CITY OF MORGAN HILL

Special - Regular Meeting Agenda

City Council

Rich Constantine - Mayor
John McKay - Mayor Pro Tem
Gino Borgioli - Council Member
Yvonne Martinez Beltran - Council Member
Rene Spring - Council Member

Wednesday, May 26, 2021 5:00 p.m.

Virtual Meeting

VIRTUAL MEETING GUIDELINES AND PUBLIC COMMENT

In accordance with Executive Order N-25-20 and guidance from the California Department of Public Health on gatherings, remote public participation is allowed. Physical meetings will not be in the City Council Chamber until further notice.

City Council meetings will be live streamed on Channel 17, on the City's website and on the City's Facebook page. Those members of the community that would like to participate in the meetings remotely may do so by joining the virtual meeting at: <https://bit.ly/MHCityCouncilMeeting> or by calling in to: (669) 900-9128, then enter the webinar id: 873 3200 8380#.

Public comment may be provided in the following ways:

- Join the virtual City Council meeting via the link above, when public comment is opened, raise your virtual hand and be called upon to speak for up to 3 minutes
  - In order to speak, please be sure that your version of Zoom is up to date.
- Join the virtual meeting by calling in to the number above, dial *9 to raise your hand and be called upon to speak for up to 3 minutes
- Send public comments in writing to the City Clerk at ccpubliccomment@morganhill.ca.gov <mailto:ccpubliccomment@morganhill.ca.gov>

* Please note that comments made on Facebook are not considered public comment.

SPECIAL/REGULAR MEETING

A special meeting of the City Council is called at 5:00 p.m. for the purpose of conducting a joint meeting of the City Council, Planning Commission Parks & Recreation Commission, and Library, Culture, and Arts Commission. *(This session is open to the public but will not be recorded or live-streamed.)*

5:00 p.m. Joint Meeting

7:00 p.m. Regular Meeting

SPECIAL MEETING

5:00 p.m. Joint Meeting

CALL TO ORDER

Mayor Constantine

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2
City Clerk Michelle Bigelow

JOINT MEETING

Two-Hour Mandatory Harassment and Discrimination Prevention Training for Elected and Appointed Officials. ***(This is one of several training sessions that will be held for this required training)***

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.

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

OTHER BUSINESS

1. USE OF GLYPHOSATE IN CITY MAINTENANCE ACTIVITIES

Recommendation:

1. Receive report on herbicide/Glyphosate use in City parks; and
2. Provide staff with direction on future use of herbicides/Glyphosate by the City.

Estimated Time: 30 Minutes

2. DEVELOPMENT OF A TEMPORARY DOWNTOWN DOG PARK AT FORMER COMMUNITY GARDEN SITE

Recommendation:

Provide direction to City Staff on Parks and Recreation Commission proposed temporary Downtown Dog Park.

Estimated Time: 30 Minutes

3. ADOPT FISCAL YEAR 2020-21 AND 2021-2022 MID-CYCLE BUDGET AMENDMENTS AND RESOLUTION AND THE MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEES RESOLUTION

Recommendation:

1. Adopt resolution:
    a. Authorizing changes to the adopted Fiscal Year (FY) 2020-2021 and 2021-22 City of Morgan Hill Operating and Capital Improvement Budget, including appropriation of American Rescue Funding; and
    b. Adopting the FY 2021-22 Appropriations Limit and Appropriations Limit Adjustment Factors;
2. Accept a grant of $450,000 from Destination Home to develop and advance the local implementation of the Community Plan to End Homelessness;
3. Authorize the City Manager to execute and administer the Destination Home grant agreement;
4. Approve the American Federation of State, County, and Municipal Employees Local 101, District Council 57 (AFSCME) salary schedule;
5. Adopt the Management, Professional, and Confidential Employees Resolution and corresponding salary schedule effective July 1, 2021; and
6. Adopt resolution to declare a climate emergency.

Estimated Time: 2 hours

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

ADJOURNMENT

NOTICE

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

PUBLIC COMMENT

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

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

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

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

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

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

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email cityclerk@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting.

SUSTAINABLE MORGAN HILL

VISION

To sustain a safe, equitable, 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 Equity, Diversity, and Inclusiveness
- Advancing Regional Initiatives
- Advocating for Local Control

2020-2021 Strategic Priorities

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

! These strategic priorities were established prior to the COVID-19 pandemic. In light of recent events, we recognize that all of these goals and priorities will be viewed through the lens of the global pandemic, and we will continue to have equity, public health, and financial responsibility in mind.

CITY OF MORGAN HILL

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: May 26, 2021

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

USE OF GLYPHOSATE IN CITY MAINTENANCE ACTIVITIES

RECOMMENDATION(S)
1. Receive report on herbicide/Glyphosate use in City parks; and
2. Provide staff with direction on future use of herbicides/Glyphosate by the City.

COUNCIL PRIORITIES, GOALS & STRATEGIES
Ongoing Priorities
Protecting the Environment and Preserving
Open Space and Agricultural Land
Maintaining Infrastructure

POLICY CONSIDERATIONS:
Community interest on the use and elimination of Glyphosate for City weed abatement and maintenance led to the Council directing staff to begin a trial to eliminate Glyphosate use in Parks. That trial work is now complete, and this report is intended to provide the Council with the results. The results of the trial have demonstrated that maintenance levels have dropped and the required resources to maintain weeds has increased. The Council should consider the impacts to City operations should the Council wish to continue not allowing the use of Glyphosate for park maintenance and/or extending the elimination of use of it in city owned right of ways, medians, and utility access roads.

REPORT NARRATIVE:
Leading up to the Council's initial discussion on Glyphosate use, numerous residents had reached out to City representatives regarding the use of herbicides on City property. Most of the requests from residents were specific to eliminating the use of the herbicide Glyphosate. Multiple City Council Members had requested City staff review alternatives for the reduction in herbicide use. At that time, the City Council provided the City staff the direction to eliminate the use in City Parks and begin a trial on using alternative methods to maintain parks.

The City of Morgan Hill, through its own employees and landscape contractors, uses a variety of means to control weeds in various City owned locations. These locations include parks, medians, utility dirt access roads, and right of way (ROW) areas adjacent to streets where typically no sidewalk is present. This maintenance occurs for both aesthetic, safe accessibility, and fire protection reasons. Herbicide has long been a major component of weed abatement and Glyphosate has been the most common herbicide used because of its effectiveness. In the case of the ROW maintenance, the work is done completely for fire protection purposes and the weed abatement is performed almost completely by the spraying of Glyphosate.

Glyphosate is distributed commercially under the product name Roundup. Glyphosate was introduced commercially in 1974 and is now used in more than 160 countries. In early 2017, the California Environmental Protection Agency (CalEPA) placed glyphosate on a list of potentially harmful chemicals. The list is in accordance with State law enacted by California voters in 1986 (Proposition 65) that mandates notification and labeling of all products which the State of California has determined to potentially add to a person’s cancer risk, may cause harm to unborn children or other reproductive harm. The CalEPA list does not ban the use of chemicals but does require clear and reasonable warnings for exposures to chemicals on the State’s list under certain circumstances. The list itself includes over 1,000 chemicals, including things such as medications, alcoholic beverages, gasoline, etc.

Roundup is currently approved for use in the United States through the Environmental Protection Agency and California through the Department of Pesticide Regulation (DPR). Pesticides are currently categorized into three classifications, Caution (least toxic), Warning, and Danger (most toxic). Glyphosate has a Caution classification. The largest use of Glyphosate is in agriculture due to its use in on genetically altered crops designed to tolerate Glyphosate.

Background on City Use of Herbicides/Glyphosate

Use of herbicides within the City is managed through the Community Services Maintenance Division. The Division had utilized Glyphosate and other herbicides 1-3 times per year in park areas and the City ROW. The number of applications depends on the weather and needs of the specific area, which can cause a need to reapply. For the use of herbicides, the City is regulated by the County Department of Agriculture and the DPR. The City files reports on all use to both organizations. The City follows all federal, state and county guidelines and regulations when spraying. Use occurs both by City staff and maintenance contractors.

Over the last several years, the City has been updating its approach to herbicide use on an ongoing basis to ensure safety of staff and the public. Updates include:

- The City staff follow all guidelines and regulations, utilize all personal protective equipment, and follow all procedures outlined for each specific herbicide. Staff stay trained, up to date, and implement all new requirements immediately.
- Six years ago, the City began requiring the posting of herbicide use 72 hours prior to utilizing herbicides in any City parks or in areas near schools. Signs are removed no less than 24 hours following the application. This is not a requirement, but City staff felt it important and began implementing.
- The City does not use herbicides in or near waterways, except for organic herbicides approved specifically for this use.
- The City recently implemented a pilot program at Paradise Park eliminating the use of herbicides completely. This park was intended as a trial site to assess the possibility and costs related to eliminating the use of Glyphosate and other

herbicides in the future. The trial completed its second year this summer. In conjunction with the trial, the City has also tested two new organic alternative products to Glyphosate.

- All crews that apply pesticides are overseen by a maintenance worker on site with a valid California Pesticide Qualified Applicators Certificate (QAC), and all pesticide mixing is performed by a crew member properly trained and in possession of a valid QAC. We also assure no one is in the area of coverage while spraying which at times causes staff to wait for areas to be clear. Staff remain present until areas are safe to enter once the application is dry (as per the labels and training).
- Beginning in the Fall of 2019 Glyphosate was no longer used in park spaces, but continued to be used in City ROW and on Utility System Access Roads.

It is important to note that weed abatement is not just for aesthetics, and maintenance of the City ROW is intended for fire safety. Ensuring weeds do not reach the roadway edges is important to fire prevention. To this point should the City Council determine it would like to eliminate the use of Glyphosate in City ROW, just lowering the level of service would not be recommended.

Glyphosate Free Park Trial

Since the Fall of 2019 Glyphosate has not been used in our park spaces and a trial of alternative natural herbicides has taken place. The testing of these alternatives occurred in both the Spring of 2020 and 2021. The alternative herbicides included:

- Weed Zap – Active ingredients include Clove and Cinnamon Oil
- Avenger – Active ingredients include D-limonene (Citris Oil)
- Weed Rot – Active ingredients include Citric Acid, Sodium Lauryl Sulfate (derived from Palm Kernel Oil)
- Mirimiche Green Pro – Ammonium Nonanoate (similar to soap salts)

Unfortunately, the effectiveness for all alternative herbicides was extremely limited. For some there was zero effectiveness in killing weeds, resulting in slightly changing the weed color, but not even stopping growth. In the best cases, a limited amount of weed growth was slowed, but those weeds were not killed in entirety and began to regrow. City staff has continued to discuss alternative control methods with other agencies and reports from other agencies are that the alternative natural herbicides are ineffective.

Since the alternative herbicides proved ineffective, City staff were forced to control weeds with repeat mowing. Since this mowing is in areas next to trails and mulch areas in parks, the height of the mowing is considerably higher leaving many of the weeds to regrow quickly and require repeat mowing. This has left parks with tall weeds for much of the early part of the year, since the City has not had the resources to mow these areas regularly.

The following are a list of the impacts and comments related to the trial.

1. Increased weeds in all park areas.
    - The amount of weeds increased year over year and it is anticipated the

amount of weeds will continue to increase as weeds are more likely to reach a stage to leave seeds.
- Decomposed granite paths and ball field infields are nearly impossible to maintain in the spring without herbicides or bi-weekly manual removal.

2. Resident Comments Over Trial Period
    - Comments on herbicide use in Parks have been eliminated completely.
    - The City has received three complaints on the use of herbicides to keep utility site access roads clear.
    - The City has received regular complaints on weeds in parks not being addressed.
    - Fox Tails are a major concern for pet owners with the weeds next to parks and trails. Some pet owners have expressed frustration with the increased number of weeds and elimination of use of Glyphosate.

3. Staffing and Financial Considerations
    - City resources are not sufficient to maintain our parks using alternative methods.
    - An additional mower was rented to deal with the weed issue in City Parks. The ongoing rental cost is estimated at $3,000 to $5,500 annually for the rental or alternatively $14,000 for purchase.
    - Staff hours needed for mowing weeds in City Parks totals 414 hours annually.
    - Staff are recommending that alternative herbicides no longer be used in parks as they are ineffective and an inefficient use of staff resources.
    - A comprehensive annual mulch installation program may be the most effective way to significantly reduce weeds. If performed by contract, it is estimated at $250,000 annually for the City Parks. City staff will attempt to implement a program using arbor mulch, volunteers, and paid staff as an alternative, but the likelihood of success without increased paid full-time staff is unknown.
    - Levels of service for Assessment District Parks (which are primarily funded by contracts) will increase significantly when next put out for bid, which will result in future complaints to the Council for increased assessments or decreased levels of service.

Next Steps

City staff are planning to continue to move forward without using Glyphosate in City Parks unless provided alternative direction by the Council. At minimum, should the City continue to move forward without Glyphosate in Parks, the purchase of the new mower to reduce the ongoing cost of renting will be recommended. Additional funding resources are desperately needed to support Park Maintenance and to ensure service levels are not declining year over year. However, it is understood there are significant other unfunded General Fund needs and City staff will continue to try and identify ways to support improved maintenance with lower resources, while focusing on safety in our parks.

COMMUNITY ENGAGEMENT: Inform/Consult
City staff have been in communication with multiple members of the public on this issue. This report summarizes the information on the City's use of herbicides and provides for the City's future planning.

ALTERNATIVE ACTIONS:
It is anticipated the City Council may provide further direction to staff on the use of herbicides and Glyphosate in parks. Based on this direction City staff will outline alternatives for increased funding for maintenance and/or reductions in service levels. The Council could also provide direction to begin allowing the use of Glyphosate again.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The Council last discussed this item on September 19, 2019 and provided direction for the City staff to begin eliminating the use Glyphosate in parks immediately. The Parks and Recreation Commission is scheduled to review this topic at its May 18 meeting. Any recommendations from the Commission will be provided to the Council as a supplemental item.

FISCAL AND RESOURCE IMPACT:
There is no fiscal impact associated with this report. Based on Council direction, additional adjustments for the FY 2021/22 Budget may be required. Significant fiscal and resource impacts are associated with the reduction of the use of herbicides by the City. Additionally, it should be noted that service levels and the quality of Park Maintenance continues to drop.

CEQA (California Environmental Quality Act): Categorical Exemption
The planned maintenance and management of city facilities falls within the CEQA categorical exemption of Class 1, Existing Facilities.

LINKS/ATTACHMENTS:
1. 07 Presentation

CITY OF MORGAN HILL

Morgan Hill City Council Meeting – May 26, 2021

USE OF GLYPHOSATE IN CITY MAINTENANCE ACTIVITIES

CITY OF MORGAN HILL

Background

- Council directed staff to eliminate the use of Glyphosate in City owned Parks in 2019
- Two Year trial effort in this area is now complete
- Glyphosate is still used in maintenance of Right of Way Areas and Utility Access Roads

CITY OF MORGAN HILL

Trial Results

- Used four different organic chemicals to try and control weeds. None were effective.
- City Staff is not recommending the use of alternate chemicals in the future as they take significant time to use and provide minimal weed control.

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Trial Results

- Increased weeds in all areas
- Increased resident complaints on weeds, largest concern is foxtail control
- Difficult to maintain areas, baseball infields and decomposed granite paths

CITY OF MORGAN HILL

Trial Results

- Weeds will get progressively worse year over year

- Very few resident complaints on herbicides

- Significant extra staff time in weed management (mowing), meaning reduced staff time for other Park Maintenance Activities

CITY OF MORGAN HILL

Options

- City staff need more resources to manage weeds in Parks without Glyphosate (414 hours) and a new mower ($14,000), which will still provide a lower level of service
- Contract comprehensive annual mulch installation ($250,000)
- Arbor mulch (free) and attempt to use existing resources and volunteers to support (potential service reductions in other park areas)

CITY OF MORGAN HILL

Recommendation

- New mower ($14,000)
- Utilize arbor mulch (free) and attempt to use existing resources and volunteers to support
- Look to increase Park Maintenance resources in the future when fiscally able, should Council prioritize
- Continued degradation of park maintenance levels

CITY OF MORGAN HILL

Questions?

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: May 26, 2021

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

DEVELOPMENT OF A TEMPORARY DOWNTOWN DOG PARK AT FORMER COMMUNITY GARDEN SITE

RECOMMENDATION(S)
Provide direction to City Staff on Parks and Recreation Commission proposed temporary Downtown Dog Park.

COUNCIL PRIORITIES, GOALS & STRATEGIES
Ongoing Priorities
Supporting Our Youth
Seniors
and Entire Community

GUIDING DOCUMENTS
Bikeways
Trails
Parks
and Recreation Masterplan

POLICY CONSIDERATIONS:
Should the Council consider expending fiscal and staff resources on a temporary dog park that will need to be relocated in less than two years and may have compatibility issues with the future planned third Fire Station?

REPORT NARRATIVE:
The Parks and Recreation Commission has established the creation of additional dog parks in existing or new park spaces within their FY20/21 Work Plan, which was approved by the City Council. City staff has worked in coordination with Commissioners on the identification of potential areas. One such area identified by the Commission is the former Community Garden site located on Butterfield Blvd between the Court House and Morgan Hill Caltrain Station parking lot (Attachment 1).

Commissioners have worked with City staff to develop a concept plan/layout (Attachment 2) and to identify costs associated with constructing the lot, including what can be done via volunteers. This is currently not an approved project, and the City has no funding allocated to the project, so all work has been exploratory to this point.

The site appears to be a good location based on the existing facility and could be transformed quickly with mulch into a usable dog park. Reducing the costs would require significant work to be performed by volunteers.

Capital Costs	Ongoing Costs	Volunteer Work
Water Service Trash Cans Dog Waste Stations Signage Fencing Repairs Decomposed Granite Path and Boarders	Water Service Dog Waste Bags Trash can emptying	Remove Weeds Remove Debris/Litter Mulch Spreading

Should the Commission be successful in gathering volunteers the estimated capital costs would be approximately $30,000 while operating costs would be approximately $1,000 per year. This funding is not included in the current budget from the capital perspective.

While the Commission is recommending moving forward with the temporary Dog Park, staff are not. The primary concern of City staff is the future requirement to use the space for a Fire Station and finish construction of the Fire Station by mid-2024. This requirement is based on the settlement agreement associated with transferring the property to the City at the dissolution of the former Redevelopment Agency. The concerns are outlined below:

- Constructing a park that may not be able to remain on the site permanently due to the future construction of a Fire Station may frustrate residents/users.
- Should design of the site prove that a dog park could feasibly remain on the site, the Fire Department still has compatibility concerns with a dog park being located directly adjacent to a Fire Station.
- A dog park in the proposed location would need to be closed for Fire Station construction beginning Spring/Summer 2023 at the latest, leaving it open for less than two years.
- City staff resources to implement the construction of a temporary Dog Park.

It is anticipated that the Fire Station construction schedule will run as follows.

June 1, 2021	RFP for Design Release Date
November 1, 2021	Contract Awarded for Design/Begin Design
January 1, 2023	Design Complete/Project Out to Bid
May 1, 2023	Project Awarded/Construction Commences

The City must move the Fire Station Project forward at a pace that allows for appropriate design as a vital public safety facility for the City. It is understood that the entire site will not be needed for the station, but it is still unknown the ultimate space needs for the final footprint of the Station or the space needed for construction.

City Staff and the Parks and Recreation Commission discussed multiple alternatives to support near term and long-term dog park development. These alternatives include the following:

- Asking architects to include the design of a permanent dog park on the property adjacent to the Fire Station. This would allow for the proposal to be reviewed in conjunction with the Fire Station.
- Continuing to identify and look at sites near and around the Downtown for a dog park.
- Reviewing existing parks for the possibility of converting portions of park space to temporary trial dog parks.

City staff highly recommend moving forward with these alternatives.

COMMUNITY ENGAGEMENT: Involve
The Parks and Recreation Commission is working towards finding new locations for dog parks as was outlined in the 2017 Parks and Recreation Master Plan, which included citywide engagement on Parks and Recreation Planning. The Commissioners have taken the lead on moving this initiative forward. The proposed action has been discussed at multiple Parks and Recreation Commission meetings.

ALTERNATIVE ACTIONS:
City Staff is not recommending moving forward with a temporary dog park at this time due to the considerations outlined in the staff report. Alternatively, the City Council could elect to direct staff to move forward with a temporary dog park on the former Community Garden site. If the Council makes this recommendation the City staff would return to the Council to share the next steps in site development and request the appropriation for capital and operational funding.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The Commission made the recommendation to construct a temporary downtown dog park at the April 20 Parks and Recreation Commission meeting. The Commission Work Plan, which included the item to research opportunities for the creation of additional dog parks in existing or new park spaces, was approved by the Council on November 4, 2020.

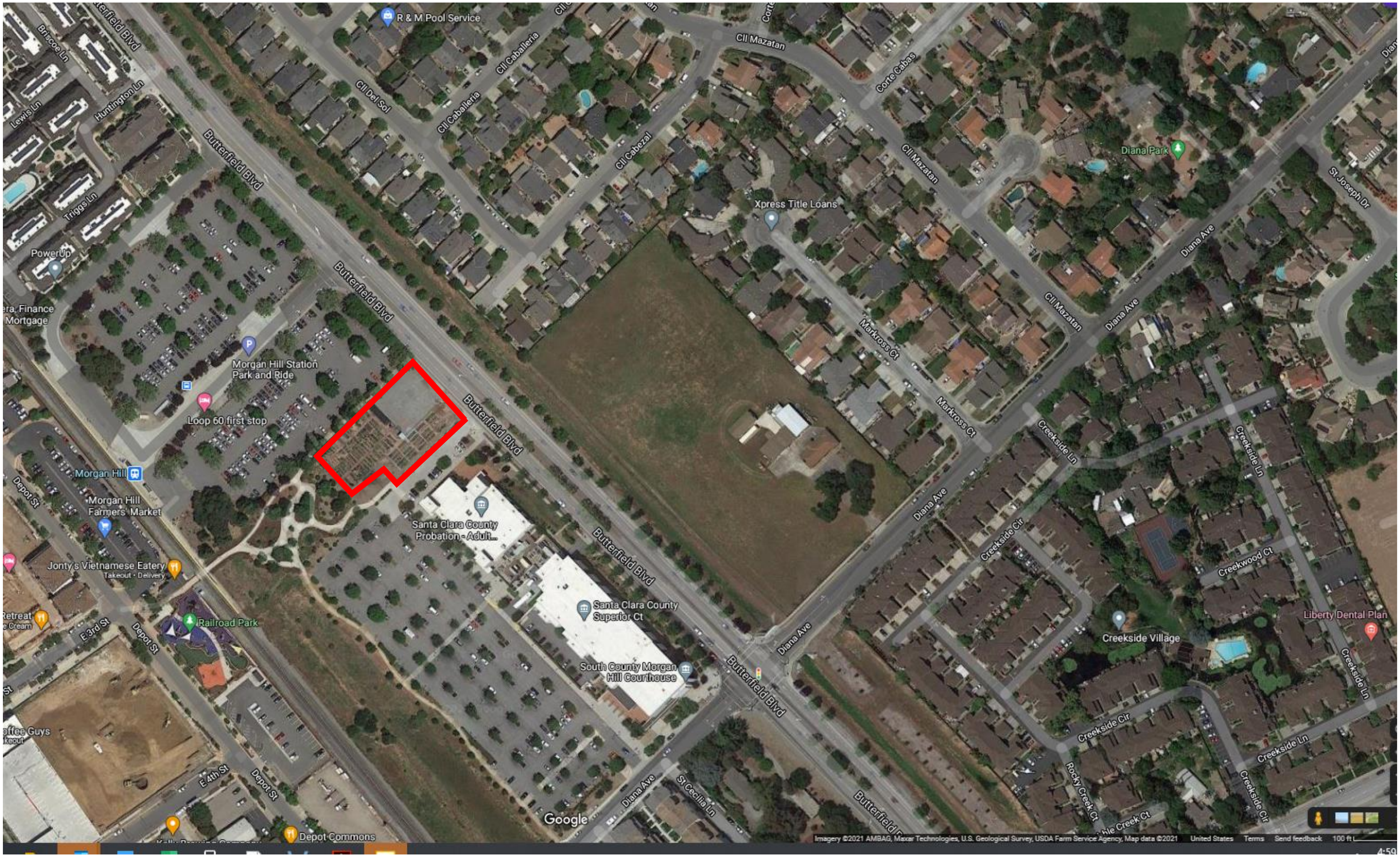
FISCAL AND RESOURCE IMPACT:
There is no fiscal impact associated with the City staff recommendation. The recommendation from the Parks and Recreation Commission would require approximately $30,000 in capital funding and $1,000 in annual funding. It would also require very significant staff resources from the Community Services Department over the next several months.

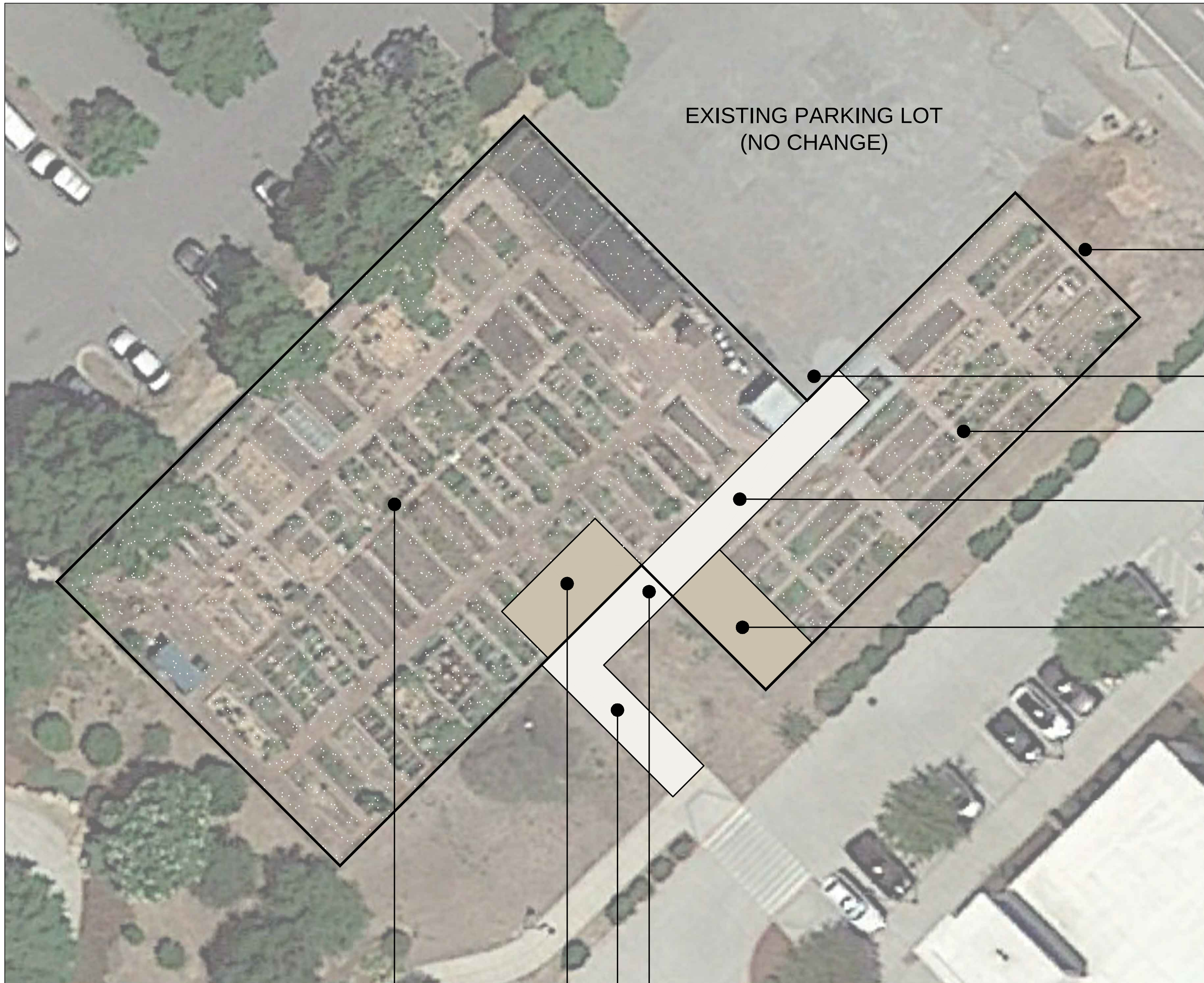
CEQA (California Environmental Quality Act): Categorical Exemption
The planned use and management of existing park space within city facilities falls within the CEQA categorical exemption of Class 1, Existing Facilities.

LINKS/ATTACHMENTS:
1. Site Location

2. Proposed Site Layout
3. Staff Presentation

Site Location





REPAIR EXISTING C.L. FENCE AS NEEDED ±700 LF

INSTALL NEW GATE

SMALL DOG OFF-LEASH AREA (±4,000 SQFT)

GATED STAGING AREA WITH GATE INTO EACH DOG PARK (CONCRETE) ±650 SQFT

SITTING AREA (DECOMPOSED GRANITE) (±500 SQFT)

LARGE DOG OFF-LEASH AREA (NATURAL GRADE) ±13,000 SQFT

SITTING AREA (DECOMPOSED GRANITE) ±500 SQFT

INSTALL/REPAIR GATE

INSTALL 7'CONCRETE PATH FROM EXISTING RAMP TO NEW STAGING AREA (TO BE ADJUSTED OR RE-DESIGNED AS NEEDED TO MEET ADA REQUIREMENTS) ±650 SQFT

NOTES

1. INSTALL AUTOMATIC WATER DISHES IN EACH DOG PARK AT EXISTING SERVICES
2. EXISTING CARGO BOX TO REMAIN

NOTES
1. IMAGERY DEPICTED HEREIN IS FROM OTHERS, C. 2019
2. SCALE IS APPROXIMATE

N

DATE: 1/5/2021
SCALE: 1"=30'

CONCEPTUAL SITE PLAN

BUTTERFIELD
OFF-LEASH DOG PARK

CITY OF MORGAN HILL

DEVELOPMENT OF A TEMPORARY DOWNTOWN DOG PARK AT FORMER COMMUNITY GARDEN SITE

May 26, 2021

CITY OF MORGAN HILL

Background

- PRC Work Plan includes looking for new additional Dog Park sites
- Commissioners Identified the former Community Garden Site
- Garden was relocated in anticipation of future **required** Fire Station construction

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Site Location

CITY OF MORGAN HILL

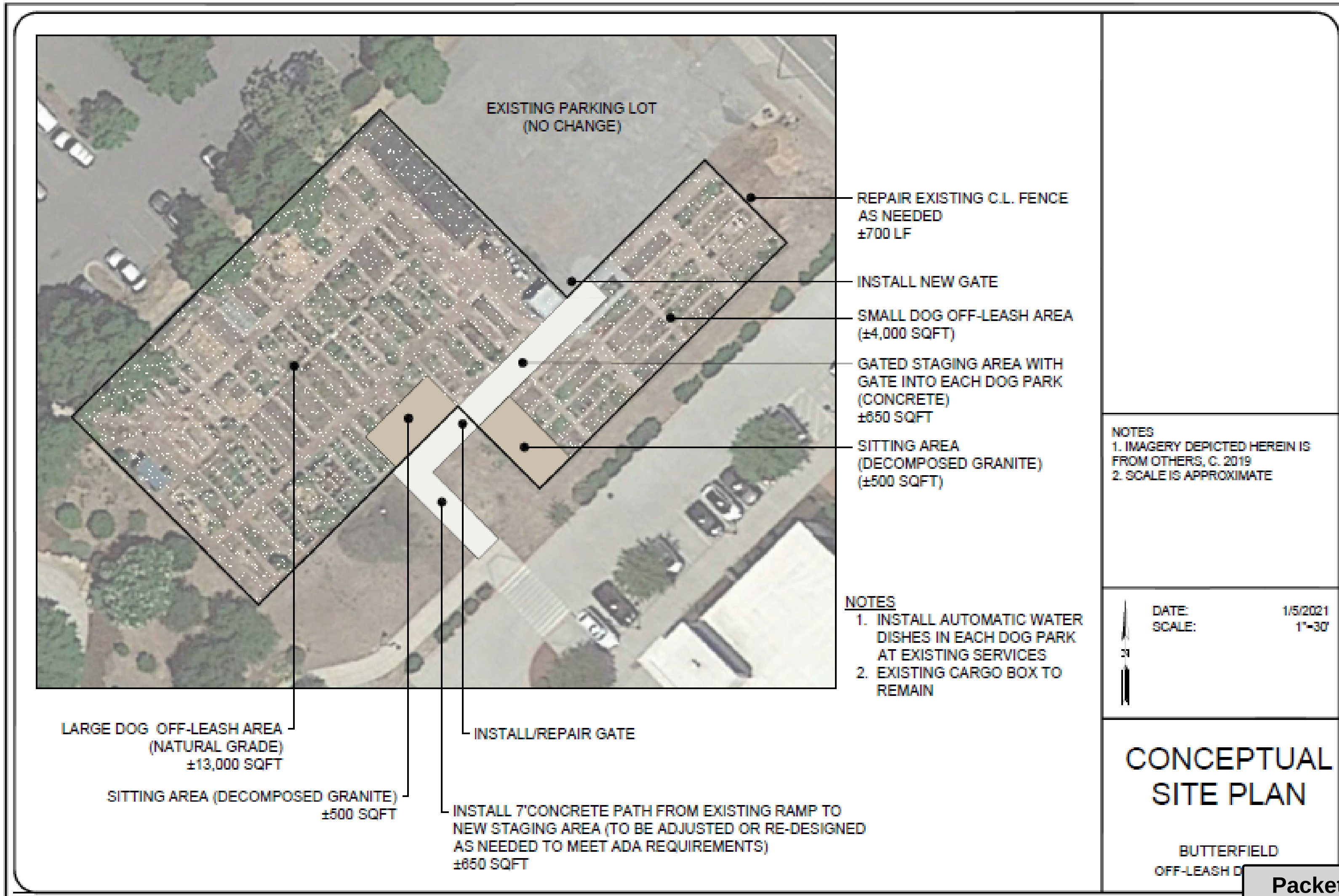
PRC Recommendation

- Appropriate $30,000 at mid-cycle for temporary Dog Park (one time costs/General Fund)
- $1,000 Annually for operating
- Construction and ongoing maintenance will rely on volunteers
- Park would remain in place for approximately 21 months

CITY OF MORGAN HILL

PRC Recommendation

Site Plan



CITY OF MORGAN HILL

Staff Recommendation

- City Staff is not recommending moving forward with the temporary park at this time.

- **Constructing a park that may not be able to remain on the site permanently due to the future construction of a Fire Station may frustrate residents/users.**

- **Should design of the site prove that a dog park could feasibly remain on the site, the Fire Department still has compatibility concerns with a dog park being located directly adjacent to a Fire Station.**

- **A dog park in the proposed location would need to be closed for Fire Station construction beginning Spring/Summer 2023 at the latest, leaving it open for less than two years.**

- **It will take City staff resources to implement the construction of a temporary Dog Park.**

Staff Recommendation

- Include analysis of Dog Park at the site with Fire Station Design (beginning this summer)

- Continue to review sites for dog parks in other City Parks with the PRC

CITY OF MORGAN HILL

Questions?

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: May 26, 2021

PREPARED BY: Monica Delgado, Budget Manager
APPROVED BY: City Manager

ADOPT FISCAL YEAR 2020-21 AND 2021-2022 MID-CYCLE BUDGET AMENDMENTS AND RESOLUTION AND THE MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEES RESOLUTION

RECOMMENDATION(S)

1. Adopt resolution:
    a. Authorizing changes to the adopted Fiscal Year (FY) 2020-2021 and 2021-22 City of Morgan Hill Operating and Capital Improvement Budget, including appropriation of American Rescue Funding; and
    b. Adopting the FY 2021-22 Appropriations Limit and Appropriations Limit Adjustment Factors;
2. Accept a grant of $450,000 from Destination Home to develop and advance the local implementation of the Community Plan to End Homelessness;
3. Authorize the City Manager to execute and administer the Destination Home grant agreement;
4. Approve the American Federation of State, County, and Municipal Employees Local 101, District Council 57 (AFSCME) salary schedule;
5. Adopt the Management, Professional, and Confidential Employees Resolution and corresponding salary schedule effective July 1, 2021; and
6. Adopt resolution to declare a climate emergency.

COUNCIL PRIORITIES, GOALS & STRATEGIES

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 Equity
Diversity and Inclusiveness
Advancing Regional Initiatives
Advocating for Local Control

2020-2021 Strategic Priorities
Community Outreach
Engagement and Messaging
Economic Development
Fiscal Sustainability
Affordable Housing and Homelessness
Transportation

GUIDING DOCUMENTS

Bikeways
Trails
Parks
and Recreation Masterplan
Economic Blueprint
Fire Services Standards of Coverage
Morgan Hill 2035 General Plan
Public Safety Master Plan
Storm Drain Master Plan
Vision Zero
Water System Master Plan
Wastewater System Master Plan

REPORT NARRATIVE:
On June 17, 2020, the City Council of the City of Morgan Hill approved the biennial Operating Budget for Fiscal Year (FY) 2020-21 and 2021-22 and the Capital Improvement Program (CIP) for FY 2020-21 through 2025-26. The budget was subsequently amended via budget adjustments, including carry over of encumbrances and re-appropriation of funds for unpaid obligations and unfinished projects, from time to time, throughout the year.

The implementation of a biennial budget, which is a 24-month operating budget with appropriations allocated for each year, demonstrates a commitment to improve the City's long range and strategic planning efforts. It also provides efficiencies in the second year of the budget by reducing the time dedicated to budget production, thus allowing more time for validation efforts.

Federal Government Fiscal Stimulus
In response to the COVID-19 public health emergency, the federal government enacted a number of policies to provide fiscal stimulus to the economy and relief to those affected by this global disaster. In addition to the fiscal stimulus, the Federal Reserve has also taken a series of substantial monetary stimulus measures to complement the fiscal stimulus.

<u>First Stimulus and Relief Package</u>: The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which was signed into law on March 27, 2020 appropriated $2.3 trillion for many different efforts, including:

- One-time direct cash payment of $1,200 for individuals
- Additional unemployment benefits of $600 per week
- $500 billion in government lending to companies affected by the pandemic
- $367 billion in loans and grants to small businesses through the Paycheck Protection Program (PPP) and expanded Economic Injury Disaster Loan (EIDL) program
- $130 billion in funding for hospitals and health care providers

- $60 billion in funding for school and universities
- $150 billion in funding for state and local governments. Note that this funding is for big metropolitan cities with population over 500,000. The City of Morgan Hill received about $570,000 pass-through the state versus over $200 million for the City of San Jose. The City used the CARES Act money for emergency paid sick leave, personal protective equipment (PPE) for teammates and supplies for sanitation in public spaces as well as purchase of IT software and equipment to improve telework capabilities. In addition, at the start of the pandemic, the City of Morgan Hill embarked on an economic recovery plan to support our businesses and community. See attachments L and M describing the efforts.

A supplemental stimulus package was signed into law on April 24, 2020, which appropriated an additional $484 billion, mostly to replenish the PPP and the EIDL, as well as additional funding for hospital and COVID-19 testing.

Second Stimulus and Relief Package: Consolidated Appropriations Act was signed into law on December 21, 2020 which appropriated $900 billion for various efforts, including:

- Direct cash payment of $600 for individuals
- Expanding unemployment benefits
- $325 billion in funding for small business loans including $284 billion in forgivable PPP loans, $20 billion for EIDL grant for businesses operating in low-income areas
- $45 billion for transportation funding
- $69 billion to public health measures including $22 billion in aid to states for testing and tracing
- $82 billion in education funding
- $25 billion in emergency rent assistance

American Rescue Plan Act (ARPA)

On March 11, 2021, President Biden signed into law the $1.9 trillion COVID-19 relief package - the American Rescue Plan Act. This is the third major stimulus and relief package signed into law in response to the COVID-19 public health emergency. Key funding from ARPA includes:

- Direct cash payment of $1,400 for individuals
- Increase maximum child credit
- Extending unemployment benefits
- $169 billion in funding for schools and higher education
- $45 billion in funding for public transportation and airline industry

- $25 billion for emergency rental assistance
- $25 billion for the Small Business Administration to make grants for "restaurants and other food and drink establishments"
- Funding for child care
- $7.25 billion in additional PPP funding
- $350 billion in emergency funding to the states, local, territorial, and tribal governments

The funding to the states, local, territorial, and tribal governments, *Coronavirus State and Local Fiscal Recovery Funds*, provides a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

The Federal Treasury expects to distribute these funds directly to each state, territorial, metropolitan city, county, and Tribal government. Local governments, such as Morgan Hill, that are classified as non-entitlement units, and generally have populations below 50,000, will receive this funding through their applicable state government. Local governments should expect to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered 12 months later. For non-entitlement units, Treasury will distribute the funds to the States to distribute to non-entitlement units within 30 days. The state may not impose stricter limitations than permitted by statue or Treasury regulations or guidance on a non-entitlement unit on the use of fiscal recovery funds. It is important to note that this is the first and the largest ever fiscal assistance that the federal government has ever sent to all eligible cities and towns as it acknowledged the immense public health and economic needs created by the global health pandemic.

The City of Morgan Hill expects to receive approximately $8.65 million in fiscal recovery funds. This funding must be fully expended by December 31, 2024. It is important to note that the fiscal recovery funds are one-time money rather than a structural, ongoing resource.

Based on the US Department of Treasury's recently released guidelines for the *Coronavirus State and Local Fiscal Recovery Funds*, (see Attachment D as well as summarized factsheet issued by the League of CA Cities, see Attachment E) recipients may use these funds to:

1) **Support public health expenditures**, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
2) **Address negative economic impacts caused by the public health emergency**, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
3) **Replace lost public revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;

4) **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5) **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

The ARPA also specifies two ineligible uses of funds:

1) States and territories may not use this funding to directly or indirectly offset a reduction in net tax revenue due to a change in law from March 3, 2021 through the last day of the fiscal year in which the funds provided have been spent.
2) No recipient may use this funding to make a deposit to a pension fund.

In addition to the two specified ineligible uses above, the fiscal recovery funds are also subject to pre-existing limitations provided in other Federal statues and regulations and may not be used as non-Federal match for other Federal programs whose statue or regulations bar the use of Federal funds to meet matching requirements.

As illustrated in the table 1 below, the City's revised actual and estimated revenue loss caused by the pandemic amounted to $17.3 million through FY 2021-22. The revised actual and estimated revenue loss is slightly better than staff projected during the current biennial budget development in the early days of the pandemic of $17.9 million as illustrated in table 2.

Table 1 – Revised Actual and Estimated Revenue Loss

Revenue Type (Amount in Millions)	Actual FY 19-20	Estimated FY 20-21	Estimated FY 21-22	Total
Property Tax	$ (0.1)	$ -	$ -	**$ (0.1)**
Sales tax	(0.6)	(0.4)	-	**(1.0)**
Recreation	(2.0)	(4.6)	(3.4)	**(10.0)**
Hotel Tax (TOT)	(0.8)	(1.8)	(1.3)	**(3.9)**
Development Services (Fund 206)	(0.9)	(0.9)	(0.5)	**(2.3)**
Other (Gas Tax, Transfer Tax, etc.)	-	-	-	**-**
Total	**$ (4.4)**	**$ (7.7)**	**$ (5.2)**	**$ (17.3)**

Table 2 – Previous Estimated Revenue Loss

Revenue Type (Amount in Millions)	Estimated FY 19-20	Estimated FY 20-21	Estimated FY 21-22	Total
Property Tax	$ (0.1)	$ (0.1)	$ (0.6)	**$ (0.8)**
Sales tax	(1.5)	(2.4)	(1.6)	**(5.5)**
Recreation	(2.1)	(2.2)	(1.1)	**(5.4)**
Hotel Tax (TOT)	(0.9)	(1.3)	(0.3)	**(2.5)**
Development Services (Fund 206)	(1.2)	(1.5)	(0.5)	**(3.2)**
Other (Gas Tax, Transfer Tax, etc.)	(0.2)	(0.2)	(0.1)	**(0.5)**
Total	**$ (6.0)**	**$ (7.7)**	**$ (4.2)**	**$ (17.9)**

The revised actual and estimated revenue loss of $17.3 million is still expected to be double the $8.65 million in fiscal recovery funds that the City expects to receive. It is important to note that the City has broad latitude to use this funding to support government services, up to the amount of lost revenue. In other words, the City can deposit the fiscal recovery funds into the General Fund reserve. However, staff is recommending using the fiscal recovery funds to reinstate many of the programs that were eliminated during the deliberations/adoption of the FY 2020-21 and 2021-22 budget. The list of programs and services that staff recommends to reinstate, as well as initiate with the use of ARPA funds, is itemized in Attachment B.

As illustrated in Attachment B, the total proposed usage of fiscal recovery funds through FY 2024-25 amounts to $9.9 million, exceeds the $8.65 million in the amount that the City expects to receive. Of the $9.9 million, about $7.4 million is to restore and reinstate programs and services such as Animal services, Citizens Police Academy, Explorer training, National Night Out, Parent Project and Reserve Officers as well as staffing levels that were cut as the City tried to balance its budget due to the negative fiscal impacts from the COVID-19 pandemic. The remainder of approximately $2.5 million is for new programs and services such as climate action, downtown economic revitalization, upgrading of audiovisual equipment to meet the hybrid meeting model as well as funding of new enterprise resource program software to improve efficiency and effectiveness of City's customer service and business processes.

Mid-Cycle Recommendations

General Fund - Revenue

Property Tax

The most recent County's Property Tax estimate for Morgan Hill, excluding the property transfer tax, is $15.4 million for fiscal year 2020-21, higher than budget by roughly $1.8 million, mainly attributed to higher receipts of excess Educational Revenue Augmentation Fund (ERAF) and former Redevelopment Agency residual distribution as a result of bond refunding savings. Excess ERAF is the money that is returned to the cities, counties, and special districts after schools reach their state-mandated thresholds. For fiscal year 2021-22, the revised estimate is about $1.7 million higher than prior forecast all due to higher ERAF revenue.

Sales Tax

Based on the latest projection from HdL, the City's sales tax consultant, sales tax revenue before rebates for the current fiscal year is projected to be approximately $10.2 million, approximately $2.0 million higher than budget. The increase is partially due to the opening of the Chrysler Dodge dealership as well as continued strength in certain segments such as autos/transportation and the County pool. As consumers continue to shift more toward online spending, which further accelerated due to the COVID-19 pandemic, robust growth in this segment has resulted statewide. For fiscal year 2021-22, the revised estimate is about $1.7 million higher than prior forecast due to the aforementioned reasons as well as expected return of normal activities.

Transient Occupancy Tax (TOT) and Recreation Services
Increases in sales tax and property tax are being offset by reductions in TOT and recreation services revenue. Recreation services revenue is expected to recognize an additional revenue loss of approximately $2.3 million or $1.6 million net of cost savings in fiscal year 2021-22, bringing the estimated total revenue loss for the fiscal year from the pandemic to $3.4 million. This is in addition to the estimated total revenue loss for the program of about $4.6 million for the current fiscal year 2020-21.

TOT is projected to come in about $0.5 million less than the already reduced budget for the current FY 2020-21 and $1.0 million less in FY 2021-22, bringing the estimated revenue loss for TOT for FY 2020-21 and FY 2021-22 from the pandemic to $1.8 million and $1.3 million, respectively. This is in addition to $0.8 million TOT revenue loss incurred in prior FY 2019-20.

Proposition 56 Tobacco Grant Adopted by Council March 17, 2021
The Morgan Hill Police Department received a grant award from the California Department of Justice (DOJ) for the Proposition 56 – Tobacco Grant Program. The intent of this grant is to reduce and prevent the use of tobacco products among youth, teens, and our community at large. These include cigarettes, vape pens, and electronic cigarettes using flavored tobacco products. The grant total is $431,728 to be expended over two fiscal years from FY 2021-22 through FY 2022-23.

Countywide Solid Waste Program Administration Adopted by Council March 3, 2021
The concept of the new program was adopted by Council on March 3, 2021. The midcycle recommendations are to approve the program budget for FY 2021-22. The projected annual cost to administer the program is approximately $325,000, which will be covered by the Countywide funds transferred to the City on a quarterly basis.

Destination: Home SV Grant
Destination Home awarded Morgan Hill a $450,000 grant for capacity building for a period of 3 years ($150,000 per year). It will allow the City to fund a position that will serve as a direct liaison to our unhoused residents, the community, and the County. The grant will provide capacity building for the Housing Division by providing funding for a temporary Homeless Specialist and the opportunity to elevate the Housing Manager position to a Director level to recognize the increased scope of work required by the grant.

The grant will aid in developing and advancing the “local” implementation of the Community Plan that:

1. Addresses the root causes of homelessness through system and policy change;
2. Expands homelessness prevention and housing programs to meet the need;
3. Improves quality of life for unsheltered individuals and creates healthy neighborhoods for all.

See Attachment C for additional information on the grant.

General Fund – Expenditures

Public, Educational and Governmental (PEG) Access Channel 17
Pursuant to Section 611 of the Communications Act, local franchising authorities may require cable operators to set aside channels for public, educational, or governmental ("PEG") use. Cable operators are also required to make a payment of 1% of their cable revenues (PEG payment) to the City to support access facilities.

Governmental access channels are used for programming by local governments. In most jurisdictions, the local governments directly control these channels. As the equipment for cablecasting the meetings is aging, staff is now recommending implementation of a formal equipment replacement plan which includes $10,000 in funding annually. In addition, since cablecasting information related to emergencies is likely to best originate from the Police Facility, funding from the PEG payments will be used to set up and support a remote cablecasting and streaming studio at the Police Facility.

Downtown Traffic Calming and Monterey Road Lane Reduction
City Council directed staff to engage engineering and design consultants to support the design of an Improved Lane Reduction Program and associated Place Branding Design for the Downtown in the mid cycle budget adjustments. Future costs for the program of $300,000 have been included in the ARPA list and will be adjusted based on the ultimate project scope after design and cost estimates are established. Grant funding of approximately $95,000 has been identified and will be brought to Council once approved by the granting agencies.

Climate Action Plan
Given the interest expressed several months ago by the Council in adopting a Climate Action Plan, staff is recommending a modest budget amendment that would enable staff to develop a focused Climate Action Plan during FY 2021-22. By focusing on the big issues that promise to make the biggest climate impact and by also emphasizing a streamlined annual emissions inventory, a focused Climate Action Plan will enable staff to do the most within the City’s pool of resources.

The City was presented with a Climate Emergency Resolution at the May 19, 2021 City Council meeting by the Morgan Hill Youth Climate Action Team. Staff has reviewed the resolution and prepared an edited alternative resolution that preserves the major sentiments and goals of the resolution, while being more consistent with the City's plans and resources and avoiding making declarations that the City may not be able to live up to. If the Council is supportive of a Climate Emergency Resolution, staff recommends adoption of the alternative resolution. Both versions have been included as a supplement to this report (Attachments J and K).

Development Services Fund – Expenditures
Additional resources of $150,000 for contractual services are recommended to manage the state-mandated stormwater management as well as assist with the transition of stormwater oversight to Land Development Engineering.

Various Funds

Asset Seizure Fund
Staff is recommending a one-time $40,000 appropriation to purchase new gas masks for the Police Department. Our current gas masks are obsolete, and we can no longer buy filters for them. A gas mask is necessary Personal Protective Equipment (PPE) for our Police Officers.

Public Art
The City received a $69,000 contribution to the public art fund this year in the form of a Residential Development Control System (RDCS) commitment. Staff is recommending additional appropriations for repair work for art pieces throughout the City, including Waiting for the Train, the Spider, and Never Forgotten, for a total of $23,500. Here is the link to the Library, Culture, and Arts Commission's May 4, 2021 staff report.

Sewer Plant Expansion
Based on the last South County Regional Wastewater Authority (SCRWA) Board Meeting on Wednesday, May 5, 2021, whereas the Board approved the award of contract for the treatment plant expansion, staff is recommending an additional appropriation of $8.0 million for the Plant expansion. This additional appropriation is not a project cost increase, but rather pushes up the timing of the project compared to the budget. The City's share of the project cost is still anticipated to be within the project's approved funding of $31.5 million in the adopted FY 2020-26 CIP.

General Liability Insurance Fund
Staff is recommending replenishing the general liability insurance fund to make up for the 36% increase in the City's annual premium as well as the holiday that was given to all contributing departments to help balance the budget and reduce the financial impacts of COVID-19.

Information Services
The Council Chambers and a few conference rooms in the City need enhanced technology to have the ability to run hybrid public and internal meetings, with both in-person participation as well as virtual participation from the public. Staff is

recommending an additional appropriation of $200,000 in the Information Services Fund 730 to complete this project.

GIS
Staff is recommending reinstating part-time temporary help (GIS Intern) to assist with the ongoing demands of the GIS function with an annual cost of $11,500. The funding for this position was previously eliminated to help balance the budget because of the COVID-19 pandemic.

Personnel Costs
To remain competitive and address concerns related to compaction within salary schedules, retention, and recruitment, staff is recommending reinstating a 3.25 percent cost of living adjustment (COLA) prospectively for all positions within the un-represented group, consistent with the increases provided to the represented groups last year. In addition, the adjustments include reinstating increases for part-time temporary teammates and recognition of a more realistic forecast in employee services in the out years. Professional staff within these groups gave up the COLA last year to help the City address the fiscal impacts from the COVID-19 pandemic. Management, Professional, and Confidential Employees Resolution is included in the agenda materials as Attachment F.

Personnel Changes
- City Manager's Office

  Eliminate funding for the Assistant to the City Manager position. Move the Program Administrator to the City Manager's Office. With the savings from the decrease in time spent on Environmental Services by the Program Administrator, create a new position, Environmental Services Administrator within the Management, Professional, and Confidential Employees Resolution.
- Police Department

  Eliminate funding for the Police Analyst position. Use this savings to create a new position, Police Administrative Manager within the Management, Professional, and Confidential Employees Resolution.
- Housing Division

  Add 1.0 Full Time Equivalent (FTE) Homeless Specialist position within the AFSCME unit and reclassify Housing Manager to Housing Director. Funding will come from the Destination: Home SV grant.
- Community Services and Engineering and Utilities Consolidation to Public Services Department

  Since 2017, the Community Services and Engineering and Utilities Departments have been under the guidance of the Public Services Director. Staff is recommending the Departments be consolidated into one, known as the Public Services Department. This will enable easier standardization of Department policies, coordination of work, and better understanding of working relationships. This transition will occur over then next year with input from Department personnel.
  - Change title of Fiscal and Policy Analyst to Public Services Administrative Manager.

- Add 1.0 FTE Utility Worker I/II to address new requirements for USA Locate reporting and locating for storm drains, city owned fiber, street lighting and traffic signals.
- Reclassify Maintenance Worker II to Senior Maintenance Worker to address increased service demands

- Economic Development

  Restore funding for 1.0 FTE in Economic Development. Based on the outcome of the recruitment, position will either be at a Director or Manager level. If a Director is chosen, then existing Economic Development Manager position will be reclassified to Economic Development Coordinator.

2021 Infrastructure Update Report

Included as Attachment H is the 2021 Infrastructure Update Report. This report is intended to provide an overview of the numerous issues the City is facing in relation to maintaining various areas of infrastructure. In particular, the service levels and funding considerations are reviewed. The report has been amended and updated from the 2020 report based on new/updated information, changes in funding, and changes in maintenance practices. However, the report format and material are very similar to the report provided in past years. Major changes include:

- Updates on herbicide use in parks and impacts
- Updated Pavement Management Data
- Updated General Fund Contributions to Pavement Rehabilitation

COMMUNITY ENGAGEMENT: Involve

The biennial budget was adopted on June 17, 2020, following a budget workshop and public hearing.

May 15, 2020 City Council Budget Workshop (YouTube video)

April 30, 2020 Community Budget Meeting Video (YouTube video)

April 22, 2020 City Council Budget Introduction staff report and presentation and meeting video (YouTube video)

ALTERNATIVE ACTIONS:

The City Council could choose to approve only some or none of the recommended actions.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The biennial budget was adopted on June 17, 2020, following a budget workshop and public hearing. Monthly budget reviews have been provided throughout the fiscal year.

FISCAL AND RESOURCE IMPACT:

The recommended changes to expenditures for the FY 2020-21 and FY 2021-22 adopted budget total $50,000 in FY 2020-21 and $12,562,388 in FY 2021-22 as detailed in Attachment A.

CEQA (California Environmental Quality Act):
Not a Project - Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:
1. Attachment A - Summary and Detail Listing of Proposed Budget Changes
2. Attachment B - Proposed Use of ARPA Funds
3. Attachment C - Destination Home memo plus Award Letter
4. Attachment D - Treasury Department - Interim Final Rule for Fiscal Recovery Funds (web link)
5. Attachment E - League of CA Cities - Fiscal Recovery Funds Fact Sheet
6. Attachment F - Management Reso Plus Salary Schedule
7. Attachment G - AFSCME 2019-2021 Salary Schedule
8. Attachment H - 2021 Infrastructure Update Report
9. Attachment I - FY 21-22 Budget Update Resolution
10. Attachment J - Original Climate Change Resolution
11. Attachment K - Proposed Climate Change Resolution- REDLINE
12. Attachment L - Morgan Hill COVID-19 Economic Recovery Plan (web link)
13. Attachment M - Morgan Hill Economic Recovery Efforts
14. Attachment N - Adopted Budget (web link)

Summary of Proposed Changes FY 2020-21

Fund	FY 2020-21 Amended	FY 2020-21 Recommended	FY 2020-21 Change	Description of Change
Revenue				
010 - General	$ 39,812,650	$ 44,637,150	$ 4,824,500	Recognize 1st installment of ARPA dollars plus an increase in Property Tax and Sales Tax revenue. Decrease in TOT and Recreation Services.
308 - Street CIP	2,571,010	3,321,010	750,000	Restore annual contribution from the General Fund
760 - Unemployment Insurance Fund	102,463	302,463	200,000	Replenish Unemployment Insurance Fund
795 - General Liability Insurance Fund	877,248	1,477,248	600,000	Replenish General Liability Insurance Fund
Total Revenue	$ 43,363,371	$ 49,737,871	$ 6,374,500	
Expenditures				
010 - General	$ 44,051,502	$ 43,825,502	$ 226,000	Restore General Fund annual contribution to Street CIP and replenish Unemployment Insurance and General Liability Insurance Funds. Offset by additional cost savings in Recreation Services.
Various Funds			(276,000)	Replenish General Liability Insurance Fund
Total Expenditures	$ 44,051,502	$ 44,101,502	$ (50,000)	

Summary of Proposed Changes FY 2021-22

Fund	FY 2021-22 Adopted	FY 2021-22 Recommended	FY 2021-22 Change	Description of Change
Revenue				
010 - General	$ 43,435,456	$ 48,361,583	$ 4,926,127	Recognize 2nd installment of ARPA dollars plus an increase in Property Tax and Sales Tax revenue and grant revenue. Decrease in TOT and Recreation Services.
236 - Housing Mitigation	2,446,029	2,596,029	150,000	Destination: Home SV grant
308 - Street CIP	3,300,523	4,050,523	750,000	Restore annual contribution from the General Fund
246-Countywide Solid Waste Program	-	1,324,763	1,324,763	Countywide Solid Waste Fee Revenue.
Total Revenue	$ 49,182,008	$ 56,332,898	$ 7,150,890	
Expenditures				
010 - General	$ 44,689,214	$ 46,627,772	$ (1,938,558)	Reinstate many programs/services that were cut during budget adoption due to financial impacts of COVID-19 pandemic. In addition, personnel changes, new program and capital costs.
206 - Development Services	5,293,119	5,443,119	(150,000)	Land Development Engineering Stormwater Contract Services increase.
207 - Long Range Planning	657,933	686,433	(28,500)	Reinstate ED Director position (10%).
225 - Asset Seizure	-	40,000	(40,000)	Purchase gas masks for Police Department (PPE).
229 - Landscape Assessment District	166,627	167,627	(1,000)	Reclassify one Maintenance Worker II to Senior Maintenance Worker.
232 - Environmental Programs	449,994	501,994	(52,000)	Part-time temporary staffing and other supplies for sewer later and stormwater programs.
236 - Housing Mitigation	854,881	1,004,881	(150,000)	Destination: Home SV grant
246 - Countywide Solid Waste Program	-	1,324,763	(1,324,763)	Transfer to General Fund and Contract Service Fee. Program adopted by Council 2021.
260 - Public Art	-	23,500	(23,500)	Repairs to Public Art.
640 - Sewer Operations	13,829,626	13,848,376	(18,750)	Add 1.0 FTE Utility Worker I/II (15%)
641 - Sewer CIP	9,436,063	17,436,063	(8,000,000)	Sewer Plan Expansion.
650 - Water Operations	16,031,501	16,108,288	(76,787)	Add 1.0 FTE Utility Worker I/II (15%). Add 1.0 Accounting Assistant II (75%). Remove Part-time temporary expense.

Summary of Proposed Changes FY 2021-22

Fund	FY 2021-22 Adopted	FY 2021-22 Recommended	FY 2021-22 Change	Description of Change
730 - Information Systems	1,904,700	2,116,200	(211,500)	Add expense for GIS Intern and upgrading of audiovisual equipment
741 - Future Replacement	290,000	310,000	(20,000)	Set-up new remote cablecasting and streaming studio at Police Department.
Various Funds			(527,030)	General Liability Insurance 36% increase, COLA, and ERP Implementation.
Total Expenditures	$ 93,603,658	$ 105,639,016	$ (12,562,388)	

Detail Listing of Proposed Changes

Description	Fund No.	Fund Name	Fiscal Year 2020-2021	Fiscal Year 2021-2022	ARPA
Restore Community Promotion funding for FY21-22 including $15K for twinkle lights in Downtown, additional $10K for annual freedom fest events, additional $10K for Healthier Kids Foundation, $7K for Safe Trick or Treat, and more.	010	General Fund	$ -	$ (60,040)	Y
Restore funding for Transient Occupancy Tax audit	010	General Fund		(20,571)	Y
Restore funding for ED Director position	010	General Fund		(256,500)	Y
	207	Long Range Planning		(28,500)	
Reclassification ED Manager to ED Coordinator	010	General Fund		11,500	
Restore funding Economic Development Department's supplies and services	010	General Fund		(60,000)	Y
Restore certain staff funding for Recreation Services as program continues to ramp up services to meet expected increase in demand	010	General Fund			Y
Restore funding for Police: Animal services	010	General Fund		(37,142)	Y
Restore funding for Police: Citizens police academy training	010	General Fund		(8,571)	Y
Restore funding for Police: Explorer training	010	General Fund		(5,714)	Y
Restore funding for Police: National Night Out	010	General Fund		(10,000)	Y
Restore funding for Police: Parent project	010	General Fund		(3,142)	Y
Restore funding for Police: Reserve officer pay	010	General Fund		(22,858)	Y
Restore funding of 1.0 FTE Accounting Assistant Council approved on May 5, 2021	010	General Fund		(27,500)	Y
	650	Water Operations		(82,500)	
Remove funding of part-time temporary staff	650	Water Operations		24,463	

Detail Listing of Proposed Changes

Description	Fund No.	Fund Name	Fiscal Year 2020-2021	Fiscal Year 2021-2022	ARPA
Restore General Fund contribution to Streets CIP Fund to $1 million annually	010	General Fund	(750,000)	(750,000)	Y
Restore funding to General Liability Insurance Fund from FY20-21 funding holiday	010	General Liability Insurance	(324,000)		Y
	Various	Various (Except GF)	(276,000)		
Restore funding to Unemployment Insurance Fund	010	Unemployment Insurance	(200,000)		Y
Restore funding for GIS Intern	730	Information Systems		(11,500)	Y
Adjust COLA Forecast and Management Salary Freeze, and PTT COLA	010	General Fund		(121,550)	
	Various	Various (Except GF)		(65,450)	
Add 1.0 FTE Utility Worker I/II (70% GF) to address increase in demand	010	General Fund		(87,500)	Y
	640	Sewer Operations		(18,750)	
	650	Water Operations		(18,750)	
Climate Action Plan	010	General Fund		(20,000)	Y
Downtown Maintenance-Litter Clean-Up	010	General Fund		(25,000)	Y
Fund new Enterprise Resource Planning (ERP) software implementation as the existing software is outdated (over 10 years old) and being phased-out. New ERP would improve efficiency and effectiveness of City's customer service and business processes.	010	General Fund		(423,400)	Y
	Various	Various (Except GF)		(386,600)	Y

Detail Listing of Proposed Changes

Description	Fund No.	Fund Name	Fiscal Year 2020-2021	Fiscal Year 2021-2022	ARPA
Adjust General Liability Insurance 36% Increase	010	General Fund		(88,020)	Y
	Various	Various (Except GF)		(74,980)	
PEG - Equipment for cable (annual expenditures)	010	General Fund		(10,000)	
PEG - Set up remote cablecasting and streaming studio at PD	741	Future Replacement		(20,000)	
Purchase Gas Masks	225	Asset Seizure		(40,000)	
Additional cost savings from Recreation Services	010	General Fund	1,500,000	700,000	
Reclassify one Maintenance Worker II to Senior Maintenance Worker (90% GF)	010	General Fund		(9,000)	
	229	Landscape Assessment District		(1,000)	
Fund Engineering Stormwater Contract Services for state-mandated stormwater management	206	Development Services		(150,000)	
Fund Sewer Lateral and Stormwater programs part-time staffing and other supplies	232	Environmental Programs		(52,000)	
Add 1.0 FTE Case Manager position for Destination Home grant	236	Housing Mitigation		(137,500)	
Reclassify Housing Manager to Housing Director with funding from Destination Home grant	236	Housing Mitigation		(12,500)	
Repairs to Public Art (Never Forgotten)	260	Public Art		(3,500)	
Repairs to Public Art (Spider)	260	Public Art		(10,000)	
Repairs to Public Art (Waiting for the Train)	260	Public Art		(10,000)	

Detail Listing of Proposed Changes

Description	Fund No.	Fund Name	Fiscal Year 2020-2021	Fiscal Year 2021-2022	ARPA
Upgrading audiovisual equipment in the Council Chambers as well as to meet hybrid public meetings requirement	730	Information Systems		(200,000)	Y
Move up SCRWA's Plant Expansion Funding	641	Sewer CIP		(8,000,000)	
Economic Recovery Downtown Revitalization including $50K for the initial study of the Lane Reduction Program which the Council approved on May 19, 2021.	010	General Fund		(300,000)	Y
Contract Service Fee for Countywide Solid Waste Program which the Council adopted in March 2021.	246	Countywide Solid Waste Program		(1,000,000)	
Countywide Solid Waste Program - Add 0.25 FTE Management Analyst (Moving from 0.75 FTE to 1.0 FTE)	010	General Fund		(60,150)	
Countywide Solid Waste Program - Add 1.0 FTE Environmental Services Manager	010	General Fund		(231,000)	
Countywide Solid Waste Program - Computer Hardware	010	General Fund		(4,000)	
Expense	010	General Fund		(8,400)	
Countywide Solid Waste Transfer to General Fund	246	Countywide Solid Waste Program		(324,763)	
TOTAL			$ (50,000)	$ (12,562,388)	

Detail Listing of Proposed Changes

Description	Fund No.	Fund Name	Fiscal Year 2020-2021	Fiscal Year 2021-2022	Fiscal Year 2022-2023	Fiscal Year 2023-2024	Fiscal Year 2024-2025	ARPA
Restore Community Promotion funding for FY21-22 including $15K for twinkle lights in Downtown, additional $10K for annual freedom fest events, additional $10K for Healthier Kids Foundation, $7K for Safe Trick or Treat, and more.	010	General Fund	$ -	$ (60,040)	$ -	$ -	$ -	Y
Restore funding for Transient Occupancy Tax audit	010	General Fund		(20,571)	(20,571)	(20,571)	(20,571)	Y
Restore funding for ED Director position	010	General Fund		(256,500)	(256,500)	(256,500)	(256,500)	Y
Restore funding Economic Development Department's supplies and services	010	General Fund		(60,000)	(60,000)	(60,000)	(60,000)	Y
Restore certain staff funding for Recreation Services as program continues to ramp up services to meet expected increase in demand	010	General Fund			(400,000)	(400,000)	(400,000)	Y
Restore funding for Police: Animal services	010	General Fund		(37,142)	(37,142)	(37,142)	(37,142)	Y
Restore funding for Police: Citizens police academy training	010	General Fund		(8,571)	(8,571)	(8,571)	(8,571)	Y
Restore funding for Police: Explorer training	010	General Fund		(5,714)	(5,714)	(5,714)	(5,714)	Y
Restore funding for Police: National Night Out	010	General Fund		(10,000)	(10,000)	(10,000)	(10,000)	Y
Restore funding for Police: Parent project	010	General Fund		(3,142)	(3,142)	(3,142)	(3,142)	Y
Restore funding for Police: Reserve officer pay	010	General Fund		(22,858)	(22,858)	(22,858)	(22,858)	Y
Restore funding of 1.0 FTE Accounting Assistant Council approved on May 5, 2021	010	General Fund		(27,500)	(27,500)	(27,500)	(27,500)	Y
Restore General Fund contribution to Streets CIP Fund to $1 million annually	010	General Fund	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	Y
Restore funding to General Liability Insurance Fund from FY20-21 funding holiday	010	General Liability Insurance	(324,000)					Y
Restore funding to Unemployment Insurance Fund	010	Unemployment Insurance	(200,000)					Y

Detail Listing of Proposed Changes

Description	Fund No.	Fund Name	Fiscal Year 2020-2021	Fiscal Year 2021-2022	Fiscal Year 2022-2023	Fiscal Year 2023-2024	Fiscal Year 2024-2025	ARPA
Restore funding for GIS Intern	730	Information Systems		(11,500)	(11,500)	(11,500)	(11,500)	Y
SUBTOTAL			$ (1,274,000)	$ (1,273,538)	$ (1,613,498)	$ (1,613,498)	$ (1,613,498)	
Add 1.0 FTE Utility Worker I/II (70% GF) to address increase in demand	010	General Fund		(87,500)	(87,500)	(87,500)	(87,500)	Y
Climate Action Plan	010	General Fund		(20,000)				Y
Downtown Maintenance-Litter Clean-Up	010	General Fund		(25,000)	(25,000)	(25,000)	(25,000)	Y
Fund new Enterprise Resource Planning (ERP) software implementation as the existing software is outdated (over 10 years old) and being phased-out. New ERP would improve efficiency and effectiveness of City's customer service and business processes.	010	General Fund		(423,400)	(75,400)	(75,400)	(75,400)	Y
	Various	Various (Except GF)		(386,600)	(54,600)	(54,600)	(54,600)	Y
Adjust General Liability Insurance 36% Increase	010	General Fund		(88,020)	(90,000)	(91,000)	(92,000)	Y
Upgrading audiovisual equipment in the Council Chambers as well as to meet hybrid public meetings requirement	730	Information Systems		(200,000)				Y
Economic Recovery Downtown Revitalization including $50K for the initial study of the Lane Reduction Program which the Council approved on May 19, 2021.	010	General Fund		(300,000)				Y
SUBTOTAL			$ -	$ (1,530,520)	$ (332,500)	$ (333,500)	$ (334,500)	
TOTAL			$ (1,274,000)	$ (2,804,058)	$ (1,945,998)	$ (1,946,998)	$ (1,947,998)	
RUNNING TOTAL			$ (1,274,000)	$ (4,078,058)	$ (6,024,056)	$ (7,971,054)	$ (9,919,052)	

Destination Home Grant

In December 2020, the City Council endorsed the Santa Clara County 2020 Community Plan to End Homelessness (Community Plan). The Community Plan was developed collaboratively by representatives of community-based service organizations, local government, philanthropy, business, healthcare, and people with lived experience. For the next five years, this plan will guide the County, cities, nonprofits, and other community members as they make decisions about funding, programs, priorities, and needs.

To support the unhoused community in Morgan Hill, the housing team has been working towards securing a capacity building grant that would support a Full Time Homeless Specialist to work directly with our unhoused community members and advance the Community Plan conceptual framework to a focused and tailored solution-oriented plan for Morgan Hill and South County. To advance the strategies in the Community Plan, it will require broad cross-sector alignment and collaboration, and social innovation achieved through key stakeholders working together to create a common agenda. At the request of the City, Destination Home awarded Morgan Hill a $450,000 grant for capacity building for a period of 3 years ($150,000 per year) to fund a position that will serve as a direct liaison to our unhoused residents, the community, and the County. Additionally, this grant will aid in developing and advancing the “local” implementation of the Community Plan that:

1. Addresses the root causes of homelessness through system and policy change;
2. Expands homelessness prevention and housing programs to meet the need;
3. Improves quality of life for unsheltered individuals and creates healthy neighborhoods for all.

The Destination Home Grant requires the following:

- Develop and launch a local implementation plan for Morgan Hill with specific targets and outcomes for each of the three Community Plan strategy areas referenced in the Community Plan within the first year.
- Work with the County Office of Supportive Housing to develop a local Measure A housing plan with the intent of identifying opportunities for supportive and extremely low-income housing, and other affordability levels are also needed.
- Engage in ongoing regional discussions and educational opportunities with other jurisdictions, non-profit partner agencies, and other interested parties to advance the goals of the local Community Plan.
- Provide educational opportunities, housing community conversations, and discussion forums regarding housing people of various income and affordability levels and ending homelessness in South County.

The City places a high priority on providing quality housing opportunities for an economically and socially diverse community. This priority is reflected as a strategy in the Housing Element and the City Council’s strategic priorities for the 2020-2021 Fiscal Year, supporting the regional affordable housing and homeless needs.

Housing Production and Preservation continue to be a pressing issue. In a time of tough COVID-related constraints, the work has increased and the number of families needing support continues to rise. Helping communities pass equitable housing policy continues to be dynamic, mission-driven work that involves being a community partner to engage and be responsive to the local community and to the region.

The City of Morgan Hill's housing team is made up of two full-time positions, a Housing Manager, and a Housing Coordinator. The City utilizes the services of HouseKeys to manage the Below Market Rate (BMR) portfolio and provide other housing administration support services. The Destination Home Grant will provide capacity building for the lean housing division by providing funding for a temporary Homeless Specialist and the opportunity to elevate the Housing Manager position to a Director recognize the increased scope of work required by the grant.

Homeless Specialist Position

A Full Time temporary (three years) Homeless Specialist will work one-on-one with people experiencing homelessness, conduct assessments, housing search and stability, employment/self-sufficiency, identify services and resources countywide, advise the team on a coordinated response, evaluation, and assess local homeless efforts. This position will work closely with a multitude of stakeholders to leverage available resources and ensure a cohesive, solution-focused, local (South County) approach necessitating close coordination and case conferencing with County departments, governmental agencies, community, and faith-based organizations. This position will provide an opportunity to create a response that is inclusive of all City departments and operate within a trauma-informed framework. Recruitment for this position could begin in August/September of 2021. The job description has been shared with the American Federation of State, County, and Municipal Employees (AFSCME) and will be described as a three-year term.

Housing Manager to Director Reclassification

It is recommended that the Housing Manager position be reclassified to Director to support the scope of work identified in the Destination Home Grant and to recognize the growing responsibilities of this leadership position that require a higher level of service and regional expertise to meet the needs of our community and customers. The Housing Division currently oversees various housing functions, including housing policy, affordable project development from the Inclusionary Housing Below Market Rate Program. The Division is also charged with supporting the unhoused community and work towards building capacity within the City to achieve its Housing goals. The Destination Home grant will aid in funding the cost differential for three years.

Staff recommends the acceptance of the Destination Home Grant to support the local implementation of the Community Plan and create capacity within the City's housing team. The Destination Home Grant will provide the City the opportunity to intimately study, capitalize and improve on the ecosystem of services in Santa Clara County, specifically South County. This grant is envisioned to catapult a multidisciplinary team that will foster connections and weave together housing, mental health, policing, social and health services.

Destination: Home SV

SILICON VALLEY community foundation®

May 17, 2021

Ms. Rebecca Garcia
Housing Manager
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

Dear Ms. Garcia:

We are pleased to award City of Morgan Hill a grant of up to $450,000.00 from the Destination: Home SV, a supporting organization of Silicon Valley Community Foundation.

This grant is for current housing staff expenses related to the administration and oversight of the grant activities and a new housing and homelessness specialist position with the City of Morgan Hill Housing Program to provide case management and to serve as a direct liaison with the unhoused population, community, City, and the County on homelessness issues and advance the local implementation of the Community Plan to End Homelessness. Please sign, date, and return the attached grant agreement to the attention of the person at the address listed on the grant agreement as soon as possible. Once we receive the signed agreement, we will forward the payment to you.

Destination: Home SV will require a detailed report on the project's impact on the participants and the community. A final report form is enclosed.

On behalf of Destination: Home SV and Silicon Valley Community Foundation, we appreciate the work of your organization and are pleased to support your efforts.

Sincerely,

Nicole Taylor
President and Chief Executive Officer
Silicon Valley Community Foundation

Grant #: 2021-233289 (5726)

Destination: Home SV
Grant Agreement

Grant Number: 2021-233289 **Amount:** Up to $450,000.00 **Date:** May 17, 2021

Grantee Name: City of Morgan Hill

Grantee Contact:
Ms. Rebecca Garcia
Housing Manager
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

Phone: (408) 310-4637 Fax: (408) 779-3117
Email: Rebecca.Garcia@MorganHill.CA.gov

Foundation Staff:
Danelle Rhiner
Donor Services Associate - Grants
Silicon Valley Community Foundation
2440 West El Camino Real, Suite 300
Mountain View, CA 94040-1498

Phone: 650.450.5400 Fax: 650.450.5401
Email: drhiner@siliconvalleycf.org

Grant Purpose: for current housing staff expenses related to the administration and oversight of the grant activities and a new housing and homelessness specialist position with the City of Morgan Hill Housing Program to provide case management and to serve as a direct liaison with the unhoused population, community, City, and the County on homelessness issues and advance the local implementation of the Community Plan to End Homelessness

Grant Period: July 1, 2021 to June 30, 2024

Anticipated Project Outcomes:
Funding will be measured by the following housing-based outcomes:
Create and launch a local implementation plan, approved by City Council, for Morgan Hill with specific targets and outcomes for each of the three Community Plan strategy areas

- Continue to work with the County Office of Supportive Housing to develop a local Measure A housing plan with the intent of identifying opportunities for supportive and extremely low income housing development, included but not limited to as other affordability levels are also needed.
- Engage in ongoing regional discussions and educational opportunities with other jurisdictions, non-profit partner agencies, and other interested parties to advance the goals of the community plan
- Provide educational opportunities and housing discussion forums regarding housing various income levels, affordability and ending homelessness in South County

In the first year of the work, plans with target goals and other impact strategies will be adopted and tracked by the City and in coordination with Destination: Home.

Special Conditions:
After year 1, Annual payments will only be released on the conditions of:
1. Complementation and Implementation of plans described above
2. Annual tracking and reporting on progress against established goals

Reporting Requirements
Destination: Home SV requires progress reports at specified dates. *Please note that future grant requests will not be considered if a grantee has failed to submit a required report.* Please submit the following report(s):

Interim Report 1 Due:	June 30, 2022
Interim Report 2 Due:	June 30, 2023
Final Report Due:	July 31, 2024

Payment Schedule:
This grant will be paid in three installments up to the amount specified, at the end of the grant period upon verification of the special conditions. Please note that payments are contingent upon the continuing availability of outside grant funds.

First payment:	$150,000.00 upon receipt of signed grant agreement
Second payment:	$150,000.00 upon receipt and approval of mid-year progress report and financial report
Third payment:	$150,000.00 upon receipt and approval of mid-year progress report and financial report

Hold Harmless:
Each party (which shall include their officer, directors, trustees, employees and agents) agrees to be solely responsible for their acts of negligence and reckless acts or omissions in the performance of their obligations under this Agreement. The parties, respectively, shall be financially and legally responsible for all liabilities, costs, damages, expenses and attorney fees caused by it, respectively, or its respective employees for any and all such acts or omissions. This paragraph shall survive the termination of this Grant Agreement.

Prohibited Uses:
Grantee shall not use or permit any subgrantee or independent contractor to use any portion of the funds granted:

a. in a manner inconsistent with Internal Revenue Code ("IRC") Section 501(c)(3), including:

    i. Influencing the outcome of any specific candidate election for public office, including, without limitation, travel expenses, direct costs, or compensation-related expenses incurred in connection with raising funds for any candidate campaign within the meaning of IRC Section 4945(d)(2); or

    ii. Inducing or encouraging violations of law or public policy, or causing any private inurement or improper private benefit to occur, or taking any other action inconsistent with IRC Section 501(c)(3).

b. in any attempt to influence legislation within the meaning of IRC Section 4945(d)(1).

Additionally, if the Grantee carries on propaganda, or otherwise attempts to influence legislation within the meaning of IRC Section 4945(d)(1), the Grant Funds are for a specific project grant which grant has not been earmarked to be used in an attempt to influence legislation and which grant, together with other grants by Grantor for the same project for the same year, does not exceed the amount budgeted, for the year of the grant, by Grantee for activities of the project that are not attempts to influence legislation.

Limitation of Liability:
SVCF accepts no liability for any consequences, whether direct or indirect, that may come about from the Grantee's use of the Grant or the project that is funded by the Grant, or from any withholding or reduction in the Grant. SVCF's entire liability is limited to the payment of the Grant.

No Agency:
Grantee is solely responsible for all activities supported by the grant funds, the content of any product created with the grant funds and the manner in which such products may be disseminated. This Grant Agreement shall not create any agency relationship, partnership or joint venture between the parties, and Grantee shall make no such representation to anyone.

Intellectual Property/License Agreement:
Any tangible or intangible property, including copyrights, obtained or created by Grantee as part of the activity funded by this Grant shall remain the property of Grantee; however, Grantee shall grant a royalty-free license to SVCF to use, reprint, or distribute any such copyrighted materials for informational or promotional purposes which do not conflict with Grantee's purposes.

Governing Law:
This Agreement shall be governed by and interrupted in accordance with the laws of the State of California excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

No Pledge:
Neither this Grant Agreement nor any other statement, oral or written, nor the making of any contribution or grant to Grantee, shall be interpreted to create any pledge or any commitment by SVCF or by any related person or entity to make any other grant or contribution to Grantee or any other entity for this or any other project. The grant contemplated by this Grant Agreement shall be a separate and independent transaction from any other transaction between SVCF and Grantee or any other entity.

Acknowledgement of Grant Support:
Please acknowledge Destination: Home SV's support of your program in publications such as newsletters, program activity announcements and in all media coverage. We suggest you use the following wording: "This project has been made possible in part by a grant from Destination: Home SV, a supporting organization of Silicon Valley Community Foundation."

By signing below City of Morgan Hill acknowledges that this grant agreement is a contract with Destination: Home SV detailing the purpose(s) of the grant, including what activities are supported by this grant and how to report on those activities. Please inform the community foundation if there are changes in agency personnel who are important to the administration of the grant, or if the grant funds cannot be expended for the purpose or in the time period described in the grant agreement. Grantee may not use the funds in any way other than as described in the proposal, if applicable, unless the grantee receives written permission from the community foundation. Grantee shall repay to Silicon Valley Community Foundation any portion of the amount granted that is not used for the purpose of this grant. If funds remain at the end of the grant period, grantee must contact the community foundation staff person noted above.

Accepted on behalf of City of Morgan Hill by:

Signature ***(Must be signed by authorized signer or representative)***	**Printed or Typed Name**
Title	**Date**

Please sign and return <u>all pages</u> of the original grant agreement to the address above.

Grant #: 2021-233289(5726)

Destination: Home SV
Report Guidelines

Destination: Home SV wants to learn from you about your progress on the program funded by the community foundation. The following questions are intended to help you capture your experience -- experience that can inform your work, and our grantmaking, as well. Please be as candid, reflective and succinct as possible. We are equally interested in hearing about your successes as well as your challenges, difficulties and even failures.

Your interim reports are due on June 30, 2022 and June 30, 2023. Your final report is due on July 31, 2024. Please note that your grant agreement advises you that a final report is required by Destination: Home SV, and that future grants will not be considered if a grantee has failed to submit a required report.

Please complete the section below and incorporate the questions on the next page into the body of your report.

Grantee Name: City of Morgan Hill
Grant Amount: Up to $450,000.00
Grant Period: July 1, 2021 to June 30, 2024

Person completing this report: ______________________________________
(Name, Title, Phone)

Purpose of the Grant: for current housing staff expenses related to the administration and oversight of the grant activities and a new housing and homelessness specialist position with the City of Morgan Hill Housing Program to provide case management and to serve as a direct liaison with the unhoused population, community, City, and the County on homelessness issues and advance the local implementation of the Community Plan to End Homelessness

1. Provide a detailed report of the activities that meet the conditions of the grant. For example, for a fundraising challenge, provide a list of donors during the challenge grant period and the dollar amount contributed for each donor.

2. Assess your organization's progress toward meeting the conditions of the project.

3. Are there any additional comments or information you would like to add?

4. **Other helpful information:**

Grant #: 2021-233289(5726)

__________ Copies of any publicity or press coverage about the challenge.

__________ Any supplementary material you believe might interest the community foundation.

______________________________________ ________________

Signature of Executive Director or President Date

Please return report to:

grantsadmin@siliconvalleycf.org OR
Attn: Grants Admin Unit
Silicon Valley Community Foundation
2440 West El Camino Real, Suite 300
Mountain View, CA 94040-1498

If you have any questions about completing this report, please do not hesitate to contact community foundation staff at 650.450.5400.

Grant #: 2021-233289(5726)

FACT SHEET: The Coronavirus State and Local Fiscal Recovery Funds Will Deliver $350 Billion for State, Local, Territorial, and Tribal Governments to Respond to the COVID-19 Emergency and Bring Back Jobs

May 10, 2021

Aid to state, local, territorial, and Tribal governments will help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery

Today, the U.S. Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, to provide $350 billion in emergency funding for eligible state, local, territorial, and Tribal governments. Treasury also released details on how these funds can be used to respond to acute pandemic response needs, fill revenue shortfalls among these governments, and support the communities and populations hardest-hit by the COVID-19 crisis. With the launch of the Coronavirus State and Local Fiscal Recovery Funds, eligible jurisdictions will be able to access this funding in the coming days to address these needs.

State, local, territorial, and Tribal governments have been on the frontlines of responding to the immense public health and economic needs created by this crisis – from standing up vaccination sites to supporting small businesses – even as these governments confronted revenue shortfalls during the downturn. As a result, these governments have endured unprecedented strains, forcing many to make untenable choices between laying off educators, firefighters, and other frontline workers or failing to provide other services that communities rely on. Faced with these challenges, state and local governments have cut over 1 million jobs since the beginning of the crisis. The experience of prior economic downturns has shown that budget pressures like these often result in prolonged fiscal austerity that can slow an economic recovery.

To support the immediate pandemic response, bring back jobs, and lay the groundwork for a strong and equitable recovery, the American Rescue Plan Act of 2021 established the Coronavirus State and Local Fiscal Recovery Funds, designed to deliver $350 billion to state, local, territorial, and Tribal governments to bolster their response to the COVID-19 emergency and its economic impacts. Today, Treasury is launching this much-needed relief to:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
- Replace lost public sector revenue to strengthen support for vital public services and help retain jobs;
- Support immediate economic stabilization for households and businesses; and,
- Address systemic public health and economic challenges that have contributed to the inequal impact of the pandemic on certain populations.

The Coronavirus State and Local Fiscal Recovery Funds provide substantial flexibility for each jurisdiction to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest-hit by the crisis. These funds also deliver resources that recipients can invest in building, maintaining, or upgrading their water, sewer, and broadband infrastructure.

Starting today, eligible state, territorial, metropolitan city, county, and Tribal governments may request Coronavirus State and Local Fiscal Recovery Funds through the Treasury Submission Portal. Concurrent with this program launch, Treasury has published an Interim Final Rule that implements the provisions of this program.

FUNDING AMOUNTS

The American Rescue Plan provides a total of $350 billion in Coronavirus State and Local Fiscal Recovery Funds to help eligible state, local, territorial, and Tribal governments meet their present needs and build the foundation for a strong recovery. Congress has allocated this funding to tens of thousands of jurisdictions. These allocations include:

Type	Amount ($ billions)
States & District of Columbia	$195.3
Counties	$65.1
Metropolitan Cites	$45.6
Tribal Governments	$20.0
Territories	$4.5
Non-Entitlement Units of Local Government	$19.5

Treasury expects to distribute these funds directly to each state, territorial, metropolitan city, county, and Tribal government. Local governments that are classified as non-entitlement units will receive this funding through their applicable state government. Treasury expects to provide further guidance on distributions to non-entitlement units next week.

Local governments should expect to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered 12 months later. States that have experienced a net increase in the unemployment rate of more than 2 percentage points from February 2020 to the latest available data as of the date of certification will receive their full allocation of funds in a single payment; other states will receive funds in two equal tranches. Governments of U.S. territories will receive a single payment. Tribal governments will receive two payments, with the first payment available in May and the second payment, based on employment data, to be delivered in June 2021.

USES OF FUNDING

Coronavirus State and Local Fiscal Recovery Funds provide eligible state, local, territorial, and Tribal governments with a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the country recovers. Within the categories of eligible uses, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities. Recipients may use Coronavirus State and Local Fiscal Recovery Funds to:

- **Support public health expenditures,** by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- **Address negative economic impacts caused by the public health emergency,** including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

Within these overall categories, Treasury's Interim Final Rule provides guidelines and principles for determining the types of programs and services that this funding can support, together with examples of allowable uses that recipients may consider. As described below, Treasury has also designed these provisions to take into consideration the disproportionate impacts of the COVID-19 public health emergency on those hardest-hit by the pandemic.

1. **Supporting the public health response**

Mitigating the impact of COVID-19 continues to require an unprecedented public health response from state, local, territorial, and Tribal governments. Coronavirus State and Local Fiscal Recovery Funds provide resources to meet these needs through the provision of care for those impacted by the virus and through services that address disparities in public health that have been exacerbated by the pandemic. Recipients may use this funding to address a broad range of public health needs across COVID-19 mitigation, medical expenses, behavioral healthcare, and public health resources. Among other services, these funds can help support:

- **Services and programs to contain and mitigate the spread of COVID-19, including:**
  - ✓ Vaccination programs
  - ✓ Medical expenses
  - ✓ Testing
  - ✓ Contact tracing
  - ✓ Isolation or quarantine
  - ✓ PPE purchases
  - ✓ Support for vulnerable populations to access medical or public health services
  - ✓ Public health surveillance (e.g., monitoring for variants)
  - ✓ Enforcement of public health orders
  - ✓ Public communication efforts
  - ✓ Enhancement of healthcare capacity, including alternative care facilities
  - ✓ Support for prevention, mitigation, or other services in congregate living facilities and schools
  - ✓ Enhancement of public health data systems
  - ✓ Capital investments in public facilities to meet pandemic operational needs
  - ✓ Ventilation improvements in key settings like healthcare facilities

- **Services to address behavioral healthcare needs exacerbated by the pandemic, including:**
  - ✓ Mental health treatment
  - ✓ Substance misuse treatment
  - ✓ Other behavioral health services
  - ✓ Hotlines or warmlines
  - ✓ Crisis intervention
  - ✓ Services or outreach to promote access to health and social services

- **Payroll and covered benefits expenses** for public health, healthcare, human services, public safety and similar employees, to the extent that they work on the COVID-19 response. For public health and safety workers, recipients can use these funds to cover the full payroll and covered benefits costs for employees or operating units or divisions primarily dedicated to the COVID-19 response.

2. **Addressing the negative economic impacts caused by the public health emergency**

The COVID-19 public health emergency resulted in significant economic hardship for many Americans. As businesses closed, consumers stayed home, schools shifted to remote education, and travel declined precipitously, over 20 million jobs were lost between February and April 2020. Although many have since returned to work, as of April 2021, the economy remains more than 8 million jobs below its pre-pandemic peak, and more than 3 million workers have dropped out of the labor market altogether since February 2020.

To help alleviate the economic hardships caused by the pandemic, Coronavirus State and Local Fiscal Recovery Funds enable eligible state, local, territorial, and Tribal governments to provide a wide range of assistance to individuals and households, small businesses, and impacted industries, in addition to enabling governments to rehire public sector staff and rebuild capacity. Among these uses include:

- **Delivering assistance to workers and families**, including aid to unemployed workers and job training, as well as aid to households facing food, housing, or other financial insecurity. In addition, these funds can support survivor's benefits for family members of COVID-19 victims.

- **Supporting small businesses,** helping them to address financial challenges caused by the pandemic and to make investments in COVID-19 prevention and mitigation tactics, as well as to provide technical assistance. To achieve these goals, recipients may employ this funding to execute a broad array of loan, grant, in-kind assistance, and counseling programs to enable small businesses to rebound from the downturn.

- **Speeding the recovery of the tourism, travel, and hospitality sectors**, supporting industries that were particularly hard-hit by the COVID-19 emergency and are just now beginning to mend. Similarly impacted sectors within a local area are also eligible for support.

- **Rebuilding public sector capacity,** by rehiring public sector staff and replenishing unemployment insurance (UI) trust funds, in each case up to pre-pandemic levels. Recipients may also use this funding to build their internal capacity to successfully implement economic relief programs, with investments in data analysis, targeted outreach, technology infrastructure, and impact evaluations.

3. **Serving the hardest-hit communities and families**

While the pandemic has affected communities across the country, it has disproportionately impacted low-income families and communities of color and has exacerbated systemic health and economic inequities. Low-income and socially vulnerable communities have experienced the most severe health impacts. For example, counties with high poverty rates also have the highest rates of infections and deaths, with 223 deaths per 100,000 compared to the U.S. average of 175 deaths per 100,000.

Coronavirus State and Local Fiscal Recovery Funds allow for a broad range of uses to address the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households. Eligible services include:

- **Addressing health disparities and the social determinants of health,** through funding for community health workers, public benefits navigators, remediation of lead hazards, and community violence intervention programs;
- **Investments in housing and neighborhoods**, such as services to address individuals experiencing homelessness, affordable housing development, housing vouchers, and residential counseling and housing navigation assistance to facilitate moves to neighborhoods with high economic opportunity;
- **Addressing educational disparities** through new or expanded early learning services, providing additional resources to high-poverty school districts, and offering educational services like tutoring or afterschool programs as well as services to address social, emotional, and mental health needs; and,
- **Promoting healthy childhood environments,** including new or expanded high quality childcare, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.

Governments may use Coronavirus State and Local Fiscal Recovery Funds to support these additional services if they are provided:

- within a Qualified Census Tract (a low-income area as designated by the Department of Housing and Urban Development);
- to families living in Qualified Census Tracts;
- by a Tribal government; or,
- to other populations, households, or geographic areas disproportionately impacted by the pandemic.

4. **Replacing lost public sector revenue**

State, local, territorial, and Tribal governments that are facing budget shortfalls may use Coronavirus State and Local Fiscal Recovery Funds to avoid cuts to government services. With these additional resources, recipients can continue to provide valuable public services and ensure that fiscal austerity measures do not hamper the broader economic recovery.

Many state, local, territorial, and Tribal governments have experienced significant budget shortfalls, which can yield a devastating impact on their respective communities. Faced with budget shortfalls and pandemic-related uncertainty, state and local governments cut staff in all 50 states. These budget shortfalls and staff cuts are particularly problematic at present, as these entities are on the front lines of battling the COVID-19 pandemic and helping citizens weather the economic downturn.

Recipients may use these funds to replace lost revenue. Treasury's Interim Final Rule establishes a methodology that each recipient can use to calculate its reduction in revenue. Specifically, recipients will compute the extent of their reduction in revenue by comparing their actual revenue to an alternative representing what could have been expected to occur in the absence of the pandemic. Analysis of this expected trend begins with the last full fiscal year prior to the public health emergency and projects forward at either (a) the recipient's average annual revenue growth over the three full fiscal years prior to the public health emergency or (b) 4.1%, the national average state and local revenue growth rate from 2015-18 (the latest available data).

For administrative convenience, Treasury's Interim Final Rule allows recipients to presume that any diminution in actual revenue relative to the expected trend is due to the COVID-19 public health emergency. Upon receiving Coronavirus State and Local Fiscal Recovery Funds, recipients may immediately calculate the reduction in revenue that occurred in 2020 and deploy funds to address any shortfall. Recipients will have the opportunity to re-calculate revenue loss at several points through the program, supporting those entities that experience a lagged impact of the crisis on revenues.

Importantly, once a shortfall in revenue is identified, recipients will have broad latitude to use this funding to support government services, up to this amount of lost revenue.

5. **Providing premium pay for essential workers**

Coronavirus State and Local Fiscal Recovery Funds provide resources for eligible state, local, territorial, and Tribal governments to recognize the heroic contributions of essential workers. Since the start of the public health emergency, essential workers have put their physical well-being at risk to meet the daily needs of their communities and to provide care for others.

Many of these essential workers have not received compensation for the heightened risks they have faced and continue to face. Recipients may use this funding to provide premium pay directly, or through grants to private employers, to a broad range of essential workers who must be physically present at their jobs including, among others:

- ✓ Staff at nursing homes, hospitals, and home-care settings
- ✓ Workers at farms, food production facilities, grocery stores, and restaurants
- ✓ Janitors and sanitation workers
- ✓ Public health and safety staff
- ✓ Truck drivers, transit staff, and warehouse workers
- ✓ Childcare workers, educators, and school staff
- ✓ Social service and human services staff

Treasury's Interim Final Rule emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.

In addition, employers are both permitted and encouraged to use Coronavirus State and Local Fiscal Recovery Funds to offer retrospective premium pay, recognizing that many essential workers have not yet received additional compensation for work performed. Staff working for third-party contractors in eligible sectors are also eligible for premium pay.

6. **Investing in water and sewer infrastructure**

Recipients may use Coronavirus State and Local Fiscal Recovery Funds to invest in necessary improvements to their water and sewer infrastructures, including projects that address the impacts of climate change.

Recipients may use this funding to invest in an array of drinking water infrastructure projects, such as building or upgrading facilities and transmission, distribution, and storage systems, including the replacement of lead service lines.

Recipients may also use this funding to invest in wastewater infrastructure projects, including constructing publicly-owned treatment infrastructure, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly-owned treatment works.

To help jurisdictions expedite their execution of these essential investments, Treasury's Interim Final Rule aligns types of eligible projects with the wide range of projects that can be supported by the Environmental Protection Agency's Clean Water State Revolving Fund and Drinking Water State Revolving Fund. Recipients retain substantial flexibility to identify those water and sewer infrastructure investments that are of the highest priority for their own communities.

Treasury's Interim Final Rule also encourages recipients to ensure that water, sewer, and broadband projects use strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions.

7. **Investing in broadband infrastructure**

The pandemic has underscored the importance of access to universal, high-speed, reliable, and affordable broadband coverage. Over the past year, millions of Americans relied on the internet to participate in remote school, healthcare, and work.

Yet, by at least one measure, 30 million Americans live in areas where there is no broadband service or where existing services do not deliver minimally acceptable speeds. For millions of other Americans, the high cost of broadband access may place it out of reach. The American Rescue Plan aims to help remedy these shortfalls, providing recipients with flexibility to use Coronavirus State and Local Fiscal Recovery Funds to invest in broadband infrastructure.

Recognizing the acute need in certain communities, Treasury's Interim Final Rule provides that investments in broadband be made in areas that are currently unserved or underserved—in other words, lacking a wireline connection that reliably delivers minimum speeds of 25 Mbps download and 3 Mbps upload. Recipients are also encouraged to prioritize projects that achieve last-mile connections to households and businesses.

Using these funds, recipients generally should build broadband infrastructure with modern technologies in mind, specifically those projects that deliver services offering reliable 100 Mbps download and 100

Mbps upload speeds, unless impracticable due to topography, geography, or financial cost. In addition, recipients are encouraged to pursue fiber optic investments.

In view of the wide disparities in broadband access, assistance to households to support internet access or digital literacy is an eligible use to respond to the public health and negative economic impacts of the pandemic, as detailed above.

8. **Ineligible Uses**

Coronavirus State and Local Fiscal Recovery Funds provide substantial resources to help eligible state, local, territorial, and Tribal governments manage the public health and economic consequences of COVID-19. Recipients have considerable flexibility to use these funds to address the diverse needs of their communities.

To ensure that these funds are used for their intended purposes, the American Rescue Plan Act also specifies two ineligible uses of funds:

- **States and territories may not use this funding to directly or indirectly offset a reduction in net tax revenue due to a change in law from March 3, 2021 through the last day of the fiscal year in which the funds provided have been spent.** The American Rescue Plan ensures that funds needed to provide vital services and support public employees, small businesses, and families struggling to make it through the pandemic are not used to fund reductions in net tax revenue. Treasury's Interim Final Rule implements this requirement. If a state or territory cuts taxes, they must demonstrate how they paid for the tax cuts from sources other than Coronavirus State Fiscal Recovery Funds—by enacting policies to raise other sources of revenue, by cutting spending, or through higher revenue due to economic growth. If the funds provided have been used to offset tax cuts, the amount used for this purpose must be paid back to the Treasury.
- **No recipient may use this funding to make a deposit to a pension fund.** Treasury's Interim Final Rule defines a "deposit" as an extraordinary contribution to a pension fund for the purpose of reducing an accrued, unfunded liability. While pension deposits are prohibited, recipients may use funds for routine payroll contributions for employees whose wages and salaries are an eligible use of funds.

Treasury's Interim Final Rule identifies several other ineligible uses, including funding debt service, legal settlements or judgments, and deposits to rainy day funds or financial reserves. Further, general infrastructure spending is not covered as an eligible use outside of water, sewer, and broadband investments or above the amount allocated under the revenue loss provision. While the program offers broad flexibility to recipients to address local conditions, these restrictions will help ensure that funds are used to augment existing activities and address pressing needs.

RESOLUTION NO. 21-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADJUSTING THE SALARY SCHEDULE FOR MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEES (THIS RESOLUTION RESCINDS RESOLUTION NO. 21-011)

WHEREAS, the City Manager has presented to the City Council of the City of Morgan Hill a recommended set of salary ranges and benefits for the Management, Professional, and Confidential employees; and

WHEREAS, the City Council of the City of Morgan Hill has reviewed said recommendations;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill as follows:

SECTION 1 - SALARY RANGES

A. Effective July 1, 2021, base salaries for Groups 1-A, 1-B, 1-C, and 1-D, increase by 3.25%. See Salary Schedule attached as **Exhibit A**.

B. Groups 1-A, 1-B, 1-C, and 1-D base salary ranges include the employee PERS contribution which is deducted from payroll (See SECTION 3, E-H.)

SECTION 2 - ESTABLISHMENT OF COMPENSATION AND JOB DESCRIPTIONS FOR GROUPS 1-A, 1-B, 1-C, and 1-D

A. The City Manager will establish the monthly compensation for the classifications in Group 1-A. In order to attract high quality executive managers, foster job security within a professional climate, and provide the flexibility to remain competitive within the area job market, the City Manager has authority to enter into individual employment agreements with each executive manager; provided that the terms of the employment agreement do not exceed the total compensation permitted by this Resolution.

   Employees listed in Group 1-A may receive a severance allowance as provided for in an individual employment agreement when they are separated in good standing from employment; provided that such separation is not for cause, or for reasons listed in Government Code 19572, or for any employee who voluntarily resigns from City service for personal reasons.

   1. The City Manager shall establish an allowance amount, not to exceed six months' salary, which is determined to be in the best interest of the city for the following executive classifications of the Group 1-A:

Assistant City Manager for Administrative Services*
Assistant City Manager for Development Services
Chief of Police
Public Services Director

**Currently Unfunded Position*

2. The City Manager shall establish an allowance amount, not to exceed three months' salary, which is determined to be in the best interest of the City for the remaining classifications of the Group 1-A.

3. This severance allowance is in addition to any unused vacation or administrative leave pay unused at the time of separation.

B. Each Department Director will recommend to the City Manager the proposed monthly salary to be paid to each of the employees whose classification appears in Group 1-B, 1-C, and 1-D. Upon approval of the City Manager, the monthly salary will be set within the prescribed range for each classification. The City Manager has the authority to increase the monthly compensation for employees in Group 1-B, 1-C, and 1-D, by a maximum of 10% within the prescribed range each fiscal year based on each individual employee's performance.

C. The City will contribute to a City-sponsored IRS 457 deferred compensation program of the employee's choice (ICMA or MassMutual) according to the following schedule:

1. 1% of base salary per pay period for employees who have been employed with the City from four to eight years.

2. 2% of base salary per pay period for employees who have been employed with the City for over eight years.

D. When it is proposed by the Personnel Officer that a new classification be created or an existing classification be changed, the City Manager shall submit justification for approval of that action to the City Council and if that action is approved, the City Manager will have the authority to approve new and revised job descriptions.

SECTION 3 - CONTRIBUTIONS TO THE CalPERS RETIREMENT SYSTEM, GROUPS 1-A, 1-B, 1-C, and 1-D

A. For "Classic Members" as defined by the Public Employees' Pension Reform Act of 2013 (PEPRA) and in the CalPERS retirement system:

1. Non-Safety (miscellaneous) employees listed in Groups 1-A, 1-B, 1-C, and 1-D will receive CalPERS retirement benefits under the 2.5% at age 55 plan.

2. Safety (sworn) employees listed in Groups 1-A and 1-B, will receive CalPERS retirement benefits under the 3% at age 50 plan.

B. For "New Members" as defined by PEPRA and in the CalPERS retirement system:

1. Non-Safety (miscellaneous) employees listed in Groups 1-A, 1-B, 1-C, and 1-D will receive CalPERS retirement benefits under the 2.0% at 62 plan.

2. Safety (sworn) employees listed in Groups 1-A and 1-B will receive CalPERS retirement benefits under the 2.7% at age 57 plan.

C. CalPERS defines a "New Member" as:

1. A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who has no prior membership in any other California public retirement system.

2. A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who is not eligible for reciprocity with another California public retirement system.

3. A member who established CalPERS membership prior to January 1, 2013, and who is hired by a different CalPERS employer after January 1, 2013, after a break in service of greater than six months.

4. CalPERS refers to all members that do not fit the definition of a "new member" as a "classic member."

D. Non-Safety (miscellaneous) employees: Beginning with CalPERS rates effective July 1, 2013, the City and Non-Safety (miscellaneous) Management, Professional, and Confidential employees agreed to split future employer rate increases at a 50/50 ratio. This methodology will be used in subsequent years should CalPERS increase the Miscellaneous contribution rates.

E. The Miscellaneous "Classic Members" shall contribute, in addition to the "Classic Members" rate of 8.0%, an additional ~~4.485~~5.165% towards the "Classic Members" CalPERS contribution rate for FY 202~~0~~1-2~~1~~2. The total "Classic Members" employee contribution obligation shall be ~~12.485~~13.165%.

F. The Miscellaneous "New Members" shall contribute, in addition to the "New Members" rate of ~~6.25~~7.0%, an additional ~~4.485~~5.165% towards the "New Members" CalPERS contribution rate for FY 2020-21. The total "New Members" employee contribution obligation shall be ~~11.485~~12.165%.

G. Safety (sworn) PEPRA employees: Beginning with CalPERS rates effective July 1, 2013, at which time the City's employer contribution PEPRA rate was 11.5%, the City and Association agreed that, beginning with CalPERS PEPRA rates effective July 1, 2013, safety (sworn) PEPRA employees would not pay less than 11.50% and would split future increases to the City's employer PEPRA contribution rates, including both the normal cost and any unfunded actuarial liability at a 50/50 ratio. For example, the City's employer CalPERS safety PEPRA obligation was 12.114% in FY 16-17 with the PEPRA employees' obligation was at 11.50%. Therefore, City paid half of the 0.614% increase over the base year City's employer PEPRA cost of 11.50% (equal to 0.307%) and safety PEPRA employees paid the other half (also equal to 0.307%). This methodology has been used in each year subsequent to FY 2016-17 and will be used in future years should CalPERS increase the City's employer Safety PEPRA contribution rates. The Safety PEPRA employees CalPERS contributions rate for 2021~~0~~-2~~1~~2 shall be 14.709~~867~~% (13.00% employee + 1.709~~867~~% of the employer share).

H. Safety (sworn) Classic employees: Beginning December 30, 2018, the City and Safety (sworn) Management, Professional, and Confidential employees agreed, in addition to employee CalPERS rate of 9.0%, a 6.12% towards the employer's share of pension costs (i.e. the total safety (Sworn) employee contribution for FY 2019-20 shall be 15.12% (9.00% employee + 6.12% of the employer share). The total employee contribution shall remain at 15.12% for the Safety (sworn) classic employees during the term of the Morgan Hill Police Officers' Association Memorandum of Understanding (MOU), which is December 30, 2018 – December 31, 2021.

SECTION 4 - HEALTH CARE CONTRIBUTIONS AND IRS 125 PLAN, GROUPS 1-A, 1-B, 1-C, and 1-D

A. The City will contribute to the City's medical and dental plans as follows:
   1. For employees with family coverage, up to $1,976/month in 2020 and up to $2,055/month in 2021.
   2. For employees with employee plus one coverage, up to $1,508/month in 2020 and up to $1,568/month in 2021.
   3. For employees with employee only coverage, up to $800/month in 2020 and up to $832/month in 2021.
   4. Employees enrolling in City health but not using the maximum amount available from the City for their premium category (employee only, employee + 1, employee + family) shall not be entitled to the surplus. Employees enrolling in plans whose cost exceeds the maximum amount available from the City for their premium category shall have the difference deducted on a pre-tax basis from their paycheck.
   5. Employees who waive medical coverage and annually provide proof of alternate medical coverage shall be entitled to a taxable health in lieu payment of six hundred ten dollars ($610) per month.
   6. If an employee waives medical and elects dental coverage, the employee will receive the taxable health in lieu payment of six hundred ten dollars ($610) per month but will pay the appropriate dental premium.

B. The City will continue to provide coverage under the Concern Employee Assistance Program.

C. The City will continue to offer an IRS Section 125 program.

SECTION 5 - GENERAL BENEFIT PROVISIONS, GROUPS 1-A, 1-B, 1-C, AND 1-D

The City will comply with the requirements of the City Personnel Rules and Regulations and the Fair Labor Standards Act governing the use of taking and reporting time off work for management employees.

A. **Holidays**

1. The City will grant the following paid holidays to employees:

   New Year's Day
   Martin Luther King, Jr. Day
   President's Day
   Cesar Chavez Day
   Memorial Day
   Independence Day
   Labor Day
   Thanksgiving Day
   Day after Thanksgiving
   Christmas Eve
   Christmas Day

   One-half (1/2) day holiday to be used during the furlough period or on the last workday before the holiday.

   Two floating holidays which must be used during the fiscal year.

2. Holidays are paid at a rate of eight hours of time off; employees on alternate work schedules must use additional leave balances to receive full pay on a holiday.

3. With the approval of the employee's supervisor, employees may "float" holidays to another day within the same fiscal year provided they work on the holiday.

B. **Sick Leave Accrual**

1. Sick Leave credit for employees will be accumulated on the basis of eight hours of sick leave per month (96 hours per year).

2. The City will, at the end of each calendar year, pay each employee twenty-five percent of the unused sick leave earned that year unless the employee requests not to receive such a payment.

3. The balance of the unused sick leave will then be accumulated on an unlimited basis.

4. Upon retirement, 100% of the employee's unused sick leave balance will be credited to the employee's retirement eligibility. This amount would then be converted into time in service and added to the employee's retirement eligibility. (Reference - City contract with CalPERS, Section 20862.8)

5. Each employee may take 16 hours of personal leave time during the fiscal year which is charged against the current year's sick leave accrual.

6. The City Manager may negotiate establishing a leave "bank" with new employees at time of hire.

C. **Vacation Leave Accrual**

1. Each employee will be credited vacation on the basis of 120 hours per year for the first five years of City service. After five years of service, vacation will be credited on the basis of 160 hours per year.

2. The maximum accumulation of vacation will be no more than that earned for two years.

3. Additional vacation accrual will not be provided until the employee's vacation balance drops below the maximum accrual limit as of June 30 in any given year.

4. The City Manager may negotiate vacation accrual rates and/or establish a leave "bank" with new employees at time of hire.

D. **Administrative Leave, Groups 1-A, 1-B, and 1-C**

1. Employees listed in Groups 1-A, 1-B, and 1-C receive and may use up to 72 hours of administrative leave with pay per fiscal year.

2. Administrative leave time for employees in Groups 1-A, 1-B, and 1-C will be available for one additional year if not used in the fiscal year that it was initially available. If, however, the administrative leave time that was carried over to the following fiscal year is not used during the second year, it will be lost at the end of the second fiscal year. In effect, the maximum amount of administrative leave time that may be available to an employee at any given time is 144 hours.

3. Effective July 1, 2016, new employees who are hired during any month other than July, will initially receive prorated administrative leave hours of six (6) hours per month depending on date of hire and the hours will be banked at time of hire (i.e. employees hired in the month of August would receive 66 hours of administrative leave because they will be working a total of eleven (11) months in the fiscal year). All regular, full-time employees will receive 72 hours of administrative leave each fiscal year following their hire date. Part-time employees have prorated benefits and their total administrative leave hours will be prorated based on their position allocation.

E. **Leave Cash Out**

Employees listed in Groups 1-A, 1-B, 1-C and 1-D may cash out up to 120 hours of accrued vacation, administrative leave, or a combination of the two, per calendar year. Employees must make an irrevocable election by December 1 of each year for the following calendar year stating their intent to cash out and the eligible number of hours. If employees do not request payment of the elected cash amount by November 1 of each year, Payroll will automatically cash out the amount designated by the employee on or after the pay period including November 1st.

F. **Bereavement Leave**

Management, Professional, and Confidential employees shall, per occurrence, be granted Bereavement Leave when a death occurs in the employee's or spouse's immediate family. For the purpose of this section, "immediate family" is defined as father, mother, brother, sister, spouse, natural or legally adopted child, step-child, in-laws, grandparents, and grandchildren. Up to three (3) days of bereavement leave shall be granted when the death and service are within the State of California and up to five (5) days when the death or service is outside the State. Bereavement Leave usage shall not be charged against the employee's Sick Leave or Vacation Time. Employees may also use up to two (2) additional days of Sick Leave to supplement their allotted Bereavement Leave if other circumstances require absence during this time, subject to the approval of the employee’s supervisor and deducted from the employee’s other leave banks.

Special circumstances beyond this definition may be considered on a case-by-case basis and must be approved by the City Manager. This leave will not affect the twenty-five percent cash out of sick leave for the same calendar year.

G. **Professional Development**

It shall be the philosophy of the City to encourage employees to attend classes, seminars, conferences, etc. which will enable the employee to develop professionally. Such attendance must be approved by the Department Director or the City Manager. The City may request employees who complete such a course to report or train other employees in the skills they have attained.

1. **Tuition Reimbursement Program**

   Employees are eligible to receive tuition reimbursement of up to $3,000 per fiscal year for the cost of books and tuition for classes or courses beneficial to the employee's career development. All classes must be approved in advance by the Department Director or City Manager. Reimbursement will take place upon a successful completion or passing of the course.

2. **Membership Dues**

   For employees listed in Groups 1-A and 1-B, the City shall provide a personal membership dues reimbursement of up to $1,200 per fiscal year for costs associated with joining and participating in Morgan Hill community service organizations such as Rotary or Kiwanis. Reimbursement of membership dues for community service organizations requires the prior approval by the Department Director or the City Manager.

H. **Life and Disability Insurance**

The City shall pay the premiums for short-term disability, long-term disability, and life insurance plans.

1. Life insurance levels shall be as follows for the employees listed in Section 1:

Group 1-A	$250,000
Group 1-B	$150,000
Group 1-C	$100,000
Group 1-D	$100,000

This amount decreases when the employee reaches age 65, 70, and 75. The Life Insurance benefit will be paid to the employee's beneficiary upon the death of the employee as outlined in the program documents.

2. Short-term disability coverage for employees shall be at the maximum rate of $1,384 per week based on 66⅔% of the actual weekly salary after an eight-day elimination period.

3. Long-term disability coverage for employees shall be at the maximum rate of $6,000 per month based on 66⅔% of the actual monthly salary after a 60-day elimination period.

I. **Retirement Medical Plan**

Upon retirement, employees may continue enrollment in the medical insurance plans provided by CalPERS without an interruption of coverage. Such enrollment will be contingent upon the employee meeting the requirements of the medical plans provided by CalPERS and paying the monthly premium to CalPERS at the employee's expense. It will be the employee's responsibility to make sure the insurance premium is paid to CalPERS before the due date. Failure to do so will result in the employee being terminated from their medical coverage.

J. **Special Assignment Pay**

Special Assignment Pay may be granted to employees who have assumed, for an extended period, significant additional responsibilities outside their current classification. The request for special assignment shall describe the assignment, justify why it is to be performed by the designated employee, and give a specific duration for completion of the assignment with a start and end date. Special assignment pay is up to 10% above the employee's normal pay rate. The special assignment and related compensation may be revoked at any time at the discretion of the Department Director, or the City Manager or designee. Special Assignment Pay will be requested in advance by the Department Director and authorized by the City Manager or designee, and then processed by the Human Resources Division. Special Assignment Pay shall be discontinued on the date originally identified for completion of the assignment, unless an extension of specific duration is approved by the City Manager or designee prior to the end of the original assignment end date. This pay will not be considered additional compensation as defined by the California Public Employees' Retirement Systems (CalPERS).

K. **Employee Uniform Allowance**

Safety employees in Groups 1-A and 1-B will be eligible for the following uniform allowance:

Chief of Police and Police Captain:	$1,400
Police Support Services Manager:	$810

L. **Work Schedule**
The City Manager will establish the standard work schedule for employees. Based on the needs of the City, the City Manager may at his/her discretion, change the work schedules of employees at any time.

M. **Auto Allowance**
The City Manager may establish a monthly allowance for selected employees listed in Groups 1-A and 1-B who use their personal vehicles on City business. Based on the needs of the City, the City Manager may, at his/her discretion, change the auto allowance of employees at any time. The current monthly allowance range is $225 - $325.

N. **Cell Phone Allowance**
The City Manager may establish a monthly allowance for selected employees who use their personal cell phones on City business. Based on the needs of the City, the City Manager may, at his/her discretion, change the cell phone allowance of employees at any time. The current monthly allowance is established in Administrative Policy III019.

SECTION 6 - EFFECTIVE DATE
This resolution shall be effective July 1, 2021. Compensation shall be made available to only those employees covered by this section who are still employed as a Management, Professional, or Confidential employee with the City as of the effective date of this agreement. As of the effective date of this Resolution, Resolution No. 21-011 shall be superseded and rescinded.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 26th day of May 2021 by the following vote:

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

APPROVED: **ATTEST:**

RICH CONSTANTINE, Mayor **Michelle Bigelow, City Clerk**

ꕥ CERTIFICATION ꕤ

I, Michelle Bigelow, 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-XXX, adopted by the City Council at the meeting held on May 26, 2021.

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

DATE: ______________________ ______________________________________
Michelle Bigelow, City Clerk

EXHIBIT A

CITY OF MORGAN HILL
MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEE GROUP
SALARY SCHEDULE

Revised: May 26, 2021
Effective: July 01, 2021

* Currently Unfunded Positions

Job Classification	Bottom of Range Monthly	Top of Range Monthly
Group 1-A: Executive Management		
*Assistant City Manager for Administrative Services **	$14,899	$19,577
Assistant City Manager for Development Services	$14,899	$19,577
Chief of Police	$14,899	$19,577
Public Services Director	$14,899	$19,577
*Community Services Director **	$14,193	$18,688
Development Services Director	$14,193	$18,688
Economic Development Director	$14,193	$18,688
*Engineering and Utilities Director **	$14,193	$18,688
Finance Director	$14,193	$18,688
Housing Director	$14,193	$18,688
Communications and Engagement Director	$12,247	$16,093
Human Resources Director	$12,247	$16,093
Information Technology Director	$12,247	$16,093
Group 1-B: Middle Management		
Police Captain	$12,489	$16,410
Building Official	$12,247	$16,093
Deputy Director for Engineering	$12,247	$16,093
Deputy Director for Utilities Services	$12,247	$16,093
*Housing Manager**	$12,247	$16,093
*Planning Manager **	$12,247	$16,093
Program Administrator	$12,247	$16,093
Assistant City Attorney	$11,475	$15,053
*Assistant to the City Manager **	$11,475	$15,053
City Clerk	$11,475	$15,053
Economic Development Manager	$10,826	$14,201
Environmental Services Administrator	$10,826	$14,201
Principal Planner	$10,826	$14,201
Senior Civil Engineer	$10,826	$14,201
Senior Project Manager	$10,826	$14,201
Budget Manager	$10,011	$13,167
*Building Manager **	$10,011	$13,167
*Communications and Engagement Manager **	$10,011	$13,167
*Community Services Manager **	$10,011	$13,167
Environmental Services Manager	$10,011	$13,167
*Information Services Manager **	$10,011	$13,167
Maintenance Manager	$10,011	$13,167
Police Support Services Manager	$10,011	$13,167
Recreation Manager	$10,011	$13,167
Supervising Civil Engineer	$10,011	$13,167
Utility Systems Manager	$10,011	$13,167
*Accounting Manager **	$9,319	$12,249
*Financial and Policy Analyst **	$9,319	$12,249
Police Administrative Manager	$9,319	$12,249
Public Services Administrative Manager	$9,319	$12,249
Senior Planner	$9,319	$12,249
Community Services Supervisor	$8,442	$10,772
*Council Services and Records Manager **	$8,442	$10,772
*Deputy City Attorney **	$8,442	$10,772
Economic Development Coordinator	$8,442	$10,772
Emergency Services Coordinator	$8,442	$10,772
GIS / Land Use Data Administrator	$8,442	$10,772
Maintenance Services Coordinator	$8,442	$10,772
Older Adult Services Supervisor	$8,442	$10,772
Programmer Analyst	$8,442	$10,772
Senior Human Resources Analyst	$8,442	$10,772
Risk Management Analyst (.50 FTE)	$4,024	$5,280
Group 1-C: Confidential Exempt		
Administrative Analyst	$8,047	$10,559
Legal Specialist	$7,240	$9,526
Group 1-D: Confidential Non-Exempt		
Accounting Technician	$6,419	$8,424
Human Resources Technician	$6,419	$8,424
*Human Resources Assistant **	$5,027	$6,576

****Monthly figures are rounded to the nearest $1.00*

CITY OF MORGAN HILL
MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEE GROUP
SALARY SCHEDULE

Revised: May 26, 2021
Effective: July 01, 2021

* Currently Unfunded Positions

Job Classification	Bottom of Range Monthly	Top of Range Monthly
Group 1-A: Executive Management		
Assistant City Manager for Administrative Services *	$14,899	$19,577
Assistant City Manager for Development Services	$14,899	$19,577
Chief of Police	$14,899	$19,577
Public Services Director	$14,899	$19,577
Community Services Director *	$14,193	$18,688
Development Services Director	$14,193	$18,688
Economic Development Director	$14,193	$18,688
Engineering and Utilities Director *	$14,193	$18,688
Finance Director	$14,193	$18,688
Housing Director	$14,193	$18,688
Communications and Engagement Director	$12,247	$16,093
Human Resources Director	$12,247	$16,093
Information Technology Director	$12,247	$16,093
Group 1-B: Middle Management		
Police Captain	$12,489	$16,410
Building Official	$12,247	$16,093
Deputy Director for Engineering	$12,247	$16,093
Deputy Director for Utilities Services	$12,247	$16,093
*Housing Manager**	$12,247	$16,093
Planning Manager *	$12,247	$16,093
Program Administrator	$12,247	$16,093
Assistant City Attorney	$11,475	$15,053
*Assistant to the City Manager **	$11,475	$15,053
City Clerk	$11,475	$15,053
Economic Development Manager	$10,826	$14,201
Environmental Services Administrator	$10,826	$14,201
Principal Planner	$10,826	$14,201
Senior Civil Engineer	$10,826	$14,201
Senior Project Manager	$10,826	$14,201
Budget Manager	$10,011	$13,167
Building Manager *	$10,011	$13,167
Communications and Engagement Manager *	$10,011	$13,167
Community Services Manager *	$10,011	$13,167
Environmental Services Manager	$10,011	$13,167
Information Services Manager *	$10,011	$13,167
Maintenance Manager	$10,011	$13,167
Police Support Services Manager	$10,011	$13,167
Recreation Manager	$10,011	$13,167
Supervising Civil Engineer	$10,011	$13,167
Utility Systems Manager	$10,011	$13,167
*Accounting Manager **	$9,319	$12,249
*Financial and Policy Analyst **	$9,319	$12,249
Police Administrative Manager	$9,319	$12,249
Public Services Administrative Manager	$9,319	$12,249
Senior Planner	$9,319	$12,249
Community Services Supervisor	$8,442	$10,772
*Council Services and Records Manager **	$8,442	$10,772
*Deputy City Attorney **	$8,442	$10,772
Economic Development Coordinator	$8,442	$10,772
Emergency Services Coordinator	$8,442	$10,772
GIS / Land Use Data Administrator	$8,442	$10,772
Maintenance Services Coordinator	$8,442	$10,772
Older Adult Services Supervisor	$8,442	$10,772
Programmer Analyst	$8,442	$10,772
Senior Human Resources Analyst	$8,442	$10,772
Risk Management Analyst (.50 FTE)	$4,024	$5,280
Group 1-C: Confidential Exempt		
Administrative Analyst	$8,047	$10,559
Legal Specialist	$7,240	$9,526
Group 1-D: Confidential Non-Exempt		
Accounting Technician	$6,419	$8,424
Human Resources Technician	$6,419	$8,424
Human Resources Assistant *	$5,027	$6,576

****Monthly figures are rounded to the nearest $1.00*

CITY OF MORGAN HILL AFSCME LOCAL 101 MONTHLY SALARY FOR REGULAR EMPLOYEES BY CLASSIFICATION

Exhibit A

Effective 12/30/2018 (3.5% increase) Position	A Monthly	A Hourly	B Monthly	B Hourly	C Monthly	C Hourly	D Monthly	D Hourly	E Monthly	E Hourly	F Monthly	F Hourly
Accountant I	$ 6,876	$ 39.67	$ 7,219	$ 41.65	$ 7,580	$ 43.73	$ 7,959	$ 45.92	$ 8,358	$ 48.22	$ 8,776	$ 50.63
Accounting Asst. I	4,546	26.23	4,773	27.54	5,013	28.92	5,263	30.36	5,526	31.88	5,802	33.47
Accounting Asst. II	4,758	27.45	4,996	28.82	5,245	30.26	5,507	31.77	5,783	33.36	6,071	35.03
Assistant Planner	6,876	39.67	7,219	41.65	7,580	43.73	7,959	45.92	8,358	48.22	8,776	50.63
Assistant Engineer	7,638	44.07	8,021	46.28	8,423	48.59	8,843	51.02	9,285	53.57	9,750	56.25
Associate Planner	7,401	42.70	7,772	44.84	8,160	47.08	8,568	49.43	8,996	51.90	9,446	54.50
Associate Engineer	8,873	51.19	9,317	53.75	9,783	56.44	10,272	59.26	10,786	62.23	11,325	65.34
Business Assistant	5,269	30.40	5,533	31.92	5,810	33.52	6,100	35.19	6,406	36.96	6,725	38.80
Building Inspector II	7,676	44.28	8,059	46.49	8,461	48.81	8,884	51.26	9,329	53.82	9,795	56.51
Building Inspector Supervisor	9,029	52.09	9,481	54.70	9,955	57.43	10,453	60.30	10,975	63.32	11,524	66.48
Code Compliance Officer	6,952	40.11	7,300	42.11	7,665	44.22	8,048	46.43	8,451	48.75	8,873	51.19
Community Services Coordinator	5,786	33.38	6,076	35.05	6,380	36.81	6,699	38.65	7,034	40.58	7,386	42.61
Council Services Assistant	5,235	30.20	5,496	31.71	5,771	33.30	6,060	34.96	6,363	36.71	6,681	38.54
Custodian	3,504	20.21	3,678	21.22	3,863	22.28	4,056	23.40	4,259	24.57	4,472	25.80
Development Services Technician	6,072	35.03	6,376	36.78	6,694	38.62	7,029	40.55	7,381	42.58	7,750	44.71
Electrician	7,233	41.73	7,595	43.82	7,975	46.01	8,373	48.31	8,792	50.72	9,232	53.26
Engineering Technician I	5,369	30.97	5,637	32.52	5,918	34.14	6,214	35.85	6,525	37.64	6,851	39.52
Engineering Technician II	5,936	34.24	6,233	35.96	6,544	37.76	6,871	39.64	7,215	41.63	7,576	43.71
Environmental Programs Coordinator	6,876	39.67	7,219	41.65	7,580	43.73	7,959	45.92	8,358	48.22	8,776	50.63
Exec. Asst. to the Chief of Police	5,369	30.97	5,637	32.52	5,918	34.14	6,214	35.85	6,525	37.64	6,851	39.52
Facilities Maintenance Specialist	5,786	33.38	6,076	35.05	6,380	36.81	6,699	38.65	7,034	40.58	7,386	42.61
Housing Program Coordinator	7,401	42.70	7,772	44.84	8,160	47.08	8,568	49.43	8,996	51.90	9,446	54.50
Information Services Technician	6,876	39.67	7,219	41.65	7,580	43.73	7,959	45.92	8,358	48.22	8,776	50.63
Junior Engineer	6,876	39.67	7,219	41.65	7,580	43.73	7,959	45.92	8,358	48.22	8,776	50.63
Maintenance Worker I	4,758	27.45	4,996	28.82	5,245	30.26	5,507	31.77	5,783	33.36	6,071	35.03
Maintenance Worker II	5,250	30.29	5,512	31.80	5,788	33.39	6,078	35.06	6,382	36.82	6,701	38.66
Maintenance Supervisor	7,625	43.99	8,006	46.19	8,406	48.50	8,827	50.92	9,267	53.47	9,731	56.14
Management Analyst	7,050	40.68	7,403	42.71	7,774	44.85	8,163	47.09	8,571	49.45	8,999	51.92
Municipal Services Assistant	5,014	28.92	5,264	30.37	5,527	31.89	5,803	33.48	6,093	35.15	6,397	36.91
Office Assistant I	3,616	20.86	3,797	21.91	3,987	23.00	4,187	24.15	4,396	25.36	4,615	26.63
Office Assistant II	4,546	26.23	4,773	27.54	5,013	28.92	5,263	30.36	5,526	31.88	5,802	33.47
Plan Check Engineer (approved 12/18/19)	9,029	52.09	9,481	54.70	9,955	57.43	10,453	60.30	10,975	63.32	11,524	66.48
Plans Examiner (added 12/18/19)	7,676	44.28	8,059	46.49	8,461	48.81	8,884	51.26	9,329	53.82	9,795	56.51
Police Analyst	7,775	44.86	8,164	47.10	8,572	49.45	9,000	51.93	9,451	54.52	9,924	57.25
Public Works Inspection Supervisor	9,029	52.09	9,481	54.70	9,955	57.43	10,453	60.30	10,975	63.32	11,524	66.48
Public Works Inspector	7,233	41.73	7,594	43.81	7,974	46.00	8,372	48.30	8,790	50.71	9,230	53.25
Recreation Services Coordinator	5,786	33.38	6,076	35.05	6,380	36.81	6,699	38.65	7,034	40.58	7,386	42.61
Senior Accountant (approved 7/17/19)	7,563	43.63	7,941	45.81	8,338	48.10	8,755	50.51	9,193	53.04	9,653	55.69
Senior Maintenance Worker	5,786	33.38	6,076	35.05	6,380	36.81	6,699	38.65	7,034	40.58	7,386	42.61
Senior Utility Worker	5,786	33.38	6,076	35.05	6,380	36.81	6,699	38.65	7,034	40.58	7,386	42.61
Senior Public Works Inspector	7,775	44.86	8,164	47.10	8,572	49.45	9,000	51.93	9,451	54.52	9,924	57.25
Support Services Supervisor	6,859	39.57	7,202	41.55	7,562	43.63	7,940	45.80	8,337	48.10	8,754	50.50
Utility Worker I	4,758	27.45	4,996	28.82	5,245	30.26	5,507	31.77	5,783	33.36	6,071	35.03
Utility Worker II	5,250	30.29	5,512	31.80	5,788	33.39	6,078	35.06	6,382	36.82	6,701	38.66
Utility Supervisor	7,750	44.71	8,137	46.95	8,544	49.29	8,971	51.76	9,420	54.34	9,891	57.06
Water Quality Specialist	6,391	36.87	6,711	38.72	7,046	40.65	7,398	42.68	7,768	44.81	8,156	47.05

Exhibit B

Effective 01/01/2020 (3.25% increase)												
Position	A Monthly	A Hourly	B Monthly	B Hourly	C Monthly	C Hourly	D Monthly	D Hourly	E Monthly	E Hourly	F Monthly	F Hourly
Accountant I	$ 7,099	$ 40.96	$ 7,454	$ 43.00	$ 7,827	$ 45.15	$ 8,218	$ 47.41	$ 8,629	$ 49.78	$ 9,061	$ 52.28
Accounting Asst. I	4,693	27.08	4,929	28.43	5,175	29.86	5,434	31.35	5,706	32.92	5,991	34.56
Accounting Asst. II	4,913	28.34	5,158	29.76	5,416	31.25	5,686	32.81	5,970	34.44	6,269	36.17
Assistant Planner	7,099	40.96	7,454	43.00	7,827	45.15	8,218	47.41	8,629	49.78	9,061	52.28
Assistant Engineer	7,887	45.50	8,282	47.78	8,697	50.17	9,130	52.68	9,587	55.31	10,067	58.08
Associate Planner	7,642	44.09	8,024	46.29	8,425	48.61	8,846	51.04	9,289	53.59	9,753	56.27
Associate Engineer	9,162	52.85	9,620	55.50	10,101	58.27	10,606	61.19	11,136	64.25	11,693	67.46
Business Assistant	5,440	31.39	5,713	32.96	5,998	34.61	6,299	36.34	6,614	38.16	6,944	40.06
Building Inspector II	7,925	45.72	8,320	48.00	8,736	50.40	9,173	52.92	9,632	55.57	10,114	58.35
Building Inspector Supervisor	9,323	53.79	9,789	56.47	10,278	59.30	10,792	62.26	11,332	65.38	11,898	68.64
Code Compliance Officer	7,178	41.41	7,537	43.48	7,914	45.66	8,310	47.94	8,726	50.34	9,162	52.85
Community Services Coordinator	5,974	34.46	6,273	36.19	6,587	38.00	6,916	39.90	7,263	41.90	7,626	44.00
Council Services Assistant	5,405	31.18	5,675	32.74	5,959	34.38	6,257	36.10	6,570	37.90	6,898	39.80
Custodian	3,617	20.87	3,798	21.91	3,988	23.01	4,188	24.16	4,397	25.37	4,618	26.64
Development Services Technician	6,270	36.17	6,583	37.98	6,912	39.88	7,257	41.87	7,621	43.96	8,002	46.17
Electrician	7,468	43.08	7,842	45.24	8,234	47.50	8,645	49.88	9,078	52.37	9,532	54.99
Engineering Technician I	5,543	31.98	5,820	33.58	6,110	35.25	6,416	37.02	6,737	38.87	7,073	40.81
Engineering Technician II	6,129	35.36	6,435	37.13	6,757	38.98	7,095	40.93	7,450	42.98	7,822	45.13
Environmental Programs Coordinator	7,099	40.96	7,454	43.00	7,827	45.15	8,218	47.41	8,629	49.78	9,061	52.28
Exec. Asst. to the Chief of Police	5,543	31.98	5,820	33.58	6,110	35.25	6,416	37.02	6,737	38.87	7,073	40.81
Facilities Maintenance Specialist	5,974	34.46	6,273	36.19	6,587	38.00	6,916	39.90	7,263	41.90	7,626	44.00
Housing Program Coordinator	7,642	44.09	8,024	46.29	8,425	48.61	8,846	51.04	9,289	53.59	9,753	56.27
Information Services Technician	7,099	40.96	7,454	43.00	7,827	45.15	8,218	47.41	8,629	49.78	9,061	52.28
Junior Engineer	7,099	40.96	7,454	43.00	7,827	45.15	8,218	47.41	8,629	49.78	9,061	52.28
Maintenance Worker I	4,913	28.34	5,158	29.76	5,416	31.25	5,686	32.81	5,970	34.44	6,269	36.17
Maintenance Worker II	5,420	31.27	5,692	32.84	5,976	34.48	6,275	36.20	6,589	38.01	6,918	39.91
Maintenance Supervisor	7,873	45.42	8,266	47.69	8,680	50.07	9,113	52.58	9,569	55.20	10,047	57.97
Management Analyst	7,280	42.00	7,644	44.10	8,027	46.31	8,428	48.62	8,849	51.05	9,292	53.61
Municipal Services Assistant	5,177	29.86	5,435	31.36	5,707	32.92	5,992	34.57	6,291	36.29	6,605	38.11
Office Assistant I	3,734	21.54	3,921	22.62	4,116	23.75	4,323	24.94	4,539	26.18	4,765	27.49
Office Assistant II	4,693	27.08	4,929	28.43	5,175	29.86	5,434	31.35	5,706	32.92	5,991	34.56
Plan Check Engineer (approved 12/18/19)	9,323	53.79	9,789	56.47	10,278	59.30	10,792	62.26	11,332	65.38	11,898	68.64
Plans Examiner (approved 12/18/19)	7,925	45.72	8,320	48.00	8,736	50.40	9,173	52.92	9,632	55.57	10,114	58.35
Police Analyst	8,028	46.31	8,429	48.63	8,851	51.06	9,293	53.61	9,758	56.29	10,246	59.11
Public Works Inspection Supervisor	9,323	53.79	9,789	56.47	10,278	59.30	10,792	62.26	11,332	65.38	11,898	68.64
Public Works Inspector	7,468	43.08	7,841	45.23	8,233	47.50	8,644	49.87	9,076	52.36	9,530	54.98
Recreation Services Coordinator	5,974	34.46	6,273	36.19	6,587	38.00	6,916	39.90	7,263	41.90	7,626	44.00
Senior Accountant	7,809	45.05	8,199	47.30	8,609	49.67	9,040	52.15	9,492	54.76	9,967	57.50
Senior Maintenance Worker	5,974	34.46	6,273	36.19	6,587	38.00	6,916	39.90	7,263	41.90	7,626	44.00
Senior Utility Worker	5,974	34.46	6,273	36.19	6,587	38.00	6,916	39.90	7,263	41.90	7,626	44.00
Senior Public Works Inspector	8,028	46.31	8,429	48.63	8,851	51.06	9,293	53.61	9,758	56.29	10,246	59.11
Support Services Supervisor	7,082	40.86	7,436	42.90	7,808	45.04	8,198	47.29	8,608	49.66	9,039	52.15
Utility Worker I	4,913	28.34	5,158	29.76	5,416	31.25	5,686	32.81	5,970	34.44	6,269	36.17
Utility Worker II	5,420	31.27	5,692	32.84	5,976	34.48	6,275	36.20	6,589	38.01	6,918	39.91
Utility Supervisor	8,002	46.17	8,402	48.47	8,822	50.89	9,263	53.44	9,726	56.11	10,212	58.91
Water Quality Specialist	6,599	38.07	6,929	39.98	7,275	41.97	7,639	44.07	8,020	46.27	8,421	48.58

Exhibit C

Effective 01/01/2021 (3.25% increase)												
Position	**A Monthly**	**A Hourly**	**B Monthly**	**B Hourly**	**C Monthly**	**C Hourly**	**D Monthly**	**D Hourly**	**E Monthly**	**E Hourly**	**F Monthly**	**F Hourly**
Accountant I	$ 7,330	$ 42.29	$ 7,696	$ 44.40	$ 8,081	$ 46.62	$ 8,485	$ 48.95	$ 8,910	$ 51.40	$ 9,356	$ 53.97
Accounting Asst. I	4,846	27.96	5,089	29.36	5,344	30.83	5,611	32.37	5,891	33.99	6,186	35.69
Accounting Asst. II	5,072	29.26	5,326	30.73	5,592	32.26	5,871	33.87	6,164	35.56	6,472	37.34
Assistant Planner	7,330	42.29	7,696	44.40	8,081	46.62	8,485	48.95	8,910	51.40	9,356	53.97
Assistant Engineer	8,143	46.98	8,551	49.33	8,979	51.80	9,427	54.39	9,898	57.11	10,394	59.96
Associate Planner	7,890	45.52	8,285	47.80	8,699	50.19	9,134	52.69	9,591	55.33	10,070	58.10
Associate Engineer	9,459	54.57	9,933	57.30	10,429	60.17	10,951	63.18	11,498	66.34	12,073	69.65
Business Assistant	5,617	32.41	5,899	34.03	6,193	35.73	6,503	37.52	6,829	39.40	7,170	41.36
Building Inspector II	8,183	47.21	8,591	49.56	9,020	52.04	9,471	54.64	9,945	57.37	10,442	60.24
Building Inspector Supervisor	9,626	55.53	10,107	58.31	10,612	61.22	11,143	64.29	11,700	67.50	12,285	70.87
Code Compliance Officer	7,411	42.76	7,782	44.90	8,172	47.14	8,580	49.50	9,009	51.98	9,459	54.57
Community Services Coordinator	6,168	35.58	6,477	37.37	6,801	39.24	7,141	41.20	7,499	43.26	7,874	45.42
Council Services Assistant	5,581	32.20	5,859	33.80	6,153	35.50	6,460	37.27	6,784	39.14	7,122	41.09
Custodian	3,735	21.55	3,921	22.62	4,118	23.76	4,324	24.95	4,540	26.19	4,768	27.51
Development Services Technician	6,473	37.35	6,797	39.21	7,137	41.17	7,493	43.23	7,868	45.39	8,262	47.67
Electrician	7,710	44.48	8,097	46.71	8,502	49.05	8,926	51.50	9,373	54.08	9,842	56.78
Engineering Technician I	5,723	33.02	6,009	34.67	6,309	36.40	6,625	38.22	6,956	40.13	7,303	42.13
Engineering Technician II	6,328	36.51	6,645	38.33	6,977	40.25	7,325	42.26	7,692	44.37	8,077	46.60
Environmental Programs Coordinator	7,330	42.29	7,696	44.40	8,081	46.62	8,485	48.95	8,910	51.40	9,356	53.97
Exec. Asst. to the Chief of Police	5,723	33.02	6,009	34.67	6,309	36.40	6,625	38.22	6,956	40.13	7,303	42.13
Facilities Maintenance Specialist	6,168	35.58	6,477	37.37	6,801	39.24	7,141	41.20	7,499	43.26	7,874	45.42
Homeless Specialist (added 5/26/21)	6,168	35.58	6,477	37.37	6,801	39.24	7,141	41.20	7,499	43.26	7,847	45.42
Housing Program Coordinator	7,890	45.52	8,285	47.80	8,699	50.19	9,134	52.69	9,591	55.33	10,070	58.10
Information Services Technician	7,330	42.29	7,696	44.40	8,081	46.62	8,485	48.95	8,910	51.40	9,356	53.97
Junior Engineer	7,330	42.29	7,696	44.40	8,081	46.62	8,485	48.95	8,910	51.40	9,356	53.97
Maintenance Worker I	5,072	29.26	5,326	30.73	5,592	32.26	5,871	33.87	6,164	35.56	6,472	37.34
Maintenance Worker II	5,596	32.29	5,877	33.90	6,170	35.60	6,479	37.38	6,803	39.25	7,143	41.21
Maintenance Supervisor	8,129	46.90	8,535	49.24	8,962	51.70	9,410	54.29	9,880	57.00	10,374	59.85
Management Analyst	7,516	43.36	7,892	45.53	8,288	47.81	8,702	50.21	9,137	52.71	9,594	55.35
Municipal Services Assistant	5,345	30.83	5,612	32.38	5,892	33.99	6,187	35.69	6,496	37.47	6,820	39.35
Office Assistant I	3,855	22.24	4,048	23.36	4,250	24.52	4,463	25.75	4,686	27.03	4,920	28.38
Office Assistant II	4,846	27.96	5,089	29.36	5,344	30.83	5,611	32.37	5,891	33.99	6,186	35.69
Plan Check Engineer (approved 12/18/19)	9,626	55.53	10,107	58.31	10,612	61.22	11,143	64.29	11,700	67.50	12,285	70.87
Plans Examiner (approved 12/18/19)	8,183	47.21	8,591	49.56	9,020	52.04	9,471	54.64	9,945	57.37	10,442	60.24
Police Analyst	8,289	47.82	8,703	50.21	9,138	52.72	9,595	55.36	10,075	58.12	10,579	61.03
Public Works Inspection Supervisor	9,626	55.53	10,107	58.31	10,612	61.22	11,143	64.29	11,700	67.50	12,285	70.87
Public Works Inspector	7,710	44.48	8,095	46.70	8,500	49.04	8,925	51.49	9,371	54.06	9,840	56.77
Recreation Services Coordinator	6,168	35.58	6,477	37.37	6,801	39.24	7,141	41.20	7,499	43.26	7,874	45.42
Senior Accountant	8,063	46.52	8,466	48.84	8,889	51.28	9,333	53.85	9,800	56.54	10,291	59.37
Senior Maintenance Worker	6,168	35.58	6,477	37.37	6,801	39.24	7,141	41.20	7,499	43.26	7,874	45.42
Senior Utility Worker	6,168	35.58	6,477	37.37	6,801	39.24	7,141	41.20	7,499	43.26	7,874	45.42
Senior Public Works Inspector	8,289	47.82	8,703	50.21	9,138	52.72	9,595	55.36	10,075	58.12	10,579	61.03
Support Services Supervisor	7,312	42.18	7,677	44.29	8,061	46.51	8,464	48.83	8,888	51.27	9,332	53.84
Utility Worker I	5,072	29.26	5,326	30.73	5,592	32.26	5,871	33.87	6,164	35.56	6,472	37.34
Utility Worker II	5,596	32.29	5,877	33.90	6,170	35.60	6,479	37.38	6,803	39.25	7,143	41.21
Utility Supervisor	8,262	47.67	8,675	50.05	9,108	52.55	9,564	55.18	10,042	57.93	10,544	60.83
Water Quality Specialist	6,813	39.31	7,154	41.27	7,512	43.34	7,887	45.50	8,281	47.77	8,695	50.16

2021 INFRASTRUCTURE UPDATE REPORT
City of Morgan Hill

Contents

Acknowledgements

This report is developed annually “in-house” by teammates within the Community Services Department and the Engineering and Utilities Department.

Introduction

Purpose of the Report

The City of Morgan Hill's infrastructure is a very diverse system that supports a number of essential community needs and is utilized by both residents and visitors. Maintenance of this infrastructure is an expensive endeavor for the City, and one that is vital for public safety, economic development, and quality of life. Well-maintained infrastructure is a critical element for a "Sustainable Morgan Hill" that is safe, inclusive, socially responsible, environmentally conscious, and economically sound. This report is intended to provide an overview of the numerous issues the City is facing in relation to maintaining various areas of infrastructure. In particular, the service levels and funding considerations are reviewed. The report has been amended and updated from the 2020 report based on new/updated information, changes in funding, and changes in maintenance practices. However, the report format and material are very similar to the report provided in past years. Major changes include:

- Updates on herbicide use in parks and impacts
- Updated Pavement Management Data
- Updated General Fund Contributions to Pavement Rehabilitation

The timing of the report is intended to provide the City Council an opportunity to receive information on these issues in conjunction with the mid-cycle budget review for the FY 2021-22 biennial budget.

Overview

The City of Morgan Hill has the responsibility of planning, constructing, and maintaining infrastructure to meet the needs of the community, which can be divided into two categories: 1) those needed to accommodate new growth; and 2) those needed to maintain the existing system. The City utilizes "development impact fees" charged to new development in order to mitigate the impacts of new growth on the existing infrastructure. This funding source can only be used to pay for projects to expand the City's infrastructure capacity and not for ongoing maintenance. To fund maintenance activities, the City primarily relies on General Fund revenues or customer charges. This report attempts to answer two foundational questions:

1. What are the City's existing infrastructure maintenance needs?
2. Are there existing funding gaps?

The City owns, operates, and maintains a variety of infrastructure assets. For the purpose of this report, the areas are broken down into the following areas:

- Buildings and Facilities
- Downtown
- Landscape Assessment District
- Parks, Trails and Open Spaces
- Storm Water Drainage System
- Streets and Sidewalks
- Wastewater System
- Water System

For each of these areas, a section of this report has been established to focus on both funding associated with the day to day operations and the capital projects. Each section discusses conditions, developments, and opportunities associated with that specific area of infrastructure.

Summary of Current Infrastructure Needs and Funding Sources

The matrix on the next page outlines the primary funding and current status for each of the infrastructure areas. The current level of unfunded maintenance has been reduced to $624,000 but is expected to grow by at least $850,000 within 6 years due to increasing mandated requirements and the loss of current funding sources. Additionally, the quality of Park Maintenance services continues to decline.

Areas of Infrastructure Summary Primary Funding Sources	Current Status
Buildings and Facilities	
• General Fund Non-Discretionary Revenue (Recreation Facilities) • General Fund Discretionary Revenue • Other funds based on percentage use of facilities • Recreation Center Impact Fees (expansion) • Quimby Fees	• Facilities are well maintained • Base Level Operations are fully funded • **$51,000** annually in unfunded future capital replacement costs
Downtown	
• General Fund Discretionary Revenue	• Facilities are well maintained • Base Level Operations are fully funded • There will be a need for additional maintenance resources as the Downtown continues to grow • $25,000 for enhanced litter and landscape service proposed for FY 2020/21.
Landscape Assessment District (LAD)	
• Property Tax Assessments for those within District	• Maintenance levels vary by subarea: 12 areas are well maintained, 4 areas are average,3 areas maintained below average or poorly • **$23,000** in annual unfunded replacement needs
Parks, Trails and Open Spaces	
• General Fund Discretionary Revenue • Park Maintenance Fund - Developer Contributions No Future Revenue (spending down fund balance) • Quimby Fees – Future Park Renovations	• Facilities are maintained in average condition for safety • Additional annual investment of an undetermined amount would be necessary to maintain the parks in above average condition • Park Maintenance Fund balance will be depleted within 5-6 years, creating a $700,000 annual funding need • To increase park maintenance beyond minimal maintenance services, additional revenue of $200,000 to $400,000 annually would be required to improve service levels.
Storm Water Drainage System	
• General Fund Discretionary Revenue • Storm Drain Fund - Developer Contributions No Future Revenue (spending down fund balance) • Storm Drain Impact Fees (expansion)	• Facilities are well maintained • No identified funding for future capital maintenance needs once RDCS funds for Storm Drainage are depleted (10 years) • Funding available (Impact fees) to connect to Water District Flood Control Project and construct new storm drain facilities • New State regulations may require millions in capital investment within the next 10 years, as well as thousands in ongoing maintenance
Streets and Sidewalks	
• Gas Tax (Including New SB1 Revenue) • VTA Passthrough of Vehicle Registration Fees • Grant Funds - Includes One Bay Area Grant • New VTA Measure B Sales Tax Revenue • General Fund Discretionary Revenue • School Pedestrian Safety Fund - Developer Contributions, No Future Revenue (spending down fund balance)	• City Streets and Sidewalks are well maintained • 2020 Citywide weighted average pavement condition "very good" with an overall weighted Pavement Condition Index of 73 • **$200,000** in annual revenue is needed to fully fund basic maintenance • **$350,000** annually in unfunded capital street repair • RDCS Funds for sidewalk maintenance will be depleted within 5-6 years, creating a $150,000 annual funding need
Wastewater System	
• Customer Charges • Sewer Impact Fees (expansion)	• System is fully funded • System is well managed, but in the process of significant capital rehabilitation work related to infiltration and inflow issues
Water System	
• Customer Charges • Water Impact Fees (expansion)	• System is fully funded • System is well maintained

Infrastructure Considerations

There are several considerations the City must continue to review as the City continues to develop its strategies to maintain its infrastructure. Some of the general considerations and factors are outlined below:

Decline in revenues –For many years, the City's Residential Development Control System (RDCS) competition resulted in significant funds to support maintenance and rehabilitation projects for City infrastructure. As the City slowed growth and updated the competition, contributions from developers began to decline significantly, and ultimately, that decline turned into a complete elimination of these fees for all new development for at least 5 years. The significance of the loss of the City's Redevelopment Agency (RDA) through state legislation at the start of the last decade continues to impact the City's infrastructure maintenance. The RDA previously was able to expend dollars to offset impact fees and General Fund revenues in support of economic development, fund the construction of major infrastructure projects, and support the maintenance of the facilities it owned. Additionally, Recreation Revenues and Transit Occupancy Tax Revenues have been significantly impacted by the Covid-19 pandemic. However, these losses are partially offset by Federal funding received and are anticipated to eventually return to pre-pandemic levels.

New Requirements – The City often must fulfill requirements developed by the State and other regulating entities. The City has commitments relating to future Wastewater System projects that must be completed in the next five years. The City will have increased requirements resulting in new projects for the Storm Water System in the coming years due to State mandates.

Impact Fees – The City recently approved updated impact fees. Adopted fees were lower than initially determined in some areas (Parks) due to State legislation related to housing development. At this time, impact fees for essential infrastructure services (Water, Wastewater, Roads and Public Safety) are all still at appropriate levels, but the importance of collecting full fees cannot be understated, as without these fees ratepayers or taxpayers must cover the cost.

Construction Costs of the Area – A major factor magnifying the infrastructure funding issue for several years is construction costs, which have increased nationwide, but have increased even more severely in the Bay Area.

New Revenues and Opportunities – Actions over the last five years have provided for new revenues, including approximately $1.7 million in funding annually for pavement maintenance from the VTA Measure B sales tax increase and State Senate Bill 1 (SB1) increasing the gas tax. Until the recent passage of SB1, the real value of gas tax revenues dropped for decades, contributing to the backlog in pavement maintenance across the State of California. Recent reinstatement of the City's Quimby fee, which replaces the Park Impact Fee for new development that requires subdivision, will result in a funding source that can be used to renovate existing park and recreation facilities. Additionally, the City continues to monitor opportunities to potentially collect fees to support storm water management.

Buildings and Facilities

The City owns 13 facilities that are operated for a variety of public purposes including facilities operated and maintained by the City and others operated and maintained by partner organizations. These facilities include the two City Fire Stations, the Civic Center (Council Chamber Building, City Hall/Development Services Center and Library), Police Station, Corp Yard, Aquatics Center, Centennial Recreation Center, Community and Cultural Center, Friendly Inn, El Toro Youth Building, and Outdoor Sports Center.

Infrastructure

- 6 Recreation Facilities
- Police Station
- 2 Fire Stations
- Library
- City Hall/Development Services Center
- Council Chambers Building
- Corporation Yard

Revenue Support

Maintenance of City facilities is funded via the fund that uses the facility. The City's Recreation Centers, although part of the General Fund, recover costs through user fees for operations, including facility maintenance. Other City facility maintenance funding is provided through the funds that fund the departments that use each of the facilities. For example, the maintenance of the Corporation Yard is funded through the Water Fund, Wastewater (Sewer) Fund, Park Maintenance Fund, and the General Fund.

Base Service Operations

Facility maintenance is managed by the Community Services Department. In some cases, facilities are maintained through agreements with partner organizations (CALFIRE, County Library, Boys & Girls Club and the Morgan Hill Outside Sports Center (MHOSC)). The current base level maintenance services are fully funded and being provided at an adequate to high level throughout all the City facilities.

Capital Replacement

Each facility has a future replacement schedule that has been developed for the facility. For a significant period of time, funding was not adequate to fully fund the replacement schedules for the City facilities, however, during the FY 2018-19 and 2019-20 Budget process, increases in funding were made. Additionally, the reenactment of the Quimby Fee has allowed for future renovations at recreation facilities to be accounted for with that funding, reducing the need to plan for replacement funding in some areas. Most of the City facilities are now fully funded for building replacement with the current budget recommendation with the exceptions of the Friendly Inn and Civic Center for which the unfunded amount totals approximately $51,000 annually. (Note: The Facility Replacement Schedule is updated every two years with the biennial budget process).

Facility Replacement	Fully Funded	Budget Reccomendation	Funding Gap
Aquatics Center	$ 164,040	$ 164,040	$ -
Centennial Recreation Center	$ 196,642	$ 196,642	$ -
Community and Cultural Center	$ 77,211	$ 77,211	$ -
Civic Center	$ 78,000	$ 40,000	$ 38,000
Corporation Yard	$ 26,811	$ 26,811	$ -
Friendly Inn	$ 13,000	$ -	$ 13,000
El Toro Youth Center	$ -	$ -	$ -
Police Department	$ 108,661	$ 108,661	$ -
Outdoor Sports Center	$ -	$ -	$ -
Fire Stations	$ 26,667	$ 26,667	$ -
Downtown	$ 18,596	$ 18,596	$ -
Total	**$ 709,628**	**$ 658,628**	**$ 51,000**

Downtown

Maintenance of the Downtown includes a variety of public spaces, landscaping, medians, parks and parking areas. With the ongoing investments in the Downtown Area, the City has increased its investment in maintaining the area at a high level. The day to day lighting, janitorial and landscaping components are coordinated through ongoing maintenance contracts. City staff from the Community Services Maintenance team regularly repair damage, remove graffiti, and coordinate more complicated maintenance tasks.

Infrastructure

- 3 Downtown Parks
- Public Restrooms
- Parking Structure
- Parking Lots
- Public Art
- Sidewalks
- Medians
- Landscaped Areas
- Lighting
- City owned retail space

Base Service Operations

Base level maintenance services are adequately funded through the General Fund at approximately $274,000 per year. By using an integrated maintenance approach that includes use of limited full-time City staff, various contract services, and part-time temporary teammates, the Maintenance team is able to utilize this funding to provide for an adequate level of service for the Downtown. However, with a continued increase in use and development it has be difficult to maintain current services levels without increased resources. There has been a desire expressed for increased litter cleanup and sidewalk cleaning throughout the Downtown area. Staff has proposed that $25,000 annually be added to fund part time staffing for this improved service at the mid-year budget update.

In FY 2018-19, the Council invested $15,000 to match funding from the Downtown Association to install new "twinkle" tree lights through the Downtown areas. The Downtown Association has requested funding for $15,000 for the lights for FY 2021/22, which is proposed for inclusion in the mid-cycle budget update.

Capital Improvements

The major capital components that would require future capital replacement costs are the Downtown Parking Structure and the City's parks' play equipment components. Ongoing funding into a capital replacement fund for the major components of the parking garage has been included in the Downtown operating budget. Quimby Fees are anticipated to be utilized for future park renovations.

The City has made several incremental safety improvements over the last decade in the Downtown and has recently proposed reducing Monterey Road to a single lane of traffic in each direction to continue to support safety. Funding of this project would be primarily one time in nature, but depending on the ultimate design and amenities included, could have an impact on operational expenses in the future.

Landscape Assessment District

The LAD is made up of 19 separate subareas that collect assessments from 757 properties located in the District boundaries. While the District is a single entity, each of the 19 subareas must be managed independently. Proper maintenance of the properties benefits the owners. Assessment charges are collected by the County on property tax rolls and remitted to the City. The District revenues and expenses total approximately $171,000 annually. Of these 19 subareas, 7 contain parks. Each lot within a specific subarea is assessed the same amount to obtain the level of service desired by the subarea residents.

Infrastructure Elements

19 Subareas

757 Assessed Properties

7 Parks

2 Tennis Courts

The requirement for independent financial management of each subarea requires extensive staff monitoring and management from both a contract management perspective and an accounting perspective. This work allows for each subarea to be evaluated financially. While funding issues at any subarea are difficult, LAD subareas with parks provide a unique challenge. The parks are open and available to use for the entire community but are paid for by a specific set of residents located in the LAD subarea. In essence, a small percent pays for amenities used by many. One example of this challenge is occurring at Diana Estates, which has a tennis court that needs significant funding to resurface and has insufficient replacement dollars. Many subareas are at the max assessment cap, which means an increase for funding would need to be approved by voters in that subarea. In the past, LAD residents have shown reluctance to increase their own assessments for increased maintenance, resulting in some subareas receiving the bare minimum maintenance services. Over the last six years, City staff has worked to develop relationships with residents of many subareas and discussed and implemented increases to assessments in several areas.

<u>Base Service Operations</u>
Base level maintenance services are provided based on each subarea's available funding. Many of these areas are funded and well maintained, while a few are limited to weed abatement only, due to lack of funding and property owners' unwillingness to increase assessments.

<u>Capital Improvements</u>
All capital funding for the facility replacement is allocated from each subarea's fund balance. Each subarea has an established fund balance reserve target based on the size, maintenance requirements, and amenities of the subarea. However, in the case of a limited number of the LAD subareas which contain parks, the fund balances maintained are not sufficient to replace major park components. Through City staff work with residents, the number of sub-areas in this situation has been reduced and the unfunded annual replacement totals are continuing to decrease.

Landscape Assessment Areas		
# of Areas	**Category**	**Unfunded Annual Capital Replacement**
12	Healthy with reserve funds for infrastructure.	$ -
4	Stable with limited reserve funds	$ 23,000
3	Unhealthy with no reserve funds or declining reserve	$ -
19	**Total for all subareas**	**$ 23,000**

Parks, Trails and Open Space

Infrastructure

22 Parks

60+ acres of Developed Park Land

250+ Acres of Open Space

3 Maintained Trails

15+ Parks with Play structures

10 Tennis Courts

5 Ball Fields

1 Duck Pond

The City of Morgan Hill has parks, trails and open space totaling over 300 acres, of which, 60 are maintained. Parks in Morgan Hill are funded in one of three ways, that include:

1. City Parks and Trails – Owned by the City and funded through the Park Maintenance Fund and General Fund.
2. Home-Owners Association (HOA) Parks – Privately owned and funded by residents of the HOA.
3. Landscape Assessment District Parks – Owned by the City and funded by a limited number of residents within the assessment district for a specific park.

This section refers specifically to the maintenance of the first category, which includes parks, bicycle and walking trails, and open spaces. These areas include a wide variety of amenities, including: playgrounds, basketball courts, fields, tennis courts, picnic areas, lighting and many more.

Base Service Operations

Park Maintenance activities are managed by the Community Services Maintenance Team. Maintenance functions are performed by both in-house staff and via contract. It is estimated that base level City park and trail maintenance services are funded at a minimum service level to be safely used and to protect the City's assets in these areas. The City's park maintenance is below average in comparison to parks in other communities. Increased funding of base level services could improve aesthetics and user experience but would not considerably increase sustainability of park and trail infrastructure. It should be noted that the recently constructed Downtown Parks are being maintained in coordination with the other Downtown areas and are maintained at a higher level, and the planned Magical Bridge Playground at Community Park will be maintained in a high-level condition. In both cases, these facilities support revenue generation through economic development, and in the case of the Magical Bridge, will support picnic fee revenue.

The Park Maintenance Fund has relied on voluntary contributions through the City's RDCS in combination with limited General Fund support to sustain the fund. It was previously anticipated that this strategy could be sustainable. This assumption was turned upside down with the elimination of RDCS by the State and this burden has been shifted to the General Fund. The Park Maintenance Fund will no longer receive revenue and the remaining fund balance will be spent down over the next 5-6 years. The General Fund contribution is approximately $500,000 annually. After the Park Maintenance Fund Balance is exhausted, the future funding need is approximately $700,000 annually.

In 2019, the City Council directed staff to look at eliminating the use of the herbicide Glyphosate in City parks. Results of the trial indicate that increased staff hours are required to provide lower service levels without the use of Glyphosate. With the elimination of Glyphosate in Parks, and no additional resources provided, the maintenance of our parks has declined. City staff continue to work to identify creative means to maintain our parks, which include the use of volunteers. Unfortunately, due to resource levels for managing these activities, even managing the volunteer programs is difficult.

The City maintenance of Open Space areas is primarily comprised of the functions of weed abatement and fire protection. In recent months, the City has received many comments from residents of the Jackson Oaks Area in relation to maintenance of the open space in that area. Typically, the City has contracted with the County for maintenance of brush abatement and disking for fire protection purposes. Maintenance staff are continuing to diversify the maintenance to allow for the use of private contractors and internal staff in some specific locations, in order to support cost reduction and redundancy in maintenance options. City staff have recently begun to hear resident requests for higher levels of service in the Open Space Areas as well. This is primarily related to increased weed abatement, above the once a year cutting of weeds that occurs in our open space areas.

Capital Improvements

City staff have identified over $6 million in future replacement needs, stretching over the next 50 years. This was previously an unfunded need for the City. However, recent reinstatement of the City's Quimby fee results in a new funding source that will be used to renovate existing park and recreation facilities in the future eliminating this funding issue at this time.

The updated Bikeways, Trails, Parks and Recreation Master Plan sets ambitious goals for park development, including the planned construction of the new Magical Bridge Morgan Hill Playground. Additionally, the City has been very successful in obtaining grant funding for park and trail development. While new park facilities support many of the Council's priorities including economic development, additional park space may create additional funding needs, so alternate strategies for park development may need to be considered. This may include not accepting grants, land banking future park acreage, utilizing volunteers in a greater capacity to support maintenance, or other strategies. City staff will continue to evaluate new park development and provide recommendations to the City Council as opportunities arise.

Storm Water Collection System

The City is responsible for maintenance of the Storm Water Collection System that transfers rainwater from the developed areas of the City into our local creeks. Day to day maintenance is managed by the Community Services Maintenance Team in coordination with general street maintenance; the Engineering Division is responsible for improvement projects that expand or rehabilitate the System; and the Environmental Programs Division is responsible for managing the City's storm water pollution prevention programs.

Base Service Operations

Funding for the day to day operations management of our storm drain systems is primarily supported by the General Fund and has been adequate except for future replacement funding for storm drain pumps and funding for inspections. These funding issues are outlined in the Streets and Sidewalks Section of this report.

Capital Improvements

Capital projects that expand the City's system are funded through impact fees. The City has reserved several million dollars in the Storm Drain Impact Fund to support connection to the upcoming Upper Llagas Creek Flood Control Project. The Flood Control Project is managed and funded by Valley Water, but once completed, the City plans to connect to the new system. This project will eliminate the majority of the flooding issues for the City.

Funding for capital improvements relating to rehabilitation to the storm drain system cannot be funded through impact fees. The City previously received RDCS contributions from developers for storm drain rehabilitation. There are no dedicated capital funding sources for rehabilitation and major rehab projects would need to identify funding on a project by project basis.

The City is regulated by the State Water Resources Control Board regarding storm water pollution prevention. In 2015, the Board adopted the Statewide Trash Provisions which will eventually require the City to install, operate, and maintain State-certified devices that capture all trash down to five millimeters in size from Priority Land Use areas including industrial, commercial, mixed-use, high-density residential and public transportation stations. The City will be required to implement these provisions by 2030. Although there is adequate time for implementation, planning is now beginning, and the Capital Improvement Program currently includes funding for this initial planning. City staff has used a consultant to evaluate the initial Capital and ongoing maintenance costs of meeting this requirement, and it may require over $10 million for initial capital costs with ongoing maintenance costs of hundreds of thousands of dollars per year. The next step in the evaluation will be to integrate these costs into an update of the City's Storm System Master Plan.

Future Implications

In addition to the capital cost of the trash capture devices, the cost for maintenance of the devices could be significant and will create another unfunded infrastructure need. The State of California previously passed State Senate Bill 231, which redefines "sewer" to include storm water, which in turn allows the charge of a fee for the management of the storm water systems. The intent of the legislation is to allow cities and counties to establish fees for storm water systems, versus having to pass ballot measures to establish a tax for this purpose. No cities have utilized the provision of the new law, but City staff continue to monitor this opportunity. If SB 231 stands up to legal scrutiny, it could be a viable option to fund the future needed capital improvements and potentially even operations. Another option that at least one City has implemented is an increase in their Solid Waste Franchise Fee to cover the trash related requirements. In both scenarios, City residents would pay through increased rates to provide the revenue for these needs. City staff will continue to review both these options in the coming years.

Streets and Sidewalks

Infrastructure

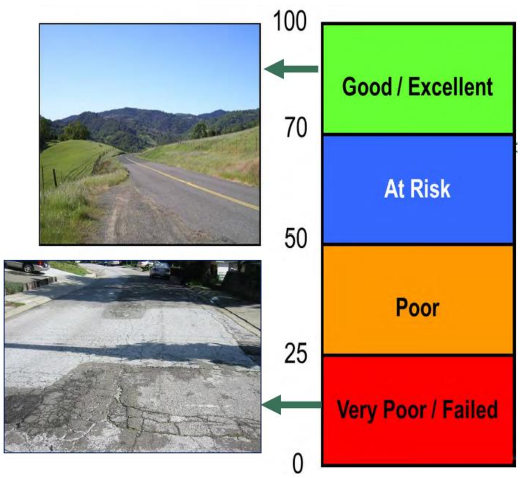
129 Miles of Streets

3,700 Street Lights

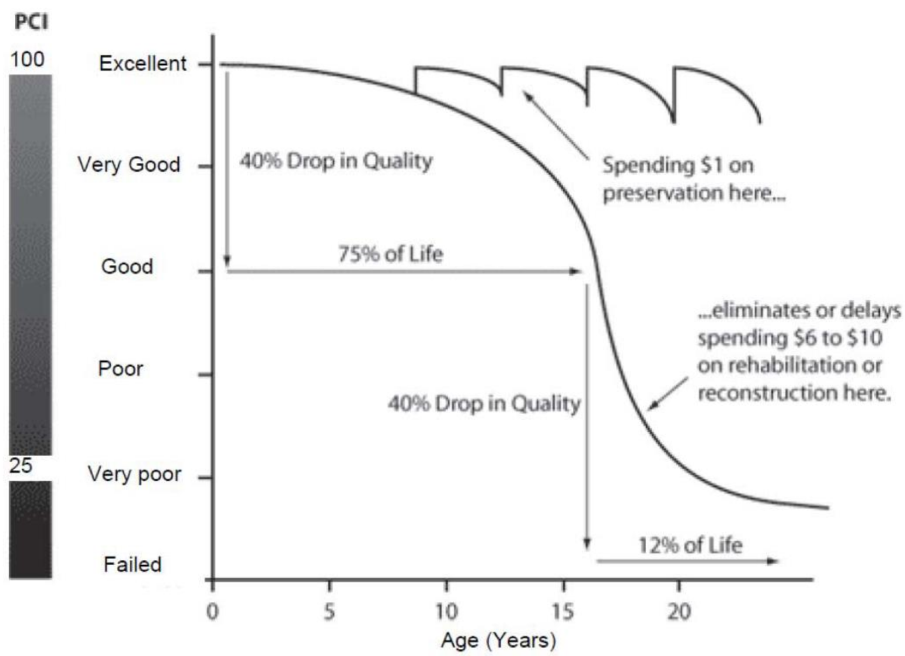
46 Traffic Signals

The City Council has identified the "Streets Infrastructure" as a vital community element and over the last several years has devoted significant amounts of General Fund reserves to pavement maintenance. The City has approximately 129 miles of local streets with a variety of attached ancillary elements including: street trees, traffic signals, signs, curb & gutter, streetlights, bridges, medians and planters, furnishings, guard rails, parking lots, and sidewalks. It should be noted that maintenance of the City's Storm Drain System is not included in this section of the report and is discussed independently in the previous section. Management of the streets and sidewalk infrastructure is broken into two areas:

- Base Level Operations – Day to day routine operations
- Capital Repairs and Improvements – Large projects, including the pavement rehabilitation program



The greatest concern in the area of street maintenance continues to be the degradation of the streets themselves. Evaluating the condition of the City's Streets is accomplished using the Pavement Condition Index (PCI). The City, via grants from the Metropolitan Transportation Commission (MTC), has regularly received consultant generated Pavement Condition Reports every three years. In 2020, the weighted PCI for the City's roadway network was 73. The current backlog of street maintenance was estimated at $23.2 million in 2020.



While recent significant projects have helped to improve the PCI, with the current level of funding the City's weighted PCI will continue to fall. When it comes to pavement maintenance costs, the cost grows rapidly as the PCI decreases (the chart to the right demonstrates this impact). Once a roadway deteriorates to the point of failure the only option is complete roadway replacement.

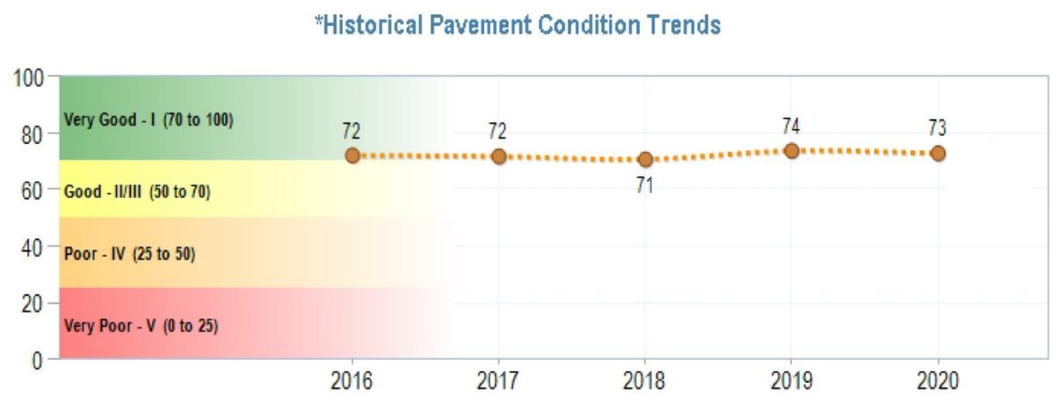
Funding

The City funds ongoing base service street maintenance activities through the General Fund and Gas Tax Revenue, while the capital pavement rehabilitation program is funded primarily through the streets fund which receives revenues from gas taxes, vehicle registration fees (via VTA), and the One Bay Area Grant. Over the last six years, the City has supplemented capital funds with dollars from the General Fund. The approved FY 2020/21 budget had reduced the General Fund contribution to pavement maintenance to $250,000 a year. However, at the proposed mid cycle update for FY 2021-22, City Staff has proposed returning the annual funding level to $1 million annually. Two new significant funding sources have been established over the last 5 years through the passage of VTA Measure B to increase the sales tax in Santa Clara County and SB 1 which increases the gas tax. New funding from these sources has increased funding for pavement rehabilitation projects and will contribute approximately $1.7 million annually in the coming years.

Base Service Operations

The Community Services Maintenance Team is responsible for the day-to-day maintenance of streets and associated infrastructure for the City. A combination of City employees and contract services are used to perform regular street maintenance. During the great recession, several service areas were reduced and many of these areas are still unfunded. This includes ongoing red curb painting, funding for storm pump replacement, median repairs and updates, and other areas. This unfunded amount is estimated at approximately $200,000 annually. Additional pressure comes from the required maintenance on new streets and related infrastructure, which continues to expand while staffing levels remain flat. The future degradation of City streets also reduces the ability for the City to respond to lower priority maintenance needs, reducing the ability to proactively address maintenance issues. In many areas of both street and park maintenance, City maintenance functions are reactive instead of proactive.

Capital Improvements



Capital improvements for street maintenance are managed by the Engineering Division through the City's Capital Improvement Program. Over the last five years, the City has invested significant one-time grant dollars augmented by General Fund dollars and the new funding from VTA Measure B and SB 1 to perform significant pavement work. This work has supported maintaining the City's current weighted PCI, but the backlog of needed work has continued to climb. With the reduction in General Fund contribution in FY20/21, an estimated $2.47 million in annual funding was planned for pavement rehabilitation. The $1 million in proposed General Fund dollars is a $750,000 increase in annual funding and it is anticipated that the unfunded needs for pavement rehabilitation will be reduced to $350,000 annually. At this level of funding, it is anticipated the City's weighted PCI will not drop significantly for several years.

The City has completed sidewalk repair projects annually for the last decade, primarily relying on funding from the RDCS contributions. With the elimination of the RDCS there are no new revenues coming forward for this purpose. The proposed budget plans spend down of previously accumulated RDCS funds over the next 5-6 years to continue to perform necessary sidewalk maintenance. After those funds are expended, future funding of $150,000 annually will be needed from an alternate funding source. The City Council may want to consider transferring the full or partial responsibility of sidewalk maintenance to adjacent property owners as many other cities across the State have done.

Loss of RDCS funding greatly reduces the opportunity to fund pedestrian safety enhancements as well. While these improvements do not factor into the overall infrastructure maintenance need, they are priorities for safety and critical to the City's Vision Zero commitment.

Wastewater System

Infrastructure

13,300+ Connections

160+ Miles of Sewer Lines

14 lift stations

2.9 miles of force mains

23 siphons

The City's Water and Wastewater systems are the critical components in ensuring health and safety of the Morgan Hill Community. The system is also critical to achieving the City's economic development priority, serving commercial and industrial users. The City provides sewer collection services to approximately 13,300 residential, commercial, industrial, and institutional accounts. The City's collection system consists of approximately 158 miles of up to 30-inch gravity sewer pipes, which includes part of the Morgan Hill-Gilroy Joint Sewer Trunk, that convey flows to the South County Regional Wastewater Authority (SCRWA) Wastewater Treatment Plant (WWTP), located southeast of the City of Gilroy.

The City's Utilities Division manages the day to day operations utilizing experienced and knowledgeable staff to manage the system. The day to day operations are guided by the Sanitary Sewer Management Plan. The Utilities Division coordinates with the Engineering Division and consultants to plan for major capital projects associated with repair, replacement and expansion of the system. In follow-up to the City's recent General Plan Update, the City Council adopted the 2017 Sewer System Master Plan.

<u>Funding</u>

Wastewater System Operations are funded through an enterprise fund, receiving fees for service from users of the system. Capital projects associated with the expansion of the system are funded through Impact Fees to developers as new construction is connected to the system. A rate study was completed and approved by the City Council in 2019 updating customer rates to provide adequate funding for ongoing operations and needed capital projects associated with the repair of the existing system.

<u>Base Service Operations</u>

In operation of the Wastewater System, the Utilities Division must follow requirements outlined by the State Water Resources Control Board. The Sanitary Sewer Management Plan (SSMP) is required for operations. Wastewater operations have traditionally been funded at adequate levels and rates have been adjusted to meet the needs of operating the System.

"Infiltration and Inflow"

Inflow and infiltration or I & I are terms used to describe the ways that groundwater and stormwater enter into dedicated wastewater or sanitary sewer systems. Inflow is stormwater that enters into sanitary sewer systems at points of direct connection to the systems. Various sources contribute to the inflow, including footing/foundation drains, roof drains or leaders, downspouts, drains from window wells, outdoor basement stairwells, drains from driveways, groundwater/basement sump pumps, and even streams. These sources are typically improperly or illegally connected to sanitary sewer systems. Infiltration is groundwater that enters sanitary sewer systems through cracks and/or leaks in the sanitary sewer pipes. Cracks or leaks in sanitary sewer pipes or manholes may be caused by age related deterioration, loose joints, poor design, installation or maintenance errors, damage or root infiltration.

<u>Capital Improvements</u>

Aging infrastructure is an issue the City is facing in multiple areas; however, the City's wastewater system has been prioritized in recent years due to safety, regulatory requirements and identified deficiencies within the system. With much of the infrastructure out of sight, the ongoing planning and evaluation is critical. The current Master Plan calls for $109 million in projects to be funded through 2035, including approximately $52 million funded through ratepayers and $57 million funded through impact fees. The largest project is the recently commenced Treatment Plant Expansion Project.

The most urgent projects include Infiltration and Inflow repair projects and the completion of the Relief Trunk Line to the Treatment Plant. The Infiltration and Inflow capital projects have commenced and will continue annually for the next 4-5 years. These projects are funded through customer rates as they are repairing the existing wastewater system. The Relief Trunk Line is in the design phase and anticipated to commence within the next three years.

Water System

Infrastructure

- 18 Groundwater Wells
- 10.5 Million Gallons in Storage
- 20 Pressure Zones
- 12 Storage Tanks
- 9 Pumping Stations
- 165+ Miles of Pipeline

The City's municipal water system provides service to over 14,000 residential, commercial and industrial customers. The City's Water and Wastewater systems are the critical components in ensuring health and safety of the Morgan Hill community. The System also serves as the key component for fire response through the network of fire hydrants located throughout the City. The City's water system consists of approximately 165 miles of pipeline throughout the City.

The City's Utilities Division manages the day to day operations managing both water and wastewater system operations. The City's Finance Division manages the billing of both water and wastewater utilities. The Utilities Division works with the Engineering Division and consultants in planning for major Capital Improvement Projects. In follow-up to the City's recent General Plan Update, the City Council adopted the 2017 Water System Master Plan. This plan identifies significant expansion and some rehabilitation projects in the coming years.

Funding

Operation of the Water System is funded through an enterprise fund, receiving fees for service from users of the system. Capital projects that expand the system to accommodate growth are funded through Impact Fees charged to developers as new construction is connected to the system. A comprehensive rate study was completed and approved by the City Council in January 2016. In Fiscal Year 20/21, the Water Supply Master Plan and an updated rate study will be conducted to support review of future water rates.

Base Service Operations

Similar to the City's wastewater system, funding for the water system operations has been adequate to address the day-to-day system management needs. Rates were adjusted to meet the needs of operating the System. The Utilities Division recently completed upgrades to its metering system by fully deploying an online system solution- Advanced Metering Infrastructure. This deployment was completed with existing "in-house" staff over a four-year time period. Upgraded equipment and technology provides for increases in efficiency and has allowed existing staff within the Division to continue to manage the growing system without significant staffing increases.

Capital Improvements

The Capital Improvement Program includes several projects to support system maintenance and water supply resiliency. The most notable project in the coming years is the Holiday (East Dunne) Water Supply Improvement Project which includes a new reservoir, pump station, and pipelines. This project is needed to increase the capacity for future growth within the City, and to improve service to residences in the east hills.

In total $48.4 million in water system capital improvements have been identified in the Master Plan, $16.8 million allocated for existing ratepayers and $31.6 million to be funded through impact fees.

It should be noted that the City has not programmed dollars into its capital improvement program to specifically support the development of recycled water in the City. One ongoing policy question for City Council is should recycled water be added to the City's capital program or should the City continue to rely on Valley Water or grants to move the needle in this area? The Cities of Morgan Hill and Gilroy previously partnered on the development of a South County Cities Sustainable Water Management Planning document, which has identified other policy questions relating to water supply to be considered by the City.

Reference Documents

Bikeways, Trails, Parks & Recreation Master Plan (2017) –
http://www.morganhill.ca.gov/1429/Master-Plan-for-Parks-Trails-and-Bikeway

Landscape Assessment District Engineers Report (FY 2021/22) – https://www.morgan-hill.ca.gov/DocumentCenter/View/38876/FY-2021-22-Landscape-Assessment-District-Engineers-Report-PDF

Storm System Master Plan (2019)– http://www.morganhill.ca.gov/1646/Utilities-Master-Plans

Pavement Condition Report (2020) – https://www.morgan-hill.ca.gov/DocumentCenter/View/38918/Morgan-Hill-Final-BOR-PTAP-20-06-03-20_Signed

Wastewater System Master Plan (2017) - http://www.morganhill.ca.gov/1646/Utilities-Master-Plans

Sanitary Sewer Management Plan (2018) - http://www.morganhill.ca.gov/589/Sewer-Division

Wastewater Rate Study (2019)-
https://www.morgan-hill.ca.gov/DocumentCenter/View/24328/2019-Wastewater-Rate-Study

Water System Master Plan (2017) - http://www.morganhill.ca.gov/1646/Utilities-Master-Plans

Morgan Hill/Gilroy Sustainable Water Management Planning (2019) –
http://www.morganhill.ca.gov/1646/Utilities-Master-Plans

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF CITY OF MORGAN HILL AMENDING THE FISCAL YEAR 2020-21 AND 2021-22 AMENDED BUDGETS AND ADOPTING THE FISCAL YEAR 2021-22 APPROPRIATIONS LIMIT

WHEREAS, the City of Morgan Hill Fiscal Year 2020-21 and 2021-22 Operating Budget was adopted on June 17, 2020;

WHEREAS, in accordance with the State Revenue and Taxation Code Section 7910, the City of Morgan Hill's 2021-22 fiscal year General Fund appropriations limit is $137,042,634 as shown on Schedule A;

WHEREAS, in accordance with the State Revenue and Taxation Code Section 7910, the appropriations for the 2021-22 fiscal year, as shown on Schedule B, which are subject to the appropriations limit as set forth in Article XIIIB of the California Constitution, do not exceed the limit as stated above;

WHEREAS, the annual adjustment factors that were selected to calculate the 2021-22 fiscal year limit were: 1) California Per Capita Personal Income adjustment factor of 1.0573; and 2) City Population Growth factor of 1.0232;

WHEREAS, modifications and amendments to the Adopted FY 2020-21 and 2021-22 City of Morgan Hill Budget can only be made in accordance with Fiscal Policy 4.D in the Adopted Budget document;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morgan Hill approves the recommended changes to the Fiscal Year 2020-21 and 2021-22 amended budget totaling $50,000 in FY 2020-21 and $12,562,388 in FY 2021-22; and

BE IT FURTHER RESOLVED that the City Council of the City of Morgan Hill does hereby approve and adopt the City of Morgan Hill Appropriations Limit and Appropriations Limit Adjustment Factors for Fiscal Year 2021-22; and

BE IT FURTHER RESOLVED that any unused capital project appropriations, subject to the approval of the City Manager, at the end of Fiscal Year 2020-21 may be re-appropriated for continued use in Fiscal Year 2021-22. Furthermore, any outstanding contract and/or purchase order obligations (encumbrances) remaining at the end of the Fiscal Year are subject to carry-over into the next fiscal year.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morgan Hill at a regular meeting held on the May 26, 2021.

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

APPROVED:

____
RICH CONSTANTINE, Mayor

ATTEST:

____
MICHELLE BIGELOW, City Clerk

꧁ CERTIFICATION ꧂

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 21-XXX, adopted by the City Council at a regular meeting held on May 26, 2021.

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

DATE: ______________________

____
MICHELLE BIGELOW, City Clerk

SCHEDULE A

CITY OF MORGAN HILL
SPENDING LIMIT CALCULATION
FISCAL YEAR 2021-22

APPROPRIATIONS SUBJECT TO LIMIT

Fiscal Year 2021-22 General Fund Revenues		$48,361,583
Less Non Proceeds of Tax		16,077,609
Total appropriations subject to limits		$32,283,974

APPROPRIATIONS LIMIT

Fiscal year 2020-21 appropriations limit		$126,676,756
Plus Change Factor:		
A. Cost of living adjustment - CPI	1.0573	
B. Population Adjustment	1.0232	
Total Change Factor		1.0818
Increase in appropriations limit		10,365,878
FISCAL YEAR 2021-22 APPROPRIATIONS LIMIT		**137,042,634**
Remaining appropriations capacity		104,758,660
Available capacity as a percent of appropriations limit		76%

NOTES

A. Cost of living adjustment is based on percentage change in California per capita income.

B. Population adjustment is based on the greater of annual population change for the City of Morgan Hill or Santa Clara County.

SCHEDULE B

CITY OF MORGAN HILL
SPENDING LIMIT CALCULATION
FISCAL YEAR 2021-22

REVENUE SOURCE	PROCEEDS OF TAX	NON PROCEEDS OF TAX	TOTALS
Property Tax	$ 15,108,487		$ 15,108,487
Sales Tax	10,700,601		10,700,601
Transient Occupancy Tax	2,235,300		2,235,300
Franchise Revenue	2,375,000		2,375,000
Property Transfer Tax	541,000		541,000
Public Safety Sales Tax	399,000		399,000
Business License / Other Permits	198,825		198,825
Motor Vehicle in Lieu	26,026		26,026
Transfer from Fund 202 Street Fund Gax Tax	699,735		699,735
Fines and Penalties		94,425	94,425
Use of Money and Property		1,530,425	1,530,425
Other Revenue / Other Agencies		5,211,505	5,211,505
Police and Fire Fees		790,262	790,262
Current Service Charges General Govt.		6,381,912	6,381,912
Transfers		2,069,080	2,069,080
Total	$ 32,283,974	$ 16,077,609	$ 48,361,583
Percentage of Total	67%	33%	100.00%

A RESOLUTION OF THE COUNCIL OF THE CITY OF MORGAN HILL DECLARING A CLIMATE EMERGENCY

WHEREAS, the extraction, transportation, and consumption of fossil fuels threaten to destabilize and destroy human societies and ecosystems through the global warming effects of increased greenhouse gas (GHG) emissions;

WHEREAS, buildings and construction account for 39% of energy related CO2 emissions;

WHEREAS, transportation and commuting is the largest source of Bay Area CO2 emissions;

WHEREAS, the loss of habitat and other anthropogenic disruptions of natural ecosystems are causing a global mass extinction and a potentially permanent loss of biodiversity;

WHEREAS, the effects of global warming, such as wildfires, rising seas, flooding, diseases, droughts, extreme weather, and ecosystem collapse will continue to worsen if global temperatures continue to rise;

WHEREAS, the negative impacts of climate change have disproportionately affected frontline communities;

WHEREAS, the solutions to climate change have the potential to restore biodiversity, combat systemic racism, and stimulate significant economic growth;

WHEREAS, Morgan Hill has the opportunity to engage in local, regional, national and international partnerships to take action on the climate crisis;

WHEREAS, Morgan Hill strives to be a climate leader, lifting up not only our community but also those of our neighbors and those around the world;

NOW, THEREFORE, BE IT RESOLVED THAT THE COUNCIL OF THE CITY OF MORGAN HILL THAT:

1. The City of Morgan Hill commits to aggressively reducing fossil fuel use.

2. The City of Morgan Hill commits to allocating the City resources required for aggressive climate action, such as creating a staff position who will assist the City with climate action.

3. The City of Morgan Hill commits to greening up our built environment, phasing out natural gas infrastructure in existing buildings, and exploring model ordinances passed by other Cities and leveraging rebates and other funding to equitably achieve this goal.

4. The City of Morgan Hill commits to expanding access to electric vehicle charging in new and existing buildings, increasing bike parking and storage, encouraging traffic management programs and improving public transit.

5. The City of Morgan Hill commits to initiate the creation of a Climate Action Plan by 2022 or earlier, with strong greenhouse gas reduction targets that exceed those of the State of California.

6. The City of Morgan Hill commits to prioritize social and environmental justice in its policy, engaging with communities who are often impacted by environmental degradation including communities of color, monolingual communities, children, the elderly, the physically disabled, low-wage workers, immigrants, indigenous communities, and low-income communities in planning, policy, program development and delivery.

7. The City of Morgan Hill commits to restoring and expanding biodiversity (including native plants and trees) through its programs and policies.

8. The City of Morgan Hill commits to decarbonizing its municipal infrastructure and exploring divestment from financial institutions that fund fossil fuels.

Supplement 2: Edited Climate Emergency Resolution

A RESOLUTION OF THE COUNCIL OF THE CITY OF MORGAN HILL DECLARING A CLIMATE EMERGENCY

WHEREAS, the extraction, transportation, and consumption of fossil fuels threaten to destabilize and destroy human societies and ecosystems through the global warming effects of increased greenhouse gas (GHG) emissions;

WHEREAS, buildings and construction account for 39% of energy related CO2 emissions;

WHEREAS, transportation and commuting is the largest source of Bay Area CO2 emissions;

WHEREAS, the loss of habitat and other anthropogenic disruptions of natural ecosystems are causing a global mass extinction and a potentially permanent loss of biodiversity;

WHEREAS, the effects of global warming, such as wildfires, rising seas, flooding, diseases, droughts, extreme weather, and ecosystem collapse will continue to worsen if global temperatures continue to rise;

WHEREAS, the negative impacts of climate change have disproportionately affected frontline communities;

WHEREAS, the solutions to climate change have the potential to restore biodiversity, combat systemic racism, and stimulate significant economic growth;

WHEREAS, Morgan Hill has the opportunity to engage in local, regional, national and international partnerships to take action on the climate crisis;

WHEREAS, Morgan Hill has taken significant steps to reduce carbon emissions including eliminating natural gas use in new construction, decarbonizing the community's electricity as a founding member of Silicon Valley Clean Energy, encouraging the development of housing in the Downtown where it is close to public transit, installing electric vehicle chargers at public facilities, and implementing numerous other programs that reduce the community's carbon footprint;

WHEREAS, Morgan Hill strives to continue to be a climate leader, lifting up not only our community but also those of our neighbors and those around the world;

~~**NOW, THEREFORE,** BE IT RESOLVED THAT THE COUNCIL OF THE CITY OF MORGAN HILL THAT:~~

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Supplement 2: Edited Climate Emergency Resolution

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

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1. The City of Morgan Hill commits to consider, adopt, and implement policies that reduce the community's reliance on fossil fuels. ~~aggressively reducing fossil fuel use.~~

2. The City of Morgan Hill commits to consider allocating the City resources required for aggressive climate action, such as ~~creating a staff position~~ dedicating staff resources who will assist the City with climate action, following the adoption of a Climate Action Plan.

3. The City of Morgan Hill commits to greening up our built environment, phasing out natural gas infrastructure in existing buildings, and exploring model ordinances passed by other Cities and leveraging rebates and other funding to equitably achieve this goal as resources become available to do so.

4. The City of Morgan Hill commits to expanding access to electric vehicle charging in new and existing buildings and encouraging the use of alternative forms of transportation that minimize the use of fossil fuels.~~, increasing bike parking and storage, encouraging traffic management programs and improving public transit.~~

5. The City of Morgan Hill commits to initiate the creation of a Highly-Focused Climate Action Plan in~~by~~ 202~~2~~1 ~~or earlier~~, with strong greenhouse gas reduction targets ~~that exceed those of the State of California~~.

6. The City of Morgan Hill commits to ~~prioritize~~ consider social and environmental justice in its programs and policies.~~policy, engaging with communities who are often impacted by environmental degradation including communities of color, monolingual communities, children, the elderly, the physically disabled, low-wage workers, immigrants, indigenous communities, and low-income communities in planning, policy, program development and delivery.~~

7. The City of Morgan Hill commits to encouraging the development of landscapes that are water-efficient and resilient ~~restoring and expanding biodiversity (including native plants and trees)~~ through its programs and policies.

8. The City of Morgan Hill commits to planning for the decarbonization of the City's ~~decarbonizing its~~ municipal infrastructure and exploring divestment from financial institutions that fund fossil fuels.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 26th day of May 2021 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

Attachment: Attachment K - Proposed Climate Change Resolution- REDLINE (3096 : Adopt Fiscal Year 2021-2022 Mid-Cycle Budget

Supplement 2: Edited Climate Emergency Resolution

ABSENT: COUNCIL MEMBERS:

APPROVED:

RICH CONSTANTINE, Mayor

ATTEST:

MICHELLE BIGELOW, City Clerk

ჲ CERTIFICATION ჱ

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. ~~21-003~~XX, adopted by the City Council at a regular meeting held on ~~February 17~~May 26, 2021.

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

Supplement 2: Edited Climate Emergency Resolution

DATE: ______________________

____

MICHELLE BIGELOW, City Clerk

ECONOMIC RECOVERY SUPPORT

MORGAN HILL

- **COVID-19 Business Recovery Plan** – The City hosted Business Resiliency Roundtables and Issued Newsletters to help keep local businesses informed, offer industry specific resources, and facilitate peer to peer conversations.
- **Implementation of Al Fresco program** – The City offers an expedited process for outdoor activation on City's sidewalk or parking areas. The program is for restaurants, retailers or service businesses. The City waives the encroachment permit and provides traffic safety devices (K-rail) if necessary.
- **Place Branding Partnership** – Program offers up to $2,500 in grants for streetscape activation projects through art, landscaping and beautification projects that are visible and enjoyable from the public right-of-way. Applicants are encouraged to partner with businesses and non-profits or organizations to leverage funds and manpower. City has partnered with Home Depot, Ace Hardware and received a $5,000 contribution from Shoe Palace. The first round of grants were awarded the week of September 7, 2020.
- **Guide to Recovery** – Morgan Hill Ready, a guide to recovery was created for various industries with information from State, County and Industry-specific recommendations and requirements for reopening.
- **BUY LOCAL Campaign –** The City has partnered with the Morgan Hill Chamber of Commerce to launch a BUY LOCAL campaign offering the business community a platform for increasing product awareness and educate residents of the importance of shopping local and to encourage more business-to-business transactions through product matchmaking.
- **"Sidewalk Saturdays", an outdoor popup retail marketplace,** Spring relaunch starting May 8, 2021, and is an opportunity for retailers that are not allowed at the Farmers Market or do not have a storefront to join an outdoor retail market in Downtown.
- In partnership with the Small Business Development Center**, hosted webinar** for small businesses on various financing options related to California Relief Grant Program, Restaurant Revitalization Program, Shuttered Venue Operators Grant and Grow Morgan Hill fund.
- **Month Downtown Restaurant Roundtable**. Host a monthly downtown restaurant roundtable to share information on latest programs and changes to guidelines as well as receive input and feedback on issues continuing to impact local business community
- **Launched Curbside Pickup Zones in Downtown**. This effort relaxed on-street parking regulations and supplied signage to support curbside pick-up activity

Updated 05/4/2021

CITY OF MORGAN HILL

Fiscal Year 2020-21 and 2021-22 Mid-Cycle Budget Amendments

May 26, 2021

Item 3

Biennial Budget Process

CITY OF MORGAN HILL

January
1st Year
City Council Goal Setting Workshop

February – April
Budget Development

April
Recommended Budget Made Available to the Public

May
Budget Workshop

June
Public Hearing and Budget Adoption

June – January
Monthly Budget Update Check-In and Financial Reporting

January
2nd Year
City Council Goal Setting Workshop

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

Budget Update

- Adoption of budget in June 2020 with significant service level reductions
- Monthly financial updates
- Federal stimulus funds – **restoration** of service levels for community

U.S. Fiscal Stimulus

City of Morgan Hill

- Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - $2.3 trillion
  - $150 billion to states and large local governments – Morgan Hill received about $570K through the state
- Consolidated Appropriations Act – $0.9 trillion
  - No allocation to Morgan Hill
- American Rescue Plan Act (ARPA) - $1.9 trillion
  - $350 billion to states, local, territorial, and tribal governments

State and Local Fiscal Recovery Funds

CITY OF MORGAN HILL

- First ever and largest amount of assistance to all eligible cities and towns
- Severe fiscal impacts from the pandemic
- Stimulus to bolster local governments' response and address economic impacts
- State and local governments have cut over 1 million jobs
- Morgan Hill has cut or unfunded 9.5 FTEs since FY19-20

State and Local Fiscal Recovery Funds (cont'd)

- Of the \$350 billion, \$130.2 billion to counties and local governments
  - Counties \$65.1 billion
  - Large cities (population over 50,000) \$45.6 billion
  - Small cities \$19.5 billion
- Morgan Hill expects to receive \$8.65 million

Morgan Hill Revenue Loss

- $17.3 million in revised actual and estimated revenue loss versus $17.9 million previous forecast
- **ARPA funds are half of revenue loss**

Morgan Hill Revenue Loss
(cont'd)

CITY OF MORGAN HILL

Current forecast

Revenue Type (Amount in Millions)	Actual FY 19-20	Estimated FY 20-21	Estimated FY 21-22	Total
Property Tax	$ (0.1)	$ -	$ -	**$ (0.1)**
Sales tax	(0.6)	(0.4)	-	**(1.0)**
Recreation	(2.0)	(4.6)	(3.4)	**(10.0)**
Hotel Tax (TOT)	(0.8)	(1.8)	(1.3)	**(3.9)**
Development Services (Fund 206)	(0.9)	(0.9)	(0.5)	**(2.3)**
Other (Gas Tax, Transfer Tax, etc.)	-	-	-	**-**
Total	**$ (4.4)**	**$ (7.7)**	**$ (5.2)**	**$ (17.3)**

Morgan Hill Revenue Loss
(cont'd)

Previous forecast

Revenue Type (Amount in Millions)	Estimated FY 19-20	Estimated FY 20-21	Estimated FY 21-22	Total
Property Tax	$ (0.1)	$ (0.1)	$ (0.6)	**$ (0.8)**
Sales tax	(1.5)	(2.4)	(1.6)	**(5.5)**
Recreation	(2.1)	(2.2)	(1.1)	**(5.4)**
Hotel Tax (TOT)	(0.9)	(1.3)	(0.3)	**(2.5)**
Development Services (Fund 206)	(1.2)	(1.5)	(0.5)	**(3.2)**
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Treasury Guidelines for State, County and Local Governments

CITY OF MORGAN HILL

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- Address negative economic impacts caused by the public health emergency
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- CA Relief Grant Program
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CITY OF MORGAN HILL

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- State Sales Tax Filing Extensions
- Small Business Relief Payment Plans (CDTFA)

Tenant Assistance

- Eviction Moratoriums for small businesses
- Rental assistance for households

Proposed Use of ARPA Funds

City of Morgan Hill

- <u>Restore programs and services</u>

FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	Total
$1.3M	$1.3M	$1.6M	$1.6M	$1.6M	$7.4M

- New initiatives/expenditures

FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	Total
$0.0M	$1.5M	$0.3M	$0.3M	$0.4M	$2.5M

Proposed Use of ARPA Funds
(cont'd)

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- Community promotion – Twinkle lights, Freedom Fest, Healthier Kids Foundation, Safe Trick or Treat, and more.
- Police programs/services – Animal services, Citizens police academy training, Explorer training, National Night Out, and more.
- Annual contribution to Street CIP
- General Liability and Unemployment Insurance Funds
- Personnel - Economic Director, Accounting Assistant, and Recreation Services for expected increase in demand
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CITY OF MORGAN HILL

New initiatives/expenditures

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- New ERP software to replace outdated system
- Climate Action Plan

FY 2020-21 City Revenues - $6.4 million

CITY OF MORGAN HILL

General Fund

- Increase in General Fund Revenue: $4.8 million

Other Funds

- Replenish Unemployment Insurance Fund: $200,000
- Replenish General Liability Insurance Fund: $600,000
- Restore annual contribution for Street CIP: $750,000

FY 2021-22 City Revenues: $7.2 million

CITY OF MORGAN HILL

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- Increase in General Fund Revenue: $4.9 million

Other Funds

- Destination Home SV Grant: $150,000
- Countywide Solid Waste Fee Revenue (approved by Council April 2021): $1.3 million
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FY 2021-22 Total City Budget

City of Morgan Hill

FY 21-22 Total City Budget	Adopted	Proposed	Change
Revenues (in millions)	$140.7	$147.9	$7.2
Expenditures (in millions)	$139.7	$152.3	$12.6

Expenditures (Non-ARPA)

CITY OF MORGAN HILL

- Public, Educational, and Government (PEG) Access Channel 17 - $30,000
- Stormwater Management Contract Services - $150,000
- Gas Masks - $40,000

Expenditures (Non-ARPA) (cont.)

- Public Art Repairs - $23,500 (Donation)
- Sewer Plant Expansion - $8.0 million (Accelerated timing, no additional funds)
- General Liability Insurance Fund - $75,000

Destination Home Grant

CITY OF MORGAN HILL

- Awarded Morgan Hill a $450,000 capacity building grant for a period of 3 years ($150,000 per year)

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- The Plan guides the County, cities, nonprofits, and other community members as they make local decisions about funding, programs, priorities, and needs

Destination Home Grant (cont.)

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- Reclass the Housing Manager position to Director due to increased responsibilities that require a higher level of service and regional expertise to meet the needs of our community

Destination Home Grant: Requirements

- Develop and launch a local implementation plan with specific targets and outcomes
- Develop a local housing plan with the intent of identifying opportunities for supportive and extremely low-income housing, and other affordability levels

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- Engage in ongoing regional discussions and educational opportunities with other jurisdictions, non-profit partner agencies, and other interested parties to advance the goals of the Community Plan

- Provide educational opportunities, housing community conversations, and discussion forums regarding housing people of various income and affordability levels

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CITY OF MORGAN HILL

City has long history of environmental initiatives

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Climate Action Plan (cont.)

CITY OF MORGAN HILL

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- Measure impact using SVCE provided data on energy emissions and vehicular emissions

- Low Cost / High Action

Climate Action Emergency Resolution

- Important policy statement
- Edited to align with City's overall goals, workplan, and fiscal realities

Recommended change to the Management, Professional and Confidential Employees Resolution

3.25% Cost of Living Adjustment (COLA) effective July 1, 2021 (prospective; net COLA 2.57% after increase in employee PERS cost sharing)

- Retention
- Recruitment
- Salary compaction

Personnel Changes

City Manager's Office (CMO)

- Eliminate funding for Assistant to the City Manager position. Move Program Administrator to CMO.

Police Department

- Eliminate funding for Police Analyst position. Use funding from Police Analyst position to create new position – Police Administrative Manager.

Personnel Changes (cont.)

CITY OF MORGAN HILL

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- Add 1.0 FTE – Homeless Specialist. Reclassify Housing Manager to Director. Funding will come from Destination: Home SV grant.

Community Services and Engineering and Utilities Departments

- Consolidation to Public Services Department (no fiscal impact)
- Change title of Fiscal and Policy Analyst to Public Services Administrative Manager (no fiscal impact)
- Add 1.0 FTE Utility Worker I/II
- Reclassify Maintenance Worker II to Senior Maintenance Worker

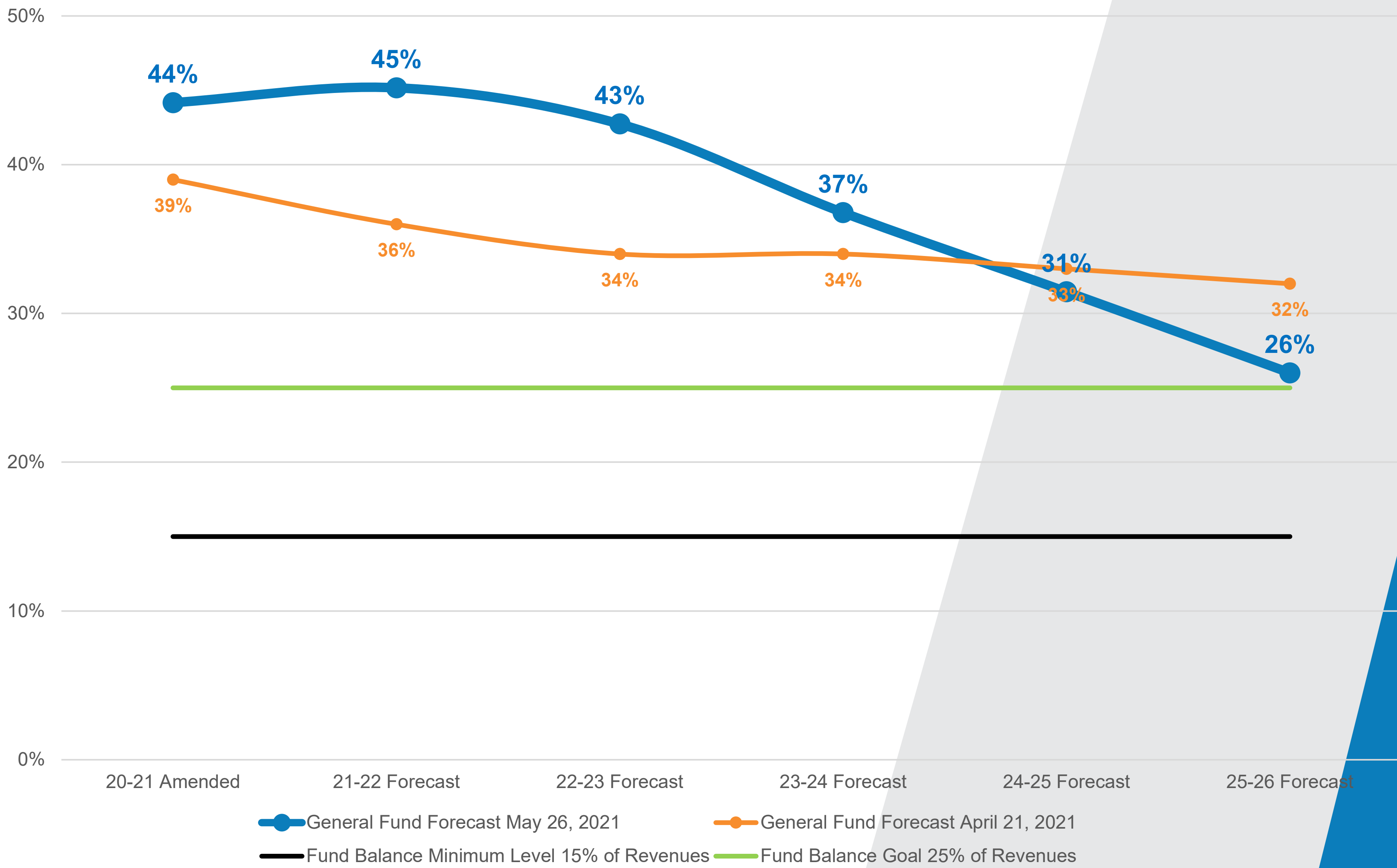
Personnel Changes (cont.)

CITY OF MORGAN HILL

Economic Development Division

- Restore funding for 1.0 FTE
  - Hiring of either Director or Manager.
  - Hiring of Coordinator

General Fund Forecast



Infrastructure Report

CITY OF MORGAN HILL

- Provides an overview of the issues the City is facing in relation to maintaining various areas of infrastructure
- Future unfunded needs are anticipated to grow by an additional $850,000 after 5-6 years.
- Park Maintenance service levels are very low
- Summary of current unfunded needs as outlined in the report, include:

Area of Need/Description	Amount (annually)
Landscape Assessment Districts	$23,000
Buildings and Facilities	$51,000
Streets and Sidewalks	$550,000

Unfundеd General Fund Needs - $5.2 million

- Police $1.3 million
- Fire: $2.3 million
- Infrastructure: $0.6 million
- Operational loss due to RDCS suspension: $1.0 million

Updated based on proposed adjustments

Unfundeded Liabilities- $55.9 million

- Public Employees Retirement System (PERS) - $52.5 million
- Other Postemployment Benefits (OPEB) - $3.4 million
- General Fund Share - 67% or $37.5 million
- Current Funded Status
  - Misc. Plan – 72.9%
  - Safety Plan – 68.5%

On the Horizon

- Funding for information technology infrastructure and other resources

- Diversity, Equity and Inclusion

- Communications strategic plan

Recommended Actions

CITY OF MORGAN HILL

1. Adopt resolution:
   a. Authorizing changes to the adopted Fiscal Year (FY) 2020-2021 and 2021-22 City of Morgan Hill Operating and Capital Improvement Budget, including appropriation of American Rescue Funding; and
   b. Adopting the FY 2021-22 Appropriations Limit and Appropriations Limit Adjustment Factors;

2. Accept a grant of $450,000 from Destination Home to develop and advance the local implementation of the Community Plan to End Homelessness;

3. Authorize the City Manager to execute and administer the Destination Home grant agreement;

Recommended Actions (cont.)

CITY OF MORGAN HILL

4. Approve the American Federation of State, County, and Municipal Employees Local 101, District Council 57 (AFSCME) salary schedule;
5. Adopt the Management, Professional, and Confidential Employees Resolution and corresponding salary schedule effective July 1, 2021; and
6. Adopt resolution to declare a climate emergency.

Questions?

CITY OF MORGAN HILL

CITY OF MORGAN HILL

Fiscal Year 2020-21 and 2021-22 Mid-Cycle Budget Amendments

May 26, 2021

Item 3

Biennial Budget Process

City of Morgan Hill

January
1st Year
City Council Goal Setting Workshop

February – April
Budget Development

April
Recommended Budget Made Available to the Public

May
Budget Workshop

June
Public Hearing and Budget Adoption

June – January
Monthly Budget Update Check-In and Financial Reporting

January
2nd Year
City Council Goal Setting Workshop

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

Budget Update

- Adoption of budget in June 2020 with significant service level reductions
- Monthly financial updates
- Federal stimulus funds – **restoration** of service levels for community

U.S. Fiscal Stimulus

CITY OF MORGAN HILL

- Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - $2.3 trillion
  - $150 billion to states and large local governments – Morgan Hill received about $570K through the state
- Consolidated Appropriations Act – $0.9 trillion
  - No allocation to Morgan Hill
- American Rescue Plan Act (ARPA) - $1.9 trillion
  - $350 billion to states, local, territorial, and tribal governments

State and Local Fiscal Recovery Funds

CITY OF MORGAN HILL

- First ever and largest amount of assistance to all eligible cities and towns
- Severe fiscal impacts from the pandemic
- Stimulus to bolster local governments' response and address economic impacts
- State and local governments have cut over 1 million jobs
- Morgan Hill has cut or unfunded 9.5 FTEs since FY19-20

State and Local Fiscal Recovery Funds (cont'd)

CITY OF MORGAN HILL

- Of the $350 billion, $130.2 billion to counties and local governments
  - Counties $65.1 billion
  - Large cities (population over 50,000) $45.6 billion
  - Small cities $19.5 billion
- Morgan Hill expects to receive $8.65 million

Morgan Hill Revenue Loss

- $17.3 million in revised actual and estimated revenue loss versus $17.9 million previous forecast
- **ARPA funds are half of revenue loss**

Morgan Hill Revenue Loss
(cont'd)

CITY OF MORGAN HILL

Current forecast

Revenue Type (Amount in Millions)	Actual FY 19-20	Estimated FY 20-21	Estimated FY 21-22	Total
Property Tax	$ (0.1)	$ -	$ -	**$ (0.1)**
Sales tax	(0.6)	(0.4)	-	**(1.0)**
Recreation	(2.0)	(4.6)	(3.4)	**(10.0)**
Hotel Tax (TOT)	(0.8)	(1.8)	(1.3)	**(3.9)**
Development Services (Fund 206)	(0.9)	(0.9)	(0.5)	**(2.3)**
Other (Gas Tax, Transfer Tax, etc.)	-	-	-	**-**
Total	**$ (4.4)**	**$ (7.7)**	**$ (5.2)**	**$ (17.3)**

Morgan Hill Revenue Loss
(cont'd)

CITY OF MORGAN HILL

Previous forecast

Revenue Type (Amount in Millions)	Estimated FY 19-20	Estimated FY 20-21	Estimated FY 21-22	Total
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Sales tax	(1.5)	(2.4)	(1.6)	**(5.5)**
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Hotel Tax (TOT)	(0.9)	(1.3)	(0.3)	**(2.5)**
Development Services (Fund 206)	(1.2)	(1.5)	(0.5)	**(3.2)**
Other (Gas Tax, Transfer Tax, etc.)	(0.2)	(0.2)	(0.1)	**(0.5)**
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CITY OF MORGAN HILL

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CITY OF MORGAN HILL

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CITY OF MORGAN HILL

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CITY OF MORGAN HILL

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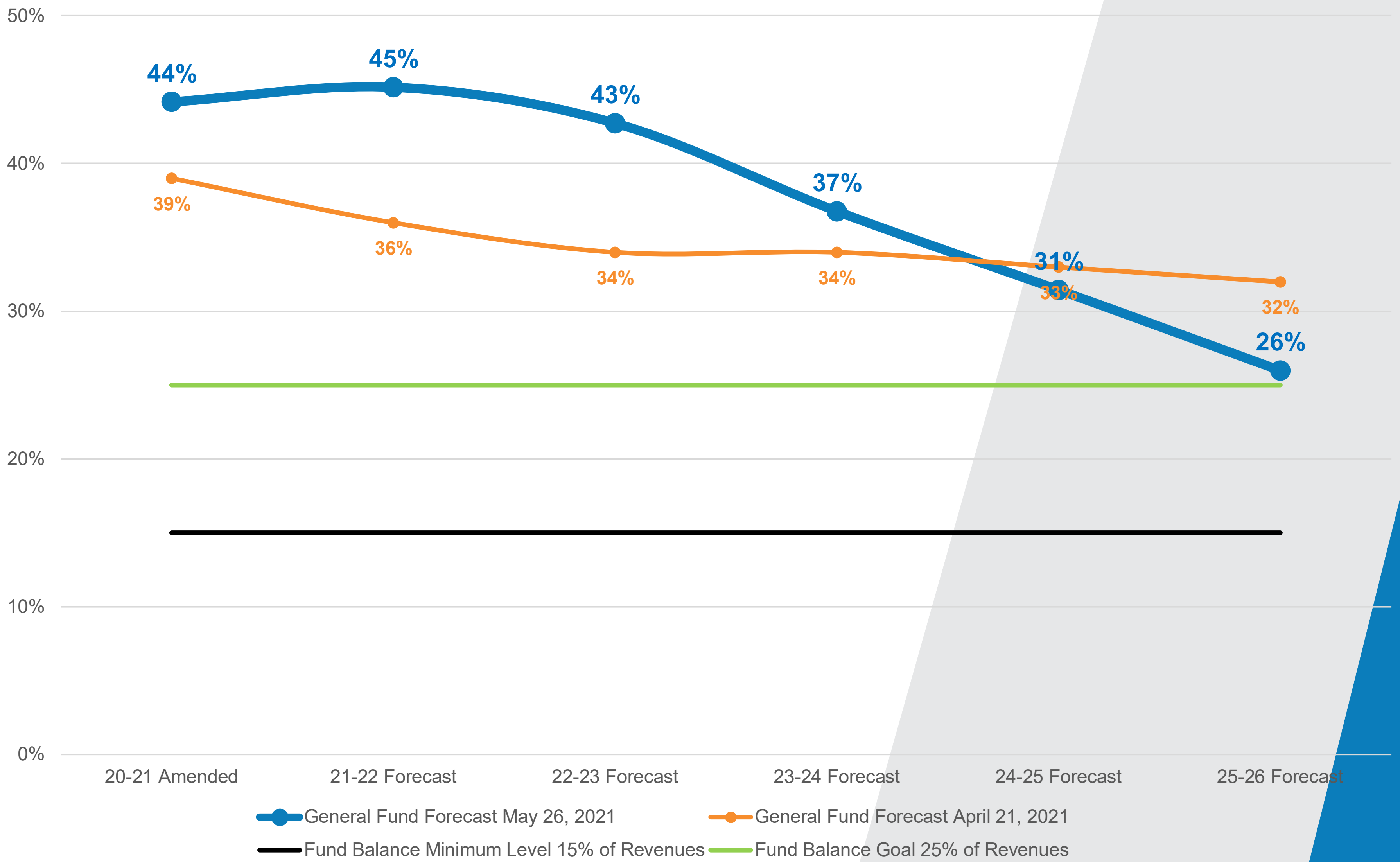

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CITY OF MORGAN HILL

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Questions?
CITY OF MORGAN HILL

From: Michelle Bigelow
To: Michelle Bigelow
Subject: FW: [EXTERNAL] comment City Council May 26, 2021 Item #3: mid-cycle budget changes and staff pay
Date: Tuesday, May 25, 2021 8:02:59 AM

From: Christina Turner
Sent: Tuesday, May 25, 2021 7:15 AM
To: D. Muirhead <[redacted]>
Subject: RE: [EXTERNAL] comment City Council May 26, 2021 Item #3: mid-cycle budget changes and staff pay

Good morning, Doug. Thank you for your comments and questions. Please see below on responses.

Dear Morgan Hill City Council,
Comments for your Meeting May 26, 2021
Item #3: mid-cycle budget changes and staff pay
Thank you for your consideration,
Doug Muirhead, Morgan Hill

While I have a number of specific comments, I will start with
strongly disagreeing with staff's claim that this is
COMMUNITY ENGAGEMENT: Involve
You had three meetings last year
April 22, 2020 City Council Budget Introduction
April 30, 2020 Community Budget Meeting
May 15, 2020 City Council Budget Workshop
and staff claims that the monthly budget report fills in the gaps since.
I will remind you that you renew your pledge on a yearly basis
to make CP-05-01 Ethics Policy more than just words on paper.
Core value: Fairness;
Expression: Support the public's right to know and participate
in the conduct of the public's business
Positive Behavior: Being proactive by supporting communication
processes that inform the public and forums that encourage input
Negative Behavior: Discouraging public input and and participation
by holding meetings at inconvenient times and locations.
[to which I would add: continuing to embrace minimum Brown Act
noticing so that packet is released 3 work days before meeting]

While we all wish that the City had more resources to dedicate toward public engagement, we try to focus our limited resources on those issues and areas that we believe the community cares about the most.

From where I sat, the City Administration mostly used CARES Act funds

for its own purposes, with the exception of sanitation in public spaces
and the economic recovery plan to support local businesses. The bulk
of support for residents was provided by NGOs, the school district,
and the Library.

Pseudo-TOC for specific comments:
* Police programs restored
* Other programs not mentioned
* Destination Home award and Director Rebecca Garcia
* Repair of Public Art
* What has GIS team done and plan to do
* Vision statement for Government Cable TV Access
* Plan for in-person, hybrid, and remote internal and external meetings
* Sewer Plant Expansion and MH water reuse
* Street CIP
* Deck chairs on the Titanic
* Enterprise Resource Planning software
* Climate Action Plan
* Personnel Costs

Staff notes that the American Rescue Plan Act funds are one-time
money rather than a structural, ongoing resource. Staff recommends
using the fiscal recovery funds to reinstate many of the programs
that were eliminated in the FY 2020-21 and 2021-22 budget. Specifically
called out are Police programs which benefit our residents and should
not have been cut in the first place:
Animal services $37,142
Citizens police academy training $8,571
Explorer training $5,714
National Night Out $10,000
Parent project $3,142
Reserve officer pay $22,858
Other programs which benefit our residents but are not mentioned
in the Administration's proposal are:
Daycare at CRC
Teen Center at CRC
Older Adult programs and services at CRC

The City fully intends to reopen the Senior and Teen Center and plans are being made to open this Fall. Full-time staffing in the Recreation Division will be evaluated as the City moves forward in re-opening the Recreation Facilities. The Kids Club has already reopened.

I am pleased that Destination Home awarded Morgan Hill a $450,000
grant for capacity building for a period of 3 years ($150,000 per year)

to fund a direct liaison to our unhoused residents, the community, and the County. I am more than pleased that Ms. Rebecca Garcia is elevated to Director.

I support appropriations for repair of Public Art pieces throughout the City, but not the Spider, for a total of $23,500.

The Tarantula Art, will be repaired and upgraded with a new lighting system for up to $10,000 in funding. This will help reduce operational time and repairs on an ongoing basis to support ongoing maintenance in other City areas including other pieces of Public Art. Additionally the LCAC will be engaging in a process to identify other needs. The funding allocated so far is to support the maintenance of existing artwork first, before expanding to add additional art.

Before you spend $11,500 for a GIS Intern, how about a report on what the GIS team has done and plans to do. There is no GIS item in the City of Morgan Hill Strategic Priorities 2020-2021 work plan (updated April 21, 2021). I do not remember hearing anything about the GIS team since you approved the strategic plan (3-year outlook) in September 2019. We were promised a public GIS portal on the City web site.
The only news about MH GIS came from the County 2020 GIS Day, where the presentation on Next Generation 911 federal mandate for standardized GIS data noted that Morgan Hill was to provide our contribution to the regional address map for public safety (RAMP) in early 2021. Did you meet that milestone?

The GIS intern will continue to work on implementation of the GIS strategic plan. Continued progress on the plan has occurred and a future update to the Council will occur down the road. The public portal is still in the works but will occur after other tasks that support basic GIS needs and higher priority tasks that support City operations.

Before you spend money on Channel 17 and enhanced IS technology, I want to see your vision statement for Government Cable TV Access and your plan for in-person, hybrid, and remote meetings.
When we know what you plan to do (apparently developed without public participation), then we can evaluate the proposed expenses.
These questions should also be viewed in the context of the digital divide. This is especially important in justifying a remote studio at the Police Facility for emergency communications over Channel 17.

The only change we are suggesting in cablecasting is creating the opportunity to provide emergency communications via a remote studio at the Police Facility. The other investments proposed for Channel 17 are to ensure that our existing systems remain operational. It is very important to note that the PEG Cable Funding cannot be used for staffing or regular operations. Nor can it be used to for strategic planning purposes. The proposed funding from the PEG funds has been recommended to align with the funding requirements, which allow for capital investment and lease purposes. Your alternative suggestions above would require General Fund dollars to support, which is not recommended at this time due to competing General Fund priorities. As for the City's plan for in-person, hybrid, and remote meetings, we will continue to remain in compliance with public meeting laws as these laws and community expectations evolve. We are sure that you share our observation that community engagement has been enhanced in many ways due to the remote meetings that have been held. The art of 2021, if you will, will be in discovering how to return to in-person meetings that have a remote component so that the public can participate using either path. What is certain, however, is that some modest investments in technology will be needed to support future meetings.

Channel 17 (which I can watch since I have Charter cable service) has a number of operational problems which have increased over the last 3-5 years. City Council and Commission meetings are broadcast. Some of your Town Halls (and the Leadership MH joint topics with the City) were only available on social media because linking to CH17 would require an additional person in the Council broadcast booth. The Bulletin Board filler between meetings often freezes, has outdated slides, does not date the slides, and has no slide deck collection for view on City web site. The weekly broadcast schedule is no longer on the City web site, so it is not possible to know when to watch (or not watch). For those of us on the wrong side of the digital divide, streaming from the City web site is not a viable option.
$10,000 annual funding for equipment replacement.
$20,000 Police remote studio.

Starting in March of 2021, we now stream all town hall meetings on Channel 17 in addition to the website and Facebook. In recent weeks staff has been working to ensure that the slides and content are current. We will look at getting the weekly broadcasting schedule back up on the website and the slide deck for Channel 17.

The City wants to spend money on technology in Council Chambers and other City conference rooms for internal and external meetings. It has been several years since Ms. Tobin expressed her preference for breadth of City communications (via social media) over depth (last open house was Utilities Department in October 2011 at CCC). What is the plan for in-person participation versus hybrid versus virtual meetings?

As far as the plan for hybrid vs. in-person meetings, the City has found that the virtual meetings have allowed for much greater public participation and will be transitioning to hybrid City Council meetings when we get back to in-person meetings. We have been testing and are putting the necessary tools in place to ensure a smooth transition and functionality.

The SCRWA staff rejected my PRR for their flow study claiming it was a draft, but which they used to justify changing the requirements for Sewer Plant Expansion from capacity-constrained to organic-loading issues. City staff want to appropriate an additional $8.0 million for the Plant expansion to push up the timing of the project. The SCRWA Board never addressed if Morgan Hill had control of some of our wastewater to be used for local graywater and recycled water. Since the Water District Water Reuse master plan has been repeatedly delayed, do we know how our local control and local resilience for water reuse will be impacted by the Sewer Plant Expansion?

The answer is yes, the City does control its own wastewater use. SCRWA cannot mandate the City send all its wastewater flow to the treatment plant. Additionally, the treatment plant expansion will be funded by impact fees collected for this purpose. The City will have future opportunities to discuss and evaluate recycling our wastewater through the Valley Water Reuse Plan as it moves forward, but also through the next update to the City's Water System Master Plan. The City intends to work towards updating this plan over the next Fiscal Year.

I am please to see that the Street CIP will again receive an annual contribution of $1 million. Try riding a bike on Del Monte between Main and 1st!

Thank you for the information on the conditions on Del Monte. We will continue to work on addressing needs across the City including in this area.

I do not know what you accomplish, other than simplifying the org chart, by combining the Community Services Department with the Engineering and Utilities Department. It would be better to re-join the professional engineers from Engineering, Utilities, and Development Services.

That rejoining of professional engineers has already occurred with the previous budget process. This update will rejoin the Maintenance and Environmental groups with the Engineering and Utilities groups and provide enhanced coordination while retaining the key coordination and connections between the Maintenance and Recreation groups.

Staff proposes funding new Enterprise Resource Planning software (to improve efficiency and effectiveness of City's customer service and business processes with $423,400 from General Fund and $386,600 from other sources). What are measures of success for this replacement? I would suggest that before you spend money on yet another "productivity" enhancement that you complete implementation of your other "productivity" processes. I am told the asset management and customer management systems will not be available until Q4 of 2021.

Staff understands implementing a new ERP software is a costly endeavor in addition to time consuming, and staff does not take it lightly. The City's current system, Eden (which was purchased in 2004) is outdated. The vendor has discontinued providing upgrades since last year. In addition, the City's utility billing (UB) software, Incode, purchased in 2003 has a severe limitation and compatibility issues with more modern applications like GIS and new ones like Cityworks. The new software, Tyler Munis that the City is in the process of reviewing and evaluating has an integrated system with UB and others with a focus on local governments in the United States. The City of Gilroy is currently in the process of upgrading to Tyler Munis which it awarded last year for a one-time expenditure of $2 million. Tyler Technologies, the vendor of Tyler Munis is also the vendor of our current system, Eden. As such, certain cost savings have been applied.

Staff plans to develop a focused Climate Action Plan during FY 2021-22. Will the public actively help develop the plan, or will staff force their policies on us by Council Ordinance as you did with restricting/ prohibiting natural gas connections.

There will be opportunities for public input through the process should the Council direct staff to move in this direction. There were opportunities for input in the previous process. Staff's job is to professionally evaluate issues and recommend realistic solutions for the Council to consider. Obtaining community input on the way is absolutely a key part of our process and something we continually seek to improve. At the end of the day, however, some people may not be happy with the ordinance that is ultimately adopted. There are people who smoke, for example, who still believe that they should be able to smoke in a park. While they probably feel like the ordinance was "forced on them" by the City's ordinance, that doesn't mean we should allow smoking in parks.

When it comes to Personnel Costs,
I do support reinstating increases for part-time temporary teammates.
I have no idea what you mean by "a more realistic forecast in employee services in the out years".

I do not know why people who were privileged to have jobs and benefits
for the last 15 months need to be rewarded with a 3.25% COLA.
$121,550 from the General Fund and $65,450 from other funds could be
used to provide services to our residents and to mitigate some of the
damage done to their lives.
In supplement 3.f Management, Professional, and Confidential employees
General Benefit Provisions, what is Administrative Leave?
This is in addition to Vacation Leave, Sick Leave, Bereavement Leave,
and Professional Development.
I also think this is another missed opportunity to set trigger levels
to rationally and equitably modify wages, benefits, and/or headcounts
for the next pandemic or other major economic dislocation.

To help balance the budget as a result of severe fiscal impacts caused by the global pandemic, the City had to reduce its expected COLA and CPI increases from 3% to 2% in the out years. However, with the higher rate of inflation that we have been seeing, staff is adjusting the budget forecast to reflect this reality.
Additionally, in an effort to retain our current teammates it is important to remain competitive with other public agencies and to have equity across the organization. We have had several management teammates leave over the last year and we want to avoid this from continuing to happen. It is also important that there is no compaction within the salary schedules. If these issues are not addressed this could also lead to low morale within the management and professional group. Administrative Leave is a benefit offered to teammates who are exempt from overtime benefits. This leave balance can only be carried over for 1 year.

Thank you!
Christina

CITY OF MORGAN HILL

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COVID-19 BUSINESS SUPPORT
Financial Assistance, Tax Assistance, and Tenant Assistance

FINANCIAL ASSISTANCE

Federal COVID-19 Relief- Second Round of Paycheck Protection Program (PPP)

The program provides cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. This can include loan Forgiveness. The full list of participating lenders is available online.

Federal COVID-19 Relief - Economic Injury Disaster Loan (EIDL)

The Small Business Administration's EIDL loans can be used for general working capital. They carry a 3.75% interest rate for businesses, or 2.75% for nonprofits. Terms are available up to 30 years with no pre-payment penalty or fees. You will be asked to provide collateral on all loans over $25,000. Apply at the Small Business Administration's site.

California Relief Grant Program: https://careliefgrant.com/

Governor Newsom's California Comeback Plan doubles down on support for small businesses to recover from the pandemic, investing an additional $1.5 billion in COVID-19 relief grants – bringing the total to $4 billion, representing the largest small business grant program in the country.

- Eligibility criteria found at CAReliefGrant.com
- Eligible grant award: $5,000 - $25,000

The California Rebuilding Fund

A loan program to support California's small businesses—especially those located in economically disadvantaged and historically under-banked areas of the state. Businesses that employed 50 or fewer full-time equivalent employees (FTEs) and had gross revenues of less than $2.5 million or below in 2019 are eligible to apply.

Morgan Hill Community Foundation Disaster Relief Fund

MHCF's COVID-19 Disaster Relief Program is an ongoing fundraising and grants program for non-profits that serve the Morgan Hill Community. The amount of any grant is determined by the MHCF board of directors, with advice of the Community Advisory Committee, and based upon funds available and determinations of priority of need in, and benefit to, the greater community.

California's iBank Program

This program is designed to make loans available to business owners who do not qualify for federal/SBA loan programs, including undocumented immigrants. You can apply or get more information through the partners lined on the Small Business Finance Center website.

California Capital Access Program (CalCAP)

CalCAP is a loan loss reserve program which may provide up to 100% coverage to participating lenders on losses as a result of certain loan defaults. With CalCAP portfolio support, a lender may be more comfortable underwriting small business loans.

Federal Reserve's Main Street Lending Program

The Federal Reserve established the Main Street Lending Program to support lending to small and medium-sized for profit businesses and nonprofit organizations that were in sound financial condition before the onset of the COVID-19 pandemic.

Opportunity Fund

Established businesses including non-profits may borrow up to $250,000 for 1 to 5 years at competitive interest rates with no fees. Applicants may provide an ITIN rather than Social Security numbers. Assistance is available in English and Spanish.

Kiva

Loans up to $15,000 at 0% interest are available through this non-profit lending group. Borrowers with strong connections with their clients are most likely to qualify. Non-profits may apply as well. Collateral is not required and there is a 6-month grace period on repayment. Info and application.

National Small-Business Grant Programs

There are many grant programs offered by companies and government agencies, often targeted at specific types of small business. A good list of grant opportunities is maintained by Fundera. Although Fundera is a for-profit website, its grant list is comprehensive and regularly updated.

Restaurant Revitalization Fund

Provide restaurants with funding equal to their pandemic-related revenue loss up to $10 million per business and no more than $5 million per physical location. Recipients are not required to repay the funding as long as funds are used for eligible uses no later than March 11, 2023.

Program Details: https://www.sba.gov/funding-programs/loans/covid-19-relief-options/restaurant-revitalization-fund

SAMPLE application: https://www.sba.gov/sites/default/files/2021-04/SBA%20Form%203172%20RRF%20Application%204.8.21-508.pdf

Small Business Administration Shuttered Venue Operators Grant (SVOG)

Eligible applicants may qualify for grants equal to 45% of their gross earned revenue, with the maximum amount available for a single grant award of $10 million. $2 billion is reserved for eligible applications with up to 50 full-time employees. Businesses interested in the SVOG can do steps now to prepare for the program. SBA video tutorial Shuttered Venue Operators Grant (sba.gov)

The Economic Development Administration (EDA) Grant

Provides $3 billion in grants to eligible entities to respond to the economic effects of the pandemic. U.S. Travel was able to get Congress to set aside $750 million for communities impacted by job loss in the travel, tourism, or outdoor recreation sectors. Further, the House Committee Report accompanying the American Rescue Plan included the following language to clarify congressional intent for the $750 million set-aside, which will help ensure marketing projects are competitively considered: Consideration should be given to projects seeking to advance tourism marketing and promotion activities necessary to drive economic recovery in these sectors, as well as projects that provide information to potential consumers regarding health and safety protections necessary for safe travel."

Barstool Grant

The nonprofit 30-Day Fund was launched by Virginia technology entrepreneur Pete Snyder and his wife, Burson. Working with other business leaders throughout the nation, the Fund's goal is to help save as many jobs as possible. The funds disbursed do not need to be repaid, but if businesses who receive the Fund's assistance do, at a later date, wish to "pay it forward," they may do so by directing those dollars back to the Fund. The Barstool Fund

TAX ASSISTANCE

IRS Deferrals and Credits

If your business does not qualify for Paycheck Protection Program or the Economic Injury loan from SBA or you did not receive funding under those programs you can take advantage of Employee Retention Credit ("ERC") from the Internal Revenue Service. The ERC provides a refundable payroll tax credit for 50% of the wages paid by employers during the COVID-19 pandemic up to $5,000 per employee per quarter. This credit is applied to the employer's quarterly tax liability reported on Form 941.

In addition, employers and self-employed individuals can defer payment of the employer share of Social Security taxes incurred to December 31, 2020. More guidance from the IRS and Payroll Tax deferral can be found by visiting the IRS website.

Any business that claimed a loss in the tax year 2018, 2019, or 2020, may be able to carry that loss back five years. More guidance from the IRS and Payroll Tax deferral can be found by visiting the IRS website.

The Treasury Department and Internal Revenue Service announced the federal income tax filing due date for individuals for the 2020 tax year will be automatically extended from April 15, 2021, to May 17, 2021.

Families First Coronavirus Response Act (FFCRA)

Emergency Paid Leave and Expanded Family and Medical Leave: the U.S. Treasury Department, Internal Revenue Service (IRS), and the U.S. Department of Labor announced that private small and midsize employers can begin taking advantage of two new refundable payroll tax credits, designed to immediately and fully reimburse them, dollar-for-dollar, for the cost of providing Coronavirus-related leave to their employees. This relief to employees and small and midsize businesses is provided under the

Families First Coronavirus Response Act. Employers are encouraged to visit the U.S. Department of Labor website and IRS website for additional information on purpose, qualification, and frequently asked questions. (Currently not applicable to State and local governmental units).

Sales Tax (State of California)

California Department of Tax and Fee Administration (CDTFA) has the authority to assist individuals and businesses impacted by complying with a state or local public health official's imposition or recommendation of social distancing measures related to COVID-19. This assistance includes granting extensions for filing returns and making payments, relief from interest and penalties and filing a claim for refund.

For more information, please contact
CDTFA: https://www.cdtfa.ca.gov/services/covid19.htm

Small Business Relief Payment Plans (CDTFA)

Effective December 15, 2020, small business taxpayers with less than $5 million in taxable annual sales, can take advantage of a 12-month, interest-free, payment plan for up to $50,000 of sales and use tax liability only. All payment plans must be paid in full by April 30, 2022, to qualify for zero interest. Businesses with $5 million or more in annual taxable sales in sectors particularly impacted by operational restrictions due to the pandemic may also apply for this 12-month interest-free payment plan.

TENANT ASSISTANCE

County of Santa Clara Eviction Moratorium Includes Small Businesses:

The County of Santa Clara adopted a moratorium on residential and commercial evictions related to COVID 19. If the eviction is due to financial inability to pay rent or medical issues resulting from the coronavirus, commercial and residential tenants are safe from eviction through August 31, unless extended, ordering that small businesses located in the County renting or leasing real property for commercial, business, income-producing, or otherwise non-residential use, cannot be evicted for nonpayment of rent if such business suffered a substantial loss of income due to COVID-19. Refer to County Ordinance NS-9.289 for further details. The County's ordinance relies on U.S. Small Business Administration (SBA) definitions of small businesses based on industry. Find detailed information and an FAQ on the Santa Clara County moratorium page.

On August 31, 2020, the State of California legislature enacted Assembly Bill No. 3088, effective immediately, that provides state-wide eviction and foreclosure protections for many tenants and property owners suffering from economic hardship due to COVID-19 or small business tenants who qualify for protection under the County's ordinance, the County's eviction moratorium has been extended through August 15, 2021. Protected small business tenants have up to 6 months after the moratorium expires or terminates to repay at least 50% of the past-due rent, and up to 12 months after the moratorium expires or terminates to repay in full the past-due rent. More information about how residential tenants can receive the protections of the state law can be found here: https://landlordtenant.dre.ca.gov/tenant/protection_guidelines.html.

Information for Landlords of Small Business Tenants

If you are a landlord of a small business tenant that qualifies under the County's eviction moratorium ordinance and you initiate an eviction for non-payment of rent during the moratorium, you must:

- Provide small business tenants with this written notice of the reason for the eviction and notice of the tenants' rights when serving the notice of termination; **and**
- Provide resources for rental assistance programs.

You still have a right to collect rent if the small business tenant qualifies for protection under the moratorium. However, the protected small business tenant has 6 months after the moratorium ends to repay at least 50% of the past-due rent and 12 months after the moratorium ends to repay in full the past-due rent. You cannot charge a late fee. Before initiating any repayment plan with a small business tenant protected under this moratorium, you must first inform the small business tenant of these repayment protections. The ordinance prohibits negotiations between a landlord and small business tenant that result in the tenant's waiver of its rights under the ordinance. You may risk being subject to civil fines and penalties, monetary damages, and injunctive relief if you do not comply with the moratorium.

This moratorium does not apply to otherwise lawful or at-fault evictions for reasons other than nonpayment of rent due to a substantial loss and/or out-of-pocket medical expense as a result of COVID-19.

Information for Small Business Tenants

If you are a small business tenant, you can use this form to provide your landlord with documentation of substantial **income loss** and/or **substantial out-of-pocket medical expenses** that is directly related to your failure to pay rent as a result of the COVID-19 pandemic as soon as possible.

Examples of substantial loss of income due to COVID-19 include:

- Temporary closure of or reduction in operating hours of a place of business or substantial decrease in business income

Examples of documentation you can provide include:

- Bank statements or financial documents showing your business' financial situation before and during the COVID-19 pandemic

Your landlord must provide you this document telling you why you are being evicted, and what your rights are, as well as assistance programs if they try to evict you.

You may be able to take your landlord to court if they do not comply with the moratorium or use their non-compliance in any eviction proceeding.

For more information about the eviction moratorium, please see list of frequently asked questions.

Emergency Rental Assistance Program

The Emergency Rental Assistance program makes funding available to assist households that are unable to pay rent or utilities. Two separate programs have been established: ERA1 provides up to $25 billion under the Consolidated Appropriations Act, 2021, which was enacted on December 27, 2020, and ERA2 provides up to $21.55 billion under the American Rescue Plan Act of 2021, which was enacted on March 11, 2021. The funds are provided directly to states, U.S. territories, local governments, and (in the case of ERA1) Indian tribes. Grantees use the funds to provide assistance to eligible households through existing or newly created rental assistance programs.

- ERA Fact Sheet (5/7/2021)

Staff Report

1) Change title of Fiscal and Policy Analyst to Public Services Administrative Manager. **Is this an increase in salary?** No, it is change of the title only.

Attachment B – Proposed Use of ARPA Funds

2) Restore Community Promotion funding for FY21- 22 including $15K for twinkle lights in Downtown, additional $10K for annual freedom fest events, additional $10K for Healthier Kids Foundation, $7K for Safe Trick or Treat, and more. **WHEN YOU SAY RESTORE, DOES THIS MEAN THAT THESE AREAS WERE CUT DUE TO COVID?** Yes

3) Economic Recovery Downtown Revitalization including $50K for the initial study of the Lane Reduction Program which the Council approved on May 19, 2021. **This cost will be recovered through ARPA, correct?** Yes, this would an allowable use of ARPA funds.

Attachment C – Destination Home memo plus Award Letter

4) Destination Home grant: Improves quality of life for unsheltered individuals and creates healthy neighborhoods for all. **HOW? BY UTILIZING THE STATED POSITION BELOW TO INTERFACE TO THE HOMELESS AND COUNTY PROGRAMS?** Yes, the new position is one of the things that will aid in meeting this goal. The Homeless Specialist will work directly with people experiencing homelessness and connect them to services countywide. The other bulk of the work that will be done in the future to support the implementation of the Community Plan at the local level is still being developed and will begin after the receipt of the grant. For example, the City could improve the quality of life by developing another safe park program, or a hygiene program, or transportation opportunities. This is in addition to the ongoing work of identifying housing.

Attachment E – League of CA Cities – Fiscal Recovery Funds Fact Sheet

5) From the League of CA Cities – Fiscal Recovery Funds factsheet: **Supporting small businesses**, helping them to address financial challenges caused by the pandemic and to make investments in COVID-19 prevention and mitigation tactics, as well as to provide technical assistance. To achieve these goals, recipients may employ this funding to execute a broad array of loan, grant, in-kind assistance, and counseling programs to enable small businesses to rebound from the downturn. WE CHOSE THIS PATH BECAUSE THE STATE HAS RELIEF PROGRAMS FOR WORKERS AND HOUSEHOLDS, CORRECT? The federal and state have various relief programs for workers and households appropriated from the stimulus. A listing of these programs has been compiled by staff and can be found in the supplemental attachment.

Attachment H - Infrastructure Update Report

6) From Infrastructure Report Update, Streets and Sidewalks unfunded needs: $200,000 in annual revenue is needed to fully fund basic maintenance; $350,000 annually in unfunded capital street repair. **Do you have any suggested ways to bring in the needed revenue?** The opportunities for

the City to fund this ongoing cost is increased discretionary tax revenues or prioritized in funding allocation from the General Fund.

7) From Infrastructure Report Update, Decline in revenues –For many years, the City's Residential Development Control System (RDCS) competition resulted in significant funds to support maintenance and rehabilitation projects for City infrastructure. As the City slowed growth and updated the competition, contributions from developers began to decline significantly, and ultimately, that decline turned into a complete elimination of these fees for all new development for at least 5 years. **Why the elimination, not sure I understand the reason?** This is because of SB 330 (Housing Crisis Act of 2019) which the Governor Newson signed into law on October 9, 2019 and became effective January 1, 2020. Under SB 330, municipal and county agencies are restricted in ordinances and polices that can be applied to residential development. Many of the changes in SB 330 is to last for a 5-year period and sunset on January 1, 2025. For Morgan Hill, the RDCS funding source is no longer available because SB330 eliminated the RDCS system where developers paid for points that translated into revenues for the City.

8) From Infrastructure Report Update, New Requirements – The City often must fulfill requirements developed by the State and other regulating entities. The City has commitments relating to future Wastewater System projects that must be completed in the next five years. The City will have increased requirements resulting in new projects for the Storm Water System in the coming years due to State mandates. **Can you please tell me what some of these mandates are?** One mandate is the state requirement by 2030 that all of the City's storm collection system must install trash and maintain trash capture devices throughout the City. This will be a multi-million dollar requirement. Other requirements include ongoing maintenance of storm facilities owned by the City that must be maintained to specific levels.

9) Quimby Fee: **What exactly is the Quimby Fee?** The Quimby Act, within the Subdivision Map Act, authorizes the legislative body of a city or county to require the dedication of land or to impose fees for park or recreational purposes as a condition of the approval of a tentative or parcel subdivision map, if specified requirements are met. It is similar to a development impact fee, but is established under a different section of the State Code. It is designed to construct or improve parks. It allows for renovation of parks (unlike other impact fees). Developers pay this fee when constructing housing that is part of a subdivision.

10) Most of the City facilities are now fully funded for building replacement with the current budget recommendation with the exceptions of the Friendly Inn and Civic Center for which the unfunded amount totals approximately $51,000 annually. **What are the reasons for maintaining this facility?** These facilities are City owned facilities that need to be maintained for the long term. Without allocating maintenance funds appropriately for the facilities the City may not have the funds to replace things such as roofs, hvac systems, etc. when they reach their end of life.

11) The City has made several incremental safety improvements over the last decade in the Downtown and has recently proposed reducing Monterey Road to a single lane of traffic in each

direction to continue to support safety. Funding of this project would be primarily one time in nature, but depending on the ultimate design and amenities included, could have an impact on operational expenses in the future. **This statement could get a great deal of attention if not elaborated upon.** The City staff intends to develop a design that limits ongoing maintenance costs. There is also opportunity for a future partnership on maintenance in the Downtown with the private sector. This will be thoroughly vetted through during the review process and presented to the Council.

12) The City's park maintenance is below average in comparison to parks in other communities. **Do we have any plans as to bring the below average to a higher level?** We are continually trying creative means to do this. This has included reviewing the most cost efficient way of maintaining areas (in house versus contract), use of volunteers, restructuring the organization and systems, etc. Since no additional funding is recommended, the team will continue to work using this approach. Alternatively, more funding allocated to Parks could improve this immediately.

13) Unfortunately, due to resource levels for managing these activities, even managing the volunteer programs is difficult. **Is there a way to get a volunteer to sub manage the volunteers?** Yes, and we are trying this specifically with the new Magical Bridge Playground. However, this does place additional duties and requirements on our managers to manage these lead volunteers as well. We will continue to try and implement this.

Attachment M – Morgan Hill Economic Recovery Efforts

14) Place Branding Partnership – Program offers up to $2,500 in grants for streetscape activation projects through art, landscaping and beautification projects that are visible and enjoyable from the public right-of-way. Applicants are encouraged to partner with businesses and non-profits or organizations to leverage funds and manpower. City has partnered with Home Depot, Ace Hardware and received a $5,000 contribution from Shoe Palace. The first round of grants were awarded the week of September 7, 2020. **Are these for businesses only?** Yes, for the benefit of businesses with the help of locals. We encouraged businesses that applied to leverage local artists and donors (e.g. Chamber sidewalk art painted by Nacho Moya, Craft Roots mural painted by local artist Doug Wright, Dezign studio mural painted by Sheri Chakamian).

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6) From Infrastructure Report Update, Streets and Sidewalks unfunded needs: $200,000 in annual revenue is needed to fully fund basic maintenance; $350,000 annually in unfunded capital street repair. **Do you have any suggested ways to bring in the needed revenue?** The opportunities for

the City to fund this ongoing cost is increased discretionary tax revenues or prioritized in funding allocation from the General Fund.

7) From Infrastructure Report Update, Decline in revenues –For many years, the City's Residential Development Control System (RDCS) competition resulted in significant funds to support maintenance and rehabilitation projects for City infrastructure. As the City slowed growth and updated the competition, contributions from developers began to decline significantly, and ultimately, that decline turned into a complete elimination of these fees for all new development for at least 5 years. **Why the elimination, not sure I understand the reason?** This is because of SB 330 (Housing Crisis Act of 2019) which the Governor Newson signed into law on October 9, 2019 and became effective January 1, 2020. Under SB 330, municipal and county agencies are restricted in ordinances and polices that can be applied to residential development. Many of the changes in SB 330 is to last for a 5-year period and sunset on January 1, 2025. For Morgan Hill, the RDCS funding source is no longer available because SB330 eliminated the RDCS system where developers paid for points that translated into revenues for the City.

8) From Infrastructure Report Update, New Requirements – The City often must fulfill requirements developed by the State and other regulating entities. The City has commitments relating to future Wastewater System projects that must be completed in the next five years. The City will have increased requirements resulting in new projects for the Storm Water System in the coming years due to State mandates. **Can you please tell me what some of these mandates are?** One mandate is the state requirement by 2030 that all of the City's storm collection system must install trash and maintain trash capture devices throughout the City. This will be a multi-million dollar requirement. Other requirements include ongoing maintenance of storm facilities owned by the City that must be maintained to specific levels.

9) Quimby Fee: **What exactly is the Quimby Fee?** The Quimby Act, within the Subdivision Map Act, authorizes the legislative body of a city or county to require the dedication of land or to impose fees for park or recreational purposes as a condition of the approval of a tentative or parcel subdivision map, if specified requirements are met. It is similar to a development impact fee, but is established under a different section of the State Code. It is designed to construct or improve parks. It allows for renovation of parks (unlike other impact fees). Developers pay this fee when constructing housing that is part of a subdivision.

10) Most of the City facilities are now fully funded for building replacement with the current budget recommendation with the exceptions of the Friendly Inn and Civic Center for which the unfunded amount totals approximately $51,000 annually. **What are the reasons for maintaining this facility?** These facilities are City owned facilities that need to be maintained for the long term. Without allocating maintenance funds appropriately for the facilities the City may not have the funds to replace things such as roofs, hvac systems, etc. when they reach their end of life.

11) The City has made several incremental safety improvements over the last decade in the Downtown and has recently proposed reducing Monterey Road to a single lane of traffic in each

direction to continue to support safety. Funding of this project would be primarily one time in nature, but depending on the ultimate design and amenities included, could have an impact on operational expenses in the future. **This statement could get a great deal of attention if not elaborated upon.** The City staff intends to develop a design that limits ongoing maintenance costs. There is also opportunity for a future partnership on maintenance in the Downtown with the private sector. This will be thoroughly vetted through during the review process and presented to the Council.

12) The City's park maintenance is below average in comparison to parks in other communities. **Do we have any plans as to bring the below average to a higher level?** We are continually trying creative means to do this. This has included reviewing the most cost efficient way of maintaining areas (in house versus contract), use of volunteers, restructuring the organization and systems, etc. Since no additional funding is recommended, the team will continue to work using this approach. Alternatively, more funding allocated to Parks could improve this immediately.

13) Unfortunately, due to resource levels for managing these activities, even managing the volunteer programs is difficult. **Is there a way to get a volunteer to sub manage the volunteers?** Yes, and we are trying this specifically with the new Magical Bridge Playground. However, this does place additional duties and requirements on our managers to manage these lead volunteers as well. We will continue to try and implement this.

Attachment M – Morgan Hill Economic Recovery Efforts

14) Place Branding Partnership – Program offers up to $2,500 in grants for streetscape activation projects through art, landscaping and beautification projects that are visible and enjoyable from the public right-of-way. Applicants are encouraged to partner with businesses and non-profits or organizations to leverage funds and manpower. City has partnered with Home Depot, Ace Hardware and received a $5,000 contribution from Shoe Palace. The first round of grants were awarded the week of September 7, 2020. **Are these for businesses only?** Yes, for the benefit of businesses with the help of locals. We encouraged businesses that applied to leverage local artists and donors (e.g. Chamber sidewalk art painted by Nacho Moya, Craft Roots mural painted by local artist Doug Wright, Dezign studio mural painted by Sheri Chakamian).

From: Michelle Bigelow
To: Michelle Bigelow
Subject: FW: [EXTERNAL] ITEM 3: ADOPT FISCAL YEAR 2020-21 AND MID-CYCLE BUDGET AMENDMENTS AND RESOLUTION AND THE MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEES RESOLUTION
Date: Wednesday, May 26, 2021 3:54:01 PM

From: Armando Be
Sent: Wednesday, May 26, 2021 10:57 AM
To: Rich Constantine <Rich.Constantine@morganhill.ca.gov>; Yvonne Martinez Beltran <yvonne.martinezbeltran@morganhill.ca.gov>; Rene Spring <Rene.Spring@morganhill.ca.gov>; John McKay <john.mckay@morganhill.ca.gov>; Christina Turner <Christina.Turner@morganhill.ca.gov>; Gino Borgioli <Gino.Borgioli@morganhill.ca.gov>
Subject: [EXTERNAL] ITEM 3: ADOPT FISCAL YEAR 2020-21 AND MID-CYCLE BUDGET AMENDMENTS AND RESOLUTION AND THE MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEES RESOLUTION

Dear Mayor Constantine, City Council Members, and City Manager.

Today, you have the choice to not approve an allocation of $300,000 from the COVID recovery funds to fund traffic choke points on Monterey Road. No other family or small business in Morgan Hill will get direct money assistance from those funds. The courts are going to open for evictions and mortgage default proceedings starting in July. The City has no idea of how many of our local residents and businesses will be affected. There is money at the County and State level that they may tap into, yes not enough, but I suggested we hire outreach workers to assist those that need assistance to navigate a complex application process. I suggested we activate a reporting phone line, one for families and one for local business, so they can share with us what they are facing and need. Having an idea of need can help us understand and allocate resources to help them. The first priority target in the Fed Treasury directive for how to spend the recovery funds is to provide assistance to those family and small businesses hardest hit by COVID. How can we even do that without making an effort to identify the needs of those two populations? Just because the City was given discretion to spend the money to recover its costs, it is not in the spirit of the law nor equitable to completely leave out those populations hardest hit.

Despite that many families and small businesses are in need of recovery money, the City plans to spend most of the money to recover its own CO VID losses.

Now, I would have no problem with that spending plan except that the city also plans to spend $350,000 for traffic choke points using recovery money. Once again, the five-block-enclave gets preferential treatment (a share of the recovery money pot) and our hard hit families and small businesses in the larger community are left out. That is just not the right approach and the optics look pretty awful.

Today, I anticipate that you will approve the $300,000 allocation. But, you can be assured that Morgan Hill citizens are not just going to sit by and accept such a decision. We are now mobilising to oppose lane reduction and unjust and inequitable spending from CO VID recovery funds. We have a three prong approach. One has been set in motion. We are now moving on an initiative measure to amend the GENERAL PLAN that will give back to the voters the decision on whether or not to reduce lanes and reasonable conditions (infrastructure in place, current traffic analysis on affected streets, ect.) which would have to be in place to support a lane reduction. The measure will also require, if you approve lane reduction before an election on the measure, that the lanes be opened back to 4

lanes if the measure passes. We will be working at light speed to get the signatures ASAP and the measure qualified.
I am going to request that your direct the city staff to apply the $350,000 to further recover its losses or apply the money to finance an outreach campaign to assess the needs of our hardest hit families and small business in the larger community and to coordinate with local charities and churches in their efforts to assist those hardest hit by COVID or add personnel to work alongside the Destination Grant personnel.
Regards,
Armando Benavides

cc: Supporter for Responsible Government
Members VOTER'S CHOICE on MONTEREY ROAD

CITY OF MORGAN HILL

Special - Regular Meeting Agenda

City Council

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

Wednesday, May 26, 2021 5:00 p.m.

Virtual Meeting

VIRTUAL MEETING GUIDELINES AND PUBLIC COMMENT

In accordance with Executive Order N-25-20 and guidance from the California Department of Public Health on gatherings, remote public participation is allowed. Physical meetings will not be in the City Council Chamber until further notice.

City Council meetings will be live streamed on Channel 17, on the City's website and on the City's Facebook page. Those members of the community that would like to participate in the meetings remotely may do so by joining the virtual meeting at: <https://bit.ly/MHCityCouncilMeeting> or by calling in to: (669) 900-9128, then enter the webinar id: 873 3200 8380#.

Public comment may be provided in the following ways:

- Join the virtual City Council meeting via the link above, when public comment is opened, raise your virtual hand and be called upon to speak for up to 3 minutes
  - In order to speak, please be sure that your version of Zoom is up to date.
- Join the virtual meeting by calling in to the number above, dial *9 to raise your hand and be called upon to speak for up to 3 minutes
- Send public comments in writing to the City Clerk at ccpubliccomment@morganhill.ca.gov <mailto:ccpubliccomment@morganhill.ca.gov>

* Please note that comments made on Facebook are not considered public comment.

SPECIAL/REGULAR MEETING

A special meeting of the City Council is called at 5:00 p.m. for the purpose of conducting a joint meeting of the City Council, Planning Commission Parks & Recreation Commission, and Library, Culture, and Arts Commission. ***(This session is open to the public but will not be recorded or live-streamed.)***

5:00 p.m. Joint Meeting

7:00 p.m. Regular Meeting

SPECIAL MEETING

5:00 p.m. Joint Meeting

CALL TO ORDER

Mayor Constantine

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2
City Clerk Michelle Bigelow

JOINT MEETING

Two-Hour Mandatory Harassment and Discrimination Prevention Training for Elected and Appointed Officials. ***(This is one of several training sessions that will be held for this required training)***

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.

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

OTHER BUSINESS

1. USE OF GLYPHOSATE IN CITY MAINTENANCE ACTIVITIES

Recommendation:

1. Receive report on herbicide/Glyphosate use in City parks; and
2. Provide staff with direction on future use of herbicides/Glyphosate by the City.

Estimated Time: 30 Minutes

2. DEVELOPMENT OF A TEMPORARY DOWNTOWN DOG PARK AT FORMER COMMUNITY GARDEN SITE

Recommendation:

Provide direction to City Staff on Parks and Recreation Commission proposed temporary Downtown Dog Park.

Estimated Time: 30 Minutes

3. ADOPT FISCAL YEAR 2020-21 AND 2021-2022 MID-CYCLE BUDGET AMENDMENTS AND RESOLUTION AND THE MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEES RESOLUTION

Recommendation:

1. Adopt resolution:
    a. Authorizing changes to the adopted Fiscal Year (FY) 2020-2021 and 2021-22 City of Morgan Hill Operating and Capital Improvement Budget, including appropriation of American Rescue Funding; and
    b. Adopting the FY 2021-22 Appropriations Limit and Appropriations Limit Adjustment Factors;
2. Accept a grant of $450,000 from Destination Home to develop and advance the local implementation of the Community Plan to End Homelessness;
3. Authorize the City Manager to execute and administer the Destination Home grant agreement;
4. Approve the American Federation of State, County, and Municipal Employees Local 101, District Council 57 (AFSCME) salary schedule;
5. Adopt the Management, Professional, and Confidential Employees Resolution and corresponding salary schedule effective July 1, 2021; and
6. Adopt resolution to declare a climate emergency.

Estimated Time: 2 hours

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

ADJOURNMENT

NOTICE

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

PUBLIC COMMENT

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

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

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

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

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

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

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email cityclerk@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting.

SUSTAINABLE MORGAN HILL

VISION

To sustain a safe, equitable, 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 Equity, Diversity, and Inclusiveness
- Advancing Regional Initiatives
- Advocating for Local Control

2020-2021 Strategic Priorities

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

! These strategic priorities were established prior to the COVID-19 pandemic. In light of recent events, we recognize that all of these goals and priorities will be viewed through the lens of the global pandemic, and we will continue to have equity, public health, and financial responsibility in mind.

CITY OF MORGAN HILL

Supplement & Presentation List
May 26, 2021
City Council Meeting

Supplements

Item 3- Supplement 1 – Questions and Answers from Doug Muirhead

Item 3- Supplement 2 – COVID-19 BUSINESS SUPPORT Financial Assistance, Tax Assistance, and Tenant Assistance

Item 3- Supplement 3 – Questions and Answers from Council Member Gino Borgioli

Item 3- Supplement 4 – Email from Armando Benavides

Presentations

Item 8 Mid-Cycle Budget Presentation