresh air filter and cabin recirculation air filter standard. The Kenworth HVAC system is designed to provide optimal heating and cooling in all operating environments without need for additional insulation. Cab HVAC without sleeper heater AC is available with 40in sleeper.	
8201013	S	Steering wheel: 18 in. 4-spoke.	0
8201051	S	Column Mtd Retarder Control, RH Side	0
		Use with Manual & Allison Transmissions Only.	
8201200	O	Adjustable telescoping tilt steering column.	0
8205202	U	PTO WIRING W/O DASH SW	0
8282007	S	Kenworth Driver Performance Center:5in Full Color	0
		high resolution Thin Film Transistor (TFT) active matrix display with advanced driver information including fuel economy performance, outside air temp, clock, odometer and trip, engine hour meter, ignition timer, engine RPM, general truck information, diagnostics, and gear display. All Highline functionality is accessed via the Kenworth MCS providing intuitive control at the driver's fingertips. Also includes Dark Cabin functionality. When activated, the only interior light that will function when a door is opened is the door courtesy lamp.	
8282013	S	Kenworth instrumentation and control package with	0
		9 standard easy-read gauges: includes speedometer, tachometer, fuel gauge, engine coolant temp, engine oil pressure, voltmeter, dual air pressure, air application pressure and DEF gauge. All accessory controls utilize electronically activated solenoids that include advanced vehicle protection interlocks.	
8282107	O	Large flat panel on dash For customer-installed	0
		controls. Reduces gauge count by 6.	
8300008	S	Interior color: Slate Gray	0
8330102	S	Interior package: Vantage daycab	0

Includes durable headliner and vinyl sidewalls with geometric patterned trim and anodized aluminum accents throughout. Convenient overhead storage cubbies, full size glove box, two center console cupholders, and large door pad map pocket. Standard LH/RH power windows, electric door locks, interior LED lighting, nighttime-friendly red ambient lighting for dash and footwell, and door mounted courtesy light. Includes two standard 12V power outlets. Driver sunvisor includes strap.

8390634	S	Rubber floormat	0
8410272	O	Driver Seat: GT702 HB with Cloth material. The GT702 is standard with a single air bag, scissor linkage seat suspension that incorporates seat height memory, auto-leveling valves with exit air dump, and adjustable damper. It includes a dual chamber lumbar support, 10in Fore/Aft adjustment, 5in Up/Down adjustment with protection zones, 2.5in pan extension, 51 degree seat back recline, and 16 degree full seat tilt. Includes 3-point matching seat belts. DR seat standard w/ dual armrests.	10
8460272	O	Rider Seat: GT702 HB with Cloth material. The GT702 is standard with a single air bag, scissor linkage seat suspension that incorporates seat height memory, auto-leveling valves with exit air dump, and adjustable damper. It includes a dual chamber lumbar support, 10in Fore/Aft adjustment, 5in Up/Down adjustment with protection zones, 2.5in pan extension, 51 degree seat back recline, and 16 degree full seat tilt. Includes 3-point matching seat belts. Rider seat standard w/ LH armrest.	44
8490187	S	Seat color: Slate Gray with Gray stitching.	0
8601422	O	Kenworth Radio with AM/FM/WB/CD/USB and Bluetooth	4
8698974	O	Base Level Audio System - Daycab:High Performance Door Speakers.	2
8700168	S	Non-self cancelling turn signal: W/column-mounted headlight dimmer switch & intermittent wiper control.	0
8700283	O	LH and RH Trip Ledge Rain Deflectors	0
8800372	O	Grabhandle: LH, Exterior, Side of Cab - Ergonomic Grab Handle Mounted To The Left Hand Exterior Of The Cab For Entry and Exit.	3
8800402	S	Dual Cab Interior Grabhandles: A Pillar Mounted Dash Wrap and B Pillar Mounted Grabhandles	0
8832113	S	Kenworth Daylite Door with standard LH/RH electric door locks and LH/RH electric window controls.	0
8841411	S	Single air horn under cab.	0
8850139	S	Look-Down, Pass. Door, Black 11x6	0
8865002	S	Aero Mirror: Dual Kenworth Aerodynamic Motorized heated mirrors, 7in X 13in with cab color mirror shell and black mirror arms. Also includes LH/RH heated 6in X 7in convex mirrors. Mirror brackets set for 8-1/2 ft load width. Mirror controls located on driver side door pad.	0
8871446	S	Rear cab stationary window 19in x 36in	0
8890101	S	One-piece bonded-in windshield with curved glass. Standard.	0
8890135	O	Exterior stainless steel sunvisor.	19
8890300	O	Fender close-out: Below headlamp, behind bumper. *NOT available with 3-piece bumper.	0
8890348	O	Wheelwell Fender Extension: 4.5 inches	0
8890876	S	Kenworth Cab/Sleeper Air Suspension.	0

Lights & Instruments

9010553	S	Headlamps: SAE Dual Halogen Complex Reflector	0
9022137	S	Marker Lights: Five, rectangular, LED	0
9030016	S	Turn Signal Lights: Flush mounted LED mounted at top of fender wheel arc	0
9030052	S	LED Stop,Turn,Tail: With Two LED Backup Lights and With An LED License Plate.	0
9090000	O	Daytime Running Lamps.	0

9090039	S	Marker Lights: Interrupter Switch. Included in Turn Signal For All Models Except T3. The T3 Switch Is In The Dash.	0
9090115	O	Reflectors: Two Midframe	0
9090126	O	Electric Backup Alarm: Meets SAE J994 & OSHA requirements.	4
9090302	O	Junction Box: Mounted Behind Cab or Sleeper Not Mounted at End of Frame.	1
9090849	O	Polyswitches replacing fuses. Switch will automatically reset after removal of excess load.	0

Air Equipment

9101215	S	Air Dryer Bendix AD-IS heated Puraguard	0
9108001	S	Moisture ejection valve w/ pull cable drain.	0
9140020	S	Nylon air tubing in frame & cab, excluding hoses subject to excessive heat or flexing.	0

Extended Warranty

9200008	O	Base Warranty - PACCAR PX-9 Engine 24 months / 250,000 miles / 402,336 km / 6250 hours.	0
9200021	S	Base Warranty - Standard Service Heavy Duty 12 months / 100,000 miles / 160,000 km.	0

Miscellaneous

9400073	O	Ship to Specific Address. N94010 CIT TRUCKS LLC N94020 3030 MAY RD. N94030 PERU, IL 61354 N94040 GRANT MAGERKURTH 815.224.4410	0
9409852	O	GHG Secondary Manufacturer: Does Not Apply	0
9491665	O	CECU/VECU Electronics Architecture	0

Paint

9700000	O	Paint color number(s). N97020 A - L0006 WHITE N97200 FRAME N0001 BLACK	0
9943004	O	Bumper Unpainted	0
9943050	O	Day Cab Standard Paint	0
9944820	O	1 - Color Paint - Day Cab Color will be White if no other color is specified.	0
9965510	S	Base coat/clear coat. The Kenworth Color Selector contains additional instructions, as well as information on Kenworth paint guidelines and surface finish applications. Kenworth is standard with Dupont Imron Elite paint.	0

Total Adjusted Price (W/O Freight & Warranty & Surcharges)

Freight Charge

Options Not Subject to Discount

Surcharges Not subject to Discount

Total Weight

17746 lb

Prices and Specifications Subject to Change Without Notice.

Unpublished options may require review/approval.

Dimensional and performance data for unpublished options may vary from that displayed in PROSPECTOR.

Printed:	12/3/2018 5:39:33 PM	Complete	Model Number:	T880 Series Conventional
Effective Date:	Jan 1, 2018		Quote/DTPO/CO:	Q83925185
Prepared by:	ID: GRANT MAGERKURTH		Version Number:	41.20

Attachment: Morgan Hill 2100i Proposal (2695 : Purchase of a New Vactor Combo Truck)

RESOLUTION NO.**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO THE CITY'S FISCAL YEAR 2019-20 ADOPTED BUDGET TO APPROPRIATE \$350,000 IN THE EQUIPMENT REPLACEMENT FUND (790) FOR THE PURCHASE OF A COMBO VACTOR TRUCK**

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 AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 1st day of April 2020 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

DATE: _____

RICH CONSTANTINE, MAYOR

∞ **CERTIFICATION** ∞

I, Irma Torrez, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. _____, adopted by the City Council at the meeting held on April 1, 2020.

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 #

022

FUND:

DEPARTMENT:

OBJECT:

790	Equipment Replacement Fund
8500	Equipment Replacement
43830	AUTO/TRUCKS

AGENDA DATE:

AGENDA ITEM TITLE:

04/01/20
Combo Truck Purchase

	07/01/19			06/30/20 PROJECTED
	BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	ENDING FUND BALANCE
ORIGINAL BUDGET	5,235,129	1,052,269	1,136,915	5,150,483
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	66,948	76,100	(9,152)
RECOMMENDED ACTION		-	350,000	(350,000)
RESULT OF RECOMMENDED ACTION	<u>5,235,129</u>	<u>1,119,217</u>	<u>1,563,015</u>	<u>4,791,331</u>



CITY COUNCIL STAFF REPORT

MEETING DATE: April 1, 2020

PREPARED BY: Michelle Bigelow, Deputy City Clerk
APPROVED BY: City Manager

RECEIVE REPORT REGARDING THE EXTENSION OF TERMS OF TWO (2) MEMBERS ON THE LIBRARY, CULTURE & ARTS COMMISSION; AND THREE (3) MEMBERS ON THE PARKS AND RECREATION COMMISSION

RECOMMENDATION(S)

1. Receive report; and
2. If desired, the Council can reappoint the two commissioners who have applied for reappointment.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

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

2020-2021 Strategic Priorities

Community Engagement and Messaging

REPORT NARRATIVE:

The Library, Culture & Arts Commission (LCAC) has three seats up for appointment on April 1, 2020. Commissioner Bridget Crawford resigned as she has moved out of the state. Commissioner Bob Benich notified staff that he will not be seeking reappointment. Commissioner Paul Lake has submitted his application for reappointment. The Parks and Recreation Commission (PRC) also has three seats up for appointment on April 1, 2020. Commissioners Mary Seehafer and Matt Wendt have notified staff that they will not be seeking reappointment. Commissioner Richard Scott has submitted his application for reappointment.

The City Clerk's Office has invited the current commissioners to apply for reappointment and has conducted recruitment efforts to fill these vacancies. In addition to the current commissioners that have applied for reappointment, we have received four commission applications; two for the LCAC and two for the PRC. Due to COVID-19 emergency and the County and State orders, the interviews to fill vacancies on both commissions have been postponed as they are non-essential items. Per state law the terms of the commissioners are automatically extended until new appointments are made, ensuring the commissions' ability to have a quorum if needed. As a matter of courtesy, staff has

reached out to Commissioners Bob Benich, Matt Wendt, Richard Scott, Paul Lake, and Mary Seehafer to confirm they are willing to continue to serve until June 30, 2020 to allow time to recruit, interview, and appoint new commissioners.

COMMUNITY ENGAGEMENT: Involve

Recruitment efforts were undertaken to encourage citizens to apply for City Council appointment consideration to the PRC and the LCAC via the Morgan Hill Times, City Website, Government Access Channel, Facebook, NextDoor, outreach to community groups, and the weekly 411 emails.

ALTERNATIVE ACTIONS:

The City Council may, at this time, formally reappoint Richard Scott to the PRC for a term ending April 1, 2024 and/or formally reappoint Paul Lake to the LCAC for a term ending April 1, 2022.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Every year, recruitment efforts are conducted to maintain the seven (7) member Commissions.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact associated with the actions to interview and appoint, as the recruitment and appointment process is accommodated in the Administrative Services operating budget.

CEQA (California Environmental Quality Act):

Not a project.

The interview and appointment of commissioners is not a project, as defined in Section 15378 of the State CEQA guidelines.

LINKS/ATTACHMENTS:

1. chapter 2.22 Master Provisions for boards and commissions

Chapter 2.22 - MASTER PROVISIONS FOR BOARDS AND COMMISSIONS*

Sections:

2.22.010 - Establishment of boards and commissions.

- A. There are established within the city the following boards and commissions:
 - 1. Planning commission;
 - 2. Parks and recreation commission;
 - 3. Library, culture and arts commission; and
 - 4. Disaster council.
- B. Unless otherwise set forth, all members of boards, commissions and committees shall be residents of the city and shall continue to be residents of the city during their terms of office. Notwithstanding the foregoing, individuals who reside within the Morgan Hill Unified School District boundary and who do not otherwise reside in any city other than Morgan Hill may be appointed to boards, commissions and committees provided that no more than thirty percent of the members of any board, commission or committee shall be non-Morgan Hill residents.
- C. Members shall be appointed by the mayor subject to approval of a majority vote of the city council and may be removed without cause by vote of any three members of the city council.
- D. The appointment terms of members may be extended, at the discretion of the city council, until such time as a successor member may be appointed and take office.
- E. Vacancies in the commission occurring other than by expiration of term shall be filled for the unexpired term in the same manner as original appointments.
- F. The members of the commission shall organize the commission and shall elect from its members a chair and vice-chair and such other officers as may be necessary in accordance with adopted city council policy.

(Ord. 1778 N.S. § 2 (part), 2006)

(Ord. No 1930 N.S., § 2, 4-22-2009; Ord. No. 1935 N.S., § 1, 6-3-2009)

2.22.030 - Clerk and secretary.

The city clerk or designate shall also act as clerk for each of the boards and commissions and shall have authority to sign any official notices and also to certify any resolution of the commissions or boards. The city council may appoint a person not a member of the commission or board to act as secretary of the

commission or board. The secretary shall keep a record of all proceedings of said board or commission, its resolutions, its findings and actions, which records shall be a public record and kept with the city clerk in the City Hall building.

(Ord. 1778 N.S. § 2 (part), 2006)

2.22.040 - Rules of procedure.

- A. The chair shall preside at all meetings of the board or commission. The vice chair shall assume the duties of the chair in the absence of or in case of inability of the chair.
- B. A majority of the members of the commission or board shall constitute a quorum for the transaction of business.
- C. Unless otherwise specified herein, each board or commission may adopt its own rules and regulations for the transaction of its business. Such rules shall be subject to approval of the city council before becoming effective.

(Ord. 1778 N.S. § 2 (part), 2006)

2.22.050 - Rules of attendance.

If any member is absent from three of any six consecutive regular board or commission meetings, unless such absence is with the permission of the chair, or vice chair in absence of the chair, expressed in the official minutes, the member's seat shall be deemed vacated. The city manager shall so notify the city council and the council shall take action to fill the seat within a reasonable period of time.

(Ord. 1778 N.S. § 2 (part), 2006)

2.22.060 - Meetings.

Unless otherwise specified, the commission shall hold regular meetings once every two months at a designated time and place which shall be fixed and determined by the commission and entered upon in its minutes. Special meetings of the commission may be called at any time by the chair or by a majority of the members of the board upon notice being given to all members of the board and to all news media at least twenty-four hours in advance of the meetings, as required by the laws of the state of California.

(Ord. 1778 N.S. § 2 (part), 2006)

(Ord. No. 1930 N.S., § 3, 4-22-2009)

2.22.070 - Compensation.

Members of the boards and commissions shall serve without compensation but may receive reimbursement for actual and necessary expenditures made or incurred in the performance of their prescribed duties in accordance with state law and the Municipal Code and policies of the city of Morgan Hill.

(Ord. 1778 N.S. § 2 (part), 2006)

2.22.080 - Effect.

Nothing in this chapter shall be construed as restricting or curtailing any of the powers of the city council or city officers as defined by the laws of the state of California or by this Municipal Code. Except as otherwise set forth in Chapter 2.36, the city council declares that the public interest and convenience require the appointment of the boards and commissions established pursuant to Section 2.22.010 to act purely in an advisory capacity to the city council.

(Ord. 1778 N.S. § 2 (part), 2006)

DRAFT



Meeting Minutes City Council

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

Wednesday, March 18, 2020 7:00 pm

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

AMENDED AGENDA

Please note that this agenda was amended to add the ratification of the proclamation of local emergency. Additionally, Other reports, the David J. Powers Agreement (previously item 9), and the closed session items were removed from the agenda.

OPEN AND PUBLIC MEETINGS DURING THE COVID-19 VIRUS EMERGENCY

Public Participation:

In accordance with Executive Orders N-25-20, N-29-20, and guidance from the California Department of Public Health on gatherings, remote public participation is allowed. The Order was addressed in the following ways:

Members of the public were not allowed to physically attend the meeting.

The City Council meeting was live-streamed on Channel 17 and on the City's website. The meeting was also available to the public remotely via Zoom electronic meetings. Additionally, public comment for the City Council meeting was accepted via email tccpubliccomment@morganhill.ca.gov and through the chat feature of the Zoom electronic meeting during the meeting, prior to the close of public comment on an item, and read into the record during public comment.

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

CALL TO ORDER

Mayor Constantine called the meeting to order at 7:00 p.m.

ROLL CALL ATTENDANCE

Deputy City Clerk Michelle Bigelow called the roll.

Attendee Name	Title	Status	Arrived
Rich Constantine	Mayor	Present	
Yvonne Martinez Beltran	Mayor Pro Tem	Remote	
Larry Carr	Council Member	Remote	
John McKay	Council Member	Remote	
Rene Spring	Council Member	Remote	

DECLARATION OF POSTING AGENDA

Deputy City Clerk Michelle Bigelow declared the posting of the agenda.

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Proclaiming the month of March as American Red Cross Month

Proclaiming the month of March as Women's History Month

Proclaiming March 31, 2020 as Cesar Chavez Day

PRESENTATIONS

YAC PRESENTATION DEVELOPMENTAL ASSET #3- OTHER ADULT RELATIONSHIPS

CITY COUNCIL REPORTS

Mayor Constantine had no report. He stated that none of the committees he sits on have had meetings due to the state of emergency we are in.

CITY MANAGER'S REPORT

City Manager Christina Turner had no report.

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin announced that Governor Newsom issued an executive order encouraging cities to hold their meetings electronically and to not have the public gather for meetings. He explained that is the reason we are using such an unusual meeting format. It is a work in progress, and we hope that everyone who is interested has the ability to participate. There is an email address on the agenda where people can email questions or public comment to us as well as through the Zoom program.

PUBLIC COMMENT

Mayor Constantine opened the public comment.

Hearing no requests to speak the public comment was closed.

ADOPTION OF AGENDA

MOTION:

Adopting the amended agenda as posted.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Larry Carr, Council Member
SECONDER:	Rene Spring, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

CONSENT CALENDAR**MOTION:**

Approving consent items 1 through 4 and 6 through 8.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Yvonne Martinez Beltran, Mayor Pro Tem
SECONDER:	Larry Carr, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

1. APPROVE MONTEREY - CITY VENTURES: AFFORDABLE HOUSING PARKING CONCESSION

Recommendation:

Adopt resolution approving the request for the affordable housing parking concession.

2. APPROVE AGREEMENT WITH ASSET PROTECTION PRIVATE SECURITY, INC. FOR SECURITY SERVICES

Recommendation:

Approve and authorize the City Manager to execute and administer a two-year agreement with Asset Protection Private Security, Inc in the amount of \$82,000 for security services.

3. APPROVE MEMORANDUM OF UNDERSTANDING FOR 2019 EMERGENCY MANAGEMENT PERFORMANCE GRANT (EMPG) WITH THE COUNTY OF SANTA CLARA

Recommendation:

1. Approve and authorize the City Manager to execute and administer a Memorandum of Understanding with The County of Santa Clara for the 2019 Emergency Management Performance Grant; and
2. Adopt resolution amending the City's Fiscal Year 2019-20 adopted budget to recognize the grant revenue of \$14,400 and appropriate the same as expenditure within the General Fund (010).

4. APPROVE SECOND AMENDMENT TO AGREEMENT WITH SECURE SOLUTIONS INC.

Recommendation:

Approve and authorize the City Manager to execute and administer the Second Amendment to the Agreement with Secure Solutions Inc. for a not to exceed amount of \$85,000 to conduct hiring background investigations of police personnel.

5. ITEM PULLED FOR DISCUSSION

6. AWARD MORGAN HILL INCLUSIVE PLAYGROUND/MAGICAL BRIDGE PROJECT

Recommendation:

1. Adopt resolution to appropriate an additional \$701,079 in the Park Impact Fund (301) for the Morgan Hill Inclusive Playground/Magical Bridge Project;
2. Approve the Morgan Hill Inclusive Playground/Magical Bridge Project Plans and Specifications;
3. Award contract to CRW Industries, Inc. for the Morgan Hill Inclusive Playground/Magical Bridge Project in the amount of \$5,562,090;
4. Authorize expenditure of construction contingency funds not to exceed \$556,209; and
5. Authorize the City Manager to execute and administer the construction contract with CRW Industries, Inc.

7. ADOPT ORDINANCE AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY OF MORGAN HILL AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Recommendation:

Waive the reading, adopt Ordinance No. 2316, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

8. APPROVE THE MARCH 4, 2020 MEETING MINUTES

Recommendation:

Approve Minutes.

ITEM PULLED FROM CONSENT

5. FACILITY USE FEE WAIVERS

Recommendation:

1. Authorize the City Manager to waive facility rental fees of \$3,000 for Morgan Hill Community Foundation's November 2020 Philanthropy Night Celebration;
2. Authorize the City Manager to waive facility rental fees of \$615 for Indian Association of South Santa Clara County's August 2020 India Independence Day Festival and flag raising ceremony; and
3. Authorize the City Manager to waive facility rental fees of \$3,000 for American Association of University Women's April 2021 Future Women Leaders Conference.

MOTION:

Continuing item until such date that events will be able to be held again and until we understand the ramifications of what the City's budget will be as a result of the health crisis.

RESULT:	CONTINUED [4 TO 1]
MOVER:	Larry Carr, Council Member
SECONDER:	Rich Constantine, Mayor
AYES:	Constantine, Martinez Beltran, Carr, McKay
NAYS:	Spring

OTHER BUSINESS

9. ADOPT RESOLUTION RATIFYING PROCLAMATION OF LOCAL EMERGENCY DUE TO PANDEMIC RESPONSE

Recommendation:

Adopt Resolution ratifying the March 13, 2020 emergency proclamation due to pandemic response.

City Manager Christina Turner and City Attorney Donald Larkin provided reports.

Public comment opened.

Joe Baranowski was called to speak.

Doug Muirhead submitted public comment via email.

Public comment closed.

MOTION:

Approving the recommended action and directing staff to return to a future City Council meeting to further discuss within two weeks.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Rich Constantine, Mayor
SECONDER:	John McKay, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

10. DISCUSS RESPONSE TO THE COUNTY OF SANTA CLARA'S ORDERS REGARDING COVID-19

Recommendation:

Provide direction to staff.

Item continued to future meeting.

FUTURE COUNCIL INITIATED AGENDA ITEMS

None.

ADJOURNMENT

Mayor Constantine adjourned the meeting at 8:05 p.m.

MINUTES PREPARED BY:

Angie Gonzalez, Minutes Clerk

DRAFT



Meeting Minutes City Council

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

Monday, March 23, 2020 6:30 pm

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

AMENDED AGENDA

Agenda amended to add discussion topics to item 1.

SPECIAL MEETING

A Special Meeting of the City Council was called at 6:30 p.m. for the purpose of conducting city business. Item 10 continued from the March 18, 2020 City Council Meeting.

PUBLIC MEETINGS DURING THE COVID-19 VIRUS EMERGENCY

Public Participation:

In accordance with Executive Orders N-25-20, N-29-20, and guidance from the California Department of Public Health on gatherings, remote public participation is allowed. The Order was addressed in the following ways:

Members of the public were not allowed to physically attend the meeting.

The City Council meeting was live-streamed on Channel 17 and on the City's website. The meeting was also available to the public remotely via Zoom electronic meetings. Additionally, public comment for the City Council meeting was accepted via email tccpubliccomment@morganhill.ca.gov and through the chat feature of the Zoom electronic meeting during the meeting, prior to the close of public comment on

an item, and read into the record during public comment.

CALL TO ORDER

Mayor Constantine called the special meeting to order at 6:32 p.m.

ROLL CALL ATTENDANCE

Minutes Clerk Angie Gonzalez called the roll.

Attendee Name	Title	Status	Arrived
Rich Constantine	Mayor	Remote	
Yvonne Martinez Beltran	Mayor Pro Tem	Remote	
Larry Carr	Council Member	Remote	
John McKay	Council Member	Remote	
Rene Spring	Council Member	Remote	

DECLARATION OF POSTING OF AGENDA

Minutes Clerk Gonzalez declared the posting of the agenda.

PUBLIC COMMENT

Mayor Constantine opened public comment at 6:33 p.m.

There being no requests received, the public comment was closed.

ADOPTION OF AGENDA

MOTION:

Adopting the amended agenda as posted.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Rene Spring, Council Member
SECONDER:	Larry Carr, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

OTHER BUSINESS

1. DISCUSS RESPONSE TO THE COUNTY OF SANTA CLARA'S ORDERS REGARDING COVID-19

Recommendation:

- Current status of City Facilities and Essential Services/Workers
- Resources for Furloughed Workers
- Enforcement of Shelter in Place Orders
- Eviction/Foreclosure Moratorium/Resources for Residents Facing Eviction or Foreclosure
- Resources for community, including businesses and the homeless
- Other items related to the City's response to the County of Santa Clara's Orders Regarding COVID-19

City Manager Christina Turner and City Attorney Donald Larking provided the report.

Mayor Constantine opened the public comment at 7:39 p.m. The following people were called to speak:

Sam Kamboe
Liam Downey

Hearing no further requests to speak the public comment was closed.

Mayor Constantine opened the public comment at 8:41 p.m.

Liam Downey was called to speak.

The Santa Clara County Association of Realtors submitted public comment via email.

Hearing no further requests to speak the public comment was closed.

The meeting recessed at 8:45 p.m.

The meeting re-convened at 8:50 p.m.

City Manager Christina Turner read a public comment email from Doug Muirhead into the record and gave brief responses.

MOTION:

Mayor Pro Tem Martinez Beltran proposed a motion directing staff to create an eviction ordinance or resolution to seize evictions for 60 days.

Motion failed due to lack of a seconder.

RESULT:	LACK OF SECONDER
----------------	-------------------------

MOTION:

Directing staff to bring a non-eviction ordinance to the next Council meeting that will hold the City's general fund as harmless as possible if the County of Santa Clara does not put an eviction moratorium in place tomorrow, March 24, 2020.

RESULT:	DIRECTED [UNANIMOUS]
MOVER:	Larry Carr, Council Member
SECONDER:	Rene Spring, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

FUTURE COUNCIL INITIATED AGENDA ITEMS

None.

ADJOURNMENT

There being no further business, Mayor Constantine adjourned the meeting at 10:10 p.m.

MINUTES PREPARED BY:

Angie Gonzalez, Minutes Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: April 1, 2020

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

REVIEW RESOLUTION RATIFYING EMERGENCY PROCLAMATION

RECOMMENDATION(S)

Reaffirm Council's ratification of the Director of Emergency Services proclamation of a local emergency on March 13, 2020.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

2020-2021 Strategic Priorities

Community Engagement and Messaging

NARRATIVE:

On March 18, 2020, City Council ratified the Director of Emergency Services/City Manager's March 13, 2020 proclamation of a local emergency in accordance with Government Code section 8630 (Attachment 1). However, due to technical difficulties, it was difficult for City Council to ask questions or to hear staff and each other. In order to ensure that community concerns could be heard, and the Council had a full opportunity to ask questions or make modifications to the resolution, the Council asked that the resolution be brought back for further discussion and/or modification.

COMMUNITY ENGAGEMENT: Inform

This resolution has been brought back for further consideration in order to better inform the public and the City Council.

ALTERNATIVE ACTIONS:

The City Council could modify the resolution as adopted.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On March 18, the City Council adopted a resolution ratifying the proclamation of a local emergency.

FISCAL AND RESOURCE IMPACT:

The specific impact of the local emergency is unknown. However, proclamation of a local emergency may allow the City to recover certain expenses related to the emergency.

CEQA (California Environmental Quality Act):

Not a Project.

The creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment are not subject to environmental review.

LINKS/ATTACHMENTS:

1. March 18, 2020 Staff Report and Attachments (web link)



CITY COUNCIL STAFF REPORT

MEETING DATE: April 1, 2020

PREPARED BY: Dat Nguyen, Finance Director

APPROVED BY: City Manager

ADOPT RESOLUTION AUTHORIZING THE SALE AND ISSUANCE OF TAXABLE REFUNDING BONDS TO REFINANCE AT LOWER INTEREST RATES CERTAIN OUTSTANDING BONDS PREVIOUSLY ISSUED BY THE SUCCESSOR AGENCY

RECOMMENDATION(S)

Adopt resolution authorizing the sale and issuance of Tax Allocation Refunding Bonds to refinance at lower interest rates certain outstanding bonds previously issued by the Successor Agency.

COUNCIL PRIORITIES, GOALS & STRATEGIES

REPORT NARRATIVE:

In December 2013, the Successor Agency issued its \$74,310,000 original principal amount of Successor Agency to the Morgan Hill Redevelopment Agency Refunding Revenue Bonds, Series 2013A (the "2013A Bonds"), which are currently outstanding in the principal amount of \$67,685,000. The 2013A Bonds were issued to refinance a portion of outstanding variable-rate tax allocation bonds issued by the Morgan Hill Redevelopment Agency in 2008, to finance redevelopment projects within the Ojo de Agua Redevelopment Project Area.

Interest rates have recently declined to all-time historic lows, due in large part to concerns over the impact of the coronavirus on international trade and economic activity. For example, the yield on the benchmark 10-year US Treasury Note closed at an all-time record low of 0.54% on March 9, 2020.

In light of the recent sharp decline in interest rates, it may be possible for the Successor Agency to issue Refunding Bonds to refinance its outstanding 2013A Bonds at lower interest rates, and thus realize significant annual debt service savings.

Financial Impact

The goal for this refinancing is to produce annual debt service savings of approximately \$640,000 per year from 2021 through 2032, for total savings of approximately \$7.6 million. These savings are net of all issuance costs and assume no extension of the final maturity.

Another measure of the savings from refunding bonds is 'net present value savings', commonly referred to as "NPV Savings". NPV Savings equals nominal debt service savings (i.e., \$7.6 million) adjusted for the time value of money, issuance costs and any up-front contribution of funds. NPV Savings is considered a better measure of the true 'economic benefit' of refunding bonds.

The goal for this refinancing is to produce NPV Savings of approximately \$6.3 million or 9.32% of the principal amount of the 2013A Bonds that are being refunded. Within the public finance industry, NPV Savings of almost 10% is considered a very good result.

The actual amount of savings to be realized from this refinancing will not be determined until the Refunding Bonds are sold to investors. The speed and magnitude of recent interest rate declines is unprecedented and therefore the likelihood that interest rates will remain at current low levels is highly uncertain. If interest rates increase appreciably prior to the sale date, then it is possible the savings may be insufficient to warrant proceeding, in which case the refinancing may be cancelled or delayed until a later date. Moreover, despite low interest rates, investor demand for the Refunding Bonds could be adversely affected by increased financial market volatility.

This refinancing will not result in lower property taxes for homeowners or any direct savings for local property taxpayers. Rather, under State law, the savings from this refinancing will be shared among all of the local taxing entities (city, county, school district, etc.) whose jurisdiction lies within the former Morgan Hill Redevelopment Agency's Ojo de Agua Redevelopment Project Area.

The estimated cost of issuance for the Refunding Bonds is \$600,000 including fees for bond and disclosure counsel, underwriter, financial advisor, rating agency and other related costs and expenses. In addition, it is expected the Successor Agency will purchase a debt service reserve fund surety policy from a municipal bond insurer at a cost of approximately \$100,000. All costs of issuance are payable from proceeds of the Refunding Bonds. If for any reason the refinancing fails to close then all fees will be waived and the Successor Agency will not be billed, with one possible exception. A portion of the rating fee estimated at approximately \$20,000 is non-contingent.

Taxable Advance Refunding Bonds; Amendment to Last and Final ROPS

The 2013A Bonds that are being refinanced are not 'callable' until September 1, 2023. Therefore, the Refunding Bonds are what is referred to as '**advance refunding bonds.**' Moreover, Federal tax law changes effective January 1, 2018 prohibit the issuance of *tax-exempt* advance refunding bonds, and therefore the Refunding Bonds are **taxable bonds**.

As an alternative to issuing taxable advance refunding bonds, the Successor Agency could wait until September 1, 2023 and then issue tax-exempt current refunding bonds. However, staff is recommending the issuance of taxable advance refunding bonds now to take advantage of historically low interest rates, rather than take the risk that interest rates may rise between now and 2023.

The Successor Agency previously submitted a Last and Final Recognized Obligation Payment Schedule (“Last and Final ROPS”) to the Oversight Board and the Department of Finance, which DOF approved on December 24, 2019. State law authorizes the Successor Agency to amend its Last and Final ROPS and, subsequent to the issuance of the Refunding Bonds, the Successor Agency will amend its Last and Final ROPS to reflect the debt service savings from the Refunding Bonds.

Timetable

Pursuant to State Law, the issuance of the Refunding Bonds must be approved by the Successor Agency Board, Oversight Board and State Department of Finance (DOF). Toward that end, a Special Meeting of the Oversight Board is anticipated to occur in the relatively near-future, as soon as the immediacy of the current health crisis permits. Immediately upon approval by the Oversight Board, a request for DOF approval will be submitted. By law, DOF has approximately 65-days to act; however, staff is hopeful that DOF will grant expedited approval.

If the refinancing proceeds according to schedule, then the Refunding Bonds will be offered for sale to investors in mid-May and closing will occur in late-May.

The attached Resolution (Attachment 1) authorizes the execution of various financing documents including an Indenture of Trust. The Indenture is akin to the 'contract' between the Successor Agency and Bondholders, wherein the rights, remedies and obligations of each party are detailed. Attached to this report is a Preliminary Debt Service Savings Analysis as well as drafts of the Preliminary Official Statement, Indenture, Continuing Disclosure Agreement and Bond Purchase Agreement (Attachment 2 – 6), which drafts may be modified prior to execution by authorized Successor Agency staff, as necessary.

COMMUNITY ENGAGEMENT: Inform

This staff report serves to inform the community of the proposed sale and issuance of Tax Allocation Refunding Bonds to refinance at lower interest rates of certain outstanding bonds previously issued by the Successor Agency.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

In April 2013, the Successor Agency Board authorized the issuance of the 2013A Bonds to refinance a portion of outstanding variable-rate tax allocation bonds issued by the former Morgan Hill Redevelopment Agency in 2008.

FISCAL AND RESOURCE IMPACT:

The anticipated annual savings of approximately \$640,000 from the refinance would result in additional annual property tax revenue to the General Fund of approximately \$64,000 based on City share of approximately 10% of the distribution.

Item # 1

AGENDA DATE: 04/01/2020

SUPPLEMENT # 1

From: [Michelle Bigelow](#)
To: [Angie Gonzalez](#)
Subject: supplement for item 1
Date: Wednesday, April 1, 2020 2:38:13 PM
Importance: High

Supplement for item 1

Michelle Bigelow, MMC, CPMC

Council Services and Records Manager/Deputy City Clerk

City of Morgan Hill

City Clerk's Office

17575 Peak Avenue, Morgan Hill, CA 95037

D: 408.310.4678 **O:** 408.779.7259

michelle.bigelow@morganhill.ca.gov

morganhill.ca.gov | [facebook](#) | [twitter](#)

From: Joe Baranowski <joe.b@mh-rgc.org>

Sent: Wednesday, April 1, 2020 2:17 PM

To: Christina Turner <Christina.Turner@morganhill.ca.gov>; John Lang
<John.Lang@morganhill.ca.gov>

Cc: Rich Constantine <Rich.Constantine@morganhill.ca.gov>; Yvonne Martinez Beltran
<yvonne.martinezbeltran@morganhill.ca.gov>; Rene Spring <Rene.Spring@morganhill.ca.gov>; Larry
Carr <Larry.Carr@morganhill.ca.gov>; John McKay <john.mckay@morganhill.ca.gov>; Maureen
Tobin <Maureen.Tobin@morganhill.ca.gov>; Michelle Bigelow
<Michelle.Bigelow@morganhill.ca.gov>

Subject: Please plan on removing Agenda Item #1 from consent calendar and explain possible
impact to public internet connectivity

Good afternoon,

Agenda Item #1 on the City Council Consent Calendar for the April 1, 2020 meeting, "DIRECT THE CITY MANAGER TO NEGOTIATE BROADBAND AGREEMENT" has, according to the staff report, potential impact to public internet connectivity.

Specifically, the staff report notes that the RFP, which became the basis for the 'negotiation' of the referenced agenda item, had the following objectives:

The RFP core objectives are:

- *City Facilities – Cost effectively replace existing connectivity at comparable speed*
- *Business Parks - Bring symmetrical gigabit access to the three business parks*

• Residential and Mobile – Improve speed and availability of residential and mobile Internet access

During the last City elections Mayor Constantine ran on a well publicized ten point platform (<https://www.richformayor.com/platform>) that included : **"Improve Our Local Internet Speed and Access"**

I assume and hope the entire City Council is aware that one of THE MOST frequent social media 'topics' in Morgan Hill is the lack of reliable broadband connectivity in Morgan Hill !!??

It seems most residents, myself included, have no idea of what actions, if any, the City has taken to address Mayor Constantine's pledge to improve Internet access nor has the general experience of many residents led us to believe that anything has been improved.

The focus of the Consent Item appears to be City Facilities with Residential impact as an afterthought. I will be requesting the item be removed from the consent calendar so that the impact to the public can be discussed. I am especially concerned how Charter customers might be impacted. I hope the staff is prepared to explain in detail exactly what is being done to address the last of the RFP objectives: **Improve speed and availability of residential and mobile Internet access.**

This seems like another instance where an IMPORTANT issue that is likely to affect many residents is being addressed without adequate discussion or public input and it's hard to understand why it would be on the consent calendar to begin with?

Regards,

Joe Baranowski

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.

From: [Christina Turner](#)
To: [Joe Baranowski](#)
Cc: [Rich Constantine](#); [Yvonne Martinez Beltran](#); [Rene Spring](#); [Larry Carr](#); [John McKay](#); [Maureen Tobin](#); [Michelle Bigelow](#); [Edith Ramirez](#); [John Lang](#); [Chris Ghione](#); [Angie Gonzalez](#)
Subject: RE: Please plan on removing Agenda Item #1 from consent calendar and explain possible impact to public internet connectivity
Date: Wednesday, April 1, 2020 6:00:33 PM

In response to your inquiry, the basis for the RFP was to identify a provider that would be able to provide broadband services to the City, as a customer, this was priority number 1. Much like our businesses and residents we rely on broadband connectivity to conduct our City business. Based upon the feedback we have received from businesses and residents on their own connectivity issues, we thought as part of our RFP process we would leverage our ask and let the market providers respond to see if they saw any additional opportunity or interest in providing services to either/or/both residences and businesses (this was priority 2). The only clarity we provided to the respondents was about specific City facilities. We did not identify any specific neighborhoods or residential areas related to the RFP. We did provide an aerial showing the three business parks. It was up to the RFP respondents to identify whether they saw an opportunity to provide service to the bigger community (residences or businesses).

Some of the responses were just solving priority 1 (City broadband) and a couple other proposals were solving for priority 2 (residence and business). Wave was one of the respondents that after doing their own internal analysis proposed a residential and business solution (priority 2) in addition to City facilities connection.

A potential agreement with Wave Broadband should not impact any existing Charter Customer. Wave is just another service offering in the community.

Regards,
Christina

From: Joe Baranowski <joe.b@mh-rgc.org>
Sent: Wednesday, April 1, 2020 2:17 PM
To: Christina Turner <Christina.Turner@morganhill.ca.gov>; John Lang <John.Lang@morganhill.ca.gov>
Cc: Rich Constantine <Rich.Constantine@morganhill.ca.gov>; Yvonne Martinez Beltran <yvonne.martinezbeltran@morganhill.ca.gov>; Rene Spring <Rene.Spring@morganhill.ca.gov>; Larry Carr <Larry.Carr@morganhill.ca.gov>; John McKay <john.mckay@morganhill.ca.gov>; Maureen Tobin <Maureen.Tobin@morganhill.ca.gov>; Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>
Subject: Please plan on removing Agenda Item #1 from consent calendar and explain possible impact to public internet connectivity

Good afternoon,

Agenda Item #1 on the City Council Consent Calendar for the April 1, 2020 meeting, "DIRECT THE CITY MANAGER TO NEGOTIATE BROADBAND AGREEMENT" has, according to the staff report, potential impact to public

internet connectivity.

Specifically, the staff report notes that the RFP, which became the basis for the 'negotiation' of the referenced agenda item, had the following objectives:

The RFP core objectives are:

- *City Facilities – Cost effectively replace existing connectivity at comparable speed*
- *Business Parks - Bring symmetrical gigabit access to the three business parks*
- ***Residential and Mobile – Improve speed and availability of residential and mobile Internet access***

During the last City elections Mayor Constantine ran on a well publicized ten point platform (<https://www.richformayor.com/platform>) that included : **"Improve Our Local Internet Speed and Access"**

I assume and hope the entire City Council is aware that one of THE MOST frequent social media 'topics' in Morgan Hill is the lack of reliable broadband connectivity in Morgan Hill !!??

It seems most residents, myself included, have no idea of what actions, if any, the City has taken to address Mayor Constantine's pledge to improve Internet access nor has the general experience of many residents led us to believe that anything has been improved.

The focus of the Consent Item appears to be City Facilities with Residential impact as an afterthought. I will be requesting the item be removed from the consent calendar so that the impact to the public can be discussed. I am especially concerned how Charter customers might be impacted. I hope the staff is prepared to explain in detail exactly what is being done to address the last of the RFP objectives: ***Improve speed and availability of residential and mobile Internet access.***

This seems like another instance where an IMPORTANT issue that is likely to affect many residents is being addressed without adequate discussion or public input and it's hard to understand why it would be on the consent calendar to begin with?

Regards,

Joe Baranowski

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.

Item # 2

AGENDA DATE: 04/01/2020

SUPPLEMENT # 1

From: [Christina Turner](#)
To: [Michelle Bigelow](#); [Angie Gonzalez](#)
Subject: FW: Info for tonight's meeting
Date: Wednesday, April 1, 2020 9:09:53 AM

Please supplement.

From: Christina Turner
Sent: Wednesday, April 1, 2020 9:09 AM
To: CityCouncil <CityCouncil@morganhill.ca.gov>
Cc: Donald Larkin <Donald.Larkin@morganhill.ca.gov>; Chris Ghione (Chris.Ghione@morganhill.ca.gov) <Chris.Ghione@morganhill.ca.gov>
Subject: Info for tonight's meeting

Good morning Mayor and Council –

First, I anticipate that Item 8 - Review Resolution Ratifying Emergency Proclamation will very likely exceed the estimated time of 60 minutes. We will provide an update on our response to COVID-19.

Also, I have received questions on a few of the agenda items and wanted to provide additional information.

Item 2. Funding for Morgan Hill Magical Bridge Playground

Is this for the construction of the playground? Do we need to move forward with the Magical Bridge Playground? What are the consequences if we don't?

The Council awarded the construction contract with CRW Industries, Inc. The item for consideration this evening is to approve the funding agreement for \$150,000 with the County of Santa Clara to fund the construction of improvements adjacent to an all-inclusive playground in Morgan Hill Community Park including restrooms, pathways and Americans with Disabilities-compliant parking, which will be made accessible without barriers to children of any ability.

If we don't move forward, we have committed funds from Donors and Government Agencies we will lose or have to return:

- Over \$300k in committed funds from Donors, that will need to be returned
- \$2 Million County Grant that needs to be used by next June (there are others in line for these funds)
- \$200k committed from the County Office of Education
- This \$150k grant we have had for 3 years that we will likely lose
- Funds for construction are not an impact on the General Fund and will not help us offset the upcoming fiscal issues
- The City's contribution is from park impact fees, not the general fund. If we do not spend the park impact fees, we need to return them to the developers who paid them.
- We will look to offset maintenance costs through several means:
 - Increased picnic fee revenue – We believe that over half of the anticipated maintenance costs can be offset with more people looking to use the park for picnics

and paying to do so. We will look to increase rates to further support this.

- Donations – We already have one significant donor and interest from others to offset costs.
- Volunteers – We have a plan to recruit volunteers to the “Keep it Magical” group that helps us do basic maintenance like litter removal, shining, gum removal, painting, etc.
- This playground will be the only playground which will result in a direct positive impact to local businesses by bringing people to visit from a regional level. This could help to support many of the local businesses in that area of Tennant Avenue and help make it through the difficult times ahead.
- This will be the only true playground accessible for everyone in our community.

Items 3 and 4 – Purchase of Vehicles

Do we need to purchase these vehicles in light on the pandemic and the resulting budget issues?
Can we get better pricing?

The purchase of the asphalt truck and track loader will allow us to make a variety of road repairs ranging from pothole filling to “dig outs” for replacement of larger asphalt sections. The equipment has become significantly more critical as the City’s residential streets have deteriorated. City crews use this truck on a regular basis, but the truck has recently begun to require significant repairs and has been unavailable for service for months at a time. It currently is out of service with required repairs likely to be in the tens of thousands of dollars. Due to safety implications, staff is recommending immediate replacement of the asphalt truck. The Maintenance Team does all the emergency work to take basic measures to ensure that sections of failing street pavement remain safe for vehicles. The track loader will also help the City efficiently pave roads. These purchases will be made from the equipment replacement fund, as well as savings in the maintenance operating budget.

The vector combo truck is a critical piece of equipment used for maintaining the City's wastewater collection system. City crews use this truck on a daily basis to clean the more than 150 miles of pipe in the City's wastewater system. The truck is also the primary tool for removing blockages and cleaning up wastewater spills; and is therefore important for customer service and environmental protection. The current truck is eleven (11) years old and has been experiencing mechanical problems with its transmission, electrical and hydraulic systems causing it to be removed from service for long periods at a time. Given the truck's near constant use, the expense of repair work, and the vulnerability of not having reliable equipment, staff is recommending that the truck be replaced as soon as possible. The purchase will be made from the equipment replacement fund, as well as savings in the sewer operations budget. The purchase will not impact wastewater rates.

Both purchases are through Sourcewell. We are not purchasing the vehicles from Sourcewell, but rather Sourcewell is a government entity that solicits pricing through RFPS for the purchase of items. Therefore, the pricing for the vehicles has already gone through a competitive bid process, but it is done on a national level through Sourcewell. Individual companies must then meet the pricing established by Sourcewell in order to be a vendor. Sourcewell cannot give us a better price, as they (and other companies like them), do their pricing/RFPs on an annual basis. The individual companies selling us equipment would price the vehicles much higher if we were not using the

Sourcewell competitively bid pricing each of the companies has committed to providing.

Our alternative option is to competitively bid to the companies that sell the equipment, which we can do, but this may not lead us to significant savings and may ultimately cost us a significant amount of time. In both cases this equipment backs up known infrastructure issues (one, sewer, which we are repairing over time and another, streets, which continue to degrade).

Please let me know if you have any questions.

Regards,
Christina

CITY OF MORGAN HILL

Christina J. Turner, CPA
City Manager

17575 Peak Avenue, Morgan Hill, California, USA 95037

d 408.776.7382 | **c** 408.839.1705

e christina.turner@morganhill.ca.gov | www.morganhill.ca.gov

[Facebook](#) | [Twitter](#)

Item # 3

AGENDA DATE: 04/01/2020

SUPPLEMENT # 1

From: [Christina Turner](#)
To: [Michelle Bigelow](#); [Angie Gonzalez](#)
Subject: FW: Info for tonight's meeting
Date: Wednesday, April 1, 2020 9:09:53 AM

Please supplement.

From: Christina Turner
Sent: Wednesday, April 1, 2020 9:09 AM
To: CityCouncil <CityCouncil@morganhill.ca.gov>
Cc: Donald Larkin <Donald.Larkin@morganhill.ca.gov>; Chris Ghione (Chris.Ghione@morganhill.ca.gov) <Chris.Ghione@morganhill.ca.gov>
Subject: Info for tonight's meeting

Good morning Mayor and Council –

First, I anticipate that Item 8 - Review Resolution Ratifying Emergency Proclamation will very likely exceed the estimated time of 60 minutes. We will provide an update on our response to COVID-19.

Also, I have received questions on a few of the agenda items and wanted to provide additional information.

Item 2. Funding for Morgan Hill Magical Bridge Playground

Is this for the construction of the playground? Do we need to move forward with the Magical Bridge Playground? What are the consequences if we don't?

The Council awarded the construction contract with CRW Industries, Inc. The item for consideration this evening is to approve the funding agreement for \$150,000 with the County of Santa Clara to fund the construction of improvements adjacent to an all-inclusive playground in Morgan Hill Community Park including restrooms, pathways and Americans with Disabilities-compliant parking, which will be made accessible without barriers to children of any ability.

If we don't move forward, we have committed funds from Donors and Government Agencies we will lose or have to return:

- Over \$300k in committed funds from Donors, that will need to be returned
- \$2 Million County Grant that needs to be used by next June (there are others in line for these funds)
- \$200k committed from the County Office of Education
- This \$150k grant we have had for 3 years that we will likely lose
- Funds for construction are not an impact on the General Fund and will not help us offset the upcoming fiscal issues
- The City's contribution is from park impact fees, not the general fund. If we do not spend the park impact fees, we need to return them to the developers who paid them.
- We will look to offset maintenance costs through several means:
 - Increased picnic fee revenue – We believe that over half of the anticipated maintenance costs can be offset with more people looking to use the park for picnics

and paying to do so. We will look to increase rates to further support this.

- Donations – We already have one significant donor and interest from others to offset costs.
- Volunteers – We have a plan to recruit volunteers to the “Keep it Magical” group that helps us do basic maintenance like litter removal, shining, gum removal, painting, etc.
- This playground will be the only playground which will result in a direct positive impact to local businesses by bringing people to visit from a regional level. This could help to support many of the local businesses in that area of Tennant Avenue and help make it through the difficult times ahead.
- This will be the only true playground accessible for everyone in our community.

Items 3 and 4 – Purchase of Vehicles

Do we need to purchase these vehicles in light on the pandemic and the resulting budget issues?
Can we get better pricing?

The purchase of the asphalt truck and track loader will allow us to make a variety of road repairs ranging from pothole filling to “dig outs” for replacement of larger asphalt sections. The equipment has become significantly more critical as the City’s residential streets have deteriorated. City crews use this truck on a regular basis, but the truck has recently begun to require significant repairs and has been unavailable for service for months at a time. It currently is out of service with required repairs likely to be in the tens of thousands of dollars. Due to safety implications, staff is recommending immediate replacement of the asphalt truck. The Maintenance Team does all the emergency work to take basic measures to ensure that sections of failing street pavement remain safe for vehicles. The track loader will also help the City efficiently pave roads. These purchases will be made from the equipment replacement fund, as well as savings in the maintenance operating budget.

The vector combo truck is a critical piece of equipment used for maintaining the City's wastewater collection system. City crews use this truck on a daily basis to clean the more than 150 miles of pipe in the City's wastewater system. The truck is also the primary tool for removing blockages and cleaning up wastewater spills; and is therefore important for customer service and environmental protection. The current truck is eleven (11) years old and has been experiencing mechanical problems with its transmission, electrical and hydraulic systems causing it to be removed from service for long periods at a time. Given the truck's near constant use, the expense of repair work, and the vulnerability of not having reliable equipment, staff is recommending that the truck be replaced as soon as possible. The purchase will be made from the equipment replacement fund, as well as savings in the sewer operations budget. The purchase will not impact wastewater rates.

Both purchases are through Sourcewell. We are not purchasing the vehicles from Sourcewell, but rather Sourcewell is a government entity that solicits pricing through RFPS for the purchase of items. Therefore, the pricing for the vehicles has already gone through a competitive bid process, but it is done on a national level through Sourcewell. Individual companies must then meet the pricing established by Sourcewell in order to be a vendor. Sourcewell cannot give us a better price, as they (and other companies like them), do their pricing/RFPs on an annual basis. The individual companies selling us equipment would price the vehicles much higher if we were not using the

Sourcewell competitively bid pricing each of the companies has committed to providing.

Our alternative option is to competitively bid to the companies that sell the equipment, which we can do, but this may not lead us to significant savings and may ultimately cost us a significant amount of time. In both cases this equipment backs up known infrastructure issues (one, sewer, which we are repairing over time and another, streets, which continue to degrade).

Please let me know if you have any questions.

Regards,
Christina

CITY OF MORGAN HILL

Christina J. Turner, CPA
City Manager

17575 Peak Avenue, Morgan Hill, California, USA 95037

d 408.776.7382 | **c** 408.839.1705

e christina.turner@morganhill.ca.gov | www.morganhill.ca.gov

[Facebook](#) | [Twitter](#)

Item # 3

AGENDA DATE: 04/01/2020

SUPPLEMENT # 2

From: [Christina Turner](#)
To: [Michelle Bigelow](#); [Angie Gonzalez](#)
Subject: FW: Info for tonight's meeting
Date: Wednesday, April 1, 2020 5:31:18 PM

Please supplement

From: Christina Turner
Sent: Wednesday, April 1, 2020 5:31 PM
To: CityCouncil <CityCouncil@morganhill.ca.gov>
Cc: Donald Larkin <Donald.Larkin@morganhill.ca.gov>; Chris Ghione (Chris.Ghione@morganhill.ca.gov) <Chris.Ghione@morganhill.ca.gov>; Dat Nguyen <Dat.Nguyen@morganhill.ca.gov>
Subject: RE: Info for tonight's meeting

Please find below additional information on Items 3 and 4 in response to follow-up questions:

- Why are we bringing forward now:
 - We are bringing forward both pieces of equipment now outside the budget process due to safety and emergency need. We have many other pieces of equipment we can get by without and would recommend deferring, but these two we cannot.
- Asphalt Truck/Track Loader:
 - We are still not funding our road maintenance at a level to sustain our streets and they will continue to degrade. This equipment and the crew that runs it is the only thing that keeps the degrading streets in good enough shape to be safe.
 - Should we reduce the amount of funding for street maintenance in the future, it is highly likely we will demand even more on this equipment. Its cost is minimal compared to the reduction of General Fund spending on roads, which we are considering reducing from \$1m per year to \$250,000 per year or less.
 - Our Maintenance crew is the smaller than it was a decade ago with much more infrastructure to maintain. We have to be efficient to provide services when there is no additional funding for more staff or contract work. This equipment will increase our efficiency and productivity and allow the team to do more with less.
- Sewer Truck:
 - This truck is the day to day work horse for sewer maintenance and is also the equipment used to deal with emergency spills.
 - We are still working through major capital improvement projects to deal with the I&I issues across the City, but are 3-5 years out for those. This equipment is the backup support for issues that arise relating to this.
 - The closest place to get this vehicle repaired is Pleasanton and repairs are slow going and puts us at greater risk.
 - Sewer spills can cost us a significant amount of dollars in fines.
 - Between the risk of sewer spill related fines and repair costs (the last repair was \$20,000) this purchase would be a smart investment
- Using the dollars for these funds as a backup to loan the general fund is not a recommended strategy as we are risking more significant costs in the long run.

- We will need to do more with less, as has been the case for the last decade; we recommend expending the dollars to help us ready for this impending need.

Also, for Item 1 for the Successor Agency:

If we don't move forward with the refunding, would we incur any costs?

If the refunding does not move forward, the anticipated non-contingent cost of approximately \$20,000 will still be paid by the Successor Agency from the Recognized Obligations Payments Schedule (ROPS). This non-contingent cost is currently not in the ROPS, however, the Countywide Oversight Board is expected to approve the refinance in their next meeting as the refinance cannot proceed without their approval. Their approval will explicitly authorize the payment from the ROPS.

Regards,
Christina

From: Christina Turner

Sent: Wednesday, April 1, 2020 9:09 AM

To: CityCouncil <CityCouncil@morganhill.ca.gov>

Cc: Donald Larkin <Donald.Larkin@morganhill.ca.gov>; Chris Ghione
(Chris.Ghione@morganhill.ca.gov) <Chris.Ghione@morganhill.ca.gov>

Subject: Info for tonight's meeting

Good morning Mayor and Council –

First, I anticipate that Item 8 - Review Resolution Ratifying Emergency Proclamation will very likely exceed the estimated time of 60 minutes. We will provide an update on our response to COVID-19.

Also, I have received questions on a few of the agenda items and wanted to provide additional information.

Item 2. Funding for Morgan Hill Magical Bridge Playground

Is this for the construction of the playground? Do we need to move forward with the Magical Bridge Playground? What are the consequences if we don't?

The Council awarded the construction contract with CRW Industries, Inc. The item for consideration this evening is to approve the funding agreement for \$150,000 with the County of Santa Clara to fund the construction of improvements adjacent to an all-inclusive playground in Morgan Hill Community Park including restrooms, pathways and Americans with Disabilities-compliant parking, which will be made accessible without barriers to children of any ability.

If we don't move forward, we have committed funds from Donors and Government Agencies we will lose or have to return:

- Over \$300k in committed funds from Donors, that will need to be returned
- \$2 Million County Grant that needs to be used by next June (there are others in line for these funds)
- \$200k committed from the County Office of Education

- This \$150k grant we have had for 3 years that we will likely lose
- Funds for construction are not an impact on the General Fund and will not help us offset the upcoming fiscal issues
- The City's contribution is from park impact fees, not the general fund. If we do not spend the park impact fees, we need to return them to the developers who paid them.
- We will look to offset maintenance costs through several means:
 - Increased picnic fee revenue – We believe that over half of the anticipated maintenance costs can be offset with more people looking to use the park for picnics and paying to do so. We will look to increase rates to further support this.
 - Donations – We already have one significant donor and interest from others to offset costs.
 - Volunteers – We have a plan to recruit volunteers to the “Keep it Magical” group that helps us do basic maintenance like litter removal, shining, gum removal, painting, etc.
- This playground will be the only playground which will result in a direct positive impact to local businesses by bringing people to visit from a regional level. This could help to support many of the local businesses in that area of Tennant Avenue and help make it through the difficult times ahead.
- This will be the only true playground accessible for everyone in our community.

Items 3 and 4 – Purchase of Vehicles

Do we need to purchase these vehicles in light on the pandemic and the resulting budget issues?
Can we get better pricing?

The purchase of the asphalt truck and track loader will allow us to make a variety of road repairs ranging from pothole filling to “dig outs” for replacement of larger asphalt sections. The equipment has become significantly more critical as the City’s residential streets have deteriorated. City crews use this truck on a regular basis, but the truck has recently begun to require significant repairs and has been unavailable for service for months at a time. It currently is out of service with required repairs likely to be in the tens of thousands of dollars. Due to safety implications, staff is recommending immediate replacement of the asphalt truck. The Maintenance Team does all the emergency work to take basic measures to ensure that sections of failing street pavement remain safe for vehicles. The track loader will also help the City efficiently pave roads. These purchases will be made from the equipment replacement fund, as well as savings in the maintenance operating budget.

The vactor combo truck is a critical piece of equipment used for maintaining the City's wastewater collection system. City crews use this truck on a daily basis to clean the more than 150 miles of pipe in the City's wastewater system. The truck is also the primary tool for removing blockages and cleaning up wastewater spills; and is therefore important for customer service and environmental protection. The current truck is eleven (11) years old and has been experiencing mechanical problems with its transmission, electrical and hydraulic systems causing it to be removed from service for long periods at a time. Given the truck's near constant use, the expense of repair work, and the vulnerability of not having reliable equipment, staff is recommending that the truck be replaced as soon as possible. The purchase will be made from the equipment replacement fund, as well as savings in the sewer operations budget. The purchase will not impact wastewater rates.

Both purchases are through Sourcewell. We are not purchasing the vehicles from Sourcewell, but rather Sourcewell is a government entity that solicits pricing through RFPS for the purchase of items. Therefore, the pricing for the vehicles has already gone through a competitive bid process, but it is done on a national level through Sourcewell. Individual companies must then meet the pricing established by Sourcewell in order to be a vendor. Sourcewell cannot give us a better price, as they (and other companies like them), do their pricing/RFPs on an annual basis. The individual companies selling us equipment would price the vehicles much higher if we were not using the Sourcewell competitively bid pricing each of the companies has committed to providing.

Our alternative option is to competitively bid to the companies that sell the equipment, which we can do, but this may not lead us to significant savings and may ultimately cost us a significant amount of time. In both cases this equipment backs up known infrastructure issues (one, sewer, which we are repairing over time and another, streets, which continue to degrade).

Please let me know if you have any questions.

Regards,
Christina

CITY OF MORGAN HILL

Christina J. Turner, CPA
City Manager

17575 Peak Avenue, Morgan Hill, California, USA 95037

d 408.776.7382 | **c** 408.839.1705

e christina.turner@morganhill.ca.gov | www.morganhill.ca.gov

[Facebook](#) | [Twitter](#)

Item # 4

AGENDA DATE: 04/01/2020

SUPPLEMENT # 1

From: [Christina Turner](#)
To: [Michelle Bigelow](#); [Angie Gonzalez](#)
Subject: FW: Info for tonight's meeting
Date: Wednesday, April 1, 2020 9:09:53 AM

Please supplement.

From: Christina Turner
Sent: Wednesday, April 1, 2020 9:09 AM
To: CityCouncil <CityCouncil@morganhill.ca.gov>
Cc: Donald Larkin <Donald.Larkin@morganhill.ca.gov>; Chris Ghione (Chris.Ghione@morganhill.ca.gov) <Chris.Ghione@morganhill.ca.gov>
Subject: Info for tonight's meeting

Good morning Mayor and Council –

First, I anticipate that Item 8 - Review Resolution Ratifying Emergency Proclamation will very likely exceed the estimated time of 60 minutes. We will provide an update on our response to COVID-19.

Also, I have received questions on a few of the agenda items and wanted to provide additional information.

Item 2. Funding for Morgan Hill Magical Bridge Playground

Is this for the construction of the playground? Do we need to move forward with the Magical Bridge Playground? What are the consequences if we don't?

The Council awarded the construction contract with CRW Industries, Inc. The item for consideration this evening is to approve the funding agreement for \$150,000 with the County of Santa Clara to fund the construction of improvements adjacent to an all-inclusive playground in Morgan Hill Community Park including restrooms, pathways and Americans with Disabilities-compliant parking, which will be made accessible without barriers to children of any ability.

If we don't move forward, we have committed funds from Donors and Government Agencies we will lose or have to return:

- Over \$300k in committed funds from Donors, that will need to be returned
- \$2 Million County Grant that needs to be used by next June (there are others in line for these funds)
- \$200k committed from the County Office of Education
- This \$150k grant we have had for 3 years that we will likely lose
- Funds for construction are not an impact on the General Fund and will not help us offset the upcoming fiscal issues
- The City's contribution is from park impact fees, not the general fund. If we do not spend the park impact fees, we need to return them to the developers who paid them.
- We will look to offset maintenance costs through several means:
 - Increased picnic fee revenue – We believe that over half of the anticipated maintenance costs can be offset with more people looking to use the park for picnics

and paying to do so. We will look to increase rates to further support this.

- Donations – We already have one significant donor and interest from others to offset costs.
- Volunteers – We have a plan to recruit volunteers to the “Keep it Magical” group that helps us do basic maintenance like litter removal, shining, gum removal, painting, etc.
- This playground will be the only playground which will result in a direct positive impact to local businesses by bringing people to visit from a regional level. This could help to support many of the local businesses in that area of Tennant Avenue and help make it through the difficult times ahead.
- This will be the only true playground accessible for everyone in our community.

Items 3 and 4 – Purchase of Vehicles

Do we need to purchase these vehicles in light on the pandemic and the resulting budget issues?
Can we get better pricing?

The purchase of the asphalt truck and track loader will allow us to make a variety of road repairs ranging from pothole filling to “dig outs” for replacement of larger asphalt sections. The equipment has become significantly more critical as the City’s residential streets have deteriorated. City crews use this truck on a regular basis, but the truck has recently begun to require significant repairs and has been unavailable for service for months at a time. It currently is out of service with required repairs likely to be in the tens of thousands of dollars. Due to safety implications, staff is recommending immediate replacement of the asphalt truck. The Maintenance Team does all the emergency work to take basic measures to ensure that sections of failing street pavement remain safe for vehicles. The track loader will also help the City efficiently pave roads. These purchases will be made from the equipment replacement fund, as well as savings in the maintenance operating budget.

The vector combo truck is a critical piece of equipment used for maintaining the City's wastewater collection system. City crews use this truck on a daily basis to clean the more than 150 miles of pipe in the City's wastewater system. The truck is also the primary tool for removing blockages and cleaning up wastewater spills; and is therefore important for customer service and environmental protection. The current truck is eleven (11) years old and has been experiencing mechanical problems with its transmission, electrical and hydraulic systems causing it to be removed from service for long periods at a time. Given the truck's near constant use, the expense of repair work, and the vulnerability of not having reliable equipment, staff is recommending that the truck be replaced as soon as possible. The purchase will be made from the equipment replacement fund, as well as savings in the sewer operations budget. The purchase will not impact wastewater rates.

Both purchases are through Sourcewell. We are not purchasing the vehicles from Sourcewell, but rather Sourcewell is a government entity that solicits pricing through RFPS for the purchase of items. Therefore, the pricing for the vehicles has already gone through a competitive bid process, but it is done on a national level through Sourcewell. Individual companies must then meet the pricing established by Sourcewell in order to be a vendor. Sourcewell cannot give us a better price, as they (and other companies like them), do their pricing/RFPs on an annual basis. The individual companies selling us equipment would price the vehicles much higher if we were not using the

Sourcewell competitively bid pricing each of the companies has committed to providing.

Our alternative option is to competitively bid to the companies that sell the equipment, which we can do, but this may not lead us to significant savings and may ultimately cost us a significant amount of time. In both cases this equipment backs up known infrastructure issues (one, sewer, which we are repairing over time and another, streets, which continue to degrade).

Please let me know if you have any questions.

Regards,
Christina

CITY OF MORGAN HILL

Christina J. Turner, CPA
City Manager

17575 Peak Avenue, Morgan Hill, California, USA 95037

d 408.776.7382 | **c** 408.839.1705

e christina.turner@morganhill.ca.gov | www.morganhill.ca.gov

[Facebook](#) | [Twitter](#)

From: [Christina Turner](#)
To: [Michelle Bigelow](#); [Angie Gonzalez](#)
Subject: FW: Info for tonight's meeting
Date: Wednesday, April 1, 2020 5:31:18 PM

Please supplement

From: Christina Turner
Sent: Wednesday, April 1, 2020 5:31 PM
To: CityCouncil <CityCouncil@morganhill.ca.gov>
Cc: Donald Larkin <Donald.Larkin@morganhill.ca.gov>; Chris Ghione (Chris.Ghione@morganhill.ca.gov) <Chris.Ghione@morganhill.ca.gov>; Dat Nguyen <Dat.Nguyen@morganhill.ca.gov>
Subject: RE: Info for tonight's meeting

Please find below additional information on Items 3 and 4 in response to follow-up questions:

- Why are we bringing forward now:
 - We are bringing forward both pieces of equipment now outside the budget process due to safety and emergency need. We have many other pieces of equipment we can get by without and would recommend deferring, but these two we cannot.
- Asphalt Truck/Track Loader:
 - We are still not funding our road maintenance at a level to sustain our streets and they will continue to degrade. This equipment and the crew that runs it is the only thing that keeps the degrading streets in good enough shape to be safe.
 - Should we reduce the amount of funding for street maintenance in the future, it is highly likely we will demand even more on this equipment. Its cost is minimal compared to the reduction of General Fund spending on roads, which we are considering reducing from \$1m per year to \$250,000 per year or less.
 - Our Maintenance crew is the smaller than it was a decade ago with much more infrastructure to maintain. We have to be efficient to provide services when there is no additional funding for more staff or contract work. This equipment will increase our efficiency and productivity and allow the team to do more with less.
- Sewer Truck:
 - This truck is the day to day work horse for sewer maintenance and is also the equipment used to deal with emergency spills.
 - We are still working through major capital improvement projects to deal with the I&I issues across the City, but are 3-5 years out for those. This equipment is the backup support for issues that arise relating to this.
 - The closest place to get this vehicle repaired is Pleasanton and repairs are slow going and puts us at greater risk.
 - Sewer spills can cost us a significant amount of dollars in fines.
 - Between the risk of sewer spill related fines and repair costs (the last repair was \$20,000) this purchase would be a smart investment
- Using the dollars for these funds as a backup to loan the general fund is not a recommended strategy as we are risking more significant costs in the long run.

- We will need to do more with less, as has been the case for the last decade; we recommend expending the dollars to help us ready for this impending need.

Also, for Item 1 for the Successor Agency:

If we don't move forward with the refunding, would we incur any costs?

If the refunding does not move forward, the anticipated non-contingent cost of approximately \$20,000 will still be paid by the Successor Agency from the Recognized Obligations Payments Schedule (ROPS). This non-contingent cost is currently not in the ROPS, however, the Countywide Oversight Board is expected to approve the refinance in their next meeting as the refinance cannot proceed without their approval. Their approval will explicitly authorize the payment from the ROPS.

Regards,
Christina

From: Christina Turner

Sent: Wednesday, April 1, 2020 9:09 AM

To: CityCouncil <CityCouncil@morganhill.ca.gov>

Cc: Donald Larkin <Donald.Larkin@morganhill.ca.gov>; Chris Ghione
(Chris.Ghione@morganhill.ca.gov) <Chris.Ghione@morganhill.ca.gov>

Subject: Info for tonight's meeting

Good morning Mayor and Council –

First, I anticipate that Item 8 - Review Resolution Ratifying Emergency Proclamation will very likely exceed the estimated time of 60 minutes. We will provide an update on our response to COVID-19.

Also, I have received questions on a few of the agenda items and wanted to provide additional information.

Item 2. Funding for Morgan Hill Magical Bridge Playground

Is this for the construction of the playground? Do we need to move forward with the Magical Bridge Playground? What are the consequences if we don't?

The Council awarded the construction contract with CRW Industries, Inc. The item for consideration this evening is to approve the funding agreement for \$150,000 with the County of Santa Clara to fund the construction of improvements adjacent to an all-inclusive playground in Morgan Hill Community Park including restrooms, pathways and Americans with Disabilities-compliant parking, which will be made accessible without barriers to children of any ability.

If we don't move forward, we have committed funds from Donors and Government Agencies we will lose or have to return:

- Over \$300k in committed funds from Donors, that will need to be returned
- \$2 Million County Grant that needs to be used by next June (there are others in line for these funds)
- \$200k committed from the County Office of Education

- This \$150k grant we have had for 3 years that we will likely lose
- Funds for construction are not an impact on the General Fund and will not help us offset the upcoming fiscal issues
- The City's contribution is from park impact fees, not the general fund. If we do not spend the park impact fees, we need to return them to the developers who paid them.
- We will look to offset maintenance costs through several means:
 - Increased picnic fee revenue – We believe that over half of the anticipated maintenance costs can be offset with more people looking to use the park for picnics and paying to do so. We will look to increase rates to further support this.
 - Donations – We already have one significant donor and interest from others to offset costs.
 - Volunteers – We have a plan to recruit volunteers to the “Keep it Magical” group that helps us do basic maintenance like litter removal, shining, gum removal, painting, etc.
- This playground will be the only playground which will result in a direct positive impact to local businesses by bringing people to visit from a regional level. This could help to support many of the local businesses in that area of Tennant Avenue and help make it through the difficult times ahead.
- This will be the only true playground accessible for everyone in our community.

Items 3 and 4 – Purchase of Vehicles

Do we need to purchase these vehicles in light on the pandemic and the resulting budget issues?
Can we get better pricing?

The purchase of the asphalt truck and track loader will allow us to make a variety of road repairs ranging from pothole filling to “dig outs” for replacement of larger asphalt sections. The equipment has become significantly more critical as the City’s residential streets have deteriorated. City crews use this truck on a regular basis, but the truck has recently begun to require significant repairs and has been unavailable for service for months at a time. It currently is out of service with required repairs likely to be in the tens of thousands of dollars. Due to safety implications, staff is recommending immediate replacement of the asphalt truck. The Maintenance Team does all the emergency work to take basic measures to ensure that sections of failing street pavement remain safe for vehicles. The track loader will also help the City efficiently pave roads. These purchases will be made from the equipment replacement fund, as well as savings in the maintenance operating budget.

The vactor combo truck is a critical piece of equipment used for maintaining the City's wastewater collection system. City crews use this truck on a daily basis to clean the more than 150 miles of pipe in the City's wastewater system. The truck is also the primary tool for removing blockages and cleaning up wastewater spills; and is therefore important for customer service and environmental protection. The current truck is eleven (11) years old and has been experiencing mechanical problems with its transmission, electrical and hydraulic systems causing it to be removed from service for long periods at a time. Given the truck's near constant use, the expense of repair work, and the vulnerability of not having reliable equipment, staff is recommending that the truck be replaced as soon as possible. The purchase will be made from the equipment replacement fund, as well as savings in the sewer operations budget. The purchase will not impact wastewater rates.

Both purchases are through Sourcewell. We are not purchasing the vehicles from Sourcewell, but rather Sourcewell is a government entity that solicits pricing through RFPS for the purchase of items. Therefore, the pricing for the vehicles has already gone through a competitive bid process, but it is done on a national level through Sourcewell. Individual companies must then meet the pricing established by Sourcewell in order to be a vendor. Sourcewell cannot give us a better price, as they (and other companies like them), do their pricing/RFPs on an annual basis. The individual companies selling us equipment would price the vehicles much higher if we were not using the Sourcewell competitively bid pricing each of the companies has committed to providing.

Our alternative option is to competitively bid to the companies that sell the equipment, which we can do, but this may not lead us to significant savings and may ultimately cost us a significant amount of time. In both cases this equipment backs up known infrastructure issues (one, sewer, which we are repairing over time and another, streets, which continue to degrade).

Please let me know if you have any questions.

Regards,
Christina

CITY OF MORGAN HILL

Christina J. Turner, CPA
City Manager

17575 Peak Avenue, Morgan Hill, California, USA 95037

d 408.776.7382 | **c** 408.839.1705

e christina.turner@morganhill.ca.gov | www.morganhill.ca.gov

[Facebook](#) | [Twitter](#)

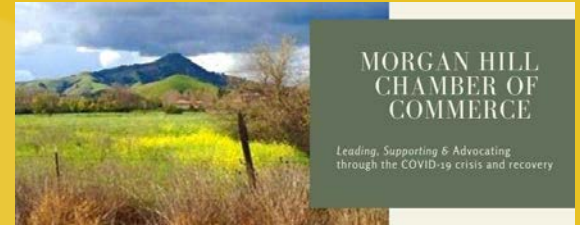


Business Engagement, working through COVID-19

Economic Development

WHAT ARE WE DOING?

1. Information for employers and employees
2. Business Outreach
3. Development Outreach
4. Technical Assistance
5. Financial Programs
6. Business Resiliency
7. Post Covid-19



INFORMATION FOR EMPLOYERS & EMPLOYEES



Update regarding Coronavirus (COVID-19) & Shelter In Place March 26, 2020

Good evening Morgan Hill community.

We hope everyone is safe, healthy, and taking good care of themselves and their loved ones. We continue to stress how important it is for all community members to follow the State and County orders to shelter in place. Stay home. Save lives!

We are here for you. We will get through this together!



Read on for updates related to Food and Senior Services, Housing Resources and Volunteer Opportunities, Schools, Transportation and Utilities.

Food and Senior Services

Visit the [City website](#) for the most up to date list of stores offering hours for seniors and those at higher risk. You can also learn more about organizations that are providing drive through food distribution services.

Housing

[Housing](#)



GOVERNMENT RESIDENTS BUSINESS PARKS & RECREATION HOW DO IT?

Search...



Morgan Hill Pauses All Non-Essential Services Starting on March 17 [morganhill.ca.gov/covid19](#)

California Coronavirus
COVID-19 Response

County and State Orders

Information for Businesses
and Employees

Preventing the spread of
viruses

Resources & FAQs

Resources and FAQs for
Seniors

Website - Government of California (COVID-19) Information for Businesses and Employees

INFORMATION FOR BUSINESSES AND EMPLOYEES

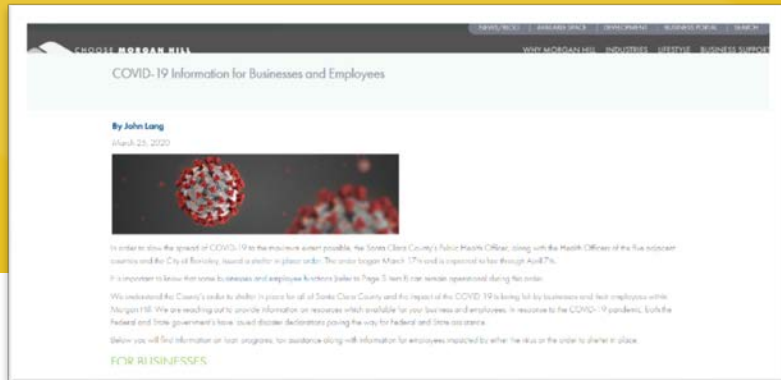
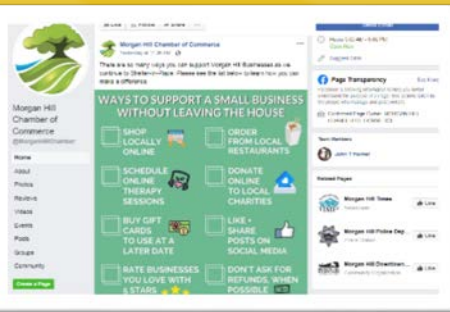
If you haven't already, we encourage you to:

- Sign up to receive email updates from the City of Morgan Hill: <https://bit.ly/2w6Q8Z>
- Sign up to receive alerts from Santa Clara County through ALERTSCC: <https://www.sccgov.org/sites/alertscc/Pages/home.aspx>

The community can follow updates on the City of Morgan Hill's [website](#) and on [Facebook](#), [Twitter](#), [Instagram](#), and [Nextdoor](#).

Morgan Hill residents with urgent, non-emergency questions or concerns are directed to call or text **408.767.6404**. This number will be monitored regularly, Monday - Friday, during the hours of 8:00 AM to 5:00 PM. Messages will be responded to within 24 hours, during weekdays.

Select language



CHOOSE MORGAN HILL

BUSINESS OUTREACH SURVEY



COVID-19- Impact Survey

In an effort to better serve the Morgan Hill business community, the City of Morgan Hill, the Chamber of Commerce and Visit Morgan Hill have created a COVID-19 Business Impact Survey. We know that this critical situation is directly affecting businesses, employees and customers. We understand your situation may be changing daily, so questions are designed with that in mind and responses are considered applicable to the point in time received. Information gathered from the survey will help us better understand how the COVID-19 pandemic is affecting our business community and how we can better support you. This information will be shared in aggregate form, with regional and state officials that are also seeking to quantify the impacts of this situation, however your individual answers will remain anonymous.

Your participation in this survey is vital in helping the City, Chamber and Visit Morgan Hill build a better, brighter post-Coronavirus future for our community.

Business Name

Please choose the category that best represents your business industry: *

- ☐ Commercial/Retail (ex. a retail store, convenience store, gas station, architect, travel, legal services)
- ☐ Education (ex. school, tutoring)
- ☐ Healthcare (ex. dentist, medical office, imaging center)
- ☐ Hospitality (ex. restaurant, bar, winery, cafe, venue, entertainment, lodging business)
- ☐ Industrial/R&D (manufacturing, printing, research & development, heavy industry, office, distribution, warehouse, supplier)
- ☐ Non Profit
- ☐ Personal Services (ex. nails, yoga, fitness, barber, salon, massage)
- ☐ Other

If you selected "other" please list business category here:

How many years and/or months has your company been in business? *

Early Results (N = 73)

70% of Respondents are very small with 1-5 employees

47% of respondents say that 100% of their workforce has been affected/impacted

Nearly 50% of respondents have had to close due to shelter in place

Most common response to how long can you sustain is approximately 2 months

16 respondents are looking into SBA loans and resources

BUSINESS OUTREACH

**WE ARE
HERE
TO HELP...**
EVEN WHEN IT'S
NOT BUSINESS
AS USUAL.



CHOOSE MORGAN HILL

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

PLEASE
PLACE
STAMP
HERE

COVID-19 IMPACT ON MORGAN HILL
The City of Morgan Hill, Chamber of Commerce, Downtown Association, and Visit Morgan Hill are all committed to supporting our business community during these uncertain times.

FIND RESOURCES FOR YOUR BUSINESS
The City of Morgan Hill is working to identify all available resources and tools to support your business operations. Find information on financing, tax assistance, and other resources:
morganhill.ca.gov/covid194biz



HELP US UNDERSTAND YOUR NEEDS
To better understand the range of impact COVID-19 is having in our local business community, we are asking businesses to respond to this COVID-19 Morgan Hill Business Impact survey:
business.morganhill.org/form/view/19485



WE ARE HERE TO HELP...
EVEN WHEN IT'S
NOT BUSINESS AS USUAL.



COVID-19 IMPACT ON MORGAN HILL
The City of Morgan Hill, Chamber of Commerce, Downtown Association, and Visit Morgan Hill are all committed to supporting our business community during these uncertain times. We are focused on providing information and resources available to our business community.

FIND RESOURCES FOR YOUR BUSINESS
The City of Morgan Hill is working to identify all available resources and tools to support your business operations. Find information on financing, tax assistance, and other resources:
morganhill.ca.gov/covid194biz



HELP US UNDERSTAND YOUR NEEDS
To better understand the range of impact COVID-19 is having in our local business community, we are asking businesses to respond to this COVID-19 Morgan Hill Business Impact survey:
business.morganhill.org/form/view/19485




CHOOSE MORGAN HILL



TARGETED BUSINESS OUTREACH

Top Employers

Top Sales Tax Producers

Current Project Developers



TECHNICAL & FINANCIAL ASSISTANCE



U.S. Small Business
Administration



BUSINESS RESILIENCY

- Recovery Plan Development
- Business Model Reinvent
- Technical Preparedness
- Best Practices

POST COVID-19

- Continue to support small businesses
- Support projects in the pipeline
- Sectors: Healthcare, Industrial, Manufacturing, Downtown (events, placemaking, vacant storefronts)
- Tourism

Morgan Hill Chamber of Commerce



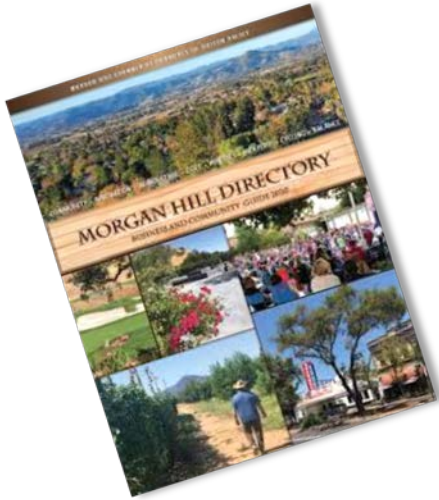
MORGAN HILL CHAMBER OF COMMERCE

*Leading, Supporting & Advocating
through the COVID-19 crisis and recovery*

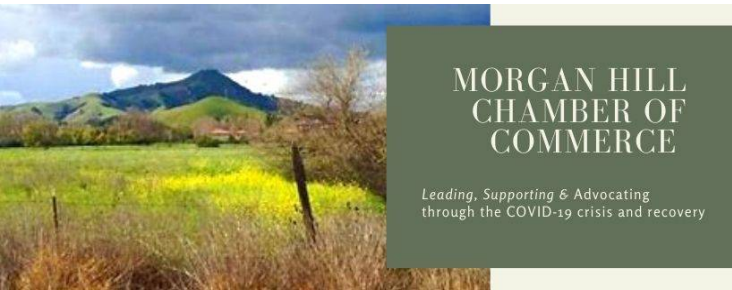


Brittney Sherman
President/CEO

Morgan Hill Chamber of Commerce



- Over 550 business members
- Business Advocacy and Resources
- Newsletter, Committees, Business Breakfasts, Ribbon Cuttings, & Directory
- Events: Rock the Mock, Friday Night Music Series, Taste of Morgan Hill



Morgan Hill Chamber of Commerce

- Supporting Restaurants
- Information on Takeout/Delivery Options
- 2,600 Followers
- Promotions, pictures by operators and customers



Morgan Hill Chamber of Commerce

- Positive Virtual Engagement
- 123 Followers
- NON-Restaurant Facebook page
- YouTube Videos, links to LIVE Classes



Morgan Hill Chamber of Commerce

- Working with City & Visit Morgan Hill
- Financial & Technical Assistance Needed



Morgan Hill Chamber of Commerce

- Business Toolkit
- Business Advisory Group
- Deployment through E-blast & Facebook



Visit Morgan Hill

City of Morgan Hill
City Council Meeting
April 1, 2020



Visit Morgan Hill

OUR MISSION

The Morgan Hill Tourism Business Improvement District (MHTBID), or Visit Morgan Hill, promotes Morgan Hill as a tourism destination which has numerous amenities for visitors to enjoy.

BOARD OF DIRECTORS

Hotel Representatives:

Andrew Firestone, La Quinta Hotel

Alexis Solis, Marriott Hotels

Michael Meredith, Hampton Inn (Chair)

David Dworkin, Holiday Inn Express

City of Morgan Hill Representatives:

Chris Ghione, Public Services Director (Treasurer)

Edith Ramirez, Economic Development Director (Secretary)

Community Representatives:

Gene Guglielmo, Guglielmo Winery

Frank Léal, Léal Vineyards

Carrie Benjamin, San Jose Sports Authority

Executive Director:

Krista Rupp



Visit Morgan Hill

- Executes the functions of the MHTBID (Tourism Business Improvement District)
- The TBID is a self assessment, implemented by the local lodging constituency
- DMO (Destination Marketing Organization)
- VMH promotes the community as a travel destination, with special focus on overnight visitation.

Visit Morgan Hill Executive Director



Krista Rupp

- 14 Years in Tourism, Sales and Marketing
 - Attractions – Monterey Bay Aquarium
 - DMOs– Visit Santa Cruz County and Central Coast Tourism Council
- Bachelor's of Science: Recreation, Parks, & Tourism Administration

executivedirector@visitmorganhill.org

*Visit
Morgan Hill*

Visit Morgan Hill COVID-19 Response

- Partnered with the City's business response team
- Conducted individual hotel outreach & WSCV
- Travel Updates page on visitmorganhill.org
- CA DGS (Department of Government Services)



Post Covid-19 Readiness

Strategic Plan

- Marketing Communications, Business Development, Partnership, and Operations

Brand Development

- Foundation of tourism promotion efforts
- Visitor facing messaging
- Local stakeholder engagement

The logo for Visit Morgan Hill, featuring the words "Visit" and "Morgan Hill" in a white, cursive script font, set against a solid dark blue rectangular background.

Visit
Morgan Hill

QUESTIONS?

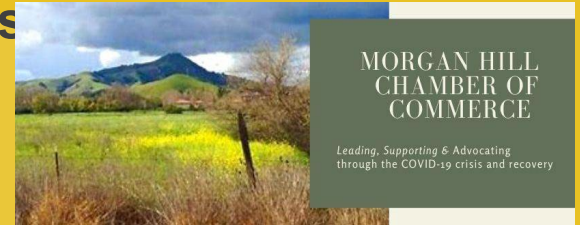


Business Engagement, working
through COVID-19

Economic Development

WHAT ARE WE DOING?

1. Information for employers and employees
2. Business Outreach
3. Development Outreach
4. Technical Assistance
5. Financial Programs
6. Business Resiliency
7. Post Covid-19



INFORMATION FOR EMPLOYERS & EMPLOYEES



Update regarding Coronavirus (COVID-19) & Shelter In Place March 26, 2020

Good evening Morgan Hill community.

We hope everyone is safe, healthy, and taking good care of themselves and their loved ones. We continue to stress how important it is for all community members to follow the State and County orders to shelter in place. Stay home. Save lives!

We are here for you. We will get through this together!

Read on for updates related to Food and Senior Services, Housing Resources and Volunteer Opportunities, Schools, Transportation and Utilities.

Food and Senior Services

Visit the [City website](#) for the most up to date list of stores offering hours for seniors and those at higher risk. You can also learn more about organizations that are providing drive through food distribution services.

Housing

Eviction Moratorium



GOVERNMENT RESIDENTS BUSINESS PARKS & RECREATION HOW DO IT?

Search...



Morgan Hill Pauses All Non-Essential Services Starting on March 17 morganhill.ca.gov/covid19

California Coronavirus COVID-19 Response

County and State Orders

Information for Businesses and Employees

Preventing the spread of viruses

Resources & FAQs

Resources and FAQs for Services

Home > Government > Coronavirus (COVID-19) > Information for Businesses and Employees

INFORMATION FOR BUSINESSES AND EMPLOYEES

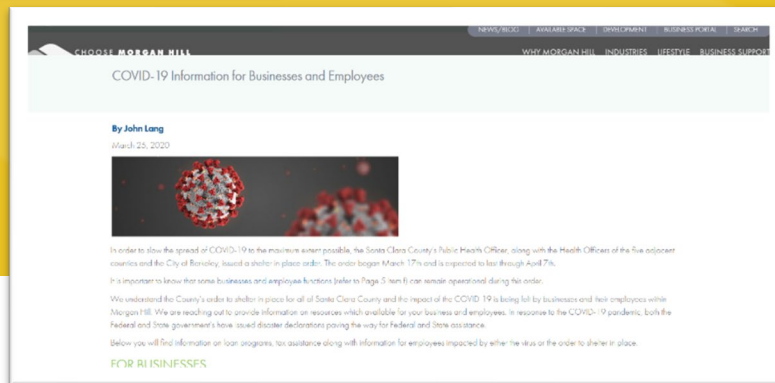
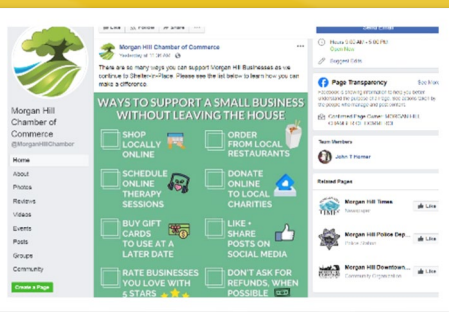
If you haven't already, we encourage you to:

- Sign up to receive email updates from the City of Morgan: <https://bit.ly/2wlpQbZ>
- Sign up to receive alerts from Santa Clara County through ALLRISCC: <https://www.sccgov.org/sites/oes/alertscc/Pages/home.aspx>

The community can follow updates on the City of Morgan Hill's [website](#) and on [Facebook](#), [Twitter](#), [Instagram](#), and [Nextdoor](#).

Morgan Hill residents with urgent, non-emergency questions or concerns are directed to call or text **408.767.6404**. This number will be monitored regularly, Monday - Friday, during the hours of 8:00 AM to 5:00 PM. Messages will be responded to within 24 hours, during weekdays.

Select language



BUSINESS OUTREACH SURVEY



COVID-19- Impact Survey

In an effort to better serve the Morgan Hill business community, the City of Morgan Hill, the Chamber of Commerce and Visit Morgan Hill have created a COVID-19 Business Impact Survey. We know that this critical situation is directly affecting businesses, employees and customers. We understand your situation may be changing daily, so questions are designed with that in mind and responses are considered applicable to the point in time received. Information gathered from the survey will help us better understand how the COVID-19 pandemic is affecting our business community and how we can better support you. This information will be shared in aggregate form, with regional and state officials that are also seeking to quantify the impacts of this situation, however your individual answers will remain anonymous.

Your participation in this survey is vital in helping the City, Chamber and Visit Morgan Hill build a better, brighter post-Coronavirus future for our community.

Business Name

Please choose the category that best represents your business industry: *

- ☐ Commercial/Retail (ex. a retail store, convenience store, gas station, architect, travel, legal services)
- ☐ Education (ex. school, tutoring)
- ☐ Healthcare (ex. dentist, medical office, imaging center)
- ☐ Hospitality (ex. restaurant, bar, winery, cafe, venue, entertainment, lodging business)
- ☐ Industrial/R&D (manufacturing, printing, research & development, heavy industry, office, distribution, warehouse, supplier)
- ☐ Non Profit
- ☐ Personal Services (ex. nails, yoga, fitness, barber, salon, massage)
- ☐ Other

If you selected "other" please list business category here:

How many years and/or months has your company been in business? *

Early Results (N = 73)

70% of Respondents are very small with 1-5 employees

47% of respondents say that 100% of their workforce has been affected/impacted

Nearly 50% of respondents have had to close due to shelter in place

Most common response to how long can you sustain is approximately 2 months

16 respondents are looking into SBA loans and resources

BUSINESS OUTREACH

**WE ARE
HERE
TO HELP...**
EVEN WHEN IT'S
NOT BUSINESS
AS USUAL.



CHOOSE MORGAN HILL

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

PLEASE
PLACE
STAMP
HERE

COVID-19 IMPACT ON MORGAN HILL
The City of Morgan Hill, Chamber of Commerce, Downtown Association, and Visit Morgan Hill are all committed to supporting our business community during these uncertain times.

FIND RESOURCES FOR YOUR BUSINESS
The City of Morgan Hill is working to identify all available resources and tools to support your business operations. Find information on financing, tax assistance, and other resources:
morganhill.ca.gov/covid194biz

HELP US UNDERSTAND YOUR NEEDS
To better understand the range of impact COVID-19 is having in our local business community, we are asking businesses to respond to this COVID-19 Morgan Hill Business Impact survey:
business.morganhill.org/form/view/19485



WE ARE HERE TO HELP...
EVEN WHEN IT'S
NOT BUSINESS AS USUAL.



COVID-19 IMPACT ON MORGAN HILL
The City of Morgan Hill, Chamber of Commerce, Downtown Association, and Visit Morgan Hill are all committed to supporting our business community during these uncertain times. We are focused on providing information and resources available to our business community.

FIND RESOURCES FOR YOUR BUSINESS
The City of Morgan Hill is working to identify all available resources and tools to support your business operations. Find information on financing, tax assistance, and other resources:
morganhill.ca.gov/covid194biz

HELP US UNDERSTAND YOUR NEEDS
To better understand the range of impact COVID-19 is having in our local business community, we are asking businesses to respond to this COVID-19 Morgan Hill Business Impact survey:
business.morganhill.org/form/view/19485



CHOOSE MORGAN HILL



TARGETED BUSINESS OUTREACH

Top Employers

Top Sales Tax Producers

Current Project Developers



TECHNICAL & FINANCIAL ASSISTANCE



U.S. Small Business
Administration



BUSINESS RESILIENCY

- Recovery Plan Development
- Business Model Reinvent
- Technical Preparedness
- Best Practices

POST COVID-19

- Continue to support small businesses
- Support projects in the pipeline
- Sectors: Healthcare, Industrial, Manufacturing, Downtown (events, placemaking, vacant storefronts)
- Tourism

Morgan Hill Chamber of Commerce



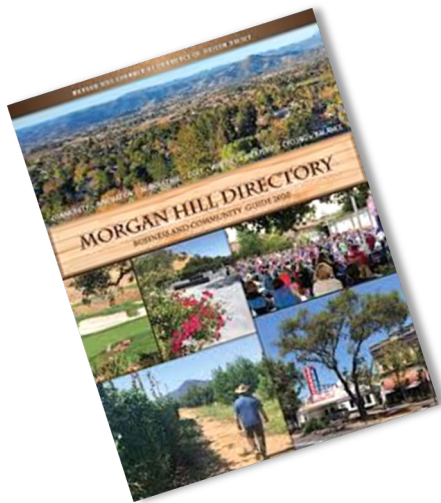
MORGAN HILL CHAMBER OF COMMERCE

*Leading, Supporting & Advocating
through the COVID-19 crisis and recovery*

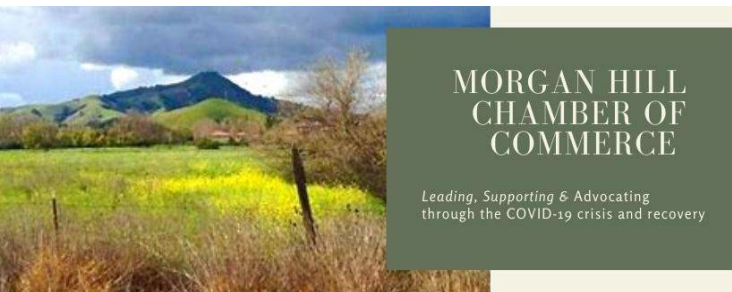


Brittney Sherman
President/CEO

Morgan Hill Chamber of Commerce

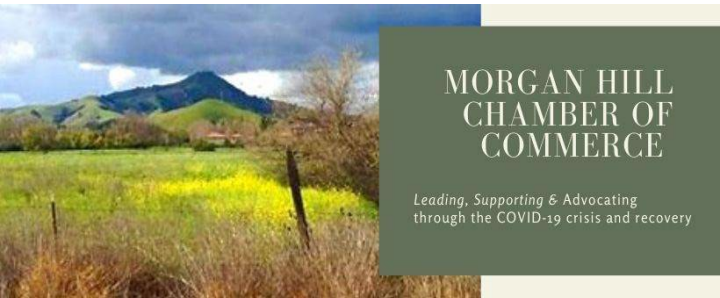


- Over 550 business members
- Business Advocacy and Resources
- Newsletter, Committees, Business Breakfasts, Ribbon Cuttings, & Directory
- Events: Rock the Mock, Friday Night Music Series, Taste of Morgan Hill



Morgan Hill Chamber of Commerce

- **Supporting Restaurants**
- **Information on Takeout/Deliver Options**
- **2,600 Followers**
- **Promotions, pictures by operators and customers**



Morgan Hill Chamber of Commerce

- **Positive Virtual Engagement**
- **123 Followers**
- **NON-Restaurant Facebook page**
- **YouTube Videos, links to LIVE Classes**

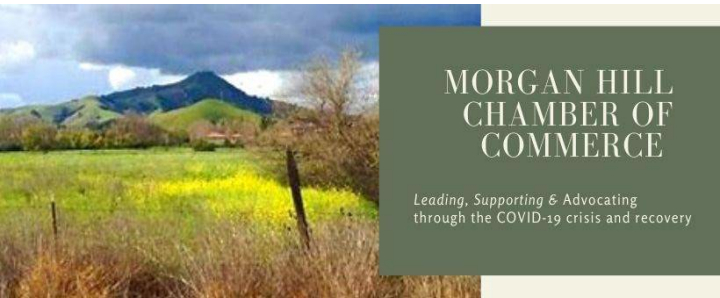


MORGAN HILL
CHAMBER OF
COMMERCE

*Leading, Supporting & Advocating
through the COVID-19 crisis and recovery*

Morgan Hill Chamber of Commerce

- **Working with City & Visit Morgan Hill**
- **Financial & Technical Assistance Needed**



Morgan Hill Chamber of Commerce

- **Business Toolkit**
- **Business Advisory Group**
- **Deployment through E-blast & Facebook**



Visit Morgan Hill

City of Morgan Hill
City Council Meeting
April 1, 2020



Visit Morgan Hill

OUR MISSION

The Morgan Hill Tourism Business Improvement District (MHTBID), or Visit Morgan Hill, promotes Morgan Hill as a tourism destination which has numerous amenities for visitors to enjoy.

BOARD OF DIRECTORS

Hotel Representatives:

Andrew Firestone, La Quinta Hotel

Alexis Solis, Marriott Hotels

Michael Meredith, Hampton Inn (Chair)

David Dworkin, Holiday Inn Express

City of Morgan Hill Representatives:

Chris Ghione, Public Services Director (Treasurer)

Edith Ramirez, Economic Development Director (Secretary)

Community Representatives:

Gene Guglielmo, Guglielmo Winery

Frank Léal, Léal Vineyards

Carrie Benjamin, San Jose Sports Authority

Executive Director:

Krista Rupp



Visit Morgan Hill

- Executes the functions of the MHTBID (Tourism Business Improvement District)
- The TBID is a self assessment, implemented by the local lodging constituency
- DMO (Destination Marketing Organization)
- VMH promotes the community as a travel destination, with special focus on overnight visitation.

Visit Morgan Hill Executive Director



Krista Rupp

- 14 Years in Tourism, Sales and Marketing
 - Attractions – Monterey Bay Aquarium
 - DMOs– Visit Santa Cruz County and Central Coast Tourism Council
- Bachelor's of Science: Recreation, Parks, & Tourism Administration

*Visit
Morgan Hill*

executivedirector@visitmorganhill.org

Visit Morgan Hill COVID-19 Response

- Partnered with the City's business response team
- Conducted individual hotel outreach & WSCV
- Travel Updates page on visitmorganhill.org
- CA DGS (Department of Government Services)

The logo for Visit Morgan Hill, featuring the words "Visit Morgan Hill" in a white, cursive script font on a dark blue rectangular background.

Visit
Morgan Hill

Post Covid-19 Readiness

Strategic Plan

- Marketing Communications, Business Development, Partnership, and Operations

Brand Development

- Foundation of tourism promotion efforts
- Visitor facing messaging
- Local stakeholder engagement

The logo for Visit Morgan Hill is located in the bottom left corner. It features the words "Visit Morgan Hill" in a white, cursive script font, set against a solid dark blue rectangular background.

Visit
Morgan Hill

QUESTIONS?



MEMORANDUM CITY MANAGER'S OFFICE

Item # 8
AGENDA DATE: 04/01/2020
SUPPLEMENT # 1

Date: April 1, 2020
To: City Council
From: Christina Turner, City Manager
Subject: COVID-19 Local Update

This memo provides the most recent COVID-19 updates the City has received from local and regional partners.

Yesterday, March 31, 2020, the Santa Clara County Public Health Department extended the current Shelter In Place Order until at least May 3, 2020. Please see the Santa Clara County Public Health Department's [website](#) for details about the Order.

In response to the Order, beginning tomorrow we will be implementing some new measures at our facilities. The two new significant requirements for our work sites are posting and development of Social Distancing Protocols and the implementation of a symptom check before entering work places.

It remains imperative to remind our community that "Every Contact Counts." Each and every contact we have with people outside our household increases the risk of transmission. Everyone has a responsibility to reduce direct contact with others to the greatest extent possible. Our number one goal right now is to slow down transmission as fast as we can and in as many ways as we can to preserve our healthcare infrastructure.

The following topics overview our response to COVID-19 and the resources that are available to our community.

Communications and Engagement

Here is how we have communicated with our Morgan Hill Community:

- COVID-19 area on City Website- regularly updated with links to County, State, CDC, Silicon Valley Strong and other relevant information
- Regular updates with new information and resources through City email (18,000+), Nextdoor, Facebook, Twitter and Instagram

- Video messages from Council and City Manager – posted on City YouTube Channel and shared through above channels
- Message from the Mayor published in Morgan Hill Life and shared through above channels
- Message from City Council in newspapers starting this Friday and shared through above channels
- Call center established for non-emergency questions and information (residents can text to this number as well)
- Zoom meetings for Council and Planning Commission meetings allowing for public participation

Medical Resources

De Paul Health Center

The County of Santa Clara has developed a county wide hospital surge planning unit within the County of Santa Clara Emergency Operations Center. It is focused on coordinating all Acute Care Hospital resources for the COVID-19 response. This includes coordinating bed capacity and utilization (including ICU and Medical/Surgical beds), ventilator/equipment availability, personal protective equipment (PPE) supply, and staffing levels.

As part of this effort, the County of Santa Clara is in the process of renovating the hospital building at De Paul Health Center in preparation for the possibility of serving patients in the South County that are lower acuity and/or require respite level of care. Given the level of disrepair of the De Paul facility, the County is moving as quickly as possible knowing that this health care emergency may be with us for an unknown and extended period of time. We believe that this will be a key asset, should the timing of repair, the demand, and available resources coincide. The County of Santa Clara is doing everything possible to anticipate and prepare for the needs of communities throughout the County, including South County.

Mental Health

Please see attached listing of the mental resources available to our community.

Housing

Eviction Moratorium

The Santa Clara County Board of Supervisors voted on, March 24, 2020, to halt evictions that would displace families and businesses as a direct result of the novel coronavirus (COVID-19). All cities within the county, including Morgan Hill, are included in the evictions ban. The moratorium on evictions takes effect immediately and lasts through May 31, 2020. For more information and to access the full ordinance, read this

[summary of the ordinance](#). On March 27, 2020, Governor Newsom issued an [executive order](#) banning the enforcement of eviction orders for renters affected by COVID-19 through May 31, 2020.

Property Taxes

Property tax revenues are critical for local governments to provide essential services; and for school districts to make necessary debt payments so that they don't have to pay penalties or receive lower, costly, bond rating scores. Property tax dollars are distributed to locals and schools within a week or so of the April 10 deadline. Any delays would cause a lot of fiscal difficulties for local governments and schools.

The April 10th deadline has not been extended although property owners can take advantage of the partial payment program and make multiple partial payments on the installment due. Additionally, penalties and costs imposed due to a late payment can be waived in circumstances where a taxpayer cannot physically pay their taxes due to quarantine, illness, or closure of the county Tax Collector's office.

Visit the [County's website](#) for more information.

Rental Assistance Fund Pausing Applications

The \$11 million Rental Assistance Fund launched by Destination: Home earlier this week is pausing the acceptance of new applications until further notice. The fund has already received 4,400 applications, representing financial need that exceeds the fund's capacity. We will share more information as it becomes available. Donations to the fund can be made [here](#).

Volunteer Opportunities and Local Food and Other Resources

Silicon Valley officials and community leaders launched a movement dubbed "[Silicon Valley Strong](#)" to connect struggling residents and businesses with resources they need during the coronavirus outbreak and shelter-in-place mandate.

It started as a landing page on the city of San Jose's website, and now has a drop down menu for individual cities. [Siliconvalleystrong.org](#) will provide residents with a one-stop-shop to sign up to volunteer with local nonprofits, donate to local funds that have been set up to help those in need.

See Attachments A and B for local food and other resources.

Small Business Assistance

The City of Morgan Hill, the Chamber of Commerce, the Downtown Association, and Visit Morgan Hill are all committed to doing what we can to support our business

community during these uncertain times. We are focused on providing information and resources available to our business community. To better understand the range of impact COVID-19 is having in our local business community, we are asking businesses to respond to this COVID-19 [Morgan Hill Business Impact survey](#). In addition, the County and the City are continuously updating information for businesses and employees on their websites.

If you are a business owner or employee of a business that has been affected by COVID-19, there are many financial assistance resources that can help posted on the [County of Santa Clara](#) and [City of Morgan Hill](#) web pages. In addition, business owners are encouraged to review the [U.S Small Business Administration website](#) for additional guidance and business loan/program resources.

Other Funding Assistance

FEDERAL

- **Families First Coronavirus Response Act (FFCRA)**
 - **Emergency Paid Leave and Expanded Family and Medical Leave:** the U.S. Treasury Department, Internal Revenue Service (IRS), and the U.S. Department of Labor announced that private small and midsize employers can begin taking advantage of two new refundable payroll tax credits, designed to immediately and fully reimburse them, dollar-for-dollar, for the cost of providing Coronavirus-related leave to their employees. This relief to employees and small and midsize businesses is provided under the Families First Coronavirus Response Act. Employers are encouraged to visit the U.S. Department of Labor [website](#) and IRS [website](#) for additional information on purpose, qualification, and frequently asked questions. (Currently not applicable to State and local governmental units).
- **Tax Filing Extension:** The Treasury Department and Internal Revenue Service announced that the federal income tax filing due date is automatically extended from April 15, 2020, to July 15, 2020. Taxpayers can also defer federal income tax payments due on April 15, 2020, to July 15, 2020, without penalties and interest, regardless of the amount owed. This deferment applies to all taxpayers, including individuals, trusts and estates, corporations and other non-corporate tax filers as well as those who pay self-employment tax. However, the IRS urges taxpayers who are due a refund to file as soon as possible. Most tax refunds are still being issued within 21 days. For more information visit IRS [website](#).
- **IRS People First Initiative (COVID-19):** To help people facing the challenges of COVID-19 issues, the Internal Revenue Service announced a sweeping series of steps to assist taxpayers by providing relief on a variety of issues ranging from

easing payment guidelines to postponing compliance actions. These include postponing of existing or new tax installment agreements and Offers in Compromise (OIC), and IRS will limit enforcement actions. For more information visit IRS [website](#).

- **Coronavirus Aid, Relief, and Economic Security (CARES) Act:** The President signed the \$2 Trillion Economic Relief Plan last week which includes reliefs to several groups impacted by the coronavirus pandemic including; direct individuals, large corporations, small businesses, public health, state and local governments and education and others. The National League of Cities has put together a [summary of the bill](#), section by section, and [FAQ](#). Below are the several highlighted elements of the bill which are of most relevance.
 - **Direct Economic Impact Payments:** Tax filers with adjusted gross income up to \$75,000 for individuals and up to \$150,000 for married couples filing joint returns will receive the full payment. For filers with income above those amounts, the payment amount is reduced by \$5 for each \$100 above the \$75,000/\$150,000 thresholds. Single filers with income exceeding \$99,000 and \$198,000 for joint filers with no children are not eligible. Eligible taxpayers who filed tax returns for either 2019 or 2018 will automatically receive an economic impact payment of up to \$1,200 for individuals or \$2,400 for married couples. Parents also receive \$500 for each qualifying child. Low-income taxpayers, senior citizens, Social Security recipients, some veterans and individuals with disabilities are also eligible. However, they will need to file a simple tax return to receive an economic impact payment. For more information visit IRS [website](#).
 - **Unemployment Insurance:** Although the exact amount a person can receive through Unemployment depends on their state and previous earnings, between now and July 31, an additional \$600 will be added to every unemployment compensation check, so no one should receive less than \$600 per week. The Act temporarily expands unemployment insurance to cover individuals who are not traditionally covered, including the self-employed, gig-workers, independent contractors, and workers with irregular work history. It also expands the list of allowable criteria for claiming unemployment compensation to include many reasons related to the COVID-19 public health emergency. [Visit the California Employment Development Department](#) for more information and determine your eligibility.
 - **Employee Retention Credit:** The Treasury Department and the Internal Revenue Service have launched an Employee Retention Credit, designed to encourage businesses to keep employees on their payroll. The

refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19. The credit is available to all employers regardless of size, including tax-exempt organizations. For more information visit IRS [website](#).

- **U.S. Small Business Administration Programs:** Included in the CARES Act are several programs and loans for small businesses. Visit the SBA [website](#) for information on COVID-19 related programs that SBA is providing, including the Paycheck Protection Program, Economic Injury Disaster Loans and Emergency Grants, and Small Business Debt Relief.
- **Veteran Affairs:** The CARES Act includes \$19.57 billion in funding to ensure the Department of Veterans Affairs (VA) has the equipment, tests, telehealth capabilities and support services necessary to support veterans and the health care workforce at facilities nationwide. Members are encouraged to contact their local VA facility or office for additional information.
- **State and Local Governments:** In total, states and municipalities are allocated up to \$150 billion. Of the \$150 billion total, \$3 billion is set aside for the District of Columbia, Puerto Rico and the territories. \$8 billion is set aside for Indian tribes. Out of the funding available to the 50 states, payments to states are allotted proportionally based on their share of the U.S. population according to the latest annual data from the Bureau of the Census. States are guaranteed a minimum payment of \$1.25 billion. Out of each state's share of funding, up to 45 percent is set aside for units of local government to apply directly to the U.S. Secretary of the Treasury. Units of local government larger than 500,000 persons can receive this funding, and a locality's share will be equal to its share of the state population multiplied by the 45% set aside for local governments. Localities with populations less than 500,000, should work with their State government to access the funding. Currently, there is no language in the bill which requires the States to distribute/share/allocate funding directly to localities with populations under 500,000. City staff plans to contact appropriate regional and state agencies to seek out and/or apply for funding. In addition, the act includes \$25 billion for Transit Infrastructure Grants and \$100 million for Assistance to Firefighter Grants.

[Click here](#) for NLC's full summary of key programs for local governments

- **FEMA**

- **Public Assistance:** Since the President of the United States declared COVID-19 a national emergency, and approved the State of California's proclamation of emergency, eligible emergency protective measures taken

to respond to the COVID-19 emergency may be reimbursed under [Category B of FEMA's Public Assistance program](#). City staff are tracking all City resources expended in response to the COVID-19 as emergency protective measures and plans to submit reimbursement.

- **Federal Housing Finance Agency (FHFA)**
 - **Mortgage Help for Homeowners Impacted by Coronavirus:** Fannie Mae, Freddie Mac (which combined holds over 70% of the mortgages in the U.S.) and the Federal Home Loan Banks implemented steps to help people who have been impacted by the coronavirus. If homeowner ability to pay mortgage is impacted, and the homeowner loan is owned by Fannie Mae or Freddie Mac, the homeowner may be eligible to delay making monthly mortgage payments for a temporary period, during which homeowner won't incur late fees; won't have delinquencies reported to the credit bureaus; and foreclosure and other legal proceedings will be suspended. For more information visit FHFA [website](#).

STATE OF CALIFORNIA

The State of California has taken several actions in response to COVID-19, which are outlined on the State [website](#). Below are some of the more significant actions to date.

- **State Tax Filing Extension:** Governor Newsom signed an [executive order](#) providing relief to small businesses, which includes a 90-day extension in state and local taxes and extends licensing deadlines and requirements for several industries. The Order allows the California Department of Tax and Fee Administration (CDTFA) to offer a 90-day extension for tax returns and tax payments for all businesses filing a return for less than \$1 million in taxes. Small businesses will have until the end of July to file their first-quarter returns. Additionally, the order extends the statute of limitations to file a claim for refund by 60 days to accommodate tax and fee payers.

In addition, the [Franchise Tax Board \(FTB\) is postponing](#) until July 15 the filing and payment deadlines for all individuals and business entities for: 2019 tax returns, 2019 tax return payments, 2020 1st and 2nd quarter estimate payments, 2020 LLC taxes and fees, and 2020 Non-wage withholding payments.

- **Eviction Order Ban:** Discussed above.
- **Mortgage Payment Relief:** Governor Newsom secured a major financial relief package, where [financial institutions](#) will provide a 90-day grace period for mortgage payments and will not negatively impact credit reports for Californians

accessing payment relief. Impacted folks are encouraged to contact their lending bank to request assistance. More information can be found on State's [website](#).

- **Emergency Legislative Package:** The emergency legislative package provides \$500 million General Fund to help California fight COVID-19 and authorizes increases up to \$1 billion. The funding will: increase hospital bed capacity and purchase medical equipment to combat the coming surge in COVID-19 patients; protect hospitals, nursing homes, and other facilities most vulnerable to COVID-19 spread; provide lifesaving services to Californians isolating at home; support local government to reduce the spread of COVID-19 in homeless populations and provide safe beds for people experiencing homelessness; and provide funding to clean child care facilities that remain open. The package also provides \$100 million Proposition 98 General Fund for personal protective equipment and cleaning for schools that remain open. It also allows schools to maintain funding despite service disruptions.
- **Homelessness and Continuums of Care:** Governor Newsom directed [the first allocation](#) of the \$500 million in emergency funding recently authorized by the Legislature for COVID-19 related activities – \$150 million for local emergency homelessness actions. To deploy this first funding allocation, the state is to provide:
 - \$100 million directly to local governments, for shelter support and emergency housing to address COVID-19 among the homeless population, and
 - \$50 million to purchase travel trailers and lease rooms in hotels, motels, and other facilities in partnership with counties and cities to provide immediate isolation placements throughout the state for homeless individuals.

In addition, allocated an additional \$100 million for emergency grant funding to 13 large cities, counties and continuums of care to help people experiencing homelessness during the COVID-19 pandemic. City staff continue to work with the County of Santa Clara to advocate for the need of allocation of grant funds in the South County.

COUNTY OF SANTA CLARA

- **Eviction Moratorium:** Discussed above
- **Property Taxes:** Discussed above
- **County Regional Response Funding:** On March 24, Board of Supervisors approved \$2 million for the Silicon Valley Community Foundation: SCC COVID-19 Regional Response Fund. They also approved \$1 million toward Silicon Valley Community Foundation's COVID-19 Nonprofit Support Fund. In addition,

\$1 million for the Santa Clara County Homelessness Prevention System is in the works to address the expected increase in at-risk families seeking temporary rent assistance. County continues to look for and implement creative solutions to help our community get through this health and economic crisis.

- **COVID-19 Homelessness Funding Allocation:** The County received \$1.7 million from the above mentioned State allocation for homelessness and the funding is intended for measures to help prevent and contain COVID-19 and can be used for medically indicated services and supplies, such as testing and hand-washing stations. It can also be used for such things as acquiring new shelters, supplies and equipment for emergency shelter operations, increasing shelter capacity, street outreach, and acquiring locations to place individuals who need to be isolated because of COVID-19 illness or exposure.

LOCAL RESOURCES

- **Essential Healthcare Workers and First Responders childcare program:** The Morgan Hill Unified School District, in partnership with the Santa Clara County Office of Education and the YMCA, is rolling out a childcare program aimed at helping Essential Healthcare Workers and First Responders continue to do their jobs without having to worry about childcare issues due to closing of schools and daycares around the County. The program will be held at Barrett Elementary School in Morgan Hill. Please visit the MHUSD website for more information.

- **Banks**

Here is what are local banks are offering customers:

- **Bank of America**
Consumer and small business deposit accounts can request refunds of overdraft, insufficient funds and monthly maintenance fees. Clients can request to defer payments and refunds of late fees on their small business loans
- **Citibank**
CitiBank is offering to its customers fee waivers on monthly service fees and remote deposit capture; waived penalties for early CD withdrawal. Offering a hardship program for Mortgage customers.
- **Pinnacle Banks**
Pinnacle is reaching out to existing clients on a pro-active basis to see how they can help, primarily for businesses that are worse hit. Existing SBA borrowers they are able to offer temporary payment deferments. For some other borrowers, they can offer temporary relief on a case-by-case basis
- **Wells Fargo**

Offering fee waivers, payment deferrals and other expanded assistance for credit card, auto, mortgage, small business and personal lending customers who contact them

- **Utilities**

- **City of Morgan Hill water and wastewater services:** To assist our residents and businesses during these uncertain times, Morgan Hill will not assess late penalties nor terminate services due to delinquency during April. We ask customers to reach out to [Utility Billing](#) for more information or request a payment arrangement.
 - **Pacific, Gas & Electric:** PG&E has implemented a moratorium on service disconnections for non-payment. This suspension will apply to both residential and commercial customers and will remain in effect until further notice. To further support customers who may be impacted by the pandemic, PG&E will offer its most flexible pay plans to customers who indicate either an impact or hardship as a result of COVID-19. More information can be found on their [website](#).
 - **Recology South Valley:** All trash must be bagged and placed inside Recology cart(s) or personal can(s). Read the [full announcement](#) for more information. If you have any questions regarding these changes, please contact our customer service department at 408-842-3358.
- **Transportation:** Valley Transportation Authority (VTA) is prioritizing essential service to hospitals, health care facilities, pharmacies, grocery stores, food banks, shelters, and other essential destinations during this time of extraordinary caution. Effective March 30, 2020 until further notice, VTA will operate reduced bus and rail service and not collect fares. Bus and light rail service will end at 9 p.m. with the exception of Route 22 which will continue to operate 24/7. Visit the VTA website to learn more.

Business Support

The City of Morgan Hill has over 1,200 businesses licenses with 71% having less than five employees and 10% with five to 10 employees. The biggest category are service providers. Morgan Hill has over 100 restaurants and nearly 100 manufacturers. Morgan Hill is home to over 17,000 jobs. Most of these jobs are linked to less than 10 percent of total number of businesses. Many of these businesses contribute to the City's fiscal health through sales tax, business to business tax and Transient Occupancy Tax. Most of the City's sales tax comes from auto dealers, large retail stores, grocery stores, large manufacturing businesses and gas stations.

Economic Development has been consulting with various partners to ensure the local business community and local partners have information on resources and regulations. Below is a breakdown of the current and upcoming business outreach efforts:

A. Information for Businesses and Employers:

A Business Resource page has been created and is daily updated with loan programs, tax assistance and information for employees. It is important to note that information is fluid and dynamic and staff is constantly working to update it as information becomes available. The information offers a wide range of resources, including Small Business Administration Economic Injury Loan Program, the Paycheck Protection Program (PPP) by the CAREs Act, the Grow Morgan Hill Fund and many others. Resources on Tax Relief and information for employees is also available. (Attachment C)

Recognizing that this information is evolving, the Economic Development team is working closely with the Communications team and community partners such as the Chamber of Commerce, the Downtown Association and Visit Morgan Hill to deploy this information. As discussed, above, the City has created a hotline for non-emergency questions where messages are responded to within 24 hours. This hotline is for residents and businesses. Additionally, the City is issuing more frequent 411 Newsletter email blasts, and we are using social media channels such as Facebook, Twitter, Instagram and Nextdoor.

B. Business Outreach:

The City in partnership with the Chamber of Commerce, Visit Morgan Hill and the Downtown Association has launched a Business Impact Survey to help identify resources for recovery and resiliency for Small Business. The survey has been shared via email and through the City's website. To date, 73 responses have been submitted. 51 responses are from businesses with less than five employees and only 4 responses are from companies with 75 or more employees. Nearly half of the respondents have indicated they have been forced to close as a result of the shelter-in-place order and almost all have experienced some form of loss of revenue and productivity. The good news is that many of these businesses have indicated they are working on a recovery plan. The need of support ranges from information, technical assistance, financial support and promotions. See Attachment D for early survey results.

The survey has been shared via email and through websites in partnership with the Chamber of Commerce's and Visit Morgan Hill. The postcard will be mailed to all businesses and newspaper advertorials will be placed on Morgan Hill Life and Morgan Hill Times.

Additionally, City staff will personally reach out to the largest employers and sales tax generators as well as continue to work with our business partners to provide resources to small businesses.

C. Outreach to Developers:

Before COVID-19, the City was processing many commercial and industrial projects. Many of these that have broken ground and are well under construction. Given the new expanded shelter-in-place regulations that limit the majority of construction, it is expected that construction deadlines will be missed and projects are expected to be delayed. Staff will reach out to all active project representatives to understand their contingency plans. City staff are also challenged with the limitations on plan review, inspections and other activities that are now being performed remotely.

D. Technical & Financial Assistance

The City is collaborating with business partners to extend much needed technical assistance and connect businesses with financial resources. A key resource for the City is the Small Business Development Center (SBDC) that offers a wide range of services in multiple languages and has been working with the Morgan Hill Business community for many years. Additionally, Morgan Hill has a Small Business loan fund through the National Development Center that specifically supports Morgan Hill businesses.

The biggest program is the Economic Injury Disaster Program through SBA that offers up to \$2 million in debt to small businesses, non-profits, and sole proprietors. The loan terms are 15-30 year loans with low interest rates. This loan is particularly attractive because there is no principal or interest paid in the first five to 12 months and lack of collateral will not impede the loan from being approved (no collateral needed for loans less than \$25,000).

A second loan is a \$10,000 'forgivable loan' or grant when applying for the Economic Injury loan. These forgivable loans can be approved within a week.

Finally, the Paycheck Protection Plan (PPP) offers up to \$10 million with repayment terms of 10 years and interest rates of no more than 4%. This loan includes a loan forgiveness for salary losses associated with (re-)employing or paying salary to affected employees up to eight weeks. These loans will be accessible through a network of financial institutions.

There are many resources like provisions for existing SBA loan forgiveness and loans through institutions like Opportunity Fund or Facebook and Paypal. The SBDC is helping borrowers fill out financial statements and help businesses explore what is the best based on specific case-by-case scenarios.

The City will continue to be a resource and work with the partner business organizations to share information and provide assistance.

E. Business Resiliency:

To assist the business community in developing recovery plans and exploring best business practices, the City will be hosting a set of industry-specific Business Resiliency Roundtables through webinars. These roundtables will include industry experts as guest speakers and offer a platform for businesses to share ideas and best practices.

BUSINESS RESILIENCY ROUNDTABLES	
Manufacturing Roundtable	Retail Roundtable
Restaurant Roundtable	Tourism Roundtable
Financial Resources	Technical Resources (Website, Social Media)

F. Post Covid-19:

The world after the shelter-in-place order and the new normal may be different than the economic landscape from 2019. While we expect certain industries to continue to thrive, we anticipate significant damage to many businesses that may not survive.

We recognize that we need to start thinking about what Downtown and our shopping centers will look like, the possible impact of vacant storefronts, and the City's ability to continue to provide same level of service. We are engaging with our event organizers to understand their ability to hold events post shelter-in-place order. We are also working with Visit Morgan Hill to assist with the strategic plan for tourism marketing and promotions and hope to be positioned to have messaging in place to welcome back visitors.

City of Morgan Hill Food Resources

Agency	Representative	Phone Number	E-Mail	Notes
Community Suppers at St. Catherine Parish Center	Joe Lillig	408-781-3847	jplillig@gmail.com	Monday night supper program - 6-7pm - 17400 Peak Ave., Morgan Hill
The Community Table at Advent Lutheran Church	Sherry Quick	408-779-3551 or cell 408-612-2630	office@advent-lutheran.org	Tuesday night supper program 5-6 pm - 16870 Murphy Ave. Morgan Hill - (Murphy Ave, just east of Carl's Jr. off East Dunne Ave.)
Community Suppers at Community Christian Church	Kyle Windsor and Barbara Callaghan	Kyle - 408-234-5473 - Barbara - 408-230-8462	kyle - kyle@community-christian.us Barbara - godluvsu1945@yahoo.com	Thursday evening supper 6-7pm - 305 W. Main Ave. Morgan Hill, (near the corner of Crest Ave and Main St., across from 7-11)
Food Pantry at St. Catherines Church	Fran Hendrickson	408-779-7442	gwnv63@prodigy.net	17400 Peak Avenue Morgan Hill. (small building behind the Church and Parish Center) Distribution Days/Hours: daily, Monday through Friday 1:00PM - 2:30PM Bring some form of ID. May come once a month for groceries.

People That Care Crossroads Christian Center Fellowship Hall		408-779-2925	http://www.crossroadschristiancenter.org/home/about/contact/	145 Wright Avenue Morgan Hill. Distribution Days/Hours: Last Tuesday of the month January-October: 5:00PM - 6:30PM
Family Harvest - Hosted by Second Harvest	Jose Garcia - City of Morgan Hill - Ozzy Maldonado - Second Harvest Food Bank and Gary Palacios - Cathedral of Faith	Jose - 408-310-4282 - Ozzy - 408.694.0023 - Gary - 408-.623.5209	Jose - jose.garcia@morganhill.ca.gov Ozzy - OMaldonado@shfb.org Gary - gary@garypalacios.com	Distribution Days/Hours: Second Tuesday of each month: 11:30AM - 1:00PM at the Morgan Hill Community & Cultural Center. 17000 Monterey Street Morgan Hill.
Second Harvest Food Distribution	Kyle Windsor and Barbara Callaghan	Kyle - 408-234-5473 - Barbara - 408-230-8462	kyle - kyle@community-christian.us Barbara - godluvsu1945@yahoo.com	9-10am, 4th Wednesday of each month in the parking lot at Community Christian Church 305 W. Main Ave., Morgan Hill.

Produce Mobile through Second Harvest		408-779-2925	http://www.crossroadschristiancenter.org/home/about/contact/	Produce Mobile provides fresh fruits and vegetables for low income families January - October on the second Saturday of the month at 11:45 am - bring your own bag and call Church if needing emergency supply of food at Crossroads Fellowship Hall 145 Wright Ave.
Society of the Vincent DePaul - Neighbors Helping Neighbors	Carol Lillig	Voicemail Help Line 408-778-2928 Carol Lillig 408-857-4516	lillig.carol@gmail.com	In the spirit of love and justice, the volunteers at the Society of St. Vincent de Paul of St. Catherine Catholic Church in Morgan Hill provide person-to-person service to help our neighbors in need. Emergency rent and bill pay assistance, emergency hotel vouchers, as well as funds for groceries, gas, and education, medical and/or work-related expenses for Coyote, Morgan Hill and San Martin residents.
City of Morgan Hill Senior Center Lunch Program	Debbie Vasquez	408-310-4254	debbie.vasquez@mhcrc.com	M-F 11:30-1 pm Boxed Lunches - Curbside pu by Flagpole - MH CRC - 171 W. Edmundson Ave. - also delivering meals to VTA, Sourewise partisipants via our volunteer drivers

Second Harvest Senior Groceries - Advent Lutheran Church	Sherry Quick	408-779-3551 or cell 408-612-2630	office@advent-lutheran.org	Every Thursday at 9am - have to sign up at Second Harvest - call 408-266-8866 - 16870 Murphy Ave. Morgan Hill - (Murphy Ave, just east of Carl's Jr. off East Dunne Ave.)
Cecelia's Closet	Cecelia Ponzini	408-779-4387	cecilia@edwardbossprado.org	Food panty distribution drop off to families in need as necessary
Neighborhood Shares - West Hills Church and EAH Housing	Astrid Arretz	408-779-4361	astrid.arretz@eahhousing.org	Weekly groceries are picked up from Trader Joes and Distributed to residents at Park Place and the 3 Orchard Sites. Daily meals are picked up from our Senior Center and dropped off to Seniors at EAH Properties. Daily snacks from Second Harvest distributed to children.
Breakfast and Lunch Distribution - MHUSD	Michael Jochner	650-219-5399	jochnerm@mhusd.org - website: https://www.mhusd.org/covid-19/weekly-lunch-pick-up	Pick up 5 days worth of breakfast and lunch on Mondays from 11am - 1pm at the following locations: Los Paseos Elementary School - 121 Avenida Grande, San Jose - Live Oak High School - 1505 E. Main Ave., Morgan Hill - San Martin/Gwinn Environmental Science Academy - 100 North St., San Martin - No eating on site - pick up only
Walmart - Senior Hours		408-779-8172		Tuesdays one hour before store opens
Target - Senior Hours		408-310-4050		Wednesdays at 8am

Attachment A

Safeway - Senior Hours		E. Dunne - 408-776-8720 - Tennant Station - 408-776-9861		Tuesdays and Thursdays from 7am - 9am
Trader Joes - Senior Hours		408-778-6409		Every day from 9am - 10am
Nob Hill Foods - Senior Essential Bags Service		408-779-4845	https://www.raleys.com/senior-essentials-bag/	Beginning Saturday, March 21st, Nob Hill will have 2 different size bags for Seniors - \$20 bag and \$35 bag - no substitutions - available for curbside pick up or in store

City of Morgan COVID-19 Resources/Response

Agency	Representative	Phone Number	E-Mail/Link	Notes
City of Morgan Hill COVID-19 Dedicated Website	Maureen Tobin & Michelle Bigelow		www.morganhill.ca.gov/covid19	Website, Instagram, Facebook, Twitter, and Neighborhood, are updated as new information is received
City of Morgan Hill Weekly COVID-19 email	Maureen Tobin & Michelle Bigelow			Weekly Covid-19 update with links to resources, etc.
City of Morgan Hill 411	Maureen Tobin & Michelle Bigelow			Weekly "feel good" resources
City of Morgan Hill COVID-19 Call Center	Vicki Rossi and Kim Mancera	408-767-6404		Monday - Friday 8am - 5pm

City Wide Handwashing Stations	Keri Russell			Stations are located at sites below: By Jonty's/VRTA Lot - Plaza By Parking Garage under the Oak Tree - Downtown Creek Park (bike hub area) - Com Park by basketball courts - Paradise Park - Nordstrom Park - CCC Amphitheater area - Community Park, Galvan Park and Railroad Park restrooms with sinks remain open as well.
Community Solutions - Mental Health Services	Marianne Marafino	408-683-4118	marianne.marafino@communitysolutions.org	Please call and staff will complete intake and referral for client over the phone.
Abode Homeless Outreach Workers	Sushil Swamy & Brian Malicdem	Sushil - 408-569-5974 - Brian - 408-516-6176	sswamy@abodeservices.org - bmalicdem@abodeservices.org	Available when we call to outreach, but also make regular visits to check on homeless and offer services
Morgan Hill "Focus" Safe Park	Janessa Villareal	408-710-8855	janessa@gilroycompassioncenter.org	Safe Park is open to families 24 hours a day during COVID-19 shelter in place

Attachment B

Silicon Valley Strong	Mollie Tobias	mollie.tobias@sanjoseca.gov	siliconvalleystrong.org	Regional site with links to resources, volunteers, and links to volunteer opportunities
Destination Home Rental Assistance Fund	Sacred Heart	408-780-9134	sacredheartcs.org/covid19	Currently paused while accepting donations
Salvation Army Rental Assistance	Family Services Dept	408-282-1165 Ext. 3210	n/a	General Rental, Mortgage and Deposit Assistance

INFORMATION FOR BUSINESSES AND EMPLOYEES

If you haven't already, we encourage you to:

- Sign up to receive email updates from the City of Morgan: <https://bit.ly/2wlpObZ>
- Sign up to receive alerts from Santa Clara County through ALERTSCC: <https://www.sccgov.org/sites/oes/alertscc/Pages/home.aspx>.

The community can follow updates on the City of Morgan Hill's [website](#) and on [Facebook](#), [Twitter](#), [Instagram](#), and [Nextdoor](#).

Morgan Hill residents with urgent, non emergency questions or concerns are directed to call or text **408.767.6404**. This number will be monitored regularly, Monday - Friday, during the hours of 8:00 AM to 5:00 PM. Messages will be responded to within 24 hours, during weekdays.

We are here for you. We will get through this together.

In order to slow the spread of COVID-19 to the maximum extent possible, the Santa Clara County's Public Health Officer, along with the Health Officers of the five adjacent counties and the City of Berkeley, issued a [shelter in place order](#). The order began March 17th and is **expected to last through May 3rd**.

It is important to know that some [businesses and employee functions](#) (refer to Page 7 Item f) can remain operational during this order. Please note that the March 31st Order has clarified essential businesses. Please refer to the March 31 order (linked above)

We understand the County's order to shelter in place for all of Santa Clara County and the impact of the COVID-19 is being felt by businesses and their employees within Morgan Hill. We are reaching out to provide information on resources which available for your business and employees. In response to the COVID-19 pandemic, both the Federal and State government's have issued disaster declarations paving the way for Federal and State assistance.

Below you will find information on [loan programs](#), [tax assistance](#) along with information for [employees](#) impacted by either the virus or the order to shelter in place.

FOR BUSINESSES

Note that this situation remains fluid and information about programs is still evolving. These are the known resources available to businesses currently. The information will start with the different loan programs that are available to Morgan Hill businesses along with SBA funding that has recently become available due to Federal and State disaster declarations.

The City in partnership with the Chamber of Commerce, Visit Morgan Hill and Morgan Hill Downtown Association has launched a [Business Impact Survey](#) to help identify resources for recovery and resiliency for Small Business.

The State of California [Treasurer's Office Small Business Resources Page](#) has a great deal of information available for businesses including grants and other programs by County and City.

Business Loan Programs:

- [Grow Morgan Hill Fund](#): A small business [loan program](#) specific to business located in Morgan Hill.

- California IBank: Program provides loan guarantees in support of small businesses. [Small Business Finance Center](#)
- [Jump start loan program](#): Small business loans over 5 years from \$500 to \$10,000
- [Facebook Small Business Grants](#): Offering \$100 million in cash grants and ad credits.
- CARES Act: [Paycheck Protection Program \(PPP\) Loans](#): The program provides cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. **This can include loan forgiveness**
 - [SBA's Paycheck Protection Program website/Application \(Link\)](#)
- CARES Act: [Small Business Debt Relief Program](#): This program will provide immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months.
- California Treasurers Office: The California Capital Access Program ([CalCAP](#)) is a loan loss reserve program supporting small business lending.
- Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters ([Federal Declaration](#))-Economic Injury SBA Loan (see below)



Information on SBA Economic Injury Loans

What is an SBA-approved Economic Injury Disaster Loan?

If your business or not-for-profit has suffered substantial economic injury in a declared disaster area, you may be eligible to [apply for an SBA Economic Injury Disaster Loan](#). These loans generally offer up to \$2 million in assistance to businesses experiencing temporary loss of revenue. The key terms of these loans are:

- A 3.75% interest rate for small businesses without credit available elsewhere. (Businesses able to get credit elsewhere are not eligible.)
- A 2.75% interest rate for nonprofits.
- A maximum 30-year term, determined on a case-by-case basis, based upon each borrower's ability to repay.

How does a business apply for an Economic Injury Disaster Loan?

A business should be able to apply to the [SBA either online](#) or by mail. The applicant must provide substantial financial detail to analyze the applicant's creditworthiness. You can use the services of a CPA or a technical expert, but the SBA will not pay for these services.

Free advice can be sourced from local Technical Assistance providers.

Partners available to help prepare loan paperwork include:

- Small Business Development Center [SBDC](#). Morgan Hill's SBDC rep is Senior Business Advisor Allie Lopez- allie4svsbdc@gmail.com or 408.579.9943
- Service Corp of Retired Executives [SCORE](#)
- Minority Business Development Agency [MBDA](#)

What is the maximum loan amount limit?

Disaster loans generally max out at \$2 million, but if a business is a major source of employment the SBA has the authority to waive that limit.

What can the loan be used for?

These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The loans are not approved to refinance the long-term debts of a business.

What credit requirements does the SBA use to determine the application?

The SBA typically use the following criteria when considering an application:

- An acceptable credit history
- An ability to repay
- Collateral is required for all loans over \$25,000

Does the SBA take into account any insurance policy that may be applicable?

Yes. If a business has business interruption insurance, or other relevant claims, then the SBA may reduce the amount of the loan.

What evidence demonstrates economic injury?

Examples can include:

- Financial statements from the bank and cash flow statements demonstrating the impact on the business prior to and since the onset of the disaster.
- Written evidence of cancelled orders that have a material impact on the cash flow or profitability of the business since the onset of the disaster.
- Proof of layoffs or reduced hours for staff as a consequence of a decline in income or cancelled orders.

How long does it take for an Economic Injury Disaster Loan to be approved?

The SBA's goal is to arrive at a decision on applications within 2-3 weeks.

TAX ASSISTANCE

IRS Relief for Taxpayers Affected by Ongoing Coronavirus Disease 2019 Pandemic (Federal Government)

The Secretary of the Treasury has been instructed "to provide relief from tax deadlines to Americans who have been adversely affected by the COVID-19 emergency". Please read the grant of relief offered to all taxpayers.

[Notice 2020-17 \(PDF\)](#), Relief for Taxpayers Affected by Ongoing Coronavirus Disease 2019 Pandemic.

The Governor of California issued an [executive order](#) that outlines other programs to assist businesses and employees.

2019 California tax returns (State of California)

This relief includes moving the various tax filing and payment deadlines that occur on March 15, 2020, through June 15, 2020, to June 15, 2020. This includes:

- Partnerships and LLCs who are taxed as partnerships whose tax returns are due on March 15 now have a 90-day extension to file and pay by June 15.
- Individual filers whose tax returns are due on April 15 now have a 60-day extension to file and pay by June 15.
- Quarterly estimated tax payments due on April 15 now have a 60-day extension to pay by June 15.

The FTB's June 15 extended due date may be pushed back even further if the Internal Revenue Service grants a longer relief period. For more information visit: <https://www.ftb.ca.gov/about-ftb/newsroom/news-releases/2020-2-more-time-to-file-pay-for-california-taxpayers-affected-by-the-covid-19-pandemic.html>

Payroll (State of California)

Employers experiencing a hardship as a result of COVID-19 may request up to a 60-day extension of time from the EDD to file their state payroll reports and/or deposit state payroll taxes without penalty or interest. A written request for extension must be received within 60 days from the original delinquent date of the payment or return. For questions, employers may call the EDD Taxpayer Assistance Center toll-free from the U.S. or Canada: 1-888-745-3886.

Workshare Program (State of California)

Employers can apply for the Unemployment Insurance (UI) Work Sharing Program if reduced production, services, or other conditions cause them to seek an alternative to layoffs.

The Work Sharing Program helps employees whose hours and wages have been reduced:

- Receive UI benefits.
- Keep their current job.
- Avoid financial hardships

More details and forms are available at: https://www.edd.ca.gov/Unemployment/Work_Sharing_Program.htm

Sales Tax (State of California)

California Department of Tax and Fee Administration (CDTFA) has the authority to assist individuals and businesses impacted by complying with a state or local public health official's imposition or recommendation of social distancing measures related to COVID-19. This assistance includes granting extensions for filing returns and making payments, [relief from interest and penalties, and filing a claim for refund](#).

For more information please contact CDTFA: <https://www.cdtfa.ca.gov/services/covid19.htm>

Santa Clara County Property Tax

County Department of Tax and Collections understands and shares the public's anxiety and concern about the impacts of the COVID-19 pandemic. While we cannot change the April 10 deadline for the Second Installment of Property Taxes because critical county services, schools, and local financial obligations are dependent on those scheduled revenues, we can waive penalties, costs, or other charges resulting from tax delinquency due to reasonable cause and circumstances related to this crisis.

Property owners can take advantage of the partial payment program and make multiple partial payments on the installment due.

<https://www.sccgov.org/sites/dtac/tax/Pages/property-taxes-due-april-10.aspx>

Pacific Gas & Electric

PG&E has made service modifications for Impacted Customers.

1. Suspended service disconnections for non-payment and waive new service deposit requirements for residential and small business;
2. Implemented flexible payment plan options; and
3. Provided additional support for low-income and medical baseline customers.

If a customer is experiencing financial hardships and has trouble paying their bill due to the economic impact of COVID-19, they can help. Please call PG&E at 1-800-743-5000.

RELATED TO EMPLOYEES

Sick Leave

Employers can receive payroll tax relief for providing employees with up to 80 hours for paid sick leave for those unable to come to work due to COVID-19 illness. Employers are compensated through reduced payroll tax payments. In addition, compensation is available to allow employees to take care of a family member or their child due to school closure. Additional information about the caps on compensation amounts, the duration of additional leave, and potential for small business exemptions is available through the Department of Labor www.dol.gov/agencies/whd/pandemic/ffcra-employee-paid-leave.

Telework/ Telecommuting

Many providers of telework applications including local companies Cisco and Zoom are offering free or discounted access to their products which can be accessed through [Open For Business](#). The [State human resources website](#) and [Federal human resources website](#) may provide good insights into the benefits and limitations of allowing employees to keep productive if they are unable to go to the job site.

Evictions

The County of Santa Clara recently [adopted a moratorium](#) on residential and commercial evictions related to COVID 19. If the eviction is due to financial inability to pay rent or medical issues resulting from the coronavirus, commercial and residential tenants are safe from eviction through May 31 unless extended.

EMPLOYEES

Employees that are directly affected by COVID-19 or by the Shelter in Place order can apply for assistance from the State of California.

Program	Why	What	Benefits	More Information	How to File
Disability Insurance	If you're unable to work due to medical quarantine or illness related to COVID-19 (certified by a medical professional)	Short-term benefit payments to eligible workers who have a full or partial loss of wages due to a non-work-related illness, injury, or pregnancy.	Approximately 60-70 percent of wages (depending on income); ranges from \$50-\$1,300 a week for up to 52 weeks.	Learn more about your eligibility for Disability Insurance	File a Disability Insurance claim
Paid Family Leave	If you're unable to work because you are caring for an ill or quarantined family member with COVID-19 (certified by a medical professional)	Up to six weeks of benefit payments to eligible workers who have a full or partial loss of wages because they need time off work to care for a seriously ill family member.	Approximately 60-70 percent of wages (depending on income); ranges from \$50-\$1,300 a week for up to 6 weeks.	Learn more about your eligibility for Paid Family Leave	File a Paid Family Leave claim

Program	Why	What	Benefits	More Information	How to File
Unemployment Insurance	If you <u>have lost your job or have had your hours reduced for reasons</u> related to COVID-19	Partial wage replacement benefit payments to workers who lose their job or have their hours reduced, through no fault of their own.	Range from \$40-\$450 per week for up to 26 weeks.	Learn more about your eligibility for Unemployment Insurance	File an Unemployment Insurance claim
Paid Sick Leave	If you or a family member are sick or for preventative care when civil authorities recommend quarantine	The leave you have accumulated, or your employer has provided to you under the Paid Sick Leave law.	Paid to you at your regular rate of pay or an average based on the past 90 days.	Learn more about your eligibility for Paid Sick Leave	If accrued sick leave is denied, file a Wage claim
Workers' Compensation	If you are unable to do your usual job because you were exposed to and contracted COVID-19 during the regular course of your work, you may be eligible for workers' compensation benefits.	Benefits include temporary disability (TD) payments, which begin when your doctor says you can't do your usual work for more than three days or you are hospitalized overnight. You may be entitled to TD for up to 104 weeks. TD stops when either you return to work, your doctor releases you for work, or your doctor says your illness has improved as much as it's going to.	TD generally pays two-thirds of the gross wages you lose while you are recovering from a work-related illness or injury, up to maximum weekly amount set by law. In addition, eligible employees are entitled to medical treatment and additional payments if a doctor determines you suffered a permanent disability because of the illness.	Learn more about your eligibility for Workers' Compensation benefits	File a Workers' Compensation claim

Additional details on State of California Unemployment services can be found at:

https://www.edd.ca.gov/about_edd/coronavirus-2019.htm

<https://www.labor.ca.gov/coronavirus2019/>

Loss of Medical Coverage

Laid off employees who had insurance coverage through their employer are eligible to maintain their insurance both through [COBRA](#) and through [Covered California](#) since loss of employment is considered a qualifying event. For COBRA, inquire with your employer about benefits or with the [Department of Labor – Employee Benefits Security Administration](#) if your employer has gone out of business or stopped offering coverage. The Covered California website has information about [enrollment and requirements](#).

“Slow” Foreclosures

Borrowers who are experiencing financial challenges due to the pandemic are strongly encouraged to contact their mortgage servicer to explore their options as some banks and financial institutions may be offering relaxed requirements. [Governor Newsom's executive order](#) makes the request but individuals with mortgages should inquire with their lender directly. The Federal Housing Finance Agency (FHFA) has directed Fannie Mae and Freddie Mac to suspend foreclosures and evictions for at least 60 days due to the coronavirus national emergency.

Insurance Grace Period

The California Department of Insurance has issued a [Notice requesting all insurance companies](#) provide their policyholders with at least a 60-day grace period to pay their premiums. Consumers should contact their insurance company if they need additional time to pay their premium.

IRS Relief for Taxpayers Affected by Ongoing Coronavirus Disease 2019 Pandemic (Federal Government)

The Secretary of the Treasury has been instructed “to provide relief from tax deadlines to Americans who have been adversely affected by the COVID-19 emergency”. Please read the grant of [relief offered to all taxpayers](#).

Financial Assistance for Low-Income Residents

Destination: Home has raised more than \$11 million from private and public sources, including a proposed \$2 million contribution from the County, to provide direct financial assistance to those who are facing a documented loss of income because of COVID-19.

Eligible residents must meet these three criteria to qualify for assistance:

1. Resident of Santa Clara County
2. Household gross income less than 80% of the average median income (e.g. \$103,900 for a family of four)
3. Documented loss of income related to COVID-19 impacts due to health, employment, or school/child care closures

Eligible households will receive up to a maximum of \$4,000 of lost income per month. Assistance may be requested once per month for the duration of the public health emergency, as long as the household continues to experience an economic impact and funds are available.

Residents can get more information or apply online at <https://sacredheartcs.org/covid19/>. They can also call (408) 780-9134.

Evictions

The County of Santa Clara recently [adopted a moratorium](#) on residential and commercial evictions related to COVID 19. If the eviction is due to financial inability to pay rent or medical issues resulting from the coronavirus, commercial and residential tenants are safe from eviction through May 31 unless extended.

Pacific Gas & Electric

PG&E has made service modifications for Impacted Customers.

1. Suspended service disconnections for non-payment and waive new service deposit requirements for residential and small business;
2. Implemented flexible payment plan options; and
3. Provided additional support for low-income and medical baseline customers.

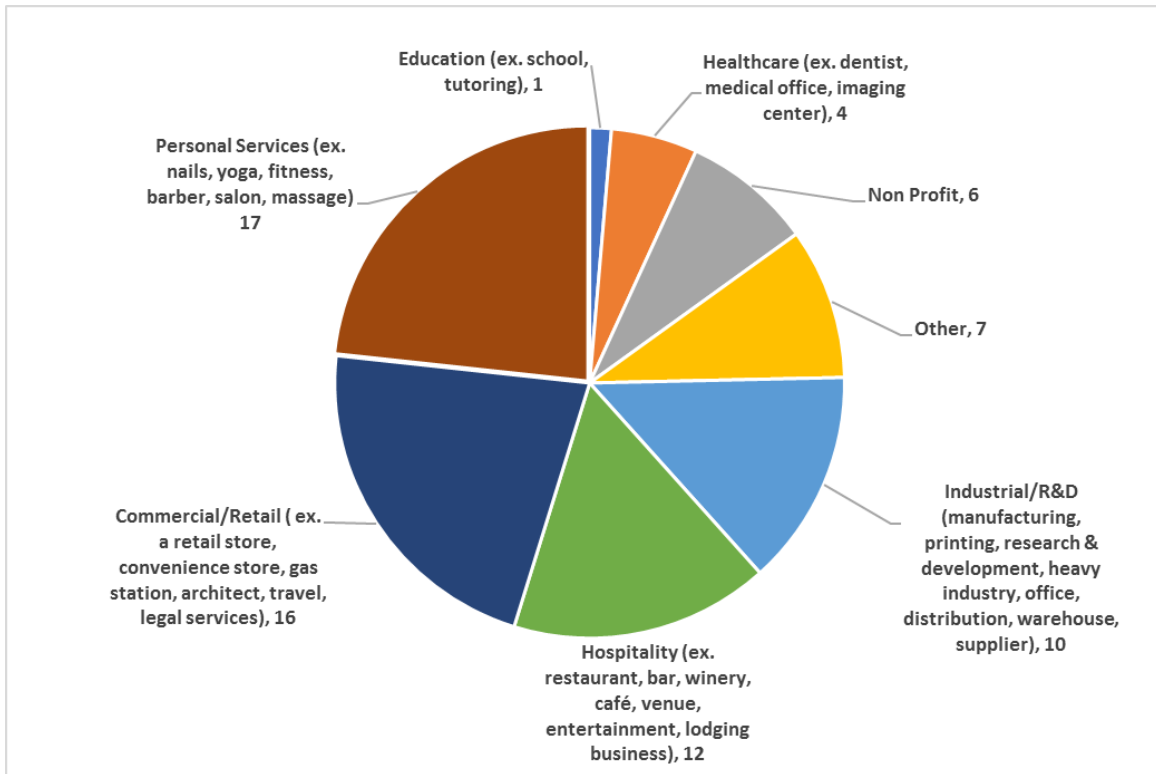
If a customer is experiencing financial hardships and has trouble paying their bill due to the economic impact of COVID-19, they can help. Please call PG&E at 1-800-743-5000.

Attachment D

Business Impact Survey

(Summary of Results 73 Surveys-Through Tuesday 3/31/20)

RESPONDENT BY INDUSTRY



Age of Business

Average age is 20.8 years. Oldest is over 100 years, youngest 1 month

Median Age 9 years

Own or Lease your space

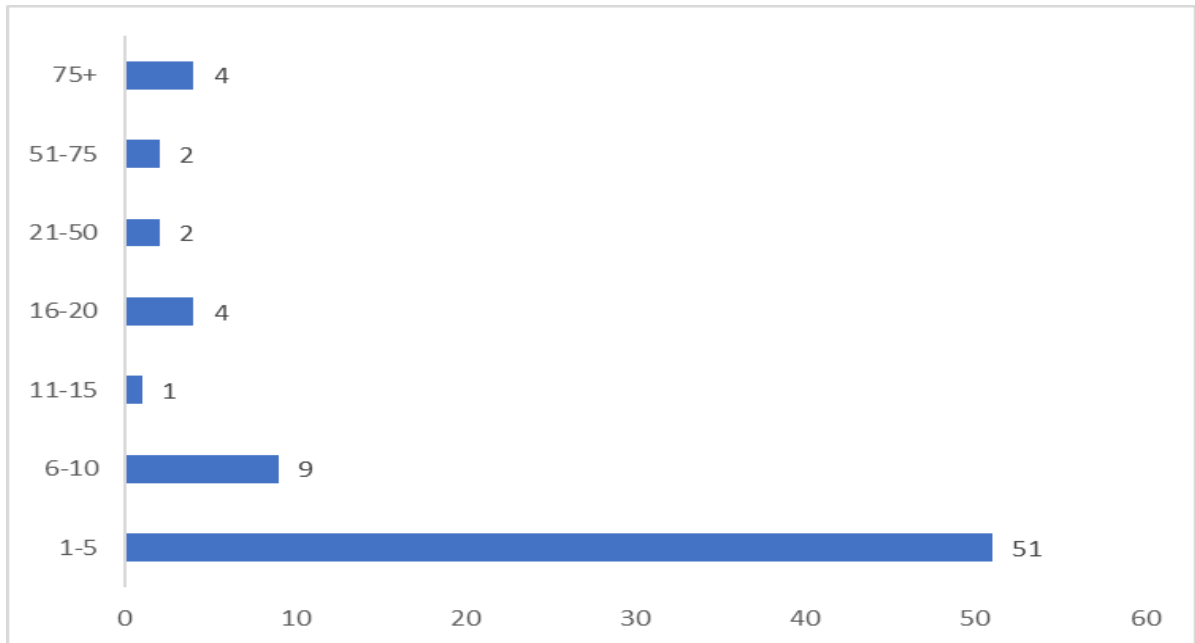
- 51 Lease
- 20 Own
- 2 no answer

Attachment D

Business Impact Survey

(Summary of Results 73 Surveys-Through Tuesday 3/31/20)

Pre-COVID, how many Full-Time Equivalent employees did you have?



Since Shelter in place (Impact on Operations)

- 49 Reduced Hours of Operation. 1 Increased Hours of Operation
- 26 Reduced Number of Employees, 1 Increased Number of Employees
- 61 Loss of Revenue. 2 Increase in Revenue
- 48 Reduced Productivity, 1 Increased Productivity

What percentage of employees in your company have been affected by reduced hours/loss of wages?

47% of respondents say that 100% of their workforce has been affected/impacted

Have you been forced to close your business because of the shelter-in-place order?

Nearly half of the respondents (35) have been forced to close as a result of the shelter in place

Would a prolonged shelter-in-place order force you to close your business? And if so, how much longer do you think your business can survive the current situation?

Most common response was 2 months (11 responses). However, many were unsure or unclear

Have you begun working on a business recovery plan?

Over half of respondents (48) has started working on a recovery plan

Business Impact Survey
(Summary of Results 73 Surveys-Through Tuesday 3/31/20)

What program(s) are you utilizing and does it have a direct impact on your personal assets? (real estate, investments, personal property, stocks, etc)

16 Responses are looking into SBA emergency loans. Others commented they are sure.

Anything we could be doing to support you, your business and employees?

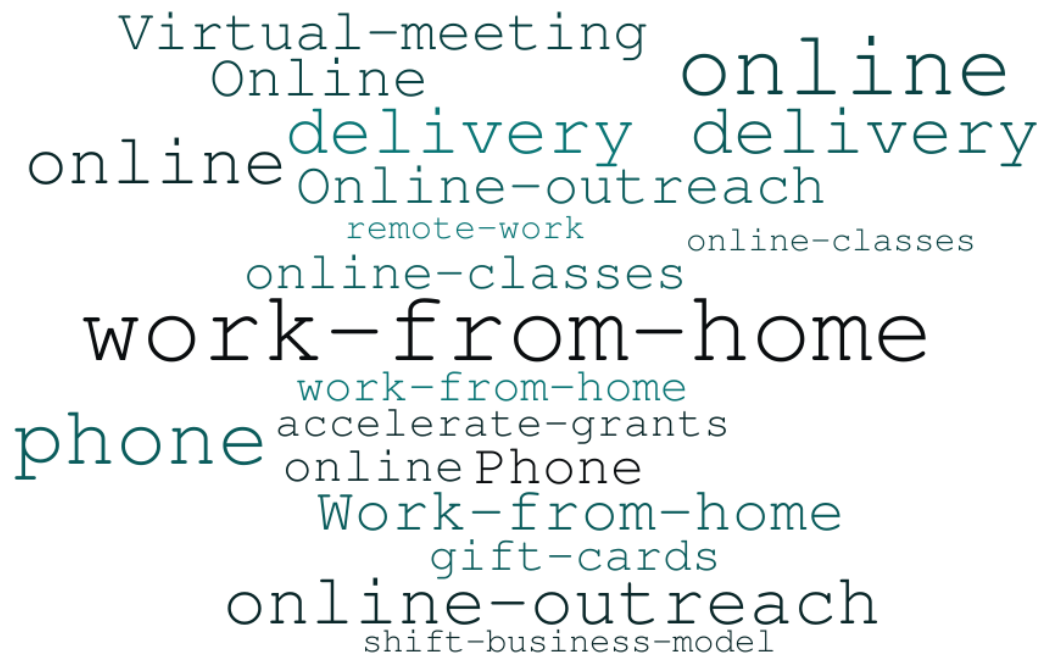
- *Comprehensive list of resources*
- *Be listed on chamber page as offering virtual services*
- *Factual summaries of benefits provided by local, State, Federal resources.*
- *Guidance through the many different support opportunities*
- *Local promotions to suggest ways to support local businesses.*
- *Square has a local business gift card director*
- *Information on support the state or localities may offer to churches and other faith communities*
- *Information on programs of assistance for businesses and their employees.*
- *Grants and not loans.*
- *My business can't take on debt and recover from this.*
- *Permission to have A frame signs on main road*
- *Information on grant opportunities or folks with philanthropic hearts*
- *Solutions to lobby for safe business practice without turning off the economy.*
- *Direct source of where to get help*
- *Allow small street signs to advertise.*
- *A way for the county to grant marriage licenses via zoom or another conferencing tool.*
- *Need money to survive. Grants or loans*
- *Quick financial solutions to offset accumulating debit while closed.*
- *Private or City funded back stop grants to mitigate short term exposures until SBA grants are funded.*
- *Access to PPE supplies to protect our staff and residents*
- *Assistance for tenants who rent commercial space and have no income.*
- *Info re: loans available - low interest, potentially forgivable components*
- *Possible rent assistance*
- *Keep info flowing*

Business Impact Survey

(Summary of Results 73 Surveys-Through Tuesday 3/31/20)

- *City grant for businesses over 5 years?*
- *Provide info that schools provide for a natural childcare so parents can go to work and do not have to pay other child care*
- *Helping navigate more resources for businesses*
- *Webinar/workshop with an expert on the Disaster relief loan program*
- *Debt Deferment, Loans or grants*
- *Helping to defer or abate rent payments with landlord.*
- *Postpone TOT, TBID and property taxes*

Any mitigation measures you're considering or implementing (i.e. online, phone, delivery, pick up)?



A word cloud visualization of mitigation measures. The words are arranged in a roughly circular shape, with 'work-from-home' being the largest and most central. Other prominent words include 'online', 'delivery', 'phone', 'online-outreach', 'online-classes', 'remote-work', 'virtual-meeting', 'work-from-home', 'accelerate-grants', 'online Phone', 'Work-from-home', 'gift-cards', 'shift-business-model', 'online', 'online-outreach', 'online-classes', 'remote-work', 'virtual-meeting', 'work-from-home', 'accelerate-grants', 'online Phone', 'Work-from-home', 'gift-cards', 'shift-business-model'. The words are in various shades of teal and black, with different font sizes and orientations.

WordItOut



Regular Meeting Agenda

Joint City Council and Successor Agency Meeting

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

Wednesday, April 1, 2020 7:00 p.m.

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

PUBLIC MEETINGS DURING THE COVID-19 VIRUS EMERGENCY

Public Participation:

In accordance with Executive Orders N-25-20, N-29-20, and guidance from the California Department of Public Health on gatherings, remote public participation is allowed. The Order will be addressed in the following ways:

Members of the public may not physically attend meetings at the Morgan Hill City Council Chamber.

The City Council meeting will be live-streamed on Channel 17 and on the City's website. Members of the public may participate in the meeting remotely through an electronic meeting in the following ways; by either joining the electronic meeting at bit.ly/040120CCMTG and enter ID: 663 791 422 or by calling in (669) 900-9128 enter Meeting ID: 663 791 422#.

Public comment for City Council meetings will be accepted via email to ccpubliccomment@morganhill.ca.gov <<mailto:ccpubliccomment@morganhill.ca.gov>>. Members of the public participating in the electronic meeting wishing to speak may do so during public comment.

CONTINUED PUBLIC HEARINGS

The public hearing regarding **The amendment of title 18 (Zoning), Division III (Residential Development Control System(RDCS)), of the Morgan Hill Municipal Code, by adding a section 18.156.180 (enforcement) to establish procedures for the limited enforcement or non-enforcement of the Residential Development Control System (RDCS) while the Housing Crisis Act is in effect,** that was publicly noticed for consideration by the City Council at this meeting has been continued to a date certain of April 15, 2020.

The item **Environmental Assessment application EA2019-0017 and Improvement Agreement: Cochrane-Monument Land Company (TechCon Project)** that was publicly noticed for consideration by the City Council at this meeting has been continued to a date certain of April 15, 2020.

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

CALL TO ORDER

Mayor Constantine

ROLL CALL ATTENDANCE

Deputy City Clerk Michelle Bigelow

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2
Deputy City Clerk Bigelow

PLEDGE OF ALLEGIANCE

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

CITY COUNCIL ACTIONS

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. DIRECT THE CITY MANAGER TO NEGOTIATE BROADBAND AGREEMENT

Recommendation:

Direct the City Manager to Negotiate a Dark Fiber Agreement with Wave Broadband for City internet and intranet connectivity.

2. APPROVE FUNDING AGREEMENT WITH COUNTY OF SANTA CLARA FOR MORGAN HILL MAGICAL BRIDGE PLAYGROUND

Recommendation:

Adopt resolution approving and authorizing the City Manager to execute and administer an agreement with the County of Santa Clara for the approval and transfer of \$150,000 from the County of Santa Clara Park Charter Fund for improvements associated with the Morgan Hill Magical Bridge Playground Project.

3. APPROVE PURCHASE OF AN ASPHALT TRUCK AND TRACK LOADER

Recommendation:

1. Approve purchase of an Asphalt Truck from Municipal Maintenance Equipment in the amount of \$238,911 through a Sourcewell cooperative bid contract;
2. Approve purchase of a Track Loader from Bobcat of Fremont in the amount of \$82,081 through a Sourcewell cooperative bid contract;
3. Adopt resolution amending the Fiscal Year 2019-20 budget to appropriate \$235,000 as expenditures, and \$37,200 as revenue, in the Equipment Replacement Fund (790);
4. Authorize the City Manager to approve both purchase orders totaling \$320,992;
5. Declare the current asphalt truck and woodchipper as surplus equipment; and
6. Authorize the disposal of the surplus equipment in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

4. APPROVE PURCHASE OF A NEW VACTOR COMBO TRUCK

Recommendation:

1. Approve purchase of a Vactor Combo Truck from Owen Equipment Company in the amount of \$511,590 through a Sourcewell cooperative bid contract;
2. Adopt resolution amending the Fiscal Year 2019-20 budget to appropriate \$350,000 from the Equipment Replacement Fund (790) to fully fund the purchase of the Vactor Combo Truck;
3. Authorize the City Manager to approve a purchase order for \$511,590 with Owen Equipment Company;
4. Declare the current combo truck, City vehicle S09166, as surplus; and
5. Authorize the disposal of the surplus truck in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

5. RECEIVE REPORT REGARDING THE EXTENSION OF TERMS OF TWO (2) MEMBERS ON THE LIBRARY, CULTURE & ARTS COMMISSION; AND THREE (3) MEMBERS ON THE PARKS AND RECREATION COMMISSION

Recommendation:

1. Receive report; and
2. If desired, the Council can reappoint the two commissioners who have applied for reappointment.

6. APPROVE THE MARCH 18, 2020 MEETING MINUTES

Recommendation:

Approve Minutes.

7. APPROVE THE MARCH 23, 2020 MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

8. REVIEW RESOLUTION RATIFYING EMERGENCY PROCLAMATION

Recommendation:

Reaffirm Council's ratification of the Director of Emergency Services proclamation of a local emergency on March 13, 2020.

Estimated Time: 60 Minutes

SUCCESSOR AGENCY ACTIONS

OTHER BUSINESS

1. ADOPT RESOLUTION AUTHORIZING THE SALE AND ISSUANCE OF TAXABLE REFUNDING BONDS TO REFINANCE AT LOWER INTEREST RATES CERTAIN OUTSTANDING BONDS PREVIOUSLY ISSUED BY THE SUCCESSOR AGENCY

Recommendation:

Adopt resolution authorizing the sale and issuance of Tax Allocation Refunding Bonds to refinance at lower interest rates certain outstanding bonds previously issued by the Successor Agency.

Estimated Time:

FUTURE CITY 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.

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. 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 and Preserving Open Space and Agricultural Land
- Maintaining Infrastructure
- 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

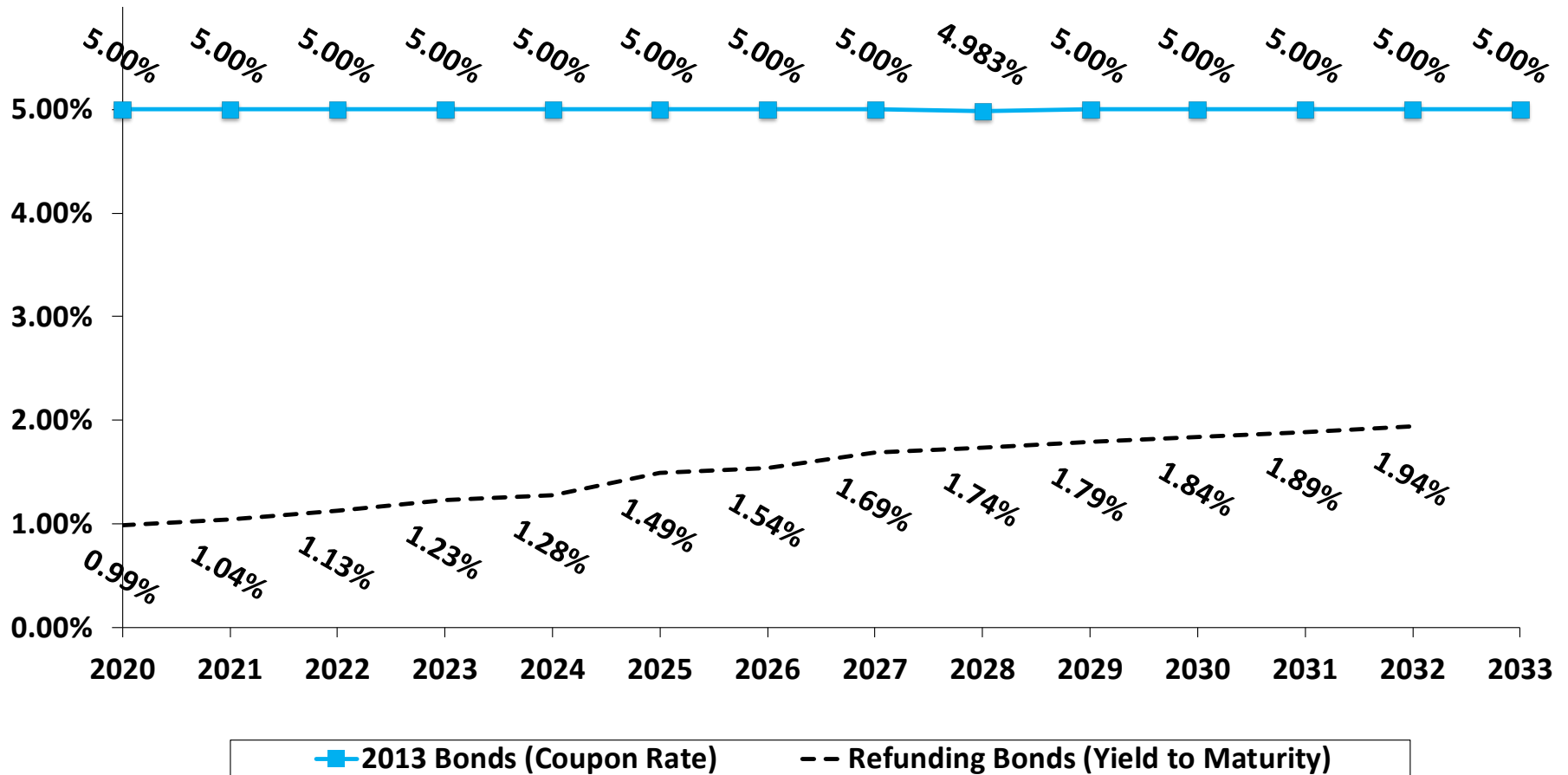
2020-2021 Strategic Priorities

- **Fiscal Sustainability**
- Affordable Housing and Homelessness
- Community Engagement and Messaging
- Economic Development
- Transportation

Morgan Hill Successor Agency
Preliminary Debt Service Savings Analysis

March 6, 2020

Interest Rate Comparison: 2013 Bonds versus Refunding Bonds



Estimated Debt Service Savings

12-Mo. Ending Sept. 1,	2013 Bonds				Refunding Bonds			Debt Service Savings	
	Principal	Interest	Reserve (1.25%)	Total	Principal	Interest	Total	Annual	Cumulative
2020	2,470,000	1,691,688	(43,357)	4,118,331	3,870,000	243,950	4,113,950	4,381	4,381
2021	3,700,000	3,231,375	(86,713)	6,844,662	5,160,000	1,045,908	6,205,908	638,754	643,135
2022	3,890,000	3,044,000	(86,713)	6,847,287	5,215,000	992,244	6,207,244	640,043	1,283,177
2023	4,085,000	2,847,125	(86,713)	6,845,412	5,275,000	933,315	6,208,315	637,097	1,920,275
2024	4,255,000	2,676,125	(86,713)	6,844,412	5,335,000	868,432	6,203,432	640,980	2,561,254
2025	4,470,000	2,463,375	(86,713)	6,846,662	5,405,000	800,144	6,205,144	641,518	3,202,772
2026	4,695,000	2,239,875	(86,713)	6,848,162	5,490,000	719,610	6,209,610	638,552	3,841,324
2027	4,930,000	2,005,125	(86,713)	6,848,412	5,575,000	635,064	6,210,064	638,348	4,479,672
2028	5,175,000	1,758,625	(86,713)	6,846,912	5,665,000	540,846	6,205,846	641,066	5,120,738
2029	5,430,000	1,500,750	(86,713)	6,844,037	5,765,000	442,275	6,207,275	636,762	5,757,500
2030	5,705,000	1,229,250	(86,713)	6,847,537	5,870,000	339,082	6,209,082	638,455	6,395,955
2031	5,990,000	944,000	(86,713)	6,847,287	5,975,000	231,074	6,206,074	641,213	7,037,168
2032	6,290,000	644,500	(86,713)	6,847,787	6,090,000	118,146	6,208,146	639,641	7,676,809
2033	6,600,000	330,000	(7,023,781)	(93,781)	0	0	0	(93,781)	7,583,028
	67,685,000	26,605,813	(8,107,698)	86,183,115	70,690,000	7,910,087	78,600,087	7,583,028	



Estimated Net Present Value (NPV) Savings

Net Debt Service Savings (PV)	6,310,135
Par Amount of Refunded Bonds	67,685,000
NPV Savings / Refunded Par Amount	9.32%



Estimated Sources & Uses of Funds

Sources of Funds:

Par Amount of Bonds	70,690,000
Transfer from 2013 Bond Debt Service Fund	561,099
Transfer from 2013 Bond Reserve Fund	6,935,125
Total Sources	78,186,224

Uses of Funds:

Deposit to Redemption Fund	77,442,175
Estimated Costs of Issuance	744,049
Total Uses	78,186,224

Estimated Costs of Issuance

Service	Vendor	Estimated Fee
Underwriter (0.425%)	Morgan Stanley	300,433
Reserve Fund Surety (1.75%)	Assured Guaranty Municipal	108,676
Bond Counsel	Norton Rose Fulbright	75,000
Time & Materials	City of Morgan Hill	67,450
Financial Advisor	Steven Gortler	50,000
Rating Agency	Standard & Poor's	40,000
Disclosure Counsel	Jones Hall	35,000
Underwriters Counsel	Stradling Yocca Carlson & Rauth	15,000
Redevelopment Consultant	Fraser & Associates	12,000
Trustee	BNY Mellon	6,000
Verification Agent	Causey Demgen & Moore	3,000
Financial Printer	Royce Printing	2,750
Contingency	n/a	28,740
		744,049



Legal Disclosures

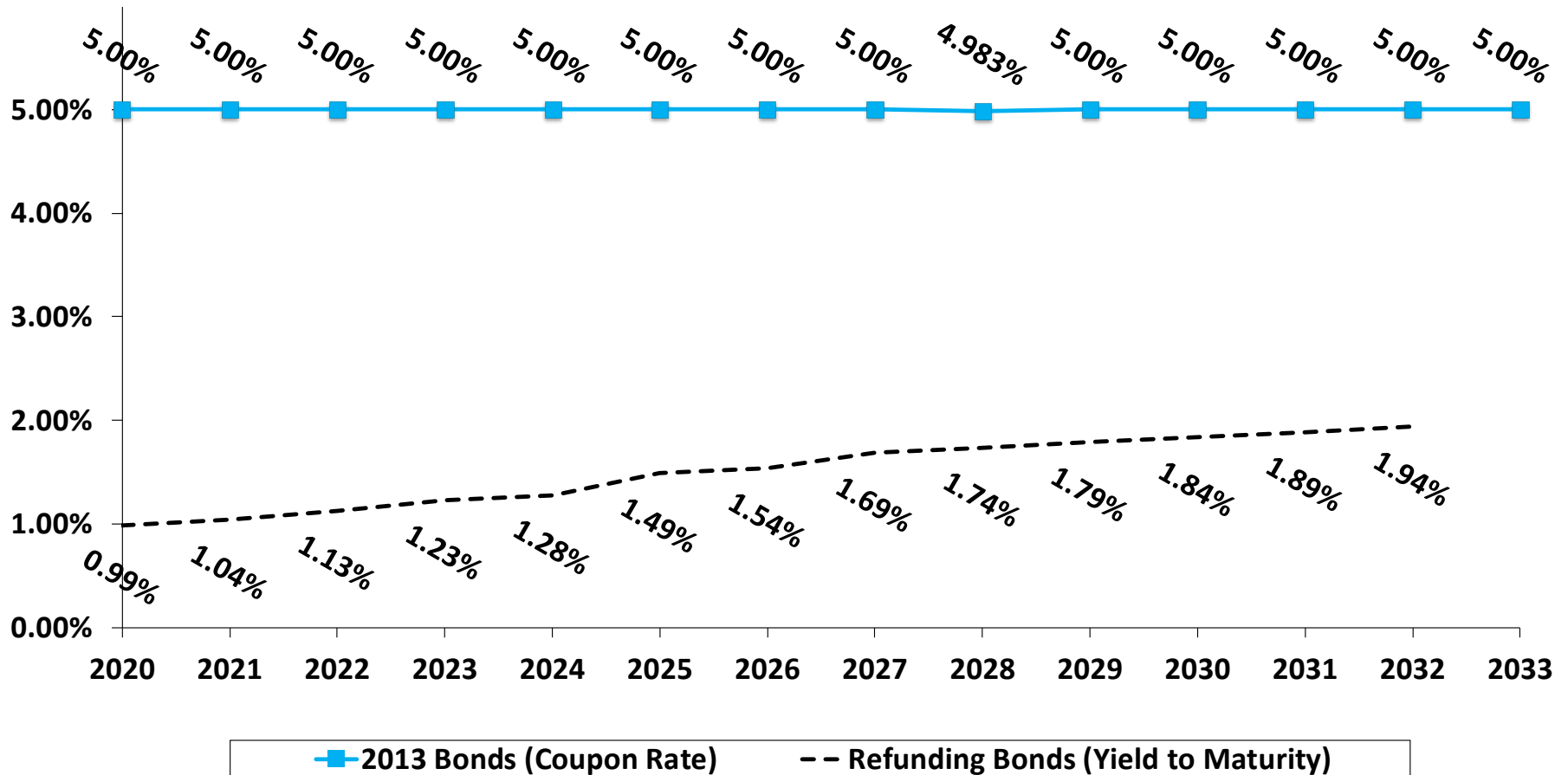
Legislation (SB 450) that was signed into State Law in October, 2017 requires all issuers of public debt in California, including the Successor Agency, to disclose the following information in a meeting that is open to the public:

- Based on market conditions and interest rates as of March 6, 2020, the estimated 'True Interest Cost' for the proposed 2020 Refunding Bonds is approximately **1.775%**.
- The estimated 'Total Costs of Issuance' for the proposed 2020 Refunding Bonds is approximately **\$744,049**.
- The estimated 'Net Proceeds' of the proposed 2020 Refunding Bonds is approximately **\$77,442,175**.
- The estimated 'Total Debt Service Payments' for the proposed 2020 Refunding Bonds over the entire term of the Bonds, is approximately **\$78,600,087**.

Morgan Hill Successor Agency
Preliminary Debt Service Savings Analysis

March 6, 2020

Interest Rate Comparison: 2013 Bonds versus Refunding Bonds



Estimated Debt Service Savings

12-Mo. Ending Sept. 1,	2013 Bonds				Refunding Bonds			Debt Service Savings	
	Principal	Interest	Reserve (1.25%)	Total	Principal	Interest	Total	Annual	Cumulative
2020	2,470,000	1,691,688	(43,357)	4,118,331	3,870,000	243,950	4,113,950	4,381	4,381
2021	3,700,000	3,231,375	(86,713)	6,844,662	5,160,000	1,045,908	6,205,908	638,754	643,135
2022	3,890,000	3,044,000	(86,713)	6,847,287	5,215,000	992,244	6,207,244	640,043	1,283,177
2023	4,085,000	2,847,125	(86,713)	6,845,412	5,275,000	933,315	6,208,315	637,097	1,920,275
2024	4,255,000	2,676,125	(86,713)	6,844,412	5,335,000	868,432	6,203,432	640,980	2,561,254
2025	4,470,000	2,463,375	(86,713)	6,846,662	5,405,000	800,144	6,205,144	641,518	3,202,772
2026	4,695,000	2,239,875	(86,713)	6,848,162	5,490,000	719,610	6,209,610	638,552	3,841,324
2027	4,930,000	2,005,125	(86,713)	6,848,412	5,575,000	635,064	6,210,064	638,348	4,479,672
2028	5,175,000	1,758,625	(86,713)	6,846,912	5,665,000	540,846	6,205,846	641,066	5,120,738
2029	5,430,000	1,500,750	(86,713)	6,844,037	5,765,000	442,275	6,207,275	636,762	5,757,500
2030	5,705,000	1,229,250	(86,713)	6,847,537	5,870,000	339,082	6,209,082	638,455	6,395,955
2031	5,990,000	944,000	(86,713)	6,847,287	5,975,000	231,074	6,206,074	641,213	7,037,168
2032	6,290,000	644,500	(86,713)	6,847,787	6,090,000	118,146	6,208,146	639,641	7,676,809
2033	6,600,000	330,000	(7,023,781)	(93,781)	0	0	0	(93,781)	7,583,028
	67,685,000	26,605,813	(8,107,698)	86,183,115	70,690,000	7,910,087	78,600,087	7,583,028	



Estimated Net Present Value (NPV) Savings

Net Debt Service Savings (PV)	6,310,135
Par Amount of Refunded Bonds	67,685,000
NPV Savings / Refunded Par Amount	9.32%



Estimated Sources & Uses of Funds

Sources of Funds:

Par Amount of Bonds	70,690,000
Transfer from 2013 Bond Debt Service Fund	561,099
Transfer from 2013 Bond Reserve Fund	6,935,125
Total Sources	78,186,224

Uses of Funds:

Deposit to Redemption Fund	77,442,175
Estimated Costs of Issuance	744,049
Total Uses	78,186,224



Estimated Costs of Issuance

Service	Vendor	Estimated Fee
Underwriter (0.425%)	Morgan Stanley	300,433
Reserve Fund Surety (1.75%)	Assured Guaranty Municipal	108,676
Bond Counsel	Norton Rose Fulbright	75,000
Time & Materials	City of Morgan Hill	67,450
Financial Advisor	Steven Gortler	50,000
Rating Agency	Standard & Poor's	40,000
Disclosure Counsel	Jones Hall	35,000
Underwriters Counsel	Stradling Yocca Carlson & Rauth	15,000
Redevelopment Consultant	Fraser & Associates	12,000
Trustee	BNY Mellon	6,000
Verification Agent	Causey Demgen & Moore	3,000
Financial Printer	Royce Printing	2,750
Contingency	n/a	28,740
		744,049



Legal Disclosures

Legislation (SB 450) that was signed into State Law in October, 2017 requires all issuers of public debt in California, including the Successor Agency, to disclose the following information in a meeting that is open to the public:

- Based on market conditions and interest rates as of March 6, 2020, the estimated 'True Interest Cost' for the proposed 2020 Refunding Bonds is approximately **1.775%**.
- The estimated 'Total Costs of Issuance' for the proposed 2020 Refunding Bonds is approximately **\$744,049**.
- The estimated 'Net Proceeds' of the proposed 2020 Refunding Bonds is approximately **\$77,442,175**.
- The estimated 'Total Debt Service Payments' for the proposed 2020 Refunding Bonds over the entire term of the Bonds, is approximately **\$78,600,087**.