



Special - Regular Meeting Agenda
Joint Successor Agency/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 22, 2020 5:30 p.m.

Virtual Meeting
Link to join the meeting can be found below

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/072220CCMeeting> or by calling in to: (669) 900-9128, then enter the meeting id: 891 0495 7472.

Public comment for City Council meetings will be accepted via email to ccpubliccomment@morganhill.ca.gov 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 pm for the purpose of conducting a workshop.

5:30 p.m. Workshop

7:00 p.m. Regular Joint Successor Agency/City Council Meeting

SPECIAL MEETING

5:30 pm. Workshop

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 Michelle Bigelow

WORKSHOP

POLICE POLICIES AND PRACTICES WORKSHOP

Recommendation:

Review and discuss Police policies and practices.

REGULAR MEETING

7:00 P.M.

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.

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

SUCCESSOR AGENCY MEETING

CONSENT CALENDAR

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

Time Estimate for Consent Calendar: 1 - 10 Minutes

**1. ADOPT SUPPLEMENTAL RESOLUTION TO RESOLUTION NO. SA20-001
RESOLUTION AUTHORIZING THE SALE AND ISSUANCE OF REFUNDING BONDS TO
REFINANCE AT LOWER INTEREST RATES CERTAIN OUTSTANDING BONDS
PREVIOUSLY ISSUED BY THE SUCCESSOR AGENCY**

Recommendation:

Adopt supplemental resolution authorizing the issuance of refunding bonds previously authorized by the Successor Agency to be issued as tax-exempt bonds.

CITY COUNCIL MEETING

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. APPROVE AGREEMENT WITH SCHAAF & WHEELER FOR COMPLETION OF THE
TRASH COMPLIANCE STRATEGY**

Recommendation:

1. Approve and authorize the City Manager to execute and administer an agreement with Schaaf & Wheeler for a not to exceed amount of \$86,729 for completion of the Trash Compliance Strategy;
2. Approve and authorize the City Manager to execute and administer the cost sharing agreement in the amount of \$49,789, with the City of Gilroy subject to the review and approval of the City Attorney for Gilroy's portion of the Trash Compliance Strategy; and
3. Adopt resolution amending the adopted Fiscal Year 2020-21 budget to recognize \$49,789 as reimbursement revenue and appropriate \$36,729 from the Drainage Fund (304) (NonAB1600) for the Trash Compliance Strategy project.

**3. APPROVE EXEMPTION TO STREET TREE MASTER PLAN FOR FOUR TREES ON THE
SOUTHEAST CORNER OF MONTEREY ROAD AND FIRST STREET**

Recommendation:

Approve an exemption to the Street Tree Master Plan for the installation of four Olive trees to replace four Black Locust trees by an adjacent business on the southeast corner of Monterey Road and First Street.

4. APPROVE THE JULY 15, 2020 MEETING MINUTES

Recommendation:

Approve Minutes.

5. APPOINTMENTS TO THE LIBRARY, CULTURE, AND ARTS COMMISSION AND THE PARKS AND RECREATION COMMISSION

Recommendation:

1. Appoint Paul Lake, Emily Borchers, and Patrice Lyn to serve on the Library Culture, and Arts Commission to fill vacancies with terms ending April 1, 2022; and
2. Appoint Richard Scott, David Lovato, and John Moniz to serve on the Parks and Recreation Commission to fill vacancies with terms ending April 1, 2024.

6. RECEIVE UPDATE ON DOWNTOWN BUSINESSES USE OF PUBLIC SPACE

Recommendation:

Receive update on Downtown Businesses use of public space.

OTHER BUSINESS

7. ENGAGE MORGAN HILL YEAR END REVIEW AND ACKNOWLEDGEMENT OF COMMUNITY ADVISORY GROUP MEMBERS

Recommendation:

1. Receive report; and
2. Recognize Engage Morgan Hill Community Advisory Group Members.

Estimated Time: 15 Minutes

8. PROVIDE DIRECTION REGARDING FEASIBILITY REPORTS FOR FUTURE RECREATION FACILITIES-SAND VOLLEYBALL FACILITY 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

9. PROVIDE DIRECTION REGARDING POTENTIAL REACH CODE IMPACTING NEW DEVELOPMENT

Recommendation:

Provide policy guidance to staff on issues to include in a future proposed ordinance.

Estimated Time: 30 Minutes

10. MONTHLY BUDGET UPDATE; PRELIMINARY FY 19-20 FINANCIAL AND INVESTMENT REPORTS; AND CITY MANAGER AUTHORITY REPORT

Recommendation:

Accept and file report.

Estimated Time: 45 Minutes

11. RECEIVE UPDATE REGARDING REGIONAL HOUSING NEEDS ALLOCATION AND HOUSING ELEMENT REFORMS

Recommendation:

Receive report.

Estimated Time: 45 Minutes

12. 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: 30 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

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

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 22, 2020

PREPARED BY: Shane Palsgrove, Police Chief

APPROVED BY: City Manager

POLICE POLICIES AND PRACTICES WORKSHOP

RECOMMENDATION(S)

Review and discuss Police policies and practices.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Community Engagement and Messaging

GUIDING DOCUMENTS

Public Safety Master Plan

DISCUSSION:

The City Council has requested a Workshop to discuss Morgan Hill Police Department's policies and practices. The goal of the workshop is to:

1. Discuss information on the following topics: Budget, Staffing, Policies, Accountability/Transparency, Training, Community Policing, and Crime Trends; and
2. Collect and compile feedback from the City Council and the community to utilize for equitable and thoughtful decision making.

For information including training documents, annual report, and Public Safety Master Plan, please visit the [Police Department website](#).

LINKS/ATTACHMENTS:

1. Morgan Hill Police Department website (weblink)
2. June 9, 2020 Community Town Hall Meeting Video- Police Department Update (weblink)
3. June 18, 2020 Community Town Hall Meeting Video - Police Discussions with Police Chief (weblink)



CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

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

ADOPT SUPPLEMENTAL RESOLUTION TO RESOLUTION NO. SA20-001 RESOLUTION AUTHORIZING THE SALE AND ISSUANCE OF REFUNDING BONDS TO REFINANCE AT LOWER INTEREST RATES CERTAIN OUTSTANDING BONDS PREVIOUSLY ISSUED BY THE SUCCESSOR AGENCY

RECOMMENDATION(S)

Adopt supplemental resolution authorizing the issuance of refunding bonds previously authorized by the Successor Agency to be issued as tax-exempt bonds.

COUNCIL PRIORITIES, GOALS & STRATEGIES

REPORT NARRATIVE:

On April 1, 2020, the Successor Agency approved Resolution No. SA20-001 authorizing the issuance of taxable refunding bonds in order to refinance at lower interest rates the Successor Agency's outstanding 2013A Bonds and thereby achieve debt service savings.

Now however, pending federal legislation if enacted into law will allow the 2013A Bonds to be refunded on a tax-exempt basis, which will significantly increase the debt service savings.

Therefore, the purpose of this Supplemental Resolution (Attachment 1) is to allow the Successor Agency to take advantage of this new legislation, if enacted.

COMMUNITY ENGAGEMENT: Inform

This staff report serves to inform the community of the proposed supplemental resolution to previously adopted resolution No. SA20-001 to allow the Successor Agency to take advantage of the possible new legislation, if enacted, would allow the Successor Agency to issue Tax-Exempt Allocation Refunding Bonds to refinance at lower interest rates of certain outstanding bonds previously issued by the Successor Agency.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On April 1, 2020, the Successor Agency Board authorized the issuance of Tax Allocation Refunding Bonds to refinance at lower interest rates of certain outstanding bonds previously issued by the Successor Agency.

In April 2013, the Successor Agency Board authorized the issuance of the 2013A Bonds to refinance a portion of outstanding variable-rate tax allocation bonds issued by the former Morgan Hill Redevelopment Agency in 2008.

FISCAL AND RESOURCE IMPACT:

At today's interest rates, a tax-exempt refinancing would generate approximately \$750,00 in annual debt service savings versus about \$640,000 in annual savings under taxable refinancing bonds.

CEQA (California Environmental Quality Act):

Not a project: Organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment.

LINKS/ATTACHMENTS:

1. Supplemental Resolution - Successor Agency
2. Successor Agency Resolution No. SA20-001

RESOLUTION NO. SA20-**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE MORGAN HILL REDEVELOPMENT AGENCY AUTHORIZING TAX ALLOCATION REFUNDING BONDS PREVIOUSLY AUTHORIZED BY RESOLUTION NO SA20-001 TO BE ISSUED ON A TAX-EXEMPT BASIS AND APPROVING CERTAIN ACTIONS RELATING THERETO**

WHEREAS, the Successor Agency to the Morgan Hill Redevelopment Agency (the “Successor Agency”) authorized the issuance of refunding bonds by Resolution No: SA20-001 (the “Authorizing Resolution”) to refinance at lower interest rates the Successor Agency’s Refunding Revenue Bonds, Series 2013A (the “2013A Bonds”) and thereby achieve debt service savings, such refunding bonds to be entitled: “Successor Agency to the Morgan Hill Redevelopment Agency Tax Allocation Refunding Bonds, Series 2020 (Federally Taxable)” (the “2020 Refunding Bonds”); and

WHEREAS, federal legislation currently pending, or at the time of this Resolution’s adoption passed by the Congress of the United States, if enacted into law may allow the refunding of the 2013A Bonds on a tax-exempt basis, the Successor Agency now desires to authorize the issuance of the 2020 Refunding Bonds as tax-exempt obligations to achieve greater savings;

NOW THEREFORE, the Successor Agency to the Morgan Hill Redevelopment Agency resolves, determines and orders as follows:

Section 1. Authorization. The Successor Agency has previously authorized the sale and issuance of the 2020 Refunding Bonds, subject to certain parameters set forth in the Authorizing Resolution. The Successor Agency hereby approves this issuance of the 2020 Refunding Bonds on a tax-exempt basis and authorizes each Authorized Representative to incorporate applicable covenants and provisions as necessary or desirable into the Indenture, the Bond Purchase Agreement, the Preliminary Official Statement, the final Official Statement and such other certificates, documents and opinions to be delivered in connection with the 2020 Refunding Bonds.

Section 2. Supplemental Authorization. This Resolution is supplemental to the Authorizing Resolution for the purposes set forth herein.

Section 3. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED, by the Successor Agency to the former Morgan Hill Redevelopment Agency at a regular meeting held this 22nd day of July 2020, by the following vote:

AYES: **Board Members:**
NOES: **Board Members:**
ABSTAIN: **Board Members:**
ABSENT: **Board Members:**

DATE: _____

Rich Constantine, Chair
Successor Agency to the former City of
Morgan Hill Redevelopment Agency

Attest:

DATE: _____

Irma Torrez, Clerk of the
Successor Agency

∞ CERTIFICATION ∞

I, Irma Torrez, Clerk of the Successor Agency of the City of Morgan Hill, California,
do hereby certify that the foregoing is a true and correct copy of Resolution No. SA20-XXX,
adopted by the Successor Agency at a regular meeting held on July 22, 2020

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

DATE: _____

Irma Torrez, Clerk of the Successor Agency

RESOLUTION NO. SA20-001**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE MORGAN HILL REDEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE OF TAX ALLOCATION REFUNDING BONDS, APPROVING AN INDENTURE, RETAINING CERTAIN PROFESSIONALS AND AUTHORIZING CERTAIN ACTIONS RELATING THERETO**

WHEREAS, the Morgan Hill Redevelopment Agency (the “Predecessor Agency”) was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California), and the powers of the Predecessor Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, a redevelopment plan for the Ojo de Agua Redevelopment Project Area (the “Redevelopment Project Area”) in the City of Morgan Hill, California (the “City”) was approved by Ordinance No. 552, adopted on June 9, 1981, and amended by Ordinance No. 1204 on December 7, 1994, Ordinance No. 1426, adopted on April 21, 1999, Ordinance 1429, adopted on April 21, 1999, and Ordinance 1807, adopted on November 8, 2006, in compliance with all requirements of the Health and Safety Code (as in effect on the respective dates thereof); and

WHEREAS, the Predecessor Agency issued its \$96,200,000 aggregate principal amount of Variable Rate Tax Allocation Bonds (Ojo de Agua Redevelopment Project Area) Series 2008A and \$13,800,000 aggregate principal amount of Variable Rate Tax Allocation Bonds (Ojo de Agua Redevelopment Project Area) Series 2008B (Taxable) (together, the “2008 Bonds”) on February 21, 2008 for the purpose of financing redevelopment projects benefitting the Redevelopment Project Area; and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 to, *inter alia*, dissolving existing redevelopment agencies, including the Predecessor Agency; and

WHEREAS, the California Supreme Court substantially upheld the provisions of ABx1 26 on December 29, 2011, resulting in the dissolution of the Predecessor Agency on February 1, 2012; and

WHEREAS, the powers, assets and obligations of the Predecessor Agency were transferred on February 1, 2012 to the Successor Agency to the Morgan Hill Redevelopment Agency (the “Successor Agency”); and

WHEREAS, on December 4, 2013, the Successor Agency issued its \$74,310,000 Successor Agency to the Morgan Hill Redevelopment Agency Refunding Revenue Bonds, Series 2013A (the “2013A Bonds”) and its \$14,365,000 Successor Agency to the Morgan Hill Redevelopment Agency Refunding Revenue Bonds, Series 2013B, which matured on September 1, 2018, to refund and defease all of the outstanding 2008 Bonds; and

WHEREAS, the Successor Agency now desires to issue refunding bonds in order to refinance at lower interest rates the 2013A Bonds and thereby achieve debt service savings, such refunding bonds to be entitled: "Successor Agency to the Morgan Hill Redevelopment Agency Tax Allocation Refunding Bonds, Series 2020 (Federally Taxable)" (the "2020 Refunding Bonds"); and

WHEREAS, pursuant to Section 34191.6(b), the Successor Agency submitted a Last and Final Recognized Obligation Payment Schedule ("Last and Final ROPS") to the Oversight Board and the Department of Finance, which Last and Final ROPS was approved by the Department of Finance by letter dated December 24, 2019; and

WHEREAS, Section 34191.6(e) authorizes the Successor Agency, because it has a Last and Final ROPS, to amend or modify existing contracts, agreements, or other arrangements identified on the Last and Final ROPS, provided the outstanding payments owing from the Successor Agency are not accelerated or increased in any way and any amendment to extend terms shall not include an extension beyond the last scheduled payment for the enforceable obligations listed and approved on the Last and Final ROPS (the "Last and Final ROPS Parameters"); and

WHEREAS, in connection with the issuance of the 2020 Refunding Bonds the Successor Agency anticipates complying with Section 34177.5(a)(1), the Last and Final ROPS Parameters, and other provisions of the Health and Safety Code;

NOW THEREFORE, the Successor Agency to the Morgan Hill Redevelopment Agency resolves, determines and orders as follows:

Section 1. Findings. The recitals hereto are true and correct.

Section 2. Approval of 2020 Refunding Bonds. The Successor Agency hereby approves the sale and issuance of the 2020 Refunding Bonds in an aggregate principal amount not to exceed \$75,000,000; provided, the provisions and requirements of Section 34177.5(a)(1), the Last and Final ROPS Parameters, and other provisions of the Health and Safety Code are satisfied. Any Authorized Representative is hereby authorized on behalf of the Successor Agency to take such other actions that he or she may deem necessary or appropriate to effectuate the intent of this Resolution.

Section 3. Indenture. An Indenture in substantially the form on file with the Secretary is hereby approved, and the Successor Agency hereby authorizes and each of the Executive Director of the Successor Agency and the Chairperson of the Successor Agency (each an "Authorized Representative") to execute the Indenture, with such changes as may be deemed necessary by such Authorized Representative, such execution thereof to constitute conclusive evidence of the approval of the Successor Agency of all changes from the form of the Indenture; provided, that the net present value savings is at least 10% (or such other amount as determined by the Executive Director) of the principal amount of the 2013A Bonds being refinanced.

Section 4. Preliminary Official Statement. A Preliminary Official Statement in substantially the form on file with the Secretary is hereby approved, with such changes therein as may be deemed necessary by an Authorized Representative and shall be furnished to the

underwriter for the Bonds. The Successor Agency hereby authorizes any Authorized Representative to deem the Preliminary Official Statement to be final within the meaning of U.S. Securities and Exchange Commission Rule 15c2-12, subject to completion of those items permitted by Rule 15c2-12. Any Authorized Representative is hereby authorized and directed to execute and deliver a final Official Statement in substantially the form of the Preliminary Official Statement hereby approved, with such additions thereto as may be deemed necessary by an Authorized Representative, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. Bond Purchase Agreement. A Bond Purchase Agreement between the Successor Agency and Morgan Stanley & Co. LLC, as underwriter, in substantially the form on file with the Secretary is hereby approved, with such changes therein as may be deemed necessary by an Authorized Representative, and any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Successor Agency to execute the Bond Purchase Agreement, with such changes as may be approved by any Authorized Representative, such execution thereof to constitute conclusive evidence of the approval of the Successor Agency of all changes from the form of the Bond Purchase Agreement; provided, that the maximum underwriter's discount from the principal amount of the 2020 Refunding Bonds shall not exceed 0.6% of the aggregate principal amount of the 2020 Refunding Bonds.

Section 6. Continuing Disclosure Agreement. A Continuing Disclosure Agreement in substantially the form on file with the Secretary is hereby approved, and the Successor Agency hereby authorizes any Authorized Representative to execute the Continuing Disclosure Agreement, with such changes as may be deemed necessary by such Authorized Representative, such execution thereof to constitute conclusive evidence of the approval of the Successor Agency of all changes from the form of the Continuing Disclosure Agreement.

Section 7. Approval of Certain Financing Team Members. In connection with the issuance of the 2020 Refunding Bonds, the Successor Agency hereby approves the engagement of (a) Norton Rose Fulbright US LLP, to serve as Bond Counsel, (b) Jones Hall, A Professional Law Corporation, to serve as Disclosure Counsel, (c) Steven Gortler, to serve as Municipal Advisor, and (d) Fraser & Associates, to serve as Fiscal Consultant, and authorizes any Authorized Representative to execute agreements with such professionals.

Section 8. General Authorization. Each Authorized Representative and any other officer of the Successor Agency is hereby authorized to execute and deliver any and all agreements, documents, certificates and instruments and to do and cause to be done any and all acts and things deemed necessary to purchase bond insurance or investment securities for the refunding of the 2013A Bonds or advisable for carrying out the purpose contemplated by this Resolution, including any placement agent agreement and private placement agreement necessary to effectuate a private placement of the 2020 Refunding Bonds, should such placement be necessary or desirable in the view of an Authorized Representative and consistent with the purposes of this Resolution. Such actions heretofore taken by such officers or their designees are hereby ratified, confirmed and approved.

Successor Agency
Resolution No: SA20-001
Page 4 of 4

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED, by the Successor Agency to the former Morgan Hill Redevelopment Agency at a Special Meeting held this 1st day of April 2020, by the following vote:

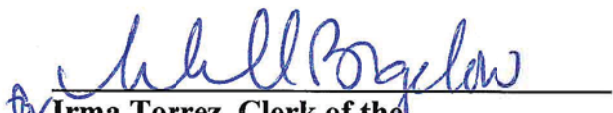
AYES:	Board Members:	Yvonne Martinez Beltran, Rene Spring, John McKay, Larry Carr, Rich Constantine
NOES:	Board Members:	None
ABSTAIN:	Board Members:	None
ABSENT:	Board Members:	None

DATE: 7 APR 20


Rich Constantine, Chair
Successor Agency to the former City of
Morgan Hill Redevelopment Agency

Attest:

DATE: 4/10/20

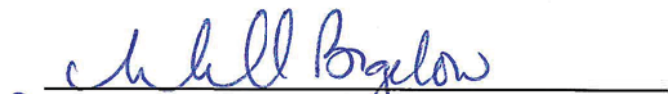

Irma Torrez, Clerk of the
Successor Agency

∞ CERTIFICATION ∞

I, Irma Torrez, Clerk of the Successor Agency of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. SA20-001, adopted by the Successor Agency at a special meeting held on April 1, 2020

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

DATE: 4/10/20


Irma Torrez, Clerk of the Successor Agency

Attachment: Successor Agency Resolution No. SA20-001 (2818 : ADOPT SUPPLEMENTAL RESOLUTION TO RESOLUTION NO. SA20-001)



CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

PREPARED BY: Tanya Carothers,
APPROVED BY: City Manager

APPROVE AGREEMENT WITH SCHAAF & WHEELER FOR COMPLETION OF THE TRASH COMPLIANCE STRATEGY

RECOMMENDATION(S)

1. Approve and authorize the City Manager to execute and administer an agreement with Schaaf & Wheeler for a not to exceed amount of \$86,729 for completion of the Trash Compliance Strategy;
2. Approve and authorize the City Manager to execute and administer the cost sharing agreement in the amount of \$49,789, with the City of Gilroy subject to the review and approval of the City Attorney for Gilroy's portion of the Trash Compliance Strategy; and
3. Adopt resolution amending the adopted Fiscal Year 2020-21 budget to recognize \$49,789 as reimbursement revenue and appropriate \$36,729 from the Drainage Fund (304) (NonAB1600) for the Trash Compliance Strategy project.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

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

2020-2021 Strategic Priorities

Financial Sustainability

REPORT NARRATIVE:

On April 7, 2015, the State Water Resources Control Board (SWRCB) adopted the Statewide Trash Provisions which address the impacts trash has on the beneficial uses of surface waters. The Trash Provisions establish a statewide water quality objective for trash and a prohibition of trash discharge.

The City is required to demonstrate 100 percent compliance with the Trash Provisions by the year 2030. Full compliance with the Trash Provisions requires the City to install, operate, and maintain State-certified Full Capture System (FCS) devices that capture all trash down to 5 millimeters in size from Priority Land Use areas. These areas include industrial, commercial, mixed-use, high-density residential, and public transportation stations.

Costs for implementation of the Trash Provisions will depend on the types of FCS devices selected, size, installation costs, and the total number of devices installed. The type and number of FCS devices installed will depend on Priority Land Uses and the stormwater infrastructure that serves those areas. In addition to the initial cost, the

major cost consideration is the long-term maintenance needs and replacement costs of the FCS devices.

The proposed project is completion of a Trash Compliance Strategy and Cost Analysis for the City of Morgan Hill and City of Gilroy. The City of Gilroy contracts with the City of Morgan Hill on an ongoing basis for storm water pollution prevention management and therefor Morgan Hill staff have led the coordination on the study. The study will identify the trash capture strategy in each city that:

- 1) complies with State requirements for trash capture; and
- 2) represents the lowest cost of ownership over a 20-year period when considering all construction, operation, and maintenance costs.

With completion of the Trash Compliance Strategy and Cost Analysis, Morgan Hill and Gilroy will have the background information needed to establish a fiscally responsible funding plan for compliance with the Trash Provisions over the next nine years. Deliverables will include cost spreadsheets, digital maps for compliance tracking, and data tables that detail recommended FCS device characteristics, unit costs, maintenance needs, etc.

To identify a consultant to develop the Strategy, the City issued a Request for Proposals (RFP) in March and received five proposals from the following firms:

- 1) CSG Consultants, Inc.;
- 2) Larry Walker Associates;
- 3) NCE;
- 4) Schaaf & Wheeler; and
- 5) WOOD Environmental Consulting.

Once received, the five proposals were reviewed and scored by representatives from the stormwater programs in the City of Morgan Hill, City of Gilroy, and Valley Water. (To be clear, Valley Water served as a peer reviewer for the evaluation and they do not have a defined role in complying with the Trash Provisions in South County). The consultant selection process was set up so that all consultants whose proposals scored 80 percent or more would be deemed qualified to do the work described in the RFP. Cost proposals would be opened only for consultants deemed qualified and the qualified consultant with the lowest cost proposal would then be selected to do the work. At the conclusion of the review process, only Schaaf & Wheeler scored over 80 points and only their cost proposal was opened. In general, the proposals from other potential consultants did not adequately reflect an understanding of the intended work and/or did not indicate that the firm had enough relevant experience in this highly specific area. Schaaf and Wheeler's costs were within the budgets set aside by each city for completion of the project and this firm was selected to complete the work. Attachment 1 is their signed consultant agreement.

The contract for completion of the Trash Compliance Strategy will be for the amount of \$86,729. Of this amount, Morgan Hill's share of the cost will be \$36,940 and Gilroy's

share of the cost will be \$49,789. The contract with Schaaf & Wheeler includes language explaining that while the work within the City of Morgan Hill will be authorized at contract execution, work within the City of Gilroy will not begin until further authorized by the City of Morgan Hill's project manager. This authorization will be provided once the City of Gilroy executes a cost sharing agreement (Attachment 2) for this project with the City of Morgan Hill. At the present time, this item is scheduled to be considered by the Gilroy City Council in September. As the consultant is ready to begin work and several months have passed since the proposal was initially submitted, it makes sense to begin, at least, the Morgan Hill portion of the work now.

COMMUNITY ENGAGEMENT: Not Applicable/Inform

The project is a study to help the City establish a budget for regulatory compliance with the Trash Provisions. The project will not directly physically impact the community and the result of the study will be a set of recommendations which the City may or may not implement depending on further evaluation over the next decade. As such, no community engagement was done prior to this Council report. Ultimately, when the devices are actually being installed, the community will be informed about the installation and what they can do to protect water quality. City staff has informed the Council and community for several years of the impending requirements being levied by the State and the lack of dedicated funding to support this requirement. This includes information in the annual Infrastructure Report and regular Budget/Financial updates and workshops.

ALTERNATIVE ACTIONS:

The City is not required to prepare a Trash Compliance Strategy and could choose not to do this work. If the City chooses not to prepare this study, the consequences could include an inability to budget accurately for trash compliance over the next ten years (anticipated to cost millions of dollars), overspending on FCS devices due to a failure by the City to comprehensively understand the multitude of FCS device options and their associated cost implications related to long-term maintenance, replacement needs, device effectiveness, etc., and the City may have difficulties showing compliance with milestones anticipated to be set by the SWRCB.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

While this is the first specific action to come before the Council on the Trash Provisions, funding for this project was included in the Capital Improvement Program approved by the City Council last month.

FISCAL AND RESOURCE IMPACT:

The contract for completion of the Trash Compliance Strategy will be for the amount of \$86,729. Through a cost sharing agreement, Morgan Hill's share of the cost will be \$36,940 and Gilroy's share of the cost will be \$49,789.

The City of Morgan Hill budgeted \$50,000 for the Trash Compliance Study in the current adopted budget (FY2020-21) and this task is a part of the Community Services Department workplan. The item is listed in the FY 2021-2026 Capital Improvement

Program, Project Number 418020, with funding from Fund 304 – Drainage (Non-AB1600) Fund.

Since Morgan Hill is the lead agency and will record the total expenditure of the agreement, staff recommends Council adopt the budget amendment resolution (Attachment 3) to appropriate an additional \$36,729 (\$86,729 less \$50,000 already budgeted) as expenditure and recognize the reimbursement revenue (\$49,789) from the City of Gilroy, pending Gilroy City Council approval.

CEQA (California Environmental Quality Act):

Categorical Exemption – This project is categorically exempt from CEQA per Section 15306 (Information Collection) of the CEQA Guidelines as they involve collecting information for a study leading to an action that the City has not yet approved, adopted, or funded.

LINKS/ATTACHMENTS:

1. Contract for Trash Compliance Study_Schaaf & Wheeler
2. Cost Sharing Agreement for Trash Compliance Strategy_MH/Gilroy
3. Budget Amendment Resolution

SERVICE AGREEMENT FOR DESIGN PROFESSIONALS SCHAAF & WHEELER - TRASH COMPLIANCE STRATEGY

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Schaaf & Wheeler 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 October 30, 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 completion of a Trash Compliance Strategy & Cost Analysis as further described in **Exhibit A.**
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount.** \$86,729.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed eighty-six-thousand-seven-hundred-twenty-nine 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. No payment shall be owed or paid by CITY for work performed in the City of Gilroy until a notice to proceed has been given by CITY to CONSULTANT.

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

Certificate Holder address:

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

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:

Schaaf & Wheeler
1171 Homestead Road
Suite 225
Santa Clara, CA 95050

Address of CITY is as follows:

Attn: Tanya Carothers	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:

SCHAAF & WHEELER

City Attorney

By:

Leif M Coponen / Vice President

Donald A. Larkin

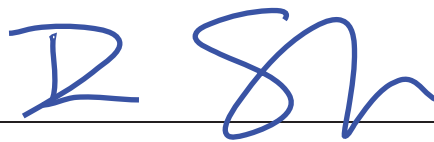
Print Name and Title of Signer.

Print Name

If Corporate: Chairman, President or
Vice President

Date: _____

Date: July 8, 2020



By:

Dan Schaaf/Secretary

Print Name and Title of Signer.

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

Date: 7/8/2020

Attachment: Contract for Trash Compliance Study_Schaaf & Wheeler (2811 : Trash Compliance Strategy)

EXHIBIT A SCOPE OF SERVICES

Attached is the complete Scope of Services. While the work within the City of Morgan Hill is authorized at contract execution, work within the City of Gilroy cannot begin until further authorized by the City of Morgan Hill's project manager. This authorization will be provided once the City of Gilroy executes the cost sharing agreement for this project with the City of Morgan Hill. CONSULTANT acknowledges that the work activities within the City of Gilroy are subject to delay and potential cancellation.

E. Project Management

Our Planned Approach

Our team has worked with numerous jurisdictions to comply with stormwater trash reduction requirements. Using our experience and lessons learned, we have developed stepwise approach to ensure that unnecessary work is not performed and that neither city installs trash capture devices with low capture potential. We plan to have four (4) in person meetings at key milestones of the project to ensure that the cities have reviewed and approved of the methods and analysis moving forward. Our team will develop a strategy and costs analysis, understanding that this project is the first phase towards installing trash capture devices. We have not included detailed design drawings or fieldwork in our scope at this time as it can be more effectively performed during a later phase.

Controlling Critical Issues

Full Trash Capture devices require the treatment of trash in stormwater by screening materials through a 5mm opening. In some instances, this type of screening can have significant hydraulic impact on a storm drain system. These impacts will need to be identified and mitigated. With large, high-flow capacity systems this is typically accomplished by designing a high flow bypass or by designing the system “offline” from the main flow in the storm drain system. The second critical issue for high-flow systems is utility conflicts, as some large-scale devices can require significant amount of space to install. The final issue is the operation and maintenance of the devices. The costs and the means to maintain the devices need to be identified to ensure that the cities have the appropriate equipment and resources for adequate maintenance.

Quality Control Assurance

Quality controls are programmed several times throughout the project. Key members from both Schaaf & Wheeler and EOA will provide critical reviews of data and methods used to develop device recommendations and cost estimates. Senior staff will scrutinize trash capture devices for constructability and cost, and will review final strategy and cost analysis for practicality and applicability to the cities’ needs.

Key Features of the Strategy and Cost Analysis Study:

- Confirming high priority land use designated areas are trash generating
- Identifying trash capture device locations and types within identified catchments
- Updating GIS data
- Determine drainage areas and trash capture potential
- Provide cost estimates for capital, installation and maintenance

Key Elements for Completing the Project Successfully

- Maximizing trash capture potential
- Minimizing hydraulic impacts
- Identifying maintenance needs
- Developing 20-year cost estimates
- Strategy and recommendations for trash compliance and understanding of cost implications

Project Understanding and Approach

Regulatory Requirements

With the adoption of the Trash Amendments by the State Water Resources Control Board (State Water Board) in April 2015, the implementation of stormwater trash control programs has become a high priority compliance issue for owners/operators of Municipal Separate Storm Sewer Systems (MS4s) throughout the State of California, including the cities of Morgan Hill and Gilroy. Trash control programs are designed to demonstrate reduction in trash and litter discharged from MS4s and to protect the water quality and beneficial uses of local receiving water bodies (e.g., creeks, rivers, lakes and the Ocean) from the impacts of trash. The Amendments require that control programs be implemented to comply with trash discharge prohibitions and water quality objectives, which state that trash from MS4s cannot be discharged in levels that impact beneficial uses of receiving waters.

Both cities have selected the Track 1 compliance strategy, which will entail the installation and maintenance of certified trash full capture systems (FTS). The Cities are seeking to hire a qualified professional consultant to develop a strategy and conduct a cost analysis for the installation and maintenance of full trash capture devices located in two (2) catchments in the City of Morgan Hill and eight (8) catchments within the City of Gilroy.

This strategy will enable both cities to set aside adequate budget for the installation of FTS devices by 2030. This strategy will likely be followed by a feasibility study which will include conceptual designs of the FTS. Our team has worked with jurisdictions all the way from the compliance strategy to detailed design, bid documents, and construction support.

Stepwise Approach

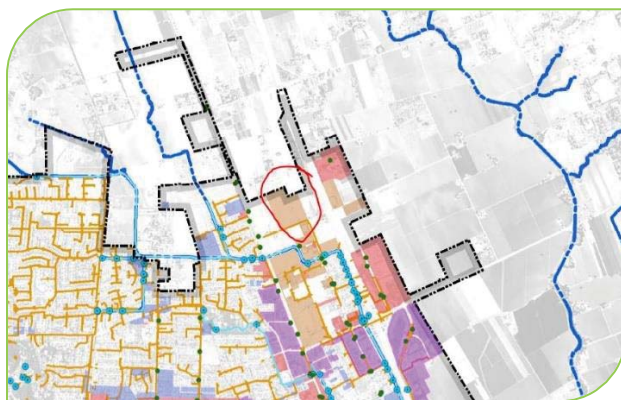
The Schaaf & Wheeler/EOA team will start by meeting with the project manager to kick off the project and receive data and information to assist with the project. The team will then review the existing information and priority land use areas identified. It may be cost effective to have EOA perform a visual on-land assessment of the high priority identified locations to ensure that they are trash generating. This task has not been included into our cost proposal and we would present this at the kickoff meeting as an optional task. We are conducting this process currently for the County of Mendocino and we anticipate cost savings down the road, as several of the high priority land use areas



Schaaf & Wheeler conducting site visit and identifying feasible locations for trash capture device installation for City of San Mateo (above) and City of South San Francisco (below)



don't appear to be trash generating. For instance, the below shaded orange area that is circled in red is shown to be "industrial" yet on an aerial view it is a vacant lot. Seeing as this lot is likely zoned industrial, it is likely to developed in the future. Our team can work with cities to include trash capture as part of development project conditions of approval (COA) which would put the capital and maintenance costs onto the private development and not on the City.



Example of Industrial Priority Land Use (PLU) Area with no Development

Both Cities will benefit from our team's stepwise approach to this project which makes sure that they are not spending more money than they need to on the installation and maintenance of full trash capture systems (FTS) and the devices and locations selected maximize the trash reduction to the receiving water bodies.

Large vs Small Device Selection

Once priority land use areas have been screened, our team will assess each of the requested catchments for FTS options. Our team will compare the use of large-scale devices over small-scale devices and compare long term costs. We have done this for numerous other jurisdictions. The table below shows an example of the comparison. Large scale devices will have higher "base cost" (i.e., capital and installation cost), however, their "total lifetime cost" (which is inclusive of maintenance) may be less depending on the number of small scale devices required to treat the same area.

Device ID	Device Type	Total Drainage Area	Load Reduction*	Total Base Cost	Total Lifetime Cost	Million Dollars per Percentage Reduction Based on Lifetime Cost
8A	87 Inlet	178	2.5%	\$ 104,400	\$ 1,787,000	\$ 71
	Off-Line HDS	238	3.7%	\$ 610,350	\$ 1,045,500	\$ 28
8B	86 Inlet	90	1.9%	\$ 103,200	\$ 1,767,000	\$ 93
	Off-Line HDS	90	1.9%	\$ 288,700	\$ 564,000	\$ 30
10A	21 Inlet	163	2.1%	\$ 25,200	\$ 432,000	\$ 21
	Off-Line Net	196	4.3%	\$ 358,730	\$ 744,000	\$ 17
10B	9 Inlet	72	0.3%	\$ 10,800	\$ 185,000	\$ 62
	Off-Line HDS	84	1.0%	\$ 269,000	\$ 356,000	\$ 36

Comparison of Small (inlet) and Large (off-line HDS or net) FTS

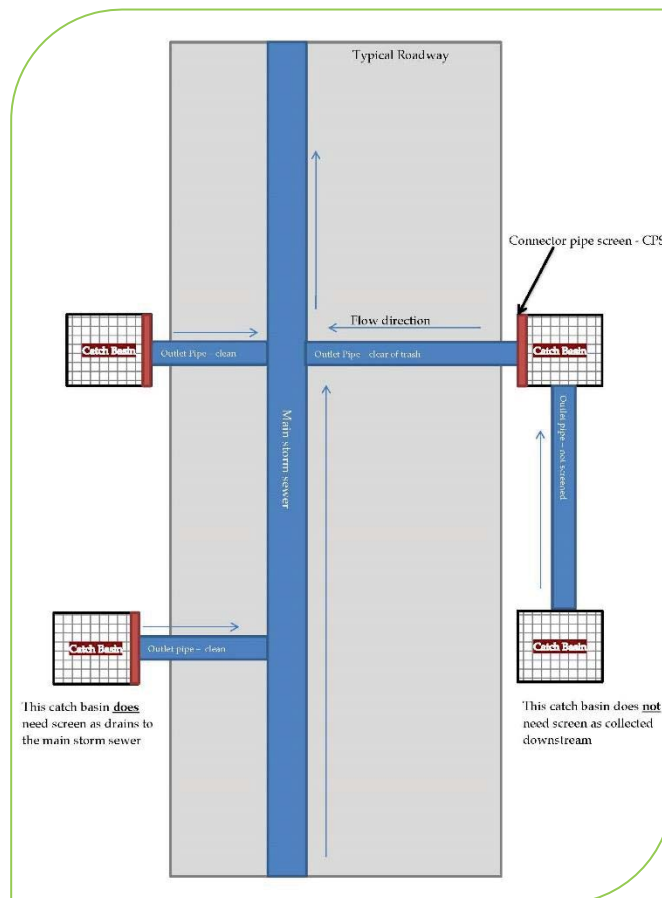
Identifying Device Locations

When siting small scale devices such as connector pipe screens (CPS) units, it is critical to identify catch basins that are “daisy chained” together and do not require multiple screens. The figure below was developed for another jurisdiction to explain how the right side of the street in the figure would require just one CPS unit, while the design of the left side of the street requires two CPS units. Our team will use the available data to determine the appropriate number of devices. We have not included any fieldwork at this time, instead we will use available GIS data, Google Street View, and Google Earth aeriels. Field verification will be conducted in a later, feasibility stage.

Large scale devices that are placed on outfalls to natural water courses come with additional permitting requirements. In some cases, moving the device upstream into the storm drain infrastructure can reduce permitting costs, but increase construction costs. These costs and benefits will be described where relevant.

State-Certified FCS Devices

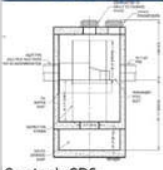
Our team has presented numerous papers at professional conferences on the pros and cons of the different FCS devices available. We also maintain close relationships with the different vendors so are aware of upcoming devices before they are approved. We have developed matrices for clients to help understand the differences between the devices from the installation, maintenance, and cleaning, to providing locations where devices have been installed. The picture to the left was developed by S&W to explain the difference types of large-scale devices. The matrices below shows the different components of each of the large-scale devices.



Inlet Device Location Identification (above)
Large Scale Device Overview (below)

Hydrodynamic Separation	Screens and Nets

*under review for approval as full capture

Large Scale Full Trash Capture Device												
Device Type	Or Equal Available	Approved by the RWQCB	Comparative Drainage Area (ac)	Off-line Diversion Required	Footprint (sf)	Depth below Invert (ft)	Approximate 10-year Hydraulic Loss (ft)		Sump Volume (cf)	Trash & Sediment Storage Volume (cf)	Dewatering Required for Maintenance ?	Maintenance Method
 Contech CDS	Yes; KriStar DVS is approved; Jensen JDS in for approval now	Yes	100	Yes for over about 50 acres	180	10	1.5	1.5	700	400	Yes	Vacuum
 BioClean NSBB	No	Yes	100	No, only above about 150 acres	90	3	0.4	0.7	150	200	Yes	Vacuum
 FreshCreek TrashTrap	No - KriStar/Old Castle Nettek is somewhat similar	Yes	100	No, flow weirs over nets if full	110	0.5	0.3	0.8	40	100	No	Crane
 Roscoe Moss StormFilter	No	Yes	100	No, in-line weir provides overflow	90	0	0.3	0.8	0	50	No, only if tidal or nuisance flow	Vacuum

Large Scale Trash Capture System Matrix

Deliverables

Our team will deliver detailed cost spreadsheets in Microsoft Excel for the cities to use and updated GIS shapefiles that document the necessary attributes for each device location so that the cities can proceed with conceptual design of the trash capture devices. In addition, our team will prepare maps showing FCS device locations and drainage areas to each device. The maps will be supported by GIS shapefiles that contain all the necessary information on each FCS in the shapefile attributes. We do not anticipate preparing any reports, but can if the Cities' deem necessary for additional fee.

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

See attached.

G.Cost Proposal

ATTACHMENT E Cost Proposal Form

(To be executed by consultant and submitted with proposal)

Base Cost Proposal

City	Deliverable	Amount
Morgan Hill Deliverables are described in detail under Section II.A of this RFP.	Deliverable #1 – Itemized Cost Breakdown. Itemized costs shall include FCS Device capital costs, and construction, operation and maintenance costs of the proposed FCS devices for a 20-year period.	\$ 11,701
	Deliverable #2 - MPK File, ArcGIS Shapefiles and PDF Maps. Map point file showing the location of the FCS devices proposed, and a polygon file showing the drainage area that would flow through each FCS device.	\$ 6,099
	Deliverable #3 - ArcGIS Point Shapefile Attribute Table. Attribute Table should include fields specified under II.A of this RFP.	\$ 4,382
Gilroy Deliverables are described in detail under Section II.B of this RFP.	Deliverable #1 – Itemized Cost Breakdown. Itemized costs shall include FCS Device capital costs, and construction, operation and maintenance costs of the FCS devices for a 20-year period.	\$ 24,718
	Deliverable #2 - MPK File, ArcGIS Shapefiles and PDF Maps. Map point file showing the location of the FCS devices proposed, and a polygon file showing the drainage area that would flow through each FCS device.	\$ 18,199
	Deliverable #3 - ArcGIS Point Shapefile Attribute. Attribute Table should include fields specified under II.B of this RFP.	\$ 6,872
Cost Total*		\$ 71,971

Optional Tasks

City	Task	Amount
Morgan Hill Deliverables are described under Section II.A of this RFP	Optional Task: Evaluate Fisher Creek Drainage Area and Provide Deliverables 1-3.	\$ 7,379
	Optional Task: Evaluate Coyote Creek Drainage Area and Provide Deliverables 1-3.	\$ 7,379

* Costs shall include travel, supplies, and all other costs deemed necessary to perform the work.

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL



Schaaf & Wheeler

CONSULTING CIVIL ENGINEERS

Hourly Charge Rate Schedule

Personnel Charges

Charges for personnel engaged in professional and/or technical work are based on the actual hours directly chargeable to the project.

Current rates by classification are listed below:

Classification	Rate/Hr	Classification	Rate/Hr
Principal Project Manager	\$240	Construction Manager	\$225
Senior Project Manager	\$225	Senior Resident Engineer	\$200
Senior Engineer	\$210	Senior Scientist	\$200
Associate Engineer	\$190	Associate Scientist	\$180
Assistant Engineer	\$175	Resident Engineer	\$180
Junior Engineer	\$165	Assistant Resident Engineer	\$165
Designer	\$155		
GIS Analyst	\$150		
Technician	\$150		
Engineering Trainee	\$120		

Litigation Charges

Work done in preparation for litigation and other very high level-of-expertise assignments is charged at \$350 per hour. Court or deposition time as an expert witness is charged at \$450 per hour.

Materials and Services

Subcontractors, special equipment, outside reproduction, data processing, computer services, etc., will be charged at 1.10 times cost.

Effective 1/1/20



2020 FEE SCHEDULE

The following fee schedule covers personnel rates for EOA, Inc. staff.

Our charges are divided into two categories: personnel, and direct expenses. A new fee schedule is issued at the beginning of each year. Charges for all work, except where other arrangements have been made, are based on the new schedule of charges.

PERSONNEL

Personnel charges are for any technical, clerical or administrative work necessary to perform the project. Work tasks include geologic and environmental consulting, engineering and computer services, regulatory liaison, and report preparation. Personnel rates are as follows:

Personnel Category	Hourly Rates
Principal.....	\$287
Managing Engineer/Scientist III.....	\$279
Managing Engineer/Scientist II.....	\$264
Managing Engineer/Scientist I.....	\$252
Senior Engineer/Scientist III – Project Leader.....	\$232
Senior Engineer/Scientist/Planner II.....	\$212
Senior Engineer/Scientist/Planner I.....	\$194
Associate Engineer/Scientist III	\$184
Associate Engineer/Scientist II.....	\$175
Associate Engineer/Scientist I.....	\$149
Assistant Engineer/Scientist.....	\$134
Technician.....	\$117
Clerical/Computer Data Entry.....	\$82

Charges for professional services are in increments of one quarter-hour. Depositions/legal testimony charged portal-toportal, at 200% of standard rates, with a four-hour minimum charge. In accordance with California Civil Procedure 2037.7, where applicable, the minimum fee must be paid prior to commencement of testimony. Preparation for court cases is charged on a time-and-materials basis as outlined in this fee schedule.

DIRECT EXPENSES

Reimbursement for expenses directly related to services provided will be charged at cost plus 10%. Examples of such direct expenses include:

- Costs of sub-consultants or subcontractors
- Costs of special fees (insurance, permits, etc.)
- Costs of long-distance telephone, copying, drafting, blueprints, etc. (EOA copies charged at \$0.10 each for B&W, \$0.35 each for color. Large format \$0.15/sq ft for B&W, \$0.50/sq ft for color)
- Costs of color map production supplies (color ink and large format paper)
- Costs or rental of special equipment
- Costs of authorized travel and related expenses
- Automobile mileage directly related to services, at current IRS rate.

INVOICES

Invoices are prepared and submitted on a monthly basis, as either final or progress billings and are payable upon receipt unless prior arrangements have been made. Interest of 1-1/2% per month, or the maximum rate allowed by law, is payable on accounts not paid within 30 days.

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

1. Project Authorization for Morgan Hill Work
2. Morgan Hill Kickoff Meeting - 1 to 2 weeks from Project Authorization
3. Morgan Hill meeting to review and finalize device types and locations in four drainage areas - 2 months from Kickoff Meeting
4. Submittal of Draft Cost Estimates and Map to City of Morgan Hill for Review - 2.5 months from Kickoff Meeting
5. City of Morgan Hill completes review of Draft Cost Estimates and Map - 3 months from Kickoff Meeting
6. Submittal of Final Cost Estimates, Map and GIS Database to Morgan Hill - 3.5 months from Kickoff Meeting

7. Project Authorization for Gilroy Work
8. Gilroy Kickoff Meeting - 1 to 2 weeks from Gilroy Project Authorization
9. Gilroy meeting to review and finalize device types and locations in eight drainage areas - 2 months from Kickoff Meeting
10. Submittal of Draft Cost Estimates and Map to City of Gilroy for Review - 2.5 months from Kickoff Meeting
11. City of Gilroy completes review of Draft Cost Estimates and Map - 3 months from Kickoff Meeting
12. Submittal of Final Cost Estimates, Map and GIS Database to Gilroy - 3.5 months from Kickoff Meeting

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.

**COST SHARING AGREEMENT BETWEEN THE CITY OF MORGAN HILL,
CALIFORNIA AND THE CITY OF GILROY, CALIFORNIA FOR THE
TRASH COMPLIANCE STRATEGY**

This Agreement is made and entered into on _____, by and between the City of Morgan Hill, California, a general law municipal corporation of the State of California ("Morgan Hill"), and the City of Gilroy, California, a chartered municipal corporation of the State of California ("Gilroy"), collectively referred to herein as the "Parties" or individually as "Party."

RECITALS

WHEREAS, the Parties are jointly regulated by the State of California for stormwater pollution;

WHEREAS, the State is requiring both parties to plan for and install trash capture devices covering significant portions of both communities by 2030;

WHEREAS, the Parties have determined that an assessment on the best approach for capturing trash in each "trashshed" of the stormwater system (the "Project") will provide great benefit to the planning effort in both cities; and

WHEREAS, Morgan Hill has conducted a request for proposals process, with support from Gilroy, and selected a service provider for the assessment;

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING RECITALS AND OF THE MUTUAL COVENANTS AND CONDITIONS CONTAINED HEREIN, THE PARTIES HEREBY AGREE AS FOLLOWS:

AGREEMENT

1. Scope of Work and Costs. Morgan Hill, as the lead agency on this Project, has prepared an agreement including the scope of work and itemized costs for the assessment and is attached hereto as Exhibit A.
2. Cost Sharing of Project. All consultant costs for the assessment are to be shared based on the actual costs of the work as reflected in the budget found in Exhibit A. The cost shall include all consultant work authorized by the agreement, but exclude staff costs or overhead for either Party. Any changes in scope beyond that originally anticipated by the Partners that results in an increase in cost shall be negotiated, and the consultant agreement and this Agreement shall be amended as necessary.
3. Payment of Costs. Morgan Hill, as the lead agency, shall invoice Gilroy for its portion of costs on a monthly basis based on payment of invoices to the consultant. Gilroy shall pay all invoices within 30 days of receipt.

4. End Product. Both Parties shall have available to them all assessment information and consultant work product as outlined in the consultant agreement, Exhibit A. As the lead agency, Morgan Hill, shall be responsible for ensuring all work product is delivered to the City of Gilroy.
5. Permits. In consideration for its participation in this Agreement, both Parties agree to waive or pay directly any permit fees associated with the consultant doing work within the right of way of each Party. Each Party may require the consultant to apply for an encroachment permit for work occurring in the public right of way.
6. Indemnification. Pursuant to Government Code Section 895.4, each of the Parties hereto shall fully indemnify, defend with counsel reasonably acceptable to the other Party and hold the other Party, its officers, employees and agents, harmless from any damage or liability imposed for injury (as defined in Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying Party, its officers, employees, contractors, subcontractors, material suppliers or agents, under or in connection with any work, authority or jurisdiction delegated to such Party under this Agreement. Neither Party, nor any officer, employee or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of the other Party hereto, its officers, employees, contractors, subcontractors, material suppliers or agents, under or in connection with any work, authority or jurisdiction delegated to such other Party under this Agreement.
7. Notices. Notice shall be effective five days after date of mailing, or upon date of hand delivery. Notices given under this Agreement may be hand delivered or delivered by facsimile, with an additional copy sent by first class mail, postage prepaid, and addressed to the appropriate party at the following addresses:

To Gilroy:	City of Gilroy Attn: Public Works Director 7351 Rosanna Street Gilroy, CA 95020
To Morgan Hill:	City of Morgan Hill Attn: Public Services Director 17555 Peak Avenue Morgan Hill, CA 95037
8. Term. The term of this Agreement shall run concurrently with the consultant agreement attached hereto as Exhibit A. This Agreement will be automatically extended if the agreement with the consultant is extended. Should the agreement with the consultant terminate, the Parties agree that this Agreement shall terminate

as well. Any outstanding invoices shall be paid by Gilroy within 30 days of termination.

9. 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.

10. Additional Provisions. The Parties further agree as follows:

- a. One or both Parties' waiver of any term, condition or covenant of this Agreement shall not be construed as a waiver of any other term, condition or covenant of this Agreement.
- b. This Agreement contains the entire Agreement between the Parties relating to the trash capture device assessment. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force or effect.
- c. This Agreement shall be governed and construed in accordance with the laws of the State of California.
- d. This Agreement may be executed in counterparts and will be binding as executed.
- e. This Agreement shall become effective when executed by both cities and shall continue in force and effect so until final work product is delivered unless otherwise terminated pursuant to paragraph 8.
- f. All amendments to this Agreement must be approved in writing by both Parties to be effective. The Parties agree that any amendment to the consultant agreement shall be negotiated and agreed to by the Parties, unless such amendment solely affects only one Party. Any amendments to the consultant agreement shall be incorporated herein.
- g. The Parties agree that they shall endeavor to resolve any dispute about this Agreement in good faith. The Parties further agree that should such dispute remain unresolved, they shall engage in mediation and/or non-binding arbitration to resolve such disputes, prior to resorting to court action. Any action or dispute arising out of this Agreement shall only be brought in Santa Clara County.

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

IN WITNESS WHEREOF, THE PARTIES HAVE ENTERED INTO THIS AGREEMENT AS OF THE DATE FIRST ABOVE WRITTEN.

CITY OF MORGAN HILL

CITY OF GILROY

City Manager
Date:

City Administrator
Date:

ATTEST:

City Clerk
Date:

City Clerk
Date:

APPROVED AS TO FORM:

City Attorney
Date:

City Attorney
Date:

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 ADOPTED BUDGET TO APPROPRIATE \$49,789 AS REVENUE AND \$36,729 AS EXPENDITURE IN THE DRAINAGE (NON-AB1600) FUND (304) FOR TRASH COMPLIANCE STRATEGY PROJECT

WHEREAS, recommended amendments are needed and proposed to the City's previously adopted Budget for Fiscal Year 2020-21 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 activities allowed under this Resolution are categorically exempt from the California Environmental Quality Act of 1970; and

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

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

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

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

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

- a. That the City's previously adopted Fiscal Year 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 City.

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 22nd 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. 20-0XX adopted by the City Council at the meeting held on the 22nd day of July 2020.

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

DATE: _____

Irma Torrez, CITY CLERK

Attachment: Budget Amendment Resolution [Revision 3] (2811 : Trash Compliance Strategy)

EXHIBIT A

AGENDA BUDGET SCORECARD

FISCAL YEAR 2020-21

ADJUSTMENT #

004

FUND:

DEPARTMENT:

OBJECT:

304	Drainage-Non AB1600 Fund
8060	Local Drainage/Non AB1600
86360	CONSTRUCTION

AGENDA DATE:

AGENDA ITEM TITLE:

07/22/20
Schaaf & Wheeler Completion of Trash Compliance Strategy

	07/01/20 PROJECTED BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	06/30/21 PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	1,471,503	80,333	502,814	1,049,022
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	-	-	-
RECOMMENDED ACTION		49,789	36,729	13,060
RESULT OF RECOMMENDED ACTION	<u>1,471,503</u>	<u>130,122</u>	<u>539,543</u>	<u>1,062,082</u>



CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

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

APPROVE EXEMPTION TO STREET TREE MASTER PLAN FOR FOUR TREES ON THE SOUTHEAST CORNER OF MONTEREY ROAD AND FIRST STREET

RECOMMENDATION(S)

Approve an exemption to the Street Tree Master Plan for the installation of four Olive trees to replace four Black Locust trees by an adjacent business on the southeast corner of Monterey Road and First Street.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Infrastructure

2020-2021 Strategic Priorities

Economic Development

REPORT NARRATIVE:

The City of Morgan Hill has been approached by the owner of the Granada Theater and Hotel (currently under construction) with a request to replace four street trees on the southeast corner of Monterey Road and First Street. The request is to provide consistency and ambiance with planned on site use of Olive trees on the private property. Additionally, the business has temporarily located Olive trees in an adjacent parklet area being used for outdoor dining through an approved City encroachment permit.

There are currently four Black Locust Trees located in the area, which are proposed for removal (Attachment 1). Black Locust Trees, while prevalent in the Downtown, are no longer approved street trees within the Master Street Tree Plan (Plan) and City staff regularly receive complaints regarding their appearance. The trees are not indigenous and all under 40 inches in trunk circumference. Should the trees ever require removal, they would be replaced by a different type of tree within the City approved Plan.

The installation of the Olive trees is also inconsistent with the Plan as no Fruit Trees were included in the plan due to maintenance concerns related to dropping fruit on the roadways and sidewalks. The owner has demonstrated to staff through maintenance of the Olive trees located on private property that they can be treated to not fruit. The owner has further committed to all maintenance, ongoing treatments and liability relating to the trees. These commitments would be obtained through an encroachment permit that includes the following provisions:

- Maintenance of replanted trees is the responsibility of the property owner.
- Liability for trees is the responsibility of the property owner.

- Property owner must ensure trees remain fruitless. If trees bear fruit, the property owner shall be responsible for cleaning fruit droppings from City sidewalk.
- City bears no responsibility for ensuring irrigation to the locations.
- Agreement shall last until terminated by the City or property owner.
- Property owner shall maintain a valid encroachment permit with approved insurance for the entirety of agreement.
- Should the property owner neglect to maintain or decide not to maintain the trees in the future and/or terminate the agreement, then the property owner shall be required to remove and replace the Olive trees with approved street trees per the City's tree plan and as approved by the City's Public Services Director.
- Should the property owner default on the agreement, the City shall be allowed to seek compensation from the current or future property owner to replace the trees.

The encroachment permit may be administered by City staff, but approval of using the Olive trees requires approval of the City Council consistent with the municipal code for the planting of trees outside the Plan. The Council may wish to consider the consistency of the trees in the Downtown area and the ability to support future coordination. The encroachment permit will allow for future changes and as previously mentioned the existing street trees are not consistent with the current plan. Additionally, coordination of street trees in small sections of the Downtown may be viewed as advantageous to supporting efforts associated with economic development and business support. Furthermore, the property owner taking on required maintenance will relieve the City of a small amount of infrastructure maintenance costs.

Should the Council approve this request for an exemption, the City staff will work to issue an encroachment permit for this work to occur.

COMMUNITY ENGAGEMENT: Involve/Inform

This proposal was brought forward from an existing business as City staff did outreach to the local businesses in support of Covid-19. The community at large would be informed of any construction work and changes through the City's communications on City projects and maintenance activities.

ALTERNATIVE ACTIONS:

The Council could choose not to provide the exemption to the Plan, resulting in the existing street trees remaining.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

No previous actions have been taken in relation to these trees. The Master Street Tree Plan was adopted on March 6, 2019.

FISCAL AND RESOURCE IMPACT:

There is no significant fiscal impact associated with the proposed action. A small amount of ongoing funds will be saved through not having to maintain four street trees, estimated at \$500 every 5-6 years.

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

The planned maintenance and management of city facilities, such as the Downtown streetscape, falls within the CEQA categorical exemption of Class 1, Existing Facilities.

LINKS/ATTACHMENTS:

1. Olive Tree Locations and Photo
2. Master Street Tree Plan (weblink)

Monterey Road and 1st Street Corner Tree Replacement

Location:



Image:



Attachment: Olive Tree Locations and Photo (2814 : Exemption to Street Tree Master Plan for Four Trees on the Southeast Corner of Monterey

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, July 15, 2020 5:30 pm

Virtual Meeting
Link to join the meeting can be found below

MEETING GUIDELINES

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.

SPECIAL/REGULAR MEETING

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

SPECIAL MEETING

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

CALL TO ORDER

Mayor Constantine called meeting to order at 5:30 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	5:32 PM
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.

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).

The City Council interviewed the following commission applicants:

Library, Culture, and Arts Commission

Paul Lake

John Callison

Patrice Lyn

Emily Borchers

Parks and Recreation Commission

Richard Scott

John Callison

David Lovato

John Moniz

Library, Culture, and Arts applicant Tina Shakour withdrew herself from the process.

Parks and Recreation Commission applicant Bill Colombo did not attend the interviews.

RESULT:	NO ACTION TAKEN
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CLOSED SESSION

The closed session was moved to the end of the meeting.

REGULAR MEETING

7:00 P.M.

CONVENE REGULAR MEETING

The regular meeting convened at 7:00 p.m.

Minutes Acceptance: Minutes of Jul 15, 2020 5:30 PM (CONSENT CALENDAR)

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 announced that the Learning and Loving Center will be closing its doors. Christa Hanson and the Sisters of the Presentation shared that there are multiple factors that have contributed to the closure, including their financial situation as well as their ability to serve their student population during this challenging time. They had 27 successful years. In their letter they shared how lucky they are to live in a community with so many volunteers that care about supporting immigrant women and their families. City Manager Christina Turner shared that we are hoping to have the Center join us for our next Council Meeting.

A new County order came out, the Risk Mitigation Order. That was effective on Monday, July 13th. This new order does not have an end date. Originally it would have allowed personal services and inside gyms. With this order, businesses have to submit a social distancing protocol in order to operate, including businesses that were open prior to July 13th. The new order acknowledged that we can't stay at home all the time and residents should follow core principles to minimize risk. Some of those things include: outdoors are safer than indoors, the greater the distance one can put between themselves and others the better, interact in person with as few people or as short amount of time as possible, and consistent use of face coverings must become the new normal. A couple of other things on the new order are that: every business is required to submit those protocols on-line, generally the density limits of one worker per 250 gross square feet, and one customer per 150 square feet of space open to the public, telework is encouraged whenever possible and businesses will be required to submit to the Public Health Department within 4 hours upon learning that an employee has tested positive, some businesses will be required to adhere to industry specific requirements and they have been issuing guidelines for each of the different industries.

Subsequent to these orders, we found out that Santa Clara County has been placed on a monitoring list. This action prohibits indoor operations for gyms, fitness centers, places of worship, protests, offices for non-critical infrastructure sectors, personal care services which includes nail salons, barber shops, and also malls. These closures remain in effect until the state takes action to modify the health order. We did receive word from the County that they checked in with the State and the order does allow for more to be offered outdoors and that includes fitness centers as well as gyms.

The CRC is moving outside. Beginning on July 20th we will be opening our outdoor space. Some of this will include outdoor cardio equipment, group exercise classes, free weights, and weight machines. The Aquatics Center will continue to offer outdoor lap swim, aqua fitness, and private swim lessons. We will also be adding additional outdoor group exercise opportunities and will continue to have our virtual live classes. What won't be available at the CRC still are all the indoor activities, kids club, indoor pool, teen center, and senior center.

She concluded by announcing a County project called the Social Bridging Project. As we all know during this extended period of shelter in place, older adults are especially prone to social isolation with potential negative impacts. The County is working with Listos California to implement this Social Bridging Project in our county. It serves as a friendly touch point to older adults starting at age 60 who may need support services and resources including food, housing, and health care. They are committed to language and culture competency in their outreach. Their outreach includes wellness calls, as well as, disaster preparedness calls.

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin stated that back in May we brought back our Emergency Order to Council for a 60-day review which was required under the law. It has been more than 60 days since we did that. The reason we didn't call a special meeting for further review is that the Governor's emergency order has suspended that 60-day review requirement.

He has received a few questions regarding what the extension means for the County's Eviction Moratorium and our Rent Freeze order. The County's Eviction Moratorium has been extended through August 31st. Though August 31st, the County's ordinance which applies to residential and commercial properties in Morgan Hill is in effect and it means that if you are financially impacted by COVID-19 and you inform your landlord that you are unable to pay your full rent due to COVID-19 you can't be evicted. There are other procedures by where you are going to be required to pay that backed rent, but you are not going to be evicted in the meantime. In addition, the City adopted a Rent Freeze for residential properties which says the landlords can't raise rents on tenants during the COVID-19 emergency. Landlords may be issuing notices or rent increases but those won't go into effect until after our emergency order is lifted.

PUBLIC COMMENT

The public comment opened at 7:49 pm. The following people were called to speak:

Brian Faircloth

Garfield

Cat F

Joe Baranowski

There being no further requests to speak, the public comment closed.

ADOPTION OF AGENDA

MOTION:

Adopting the agenda as posted.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Rich Constantine, Mayor
SECONDER:	Rene Spring, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

CONSENT CALENDAR

Mayor Constantine recused himself from items 3 and 13.

MOTION:

Approving consent calendar items 3 through 5 and 7 through 13.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	John McKay, Council Member
SECONDER:	Rene Spring, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

Minutes Acceptance: Minutes of Jul 15, 2020 5:30 PM (CONSENT CALENDAR)

2. ITEM PULLED FROM CONSENT

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. ITEM PULLED FROM CONSENT

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.

ITEMS PULLED FOR DISCUSSION

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.

The public comment opened at 8:09 pm.

Brian Faircloth was called to speak.

There being no further requests to speak, the public comment closed.

MOTION:

Approving the recommended action.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Rich Constantine, Mayor
SECONDER:	Larry Carr, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

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.

Assistant to the City Manager Harjot Sangha provided the report.

The public comment opened at 8:25 pm.

There being no requests to speak, the public comment closed.

MOTION:

Approving the recommended action.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Larry Carr, Council Member
SECONDER:	John McKay, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

The meeting recessed at 8:26 pm.

The meeting reconvened at 8:31 pm.

MOTION:

Continuing item 16 to the July 22, 2020 City Council Meeting.

RESULT:	CONTINUED TO A FUTURE MEETING [UNANIMOUS]
MOVER:	Rich Constantine, Mayor
SECONDER:	Larry Carr, Council Member
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

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).

Assistant City Manager Leslie Little provided the report.

The public comment opened at 9:00 pm.

Joe Baranowski was called to speak.

There being no further requests to speak, the public comment closed.

MOTION:

Approving the recommended action.

RESULT: ADOPTED [UNANIMOUS]
MOVER: Larry Carr, Council Member
SECONDER: John McKay, Council Member
AYES: Constantine, Martinez Beltran, Carr, McKay, Spring

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.

Assistant to the City Manager Harjot Sangha provided the report and presentation.

The public comment opened at 10:07 pm. The following people were called to speak:

Joe Baranowski

Armando Benavides

Brian Faircloth

There being no further requests to speak, the public comment closed.

RESULT: NO ACTION TAKEN

MOTION:

Extending the meeting to midnight and continuing items 18 and 19 to the July 22, 2020 City Council meeting.

RESULT: EXTENDED [3 TO 2]
MOVER: Rich Constantine, Mayor
SECONDER: Yvonne Martinez Beltran, Mayor Pro Tem
AYES: Constantine, Martinez Beltran, Spring
NAYS: Carr, McKay

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.

Item continued to the July 22, 2020 City Council Meeting.

RESULT: CONTINUED

17. CONSIDERATION OF DECLARING RACISM AS A PUBLIC HEALTH EMERGENCY

Recommendation:

Consider declaring Racism a Public Health Emergency.

City Manager Christina Turner provided the report.

The public comment opened at 10:59 pm. The following people were called to speak:
 Brian Faircloth
 Joe Baranowski
 Roberto Aguirrez
 There being no further requests to speak, the public comment closed.

MOTION:

Waiting until the full County resolution comes forward.

RESULT:	DIRECTED [UNANIMOUS]
MOVER:	John McKay, Council Member
SECONDER:	Yvonne Martinez Beltran, Mayor Pro Tem
AYES:	Constantine, Martinez Beltran, Carr, McKay, Spring

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

Recommendation:

Receive report.

Item continued to the July 22, 2020 City Council meeting.

RESULT:	CONTINUED
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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.

Item continued to the July 22, 2020 City Council meeting.

RESULT:	CONTINUED
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FUTURE COUNCIL INITIATED AGENDA ITEMS

Council Member McKay asked for a discussion about what we can and cannot do in our community about fireworks.

CLOSED SESSION

City Attorney Donald Larkin announced the closed session items.

OPPORTUNITY FOR PUBLIC COMMENT

The public comment opened at 11:19 pm.

There being no requests to speak, the public comment closed.

CLOSED SESSION PUBLIC COMMENT**ADJOURN TO CLOSED SESSION**

The meeting adjourned to closed session at 11:23 pm.

CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

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

One case

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (§54957)

Title: City Manager

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (§54957)

Title: City Attorney

RECONVENE

The meeting reconvened at 1:15 am.

ADJOURNMENT

There being no further business, Mayor Constantine adjourned the meeting at 1:15 am.

MINUTES PREPARED BY:

Angie Gonzalez, Minutes Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

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

APPOINTMENTS TO THE LIBRARY, CULTURE, AND ARTS COMMISSION AND THE PARKS AND RECREATION COMMISSION

RECOMMENDATION(S)

1. Appoint Paul Lake, Emily Borchers, and Patrice Lyn to serve on the Library Culture, and Arts Commission to fill vacancies with terms ending April 1, 2022; and
2. Appoint Richard Scott, David Lovato, and John Moniz to serve on the Parks and Recreation Commission to fill vacancies with terms ending April 1, 2024.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

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

2020-2021 Strategic Priorities

Community Engagement and Messaging

REPORT NARRATIVE:

On April 1, 2020, the Library, Culture, and Arts Commission (LCAC) terms for Brigitte Crawford, Bob Benich, and Paul Lake ended. On July 15, 2020, the City Council interviewed Paul Lake, John Callison, Patrice Lyn, and Emily Borchers. Following the interviews, the City Council evaluated the candidates and submitted their recommendations to the Mayor for appointment. Based on the recommendations of the Council, the Mayor recommends the appointment of Paul Lake, Emily Borchers, and Patrice Lyn to serve on the LCAC, filling the vacant seats which have a term ending on April 1, 2022.

On April 1, 2020, the Parks and Recreation Commission (PRC) terms for Mary Seehafer, Richard Scott, and Matt Wendt ended. On July 15, 2020, the City Council interviewed Richard Scott, John Callison, David Lovato, and John Moniz. Following the interviews, the City Council evaluated the candidates and submitted their recommendations to the Mayor for appointment. Based on the recommendations of the Council, the Mayor recommends the appointment of Richard Scott, David Lovato, and

John Moniz to serve on the PRC, filling the vacant seats which have a term ending on April 1, 2024.

COMMUNITY ENGAGEMENT: Involve

Recruitment efforts were conducted to encourage citizens to apply for City Council appointment consideration to the Library, Culture, and Arts Commission and the Parks and Recreation Commission.

ALTERNATIVE ACTIONS:

City Council may choose to not make an appointment to the Library, Culture, and Arts Commission and/or the Parks and Recreation Commission, leaving the vacancies unfilled and direct staff to continue recruitment efforts.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Library, Culture, and Arts Commissioners currently serve two-year terms, with possible reappointment consideration. 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. 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

Recruitment efforts are conducted as vacancies occur to maintain the seven (7) member Commission.

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

FISCAL AND RESOURCE IMPACT:

There is no fiscal or resource impact associated with the actions to interview and appoint, as the recruitment and appointment process is accommodated in the Administrative Services operating budget.

CEQA (California Environmental Quality Act):

Not a project.

The appointment of commissioners is not a project as an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment as defined in Section 15378 of the State CEQA guidelines.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

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

RECEIVE UPDATE ON DOWNTOWN BUSINESSES USE OF PUBLIC SPACE

RECOMMENDATION(S)

Receive update on Downtown Businesses use of public space.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community

2020-2021 Strategic Priorities

Economic Development

REPORT NARRATIVE:

On June 3, 2020, the City Council received a report requesting direction on the Monterey Road Complete Streets/Lane Reduction and Use of Downtown Public Space. At that meeting the City Council did not move forward with the Complete Streets/Lane Reduction and expressed support for the “Al Fresco” program, allowing businesses to use public spaces, including potential side streets, parking spaces, sidewalk areas, plazas and other publicly owned spaces (Attachment 1). The City Council further directed staff to bring back the costs for implementing weekend street closures throughout the year.

The Economic Development Division and Engineering Division have implemented an expedited encroachment permit process for use of sidewalks, parklets, and other public spaces. Following the City Council direction, the Economic Development team met with many businesses in and outside the Downtown area to understand their space needs. In almost every case that a business requested space, the City staff has been able to work with the business to find a solution for their expansion needs. The City has facilitated the encroachment permit process as well as setting up barriers to allow for parklets and relocating benches and other infrastructure, creating additional space for dining on sidewalks/public space. In total, the City has issued six new or revised permits for the Al Fresco Program in support of local businesses. The Economic Development team has reached out to other businesses throughout the City to support their expansion needs. In a couple of cases, the businesses were limited by the landlord’s willingness or ability to support outdoor expansion.

The City’s effort to create additional space through parklets and encroachment permits has worked out extremely well for restaurants. With the evolving guidelines for non-food

businesses, staff is actively exploring what are the spaces that non-food businesses, such as personal service and fitness businesses, can use—provided the County and State allow for these outdoor uses. Additionally, staff is finalizing a Place-Branding Partnership program to support the enhancement of these outdoor spaces.

At this point, staff believes that additional outdoor space needs for businesses can be accommodated within existing parking, sidewalk, and park areas. City staff will continue to provide this support and believe the approach to be the most appropriate as the State and County guidelines continue to change the allowed uses for businesses.

City staff have received cost estimates on the cost to close Monterey Road for weekends only. The cost to close the roadway late Friday evening and re-open late Sunday afternoon would be \$4,650. City staff are not recommending the City invest additional time working on this street closure option at this time for several reasons:

- The City lacks the fiscal resources to commit to long term investment, and as the Covid-19 crisis continues, the fiscal outlook worsens.
- If business recovery is the priority for the City, it is unknown if this expense is the best use of limited City resources to support this business recovery.
- There has not been a clear consensus among businesses owners that this is a top priority for Downtown businesses.
- The City believes it should continue to focus resources on the individualized support for businesses in response to the changing State and County requirements related to Covid-19.

COMMUNITY ENGAGEMENT: Involve

Discussion on this item occurred with the community via the Virtual Town Hall meeting held on May 28. The Economic Development Division and Engineering Division staff members have been meeting and working with businesses on the use of public space since late May.

ALTERNATIVE ACTIONS:

The City Council could choose to provide staff direction to move forward on the implementation of weekend only street closures.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 3, the City Council previously discussed this item and specifically requested it be brought back to the Council for review of weekend street closures.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact for receiving this report. Should the Council direct staff to move forward with an alternative action, costs to implement the weekend Monterey Road Street closure would be \$4,650 per closure and need to be funded from the City's General Fund (010).

CEQA (California Environmental Quality Act):

Categorical

Exemption

Closing streets for special events and/or minor encroachments are exempt per CEQA

Guidelines Section 15304 - Minor alterations to land not involving the removal of mature trees and having no permanent effects on the environment.

LINKS/ATTACHMENTS:

1. Downtown Spaces

Downtown Morgan Hill

- Restaurant
- Retail/Service (potential public space use)
- Bar or Beer/Wine Establishment
- Potential Side Street Closure
- Public Space (Parking or Park)





CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

PREPARED BY: Maureen Tobin, Communications and Engagement Director
APPROVED BY: City Manager

ENGAGE MORGAN HILL YEAR END REVIEW AND ACKNOWLEDGEMENT OF COMMUNITY ADVISORY GROUP MEMBERS

RECOMMENDATION(S)

1. Receive report; and
2. Recognize Engage Morgan Hill Community Advisory Group Members.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Maintaining Infrastructure
Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Community Engagement and Messaging
Financial Sustainability

REPORT NARRATIVE:

In May 2019, City staff initiated an extensive outreach and engagement process with the Morgan Hill community, Engage Morgan Hill, regarding services, funding, and priorities. This year-long effort concluded in June 2020. The focus of this process was both educating and engaging the community regarding what services the City provides, how City services are provided, and the funding sources/options for services as we look toward the future. Additionally, Engage Morgan Hill provided a deeper understanding of the City budget, finances, revenue sources and expenses.

Why Engage Morgan Hill?

The City of Morgan Hill has been able to provide high quality service for a low cost to the Morgan Hill community. Comparing Morgan Hill to other cities in the County, the City of Morgan Hill collects the lowest taxes per capita of any other city. The City has been very thoughtful in the way we deliver services so that we have been able to provide our residents more with less. We have been able to do this through a dedicated and creative team, partnerships, and continually looking for opportunities to provide quality service at a lower cost.

Despite the City's best efforts and fiscal responsibility, Morgan Hill, just like other cities in California, has significant challenges ahead. This has been noted for several years and other efforts to address these challenges have been unsuccessful. City staff determined that in order to meet the challenges ahead we needed to come together as a community, share ideas, educate ourselves, and make informed decisions about how to move forward for a sustainable future.

Goals of Engage Morgan Hill:

- Educate and increase awareness in a group of community members
- Receive input/ideas from informed group of community members
- Sharing of accurate information by community members
- Community input into 2020/21 – 2021/22 budget process
- Community recommendations on potential revenue measure(s) and other revenue enhancement options
- Development of an independent group of community members who continue to share accurate information and potentially campaign for new revenue measure(s)

Internal Team

Under the direction of the Communications and Engagement Director, a core internal team was formed including: Public Services Director, Economic Development Director, Council Services and Records Manager/Deputy City Clerk, Administrative Analyst, and Assistant to the City Manager. This team met regularly for the majority of the year planning, creating presentations and reference material, and involving the broader leadership team at various junctures as needed. This team developed an incredible body of work that provides an in-depth review of city services, funding for services, the reasons for shortfalls in funding and potential options.

Topics included: Budget, Economic Development, Housing/Growth, Impact of SB330, Infrastructure, Traffic, Street/Facility Maintenance, Recreation, Pensions, Public Safety.

Staff presented to the Engage Morgan Hill Community Advisory Group at regular monthly meetings.

Engage Morgan Hill Community Advisory Group

A group of Morgan Hill residents was formed through a combination of direct invitation and interest on the part of community members to serve as the Engage Morgan Hill Community Advisory Group (CAG). The initial CAG included approximately 80 diverse community members who were meant to be representatives of the community at large and to serve as a conduit to the community, sharing information and bringing back to the group community input.

Over the first few months some members were no longer able to continue and we gained a few new members. In the end, the CAG was comprised of approximately 25-30 very dedicated community members who became very well informed and educated. They provided solid input into our FY 2020-21 & 2021-22 budget process and the consideration of a revenue measure(s) for both the March 2020 ballot and the November 2020 ballot. Additionally, a subset of the CAG has now formed the Morgan Hill Community Advisory Group, independent of the City, looking to continue to increase awareness in the community and share factual information with the community about City issues and challenges.

Challenges During the Year

Separate from the Engage Morgan Hill process there were significant challenges that impacted both the community and City staff during this past year, calling for redirection of resources and significant staff time and effort. These included: Trammell Crow/Morgan Hill Technology Center SB 330, Ford Store Shooting, Gilroy Garlic Festival Mass Shooting, Public Safety Power Shutoffs, Shoe Palace Expansion, Measure A, COVID-19 and budget impacts, and civil unrest across the country.

While the challenges faced during this past year did not prevent the Engage Morgan Hill process from moving forward, it is important to note that they did significantly impact staffing resources and changed the conversation with the broader community. The financial impacts of COVID-19 definitely changed CAG's recommendation to move forward with any type of revenue measure for November 2020.

Looking Towards the Future

The economic impacts of COVID-19 are making it difficult to plan for the future as we face loss of revenue. We do know that engaging with our community is both necessary and being demanded by the community. With less resources to put towards engagement efforts, this will be challenging at best.

Both City staff and the CAG believe that the materials developed for the Engage Morgan Hill process provide the framework for an excellent citizens' academy that could take place over a 6-month period annually. Educating our community in this manner is seen as a critical component of engagement going forward but does require significant resources. As we continue to face fiscal challenges, the community's involvement in solutions is paramount.

Acknowledgement of Engage Morgan Hill Community Advisory Group Members

The following community members were active participants in the Engage Morgan Hill Community Advisory Group. We sincerely thank them for their significant commitment of time in becoming more informed and their willingness to get involved and make a difference.

Shakeeb Ahmed

Sally Casas

Nancy Domnauer

Tim Fu

Nick Gaich

Kim Gaxiola

Ava Geddes

Delia Gomez

Gale Hoover Hammond

John Horner

Caitlin Robinett Jachimowicz

Rick Kent

Sue Koepp Baker

Matthew Kulick

David Lovato

Steve Malech

Michelle McKay

Jody McRoberts

Beverly Mercurio

Doug Muirhead

Roger Nagarajan

Jeff Perkins

Cecelia Ponzini

Yvonne Randolph

Brittney Sherman

Brian Sullivan

Kathy Sullivan

Jennifer Tate

Steve Tate

Charles Weston

Beth Wyman

COMMUNITY ENGAGEMENT: Collaborate

The entire Engage Morgan Hill process included community engagement ranging from inform through collaborate.

The following link provides access to the Engage Morgan Hill website where all meetings, reference material and videos of meetings reside: <https://www.morgan-hill.ca.gov/1868/Community-Advisory-Group>

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Engage Morgan Hill was introduced to the City Council at the May 22, 2019 meeting. No City Council action was required.

http://morganhillca.iqm2.com/Citizens/Detail_Meeting.aspx?ID=1802

FISCAL AND RESOURCE IMPACT:

There is no direct fiscal impact of receiving this report. Significant staff time was required during the year-long Engage Morgan Hill process.

CEQA (California Environmental Quality Act):

Not a Project – The Engage Morgan Hill Process was an administrative action that did not have an impact on the environment.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

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

PROVIDE DIRECTION REGARDING FEASIBILITY REPORTS FOR FUTURE RECREATION FACILITIES-SAND VOLLEYBALL FACILITY 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

7. 16 Presentation
8. 16 Supplement 1

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.

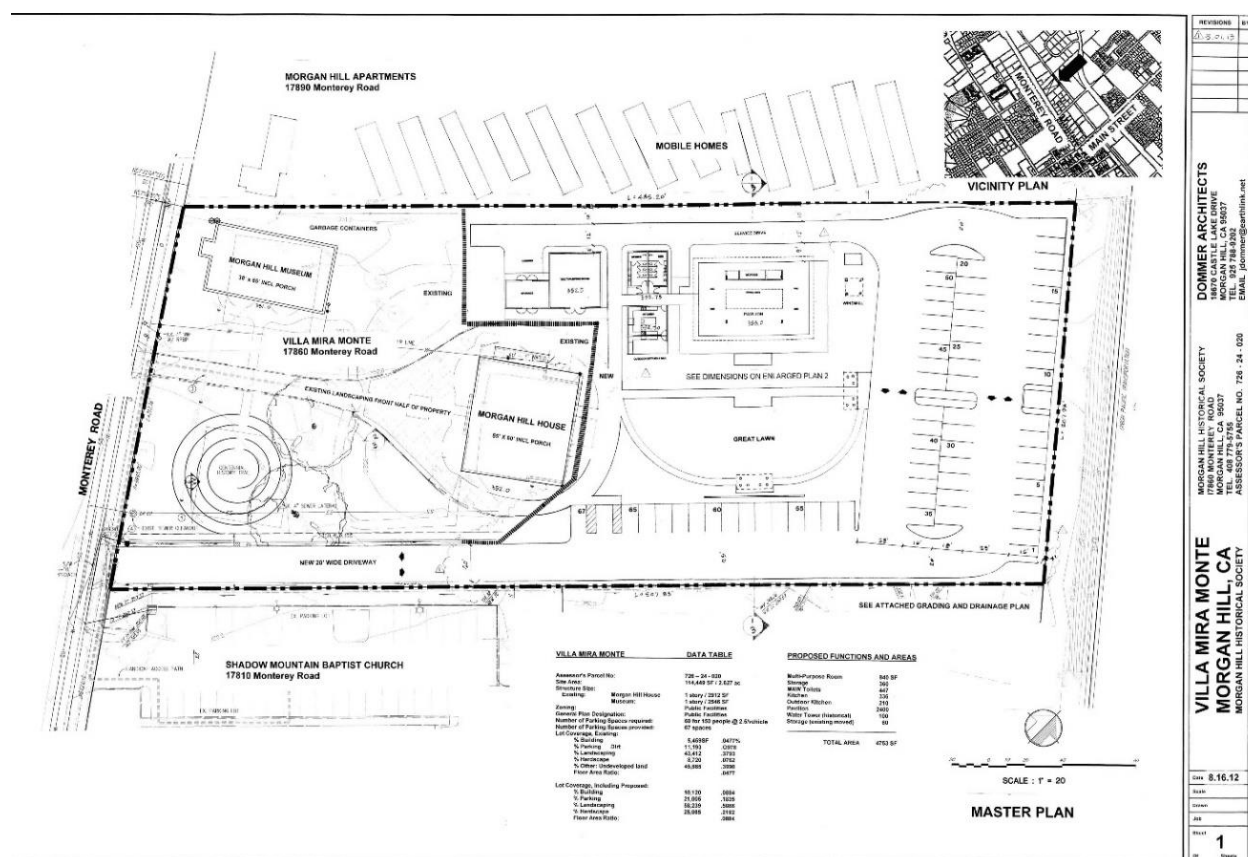
This report is organized into the following sections:

- 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.

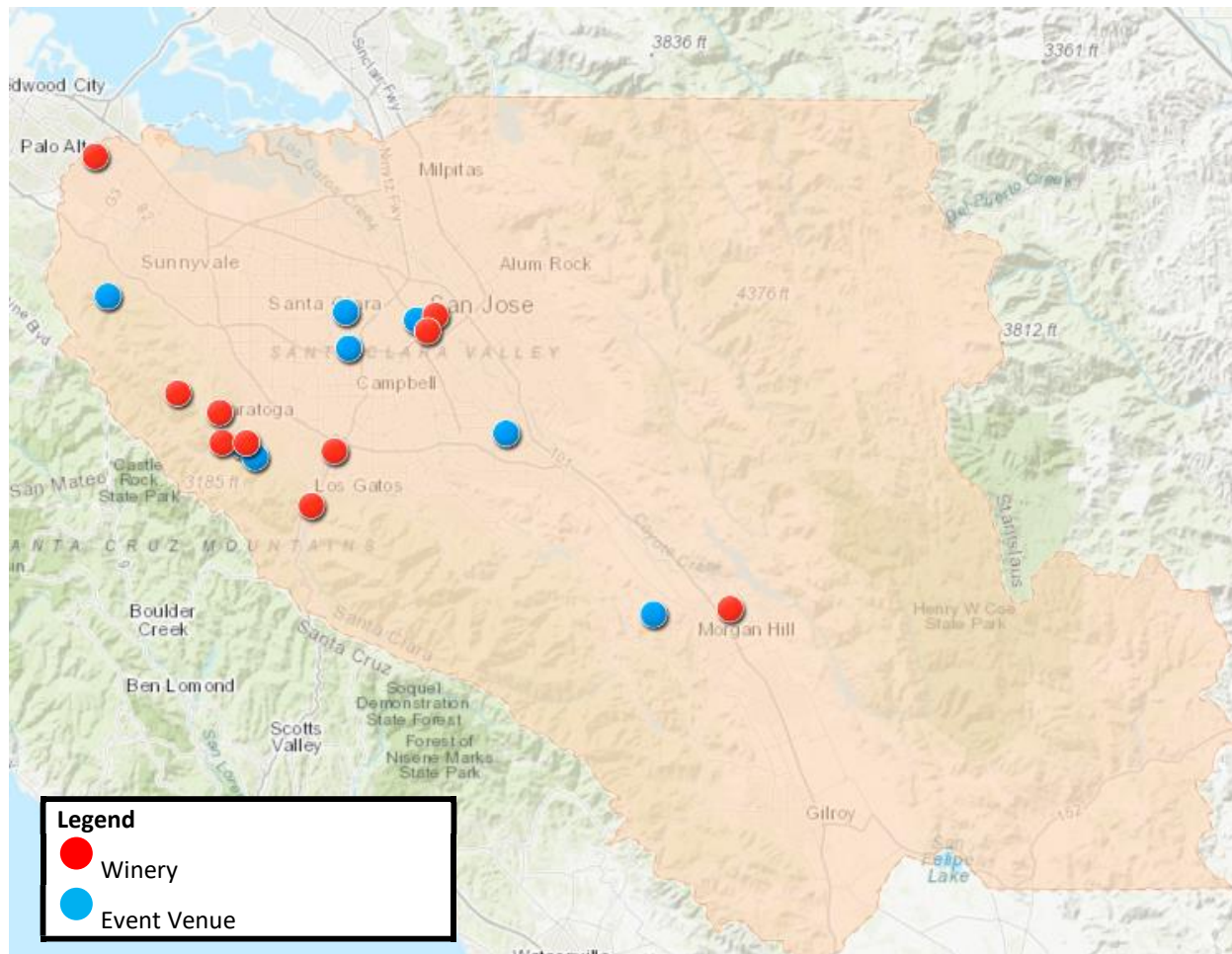
Other Event Center Venues in Santa Clara County

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.

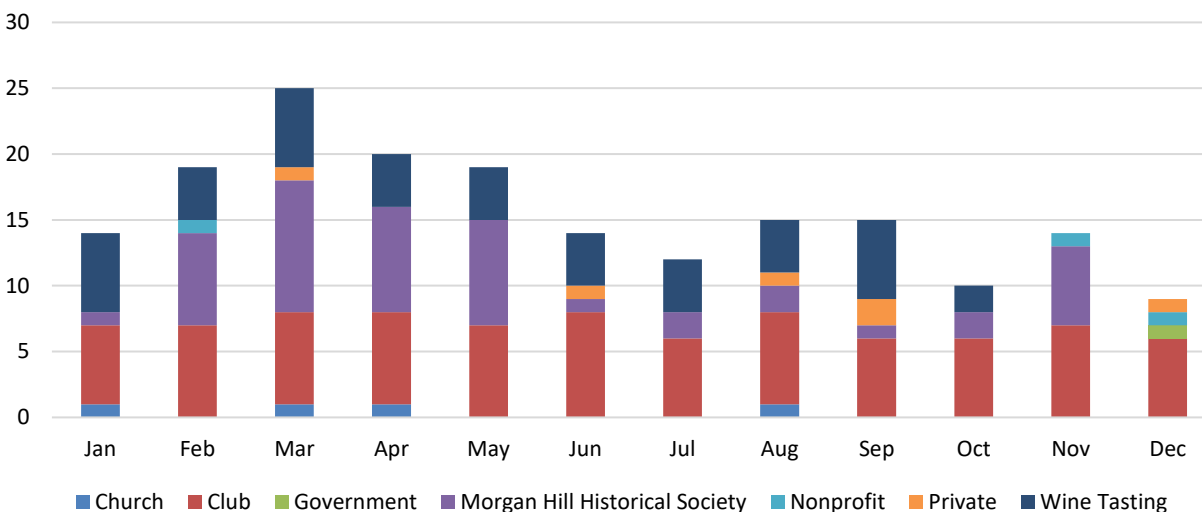
Table 6. Villa Mira Monte Event Rates by Organization Type

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.

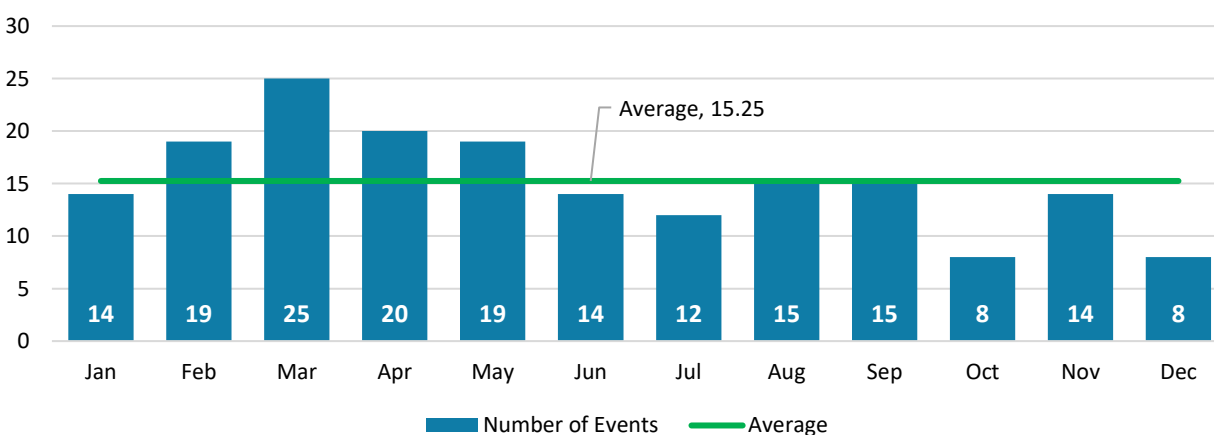
Figure 3. Number of Events Per Month in 2018 by Organization Type



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.

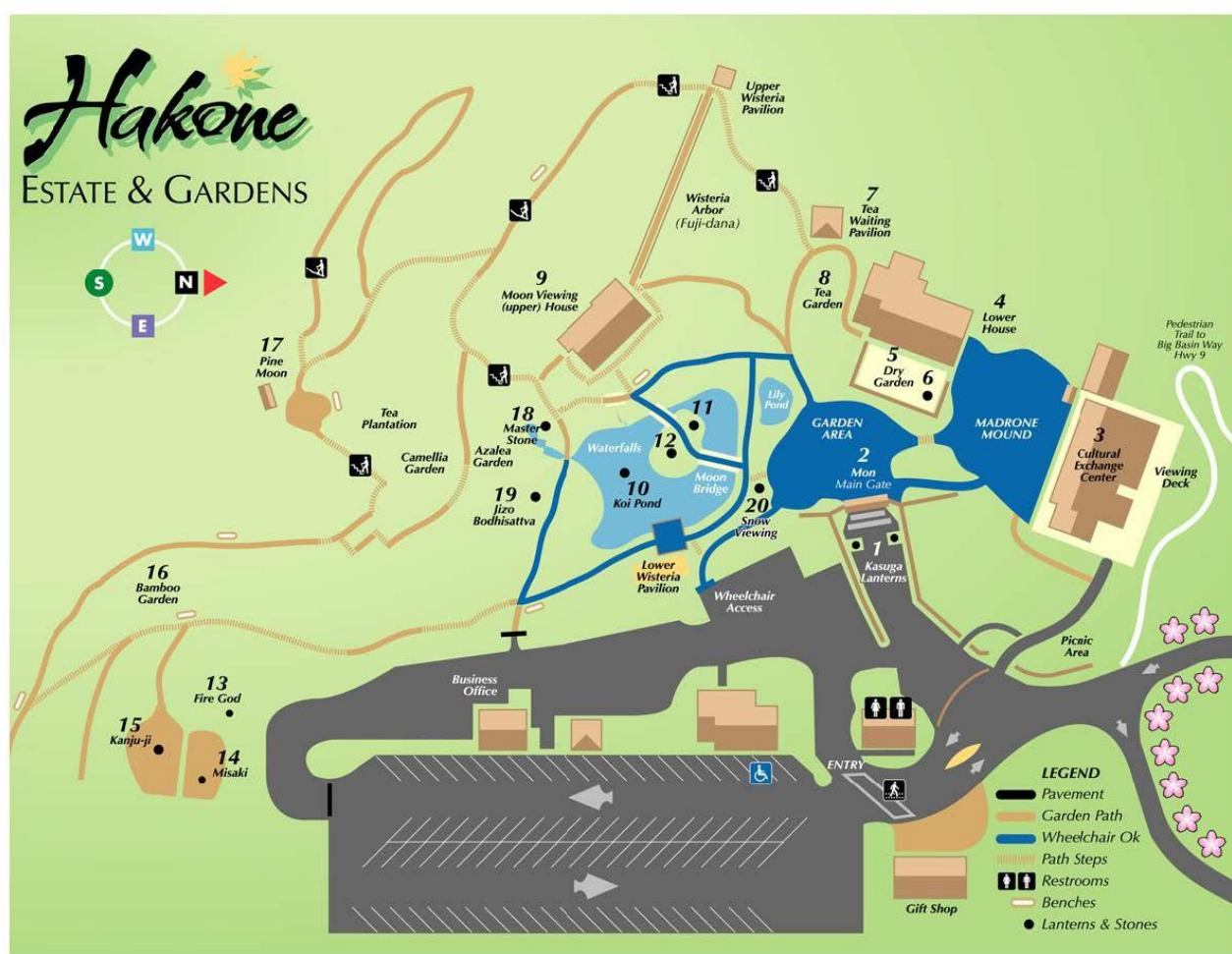
- The trend is moving away from events being held indoors, to utilization of outside spaces including the use of tents when protection or climate control is needed. Weddings and similar events are becoming one-of-a-kind style events and need flexibility to be custom tailored. A permanent building with 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

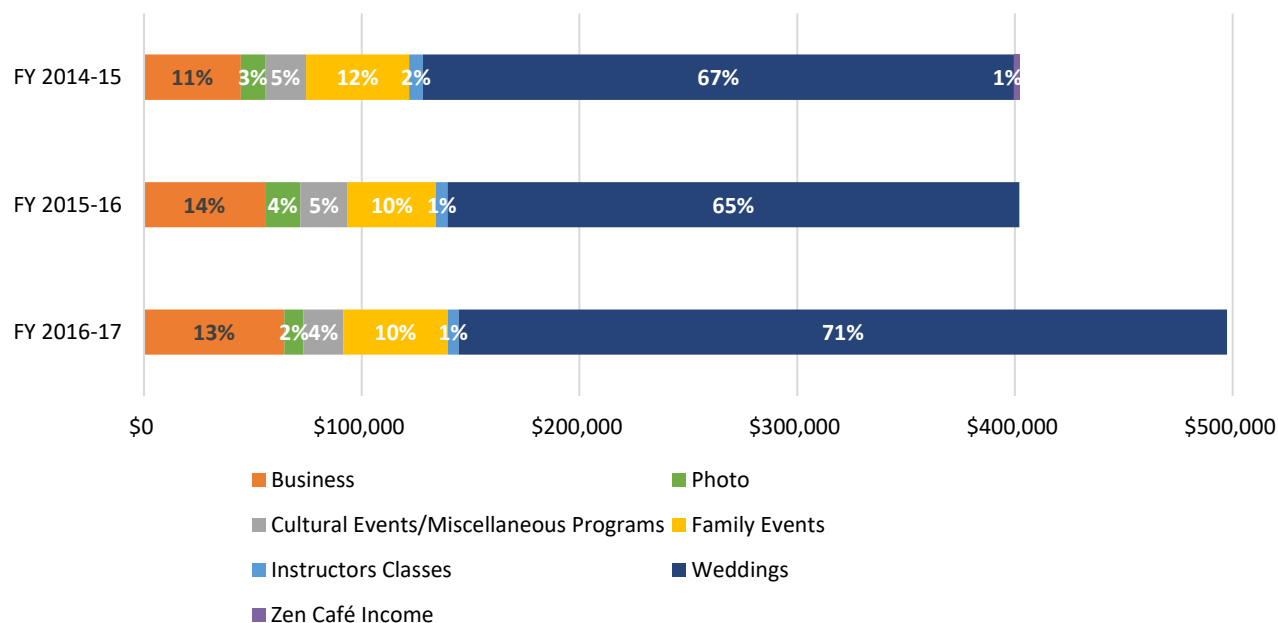
Hakone Foundation generates most of its operating income from rental income and entrance fees. The largest percentage of revenues comes from the operating income generated by the rental of the facility, between 46% and 54%. The two major sources of income, rental income and entrance fees, have been increasing 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

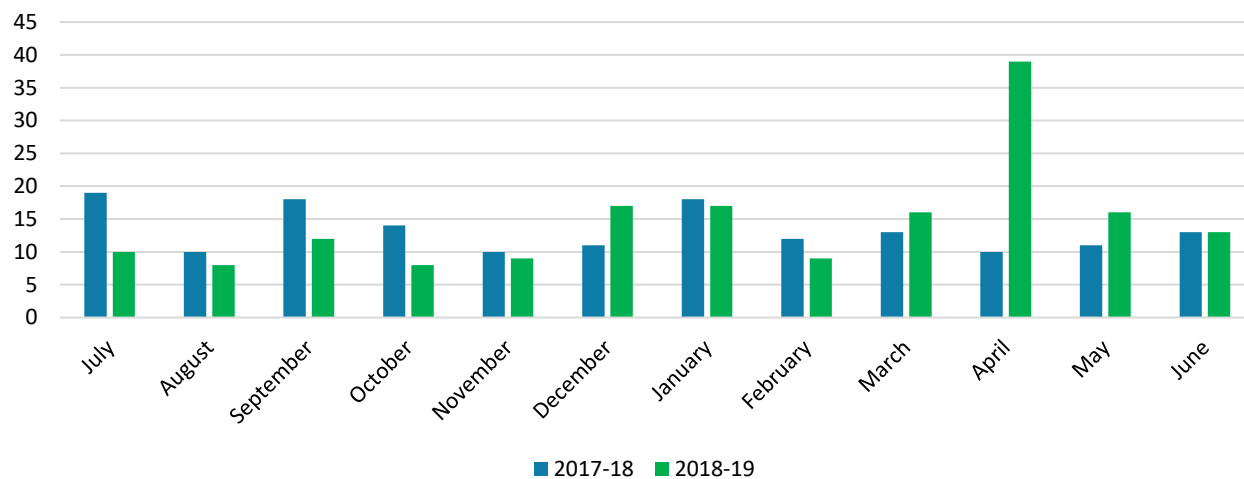
Wedding events generate the majority of rental income, as shown in Figure 6. The wedding events constituted between 65% and 71% of income during these three years.

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

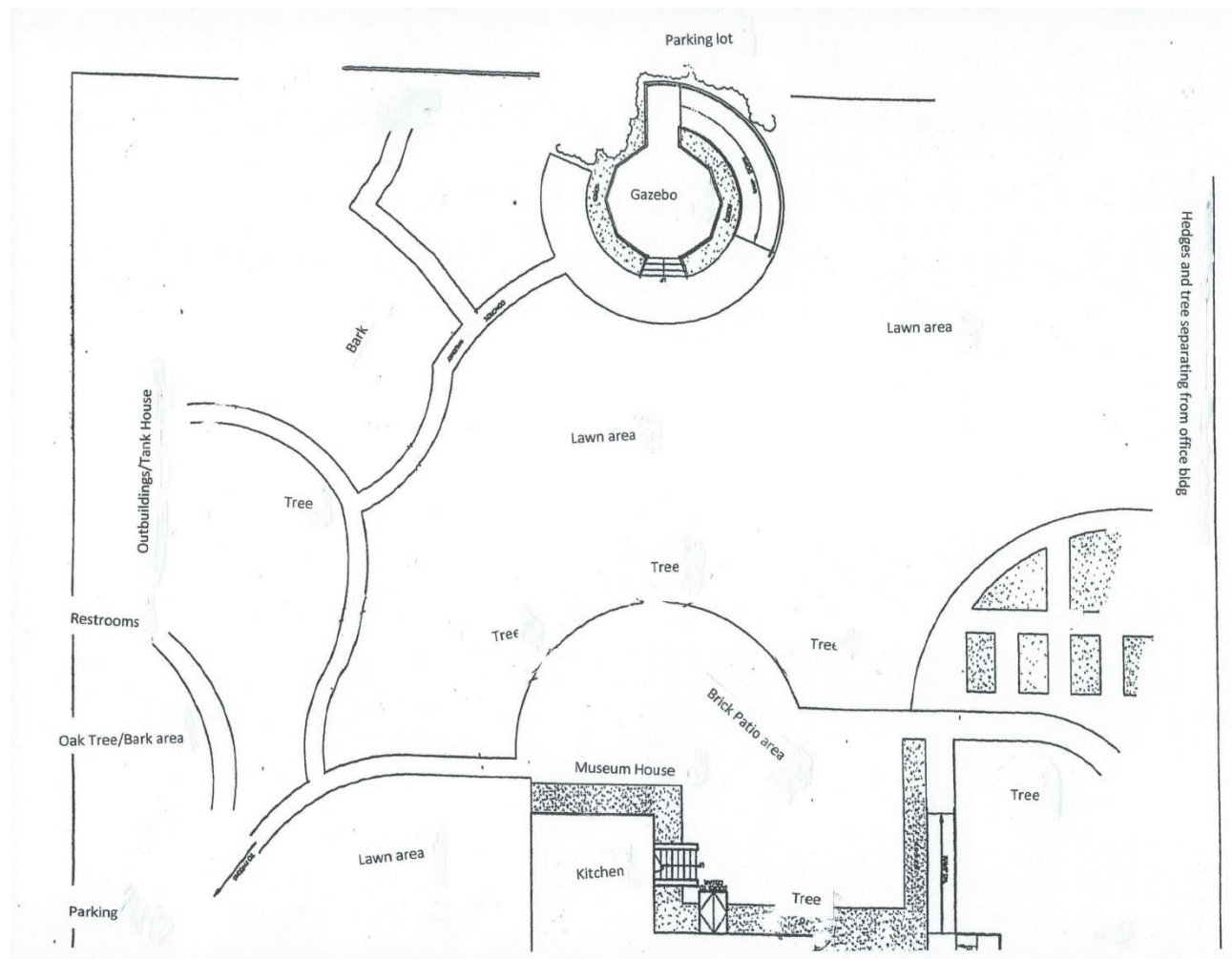
As with most historical sites, the Hakone Estate has been through a variety of phases and transitions. From the beginnings of a private property, to a City park, to present day, the site has adapted based on the needs to preserve the property. With the creation and expansion of the Hakone Foundation, 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)

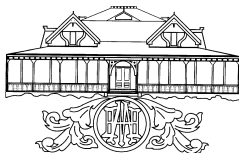
Source: Walnut Creek Historical Society Form 990 Filing Information, 2014, 2015, and 2016.

*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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 408.779.5755
www.morganhillhistoricalsociety.org
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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,

A handwritten signature in black ink, appearing to read 'Jerry Newfarmer', is placed over a light gray rectangular background.

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.

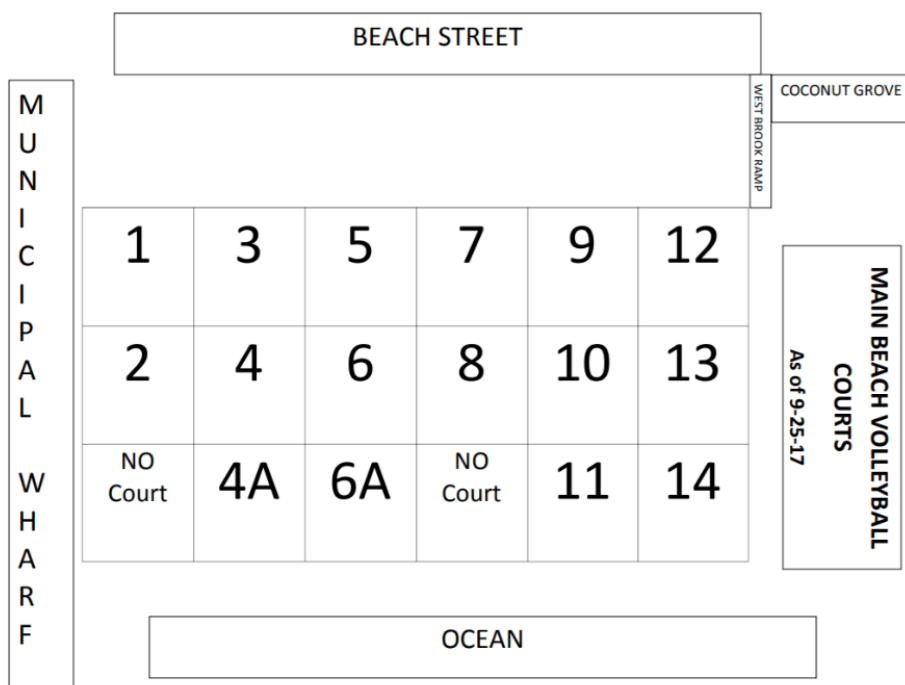
The sand volleyball courts in California are diverse in their size, quality, number, and institutional affiliation. Some facilities are located along a public beach, some are within parks, and some are on the campuses of high schools, community colleges, colleges or universities. Despite these challenges, 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.

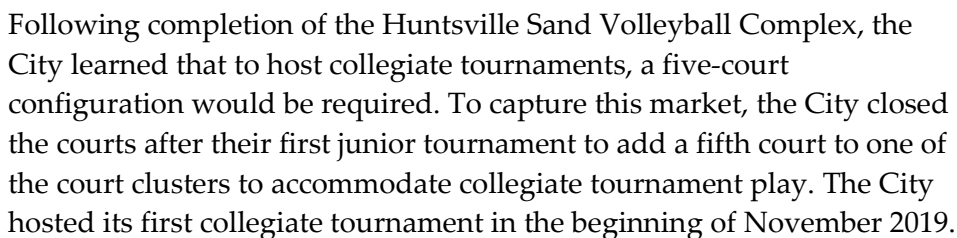
Huntsville Sand Volleyball Complex, John Hunt Park

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

- Management Partners spoke with the recreation superintendent responsible for the Sand Volleyball Complex to gather more information. A figure of the original court layout is provided below in Figure 2.

Figure 2. John Hunt Sand Volleyball Complex Layout (Original)



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	

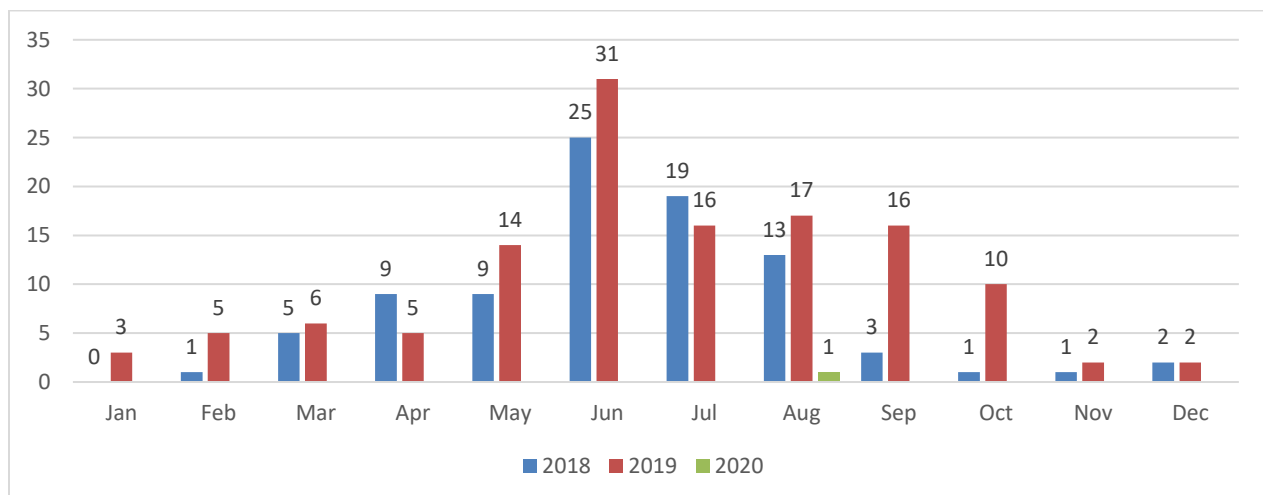
In looking at the high schools closest to Morgan Hill, six are within or adjacent to Morgan Hill City limits. The high schools, along with their estimated enrollment are listed in Table 7. To our knowledge, these schools do not have sand volleyball programs.

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.

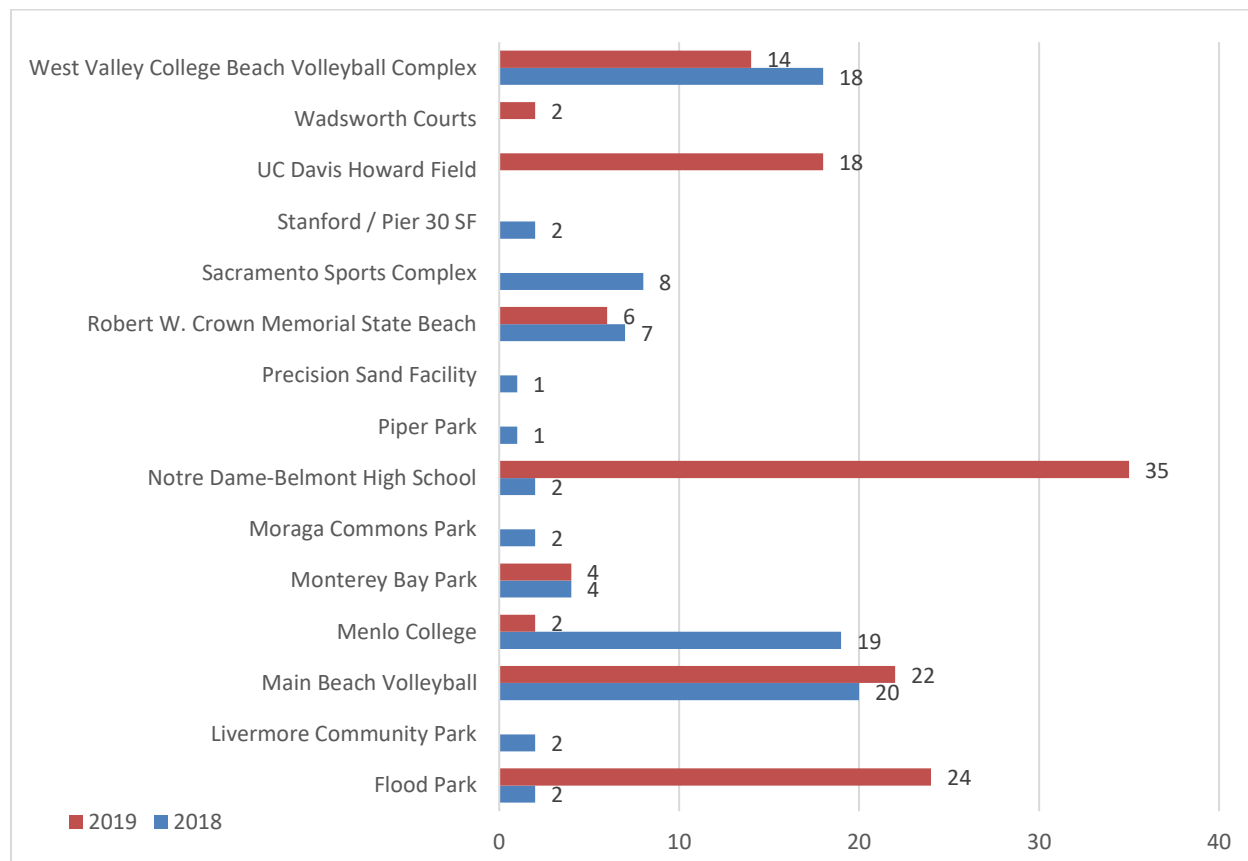
Figure 3. Juniors Beach Volleyball Tournament Events by Month and Year from 2018 to 2020



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.

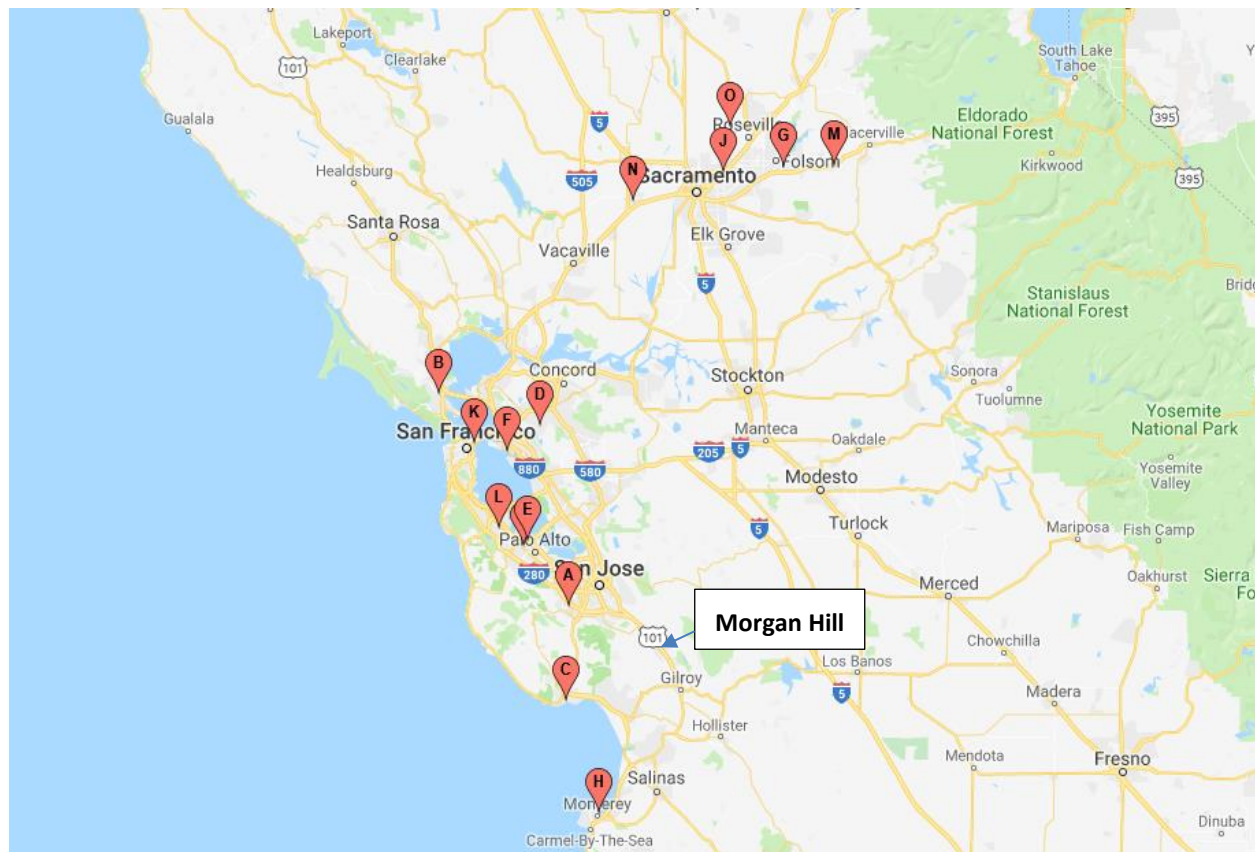
Table 8. Juniors Beach Volleyball Tournament Facility Locations and Number of Courts

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)."

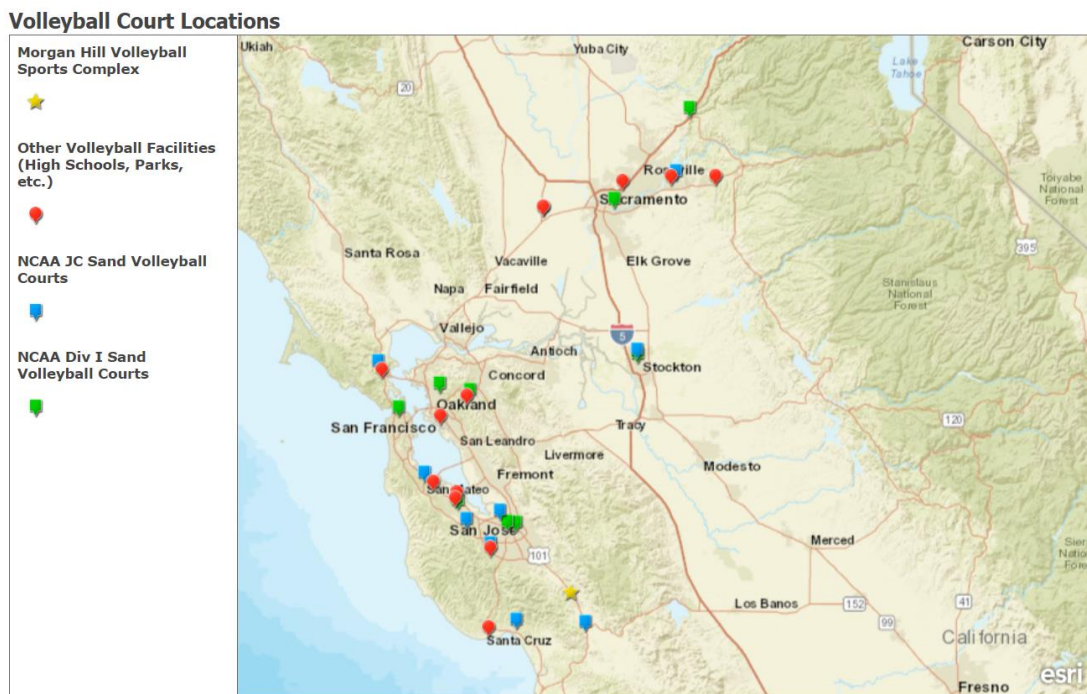
While some cities and counties have sand volleyball courts within parks, the inventory of tournament-level facilities (five or more courts) remains low. Most sand volleyball courts within parks are not built to tournament-level standards and typically there are fewer than four courts in a single facility. 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?*

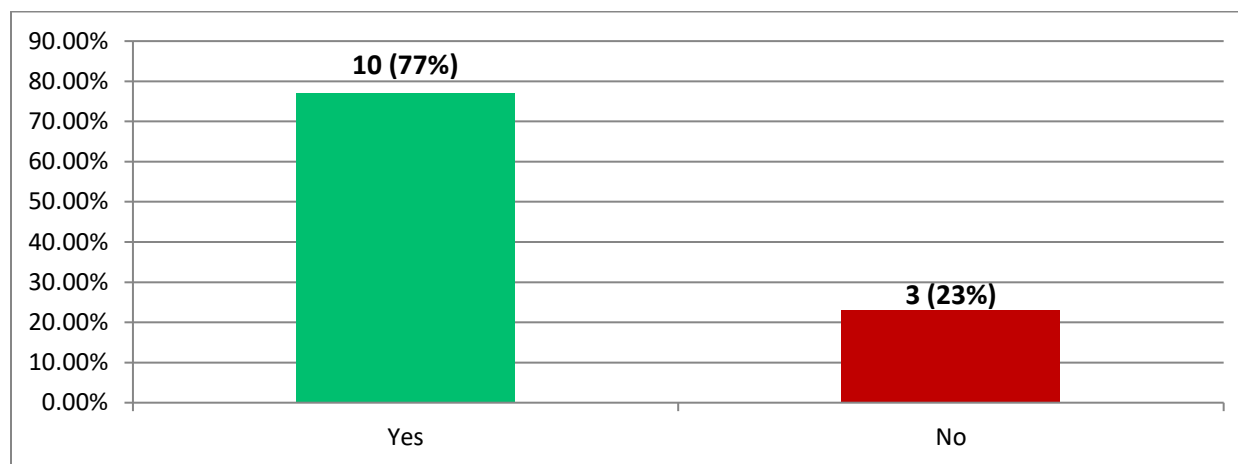


Figure 8 is a **follow-up question** to the three respondents who indicated they are not interested in renting volleyball courts in Morgan Hill. The respondents were asked if there are any other amenities needed for them to rent the facility. All three respondents indicated no, with no additional comments.

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.

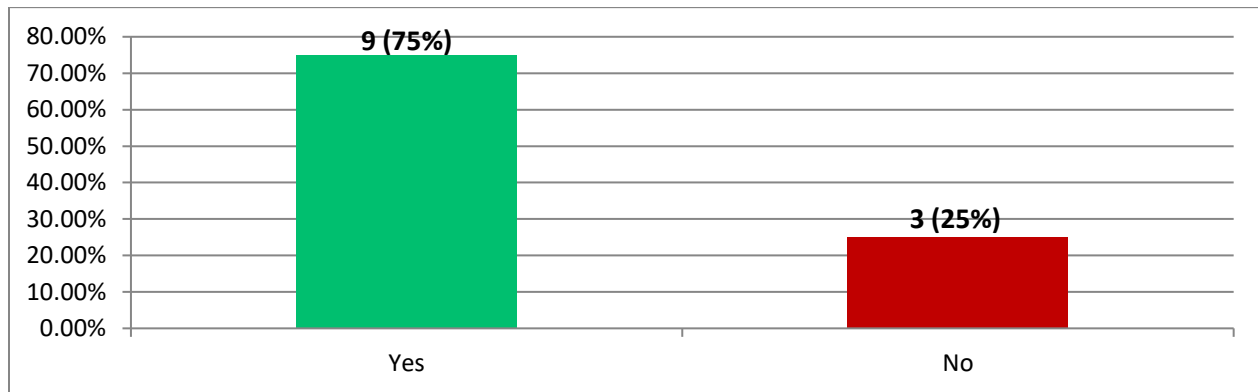
Figure 9. *Would your organization be interested in renting space for tournaments?*

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?*

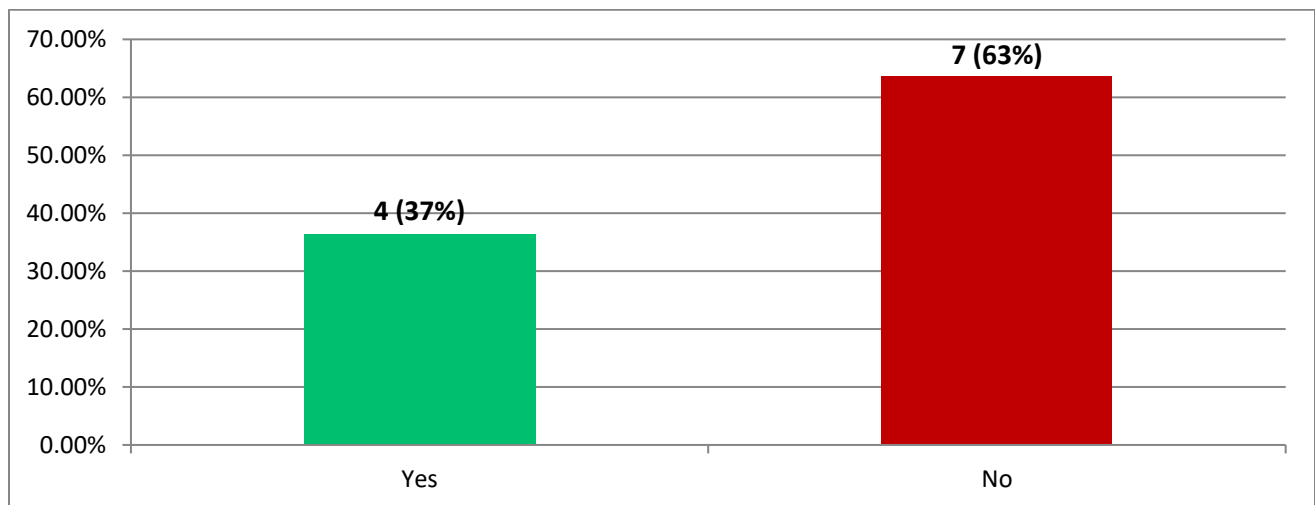


Table 19 is a follow-up to the four respondents who **expressed interest in renting the facility for practice play**. Respondents were asked to list the practice play they would potentially host if the facility was to open in 2021. Of the four respondents, only one was able to identify when they would 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?

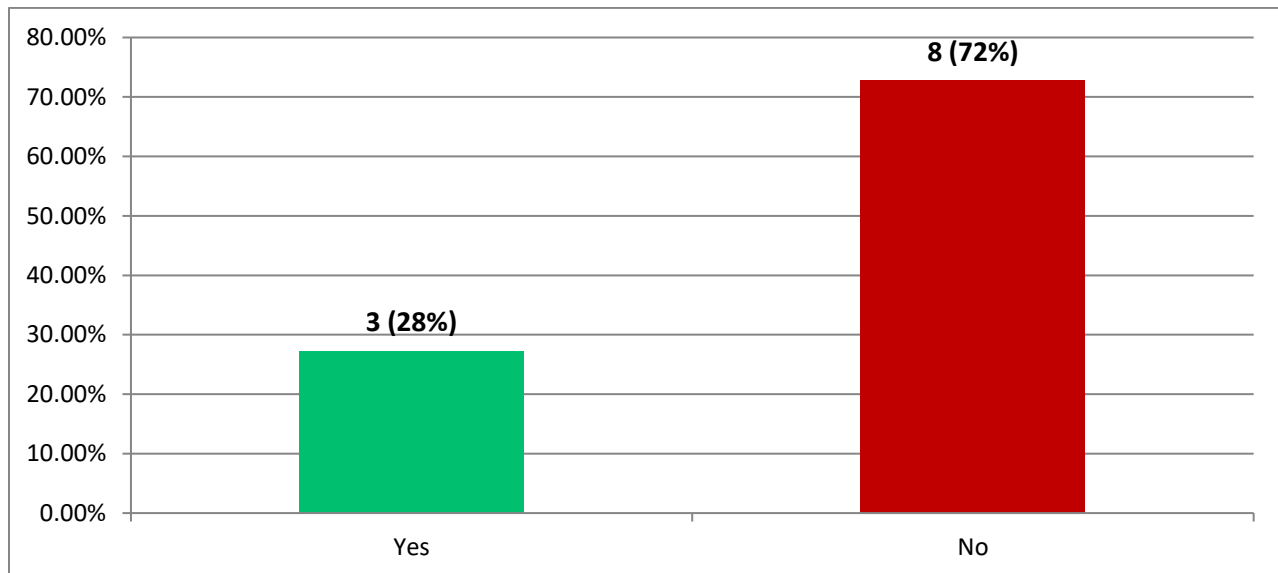


Table 20 is a follow-up to the three respondents who **expressed interest in renting the facility for league play**. Respondents were asked to list the league play they would potentially host if the facility was to open in 2021. Of the three respondents, two indicated they would be interested in hosting 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.

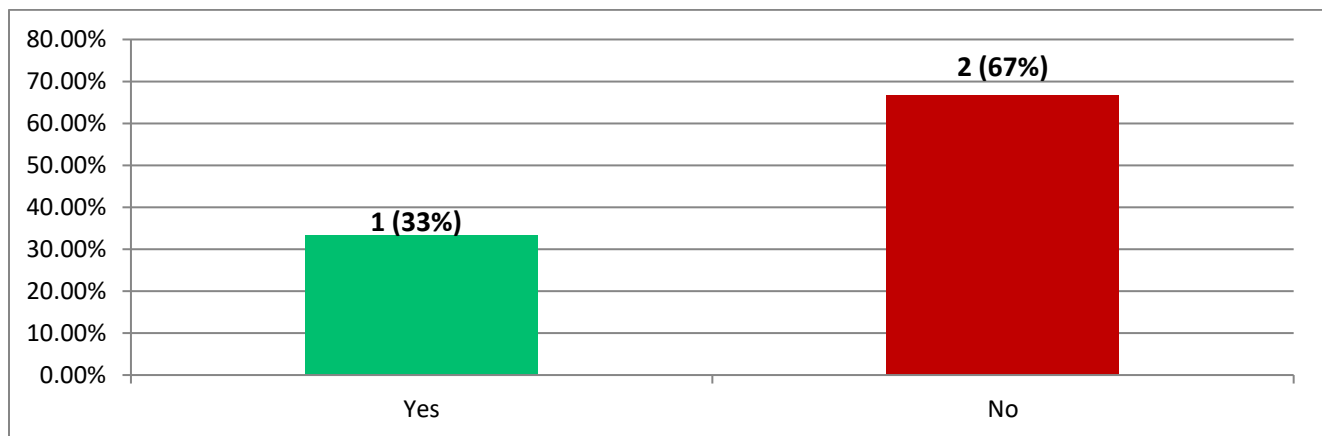
Figure 12. *Would you or your organization be interested in renting space for camp play?*

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.sandcourtexpts.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

Phases	Estimate
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:
- 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 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.

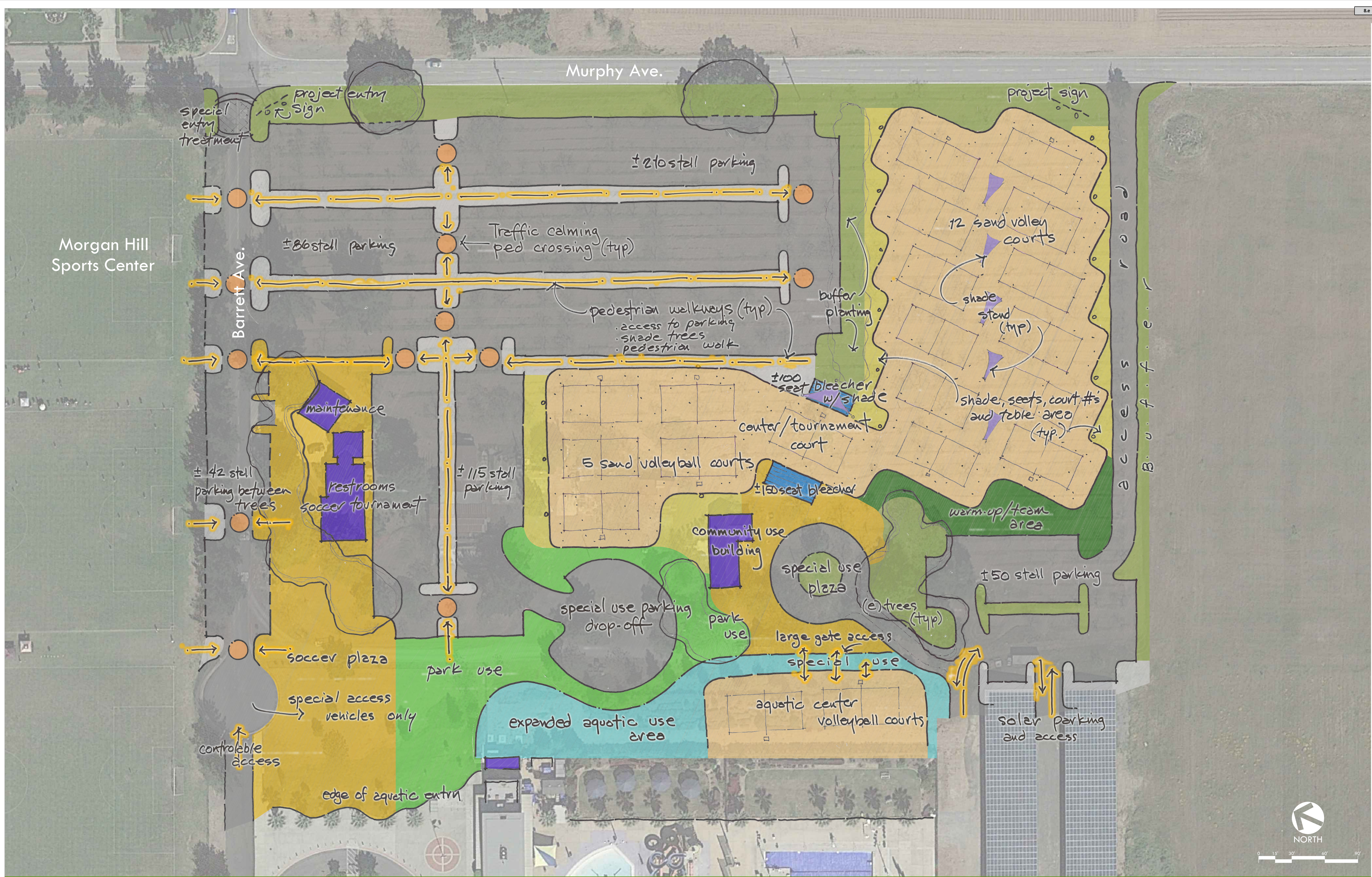
- 2) Bidding contingency is provided due to an unstable bidding environment and accelerated material price increases. This may be removed as proceed into the project bidding phase.
- 3) Construction Contingency is provided to cover for site conditions and additional work not anticipated for upgrades.
- 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 rationale 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

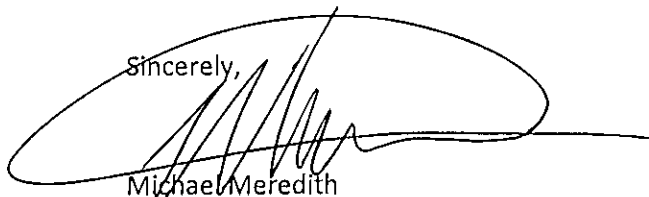
To Morgan Hill City Council & Parks and Recreation Commission,

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 handwritten signature in black ink, appearing to read 'Michael Meredith', written over a large, loopy oval shape.

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

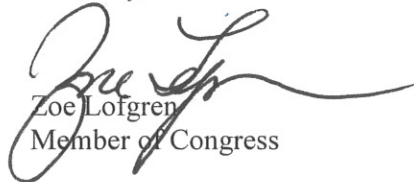
Dear Mr. Ghione:

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



Morgan Hill City Council Meeting – July 22, 2020

FEASIBILITY REPORTS FOR FUTURE RECREATION FACILITIES

Agenda Item: XX



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

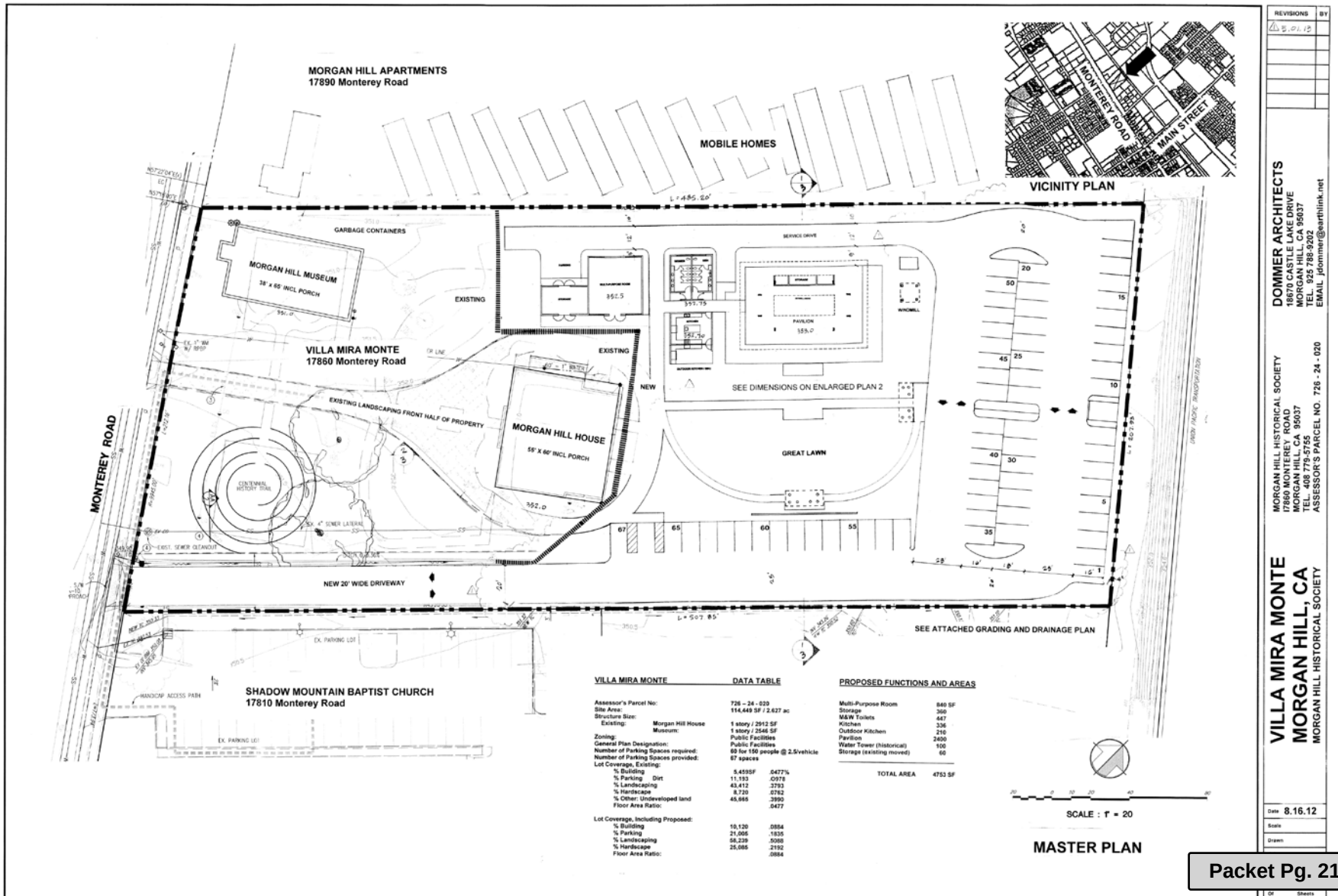
8.g



- 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

8.g



Villa Mira Monte Event Venue Report

8.g



- 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

8.g



- 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

Attachment: 16 Presentation [Revision 1] (2819 : Feasibility Reports for Future Recreation



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?

Item # 16

AGENDA DATE: 07/15/2020

SUPPLEMENT # 1



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

17485 Monterey RD, #105, Morgan Hill, CA 95037 * (408) 779-9444* www.morganhill.org

Attachment: 16 Supplement 1 (2819 : Feasibility Reports for Future Recreation Facilities for Sand Volleyball and Villa Mira Mon)



CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

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

PROVIDE DIRECTION REGARDING POTENTIAL REACH CODE IMPACTING NEW DEVELOPMENT

RECOMMENDATION(S)

Provide policy guidance to staff on issues to include in a future proposed ordinance.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Protecting the Environment and Preserving
Open Space and Agricultural Land

REPORT NARRATIVE:

The purpose of this report is to provide the Council with an opportunity to direct staff on what additional requirements the City should consider establishing for new development relating to energy performance, water efficiency, and resiliency.

Given the 50+ year life of most buildings, ensuring that new development is built wisely is a significant responsibility of local government. The building codes, as adopted by the State, set a reasonable floor for all agencies to meet and reflect statewide consensus. Cities have the opportunity to enact additional standards that best reflect their circumstances, constraints, and values. While science, technology, and product development never cease, ensuring that buildings are built to reasonable “state-of-the-art” standards is essential. Retrofitting buildings is tremendously more expensive than building them wisely to begin with.

Staff has analyzed opportunities in the areas of water efficiency, energy production, energy resiliency, and electric vehicle readiness that have previously been brought up in Council discussion or in model ordinances developed by Valley Water or Silicon Valley Clean Energy (SVCE). Initial research indicates that an ordinance containing these measures can be shown to be cost effective, per State regulations, and successfully implemented. In summary, the concepts are:

1. **Water Efficiency:** Per the Valley Water model ordinance, which was developed by a task force of representatives from different agencies, new buildings would need to utilize more efficient fixtures, would be designed for onsite graywater reuse, and would need to be connected to recycled water if and when that

resource becomes available. Rainwater capture and other innovative measures are included in the ordinance.

2. **Solar Energy Production:** The 2019 California Energy Code requires the installation of a basic amount of solar energy capacity on new homes. Ramping this requirement up slightly, to specify that the planned solar production will equal the estimated energy use of the building, will further lower customer energy costs when combined with some additional energy efficiency requirements. There would be no solar energy requirement for nonresidential buildings.
3. **Energy Storage:** Using solar (or grid) power to charge batteries during times of energy abundance, like on a sunny afternoon, is a key strategy for weaning the entire electrical grid off of fossil fuel power generation. By flattening the peak power demand curve, which now occurs in the evening hours, energy storage will provide residents with an opportunity to reduce their electricity bills. In addition, properly “islanded” structures can continue to operate during power outages and will improve overall community resiliency and emergency preparedness. The basic concept is to require new residential structures to include installed energy storage (along with solar energy and enhanced energy efficiency measures) and to require new nonresidential structures to be “energy storage-ready” with all of the wiring pre-installed during construction.
4. **Electric Vehicle Charging Readiness:** With roughly 50% of the community’s carbon footprint associated with vehicles, any serious effort to combat climate change hinges on widespread adoption of electric vehicles. The SVCE model ordinance requires the provision of the electrical infrastructure (conduit, wires, panel capacity) to some parking locations in both residential and nonresidential settings. No actual charging cables are required by the model ordinance at residential sites.

At this time, staff wants to ensure that the Council is generally supportive of the above concepts and believes that staff should continue to further refine these concepts and share them with the community as described below.

COMMUNITY ENGAGEMENT: Not Applicable/ Consult

While substantial community engagement is envisioned for this effort, no community engagement was done prior to this item because the purpose of this item is specifically to provide the Council with an opportunity to frame the issues to be covered in the subsequent community engagement.

Once the Council has provided direction to staff on the Reach Code, staff envisions two separate community engagement paths. The first path will be dedicated to the development community. While the information above contains the essential core of the ideas, consulting with members of the development community will enable staff to further flesh out the proposals in response to ideas and concerns presented by those intimately involved in constructing new homes and businesses. Staff proposes to send a summary of a draft ordinance and the ordinance itself to everyone on the City’s list of known builders and developers. Staff envisions consulting with these representatives via phone and e-mail during the next several months.

The second path of engagement is proposed to be with the general public. Staff intends to post a summary of the draft ordinance and provide the public with an opportunity to provide comments and ask questions via phone and e-mail.

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Council has previously provided direction on moving forward with a water-efficiency ordinance for new development and asked staff to consider additional opportunities to require more-resilient structures when the City's all-electric ordinance was adopted last year.

FISCAL AND RESOURCE IMPACT:

There are little or no direct impacts on the City's budget associated with this issue and the indirect impacts are difficult to quantify. SVCE has retained consultants to assist with preparing the ordinance, submitting it to the State for approval, and assisting the development community in preparing plans. While preparing actions to further "green" development in the community is included in the work program of the Community Services Department, the actual ongoing implementation of these requirements would primarily fall on the Building Division of the Development Services Department. Recent energy efficiency updates (Title 24) to the Building Code achieve new heights of energy efficiency required in all projects as a standard. Going beyond or "reaching" would require additional plan review requirements that would be difficult to add to an already stretched staff and corresponding budget. Should the Council Direct staff to move forward with establishing new requirements, the necessary resources to implement will be evaluated. The impacts on City resources that result from additional requirements will be included in future recommendations to the Council.

As for the fiscal impact on residents and businesses, nearly all the potential improvements to new buildings would ultimately reduce the costs of operating the buildings and would represent a clear savings. The exception to this trend would be the provision of electrical vehicle charging equipment and the cost of this can be offset by user fees (nonresidential sites) or savings at the gas pump (residential).

CEQA (California Environmental Quality Act):

Not a Project.

In accordance with CEQA Guidelines section 15378(b)(5), action on this item is not a project subject to CEQA because policy direction is an administrative action that will not result in a physical change to the environment.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

PREPARED BY: Dat Nguyen, Finance Director

APPROVED BY: City Manager

MONTHLY BUDGET UPDATE; PRELIMINARY FY 19-20 FINANCIAL AND INVESTMENT REPORTS; AND CITY MANAGER AUTHORITY REPORT

RECOMMENDATION(S)

Accept and file report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Infrastructure

Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Community Engagement and Messaging

Financial Sustainability

REPORT NARRATIVE:

As part of the City Council's expectation to maintain a high level of transparency and to be responsible stewards of public funds, staff is providing this first budget update, along with the preliminary fiscal year ending June 30, 2020 financial and investment reports.

Preliminary Fiscal Year Ending June 30, 2020

General Fund: Revenues totaled \$40.5 million, compared to \$39.8 million projected in June 2020. The slightly better general fund revenues is partly due to higher collection of certain major revenue categories, including Redevelopment Property Tax Trust Fund (RPTTF) residual distribution of \$2.3 million versus \$2.0 million expected, franchise fee revenue of \$2.4 million versus \$2.3 million expected, transient occupancy tax (TOT of \$2.3 million versus \$2.2 million expected, and approximately \$0.2 million in Coronavirus Relief Fund allocation from the federal government through the State was recognized as federal grant revenue. Although certain revenue categories came in slightly better than projected, other major revenue categories such as TOT and sales tax, which account for a large portion of the City's General Fund revenue, are more volatile and expected to remain under pressure next fiscal year 2020-2021 as the State is rolling back reopening as new Covid-19 cases rise. Expenditures, including encumbrances totaled \$41.0 million, compared to \$41.2 million projected. The slightly better fiscal year 2019-20 general fund expenditures is primarily due to better performance in development services Fund 206, which does not expect to require a loan from the general fund of \$400,000 for fiscal year 2019-20 as anticipated.

Development Services: Revenues totaled \$4.3 million, compared to \$3.8 million projected as construction activities have fared better than expected. Expenditures,

including encumbrances, totaled \$5.9 million. Excluding encumbrances, expenditures totaled \$5.6 million resulting in a net operating deficit of approximately \$1.3 million. As a result of better than anticipated revenue collection, the fund doesn't expect to require a general fund loan of approximately \$400,000 for fiscal year 2019-20. However, the fund is anticipated to borrow \$1.2 million from the general fund in the next two fiscal years to fund its shortfall in the most likely scenario.

Enterprise Funds: Revenues which comprised of Water and Sewer totaled \$43.8 million. Sewer Operating Fund's preliminary total revenue amounted to \$11.9 million, slightly under budget by approximately \$0.2 million or about 2%. Water Operating Fund's preliminary total revenue amounted to \$15.3 million, approximately \$0.5 million or about 3% over budget. Preliminary fiscal year 2019-20 expenditures, including encumbrances for the Enterprise Funds totaled \$40.6 million. Per City Council reserve policy, any excess funds after appropriate reserves have been set aside for the Operating and Rate Stabilization Reserves, shall be transferred to capital projects funds to fund the ongoing maintenance and improvement of the system. For the fiscal year, wastewater operating funds transferred approximately \$2.2 million and water operating funds transferred approximately \$2.5 million, respectively to capital projects funds.

Budget Update

Since the adoption of the biennial budget on June 17, 2020, more information has become available.

Coronavirus Relief Fund (CRF) Allocation:

On Monday, June 29, 2020, Governor Gavin Newsom signed the 2020 Budget Act, a \$202.1 billion spending plan. The Budget authorizes the Department of Finance to allocate approximately \$1.3 billion to address the public health and public safety impacts of COVID-19, including homelessness. Cities will receive \$500 million for similar purposes.

Cities with populations between 300,000 and 500,000 were allocated \$225 million and cities with populations of less than 300,000 were allocated \$275 million. The population of the city was used to determine their share of the allocation. No city will receive less than \$50,000. The City of Morgan Hill is expected to receive \$573,574. Federal law specifies that these funds may only be used for costs that:

- a. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)
- b. Were not accounted for in the budget most recently approved as of March 27, 2020, for City of Morgan Hill
- c. Were incurred during the period that begins on March 1 2020, and ends on December 30, 2020.

To date, the City has incurred materials and personnel costs, that amount to over \$200,000 through June 30, 2020 that were unplanned in responding to COVID-19. The

City anticipates that it will continue to incur these costs through December 30, 2020 as COVID-19 continues to spread.

Property Tax - FY 2020-21 Roll Close:

On July 1, 2020, the County of Santa Clara Assessor Larry Stone reported the total net assessed value for all real and business property as of lien date January 1, 2020 grew by \$35.5 billion to \$551.5 billion, an increase of 6.87% from prior year. However, Mr. Stone cautioned that this is a transition year and expected next year will not be positive due to the impact from the COVID-19 on real estate values.

New construction of major commercial and multi-family housing projects accounted for 17.5% of the total increase in assessments. Property acquisitions and developments by Google, Adobe, mega-developer Jay Paul, and others in San Jose's urban core, contributed significantly to assessment growth. The assessment of business property, i.e. machinery, equipment, computers, and fixtures grew by 5.27%, topping \$40.6 billion. The final component of assessment roll growth is the 2% increase in the assessed value of all properties mandated by Proposition 13.

For the City of Morgan Hill, the net assessed value increased by 6.12% from FY 2019-20 or \$0.6 billion to \$10.9 billion. The City anticipates its property tax revenue, excluding excess ERAF to increase by 5% for FY 2020-21 from FY 2019-20.

CalPERS Investment Return:

On July 15, 2020, CalPERS reported preliminary investment return for the fiscal year 2019-20 of 4.7%, underperforming its 7.0% benchmark. However, this was much better than most expected. For the first nine months ending March 31, 2020, CalPERS rate of return was a negative four percent (-4%). Staff had modeled CalPERS investment return of about negative five percent (-5%) for fiscal year 2019-20 and projected General Fund impact of about \$0.9 million for the two fiscal years 2022-23 and 2023-24. However, equity markets performed remarkably well since the March lows. The revised projected general fund impact from a lower CalPERS investment return for fiscal year 2019-20 would be approximately \$0.2 million for two fiscal years 2022-23 and 2023-24 but would be approximately \$0.5 million through fiscal year 2025-26.

Additional Budget Reduction Items:

At the budget adoption meeting on June 17, 2020, Council requested staff to bring back to the Council potential additional on-going budget reduction items that amount to \$200,000 or greater. See Exhibit A.

City Manager's Authority Report

At the October 3, 2018 meeting, City Council directed staff to periodically report to the Council any contracts or agreements between \$25,000 to \$60,000 or the limit of the California Uniform Public Construction Cost Accounting Act (CUPCCAA) that were entered into by the City Manager. Staff drafted and presented a City Council Policy for consideration on November 7, 2018. The policy was approved and signed with the effective date of November 24, 2018. Staff has since developed a reporting mechanism

that would report the requested information to the Council quarterly along with the financial and investment report. Page 17 of the attachment 2 lists the contracts and or agreements between \$25,000 to \$60,000 or the limit of the CUPCCAA entered into by the City Manager since the last report on April 15, 2020 through July 10, 2020.

COMMUNITY ENGAGEMENT: Inform

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

ALTERNATIVE ACTIONS:

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

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council receives and files the financial and investment report for each month. At the September 16, 2015 meeting, City Council recommended monthly financial and investment reports be agendized under the Consent Agenda, and quarterly financial and investment reports be presented to City Council as an “Other Business” item. Beginning in FY 20-21, budget reports will be presented to the Council monthly.

FISCAL AND RESOURCE IMPACT:

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

CEQA (California Environmental Quality Act):

Not a Project.

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

LINKS/ATTACHMENTS:

1. Exhibit A - List of Proposed Additional Budget Reductions
2. Preliminary FY2019-20 Financial Statement Analysis
3. Preliminary FY2019-20 Financial and Investment Report

Exhibit A – List of Potential Additional Budget Reductions

Shift responsibility for sidewalk maintenance and repair to property owners - \$100,000

A significant number of cities in California have passed ordinances imposing the obligation for sidewalk maintenance/repair on adjacent property owners. In some cases, the full responsibility is passed on to property owners and then the City may fund a percentage of maintenance/repairs in partnership with property owners or provide grants to support property owners with limited income. The City may look to implement a hybrid program to help save the City approximately \$100,000 per year. Both the City of San Jose and the City of Gilroy utilize a shared cost program.

TOT Audit - \$5,000

Currently, the adopted budget for FY 20-21 and 21-22 has \$5,000 appropriated for a Transient Occupancy Tax Audit. This allows funding for an audit of approximately one hotel per year. The Council may choose to forgo the audit of TOT which may result in an increase in non-compliance.

Human Resources - \$25,000

Currently, the adopted budget for FY 20-21 and 21-22 has \$25,000 appropriated for a part-time temporary position to assist with recruitments and other special HR projects, as needed. Elimination of this part-time temporary position may result in additional overtime cost and/or delay in recruitments.

Peak Performance Awards - \$10,000

Currently, the adopted budget for FY 20-21 and 21-22 has \$20,000 appropriated for the City's Annual Peak Performance Awards which highlights employees' service years with the City and recognizes employees for their exceptional commitment to the City and Community. If the Council so chooses, staff can reduce this appropriation to \$10,000, which will change the way the City has been recognizing employees in the past, however, will allow for an annual recognition on a smaller scale.

Fire Promotional Materials - \$2,000

This is for the purchase of promotional materials that are used as handouts for public education and community outreach events. If the Council so chooses, staff can eliminate these purchases which would result in an estimated savings of \$2,000/year.

Vehicle Replacement Contributions - Varies

Currently the City contributes \$1,000,000 to the vehicle/equipment replacement contribution fund. The Council may choose to reduce or eliminate this contribution. About \$400,000 comes directly from the general fund. If we were to do this, the City will realize a reduction in fund balance for vehicle replacements which may result in insufficient funding for future vehicle replacement.

Other Post Employment Benefit Contributions - \$270,000

Currently the City budgets \$400,000/annually to pay down our OPEB liability, \$270,000 comes directly from the general fund. The Council may direct staff to reduce or forego this funding all together.

Exhibit A – List of Potential Additional Budget Reductions

Auto Allowance - \$4,000

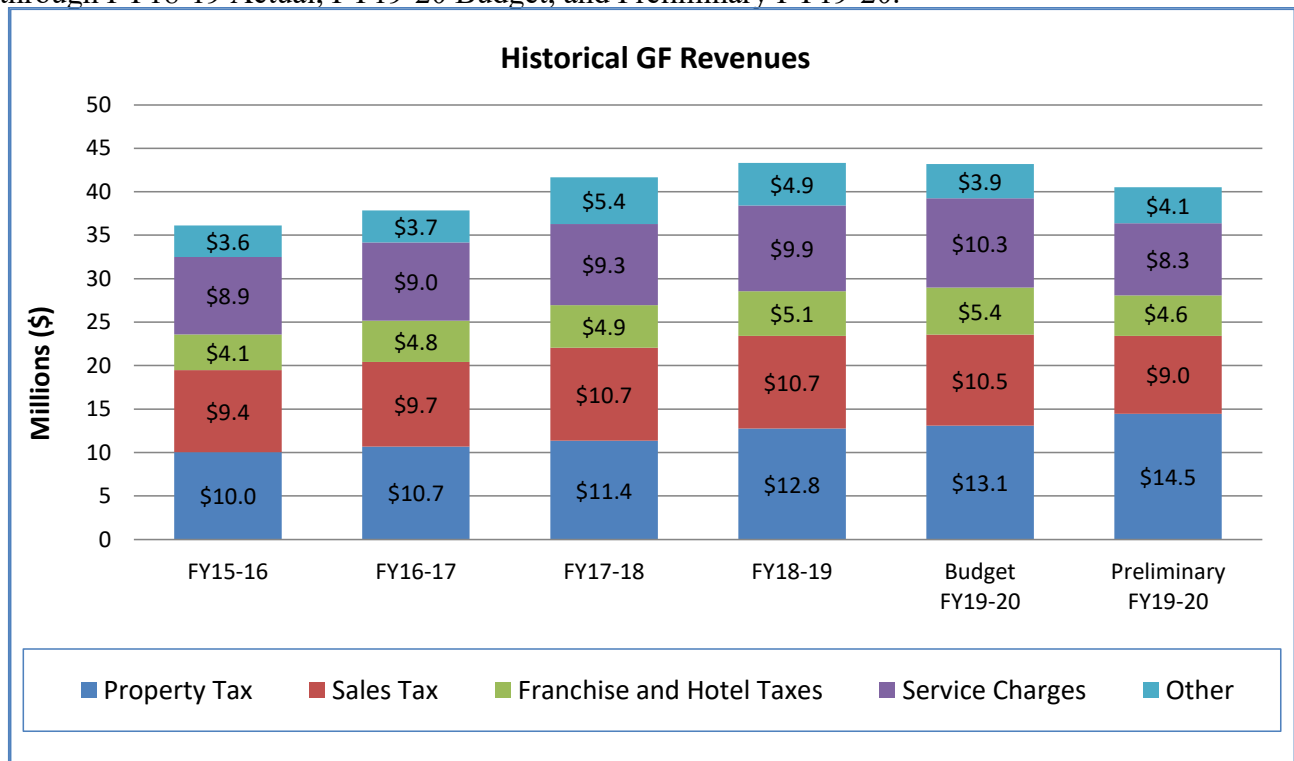
Council requested staff to review the auto allowance. The auto allowance is provided to afford staff more time on City's operations by reducing administrative time to track and record mileage and is a common practice with most municipalities. There are currently 13 employees receiving the auto allowance with the cost to the general fund of approximately \$24,000 annually. In a normal environment, these costs are fully paid for by the elimination of actual mileage reimbursement. Recognizing that travel is curtailed by the COVID-19 pandemic, the auto allowance can be suspended through September 30, 2020, beginning the next pay period after Council approval. The suspension is anticipated to generate a gross savings of approximately \$4,000 for the general fund. However, actual savings may be less or none if there is mileage reimbursement as a result of required travel by staff.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2019-20
FOR THE MONTH ENDED JUNE 2020 – 100% OF YEAR COMPLETE

- **General Fund** – Preliminary revenues for the fiscal year ending June 30, 2020 totaled \$40.5 million, compared to \$39.8 million projected in June 2020. The slightly better general fund revenues is partly due to higher collection of certain major revenue categories, including Redevelopment Property Tax Trust Fund (RPTTF) residual distribution of \$2.3 million versus \$2.0 million expected, franchise fee revenue of \$2.4 million versus \$2.3 million expected, transient occupancy tax (TOT) of \$2.3 million versus \$2.2 million expected, and approximately \$0.2 million in Coronavirus Relief Fund allocation from the federal government through the State was recognized as federal grant revenue. The RPTTF residual apportionment is the residual amount paid to the taxing entities after sufficient funds had been set aside to pay for former RDA enforceable obligations. Although TOT came in slightly better than projected, however TOT along with other major revenue categories such as sales tax, which account for a large portion of the City's General Fund revenue, are more volatile and expected to remain under pressured during fiscal year 2020-21 as the State is rolling back reopening due to rise in new Covid-19 cases.

The chart below shows historical General Fund revenues by major revenue category from FY15-16 through FY18-19 Actual, FY19-20 Budget, and Preliminary FY19-20.



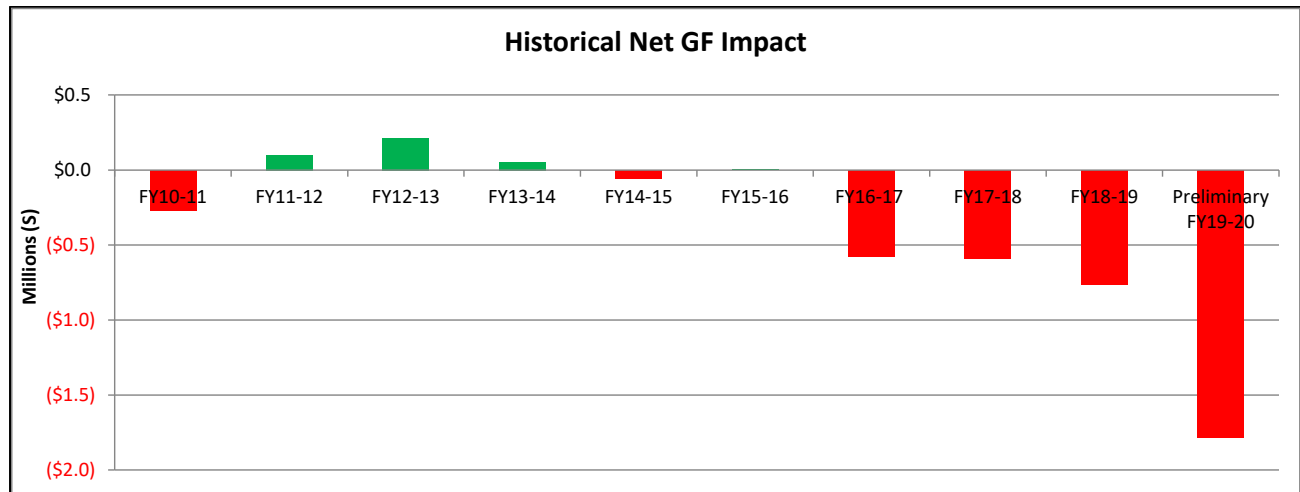
Expenditures, including encumbrances totaled \$41.0 million, compared to \$41.2 million projected. The slightly better fiscal year 2019-20 general fund expenditures is primarily due to better performance in Development Services Fund 206, which doesn't expect to require a loan from General Fund of \$400,000 for fiscal year 2019-20 as previously anticipated.

- **Community Services** - The Community Services Department's recreation operations, as reflected in the schedule presented on page 4 of the Monthly Financial and Investments Reports, shows a negative impact to the General Fund of approximately \$1.8 million for the fiscal year 2019-20. The large



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2019-20
FOR THE MONTH ENDED JUNE 2020 – 100% OF YEAR COMPLETE

operating loss for recreation operations reflect the closure of recreation facilities since March 2020 due to shelter-in-place order as a result of coronavirus pandemic.



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

- **Development Services Fund** – Preliminary revenues for fiscal year 2019-20 totaled \$4.3 million, compared to \$3.8 million projected as construction activities have fared better than expected. Expenditures, including encumbrances, totaled \$5.9 million. Excluding encumbrances, expenditures totaled \$5.6 million resulting in a net operating deficit of approximately \$1.3 million. As a result of better than anticipated revenue collection, the fund doesn't expect to require a general fund loan of approximately \$400,000 for fiscal year 2019-20.
- **Debt Service Funds** – Preliminary revenues for fiscal year 2019-20 totaled \$0.7 million. The debt service for the first half of the year includes both interest and principal, while the second half of the year will include interest only. Debt service payments were all scheduled when the bonds were issued, and are budgeted for in the months delineated in the underlying bond documents. The General Fund's portion of the annual debt service payments is approximately \$200,000, less than one percent of the General Fund's budgeted revenues.
- **Wastewater Operations** – Preliminary revenues for fiscal year 2019-20 totaled \$11.9 million. Expenditures and outstanding encumbrances totaled \$12.3 million. The amount includes a transfer to capital projects fund to fund the on-going maintenance and improvement of the wastewater system in the amount of \$2.2 million. The table below shows historical Sewer Operations revenues and expenditures from FY15-16 through FY18-19 Actual, FY19-20 Budget, and Preliminary FY19-20.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2019-20
FOR THE MONTH ENDED JUNE 2020 – 100% OF YEAR COMPLETE

(amount in millions)	FY15-16	FY16-17	FY17-18	FY18-19	Budget FY19-20	Preliminary FY19-20
Revenues	10.2	9.7	10.3	11.4	12.1	11.9
Expenditures	12.0	9.8	10.8	11.4	12.1	12.3
Operating Margin	(1.8)	(0.1)	(0.5)	-	-	(0.4)
Operating Margin without Encumbrances	(1.8)	(0.0)	(0.3)	0.4	-	(0.1)

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Preliminary revenues for fiscal year 2019-20 totaled \$15.3 million. Water Operations expenditures, including outstanding encumbrances, totaled \$16.4 million for the year. Without the encumbrances, however, the expenditures amounted to \$15.4 million. The amount includes a transfer to capital projects fund to fund the on-going maintenance and improvement of the water system in the amount of \$2.5 million. The table below shows Water Operations revenues and expenditures from FY15-16 through FY18-19 Actual, FY19-20 Budget, and Preliminary FY19-20.

(amount in millions)	FY15-16	FY16-17	FY17-18	FY18-19	Budget FY19-20	Preliminary FY19-20
Revenues	8.5	10.9	13.0	14.2	14.8	15.3
Expenditures	9.7	11.2	12.1	14.3	15.2	16.4
Operating Margin	(1.2)	(0.3)	0.9	(0.1)	(0.4)	(1.1)
Operating Margin without Encumbrances	(1.2)	(0.1)	1.4	0.8	(0.4)	(0.1)

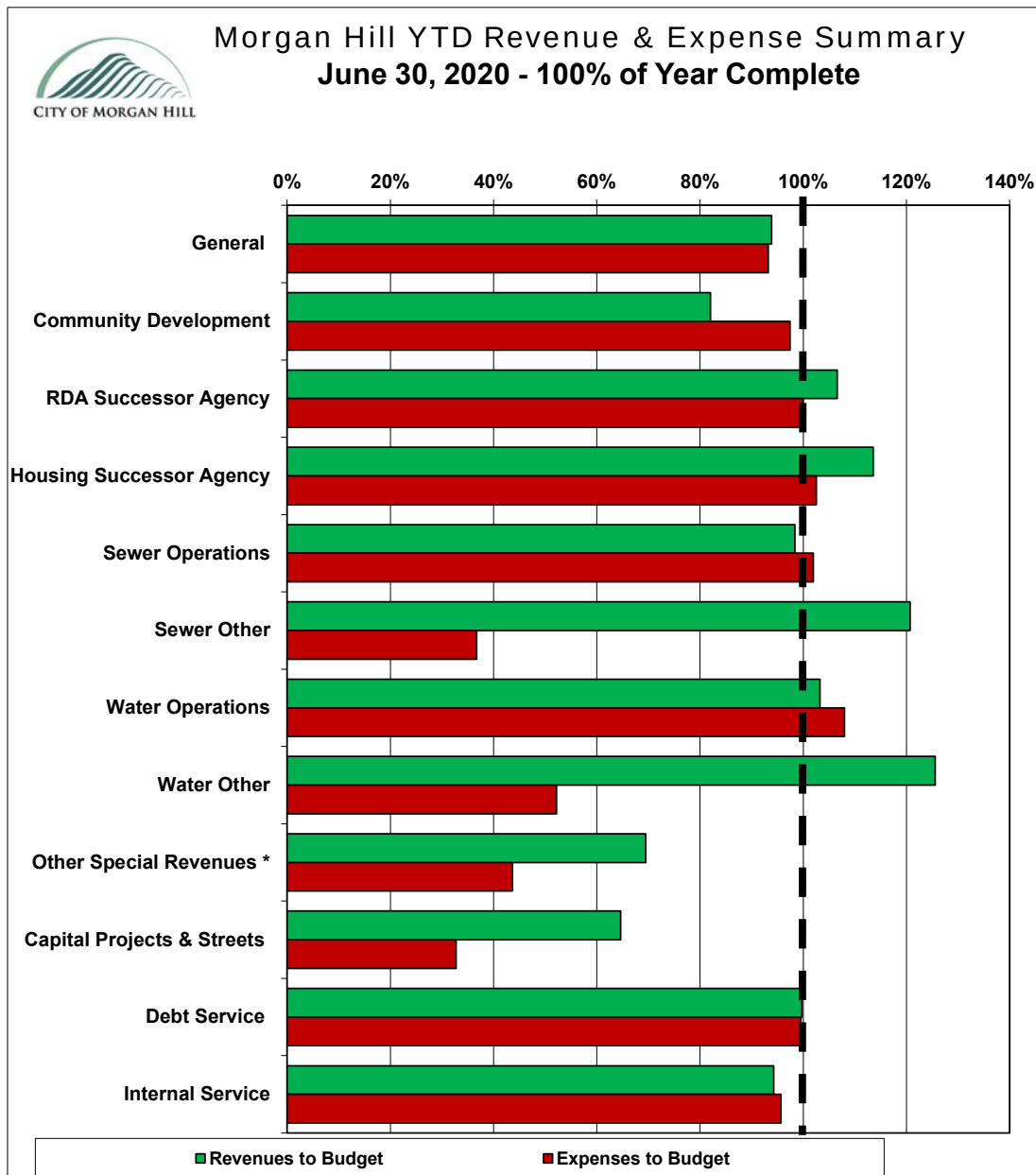
- **Investments** – Three securities were purchased during the month of June 2020. Total interest earnings received on investments were \$1,000 during the month.

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
June 30, 2020 - 100% of Year Complete



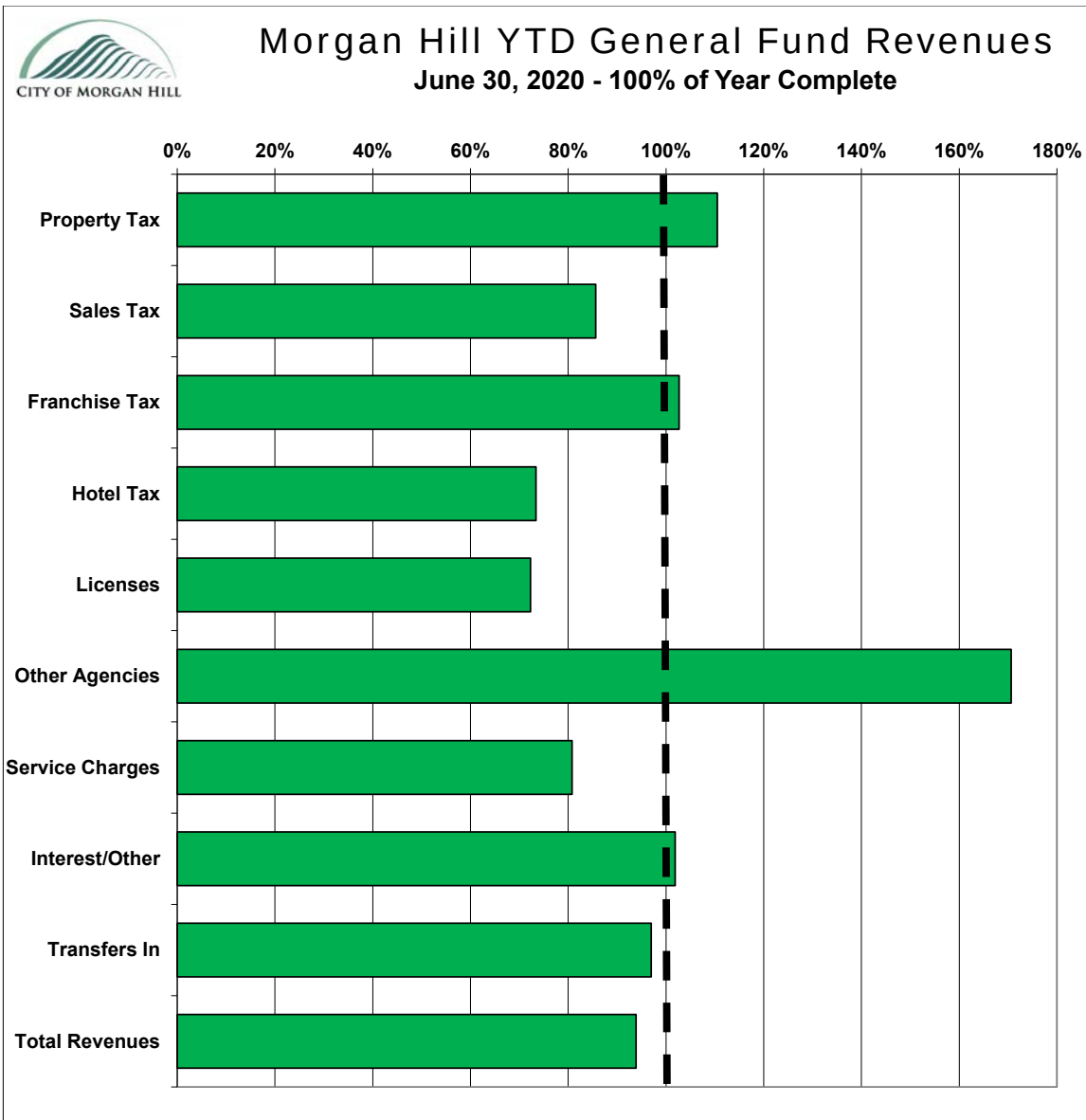
CITY OF MORGAN HILL

Prepared by:
FINANCE DIVISION

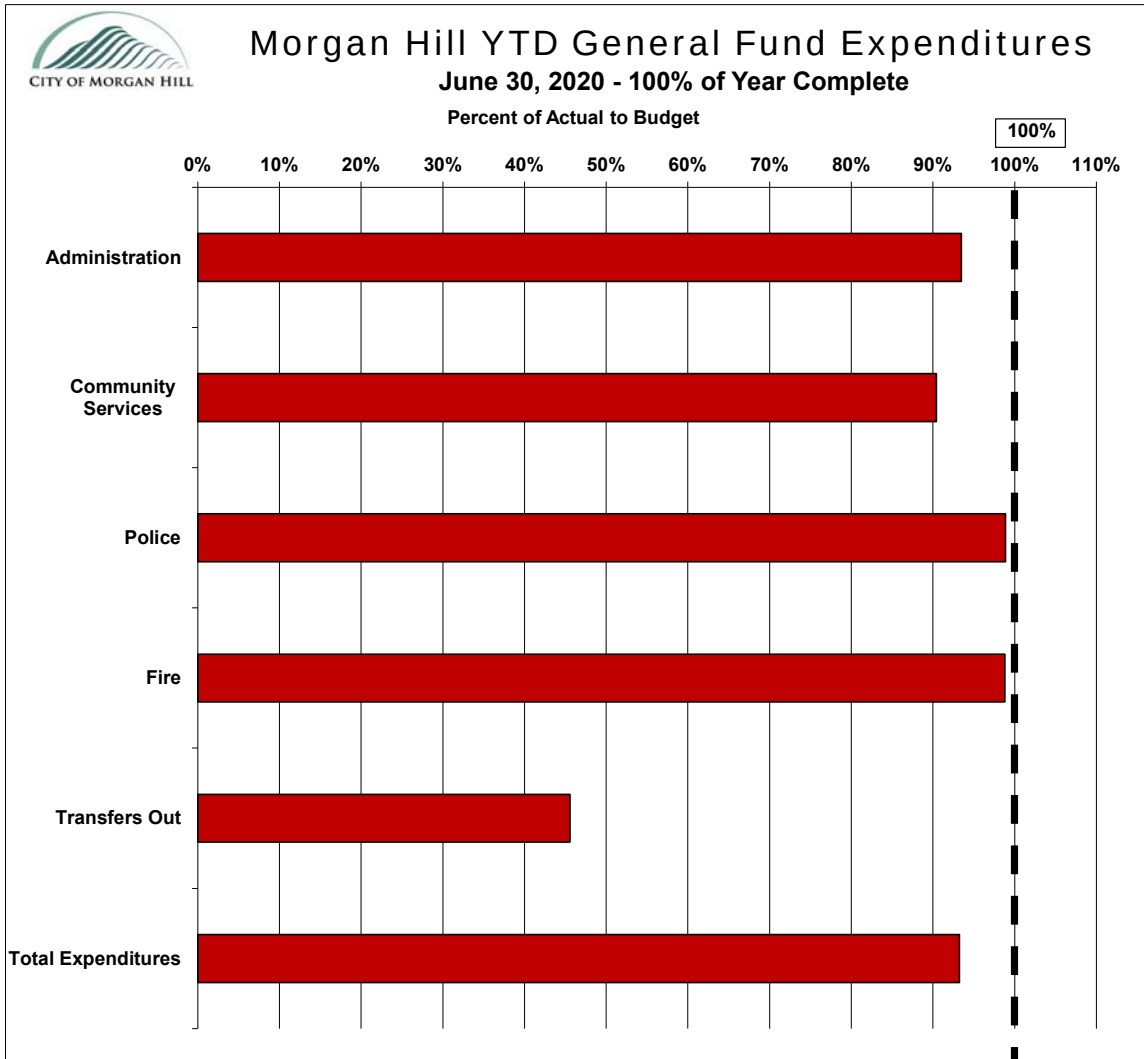


FUND NAME	REVENUES		EXPENSES	
	ACTUAL	% OF BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET
General	\$ 40,518,449	94%	\$ 41,038,446	93%
Community Development	4,319,047	82%	5,929,665	97%
RDA Successor Agency	7,391,856	107%	6,972,498	100%
Housing Successor Agency	628,764	114%	959,876	103%
Sewer Operations	11,924,348	98%	12,321,657	102%
Sewer Other	9,611,925	121%	8,720,385	37%
Water Operations	15,263,389	103%	16,406,463	108%
Water Other	6,718,167	126%	3,137,364	52%
Other Special Revenues *	2,793,974	70%	1,846,587	44%
Capital Projects & Streets	15,497,968	65%	21,357,664	33%
Debt Service	676,182	100%	689,146	100%
Internal Service	11,386,903	94%	11,707,727	96%
TOTAL FOR ALL FUNDS	\$ 126,730,970	93%	\$ 131,087,476	66%

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



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Property Tax	\$ 13,082,377	\$ 14,460,361	111%	\$ 12,556,401	15%
Sales Tax	10,476,000	8,964,103	86%	10,761,811	-17%
Franchise Tax	2,319,566	2,382,639	103%	2,240,644	6%
Hotel Tax	3,080,880	2,260,140	73%	2,893,134	-22%
Licenses	206,940	149,594	72%	262,288	-43%
Other Agencies	417,789	712,954	171%	1,136,369	-37%
Service Charges	10,267,724	8,298,374	81%	9,856,494	-16%
Interest/Other	1,471,324	1,498,624	102%	1,854,152	-19%
Transfers In	1,847,658	1,791,659	97%	1,637,724	9%
TOTAL REVENUES	\$ 43,170,258	\$ 40,518,449	94%	\$ 43,199,018	-6%



EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YTD PLUS ENCUMBRANCES	% CHANGE FROM PRIOR YEAR
Administration	\$ 4,835,112	\$ 4,519,366	93%	\$ 4,812,315	-6%
Community Services	12,689,427	11,473,924	90%	11,435,600	0%
Police	17,387,361	17,191,925	99%	16,423,407	5%
Fire	6,961,396	6,877,234	99%	6,916,195	-1%
Transfers Out	2,142,463	975,996	46%	1,971,036	-50%
TOTAL EXPENDITURES	\$ 44,015,759	\$ 41,038,446	93%	\$ 41,558,553	-1%



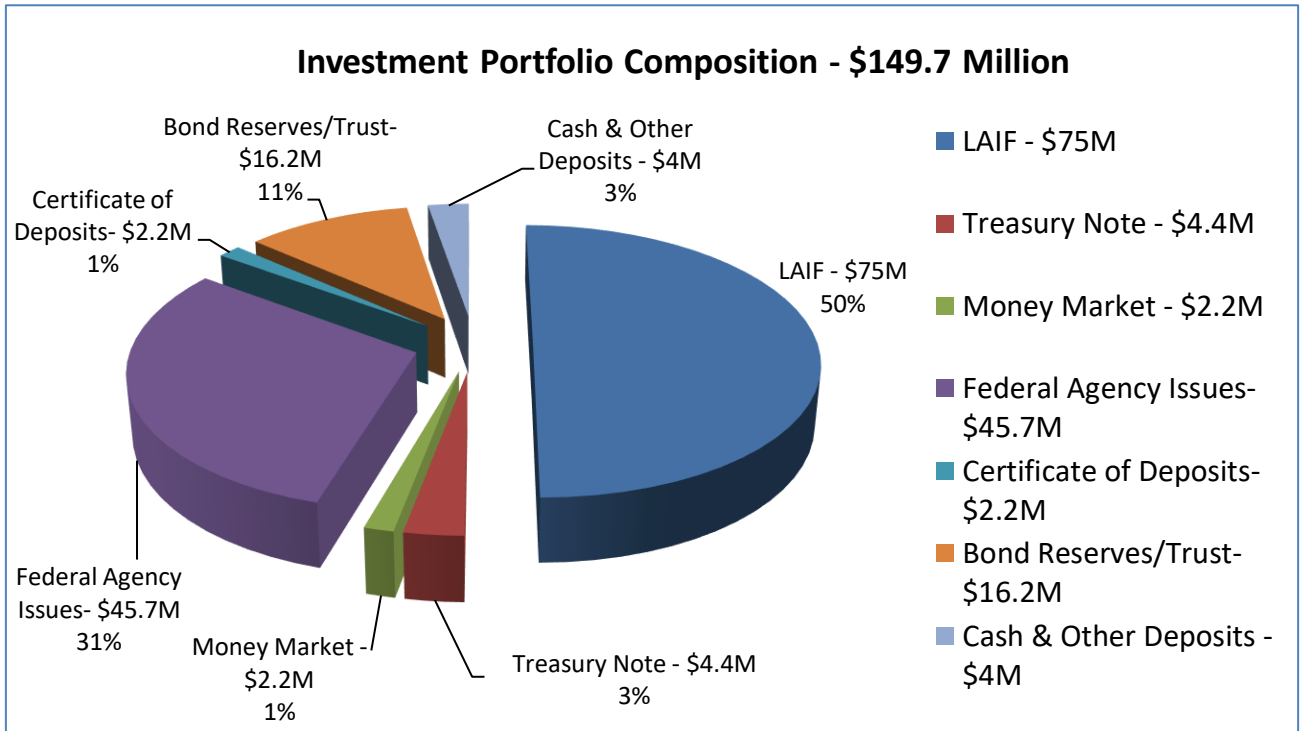
City of Morgan Hill
Recreation Report - Fiscal Year 2019-20
For the Month and Twelve Months Ended June 30, 2020
100% of Year Complete

	<u>Budget</u>	<u>June 2020</u>	<u>YTD</u>	<u>% of Budget</u>
Revenues				
Membership Services & Rec Programs	\$ 6,426,631	\$ 43,190	\$ 4,707,680	
Facility Rentals	915,330	1,193	738,085	
Community Services	149,705	5,492	82,511	
Transfers in	75,000	6,250	75,000	
Total Revenues	<u>\$ 7,566,666</u>	<u>\$ 56,125</u>	<u>\$ 5,603,276</u>	74%
Less: Expenditures				
Membership & Program Services	\$ 6,371,297	\$ 303,675	\$ 5,446,855	
Facility Rentals	1,356,318	102,886	1,272,086	
Community Services	648,407	52,854	578,287	
Total Expenditures	<u>\$ 8,376,023</u>	<u>\$ 459,414</u>	<u>\$ 7,297,227</u>	87%
Net Impact without encumbrances	<u>\$ (809,357)</u>	<u>\$ (403,289)</u>	<u>\$ (1,693,951)</u>	
Encumbrances	-	-	93,353	
Net Impact with encumbrances	<u>\$ (809,357)</u>	<u>\$ (403,289)</u>	<u>\$ (1,787,304)</u>	

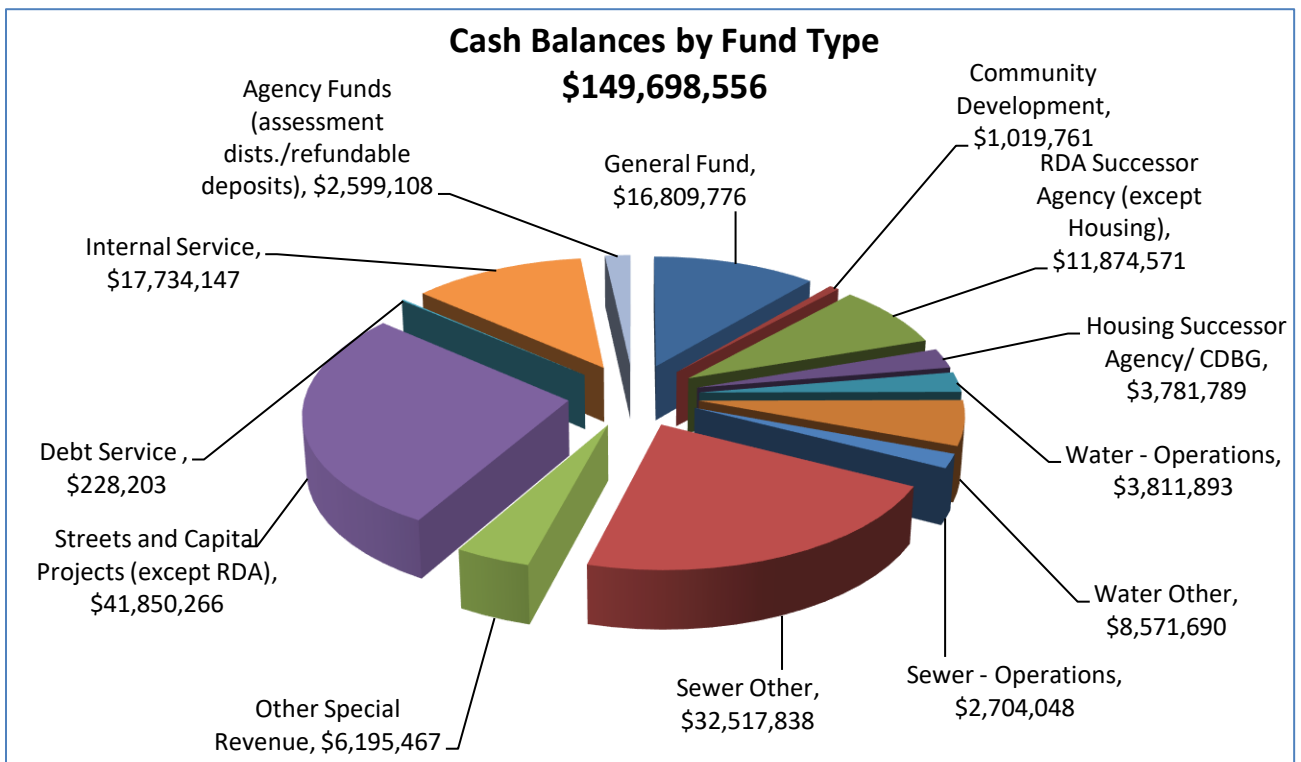
City of Morgan Hill

Monthly Investment Report - June 30, 2020

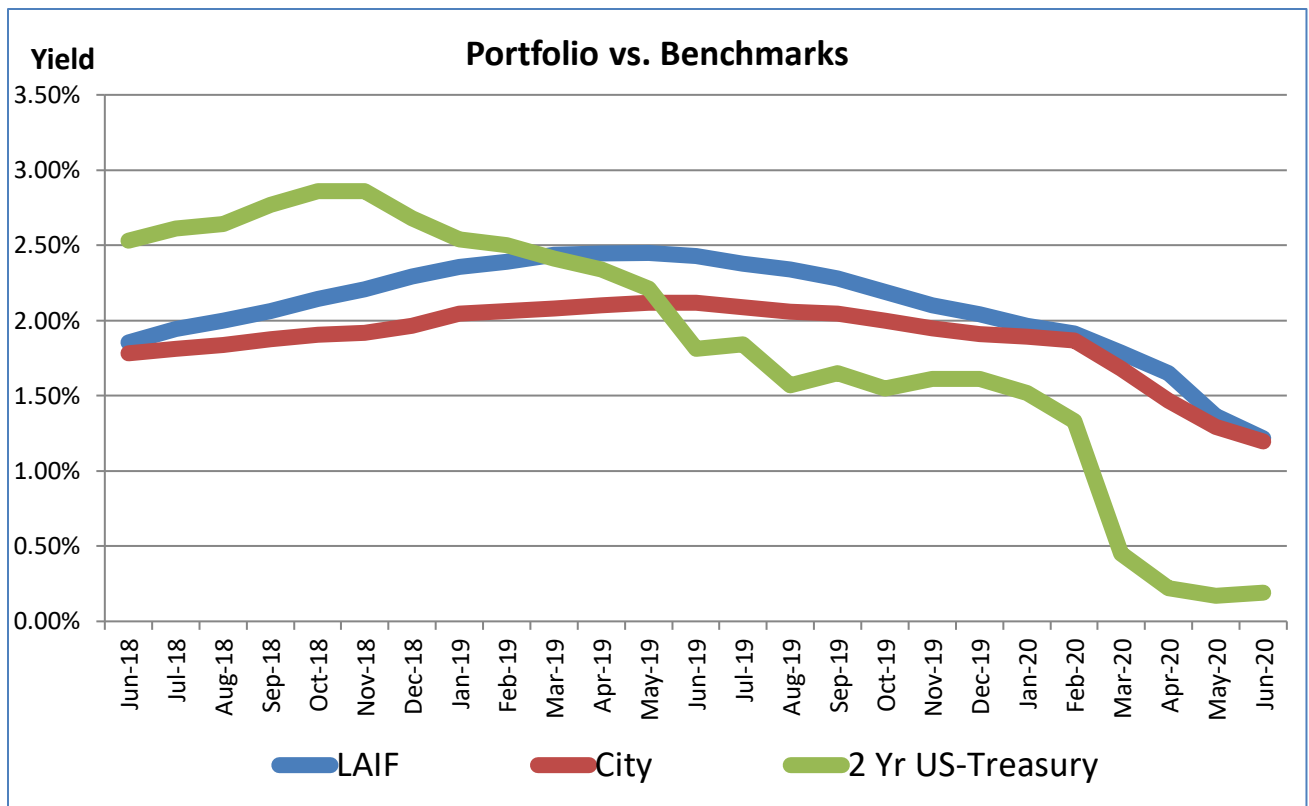
The following are the snapshots of City's investment portfolio as of June 30, 2020. The first chart shows the portfolio composition by investment type:



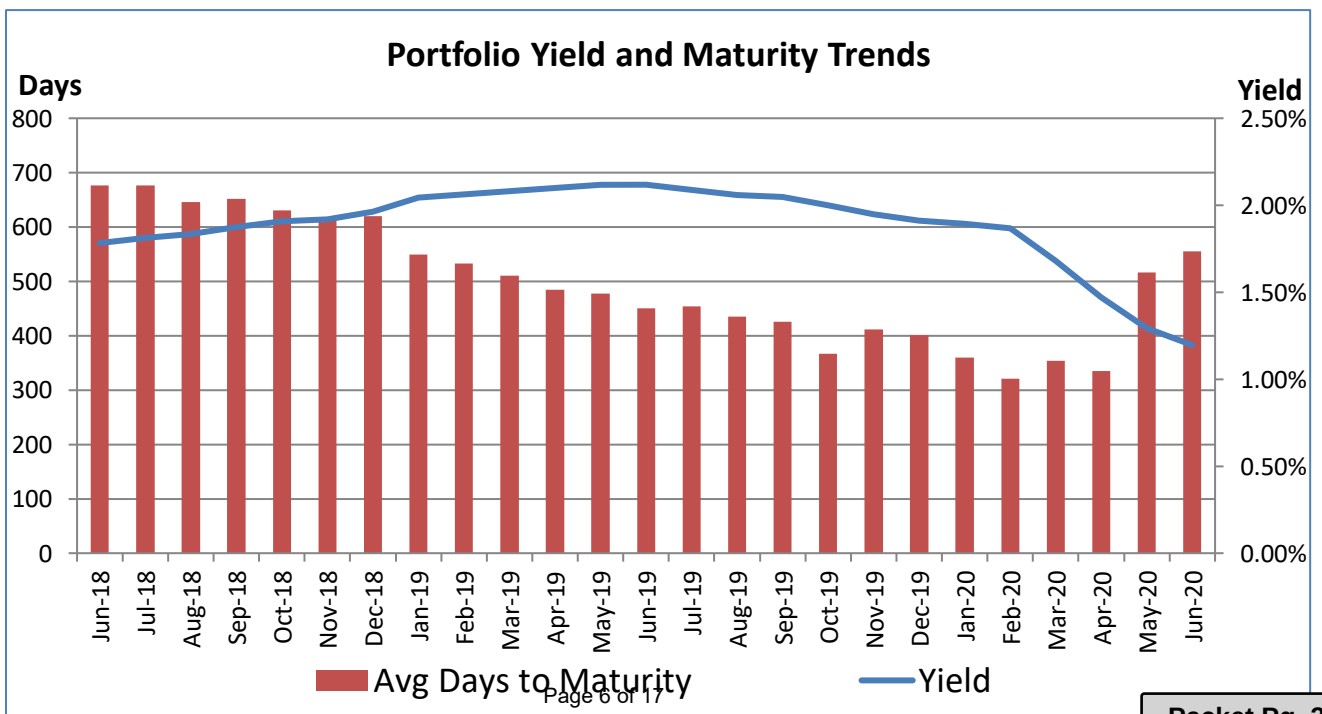
The chart below shows cash balances by fund type reconciled to City's financial system:



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



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





**City of Morgan Hill
Investment Portfolio Detail
As of June 30, 2020**

Investment Type	Settlement Date	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
L A I F		\$ 74,988,120	50.09%	\$ 75,549,108	1.22%		
City Managed							
Fed Natn'l Mortgage Assn	8/25/2016	4,000,000	2.67%	4,052,440	1.40%	8/25/2020	8/25/2021
Treasury Note	4/30/2018	4,358,498	3.28%	4,663,665	2.73%	3/31/2023	3/31/2023
Fed Home Loan Mortgage	7/10/2019	3,000,000	2.00%	3,000,150	2.15%	7/2/2020	7/2/2024
Fed Farm Credit BKS	11/5/2019	3,000,000	2.00%	3,014,190	2.00%	11/5/2020	11/5/2024
Fed Farm Credit BKS	12/13/2019	2,998,666	2.00%	3,018,000	1.90%	12/27/2020	11/27/2024
Fed Farm Credit BKS	3/17/2020	3,000,000	2.00%	3,006,990	1.13%	3/17/2021	3/17/2025
Fed Farm Credit BKS	3/24/2020	2,000,000	1.34%	2,007,860	1.00%	3/24/2021	3/24/2023
Fed Farm Credit BKS	3/25/2020	3,000,000	2.00%	3,017,190	1.20%	3/25/2021	3/25/2025
Fed Farm Credit BKS	4/8/2020	2,000,000	1.34%	2,005,980	0.88%	10/8/2020	4/8/2024
Fed Home Loan Mortgage	4/30/2020	1,690,000	1.13%	1,690,254	0.50%	10/30/2020	1/30/2023
Fed Home Loan Mortgage	5/6/2020	2,000,000	1.34%	2,000,040	0.50%	11/5/2020	5/5/2023
Fed Natn'l Mortgage Assn	5/12/2020	2,000,000	1.34%	2,000,440	0.50%	11/5/2020	5/5/2023
Fed Home Loan Mortgage	5/14/2020	3,000,731	2.00%	3,000,420	0.82%	11/5/2020	5/5/2025
Fed Home Loan Mortgage	5/19/2020	2,000,000	1.34%	2,000,260	0.82%	11/19/2020	5/19/2025
Fed Farm Credit BKS	5/20/2020	3,000,000	2.00%	3,000,090	0.72%	8/20/2020	2/20/2025
Fed Farm Credit BKS	5/27/2020	2,000,000	1.34%	2,000,300	0.73%	11/27/2020	5/27/2025
Fed Home Loan Mortgage	5/28/2020	2,000,000	1.34%	2,000,400	0.80%	11/27/2020	5/27/2025
Fed Home Loan Mortgage	6/3/2020	2,000,000	1.34%	2,000,360	0.60%	12/3/2020	12/3/2024
Fed Home Loan Mortgage	6/11/2020	1,000,000	0.67%	1,000,640	0.80%	12/11/2020	6/11/2025
Fed Farm Credit BKS	6/17/2020	2,000,000	1.34%	2,000,020	0.83%	12/17/2020	6/17/2025
CD - Beal Bank USA	5/13/2020	250,000	0.17%	250,045	0.20%	9/9/2020	9/9/2020
CD - Goldman Sachs Bank USA	5/13/2020	250,000	0.17%	251,373	0.50%	11/13/2020	5/13/2022
CD - Woori America Bank	5/13/2020	250,000	0.17%	250,335	0.30%	5/13/2021	5/13/2021
CD - Safra Nat'l Bank	5/14/2020	250,000	0.17%	250,445	0.35%	5/13/2021	5/13/2021
CD - State Bank of India	5/14/2020	250,000	0.17%	250,558	0.40%	5/14/2021	5/14/2021
CD - American Nat'l Bank	5/20/2020	250,000	0.17%	250,905	0.40%	5/20/2022	5/20/2022
CD - Bank of China/New York	5/21/2020	250,000	0.17%	250,053	0.25%	8/21/2020	8/21/2020
CD - SB One Bank	5/21/2020	250,000	0.17%	250,035	0.20%	8/21/2020	8/21/2020
CD - JP Morgan Chase Bank	5/29/2020	250,000	0.17%	251,055	1.15%	11/29/2020	5/29/2025
Sub Total/Average		\$ 52,297,894	35.30%	\$ 52,734,491	1.21%		
Money Market		\$ 2,189,328	1.46%	\$ 2,189,328	0.08%		
Total City Managed/Average		\$ 129,475,343	86.86%	\$ 130,472,927	1.19%		
Bond Reserve Accounts - Held By Trustees		\$ 12,832,947	8.57%	\$ 12,832,947			
Cash/Deposits		\$ 4,002,862	2.67%	\$ 4,002,862			
PARS Trust		\$ 3,387,404	2.26%	\$ 3,790,230			
GRAND TOTAL/AVERAGE		\$ 149,698,556	100%	\$ 151,098,966			



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF JUNE 30, 2020
FOR THE FISCAL YEAR OF 2019-20

	Invested in Fund	Yield	Book Value End of Month	% of Total	Market Value
Investments					
State Treasurer LAIF - City	All Funds Pooled	1.22%	\$ 74,437,542	49.72%	\$ 74,994,410
2015 Wastewater Rev Bonds - CIP	Wastewater Fund	1.22%	550,579	0.37%	554,698
Federal Issues	All Funds Pooled	1.13%	45,689,396	30.52%	45,816,024
US Treasury Notes	All Funds Pooled	2.73%	4,358,498	2.91%	4,663,665
Certificate of Deposits	All Funds Pooled	0.42%	2,250,000	1.50%	2,254,803
Dreyfus Treas Cash Management Acct	All Funds Pooled	0.08%	2,189,328	1.46%	2,189,328
	SUBTOTAL		\$ 129,475,343	86.49%	\$ 130,472,927
Bond Reserve Accounts - held by trustees					
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	0.00%	0	0.00%	0
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	0.00%	0	0.00%	0
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Successor Fund	0.13%	11,666,343	7.79%	11,666,343
Zions Bank - MH Ranch 2015					
Blackrock Liq Funds Fed Fund -DI -2015	Agency Fund	0.00%	586,782	0.39%	586,782
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015	Agency Fund	0.00%	579,821	0.39%	579,821
	SUBTOTAL		12,832,947	8.57%	12,832,947
Other Cash/Deposits					
General Checking	All Funds		3,965,750	2.65%	3,965,750
Workers' Comp Administrators	Workers' Comp		30,000	0.02%	30,000
Petty Cash & Emergency Cash	General Fund		7,112	0.00%	7,112
PARS - OPEB Trust			2,187,404	1.46%	2,448,980
PARS - PENSION Trust			1,200,000	0.80%	1,341,249
	SUBTOTAL		7,390,266	4.94%	7,793,092
Total Cash and Investments			\$ 149,698,556	100.00%	\$ 151,098,966

CASH ACTIVITY SUMMARY
FY 2019-20

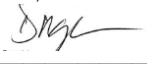
Fund Type	07/1/19 Balance	Change in Cash Balance	6/30/2020 Balance
General Fund	\$ 16,094,062	\$ 715,714	\$ 16,809,776
Community Development	2,835,370	(1,815,608)	1,019,761
RDA Successor Agency (except Housing)	10,774,671	1,099,900	11,874,571
Housing Successor Agency/ CDBG	4,065,899	(284,110)	3,781,789
Water - Operations	2,862,753	949,140	3,811,893
Water Other	6,212,393	2,359,297	8,571,690
Sewer - Operations	1,677,931	1,026,117	2,704,048
Sewer Other	31,500,213	1,017,625	32,517,838
Other Special Revenue	5,130,146	1,065,321	6,195,467
Streets and Capital Projects (except RDA)	43,758,217	(1,907,951)	41,850,266
Debt Service	240,894	(12,692)	228,203
Internal Service	15,531,375	2,202,772	17,734,147
Agency Funds (assessment dists./refundable deposits)	4,307,504	(1,708,395)	2,599,108
Total	\$ 144,991,427	\$ 4,707,129	\$ 149,698,556

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

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

Prepared by: 
 Gina Nazareno, Senior Accountant

Approved by:

Reviewed by: 
 Dat Nguyen, Finance Director

David Clink, Treasurer



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2019-20
For the Twelve Months Ended June 30, 2020
100% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
TAXES							
Property Tax - Secured/Unsecured	\$ 11,189,507	\$ 11,189,507	\$ 11,923,428	107%	\$ 10,502,509	\$ 1,420,920	14%
Property Tax - RPTTF Residual Distribution	1,573,610	1,573,610	2,305,787	147%	1,718,831	586,956	34%
Property Tax - Supplemental Roll	319,260	319,260	231,146	72%	335,062	(103,916)	-31%
Sales Tax	10,091,000	10,091,000	8,608,413	85%	10,392,495	(1,784,082)	-17%
Public Safety Sales Tax	385,000	385,000	355,690	92%	369,317	(13,626)	-4%
Transient Occupancy Taxes	3,080,880	3,080,880	2,260,140	73%	2,893,134	(632,994)	-22%
Franchise (Refuse, Cable, PG&E)	2,319,566	2,319,566	2,382,639	103%	2,240,644	141,995	6%
Property Transfer Tax	515,000	515,000	479,688	93%	549,247	(69,559)	-13%
TOTAL TAXES	29,473,823	29,473,823	28,546,931	97%	29,001,238	(454,307)	-2%
LICENSES/PERMITS							
Business License	202,000	202,000	143,258	71%	201,732	(58,474)	-29%
Other Permits	4,940	4,940	6,336	128%	60,556	(54,220)	-90%
TOTAL LICENSES/PERMITS	206,940	206,940	149,594	72%	262,288	(112,694)	-43%
FINES AND PENALTIES							
Parking Enforcement	8,500	8,500	3,737	44%	10,436	(6,698)	-64%
Bails & Fines	73,645	73,645	45,584	62%	102,694	(57,110)	-56%
Administrative Citations	9,785	9,785	55,134	563%	59,304	(4,170)	-7%
TOTAL FINES AND PENALTIES	91,930	91,930	104,455	114%	172,434	(67,979)	-39%
OTHER AGENCIES							
Motor Vehicle in-Lieu	24,652	24,652	36,203	147%	21,366	14,836	69%
Other Revenue - Other Agencies	403,389	417,789	712,954	171%	1,136,369	(423,415)	-37%
TOTAL OTHER AGENCIES	428,041	442,441	749,157	169%	1,157,735	(408,578)	-35%
CHARGES CURRENT SERVICES							
Police False Alarm Charge	33,990	33,990	33,593	99%	31,089	2,504	8%
Business License Application Review	36,000	36,000	33,272	92%	44,152	(10,880)	-25%
Membership Services & Rec Programs	6,426,631	6,426,631	4,707,680	73%	6,300,011	(1,592,331)	-25%
Facility Rentals	915,330	915,330	738,085	81%	921,429	(183,344)	-20%
Community Services	149,705	149,705	82,511	55%	107,072	(24,562)	-23%
General Administration Overhead	1,795,198	1,795,198	1,791,420	100%	1,706,112	85,308	5%
Other Charges Current Services	910,870	910,870	911,814	100%	746,629	165,185	22%
TOTAL CURRENT SERVICES	10,267,724	10,267,724	8,298,374	81%	9,856,494	(1,558,120)	-16%
OTHER REVENUE							
Use of money/property	517,900	517,900	520,863	101%	492,195	28,668	6%
Other Revenues	311,842	321,842	357,415	111%	618,910	(261,495)	-42%
TOTAL OTHER REVENUE	829,742	839,742	878,278	105%	1,111,105	(232,827)	-21%
TRANSFERS IN							
One Time Transfer	180,000	180,000	179,988	100%	-	179,988	0%
Public Safety	100,000	100,000	100,000	100%	100,000	-	0%
Fire Impact	-	25,000	25,000	100%	-	25,000	0%
Streets	738,968	738,968	682,971	92%	738,968	(55,997)	-8%
Police Impact	25,000	25,000	24,996	100%	24,996	-	n/a
Sewer Operations	351,845	351,845	351,852	100%	349,380	2,472	1%
Water Operations	351,845	351,845	351,852	100%	349,380	2,472	1%
Park Development	75,000	75,000	75,000	100%	75,000	-	n/a
TOTAL TRANSFERS IN	1,822,658	1,847,658	1,791,659	97%	1,637,724	153,935	9%
TOTAL GENERAL FUND	43,120,858	43,170,258	40,518,449	94%	43,199,018	(2,680,569)	-6%
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	738,968	738,968	680,481	92%	787,320	(106,839)	-14%
Interest / Other Revenue/Other Charges	-	-	3,245	n/a	3,070	175	6%
202 STREET MAINTENANCE	738,968	738,968	683,726	93%	790,390	(106,664)	-13%

Attachment: Preliminary FY2019-20 Financial and Investment Report [Revision 1] (2812 : Monthly Budget Update and Preliminary FY19-20



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2019-20
For the Twelve Months Ended June 30, 2020
100% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
205 PUBLIC SAFETY TRUST							
Interest Income	135	135	1,562	1157%	1,274	288	23%
Police Grant/SLEF/JAG	100,000	100,000	155,948	156%	148,747	7,201	5%
205 PUBLIC SAFETY TRUST	100,135	100,135	157,510	157%	150,021	7,489	5%
206 DEVELOPMENT SERVICES							
Building Fees	3,275,864	3,275,864	2,711,999	83%	2,499,426	212,572	9%
Planning Fees	1,476,912	1,476,912	931,155	63%	2,047,049	(1,115,894)	-55%
Engineering Fees	495,977	495,977	599,902	121%	518,639	81,263	16%
Other Revenue/Current Charges	14,682	14,682	75,991	518%	60,096	15,895	26%
206 DEVELOPMENT SERVICES	5,263,435	5,263,435	4,319,047	82%	5,125,211	(806,164)	-16%
207 LONG RANGE PLANNING	736,371	896,371	727,428	81%	684,982	42,446	6%
215 and 216 HCD BLOCK GRANT							
Interest Income/Other Revenue	3,660	3,660	1,058	29%	1,240	(182)	-15%
215 and 216 HCD BLOCK GRANT	3,660	3,660	1,058	29%	1,240	(182)	-15%
225 ASSET SEIZURE	2,227	2,227	18,149	815%	33,982	(15,833)	-47%
229 LIGHTING AND LANDSCAPE	189,158	189,158	181,089	96%	183,364	(2,276)	-1%
230 COMMUNITY FACILITIES DISTRICT	44,504	44,504	45,074	101%	55,010	(9,936)	-18%
232 ENVIRONMENTAL PROGRAMS	409,843	409,843	449,032	110%	478,124	(29,092)	-6%
234 MOBILE HOME PARK RENT STAB.	873	873	6,578	753%	9,474	(2,896)	-31%
235 SENIOR HOUSING	4,462	4,462	3,801	85%	4,231	(429)	-10%
236 HOUSING MITIGATION	2,336,690	2,336,690	1,180,534	51%	1,405,279	(224,745)	-16%
240 EMPLOYEE ASSISTANCE	29,256	29,256	19,299	66%	21,841	(2,542)	-12%
247 ENVIRONMENT REMEDIATION	2,824	2,824	4,423	157%	2,518	1,905	76%
250 COMH-SUCCESSOR AGENCY-MHRDA	6,935,750	6,935,750	7,391,856	107%	12,025,330	(4,633,475)	-39%
255 HOUSING SUCCESSOR AGENCY	553,622	553,622	628,764	114%	854,971	(226,207)	-26%
TOTAL SPECIAL REVENUE FUNDS	17,351,779	17,511,779	15,817,366	90%	21,825,966	(6,008,600)	-28%
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	2,647,562	5,749,222	1,627,721	28%	2,135,635	(507,914)	-24%
302 PARK MAINTENANCE	1,371,696	1,371,696	494,037	36%	927,814	(433,777)	-47%
303 LOCAL DRAINAGE	1,652,576	1,652,576	1,003,192	61%	1,791,087	(787,895)	-44%
304 LOCAL DRAINAGE/NON AB1600	83,498	83,498	50,499	60%	155,156	(104,657)	-67%
306 AGRICULTURE & OPEN SPACE PRESERVATION	3,420,324	3,420,324	1,137,954	33%	2,304,741	(1,166,787)	-51%
308 STREET CIP	5,068,938	5,068,938	6,148,202	121%	2,793,723	3,354,480	120%
309 TRAFFIC IMPACT	1,283,196	1,283,196	1,265,175	99%	2,982,157	(1,716,982)	-58%
311 POLICE IMPACT	295,109	295,109	285,496	97%	290,020	(4,524)	-2%
313 FIRE IMPACT	469,220	469,220	140,279	30%	371,352	(231,073)	-62%
346 PUBLIC FACILITIES NON-AB1600	630,420	630,420	297,186	47%	135,832	161,354	119%
347 PUBLIC FACILITIES IMPACT	221,932	221,932	253,823	114%	222,527	31,296	14%
348 LIBRARY	936,224	936,224	804,395	86%	975,066	(170,671)	-18%
350 UNDERGROUNDING	50,079	50,079	102,981	206%	154,767	(51,787)	-33%
355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY	656,864	656,864	98,070	15%	137,609	(39,538)	-29%
360 COMMUNITY/REC IMPACT FUND	1,359,693	1,359,693	1,105,231	81%	1,123,316	(18,085)	-2%
TOTAL CAPITAL PROJECTS FUNDS	20,147,331	23,248,991	14,814,242	64%	16,500,803	(1,686,561)	-10%
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	301,874	301,874	301,754	100%	299,084	2,670	1%
441 POLICE FACILITY BOND	376,090	376,090	374,428	100%	374,615	(187)	0%
TOTAL DEBT SERVICE FUNDS	677,964	677,964	676,182	100%	673,699	2,483	0%

Attachment: Preliminary FY2019-20 Financial and Investment Report [Revision 1] (2812 : Monthly Budget Update and Preliminary FY19-20



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2019-20
For the Twelve Months Ended June 30, 2020
100% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	11,746,083	11,746,083	11,037,154	94%	10,505,784	531,370	5%
Interest Income/Transfers	43,166	43,166	57,762	134%	47,048	10,714	23%
Other Revenue/Current Charges	328,660	328,660	829,431	252%	828,293	1,139	0%
640 SEWER OPERATION	12,117,909	12,117,909	11,924,348	98%	11,381,125	543,223	5%
641 SEWER EXPANSION							
Interest Income	253,972	253,972	333,343	131%	341,420	(8,077)	-2%
Development Impact Fee	4,801,041	4,801,041	4,902,247	102%	4,813,202	89,045	2%
Transfers/Other	-	-	-	n/a	-	-	0%
641 SEWER EXPANSION	5,055,013	5,055,013	5,235,590	104%	5,154,622	80,968	2%
642 SEWER RATE STABILIZATION	52,262	52,262	43,654	84%	48,604	(4,949)	-10%
643 SEWER-CAPITAL PROJECT	2,853,531	2,853,531	4,332,681	152%	2,937,828	1,394,853	47%
TOTAL SEWER FUNDS	20,078,715	20,078,715	21,536,273	107%	19,522,178	2,014,094	10%
650 WATER OPERATION							
Water Sales	13,400,000	13,400,000	13,839,250	103%	12,688,232	1,151,019	9%
Meter Install & Service	125,500	125,500	39,410	31%	118,948	(79,538)	-67%
Transfers-In / Interest Income	478,039	478,039	482,994	101%	472,539	10,455	2%
Other Revenue/Current Charges	776,961	776,961	901,735	116%	961,714	(59,980)	-6%
650 WATER OPERATION	14,780,500	14,780,500	15,263,389	103%	14,241,433	1,021,956	7%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	73,821	73,821	42,556	58%	54,187	(11,632)	-21%
Development Impact Fee	1,452,925	1,452,925	1,403,333	97%	1,445,497	(42,164)	-3%
651 WATER EXPANSION	1,526,746	1,526,746	1,445,889	95%	1,499,684	(53,795)	-4%
652 Water Rate Stabilization	11,107	11,107	1,029,298	9267%	10,397	1,018,900	9800%
653 Water Capital Project	3,812,288	3,812,288	4,242,980	111%	2,529,135	1,713,845	68%
TOTAL WATER FUNDS	20,130,641	20,130,641	21,981,555	109%	18,280,649	3,700,906	20%
TOTAL ENTERPRISE FUNDS	40,209,356	40,209,356	43,517,828	108%	37,802,827	5,715,001	15%
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	1,783,719	1,783,719	1,811,529	102%	1,902,693	(91,163)	-5%
740 BUILDING MAINTENANCE	3,258,548	3,258,548	3,318,135	102%	3,351,279	(33,145)	-1%
741 BUILDING REPLACEMENT	831,677	831,677	800,337	96%	777,047	23,290	3%
745 CIP ADMINISTRATION	1,871,909	1,871,909	1,497,353	80%	1,456,860	40,493	3%
760 UNEMPLOYMENT INSURANCE	2,898	2,898	2,267	78%	2,825	(559)	-20%
770 WORKERS COMPENSATION	800,422	800,422	895,858	112%	815,543	80,315	10%
790 EQUIPMENT REPLACEMENT	1,052,269	1,224,632	1,196,184	98%	1,235,644	(39,460)	-3%
791 EMPLOYEE BENEFITS	1,229,852	1,229,852	791,312	64%	760,954	30,358	4%
795 GENERAL LIABILITY INSURANCE	1,076,586	1,076,586	1,073,929	100%	1,027,521	46,408	5%
TOTAL INTERNAL SERVICE FUNDS	11,907,880	12,080,243	11,386,903	94%	11,330,366	56,537	0%
TOTAL FOR ALL FUNDS	\$ 133,415,168	\$ 136,898,591	\$ 126,730,970	93%	\$ 131,332,679	\$ (4,601,709)	-4%

Attachment: Preliminary FY2019-20 Financial and Investment Report [Revision 1] (2812 : Monthly Budget Update and Preliminary FY19-20



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2019-20
 For the Month and Twelve Months Ended June 30, 2020
 100% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
010 GENERAL FUND								
I. ADMINISTRATION								
CITY COUNCIL		\$ 9,251	\$ 336,684	\$ 297,659	\$ -	\$ 297,659	88%	\$ 297,659
CITY ATTORNEY		77,455	763,698	750,997	66,267	817,263	107%	63,267
CITY MANAGER		57,433	580,167	486,148	53,636	539,783	93%	40,148
HUMAN RESOURCES		71,007	751,908	704,294	-	704,294	94%	80,294
COUNCIL SVCS & RECORDS MGMT								
Council Svcs & Records Mgmt		57,644	601,560	594,823	25,020	619,843	103%	57,644
Elections		2,278	178,037	58,663	-	58,663	33%	14,037
COUNCIL SVCS & RECORDS MGMT		59,923	779,597	653,486	25,020	678,506	87%	72,020
FINANCE		134,901	1,623,059	1,470,063	11,797	1,481,860	91%	1,663,063
TOTAL ADMINISTRATION		409,969	4,835,112	4,362,647	156,719	4,519,366	93%	4,533,647
II. COMMUNITY SERVICES								
Membership Services & Rec. Programs		303,675	6,371,297	5,446,855	29,211	5,476,066	86%	5,861,066
Recreation Facility Rentals		102,886	1,356,318	1,272,086	-	1,272,086	94%	1,342,086
Community Services		52,854	648,407	578,287	64,143	642,429	99%	581,407
Environmental Services		20,953	293,918	222,556	-	222,556	76%	22,556
Street Maintenance		253,099	2,386,836	2,300,604	12,241	2,312,845	97%	2,370,604
Downtown Maintenance		32,007	321,475	311,497	16,263	327,760	102%	31,497
Cable Television		2,412	22,594	22,450	-	22,450	99%	2,450
COMMUNITY SERVICES		767,886	11,400,845	10,154,334	121,857	10,276,191	90%	10,720,845
CODE COMPLIANCE		17,084	160,943	158,813	-	158,813	99%	15,813
INFRASTRUCTURE PLANNING & CONGESTION MGMT		31,098	318,537	307,258	-	307,258	96%	5,258
ECONOMIC DEVELOPMENT PROGRAMS		72,084	809,102	683,034	48,628	731,663	90%	77,663
TOTAL COMMUNITY SERVICES		888,153	12,689,427	11,303,439	170,486	11,473,924	90%	11,713,439
III. PUBLIC SAFETY								
POLICE								
PD Administration		125,922	1,300,288	1,350,735	19,564	1,370,299	105%	1,320,735
Field Operations		939,665	9,094,915	8,786,280	108,402	8,894,681	98%	8,836,280
Support Services		205,700	2,318,572	2,210,447	-	2,210,447	95%	2,220,447
Emergency Services/Haz Mat		37,163	210,041	207,815	30	207,845	99%	17,815
Special Operations		295,123	2,747,543	2,723,806	-	2,723,806	99%	2,241,806
Dispatch Services		168,274	1,716,002	1,784,846	-	1,784,846	104%	1,600,846
POLICE		1,771,847	17,387,361	17,063,930	127,996	17,191,925	99%	16,400,930
FIRE		532,161	6,961,396	6,829,644	47,590	6,877,234	99%	6,841,644
TOTAL PUBLIC SAFETY		2,304,008	24,348,758	23,893,574	175,586	24,069,160	99%	23,252,574
IV. TRANSFERS								
Other		156,333	2,142,463	975,996	-	975,996	46%	1,975,996
TOTAL TRANSFERS		156,333	2,142,463	975,996	-	975,996	46%	1,975,996
TOTAL GENERAL FUND		3,758,463	44,015,759	40,535,656	502,791	41,038,446	93%	41,463,656

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City of Morgan Hill
Year to Date Expenses - Fiscal Year 2019-20
For the Month and Twelve Months Ended June 30, 2020
100% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
SPECIAL REVENUE FUNDS								
202	STREET MAINTENANCE	342	743,072	687,075	-	687,075	92%	74%
205	PUBLIC SAFETY/SUPP.LAW	572	106,863	106,864	-	106,864	100%	100%
206	DEVELOPMENT SERVICES FUND							
	Planning	182,398	2,516,024	2,069,225	86,985	2,156,210	86%	2,46%
	Building	319,941	2,098,505	2,062,673	27,954	2,090,626	100%	1,87%
	Engineering	176,819	1,469,242	1,473,724	209,104	1,682,828	115%	1,39%
206	DEVELOPMENT SERVICES FUND	679,157	6,083,771	5,605,622	324,043	5,929,665	97%	5,73%
207	LONG RANGE PLANNING	120,145	1,106,774	638,307	361,328	999,635	90%	59%
215/216	CDBG	434	5,209	5,208	-	5,208	100%	100%
225	ASSET SEIZURE	-	-	5,000	-	5,000	n/a	1%
229	LIGHTING AND LANDSCAPE	13,338	206,031	152,769	17,044	169,813	82%	18%
230	COMMUNITY FACILITIES DISTRICT	1,740	46,979	32,075	-	32,075	68%	2%
232	ENVIRONMENT PROGRAMS	40,358	439,095	385,846	2,263	388,109	88%	39%
234	MOBILE HOME PARK	35	425	420	-	420	99%	99%
236	HOUSING MITIGATION	(49,176)	2,285,207	(1,471)	115,836	114,365	5%	1,59%
240	EMPLOYEE ASSISTANCE	81	28,477	21,501	-	21,501	76%	76%
247	ENVIRONMENTAL REMEDIATION	111	-	3,597	-	3,597	n/a	1%
250	COMH-SUCCESSOR AGENCY-MHRDA	3,331	6,973,161	6,972,498	-	6,972,498	100%	11,32%
255	HOUSING SUCCESSOR AGENCY	47,124	935,845	934,876	25,000	959,876	103%	3,96%
TOTAL SPECIAL REVENUE FUNDS		857,593	18,960,909	15,550,187	845,513	16,395,700	86%	24,71%
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	51,538	14,875,933	2,063,164	293,680	2,356,844	16%	80%
302	PARK MAINTENANCE	107,270	1,227,852	1,121,745	99,584	1,221,329	99%	1,10%
303	LOCAL DRAINAGE	10,924	2,924,734	354,459	210,836	565,295	19%	2,35%
304	LOCAL DRAIN. NON-AB1600	17,668	486,660	167,918	13,509	181,427	37%	1%
306	AGRICULTURE & OPEN SPACE PRESERVATION	60,147	6,695,683	3,239,908	35,956	3,275,865	49%	1,37%
308	STREET CIP	53,567	8,456,398	4,687,313	50,108	4,737,421	56%	1,88%
309	TRAFFIC IMPACT	94,400	18,536,119	1,337,694	181,736	1,519,429	8%	5,27%
311	POLICE IMPACT	2,334	226,130	226,632	-	226,632	100%	22%
313	FIRE IMPACT	266	53,425	28,601	9,462	38,063	71%	16%
346	PUBLIC FAC.NON AB1600	38,264	930,930	147,483	175,067	322,550	35%	47%
347	PUBLIC FACILITIES IMPACT	(3,378)	177,688	102,853	11,418	114,270	64%	5%
348	LIBRARY IMPACT	236,326	3,849,389	1,751,579	828,256	2,579,835	67%	61%
350	UNDERGROUNDING	90	1,075	1,080	-	1,080	100%	100%
355	SCHOOL PEDESTRIAN & TRAFFIC SAFETY	116,190	2,514,571	468,884	5,079	473,963	19%	15%
360	COMM/REC CENTER IMPACT	150,042	3,521,478	1,170,412	1,886,172	3,056,584	87%	11%
TOTAL CAPITAL PROJECTS FUNDS		935,648	64,478,066	16,869,727	3,800,862	20,670,588	32%	14,62%
DEBT SERVICE FUNDS								
420	CIVIC CENTER DEBT	839	311,636	318,861	-	318,861	102%	29%
441	POLICE FACILITY BOND DEBT	320	380,552	370,284	-	370,284	97%	38%
TOTAL DEBT SERVICE FUNDS		1,159	692,188	689,146	-	689,146	100%	68%

Attachment: Preliminary FY2019-20 Financial and Investment Report [Revision 1] (2812 : Monthly Budget Update and Preliminary FY19-20



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2019-20
 For the Month and Twelve Months Ended June 30, 2020
 100% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
ENTERPRISE FUNDS								
SEWER								
640	SEWER OPERATIONS	914,662	12,087,541	11,994,584	327,073	12,321,657	102%	10,121
641	SEWER CAPITAL EXPANSION	148,018	13,399,255	1,637,860	824,122	2,461,982	18%	2,671
642	SEWER RATE STABILIZATION	90	1,078	1,080	-	1,080	100%	-
643	SEWER-CAPITAL PROJECTS	61,995	10,335,505	4,877,679	1,379,644	6,257,324	61%	4,381
TOTAL SEWER FUND(S)		1,124,765	35,823,378	18,511,203	2,530,839	21,042,043	59%	17,181
WATER								
	Water Operations	1,428,931	14,203,740	14,472,218	907,748	15,379,966	108%	11,061
	Utility Billing	87,760	789,099	858,038	7,488	865,526	110%	791
	Water Conservation	5,953	198,464	65,571	95,400	160,971	81%	81
650	WATER OPERATIONS	1,522,645	15,191,302	15,395,827	1,010,636	16,406,463	108%	11,941
651	WATER CAPITAL EXPANSION	60,297	2,281,224	1,172,779	182,609	1,355,388	59%	2,041
652	WATER RATE STABILIZATION	29	352	348	-	348	99%	-
653	WATER-CAPITAL PROJECTS	9,719	3,731,255	1,701,887	79,741	1,781,628	48%	1,931
TOTAL WATER FUND(S)		1,592,690	21,204,133	18,270,841	1,272,986	19,543,827	92%	15,921
TOTAL ENTERPRISE FUNDS		2,717,455	57,027,512	36,782,044	3,803,825	40,585,869	71%	33,101
INTERNAL SERVICE FUNDS								
730	INFORMATION SYSTEMS	247,979	2,494,467	2,027,218	338,347	2,365,565	95%	1,531
740	BUILDING MAINTENANCE	278,553	3,338,819	2,966,768	98,112	3,064,880	92%	3,231
741	BUILDING REPLACEMENT	48,731	278,950	272,494	12,540	285,035	102%	341
745	CIP ADMINISTRATION	170,122	1,619,521	1,667,955	8,827	1,676,782	104%	1,491
760	UNEMPLOYMENT	-	10,000	13,439	-	13,439	134%	1
770	WORKERS COMPENSATION	16,593	952,045	885,772	-	885,772	93%	561
790	EQUIPMENT REPLACEMENT	55,617	1,878,552	618,323	1,256,649	1,874,972	100%	841
791	EMPLOYEE BENEFITS FUND	47,017	615,000	551,566	-	551,566	90%	581
795	GEN. LIABILITY INSURANCE	9,432	1,044,568	989,715	-	989,715	95%	971
TOTAL INTERNAL SERVICE FUNDS		874,044	12,231,921	9,993,251	1,714,476	11,707,727	96%	9,591
REPORT TOTAL		\$ 9,144,361	\$ 197,406,355	\$ 120,420,010	\$ 10,667,466	\$ 131,087,476	66%	\$ 124,181

Attachment: Preliminary FY2019-20 Financial and Investment Report [Revision 1] (2812 : Monthly Budget Update and Preliminary FY19-20

		 City of Morgan Hill Fund Activity Summary - Fiscal Year 2019-20 For the Twelve Months Ended June 30, 2020 100% of Year Complete							
Fund No.	Fund	Fund Balance 06-30-19	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved
010	GENERAL FUND	\$ 17,924,089	\$ 40,518,449	94%	\$ 40,535,656	92%	\$ (17,207)	\$ 502,791	\$ 17,404,091
TOTAL GENERAL FUND		\$ 17,924,089	\$ 40,518,449	94%	\$ 40,535,656	92%	\$ (17,207)	\$ 502,791	\$ 17,404,091
202	STREET MAINTENANCE	37,376	\$ 683,726	93%	\$ 687,075	98%	\$ (3,349)	\$ -	\$ 34,027
205	PUBLIC SAFETY/SUPPL. LAW	93,997	157,510	157%	106,864	100%	50,646	-	144,643
206	DEVELOPMENT SERVICES	1,329,077	4,319,047	82%	5,605,622	92%	(1,286,576)	324,043	(281,541)
207	LONG RANGE PLANNING	1,248,188	727,428	81%	638,307	58%	89,121	361,328	975,981
215 / 216	CDBG	57,072	1,058	29%	5,208	100%	(4,150)	-	52,922
225	ASSET SEIZURE	130,210	18,149	815%	5,000	n/a	13,149	-	143,359
229	LIGHTING AND LANDSCAPE	158,268	181,089	96%	152,769	74%	28,319	17,044	169,544
230	COMMUNITY FACILITIES DISTRICT	112,386	45,074	101%	32,075	68%	13,000	-	125,386
232	ENVIRONMENTAL PROGRAMS	335,097	449,032	110%	385,846	88%	63,186	2,263	396,021
234	MOBILE HOME PK RENT STAB.	52,468	6,578	753%	420	99%	6,158	-	58,626
235	SENIOR HOUSING	228,559	3,801	85%	-	n/a	3,801	-	232,360
236	HOUSING MITIGATION	2,520,285	1,180,534	51%	(1,471)	0%	1,182,006	115,836	3,586,455
240	EMPLOYEE ASSISTANCE	63,226	19,299	66%	21,501	76%	(2,202)	-	61,024
247	ENVIRONMENT REMEDIATION	135,636	4,423	157%	3,597	n/a	825	-	136,461
250	COMH-SUCCESSOR AGENCY-MHRDA	(500,829)	7,391,856	107%	6,972,498	100%	419,358	-	(81,471)
255	HOUSING SUCCESSOR AGENCY	3,976,695	628,764	114%	934,876	100%	(306,112)	25,000	3,645,583
260	PUBLIC ART	185	-	n/a	-	-	-	-	185
TOTAL SPECIAL REVENUE FUNDS		\$ 9,977,896	\$ 15,817,366	90%	\$ 15,550,187	82%	\$ 267,179	\$ 845,513	\$ 9,399,562
301	PARK DEV. IMPACT FUND	\$ 4,116,066	\$ 1,627,721	28%	\$ 2,063,164	14%	\$ (435,444)	\$ 293,680	\$ 3,386,943
302	PARK MAINTENANCE	4,078,868	494,037	36%	1,121,745	91%	(627,708)	99,584	3,351,577
303	LOCAL DRAINAGE	12,117,049	1,003,192	61%	354,459	12%	648,733	210,836	12,554,946
304	LOCAL DRAINAGE/NON-AB1600	1,563,382	50,499	60%	167,918	35%	(117,419)	13,509	1,432,454
306	AGRICULTURE AND OPEN SPACE PRESERV	7,951,064	1,137,954	33%	3,239,908	48%	(2,101,954)	35,956	5,813,153
308	STREET CIP	3,299,044	6,148,202	121%	4,687,313	55%	1,460,889	50,108	4,709,825
309	TRAFFIC IMPACT FUND	(1,263,866)	1,265,175	99%	1,337,694	7%	(72,518)	181,736	(1,518,120)
311	POLICE IMPACT FUND	(640,897)	285,496	97%	226,632	100%	58,864	-	(582,033)
313	FIRE IMPACT FUND	3,873,198	140,279	30%	28,601	54%	111,678	9,462	3,975,414
346	PUBLIC FACILITIES NON-AB1600	(178,488)	297,186	47%	147,483	16%	149,703	175,067	(203,852)
347	PUBLIC FACILITIES IMPACT FUND	688,851	253,823	114%	102,853	58%	150,970	11,418	828,404
348	LIBRARY IMPACT FUND	2,987,436	804,395	86%	1,751,579	46%	(947,184)	828,256	1,211,996
350	UNDERGROUNDING	861,895	102,981	206%	1,080	100%	101,901	-	963,796
355	SCHOOL PEDESTRIAN/TRAFFIC SFTY	1,477,523	98,070	15%	468,884	19%	(370,814)	5,079	1,101,630
360	COMM/REC CTR IMPACT FUND	2,122,228	1,105,231	81%	1,170,412	33%	(65,181)	1,886,172	170,875
TOTAL CAPITAL PROJECT FUNDS		\$ 43,053,353	\$ 14,814,242	64%	\$ 16,869,727	26%	\$ (2,055,485)	\$ 3,800,862	\$ 37,197,007
420	CIVIC CENTER DEBT	\$ 171,351	\$ 301,754	100%	\$ 318,861	102%	\$ (17,107)	\$ 0	\$ 154,244
441	POLICE FACILITY BOND DEBT	70,213	374,428	100%	370,284	97%	4,144	0	74,357
TOTAL DEBT SERVICE FUNDS		\$ 241,564	\$ 676,182	100%	\$ 689,146	100%	\$ (12,963)	\$ 1	\$ 228,600

		 City of Morgan Hill Fund Activity Summary - Fiscal Year 2019-20 For the Twelve Months Ended June 30, 2020 100% of Year Complete							
Fund No.	Fund	Fund Balance 06-30-19	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved
640	SEWER OPERATIONS	\$ 3,235,529	\$ 11,924,348	98%	\$ 11,994,584	99%	\$ (70,237)	327,073	2,838,219
641	SEWER IMPACT FUND*	18,119,442	5,235,590	104%	1,637,860	12%	3,597,731	824,122	20,893,050
642	SEWER RATE STABILIZATION	2,625,280	43,654	84%	1,080	100%	42,574	-	2,667,854
643	SEWER-CAPITAL PROJECTS	9,791,525	4,332,681	152%	4,877,679	47%	(544,999)	1,379,644	7,866,882
650	WATER OPERATIONS	4,010,886	15,263,389	103%	15,395,827	101%	(132,438)	1,010,636	2,867,812
651	WATER IMPACT FUND*	2,507,584	1,445,889	95%	1,172,779	51%	273,110	182,609	2,598,085
652	WATER RATE STABILIZATION	1,761,549	1,029,298	9267%	348	99%	1,028,950	-	2,790,499
653	WATER -CAPITAL PROJECT	1,685,295	4,242,980	111%	1,701,887	46%	2,541,093	79,741	4,146,647
TOTAL ENTERPRISE FUNDS		\$ 43,737,090	\$ 43,517,828	108%	\$ 36,782,044	64%	\$ 6,735,784	\$ 3,803,825	\$ 46,669,049
730	INFORMATION SERVICES	\$ 902,325	\$ 1,811,529	102%	\$ 2,027,218	81%	\$ (215,689)	\$ 338,347	\$ 348,290
740	BUILDING MAINTENANCE	64,490	3,318,135	102%	2,966,768	89%	351,367	98,112	317,744
741	BUILDING REPLACEMENT	2,515,067	800,337	96%	272,494	98%	527,842	12,540	3,030,369
745	CIP ENGINEERING	62,517	1,497,353	80%	1,667,955	103%	(170,602)	8,827	(116,912)
760	UNEMPLOYMENT	142,515	2,267	78%	13,439	134%	(11,173)	-	131,342
770	WORKERS COMPENSATION	2,015,978	895,858	112%	885,772	93%	10,086	30,000	1,996,064
790	EQUIPMENT REPLACEMENT	5,238,985	1,196,184	98%	618,323	33%	577,861	1,256,649	4,560,197
791	EMPLOYEE BENEFITS FUNDS	(233,198)	791,312	64%	551,566	90%	239,746	-	6,548
795	GEN. LIABILITY INSURANCE	1,379,596	1,073,929	100%	989,715	95%	84,213	-	1,463,809
TOTAL INTERNAL SERVICE FUNDS		\$ 12,088,275	\$ 11,386,903	94%	\$ 9,993,251	82%	\$ 1,393,652	\$ 1,744,476	\$ 11,737,451
SUMMARY BY FUND TYPE									
GENERAL FUND GROUP		\$ 17,924,089	\$ 40,518,449	94%	\$ 40,535,656	92%	\$ (17,207)	\$ 502,791	\$ 17,404,091
SPECIAL REVENUE GROUP		9,977,896	15,817,366	90%	15,550,187	82%	267,179	845,513	9,399,562
DEBT SERVICE GROUP		241,564	676,182	100%	689,146	100%	(12,963)	1	228,600
CAPITAL PROJECTS GROUP		43,053,353	14,814,242	64%	16,869,727	26%	(2,055,485)	3,800,862	37,197,007
ENTERPRISE GROUP		43,737,090	43,517,828	108%	36,782,044	64%	6,735,784	3,803,825	46,669,049
INTERNAL SERVICE GROUP		12,088,275	11,386,903	94%	9,993,251	82%	1,393,652	1,744,476	11,737,451
TOTAL ALL GROUPS		\$ 127,022,269	\$ 126,730,970	93%	\$ 120,420,010	61%	\$ 6,310,960	\$ 10,697,467	\$ 122,635,761

For Enterprise Funds: Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

*Unreserved fund balance includes bond proceeds reserved for projects listed in bond documents.

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

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.

City Manager's Signature Authority**Contracts and Agreements Between \$25,000 to \$60,000 Entered Since 4/15/2020 to 7/10/2020**

Vendor Name	Description of Service	Begin Date	End Date	Department	Amount
Luhdorff & Scalmanini Consulting Engineers	Service Agreement field support service Jackson Well #3	5/6/2020	5/1/2022	E&U	\$51,198
Cal West Fence, Inc	Downtown Median Fencing project	5/6/2020	7/6/2020	CSD	\$37,650
TPA Construction	AC Slide Steps Epoxy and Repainting	5/6/2020	6/15/2020	E&U	\$37,216
West Coast Arborist, Inc	Tree Maintenance Services	4/16/2020	9/30/2020	CSD	\$60,000
ADVNC Air Technologies	Maintenance Agreement for HVAC equipment at City facilities	5/6/2020	9/30/2020	CSD	\$60,000
Advanced Data Processing, Inc.	Medical billing and accounts receivable management services	5/21/2020	5/21/2023	CSD	\$60,000
Kids Love Soccer, Inc.	Consultant Agreement for youth soccer classes and camps	6/10/2020	6/30/2022	CSD	\$54,000
Peterson Power Systems, Inc	Generator Maintenance Service	6/10/2020	12/31/2020	CSD	\$60,000
Planet Futsal, Inc. DBA Futsal Kingz	Youth Futsal classes	6/6/2020	6/30/2022	CSD	\$27,000
American Self Defense Academy	Youth and Adult Self Defense, Karate and Kempo Classes	7/3/2020	6/30/2021	CSD	\$42,000



CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

PREPARED BY: Jennifer Carman, Community Development Director
APPROVED BY: City Manager

RECEIVE UPDATE REGARDING REGIONAL HOUSING NEEDS 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.

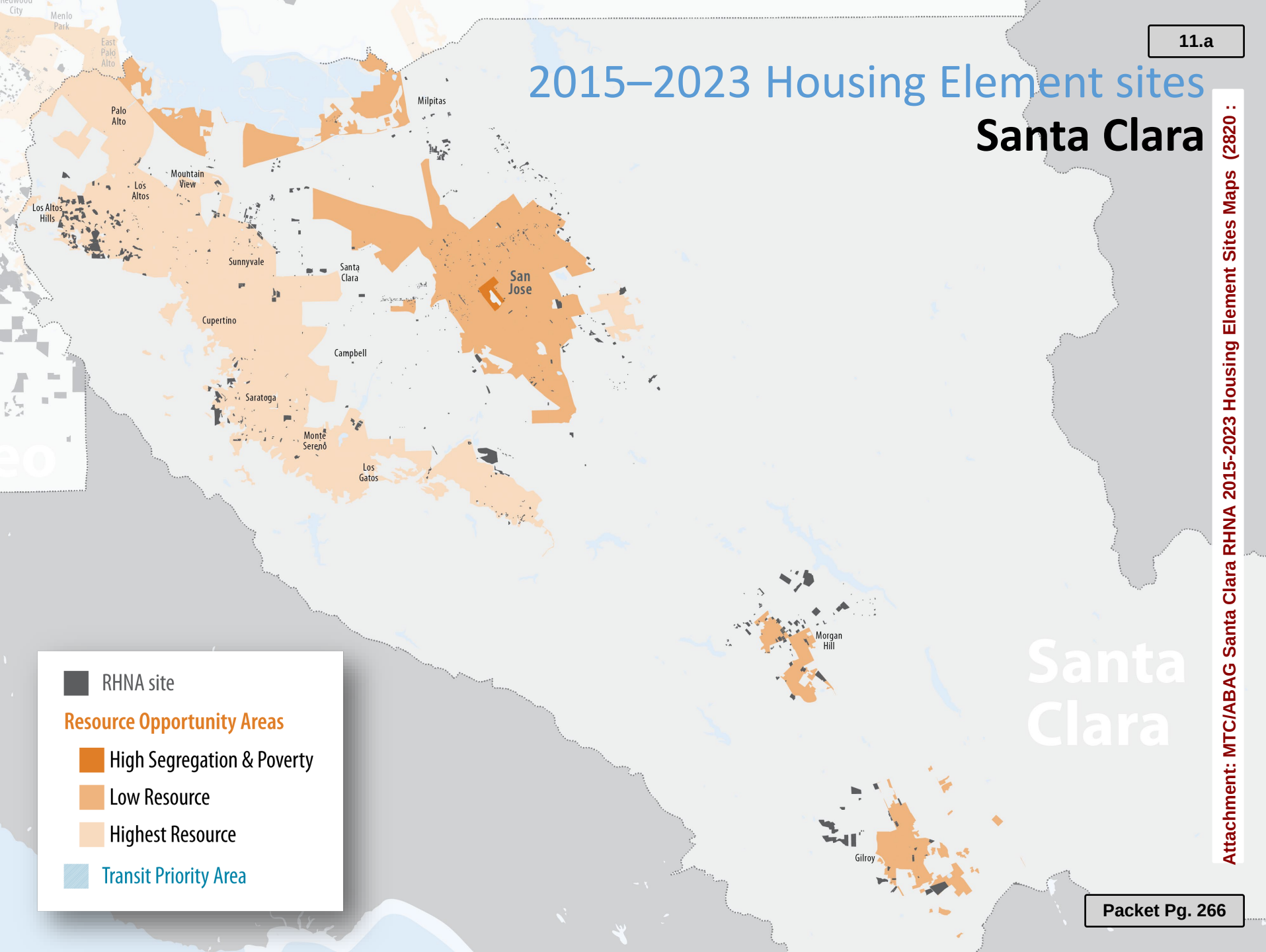
CEQA (California Environmental Quality Act):

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

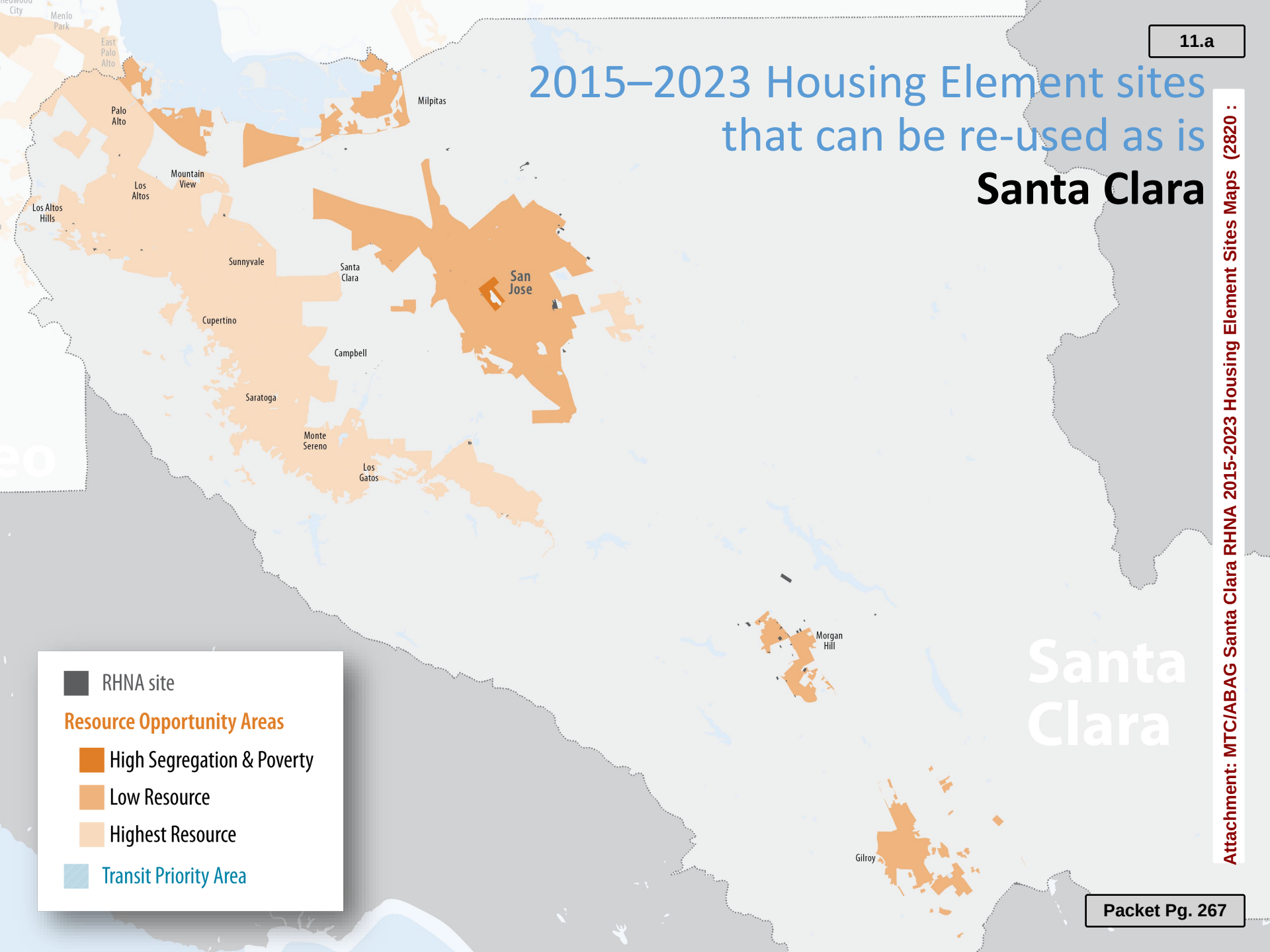
■ High Segregation & Poverty

■ Low Resource

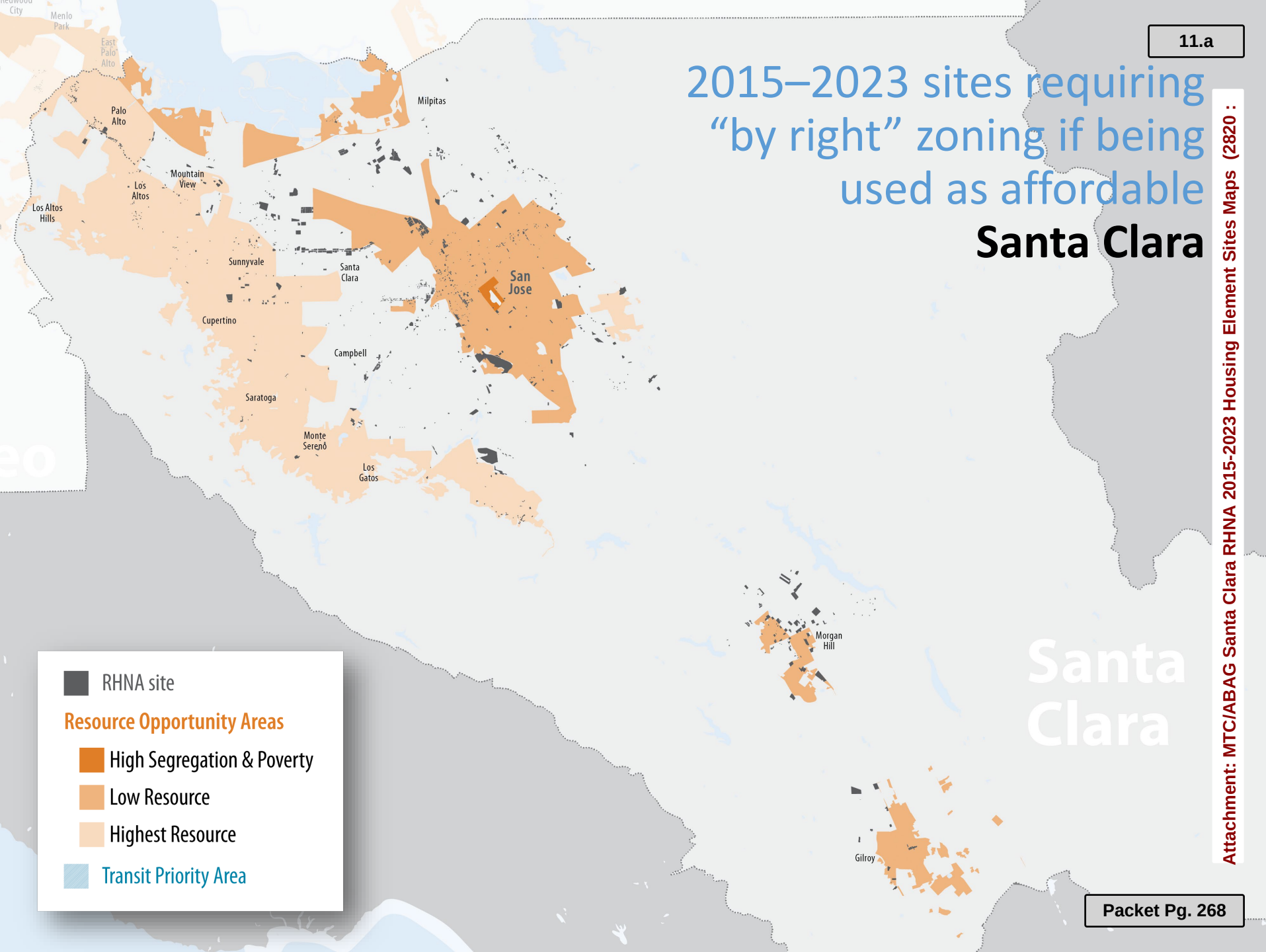
■ Highest Resource

■ Transit Priority Area

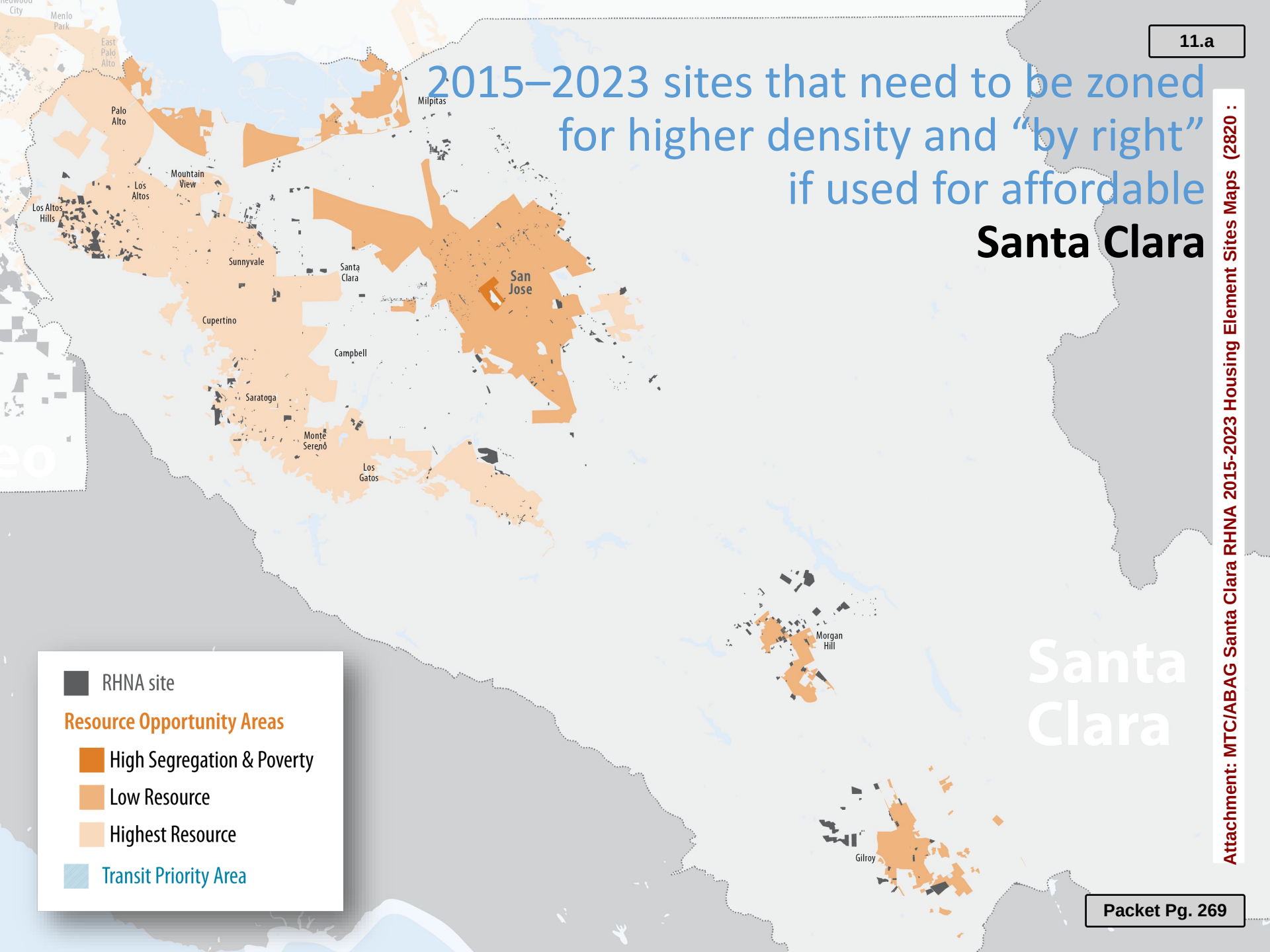
2015–2023 Housing Element sites that can be re-used as is **Santa Clara**



2015–2023 sites requiring “by right” zoning if being used as affordable Santa Clara



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

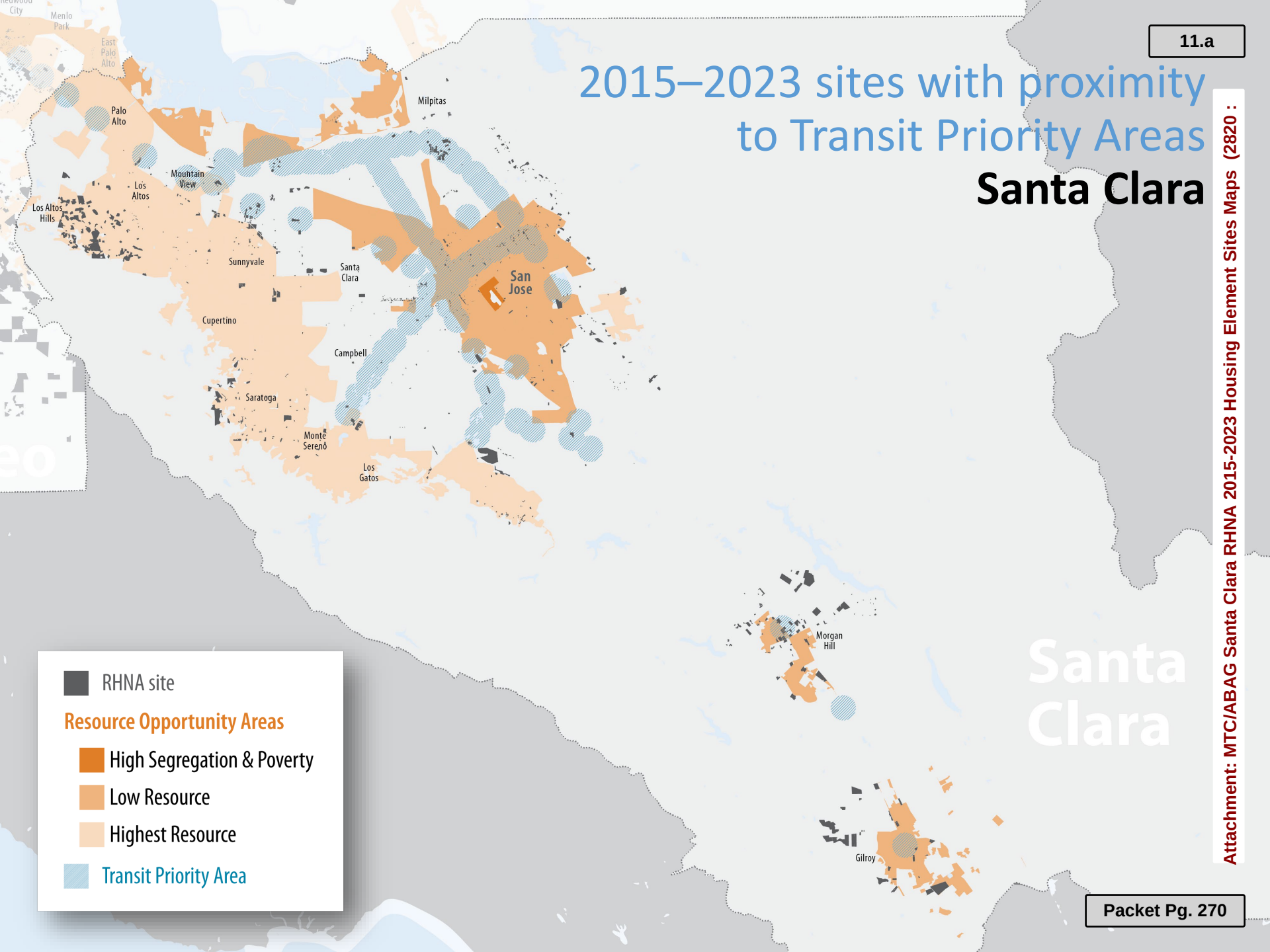
■ High Segregation & Poverty

■ 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

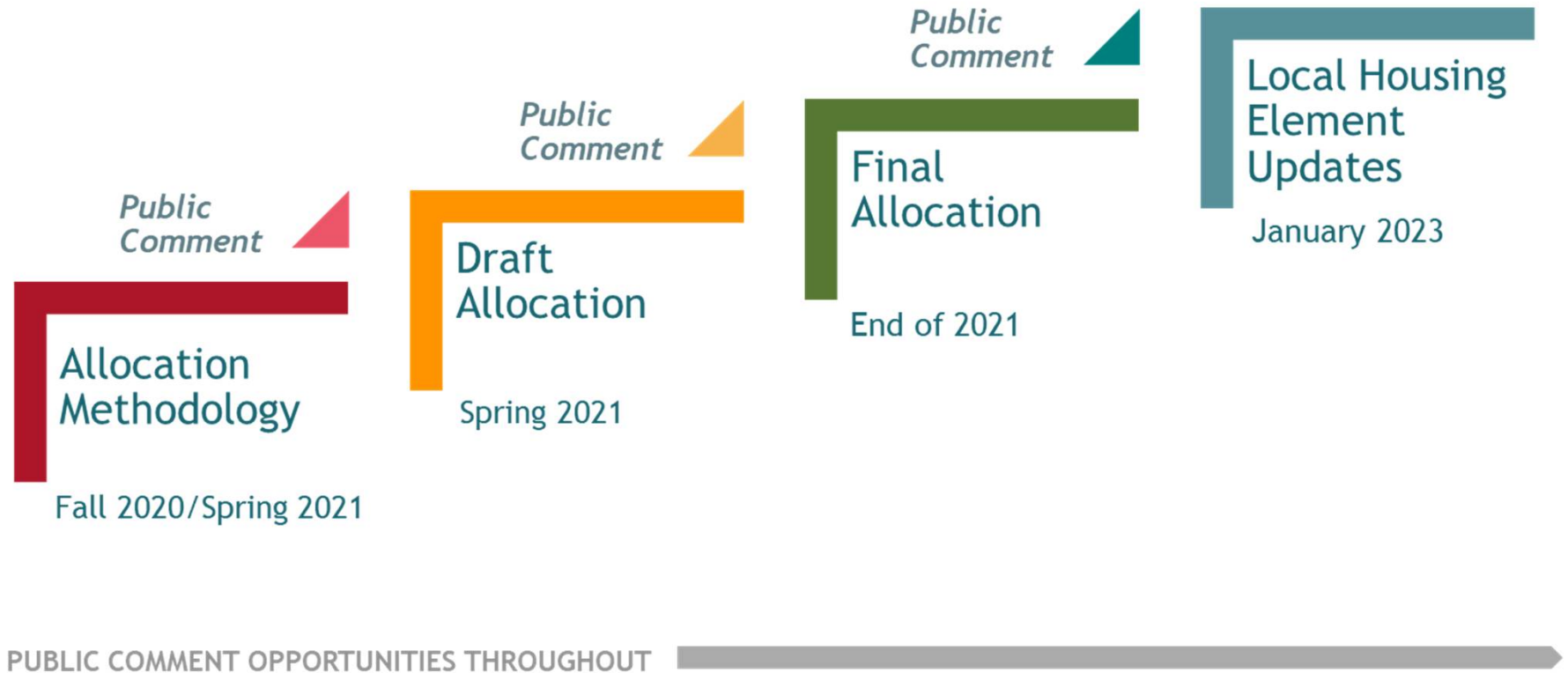
More factors to consider in allocations (overpayment, overcrowding, greenhouse gas target, jobs-housing fit)

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 OF MORGAN HILL



CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 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 (2821 : 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 (2021 : 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

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Housing Legislative Update

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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.

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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 (2821 : 2020 Legislature Update)

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ENGAGE MORGAN HILL

A conversation about services, funding, and priorities.

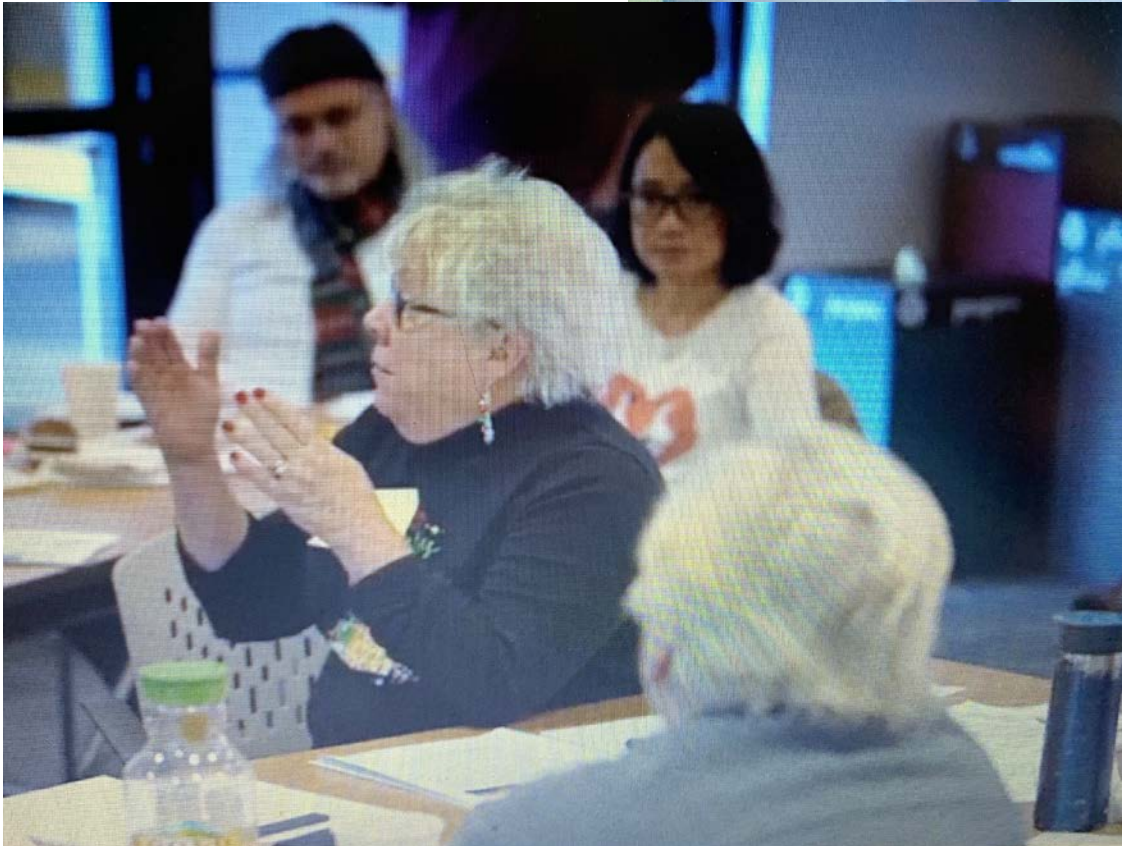
www.EngageMorganHill.org

Item #7

Why Engage Morgan Hill?



- Unfunded needs/liabilities
- Plan for fiscal sustainability
- Need the community to be aware and involved in the solution



Engage Morgan Hill Internal Team



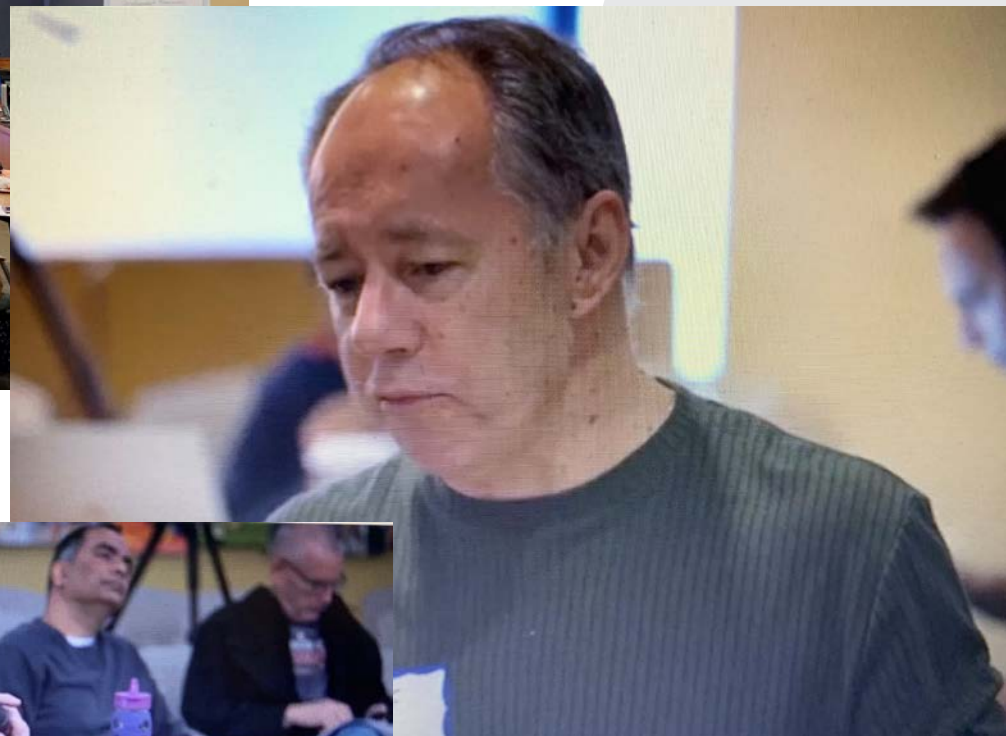
- Michelle Bigelow, Council Services/Records Management Manager/Deputy City Clerk
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- Edith Ramirez, Economic Development Director
- Harjot Sangha, Assistant to the City Manager
- Maureen Tobin, Communications and Engagement Director

Engage Morgan Hill Community Advisory Group June 29 2019 (First Meeting)



Goals

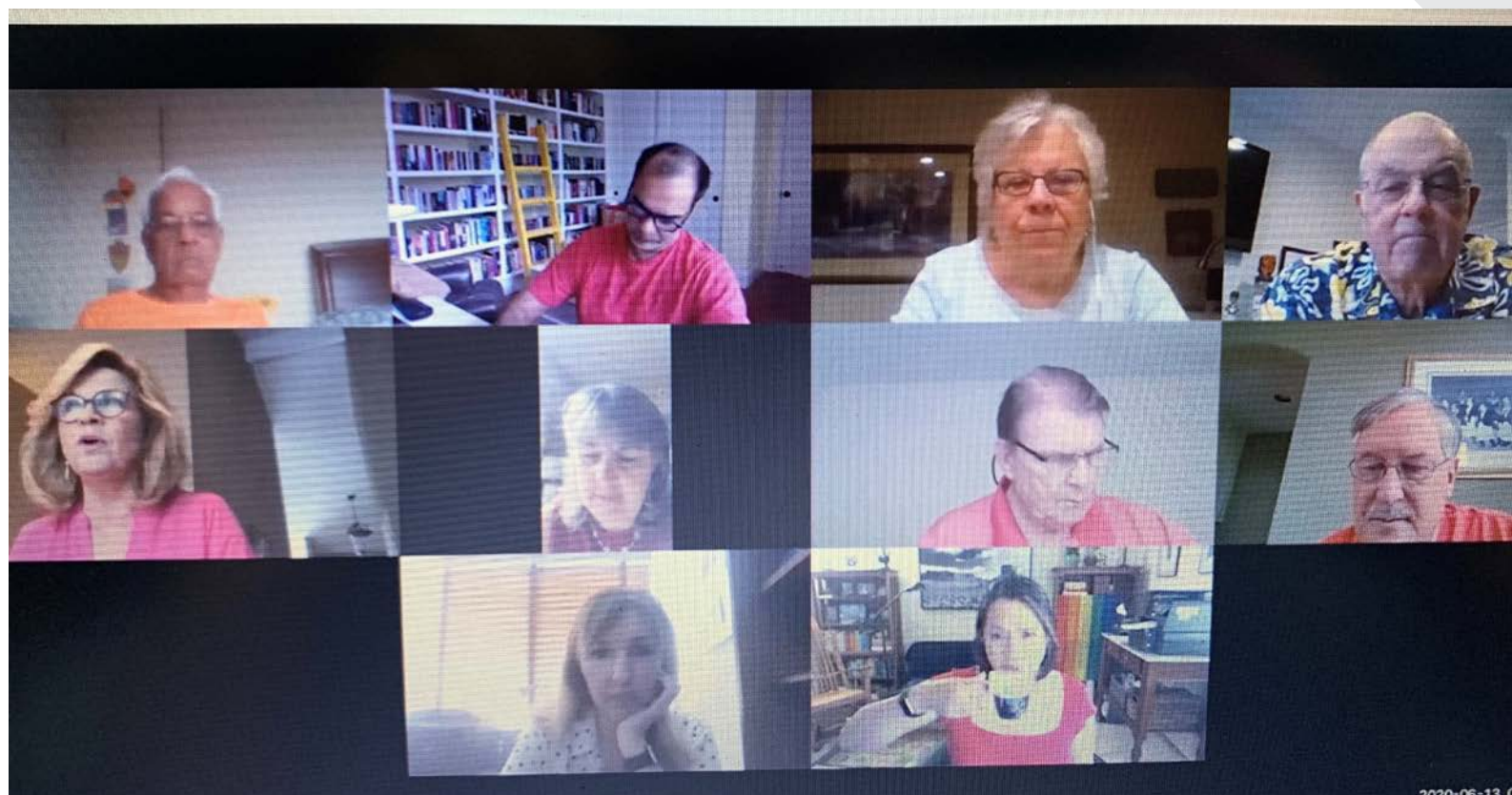
- Educate and increase awareness in a group of community members
- Receive input/ideas from informed group of community members
- Sharing of accurate information by community members
- Input into 2020/21 – 2021/22 budget process
- Independent group of community members who continue to share accurate information



Engage Morgan Hill Community Advisory Group



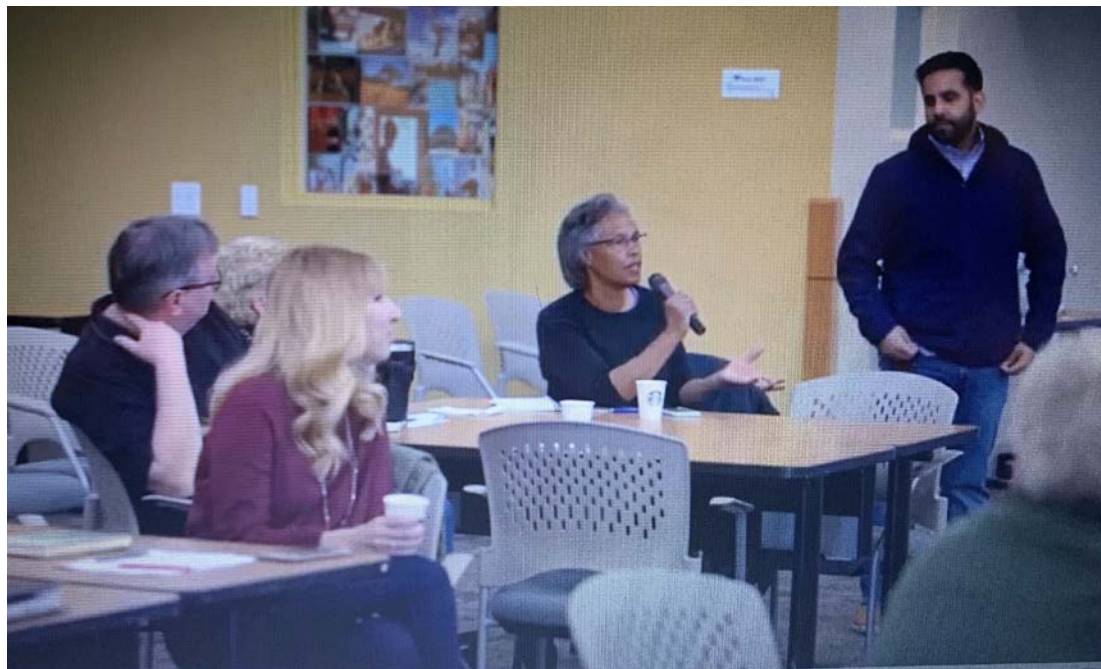
- Combination of invitation and volunteer
- Interest in becoming educated and informed
- Conduit to community
- Began with approximately 80 diverse community members
- Solid group of 25 – 30 members



Topics Covered

- Budget
- Economic Development
- Housing/Growth
- Impact of SB330
- Infrastructure
- Traffic
- Recreation
- Pensions
- Public Safety

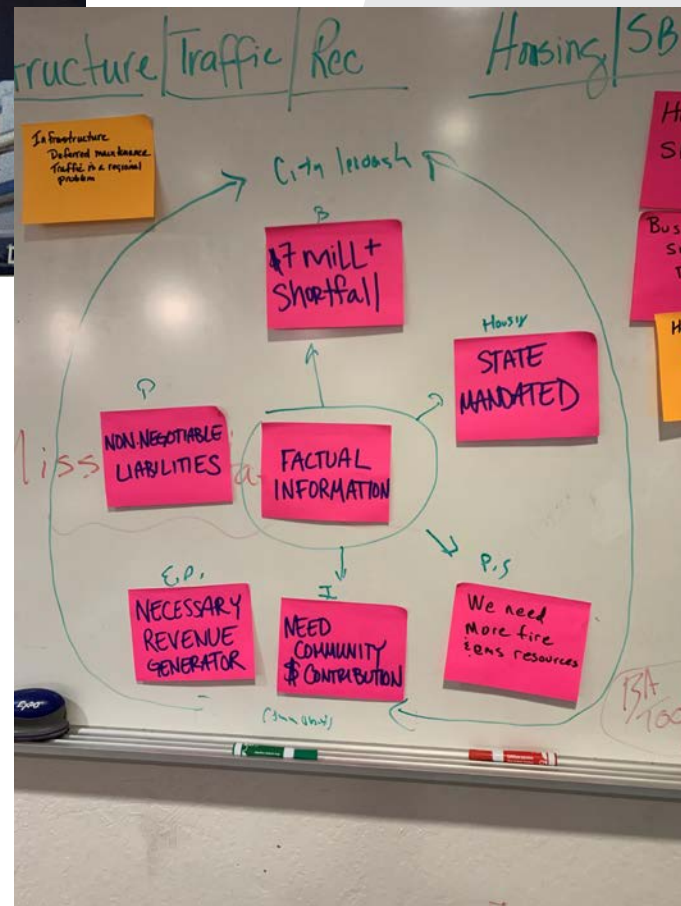
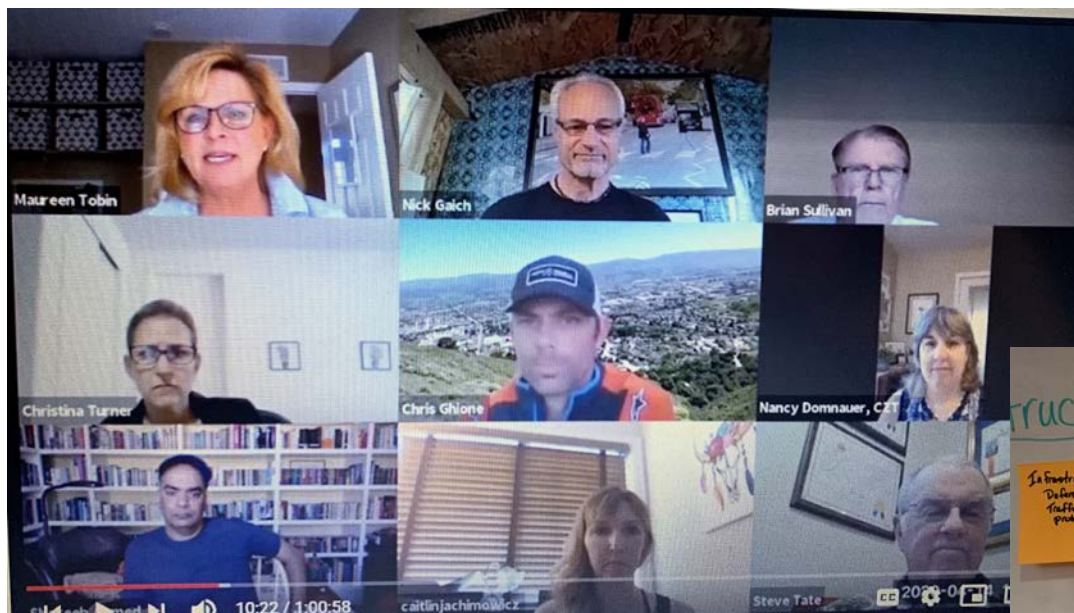




Impactful Issues

- Trammell Crow/Morgan Hill Technology Center
- SB 330
- Ford Store Shooting
- Gilroy Garlic Festival Mass Shooting
- Public Safety Power Shutoffs
- Shoe Palace Expansion
- COVID-19 and budget impacts
- Civil unrest across the Country





Outcomes

- Well educated and informed group of community members
- Solid input to FY 2020/21 – FY 2021/22 budget process
- Consideration and input of revenue measure for March 2020 and November 2020
- Formation of independent Morgan Hill Community Advisory Group

Morgan Hill Community Advisory Group



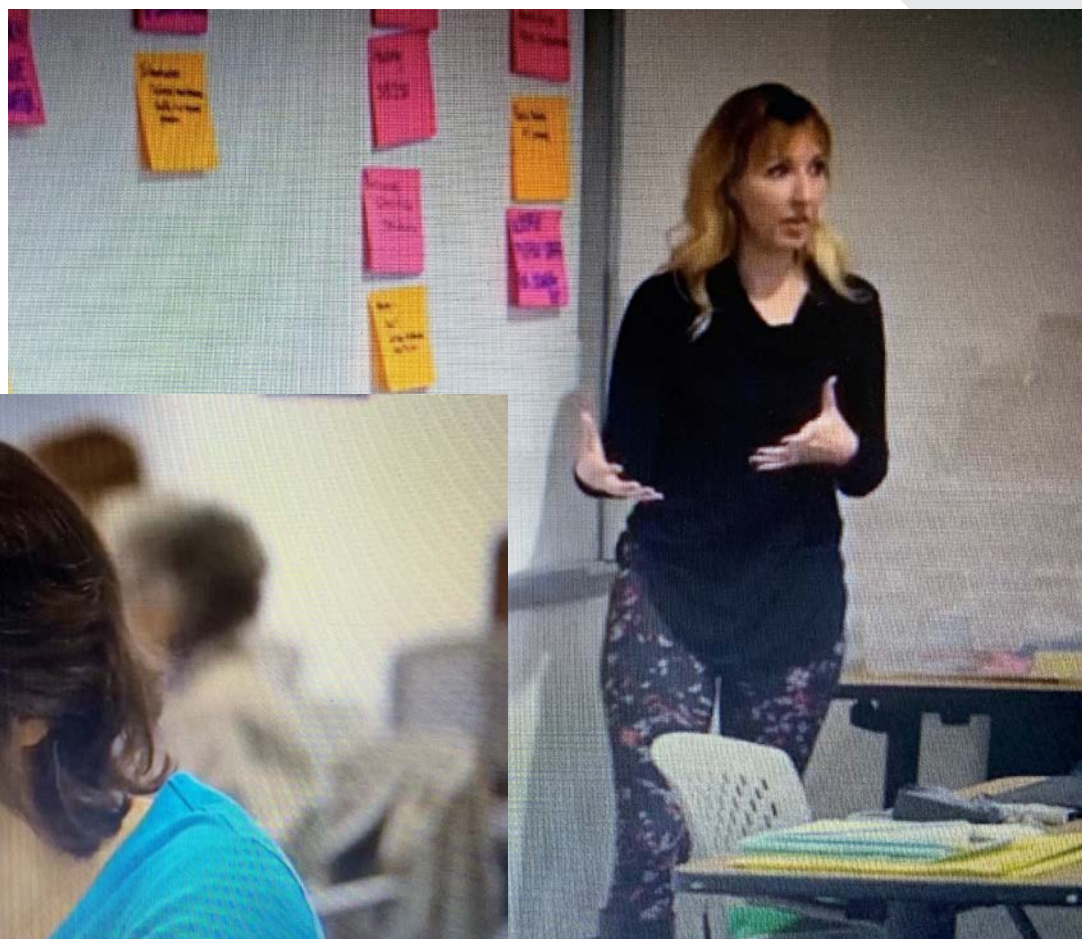
**STAY
INFORMED**



**MAKE
YOUR
VOICE
HEARD**

Our mission is to provide you with accurate information on city government to keep you informed and make it easy for you to participate. Our goal is to facilitate an unbiased information exchange with the city of Morgan Hill and residents to benefit the whole community. We are a self-governed group of Morgan Hill residents.

Please email us at morganhillcag@gmail.com to give feedback & join our community.



Citizens Academy



- Significant body of work has been created.
- Provides an opportunity to continue a similar process (over 6 months) as a Citizen's Academy on an annual basis.
- Challenge in current environment will be limited resources.
- Community engagement a must going forward

THANK YOU Engage Morgan Hill Community Advisory Group



Shakeeb Ahmed
Sally Casas
Nancy Domnauer
Tim Fu
Nick Gaich
Kim Gaxiola
Ava Geddes
Delia Gomez
Gale Hoover
Hammond
John Horner

Caitlin Robinett
Jachimowicz
Rick Kent
Sue Koepp Baker
Matthew Kulick
David Lovato
Steve Malech
Michelle McKay
Jody McRoberts
Beverly Mercurio
Doug Muirhead

Jeff Perkins
Cecelia Ponzini
Roger Nagarajan
Yvonne Randolph
Brian Sullivan
Kathy Sullivan
Jennifer Tate
Steve Tate
Charles Weston
Beth Wyman

Questions



CITY OF MORGAN HILL

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Morgan Hill City Council Meeting – July 22, 2020

FEASIBILITY REPORTS FOR FUTURE RECREATION FACILITIES

Agenda Item: 8



Introduction



Management Partners, Consulting

1. Villa Mira Monte Event Venue Report
2. Sand Volleyball Demand and Facilities Analysis

Purpose for the Reports

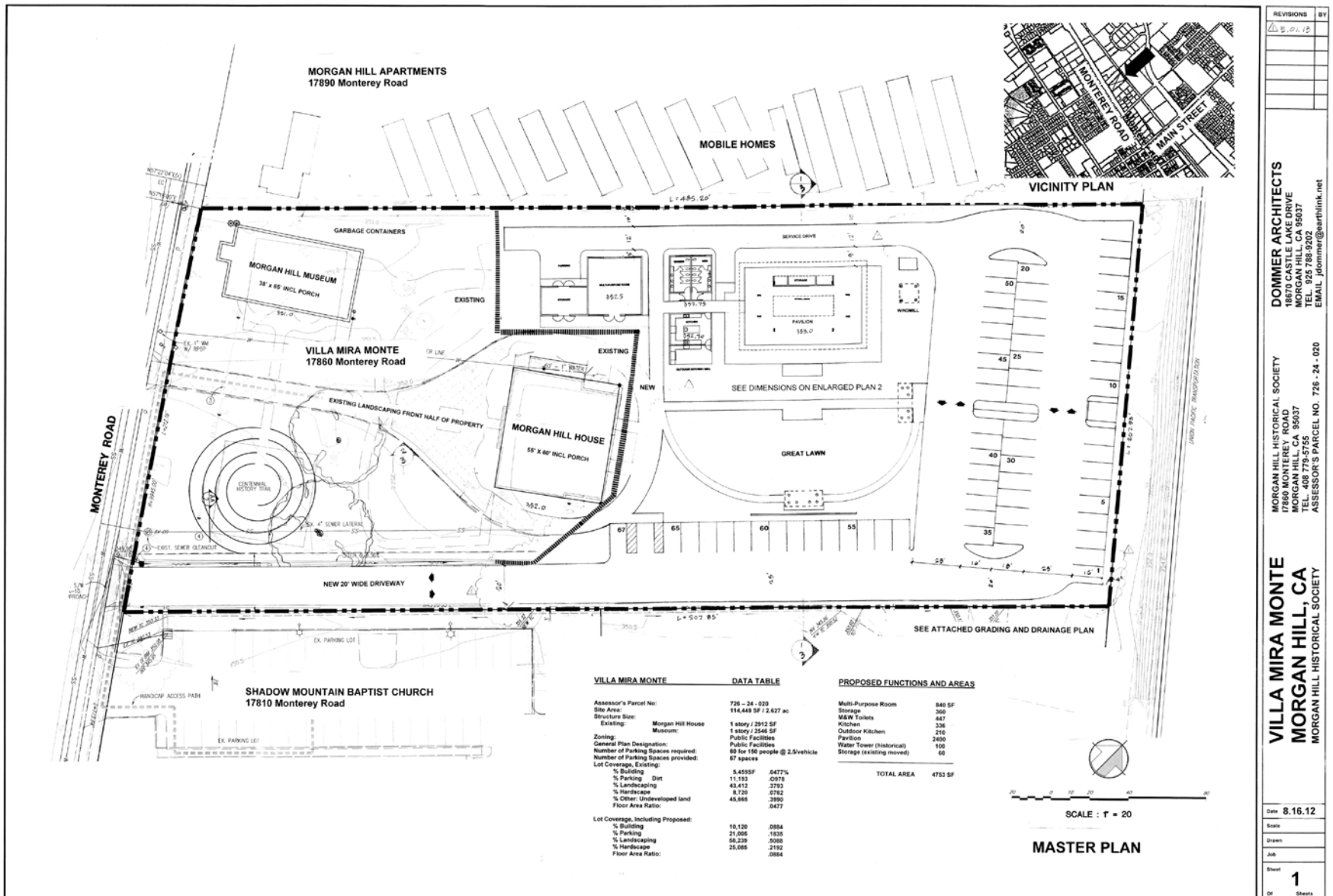
1. Receive Reports
2. Provide Feedback on reports and recommended next steps

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

CITY OF MORGAN HILL



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



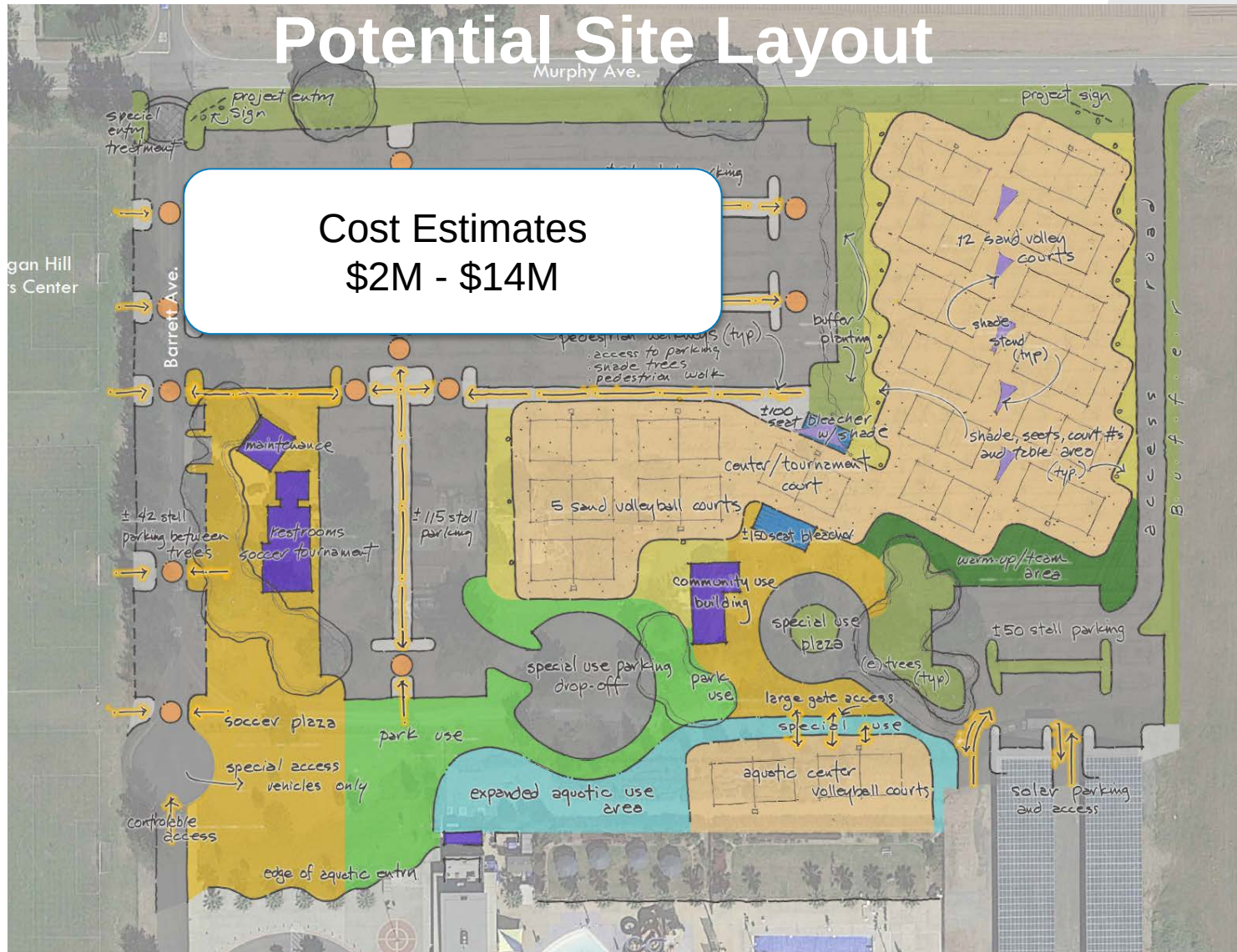
- Opportunity initiated through 2017 Parks and Recreation Master Plan
- Support from Parks and Recreation Commission
- Interest from local and regional sand volleyball groups
- Growing sport
- Unknown demand necessitates review

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?

Policy Guidance on Requiring Additional Economic and Environmental Requirements on New Buildings

Why



- Climate Crisis is real
- While electricity delivered by SVCE is decarbonized, assisting grid operations is a common policy interest we all have in order to smooth the transition to renewables
- Roughly one-half of local emissions are from transportation...making it imperative that we facilitate the transition to electric vehicles
- Water is more precious than ever
- Greatest opportunities for improvements are present at the time of initial construction

Question At Hand



What additional economic and environmental requirements should the City consider establishing for new development?



Potential Areas

- Water Efficiency
- Solar Energy Production
- Energy Storage
- Electric Vehicle Charging



Next Steps

- Engage the development community and the general public to obtain input
- Consider workload limitations
- Return to the Council with recommendations



Climate Crisis is Real



The City may not have the resources to lead in many environmental areas, but we can lead in this area by adopting exemplary policies that other cities throughout the world can follow





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Budget Update and Preliminary FY2019-20 Financial Report



July 22, 2020

Preliminary FY 2019-20 Year-End Financial Report



General Fund

- Both revenues and expenditures came in slightly better than June projection
- Key GF revenues:

Category	Prior FY18-19	June Projection FY19-20	Preliminary FY19-20
Property Tax	\$12.6	\$14.2	\$14.5
Sales Tax	10.4	8.7	8.6
Svc Charges	9.9	8.2	8.3
Hotel Tax	2.9	2.2	2.3

- Expenditures including encumbrances:

Total Exp	\$41.6	\$41.2	\$41.0
-----------	--------	--------	--------

Development Services Fund

- Revenues came in better than June projection

Category	Prior FY18-19	June Projection	Preliminary FY19-20
Revenues	\$5.1	\$3.8	\$4.3
Expenditures	5.9	5.5	5.9*
Net	(\$0.8)	(\$1.7)	(\$1.6)

* Includes encumbrances of about \$0.3 million

Enterprise Funds

- Wastewater Operations

Category	Prior FY18-19	June Projection	Preliminary FY19-20
Revenues	\$11.4	\$12.3	\$11.9
Expenditures	\$11.4	12.7	\$12.3
Net	\$0	(\$0.4)	(\$0.4)

- Water Operations

Category	Prior FY18-19	June Projection	Preliminary FY19-20
Revenues	\$14.2	\$15.4	\$15.3
Expenditures	14.3	15.5	16.4
Net	(\$0.1)	(\$0.1)	(\$1.1)

Budget Update



Coronavirus Relief Funds



- Allocated \$574,000
- Identified over \$200K in eligible expenditures, mainly for payroll support, as of 6/30/2020 so far
- Other eligible expenditures include:
 - “Dedicated” payroll expenses responding to COVID-19 pandemic
 - IT infrastructure costs, Unemployment, Increased Workers Compensation, etc.
- Continuing to compile list of eligible expenditures

Property Tax



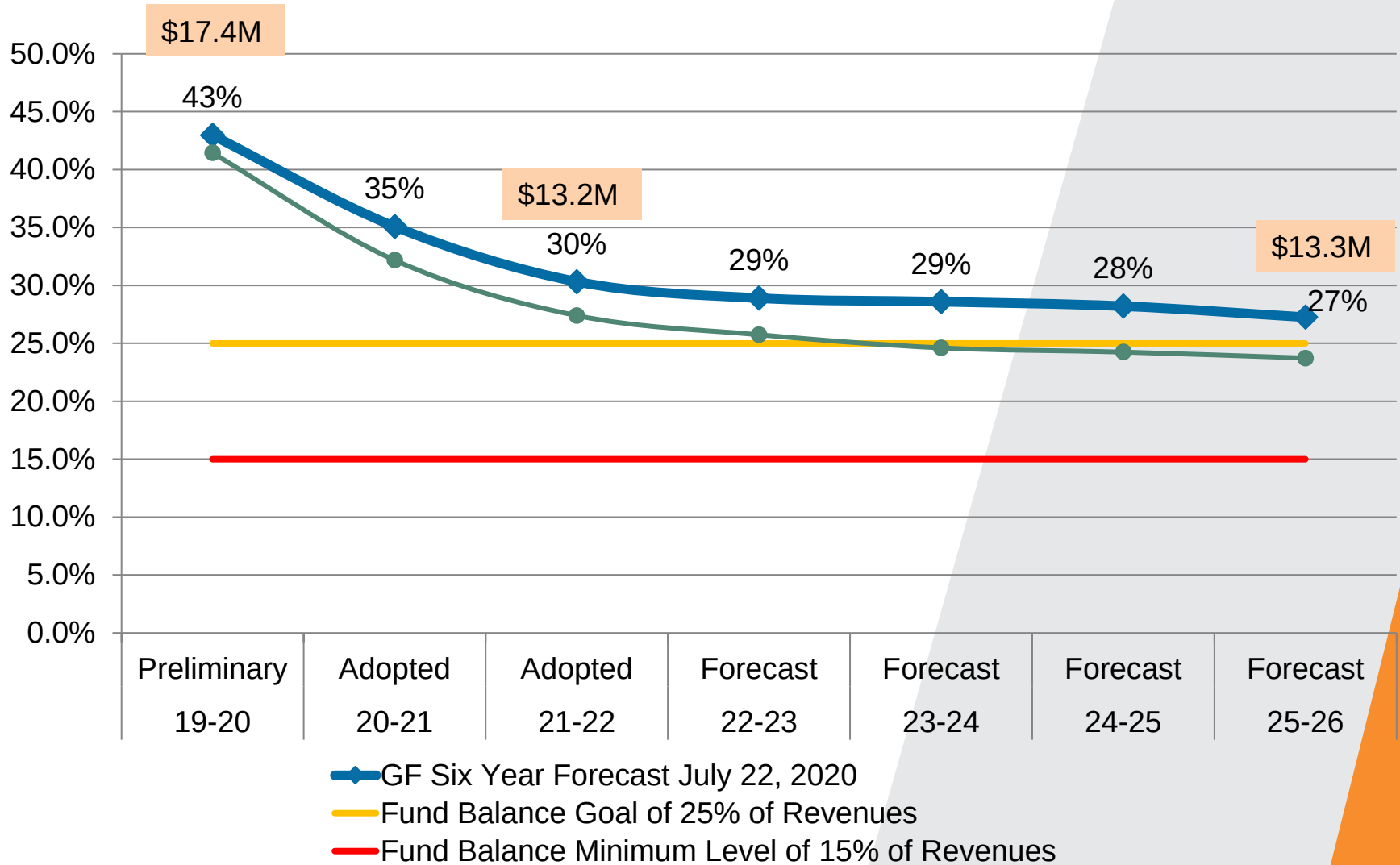
- FY20-21 tax revenue forecasted = 5% vs. actual roll closed = 6.12%
- Proposition 8 Temporary Reduction increased to \$69M vs. \$49M Prior Year

CalPERS Investment Return



- Preliminary CalPERS investment return 4.7% vs. (5.0%) anticipated
 - Estimated loss of City's CalPERS assets \$3M vs. \$16M
- Revised General Fund impact = \$0.5M, approximately \$0.4M better than forecasted (\$0.9M)

Updated General Fund Forecast



Potential Additional Budget Reductions



- Sidewalk maintenance responsibility - \$100K
- Transient Occupancy Tax Audit - \$5K
- Part-Time Help - Human Resources - \$25K
- Peak Performance Awards - \$10K
- Fire promotion materials - \$2K
- Vehicle replacement contribution – Varies
- OPEB Trust funding - \$270K
- Auto allowance - \$4K

Questions?



CITY OF MORGAN HILL

From: [Christina Turner](#)
To: [D. Muirhead](#)
Cc: [CC Public Comment](#)
Subject: RE: Comments Morgan Hill City Council meeting July 22, 2020 Items #5, #7, #9, #10
Date: Wednesday, July 22, 2020 7:30:25 AM

Hi Doug – thank you for your comments.

- For transferring sidewalk maintenance responsibility to property owners, the shift will not relieve the City liability, but could shift some liability to homeowners in certain situations of negligence on the property owners part. The City Public Works standard details have standards on tree planting and the update to the Master Tree Plan specifically identified and included trees less likely to damage sidewalks.
- The City Manager and the City Attorney are part of the 13 employees currently receiving the auto allowance.
- We have included the teammate names in the CAG presentation.

Thank you,

Christina

-----Original Message-----

From: D. Muirhead <doug.muirhead@stanfordalumni.org>

Sent: Monday, July 20, 2020 11:07 AM

To: CC Public Comment <CCPublicComment@morganhill.ca.gov>

Subject: Comments Morgan Hill City Council meeting July 22, 2020 Items #5, #7, #9, #10

Dear Morgan Hill City Council,

Comments for your Meeting July 22, 2020

Item #5: Appointments to LCAC and PRC

Item #7: Engage Morgan Hill year-end review

Item #9: Reach Code impacting new development

Item #10: Budget update and Budget Reductions

Item #5: Appointments to LCAC and PRC

Comment: Thank you for re-appointing Commissioner Lake to LCAC and Commissioner Scott to PRC. Continuity and Competence.

Item #7: Engage Morgan Hill year-end review

Comment: Thank you to the City staff who presented materials and answered questions. You really should name the core internal team:

Communications and Engagement Director Maureen Tobin

Public Services Director Chris Ghione

Economic Development Director Edith Ramirez

Council Services Manager/Deputy City Clerk Michelle Bigelow

Administrative Analyst Hilary Holeman

Assistant to the City Manager Harjot Sangha

Opinion: Perhaps if the virus had not shut down City government, we might have continued and had actual participation by our residents in determining the "how" and "why" of budget reductions rather than the unexplained "what" that was partially presented. I still look forward to the day when the City's institutional culture embraces public participation in decisions that we will live with for years.

Item #9: Reach Code impacting new development

Comment: Not everyone is familiar with terms used by the environmental community. So I would add "these are known as Reach Codes" to

"Cities have the opportunity to enact additional standards that best reflect their circumstances, constraints, and values."

Opinion: With respect to Water Efficiency opportunities, I am in favor of onsite graywater reuse. Note however that the SCRWA Board and staff have so far refused to identify their constraints on the amount of our input to the wastewater treatment plant in designing the plant expansion.

Item #10: Budget update and Budget Reductions General comment: This list should be part of a package which includes the previous changes (with specific detail) that was given to you as a spreadsheet at the budget workshop. We are also given no reason for adding these changes at this time (except auto use was a comment from Council).

What is the deficit being addressed? Has there been a change in the revenue forecast? True public involvement would provide What-How-Why.

I cannot get you to change from your inward-focused approach, but I will continue to point out the lack of transparency.

Specific comments:

1) Shift responsibility for sidewalk maintenance and repair to property owners - \$100,000

Do the City building codes or urban forest task force have standards for planting trees using techniques that prevent roots from damaging sidewalks? And who has liability from trip-and-fall injuries with this change?

2) Auto Allowance - \$4,000

My guess is that the 13 employees receiving the auto allowance do not include the City Manager and City Attorney, since their auto allowance is included in their employment contracts. Please confirm.

Thank you for your consideration, Doug Muirhead, Morgan Hill

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Item # 10

AGENDA DATE: 07/22/2020

SUPPLEMENT # 2

From: [Julie Dieterly](#)
To: [CC Public Comment](#)
Subject: Budget cut to eliminate animal shelter services
Date: Tuesday, July 21, 2020 7:52:07 PM

I am appalled that the shelter services for MH residents will not be accessible due to budget cuts.

What a slap in the face to those who donated towards the construction of the new shelter to be told they will not be able to utilize the services.

What a huge step backwards for our animal loving community that depend on the services provided.

Outraged and Disappointed!

Julie Dieterly

Sent from my iPhone

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From: [christy9148](#)
To: [CC Public Comment](#)
Subject: Please do not cut animal shelter budget
Date: Tuesday, July 21, 2020 9:10:08 PM

Hello. I am a Morgan Hill resident and implore you not to cut the animal shelter budget. Thank you for your consideration.

Christy McCulloch

Sent from my iPhone

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From: [Shanna Gamache](#)
To: [CC Public Comment](#)
Subject: Budget cut eliminating animal shelter services for Morgan Hill
Date: Tuesday, July 21, 2020 10:27:33 PM

I want to express my deep concern over the budget cut that eliminates animal shelter services for the City of Morgan Hill. The County of Animal Services animal shelter in San Martin has been invaluable resource in keeping the feral cat population under control in Morgan Hill by participating in a TNR (Trap, Neuter, Release) program. Morgan Hill citizens can trap feral cats, the shelter will spay/neuter them and take care of any other medical needs they have and then the trapper can return them to where they were found. Without this service we will have an uninhibited explosion of fertile feral cats in our community. This service alone more than pays for the relatively small line item in our budget that is needed to keep shelter services.

Along with an uncontrolled cat population comes sickness and disease. The shelter currently provides health care for these animals. If that is stopped we will have many sick animals roaming Morgan Hill which will be a threat to public health and the health of our pets.

They also take in, spay/neuter, vaccinate, microchip and adopt out the multitude of kittens that are born to feral cats in our community each year when pregnant mother cats are not caught in time.

They will also often spay/neuter & microchip community pets for free when in will help control animal populations.

The shelter also provides veterinary services to many community pets who would otherwise not be cared for.

Without a contract for shelter services these responsibilities will fall on our police department. I have immense respect for our police but they are not veterinarians and they aren't highly trained in animal behavior and care. They should not be the primary department managing our community pets and animals. Our police have way to many other urgent matters to attend to. Animal issues will fall to the bottom of the list. I've seen that happen in the current role MHPD has in animal response and it will only get worse. They won't have a choice in this because of all the other things they have on their plate. We don't have enough police for our population now. They definitely don't need more responsibilities.

All of this doesn't even take into account the many lost and found animals in our community that the shelter takes in. The police kennels are not equipped to handle this effectively. This difficult situation is only compounded when an injured animal is brought in. As someone who participates in rescue I know first hand that injured lost and found pets are a daily occurrence with multiple occurrences many days. If you take these animals to the vet, the small dollar amount allotted to each animal barely covers exam fees much less treatment. The shelter would treat these animals if we had a contract with them.

The contract we have had with our shelter is the biggest bargain In the budget. The services and benefits we get for such a small amount is unbelievable when compared with other budget items.

Lastly, it will be such a shame to have a brand new state of the art shelter which many Morgan

Hill residents have contributed to so close that we can't use. Many of us went to meetings, wrote letters, campaigned and donated to this. We were so proud to finally have it. Was that for nothing?

Please reconsider and contract with our amazing shelter for the benefit of Morgan Hill, it's citizens and its animals.

Sincerely,

Shanna Gamache
Morgan Hill resident

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From: [Irene Mendoza](#)
To: [CC Public Comment](#)
Subject: Comments for 7/22/20 discussion
Date: Wednesday, July 22, 2020 12:34:50 AM

I am a San Martin resident who would like to express my thoughts and opinion on proposed budget cuts for animal shelters and police policies & practices in Morgan Hill.

As a neighboring resident I speak out for our “voiceless friends”, our pets and much more than that. Please consider their well-being, necessities and remember they too deserve treatment and compassion. Without a shelter to refugee when nowhere else is a place to call home they are left to wonder our streets hungry, cold and vulnerable. Please don’t take that last resource away from them. There must be a way.

“The greatness of a nation and it’s moral progress can be judged by the way it’s animals are treated”. - Mohandas K. Gandhi

As to policing policies, practices and possible changes, I have a strong opinion on this. I understand we are living trying times and changes are unforeseen but we must move forward and not backwards. Cutting Morgan Hill’s police force will perceive more crime trends and uncertainty among our community.

Although so much negativity currently surrounds the police force, we still rely as a community knowing we can count on you when needed. In other words you are essential to maintain tranquility and order within our neighborhoods. My children who are part of the MHUSD also depend on your staffing for their safety & near future.

Thank you for considering my thoughts and opinions.

[Sent from Yahoo Mail for iPhone](#)

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From: +[REDACTED]@mymetropcs.com <+[REDACTED]@mymetropcs.com>
Sent: Wednesday, July 22, 2020 2:54 AM
To: CC Public Comment <CCPublicComment@morganhill.ca.gov>
Subject:

Do not take away the animal shelter. They are a lifeline for pets who are lost or in need of help.
That would not be humane. Animal's Live's Matter!! Thank you for listening.

From: [Chris Vogel](#)
To: [CC Public Comment](#)
Subject: Shelter services
Date: Wednesday, July 22, 2020 6:59:06 AM

Please let's not go backwards in our efforts to help the animals in our community. We are in the 21st century.....we have to be the voice for those that have none and support all our wonderful citizens/rescuers that devote their time to help God's creatures!

Chris Vogel

Sent from my iPad

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From: [Carol Graffius](#)
To: [CC Public Comment](#)
Subject: Defunding San Martin Shelter
Date: Wednesday, July 22, 2020 10:55:54 AM

It is my understanding that Morgan Hill will be defunding the shelter. I am extremely disappointed with that decision. I am a trapper, foster, colony feeder, adopter and adoptee that lives in Morgan Hill. We have many volunteer animal groups in Morgan Hill that depend on the services the shelter provides. We have developed a great working relationship with them and this just destroys that. We need to find a way to continue funding the shelter. I know Ava Geddes started a conversation with you about possible alternatives to providing funding. Are those still being discussed? I know she has had health issues recently and may not have been able to continue the conversation. I would be happy to participate in discussions and do the work required to continue funding for the shelter.

Thank you,
Carol Graffius

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Item # 10

AGENDA DATE: 07/22/2020
SUPPLEMENT # 3

From: [Beverly Navara](#)
To: [CC Public Comment](#)
Subject: Budget Cut to Eliminate Shelter Services for Morgan Hill
Date: Wednesday, July 22, 2020 11:14:22 AM

I read that Morgan Hill is planning to cut ties with the county shelter; I am saddened and disappointed to hear this. Moving to MH from the Midwest, I was thrilled to discover what an animal loving community it is. People treasure their cats, dogs, and other animals. It makes no sense that MH would discontinue its connection to the shelter, especially in light of the fact that a new amazing shelter is under construction.

Please reconsider this budget cut.

Sincerely,
Beverly Navara

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From: [Arelv](#)
To: [CC Public Comment](#)
Subject: Don't eliminate shelter services in MH
Date: Wednesday, July 22, 2020 12:40:55 PM

AARF volunteers and our community work hard at helping ALL animals. Many residents have donated to the new shelter being built. Morgan Hill not partnering with the county shelter will have a extremely hard impact...we've worked too hard to move backwards now.
Please don't eliminate shelter services in Morgan Hill!

Sent from my iPhone

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From: [Arely Garcia](#)
To: [CC Public Comment](#)
Subject: No to shelter budget cuts!
Date: Wednesday, July 22, 2020 12:45:25 PM

Our community works hard at helping ALL animals. Many residents have donated to the new shelter being built. Morgan Hill not partnering with the county shelter will have an extremely hard impact. We have worked too hard to move backwards now. Please don't eliminate shelter services in Morgan Hill!

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From: [gloria rocha](#)
To: [CC Public Comment](#)
Subject: Budget cuts
Date: Wednesday, July 22, 2020 1:29:54 PM

Good Afternoon,

I have lived in Morgan Hill for the last 9 years, and sadly I had witness the construction of many homes, town homes and apartments converting this small, beautiful green town in a overpopulated area, where traffic, crowed stores and increment in crime and insecurity have taken over . It doesn't sound reasonable to make budget cuts to the police , while people are being shot in the middle of a street at plain day light, cars and homes being broken into , not to mention the sexual predators and pedophiles found having intense activity in our area.

Now, in this difficult times, now more than ever we need more police enforcement and be protected . This town is a family town , and our children and youth need to be protected and feel safe outside and inside their homes .

I also want to express my opinion about the budget cuts for shelters. I strongly believe that LIFE of any kind has to be protected and preserved. We as humans, we can speak, work and meet our needs some how and still need help and compassion from others in order to survive , but how about the ones that can't do that ? the stray animals that are left, lost or abandoned in our streets, suffering feeling hungry, cold, hurt or ill, they also deserve a chance, a chance for a better life. I personally adopted three beautiful cats from a shelter , and I ca tell you , that I'm the luckiest person in the world, nothing compares to the joy and happiness that this furry friends brought to our lives . Please think about the seniors that need the shelter to find a companion that will walk with them on their journey , our own pets that in the event of getting lost we know there's a safe place they can be brought to .

I also understand that the economy is tough and in this challenging times we are all trying to survive , but how can we achieve this if don't have the care and compassion that we need to keep calling this humanity human?

Thank you for taking the time to read my message , and please take into consideration my opinion .

God Bless.

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From: [Erik Gamache](#)
To: [CC Public Comment](#)
Subject: I oppose the budget cut eliminating animal shelter services
Date: Wednesday, July 22, 2020 2:13:34 PM

It is my understanding that animal shelter services for Morgan Hill will end in August 2020. Please reconsider cutting this invaluable service. We receive way more in benefits from the shelter than we pay in.

Without shelter services we will have a huge increase in the number of feral cats in our community. Currently the shelter participates in a TNR (Trap, Neuter, Release) program where they spay and neuter feral cats so that they cannot reproduce. They do a great number of these each year.

They also find homes for kittens that are born to feral moms. These kittens are spayed and neutered, vaccinated and microchipped before adoption so that they don't produce more kittens and the mother cats are also spayed if they are brought into the shelter.

They also provide medical care to these animals when they are brought in so that we don't have sick and injured animals in our community infecting more animals and pets and causing a public health threat.

They also take in lost animals so that their owners can find them. They provide needed medical care to these animals. If no owner comes forward they adopt these pets into new homes after they are spayed and neutered, vaccinated and microchipped.

They will spay and neuter, vaccinate and microchip community pets when asked, to help owners prevent pet overpopulation at the owner's request if the pet is lost and brought into the shelter.

They take in farm animals who have no home, provide needed medical care and adopt them into new homes.

Without shelter services MHPD is going to be in charge of animal welfare. As much as I respect our police, and I am a huge supporter, this responsibility should not fall on them. First, they have way too many other urgent important responsibilities to handle. Animal welfare will naturally fall to the bottom of the list. Secondly, they are not trained in animal behaviour and welfare to the extent needed to do this job. They are not veterinarians or veterinary technicians and many don't have a lot of exposure to pets in crisis. And third, they cannot do this job as efficiently or as price effectively as the shelter. Animals and pet owners will suffer under this system.

Also, many of us have been looking forward to the brand new county shelter being built. We have contributed to it and campaigned for it. And if the budget goes through as planned we will lose it before it's even opened. That will be heartbreaking after all we have done to see it to completion.

Again, **please consider renewing the animal shelter's contract with Morgan Hill** for the health and benefit of our citizens and their pets as well as our community (feral) animals. We will all be better off for it.

Thank you.

Erik Gamache

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From: [Tiffany Ziegelman](#)
To: [CC Public Comment](#)
Subject: City of Morgan Hill - Engage
Date: Wednesday, July 22, 2020 3:44:12 PM

Hello,

I am emailing in regards to keeping the funding for spaying/neutering and treating feral cats and kittens. Without this funding, the city of Morgan Hill will have an even worse over population of feral cats. If funding gets cut we will never be able to get ahold of the situation. It only makes sense to keep funding the shelter since a new state of the art shelter is being built and will be opening in 2021. Providing the right funding is crucial for all animals at the shelter.

Best,
Tiffany Ziegelman

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From: [Melissa](#)
To: [CC Public Comment](#)
Subject: Animals in Morgan Hill
Date: Wednesday, July 22, 2020 4:38:04 PM

Hello,

The shelter services are critical for ALL OF US residents of MH!! Stray dogs should not be left to languish in MHPD kennels without trained personnel for the stray hold until transferred to the county shelter. They can become scared and thus act in ways they may not normally act deeming them "un-adoptable" etc. My family & I have found several dogs & helped them get to the TRAINED people until further help came. It's personally rewarding knowing they are in the right care.

This will also eliminate spay/neuter services for the trapped kittens resulting in an overpopulation problem yet again!!! It will undo all the AMAZING work the AARF volunteers have been doing for the past few years. I have also graciously donated for the construction of the new shelter that you will not be able to access! This would be EXTREMELY DISAPPOINTING considering it was going to be a safe haven for many strays in our town. On another note, many animals could/would be hit on the roads and my family and I would feel very sad seeing that and then more clean up needed or more decay left.

Please DO NOT cut the shelter budget for Morgan Hill!!!

Thank you for your consideration,
Melissa Lummis

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Item # 10

AGENDA DATE: 07/22/2020
SUPPLEMENT # 4

From: [Christina Turner](#)
To: [christy9148](#)
Cc: [CC Public Comment](#)
Subject: RE: Please do not cut animal shelter budget
Date: Wednesday, July 22, 2020 4:47:31 PM

Thank you for sharing your concerns related to the budget reductions for the Animal Shelter Contract. The COVID-19 Pandemic has dramatically impacted the City of Morgan Hill, particularly the City's General Fund. As a City, we have projected a \$17 million shortfall over the next three years and have asked all of our departments to reduce their annual budgets. In doing so, the Police Department significantly reduced its budget in its contract services and community outreach programs. Over the next two years, the Police Department has cut \$327,987 from its annual budget related to contract services and community outreach programs. Those programs include National Night Out, Explorer Training Conference, Citizen's Police Academy, the Parent Project Training Program, and the Animal Shelter Contract, to name a few. These budget reductions were not taken lightly but were necessary in light of the financial hardship the City is facing. The Police Department has and will continue to look for outside funding sources as we understand the need for an Animal Shelter Contract.

Thank you,
Christina

CITY OF MORGAN HILL

Christina J. Turner, CPA
City Manager

17575 Peak Avenue, Morgan Hill, California, USA 95037
d 408.776.7382 | c 408.839.1705
e christina.turner@morganhill.ca.gov | www.morganhill.ca.gov
Facebook | Twitter

-----Original Message-----

From: christy9148 <mcculloch.christy@gmail.com>
Sent: Tuesday, July 21, 2020 9:10 PM
To: CC Public Comment <CCPublicComment@morganhill.ca.gov>
Subject: Please do not cut animal shelter budget

Hello. I am a Morgan Hill resident and implore you not to cut the animal shelter budget. Thank you for your consideration.

Christy McCulloch

Sent from my iPhone

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From: [Melissa](#)
To: [CC Public Comment](#)
Subject: Re: Animals in Morgan Hill
Date: Wednesday, July 22, 2020 5:40:00 PM

Hello,

I had just emailed a little while ago and actually thought of more important things regarding the shelter that I forgot to mention. The shelter helps to give people general animal tips and can send people in the right direction. They also help more than just dogs and cats.

The shelter helps many different animals including several farm animals, reptiles, and animals like rabbits etc. AARF, in conjunction with the shelter has re-homed potbelly pigs, horses and several other animals. They have helped malnourished, non-traditional animals get back to health and assisted owners on how to help. Unfortunately, there are several people in Morgan Hill who get to animals for free and do not know how to take care of them, therefore they suffer and/or die. The shelter refers people to local vets for their pets. In regards to getting animals for free, the shelter will help prevent animals going to homes for fighting and used as bait! It's an extremely sad truth but it happens and could happen more with out a safe place for these animals without a voice!

Again, please reconsider this budget cut for these animals.

Thank you,
Melissa Lummis

Sent from my iPhone

> On Jul 22, 2020, at 4:37 PM, Melissa <melccheer@yahoo.com> wrote:

>

> Hello,

>

> The shelter services are critical for ALL OF US residents of MH!! Stray dogs should not be left to languish in MHPD kennels without trained personnel for the stray hold until transferred to the county shelter. They can become scared and thus act in ways they may not normally act deeming them "un-adoptable" etc. My family & I have found several dogs & helped them get to the TRAINED people until further help came. It's personally rewarding knowing they are in the right care.

>

> This will also eliminate spay/neuter services for the trapped kittens resulting in an overpopulation problem yet again!!! It will undo all the AMAZING work the AARF volunteers have been doing for the past few years. I have also graciously donated for the construction of the new shelter that you will not be able to access! This would be EXTREMELY DISAPPOINTING considering it was going to be a safe haven for many strays in our town. On another note, many animals could/would be hit on the roads and my family and I would feel very sad seeing that and then more clean up needed or more decay left.

>

> Please DO NOT cut the shelter budget for Morgan Hill!!!

>

>

> Thank you for your consideration,

> Melissa Lummis

>

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From: [Shanna Gamache](#)
To: [Angie Gonzalez](#); [Christina Turner](#)
Subject: Re: Animal Shelter Budget
Date: Wednesday, July 22, 2020 6:05:41 PM

I think part of the problem is that this falls under the MHPD budget at all. Who there is really qualified to make decisions regarding animal services in our community? Who has any meaningful animal welfare training? Who there can determine the extent of impact on our community removing shelter services will have? Who there it's going to deal with the many feral kittens that will be born in our community without shelter spay/neuter services? Is this stuff they teach at the police academy?

We've had several animal control officers over the past 3-4 years and while their intentions were good they've made several serious mistakes that resulted in real tragedy to local pets and their owners because they did not have the proper training and knowledge to handle these situations.

We NEED a reliable place to deal with animal matters and that is the shelter, not MHPD.

As I stated before, I have great respect for our officers. I'm a big fan of our police and I hate what police officers are going through nationally. It's disgraceful. But animal services should not be under MHPD jurisdiction.

Thank you,

Shanna Gamache

On Wed, Jul 22, 2020 at 5:35 PM Angie Gonzalez <Angie.Gonzalez@morganhill.ca.gov> wrote:

Thank you for your email, we have included your comments with the agenda materials and have forwarded your comments to our City Council and Leadership Team.

Please see message below from City Manager Christina Turner.

Have a great rest of your evening,

Angie

Angie Gonzalez, CMC

Council Services Assistant

City of Morgan Hill

City Clerk's Office

[17575 Peak Avenue, Morgan Hill, CA 95037](#)

P: 408.310.4666 **F:** 408.779.3117

angie.gonzalez@morganhill.ca.gov

morganhill.ca.gov

-----Original Message-----

From: Christina Turner <Christina.Turner@morganhill.ca.gov>

Sent: Wednesday, July 22, 2020 4:47 PM

To:

Cc: CC Public Comment <CCPublicComment@morganhill.ca.gov>

Subject: RE: Please do not cut animal shelter budget

Thank you for sharing your concerns related to the budget reductions for the Animal Shelter Contract. The COVID-19 Pandemic has dramatically impacted the City of Morgan Hill, particularly the City's General Fund. As a City, we have projected a \$17 million shortfall over the next three years and have asked all of our departments to reduce their annual budgets. In doing so, the Police Department significantly reduced its budget in its contract services and community outreach programs. Over the next two years, the Police Department has cut \$327,987 from its annual budget related to contract services and community outreach programs. Those programs include National Night Out, Explorer Training Conference, Citizen's Police Academy, the Parent Project Training Program, and the Animal Shelter Contract, to name a few. These budget reductions were not taken lightly but were necessary in light of the financial hardship the City is facing. The Police Department has and will continue to look for outside funding sources as we understand the need for an Animal Shelter Contract.

Thank you,

Christina

CITY OF MORGAN HILL

Christina J. Turner, CPA

City Manager

[17575 Peak Avenue, Morgan Hill, California, USA 95037](#) d 408.776.7382 | c 408.839.1705
e christina.turner@morganhill.ca.gov | www.morganhill.ca.gov Facebook | Twitter

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

From: kellistclair2019@yahoo.com
To: [CC Public Comment](#)
Subject: Animal Services Budget Cut
Date: Friday, July 24, 2020 1:43:55 PM

You cannot eliminate shelter services for the city of Morgan Hill. Roughly two thirds of households in the national hold at least one pet. Out of the just over 14,000 households we have in this city, that means roughly 9,000 of them have at least one pet. So not counting the thousands of feral cats and dogs in the city, you will be abandoning 9,000 pets, 9,000 members of families, 9,000 loved ones.

I implore you to go to Live Oak High School at night. There are hundreds of feral cats there, taken care of thanks to wonderful volunteers, that prevent repopulation thanks to the TNR (trap neuter return) policies that a partnership with San Martin Animal Shelter provides. There are many more pockets of strays like this, and without mitigation in the form of TNR, they will run rampant in breeding, and the populations will skyrocket.

Imagine just 10 of these pets escape the today. You've cut the resources that finders would ordinarily take pets to, so they are forced to find temporary homes for the pets while the owners are found. Maybe 5 are returned to their pets that day, 3 more within a week. But one pet's owners don't return for him, so he must be adopted into a new family. But we don't have a shelter that we're allowed to take him to, because we have lost our contract with the shelter. Now, instead of going to the shelter and saying "hey I found this dog" and them taking it, we are told "I'm sorry, we can't take him, we don't have jurisdiction in that area."

This happens every day, and while yes, there are several animal rescue groups in the area, most people are not aware of them. And the few volunteers that foster animals cannot take in all of the dogs that ordinarily go to shelter, they would get incredibly overwhelmed so quickly, and they wouldn't be able to save the dogs that really need it.

Please, don't end our contract with San Martin Animal Shelter. Our families need it.

Don't believe me? Here is all of my sourcing.

<https://www.iii.org/fact-statistic/facts-statistics-pet-statistics>

<https://www.morgan-hill.ca.gov/DocumentCenter/View/3283/Economic-Profile-PDF?bidId=>

<https://www.alleycat.org/resources/why-trap-neuter-return-feral-cats-the-case-for-tnr/>

Sent from my iPhone

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Special - Regular Meeting Agenda
Joint Successor Agency/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 22, 2020 5:30 p.m.

Virtual Meeting
Link to join the meeting can be found below

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/072220CCMeeting> or by calling in to: (669) 900-9128, then enter the meeting id: 891 0495 7472.

Public comment for City Council meetings will be accepted via email to ccpubliccomment@morganhill.ca.gov 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 pm for the purpose of conducting a workshop.

5:30 p.m. Workshop

7:00 p.m. Regular Joint Successor Agency/City Council Meeting

SPECIAL MEETING

5:30 pm. Workshop

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 Michelle Bigelow

WORKSHOP

POLICE POLICIES AND PRACTICES WORKSHOP

Recommendation:

Review and discuss Police policies and practices.

REGULAR MEETING

7:00 P.M.

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.

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

SUCCESSOR AGENCY MEETING

CONSENT CALENDAR

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

Time Estimate for Consent Calendar: 1 - 10 Minutes

1. **ADOPT SUPPLEMENTAL RESOLUTION TO RESOLUTION NO. SA20-001
RESOLUTION AUTHORIZING THE SALE AND ISSUANCE OF REFUNDING BONDS TO
REFINANCE AT LOWER INTEREST RATES CERTAIN OUTSTANDING BONDS
PREVIOUSLY ISSUED BY THE SUCCESSOR AGENCY**

Recommendation:

Adopt supplemental resolution authorizing the issuance of refunding bonds previously authorized by the Successor Agency to be issued as tax-exempt bonds.

CITY COUNCIL MEETING

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. **APPROVE AGREEMENT WITH SCHAAF & WHEELER FOR COMPLETION OF THE
TRASH COMPLIANCE STRATEGY**

Recommendation:

1. Approve and authorize the City Manager to execute and administer an agreement with Schaaf & Wheeler for a not to exceed amount of \$86,729 for completion of the Trash Compliance Strategy;
2. Approve and authorize the City Manager to execute and administer the cost sharing agreement in the amount of \$49,789, with the City of Gilroy subject to the review and approval of the City Attorney for Gilroy's portion of the Trash Compliance Strategy; and
3. Adopt resolution amending the adopted Fiscal Year 2020-21 budget to recognize \$49,789 as reimbursement revenue and appropriate \$36,729 from the Drainage Fund (304) (NonAB1600) for the Trash Compliance Strategy project.

3. **APPROVE EXEMPTION TO STREET TREE MASTER PLAN FOR FOUR TREES ON THE
SOUTHEAST CORNER OF MONTEREY ROAD AND FIRST STREET**

Recommendation:

Approve an exemption to the Street Tree Master Plan for the installation of four Olive trees to replace four Black Locust trees by an adjacent business on the southeast corner of Monterey Road and First Street.

4. APPROVE THE JULY 15, 2020 MEETING MINUTES

Recommendation:

Approve Minutes.

5. APPOINTMENTS TO THE LIBRARY, CULTURE, AND ARTS COMMISSION AND THE PARKS AND RECREATION COMMISSION

Recommendation:

1. Appoint Paul Lake, Emily Borchers, and Patrice Lyn to serve on the Library Culture, and Arts Commission to fill vacancies with terms ending April 1, 2022; and
2. Appoint Richard Scott, David Lovato, and John Moniz to serve on the Parks and Recreation Commission to fill vacancies with terms ending April 1, 2024.

6. RECEIVE UPDATE ON DOWNTOWN BUSINESSES USE OF PUBLIC SPACE

Recommendation:

Receive update on Downtown Businesses use of public space.

OTHER BUSINESS

7. ENGAGE MORGAN HILL YEAR END REVIEW AND ACKNOWLEDGEMENT OF COMMUNITY ADVISORY GROUP MEMBERS

Recommendation:

1. Receive report; and
2. Recognize Engage Morgan Hill Community Advisory Group Members.

Estimated Time: 15 Minutes

8. PROVIDE DIRECTION REGARDING FEASIBILITY REPORTS FOR FUTURE RECREATION FACILITIES-SAND VOLLEYBALL FACILITY 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

9. PROVIDE DIRECTION REGARDING POTENTIAL REACH CODE IMPACTING NEW DEVELOPMENT

Recommendation:

Provide policy guidance to staff on issues to include in a future proposed ordinance.

Estimated Time: 30 Minutes

10. MONTHLY BUDGET UPDATE; PRELIMINARY FY 19-20 FINANCIAL AND INVESTMENT REPORTS; AND CITY MANAGER AUTHORITY REPORT

Recommendation:

Accept and file report.

Estimated Time: 45 Minutes

11. RECEIVE UPDATE REGARDING REGIONAL HOUSING NEEDS ALLOCATION AND HOUSING ELEMENT REFORMS

Recommendation:

Receive report.

Estimated Time: 45 Minutes

12. 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: 30 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

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

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 'Technology Center' Fiscal Impact Analysis

July 22, 2020

MHRGC

“^[1]Strategic Economics used the *best available* data to...”

As they say, there's always room for improvement

[1] Strategic Economics, *Economic and Fiscal Impact Analysis Memorandum Report* July 1, 2020 pg. 2



Why not look at the most likely scenario?

Q2 2020 U.S. INDUSTRIAL & LOGISTICS FIGURES - EXECUTIVE SUMMARY

INDUSTRIAL MARKET SHOWS RESILIENCE IN Q2



- Despite the COVID-19-induced economic downturn, the industrial market is on solid ground with low vacancy rates, record-high asking rents and positive net absorption.
- The pandemic increased e-commerce's share of total retail sales, thereby increasing the demand for warehouse and distribution space. Overall industrial net absorption of 19.2 million sq. ft. in Q2 pushed the year-to-date total to 54.2 million sq. ft.
- Industrial demand is highest for warehouse and distribution space, year-to-date net absorption of which totals nearly 70 million sq. ft. (more than the industrial sector's overall gain because of negative absorption in other categories like manufacturing).
- Average asking rents continue to rise, finishing midyear at \$7.96 per sq. ft. —6.3% higher than this time last year. Warehouse/distribution rents rose 5.6% year-over-year to an average of \$6.68 per sq. ft. These rates are all-time highs.
- As lockdown restrictions were eased across the country, construction sites reopened. Projects under construction increased to 309.7 million sq. ft. in Q2 from 298 million sq. ft. in Q1. Nearly 36% of this space is preleased. Developers remain bullish on the industrial market because of its near-record low overall vacancy rate of 4.7%.
- The industrial market is outperforming forecasts that projected negative absorption and lower asking rents. If current activity holds, the market may not post any negative net absorption in this downturn, unlike the six consecutive quarters of negative net absorption posted during the last recession.
- The long-term outlook for industrial real estate is strong. E-commerce will remain the major driver but demand will also be propelled for the foreseeable future by diversification of supply chains away from China and companies wanting to keep more inventory on hand to guard against supply chain disruptions.

MHTC is designed to be a Distribution Center NOT that hard to figure out why

- Lowest risk for developer & all-time high rents
- COVID-19 has *increased* demand for DCs
- E-commerce major driver for foreseeable future
- Same day grocery delivery just getting started
- Easy to find tenants, 36% of space typically preleased
- Fits developer business model: fast tilt-up concrete construction, preleased tenants or fill some / most of the space, sell to REIT, move on, high profit margins
- Concrete bunkers with a lot of dock-high doors don't attract R&D or Advanced Manufacturing businesses (among many reasons, skilled workers care about their workplace environment)
- Why wouldn't the consultant be asked to look at the most likely scenario when it would have added almost zero cost ?

Employment Density - where is the assumption coming from?

- [1] Current analysis assumes 1 employee per 1,000 square feet floor area for Distribution Center.
- [2] Consultant used exact same density in 2015. But a lot has changed and 'best available' data is NOT 5 years old .
- Multiple factors including evolution of ecommerce business and automation impact number of jobs.
- Employment density is key parameter to any fiscal analysis and maybe more importantly to overall impact on ***Economic Development Strategy, not just for the MHTC project!***
- Best available data shows Distribution Center employment density is ~ 1 employee per 2,000 square feet
- Distribution Center jobs being displaced by automation, employment density will continue to decrease
- Current analysis does not even mention automation. In 2020?
- Experts expect that automation will displace between 75% and 90% of Distribution Center jobs.
- The 'best available' data cannot just ignore automation effects.

[1] Strategic Economics, *Economic and Fiscal Impact Analysis Memo*, July 1 2020 (pg. 10, and see slide 7 attached)

[2] Strategic Economics, *San Jose Overview and Employment Lands Analysis*, January 20, 2016 (pg. 76 and see slide 8 attached)



Automation in Distribution Centers is here. Today.

- Amazon purchased a robotics company in 2012 and has invested hundreds of millions of dollars in robotic technology. Most Distribution Center jobs are highly repetitive and humans offer no value-add. Free delivery means every cent of cost matters. The ‘introduction’ of automation in Distribution Centers happened many years ago and job displacement is accelerating.
- *Today* there are hundreds of thousands of robots being used in Distribution Centers

- McCain Foods, 180,000 square foot, cold-storage Distribution Center opened in 2019
 - 90,000 unique pallet positions, 2,000 SKU's
 - 24/7 operations, 100 employees --> employment density: 1 job per 1,800 square feet
 - One of the few operations not currently automated is outbound Truck loading. Not for long.
 - Outbound trucks are still loaded by forklift at the facility because of the number of loading patterns required by transportation partners. *“Our objective is to develop an information sharing process with the transportation providers that will further standardize processes. We designed for automated loading in the future.”* Driven by need to reduce costs, the employment density will continue to go down.

Note: Per the developer's own estimates used in Initial Study Shoe Palace Expansion: ~ One employee per 5,000 square feet of floor space



The Trucks just disappeared. Like Magic. How?

- Morgan Hill faces ~ **\$2,300,000** 'unfunded needs' required for street maintenance. Today.
- Our streets are going to get worse and there is no money to pay for needed maintenance.
- At public meetings and in emails to City staff over the past 12 months, MHRGC has pointed out many times that Trucks cause more damage to roads than cars, and cities that have permitted Distribution Centers have seen street maintenance costs skyrocket. The Fiscal Analysis mentions 'Truck' one time and completely ignores the impact to street maintenance costs they will have. How?
- Impact to street maintenance costs: 1 Big Rig Truck : ~7,000 - 8,000 Passenger Cars
- Impact & other 'developer fees' do NOT contribute to street maintenance. Projects don't magically 'pay for themselves'. Make assumptions to justify a project. Look up and find a \$2.3M dollar deficit.



Distribution Center (MHTC as configured)

Development Program	Distribution Center	Scenario 1	Scenario 2	Scenario 3
R&D/Office	0	0	540,000	0
Manufacturing/Assembly	0	522,300	22,500	0
Distribution	1,044,600	522,300	22,500	0
Retail	50,000	50,000	218,000	0
Administrative Office	0	0	305,965	0
Distribution Center Employment Density (gross square feet of building are per employee)	2000	1000	1,000	n/a
Revenues				
Property Tax	\$194,445	\$236,500	\$297,800	\$30,000
Property Transfer Tax	\$7,379	\$8,600	\$10,800	\$1,100
Sales Tax (Note: error in original version not fixed)	\$172,639	\$411,200	\$963,600	\$0
Property Tax in Lieu of VLF	\$83,166	\$101,100	\$127,300	\$12,800
Other Recurring Revenues	\$32,912	\$87,200	\$185,800	\$0
Per capita adjustments for realistic DC salary?	\$0	\$0	\$0	\$0
Impact on current city wide property & sales tax ?	\$0	\$0	\$0	\$0
Indirect / Induced revenue effects?	\$0	\$0	\$0	\$0
Subtotal, Revenues	\$490,541	\$844,600	\$1,585,300	\$43,900
Expenditures				
Police Cost (one new field officer for Real-World)	\$197,830	\$216,400	\$436,600	\$0
Fire & EMS Cost (needs separate category)	\$0	\$0	\$0	\$0
Recreation	\$7,975	\$21,100	\$45,000	\$0
Downtown Maint./Street Maint./Congest Mgmt.	\$104,954	\$21,300	\$45,400	\$0
Environmental Programs	\$1,267	\$3,400	\$7,100	\$0
Park Maintenance	\$14,800	\$14,800	\$31,500	\$0
General Government	\$58,648	\$155,367	\$331,100	\$0
Subtotal, Expenditures	\$385,473	\$432,367	\$896,700	\$0
Net Revenue	\$105,068	\$412,233	\$688,600	\$43,900
Net Revenue as % of Total Revenues	21.4%	48.8%	43.4%	100.0%

Assumptions

- 1) Same calculations & assumptions as Strategic Economics except for the following:
 - a) Employment Density: One employee per 2,000 square feet gross floor area
 - b) Street Maintenance & Congestion Management expenditures for Truck Traffic added. Based on conservative number of 400 daily truck trips and passenger car equivalent of 7000 cars per Truck. 'Per Employee' cost same as in report with Downtown Maintenance cost removed
 - c) Park Maintenance costs not adjusted yet



Appendix: Reference [1]

Economic and Fiscal Impact Analysis Memo

industry-standard practices of counting employees as between 0.30 to 0.50 of a resident for service needs.

FIGURE 4: 2019 SERVICE POPULATION CALCULATIONS

Current Service Population	
Residents	45,742
Employees	18,176
Employee Factor	0.50
Total Service Population	54,830

Sources: California Department of Finance Table E-5, 2019; QCEW, 2019 Q2.

EMPLOYEE DENSITY BY BUILDING TYPE

Figure 5 shows the square feet per employee assumptions which were used to calculate the workers associated with R&D, manufacturing and assembly, warehouse and distribution, retail, and office buildings. Strategic Economics used industry-accepted standards and, where available, employee density data specific to the local market to develop these assumptions.

FIGURE 5: SQUARE FEET PER EMPLOYEE BY BUILDING TYPE

Building Type	Sq Ft per Employee
R&D/Office	300
Manufacturing/Assembly	500
Warehouse/Distribution	1,000
Retail	450
Office (Administrative)	250

Source: Strategic Economics, 2020.

SERVICE POPULATION FOR DEVELOPMENT SCENARIOS

Figure 6 shows the projected service populations associated with each land use, derived from the development program shown in Figure 1, the employment density assumptions shown in Figure 5, and the employee factor discussed above.

FIGURE 6: ESTIMATED EMPLOYEES AND SERVICE POPULATION BY BUILDING TYPE FOR DEVELOPMENT SCENARIOS

Land Use	Scenario 1	Scenario 2	Scenario 3
Light Industrial Employees			
R&D/Office	0	1,800	0
Manufacturing/Assembly	1,045	45	0
Warehouse/Distribution	522	23	0
Retail Employees	111	484	0
Commercial Office Employees	0	1,224	0
Total Employees	1,678	3,576	0
Employee Factor	0.50	0.50	0.50
Total Service Population	839	1,788	0

Source: Strategic Economics, 2020.



Appendix: Reference [2]

Figure V-9. Employment Density and FAR Assumptions by Land Use Type

Land Use Type	Employment Density (Gross Sq. Ft per Employee)	Floor Area Ratio
Retail (Large) ^a	650	0.3
Retail (Small)	250	0.3
Traditional Office	300	1.5
Creative/High Tech Office	175	1.5
Traditional Industrial ^b	1,000	0.3
Light Manufacturing	500	0.4
Tech R&D/Manufacturing	300	0.5
R&D/Life Sciences	450	0.5
Hotel	2,000	2
Institutional/Other	1,000	0.8

^a Retail storefronts 25,000 square feet or larger.

^b Warehouse, Distribution, Heavy Manufacturing.

Source: Strategic Economics, 2015.

Figure V-10. Vacant Land Development Assumptions by Land Use Type

Land Use Type	Percent of Development Occurring on Vacant Employment Lands
Retail (Large) ^a	60%
Retail (Small)	40%
Traditional Office	50%
Creative/High Tech Office	50%
Traditional Industrial ^b	80%
Light Manufacturing	80%
Tech R&D/Manufacturing	70%
R&D/Life Sciences	70%
Hotel	50%
Institutional/Other	80%

^a Retail storefronts 25,000 square feet or larger.

^b Warehouse, Distribution, Heavy Manufacturing.

Source: Strategic Economics, 2015.



Supplement & Presentation List

July 22, 2020

City Council Meeting

Supplements

- Workshop - Supplement 1 – Letter from MH Chamber
- Workshop - Supplement 2 – Letter from MH Downtown Association
- Workshop - Supplement 3 – Email from Nichola Carpendale
- Workshop - Supplement 4 – Email from Anna Gervacio
- Item 5 – Commission Appointments - Supplement 1 – Email from Doug Muirhead
- Item 7 – Engage Morgan Hill - Supplement 1 – Email from Doug Muirhead
- Item 9 - Reach Code - Supplement 1- Email from Doug Muirhead
- Item 10 – Budget - Supplement 1- Email from Doug Muirhead
- Item 10 – Budget - Supplement 2- Emails from the community
- Item 10 – Budget - Supplement 3- Emails from the community
- Item 10 – Budget - Supplement 4- Email from City Manager in response to community's comments
- Item 10 – Budget - Supplement 4- Email from Melissa Lummis

Presentations

- Workshop
- Item 7- Engage Morgan Hill
- Item 8-Feasibility Reports- Villa Mira Monte
- Item 9- Reach Code
- Item 10- Budget

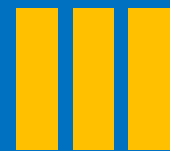
From: +14087628857@mymetropcs.com <+14087628857@mymetropcs.com>
Sent: Wednesday, July 22, 2020 2:54 AM
To: CC Public Comment <CCPublicComment@morganhill.ca.gov>
Subject:

Do not take away the animal shelter. They are a lifeline for pets who are lost or in need of help.
That would not be humane. Animal's Live's Matter!! Thank you for listening.



July 22, 2020

Police Policies and Practices Workshop



THE PRESIDENT'S TASK FORCE ON
21ST CENTURY POLICING
IMPLEMENTATION GUIDE

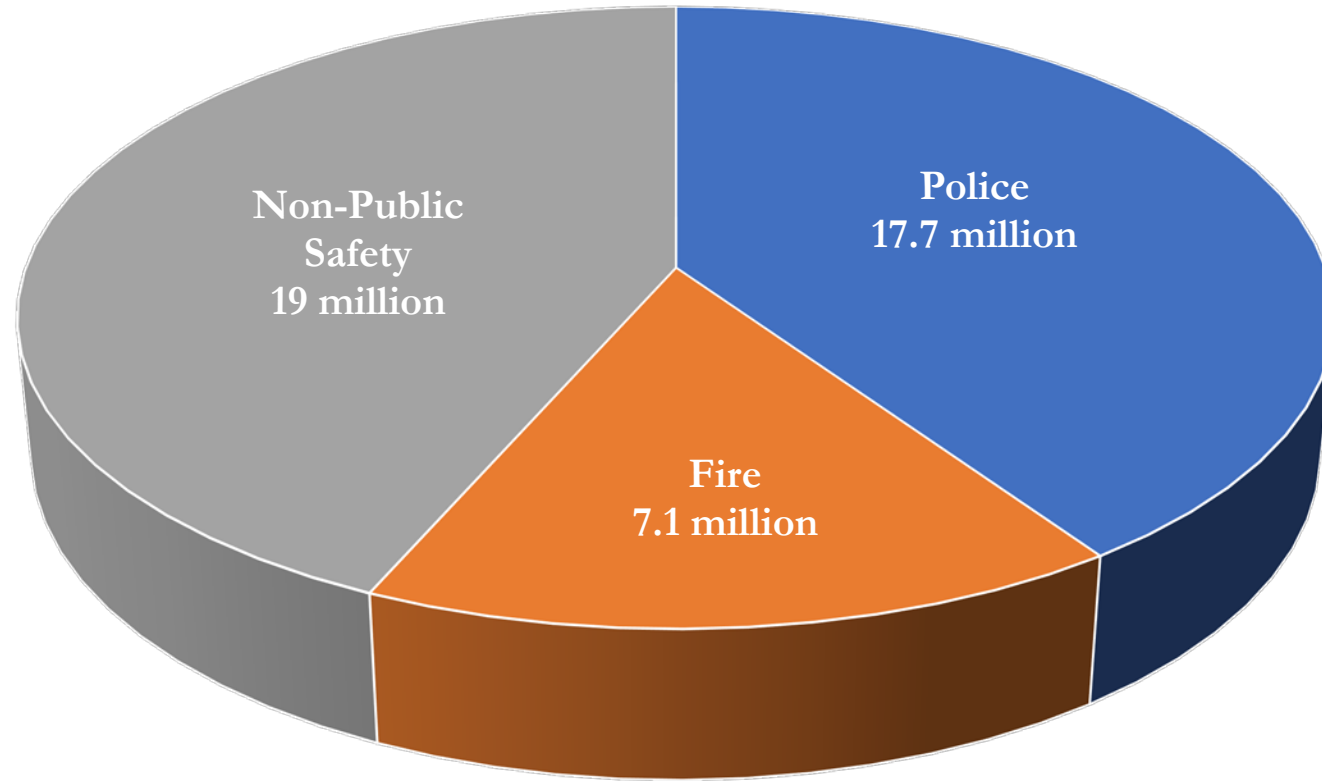


Moving from Recommendations to Action

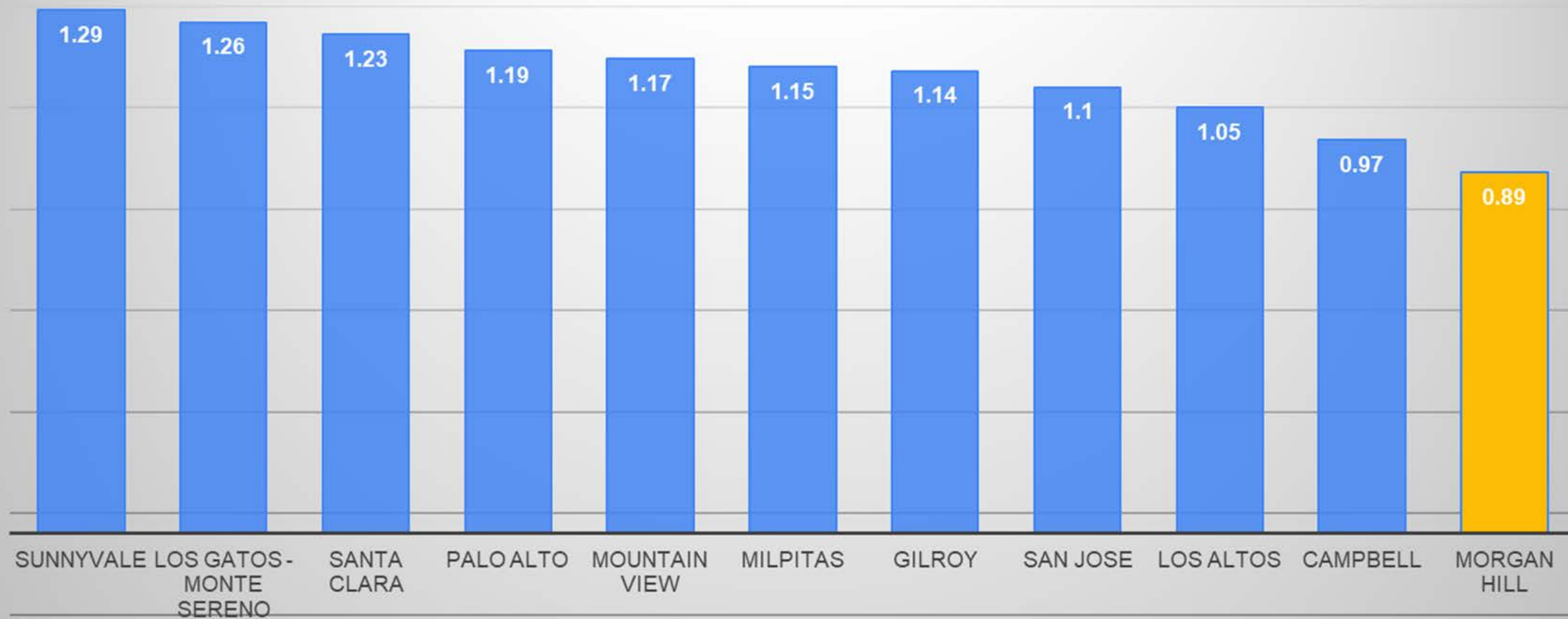
Overview

- Policing Conversation
 - Budget/Staffing
 - Policies
 - Accountability/Transparency
 - Training
- Evidence Based Solutions
 - Positive Police Presence
 - Community Outreach Navigator
 - Crime trends
 - Futures Thinking

General Fund \$43.8 million



2019 Officers Per 1000

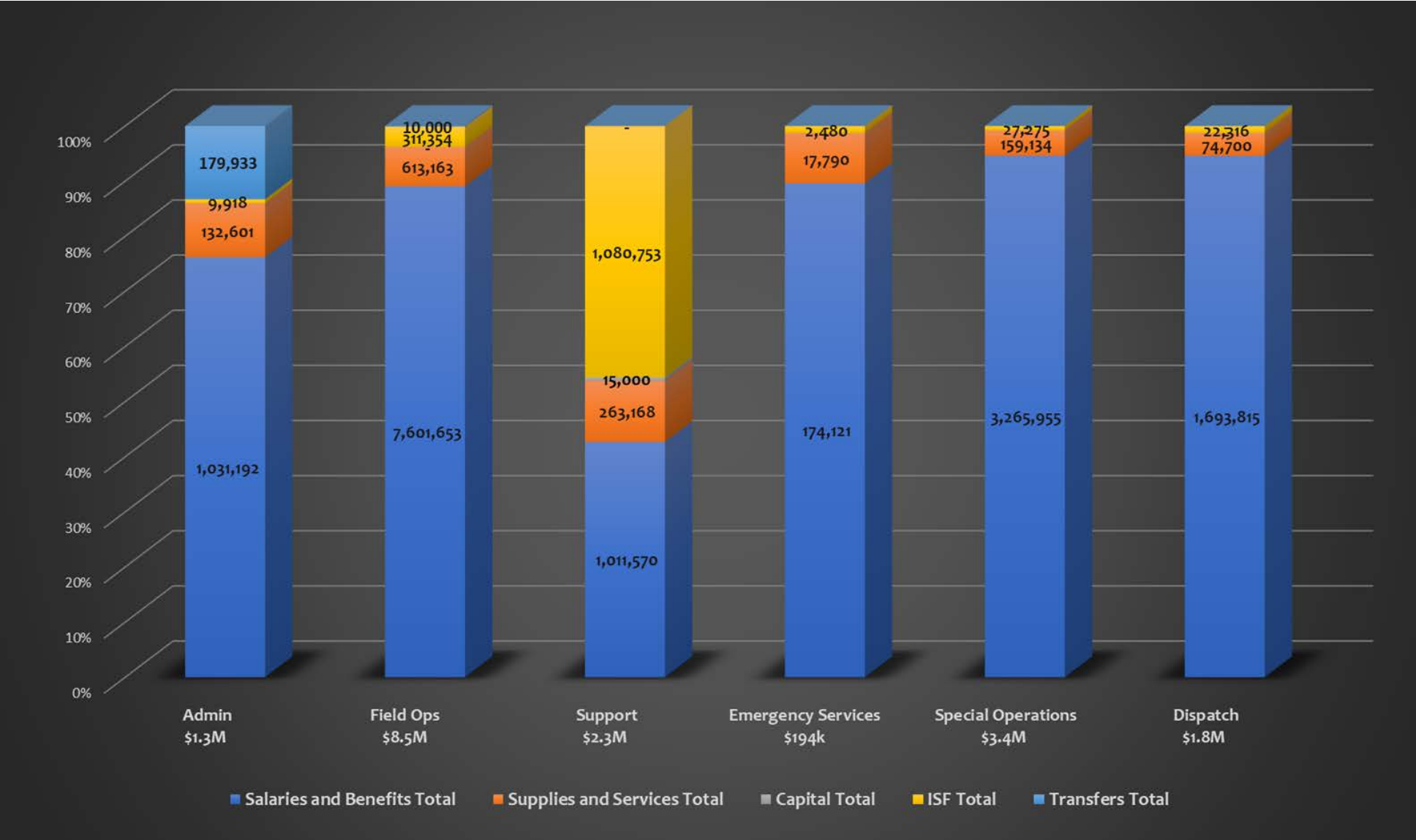


Staffing—Cities under 100,000 population

City/Town	Population	Officers
Los Altos	30,531	32
Los Gatos/Monte Sereno	30,988	39
Morgan Hill	45,135	40
Campbell	42,466	41
Gilroy	55,928	64
Palo Alto	67,082	80

FY20-21 Operating Budget By Division

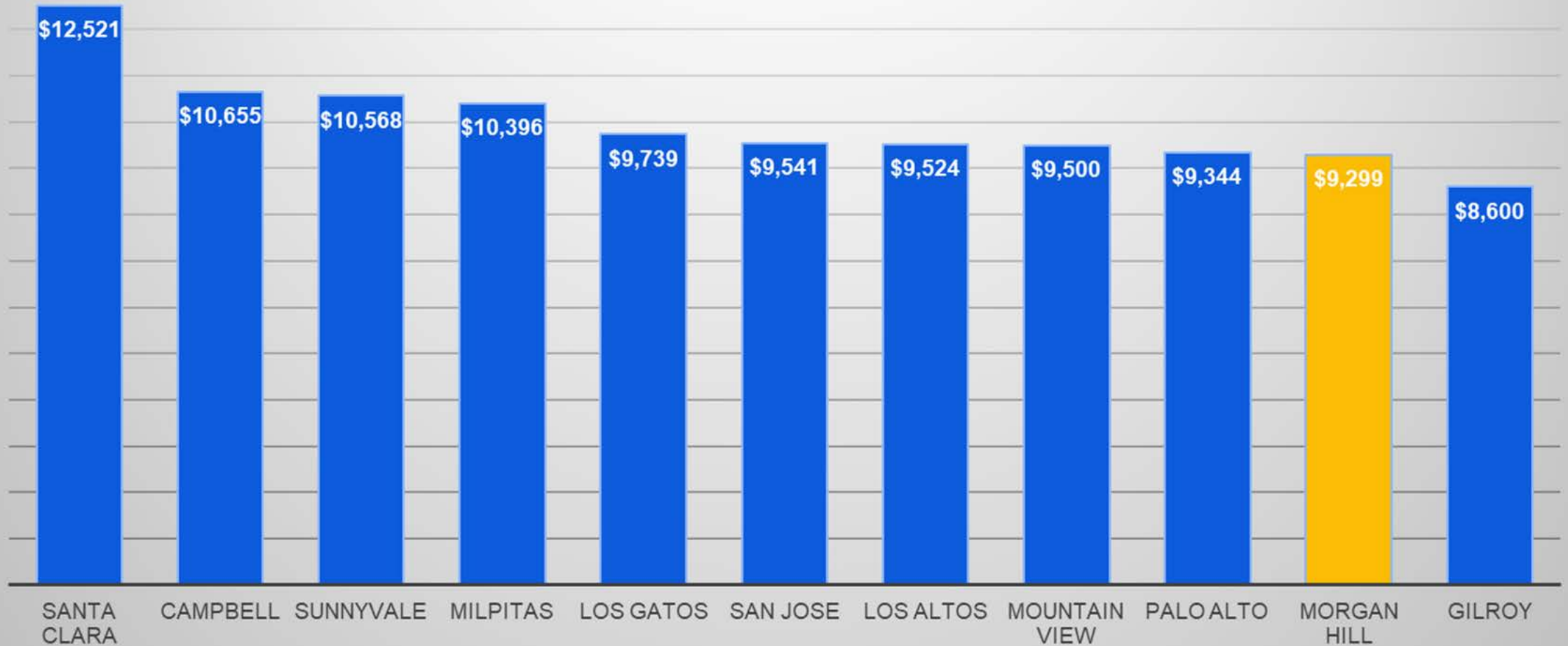
Total - \$17,697,892



Santa Clara County Cities

Police Officer Monthly Compensation 2019 - Step C

does not include specialty assignments/pay/incentives
does not include contract cities



Morgan Hill Police Department

FY20-21 Operating Budget By Category

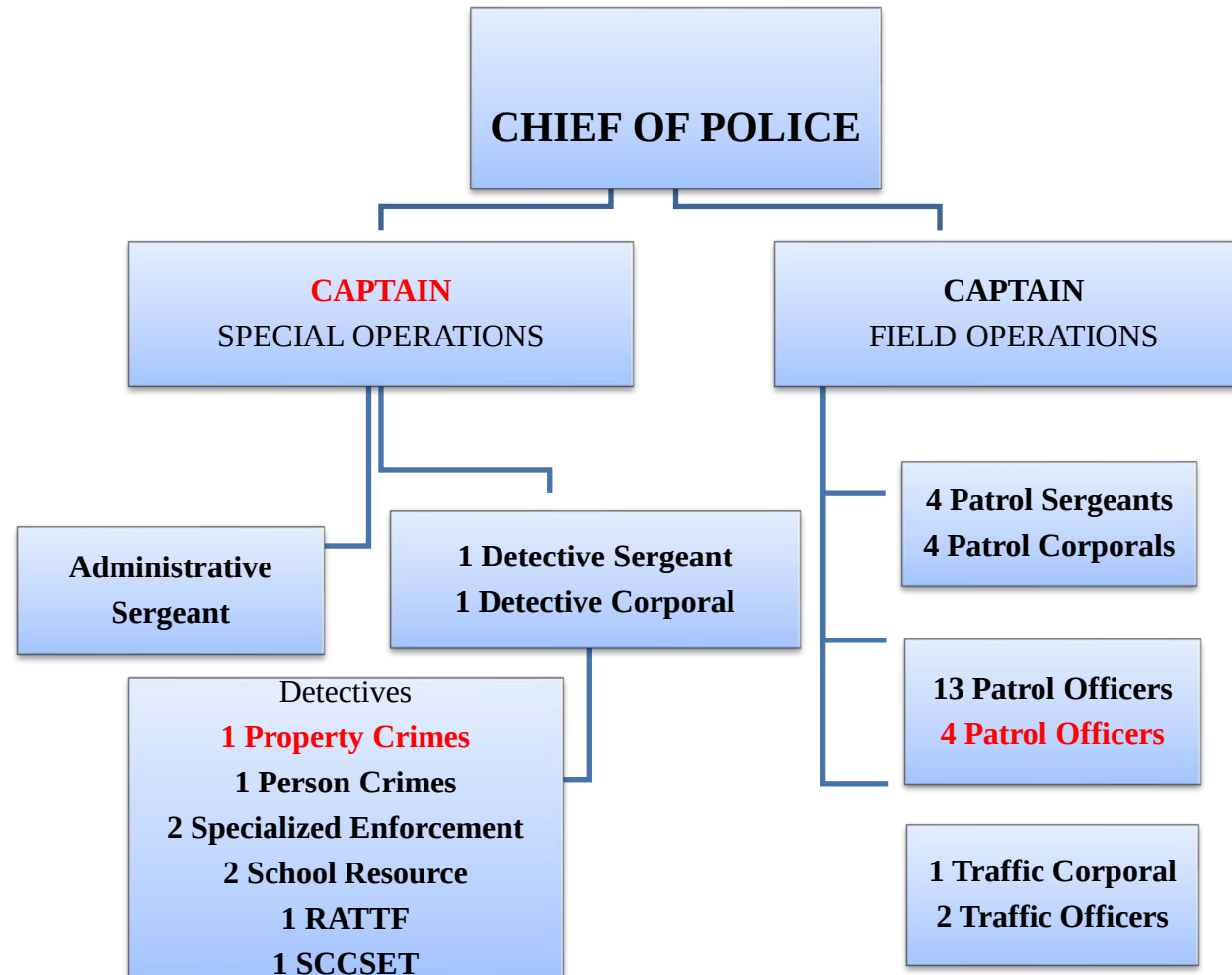
Expenditure Category	FY20-21 Total
Salaries and Benefits Total	\$ 14,778,307
Supplies and Services Total*	\$ 1,260,556
Capital Total	\$ 15,000
Internal Service Funds Transfer Total	\$ 1,454,096
Transfers Total	\$ 189,933
TOTAL	\$ 17,697,892

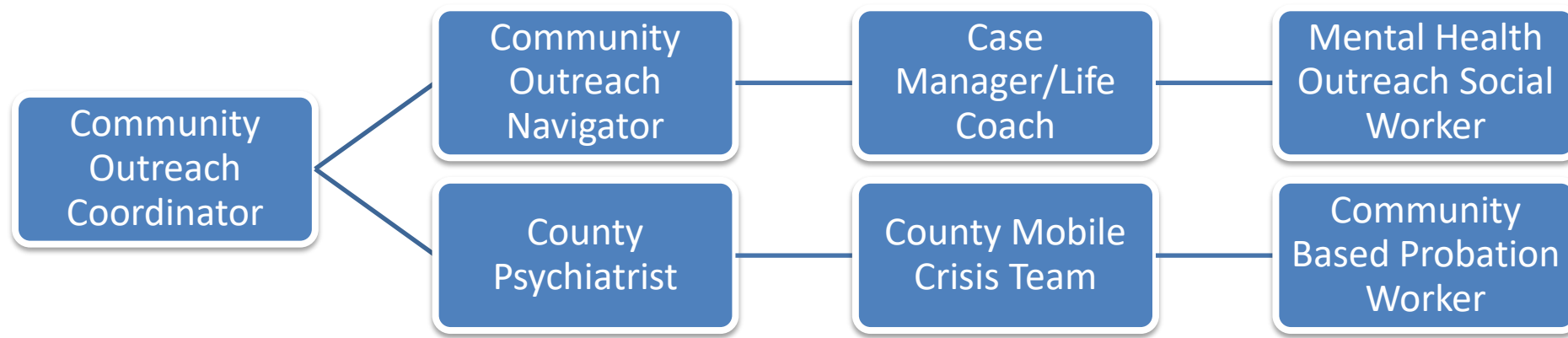
Grants & Revenues

Recent Grant Funds Received 2018-2020		
Recent Grant Funds Received 2018-2020	Source	Total
Law Enforcement Tobacco Grant	CA Dept of Justice-3 Yr Grant	\$ 561,000
Domestic Violence Grant	Governor's Office of Emergency Services	\$ 50,000
Tobacco Decoy Operation Grant	CA Dept of Justice	\$ 64,000
Emergency Performance Grant	County Office of Emergency Services	\$ 17,400
California Violence Intervention Program	CA Dept of Justice	\$ 11,500
Supplemental Law Enforcement Funds	CA Dept of Justice	\$ 100,000
	Total	\$ 803,900
Substantial Annual Revenues		
Purpose	Source	Total
School Resource Officer Reimbursement	Morgan Hill Unified School District	\$ 104,000
Regional Auto Theft Task Force	CA Vehicle Registration Fees	\$ 125,000
Franchise Vehicle Tow Program	Fees Paid by Franchise Partner(s)	\$ 86,000
Vehicle Abatement	CA Vehicle Registration Fees	\$ 75,000
Stored Vehicle Release	Fees Paid by Registered Owner	\$ 54,000
Special Event Security	Cost Recovery Paid by Event Organizer(s)	\$ 66,000
POST Reimbursement	CA Commission on Police Officer Training	\$ 20,000
Traffic & Parking Enforcement	Citation Fees	\$ 78,000
	Total	\$ 608,000

Community Law Enforcement Foundation Police Department Donations 2014-2020		
Year	Item	Amount
2014	Ballistic Trauma Plates, Handheld Citation Printers, Lidar Speed Measurement, Explorer Uniforms, K9 Training Equipment	\$20,316
2015	CERT Van Painting, Police Week Recognition Supplies, Explorer Program Support, Officer Health & Well Being Program	\$21,420
2016	AEDs for Each Patrol Vehicle	\$16,000
2018	MILO Force Options Simulator	\$35,000
2019	Ballistic Plates & Carriers, Tactical Communication Headsets, Community Engagement Software	\$25,439
2020	FARO Laser System & Tactical Medical Pouches	\$52,148
	TOTAL	\$170,323

Police Officer Org Chart





Community Outreach Navigator Team

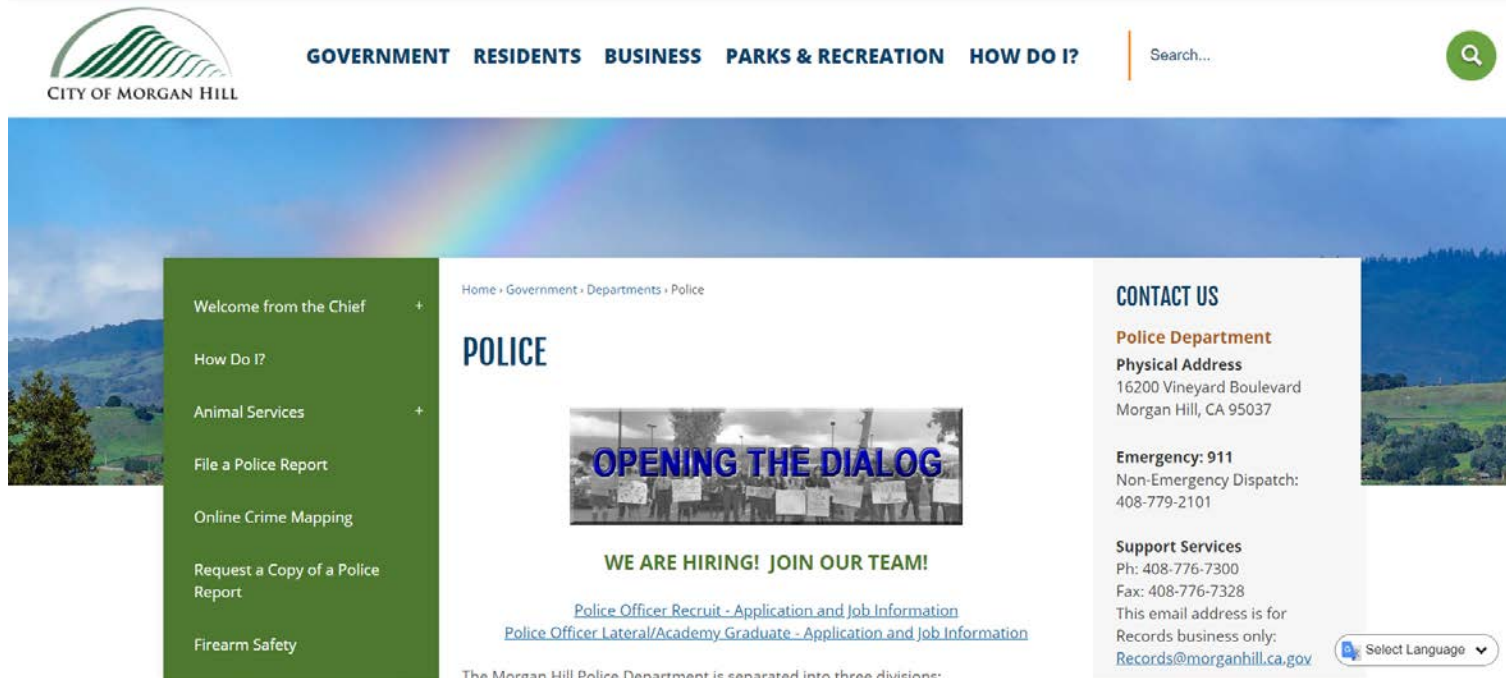
Lexipol Policies



21st Century Policing: Law Enforcement

Increase transparency of data, policies, and procedures.

Current Website:



Going Forward:

Update website: Information on data and policies, with a separate page dedicated to use of force and training plan.

21st Century Policing: Law Enforcement

Use the POST Commission to implement all levels of training.

Currently:

- Racial Profiling
- Crisis Intervention
- Implicit Bias and Principled Policing
- Tactical Communication
- Force Option De-escalation
- Arrest and Control
- Title 15 and Title 24: Jail Regulations and Prisoner Care
- First Aid CPR
- Mental Health Decision Making
- Going Forward: Continue to add relevant trainings





Morgan Hill Police Department

COMMUNITY POLICING

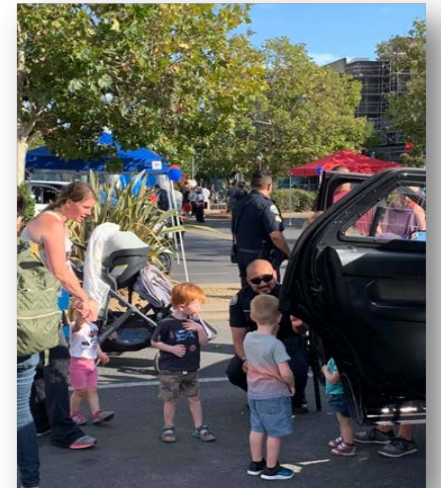
Positive Police Presence



- South County Family Justice Center
- Engagement with Disadvantaged Communities
- Community Police Academy
- Homeless Liaison Officers
- Apartment Management Meetings
- Mobile Crisis Response Team
- Shop with a Cop
- Police Explorer Program
- Ride-a-Longs
- School Resource Officers
- High School Driver Awareness
- Volunteers in Policing
- Morgan Hill School District Readathon



- Chaplaincy Program
- Internships
- Coffee with a Cop
- Cadet Program
- Participate in Food Distribution Events
- Community Law Enforcement Foundation
- Community Emergency Response Team
- Participate in City Programs for Youth
- Leadership Morgan Hill
- MHPD Open House
- MHYSA Sports Events
- Birthday Visits
- National Night Out



Keep Accountability and Transparency



Early Warning System

IAPRO

BlueTeam
Field Support Services

Note:

- To view your purview (which determines the employees you see here), click the "My Purview" link above
- Click an individual employee below to see their EI details
- Click an organizational component below to view an EI peer analysis of employees

Name	District Investigation	General Complaint	Use of force	Vehicle pursuit	Overall Threshold
Highway Patrol - Troop 4 - Post A Charleston					
Brown, Michael - Corporal	●	●	●	●	●
Daston, John - Sr Trooper	●	●	●	●	●
Dimitry, Kenneth - Sergeant	●	●	●	●	●
Murphy, Francis - Corporal	●	●	●	●	●
Highway Patrol - Troop 4 - Post A Union					
Smith, Lisa - Corporal	●	●	●	●	●
Highway Patrol - Troop 4 - Post B Calhoun					
Filyaw, J. - Captain	●	●	●	●	●
Highway Patrol - Troop 4 - Post B Dorchester					
Drumman, George - Trooper 1st Class	●	●	●	●	●
Mook, Leon - Trooper 1st Class	●	●	●	●	●
Highway Patrol - Troop 4 - Post C Beaufort					
Brown, Charles - Trooper 1st Class	●	●	●	●	●
Brown, Richard - Sergeant	●	●	●	●	●

Captain James Avery is signed in

BlueTeam version 4.1.9
©2001-2012 C Technologies Corporation



Blue Team

Update Types of Forces Used - Officer Salvatore Barone

Firearm - Handgun Regions: 7 Locations: 1

Pressure Points Regions: C Locations: 2

Force Type
Taser

Was the Force Effective? ☒ Yes ☐ No ☐ Limited

Serial Number 8970239

Cartridge Number 293

Type of Usage
☐ Device displayed only
☒ Projectile/probe deployment
☐ Direct contact/drive stun contact

Number of Air Cartridges Used 2

Number of Cycles Through Probes 2

Total Number of Probes Deployed 2

FRONT BACK

Cancel Add Use of Force

Use of Force

2019 Total MHPD Calls for Service and Use of Force						
Total Dispatched or Officer-Initiated Calls = 35,833						
Type of Force			Injury			Total
	None	Minor	Moderate	Major	Fatality	
Personal Body Weapon	4	0	0	0	0	4
Takedown	1	0	0	0	0	1
OC/ Pepper Spray	0	0	0	0	0	0
Baton	0	2	0	0	0	2
CED (Taser)	1	1	0	0	0	2
K-9	0	0	1*	0	0	1*
Carotid Restraint	0	0	0	0	0	0
Firearm	0	0	0	0	0	0
Total Use of Force	6	3	1	0	0	10

**The K-9 utilization was a result of a mutual aid request from an outside agency*

2020 Trends



Crime Trends

- 10 Shootings
- 2 Homicides
- 107 Auto Thefts
- 100s of Mail thefts
- Gun Possession
- Child Sex Crimes
- Substance Abuse

Traffic Trends

- Traffic Increase
 - Diverted by GPS technology
- Increase Traffic Collisions
 - Speed
- 4 Fatal Traffic Collisions



Growing Concerns

- February 20th: Shooting, Cochrane & Mission View
- February 22nd: Burglary Ring Local Businesses
- April 2nd: Shooting Main St/Belleto
- April 14th: Car Jacking
- April 14th: Shooting Attempted Homicide
- April 14th: Burglar Ring Local Liquor Stores
- April 22nd: Stabbing Ciolino
- May 2nd: Shooting Ciolino
- May 14th: Shooting at a House Trail Dr.
- May 25th: Shooting in South San Jose / Morgan Hill



Growing Concerns

- May 29th: Shooting Homicide, Butterfield & Fisher
- June 5th: Carjacking, Cochrane Plaza
- June 6th: Shooting, Trail Dr. and Peet Rd.
- June 16th: 2018 Suspect Released from Jail after solicitation to kill Police Officers
- June 16: Homeless man brandishing knife at female in her car
- June 21nd: Stabbing Homicide, Rustling Oak Ct
- June 9th: Shooting Monterey / Barrett Ave.
- July 17th: Shooting, Ciolino Ave.
- Increase in Guns on Streets
- Numerous Child Sex Abuse Investigations



What is effecting crime trends?

- **COVID19**, Reducing local jail population 38% below capacity
 - California to Release 8,000 more Prisoners Early to Make Space During Pandemic
 - **Zero Bail schedule**, most misdemeanors and some felonies
- 2016 –Prop 57, Recategorized “non-violent” felonies reducing prison sentencing
- 2014 –Prop 47, Downgraded a number of serious crimes from felonies to misdemeanors
- 2011 – AB 109, Transferring nearly 45,000 felons from State prison to local jails



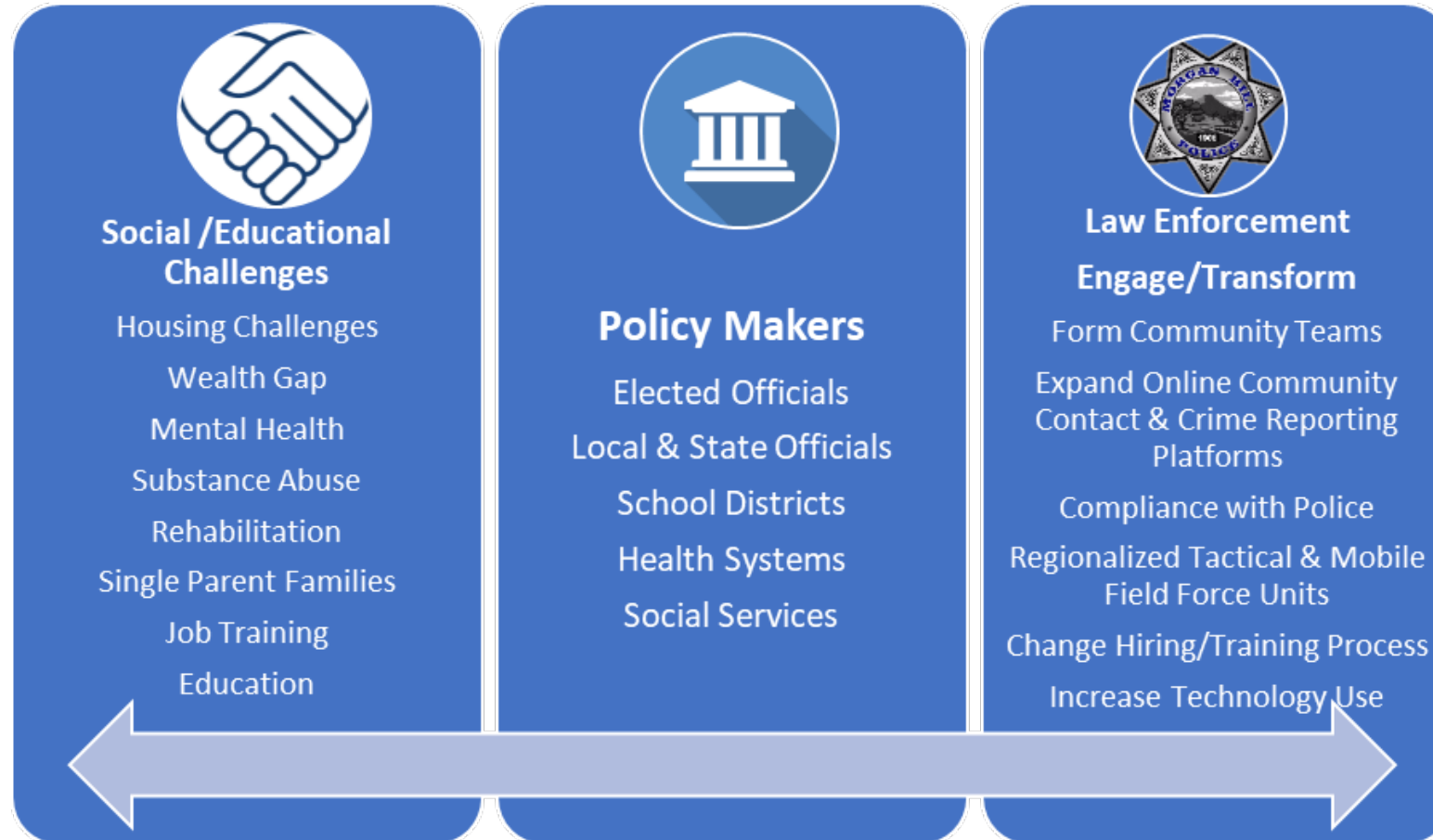
WHO ARE WE ARRESTING?

37% are MH residents

63% are from outside MH



Futures Thinking





CITY COUNCIL STAFF REPORT

MEETING DATE: July 22, 2020

PREPARED BY: Shane Palsgrove, Police Chief

APPROVED BY: City Manager

POLICE POLICIES AND PRACTICES WORKSHOP

RECOMMENDATION(S)

Review and discuss Police policies and practices.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Community Engagement and Messaging

GUIDING DOCUMENTS

Public Safety Master Plan

DISCUSSION:

The City Council has requested a Workshop to discuss Morgan Hill Police Department's policies and practices. The goal of the workshop is to:

1. Discuss information on the following topics: Budget, Staffing, Policies, Accountability/Transparency, Training, Community Policing, and Crime Trends; and
2. Collect and compile feedback from the City Council and the community to utilize for equitable and thoughtful decision making.

For information including training documents, annual report, and Public Safety Master Plan, please visit the [Police Department website](#).

LINKS/ATTACHMENTS:

1. Morgan Hill Police Department website (weblink)
2. June 9, 2020 Community Town Hall Meeting Video- Police Department Update (weblink)
3. June 18, 2020 Community Town Hall Meeting Video - Police Discussions with Police Chief (weblink)

WORKSHOP

AGENDA DATE: 07/22/2020
SUPPLEMENT # 1



6/29/2020

Morgan Hill Police Department
Chief of Police, Shane Palsgrove

Recent protests have led to much worldwide scrutiny of police department training, policies and protocols. Officers and departments across the nation are all facing retaliation and ill-will due to the unjust actions of a few. During a recent Morgan Hill City Council Meeting the idea of de-funding the police department was raised. While Covid19 has adversely impacted every city budget, a reduction to the Morgan Hill Police Department (MHPD) budget would result in an unacceptable diminution of our city's safety.

Currently the MHPD is ranked third in the county for both the lowest number of police officers and the lowest crime rate, attesting to the efficiency, dedication and professionalism of our officers and leadership team. Budget reductions have already caused the removal of Community Engagement Programs such as National Night Out, Explorer Training Conference, Citizen's Police Academy and the Parent Project Training Program. Further reductions will cause harm to the 3 ½ minute Priority 1 (life threatening call) response time, 4 1/2 minute Priority 2 response time, traffic abatement measures and proactive policing model that our community currently enjoys. Defunding the MHPD will stretch an already thin budget and jeopardize the safety and security of our residents and businesses.

City-wide budget cuts are inevitable, but in these difficult times, we must preserve the strength of the MHPD and rely on the leadership of Chief Palsgrove and the experience of our officers to protect our city. The Morgan Hill Chamber of Commerce supports the Morgan Hill Police Department and proposes no reductions to their budget. To unfairly penalize the MHPD and endanger our community is not a risk worth taking. Let's keep our city a safe place to work, live and play.

Sincerely,

Brittney Sherman

Brittney Sherman
CEO/President



June 25, 2020

Chief Palsgrove,

We write you today expressing thanks, respect, and admiration for our dedicated Law Enforcement team in Morgan Hill. Watching the news in these turbulent times we as civilians can only imagine the feeling of elevated angst officers across the country must feel before gearing up and hitting the streets.

Please relay to your team that the Morgan Hill Downtown Association Board Of Directors on behalf of the downtown businesses fully support their efforts as they strive to serve and protect us from harm.

Sincerely Wishing Safe Shifts To You And Your Team,

MHDA BOD

David Dindak – President

Melissa Murphy – Vice President

Diane Carroll – Treasurer

Suman Ganapathy – Secretary

Victoria Attanasio – Board Member

Kerry Wallace – Board Member

Jodi Hall – Board Member

Laura Bertoldi – Board Member

Gino Attanasio – Board Member

WORKSHOP

AGENDA DATE: 07/22/2020

SUPPLEMENT # 3

From: [Nichola Carpendale](#)
To: [CC Public Comment](#)
Subject: Police Policies workshop Wed 7/22:SROs
Date: Tuesday, July 21, 2020 2:49:29 PM

Please address SROs in MH district, high arrest rates among Black students, Foster students and Latinas, and what ideas there are regarding changing/improving the situation

Thank you

Nikki Carpendale

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WORKSHOP

AGENDA DATE: 07/22/2020

SUPPLEMENT # 4

From: [Anna Gervacio](#)
To: [CC Public Comment](#)
Subject: MHPD and Mental Illness experience
Date: Wednesday, July 22, 2020 2:55:40 PM

Mayor, Chief of Police, City Council, et. all,

My name is Anna Gervacio, I am a resident of Morgan Hill and I am writing today to discuss my experience with the MHPD assisting me with my brother who lives with Bi-Polar Disorder. I have had to call on the MHPD to assist me with my brother approx. six times in the last five years. My brother when in the middle of a manic episode has gone missing and/or is being a harm to himself/others. Every call has been met with caring and compassionate officers. Particularly Officer Dini and Officer Rios.

I find "DEFUND POLICE" to be an extremely unfortunate phrase and I do not support any defunding of the MHPD.

I do however believe that we as a community together with the police department should always be looking to improve non-criminal interactions. Mental Illness is not a crime. Yet - mentally ill people are treated in a similar fashion as criminals.

And when my brother is stable, we often have conversations around the following topics:

- 1) Why did you call the police? They scare me.
- 2) I'm worried they are going to shoot me or taser me for being mentally ill. Or that I will feel afraid of them and not in my right mind will try to grab for their weapons.
- 3) Why did they handcuff me? I am not a criminal.
- 4) It feels terrible to put in the back of a police car. I am not a criminal.

Is there a way to reimagine police interaction with the mental ill population. No one expects Police Officers to also be mental health experts. Can a Mental Health expert be on call to assist the police? Police could arrive first to assess the situation and ensure the safety of everyone involved. Then the Mental Health expert could take the lead with the person in crisis while the Police Officers step back and continue to provide security and ensure the safety of everyone involved. This is just an idea/suggestion for consideration.

I would like to thank the entire MHPD for being an outstanding community asset.

Anna Gervacio

ps I also have a 13 year old son with Autism and I feel strongly that this is another area where the police and the parents of children with Autism need to come together to ensure the safety of all neurodiverse residents of Morgan Hill.

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WORKSHOP

AGENDA DATE: 07/22/2020
SUPPLEMENT # 5

From: [Carol Crawley](#)
To: [CC Public Comment](#)
Subject: Therapists are not trained in de-escalation
Date: Wednesday, July 22, 2020 6:35:19 PM

Police have to be the first on scene to de-escalate, they are the first line of defense for all of us. A therapist is useless to a person who is in psychosis or in some mental state that is beyond reasoning. It is easy to train police mental health skills to deal with a mental health crisis at the same time it would be extremely hard to train a therapist (or find a therapist interested in training) to do the same type of de-escalating. When a therapist is faced with a client who is emotionally dysregulated and they themselves cannot de-escalate, they call the police. It takes a certain type of person to do Police work, they must wear many hats, regardless of how people feel about it. It's a fact that must be accepted. I think every city council member should do a full shift ride along with an officer, on a Friday night. They need to see first hand what police do and how hard their job is that way they have a better understanding of what is actually needed. It's easy to judge from the sidelines.

There should be more funds allocated to the police department for training, for more officers, for better mental health care for the officers themselves.

*Carol Olmos Crawley,
Morgan Hill, Ca. 95037
669-223-8122*

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From: [Carol Crawley](#)
To: [CC Public Comment](#)
Subject: Mental health for Police should be top priority
Date: Wednesday, July 22, 2020 6:46:44 PM

Depending on the culture of the department, being vulnerable and asking for help may be looked down upon. There needs to be a change in department culture so that these officers feel safe to get help. I specialize in working with LEO's and their families and I can tell you first hand that the biggest hindrance to getting help is fear of losing their job or fear of ridicule from fellow officers. Aside from PTSD, most of these officers will have complex trauma due to the hypervigilance of the job. Helping these officers learn brain resilience is vital to healthy policing. Seeing a therapist at least once a month should be mandated in order to keep trauma and stresses from building up.

Also, training therapists to work with LEO's should be encouraged. There are very few culturally competent therapists in our area. I can name only 3 that I know of in south county.

Carol Olmos Crawley
Morgan Hill, Ca. 95037
669-223-8122

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