



Certificate of Achievement

The City of Morgan Hill recognizes

Agnes Williams

*For your rock solid, respectful style of collaboration
as well as your desire to step up to challenge yourself to
develop in your new team and leadership role.*

*You are a quiet leader with a mighty spirit that fueled
accomplishing the first virtual YLMH program.*

YOU ROCK!!!

A handwritten signature in black ink, appearing to read 'Chiquy Mejia'.

Chiquy Mejia, YAC Advisor

A handwritten signature in black ink, appearing to read 'Les Taylor'.

Les Taylor, YAC Volunteer Advisor

A handwritten signature in blue ink, appearing to read 'Richard Constantine'.

Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes

Alida Watkins

For your quiet, calm demeanor fueled by fair-minded judgment and ability to step up with spontaneity and persistence. Your commitment to the team's development has earned you a reputation as an effective leader in accomplishing the first virtual YLMH program.

YOU ROCK!!!

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Chiquy Mejia, YAC Advisor

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Les Taylor, YAC Volunteer Advisor

A handwritten signature in blue ink, appearing to read 'Rich Constantine'.

Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes

Armaan Banwait

For using your honesty and succinct, straight-shooting communication to model advocating one's point of view in a calm, respectful manner. Your leadership skills, guidance and supportive ways combined with your reliably conscientious commitment all contributed to accomplishing the first virtual YLMH program.

YOU ROCK!!!

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Chiquy Mejia, YAC Advisor

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Les Taylor, YAC Advisor Volunteer

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Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes

Hassti Tirqardoon

*For your ongoing conscientious forethought and initiative,
your patient grace, meticulous leadership and gifted balance
of best program and people outcomes. Your guidance thought
leadership and execution are all responsible for
accomplishing the first virtual YLMH program.*

YOU ROCK!!!

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Chiquy Mejia, YAC Advisor

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Les Taylor, YAC Volunteer Advisor

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Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes

Paras Ghandi

For your willingness to learn, accept feedback and step up to spontaneity in trying new and challenging things. Your desire to collaborate in the program has helped to accomplish the first virtual YLMH program.

YOU ROCK!!!

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Chiquy Mejia, YAC Advisor

A handwritten signature in black ink, appearing to read 'Les Taylor'.

Les Taylor, YAC Volunteer Advisor

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Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes

Ria Deshpande

For your confident, take charge, proactively resourceful, enthusiastic positivity in approaching tasks and people. Your initiative, significant thought leadership and excellence in execution led the team to success in accomplishing the first YLMH virtual program.

YOU ROCK!!!

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Chiquy Mejia, YAC Advisor

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Les Taylor, YAC Volunteer Advisor

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Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes
Vaishnavi Muralidharan

*For your quiet confidence, easy going willingness to contribute
wherever needed and excellence in work quality and well thought out
the execution. Your courage and maturity in rising to a steep
learning curve resulted in your growth, leadership and contributed
greatly to the first virtual YLMH program.*

YOU ROCK!!!

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Chiquy Mejia, YAC Advisor

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Les Taylor YAC Volunteer Advisor

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Rich Constantine, City Mayor



July 2020



Special - Regular Meeting Agenda

City Council

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

Wednesday, July 15, 2020 5:30 p.m.

Virtual Meeting

Link to join the meeting can be found below, Morgan Hill, CA 95037

MEETING GUIDELINES

In accordance with Executive Order N-25-20 and guidance from the California Department of Public Health on gatherings, remote public participation is allowed. We will address the Order 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. Those members of the public wishing to participate remotely may do so via the electronic meeting at:

<https://bit.ly/071520CCMeeting85451421831>

<https://bit.ly/071520CCMeeting%20854%205142%201831> or by calling in to: (669) 900-9128, then enter the meeting id: 845 5142 1831.

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.

SPECIAL/REGULAR MEETING

A special meeting of the City Council is called at 5:30 p.m. for the purpose of conducting commission interviews and a closed session.

5:30 p.m. Commission interviews and closed session

7:00 p.m. Regular Meeting

SPECIAL MEETING

5:30 P.M. Commission Interviews and closed session

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

COMMISSION INTERVIEWS

1. **INTERVIEWS TO FILL THREE (3) VACANCIES ON THE LIBRARY, CULTURE, AND ARTS COMMISSION AND THREE (3) VACANCIES ON THE PARKS AND RECREATION COMMISSION**

Recommendation:

1. Discuss the characteristics/traits that a successful applicant(s) would possess;
2. Conduct interviews;
3. Identify top applicant(s) and provide recommendation to the Mayor; and
4. Discuss and/or appoint applicant(s).

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (§54957)

Title: City Manager

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (§54957)

Title: City Attorney

CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9.

One case

CONVENE REGULAR MEETING

REGULAR MEETING

7:00 P.M.

July 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.

RECOGNITIONS

Morgan Hill Together Art Competition

Virtual Youth Leadership Morgan Hill Program

PRESENTATIONS

YAC Presentation- <https://www.youtube.com/watch?v=6LFP22VqamM>

Live Oak Valedictorians Emma Squires and Lucas Nguyen

CITY MANAGER'S REPORT

City Manager Christina Turner

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin

PUBLIC COMMENT

Members of the public are entitled to address the City Council concerning any item within the Morgan Hill City Council's subject matter jurisdiction. Public comments are limited to no more than three minutes. Except for certain specific exceptions, the City Council is prohibited from discussing or taking action on any item not appearing on the posted agenda. (See additional noticing at the end of this agenda)

ADOPTION OF AGENDA

CONSENT CALENDAR

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

Time Estimate for Consent Calendar: 1 - 10 Minutes

2. ADOPT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PROCLAIMING BLACK LIVES MATTER AND COMMITTING TO STAND IN SOLIDARITY WITH ITS BLACK COMMUNITY

Recommendation:

Adopt resolution proclaiming Black Lives Matter and committing to stand in solidarity with our Black community.

3. ACCEPTANCE OF EAST MAIN AVENUE WELL #3 PROJECT

Recommendation:

1. Accept as complete the East Main Avenue Well #3 Project in the final amount of \$1,627,146;
2. Authorize the City Engineer to sign the attached Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

4. ACCEPTANCE OF CITY FACILITY FIBER NETWORK INFRASTRUCTURE PROJECT

Recommendation:

1. Accept as complete the City Facility Fiber Network Infrastructure Project;
2. Authorize the City Engineer to sign the Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

5. APPROVE ACCEPTANCE OF GRANT FUNDS FROM SANTA CLARA COUNTY OFFICE OF EMERGENCY SERVICES AND COMMUNITY LAW ENFORCEMENT FOUNDATION, AND APPROPRIATION OF ASSET SEIZURE AND FORFEITURE FUNDS

Recommendation:

1. Accept \$90,000 in grant funds from the County of Santa Clara Office of Emergency Services (OES) for a portable vehicle barrier to use at community special events;
2. Accept \$52,198 in grant funds from the Community Law Enforcement Foundation (CLEF) for purchase of FARO 3D crime scene scanner and medical pouches;
3. Adopt resolution amending the Fiscal Year 2020-21 adopted budget to appropriate \$142,198 within the General Fund (010) and \$60,000 from Asset Seizure and Forfeiture Fund (225) for the related grant and other one-time capital expenditures; and
4. Authorize the City Manager to approve related purchase orders as necessary.

6. APPROVE A PROPERTY USE AGREEMENT WITH VISIT MORGAN HILL

Recommendation:

Approve and authorize the City Manager to execute and administer a property use agreement with Visit Morgan Hill.

7. APPROVE AGREEMENT WITH BLACK AND VEATCH FOR SANITARY SEWER SYSTEM ASSET MANAGEMENT PLAN

Recommendation:

Approve and authorize the City Manager to execute and administer an agreement with Black & Veatch Corporation in the amount of \$309,782 for the development of a Sanitary Sewer Asset Management Plan.

8. APPROVE MICROSOFT ENTERPRISE AGREEMENT FOR OFFICE 365, WINDOWS SERVER, AND SQL DATABASE LICENSING

Recommendation:

1. Approve the purchase of three-year Microsoft Office 365, Windows Server and SQL Database Licensing from Dell Marketing, LLP for a not-to-exceed amount of \$401,329; and
2. Authorize the City Manager to execute and administer a Microsoft Enterprise Agreement for the licensing of the City of Morgan Hill Microsoft products and services.

9. APPROVE RE-SUBORDINATION OF JASMINE SQUARE APARTMENTS, 16530 MONTEREY ROAD, CITY/SUCCESSOR AGENCY LOANS

Recommendation:

Approve re-subordination of existing City/Successor Agency affordable housing loans necessitated by refinance of senior debt, restructure debt to cap Residual Receipt payment to the City/Successor at 75% per Fannie Mae lending requirements, provide developer vehicle to make balloon payment, lower interest rate, and pay \$150,000 towards City loans.

10. APPROVE SECOND AMENDMENT TO AGREEMENT BETWEEN THE COUNTY OF SANTA CLARA AND THE CITY OF MORGAN HILL FOR CONTINUATION OF SERVICES FOR RAPID RE-HOUSING (RRH) AND HOMELESSNESS PREVENTION PROGRAMS

Recommendation:

Approve and authorize the City Manager to execute and administer a second amendment to agreement with the County of Santa Clara to continue support for joint Rapid Re-Housing and Homeless Outreach Services (Homelessness Prevention programs) specifically for South County for a total of \$100,000 for two years.

11. APPROVE THE JUNE 17, 2020 MEETING MINUTES

Recommendation:

Approve Minutes.

12. AMEND THE IMPACT FEE FREEZE PROGRAM FOR COMMERCIAL AND INDUSTRIAL PROJECTS

Recommendation:

1. Approve the Impact Fee Freeze Program and guidelines; and
2. Authorize the City Manager to negotiate and execute Impact Fee Freeze Agreements that are under \$100,000 for new commercial and industrial projects consistent with the program criteria.

13. AWARD EAST MAIN AVENUE BIKE LANES AND SIDEWALK PROJECT

Recommendation:

1. Approve the East Main Avenue Bike Lanes and Sidewalk Project plans and specifications;
2. Award contract to McKim Corporation for the East Main Avenue Bike Lanes and Sidewalk Project in the amount of \$1,188,404;
3. Authorize expenditure of construction contingency funds not to exceed \$118,404; and
4. Authorize the Public Services Director to execute and administer the construction contract with McKim Corporation pending review and approval by the City Attorney's office.

OTHER BUSINESS

14. APPROVE INCENTIVE AGREEMENT FOR A NEW AUTOMOBILE DEALERSHIP

Recommendation:

Adopt resolution authorizing the City Manager to execute and administer an Incentive Agreement, consistent with the Auto Dealer Economic Development Strategy, with the Ford Store, Inc. for a new automobile dealership at the Auto Mall Planned Development Site on Condit Road; and make findings of consistency with Section 53083(a)(6)(b) of the Government Code (AB 562).

Estimated Time: 20 Minutes

15. PROVIDE DIRECTION REGARDING NOVEMBER 2020 REVENUE MEASURE INITIATIVES

Recommendation:

Direct staff to:

1. Not pursue placing a revenue measure for November 3, 2020 ballot;
OR
2. Pursue placement of a local transactions and use tax and/or business license tax revenue measure on November 3, 2020 ballot.

Estimated Time: 45 Minutes

16. PROVIDE DIRECTION REGARDING FEASIBILITY REPORTS FOR FUTURE RECREATION FACILITIES FOR SAND VOLLEYBALL AND VILLA MIRA MONTE HISTORICAL SITE

Recommendation:

1. Receive reports relating to future park and recreation facilities; and
2. Provide feedback and additional direction to City staff as desired.

Estimated Time: 30 Minutes

17. CONSIDERATION OF DECLARING RACISM AS A PUBLIC HEALTH EMERGENCY

Recommendation:

Consider declaring Racism a Public Health Emergency.

Estimated Time: 15 Minutes

18. RECEIVE UPDATE REGARDING REGIONAL HOUSING NEED ALLOCATION AND HOUSING ELEMENT REFORMS

Recommendation:

Receive report.

Estimated Time: 30 Minutes

19. CONSIDER CITY POSITIONS ON PROPOSED 2020 LAND USE AND HOUSING LEGISLATIONS

Recommendation:

1. Receive report; and
2. Direct staff to take no position or communicate City's position to the authors of the certain proposed 2020 legislation, local elected State representatives and the League of California Cities.

Estimated Time: 20 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

ADJOURNMENT

NOTICE

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

PUBLIC COMMENT

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

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

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

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

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

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

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: July 15, 2020

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

INTERVIEWS TO FILL THREE (3) VACANCIES ON THE LIBRARY, CULTURE, AND ARTS COMMISSION AND THREE (3) VACANCIES ON THE PARKS AND RECREATION COMMISSION

RECOMMENDATION(S)

1. Discuss the characteristics/traits that a successful applicant(s) would possess;
2. Conduct interviews;
3. Identify top applicant(s) and provide recommendation to the Mayor; and
4. Discuss and/or appoint applicant(s).

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:

There are three seats on the Library, Culture, and Arts Commission (LCAC) with terms that ended April 1, 2020, which include Brigitte Crawford, Bob Benich, and Paul Lake. All three commissioners were invited to apply for reappointment and recruitment efforts were conducted. The process resulted in the receipt of five applications for the LCAC. Current Commissioner Paul Lake has submitted an application for reappointment. In addition, we received applications from John Callison, Patrice Lyn, Tina Shakour, and Emily Borchers. Current commissioners Bob Benich and Brigitte Crawford have shared that they will not seek reappointment.

There are three seats on the Parks and Recreation Commission (PRC) with terms that ended April 1, 2020, which include Mary Seehafer, Richard Scott, and Matt Wendt. All three commissioners were invited to apply for reappointment and recruitment efforts were conducted. The process resulted in the receipt of five applications for the PRC. Current Commissioner Richard Scott has submitted an application for reappointment. In addition, we received applications from John Callison, David Lovato, John Moniz, and Bill Colombo. Current commissioners Mary Seehafer and Matt Wendt have shared that they will not seek reappointment.

All applicants have been invited to interview before the City Council on July 15, 2020. Their applications are attached for Council consideration.

The deadline to submit applications was extended until July 3, 2020.

COMMUNITY ENGAGEMENT: Involve

Recruitment efforts were undertaken to encourage citizens to apply for City Council appointment consideration to the Library, Culture & Arts Commission and Parks and Recreation Commission via the Morgan Hill Times, City Website, Government Access Channel, and social media.

ALTERNATIVE ACTIONS:

The City Council may choose to make appointments to fill some or none of the six total vacant seats that are available at this time.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Parks and Recreation Commissioners serve four-year terms with possible reappointment consideration. Every year, recruitment efforts are conducted to maintain the seven (7) member Commission.

Currently, the Library, Culture & Arts Commissioners serve two-year terms, with possible reappointment consideration. Every year, recruitment efforts are conducted to maintain the seven (7) member Commission.

On April 1, 2020 the terms of the current LCAC and PRC seats that are up for appointment were extended until filled.

On February 2, 2020, Council approved the request by the (LCAC) to extend future terms for members to the Commission from two years to four years. This discussion stemmed from the term for the LCAC members being only two years, while terms for the Planning Commission and Parks and Recreation Commission are four years. The request was made to support ongoing consistency for the Commission to work on initiatives and workplan items that typically last more than 1-2 years. The Commission felt the two-year terms were just too short to allow Commissioners to get up to speed and make strong ongoing contributions. The transition to four-year terms will be as follows:

- Terms currently expiring in 2020 would be filled with two-year terms to 2022.
- Terms expiring in 2021 will be filled for three-year terms to 2024
- Terms expiring in 2022 will be filled for four-year terms to 2026
- Terms expiring in 2024 will be filled for four-year terms to 2028
- Future terms would all be 4-year terms

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):

Filling City Council vacancies is an administrative activity and as such is not a project.

LINKS/ATTACHMENTS:

1. Paul Lake- LCAC Application Packet_Redacted
2. John Callison -LCAC Application Packet_Redacted
3. Patrice Lyn- LCAC Application Packet_Redacted
4. Tina Shakour- LCAC Application Packet_Redacted
5. Emily Borchers- LCAC Application Packet_Redacted
6. Richard Scott- PRC Application Packet_Redacted
7. John Callison- PRC application packet_Redacted
8. David Lovato - PRC Application Packet_Redacted
9. John Moniz- PRC Application Packet_Redacted
10. Bill Colombo- PRC Application Packet_Redacted

Print**Commission Application - Submission #17162****Date Submitted: 2/27/2020****First Name**

Paul

Last Name

Lake

Address1

[REDACTED]

Address2**City**

Morgan Hill

State

CA

Zip

95037

Home Phone Number

[REDACTED]

Cell Phone Number

[REDACTED]

email address

[REDACTED]

Occupation

Senior Director, Oracle Cloud Business Operations

Are you a registered voter?

yes ▼

Please list any properties you own in Morgan Hill

[REDACTED]

Do you have any relatives currently employed by the City of Morgan Hill?

No ▼

Attachment: Paul Lake- LCAC Application Packet_Redacted [Revision 1] (2682 : Interviews to Fill LCAC and PRC vacancies)

If yes, please provide name

Visit the link below for information on the Planning Commission

[Planning Commission](#)

Visit the link below for information on the Parks and Recreation Commission

[Parks and Recreation Commission](#)

Visit the link below for information on the Library, Culture, and Arts Commission

[Library, Culture, and Arts Commission](#)

Please select the commission you are interested in serving on

Library, Culture, and Arts Commission ▼

Please select the commission that would be your second choice. If you do not have a second choice, please move on to the next question.

Please upload a letter of interest or cover letter*

LCAC-Letter of Interest.docx

Please upload a resume*

Paul H. Lake CV-Feb-2020.pdf

Have you ever served on any other citizen advisory commission or committee? If yes, please list and briefly explain the purpose of each one.*

To support, promote and foster the importance the public expression of Art, Culture and the presence of our Library assets to build knowledge, representation and community through the work of the Library Arts and Culture Commission, in collaboration with our Morgan Hill City, Corporate and Community Sponsors and our citizens.

What skills and/or experience do you possess that would be important to your role as a commissioner?*

My current experience as a commissioner and past Chair

What do you understand the role of the commission to be and why would you like to serve on this commission?*

Arts, Culture and our Library are important assets in helping to build our Morgan Hill community, enablinus to to make real in the community our core values of unity, diversity and a safe and healthy place for children and their families to grow, learn and play in a safe and loving community

What would you like to accomplish as a commissioner?*

There are 3 key goals I would like to accomplish in my next tenure in working with my partners on the commission 1) An Art Studio Walk 2) continue the success of the Children's A La Carte 3) An International Festival

What are the greatest opportunities facing the community in regards to this commission?*

Morgan Hill is already a wine and health destination, we can make it an Art Destination, which would be a boost to the local artists, but also the Morgan Hill economy

If you are an incumbent seeking reappointment:**Are you next in line to serve as Chair or Vice-Chair?**☐ Yes☒ No**Are you currently serving on a committee**☒ Yes☐ No**Are you assigned to a special project?**☒ Yes☐ No**If you are assigned to a special project, please describe the project.**

Art Studio Walk

Please review the City Council Ethics Policy

[City Council Ethics Policy](#)

Please type name to sign. By my signature, I agree to comply with all government regulations, should I be appointed to serve on a City of Morgan Hill Commission or Committee and confirm that I have read the attached Ethics Policy and that I do subscribe to this Policy; that I will apply it to the specific responsibilities s which I may be assigned; and that I will practice the core values set forth in this Policy in my public service for the City of Morgan Hill. Additionally, I commit to attend and participate in all Commission and Committee meetings to which I am appointed, unless excused by the Chair.*

Paul Lake

Date*

2/27/2020

9:30 AM

Letter of Interest – Library Arts & Culture Commission

Paul H. Lake

Dear Mayor and City Council,

It has been an honor of mine to server my Morgan Hill Community as a commissioner on the Library Arts and Culture Commission. Why would I want to server another term?

I feel obligated to this town, where I have lived for 15 years with my wife and 3 sons, in a safe, supportive and welcoming community. It is a place where you get to know people and people know you, whether at the local auto store or at Walmart, or your neighbors. My heart is filled with gratitude.

My world as a boy was opened by visiting libraries, exposing me to the large world around me. I also feel that Art and Culture are important cornerstones in people's lives, and are a reflective part of the core values of a community.

This is why, as Morgan Hill grows, I feel compelled to work and serve with others to build a community and town we can all be proud of.

Best,

paul

paul h. lake

Morgan Hill CA 95037

<https://www.linkedin.com/in/paulhlake>

[Building Community & Legacy](#)

From startups to global corporations, a premier executive portfolio of proven expertise with 20 years in Silicon Valley high tech leadership in Customer Support/Success, Development, Project Management, Cloud Business Operations, Organizational Training, Mergers & Acquisitions, Procurement & Vendor Management.

- **Leadership & Building:** Values based leadership and a proven track record in creating high performance teams
- **Strategy:** Possesses solid experience in building agile, scalable and creative workplace models
- **Organizational Development:** Track record of merging and training different teams to build a cohesive unit
- **Customer Focus:** Engagement with customers & partners, aligning actions for their success
- **Analytical Thinking:** Strong ability to dissect complex issues, communicate and formulate actions plans

Senior Director Business Operations, Global Business Units Cloud **Oracle** Sept 2012 – current

- Created a 6 member Business Operations team for an acquired Industry Cloud Ops IT team of 400+
- > \$80M CAPEX > 80 Data Centers, \$20M OPEX (Cisco, DiData, MS Azure, Splunk, AWS, Equinix, DRT)
- C-level communication and approvals as part of the CAPEX and Vendor Management process
- Procurement for Data center Compute Racks, Circuits, Network gear, memory, disk, space and power
- Negotiated contracts with 3rd Party software vendors, resulting in cost savings of over \$5M in 4 years
- Negotiated contracts with data center partners, resulting in cost savings over \$4M in 3 years
- Created and trained team on a deal review process, improving velocity for GBU cloud deal volume >600 a year
- Created and trained team on M&A playbook, improving efficiency, eliminated contractual delays and liability
- Integrated at least 1 cloud M&A a year (e.g. Micros, Textura, Opower, Aconex, ClearTrial)

Senior Director, Customer Support and Dev, Health Sciences Cloud **Oracle** Sept 2010 – Sept 2012

- Led Change Management efforts to make acquired companies successful within Oracle, post-merger
- Integrated and led acquired Phase Forward and Oracle legacy Health Science support teams
- Led 80+ global team of Cloud Support, Customer Success Managers, and Development Support
- Executed organizational training plan to implement a cloud support model from on-premise support
- Increased Customer Satisfaction from 83% to 91%
- Reduced support costs by implementing a proactive Top Account Customer Success program
- Managed \$10 Million dollar CAPEX and OPEX budget tied to the 24x7 global support

Director, Siebel CRM OnDemand Cloud Support **Oracle** Redwood City, CA. March 2006 – Sept 2010

- Member of PeopleSoft M&A Integration Team, then asked to manage Siebel cloud support team of 130
- Developed unifying organizational training plan for merged team, keeping churn due to acquisition to below 2%
- Led a global Cloud team to increase customer satisfaction by 20% in 6 months
- Created Customer Success Advisory team, improved customer on-boarding and higher customer adoption
- 2008 awards - **Outstanding Team award**, Outstanding **'Leadership and Passion'** award

Senior CRM Customer Support Manager **PeopleSoft** Pleasanton, CA. March 2002 – March 2006

- Managed PeopleSoft CRM support team of 30 to achieve Customer Sat scores greater than 92% for over 2 years
- Developed and trained team on preventative support practices as part of **Proactive Support Pilot**
- Implemented **Top 10 Customers Success Program**, reducing upgrade/install issues by 80%
- Honored with a CRM Support **'Commitment to Excellence'** award

Attachment: Paul Lake- LCAC Application Packet_Redacted [Revision 1] (2682 : Interviews to Fill LCAC and PRC vacancies)

Customer Support Director

Annuncio Software Mountain View, CA. Feb 2000– March 2002

- Built, trained and managed a top performing Cloud Customer Success team of 12 at a cloud startup
- Instituted weekly Resolution meetings with Dev and Support to resolve top priority customer issues
- Successfully advocated for enterprise level cloud testing, dramatically reducing customer down time
- Awarded Annuncio’s **‘Top Dog’** honor for **‘Strongest Customer Advocate’**

San Jose State University, San Jose	Master of Science in Engineering Management
California State University, East Bay	Bachelor of Science in Computer Science
Middlesex University, London	Associate Degree, Computer Studies
San Jose State University, San Jose	Certified Customer Support Manager
IESE & University of Michigan	Executive Insight Program
Stanford School of Business and Design	Executive Leadership Customer Innovation Program

Print**Commission Application - Submission #20144****Date Submitted: 6/15/2020****First Name**

John

Last Name

Callison

Address1

[REDACTED]

Address2**City**

Morgan Hill

State

CA

Zip

95037

Home Phone Number**Cell Phone Number**

[REDACTED]

email address

[REDACTED]

Occupation

Contracts Manager

Are you a registered voter?

yes

Please list any properties you own in Morgan Hill**Do you have any relatives currently employed by the City of Morgan Hill?**

No

Attachment: John Callison -LCAC Application Packet_ Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

If yes, please provide name

Visit the link below for information on the Planning Commission

[Planning Commission](#)

Visit the link below for information on the Parks and Recreation Commission

[Parks and Recreation Commission](#)

Visit the link below for information on the Library, Culture, and Arts Commission

[Library, Culture, and Arts Commission](#)

Please select the commission you are interested in serving on

Library, Culture, and Arts Commission ▼

Please select the commission that would be your second choice. If you do not have a second choice, please move on to the next question.

Parks and Recreation Commission ▼

Please upload a letter of interest or cover letter*

Choose File

No file chosen

Please upload a resume*

Presentation_Resume Nov 2019.doc

Have you ever served on any other citizen advisory commission or committee? If yes, please list and briefly explain the purpose of each one.*

I have served on both the San Jose Arts commission and the San Jose Pars and Rec Commissions both commissions fill similar roles to Morgan Hills. Acting as an advisor and liaison to those departments from the district you represented, collaborating on city projects voting on department measures. Being a voice for your community. Helping to select programs and advocating for local art or projects. Etc

What skills and/or experience do you possess that would be important to your role as a commissioner?*

Contract Negotiation, public speaking, event management, Social Media and Website management, FB marketing experience, understanding of city government and roles.

What do you understand the role of the commission to be and why would you like to serve on this commission?*

To provide advice, recommendations, and plans, as well as executes programs for a range of community initiatives (with separate specifics to Arts or Parks) but the gist is to be the advocate and voice of your community

I want to serve the community I live within and feel its the responsibility of people to support their local government and the people they interact with.

What would you like to accomplish as a commissioner?*

Increase visibility of available projects and funds, contemporize offerings, renewed feeling of inclusivity and belonging (Many people have felt displaced and out of touch with their community due to recent events and anything we can do to renew this spirit of community will benefit Morgan hill and its citizens)

What are the greatest opportunities facing the community in regards to this commission?*

Personally I feel lack of visibility. Most large events are well published and can be found in numerous locations but many of the smaller or more unique events seem to be less well known to local citizens. I currently know about 60-70 different MH residents that seem to be very social and well informed but don't know about many of the projects and events available to them.

If you are an incumbent seeking reappointment:**Are you next in line to serve as Chair or Vice-Chair?**

- ☐ Yes
☒ No

Are you currently serving on a committee

- ☐ Yes
☒ No

Are you assigned to a special project?

- ☐ Yes
☒ No

If you are assigned to a special project, please describe the project.**Please review the City Council Ethics Policy**

[City Council Ethics Policy](#)

Please type name to sign. By my signature, I agree to comply with all government regulations, should I be appointed to serve on a City of Morgan Hill Commission or Committee and confirm that I have read the attached Ethics Policy and that I do subscribe to this Policy; that I will apply it to the specific responsibilities s which I may be assigned; and that I will practice the core values set forth in this Policy in my public service for the City of Morgan Hill. Additionally, I commit to attend and participate in all Commission and Committee meetings to which I am appointed, unless excused by the Chair.*

John David Callison

Date*

6/15/2020

1:45 PM

JOHN CALLISON

• San Jose, California 95128 •

DIRECTOR, STRATEGIC SOURCING

Sourcing & Procurement / Supplier Management / Team Management / Performance Analysis

Accomplished, results-oriented leader with expertise in all aspects of supply chain for hundreds of millions annually in commodities; direct and indirect global sourcing, vendor selection, contract administration, and program management for IT infrastructure, data center, networking, and telecommunications technology. Adept at building strategic partnerships and negotiating effectively with vendors, suppliers, and partners. Spearhead initiatives to control costs, maximize profitability, and achieve challenging financial objectives. Analytical performer, highly skilled in issue identification, corrective action planning, and risk mitigation. Ensure regulatory compliance and adherence to proven best practices. Articulate communicator and consensus-builder; collaborate extensively with project leaders and suppliers, while seamlessly leading on- and offshore team resources and contractors.

CORE COMPETENCIES

- Logistics & Supply Chain Expertise
- Sourcing & Procurement Operations
- Cost Analysis / Expense Reduction
- Complex Contract Negotiations
- Solicitation & Bidding Management (RFX)
- Demand Evaluation & Forecasting
- Project Planning / Management
- Team Building, Training & Mentoring

PROFESSIONAL EXPERIENCE

WORKDAY, Pleasanton, California

Senior Manager, Global Technology Sourcing (Network, University, and End-user/IT) 6/2019 to current

Manage such vendors as Cisco, Lenovo, Dell, Vimeo, Articulate, Juniper, etc. Negotiate Corporate Network, University / Education and Content Development, and End-user IT related contracts. Managed, RFX creation/completion, contracting, and supplier relationship management. Developed global RFP's for Laptop and Video Services. Drove continuous savings with suppliers across the corporate spectrum

- Specific Projects available upon request

SYMANTEC/LIFELOCK, Mountain View, California

Senior Manager, Technology Sourcing (Network, HW, and Telecom) 4/2018 to 5/2019

Manage such vendors as A10, Arista, Dell, Cisco, Fusion Storm, Juniper, etc. Negotiate Corporate Network HW related contracts. Managed, RFX creation/completion, contracting, and supplier relationship management. Developed global RFP for Professional Services reducing spend from 130M to 78M annually. Drove continuous savings with Network and Telecom suppliers across

- Developed global Laptop RFP saving 17M.
- Reduced cycle and touch points by 28% after contracting and engaging ProUnlimited as the VMS for StaffAug and Proserv
- Developed standardized Templates for Proserv SOW's and HW Orders allowing quick turnaround and negotiation smart hands related projects

FACEBOOK, Menlo Park, California

Sourcing Manager, Strategic Operations Engineering (CorpNet / ENE) 10/2016 to 4/2018 (Contingent)

Manage such vendors as Eplus, Cisco, Fusion Storm, Juniper, etc. Negotiate Corporate Network HW related contracts. Managed, RFX creation/completion, contracting, and supplier relationship management. Developed Direct and indirect catalog punch-outs, and process to implement, enabling strategic and scalable growth within facebook ProcOps and Sourcing. This reduced touchpoints by over 50%, allowing greater flexibility and bandwidth while incorporating asset tagging, tracking, and receiving across multiple lines of business.

...continued...

JOHN CALLISON • Page 2

- Developed Direct and indirect catalog punch-outs, and process to implement, in order to enable strategic and scalable growth within facebook ProcOps and Sourcing.
- Enabled Secure communications sourcing strategy with both onsite and offsite Supplier resources using FB@work tool with support of @work team
- Audited largest CorpNet supplier and determined multiple errors and exceptions
- Developed better vendor pricing management process to prevent future errors

INFOR500, Inc., Santa Clara, California

Director, Strategic Sourcing for Technology, 3/2015 to 10/2016 (Consultant)

Consultative approach to technology sourcing for such companies as Varian medical, JDSU, Xilinx, Network Control, Sephora, etc. / Sr. Negotiator for all technology related contracts e.g. Network, SaaS, Network Backbone, Telecom, SW, HW, Data Center, Desktop, and ProServ. as well as other commodity areas such as: Facilities, HR, and Security. Managed, RFX creation/completion, contract negotiation, and supplier relationship management. Developed effective cost control / avoidance strategies, improved contract performance management process, contract Database solutions, developed auditable P2P process.

- Delivered a \$57M annual savings through contracting and price negotiations.
- Improved Strategic Sourcing contracting and P2P process for 4 customers w/ avg. 24% increase in efficiencies
- Invited to speak at GSMI SF IT Sourcing and Procurement Summit regarding mobility sourcing and again on human capital management.
- Offered internal Sourcing roles at each customer

SAP CLOUD/SUCCESSFACTORS, South San Francisco, California

Sr. Manager, Strategic Sourcing for Technology (DataCenters), 6/2012 to 3/2015

Led GPO technology sourcing with \$60M annual spend / Sr. negotiator for all technology related contracts e.g. DC, Telecom, SW, HW, Desktop, and ProServ. Managed IT commodity operations across vendor research, RFX development, contract negotiation, and supplier relationship management. Developed effective control / avoidance strategies, improved contract performance management process, contract Database solutions and conducted Gap Analysis of current P2P process.

- Delivered a \$23M annual savings through aggressive contract and price negotiation.
- Improved Strategic Sourcing contract and P2P process by 28%
- Rated Top3% of Company Employee Base
- Invited to speak at GSMI SF IT Sourcing and Procurement Summit regarding mobility sourcing and again on human capital management
- Negotiated historic deal with Russia to implement the very first westernized Data Center in Moscow allowing many future western customers business opportunities there
-

NETAPP, Sunnyvale, California

IT Global Sourcing & Supply (GSS) Manager, Telecom & Networks, 1/2011 to 04/2012

Led GSS efforts within \$3.9B infrastructure / server technology provider, managing IT commodity operations across vendor research, RFX development, contract negotiation, and supplier relationship management for corporate backbone products, networking and telephony. Analyzed costs, developed effective control / avoidance strategies, and forged contract performance management frameworks. Oversaw contractor resources and offshore teams in India.

- Delivered a \$57M annual savings across 28 contracts, through aggressive contract and price negotiation.
- Produced 16 RFP submissions, including a \$60M global hardware acquisition.
- Developed mastery across an array of billing platforms to perform cost analysis; utilized Dunn & Bradstreet credit analysis reporting to enhance sourcing decisions.

ORACLE CORPORATION, Redwood City, California

Senior Commodity Manager & Senior Buyer, 10/2007 to 9/2010

Directed strategic global sourcing and procurement, leading multiple concurrent efforts. Ensured contract alignment with program quality, delivery, responsiveness, and cost requirements. Managed vendor relationships with AT&T, Sprint, TATA, Cisco, and Intercall for Corporate backbone networks, voice/data circuits, local long distance telephony, and audio/video conferencing. Assessed and reported on budgeting, cost tracking, and performance against key indicators. Negotiated complex contract terms and conditions. Trained, coached, and supervised junior buyers; provided contract development and negotiation mentoring.

- Drove an overall savings of \$7.5M per year, spanning 5 functional areas, through insightful cost-avoidance and price negotiation, achieving nearly 40% of the \$19M departmental savings goal.
- Designed and distributed RFP, RFX, and RFQ materials, selecting best-fit suppliers and negotiating both standard/non-standard contracts for optimum pricing.
- Aligned all efforts to best practices and conducted evaluation of vendor metrics to ensure adherence to service level agreements (SLA) and industry standards, as well as identified areas for improvement.

GENENTECH, INC., South San Francisco, California

Senior Operations Analyst & Telecom Engineer II, 9/2002 to 4/2007

Played instrumental role in all voice-related initiatives and managed existing telecommunications infrastructures and contracts, supporting nationwide corporate staff. Led complex acquisition activities, including sourcing, negotiation, and delivery, serving the entire life of the contract. Liaised extensively among internal and third-party vendor stakeholders, facilitating ongoing service improvements and cost reductions; implemented benchmarking and metric tracking to enable accurate performance reporting.

- Researched, evaluated, and recommended new technologies to improve expense avoidance posture and communication infrastructure; provided subject-matter expertise on requirements for new initiatives.
- Held collateral roles of Conference Services Manager and Disaster Communications Engineer, leveraging training and expertise as a Certified Business Continuity Professional (CBCP).

ODWALLA JUICES, (a Coca-Cola Division), Half Moon Bay, California

Telecom Analyst, 2/2001 to 2/2002

Led telecommunications process analysis for voice / wireless telecom program, providing in-depth cost analysis for overall corporate communications. Processed and evaluated invoices, managed vendors, administered PBX, voice mail, and cellular systems, and programmed call routing. Purchased telephone devices.

- Routinely identified and secured service improvements and substantial cost-savings.
- Performed forward-focused usage forecasting and budgetary estimation; played a key role in short- and long-range telecommunication strategy development focused on technology acquisitions.

SCHWINN / GT BICYCLES, Santa Ana, California

Assistant Director, Network & Telecom Services, 5/1998 to 2/2001

Held responsibility for \$500K in MIS operations, managing PC, Network, and Telecom groups across 11 locations and spearheading strategic MIS projects and initiatives. Administered networks and telecom systems, directing installation, configuration, and administration of data and voice networking hardware / software; administered Switchview IntelControl, OrderPro, RightOnQue, Nortel Meridian PBXs, MM1, Meridian Mail, and Novell LAN/WAN. Installed digital TV and video conferencing networks.

~ Additional experience as **Technical Consultant** with Assured Personal / Thomas Staffing (Orange County, CA), **Security & Facilities Manager** with The Sutton Place Hotel (Newport Beach, CA), **Sales Manager & Loan Officer** with TMH Financial Corp. (Santa Ana, CA), and a highly decorated tenure as **Counter-Intelligence Special Agent & German Language Linguist** with the US Army (Wurzburg & Schweinfurt, Germany). ~

EDUCATION AND CREDENTIALS

Business Continuity Communication & Technologies • STANFORD UNIVERSITY – Palo Alto, California

Project Management • CARNEGIE MELLON UNIVERSITY – Pittsburgh, Pennsylvania

Security Clearance: Top Secret / SCI (inactive)

Certification: Project Management Professional (PMP) • Certified Business Continuity Professional (CBCP) • Certified Novell Network Administrator (CNA) • Certified IntelControl Facilities Administrator – Network Routing & Traffic Management • Certified Microsoft Office User Specialist (MOUS) & Pre-Installation Specialist

Professional Development: Switch Centralized Training • Advanced Word, Word Perfect, Excel, Access, PowerPoint, Outlook, PageMaker, GroupWise, Visual Basic • US Army Primary Leadership & Development / NCO Programs • Defense Language Institute's German Linguist Program – *Graduated 15th out of 110*

Technical Proficiency: Voice over Frame, Voice over IP, Wireless / Cellular / Satellite Telephony, Call Integration Platforms, Nortel Meridian PBX & Voicemail, Switchview IntelControl, OrderPro, RightOnQue, Mitel Voice Systems, LAN / WAN, Novell Networks, Nortel Switches, MM1, Meridian Mail, Polycom & Cisco Audio / Video Conferencing Networks, Servers, Routers, Switches, Hubs, Digital TV Cabling, Iprocurement, Zimbra, Genentech Desktop, Remedy Knowledgebase

Professional Associations: Project Management Professionals • Society of Telecommunication Consultants, Affiliate Member • Northern California International Nortel Networks Meridian Users Group (INNMUG)

Print**Commission Application - Submission #17308****Date Submitted: 3/20/2020****First Name**

Patrice

Last Name

Lyn

Address1

[REDACTED]

Address2**City**

Morgan Hill

State

CA

Zip

95038

Home Phone Number

[REDACTED]

Cell Phone Number

[REDACTED]

email address

[REDACTED]

Occupation

Substitute Teacher

Are you a registered voter?

yes

Please list any properties you own in Morgan Hill

N/A

Do you have any relatives currently employed by the City of Morgan Hill?

No

Attachment: Patrice Lyn- LCAC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

If yes, please provide name

N/A

Visit the link below for information on the Planning Commission

[Planning Commission](#)

Visit the link below for information on the Parks and Recreation Commission

[Parks and Recreation Commission](#)

Visit the link below for information on the Library, Culture, and Arts Commission

[Library, Culture, and Arts Commission](#)

Please select the commission you are interested in serving on

Library, Culture, and Arts Commission ▼

Please select the commission that would be your second choice. If you do not have a second choice, please move on to the next question.

Parks and Recreation Commission ▼

Please upload a letter of interest or cover letter*

plyn cover let (p).docx

Please upload a resume*

plyn resume.doc

Have you ever served on any other citizen advisory commission or committee? If yes, please list and briefly explain the purpose of each one.*

I have not ever served on any other citizen advisory commission or committee. However, I am a very committed person. When I do something, I put 100% into it. I am very good at setting deadlines and making them. If I feel that I cannot accomplish something within a specified deadline or just in general, I know how to say no and what my limits are.

Most importantly, I received my Master's Degree with the help of our Morgan Hill Library. I was a single parent and did not have a babysitter to take care of my child. By getting my Master's Degree online using the library computers, I was able to get my work done while my child sat next to me doing homework or reading books. I think her love of books stems from all of that time in the library, having an array of books at her disposal, while I did my Master's Degree work. For that, I am very grateful and would like to give back by being a part of the Library, Culture, and Arts Commission.

What skills and/or experience do you possess that would be important to your role as a commissioner?*

I consider myself a communicator, motivator, good listener, and a fair person. As a member of Leadership Morgan Hill's Class of 2020, I use these skills to represent my class during such events as Education Day (visiting various school sites), City Government Day, and our recent field trip to our State's Capitol to learn more about state legislature policies and procedure. I had the opportunity to be The Chair of a Mock Committee Hearing about SB330, The Housing Crisis Act of 2019. The experience was very educational and amazing. In addition to being part of Leadership Morgan Hill, I also have backgrounds in business and education.

What do you understand the role of the commission to be and why would you like to serve on this commission?*

I understand the role of the commission to be one of listening to ideas, needs, and suggestions, while using good listening skills and fairness. It would also be about maintaining great programs through funding and developing new educational and entertaining programs.

I would like to serve on this commission because I believe that I have library, culture, and arts program ideas to bring to Morgan Hill. As a long time Morgan Hill resident, I have seen many changes take place here in our town, like the enhancement of our downtown area. I have also seen some wonderful things remain, such as our historic buildings getting relocated and restored. Our population is increasing and diversifying. And a program that I think is needed regards the Caribbean Culture. In my 15 years of experience working for MHUSD, I became aware that our students had minimal knowledge of the Caribbean's close proximity to the U.S. or that Puerto Rico and The Virgin Islands are owned by the U.S. Therefore, exposing our community to Caribbean History, Culture, and Art is also teaching them about U.S. History. As an American with Caribbean blood in my family, I think that learning about Caribbean Culture is important for our expanding community and would love to bring in this and other programs that share that piece of American history with Morgan Hill and surrounding communities.

What would you like to accomplish as a commissioner?*

Again, I spent many hours in the library using the computers to earn my Master's Degree. My gratitude for that inspires me to give back as a commissioner. As a commissioner, I would like to help maintain the already great programs that are in place. In addition, I would like to bring in Caribbean Culture in the form of 1) history and music at the library and 2) artwork at the Community and Cultural Center and/or at the Centennial Recreation Center.

What are the greatest opportunities facing the community in regards to this commission?*

The greatest opportunities facing the community in regards to this commission are introducing Caribbean Culture to Morgan Hill and bringing more cultural exposure and education.

If you are an incumbent seeking reappointment:**Are you next in line to serve as Chair or Vice-Chair?**

- ☐ Yes
☐ No

Are you currently serving on a committee

- ☐ Yes
☐ No

Are you assigned to a special project?

- ☐ Yes
☐ No

If you are assigned to a special project, please describe the project.

Please review the City Council Ethics Policy

[City Council Ethics Policy](#)

Please type name to sign. By my signature, I agree to comply with all government regulations, should I be appointed to serve on a City of Morgan Hill Commission or Committee and confirm that I have read the attached Ethics Policy and that I do subscribe to this Policy; that I will apply it to the specific responsibilities s which I may be assigned; and that I will practice the core values set forth in this Policy in my public service for the City of Morgan Hill. Additionally, I commit to attend and participate in all Commission and Committee meetings to which I am appointed, unless excused by the Chair.*

Patrice Lyn

Date*

3/20/2020

11:00 PM

Attachment: Patrice Lyn- LCAC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

March 10, 2020

To Whom It May Concern:

March 20, 2020

To Whom It May Concern:

My name is Patrice Lyn, and I am interested in applying for the position of Library, Culture, and Arts Commissioner with The City of Morgan Hill. My interest stems from my gratitude for our Morgan Hill Library, my desire to bring Caribbean Culture programs to Morgan Hill, my deep appreciation of art, and my exposure to City, Regional, and State Government as a member of Leadership Morgan Hill.

The library helped me earn my Master's Degree, as a single parent with no babysitter. By getting my Master's Degree online using the library computers, I could do school work while my child sat next to me doing homework or reading books. I think her love of books stems from that time in the library, having an array of books at her disposal. I am grateful and would like to give back by being a part of the Library, Culture, and Arts Commission.

I have good cultural ideas to bring to Morgan Hill. As a long-time Morgan Hill resident, I have seen Morgan Hill's culture change with the downtown area enhancement, while wonderful historic buildings remained and were restored. Those examples helped shape Morgan Hill's culture. With our population increasing and diversifying, with some individuals of Caribbean descent, our city would benefit from a Caribbean Culture program. In my 15 years with MHUSD, I became aware that our students had minimal knowledge of the Caribbean's close proximity to the U.S. or that Puerto Rico and The Virgin Islands are owned by the U.S. Exposing our community to Caribbean History is also teaching them about U.S. History. As an American with Caribbean blood in my family, I think that Caribbean Culture is important for our expanding community. I would like to bring in programs that share another piece of American history.

During college, I studied abroad in Spain. While there, I took an Art History course. I learned about Spanish artists, like Diego Velazquez, Pablo Picasso, and Francisco de Goya. I also learned about Spanish art styles, like Baroque and Cubism. Through my art history experience, I developed a deep appreciation of art as well as the uniqueness of different languages and cultures. I want to help enhance art appreciation in Morgan Hill.

I am also taking a class called Leadership Morgan Hill to learn more about my community and become a leader. I learned more about how Morgan Hill operates at City Government Day. During our recent Sacramento field trip, we addressed state legislature policies and procedure. I had the opportunity to be The Chair of a Mock Committee

Hearing about SB330, The Housing Crisis Act of 2019. The experience was very educational and amazing. It inspired me to step up and help continue to make our great city better through such things as enhancing cultural awareness.

Thank you for your consideration. I look forward to hearing from you soon.

Sincerely,

Patrice Lyn

Patrice Lyn

[REDACTED] Morgan Hill, CA 95038

Phone: [REDACTED]

E-mail address: [REDACTED]

Current Experience

Gilroy Gardens Family Theme Park

Security Officer, Gilroy, CA

- Dispatch medical, maintenance, and other calls
- Patrol park and assist guests with questions
- Traffic control and park closing sweep
- Bag check and screening

Morgan Hill Unified School District

Substitute Teacher, Morgan Hill, CA

- Vast knowledge in various subjects-substituted in Spanish, French, Special Education, Math, English, Social Studies, etc.
- Substituted in K-12, with emphasis on High Schools and Middle Schools
- Summer School Teacher-English 9, Algebra 1A, ELD
- Advanced Placement Exam Proctor
- Opened up classroom for Severely Handicapped Class
- Multiple day Substitute assignment-English 8
- Long-term Substitute assignment-ELD
- Multiple day Substitute assignment-Special Day Class

Past Experience

East Side Union High School District

Teacher, San Jose, CA

- Teaching Spanish Levels 1 and 2
- Focusing on speaking, listening, reading, and writing of the foreign language.
- Also emphasizing culture and relating all material to our lives and world.
- Firmly believe that practical exposure helps improve life skills in the 21st century.
- Creating engaged classroom, cultural responsiveness, and incorporating mindfulness for overall student and teacher emotional well-being.

Ziff Davis Media

Senior Accountant, New York, NY

- Analyzed monthly general ledger accounts and financial reports
- Accounts Receivable and Accounts Payable
- Performed bank reconciliations, wire transfers, and cash receipt deposits

Education

University of Phoenix (Online Program), Phoenix, AR, *M.A. in Education*

Bentley University, Waltham, MA, *B.S. in Accountancy*

College for International Studies, Madrid, Spain, *Study Abroad*

Leadership Morgan Hill: Class of 2020, Morgan Hill, CA

Office of Emergency Services, Morgan Hill, CA, *Community Emergency Response Team*

SBRPSTC/The Academy, San Jose, CA, *EMT Course completion*

Skills

Typing: 54 words per minute

Languages: Spanish & French classes (Intermediate); Chinese & Italian classes (Beginner)

Participant: San Jose Fire Department Women's Boot Camp

Volunteer: Firefighter – SSCCFD and Volunteers in Prevention

Certified: CERT, Ham, NREMT, Hazardous Materials Course, IS-100, IS-700.b

AAUW Wildflower Run MIM Co-Chair, Leadership Morgan Hill Assistant Treasurer

Print**Commission Application - Submission #17303****Date Submitted: 3/20/2020****First Name**

Tina

Last Name

Shakour

Address1

[REDACTED]

Address2**City**

Morgan Hill

State

Select a state

Zip

95037

Home Phone Number**Cell Phone Number**

[REDACTED]

email address

[REDACTED]

Occupation

cybersecurity

Are you a registered voter?

yes

Please list any properties you own in Morgan Hill

15990 Oakridge Rd

Do you have any relatives currently employed by the City of Morgan Hill?

No

Attachment: Tina Shakour- LCAC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

If yes, please provide name

Visit the link below for information on the Planning Commission

[Planning Commission](#)

Visit the link below for information on the Parks and Recreation Commission

[Parks and Recreation Commission](#)

Visit the link below for information on the Library, Culture, and Arts Commission

[Library, Culture, and Arts Commission](#)

Please select the commission you are interested in serving on

Library, Culture, and Arts Commission ▼

Please select the commission that would be your second choice. If you do not have a second choice, please move on to the next question.

Please upload a letter of interest or cover letter*

Tell me another story.docx

Please upload a resume*

Tina Shakour Resume D+I March 2020.docx

Have you ever served on any other citizen advisory commission or committee? If yes, please list and briefly explain the purpose of each one.*

no

What skills and/or experience do you possess that would be important to your role as a commissioner?*

I have an extensive background in marketing, business coaching, and communications. I am great at bringing attention to under-served communities or topics.

What do you understand the role of the commission to be and why would you like to serve on this commission?*

The role encompasses being an advocate of the library system, providing both feedback to the library and the patrons, developing relationships, and gathering deeper community support. As an avid reader, I realize libraries are in a transition point in their history and need more support than ever.

What would you like to accomplish as a commissioner?*

Our library is a wonderful place and a hidden gem in our community. I would love to see it get more exposure and support in our city.

What are the greatest opportunities facing the community in regards to this commission?*

Libraries aren't just a great location for books - they are holders of art, history, conversation, and information. In the age of the Internet, many younger generations do not realize the value a library holds for them.

If you are an incumbent seeking reappointment:**Are you next in line to serve as Chair or Vice-Chair?**

- ☐ Yes
☐ No

Are you currently serving on a committee

- ☐ Yes
☐ No

Are you assigned to a special project?

- ☐ Yes
☐ No

If you are assigned to a special project, please describe the project.**Please review the City Council Ethics Policy**[City Council Ethics Policy](#)

Please type name to sign. By my signature, I agree to comply with all government regulations, should I be appointed to serve on a City of Morgan Hill Commission or Committee and confirm that I have read the attached Ethics Policy and that I do subscribe to this Policy; that I will apply it to the specific responsibilities s which I may be assigned; and that I will practice the core values set forth in this Policy in my public service for the City of Morgan Hill. Additionally, I commit to attend and participate in all Commission and Committee meetings to which I am appointed, unless excused by the Chair *

Tina Shakour

Date*

3/20/2020

3:30 PM

Attachment: Tina Shakour- LCAC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

"Tell me another story, grandma!" - me, age 4

I grew up in a family that enjoyed reading and storytelling. At a young age, I wanted to be a fiction writer and wrote endless short stories for young author competitions. In the day of eReaders, I find myself drawn back to the tangible nature of real books, pen, and paper.

I would greatly enjoy the opportunity to bring my marketing, sales, and communications skills to the library commission for Morgan Hill.

Tina Shakour

[LinkedIn Profile](#) | San Francisco Bay Area, California | [REDACTED] | [REDACTED] | [REDACTED]

Storyteller | Creative Marketing and Communications Professional | Executive Coach

TechWomen.org

2013 – present

Mentor, Delegate, Impact Advisor

I have been selected to be a mentor and international delegate in this State Department initiative for young women interested in STEM careers in the Middle East and Africa. I have worked here locally with women from Tunisia, Pakistan, Jordan, Palestine, Algeria, Nigeria, and Morocco and served on the delegation trip to Rwanda in 2014, Tunisia in 2015, Kazakhstan in 2016, Sierra Leone in 2019 and will travel to Rwanda in 2020. Delegates lead workshops, participate in networking opportunities with the local community, engage with women and girls at non-governmental organizations, private and public enterprises, schools and universities, incubators and innovation hubs, and provide professional and career coaching. I have served as an Impact Coach for Kenya and coached them to 1st place in the pitch contest and netting them their initial seed grant. I have also been an Impact Coach for the teams from Tunisia, Rwanda, and Morocco.

Golden Seeds

2019 – present

Managing Director

I serve as an advisory and coach for start-ups seeking venture capital opportunities. Golden Seeds is focused on providing opportuning to female and minority owned companies.

View, Inc.

November 2018 – December 2019

Director of Employee and Corporate Communications

View is a health and wellness company that happens to also make smart, IoT-connected windows. We focus on the benefits of natural light and connection to the outdoors for the people who spend 90% of their time indoors. I run a small team that focuses on paid and organic social media, positioning the company and our executives for awards and speaking opportunities, and building our internal communications practices and platforms. I have a dual reporting structure, to both marketing and human resources, in order to build representation and clarity in our employee and internal communications. Externally, my social media engagement rates are 5x over industry averages and the ROI on paid social media platforms are 3x above benchmarks. We have recently been featured in the [New York Times](#) and won the [2019 Edison Gold Award for Innovation](#).

Senior Consultant – Digital and Product Marketing, Executive Communications

2014 – November 2018

Projects / Clients:

Social Media, Content Marketing – View Glass

Attachment: Tina Shakour- LCAC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

I worked to ignite the View Glass social media channels and blog around their initiative to focus on the health and wellness benefits of their dynamic glass and the buildings in which it is used. In the first 30 days, significant improvement was shown on all major social channels and the blog. On average the social media channels are showing higher engagement than industry averages with exceptional reach and impressions. I also developed employee advocacy training for LinkedIn and other social media channels. I converted to a full-time employee in 2018.

Executive Communications – eBay

I worked in a small and nimble team to support the Executive Leadership Team at eBay. I focused on mapping the right speaking opportunities to the right executives based on style and business objectives. I then created their script, presentations, and briefing materials. I provided feedback and coaching to help them tell their story and provided onsite support when their presentation needed it. In this role, I work cross-functionally with many groups, including Investor Relations, Legal, the Asia, Australia, and EMEA regions, and the CEO's team. I coordinated the Main Stage / General Session agenda, session content, speakers, and production with larger team and event agency to create eBay Open 2018 – their Top Seller and All Seller event in Las Vegas.

Digital Strategist; Executive Communications - Cisco

In Cloud, Data Center, and Collaboration I worked on executive communications with a focus on ghost-blogging and developing content for keynotes and major speaking opportunities and provided coaching and expertise on executive social media. I provided executive coaching and training to grow their online social media presence, develop and create blogs, create presentations, and assist them to become brand advocates externally with customers, partners, and analysts. I crafted the messaging for analyst and press opportunities for our executives and conducted press briefings for product launches. I developed internal communications content and strategy, including all-hands events for over 1000 employees globally, internal blogs and emails, and managed a group chat space to assist in transitions happening within the organization.

Prior to that, I brought focus and energy to @ciscodc by increasing engagement per post by 94% and establishing the first net-new audience growth in the fiscal year. I developed the digital content and strategy and delivered the execution for demand generation campaigns, brand campaigns, and product launches. My most successful product launch was in the big data and analytics space and was sponsored by Cisco CEO Chuck Robbins where I exceeded target metrics by 3x. In a previous launch in the hyper-convergence space, I leveraged Intel co-branded marketing content to exceed average reach and response. Leveraging paid social media promotions, I created demand generation activities that showed extremely low CPL and high returns in MQLs. In addition, I built the full-funnel strategy for the Cisco Cloud social media, taking Cisco to their first successful OpenStack Summit, creating their influencer marketing framework, and working to reach to the DevOps community and influencers. I advised on the Cisco Enterprise Networks social media strategy and built the standard practices for the product marketing blog editorial calendar. I created a standard metrics dashboard that leverage data from numerous sources to provide clear insights on trends and successes.

I owned the blogs for my subject areas and developed the editorial calendar, best practices, content audit, and training programs for the bloggers. The blogs under my direction went from not-ranking in the top 10 to being in the top 3 for all of Cisco.

Other Clients:

I helped a client create digital narratives and re-launch their Internet TV branding in order to bring more prospects into the sales funnel – an increase of 10%; by running the communications, social media, and outreach for another client, I raised their online fundraising by 52% with 34% new donors in one season. For an eCommerce B2C customer I immediately increased their weekly revenue by 89% by implementing targeted paid social media campaigns and influencer marketing.

I ran public relations for five years for a San Francisco not-for-profit, fraternal organization, resulting in a placement on The Today Show and in New York Times.

Other project highlights include: Creating, hiring, and coaching for the new developer evangelist role (WePay); On-camera talent, script writing, show design (TechWiseTV); Demand generation and Marketo assessment (Harmonic); eCommerce demand generation in the B2C space; small, medium business, and non-profit awareness and demand generation campaigns.

I currently volunteer to run fundraising for a small not-for-profit that raises money for dog rescues. (Ask me more about the online, virtual dance party for dogs!)

Appvance

2013 - 2014

VP of Corporate Communications and Marketing

Appvance is a performance testing startup whose focus is protecting digital assets for high-usage corporate clients. I was brought in by the CEO to build relationships with Fortune 2000 partners with a three-to-six-month window to hit positive cash flow and develop a strategic marketing plan. I built an integrated marketing and insides sales team, and created lead-generation campaigns to develop pipeline by focusing on social media, web, and influencer marketing. I launched a new message campaign and developed an all-new online presence for the company. I placed articles for the company in online publications relevant to the space, such as Dr Dobbs and launched press releases around company changes. I signed up Rackspace, CloudBees, and Tibco as marketing and solution partners and grew Appvance's visibility in the testing landscape.

Sauce Labs

2012 – 2013

Sr. Director of Marketing and Corporate Communications

Sauce Labs is a testing platform for mobile and web apps. I was hired by the CEO and Investors to construct the company's first strategic and viable marketing framework. I built the first demand-gen campaign and system, reducing the cost-per-conversion fivefold from \$50 to \$10 and doubling PPC (pay-per-click) impressions. Next, I developed a new product website that enabled multiple launches monthly. Working with the co-founder, I was able to bring launch a PR campaign and bring visibility for the company on eWeek, Network World, NBC Bay Area, and Dr. Dobbs, leading to co-marketing deals with Salesforce, Microsoft and Adobe. I developed a net-new customer loyalty program and built and executed on overall events strategy while driving the re-build of the website and driving a comprehensive blog and speaker strategy for the company.

Veetle

Sr. Director of Marketing and Corporate Communications

Veetle was a mobile device live streaming platform. When I arrived, Veetle had no marketing or product strategy. I set up the strategic marketing plan, communications strategy, and metrics package. The overall plan included product roadmap, social media, website marketing, SEO, PPC / SEM, PR, and a direct feedback loop for consumer users. My campaign strategy for the iPhone / Android App launch yielded over 1 million downloads for the first version of the app. I brought in World Series of Poker, Disposable Film Festival, UC Berkeley, and other top partners and brought Veetle 170K Facebook “Likes” and nearly 10K twitter followers in six months.

Skype / Microsoft

2010 – 2011

Director of Marketing Campaigns, Skype for Business

I arrived at Skype before the Microsoft acquisition where my charter was to build and execute on a B2B marketing strategy for campaigns by leveraging website self-serve purchases on eCommerce, email marketing to existing and new customers, social media demand generation, web demand generation, and drive leads to our inside sales team. I created a Salesforce marketing automation system in partnership with Omniture (Adobe SiteCatalyst) and launched 40 campaigns and 5 webinars in six weeks. I landed the VP a coveted keynote at Enterprise Connect (Voicecon) in a triumphant first appearance for Skype that snagged the “clear winner” at the wrap-up by conference Founders. I coordinated our analyst relationships and spent time briefing analysts and our executives on how to develop our presence. Using deep analytics, I studied the buying behaviors of Skype consumers and developed targeted campaigns and offers to convert them into paid customers in the business features group.

Cisco Systems

2000 – 2010

Arrived in 2000 as Systems Engineer, developed as a Systems Engineering Manager. Left in 2010 as Senior Product Marketing Manager.

I began as a Systems Engineer as part of the sales team to develop solutions for large-scale pre-and-post-sales situations. I then transitioned to regional sales management where I led 8 systems engineers in the Northern California Public Sector space to reach 50% year over year sales growth to \$50M serving clients like the State of California, local county governments, and the UC and CSU systems.

My specialization at Cisco resolved around voice telephony and collaboration tools and I passed the CCIE exam, a certification test with an extremely low pass rate. At that time, I was one of the first 60 people in the world to pass this technically challenging exam, and one of only three women.

I then moved to the Collaboration product marketing team and joined Cisco’s TechWise TV initiative where I was a cohost and editorial director, recruiting guest speakers, writing show notes, hosting on-camera segments and determining the editorial direction for the program as a component of Cisco’s international marketing plan. I was also able to contribute to the early social media efforts for the collaboration group with @CiscoCollab and other digital platforms.

During a milestone product launch in China, significant branding issues related to cultural norms surfaced. I worked to bring together Product Development, Legal, Brand, Sales, and Marketing while being the liaison between Cisco and Tencent. The final product was a successful launch - a standing room only live event in Beijing that exceeded expectations all around. In addition, I led the “tiger team” to resolve marketing challenges for the WebEx product in Japan and to collaborate with sales and the product teams to find viable solutions.

EDUCATION

B.A. **Communications with Honors**, The Ohio State University

Continuing Education:

- Financial Markets
- Diversity and Inclusion

RECENT SPEAKING ENGAGEMENTS & AWARDS

BrightRoll: Women in Tech panel – Spring 2014

Tunisia TechWomen: Leveraging Facebook for Business Workshop – March 2015

Cisco Digital Summit: Creating an Online Journey – May 2015

Consulate of Almaty, Kazakhstan: What's Hot in Tech – Feb 2016

TechWomen Alumni Workshop: Creating Amazing LinkedIn Profiles – March 2016

Award: Top Performing Product Launch (Cisco) – July 2016

Relias Learning: Making Social Media Less Scary – September 2016

Social Tools Summit: Panelist – Social Listening and Metrics – October 2016

Award: "Social Guru" – October 2016

Social Media Summit: Why Engagement is the Metric that Matters – November 2016

Society for Women Engineers – February 2017

SXSW - #DisruptiveDiplomacy – March 2017

Health IT Marketing Conference – April 2017

Digital Summit – Atlanta – May 2017

Digital Summit – It's a Pay to Play World: Social Ads - Denver – June 2017

Social Media Week – Chicago – November 2017

What Happens Now? – Social Media Webinar – April 2018

Health IT Marketing Conference – New Orleans – April 2018

Lurking in the Shadows: Dark Social Media – Webinar – Sept 2018

Hot Topics in IT – Panel – Feb 2019

Go-to-Market Strategy Workshop – Feb 2019

Print**Commission Application - Submission #20520****Date Submitted: 7/2/2020****First Name**

Emily

Last Name

Borchers

Address1

[REDACTED]

Address2**City**

Morgan Hill

State

California

Zip

95037

Home Phone Number**Cell Phone Number**

[REDACTED]

email address

[REDACTED]

Occupation

Curatorial Assistant and Social Media Coordinator

Are you a registered voter?

no

Please list any properties you own in Morgan Hill**Do you have any relatives currently employed by the City of Morgan Hill?**

No

Attachment: Emily Borchers- LCAC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

If yes, please provide name

Visit the link below for information on the Planning Commission

[Planning Commission](#)

Visit the link below for information on the Parks and Recreation Commission

[Parks and Recreation Commission](#)

Visit the link below for information on the Library, Culture, and Arts Commission

[Library, Culture, and Arts Commission](#)

Please select the commission you are interested in serving on

Library, Culture, and Arts Commission ▼

Please select the commission that would be your second choice. If you do not have a second choice, please move on to the next question.

Please upload a letter of interest or cover letter*

Emily_Borchers_2020_CoverLetter_MorganHill.pdf

Please upload a resume*

Emily_Borchers_*2020_Resume.pdf

Have you ever served on any other citizen advisory commission or committee? If yes, please list and briefly explain the purpose of each one.*

No I have not.

What skills and/or experience do you possess that would be important to your role as a commissioner?*

I have worked for an arts non-profit (artist residency) for three years working on developing/managing their website and social media platforms, assisting with artist commission research and planning, performing archival research and data entry, and most recently tracking and managing contracts/images from consultants for a book project.

What do you understand the role of the commission to be and why would you like to serve on this commission?*

I believe the role of the commission is to aid in the development of art programs that will benefit the community. I'd like to lend my knowledge of working at a community-based art non-profit to help commission more contemporary artworks, find ways to make art more accessible to the public through art history programs and interactive projects, and learn more about the Morgan Hill government system (how ideas are turned into reality).

What would you like to accomplish as a commissioner?*

I would like to work on diversifying the kinds of commissioned works we have featured throughout the town and establish some sort of modern/postmodern art history classes/interactive programs through the library to act as supplemental education to children/teens. If possible, I'd also like to work on building out the commission's portion of the MH website—more details and images.

What are the greatest opportunities facing the community in regards to this commission?*

The new addition to the Morgan Hill library will open the space up for more opportunities for classes and projects. I also think the amazing turn-out for the George Floyd/Black Lives Matter was a real pivotal point in MH history considering the town is fairly quite on the political front. People in this town care and want to fight against racial injustice—I think the town would really benefit from a commissioned work that voices this as well as creating more resources (sadly mostly online due to COVID) to teach the community about these issues. In addition, "wellness" has really become a popular main stream topic—how do we take care of ourselves? More and more people are interested in self-care, we should be creating more classes/resources/programs/workshops surrounding this. Bay Area artist Leah Rosenberg creates some wonderful pieces exploring emotion and would a great person to look into.

If you are an incumbent seeking reappointment:**Are you next in line to serve as Chair or Vice-Chair?**☐ Yes☒ No**Are you currently serving on a committee**☐ Yes☒ No**Are you assigned to a special project?**☐ Yes☒ No**If you are assigned to a special project, please describe the project.****Please review the City Council Ethics Policy**[City Council Ethics Policy](#)

Please type name to sign. By my signature, I agree to comply with all government regulations, should I be appointed to serve on a City of Morgan Hill Commission or Committee and confirm that I have read the attached Ethics Policy and that I do subscribe to this Policy; that I will apply it to the specific responsibilities s which I may be assigned; and that I will practice the core values set forth in this Policy in my public service for the City of Morgan Hill. Additionally, I commit to attend and participate in all Commission and Committee meetings to which I am appointed, unless excused by the Chair.*

Emily Borchers

Date*

7/2/2020

2:15 PM

EMILY BORCHERS

CURATORIAL ASSISTANT

CONTACT

Hello Mr. Ghione,

I would like to apply to be a member of the Morgan Hill Library, Culture and Arts Commission. I have grown up in Morgan Hill, have lived here for 25 years, and I d like to see more from this commission. Before I left for college, the breadth of my art history knowledge went as far as the impressionist painters. Modern art was not taught in my school and it was not something that was available through my community. I d like to use this opportunity to help make contemporary art more accessible to the community through the implementation of more classes, interactive projects and the diversification of commissioned artworks.

I am a recent UCLA fine arts graduate and have been working at an artist residency for the last three years as their curatorial assistant and social media coordinator. I believe my knowledge of contemporary art, arts administration, artist commission research and planning, archival research, social media curation, and website management will prove beneficial in this position and aid in the modernization of the commission.

I am available to discuss my application further Monday through Thursday. Please feel free to reach out if you have any questions.

Thank you and I look forward to hearing from you.

Sincerely,
Emily Borchers

EMILY BORCHERS

CURATORIAL ASSISTANT

CONTACT



PROFILE

I am a Bay Area-based curatorial assistant, social media strategist, and independent online seller. For the last three years, I have coordinated content for the Lucas Artists Residency Program's social media feed, maintained their website and digitized their archives into a chronological database.

SKILLS

- Copywriting & Editing
- Social Media & Event Marketing
- Content Curation
- Website Management — Weebly
- Arts Administration
- Archival Research
- Research Analysis / Data Entry
- Digital Asset Management
- Databases — Smartsheets
- G-Suite / Microsoft Office
- Photoshop & Premiere Pro
- C2C E-commerce

EXPERIENCE

CURATORIAL ASSISTANT & SOCIAL MEDIA COORDINATOR

LUCAS ARTISTS RESIDENCY PROGRAM | MAR 2018 - PRESENT

- Manages and curates visual content for three social media channels; increased Instagram Followers by 285% over two years; created and curated content for eleven social media campaigns
- Assisted the curator with material and budget research for programming and commissioned works
- Assisted curator with tracking and filing of contributor contracts and images for publication purposes
- Digitized and recorded archival documents into a database; maintains databases for the residency's artists, programs, and mailing lists
- Performed audio transcription editing and fact checking
- Created a new digital asset filing structure—reorganized and relabeled all digital assets using the new filing structure
- Created instructional guides for various digital programs and tasks
- Conducted archival research and analysis from documents dating 1990-2020
- Managed and trains a team of volunteers and interns
- Digitized and organized our works on paper collection through Filemaker
- Established a university and local non-profit art organization contact sheet for marketing outreach purposes

CURATORIAL AND DIGITAL MEDIA INTERN

LUCAS ARTISTS RESIDENCY PROGRAM | AUG 2017 - FEB 2018

- Redesigned the layout and navigation of the website
- Created three new blog post series: Spotify Mixtapes, Around the Table, and This Week in my Studio
- Contributed written pieces for Fellows in the News and Spotify playlists
- Redesigned the Lucas Artists Residency Program logo
- Created two new social media channels; curated visual and written content for website and social media channels
- Created a social media marketing strategy and schedule
- Updated and organized the Montalvo mailing list database with additional contact information

EMILY BORCHERS

CURATORIAL ASSISTANT

CONTACT



EDUCATION

BACHELOR OF ARTS,
MAJOR IN FINE ARTS

UNIVERSITY OF CALIFORNIA,
LOS ANGELES (UCLA) | 2012-2016

ACCOMPLISHMENTS

Montalvo Arts Center
Presidential Service Award | 2018

Kiw Mag, issue #2 "Wet"
Published photo series | 2016

Alpha Lambda Delta & Phi Eta
Sigma Honor Society (UCLA)
Membership | 2013-2016

Ann Sobrato High School
Superintendents Award | 2012

California Scholarship Federation
Membership | 2006-2012

EXPERIENCE

FREELANCE ONLINE SELLER

POSHMARK | JUN 2016 - PRESENT

- Currently managing 37 product pages with 150 items sold over three years; Top Rated Seller with a 4.9 rating and 3,000 followers
- Photographs and edits product images
- Conducts product research and fashion copywriting / SEO keywords

SALES ASSOCIATE & VISUAL MERCHANDISER

DSW INC. | AUG 2016 - AUG 2017

- Assisted customers with in-store, online, and over the phone purchases and styling questions
- Created and maintained store displays
- Maintained the store's appearance
- Prepared, packaged and shipped online orders

PEER COUNSELOR

SOBRATO ALUMNI CONNECTIONS | SEPT 2014 - JUN 2015

- Assisted graduating seniors interested in pursuing a degree in the arts with college research, the application process, and portfolio and thesis statement preparation

TEACHER ASSISTANT

ANN SOBRATO HIGH SCHOOL | AUG 2008 - JUN 2012

- Assisted various teachers with course-specific event preparation, administrative and clerical tasks, assignment and exam grading, and classroom preparation.

Print**Commission Application - Submission #17209****Date Submitted: 3/4/2020****First Name**

Richard

Last Name

Scott

Address1

[REDACTED]

Address2**City**

Morgan Hill

State

CA

Zip

95037

Home Phone Number

N/A

Cell Phone Number

[REDACTED]

email address

[REDACTED]

Occupation

Deputy Director, City of San Jose Dept. of Transportation

Are you a registered voter?

yes ▼

Please list any properties you own in Morgan Hill

[REDACTED]

Do you have any relatives currently employed by the City of Morgan Hill?

No ▼

Attachment: Richard Scott- PRC Application Packet_ Redacted [Revision 1] (2682 : Interviews to Fill LCAC and PRC vacancies)

If yes, please provide name

Visit the link below for information on the Planning Commission

[Planning Commission](#)

Visit the link below for information on the Parks and Recreation Commission

[Parks and Recreation Commission](#)

Visit the link below for information on the Library, Culture, and Arts Commission

[Library, Culture, and Arts Commission](#)

Please select the commission you are interested in serving on

Parks and Recreation Commission ▼

Please select the commission that would be your second choice. If you do not have a second choice, please move on to the next question.

Planning Commission ▼

Please upload a letter of interest or cover letter*

Parks and Recreation Commission.doc

Please upload a resume*

Resume_Rick_Scott.docx

Have you ever served on any other citizen advisory commission or committee? If yes, please list and briefly explain the purpose of each one.*

I have served as a Parks and Recreation Commissioner for the past 4 years, tasked with advising the City Council on the planning and development of parks, cultural facilities, recreation programs, bicycle facilities, and operations and maintenance and capital expenditures.

What skills and/or experience do you possess that would be important to your role as a commissioner?*

In addition to my 4-year term as a Parks Commissioner, I am very familiar with the operations and maintenance of public infrastructure, managing large capital programs and budgets, and navigating political considerations in my current professional role as Deputy Director for San Jose's Department of Transportation. My experience helps shape questions and provide suggestions where relevant to City staff and Council.

What do you understand the role of the commission to be and why would you like to serve on this commission?*

I understand that the role of the commission is to provide recommendations and advice to the City Council on items pertaining to parks, cultural facilities, recreation programs and similar matters. I have resided in Morgan Hill for 5 years and have come to love this City. As a new father and frequent user of our parks and trails, I want to ensure that I am part of a solution to issues in our community.

What would you like to accomplish as a commissioner?*

My top priority would be to help ensure the completion of the Inclusive Playground as I have played a role in planning and fundraising efforts. In any commission role, I want to help shape our community by serving as a liaison between the public and elected officials/City staff to ensure that all voices are heard. As Morgan Hill continues to be a place where people want to live and work, I would like to help navigate our growth so that we can maximize benefits to all residents.

What are the greatest opportunities facing the community in regards to this commission?*

Morgan Hill is growing and evolving, which provides a great opportunity to refresh and update infrastructure. It is critically important that all voices are heard in this process to maximize benefit for existing residents as well as for residents who have yet to join our community. A wonderful example of a success story for all residents are our three new downtown parks that are well-used and loved. The Inclusive Playground is another example of a project and improvement that will benefit generations of residents. Parks unite communities and provide gathering places for residents to mingle and become neighbors. The activation and utilization of downtown spaces further exhibits what is possible, and as our town continues to grow, we must take the opportunity to leverage developer/business desire to be here to build beautiful and engaging public spaces.

If you are an incumbent seeking reappointment:**Are you next in line to serve as Chair or Vice-Chair?**

- ☒ Yes
☐ No

Are you currently serving on a committee

- ☒ Yes
☐ No

Are you assigned to a special project?

- ☒ Yes
☐ No

If you are assigned to a special project, please describe the project.

Inclusive Playground

Please review the City Council Ethics Policy

[City Council Ethics Policy](#)

Please type name to sign. By my signature, I agree to comply with all government regulations, should I be appointed to serve on a City of Morgan Hill Commission or Committee and confirm that I have read the attached Ethics Policy and that I do subscribe to this Policy; that I will apply it to the specific responsibilities s which I may be assigned; and that I will practice the core values set forth in this Policy in my public service for the City of Morgan Hill. Additionally, I commit to attend and participate in all Commission and Committee meetings to which I am appointed, unless excused by the Chair.*

Richard Scott

Date*

3/4/2020

3:00 PM

RICHARD A. SCOTT

• Morgan Hill, CA

To Whom it May Concern,

It has been a great honor and privilege to serve as a City of Morgan Hill Parks and Recreation Commissioner for the past four years, and I hope to continue contributing my experience and expertise in service to our community.

The past four years have brought with them some substantial changes to our community, including new parks, new housing and commercial developments, an updated Bikeways, Trails, Parks and Recreation Master Plan, and substantial progress on the Magical Bridge Inclusive Playground. I have served on planning subcommittees, both for the downtown parks and the Magical Bridge Playground and have found this work to be rewarding and impactful for our community. To the extent possible, I am very interested in helping navigate a changing residential and commercial development picture as well as helping to manage growth in a way that benefits current and future residents alike.

My original goal in applying to become a Parks Commissioner was to learn more about our community as well as our political process. I have appreciated the opportunity to work with a highly dedicated and professional City Staff as well as great colleagues on the Commission, and these experiences have given me a broader perspective in my own professional career as well

Since my original appointment, I have been promoted to the role of Deputy Director for the City of San José's Department of Transportation. In that role, I have the opportunity to lead the 300-person Infrastructure Maintenance Division and oversee operations and maintenance activities for Pavement and Bridges, Storm and Sanitary Sewers, Street Landscape and associated programs, and Traffic Safety Infrastructure. The skills that allow me to succeed in my professional role will continue provide a benefit to both the City of Morgan Hill as I am able to use lessons learned and best practices from both roles to improve performance and cooperation in both jurisdictions.

Since moving to Morgan Hill at the end of my active service as a Naval Officer in 2013, my wife Giuliana and I have come to love this City. Our daughter, Aurelia, is now two years old, and loves playing in our local parks and experiencing what Morgan Hill has to offer. Thank you for your consideration; I am very proud to serve our community in my role as a Parks Commissioner, and hope to be selected to continue that service.

Sincerely,

Richard Scott

Attachment: Richard Scott- PRC Application Packet_Redacted [Revision 1] (2682 : Interviews to Fill LCAC and PRC vacancies)

RICHARD A. SCOTT

• Morgan Hill, CA 95037

EDUCATION

University of Michigan Gerald R. Ford School of Public Policy, Ann Arbor, MI

Master of Public Administration (MPA)

University of Washington, Seattle, WA

Bachelor of Arts – Political Science, Spanish Minor

EXPERIENCE**Deputy Director, Department of Transportation****August 2018- Present**

City of San José, CA

- Lead the 300-person Infrastructure Maintenance Division and administer over \$120 million in operating and capital budget for maintenance activities for 2,434 miles of roads and bridges, 2,000 miles of sanitary and storm sewers, 561 acres of street landscape and associated programs, and all traffic safety infrastructure including 64,000 streetlights, 345 miles of bike lanes and over 122,000 traffic control and street name signs.
- Developed and managed a record 278-mile pavement maintenance program as part of a 9-year plan to appropriately maintain all 1490 miles of residential streets by growing existing and securing new talent, analyzing revenue streams, simulating and testing implementation strategies, performing extensive outreach with internal and external stakeholders, selecting a course of action and ensuring successful completion

Division Manager, Department of Transportation**August 2016-September 2018**

City of San José, CA

- Led the 55-member Pavement, Bridge and ADA Maintenance group, administering over \$50 million in annual budgets and \$55 million in contracts that maintained over 200 miles of City streets, constructed over 2,000 ADA ramps and performed over 11,000 annual pothole repairs
- Designed the new two-year 330 mile Local and Neighborhood Streets paving plan by analyzing data, identifying key staff and training needs, securing positions and facilitating scoping and design activities
- Identified the need for better project documentation and led in the implementation of virtual project management software that reduced paperwork time for field staff, improved contractor accountability, and allowed all departmental stakeholders access to interactive project status dashboards

Interim Division Manager, Department of Transportation**May 2015-July 2016**

City of San José, CA

- Led over 100 team members in the maintenance of streetlights, street signals, landscape, traffic signs and markings and illegal dumping programs with an annual budget of over \$15 million
- Facilitated department wide efforts to reduce potable water consumption while a member of the City water reduction team, assuring a 36% reduction in DOT and exceeding the target of 30%

Operations Manager, Department of Transportation**August 2013-April 2015**

City of San José, CA

- Led the 27-member contractual services group, administering over \$5 million in operating budgets and contracts, \$16 million in unrestricted reserves and the citywide Trees and Sidewalks, Residential Street Sweeping, Weed Abatement and Special Districts programs
- Analyzed performance and staffing needs and took the required budgetary steps to secure 6 new positions and over \$600,000 in funds resulting in a 50% increase in sidewalk repairs and safer public walkways

U.S. Naval Officer**June 2006-July 2013***San Diego, CA and Ann Arbor, MI*

- Taught over 150 university students by crafting lesson plans and training exercises and consistently earned a rating in the top 25% of all instructors at the University of Michigan while earning my advanced degree
- Recognized as the top performing junior officer onboard (#1 of 9) while serving as a department head and Ship's Navigator, leading 23 sailors by analyzing and managing long term maintenance and budgeting requirements for over \$5 million in capital aboard USS GERMANTOWN (LSD 42)
- As Main Propulsion Division Officer, managed 25 subordinates in operations, long term financial planning, and maintenance forecasting with over \$10 million of capital through one deployment to the Western Pacific aboard USS LAKE CHAMPLAIN (CG 57)

Attachment: Richard Scott- PRC Application Packet_Redacted [Revision 1] (2682 : Interviews to Fill LCAC and PRC vacancies)

Print**Commission Application - Submission #16905****Date Submitted: 1/28/2020****First Name**

John

Last Name

Callison

Address1

[REDACTED]

Address2**City**

Morgan Hill

State

California

Zip

95037

Home Phone Number

[REDACTED]

Cell Phone Number**email address**

[REDACTED]

Occupation

Contract negotiator

Are you a registered voter?

yes ▼

Please list any properties you own in Morgan Hill**Do you have any relatives currently employed by the City of Morgan Hill?**

No ▼

Attachment: John Callison- PRC application packet_Redacted [Revision 1] (2682 : Interviews to Fill LCAC and PRC vacancies)

If yes, please provide name

Visit the link below for information on the Planning Commission

[Planning Commission](#)

Visit the link below for information on the Parks and Recreation Commission

[Parks and Recreation Commission](#)

Visit the link below for information on the Library, Culture, and Arts Commission

[Library, Culture, and Arts Commission](#)

Please select the commission you are interested in serving on

Parks and Recreation Commission ▼

Please select the commission that would be your second choice. If you do not have a second choice, please move on to the next question.

Library, Culture, and Arts Commission ▼

Please upload a letter of interest or cover letter*

Morgan Hill Commissioner Cover Letter.docx

Please upload a resume*

Presentation_Resume Nov 2019.doc

Have you ever served on any other citizen advisory commission or committee? If yes, please list and briefly explain the purpose of each one.*

I currently am the District 6 Parks and Rec commissioner for the city of San Jose. I am buying in Morgan Hill in Dec 2020 and decided to rent locally prior to purchase so I fully understood the commute - Since I am an Experienced City Commissioner I thought I would offer my services if there is any need in Morgan Hill - I was previous selected for Dist 6 Arts Commission

What skills and/or experience do you possess that would be important to your role as a commissioner?*

Prior Experience, Budget management, contract negotiation, social media and marketing experience

What do you understand the role of the commission to be and why would you like to serve on this commission?*

To be an information conduit for the citizens of Morgan Hill and a voice for those residents to the city council. To then relay City Council mandates and decisions back to the residents.

What would you like to accomplish as a commissioner?*

Parks or Arts improvements benefiting the residents - ensuring the residents concerns are heard. Increase the number of parks or entertainment venues available therefore improving the quality of life of the local residents

What are the greatest opportunities facing the community in regards to this commission?*

Lack of venues and locations, cost to utilize, over use (the Community and Cultural Center Amphitheatre) for example has summer concerts but the number of attendees is starting to overwhelm the location. parking is tough, seating difficult, dance room limited. etc.. Undersating what needs to happen to help improve the situation and making sure residents know this in order to both meet their expectations and align with city council goals and objectives

If you are an incumbent seeking reappointment:**Are you next in line to serve as Chair or Vice-Chair?**

- ☐ Yes
☒ No

Are you currently serving on a committee

- ☒ Yes
☐ No

Are you assigned to a special project?

- ☐ Yes
☒ No

If you are assigned to a special project, please describe the project.

Please review the City Council Ethics Policy

[City Council Ethics Policy](#)

Please type name to sign. By my signature, I agree to comply with all government regulations, should I be appointed to serve on a City of Morgan Hill Commission or Committee and confirm that I have read the attached Ethics Policy and that I do subscribe to this Policy; that I will apply it to the specific responsibilities which I may be assigned; and that I will practice the core values set forth in this Policy in my public service for the City of Morgan Hill. Additionally, I commit to attend and participate in all Commission and Committee meetings to which I am appointed, unless excused by the Chair.*

John David Callison

Date*

1/28/2020

11:00 AM



John Callison

1/28/2020

Morgan Hill City
Council

I'm Interested in serving my community as a commissioner for the City of Morgan Hill

I would prefer Parks and Rec or Arts as I have experience in both roles for District 6 in San Jose

I am currently the District 6 P&R commissioner until 2024 however as I am moving to Morgan Hill, I will need to resign my role in San Jose and wish to offer my services to my new city

Sincerely,
John D. Callison



Morgan Hill, CA 95037



JOHN CALLISON

DIRECTOR, STRATEGIC SOURCING

Sourcing & Procurement / Supplier Management / Team Management / Performance Analysis

Accomplished, results-oriented leader with expertise in all aspects of supply chain for hundreds of millions annually in commodities; direct and indirect global sourcing, vendor selection, contract administration, and program management for IT infrastructure, data center, networking, and telecommunications technology. Adept at building strategic partnerships and negotiating effectively with vendors, suppliers, and partners. Spearhead initiatives to control costs, maximize profitability, and achieve challenging financial objectives. Analytical performer, highly skilled in issue identification, corrective action planning, and risk mitigation. Ensure regulatory compliance and adherence to proven best practices. Articulate communicator and consensus-builder; collaborate extensively with project leaders and suppliers, while seamlessly leading on- and offshore team resources and contractors.

CORE COMPETENCIES

- Logistics & Supply Chain Expertise
- Sourcing & Procurement Operations
- Cost Analysis / Expense Reduction
- Complex Contract Negotiations
- Solicitation & Bidding Management (RFX)
- Demand Evaluation & Forecasting
- Project Planning / Management
- Team Building, Training & Mentoring

PROFESSIONAL EXPERIENCE

WORKDAY, Pleasanton, California

Senior Manager, Global Technology Sourcing (Network, University, and End-user/IT) 6/2019 to current

Manage such vendors as Cisco, Lenovo, Dell, Vimeo, Articulate, Juniper, etc. Negotiate Corporate Network, University / Education and Content Development, and End-user IT related contracts. Managed, RFX creation/completion, contracting, and supplier relationship management. Developed global RFP's for Laptop and Video Services. Drove continuous savings with suppliers across the corporate spectrum

- Specific Projects available upon request

SYMANTEC/LIFELOCK, Mountain View, California

Senior Manager, Technology Sourcing (Network, HW, and Telecom) 4/2018 to 5/2019

Manage such vendors as A10, Arista, Dell, Cisco, Fusion Storm, Juniper, etc. Negotiate Corporate Network HW related contracts. Managed, RFX creation/completion, contracting, and supplier relationship management. Developed global RFP for Professional Services reducing spend from 130M to 78M annually. Drove continuous savings with Network and Telecom suppliers across

- Developed global Laptop RFP saving 17M.
- Reduced cycle and touch points by 28% after contracting and engaging ProUnlimited as the VMS for StaffAug and Proserv
- Developed standardized Templates for Proserv SOW's and HW Orders allowing quick turnaround and negotiation smart hands related projects

FACEBOOK, Menlo Park, California

Sourcing Manager, Strategic Operations Engineering (CorpNet / ENE) 10/2016 to 4/2018 (Contingent)

Manage such vendors as Eplus, Cisco, Fusion Storm, Juniper, etc. Negotiate Corporate Network HW related contracts. Managed, RFX creation/completion, contracting, and supplier relationship management. Developed Direct and indirect catalog punch-outs, and process to implement, enabling strategic and scalable growth within facebook ProcOps and Sourcing. This reduced touchpoints by over 50%, allowing greater flexibility and bandwidth while incorporating asset tagging, tracking, and receiving across multiple lines of business.

...continued...

JOHN CALLISON • Page 2

- Developed Direct and indirect catalog punch-outs, and process to implement, in order to enable strategic and scalable growth within facebook ProcOps and Sourcing.
- Enabled Secure communications sourcing strategy with both onsite and offsite Supplier resources using FB@work tool with support of @work team
- Audited largest CorpNet supplier and determined multiple errors and exceptions
- Developed better vendor pricing management process to prevent future errors

INFOR500, Inc., Santa Clara, California

Director, Strategic Sourcing for Technology, 3/2015 to 10/2016 (Consultant)

Consultative approach to technology sourcing for such companies as Varian medical, JDSU, Xilinx, Network Control, Sephora, etc. / Sr. Negotiator for all technology related contracts e.g. Network, SaaS, Network Backbone, Telecom, SW, HW, Data Center, Desktop, and ProServ. as well as other commodity areas such as: Facilities, HR, and Security. Managed, RFX creation/completion, contract negotiation, and supplier relationship management. Developed effective cost control / avoidance strategies, improved contract performance management process, contract Database solutions, developed auditable P2P process.

- Delivered a \$57M annual savings through contracting and price negotiations.
- Improved Strategic Sourcing contracting and P2P process for 4 customers w/ avg. 24% increase in efficiencies
- Invited to speak at GSMI SF IT Sourcing and Procurement Summit regarding mobility sourcing and again on human capital management.
- Offered internal Sourcing roles at each customer

SAP CLOUD/SUCCESSFACTORS, South San Francisco, California

Sr. Manager, Strategic Sourcing for Technology (DataCenters), 6/2012 to 3/2015

Led GPO technology sourcing with \$60M annual spend / Sr. negotiator for all technology related contracts e.g. DC, Telecom, SW, HW, Desktop, and ProServ. Managed IT commodity operations across vendor research, RFX development, contract negotiation, and supplier relationship management. Developed effective control / avoidance strategies, improved contract performance management process, contract Database solutions and conducted Gap Analysis of current P2P process.

- Delivered a \$23M annual savings through aggressive contract and price negotiation.
- Improved Strategic Sourcing contract and P2P process by 28%
- Rated Top3% of Company Employee Base
- Invited to speak at GSMI SF IT Sourcing and Procurement Summit regarding mobility sourcing and again on human capital management
- Negotiated historic deal with Russia to implement the very first westernized Data Center in Moscow allowing many future western customers business opportunities there
-

NETAPP, Sunnyvale, California

IT Global Sourcing & Supply (GSS) Manager, Telecom & Networks, 1/2011 to 04/2012

Led GSS efforts within \$3.9B infrastructure / server technology provider, managing IT commodity operations across vendor research, RFX development, contract negotiation, and supplier relationship management for corporate backbone products, networking and telephony. Analyzed costs, developed effective control / avoidance strategies, and forged contract performance management frameworks. Oversaw contractor resources and offshore teams in India.

- Delivered a \$57M annual savings across 28 contracts, through aggressive contract and price negotiation.
- Produced 16 RFP submissions, including a \$60M global hardware acquisition.
- Developed mastery across an array of billing platforms to perform cost analysis; utilized Dunn & Bradstreet credit analysis reporting to enhance sourcing decisions.

ORACLE CORPORATION, Redwood City, California

Senior Commodity Manager & Senior Buyer, 10/2007 to 9/2010

Directed strategic global sourcing and procurement, leading multiple concurrent efforts. Ensured contract alignment with program quality, delivery, responsiveness, and cost requirements. Managed vendor relationships with AT&T, Sprint, TATA, Cisco, and Intercall for Corporate backbone networks, voice/data circuits, local long distance telephony, and audio/video conferencing. Assessed and reported on budgeting, cost tracking, and performance against key indicators. Negotiated complex contract terms and conditions. Trained, coached, and supervised junior buyers; provided contract development and negotiation mentoring.

- Drove an overall savings of \$7.5M per year, spanning 5 functional areas, through insightful cost-avoidance and price negotiation, achieving nearly 40% of the \$19M departmental savings goal.
- Designed and distributed RFP, RFX, and RFQ materials, selecting best-fit suppliers and negotiating both standard/non-standard contracts for optimum pricing.
- Aligned all efforts to best practices and conducted evaluation of vendor metrics to ensure adherence to service level agreements (SLA) and industry standards, as well as identified areas for improvement.

GENENTECH, INC., South San Francisco, California

Senior Operations Analyst & Telecom Engineer II, 9/2002 to 4/2007

Played instrumental role in all voice-related initiatives and managed existing telecommunications infrastructures and contracts, supporting nationwide corporate staff. Led complex acquisition activities, including sourcing, negotiation, and delivery, serving the entire life of the contract. Liaised extensively among internal and third-party vendor stakeholders, facilitating ongoing service improvements and cost reductions; implemented benchmarking and metric tracking to enable accurate performance reporting.

- Researched, evaluated, and recommended new technologies to improve expense avoidance posture and communication infrastructure; provided subject-matter expertise on requirements for new initiatives.
- Held collateral roles of Conference Services Manager and Disaster Communications Engineer, leveraging training and expertise as a Certified Business Continuity Professional (CBCP).

ODWALLA JUICES, (a Coca-Cola Division), Half Moon Bay, California

Telecom Analyst, 2/2001 to 2/2002

Led telecommunications process analysis for voice / wireless telecom program, providing in-depth cost analysis for overall corporate communications. Processed and evaluated invoices, managed vendors, administered PBX, voice mail, and cellular systems, and programmed call routing. Purchased telephone devices.

- Routinely identified and secured service improvements and substantial cost-savings.
- Performed forward-focused usage forecasting and budgetary estimation; played a key role in short- and long-range telecommunication strategy development focused on technology acquisitions.

SCHWINN / GT BICYCLES, Santa Ana, California

Assistant Director, Network & Telecom Services, 5/1998 to 2/2001

Held responsibility for \$500K in MIS operations, managing PC, Network, and Telecom groups across 11 locations and spearheading strategic MIS projects and initiatives. Administered networks and telecom systems, directing installation, configuration, and administration of data and voice networking hardware / software; administered Switchview IntelControl, OrderPro, RightOnQue, Nortel Meridian PBXs, MM1, Meridian Mail, and Novell LAN/WAN. Installed digital TV and video conferencing networks.

~ Additional experience as **Technical Consultant** with Assured Personal / Thomas Staffing (Orange County, CA), **Security & Facilities Manager** with The Sutton Place Hotel (Newport Beach, CA), **Sales Manager & Loan Officer** with TMH Financial Corp. (Santa Ana, CA), and a highly decorated tenure as **Counter-Intelligence Special Agent & German Language Linguist** with the US Army (Wurzburg & Schweinfurt, Germany). ~

EDUCATION AND CREDENTIALS

Business Continuity Communication & Technologies • STANFORD UNIVERSITY – Palo Alto, California

Project Management • CARNEGIE MELLON UNIVERSITY – Pittsburgh, Pennsylvania

Security Clearance: Top Secret / SCI (inactive)

Certification: Project Management Professional (PMP) • Certified Business Continuity Professional (CBCP) • Certified Novell Network Administrator (CNA) • Certified IntelControl Facilities Administrator – Network Routing & Traffic Management • Certified Microsoft Office User Specialist (MOUS) & Pre-Installation Specialist

Professional Development: Switch Centralized Training • Advanced Word, Word Perfect, Excel, Access, PowerPoint, Outlook, PageMaker, GroupWise, Visual Basic • US Army Primary Leadership & Development / NCO Programs • Defense Language Institute's German Linguist Program – *Graduated 15th out of 110*

Technical Proficiency: Voice over Frame, Voice over IP, Wireless / Cellular / Satellite Telephony, Call Integration Platforms, Nortel Meridian PBX & Voicemail, Switchview IntelControl, OrderPro, RightOnQue, Mitel Voice Systems, LAN / WAN, Novell Networks, Nortel Switches, MM1, Meridian Mail, Polycom & Cisco Audio / Video Conferencing Networks, Servers, Routers, Switches, Hubs, Digital TV Cabling, Iprocurement, Zimbra, Genentech Desktop, Remedy Knowledgebase

Professional Associations: Project Management Professionals • Society of Telecommunication Consultants, Affiliate Member • Northern California International Nortel Networks Meridian Users Group (INNMUG)

Print**Commission Application - Submission #17255****Date Submitted: 3/11/2020****First Name**

David

Last Name

Lovato

Address1

[REDACTED]

Address2**City**

Morgan Hill

State

California

Zip

95037

Home Phone Number**Cell Phone Number**

[REDACTED]

email address

[REDACTED]

Occupation

Public Communications Specialist

Are you a registered voter?

yes ▼

Please list any properties you own in Morgan Hill

Just my home.

Do you have any relatives currently employed by the City of Morgan Hill?

No ▼

Attachment: David Lovato - PRC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

If yes, please provide name

Visit the link below for information on the Planning Commission

[Planning Commission](#)

Visit the link below for information on the Parks and Recreation Commission

[Parks and Recreation Commission](#)

Visit the link below for information on the Library, Culture, and Arts Commission

[Library, Culture, and Arts Commission](#)

Please select the commission you are interested in serving on

Parks and Recreation Commission ▼

Please select the commission that would be your second choice. If you do not have a second choice, please move on to the next question.

Library, Culture, and Arts Commission ▼

Please upload a letter of interest or cover letter*

Letter_Interest_MH Commissions_2020.pdf

Please upload a resume*

resume_DL(MHCommissions)2020.pdf

Have you ever served on any other citizen advisory commission or committee? If yes, please list and briefly explain the purpose of each one.*

I served as a Commissioner on the Santa Clara County Social Services Advisory Commission as a representative for County Supervisor Mike Wassermann. As a county Commissioner, I sought out information from the Social Service Agency (SSA) regarding programs, policies and department strategies. I identified appropriate SSA staff to present updates and reports on specific topics. I identified, developed and presented recommendations to the SSA and County of Santa Clara Board of Supervisors. I also monitored and influenced local implementation of state Federal and State decisions and mandates around funding, program, and policies.

I am currently a member of the Second Harvest Food Bank, the Safety Net Committee. This is a coalition of local government and non-profit agencies and community-based organizations that meet every month to discuss new trends in social services provision, share resources, and coordinate advocacy efforts.

I am currently a member of the CalWORKs Advisory Committee. We are a committee comprised of a diverse number of organizations serving as a sounding board for CalWORKs Administrators. The Committee provides the opportunity to participate in CalWORKs planning and program development processes. We share valuable information through individual presentations on requested topics and updates on various facets about CalWORKS, and advocate for "needy families" in Santa Clara County.

I am a current member of the City of San Jose's Mayor Gang Prevention Task Force. As a member of the Technical Team, I serve with Parks, Recreation & Neighborhood Services staff, police officers, school officials, and direct-service organizations who provide prevention and intervention services in the community to curb gang violence.

I am currently serving as HOA Board President for my newly developed Morgan Hill community. As a Board member, I am responsible for the management of all aspects of the association. I carefully review and understand all the HOA's governing documents, bylaws, and restrictions (CC&Rs). I contract goods or services for the community common areas and the association. I delegate powers to our committees, and Property Manager.

What skills and/or experience do you possess that would be important to your role as a commissioner?*

I served one (1) year as Commissioner on the Santa Clara County Social Services Advisory Commission. I was a representative for County Supervisor Mike Wasserman.

I have over eleven (11) years' experience serving on the CalWORKs Advisory Committee, Second Harvest Food Bank, the Safety Net Committee, and the City of San Jose's Mayor Gang Prevention Task Force.

I am currently a member of Leadership Morgan Hill, class of 2020. I am also a member of the Engage Morgan Hill Community Advisory Group.

When I was the Business and Community Relations Director for the Department of Labor's Job Corps program, I chaired the center's Industry Relations Council which identify and recommend appropriate career technical training for the Job Corps Center. I also chaired the Community Relations Council, which was represented by businesses, civic, educational organizations, elected officials, law enforcement agencies, and other service providers serving targeted populations.

I am creative in the development, coordination, and implementation of community outreach activities. I have developed and implemented programs, training, and employment development for city and state organizations. I have a strong history of collaboration with the city, county, and federal agencies while supporting the community, faith-based and for-profit organizations.

What do you understand the role of the commission to be and why would you like to serve on this commission?*

A 7-year term Commissioner for the Parks and Recreation is expected to advise City Council members on matters relating to planning and development of city parks, cultural facilities, recreation programs, and bicycle and pedestrian facilities.

A 7-year term Commissioner for the Library, Culture and Arts Commission is the liaison between the city and the Santa Clara County Library. A Commissioner's role is to advise, recommend, and plan adequate library facilities, check-in with community groups that are supportive of the library and art programs, arrange city-sponsored creative presentation opportunities, and review and recommend artwork that could be attained by the city or fitted on public property.

Why I want to become a City Commissioner:

My wife and I moved to Morgan Hill with our twin 9-year olds over two years ago. We moved into a brand-new development in north Morgan Hill overlooking the base of El Toro. A new city, a new community, a new start. When the opportunity to run for the HOA board came up, I jumped at the chance because it allowed me to get to know my new neighbors and be at an advantage to truly take care of my brand-new community. My neighbors elected me into the Board seat and the Board elected me as their President.

I have been working in Public Affairs and Community Outreach for Valley Transportation Authority for the past 2-years. Since moving to Morgan Hill, I continually request every south county transit-related project. I recently was assigned the Morgan Hill-Community Based Transportation Plan. The Community-Based Transportation Plan identifies Morgan Hill's needs by listening to individuals who understand the community. I have been working for several months on this project and have developed great relationships with city officials, local nonprofit organizations, and neighborhood businesses to help identify projects and strategies to improve transportation needs for disenfranchised residents within the City of Morgan Hill (youth, older adults, non-English speakers, and low-income communities).

I joined the Morgan Hill Engage Community Advisory Group to become further educated on essential City services, share my ideas, and make informed recommendations to the City Council about how to move forward for a sustainable future given our current climate.

I am currently enrolled in the Leadership Morgan Hill, class of 2020 (the best class!). The Leadership program will further my willingness and ability to assume greater community involvement.

I am laying this foundation to show you where I am now. I am an active community member looking to continually grow. Being a city Commissioner will provide me an opportunity to deal with people's most immediate problems, which are often the ones that affect everyone including my new neighborhood. I am ready to be a Morgan Hill city Commissioner and provide true public service as a leader in my community.

What would you like to accomplish as a commissioner?*

If elected into the Parks & Recreation Commission, I would like to get more youth involved in parks and recreation activities. I will continue to support bike and pedestrian projects both as Commissioner and through my job efforts with VTA. I also, want to see the development of more inclusive playgrounds throughout the city.

If elected into the Library, Cultural & Arts commission, I want to support community outreach for arts and culture in the community. I want us to engage more local artists to display their work throughout the city.

What are the greatest opportunities facing the community in regards to this commission?*

With city density increasing and more housing developments in the works, it is important to re-evaluate the city's needs most relevant in community parks, recreation activities, pedestrian trails, and bikeways. More families are moving into Morgan Hill (I am one of them). We have an opportunity to develop more community parks, more pedestrian and bikeways, and increase our enrollments into recreation activities. More housing and retail development mean more utility boxes, park benches, and blank canvas stucco walls. This is a great opportunity to reach out and find new local artists willing to participate in increasing community art displays.

More people living in Morgan Hill earns more Library visits. I go least twice a month with my kids to stock up on books. Feasibly, more classes offered in later hours is something we can look into for the north county commuters that drive in around 6 pm or 7 pm daily, missing out on participating in the 4 pm classes offered at the Library. (Hint Hint, I am one of those people)

If you are an incumbent seeking reappointment:**Are you next in line to serve as Chair or Vice-Chair?**

- ☐ Yes
☒ No

Are you currently serving on a committee

- ☐ Yes
☒ No

Are you assigned to a special project?

- ☐ Yes
☒ No

If you are assigned to a special project, please describe the project.**Please review the City Council Ethics Policy**

[City Council Ethics Policy](#)

Please type name to sign. By my signature, I agree to comply with all government regulations, should I be appointed to serve on a City of Morgan Hill Commission or Committee and confirm that I have read the attached Ethics Policy and that I do subscribe to this Policy; that I will apply it to the specific responsibilities s which I may be assigned; and that I will practice the core values set forth in this Policy in my public service for the City of Morgan Hill. Additionally, I commit to attend and participate in all Commission and Committee meetings to which I am appointed, unless excused by the Chair.*

David Lovato

Date*

3/11/2020

1:45 PM

David Lovato
[REDACTED]
[REDACTED]

March 11, 2020

Michelle Bigelow
Council Services & Records Manager
17575 Peak Avenue
Morgan Hill, CA 95037

Re: Open seats for Library, Culture and Arts Commission, and the Parks and Recreation Commission

Michelle,

I want to offer this letter of interest for the open seats with the Library, Culture and Arts Commission, and open seats with the Parks and Recreation Commission. I learned about the opening through the city website. Although I just moved to Morgan Hill, I am already an active resident looking to continually grow in my community. Being a city commissioner will provide me an opportunity to deal with people's most immediate problems, which are often the ones that affect everyone including my new neighborhood. I am ready to be a Morgan Hill city Commissioner and provide a true public service as a leader in my community.

I served one (1) year as Commissioner on the Santa Clara County Social Services Advisory Commission as a representative for County Supervisor Mike Wassermann. I have eleven (11) years' experience serving on the CalWORKs Advisory Committee, Second Harvest Food Bank, the Safety Net Committee, City of San Jose's Mayor Gang Prevention Task Force. I am currently a member of Leadership Morgan Hill, class of 2020., and a member of the Morgan Hill Engage Community Advisory Group.

As the former Business and Community Relations Director with the Department of Labor's Job Corps, I chaired the center's Industry Relations Council which identified and recommend appropriate career technical training for the Center and recommended appropriate changes in career technical training curricula. I also chaired the Community Relations Council, which was represented by businesses, educational organizations, elected officials, law enforcement agencies, and other service providers serving targeted populations.

I look forward to the opportunity to meet with and discuss what my experience, sense of civic duty, and enthusiasm that can bring to our city's Commissions. Thank you for considering my application. I hope to hear from you soon.

Sincerely,
David Lovato

Attachment: David Lovato - PRC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

David A. Lovato

[REDACTED], Morgan Hill, California

Cell: [REDACTED]

Email: [REDACTED]

www.linkedin.com/in/davidalovato

SUMMARY

Creative in the development, coordination, and implementation of community outreach activities. Developed and implemented programs, trainings, and employment development for city and state organizations. Strong history of collaboration with city, county, and federal agencies, while supporting the community, faith-based and for-profit organizations.

EDUCATION / LICENSURE / CERTIFICATION

- B.S. Human Services (2021)
Notre Dame de Namur University
- Morgan Hill Leadership (Class of 2020)
- CPR & First Aid – Certified
- IS-100 (ICS 100), Incident Command System
- IS-700 (NIMS), National Incident Management System
- IS-317, Community Emergency Response Team
- Firefighter 1 Certificate of Education

PROFESSIONAL EXPERIENCE

Public Communications Specialist

VTA

06/2017 – Present

- Successfully enlisted 162 VTA employees, managing the creative development and execution of the “We Want You” Street Team recruitment campaign.
- Led an internal team of 15 “Leads” from Marketing, Customer Service, and Community Outreach during the 2-month “Street Team” rider outreach campaign.
- Developed and implemented a training program for 200+ VTA employees and contract staff in the preparation of the New Transit Service rollout.
- In coordination with my Department Manager, I organized, directed, and supervised all Street Team activities for the 2-month rider outreach campaign.
- Directed outreach for VTA’s ongoing Rail Rehabilitation program, which consists of back-to-back light rail construction projects throughout the county.
- As VTA’s Homeless Response Team (HRT) Lead, I coordinate OCC, Real Estate, Government Affairs, Sheriff’s Transit Patrol, Protective Services, Operations, and Maintenance, when there is the appearance of a new homeless encampment on VTA property.
- As the HRT Lead, I respond to stakeholders and coordinate with external service providers to provide clean-up with contractors of the homeless encampment areas.
- I have established tremendous working relationships and partnerships with a variety of stakeholders and community members, including business, civic and educational organizations, community associations, representatives of employee organizations, VTA employees, and customers.

Program Manager

City of San Jose - work2future

08/2016 – 01/2017

- Supervised, trained, evaluated, coached/counseled, and disciple staff in accordance with labor laws and company policies.
- Managed and supervised staff and activities to ensure the fulfillment of company performance goals.
- Planned, organized, directed, and coordinated the activities of the city, state, and non-profit service agencies.
- Analyzed and evaluated complex situations and then recommended and implemented effective improvements.
- Developed, coordinated, and implemented community outreach activities.
- Planned, developed and edited marketing material for advertisements, press releases, internal communications, promotional events, and other public information.
- Responded to community needs, in coordination with other staff service agencies.
- Established and maintained cooperative working relationships and partnerships with a variety of stakeholders and community members, business, civic and educational organizations, and other service provider agencies.
- Represented the company before various public and private sector organizations.

Attachment: David Lovato - PRC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

Business and Community Relations, Director

Job Corps

09/2015 – 06/2016

- Established meaningful relationships and networks with local and distant employers, and education partners, and provided civil service and job opportunities for current students and program graduates.
- Developed meaningful relationships with members of the local community to keep them informed of changes to the rules, procedures, or activities of the Job Corps center.
- Chaired the center's Industry Relations Council (IRC) to identify and recommend appropriate career technical training for the center, the skills, and education necessary for employment opportunities, and recommend appropriate changes in career technical training curricula.
- Chaired the Community Relations Council (CRC) represented by business, civic, educational organizations, elected officials, law enforcement agencies; and other service providers serving targeted populations.

Work-Based Learning Program Coordinator

Department of Labor - Job Corps

03/2014 – 09/2015

- Established and maintained the Work-Based Learning Program (WBL) linkages with local employers, city and state agencies and nonprofit organizations.
- Conducted community outreach, including public presentations and expanded and maintained a community network, both on and off-campus.
- Acquired quality worksites for current students seeking to gain work experience within their chosen field of industry education.
- Attended a variety of program-related functions on and off campus to develop a network of companies, streamlining industry recruitment and training processes by the pre-screening quality and eligible students and graduates best fit for positions available, improving companies' bottom line.

Career Transition Specialist

Department of Labor - Job Corps

11/2012 – 03/2014

- Organized, implemented, and scheduled special work readiness activities and events.
- Maintained linkages with military services, city One-Stops, and other external resources, maintained job banks, secured and posted job leads, arranged transportation assistance and other support services.
- Participated in individual or group counseling services in coordination with the Social Development Department and Mental Health Consultants, as needed.

Emergency Medical Technician, Supervisor

SAP Center at San Jose - San Jose Sharks

01/2008 – 08/2014

- Trained to respond quickly to emergency situations regarding medical issues, traumatic injuries and accident scenes at the SAP Center property.
- Coordinated outreach, marketing, and recruitment for available positions.
- Prescreened, interviewed and made final approvals for all new hires, as well as trained new hires in standard operating procedures, and facility orientation.
- Developed, coordinated and facilitated bi-annual refresher training for all department personnel.
- Ensured compliance with all agency, and county protocol and regulatory requirements.

Job Development Specialist / Program Coordinator

City of San Jose - work2future

05/2009 – 08/2012

- Coordinated with public and private sectors providing employment and job placement services.
- Conducted job development activities such as cold calling employers.
- Facilitated the program orientation for new participants to familiarize program goals and requirements.
- Assessed and identify the special needs of participants; ensure participants are attending and receiving training.
- Assisted participants in learning job search skills.
- Facilitated career readiness workshops: developing resumes, cover letters, follow-up letters, and applications.

Print**Commission Application - Submission #20409****Date Submitted: 6/25/2020****First Name**

John

Last Name

Moniz

Address1

[REDACTED]

Address2**City**

Morgan Hill

State

CA

Zip

95037

Home Phone Number

[REDACTED]

Cell Phone Number

[REDACTED]

email address

[REDACTED]

Occupation

Land Use Planner

Are you a registered voter?

yes

Please list any properties you own in Morgan Hill

[REDACTED]

Do you have any relatives currently employed by the City of Morgan Hill?

No

Attachment: John Moniz- PRC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

If yes, please provide name

Visit the link below for information on the Planning Commission

[Planning Commission](#)

Visit the link below for information on the Parks and Recreation Commission

[Parks and Recreation Commission](#)

Visit the link below for information on the Library, Culture, and Arts Commission

[Library, Culture, and Arts Commission](#)

Please select the commission you are interested in serving on

Parks and Recreation Commission ▼

Please select the commission that would be your second choice. If you do not have a second choice, please move on to the next question.

Please upload a letter of interest or cover letter*

John Moniz Cover Letter PRC.pdf

Please upload a resume*

John Moniz Resume 2020.pdf

Have you ever served on any other citizen advisory commission or committee? If yes, please list and briefly explain the purpose of each one.*

Morgan Hill Planning Commission - land use decisions and recommendations
Morgan Hill General Plan Advisory Committee - input and recommendations for General Plan Update

What skills and/or experience do you possess that would be important to your role as a commissioner?*

As a member of both bodies listed above, I have learned that considering all points of view is paramount in decision making. A narrow view on an issue is not helpful.

What do you understand the role of the commission to be and why would you like to serve on this commission?*

The PRC is advisory to the City Council, and at times, the Planning Commission. I've wanted to serve on the PRC for some time, and now have an opportunity to do so.

What would you like to accomplish as a commissioner?*

To continue the City's efforts to make Morgan Hill an open space-rich environment with amenities (passive and active) for all age groups. To also explore opportunities to provide additional off-leash dog parks.

What are the greatest opportunities facing the community in regards to this commission?*

The COVID pandemic has highlighted the importance of working together. The PRC can tap into this sense of community by expanding volunteer opportunities.

If you are an incumbent seeking reappointment:**Are you next in line to serve as Chair or Vice-Chair?**

- ☐ Yes
☐ No

Are you currently serving on a committee

- ☐ Yes
☒ No

Are you assigned to a special project?

- ☐ Yes
☐ No

If you are assigned to a special project, please describe the project.**Please review the City Council Ethics Policy**[City Council Ethics Policy](#)

Please type name to sign. By my signature, I agree to comply with all government regulations, should I be appointed to serve on a City of Morgan Hill Commission or Committee and confirm that I have read the attached Ethics Policy and that I do subscribe to this Policy; that I will apply it to the specific responsibilities s which I may be assigned; and that I will practice the core values set forth in this Policy in my public service for the City of Morgan Hill. Additionally, I commit to attend and participate in all Commission and Committee meetings to which I am appointed, unless excused by the Chair *

John Moniz

Date*

6/23/2020

9:30 PM

Attachment: John Moniz- PRC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

June 23, 2020

City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA
Attn: Chris Ghione

Re: Parks and Recreation Commissioner Vacancy

Chris,

It would be my privilege to serve on the City's Parks and Recreation Commission for the upcoming term. As a former member of the Planning Commission and General Plan Task Force, I appreciate the value of being involved in my local government, and participating in the decisions that affect the quality of life for residents and guest in our City. Thinking of the decreased revenue due to the suspension of the Residential Development Control System, reduced budgets and grant opportunities, securing funding for new parks and trails, as well as the on-going maintenance of existing parks and trails will be a challenge. I would like to be part of meeting that challenge.

John Moniz

John Moniz

With 20+ years of experience in securing land use entitlements and project/development design for a wide variety of residential, commercial, industrial and mixed-use projects, I have a deep understanding of the planning process.

CAREER HISTORY



2010 – Present

As a Senior Planner, I have a range of responsibilities including: Project development and design; Soliciting new clients and providing excellent service to existing clients; Coordination with a variety of other consultants and agencies; In-house coordination with civil engineers, surveyors, landscape architecture staff and executive management



2008 – 2010

During the great recession, I created a land use consulting company to solicit work and continue relationships with colleagues in the development industry including; project managers, brokers, real estate agents, other land use consultants and agency staff. I also became certified as a Green Point Rater with *Build it Green* and inspected new homes for market-rate and non-profit builders.



2005 – 2008

Reporting to the principals of the company (Al, Dave and Greg Pinn), my role as Project Manager included: Assistance in land acquisition; pro-forma budgeting, project design, due diligence; securing discretionary and construction permits; coordination with design consultants, title officers, representation and liaison with neighborhood groups, agency staff and approval bodies



1996 – 2005

I was hired by HMH Engineers while finishing the *Masters in Regional and Urban Planning* program at San Jose State. Over the next nine years, my tasks increased with promotions, from an entry-level Assistant Planner to Associate Planner, including; project design, coordination with Clients and agency staff while working on high-profile projects such as: Communications Hill, SJ Flea Market, North Coyote Valley, Evergreen Specific Plan, etc.

EDUCATION



1996

San Jose State
Masters in Urban and
Regional Planning



1994

Fresno State
B.S. in Construction
Management

ENGAGEMENT

Morgan Hill General Plan Advisory Committee (GPAC), 2035 General Plan Update

Morgan Hill Planning Commission
2009-2011

Building Industry Association (BIA)
2006-2007

REFERENCES

Derek Farmer, Planning Director for
City of Moraga

Jerry Strangis, Real Estate Broker

Leslie Little, Assistant City Manager
for Community Development for the
City of Morgan Hill

leslie.little@morganhill.ca.gov

Paul Latala, President Latala Homes

Sylvia Do, Planning Division Manager
for City of San Jose

Print**Commission Application - Submission #20418****Date Submitted: 6/26/2020****First Name**

Bill

Last Name

Colombo

Address1

[REDACTED]

Address2**City**

Morgan Hill

State

CA

Zip

95037

Home Phone Number**Cell Phone Number**

[REDACTED]

email address

[REDACTED]

Occupation

Engineer

Are you a registered voter?

yes

**Please list any properties you own in Morgan Hill**

[REDACTED]

Do you have any relatives currently employed by the City of Morgan Hill?

No



Attachment: Bill Colombo- PRC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

If yes, please provide name

Visit the link below for information on the Planning Commission

[Planning Commission](#)

Visit the link below for information on the Parks and Recreation Commission

[Parks and Recreation Commission](#)

Visit the link below for information on the Library, Culture, and Arts Commission

[Library, Culture, and Arts Commission](#)

Please select the commission you are interested in serving on

Parks and Recreation Commission ▼

Please select the commission that would be your second choice. If you do not have a second choice, please move on to the next question.

Planning Commission ▼

Please upload a letter of interest or cover letter*

MH committee Letter.docx

Please upload a resume*

Colombo Resume.docx

Have you ever served on any other citizen advisory commission or committee? If yes, please list and briefly explain the purpose of each one.*

no

What skills and/or experience do you possess that would be important to your role as a commissioner?*

See my attached resume.

What do you understand the role of the commission to be and why would you like to serve on this commission?*

To act in an advisory and volunteer capacity in the development of parks and recreation opportunities for Morgan Hill residents

What would you like to accomplish as a commissioner?*

Recommend projects, legislation, policies, funding allocations, and other measures, programs, or activities for the development of park and recreation opportunities in Morgan Hill.

What are the greatest opportunities facing the community in regards to this commission?*

Budget and sources of funding

If you are an incumbent seeking reappointment:**Are you next in line to serve as Chair or Vice-Chair?**

- ☐ Yes
☐ No

Are you currently serving on a committee

- ☐ Yes
☐ No

Are you assigned to a special project?

- ☐ Yes
☐ No

If you are assigned to a special project, please describe the project.**Please review the City Council Ethics Policy**[City Council Ethics Policy](#)

Please type name to sign. By my signature, I agree to comply with all government regulations, should I be appointed to serve on a City of Morgan Hill Commission or Committee and confirm that I have read the attached Ethics Policy and that I do subscribe to this Policy; that I will apply it to the specific responsibilities s which I may be assigned; and that I will practice the core values set forth in this Policy in my public service for the City of Morgan Hill. Additionally, I commit to attend and participate in all Commission and Committee meetings to which I am appointed, unless excused by the Chair *

William Colombo

Date*

6/26/2020

11:00 AM

Attachment: Bill Colombo- PRC Application Packet_Redacted (2682 : Interviews to Fill LCAC and PRC vacancies)

Bill Colombo
[REDACTED]
Morgan Hill, CA 95037
[REDACTED]

To whom It May Concern:

I love the outdoors and would like to be involved with the Morgan Hill Parks and Recreation Committee. I want to be involved in planning for the present and future park and recreation needs of the residents of Morgan Hill.

In the past 35 years I have been HOA President, Director, and Chairperson of various Committees such as architectural, parking, and landscaping.

Please consider me for the current vacancy in the committee.

Thanks,
Bill

William Colombo

Fast paced leadership, relentless focus on strategic goals with precision and organization.
 [REDACTED], Morgan Hill CA 95037

PROFESSIONAL SUMMARY

Responsible Systems Engineer and Manager with excellent communication skills demonstrated by many years of experience working with teams on high value Space Systems. Motivator enthusiastic mentor with a strong desire to foster a cohesive working atmosphere. Specialize in planning and managing high value Space Systems Labs with electronics, computer servers, and workstations with various types of operating systems all networked together to develop and test flight software and perform anomaly resolution. A fast learner who is NOT lazy and excited to perform with excellence. I have always finished tasks well ahead of schedule. I am a huge asset to any company.

Education

U.S. Air Force Electronic Technician
 U.S. AIR FORCE

Bachelor of Science (B.S.), Engineering, Business (minor)
 SAN JOSE STATE UNIVERSITY

Highlights

- Project management
- Capacity to work as a team player
- Technical plan execution
- Critical thinking and reasoning abilities
- Complex problem solver
- High energy level
- Exceptional planning and organizing skills
- Managed Software Development with LEAN

Career Experience

LOCKHEED-MARTIN – Sunnyvale, CA

SYSTEMS ENGINEER/ LAB MANAGER / RESPONSIBLE AREA SUPERINTENDENT (INFRASTRUCTURE & OPERATIONS), SPACE SYSTEMS, SATELLITE INTEGRATION ANOMALY RESOLUTION, TEST COMPUTERS EXPERT.

For 14 years led the design, build, and management of six labs worth \$150 million dollars to support flight software development, and integration and testing of high value national defense military satellites supporting 4 successful space launches.

- Certified Test Conductor on multiple Space Systems programs.
- Planned, forecasted and led Space Systems Labs procurement, design, and build.
- Networked high value space systems labs with over 300 IP addresses.
- Provided project plans, cost estimates, status reports, and leading presentations to top management levels and customers.
- Headed software/hardware cost analysis and established **total cost of ownership** of servers and software licenses.
- Maintained six labs by repairing anything that broke without any outside vendor assistance saving over 6 million in maintenance expenses over 14 years.
- Created detailed documentation procedures and recurring technical issues, improving team effectiveness, standardization and efficiency which resulted in reduced demand for labor with cost savings of \$2 Million+/year.
- On site as needed to keep the 24 / 7 critical labs running as needed.
- Have worked with many subcontractors involved with building national defense satellites

- Troubleshooter for all labs test equipment including rebuilding failed test computers and loading all necessary software
- Program Manager for several projects to construct new testing labs including placement of power and cooling systems for all of the electronics that is temperature sensitive.

Additional

- Active Secret level security clearance.
- Enjoy hiking, travelling, running, bicycling.
- Extremely reliable, get the work done now rather than later, money saver whenever possible
- Self-Starter, detail oriented with proven record of large scale complex projects.
- Available to travel as needed without excuses
- Work as many hours as it takes per day to get the work done on time and under budget
- Most everyone I have worked with have recognized me as a One Man Army



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

PREPARED BY: Harjot Sangha, Assistant to the City Manager
APPROVED BY: City Manager

ADOPT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PROCLAIMING BLACK LIVES MATTER AND COMMITTING TO STAND IN SOLIDARITY WITH ITS BLACK COMMUNITY

RECOMMENDATION(S)

Adopt resolution proclaiming Black Lives Matter and committing to stand in solidarity with our Black community.

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
Advancing Regional Initiatives

REPORT NARRATIVE:

The purpose of this report is for City Council to consider adopting a resolution (Attachment 1) affirming the City's commitment to stand in solidarity with its Black community. The Cities Association of Santa Clara County requested cities adopt such a resolution.

The whole nation is mourning the senseless killing of George Floyd that occurred in Minneapolis on May 25, 2020. The actions and inactions of the police officers involved were shameful. Cities across the nation must come together and denounce violence of any kind and must lead in structural reform to ensure that Black communities, and all other communities of color for that matter, are safe and equal members of society.

COMMUNITY ENGAGEMENT: Inform

The adoption of this resolution serves to inform the community regarding the City Council's commitment to stand in solidarity with its Black community and condemns racial inequity in all forms and violence against Black community members.

ALTERNATIVE ACTIONS:

Not applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On May 3, 2017, the City Council adopted a resolution (Attachment 2) reaffirming the City's commitment to a diverse, supportive, and inclusive community, and to protecting the constitutional rights of its residents.

In January 2020, the City Council reaffirmed diversity and inclusiveness as part of its ongoing City Council priorities.

FISCAL AND RESOURCE IMPACT:

There is no direct fiscal impact to adopting this resolution.

CEQA (California Environmental Quality Act):

Not a Project. This is an administrative activity of the government that will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:

1. BLM Resolution
2. 2017 Resolution

RESOLUTION NO.**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MORGAN HILL PROCLAIMING BLACK LIVES
MATTER AND COMMITTING TO STAND IN
SOLIDARITY WITH ITS BLACK COMMUNITY**

WHEREAS, recent national events involving police brutality and misconduct have shed light on a deeper issue in America. Systemic racism has plagued America for centuries; and

WHEREAS, we as a nation have come together to mourn the loss of George Floyd and honor his memory. The unlawful, tragic, and unacceptable killing of George Floyd at the hands of Minneapolis Police has sparked mass protests and demonstrations calling for change and elimination of systemic racism not only in Minneapolis, but in all communities in our nation; and

WHEREAS, we denounce violence of any kind against people and property, but we also recognize the urgency of this situation. Cities must take the lead in structural reform to ensure that Black and other communities of color are safe and equal members of society. Cities must take the lead in reaffirming public trust in law enforcement; and

WHEREAS, it is the responsibility of government to protect citizens and uphold civil rights. City officials must work to ensure that the rights of all people are upheld and respected. Reform is necessary to ensure that not one more person falls victim to racial profiling and racial violence by law enforcement; and

WHEREAS, statements are important, but actions are critical. How we move forward will indicate our true intent and the sincerity of our respect and love for others. Recent events have provided this opportunity for growth, appreciating, and embracing those in the Black community and other people of color; and

WHEREAS, in 2017 the City Council reaffirmed the City's commitment to a diverse, supportive and inclusive community, and to protecting the constitutional rights of its residents; and

WHEREAS, enhancing diversity and inclusiveness is an ongoing priority of the City Council.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill affirms its commitment to stand in solidarity with its Black residents and communities of color and resolves as follows:

1. That the City of Morgan Hill condemns racial inequity in all forms and violence against the Black community.
2. That the City of Morgan Hill does not tolerate discrimination, racial injustice, or police brutality.
3. That the City of Morgan Hill demands that Black Lives Matter.

4. That the City of Morgan Hill commits to actively listen and learn from the Black community.
5. That the City of Morgan Hill will oppose any attempts to undermine the safety, security, and rights of members of our community and will work proactively to ensure the rights and privileges of everyone in the City—regardless of race.
6. That the City of Morgan Hill will promote safety, a sense of security, and equal protection of constitutional and human rights, leading by example through equitable treatment of all by City officials and departments.
7. That the City of Morgan Hill encourages the community to stand together through peaceful exchange and discourse to enact change and move forward towards a future with more equity and inclusion in the City of Morgan Hill, the State of California, and our country.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th Day of July, 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. XX-XXX , adopted by the City Council at the meeting held on July 15, 2020.

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

DATE: _____

Irma Torrez, CITY CLERK

RESOLUTION NO. 17-033**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL REAFFIRMING THE CITY'S COMMITMENT TO A DIVERSE, SUPPORTIVE, INCLUSIVE COMMUNITY AND TO PROTECTING THE CONSTITUTIONAL RIGHTS OF ITS RESIDENTS**

WHEREAS, On December 14, 2016 the Morgan Hill City Council affirmed a Statement of Support and Assurance to the community assuring that hate crimes will not be tolerated in Morgan Hill, our Police will not be used for federal immigration enforcement, and our Constitutional rights will be protected; and

WHEREAS, The Morgan Hill City Council adopted "Sustainable Morgan Hill" as the Council's and organization's guiding principle; and

WHEREAS, The vision of Sustainable Morgan Hill is to be "a socially responsible, environmentally conscious, and economically sound community that embraces inclusiveness with participation by all"; and

WHEREAS, The Morgan Hill City Council adopted Inclusiveness as a 2017 Strategic Priority committing the City to embrace all community members as partners to advance our vision of being a socially responsible community; and

WHEREAS, The City of Morgan Hill values a community characterized by diversity, multiculturalism, and unity and acknowledges that the dignity, health, rights and privacy of all our residents must be respected; and

WHEREAS, each person is naturally and legally entitled to live a life without harassment, discrimination, persecution or assault, whether perpetrated by individuals, groups, businesses, or governments; and

WHEREAS, there exists significant and growing concern among our residents based upon recent national and regional incidents of hate crimes, intolerance of religious beliefs, discrimination, sexual harassment and assault, and the fear of a trend toward more of these crimes in the future; and

WHEREAS, there also exists considerable concern in our city about the potential risks for discrimination, harassment, persecution, assault, and deportation; and

WHEREAS, the city and its residents continually reject bigotry and affirm their commitment to a diverse, supportive, inclusive community; and

WHEREAS, all members of the city are valued regardless of religion, immigration status, ethnicity, disability, gender, sexual orientation, or gender identity.

NOW, THEREFORE, BE IT RESOLVED that the City Council reaffirms its commitment to a diverse, supportive and inclusive community and resolves as follows:

The City of Morgan Hill rejects bigotry in all its forms, including, but not limited to, Islamophobia, anti-Semitism, racism, nativism, misogyny, and homophobia; and

The City of Morgan Hill does not tolerate discrimination based on race, national origin, ethnicity, religion, age, gender, sexual orientation, color, or disability; and

The City of Morgan Hill does not tolerate Hate crimes, harassment, or assault; and

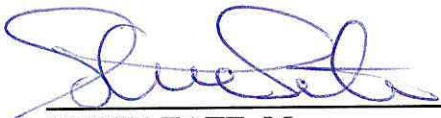
The City of Morgan Hill will oppose any attempts to undermine the safety, security, and rights of members of our community and will work proactively to ensure the rights and privileges of everyone in the city, regardless of religion, country of birth, immigration status, disability, gender, sexual orientation, or gender identity; and

The City of Morgan Hill will promote safety, a sense of security, and equal protection of constitutional and human rights, leading by example through equitable treatment of all by City officials and departments.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morgan Hill at a regular meeting held on the 3rd day of May, 2017.

AYES:	COUNCIL MEMBERS:	Larry Carr, Rich Constantine, Rene Spring, Caitlin Robinett Jachimowicz, Steve Tate
NOES:	COUNCIL MEMBERS:	None
ABSTAIN:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None

APPROVED:


STEVE TATE, Mayor

ATTEST:


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. 17-033, adopted by the City Council at a regular meeting held on May 3, 2017.

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

DATE:

May 9, 2017



IRMA TORREZ, City Clerk

Attachment: 2017 Resolution [Revision 1] (2808 : BLM Resolution)



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

PREPARED BY: David Gittleson, Associate Engineer
APPROVED BY: City Manager

ACCEPTANCE OF EAST MAIN AVENUE WELL #3 PROJECT

RECOMMENDATION(S)

1. Accept as complete the East Main Avenue Well #3 Project in the final amount of \$1,627,146;
2. Authorize the City Engineer to sign the attached Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Maintaining Infrastructure

2020-2021 Strategic Priorities

Financial Sustainability

GUIDING DOCUMENTS

Water System Master Plan

REPORT NARRATIVE:

On July 26, 2017, City Council awarded a construction contract for the East Main Avenue Well #3 Project (Attachment 1). The project scope of work involved constructing a new well facility which included: well building, well head, pump, piping and valves, motor control system, electrical, disinfection, testing, start-up, permitting, paving, fencing, landscaping & irrigation, and all appurtenances to put the new well into service.

The project was awarded to Conco West, Inc. for \$1,603,500 and the project was authorized a 10% contingency of \$160,350. During construction, six contract change orders totaling \$74,945 were authorized to address unforeseen conditions and project changes(Attachment 2).

Staff recommends accepting the project as the well is in service and all of the work is complete and in accordance with the plans and specifications and directing City Clerk to file the Notice of Completion (Attachment 3).

COMMUNITY ENGAGEMENT: Inform

The East Main Avenue Well #3 site is located adjacent to residences and staff provided door notifications prior to construction activities. Staff also provided updated construction information weekly through Nextdoor and on the City's website.

ALTERNATIVE ACTIONS:

Accepting the project in accordance with the contract documents is a required process and enables the City to release any retained funds owed to the contractor per the California Public Contract Code Section 7107.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- On June 17, 2015, City Council awarded a design services agreement with Luhdorff and Scalmanini for \$229,840 to design the East Main Avenue Well and the Walnut Grove Well.
- On July 26, 2017, City Council awarded a contract to Conco West, Inc. to construct the East Main Avenue Well #3 project for \$1,603,500.

FISCAL AND RESOURCE IMPACT:

The final contract amount for the East Main Avenue Well #3 Project is \$1,627,146. The project was awarded to Conco West, Inc. for \$1,603,500 and the project was authorized a 10% construction contingency of \$160,350 (total of \$1,763,850). Out of the original base contract, only \$1,552,201 was spent along with six change orders totaling \$74,945 for a total cost of \$1,627,146 (\$1,552,201+\$74,945). The balance of \$136,704 (\$1,763,850-\$1,627,146) will be returned to CIP #601000 for New Well Property/Construction which is funded by Water Impact Fund (Fund 651).

CEQA (California Environmental Quality Act):

Categorical Exemption

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15303(d) of the CEQA Guidelines (New construction or conversion of small structures), as the subject work involves the construction of a small municipal water facility and related equipment to connect to the City's water distribution system.

LINKS/ATTACHMENTS:

1. Project Location Map
2. Funding Closeout Statement Main Well #3 7-15-20
3. Notice of Completion Main Well #3 7-15-20



Attachment: Project Location Map [Revision 1] (2778 : Accept East Main Avenue Well #3 Project)



CITY OF MORGAN HILL

CIP Engineering Division
Engineering and Utilities Department

Path: G:\R-14\PROJ\GIS\John\Yat_MainWalnutGrove_Well_Proj.mxd

Project Location Map EAST MAIN AVENUE WELL #3 SITE

0 260 520 1,040 1,560 2,080
 Feet



CIP Contract Acceptance Funding Closeout Statement

Project:	East Main Well #3		
Project No:	601U15		
Date of Project Award:	26-Jul-17	Project Award Amount:	\$1,603,500
Funding Source:	f651	Contingency Authorized:	\$160,350
Date of Project Acceptance:	15-Jul-20	Total Authorized:	\$1,763,850
		Actual Base Contract Spent:	\$1,552,201

Change Orders				
	Description	Date	Council Approval Reqd? (Y/N)	
C.O. #1:	Perform acid treatment on well water and casing to remove bacteria	7-Nov-18	N	\$27,284
C.O. #2:	Remove buried concrete slab and backfil & compact.	9-Nov-18	N	\$14,096
C.O. #3:	Relocate water line, add AB under sidewalk, modify drain inlet.	4-Jan-19	N	\$23,841
C.O. #4:	Add water meter box to irrigation system.	21-Mar-19	N	\$1,639
C.O. #5:	Time extension only	2-Aug-19	N	\$0
C.O. #6:	Add plywood interior roof	30-Oct-19	N	\$8,085
Total C.O.:				\$74,945

Attachment: Funding Closeout Statement Main Well #3 7-15-20 [Revision 1] (2778 : Accept East Main Avenue Well #3 Project)

Additional Appropriations		
Source	Amount	Date
None		

		Total Construction Amount (Base Contract plus CO's):	\$1,627,146
Construction Fund Balance:	\$136,704		

Record at the Request of
and When Recorded Mail to:

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

Record at No Fee Pursuant to
Government Code Section 27383

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN, pursuant to Civil Code Section 9204, that:

- 1) On July 26, 2017, the City of Morgan Hill, a Municipal Corporation, entered into a contract with Conco West, Inc. for the East Main Avenue Well Project located at 615 East Main Avenue in Morgan Hill, CA.
- 2) The owner of said property is the City of Morgan Hill, a Municipal Corporation, located at 17575 Peak Avenue, Morgan Hill, CA 95037, and is the owner of said property in fee simple.
- 3) The contractor is Conco West, Inc. located at PO Box 1360, Manteca, CA 95336.
- 4) The surety is "Western Surety Company".
- 5) The project was completed on June 22, 2020 and accepted by the City Council of the City of Morgan Hill on July 15, 2020.

CITY OF MORGAN HILL, a Municipal Corporation

By _____
Scott Creer
City Engineer

I, the undersigned, declare that I am the City Engineer for the City of Morgan Hill. I have read the forgoing Notice of Completion and know and understand the contents thereof and that the facts stated therein are true and correct. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on _____, at Morgan Hill, California.

Scott Creer
City Engineer

Attachment: Notice of Completion Main Well #3 7-15-20 [Revision 1] (2778 : Accept East Main Avenue Well #3 Project)



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

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

ACCEPTANCE OF CITY FACILITY FIBER NETWORK INFRASTRUCTURE PROJECT

RECOMMENDATION(S)

1. Accept as complete the City Facility Fiber Network Infrastructure Project;
2. Authorize the City Engineer to sign the Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community

2020-2021 Strategic Priorities

Economic Development

GUIDING DOCUMENTS

Bikeways
Trails
Parks and Recreation Masterplan

REPORT NARRATIVE:

On December 18, 2019, the City Council awarded the construction contract for the Citywide Facility Fiber Network Infrastructure Project to Elco Electric, Inc. in the amount of \$160,589 with an authorized contingency of \$32,118, for a total project budget of \$192,707. The project scope included the installation of fiberoptic conduit and fiberoptic cable connections between the Centennial Recreation Center, the Corporation Yard, and Community Park (Attachment 1).

Project construction began on February 18, 2020 and was substantially completed on May 29, 2020. During the course of construction, two change orders were authorized in the amount of \$10,326. The final construction contract amount is \$170,915 (Attachment 2).

Staff recommends the acceptance of this project as the work has been completed according to plans and specifications and authorizing the City Clerk to file the Notice of Completion (Attachment 3).

COMMUNITY ENGAGEMENT: Inform

Staff worked with the contractor to provide email notification during construction. Staff also provide updated construction information through Nextdoor and on the City's website.

ALTERNATIVE ACTIONS:

Not applicable as accepting the project in accordance with the contract documents is a required process and enables the City to release any retained funds owed to the contractor per the California Public Contract Code Section 7107.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

June 6, 2018 – City Council adopted the FY 2018-19 to FY 2023-24 Capital Improvement Program.

December 18, 2019 – City Council awarded City Facility Fiber Network Infrastructure Project.

FISCAL AND RESOURCE IMPACT:

The final contract amount for the City Facility Fiber Network Infrastructure Project is \$170,915. The project was awarded to Elco Electric, Inc. in the amount of \$160,589 with an authorized contingency of \$32,118 (total \$192,707).

The balance of \$21,792 will be returned to the Information Services Fund (730) balance.

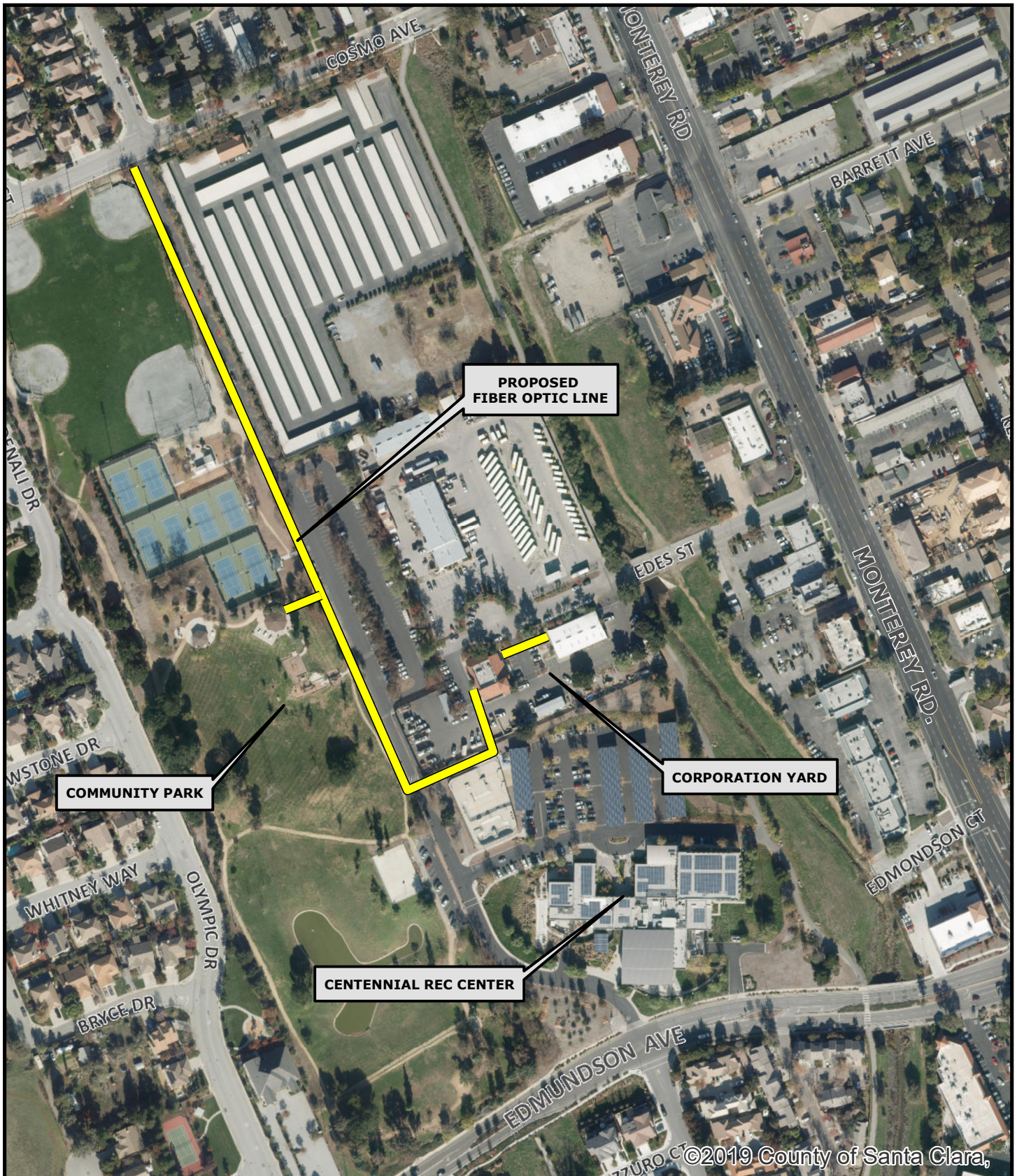
CEQA (California Environmental Quality Act):

Categorical Exemption.

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15303 of the CEQA Guidelines (New Construction or Conversion of Small Structures), as the subject work involves fiberoptic line extension that would connect the Centennial Recreation Center, the Corporation Yard, and Community Park.

LINKS/ATTACHMENTS:

1. Vicinity Map
2. City Facility Fiber Network Infrastructure Project Change Order Closeout 7-15-20
3. Notice of Completion 7-15-20



Attachment: Vicinity Map (2772 : Acceptance of City Facility Fiber Network Infrastructure Project)



**Engineering and Utilities Department
CIP Engineering Division**

G:\R-14\Proj\GIS\John\Yat_FiberProj.mxd

CITYWIDE FIBER NETWORK INFRASTRUCTURE PROJECT



0 100 200 400 600 800
Feet

CIP Contract Acceptance Funding Closeout Statement

Project:	City Facility Fiber Network Infrastructure Project		
Project No:	801018		
Date of Project Award:	18-Dec-19	Project Award Amount:	\$160,589
Funding Source:		Contingency Authorized:	\$32,118
Date of Project Acceptance:	15-Jul-20	Total Authorized:	\$192,707
		Actual Base Contract Spent:	\$160,589

Change Orders				
	Description	Date	Council Approval Req'd? (Y/N)	
C.O. #1:	Existing Camera Connection (2 locations)	19-Feb-20	N	\$3,390
C.O. #2:	T&M for Traffic Rated Box Installation	29-May-20	N	\$6,936
			Total C.O.:	\$10,326

Additional Appropriations		
Source	Amount	Date
None		

		Total Construction Amount (Base Contract plus CO's):	\$170,915
Construction Fund Balance:	\$21,792		

Record at the Request of
and When Recorded Mail to:

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

Record at No Fee Pursuant to
Government Code Section 27383

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN, pursuant to Civil Code Section 9204, that:

- 1) On December 18, 2019, the City of Morgan Hill, a Municipal Corporation, entered into a contract with Elco Electric, Inc. for the City Facility Fiber Network Infrastructure Project located in Morgan Hill, CA.
- 2) The owner of said property is the City of Morgan Hill, a Municipal Corporation, located at 17575 Peak Avenue, Morgan Hill, CA 95037, and is the owner of said property in fee simple.
- 3) The contractor is Elco Electric, Inc. located at 258 Kinney Drive, San Jose, CA 95112.
- 4) The surety is "Western Surety Company".
- 5) The project was completed on May 29, 2020 and accepted by the City Council of the City of Morgan Hill on July 15, 2020.

CITY OF MORGAN HILL, a Municipal Corporation

By _____
Scott Creer
City Engineer

I, the undersigned, declare that I am the City Engineer for the City of Morgan Hill. I have read the forgoing Notice of Completion and know and understand the contents thereof and that the facts stated therein are true and correct. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on _____, at Morgan Hill, California.

Scott Creer
City Engineer

Attachment: Notice of Completion 7-15-20 [Revision 6] (2772 : Acceptance of City Facility Fiber Network Infrastructure Project)



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

PREPARED BY: Shane Palsgrove, Interim Police Chief
APPROVED BY: City Manager

APPROVE ACCEPTANCE OF GRANT FUNDS FROM SANTA CLARA COUNTY OFFICE OF EMERGENCY SERVICES AND COMMUNITY LAW ENFORCEMENT FOUNDATION, AND APPROPRIATION OF ASSET SEIZURE AND FORFEITURE FUNDS

RECOMMENDATION(S)

1. Accept \$90,000 in grant funds from the County of Santa Clara Office of Emergency Services (OES) for a portable vehicle barrier to use at community special events;
2. Accept \$52,198 in grant funds from the Community Law Enforcement Foundation (CLEF) for purchase of FARO 3D crime scene scanner and medical pouches;
3. Adopt resolution amending the Fiscal Year 2020-21 adopted budget to appropriate \$142,198 within the General Fund (010) and \$60,000 from Asset Seizure and Forfeiture Fund (225) for the related grant and other one-time capital expenditures; and
4. Authorize the City Manager to approve related purchase orders as necessary.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Maintaining Infrastructure
Supporting Our Youth
Seniors
and Entire Community
Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Financial Sustainability

REPORT NARRATIVE:

The purpose of this report is for the City Council to accept grant funds from the County of Santa Clara Office of Emergency Services, Community Law Enforcement Foundation, and appropriate funds from the asset seizure and forfeiture fund for the related grant and other one-time capital expenditures.

County of Santa Clara – OES

The Santa Clara County Office of Emergency Services (SCC OES) engages the whole community in assessing needs and developing strategies to achieve stronger emergency preparedness, prevention, response, and mitigation capabilities within the Santa Clara County Operational Area (Op Area). The Op Area includes all fifteen cities within the County and special jurisdictions. The Op Area is responsible for coordinating information, resources, and priorities among the local governments during large scale

emergency events. OES has presented an opportunity for Morgan Hill to be subrecipient of federal funds to acquire two portable barricade systems provided they can be used as a regional asset.

Staff has identified Delta Scientific Inc. MP5000 Portable Barricade Systems as the best solution for portable barricading that provides a robust barrier against vehicles. Additionally, the MP5000 will be used as a regional asset, as both the San Jose Police Department and the Mountain View Police Department will be purchasing the MP5000 as well. The Police Department strives to provide a safe environment at each and every special event and currently possess two Delta Scientific Inc. MP5000 Portable Barricade Systems. With the goal of furthering event safety, having the temporary barricades deployed will help prevent vehicles from entering the closed streets where special events are occurring.

Community Law Enforcement Foundation (CLEF)

The Community Law Enforcement Foundation of Morgan Hill (CLEF) is a not-for-profit volunteer organization dedicated to supporting and promoting public safety through partnerships that provide resources to enhance the operation of the Police Department. CLEF Board of Directors and volunteers work to raise funds for the purchase of equipment and materials that are not within the Department's operating budget. CLEF wishes to provide a cash donation of \$52,148 for the purchase of FARO 3D laser crime scene scanner and purchase of individual medical pouches for the Gilroy-Morgan Hill regional tactical team. The 3D laser crime scene scanner provides a representation of any scene, exactly how it was at the time of the scan. Everything the laser can "see" is recorded as data points. One can use this point cloud to digitally take measurements, create diagrams, animate scenes, and present "walk-throughs" that are ideal for court room presentations.

Asset Seizure and Forfeiture

The City maintains an Asset Seizure and Forfeiture (ASF) Fund (225) for cash seized that has been deemed proceeds from a crime or cash used to facilitate a crime. The forfeiture of the funds occurs after judicial review and finding. The Police Department is a participating law enforcement agency eligible to receive ASF funds from the US Department of Justice, State of California, and County of Santa Clara. ASF occurs when cash and other assets are confiscated by the court and then allocated among law enforcement agencies responsible for the arrest and conviction of criminals associated with seized proceeds.

ASF funds provide a valuable resource for state and local law enforcement agencies that may not have been otherwise available, especially during economic uncertainties or budget constraints like the one we are currently experiencing. Staff has further reviewed the ASF guidelines for permissible expenditures and determined ASF funds can be expended to procure various PD supplies and services. Examples include, telecommunications equipment, computer accessories and software, protective gear and helmets, stunners and others. The City's existing ASF fund has approximately \$143,000 in fund balance and staff is recommending appropriating \$60,000 of the

balance to be utilized to procure one-time capital equipment in Fiscal Year 2020-21, thereby not having to use the City's General Fund dollars.

COMMUNITY ENGAGEMENT: Inform

This report serves to inform the community of the grant opportunities and the procurements of public safety equipment and supplies.

ALTERNATIVE ACTIONS:

Council could elect to not accept either of the grants and not appropriate the expenditures.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Council periodically considers and accepts grants from the County of Santa Clara Office of Emergency Services and Community Law Enforcement Foundation to procure supplies and or services for the Police Department.

FISCAL AND RESOURCE IMPACT:

The procurements will be recorded in their respective Funds, General Fund (010) for the two grant related purchases, and the Asset Seizure and Forfeiture Fund (225) for other qualifying PD supplies and services, thereby not expending any additional General Fund dollars.

CEQA (California Environmental Quality Act):

Not a Project.

Continuing administrative and maintenance activities, such as purchases for supplies and services.

LINKS/ATTACHMENTS:

1. Resolution

RESOLUTION NO.**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO THE CITY'S FISCAL YEAR 2020-21 BUDGET ACCEPTING DONATION OF \$52,148 FROM COMMUNITY LAW ENFORCEMENT FOUNDATION(CLEF), GRANT OF \$90,000 FROM COUNTY OFFICE OF EMERGENCY SERVICES (OES) IN THE GENERAL FUND (010) AND APPROPRIATING \$60,000 FROM THE ASSET SEIZURE AND FORFEITURE FUND (225) FOR GRANT AND OTHER EQUIPMENT PURCHASES**

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; and

WHEREAS, the reasons supporting the purchase described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report titled "Acceptance of grant funds from the County office of emergency services and community law enforcement foundation, and appropriation of asset seizure and forfeiture funds" submitted for City Council consideration at its meeting of July 15th, 2020 submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

WHEREAS, recommended amendments are needed and proposed to the City's previously adopted Annual Budget for Fiscal Year 20-21, 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 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 meeting 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 activities allowed under this Resolution do not constitute a project under the provisions of California Environmental Quality Act of 1970; 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 2020-21 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 2020-21 Budget of the City; and
- c. That the City Manager is hereby delegated authority to and is authorized to take all other ministerial actions that may be necessary or appropriate to implement the provisions of this Resolution.

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

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th Day of July 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

Attachment: Resolution [Revision 2] (2810 : PD grants, ASF fund, and related expenditures)

∞ 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 15th day of July 2020.

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

DATE: _____

Irma Torrez, CITY CLERK

Attachment: Resolution [Revision 2] (2810 : PD grants, ASF fund, and related expenditures)

EXHIBIT A**AGENDA BUDGET SCORECARD****FISCAL YEAR 2020-21****ADJUSTMENT #**

002

FUND:

010 General Fund

DEPARTMENT:

3210 Police-Patrol

OBJECT:

43825 MACHINERY/EQUIPMENT

AGENDA DATE:

07/15/20

AGENDA ITEM TITLE:ACCEPTANCE OF GRANT FUNDS FROM COUNTY OES AND CLEF, AND
APPROPRIATION OF ASSET SEIZURE AND FORFEITURE FUNDS

	07/01/20 PROJECTED BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	06/30/21 PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	16,484,740	39,631,603	43,763,247	12,353,096
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	-	-	-
RECOMMENDED ACTION		90,000	90,000	-
RESULT OF RECOMMENDED ACTION	<u>16,484,740</u>	<u>39,721,603</u>	<u>43,853,247</u>	<u>12,353,096</u>

Attachment: Resolution [Revision 2] (2810 : PD grants, ASF fund, and related expenditures)

AGENDA BUDGET SCORECARD
FISCAL YEAR 2020-21
ADJUSTMENT #

003

FUND:
DEPARTMENT:
OBJECT:

010 General Fund
 3210 Police-Patrol
 VARIOUS Various

AGENDA DATE:

07/15/20

AGENDA ITEM TITLE:

ACCEPTANCE OF GRANT FUNDS FROM COUNTY OES AND CLEF, AND
 APPROPRIATION OF ASSET SEIZURE AND FORFEITURE FUNDS

	07/01/20 PROJECTED BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	06/30/21 PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	16,484,740	39,631,603	43,763,247	12,353,096
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	90,000	90,000	-
RECOMMENDED ACTION		52,148	52,148	-
RESULT OF RECOMMENDED ACTION	<u>16,484,740</u>	<u>39,773,751</u>	<u>43,905,395</u>	<u>12,353,096</u>

Attachment: Resolution [Revision 2] (2810 : PD grants, ASF fund, and related expenditures)

AGENDA BUDGET SCORECARD

FISCAL YEAR 2020-21

ADJUSTMENT #

001

FUND:

225 Asset Seizure Fund

DEPARTMENT:

6800 Asset Seizure

OBJECT:

43825 MACHINERY/EQUIPMENT

AGENDA DATE:

07/15/20

AGENDA ITEM TITLE:

ACCEPTANCE OF GRANT FUNDS FROM COUNTY OES AND CLEF, AND
APPROPRIATION OF ASSET SEIZURE ANF FORFEITURE FUNDS

	07/01/20 PROJECTED BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	06/30/21 PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	127,437	1,893	-	129,330
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	-	60,000	(60,000)
RECOMMENDED ACTION		-	60,000	(60,000)
RESULT OF RECOMMENDED ACTION	127,437	1,893	120,000	9,330

Attachment: Resolution [Revision 2] (2810 : PD grants, ASF fund, and related expenditures)



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

PREPARED BY: Harjot Sangha, Assistant to the City Manager
APPROVED BY: City Manager

APPROVE A PROPERTY USE AGREEMENT WITH VISIT MORGAN HILL

RECOMMENDATION(S)

Approve and authorize the City Manager to execute and administer a property use agreement with Visit Morgan Hill.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community
Advancing Regional Initiatives

REPORT NARRATIVE:

The purpose of this report is for City Council to consider approving a property use agreement with Visit Morgan Hill.

In 2019, City Council established a Tourism Business Improvement District (TBID) within the City of Morgan Hill to help fund and attract sports/recreation events that are designed to increase overnight visitation and room night sales to assessed lodging businesses. A Management District Plan (MDP) was also approved to include formation of a new non-profit corporation, Visit Morgan Hill (VMH), to serve as the “owner’s association” charged with the implementation and management of the district’s activities.

The proposed property use agreement would provide a limited portion of the City Council Chambers, the premises, to be used in support of Visit Morgan Hill, a non-profit organization that directly supports the Morgan Hill community.

Key elements of the Agreement:

Premises: one exclusive office space (approx. 100 square feet), and common use of conference room, break room, restrooms, and hallways in the Council Chambers building

Term: 10-year term, with option to terminate by either party for any reason upon 30-days written notice

Fee: \$1,200/annually, to be deducted from the monthly TBID assessment remittance to VMH

COMMUNITY ENGAGEMENT: Inform

This report serves to inform the community of the proposed property use agreement with Visit Morgan Hill.

ALTERNATIVE ACTIONS:

Council could not approve the property use agreement with Visit Morgan Hill.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Not Applicable.

FISCAL AND RESOURCE IMPACT:

The proposed agreement would provide \$1,200/annually as rent revenue to the City's General Fund (010).

CEQA (California Environmental Quality Act):

Categorically Exempt.

The lease agreement is categorically exempt under CEQA pursuant to section 15301 of CEQA Guidelines as it involves the continuation of leasing existing facilities for office use, involving no expansion of existing use.

LINKS/ATTACHMENTS:

1. Property Use Agreement VMH Final

**PROPERTY USE AGREEMENT
BETWEEN THE CITY OF MORGAN HILL
AND VISIT MORGAN HILL**

This Property Use Agreement ("Agreement") between the City of Morgan Hill, a municipal corporation ("City"), and Visit Morgan Hill, a non-profit corporation ("VMH"), sets forth the respective roles of City and VMH in regard to use of City facilities and is made and entered into as of _____, 2020. Throughout this Agreement, City and VMH are referred to collectively as the "Parties" and individually as a "Party."

RECITALS

The following recitals are a substantive part of this Agreement.

1. This Agreement is entered into pursuant to the City of Morgan Hill's City Council approval on July 15, 2020.
2. City is the owner of the real property located at 17555 Peak Avenue, Morgan Hill, CA 95037 upon which that certain structure commonly called "City Hall" is located ("Premises"), as that Premises is further described or depicted on Exhibit A attached hereto and incorporated herein.
3. City desires to allow a limited portion of the Premises to be used in support of non-profit organizations that directly support the Morgan Hill Community.
4. An Agreement dated September 18, 2019 between the Parties generally states that VMH is to provide projects, programs and activities that benefit businesses within the MHTBID in accordance with the MHTBID Management District Plan and perform responsibilities under the Property and Business Improvement District Law of 1994, and City shall collect assessments from all lodging businesses, existing and in the future, within the MHTBID, and remit such assessment to VMH on monthly basis, less administration fees.
5. VMH is a non-profit organization formed to improve business conditions and the business environment for tourism within the City of Morgan Hill through the development of a tourism improvement district and other initiatives.
6. City and VMH desire to enter into this Agreement to acknowledge the foregoing recitals and to provide for an appropriate method for City to provide office space to the VMH's administrative functions and for VMH to compensate City for the use of the Premises for that purpose.

1. PROPERTY USE

City agrees to permit VMH use of Premises to conduct administrative activities in support of VMH, at the times and in the locations described in this Agreement.

Attachment: Property Use Agreement VMH Final [Revision 2] (2805 : Property Use Agreement with VMH)

- A. Manager. The City Manager shall appoint a Manager. The Manager will be responsible for the maintenance, repair and operation of the Common Areas and Preferential Areas. The Manager shall also act as an agent of City in the collection, crediting and payment of all fees, charges, expenses and costs necessary for the operation of the Premises. City appoints the Assistant to the City Manager of the City as the initial Manager until such time as the City Manager appoints a successor Manager.
- B. Permitted Use. VMH is only authorized to use the Premises for the continuous operation of the Program as described in this Agreement. VMH shall not use or permit to be used the Premises for any other purpose without City's prior written consent, which consent may be granted or withheld in City's sole discretion.
- C. Premises, Use, and Payments. VMH is authorized to use the following spaces on the Premises as shown in Exhibit B on a basis as set forth below.

Space Description (as shown in Exhibit B)	Exclusive, Preferential or Common Use	Maintenance Responsibility	Utility
1 Office (approx. 100 sf)	Exclusive Use	Included use fee	Included use fee
Conference Room, Break Room, Restrooms, Hallways	Common Use	No Charge	No Charge

- i. Exclusive, Preferential, Common Uses. Subject to conditions as set forth in this Agreement hereof, (1) any space identified as "Exclusive" shall be exclusive use space, of which VMH shall have sole use for its own operations, subject to City's right to enter, (2) any space identified as "Preferential" shall be preferential use space, of which VMH shall have priority of use equal only to other specifically designated preferential use permittees of such space and City shall retain the right to schedule the use of this space on a second priority use basis to others not specifically designated; and (3) any space identified as "Common" will be available for use by VMH at such times as designated by the Manager.
- ii. Remittance and Late Payment Costs. All payments due hereunder shall be remitted to the Manager without set off or deduction. VMH acknowledges that late payment of payments due and other sums due under this Permit will cause City to incur costs not contemplated by this Agreement, the exact amount of which will be difficult to ascertain. Accordingly, if any payments due under this Agreement are not received within fifteen (15) days after the date due, VMH shall pay a late charge equal to four percent (4%) of such overdue amount. The parties agree that the late charge represents a fair and reasonable estimate of the costs

City will incur because of the late payment. Acceptance of the late charge by City shall not constitute a waiver of City's default for the overdue amount, nor prevent City from exercising the other rights and remedies granted under this Agreement.

- iii. Proration. In the event that the term of this Agreement shall commence or end on any day other than the first and last day, respectively, of a calendar month, such monthly payment consideration due hereunder for a portion of such month shall be prorated on a per-diem basis, and the first payment shall be due on or before the effective date hereof.

- D. Use Fee. As consideration for VMH's use of Premises with the terms and conditions of this Agreement, VMH agrees to pay to City on the first day of every month during the term of this Agreement one hundred dollars (\$100.00) per month. The monthly rent shall be deducted from the monthly remittance of the MHTBID assessment due to VMH under the existing agreement recited in Recitals (4) of this agreement.

- E. "As Is" Condition. VMH accepts the Premises permitted for its use under the Agreement in its present condition, "as is" and subject to (1) all easements, covenants, conditions, restrictions, reservations, rights of way, liens, encumbrances and other matters of record, (2) all matters discoverable by physical inspection of the Premises or that would be discovered by an accurate survey of the Premises, and (3) all matters known to VMH or of which VMH has notice, constructive or otherwise. The taking of possession of the Premises shall, in itself, constitute acknowledgment by VMH that the Premises is in a condition satisfactory for its use, and that City has not agreed to undertake any modifications, alterations or improvements to the Premises except as specifically provided in this Agreement. VMH specifically acknowledges that, except as otherwise may be expressly provided herein, City has made no representations concerning the condition of the Premises or the fitness of the Premises for VMH's intended use, or the compliance of the Premises with any federal, state or local building codes or ordinance or with any laws or regulations or guidelines regarding disabled or handicapped person, including, without limitation, the Americans with Disabilities Act of 1990.

- F. Maintenance, Repairs, and Alterations. City shall maintain the Premises in reasonably good order and condition so as to meet the reasonable needs of VMH, except for damage, excluding normal wear and tear, caused by VMH. Damage by VMH shall be repaired by VMH at VMH's expense. The standard of maintenance shall be equal to that of other City office buildings of a similar class in Morgan Hill.
 - i. Alterations. VMH may make no alterations, additions or improvements to the Premises without written permission of City. VMH shall pay for all labor done and materials furnished in any repairs, or any permitted alterations, additions or improvements to the Premises. Upon VMH's completion of any improvements within the Premises, VMH shall furnish to City a set of reproducible, final "as built" drawings of any all such alterations, additions or improvements. VMH waives the right to make repairs at the expense of City, or in lieu thereof to vacate

the Premises, and waives the benefit of the provisions of Sections 1941 and 1942 of the California Civil Code or any successor statute thereto and any other similar law now or hereafter in effect.

- ii. Liens or Encumbrances. VMH shall keep the Premises free and clear of any liens or encumbrances of any kind whatsoever created by or through VMH. If any such lien or encumbrance is filed, VMH shall not be deemed to be in default if such lien or encumbrances has been removed of record within forty-five (45) days of the filing thereof. If VMH fails to do so, City shall have the right and option, but not the duty, to pay or otherwise discharge, stay or prevent the execution of any lien or encumbrance. In such event, City shall not be deemed to have waived City's right to declare VMH in default under this Agreement, and VMH shall reimburse City for all sums expended in connection with such lien or encumbrance, including City's reasonable attorneys' fees and costs, and such reimbursement shall be due and payable ten (10) days after City's written demand for any such payments, fees or costs.
 - iii. Waste. VMH shall not commit, nor permit to be committed, any waste upon the Premises, or carry on any nuisances or illegal activities on the Premises.
 - iv. VMH's Property. Any and all property belonging to, or brought onto the Premises by, VMH or any of its officers, employees, agents, invitees or licensees shall be at the sole risk of VMH. Subject to City's right of approval, VMH may place and install trade fixtures and other personal property in the Premises for use in connection with its operations hereunder, and the same shall be and remain the property of VMH. VMH shall, however, be responsible for the cost of repairing any damage to the Premises or any other improvements of City which are caused by the removal of any such trade fixtures and personal property. Notwithstanding the foregoing, however, if VMH shall at any time be in default hereunder, then City shall have the benefit of any statutory liens on VMH's property located in the Premises which are available to it under the laws of the State of California, and VMH shall not remove or permit the removal of any of such property until all amounts secured by such liens have been paid and all other defaults under this Agreement have been cured.
 - v. City's Right to Enter. City and its designated agents shall have the right to enter the any and all part or spaces on Premises at any reasonable time for inspection, maintenance, repair, attending to emergencies or any other reasonable purpose.
- G. Rules and Regulations. VMH covenants and agrees to observe and comply with all rules and regulations of City and its designee, including all safety, security and operations directives of the Manager, which now exist or may hereafter be promulgated from time to time governing conduct on and operations at the Premises. VMH further covenants and agrees to observe and comply with any and all valid and applicable requirements of all duly-constituted public authorities and with all federal, state and local statutes, ordinances and regulations applicable to VMH, the Premises or City. VMH agrees to pay or reimburse City for any fines which may be assessed

against City as a result of the violation by VMH of any applicable security regulation at City, which payment shall be made by VMH within fifteen (15) days from receipt of City's invoice for such amount and documentation showing that payment of such fine is VMH responsibility hereunder.

- H. Waiver of Damage. VMH hereby expressly waives and releases any cause of action or right of recovery for compensation for any and all loss or damage sustained by reason of any fire, defect, deficiency or impairments of any of the services in or to the Premises or City, including, but not limited to, electrical power, gas, telephone service, steam, heating, air conditioning, water supply, drainage or sewage systems, or from wires leading to or inside of any space or structure, or by reason of any loss resulting from the failure of any such system or facility unless such loss or damage is due to the sole negligence or willful misconduct of City or its officers, agents or employees.

- I. End of Term. At the end of the term or upon the earlier termination of this Agreement, VMH shall deliver to City possession of the Premises and all of the fixtures and equipment of City in their original condition in all respects, reasonable use and wear excepted, and VMH agrees to reimburse City for the cost of any alterations, replacement, repairs or cleaning required to restore the same to such condition; provided, however, in the event VMH has caused any alterations, additions or improvements to be made to the Premises, including but not limited to the addition, relocation or removal of partitions and doorways (which such alterations or improvements shall be made at VMH's cost and only with the prior express written approval of City in each instance), City may elect, with respect to each such alteration, addition or improvement, to accept it as it was at the time it was made or constructed, reasonable use and wear excepted, or to require the same to be restored to its original condition at VMH's expense.

- J. Holding Over. If VMH or any assignee or sublessee thereof continues to occupy the Premises after the term of this Agreement has expired or terminated in any manner and City has not objected thereto, such holding over shall be deemed a month-to-month Agreement terminable on thirty (30) days notice given by either party (the "Hold-Over Agreement") on the same terms and conditions as provided in this Agreement.
 - i. Notwithstanding the foregoing, nothing contained in this Agreement shall give VMH any right to occupy the Premises at any time after expiration of the term of this Agreement or its earlier termination. VMH acknowledges and agrees that upon such expiration or termination, it shall not be entitled to any relocation assistance or payment pursuant to the provisions of Title 1, Division 7, Chapter 16, of the Government Code of the State of California (Paragraphs 7260 et seq.) or pursuant to any other laws or regulations with respect to any relocation of its business or activities upon the expiration of the term of this Agreement or upon its earlier termination or upon the termination of any holdover tenancy pursuant to this paragraph, and VMH hereby waives and releases to City all rights, if any, to which VMH may be entitled under said provisions or other law or regulations.

- ii. If VMH or any assignee or sublessee thereof shall continue to occupy the Premises after the term of this Agreement has expired or terminated in any manner and City has objected thereto, then City shall be entitled to reenter the Premises and enforce any other right available to it under the laws of California or the provisions of this Agreement.
- K. Nondiscrimination. VMH covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, and this Agreement is made and accepted upon and subject to the following conditions: that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, gender, sexual orientation, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, or enjoyment of the portion of the Premises herein leased nor shall VMH, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, invitees, permittees, subtenants, or vendees in the portion of the Premises herein leased.
- L. Hazardous Materials. VMH shall not keep or maintain any Hazardous Substance on or in the Premises without City's prior written approval. VMH shall promptly give notice to City of any Hazardous Substance dispersal or spill, or Hazardous Substance claim, of which it is aware. VMH shall defend, with counsel acceptable to City, indemnify and hold City harmless from any and all claims, costs, damages, penalties, or liabilities arising out of the use or release of any Hazardous Substance at, in, or on the Premises dated from the time the VMH occupied the Premises. The term "Hazardous Substance" as used in this Agreement shall mean any products, substances, chemical, material, or waste whose presence, nature, quantity, and/or intensity of existence, use, manufacture, disposal, transportation, spill, release, or effect, either by itself or in combination with other materials expected to be on the Premises, is either (a) potentially injurious to the public health, safety, or welfare, the environmental, or the Premises, (b) regulated or monitored by any governmental authority, or (c) a basis for liability of City to any governmental VMH or third party under any applicable statute or common law theory. Hazardous Substance shall include, but not be limited to, hydrocarbons, MTBE, petroleum, gasoline, crude oil, or any products, by-products, or fractions thereof.
- M. City's Reserved Rights
 - i. City reserves the right for itself and others to utilize and maintain existing utility easements over, under, across and through the Premises, and to run water, electrical, telephone, gas, drainage, communications and other lines over, under, across and through the Premises and to grant necessary utility easements therefore.
 - ii. City reserves the right (a) to further develop, improve, repair and alter the Premises and all facilities, buildings as it may see fit, free from any and all liability to VMH for loss of business or damages of any nature whatsoever to VMH occasioned during the making of such improvements, repairs, alterations and additions, including but not limited to any damages resulting from negligence of City or its

employees, agents or contractors, and (b) to establish such fees and charges for the use of the Premises.

- N. Destruction of Premises. In the event the Premises are partially destroyed from any cause, City shall have the right repair the property without providing any alternative space for VMH. If the repairs cannot be made within one hundred eighty (180) days, this Agreement may be terminated at the option of either party, by written notice given to the other party. In the event the Premises suffer the destruction of more than twenty-five percent (25%) of the replacement cost or in the event insurance proceeds are not sufficient to cover at least ninety percent (90%) of the cost of repairs, City may elect to terminate this Agreement. City shall not be obligated to replace any of the VMH's personal property which may be damaged or destroyed.

2. TERM.

The term of this Agreement is effective from July 1, 2020 to June 30, 2030 ("Termination Date"). The term of the Agreement may be extended by mutual written consent of the Parties.

3. INSURANCE REQUIRED

VMH 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 VMH, including liability for damage or injury to the property or person (including death) of any VMH or invitee of VMH or any other person entering upon or using the Premises, or any structure thereon, or any part thereof, and arising from VMH's use and occupancy thereof, 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. Any deductibles or self-insured retentions must be declared to and approved by City. VMH further understands that City reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to VMH, at any time as deemed necessary to protect the interests of City.

A. Insurance Types and Amounts.

- i. Commercial General Liability (CGL). VMH 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 five hundred thousand dollars (\$500,000.00) for property damage, or (ii) the maximum amount of such insurance available to VMH under VMH's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.
- ii. Automobile Liability. VMH shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if VMH does not own automobiles, then VMH 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

five hundred thousand dollars (\$500,000.00) for property damage, or (ii) the maximum amount of such insurance available to VMH under VMH's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

- iii. Workers' Compensation Insurance and Employer's Liability. VMH 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 VMH under VMH's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. If VMH is self-insured, VMH shall provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.

B. Endorsements. VMH shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:

- i. General Liability.
 - a. The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds;
 - b. 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,
 - c. Insurance shall be primary non-contributing.
- ii. Workers Compensation.
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.

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

D. Certificates. VMH shall furnish City with copies of all policies or certificates as outlined herein, whether new or modified, promptly upon receipt. No policy subject to this Agreement shall be canceled or materially changed except after thirty (30) days' notice by the insurer to City. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address as follows:

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

4. INDEMNIFICATION

User agrees to indemnify, defend, and hold harmless City, its governing board (including, without limitation, members of the City Council), officers, employees, and agents, including the Manager in its function as the agent of City, from and against all liabilities, losses, suits, claims, demands, judgments, damages, fines, penalties, costs, and expenses (including attorney's fees and costs), which may be incurred by, charged to, or recovered from any of the foregoing (i) by

reason or on account of damage to or destruction of any property of City, damage to any property of, injury to, or death of any person resulting from or arising out of the User's use, operation, occupancy, or maintenance of the Premises or any improvements thereto, or the acts or omissions of User's officers, agents, employees, contractors, subcontractors, invitees, subtenants, or licensees, regardless of where the damage, destruction, injury, or death occurred, unless such liability, loss, suit, claim, demand, judgment, damage, fine, penalty, cost, or expense was caused by City's sole negligence or willful misconduct, or (ii) arising out of the failure of User to keep, observe, or perform any of the covenants or agreements in this Agreement to be kept, observed, or performed by User. In carrying out its obligations hereunder, User shall use counsel reasonably acceptable to City's City Attorney. The provisions of this Paragraph shall survive the expiration or earlier termination of the term of this Agreement with respect to any acts or omissions occurring during the term of this Agreement.

5. DEFAULT.

In the event that (a) VMH or any of its officers, employees, agents, invitees, subtenants or licensees violates any other term, covenant or condition of this Agreement and such violation continues beyond thirty (30) days after City has given written notice thereof to VMH, or if the nature of the cure of such term, covenant or condition reasonably requires more than thirty (30) days to remedy, if VMH does not commence the cure of such term, covenant or condition within such thirty (30) day period and diligently pursues such cure to completion thereafter, (b) VMH ceases to use the Premises or to operate its services as set forth in this Agreement beyond ten (10) days after City has given written notice to resume operation, or (c) if a trustee or receiver is appointed to take possession of substantially all of VMH's assets located in the Premises or of VMH's interest in this Agreement, where possession is not restored to VMH within thirty (30) days, then in any such event VMH will be in default under this Agreement. On the occurrence of any such default, City may elect to terminate this Agreement (which termination shall only be evidenced by a written notice of termination from City to VMH) and resume possession of the Premises.

6. WAIVER

The waiver by either party of a breach by the other party of any agreement herein shall not be deemed to be a waiver by that party of any covenant of the Agreement. Such waiver by either party shall not constitute a waiver of any future breach by the other party of the same or other covenants of this Agreement.

7. AMENDMENTS

Amendments to this Agreement may be made by mutual written agreement between the Parties.

8. ASSIGNMENT AND SUBLETTING

VMH may not assign this Agreement or any of the rights granted to it hereunder or sublet the Premises or any portion thereof.

9. NOTICE

Any notice or instrument required or permitted to be given hereunder shall be deemed received upon personal delivery or five (5) days after deposit in any United States mail depository, first class postage prepaid and addressed to the party for whom intended.

For City: City Manager
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

For VMH: VMH
P.O. Box 698
Morgan Hill, CA 95038

10. SEVERABILITY

The partial or total invalidity of one or more parts of this Agreement will not affect the intent or validity or remaining parts of this Agreement.

11. GOVERNING LAW

This Agreement is a contract under the laws of the State of California.

12. TERMINATION OF AGREEMENT

This Agreement may be terminated by either Party hereto for any reason upon thirty (30) days written notice to the other Party.

13. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof, and any representation or statements heretofore or contemporaneously made with respect to such subject matter, whether oral or written, are merged herein.

14. SIGNATURES

The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective entities. This Agreement may be signed in counterpart.

In WITNESS WHEREOF, the parties have executed this Agreement as of the effective date.

ATTEST:

CITY OF MORGAN HILL

City Clerk

Date: _____

Christina J. Turner, City Manager

Date: _____

APPROVED AS TO FORM:

VISIT MORGAN HILL, INC.

Donald A. Larkin, City Attorney

Date: _____

By: Krista Rupp

Title: Executive Director

Print Name and Title of Signer.

If Corporate: Chairman,
President or Vice President

June 10, 2020

Date: _____

By:

Title: _____

Print Name and Title of Signer.

If Corporate: Secretary, Assistant
Secretary, Chief Financial Officer
or Assistant Treasurer

Date: _____

Attachment: Property Use Agreement VMH Final [Revision 2] (2805 : Property Use Agreement with VMH)

Exhibit A

Premises

Premises are located at 17555 Peak Avenue, Morgan Hill, California 95037



Attachment: Property Use Agreement VMH Final [Revision 2] (2805 : Property Use Agreement with VMH)

Exhibit B

Space Designation

VMH shall have “Exclusive” use of one office (approximately 100 square feet) and shared use of all common spaces as defined.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

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

APPROVE AGREEMENT WITH BLACK AND VEATCH FOR SANITARY SEWER SYSTEM ASSET MANAGEMENT PLAN

RECOMMENDATION(S)

Approve and authorize the City Manager to execute and administer an agreement with Black & Veatch Corporation in the amount of \$309,782 for the development of a Sanitary Sewer Asset Management Plan.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment and Preserving
Open Space and Agricultural Land
Maintaining Infrastructure

GUIDING DOCUMENTS

Sewer System Master Plan

REPORT NARRATIVE:

The Sanitary Sewer Asset Management Plan (Project) is part of an enforcement action by the State Water Quality Control Board (Board). The enforcement action was the result of the sanitary sewer overflows experienced during the wet winters of 2016 – 2017. The overflows violated water quality regulations causing the State to take action against the City. The City worked with the Board to allow for the City to prepare an asset management plan in lieu of a fine.

The goal of the Project is to develop tools and practices to help the City avoid Sanitary Sewer Overflows (SSO's) in the future. The City wastewater collection system includes over 150 miles of pipe, 14 lift stations, and 8 siphons all of which could contribute to an SSO if a problem occurs. The condition and age of the collection system varies considerably with some portions of the system in great shape and others near failure. Key questions include: How to identify and quantify parts of the system needing repair and deciding which parts need to be addressed first? And then, how do we continue this through time and keep track of newer parts of the system as they age? Answering these questions is fundamental to the practice of asset management.

The Project starts by creating an asset inventory to include pipe material, age, elevation data and condition score (from CCTV inspections). The Project then develops risk and consequence of failure ratings which will be used to prioritize projects and maintenance activities. Information developed from this project will also be used to improve accuracy of the City hydraulic model. The project elements will be incorporated into best practices to guide and define Wastewater Utility activities through time. Finally, the

Asset Management Plan (see outline below) will be prepared and added to the City's Sanitary Sewer Management Plan (SSMP).

Asset Management Plan Outline

1. Introduction
2. Levels of Service
3. Asset Inventory
4. Risk Assessment
5. Rehab/Replacement Program
6. Best Management Practices

Consultant Selection:

Staff solicited Request for Qualifications (RFQ) from qualified consultants. The RFQ was advertised in both the Morgan Hill Times and the San Jose Mercury News. Additionally, the RFQ was posted to the City and Public Purchase websites in May 2020 for a period of four weeks. The City received two responsive submittals.

Staff requested proposal submittals via two separate electronic documents; the first for consultant qualifications and the second for the consultant schedule of costs. An evaluation panel made up of four City staff members rated each qualification submittal based on experience and qualifications. Raters scored a maximum of 100 points in four categories including clearly demonstrating and understanding of the City's objectives, technical experience, demonstrating the ability to effectively plan and execute the project, and references. Scores from the evaluators were then averaged into the overall weighted results table below.

Overall Weighted Evaluation Results			
		Black & Veatch	Pipe & Plant
1. <u>Responsiveness</u> of the proposal in clearly demonstrating an understanding of the City's objectives and the ability to meet the City's needs.			
POINTS 20		18.25	9.50
2. <u>Technical expertise</u> of the Consultant/Contractor and those assigned to the project.			
POINTS 30		27.75	17.50
3. <u>Demonstrated ability</u> to plan and execute the project in a timely manner.			
POINTS 30		24.50	11.50
4. <u>References</u> from companies or agencies where similar or related work has been performed.			
POINTS 20		16.00	11.25
OVERALL SCORE		86.50	49.75

Due to the large difference in the evaluation scoring between consultants, only Black & Veatch was selected to move on to the interview phase. When interviewed, Black & Veatch demonstrated an excellent understanding of the project and the expertise to fully execute the tasks set forth in the scope of work. After the interview, Black & Veatch's cost proposal was opened, and negotiations commenced a week later. Staff recommends awarding the project to Black & Veatch.

COMMUNITY ENGAGEMENT: Not Applicable

This project supports the ongoing maintenance and operation of the City's wastewater system, which is an expected activity by residents and businesses.

ALTERNATIVE ACTIONS:

As stated in the narrative, the Sanitary Sewer Asset Management Plan (Project) is part of an enforcement action settlement between the City of Morgan Hill and the State Water Quality Control Board as a result of SSO's that occurred a few years ago. Council could decide not to move forward with the asset management plan action and instead pay the other half of the imposed civil liability penalty in the amount of \$207,677. However, this would leave the City without this valuable assessment tool to avoid future SSO's in the future, therefore this alternative is not recommended.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS: None.

FISCAL AND RESOURCE IMPACT:

This project will be funded through the CIP fund 643, project 302018. There are adequate funds available for this project.

CEQA (California Environmental Quality Act):

Not a Project.

This asset management plan is an administrative activity and is not considered a project for environmental review under CEQA.

LINKS/ATTACHMENTS:

1. Black & Veatch - City Services Agreement for Design Professionals

SERVICE AGREEMENT FOR DESIGN PROFESSIONALS BLACK & VEATCH CORPORATION

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Black & Veatch Corporation a California corporation ("CONSULTANT") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority.** This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, _____, 20____.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2021 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum period of one year. Any such extension shall be in writing and signed by both Parties to this Agreement.
3. **Scope of Service.** The services to be performed by CONSULTANT shall be a Sanitary Sewer System Asset Management Plan as further described in **Exhibit A**.
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount.** \$309,782.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Three Hundred Nine Thousand, Seven Hundred Eighty-Two dollars and shall be billed based on the rate and basis set forth in **Exhibit B**. If the City Manager extends the term of this Agreement for up to one year pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for the extended term exceed the City Manager's authority pursuant to Chapter 3.04 of the Morgan Hill Municipal Code, unless otherwise authorized by City Council.
 - 4.2. **Billing.** CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

5. **Termination.** CITY or CONSULTANT shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination, CONSULTANT shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require CONSULTANT to complete certain work product or documents and CONSULTANT shall deliver to CITY all documents in its possession without additional compensation to CONSULTANT. The City Manager of CITY is authorized to terminate this Agreement, in whole or in part, on behalf of CITY.

5.1. **Non-Appropriations.** Notwithstanding anything contained in this Agreement to the contrary, if insufficient funds are appropriated, or funds are otherwise unavailable in the budget for CITY for any reason whatsoever in any fiscal year, for payments due under this Agreement, CITY will immediately notify CONSULTANT of such occurrence, and this Agreement shall terminate after the last day during the fiscal year for which appropriations shall have been budgeted for CITY or are otherwise available for payments.

6. **Performance of Work.** CONSULTANT represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by CONSULTANT in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of the CONSULTANT'S profession. By delivery of completed work, CONSULTANT certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. CONSULTANT shall perform all work and services under this Agreement in conformance with the time schedule set forth on Exhibit C, "Schedule of Performance," attached hereto and incorporated herein by this reference. CITY's City Manager is authorized on behalf of CITY to modify the timeframes set forth on the Schedule of Performance within the term of this Agreement. If CONSULTANT desires to leave or store any of CONSULTANT's equipment at a CITY site while CONSULTANT is performing work or service pursuant to this Agreement, CONSULTANT will first obtain the consent of CITY's City Manager, or his/her delegate, to do so, and any such storage shall occur only in the manner and location allowed by such CITY official and entirely at CONSULTANT's sole risk.

7. **Insurance Requirements.** CONSULTANT 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 CONSULTANT, 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. CONSULTANT further understands that the CITY reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to CONSULTANT, at any time as deemed necessary to protect the interests of the CITY.

7.1. **Insurance Types and Amounts.**

7.1.1. **Commercial General Liability (CGL).** CONSULTANT 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) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT

under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

- 7.1.2. Automobile Liability. CONSULTANT shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if CONSULTANT does not own automobiles, then CONSULTANT 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) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.
- 7.1.3. Workers' Compensation Insurance and Employer's Liability. CONSULTANT 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 CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. If CONSULTANT is self-insured, CONSULTANT shall provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.
- 7.1.4. Pollution (Environmental) Liability. If the performance of CONSULTANT'S work or service under this Agreement involves hazardous materials, contaminated soil disposal, and/or a risk of accidental release of fuel oil, chemicals or other toxic gases or hazardous materials, CONSULTANT shall procure and maintain Pollution Liability covering the CONSULTANT'S liability for bodily injury, property damage and environmental damage resulting from pollution and related cleanup costs arising out of the work or services to be performed under this Agreement. Coverage shall be provided for both work performed on site, as well as during the transport of hazardous materials. Such coverage shall be in the minimum amount of: (i) one million dollars (\$1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.
- 7.1.5. Professional Liability.
 - 7.1.5.1. If the performance of CONSULTANT's work or service under this Agreement involves professional and/or technical services (examples include, but are not limited to, architects, engineers, land surveyors, and appraisers), CONSULTANT shall procure and maintain either a claims made or occurrence Errors and Omission liability insurance in the minimum amount of: (i) one million dollars (\$1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Further, if CONSULTANT maintains a claims-made policy, CONSULTANT shall provide written

evidence of such insurance to the CITY for at least five (5) years after the completion of work performed under this Agreement.

7.1.5.2. If the performance of CONSULTANT's work or service under this Agreement relates to Information Technology or related services (examples include, but are not limited to computer programmers, software designers, hardware engineers, or other systems consultants), CONSULTANT shall procure and maintain a claims made Errors and Omission liability insurance, including Cyber Liability and Data Breach, in the minimum amount of: (i) one million dollars (\$1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

7.1.6. Sexual Abuse/Molestation Liability (SML): If the performance of CONSULTANT's work or service under this Agreement involves contact with minors, CONSULTANT shall procure and maintain Sexual Abuse and Molestation insurance in the minimum amount of: (i) two hundred thousand dollars (\$200,000.00) each claim, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

7.2. **Endorsements**. CONSULTANT shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:

7.2.1. General Liability and pollution liability (when pollution liability applies).

7.2.1.1. The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds;

7.2.1.2. 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,

7.2.1.3. insurance shall be primary non-contributing.

7.2.2. 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.

7.3. **Qualification of Insurers**. All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or otherwise legally authorized to

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

- 7.4. **Certificates**. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this Section 7. 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

8. **Non-Liability of Officials and Employees of the CITY**. No official or employee of CITY shall be personally liable for any default or liability under this Agreement.

9. **Compliance with Law**.

- 9.1. CONSULTANT and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. CONSULTANT and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, sexual orientation, national origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.
- 9.2. Compliance with Wage and Hour Laws: Consultant, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable federal, state and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

Final Judgments, Decisions, and Orders: For purposes of this Section, a "final judgment, decision, or order" refers to one for which all appeals have been exhausted or the time to appeal has expired. Relevant investigatory government agencies include: the federal Department of Labor, the California Division of Labor Standards Enforcement, or any other governmental entity or division tasked with the investigation and enforcement of wage and hour laws.

Prior Judgments against CONSULTANT and/or its Subcontractors: BY SIGNING THIS AGREEMENT, CONSULTANT AFFIRMS THAT IT HAS DISCLOSED ANY FINAL JUDGMENTS, DECISIONS OR ORDERS FROM A COURT OR INVESTIGATORY GOVERNMENT AGENCY FINDING – IN THE FIVE (5) YEARS PRIOR TO EXECUTING THIS AGREEMENT – THAT CONSULTANT OR ITS

SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. CONSULTANT FURTHER AFFIRMS THAT IT OR ITS SUBCONTRACTOR(S) HAS SATISFIED AND COMPLIED WITH – OR HAS REACHED AGREEMENT WITH THE CITY REGARDING THE MANNER IN WHICH IT WILL SATISFY – ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

Judgments or Decisions During Term of Contract: If at any time during the term of this Agreement, a court or investigatory government agency issues a final judgment, decision or order finding that CONSULTANT or an subcontractor it employs to perform work under this Agreement has violated any applicable wage and hour law, or CONSULTANT learns of such a judgment, decision, or order that was not previously disclosed, CONSULTANT shall inform the City Attorney, no more than fifteen (15) days after the judgment, decision or order becomes final or of learning of the final judgment, decision or order. CONSULTANT and its subcontractors shall promptly satisfy and comply with any such judgment, decision, or order, and shall provide the City Attorney with documentary evidence of compliance with the final judgment, decision or order within five (5) days of satisfying the final judgment, decision or order. The City reserves the right to require CONSULTANT to enter into an agreement with the City regarding the manner in which any such final judgment, decision, or order will be satisfied.

City's Right to Withhold Payment: Where CONSULTANT or any subcontractor it employs to perform work under this Agreement has been found in violation of any applicable wage and hour law by a final judgment, decision or order of a court or government agency, the City reserves the right to withhold payment to CONSULTANT until such judgment, decision or order has been satisfied in full.

Material Breach: Failure to comply with any part of this Section constitutes a material breach of this Agreement. Such breach may serve as a basis for immediate termination of this Agreement and/or any other remedies available under this Agreement and/or law.

Notice to City Related to Wage Theft Prevention: Notice provided to the City Attorney as required under this Section shall be addressed to: City Attorney, City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, CA 95037. The Notice provisions of this Section are separate from any other notice provisions in this Agreement and, accordingly, only notice provided to the above address satisfies the notice requirements in this Section.

10. **Independent Contractor.** CONSULTANT is an independent contractor and not an agent or employee of CITY.
11. **Confidentiality.** All data, documents, or other information received by CONSULTANT from CITY or prepared in connection with CONSULTANT'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by CONSULTANT without prior written consent by CITY.
12. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

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

Address of CONSULTANT is as follows:

Black & Veatch Corporation
2999 Oak Road #490
Walnut Creek, CA 94597

Address of CITY is as follows:

Engineering and Utilities Dept.	with a copy to:
City of Morgan Hill	City Clerk
17575 Peak Avenue	City of Morgan Hill
Morgan Hill, CA 95037	17575 Peak Avenue
	Morgan Hill, CA 95037

14. **Licenses, Permits and Fees.** CONSULTANT shall obtain a City of Morgan Hill Business License, all permits and licenses to the extent required by ordinances, codes and regulations of the federal, state and local government.

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

16. **Maintenance of Records.**

16.1. **Maintenance.** CONSULTANT shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and CITY rules and ordinances related to services provided under this Agreement. CONSULTANT shall maintain records for a period of at least 3 years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the 3-year period, then CONSULTANT shall retain said records until such action is resolved.

16.2. **Access to and Audit of Records.** The CITY shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONSULTANT and its subcontractors related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the Parties to this Agreement may be subject, at the request of the CITY or as part of any audit of the CITY, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

16.3. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT for work performed under this Agreement shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

17. **Familiarity with Work.** By executing this Agreement, CONSULTANT represents that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.

18. **Time of Essence.** Time is of the essence in the performance of this Agreement.

19. **No Assignment.** Neither this Agreement nor any portion shall be assigned by CONSULTANT, without prior written consent of CITY. Any attempted assignment not first approved by CITY shall be void and, at CITY's option, shall terminate this Agreement effective as of the date of such attempted assignment.

20. **Attorney Fees.** In any legal action, dispute or arbitration arising out of or relating to this Agreement, the prevailing party shall be entitled to an award of its reasonable attorney fees, costs and expenses incurred.

21. **Defense and Indemnification.**

21.1. **Defense and Indemnification for Design Professional Services.** Consistent with California Civil Code Section 2782.8, for design professional services to be performed under this agreement by a design professional, as that term is defined under said Section 2782.8, CONSULTANT 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 negligence, recklessness, or willful misconduct of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement ("CLAIM") to the extent of CONSULTANT'S proportionate percentage of fault.

21.2. **Defense and Indemnification for Non-Design Professional Services.** For all services performed under this agreement not covered by Section 21.1 above, CONSULTANT 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 this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

21.3. **Exceptions.** CONSULTANT 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, active negligence or willful misconduct of the CITY.

- 21.4. **Not limited by insurance.** The indemnity, defense and hold harmless provisions of this 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 CONSULTANT.
- 21.5. **Right to Offset.** CITY shall have the right to offset against any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result of CONSULTANT's failure to pay CITY promptly any indemnification arising under this Section (21) and any amount due CITY from CONSULTANT arising from CONSULTANT's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.
- 21.6. **Interpretation.** This Section shall constitute an agreement or contract of indemnity, incorporating the interpretations under California Civil Code Section 2778. It is expressly understood and agreed that the obligation of the CONSULTANT 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 this Agreement.
22. **Entire Agreement; Modification; Conflicting Provisions.** This Agreement constitutes the entire Agreement between the Parties and supersedes any previous agreements, oral or written. This Agreement may be modified or provisions waived only by a subsequent mutual written agreement executed by CITY and CONSULTANT. If the provisions contained in the main body of this Agreement conflict with any provision contained in an exhibit to this Agreement, the provisions of the main body of this Agreement shall govern and control over any provision contained in an exhibit to this Agreement.
23. **Governing Law and Venue.** This Agreement shall be construed in accordance with the laws of the State of California. This Agreement was entered into and is to be performed in the County of Santa Clara. Any action or dispute arising out of this Agreement shall only be brought in Santa Clara County.
24. **Interpretation.** This Agreement is a negotiated document and shall be deemed to have been drafted jointly by the Parties, and no rule of construction or interpretation shall apply against any particular Party based on a contention that the Agreement was drafted by one of the Parties including, but not limited to, California Civil Code § 1654, the provisions of which are hereby waived. This Agreement shall be construed and interpreted in a neutral manner.
25. **Preservation of Agreement.** If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the rest of the Agreement shall remain in full force and effect and shall in no way be affected or invalidated.
26. **Binding Agreement.** Notwithstanding the provisions of Section 19 above, this Agreement shall bind any and all successors in interest, legal representatives and/or other permitted assignees or transferees of CONSULTANT in the same manner as if those successors in interest, legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

27. ☒ **Data Sharing.** This Agreement requires access by CONSULTANT to CITY's Geographic Information System (GIS) DATA for CONSULTANT to perform the work. CITY agrees to provide the GIS DATA to CONSULTANT solely for the purpose of performance of contracted work with the CITY upon the terms and conditions specified in Exhibit D, incorporated herein by this reference.

[Signatures on Next Page]

28. **Authority to Execute.** Those individuals who are signing this Agreement on behalf of entities represent and warrant that they are, respectively, duly authorized to sign on behalf of the entities and to bind the entities fully to each and all of the obligations set forth in this Agreement.

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

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

(1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND

(2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow

Christina J. Turner

Print Name

Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:

Black & Veatch Corporation

City Attorney

By: _____

Donald A. Larkin

Print Name

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: _____

Date: _____

By: _____

Print Name and Title of Signer.

If Corporate: Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer

Date: _____

EXHIBIT A SCOPE OF SERVICES

Task 1: Project Management

1.1. Project Management and Administration

Consultant shall implement team coordination, accounting and project controls, monthly invoices with project status reports, record keeping, and one-hour monthly project status calls.

1.2. Quality Assurance and Quality Control

Consultant shall perform internal quality assurance and quality control on all project work products. Quality control shall include careful checking of data, calculations, and risk/rehab model results, as well as review of proposed criteria, recommendations, and key deliverables by team experts.

1.3. Kick-off/Visioning Workshop

Consultant shall conduct a two-hour combined Kick-off Meeting/Visioning Workshop with the City's Wastewater Utility Team early in the project to: 1) discuss current operation, maintenance, condition assessment, improvement, data management, and budgeting activities; 2) establish asset management goals and objectives; and 3) define Levels of Service using key objectives from the City's Strategic Plan, regulatory climate, known deficiencies, City Council policies, etc.

Task 1 Meetings

- ☐ Combined Kick-off Meeting/Visioning Workshop (Workshop #1)

Task 1 Deliverables

- ☐ Monthly Invoices & Status Reports
- ☐ Meeting Materials

Task 2: Develop Asset Inventory

2.1. Data Request and Data Change Logs

Prior to the Kickoff Meeting, Consultant shall develop a preliminary Data Request Log that includes a list of data required to develop the AMP. Consultant shall review available materials provided by the City, update the Data Request Log to highlight any outstanding items, and maintain the Log for the duration of the project. Consultant shall also develop and maintain a Data Change Log that tracks changes to the City's original data fields and provides the justification for and/or source of any and all data improvements made.

2.2. Inventory Gap Analysis and Data Collection Plan

The Consultant shall collect and review the City's asset inventory and CCTV database, and fill or confirm pipe diameter and material information. Consultant shall assess the remaining data gaps in fields that are critical to the management of the system and their required level of accuracy, prioritize the gaps by their value to the City, and develop a draft Data Collection Plan Technical Memorandum (TM) for review by the City. Consultant shall conduct a comment review conference call with the City, incorporate comments, and submit the Final Data Collection Plan TM.

2.3. Electronic Records Delivery

Due to the unknown condition and quantity of the hard-copy record drawings and design reports located at the City offices, the budgetary estimate shown on the Schedule of Costs has been reserved for reprographic scanning of City drawings and reports identified as high-priority in the Data Collection Plan. For budget purposes, this estimate assumes that drawings and reports are in good enough condition to be handled and machine-fed, and that black and white scans will be provided. Attempts will be made to photograph record drawings in poor condition as budget permits.

2.4. Record Review and Field Work Plan

Consultant shall review scanned records and improve the asset inventory according to the Data Collection Plan priorities, as project budget allows. For budgeting purposes, this task includes up to 160 hours of Consultant staff time. At the conclusion of this desktop effort, remaining data gaps will be assessed, and a draft Field Work Plan TM will be developed to define the scope of work for Tasks 2.5 and 2.6. At this milestone point, Consultant will also conduct a call with City staff to review the field work priorities, evaluate task budgets, and assess whether the project is on target with the milestone schedule and scope in the Stipulated Order. Consultant shall submit the draft Field Work Plan TM to City staff for review, conduct a comment review call with City staff, incorporate comments, and submit a Final Field Work Plan TM.

2.5. Elevation Surveys

For assets that require survey-accurate elevation information in the Data Collection Plan or high traffic control areas requiring daytime work, the Consultant shall conduct a field survey with a licensed surveyor to gather siphon configurations and rim and invert elevations; lift station wet well dimensions and rim and pump centerline elevations; and sanitary sewer manhole rim and invert elevations. Due to the variability of survey costs related to the traffic conditions and accessibility of the assets, the budgetary estimate shown on the Schedule of Costs has been reserved for rim and invert elevation surveys at approximately 110 manholes and 14 lift stations. The lift station surveys may be deferred in lieu of additional manholes based on the priorities set in the Data Collection Plan and Field Work Plan. Standard traffic control will be provided by the consultant, and all elevations will be resolved to the NGVD 88 standard. It is assumed that the City will provide access to facilities. In areas with high traffic, premium nighttime work or daytime heavy traffic control can be provided but will reduce the number of manholes budgeted accordingly.

2.6. Field Data Collection

Any remaining priority data gaps (location, size, depth, material, etc.) for reasonably-accessible assets will be attempted to be collected or field-verified by the Consultant's field crews using equipment with ArcGIS-grade accuracy, which supports a more rapid method of data collection but is less accurate than the survey-grade equipment used in Task 2.5. The City GIS database will be updated by the Consultant with the field data accordingly, and basic traffic control will be provided by the Consultant. It is assumed that no confined entry will be performed, and the City will provide access to facilities. For assets not geolocated correctly in the City's GIS database, the Consultant will attempt to reconnect the network via desktop GIS as budget allows. The resulting inventory will be summarized in a draft Asset Inventory Chapter that will be submitted to the City for review, and City comments will be incorporated. For budgeting purposes, this task includes up to 120 hours of Consultant staff time.

Task 2 Meetings

- ☐ Data Collection Plan Comment Review Call
- ☐ Milestone Check-in Call
- ☐ Field Work Plan Comment Review Call

Task 2 Deliverables

- ☐ Data Request Log
- ☐ Data Change Log
- ☐ Draft and Final Data Collection Plan TM
- ☐ Electronic Record Drawings and Reports (PDF)
- ☐ Draft and Final Field Work Plan TM
- ☐ Survey Control Report (PDF), Manhole Survey Data Sheets (PDF) and Photos (images)
- ☐ Draft Asset Inventory Chapter
- ☐ Updated GIS database

Task 3: Determine Asset Criticality Score**3.1. Risk Assessment Methodology**

Consultant shall review the existing InfoAsset Planner (formerly InfoMaster) preliminary gravity sewer risk model developed for the City's Master Plan and develop recommendations to refine and expand the risk model first for gravity sewers and manholes, and as budget allows, for force mains and lift stations. Consultant shall conduct a two-hour Risk Assessment Methodology Workshop with the City's Wastewater Utility Team to confirm the risk assessment methodologies, develop and define criteria weighting, and gather any remaining information.

3.2. Consequence of Failure Analysis

The Consultant shall conduct an analysis of the consequence of each major asset class failing using the available information, which may include, but is not limited to, potential spill volumes, exposure to human contact with wastewater, impacts to environmentally sensitive areas, community impacts, and regulatory violations.

Task 3 Meetings

- ☐ Risk Assessment Methodology Workshop (Workshop #2)

Task 3 Deliverables

- ☐ Workshop Materials

Task 4: Estimate Risk of Failure and Remaining Asset Life**4.1. Condition Data Validation**

The Consultant shall conduct a data validation review on a single NASSCO-certified database of approximately 139 miles of CCTV records and a limited number of MACP inspections to: a) identify and correct common data import errors, b) compile partial inspections, c) filter out non-PACP inspections, d) select a primary inspection where there are multiple records, e) test video and photo linking, and f) identify defects that have been repaired after the CCTV inspection was conducted.

4.2. CCTV and MACP QA/QC Review

The Consultant shall evaluate a statistically- representative portion of the data and videos selected based on pipe age, material, diameter, video length, observation codes and inspector. Consultant shall place a specific focus on commonly miss- coded defects to determine QA/QC trends in the inspections. Consultant shall then update the Data Change Log from Task 2 with any corrections to the CCTV records and deliver the corrections in a format for the City to update the City's CCTV database.

4.3. Likelihood of Failure Analysis

Consultant shall assess failure modes for system components and analyze the likelihood of failure (LOF) using available information for each major asset class. Gravity sewer factors for consideration may include age, material, hydraulic limitations, defects, hot spot locations, work order history, historic stoppages and SSOs, and high I/I rates. Manhole LOF scores may consider MACP condition ratings, or default to adjacent sewer LOF scores. If budget allows, force main factors may include air valve maintenance history, age, material, potential stray current sources, condition defects, fault locations, and soil conditions. If budget allows, lift station LOF factors will be estimated using available reports, Emergency Response Plans, maintenance history and condition data.

4.4. Risk Assessment Results

Consultant shall conduct a two-hour Risk Assessments Results Workshop with the City's Wastewater Utility Team to validate the risk model results. Following the workshop, Consultant shall populate risk scoring fields in the City's GIS for import into Cityworks. The risk assessment methodology and results will be summarized in the draft Risk Assessment Chapter and submitted to the City for review. Consultant shall meet with the City to review staff comments and then incorporate the City's comments.

Task 4 Meetings

- ☐ Risk Assessments Results Workshop (Workshop #3)
- ☐ Risk Assessment Chapter Comment Review Call

Task 4 Deliverables

- ☐ Workshop Materials
- ☐ Draft Risk Assessment Chapter

Task 5: Prepare a Risk-based Repair and Replacement Schedule

5.1. Unit Cost Development

Consultant shall develop planning level unit costs for gravity sewer rehab and replacements using City design standards, construction bid results, cost estimating tools, and team experience with similar projects

5.2. Gravity Sewer Rehab/Replacement Model Development

Consultant shall develop defensible, repeatable flow charts that document the decision process for gravity sewer repairs and replacements (R/R). Consultant shall establish standards for the application of various repair methods and determining when a full replacement will provide the City with a better value. Unit costs will be applied to the R/R model to forecast annual program costs. The results will be provided to the City as

examples of the potential size of the R/R program based on up to three different service levels and goals.

5.3. Rehab/Replacement Program

The Consultant shall conduct a R/R Model Workshop with the City's Wastewater Utility Team to review program options and select the preferred long-term program. Consultant shall summarize the selected R/R model in the draft R/R Program Chapter and submit it to the City for review. We will meet with the City to review staff comments on the draft chapter and incorporate City comments.

Task 5 Meetings

- ☐ R/R Model Workshop (Workshop #4)
- ☐ Draft R/R Program Chapter Comment Review call

Task 5 Deliverables

- ☐ Workshop Materials
- ☐ Draft Rehab/Replacement Program Chapter
- ☐ InfoAsset Planner Model

Task 6: Prepare AMP

6.1. Levels of Service

Using the information gathered in the Visioning Workshop (Workshop #1 in Task 1.2), Consultant shall document existing practices and levels of service goals in the draft Levels of Service Chapter and submit the draft chapter to the City for review.

6.2. Best Management Practices

Consultant shall conduct a Best Management Practices Workshop with the City's Wastewater Utility Team to discuss current business practices and to define City goals for improvements. Consultant shall evaluate data structure and formats for work orders and preventative maintenance, asset hierarchies, failure analysis codes, accounting charge account codes, performance indicators, and reporting functions to make recommendations to add value to the City's business process to incorporate best management practices and the new Cityworks CMMS. As budget allows, Consultant will provide as-needed support to the City in the implementation of these practices. Consultant shall document the recommendations in a draft Best Management Practices Chapter and submit to the City for review. Following the review, Consultant will meet with the City to review the City's comments and incorporate the comments.

6.3. AMP Report

Consultant shall prepare and submit the draft AMP Report, consisting of an Introduction Chapter and the chapters listed in previous tasks. Following City review of the draft report, Consultant shall meet with the City to discuss review comments and questions. Consultant shall then update the draft report to incorporate City comments and submit the final report to the City.

Asset Management Plan Outline

1. Introduction (Task 6.2)
2. Levels of Service (Task 6.1; Workshop #1)
3. Asset Inventory (Task 2.6)

4. Risk Assessment (Tasks 3 & 4; Workshops #2 & 3)
5. Rehab/Replacement Program (Task 5; Workshop #4)
6. Best Management Practices (Task 6.2; Workshop #5)

Task 6 Meetings

- ☐ Best Management Practices Workshop (Workshop #5)
- ☐ Draft Best Management Practices Chapter Comment Review Meeting
- ☐ Draft AMP Comment Review Meeting

Task 6 Deliverables

- ☐ Draft Levels of Service Chapter
- ☐ Draft Best Management Practices Chapter
- ☐ Draft and Final Sanitary Sewer System AMP (PDF)

Task 7: Project Contingency

7.1 Ten Percent Contingency

Due to the unknown nature of the data collection and analysis needs of this project, this task reserves a ten percent budget contingency. Budget reserved under this task will only be allocated to work tasks upon written authorization from the City.

**EXHIBIT B
SCHEDULE OF COMPENSATION RATES**

7.a

ESTIMATED FEE SCHEDULE

City of Morgan Hill
Sanitary Sewer System Asset Management Plan
Revised 6/25/2020

Role: Hourly Rate:	Project Director	Senior Project Manager	Technical Advisor	Senior Engineer	Senior Engineer	Senior Engineer	Senior Engineer	Senior Engineer	Project Engineer	Staff Engineer	Staff Engineer	Project Controls	Admin	Total BV Staff Hours	Total BV Labor	Subconsultants (Incl. 5% Markup)						Expenses	Total Fee
																Akai Engineering				Total Akai Engrng Labor	Towill, Inc.		
																Advisor	Lead	Support					
																Tony Akel	Kevin Tuttle	Scott Orcutt					
Task/Level of Effort	Craig Lichty	Lani Good	Jeff Stillman	Derek Wurst	Amanda Zarazua	Doland Cheung	Ben Cownie	John Pudota	Dan Rodriguez	Brooke Ahmed	Guy Yaeger	Support Staff	Support Staff										
Task 1 – Project Management																							
1.1. Project Management and Administration	8	24										24	6	62	\$13,440	24				\$5,040		\$18,480	
1.2. Quality Assurance and Quality Control			28											28	\$8,120	20				\$4,200		\$12,320	
1.3. Kick-off/Visioning Workshop	5	10			10									25	\$6,500	5	5			\$2,000	\$500	\$9,000	
Task 1 Totals	13	34	28	0	10	0	0	0	0	0	0	24	6	115	\$28,060	49	5	0	\$11,240	\$0	\$500	\$39,800	
Task 2 - Develop Asset Inventory																							
2.1. Data Request and Data Change Logs		2							2		5		4	13	\$1,985		2	4	\$1,061			\$3,046	
2.2. Inventory Gap Analysis & Data Collection Plan		6							6	10				4	26	\$4,430	6		\$1,140			\$5,570	
2.3. Electronic Records Delivery													12	12	\$1,200				\$0	\$2,787		\$3,987	
2.4. Record Review and Field Work Plan		12							10	10			4	36	\$6,700		8	116	\$21,252		\$78	\$28,030	
2.5. Elevation Surveys	2	2									16		4	24	\$3,930				\$0	\$38,840		\$42,770	
2.6. Field Data Collection		4							48	48	20			120	\$18,400				\$0	\$2,200		\$20,600	
Task 2 Totals	2	26	0	0	0	0	0	0	66	68	41	0	28	231	\$36,645	0	16	120	\$23,453	\$38,840	\$5,065	\$104,002	
Task 3 - Determine Asset Criticality (COF) Score																							
3.1. Risk Assessment Methodology		8			25									33	\$7,450		6		\$1,140		\$800	\$9,390	
3.2. Consequence of Failure Analysis		6			18									24	\$5,430		18	32	\$8,864			\$14,294	
Task 3 Totals	0	14	0	0	43	0	0	0	0	0	0	0	0	57	\$12,880	0	24	32	\$10,004	\$0	\$800	\$23,684	
Task 4 - Estimate LOF & Remaining Asset Life																							
4.1. Condition Data Validation														0	\$0		8	16	\$4,242		\$200	\$4,442	
4.2. CCTV and MACP QA/QC Review														0	\$0		40		\$7,602			\$7,602	
4.3. Likelihood of Failure Analysis		2		12	16									30	\$7,030		4	24	\$4,843			\$11,873	
4.4. Risk Assessment Results		8			14								4	26	\$5,540		12	8	\$3,641		\$800	\$9,981	
Task 4 Totals	0	10	0	12	30	0	0	0	0	0	0	0	4	56	\$12,570	0	64	48	\$20,328	\$0	\$1,000	\$33,898	
Task 5 - Prepare a Risk-based R&R Schedule																							
5.1. Unit Cost Development				12										12	\$3,120				\$0			\$3,120	
5.2. Gravity Sewer Rehab/Replacement Model		2		10										12	\$3,150		30	10	\$7,403			\$10,553	
5.3. Rehab/Replacement Program		8		12									4	24	\$5,720		12	4	\$2,961			\$8,681	
Task 5 Totals	0	10	0	34	0	0	0	0	0	0	0	0	4	48	\$11,990	0	42	14	\$10,364	\$0	\$0	\$22,354	
Task 6 - Prepare Asset Management Plan																							
6.1. Levels of Service		8			16									24	\$5,560				\$0			\$5,560	
6.2. Best Management Practices		24	24			44	24				40	6		162	\$35,880				\$0	\$800		\$36,680	
6.3. Asset Management Plan Report		12		8	18						12		8	58	\$11,700		10	12	\$3,942			\$15,642	
Task 6 Totals	0	44	24	8	34	44	24	0	0	0	52	6	8	244	\$53,140	0	10	12	\$3,942	\$0	\$800	\$57,882	
Task 7 - Project Contingency																							
7.1. Ten Percent Contingency	2	12	6	6	13	5	3		8	14	16	4	6	95	\$18,615	6	18	28	\$9,444		\$103	\$28,162	
Task 7 Totals	2	12	6	6	13	5	3	0	8	14	16	4	6	95	\$18,615	6	18	28	\$9,444	\$0	\$103	\$28,162	
Project Totals	17	150	58	60	130	49	27	0	74	82	109	34	56	846		55	179	254					
	\$5,610	\$41,250	\$16,820	\$15,600	\$27,300	\$11,515	\$5,940	\$0	\$11,470	\$11,890	\$15,805	\$5,100	\$5,600		\$173,900	\$11,550	\$34,019	\$43,205	\$88,774	\$38,840	\$8,268	\$309,782	

Attachment: Black & Veatch - City Services Agreement for Design Professionals [Revision 1] (2786 :

SCHEDULE

Task/Level of Effort	Wks	Start	Finish	Deadline	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Task 1 – Project Management																	
Notice to Proceed	-	7/20/2020	7/20/2020	7/20/2020													
Kick-off Meeting/Visioning Workshop #1	-	7/27/2020	7/27/2020	7/29/2020													
Task 2 - Develop Asset Inventory																	
Data Collection Plan TM	3	8/10/2020	8/31/2020	8/10/2020													
Field Work Plan TM	8	8/31/2020	10/26/2020	10/13/2020													
Invert Survey & Field Validation	12	10/27/2020	1/19/2021	4/12/2021													
Draft Asset Inventory Chapter	2	1/19/2021	2/2/2021	5/10/2021													
Task 3 - Determine Asset Criticality (COF) Score																	
Risk Assmnt Methodology Workshop #2	6	8/10/2020	9/21/2020	-													
Task 4 - Estimate LOF & Remaining Asset Life																	
CCTV Data Processing & Review	10	9/21/2020	11/30/2020	-													
OPT Lift Station Assmnt TM (Task 7.2)	6	9/1/2020	10/13/2020	-													
OPT NASSCO Feedback (Task 7.1)	2	12/1/2020	12/15/2020	-													
OPT Condition Assmnt Chapter (Task 7.3)	4	12/1/2020	12/29/2020	-													
Risk Assessments Results Workshop #3	6	12/1/2020	1/12/2021	6/9/2021													
Draft Risk Assessment Chapter	3	1/12/2021	2/2/2021	6/29/2021													
Task 5 - Prepare a Risk-based R&R Schedule																	
Rehab/Replacement Model Workshop #4	8	1/19/2021	3/16/2021	-													
Draft R/R Program Chapter	3	3/16/2021	4/6/2021	7/19/2021													
OPT 5-Year CIP Chapter	8	4/6/2021	6/1/2021	-													
Task 6 - Prepare Asset Management Plan																	
Draft Levels of Service Chapter	3	7/27/2020	8/17/2020	-													
Best Management Practices Workshop #5	1	10/1/2020	10/8/2020	-													
Draft Best Management Practices Chapter	10	10/8/2020	12/17/2020	-													
OPT PSL Policy Evaluation TM (Task 7.5)	6	2/2/2021	3/16/2021	-													
Draft SSS Asset Management Plan (PDF)	3	6/1/2021	6/22/2021	-													
Final SSS Asset Management Plan (PDF)	3	6/22/2021	7/13/2021	8/3/2021													

EXHIBIT D
Third Party Data Use Agreement

1. CONSULTANT agrees that it shall not use any information provided by CITY for any purpose other than for PROJECT without the prior express written consent of CITY. CONSULTANT also hereby acknowledges that the data delivered by CITY is for use by CONSULTANT only, and is not to be released to any other party by any means whatsoever, including the Internet, without prior written consent of CITY. CONSULTANT shall provide written notice to CITY of any subcontractor with whom Geographic Information System data (GIS DATA) is shared for purposes of completing the PROJECT.
2. All data and files are intended for the use within the ordinary course of users' business and may not be sold, placed on the internet or otherwise provided to other parties. All data shall comply with all statutes such as California State Law, Government Code section 6254.21 which prohibits any state or local agency from posting the home address or telephone number of any "elected or appointed official," residing spouse, or child on the internet, and Revenue and Taxation Code sections 408, 408.1, 408.3, and 409 permitting the County Assessor to collect fees for certain information.
3. CITY, as rightful owners, shall retain all rights, title, interest, and copyright of the data. Any products using the GIS DATA must give credit to CITY as the source of the information. Any and all derivative products of the GIS DATA are owned by CITY and may not be used for any purpose other than the PROJECT without prior written permission of CITY. All derivative products and resulting data shall be provided to CITY Project Manager and CITY GIS Manager at the completion of the PROJECT.
4. CONSULTANT and CITY understand and agree that the information provided pursuant to this Agreement is the product of professional services paid for by CITY and shall remain property of CITY. CONSULTANT may retain copies, including copies stored on magnetic media, only for information and reference, in connection with CONSULTANT'S use for PROJECT.
5. All of the above terms and conditions apply to any subcontractor retained by CONSULTANT.
6. In the event of a conflict between the terms and provisions of this Third Party Data Use Agreement and the terms and provisions of the SERVICE AGREEMENT, the terms of the SERVICE AGREEMENT shall govern and control.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

PREPARED BY: Vijay Sammeta,
APPROVED BY: City Manager

APPROVE MICROSOFT ENTERPRISE AGREEMENT FOR OFFICE 365, WINDOWS SERVER, AND SQL DATABASE LICENSING

RECOMMENDATION(S)

1. Approve the purchase of three-year Microsoft Office 365, Windows Server and SQL Database Licensing from Dell Marketing, LLP for a not-to-exceed amount of \$401,329; and
2. Authorize the City Manager to execute and administer a Microsoft Enterprise Agreement for the licensing of the City of Morgan Hill Microsoft products and services.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Maintaining Infrastructure
Preserving and Cultivating Public Trust

REPORT NARRATIVE:

In 2017, the City modernized its legacy on-premise email system to Microsoft's cloud-based subscription services which provides remote access to email, significantly larger email boxes, centralized electronic document discovery and retention capabilities, and other enhanced functionality. By approving this Microsoft Enterprise Agreement (Agreement), the City would renew all of its Microsoft services under one contract and leverage cost savings associated with utilizing the State purchasing contract and receive a discount by pooling the purchasing power of local government agencies throughout the State of California.

The current Microsoft Office 365 licenses require annual renewal. In addition, the Microsoft Windows Server and SQL database licensing are at or nearing end-of-life. The renewal of proposed licensing provides the following key benefits to the City over the term of the contract:

- Provide employees with up-to-date office productivity tools to perform their jobs including the Microsoft Office suite, hosted email, videoconferencing, and collaboration tools
- Modernize the server environment, much of which is at or near end-of-life, to enhance information security

- Consolidate the technical environment to ease administration by IT without requiring the addition staff

After review of available licensing options and authorized providers, staff recommends entering into an Enterprise License Agreement with Microsoft for the purchase and subsequent renewal of Microsoft software licensing for a three-year contractual term.

The pricing and vendor were selected through a cooperative purchasing mechanism (Section 3.04.180 of the Morgan Hill Municipal Code). This leverages volume discount pricing through vendors qualified for resale off the California State Microsoft contract, otherwise known as "The Riverside Contract." The City solicited proposals from all 11 of the authorized vendors. The City received six proposals with the remaining vendors unable to provide a proposal, only serviced federal accounts, or the City was unable to contact a responsive party. After evaluating the six proposers authorized to service the State of California purchasing contract for both cloud and on-premise software licensing, the City is recommending the selection of Dell Marketing, LP as they provided the lowest cost for the licensing applicable to the City's technical environment. Below is a breakdown from the responsive proposers:

<u>Authorized Vendor</u>	<u>Annual Proposed Cost</u>
Dell	\$133,776
CDW-G	\$138,662
Zones International	\$140,229
SHI	\$150,310
Insight	\$150,314
SoftwareOne	\$176,282

COMMUNITY ENGAGEMENT: Inform

This report serves to inform the community of the recommended action of approving a Microsoft Enterprise Agreement.

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council previously approved the initial three-year Microsoft Enterprise Agreement on May 3, 2017.

FISCAL AND RESOURCE IMPACT:

The recommended agreement with an annual cost of \$133,776, exceeds the \$120,000 budgeted in FY 2020-21 and \$122,400 budgeted in FY 2021-22 as it also updates the City's Windows Server and SQL Database licenses for compliance and enhanced security. Staff anticipates generating savings from other projects, to offset the increased cost for this agreement, therefore is not requesting additional appropriations at this time.

The administration of the licensing and subscription services is an activity included in the annual workplan for the Information Services Team.

CEQA (California Environmental Quality Act):

Not a Project. This action will not have a direct or indirect impact on the environment.

LINKS/ATTACHMENTS:

1. City of Morgan Hill - EA Renewal
2. Morgan Hill - EA20201EnrGov(US)SLG(ENG)(Oct2019)(CR)(Updated)



Dell Customer Confidential

Quotation

Chris Boyington

chris_boyington@Dell.com

512.723.6722

Microsoft Enterprise Agreement (EA) #: TBD

Customer: City of Morgan Hill

Date of Issue: 6/9/2020

Quote Expires: 6/30/2020

PLEASE SEE IMPORTANT TERMS AND CONDITIONS AT THE BOTTOM OF THIS QUOTATION

Section 1- Licenses and Software Assurance

Product Description	Mfg#	Quantity	Unit Price	Ext. Price
WinSvrDCCore ALNG LicSAPk MVL 16Lic CoreLic	9EA-00271	10	\$2,287.98	\$22,879.80
WinSvrDCCore ALNG LicSAPk MVL 2Lic CoreLic	9EA-00039	4	\$286.15	\$1,144.60
SQLSvrStdCore ALNG LicSAPk MVL 2Lic CoreLic	7NQ-00302	10	\$1,332.49	\$13,324.90
SQLSvrStdCore ALNG SA MVL 2Lic CoreLic	7NQ-00292	2	\$571.07	\$1,142.14
Total Year 1 Payment				\$38,491.44
WinSvrDCCore ALNG LicSAPk MVL 16Lic CoreLic	9EA-00271	10	\$2,287.98	\$22,879.80
WinSvrDCCore ALNG LicSAPk MVL 2Lic CoreLic	9EA-00039	4	\$286.15	\$1,144.60
SQLSvrStdCore ALNG LicSAPk MVL 2Lic CoreLic	7NQ-00302	10	\$1,332.49	\$13,324.90
SQLSvrStdCore ALNG SA MVL 2Lic CoreLic	7NQ-00292	2	\$571.07	\$1,142.14
Total Year 2 Payment				\$38,491.44
WinSvrDCCore ALNG LicSAPk MVL 16Lic CoreLic	9EA-00271	10	\$2,287.98	\$22,879.80
WinSvrDCCore ALNG LicSAPk MVL 2Lic CoreLic	9EA-00039	4	\$286.15	\$1,144.60
SQLSvrStdCore ALNG LicSAPk MVL 2Lic CoreLic	7NQ-00302	10	\$1,332.49	\$13,324.90
SQLSvrStdCore ALNG SA MVL 2Lic CoreLic	7NQ-00292	2	\$571.07	\$1,142.14
Total Year 3 Payment				\$38,491.44
TOTAL SECTION 1 YEARS 1 - 3				\$115,474.32

Section 2- Monthly Subscriptions

Product Description	Mfg#	Quantity	Months	Unit Price	Ext. Price
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Attachment: City of Morgan Hill - EA Renewal (2797 : Approval for Microsoft Enterprise Agreement)

ExchgOnlnP2GCC ShrdSvr ALNG SubsVL MVL PerUsr	3NS-00003	75	12	\$5.90	\$5,310.00
M365 E3 GCC Unified ShrdSvr ALNG SubsVL MVL PerUsr	AAD-34704	270	12	\$27.77	\$89,974.00
Total Year 1 Payment					\$95,284.00
ExchgOnlnP2GCC ShrdSvr ALNG SubsVL MVL PerUsr	3NS-00003	75	12	\$5.90	\$5,310.00
M365 E3 GCC Unified ShrdSvr ALNG SubsVL MVL PerUsr	AAD-34704	270	12	\$27.77	\$89,974.00
Total Year 2 Payment					\$95,284.00
ExchgOnlnP2GCC ShrdSvr ALNG SubsVL MVL PerUsr	3NS-00003	75	12	\$5.90	\$5,310.00
M365 E3 GCC Unified ShrdSvr ALNG SubsVL MVL PerUsr	AAD-34704	270	12	\$27.77	\$89,974.00
Total Year 3 Payment					\$95,284.00
TOTAL SECTION 2 YEARS 1 - 3					\$285,854.00
Notes:					
Microsoft Enterprise Agreement (EA) #:					Total Annual Payment Yr 1
Microsoft Enterprise Agreement (EA) Enrollment#: TBD					Total Annual Payment Yr 2
					Total Annual Payment Yr 3
					Grand Total
**Customer must complete all required Microsoft enrollment documentation. The EA cannot be executed (processed at Microsoft) until both the complete documents and PO are received for the first annual payment.					
Dell offers this quote for the first of three annual payments for City of Morgan Hill Microsoft Enterprise Agreement Enrollment.					
For customer's general information and budgeting purposes, Dell includes the above as an estimate for subsequent years of City of Morgan Hill Microsoft EA.					

Notes:

- | | |
|---|--|
| <p>1) Customer's purchase is subject to Dell's Terms and Conditions of Sale found at www.dell.com, unless Customer has a separate purchase agreement with Dell.</p> <p>2) Sales/use tax is based on the "ship to" address on your invoice. Please indicate your taxability status on your purchase order. If exempt, Customer must have an Exemption Certificate on file.</p> | <p>4) All product descriptions and prices are based on latest information available and are subject to change without notice or obligation.</p> <p>5) All prices are based on Net 30 Terms. If not shown, shipping, handling, taxes, and other fees will be added at the time of order, where applicable.</p> <p>6) Customer understands and acknowledges that all warranties.</p> |
|---|--|

3) If you have a question re: your tax status, please contact your Dell | ASAP Software Inside sales representative listed above. Shipments to California: for certain products, a State Environmental Fee of up to \$10 per item may be applied to your invoice. Prices do not reflect this fee unless noted. For more information, refer to www.dell.com/environmentalfee.

representations and returns are subject to the manufacturer, publisher or distributor guidelines.



Enterprise Enrollment

State and Local

Enterprise Enrollment number
(Microsoft to complete)

Framework ID
(if applicable)

Previous Enrollment number
(Reseller to complete)

73814632

This Enrollment must be attached to a signature form to be valid.

This Microsoft Enterprise Enrollment is entered into between the entities as identified in the signature form as of the effective date. Enrolled Affiliate represents and warrants it is the same Customer, or an Affiliate of the Customer, that entered into the Enterprise Agreement identified on the program signature form.

This Enrollment consists of: (1) these terms and conditions, (2) the terms of the Enterprise Agreement identified on the signature form, (3) the Product Selection Form, (4) the Product Terms, (5) the Online Services Terms, (6) any Supplemental Contact Information Form, Previous Agreement/Enrollment form, and other forms that may be required, and (7) any order submitted under this Enrollment. This Enrollment may only be entered into under a 2011 or later Enterprise Agreement. By entering into this Enrollment, Enrolled Affiliate agrees to be bound by the terms and conditions of the Enterprise Agreement.

All terms used but not defined are located at <http://www.microsoft.com/licensing/contracts>. In the event of any conflict the terms of this Agreement control.

Effective date. If Enrolled Affiliate is renewing Software Assurance or Subscription Licenses from one or more previous Enrollments or agreements, then the effective date will be the day after the first prior Enrollment or agreement expires or terminates. If this Enrollment is renewed, the effective date of the renewal term will be the day after the Expiration Date of the initial term. Otherwise, the effective date will be the date this Enrollment is accepted by Microsoft. Any reference to “anniversary date” refers to the anniversary of the effective date of the applicable initial or renewal term for each year this Enrollment is in effect.

Term. The initial term of this Enrollment will expire on the last day of the month, 36 full calendar months from the effective date of the initial term. The renewal term will expire 36 full calendar months after the effective date of the renewal term.

Terms and Conditions

1. Definitions.

Terms used but not defined in this Enrollment will have the definition in the Enterprise Agreement. The following definitions are used in this Enrollment:

“Additional Product” means any Product identified as such in the Product Terms and chosen by Enrolled Affiliate under this Enrollment.

“Community” means the community consisting of one or more of the following: (1) a Government, (2) an Enrolled Affiliate using eligible Government Community Cloud Services to provide solutions to a Government or a qualified member of the Community, or (3) a Customer with Customer Data that is subject to Government regulations for which Customer determines and Microsoft agrees that the use of Government Community Cloud Services is appropriate to meet Customer’s regulatory requirements.

Membership in the Community is ultimately at Microsoft's discretion, which may vary by Government Community Cloud Service.

"Enterprise Online Service" means any Online Service designated as an Enterprise Online Service in the Product Terms and chosen by Enrolled Affiliate under this Enrollment. Enterprise Online Services are treated as Online Services, except as noted.

"Enterprise Product" means any Desktop Platform Product that Microsoft designates as an Enterprise Product in the Product Terms and chosen by Enrolled Affiliate under this Enrollment. Enterprise Products must be licensed for all Qualified Devices and Qualified Users on an Enterprise-wide basis under this program.

"Expiration Date" means the date upon which the Enrollment expires.

"Federal Agency" means a bureau, office, agency, department or other entity of the United States Government.

"Government" means a Federal Agency, State/Local Entity, or Tribal Entity acting in its governmental capacity.

"Government Community Cloud Services" means Microsoft Online Services that are provisioned in Microsoft's multi-tenant data centers for exclusive use by or for the Community and offered in accordance with the National Institute of Standards and Technology (NIST) Special Publication 800-145. Microsoft Online Services that are Government Community Cloud Services are designated as such in the Use Rights and Product Terms.

"Industry Device" (also known as line of business device) means any device that: (1) is not useable in its deployed configuration as a general purpose personal computing device (such as a personal computer), a multi-function server, or a commercially viable substitute for one of these systems; and (2) only employs an industry or task-specific software program (e.g. a computer-aided design program used by an architect or a point of sale program) ("Industry Program"). The device may include features and functions derived from Microsoft software or third-party software. If the device performs desktop functions (such as email, word processing, spreadsheets, database, network or Internet browsing, or scheduling, or personal finance), then the desktop functions: (1) may only be used for the purpose of supporting the Industry Program functionality; and (2) must be technically integrated with the Industry Program or employ technically enforced policies or architecture to operate only when used with the Industry Program functionality.

"Managed Device" means any device on which any Affiliate in the Enterprise directly or indirectly controls one or more operating system environments. Examples of Managed Devices can be found in the Product Terms.

"Qualified Device" means any device that is used by or for the benefit of Enrolled Affiliate's Enterprise and is: (1) a personal desktop computer, portable computer, workstation, or similar device capable of running Windows Pro locally (in a physical or virtual operating system environment), or (2) a device used to access a virtual desktop infrastructure ("VDI"). Qualified Devices do not include any device that is: (1) designated as a server and not used as a personal computer, (2) an Industry Device, or (3) not a Managed Device. At its option, the Enrolled Affiliate may designate any device excluded above (e.g., Industry Device) that is used by or for the benefit of the Enrolled Affiliate's Enterprise as a Qualified Device for all or a subset of Enterprise Products or Online Services the Enrolled Affiliate has selected.

"Qualified User" means a person (e.g., employee, consultant, contingent staff) who: (1) is a user of a Qualified Device, or (2) accesses any server software requiring an Enterprise Product Client Access License or any Enterprise Online Service. It does not include a person who accesses server software or an Online Service solely under a License identified in the Qualified User exemptions in the Product Terms.

"Reseller" means an entity authorized by Microsoft to resell Licenses under this program and engaged by an Enrolled Affiliate to provide pre- and post-transaction assistance related to this agreement;

"Reserved License" means for an Online Service identified as eligible for true-ups in the Product Terms, the License reserved by Enrolled Affiliate prior to use and for which Microsoft will make the Online Service available for activation.

"State/Local Entity" means (1) any agency of a state or local government in the United States, or (2) any United States county, borough, commonwealth, city, municipality, town, township, special purpose district, or other similar type of governmental instrumentality established by the laws of Customer's state and located within Customer's state's jurisdiction and geographic boundaries.

"Tribal Entity" means a federally-recognized tribal entity performing tribal governmental functions and eligible for funding and services from the U.S. Department of Interior by virtue of its status as an Indian tribe.

"Use Rights" means, with respect to any licensing program, the use rights or terms of service for each Product and version published for that licensing program at the Volume Licensing Site and updated from time to time. The Use Rights include the Product-Specific License Terms, the License Model terms, the Universal License Terms, the Data Protection Terms, and the Other Legal Terms. The Use Rights supersede the terms of any end user license agreement (on-screen or otherwise) that accompanies a Product.

"Volume Licensing Site" means <http://www.microsoft.com/licensing/contracts> or a successor site.

2. **Order requirements.**

- a. **Minimum order requirements.** Enrolled Affiliate's Enterprise must have a minimum of 250 Qualified Users or Qualified Devices. The initial order must include at least 250 Licenses for Enterprise Products or Enterprise Online Services.
 - (i) **Enterprise commitment.** Enrolled Affiliate must order enough Licenses to cover all Qualified Users or Qualified Devices, depending on the License Type, with one or more Enterprise Products or a mix of Enterprise Products and the corresponding Enterprise Online Services (as long as all Qualified Devices not covered by a License are only used by users covered with a user License).
 - (ii) **Enterprise Online Services only.** If no Enterprise Product is ordered, then Enrolled Affiliate need only maintain at least 250 Subscription Licenses for Enterprise Online Services.
- b. **Additional Products.** Upon satisfying the minimum order requirements above, Enrolled Affiliate may order Additional Products.
- c. **Use Rights for Enterprise Products.** For Enterprise Products, if a new Product version has more restrictive use rights than the version that is current at the start of the applicable initial or renewal term of the Enrollment, those more restrictive use rights will not apply to Enrolled Affiliate's use of that Product during that term.
- d. **Country of usage.** Enrolled Affiliate must specify the countries where Licenses will be used on its initial order and on any additional orders.
- e. **Resellers.** Enrolled Affiliate must choose and maintain a Reseller authorized in the United States. Enrolled Affiliate will acquire its Licenses through its chosen Reseller. Orders must be submitted to the Reseller who will transmit the order to Microsoft. The Reseller and Enrolled Affiliate determine pricing and payment terms as between them, and Microsoft will invoice the Reseller based on those terms. Throughout this Agreement the term "price" refers to reference price. Resellers and other third parties do not have authority to bind or impose any obligation or liability on Microsoft.
- f. **Adding Products.**
 - (i) **Adding new Products not previously ordered.** New Enterprise Products or Enterprise Online Services may be added at any time by contacting a Microsoft Account Manager or Reseller. New Additional Products, other than Online Services, may be used if an order is placed in the month the Product is first used. For Additional Products that are Online Services, an initial order for the Online Service is required prior to use.

- (ii) **Adding Licenses for previously ordered Products.** Additional Licenses for previously ordered Products other than Online Services may be added at any time but must be included in the next true-up order. Additional Licenses for Online Services must be ordered prior to use, unless the Online Services are (1) identified as eligible for true-up in the Product Terms or (2) included as part of other Licenses.
- g. **True-up requirements.** Enrolled Affiliate must submit an annual true-up order that accounts for any changes since the initial order or last order. If there are no changes, then an update statement must be submitted instead of a true-up order.
- (i) **Enterprise Products.** For Enterprise Products, Enrolled Affiliate must determine the number of Qualified Devices and Qualified Users (if ordering user-based Licenses) at the time the true-up order is placed and must order additional Licenses for all Qualified Devices and Qualified Users that are not already covered by existing Licenses, including any Enterprise Online Services.
- (ii) **Additional Products.** For Additional Products that have been previously ordered under this Enrollment, Enrolled Affiliate must determine the maximum number of Additional Products used since the latter of the initial order, the last true-up order, or the prior anniversary date and submit a true-up order that accounts for any increase.
- (iii) **Online Services.** For Online Services identified as eligible for true-up in the Product Terms, Enrolled Affiliate may place a reservation order for the additional Licenses prior to use and payment may be deferred until the next true-up order. Microsoft will provide a report of Reserved Licenses ordered but not yet invoiced to Enrolled Affiliate and its Reseller. Reserved Licenses will be invoiced retrospectively to the month in which they were ordered.
- (iv) **Subscription License reductions.** Enrolled Affiliate may reduce the quantity of Subscription Licenses at the Enrollment anniversary date on a prospective basis if permitted in the Product Terms, as follows:
- 1) For Subscription Licenses that are part of an Enterprise-wide purchase, Licenses may be reduced if the total quantity of Licenses and Software Assurance for an applicable group meets or exceeds the quantity of Qualified Devices and Qualified Users (if ordering user-based Licenses) identified on the Product Selection Form, and includes any additional Qualified Devices and Qualified Users added in any prior true-up orders. Step-up Licenses do not count towards this total count.
 - 2) For Enterprise Online Services that are not a part of an Enterprise-wide purchase, Licenses can be reduced as long as the initial order minimum requirements are maintained.
 - 3) For Additional Products available as Subscription Licenses, Enrolled Affiliate may reduce the Licenses. If the License count is reduced to zero, then Enrolled Affiliate's use of the applicable Subscription License will be cancelled.
- Invoices will be adjusted to reflect any reductions in Subscription Licenses at the true-up order Enrollment anniversary date and effective as of such date.
- (v) **Update statement.** An update statement must be submitted instead of a true-up order if, since the initial order or last true-up order, Enrolled Affiliate's Enterprise: (1) has not changed the number of Qualified Devices and Qualified Users licensed with Enterprise Products or Enterprise Online Services; and (2) has not increased its usage of Additional Products. This update statement must be signed by Enrolled Affiliate's authorized representative.
- (vi) **True-up order period.** The true-up order or update statement must be received by Microsoft between 60 and 30 days prior to each Enrollment anniversary date. The third-year true-up order or update statement is due within 30 days prior to the Expiration Date, and any license reservations within this 30 day period will not be accepted. Enrolled Affiliate

may submit true-up orders more often to account for increases in Product usage, but an annual true-up order or update statement must still be submitted during the annual order period.

- (vii) **Late true-up order.** If the true-up order or update statement is not received when due, Microsoft will invoice Reseller for all Reserved Licenses not previously invoiced and Subscription License reductions cannot be reported until the following Enrollment anniversary date (or at Enrollment renewal, as applicable).
- h. **Step-up Licenses.** For Licenses eligible for a step-up under this Enrollment, Enrolled Affiliate may step-up to a higher edition or suite as follows:
 - (i) For step-up Licenses included on an initial order, Enrolled Affiliate may order according to the true-up process.
 - (ii) If step-up Licenses are not included on an initial order, Enrolled Affiliate may step-up initially by following the process described in the Section titled "Adding new Products not previously ordered," then for additional step-up Licenses, by following the true-up order process.
- i. **Clerical errors.** Microsoft may correct clerical errors in this Enrollment, and any documents submitted with or under this Enrollment, by providing notice by email and a reasonable opportunity for Enrolled Affiliate to object to the correction. Clerical errors include minor mistakes, unintentional additions and omissions. This provision does not apply to material terms, such as the identity, quantity or price of a Product ordered.
- j. **Verifying compliance.** Microsoft may, in its discretion and at its expense, verify compliance with this Enrollment as set forth in the Enterprise Agreement.

3. **Pricing.**

- a. **Price Levels.** For both the initial and any renewal term Enrolled Affiliate's Price Level for all Products ordered under this Enrollment will be Level "D" throughout the term of the Enrollment.
- b. **Setting Prices.** Enrolled Affiliate's prices for each Product or Service will be established by its Reseller. Except for Online Services designated in the Product Terms as being exempt from fixed pricing, As long as Enrolled Affiliate continues to qualify for the same price level, Microsoft's prices for Resellers for each Product or Service ordered will be fixed throughout the applicable initial or renewal Enrollment term. Microsoft's prices to Resellers are reestablished at the beginning of the renewal term.

4. **Payment terms.**

For the initial or renewal order, Microsoft will invoice Enrolled Affiliate's Reseller in three equal annual installments. . The first installment will be invoiced upon Microsoft's acceptance of this Enrollment and remaining installments will be invoiced on each subsequent Enrollment anniversary date. Subsequent orders are invoiced upon acceptance of the order and Enrolled Affiliate may elect to pay annually or upfront for Online Services and upfront for all other Licenses.

5. **End of Enrollment term and termination.**

- a. **General.** At the Expiration Date, Enrolled Affiliate must immediately order and pay for Licenses for Products it has used but has not previously submitted an order, except as otherwise provided in this Enrollment.
- b. **Renewal option.** At the Expiration Date of the initial term, Enrolled Affiliate can renew Products by renewing this Enrollment for one additional 36-month term or by signing a new Enrollment. Microsoft must receive a Renewal Form, Product Selection Form, and renewal order prior to or at the Expiration Date. Microsoft will not unreasonably reject any renewal.

Microsoft may make changes to this program that will make it necessary for Customer and its Enrolled Affiliates to enter into new agreements and Enrollments at renewal.

c. If Enrolled Affiliate elects not to renew.

(i) Software Assurance. If Enrolled Affiliate elects not to renew Software Assurance for any Product under its Enrollment, then Enrolled Affiliate will not be permitted to order Software Assurance later without first acquiring a new License with Software Assurance.

(ii) Online Services eligible for an Extended Term. For Online Services identified as eligible for an Extended Term in the Product Terms, the following options are available at the end of the Enrollment initial or renewal term.

1) Extended Term. Licenses for Online Services will automatically expire in accordance with the terms of the Enrollment. An extended term feature that allows Online Services to continue month-to-month ("Extended Term") is available. During the Extended Term, Online Services will be invoiced monthly at the then-current published price as of the Expiration Date plus a 3% administrative fee for up to one year. If Enrolled Affiliate wants an Extended Term, Enrolled Affiliate must submit a request to Microsoft at least 30 days prior to the Expiration Date.

2) Cancellation during Extended Term. At any time during the first year of the Extended Term, Enrolled Affiliate may terminate the Extended Term by submitting a notice of cancellation to Microsoft for each Online Service. Thereafter, either party may terminate the Extended Term by providing the other with a notice of cancellation for each Online Service. Cancellation will be effective at the end of the month following 30 days after Microsoft has received or issued the notice.

(iii) Subscription Licenses and Online Services not eligible for an Extended Term. If Enrolled Affiliate elects not to renew, the Licenses will be cancelled and will terminate as of the Expiration Date. Any associated media must be uninstalled and destroyed and Enrolled Affiliate's Enterprise must discontinue use. Microsoft may request written certification to verify compliance.

d. Termination for cause. Any termination for cause of this Enrollment will be subject to the "Termination for cause" section of the Agreement. In addition, it shall be a breach of this Enrollment if Enrolled Affiliate or any Affiliate in the Enterprise that uses Government Community Cloud Services fails to meet and maintain the conditions of membership in the definition of Community.

e. Early termination. Any early termination of this Enrollment will be subject to the "Early Termination" Section of the Enterprise Agreement.

For Subscription Licenses, in the event of a breach by Microsoft, or if Microsoft terminates an Online Service for regulatory reasons, Microsoft will issue Reseller a credit for any amount paid in advance for the period after termination.

6. Government Community Cloud.

a. Community requirements. If Enrolled Affiliate purchases Government Community Cloud Services, Enrolled Affiliate certifies that it is a member of the Community and agrees to use Government Community Cloud Services solely in its capacity as a member of the Community and, for eligible Government Community Cloud Services, for the benefit of end users that are members of the Community. Use of Government Community Cloud Services by an entity that is not a member of the Community or to provide services to non-Community members is strictly prohibited and could result in termination of Enrolled Affiliate's license(s) for Government Community Cloud Services without notice. Enrolled Affiliate acknowledges that only Community members may use Government Community Cloud Services.

b. All terms and conditions applicable to non-Government Community Cloud Services also apply

to their corresponding Government Community Cloud Services, except as otherwise noted in the Use Rights, Product Terms, and this Enrollment.

- c. Enrolled Affiliate may not deploy or use Government Community Cloud Services and corresponding non-Government Community Cloud Services in the same domain.
- d. **Use Rights for Government Community Cloud Services.** For Government Community Cloud Services, notwithstanding anything to the contrary in the Use Rights:
 - (i) Government Community Cloud Services will be offered only within the United States.
 - (ii) Additional European Terms, as set forth in the Use Rights, will not apply.
 - (iii) References to geographic areas in the Use Rights with respect to the location of Customer Data at rest, as set forth in the Use Rights, refer only to the United States.



Enrollment Details

1. Enrolled Affiliate's Enterprise.

- a. Identify which Agency Affiliates are included in the Enterprise. (Required) Enrolled Affiliate's Enterprise must consist of entire offices, bureaus, agencies, departments or other entities of Enrolled Affiliate, not partial offices, bureaus, agencies, or departments, or other partial entities. Check only one box in this section. If no boxes are checked, Microsoft will deem the Enterprise to include the Enrolled Affiliate only. If more than one box is checked, Microsoft will deem the Enterprise to include the largest number of Affiliates:

☒ Enrolled Affiliate only

☐ Enrolled Affiliate and all Affiliates

☐ Enrolled Affiliate and the following Affiliate(s) (Only identify specific affiliates to be included if fewer than all Affiliates are to be included in the Enterprise):

☐ Enrolled Affiliate and all Affiliates, with following Affiliate(s) excluded:

- b. Please indicate whether the Enrolled Affiliate's Enterprise will include all new Affiliates acquired after the start of this Enrollment: Exclude future Affiliates

2. Contact information.

Each party will notify the other in writing if any of the information in the following contact information page(s) changes. The asterisks (*) indicate required fields. By providing contact information, Enrolled Affiliate consents to its use for purposes of administering this Enrollment by Microsoft, its Affiliates, and other parties that help administer this Enrollment. The personal information provided in connection with this Enrollment will be used and protected in accordance with the privacy statement available at <https://www.microsoft.com/licensing/servicecenter>.

- a. **Primary contact.** This contact is the primary contact for the Enrollment from within Enrolled Affiliate's Enterprise. This contact is also an Online Administrator for the Volume Licensing Service Center and may grant online access to others. The primary contact will be the default contact for all purposes unless separate contacts are identified for specific purposes

Name of entity (must be legal entity name)* City of Morgan Hill

Contact name* First Najib **Last** Kalai

Contact email address* nkalai@morgan-hill.ca.gov

Street address* 17555 Peak Avenue

City* Morgan Hill

State* CA
Postal code* 95037-2504
 (Please provide the zip + 4, e.g. xxxxx-xxxx)
Country* United States
Phone* 408-779-7238
Tax ID
** indicates required fields*

- b. Notices contact and Online Administrator.** This contact (1) receives the contractual notices, (2) is the Online Administrator for the Volume Licensing Service Center and may grant online access to others, and (3) is authorized to order Reserved Licenses for eligible Online Services, including adding or reassigning Licenses and stepping-up prior to a true-up order.

☒ Same as primary contact (default if no information is provided below, even if the box is not checked).

Contact name* First Last
Contact email address*
Street address*
City*
State*
Postal code* -
 (Please provide the zip + 4, e.g. xxxxx-xxxx)
Country*
Phone*

Language preference. Choose the language for notices. English

☐ This contact is a third party (not the Enrolled Affiliate). Warning: This contact receives personally identifiable information of the Customer and its Affiliates.

** indicates required fields*

- c. Online Services Manager.** This contact is authorized to manage the Online Services ordered under the Enrollment and (for applicable Online Services) to add or reassign Licenses and step-up prior to a true-up order.

☒ Same as notices contact and Online Administrator (default if no information is provided below, even if box is not checked)

Contact name*: First Last
Contact email address*
Phone*

☐ This contact is from a third party organization (not the entity). Warning: This contact receives personally identifiable information of the entity.

** indicates required fields*

- d. Reseller information.** Reseller contact for this Enrollment is:

Reseller company name* Dell Inc.
Street address (PO boxes will not be accepted)* One Dell Way
City* Round Rock
State* TX
Postal code* 78682
Country* United States
Contact name* Government Contract Admin
Phone* 847-465-3700
Contact email address* US_MS_VL_Admin@Dell.com
** indicates required fields*

By signing below, the Reseller identified above confirms that all information provided in this Enrollment is correct.

Signature* _____ Printed name* _____ Printed title* _____ Date* _____
--

** indicates required fields*

Changing a Reseller. If Microsoft or the Reseller chooses to discontinue doing business with each other, Enrolled Affiliate must choose a replacement Reseller. If Enrolled Affiliate or the Reseller intends to terminate their relationship, the initiating party must notify Microsoft and the other party using a form provided by Microsoft at least 90 days prior to the date on which the change is to take effect.

- e. If Enrolled Affiliate requires a separate contact for any of the following, attach the Supplemental Contact Information form. *Otherwise, the notices contact and Online Administrator remains the default.*
- (i) Additional notices contact
 - (ii) Software Assurance manager
 - (iii) Subscriptions manager
 - (iv) Customer Support Manager (CSM) contact

3. **Financing elections.**

Is a purchase under this Enrollment being financed through MS Financing? ☐ Yes, ☒ No.

If a purchase under this Enrollment is financed through MS Financing, and Enrolled Affiliate chooses not to finance any associated taxes, it must pay these taxes directly to Microsoft.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

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

APPROVE RE-SUBORDINATION OF JASMINE SQUARE APARTMENTS, 16530 MONTEREY ROAD, CITY/SUCCESSOR AGENCY LOANS

RECOMMENDATION(S)

Approve re-subordination of existing City/Successor Agency affordable housing loans necessitated by refinance of senior debt, restructure debt to cap Residual Receipt payment to the City/Successor at 75% per Fannie Mae lending requirements, provide developer vehicle to make balloon payment, lower interest rate, and pay \$150,000 towards City loans.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community
Enhancing Diversity and Inclusiveness
Advancing Regional Initiatives

2020-2021 Strategic Priorities

Affordable Housing and Homelessness

GUIDING DOCUMENTS

General Plan/Housing Element

REPORT NARRATIVE:

Background

In 2005 and 2006, the Redevelopment Agency of the City of Morgan Hill provided two affordable housing loans of \$3,250,000 and \$156,350, respectively, (collectively, the City Loans) to the partnership Church & Monterey Road Associates, now owned and controlled by Eden Housing, Inc. (the Developer) for the development of Jasmine Square Apartments. Jasmine Square is a 72-unit affordable housing complex located at 16530 Monterey Road, of which 71 units benefit low and very-low income households, with one unit as the manager's unit (collectively, the Project). The City Loans and Regulatory Agreements that income-restrict the Property have an initial term of 55-years from completion of the Project. The City Loans mature in 2045 and 2046, respectively. The Project financing also consists of a senior bank loan in the amount of \$3,473,741, which matures on October 1, 2020.

In 2005, the Developer completed the Project and since that time has been managing the Project in accordance with the terms and conditions of all lenders who provided financing. In April 2020, the Developer notified the City (Attachment 1) of their intent to refinance the Project's senior loan in order to accomplish several goals including; 1) repayment of the senior loan which matures on October 1, 2020, at which point a balloon payment of \$3,391,627 is required, 2) securing a lower interest rate of 3.54%, rather than the current loan of 6.9%, on a new loan, and 3) making a payment on City loans in the amount of \$150,000 to reduce existing debt on the Project.

At the City Council meeting of June 3, 2020, the Developer's request to re-subordinate the existing City affordable housing loans necessitated by the refinance of the senior project loan was approved. The Developer was approved to secure a new loan of \$4,000,000 with an interest rate at 3.54%, which requires monthly payments of \$18,051, and a 10 year term with 30 year amortization, with the following allocations: 1) approximately \$3,473,741 would pay off the existing first mortgage in its entirety, 2) other transaction related costs estimated at \$109,000, 3) secure Capitalized Replacement Reserve in the amount of \$255,259, 4) Contingency in the amount of \$12,000, and 5) \$150,000 disbursed to the City for partial repayment of City Loans.

Revised Developer Proposal

As a result of newer lenders underwriting standards promulgated by Fannie Mae and Freddie Mac, staff and the Developer propose to amend the loan terms to reduce the annual loan repayment to the City from 100% of net cash flow from operation (Residual Receipts) to 75% of net cash flow, per the lender's required refinance condition. This effectively reduces what the City expects in annual repayment to \$120,000-\$130,000.

City Staff Recommendation

City staff continues to support the Developer's intent to refinance in order to secure a lower interest rate, preserve property level cash flow for capital improvements and enhance the ability to fund rehabilitation. Most notably, the Developer is proactively trying to preserve the condition of the Project.

Refinancing and restructuring of debt for affordable housing projects is common, and the City has significant experience with charting subordination policy which protects the affordable housing assets. This request is consistent with that policy goal. The proposed refinancing is beneficial for the City and the Project because the annual savings from debt service will be used for physical improvements to the Project, to repay a portion of the City Loans, and to support affordable housing developers like Eden Housing.

The terms proposed allow for shared benefits for both the City and Developer and are included in the table below, reflecting this proposed breakdown of the Developer's new financing. All numbers are preliminary and subject to change due to potential changes in financing terms.

<u>USES</u>	New First Mortgage	% of Total

Total	\$4,000,000	100%
Repayment of Existing First Mortgage	\$3,473,741	86.8%
Transaction related costs	\$109,000	2.7%
Partial Repayment of City Loans	\$150,000	3.8%
Capitalized Replacement Reserve	\$255,259	6.4%
Contingency	\$12,000	0.3%
Surplus/(Deficit)	\$0	

COMMUNITY ENGAGEMENT: This report is intended to inform the Morgan Hill Community of the proposed refinancing.

ALTERNATIVE ACTIONS:

The City Council may choose to not approve the amended loan terms.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 3rd the Council approved the re-subordination of existing City affordable housing loans necessitated by refinance of senior project loan, allowing developer to pay off balloon payment, lower interest rate, and pay \$150,000 towards City loans.

FISCAL AND RESOURCE IMPACT:

City will expect to receive \$150,000 lump sum payment during Fiscal Year 2020-21. Although loan repayment will reduce from 100% net cash flow to 75%, additional funds may still be received in coming years through residual receipts payments required of the underlying loan terms, due to annual saving from the avoided debt service payment – approximately \$120,000 - \$130,000 additional cash flow per year. The better the project performs financially, the better the prospects are for enhanced residual receipts income. The one-time partial repayment and any future residual receipt payments will be deposited in the City's Successor Housing Fund (255).

CEQA (California Environmental Quality Act):

This is not a project. This falls under the organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:

1. Jasmine Square - Letter to City of Morgan Hill



22645 Grand Street
Hayward, CA 94541

510.582.1460 Phone
510.582.6523 Fax

April 9, 2020

City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Attn: Christie Thomas

RE: Church & Monterey Road Associates – refinancing of the senior loan

Dear Ms. Thomas,

We are hereby notifying you of our intent to refinance the senior loan with Church & Monterey Road Associates, a California limited partnership (the Partnership). The effective date of the transaction is targeted by August 31, 2020.

The Partnership was formed in April 2001 to develop, own and operate a 72-unit affordable housing complex located in Morgan Hill, California, and is currently operating under the name of Jasmine Square Apartments (the Project). The Project was placed in service in June 2005. The general partner of the Partnership is Jasmine Square LLC, a limited liability company controlled by its sole member, Eden South Bay, Inc., a California nonprofit public benefit corporation. The property is managed by Eden Housing Management, Inc., a nonprofit organization, affiliates of Eden Housing, Inc.

According to the Promissory Note, the senior matures on October 1, 2020, at which point a balloon payment of \$3,391,627 is required. Therefore, the Partnership is proactively seeking the opportunity to refinance the senior loan to accomplish several goals; which are 1) repayment to the maturity senior loan, 2) secure a lower interest rate of 3.54% rather than the current loan of 6.9%, and 3) make a \$150,000 payment to City loans to reduce existing debt to the Project.

Please let us know should you need further information.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Williams".

Darnell Williams
Senior Director of Asset Management
Eden Housing, Inc.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

PREPARED BY: Christie Thomas,
APPROVED BY: City Manager

APPROVE SECOND AMENDMENT TO AGREEMENT BETWEEN THE COUNTY OF SANTA CLARA AND THE CITY OF MORGAN HILL FOR CONTINUATION OF SERVICES FOR RAPID RE-HOUSING (RRH) AND HOMELESSNESS PREVENTION PROGRAMS

RECOMMENDATION(S)

Approve and authorize the City Manager to execute and administer a second amendment to agreement with the County of Santa Clara to continue support for joint Rapid Re-Housing and Homeless Outreach Services (Homelessness Prevention programs) specifically for South County for a total of \$100,000 for two years.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Supporting Our Youth
Seniors
and Entire Community
Preserving and Cultivating Public Trust
Enhancing Diversity and Inclusiveness
Advancing Regional Initiatives

2020-2021 Strategic Priorities

Community Engagement and Messaging
Affordable Housing and Homelessness

GUIDING DOCUMENTS

General Plan/Housing Element

REPORT NARRATIVE:

In partnership with the County of Santa Clara Office of Supportive Housing (OSH), the Housing team requests City Council's continued support of (2) South County Homeless programs, authorizing the City Manager to execute a second amendment to agreement with the County of Santa Clara for Homeless Services in the amount of \$100,000 (\$50,000 for each of (2) programs - \$25,000 each per F/Y) as appropriated for the 2020-21 and 2021-22 fiscal years.

Despite many efforts, homelessness continues to be a pressing issue for Santa Clara County (SCC) and the State of California. The 2019 SCC Homeless Census confirmed this by demonstrating that homelessness in Santa Clara County was still on the rise.

Although on the rise countywide, South County has begun to see a reduction in homeless numbers. The 2019 SCC Point in-Time census concluded that out of the total 9,706 (up from 7,394 in 2017) Santa Clara County homeless counted, 818 (down from

1,110 in 2017) homeless were counted in South County. This shows that our recent efforts are beginning to work. For that same period of time, Morgan Hill's specific count went from 388 people to 114, a 71% decrease.

Despite the decrease in South County Homeless numbers, the COVID 19 pandemic has created new challenges to solving homelessness. Many efforts have been taken by the State and County to try to respond to the virus health and safety needs of the homeless population. California has established the "Project Room Key" initiative and with the help of the County, has been able to house 31 homeless households from South County in South County hotels. Currently in Morgan Hill, there are approximately 79 people (of which 39 are children) being housed in a local hotel, hosted by this program.

The State and the County have also received COVID 19 pandemic "Cares Act" Relief Emergency funds, and South County, through Sacred Heart Community Services has received an additional \$250,000 towards the COVID-19 Isolation and Quarantine Program. These dollars have helped folks acquire rental assistance, allowing them to shelter-in-place when not able to work. Countywide there is an additional \$435,030 allocated towards a rent relief program and other homelessness prevention strategies. Destination: Home (D:H) has also helped to relieve some of the financial burdens placed on SCC residents during this time by creating the "COVID-19 Financial Assistance Fund" in the amount of \$25 million. \$10 million of those funds were dispersed as direct funds to over 4,000 low-income families during the month of May. But with over 14,000 households applying for funds, there is still a huge need for continued support.

In June 2015, the City Council endorsed the countywide Community Plan to end and prevent homelessness to continue to advance the goal of supporting regional housing strategies in collaboration with other jurisdictions and agencies.

To continue to respond to the need, the Housing team and its regional partners, County OSH and homeless advocate, Destination: Home (D:H), have been working towards a "South County" strategic response to homelessness. D:H is a private-public partnership serving as a "backbone" organization for collective impact strategies to end and reduce homelessness in Santa Clara County by driving and aligning resources. For the past three and a half years, with these collaborative efforts, Morgan Hill has funded the following two programs to specifically focus on "South County" homelessness.

1.) Rapid Rehousing and Homeless Prevention Supportive Housing Program for Homeless Families with Children (\$25,000 per FY)

Broad Goals:

- End homelessness for families and children who are living in shelters, on the streets, in their cars, or other places not meant for human habitation.
- Prevent homelessness among families with children who are at imminent risk of

homelessness.

- Integrate supportive housing into school-based resources/systems that are the “natural settings” for kids and their families.

Program Concept:

- Work with school district homeless coordinators to identify families in need.
- For the homeless families, the solution is to enroll them in Rapid Rehousing programs
 - Provide temporary, but not long-term, rental assistance, case management, financial services, legal services, and housing services so they can move into housing as soon as possible;
 - While the families are looking for housing, provide them with temporary housing or transitional housing sites (aka, interim or bridge housing);
 - Work with schools’ adult education and community college partners to provide the families with services to help them improve their earning potential; and
 - Assist the families to eventually transition in place. When the program ends, families stay in their assisted apartment and take over the full lease.
- For families who are at imminent risk (e.g., have an eviction notice) or otherwise need one-time assistance (e.g., help with security deposit to move into an apartment after transient living), we would provide similar but less intensive services and less financial assistance.

Partnership structure/concept:

- The County and the City jointly fund an RRH and Homelessness Prevention Program. Morgan Hill’s funds, (\$25,000 per F/Y) offset the County funds, (\$3.3 million). The level of assistance per family varies based upon need. The goal is to encourage multiple cities to support these efforts; however, Morgan Hill funds serve Morgan Hill residents.
- The services are provided by a non-profit (currently Salvation Army). County staff has the capacity to procure and administer the contracted program and selects the service provider if no longer contracting with Salvation Army.
- For Morgan Hill, the program has been operated out of Morgan Hill locations including the Morgan Hill Unified School District Office, “Voices School”, Etc.

2.) Outreach and Engagement (Homelessness Prevention Programs) (\$25,000 per FY)

Broad Goals:

- This support co-funds a Homeless Outreach team and linkage service program in South County through an agency identified by the County Office of Supportive Housing (OSH), currently this agency is Abode. Without this program in South County, outreach is limited to law enforcement, faith-based volunteers, and the existing safety net agencies (County services used to support individuals and prevent poverty and homelessness). This collaboration will continue to increase the effectiveness and clarity of the countywide coordinated entry system into services and housing.
- Having a dedicated outreach team in South County has increased the number of individuals who are assessed for need. It has also increased the speed and likelihood that Morgan Hill individuals and families are referred to and enrolled in housing and safety net programs offered by the County.
- Since implementation of this program by the City of Morgan Hill on July 1, 2017, the following outcomes have been obtained:
 - **Between the months of July 1, 2017 and December 2017:**
 - **Permanent Supportive Housing (PSH)** – (8) Morgan Hill affiliations enrolled in program, and (6) housed. Nearly 3% of all (county-wide) PSH enrolled and 2.6% of all PSH housed households have an affiliation* with the City of Morgan Hill;
 - **Rapid Rehousing (RRH)** – (12) Morgan Hill affiliations enrolled in program, and (6) housed (2.5% of all county wide RRH enrolled and 2.2% of all RRH housed have an affiliation* with the City of Morgan Hill);
 - **VI-SPDAT assessment conducted** - (*convergence of Vulnerability Index and the Service Prioritization Decision Assistance Tool – a prescreening tool that includes medical risk factors and social risk factors*) – (404) Morgan Hill assessments (of the total SCC 12,692 VI-SPDATS assessments conducted, 3.2% of those clients have a City of Morgan Hill affiliation*)
 - **Between the months of Jan 1, 2018 to June 30, 2020:**
 - **Permanent Supportive Housing (PSH)** – (112) Morgan Hill affiliations enrolled in program, and (91) housed. Nearly 4.5% of all (county-wide) PSH enrolled and 4.1% of all PSH housed households have an affiliation* with the City of Morgan Hill;

- **Rapid Rehousing (RRH)** – (68) Morgan Hill affiliations enrolled in program, and (46) housed (2.5% of all county wide RRH enrolled and 2.3% of all RRH housed have an affiliation* with the City of Morgan Hill);
- **VI-SPDAT assessment conducted** - (*convergence of Vulnerability Index and the Service Prioritization Decision Assistance Tool – a prescreening tool that includes medical risk factors and social risk factors*) – (464) Morgan Hill assessments (of the total SCC 13,951 VI-SPDATS assessments conducted, 3.3% of those clients have a City of Morgan Hill affiliation*)

* affiliation to City of Morgan Hill by at least one of the following connections:

- Address
- City where spends most time
- City lived in prior to homelessness
- School City
- Work City (from most recent assessment)

Program Concept:

- A partnership between the County outreach team and the local housing and law enforcement team ensures that: 1.) the County continues to address some of the unmet mental health needs of homeless persons; and, 2) establishes a more holistic and humane response to meeting the needs of unsheltered homeless persons.
- City teammates continue to work closely with the County's outreach team to ensure coordination with law enforcement and community-based organizations. Through the County database, called the Homeless Management Information System (HMIS), the City and County OSH will continue to monitor the number and quality of assessments performed and the effectiveness of outreach teams.

Partnership structure/concept:

- This proposal continues to support the City and County's goal of creating a more robust and coordinated supportive housing system that prevents and reduces homelessness in South County. The County has added (2) full time homeless outreach workers primarily dedicated to South County, a personnel expense of \$300,000 to the County on an ongoing basis. The expenditures of these outreach workers continue to be offset by \$25,000 per fiscal year from the City of Morgan Hill for FY 2020-2021 and FY 2021-2022. The program will continue to be evaluated for its effectiveness in South County before requesting additional funds for FY 2022-2023.

COMMUNITY ENGAGEMENT:

This report serves to inform the community of the recommendation to continue the agreement with the County for homelessness services.

ALTERNATIVE ACTIONS:

The Council could alternatively choose not to provide funding for these homelessness programs at this time.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 17, 2015, the City Council endorsed the Community Plan to End Homelessness.

On April 5, 2017, the City Council authorized the contract between SCC and the City of Morgan Hill to fund \$50,000 (\$25,000 each) towards the RRH program and the addition of (2) dedicated South County Outreach workers.

On May 19, 2017 (Mid-Cycle Budget Review Workshop), the City Council authorized an additional \$25,000 for the RRH program and the addition of (2) dedicated South County Outreach workers for FY 2017-18

On June 6, 2018, the City Council adopted FY 2018-19 budget appropriating \$50,000 for RRH program and (2) dedicated South County Outreach workers

On December 19, 2019, the City Council authorized the contract between SCC and the City of Morgan Hill to fund \$50,000 (\$25,000 each) towards the RRH program and the addition of (2) dedicated South County Outreach workers (Homelessness Prevention Program).

On June 17, 2020, the City Council adopted FY 2020-21 and FY 2021-22 budget appropriating \$100,000 for RRH program and (2) dedicated South County Outreach workers.

FISCAL AND RESOURCE IMPACT:

These programs are funded from the City's Housing Fund (Fund 236), and the adopted biennial budget includes \$50,000 in each of the fiscal years for these services.

CEQA (California Environmental Quality Act):

Not a Project - Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:

1. Second Amendment
2. First Amendment
3. Original Agreement

**SECOND AMENDMENT TO AGREEMENT
BETWEEN THE COUNTY OF SANTA CLARA AND THE CITY OF MORGAN HILL**

This is the Second Amendment to the Agreement between the County of Santa Clara, a subdivision of the State of California (the “County”) and the City of Morgan Hill (the “City”), which was executed on July 1, 2018 (“Agreement”). The County and City are sometimes referred to herein individually as a “Party,” or collectively as the “Parties.”

WHEREAS, on July 1, 2018, the Parties executed an Agreement to provide funding for and establish roles, rights, and responsibilities related to preventing and ending homelessness in Morgan Hill; and,

WHEREAS, the Parties wish to amend the Agreement for the purpose of extending the term until June 30, 2022 to allow for continuation of services for Rapid Re-Housing (“RRH”) and Homelessness Prevention programs.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the foregoing and as follows:

I. AMENDMENTS

The Parties agree that the Agreement shall be amended as follows:

A. SECTION 1 TERM is hereby replaced in its entirety by the following:

This Agreement is effective upon full execution by the Parties and shall continue thereafter until June 30, 2022.

B. SECTION 2(a)(1) ROLES AND RESPONSIBILITIES is hereby amended to include the following language:

The City shall reimburse the County for expenses associated with the RRH and Homelessness Prevention Programs in an amount not to exceed \$50,000 from July 1, 2020 through June 30, 2021 and in an amount not to exceed \$50,000 from July 1, 2021 through June 30, 2022.

II. EFFECTIVE DATE. This Amendment shall be effective on July 1, 2020.

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III. ENTIRE AGREEMENT. Except as set forth herein, all other terms and conditions of the Agreement shall remain in full force and effect; provided, however, in the event of any conflict between the terms of this Second Amendment and the Agreement, the terms of this Second Amendment shall control. The Agreement, as amended by this Second Amendment, constitutes the entire Agreement of the Parties concerning the subject matter herein and supersedes all prior oral and written agreements, representations, and understandings concerning such subject matter.

IN WITNESS HEREOF, the Parties execute this Second Amendment as follows:

COUNTY OF SANTA CLARA	CITY OF MORGAN HILL
Gene Clark Chief Procurement Officer Date APPROVED AS TO FORM AND LEGALITY Tony LoPresti Assistant County Counsel Date APPROVED: Ky Le Director, Office of Supportive Housing Date APPROVED: Fran Palacio Financial and Administration Services Manager Date	Christina Turner City Manager Date APPROVED AS TO FORM AND LEGALITY Donald A. Larkin City Attorney Date

**FIRST AMENDMENT TO THE REVENUE AGREEMENT BETWEEN THE COUNTY OF SANTA CLARA
AND THE CITY OF MORGAN HILL**

This is the First Amendment to the Agreement Between the County of Santa Clara ("County") and the City of Morgan Hill ("City") (individually, "Party," and collectively "Parties"), dated July 1, 2018 (the "Effective Date"). The County is acting by and through the Office of Supportive Housing ("OSH"). The Agreement, and this First Amendment, establish roles, rights and responsibilities related to preventing and ending homelessness in Morgan Hill.

The Parties agree that the Agreement shall be amended as follows:

1. Revise Section 1 to read:

1) TERM

This Agreement is effective July 1, 2018, and will continue thereafter until June 30, 2020 unless extended by mutual consent in writing or terminated as provided in Section 4.

2. Add the following language to Section 2(a)(1) to read:

The City shall reimburse the County for expenses associated with the Rapid Re-housing ("RRH") and Homelessness Prevention Programs in an amount not to exceed \$50,000 from July 1, 2019 through June 30, 2020.

All other terms and conditions of the Agreement remain in full force and effect. In the event of a conflict between the Agreement and this First Amendment, this First Amendment controls.

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IN WITNESS WHEREOF, the Parties have caused this First Amendment to be entered into as of the day and year of execution of this First Amendment.

COUNTY OF SANTA CLARA

DocuSigned by:

Theresa Therilus
82EEF33814084EF

Theresa Therilus, DDOP

Procurement Department

Date: 6/26/2019

CITY OF MORGAN HILL

Christina Turner
Christina Turner

City Manager

Date: 7-2-19

DocuSigned by:

Ky Le
8AE98A3DD8004B0...

Ky Le

Director, Office of Supportive Housing

Date: 6/19/2019

DocuSigned by:

Fran Palacio
1A9336202DD44A9...

Fran Palacio

Financial & Administrative Services Manager

County Executive's Office

Date: 6/19/2019

APPROVED AS TO FORM AND LEGALITY

DocuSigned by:

Tony LoPresti
CBB7207010D449D...

Tony LoPresti

Deputy County Counsel

Date: 6/19/2019

APPROVED AS TO FORM AND LEGALITY

Donald A. Larkin
Donald A. Larkin

City Attorney

Date: 6-27-19

Attachment: First Amendment (2793 : 2nd Amendment to Agreement between the County of Santa Clara and the City of Morgan Hill)

**AGREEMENT BETWEEN THE COUNTY OF SANTA CLARA
AND THE CITY OF MORGAN HILL**

This Agreement is entered into by and between the County of Santa Clara (the "County") and the City of Morgan Hill (the "City"), individually, a "Party" and, collectively, the "Parties," in order to provide funding for and establish roles, rights and responsibilities related to preventing and ending homelessness in Morgan Hill.

RECITALS

- A. WHEREAS, the Parties have endorsed the Community Plan to End Homelessness and have approved resolutions finding that the problem of homelessness in Santa Clara County is a crisis;
- B. WHEREAS, the City is in a collaborative partnership with the County whereas the Continuum of Care (CoC) Recommendations for Homeless Housing Contracts will be added into any City contracts when directly funding County homeless programs. See attachment A.
- C. WHEREAS, the City, the County and other partners seek to reduce homelessness while sharing costs, prioritizing services to the community's most vulnerable homeless persons, using resources strategically, and maintaining effective operational relationships;
- D. WHEREAS, in its role as the lead agency for the Santa Clara County CoC, the County's Office of Supportive Housing (OSH) coordinates permanent housing programs, shelter and transitional housing, supportive services, a homeless management information system and supportive housing policies countywide;
- E. WHEREAS, the County has already established effective partnerships to manage programs such as the Care Coordination Project (CCP), the countywide network of permanent supportive housing for chronically homeless persons;
- F. WHEREAS, the City seeks to leverage the County's resources and expertise in managing supportive housing programs by allowing the County to manage programs for homeless persons with the intent of providing outreach and services to Morgan Hill and South County homeless, and at-risk of homelessness residents, both in the City and surrounding unincorporated areas.

G. WHEREAS, the City seeks to leverage the County's resources and expertise to respond to the Biannual Homeless Census Count, and work towards reducing and ending homelessness in the City of Morgan Hill.

H.

In consideration of the foregoing Recitals, and the mutual promises and covenants contained in this Agreement, the Parties agree as follows:

AGREEMENT

1) TERM

This Agreement is effective on July 1, 2017, and will continue thereafter until June 30, 2018 unless extended by mutual consent or terminated as provided below in Sections 4) and 14).

2) ROLES AND RESPONSIBILITIES

a) The Parties shall jointly develop, implement and monitor the following programs ("Programs").

i) A Rapid Rehousing (RRH) and a Homelessness Prevention program for homeless families with children.

(1) The City shall reimburse the County for expenses associated with the RRH and Homelessness Prevention programs in an amount not to exceed \$75,000 through June 30, 2018. The expenditures would be offset by the money from the City of Morgan Hill for one year.

In addition to managing the CCP, the County will integrate supportive housing into school-based resources/systems working with school district homeless coordinators to identify families in need. The services will include enrolling homeless families into a RRH program. For families at imminent risk of homelessness services will include one-time financial assistance. Additionally, to the extent possible the County outreach workers will outreach and provide services to individuals and families living in vehicles including Recreational Vehicles (RVs), both in the City limits and nearby unincorporated areas, as well as the eight homeless families who are enrolled in the Safe Parking Program "Focus," located at the Morgan Hill Bible Church, when they are eligible for services.

- (2) Funding for the RRH Program is contingent on annual appropriations that are approved by the City's Council and the County's Board of Supervisors.
- ii) An outreach and engagement program to identify, assess and refer homeless persons in the City to appropriate housing programs and services ("Outreach Program").
 - (1) The County intends to add two full time homeless outreach workers specifically for South County, a personnel expense of \$300,000 to the County on an on-going basis.
 - (2) Funding from the City and an equal amount from the County would enable the County to enter into an agreement with the selected service provider.
 - (3) The Parties agree that the County's contract with the service provider is subject to its compliance with the contract's terms, to service provider's ability to meet performance targets and to the County's policies regarding contracting and procurement.
- b) The Parties shall each designate a Program Manager to implement the terms of this Agreement and ensure successful implementation of the Program. The City hereby designates the Assistant to the City Manager or his/her designee. The County hereby designates the OSH's Manager of Rapid Rehousing as Program Manager for the County.
- c) The City's Program Manager shall:
 - i) Serve as the liaison to the City's departments, Council, and community groups;
 - ii) Participate in the development and process of selecting services providers for the Programs, if applicable;
 - iii) Participate in management meetings for the Programs, which will be held as needed;
 - iv) Actively assist the development, management and refinement of the Programs to ensure that the Programs meets their goals; and,
 - v) Review and process all invoices from the County.
 - vi) Actively assist in the development, management and refinement of the Programs to ensure that the Programs are working in partnership with the faith based community, service providers, City Departments, including the Police and Fire Department to

respond to the needs of those who are homeless and interfacing with City Departments on an ongoing basis.

- d) The County shall provide or subcontract for the Programs' Services. To the maximum extent practicable, the County shall leverage Medi-Cal to offset City-funded services or to expand services.
- e) The County's Program Manager shall:
 - i) Serve as the liaison to County departments;
 - ii) Plan and lead management meetings, which will be held as needed;
 - iii) Lead in the development, management and refinement of the Program to ensure that the Program meets its goals; and,
 - iv) Review and submit all invoices from the County.
- f) The Parties will work collaboratively to:
 - i) Establish the Programs' referral criteria and procedures, which, to the greatest extent possible, shall be consistent with the Santa Clara County Continuum of Care's Coordinated Assessment System (aka Coordinated Entry System) and simultaneously achieving the City of Morgan Hill's goal to end homelessness in the City of Morgan Hill and more generally speaking, South County area, by partnering with the City's Departments, Service Providers and existing Morgan Hill Homeless Programs to ensure they are folded into the Coordinated Entry System referral process;
 - ii) Establish the Programs' success and outcome measures, which, to the greatest extent possible, shall be consistent with the Santa Clara County Continuum of Care's Performance Measurement System; and,
 - iii) Identify ways and resources that would enable the Programs to more effectively use County-funded rental subsidies, provide interim housing, or provide other support services.

- g) The Parties will jointly convene coordinating meetings with appropriate community-based organizations and stakeholders to ensure the Programs' success. Meetings will be held monthly or as needed until the Program reaches full capacity.
- h) The Parties will establish regular meetings at which to discuss the performance and progress of the Programs' contractors. When appropriate, the Parties will jointly develop corrective actions to be implemented by the Program's contractors.
- i) The Parties will jointly monitor the Programs' expenses and outcomes. Based on the availability of the City's funds in future years and the Program's outcomes, the Parties will determine whether to continue, expand, contract or terminate the Programs at the end of the Term.

3) MUTUAL INDEMNIFICATION

Each Party agrees to indemnify, defend and hold harmless the other Party from any claim, liability, or loss resulting from the willful, wrongful, or negligent act or omission of the indemnifying Party, its members, officers, directors, trustees, agents or employees for its or their performance or failure to perform the provisions of this Agreement. Each Party shall notify the other Party, in writing, of any claim of injury or damage related to activities performed pursuant to this Agreement. The Parties shall cooperate with each other in the investigation and disposition of any claim arising out of the activities of this Agreement, provided that nothing shall require either Party to disclose any documents, records, or communications which are protected under the attorney-client privilege or the attorney work product privilege. The provisions of this section shall survive the termination of this Agreement.

4) TERMINATION

Either Party may terminate this Agreement at any time for convenience and without cause, upon providing a ninety-day (90) notice to the other Party at the addresses set forth in section 13) below. The notice shall state the effective date of the termination.

5) ASSIGNMENT

11) INSURANCE

Each Party shall, at its own expense, keep in force during the Term, Workers' Compensation Insurance, insuring against and satisfying each Party's obligations and liabilities under the workers' compensation laws of the State of California, including employer's liability insurance in the limits required by the laws of the State of California.

12) SEVERABILITY

If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in force without being impaired or invalidated in any way.

13) NOTICES

Notices to the Parties in connection with this Agreement shall be given personally or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties as follows:

SANTA CLARA COUNTY

Jessica Orozco
County of Santa Clara
3180 Newberry Dr. Ste 150
San Jose, CA, 95118

THE CITY OF MORGAN HILL

Rebecca Garcia
Housing Manager
17575 Peak Avenue
Morgan Hill, CA 95037

Notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated on the date of delivery.

14) AMENDMENTS

This Agreement may be amended only by a written instrument signed by the Parties.

15) WAIVER

No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a Party must be provided, in writing, and shall apply to the specific instance expressly stated.

16) GOVERNING LAW and VENUE

This Agreement has been executed and delivered in, and shall be construed and enforced in accordance with, the laws of the State of California. Proper venue for legal action regarding this Agreement shall be in the County of Santa Clara.

17) COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

18) NON-DISCRIMINATION

The Housing Authority shall comply with all applicable Federal, State, and local laws and regulations including the County's policies concerning nondiscrimination and equal opportunity in contracting. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990; The Rehabilitation Act of 1973 (Sections 503 and 504); California Fair Employment and Housing Act of 1973 (Government Code sections 12900 et seq.); and California labor code sections 1101 and 1102. The Housing Authority shall not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay or other forms of compensation. Nor shall Housing Authority discriminate in provision of services provided under this contract because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status.

19) 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.

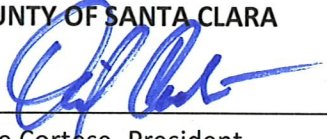
20) CONTRACT EXECUTION

Unless otherwise prohibited by law or County policy, the parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term "electronic copy of a signed contract" refers to a transmission by facsimile, electronic mail, or other electronic means of

a copy of an original signed contract in a portable document format. The term "electronically signed contract" means a contract that is executed by applying an electronic signature using technology approved by the County.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be entered into as of the day and year of execution of this Agreement.

COUNTY OF SANTA CLARA

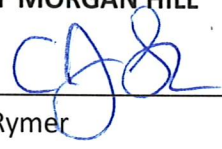

 Dave Cortese, President
 Board of Supervisors

Date: AUG 15 2017


 Ky Le
 Director, Office of Supportive Housing

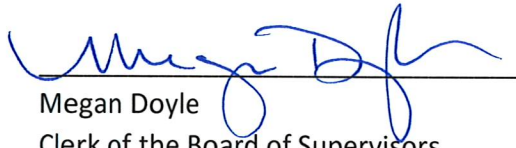
Date: 8/31/2017

CITY OF MORGAN HILL


 Steve Rymer
 City Manager

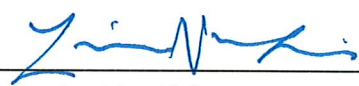
Date: 7/27/17

ATTEST


 Megan Doyle
 Clerk of the Board of Supervisors

Date: AUG 15 2017

APPROVED AS TO FORM AND LEGALITY


 Lorraine Van Kirk
 Deputy County Counsel

Date: 9/11/17

APPROVED AS TO FORM AND LEGALITY


 Donald A. Larkin
 City Attorney

Date: 7/25/2017

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, June 17, 2020 7:00 pm

Virtual Zoom Meeting
Meeting held via Zoom Webinar, Morgan Hill, CA 95037

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

CALL TO ORDER

Mayor Constantine called the meeting to order at 7:00 pm.

ROLL CALL ATTENDANCE

Deputy City Clerk Michelle Bigelow 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 AGENDA

Deputy City Clerk Michelle Bigelow declared the posting of the agenda.

PRESENTATIONS

Sobrato High School Valedictorian Dean Tran

Minutes Acceptance: Minutes of Jun 17, 2020 7:00 PM (CONSENT CALENDAR)

What YAC Leaders have been doing during the shelter-in-place
<https://www.youtube.com/watch?v=DhWDD3C8vkc>

CITY MANAGER'S REPORT

CITY COUNCIL EQUITABLE COMMUNITIES RESOLUTION

City Manager Christina Turner announced the evening's supplements and presentations.

She shared that resolution 17-033 was adopted in 2017 re-affirming the City's commitment to a diverse, supportive, inclusive community, and to protecting the constitutional rights of its residents. While each and every line item of that resolution is important, she highlighted a few sections. She reminded everyone that the vision of Sustainable Morgan Hill is to be "a socially responsible, environmentally conscious, and economically sound community that embraces inclusiveness with participation by all." The City of Morgan Hill rejects bigotry and does not tolerate discrimination, hate crimes, harassment, or assault. The City of Morgan Hill will promote safety, a sense of security, and equal protection of constitutional and human rights, leading by example through equitable treatment of all by City officials and departments.

The Cities Association has urged cities to adopt a resolution proclaiming Black Lives Matter. We are going to bring that resolution to the July 15th Council Meeting.

She announced that Friday, June 19th is Juneteenth which represents the oldest known celebration commemorating the abolishment of slavery in the United States and the emancipation of African American slaves throughout the confederate south. It is important for us to recognize inclusiveness and this keeps with the goals of the City Council and Morgan Hill. We want to recognize Juneteenth in Morgan Hill this Friday and starting next year we will look at other ways that we can commemorate this day.

She shared that the month of June is Pride Month. A while back the Council adopted a policy by which the Pride flag is flown every year during the month of June at three locations within the City. As of June 1st, those flags are flying.

She also shared that on June 9th the City hosted a town hall on police matters. On June 11th we had a town hall on the Hale Avenue Extension. On June 18th we will have the second part of our police town hall, and on June 25th we will have our representative, Mike Wasserman, with the Santa Clara County Board of Supervisors update us on County matters. We will not have a town hall on July 2nd.

She concluded by congratulating and welcoming Shane Palsgrove as our Chief of Police.

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin shared that he serves as the City's representative on the Board of Directors for Plan JPA (Plan). Plan is the City's risk pool for term liability claims and also for property damage insurance. Last Thursday was their annual budget meeting. Every year they assess what they see as the largest emerging liability trends. One of the most significant areas they have seen recently is cyber liability. One change this year is that they approved the purchase of a supplemental cyber liability policy to better protect our members in the event of a cyber-attack.

He shared that we continue to see extreme weather events around the globe. Because we are in a global insurance market, this is really impacting our ability to obtain property damage insurance. Our budget for next year includes an amount that we think will be sufficient, but we had to approve this year's budget without having that insurance in place because we are still working on it.

He reported on a case that was published last month that provides some guidance to City Council. The case, Petrovich Development Company v City of Sacramento, clarifies the activities that council members can undertake when making quasi-judicial decisions. Specifically, they described what the law means; the Council Members have to remain unbiased in land use matters. Petrovich applied for a conditional use permit (CUP) to construct a gas station at a Safeway shopping center in Sacramento. There was a nearby Homeowners Association (HOA) that was opposed to the project. After the Planning Commission approved the CUP, the HOA appealed the CUP decision to the City Council. Prior to the vote by the City Council the union representing grocery store employees complained that one of the council members, Jay Schenirer, was biased because he opposed the gas station and was taking "unprecedented and

aggressive steps to stop the CUP form being issued". The City Attorney reviewed what he knew the council member to have done and did not believe that it amounted to bias that would prevent the council member from voting on the project. Council Member Schenirer lived in the neighborhood and was a member of the HOA. He had told other members of the HOA that a gas station did not fit in with the neighborhood. The court held that if the comments had ended there, it would not have been an issue and it would have been an appropriate thing for a council member to do. However, there was some evidence that the council member didn't just make casual statements but that he was actually counting votes and talking to other council members about opposing the CUP. He also provided some of his colleagues with talking points about reasons to oppose the project. There wasn't any evidence that he had spoken with the majority of his colleagues but the fact that he spoke to some colleagues about talking points against a specific project was sufficient, the court held, to constitute unlawful bias. The Council voted 7-2 to deny the project and Council Member Schenirer made the motion to deny the CUP. After reviewing the facts and determining that the actions that he took constituted bias, the court overturned the denial of the CUP and ordered the Sacramento City Council to reconsider without Council Member Schenirer's participation.

City Attorney Larkin stated that this is some guidance on why he has been saying, when the council members act in a quasi-judicial capacity, they are figuratively wearing the black robe. It is very important that council members remain unbiased and keep an open mind, and when the time comes, vote to your conscience but follow the findings that you are being tasked to find.

PUBLIC COMMENT

PUBLIC COMMENT SUPPLEMENT

The public comment opened at 7:15 pm. The following people were called to speak:

Nick Gaich

Brian Faircloth

Jim Burnham

Garfield & Sandra Freeman

There being no further requests to speak, the public comment closed.

ADOPTION OF AGENDA

MOTION:

Adopting the agenda as posted.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	John McKay, Council Member
SECONDER:	Rene Spring, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

CONSENT CALENDAR

MOTION:

Approving consent calendar items 1, 2, 5 through 7, 9, and 11 with the recusal of Council Member Carr on item 11.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Rene Spring, Council Member
SECONDER:	Larry Carr, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

1. ACCEPT APRIL 2020 FINANCIAL AND INVESTMENT REPORT

Recommendation:

Accept and file report.

2. APPROVE THE JUNE 3, 2020 MEETING MINUTES

Recommendation:

Approve Minutes.

3. ITEM PULLED FOR DISCUSSION

4. ITEM PULLED FOR DISCUSSION

5. APPROVAL OF A GOVERNMENT CODE 65915 DENSITY BONUS AT 80 PERCENT AND FOUR CONCESSIONS FOR A 100 PERCENT AFFORDABLE HOUSING PROJECT (SR2020-005 MONTEREY-MORGAN HILL SENIOR APARTMENTS)

Recommendation:

Adopt resolution approving the request for the following, pursuant to Government Code:

1. Density bonus at 80 percent.
2. Affordable housing concessions:
 - a. Increase in floor area ratio;
 - b. Reduction in on-site parking;
 - c. Reduction in private open space; and
 - d. Increase in building height.

6. APPROVE SIDE LETTER AGREEMENTS BETWEEN THE CITY OF MORGAN HILL AND THE AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES LOCAL 101, DISTRICT COUNCIL 57 OF MORGAN HILL TO AMEND SECTION 9.02 UNIFORMS WITHIN THE PREVIOUS MEMORANDUM OF UNDERSTANDING DATED JULY 1, 2015 THROUGH DECEMBER 31, 2018 AND CURRENT MEMORANDUM OF UNDERSTANDING DATED DECEMBER 30, 2018 THROUGH DECEMBER 31, 2021

Recommendation:

1. Approve Side-Letter Agreement Between the City of Morgan Hill and the American Federation of State, County, and Municipal Employees Local 101, District Council 57 of Morgan Hill for the previous Memorandum of Understanding dated July 1, 2015 through December 31, 2018 amending Section 9.02 UNIFORMS; and
2. Approve Side-Letter Agreement Between the City of Morgan Hill and the American Federation of State, County, and Municipal Employees Local 101, District Council 57 of Morgan Hill for the current Memorandum of Understanding dated December 30, 2018 through December 31, 2021 amending Section 9.02 UNIFORMS.

7. ADOPT RESOLUTION AUTHORIZING GRANT APPLICATION AND AUTHORIZING THE CITY MANAGER TO EXECUTE GRANT RELATED AGREEMENTS AND DOCUMENTS FOR A LOCAL EARLY ACTION PLANNING GRANT

Recommendation:

Adopt resolution:

1. Authorizing staff to prepare and submit a Local Early Action Planning Grants Program (LEAP) Application to the State of California, Department of Housing and Community Development for an amount not to exceed \$150,000 for the development of a proposed Housing Element Update; and
2. Authorizing the City Manager to negotiate and execute the City of Morgan Hill LEAP application, grant documents, and any amendments thereto as required by the Department of Housing and Community Development for receipt of the grant.

8. ITEM PULLED FOR DISCUSSION

9. CONSIDER CITY POSITION ON AB 2959 PROVIDING CLARITY ON CONTROL AUTHORITY OF ORGANIC WASTE MATERIALS

Recommendation:

Direct staff to submit letter in support of AB 2959 to the appropriate representatives.

10. ITEM PULLED FOR DISCUSSION

11. AUTHORIZE STAFF TO PREPARE HIGH SPEED RAIL EIR/EIS COMMENT LETTER

Recommendation:

Authorize the City Manager to submit a Comment Letter to the California High Speed Rail Authority for the San Jose to Merced Project section EIR/EIS.

ITEMS PULLED FOR DISCUSSION

3. APPROVE COMMUNITY PROMOTIONS FUNDING REQUESTS FOR FISCAL YEAR 2020-21

Recommendation:

Approve recommended Fiscal Year (FY) 2020-21 Community Promotions funding requests totaling \$25,500.

Items 3 and 4 were taken together.

The public comment opened at 7:40 pm.

There being no requests to speak, the public comment closed.

MOTION:

Approving recommended actions with the addition of asking the organizations to submit statements of inclusivity and a commitment to a diverse, supportive, and inclusive community.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Larry Carr, Council Member
SECONDER:	John McKay, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

4. APPROVE CITY SPONSORSHIP OF PHILANTHROPY NIGHT, INDIA INDEPENDENCE DAY FESTIVAL, AND FUTURE WOMEN LEADERS CONFERENCE EVENTS AT THE COMMUNITY AND CULTURAL CENTER

Recommendation:

1. Authorize the City Manager to waive facility rental fees of \$1,500 for Morgan Hill Community

- Foundation's November 2020 Philanthropy Night Celebration;
2. Authorize the City Manager to waive facility rental fees of \$307 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 \$1,500 for American Association of University Women's April 2021 Future Women Leaders Conference.

Items 3 and 4 were taken together.

The public comment opened at 7:40 pm.

There being no requests to speak, the public comment closed.

MOTION:

Approving recommended actions with the addition of asking the organizations to submit statements of inclusivity and a commitment to a diverse, supportive, and inclusive community.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Larry Carr, Council Member
SECONDER:	John McKay, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

8. AMEND THE IMPACT FEE FREEZE PROGRAM FOR COMMERCIAL AND INDUSTRIAL PROJECTS

Recommendation:

1. Approve the Impact Fee Freeze Program and guidelines; and
2. Authorize the City Manager to negotiate and execute Impact Fee Freeze Agreements that are under \$100,000 for new commercial and industrial projects consistent with the program criteria.

Economic Development Director Edith Ramirez and Economic Development Manager John Lang answered questions.

The public comment opened at 8:07 pm. The following people were called to speak:

Joe Baranowski

Marissa

There being no further requests to speak, the public comment closed.

MOTION:

Granting a 60-day extension to the current Fee Freeze Program for commercial and industrial projects and we bring back the proposed program at the next meeting and add an annual review of the program.

RESULT:	CONTINUED TO A FUTURE MEETING [UNANIMOUS] Next: 7/15/2020 5:30 PM
MOVER:	Larry Carr, Council Member
SECONDER:	Yvonne Martinez Beltran, Mayor Pro Tem
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

10. PROVIDE DIRECTION REGARDING 2020 CALIFORNIA LEGISLATIVE UPDATE - HOUSING, LAND USE AND BALLOT MEASURE

Recommendation:

Review League of California Cities positions if available and determine Bills of interest; provide positions or amendment suggestions.

City Manager Christina Turner and Assistant City Manager Leslie Little answered questions.

The public comment opened at 8:30 pm.

There being no requests to speak, the public comment closed.

RESULT:	DIRECTION PROVIDED TO STAFF
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The meeting recessed at 8:31 pm.
The meeting reconvened at 8:40 pm.

PUBLIC HEARING

12. ADOPT THE FISCAL YEAR (FY) 2020-21 AND 2021-22 OPERATING BUDGET, FY 2020-21 THROUGH 2025-26 CAPITAL IMPROVEMENT BUDGET, AND FY 2020-21 APPROPRIATIONS LIMIT

Recommendation:

1. Open/Close Public Hearing.
2. Adopt resolution to:
 - a. Adopt the FY 2020-21 and 2021-22 Operating Budget;
 - b. Adopt the FY 2020-21 through 2025-26 Capital Improvement Program Budget; and
 - c. Adopt the FY 2020-21 Appropriations Limit and Appropriations Limit Adjustment Factors.

Budget Manager Monica Delgado provided a presentation and report.

The public hearing opened at 9:55 pm. The following people were called to speak:

Josephine Vo
Marissa
Veronica
Jim Burnham
Armando Benavides
Joe Baranowski
Brian Faircloth
Trevor
Mo
Jessica Jaso

There being no further requests to speak, the public hearing closed.

MOTION:

Mayor Pro Tem Martinez Beltran moved to table the budget adoption to a future meeting. Motion failed for lack of a second.

RESULT:	LACK OF SECONDER
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MOTION:

Extending meeting until midnight.

RESULT:	EXTENDED [UNANIMOUS]
MOVER:	Rich Constantine, Mayor
SECONDER:	John McKay, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

MOTION:

Mayor Pro Tem Martinez Beltran moved to postpone the budget adoption to allow evaluation of police budget and where monies can be shifted. Motion failed for lack of a second.

RESULT:	LACK OF SECONDER
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MOTION:

Adopt the FY 2020-21 and 2021-22 Operating Budget and instruct the City Manager to come back with an additional ongoing \$200,000 in line item cuts at a future meeting.

SUBSTITUTE MOTION:

Mayor Pro Tem Martinez Beltran made a substitute motion to review car allowances and any other further reductions. Motion failed for lack of a second.

RESULT:	ADOPTED [4 TO 1]
MOVER:	Larry Carr, Council Member
SECONDER:	John McKay, Council Member
AYES:	Constantine, Carr, McKay, Spring
NAYS:	Martinez Beltran

MOTION:

Adopt the FY 2020-21 through 2025-26 Capital Improvement Program Budget and bring back discussion about funding for Borello Park once the school district has made its decision about the school property.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Larry Carr, Council Member
SECONDER:	John McKay, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

MOTION:

Adopt the FY 2020-21 Appropriations Limit and Appropriations Limit Adjustment Factors and to provide direction to the City Manager that the Council would like to have a workshop or community dialogue about the definition of public safety and what we mean in our value statement about enhancing public safety.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Larry Carr, Council Member
SECONDER:	John McKay, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

The meeting recessed at 11:16 pm.
The meeting reconvened at 11:25 pm.

OTHER BUSINESS**13. DISCUSS POTENTIAL NEXT STEPS FOR NOVEMBER 2020 REVENUE MEASURE INITIATIVES AND OTHER FUNDING APPROACHES**

Recommendation:

1. Receive report regarding potential revenue initiatives;
2. Direct staff to pursue and establish a new citywide Community Facilities District (CFD) for new residential developments;
3. Direct staff to research the feasibility of a Special Fire District for the City of Morgan Hill and any applicable requirements; and
4. Direct staff to:
 - a. Not pursue a revenue measure for November 3, 2020 ballot.
OR;
 - b. Pursue placement of one or more of the presented revenue measure(s) on the November 3, 2020 ballot, based on October 2019 polling results data.
OR;
 - c. Pursue placement of one or more of the presented revenue measure(s) on the November 3, 2020 ballot, and conduct a community polling immediately.

Assistant to the City Manager Harjot Sangha and City Manager Christina Turner provided a presentation and report.

MOTION:

Extending meeting to 1:00 am.

RESULT:	EXTENDED [UNANIMOUS]
MOVER:	Yvonne Martinez Beltran, Mayor Pro Tem
SECONDER:	Rich Constantine, Mayor
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

The public comment opened at 12:02 am. The following people were called to speak:

Armando Benavides

Brian Faircloth

Joe Baranowski

There being no further requests to speak, the public comment closed.

MOTION:

Mayor Pro Tem Martinez moved to direct staff to look into funding sources including utility tax, Community Facilities District, and Fire District, including business license fee. Motion failed for lack of a second.

RESULT:	LACK OF SECONDER
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MOTION:

Direct staff to explore all potential revenue sources including a business license fee, omitting polling.

RESULT:	DIRECTED [4 TO 1]
MOVER:	Yvonne Martinez Beltran, Mayor Pro Tem
SECONDER:	John McKay, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay
NAYS:	Spring

14. APPROVE HALE AVENUE EXTENSION PROJECT FUNDING AGREEMENT

Recommendation:

Authorize the City Manager to enter into a funding agreement with the Santa Clara Valley Transportation Authority (VTA) to fund the City's construction of the Hale Avenue Extension Project.

Public Services Director Chris Ghione provided a presentation and report.

The public comment opened at 12:48 am. The following people were called to speak:

Armando Benavides

Brian Faircloth

Joe Baranowski

Sean Voss

Rolund Lebrun

There being no further requests to speak, the public comment closed.

MOTION:

Extending meeting to 1:15 am.

RESULT:	EXTENDED [UNANIMOUS]
MOVER:	Rich Constantine, Mayor
SECONDER:	Rene Spring, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

MOTION:

Approving the recommended action.

RESULT:	AUTHORIZED [3 TO 2]
MOVER:	Larry Carr, Council Member
SECONDER:	John McKay, Council Member
AYES:	Constantine, Carr, McKay
NAYS:	Martinez Beltran, Spring

15. RECEIVE UPDATE REGARDING REGIONAL HOUSING NEED ALLOCATION AND HOUSING ELEMENT REFORMS

Recommendation:

Receive report.

Continued to a future meeting.

RESULT:	CONTINUED
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FUTURE COUNCIL INITIATED AGENDA ITEMS

Council Member Martinez Beltran asked staff to look at racism as a public health emergency.

ADJOURNMENT

There being no further business, Mayor Constantine adjourned the meeting at 1:15 am in recognition of Juneteenth.

MINUTES PREPARED BY:

Michelle Bigelow, Deputy City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

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

AMEND THE IMPACT FEE FREEZE PROGRAM FOR COMMERCIAL AND INDUSTRIAL PROJECTS

RECOMMENDATION(S)

1. Approve the Impact Fee Freeze Program and guidelines; and
2. Authorize the City Manager to negotiate and execute Impact Fee Freeze Agreements that are under \$100,000 for new commercial and industrial projects consistent with the program criteria.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Infrastructure

2020-2021 Strategic Priorities

Economic Development

Financial Sustainability

GUIDING DOCUMENTS

Economic Blueprint

POLICY CONSIDERATIONS:

Should the City approve the Impact Fee Freeze as an on-going City program to support new commercial and industrial development with certain recommended modifications?

Should the City allow for the extension of existing Impact Fee Freeze Agreements to support development impacted by the current COVID-19 economic crisis?

REPORT NARRATIVE:

On June 21, 2017, the City Council approved an Impact Fee Freeze Pilot Program to promote economic development investment by locking impact fee schedules for commercial and industrial projects for a period of three years. The Impact Fee Freeze Program provided certainty to developers and afforded a small 'savings' on City fees.

The Impact Fee Freeze Pilot Program has been in effect for three years and the City has processed eight agreements since the approval of the program. It is recommended the Council formally adopt the Impact Fee Freeze Program (Attachment 1) as an ongoing City program and provide the City Manager authority to approve agreements with a net impact of up to \$100,000 that meet Program requirements.

Background

Impact fees applied to new development allow the City to continue to plan for long-term infrastructure including, water, sewer, roads, and public facilities. Developers are

required to pay the impact fee associated with the projected impact caused by that development.

Greenfield development (development in vacant lands that have never been developed) is more costly due to the initial development of the infrastructure and offsite improvements. For many years, the City of Morgan Hill has deliberated the high cost of doing business due to the City's developing infrastructure needs. Additionally, the sewer costs for the City of Morgan Hill are generally higher due to the capital improvement costs associated with the joint Morgan Hill/Gilroy sewer plant located in Gilroy.

A report commissioned by the City in 2015 by Strategic Economics evaluated three development scenarios in Morgan Hill, Gilroy, and San Jose. The study (Attachment 2) found that the City of Morgan Hill's development impacts fees were higher for both the advanced manufacturing/R&D development project and the automobile dealership project. In summary, the City of Morgan Hill seems to be less competitive in two out of the three prototypes. However, the City of Morgan Hill's Auto Dealer Strategy which provides a mechanism to offset impact fees through a sales tax sharing agreement, makes Morgan Hill more competitive than Gilroy and San Jose.

During the outreach for the development of the City's 2017 Economic Blueprint (over 400 inputs from community, businesses, and developers), it was reaffirmed that one of the barriers to investment of commercial and industrial development in Morgan Hill continued to be the high impact fees.

In addition to higher impact fees, Morgan Hill is disadvantaged with some of the lowest rents in Silicon Valley. Developers must pay similar construction costs to most other cities in the region, without the benefit of rents that can support the initial investment resulting in nearly an 11% increase in a development proforma. Mid and post COVID-19, companies and developers are facing reduced lending opportunities and decision making that includes the impacts of recent business closures, possible contraction in the market and whether or not to reserve cash for business uncertainties rather than construct, expand or relocate (Attachment 3).

New commercial and industrial development in Morgan Hill has been historically low during the last two decades. The City had not seen any commercial and industrial development since 2001 until the La Quinta Hotel was developed in 2014, and the Mast Avenue industrial building in 2017.

Analysis:

Since the approval of the Impact Fee Freeze Pilot Program, the City Council has approved eight Impact Fee Freeze Agreements for eight developments. The table below provides a project description and status of the project.

Project	City Council	Expiration	Status	Project
Healthworks Bakery	4/4/2018	6/30/2020	Applicant Withdrew	17,152 sq. ft industrial building, headquarters

Bridge Group Investments (Shoe Palace)	10/17/2018	6/30/2020	Project construction	under	for new baking company 503,400 sq. ft industrial building, headquarters for Shoe Palace
Evergreen Development Company	10/17/2018	6/30/2021	Overall construction underway, Individual projects under review	site	185,000 sq. ft proposed build out
Morgan Hill Real Estate (Towbin Dodge)	11/7/2018	6/30/2020	Approved Certificate; Project abandoned	Design Project	36,652 sq. ft commercial building for new car dealership
TBI-Mission West II, LLC (SV Glass)	12/5/2018	6/30/2021	Construction started	has	31,172 sq. ft. industrial building
TBI-Mission West II, LLC Parcel K (Carpenter's Union)	1/23/2019	6/30/2021	Building Issued, will start soon	Permit construction	55,000 sq. ft. industrial building to be used as a training and education facility
TBI-Mission West II, LLC Parcel 1 (Madrone Plaza)	1/23/2019	6/30/2021	Proposed Cancelled	Project	2 hotels, site is being marketed for other purposes
Applied Motion Products	6/3/2020	6/30/2022	Building Permit issued soon	to be	21,000 sq. ft industrial building, headquarters for a business to business operator

The savings afforded by the Impact Fee Freeze program will be recovered through ad valorem property and personal property taxes, business to business sales tax, retail sales and/or transient occupancy taxes generated by the development. The respective Impact Fee Funds will be reimbursed from general tax revenues generated and collected by the development. Staff is tracking the projects and will do an annual interfund transfer on the anniversary of the Certificate of Occupancy of the project. The transfers will occur gradually until the Impact Fee Fund is paid in full.

The Impact Fee Freeze Program encourages businesses in the City that are, or can be, key sources of sales tax revenue that support the City's General Fund, which in turn supports public services provided by the City to its residents and local businesses. This program is consistent with the goals of the existing 2006 Sewer and Traffic Impact Fee Financing Program to stimulate commercial development and is necessary for the preservation and protection of the public health, safety, or welfare of the community.

Impact Fee Freeze Program Guidelines

The Impact Fee Freeze Program establishes and locks City's Impact Fees using the FY 2016-17 rates for new industrial and commercial development provided the prospective development secures entitlements and submits for building permits within three years of the date of the agreement. With this update, it is proposed that the base year adjust to 2017-18.

The Impact Fee Freeze Program is intended to support new commercial and industrial development that support the City's long-term economic sustainability goals identified in the City's General Plan and Economic Blueprint by growing jobs, retaining and

attracting new companies and generate positive tax revenue to the City caused by the development through new property, sales, and/or transient occupancy taxes.

Eligibility:

The Impact Fee Freeze Program is eligible to new and expanding commercial and industrial development within the City's limits. The program does not extend to uses such as Mini-Storage Units, stand-alone Carwashes, commercial Assisted Living, Memory Care, and Congregate Care Facilities or similar uses that do not generate added revenue for the City of Morgan Hill. Applicants must be a fee title owner or be under contract to purchase land.

Program Requirements:

1. Program participants must submit a request in writing indicating interest in the Impact Fee Freeze Program and identify goals of the speculative development, including type, size, location, and general timeframe of development.
2. Applicant must enter into an Impact Fee Freeze Financing Agreement with the City of Morgan Hill agreeing to secure entitlements and submit for building permits for prospect development within three years of the executed agreement.
3. Applicant must provide the City with estimates of construction valuation, projected number of jobs, and revenue generated by the uses.
4. Project must be able to generate revenue to repay the 'savings' caused by the Impact Fee Freeze Agreement within 10 years of receiving a completion of the project and receipt of Certificate of Occupancy.

Other:

1. Impact Fee Freeze Agreements generating net savings of up to \$100,000 can be approved by the City Manager; Impact Fee Freeze Agreements generating net savings more than \$100,000 must be approved by the City Council.
2. The City Manager has the authority to modify the Agreement provisions except for the maximum amount, which requires City Council approval.
3. The City Manager may suspend this program at any time if it is determined that the Impact Fee Fund is negatively affected by continuation of the program.
4. Impact Fee Freeze Agreements are assignable.
5. City Manager has the authority to amend Impact Fee Freeze Agreements for minor modifications and provide necessary extensions that do not exceed 24 months.
6. The City Manager shall provide an annual review and update of the program to the City Council.

COMMUNITY ENGAGEMENT: Inform

The Impact Fee Freeze Incentive Program aligns with the Economic Blueprint Strategy #3 “Attract New Development,” Action #5, “Explore Incentive Programs to Attract Industry Specific Development.” The proposed program has been discussed with numerous local developers and end users.

ALTERNATIVE ACTIONS:

As proposed, the Development Impact Fee Freeze program applies to all new commercial and industrial development projects excluding assisted living, mini storage and stand-alone carwashes.

Alternatively:

1. a square footage cap could be implemented to provide an incentive to developments of a certain size projects, although size may not be a good indication of the impact of fees (i.e. auto dealerships on 6-7 acres, with only a small building footprint, but a business with very limited supportable development margins).
2. The Council could limit the program to industrial development projects only.
3. The Council could elect to not freeze all development fees, only a few. For instance, water, sewer and traffic could be the development impact fees that are frozen and other fees such as public safety and public facilities would not be subject to the freeze.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

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

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

On June 3, 2020, City Council approved an impact fee freeze agreement with Applied Motion products which also included directing staff to come back with an amended impact fee freeze program for June 17, 2020.

On June 17, 2020, City Council Granting a 60-day extension to the current Fee Freeze Program for commercial and industrial projects and asked staff to bring back the proposed program at the next meeting and add an annual review of the program in the guidelines.

FISCAL AND RESOURCE IMPACT:

Each Impact Fee Freeze agreement is evaluated to determine the amount of savings a Fee Freeze agreement creates. In addition, an analysis of revenues is also determined to understand the payback period that it will take to replenish impact fees the project generates. Once individual projects become occupied, staff will be able to determine the amount of property tax, sales tax or other General Fund revenue generated. Subsequently, a portion of those tax dollars will be set aside annually to pay back the

impact fee funds. Estimated impacts will vary depending on how much impact fees grow over time. In addition, to create a uniform analysis, variable fees such as frontage fees and meters hookups are not included in the estimate.

There are 247 acres of vacant industrial/commercial property in Morgan Hill. If all vacant industrial/commercial parcels were to develop simultaneously in the third year, the impact of the proposed freeze would be conservatively \$2.2 million saved by developers. Total impact fees collected would exceed \$24 million. This also means that the City would receive \$2.2 million less for infrastructure improvements. However, the City would receive new General Fund revenue from new development such as property tax and the potential for sales tax and transient occupancy taxes.

CEQA (California Environmental Quality Act):

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

LINKS/ATTACHMENTS:

1. Impact Fee Freeze Program Guidelines
2. Comparative Analysis 2015
3. Impact Fee Freeze Agreement Letter, 6-3-20

City of Morgan Hill
Impact Fee Freeze Program Guidelines
June 2020

The Impact Fee Freeze Program establishes and locks City's Impact Fees using the FY 2017-18 rates for new industrial and commercial development provided the prospect development secures entitlements and submits for building permits within three years of the date of the agreement.

The Impact Fee Freeze Program is intended to support new commercial and industrial development that support the City's long-term economic sustainability goals identified in the City's General Plan and Economic Blueprint by growing jobs, retaining and attracting new companies and generate positive tax revenue to the City caused by the development through new property, sales, and/or transient occupancy taxes.

Eligibility:

The Impact Fee Freeze Program is eligible for new commercial and industrial development within the City's limits, except for developments that only support uses such as Mini-Storage Units, Stand-Alone Carwashes, Assisted Living, Memory Care, and Congregate Care Facilities or similar uses that do not generate added revenue for the City of Morgan Hill. Applicants must be a fee title owner or be under contract to purchase land.

Program Requirements:

1. Program participants must submit a request in writing indicating interest in the Impact Fee Freeze Program and identify goals of the speculative development, including type, size, location, and general timeframe of development.
2. Applicant must enter into a Fee Freeze Financing Agreement with the City of Morgan Hill agreeing to secure entitlements and submit for building permits for prospect development within three years of the executed agreement.
3. Applicant must provide the City with estimates of construction valuation, projected number of jobs and revenue generated by the uses.
4. Project must be able to generate revenue to repay the 'savings' caused by the Fee Freeze Agreement within 10 years of receiving a completion of the project and receipt of Certificate of Occupancy.

Other:

1. Impact Fee Freeze Agreements generating net savings of up to \$100,000 can be approved by the City Manager; Impact Fee Freeze Agreements generating net savings more than \$100,000 must be approved by the City Council.
2. The City Manager has the authority to modify the Agreement provisions except for the maximum amount, which requires City Council approval.
3. The City Manager may suspend this program at any time if it is determined that the Impact Fee Fund is negatively affected by continuation of the program.
4. Impact Fee Freeze Agreements are assignable.
5. City Manager has the authority to amend Impact Fee Freeze Agreements for minor modifications and provide necessary extensions that do not exceed 24 months.
6. The City Manager shall provide an annual review and update of the program to the City Council.



MEMORANDUM

Date: December 3, 2015

To: Edith Ramirez, City of Morgan Hill

From: Sujata Srivastava and Jake Cummings, Strategic Economics

Subject: Comparative Analysis of Commercial Development Fees (#1212b)

Introduction

This memorandum report is a comparative analysis of commercial development costs in Morgan Hill, Gilroy, and San Jose. The analysis compares major categories of development fees and permits in each city (impact fees, permits, and other upfront charges), as well as estimates of revenues generated by three commercial development prototypes: R&D/ high tech manufacturing; hotel; and auto dealership.

The details of each prototype are shown below in Figure 1.

Figure 1. Development Prototypes for Analysis

Prototype	Units	Building Area (sf)	Land Area (acres)
R&D / High Tech Manufacturing	<i>not applicable</i>	150,000	6.0
Hotel / Lodging	150 full service rooms	125,000	3.0
Auto Dealership	<i>not applicable</i>	50,000	5.0

Development fees and permit costs were calculated based on the results of a survey to City staff for each jurisdiction. The estimated fees and permits presented in this memo are not meant to represent the actual cost of a specific development project. Costs for actual development proposals will vary depending on factors such as site characteristics, building design, and location. However, this analysis serves to provide a reasonable comparison of the cost of developing the three prototypes in each city.

In addition to estimating fees and permit costs, Strategic Economics also compiled revenue indicators for the R&D and hotel prototypes. For the R&D prototype, average asking rental rates were used as an indicator of value.¹ For the hotel prototype, the average revenue per available room (RevPAR) was used. Revenue estimates for the auto dealership prototype were not calculated due to the high variability in sales revenues depending on the type of vehicles sold.

¹ Because the analysis involves smaller sub-markets, particularly Gilroy, the average rents observed from a limited number of properties in these sub-markets can be highly variable. To represent this variability, Strategic Economics has provided two sources of market information here: Colliers and CoStar.



Summary of Findings

The following summarizes the findings of the analysis, which are also described in Figures 2 through 6. The detailed fee data is displayed in Figure 7.

Development Fees and Permits

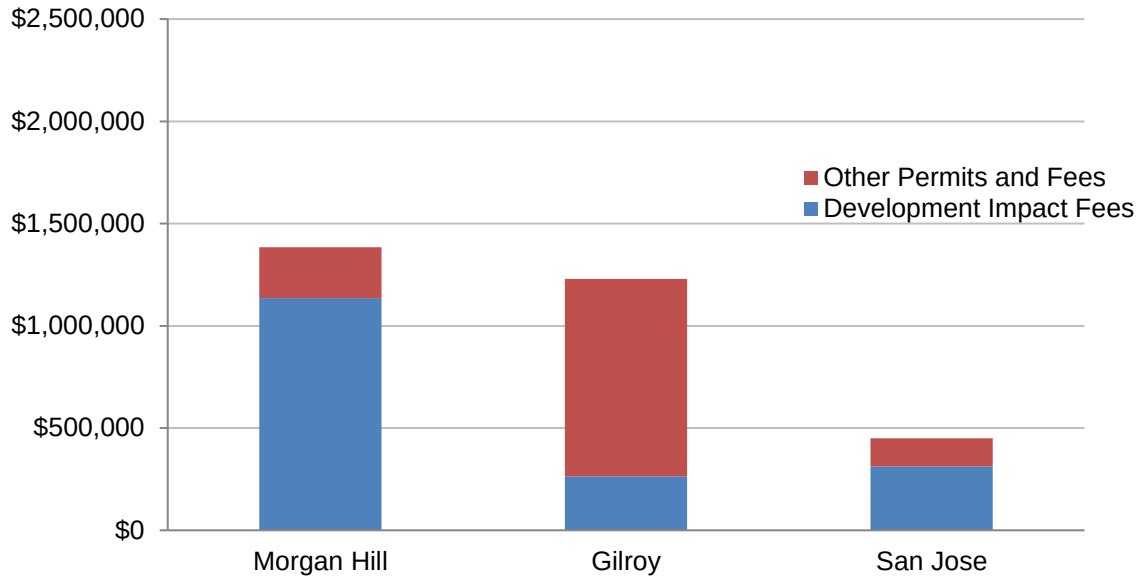
- **For the R&D / high tech manufacturing prototype, development fees and permits in Morgan Hill are higher than in Gilroy and Jose.** Estimated fees and permits in Morgan Hill for the R&D prototype total approximately \$1.38 million. Morgan Hill's fees are approximately twice as high as in San Jose, and 13 percent higher than in Gilroy (see Figure 2). The difference is largely due to Morgan Hill's significantly higher impact fees to mitigate the local impacts of growth on sewer and traffic.
- **For the hotel prototype, development fees in Morgan Hill are lower than in the other cities.** Total estimated fees and permits in Morgan Hill are 41 percent lower than in Gilroy, and slightly lower than in San Jose (see Figure 3).
- **For the auto dealership prototype, development fees in Morgan Hill are slightly higher than in Gilroy, and significantly higher than in San Jose.** Morgan Hill's fees are 11 percent higher than in Gilroy and 177 percent higher than in San Jose (see Figure 4). As with the R&D prototype, the higher cost in Morgan Hill is largely due to its higher local impact fees.

Revenues

- **The rental rates for R&D / high tech manufacturing space in Morgan Hill are higher than in Gilroy, and lower than in San Jose.** See Figure 5 for a comparison of R&D rental rates reported by Colliers and CoStar. According to both data sources Morgan Hill's average monthly rents are between \$0.91 and \$1.02, significantly higher than in Gilroy (\$0.50 to 0.75). San Jose's citywide R&D rents are estimated at between \$1.61 and \$1.70. South San Jose, which has an R&D inventory similar to Morgan Hill, has an average asking rent of \$1.12.
- **For hotels, the revenue per available room (RevPAR) in Morgan Hill is positioned between Gilroy and San Jose.** The RevPAR in Morgan Hill is almost \$76, compared to \$56 in Gilroy and \$122 in San Jose (see Figure 6).

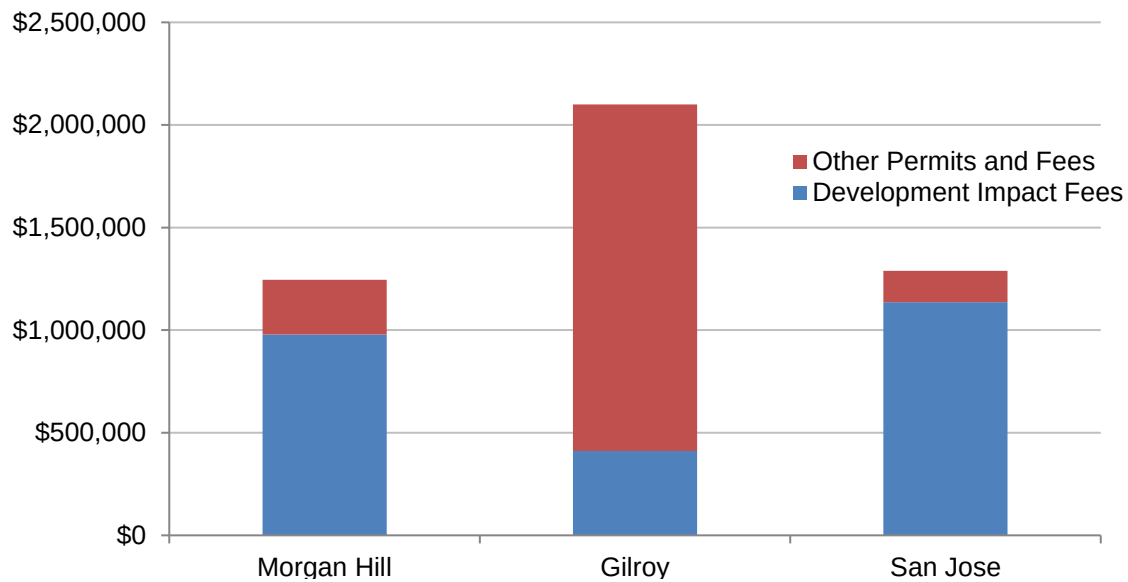


Figure 2. R&D / High Tech Manufacturing Prototype Development Fees



Sources: Cities of Morgan Hill, Gilroy, and San Jose.

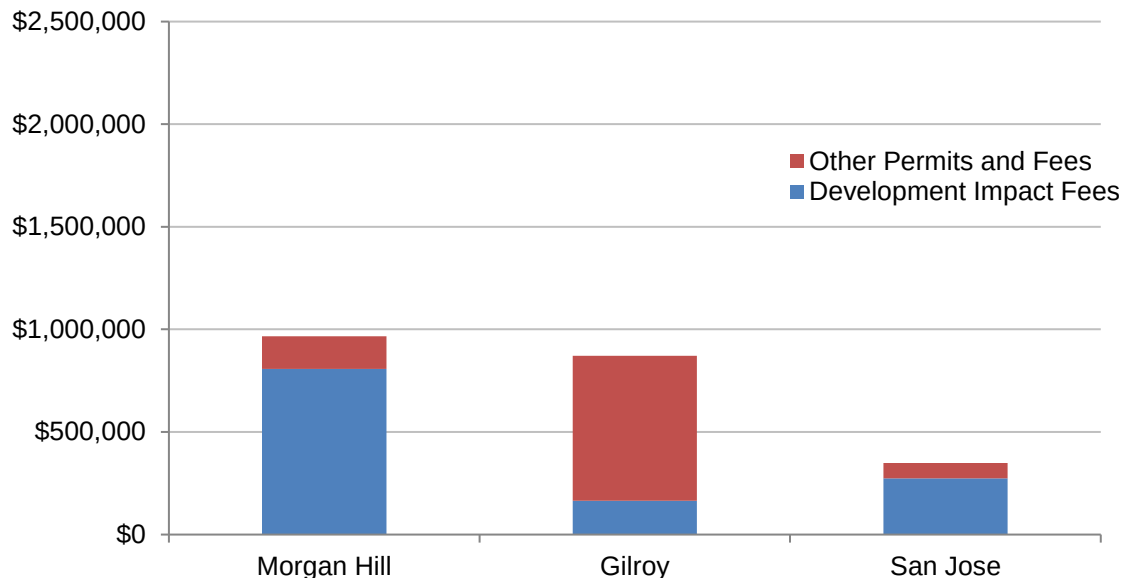
Figure 3. Hotel Prototype Development Fees



Sources: Cities of Morgan Hill, Gilroy, and San Jose.



Figure 4. Auto Dealership Prototype Development Fees



Sources: Cities of Morgan Hill, Gilroy, and San Jose.

Figure 5. R&D Market Rents and Inventory Comparison

	Morgan Hill	Gilroy	South San Jose	City of San Jose
Colliers				
Average Asking Rent*	\$0.91	\$0.75	\$1.12	\$1.70
Total Rentable Building Area	2,839,794	372,104	10,679,353	41,593,435
CoStar				
Average Asking Rent*	\$1.02	\$0.50	n/a	\$1.61
Total Rentable Building Area	3,376,971	673,640	n/a	39,079,547

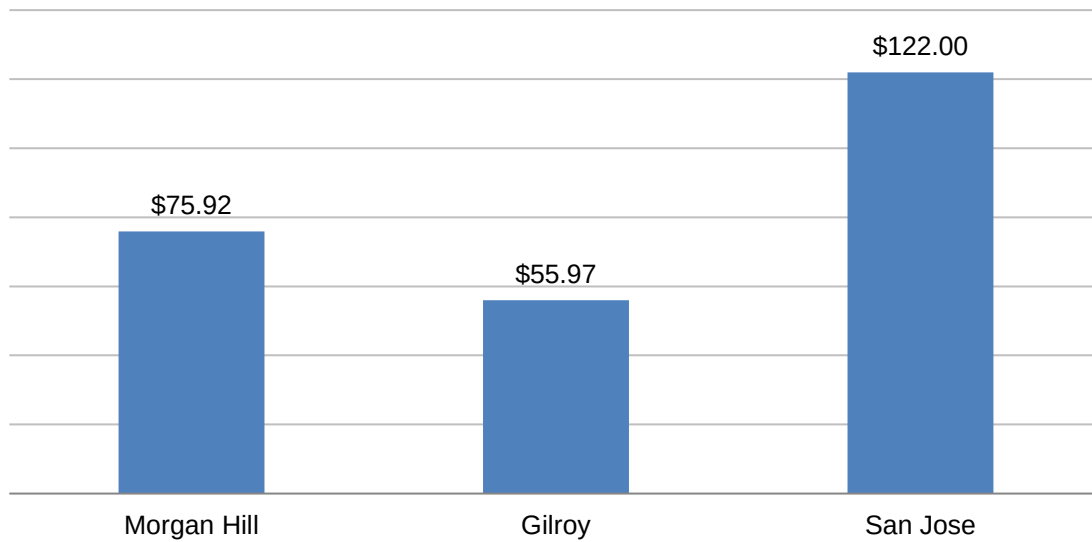
All figures are for Q4 2015, except South San Jose (Q2 2015) and City of San Jose (Q3 2015).

* Rents are monthly, NNN.

Sources: Colliers 2015; CoStar 2015; Strategic Economics, 2015.



Figure 6. Revenue per Available Room (RevPAR)



Note: Morgan Hill RevPAR estimate is for 2014. RevPAR estimates for Gilroy and San Jose are projections for 2013 performed in that year.

Sources: For Morgan Hill: HA&A Hotel Market Research, 2014; For Gilroy: Economic Development Strategic Plan, YTD 2013; For San Jose: "In Focus: Silicon Valley, California - from Dot-com Bust to Boom", HVS, 2013 projected.



Figure 7. Detailed Comparison of Development Fees and Permits by City

	Morgan Hill			Gilroy			San Jose		
	R&D/High Tech Manuf.	Hotel	Auto Dealer	R&D/High Tech Manuf.	Hotel	Auto Dealer	R&D/High Tech Manuf.	Hotel	Auto Dealer
Development Impact Fees									
Sewer Impact Fee	\$425,970	\$584,289	\$260,315	\$3,658	\$3,658	\$3,658	* These fees not itemized *		
Water Impact Fee	\$60,168	\$30,084	\$50,140	\$6,731	\$6,731	\$6,731			
Storm Drain Impact Fee	\$178,392	\$122,508	\$204,180	\$6,768	\$4,584	\$7,640			
Traffic Impact Fee	\$354,120	\$160,716	\$239,712	\$698,850	\$1,463,250	\$585,300			
Police Impact Fee	\$13,644	\$4,872	\$8,120						
Fire Impact Fee	\$9,060	\$4,530	\$7,550						
Public Facilities Impact Fee	\$9,234	\$3,297	\$5,495	\$182,250	\$343,250	\$137,300			
School Fee	\$76,500	\$63,750	\$25,500	\$81,000	\$67,500	\$27,000			
Burrowing Owl Mitigation	\$8,160	\$4,080	\$6,800						
Street Tree Impact Fee				\$103	\$103	\$103			
Total Development Impact Fees	\$1,135,248	\$978,126	\$807,812	\$979,360	\$1,889,076	\$767,732	\$342,000	\$1,166,000	\$289,240
Other Permits and Fees									
Advance Planning				\$18,600	\$18,450	\$18,315			
Planning									
Planning Permits - Allowed Use	\$6,000	\$6,000	\$6,000						
Planning Permits - Conditional Use/Rezone	\$12,000	\$12,000	\$12,000						
Environmental (Estimated)	\$25,000	\$30,000	\$25,000						
HCP Fees (Vacant Land, New Const.)	\$35,000	\$15,000	\$35,000						
Building Permit	\$85,000	\$102,000	\$40,000	\$75,065	\$68,806	\$20,430	\$25,428	\$24,618	\$15,887
Building Division Plan Review Fee	\$81,000	\$96,000	\$38,000	\$56,298	\$51,604	\$15,323	\$49,405	\$56,900	\$27,725
Electrical Permit				\$25,247	\$14,422	\$8,447	\$6,798	\$6,901	\$5,047
Energy Fee				\$5,630	\$5,160	\$1,532			
Fire Inspection and Other Fire Fees	\$1,050	\$1,525	\$1,050	\$390	\$260	\$130	\$4,378	\$3,734	\$1,803
Mechanical Permit				\$25,247	\$14,422	\$8,447	\$4,532	\$4,429	\$3,090
Permit Processing							\$6,400	\$6,400	\$2,880
Plan Check				\$1,500	\$1,100	\$700			
Plumbing Permit				\$7,607	\$3,594	\$1,727	\$2,781	\$13,081	\$1,864
Strong Motion Instrumentation	\$4,000	\$4,700	\$1,800	\$5,909	\$5,397	\$1,436	\$8,400	\$7,000	\$1,680
State Revolving Fees				\$846	\$772	\$207			
Engineering Plan Check & Inspection Fees				\$27,300	\$27,300	\$27,300			
Total Other Permits and Fees	\$249,050	\$267,225	\$158,850	\$249,639	\$211,288	\$103,994	\$108,122	\$123,063	\$59,976
Grand Total	\$1,384,298	\$1,245,351	\$966,662	\$1,228,999	\$2,100,363	\$871,726	\$450,122	\$1,289,063	\$349,216

Sources: Cities of Morgan Hill, Gilroy, and San Jose.

Via email

June 3, 2020

Edith Ramirez
Economic Development Director
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

RE: Evergreen Village – Impact Fee Freeze Agreement

Dear Edith:

We are all adjusting to the new reality as we navigate the COVID-19 pandemic together. As I know you are aware, the retail industry has been hit extremely hard. Most tenants are paying reduced or no rent, doing their best to survive until the respective states and cities reopen their respective economies. Some of the “essential” businesses have been allowed to stay open, but many were forced to close. Unfortunately, there will be many businesses that never reopen.

This has predictably affected new developments, as most tenants have put a “pause” on their expansion plans, and many have killed deals in the pipeline. Those that are moving forward are doing so typically at a slower pace and encountering delays with many cities whose staffs are working remotely. Financing has also become much more difficult, causing tenants to delay the start of construction. As a result, much of the development world is on hold until the world establishes the new normal.

As it relates specifically to Evergreen Village, our users have experienced delays and financing concerns. One user, America’s Tire, has terminated their escrow altogether and will not be moving forward. We currently have users committed for approximately 10 of the 20 acres and have received interest from a major medical user for the balance of 10 acres. However, the medical user has put us on hold until we all emerge from the COVID-19 pandemic. Nonetheless, Evergreen remains optimistic that once our economy reopens and things settle down, we will be able to move forward in completing the development.

Our current Impact Fee Freeze Agreement expires June 30, 2021. I think it would be in both of our best interests to extend the Impact Fee Freeze Agreement, as it is critical in helping us secure users for the balance of the development. We would respectfully ask the City Council to approve an extension of the agreement for an additional 18 months to December 31, 2022.

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Evergreen

Please let me know if this might be possible, and the best way to accomplish an extension.

Yours truly,



Rogg Collins
Principal
Evergreen Devco, Inc.

cc: Laura Ortiz, Evergreen Devco, Inc. (via email)
Zach Lauterbach, Evergreen Devco, Inc. (via email)
Gary Hansen, Cushman & Wakefield (via email)

Attachment: Impact Fee Freeze Agreement Letter, 6-3-20 (2762 : Amend the Impact Fee Freeze Program)

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Evergreen



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

PREPARED BY: David Gittleson, Associate Engineer
APPROVED BY: City Manager

AWARD EAST MAIN AVENUE BIKE LANES AND SIDEWALK PROJECT

RECOMMENDATION(S)

1. Approve the East Main Avenue Bike Lanes and Sidewalk Project plans and specifications;
2. Award contract to McKim Corporation for the East Main Avenue Bike Lanes and Sidewalk Project in the amount of \$1,188,404;
3. Authorize expenditure of construction contingency funds not to exceed \$118,404; and
4. Authorize the Public Services Director to execute and administer the construction contract with McKim Corporation pending review and approval by the City Attorney's office.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Maintaining Infrastructure

2020-2021 Strategic Priorities

Financial Sustainability
Transportation

GUIDING DOCUMENTS

Bikeways
Trails
Parks and Recreation Masterplan

REPORT NARRATIVE:

The East Main Avenue Bike Lanes and Sidewalk project (Location shown in Attachment 1) is included in the adopted Fiscal Year (FY) 2018-19 through 2023-24 Capital Improvement Program. The project is identified in the 2017 Bikeways, Trails, Parks and Recreation Master Plan as a high priority project. The project is located along East Main Avenue, between Butterfield Boulevard and Condit Road. The project includes both pavement rehabilitation and school (pedestrian and bicycle) safety improvements.

The proposed pedestrian and bicycle safety improvements include; the installation of sidewalk improvements across the property frontages at 465 and 475 on East Main Avenue, the construction of curb bulb-outs and the installation of rapid flashing beacons and high visibility crosswalks at East Main and Grand Prix intersection, storm drain modifications, and the application of green enhanced buffered bike lane striping.

The project was initially bid on May 14, 2020; however, after a bid protest the lowest bid available for award was much higher than believed reasonable by City staff. Therefore, on June 3, 2020, the City Council rejected all bids and directed staff to rebid the project with minor revisions to the project specifications. Revisions include: increasing the allowable limit of work performed by subcontractors, the elimination of the individual bid item for traffic control, and the requirement that the slurry sealing and repaving work on East Main Avenue be completed prior to November 1, 2020. This last revision was made to ensure that the majority of the project is completed prior to the weather changing which would delay the completion of the resurfacing and restriping portion of the project.

The second bid opening for the project was held on July 2, 2020 and the bids received are listed below.

McKim Corporation	\$1,188,404*
Precision Grade, Inc.	\$1,284,101
O'Grady Paving, Inc.	\$1,290,883
Redgwick Construction Company	\$1,293,690
Graniterock	\$1,344,008

**corrected amount*

The low bidder's bid amount is 22% more than the engineer's estimate of \$970,000, which was expected due to the previous bid amounts. High bid prices can be attributed to a robust construction industry which continues to increase each year. However, by rebidding the project the City has saved approximately \$170,000. Staff recommends moving forward with this project in order to complete the paving and striping work before temperatures drop below the acceptable limit. The low bidder, McKim Corporation, has 8 years of experience, is located in Gilroy, but has not performed work for the City previously. Staff recommends award of the contract to McKim Corporation for \$1,188,404. Construction is anticipated to begin in late August 2020 and be complete in four months, assuming no project delays.

The project plans and specifications can be found on the [City's Community Project's web page](#).

COMMUNITY ENGAGEMENT: Inform

During the design process, project information was available via NextDoor, the City's email subscribers, and the City's website. Work hours will be limited to 8am-4pm as much as possible to minimize impacts to the neighborhood. Residents living near or adjacent to the proposed improvements will be notified prior to installing the improvements. Staff will also provide updated construction information weekly through Nextdoor and on the City's website. Staff will work closely with the Morgan Hill Unified School District to ensure access and safety to El Toro School located adjacent to the project site.

ALTERNATIVE ACTIONS:

The award of this contract will improve the overall pavement condition of East Main Avenue as well as provide bicycle and pedestrian safety improvements adjacent to El

Toro School. City Council could elect to not award this contract and attempt to bid it again next year as possibly two separate projects; 1) street widening, bulb outs, crossing improvements, and 2) paving and striping improvements in hopes of reducing costs. However, there is no guarantee that this option will be less expensive.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- On June 6, 2018, the City Council adopted the FY 2018-19 through 2023-24 Capital Improvement Program, which includes the Main Avenue Bike Lane and Sidewalk project.
- On December 19, 2018, the City Council approved a Transportation Fund for Clean Air (TFCA) grant for \$65,100 for the project.
- On February 5, 2020, the City Council approve the purchase of property (Hwang) required to widen the roadway.
- On June 3, 2020, the City Council rejected all bids and directed staff to rebid the project with modifications.

FISCAL AND RESOURCE IMPACT:

The total authorization needed for this project is \$1,307,244, which includes a 10% contingency amount of \$118,840. The project will receive \$65,100 in TFCA grant funds from the Bay Area Air Quality Management District, which will be applied to the construction portion of the project. There is adequate funding appropriated within the FY 2019-20 Capital Improvement Budget in the Street CIP Fund (308), School Pedestrian Safety Fund (355), and Local Drainage Fund (304) to support the project.

CEQA (California Environmental Quality Act):

Categorical Exemption

The activities described in this Staff Report are categorically exempt per the California Environmental Quality Act (CEQA) Guidelines specifically identify by Section 15301 - Existing Facilities: Operation, repair, maintenance or minor alterations to existing public and private facilities involving no or negligible expansion of existing or former use.

LINKS/ATTACHMENTS:

1. Project Location Map
2. Project Plans and Specifications (weblink)



Attachment: Project Location Map (2776 : Award Main Avenue Bike Project)



CITY OF MORGAN HILL

**Engineering Division
Community Development Agency**

Path: G:\R-14\PROJ\GIS\StaffReport_SiteMaps\SiteMap_MainAve_bikelanes.mxd

**PROJECT LOCATION MAP
for
East Main Avenue Bike Lanes
and Sidewalks Project**



0 225 450 900 1,350 1,800 Feet



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

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

APPROVE INCENTIVE AGREEMENT FOR A NEW AUTOMOBILE DEALERSHIP

RECOMMENDATION(S)

Adopt resolution authorizing the City Manager to execute and administer an Incentive Agreement, consistent with the Auto Dealer Economic Development Strategy, with the Ford Store, Inc. for a new automobile dealership at the Auto Mall Planned Development Site on Condit Road; and make findings of consistency with Section 53083(a)(6)(b) of the Government Code (AB 562).

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Infrastructure

2020-2021 Strategic Priorities

Economic Development

Financial Sustainability

GUIDING DOCUMENTS

Economic Blueprint

REPORT NARRATIVE:

In February 2002, the City Council authorized an auto dealer assistance program as part of an Auto Dealer Economic Development Strategy. The strategy sought to take a proactive role to identify and entitle appropriate locations for new auto dealerships, as well as marketing and attracting new car sales agencies to the City. A component of the "Strategy" offers auto dealers incentives to locate and or expand in Morgan Hill if it can be demonstrated that there is a need for assistance and a significant benefit to the community. Building partnerships with the private development community has always been at the core of the City's auto strategy to advance development plans.

In 2003, the City utilized this program to provide assistance to the Ford Store. The 2003 agreement with the Ford Store was satisfied in 2013. The Ford Store exceeded all previous sales tax expectations and remains one of Morgan Hill's top sales tax generators. In 2005, Morgan Hill went further to secure the City's future as a regional location for auto dealer sales by adopting a Planned Development Zone, pre-zoning and annexing 19.87 acres of land north of the Ford Store, along Condit Road to plan for future auto users. In 2013, the Ford Store was granted additional assistance to facilitate the acquisition of 2.53 acres to provide for the expansion of the facility. That expansion project was completed in early 2015.

In 2014, the Auto Incentive program was used to aide in the acquisition of land and facilitate the expansion of Honda of Morgan Hill. The incentive agreement from Honda of Morgan Hill has been assigned to Victory Honda of Morgan Hill under the contract terms and is currently in place. Honda had been exceeding estimated sales targets and thus receiving rebates through 2018.

In 2017, the Auto Incentive program was used to aide in in the acquisition of land for the future development of a Dodge, Chrysler and Jeep Dealership. The developer of the project never completed processing building permits.

The Ford Store Morgan Hill is purchasing the development entitlements along with the land that was initially purchased by Morgan Hill Real Estate LLC (Towbin Dodge). The Ford Store Morgan Hill is working to bring a new Chrysler, Dodge, Jeep, and Ram dealership to Morgan Hill.

This report requests the authority to execute an incentive agreement with the Ford Store Morgan Hill, Inc. to develop a 39,800 square foot new vehicle dealership that would share up to a maximum of \$2,200,000 of performance based sales tax revenue to offset a portion of the costs of impact fees, roadway and right of way off-site improvements, mitigation, habitat conservation fees required of a new automobile agency in a greenfield location.

Because auto dealerships require so much land to store, display, and service their products, purchase inventory and trade-in stock, dealerships outside of huge population centers are very expensive to develop. Impact fees, the lack of improved roads, and agricultural mitigation costs severely restrict the feasibility of this use in Morgan Hill. The City's Auto Dealer Strategy and the partnership it creates, makes the decision to locate in Morgan Hill possible.

New automobile dealerships are economic engines that support and sustain critical city services for years to come. The Ford Store Inc. or its development affiliate will require an investment of about \$15 million to acquire and develop the site. It is anticipated that 150 new jobs (including construction jobs) will result from the dealership. The estimate for impact fees, offsite improvement construction, HCP fees, is \$2,200,000.

Consistent with the Auto Dealer Policy, proposed is an incentive agreement that includes:

- The Ford Store Morgan Hill, Inc. would receive up to a maximum of \$2,200,000 over a twenty (20) year period in sales tax rebates. The tax sharing arrangement terminates at the end of twenty years regardless if the maximum of \$2,200,000 has been paid to the dealer.
- The City would share 50% of the sales tax revenue collected above \$150,000 for the first year of operation based on total taxable sales of \$15 million.
- The City would share 50% of the sales tax revenue collected above \$175,000 for the second year of operations based on total taxable sales of \$17.5 million.
- The City would share 50% of the sale tax revenue collected above \$400,000 for each year thereafter based on total taxable sales of \$40 million.

- The City would make payments twice a year. If the dealer did not exceed the baseline threshold for a year, it would not receive any payment for the year.
- In exchange for assistance, the dealer agrees to operate an automobile dealership for 20 years. In the event of default, the dealer would be required to reimburse the City per the agreement.

Similar to the transactions crafted for the developments of the Ford Store and Honda of Morgan Hill, and consistent with the Auto Dealer Policy, this incentive program provides a lower baseline amount in the first two years to allow the dealer to support the extraordinary costs of auto dealership construction and cement its business in Morgan Hill. The baseline amount for the subsequent years was established using average annual sales a dealership of similar brands in Northern California typically produces and adjusted, based upon dealership market expectation and past performance.

The baseline amount can reward the dealership for being better than average and creates an incentive for the dealer to far exceed \$40 million in sales each year.

Within Santa Clara County, Chrysler, Dodge and Jeep represent about 5 percent of the new car market share. According to the Silicon Valley Auto Dealers, Dodge and Jeep cars and light trucks are the preferred brands within the County.

COMMUNITY ENGAGEMENT: Inform. The table below addresses the requirements set forth in the State of California AB 562 (Government Code 53083) for publication of information related to an economic development subsidy and public hearing.

Name/address of beneficiary of the subsidy:	The Ford Store Morgan Hill, Inc 17045 Conduit Road Morgan Hill, CA 95037
Start and end dates, schedule for the subsidy	The incentive agreement will not start any earlier than the first year after full operation. The subsidy will reimburse 50% of the sales tax revenue received by the City of Morgan Hill over an established baseline for the next twenty years or until \$2,200,000 has been paid, whichever comes first.
Describe the subsidy, estimated total amount of expenditure of public funds or revenue lost	The City will reimburse 50% of new sales tax revenue received from the new Chrysler/Dodge/Jeep dealership over an escalating baseline up to \$2,200,000 or twenty years which ever occurs first. The baseline for year one is \$15 million. The baseline for year two is \$17.5 million. The baseline for year three through year twenty is \$40 million.
Statement of public purpose	Expand and enhance economic opportunities for businesses in the City,

	continue to expand the City's employment base, and continue to generate hereinafter defined Sales Tax that the City can utilize to fund general governmental services such as police, fire, street maintenance, and parks and recreation programs.
Projected Tax revenue	It is estimated that the investment into the property will increase property tax revenue received by the City by \$150,000 over 10 years. It is also anticipated that over the 20 years of the agreement the City will conservatively receive approximately \$500,000 in net sales tax revenue beyond the baseline revenue. If the dealership performs at the upper range of highest performing Chrysler Dealerships in California, the City of Morgan Hill could receive up to \$1.9 million after rebates over the baseline over twenty years.
Estimated number of jobs created by the subsidy	It is estimated the dealership will employ between 40-50 employees when fully operational. Full time and part time occupations will range from managers, mechanics, service technicians, and sales people.

ALTERNATIVE ACTIONS:

The alternative would be to not consider the agreement. However, the developer may not build which would mean the City would lose the opportunity to generate new tax revenues to the City's General Fund to be used for governmental services such as police, fire, streets, parks and recreation services.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

City Council has approved four incentive agreements under the Auto Dealer Economic Development Strategy.

In March 2004, City Council approved a development agreement with Morgan Hill Land, LLC (dba Ford Store Morgan Hill) to construct a new car dealership.

On September 11, 2013, City Council approved an incentive agreement with Morgan Hill Land, LLC for the expansion of the Ford Store Morgan Hill.

On July 2, 2014, City Council approved an incentive agreement with Theodore Stevens Revocable Trust Dated April 24, 2000 and Stavridis, Inc. (dba Honda of Morgan Hill) for the expansion of the Honda of Morgan Hill Store.

On January 25, 2017, City Council approved an incentive agreement with Morgan Hill Real Estate (Towbin Dodge) for the development of a Dodge, Chrysler, Jeep and Ram dealership.

FISCAL AND RESOURCE IMPACT:

Over a twenty-year period, the City may share up to \$2,200,000 in sales tax revenue with Ford Store Morgan Hill, Inc. Based upon straight line revenue forecast for 20 years, the City would receive \$7.5 million in baseline sales tax revenue plus an additional net revenue of \$1,700,000 after rebates. After 20 years the City would receive the full 1% of sales tax revenue with no additional rebates.

CEQA (California Environmental Quality Act):

This incentive agreement is exempted from environmental review under Section 15061(b)(3) of the State CEQA Guidelines. The incentive agreement is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The incentive agreement will not result in any direct impact upon the physical environment. Any development that occurs in the future will be subject to development standards of the zone district and will undergo an independent analysis pursuant to the requirements of CEQA.

LINKS/ATTACHMENTS:

1. Resolution
2. Incentive Agreement- Ford Store
3. 2002 Auto Strategy

RESOLUTION NO.**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AND ADMINISTER, THAT CERTAIN INCENTIVE AGREEMENT WITH THE FORD STORE MORGAN HILL INC, A CALIFORNIA CORPORATION, FOR THE CREATION OF A NEW AUTOMOBILE DEALERSHIP AT CONDIT ROAD, MORGAN HILL**

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; and

WHEREAS, the reasons supporting the entrance of the City into that certain agreement described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report entitled "Incentive Agreement for New Automobile Dealership" submitted for City Council consideration at its meeting of July 15, 2020, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; 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 meeting 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, existing law generally allows local governments to make their own decisions regarding local economic development matters; and

WHEREAS, the loss of redevelopment has left the City, as well as all cities within the State, with a loss of local resources to encourage economic development; and

WHEREAS, the City Council has made findings consistent with Section 53083 of the California Government Code Assembly Bill 562 ("AB 562"). AB 562, titled "Economic Development Subsidies: Review by Local Agencies", which was codified on October 13, 2013 and went into effect on January 1, 2014, require each local agency, as defined, to provide specified information to the public before approving an economic development subsidy or assistance of \$100,000 or more, as defined, within its jurisdiction, and to review, hold hearings, and provide reports at specified intervals. Based upon the decision to terminate redevelopment statewide, the Governor and State Legislature recognized the necessity for local governments to encourage employment and retain jobs and businesses by giving economic assistance to businesses and the importance of facilitating public input; and

WHEREAS, the Bradley-Burns Uniform Local Sales and Use Tax Law (California Revenue and Tax Code §7200 et seq.) applies to the sales of tangible personal property in which a percentage of California's sales and use tax rate is distributed back to the jurisdiction where sales were generated to support local general funds. For many jurisdictions, including the City, this amount is one percent (1%). Sales tax is payable to the City from the State Board of Equalization; and

WHEREAS, encouraging and developing other businesses in the City that are, or can be, key sources of sales tax revenue would diversify and increase revenue sources for the City's general fund, which supports public services provided by the City to its residents and local businesses; and

WHEREAS, the City Council desires to be proactive in retaining automobile dealerships that currently exist within the City, as well as encourage new automobile dealerships desiring to locate within the jurisdiction of the City to do so, by establishing an equitable economic incentive agreement ("Incentive Agreement") that will assist qualified dealerships.

WHEREAS, the City Council determines that the Incentive Agreement is consistent with the City's economic goals and strategies, is a matter of City-wide importance, is necessary for the preservation and protection of the public health, safety or welfare of the community, and is in accord with the public purposes and provisions of applicable State and local laws and requirements.

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 Incentive Agreement with the Ford Store of Morgan Hill Inc., a California Corporation, for the development of a new automobile dealership substantially in the form attached hereto as Exhibit A and incorporated herein by this reference (the "Agreement") is hereby approved.
- b. That the City Manager is hereby delegated authority to and is authorized and directed to execute, and subsequently administer including the authority to terminate as necessary or appropriate, the Agreement substantially in the form attached hereto as Exhibit A; provided, specifically, that the total amounts to be

paid by City under the Agreement shall in no event exceed Two Million Two Hundred Thousand Dollars (\$2,200,000).

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

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th Day of July 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.XX-XXX , adopted by the City Council at the meeting held on July 15, 2020.

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

DATE: _____

Irma Torrez, CITY CLERK

INCENTIVE AGREEMENT

This Incentive Agreement (hereafter "Agreement") is made and entered into as of the _____ day of July, 2020, (the "Effective Date") by and between the City of Morgan Hill, a municipal corporation ("City") and the Ford Store Morgan Hill Inc., a California Corporation ("Developer").

RECITALS

WHEREAS, Developer is the legal or equitable owner of the property ("Property") governed by this agreement, located on approximately 9.24 acres on the northern portion of APN 728-17-035 (west side of Condit Road and north of east Dunne Avenue) in Morgan Hill, Santa Clara County, California, as more fully described in Exhibits A ,B and C attached hereto and incorporated herein by reference; and,

WHEREAS, Developer has, or will be submitting an application for the following land use approvals ("Approvals") affecting the Property, with the stated intent of building a facility intended for use as an automobile dealership and consisting of approximately thirty nine thousand eight hundred (39,800) square feet (the "Project"), which is to be situated on approximately seven and half (7.59) acres; and,

WHEREAS, Developer is willing, pursuant to the terms of this Agreement, to make expenditures and provide benefits to the City, including, without limitation, construction of off-site improvements as provided under the Conditions of Approval for the Project.; and,

WHEREAS, in recognition of the benefits to be conferred upon the City from development of the Property, both economic and through improvement of infrastructure, the City is willing to assist Developer by the provision of economic assistance as provided under this Agreement; and,

WHEREAS, in consideration for the benefits conferred upon it by this Agreement, Developer agrees to enter into a covenant regarding the operation of its business, for a specific duration; and,

WHEREAS, the purpose of this Agreement is to facilitate the implementation of the principles outlined above, realizing the public benefits to City and

private benefits to Developer described in these Recitals, because the development of the Project requires a major investment by the Developer and the City in public facilities, substantial investment in on-site and off-site improvements, dedications of land, participation in other programs for public benefit and purposes, and substantial commitments of the resources to achieve both private benefits of the Project for the Developer and the public purposes and benefits of the Project for the City; and,

WHEREAS, the willingness of the City to enter into this Agreement is a material inducement to Developer to implement the Project and but for which the Project would not be feasible, and Developer proposes to enter into this Agreement in order to obtain assurance from the City regarding the timing and extent of the economic assistance outlined above; and,

NOW, THEREFORE, in consideration of the mutual promises, obligations and covenants herein contained, the City and the Developer agree as follows:

AGREEMENT

1. Interest of Developer. Authority to Enter into Agreement. The Developer, and each person signing on behalf of Developer, represents that the Developer or its principals holds all legal or equitable interests in the Property, and that no other entities or individuals hold a legal or equitable interests in this Property; or Developer is authorized to enter into this Agreement on behalf of those entities or individuals and bind them under this Agreement. Each of the City, and those persons signing on the City's behalf, below, represent that the City is authorized to enter into this Agreement and bind the City under this Agreement.
2. Term. The term of this Agreement shall commence on the Effective Date and extend until the twentieth (20th) anniversary of the Effective Date. This Agreement is subject to termination as otherwise set forth in this Agreement.
3. Development of Project. The Developer will develop the Project to completion, and commence business transactions, including the sale and servicing of motor vehicles (new and used), from the Property, within eighteen (18) months from the Effective Date, the date upon which sales commence shall constitute the "Operation

Commencement Date", subject to extension in the event of litigation which is a direct causation of delay in the development of the Property or the commencement of sales and which is not attributable to the Developer.

4. Further Review/Exercise of Discretion. Developer acknowledges that the existing land use regulations contemplate further review of elements or portions of the Project by the City, including but not limited to design review and potential CEQA analysis not caused by the City's actions. This Agreement shall not be construed to limit the authority or obligation of City to hold necessary public hearings, or to limit discretion of the City or any of its officers, officials or employees exercising their discretion with regard to rules, regulations, ordinances or laws, including the mitigation measures identified in the adopted negative declaration for the Project; provided, however, that in no event shall Developer's vested right to develop and construct the Project in accordance with this Agreement and the Development Plan be limited or abridged, nor shall the provisions of this Agreement be limited or adversely affected. In addition, changes in rules, regulations or policies of the City which occur after the Effective Date, including but not limited to those which govern architectural design, landscaping, public improvements, or construction standards, shall apply as though they were in effect as of the Enactment Date. The City also retains the authority to take the following actions: adopt and apply property transfer taxes, excise taxes, and/or utility taxes; uphold the right of the voters to act by initiative or referendum, but only to the extent that the initiative or referendum does not affect or interfere with the vested rights acquired by Developer as stated pursuant to Section 3 of this Agreement, except that this Agreement itself is subject to referendum; impose traffic mitigation fees adopted by the regional transportation agency; and/or take other action not expressly prohibited by the terms or provisions of this Agreement. This Agreement shall not prevent the City from applying its rules, regulations and policies, or from conditioning future Project development approval on rules, regulations and policies which do not conflict with the terms of the Development Plan or this Agreement.
5. Development Fees, Exactions and Dedications.

- 5.1. Development Processing Fees, Exactions. The City shall be entitled to impose on a City-wide basis development fees, special assessments, special taxes, exactions and dedications, which are payable due to the development, build-out, occupancy and use of the Property which are in effect at the time the building permits are actually issued rather than those effective as of the Effective Date. Developer shall be subject to the normal and customary fees then in effect in City at the time such fees are assessed or are to be paid, provided that such fees have general applicability on a City-wide basis and are prospective only.
- 5.2. Dedications. Developer shall irrevocably offer to dedicate to City, upon request by the City, all portions of the Property designated in the conditions of approval for the Project (as counter-signed by the Developer; the "Conditions of Approval") for public easements, streets or public areas.
- 5.3. Contribution to Costs of Facilities and Services. Developer agrees to contribute to the costs of public facilities and services as required to mitigate the impacts of the development of the Property as provided in the Conditions of Approval. Developer recognizes and agrees that, but for Developer's contributions to mitigate the impacts arising as a result of development entitlements granted pursuant to this Agreement, the City would not and could not approve the development of the Property as provided by this Agreement. City's approval of development of the Property is in reliance upon and in consideration of Developer's agreement to make such contributions toward the cost of public improvements and public services as provided to mitigate the impacts of development of the Property all as provided under the Conditions of Approval.
- 5.4. Reimbursement for Agreement Expenses of City. Developer agrees to reimburse City for reasonable and actual expenses, including but not limited to staff overtime expenses incurred in processing, review, approval, inspection and completion of the Project, which are over and above fees paid by Developer as an applicant, for costs incurred by City relating to this

Agreement, including recording fees and publishing fees an allowance of \$5,000.00 in lieu of payment for staff services, consultant costs or attorneys' fees. The reimbursement shall be paid to City within thirty (30) days of submission of an itemized bill to Developer for such expenses.

6. Use of Property. Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Property or any part thereof, that during construction and thereafter for a period of twenty (20) years from the recording of the Certificate of Completion, Developer, its successors and assigns, shall devote the Property to use as a retail automobile dealership use under franchise of Chrysler, Dodge, Jeep, or Ram, or another manufacturer mutually acceptable to the City and the Developer; provided that this Agreement shall not be construed to limit introduction of additional product lines on the Property by Developer or its successors. If Developer materially breaches the requirements of this section, and, as a result thereof, is in default under this Agreement, Developer shall be required to reimburse the City for any and all expenses and financial assistance, with interest calculated from the date of payment by the City to developer, and City may, in its discretion, terminate this Agreement

7. Economic Assistance to Developer.

7.1. Findings of Need. The City has found and determined there is a need for certain financial assistance to assist Developer in order to render the Project economically feasible. Extensive improvements to the Property will be required in order to render development of the Property possible. As a result of these economic and financial burdens, development of the Property is not economically feasible unless financial assistance is provided. Developer has stated that it is unwilling to develop the Property unless financial assistance is provided. The City has further determined, based upon its review of the projected economics of the Project for the Developer, that the Project would more than likely not be feasible and would more than likely not be accomplished without the financial participation of the City under this Agreement.

- 7.2. Benefits of Development to the Community. The City has determined that the development of the Property will provide social and economic benefits to the community. Specifically, the proposed development of the Property will provide a source of employment and creation of jobs within the community. In addition, the proposed development of the Property will generate needed additional sales and property tax revenues to the City and other public agencies. The proposed development of the Property will enable needed capital projects to be completed, and provide funds for maintenance and operations of the public facilities, including but not limited to police facilities, which will improve the health, safety and welfare of the community, improve the economic conditions of the community and provide for the public safety and convenience. The Developer will make good faith efforts to hire Morgan Hill residents and use Morgan Hill vendors and suppliers in its activities pursuant to this Agreement. The Project will further identify the Property and area within its vicinity as commercial destinations and will improve an entryway to the Project Area.
- 7.3. Economic Assistance: Joint and Several Obligation. Commencing as of the Operation Commencement Date and continuing until end of the quarter (for sales tax reporting purposes) which follows the twentieth (20th) anniversary of the Operation Commencement Date (the end of which quarter shall constitute the "Final Payment Accrual Date"), the City shall make payments to the Developer in an amount determined by the taxable sales actually generated by the Property and operations thereon, up to a total of Two Million Two Hundred Thousand Dollars (\$2,200,000) (the "Total Assistance Amount"). The payments shall be determined and made based on the taxable sales generated from the Property and operations thereon and the tax revenue collected by the City from the Property and operations thereon. For purposes of this Section 7.3, the following shall be treated as revenues attributable to taxable sales from the Property and shall be countable for the benefit of the Developer: (i) sales tax revenues collected by the City from the Property or operations thereon. The City shall make payment to the

Developer for taxable sales over the "Baseline Amount" and in accordance with Table A-"Payment Schedule" as defined below. Within sixty days after the end of the second and fourth fiscal quarters of operation, Developer shall submit to the City Manager bona fide documentation demonstrating to the City's satisfaction that the particular amount of sales taxes paid, and stating those which qualify for the rebate program. Any rebate amount shall be paid upon verification by the City's Finance Director of receipt of the sales tax revenue. Payments shall be made by the City within one hundred fifty (150) calendar days following the end of the second and fourth quarters for which sales taxes are reported; provided that unless and until the Baseline Amount has been reached, no payments shall be required to be made in respect to the current Year of Operation.

"Baseline amount" is defined as Fifteen Million Dollars (\$15,000,000) for the first "Year of Operation" (as defined to mean the first full four-quarter period following the Operation Commencement Date for which sales taxes are reported by the Developer); Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) for the second Year of Operation; and, Forty Million Dollars (\$40,000,000) for each Year of Operation thereafter. The following Table A illustrates how the payments to the Developer would be calculated:

TABLE A-Payment Schedule

Baseline Amount in Taxable Sales	Baseline Amount in Tax Revenue Collected By the City attributed to Taxable Sales	Calculation of payment
\$15,000,000 for first year of Operation	\$150,000	50% times each tax revenue dollar collected above \$150,000 for the Year of Operation

\$17,500,000 for second year of operation	\$175,000	50% times each tax revenue dollar collected above \$175,000 for the Year of Operation
\$40,000,000 for each year of Operation thereafter	\$400,000	50% times each tax revenue dollar collected above \$400,000 for the Year of Operation

For example, if in the first Year of Operation the Developer generates Thirty Million Dollars (\$30,000,000) in taxable sales and prior to the payment date the City collects Three Hundred Thousand Dollars (\$300,000) in tax revenue attributable to the taxable sales, the City shall pay the Developer Seventy Five Thousand Dollars (\$75,000) per the calculation in the above Table A for the first Year of Operation. In the third year of operation, if the Developer generates Forty Five Million Dollars (\$45,000,000) in taxable sales and the City collects Four Hundred Thousand Dollars (\$450,000) in tax revenue attributed to the taxable sales, the City shall pay the Developer Twenty Five Thousand dollars (\$25,000) per the calculation in the above Table A for that Year of Operation.

If the Total Assistance Amount of Two Million Two Hundred Thousand Dollars (\$2,200,000) has been paid to the Developer prior to the Final Payment Accrual Date, no further sums shall be due and owing from the City, and the rebate agreement shall cease.

7.4 Reporting Obligations. Within sixty (60) days after the end of the second and fourth fiscal quarters of operation of the Project, Developer shall submit to the City Manager bona fide documentation demonstrating to the City's satisfaction the particular amount of sales taxes were in fact paid and which qualify for the rebate program.

8. Cooperation in Implementation. Upon satisfactory completion by Developer of all

required preliminary actions provided in the Development Plan, and payment of required processing fees, if any, City shall proceed in a reasonable and expeditious manner, in compliance with the deadlines mandated by applicable agreements, statutes or ordinances, to complete all steps necessary for implementation of this Agreement and development of the Property in accordance with the Development Plan, including the following actions: processing and checking all maps, plans, land use and architectural review permits, building plans and specifications, and other plans relating to development of the Property. The City shall also reasonably cooperate with Developer in Developer's efforts to obtain such permits and approvals as may be required from other agencies with jurisdiction over the Project.

9. Drainage, Water System, Sewer, Road, Traffic and Other Public Improvements. Developer agrees to construct the public improvements as required under the Conditions of Approval, including but not limited to full frontage improvements along Condit. Such public improvements shall be submitted for approval and constructed in accordance with the City's standard improvement agreement requirements, including but not limited to insurance, bond and indemnification requirements. Developer agrees that it is not entitled to any reimbursement by the City for such improvements unless otherwise stated in the City's improvement agreement with the Developer.
10. Landscape and Maintenance. Developer shall landscape and maintain the Property as provided under the Landscape and Maintenance Agreement between the City and the Developer.
11. Default; Effect Thereof; Waiver.

11.1. Default. Failure by either party to perform any material term or provision of this Agreement shall constitute a default, provided that the Party alleging the default shall have given the other Party advance written notice and thirty (30) days within which to cure the condition, or, if the nature is such that it cannot be cured within that time, the party receiving notice shall not be in default if the allegedly defaulting Party commences to perform its obligations within the thirty (30) days period and diligently prosecutes the cure toward completion. Written notice shall specify in detail the nature of the obligation to be performed by the Party receiving notice.

11.2. Remedies. It is acknowledged by the Parties that the financial obligations of the City under this Agreement are limited to those amounts provided in Section 7.3 of this Agreement and the City would not have entered into this Agreement if it were liable for damages under or with respect to this Agreement in excess of that portion of the Total Assistance Amount not yet required to be paid to the Developer. City shall not be liable in damages to Developer in excess of such remaining portion of the Total Assistance Amount not yet required to be paid, or to any assignee, transferee, or any other person, and Developer covenants not to sue for or claim damages in excess of such remaining portion of the Total Assistance Amount not yet required to be paid. Upon Developer's material default, City shall be entitled to initiate legal proceedings to specifically enforce this Agreement or terminate it. City may terminate this Agreement, upon notice and an opportunity to cure as provided in Section 11.1, due to uncured default without legal action.

11.3. Default by Developer. City, may, in its discretion, refuse to issue a building permit for any structure within the Property, if Developer has materially failed or refused to complete any requirement applicable to the building permit as provided under the Conditions of Approval. This remedy shall be in addition to any other remedies provided for by this Agreement.

11.4. Effect of Default. In the event of Default by Developer pursuant to this provision, all obligations of the Parties shall terminate with the exception of Developer's obligation to defend, indemnify and hold harmless the City, its officers, agents and employees, and Developer's obligations under any Improvement Agreements executed with the City for the Project shall be governed by such Improvement Agreements, if any. No termination shall prevent Developer from completing those portions of the Project in which it has a vested right to do so as defined by law independent of this Agreement, but the City may take any action permitted by law to prevent, stop or correct any violation of law occurring during and after construction, and neither Developer or any tenant thereof shall occupy any portion of the Project, or any building not authorized by a certificate of occupancy.

11.5. Waiver. Failure by either Party to invoke the default or termination provisions

in this Agreement shall not waive that Party's right to insist upon performance of any obligation by the other Party in the future.

12. Estoppel Certificate. Either Party may, at any time, deliver written notice to the other Party requesting such Party to certify in writing that, to the knowledge of the certifying Party, (a) this Agreement is in full force and effect and constitutes a binding obligation of the Parties, (b) this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments or modifications, and (c) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults. A Party receiving a written request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof, or such longer period as may reasonably be agreed to by the Parties. The City Manager of the City shall be authorized to execute any certificate requested by Developer.

13. Mortgagee Protection.

13.1. Mortgagee Protection. This Agreement shall be superior and senior to any lien placed upon the Property, or any portion thereof after the date of recording this Agreement or a Memorandum thereof, including the lien for any deed of trust or mortgage ("Mortgage"). Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish or impair the lien of any Mortgage made in good faith and for value, but all of the terms and conditions contained in this Agreement shall be binding upon and effective against any person or entity, including any deed of trust beneficiary or mortgagee ("Mortgagee") who acquires title to the Property, or any portion thereof, by foreclosure, trustee's sale, deed in lieu of foreclosure, or otherwise.

13.2. Mortgagee Not Obligated. City, upon receipt by City of a written request from a foreclosing Mortgagee, shall permit the Mortgagee to succeed to the rights and obligations of Developer under this Agreement, provided that the failure of Developer to pay any taxes or assessments is cured by the Mortgagee prior to such succession.

13.3. Notice of Default to Mortgagee. If City receives notice from a Mortgagee requesting a copy of any notice of default given Developer and specifying the address for service thereof, then City shall deliver to such Mortgagee, concurrently with service

thereon to Developer, any notice given to Developer with respect to any claim by City that Developer has committed an event of default. Each Mortgagee shall have the right during the same period available to Developer to cure or remedy, or to commence to cure or remedy, the event of default claimed set forth in the City's notice.

13.4 Certification Requested by Mortgagee(s). The City shall not unreasonably refuse to provide certifications if requested to do so by one or more Mortgagees so long as the terms of this Agreement are not materially altered thereby, and Developer is not in default under any term of this Agreement.

14. Severability. The unenforceability, invalidity or illegality of any provision, covenant, condition or term of this Agreement which is not material shall not render the material provisions unenforceable, invalid or illegal.

15. Relationship of City and Developer. It is understood that this Agreement is a contract that has been negotiated and voluntarily entered into by City and Developer and that Developer is an independent contractor and not an agent or employee of City. All persons employed or utilized by Developer in connection with this Agreement are employees of Developer and shall not be considered employees or agents of City in any respect. The Parties declare that the Project is a private development, and hereby renounce the existence of any form of joint venture, association or partnership between them, and agree that nothing contained herein or in any document executed in connection herewith shall be construed as making the City and Developer joint venturers, agents, associates, or partners.

16. Amendment or Termination. City and Developer, by mutual agreement may terminate or amend the terms of this Agreement, and the amendment or termination shall be accomplished in the manner provided under California law for the enactment of Incentive Agreement Amendments.

17. Transfers and Assignments. Excepting for Developer's rights to receive payments under Section 7.3 hereof ("Payment Rights") and the assignment, pledge or hypothecation thereof by Developer from time to time at Developer's election ("Assignment of Payment Rights"), neither party hereto shall assign or transfer any of its interests, rights, or obligations under this Agreement without the prior written

consent of the other party, which consent shall not be unreasonably withheld. Should Developer assign any of its interest, rights or obligations under this Agreement, it shall nonetheless remain liable for performance of the obligations for installation of public improvements and payment of fees. During the Term of the Agreement, Developer shall provide City with written notice of transfer of title (not including leases or ground leases) to the Property within sixty (60) days following each transfer. Each successor in interest to Developer shall be bound by all of the terms and provisions applicable to the portion of the Property acquired by it. This Agreement shall be binding upon and inure to the benefit of the Parties' successors, assigns and legal representatives. The only exceptions to these requirements for obtaining the City's consent are: (a) the Assignment of Payment Rights, and (b) the sale or lease of a subdivided parcel of the Property (i) upon which all public improvements are completed, all applicable fees paid, and all landscaping as required by the Conditions of Approval have been installed; or (ii) which is being sold or transferred to an affiliated or related company or entity of Developer, which is defined as a legal entity which is owned at least fifty percent (50%) by Developer, or which has as a majority of its general partners a majority of the general partners of Developer.

18. Agreement Runs with the Land. The terms of this Agreement and the Development Plan are legislative in nature, and apply to the Property as regulatory ordinances. All of the provisions, rights, terms, covenants, and obligations contained in this Agreement shall run with the land, be binding upon, and inure to the benefit of, the Parties and their respective heirs, successors and assignees, representatives, lessees, and all other persons acquiring the Property, or any portion thereof, or any interest therein, whether by operation of law or in any manner whatsoever.
19. Indemnification. Developer agrees to indemnify and hold harmless City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives from any and all claims, costs and liability for any injury or property damage resulting from the performance under this Agreement by the Developer, its contractors, subcontractors, agents, or employees, including but not limited to liabilities for failure to comply with applicable laws. This provision is intended to be broadly construed and extends to, but is not limited to, any challenge to the validity of

this Agreement or its passage, or approval by the City, City Council, Planning Commission or other advisory body.

20. Construction. This agreement is prepared and reviewed by legal counsel for both City and Developer, and no presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.
21. Force Majeure. Performance by either party shall not be deemed to be in default where delays or defaults are directly due to war, insurrection, strikes, lockouts, walkouts, riots, heavy floods, earthquakes, fires, casualties, acts of God, governmental entities other than City, or enactment of superseding state or federal laws or regulations. City and Developer shall promptly notify the other Party of any delay hereunder.
22. Nondiscrimination. Developer shall not discriminate, in any way, against any person on the basis of race, color, national origin, gender, sexual orientation, age, creed, religion or disability in connection with or related to the performance of this Agreement.
23. Notices. All notices required or provided for under this Agreement shall be in writing and delivered (a) in person, (b) sent by certified mail, postage prepaid, (c) sent by overnight delivery, or (d) sent via facsimile.

Notices required to be given to the City shall be given to:

City Manager
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Fax: 408-779-1592

With a copy to:

City Clerk
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037-4128

Notices required to be given to Developer shall be addressed as follows:

The Ford Store Morgan Hill, Inc.
17045 Condit Road
Morgan Hill, CA 95037
Phone:408-782-8201

Party may change its address by giving notice in writing to the other Party as specified in this provision. Notices shall be deemed given and received upon the earlier of personal delivery, or if mailed, upon the expiration of forty-eight (48) hours after being deposited in the United States Mail or on the delivery date or attempted delivery date shown on the return receipt, air bill or facsimile.

24. Duplicate Originals; Entire Understanding; Headings; Further Documents. This Agreement may be executed in duplicate originals, each of which is deemed to be an original. This Agreement constitutes the entire understanding and agreement of the Parties and supersedes all prior negotiations and agreements between the Parties. The headings in this Agreement are for convenience only, and shall not be used as an aid in interpreting the terms hereof. The Parties shall take all other actions and execute and deliver all other documents necessary or convenient to carry out the terms hereof and to fulfill the purposes and intent of this Agreement.

25. Exhibits. The following documents are referred to in this Agreement and are attached hereto and incorporated herein as though set forth in full;

Exhibit A,B,C-Legal Descriptions and Map

26. Recording of Incentive Agreement. Amendment or Cancellation. Within ten (10) days after all Parties have executed this Agreement, the City Clerk shall submit this Agreement for recording with the County Recorder assuming the Developer has acquired fee ownership of the Property. If the Parties or their successors-in-interest amend or cancel the Agreement, or if the City terminates or modifies the Agreement for failure of the Developer to comply in good faith with the terms or conditions of the Agreement, the City Clerk shall timely submit the notice of such action for recording action with the County Recorder.

27. No Third-Party Beneficiary. This Agreement shall not be construed or deemed to be an agreement for the benefit of any third party, and no third party shall have any claim or right of action hereunder for any cause whatsoever.

28. Governing Law; Legal Action. This Agreement shall be governed by the law of the State of California. All Legal Action regarding this Incentive Agreement shall be filed in the Superior Court of the County of Santa Clara, State of California.

29. Dispute Resolution. Any controversies between Developer and City regarding the construction or application of this Agreement, and claims arising out of this Agreement or its breach, shall be submitted to mediation within thirty (30) days after a written request of one party invoking mediation is served on the other party. The parties may agree on one mediator. If they cannot, the party demanding mediation shall request the Superior Court of the County of Santa Clara to appoint a mediator. The mediation shall not exceed eight (8) hours, unless an extension of time is mutually agreed to by both parties. The costs of mediation shall be borne equally by both parties. Mediation under this section is a condition precedent to filing an action in any court.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as follows:

CITY OF MORGAN HILL		The Ford Store Morgan Hill, Inc.
By:		By:
Christina Turner, City Manager		
ATTEST		
By:		
Michelle Bigelow, City Clerk		
APPROVED AS TO FORM:		
By:		
Donald Larkin, City Attorney		

Exhibit "A"
Legal Description-Parcel B
(Certificate of Compliance for Lot Line Adjustment)

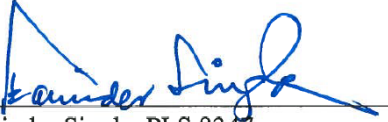
All that certain real property situated in the County of Santa Clara, State of California and being a portion of Parcel 1 and a portion of Parcel 2, said parcels as shown upon the Parcel Map for Lot Line Adjustment, recorded in Book 871 of Maps, Pages 14 through 16, on April 18, 2014, at the Office of the Recorder of Santa Clara County, and being more particularly described as follows:

Beginning at the northerly corner of Parcel 3 of said map, said point lying in the southwesterly line of Condit Road (a 60' wide public street), thence along said line of said street, N25°28'14"W, a distance of 335.52 feet; thence leaving said street, S64°31'46"W, a distance of 782.40 feet to the northeasterly line of Santa Clara Valley Water District, (said line as described in Director's Deed, Document No. 5336791, recorded July 14, 1976 at the said County Recorders), to the point of curve of a non-tangent curve to the right, of which the radius point lies S62°18'09"W, a radial distance of 6,000 feet; thence northeasterly along the arc, through a central angle of 03°12'17", a distance of 335.59 feet to the westerly corner of said Parcel 3, of which the radius point lies S65°30'26"W, a radial distance of 6,000.00 feet; thence leaving said District line, N64°31'46"E, a distance of 778.74 feet to the POINT OF BEGINNING, containing 261,361 square feet or 6.000 acres, more or less.

END OF DESCRIPTION.

See Exhibit "C" attached hereto and made a part hereof.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyor's Act.


 Harinder Singla, PLS 8347
 Expires: 12/31/2017

8-09-16
 Date

Prepared by the firm of MH engineering Company, Morgan Hill, CA

Exhibit "B"
Legal Description-Parcel A
(Certificate of Compliance for Lot Line Adjustment)

All that certain real property situated in the County of Santa Clara, State of California and being a portion of Parcel 1 and a portion of Parcel 2, said parcels as shown upon the Parcel Map for Lot Line Adjustment, recorded in Book 871 of Maps, Pages 14 through 16, on April 18, 2014, at the Office of the Recorder of Santa Clara County, and being more particularly described as follows:

Being all of Parcel 1 and all of Parcel 2 of said map, EXCEPTING therefrom the following 6.000 acres.

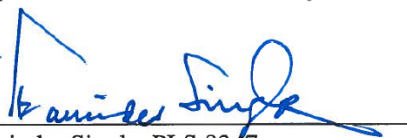
Beginning at the northerly corner of Parcel 3 of said map, said point lying in the southwesterly line of Condit Road (a 60' wide public street), thence along said line of said street, N25°28'14"W, a distance of 335.52 feet; thence leaving said street, S64°31'46"W, a distance of 782.40 feet to the northeasterly line of Santa Clara Valley Water District, (said line as described in Director's Deed, Document No. 5336791, recorded July 14, 1976 at the said County Records), to the point of curve of a non-tangent curve to the right, of which the radius point lies S62°18'09"W, a radial distance of 6,000 feet; thence northeasterly along the arc, through a central angle of 03°12'17", a distance of 335.59 feet to the westerly corner of said Parcel 3, of which the radius point lies S65°30'26"W, a radial distance of 6,000.00 feet; thence leaving said District line, N64°31'46"E, a distance of 778.74 feet to the POINT OF BEGINNING.

The resulting Parcel A contains 496,664 square feet or 11.402 acres, more or less.

END OF DESCRIPTION.

See Exhibit "C" attached hereto and made a part hereof.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyor's Act.


 Harinder Singla, PLS 8347
 Expires: 12/31/2017


 Date

Prepared by the firm of MH engineering Company, Morgan Hill, CA

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8-09-16

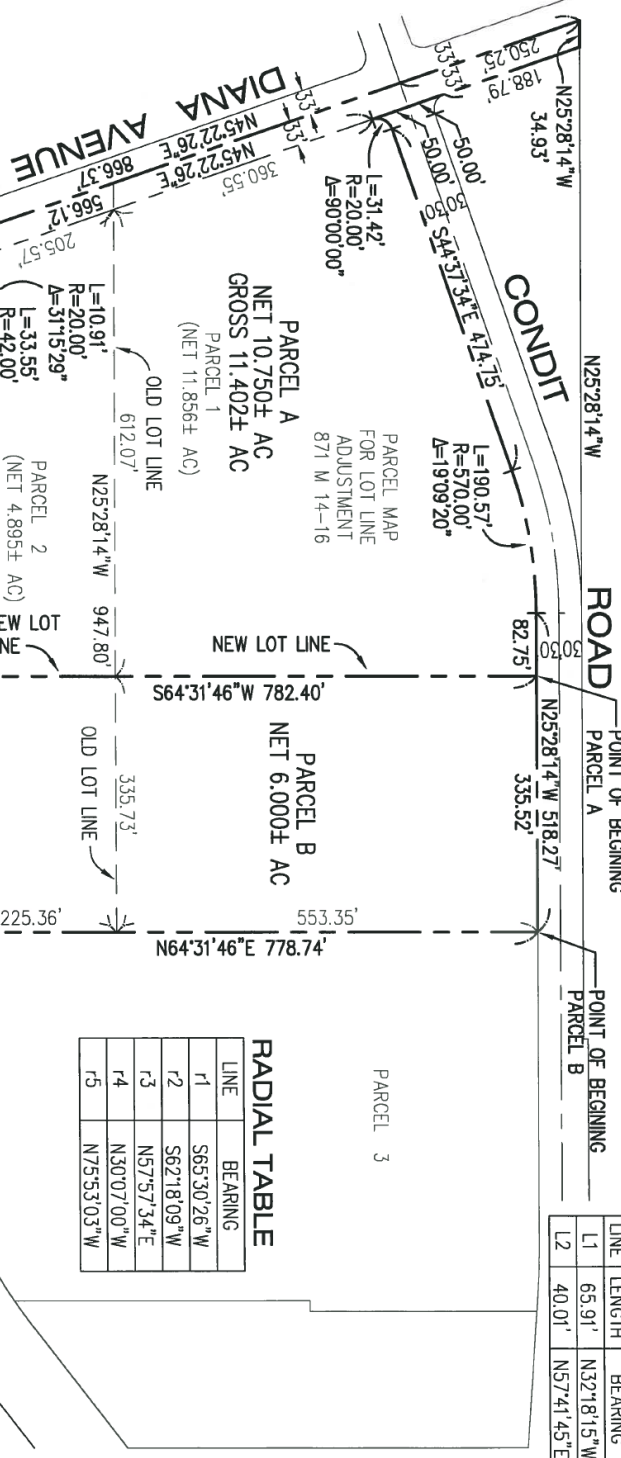
SCALE: 1"=200'



SOUTH VALLEY FREEWAY US 101

CITY OF MORGAN HILL
R.O.S. (733 M 46)

S.C.V.W.D. DOC NO. 5336791



LINE TABLE		
LINE	LENGTH	BEARING
L1	65.91'	N32°18'15"W
L2	40.01'	N57°41'45"E

RADIAL TABLE	
LINE	BEARING
r1	S65°30'26"W
r2	S62°18'09"W
r3	N57°57'34"E
r4	N30°07'00"W
r5	N75°53'03"W

LEGEND

AC ACREAGE
DOC. NO. DOCUMENT NUMBER
(r) RADIAL BEARING

BOUNDARY OF LOT LINE ADJUSTMENT
CENTER LINE
OLD LOT LINE

EXHIBIT "C"

PLAT TO ACCOMPANY LEGAL DESCRIPTION
FOR A CERTIFICATE OF COMPLIANCE
LOT LINE ADJUSTMENT

DRAWN BY: MM DATE: AUGUST 8, 2016

MH engineering Co.
16075 Vineyard Boulevard, Morgan Hill, CA 95037

216073

SHEET 1 OF 1



CITY COUNCIL/REDEVELOPMENT AGENCY MEETING STAFF REPORT

MEETING DATE: February 27, 2002

TITLE: Auto Dealer Sites and Strategy

RECOMMENDED ACTIONS: 1) Approve List of Potential Sites; 2) Adopt Auto Dealer Strategy (the "Strategy"); and 3) Direct Staff to Implement the Strategy.

EXECUTIVE SUMMARY:

Council directed that staff identify a strategy to encourage establishment of additional car dealerships as part of a larger economic development effort.

An auto dealer can potentially generate between \$200,000 to \$750,000 in annual sales tax revenues to the City.

To develop the strategy, staff worked to research and inventory suitable sites (see Attachment 1). Staff also retained an automotive retail consultant, Mark Sumpf with the firm RX&D to review these sites, identify "what auto dealers want," and provide direction as to which potential auto corporations and dealerships to pursue. Mr Sumpf confirmed that auto dealers look for the following in searching for a site: freeway location, good visibility for their vehicle displays, good accessibility, proximity to other auto dealerships, proximity to populations with higher incomes, proximity to retail with good retail buying patterns, and the ability to obtain adequate signage.

The prospective sites have been grouped into three areas: the Dunne Avenue - Area A, Tennant Avenue - Area B, and Cochrane Road - Area C (see map, Attachment 2). Based on input from the consultant, we ranked the three areas from most to least desirable as follows: Dunne Avenue, Tennant Avenue, and Cochrane Road. Since there is current interest in an Area A (most desirable) site, we wanted to receive direction as to whether this area is acceptable. The interested dealership has indicated that this is the only Morgan Hill site in which it is currently interested because of the existing infrastructure and shorter entitlement processing times associated with the site (as compared with other well-situated sites within the City). As part of our strategy, staff recommends that we wait to see if the current interest results in a project before referring other dealers exclusively to Area A. With the existing Chevrolet dealer and a new dealer, we could have two major auto manufacturers in town, and, with this, a significant marketing tool by which to attract additional dealers. If the deal falls-through, staff recommends that we remain flexible and refer prospective dealers to both Areas A and B. The first auto dealer that commits to one of these two areas would most likely establish the area for future referrals and site selections.

The strategy also recommends incentives guidelines and a marketing approach to attract dealers. Staff believes financial incentives will be necessary to attract new dealerships to Morgan Hill, as the land cost exceeds most auto dealers ability to pay. Staff would return to the Agency for approval of specific packages. The detailed auto dealer strategy is contained in Attachment 3.

FISCAL IMPACT: Potential for substantial sales tax revenues which would be partially off-set by incentive packages

Attachments

G:\City Clerk\StaffReports\BA&HS\autodealerstrategy.wpd

Agenda Item # 11

Prepared By:

Jane Mitchell
BAHS Manager

David J. J...
BAHS Director

Submitted By:

[Signature]
Executive Director

Attachment: 2002 Auto Strategy [Revision 1] (2783 : Incentive Agreement for New Automobile Dealership on Condit Road)

ATTACHMENT 1

AREA	Site Location	Size in ac.	Entitlements Required	Estimated Public Improvement Costs*	Site Attributes	Site Constraints
A	4 NWC Dunne/101	11.46	General Plan Amendment Zoning Amendment Amend PDP/Guidelines for >1 dealer Environmental Review Site & Arch Possible lot merger Uniform sign program	\$300,000	1 dealer already exists Could hold 1-2 new dealers Near retail In the Redevelopment Project Area	Interior location Access to the site Required off-site improvements Required entitlements Multiple property owners Ability to obtain adequate signage Proximity to residential area
B	5 NWC Tennant/101	43.33	General Plan Amendment Zoning Amendment Precise Development Plan/Guidelines Environmental Review Site & Arch Possible lot merger Uniform sign program	\$1,200,000	Freeway location Great visibility from Hwy 101 Good access to site Could hold several dealerships Partly in Redevelopment Project Area	Required off-site improvements Required entitlements Multiple property owners Ability to obtain adequate signage Proximity to residential area Less than 10 miles from Gilroy
B	6 SWC Tennant/101	28.53	PDP/Guidelines Environmental Review Site & Arch Possible lot merger Uniform sign program	\$900,000	Freeway location Good access to site Could hold several dealerships Distance from residential area Sub-regional commercial site	Not all of site is visible from Hwy101 Required off-site improvements Required entitlements Multiple property owners Ability to obtain adequate signage Less than 10 miles from Gilroy

* Public Improvement estimates are for order of magnitude purposes

h:\joyce\automall\SiteComparisonCondense.xls

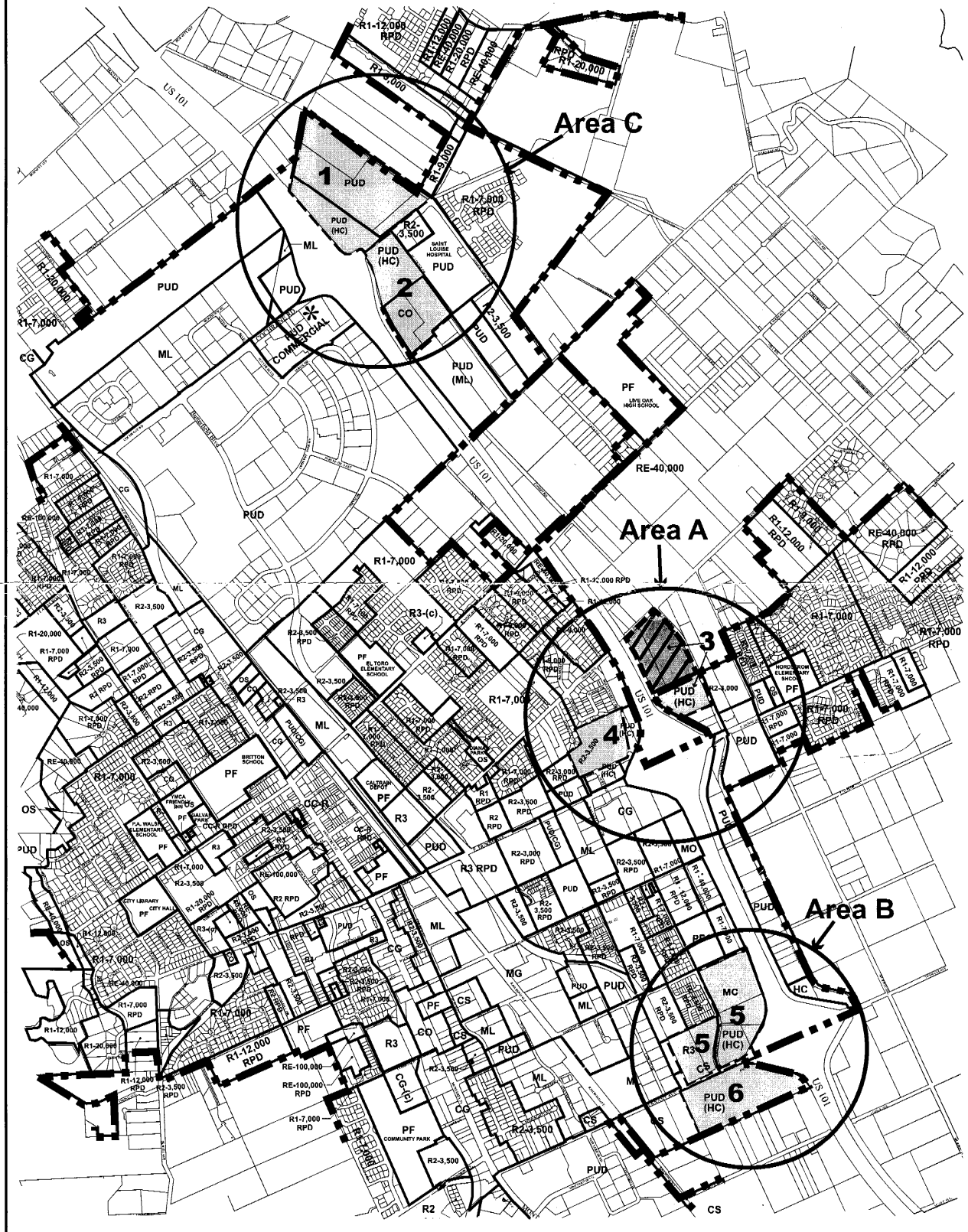
ATTACHMENT 1

STUDY ALTERNATIVES FOR AUTO DEALERS SITES
2/12/02

AREA	Site Location	Size in ac.	Entitlements Required	Estimated Public Improvement Costs*	Site Attributes	Site Constraints
C	1 NEC Cochrane/101	64.42	Precise Development Plan/Guidelines Environmental Review/possible EIR Site & Arch Possible lot merger Uniform sign program	\$2,400,000	Freeway location Good access to site Near retail Could hold several dealerships In the Redevelopment Project Area Distance from residential area Over 10 miles from Gilroy	Limited visibility from Hwy 101 Required off-site improvements Required entitlements On-site access Multiple property owners Ability to obtain adequate signage
C	2 SEC Cochrane/101	30.08	Zoning Amendment Precise Development Plan/Guidelines Environmental Review Site & Arch Possible lot merger Uniform sign program	\$1,000,000	Freeway location Good visibility from Hwy 101 Good access to site Near retail Could hold several dealerships Distance from residential area Over 10 miles from Gilroy Sub-regional commercial site	Required off-site improvements Required entitlements On-site access Multiple property owners Ability to obtain adequate signage
A	3 Condit, North of Holiday Inn	28.5	General Plan Amendment Zoning Amendment Precise Development Plan/Guidelines Environmental Review Urban Service Boundry Adjustment Annexation Site & Arch Possible lot merger Uniform sign program	\$1,000,000	Freeway location Great visibility from Hwy 101 Good access to site Near retail Could hold several dealerships	Required off-site improvements Required entitlements Multiple property owners Ability to obtain adequate signage Proximity to residential area Portion of site outside City limits

Study Alternatives for Auto Dealer Sites

City of Morgan Hill



 In the City Limits
 Outside City Limits
 - - - - - City Boundary

AUTO DEALER STRATEGY
February 2002

Attachment 3

Area/Site Prioritization

1. Prioritize the three key areas best suited for auto dealers in the following rank order: 1) the Dunne Avenue area, 2) the Tennant Avenue area, and 3) the Cochrane Road area.
2. Because the Dunne Avenue area is the premier area for automotive retail and since a dealership has an offer pending, concentrate on attracting this dealership to the Dunne area.
3. Work with the property owners of the prospective sites to determine their interest in selling to/leasing to auto dealers.

Marketing

1. If the interested dealership commits, send out marketing packages on the Dunne area sites to target auto corporations and dealers who may want a second store.
 - A. Packages to include, but not limited to:
 - 1) Cover letter;
 - 2) Narrative about Morgan Hill;
 - 3) Describe and depict trade area;
 - 4) List key retailers in town;
 - 5) Demographics (5 and 10 mile radius);
 - 6) Aerial photo;
 - 7) Information about the location and site;
 - 8) Sell Morgan Hill as a growing, wealthy bedroom community; list all our attributes; if available insert newspaper article touting a new dealership coming to town; and
 - 9) Highlight the site attributes of the recommended site(s).
 - B. Target the following automotive corporations (recommended by Mark Sumpf):

Acura	BMW	Lexus	Toyota
Audi	Honda	Mercedes	Volvo
2. If the interested dealership does not commit, send marketing packages to the targeted corporations and recommend the Dunne area and/or the Tennant area; since the area is less than 10 miles from Gilroy, keep the Tennant area in mind as possible location for entry-level luxury vehicles (i.e., brands not already represented in Gilroy).
3. Once an auto dealer commits to a site, focus on attracting others to that area.

Incentives Guidelines

1. Incentive packages are evaluated on a case-by-case basis for each dealer requesting assistance. They could be provided through either rebate of City Sales Tax or possibly direct use of Redevelopment Agency funds. The preference would be to use Redevelopment Agency funds to assist a project. However, changes to California Redevelopment Law in 1994 made it very difficult for Redevelopment Agencies to provide assistance to auto dealers unless: A) the dealer is located on a previously developed site within the project area or, B) the improvements funded or constructed by the Redevelopment Agency would have been constructed regardless of the auto dealer project. (With reference to the recommended auto dealer sites: Site No. 4 and portions of Site No. 1 and No. 5 are within the project area. Since these sites have not been previously developed, direct Agency assistance would be precluded.).
2. The assistance package would be based on the specific needs of an individual site. The following guidelines establish the parameters by which initial proposals would be reviewed and assistance potentially granted:
 - A. Consider the dealer's need for assistance, using National Auto Dealer Association (NADA) standards to evaluate a dealer's ability to pay for land and development costs, and the reasonableness of proposed land transactions;
 - B. Establish a minimum baseline for sales/sales tax revenues, which is not lower than the average sales of a particular brand in Northern California; consider reducing the baseline in early years to account for start-up costs;
 - C. Rebate sales tax on a minimum 50% split above the determined baseline;
 - D. Spread-out assistance over time, e.g. 10-year period; and
 - E. Whenever possible, use Redevelopment Agency funds to install of-site improvements of benefit to the project area; if Agency funds cannot be used, consider use of sales tax and provide direct assistance as a reimbursement for off-site improvements.
3. The provision of incentives could be structured as one or more of the following:
 - A. A ground lease; or
 - B. Operating covenants for a specified period of time; or
 - C. Reimbursement for public improvements.
4. Incentives could be offered to the first three dealers choosing to locate within the targeted area. This threshold could be increased on the discretion of the City Council.

Annexation

Work with the property owners of 19+ acre site on Condit (Mushroom farm and adjacent parcel) to annex it into the City; select PUD zoning and limit to motor vehicle sales uses.

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AUTO DEALER STRATEGY February 2002

Area/Site Prioritization

1. Prioritize the three key areas best suited for auto dealers in the following rank order: 1) the Dunne Avenue area, 2) the Tennant Avenue area, and 3) the Cochrane Road area
2. Because the Dunne Avenue area is the premier area for automotive retail and since Ford has an offer pending, concentrate on attracting Ford to the Dunne area.
3. Work with the property owners of the prospective sites to determine their interest in selling to/leasing to auto dealers

Marketing

1. If Ford commits, send out marketing packages on the Dunne area sites to target auto corporations and dealers who may want a second store.
 - A. Packages to include, but not limited to:
 - 1) Cover letter;
 - 2) Narrative about Morgan Hill;
 - 3) Describe and depict trade area;
 - 4) List key retailers in town;
 - 5) Demographics (5 and 10 mile radius);
 - 6) Aerial photo;
 - 7) Information about the location and site;
 - 8) Sell Morgan Hill as a growing, wealthy bedroom community; list all our attributes; if available insert newspaper article touting Ford coming to town; and
 - 9) Highlight the site attributes of the recommended site(s)
 - B. Target the following automotive corporations (recommended by Mark Sumpf):

Acura	BMW	Lexus	Toyota
Audi	Honda	Mercedes	Volvo
2. If Ford does not commit, send marketing packages to the targeted corporations and recommend the Dunne area and/or the Tennant area; since the area is less than 10 miles from Gilroy, keep the Tennant area in mind as possible location for entry-level luxury vehicles (i.e., brands not already represented in Gilroy).



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

PREPARED BY: Harjot Sangha, Assistant to the City Manager
APPROVED BY: City Manager

PROVIDE DIRECTION REGARDING NOVEMBER 2020 REVENUE MEASURE INITIATIVES

RECOMMENDATION(S)

Direct staff to:

1. Not pursue placing a revenue measure for November 3, 2020 ballot;
OR
2. Pursue placement of a local transactions and use tax and/or business license tax revenue measure on November 3, 2020 ballot.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Maintaining Infrastructure
Supporting Our Youth
Seniors
and Entire Community
Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Financial Sustainability

POLICY CONSIDERATIONS:

The COVID-19 pandemic's impact on the global and local economy, coupled with existing unfunded needs and the loss of revenues from the City's Residential Development Control System (RDCS), has negatively impacted the City's budgetary outlook in a substantial way, and a lot sooner than originally projected. While we were focused on addressing the existing unfunded needs and enhancing existing services, our focus has now shifted to be strategic in maintaining existing services. The City's leadership team continues to be strategic in its recommendations to adjust the expenditures to align with the reduced revenues, at the same time thinking strategically of ways to address the long-term fiscal sustainability challenge. While adjusting expenditures down to align with revenues is the immediate response/solution, it does and can have immediate and long-term impacts on the level of services received by the community. To ensure we can maintain service levels, the other side of the equation, the revenues, must also be reviewed and adjusted, which require a broader policy level discussion and support from the City Council and the community to institute.

REPORT NARRATIVE:

Background

The General Fund (GF) is the City's most visible fund, and one that Council has most discretion over. It accounts for key City services that residents depend upon for basic needs including police, fire, recreation, infrastructure maintenance, municipal governance, and administrative services (which support all these services). Recreation is the only one of the services supported primarily by user fees, and all the others depend on general tax revenues like property, sales, and transient occupancy taxes (TOT) to fund these services.

At the May 15 budget workshop, several City Council members expressed the need to review and pursue revenue measures and consider placing initiative(s) on the November 2020 ballot, since the need for such revenues is now more than ever.

On June 17, staff presented the City Council with the potential revenue measure options for November 2020 to include a Utility Users Tax (UUT) and/or Local Sales and Transaction use Tax (TUT), and to explore other funding approaches to include creation of a Citywide Community Facilities District (CFD) and or a Special Fire District (SFD). Council directed staff to continue reviewing all options and omit conducting a community polling. In addition, Council directed staff to also review the City's existing business license tax (BL) to modernize/update the existing structure and ordinance.

For the purposes of the November 2020 ballot, and taking account the tight timeline for actions and documents required by the County to place the initiative on the ballot, staff focused efforts on evaluating the UUT, TUT, and BL, and are sharing findings and recommendations in this report. Staff are continuing to explore the other two approaches, CFD and Fire District, and will present findings at a future Council meeting. For CFD, staff is working to identify a potential new development that would be a good fit and would be interested in participating in the CFD.

Findings

Utility User Tax (UUT): A tax imposed by a City on the consumption of utility services, including but not limited to, electricity, gas, water, sewer, telephone, sanitation, and cable television. Tax is generally levied by the City on the consumer of the utility services, collected by the utility company as part of its billing, and remitted to the City.

Recommendation: After further research, evaluation and discussion, staff does not recommend placing a utility user tax on the November 2020 ballot, as it is generally not popular amongst voters in Northern California (confirmed by polling firm) and are much more difficult to pass. In the November 2018 election, there were only 5 UUT initiatives placed, 2 extensions and 3 new/increases, the 2 extensions passed, and 3 new/increases failed. No UUT initiatives were placed statewide for November 2019 nor March 2020. For Morgan Hill, a UUT was placed on the 2008 ballot and the measure was supported by only 35% of voters. Further, if Council still wishes to pursue a UUT for the City of Morgan Hill, staff recommends considering this placement at a future ballot, so that staff has adequate time to carefully review and draft an ordinance which would serve the best interests for our community. Further, a UUT would likely face significant

legal and political opposition from telecommunications and other private utilities. More time would be needed to ensure that we could address those issues adequately.

Local Transaction and Use Tax (TUT): Under California law, transactions and use taxes may be approved locally and added to the combined state and local sales and use tax rate. The base statewide sales and use tax, currently at 7.25%, includes portions that go to the state general fund, to several specific state funds including some for local allocation and use, and to the cities and counties essentially based on the location of the purchase. In addition to the base sales tax rate, are district tax rates of 1.75%, which include various VTA measures to fund transportation and a County of Santa Clara retail TUT, for a total current Morgan Hill sales tax rate of 9%. Other cities, such as San Jose, Campbell, and Los Gatos, have enacted their own additional local TUT ranging from .125% to .25%. Per California Law, the combined district tax rate cannot increase more than 2%, without legislative approval. Since the existing County of Santa Clara and various VTA measures make up 1.75%, the remaining capacity available for Morgan Hill is 0.25%, which would generate approximately \$2.3 million annually.

Senate Bill (SB) 797, passed in 2017 authorizes Peninsula Corridor Joint Powers Board to levy a tax pursuant to the TUT law at a rate not to exceed 0.125% for operating and capital purposes of the Caltrain rail service. The bill also authorizes the Board to exceed the 2% limit described above. Caltrain is now considering placing the 1/8 cent (0.125%) sales tax on the November 2020 ballot for the 3 counties (San Francisco, San Mateo, and Santa Clara) which would generate approximately \$108 million/year for operation and capital needs. For Caltrain to place this on the ballot, it will need 7 agencies to approve, 3 counties board of supervisors (2/3rd board approval required), Valley Transportation Authority (VTA), San Francisco Municipal Transportation Authority (SFMTA), Caltrain and Transit District Board. County of Santa Clara will consider taking action on this item at its July 21 meeting. Caltrain's measure would require 2/3rd approval of all voters in the three counties. Caltrain's measure will not hinder the Morgan Hill's existing 0.25% capacity, as 2017 legislation, SB 797, already authorizes Caltrain to exceed the 2% limit.

Recommendation: Majority vote general taxes are generally preferred to special taxes by local governments and voters. If Council wishes to place a revenue measure on the November 2020 ballot, staff recommends placing a local transactions and use tax.

In November 2018, 53 cities and 5 counties placed a general-purpose add-on TUT ranging from 0.125% to 1.50%. 52 of the 53 were approved. In November 2019, voters in 9 cities considered a general-purpose add-on TUT ranging from 0.50% to 1%, all but one passed. In March 2020, voters in 30 cities considered a general-purpose add-on TUT, of which 21 passed.

In October 2019, City staff retained a professional research firm to poll the community for a possible revenue measure in 2020. The survey (Attachment 2)

evaluated the potential support for a quarter-percent (0.25%) increase to the sales tax in addition to a Community Facilities District (CFD). According to the survey results, informed support for 0.25% TUT for November 2020 was at 54%. Given the survey findings, the research firm recommended that the City of Morgan Hill consider moving forward with a general-purpose sales tax measure for the November 2020 election. Top priorities identified by the community were preserving 9-1-1 response times, fixing potholes and maintaining city streets, preserving and enhancing fire prevention and protection services, amongst other crime prevention and public safety services.

Business License Tax: Business operations tax, more widely known as business licenses tax, is imposed on persons or entities for the privilege of conducting business within the City and can be imposed as a general (50% +1 simple majority) or a special tax (2/3rd approval). Cities generally impose this tax for revenue-raising purposes or as a fee for regulatory purposes. Below are the two most common tax models used by cities to impose business license taxes. In addition, HdL Companies, the City's business license program administrator, has prepared a business tax analysis and ordinance review (Attachment 1). The report highlights that Morgan Hill generates one of the lowest per capita business license tax. Section 3 of the report outlines six different models to expand local funds.

Employee/Unit-Based: The City of Morgan Hill currently has an employee/unit-based tax structure generating approximately \$203,000 annually from approximately 3,500 registered businesses, and contracts with HdL Companies to administer its business license tax program. The current tax is levied at a minimum of \$20 and a maximum of \$2,828 for employees and taxable unit measures. The HdL report outlines three models under this current structure.

Model 1: which essentially maintains existing categories (fixed place, contractor, professional etc.) and adds a percentage base increase to the existing flat and employee/unit-based rates and would generate approximately \$253,000 to \$405,000 annually. The report also highlights an opportunity to expand the existing tax base. The City currently excludes residential property rentals where the total units are less than 4. The City could consider removing the unit exemption entirely and require all landlords to pay a tax. This would generate approximately an additional \$184,000 annually.

Model 2: Unified Employee and Unit Tax Rate – keeps the primary employee and unit-based and flat fee structure of the existing code but eliminates the category grouping and applies to all businesses within the City. While this option simplifies the method of implementation by eliminating categories, the fee structure remains inequitable. This model would generate approximately \$545,000 to \$729,000 annually.

Model 3: Classification Based Rates – This option would keep the primary employee/unit-based structure but with various tax rates based on

business types or categories. This model would also add square footage category for warehousing/distribution/storage to the existing categories. This model would generate approximately \$1 million annually.

Gross Receipts: Gross receipts tax structure commonly includes a scale method or the use of a standard rate multiplier to determine the tax amount. This model can be implemented as a standard rate applying to any business or one that can vary by business class. For example, many cities elect to charge \$1 per thousand dollars of gross receipts ($0.001 \times \text{Gross}$) for a retail business, while charging a rate of \$0.50 per thousand dollars of gross receipts ($0.0005 \times \text{Gross}$) for service or professional businesses. Since this method can result in \$0.00 returns or negligible amounts, most cities have a minimum tax or other method of ensuring a base tax. Cities can also create a base tax plus gross receipts rate. This allows for a minimum tax for businesses that generate gross receipts in excess of the base amount. There are two approaches to gross receipts structure, a single-rate or a classification based, and the HdL report outlines three models.

Model 4: Single Gross Receipts Rate – This model would convert the City's tax to a single rate type gross receipts model to include a base registration tax (minimum tax), plus gross receipts tax based on \$.50 or \$1 per thousand dollars of Gross receipts. The single rate method provides an even distribution of the effective tax rate because all businesses are subject to the same tax rate. This model would generate approximately \$1 million to \$1.5 million annually.

Model 5: Classification Based Gross Receipt Rates – This model would essentially be the same as model 4 to include a base registration (\$50) plus a gross receipts tax, but the gross receipts tax rate would create varying rate multipliers (ranging from \$1 to \$3 per thousand) for gross receipts depending on business classification/category. The City may for example, choose to implement a rate for the retail/wholesale/misc. business activities at a lower base rate, recognizing higher costs of goods sold and lower profit margins for these types of business as well as their contribution to other City revenues such as sales tax. Conversely, the City could consider implementing a higher rate for professionals and property rental. This model affords the most flexibility for increasing revenues while accommodating certain business categories. This model would generate approximately \$2.5 million annually.

Model 6: Gross Receipts and Employee Based Hybrid – The report also provides insight on a hybrid structure which is the most flexible and rather complex model and includes gross receipts, square footage, and employee based tax which would vary based on business classification/category. For example, professional services and contractors can be assessed based on # of employees, warehouses/distribution can be assessed based on square footage, and other general retail

businesses can be assessed based on gross receipts. This model would generate approximately \$1.9 million annually.

Recommendation: If Council wishes to move forward with placing a business license tax update measure on the November 2020 ballot, staff recommends moving forward with Model 3, as it maintains the existing tax structure, updates the rates and adds the category for warehouses/storage to be assessed based on square footage, aligning with the Council's expressed interests while creating an equitable outcome for the business community. Administratively, this model would have the least impact in implementing and administering. Transition to a gross receipts model would likely require the City to invest additional resources to administer and or audit businesses for compliance on an ongoing basis.

Next Steps

As outlined in the specific recommendations above, of the three November 2020 ballot options (UUT, TUT, BL), staff recommends only considering TUT and or BL for placement on the November 2020 ballot.

Should the City Council elect to proceed with placing a measure on the ballot, staff will return to Council with the appropriate action items necessary to place the measure on the November 2020 ballot to include ordinances, resolutions, and budget adjustments.

It is important to note, if a revenue measure is placed on the November 2020 ballot, it is critical that the City Council and the community take up the education, advocacy, and campaigning of such measure(s). The City, including staff, cannot engage in any campaign activities, other than providing factual valid information regarding the measure.

COMMUNITY ENGAGEMENT: Inform, Involve, and Empower

This report serves to inform the community about the potential revenue generating measures which can be placed on the November 2020 ballot. If Council decides to move forward with placing a revenue measure on the November 2020 ballot, staff will begin communicating with the residential and or business communities.

ALTERNATIVE ACTIONS:

Council could direct staff to place one (TUT or BL), both (TUT and BL), or none of the initiatives on the ballot. Council could also direct staff to place a UUT measure on the ballot.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 17, 2020, City Council received a report on potential revenue measures for November 2020 and other funding approaches.

FISCAL AND RESOURCE IMPACT:

Election cost for a potential ballot measure is estimated at \$56,520/each. This cost is not included in the adopted budget. Should the City Council elect to proceed with

placing a measure on the ballot, staff will return to Council with the appropriate resolution and budgetary action items necessary to place the measure on the November 2020 ballot. The deadline for the City Council to adopt a resolution to place a measure on the November 2020 ballot is August 5, 2020, which is due to the Registrar of Voters on August 7, 2020.

Resource:

The anticipated staff work with a revenue measure is significant. Gratefully, the work of staff to educate the public is reduced by the members of the Engage Morgan Hill Community Advisory Group who are committed to doing much of the heavy lifting around public education and advocacy. In addition, City Council support, public education and campaigning will also be critical.

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.

LINKS/ATTACHMENTS:

1. HdL Tax Analysis Report
2. October 2019 Polling Results



Business Tax Analysis and Ordinance Review
Report Date: July 1, 2020

Draft Version 1.3

Attachment: HdL Tax Analysis Report (2809 : Revenue Measure Follow-Up)

Prepared By:

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Executive Summary

Background

For the purpose of providing locally-controlled funding for essential services, the City of Morgan Hill (City) requires that a business license be obtained by all businesses operating within the City and that a business license tax be paid. This requirement is established through Chapter 5.04 (Business Tax, License and Regulations) of the Morgan Hill Municipal Code (MHMC). In an effort to identify methods of generating additional local funds and to garner efficiencies of process by modernizing the code, the City commissioned the HdL Companies (HdL) to prepare this report that analyzes the relevant code sections and provides certain recommendations to address the City's stated goals listed on **page 5**.

Report Structure & Methodology

This report is divided into the following three sections:

Section 1 – Pages 6 – 13

This section details the City's current revenues and tax structures, as well as those of select comparison jurisdictions. In developing the analysis for section 1, HdL reviewed the data provided by the City and extrapolates detailed and summary level data including but not limited to:

- Year to year (YTY) revenue comparisons
- Percent change YTY for business license and sales tax
- Revenue contribution by business category
- Detailed rates charged for surrounding jurisdictions

Section 2 – Pages: 14 – 19

This section is devoted to a review of the City's code section (Chapter 5.04) related to business licensing, in order to identify potential favorable modifications the City may wish to consider implementing, considering factors including:

- Compliance with State law and City
- Potential conflicts with operational practices
- Areas to modernize code language
- Impact on staff efficiency
- Areas not in line with best practices of California municipalities
- Potential loopholes or revenue leaks

Section 3 – Pages: 20 –34

This section describes four (4) potential changes to the tax structure and how those scenarios might impact the City and its business community. The primary factors considered include:

1. Increased fairness and equity in rates for local businesses
2. Simplification of the tax structure
3. Increased revenues to the City
4. Increased efficiency for City operations

Section 1 - Summary & Findings

The data in section 1 shows the City has experienced relatively decline in revenues from business licenses since 2015. This is primarily due to the nature of the current rate structure. The details from surrounding jurisdictions can help the City make informed decisions on rate changes while ensuring that any potential modification keeps the City competitive and does not encourage flight to neighboring jurisdictions.

Section 2 - Summary & Findings

A review of the City's current ordinance language revealed seven (7) code sections that would benefit from modification or further review. The majority of the recommendations focus on reducing the regulatory burden on the business license process and creating clarity and efficiency of the process. Each section under review has been listed in its entirety along with an overview of the section and the recommended changes. The table below indicates the code sections addressed in Section 2.

<i>5.04.020 - Application</i>	<i>5.04.190 - License—Home occupations—Required</i>
<i>5.04.030 - Issuance or refusal to issue license</i>	<i>5.04.200 - License Tax and Fees —Interstate commerce—Exempt</i>
<i>5.04.040 - Revocation</i>	
<i>5.04.045 - Fee</i>	
<i>5.04.160 - Refund of tax payment upon denial of license</i>	

Section 3 - Summary & Findings



Five (5) different options were explored to reach the City's goals of expanded local funds, tax equity for local businesses, and streamlined/simplified filing processes. Each of the five (5) options for modifying the tax structure provide increased revenues to the City while striving to create an equitable outcome for the business community by not placing the burden of increased rates solely on any individual category.

The Employee Based Option provides solutions for keeping the City's existing employee-based tax structure. Model 1, presented on **page 22**, takes the City's existing MHMC and rate structures and simply adds a percentage base increase to the existing employee and flat based rates. Additional models are provided to reflect alternative ways the City could model an employee-based tax structure.

As indicated on **pages 22 - 24**, these employee-based models provide the following potential revenue impact.

	Number of Accts	Current Taxes	Model 1 Revenue	Model 2 Revenue	Model 3 Revenue
TOTALS >	3,520	\$202,531	\$405,061	\$728,840	\$992,080

*For the purpose of this study, the City's tax revenue was estimated and does not reflect the actual 2019 generated from business tax revenue.

The Gross Receipts Option has three models outlined on **pages 24 - 30** which restructure the City's current MHMC and provide for a single gross receipts model rather than the current employee/unit method. This would eliminate the need for multiple types of reporting variables and simplify the tax rates by no longer maintaining a complex rate schedule.

This option represents the best solution for increasing revenues and addressing long term growth; however; it also proves to be the most complex solution to implement as significant adjustments would be needed to the code. In addition to the expanded revenues, the gross receipts method provides a more equitable tax rate as all businesses pay a tax on the amount they earn, rather than a fixed amount regardless of gross receipts. The gross receipt model provides annual revenue in excess of \$1.13 million depending on the final rates selected by the City.

	Current Taxes	Model 4 Revenue	Model 5 Revenue	Model 6 Revenue
TOTALS>	\$202,531	\$1,054,918	\$2,543,985	\$1,850,787

The Tax Expansion Option found on **page 31** provides options for expanding the tax base to business types not currently taxed by the City. This includes taxing all businesses that rent residential properties of three (3) units or less and businesses that rent commercial properties regardless of the type or number of units.

	Current Taxes	New Revenues
TOTALS >	\$202,531	\$183,700

Introduction: Business License Tax Analysis & Ordinance Review

Project Overview

The City of Morgan Hill has contracted with HdL to analyze the current ordinances and tax structures as they relate to business tax and make certain recommendations and changes to accomplish specific goals of the review.

HdL has compiled data from the City, State, County, and other 3rd party sources for use in the analysis and estimates contained within the report. As the data may have come from 3rd parties, the data cannot be certified by HdL and should be treated as estimates and not actual values.

Specific Goals

The City has identified the following key goals that will be addressed in this report.

1. Review current ordinances for any items that require updating including business classifications, definitions, and overall modernization of current structure to promote fairness for local businesses.
2. Review the tax structure and explore the impact of modifying the rates to increase local funds.

Report Sections

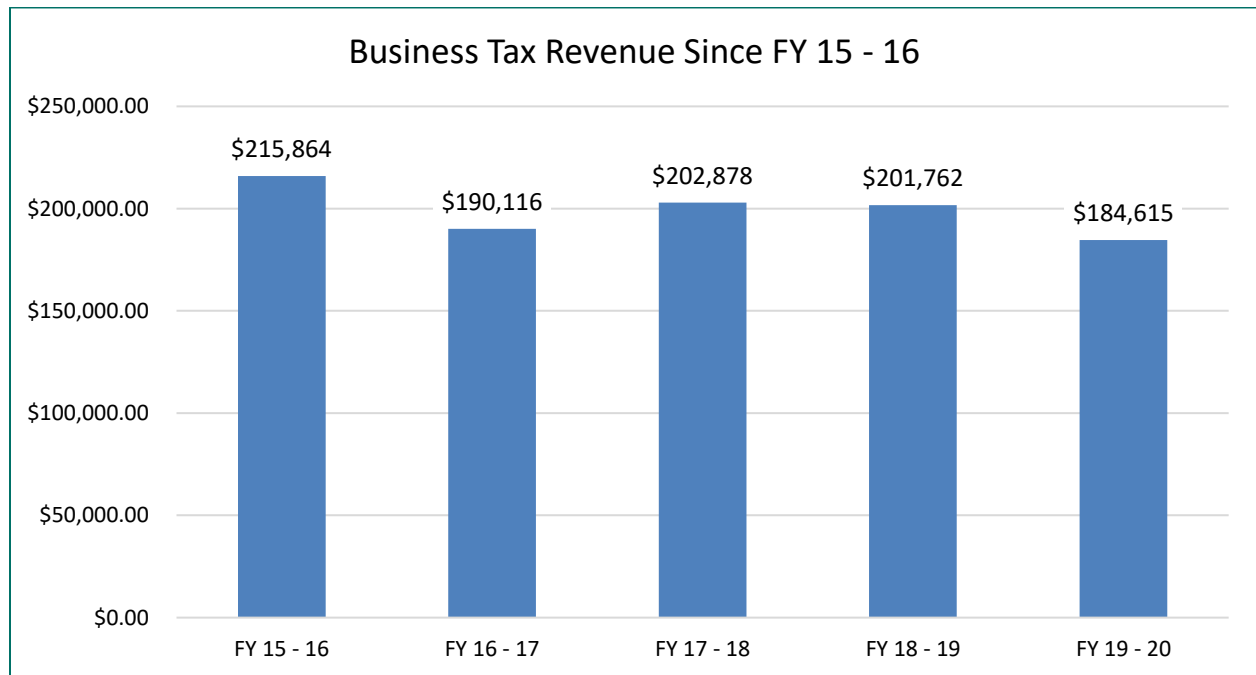
The report is divided into three sections designed to simplify the review process. The first section will provide background, data analysis, and other comparative information for reference and use in recommendations and impact sections. The second section will cover the review of the current ordinance and identify potential changes that may facilitate the City's stated goals as well as enhance operations for the City. The final section will cover proposed rate modifications and the potential impact of those changes. Additional items requested by the City, and information or recommendations not covered elsewhere in the report, can be found in the additional information section at the end of this report.

Section 1: City of Morgan Hill & Comparative Jurisdictions

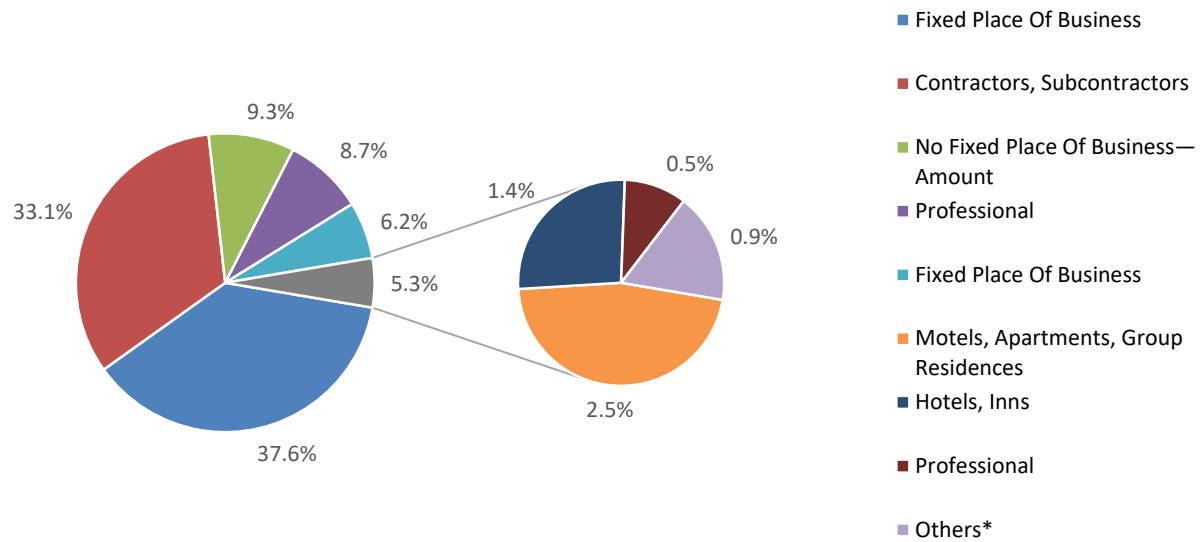
City of Morgan Hill Business Tax Analysis

The City's business tax has been authorized and is administered in accordance with Chapter 5.04 of the MHMC. The last time ordinance was updated or modified was in 2010. The City currently issues approximately 3,520 business licenses annually and over the last five years has generated on average \$200,000 business license tax revenues per fiscal year.

For the purpose of this study, estimates will be based on \$202,531 of business tax revenue. The current tax is levied at a minimum of \$20 and a maximum of \$2,828 for employees and taxable unit measures.

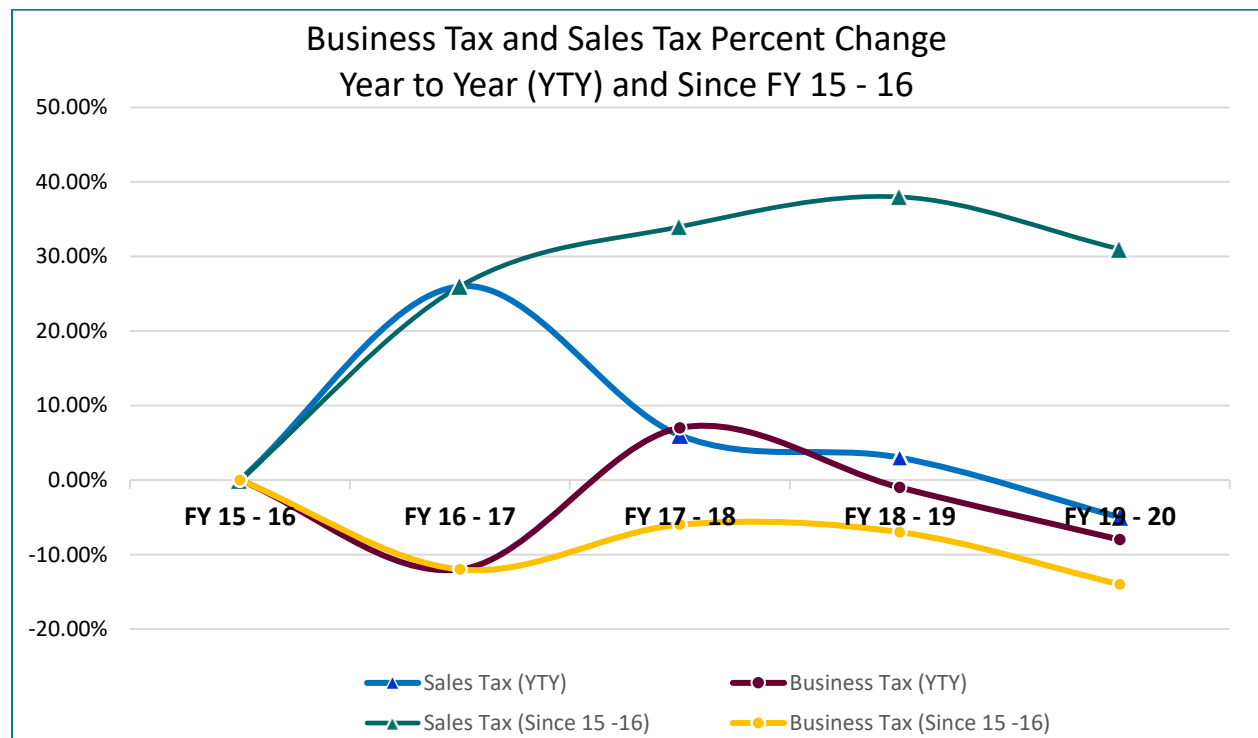


Morgan Hill FY 19 - 20 Business License Tax Revenue Generators by Category



* Rates includes in order of tax revenue: Bowling Alley, No Fixed Place of Business – Vehicles, Firearms, Peddlers/Street Venders, and Theatres.

Business Tax and Sales Tax Percent Change Year to Year (YTY) and Since FY 15 - 16



The chart above shows the percentage change for the Cities Sales Tax and business tax since FY 15-16. Sales tax generated is a strong indicator of the dynamics of local commerce. Generally, percentage change of the sales tax and business tax are trending in similar direction over the past 5 years.

City of Morgan Hill: Business Tax - Rate Schedule Summary

The below referenced schedule of fees including, but not limited to, per employee fees & minimum tax.

Category	Code Sec.	Number of Accounts	Taxable Empl./Units	Tax Revenue	Tax Rate
<i>Fixed Place Of Business</i>	5.04.370	1,607	13,056	\$88,571	Base Tax = \$20 plus, Each add'l. FT Empl. After 2 = \$6 per Each add'l. PT Empl. After 2 = \$3 per
<i>No Fixed Place Of Business— Amount</i>	5.04.380	421	462	\$18,823	\$45 per business
<i>No Fixed Place Of Business— Vehicles</i>	5.04.390	8	8	\$540	\$45 per vehicle
<i>Animal Rides</i>	5.04.400	0	0	\$0	\$6 daily with a maximum of \$200
<i>Auctioneers</i>	5.04.410	0	0	\$0	\$60 semiannually
<i>Auto Trailer Courts</i>	5.04.420	0	0	\$0	Base Tax = \$15 plus, \$3 per Space
<i>Bowling Alley</i>	5.04.430	1	17	\$890	Base Tax = \$30 plus, \$10 per Lane
<i>Circuses, Carnivals And Other Shows</i>	5.04.440	0	0	\$0	\$275 daily
<i>Contractors, Subcontractors</i>	5.04.450	1,163	1,183	\$67,022	\$60 per annually
<i>Hotels, Inns</i>	5.04.460	15	15	\$2,870	Base Tax = \$15 plus, \$3 per Room for Rent
<i>Motels, Apartments, Group Residences</i>	5.04.480	60	60	\$5,010	Base Tax = \$15 plus, \$3 per Apartment/Room for Rent
<i>Occult Sciences</i>	5.04.490	0	0	\$0	\$60 per business
<i>Peddlers, Street Vendors</i>	5.04.500	2	2	\$120	\$60 semiannually
<i>Professions</i>	5.04.510	241	1,318	18,585	Base Tax = \$60 plus, Each add'l. FT Empl. After 2 = \$5 per Each add'l. PT Empl. After 2 = \$2.50 per
<i>Signboards</i>	5.04.520	0	0	\$0	\$10 per signboard
<i>Skating Rink</i>	5.04.530	0	0	\$0	\$100 per business
<i>Theaters</i>	5.04.540	2	25	\$100	If providing up to 500 seats Tax is based on 5.04.370 If providing more than 500 seats Tax is \$200 annually
<i>Vending Machines</i>	5.05.550	6*	159**	\$2,700***	
<i>Amusement Devices</i>	5.04.560		33		\$40 per device operated
<i>Jukeboxes, Music Machines</i>	5.04.570		7		\$30 per device operated
<i>Pinball Machines</i>	5.04.580		1		\$60 per device operated
<i>Vending Machines</i>	5.04.590		118		\$10 per device operated

*Number of businesses that solely operate vending machines.

**Number of total vending machines in the City.

*** Total Tax collected from vending machines in the City.

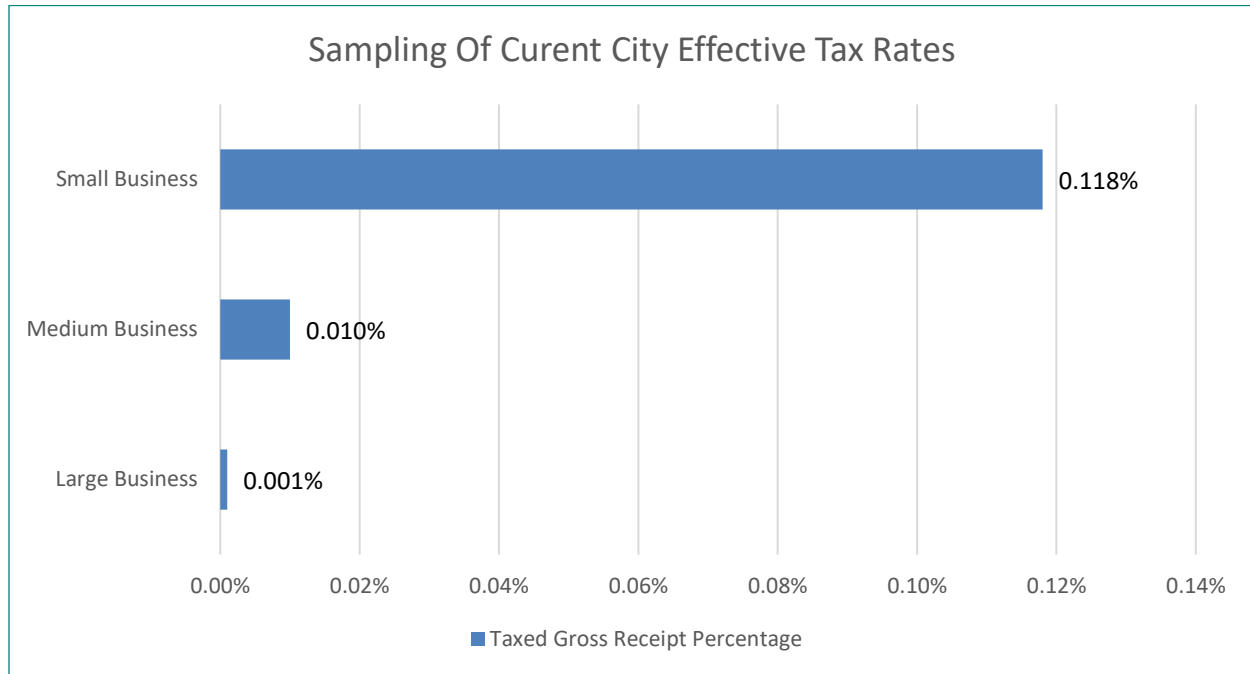
Attachment: HdL Tax Analysis Report (2809 : Revenue Measure Follow-Up)

City of Morgan Hill: Business Tax - Average Effective Tax Rates

Overview

The City measures the business tax on number of employees or number of units. As with many tax structures that use employees and units, the current method of taxation creates a regressive tax rate. This means the effective tax rate on a business decreases as the size of a business increases. As a result, certain businesses pay over a 100 times the effective tax rate of other businesses. Even those within the same industry can see variances of five (5) or six (6) times a similar business.

The chart below uses small, medium, and large business comparisons based on the current tax structure range. Gross receipts were estimated when not available, to calculate the effective tax rates.



Comparison Cities: Similar and Surrounding Jurisdictions

Comparison Cities Summary Table*

City Name	Population	Businesses	Tax Type	Min Tax	Est. Revenue	Last Ord. Revision
Campbell	41,544	5,000	Employee	\$71	\$750,000	2019
Cupertino	64,443	1,829	Sqft/Flat	\$146	\$600,000	1992
Foster City	33,693	3,714	Gross Receipts	\$100	\$1,764,875	2013
Gilroy	57,664	3,500	Gross Receipts	\$30	\$700,000	2019
Los Altos	30,743	1,600	Employee	\$38	\$500,000	2019
Los Altos Hills	8,580	1,812	Flat Fee	\$60	\$271,800	2018
Los Gatos	30,988	10,113	Flat Rate/ Gross Receipts	\$75	\$1,526,894	1997
Milpitas	80,430				\$500,339	
Millbrae	23,154	3,722	Employee/ Gross Receipts	\$27	\$381,177	2004
Mountain View	83,377	3,433	Employee	\$75	\$2,600,000	2018
Palo Alto	67,178	1,740	Flat Fee	\$50	\$94,000	2019
San Jose	1,051,316				\$70,673,106	
Santa Clara	128,717	12,485	Employee	\$15	\$1,100,000	2014
Saratoga	31,407				\$424,854	
Sunnyvale	155,567	9,666	Employee	\$38	\$1,769,852	2018

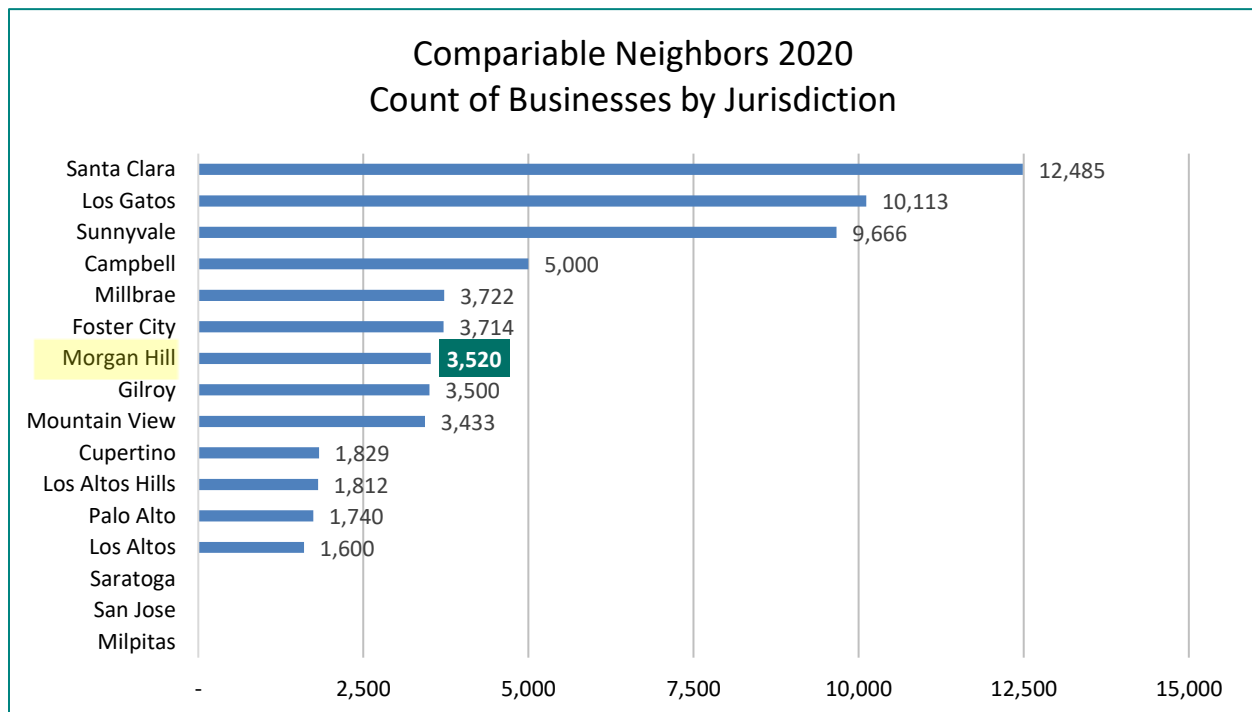
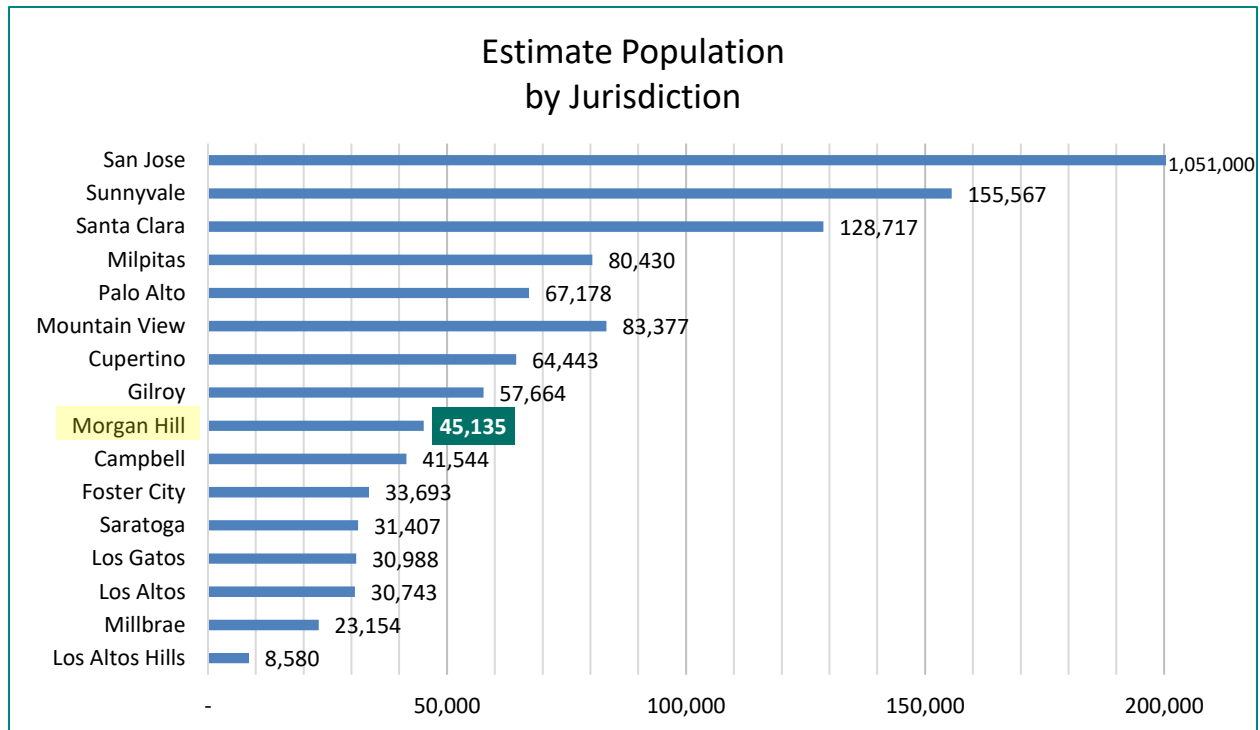
*The table above contains data available at the time of the study.

Detail Comparisons

The Comparison Details for select neighboring jurisdictions can all be found in the Addendum. The list below provides the name of each jurisdiction and the corresponding page number.

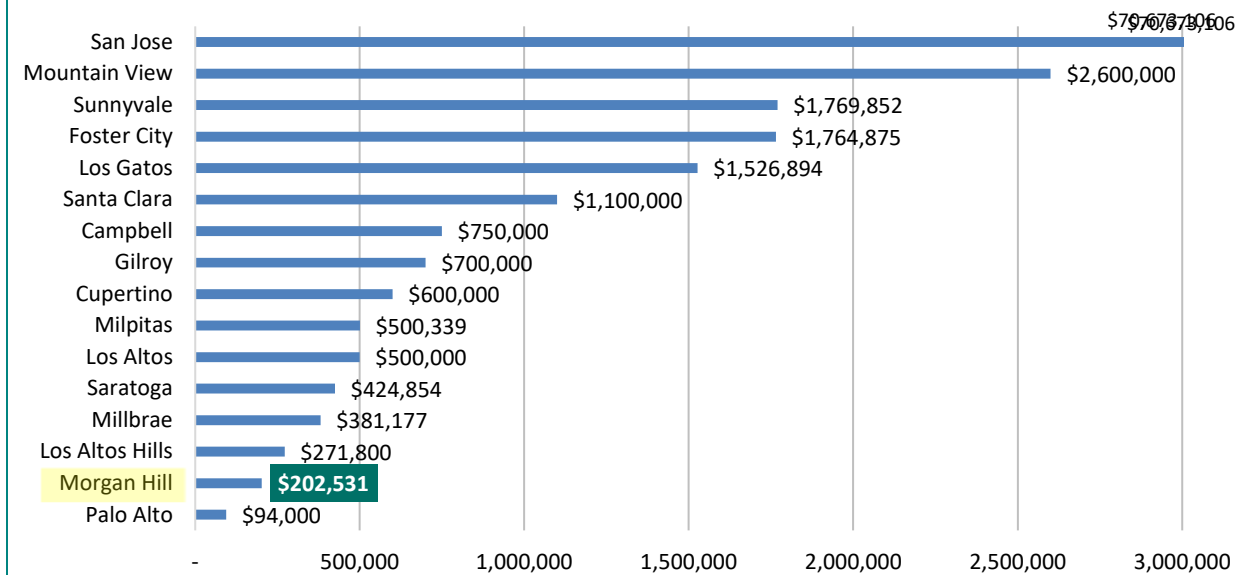
- | | |
|------------------------|---------|
| 1. City of Campbell | Page 37 |
| 2. City of Foster City | Page 39 |
| 3. City of Gilroy | Page 40 |
| 4. Town of Los Gatos | Page 42 |
| 5. City of Millbrae | Page 45 |
| 6. City of San Clara | Page 47 |

Comparison Cities Charts

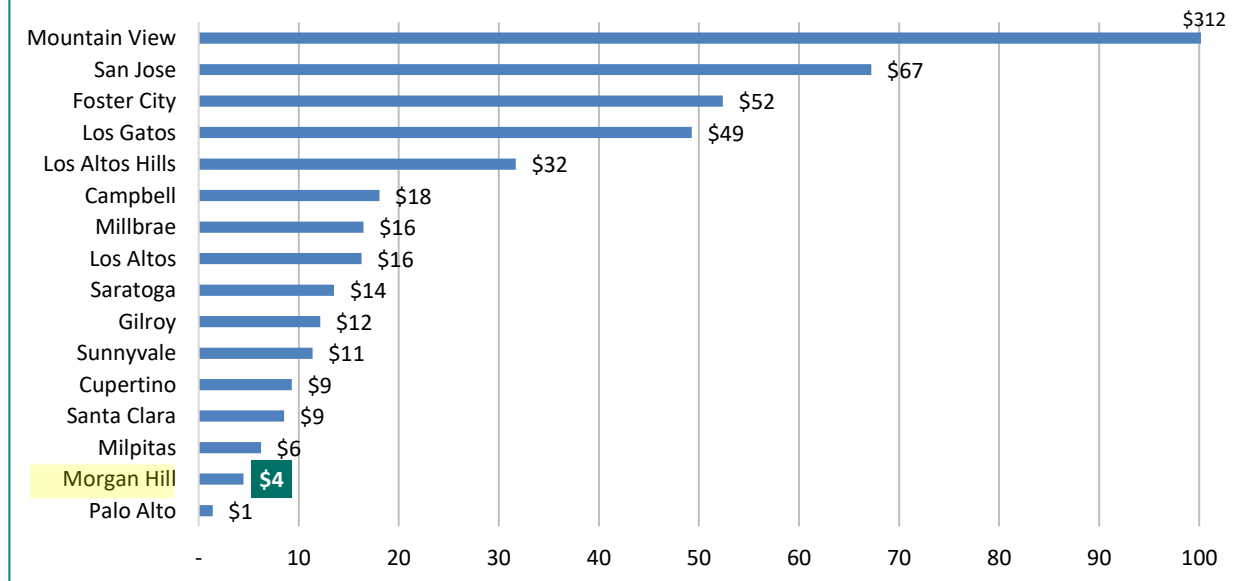


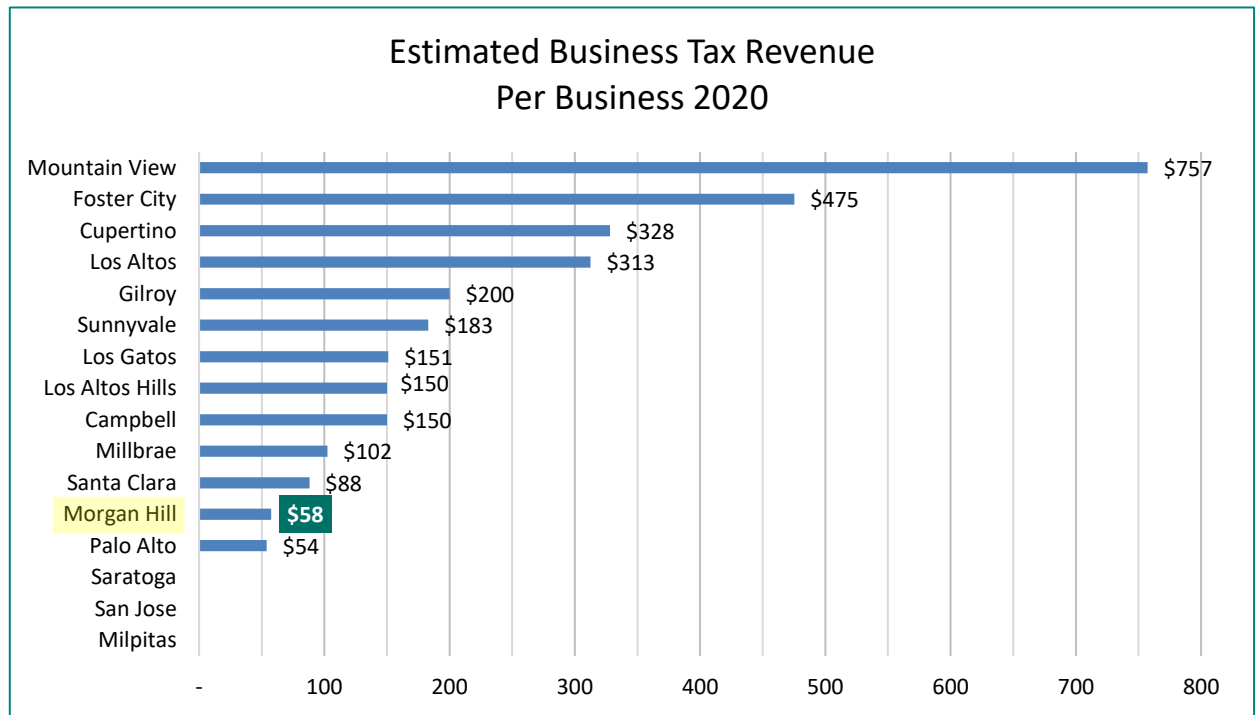
The table above contains data available at the time of the study.

Approximate FY 19-20 Business Tax Revenue by Jurisdiction



Estimated Business Tax Revenue Per Capita 2020





The table above contains data available at the time of the study.

SECTION 2: Ordinance Modification Options

Objective – General Review

City business tax ordinances typically fall into either a regulatory or revenue generating category, meaning simply that the ordinance is either intended solely to raise revenues or to regulate the activities of businesses conducted within the jurisdiction. The City of Morgan Hill's ordinance has a declaration of the purpose of revenue; however, as discussed later in this document, can in some instances apply regulatory provisions.

During the review, HdL analyzed key sections of the ordinance and have identified the following areas that may require additional review or action. This preliminary review is based on existing code and rate structures, and should the City elect to make significant modifications, additional review may be required and ultimately the City may be better served with an entire rewrite.

The information and recommendations provided in this report are based on the experience of HdL providing business tax services to California jurisdictions and is not intended as legal advice.

5.04.020 - Application.

“A. Every business required to have a license under the provisions of this chapter shall make application therefore on such forms as maybe prescribed by the license administrator. Every business license applicant shall submit information in its application describing each business license location and type of business activity conducted at each location that is operated by the applicant.

B. Every applicant must disclose on its application any and all prerequisite approvals. The applicant must supply evidence satisfactory to the permitting agencies of the city that the applicant possesses all such prerequisite approvals.

C. The permitting agencies of the city shall be notified of each application for business license and shall verify that the applicant possesses all prerequisite approvals issued or processed by each city department.

D. Any business that transacts or carries on any business activity, contracts, sells or delivers any goods, wares or merchandise in this city for which sales or use tax is payable and is required to report any payment of sales and use tax to the state shall obtain a California State Board of Equalization license and must furnish the sales tax number on the business license application.”

Overview

This section establishes policies for initial application of the business license. Many of these provisions are regulatory in nature, and can be interpreted as to prevent businesses from opening that are prevented by some other local ordinance such as zoning, etc.

Recommendation

The City should consider modifying the language to clarify them as check points rather than official prerequisites or roadblocks to licensure.(see also below section 5.04.030)

5.04.030 - Issuance or refusal to issue license

“A. All applications made pursuant to Section 5.04.020 for the issuance of a license are to be referred to the license administrator of the city, who shall have the power to determine the merits of such applications and to approve or reject the same.

B. An application may be denied if any permitting agency determines that the applicant for a license has applied for the license by misrepresentation, refused to complete all portions of the license application, or has failed to comply with one or more of the specific provisions of this chapter or any other ordinance of this city.

C. Furthermore, a business license application may be denied if any permitting agency determines, based upon substantial evidence, that the applicant has not obtained or does not currently hold each and every one of the prerequisite approvals, or alternatively, that the application did not identify certain required prerequisite approvals which the applicant does not have.

D. Within ten days of the date of notice of the denial of an application, the applicant may request in writing a hearing with the license administrator. The applicant shall file a written request for a hearing which states the specific grounds on which the denial of the license is contested. Within ten days of the date of the notice of the license administrator's decision after the hearing, the applicant may appeal the decision of the license administrator to the city manager by filing with the city manager's office a notice of and grounds for appeal.”

Overview

Similar to the section notated above (5.04.020), this section provide the City with ability to refuse to issue licenses in certain situations, such as failing to comply with other local ordinances.

Recommendation

HdL recommends removing the language preventing licenses from being issued. Since the City has a revenue/tax ordinance, placing a regulatory function is counterintuitive and not in line with best practices in California business taxes. Additionally, these items are redundant, as the respective code sections, such as zoning, already make the action illegal. In general, as discussed further in this document, it is preferred to treat the license as a receipt for payment of taxes, and not as an instrument granting approval to operate.

5.04.040 - Revocation.

“A. business license may be revoked if the license administrator determines, based upon substantial evidence, that the holder of a license has obtained the license by misrepresentation or has failed to comply with one or more of the specific provisions of this chapter or any other ordinance of this city.

B. Furthermore, a business license may be revoked if the license administrator determines, based upon substantial evidence, that the licensee has not obtained or does not currently hold each and every one of the prerequisite approvals, or alternatively, that the licensee did not identify, on the application, certain prerequisite approvals that the licensee does not have.

C. Within ten days of the notice of the revocation of a license, the license holder may request in writing a hearing with the license administrator. The applicant shall file a written request for a hearing which states the specific grounds on which the revocation of the license is contested. Within ten days of the date of the notice of the license administrator's decision after the hearing, the applicant may appeal the decision of the license administrator to the city manager by filing with the city manager's office a notice of and grounds for appeal”

Overview

This section provides for the authority to revoke a business license.

Recommendation

As with the 2 prior sections, HdL recommends removing or substantially altering this section. In addition to the reasons stated above (5.04.030), revocation serves no further purpose since it should not be seen as granting “permission” to operate. Any violation which would serve to justify a revocation, would already be subject to the penalties prescribed for that actual violation. Revoking the license only serves to work contrary to the intent of the code.

5.04.045 - Fee.

“The city council may establish by resolution fees to cover costs reasonably borne by the city to administer and enforce the regulations and programs established under this Article I, which fees shall be paid by the applicant with the filing of the application whether or not such applicant is exempt from paying the taxes under Article III.”

Overview

This serves as a cost recovery mechanism for the City to pass fees on (separate from the tax) to the businesses in order to cover administration costs borne by the City.

Recommendation

The City should consider investigating the timing of this code provision and whether it does not predate any voter approval requirements or may run afoul of any recent case law (specifically the case involving the City of San Diego) which may prevent cities from charging fees to cover costs of a tax program. If it is deemed untenable, the City should eliminate the provision, or more clearly define the provision should a new tax measure be brought to vote.

If it is deemed valid, the City should consider reviewing certain costs which may be able to fall under this section. An example is processing or collection fees charged by third party vendors to enforce the code. Those could be added to tax bills, eliminating the City's costs for additional enforcement..

5.04.160 - Refund of tax payment upon denial of license.

"If the license administrator determines to deny the application pursuant to Section 5.04.030, the tax, but not fees, will be returned to the applicant"

Overview

This section provides for the refund of any taxes paid if a license is denied.

Recommendation

This section could be eliminated if the City removes the denial language as indicated previously in this report. If City continues with the existing language, the section should be modified by only allowing a tax refund if the business did not start to operate prior to the license. This is because the moment the business opened, it owed the tax and is not due a refund whether they have a license or not. Furthermore, a business automatically gets a refund if they never opened their business, as the tax was never owed in the first place, so the language in some ways is not needed.

Additionally, this section should be expanded to make clear that no refund will be given to businesses that close mid-cycle. The City would also benefit from adding a time limitation on general tax overpayment and refund requests.

5.04.190 - License—Home occupations—Required.

"The provisions of this chapter shall require the payment of a license tax to conduct or carry on any customary incidental home occupation conducted within a dwelling in a residential zone . Any home occupation must comply with Section 18.48.055 of this code and shall not require internal or external alterations to the dwelling or involve construction features or use of equipment not customary in dwellings, and no activity or display directly pertaining to such occupation shall be visible from the street"

Overview

This section established requirements for home based business to pay taxes and comply with zoning codes of the City.

Recommendation

The City should may wish to consider eliminating this section for redundancy and regulatory reasons addressed previously in this report.

5.04.200 - License Tax and Fees —Interstate commerce—Exempt.

“Every peddler, solicitor or other person claiming to be entitled to exemption from the payment of any license tax or fees provided for in this chapter upon the ground that such license casts a burden upon his or her right to engage in commerce with foreign nations or among the several states, or conflicts with the regulations of the United State Congress respecting interstate commerce, shall file an application pursuant to Section 5.04.020 and a verified statement with the license administrator, disclosing the interstate or other character of the business entitling such exemption. Such statement shall contain the name and location of the company or firm for which the orders are to be solicited or secured, the name of the nearest local or state manager, if any, and the address, the kind of goods, wares or merchandise to be delivered, the place from which the same are to be shipped or forwarded, the method of solicitation or taking orders, the location of any warehouse, factory or plant within the state, the method of delivery, the name and location of the residence of the applicant, and any other facts necessary to establish such claim of exemption. A copy of the order blank, contract form, or other papers used by such person in taking orders, shall be attached to the application for the information of the license administrator”

Overview

This section provides for a process to claim an “interstate commerce” exemption from taxes owed.

Recommendation

The City should consider cleaning this section up, and removing much of the requirements and replacing with a more standard section related to this exemption. For example, it appears that it is not even clear that the section provides the exemption at first read. Perhaps consider language such as:

- a) Nothing in this Code shall be construed as requiring the payment of any tax for engaging in a business or the doing of an act when such payment would constitute an unlawful burden upon or an unlawful interference with interstate or foreign commerce, or which payment would be in violation of the Constitution of the United States or the Constitution of the State of California.
- b) Rules And Regulations; Apportionment: When, by reason of the constitution of the United States or the constitution of the state of California, the business tax imposed by this article cannot be enforced without there being apportionment according to the amount of business done in the city, or in the state of California, as the case may be, the director of finance administration may make such rules and regulations for the apportionment of the tax as necessary or desirable to overcome the constitutional objections. Such rules and regulations shall be approved by the city attorney prior to becoming effective.

Code Review – Misc. Items

License a Receipt

“No license or payment of tax required by this article shall be construed as authorizing any person to conduct an illegal business or a legal business in an illegal manner. The business license issued pursuant to the provisions of this title constitutes a receipt for the license tax paid and shall have no other legal effect. A business license is a requirement, not a permit, to conduct, manage or carry on any business activity within the city.”

Current Rate Classifications

Due to City’s desire to modify the rates, as outlined in section 3, HdL did not conduct a complete analysis of the sections related to the tax rates and classifications. However, many sections, such as the flat fee alternative, are extremely unclear in both written form and in practice as implemented by the City. Should the City not implement new rate structures, attention should still be paid to the existing code sections and could explore possible changes outside the scope of revenue enhancement.

Other Additions and Special Considerations

- 1) Penalty & Interest Structure
- 2) Assessment Language and Procedures
- 3) Audit and Document Retention
- 4) Consolidated Forma Appeal Process
- 5) Rule Promulgation

SECTION 3: Category & Tax Analysis

Section Overview

The City has requested that HdL conduct an analysis of the current tax structures as they relate to business license and explore options for modifying the rates and categories. In Section 1, HdL prepared summaries of each classification and to the extent data was available, provided a breakout of the number of businesses and their contribution to the local funding for essential City services.

In this section HdL has provided options for modifying the rate scale and the classifications. Using the data compiled in section 1 of this report on current license revenues, models were developed to estimate potential fiscal impacts to the City as well as how those changes may have an effect on the business community.

HdL has provided a summary chart on **page 34** that shows a quick look at each model's impact on the City and the business community.

License Classification and Rate Types

The City currently has a very basic structure for taxing businesses, limiting rate categories to either employees or units for the vast majority of the tax base. This structure can simplify reporting and tax processing, but makes grouping businesses difficult, as there are approximately 100 business types listed in the City's data. For the purpose of analyzing and comparing the options in this section, HdL has compiled the various business descriptions into primary grouping categories. The two primary groupings for analysis are indicated below:

Category 1 – Grouping by General Type of Business

Category 1 groups the businesses by similar type of activity. In consolidating the types of business, HdL is able to substantially reduce the number of categories in the existing data to five categories. Going forward in this report the categories and descriptions are as follows:

1. **Contractor** – a person, firm or corporation conducting, managing or carrying on the business of contractor, subcontractor or builder; or engaging in the construction or repair of any buildings; or engaged in any engineering, construction, and regularly employing help for building construction, sewer construction, plumbing construction or general construction.
2. **General Business** – Any establishment or business that conducts retail (the sale of goods to ultimate consumers, usually in small quantities), or wholesale (the sale of goods in quantity, as to retailers or jobbers, for resale), or restaurant (an establishment where meals, prepared food, and/or beverages are served to customers), or manufacturing, packing, or processing any goods, wares, merchandise or commodities at a fixed place of business within the City. This category also includes businesses that do not fit the definition of any other category.
3. **Professional** – any professional services, as that term is commonly used and understood, wherein individuals are engaged in the business of offering to the public professional or semiprofessional services generally requiring governmental certification or a professional degree. Examples may include, but not limited to: lawyers, physicians, psychologists, marriage counselors, accountants, licensed financial planners, licensed investment counselor, real estate agent, real estate broker, or architects.

4. **Property Rental** – *Residential* Property Rental Business is a person, firm or corporation engaged in the business of conducting or operating a hotel or apartment house or leasing or renting of any residential property, dwelling unit, or room for dwelling, sleeping, or lodging. Additionally, *Commercial* Property Rental Business is a person, firm or corporation engaged in the business of leasing or renting any commercial property.
5. **Services** – any services, as that term is commonly used and understood, wherein individuals are engaged in the business of offering services rendered by a person engaged in the practice or profession such as hairstylist, beautician or cosmetologist, aesthetician, or arts instructor.
6. **Warehousing / Storage** – Any person or firm engaged in providing and/or operating warehousing facilities primarily used for the storage and/or consolidating of items such as raw materials, private goods, and the intermediary storage of bulk goods intended for further distribution. This classification includes moving and furniture storage companies.

The table below reflects an example of how the categories could be consolidated and streamlined, creating various taxing methodologies. Total revenues and the breakout of taxes have been estimated, while also estimating categories not identified in City data.

Grouping	Total Taxes	Count	Maximum
Contractor	\$70,140	1,259	\$242
General Business	\$66,210	690	\$2,824
Professionals	\$25,664	503	\$969
Property Rental	\$7,818	79	\$537
Services	\$32,700	989	\$956
TOTAL >	\$202,531	3,520	

Category 2– Grouping by Tax Amount

HdL has grouped the businesses categories by the taxes charged for each business. The grouping amount below indicates the payment made, total revenues, and the number of businesses contributing to the group.

Category	Record Count	Taxes
\$0 - \$50	1,951	\$52,212
\$50 - \$100	1,393	\$86,008
\$100 - \$250	106	\$17,167
\$250 - \$500	41	\$14,320
\$500 - \$1,000	21	\$15,444
\$1,000 - and over	8	\$17,380
TOTALS >	3,520	\$202,531

Model 1: Existing Categories with Simple Increases

The City may elect to not modify the existing structure, but rather modify the tax amounts for each category. Keeping the current structure in place would eliminate the need to create different categories and allow for a much simpler implementation for the City and the business community.

The City could choose to adjust each category separately, increase the rates on a select group, or apply a standard rate increase across the board. An example of an across the board % increase is indicated in the following table below:

Rate Classes Unchanged (with % Rate Increase)

Tax Amount Paid	Number of Accts	Current Taxes	Across Board 25% Increase	Across Board 50% Increase	Across Board 100% Increase
\$0 - \$50	1,951	\$52,212	\$65,264	\$78,317	\$104,423
\$50 - \$100	1,393	\$86,008	\$107,510	\$129,012	\$172,017
\$100 - \$250	106	\$17,167	\$21,459	\$25,750	\$34,334
\$250 - \$500	41	\$14,320	\$17,900	\$21,480	\$28,640
\$500 - \$1,000	21	\$15,444	\$19,305	\$23,166	\$30,888
\$1,000 - and over	8	\$17,380	\$21,725	\$26,070	\$34,760
	3,520	\$202,531	\$253,163	\$303,796	\$405,061

Model 1 – Highlights and Impact Review

As indicated in the table above, a simple increase on employee and unit counts could keep the existing structures in place while yielding higher revenues to the City. The City can replace the sample % increases with varying degrees of increase or could elect to only apply the increases to certain categories. For example, the City might increase the rates on employees and residential property rental by 60%, while increasing other rates by 20% or not at all.

This option provides the City with the simplest method of increasing revenues which is also the most accurate to forecast. Additionally, for those flat rate categories, the City could use a standard CPI adjustment to those appropriate categories to ensure the rates stay current over the course of time.

Should the City wish to see specific calculations or examples of specific category rate increases, HdL will provide the calculations and attach as an addendum to this report.

Model 2 - Unified Employee & Unit Tax Rate

Model 2 keeps the primary employee and unit-based and flat fee structure of the City's existing code, but eliminates the category grouping and applies to all businesses within the City.

Potential Tax Structure

Tax Basis	Tax Rate
Registration Tax / Flat Tax	\$50
Employee / Unit Tax	\$20 / Employee or Unit

Model 2 Estimates Table

The table below indicates the potential revenues from implementing a unified per employee/unit tax of either, \$20 per or \$30 per. Information for the estimates comes from the City's actual total reported employee & unit count.

All Businesses	Number of Accts	Total Empl./ Unit	Tax Amount (\$20.00)	Tax Amount (\$30.00)
Registration Tax / Flat Tax	3,520		\$176,000	\$176,000
Employee / Unit Tax		18,637	\$368,560	\$552,840
			\$544,560	\$728,840

Model 2– Highlights and Impact Review

This option represents the simplest method of implementation, eliminating the need for multiple categories and consolidates every activity into a single tax structure, while not changing substantially from the City's existing rates. Due to this similarity, the impact on the business community and the City can be precisely measured, making for the most accurate estimates of revenues. However, the City's fee structure would remain inequitable.

Model 3: Classification Based Rates

In implementing this option, the City could choose to stay with employee based taxes, but vary the tax rate by the type of business. This would create varying rate multipliers based on the employees for each type of business the City desires to have a separate rate structure for.

For this model, HdL has utilized the standard categories established during data analysis. However, the City could have a structure with any number of categories or business type breakdowns. For example, in some cases cities can have hundreds of rate categories using SIC or NAICS codes as the basis for the category delineation.

Tax Structure

Tax Rate	Categories	Tax Rate
Employee Tax	Contractors	\$30 / Employee
Employee Tax	General / Retail	\$20 / Employee
Employee Tax	Professionals	\$40 / Employee
Unit Tax	Property Rentals	\$30 / Unit
Employee Tax	Service	\$40 / Employee
Sqft Tax	Warehousing / Storage	\$0.05 /Sqft

Estimates Table

Using the varying structures above, the table below indicates potential revenues from one possible classification model based on the continued model of taxing employees and units.

Category	Number of Accts	Taxable Empl. / Unit	Registration Tax	Tax Rate	Tax Amount
Contractors	1,259	1,321	\$62,950	\$30 / Employee	\$38,580
General / Retail	690	10,461	\$34,500	\$20 / Employee	\$98,440
Professionals	503	1,966	\$25,150	\$40 / Employee	\$348,480
Rental Units (Com & Res)	79	2,516	\$3,950	\$30 / Unit	\$74,700
Service	989	2,389	\$49,450	\$40 / Employee	\$49,080
Warehousing / Storage	109	3.8M ft ²	\$5,450	\$0.05 / ft ²	\$201,350
TOTALS>					\$992,080

Gross Receipts Tax - Replace All Categories with Gross Receipts Tax

Taxing gross receipts is a common model for California business tax with over 60% of Cities using the taxing structure. A variety of models are commonly used including a scale method or the use of a standard rate multiplier to determine the tax amount owed. This model can be implemented as a standard rate applying to any business or one that can vary by business class. For example, many cities elect to charge \$1 per thousand dollars of gross receipts ($0.001 \times \text{Gross}$) for a retail business, while charging a rate of \$0.50 per thousand dollars of gross receipts ($0.0005 \times \text{Gross}$) for service or professional businesses.

As the Gross Receipts method can result in \$0.00 returns or negligible amounts, most cities have a minimum tax or other method of ensuring a base tax. Another option is to create a base tax plus gross receipts rate. This allows for a minimum tax for businesses that generate gross receipts in excess of the base amount.

The “single rate” method of taxing on gross receipts provides an even distribution of the effective tax rate because all businesses subjected to the tax will pay the same rate. This method also provides the simplest method of calculation due to every business using a single multiplier.

Gross Receipts Tax – Background

Due to the lack of information available on current gross receipts for all Morgan Hill businesses, HdL is not able to accurately predict the impact of changing the structure to a single gross receipts model. HdL was able to use averages for those businesses where data on gross receipts reporting was available; however, direct comparisons are not available on a city-wide basis; and certain information may overlap between categories. It is important to note that HdL has used multiple assumptions as outlined in the options below which are meant to provide a baseline of the possible impact and should not be relied upon for precise budgeting.

Gross Receipts Tax – Data Analysis & Variables

HdL has prepared key data elements for use in estimating the gross receipts tax on businesses where information was otherwise not available. The following information was used as a basis for the tax tables and models in subsequent options below:

Estimates Table

	Category	Total Accts / Units	Avg Rent / Unit / Year	Total Gross Receipts
<i>Rental Unit Estimates</i>	Residential Property	79 / 2,516	\$36,000 / Unit / Year	\$ 90,576,000
	Commercial* Property	N/A	N/A	-
	Warehousing / Storage	109	3,837,000 Ft ²	-

*The City currently have commercial as a business type in the code. See [page 31](#) for more information.

	Category	Estimate # of Accounts	Total Gross Receipts
<i>Contractor Estimates</i>	In/Out Town	1,259	\$ 94,425,000
<i>General / Retail Businesses / Mfg. / Wholesale</i>	General	690	\$ 722,085,000
<i>Professional Estimates</i>	Professionals	503	\$ 251,500,000
<i>Personal Services / Misc. Service Estimates</i>	Service	989	\$ 247,250,000

	Number of Records	Business Tax Total Taxable Gross
Combined Gross Estimates	3,520	\$ 1,405,836,000

Model 4: Single Gross Receipts Rate

Model 4 reflects the potential revenues for converting the City tax to a single rate type gross receipts model. This would eliminate the current structure of employee taxes and unit variables whereby each business would pay based on the estimated gross receipts attributed within the City.

Potential Tax Structure (A)

Tax Basis	Tax Rate
Registration Tax	\$50
Gross Receipts Tax	\$1 per thousand dollars of Gross (x Gross)

Potential Tax Structure (B)

Tax Basis	Tax Rate
Registration Tax	\$100
Gross Receipts Tax	\$0.50 per thousand dollars of Gross (x Gross)

Model 4 Estimates Table

The table below indicates the potential revenues from implementing a gross receipts tax with two options, \$50 base and \$1 / thousand of gross receipts, and \$100 base and \$0.50 / thousand of gross receipts. Information for the estimates comes from the data in the section above.

Gross Receipts (A)	Number of Accounts	Taxable Gross Receipt	Tax Rate	Tax Amount
Registration Tax	3,520		\$50	\$176,000
Gross Receipts Tax		\$1.4B	\$1 / thousand	\$1,405,836
TOTAL>				\$1,581,836

Gross Receipts (B)	Number of Accounts	Taxable Gross Receipt	Tax Rate	Tax Amount
Registration Tax	3,520		\$100	\$352,000
Gross Receipts Tax		\$1.4B	\$0.50 / thousand	\$702,918
TOTAL>				\$1,054,918

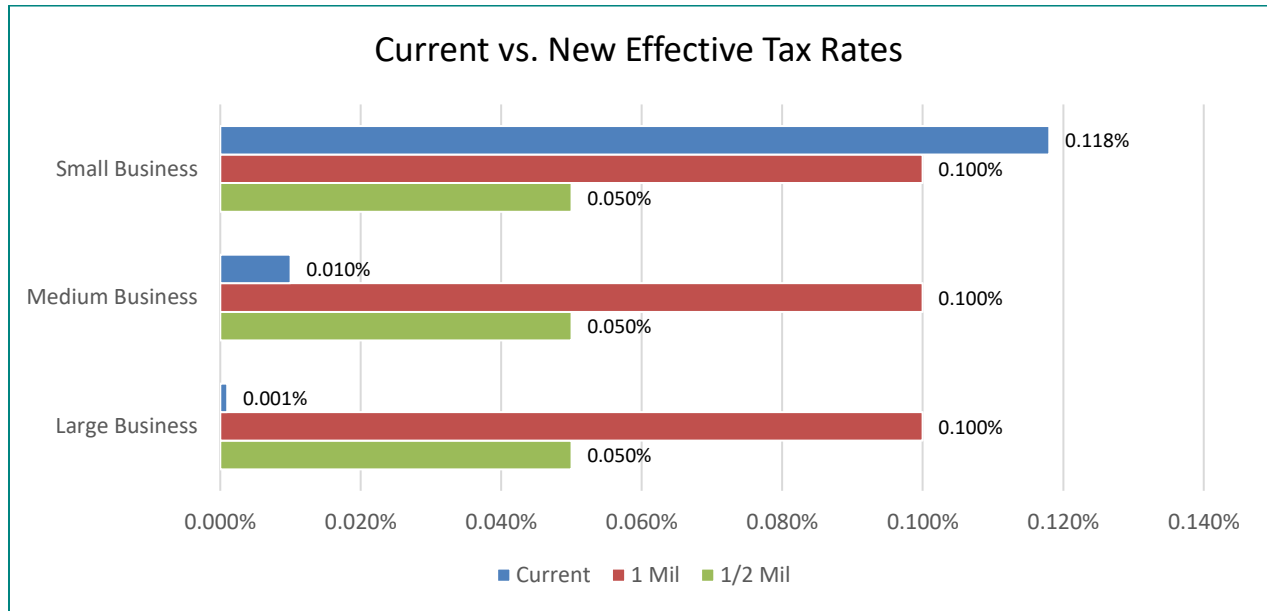
Model 4 – Highlights and Impact Review

The “single rate” method of taxing on gross receipts provides an even distribution of the effective tax rate because all businesses subjected to the tax will pay the same rate. This method also provides the simplest method of calculation due to every business using a single multiplier. Under this method, no cap is put in place and therefore a majority of the revenues are received from the highest grossing businesses.

Model 4 shows the most potential for expanded revenue while keeping the tax structure simple and easy to understand for businesses. Using the 1 Mil (.001 rate) as our baseline, we can see that revenues are increased substantially in a filing year, while still seeing a modest increase using the 1/2 Mil (.0005). The

large increase is primarily due to moving to gross receipts, but removal of a cap is a contributing factor as well.

While the 1 Mil is a standard tax rate in CA, the City could choose any multiplier to create a rate that matches the City's goals. Additionally, the base registration tax can be treated as a separate item, as above, or as a minimum tax, which would eliminate the charge and ultimately lower the taxes to the business and revenues to the City.



Model 5: Gross Receipts - Classification Based Rates

Model 5, as indicated below, would create varying rate multipliers for gross receipts depending on business classifications. The City may for example, choose to implement a rate for the retail/wholesale/misc. business activities at a base rate of .001, recognizing higher costs of goods sold and lower profit margins for these types of business as well as their contribution to other City revenues such as sales tax. Conversely, the City could consider implementing a higher rate for professionals and property rental. This model affords the most flexibility for increasing revenues while accommodating certain business categories.

For this model, certain categories can be lumped together, providing flexibility to track businesses separately, even though the tax rates may be the same. This structure assumes a flat tax and a gross receipts tax, with no minimum or maximum thresholds.

Tax Structure

Tax Type	Categories	Tax Rate
Registration Tax	Contractors	\$50
Gross Receipts Tax	Contractors	\$2 x Gross Receipt
Registration Tax	General / Retail	\$50
Gross Receipts Tax	General / Retail	\$1 x Gross Receipt
Registration Tax	Professionals	\$50
Gross Receipts Tax	Professionals	\$2 x Gross Receipt
Registration Tax	Property Rental	\$50
Gross Receipts Tax	Property Rental	\$3 x Gross Receipt
Registration Tax	Warehousing	\$0.04
Square Footage Tax	Warehousing	x Ft ²
Registration Tax	Service	\$50
Gross Receipts Tax	Service	\$1 x Gross Receipt

Estimates Table

Using the varying structures above, the table below indicates potential revenues from one possible classification model based on the existing business data.

Categories	Number of Accts	Taxable Gross Receipts	Tax Rate	Tax Amount
Contractors				
Registration Tax	1,231		\$50	\$62,950
Gross Receipts Tax		\$94M	\$2/Mil	\$185,850
General / Retail				
Registration Tax	522		\$50	\$34,500
Gross Receipts Tax		\$722M	\$1/Mil	\$722,085
Professionals				
Registration Tax	1,350		\$50	\$25,150
Gross Receipts Tax		\$251.5M	\$3/Mil	\$503,000
Property Rental				
Registration Tax	75		\$50	\$3,950
Gross Receipts Tax		\$90.6M	\$3/Mil	\$503,000
Warehousing / Storage				
Registration Tax	109		\$50	\$5,450
Square Footage Tax		3.8M Ft ²	\$0.05 / Ft ²	\$201,350
Service / Professionals				
Registration Tax	342		\$50	\$49,450
Gross Receipts Tax		\$247M	\$1/Mil	\$247,250
TOTAL>				\$2,543,985

Model 5 – Highlights and Impact Review

This option has the benefit of spreading the burden of an increase across multiple business types. The City has the option of modifying the rates and reassigning business types to different categories. The model above includes basic rate increases for standard categories but can be further expanded or contracted to accommodate a different method of the City's choosing.

Model 6: Gross Receipts and Employee Based Taxes

Model 6 utilizes gross receipts and employee base taxes to illustrate how the City may increase effectiveness and maintain revenue. In the model below, gross receipts are applied to general/retail businesses relieving burden on smaller businesses which increasing responsibility for larger businesses. If the City chose, it could utilize a base tax that includes the first 3 employees for contract and service business. Alternatively, the City can charge per professional plus an employee rate for each additional employee.

While this model is quite flexible, HdL chose to keep the categories of business simple and consistent with the previous models.

Tax Structure

Business Type	Fees	Tax Rate
General / Retail	Base Tax	\$50
	Gross Receipts Tax	\$1/ per thousand
Property Rentals	Base Tax	\$50
	Gross Receipts Tax	\$2/ per thousand
Service	Base Tax	\$100
	Gross Receipts Tax	\$1/ per thousand

Business Type	Fees	Tax Rate
Warehousing	Base Tax	\$50
	Square Footage Tax	\$0.05 / per Ft ²

Business Type	Fees	Tax Rate
Contractors	Base Tax	\$150 for First 3 Employees
	Employee Tax	\$50 Each additional Employee
Professionals	Base Tax	\$200 Per Professional
	Employee Tax	\$50 Each additional Employee

Estimated Tables

Business Type	Number of Accounts	Taxable Gross Receipts	Tax Rate	Tax Amounts
General / Retail	690	Base Tax	\$50	\$34,500
		\$722M	\$1 / Mil X Gross	\$722,085
Property Rentals (Com & Res)	79	Base Tax	\$50	3,950
		\$90.6M	\$2 / Mil X Gross	\$181,152
Services	989	Base Tax	\$100	\$98,900
		\$M	\$1 / Mil X Gross	\$247,250

Business Type	Number of Accounts	Taxable Square Footage	Tax Rate	Tax Amounts
Warehousing	109	Base Tax	\$50	\$5,450
		3.8 Ft ²	\$0.05 / Ft ²	\$201,350

Business Type	Number of Accounts / Empl.	Taxable Employees	Tax Rate	Tax Amounts
Contractors	1,259 / 1,294	Base Tax	\$150 for First 3 Employee	\$188,850
		Employee Tax	\$50 Each additional Employee	\$3,050
Professionals	503 / 1,966	Base Tax	\$200 Per Professional	\$100,600
		Employee Tax	\$50 Each additional Employee	\$73,150

	Number of Accounts	Tax Amounts
Combine Estimate Tax Revenue	3,520 / 3,260	\$1,850,787

Model 5 – Highlights and Impact Review

This model focuses on each business type to provide gross receipts or employee rates that are appropriate for the individual business. The potential pit fall, depending on rates the City chose, it could look as City if it were relying more heavily on a specific business type.

Additional Models

The City has various options should it elect to move forward with a gross receipts based tax. For example, a model could be designed to keep certain fixed tax structures in place while moving certain categories over to a simplified gross receipts tax. In this method rentals could be left under their current model while all other businesses are lumped in as gross receipts-based model, or vice versa.

The City could also elect to implement a scale model using expanding ranges, implementing caps, or by additional rates and classifications. Removing the registration tax and including a minimum range could also simplify the process and equalize the tax.

Expanded Tax Base - Property Unit Exclusion

Expanded Tax Base – Resident Property Background

The City currently excludes residential property rentals where the total units are less than 4. Given the make-up of the City, this leaves many potential businesses without being taxed. The City could consider removing the unit exemption entirely requiring even renters of single-family homes to pay the tax.

Property Analysis

It is estimated that the City currently has over 825 units on parcels which are currently untaxed. Conservatively estimating the actual number of rentals and rents being charged, the City could expect to receive as much as \$29,700 in new revenues. This is in addition to the existing revenues from property rental identified in each model.

Residential Rental Unit Estimates

Category	Total Rental Units	Avg Rent / Unit /Year	Total Gross Receipts
Untaxed Parcels	825	\$36,000 / Unit / Year	\$29,700,000

Commercial Rental Property – Background

Additionally, the City currently does not have language in their ordinance identifying the business of leasing commercial property. As commercial leasing has gone untaxed, including verbiage much like the definition on [page 16](#) would be the best way increase revenue.

Property Analysis

It is estimated that the City currently has over 700 units on commercial parcels which are currently untaxed which is estimate to be \$154 million in gross receipts. Conservatively estimating the actual number of rentals and rents being charged, the City could expect to receive as much as \$154,000 in new revenues.

Commercial Rental Unit Estimates

Category	Total Rental Units	Avg Rent / Unit /Year	Total Gross Receipts
Untaxed Parcels	700	\$220,000 / Unit / Year	\$154,000,000

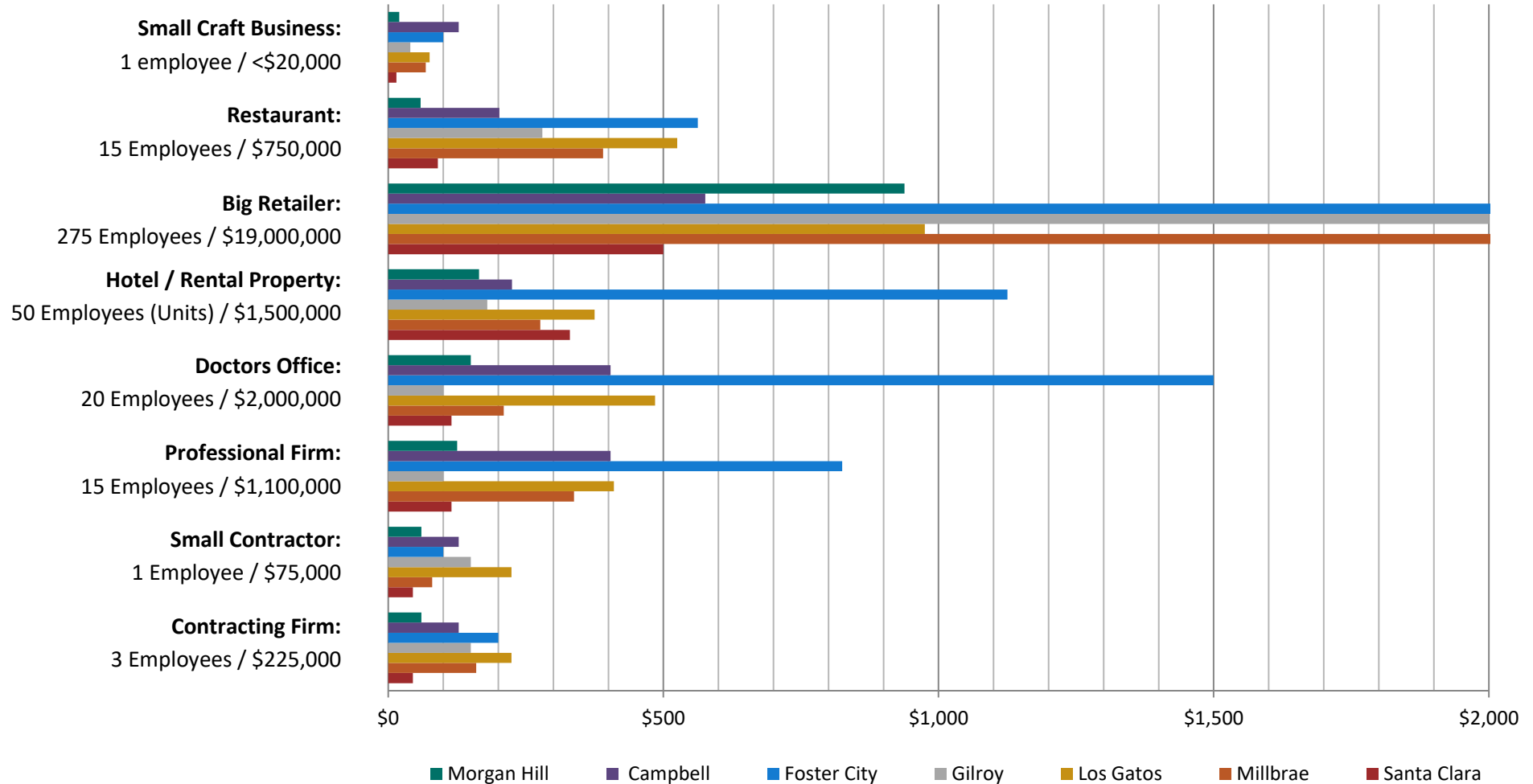
City of Morgan Hill vs. Neighboring Jurisdictions

Current Rate Comparison Tables

Sample Business	Morgan Hill Current Rates	Campbell Current Rates	Foster City Current Rates	Gilroy Current Rates	Los Gatos Current Rate	Millbrae Current Rate	Santa Clara Current Rate
Small Craft Business: <i>1 employee / <\$20,000</i>	\$20	\$128	\$100	\$40	\$75	\$68	\$15
Restaurant: <i>15 Employees / \$750,000</i>	\$59	\$202	\$563	\$280	\$525	\$390	\$90
Big Retailer: <i>275 Employees / \$19,000,000</i>	\$938	\$576	\$14,250	\$2,000	\$975	\$5,033	\$500
Hotel / Rental Property: <i>50 Employees (Units) / \$1,500,000</i>	\$165	\$225	\$1,125	\$180	\$375	\$277	\$330
Doctors Office: <i>20 Employees / \$2,000,000</i>	\$150	\$404	\$1,500	\$100	\$485	\$210	\$115
Professional Firm: <i>15 Employees / \$1,100,000</i>	\$125	\$404	\$825	\$100	\$410	\$338	\$115
Small Contractor: <i>1 Employee / \$75,000</i>	\$60	\$128	\$100	\$150	\$224	\$80	\$45
Contracting Firm: <i>3 Employees / \$225,000</i>	\$60	\$128	\$200	\$150	\$224	\$160	\$45

City of Morgan Hill vs. Neighboring Jurisdictions

Current Rate Comparison Charts



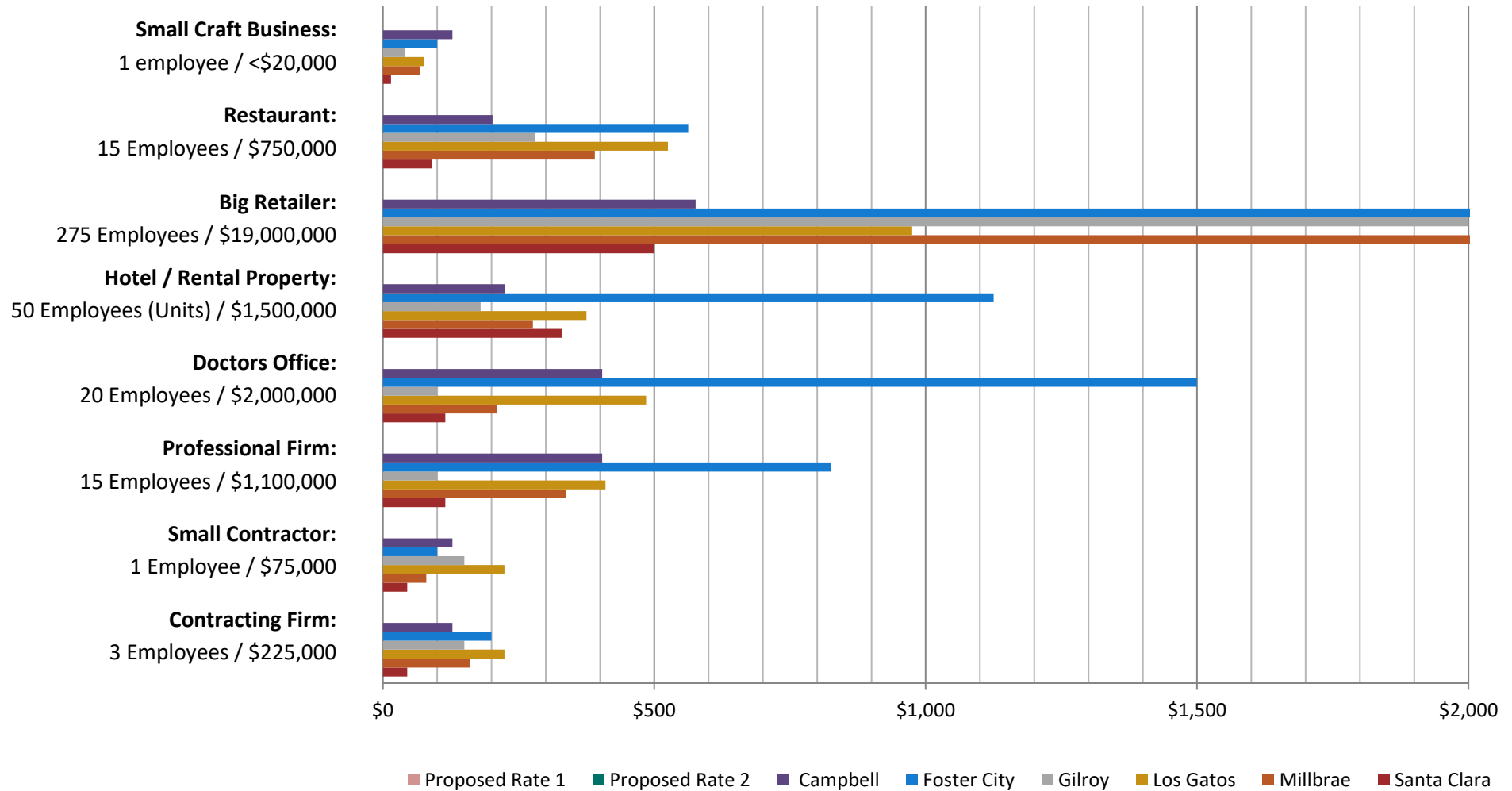
Proposed Rates Comparison Table

Sample Business	Morgan Hill Current Rates	Morgan Hill Empl Tax Model 1 (100% Increase)	Morgan Hill Empl Tax Model 2 (\$50 + \$30 Per Empl)	Morgan Hill Empl Tax Model 3 (\$20 - \$40 per Empl)	Morgan Hill Gross Receipts Tax Model 4 (\$50 + \$1 / mil)	Morgan Hill Gross Receipts Tax Model 5 (\$1 - \$3 / mil)	Morgan Hill Gross Receipts Tax Model 6 w/ Employees
Small Craft Business: <i>1 employee / <\$20,000</i>	\$20	\$40	\$80	\$70	\$110	\$70	\$70
Restaurant: <i>15 Employees / \$750,000</i>	\$59	\$118	\$500	\$350	\$475	\$800	\$800
Big Retailer: <i>275 Employees / \$19,000,000</i>	\$938	\$1,876	\$8,300	\$5,550	\$9,600	\$19,050	\$19,050
Hotel / Rental Property: <i>50 Employees (Units) / \$1,500,000</i>	\$165	\$330	\$1,550	\$1,550	\$850	\$4,550	\$3,050
Doctors Office: <i>20 Employees / \$2,000,000</i>	\$150	\$300	\$650	\$850	\$1,150	\$4,050	\$1,150
Professional Firm: <i>15 Employees / \$1,100,000</i>	\$125	\$250	\$500	\$650	\$650	\$2,250	\$900
Small Contractor: <i>1 Employee / \$75,000</i>	\$60	\$120	\$80	\$80	\$128	\$200	\$150
Contracting Firm: <i>3 Employees / \$225,000</i>	\$60	\$120	\$140	\$140	\$213	\$500	\$150
Estimated Business Tax Revenue	\$202,531	\$405,061	\$728,840	\$992,080	\$1,054,918	\$2,543,985	\$1,850,787

Attachment: HdL Tax Analysis Report (2809 : Revenue Measure Follow-Up)

City of Morgan Hill vs. Neighboring Jurisdictions

Proposed Rates Comparison Chart



Attachment: HdL Tax Analysis Report (2809 : Revenue Measure Follow-Up)

Additional Information

Tax Models & Classifications.

HdL developed the proposed tax models and classifications by considering best practices in California and the unique nature and business make-up of Morgan Hill. Additional models were requested such as a model based on square footage of space occupied and gross payroll. In general, HdL does not recommend these models for a variety of reasons ranging from equity amongst the tax base to ease of filing and administration for both the business community and the City. Additionally, data was not readily available to accurately forecast the impact of those models on the businesses and the City.

Examples of those models and reasons for not considering them are:

Voter & Additional Approvals

Some of the changes may or may not require voter or additional approval. The City should review each change and determine which changes can be made via powers granted to the collector or other City staff members and which changes will require additional processes.

Additional Support

While HdL is not able to provide specific legal advice, HdL will work with the City's designee to assist in crafting the final changes as well as provide advice and additional analysis should the City elect to move forward with modification of its ordinances. Should the City wish to contract out legal services, HdL can provide references for firms that specialize in local government ordinances.

Comparative Jurisdictions

The analysis of surrounding jurisdictions was conducted to provide background of the overall structure and taxes imposed by neighboring cities. This information can be valuable and may be considered by the City when making its final determinations to ensure that changes made to the tax structure remain competitive with other cities.

Additional Cities

HdL selected cities from surrounding jurisdictions that were similar in size or tax structure. Should the City wish to expand the analysis to additional jurisdictions, HdL can provide further details as an addendum to this report.

Rate Structure Modification and Modernization

The primary focus of the rate analysis and change review was the current tax structure. Options indicated in this report represent a few of the potential structures available for the City's consideration. Additionally, each proposed structure has the flexibility to be modified with rates that may be more in line with the City's ultimate goals. HdL will work with the City to craft any additional classifications or structures that the City feels may be worth considering.

Addendum

Campbell, CA



Demographics:

- Population: 41,544
- County: Santa Clara
- Incorporation: March 28, 1952
- Estimated median household income: \$119,366
- Land area: 5.89 square miles
- Population Density: 6,953 people per square mile

Rate Structures and Fees - Renewal Cycles:

Issuance Period: 5.01.065

Annual licenses shall date from the first day of the month in which the license is purchased, effective for one year from the effective date; monthly licenses shall date from the first day of the calendar month for which they are issued; daily or weekly licenses shall be due and payable each day or week in advance.

Rate Structures and Fees - Penalties: 5.01.080

Penalties: If any annual or quarterly license remains unpaid at the end of the calendar month in which it becomes due and payable, a penalty of five percent per month shall be added to the same for each month that it remains unpaid, not exceeding in the aggregate a total of fifty percent of the amount of the license fee. Any such penalty so imposed shall be collected by the person in charge of the collection of the license to which the penalty is added.

Delinquency: All annual license fees, under the provisions of this chapter, shall be issued on an anniversary date basis and shall be due and payable in advance on the anniversary date, which is the first day of the month in which the license was effective. No annual license issued on an anniversary date basis shall be prorated.

City of Campbell License Tax Rates & Fees:
In – City
5.04.010

** All out of City businesses pay a flat \$103*

Commercial Zoned		# of Employees	Tax Rate
		1 to 5 employees	\$128
		6 to 15 employees	\$202
		16 to 50 employees	\$289
		51 or more employees	\$576
Industrial Zoned		# of Employees	Tax Rate
		1 to 5 employees	\$128
		6 to 50 employees	\$202
		51 or more employees	\$346
Professionals		# of Employees	Tax Rate
		1 to 3 employees	\$128
		4 to 10 employees	\$232
		11 to 50 employees	\$404
		51 or more employees	\$576
Lodging		# of Units	Tax Rate
Apartments		1 st unit	\$71
		Each add. unit in excess of 1	\$3 per unit in excess of 1
Hotels		Base Tax	\$175
		+ # of Rooms	\$3 per room
Mobile Home Parks		Base Tax	\$175
		+ # of Rooms	\$3 per room

Attachment: HdL Tax Analysis Report (2809 : Revenue Measure Follow-Up)



Foster City, CA

Demographics:

- Population: 33,693
- County: San Mateo County
- Incorporation: April 27, 1971
- Estimated median household income: \$129,733
- Land area: 19.84 square miles
- Population Density: 8,685 people per square mile
- Firms per 100 residents 11.02

Rate structures and fees- renewal cycles: 5.20.010:

Annual License: ... All annual license taxes shall be due and payable in advance on the first day of January of each year based on gross receipts during the prior calendar year ending December 31; provided, that license taxes covering new operations commenced thereafter may be prorated for the balance of the license period based upon an estimate of the anticipated gross receipts for that year.

Rate structures and fees- Penalties 5.20.020

For failure to pay a license tax when due, the collector shall add a penalty of ten percent of the license tax at five p.m. on the sixtieth day after the due date thereof, and an additional ten percent at five p.m. on the last day of each month thereafter. The amount of such cumulative penalty to be added shall in no event exceed one hundred percent of the license tax due.

City of Foster City Business License Tax Rates & Fees: 5.24.010

Every person who engages in business at a fixed place of business within the city shall pay a license tax of seventy-five cents per one thousand dollars (or 0.075 percent) of gross receipts or part thereof subject to the following:

Business Type	Code Sec.	Tax Rate
<i>Inside (Fixed Place) Businesses</i>	5.24.010A	Gross Receipts X \$0.75 per thousand
		Not less the \$100
		Not exceeding \$25,731*
Business Type	Code Sec.	Tax Rate
<i>Outside Contractors</i>	5.24.010A	Gross Receipts X \$0.75 per thousand
		Not less the \$200
		Not exceeding \$25,731*
<i>Outside Sub Contractors</i>		Gross Receipts X \$0.75 per thousand
		Not less the \$100
		Not exceeding \$25,731*

*City tax cap is based on the year to year CPI adjustments.

Gilroy, CA



Demographics:

- Population: 57,664
- County: Santa Clara
- Incorporation: March 12, 1870
- Estimated median household income: \$81,056
- Land area: 16.15 square miles
- Population Density: 3,021.7 people per square mile

Rate Structures and Fees - Renewal Cycles: 13.22

Annual License: The license year for businesses with fixed fees shall be the fiscal year commencing on July 1 and ending on June 30 next succeeding. The license year for licenses based on gross receipts shall be the calendar year commencing on January 1 and ending on December 31 next succeeding. The annual licenses shall be due and payable, and shall constitute a debt due and owing, to the city on the first day of each tax year.

Any person doing business for less than the full fiscal year for which an annual fixed license fee is provided shall be required to pay the full annual rate; provided, that any such person commencing any business after January first of any fiscal year shall be required to pay only one-half of the full annual rate for the balance of such fiscal year.

Rate Structures and Fees

Penalties: 13.29: If any license provided by this chapter shall remain unpaid after the last business day of the month due, or if received in the mail with a postmark after the month due, a penalty of twenty-five (25) per cent shall be added to the amount of such license and be collected by the employee having charge of the collection of the licenses. An additional penalty of ten (10) percent shall be added for each additional month, or fraction thereof, during which the license remains unpaid.

Delinquency: 13.20: The city administrator may at any time bring suit in the name of the city for the recovery of license tax. In such actions a penalty of fifty (50) percent and costs shall be added to the amount of any judgment recovered by the city in addition to any other penalty or penalties then due or owing.

Rate Schedule

Business Tax Rates

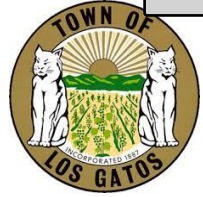
The rates of license fees for all businesses in the city shall be fixed and established by council resolution, and the same shall be paid by all persons engaged in business in the city.

City of Gilroy License Tax Rates & Fees:

Business Type	Gross Receipt	Rate per Gross Receipt
<i>Inside – Fixed Place</i>	\$0 - \$40,000	\$40
	\$40,001 - \$140,000	\$80
	\$140,001 - \$240,000	\$120
	\$240,001 - \$340,000	\$160
	\$340,001 - \$540,000	\$200
	\$540,001 - \$740,000	\$240
	\$740,001 - \$940,000	\$280
	\$940,001 - \$1,140,000	\$320
	\$1,140,001 - \$17,740,000	\$320 + \$20 per \$200,000
	\$17,740,001 or more	\$2,000

Business Type	Number of Units	Rate per Units
<i>Apartments</i>	0 - 2	\$0
	3 - 5	\$40
	6 - 20	\$80
	21 - 40	\$120
	41 - 60	\$180
	61 - 80	\$200
	81 - 100	\$240
	101 - Over	\$280

Business Type	Rate per Units
<i>Contractors and Sub-Contractors</i>	\$150
Non-Professional Service	\$50
Professionals	\$100



Los Gatos, CA

Demographics:

- Population: 30,988
- County: Santa Clara County
- Incorporation: August 10, 1887
- Estimated median household income: \$127,278
- Land area: 11.25 square miles
- Population Density: 2,635.7 people per square mile
- Firms per 100 residents 32.64

Rate structures and fees- renewal cycles: 14.10

Issuance Period: Unless otherwise specifically provided, all annual license taxes under the provisions of this chapter shall be due and payable in advance on the second day of January of each year; provided, that annual license taxes covering new operations commenced after the first day of January shall be due and payable in advance at the time of filing the application..

Rate structures and fees:

Penalties: 14.10.075: For failure to pay a license tax under this chapter when due, the Tax and License Collector shall add a penalty of twenty-five (25) percent of such license tax on the last day of each month after the due date thereof; provided, that the amount of such penalty to be added shall in no event exceed one hundred (100) percent of the amount of the license tax due. No license shall be issued to or renewed for any applicant who is delinquent in the payment of such license tax or penalty until such license tax and penalty are both paid in full.

To be a debt to the Town: 14.10.085: The amount of any license tax and penalty imposed by the provisions of this chapter shall be deemed a debt to the Town and any person carrying on any business without first having procured a license from the Town to do so shall be liable to an action in the name of the Town, in any court of competent jurisdiction, for the amount of license tax and penalties imposed on such business.

Town of Los Gatos License Tax Rates & Fees: 14.20

Business Type	Tax Rate
<i>Contractor</i>	\$224
<i>Professional and Semiprofessional</i>	\$200 plus \$15 per additional employee
<i>Hotels and motels (annual, per guest room)</i>	\$7.50 per guest room

Business Type	Gross Receipts	Tax Rate
<i>Retail</i>	\$0 to \$50,000	\$75
	\$50,001 to \$100,000	\$112
	\$100,001 to \$150,000	\$150
	\$150,001 to \$200,000	\$188
	\$200,001 to \$250,000	\$225
	\$250,001 to \$300,000	\$263
	\$300,001 to \$350,000	\$300
	\$350,001 to \$400,000	\$338
	\$400,001 to \$450,000	\$375
	\$450,001 to \$500,000	\$413
	\$500,001 to \$600,000	\$450
	\$600,001 to \$700,000	\$488
	\$700,001 to \$800,000	\$525
	\$800,001 to \$900,000	\$563
	\$900,001 to \$1,000,000	\$600
	\$1,000,001 to \$1,100,000	\$638
	\$1,100,001 to \$1,200,000	\$675
	\$1,200,001 to \$1,300,000	\$713
	\$1,300,001 to \$1,400,000	\$750
	\$1,400,001 to \$1,500,000	\$788
	\$1,500,001 to \$1,600,000	\$825
	\$1,600,001 to \$1,700,000	\$863
	\$1,700,001 to \$1,800,000	\$900
	\$1,800,001 to \$1,900,000	\$938
	1,900,001 and Over	\$975

Attachment: HdL Tax Analysis Report (2809 : Revenue Measure Follow-Up)

Business Type	Gross Receipts	Tax Rate
Manufacturing & Wholesaling	\$0 to \$200,000	\$150.00
	\$200,000 to \$300,000	\$187.50
	\$300,000 to \$400,000	\$262.50
	\$400,000 to \$500,000	\$337.50
	\$500,000 to \$600,000	\$450.00
	\$600,000 to \$800,000	\$562.50
	\$800,000 to \$1,000,000	\$675.00
	\$1,000,000 to \$1,200,000	\$787.50
	\$1,200,000 to \$1,400,000	\$900.00
	\$1,400,000 to \$1,600,000	\$1,012.50
	\$1,600,000 to \$1,800,000	\$1,125.00
	\$1,800,000 to \$2,000,000	\$1,237.50
	\$2,000,000 to \$2,500,000	\$1,350.00
	\$2,500,000 to \$3,000,000	\$1,462.50
	\$3,000,000 to \$3,500,000	\$1,575.00
	\$3,500,000 to \$4,000,000	\$1,687.50
	\$4,000,000 to \$4,500,000	\$1,800.00
	\$4,500,000 to \$5,000,000	\$1,912.50
	\$5,000,000 to \$5,500,000	\$2,025.00
	\$5,500,000 to \$6,000,000	\$2,137.50
	\$6,000,000 to \$6,500,000	\$2,250.00
	\$6,500,000 to \$7,000,000	\$2,362.50
	\$7,000,000 to \$7,500,000	\$2,175.00
	\$7,500,000 to \$8,000,000	\$2,587.50
	\$8,000,000 to \$8,500,000	\$2,700.00
	\$8,500,000 to \$9,000,000	\$2,812.50
	\$9,000,000 to \$9,500,000	\$2,925.00
	\$9,500,000 to \$10,000,000	\$3,037.50
	\$10,000,000 to \$10,500,000	\$4,500.00
	\$10,500,000 to \$11,000,000	\$4,612.50
	\$11,000,000 to \$11,500,000	\$4,725.00
	\$11,500,000 to \$12,000,000	\$4,837.50
	\$12,000,000	\$4,837.50 + plus \$75.00 for each \$550,000 or fraction thereof in excess of \$12,000,000

Attachment: HdL Tax Analysis Report (2809 : Revenue Measure Follow-Up)

Millbrae, CA



Demographics:

- Population: 23,154 as of 2017
- County: San Mateo County
- Incorporation: January 14, 1948
- Estimated median household income: \$98,533
- Land area: 3.26 square miles
- Population Density: 6,927.0 people per square mile
- Firms per 100 residents 16.07

Rate structures and fees- renewal cycles: 7.05.180:

Annual License: Each business shall, for purposes of paying the business license tax, be categorized by the tax collector as conducting business under one of the following:

A. Fiscal Year Period. Fiscal year period shall commence on July 1st and end on June 30th.

B. Monthly Period. Monthly period shall begin on the date of issuance of the business license and shall expire thirty days thereafter.

C. Daily Period. Daily period shall begin at 12:01 a.m. and expire at 11:59 p.m. on the calendar date of issuance of the business license.

Rate structures and fees- Penalties: 7.05.260:

If a fiscal year business license tax is not paid in full by August 15th of each fiscal year or, in the case of newly established businesses, by the commencement of business in the city, the tax collector shall

A. Impose a thirty percent penalty on the tax payment due and owing; and

B. Impose an additional fifteen percent penalty per month of the license tax payment, or fraction thereof, that remains unpaid; and

C. Impose an interest charge at the rate of one and one-half percent per month, or fraction thereof, on the amount of the license tax and penalties from the date on which the license tax was delinquent.

City of Menlo Park Business License Tax Rates & Fees:

Business license taxes for each business in the city shall be calculated in the manner described below; provided, however, that if gross receipts are the indicated tax measure but cannot be calculated or reasonably determined for any particular business, the tax shall be based upon its cost of operations.

Business Type	Code Sec.	Tax Rate
<i>Administrative Headquarters</i>	7.05.120	\$64 plus \$4.25 per employee
<i>Contractors, General</i>		\$160
<i>Contractors, Specialty and Subcontractors</i>		\$80
<i>Home Occupations</i>		\$27 if gross receipts are less than \$15,000 per year; otherwise based on applicable classification of business activity
<i>Manufacturing</i>		\$64 plus \$4.25 per employee, plus application of gross receipts schedule
<i>Massage Business</i>		Initial \$370; renewal \$210
<i>Independent Massage Practitioner</i>		\$105
<i>Motel/Hotel</i>		\$64 plus \$4.25 per employee, plus application of gross receipts schedule
<i>Professionals</i>		\$210
<i>Real Estate Brokers</i>		\$210
<i>Real Estate Agents</i>		\$53
<i>Recreation and Entertainment</i>		\$64 plus \$4.25 per employee, plus application of gross receipts schedule
<i>Rental of Property, Commercial</i>		\$64 plus \$10.60 per 1,000 square feet
<i>Rental of Property, Residential</i>		\$64 plus \$5.30 per unit
<i>Retailing</i>		\$64 plus \$4.25 per employee, plus application of gross receipts schedule
<i>Seasonal Sales, Monthly</i>		\$64 plus \$120 per month
<i>Seasonal Sales, Yearly</i>		\$64 plus \$530 per year
<i>Services</i>		\$64 plus \$4.25 per room, plus application of gross receipts schedule
<i>Theaters</i>		\$64 plus \$.50 per seat
<i>Transportation of Persons and Goods</i>		\$64 plus \$64 per vehicle and driver
<i>Warehousing</i>		\$64 plus \$.32 per \$1,000 cost of operations
<i>Wholesaling</i>		\$64 plus \$4.25 per employee, plus application of gross receipts schedule

Attachment: HdL Tax Analysis Report (2809 : Revenue Measure Follow-Up)

Gross Receipt Schedule	Structure	Tax Rate
<i>For those business classifications that are to pay a portion of their business license to based on their gross receipt \$750,000 of more.</i>	\$750,000 - \$5,000,000	\$0.35 per thousand
	Over \$5,000,001 - \$10,000,000	\$0.25 per thousand
	Over \$10,000,000	\$0.20 per thousand



Santa Clara, CA

Demographics:

- Population: 128,717
- County: Santa Clara County
- Incorporation: July 05, 1852
- Estimated median household income: \$108,609
- Land area: 18.41 square miles
- Population Density: 6,905 people per square mile

Rate Structures and Fees - Renewal Cycles: 3.40.100:

Annual License: The annual business tax imposed under the provision of this chapter shall be due and payable at the time of commencement of business activity or upon occupying space in the business community and such certificate shall expire twelve (12) months after the date of application. The tax for the renewal of such certificate shall be due and payable upon expiration of the prior certificate. No tax paid herein shall be refundable.

Rate Structures and Fees- Penalties 3.40.110:

- (a) Any person who fails to apply for a tax certificate and fails to pay the tax as determined on or within thirty (30) days after opening, engaging in business, or occupying space in the business community, shall be subject to a penalty of one hundred percent (100%) of the tax due.
- (b) Every annual tax which is not received and paid within a period of thirty (30) days after the tax became due is hereby declared to be delinquent, and a penalty of one hundred percent (100%) of the tax will be added to the tax due.
- (c) Whenever a check is submitted in payment of a business tax and said check is subsequently returned unpaid by the bank upon which said check is drawn for any reason, the taxpayer shall be liable to pay a nonsufficient funds charge, the correct tax amount due, and a penalty.
- (d) If any person fails to pay the annual renewal tax within ninety (90) days after the tax becomes due, his or her business tax certificate is considered revoked. The City is not required to send a notice of revocation for the revocation to be valid. Following revocation, the person must reapply for a new business tax certificate, pursuant to SCCC 3.40.061, and pay all associated penalties. Failure to reapply for a new business tax certificate shall constitute a violation, pursuant to SCCC.

City of Santa Clara Business License Tax Rates & Fees:

Every person having a fixed place of business within the city and who engages in any business not listed in SCCC [3.40.330](#) shall pay a tax based on the number of employees as defined and set forth in this chapter, according to the following rate schedules:

3.40.350 Rental units.

(a) Every person engaged in the business of renting rooms, apartments, single-family houses, or other accommodations for dwelling, sleeping or lodging purposes, in the city shall pay the following tax:

(1) Three dollars (\$3.00) per annum for each rental unit;

(2) Provided, however, that no tax shall be payable under this section, unless the person engaged in such business operates three or more rental units in the city.

(b) As used in this section, unit means a room or suite of two or more rooms (including, but not limited to single-family houses) designed for or used as separate accommodations for dwelling, sleeping or lodging purposes by a person living alone or two or more persons living together.

Commercial Business	Code Sec.	Commercial Employees	Employee Rate
Schedule 100	3.40.310	1	\$15
		2-5	\$30
		6-10	\$70
		11-15	\$90
		16-20	\$115
		21-25	\$175
		26-30	\$225
		31-40	\$280
		41-55	\$330
		56-75	\$380
		76-100	\$460
		101+	\$500

Professionals	Code Sec.	Professional Employee	Professional Rate
Schedule 200	3.40.310	1	\$15
		2-3	\$30
		4-6	\$70
		7-10	\$90
		11-20	\$115
		21-25	\$175
		26-35	\$225
		36-40	\$280
		41-45	\$330
		46-50	\$380
		51-55	\$460
		56+	\$500

Manufacturing	Code Sec.	Employees	Tax
Schedule 300	3.40.310	1-3	\$15
		4-20	\$45
		21-30	\$65
		31-50	\$100
		51-75	\$135
		46-100	\$175
		101-125	\$225
		126-175	\$280
		226-300	\$380
		301-400	\$460
		401+	\$500

Attachment: HdL Tax Analysis Report (2809 : Revenue Measure Follow-Up)

-Business Subject to fixed 3.40.330

Business Type

Total number of units

Fee.

Description

Ambulance Service	\$45	Plus \$15 per ambulance used in such service
Carnival	\$150	Per day
Carnival	\$15	Concession, Ride, sideshow per each, per day
Christmas Tree	\$150	Christmas Tree sales (as defined in SCCC 5.15.030)
Circus	\$150	Per day
Circus	\$15	Concession, Ride, Sideshow, per each, per day
Detective	\$150	Detective agency
Entertainment	\$263	Entertainment permit Class I first year
Entertainment	\$210	Annual Renewal
Entertainment	\$90	Entertainment Class II first year
Entertainment	\$75	Annual renewal
Entertainment	\$413	Entertainment Class III first year
Entertainment	\$360	Annual Renewal
Escort	\$150	Escort Service (personal)
Escort	\$150	Escort Service (funeral)
Fortuneteller	\$15	As defined in SCCC 5.45.010
Bus	\$150	Intercity bus service and public transportation
Itinerant	\$225	Itinerant Merchant (maximum 190 Days)
Parade	\$15	Parade Vendor (per Parade)
Pawnbroker	\$150	As defined by SCCC 5.05.010
Peddler	\$113	As defined by SCCC 5.05.10
Promotional	\$150	Promotional show per day
Promotional	\$15	Concession, ride, sideshow per each, per day
Pumpkin	\$150	Pumpkin Sale lots (as defined by SCCC 5.15.030)
Seasonal	\$150	Seasonal items sales lot (as defined in SCCC 5.15.030)
Secondhand Dealer	\$150	Secondhand dealer (as defined in SCCC 5.30.020)
Solicitor	\$113	Solicitor as defined by SCCC 5.05.010
State Licensed	\$45	State licensed contractors
Taxicab	\$15	Taxicab per vehicle
Taxicab	\$90	Taxicab stand

Attachment: HdL Tax Analysis Report (2809 : Revenue Measure Follow-Up)



CITY OF MORGAN HILL

2019 Revenue Measure Survey

Topline Report

n=557

22 minutes

March 2020 & November 2020 Likely Voters

October 15, 2019

www.godberesearch.com

Northern California and Corporate Offices
1575 Bayshore Highway, Suite 102
Burlingame, CA 94010

Nevada
59 Damonte Ranch Parkway, Suite B309
Reno, NV 89521

Pacific Northwest
601 108th Avenue NE, Suite 1900
Bellevue, WA 98004

METHODOLOGY

Sample Universe:

- 19,461 Likely November 2020 Voters
- 14,741 Likely March 2020 Voters

Sample Size:

- n=557 Likely November 2020 Voters
- n=442 Likely March 2020 Voters

Data Collection Methodology:

- n=62 Landline
- n=141 Cell
- n=300 Online from text invitation
- n=54 Online from email invitation

Margin of Error:

- Likely November 2020 Voters $\pm$ 4.09%
- Likely March 2020 Voters $\pm$ 4.59%

Interview Dates: October 2 to 13, 2019

MORGAN HILL CLIMATE

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
1. Would you say that things in Morgan Hill are generally headed in the right direction, or would you say that they are off on the wrong direction?	Right direction	46.8%	197		51.2%	285	
	Wrong direction	35.7%	151		33.2%	185	
	DK/NA	17.5%	74		15.6%	87	
2. How would you rate the overall job being done by Morgan Hill City government in providing services to the City's residents? Would you say the City is doing an excellent, good, only fair, or poor job?	Excellent job	8.4%	35		8.7%	48	
	Good job	51.1%	216		52.1%	290	
	Only fair job	25.1%	106		24.0%	134	
	Poor job	10.7%	45		10.1%	56	
	DK/NA	4.7%	20		5.1%	28	
	Total Excel + Good	59.5%			60.8%		
	Total Only fair + Poor	35.8%			34.2%		
	Ratio (Ex + Good)/(Fair + Poor)	1.7			1.8		
3. Do you have a favorable or unfavorable opinion of the job the City of Morgan Hill is doing to effectively manage and spend taxpayer dollars and public funds?	Very favorable	11.6%	49		11.0%	61	
	Somewhat favorable	44.2%	186		45.5%	253	
	Somewhat unfavorable	21.1%	89		18.9%	106	
	Very unfavorable	10.4%	44		10.3%	57	
	DK/NA	12.7%	54		14.3%	80	
	Total Favorable	55.8%			56.5%		
	Total Unfavorable	31.5%			29.2%		
	Ratio	1.8			1.9		

UNIFORMED BALLOT TESTS

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
4. To preserve essential city services, including: •9-1-1 emergency response times, •neighborhood police patrols, •fixing potholes, •fire prevention and protection services, shall Morgan Hill's measure, creating an essential services levy, with an annual rate of \$75 per existing residence and \$500 per newly purchased residence, with alternative rates for non-residential – see voter guide for tax rate information – providing \$1.6 million dollars annually, until repealed by voters, with annual inflation adjustments, independent citizen oversight, and no funds for Sacramento, be adopted?	Definitely Yes	12.8%	27		12.4%	34	
	Probably Yes	25.4%	54		26.4%	73	
	Probably No	22.3%	48		20.7%	57	
	Definitely No	30.5%	65		28.2%	78	
	DK/NA	8.9%	19		12.3%	34	
	Total Yes	38.2%			38.8%		
	Total No	52.9%			48.9%		
5. To preserve essential city services, including: •9-1-1 emergency response times, •neighborhood police patrols, •crime prevention and investigation, •fire prevention and protection services, and •fixing potholes and maintaining city streets, shall Morgan Hill's measure, enacting a one-quarter cent sales tax, providing \$2.5 million dollars annually, until repealed by voters, with independent citizen oversight, and no funds for Sacramento, be adopted?	Definitely Yes	22.0%	46		23.2%	65	
	Probably Yes	36.7%	77		34.8%	97	
	Probably No	12.8%	27		13.7%	38	
	Definitely No	23.9%	50		19.9%	56	
	DK/NA	4.6%	10		8.4%	24	
	Total Yes	58.7%			58.0%		
	Total No	36.7%			33.6%		

FEATURES OF THE MEASURE

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
6A. Preserve 9-1-1 emergency response times	Much More Likely	41.3%	174	71.7%	40.2%	224	72.1%
	Somewhat More Likely	30.5%	128		31.9%	178	
	No Effect	17.9%	75		18.8%	105	
	Somewhat Less Likely	3.3%	14		3.3%	18	
	Much Less Likely	5.1%	22		3.9%	22	
	DK/NA/[Not sure]	2.0%	9		1.9%	11	
6B. Preserve neighborhood police patrols	Much More Likely	34.9%	147	68.5%	37.4%	208	70.1%
	Somewhat More Likely	33.6%	142		32.7%	182	
	No Effect	19.3%	81		17.6%	98	
	Somewhat Less Likely	5.4%	23		5.9%	33	
	Much Less Likely	5.7%	24		5.2%	29	
	DK/NA/[Not sure]	1.1%	5		1.2%	7	
6C. Preserve crime prevention and investigation	Much More Likely	33.3%	141	66.5%	35.5%	198	69.2%
	Somewhat More Likely	33.1%	140		33.7%	188	
	No Effect	21.2%	89		19.8%	111	
	Somewhat Less Likely	4.5%	19		4.2%	23	
	Much Less Likely	6.0%	25		5.1%	29	
	DK/NA/[Not sure]	1.8%	8		1.6%	9	
6D. Preserve fire prevention and protection services	Much More Likely	36.8%	155	69.3%	37.0%	206	70.8%
	Somewhat More Likely	32.4%	137		33.7%	188	
	No Effect	21.0%	89		19.3%	108	
	Somewhat Less Likely	3.7%	16		4.1%	23	
	Much Less Likely	4.8%	20		4.5%	25	
	DK/NA/[Not sure]	1.2%	5		1.3%	7	
6E. Fix potholes and maintain city streets	Much More Likely	41.0%	173	73.6%	43.5%	242	75.8%
	Somewhat More Likely	32.7%	138		32.3%	180	
	No Effect	15.8%	67		15.7%	87	
	Somewhat Less Likely	3.3%	14		3.1%	17	
	Much Less Likely	6.1%	26		4.6%	26	
	DK/NA/[Not sure]	1.2%	5		0.9%	5	
6F. Maintain youth violence prevention and gang intervention programs	Much More Likely	33.5%	141	60.8%	33.7%	188	61.6%
	Somewhat More Likely	27.3%	115		27.9%	155	
	No Effect	23.0%	97		23.1%	129	
	Somewhat Less Likely	6.4%	27		6.5%	36	
	Much Less Likely	8.2%	35		7.6%	42	
	DK/NA/[Not sure]	1.5%	7		1.2%	7	
6G. Provide programs that help families and youth make healthy and responsible choices	Much More Likely	20.3%	86	42.6%	21.0%	117	46.5%
	Somewhat More Likely	22.3%	94		25.5%	142	
	No Effect	32.1%	135		29.4%	164	
	Somewhat Less Likely	9.2%	39		8.7%	48	
	Much Less Likely	12.6%	53		12.6%	70	
	DK/NA/[Not sure]	3.4%	14		2.9%	16	
6H. Provide programs to help keep kids off the streets	Much More Likely	27.8%	117	58.7%	28.6%	159	60.4%
	Somewhat More Likely	30.9%	130		31.8%	177	
	No Effect	25.4%	107		25.2%	141	
	Somewhat Less Likely	7.1%	30		6.7%	37	
	Much Less Likely	6.6%	28		6.0%	33	
	DK/NA/[Not sure]	2.2%	9		1.7%	9	
6I. Maintain youth violence and drug intervention programs	Much More Likely	30.0%	127	61.4%	30.9%	172	61.7%
	Somewhat More Likely	31.4%	133		30.8%	171	
	No Effect	22.8%	96		22.8%	127	
	Somewhat Less Likely	6.6%	28		6.3%	35	
	Much Less Likely	6.8%	29		7.4%	41	
	DK/NA/[Not sure]	2.3%	10		1.8%	10	
6J. Provide firefighter staffing at the 3rd fire station	Much More Likely	33.0%	139	66.8%	32.4%	180	65.2%
	Somewhat More Likely	33.8%	142		32.8%	182	
	No Effect	21.8%	92		23.6%	131	
	Somewhat Less Likely	3.6%	15		3.8%	21	
	Much Less Likely	5.1%	22		4.9%	27	
	DK/NA/[Not sure]	2.7%	11		2.6%	14	
6K. Enhance safety at our public schools	Much More Likely	40.6%	171	62.7%	42.1%	234	66.4%
	Somewhat More Likely	22.1%	93		24.3%	136	
	No Effect	24.7%	104		21.3%	119	
	Somewhat Less Likely	3.5%	15		3.9%	22	
	Much Less Likely	6.6%	28		6.5%	36	
	DK/NA/[Not sure]	2.5%	10		1.9%	11	

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
6L. Maintain neighborhood parks	Much More Likely	20.9%	44	55.1%	20.8%	58	57.5%
	Somewhat More Likely	34.2%	73		36.7%	102	
	No Effect	29.1%	62		28.1%	78	
	Somewhat Less Likely	4.8%	10		4.5%	12	
	Much Less Likely	9.5%	20		8.8%	24	
	DK/NA/[Not sure]	1.4%	3		1.1%	3	
6M. Provide adequate parks and recreation facilities	Much More Likely	23.2%	49	56.5%	24.0%	66	58.2%
	Somewhat More Likely	33.4%	71		34.2%	95	
	No Effect	26.0%	55		25.2%	70	
	Somewhat Less Likely	7.9%	17		7.8%	22	
	Much Less Likely	7.2%	15		7.1%	20	
	DK/NA/[Not sure]	2.4%	5		1.8%	5	
6N. Maintain public facilities and buildings	Much More Likely	17.0%	36	47.4%	18.4%	51	51.5%
	Somewhat More Likely	30.3%	65		33.1%	92	
	No Effect	29.3%	62		27.9%	77	
	Somewhat Less Likely	10.7%	23		8.8%	24	
	Much Less Likely	10.6%	22		10.2%	28	
	DK/NA/[Not sure]	2.1%	4		1.6%	4	

FEATURES OF THE MEASURE – RANKED BY INTENSITY SCORE

	Likely March 2020 Voter			Likely November 2020 Voter		
	Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
6A. Preserve 9-1-1 emergency response times			1.02			1.03
6E. Fix potholes and maintain city streets			1.00			1.08
6D. Preserve fire prevention and protection services			0.94			0.96
6K. Enhance safety at our public schools			0.89			0.93
6J. Provide firefighter staffing at the 3rd fire station			0.88			0.86
6B. Preserve neighborhood police patrols			0.88			0.92
6C. Preserve crime prevention and investigation			0.85			0.92
6I. Maintain youth violence and drug intervention programs			0.73			0.73
6F. Maintain youth violence prevention and gang intervention programs			0.73			0.75
6H. Provide programs to help keep kids off the streets			0.68			0.72
6M. Provide adequate parks and recreation facilities			0.59			0.61
6L. Maintain neighborhood parks			0.53			0.57
6N. Maintain public facilities and buildings			0.33			0.41
6G. Provide programs that help families and youth make healthy and responsible choices			0.30			0.35

INFORMATIONAL STATEMENTS

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
7A. By law, all funds from this measure must stay in Morgan Hill to maintain local services. None of it can be taken by Sacramento	Much More Likely to Vote Yes	54.1%	228	72.5%	54.6%	304	72.4%
	Somewhat More Likely to Vote Yes	18.4%	78		17.8%	99	
	No Effect	25.5%	107		25.7%	143	
	DK/NA/[Not sure]	2.0%	9		1.9%	11	
7B. Maintaining the current level of police service, including neighborhood patrols and crime prevention programs, fire protection, and 9-1-1 emergency response services is necessary to keep Morgan Hill a safe place to live and raise a family	Much More Likely to Vote Yes	40.5%	171	69.5%	43.4%	242	71.4%
	Somewhat More Likely to Vote Yes	29.0%	122		28.0%	156	
	No Effect	29.0%	122		27.3%	152	
	DK/NA/[Not sure]	1.5%	6		1.3%	7	
7C. Maintaining the current level of police service, including neighborhood patrols and crime prevention programs, is vital to protecting Morgan Hill's quality of life	Much More Likely to Vote Yes	39.6%	167	69.2%	42.1%	235	70.6%
	Somewhat More Likely to Vote Yes	29.6%	125		28.5%	159	
	No Effect	28.9%	122		27.8%	155	
	DK/NA/[Not sure]	1.8%	8		1.6%	9	
7D. This measure requires independent citizen oversight, mandatory financial audits, and yearly reports to the community to ensure the funds are spent in a fiscally prudent manner	Much More Likely to Vote Yes	39.2%	165	62.2%	38.0%	212	63.4%
	Somewhat More Likely to Vote Yes	23.0%	97		25.5%	142	
	No Effect	34.1%	144		32.9%	183	
	DK/NA/[Not sure]	3.7%	16		3.7%	21	
7E. Morgan Hill has the lowest per capita tax rate in Santa Clara County, this measure will help pay for essential services similar to other cities	Much More Likely to Vote Yes	29.6%	125	52.5%	30.4%	170	54.8%
	Somewhat More Likely to Vote Yes	22.9%	97		24.3%	136	
	No Effect	39.7%	167		38.0%	212	
	DK/NA/[Not sure]	7.8%	33		7.2%	40	
7F. The measure will maintain rapid response to workplace violence and increased police presence at large public events in Morgan Hill	Much More Likely to Vote Yes	39.6%	167	68.2%	42.3%	236	71.1%
	Somewhat More Likely to Vote Yes	28.5%	120		28.7%	160	
	No Effect	29.3%	124		27.0%	150	
	DK/NA/[Not sure]	2.5%	11		1.9%	11	
7G. This measure will maintain police patrols and keep our neighborhoods safe	Much More Likely to Vote Yes	39.6%	167	67.8%	42.3%	235	70.3%
	Somewhat More Likely to Vote Yes	28.2%	119		28.1%	156	
	No Effect	29.4%	124		27.1%	151	
	DK/NA/[Not sure]	2.8%	12		2.6%	14	
7H. The measure will continue to prevent and reduce youth violence in Morgan Hill	Much More Likely to Vote Yes	32.8%	138	57.2%	34.7%	193	60.7%
	Somewhat More Likely to Vote Yes	24.3%	103		26.0%	145	
	No Effect	38.4%	162		35.9%	200	
	DK/NA/[Not sure]	4.4%	19		3.4%	19	
7I. The measure will maintain a stable source of funds to protect critical police and fire services	Much More Likely to Vote Yes	40.1%	169	70.9%	42.2%	235	73.1%
	Somewhat More Likely to Vote Yes	30.8%	130		31.0%	172	
	No Effect	25.8%	109		23.7%	132	
	DK/NA/[Not sure]	3.4%	14		3.2%	18	
7J. The City has a track record of being fiscally responsible, and would not ask voters for this funding unless it is critical to keeping seniors, adults, teens and children safe	Much More Likely to Vote Yes	31.4%	132	54.6%	32.5%	181	56.8%
	Somewhat More Likely to Vote Yes	23.2%	98		24.3%	135	
	No Effect	41.5%	175		39.5%	220	
	DK/NA/[Not sure]	3.9%	17		3.7%	21	
7K. The measure will fund youth after-school and summer programs designed to keep teens off the street and out of trouble	Much More Likely to Vote Yes	31.8%	134	57.2%	32.0%	178	58.9%
	Somewhat More Likely to Vote Yes	25.4%	107		26.9%	150	
	No Effect	39.6%	167		37.6%	209	
	DK/NA/[Not sure]	3.2%	13		3.4%	19	
7L. New State legislation threatens the residential growth control measure adopted by Morgan Hill voters, this measure will replace the developer contributions eliminated by the State legislation	Much More Likely to Vote Yes	28.2%	119	46.1%	30.1%	168	49.5%
	Somewhat More Likely to Vote Yes	17.8%	75		19.4%	108	
	No Effect	36.8%	155		34.2%	190	
	DK/NA/[Not sure]	17.1%	72		16.4%	91	
7M. The City's unfunded road maintenance backlog is \$20 million dollars, this measure will help provide needed road repairs	Much More Likely to Vote Yes	36.7%	155	63.9%	38.6%	215	66.1%
	Somewhat More Likely to Vote Yes	27.2%	115		27.5%	153	
	No Effect	32.2%	136		30.4%	169	
	DK/NA/[Not sure]	3.9%	17		3.5%	20	
7N. Morgan Hill has significant street and road repair and maintenance needs. It is fiscally responsible to maintain our streets, roads, and fix potholes now, so our roads don't deteriorate further and become more costly to fix in the future	Much More Likely to Vote Yes	41.1%	173	68.4%	42.7%	238	70.0%
	Somewhat More Likely to Vote Yes	27.4%	115		27.3%	152	
	No Effect	29.3%	123		28.2%	157	
	DK/NA/[Not sure]	2.3%	10		1.8%	10	
7O. Maintaining strong public safety services and providing well-maintained streets is vital to protecting Morgan Hill's quality of life	Much More Likely to Vote Yes	37.5%	158	64.6%	40.2%	224	67.5%
	Somewhat More Likely to Vote Yes	27.1%	114		27.4%	153	
	No Effect	33.1%	140		30.2%	168	
	DK/NA/[Not sure]	2.2%	9		2.3%	13	
7P. Well maintained city streets and roads, are important to maintaining Morgan Hill's quality of life	Much More Likely to Vote Yes	39.8%	168	65.8%	39.9%	222	68.5%
	Somewhat More Likely to Vote Yes	26.1%	110		28.6%	159	
	No Effect	31.8%	134		29.3%	163	
	DK/NA/[Not sure]	2.4%	10		2.2%	12	

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
7Q. Well maintained city streets and roads, help protect property values	Much More Likely to Vote Yes	38.3%	161	64.6%	39.7%	221	65.4%
	Somewhat More Likely to Vote Yes	26.3%	111		25.8%	144	
	No Effect	32.8%	138		32.0%	178	
	DK/NA/[Not sure]	2.6%	11		2.6%	14	
7R. Businesses will pay their fair share, so homeowners don't shoulder the entire cost	Much More Likely to Vote Yes	46.6%	197	68.5%	49.1%	273	71.1%
	Somewhat More Likely to Vote Yes	21.9%	92		22.1%	123	
	No Effect	28.9%	122		25.4%	141	
	DK/NA/[Not sure]	2.6%	11		3.5%	19	
7S. The measure will maintain programs to help reduce homelessness	Much More Likely to Vote Yes	34.4%	145	59.2%	36.7%	204	61.3%
	Somewhat More Likely to Vote Yes	24.8%	105		24.7%	137	
	No Effect	35.9%	151		34.4%	192	
	DK/NA/[Not sure]	4.9%	21		4.2%	23	

INFORMATIONAL STATEMENTS – RANKED BY INTENSITY SCORE

	Likely March 2020 Voter			Likely November 2020 Voter		
	Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
7A. By law, all funds from this measure must stay in Morgan Hill to maintain local services. None of it can be taken by Sacramento			1.29			1.29
7R. Businesses will pay their fair share, so homeowners don't shoulder the entire cost			1.18			1.25
7I. The measure will maintain a stable source of funds to protect critical police and fire services			1.15			1.19
7N. Morgan Hill has significant street and road repair and maintenance needs. It is fiscally responsible to maintain our streets, roads, and fix potholes now, so our roads don't deteriorate further and become more costly to fix in the future			1.12			1.15
7B. Maintaining the current level of police service, including neighborhood patrols and crime prevention programs, fire protection, and 9-1-1 emergency response services is necessary to keep Morgan Hill a safe place to live and raise a family			1.12			1.16
7C. Maintaining the current level of police service, including neighborhood patrols and crime prevention programs, is vital to protecting Morgan Hill's quality of life			1.11			1.15
7F. The measure will maintain rapid response to workplace violence and increased police presence at large public events in Morgan Hill			1.11			1.16
7G. This measure will maintain police patrols and keep our neighborhoods safe			1.10			1.16
7P. Well maintained city streets and roads, are important to maintaining Morgan Hill's quality of life			1.08			1.11
7Q. Well maintained city streets and roads, help protect property values			1.06			1.08
7D. This measure requires independent citizen oversight, mandatory financial audits, and yearly reports to the community to ensure the funds are spent in a fiscally prudent manner			1.05			1.05
7M. The City's unfunded road maintenance backlog is \$20 million dollars, this measure will help provide needed road repairs			1.05			1.08
7O. Maintaining strong public safety services and providing well-maintained streets is vital to protecting Morgan Hill's quality of life			1.04			1.10
7S. The measure will maintain programs to help reduce homelessness			0.98			1.02
7H. The measure will continue to prevent and reduce youth violence in Morgan Hill			0.94			0.99
7K. The measure will fund youth after-school and summer programs designed to keep teens off the street and out of trouble			0.92			0.94
7L. New State legislation threatens the residential growth control measure adopted by Morgan Hill voters, this measure will replace the developer contributions eliminated by the State legislation			0.90			0.95
7J. The City has a track record of being fiscally responsible, and would not ask voters for this funding unless it is critical to keeping seniors, adults, teens and children safe			0.90			0.93
7E. Morgan Hill has the lowest per capita tax rate in Santa Clara County, this measure will help pay for essential services similar to other cities			0.89			0.92

Attachment: October 2019 Polling Results (2809 : Revenue Measure Follow-Up)

INTERIM BALLOT TESTS

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
8. To preserve essential city services, including: •9-1-1 emergency response times, •neighborhood police patrols, •fixing potholes, •fire prevention and protection services, shall Morgan Hill's measure, creating an essential services levy, with an annual rate of \$75 per existing residence and \$500 per newly purchased residence, with alternative rates for non-residential – see voter guide for tax rate information – providing \$1.6 million dollars annually, until repealed by voters, with annual inflation adjustments, independent citizen oversight, and no funds for Sacramento, be adopted?	Definitely Yes	19.2%	41		18.8%	52	
	Probably Yes	29.9%	64		32.2%	89	
	Probably No	18.4%	39		18.8%	52	
	Definitely No	26.9%	57		24.7%	68	
	DK/NA	5.6%	12		5.6%	16	
	Total Yes	49.1%			51.0%		
	Total No	45.3%			43.4%		
9. To preserve essential city services, including: •9-1-1 emergency response times, •neighborhood police patrols, •crime prevention and investigation, •fire prevention and protection services, and •fixing potholes and maintaining city streets, shall Morgan Hill's measure, enacting a one-quarter cent sales tax, providing \$2.5 million dollars annually, until repealed by voters, with independent citizen oversight, and no funds for Sacramento, be adopted?	Definitely Yes	30.3%	63		31.1%	87	
	Probably Yes	34.9%	73		35.2%	99	
	Probably No	16.2%	34		16.5%	46	
	Definitely No	16.5%	35		15.6%	44	
	DK/NA	2.1%	4		1.6%	5	
	Total Yes	65.1%			66.3%		
	Total No	32.8%			32.1%		

CRITICAL STATEMENTS

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
10A. We already pay enough taxes! The City should live within its means and instead focus on what's really at stake for Morgan Hill - maintaining the character of our neighborhoods and community in the face of excessive growth	Much More Likely to Vote No	38.6%	163	60.8%	38.7%	216	61.3%
	Somewhat More Likely to Vote No	22.2%	94		22.5%	126	
	No Effect	33.5%	141		33.2%	185	
	DK/NA/[Not sure]	5.7%	24		5.5%	31	
10B. There are no guarantees on how funds will be spent and we cannot trust local politicians to do what they say with our hard-earned tax dollars. The City has plenty of money, our tax dollars are just wasted	Much More Likely to Vote No	34.9%	147	56.2%	35.1%	195	58.0%
	Somewhat More Likely to Vote No	21.3%	90		23.0%	128	
	No Effect	36.5%	154		34.2%	190	
	DK/NA/[Not sure]	7.4%	31		7.8%	43	
10C. If the City had done a better job controlling growth, we would not need to increase the sales tax	Much More Likely to Vote No	35.1%	148	54.3%	35.8%	199	57.2%
	Somewhat More Likely to Vote No	19.2%	81		21.4%	119	
	No Effect	39.4%	166		37.1%	207	
	DK/NA/[Not sure]	6.4%	27		5.7%	32	
10D. City administrators and employees are already overpaid. Why should we pay more to support inflated salaries and benefits?	Much More Likely to Vote No	26.5%	112	47.2%	29.4%	164	51.2%
	Somewhat More Likely to Vote No	20.7%	87		21.8%	121	
	No Effect	43.5%	183		40.3%	224	
	DK/NA/[Not sure]	9.3%	39		8.6%	48	
10E. This tax will continue to make our City less competitive, less business friendly, and less consumer friendly	Much More Likely to Vote No	20.9%	88	38.3%	23.0%	128	41.6%
	Somewhat More Likely to Vote No	17.4%	73		18.5%	103	
	No Effect	51.7%	218		49.2%	274	
	DK/NA/[Not sure]	10.0%	42		9.2%	52	
10F. The City has a structural fiscal deficit in a booming economy, meaning our City leaders are spending more than they are taking in	Much More Likely to Vote No	31.9%	134	56.1%	31.9%	178	58.0%
	Somewhat More Likely to Vote No	24.2%	102		26.0%	145	
	No Effect	35.0%	147		33.3%	185	
	DK/NA/[Not sure]	8.9%	38		8.8%	49	
10G. This tax measure is a 'blank check' that lets politicians make promises now without delivering later	Much More Likely to Vote No	36.7%	155	57.1%	38.6%	215	61.1%
	Somewhat More Likely to Vote No	20.3%	86		22.4%	125	
	No Effect	35.6%	150		31.5%	176	
	DK/NA/[Not sure]	7.4%	31		7.4%	41	
10H. If new development paid its fair share, we would not need this measure	Much More Likely to Vote No	35.6%	150	61.7%	34.7%	193	62.1%
	Somewhat More Likely to Vote No	26.1%	110		27.5%	153	
	No Effect	31.4%	133		30.9%	172	
	DK/NA/[Not sure]	6.9%	29		6.9%	39	
10I. If this measure passes, the sales tax in Morgan Hill will be 9.25 percent, one of the highest in the county	Much More Likely to Vote No	41.8%	87	62.8%	40.9%	115	64.1%
	Somewhat More Likely to Vote No	21.0%	44		23.2%	65	
	No Effect	32.2%	67		31.2%	87	
	DK/NA/[Not sure]	4.9%	10		4.6%	13	
10J. Increasing sales tax will drive businesses and shoppers out of Morgan Hill and hurt the local economy	Much More Likely to Vote No	26.6%	56	42.2%	25.0%	70	44.3%
	Somewhat More Likely to Vote No	15.6%	33		19.3%	54	
	No Effect	50.5%	105		48.4%	135	
	DK/NA/[Not sure]	7.3%	15		7.3%	20	

CRITICAL STATEMENTS – RANKED BY INTENSITY SCORE

	Likely March 2020 Voter			Likely November 2020 Voter		
	Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
10I. If this measure passes, the sales tax in Morgan Hill will be 9.25 percent, one of the highest in the county			1.10			1.10
10A. We already pay enough taxes! The City should live within its means and instead focus on what's really at stake for Morgan Hill - maintaining the character of our neighborhoods and community in the face of excessive growth			1.05			1.06
10H. If new development paid its fair share, we would not need this measure			1.04			1.04
10G. This tax measure is a 'blank check' that lets politicians make promises now without delivering later			1.01			1.08
10B. There are no guarantees on how funds will be spent and we cannot trust local politicians to do what they say with our hard-earned tax dollars. The City has plenty of money, our tax dollars are just wasted			0.98			1.01
10F. The City has a structural fiscal deficit in a booming economy, meaning our City leaders are spending more than they are taking in			0.97			0.99
10C. If the City had done a better job controlling growth, we would not need to increase the sales tax			0.95			0.99
10D. City administrators and employees are already overpaid. Why should we pay more to support inflated salaries and benefits?			0.81			0.88
10J. Increasing sales tax will drive businesses and shoppers out of Morgan Hill and hurt the local economy			0.74			0.75
10E. This tax will continue to make our City less competitive, less business friendly, and less consumer friendly			0.66			0.71

INFORMED BALLOT TESTS

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
11. To preserve essential city services, including: •9-1-1 emergency response times, •neighborhood police patrols, •fixing potholes, •fire prevention and protection services, shall Morgan Hill's measure, creating an essential services levy, with an annual rate of \$75 per existing residence and \$500 per newly purchased residence, with alternative rates for non-residential – see voter guide for tax rate information – providing \$1.6 million dollars annually, until repealed by voters, with annual inflation adjustments, independent citizen oversight, and no funds for Sacramento, be adopted?	Definitely Yes	13.6%	29		15.1%	42	
	Probably Yes	29.8%	63		30.7%	85	
	Probably No	21.6%	46		20.4%	56	
	Definitely No	29.5%	63		27.8%	77	
	DK/NA	5.5%	12		6.0%	17	
	Total Yes	43.4%			45.8%		
	Total No	51.1%			48.2%		
	Average Interim & Informed	46.2%			48.4%		
12. CFD Ballot Test - \$60 Existing, \$475 New	Definitely Yes	17.4%	37		18.5%	51	
	Probably Yes	29.6%	63		30.8%	85	
	Probably No	18.9%	40		18.8%	52	
	Definitely No	29.1%	62		26.7%	74	
	DK/NA	5.0%	11		5.3%	15	
	Total Yes	47.0%			49.3%		
	Total No	48.0%			45.5%		
13. CFD Ballot Test - 8 Years	Definitely Yes	22.6%	48		23.0%	64	
	Probably Yes	26.9%	57		29.7%	82	
	Probably No	16.2%	34		15.4%	43	
	Definitely No	27.8%	59		25.0%	69	
	DK/NA	6.5%	14		6.9%	19	
	Total Yes	49.5%			52.6%		
	Total No	44.0%			40.4%		
14. To preserve essential city services, including: •9-1-1 emergency response times, •neighborhood police patrols, •crime prevention and investigation, •fire prevention and protection services, and •fixing potholes and maintaining city streets, shall Morgan Hill's measure, enacting a one-quarter cent sales tax, providing \$2.5 million dollars annually, until repealed by voters, with independent citizen oversight, and no funds for Sacramento, be adopted?	Definitely Yes	23.1%	48		23.2%	65	
	Probably Yes	28.8%	60		30.8%	86	
	Probably No	20.9%	44		21.2%	59	
	Definitely No	22.0%	46		19.9%	56	
	DK/NA	5.2%	11		5.0%	14	
	Total Yes	51.9%			53.9%		
	Total No	42.9%			41.0%		
	Average Interim & Informed	58.5%			60.1%		
15. Sales Tax Ballot Test - 8 Years	Definitely Yes	26.3%	55		26.5%	74	
	Probably Yes	27.2%	57		30.0%	84	
	Probably No	19.2%	40		17.3%	48	
	Definitely No	20.9%	44		18.8%	53	
	DK/NA	6.4%	13		7.3%	21	
	Total Yes	53.5%			56.5%		
	Total No	40.1%			36.2%		

Attachment: October 2019 Polling Results (2809 : Revenue Measure Follow-Up)

DEMOGRAPHICS

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
A. Do any children under the age of 18 live in your household?	Yes	33.7%	142		36.9%	206	
	No	64.1%	270		61.2%	341	
	DK/NA	2.2%	9		1.9%	11	
B. Gender	Male	46.0%	194		46.6%	260	
	Female	53.4%	225		53.0%	295	
	Unknown	0.6%	2		0.4%	2	
C. Age	18-29	7.3%	31		11.6%	65	
	30-39	11.5%	49		13.7%	77	
	40-49	16.2%	68		17.8%	99	
	50-69	43.7%	184		40.0%	223	
	70+	21.1%	89		16.8%	94	
	Not coded	0.0%	0		0.0%	0	
D. Broad Ethnic Groupings	East and South Asian	8.3%	35		9.1%	51	
	European	59.9%	253		57.2%	318	
	Hispanic and Portuguese	19.9%	84		21.3%	119	
	Likely African-American	0.6%	2		0.5%	3	
	Other	3.2%	14		3.6%	20	
	Unknown	8.2%	35		8.3%	46	
E. Education	Less than HS Diploma - Likely	3.7%	16		3.8%	21	
	HS Diploma - Extremely Likely	9.5%	40		8.0%	45	
	HS Diploma - Likely	5.1%	22		4.6%	26	
	Some College - Likely	10.9%	46		13.0%	73	
	Some College -Extremely Likely	2.4%	10		1.8%	10	
	Bach Degree - Extremely Likely	17.3%	73		15.3%	85	
	Bach Degree - Likely	8.0%	34		7.9%	44	
	Grad Degree - Extremely Likely	9.5%	40		8.9%	50	
	Grad Degree - Likely	5.8%	25		5.4%	30	
	Missing	27.8%	117		31.2%	174	
F. Marital Status	Single or Unknown	42.5%	179		46.4%	258	
	Married	46.3%	195		42.2%	235	
	Non-Traditional	11.2%	47		11.4%	63	
G. Veteran	Yes	3.1%	13		3.2%	18	
	No	96.9%	409		96.8%	539	
H. Homeownership Status	Owner	67.6%	285		65.1%	363	
	Renter	20.5%	86		23.3%	130	
	Unknown	11.9%	50		11.5%	64	
I. Estimated Income Range	\$1,000-\$14,999	1.1%	5		0.9%	5	
	\$15,000-\$24,999	2.5%	11		2.0%	11	
	\$25,000-\$34,999	2.9%	12		2.5%	14	
	\$35,000-\$49,999	3.2%	14		2.7%	15	
	\$50,000-\$74,999	6.8%	29		6.7%	37	
	\$75,000-\$99,999	10.4%	44		11.3%	63	
	\$100,000-\$124,999	14.0%	59		13.1%	73	
	\$125,000-\$149,999	16.2%	68		18.0%	100	
	\$150,000-\$174,999	16.4%	69		15.8%	88	
	\$175,000-\$199,999	10.1%	43		9.5%	53	
	\$200,000-\$249,999	7.2%	31		6.9%	39	
	\$250,000 and up	8.4%	35		10.0%	56	
	Unknown	0.8%	3		0.6%	3	
J. Estimated Home Value Range	\$0K to \$19K	0.0%	0		0.0%	0	
	\$20K to \$49K	0.6%	3		0.5%	3	
	\$50K to \$99K	0.2%	1		0.2%	1	
	\$100K to \$149K	0.0%	0		0.0%	0	
	\$150K to \$174K	0.5%	2		0.4%	2	
	\$175K to \$199K	0.0%	0		0.0%	0	
	\$200K to \$249K	0.4%	2		0.3%	2	
	\$250K to \$299K	0.2%	1		0.1%	1	
	\$300K to \$399K	1.3%	6		1.0%	6	
	\$400K to \$499K	4.4%	19		3.3%	19	
	\$500K to \$749K	19.3%	81		18.7%	104	
	\$750K to \$999K	41.0%	173		42.6%	238	
	\$1000K to 1M and over	31.2%	131		32.1%	179	
	Unknown	0.9%	4		0.7%	4	

Attachment: October 2019 Polling Results (2809 : Revenue Measure Follow-Up)

		Likely March 2020 Voter			Likely November 2020 Voter		
		Column N %	Count	Σ or Mean	Column N %	Count	Σ or Mean
K. Individual Party	American Independent	3.1%	13		3.6%	20	
	Democratic	45.3%	191		42.8%	238	
	Green	0.1%	1		0.1%	1	
	Libertarian	0.9%	4		0.7%	4	
	Natural Law	0.0%	0		0.0%	0	
	Non-Partisan	21.3%	90		25.3%	141	
	Other	0.0%	0		0.0%	0	
	Peace and Freedom	0.1%	1		0.1%	1	
	Reform	0.0%	0		0.0%	0	
	Republican	29.2%	123		27.4%	153	
	Unknown	0.0%	0		0.0%	0	
	No data	0.0%	0		0.0%	0	
L. Household Party Type	Dem	30.0%	126		28.0%	156	
	Dem&Ind	17.3%	73		18.3%	102	
	Dem&Rep	8.6%	36		7.8%	44	
	Dem&Rep&Ind	2.8%	12		2.9%	16	
	Ind	13.2%	56		15.7%	88	
	Rep	17.9%	76		16.5%	92	
	Rep&Ind	10.3%	43		10.8%	60	
M. Household Gender Composition	No data	0.0%	0		0.0%	0	
	Mixed Gender Household	67.9%	286		64.6%	360	
	Female Only Household	19.3%	81		21.4%	119	
	Male Only Household	12.2%	52		13.2%	74	
	Cannot Determine	0.6%	2		0.8%	4	
N. Registration Date	No data	0.0%	0		0.0%	0	
	2017 to present	45.9%	194		49.2%	274	
	2013-2016	19.6%	83		21.4%	119	
	2009-2012	8.5%	36		7.8%	43	
	2005-2008	5.1%	22		5.5%	31	
	2001-2004	6.5%	28		5.2%	29	
	1997-2000	4.4%	18		3.4%	19	
	1993-1996	2.9%	12		2.2%	12	
	1981-1992	4.3%	18		3.3%	19	
	1980 or before	2.8%	12		2.1%	12	
O. Voting Frequency	Not coded	0.0%	0		0.0%	0	
	0	0.4%	2		0.3%	2	
	1	2.5%	11		10.5%	59	
	2	3.5%	15		11.6%	65	
	3	10.4%	44		12.5%	69	
	4	15.8%	66		14.1%	79	
	5	13.1%	55		9.9%	55	
	6	13.0%	55		9.8%	55	
	7	14.3%	60		10.9%	60	
P. Voting History	8	27.0%	114		20.4%	114	
	see detailed crosstabs						
Q. Household Voter Count	1	23.0%	97		25.7%	143	
	2	52.9%	223		53.8%	299	
	3	17.5%	74		15.5%	86	
	4	6.3%	27		4.9%	27	
	5	0.3%	1		0.2%	1	
R. Permanent Absentee Voter	No data	0.0%	0		0.0%	0	
	Military	0.5%	2		0.4%	2	
	Permanent US	89.1%	376		86.5%	482	
S. Likely March 2020 Voter	Unknown	10.4%	44		13.1%	73	
	Yes	100.0%	422		75.7%	422	
T. Likely November 2020 Voter	No	0.0%	0		24.3%	135	
	Yes	100.0%	422		100.0%	557	
		No	0.0%	0	0.0%	0	

Attachment: October 2019 Polling Results (2809 : Revenue Measure Follow-Up)



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

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

PROVIDE DIRECTION REGARDING FEASIBILITY REPORTS FOR FUTURE RECREATION FACILITIES FOR SAND VOLLEYBALL AND VILLA MIRA MONTE HISTORICAL SITE

RECOMMENDATION(S)

1. Receive reports relating to future park and recreation facilities; and
2. Provide feedback and additional direction to City staff as desired.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Infrastructure
Supporting Our Youth
Seniors
and Entire Community
Preserving Our Community History

2020-2021 Strategic Priorities

Economic Development
Financial Sustainability

GUIDING DOCUMENTS

Bikeways
Trails
Parks and Recreation Masterplan

REPORT NARRATIVE:

The City of Morgan Hill has engaged the consulting firm Management Partners to conduct two reports for the City in relation to planning for the future development of parks and recreation facilities, including a demand and facility analysis relating to the viability of a sand volleyball complex in Morgan Hill and event venue report for the Villa Mira Monte historical site. This item presents those reports to the City Council for review.

Villa Mira Monte Event Venue Report

The Morgan Hill Historical Society operates and maintains the 2.5-acre site known as Villa Mira Monte, including the Hiram Morgan Hill House, Museum and Centennial History Trail. In 2017, the City entered into a partnership with the Historical Society to preserve the site and support the operation of the site as a park facility. The City's Capital Improvement Program and the City's Bikeways, Trails, Parks and Recreation Master Plan have identified the future development of the Villa Mira Monte site. The Historical Society has long planned for the future improvements to include additional outdoor event space and buildings to fully build out the site to support increased utilization as an event center, while at the same time improving the site as a historical

resource.

The City and Historical Society agreed that before moving forward with further design that a more detailed analysis of the site's potential as an event venue would be reviewed. The City engaged Management Partners, a consulting company to review and evaluate the current Villa Mira Monte facility master plan with consideration of best use of the site from a long-term sustainability perspective (cost recovery, revenue generation, and operations and maintenance). This report is included as Attachment 1. The Historical Society's response to the report is included as Attachment 2.

The City Council has designated the Library, Culture and Arts Commission as the designated advisory commission for Villa Mira Monte and the City's Historical Resources. However, the expansion of Villa Mira Monte would be considered a park project and as such the report was also reviewed by the Parks and Recreation Commission as well.

The report recommends that the City should not invest in capital improvements intended to make the site an event venue as originally proposed at this time. Specific actions recommended include:

- Sustain the site as a historic community asset and not as an expanded event venue destination.
- Develop a *strategic plan* for the site to address:
 - Stakeholder interests and goals for the future of the site either as an event venue (if determined to be viable) or a sustainable historical asset in the community.
 - A long-term mission and vision for the site, specific goals to accomplish the site's mission, and a plan to implement them. This should elicit a practical solution for the site that incorporates feedback from all stakeholder groups.
 - The market for and feasibility of an expanded historic destination event venue on the site compared with maintenance of the site as an important historic place in the community. It should include an environmental scan of existing facilities and the potential for rentals. In short, it should answer the questions: Who are you trying to reach? Who would use the facility? And can the site accommodate the facilities required to support the event venue?
 - Potential partnerships and/or third-party operator agreements (e.g., Morgan Hill Historical Society, City Council, community members, etc.) should an event venue destination be determined to be realistic.
 - Additional resources need to accomplish identified goals for the site, including funding responsibilities.
- Develop a business plan to implement the strategic plan. The business plan would specifically identify the operational entity for the facility and a revenue structure for its sustainability.

- If there is continued interest in pursuing the site as an event venue, an interim investment by the City in support of developing an operational budget may be required. This would provide paid staff for the historical site event venue through increased rental rates, in-kind services from the City and an increased annual financial allocation by the City. This will provide more information about what's possible in the current operational environment.

Next Steps:

Given the City's limited resources and recent reductions to Recreation and Community Services Programs, the partnership with the Morgan Hill Historical Society is more important than ever. In addition to the recommendations above, the City believes there is an opportunity for limited improvements to the site that may allow for improved operations and reduced ongoing maintenance costs. City staff has discussed the opportunity to move some of these improvements forward, while potentially partnering with the Historical Society on the strategic planning process. City staff will move forward in these areas in the future.

Sand Volleyball Demand and Facilities Analysis

The City has long been reviewing the opportunity for the development of a sand volleyball facility to complement existing sports facilities (Outdoor Sports Center and Aquatics Center) that provide for both local resident use and regional sports tourism. The initial discussions were brought forward by residents during the 2017 update to the Bikeways, Trails, Parks and Recreation Master Plan. Since that point City staff and the Parks and Recreation Commission have worked towards reviewing the feasibility of developing a facility for this growing sport. The City staff has had previous discussions, both through formal RFP process and informally, for potential partnerships with private and non-profit organizations to partner in the investment in design and development of a facility. However, those discussions have never resulted in non-city funds being brought forward for design and development. Prior to the City considering investing City funds in design and development of a facility more analysis was needed, hence the Management Partners report was commissioned.

The demand and facilities analysis report (Attachment 3) was accompanied by cost estimate work (Attachment 4) to determine costs of constructing a facility. The analysis concludes that volleyball is a growing sport and that Morgan Hill's best bet for initial facility use is at the youth level. The report does not definitively state that a major facility is guaranteed to be successful and further recommends a staged approach to development. The report recommendations include:

1. Complete the concept design and cost estimates for a sand volleyball complex of up to 20 courts.
2. Following completion of the design, organize focus groups from the sport of sand volleyball (coaches, clubs, and tournament sponsors) to determine the level of potential recreational and tournament play that might be expected at a facility and to provide feedback on the master plan design.

3. Invite potential operational and construction partners to come to Morgan Hill for further consultation regarding design, construction, and operations.
4. If there is interest from an operational partner, move forward with construction of a Phase 1 facility (up to six courts).

City staff concur with these recommendations. The Parks and Recreation Commission further recommended that the fourth recommendation be updated to make the Phase 1 of the facility 10 courts in size. Through the review process staff have gained a much greater understanding for the sport. Cost estimates have been developed by a reputable landscape architect show that development of the courts will be more expensive than initially anticipated. A six-court facility is estimated at least \$2 million for construction and the full build out of the site could total \$14 million. To create the cost estimates a concept layout was developed (Attachment 5). It should be noted that this layout was for space development only and should not be viewed as any sort of planning document. While likely less expensive than other sports venues, the cost of developing any new construction in the area is still high. The total cost for the complete 20 court build-out may be lower than the estimates indicate, as there may be savings associated with not phasing the project and the parking in the concept is more than what is needed for the volleyball courts alone (it would be intended to also support the Outdoor Sports Center).

On the operational cost front, it is not believed the facility will attain direct cost recovery if operated by the City. The study estimates that the facility will generate approximately \$50,000 annually for the phase 1 facility. City costs to operate would be at least double that. For this reason, a partner operator must be identified even to move forward with the initial phase of operations.

Additionally, while the new facility would support sports tourism it would do so only in a limited manner based on the number of players and spectators per sport associated with those attending.

Next Steps:

The City has included developing a site-specific plan for City recreation facilities and undeveloped land on Condit Road within the next year of the City's Capital Improvement Program. For the site-specific plan, the City will look to develop alternatives that can be used to move forward the environmental design of the overall area. Staff recommends including alternatives for the various sizes of sand volleyball facilities within the plan. This plan would include alternative uses to sand volleyball to allow for future planning to be more flexible.

This planning will be important as the City continues to work with our regional partners for an agricultural preservation adjacent to Morgan Hill. The available property the City owns is outside the City and in the County. The Council previously directed City staff to continuing to work with the County, LAFCO, the Santa Clara Valley Open Space Authority in this area. It is not anticipated that a quick resolution will occur on these joint

planning efforts but continued site-specific planning for the future use of the City owned property is appropriate as these conversations continue.

COMMUNITY ENGAGEMENT: Involve

The Villa Mira Monte Event Venue Report was developed in complete partnership with the members of the Morgan Hill Historical Society, who worked directly with the consultant on the project. The Sand Volleyball Demand and Facilities Analysis involved and outreached to several volleyball clubs and organizations, including those locally. City Commissions have been involved in review and development of the reports. Both activities are outlined in the City's Bikeways, Trails, Parks and Recreation Master Plan, which was developed through over a years' worth of engagement with the Community.

ALTERNATIVE ACTIONS:

The Council may provide direction on next steps on the planning for these Parks and Recreation facilities as it views appropriate.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- The City Council approved the Bikeways, Trails, Parks and Recreation Master Plan in July 2017.
- The City Council provided direction on Sports Facility Development at its February 6, 2019 meeting.
- The City has a very long history associated with Villa Mira Monte. Most recently the City Council approved a Memorandum of Understanding to formally partner with the Morgan Hill Historical Society in June 2017.
- The Parks and Recreation Commission reviewed the Sand Volleyball Demand and Facilities Analysis at its January 2020 and May 2020 meetings.
- The Library, Culture and Arts Commission and the Parks and Recreation Commission reviewed the Villa Mira Monte Event Venue Report at their May 2020 meetings.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact associated with receiving this report.

CEQA (California Environmental Quality Act):

Not a Project

Receiving this report is an administrative program that will not result in a change to the physical environment, this action is not a project under the California Environmental Quality Act. Future design will be followed by appropriate environmental work necessary to meet CEQA requirements.

LINKS/ATTACHMENTS:

1. Villa Mira Monte Event Venue Feasibility Study
2. Historical Society Comments on Feasibility Study
3. Sand Volleyball Feasibility Study
4. Sand Volleyball Feasibility Study - Cost Estimates
5. Sand Volleyball Feasibility Study - Space Concept
6. Sand Volleyball Support Letters

City of Morgan Hill

Villa Mira Monte Historic Site – Event Venue

January 2020

Management
Partners





January 14, 2020

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

Dear Mr. Ghione:

Management Partners is pleased to transmit this project report regarding the Villa Mira Monte Historic Site. We evaluated the current site with respect to its operational challenges and the potential for success as an event venue. We have provided our observations and recommendations about what the City should consider before making any further capital improvements in the historic site, including the merits of investing in the site in support of making it a destination event venue. Overall, due to the constraints of the site as well as operational and management challenges, we believe the City should sustain the site as a historic community asset and not as an expanded event venue destination.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Andrew S. Belknap', is positioned above the printed name.

Andrew S. Belknap
Senior Vice President

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Executive Summary

The City of Morgan Hill engaged Management Partners to assess the feasibility of an expanded event venue at the site of the historic Villa Mira Monte. The goal of such an expansion would be to improve sustainability with a reliable revenue stream to support ongoing facility maintenance and operations costs of the site and the Historic Society.

In conjunction with the Morgan Hill Historical Society (Historical Society) and the City of Morgan Hill, Management Partners evaluated the operational challenges with the current site and evaluated what we believe will be required before any further capital improvements are invested in the historic site. We reviewed case studies for successful historic destination event venues and conducted interviews with staff from the Historical Society and the City of Morgan Hill.

This memorandum provides background on the site, our observations regarding the current operational context, what would be required to be a viable event destination, and some preliminary recommendations for immediate next steps. Our review and analysis resulted in the following major observations and conclusions.

1. Successful historic event venue destinations cannot rely on a small historic house as the primary attraction. Typically, while venues may be historic in nature, they have the following characteristics:
 - Emphasis is placed on providing space for events, which may or may not relate to the history of the site.
 - Event planning (weddings, ceremonies, special events) has shifted from indoor activities to utilization of outdoor spaces that provide more flexible uses. When indoor space is needed, covered areas and/or tents are utilized.
 - Events are becoming destination-oriented where renters look for a venue that provides a full range of support, e.g., vendors, photo opportunities, and overnight accommodations.
 - Successful venues require paid staff who have regular hours, take bookings, answer questions, and can provide support from the booking through the event.

- Events are typically staffed with attendants during most activities to oversee use of the venue.
 - The event venue has determined their market focus. In other words, the venue has a specialty of users (e.g., weddings) and market specifically to that audience.
2. The Historical Society's primary mission is to *"preserve and share the history of Morgan Hill, and its environs, to inspire a sense of community."* While not inconsistent with a successful historic event destination, the non-profit's focus and interest does not now include maintenance and operation of an event venue. There is no paid staff, nor does the interest of their members necessarily include this type of function. An event venue is not currently part of the Society's Strategic Plan. (They are currently evaluating whether the society can support a museum/park event-focused mission.) Until and unless this changes, the Historical Society is not positioned or able to operate an expanded historic event venue.
 3. The proposed \$1.8 million capital improvement investment (landscaping and parking) by the City *may* expand opportunities for rentals. However, based on our analysis, the factors below and the site's constraints, we are not convinced it will ever be a robust event venue destination or provide a commensurate return on investment. Rather, the site's primary purpose is that of housing a museum and perhaps some ancillary community events from time to time. This may be all that can and should be achieved.
 - Based on information provided by the City, the maximum number of parking spaces is 67 with the maximum use at 150. These constraints coupled with storm water mitigation requirements would further impact use of the site use and limit the ability for success.
 - There are many area wineries and associated event facilities/sites with established operating plans that are similar in size to the historical site. Trying to compete with the established venues in the private sector, even if managed by the City, would be difficult at best. Should City leaders decide to invest in the event venue site, they should explore partnering with someone who has experience in this established niche market.
 - Should either the maintenance and/or operation of the site be taken over by the City, the increased cost of City staff and operational requirements would no doubt raise the

cost of operations well above that provided by volunteers or the private sector. This would more than likely price the cost of rental of this space beyond marketability.

There has been no marketing analysis to determine competition in the area for similar rentals (wineries, other historic destination event venues), little strategy for determining what may be captured with such an investment based on an identified market, and no differentiation between the purpose of the Historical Society as it relates to history (the museum), and what it should achieve in operating the property as an event venue. (An in-depth marketing analysis was beyond the scope of this engagement although a high-level listing of event venues in Santa Clara County is provided in this report as information.)

Prior to making any major capital investment by the City, our major recommendations are:

- Sustain the site as a historic community asset and not as an expanded event venue destination.
- Develop a *strategic plan* for the site to address:
 - Stakeholder interests and goals for the future of the site either as an event venue (if determined to be viable) or a sustainable historical asset in the community.
 - A long-term mission and vision for the site, specific goals to accomplish the site's mission, and a plan to implement them. This should elicit a practical solution for the site that incorporates feedback from all stakeholder groups.
 - The market for and feasibility of an expanded historic destination event venue on the site compared with maintenance of the site as an important historic place in the community. It should include an environmental scan of existing facilities and the potential for rentals. In short, it should answer the questions: Who are you trying to reach? Who would use the facility? and Can the site accommodate the facilities required to support the event venue?
 - Potential partnerships and/or third-party operator agreements (e.g., Morgan Hill Historical Society, City Council, community members, etc.) should an event venue destination be determined to be realistic.
 - Additional resources need to accomplish identified goals for the site, including funding responsibilities.

- Develop a business plan to implement the strategic plan. The business plan would specifically identify the operational entity for the facility and a revenue structure for its sustainability.
- If there is continued interest in pursuing the site as an event venue, an interim investment by the City in support of developing an operational budget may be required. This would provide paid staff for the historical site event venue through increased rental rates, in-kind services from the City and an increased annual financial allocation by the City. This will provide more information about what's possible in the current operational environment.

Attachment A provides a full listing of our recommendations.

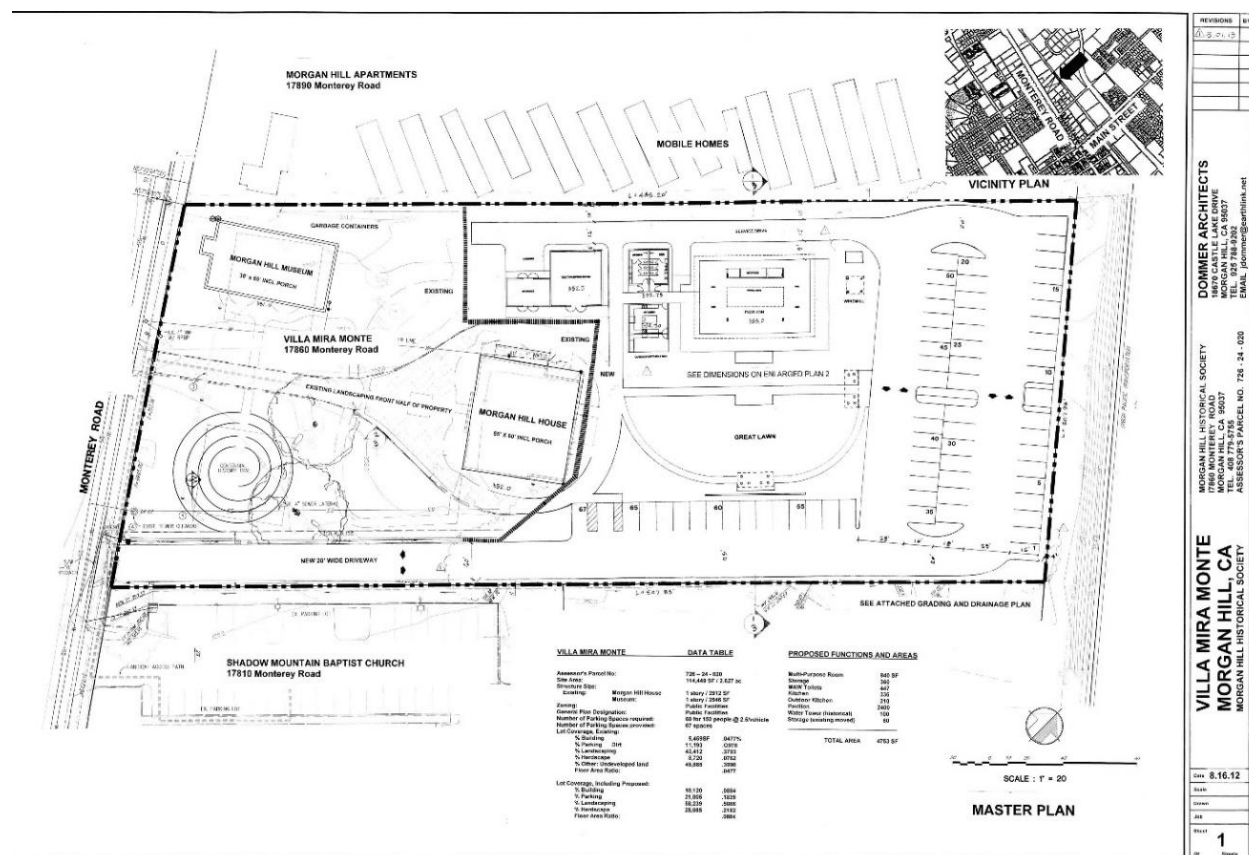
This report is organized into the following sections:

- Background,
- Project Approach,
- Villa Mira Monte Event Venue – Current Operations,
- Alternative Operational Options, and
- Conclusion.

Background

Villa Mira Monte is a 2.5-acre site with two historical buildings. The main house, referred to as the Hiram Morgan Hill House, was built in 1884 and is used as an event venue with upstairs storage for the Historical Society. A second building that was built in 1911 and brought onto the site, is used as the Morgan Hill Museum. A site map of the property is shown in Figure 1.

Figure 1. Villa Mira Monte Property Site Map



Source: Documents provided by Morgan Hill Historical Society.

The site was entered into the National Registry of Historic Landmarks in 1978 and the Morgan Hill Historical Society took title of the property in 1993 under an Owner Participation Agreement with the City. The

covenants, conditions, restrictions, and easements dictate that the site must be maintained as a public educational and recreational park and will revert to the City's ownership if that purpose is not fulfilled. In 2017, the City entered into partnership with the Historical Society to preserve the site and support the operation as a park facility. An overview of the facility is provided in Table 1.

Table 1. Villa Mira Monte Property Overview

Category	Villa Mira Monte Data
Site Area	114,449 square feet/2.627 acres
Morgan Hill House	2,912 square feet
Morgan Hill Museum	2,546 square feet
Zoning Designation	Public Facilities
Parking Spaces	67 spaces

Source: Documents provided by Morgan Hill Historical Society.

The Morgan Hill Historical Society began in 1971 as a 501(c)(3) corporation and has devoted its resources to site preservation, maintenance, and operation. The organization has no paid staff and relies exclusively on volunteers to support its board and operations.

In 2017, the Morgan Hill Historical Society entered into a memorandum of understanding with the City of Morgan Hill where the Historical Society committed to operate and maintain Villa Mira Monte as a community resource in exchange for City funding (a minimum of \$20,000 per year), marketing, and limited administrative functions. Since then, the City of Morgan Hill has provided funds for site maintenance and improvements.

Recent site improvements have included the addition of basic infrastructure elements such as a driveway, parking spaces, storm drainage system, and utilities. The City also provides support through limited marketing of the Villa Mira Monte site and Historical Society programs through the City's Community Services system (e.g., email blasts and the City's Recreation Activity Guide). The City has also assigned a staff liaison to support the coordination of Historical Society programs into the marketing and promotions plan for the Community Services Department and regularly attend Historical Society meetings. As part of the agreement, the Historical Society is responsible for all operations, including coordinating facility rentals.

Historical Society Strategic Plan

In September 2019, the Morgan Hill Historical Society adopted the following three-year priorities intended to improve the Society as a community asset.

1. Establish Business Operations Best Practices,
2. Sustainability Assessment, and
3. Expand Cultural Diversity.

Priorities 1 and 2 relate to the Villa Mira Monte site and directly impact its future operations. Priority 1 includes implementing an Operations Council, consisting of Board members and volunteers, with responsibility for the day-to-day management of the Villa Mira Monte site. The Operations Council will be responsible for planning, production, and proper staffing of events and activities that support the Society's mission to *"preserve and share the history of Morgan Hill, and its environs, to inspire a sense of community."*

Priority 2 involves assessing the sustainability of the Society's funding and volunteers to support its operations. Historically the Society has been dependent on volunteers, fundraising efforts and annual contributions from the City. In the next three years, the Society plans to conduct a self-evaluation of events, activities, and services to determine if there is sufficient funding, identify future capital needs of Villa Mira Monte, and decide whether to pursue a museum- and park-focused mission or an event-focused mission, or both, based on resources available.

Historical Site Plan and Proposed Capital Improvement Investment

Currently, the front half of the Villa Mira Monte property includes the 1941 Morgan Hill Museum, the 1884 Hiram Morgan Hill House, support parking and landscaping, and the 2006 Centennial History Trail. The back half of the property against the railroad tracks is currently undeveloped.

Improvements to Villa Mira Monte are currently designated in the FY 2019-24 six-year Capital Improvement Program for the City of Morgan Hill as Project Number 144017. The project meets the City Council's priority of preserving the community's cultural heritage, supporting youth, seniors, and the entire community. The first phase would create parking and finalize landscaping at the site. A total of \$250,000 has been allocated for architecture and design in FY 2019-20 and \$1.8 million has been allocated for construction in FY 2020-21. The second phase to add a building and covered pavilion area is not currently funded.

Based on our review of successful venues, the property has several constraints and issues that may in the long-term limit the site as a successful event venue. The property is bordered to the north by a mobile home park and to the south by a school with a large amount of parking. The undeveloped back side of the property abuts a railroad that is

planned to contain the California High Speed Rail system and increases in the service levels of Caltrain in the future. (We recognize this may or may not occur.) All three sides detract from the ambience of the historical nature of the property as an event destination and sound mitigation required by City ordinance for larger outdoor events may be challenging to meet. Finally, the site is north of the downtown district in an older residential area, which limits the desirability as a robust event venue destination.

Though the improvements proposed in the City's Capital Improvement Program Phase 1 would spruce up the property (additional landscaping/improved parking), we do not believe these improvements would significantly expand the use of the property as an event destination. In fact, adding additional parking with any hardscape surface (asphalt, pavers) may diminish the ability to use the space behind the house in a flexible manner because too much hardscape will limit flexibility, which is the trend in event venues. Additionally, converting the property's undeveloped areas to impermeable surfaces will require storm water improvements not included in the proposed site plan. These improvements may result in additional capital costs, new ongoing operational requirements, and a reduced footprint from that originally envisioned in the revised plan.

The combination of existing constraints and history (e.g., lack of existing and future parking; storm water improvement requirements; impacts on surrounding neighborhood; lack of adequate on-going funding) result in this site being a considerable longshot as an event venue that could compete successfully in the market.

Project Approach

In conjunction with the Morgan Hill Historical Society and the City of Morgan Hill, Management Partners has evaluated the current site with respect to operational challenges and evaluated what we believe will be required before any further capital improvements are invested in the historic site. The goal of the analysis was to provide our observations and recommendations about whether it makes sense for the City to proceed.

We conducted interviews with staff and leaders from the City, the Morgan Hill Historical Society, and members of the community. Concurrently, Management Partners' team members reviewed Morgan Hill Historical Society financial data for the past five years, agreements with the City for the use and operation of Villa Mira Monte, and other publicly available information. We also developed two case studies regarding other successful historic event venue destinations.

Interviews

Following the kickoff meeting and during the next several weeks, Management Partners conducted interviews with five City staff members, representatives from the Morgan Hill Historical Society, and a local developer/event site owner. In addition to the initial interviews, we conducted follow-up conversations throughout the project as needed, and conducted interviews with additional individuals when requested. Interviews were conducted with the following individuals:

- Director of Community Services,
- Community Services Manager,
- Community Services Supervisors (2),
- Historical Society volunteers (2),
- Local developer/event site owner, and
- Economic Development Director.

The intent of the interviews was to discuss the history of the site as an event venue, the strengths and weaknesses of the management of the site by the Historical Society, and to discover opportunities that could be used to enhance the management and use of the site. The major takeaways from the interviews were:

1. The Historical Society operates and manages the event venue through volunteers and is struggling to secure an adequate number of volunteers to be available to rent, promote, and staff events that take place at the site.
2. The Historical Society owns the property, but ownership reverts to the City should the Society become insolvent and the Historical Society is fully responsible for management of the Villa Mira Monte Historical site.
3. The Historical Society sees providing education through history as part of museum operations as their primary purpose. Operation of an event venue, other than showcasing the historic house, is not the primary purpose of the organization and there is concern that the Historical Society's ability to operate the event venue is diminishing.
4. There was little interest by the City in operating the event venue or providing additional funds beyond the current commitment.
5. The Hiram Morgan Hill house is valued as an important part of the history of Morgan Hill, but the historical site has not found its place in the area as an event venue destination. There is general agreement that the event venue does not have an identified "niche" market nor an overall place in Morgan Hill's array of event venues. There is no consensus as to the market the Historical Society is trying to attract to use the venue.

Document Review

Management Partners requested a variety of documents from the City and the Morgan Hill Historical Society. These include annual reports, site plans, financial information for the Morgan Hill Historical Society, memoranda of agreement for operations, site plan, and park funds, and strategic planning documents for the Morgan Hill Historical Society.

Case Study Research

As part of our analysis, Management Partners' team members identified two historical sites with event venue amenities in California to research. The results of this work are provided in Attachment B. The goal was to find historical venues in the San Francisco Bay Area with similar characteristics (location, number of properties/event spaces at the facility, organizational structure, revenues, or programmatic offerings).

We considered 11 historical homes or similar facilities currently available for event rentals. The initial list included a mix of publicly and privately-owned properties administered by both local governments and non-profit

organizations. The two facilities selected as case studies are shown below in Table 2.

Table 2. Selected Facilities for Case Study Research

Facility Name	Organization	City	Ownership	Year	Spaces on Site
Villa Mira Monte	Morgan Hill Historical Society	Morgan Hill	City	1886	N/A
Shadelands Ranch Museum	Walnut Creek Historical Society	Walnut Creek	City	1903	1
Hakone Estate and Gardens	Hakone Foundation	Saratoga	City	1915	3

Source: Shadelands Ranch Museum website (Walnut Creek Historical Society), Hakone Estate and Gardens website.

While the two properties selected for the case studies are comparable to Villa Mira Monte in that they are historical sites owned by municipalities and operated by a third-party non-profit organization, the operations of the case study facilities are different than that of Villa Mira Monte. Unlike Villa Mira Monte, each of the facilities have dedicated staff responsible for the operations and maintenance of the associated facility and have regular office hours for the public to contact the venue.

Villa Mira Monte also differs from the two case studies in that the Morgan Hill Historical Society's primary mission as a non-profit was not intended to own and operate Villa Mira Monte. The case study non-profits are focused on their respective event venues.

Although each site has historical buildings, the emphasis of the event venues is on the use of outdoor spaces. Individuals we talked with at both sites indicated that the event business is moving away from buildings since permanent walls and structures limit how a space can be used. People planning weddings, ceremonies, and other special uses are looking for places that have spaces that can be customized for unique, special, and one-of-a-kind events. As such, a successful venue needs plenty of open space with appropriate support facilities.

The two case study sites, though operated by non-profit organizations, have long-term, ongoing relationships with the cities that own the properties. The City of Saratoga has installed directional signs in the community at City expense and uses the facility for city functions to provide exposure of the site to a wider audience that may use it in the future. The City of Walnut Creek provides routine, ongoing maintenance of the landscape and facilities from the City's operational funds and has incorporated the rules and regulations for use of the site in their general City rules and regulations. Both venues partner with their respective

cities on capital repairs and improvements through their respective capital improvement programs.

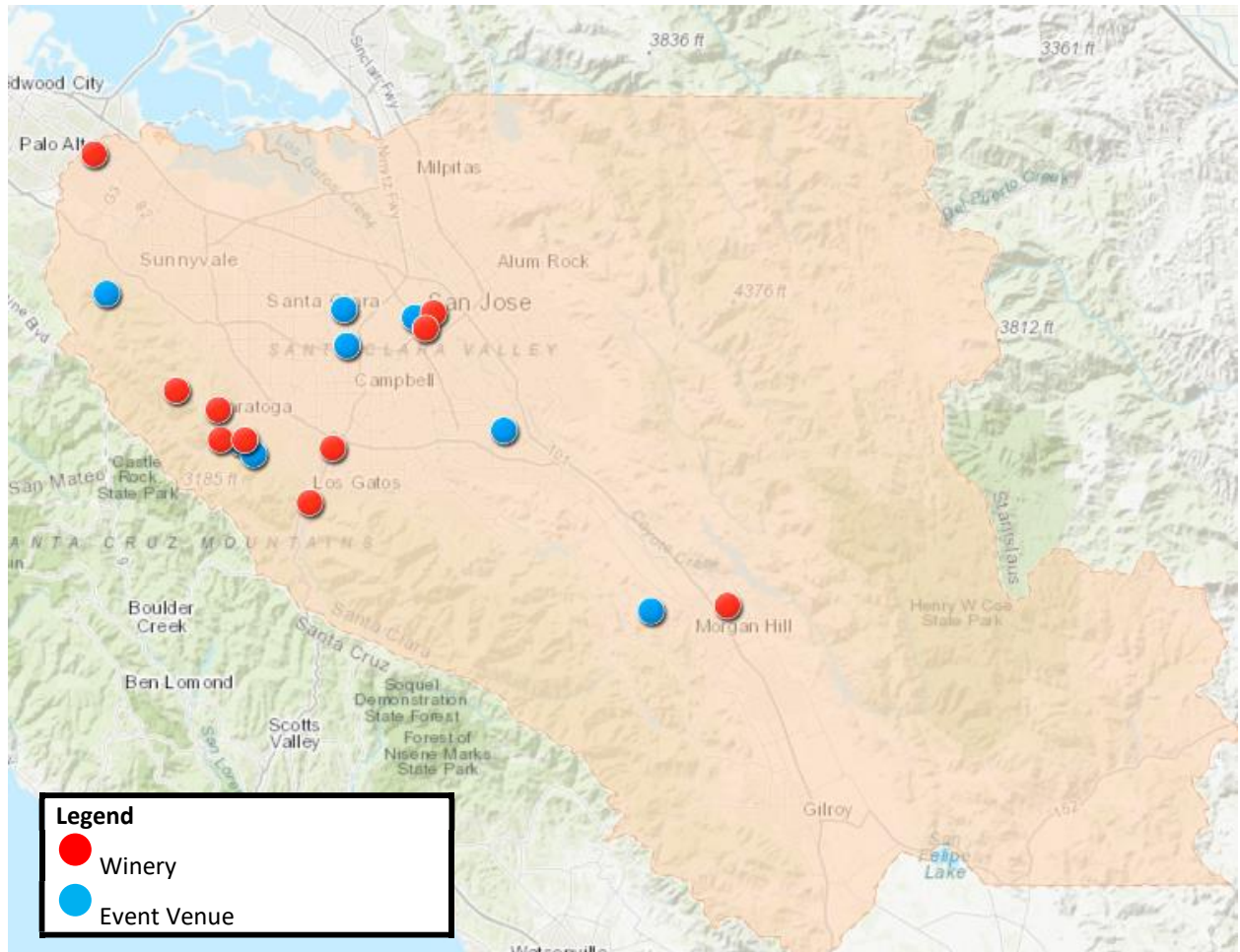
Other Event Center Venues in Santa Clara County

While not engaged to conduct a marketing analysis of potential rental at an expanded facility, the following high-level scan of facilities now providing event venues in Santa Clara County may provide some insight into the current environment. An illustrative list of event venues with like functionality to Villa Mira Monte (historic event space and wineries with event rental space) is shown in Table 3. While some of these facilities may not be directly comparable to Villa Mira Monte in size or facility type, it demonstrates a snapshot of the existing market for this type of use throughout Santa Clara County. A map showing the locations of each can be seen in Figure 2.

Table 3. List of Santa Clara County Historic Event Venues and Wineries with Event Space

Facility Name	Address	Facility Type
Hidden Villa	26870 Mood Road, Los Altos	Event Venue
Picchetti Winery	13100 Montebello Road, Cupertino	Winery
Cooper-Garrod Estate Vineyard	22645 Garrod Road, Saratoga	Winery
Mountain Winery	14831 Pierce Road, Saratoga	Winery
Cinnabar Winery Tasting Room	14612 Big Basin Way, Saratoga	Winery
Hakone Estate and Gardens	21000 Big Basin Way, Saratoga	Event Venue
Montalvo Arts Center	15400 Montalvo Road, Saratoga	Event Venue
Pietra Santa Winery	La Cienega Court, Los Gatos	Winery
Testarossa Winery	300 College Avenue, Los Gatos	Winery
Willow Heights Mansion	1978 Willow Springs Road, Morgan Hill	Event Venue
Guglielmo Winery	1480 E Main Avenue, Morgan Hill	Winery
Dolce Hayes Mansion	200 Edenvale Avenue, San Jose	Event Venue
San Jose Woman's Club	75 S 11 th Street, San Jose	Event Venue
Forager Tasting Room and Eatery	420 S 1 st Street, San Jose	Event Venue
Harris Lass House Museum	1889 Market Street, Santa Clara	Event Venue
Peralta Adobe-Fallon House	175 W St. John Street, San Jose	Event Venue
Winchester Mystery House	525 S Winchester Boulevard, San Jose	Event Venue
The Wine Room	520 Ramona Street, Palo Alto	Winery

Figure 2. Santa Clara County Historic Event Venues and Wineries with Event Space



Villa Mira Monte Event Venue – Current Operations

This following section provides an overview of the current operational structure of the Villa Mira historical site and its current operation.

Financial Information

A summary of the financial information relating to the Morgan Hill Historical Society, including the operation of Villa Mira Monte, is provided in Table 4. Information was obtained from the Historical Society who readily admitted that the information may not be quite complete. Operating revenue is generated through memberships and contributions and rentals and events. Historically there has been a fairly even split between memberships and contributions and rentals and events, with slightly more income from Historical Society memberships and contributions.

Table 4. Summary of Morgan Hill Historical Society/Villa Mira Monte Revenues and Expenses

Revenue or Expense Category	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 YTD
Operating Revenues						
Memberships and Contributions	\$33,141 (47%)	\$43,916 (53%)	\$39,982 (47%)	\$46,910 (58%)	\$33,425 (51%)	\$26,229 (62%)
Rentals and Events	\$31,524 (45%)	\$34,511 (41%)	\$39,940 (47%)	\$33,681 (42%)	\$30,631 (47%)	\$15,794 (37%)
Other Recurring Revenues	\$5,704 (8%)	\$4,893 (6%)	\$5,361 (6%)	\$111 (0%)	\$873 (1%)	\$475 (1%)
Total Operating Revenues	\$70,369	\$83,320	\$85,283	\$80,702	\$64,929	\$42,498
One-Time Revenues						
Grants	\$0	\$0	\$0	\$0	\$246,960	\$0
City Contribution	\$0	\$0	\$0	\$20,000	\$20,000	\$0
Total One-Time Revenues	\$0	\$0	\$0	\$20,000	\$266,960	\$0
Total Revenues	\$70,369	\$83,320	\$85,283	\$100,702	\$331,889	\$42,498
Historical Society Operating Expenses						
Services and Supplies	\$2,817	\$3,567	\$724	\$2,454	\$4,765	\$3,508

Villa Mira Monte Historic Site – Event Venue
 Villa Mira Monte Event Venue – Current Operations

Management Partners

Revenue or Expense Category	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 YTD
Operations and Maintenance	\$6,291	\$5,672	\$9,434	\$13,354	\$14,727	\$2,192
Fees and Insurance	\$1,696	\$897	\$1,365	\$4,334	\$4,269	\$2,094
Advertising and Communications	\$1,942	\$4,020	\$3,268	\$5,256	\$9,332	\$2,467
Total Historical Society Operating Expenses	\$12,746	\$14,156	\$14,791	\$25,398	\$33,093	\$10,261
Villa Mira Monte Operating Expenses						
Maintenance	\$4,727	\$3,568	\$3,213	\$29,615	\$7,547	\$7,261
Services and Supplies	\$11,422	\$16,574	\$15,258	\$18,801	\$21,348	\$9,333
Tax and Insurance	\$6,515	\$6,659	\$7,109	\$3,913	\$4,457	\$2,530
Utilities	\$5,956	\$6,194	\$6,058	\$7,688	\$7,207	\$5,039
Total Villa Mira Monte Operating Expenses	\$28,620	\$32,995	\$31,638	\$60,017	\$40,559	\$24,163
Total Operating Expenses	\$41,366	\$47,151	\$46,429	\$85,415	\$73,652	\$34,424
Villa Mira Monte One-Time (CIP) Expenses¹						
New Fencing	\$0	\$0	\$0	\$0	\$58,500	\$0
Security Cameras	\$0	\$0	\$0	\$0	\$35,826	\$0
Carpentry and Woodwork Restoration	\$0	\$0	\$0	\$0	\$85,000	\$0
Stained Glass Restoration	\$0	\$0	\$0	\$0	\$40,500	\$0
New Roof	\$0	\$0	\$0	\$0	\$90,000	\$0
Other	\$0	\$0	\$0	\$0	\$2,209	\$0
Total CIP Expenses	\$0	\$0	\$0	\$0	\$312,035	\$0
Operating Income	\$29,003	\$36,169	\$38,854	(\$4,713)	(\$8,723)	\$8,074
Total Villa Mira Monte Expenses²	\$41,366	\$47,151	\$46,429	\$85,415	\$385,687	\$34,424

Source: Documents provided by Morgan Hill Historical Society.

¹Capital improvements paid through grant revenue by the Historical Society.

²Does not include Historical Society operating expenses such as volunteer staff required when the facility is rented.

Villa Mira Monte maintenance expenses increased from \$3,213 to \$29,615 from 2016 to 2017. A grant obtained by the Society from the City of Morgan Hill for capital projects allowed the Historical Society to make maintenance improvements during this period. From the information submitted by the Society, we have been unable to document what improvements were made using other grant funds. Operating expenses (as well as the capital expenses) also increased due to the cost of grant administration.

In 2017, the City provided some funding to support the site, including \$20,000 in general funds for maintenance of the site (in 2017 and 2018), \$64,000 in park improvement funds to install a security camera system and wrought iron fencing to secure the site, and \$142,000 in park maintenance funds to paint the house and museum, and miscellaneous projects. From 2017 through 2018, the City contributed approximately \$246,000.

The Historical Society's operating revenues and expenses excluding the Villa Mira Monte operation are shown in Table 5. If the Historical Society were to eliminate the rental and event income, there may still be sufficient revenues to support its organizational operations based on historical data strictly as a Historical Society, but not major maintenance. The Historical Society currently uses space in the Morgan Hill House and upstairs for storage/small group meetings. If the House is closed, the Historical Society would have to work with the City to determine if this can continue. If not, they would have to make up use of that space somewhere else, probably off site. Lack of use of this space could impact on the Historical Society, their operations and potentially fundraising opportunities.

Table 5. Summary of Morgan Hill Historical Society Revenues and Expenses

Revenue or Expense Category	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 YTD
Operating Revenues						
Memberships and Contributions	\$33,141	\$43,916	\$39,982	\$46,910	\$33,425	\$26,229
Historical Society Operating Expenses						
Services and Supplies	\$2,817	\$3,567	\$724	\$2,454	\$4,765	\$3,508
Operations and Maintenance	\$6,291	\$5,672	\$9,434	\$13,354	\$14,727	\$2,192
Fees and Insurance	\$1,696	\$897	\$1,365	\$4,334	\$4,269	\$2,094
Advertising and Communications	\$1,942	\$4,020	\$3,268	\$5,256	\$9,332	\$2,467
Total Historical Society Operating Expenses	\$12,746	\$14,156	\$14,791	\$25,398	\$33,093	\$10,261
Historical Society Operating Income	\$20,395	\$29,760	\$25,191	\$21,512	\$332	\$15,968

Source: Documents provided by Morgan Hill Historical Society.

While the proposed phase one improvements would enhance the overall parking and landscaping for the site, the improvements will not necessarily increase events, activities, or revenue. In fact, additional

landscaping, parking, and required storm water facilities will increase the yearly cost of maintenance without any specific return on investment.

While our research and analysis indicates that event venues rely more on outside space that is flexible and can meet varying needs, we believe any improvements to landscaping and parking at Villa Mira Monte should be undertaken only after a specific plan for the site has been completed that has identified the type of uses and events that are likely to occur at the site. These improvements would go hand-in-hand with the planning of future auxiliary improvements such as an outdoor pavilion space, restrooms, storage and meeting facilities, and other identified improvements.

Finally, future phases include adding a kitchen at the site due to the limited kitchen facilities available at the Hiram Morgan Hill House. We have found that successful venues that cater to smaller events (less than 200) are moving away from full kitchen facilities on site as a result of the increased regulations governing kitchen facilities and the lack of a financial return on investment. Additional phases should be cautious in the design of a kitchen facility to make sure that any type of kitchen is manageable and affordable from a capital and ongoing maintenance cost perspective.

Current Management and Operations

As mentioned previously, the Villa Mira Monte Historical site is operated as a museum and event venue entirely with Historical Society volunteer staff. The lack of full- or part-time staff severely limits operational effectiveness and rental opportunities necessary for a successful event venue. The site does not maintain regular office hours to answer inquiries, return calls, provide feedback, or market the facility to prospective renters and organizations. Volunteers are responsible for taking reservations, providing information about the event venue, being on site when events take place, clean-up following events, and general administration and financial management.

Marketing of the event venue by the Historical Society is limited with respect to today's technology primarily as a result of the volunteer-based management of the site. The Historical Society has not developed or implemented a specific marketing program for the site, nor does it use social media typical of a successful event center. The City does provide general marketing assistance. However, since the site's rental market has not been clearly defined any increased efforts in this area may not be of benefit.

Event reservations at the Villa Mira Monte Historical site focus on the Hiram Morgan Hill House, which limits the types of uses that may be accommodated in a historical structure. Additionally, the configuration and layout of the historical Morgan Hill House limits events to smaller uses. The main entrance and two adjacent side rooms are rectangular in shape and force large groups to use separate rooms. Where a traditional community center rental space has sliders that can open and close as the event/size changes, the Hiram Morgan Hill House has fixed walls and fixed spaces that limit flexibility.

Concentrating on the Hiram Morgan Hill House for events is contrary to the trend in events where flexible and multi-use outside spaces are becoming more popular. Sites are also expected to be full-service destinations. These factors all point to moving away from historical structures as event sites. The proposed expansion of the site would add additional outdoor opportunities away from the house, but the site has severe limitations and it is not clear whether there is enough of an expansion area to really add value to the site as an event venue.

Historical Society training with respect to booking/rentals, event security and set up/clean-up of events is limited and constrained simply by the fact that it relies on volunteers and has different standards of training that are used in other City facilities. Finally, the fee schedule for rentals has not been updated on a regular basis and is insufficient to recover the costs to adequately operate an event venue.

The rates for Villa Mira Monte event rentals appear to be low compared with typical destination-type rates. Although comparison with other city facilities is not an apples to apples comparison because city facilities offer a higher level of service/amenities, the rate for the Morgan Hill Community and Cultural Center is more than 60% greater than the Villa Mira Monte rate. This large difference in rates would make it difficult for the City to operate the Villa Mira Monte site. A summary of the rates charged by meeting type is provided in Table 6.

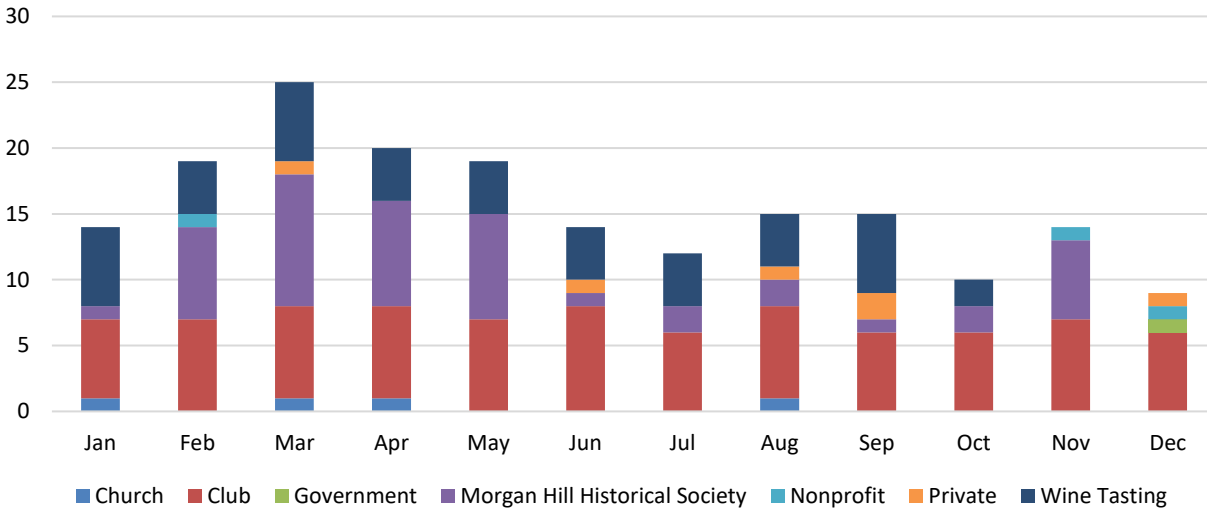
Table 6. Villa Mira Monte Event Rates by Organization Type

Meeting Type	Rate	Number (Percentage) of Total Events in 2018
Non-Profit Organizations	\$30/hour	8 (4%)
Clubs	\$60/hour	80 (44%)
Private Events	\$150/hour	5 (3%)
Wine Tasting	15% of sales	42 (23%)
Morgan Hill Historical Society Events	No charge	48 (26%)
TOTAL		183

Source: Documents provided by Morgan Hill Historical Society.

A summary of the number of events by type of organization is provided in Figure 3. Rentals are generated mostly through club, church, or historical society use.

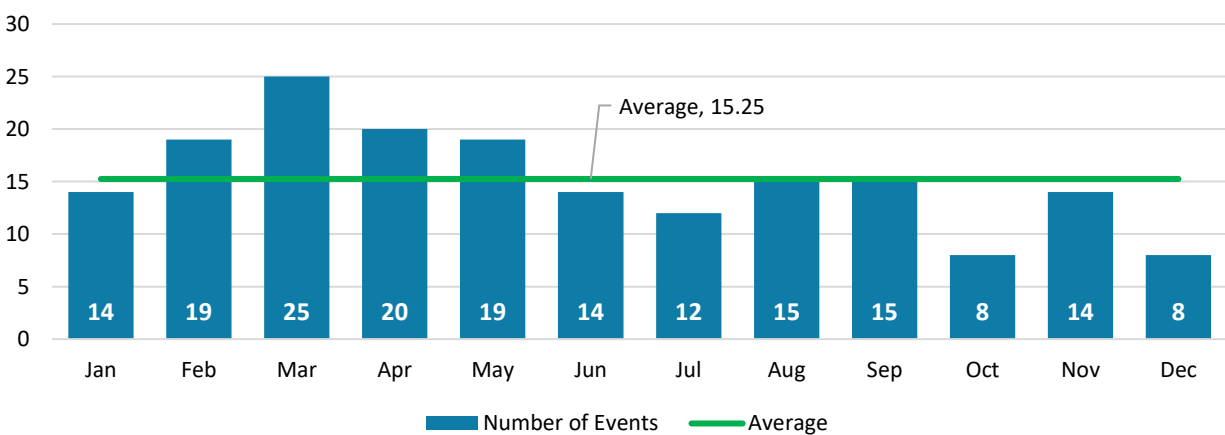
Figure 3. Number of Events Per Month in 2018 by Organization Type



Source: Documents provided by Morgan Hill Historical Society.

Villa Mira Monte had a total of 183 events in 2018 and Figure 4 shows a summary by month. On average, it has 15 rentals per month, with a spike in activity in the spring (February through May). This trend is consistent with the other event venues analyzed.

Figure 4. Number of Events at Villa Mira Monte in 2018



Source: Documents provided by Morgan Hill Historical Society.

Observations

Our general observations regarding the major issues we believe will impact the Villa Mira Monte Center as a destination event venue are detailed below.

- Although operation of the Villa Mira Monte Historical site is related to the Historical Society's function (it is historical and the museum is located there), the Society does not consider operating an event venue fundamental to their main mission and would prefer to relinquish operation of those responsibilities to the City. As mentioned previously, the mission of the Morgan Hill Historical Society is to *"preserve and share the history of Morgan Hill, and its environs, to inspire a sense of community."* This mission is stretching the Historical Society to also operate an event venue.
- The Society is having difficulty keeping and attracting new general members and relies exclusively on volunteers for its activities. Many prospective members are interested in being involved with the history of Morgan Hill; however, also asking them to volunteer at events is problematic. As a result, the Historical Society is challenged to attract new members to provide management and oversight of events at the Center. Should the Historical Society decide to only concentrate on historical activities and not event venues, it may make it easier for them to attract and maintain members and focus on fundraising.
- The Historical Society lacks the financial resources necessary to make needed infrastructure repair, general improvements, and ongoing/regular maintenance. The Society is not able to recover the costs of staff and/or facility attendants at their events through their fee structure and the funds they are raising realistically are only able to support basic historical society functions rather than maintenance and operations. Realistically, the money raised through events is only able to offset some Historical Society costs and not the long-term operation and maintenance of the event venue or Morgan Hill house.
- Though several types of events occur at the site, many are used for Historical Society fundraising purposes. Although some private rentals occur, there is an effectively a mission conflict when the property is required to both fundraise for the Society and be available for private rentals. This is also a result of the inability to clearly define the market for the event venue. As long as the

emphasis for use of the event space is to raise money for the Historical Society, paid rentals that would go toward maintenance and operation of the event venue will be limited and secondary.

- The viability of the Center as a historic site, much less an event venue, is greatly at risk based on the current the operational parameters. Additionally, although the City has previously provided some funds for capital improvements or major maintenance issues as they occur, the Historical Society is currently not administratively or operationally able to handle the long-term funding of maintenance, operation and upkeep of the historical property.
- Retaining operation and maintenance with the Historical Society or a third-party operator is the most cost-effective path. A City operated and maintained facility would most certainly increase maintenance and operational costs significantly simply because it is the public sector rather than a group of volunteers or the private sector. City staff have indicated there are neither staff nor financial resources beyond those currently budgeted to be able to operate the event venue if the Historical Society ceases to do so. As a result, if the Historical Society ceases all operations in support of the event venue, it is possible the City may have to close the site.
- The Historical Society has not contacted other event venues in the area to work toward a more regional and supportive network of rentable venues, nor have they looked at similar venues to model their operation for best practices and financial sustainability. However, the Society may not be administratively or functionally structured to be able to do so.

Should the Morgan Hill Historical Society stay in the lead in the near term as the administrative and operational entity for the Center, our recommendations regarding next steps are provided below. We believe the Historical Society is not likely to be able to operate a financially sustainable event venue or develop an event venue strategy on its own.

Recommendation 1. Develop and implement a one-year pilot program during which the City provides assistance to the Historical Society with rentals, operations, volunteer training, and marketing of the site with existing City staff.

This will provide a baseline of data for what is possible with respect to the current site as a destination venue and sustainable historical site.

Recommendation 2. Review and update the rental fee structure for the event venue to ensure costs are appropriately recovered and offset expenses in support of the venue.

Recommendation 3. In partnership with the Historical Society and the community, develop a new strategic and business plan for the entire site to consider the opportunities and constraints for the future of the site as the home of the Morgan Hill Historical Society and a viable rental event venue, or alternatively just as a historic site. The strategic plan should assess whether the 2016-17 Master Plan would realistically result in a robust event venue, alternative site objectives and incorporate best practices from other historical destination venues to create the appropriate marketing and operational plan for the site (mission specific) as well as a realistic financial plan for doing so.

Alternative Operational Options

Based on our interviews, analysis, case studies, Management Partners has developed alternative operational options for consideration by City leaders. In developing these options, we have made the following assumptions, which underly any future courses of action.

1. The City does not have the financial capacity to assume operational management of the event venue. However, it has allocated capital improvement funds to enhance the overall layout of the Villa Mira Monte Historical Site.
2. The Historical Society is not presently positioned to improve or enhance the operation of the event venue by themselves and their ability to operate the site is starting to decline.
3. Regardless of any significant capital investment to expand and improve the site, major and ongoing maintenance needs of the existing buildings and site are currently not able to be addressed.
4. Should the proposed capital improvements move forward, the community and Historical Society may find it acceptable for the historic house to be rented on a minimal basis and for the major focus of the venue as a destination to shift to outside using the grounds.
5. To be a more robust event destination will require a financial investment as well as an administrative and operational change in the function of the non-profit currently responsible for the site.

The following are possible operational options for review and consideration by City leaders.

Option 1: Sustain the Site as a Historic Destination, not an Event Venue

This option proposes that the historical site master plan be revisited with a different emphasis and objective: to enhance and support the current facilities as an important historical site in the community. Doing so would allow the Historical Society to focus their efforts on their main mission, preserving and enhancing the City's history, and not on expanding its operation to support an event venue which is likely not to be robust or

competitive with others in the community or southern Santa Clara County.

Small rentals in the Hiram Morgan Hill House could continue and ancillary seasonal and local community events could be expanded onto the grounds. This may require some capital investment by the City in some major maintenance projects and perhaps some improvements to the current parking area. The recommended strategic plan and a new site plan would address the priorities required to accomplish these objectives. The Historical Society could then focus on fundraising for the site and its primary mission.

Option 2: Historical Society Maintains the Historic Site and Event Venue

Following development of a strategic plan, the Historical Society could continue to be the responsible entity for operating the event venue. To be successful, however, will require a change in the administrative structure and focus of the Historical Society as a non-profit organization. It will also require hiring part-time paid staff for oversight and management, and an effective marketing plan.

Additionally, an updated agreement between the Historical Society and the City should be completed that identifies the roles and responsibilities for ongoing maintenance, needed improvements and upgrades, and future capital projects.

An estimate of the revenues and expenses required, at least initially, to support a paid staff person and an attendant at private events is provided below. Data from the Historical Society was insufficient to accurately estimate the impact of a revised rate structure on rentals. (Data regarding what percent of the revenue by organization type were unavailable.) Therefore, our assumptions about revenues and expenditures for purposes of this analysis were:

- Hiring of an office manager for oversight and management of the historical site – 20 hours per week at \$20/per hour.
- Use of paid part-time staff as attendants at private events – the cost would be additional for renters of the facility when the events (usually private events) require on-site staff.
- The City will:
 - Assume all outside grounds maintenance, and
 - Provide an additional annual allocation of \$5,000 to \$10,000 for one year to offset needed paid staff, pending development of a strategic plan.

Based on our analysis of the rental data as well as a review of the City's rental fee structure for its recreational center facilities, we also recommend that the Historical Society change its rental fee structure. However, we are unable to estimate the impact on the number of annual rentals if this is done (they may drop), so the feasibility is not known. Additionally, it is not clear from a market standpoint whether paid staff would result in much added value. Nonetheless, the fee structure as it currently stands cannot support paid staff.

Based on the Bay Area labor market, to support a half-time office manager at \$30 per hour, the rental income needs to increase by the same amount to offset the additional cost. The estimated annual cost of an office manager is \$31,200, which would require the annual rental revenue to increase by 49% (based on 2018 revenue data) for an average revenue per event of \$337.87.

Without conducting a comprehensive market analysis, the facility may be able to support this increase. However, to help offset the costs of an office manager, the City would have to take on the maintenance costs, (estimated at \$7,547 based on Historical Society data from 2018), bringing the added cost down to \$13,253. The City could provide an additional \$5,000 of funding to support ongoing operations, which would bring the total additional revenue needed down to \$8,253, representing a 27% increase in rental revenue required. A summary of the existing rental revenue compared to the projected rental revenue with increased rates is provided in Table 7.

Table 7. Existing Rental Revenue from 2018 and Projected Rental Revenue Information

Existing Rental Information (2018)		Projected Rental Information	
Rental Rates (per hour, unless noted)		Rental Rates (per hour, unless noted)	
Non-Profits	\$30	Non-Profits	\$75
Clubs	\$60	Private Events	\$150
Private Events	\$150	(includes Clubs and Wine Tasting events)	
Wine Tasting	15% of sales		
Events by Type		Events by Type (assumes same distribution as 2018)	
Non-Profits	8 (6%)	Non-Profits	8 (6%)
Clubs	80 (59%)	Private Events	127 (92%)
Private Events	5 (4%)	(includes Clubs and Wine Tasting events)	
Wine Tasting	42 (31%)		
TOTAL	135¹	TOTAL	135
Rental Revenue (2018)		Projected Rental Revenue to cover entire cost of office manager	
Rental Revenue	\$30,631	Rental Revenue	\$49,284
Average Revenue per Event	\$226.90	Average Revenue Per Event ³	\$337.87 (+49%)

Source: Documents provided by Morgan Hill Historical Society.

¹Does not include Historical Society rentals.

²Represents the 2018 rental revenue plus the added cost of an office manager (\$31,200 per year), less maintenance costs to be covered by the City (\$7,547), less an additional City contribution (\$5,000).

³Assumes same level of events and event distribution by type.

To arrive at the necessary average revenue per event of \$380.97 to offset the cost of an office manager, we propose raising the non-profit and club rates by 250%. Based on the event site as it is currently configured and operated, this may result in a decrease in the current rentals or the elimination of rentals completely.

Option 3: Alternative Options

While Management Partners believes Options 1 and 2 are the most viable paths for consideration, the following are three alternatives to Options 1 and 2.

A: Historical Society Maintains Event Venue Operation with Assistance from the City

Conducting a strategic plan for the site would be beneficial to bring together stakeholders that have a vested interest in the site, including the Morgan Hill Historical Society, City staff, elected officials, and community members. Engaging various viewpoints can help identify the opportunities and challenges that exist at Villa Mira Monte. Once there is a shared understanding of the barriers and an acknowledgement of stakeholder interests, the development of a strategic plan can specify the purpose and long-term vision for the use of the site and various facilities.

With this option, the Historical Society would continue to be the operational entity responsible for the venue, but the City would provide assistance in the areas of marketing, rentals/bookings, use of part-time staff for attendees, and other duties as determined through the strategic plan process.

The 2017 partnership agreement between the Historical Society and the City identified the historical site as a park facility. The City is responsible for park maintenance at all park sites in the City other than the Villa Mira Monte site as a result of this agreement. Although the City does provide annual funding to the Historical Society for maintenance, regular landscaping and facility maintenance could be considered to be a City function as it is at other park facilities, which would allow the Historical Society to manage and operate events.

B: Cease Operation as an Event Venue

Should the Historical Society choose to cease responsibility for operating the Hiram Morgan Hill House and grounds as an event venue (only operating the Morgan Hill Museum), the City may be required to take

back the responsibility for the house and site or cease operation as an event center and allow the Historical Society to operate the front house. Without specific staff and/or financial resources, the house would no longer be usable as an event site and would likely be preserved as a historic house without public use.

The grounds would continue to support the use of the Morgan Hill Museum but would not be available for rentals outside of an agreement between the Historical Society and the City. Long-term maintenance and repairs/renovation would still be the responsibility of the City; however, it would be expected that there would be little if any public access to the site aside from the museum.

C: Hire a Third Party to Operate the Event Venue

Either through a request for proposals process or as part of the strategic plan process, the City and Historical Society could consider contracting with a third-party operator for events. This would require outlining the duties and responsibilities of the City and Historical Society in support of the third-party operator, so all parties work together for the benefit of the property.

Based on interviews with staff and a local developer/business owner, it appears there would be merit in looking for a third-party operator. As many events look for use of additional facilities (place for the ceremony, place for photos, place for reception, overnight accommodations), a partnership for partial or total operation is conceivable. Any consideration of this option should be carefully negotiated with those involved from both the City and the Historical Society as bringing in a third-party operator to run the event side could conflict with the Historical Society continuing operation of the historical elements and functions. While this option is worthy of consideration, it is possible that no real interest from a third-party operator may emerge.

Recommended Option

In the near term, prior to any further capital investment and until a viable strategic and business plan is developed for the Historical Society, Management Partners believes that Alternative 1 represents the most sustainable option over the long term.

Recommendation 4. Implement Option 1 through a new partnership agreement between the City and the Historical Society. Any other solutions will likely not be viable over the long term for either the Historical Society or the City.

Conclusion

An investment of \$1.8 million in the Villa Mira Monte for landscaping and parking improvements may be an attractive step to improve the site's viability as an event venue. However, Management Partners does not believe this capital improvement will necessarily result in a robust or sustainable event center venue. Rather, we believe a strategic and business plan for the site should be developed first to determine its viability and sustainability and place in the community. Such a plan must also address the operational entity responsible for the historical site and a realignment of the partnership between the City and Historical Society (or successor entity) regarding roles and responsibilities.

Attachment A – List of Recommendations

Recommendation 1. Develop and implement a one-year pilot program during which the City provides assistance to the Historical Society with rentals, operations, volunteer training, and marketing of the site with existing City staff.

Recommendation 2. Review and update the rental fee structure for the event venue to ensure costs are appropriately recovered and offset expenses in support of the venue.

Recommendation 3. In partnership with the Historical Society and the community, develop a new strategic and business plan for the entire site to consider the opportunities and constraints for the future of the site as the home of the Morgan Hill Historical Society and a viable rental event venue or alternatively just as a historic site.

Recommendation 4. Implement Option 1 through a new partnership agreement between the City and the Historical Society.

Attachment B – Event Venue Case Study Results

The City of Morgan Hill engaged Management Partners to evaluate the Villa Mira Monte historical site with respect to current operational challenges and what may be required as the City considers investing further capital improvements in the historic site in an effort to make it a viable event destination. As part of our analysis, we conducted a case study of two event venues to provide information about operational and administrative structures for successful event destination facilities. This document summarizes the results of this research.

The Morgan Hill Historical Society is responsible for the operation of the Hiram Morgan House and associated Museum on the historic site. The Morgan Hill Historical Society and the City of Morgan Hill are currently evaluating improvements to the site to increase utilization as an event venue. The proposed event facility improvements would include a pavilion, permanent restroom facilities, a kitchen, as well as enhanced landscaping and additional parking. The objective is to construct these improvements to increase utilization of and associated revenues from the historical site. Phase one improvements (create parking and finalize landscaping at the site) is currently funded by the City in their FY 2020-21 Capital Improvement Program for \$1,800,000.

Management Partners identified comparative historical sites in California and worked with City staff to finalize the following two sites for evaluation.

- **Hakone Estate and Gardens** is one of the oldest Japanese estates, retreat and gardens in the Western Hemisphere, located in Saratoga. The 18-acre site is operated by the Hakone Foundation, a non-profit organization.
- **Shadelands Ranch Museum** is a 1903 Colonial Revival structure that houses historical artifacts and materials detailing Contra Costa and Walnut Creek history. The museum is owned by the City of Walnut Creek but is operated by the Walnut Creek Historical Society supported through fundraising and by volunteers.

Management Partners collected information from the agencies or organizations responsible for each of the facilities. The facilities were chosen because they represent two organizational options available to Morgan Hill in evaluating the feasibility of the historical site. Information was collected through phone interviews and on-line searches for publicly available information. Table 8 provides an overview of the facilities selected.

Table 8. Overview of Historical Facilities

Facility Name	City	Facility Owned By	Facility Run By
Hakone Estate and Gardens	Saratoga	Hakone Foundation	Hakone Foundation
Shadelands Ranch Museum	Walnut Creek	City of Walnut Creek	Walnut Creek Historical Society

Major Themes

The following represents a summary of the major themes resulting from the case study.

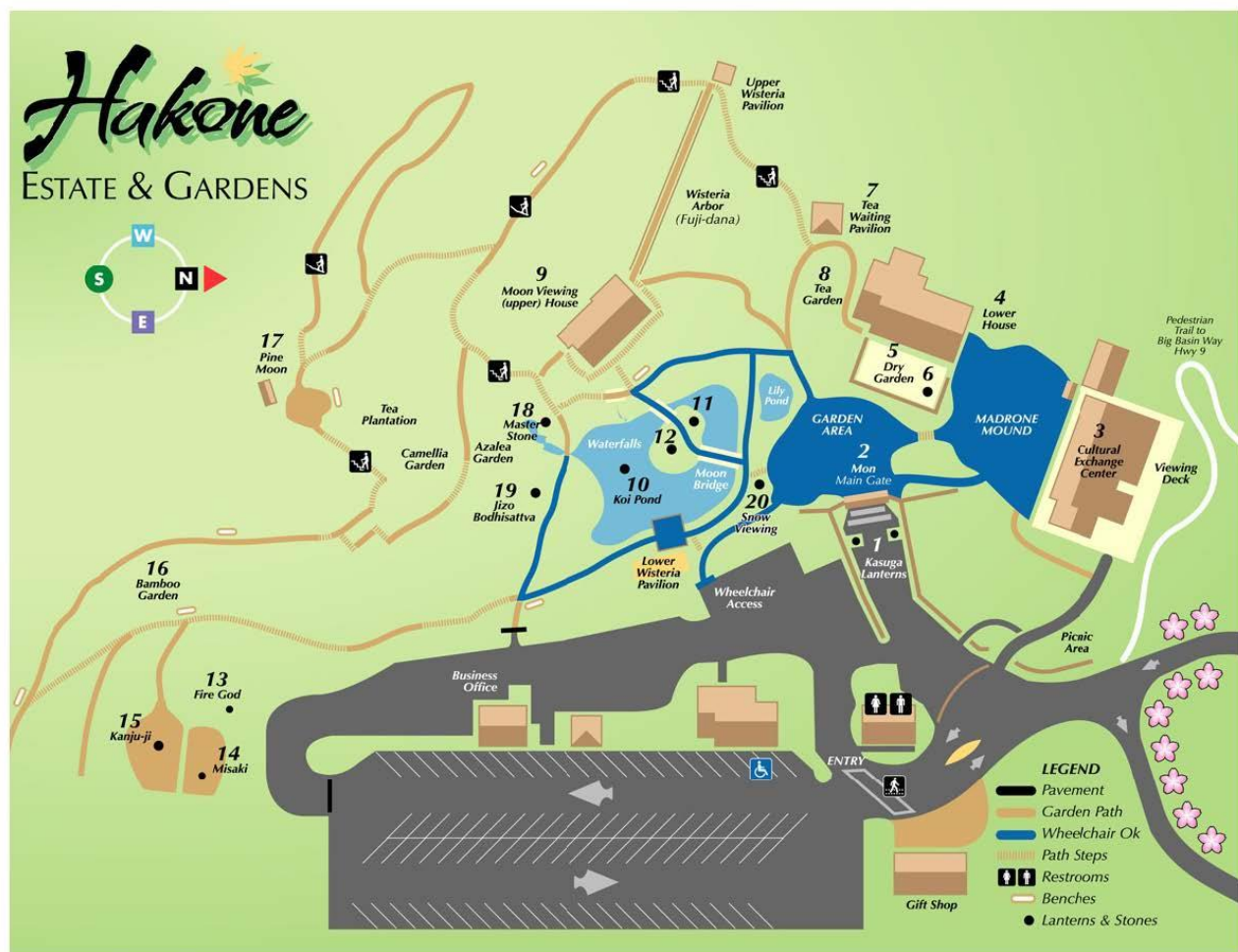
- The trend is moving away from events being held indoors, to utilization of outside spaces including the use of tents when protection or climate control is needed. Weddings and similar events are becoming one-of-a-kind style events and need flexibility to be custom tailored. A permanent building with fixed walls can create barriers. Further, a historical building can add additional complications and restrictions.
- Full-service and commercial kitchen facilities are no longer advised as the requirements for operation and oversight of a full kitchen are not supported by the offsetting revenue.
- Ongoing communication between the venue and the renter is an important component of a successful rental. Having regular, paid staff available to deal with renters and potential renters is integral to the success of the event venues.
- Effective, ongoing communication and cooperation between the non-profit, City staff and the City Council regarding the venue is a key component of an event venue's ongoing operational success. Keeping track of and sharing information related to rentals, participation, and finances help keep individuals up to date about changes that occur over time.
- A well trained, strong and committed Board of Directors is required for the success of these event venues. Additionally, the Board needs to be flexible as events and circumstances change.
- The Board, the City and Council members should all agree on a shared vision for the site with clear roles and responsibilities for each.
- Knowing your niche market and being able to target users directly is vital to building connections with user groups.

Case Study: Hakone Estate and Gardens

Facility Overview

Hakone Estate and Gardens is an 18-acre Japanese garden located in Saratoga. The property is owned by the City of Saratoga and operated by an independent non-profit, the Hakone Foundation, that has a long-term lease of the property from the City. The property was originally purchased as a private residence in 1915 by the Stine family. Hakone is comprised of gardens, historical buildings, ponds, and other Japanese-inspired elements. A map of the property and its structures is shown in Figure 5.

Figure 5. *Hakone Estate and Gardens Map*



In addition to the various gardens, the property houses three historic structures, the Upper House (a.k.a. Moonviewing House), the Lower House (a.k.a. Zen Garden House), and the Cultural Exchange Center (CEC).

The Hakone Foundation rents both the Lower House and Cultural Exchange Center for business meetings and special occasions (weddings, etc.) for up to 180 guests when the Cultural Exchange Center is combined with the outdoor area designated as Madrone Mound. The facility's rental capacity and rates are shown in Table 9.

Table 9. Hakone Gardens and Estate Facility Rental Summary

Rental Facility Information	Lower House	Cultural Exchange Center	Madrone Mound
Capacity	40 people (dining) 60 for a standing reception	Up to 50 guests (max seated 60 inside, 40 viewing deck)	Up to 180 people
Daytime Rental Rates (11 am – 5pm)			
Three-hour event	\$1,100	\$2,600	N/A
Full day rental (eight hours)	\$1,100	\$2,600	N/A
Evening Event Rental Rates (6pm to 9pm)			
Saturday	\$2,300	\$3,200	\$1,650 (\$6,000 with CEC)
Fridays and Sundays	\$2,000	\$2,800	\$2,000 (\$5,000 with CEC)
Weekdays (Monday to Thursday)	\$1,650	\$3,500	\$2,800 (\$4,000 with CEC)

Note: For every additional hour, \$500 is added to the rental rate; for every person over the maximum number in the rate sheet, a \$25 per person charge is added to the rental rate. The total venue rental includes a refundable deposit of \$600 for fewer than 50 people and/or \$1,000 for more than 50 people.

Rental of the facility is full service, meaning that Hakone provides a list of preferred vendors (caterer, florist, etc.) paid through the rental fees. Utilization of outside vendors is permissible, but comes with an additional fee. Photography services are permitted by outside vendors. Alcohol is permitted, although a security fee is also required. The facility rental rates include the following:

- Pre-event meetings, walk-through, referrals and consultation with Events Manager or Coordinator;
- One-hour set-up and one-hour clean-up time in addition to the event time;
- Chairs and tables up to 180 guests;
- Preferred caterers/vendors list – facility permits use a non-preferred vendor for a fee of \$5 per person;
- Free parking and access to the gardens for guests – the facility has 92 parking spaces available and can accommodate vans, limousines, or buses up to 30 feet; and
- Event staff onsite for event.

The facility operators purposely decided not to move forward with a formal or commercial kitchen as they are expensive to maintain (complying with health department regulations) and did not offer a good return on investment related to the operations cost. The City provides referrals for rentals and has placed directional signs around the community on behalf of the venue. The City also provides funding for major improvements and repairs through their

capital improvement program as funds are available. Regular maintenance of the facility is provided by Hakone staff (2.5 gardeners and 1.5 facility maintenance personnel).

Hakone generates additional revenues through its admission fees, as outlined in Table 10. The venue works with value pricing to offer reduced rates during daytime hours and competitive pricing during high demand times. Admission tokens are valid for the day purchased between 10:00 am and 4:00 pm on weekdays or 11:00 am to 4:00 pm (facility operating hours extend to 5:00 pm from March to October). Saratoga residents are allowed free entry into the facility one day a week as a condition of the use agreement with the Foundation.

Table 10. *Hakone Estate and Gardens Admission Fees*

Admission Fee Type	Admission Cost
Adult (18 to 64)	\$10
Seniors (65+)	\$8
Students (5 to 17)	\$8
Children (4 and younger)	Free
Saratoga residents	\$2 discount
First Tuesday of Month for Saratoga Residents	Free

Organization Overview

The property was privately owned until 1966, when the property owners offered it for sale to the City of Saratoga. In 1966, the City purchased Hakone Gardens to be utilized as a City park. The City's Parks Department maintained the property and it was available for free to the public. At the suggestion of two Council members, the first Hakone Foundation was organized by Saratoga residents to raise money to support ongoing maintenance and operations of the estate.

In 2000, the City of Saratoga determined there was a need to expand the Foundation to assume full responsibility for running Hakone. In 2000, the Foundation and the City signed a lease and drafted new Foundation bylaws. In 2005, the lease was renegotiated and resigned for 55 years.

Originally an all-volunteer organization, Hakone started adding full-time staff in 2015. The Hakone Foundation is a 501(c)(3) non-profit organization with an Executive Board of five members and a Board of Trustees with an additional six members, for a total of eleven board members. Hakone Estate and Gardens is staffed with seven full-time employees and four part-time seasonal staff:

- Executive Director
- Events Manager
- Events Coordinator
- Bookkeeper/Accountant
- Gift Shop, Membership, Volunteers and Community Education
- Gift Shop Staff (2)
- Head of Grounds Maintenance

- Head of Maintenance Facilities
- Assistant Gardener (2)
- Maintenance and Cleaning

The venue has regular office hours where part-time staff may answer the phone; but full-time event staff follow up and work with prospective renters. The Board has transitioned from general upkeep and oversight of a historic property to major fundraising and expansion of the site to an event venue. This has included accessing historic preservation funding through the County and the local County Supervisor.

The focus of events has been to utilize the outside facilities which has increased flexibility of use and allowed for the growth in use of tents when events need to have shelter. Many volunteers support Hakone as docents, providing tours of the gardens for visitors, as well as assisting in the gardens, gift shop, and office.

Funding Sources and Operating Budget

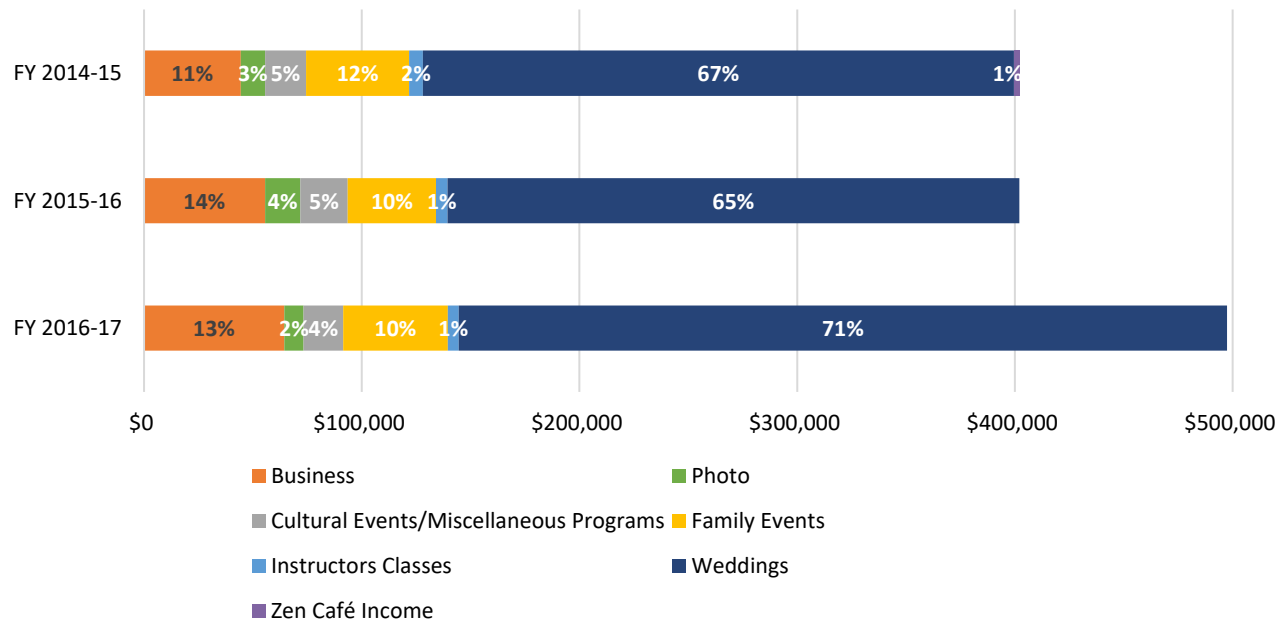
Hakone Foundation generates most of its operating income from rental income and entrance fees. The largest percentage of revenues comes from the operating income generated by the rental of the facility, between 46% and 54%. The two major sources of income, rental income and entrance fees, have been increasing over time. Table 11 shows the Hakone Foundation income by category for three fiscal years, FY 2014 through FY 2017.

Table 11. *Hakone Foundation Operating Income for FY 2014-15 through FY 2016-17*

Income Category	FY 2014-15	FY 2015-16	FY 2016-17
Entrance Fees	\$190,310.44 (26%)	\$224,739.58 (26%)	\$233,609.00 (24%)
Fundraising Events	\$30,418.33 (4%)	\$80,640.67 (9%)	\$62,602.92 (6%)
Donations	\$31,788.77 (4%)	\$76,472.80 (9%)	\$73,439.14 (8%)
Gift Shop Income	\$57,063.90 (8%)	\$55,491.15 (6%)	\$74,251.49 (8%)
Membership Programs	\$27,069.51 (4%)	\$32,630.50 (4%)	\$34,503.00 (4%)
Rentals	\$402,114.41 (54%)	\$401,981.01 (46%)	\$497,429.66 (51%)
Miscellaneous	\$246.83 (0%)	\$450.00 (0%)	\$0.00(0%)
TOTAL OPERATING INCOME	\$739,012.19	\$872,405.71	\$975,835.21

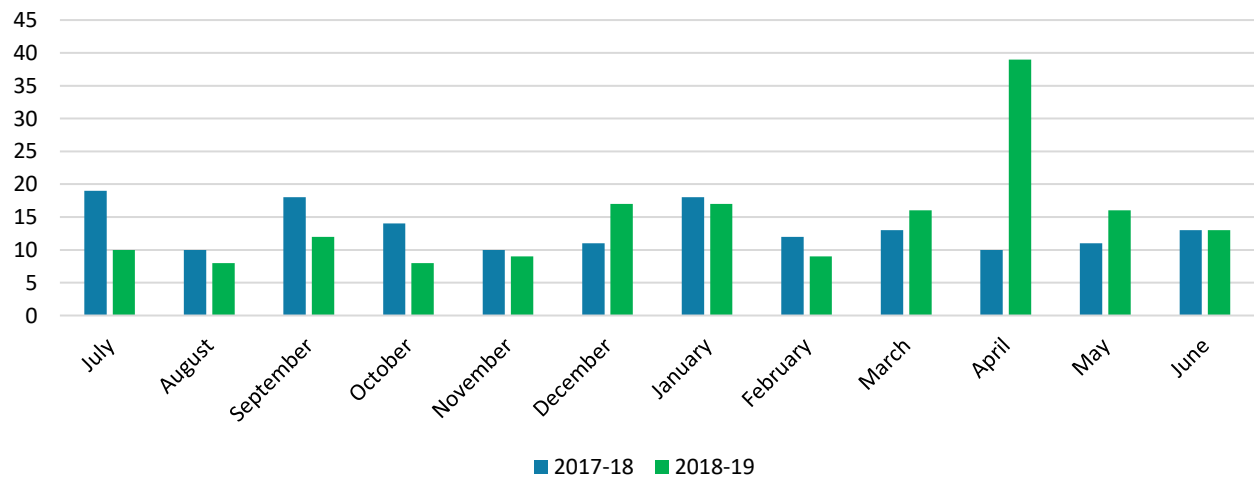
Wedding events generate the majority of rental income, as shown in Figure 6. The wedding events constituted between 65% and 71% of income during these three years.

Figure 6. *Hakone Rental Income for FY 2014-15 through FY 2016-17*



In FY 2017-18 and FY 2018-19 Hakone hosted 159 and 174 events, respectively. The most events in a single month was in April of 2018, with 39 events and the fewest was eight in both August and February of FY 2017-18. The distribution of events by month is shown in Figure 7.

Figure 7. *Distribution of Events for FY 2017-18 and FY 2018-19*



In 2017-18, Hakone hosted 15 fewer events than in 2018-19, but generated 30% more revenue. A summary of the rental event activity and revenue is shown in Table 12.

Table 12. Event Revenue Information for FY 2017-18 through FY 2018-19

FY 2017-18			FY 2018-19		
Number of Events	Event Revenue	Average Revenue per Event	Number of Events	Event Revenue	Average Revenue per Event
159	\$508,364	\$3,197	174	\$391,975	\$2,253

The Hakone Foundation's net income has increased over the last three fiscal years, as shown in Table 13. The negative income for FY 2014-15 is due, in part, to a \$150,000 expenditure for a facility Master Plan.

Table 13. Hakone Foundation Income and Expenses for FY 2014-15 through FY 2016-17

	FY 2014-15	FY 2015-16	FY 2016-17
Total Income	\$716,050.17	\$846,067.09	\$949,390.94
Total Expenses	(\$938,746.64)	(\$841,523.36)	(\$893,867.80)
Net Income	(\$222,696.47)	\$4,543.73	\$55,523.14

The greatest source of expense for Hakone Foundation is labor costs, which represent between 67% and 74% of all operating expenses. Table 14 shows the operating expenses by category for FY 2014-15 through FY 2016-17.

Table 14. Hakone Foundation Operating Expenses for FY 2014-15 through FY 2016-17

Operating Expenses	FY 2014-15	FY 2015-16	FY 2016-17
Labor	\$519,548.34 (67%)	\$555,088.94 (67%)	\$651,011.81 (74%)
Administration	\$17,606.88 (2%)	\$14,509.93 (2%)	\$8,143.08 (1%)
Fundraising	\$19,526.26 (3%)	\$45,598.36 (6%)	\$44,102.58 (5%)
Rental Costs	\$21,020.16 (3%)	\$25,638.07 (3%)	\$12,932.97 (1%)
General Operations	\$83,757.18 (11%)	\$86,796.14 (11%)	\$83,394.82 (10%)
Garden Area	\$12,037.76 (2%)	\$10,931.90 (1%)	\$25,014.50 (3%)
Facilities	\$4,925.53 (1%)	\$21,261.14 (3%)	\$15,689.56 (2%)
Utilities	\$31,850.20 (4%)	\$33,319.90 (4%)	\$34,726.91 (4%)
ED Retainer	\$60,687.76 (8%)	\$30,000.00 (4%)	\$0.00 (0%)
TOTAL EXPENSES	\$770,960.07	\$823,144.38	\$875,016.23

Event Venue Transition

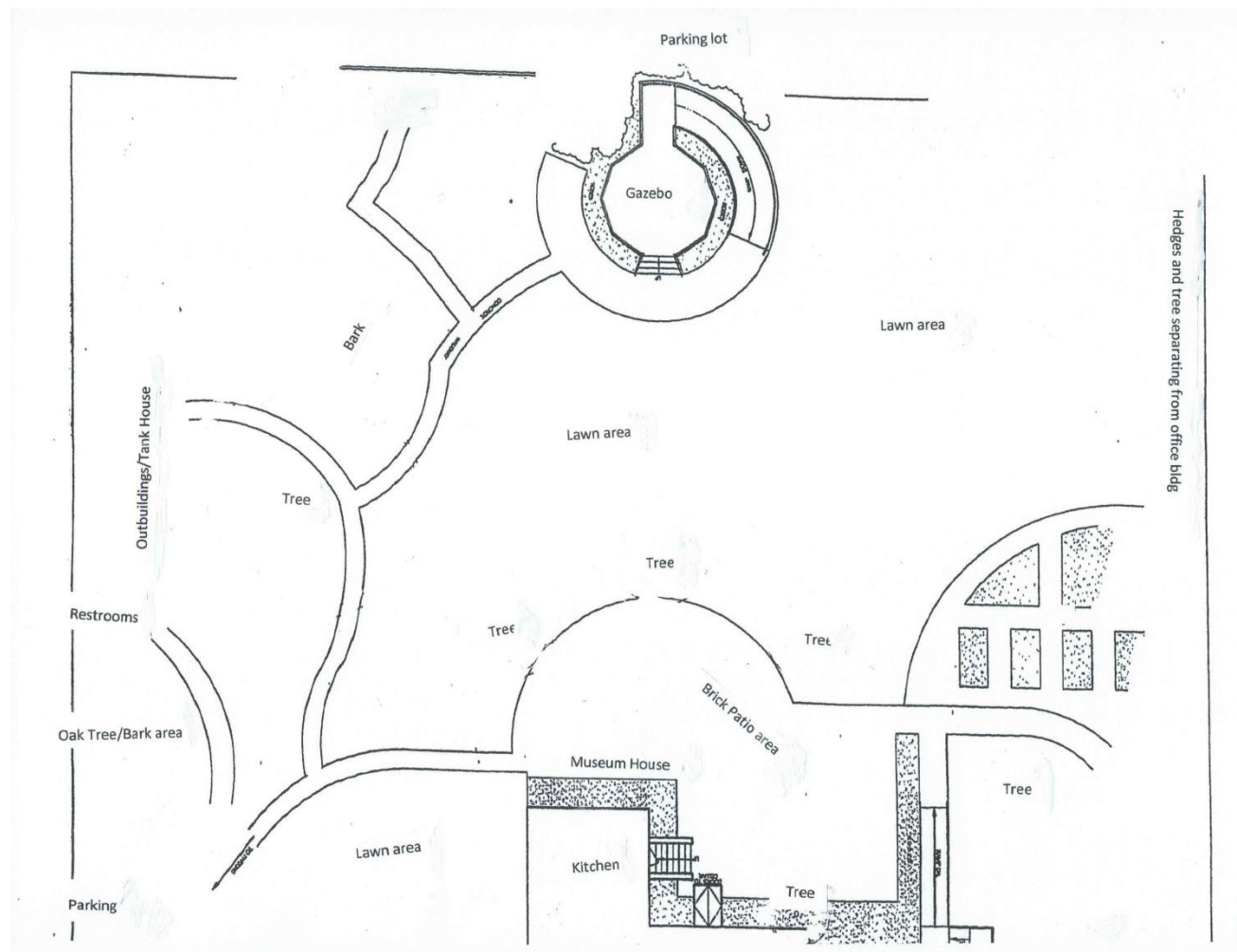
As with most historical sites, the Hakone Estate has been through a variety of phases and transitions. From the beginnings of a private property, to a City park, to present day, the site has adapted based on the needs to preserve the property. With the creation and expansion of the Hakone Foundation, the site has grown to include preservation of historical structures to a full-service venue for weddings and community events. With this growth and changing needs, the Foundation has increased their fundraising efforts and now is able to operate the site with seven full-time staff.

Case Study: Shadelands Ranch Museum

Facility Overview

Shadelands Ranch (Shadelands) is a 2.67-acre property located in the Ygnacio Valley area of Walnut Creek. Shadelands Ranch is owned by the City of Walnut Creek and operated by the Walnut Creek Historical Society. Completed in 1903, the property currently houses the Museum, the offices of the Walnut Creek Historical Society, and the Ranch grounds. The Museum and Historical Society are both located in the original Penniman family home on the property and are not available for event rental. The grounds, which include a lawn area, gazebo, patio, and use of the home's porch and kitchen, are available for rental and accommodate parties of up to 300 guests. A map of the property and its structures is shown in Figure 8.

Figure 8. Shadelands Ranch Museum Layout



The Walnut Creek Historical Society has one 30-hour a week employee who functions as the office manager and manages all events and reservations. The rest of the staff who support the office and/or events are volunteers and part-time/seasonal staff of the Historical Society. The City of Walnut Creek provides daily maintenance of the site and in partnership with the Historical Society, will help to fund major repairs/improvements when funds are available.

The property also hosts additional programming including tours, educational programs, special events, and seasonal leases such as a Christmas tree lot and a pumpkin patch to generate additional income. In addition to rentals, the Historical Society hosts a number of fundraising events during the year at the site.

The Walnut Creek Historical Society rents the Ranch Museum property for various events, including weddings, family reunions, corporate retreats, and others. The rentable space is primarily outside, therefore available for rentals only from April through October. The venue can accommodate between 250 and 300 guests. The facility's rental capacity and rates are included in Table 15.

Table 15. *Shadelands Ranch Rental Summary*

Rental Facility Information	Shadelands Ranch
Capacity	250 to 300 people, seated
Rental Rate	\$400 per hour

Aside from auxiliary use of the 12 x 12 kitchen area of the house and the porch for pre-wedding activities, all events happen outside and around the grounds. As there is no provision for inclement weather, events are only booked April through October. With only one 30-hour per week office manager, the Historical Society does not provide wedding planning services. Securing photographers, florists, planners, etc. are the responsibility of the renter. The facility rental rate includes the following restrictions and amenities:

- Three-hour minimum rental
- Event must conclude no later than 10 pm with clean up by 11 pm
- Rental time includes set-up, decorating, and take-down/clean-up¹ time
- Rehearsal time of up to 90 minutes included
- Use of up to 150 chairs and 30 tables; additional tables and chairs (up to maximum inventory) available
- Custodial fee of \$200 for set-up/take-down for weddings over 150 guests

¹Renters are supposed to set up and clean up themselves; however, staff indicated that working with renters to comply with the rules and regulations is the most difficult job of event management.

- Damage deposit of \$500², fully refundable
- Kitchen use fee of \$100 (optional and includes limited use)
- Reservation fee of \$300 (minimum, non-refundable) to hold a date, applied to rental fees
- Requires certificate of insurance provided at least 30 days prior to the event (must carry minimum liability coverage of \$1,000,000 and must name the Walnut Creek Historical Society and the City of Walnut Creek as additional insureds, at no cost to either WCHS or the City)
- Beer, wine and champagne are allowed (by City ordinance) but hard liquor is prohibited

Another revenue generating activity of Shadelands Ranch is the admission fees, as Table 16 shows. The Shadelands house and grounds are open to the public for docent-led tours each week on Wednesday and Sundays from 1:00 to 4:00 pm from February through October.

Table 16. *Shadelands Ranch Admission Fees*

Admission Fee Type	Admission Cost
Adult	\$3
Students (ages 6 to 17)	\$1
Children (ages 5 and younger)	Free
Members	Free

Organization Overview

The Walnut Creek Historical Society (WCHS) is a 501(c)(3) non-profit corporation that was originally founded by members of the Walnut Creek Women's Club. The WCHS works with the City of Walnut Creek and its community to "collect, preserve and interpret the history and heritage of the Walnut Creek area."

The WCHS is responsible for operation and maintenance of the Shadelands Ranch Museum, supporting local history programs in schools, sponsoring tours of downtown heritage sites, and maintaining a rotating exhibit at the downtown Walnut Creek Library. The WCHS is governed by a board of 13, supported by more than 40 volunteers who serve as museum docents, give guided downtown tours, and facilitate the WCHS programs in local schools.

Funding Sources and Operating Budget

The Walnut Creek Historical Society generates most of its revenue from programming, representing more than 90% of its revenue in 2016. From 2014 to 2016, the contributions and grants received dropped dramatically. Due to its relatively small number of staff (only one 30-

³The Society charges a \$500 refundable damage deposit. As a result, many renters apparently leave the facility without cleaning it, expecting the Society deposit to perform this function. The deposit does not cover what is required to clean up after an event and staff intend to raise the fee in the future.

hour a week office manager), the salary and benefits expense is very low, representing less than a third of the total expenses. Table 17 shows the reported revenues and expenses of the Walnut Creek Historical Society based on their Form 990 reports.

Table 17. Walnut Creek Historical Society Revenues and Expenses for 2014 to 2016*

Category	2014	2015	2016
Revenue			
Contributions and Grants	\$195,577 (53%)	\$38,979 (18%)	\$6,757 (3%)
Program Revenue	\$173,964 (47%)	\$173,484 (81%)	\$189,128 (96%)
Investment Income	\$0 (0%)	\$0 (0%)	\$0 (0%)
Other Revenue	\$1,975 (1%)	\$524 (1%)	\$1,648 (1%)
Total Revenue	\$371,516	\$212,987	\$197,533
Expenses			
Grants Paid	\$250 (0%)	\$0 (0%)	\$0 (0%)
Benefits to members (disability, unemployment, life insurance)	\$0 (0%)	\$0 (0%)	\$0 (0%)
Salaries and Compensation (health benefits)	\$47,501 (15%)	\$45,594 (21%)	\$68,973 (33%)
Professional Fundraising Fees	\$0 (0%)	\$0 (0%)	\$0 (0%)
Other Expenses	\$266,984 (85%)	\$170,307 (79%)	\$142,598 (67%)
Total Expenses	\$314,735	\$215,901	\$211,571
Fundraising Expenses	\$82,343	\$83,190	\$0
Revenue Less Expense	\$56,781	(\$2,914)	(\$14,038)

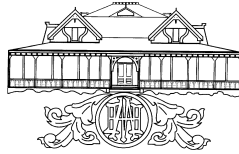
Source: Walnut Creek Historical Society Form 990 Filing Information, 2014, 2015, and 2016.

*Revenues and expenditures do not include operational costs provided by the City of Walnut Creek such as major facility maintenance or landscape maintenance.

According to the Society Office Manager, they work with the City to request funding for capital improvement projects and major repairs; however, the City only assists when its budget allows. The Society does use a little marketing money to advertise in *Here Comes the Guide* and other bridal publications and staff believes that more money should be allocated for this purpose.

Event Venue Transition

Shadelands has evolved over the years since it was originally founded. From its beginning as a private farming operation and house, the site is now owned by the City of Walnut Creek and operated by the Walnut Creek Historical Society. Shadelands is also the home of the Society. The City continues to provide general landscape maintenance and facility maintenance to major systems like heating and air conditioning; however general operation and management of the site is the responsibility of the Historical Society.



Morgan Hill Historical Society

To preserve and share the history of Morgan Hill, and its environs, to inspire a sense of community.

To: Chris Ghione, Director of Community Services
 Cc: Christina Turner, City Manager

From: Kathy Sullivan, President, Morgan Hill Historical Society
 Karl Bjarke, Vice President Morgan Hill Historical Society

Re: MHHS Comments on "Villa Mira Monte Historic Site - Event Venue" Study
 Approved by the Morgan Hill Historical Society Board of Directors on April 27, 2020.

Date: April 28, 2020

Chris,

Thank you for the opportunity to review the "Villa Mira Monte Historic Site - Event Venue" study, dated January 2020, and prepared by Management Partners for the City of Morgan Hill. The Morgan Hill Historical Society (MHHS) would like to share our thoughts on the study and it's recommendations. We will also provide our own recommendation for moving forward.

We would like to start by thanking the City for commissioning this study and including volunteers and representatives from the MHHS Board of Directors in the development of findings and recommendations. The MHHS values our partnership with the City and as the study points out, the future of the Villa Mira Monte site is dependent upon a strong partnership.

Comments on the Study

Executive Summary: We are in general agreement with the conclusions in the Executive Summary. It sums up the practical and financial situation that the MHHS finds itself in today. However, regarding the current \$1.8 Mil in the CIP the MHHS would like the City to think about this proposed expenditure not in terms of whether there will be a return on investment but rather as an investment into a park facility making it easier for the public to use the entire site. As you know, the back lot of Villa Mira Monte is an unsightly expanse of ground up asphalt and weeds. We at the MHHS have found that there is a tremendous need for parking for the community events we now hold. While the all-weather ground up asphalt has expanded the parking area and made the parking situation immensely more convenient for our customers and patrons, it is not as desirable, attractive nor usable as a nicely paved and landscaped parking area. Currently, parking for events is labor intensive and challenging to get cars parked in an orderly and efficient manner. Relocating the paved parking area to the back of the lot as required in the Circa Historic Review and permanently striping the parking lot would help the Society greatly and dress up the back area facing the railroad tracks and as viewed by the many who commute on the train. Landscaping the back provides the opportunity to install agricultural educational exhibits.

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 P.O. Box 1258, Morgan Hill, CA 95038
 408.779.5755
www.morganhillhistoricalsociety.org
 Tax ID 94-2562450

Background: The Background section is good and represents the information we presented during our interviews with the Management Partners team.

Since those interviews, however, the Board has been working on initiatives in its Specific Plan that relate to 'Establishing Business Operations Best Practices' and 'Sustainability Assessment'. We are collectively coming to the conclusion that because of the limited resources (volunteers and funds) that the Board has at its disposal, it is not practical to create a separate Operations Council. We simply don't have the people power to manage an Operations Council while also trying to maintain the governance of the Board of Directors. This is consistent with the findings in the Management Partners study.

The last two paragraphs of the Background Section discuss the capital expenditure of parking and landscaping. As stated above, we differ with the study's conclusion: "...we do not believe these improvements would significantly expand the use of the property as an event destination." The MHHS believes the improvements should not be thought of as expanding the use of the site but would instead address the eyesore and improve the parking situation that the residents of Morgan Hill and visitors use on a regular basis right now. This is a City park facility and should be brought up to the standards of the other City parks.

Historical Site Plan and Proposed Capital Improvements Investment: The first sentence should be reworded to state, "Currently the front half of the Villa Mira Monte property includes the 1911 (not 1941) Acton Farm House relocated to the site in 2005 and renovated to serve as the Morgan Hill Morgan Hill Museum, ..."

Project Approach: Takeaway #2 on page 10 is incorrect. The City does not own the property (refer to the correct title description in the 'Background' section on pages 5 and 6). We also recommend that takeaway #3 on page 10 should be reworded: *The Historical Society sees providing historical education through museum operations and with community events as their primary purpose. Operation of an event venue outside of the handful of community, education and fundraising events that currently happen is not the primary purpose of the organization and there is concern that the Historical Society's ability to operate the event venue is diminishing.*

This is intended to acknowledge that there are certain community events such as the Holiday Boutique, the Tea events, and the Community Picnic that are important for sustaining our membership interest and the revenue that generates.

The Case Study Research points out how unique the MHHS is and why it has these current challenges.

Villa Mira Monte Event Venue - Current Operations: On page 17 Management Partners concludes "...we believe any improvements to landscaping and parking at Villa Mira Monte should be undertaken only after a specific plan for the site has been completed that has identified the types of uses and events that are likely to occur at the site." Assuming that the City and MHHS agree that the Villa Mira Monte site's future is that of a Historical landmark and City park and not a large event venue, a Specific Plan is not helpful. Again, the MHHS believes the parking lot and landscaping improvements will address the needs of a beautiful community park with educational opportunities. Also provide for occasional rental events that serve private community celebrations.

We agree with the “Current Management and Operations” section. We agree with the “Observations” section and have the following comments on the three recommendations:

Recommendation 1: The MHHS would be grateful for any assistance from the City for rentals, operations, volunteer training, and marketing.

Recommendation 2: The MHHS would welcome a review and update of our rental fee structure. We don't want to be in a position where our regular rental customers go elsewhere if our fee structure changes dramatically. This did happen and the Board of Directors approved a new fee structure on April 27, 2020. Our documents and website will be updated and the new rates will go into effect when Villa Mira Monte opens to the public as COVID-19 guidelines permit.

Recommendation 3: We generally agree with this recommendation, however, the MHHS is not yet in a position to work on a new Strategic Plan and a Business Plan. We are in the midst of working on our recently adopted Strategic Plan and from that effort we will have a much better idea of what resources we can commit to a new Strategic Plan. This includes our strategic planning for funds development. Until we have resolved as a Board what resources we can reasonably expect to have going forward (volunteers and funds) we are not in a position to start any new initiatives. We expect this to take eighteen months at the earliest. It is important to note that the impacts of the COVID-19 Pandemic on the MHHS resources is difficult to predict, but likely to decrease volunteers and funding for the foreseeable future.

Alternative Operational Options: We agree that ‘Option 1: Sustain the Site as a Historical Destination, not an Event Venue’ is the best of the options presented. However, this option should have a stronger financial commitment on the City's part than described in the study. The City should provide annual operation and maintenance funds similar to what it has been providing. Without the establishment of a dramatically different funds development strategy, based on large donations from private entities or trusts, the MHHS will simply not be able to raise sufficient funds to keep the Villa Mira Monte property up to minimum standards. In addition, the City should include the Villa Mira Monte site in its CIP planning for parks citywide. This should be a priority before additional parks are planned and developed.

MHHS & City Partnership Future

We again want to emphasize the value we place on our partnership with the City in providing and keeping up the Villa Mira Monte site as a very unique City park asset. As the MHHS Board continues with its self-assessment we would like to share what we believe will become real factors in the Society's ability to sustain the volunteer element of this partnership.

1. Finding and keeping quality volunteers is challenging and we don't see that improving in the near future.
2. The nature of the work involved in the complex governance, maintenance and operation of the Villa Mira Monte landmark and the MHHS mission to preserve and share the history of Morgan Hill and its environs, makes it difficult to find high quality and dedicated volunteer Board members who have the time and passion to serve the mission.

3. Over the next several months, the MHHS will work on resetting its purpose and objectives, likely resulting in scaling back events and activities due to the lack of resources. This will impact the small amounts of revenue that come with those events and activities which the Society uses to fund preserving, maintaining and operating the site.
4. Aside from potential future grants, the MHHS does not now have the fundraising mechanism to provide for large capital improvements expenditures that will most certainly be needed to keep up the Villa Mira Monte site.
5. In spite of the limitations that lie ahead, the Board still believes in a partnership with the City whereby the Society (made up of a team of volunteers, including a Board of Directors) handles the governance, outreach to the community, history-related education and operation functions, while the City provides financial support for the preservation, maintenance and regular operations including the occasional required capital expenditures.

City of Morgan Hill

Sand Volleyball Demand and Facility Analysis

May 2020

Management
Partners





May 13, 2020

Mr. Chris Ghione
Public Services Director
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

Dear Mr. Ghione:

Management Partners is pleased to transmit this report regarding the potential for a sand volleyball facility in the City of Morgan Hill. We initially evaluated the demand for the sport as best we could from the available data, concluding that the sport is expanding significantly at the youth level. Further, there is no public sand volleyball destination facility in the Bay Area, although there are several sand volleyball courts in various locations.

We then conducted a potential user survey to obtain more specific information from the sports organizations and club and high school teams to more precisely determine how much of the youth recreational and tournament play might travel to southern Santa Clara County. While the survey results were limited, they did indicate while the sport is relatively new and may be growing, interest in league play and camps is not there yet to any large degree. Rather, tournament play will likely be the users of any first phase destination facility as the competitive field below the college and university level finds it place.

A key indicator that will drive growth in the sport will be certification of competitive play at the high school level. The State of Florida recognized competitive sand volleyball at the high school level, which is leading to a growth spurt in the sport. This will likely occur in California when the sport is recognized by the California Interscholastic Federation.

We appreciate the opportunity to help inform the City as you consider the development of a sand volleyball facility in Morgan Hill.

Sincerely,

Jerry Newfarmer
President and CEO

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Executive Summary

Leaders in the City of Morgan Hill are interested in assessing the demand for sand volleyball that might support a destination complex being constructed in the City. The City has land for potential further sports facilities as well as a capital improvement program that may support construction of a facility. The question is whether sand volleyball fits with the overall vision for the site and whether it is sustainable. A previous sports marketing study clearly established that sand volleyball is a rapidly growing sport and therefore a critical area of assessment is whether volleyball sports enthusiasts might be attracted to southern Santa Clara County for tournament, training or recreational play.

Our interviews, research and initial analysis resulted in the following major conclusions:

1. There is no public *destination* sand volleyball facility in the Bay Area, although there are courts at many different locations including colleges, universities, high schools and a few cities. Demand for these courts appears to be high.
2. The California Interscholastic Federation (CIF) has not yet recognized sand volleyball at the high school level for competition but is expected to in the future. Given the growth of scholarships at the college and university level, high schools will need to either build sand volleyball courts or use local courts.
3. Private and public high school club sand volleyball teams are significantly expanding in Northern California to meet interest and fill the void of a feeder system for the growth at the college and university level. This increase appears to be outpacing the building of necessary facilities for practice, leagues, and tournaments and is leaving teams scrambling to find places to play.
4. Adult play has a long history of venues at beaches on the coast of California. As there is currently no major “inland” complex for sand volleyball, it would be expected that should Morgan Hill develop a complex, the adult play will probably lag until adults see what Morgan Hill has to offer.

5. Though adult play will continue to grow as the sport grows at the youth level, Morgan Hill's focus should likely be on youth play at any complex to be built in the City. College and university facilities tend to stay within their own or comparable institutional sites for play, practice and tournaments.
6. Youth clubs and teams are looking for places to practice, play challenge matches against other clubs and teams, and create leagues and tournaments that can be used to develop the next level of athletes for the sport. However, Morgan Hill's geographic location may limit the amount of practice play during the week due to traffic and long travel times to get there.
7. While there is good information regarding youth tournament play in Northern California, data were insufficient to assess the number of players involved, the number of teams, whether they would travel to southern Santa Clara County to play, and how often. Additional information from the various sponsoring organizations and schools would be required to perform an in-depth marketing analysis. As is traditional with sport sanctioning organizations, they will not commit to bring tournaments to a location until the complex is completed and ready for play.
8. For tournament play in California, the average tournament for youth would be 9 to 16 teams (18 to 32 youth players), with adult tournaments as large as 80+ teams (160+ players) based on information from current tournament directors in California.
9. In speaking with governing organizations trying to determine the impact a weekend tournament has on a complex, the rule of thumb is to count 1.5 spectators per player. This means a large youth tournament of 16 teams will attract about 80 in attendance, and a large adult tournament will attract about 400 attendees.

Our initial analysis concluded that anecdotally, a destination facility could be of interest to the youth enthusiasts in the sport. Sand volleyball facilities are clearly not keeping pace with the rising interest in the sport or the play itself.

To further consider the viability of this sport coming to Morgan Hill, in early March 2020 Management Partners conducted a survey of recognized teams and organizations. The goal was to assess interest in a potential destination facility under consideration by the City from sand volleyball teams and/or organizations. Thirteen respondents indicated that:

- There is not yet enough interest in league play, practices, and camps to support building a complex.

- Tournament play has moderate interest, limited to weekend play and concentrated in the months of March through June.
- Since a team consists of two players, even tournaments that host a large number of teams do not attract the numbers of participants and spectators similar to sports such as soccer and baseball.
- The proposed complex with the amenities described in the survey would be popular and respondents did not indicate there was anything missing to keep them from participating.

A design consultant was hired by the City to work with their staff to develop some budget level cost estimates to build out the property. The cost estimates reflects a phased construction approach with development of five courts and specified amenities initially. Each successor phase would be informed by the play and activity of the previous phase. The cost estimate shows a build-out of 20 courts.

Sand volleyball tournaments can include pool play, a ladder or elimination type play, or a combination of all three. Therefore, a minimum of five to six courts would be needed for youth tournaments to be successful. Construction of a Phase I facility (up to six courts, not a complete destination facility) in Morgan Hill may be the ultimate gage as to whether it can or will be a sufficient draw for the youth market, particularly for tournament play.

Based on the survey, a phase one facility of five to six courts likely would not attract much more than youth tournaments (9 to 16 teams) at this point because the sport's breadth isn't quite there. But the numbers are growing each year and the demands for youth tournaments (in terms of the number of teams and players) in the future will grow. Assessing traffic challenges around the South and East Bay, even on weekends when tournament play would occur, will also be important.

While we have provided some *preliminary* revenue estimates for a facility of 6 to 20 courts in this report, City staff have separately developed operational cost estimates that will influence decisions about the feasibility of moving forward. If an operating analysis results in a supportable Phase I facility, then City staff could proceed to develop a plan for the site and potentially phased construction (an operating partner may be necessary even in Phase I).

While the first phase may not attract an operational partner, City staff should nonetheless explore possible operational partners to reduce the City's risk and mitigate operational costs.

Attachment A provides a list of our recommendations. This report is organized in the following major sections:

- Project Approach,
- The Demand,
- Estimated Costs and Revenues,
- A Strategy for Moving Forward, and
- Conclusion.

Project Approach

Management Partners approached this project primarily through extensive interviews, a review of data regarding current court locations and tournament activity, as well as a high-level review of several complexes. Our initial focus was to try to inform a framework for the City to move forward, and to assess the demand in this clearly growing sport. Subsequent to an interim report issued in January 2020, we conducted a survey to assess interest in a potential destination facility under consideration by the City of Morgan Hill from sand volleyball teams and/or organizations. The survey is discussed in the section titled The Demand below.

Interviews

Management Partners' project team members conducted interviews across a wide spectrum of the sport. Our objective was to gather information about the operation, use, and interest in sand volleyball should the City of Morgan Hill build sand volleyball courts. The individuals we interviewed represented City staff who would be responsible for a sand volleyball complex, advisory body members who had expressed interest in bringing sand volleyball to Morgan Hill, and representatives from various sand volleyball organizations.

The City provided a comprehensive list of coaches, private clubs, and organizations that support sand volleyball, including letters of support for what Morgan Hill is considering. Management Partners was not able to interview everyone on the list; however, the documentation of these contacts does build on the interest that has been expressed for a sand volleyball complex in Morgan Hill.

Interviews were conducted with the following individuals or organization representatives:

- Director of Community Services
- Community Services Manager
- Community Services Supervisor (2)
- Parks and Recreation Commissioner (2)
- City of Santa Cruz Park and Recreation Supervisor (2)

- Economic Development Director
- West Valley College Administrative Services
- USA Volleyball
- Northern California Volleyball Association
- City of Walnut Creek
- Town of Moraga
- Northern California High School Beach Volleyball League
- California Beach Volleyball Association
- City of Huntsville Parks and Recreation
- Sand Court Experts
- Vance Brown Builders
- Local sand volleyball coaches

The major takeaways from the interviews were:

1. Sand volleyball is a growing sport if for no other reason than the adoption of women's beach volleyball at the NCAA scholarship level in 2016.
2. There is no single governing body that oversees sand/beach volleyball. As a result, there is no single database, listing of tournaments, and/or organizing body. This can make the potential viability and financial assessment of the merits of constructing a sand volleyball complex more difficult, as there are many competing interests.
3. Although the California Interscholastic Federation (CIF) has not yet recognized sand volleyball at the high school level for competition, with the growth of scholarships available at the college and university level, recognition is expected in the future. This will grow the sport at the high school level and require schools to either build sand volleyball courts or use local public courts.
4. Despite the lack of CIF recognition, there has been a growth in private sand volleyball clubs/programs including the Northern California High School Beach Volleyball League (which has grown from 4 teams in 2017 to 71 teams in 2019).
5. It does not appear that a complex in Morgan Hill would compete with the beach volleyball courts in Santa Cruz. The events that occur in Santa Cruz have long roots in the beach volleyball culture that is Santa Cruz and are primarily geared toward adult play. Santa Cruz is currently at capacity with adult play and turns youth teams away. Some tournaments (typically sanctioned by various organizations) therefore, may choose to go to a complex in Morgan Hill should one be built. The potential capacity spillover

- from Santa Cruz would likely be in the youth divisions, with interest from youth teams, clubs, and their respective coaches.
6. Competitive sand volleyball courts are being built at high schools, community colleges, colleges and universities (Notre Dame-Belmont High School, Stanford University, West Valley College, and Cal Poly San Luis Obispo). However, these courts have only limited available space that can be used by the community outside of college use. Aside from Santa Cruz, there is no other major public complex (minimum five courts) in Northern California.

Data Collection

To collect relevant information, we utilized publicly available information on the web. To identify facility locations and tournament activity, we utilized junior volleyball association websites including Northern California Volleyball Association (NCVA), USA Volleyball, California Beach Volleyball Association (CBVA), and the City's Bikeways, Trails, Parks and Recreation Master Plan. Specific information for each facility was obtained from their websites and/or phone conversations with a staff representative. This research informed the case study information collected, which is summarized in the following section.

Case Studies

Initially, Management Partners planned to identify two comparable sand volleyball facilities in California to assess the factors that led to their construction, size and amenities, and lessons learned. Since sand volleyball as a competitive sport remains in a state of infancy, we were unable to find comparable facilities to prepare case studies containing lessons learned.

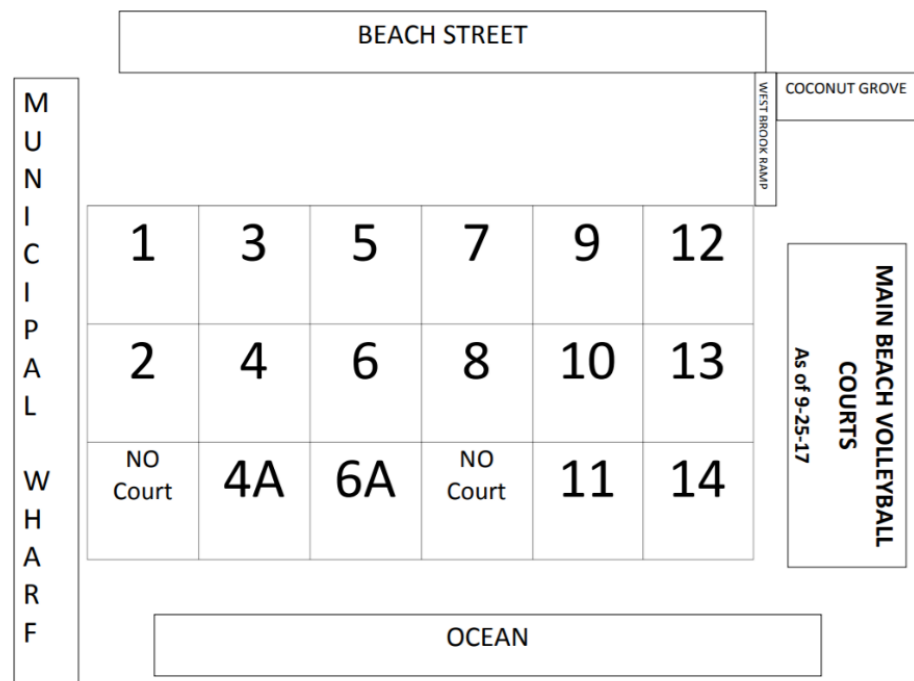
The sand volleyball courts in California are diverse in their size, quality, number, and institutional affiliation. Some facilities are located along a public beach, some are within parks, and some are on the campuses of high schools, community colleges, colleges or universities. Despite these challenges, Management Partners contacted staff representatives from two facilities in Santa Cruz, California, and Huntsville, Alabama, which operate multi-court sand volleyball facilities. The discussions did not yield operating or revenue information (Santa Cruz does not track usage or separate sand volleyball costs from general beach maintenance; Huntsville has been in operation for less than a year) but did provide some general insight about operations. A summary of the information gathered is provided below.

Santa Cruz Beach Sand Volleyball

The City of Santa Cruz has a long tradition of providing sand volleyball courts on the main beach in Santa Cruz. Historically, the courts were placed at the beach, weather permitting, with use available on a first come, first served basis. As beach volleyball became more popular, the California Beach Volleyball Association was founded in 1962. With this formation, beach volleyball leagues formed and tournaments started being held in Santa Cruz and up and down the coast of California, mostly at the adult level. The rest, as they say, is history.

The City of Santa Cruz has 16 beach volleyball courts available for rent on the main beach in Santa Cruz. All courts have professional grade nets and different heights for men and women. Parking and restrooms are located nearby on Beach Street. Court fees are \$10 per hour per court at the standard rate and \$8 per hour for nonprofit organizations. Fees must be paid when booking the reservation, which must be made a minimum of five days in advance. The City of Santa Cruz maintains the beach volleyball courts as part of its regular beach maintenance. A diagram of the courts is shown in Figure 1.

Figure 1. Santa Cruz Main Beach Volleyball Courts Layout



Note: The court layout reflects the scheduled layout. Beach and weather conditions may result in a different configuration.

In recent years the City has tried to balance having courts available for first come, first served use and scheduled use. The City can set up a

maximum of 16 courts; however, number and placement ultimately are determined by weather and beach conditions. The City is currently seeking approval from the California Coastal Commission (CCC) to add two additional courts (which is currently under consideration). The CCC oversight at the public beach limits what the City can do and limits their ability to meet the demand that is requested.

From a City standpoint, the courts are at maximum use and they turn away requests on a regular basis. The increased demand for use has recently been at the youth level, where more and more club teams are looking for space, including teams that are willing to drive over the hill from the San Jose area.

Unfortunately, the City does not track maintenance costs as the sand courts are one of many responsibilities of the Parks Division. The City also does not track total usage or by age group or revenue specifically related to sand volleyball.

In talking with City staff, they do not believe a complex in Morgan Hill would compete with their complex as Santa Cruz continues to be a beach destination tourist community. People play at the courts in Santa Cruz because it is tradition and a cultural experience. Even if the City is able to construct additional courts, they believe requests for use from youth clubs will continue to outpace their ability to provide space.

Huntsville Sand Volleyball Complex, John Hunt Park

As part of the City of Huntsville's renovation of John Hunt Park, a 428-acre site in the center of Huntsville, a new 17-acre professional sand volleyball complex was completed earlier this year. This facility was created to accommodate tournament-level play and was built with additional amenities to support this mission. Amenities include the following:

- Professional level net systems
- Musco LED lighted courts
- Covered viewing area
- Wi-Fi
- Sound systems for music and play-by-play announcements
- Web cams
- Cooling rooms to keep players from overheating
- Ice machine for injury ice
- 24 inches (4,500 cubic yards) of top-grade beach sand
- Automated sand watering system
- Locker room with restrooms, showers and dressing rooms
- Concession/meet management area

Since this complex is continuously evolving and is in its first year of operation, revenue and expenditure data were not available. The agreement with Rally was also not publicly available.

Hickory Point Complex

The Hickory Point Beach Sand Volleyball Complex is a 21-court complex located on Lake Harris at the Hickory Point Recreation Complex in Tavares, Florida. Opened in August 2014, this complex is a partnership between Lake County, Lake County Water Authority, and a non-profit arm of the Florida Region of USA Volleyball who manages the complex. The property is owned by the Lake County Water Authority who also operates the rest of the property. In addition to sand volleyball and five soccer fields, the recreation complex includes boat docks/boat ramps, outdoor showers, barbecue grills, permanent picnic tables, a swimming area, a children's play area, a two-story pavilion, nature walk, parking (which is free) and a lake.

The Sand Volleyball complex is the third-largest dedicated sand volleyball complex in the United States and the largest in Florida. It was originally approved by the Lake County Board of County Commissioners, which contributed \$398,000 to start the project from a tax charged on hotel-room stays and other tourist accommodations. The complex has professional net systems, lights, permanent restrooms, an intercom system, web cams and 24 inches of top-grade sand.

Lake County approved an additional \$1.8 million in May 2017 for construction of a 4,000 square foot field house at the sand volleyball complex. It was completed in February 2019. Additional funding came from Lake County's Tourist Development Tax. (A County Commissioner stated that since the complex opened in 2014, approximately \$1.6 million had been added to the local economy as a result.) The new field house has locker rooms, meeting space, training room, official's room, concessions and public restrooms.

At the time of the field house opening, Hickory Point had hosted 54 events, attracting players from 90 Florida cities, 25 states, and 15 countries. Some of the events that have been hosted during the life of the facility include Florida Region High School Beach Volleyball Championships (2015), East Coast All Star Championships (2016), American Beach Tour National Championships (2017), USA National Beach Tour – Regional and National Qualifiers (2018), and Inaugural High School Pairs National Championships (2019).

Individual courts are available for rental at two rates: non-profit and for-profit rates. Non-profit rates are \$65 per court per day (up to a 12-hour

period) and for-profit organizations pay \$80 per court. Discounts per court are not offered unless eight or more courts are rented.

Court rental includes:

- Net systems,
- Court boundary lines,
- Antennas,
- Pole pads,
- Use of restrooms,
- Lights (if included in the rental fee at \$25 per hour/per zone),
- Free parking (no parking may be charged),
- Trash cans,
- Water fountain, and
- One staff member (for net adjustments).

Court rental does not include:

- Volleyballs,
- Sound system,
- Cameras/live streaming,
- Officials,
- Tents,
- Ball straps,
- Stage,
- Locker rooms,
- Concession stand,
- Meeting spaces, or
- 1Pavilion rental (must be reserved separately).

The field house is available for rent as follows:

- Full Building: \$800 a day non-profit/\$1,000 a day for profit
- Locker/training rooms only: \$400 a day/\$500 a day
- Meeting rooms only: \$400 a day/\$500 a day
- Individual meeting room: \$100 a day/\$125 a day

To use and rent the facility, all users must abide by the following:

- Organizations interested in renting the complex are required to complete an application and execute a written agreement. Once signed, the complex schedule is updated to reflect the approved event.
- Proof of insurance must be provided by renting organizations with the application. If no insurance is available, each participant is required to purchase a USA Volleyball (USAV) membership prior to participating at \$20 per person.

- All attendees and participants must adhere to the Hickory Point park rules and no alcohol is allowed in the park without prior arrangement.
- A refundable security deposit is required for all rentals.
- Three courts are open to the public based on first-come, first-serve basis. Only courts that are reserved through the Florida Region of USA Volleyball are considered reserved and not available for public use. All rentals take priority ahead of open courts.

Management Partners reached out to Hickory Point Beach complex staff to try to obtain additional information. The executive director indicated that non-disclosure agreements prevented them from providing any information that was not readily available on the website.

The Demand

According to the 2017 Johnson Report commissioned by the City of Morgan Hill, “sand volleyball is a fast-growing sport due to the recent sanctioning by the International Olympic Committee and the NCAA.” The NCAA approved women’s beach volleyball as a recognized inter-collegiate sport in 2015, starting with the 2016 season. This approval included the establishment of athletic scholarships and, as a result, the fastest growing documented volleyball markets are high school level volleyball clubs.

Beach or Sand Volleyball?

Sand volleyball participation has grown across all age categories since 2009, based on information provided by the 2017 Johnson Report. A summary of the participation growth from 2009 to 2015 is provided in Table 1.

Table 1. Volleyball Participation Growth from 2009 to 2015 (All Ages)

Sport	2009 Participants (in millions)	2015 Participants (in millions)	Total Growth (2009 to 2015)	Average Annual Growth (2009 to 2015)
Volleyball (Sand/Beach)	4.3	4.8	10.70%	1.70%

Source: Morgan Hill Sports Market Study, Johnson Consulting, May 2017.

Historically in California (and other parts of the country with ocean beach access), beach volleyball is a sport that has been played in the sand on the beach near an ocean. It has culturally been an adult activity, usually played as a pick-up game. Communities and agencies would set up poles and sometimes leave nets up, and people would come and just play.

In 1962 with the formation of the California Beach Volleyball Association, the sport became more organized with leagues and tournaments. Because of the interest in the sport, “sand” volleyball has grown in locations away from a beach. This expansion in areas to play, along with the sanctioning by the NCAA as a competitive sport, has caused sand volleyball to grow, especially at the youth level, and allows the sport to be played anywhere there is interest.

Culturally, though beach and sand volleyball have the same roots. It is the ability for sand volleyball to be played anywhere (including some indoor venues) that is the reason more communities are looking to build facilities.

In most sports at the college or university level where scholarships are offered, the high school level is the training ground, either through high school competitive sports or private clubs. For sand volleyball, there was not any recognized association of clubs in California until the Northern California High School Beach Volleyball (NCHSBV) league was founded in 2017.

As sand volleyball is still not a high school program in California, the NCHSBV league has grown in the past three years from four teams in 2017, to 32 teams in 2018, and 71 teams in 2019. The season ends with a tournament that sends the Northern California winner to play against a winner from Southern California. In speaking with league officials, continued and significant growth is expected over time and has already outpaced the ability to find practice and game facilities.

Additionally, as with most sports, private “club” teams are formed that practice and compete against other clubs. The Bay Area has several clubs that are looking for space to practice and compete. Like the NCHSBV league, the clubs are finding it difficult to secure space. However, we are unable to determine what the potential for this market really is.

Sand Volleyball Associations and Tournament Information

While sand volleyball remains an emerging sport, there are formal associations that operate or sponsor the sport within California. They are:

- **USA Volleyball** is a non-profit organization that is formally recognized as the national governing body of volleyball in the United States by the Federation Internationale de Volleyball and the United States Olympic Committee (USOC). USA Volleyball represents both sand and indoor volleyball.
- **Amateur Athletic Union (AAU)/Club programs** exist in the form of individual club teams. AAU also hosts various tournaments, including junior Olympic games to provide opportunities for teams to pursue collegiate level play.
- **NCAA sand volleyball programs** are present in more than 90 colleges throughout the country at the Division 1, 2 and 3 levels, with 62 located in California.
- **Junior colleges** also offer sand volleyball programs, with 38 junior colleges in California.

- **Northern California Volleyball Association (NCVA)** incorporated as a non-profit corporation in 1982, under USA Volleyball. The NCVA operates separately than USA Volleyball, but abides by their set rules. The NCVA hosts and approves competition, fellowship play, clinics, and league tournaments. The NCVA hosts three National Qualifying Tournaments for USA Volleyball and aids in the development of players, coaches, referees, and scorekeepers.
- **California Beach Volleyball Association (CBVA)** is a non-profit corporation created in 1962 to conduct outdoor volleyball events. It hosts over 1,000 tournaments each year across more than ten skill or age divisions, in more than 21 locations. It has nearly 8,000 active members.
- **Northern California High School Beach Volleyball League** was created to form “club” teams at local high schools. Starting with four teams in 2017, the league has grown to 71 teams in 2019 and ends the season with a tournament that has Northern California teams compete against teams from Southern California.

Of the Juniors Sand Volleyball Tournaments, most events are for girls only, representing 81% of all tournaments in Northern California from 2018 to 2020. Table 2 shows a breakdown of the Juniors Beach Volleyball tournaments by gender.

Table 2. Juniors Beach Volleyball Tournament Participation by Gender from 2018 to 2020

Genders Included	Number of Events	Percent of Events
Girls Only	174	81%
Both	38	18%
Boys Only	3	1%
TOTAL EVENTS	215	100%

Source: Juniors Beach Volleyball Tournament website.

Note: Inclusion is based on participant classes. Participant groups are classed by gender and age.

Table 3 shows the Juniors Beach Volleyball tournaments by age. The majority of tournaments falls in the 18 and under category, representing 65% of all tournaments from 2018 to 2020.

Table 3. Juniors¹ Beach Volleyball Tournament Participation by Maximum Age from 2018 to 2020

Maximum Age	Number of Events	Percent of Events
10U	0	0%
12U	8	4%
14U	32	15%
15U	2	1%
16U	34	16%
18U	139	65%
ALL	215	100%

Note: Event age brackets include all ages up to the indicated (e.g., 15U includes all players up to age 15).

¹Juniors classifications are designated by a number representing age, and a "U" for "Under" (e.g., 12U is for players aged 12 and under). Any player may participate in any bracket where they fall beneath the maximum age. (For example, a 16-year-old could participate in an 18U bracket if the event does not include a 16U bracket.) Not all girls' events include all brackets. Events that include boys are fewer and all but three include all ages.

While Table 3 shows tournaments by the maximum age, Table 4 shows the breakdown in tournaments by the actual ages. Here, most age ranges are much younger, with 69% of events hosted for youth between 13 and 14 years of age. The total adds to more than 215 events for the period as most events host multiple age brackets.

Table 4. Juniors Beach Volleyball Tournament Participant Age Ranges from 2018 to 2020

Specific Age Brackets	Number of Events	Percent of Events
10 and Under	25	12%
11 to 12	102	47%
13 to 14	148	69%
15	30	14%
16	153	71%
17 and 18	139	65%

In addition to the tournament facility data, we collected information on which high schools in Northern California have club-level volleyball players. Again, these data do not include the number of teams or players but offer insight into where the players attend high school. A total of 60 high schools have club sand volleyball teams. Their distribution by region is provided in Table 5.

Table 5. Northern Californian High School Beach Volleyball Teams by Region

Region	Number of High Schools
Central Valley	2
Chico	1
East Bay	17
Monterey	1
Napa Valley	2
North Bay	5
Peninsula	17
San Francisco	4
Santa Cruz	8
South Bay	3

Source: NorCal Beach Volleyball High School League Website.

Most of the demand for sand volleyball is in the East Bay and the Peninsula; the South Bay only has three high schools with teams. Due to the lack of undeveloped land, Morgan Hill may be able to capture some of the demand for practice play from the Peninsula though it may be more difficult to attract the schools located in the northern portion of the region. Tournament play typically occurs on weekends and may draw from a larger geographic area, including the East Bay.

A list of all high schools with beach volleyball teams from both the Peninsula and South Bay regions is provided in Table 6. The last column indicates whether the schools are located within 40 minutes of Morgan Hill to better assess the feasibility of using the courts on a weekday. The check marks (✓) show those schools that are located with less than a 40 minute commute on a weekday. By factoring in the weekday commute times, we expect only 3 of the 19 schools with beach volleyball teams would be able to utilize the courts during the week.

Table 6. Peninsula and South Bay High Schools with Beach Volleyball Teams

High School Name	City	Region	Within 40 minutes
Aragon High School	San Mateo	Peninsula	
Carlmont High School	Belmont	Peninsula	
Gunn High School	Palo Alto	Peninsula	
Harker School	San Jose	South Bay	✓
Hillsdale High School	San Mateo	Peninsula	
Homestead High School	Cupertino	Peninsula	
Los Altos High School	Los Altos	Peninsula	
Los Gatos High School	Los Gatos	South Bay	✓
Menlo Atherton	Atherton	Peninsula	
Menlo School	Atherton	Peninsula	
Mountain View High School	Mountain View	Peninsula	
Notre Dame Belmont	Belmont	Peninsula	
Nueva	San Mateo	Peninsula	

High School Name	City	Region	Within 40 minutes
Palo Alto High School	Palo Alto	Peninsula	
Sacred Heart Prep	Atherton	Peninsula	
Saint Francis	Mountain View	Peninsula	
San Mateo High School	San Mateo	Peninsula	
Valley Christian	San Jose	South Bay	✓
Woodside High School	Woodside	Peninsula	

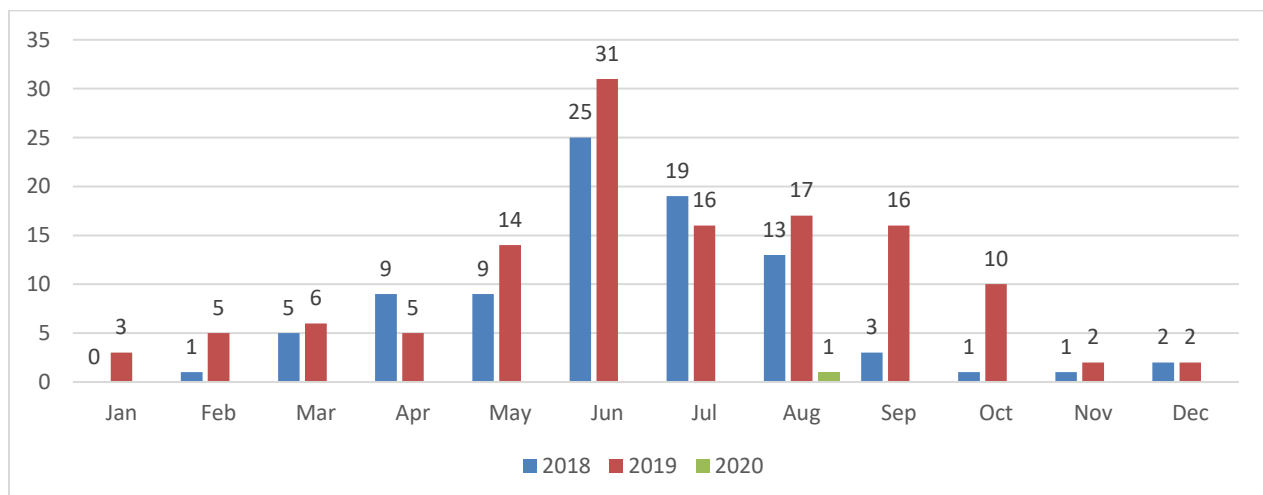
In looking at the high schools closest to Morgan Hill, six are within or adjacent to Morgan Hill City limits. The high schools, along with their estimated enrollment are listed in Table 7. To our knowledge, these schools do not have sand volleyball programs.

Table 7. Morgan Hill High Schools

High School Name	Public/Private	Grades	Estimated Enrollment
Oakwood	Private	PK, K-12	495
Ann Sobrato High School	Public	9-12	1,484
Live Oak High School	Public	9-12	1,163
Central High School	Public	10-12	147
Shadow Mountain Baptist School	Private	PK, K-12	117
Spring Academy	Private	2-12	31

To inform our assessment of the demand for junior volleyball play (for players under 18 years of age), we collected tournament information from relevant websites. Figure 3 shows a summary of the existing NorCal Juniors Beach Volleyball tournament activity from 2018 to 2020 (to date). Juniors Beach Volleyball clubs are those with players under 18 years of age. The data show a high season from May to October, with an average of 17 events per month in the high season of 2019, up from an average of 11 events per month in 2018.

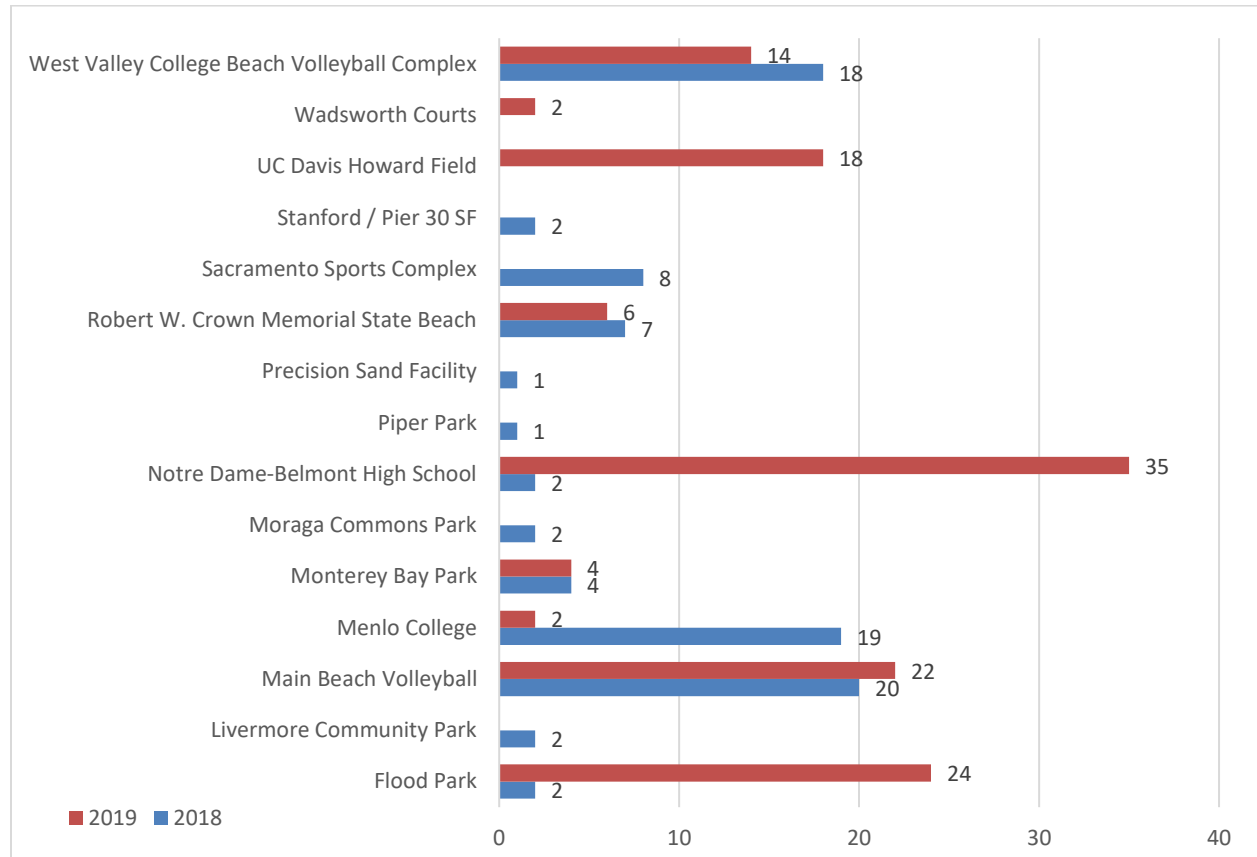
Figure 3. Juniors Beach Volleyball Tournament Events by Month and Year from 2018 to 2020



Source: Juniors Beach Volleyball Tournament website.

Figure 4 shows the Northern California Juniors Beach Volleyball tournaments by facility location. As the figure illustrates, there is a consistent increase in demand from 2018 to 2019, both in the number of tournaments and the number of facilities available to host tournaments. Data on the number of teams participating in each tournament are not available so we are unable to assess the true size of the market demand from these data.

Figure 4. Juniors Beach Volleyball Tournaments by Organizer from 2018 to 2020



Management Partners further researched each facility in Figure 4 to inform our analysis by identifying the number of courts at each location. Table 8 provides a summary of the data. The greatest number of courts is 16, located at the Santa Cruz Main Beach. Most facilities have between two and four courts.

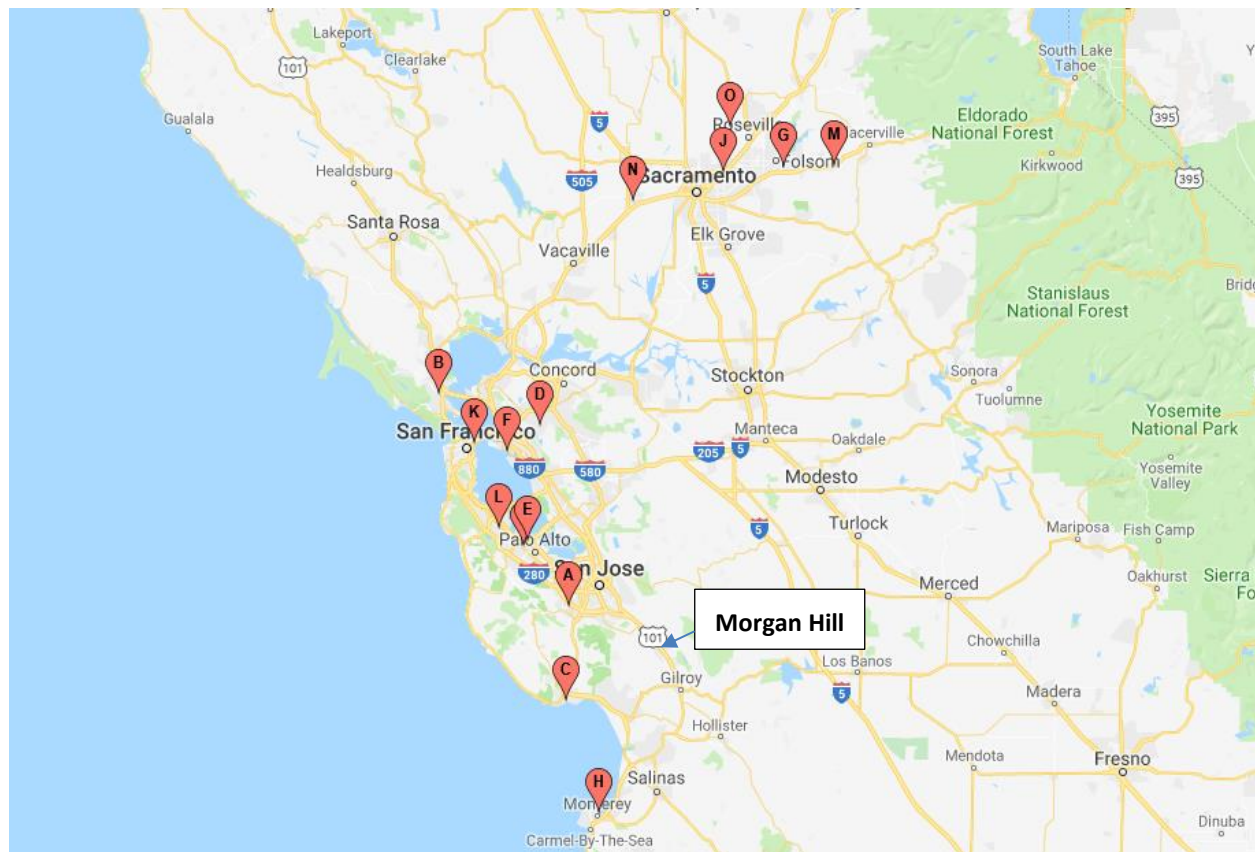
Table 8. Juniors Beach Volleyball Tournament Facility Locations and Number of Courts

Name of Facility	City	Number of Courts
A. West Valley College Beach Volleyball Complex	Saratoga	6
B. Piper Park	Larkspur	2
C. Main Beach Volleyball	Santa Cruz	16
D. Moraga Commons Park	Moraga	2

Name of Facility	City	Number of Courts
E. Flood Park	Menlo Park	2 (a third is planned)
F. Robert W. Crown Memorial State Beach	Alameda	6+ (BYO Net)
G. Livermore Community Park	Folsom	4
H. Monterey Bay Park	Monterey	5
I. Menlo College (concealed by E)	Atherton	4 (3 grouped, 1 across campus)
J. Sacramento Sports Complex	Sacramento	4
K. AVP San Francisco Open	San Francisco	Unknown, Temporary
L. Notre Dame-Belmont High School	Belmont	2
M. Precision Sand Facility	Shingle Springs	2
N. UC Davis Howard Field	Davis	3
O. Wadsworth Courts	Pismo Beach	8
P. Festerson Park (concealed by O)	Roseville	2
Average Number of Courts		4.6
Median Number of Courts		4
Most Frequent Number of Courts (Mode)		2

Management Partners mapped these locations to analyze their proximity to Morgan Hill to inform our analysis of the demand. Figure 5 shows the location of each facility as it relates to Morgan Hill, with most of the facilities located near Sacramento or closer to the Bay Area.

Figure 5. Juniors Beach Volleyball Tournament Locations Map



In addition to collecting data on the facilities hosting tournaments, Management Partners collected tournament activity by organizer. These groups are the clubs or training programs responsible for coordinating tournament events and may be potential partners for Morgan Hill if City leaders choose to pursue a sand volleyball complex. A list of organizers from the Northern California Volleyball website is provided below; and there may be other organizers not identified here.

- Sand Legs
- RedRock Beach
- Precision VB
- P1440
- NorCal High School League
- NCVA
- Moxie Beach
- Monterey Beach Open
- HS League
- Golden Gate VB
- CBVA
- Carioca VB
- Beach VB
- Bay to Bay
- Bay Area Beach League
- AVP First
- Academy Beach/P1440
- Academy

The Johnson report said, "There is a need for Sand Volleyball facilities throughout the country, as demand for large sand volleyball complexes far exceeds existing supply." Specifically, "There is demand for a sand volleyball complex from the following groups in California: USA Volleyball, AAU/Club programs, NCAA programs, Jr. College teams, Northern California Volleyball Association (NCVA), and California Beach Volleyball Association (CBVA)."

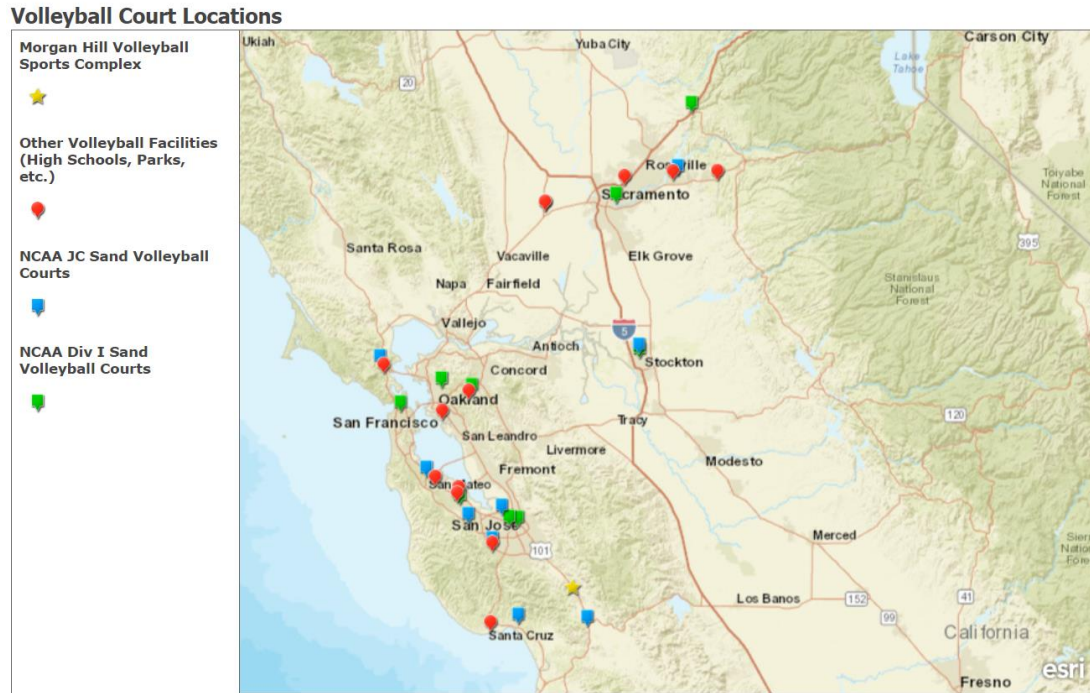
While some cities and counties have sand volleyball courts within parks, the inventory of tournament-level facilities (five or more courts) remains low. Most sand volleyball courts within parks are not built to tournament-level standards and typically there are fewer than four courts in a single facility. Additionally, there is no consistency in the ability to rent the facilities. Some jurisdictions monitor the rental of these recreational volleyball courts while others do not, making it difficult for regular practice times to occur.

Table 9 includes the colleges with beach volleyball programs by type and county, showing that there is a high concentration of both junior college and Division 1 colleges with sand volleyball programs in Santa Clara County.

Table 9. Colleges with NCAA Beach Volleyball Programs in the Bay Area and Adjacent by County

Colleges by County	Junior College	NCAA I	Total
Alameda	0	1	1
Contra Costa	0	1	1
Marin	1	0	1
Sacramento	1	1	2
San Francisco	0	1	1
San Joaquin	1	1	2
San Mateo	1	0	1
Santa Clara	4	3	7
Santa Cruz	1	0	1
Yolo	0	1	1
GRAND TOTAL	9	9	18

Figure 6 shows a map of beach volleyball tournament locations in the Bay Area by tournament type. The red pins show the junior tournament locations and the blue and green markers show where the NCAA junior college and Division 1 tournaments are held.

Figure 6. Map of Beach Volleyball in Bay Area (Tournament Locations and NCAA/JC Colleges)

Youth and Adult Play

The growth of sand volleyball, especially at the youth level, can be directly related to recognition of sand volleyball by the NCAA in 2016 as a competitive sport. Yet there has been little growth in expanding facilities in beach communities. As a result of the action by the NCAA, colleges and universities are rapidly growing the sport and looking to construct facilities on their campuses. In California, this growth has been slower at the junior college level; however, growth of programs and facilities there is also increasing.

With scholarships available at the college and university level and the lack of recognition as a competitive sport by CIF at the high school level, private and public high school club sand volleyball teams are expanding rapidly in Northern California to fill the void of a feeder system for the growth at the university and college level. This increase appears to be outpacing the building of necessary facilities for practice, leagues, and tournaments and is leaving teams scrambling to find places to play.

Adult Recreational Play

Youth clubs and teams have established informal networks that can be used to further assess demand for tournaments and recreational play. However, estimating adult play is more difficult. There are numerous mediums utilized to organized free form adult games (meet up websites,

groups in social media, etc.). While some information is available through these websites to understand where and when groups play, it is not comprehensive and does not paint an accurate picture of the adult sand volleyball play demand.

In communities where the sand court is publicly owned, the local parks and recreation department can, space permitting, start adult sand volleyball leagues just as they might offer adult basketball or adult softball. However, as there is not a governing body to oversee local sand volleyball adult leagues, the only way to get participation numbers would be to contact each park and recreation department to see if they track participation. Therefore, estimating adult club play will need to be determined through subsequent information gathering by survey or other means from adult sports enthusiasts and related clubs.

Local Recreational Play

Currently there are no organized local sand volley leagues or tournaments in Morgan Hill, primarily as a result of the lack of existing facilities. As sand volleyball is not an activity that naturally occurs or is offered in most inland communities in California, should Morgan Hill construct a sand volleyball complex, leagues and tournaments should be expected to be developed over time.

With the growth at the youth level in California, Morgan Hill leaders should expect that youth teams will look to practice and possibly play tournaments early on in a limited fashion. It will take time to expand the use to include local residents/teams who are currently not organized in Morgan Hill.

Associated Attendance at a Destination Facility

Tournaments and leagues/practices that occur in California under the various sanctioning organizations range from 9 to 16 teams for youth, and as many as 80+ teams for adult tournaments. The typical competitive team is comprised of two players (although sand volleyball can be played with more than two players). Because the number of players (two) during competitive tournaments is so small, the overall impact of the number of players/spectators is relatively small.

When asked about how many spectators typically attend tournaments and practices, the most common factor used by the various sanctioning organizations is to factor 1.5 spectators per player. This means an 80-team tournament would conceivably bring a total of 400 players/ spectators.

As would be expected, more courts built, would result in larger tournaments, which would bring larger crowds to a destination location.

At the same time, the larger the facility, the more there will be an increased need for auxiliary facilities (restrooms, concession stand, storage, etc.) with additional construction costs. Trying to determine actual attendance at future tournaments is difficult. However, some information was obtained through a survey of prospective users.

Initial Demand and Focus

Management Partners and Morgan Hill staff have now created an in-depth list of individuals, coaches, players, supporters, organizations, and teams in northern California who are active in sand volleyball. The organizations on the list initially indicated some support, but there was no formal or even informal commitment to use a facility in Morgan Hill. Clearly, there was interest, but more research and networking needed to be done. Our general conclusions from the initial data gathering were:

1. We were unable to assess the potential for adult play at this point. Adult play peaks during the summer months, although there is play throughout the year and a facility in Morgan Hill may very well draw from the South Bay and beach communities. However, adult play cannot be projected based on current information.
2. Currently there is no local recreational play at the youth level and likely local adult play is minimal in Morgan Hill. Therefore, there is currently little draw for weekday play or practice and it is not something that can be adequately measured for a proposed project.
3. High school play is seasonal (February through May for leagues/tournaments and the rest of the year for year-round club teams), but initially Morgan Hill won't draw from local high schools as there are currently no high school club teams in the area.
4. Currently there are fewer youth level tournaments than adult level tournaments. An evaluation of youth tournament size, therefore, would be critical in sizing the facility (number of courts to result in the highest return on investment).
5. Morgan Hill is considering an "inland" sand volleyball complex which weather-wise, will be different than the sand volleyball that is played at beaches. In speaking with industry experts regarding the weather in Morgan Hill we found the following:
 - *Wind:* Afternoon/evening winds in Morgan Hill should not be an issue as most "beach" locations where sand volleyball is played are very windy.
 - *Heat:* With warm to hot summer daytime temperatures, the preference would be to provide lighted courts to take advantage of the nice evening temperatures in Morgan Hill.

Additionally, when tournaments are scheduled during hot weather, players can wear socks and use water to cool the sand between matches.

- *Rain:* Morgan Hill gets rain during the winter months which coincides with the time of year sand volleyball has the least use. With the proper sand installation and underground drainage, only excessive rain events would be a concern.

Sand Volleyball Survey

In March, Management Partners conducted a survey to assess interest in a potential destination facility under consideration by the City from sand volleyball teams and/or organizations. The survey was sent to 65 sand volleyball enthusiasts including 33 individual contacts and various representatives from seven different volleyball organizations. A total of 13 individuals responded and the results of the survey may be found in Attachment B.

While the survey was launched prior to the full onset of the COVID-19 pandemic, the escalation of the pandemic may have impacted survey response. Of those that responded:

- Nine respondents (69%) expressed interest in renting the facility for tournament use.
- Three (23%) indicated interest in practice and league use.
- One respondent (8%) was interested in renting the facility for camp use.
- Four respondents (31%) indicated they would anticipate overnight stays in Morgan Hill depending on whether tournament and league play lasts for two days or more.

Our major observations from the survey results indicate:

1. Competitive level volleyball is primarily found in two arenas: collegiate (growing since it became a sanctioned NCAA sport in 2016) and traditional beach volleyball (around from the 1960s); neither of which will be attracted to a regional destination facility for league or tournament play.
2. As the sport is relatively new but growing there will be increased interest in league play and camps, but it is not there yet to any large degree. League play and camps may have to be initially organized and lead by the City until interest increases.
3. As sand volleyball is likely to grow, the first public complex built in California will likely become a destination and well-positioned to take advantage of the growth.

4. There is interest in tournament play as several organizations (e.g., California Beach Volleyball Association and the Northern California Volleyball Association) are already offering tournaments in California. However, with few new facilities, there is currently little room to add tournaments to accommodate the growth in the sport. Opening a complex in Morgan Hill would not replace existing tournaments but would instead allow for expansion for the sport. Since the growth in sand volleyball is mostly at the youth level, it is expected that growth in tournament play in both the number of tournaments, and the number of teams in each tournament would be at the youth level.
5. Based on the initial research and the limited responses to Management Partners' survey, approximately 1.5 spectators per player will travel with a volleyball team *for tournament play*. This figure is not as high as other sports like soccer or baseball and the sand volleyball has fewer players per team.

As a result, the City should not expect that large numbers of spectators will attend tournaments in Morgan Hill until the sport has grown to include lower age groups where families attend; and large, regional tournaments can be scheduled that are multi-day events.

While large tournaments would bring recognition to Morgan Hill, sand volleyball tournaments will not necessarily make Morgan Hill a large destination site. Based on interest expressed in the survey, during the first year, the complex may have between 11,380 and 25,400 participants/spectators during tournament play. This would of course be based on the number of courts built.

The Initial Focus

Youth clubs and teams are looking for places to practice, play challenge matches against other clubs/teams, and create leagues and tournaments that can help develop the next level of athletes for the sport. This need will continue to grow as the program expands at the high school level. Eventually, the growth will move to the junior high level, but that is not expected until the high school level is sanctioned to play competitively.

Based on the initial survey, it does not appear that at this point high school level teams are interested in traveling distances to find space. Therefore, Morgan Hill's initial market for practices and leagues will be teams from the immediate surrounding area. Tournament play is more

promising based on the survey even though it will initially be limited to weekends and the months of March through June.

Although youth tournaments currently are not the size of adult tournaments, growth in the sport will lead to more youth tournaments being offered and more teams participating in each tournament. The capacity for youth tournaments now is not at the same level as adults, but it will build over time.

If determined to be operationally feasible, the initial focus should be on bringing tournaments to Morgan Hill as a destination. The interest expressed by respondents to the initial survey and the fact that the youth level is growing would indicate City leaders should consider phasing the complex over time. Currently youth tournaments attract between 9 and 16 teams. As these type of tournaments can include pool play (where all of the teams in a certain group play each other), ladder-type play (where teams play against each other working up a level of competition), elimination-type play (where winners and losers advance in respective divisions), or a combination of all three, a minimum of five to six courts is needed for youth tournaments to be successful at this time. When the youth division has grown and the adults start playing tournaments with the potential for 80+ team tournaments, the City will be in need of a much larger complex (as many as 21 courts to match national complexes at the highest level of play).

Although adult play will continue to grow as the sport grows at the youth level, based on the growth in the youth level in California, a complex in Morgan Hill would look to youth play capture. However, the City could make a concerted effort to jumpstart adult (and youth) growth locally by starting leagues, and holding exhibitions and tournaments as a parks and recreation-sponsored activity or through partnership with an experienced volleyball organization. This planned programming could be done either by City staff or through contracting for organizers to operate the league. Several interested organizations and teams have been identified in the survey that can help jumpstart activity at the complex should the project move forward.

Estimated Costs and Revenues

As part of this project, Management Partners examined cost impacts for the City to construct a facility along with a plan of service to operate such a facility. Based on the information gathered from facility operators and professionals working in the sand volleyball industry, we believe that operation of the sand volleyball facility could be provided by an outside, third-party operator.

Costs

The following section provides pricing information for both 4- to 6-court alternatives gathered by Management Partners and a 20-court alternative, provided by a consultant hired by the City of Morgan Hill.

Four to Six Court Alternatives

As part of our examination of the cost impact to construct a sand volleyball facility, we examined both four-court and six-court alternatives. The facilities below were all built for tournament or collegiate play. The costs per court are estimated to be between \$274,282 and \$552,000, based on information provided by the three facilities below.

- **Stanford University Sand Volleyball Facility.** This facility is a four-court, NCAA tournament-level facility. Management Partners worked directly with the general contractor who constructed this facility to obtain updated estimates on the cost to construct a similar facility on the Morgan Hill site. The two quotes represent a basic level facility (with minimal aesthetic upgrades) and an enhanced facility, comparable to the Stanford complex.
- **Cal Poly San Luis Obispo.** As part of our outreach, we obtained the total cost of the five courts currently under construction at Cal Poly San Luis Obispo. These courts represent a more “basic” facility (with minimal aesthetic upgrades).
- **Huntsville, Alabama.** In our efforts to find a complex with a larger number of courts that could accommodate larger tournaments, we identified a site with 12 courts in Huntsville, Alabama, and obtained construction costs for that complex. These costs, however, may not be representative of the costs in Morgan

Hill (or California) due to the lower construction costs in the Huntsville area and the economies of scale that can be achieved when constructing a greater number of courts.

Table 10 shows the estimated costs per court. These estimates do not reflect soft costs, such as permit fees, architectural fees, etc. which could be estimated at 15% to 20% of construction costs.

Table 10. Cost Projections

	Stanford University (Basic)	Stanford University (Enhanced)	Cal Poly/ San Luis Obispo	Huntsville, Alabama
Construction Cost per Court	\$228,568	\$430,893	~\$460,000	~\$308,333
Soft Costs (20%)	\$274,282	\$517,072	\$552,000	\$370,000
Total Cost (four courts)	\$1,097,128	\$2,068,288	\$2,208,000	\$1,480,000
Total Cost (six courts)	\$1,645,692	\$3,102,432	\$3,312,000	\$2,200,000

The Johnson Report stated, "Sand volleyball facilities do not require a large investment, typically \$10,000 to \$15,000 per court and also have very low maintenance costs." The Johnson Report does not, however, specify where or how they arrived at this estimate (it may be a nationally based figure), nor does it specify the quality or level of construction. Based on information we have obtained their estimate may be more in line with sand volleyball courts constructed at parks for local recreational use rather than for a destination facility. Neither the cities of Walnut Creek nor Moraga were able to provide substantive construction costs estimates. Additionally, their court play is for recreational use, rather than destination or tournament-level facilities.

Costs will absolutely vary depending on the objective of the facility and the level of play intended. The City of Morgan Hill may build an initial set of courts that could indeed cost less, as a first phase. Courts built only for recreational play in a city park will certainly cost less.

Twenty Court Alternative

In addition to the initial research done by Management Partners, the City of Morgan Hill worked with Verde Design, Inc. to obtain pricing estimates (including design and construction costs) for 20 courts to be constructed in five phases. The estimated pricing for all 20 courts is around \$14 million, to be completed in phases. The initial phase would cost approximately \$2 million. These estimates include design, bidding, and construction contingency.

The cost for court construction includes site preparation and demolition, grading, court and curb construction, paving, site furnishings (e.g., drinking fountains, water lines, nets and posts, shade stands), fence and gates, planting and irrigation, and electrical. Unlike the previous cost estimates, these include the cost for sport court lights.

Maintenance Costs

In our information gathering interviews we were unable to obtain any real estimate for maintenance costs for sand volleyball courts. The Santa Cruz court maintenance costs are part of the overall Wharf and Beach Maintenance Division and they do not separate out costs for the sand volleyball courts.

In discussions with other cities that have one or two sand volleyball courts in a public park, staff informed us that the maintenance costs are fairly minimal and are not tracked separately from routine park maintenance. Huntsville, Alabama, was unable to provide maintenance costs for their tournament-level complex since it was under renovation and it only recently opened.

Experience suggests that when recreational courts are a part of a larger use facility (a recreational court in a public park or on a beach) agencies do not track maintenance costs. However, a multi-court facility in a regional sports complex would be expected to have regular scheduled maintenance and paid for as a part of the master fee schedule established for the complex.

Revenues

The following provides some basic revenue information for local recreational play based on Management Partners' initial research about local facilities as well as some additional revenue estimates based on the survey.

Local Recreational Play

Since a tournament-level sand volleyball facility focused on youth has not yet been constructed in the Bay Area, it is difficult to estimate the projected revenues that can be expected. (We were unable to obtain any revenue information from either Santa Cruz or the City of Huntsville). To obtain rough estimates on projected revenue, Management Partners reached out to several municipalities that rent their sand volleyball courts at municipal parks to determine rough revenue projections. The information therefore is based on local recreational play.

The cities of Walnut Creek and Moraga provided historical revenue estimates. While Walnut Creek does not host tournament-level play, they do let club teams from UC Berkeley practice on their court at a corporate rate. Moraga hosts some junior tournaments on their courts. A summary of the historical revenue for each is provided in Table 11.

Table 11. Historical Revenue (per court) for Sand Volleyball Courts in Walnut Creek and Moraga

City	Number of Courts	FY 2016-17	FY 2017-18	FY 2018-19
Walnut Creek	4	<i>Not available</i>	\$2,861	\$5,836
Moraga	2	\$6,500	\$4,000	\$5,500

Walnut Creek experienced a 204% increase in revenues from FY 2017-18 to FY 2018-19 due to a change in how fees are administered. They shifted from online booking to requiring reservations be made on the phone. They also always keep one court open, not available to reserve, to allow for drop-in play.

The City of Walnut Creek estimates that 80% of its rental revenue comes from weekday play, local school teams during the year, and summer camps. The 20% of weekend revenue is generated from picnics or pick-up play. Walnut Creek staff noted that to generate strong weekday use requires a local community with sufficient activity and interest (multiple schools with teams and/or camps). Clearly, Walnut Creek can draw from a more dense, urban population than Morgan Hill which is located in a more rural, less densely populated area of Santa Clara County.

Walnut Creek charges \$30 per hour with a one-hour minimum and four-hours maximum. Currently most of the reservations are from youth groups, high school groups, and the UC Berkeley teams. There has been community interest in adding lighted courts and there are plans to do so at a new park facility in the next five to ten years.

Moraga experienced its greatest revenue on a per court basis in FY 2016-17, the first year after they renovated their sand courts. Moraga charges \$25 per hour for nonprofit organizations, \$35 per hour for residents, and \$45 per hour for commercial use (which includes tournaments). All rental rates include use of both courts. Approximately 80% of reservations are from junior play. The City has an MOU with St. Mary's College to use the courts at no charge. There has not been sufficient community interest to justify construction of additional courts or lighted courts.

Based on this information only, Morgan Hill could expect to generate between \$21,333 to \$32,000 at an average annual rental revenue of \$5,333 per court. This estimate represents mostly recreational or practice play

and may be somewhat conservative due to the quality of courts in Walnut Creek and Moraga and the lack of tournament play. Although Moraga hosts some tournaments, the small number of courts limits the amount of tournament play. Therefore, our revenue estimates are representative of recreational play only. Further analysis would need to be done to estimate projected tournament revenue. A summary of the range of projected revenue (based on existing revenue data), is provided below in Table 12.

Table 12. Projected Revenue for Local Recreational Play

Court Configuration	Low (\$2,861 per court)	Average (\$5,333 per court)	High (\$6,500 per court)
4 courts	\$11,444	\$21,332	\$26,000
5 courts	\$14,305	\$26,665	\$32,500
6 courts	\$17,166	\$31,998	\$39,000

Potential League, Practice, and Camp Play and Tournaments

The following revenue estimates were generated from the results of our initial research and the survey of potential users. We found generally that court rates vary depending on the facility. A summary of the court rates from various facilities and the survey response is provided in Table 13.

Table 13. Court Rates Gathered from Sand Volleyball Facilities and Survey Respondents

Sources	Court Rates
Santa Cruz	\$38 per court, half-day
	\$72 per court, full day
West Valley College	\$20 per hour, three hours minimum
Survey Responses	\$25 per hour, per court
	\$20 per hour, per court

In trying to determine a court rate that would be “within the local market” we used a rate of \$20 per hour per court. If the City moves forward with the complex, it would be advisable to meet with prospective user groups to finetune the fees to include full- and half-day rentals, weekend rentals, and separate categories for non-profit and for-profit organizations that would match most large complexes.

Including the court rates, we developed five assumptions to help project expected revenue the City of Morgan Hill would potentially generate if they build 6, 12, or 20 courts from input on the survey. The five assumptions are shown in Table 14.

Table 14. List of Assumptions

Assumptions	Description
Assumption 1	\$20 per hour, per court
Assumption 2¹	Projected use of the facility based on survey responses.
Assumption 3	For requested uses that ask for more courts than available, the assumption is that they would only be able to use the courts available and that the hours of use and/or days of use were not increased.
Assumption 4	For any request that indicated the hours of use per day was eight hours or more, the assumption for the calculation was eight hours of use.
Assumption 5	For league play, if courts were requested but did not indicate the number of hours per month, eight hours per month were used.

¹Specific dates of use as indicated in the survey were disregarded. It is likely the City would be able to accommodate all use by adjusting within the month indicated.

Using these assumptions, we applied them to the survey results based on respondents who had provided their interest in renting the facility for tournament use, practice play, league play, and camp play. Respondents who had expressed interest were asked to provide the number of courts, number of hours per day, and number of days per week or month they would like to rent the courts.

From the data the respondents provided, we projected the expected revenue that could potentially be generated from 6, 12, or 20 courts. Based on these projections, we found that tournament play would generate the most revenue for the City. A summary of the projections is shown in Table 15.

Table 15. Potential Expected Revenue Based on Survey Results

Type of Use	6 Courts	12 Courts	20 Courts
Tournament	1,138 court hours \$20/hour = \$22,760	1,876 court hours \$20/hour = \$37,520	2,540 court hours \$20/hour = \$50,800
Practice Play	486 court hours \$20/hour = \$9,720	486 court hours \$20/hour = \$9,720	486 court hours \$20/hour = \$9,720
League Play¹	480 court hours \$20/hour = \$9,600	720 court hours \$20/hour = \$14,400	720 court hours \$20/hour = \$14,400
Camp Play²	360 court hours \$20/hour = \$7,200	360 court hours \$20/hour = \$7,200	360 court hours \$20/hour = \$7,200
TOTAL EXPECTED REVENUE	\$49,280	\$68,840	\$82,120

¹No requests were for more than 12 courts.

²No request were for more than 6 courts.

Table 15 only provides an estimate of the revenue that the City could expect based on the use indicated in the survey. It is also only for sand volleyball use and does not consider other uses that might take in the space. This “snapshot in time” could be higher or lower based on when the complex is built, the number of courts, and the time the City (or contracted operator) spends marketing the complex. The number would also be expected to increase if the City decided to directly get involved in offering leagues, camps, practices, and tournaments which, in many cities, is a common park and recreation department function.

Potential Players/Spectators

Based on the hours of use in Table 15 and using a compounding figure of 1.5 spectators per player, the expected players and spectators combined would be shown in Table 16.

Table 16. Potential Players/Spectators Per Year

Type of Use	6 Court	12 Courts	20 Courts
Tournament	11,380	18,760	24,400
Practice	4,860	4,860	4,860
League	4,800	7,200	7,200
Camp	3,600	3,600	3,600
TOTAL	24,640	34,420	41,060

As with the expected revenue numbers in Table 16, the number of players and spectators could be higher or lower based on actual usage and to the extent the City is involved in marketing/offering programs at the complex.

A Strategy for Moving Forward

The information that Management Partners has been able to gather clearly indicates that the sport of sand volleyball is growing. The collegiate sport will take care of itself, meaning that colleges and universities will construct courts, provide scholarships and competitive play as their students or prospective students move into the sport. In addition to sand volleyball, there is growing interest across the country for use of sand areas for sand soccer, sand tennis, and for cross-fit training. Though these additional uses by themselves likely do not add enough additional use for Morgan Hill to move forward with construction of sand courts, they do show the diversity that an athletic sand area can accommodate.

The question then before Morgan Hill remains to what extent will youth sand volleyball tournaments, practice, or recreational play (youth and adult) generally be willing to travel to Morgan Hill. While adult tournament play is fairly static, it is mostly because there are so few sand volleyball complexes or sites available. The minimum number of courts necessary to hold a traditional sand volleyball tournament is five, and other than Santa Cruz, there is no public (non-school related) sand volleyball complex in Northern California.

Based on the organizations contacted and the extensive list of coaches, clubs, and individuals the City has collected, there appears to be interest from volleyball enthusiasts; however, at the current time interest seems to be around tournament play. There also seems to be a lack of interest for teams to travel very far other than for tournament play. This leaves Morgan Hill having to rely on locally based teams and players for league, camp, and practice use.

An Efficient and Sustainable Master Site Plan and Complex

In speaking with sand volleyball complex planners, construction companies, and operators, several points were consistently stressed related to the efficient and appropriate design of a sand volleyball complex. These are discussed below.

- Design the complex from the beginning with the end goal in mind. It is important to understand ultimately what is intended at build out. This is especially important if a complex needs to be phased, to avoid redoing facilities or courts that were lacking when the finish line wasn't fully understood in the beginning.
- To the extent financially possible, invest in related equipment and support facilities as part of any early phase. Tournaments can have an economic impact on the community; however, tournaments that create a fun and positive experience are scheduled at complexes with some support and amenities more often than those that have portable restrooms or lack adequate support facilities.
- Invest in lighting infrastructure to support lighting in the future. Though it is considered a high-end component, very few complexes utilize lights for night play. Considering Morgan Hill has favorable weather for most of the year and is relatively hot during the summer months, the ability to play into the evenings under the lights would be a big plus.
- Develop a master plan for the site. There should be a consensus regarding what the complex will be and the steps necessary to get there.
- Identify prospective users of the complex and invite them to serve as a focus group for the master plan design. Their insight generally as well as comments that might be specific to the local area will be important to surface early so the master plan truly meets the needs of the local sand volleyball community.
- Identify prospective operators prior to a master plan process. If the City is considering contracting for operation and maintenance of the complex, they should be contacted to incorporate feedback about what is necessary to operate a sand volleyball complex.

An Initial Strategy

A complex with a minimum of six courts (five for play and one for warm up) in Morgan Hill may indeed put Morgan Hill on the map as a place to accommodate continuous sand volleyball, particularly at the youth level and perhaps for training and recreational play. However, as indicated by the survey, at the current time, the interest is in weekend tournament play.

Clearly, there are data that indicate growth at the youth level looking for courts to practice and play on during the week, with tournament play on weekends. At this time, however, it is difficult to assess how much practice or recreational play might ensue (due to Morgan Hill's geographic location). The survey provides some insight into how many

tournaments might be willing to travel to Morgan Hill. However, the information is limited to those who responded at the start of the significant uncertainty resulting from the COVID-19 pandemic.

City leaders have indicated that while they have land and may have capital funds to construct sand volleyball courts in the future, an initial analysis by City staff indicates it may not be financially feasible from an operational perspective. Management Partners well understands that the City is not able to commit to build something that would cost funds to either supervise or operate; at least certainly not in the long-term and without comprehensive and sound revenue projections that would support the City's ongoing commitment to cost recovery in its recreational programs. Gaining this assurance will require gathering additional, detailed information through a series of action steps. These are likely to be led by staff, potentially with assistance from a sand volleyball complex third-party operator. Management Partners recommends the following:

Recommendation 1. Complete the concept design and cost estimates for a sand volleyball complex of up to 20 courts. Verde Design is currently under contract to provide a concept design with cost estimates for a 20-court facility. The City should include the amenities indicated in the survey.

Recommendation 2. Following completion of the design, organize focus groups *from the sport of sand volleyball* (coaches, clubs, and tournament sponsors) to determine the level of potential recreational and tournament play that might be expected at a facility and to provide feedback on the master plan design.

Recommendation 3. Invite potential operational and construction partners to come to Morgan Hill for further consultation regarding design, construction and operations.

Recommendation 4. If there is interest from an operational partner, move forward with construction of a Phase 1 facility (up to six courts). This should occur following implementation of Recommendations 1 through 3.

If the City moves forward with Phase I design and construction, other uses that could take place at a sand volleyball facility (e.g., cross-fit

exercise, sand soccer, etc.) as sand volleyball ramps up should be considered during the design phase.

At this point, it is going to take further cost/benefit analysis and policy determinations from the City to move the complex forward in Phase 1. We believe the growth in the sport will develop over time and the first, full-use complex built inland in California will benefit from the first wave of use and be positioned to be the destination spot for the growing sport.

Conclusion

Our analysis indicates that sand volleyball is a growing sport and there are strong supporters of and interest in the sport. Sand volleyball enthusiasts are eager for the sport to expand, which at the current time is primarily at the collegiate and NCAA level, although high school play has expanded in recent years. Nonetheless, for these levels to be successful, sand volleyball must inevitably draw from and attract youth play. Although youth play is not yet to the level of adults, it is growing at a rapid pace and is expected to follow other sports where there are more youth playing the sport than adults.

If California follows other states by certifying sand volleyball as a competitive sport through the California Interscholastic Federation (CIF), interest will expand even further. There appears to be serious interest in tournament play and there is a lack of facilities in the Bay Area for this to occur, except at college locations. Morgan Hill has been a proven leader in the region, capable of attracting sports teams to a regional destination for play. An initial six-court facility may be the best gauge of the potential to assess whether sand volleyball can also become a destination facility in Morgan Hill.

Attachment A – List of Recommendations

Recommendation 1. Complete the concept design and cost estimates for a sand volleyball complex of up to 20 courts.

Recommendation 2. Following completion of the design, organize focus groups *from the sport* of sand volleyball (coaches, clubs, and tournament sponsors) to determine the level of potential recreational and tournament play that might be expected at a facility and to provide feedback on the master plan design.

Recommendation 3. Invite potential operational and construction partners to come to Morgan Hill for further consultation regarding design, construction and operations.

Recommendation 4. If there is interest from an operational partner, move forward with construction of a Phase 1 facility (up to six courts).

Attachment B – Sand Volleyball Survey Results

As part of the City of Morgan Hill's process to consider the development of a sand volleyball destination facility, Management Partners designed and administered a survey to assess interest from teams and/or organizations who would pay to reserve courts at the facility. The survey was sent to 65 sand volleyball enthusiasts including 33 individual contacts and various representatives from seven different volleyball organizations. It was open from March 2 through April 1, 2020. A total of 13 representatives from the sand volleyball community responded, although not all 13 answered all the questions. Also, while the survey was launched prior to the full onset of the COVID-19 pandemic, the escalation of the pandemic may have impacted survey response.

The survey provided a list of assumptions for respondents to consider. The assumptions are described below.

A first phase facility would:

- *Be available for play January 1, 2021*
- *Feature the following amenities:*
 - *Twenty high-quality courts*
 - *Center court with bleachers*
 - *Parking*
 - *Permanent restrooms*
- *Have no lights*
- *Be located in Morgan Hill, approximately 30 miles south of the San Jose International Airport, which is about a 30-minute to 1-hour drive from the airport.*

Some of the major highlights from the survey results indicate that nine of the respondents (69%) expressed interest in renting the facility for tournament use, but only three (23%) indicated interest in practice and league use. Only one respondent (8%) was interested in renting the facility for camp use. Moreover, four respondents (31%) indicated they would anticipate overnight stays in Morgan Hill depending on whether tournament and league play lasts for two days or more. Survey responses are summarized in the tables and figures below.

Section 1. Respondents' Information

Management Partners asked a series of questions to understand some details who participated in the survey. Table 17 provides a summary of the survey respondents.

Table 17. Respondent Information

Organization/ Team	Sanctioning Body	Number of Teams Represented	Number of Potential Players Represented	Age Range of Players Represented	Gender of Teams/ Players Represented	Where Team/ Players Practice	Destinations for Tournament Plays
Northern California Volleyball Association (NCVA)	USA Volleyball (USAV)	1,400	16,800	Adults (18) and Juniors (10)	All genders	N/A	Any place in Northern California
California Beach Volleyball Association (CBVA)	California Beach Volleyball Association (CBVA)	100s	100s	Junior to adult	All genders	We host events at the courts at Main Street Beach in Santa Cruz	N/A
NorCal High School Beach Volleyball	Amateur Athletic Union (AAU)	Roughly 30 schools in the NorCal area	180	14 to 18	Female	Notre Dame Belmont, Westford Valley College, Marin College, Santa Cruz Main Beach	Notre Dame Belmont, Westford Valley College, Marin College, Santa Cruz Main Beach
Beach Volleyball	AVP, AAU, P1440	100	250	10 to 18 (all juniors)	90% girls	I don't have practice. I am only a tournament promoter/director.	Leases the 16-court facility at Santa Cruz, 6 courts at West Valley and 4 courts at Notre Dame Belmont
University of San Francisco	NCAA Division I Beach and Indoor Volleyball	1 collegiate beach team	15	18 to 23	Women	Ocean Beach, San Francisco, College of Marin	Main Beach at Santa Cruz and a variety of college campuses with sand court facilities
American Volleyball Coaches Association	N/A	166 college varsity programs	N/A	18 to 22	Women	College campuses	AVCA hosts the Small College Beach Championships in Tavares, FL https://www.avca.org/events/small-college-beach-champ.html

Organization/ Team	Sanctioning Body	Number of Teams Represented	Number of Potential Players Represented	Age Range of Players Represented	Gender of Teams/ Players Represented	Where Team/ Players Practice	Destinations for Tournament Plays
Rush Volleyball Club	N/A	20	40	11 to 18	All genders	Gavilan College	Santa Cruz
Bay to Bay Volleyball	N/A	4	200	12 to 18	All genders	West Valley College	Hermosa Beach, Santa Cruz, Phoenix, Austin, Huntington Beach, Manhattan Beach
Morgan Hill Volleyball Club	N/A	16	200	8 to 18	All genders	Crossroads Christian Center	Santa Cruz
Platform 1440	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Association of Volleyball Professionals (AVP)	AVP	N/A	N/A	N/A	N/A	N/A	N/A
Redrock Beach East Bay	N/A	30	60	12 to 18	Female	Crown Beach, Alameda	Monterey, Santa Cruz, West Valley College
USA Volleyball (USAV)	National Governing Body	N/A	N/A	10 to 18	All genders	N/A	N/A

¹Respondent only responded to questions one through five of the survey.

²Respondent only responded to question one of the survey

Section 2. Survey Questions

Figure 7 shows responses to the question pertaining to the respondents' **interest in renting volleyball courts in Morgan Hill**. All 13 survey participants responded to the question. Of the 13, 10 (77%) indicated they would be interested in renting volleyball courts in Morgan Hill.

Figure 7. *Would you or your organization be interested in renting volleyball court(s) in Morgan Hill based on the assumptions specified above?*

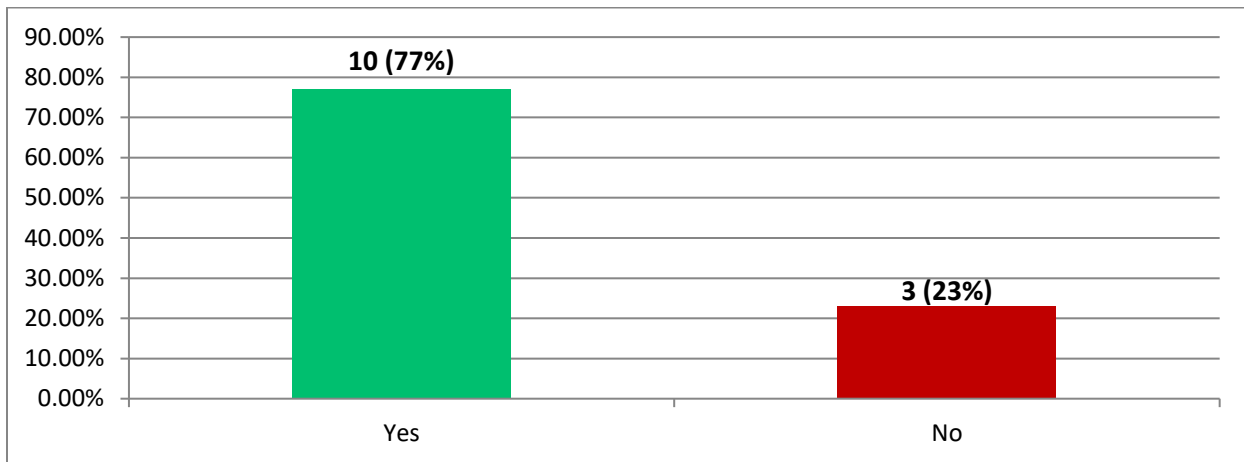


Figure 8 is a **follow-up question** to the three respondents who indicated they are not interested in renting volleyball courts in Morgan Hill. The respondents were asked if there are any other amenities needed for them to rent the facility. All three respondents indicated no, with no additional comments.

Figure 8. *Are there any amenities missing from phase one (based on the assumptions specified) that would need to be added for you to use the facility?*

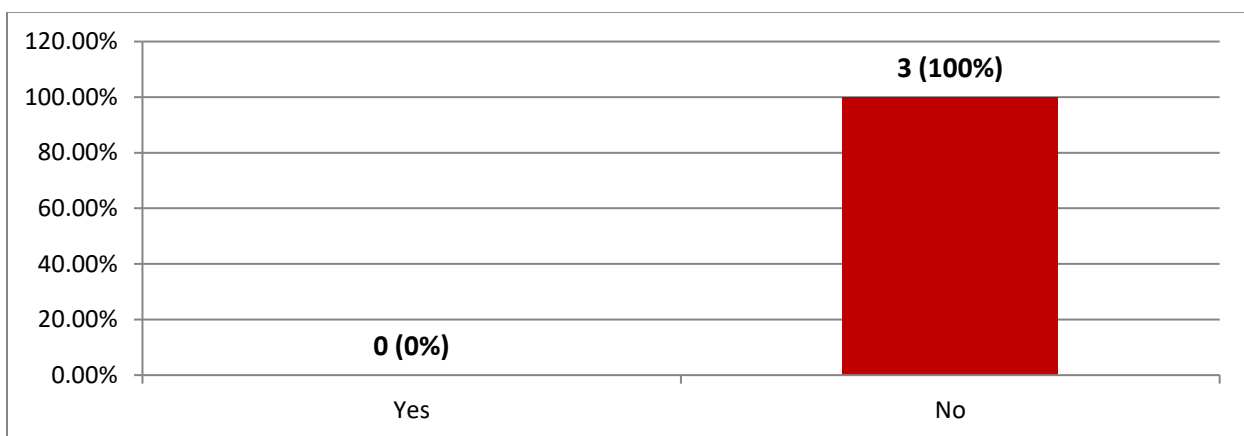


Figure 9 shows responses to the question pertaining to **volleyball tournaments**. Twelve individuals responded to the question. Of those, nine (75%) indicated they are interested in renting the facility for tournaments.

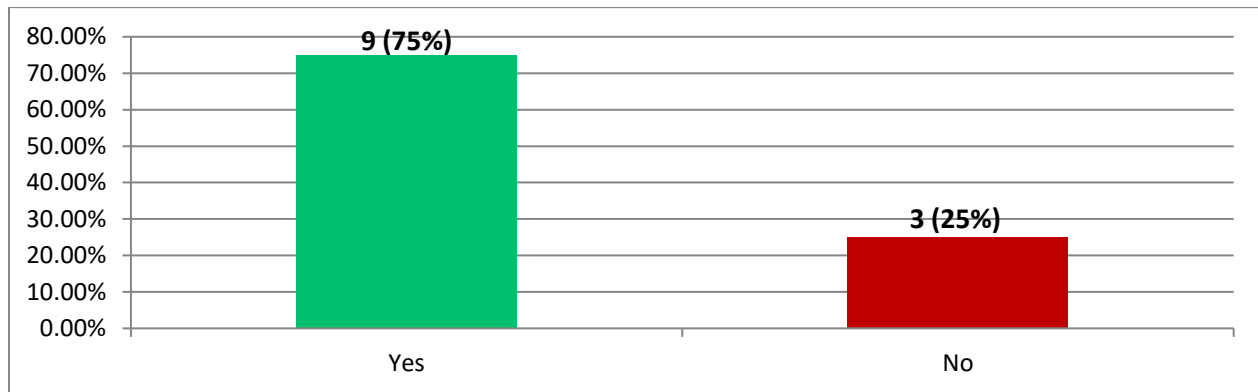
Figure 9. *Would your organization be interested in renting space for tournaments?*

Table 18 is a **follow-up** to the nine respondents who **expressed interest in renting the facility for tournaments**. Respondents were asked to list the tournaments they would potentially host if the facility was to open in 2021. Based on the responses, the greatest interest was expressed in hosting tournaments in March, followed by April, May, and June.

Table 18. *Follow-up responses from respondents interested in hosting tournaments.*

Name	Tournament	Start Date	Number of Tournament Days	Number of Courts	Number of Hours Per Day	Gender	Age Division	Comments
Alex Jones	Tournament #1	June 5	1	6	6	Male	Youth	N/A
Barry Peters	Tournament #1	March 13	1	4	5	Female	Youth	This would be a great facility for our league to use; many high schools in the area could utilize these for practices, beyond the tournaments listed.
	Tournament #2	April 11	1	4	5	Female	Youth	
	Tournament #3	May 3	1	20+	8+	Female	Youth	
Brian Calimpong	Tournament #1	March 15	1	6	8+	Both	Youth	N/A
	Tournament #2	April 15	1	6	8+	Both	Youth	
	Tournament #3	June 16	1	6	8+	Both	Youth	
	Tournament #4	July 17	1	6	8+	Both	Youth	
	Tournament #5	August 20	1	6	8+	Both	Youth	
Donna Donaghy	Tournament #1	March 14	2	16	8+	Both	Both	N/A
	Tournament #2	April 11	2	16	8+	Both	Both	
	Tournament #3	May 23	2	16	8+	Both	Both	
	Tournament #4	June 20	2	16	8+	Both	Both	
	Tournament #5	July 25	2	16	8+	Both	Both	
Frank Lavrisha	Tournament #1	March 7	2	6	7	Female	Adult	Your facility could be an alternative to Main Beach in Santa Cruz. The number of courts would allow for a unique event that would bring many collegiate teams to one location.

Name	Tournament	Start Date	Number of Tournament Days	Number of Courts	Number of Hours Per Day	Gender	Age Division	Comments
Fernando Sabla	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Dates are to be determined and not confirmed for potential junior tournaments
Mark Hull	N/A	N/A	N/A	N/A	N/A	N/A	N/A	At this time, I would need to know the cost of renting courts and all the required insurance, deposits, and fees that would be required before I can make any commitment.
Martin Suan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Todd Sears	Tournament #1	March 10	1	20+	7	Both	Youth	I don't have a club. I only run large tournaments. I would lease the facility for my events.
	Tournament #2	April 10	2	20+	7	Both	Youth	
	Tournament #3	May 10	1	20+	7	Both	Youth	
	Tournament #4	June 10	N/A	20+	7	Both	Youth	

Figure 10 shows responses to the question pertaining to **practice plays**. Eleven people responded to the question. Of the 11, a total of 4 respondents (37%) indicated they would be interested in renting the facility for practice play.

Figure 10. *Would you or your organization be interested in renting space for practice play?*

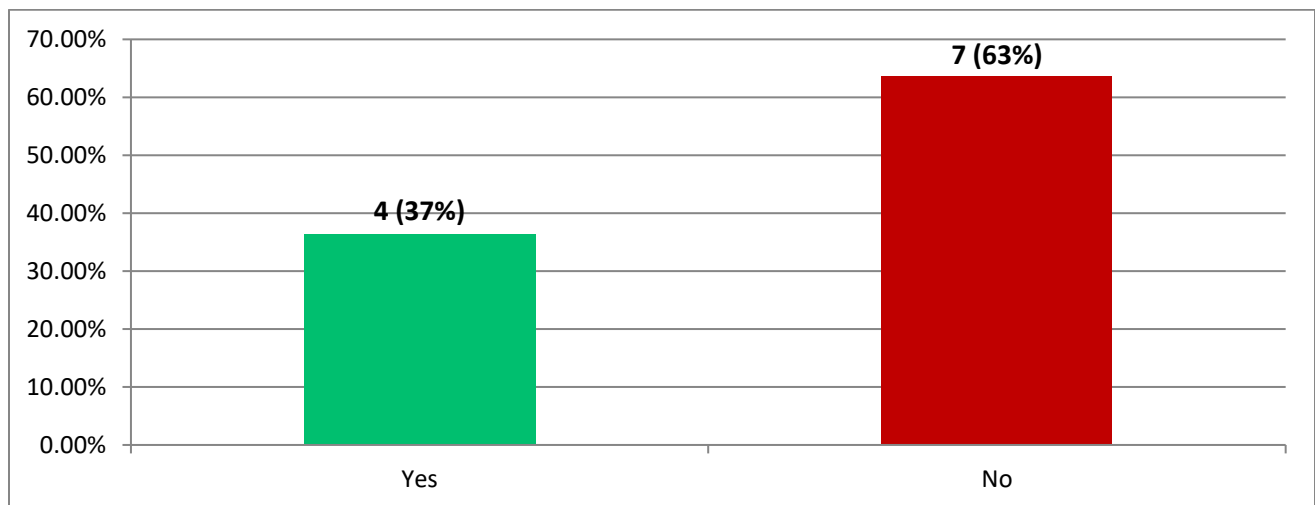


Table 19 is a follow-up to the four respondents who **expressed interest in renting the facility for practice play**. Respondents were asked to list the practice play they would potentially host if the facility was to open in 2021. Of the four respondents, only one was able to identify when they would use the facility, indicating the use for female youth practice during the weekdays and weekends from March through August.

Table 19. Follow-up response from respondents interested in hosting practice plays.

Name	Type of Practice	Month	Weekday Daytime Hours	Weekday Even Hours	Weekend Hours	Number of Courts	Primary User	Comments
Barry Peters	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Brian Calimpong	Youth Practice 1	March	12	15	N/A	3	Female	N/A
	Youth Practice 2	April	12	15	N/A	3	Female	
	Youth Practice 3	May	12	15	N/A	3	Female	
	Youth Practice 4	June	12	15	N/A	3	Female	
	Youth Practice 5	July	12	15	N/A	3	Female	
	Youth Practice 6	August	12	15	N/A	3	Female	
Fernando Sabla	NA	N/A	N/A	N/A	N/A	N/A	N/A	To be determined
Shannon Oberg	Youth Practice 1	June	N/A	N/A	N/A	N/A	N/A	N/A

Figure 11 shows the responses to the question pertaining to **league play**. Eleven individuals responded to the question. Of the 11, 3 respondents (28%) indicated they would be interested in renting the facility for league play.

Figure 11. Would you or your organization be interested in renting space for league play?

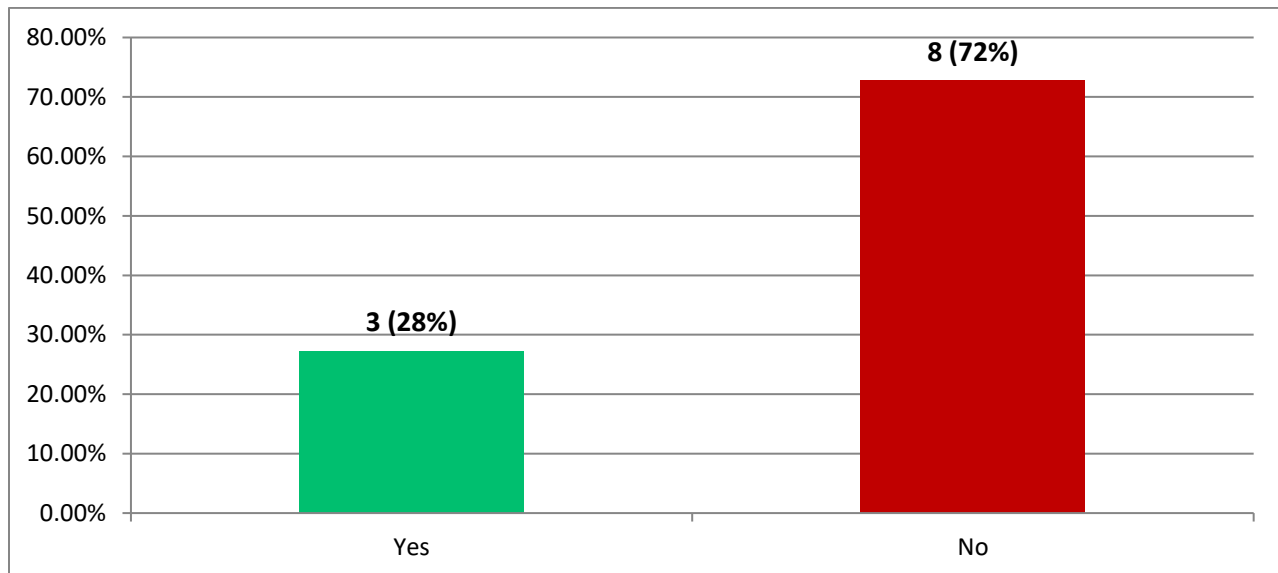


Table 20 is a follow-up to the three respondents who **expressed interest in renting the facility for league play**. Respondents were asked to list the league play they would potentially host if the facility was to open in 2021. Of the three respondents, two indicated they would be interested in hosting league play for both males and females in the youth and adult divisions from April through August.

Table 20. *Follow-up responses from respondents who are interested in hosting league play.*

Name	Tournament	Month	Weekend/ Weekday	Day/Evening	Number of Court(s)	Number of Hours Per Month	Gender	Age Division
Donna Donaghy	League Play #1	April	Both	Both	12	N/A	Both	Both
	League Play #2	May	Both	Both	12	N/A	Both	Both
	League Play #3	June	Both	Both	12	N/A	Both	Both
	League Play #4	July	Both	Both	12	N/A	Both	Both
	League Play #5	August	Both	Both	12	N/A	Both	Both
Brian Calimpong	League Play #1	April	Weekend	Daytime	6	8	Both	Both
	League Play #2	May	Weekend	Daytime	6	8	Both	Both
	League Play #3	June	Weekend	Daytime	6	8	Both	Both
	League Play #4	July	Weekend	Daytime	6	8	Both	Both
	League Play #5	August	Weekend	Daytime	6	8	Both	Both
Gary Hodge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Figure 12 shows responses to the question pertaining to **camp play**. Three of 12 individuals responded to the question. Of the three, one respondent (33%) indicated they would be interested in renting the facility for camp play.

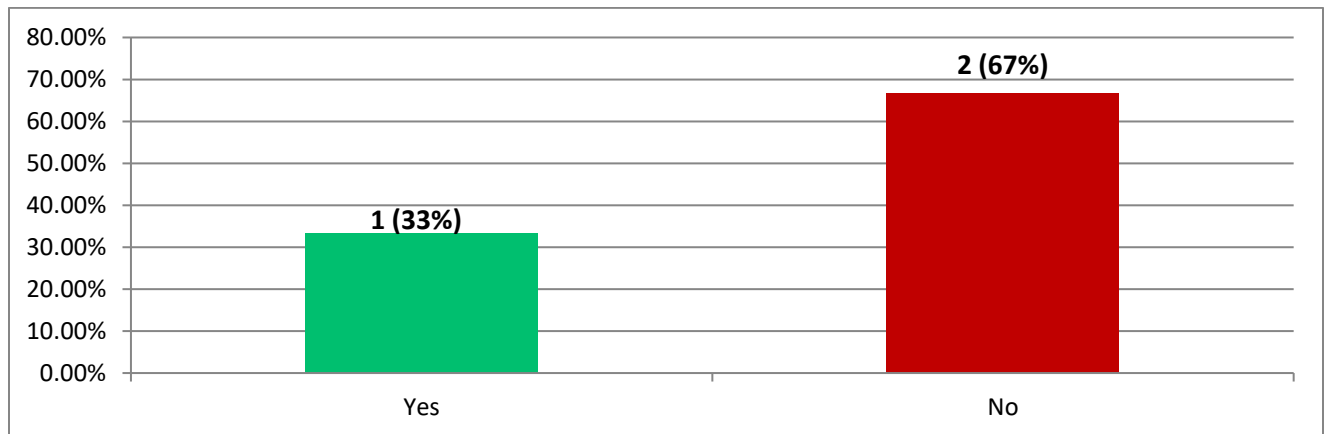
Figure 12. *Would you or your organization be interested in renting space for camp play?*

Table 21 is a follow-up to the respondent who expressed interest in **renting the facility for camp play**. The respondent was asked to list the camp play they might potentially host if the facility was open in 2021. The respondent indicated they would potentially rent 6 courts, 12 hours per month, for daytime play from May through September.

Table 21. *Responses to camp play*

Name	Camp Play	Month	Weekend/ Weekday	Day/Evening	Number of Court(s)	Number of Hours Per Month	Gender	Age Division
Brian Calimpong	Camp Play #1	May	Weekend	Daytime	6	12	Both	Youth
	Camp Play #2	June	Both	Day time	6	12	Both	Youth
	Camp Play #3	July	Both	Daytime	6	12	Both	Youth
	Camp Play #4	August	Both	Daytime	6	12	Both	Youth
	Camp Play #5	September	Weekend	Daytime	6	12	Both	Youth

Table 22 shows responses to the question pertaining to **facility rates for the use of tournaments, practice, league, and all other plays**. Ten individuals responded to the question. The responses show that the facility rates respondents are willing to pay vary from \$0 to \$250 depending on whether they are charged hourly, daily, or through partnerships with other organizations.

Table 22. *In general, what is the hourly rate you pay per court for similar facilities that you rent for tournaments, practice, league, etc.?*

Name	Tournament	Practice	League	Other
Donna Donaghy	Usually between \$150 to \$250 per court	N/A	N/A	N/A
Mark Hall	The cost depends on non-profit vs. other status. \$50 to \$85 per court.	N/A	N/A	N/A
Barry Peters	\$25	\$25	N/A	N/A
Todd Sears	\$15 to \$20	N/A	N/A	N/A
Kathleen DeBoer	Partnership with local CVB-Sports Authority - trade out courts for traffic in hotels and restaurants.	N/A	N/A	N/A
Frank Lavrisha	Big West/WCC Showdown (6 collegiate teams), \$55 per court per day, City of Santa Cruz.	N/A	N/A	N/A
Brian Calimpong	\$25 per court, per hour	\$25 per court per hour	\$25 per court per hour	N/A
Alex Jones	\$20	\$20	N/A	N/A
Fernando Sabla	N/A	N/A	N/A	\$50 to \$100 day
Shannon Oberg	N/A	\$0	N/A	N/A

Table 23 shows the responses to the question pertaining to **spectators**. Nine individuals responded to the question. Responses indicate that the number of spectators varies for tournaments, with the occasional attendance by parents. Four respondents reported at least ten spectators during practice.

Table 23. *In general, how many spectators might be anticipated per hour of use when you use courts for the following.*

Name	Tournament	Practice	League	Other
Donna Donaghy	Not many, some parents	N/A	N/A	N/A
Mark Hall	It depends on whether it is an adult or junior event.	N/A	N/A	N/A
Barry Peters	50+	10+	N/A	N/A
Todd Sears	100	N/A	N/A	N/A
Kathleen DeBoer	2020 AVCA SCBC has 25 college teams. Each brings 20 to 25 parents.	N/A	N/A	N/A
Frank Lavrisha	100+ spectators for the day	N/A	N/A	N/A
Brian Calimpong	30	10	30	N/A
Alex Jones	50	10	N/A	N/A
Shannon Oberg	N/A	12	N/A	N/A

Table 24 shows the responses to potential **overnight stays** during tournaments, league play, practice play, etc. Four people responded to the question. Of the four respondents, two indicated there will be overnight stays if tournaments are two or more days. In that case, they will rent more than ten rooms with two guests per room.

Table 24. *Responses to overnight stays*

Name	Start Date	Number of overnight stays	Number of hotel rooms	Number of guests per room	Comments
Mark Hall	N/A	N/A	N/A	N/A	Again, I can't really respond to this question. My events are one day and most teams will commute for the day.
Kathleen DeBoer	April 4	3	10+	2	For the current AVCA Small College Beach Championships, we contract 650 room nights in the local area from April 15 to 19. We partner with the Florida Region of USA Volleyball and the Lake County CVB to cover costs of courts and labor; AVCA schedules teams and officials.
Frank Lavrisha	March 7	2	10+	2	We would arrive the night before a two-day tournament and leave after the final day's competition was complete.
Fernando Sabla	N/A	N/A	N/A	N/A	To be determined

Respondents were asked if there are any **"like facilities" to whom the city should reach out** to gain additional insight on facility operations and costs. Responses are shown in Table 25.

Table 25. *Are there any “like facilities” in California that the City of Morgan Hill should contact to better understand use and cost patterns at their facilities?*

Name	Response
Donna Donaghy	City of Santa Cruz and West Valley College
Mark Hall	I would think the courts at Main Street Beach would be the closest thing to this. There are 16 courts there that are used by both recreational and tournament organizations. They have an established pay matrix for varied use.
Barry Peters	West Valley College: Donna Breckenridge; (408) 741-2650 donna.breckenridge@westvalley.edu Santa Cruz Main: Daniel Lawson (831) 420-5267 DLawson-Thomas@cityofsantacruz.com
Kathleen DeBoer	I don't know of any inland facilities of this type in California. Hickory Point Beach in Tavares, Florida, is a 21-court facility. They are managed by the Florida Region of USA Volleyball. The Executive Director is Steve Bishop.
Brian Calimpong	West Valley College
Alex Jones	West Valley College
Fernando Sabla	Wave Volleyball Club
Shannon Oberg	Northern California Volleyball Association

Respondents were asked if they know someone or an organization that may be interested in **contracting with the City to manage the facility as an operator**. Table 26 shows the responses.

Table 26. *Do you know someone or an organization that may be interested in contracting with the City of Morgan Hill to manage the facility as an operator?*

Name	Response
Donna Donaghy	The Northern California Volleyball Association
Kathleen DeBoer	Donna Donaghy, Commissioner, Northern California Volleyball Association, donna@ncva.com
Brian Calimpong	Myself
Alex Jones	Myself

Respondents were asked if they know someone or an organization that may be interested in **sponsorships or naming rights** of the facility. Responses are shown in Table 27.

Table 27. *Do you know someone or an organization that may be interested in sponsorships and/or naming rights for the facility?*

Name	Response
Barry Peters	Many opportunities, best to look at sponsors of AVP and AAU events, e.g., Wilson, Jolyn, Oakley, etc.

Respondents were asked if they know someone or an organization that may be interested in **contracting to build the facility for the City**. Responses are shown in Table 28.

Table 28. *Do you know someone or an organization that may be interested in contracting to build the facility for the City of Morgan Hill?*

Name	Response
Donna Donaghy	We have heard of someone in Southern California I can look into it.
Mark Hall	I do not know of any person with this kind of experience. I do have 40 years of experience of playing, organizing large scale events, and maintaining the courts at Main Beach. I would definitely have more than a few suggestions to add to the process to make sure these courts will be built at the highest standard. Have you thought about reaching out to the local soccer club to see if they would be interested in hosting sand soccer events there?
Barry Peters	Sand Court Experts: Butch Hendrick/(352) 267-1670/SandCourts@comcast.net
Todd Sears	https://www.sandcourtexperts.com
Kathleen DeBoer	Sports Imports is the leading provider of net systems and volleyball equipment in the United States. Their California contact is Tucker Day. email: tday@sportsimports.com

Respondents were asked if they knew a(n) individual, team, or organization that might be interested in **privately funding the facility**. Responses are shown in Table 29.

Table 29. *Do you know any individual(s), team(s), and/or organization(s) that may be interested in privately funding the proposed facility? If so, please identify and provide their contact information if available.*

Name	Response
Mark Hall	Not at this time
Barry Peters	No
Brian Calimpong	No
Alex Jones	No

Respondents were asked if there are **any other individual, team, or organization** the City should contact for the **possible use of the facility**. Responses are shown in Table 30.

Table 30. *Do you know any other individual(s), team(s), and/or organization(s) that the City should contact related to the possible use of their proposed facility? If so, please identify and provide their contact information if available.*

Name	Response
Donna Donaghy	Table 31. NCAA / P1440 / USAV
Mark Hall	Table 32. I am pretty certain that you know of the NCVA, and they are the major organization with the Bay Area Volleyball Community. The sand soccer craze is growing too, and I know there is a lot of competition to secure weekends on the beaches in front of the boardwalk.

**Morgan Hill
Lomanto Property**

Preliminary Statement of Probable Construction Costs
May 5, 2020

Verde Design

Job# 1511800

Prepared By: MK

Reviewed By: DM

SUMMARY OF COST

<i>Phases</i>	<i>Estimate</i>
Phase 1	\$1,945,556.99
Phase 2	\$3,904,368.72
Phase 3	\$3,847,496.44
Phase 4	\$2,551,054.48
Phase 5	\$1,762,100.00
TOTAL	\$14,010,576.63

- Notes:
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 - 2) Bidding contingency is provided due to an unstable bidding environment and accelerated material price increases. This may be removed as proceed into the project bidding phase.
 - 3) Construction Contingency is provided to cover for site conditions and additional work not anticipated for upgrades.
 - 4) In Providing opinions of probable construction cost, the Client understands that the Landscape Architect has no control over costs or the price of labor equipment or materials, or over the Contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of the Landscape Architect's qualifications and experience. The Landscape Architect makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.

Lomanto Property
Beach Concept - Phase 1
Preliminary Statement of Probable Construction Costs
May 5, 2020

Verde Design
Job 1511800
Prepared By: MK
Reviewed By: DM

	Quantity	Unit	Unit Cost	Extension
Site Preparation & Demolition				
Clear and Grub	51,206	sf	\$0.60	\$30,723.60
Misc. Demolition	1	ls	\$5,000.00	\$5,000.00
				\$35,723.60
Grading				
Rough Grading	51,206	sf	\$1.10	\$56,326.60
Soil Import / Export Allowance - On- Site Relocation	1	ls	\$30,000.00	\$30,000.00
Storm Drainage System	51,206	sf	\$1.00	\$51,206.00
				\$137,532.60
Sand Volleyball				
Sand Volleyball Courts (5 Courts)	27,876	sf	\$8.00	\$223,008.00
12" Concrete Curb	552	lf	\$60.00	\$33,120.00
				\$256,128.00
Paving				
Asphalt Paving - Vehicular Driveway	18753	sf	\$8.00	\$150,024.00
Concrete Paving - Walkways at Volleyball Area	5,000	sf	\$12.00	\$60,000.00
				\$210,024.00
Site Furnishings				
Drinking Fountains	1	ea	\$4,500.00	\$4,500.00
Dinking Fountain Sump	1	ls	\$2,000.00	\$2,000.00
Domestic Water Line & Service	1	ls	\$20,000.00	\$20,000.00
Volleyball Nets & Posts	5	set	\$2,500.00	\$12,500.00
Shade Stands	2	ea	\$20,000.00	\$40,000.00
				\$79,000.00
Fence and Gates				
6' Galvanized Chain Link Perimeter Fence	780	lf	\$75.00	\$58,500.00
				\$58,500.00
Planting and Irrigation				
Landscape and Irrigation Allowance	4,400	sf	\$5.00	\$22,000.00
Trees - Specimen	5	ea	\$1,000.00	\$5,000.00
Tree Bubbler Assembly - 4 per tree	20	ea	\$400.00	\$8,000.00
				\$35,000.00
Electrical				
PG&E Service	1	ls	\$180,000.00	\$180,000.00
Sports Court Lights	1	ls	\$180,000.00	\$180,000.00
Infrastructure for Electrical and Night Court Lights (Lights not Included)	1	ls	\$280,000.00	\$280,000.00
				\$640,000.00
Subtotal				\$1,451,908.20
Survey, Permits, Traffic, SWPPP, etc. - 2%				\$29,038.16
Bonding 2%				\$29,038.16
Mobilization & Project Management 10%				\$145,190.82
Design Contingency 12%				\$174,228.98
Construction Contingency 8%				\$116,152.66
Total - Phase 1				\$1,945,556.99

Notes: 1) Design contingency is for further development of design and compensates for unknown elements. We will eliminate as we move to Bid Documents.
2) Bidding contingency is provided due to an unstable bidding environment and accelerated material price increases. This may be removed as proceed into the project bidding phase.

- 3) Construction Contingency is provided to cover for site conditions and additional work not anticipated for upgrades.
- 4) In Providing opinions of probable construction cost, the Client understands that the Landscape Architect has no control over costs or the price of labor equipment or materials, or over the Contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of the Landscape Architect's qualifications and experience. The Landscape Architect makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.

Lomanto Property
Beach Concept - Phase 2
Preliminary Statement of Probable Construction Costs
May 5, 2020

Verde Design
Job 1511800
Prepared By: MK
Reviewed By: DM

	Quantity	Unit	Unit Cost	Extension
Site Preparation & Demolition				
Clear and Grub	120,000	sf	\$0.60	\$72,000.00
Misc. Demolition	1	ls	\$5,000.00	\$5,000.00
				\$77,000.00
Grading				
Rough Grading	120,000	sf	\$1.10	\$132,000.00
Soil Import / Export Allowance	1	ls	\$18,000.00	\$18,000.00
Storm Drainage System	120,000	sf	\$1.00	\$120,000.00
				\$270,000.00
Tournament Court Area				
5 Row Bleachers	5	ea	\$14,000.00	\$70,000.00
Concrete Paving	1,600	sf	\$12.00	\$19,200.00
				\$89,200.00
Sand Volleyball				
Sand Volleyball Courts (5 Courts)	27,876	sf	\$8.00	\$223,008.00
12" Concrete Curb	552	lf	\$60.00	\$33,120.00
				\$256,128.00
Parking Lot				
Asphalt Paving - Vehicular	85,000	sf	\$8.00	\$680,000.00
Concrete Pedestrian Paving	20,000	sf	\$12.00	\$240,000.00
Enlongated Asphalt Speed Bump - Vehicular	890	sf	\$50.00	\$44,500.00
Vehicular Ramp	2	ea	\$2,000.00	\$4,000.00
Concrete Curb and Gutter	6,500	lf	\$45.00	\$292,500.00
Signage	1	ls	\$2,500.00	\$2,500.00
Striping	1	ls	\$2,500.00	\$2,500.00
				\$1,266,000.00
Site Furnishings				
Drinking Fountains	1	ea	\$4,500.00	\$4,500.00
Dinking Fountain Sump	1	ls	\$2,000.00	\$2,000.00
Domestic Water Line	1	ls	\$11,000.00	\$11,000.00
5 Row Bleachers	4	ea	\$14,000.00	\$56,000.00
Concrete Bleacher Pads	1,740	sf	\$12.00	\$20,880.00
Referee Stands	5	ea	\$2,000.00	\$10,000.00
Volleyball Nets & Posts	5	set	\$2,500.00	\$12,500.00
Shade Stands	6	ea	\$20,000.00	\$120,000.00
				\$236,880.00
Fence and Gates				
6' Galvanized Chain Link Perimeter Fence	780	lf	\$75.00	\$58,500.00
				\$58,500.00
Landscape and Irrigation				
Landscape and Irrigation Allowance	8,800	sf	\$5.00	\$44,000.00
Trees - Specimen	10	ea	\$1,000.00	\$10,000.00
Tree Bubbler Assembly - 4 per tree	40	ea	\$400.00	\$16,000.00
				\$70,000.00
Electrical				
Infrastructure for Electrical and Night Court Lights (Lights not Included)	1	ls	\$250,000.00	\$250,000.00
Sports Court Lights	1	ls	\$180,000.00	\$180,000.00
Pedestrian Security Lighting	1	ls	\$75,000.00	\$75,000.00
Parking Lot Lights	1	ls	\$85,000.00	\$85,000.00
				\$590,000.00

Subtotal	\$2,913,708.00
Survey, Permits, Traffic, SWPPP, etc. - 2%	\$58,274.16
Bonding 2%	\$58,274.16
Mobilization & Project Management 10%	\$291,370.80
Design Contingency 12%	\$349,644.96
Construction Contingency 8%	\$233,096.64
Total - Phase 2	\$3,904,368.72

Notes: 1) Design contingency is for further development of design and compensates for unknown elements. We will eliminate as we move to Bid Documents.

2) Bidding contingency is provided due to an unstable bidding environment and accelerated material price increases. This may be removed as proceed into the project bidding phase.

3) Construction Contingency is provided to cover for site conditions and additional work not anticipated for upgrades.

4) In Providing opinions of probable construction cost, the Client understands that the Landscape Architect has no control over costs or the price of labor equipment or materials, or over the Contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of the Landscape Architect's qualifications and experience. The Landscape Architect makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.

Lomanto Property
Beach Concept - Phase 3
Preliminary Statement of Probable Construction Costs
May 5, 2020

Verde Design
Job 1511800
Prepared By: MK
Reviewed By: DM

	Quantity	Unit	Unit Cost	Extension
Site Preparation & Demolition				
Clear and Grub	135,000	sf	\$0.60	\$81,000.00
Misc. Demolition	1	ls	\$20,000.00	\$20,000.00
				\$101,000.00
Grading				
Rough Grading	135,000	sf	\$1.10	\$148,500.00
Soil Import / Export Allowance	1	ls	\$18,000.00	\$18,000.00
Storm Drainage System	135,000	sf	\$1.00	\$135,000.00
				\$301,500.00
Warm Up Area				
Turf - Fine Grading, Amendments, Sod and Maintenance	8,110	sf	\$1.30	\$10,543.00
Field Irrigation	8,110	sf	\$2.00	\$16,220.00
				\$26,763.00
Sand Volleyball				
Sand Volleyball Courts (5 Courts)	27,876	sf	\$8.00	\$223,008.00
12" Concrete Curb	552	lf	\$60.00	\$33,120.00
Theme Court Signage (All 20 Courts)	1	ls	\$12,000.00	\$12,000.00
				\$268,128.00
Paving				
Concrete Paving - Walkways Throughout	7,200	sf	\$12.00	\$86,400.00
				\$86,400.00
Special Use Plaza				
Plaza Paving, Planting & Furnishing	25,000	sf	\$16.00	\$400,000.00
				\$400,000.00
Parking Lot				
Asphalt Paving - Vehicular	56,000	sf	\$8.00	\$448,000.00
Concrete Pedestrian Paving	13,000	sf	\$12.00	\$156,000.00
Enlongated Asphalt Speed Bump - Vehicular	1,000	sf	\$50.00	\$50,000.00
Concrete Curb and Gutter	3,255	lf	\$45.00	\$146,475.00
Signage	1	ls	\$2,500.00	\$2,500.00
Striping	1	ls	\$2,500.00	\$2,500.00
				\$805,475.00
Site Furnishings				
Benches	15	ea	\$1,400.00	\$21,000.00
Drinking Fountains	4	ea	\$4,500.00	\$18,000.00
Dinking Fountain Sump	4	ls	\$2,000.00	\$8,000.00
Domestic Water Line	1	ls	\$11,000.00	\$11,000.00
Referee Stands	5	ea	\$2,000.00	\$10,000.00
Volleyball Nets & Posts	5	set	\$2,500.00	\$12,500.00
Shade Stands	5	ea	\$20,000.00	\$100,000.00
				\$180,500.00
Fence and Gates				
6' Galvanized Chain Link Perimeter Fence	780	lf	\$75.00	\$58,500.00
				\$58,500.00
Landscape and Irrigation				
Trees - Specimen	10	ea	\$1,000.00	\$10,000.00
Tree Bubbler Assembly - 4 per tree	40	ea	\$400.00	\$16,000.00
Landscape and Irrigation Allowance	15,400	sf	\$5.00	\$77,000.00
				\$103,000.00

Electrical

Infrastructure for Electrical and Night Court Lights (Lights not Included)	1	ls	\$250,000.00	\$250,000.00
Sports Court Lights	1	ls	\$180,000.00	\$180,000.00
Parking Lot Lights	1	ls	\$35,000.00	\$35,000.00
Pedestrian Security Lighting	1	ls	\$75,000.00	\$75,000.00
				\$540,000.00

Subtotal				\$2,871,266.00
Survey, Permits, Traffic, SWPPP, etc. - 2%				\$57,425.32
Bonding 2%				\$57,425.32
Mobilization & Project Management 10%				\$287,126.60
Design Contingency 12%				\$344,551.92
Construction Contingency 8%				\$229,701.28
Total - Phase 3				\$3,847,496.44

- Notes:
- 1) Design contingency is for further development of design and compensates for unknown elements. We will eliminate as we move to Bid Documents.
 - 2) Bidding contingency is provided due to an unstable bidding environment and accelerated material price increases. This may be removed as proceed into the project bidding phase.
 - 3) Construction Contingency is provided to cover for site conditions and additional work not anticipated for upgrades.
 - 4) In Providing opinions of probable construction cost, the Client understands that the Landscape Architect has no control over costs or the price of labor equipment or materials, or over the Contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of the Landscape Architect's qualifications and experience. The Landscape Architect makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.

Lomanto Property
Beach Concept - Phase 4
Preliminary Statement of Probable Construction Costs
May 5, 2020

Verde Design
Job 1511800
Prepared By: MK
Reviewed By: DM

	Quantity	Unit	Unit Cost	Extension
Site Preparation & Demolition				
Clear and Grub	117,000	sf	\$0.60	\$70,200.00
Misc. Demolition	1	ls	\$20,000.00	\$20,000.00
				\$90,200.00
Grading				
Rough Grading	117,000	sf	\$1.10	\$128,700.00
Soil Import / Export Allowance	1	ls	\$18,000.00	\$18,000.00
Storm Drainage System	117,000	sf	\$1.00	\$117,000.00
				\$263,700.00
Sand Volleyball				
Sand Volleyball Courts (5 Courts)	27,876	sf	\$8.00	\$223,008.00
12" Concrete Curb	552	lf	\$60.00	\$33,120.00
				\$256,128.00
Parking Lot				
Asphalt Paving - Vehicular	42,000	sf	\$8.00	\$336,000.00
Concrete Pedestrian Paving	4,000	sf	\$12.00	\$48,000.00
Enlongated Asphalt Speed Bump - Vehicular	1,000	sf	\$50.00	\$50,000.00
Concrete Curb and Gutter	3,000	lf	\$45.00	\$135,000.00
Signage	1	ls	\$2,500.00	\$2,500.00
Striping	1	ls	\$2,500.00	\$2,500.00
				\$574,000.00
Site Furnishings				
Referee Stands	5	ea	\$2,000.00	\$10,000.00
Volleyball Nets & Posts	5	set	\$2,500.00	\$12,500.00
				\$22,500.00
Park and Picnic Area				
Irrigation, Landscape and Park Furnishing	25,218	sf	\$8.00	\$201,744.00
				\$201,744.00
Electrical				
Sports Court Lights	1	ls	\$180,000.00	\$180,000.00
Feeder and Conduit per ACEE	1	ls	\$180,000.00	\$180,000.00
				\$360,000.00
Fence and Gates				
6' Galvanized Chain Link Perimeter Fence	780	lf	\$75.00	\$58,500.00
				\$58,500.00
Landscape and Irrigation				
Landscape and Irrigation Allowance	15,400	sf	\$5.00	\$77,000.00
				\$77,000.00
Subtotal				\$1,903,772.00
Survey, Permits, Traffic, SWPPP, etc. - 2%				\$38,075.44
Bonding 2%				\$38,075.44
Mobilization & Project Management 10%				\$190,377.20
Design Contingency 12%				\$228,452.64
Construction Contingency 8%				\$152,301.76
Total - Phase 4				\$2,551,054.48

Notes: 1) Design contingency is for further development of design and compensates for unknown elements. We will eliminate as we move to Bid Documents.

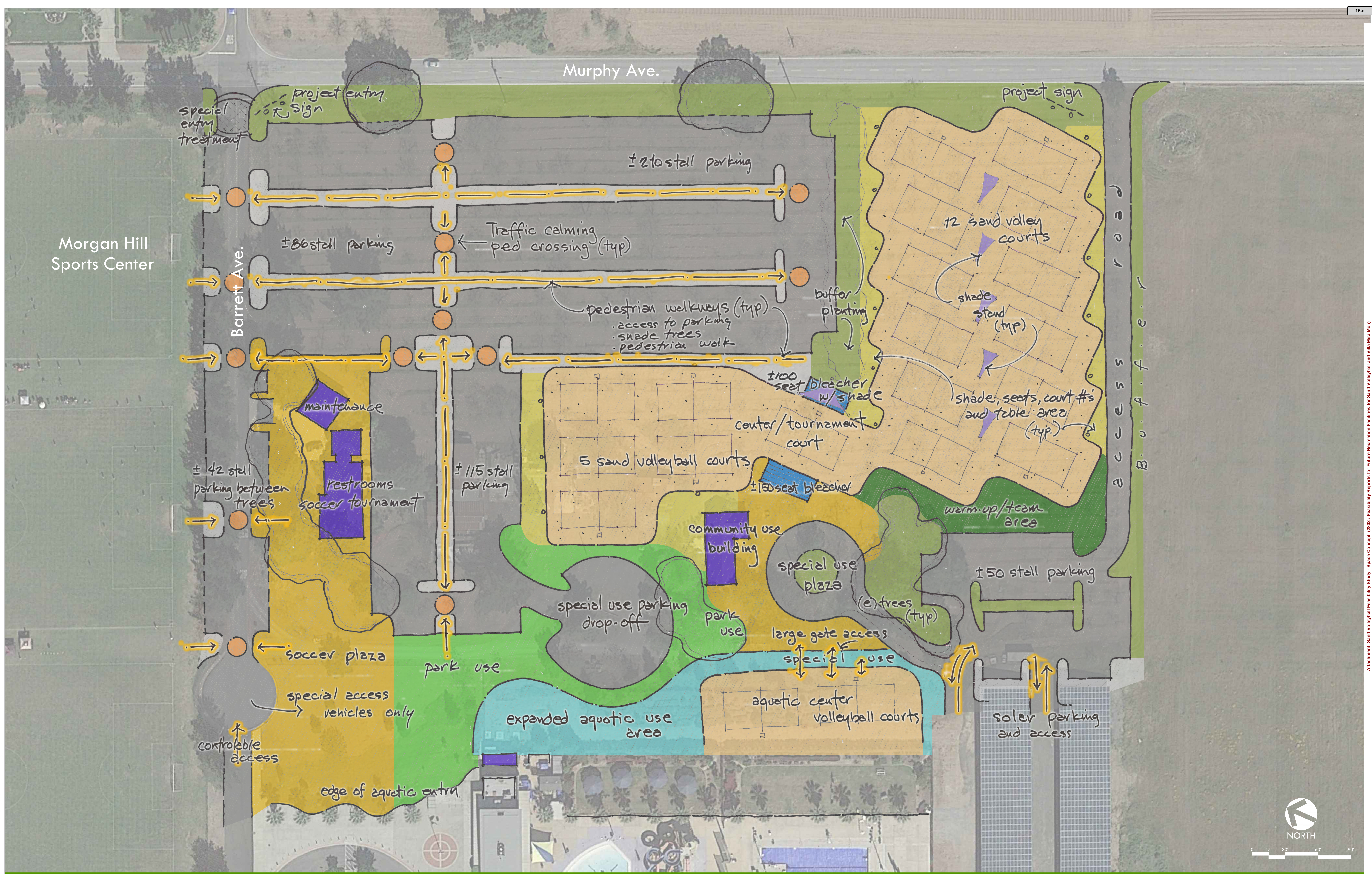
- 2) Bidding contingency is provided due to an unstable bidding environment and accelerated material price increases. This may be removed as proceed into the project bidding phase.
- 3) Construction Contingency is provided to cover for site conditions and additional work not anticipated for upgrades.
- 4) In Providing opinions of probable construction cost, the Client understands that the Landscape Architect has no control over costs or the price of labor equipment or materials, or over the Contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of the Landscape Architect's qualifications and experience. The Landscape Architect makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.

Lomanto Property
Beach Concept - Phase 5
Preliminary Statement of Probable Construction Costs
May 5, 2020

Verde Design
Job 1511800
Prepared By: MK
Reviewed By: DM

	Quantity	Unit	Unit Cost	Extension
Buildings				
Domestic Water Service & Building's Connection	1	ls	\$40,000.00	\$40,000.00
Sewer Service & Building's Connection	1	ls	\$40,000.00	\$40,000.00
Exeloo Restroom	1	ls	\$275,000.00	\$275,000.00
Public Restroom Company Community Room & Office Building	1	ls	\$600,000.00	\$600,000.00
Plaza Paving, Planting & Furnishing	15,000	sf	\$14.00	\$210,000.00
Electrical Service, Lighting and Data	1	ls	\$150,000.00	\$150,000.00
				\$1,315,000.00
Subtotal				\$1,315,000.00
Survey, Permits, Traffic, SWPPP, etc. - 2%				\$26,300.00
Bonding 2%				\$26,300.00
Mobilization & Project Management 10%				\$131,500.00
Design Contingency 12%				\$157,800.00
Construction Contingency 8%				\$105,200.00
Total - Phase 5				\$1,762,100.00

Notes: 1) Design contingency is for further development of design and compensates for unknown elements. We will eliminate as we move to Bid Documents.
2) Bidding contingency is provided due to an unstable bidding environment and accelerated material price increases. This may be removed as proceed into the project bidding phase.
3) Construction Contingency is provided to cover for site conditions and additional work not anticipated for upgrades.
4) In Providing opinions of probable construction cost, the Client understands that the Landscape Architect has no control over costs or the price of labor equipment or materials, or over the Contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of the Landscape Architect's qualifications and experience. The Landscape Architect makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.



Conceptual Design - Beach Concept
Lomanto Property
Morgan Hill, CA



BAY AREA SPORTS
ORGANIZING COMMITTEE

Mr. Chris Ghione
City of Morgan Hill
Community Services, Engineering and Utilities
17575 Peak Avenue
Morgan Hill, CA 95037

December 5, 2019

Dear Mr. Ghione:

We are excited to learn that the City of Morgan Hill has planned and budgeted for sand volleyball courts at the Outdoor Sports Center on Condit Road. We are writing in support of this project. We know this venue will be of great benefit to the community of Morgan Hill.

We are delighted to know that many organizations have expressed interest in supporting this project. These organizations include the Northern California Volleyball Association, the California Beach Volleyball Association, the USA Volleyball Youth Program, the Association of Volleyball Professionals First Youth Program, Stanford University's Women's Beach Volleyball Team and many Northern California Beach Volleyball clubs and tournaments. The Bay Area Sports Organizing Committee (BASOC) is proud to add our name to this list of supporters.

As an Olympian, I believe it is so important for communities to support facilities that encourage our youth to have a place to play sports and to have dreams about becoming Olympians. The original premise of the Olympic Charter is, "to educate youth through sport to build a better and more peaceful world". With the Olympic Games coming to Los Angeles in 2028, there will be ample opportunities to showcase beach volleyball and offer the opportunity to hold training camps, clinics and demonstrations as countries around the world prepare for the Games.

Thank you to the City of Morgan Hill and the Beach Volleyball Community for having the vision to support this new venue for beach volleyball. If I, or the more than 400 Olympians from past Games who live and work in Northern California can do anything to support this important project, please call on us.

In the Olympic Spirit,

Anne Warner Cribbs, OLY
President and CEO
Bay Area Sports Organizing Committee



January 21, 2020

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

Greetings Honorable Members:

On behalf of the Morgan Hill Downtown Association, the Board Of Directors unanimously voted in support of the City building sand volleyball courts at the Outdoor Sports Center. Sand Volleyball is gaining global attraction. Outside of Santa Cruz and West Valley College where courts are regularly overbooked, there are no other facilities in the area capable of hosting large tournaments, training camps and clinics serving this sport.

Morgan Hill is the gem of Santa Clara County. Offering first-in-class dining and winery experiences and with the abundance of recreation options, it has become a destination for all the Bay Area to enjoy. We feel sand volley ball courts will certainly attract new visitors from near and far to Morgan Hill, and particularly our downtown businesses. This coupled with construction and maintenance of sand courts being relatively inexpensive, everyone wins.

Therefore, as City investigates the feasibility of this endeavor, our hope is this amenity is added to the many already in place.

Best Regards,
MHDA

David Dindak –BOD President - 2020

From: [Matt Wendt](#)
To: [Chris Ghione](#)
Subject: Fwd: Letter of Support for Sand Volleyball Courts in Morgan Hill
Date: Tuesday, May 19, 2020 9:52:57 AM

Sent from my iPhone

Begin forwarded message:

From: Kerri Walsh Jennings <kerri@p1440.com>
Date: January 14, 2020 at 8:30:40 PM PST
To: Matthew Wendt <matthewwendt@msn.com>
Subject: Re: Letter of Support for Sand Volleyball Courts in Morgan Hill

Dear Matthew,

I am sincerely excited for you to bring (God speed!) some beach volleyball courts to your community. As you know, our sport, and the opportunities within it, continue to grow at a ridiculous rate and I have no doubt that the courts will be well used and extremely popular.

My team and I at p1440 will most definitely be eager to discuss with you building out a youth tour/programming model that will create a win win win for all - you, the athletes, your community, the sport and p1440, which aspires to elevate and grow the sport into the highest echelon of sports.

Please let me know what I can do to support and please know that I am in full support of this initiative. I look forward to finding ways to work together for many, many, many years to come.

All my best and wishing you a happy, fulfilling and successful 2020. This year promises to be golden.



Kerri

Sent with a smile

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.



December 10, 2019

City Council of Morgan Hill,

Thank you for the opportunity to submit our proposal. This memo outlines our interest in partnering with the City of Morgan Hill to support the needs of the community and the region by operating a sand volleyball complex.

1. Organization Background. Provide an introduction to your organization, its' goals and rational for submitting a proposal.

Our association endeavors to promote participation in a quality program that provides a positive and safe athletic environment through a variety of developmental and competitive opportunities for junior players of all ages, skill levels, and diverse groups. We host and approve competition, fellowship play, clinics, leagues, and tournaments. We also host one of the National Qualifiers for USA Volleyball. In addition, the NCVA aids in the development of players, coaches, referees and scorekeepers.

As one of the five founding regions of the National Beach Tour, a collaboration between USA Volleyball and its 40 regions, we are seeking new facilities that are capable of supporting large national events. As one of the largest indoor National Qualifiers in the nation, we would like to apply our experience to beach volleyball as it grows into a full-fledged NCAA sport with funded scholarships and dedicated players.

2. Concept and Approach. Provide an executive summary of your intended proposal.

NCVA's goal is to make the City of Morgan Hill the west coast destination for nationally sanctioned beach volleyball tournaments. Currently, the only facilities on the west coast with more than 6 courts are all located on a beach. This limits the possible participation of our members as only those that are near the coast have reasonable access to the facilities. It also requires participants that require hotel stays for tournaments and other activities to pay a premium. Working with Morgan Hill would provide more accessibility for the surrounding communities, more affordable hotel options, great airport access for those traveling into the region and more continuous use of the courts due to better weather throughout the year.

The demand from clubs, schools, colleges, and community activities is very high due to a lack of facilities in the region. Surveys of the city occupants determined that sand courts were needed and heavily supported. Our endeavor would be to help the City of Morgan Hill become a sports destination for volleyball, something that other cities have not stepped up to secure.

Overall, use of the facility would be managed through a first-come application process. Community groups would be identified and provided additional support in securing space at the facility.



Ultimately, the NCVA would like to identify key dates/times that are ideal for community use, this would become possible once the facility opens, and the community becomes aware of its availability. Our request would include a 50-year, cost-free lease for the space to operate and promote volleyball.

We currently run our own facility in Santa Rosa and Sacramento while running events and overseeing the staff that operate out of hundreds of gyms throughout the region. Keeping facilities at their prime and ready for use at all times is something we understand is a requirement to provide a place to play for both our members and the community at large. As identified during the walk-through, there appears to be ample space around the fields and undeveloped land. We deal with difficult parking situations at many of our facilities and are well versed in the staffing requirements to ensure controlled traffic flow for all attendees.

As a non-profit organization, we are required to undergo yearly financial audits. We have passed these audits quite favorably since their inception in the early 2000's.

While sand courts main use is beach volleyball, there are openings for sand soccer and other organized sports that are beginning to emerge. The NCVA welcomes partnerships with the surrounding operators to offer the community more options on both sand courts and grass fields to provide the opportunity for more people to learn and participate in a variety of sports; promoting fitness, sportsmanship, and other developmental skills.

3. Relevant Experience. Provide experience of your organization as it relates to your intended proposal.

We have operated our own facility for many years. We have operated facilities in Sacramento, Alameda, and Santa Rosa. Additionally, we run events 18-20 weekends a year utilizing every convention center in Northern California and Northern Nevada including facilities located in San Francisco, San Jose, San Mateo, Sacramento, Fresno, Reno, and Santa Clara in addition to several fairground locations.

It's this experience throughout several cities and counties that allows us to be well versed in operating tournament s in areas and buildings with a wide variety of policies for events. This has also allowed us to work with Fire Marshalls and understand the requirements of running safe event sites.

4. Organizational Structure and Staffing. Describe the future planned structure of your organization to support your intended proposal.

Our organization anticipates staffing needs to be up to two dedicated staff positions for the Morgan Hill facility. These staff would oversee the daily operations, rentals, and maintenance of the facility. They would contract and coordinate any additional staffing needed to oversee the operations of the facility such as parking, sand maintenance, or other on-site staff.

5. Facility Use. Describe what components of the facilities are necessary for your intended proposal. Describe capital improvements and maintenance planning and method of funding.

We plan to use the portion of the City Owned Property built for beach volleyball and the surrounding areas for Parking. Once built, the on-going maintenance would be funded by the rental fees and guest registration.

NCVA would work with the local businesses to provide sponsorship opportunities and hotels to provide a portion of the proceeds from the occupants attending the event to fund upgrades and further renovations to the facilities.

6. Financial Considerations. Include information on intended revenue and expenses related to your intended proposal.

We anticipate the revenue for the sand court complex will be generated from rental fees, guest registration, and hotel rebates. The expenses to operate a sand facility are similar to other sports venues and include, but are not limited to, janitorial services, on-site staffing, security, sand/grounds maintenance, building maintenance, and utilities.

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

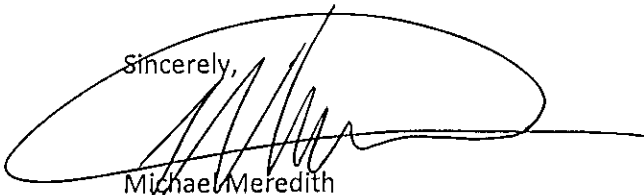
To Morgan Hill City Council & Parks and Recreation Commission,

The Board of Directors for Visit Morgan Hill is in support of the proposed sand volleyball courts at the Outdoor Sports Center on Condit Road. Our organization has spent time during our last two meetings learning about the numerous benefits this facility would bring to Morgan Hill. After lengthy discussion, all the members of the Board agreed that this was exactly the type of project that would draw visitors to the region and support the many businesses that benefit from tourism.

The members of the Board feel that there is tremendous potential to create a unique outdoor recreation resource that will not only draw visitors from around the region to Morgan Hill, but will also be a wonderful facility for local residents. Although this will be a new endeavor for the City, this project is being supported by numerous volleyball organizations such as the California Beach Volleyball Association, the USA Volleyball Youth Program and the Northern California Volleyball Association just to name a few. The broad support from these organizations will help Morgan Hill become a destination for tournaments and events, and will bring valuable tourism to the community.

Ultimately, the decision comes down to whether this project is a prudent way to spend time, money and energy, and whether the return on this investment will be worthwhile for Morgan Hill. Since these volleyball courts are relatively inexpensive to develop and maintain, the Board believes that there could be a tremendous return on the investment considering the potential to attract events and visitors to the region. We are excited about the potential for further developing the Outdoor Sports Center, and making Morgan Hill a world class sports recreation destination.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Michael Meredith', is written over the word 'Sincerely,' and extends across the line of the name.

Michael Meredith
Board Chairperson
on behalf of the
Visit Morgan Hill Board of Directors

COMMITTEE ON THE JUDICIARY
• RANKING MEMBER-SUBCOMMITTEE ON
IMMIGRATION AND BORDER SECURITY
• SUBCOMMITTEE ON COURTS, INTELLECTUAL
PROPERTY AND THE INTERNET

COMMITTEE ON SCIENCE, SPACE AND TECHNOLOGY
• SUBCOMMITTEE ON SPACE
• SUBCOMMITTEE ON ENERGY

COMMITTEE ON HOUSE ADMINISTRATION
• JOINT COMMITTEE ON THE LIBRARY

Congress of the United States
House of Representatives
Washington, DC 20515

ZOE LOFGREN
19TH DISTRICT, CALIFORNIA

635 NORTH FIRST STREET
SAN JOSE, CA 95112
(408) 271-8700

1401 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-3077

[HTTPS://LOFGREN.HOUSE.GOV](https://lofgren.house.gov)
WWW.FACEBOOK.COM/ZOELOFGREN
WWW.TWITTER.COM/REPZOELOFGREN

CHAIR, CALIFORNIA DEMOCRATIC CONGRESSIONAL DELEGATION
CO-CHAIR, CONGRESSIONAL CAUCUS ON VIETNAM

August 26, 2019

Mr. Chris Ghione
Public Services Director
City of Morgan Hill
Community Services, Engineering and Utilities
17575 Peak Avenue
Morgan Hill, CA 95037

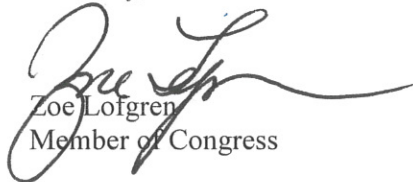
Dear Mr. Ghione:

It has come to my attention that the City of Morgan Hill has planned and budgeted for sand volleyball courts at the Outdoor Sports Center on Condit Road. I write in support of this project because I believe it will be of benefit to Morgan Hill residents and to the health of our community.

It is my understanding that sand volleyball courts have no environmental impact and are inexpensive to establish and maintain. Further, I was informed that multiple organizations have now expressed an interest in supporting this project. These organizations include the Northern California Volleyball Association, the California Beach Volleyball Association, the USA Volleyball Youth Program, the Association of Volleyball Professionals First Youth Program, Stanford University's Women's Beach Volleyball Team, and multiple Northern California beach volleyball clubs and tournaments, among many other groups and individuals.

I believe that this development of a sand volleyball space in Morgan Hill would provide another good sports option in the community, providing another much-needed active sports and recreational opportunity to our residents. The new sand volleyball courts would also be a welcome addition to the only other venue, located in Santa Cruz, that currently accommodates the many local and regional organizations that require these courts every season in our area.

Sincerely,


Zoe Lofgren
Member of Congress



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

PREPARED BY: Michael Horta, Human Resources Director
APPROVED BY: City Manager

CONSIDERATION OF DECLARING RACISM AS A PUBLIC HEALTH EMERGENCY

RECOMMENDATION(S)

Consider declaring Racism a Public Health Emergency.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Fostering a Positive Organizational Culture
Preserving and Cultivating Public Trust
Enhancing Diversity and Inclusiveness
Advancing Regional Initiatives

REPORT NARRATIVE:

At the June 17, 2020 City Council meeting, Council Member Martínez Beltrán requested that staff place the consideration of declaring Racism a Public Health Emergency in Morgan Hill on a future agenda.

On June 23, 2020, County of Santa Clara Board of Supervisors approved referral to Administration and/or County Counsel to report to the Board with options for consideration relating to the adoption of a resolution declaring Racism a Public Health Crisis (Attachment 1 & 2). As a part of the resolution, the County of Santa Clara will encourage other Local, State, and National entities to recognize racism as a public health crisis and they support the efforts to address public health disparities due to racial inequities throughout Santa Clara County. No future County of Santa Clara Board of Supervisors meeting date has been identified to discuss the final adoption of the resolution.

As the County of Santa Clara is responsible for mental and social services, staff recommends the Council wait for the County of Santa Clara Board of Supervisors to adopt its resolution declaring Racism a Public Health Crisis and then the City of Morgan Hill would respond to the call to action from the County.

COMMUNITY ENGAGEMENT: Inform

This report and the attached Santa Clara County staff report and resolution serve to inform the community about the current efforts being made in the County to declare Racism a Public Health Emergency.

ALTERNATIVE ACTIONS:

Council could choose to ask staff to return with a resolution prior to the County's adoption of a resolution.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

None.

CEQA (California Environmental Quality Act):

Not a Project - Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:

1. Report: Board of Supervisors - Declaring Racism a Public Health Crisis
2. Resolution: Board of Supervisors - Declaring Racism a Public Health Crisis

County of Santa Clara
Board of Supervisors
Supervisorial District Three
Supervisor Dave Cortese



101830

DATE: June 23, 2020
TO: Board of Supervisors
FROM: Dave Cortese, Supervisor
SUBJECT: Declaring Racism a Public Health Crisis

RECOMMENDED ACTION

Approve referral to Administration and/or County Counsel to report to the Board with options for consideration relating to the adoption of a resolution declaring Racism a Public Health Crisis. (Cortese / Chavez)

FISCAL IMPLICATIONS

There are no financial costs from the adoption of this resolution.

REASONS FOR RECOMMENDATION

In light of the tragic death of George Floyd at the hands of law enforcement officials, protests and demonstrations demanding justice for George Floyd have swept across cities around the nation. This activism has provided local governments an opportunity to have a much-needed dialogue around policing and signifying our support for communities of color.

The coronavirus outbreak laid bare the disproportionate number of people of color getting COVID-19 in our County, including our Latino population countywide and our Latino, African American and Asian American communities in East San Jose.

Santa Clara County has a storied history with making efforts to improve our local law enforcement agencies. In 2015, a Blue Ribbon Commission on improving Custody Operations was convened at my behest and the Board unanimously approved of the formation of the commission. This commission focused on three areas - The Inmate Welfare Fund, the Grievance/Complaint process for inmates and the Discipline of Correction Officers while also providing another 120 recommendations that were beyond the scope of those topics, including mental and medical health services and independent oversight of the jails.

Given recent events, however, the County has an opportunity to reaffirm and signify our support for disenfranchised communities of color by declaring Racism a Public Health Crisis.

Attachment: Report: Board of Supervisors - Declaring Racism a Public Health Crisis (2799 : Consideration of Declaring Racism as a Public

A draft of the resolution has been provided and should be vetted by County Counsel for subsequent adoption.

This referral recommends that actions from the County of Santa Clara resulting from this declaration include:

- Incorporating educational efforts to address and dismantle racism, and expand understanding of racism and how racism affects individual and population health;
- Promoting community engagement, actively engaging citizens on issues of racism, and providing tools to engage actively and authentically with communities of color;
- Committing to review all portions of codified ordinances with a racial equity lens;
- Committing to conduct all human resources, vendor selection and grant management activities with a racial equity lens including reviewing all internal policies and practices such as hiring, promotions, leadership appointments and funding;
- Promoting racially equitable economic and workforce development practices;
- Promoting and encouraging all policies that prioritize the health of people of color and mitigating exposure to adverse childhood experience and trauma in childhood;
- Training of all elected officials and staff on workplace biases and how to mitigate them;
- Partnering and building alliances with local organizations that have a legacy and track record of confronting racism;
- Supporting Local, State, and Federal initiatives that advance social justice and combat racism;
- Encouraging community partners and stakeholders in the education, employment, housing, criminal justice and safety arenas to recognize racism as a public health crisis and to activate the above items; and
- Securing adequate resources to successfully accomplish the above activities.

BACKGROUND

Our County's Division of Equity and Social Justice was created to address social inequities that exist within County services including racial and ethnic disparities.

According to the World Health Organization (WHO), "Public health is defined as 'the art and science of preventing disease, prolonging life and promoting health through the organized efforts of society.' Activities to strengthen public health capacities and service aim to provide conditions under which people can maintain to be healthy, improve their health and well-being, or prevent the deterioration of their health."

The County's COVID-19 Cases Dashboard posted publicly on our Public Health Department's website displays disproportionate rates of the coronavirus in our Latino communities in Santa Clara County countywide.

On Monday, May 25, 2020, George Floyd, a 46-year-old African-American man, died in Minneapolis after being handcuffed and pinned to the ground by Derek Chauvin, a white

police officer. Bystanders captured video footage of the officer behind a police car using his knee to pin Mr. Floyd by his neck. Mr. Floyd is heard repeatedly saying, "I can't breathe," in the video. The footage clearly shows Mr. Floyd not resisting arrest at any point during his interaction with law enforcement officers.

On May 26, 2020, hundreds of protesters flooded into the Minneapolis streets after footage of Mr. Floyd's death was released to the public. Medaria Arradondo, the Minneapolis police chief, also fired all four men involved in the arrest and death of Mr. Floyd. He called for an F.B.I. Investigation after the video showed that the official police account of the arrest had borne little resemblance to what actually occurred.

Since then, protests throughout the nation (including in Santa Clara County) have occurred to protest the inhumane death of George Floyd. Locally, the City of San Jose responded with a citywide curfew amid ongoing protests on May 31, 2020.

Other communities across the Country have declared racism a public health crisis including the City of Milwaukee, Milwaukee County, Madison County, Cook County, the City of Pittsburgh, the City of Boston, Kansas City and the State of Arizona.

ATTACHMENTS:

- Declaring Racism a Public Health Crisis Resolution (PDF)

County of Santa Clara
Board of Supervisors
Supervisory District Three
Supervisor Dave Cortese



WHEREAS, throughout our nation’s history, institutional and structural racism and injustice have led to deepening racial disparities across all sectors and have had lasting negative consequences for the County of Santa Clara; and

WHEREAS, Public Health Awareness raises awareness of the relationship between the health of individuals and the health of their communities; and

WHEREAS, studies link racism to adverse health outcomes; and

WHEREAS, areas falling under the public health category include healthy communities, violence prevention, rural health, technology, public health, climate change, and global health; and

WHEREAS, the promotion of healthy communities directly relates to the health of individuals, and encourages expanding public health support networks to decrease racial disparities in health outcomes; and

WHEREAS, communities of color are disproportionately impacted by social detriments of health, such as: increased exposure to lead; poor air quality; lack of safe places to walk, bike, run, live, and inadequate health education; and

WHEREAS, the United States Office of Disease Prevention recognizes that discrimination negatively impacts health outcomes; and

WHEREAS, the negative repercussions of historical racism, including but not limited to discriminatory lending practices of the 20th century known as “redlining,” impact current outcomes regarding access to nutritious food, economic security, educational achievement, rates of lead poisoning, and infant mortality; and

WHEREAS, the continued and unnecessary loss of Black lives, such as George Floyd, Breonna Taylor, Ahmaud Arbery, Tony McDade, Nina Pop, and so many others calls upon the County of Santa Clara to be visible in our outrage, and, more importantly, in our resolve to work for change; and

WHEREAS, a disproportionate number of people of color getting COVID-19 with the County’s COVID-19 Cases Dashboard posted publicly on our Public Health Department’s

website displaying disproportionate rates of the coronavirus in our Latino communities in Santa Clara County countywide; and

WHEREAS, our public employees are comprised of a diverse, multicultural and a multiethnic group of people and that every person deserves to live with dignity, be valued for their inherent humanity, and be treated ethically; and

WHEREAS, it is essential to recognize the experiences, honor the history, and highlight the contributions of communities of color, while ensuring that every person has the social, economic and political power to thrive; and

WHEREAS, the County of Santa Clara recognizes that valuing the diversity that exists among our employees is integral to a more productive and capable workforce; and

WHEREAS, the County of Santa Clara recognizes that racism is a public health crisis that affects all members of our society both locally and nationally and deserves action from all levels of government and civil society; and

WHEREAS, the County of Santa Clara has made great efforts to address social inequities that exist, including through the establishment of the Division of Equity and Social Justice (DESJ); and

NOW, THEREFORE, BE IT FURTHER RESOLVED, the Santa Clara County Board of Supervisors will assert that racism is a public health crisis affecting our entire society, and assess internal policies and procedures to ensure racial equity is a core element of the County; and

BE IT FURTHER RESOLVED, actions resulting from these declarations should include the County of Santa Clara: (1) incorporating educational efforts to address and dismantle racism, and expand understanding of racism and how racism affects individual and population health; (2) promoting community engagement, actively engaging citizens on issues of racism, and providing tools to engage actively and authentically with communities of color; (3) committing to review all portions of codified ordinances with a racial equity lens; (4) committing to conduct all human resources, vendor selection and grant management activities with a racial equity lens including reviewing all internal policies and practices such as hiring, promotions, leadership appointments and funding; (5) promoting racially equitable economic and workforce development practices; (6) promoting and encouraging all policies that prioritize the health of people of color and mitigating exposure to adverse childhood experience and trauma in childhood; (7) training of all elected officials and staff on workplace biases and how to mitigate them; (8) partnering and building alliances with local organizations that have a legacy and track record of confronting racism; (9) supporting Local, State, and Federal initiatives that advance social justice and combat racism; (10) encouraging community partners and stakeholders in the education, employment, housing, criminal justice

and safety arenas to recognize racism as a public health crisis and to activate the above items; and (11) securing adequate resources to successfully accomplish the above activities; and

BE IT FURTHER RESOLVED, the County of Santa Clara will encourage other Local, State, and National entities to recognize racism as a public health crisis; and

BE IT FURTHER RESOLVED, the Santa Clara County Board of Supervisors does hereby support the efforts to address public health disparities due to racial inequities throughout Santa Clara County.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

PREPARED BY: Jennifer Carman, Community Development Director

APPROVED BY: City Manager

RECEIVE UPDATE REGARDING REGIONAL HOUSING NEED ALLOCATION AND HOUSING ELEMENT REFORMS

RECOMMENDATION(S)

Receive report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Preserving and Cultivating Public Trust
Advancing Regional Initiatives

2020-2021 Strategic Priorities

Affordable Housing and Homelessness

GUIDING DOCUMENTS

General Plan/Housing Element

REPORT NARRATIVE:

BACKGROUND

Since 1969, the State of California has required local governments to adequately plan to meet the housing needs of everyone in their communities through the development of Housing Elements. The laws that govern this process are collectively known as the State Housing Element Law. The Regional Housing Need Allocation (RHNA) process is part of the State Housing Element Law used to determine how many new homes, and the affordability of those homes, local governments must plan for in their Housing Elements.

The State Department of Housing and Community Development (HCD) first determines each region's housing need by income level for the planning period. The regional council of governments (in the Bay Area, the council of governments is ABAG – the Association of Bay Area Governments) then allocates RHNA shares to each jurisdiction using a methodology developed by the regional council which includes specific variables required by state law.

Local governments participate in the development of the allocation methodology and are required to update their Housing Elements to show how they will accommodate their share of the RHNA. They are required to demonstrate they have enough land, vacant or feasible for redevelopment, zoned to accommodate their assigned housing units at all income levels.

Local governments are also required to list programs they will implement to address identified housing needs and goals. The City's [current certified Housing Element](#) was adopted in February 2015 and plans for 928 new homes from 2014 to 2022 and is applicable from 2015 to 2023 (through December 2022).

The nine county Bay Area is currently heading into its sixth RHNA cycle, which will last from 2023 to 2031. In anticipation of the end of the current bay area housing cycle, ABAG convened its Housing Methodology Committee in October 2019. The Committee is comprised as follows:

- Nine elected officials (one from each Bay Area county)
- Twelve (12) jurisdiction housing or planning staff (at least one from each county)
- Sixteen (16) regional stakeholders representing diverse perspectives, from equity and open space to public health and public transit
- One partner from state government

Morgan Hill's Development Services Director, Jennifer Carman, is an alternate for the Santa Clara County city representative on the Committee. Housing Methodology and RHNA schedules have been pushed back slightly in the last few months. The City will need to submit its Housing Element update for certification by January 2023 instead of December 2022.

ABAG 2023-2031 RHNA and Plan Bay Area 2050 Key Milestones	Proposed Deadline
Housing Methodology Committee kick-off	October 2019
Subregions form ¹	February 2020
Plan Bay Area 2050 Regional Growth Forecast	April 2020
HCD Regional Housing Need Determination ²	Summer 2020
Plan Bay Area 2050 Draft Blueprint	July 2020
Proposed RHNA methodology, ³ draft subregion shares	Fall 2020
Plan Bay Area 2050 Final Blueprint	December 2020
Final subregion shares ⁴	December 2020
Draft RHNA methodology to HCD for review ⁵	Winter 2021
Final RHNA methodology, ⁶ draft allocation ⁷	Spring 2021
RHNA appeals ⁸	Summer 2021
Final Plan Bay Area 2050	September 2021
Final RHNA allocation ⁹	Winter 2021
Housing Element due date ¹⁰	January 2023

The RHNA distribution methodology is a formula that calculates the number of housing units assigned to each jurisdiction and further distributes each jurisdiction's housing unit allocation among four affordability levels: very low income, low income, moderate income, and above moderate income. The RHNA methodology must meet 5 objectives identified in Housing Element Law:

1. Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner.
2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reduction targets.
3. Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.
4. Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category.
5. Affirmatively furthering fair housing.

The RHNA must also be consistent with the growth pattern outlined in the region's long-term land use and transportation plan, Plan Bay Area 2050.

The methodology for the 2023-2031 RHNA cycle is proposed to be comprised of three primary aspects: (1) Baseline Allocation, (2) Factor Adjustments, and (3) Factor Weights. The development of the methodology factors are yet to be finalized. Once finalized, each selected methodology factor will adjust a jurisdiction's baseline allocation up or down, depending on the factor's impact to a jurisdiction. A summary of the methodology development tools is available via the link below.

Link to Methodology Summary:

<https://mtc.legistar.com/View.ashx?M=F&ID=8020813&GUID=03B7ECD6-E63E-43B7-99D9-94533C2C2FE9>

Legislation

During the last year, staff mentioned legislation that will change how the methodology process and housing element development are conducted. The following is a brief summary of several bills adopted in 2017 and 2018 that substantially reform RHNA and local housing elements going forward. The legislation aims to promote housing production and ensure a more equitable distribution of housing within regions and local jurisdictions and a mix of housing at affordability levels needed for the region.

RHNA Methodology:

SB 828 (2018): SB 828 adds or adjusts the following variables to HCD's RHNA methodology:

- The “overcrowd[ing] rate of a comparable housing market” is defined relative to comparable regions throughout the country.
- The “vacancy rate for a healthy rental housing market” is defined as at least 5%.
- “Cost burdened” households are defined as the share of households by income level that are paying more than 30% of their income for housing.
- The “rate of housing cost burden for a healthy housing market” is defined relative to the average rate of cost burdened households in comparable regions throughout the country.

Link to bill text:
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB828

AB 1771 (2018): AB 1771 adds or adjusts the following objectives for regions to advance in their allocation plans:

- Promoting jobs-housing fit, including balancing the number of low-wage jobs and the amount of housing affordable to low-wage workers in each jurisdiction.
- Affirmatively Furthering Fair Housing (AFFH), which is defined as meaningful actions that overcome segregation and foster inclusive communities and access to opportunity regardless of protected classes.

The bill also adds or adjusts the following factors that regions must incorporate into their methodology:

- Existing and future relationship between jobs and housing, particularly low-wage jobs and affordable housing
- Rate of overcrowding
- Regional greenhouse gas targets

Link to bill text:
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1771

Housing Elements – These laws are the most impactful to the preparation of the sixth cycle Housing Element.

SB 166 (2017): SB 166 adds a “no net loss” provision for housing element site inventories. If an approved project on a housing element site has fewer units by income category than what was identified in a local government's housing element, the remaining sites in the housing element must be adequate to meet the unmet RHNA requirements, or the local government is required to identify and rezone additional sites to fully accommodate the unmet need within 180 days.

Link to bill text:
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB166.

AB 1397 (2017): AB 1397 increases eligibility requirements for housing element inventory sites. Sites in the inventory must now be both suitable and available. Sites smaller than half-acre or larger than 10 acres are not considered adequate for lower income housing unless the jurisdiction provides examples of sites of equivalent size that were successfully developed during the prior planning period for an equivalent number of lower income housing units or other supporting evidence. Vacant sites cannot be used for more than two consecutive planning periods, and non-vacant sites for consecutive planning periods, unless the site is rezoned to allow at least 20 units per acre and by-right development if at least 20% of the units are affordable to lower income households.

In addition, non-vacant sites must have realistic and demonstrated potential for redevelopment. If a local government uses non-vacant sites to accommodate most of its lower income housing need, existing uses are presumed impediments absent substantial findings that the use is likely to be discontinued during the planning period. Finally, non-vacant sites with rent-controlled units, deed-restricted units, or units with lower income residents within the past five years must be replaced at the same or a lower income level.

Link to bill text:

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1397

AB 686 (2018): AB 686 adds a fair housing requirement for housing elements that includes:

- A summary of fair housing issues in the jurisdiction and an assessment of the jurisdiction's fair housing enforcement and fair housing outreach capacity.
- An analysis of available federal, state, and local data and knowledge to identify integration and segregation patterns and trends, racially or ethnically concentrated areas of poverty, disparities in access to opportunity, and disproportionate housing needs within the jurisdiction, including displacement risk.
- Evaluation of how policies encourage distribution of affordable housing into all areas of the community, creating diversity and eliminating concentrations of low-income units in only specific areas.
- Creation of policies which ensure additional access and inclusivity/diversity of the community in all neighborhoods.
- An identification of the jurisdiction's fair housing priorities and goals and identifying the metrics and milestones for determining what fair housing results will be achieved.
- Strategies and actions to implement those priorities and goals, which may include enhancing mobility strategies and encouraging development of new affordable housing in areas of opportunity, including preservation of existing affordable housing, and protecting existing residents from displacement.

Link to bill text:
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB686

Staff is currently participating in the County of Santa Clara's Affirmatively Furthering Fair Housing (AFH) Advisory Committee.

What is the AFH process? The U.S. Department of Housing and Urban Development (HUD) requires local governments that receive certain HUD grants (such as Community Development Block Grant funds) to conduct a comprehensive fair housing plan. Jurisdictions rely upon data and maps, policy analysis, local knowledge, and community participation to identify overarching fair housing issues (such as patterns of segregation or disproportionate rates of housing cost burden), their underlying causes, and potential solutions.

The AFH Advisory Committee meets to discuss the status of the process, possible policy goals or recommendations, and ideas for increasing community participation. The AFH Advisory Committee includes a mix of fair housing organizations, legal services providers, housing industry groups, civil rights advocates, tenant organizers, affordable housing developers, local government staff, and other important stakeholders. The County and other cities are working with consultants-Counsel from the Fair Housing & Community Development Project Lawyers' Committee for Civil Rights (including Morgan Hill and the other smaller cities that participate in the Community Development Block Grant (CDBG) urban county consortium, as well as the cities of Cupertino, Gilroy, Mountain View, Palo Alto, San Jose, Santa Clara, and Sunnyvale) as they all prepare a Regional Assessment of Fair Housing (AFH). This has always been a requirement for receiving CDBG and HOME funds.

Goals were circulated in early January of 2020. The consultant provided high-level goal framing with multiple strategies to achieve those goals. This work will naturally become a springboard for the City's future local Housing Element work whereby the City will need to satisfy the Housing Element's AFH requirements. The following draft goals have been developed.

Santa Clara County Regional Assessment of Fair Housing Draft Goals

- Promote residential racial and ethnic integration and reduce displacement by increasing the supply of affordable housing in both high opportunity areas, areas with ongoing displacement, and areas that are at risk of displacement.
- Reduce zoning and land use barriers to affordable housing development.
- Protect tenants from displacement through more robust tenant protections and access to legal services.
- Reduce substandard housing conditions, particularly for low-income residents of unsubsidized housing.
- Increase access to opportunity for residents of historically disinvested low-income communities of color.
- Adjust prioritization of permanent supportive housing units to more equitably meet the needs of Hispanic residents, domestic violence victims, persons with limited English proficiency, and individuals with chronic health problems.

- Increase support for fair housing enforcement, education, and outreach.

ANALYSIS

RHNA: The changes to HCD's methodology are likely to substantially increase the Bay Area's total housing needs allocation and Morgan Hill's by extension. In past meetings, staff has discussed the significant increase in allocations for the Southern California Association of Governments (SCAG). Some Bay Area cities are expecting to be assigned much more than that. A recent memo issued by the City of Cupertino estimates that the City could see a 500-600% increase. In June, the 2023-2031 RHNA allocation number for the 9 Bay Area Counties was made public. At 441,176 units needed it represents nearly 2.4 times the 2014-2022 housing cycle RHNA of 187,990.

The severity of the regional housing crisis and its impacts on projected need, overcrowding, vacancy rates, and cost burden mean that the Bay Area can expect a similar increase in RHNA. Morgan Hill can expect a much higher numerical allocation consistent with the significant regionwide increase. As an illustration, using the increased Bay Area's regional housing allocation and the same methodology used in the fifth cycle, the City would be assigned roughly 2,200 units, roughly 2.4 times the fifth cycle RHNA of 928.

It is difficult at this point to predict what the outcome of the RHNA process will be for Santa Clara County jurisdictions. That said, planning and housing professionals expect that the overall regional growth projection will be around 20% over the eight-year period. Without any weighting, this would correspond to approximately doubling the previous RHNA for Santa Clara County jurisdictions.

However, state law requirements, best planning practices, and comments from Housing Methodology Committee members imply that the allocation for Santa Clara County may be much higher. There are a few categories of cities that are more likely to have significantly higher RHNA numbers. These include:

- Job rich cities – Cities may be expected to close some or all of their jobs/housing imbalance as part of the RHNA process. Many members of the RHNA methodology committee have said that they want employment to be the primary driver of RHNA. The current visualization tool does not reflect this desire, but this may change. Morgan Hill is not considered a job rich city.
- Small towns near job rich cities – In Southern California, the methodology greatly increased RHNA numbers for small, residential towns near job centers. For example, West Hollywood's RHNA increased from 77 to 3,460. Currently, the visualization tool does not predict this, but it is a possibility.
- Cities with good public transportation networks – ABAG may choose to put more RHNA near cities with access to public transportation to reduce greenhouse gasses.
- Cities with opportunity areas – Housing methodology committee members have also expressed a strong interest in having more housing in areas of high opportunity (low poverty, good schools, etc.) This would most significantly affect northern Santa Clara

County and West Valley cities.

There is a visualization tool developed by ABAG available here: <https://rhna-factors.mtcanalytics.org/>. Please note that the tool is educational in nature and not predictive.

Accommodating a substantial increase in residential units will necessitate General Plan and Zoning changes and could trigger the need for a new Environmental Impact Report to add capacity. The City will need to seriously consider how it can satisfy the RHNA goals and balanced community needs while planning for an adequate number of housing units, consistent with economic development and land use goals and policies that promote a healthy and sustainable community.

Housing Element: Changes in the State Housing Element Law compound the difficulty presented by a higher RHNA. The current site inventory illustrates the impact of these tightened standards. Of the 1290 units of housing capacity identified in the current Housing Element identified for 80 sites:

- 0 units (0%) were planned on non-vacant sites avoiding the requirement for findings that existing uses in non-vacant parcels are likely to be discontinued.
- 26 units (20%) were planned on sites smaller than half-acre and require evidence of equivalent sites being developed.
- 536 units (42%) were planned on sites reused from the previous housing element.
- 523 units (41%) were planned on sites that must be upzoned to the default density of 20 units per acre to be reused in the future housing element. 495 of these would have required greater than a 50% upzone change. By-right development would be allowed with at least 20% affordable units.
- 231 units (17%) were planned on sites already zoned to the default density.

If AB 1397 had been in effect during the last Housing Element cycle, impacts would have included allowing by-right development with at least 20% affordable units. AB 686 requires the City to develop the site inventory with an Affirmatively Furthering Fair Housing (AFFH) lens creating additional complexity to the work for the sixth cycle. Addressing disparities will likely require planning for more affordable housing in high opportunity/resource areas. These areas are defined by MTC/ABAG, HCD and the California Tax Credit Allocation Committee, which uses them in evaluating financing for affordable housing projects (See attached map – Attachment 1). Morgan Hill does not have any high resource areas, but conversely has “low resource” areas as well as “disadvantaged areas” as identified by Cal EPA Enviroscan. It is unclear how the presence of these areas will also impact the assessment and assignment of units. Surely, Morgan Hill will need to carefully evaluate housing opportunity sites through the Fair Housing lens, to make sure that affordability is not concentrated into these areas.

It is important to note that the City has been very proactive and successful meeting the 928 unit RHNA goal for the current cycle – we are at 222% of completion for the total gross RHNA allocation; 928 units were assigned, and 2061 have been achieved. However, the City still falls short of 193 very-low income units based on its last annual RHNA report. Fortunately, with the pending pipeline of upcoming units, the City is anticipating additional very-low income units; thus the actual remaining need is to identify approximately 115 new, very-low income units. Should this number not be achieved by December 2022, the remaining units will be added to the 2023-2031 RHNA. The Housing team is actively pursuing opportunities that have the potential to achieve the remaining 115 unit, very-low income goal.

Subsequent to the certification of the current Housing Element, the City has adopted a new General Plan and corresponding Zoning Ordinance that increased density in current parts of the City. The new housing element inventory will evaluate previous sites and unit estimates and look for additional capacity in accordance with state laws.

Staff Work in Response to State Reforms

Between the need to plan for more residential units, fewer eligible sites on which to put them, enhanced fair housing requirements, and increased HCD oversight, the City will need to expand the range of sites it considers for its upcoming inventory and rezone accordingly. Several high-level strategies that would help the City achieve compliance with State law include a broader base of inventory sites, a focus on higher-opportunity areas, and developing a site inventory that focuses on inventory and density. The state has made it clear that the City will be required to rezone land to accommodate the RHNA. Without upzoning, a significant portion of the current inventory still available for future development will not be able to be included within the state inventory.

Staff is preparing a work program for the Housing Element Update process, identifying needed resources, and applying for HCD grant funding to support some of the activities noted above. The work will be a team effort between the Planning and Housing Divisions and will be led by the Development Services Director and Housing Manager. The Housing Element team includes teammates who have successfully project led and/or independently developed multiple certified housing elements over the last three housing cycles.

The importance of having a certified Housing Element must not be underestimated. Future funding programs involving housing, community development, and infrastructure include housing element compliance as a rating and threshold requirement. HCD is increasingly looking at other fiscal penalties – including withholding tax payments for non-compliance with Housing Element law. The Housing Element update will be the highest priority work item in the next two and a half years for the Development Services Department.

Over the coming months, staff will continue to provide input into the development of the RHNA methodology for the Bay Area, as part of its role on the Housing Methodology

Committee. Staff will also continue to provide briefing materials and memos to the City Council as the Housing Element scoping process begins.

COMMUNITY ENGAGEMENT: Inform

The Housing Element process will include a robust public engagement program that will shift “Inform” to “Involve”. The project scope will include numerous workshops, communication materials and other informational products.

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None

FISCAL AND RESOURCE IMPACT:

This report is intended for information purposes only. There is no fiscal impact associated with this report. Tracking legislations and participating in regional matters directly impacting Morgan Hill are activities included in the staff’s annual workplan.

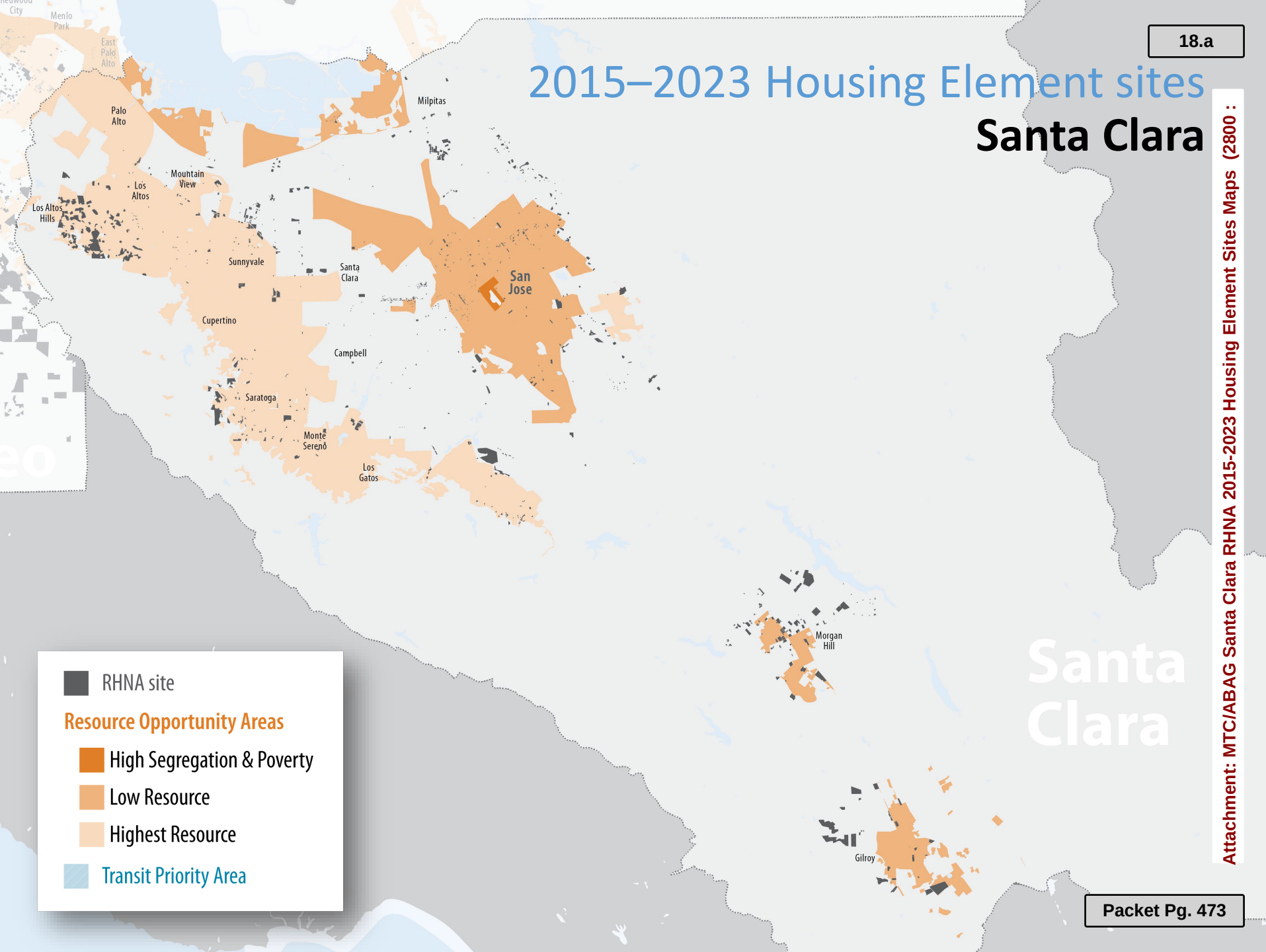
CEQA (California Environmental Quality Act):

Not a Project: Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment are not subject to CEQA review.

LINKS/ATTACHMENTS:

1. MTC/ABAG Santa Clara RHNA 2015-2023 Housing Element Sites Maps
2. Housing Methodology Committee Roster
3. Housing Element RHNA Update 7-15

2015–2023 Housing Element sites Santa Clara



■ RHNA site

Resource Opportunity Areas

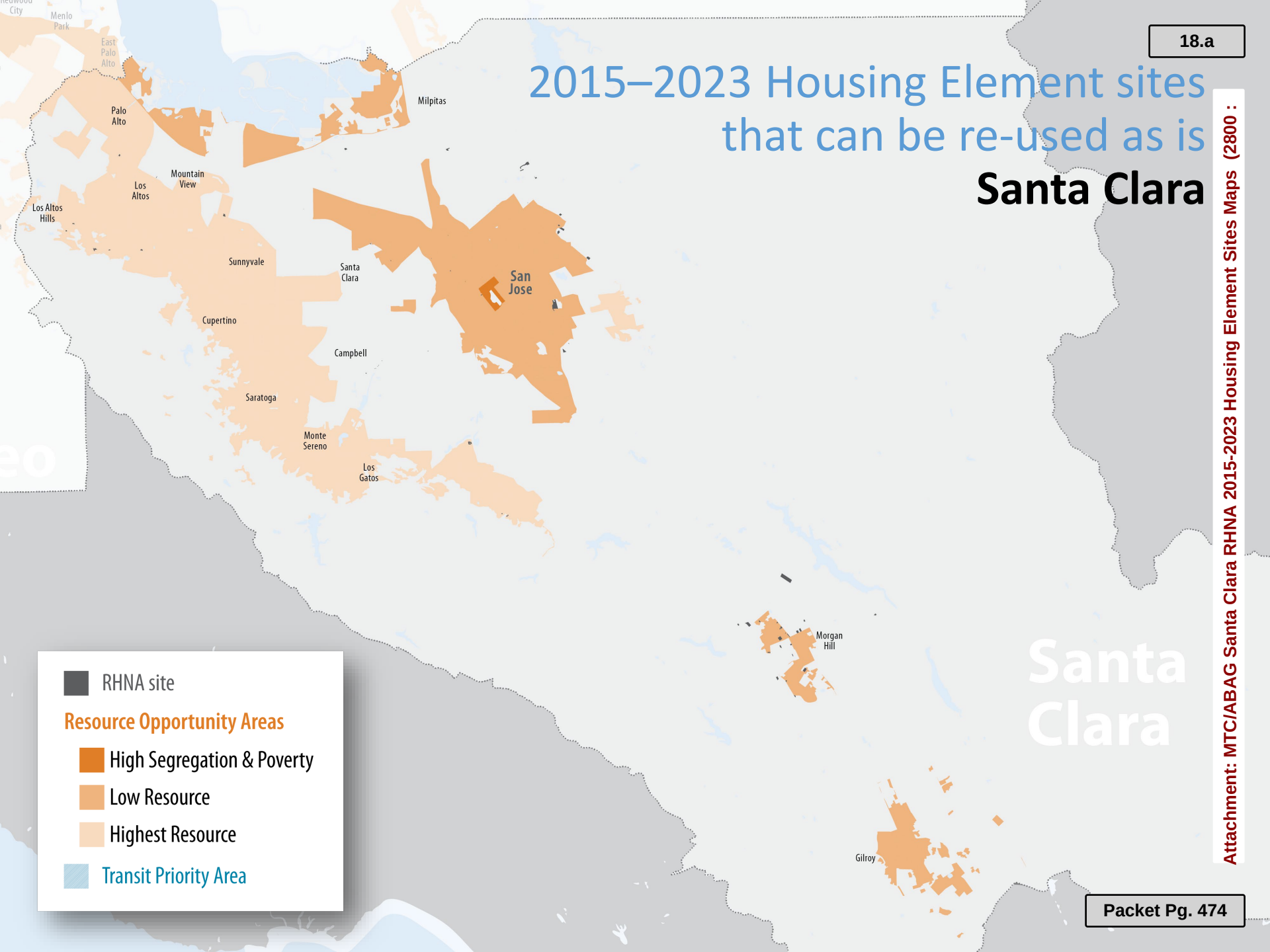
■ High Segregation & Poverty

■ Low Resource

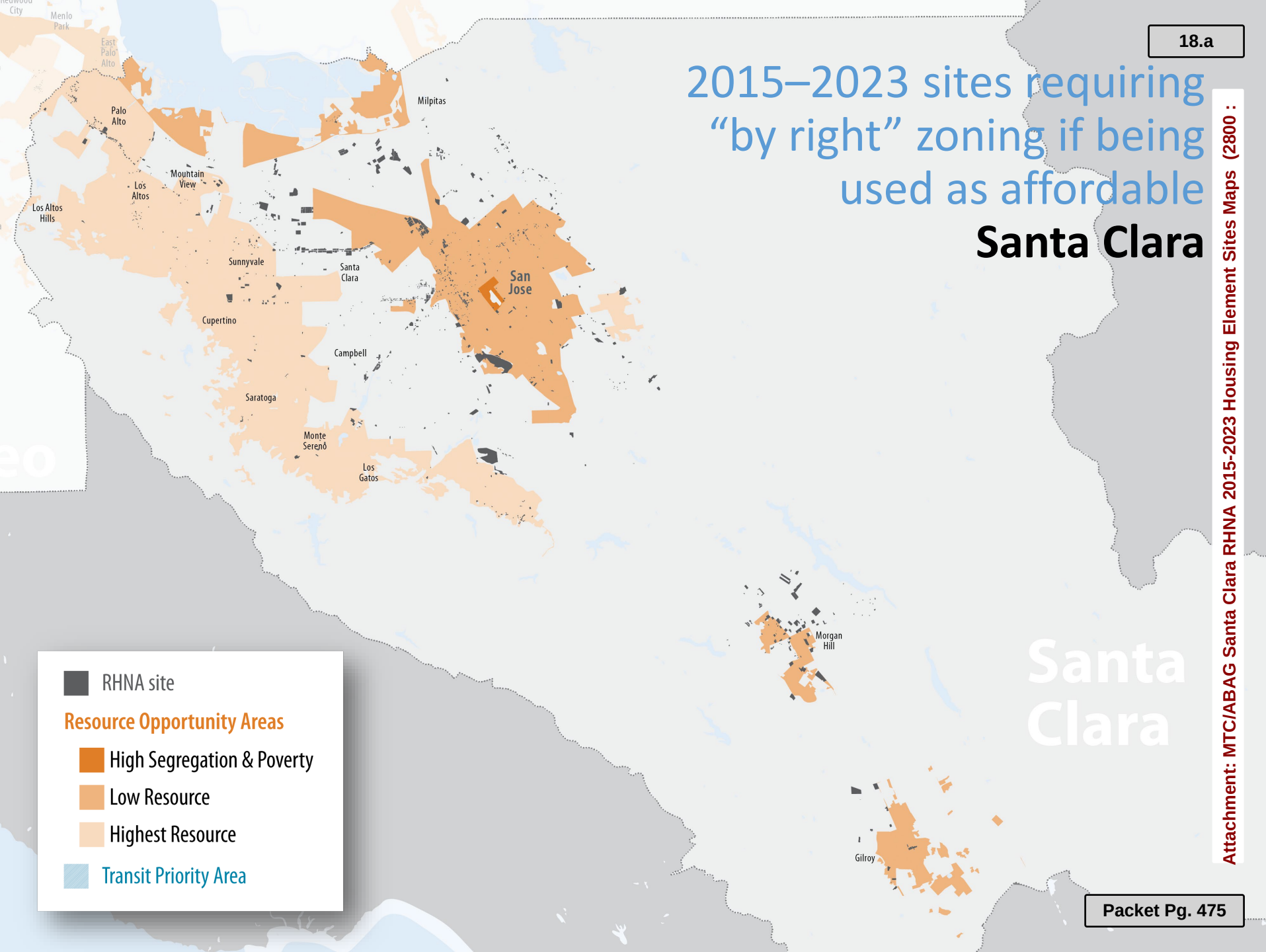
■ Highest Resource

■ Transit Priority Area

2015–2023 Housing Element sites that can be re-used as is **Santa Clara**



2015–2023 sites requiring “by right” zoning if being used as affordable Santa Clara



■ RHNA site

Resource Opportunity Areas

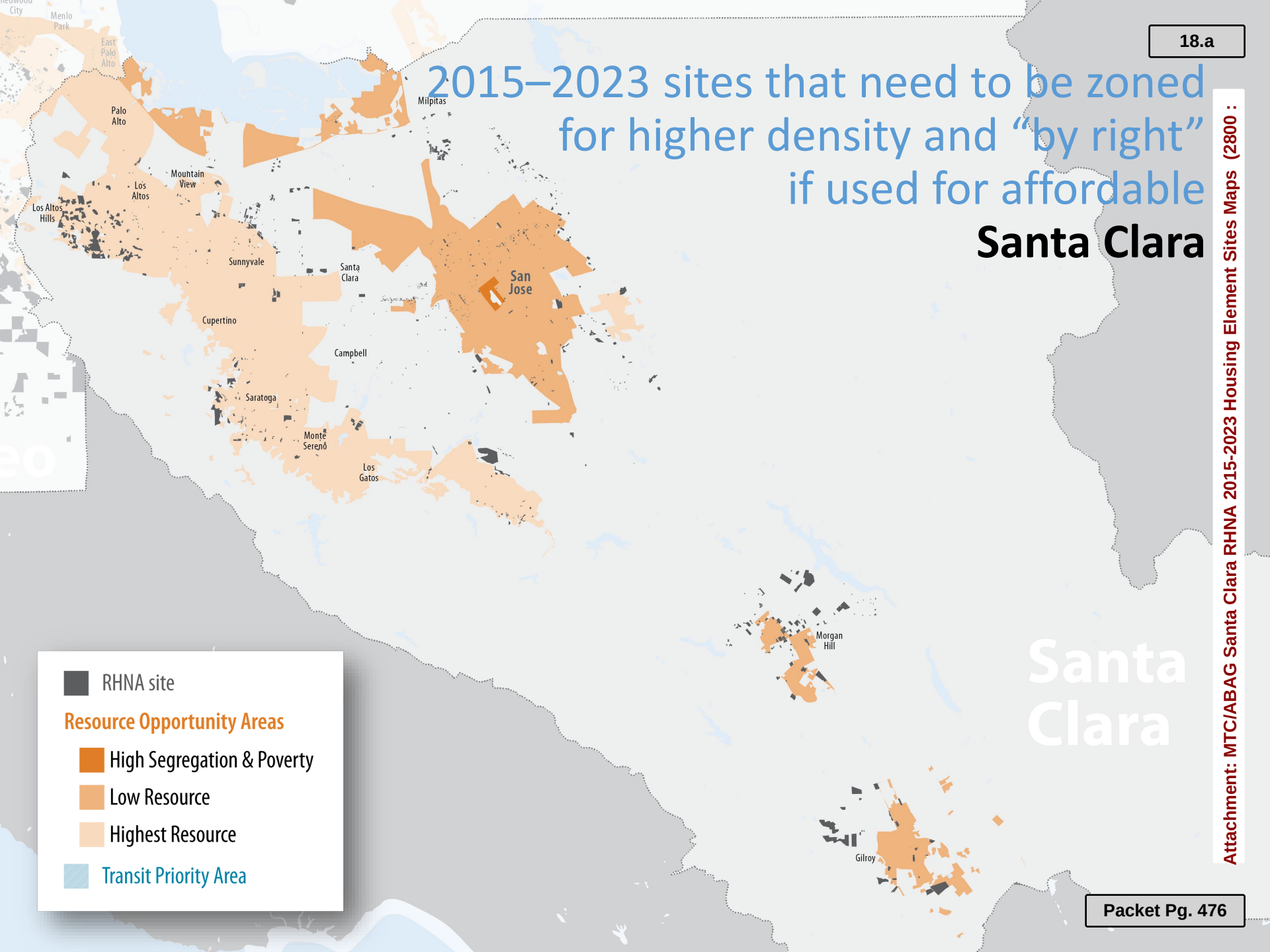
■ High Segregation & Poverty

■ Low Resource

■ Highest Resource

■ Transit Priority Area

2015–2023 sites that need to be zoned for higher density and “by right” if used for affordable **Santa Clara**



■ RHNA site

Resource Opportunity Areas

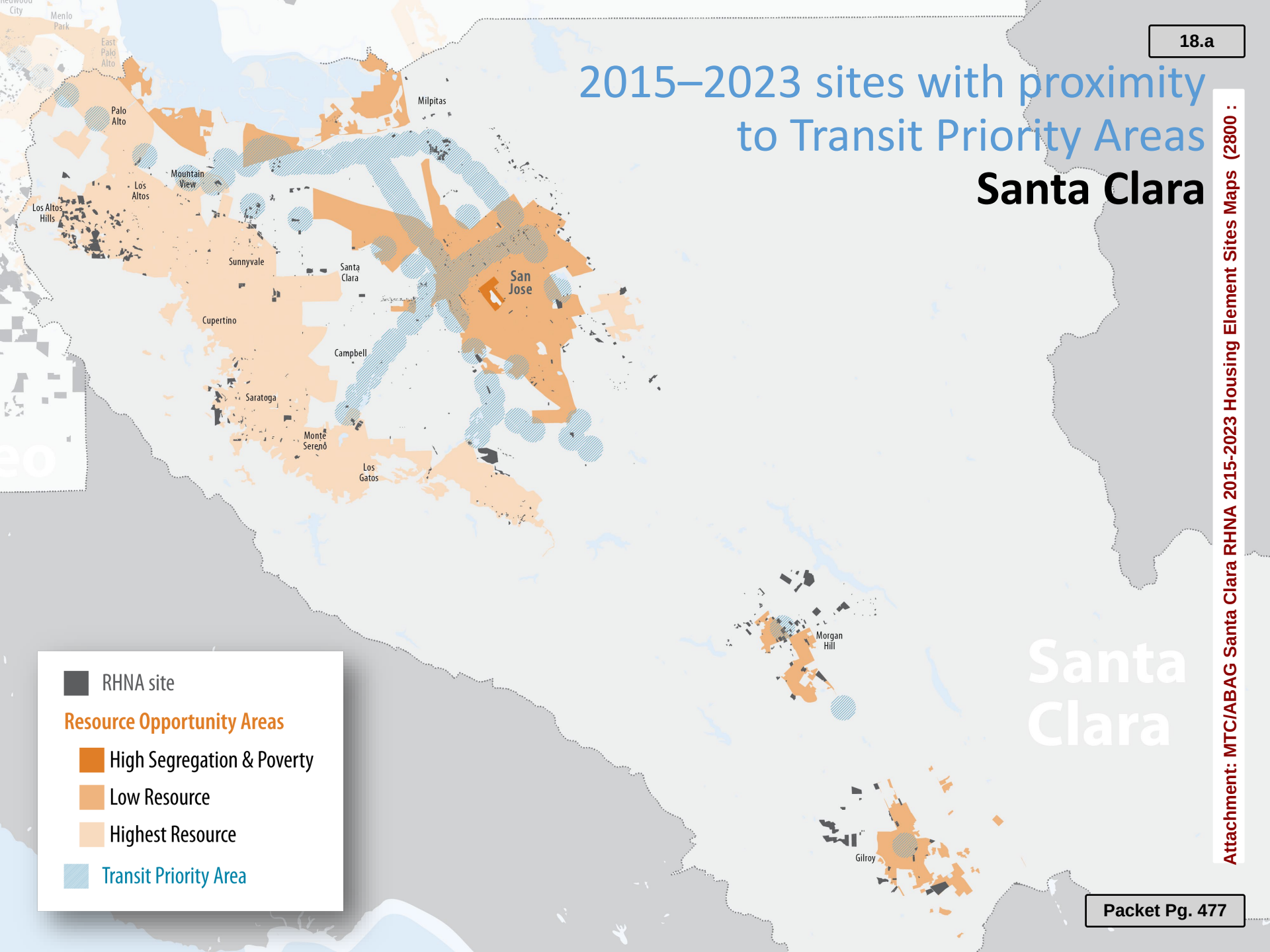
■ High Segregation & Poverty

■ Low Resource

■ Highest Resource

■ Transit Priority Area

2015–2023 sites with proximity to Transit Priority Areas Santa Clara



■ RHNA site

Resource Opportunity Areas

■ High Segregation & Poverty

■ Low Resource

■ Highest Resource

■ Transit Priority Area

REGIONAL HOUSING NEEDS ALLOCATION



Housing Methodology Committee

Local Jurisdiction Elected Officials – 9 members

County	Representative
Alameda	Mayor Jesse Arreguin* , City of Berkeley
Contra Costa	Vice Mayor Julie Pierce* , City of Clayton
Marin	Councilmember Pat Eklund* , City of Novato
Napa	Supervisor Diane Dillon* , County of Napa
San Francisco	TBD
San Mateo	Councilmember Rick Bonilla* , City of San Mateo
Santa Clara	Councilmember Neysa Fligor* , City of Los Altos
Solano	Supervisor Monica Brown* , Solano County <i>Supervisor John Vasquez, Solano County (Alternate)</i>
Sonoma	Councilmember Susan Adams* , City of Rohnert Park

Local Jurisdiction Staff – 12 members

County	Representative
Alameda	Ellen Clark , Planning Manager, City of Pleasanton Darin Ranelletti , Policy Director for Housing Security, City of Oakland
Contra Costa	Forrest Ebbs , Community Development Director, City of Antioch Mindy Gentry , Planning Manager, City of Concord
Marin	Elise Semonian , Planning Director, Town of San Anselmo
Napa	Vin Smith , Community Development Director, City of Napa
San Francisco	Paolo Ikezoe , Senior Planner, City and County of San Francisco
San Mateo	Josh Abrams , Baird + Driskell Community Planning, Staff to 21 Elements
Santa Clara	Michael Brilliot , Deputy Dir. for Citywide Planning, City of San Jose Aarti Shrivastava , Assistant City Manager/Community Development Director, City of Mountain View <i>Jennifer Carman, Development Services Director, City of Morgan Hill (Alternate)</i> <i>Andrew Crabtree, Community Development Director, City of Santa Clara (Alternate)</i>
Solano	Matt Walsh , Principal Planner, Solano County <i>David Feinstein, Principal Planner, City of Fairfield (Alternate)</i>
Sonoma	Jane Riley , Comprehensive Planning Manager, Sonoma County <i>Milan Nevajda, Deputy Planning Director, Sonoma County (Alternate)</i> <i>Noah Housh, Community Development Director, City of Cotati (Alternate)</i>

Regional Stakeholders – 16 members

Interest Area	Representative
Social Equity	Victoria Fierce , California Renter Legal Advocacy and Education Fund (CaRLA) Jeffrey Levin , East Bay Housing Organizations (EBHO) Fernando Marti , Council of Community Housing Organizations
Business Community	Russell Hancock* , Joint Venture Silicon Valley Matt Regan* , Bay Area Council
Non-Profit Housing	Welton Jordan , EAH Housing Rodney K. Nickens, Jr. , Non-Profit Housing Association of Northern California (NPH)
For-Profit Housing	Paul Campos* , Building Industry Association of the Bay Area (BIA) Jonathan Fearn , Greystar Development
Open Space/Agriculture	Amanda Brown-Stevens , Greenbelt Alliance
Public Education	Brandon Kline , San Francisco State University
Public Health	Anita Addison , La Clinica de la Raza
Philanthropy	Rupinder (Ruby) Bolaria Shifrin , Chan Zuckerberg Initiative
Public/Alternative Transportation	Bob Planthold , Government and Community Advocates Strategies, Inc.
RPC Housing Subcommittee	Carlos Romero* , Urban Ecology
Labor	Scott Littlehale , Senior Research-Analyst, Northern California Carpenters Regional Council

State Partner – 1 member

Megan Kirkeby, Assistant Deputy Director for Fair Housing, California Department of Housing & Community Development (HCD)

** Member of ABAG Regional Planning Committee. The number of RPC members on the HMC was limited to no more than 15 to avoid having a quorum of the RPC at the meetings.*



Regional Housing Need Allocation (RHNA) and Housing Element Reforms Update



What is RHNA?

- Since 1969, State law requires that all jurisdictions must plan to meet the housing needs of everyone in the community
- The **State** identifies total number of units, across all income groups, for which the region must plan for 8-year period (sixth cycle covers 2023-2031)
- **ABAG** collaborates with local governments and stakeholders to develop a formula to assign each community a share of the Bay Area's housing need
- **Each local government** must update Housing Element of General Plan and zoning to show how it plans to accommodate its share of the regional need

What are the statutory objectives of RHNA?

Increase housing supply and mix of housing types, tenure, and affordability in all cities and counties in an equitable manner

Promote infill development and socioeconomic equity, protect environmental and agricultural resources, encourage efficient development patterns, and achieve GHG reduction targets

Promote improved intraregional jobs-housing relationship, including balance between low-wage jobs and affordable housing

Balance disproportionate household income distributions (more high-income RHNA to lower-income areas and vice-versa)

Affirmatively further fair housing

What's new this RHNA cycle?

Greater emphasis on social equity

Higher expected total regional housing need

Expanded HCD oversight on methodology & allocations

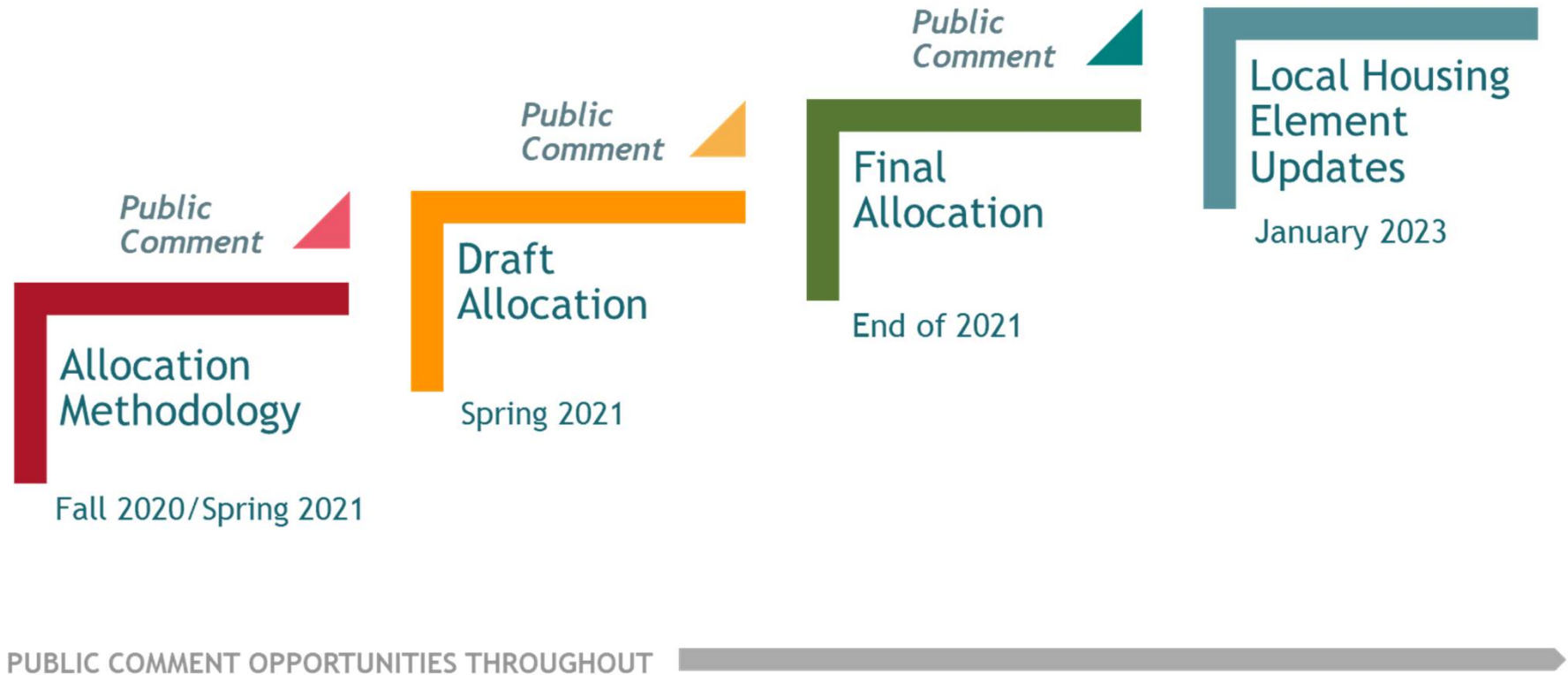
More factors to consider in allocations (overpayment, overcrowding, greenhouse gas target, jobs-housing fit)

New requirements for identifying eligible sites for Housing Elements

Factors considered in RHNA Methodology

1. **Access to High Opportunity Areas** – More housing units allocated to jurisdictions with the most access to opportunity (e.g. good schools, low poverty, etc.).
2. **Divergence Index** – More housing allocated to jurisdictions that are more segregated compared to the rest of the region.
3. **Job Proximity** – More housing allocated to jurisdictions with easy access to region's job centers.
4. **Vehicle Miles Travelled (VMT)** - More housing allocated to jurisdictions with a high number of vehicle miles travelled per worker.
5. **Jobs-Housing Balance** - More housing allocated to jurisdictions with a high number of jobs relative to the amount of housing.
6. **Jobs-Housing Fit** - More housing allocated to jurisdictions with a high number of low-wage jobs relative to the number of low-cost rental units.
7. **Future Jobs** - More housing allocated to jurisdictions with a higher share of projected jobs.
8. **Transit Connectivity** - More housing allocated to jurisdictions with existing and planned transit infrastructure.
9. **Natural Hazards** - More housing is allocated to areas with low natural hazard risk.

RHNA process overview



Summary of Key Milestones

MILESTONE	DEADLINE
Housing Methodology Committee kick-off	October 2019
HCD Regional Housing Need Determination	Summer 2020
Plan Bay Area 2050 Draft Blueprint	July 2020
Proposed RHNA methodology, draft subregion shares	Fall 2020
Plan Bay Area 2050 Final Blueprint	December 2020
Final subregion shares	December 2020
Draft RHNA methodology to HCD for review	Winter 2021
Final RHNA methodology, draft allocation	Spring 2021
RHNA appeals	Summer 2021
Final Plan Bay Area 2050	September 2021
Final RHNA allocation	End of 2021
Housing Element due date	January 2023

*By statute, the Housing Element due date cannot be extended beyond January 2023
 Dates are tentative and subject to change*

Bay Area Overall RHNA

2023 – 2030 Bay Area RHNA: 441,176

Roughly 2.4 times the 2015-2023 number

Overall much less than expected

Very Low Income: 114,442

Low Income: 65,892

Moderate: 72,712

Above Moderate: 188,130

Cities that will likely receive higher RHNA's

Job rich cities

Small towns near job rich cities 

Cities with good public transportation networks

Cities with opportunity areas

Changes to Housing Element Site Selection for affordable housing

Cannot “re-use” sites unless provide minimum density (20 units per acre in Morgan Hill) and “by right” zoning

Narrow definition of vacant, and if non-vacant sites used for 50% or more of lower-income need, existing use presumed to impede development

Cannot use sites smaller than 0.5 acre or larger than 10 acres without substantial evidence

Changes to Housing Element Site Selection for affordable housing

The state has made it clear that the **City will be required to rezone** land to accommodate the RHNA.

Without upzoning, a significant portion of the current inventory will not be able to be included in the Housing Element.

Process will include a significant public involvement component.

Next Steps

RHNA schedule - one year from final RHNA allocation to submit the final Housing Element

In advance of that final allocation, staff will:

- Access available planning funds and technical assistance, including newly established LEAP grant program
- Review housing inventory from previous Housing Element
- Begin to identify housing sites that can accommodate an increased RHNA and need to be considered for rezoning

Questions?





CITY COUNCIL STAFF REPORT

MEETING DATE: July 15, 2020

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

CONSIDER CITY POSITIONS ON PROPOSED 2020 LAND USE AND HOUSING LEGISLATIONS

RECOMMENDATION(S)

1. Receive report; and
2. Direct staff to take no position or communicate City's position to the authors of the certain proposed 2020 legislation, local elected State representatives and the League of California Cities.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Preserving and Cultivating Public Trust
Advancing Regional Initiatives

2020-2021 Strategic Priorities

Affordable Housing and Homelessness

REPORT NARRATIVE:

The purpose of this report is to generate discussion amongst the City Council regarding the interest to take a formal City position on several bills of interest for the City of Morgan Hill and to generate letters of support or opposition.

On June 17, staff provided a 2020 California legislative update regarding ballot measures, and bills regarding housing, land-use, mitigation fees, and homelessness. Since then, staff has tracked the bills and identified approximately 20 bills of significant interest on which the City Council may consider taking a position. The bills are outlined in the attached schedule to include the bill #, author, brief description, League of California Cities (LOCC) position, relevance to Morgan Hill based upon General Plan, Zoning and /or City Council policy and considering such, a recommended City position.

This legislative session the housing and land use bills have focused upon facilitation or forcing housing production. The bills of chief concern to housing and land use have been in the categories of Homelessness response and local responsibility, allowing housing outright in all office, retail and commercial areas which have been vacant for several years, additional density bonus measures to stimulate housing affordability, homeless sheltering in all communities and residential areas, permitting housing by right by religious entities and non-profit hospitals and the prohibition of construction or reconstruction in high fire hazard areas.

COMMUNITY ENGAGEMENT: Inform

This report is intended to inform the City Council and the community of several bills proceeding through the 2020 legislative session and recommends City's position on the bills.

ALTERNATIVE ACTIONS:

Council could elect to alter or not take a position on one or more of the bills outlined in the attached schedule.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 17, City Council received a report of various bills proceeding through the State's 2020 legislative session.

FISCAL AND RESOURCE IMPACT:

Each bill requires specific analysis, but those with the greatest impact include the split roll initiative. Future proposed constitutional amendment (ACA 10) proposed by Assemblyman Rob Bonta regarding homelessness obligations of cities may also impose serious local financial obligations upon localities. Several other bills will act as unfunded mandates to Development Services Fund (206), requiring the City to create new review procedures and align codes with State initiatives.

Tracking legislative bills is an activity included in staff's annual workplan.

CEQA (California Environmental Quality Act):

Proposals for legislation to be enacted by the State Legislature are not considered a "project" under CEQA.

LINKS/ATTACHMENTS:

1. Housing Legislature Update Schedule

Housing Legislative Update

item #	Bill #	Short Title	Author	League's Position	Rec. City Position	Bill Description	Concern/Relevance for Morgan Hill
1	AB 1279	Housing Development. High-resource Areas	Bloom	Watch	oppose if scheduled for hearing	This measure would require the Department of Housing and Community Development (HCD) to designate areas in the state as high-resource areas by January 1, 2021, and every five years thereafter. In areas designated as a high-resource area, this measure would require cities, at the request of a developer, to allow up to fourplexes in single-family zones and up to 100 units per acre in commercial zones. These projects shall receive ministerial approval (use by right).	Morgan Hill could be designated high resource area based upon location in High Resource County. If hearings scheduled - oppose as not appropriate for suburban locale
2	AB 1484	Mitigation Fee Act	Grayson	Oppose	Bill withdrawn from session by author	This measure would prohibit a local agency from imposing a housing impact requirement adopted by the local agency on a housing development project unless specified requirements are satisfied by the local agency, including that the housing impact requirement be roughly proportional in both nature and extent to the impact created by the housing development project.	Would put additional restrictions on cities for assessing and collecting impact fees from housing developments
3	AB 2345	Planning and Zoning. Density Bonus	Gonzalez	Oppose unless amended	Oppose	This measure would greatly expand Density Bonus law and allow developers to receive up to five concessions and incentives from local governments and up to 50 percent more density.	Increases number of concessions to 5; rewarding moderate affordability; does not help City achieve affordability requirements
4	SB 1085	Density Bonus Law. Housing for Lower-income Students	Skinner	Support if amended. Senate Housing Package	support if amended to protect Local IHO	This measure would require a city or county to grant additional incentives or concessions for a project that contains a specified percentage of units for moderate income rental housing and lower income student housing developments.	Support if amended to specifically enforce State and local inclusionary housing requirements
5	AB 3107	Planning and Zoning. Housing Development	Bloom	Watch/Seeking Amendments	Oppose	This measure would require, notwithstanding any inconsistent provision of a city's or county's general plan, specific plan, zoning ordinance, or regulation, a housing development in which at least 20 percent of the units have an affordable housing cost or affordable rent for lower income households shall be an allowable use on a site designated in any element of the general plan for commercial uses.	Temp. until new Housing Element cycle; 30 units/acre. Up zoning and/or commercial conversion should align with Housing element update
6	SB 1299	Housing Development. Incentives. Rezoning of Idle Retail Sites	Portantino	Support	support.	This measure would, upon appropriation by the Legislature, require HCD to administer a program to provide incentives in the form of grants allocated as provided to local governments that rezone idle sites used for a big box retailer or a commercial shopping center to instead allow for the development of workforce housing.	Requires state to compensate locality for the sales tax loss from the commercial site conversion for several years

Attachment: Housing Legislature Update Schedule [Revision 3] (2804 : 2020 Legislature Update)

Housing Legislative Update

item #	Bill #	Short Title	Author	League's Position	Rec. City Position	Bill Description	Concern/Relevance for Morgan Hill
7	SB 1385	Local Planning. Housing in Commercial Zones	Caballero	Watch/Seeking Amendments. Senate Housing Package	oppose unless amended	This measure, the Neighborhood Homes Act, would deem a housing development project, as defined, an authorized use on a neighborhood lot zoned for office or retail commercial use under a local agency's zoning code or general plan. The measure would require the density for a housing development under these provisions to meet or exceed the density deemed appropriate to accommodate housing for lower income households according to the type of local jurisdiction, including a density of at least 20 units per acre for a suburban jurisdiction.	Allows housing of 20-30 units in office, retail and commercial zones if vacant for 3 years. Oppose unless "may" and not "shall"
8	AB 3040	Local Planning. Regional Housing Needs	Chiu	Support in concept. Senate Housing Package	Support if amended	This measure would create a voluntary program to incentivize local governments to allow four units per parcel, by-right, in exchange for additional credit towards the city's or county's share of the regional housing need allocation for each site identified under these provisions. The measure would prohibit the cumulative credit received by a city or county from exceeding more than 25 percent of the total units needed to meet its regional housing needs allocation.	Voluntary up zone; City given credit in RHNA but n 1:1
9	SB 474	Very High Fire Severity Zones. Development	Stern	Watch	Oppose	This measure would prohibit the construction of a new development project within a very high fire hazard severity zone or a state responsibility area. Development projects include residential dwellings, including, but not limited to, mobile homes, accessory dwelling units, and junior accessory dwelling units, of one or more units or a subdivision of land for the purpose of constructing one or more residential dwelling units, and projects for commercial, retail, or industrial use.	would render structures in High Fire Hazard area "legal nonconforming" and prohibit major alterations and expansions of use
10	SB 1120	Subdivisions. Tentative Maps	Atkins	Support if Amended	oppose	This measure would build off the Accessory Dwelling Unit (ADU) law that allows for at least three units per parcel to further encourage development in single-family neighborhoods by creating a ministerial approval process for duplexes and lot splits that meet local zoning, environmental and tenant displacement standards.	measure minimum lot size is 2400 sf. Creating 2 lot with 6-8 units in a single family patterned neighborhood would result in major use conflicts
11	AB 3300	Homelessness Grant Funds	Santiago	Watch	watch or oppose	This measure would appropriate \$2 billion annually to HCD for the following homelessness and housing programs: •\$1.1 billion to be distributed to counties and continuums of care; •\$800 million to be distributed to cities with a population of at least 300,000; and •\$100 million to nonprofit housing developers to construct affordable housing.	Measure continues to distribute funds to C of C for small cities, as state law are demanding more local accountability. While MH supports State spending on this endeavor, City should object to the method of distribution of funds. City supports funding for non-profit housing developers

Attachment: Housing Legislature Update Schedule [Revision 3] (2804 : 2020 Legislature Update)

Housing Legislative Update

item #	Bill #	Short Title	Author	League's Position	Rec. City Position	Bill Description	Concern/Relevance for Morgan Hill
12	SB 795	Affordable Housing and Community Development Investment Program	Beall	Support	support	This measure would invest \$2 billion annually for five years into the immediate construction of affordable housing units and programs that address and prevent homelessness. Additionally, this measure would create two new programs administered by the Governor's Office of Business and Economic Development (GO-Biz) to help local governments with their economic recovery and natural disaster preparedness.	Measure would provide direct funding to local agencies, like Morgan Hill, through grants to assist economic recovery and disaster preparedness.
13	ACA 10	Personal Rights. Right to Housing	Bonta	Watch	watch or support	This measure would declare that the fundamental human right to housing exists in this state. This measure would declare this right is exclusively enforceable by a public right of action. It would specify that it is the shared obligation of state and local jurisdictions to respect, protect, and fulfill this right through progressively implemented measures, consistent with available resources, within an aggressive but reasonable time frame.	Multiple measures introduced. ACA 5 and repeal o Prop 209 banning Affirm. Action also proposed; supported by Legislative Black Caucus
14	AB 3269	State and Local Homelessness Plans	Chiu	Watch	oppose unless amended	This measure, upon appropriation by the Legislature, would require the Homeless Coordinating and Financing Council to conduct, or contract with an entity to conduct, a statewide needs and gaps analysis to identify, among other things, state programs that provide housing or services to persons experiencing homelessness and funding required to move persons experiencing homelessness into permanent housing. This measure would also state the intent of the Legislature that each state and local agency aim to reduce homelessness within its jurisdiction by 90 percent by December 31, 2028.	Development of actionable plan by 2028 needs to also include a formula for sharing support funds to small cities
15	SB 902	Permit 10 units per parcel in transit rich area	Skinner	Senate Housing package	support	authorizing a city to allow up to 10 units per parcel on any residential parcel in a transit rich, job rich area or on an urban infill parcel.	opt in program only; if City opts in no CEQA requirements

Attachment: Housing Legislature Update Schedule [Revision 3] (2804 : 2020 Legislature Update)

Housing Legislative Update

item #	Bill #	Short Title	Author	League's Position	Rec. City Position	Bill Description	Concern/Relevance for Morgan Hill
16	AB 725	Housing Element. Moderate-income and above moderate-income housing	Wicks	Watch	support	This measure would require incorporated areas within a metropolitan jurisdiction, at least 25% of the jurisdiction's share of the regional housing need for both the moderate-income and above moderate-income housing categories must be allocated to sites with zoning that allows at least two units of housing, but no more than 35 units of housing per acre.	25% of mod and above mod must be TH or attache on sites zoned for more than 1 unit. Policy may assist with missing middle housing production. Further incents City to limit single family const.
17	AB 1851	Faith-based organizations. Housing Development	Wicks	Watch	oppose	This measure would, upon the request of a developer of a housing development project, require a local agency to ministerially approve a request to that local agency to reduce or eliminate any parking requirements that would otherwise be imposed by that local agency on the development if the housing development project qualifies as a faith-based organization affiliated housing development project. This measure would prohibit a local agency from requiring the replacement of religious-use parking spaces proposed to be eliminated by a faith-based organization's housing project or from requiring the curing of any preexisting deficit of religious-use parking as a condition of approval of a faith-based organization affiliated housing development project.	Exacerbates neighborhood parking conflicts. Reduces church parking and requires no housing parking
18	SB 899	Housing Development. Nonprofit Hospitals or religious Institutions	Wiener	Watch	oppose	This measure would require that a housing development project be a use by right upon the request of a nonprofit hospital, nonprofit diagnostic or treatment center, nonprofit rehabilitation facility, nonprofit nursing home, or religious institution that partners with a qualified developer on any land owned in fee simple by the applicant if the development satisfies specified criteria.	Measure designed to require Cities to zone and allow by right, similar to AB1851 would exacerbate neighborhood parking conflicts.

Attachment: Housing Legislature Update Schedule [Revision 3] (2804 : 2020 Legislature Update)

Housing Legislative Update

item #	Bill #	Short Title	Author	League's Position	Rec. City Position	Bill Description	Concern/Relevance for Morgan Hill
19	SB 1138	Housing Element. Emergency Shelter. Zoning of sites	Wiener	Watch	oppose	This measure would revise the requirements of the housing element, as described above, in connection with identifying zones or zoning designations that allow residential use, including mixed use, where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit. This would also, for the 6th and each subsequent revision of the housing element, require that a local government that fails to adopt a housing element that the Department of Housing and Community Development has found to be in substantial compliance with state law within 120 days of the statutory deadline to complete the rezoning no later than one year (instead of three years under current law) from the statutory deadline for the adoption of the housing element.	Punitive measure designed to require Cities to zone and allow by right homeless shelters in all areas of the community. Sets requirement to re-zone and for additional compliance through more frequent overview of Housing Element
20	AB 2405	Housing. Homelessness. Children and Families	Burke	watch	watch	This measure would require local jurisdictions to, on or before January 1, 2022, establish and submit to the Department of Housing and Community Development an actionable plan to house their homeless populations based on their latest point-in-time count.	This measure may require State reimbursement as local mandate. Bill should require direct distribution of State and federal funds for homelessness to small cities. Creates layers of state mandates. Could cost 10's to 100's of millions

Attachment: Housing Legislature Update Schedule [Revision 3] (2804 : 2020 Legislature Update)

-----Original Message-----

From: D. Muirhead <doug.muirhead@stanfordalumni.org>

Sent: Monday, July 13, 2020 8:58 AM

To: CC Public Comment <CCPublicComment@morganhill.ca.gov>

Subject: Comment Morgan Hill City Council July 15 Item #2: Proclaiming Black Lives Matter

Dear Morgan Hill City Council,

A comment for your meeting on July 15 regarding

#2: Proclaiming Black Lives Matter

I was feeling optimistic just a few months ago as more and more attention was being paid to the many inequities in our state and nation in how we treat our least advantaged people.

So it is with some disappointment that I note that recent events have caused us to snap back into dividing our world into silos of color.

A person reading this agenda item headline and staff report would be unaware that the actual resolution does not focus on only one community and instead addresses "Black and other communities of color", although only one such silo has a named color.

I recently said to the City Manager, after hearing a comment at a town hall that equated Section 8 housing with criminal behavior, that your 2017 resolution reaffirming that the City's commitment to a diverse, supportive, and inclusive community did not include economic differences when you listed the reasons members of the city are valued:

religion, immigration status, ethnicity, disability, gender, sexual orientation, gender identity, and age.

I tried, without success, to get you to explicitly address equity in your budget discussions. The virus has spotlighted how crowded living does not allow the luxury of physical distancing, that low-wage essential workers are forced to choose between protecting their loved ones or going out for a paycheck to provide shelter and food, that health care provided as part of job benefits is meaningless when one has no job, that affordable and available child care is fundamental to our economy and society, that food banks overwhelmed by requests are desperate for supplies but cannot pay farmers to cover the basic costs to raise and distribute their products, and that we are divided between those that have a digital world and those that have no way to take advantage of the shift to on-line everything.

So I am left wondering just what measurable actions you intend to take that will translate the good intentions of these resolutions into actual positive change benefiting all members of our multi-faceted communities.

Thank you for your consideration, Doug Muirhead, Morgan Hill

RECOGNITIONS

Morgan Hill Together Art Competition (10 minutes)

Suman Ganapathy and Nick Gaich to go through presentation and announce winners.

Mayor to congratulate winners and ask Lucy about what inspired her artwork.

- Isabella Gil
- Lucas Canizares
- Ava Lee Maciel
- Lucy Fleischer
- Lily Lehrfeld
- Evie Lehrfeld
- Jimena Ortega
- Alexis Long
- Natalie Nielsen

Virtual Youth Leadership Morgan Hill Program (4 minutes)

Mayor to announce and congratulate the YAC kids for developing, planning, running, and performing the first ever Virtual Youth Leadership Morgan Hill Program and invite them to say a few words.

- Agnes William
- Vaishnavi Muralidharan
- Armaan Banwait
- Hassti Tirgardoorn
- Ria Deshpande
- Paras Gandhi
- Alida Watkins

Michelle to start video -

PRESENTATIONS

YAC Video (2.5 minutes)

Mayor to announce YAC video

Michelle to start YAC video <https://www.youtube.com/watch?v=6LFP22VqamM>

Live Oak Valedictorians Lucas Nguyen and Emma Squires speeches (8 minutes)

Mayor to announce video of Live Oak Valedictorians Lucas Nguyen and Emma Squires speeches.

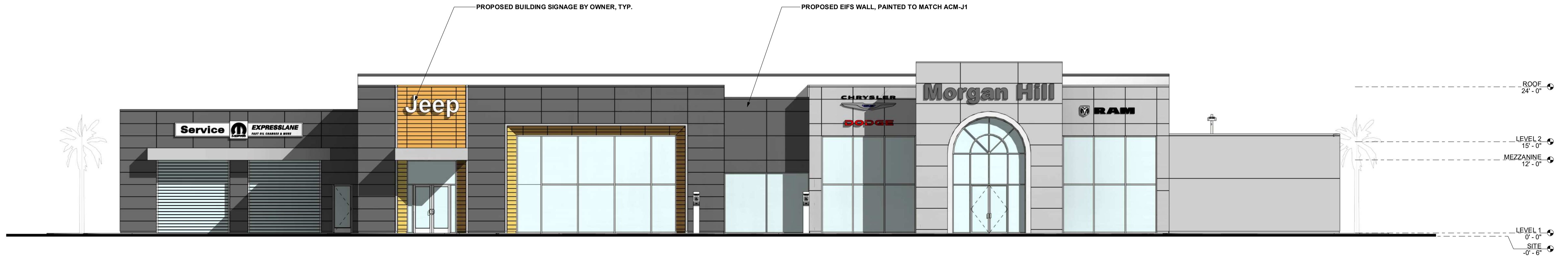
Michelle to start video - https://youtu.be/R8Xv_F1is10 Start Time 39.13



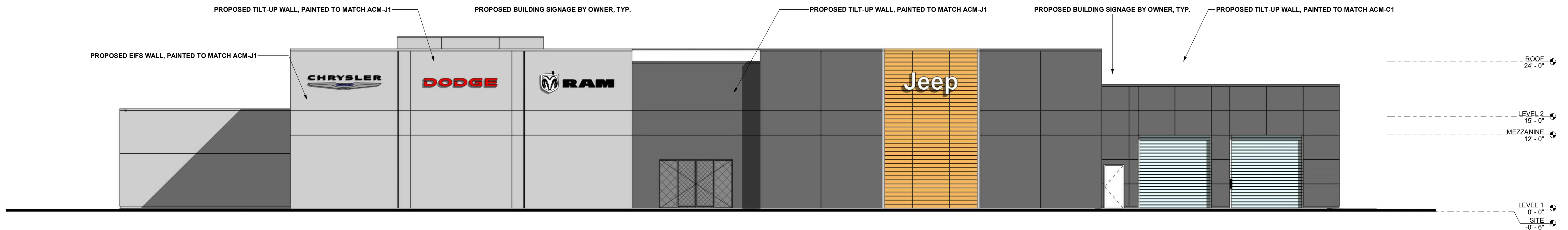


PROPOSED FLOOR PLAN

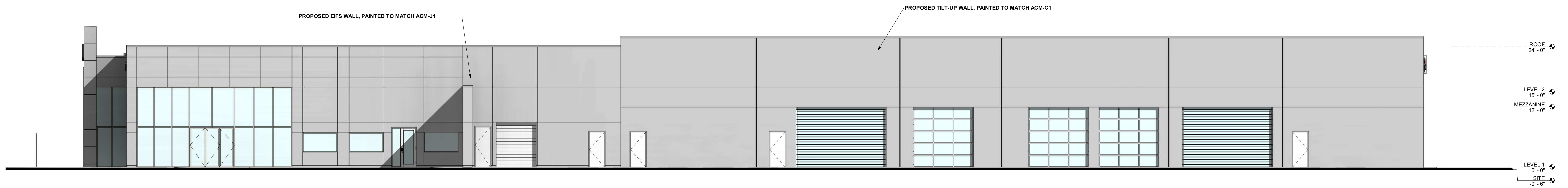
THIS DRAWING AND THE BIM/CAD FILE FROM WHICH IT HAS BEEN GENERATED ARE PROVIDED AS AN INSTRUMENT OF SERVICE FOR THIS PROJECT. THESE DOCUMENTS ARE THE SOLE PROPERTY GORREE ARCHITECTS, INC. ANY USE OF THESE DOCUMENTS, DATA AND DESIGNS FOR PURPOSES OTHER THAN THOSE ASSOCIATED WITH THIS PROJECT WITHOUT THE EXPRESSED, WRITTEN PERMISSION OF GORREE ARCHITECTS, INC. IS PROHIBITED.



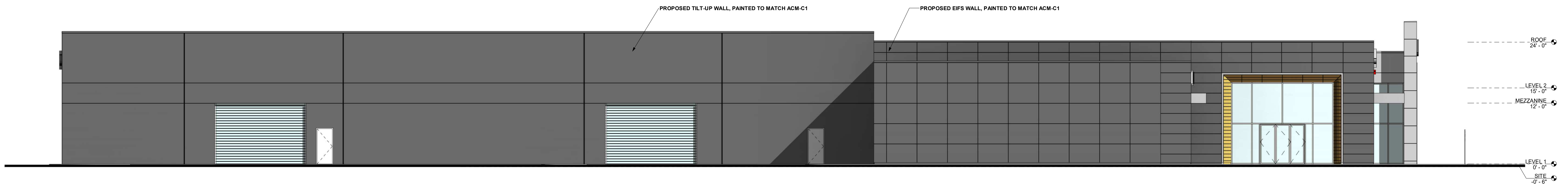
1 NORTHEAST ELEVATION - FRONT
1/8" = 1'-0"



2 SOUTHWEST ELEVATION - BACK
1/8" = 1'-0"



3 NORTHWEST ELEVATION - JEEP SIDE
1/8" = 1'-0"



4 SOUTHEAST ELEVATION - CDR SIDE
1/8" = 1'-0"







Provide Direction Regarding November 2020 Revenue Measure Initiatives

Agenda Item #: 15
City Council Meeting
July 15, 2020



Background



- General Fund is the City's most visible Fund, and one that Council has most discretion over
- General Fund funds Police, Fire, Recreation, Infrastructure Maintenance, Municipal Governance and Administrative Services to support the aforementioned services
- Recreation is the only service supported primarily by user fees, all others depend on general tax revenues such as: Property, Sales and Transient Occupancy Taxes

Background (Cont'd)



- Revenue and Expenditure Imbalance – spending growth continues to outpace revenue growth
- Existing Unfunded Needs
- COVID Fiscal Impact
- May 15th Budget workshop - Council expressed interest in reviewing potential Revenue Measure for November 2020
- June 17th City Council Meeting – Council directed staff to explore all presented revenue/funding options, plus review of business license tax structure

November 2020 Measure(s)



- Utility User Tax (UUT)
- Local Transaction and Use Tax (TUT)
- Business License Tax (BLT)

Utility User Tax (UUT)



- General Tax, requiring 50% +1 majority approval
- Potential Rate: 5% (Most California UUT rates are between 4-5%)
- Amount for Morgan Hill: about \$3.7 million/annually
- Recommendation: Staff does not recommend pursuing UUT for November 2020 ballot due to lack of community support and complexities involved in instituting a UUT

Local Transaction and Use Tax (TUT)



- General Tax, requiring 50% +1 majority
- Volatility: High (Economy Dependent)
- Benefits: Sales tax dollars generated are kept in the City
- Rate: 0.25% (SB797 will not hinder MH Capacity)
- Amount for Morgan Hill: about \$2.3 million/annually
- Recommendation: If Council wishes to place a revenue measure on the November 2020 ballot, staff recommends placing a local transactions and use tax.

October 2019 polling illustrated support for November 2020, with top priorities for preserving 9-1-1 response, repairing city streets, preserving and enhancing fire prevention and protection services.

Business License Tax (BLT)



- General Tax, requiring 50% +1 majority approval
- Volatility: Medium (depending on structure)
- Structures: Employee/Unit, Gross Receipts, and or Square Footage
- Potential Rate and Amount: 6 models generating from \$253,000 to \$2.5 million, annually

Business License Tax (BLT) (Cont'd)

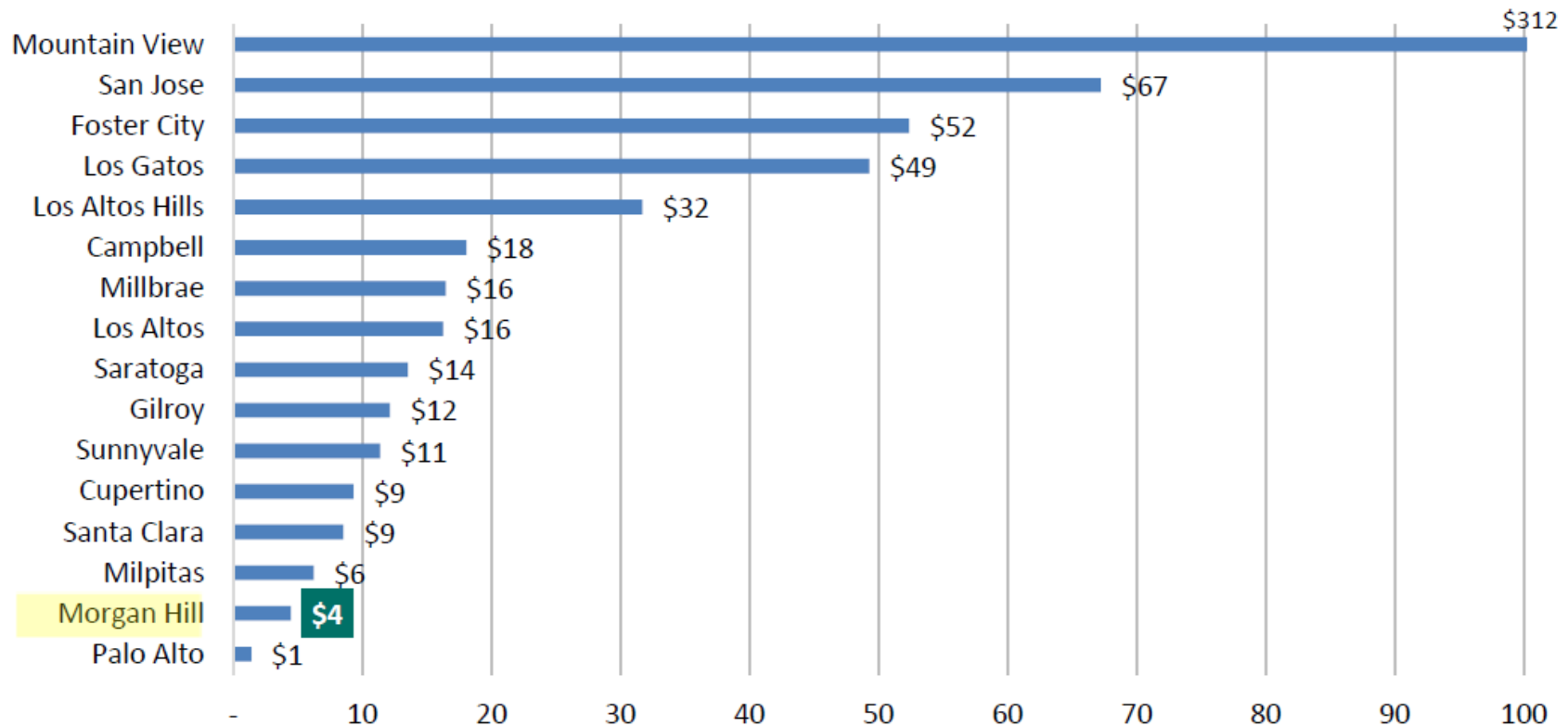


- HdL Business Tax Analysis
 - **Section 1: Current structure and revenue contributions by categories**
 - **Section 2: Ordinance review and recommendations**
 - **Section 3: 6 Potential Models**

Business License Tax (BLT) (Cont'd)



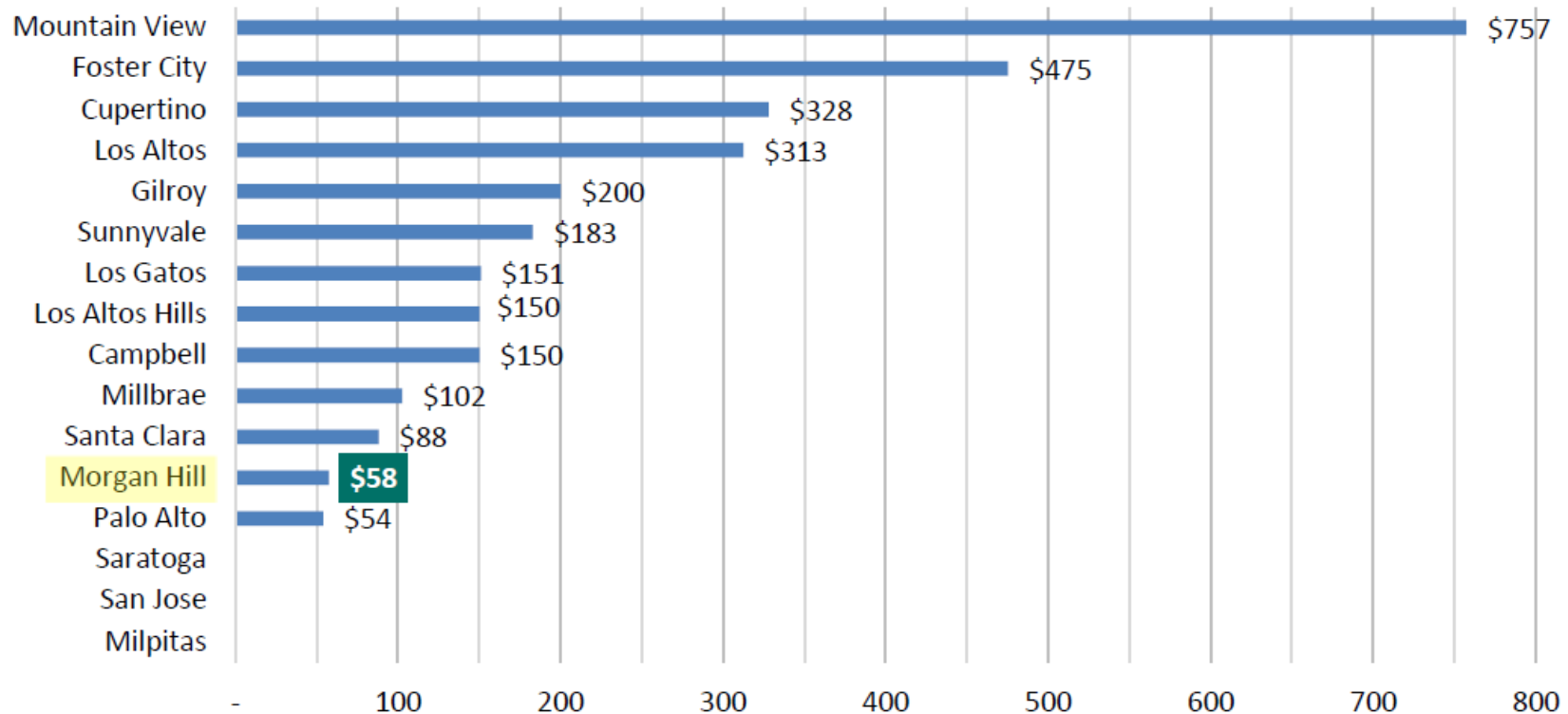
Estimated Business Tax Revenue
Per Capita 2020



Business License Tax (BLT) (Cont'd)



Estimated Business Tax Revenue
Per Business 2020



Business License Tax (BLT) (Cont'd)



	Model 1	Model 2	Model 3
Structure Type:	Employee / Unit	Employee / Unit	Employee / Unit
Application:	Varying Base + Employee / Unit (Varies on business categories)	Unified Base + Employee / Unit (Eliminates business categories)	Varying Base + Unit <u>or</u> Sq. Ft (Classification/ Category Based)
Rate:	<u>Base</u> : \$20 - \$120 <u>Unit</u> : \$6 - \$20	<u>Base</u> : \$50 <u>Unit</u> : \$20 OR \$30	<u>Base</u> : \$50 <u>Unit</u> : \$30-\$40 <u>Sq. Ft</u> : \$0.05/sq. ft
Amount:	\$253,000 - \$405,000 annually	\$545,000 - \$729,000 annually	\$1 million annually

Business License Tax (BLT) (Cont'd)



	Model 4	Model 5	Model 6
Structure Type:	Gross Receipts	Gross Receipts	Hybrid
Application:	Single Base + Gross Receipts Tax (Eliminates business categories)	Varying Base + Gross Receipts Tax (Classification / Category Based)	Varying Base + Gross Receipts <u>or</u> Sq. Ft (Classification/ Category Based)
Rate:	<u>Base:</u> \$50 OR \$100 <u>Gross Receipt:</u> \$1 OR \$0.50 per thousand dollars of gross	<u>Base:</u> \$50 <u>Gross Receipt:</u> \$1-\$3 per thousand dollars of gross <u>Sq.ft:</u> \$0.05/Sq. Ft	<u>Base:</u> \$50 - \$200 varying on category <u>Gross Receipt:</u> \$1 – \$2 per thousand dollars of gross <u>Sq. Ft:</u> \$0.05/Sq. Ft
Amount:	\$1.1 – 1.6 million annually	\$2.5 million annually	\$1.9 million annually

Business License Tax (BLT) (Cont'd)



Recommendation: If Council wishes to place a business license tax modernization measure on the November 2020 ballot, staff recommends moving forward with Model 3.

Action Recommendations



Direct staff to:

1. Not pursue placing a revenue measure for November 3, 2020 ballot; OR
2. Pursue placement of a local transactions and use tax and/or business license tax revenue measure on November 3, 2020 ballot.

Next Steps



Should the City Council decide to place a revenue measure(s) on the November 2020 ballot:

1. Staff will return with appropriate action items necessary to place measure on ballot to include draft ordinance, resolutions, and budget adjustments.

Cost: \$56,520/ballot initiative, not included in adopted budget

Deadline: City Council action on August 5th to meet August 7th ROV deadline

Questions?



Item # 15

AGENDA DATE: 07/15/2020
SUPPLEMENT # 1

From: Armando Be <barmando3@gmail.com>

Date: Wed, Jul 15, 2020 at 3:07 PM

Subject: #15. PROVIDE DIRECTION REGARDING NOVEMBER 2020 REVENUE MEASURE INITIATIVES RECOMMENDATION(S)

To: Rene Spring <rene.spring@morganhill.ca.gov>, christina.turner@morganhill.com.gov <christina.turner@morganhill.com.gov>, john.mckay@morganhill.ca.gov <john.mckay@morganhill.ca.gov>, larry.carr@morganhill.ca.gov <larry.carr@morganhill.ca.gov>, rich.constantine@morganhill.ca.gov <rich.constantine@morganhill.ca.gov>, yvonne.martinezbeltran@morganhill.ca.gov <yvonne.martinezbeltran@morganhill.ca.gov>

Hello City Council Members,

I understand the urgency behind the City's request that you consider approving a tax revenue measure for this November election. The city is experiencing a tremendous revenue loss from the COVID-19 shelter in place and it does not appear the loss will reverse course in the near future. However, many citizens in Morgan Hill, in fact the entire nation, are experiencing the same financial income loss, which also will not be reversed in the near future.

If you chose to place a tax measure, the City will have to spend limited tax dollars in costs and redirect staff time to support the campaign. The odds are not very high. The election cost will be \$56,520. There will surely be other indirect costs, including a tremendous amount of staff time which will be redirected to support the measure. When the economy was hot on October 2019 the professional research firm found only 54% support for a tax measure. Surely, now that the economy is facing a challenging downturn, one would question whether the City can get that 50% plus one margin. If it does not, we will have wasted a tremendous amount of time and resources.

I urge you to postpone placing a tax measure before the voters this November election. It is crucial that the City conserve its limited discretionary spending and staff time. Also, it would be prudent for the city leaders to wait until they have a better data that shows the percentage of Morgan Hill families who are facing economic distress and who will need tax breaks instead of new tax burdens.

Regards,

Armando Benavides



Morgan Hill City Council Meeting – July 15, 2020

FEASIBILITY REPORTS FOR FUTURE RECREATION FACILITIES

Agenda Item: 16



Introduction



Management Partners, Consulting

1. Villa Mira Monte Event Venue Report
2. Sand Volleyball Demand and Facilities Analysis

Purpose for the Reports

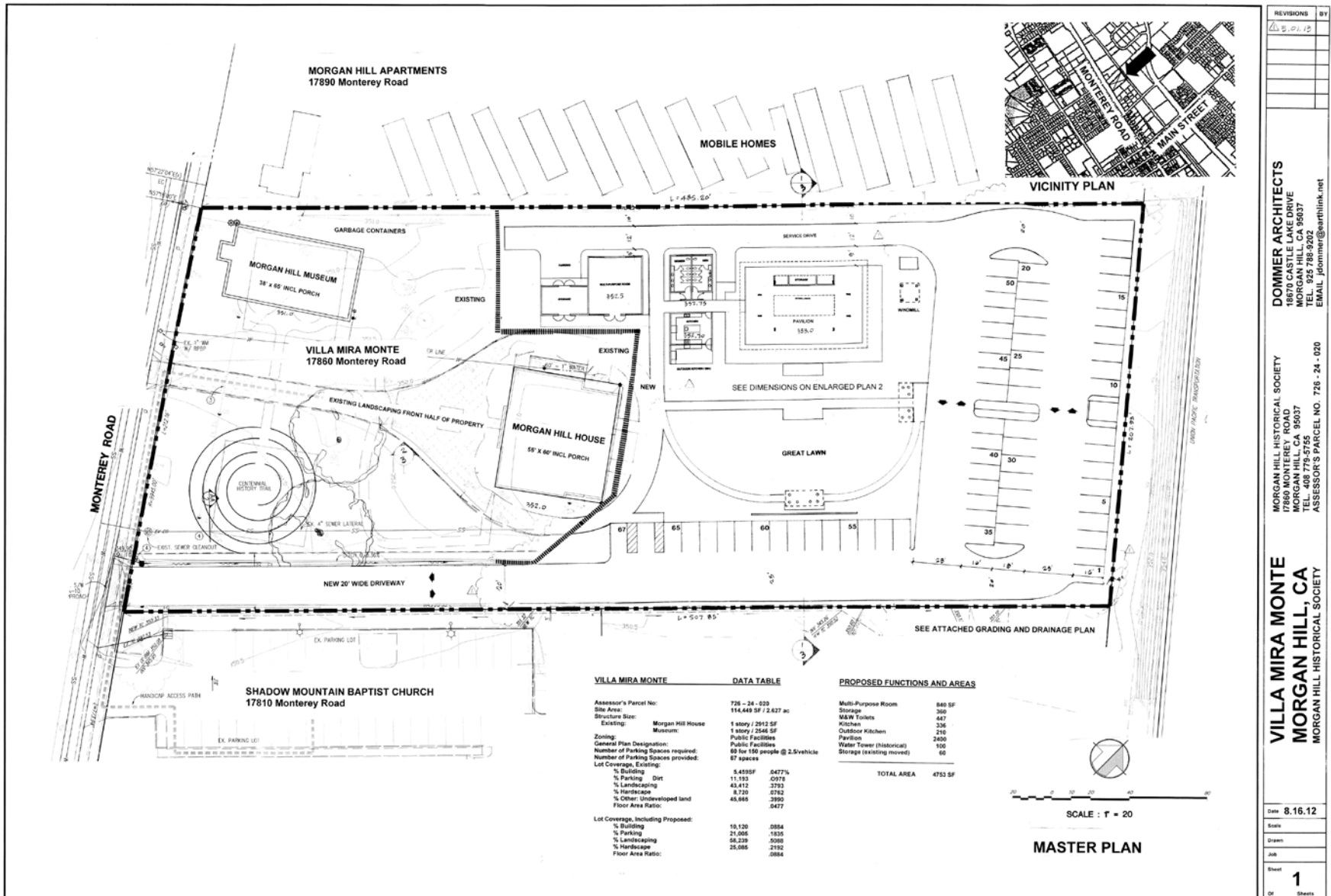
1. Receive Reports
2. Provide Feedback on reports and recommended next steps

Villa Mira Monte Event Venue Report



- Long term partnership with the Historical Society
- Development of the site as an event venue in addition to being a historical resource
- Viability of the site as an event venue

Villa Mira Monte Event Venue Report



DOMMER ARCHITECTS
18870 CASTLE LAKE DRIVE
MORGAN HILL, CA 95037
TEL. 925.788.9202
EMAIL: dommer@earthlink.net

MORGAN HILL HISTORICAL SOCIETY
17860 MONTEREY ROAD
MORGAN HILL, CA 95037
TEL. 408.779.5755
ASSESSOR'S PARCEL NO. 726 - 24 - 020

VILLA MIRA MONTE
MORGAN HILL, CA
MORGAN HILL HISTORICAL SOCIETY

Date: 8.16.12
Scale:
Drawn:
Job:
Sheet:
1
Of: 1 Sheets

Villa Mira Monte Event Venue Report



- Findings/Recommendations
- **Hold off on improvements designed to develop the site as an event venue**
- **Sustain the site as a historic community asset and not as an expanded event venue destination.**
- **Develop a strategic plan and business plan prior to development of the site**

Villa Mira Monte Event Venue Report



- Next Steps
- **Support the Historical Society in the development of the strategic plan for the site**
- **Review limited near term improvements necessary on the site**
- **Continue to support the Historical Society as the City cannot maintain the site as cost effectively and with the same amount of passion that the volunteers have**

Sand Volleyball Demand and Facilities Analysis



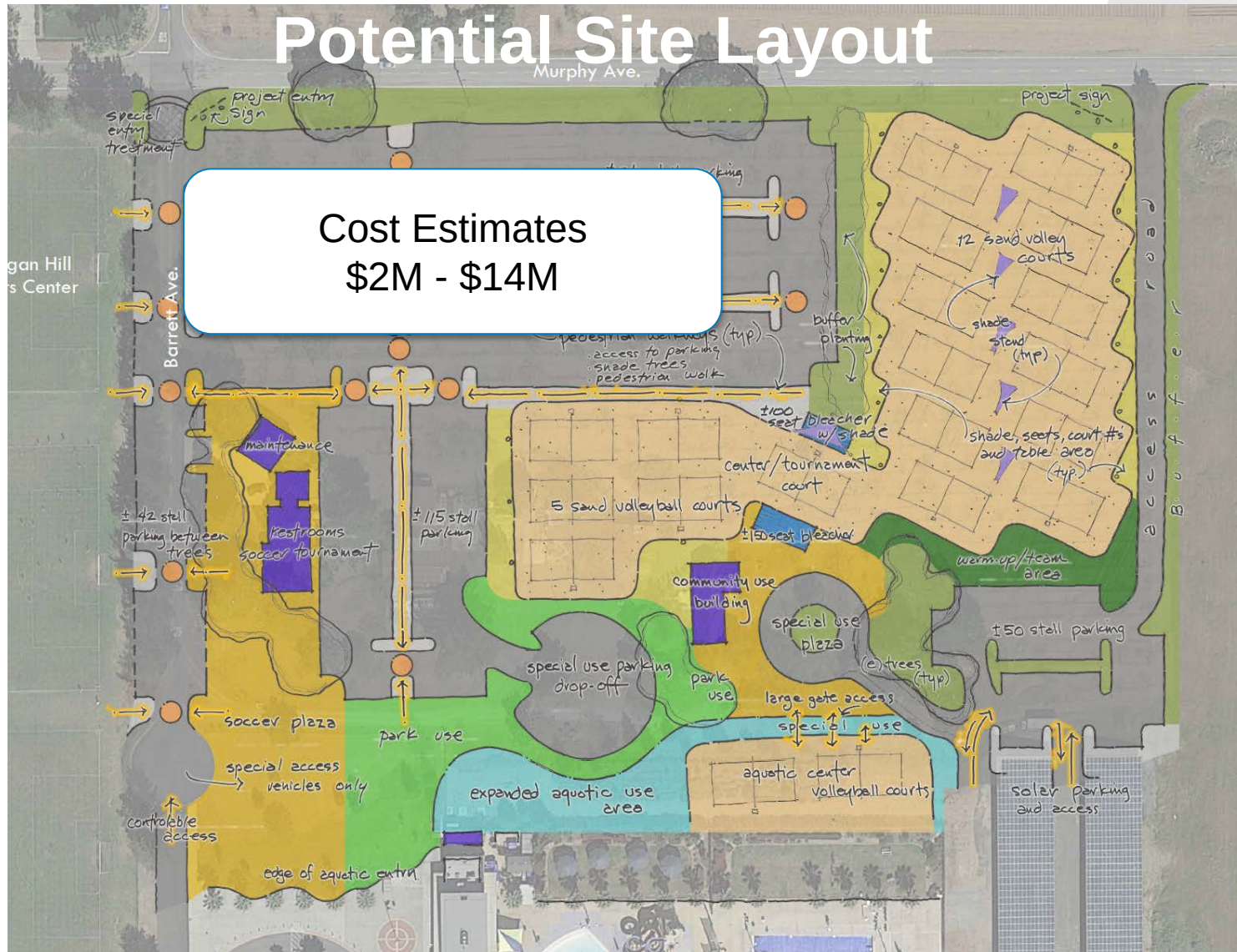
- Opportunity initiated through 2017 Parks and Recreation Master Plan
- Support from Parks and Recreation Commission
- Interest from local and regional sand volleyball groups
- Growing sport
- Unknown demand necessitates review

Sand Volleyball Demand and Facilities Analysis



- Findings and Recommendations
- Sport is growing
- Regional facility could be successful, but not enough data available to make that conclusion
- Youth events are more likely to be the target market, but primarily teenage age group
- Direct cost recovery not likely/operating partner needed
- Limited impact on sports tourism due to the limited number of participants for large events

Sand Volleyball Demand and Facilities Analysis



Sand Volleyball Demand and Facilities Analysis



- Next steps:
- Site Specific Plan for the OSC/AC Area
- **Alternatives for full build out and smaller build out**
- **Alternatives for other uses**
- Environmental Analysis
- Continued work with regional partners
- Potential private partnerships

Questions?



May 22nd, 2020

ATTN: Morgan Hill City Council
RE: Sand Volleyball Complex

The Morgan Hill Chamber of Commerce Board of Directors enthusiastically supports the building of a Sand Volleyball Complex in Morgan Hill. Last year Matthew Wendt, Board Director for the Morgan Hill Community Foundation and Morgan Hill advocate/resident, brought forth the idea of building Sand Volleyball Courts to a VISIT Morgan Hill Meeting. It was the first our organization and other meeting attendees had heard about the proposed project. As an avid volleyball player himself, Matt shared great insight into the sport and its rapidly growing popularity. With demand for the sport growing and suitable facilities falling short, there is an immense opportunity for Morgan Hill to capture volleyball tournaments, tourists, business traffic and sales tax as a result of moving forward with the project. Currently, the only volleyball facilities with 6 courts on the West Coast are located on beaches. Morgan Hill could provide a number of competitive advantages including private courts, consistent Mediterranean climate, expansion of tournament participation, numerous hotel options, airport accessibility and entertainment opportunities. The complex would open the door for clubs, schools, colleges and even Morgan Hill Residents to enjoy. Further, newer sand sports are gaining traction and popularity including sand soccer, sand rugby and sand tennis.

A potential operator for the complex has already come forward. The Northern California Volleyball Association submitted a letter on December 10th, 2019 confirming their interest in partnering with the city of Morgan Hill to operate the complex. This organization successfully manages their own facilities in Santa Rosa and Sacramento, is identified as one of the five founding regions of the National Beach Tour and hosts a National Qualifier for USA Volleyball. Although maintenance on sand volleyball courts is already minimal, these services would be funded through rental fees, guest registration, community sponsorships and hotel occupancy rebates.

A Sand Volleyball Complex offers tremendous benefit and return on investment for very little development and maintenance cost. This project is being supported by numerous volleyball and local organizations and even Sand Volleyball Olympic Medal Recipient Kerri Walsh Jennings! The Morgan Hill Chamber of Commerce is proud to join the ranks of supporters and urges City Council to move the project into the next Phase and begin investing in the creation of a Sand Volleyball Complex in Morgan Hill.

Sincerely,

Brittney Sherman
CEO/President

A handwritten signature in black ink, appearing to be "Brittney Sherman", written over a horizontal line.

17485 Monterey RD, #105, Morgan Hill, CA 95037 * (408) 779-9444* www.morganhill.org

From: [2020](#)
To: [CC Public Comment](#)
Subject: Racists a public health crisis
Date: Wednesday, July 15, 2020 9:37:29 PM

Item # 17
AGENDA DATE: 07/15/2020
SUPPLEMENT # 1

Hi everyone,

Racism effects lives and it's not just among ethnic lines, it includes gays/lesbians.

In the current environment with this pandemic, why is it effecting a majority of people of color. Why do you see and feel racism when walking the street, blaming Asians for the virus, stereotyping Latinos as gang members are just a few examples.

If there was no racism today in the US made up of immigrants, we would be working together with the entire world to fight this pandemic without borders, color, or religion; but of humanity.

Unfortunately racism used to be more hidden and now racism has become acceptable.

It should not be acceptable and only people of all color can make this change.

Roberto Aguirrez

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From: [Christina Turner](#)
To: [D. Muirhead](#)
Cc: [CC Public Comment](#)
Subject: RE: comment Morgan Hill City Council July 15 Closed Session City Manager
Date: Wednesday, July 15, 2020 9:41:59 AM

Hi Doug - Thank you for reaching out and sharing your thoughts. We welcome and encourage community interaction with our Leadership Team. Our Leadership Team participates in our Townhalls and this is now a great venue for our community to get to know our team. We want to make sure the community knows who to contact within our City.

We periodically announce new hires and retirements at a Council meeting. The next one is scheduled for August 5. For departures, the public recognitions vary based on tenure with the City and for those who interact substantially with our community (i.e. John Baty - General Plan and many projects). Although we would like to recognize/celebrate ALL our teammates when they leave, based on circumstances or preferences of our teammates, we do not always get to.

We are in the process of recruiting for a replacement for Dan Repp. Rebecca is now back from her leave.

Thank you,
Christina

-----Original Message-----

From: D. Muirhead <doug.muirhead@stanfordalumni.org>
Sent: Tuesday, July 14, 2020 9:54 AM
To: CC Public Comment <CCPublicComment@morganhill.ca.gov>
Subject: comment Morgan Hill City Council July 15 Closed Session City Manager

Dear Morgan Hill City Council and City Manager, A comment for your Closed Session on July 15
Public Employee Performance Evaluation: City Manager

One way our residents connect with our City government is through personal interaction with the Leadership Team. It is disconcerting to send a message seeking clarification of an agenda item and get back an auto-responder saying "I do not work for MH any longer".

Please discuss with the City Manager why so many departures and arrivals happen with no public announcement. In the last six months (approximately) we had changes in IT, HR, and Utilities. I have not seen our Housing Manager recently, but I hope that is just maternity leave.

The auto-responder (Dan Repp) was a nice touch (but not standard?). These silent departures stand in stark contrast to the "moving-on" celebrations for John Baty and David Swing (which were well-deserved and appreciated).

Thank you, Doug Muirhead, Morgan Hill

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Special - Regular Meeting Agenda

City Council

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

Wednesday, July 15, 2020 5:30 p.m.

Virtual Meeting

Link to join the meeting can be found below, Morgan Hill, CA 95037

MEETING GUIDELINES

In accordance with Executive Order N-25-20 and guidance from the California Department of Public Health on gatherings, remote public participation is allowed. We will address the Order 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. Those members of the public wishing to participate remotely may do so via the electronic meeting at:

<https://bit.ly/071520CCMeeting85451421831>

<https://bit.ly/071520CCMeeting%20854%205142%201831> or by calling in to: (669) 900-9128, then enter the meeting id: 845 5142 1831.

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.

SPECIAL/REGULAR MEETING

A special meeting of the City Council is called at 5:30 p.m. for the purpose of conducting commission interviews and a closed session.

5:30 p.m. Commission interviews and closed session

7:00 p.m. Regular Meeting

SPECIAL MEETING

5:30 P.M. Commission Interviews and closed session

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

COMMISSION INTERVIEWS

1. **INTERVIEWS TO FILL THREE (3) VACANCIES ON THE LIBRARY, CULTURE, AND ARTS COMMISSION AND THREE (3) VACANCIES ON THE PARKS AND RECREATION COMMISSION**

Recommendation:

1. Discuss the characteristics/traits that a successful applicant(s) would possess;
2. Conduct interviews;
3. Identify top applicant(s) and provide recommendation to the Mayor; and
4. Discuss and/or appoint applicant(s).

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (§54957)

Title: City Manager

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (§54957)

Title: City Attorney

CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9.

One case

CONVENE REGULAR MEETING

REGULAR MEETING

7:00 P.M.

July 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.

RECOGNITIONS

Morgan Hill Together Art Competition

Virtual Youth Leadership Morgan Hill Program

PRESENTATIONS

YAC Presentation- <https://www.youtube.com/watch?v=6LFP22VqamM>

Live Oak Valedictorians Emma Squires and Lucas Nguyen

CITY MANAGER'S REPORT

City Manager Christina Turner

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin

PUBLIC COMMENT

Members of the public are entitled to address the City Council concerning any item within the Morgan Hill City Council's subject matter jurisdiction. Public comments are limited to no more than three minutes. Except for certain specific exceptions, the City Council is prohibited from discussing or taking action on any item not appearing on the posted agenda. (See additional noticing at the end of this agenda)

ADOPTION OF AGENDA

CONSENT CALENDAR

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

Time Estimate for Consent Calendar: 1 - 10 Minutes

2. ADOPT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PROCLAIMING BLACK LIVES MATTER AND COMMITTING TO STAND IN SOLIDARITY WITH ITS BLACK COMMUNITY

Recommendation:

Adopt resolution proclaiming Black Lives Matter and committing to stand in solidarity with our Black community.

3. ACCEPTANCE OF EAST MAIN AVENUE WELL #3 PROJECT

Recommendation:

1. Accept as complete the East Main Avenue Well #3 Project in the final amount of \$1,627,146;
2. Authorize the City Engineer to sign the attached Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

4. ACCEPTANCE OF CITY FACILITY FIBER NETWORK INFRASTRUCTURE PROJECT

Recommendation:

1. Accept as complete the City Facility Fiber Network Infrastructure Project;
2. Authorize the City Engineer to sign the Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

5. APPROVE ACCEPTANCE OF GRANT FUNDS FROM SANTA CLARA COUNTY OFFICE OF EMERGENCY SERVICES AND COMMUNITY LAW ENFORCEMENT FOUNDATION, AND APPROPRIATION OF ASSET SEIZURE AND FORFEITURE FUNDS

Recommendation:

1. Accept \$90,000 in grant funds from the County of Santa Clara Office of Emergency Services (OES) for a portable vehicle barrier to use at community special events;
2. Accept \$52,198 in grant funds from the Community Law Enforcement Foundation (CLEF) for purchase of FARO 3D crime scene scanner and medical pouches;
3. Adopt resolution amending the Fiscal Year 2020-21 adopted budget to appropriate \$142,198 within the General Fund (010) and \$60,000 from Asset Seizure and Forfeiture Fund (225) for the related grant and other one-time capital expenditures; and
4. Authorize the City Manager to approve related purchase orders as necessary.

6. APPROVE A PROPERTY USE AGREEMENT WITH VISIT MORGAN HILL

Recommendation:

Approve and authorize the City Manager to execute and administer a property use agreement with Visit Morgan Hill.

7. APPROVE AGREEMENT WITH BLACK AND VEATCH FOR SANITARY SEWER SYSTEM ASSET MANAGEMENT PLAN

Recommendation:

Approve and authorize the City Manager to execute and administer an agreement with Black & Veatch Corporation in the amount of \$309,782 for the development of a Sanitary Sewer Asset Management Plan.

8. APPROVE MICROSOFT ENTERPRISE AGREEMENT FOR OFFICE 365, WINDOWS SERVER, AND SQL DATABASE LICENSING

Recommendation:

1. Approve the purchase of three-year Microsoft Office 365, Windows Server and SQL Database Licensing from Dell Marketing, LLP for a not-to-exceed amount of \$401,329; and
2. Authorize the City Manager to execute and administer a Microsoft Enterprise Agreement for the licensing of the City of Morgan Hill Microsoft products and services.

9. APPROVE RE-SUBORDINATION OF JASMINE SQUARE APARTMENTS, 16530 MONTEREY ROAD, CITY/SUCCESSOR AGENCY LOANS

Recommendation:

Approve re-subordination of existing City/Successor Agency affordable housing loans necessitated by refinance of senior debt, restructure debt to cap Residual Receipt payment to the City/Successor at 75% per Fannie Mae lending requirements, provide developer vehicle to make balloon payment, lower interest rate, and pay \$150,000 towards City loans.

10. APPROVE SECOND AMENDMENT TO AGREEMENT BETWEEN THE COUNTY OF SANTA CLARA AND THE CITY OF MORGAN HILL FOR CONTINUATION OF SERVICES FOR RAPID RE-HOUSING (RRH) AND HOMELESSNESS PREVENTION PROGRAMS

Recommendation:

Approve and authorize the City Manager to execute and administer a second amendment to agreement with the County of Santa Clara to continue support for joint Rapid Re-Housing and Homeless Outreach Services (Homelessness Prevention programs) specifically for South County for a total of \$100,000 for two years.

11. APPROVE THE JUNE 17, 2020 MEETING MINUTES

Recommendation:

Approve Minutes.

12. AMEND THE IMPACT FEE FREEZE PROGRAM FOR COMMERCIAL AND INDUSTRIAL PROJECTS

Recommendation:

1. Approve the Impact Fee Freeze Program and guidelines; and
2. Authorize the City Manager to negotiate and execute Impact Fee Freeze Agreements that are under \$100,000 for new commercial and industrial projects consistent with the program criteria.

13. AWARD EAST MAIN AVENUE BIKE LANES AND SIDEWALK PROJECT

Recommendation:

1. Approve the East Main Avenue Bike Lanes and Sidewalk Project plans and specifications;
2. Award contract to McKim Corporation for the East Main Avenue Bike Lanes and Sidewalk Project in the amount of \$1,188,404;
3. Authorize expenditure of construction contingency funds not to exceed \$118,404; and
4. Authorize the Public Services Director to execute and administer the construction contract with McKim Corporation pending review and approval by the City Attorney's office.

OTHER BUSINESS

14. APPROVE INCENTIVE AGREEMENT FOR A NEW AUTOMOBILE DEALERSHIP

Recommendation:

Adopt resolution authorizing the City Manager to execute and administer an Incentive Agreement, consistent with the Auto Dealer Economic Development Strategy, with the Ford Store, Inc. for a new automobile dealership at the Auto Mall Planned Development Site on Condit Road; and make findings of consistency with Section 53083(a)(6)(b) of the Government Code (AB 562).

Estimated Time: 20 Minutes

15. PROVIDE DIRECTION REGARDING NOVEMBER 2020 REVENUE MEASURE INITIATIVES

Recommendation:

Direct staff to:

1. Not pursue placing a revenue measure for November 3, 2020 ballot;
OR
2. Pursue placement of a local transactions and use tax and/or business license tax revenue measure on November 3, 2020 ballot.

Estimated Time: 45 Minutes

16. PROVIDE DIRECTION REGARDING FEASIBILITY REPORTS FOR FUTURE RECREATION FACILITIES FOR SAND VOLLEYBALL AND VILLA MIRA MONTE HISTORICAL SITE

Recommendation:

1. Receive reports relating to future park and recreation facilities; and
2. Provide feedback and additional direction to City staff as desired.

Estimated Time: 30 Minutes

17. CONSIDERATION OF DECLARING RACISM AS A PUBLIC HEALTH EMERGENCY

Recommendation:

Consider declaring Racism a Public Health Emergency.

Estimated Time: 15 Minutes

18. RECEIVE UPDATE REGARDING REGIONAL HOUSING NEED ALLOCATION AND HOUSING ELEMENT REFORMS

Recommendation:

Receive report.

Estimated Time: 30 Minutes

19. CONSIDER CITY POSITIONS ON PROPOSED 2020 LAND USE AND HOUSING LEGISLATIONS

Recommendation:

1. Receive report; and
2. Direct staff to take no position or communicate City's position to the authors of the certain proposed 2020 legislation, local elected State representatives and the League of California Cities.

Estimated Time: 20 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

ADJOURNMENT

NOTICE

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

PUBLIC COMMENT

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

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

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

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

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

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

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 Together”

**Shelter-in-Place Window-Art Competition for Youth
&
MH Community Disaster Relief Fundraiser**

Primary Age Category (Pre K-2)



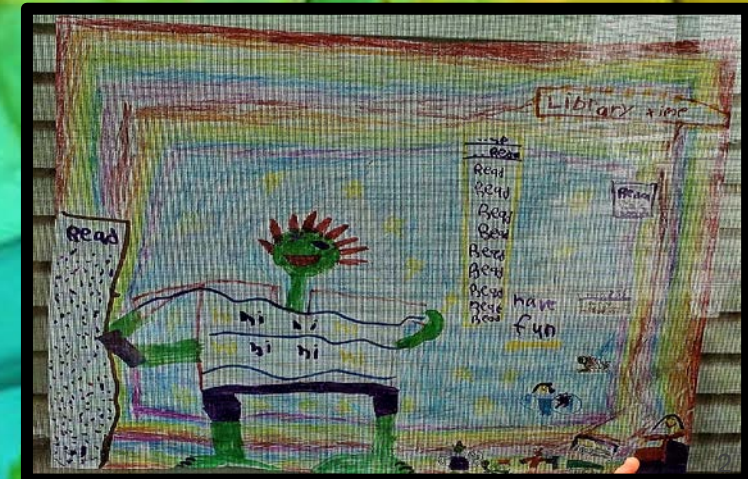
'Love' - Gavin Wendt



'All You Need is Love' - Jaxson Filice



'We are all "growing" through this together' - Paisley Locicero-Dougherty



'Together at Library' – Myla Carr

Primary Age Category (Pre K–2nd)



‘We Love Morgan Hill’ – Trent Howarth



‘Morgan Hill Mushrooms Stand Together’ –
Lucy Cole



‘Pokemon zaps Corona Virus for Morgan Hill!’ – Sebastian Luyer



‘Morgan Hill’ by Penny – Penny Allred

‘Primary’ Age Category (Pre K–2nd)



‘Love All Around’ – Mia Trammell

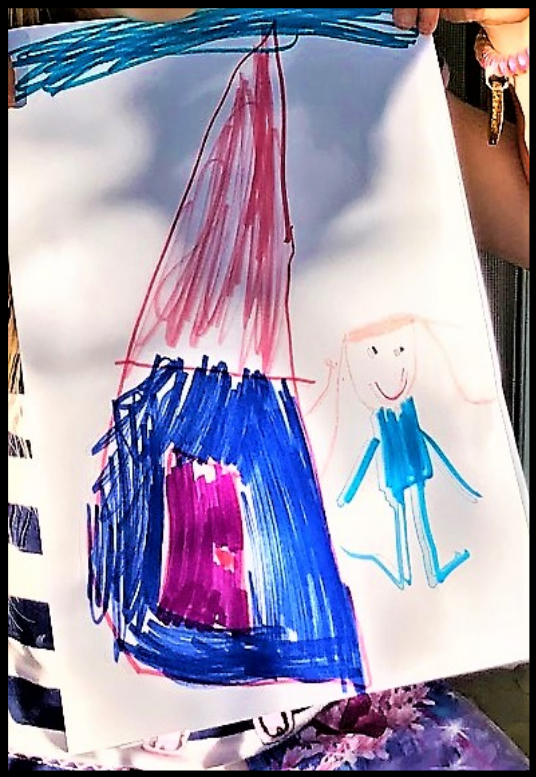


‘Love is a Kite’ - William Osborne

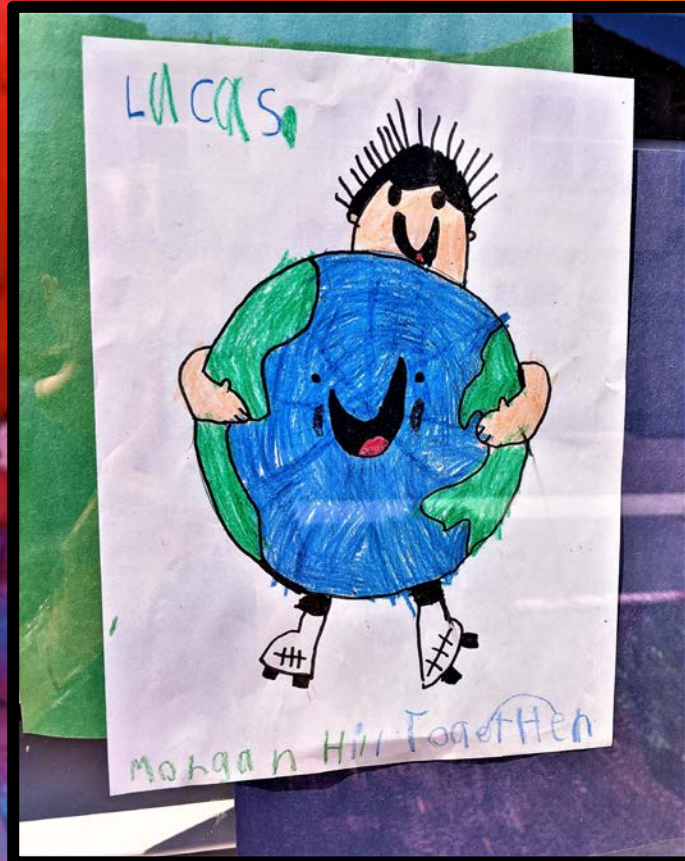


‘My Art’ - Lucas Miramontes

‘Primary’ Age Category (Pre K–2nd)



‘Me at home, all the time’
– Aria Cole



‘Together’ - Lucas Canizares



Genevieve Hazel's - Rainbow



‘Open Arms’ - Raleigh Gaich



‘The Great Indoors’ - Sam & Jonah Wiley

‘Primary’ Age Category (Pre K–2nd)



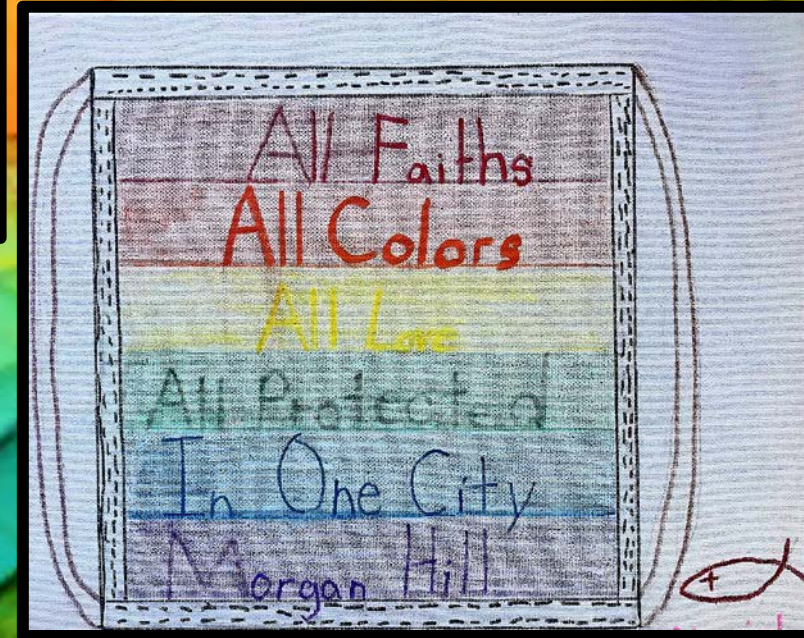
‘Race Winner’ – August Aguirre



‘We Stand Together’ – Isabella Gil



‘Slime Suncatchers’ – Lily Fiorito



‘The Rainbow of Morgan Hill’ – Ava Lee Maciel

‘Intermediate’ Age Category (3rd–5th)



‘Safe at Home’ – Lily Lehrfeld



‘We Rise by Lifting Others’ – Lucy Fleischer



‘Love Comes in All Sizes’ - Miriam Shem-Tov

‘Intermediate’ Age Category (3rd–5th)

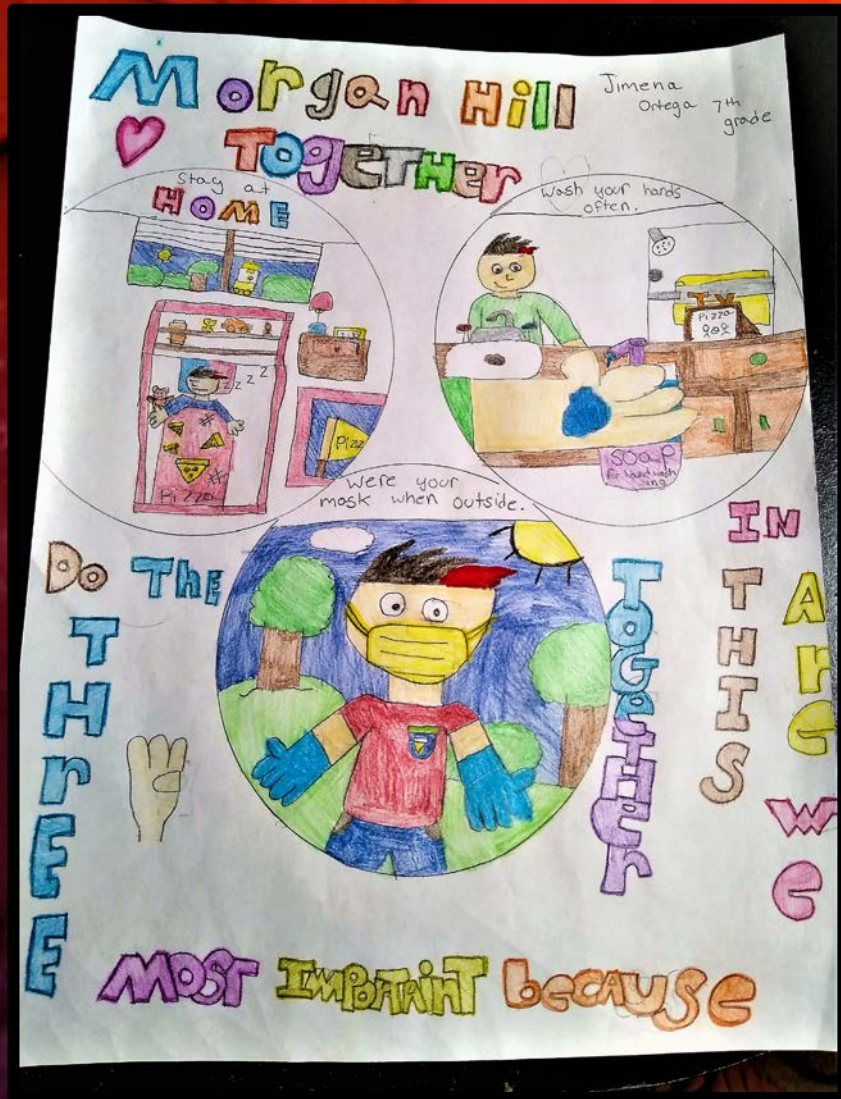


We All Need a Break - Jake Moss



‘Floating Heart’ - Lennox Gaich

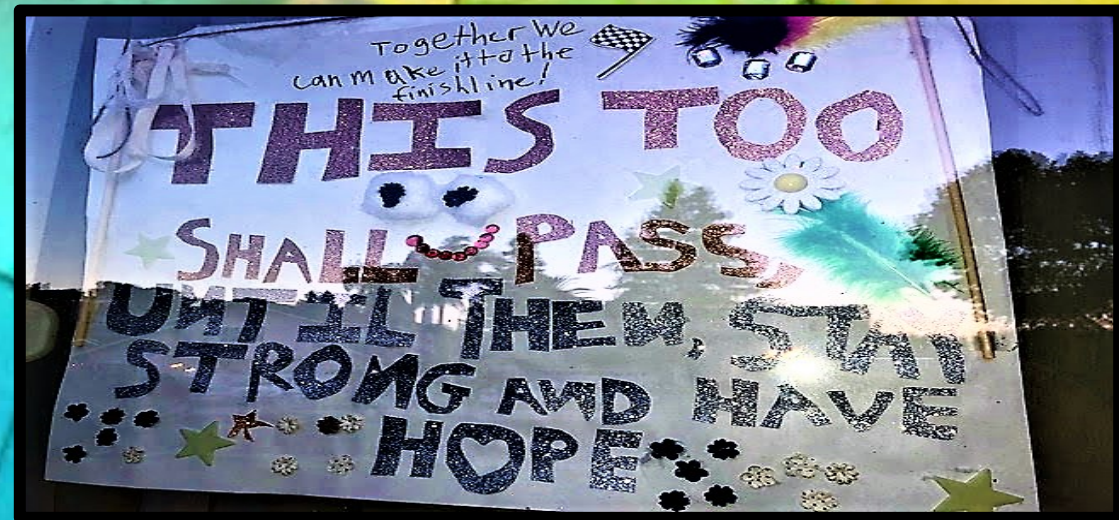
‘Middle’ Age Category (6–8)



‘Be Safe & Healthy’ – Jimena Ortega



‘Paint Your World Beautiful’ – Emma Mattson



‘Finding Hope’ - Isaiah Brown

‘Middle’ Age Category 6th–8th)



‘Morgan Hill Together’ –Evie Lehrfeld



‘Morgan Hill Soaring’ –Sarah Mattson



‘Butterflies Together’ - Clara Shem-Tov

‘High’ Age Category (9th–12th)



‘Still Catching Dreams’ – Ashlee Fiorito

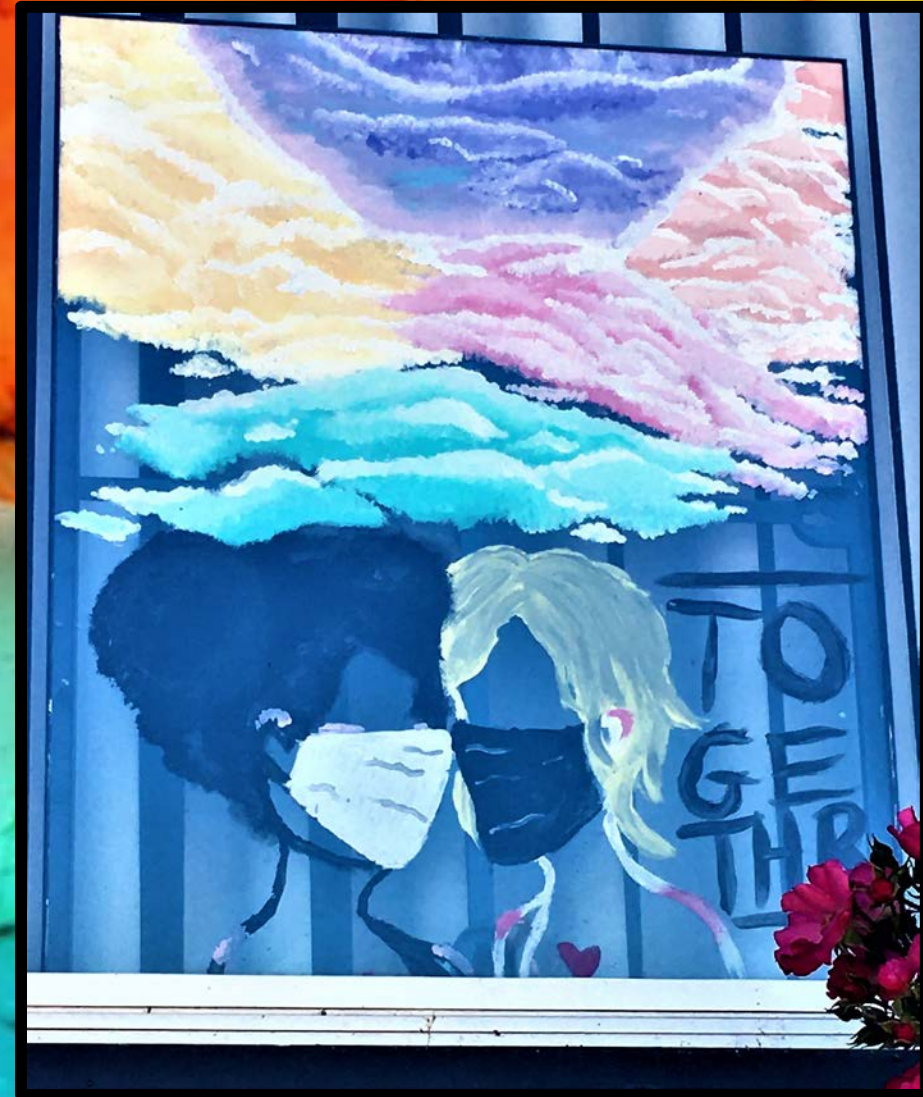


‘Unite’ – Natalie Nielsen

‘High’ Age Category (9th–12th)



‘We Are in This Together’ – Madelyn Collier



‘We Will Get Through This’ – Alexis Long

THE JUDGING PROCESS

Our esteemed judges who gave their time and effort to judge the art entries in selected categories:

Nick Gaich, president of the MHCF

Steve Betando, MHUSD superintendent

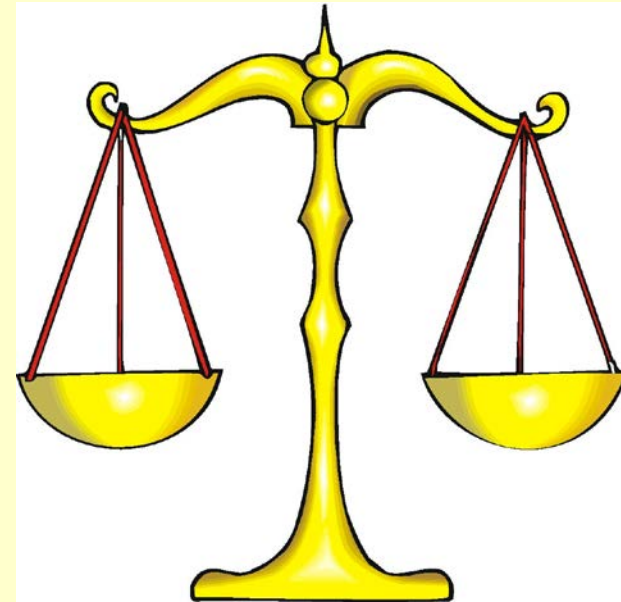
Heather Geddes, Morgan Hill librarian

Marilyn Wendt, the contest & fundraiser was her brainchild

Elwira Maszara, Valle del Sur artist

Susan Graeser, Valle del Sur artist

Pamala Meador, local artist and president of ETC & Arts



No family member judged the category in which their kids or grandkids participated. Judging was blind - judges only saw the artwork with a number, and the artist statement. Each entry was scored for artistic merit and emotional impact (or the ability to touch our hearts and spirit). **Interpretation of the theme** was given the most weightage – over technique.

JUDGING & RESULTS

There are Five Grade Divisions

- (i) Primary (PreK - 2nd),
- (ii) Intermediate (3rd - 5th),
- (iii) Middle School (6th – 8th),
- (iv) High School (9th – 12th),
- (v) Special Artist Division (we received no entries in this category)



Two awardees per division were selected. (1st place, 2nd place) And ONE GRAND PRIZE WINNER across all categories. They will be recognized by local MH leaders and news media. The Artist's Statement (Describe your work and how it relates to the theme) was considered when judging interpretation of theme.

The prize will be gift cards of their choice to local businesses in the amounts of:

\$125: Grand Prize

\$100: First Prize in each category

\$75: Second Prize in each category



Here are the results of the top two winners in each category, and our grand prize winner. Winners who are present are invited to speak.

2nd Prize 'Primary' Age Category Pre K-2



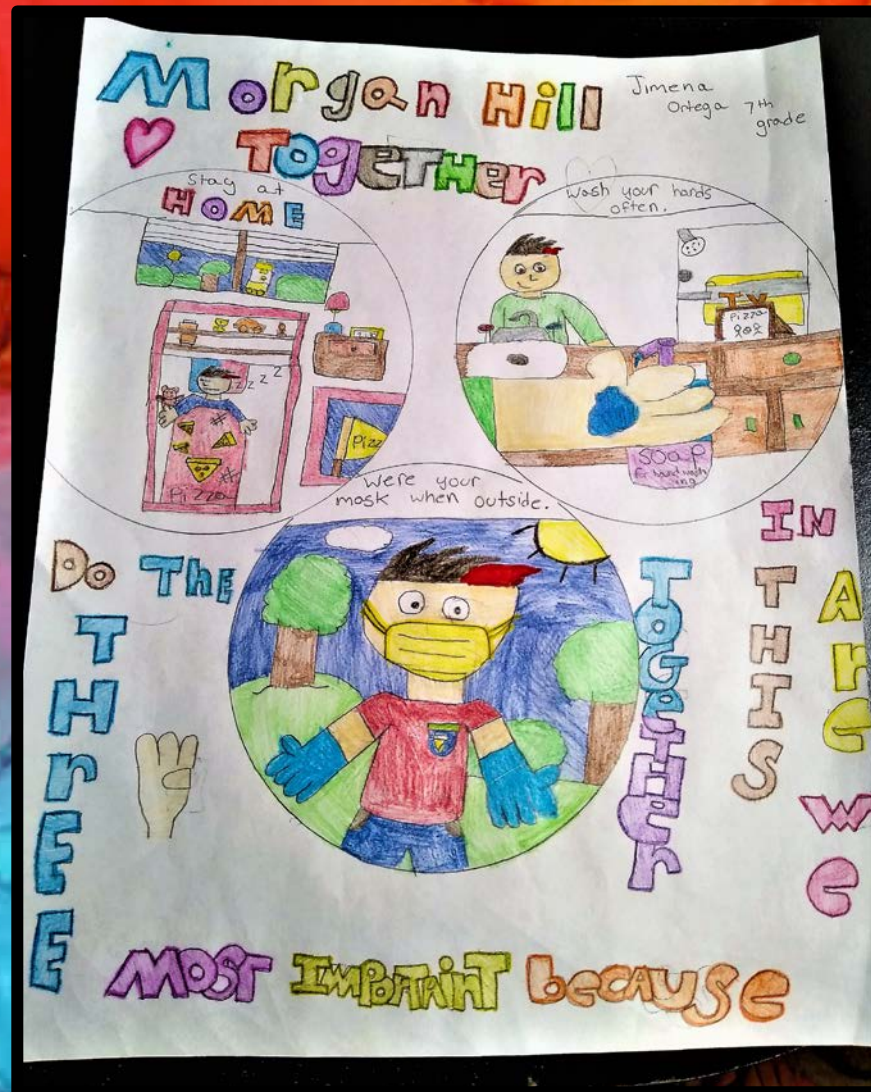
'THE RAINBOW OF MORGAN HILL' by AVA LEE MACIEL

2nd Prize 'Intermediate' Age Category 3-5



'SAFE AT HOME' by LILY LEHRFELD

2nd Prize 'Middle' Age Category 6-8



'BE SAFE AND HEALTHY' by JIMMY ORTEGA

2nd Prize 'High' Age Category 3-5



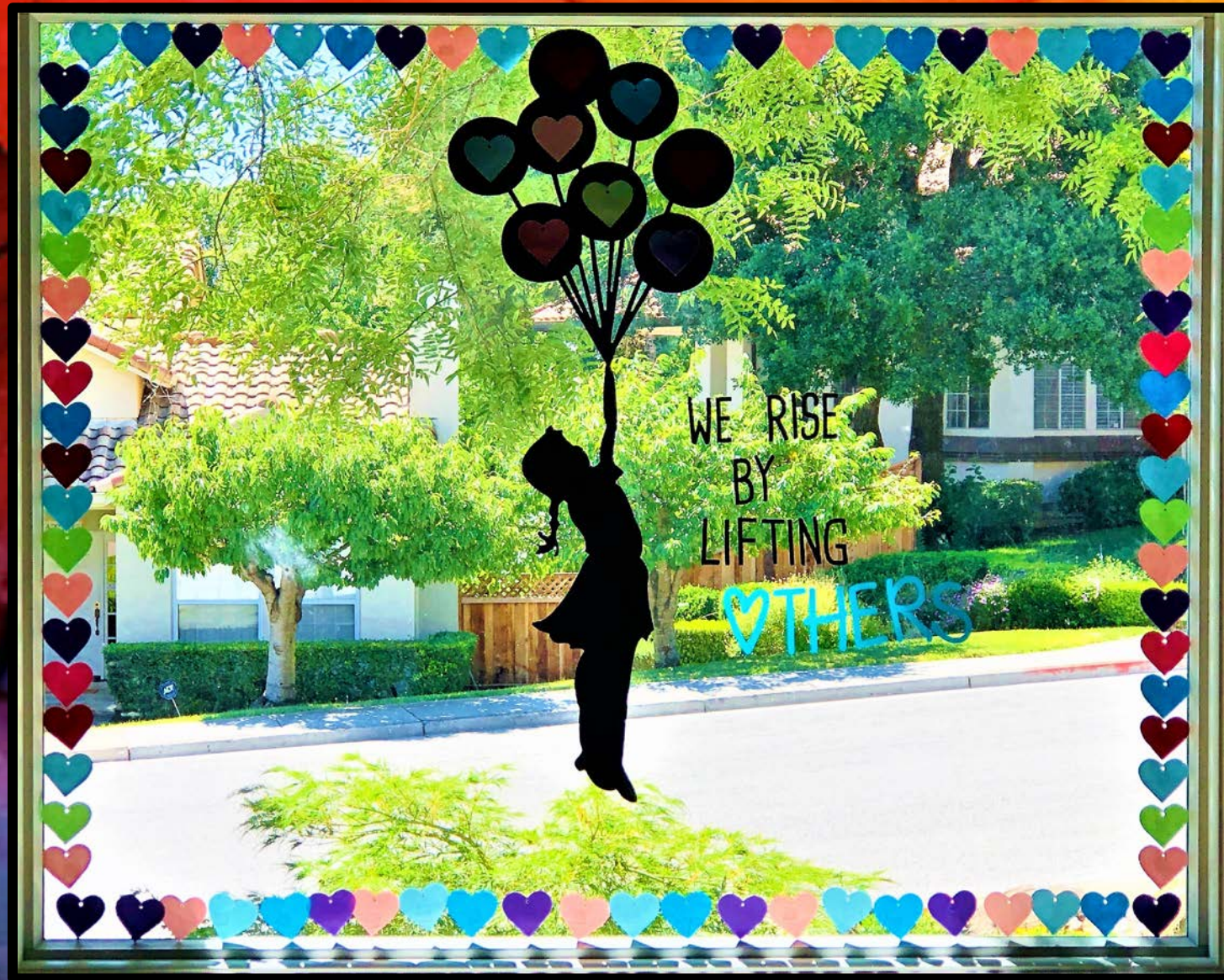
'UNITE' by NATALIE NIELSEN

1st Prize 'Primary' Age Category Pre K-2



'WE STAND TOGETHER' by ISABELLA GIL

1st Prize 'Intermediate' Age Category 3-5



'WE RISE BY LIFTING OTHERS' by LUCY FLEISCHER

1st Prize 'Middle' Age Category 3-5



'MORGAN HILL TOGETHER' by EVIE LEHRFELD

1st Prize 'High' Age Category 9-12



'WE WILL GET THROUGH THIS' by ALEXIS LONG

Grand Prize Winner Across All Categories



'WE RISE BY LIFTING OTHERS' by LUCY FLEISCHER

RESULTS

Category	Name	Grade	Title of Artwork	Rank
1 Primary	Isabella Gil	K	We Stand Together!	1st
1 Primary	Ava Lee Maciel	1	The Rainbow of Morgan Hill	2nd
2 Intermediate	Lucy Fleischer	4	We Rise by Lifting Others	1st
2 Intermediate	Lily Lehrfeld	5	Safe at Home	2nd
3 Middle	Evie Lehrfeld	8	Morgan Hill Together	1st
3 Middle	Jimena Ortega	7	Be safe and healthy.	2nd
4 High	Alexis Long	11	We will get through this.	1st
4 High	Natalie Nielsen	10	Unite!	2nd



CONGRATULATIONS WINNERS!

WELL-DONE PARTICIPANTS!



Jennifer,

I am referring to any and every project that required an environmental review of any sort after November 14, 2019 when the results and implications of the Standards of Coverage Assessment were published.

You tell me (I will be doing a PRA to ensure I get a clear answer) how many projects does that include - where members of your department knowingly threw in boilerplate text from a **2012 proposal** to justify that **any** project would have Less than Significant Impact on "acceptable service ratios, response times or other performance objectives for fire protection services"?

For example the Morgan Hill Technology Center Initial Study (IS) : Section 4.15.1.2 describes Existing Conditions for Fire Protection this way:

*"The City of Morgan Hill contracts with the California Department of Forestry and Fire Protection (CalFire) for fire and emergency medical services. The City is served by three stations at the following locations: 1) El Toro Fire Station, located at 18300 Old Monterey Road (approximately) 1.1 mile southwest of the project site), 2) Dunne Hill Fire Station, located at 2100 East Dunne Avenue (approximately 2.0 miles southeast of the project site), and 3) 15670 Monterey Street (approximately 2.8 miles south of the project site). **In general, the response time meets the current standard of eight minutes 95 percent of the time; although it is expected that most responses will be approximately five minutes 90 of the time.***
[23]"

Where does that supposed response time 'data' come from, what is reference [23]? A **2012 "Initial Analysis of Cal Fire Proposal"** which stated:

"The Cal Fire proposal will meet the current service level by providing 3 firefighters, headed by a Fire Captain and including one paramedic, to staff apparatus located at each City fire station 24/7. As a performance metric, the response time will meet the current standard of 8 minutes 95% of the time, although it is expected that most responses will be more in the range of 5 minutes, 90% of the time."

You have approved documents like the MHTC IS and the Lillian Commons IS despite being fully **aware that this ISN'T 2012. It is 2020.**

Where are we now?

From 911 call to engine company arrival at scene.
(3-year study 2016 to 2018)

Dunne Hill Station:
9 mins 51 seconds

El Toro Station:
8 mins 31 seconds

Morgan Hill Station: (shared Engine 67)
9 mins 25 seconds

NOTE: 7 mins 30 seconds is the performance standard. Brain death generally occurs at 8 mins as well as fire propagation



1.b

Attachment: 1. Council Goal Setting Presentation 2020 (2632 : City Council Goal Setting

Packet Pg. 55

January 24, 2020 Goal Setting Workshop:

Chief Hess: *"Keep in mind that the reason we have a 7 minute 30 second timeframe is, when someone's not breathing their pulse is in apneic, right around the 8 minute mark is when you have brain tissue and brain deaths start to kick in, as well as that's when fires can start to propagate pretty significantly in a significant fire incident....."*

Mayor Constantine: *Jake You might want to describe what apneic means*

Standards of Coverage Assessment (cont.)

Highlights of SOC (continued):

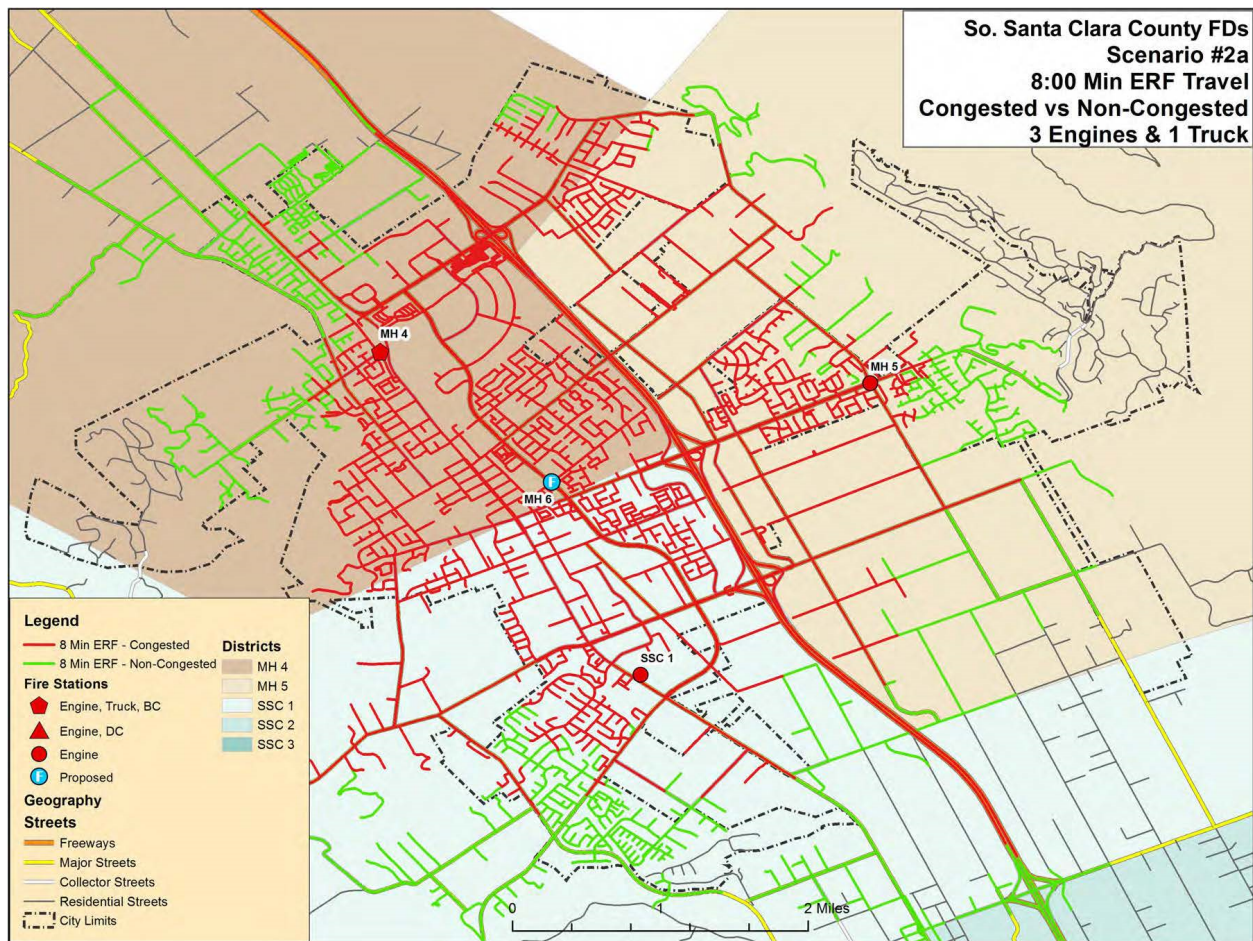
- Traffic congestion affects response times in core areas of the City
- Need a third staffed fire station and the staffing and resources to meet current demand and generally accepted response time standards

Standards of Coverage Assessment (cont.)

Highlights of SOC (continued):

- Average Unit *travel times* are 2-3 minutes slower than generally accepted standards
- The cooperative service model is the best alternative going forward for cost-effective delivery of fire services in South County

Traffic congestion affects response times in "Core Areas" of the City. What are **Core Areas**? Core Areas is a gross understatement.



January 24, 2020 Goal Setting Workshop:

Chief Hess: ...we are looking at what are some ways we can pivot to have a more nimble response for these EMS calls, but it doesn't negate the need for that 3rd company. **An example is, if you look at , the troops in the stations, they've been telling me you need a station out by Target on the other side of 101 , that's where all the growth is, we're totally unprotected out there and I tell them that's true** however having the 3rd station at Butterfield and Dianna will get us an effective response out to that area right now because we've already shown the need, the majority of our calls , 68% of out calls in the City are medical but that doesn't mean that you can just run a bunch

Unfunded General Fund Needs



Total Annual Unfunded General Fund Needs =
\$7.0M*

- **Police \$1.3M**
- **Fire \$2.3M**
- Building Maintenance \$0.2M
- Pavement Rehabilitation \$2.3M
- Street Maintenance \$0.2M
- Park Maintenance \$0.7M

*additionally, recent legislative impacts result in an additional \$1.1M funding gap

January 24, 2020 Goal Setting Workshop:

City Manager: "we're talking about 2.3 Million dollars. We don't have any of that."

From: Joe Baranowski <joe.b@mh-rgc.org>

Sent: Wednesday, July 15, 2020 6:57 PM

To: Jennifer Carman <Jennifer.Carman@morganhill.ca.gov>; Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>

Cc: Christina Turner <Christina.Turner@morganhill.ca.gov>; Rich Constantine <Rich.Constantine@morganhill.ca.gov>; Rene Spring <Rene.Spring@morganhill.ca.gov>; Yvonne Martinez Beltran <yvonne.martinezbeltran@morganhill.ca.gov>; Larry Carr <Larry.Carr@morganhill.ca.gov>; John McKay <john.mckay@morganhill.ca.gov>; Firechief <Firechief@morganhill.ca.gov>

Subject: Re: Public Saftey : Less Than Significant

Michelle,

I am requesting this email be made part of the public record for the July 15th City Council Meeting and that it also be made available for displaying so that I can reference the embedded slides duirng public comment. Thank you.

Jennifer,

I am referring to any and every project that required an environmental review of any sort after November 14, 2019 when the results and implications of the Standards of Coverage Assessment were published.

You tell me (I will be doing a PRA to ensure I get a clear answer) how many projects does that include - where members of your department knowingly threw in boilerplate text from a **2012 proposal** to justify that **any** project would have Less than Significant Impact on "acceptable service ratios, response times or other performance objectives for fire protection services"?

For example the Morgan Hill Technology Center Initial Study (IS) : Section 4.15.1.2 describes Exisiting Conditions for Fire Protection this way:

The City of Morgan Hill contracts with the California Department of Forestry and Fire Protection (CalFire) for fire and emergency medical services. The City is served by three stations at the following locations: 1) El Toro Fire Station, located at 18300 Old Monterey Road (approximately 1.1 mile southwest of the project site), 2) Dunne Hill Fire Station, located at 2100 East Dunne Avenue (approximately 2.0 miles southeast of the project site), and 3) 15670 Monterey Street (approximately 2.8 miles south of the project site). In general, the response time meets the current

standard of eight minutes 95 percent of the time; although it is expected that most responses will be approximately five minutes 90 of the time.²³

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Where does that supposed response time 'data' come from, what is reference [23]? A **2012 "Initial Analysis of Cal Fire Proposal"** which stated:

"The Cal Fire proposal will meet the current service level by providing 3 firefighters, headed by a Fire Captin and including one paramedic, to staff apparatus located at each City fire station 24/7. As a performance metric, the response time will meet the current standard of 8 minutes 95% of the time, although it is expected that most responses will be more in the range of 5 minutes, 90% of the time."

You have approved documents like the MHTC IS and the Lillian Commons IS despite being fully **aware that this ISN'T 2012. It's 2020.**

Where are we now?

From 911 call to engine company arrival at scene.
(3-year study 2016 to 2018)

Dunne Hill Station:
9 mins 51 seconds

El Toro Station:
8 mins 31 seconds

Morgan Hill Station: (shared Engine 67)
9 mins 25 seconds

NOTE: 7 mins 30 seconds is the performance standard. Brain death generally occurs at 8 mins as well as fire propagation



January 24, 2020 Goal Setting Workshop:

Chief Hess: "Keep in mind that the reason we have a 7 minute 30 second timeframe is, when someone's not breathing their pulse is in apneic, right around the 8 minute mark is when you have brain tissue and brain deaths start to kick in, as well as that's when fires can start to propagate pretty significantly in a significant fire incident.....

Mayor Constantine: Jake You might want to describe what apneic means

Standards of Coverage Assessment (cont.)



Highlights of SOC (continued):

- Traffic congestion affects response times in core areas of the City
- Need a third staffed fire station and the staffing and resources to meet current demand and generally accepted response time standards

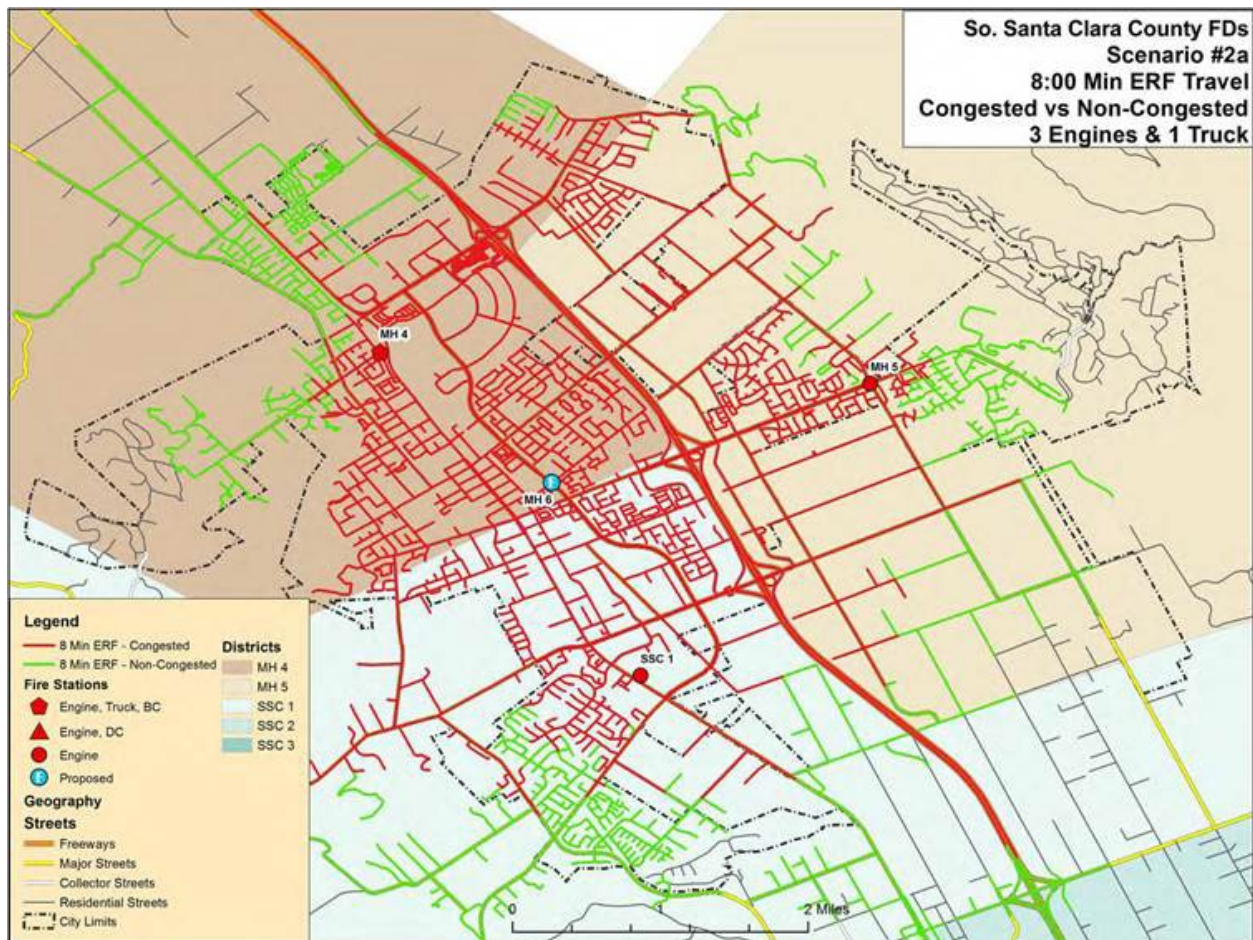
Standards of Coverage Assessment (cont.)



Highlights of SOC (continued):

- Average Unit *travel times* are 2-3 minutes slower than generally accepted standards
- The cooperative service model is the best alternative going forward for cost-effective delivery of fire services in South County

Traffic congestion affects response times in "Core Areas" of the City. What are **Core Areas**?



January 24, 2020 Goal Setting Workshop:

Chief Hess: ...we are looking at what are some ways we can pivot to have a more nimble response for these EMS calls, but it doesn't negate the need for that 3rd company. **An example is, if you look at , the troops in the stations, they've been telling me you need a station out by Target on the other side of 101 , that's where all the growth is, we're totally unprotected out there and I tell them that's true** however having the 3rd station at Butterfield and Dianna will get us an effective response out to that area right now because we've already shown the need, the majority of our calls , 68% of our calls in the City are medical but that doesn't mean that you can just run a bunch of...

Unfunded General Fund Needs



Total Annual Unfunded General Fund Needs =
\$7.0M*

- **Police \$1.3M**
- **Fire \$2.3M**
- Building Maintenance \$0.2M
- Pavement Rehabilitation \$2.3M
- Street Maintenance \$0.2M
- Park Maintenance \$0.7M

*additionally, recent legislative impacts result in an additional \$1.1M funding gap

January 24, 2020 Goal Setting Workshop:

City Manager: "we're talking about 2.3 Million dollars. We don't have any of that."

----- On Wed, 15 Jul 2020 16:42:32 -0700 **Jennifer Carman**
<Jennifer.Carman@morganhill.ca.gov> wrote -----

Hi Joe:

Thank you for your email. Would it be possible for you to clarify your email a bit? Your email refers to multiple projects. It would be helpful to know what projects you are referring to so we can respond appropriately.

Thank you,

Jennifer

From: Joe Baranowski <joe.b@mh-rgc.org>
Sent: Wednesday, July 15, 2020 8:30 AM
To: Jennifer Carman <Jennifer.Carman@morganhill.ca.gov>; Christina Turner <Christina.Turner@morganhill.ca.gov>
Cc: Rich Constantine <Rich.Constantine@morganhill.ca.gov>; Rene Spring <Rene.Spring@morganhill.ca.gov>; Yvonne Martinez Beltran <yvonne.martinezbeltran@morganhill.ca.gov>; Larry Carr <Larry.Carr@morganhill.ca.gov>; John McKay <john.mckay@morganhill.ca.gov>; Firechief <Firechief@morganhill.ca.gov>
Subject: Public Safety : Less Than Significant

Jennifer & Christina:

Given you are fully aware of the 2019 Standard of Coverage Assessment and its implications, I would like to understand why you are knowingly using a **2012** City Council Staff Report that was discussing a proposal (not even actual data) to justify on multiple projects that any impact to Fire & EMS response times would be "less than significant". How is that even possible?

I look forward to your anticipated reply,

Joe Baranowski



Certificate of Achievement

The City of Morgan Hill recognizes

Agnes Williams

*For your rock solid, respectful style of collaboration
as well as your desire to step up to challenge yourself to
develop in your new team and leadership role.*

*You are a quiet leader with a mighty spirit that fueled
accomplishing the first virtual YLMH program.*

YOU ROCK!!!

A handwritten signature in black ink, appearing to read 'Chiquy Mejia'.

Chiquy Mejia, YAC Advisor

A handwritten signature in black ink, appearing to read 'Les Taylor'.

Les Taylor, YAC Volunteer Advisor

A handwritten signature in blue ink, appearing to read 'Richard Constantine'.

Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes

Alida Watkins

For your quiet, calm demeanor fueled by fair-minded judgment and ability to step up with spontaneity and persistence. Your commitment to the team's development has earned you a reputation as an effective leader in accomplishing the first virtual YLMH program.

YOU ROCK!!!

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Chiquy Mejia, YAC Advisor

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Les Taylor, YAC Volunteer Advisor

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Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes

Armaan Banwait

For using your honesty and succinct, straight-shooting communication to model advocating one's point of view in a calm, respectful manner. Your leadership skills, guidance and supportive ways combined with your reliably conscientious commitment all contributed to accomplishing the first virtual YLMH program.

YOU ROCK!!!

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Les Taylor, YAC Advisor Volunteer

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Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes

Hassti Tirqardoon

*For your ongoing conscientious forethought and initiative,
your patient grace, meticulous leadership and gifted balance
of best program and people outcomes. Your guidance thought
leadership and execution are all responsible for
accomplishing the first virtual YLMH program.*

YOU ROCK!!!

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July 2020



Certificate of Achievement

The City of Morgan Hill recognizes

Paras Ghandi

For your willingness to learn, accept feedback and step up to spontaneity in trying new and challenging things. Your desire to collaborate in the program has helped to accomplish the first virtual YLMH program.

YOU ROCK!!!

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Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes

Ria Deshpande

For your confident, take charge, proactively resourceful, enthusiastic positivity in approaching tasks and people. Your initiative, significant thought leadership and excellence in execution led the team to success in accomplishing the first YLMH virtual program.

YOU ROCK!!!

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Rich Constantine, City Mayor



July 2020



Certificate of Achievement

The City of Morgan Hill recognizes
Vaishnavi Muralidharan

*For your quiet confidence, easy going willingness to contribute
wherever needed and excellence in work quality and well thought out
the execution. Your courage and maturity in rising to a steep
learning curve resulted in your growth, leadership and contributed
greatly to the first virtual YLMH program.*

YOU ROCK!!!

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July 2020