



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, June 2, 2021 5:30 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 the City's Facebook page. Those community members who would like to participate in the meetings remotely may do so by joining the virtual meeting: <https://bit.ly/MHCityCouncilMeeting> or by calling: (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
- Join the virtual meeting by calling 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 comments.

SPECIAL/REGULAR MEETING

A special meeting of the City Council is called at 5:30 p.m. for the purpose of conducting a Housing Workshop: State Mandates for Housing Production.

5:30 p.m.

Housing Workshop: State Mandates for Housing Production

7:00 p.m.

Regular City Council 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

HOUSING WORKSHOP

This workshop is the second in a series of Housing Workshops that will look at the current and future state of housing in Morgan Hill. This workshop is called "State Mandates for Housing Production." Staff will present and discuss the following:

1. What is the Housing Element and Regional Housing Needs Allocation (RHNA)?
2. What are the recent laws that affect housing production, application processing, and City regulations?
3. What laws are expected in the future?

PROCLAMATION

Proclaiming the Month of June 2021 as Pride Month

CITY COUNCIL REPORTS

Council Member Borgioli

CITY MANAGER'S REPORT

City Manager Christina Turner

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin

OTHER REPORTS

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)

June 2, 2021

ADOPTION OF AGENDA

CONSENT CALENDAR

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

Time Estimate for Consent Calendar: 1 - 10 Minutes

1. APPOINTMENT OF COMMISSIONERS TO THE MORGAN HILL PLANNING COMMISSION

Recommendation:

Reappoint Laura Gonzalez Escoto, Malisha Kumar, and Mohamad Habib to serve on the Morgan Hill Planning Commission with terms ending June 1, 2025.

2. APPROVE SCHOOL RESOURCE OFFICER MEMORANDUM OF UNDERSTANDING FOR FISCAL YEAR (FY) 2021-22

Recommendation:

Authorize the City Manager to execute and administer the Memorandum of Understanding with the Morgan Hill Unified School District accepting funds for one School Resource Officer in the amount of \$130,000 for Fiscal Year 2021-22.

3. AWARD 2021 PAVEMENT REHABILITATION PROJECT TO A. TEICHERT & SON, INC. DBA TEICHERT CONSTRUCTION

Recommendation:

1. Approve 2021 Pavement Rehabilitation Project plans and specifications;
2. Award contract to A. Teichert & Son, Inc. DBA Teichert Construction for the 2021 Pavement Rehabilitation Project in the amount of \$2,131,400;
3. Authorize expenditure of construction contingency not to exceed \$532,850; and
4. Authorize the City Manager to execute and administer the construction contract with A. Teichert & Son, Inc. DBA Teichert Construction.

4. APPROVE REFINANCING FOR SKEELS HOTEL APARTMENTS

Recommendation:

Authorize City Manager to negotiate and approve re-subordination of existing City loan in the principal amount of \$153,331 and accrued interest of approximately \$74,000 for 13-unit Affordable Housing Apartment Complex.

5. APPROVE AMENDMENT TO CONSULTANT AGREEMENT WITH HOUSEKEYS, INC FOR BELOW MARKET RATE (BMR) AND LOAN ADMINISTRATION SERVICES

Recommendation:

1. Approve Second Amendment to Consultant Agreement, for BMR and Loan Administration services through June 30, 2022, for an additional \$550,000, totaling \$2,150,000 from July 1, 2018 – June 30, 2022; and
2. Authorize the City Manager to execute and administer the contract.

6. APPROVE SERVICE MAINTENANCE AGREEMENT WITH SALINAS PUMP COMPANY

Recommendation:

Approve and authorize the City Manager to execute a three-year agreement with Salinas Pump Company in the total not-to-exceed amount of \$750,000 for on-call routine and emergency repair, maintenance, and rehabilitation of the City's water wells and booster stations.

7. ADOPT RESOLUTION AUTHORIZING THE CITY TO CONTINUE PARTICIPATION IN THE SANTA CLARA COUNTY ABANDONED VEHICLE ABATEMENT SERVICE AUTHORITY PROGRAM

Recommendation:

Adopt resolution authorizing the City of Morgan Hill to continue participation in the 10-year term of the Santa Clara County Abandoned Vehicle Abatement Service Authority Program.

8. ADOPT ORDINANCE 2322, NEW SERIES, AMENDING CHAPTER 13.20 ("SEWERS AND INDUSTRIAL WASTE") OF TITLE 13 ("PUBLIC SERVICES") TO REQUIRE THE INSPECTION AND REPAIR OF PRIVATE SEWER LATERALS AND PRIVATE SANITARY SEWER COLLECTION SYSTEMS

Recommendation:

Waive the reading, adopt Ordinance No. 2322, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

9. ADOPT ORDINANCE 2323, NEW SERIES, ADDING SECTION, 13.04.335 ("PLUMBING FIXTURE RETROFIT REGULATIONS") OF CHAPTER 13.04 ("WATER SYSTEM") OF TITLE 13 ("PUBLIC SERVICES"), ESTABLISHING WATER EFFICIENCY STANDARDS FOR INTERIOR PLUMBING FIXTURES WHEN CHANGES IN OWNERSHIP OF REAL PROPERTY OCCUR

Recommendation:

Waive the reading, adopt Ordinance No. 2323, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

PUBLIC HEARING

**10. TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING APPROVING
ISSUANCE OF BONDS FOR DEPOT COMMONS AFFORDABLE HOUSING
APARTMENTS AT 17145 DEPOT STREET AND THE WILLOWS AFFORDABLE
HOUSING APARTMENTS AT 50 W. EDMUNDSON AVENUE WITHIN THE CITY OF
MORGAN HILL**

Recommendation:

1. Open/close public hearing consistent with the requirements of the Federal Tax and Equity Fiscal Responsibility Act ("TEFRA") and Section 147 (f) of the Internal Revenue Code of 1986, as amended (the "Code"); and
2. Adopt resolution approving the issuance of bonds by the California Municipal Finance Authority (CMFA), for the acquisition, rehabilitation, expansion and improvement of two multifamily rental housing facilities: Depot Commons, located at 17145 Depot Street and The Willows, located at 50 W. Edmundson Avenue.

Estimated Time: 10 Minutes

**11. APPROVE RESOLUTION ORDERING ANNUAL ASSESSMENTS AND RELATED
ACTIONS FOR CITY OF MORGAN HILL LANDSCAPE ASSESSMENT DISTRICT
NUMBER 1 (DISTRICT)**

Recommendation:

1. Open the Public Hearing; and
2. Continue the item to the June 16, 2021 City Council Meeting.

Estimated Time: 5 Minutes

OTHER BUSINESS

**12. RECEIVE REPORT REGARDING SENATE BILL (SB) 743 LEVEL-OF-SERVICE (LOS)
TO VEHICLE-MILES-TRAVELED (VMT)**

Recommendation:

Accept presentation by Staff and Nelson\Nygaard Consulting Associates, Inc. regarding the City's implementation of State Senate Bill (SB) 743 transition from Level-of-Service (LOS) to Vehicle-Miles-Traveled (VMT) metric for transportation analysis under the California Environmental Quality Act (CEQA).

Estimated Time: 60 Minutes

**13. RECEIVE REPORT AND PROVIDE DIRECTION ON FRAMEWORK FOR DIVERSITY,
EQUITY, AND INCLUSION WORK PROGRAM.**

Recommendation:

Receive report and provide direction on framework for Diversity, Equity, and Inclusion work program.

Estimated Time: 30 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

Conference with Legal Counsel - Existing Litigation

Authority: Pursuant to CA Govt. Code Section 54656.9(a).

Case Name: Alanis v. City of Morgan Hill

Case Numbers: Workers' Compensation Claim No: MHL1800006

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 COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

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

APPOINTMENT OF COMMISSIONERS TO THE MORGAN HILL PLANNING COMMISSION

RECOMMENDATION(S)

Reappoint Laura Gonzalez Escoto, Malisha Kumar, and Mohamad Habib to serve on the Morgan Hill Planning Commission with terms ending June 1, 2025.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment and Preserving
Open Space and Agricultural Land
Maintaining Infrastructure
Supporting Our Youth
Seniors
and Entire Community
Fostering a Positive Organizational Culture
Preserving and Cultivating Public Trust
Preserving Our Community History

2020-2021 Strategic Priorities

Community Outreach
Engagement and Messaging

REPORT NARRATIVE:

The Planning Commission has three seats up for appointment on June 1, 2021. Commissioners Laura Gonzalez Escoto, Mohamad Habib, and Malisha Kumar submitted their applications for reappointment. No other applications were received.

The City Clerk's Office invited the current commissioners to apply for reappointment and has conducted recruitment efforts to fill these vacancies. The process resulted in the receipt of three applications for the Planning Commission. All three applications received are from the three current commissioners applying for reappointment.

COMMUNITY ENGAGEMENT: Involve

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

ALTERNATIVE ACTIONS:

The City Council can choose not to make any appointments at this time, extend the current commissioners' terms to a specified date, and continue with the recruitment process.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Planning Commissioners serve four-year terms with possible reappointment consideration. Recruitment efforts are conducted every two years to maintain the seven (7) member Commission.

FISCAL AND RESOURCE IMPACT:

There is no fiscal or resource impact associated with recruiting and appointing, as the recruitment and appointment process is accommodated in the City Clerk's operating budget and work plan.

CEQA (California Environmental Quality Act):

Not a project.

The appointment of commissioners is not a project, as defined in Section 15378 of the State CEQA guidelines.



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

PREPARED BY: Mario Ramirez,
APPROVED BY: City Manager

APPROVE SCHOOL RESOURCE OFFICER MEMORANDUM OF UNDERSTANDING FOR FISCAL YEAR (FY) 2021-22

RECOMMENDATION(S)

Authorize the City Manager to execute and administer the Memorandum of Understanding with the Morgan Hill Unified School District accepting funds for one School Resource Officer in the amount of \$130,000 for Fiscal Year 2021-22.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Supporting Our Youth
Seniors
and Entire Community

2020-2021 Strategic Priorities

Fiscal Sustainability

GUIDING DOCUMENTS

Public Safety Master Plan

REPORT NARRATIVE:

Our School Resource Officer (SRO) Program consists of one police officer dedicated to the school resource function serving the students, staff, and families primarily at Central, Live Oak and Sobrato High Schools. The goal of this program is to continue the successful working relationship between the City of Morgan Hill and the Morgan Hill Unified School District (District) by supporting youth in strengthening the police/youth relationship.

The SRO's role is working to maintain school campuses as a safe place while continuing to build positive relationships with students, staff, and families. The SRO also supports our youth by maintaining the well-being of students as one of our highest priorities.

The attached Memorandum of Understanding (MOU) was recently revised to codify current best practices already in place – addressing the “school to prison pipeline” by not involving SROs in enforcement of administrative matters. The SRO's duties consist of many different components including the following primary purposes: maintaining a safe and secure campus; preserving life and property in a manner which promotes community; developing positive relationships with students, staff, and the community; and supporting District staff by enforcing violations of California State law.

To help offset the cost of one SRO, the Morgan Hill Unified School District agrees to pay the City of Morgan Hill an annual contribution of \$130,00 for Fiscal Year (FY) 2021-22. The payment will be made in four equal quarterly payments for the term of the MOU.

This MOU promotes the City Council priorities of *Enhancing Public Safety* and *Supporting Our Youth, Seniors, and Entire Community* as the SRO is involved in multiple aspects of each campuses' activities, including assisting school officials and the City in maintaining a safe and supportive environment that is needed for the youth of our community to succeed and develop to their full potential.

The Morgan Hill Unified School District Board of Trustees have reviewed and approved the MOU at the May 4, 2021 Board Meeting.

COMMUNITY ENGAGEMENT: Inform

This staff report serves to inform the community of the new Memorandum of Understanding between the City of Morgan Hill and the Morgan Hill Unified School District for School Resource Officer services for the year of 2021-2022.

ALTERNATIVE ACTIONS:

Should the Council choose not to approve the MOU, there will be no dedicated School Resource Officer working within Morgan Hill schools. Should an incident arise that requires law enforcement, patrol officer(s) will respond to a call for service from the school or District office.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

In the past, SRO Agreements have come before the City Council when there were changes in MHUSD funding. The was most recently done in 2018.

FISCAL AND RESOURCE IMPACT:

The \$130,000 contribution will be deposited into the General Fund (010.37512 School Resource Officer Program) in four equal quarterly payments during FY 2021-2022.

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 do not constitute a project.

LINKS/ATTACHMENTS:

1. SRO Agreement



**MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN
MORGAN HILL UNIFIED SCHOOL DISTRICT
AND
THE CITY OF MORGAN HILL**

This MEMORANDUM OF UNDERSTANDING (MOU) is entered into on this __20th__ day of __April_____, 2021 by and between the City of Morgan Hill (CITY) and the Morgan Hill Unified School District (DISTRICT).

RECITALS

WHEREAS, CITY and DISTRICT desire to enter into an agreement for the purpose of defining the terms and conditions governing the use of police officer(s) of the Morgan Hill Police Department (MHPD) on DISTRICT campuses;

NOW, THEREFORE, the parties hereby agree as follows:

1. BACKGROUND

- a. To provide School Resource Officer (SRO) services to Morgan Hill Unified School District for Fiscal Year 2021-2022.
- b. The SRO will respond as needed to school campus' to build positive relationships or conduct official business as listed in the MOU.
- c. It is the goal of both organizations to create a successful working relationship with the hope of building positive relationships and reducing criminal activity on the school campuses through education and restorative justice programs. Furthermore, we aim to provide mutual benefit to the DISTRICT and the community by maintaining school campuses as a safe place for students to learn and grow. Both parties agree that the safety and wellbeing of children are the highest priorities.
- d. During Fiscal Year 2021-2022, work with school district staff and community to review this MOU, explore other models, and propose changes for a new MOU beginning in Fiscal Year 2022-2023 that will solidify a strong and shared future focus on the assurance of a safe and caring school climate for all children, especially those who are vulnerable and at risk of harmful behaviors.

2. PURPOSE

The purpose of this MOU is to establish principles and guidelines governing the relationship between the DISTRICT and the CITY regarding the provision of MHPD law enforcement on DISTRICT campuses.

The parties agree that there are eight primary purposes for having police services on school campuses. They are to:

1. Maintain a safe and secure campus from intruders;

2. Preserve life and property in a manner which promotes community;
3. Develop positive relationships with students, staff, and the community;
4. Support DISTRICT staff in securing and transporting of prohibited confiscated items that are illegal to have on campus under California State law.
5. Divert youth away from the criminal justice system through restorative justice programming.
6. Provide youth with educational resources/ classes regarding tobacco related incidents on campus.
7. Connect youth with mental health behavior services diverting them away from being placed on 72-hour psychiatric mental health holds.
8. To train all site staff on the function of an SRO and the appropriate use of the SRO as an extension of the campuses for Restorative Justice support program.

3. SELECTION PROCESS

The DISTRICT will appoint a staff member as an evaluator to participate in the SRO assessment center and selection process.

4. TRAINING AND EDUCATION

School Resource Officer Training plan will consist of but not limited to the following courses within the first year of assignment or prior to selection. Training courses offered and certified by the California Police Officers Standards and Training (POST) will be selected over other training courses.

- a. School Resource Officer Training Course
- b. Crisis Intervention Training Course
- c. First Aid/CPR/AED Certification
- d. Cultural Diversity Training
- e. Racial Profiling Training
- f. Behavioral Threat Assessment Training
- g. Tactical Communication (De Escalation) Training
- h. Mental Health Decision Making Training

5. ROLES AND DUTIES

CITY'S Law Enforcement Roles and Responsibilities:

- a. The SRO shall be an employee of MHPD and shall be subject to the administration, supervision, and control of the MHPD.
- b. The SRO shall be subject to all personnel policies and practices of MHPD except as such policies or practices may be modified by the terms of this agreement.
- c. The MHPD, in its sole discretion, shall have the power and authority to assign, discharge, and discipline the SRO.
- d. To be an extension of the principal's office for assignments consistent with this MOU.
- e. When called upon, to be a visible, active law enforcement figure on campus addressing law enforcement matters originating on or related to the campus to maintain a safe and secure campus, and develop positive relationships with students, staff, and the community.

- f. To act as the designee of the campus administrator in maintaining the physical plant of the campus to provide a safe learning environment as to law enforcement matters and school policy violations. This includes buildings, grounds, parking lots, lockers, and other public-school property. As to school policy violations, the SRO will refer the student to the principal's office.
- g. To provide a classroom resource for education using approved materials.
- h. To be a resource for students, which will enable them to be associated with a law enforcement figure and role model in the students' environment, to include the neighborhood environment.
- i. To be a resource for teachers, parents, and students for conferences on an individual basis dealing with individual problems or questions.
- j. To make appearances before site councils, parent groups, and other groups associated with the campus and as a speaker on a variety of requested topics, particularly drug, alcohol abuse, and internet safety.
- k. The SRO will be involved in school discipline, WHEN AND ONLY WHEN, it pertains to preventing a disruption that would, if ignored, place students, faculty and staff at risk of physical harm, the SRO will resolve the problem to preserve the school climate. As to school policy violations, the SRO will refer the student to the principal's office.
- l. IN ALL OTHER CASES, disciplining students is a DISTRICT responsibility, and the SRO will refer students who violate the code of conduct to the principal.
- m. The SRO will perform selected enforcement. This may include enforcing violations of the Education Code, Penal Code, Vehicle Code, etc. Enforcement methods will include counseling and problem solving with the violators, parents and School Administration on a case-by-case basis. Services such as counseling/ diversion shall be offered in lieu of issuing any criminal citation to a minor.
- n. The SRO may be used for the collection of contraband associated with infractions such as having cigarettes or marijuana on campus.
- o. The SRO will share information with the administrator about persons and conditions that pertain to campus safety concerns.
- p. The SRO will be familiar with helpful community agencies, such as mental health services, drug treatment centers, etc., that offer assistance to dependency- and delinquency-prone youth and their families. Referrals will be made when necessary.
- q. The SRO will serve as a liaison with other organizations, such as Juvenile Probation, the School Attendance Review Board, Restorative Justice Program, and various local counseling services.
- r. The SRO and the principal(s) will develop plans and strategies to prevent and/or minimize dangerous situations, which might result in student unrest.

- s. The SRO will coordinate all of his/her activities with the principal and staff members concerned and will seek permission, guidance, and advice prior to enacting any programs within the school.
- t. The SRO will be available an average of 40 hours per week, normally between the hours of 7:30am through 4:30pm on the days school is in session or on other days and times as may be required by prior arrangement between the DISTRICT and MHPD.
- u. MHPD will provide SRO services to Live Oak High School, Ann Sobrato High School, Central High School and additional sites as needed by scheduling one SRO on a 4/10 or 9/80 schedule as needed.
- v. The schedule should be flexible enough to allow the SRO, by mutual agreement, to participate in School or District activities, such as meetings and presentations. If the SRO has a necessary duty assignment related to employment with MHPD, the officer should give as much advance notice as possible to the School Administrators.
- w. The SRO shall be available to be called away from SRO duties in emergency situations as well as for department staffing shortages as directed by the MHPD with notifications to the School Administrator as soon as practical.
- x. The SRO will normally wear the Police Department approved uniform (polo shirt and Khaki pants), however, the SRO may wear other appropriate clothing depending upon the activity in which the SRO is engaged.
- y. The SRO will concentrate on the activities occurring on DISTRICT campuses within the City of Morgan Hill or as requested by School District Administration. Any request for the SRO to respond to a campus outside the City of Morgan Hill must be approved by MHPD Administration.

DISTRICT Roles and Responsibilities:

- a. School officials will ensure that student disciplinary matters remain the responsibility of school staff and not the SRO. The district will commit to training all campus staff on the Background, Purpose, Roles/Duties of the SRO. Enforcement of the code of conduct is the responsibility of teachers, school staff, and school administrators. The SRO will refrain from being involved in the enforcement of disciplinary rules that do not constitute violations of criminal law, or are criminal violations eligible for diversion. The district will train campus administrators on the District's Roles and Responsibilities including Access to Educational Records to ensure clarity of purpose and parameter in the of an SRO.
- b. The DISTRICT will maintain full, final, and plenary authority over curriculum and instruction in the DISTRICT, including the instruction of individual students.
- c. DISTRICT may, at its own initiative, and at its own cost, provide training to the SRO on topics that it considers to be beneficial to the relationship the SRO will have with students and staff.
- d. The DISTRICT, pursuant to the authority set forth in the California Education Code, has the primary duty to address student discipline, issue appropriate consequences, provide appropriate student support, and/or provide referrals to law enforcement/diversion programs on criminal matters as required by law.

- e. The DISTRICT shall confer with police officers who respond to and investigate student behaviors that constitute criminal violations that are not eligible for diversion.

6. Investigations/Search and Seizure

- a. School officials conduct their own searches of individual students, their individual property, and school property under civil authority. The SRO will provide training to staff to safely and efficiently conduct a search.
- b. Police officers conduct searches of same under the criminal standard of probable cause.
- c. School officials, under certain circumstances, may request the SRO (or other officer) to act as their physical safety agent to perform or complete a school search for said official solely for the purpose of eliminating or reducing danger during the search. These circumstances include but are not limited to:
 - i. Possible presence of a weapon
 - ii. Possible presence of an explosive device
 - iii. Possible presence of a dangerous instrument, i.e., drug needle
 - iv. A student who may resist a search
 - v. A student who may flee a search and, by doing so, be a danger to themselves and/or others.
- d. School officials shall share any information with police officers that is obtained during a student investigation or search if school officials feel that said information may be evidence of a crime.
- e. School officials may consult with the SRO at any time to determine whether said information/ evidence should be shared.

The parties shall ensure that the respective individuals assigned to the school campuses and responsible for the implementation of this MOU are provided with a copy of the MOU and are informed of the contents of this MOU and their duty to implement it.

7. Access to Education Records

- a. School officials shall allow the SRO to inspect and copy any public records maintained by the school to the extent allowed by law.
- b. All parties to this MOU recognize and utilize Title 34 §99:31 of the Code of Federal Regulations, which allows the oral exchange of information between school and police officials regarding any student when said information is directly related to a potential threat to safety of the school, its staff, or students.
- c. School officials may also share information with police officers that falls within any of the exceptions to the Family Educational Rights and Privacy Act (FERPA) that are covered under state law (W&I §827.1, EdC §48902, EdC §49706), which may include but are not limited to:
 - i. Directory information

- ii. Information within the scope of a police officer's investigation
 - iii. Information requested in response to a subpoena
 - iv. Investigative statements taken of the student- oral or in writing
- d. The Police Department agrees to share with school officials any information that is relevant to school safety, and/or the school investigation so long as said release of information does not compromise the integrity of the police investigation or place students, witnesses, or victims at further risk.

8. RESPONSE TO EMERGENCIES

- a. In response to a non-violent criminal incident, the DISTRICT shall consult with the SRO to develop a contingency plan and response.
- b. Unless the incident involves criminal activity or an emergency where police resources in addition to the SRO are desirable, the DISTRICT shall make an initial decision regarding the need for a police response based upon knowledge of the incident, the DISTRICT's policies and resources, and consultation with the SRO Supervisor, if necessary. If the incident is outside the scope of the DISTRICT's resources, or there is a significant threat to human life or property, or the MHPD is made aware of the incident and makes a determination the incident is critical in nature, the DISTRICT shall relinquish the overall decision-making process to MHPD, who shall then assume the role of the incident commander.
- c. The SRO, investigating officer, or Incident Commander responding to the scene will strive to keep the DISTRICT informed of decisions and status.
- d. Incidents that originate at a school site that extend into the community will be handled by MHPD.

9. COMPLAINTS

DISTRICT and MHPD shall each provide notification to the community of the available complaint processes in the event that a parent, student, member of the public or an employee of the DISTRICT wishes to file a formal complaint against an SRO or other officer working on a DISTRICT campus.

10. Payment to the City

- a. The DISTRICT agrees to pay the CITY an annual contribution of \$130,000 (half of the total compensation for a police officer position) to offset the cost of one School Resource Officer during Fiscal Year 2021-2022.
- b. Payment will be made to the City of Morgan Hill in four (4) equal quarterly payments each year for the term of the contract.

11. Insurance and Indemnification Requirements

- a. The CITY and the DISTRICT agree to be individually responsible for providing their own insurance coverage for any and all claims or suits as a result of bodily injury, property damage, errors and omissions or personal injury arising out of the performance of this MOU.

- b. The CITY and DISTRICT agree to waive any and all rights that they may have under Government Code Sections 895.4 and 895.6 for contribution or indemnification of any liability arising out of the performance of this MOU.
- c. The CITY and DISTRICT agree to protect and hold harmless each other for injury or death of any person, or damage to equipment of either entity caused solely by the action of either party, individually under this MOU. The CITY will assume all the liability for City equipment and personnel used within the scope of this MOU and the DISTRICT will assume all liability for the School District equipment and personnel used within the scope of this MOU.

12. Termination

- a. The CITY and DISTRICT shall have the right to terminate this MOU, without cause, by giving fifteen (15) days' written notice.

13. Entire Agreement

- a. This MOU represents the entire agreement between the City of Morgan Hill and the Morgan Hill Unified School District. All prior or contemporaneous oral or written agreements by and between the parties and their agents and representatives with respect to the matters contained in this Agreement are revoked and extinguished by this Agreement.

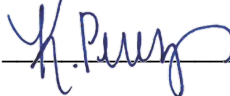
CITY OF MORGAN HILL

By: _____

Printed name and title:

Date: _____

MORGAN HILL UNIFIED SCHOOL DISTRICT

By:  _____

Printed name and title:

Kirsten Perez, Deputy Superintendent and CFO

Date: 5/4/21

APPROVED AS TO FORM:

By: _____

Printed name and title:

Date: _____

ATTEST:

By: _____

Printed name and title:

Date: _____



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

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

AWARD 2021 PAVEMENT REHABILITATION PROJECT TO A. TEICHERT & SON, INC. DBA TEICHERT CONSTRUCTION

RECOMMENDATION(S)

1. Approve 2021 Pavement Rehabilitation Project plans and specifications;
2. Award contract to A. Teichert & Son, Inc. DBA Teichert Construction for the 2021 Pavement Rehabilitation Project in the amount of \$2,131,400;
3. Authorize expenditure of construction contingency not to exceed \$532,850; and
4. Authorize the City Manager to execute and administer the construction contract with A. Teichert & Son, Inc. DBA Teichert Construction.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Maintaining Infrastructure

2020-2021 Strategic Priorities

Fiscal Sustainability
Transportation

GUIDING DOCUMENTS

Bikeways
Trails
Parks
and Recreation Masterplan
Fire Services Standards of Coverage

REPORT NARRATIVE:

The 2021 Pavement Rehabilitation Project includes the resurfacing of the following streets:

- Wright Avenue - Monterey Road to Peak Avenue
- Peak Avenue - Wright Avenue to Dunne Avenue
- Farallon Drive - Peak Avenue to Alkire Drive
- Torrey Court - Farallon Drive to end of Torrey Court
- Alkire Drive - Dewitt Avenue to Peak Avenue
- Dewitt Avenue - Alkire Drive to West Main Avenue
- West Main Avenue - Dewitt Avenue to Peak Avenue
- Tennant Avenue from Vineyard Avenue to Monterey Road
- El Toro Fire Station and Dunne/Hill Fire Station Pavement Repair

The project's scope of work is as described but not limited to the following: pavement milling, cold-in-place recycling (CIR) pavement rehabilitation, hot mix asphalt concrete

(AC) overlay, full depth AC pavement repairs, crack sealing, replacement of all existing traffic delineation and markings affected, utility adjustments, traffic signal loop detector installation, and all other related work.

The bid opening was held on May 18, 2021 and the six (6) bids received are listed below:

A. Teichert & Son DBA Teichert Construction	\$2,131,400.00
O'Grady Paving, Inc.	\$2,239,332.95
Granite Rock Company	\$2,301,476.55
Goodfellow Bros CA LLC	\$2,369,965.00
McKim Corporation	\$2,387,851.90
Granite Construction Company	\$2,630,003.15

The low bidder, Teichert Construction, is an experienced public contractor with many years of paving construction experience. Teichert Construction's bid amount of \$2,131,400, is approximately 23% under engineer's estimate of \$2,780,000. Staff recommends the award of the contract to Teichert Construction for \$2,131,400 and anticipates construction to commence in July 2021 and be completed by October 2021.

The plans and specifications are available for review on the City's web page under the Government tab and Community Projects site: <https://www.morgan-hill.ca.gov/1436/Project-Plans-Specifications-and-Bid-Res>

COMMUNITY ENGAGEMENT: Inform

City staff will be coordinating communication efforts prior to and during the project through citywide emails, social media posts, and routine updates on the website. Regular updates will be made frequently to inform the community of impacts, roadway closure, and other inconveniences that may arise due to construction. The contractor will provide written notifications to affected residents and businesses in advance of any construction activities.

ALTERNATIVE ACTIONS:

City Council may elect to not award this construction contract and request the project be re-bid. Staff does not recommend this alternative as this project was competitively bid with 6 bids being received by the City. Rebidding the project is not likely to result in any savings and will delay the project for a minimum of three months and possibly until the Spring of 2022 since performing paving work after November 1st is not recommended due to the potential for wet weather and cooler temperatures.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- On April 3, 2019, City Council approved a funding agreement with the Santa Clara Valley Transportation Authority (VTA) for the 2016 Measure B Local Streets and Roads Program.
- On June 17, 2020, the City Council adopted the FY 2020-21 through 2025-26 Capital Improvement Program.

- On May 5, 2021, City Council adopted a Resolution approving FY2021-22 List of Street Rehabilitation Projects funded by Senate Bill (SB) 1.

FISCAL AND RESOURCE IMPACT:

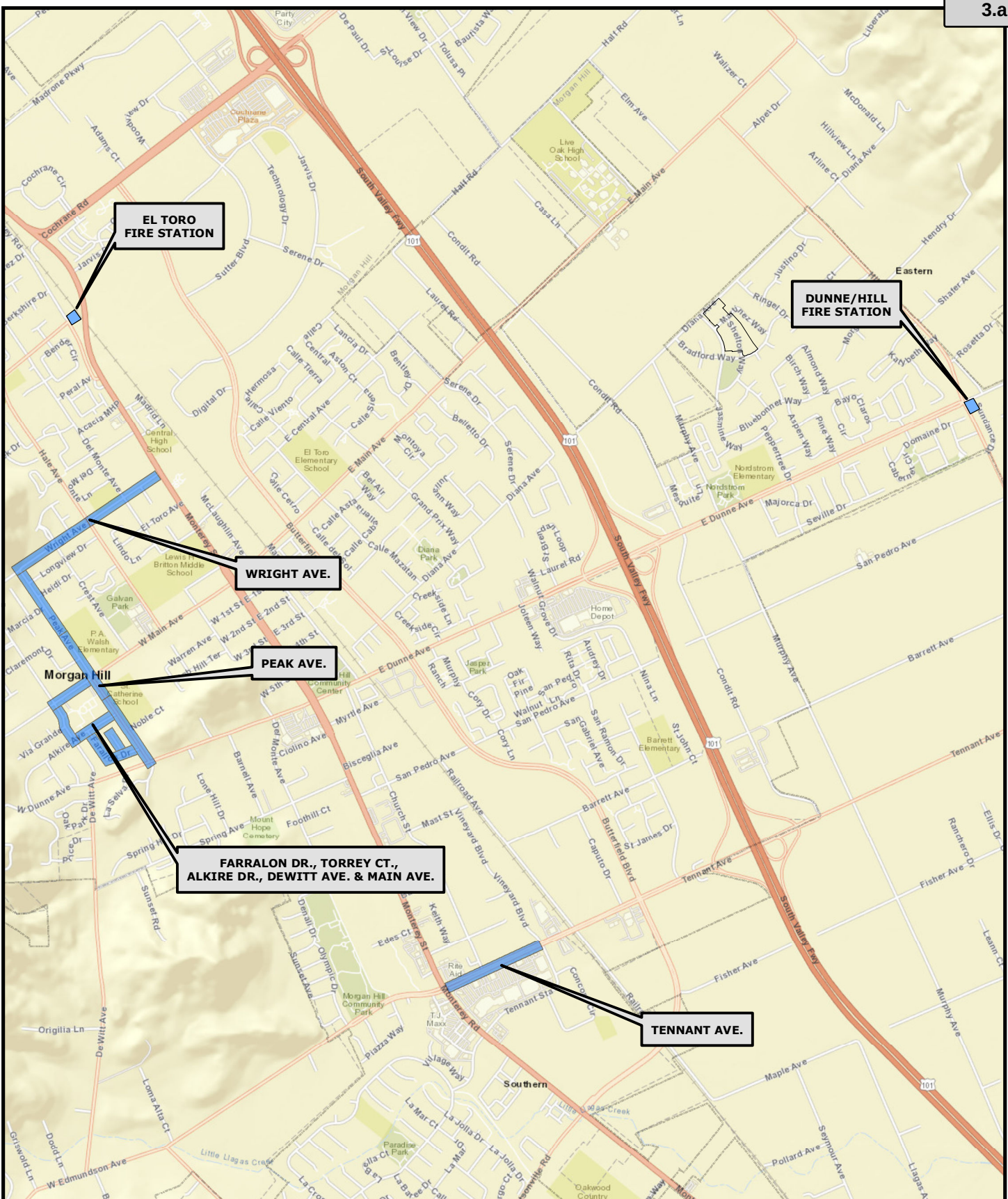
If approved, the total authorization of this project shall be \$2,664,250, which includes a 25% contingency of \$532,850. There are sufficient funds within the FY2020-21 Budget for this project (519000). Funding for rehabilitation of the Fire Station repairs will be funded from the Facility Future Replacement Fund (741).

CEQA (California Environmental Quality Act): Categorical Exemption

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15301 of the CEQA Guidelines (Existing Facilities), as the subject work involves the repair, maintenance, or minor alteration of existing City facilities involving negligible or no expansion of use of those facilities.

LINKS/ATTACHMENTS:

1. 2021 Pavement Rehabilitation Project Vicinity Map



CITY OF MORGAN HILL

Engineering and Utilities Department
CIP Engineering Division

G:\R-14\Proj\GIS\John\Yat_2021PvmntProj.mxd

2021 PAVEMENT REHABILITATION PROJECT



0 900 1,800 3,600 5,400 7,200
 Feet



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

PREPARED BY: Rebecca Garcia, Housing Manager

APPROVED BY: City Manager

APPROVE REFINANCING FOR SKEELS HOTEL APARTMENTS

RECOMMENDATION(S)

Authorize City Manager to negotiate and approve re-subordination of existing City loan in the principal amount of \$153,331 and accrued interest of approximately \$74,000 for 13-unit Affordable Housing Apartment Complex.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Equity
Diversity and Inclusiveness
Advancing Regional Initiatives

2020-2021 Strategic Priorities

Affordable Housing and Homelessness

GUIDING DOCUMENTS

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

In 1995, the Redevelopment Agency of the City of Morgan Hill provided a loan of \$300,000 for the development of Skeels Hotel, a 13-unit affordable housing complex. Skeels Hotel LLC (the Company) is under the control of the board of directors of Eden Housing, Inc. In April of 2006, the City Loan was refinanced with a new loan of \$198,331, with maturity extended to April 13, 2026. The City Loan and Regulatory Agreement that income-restricts the Property has an initial term of 55-years; the City Loan matures in 2049.

In December 2018, Eden Housing contacted the City to seek City's approval to rehabilitate Skeels along with other affordable housing complexes in the City: Depot Common, Villa Ciolino and Willows Apartments. However, Eden subsequently notified City staff that the rehabilitation of Skeels will be on hold due to gap financing needs in the rehabilitation budget caused by the limited availability of financing streams. Eden is still actively seeking the opportunity to rehabilitate Skeels in the near future.

Most recently, Eden notified City staff of their intent to refinance Skeels' senior loan. Through the refinance process, Eden seeks to secure a new loan from their senior lender of \$686,317, interest rate at 5.00%, which requires monthly payments of \$3,684, for a 5-year term with 30-year amortization. Of this total amount, Eden proposed the following allocations: 1) approximately \$680,000 would pay off the existing first mortgage in its entirety, 2) other transaction related costs estimated at \$30,364, of which \$24,047 will be paid by Eden, and 3) preserve working capital by avoiding the

aforementioned balloon payment, resulting in the ability for Skeels to continue its affordability to its residents, and to continue to work towards establishing a rehabilitation plan. The new financing would be underwritten at a 1.15 debt service coverage ratio.

Because the City is a junior lender to Skeels, the City must consent to the transaction before Eden may take steps to refinance. Through the refinance process, the Developer will seek to lower the Skeels' interest rate from 5.75% to 5.00%. This rate reduction would result in approximately \$9,000 in additional annual cash flow from avoided debt service payments. The Developer proposes to set aside this additional cash flow in the replacement reserve account to make necessary short-term capital improvements to Skeels.

Staff supports Eden's intent to refinance to secure a lower interest rate and preserve property level cash flow for capital improvements. Most notably, the Developer is proactively trying to preserve the condition of the Skeels.

Uses of the Loan Proceeds:

The table below reflects the proposed breakdown of the Developer's new financing. All numbers are preliminary and subject to change due to potential changes in financing terms.

<u>Source</u>	New First Mortgage	% of Total
New Senior Lender Mortgage	\$686,317	97%
Expenses paid by developer	\$24,047	3%
Total	\$710,364	100%
Repayment of Existing First Mortgage to Senior Lender	\$680,000	96%
Transaction related costs	\$30,364	4%
Total	\$710,364	100%

Staff recognizes the need for affordable housing developers, such as Eden Housing, to refinance properties to ensure that they remain preserved and affordable. The proposed refinancing is beneficial for the City and Skeels because the annual savings from the debt service will be used for improvements over time to Skeels and to support the deeply affordable rents.

COMMUNITY ENGAGEMENT: This report is intended to inform the Morgan Hill community.

ALTERNATIVE ACTIONS:

The City Council could choose not to approve the refinancing and subordination agreement of its current loan. The consequences of not approving will require Skeels to repay the balloon payment of approximately \$680K at its maturity in August of 2021. Skeels, being a smaller 13-unit project is challenged to have enough capital for this balloon payment.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council previously considered the terms of the loans for the Skeels Apartments and consented to the assignment from entities controlled by South County Housing and its affiliates and to assumption entities controlled by Eden Housing and its affiliates.

The City Council previously considered the terms of the ground leases for Skeels Apartments and consented to the assignment from entities controlled by South County Housing and its affiliates and to assumption entities controlled by Eden Housing and its affiliates. The City Council also approved restating the annual ground rent due from Skeels Apartments and forgiving accrued unpaid ground rent.

On December 5, 2018, the City Council authorized the City Manager to negotiate and approve assignment, modification, extension, assumption, and re-subordination of existing City loan for rehabilitation of 13-unit Skeels Affordable Housing Apartment Complex.

FISCAL AND RESOURCE IMPACT:

No fiscal impact to the City with the proposed loan refinance.

CEQA (California Environmental Quality Act):

This is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:

1. Skeels Hotel - City of Morgan Hill - refi request letter



March 16, 2021

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

RE: Skeel Hotel – City of Morgan Hill RDA Loan - \$159,331

Dear Ms. Garcia,

We are hereby notifying you of our intent to refinance the senior loan with Skeel Hotel LLC, a California limited liability company (the Company). The effective date of the transaction is targeted by June 30, 2021.

The Company was formed on April 29, 2014 to acquire, own and operate a 13-unit affordable housing complex located in Morgan Hill, California, which is currently operating under the name of Skeels Hotel (the Project). The Project was placed in service in 1995. The Company is controlled by its sole member, Eden South Bay, Inc., which is under the control of the board of directors of Eden Housing, Inc. (EHI), a nonprofit public benefit corporation. The Project is managed by Eden Housing Management, Inc. (EHMI), a nonprofit organization, affiliate of Eden Housing, Inc.

According to the Promissory Note of the senior loan, a balloon payment of \$680,000 is to be paid at its maturity in August 2021. The Company is hereby requesting the City of Morgan Hill to approve this refinance request. By granting this approval request, it will preserve working capital for the Project and promote long term affordability to serve the low-income population in City of Morgan Hill.

Please let us know should you need further information.

Sincerely,

Darnell Williams
Senior Director of Asset Management
Eden Housing Inc.,

Skeel Hotel - City of Morgan Hill - refi request letter - 03.16.2021

Final Audit Report

2021-03-16

Created:	2021-03-16
By:	Samson Lei (Samson.Lei@edenhousing.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAAd-02AVi4fwRMBjDndV5zmcky6ReGoyAw

"Skeel Hotel - City of Morgan Hill - refi request letter - 03.16.2021" History

-  Document created by Samson Lei (Samson.Lei@edenhousing.org)
 2021-03-16 - 4:55:45 PM GMT- IP address: 73.223.229.229
-  Document emailed to Darnell Williams (darnell.williams@edenhousing.org) for signature
 2021-03-16 - 4:56:07 PM GMT
-  Email viewed by Darnell Williams (darnell.williams@edenhousing.org)
 2021-03-16 - 5:16:33 PM GMT- IP address: 104.47.58.126
-  Document e-signed by Darnell Williams (darnell.williams@edenhousing.org)
 Signature Date: 2021-03-16 - 5:16:42 PM GMT - Time Source: server- IP address: 104.51.53.223
-  Agreement completed.
 2021-03-16 - 5:16:42 PM GMT



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

PREPARED BY: Rebecca Garcia, Housing Manager
APPROVED BY: City Manager

APPROVE AMENDMENT TO CONSULTANT AGREEMENT WITH HOUSEKEYS, INC FOR BELOW MARKET RATE (BMR) AND LOAN ADMINISTRATION SERVICES

RECOMMENDATION(S)

1. Approve Second Amendment to Consultant Agreement, for BMR and Loan Administration services through June 30, 2022, for an additional \$550,000, totaling \$2,150,000 from July 1, 2018 – June 30, 2022; and
2. Authorize the City Manager to execute and administer the contract.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community
Fostering a Positive Organizational Culture
Enhancing Equity
Diversity and Inclusiveness
Advancing Regional Initiatives

2020-2021 Strategic Priorities

Affordable Housing and Homelessness

GUIDING DOCUMENTS

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

BMR Ownership and Rental Administration

HouseKeys, Inc. (formerly Nyanda & Associates, LLC) formed HouseKeys in 2015, and teamed up with the City of Morgan Hill in a public-private partnership called the “Model City Initiative” to incubate ideas and craft a solution to post redevelopment, long-term management, and Below Market Rate (BMR) preservation. HouseKeys provides general BMR administration to the City, including the marketing and sale or rental of BMR units, outreach and education, identification and income qualification of homebuyers and renters, general asset management monitoring and compliance, assisting the County Tax Assessor to provide annual BMR valuation updates, and many other activities required to maintain the integrity and sustainability of the BMR program. Additionally, HouseKeys continues to work with the City to identify solutions to the various complex transactional scenarios that arise as a result of administering a robust portfolio with varying historical rules and requirements, “layered” down payment assistance, and various financing structures and sources of funds.

The BMR ownership portfolio has a total of 556 owner occupied units, with approximately 15 new units in the pipeline scheduled to close in 2021, and many more scheduled to close in 2022. These numbers exclude the number of resale units processed each year. The BMR rental portfolio currently consists of 16 rental units with an additional 78 new units under construction in the market rate rental project units in the pipeline scheduled to come on board in 2021-22. The Program continues to require additional focus on asset management, education, monitoring, and compliance to maintain integrity and guarantee sustainability of the Program. With a 40+year program that has over 550 BMR properties spread out in over 76 subdivisions, Morgan Hill has one of the region's oldest, largest, and most active affordable ownership housing portfolios.

Loan Administration

In addition to BMR management, over the course of the years that the City and the RDA operated a housing program, many resources, including state, federal, and local RDA dollars were leveraged to meet the many housing needs in Morgan Hill. The City assisted with rehabilitation of properties, down-payment assistance, and grants.

The City has a portfolio of loans that was transferred to HouseKeys in 2017 for administration with compensation of \$25,000 annually. The portfolio contains some commercial rehab and economic assistance loans, but most are related to housing rehabilitation and BMR homes. Many of the loans are tied to the City's BMR portfolio, resulting from the layered financing that has historically occurred for down payment and closing cost loan assistance. HouseKeys remains well suited to administer this portfolio given their experience and familiarity with the way in which loans are layered on some of the BMR homes.

During FY's 2020-2021, Housekeys sold 4 new construction BMR's, sold 7 re-sale BMR's, processed 45 BMR refinances, and processed 65 loan transactions (see Attachment "Morgan Hill By the Numbers" for these and other transactions completed). Their work has also included navigating the complexities of foreclosure and bankruptcy with a goal to save the affordable unit for the program for resale.

The BMR and loan expertise that HouseKeys has provided has created a valuable partnership, while providing ongoing opportunities to continue to fine tune the BMR and loan programs. Consistent with the budget, it is recommended that Council approve a Second Amendment to the existing contract to increase the existing contract by \$550,000 for continued BMR administration services for both ownership and rental units, and loan administration through June 30, 2022.

COMMUNITY ENGAGEMENT:

This report serves to inform the community on the proposed amendment to the consultant agreement with HouseKeys.

ALTERNATIVE ACTIONS:

The Council could choose not to approve the proposed contract. Should Council not approve the proposed contract, staff asks that Council provide further direction regarding the management of the BMR program and loan administration or, alternatively, direct staff to return to Council with alternative options for management.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Contract History:

- Upon the sudden dissolution of the City's previous BMR administrator, Neighborhood Housing Services of Silicon Valley (NHSSV), the Council, on July 15, 2015, adopted a transition plan to contract with Nyanda & Associates (HouseKeys) to provide the continued administration of the BMR program.
- On May 18, 2016, Council approved an agreement with HouseKeys for BMR administration services for FY 2016-17 for \$500,000.
- On December 7, 2016, Council approved a contract amendment which extended HouseKeys BMR administration contract through FY 2017-18 for an additional \$500,000. Additionally, at that time, loan administration services were added to Housekey's scope of work for FY 2016-17 and 2017-18 for \$25,000 annually, or \$50,000 in total.
- On May 16, 2018, Council approved an agreement with HouseKeys for BMR Administration for FY 2018-19 and FY 2019-20 in the amount of \$1,050,000 for BMR and Loan Administration. The existing contract for both BMR administration and loan administration services was valid through June 30, 2020.
- On June 17, 2020, Council approved a budget appropriation in the amount of \$1,100,000 for FY 2020-21 and FY 2021-22 for BMR and Loan Administration.

FISCAL AND RESOURCE IMPACT:

The contract is funded from the Housing Funds (Funds 236 and 255). The total cost of this contract (FY 2018-19 through FY 2021-22) is not to exceed \$2,150,000 and has been included in the budget.

	BMR Administration (255)	Loan Administration (236)
FY 2018-19	\$500,000	\$25,000
FY 2019-20	\$500,000	\$25,000
FY 2020-21	\$525,000	\$25,000
FY 2021-22	\$525,000	\$25,000

CEQA (California Environmental Quality Act):

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

LINKS/ATTACHMENTS:

1. Morgan Hill Programs by the Numbers
2. Second Amendment to contract - signed by Housekeys

Morgan Hill Programs by the Numbers

Fiscal Year – July 1, 2020 to June 30, 2021

4	New Construction Housing Units Sold
7	Resale Transactions
56	BMR Ownership/Rental Online Orientations and FAQ Friday/Saturday Online Webinars Were Held in Response to COVID-19. Total of 1,686 Registrants
936	Application I.D.s issued to people interested in the BMR Homeownership Program
548	Application I.D.s issued to people interested in the BMR Rental Program
11	Opportunity Drawings (Lotteries) were held to give buyers and Opportunity to purchase an affordable home
10	Opportunity Drawings (Lotteries) were held to give buyers and Opportunity to lease an affordable unit
308	Applicants entered Lotteries (AKA “Opportunity Drawings”) for the chance to purchase a home
360	Applicants entered Lotteries (AKA “Opportunity Drawings”) for the chance to lease a unit
18	Loan Payoffs Processed (Ask Kathie)
20	Refinances Processed and Completed
25	Subordinations in Process
2 closed & 2 pending	Rehab Projects to Affordable Properties, totaling over \$110,383.34 in repairs and improvements

Contract Period Notes

Loan Portfolio Update

The Loan Portfolio was broken into 4 Segments:

1. Segment 1 – First Time Homebuyer Loans – 241 Units
2. Segment 2 – Loans to Developers and Commercial Entities – 24 Units
3. Segment 3 – Rehab and Specialty Loans – 78 Units
4. Segment 4 – Fee Finance Program Loans – 11 Units

Along with the records, we were able to organize the unrecorded notes and recorded deeds of trust and attach them to each of the 354 Loan Units. The HouseKeys team created borrower files and migrate records to the MyHouseKeys platform.

Rental Program Onboarding

Using lessons learned from our 2016 contract with the City of Campbell and recent contracts with the cities of Santa Clara and Burlingame, our team was able to assist Staff with the new affordable rental units that began coming online in 2020. Our team created collateral in English and Spanish - including an updated Website, Application Guide, Forms and Marketing Materials. Three hundred-sixty (360) applicants participated in the lottery process for Fifteen (15) rental units at Morgan Ranch. HouseKeys worked alongside Staff, Ownership, and the Property Management Company to coordinate applications and complete the screening process.

Community Outreach and Plans for 2021-2022 Contract Period

In response to COVID-19, HouseKeys canceled in-person orientation meetings. As an alternative, HouseKeys updated the dedicated [City of Morgan Hill website](#) and directed potential applicants to [complete an online registration form](#), register for an online BMR Ownership/Rental Orientation, watch BMR program training videos, and complete a quiz. If the applicant passes the quiz with a score of 10 or better for ownership or 6 or better for rental, they will meet the BMR Orientation requirement. Separately, HouseKeys provides weekly updates to applicants via weekly email blasts and continues to encourage applicants to review the BMR Home Buyer/Rental Orientation Power Point presentation available online. Additionally, HouseKeys created two (2) live online webinars titled FAQ Fridays (weekly) and FAQ Saturdays (bi-weekly). These webinars are an additional resource to potential applicants, current homeowners/tenants.

As our Technology Team completes the new MyHouseKeys platform, interested program prospects will be able to view available homes for sale and rent, broken down by income category, without having to create an account in the system.

HouseKeys continues to work alongside staff to highlight the work that Morgan Hill is doing to expand and improve its affordable housing programming, including telling the history of how HouseKeys got started, the 2016 BMR Ordinance that formalized the role of Program Administrator, and the 2018 Inclusionary Housing Ordinance. We are working on a communications project titled, “The Model City” with the intent of illustrating the impact, challenges, opportunities and constraints presented to a City of Morgan Hill’s size when attempting to provide affordable housing for an economically diverse population.

**SECOND AMENDMENT TO AGREEMENT
HOUSEKEYS, INC. (FORMERLY NYANDA & ASSOCIATES, LLC)**

This SECOND AMENDMENT TO AGREEMENT is entered into and becomes effective on _____ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and HOUSEKEYS, INC. A CALIFORNIA CORPORATION, Formerly Known as Nyanda & Associates, LLC, a California Limited Liability Company d/b/s Housekeys ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Second Amendment to Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, _____, 20____.
2. The CITY and CONSULTANT entered into that "Consultant Agreement" made as of May 24, 2018 for consultant services for a maximum compensation of One Million Fifty Thousand and no/100 dollars (\$1,050,000.00) ("CONSULTANT AGREEMENT").
3. The CITY and CONSULTANT entered into a "First Amendment to Agreement" made as of July 27, 2020, under which the maximum compensation under the CONSULTANT AGREEMENT, as amended, was increased to One Million Six Hundred Thousand and no/100 dollars (\$1,600,000.00) The CONSULTANT AGREEMENT and the First Amendment thereto are attached as Exhibit "1" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the CONSULTANT AGREEMENT, as amended, as attached as Exhibit "1," shall remain in full force and effect; except that the following amendments shall be made as set forth below:

A. Paragraph 2 shall be amended and replaced in its entirety by the following:

"2. **Term of Agreement.** This Agreement shall be effective and cover services rendered from May 24, 2018, until June 30, 2022."

B. Paragraph 4.1 shall be amended and replaced in its entirety by the following:

"4.1 **Amount.** Compensation under this Agreement shall not exceed TWO MILLION ONE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$2,150,000.00) and shall be billed based on the rate and basis set forth in Exhibit B and the revised Exhibit B dated June 30, 2020."

///

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Signatures on the Next Page

2. **Conflicts.** In the event of a conflict between the terms and provisions of this Second Amendment to Agreement and the terms and provisions of the CONSULTANT AGREEMENT or any earlier amendment, the terms of this Second Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; **AND**
 (2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

CITY OF MORGAN HILL

Michelle Bigelow, City Clerk

Date: _____

Christina J. Turner, City Manager

Date: _____

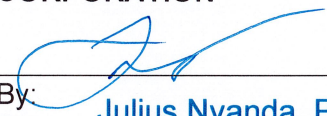
APPROVED AS TO FORM:

Donald Larkin, City Attorney

HOUSEKEYS, INC. A CALIFORNIA CORPORATION

By: _____

Date: _____

By: 

Title:

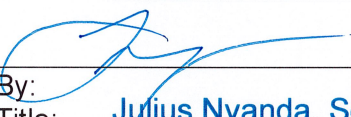
Julius Nyanda, President

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date:

5/21/2021

By: 

Title:

Julius Nyanda, Secretary

Print Name and Title of Signer.

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

Date:

5/21/2021

EXHIBIT 1

**FIRST AMENDMENT TO AGREEMENT
HOUSEKEYS, INC. (FORMERLY NYANDA & ASSOCIATES, LLC)**

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on 7/27/2020 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and HOUSEKEYS, INC. A CALIFORNIA CORPORATION, formerly known as Nyanda & Associates, LLC, a California Limited Liability Company d/b/a Housekeys ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This FIRST Amendment to Agreement is entered into pursuant to based upon the authority of the City Manager pursuant to Chapter 3.04 of the Morgan Hill Municipal Code.
2. The CITY and CONSULTANT entered into that "Consultant Agreement" made as of May 24, 2018 for consultant services for a maximum compensation of One Million Fifty Thousand and no/100 dollars (\$1,050,000.00) ("CONSULTANT AGREEMENT"). The CONSULTANT AGREEMENT is attached as Exhibit "1" to this Agreement.
3. On April 24, 2019, Nyanda & Associates, LLC converted to Housekeys, a California Corporation.
4. The parties hereto acknowledge that the CONSULTANT AGREEMENT entered into by the parties expired by its terms as of June 30, 2020. The parties desire to continue the CONSULTANT AGREEMENT from June 30, 2020 to June 30, 2021.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the CONSULTANT AGREEMENT, as amended, as attached as Exhibit "1," shall remain in full force and effect; except that the following amendments shall be made as set forth below:
 - A. Paragraph 2 shall be amended and replaced in its entirety by the following:
"2. **Term of Agreement.** This Agreement shall be effective and cover services rendered from May 24, 2018, until June 30, 2021."
 - B. Paragraph 3 shall be amended and replaced in its entirety by the following:
"3. **Scope of Service.** The services to be performed by CONSULTANT shall be to administer Morgan Hill's Below Market Rate Ownership and Rental Housing Program and to manage the City of Morgan Hill's Loan Portfolio as further described in Revised Exhibit A dated June 30, 2020."
 - C. Paragraph 4.1 shall be amended and replaced in its entirety by the following:
"4.1 **Amount.** Compensation under this Agreement shall not exceed ONE MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,600,000.00) and shall be billed based on

the rate and basis set forth in **Exhibit B and the revised Exhibit B dated June 30, 2020.**"

D. Paragraph 5 shall be amended and replaced in its entirety by the following:

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

E. Paragraph 5.1 shall be added as follows:

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

F. Paragraph 6 shall be amended and replaced in its entirety by the following:

6. Performance of Work. CONSULTANT represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by CONSULTANT in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of the CONSULTANT'S profession. By delivery of completed work, CONSULTANT certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. CONSULTANT shall perform all work and services under this Agreement in conformance with the time schedule set forth on Revised Exhibit C dated June 30, 2020, "Schedule of Performance," attached hereto and incorporated herein by this reference. CITY's City Manager is authorized on behalf of CITY to modify the timeframes set forth on the Schedule of Performance within the term of this Agreement. If CONSULTANT desires to leave or store any of CONSULTANT's equipment at a CITY site while CONSULTANT is performing work or service pursuant to this Agreement, CONSULTANT will first obtain the consent of CITY's City Manager, or his/her delegate, to do so, and any such storage shall occur only in the manner and location allowed by such CITY official and entirely at CONSULTANT's sole risk.

G. Paragraph 7.2.2. shall be amended and replaced in its entirety by the following:

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

Signatures on the Next Page.

2. **Conflicts.** In the event of a conflict between the terms and provisions of this FIRST Amendment to Agreement and the terms and provisions of the CONSULTANT AGREEMENT, the terms of this FIRST Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; **AND**
 (2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

DocuSigned by:

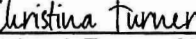


Michelle Bigelow, Deputy, City Clerk

Date: 7/27/2020

CITY OF MORGAN HILL

DocuSigned by:



Christina L. Turner, City Manager

Date: 7/27/2020

APPROVED AS TO FORM:

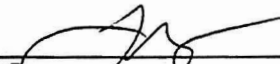
HOUSEKEYS, INC. A CALIFORNIA CORPORATION

DocuSigned by:



Donald A. Larkin, City Attorney

Date: 7/12/2020

By: 
 Title: Julius Nyanda, Chief Executive Officer

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: 7/10/2020

By: 
 Title: Julius Nyanda, Chief Financial Officer

Print Name and Title of Signer.

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

Date: 7/10/2020

126-04-18-056

EXHIBIT 1

CONSULTANT AGREEMENT

Nyanda and Associates, LLC, A California Limited Liability Company d/b/a HouseKeys

THIS AGREEMENT is entered into and becomes effective on 5/24/18 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Nyanda and Associates, LLC, A California Limited Liability Company d/b/a HouseKeys a California limited liability company ("CONSULTANT") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority.** This Agreement is entered into pursuant to action of the Morgan Hill City Council taken on May, 16, 2018.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2020 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum period of one year. Any such extension shall be in writing and signed by both Parties to this Agreement.
3. **Scope of Service.** The services to be performed by CONSULTANT shall be to administer Morgan Hill's Below Market Rate Ownership and Rental Housing Program and to manage the City of Morgan Hill's Loan Portfolio as further described in **Exhibit A**.
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount.** \$1,050,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed ONE MILLION FIFTY THOUSAND dollars and shall be billed based on the rate and basis set forth in **Exhibit B**. If the City Manager extends the term of this Agreement for up to one year pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed during the extended term period exceed an additional five percent (5%) above the compensation allowed to be paid to CONSULTANT during the initial term of this Agreement.
 - 4.2. **Billing.** CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.
5. **Termination.** CITY or CONSULTANT shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination, CONSULTANT shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require CONSULTANT to complete certain work product or documents and

CONSULTANT shall deliver to CITY all documents in its possession without additional compensation to CONSULTANT. The CITY Manager of CITY is authorized to terminate this AGREEMENT on behalf of CITY.

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

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

7.1. **Insurance Types and Amounts.**

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

7.1.2. **Automobile Liability.** CONSULTANT shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if CONSULTANT does not own automobiles, then CONSULTANT shall maintain Hired/Non-owned Automobile Liability) against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) for bodily injury or death to any one person for any one accident or occurrence and at least one million dollars (\$1,000,000.00) for property damage, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

7.1.3. **Workers' Compensation Insurance and Employer's Liability.** CONSULTANT shall maintain Workers Compensation coverage, as required by law, in the minimum amount

of: (i) one million dollars (\$1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. If CONSULTANT is self-insured, CONSULTANT shall provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.

- 7.1.4. Pollution (Environmental) Liability. If the performance of CONSULTANT'S work or service under this Agreement involves hazardous materials, contaminated soil disposal, and/or a risk of accidental release of fuel oil, chemicals or other toxic gases or hazardous materials, CONSULTANT shall procure and maintain Pollution Liability covering the contractor's liability for bodily injury, property damage and environmental damage resulting from pollution and related cleanup costs arising out of the work or services to be performed under this Agreement. Coverage shall be provided for both work performed on site, as well as during the transport of hazardous materials. Such coverage shall be in the minimum amount of: (i) one million dollars (\$1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

- 7.1.5. Professional Liability.

7.1.5.1. If the performance of CONSULTANT's work or service under this Agreement involves professional and/or technical services (examples include, but are not limited to, architects, engineers, land surveyors, and appraisers), CONSULTANT shall procure and maintain either a claims made or occurrence Errors and Omission liability insurance in the minimum amount of: (i) one million dollars (\$1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Further, if CONSULTANT maintains a claims-made policy, CONSULTANT shall provide written evidence of such insurance to the CITY for at least five (5) years after the completion of work performed under this Agreement.

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

7.1.5.3. If the performance of CONSULTANT's work or service under this Agreement involves contact with minors, CONSULTANT shall procure and maintain Sexual Abuse and Molestation insurance in the minimum amount of: (i) one million dollars (\$1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

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

7.2.1. **General Liability.**

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

7.2.2. **Workers Compensation.**

The insurer waives the right of subrogation against the City of Morgan Hill and the CITY's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.

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

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

Certificate Holder address:

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

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

9. **Compliance with Law.**

- 9.1. CONSULTANT and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. CONSULTANT and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, sexual orientation, national origin,

mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.

- 9.2. Compliance with Wage and Hour Laws: Consultant, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable federal, state and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

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

Prior Judgments against CONSULTANT and/or its Subcontractors: BY SIGNING THIS AGREEMENT, CONSULTANT AFFIRMS THAT IT HAS DISCLOSED ANY FINAL JUDGMENTS, DECISIONS OR ORDERS FROM A COURT OR INVESTIGATORY GOVERNMENT AGENCY FINDING – IN THE FIVE (5) YEARS PRIOR TO EXECUTING THIS AGREEMENT – THAT CONSULTANT OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. CONSULTANT FURTHER AFFIRMS THAT IT OR ITS SUBCONTRACTOR(S) HAS SATISFIED AND COMPLIED WITH – OR HAS REACHED AGREEMENT WITH THE CITY REGARDING THE MANNER IN WHICH IT WILL SATISFY – ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

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

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

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

Notice to City Related to Wage Theft Prevention: Notice provided to the City Attorney as required under this Section shall be addressed to: City Attorney, City of Morgan Hill, 17575

Peak Avenue, Morgan Hill, CA 95037. The Notice provisions of this Section are separate from any other notice provisions in this Agreement and, accordingly, only notice provided to the above address satisfies the notice requirements in this Section.

10. **Independent Contractor.** CONSULTANT is an independent contractor and not an agent or employee of CITY.
11. **Confidentiality.** All data, documents, or other information received by CONSULTANT from CITY or prepared in connection with CONSULTANT'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by CONSULTANT without prior written consent by CITY.
12. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
13. **Notices.** All notices shall be personally delivered or mailed, via first class mail to the below listed address. These addresses shall be used for delivery of service of process. Notices shall be effective five (5) days after date of mailing, or upon date of personal delivery.

Address of CONSULTANT is as follows:

Nyanda and Associates
358 Digital Dr.
Morgan Hill, CA 95037
ATTN: Julius Nyanda
408-684-8202 ext. 101

Address of CITY is as follows:

Housing Manager	with a copy to:
City of Morgan Hill	City Clerk
17575 Peak Avenue	City of Morgan Hill
Morgan Hill, CA 95037	17575 Peak Avenue
	Morgan Hill, CA 95037

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

15. **Maintenance of Records.**

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

related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the Parties to this Agreement may be subject, at the request of the CITY or as part of any audit of the CITY, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

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

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

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

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

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

20. **Defense and Indemnification.**

20.1. **Defense and Indemnification.** CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

20.2. **Exceptions.** CONSULTANT is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence or willful misconduct of the CITY.

20.3. **Not limited by insurance.** The indemnity, defense and hold harmless provisions of this Agreement apply to all CLAIMS alleged against an INDEMNITEE, regardless of whether any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by CONSULTANT.

20.4. **Right to Offset.** CITY shall have the right to offset against any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result of CONSULTANT's failure to pay CITY promptly any indemnification arising under this Section (20) and

any amount due CITY from CONSULTANT arising from CONSULTANT's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

20.5. **Interpretation.** This Section shall constitute an agreement or contract of indemnity, incorporating the interpretations under California Civil Code Section 2778. It is expressly understood and agreed that the obligation of the CONSULTANT to indemnify the INDEMNITEE shall be as broad and inclusive as permitted by the laws of the State of California and shall survive termination of this Agreement.

21. **Entire Agreement; Modification; Conflicting Provisions.** This Agreement constitutes the entire Agreement between the Parties and supersedes any previous agreements, oral or written. This Agreement may be modified or provisions waived only by a subsequent mutual written agreement executed by CITY and CONSULTANT. If the provisions contained in the main body of this Agreement conflict with any provision contained in an exhibit to this Agreement, the provisions of the main body of this Agreement shall govern and control over any provision contained in an exhibit to this Agreement.

22. **Governing Law and Venue.** This Agreement shall be construed in accordance with the laws of the State of California. This Agreement was entered into and is to be performed in the County of Santa Clara. Any action or dispute arising out of this Agreement shall only be brought in Santa Clara County.

23. **Interpretation.** This Agreement is a negotiated document and shall be deemed to have been drafted jointly by the Parties, and no rule of construction or interpretation shall apply against any particular Party based on a contention that the Agreement was drafted by one of the Parties including, but not limited to, California Civil Code § 1654, the provisions of which are hereby waived. This Agreement shall be construed and interpreted in a neutral manner.

24. **Preservation of Agreement.** If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the rest of the Agreement shall remain in full force and effect and shall in no way be affected or invalidated.

25. **Binding Agreement.** Notwithstanding the provisions of Section 18 above, this Agreement shall bind any and all successors in interest, legal representatives and/or other permitted assignees or transferees of CONSULTANT in the same manner as if those successors in interest, legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

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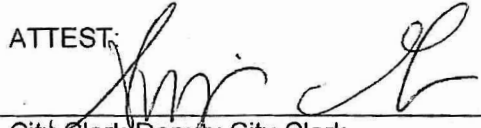
26. **Authority to Execute.** Those individuals who are signing this Agreement on behalf of entities represent and warrant that they are, respectively, duly authorized to sign on behalf of the entities and to bind the entities fully to each and all of the obligations set forth in this Agreement.

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

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

- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND
(2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

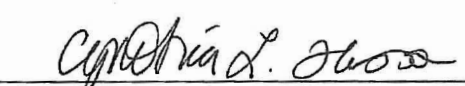
ATTEST:


City Clerk/Deputy City Clerk

for Michelle Wilson
Print Name

Date: 5/30/18

APPROVED AS TO FORM:


City Attorney

for Donald A. Larkin
Print Name

Date: 5-23-18

CITY OF MORGAN HILL


City Manager

Christina J. Turner
Print Name

Date: 5/24/18

Nyanda & Associates, LLC, A CA Limited Liability Company d/b/a HouseKeys

By:


Julius Nyanda CEO
Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: May 21, 2018

By:

Print Name and Title of Signer.
If Corporate: Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer

Date: _____

EXHIBIT A SCOPE OF SERVICES

Nyanda and Associates, LLC, A California Limited Liability Company d/b/a HouseKeys

The Scope of Work details the roles and responsibilities of the City and Consultant. The Schedule starts from the date the contract is signed by both parties.

- A. Consultant will continue BMR (Below Market Rate Program) Ownership Program Administration, Loan Portfolio Management and begin Administration of the Below Market Rate Rental Program from July 1, 2018 through June 30, 2020.
- B. Consultant will administer BMR ownership and rental program and assure BMR Deed restrictions are recorded and followed by all parties as applicable for each property.
- C. Consultant will host BMR program at 356 Digital Dr., Morgan Hill, CA 95037
- D. Consultant will regularly update BMR guidelines and program materials on the City's website and HouseKeys website, in conjunction with direction from the City Council, City Manager and Staff's direction to reflect policies and procedures approved by the City Council, the guidelines will include the Consultant's administrative process for BMR Administration including, but not limited to: applications, program pamphlets, resale calculations, buyer selection process, sale and resale of units, refinancing requests, collection of City fees and other applicable fees, and default monitoring/resolution process. Consultant's objective will be to work alongside City Staff to incorporate "learnings" from the City's 40 + year old BMR Program into a go-forward plan focused on best practices, cost recovery, and sustainability of the BMR Program.
- E. Consultant will continue to maintain the City BMR program website presence that will link to the City of Morgan Hill website.
- F. Consultant and the City will develop mutually acceptable response times to BMR inquiries and processing times required to obtain City signatures.
- G. Consultant shall maintain the City's existing databases of which the City will have full access to, and files for program administration, and establish a file retention and management system for the program that is accessible at all times by City Staff. All electronic records, databases, and correspondence will be considered work products that are property of the City of Morgan Hill. The consultant will update the City's records monthly to ensure a coordinated seamless record keeping process.
- H. Consultant will provide the applicant with the following services:
 1. Conducting income qualifications including review of assets, income, Verification of Employment (VOE) and all other necessary approvals to ensure qualification for the City BMR Program.
 2. Making necessary revisions to the City's existing program materials and legal documents, subject to City approval
 3. Underwriting loan applications in accordance with program requirements.
 4. Preparing all loan documents, overseeing proper execution thereof, and conducting final approval reviews.
 5. Ensuring timely delivery of all necessary documents into escrow, and preparing escrow demands.
 6. Overall management and implementation of specific program policies.
 7. Preparation of BMR program materials, revised as needed on an ongoing basis.
 8. Calculating all pay off demands and issuing any disclosures and tax forms as required by State and/or Federal Law.
 9. Calculating the resale value of all BMR homes, and annually submitting accurate property BMR values on behalf of the City to the County via a detailed workbook of data (individual resale

calculation formulas on each BMR property to ensure County of Santa Clara Tax Assessor is provided annual updated property values). This information shall be accessible to the City and simultaneously submitted to the City in an electronic report with the transparent calculation used to generate the BMR value.

10. Work with City Staff to ensure a seamless and coordinated development of documents as it relates to the BMR Program, including the RDCS application process where BMR units are awarded, the Development Agreement, the Affordable Housing Agreement and any subsequent amendments to the Development.
- I. Consultant shall act as a transaction coordinator for all real estate transactions and will follow the current City BMR Fee Schedule approved by City Council. Consultant will charge BMR re-sale transaction fee in line with applicable recorded Deed Restrictions per the Fee Schedule. Consultant will charge the developer transaction coordination fees in accordance with the Affordable Housing Agreement pertaining to the subject development project per the fee schedule.
- J. Consultant will coordinate document transmittals between buyers, homeowners, developers, and City as needed. Consultant will be responsible for ensuring all documents submitted for City signatures are complete and accurate. Consultant will be responsible for making any necessary corrections to documents.
- K. Consultant will work with City staff to coordinate tracking of BMR units produced, BMR units waived as part of BMR Reduction Program, and housing in-lieu fees collected.
- L. Consultant shall work alongside Staff to conduct monitoring the evaluate BMR owners' compliance with the terms and conditions of BMR recorded deed restrictions including the following:
 1. Mailing monitoring letters to all the BMR units for self certification.
 2. Reviewing in conjunction with City Staff, City or County Assessor data to assist in the process (e.g., water utility bills, property records)
 3. Review City's preliminary monitoring list to identify follow up actions required.
 4. Meet with City staff to develop guidelines for acceptable default remedies (e.g., allowing rental of BMR units for hardship cases).
 5. Attempt to cure asset management issues with proactive measures as approved by City Council procedures, and/or the City Manager or his or her designee.
- M. Consultant shall work alongside Staff to investigate and identify cure for potential BMR defaults including:
 1. Conduct follow up of those BMR owners who do not submit their compliance documentation.
 2. Reviewing information from calls from BMR neighbors and interested parties.
 3. Conduct reasonable follow-up investigation to assess potential BMR defaults including unit site visits.
 4. Scheduled appointments with BMR owners.
 5. For confirmed defaults, provide owners with list of actions needed with a timeline to remedy the default and conduct follow-up to monitor compliance. Subsequently, provide the City with a letter documenting the efforts made by the administrator to cure the situation, include dates and times, response or lack thereof of the homeowner, and various ways in which the administrator tried to remedy the situation prior to escalation. This will be done on a case by case basis, coordinated with Staff, to ensure enforcement efforts are escalated as needed to preserve the affordability of the BMR home and assist families with guidance as needed.
 6. Maintain a log of actions taken to remedy the defaults.
 7. For those defaults in which the owners choose to not remedy the situation within a reasonable amount of time, Consultant will meet with City staff to determine the course of action to pursue.
 8. Provide City with a list of any current BMR defaults and actions taken to date.
- N. Consultant will provide the City with quarterly reports reflecting the following performance measures for BMR program administration. Additional measures may be developed in

conjunction with City staff. Performance measures will be included in quarterly BMR summary reports.

- * Qualified # _____ of buyers
 - * Ongoing development of New Buyer Pipeline (# _____ applications) to assist developers with closing on time
 - * Record # _____ Affordable Housing Agreements
 - * Held # _____ Lotteries for potential new homeowners
 - * Ongoing, BMR Website updates - www.HouseKeys.org to disseminate information and connect to the City of Morgan Hill Website
 - * Assist # _____ Development Projects that needed onboarding to City process and sale of units
 - * Record # _____ BMR Properties with Notice of Defaults (NOD)
 - * Hold # _____ BMR Educational Orientations at City Hall with # _____ Registrants, conduct BMR orientations in the City off site on occasion to target audiences
 - * # _____ of BMR Existing Homeowner Workshops held to provide current homeowners an opportunity to stay engaged and educated on the BMR Program
 - * Assist # _____ BMR Home Sale Transactions
 - * # _____ refinance transactions completed
 - * # _____ resale transactions completed
 - * # _____ new construction sales completed
 - * # _____ Escrow/Closings
 - * # _____ Identify and qualify New Lenders to facilitate Purchase Transactions and familiarize their legal teams with the Programs 45 year affordability restrictions
 - * Annually respond to the County Tax Assessors request for a detailed description of each BMR Home in the City to ensure accurate property tax assessments
 - * # _____ Rehab and sold
 - * # _____ asset management cases cured
 - * General Asset Management Activity
 - * Model City Updates and progress
 - * \$ _____ Total Revenue Collected in relation to the City of Morgan Hill BMR Program with backup documentation
- O. Consultant shall provide the City with a list of "problem properties" that have been identified with a case study description of the issue, concern, efforts made thus far, recommendations and solutions, and next steps and results. This report is ongoing.
- P. Consultant will partner with the City to create City legal templates for documents required for signature by the BMR participants. Consultant shall supply documents that are typically used in Santa Clara County for residential real estate transactions (e.g., purchase and sale, disclosure acknowledgements, addendums, etc.)
- Q. Consultant will create and maintain a list of approved loan officers and lending operations eligible to provide mortgage lending for purchase and refinance transactions, on the website, as well as the transparent process/steps in which a lender can take to become an approved lender.
- R. Consultant will review individual BMR restrictions for terms and requirements as needed including sweat equity and equity share units, Madrone Plaza units, Royal Court, and Viale. Consultant will discuss its findings with City staff.
- S. Consultant will prepare City staff reports on a time and materials basis.
- T. Consultant enters into this contract with the City of Morgan Hill with the intention of continuing a Model City Project that incorporates Industry Best Practices, A BMR Database, and a Regional BMR Working Group. This Project will improve efficiencies and reduce program costs to the City.
- U. Consultant will provide training, analysis and suggested improvements to the BMR Program, including Down Payment Assistance Loans (e.g. Sweat Equity)
- V. Consultant will construct a work plan for a Regional BMR Working Group to explore strategies to

preserve affordable housing stock, seek legislative solutions and examine program cost and value.

- W. Consultant will design a Regional BMR Database that first focuses on the Morgan Hill Portfolio with the intention of introducing an Affordable Housing Technology Platform to facilitate all aspects of development, buyer orientation, buyer-property matchup, portfolio management and compliance, of which the City will have full access to. All electronic records, databases, and correspondence will be considered work products that are property of the City of Morgan Hill. The consultant will update the City's records monthly to ensure a coordinated seamless record keeping process.
- X. Consultant will construct a work plan for a Regional BMR Working Group to explore strategies to preserve affordable housing stock, seek legislative solutions and examine program cost and value.
- Y. Consultant will design a Regional BMR Database that first focuses on the Morgan Hill Portfolio with the intention of introducing an Affordable-Housing Technology Platform to facilitate all aspects of development, buyer orientation, buyer-property matchup, portfolio management and compliance.
- Z. Consultant shall not provide real estate broker, real estate agent services under this agreement.

LOAN PROGRAM SCOPE OF WORK

Client / Agency Service Support

- Portfolio Transfers
- Serve as Main Point of Contact
- Client Requests and Projects
- Reporting
- Billing and Pricing Updates
- Client Contact Updates
- Program Guidelines

Loan Processing / Underwriting

- Loan processing
- Document Preparation
- Underwriting Subordinations
- Wage Compliance

Customer / Borrower Services

- Customer Service
- New Loan Set Up
- Changes to Borrower's Accounts
- Borrower Affidavits
- Annual Notifications to Borrowers
- Payoff Demands
- Reconveyances / Satisfactions / Release of Liens
- Payment Coupons (Replacements)
- Generally Anything that has to do with a Borrower's Account
- Check by Phone Payments

Payment Processing and Monitoring

- Process Borrower Payments
- ACH NSF – Returned Checks
- Monitoring of Taxes and Insurance
- Escrow Accounts

- Annual Escrow Analysis Collections
- Payments
- Collections and Communications (Written, Phone, etc.)
- Loss Mitigation Agreements (e.g. Payment Plans)
- Default Events (Foreclosures, Bankruptcies, etc.)



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Exhibit B

SCHEDULE OF COMPENSATION RATES & COSTS

#	Position	Department	Type	Annual Amount
1	Manager	Administration	PT	\$75,000
2	Processor	Administration	FT	\$90,000
3	Underwriter	Administration	FT	\$90,000
4	Asset Manager	Administration	FT	\$90,000
5	Real Estate Agent	Administration	FT	\$71,000
6	Real Estate Project Manager	Administration	Contract	\$39,000
7	Broker of Record	Administration	PT	\$25,000
8	Database Engineer	Technology	FT	\$136,000
9	Analytics Engineer	Technology	PT	\$57,000
10	Software Engineer	Technology	FT	\$123,000
11	Server Administrator	Technology	PT	\$81,000
12	Production and Copy Editing	Communications	Contract	\$93,000
13	Contracts & Correspondence	Legal	Retainer	\$56,000
14	Litigation	Legal	Retainer	\$56,000
15	Benefits			\$150,000
16	Total Personnel Costs			\$1,232,000
17	Insurance	Overhead		\$30,000
18	IT Services	Overhead		\$30,000
19	Morgan Hill Office	Overhead		\$84,000
20	Office Supplies	Overhead		\$20,000
21	Overhead Costs	Overhead		\$164,000
22	Total Annual Administration Budget			\$1,396,000
23	Income Sought from Alternative Contracts & Transactions			\$871,000
24	City of Morgan Hill Annual Payment			\$525,000

Note: Line 24 is an annual figure (\$525,000). The total for both contract years is \$1,050,000 (\$525,000 x 2).



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PROGRAM FEE SCHEDULE

#	Transaction Type	Fee Amount or Percentage of Sales Price	Revenue Cap Per Transaction	Fees charged to (Who pays Fee):
1	New Construction Sale	3%	\$15,000	Initial Sale Price
2	Property Resale Transaction	6%	\$25,000	Excess Sale Proceeds
3	Acquisition, Rehab, Transaction	5%	\$25,000	Excess Sale Proceeds
4	Subordination Fee	\$1,086.00	\$886 (\$200 to City of Morgan Hill)	BMR Owner Occupant
5*	Opportunity Drawing Entry Fee	\$25.00	\$25.00	BMR Applicant
6*	Application Fee Paid After Opportunity Drawing and Upon File Request	\$75.00	\$75.00	BMR Applicant
7*	Resale Calculation (Value Request)	\$150.00	\$150.00	BMR Owner Occupant
8*	Ownership Transfers & Changes	\$500.00	\$500.00	BMR Owner Occupant
9*	Loan Processing Fee	\$900.00	\$900.00	Borrower
10	Special Projects Billing Rate	\$150/hour		Per Agreement

Fee Explanations:

5. The Opportunity Drawing Entry Fee is for Application I.D. holders who want to enter a Drawing. This is to compensate for the file handling required for all applicants who enter a Drawing. On average, for every single applicant who purchases or rents an affordable unit, at least seven (7) applicants must be reviewed and processed.

6. This fee is paid by Application I.D. holders who enter a Drawing and receive a File Request to begin processing their file and determine eligibility and qualification of the applicant. This process requires verification of tax returns, social security numbers and a credit report.

7. The Administrator issues Resale Calculations or Price Determinations to Participants in the program who use this information to determine whether they should sell or refinance their affordable unit. Over 60% of the resale calculations or price determinations issued, do not make it to a transaction.



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8. Ownership Transfers & Changes can be requested by Participants to update the Resale Restriction Agreement and program records. This typically involves opening escrow, performing resale calculations and updating the program files.
9. The current loan processing fee is 1.5% of the loan amount and has ranged between \$900 and \$1,150 over the past 2 contract periods. #9 was added to the schedule in order to make the fee public.

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

Consultant will continue BMR (Below Market Rate Program) Ownership Program Administration, Loan Portfolio Management and begin Administration of the Below Market Rate Rental Program from July 1, 2018 through June 30, 2020.

**REVISED EXHIBIT A DATED JUNE 30, 2020
SCOPE OF SERVICES**

The Scope of Work details the roles and responsibilities of the City and Consultant. The Schedule starts from the date the contract is signed by both parties.

- A. Consultant will continue BMR (Below Market Rate Program) Ownership Program Administration, Loan Portfolio Management and begin Administration of the Below Market Rate Rental Program for the term of the contract.
- B. Consultant will administer BMR ownership and rental program and assure BMR Deed Restrictions are recorded and followed by all parties as applicable for each property.
- C. Consultant will host BMR program at 356 Digital Dr., Morgan Hill, CA 95037
- D. Consultant will regularly update BMR guidelines and program materials on the City's website and HouseKeys website, in conjunction with direction from the City Council, City Manager and Staff's direction to reflect policies and procedures approved by the City Council, the guidelines will include the Consultant's administrative process for BMR Administration including, but not limited to:
 - 1. Applications, program pamphlets, resale calculations, buyer selection process, sale and
 - 2. Resale of units, refinancing requests, collection of City fees and other applicable fees, and default monitoring/resolution process. Consultant's objective will be to work alongside City Staff to incorporate "learnings" from the City's 40 + year old BMR Program into a go-forward plan focused on best practices, cost recovery, and sustainability of the BMR Program.
- E. Consultant will continue to maintain the City BMR program website presence that will link to the City of Morgan Hill website.
- F. Consultant and the City will develop mutually acceptable response times to BMR inquiries and processing times required to obtain City signatures.
- G. Consultant shall maintain the City's existing databases of which the City will have full access to, and files for program administration, and establish a file retention and management system for the program that is accessible at all times by City Staff. All electronic records, databases, and correspondence will be considered work products that are property of the City of Morgan Hill. The consultant will update the City's records monthly to ensure a coordinated seamless record keeping process.
- H. Consultant will provide the applicant with the following services:
 - 1. Conducting income qualifications including review of assets, income, Verification of Employment (VOE) and all other necessary approvals to ensure qualification for the City BMR Program.
 - 2. Making necessary revisions to the City's existing program materials and legal documents, subject to City approval
 - 3. Underwriting loan applications in accordance with program requirements.
 - 4. Preparing all loan documents, overseeing proper execution thereof, and conducting final approval reviews.

5. Ensuring timely delivery of all necessary documents into escrow, and preparing escrow demands.
 6. Overall management and implementation of specific program policies.
 7. Preparation of BMR program materials, revised as needed on an ongoing basis.
 8. Calculating all pay off demands and issuing any disclosures and tax forms as required by State and/or Federal Law.
 9. Calculating the resale value of all BMR homes, and annually submitting accurate property BMR values on behalf of the City to the County via a detailed workbook of data (individual resale calculation formulas on each BMR property to ensure County of Santa Clara Tax Assessor is provided annual updated property values). This information shall be accessible to the City and simultaneously submitted to the City in an electronic report with the transparent calculation used to generate the BMR value.
 10. Work with City Staff to ensure a seamless and coordinated development of documents as it relates to the BMR Program, including the RDCS application process where BMR units are awarded, the Development Agreement, the Affordable Housing Agreement and any subsequent amendments to the Development.
- I. Consultant shall act as a transaction coordinator for all real estate transactions and will follow the current City BMR Fee Schedule approved by City Council. Consultant will charge BMR resale transaction fee in line with applicable recorded Deed Restrictions per the Fee Schedule. Consultant will charge the developer transaction coordination fees in accordance with the Affordable Housing Agreement pertaining to the subject development project per the fee schedule.
- J. Consultant will coordinate document transmittals between buyers, homeowners, developers, and City as needed. Consultant will be responsible for ensuring all documents submitted for City signatures are complete and accurate. Consultant will be responsible for making any necessary corrections to documents.
- K. Consultant will work with City staff to coordinate tracking of BMR units produced, BMR units waived as part of BMR Reduction Program, and housing in-lieu fees collected.
- L. Consultant shall work alongside Staff to conduct monitoring the evaluate BMR owners' compliance with the terms and conditions of BMR recorded deed restrictions including the following:
1. Mailing monitoring letters to all the BMR units for self-certification.
 2. Reviewing in conjunction with City Staff, City or County Assessor data to assist in the process (e.g., water utility bills, property records)
 3. Review City's preliminary monitoring list to identify follow up actions required.
 4. Meet with City staff to develop guidelines for acceptable default remedies (e.g., allowing rental of BMR units for hardship cases).
 5. Attempt to cure asset management issues with proactive measures as approved by City Council procedures, and/or the City Manager or his or her designee.
- M. Consultant shall work alongside Staff to investigate and identify cure for potential BMR defaults including:
1. Conduct follow up of those BMR owners who do not submit their compliance documentation.

2. Reviewing information from calls from BMR neighbors and interested parties.
 3. Conduct reasonable follow-up investigation to assess potential BMR defaults including unit site visits.
 4. Scheduled appointments with BMR owners.
 5. For confirmed defaults, provide owners with list of actions needed with a timeline to remedy the default and conduct follow-up to monitor compliance. Subsequently, provide the City with a letter documenting the efforts made by the administrator to cure the situation, include dates and times, response or lack thereof of the homeowner, and various ways in which the administrator tried to remedy the situation prior to escalation. This will be done on a case by case basis, coordinated with Staff, to ensure enforcement efforts are escalated as needed to preserve the affordability of the BMR home and assist families with guidance as needed.
 6. Maintain a log of actions taken to remedy the defaults.
 7. For those defaults in which the owners choose to not remedy the situation within a reasonable amount of time, Consultant will meet with City staff to determine the course of action to pursue.
 8. Provide City with a list of any current BMR defaults and actions taken to date.
- N. Consultant will provide the City with quarterly reports reflecting the following performance measures for BMR program administration. Additional measures may be developed in conjunction with City staff. Performance measures will be included in quarterly BMR summary reports.
- * Qualified #_____ of buyers
 - * Ongoing development of New Buyer Pipeline (#_____ applications) to assist developers with closing on time
 - * Record #_____ Affordable Housing Agreements
 - * Held #_____ Lotteries for potential new homeowners
 - * Ongoing, BMR Website updates - www.HouseKeys.org to disseminate information and connect to the City of Morgan Hill Website
 - * Assist #_____ Development Projects that needed onboarding to City process and sale of units
 - * Record #_____ BMR Properties with Notice of Defaults (NOD)
 - * Hold #_____ BMR Educational Orientations at City Hall with #_____ Registrants, conduct BMR orientations in the City off site on occasion to target audiences
 - * #_____ of BMR Existing Homeowner Workshops held to provide current homeowners an opportunity to stay engaged and educated on the BMR Program
 - * Assist #_____ BMR Home Sale Transactions
 - * #_____ refinance transactions completed
 - * #_____ resale transactions completed
 - * #_____ new construction sales completed
 - * #_____ Escrow/Closings
 - * #_____ Identify and qualify New Lenders to facilitate Purchase Transactions and familiarize their legal teams with the Programs 45-year affordability restrictions
 - * Annually respond to the County Tax Assessors request for a detailed description of each BMR Home in the City to ensure accurate property tax assessments
 - * #_____ Rehab and sold
 - * #_____ asset management cases cured
 - * General Asset Management Activity

- * Model City Updates and progress
- * \$ _____ Total Revenue Collected in relation to the City of Morgan Hill BMR Program with backup documentation

O. Consultant shall provide the City with a list of "problem properties" that have been identified with a case study description of the issue, concern, efforts made thus far, recommendations and solutions, and next steps and results. This report is ongoing.

P. Consultant will partner with the City to create City legal templates for documents required for signature by the BMR participants. Consultant shall supply documents that are typically used in Santa Clara County for residential real estate transactions (e.g., purchase and sale, disclosure acknowledgements, addendums, etc.)

Q. Consultant will create and maintain a list of approved loan officers and lending operations eligible to provide mortgage lending for purchase and refinance transactions, on the website, as well as the transparent process/steps in which a lender can take to become an approved lender.

R. Consultant will review individual BMR restrictions for terms and requirements as needed including sweat equity and equity share units, Madrone Plaza units, Royal Court, and Viale. Consultant will discuss its findings with City staff.

S. Consultant will prepare City staff reports on a time and materials basis.

T. Consultant enters into this contract with the City of Morgan Hill with the intention of continuing a Model City Project that incorporates Industry Best Practices, A BMR Database, and a Regional BMR Working Group. This Project will improve efficiencies and reduce program costs to the City.

U. Consultant will provide training, analysis and suggested improvements to the BMR Program, including Down Payment Assistance Loans (e.g. Sweat Equity)

V. Consultant will construct a work plan for a Regional BMR Working Group to explore strategies to preserve affordable housing stock, seek legislative solutions and examine program cost and value.

W. Consultant will design a Regional BMR Database that first focuses on the Morgan Hill Portfolio with the intention of introducing an Affordable Housing Technology Platform to facilitate all aspects of development, buyer orientation, buyer-property matchup, portfolio management and compliance.

X. Consultant will construct a work plan for a Regional BMR Working Group to explore strategies to preserve affordable housing stock, seek legislative solutions and examine program cost and value.

Y. Consultant will design a Regional BMR Database that first focuses on the Morgan Hill Portfolio with the intention of introducing an Affordable-Housing Technology Platform to facilitate all aspects of development, buyer orientation, buyer-property matchup, portfolio management and compliance.

Z. Consultant shall not provide real estate broker, real estate agent services under this agreement.

LOAN PROGRAM SCOPE OF WORK

Client / Agency Service Support

- Portfolio Transfers
- Serve as Main Point of Contact
- Client Requests and Projects
- Reporting
- Billing and Pricing Updates
- Client Contact Updates
- Program Guidelines

Loan Processing / Underwriting

- Loan processing
- Document Preparation
- Underwriting Subordinations
- Wage Compliance

Customer / Borrower Services

- Customer Service
- New Loan Set Up
- Changes to Borrower's Accounts
- Borrower Affidavits
- Annual Notifications to Borrowers
- Payoff Demands
- Reconveyances / Satisfactions / Release of Liens
- Payment Coupons (Replacements)
- Generally Anything that has to do with a Borrower's Account
- Check by Phone Payments

Payment Processing and Monitoring

- Process Borrower Payments
- ACH NSF – Returned Checks
- Monitoring of Taxes and Insurance
- Escrow Accounts
- Annual Escrow Analysis

Collections

- Payments
- Collections and Communications (Written, Phone, etc.)
- Loss Mitigation Agreements (e.g. Payment Plans)
- Default Events (Foreclosures, Bankruptcies, etc.)

RENTAL PROGRAM SCOPE OF WORK

Client / Agency Service Support

- Client Contact Updates
- Program Guidelines
- Consulting and Program Refinement
- Assist with Staff Reports

Applicant Pool Management and Applicant Selection

- Orientations
- Point-of-Contact for Applicants
- Application I.D. Issuance
- Lottery Management

Staff Assistance with New Construction Developments

- Developer Agreement Review
- Affordable Housing Agreement Review
- Property Manager Workflow for Lease Up

Auditing

- Catalog Project Information
- Annual Unit and Rent Roll Review to Ensure Compliance
- Compliance Audit of up to 15% of Active Tenant Files

Optional (Developers have Option to Utilize HouseKeys Services for Fee)

- Application File Management
- Application File Processing and Stacking
- Application File Underwriting and Eligibility Certification
- Applicant Escalations and Accommodations



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REVISED EXHIBIT B DATED JUNE 30, 2020

SCHEDULE OF COMPENSATION RATES & COSTS

#	Position	Department	Type	Annual Amount
1	Manager	Executive, Administration, & Technology	PT	125,000
2	Escalations & Management	Administration	FT	90,000
3	Processor	Administration	FT	90,000
4	Underwriter	Administration	FT	90,000
5	Asset Manager	Administration	FT	90,000
6	Real Estate Broker	Administration	FT	90,000
7	Coordinator	Administration	FT	90,000
8	Analyst & Asst. Coordinator	Administration	FT	90,000
9	Real Estate Project Manager	Administration	Contract	39,000
10	Database Engineer	Technology	FT	136,000
11	Software Engineer	Technology	FT	136,000
12	Server Administrator	Technology	PT	81,000
13	Security & Infrastructure	Technology	Contract	62,400
14	Production and Copy Editing	Communications	Contract	93,000
15	Contracts & Correspondence	Legal	Retainer	56,000
16	Litigation	Legal	Retainer	56,000
17	Benefits	HR	Retainer	175,000
18	Total Personnel Costs			\$1,589,400
19	Insurance	Overhead		30,000
20	IT Services	Overhead		30,000
21	Morgan Hill Office	Overhead		84,000
22	Office Supplies	Overhead		20,000
23	Overhead Costs	Overhead		\$164,000
24	Total Annual Administration Budget			\$1,753,400
25	Income Sought from Alternative Contracts & Transactions			\$1,203,400
26	City of Morgan Hill Annual Payment			\$550,000



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PROGRAM FEE SCHEDULE

#	Transaction Type	Fee Amount or Percentage of Sales Price	Revenue Cap Per Transaction	Fees Charged (Who Pays Fees):
1	New Construction Sale (ownership)	3%	\$18,000	Initial Sales Price
2	Rental Eligibility Certification* Initial Lease-Up and Lease Turnover	\$1,500	\$1,500	Optional Choice to Developer if HouseKeys asked to Process & Underwrite File
3	Property Resale Transaction	6%	\$36,000	Excess Sales Proceeds
4	Acquisition, Rehab, Transaction	5%	\$30,000	Excess Sales Proceeds
5	Subordination Fee	\$1,086.00	\$886 (\$200 to City of Morgan Hill)	BMR Owner Occupant
6	Resale Calculation Value Request	\$150.00	\$150.00	BMR Owner Occupant
7	Ownership Transfers & Changes involving Title Insurance	\$900.00	\$900.00	BMR Owner Occupant
8	Loan Processing Fee	\$900.00	\$900.00	Borrower
9	Special Projects Billing Rate CEO – Julius Nyanda	\$200.00		Per Agreement
10	Special Projects Billing Rate HouseKeys Team	\$150.00		Per Agreement

Fee Explanations:

2. The Rental Eligibility Certification Fee is only charged to Developers who opt to use HouseKeys to process and underwrite program applications. No fee will be charged to Developers if HouseKeys only hosts the Opportunity Drawing (Lottery) and delivers program eligible applicants to Owner or Property Manager to complete the eligibility certification. HouseKeys will still audit the files after-the-fact.

7. Ownership Transfers and Changes typically involve marital and estate transfers involving title and escrow coordination and recording new program documentation

**REVISED EXHIBIT C DATED JUNE 30, 2020
SCHEDULE OF PERFORMANCE**

Consultant will continue BMR (Below Market Rate Program) Ownership Program Administration, Loan Portfolio Management and begin Administration of the Below Market Rate Rental Program during the term of the contract.

Attachment: Second Amendment to contract - signed by Housekeys (3101 : APPROVE AMENDMENT TO CONSULTANT AGREEMENT WITH



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

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

APPROVE SERVICE MAINTENANCE AGREEMENT WITH SALINAS PUMP COMPANY

RECOMMENDATION(S)

Approve and authorize the City Manager to execute a three-year agreement with Salinas Pump Company in the total not-to-exceed amount of \$750,000 for on-call routine and emergency repair, maintenance, and rehabilitation of the City's water wells and booster stations.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety
Maintaining Infrastructure

2020-2021 Strategic Priorities

Fiscal Sustainability

GUIDING DOCUMENTS

Water System Master Plan

REPORT NARRATIVE:

The City of Morgan Hill operates 16 water wells and 10 pump (booster) stations to meet the City's water demand. Maintenance of the water pumping systems is specialized work which requires the use of qualified contractors.

The City's wells are equipped with a combination of submersible and vertical turbine pumps; ranging in size from 40 to 150 horsepower. Pump depth ranges from 220 feet to 290 feet and pump columns range in size from 6 inches to 10 inches in diameter. The maintenance of these well pumps include the removal and replacement of pumps, well casing removal, repairs and installations, water well video inspections, electric motor repairs, and a variety of replacement parts.

The booster stations contain 32 pumps ranging in size from 3 hp to 150 hp. Maintenance of those stations includes repairs and/or replacement of equipment such as but not limited to pumps and motors, valves, meters, various mechanical and electrical components, testing and calibration of the pump systems.

A Request for Proposal (RFP) was issued on March 10, 2021 to select a contractor for routine and emergency repair, maintenance, and rehabilitation for the City's water wells and pump stations. The RFP was advertised in both the Morgan Hill Times and the San Jose Mercury News. Additionally, it was posted to the City's website and Public Purchase website. The City received three proposals for this RFP from Salinas Pump

Company, Maggiora Brothers Drilling, and Commercial Pump and Machinery. Current State of California Department of Industrial Relations (DIR) registrations, C-57 Well Drilling licenses, and D-21 Machinery Pumps licenses were confirmed for all three contractors before submittals were reviewed. An evaluation team of five City staff members reviewed and scored the submittals based on criteria including experience, qualifications, capability, references, quality of the proposal, and fee schedule. The average weighted scores of the evaluators is provided in Attachment A with Salinas Pump Company rating highest overall. Therefore, staff is recommending the award of this contract to Salinas Pump.

COMMUNITY ENGAGEMENT: Inform

This staff report serves to inform the community of the proposed award of contract to Salinas Pump Company for on-call routine and emergency repair, maintenance, and rehabilitation for the City's water wells and pump stations.

ALTERNATIVE ACTIONS:

Staff recommends that Council awards the maintenance contract to Salinas; however, Council may consider different alternatives:

1. Reject all proposals, this action will delay scheduled maintenance service of water infrastructure and as such may risk the ability to meet water demand due to system failure.
2. Go with another proposer, this action will not be in the best interest of the City as staff has vetted each proposer to ensure the City selects the most responsible one
3. Award the contract to more than one of the proposers. This action is not recommended as this request for proposal was not drafted with multiple awards in mind. In addition, it may create unintended consequences when it comes to allocations of work by City staff to each selected proposer.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On November 15, 2017, Council approved an agreement with Salinas Pump Company for water well services. There were three subsequent Council approved amendments to the agreement with a total agreement amount of \$898,967.

FISCAL AND RESOURCE IMPACT:

Funding for this three year agreement is in the Council approved Capital Improvement Program Budget, project 608020, Water Facility Rehabilitation.

CEQA (California Environmental Quality Act): Categorical Exemption

This project is Categorically Exempt pursuant to Section 15301 of CEQA Guidelines because the work to be performed is repair, maintenance and/or minor alteration of existing well and pump station facilities involving no expansion of existing use.

LINKS/ATTACHMENTS:

1. Salinas Pump - City Maintenance Service Agreement
2. Attachment A - Proposal Scores

MAINTENANCE SERVICE AGREEMENT SALINAS PUMP COMPANY

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

1. **City Authority.** This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, _____, 20____.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2024 at which time SERVICE PROVIDER'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum period of one year. Any such extension shall be in writing and signed by both Parties to this Agreement.
3. **Scope of Service.** The services to be performed by SERVICE PROVIDER shall be On-Call Water Well and Pump Station Repairs, Maintenance, and Rehabilitation as further described in **Exhibit A**.
4. **Compensation.** SERVICE PROVIDER shall be compensated as follows:
 - 4.1. **Amount.** \$750,000.00. Total compensation to SERVICE PROVIDER under this Agreement during its initial term set forth in Section 2 above shall not exceed Seven Hundred Fifty Thousand dollars and shall be billed based on the rate and basis set forth in **Exhibit B**. If the City Manager extends the term of this Agreement for up to one year pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to SERVICE PROVIDER during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for the extended term exceed 105% of the maximum compensation allowed to be paid to SERVICE PROVIDER for one year of service during the initial term of this Agreement.
 - 4.2. **Billing.** SERVICE PROVIDER shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by SERVICE PROVIDER on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 14 Notices. Payment will be made to SERVICE PROVIDER within thirty (30) days of receipt of invoice by CITY. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.
5. **Termination.** CITY or SERVICE PROVIDER shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination,

SERVICE PROVIDER shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require SERVICE PROVIDER to complete certain work product or documents and SERVICE PROVIDER shall deliver to CITY all documents in its possession without additional compensation to SERVICE PROVIDER. The City Manager is authorized to terminate this Agreement, in whole or in part, on behalf of CITY.

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

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

7. **Hazardous Materials.** Without limiting any other requirement or obligation of SERVICE PROVIDER under this Agreement, if SERVICE PROVIDER needs to use any material or chemical considered to be a hazardous material under any federal, state or local law, regulation or policy, SERVICE PROVIDER agrees to fully and timely abide by and comply with all laws, regulations and policies pertaining to the use, transport, removal, handling, disposal or other activity related to any and all such materials or chemicals. Prior to commencement of work or services under this Agreement, SERVICE PROVIDER shall provide CITY with a complete list of the hazardous materials SERVICE PROVIDER reasonably anticipates it may need to use to provide the services of SERVICE PROVIDER under this Agreement, together with the reasonably anticipated quantities thereof, if requested by CITY.

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

- 8.1. **Insurance Types and Amounts.**

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

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

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

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

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

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

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

8.2.1.2. The insurer waives the right of subrogation against the City of Morgan Hill and CITY's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and,

8.2.1.3. Insurance shall be primary non-contributing.

8.2.2. Workers Compensation.

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

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

8.4. **Certificates**. SERVICE PROVIDER shall furnish CITY with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action,

SERVICE PROVIDER shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to SERVICE PROVIDER's agreement with CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 8. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

10. **Compliance with Law.**

- 10.1. SERVICE PROVIDER and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. SERVICE PROVIDER and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, sexual orientation, national origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.
- 10.2. Without limiting the provisions of Section 10.1 above, each worker performing work under this Agreement shall be paid at a rate not less than the prevailing wage as defined in Sections 1771 and 1774 of the Labor Code. The prevailing wage rates are available online at <http://www.dir.ca.gov/dlsr>. SERVICE PROVIDER shall post a copy of the applicable prevailing rates at the Worksite. Pursuant to Labor Code Section 1775, SERVICE PROVIDER and any Subcontractor shall forfeit to CITY as a penalty up to two hundred dollars (\$200.00) for each calendar day, or portion thereof, for each worker paid less than the applicable prevailing wage rate. SERVICE PROVIDER shall also pay each worker the difference between the applicable prevailing wage rate and the amount actually paid to that worker.
- 10.3. DIR Registration. CITY will not accept a Bid Proposal from or enter into a contract with a SERVICE PROVIDER, without first receiving proof to the satisfaction of CITY that SERVICE PROVIDER and its subcontractors are registered with the California Department of Industrial Relations to perform public work under Labor Code Section 1725.5, subject to limited legal exceptions. Under Labor Code section 1771.4, this Agreement is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.
- 10.4. Compliance with Wage and Hour Laws: SERVICE PROVIDER, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable federal, state and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

Final Judgments, Decisions, and Orders: For purposes of this Section, a "final judgment, decision, or order" refers to one for which all appeals have been exhausted or the time to

appeal has expired. Relevant investigatory government agencies include: the federal Department of Labor, the California Division of Labor Standards Enforcement, or any other governmental entity or division tasked with the investigation and enforcement of wage and hour laws.

Prior Judgments against SERVICE PROVIDER and/or its Subcontractors: BY SIGNING THIS AGREEMENT, SERVICE PROVIDER AFFIRMS THAT IT HAS DISCLOSED ANY FINAL JUDGMENTS, DECISIONS OR ORDERS FROM A COURT OR INVESTIGATORY GOVERNMENT AGENCY FINDING – IN THE FIVE (5) YEARS PRIOR TO EXECUTING THIS AGREEMENT – THAT SERVICE PROVIDER OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. SERVICE PROVIDER FURTHER AFFIRMS THAT IT OR ITS SUBCONTRACTOR(S) HAS SATISFIED AND COMPLIED WITH – OR HAS REACHED AGREEMENT WITH THE CITY REGARDING THE MANNER IN WHICH IT WILL SATISFY – ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

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

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

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

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

11. **Independent Contractor.** SERVICE PROVIDER is an independent contractor and not an agent or employee of CITY.

12. **Confidentiality.** All data, documents, or other information received by SERVICE PROVIDER from CITY or prepared in connection with SERVICE PROVIDER'S services under this Agreement are deemed

confidential and shall not be disclosed to any third party by SERVICE PROVIDER without prior written consent by CITY.

13. **Conflict of Interest and Reporting.** SERVICE PROVIDER shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

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

Address of SERVICE PROVIDER is as follows:

Salinas Pump Company
21935 Rosehart Way
Salinas, CA 93908

Address of CITY is as follows:

Utilities Division	with a copy to:
City of Morgan Hill	City Clerk
17575 Peak Avenue	City of Morgan Hill
Morgan Hill, CA 95037	17575 Peak Avenue
	Morgan Hill, CA 95037

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

16. **Service Provider's Proposal.** If applicable, this Agreement shall include SERVICE PROVIDER'S proposal or bid which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

17. **Maintenance of Records.**

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

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

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

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

19. Time of Essence. Time is of the essence in the performance of this Agreement.

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

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

22. Defense and Indemnification.

22.1. Defense and Indemnification. SERVICE PROVIDER shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by SERVICE PROVIDER, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

22.2. Exceptions. SERVICE PROVIDER is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence or willful misconduct of CITY.

22.3. Not limited by insurance. The indemnity, defense and hold harmless provisions of this Agreement apply to all CLAIMs alleged against an INDEMNITEE, regardless of whether any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by SERVICE PROVIDER.

22.4. Right to Offset. CITY shall have the right to offset against any compensation due SERVICE PROVIDER under this Agreement any amount due CITY from SERVICE PROVIDER as a result of SERVICE PROVIDER's failure to pay CITY promptly any indemnification arising under this Section (22) and any amount due CITY from SERVICE PROVIDER arising from SERVICE PROVIDER's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

22.5. Interpretation. This Section shall constitute an agreement or contract of indemnity, incorporating the interpretations under California Civil Code Section 2778. It is expressly understood and agreed that the obligation of SERVICE PROVIDER to indemnify the INDEMNITEE shall be as

broad and inclusive as permitted by the laws of the State of California and shall survive termination of this Agreement.

23. **Entire Agreement; Modification; Conflicting Provisions**. This Agreement constitutes the entire Agreement between the Parties and supersedes any previous agreements, oral or written. This Agreement may be modified or provisions waived only by a subsequent mutual written agreement executed by CITY and SERVICE PROVIDER. If the provisions contained in the main body of this Agreement conflict with any provision contained in an exhibit to this Agreement, the provisions of the main body of this Agreement shall govern and control over any provision contained in an exhibit to this Agreement.

24. **Governing Law and Venue**. This Agreement shall be construed in accordance with the laws of the State of California. This Agreement was entered into and is to be performed in the County of Santa Clara. Any action or dispute arising out of this Agreement shall only be brought in Santa Clara County.

25. **Interpretation**. This Agreement is a negotiated document and shall be deemed to have been drafted jointly by the Parties, and no rule of construction or interpretation shall apply against any particular Party based on a contention that the Agreement was drafted by one of the Parties including, but not limited to, California Civil Code § 1654, the provisions of which are hereby waived. This Agreement shall be construed and interpreted in a neutral manner.

26. **Preservation of Agreement**. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the rest of the Agreement shall remain in full force and effect and shall in no way be affected or invalidated.

27. **Binding Agreement**. Notwithstanding the provisions of Section 20 above, this Agreement shall bind any and all successors in interest, legal representatives and/or other permitted assignees or transferees of SERVICE PROVIDER in the same manner as if those successors in interest, legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

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[Signatures on Next Page]

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

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

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

- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND
 (2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow

Christina J. Turner

Print Name

Print Name

Date: _____

Date: 05/20/2021

APPROVED AS TO FORM:

Salinas Pump Company

City Attorney

By:

Donald A. Larkin

Mark Thornton, President

Print Name

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: _____

Date: 05/20/2021

By:

Kristi Thornton, Secretary

Print Name and Title of Signer.

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

Date: 05/20/2021

515945

1000037773

Contractor's License Number(s) (if applicable)

Contractor's DIR Registration Number(s) (if applicable)

Expiration Date(s) _____

Expiration Date(s) _____

Seal:

U:\Legal Forms\Consultant Agreements\City Maintenance Service Agreement.Docx

Attachment: Salinas Pump - City Maintenance Service Agreement [Revision 1] (3103 : Approve Service Maintenance Agreement with Salinas

EXHIBIT A SCOPE OF SERVICES

The Scope of Work is divided into two tasks 1) Well Services and 2) Pump Station Services. The work will generally consist of repairs, refurbishment, maintenance, shop work, and field work as described in for each task. The Contractor shall provide all necessary supervision, labor, materials, tools, and equipment to perform the work described.

All water discharged shall be through an NPDES facility approved by the Project Manager. It shall be the Contractor's responsibility to propose a method to discharge water that is NPDES compliant and may include methods such as water detention through storage tanks or other conforming strategies.

Work will be contracted on a time and materials basis. The Contractor shall always secure the well site and its equipment throughout the duration of work. The Contractor is also responsible for discharging of treated water after rehabilitation of well into an appropriate drainage system in a manner that complies with NDPS regulations and permits.

The Contractor shall assign a responsible representative and an alternate to coordinate with City staff. Any other changes in responsible representative must be approved, in advance, by the City. The City will have the right to reject other proposed changes in personnel and may consider any other changes in responsible personnel a breach of contract.

The work to be completed will be of both a routine nature and of an emergency nature:

Routine Maintenance

For the most part, the work will be of a non-emergency, scheduled nature between normal business hours of 7:00 AM to 3:00 PM. The work will consist of routine, on-call support to Utilities Division crews in the repair and maintenance of the City's wells and pumping stations.

Emergency Response

The ability to respond when called out for an emergency is a condition of the contract, and once the contract award is made, the inability or failure to respond as needed will be considered as noncompliance with the contract. Emergency response is typically non-scheduled activity after normal business hours, or when City crews cannot respond with the full level of effort/equipment needed. The Contractor shall be able to respond at the City's request for emergency services 24 hours a day, 7 days per week. The Contractor shall respond to emergency repairs within 24 hours and within 48 hours for non-emergency repairs. The Contractor shall provide an emergency contact person and telephone number.

Task 1 Well Services

The City of Morgan Hill has 16 wells. The well equipment includes a combination of submersible and vertical turbine pumps, ranging in size from 40 to 150 horsepower. Pump depths range from 220 feet to 290 feet and pump columns range in size from 6 inches to 10 inches in diameter. The work includes well pump pulling and installations, water well rehabilitations, well casing removal, repairs and installations, water well video inspections, electric motor repairs, and repair services on various

types of pumps and motors at various locations throughout the City. The Contractor shall provide all necessary heavy duty equipment, such as, but not limited to, drilling rig, pump rig, flatbed truck, boom truck, tractor trailer to complete the as requested including transportation to and from the Contractor's facility to each City worksite.

Pump Removal/Installation and Servicing

The Contractor shall be qualified to perform water well pumps removal and installation. At the initial setup for pulling a well pump, the Contractor shall perform lockout/tagout of the electrical and hydraulic systems.

Well Video Survey Service

The Contractor or Subcontractor shall be qualified to perform water well video inspections using color video equipment with side scan and down-hole survey views. Videos shall be produced in electronic MP4 format in standard definition with a pixel resolution of 640 x 480 pixels or at higher resolutions. Ability to perform these surveys at higher resolutions will be given higher consideration.

The video survey unit shall simultaneously transpose the City's name, well name, footage, and the date of inspection on the monitor screen and the video record. A footage counter/recorder shall read in feet and be accurate within 2 percent of the actual footage.

The video survey camera shall be capable of right angle or normal downhole viewing with a change in camera lens or mechanical movement of the camera. At the direction of the City, the Contractor must be able to provide right angle viewing to view any casing section in a direct elevation view.

Well Rehabilitation and Treatment Services

The Contractor shall be qualified to provide well rehabilitation and treatment services. Furnish all portable engine-driven pumps, necessary to perform well redevelopment and rehabilitation. Costs for temporary piping, sound proofing, and related equipment require approval by the Project Manager.

To perform these tasks, the Contractor shall have the capability to perform mineral analysis, chemical treatment, water quality testing, zone testing, well casing patches and similar casing repairs/improvements, and mechanical treatment on well casings. All chemicals used in treating wells shall be State approved for the purpose intended, must be National Sanitation Foundation (NSF) approved.

The Contractor's estimates shall include the typical type and concentration of chemicals (acids, inhibitors, polymers, neutralizers, etc.) to be used; the appropriate contact time for the chemicals; and the typical procedure for introducing, mixing, and neutralizing chemicals in the well. In addition, the name(s) and phone numbers of any company(ies) that will supply the treatment chemicals shall be provided. Completed Material Safety Data Sheets (MSDS) for all chemicals used shall include the methods of mechanical treatment (dual swab, wire/nylon brush, sonar jetting, etc.).

Over the duration of this contract the City has scheduled to following well work items:

- FYE 22 – Diana #4 and San Pedro Wells
- FYE 23 – Dunne #2 and Ranch #3 Wells
- FYE 24 – To Be Determined

Task 2 Pump Station Services

The City of Morgan Hill has 10 pump stations with approximately 32 pumps within the City limits maintained by City staff. There is a combination of pumps ranging in size from 3 hp to 150 hp. The pump stations are a combination of split case, close coupled and can turbine pumps. The City also utilizes Variable Frequency Drive motor systems at several of the stations. The City expects the following types of work will be performed under this task:

1. Repair and/or replacement of pumps and motor
2. Replacement of existing above ground and buried yard valves with new
3. manual and/or electric operated valves including all related piping and parts.
4. Repair/replacement of flow meters including all related piping and parts.
5. Replacement of pump and station control valves including all related piping
6. and parts.
7. Repair or replacement of auxiliary mechanical or electrical equipment. The City reserves the right to furnish replacement well or booster pump motors.
8. Electrical disconnect and hookup of repaired or replacement equipment.
9. Repairs or modifications of well heads as required.
10. Testing of parts, equipment, or material.
11. Measure, set, and recheck field pump impeller lateral settings and field
12. Verification of pump and equipment operation.
13. Demolition or removal of existing structures

Over the duration of this contract the City has scheduled to following pump work items:

- FYE 22 – Replace 1 vertical turbine pump and 1 horizontal pump (based on annual condition assessment)
- FYE 23 – Replace 1 vertical turbine pump and 1 horizontal pump (based on annual condition assessment)
- FYE 24 – Replace 1 vertical turbine pump and 1 horizontal pump (based on annual condition assessment)

EXHIBIT B

SCHEDULE OF COMPENSATION RATES

The hourly wages to be paid laborers, workers, or mechanics shall not be less than the DIR prevailing wage rates for an hour's work in the same trade or occupation in Santa Clara County. Prevailing wage rates are available online at <http://www.dir.ca.gov/dlsr>. Contractor shall provide complete cost and billing schedules of current hourly billing rates for each of the specialized skill, material, and support services. This fee schedule shall remain in effective for the first eighteen (18) months of the contract. After the first 18 months, rates may be reviewed annually by the Contractor and the City; and rate increases may be requested in writing with detailed justification. Nevertheless, maximum increase in labor and/or equipment costs in any calendar year shall be three percent (3%) or the most recent proceeding increase in the Consumer Price Index (CPI) for the West Coast published by the United States Department of Labor, Bureau of Labor Statistics, whichever is less. Exceptions related to equipment costs shall be justified in letter format to the City with supportive data and analysis.

Labor Rates

Classification	Straight Time (\$ per hour)	Overtime (\$ per hour)
Laborers-On site		
General Foreman	\$120.00	\$160.00
Foreman	\$120.00	\$160.00
Crew Leader	\$110.00	\$149.50
Crew Member	\$100.00	\$133.00
Welder	\$150.00	\$200.00
Equipment Operator	\$110.00	\$149.50
Laborers-In Your Shop		
General Foreman	\$100.00	\$133.00
Foreman	\$100.00	\$133.00
Crew Leader	\$100.00	\$133.00
Crew Member	\$100.00	\$133.00
Welder	\$120.00	\$180.00

Equipment Fees

DESCRIPTION	MAKE/MODEL/YEAR	HOURLY RATE	OVERTIME RATE	LOCATION AFTER HOURS
Pump or Well Rig	Hunke R12 2018	\$125.00	\$125.00	SPC Yard
Crane (15-20 Ton Size)	Various	\$450.00	\$650.00	
Backhoe	JCB	\$275.00	\$350.00	SPC Yard

Dump Truck (12 Yard	Ford F750 2015	\$275.00	\$350.00	SPC Yard
Pick-up Truck	Ford F350 2019	\$50.00	\$75.00	SPC Yard

Parts Mark-up Fee

Percentage mark-up to supply parts as needed	% 44
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Billing Rates for Various Tasks (prevailing wages apply)

General Pump Pulling and Installation

Mobilization & Demobilization	\$ <u>2,800</u> LS
Two (2) men, rig, and service truck	\$ <u>385</u> /hr
Each additional employee	\$ <u>100</u> /hr

Well Rehabilitation

Mobilization & Demobilization	\$ <u>2,800</u> LS
Two (2) men comb. Rig service truck/Chemical trailer	\$ <u>450</u> /hr
Two (2) men comb. Rig service truck/Bore blast trailer/ Nitrogen gas	\$ <u>550</u> /hr

Well Repair

Well Tear Down & Inspection	
Two (2) men comb. Rig service truck	\$ <u>385</u> /hr
Rebuild Bowl	\$ <u>150</u> /hr

Well Cleanout Work

Cable tool method (wire brush)

Two (2) men comb. Rig service truck \$ 345 /hr

Airlift Method

Two (2) men, rig and service truck \$ 385 /hrAir compressor charge \$ 340 /hrLarge Crane: 40-ton with two (2) men \$ 750 /hr

Smaller Cranes

One (1) man and hydraulic crane - 5-ton \$ 299 /hrOne (1) man and hydraulic crane - 8-ton \$ 340 /hrOne (1) man and rotary crane - 10-ton \$ 450 /hr

Field Service

One (1) man and delivery truck \$ 150 /hrOne (1) man and service truck \$ 150 /hrTwo (2) men and service truck \$ 260 /hrTwo (2) men and welding truck \$ 300 /hrElectrician \$ 150 /hr

Shop Labor

General shop labor \$ 100 /hrPremium shop labor \$ 150 /hrMachine shop labor \$ 150 /hr

Metal spray labor	\$ <u>180</u> /hr
Welding shop labor	\$ <u>120</u> /hr
Closed Circuit Well Television with electronic MP4 copies	\$ <u>1,600</u> LS
Wire brush, Bail Well, or Swab rental	\$ <u>300</u> /hr
NPDES Compliance (Baker Tanks, Neutralizing Equip. Lab Fees, fabrication)	\$ <u>12,000</u> LS

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

This is an on-call as needed agreement.

For each job under this agreement, the City will request a detailed task order proposal from the Contractor. The Contractor proposal shall include an itemized breakdown of hourly labor and equipment rates as well as all materials and material markup costs. The City's project manager will issue a notice to proceed if the proposal is accepted. The Contractor will issue an invoice at the completion of each task order, and shall include a detailed breakdown of all hourly charges for labor and equipment, materials, and materials mark up costs.

OVERALL AVERAGE WEIGHTED SCORES				
Water Well and Pump Station Repairs, Maintenance, and Rehabilitation		Maggiora	Salinas Pump	Commercial Pump
1. <u>Experience and Qualifications</u> of the contractor in general as well as the project manager and other key individuals. Provided licenses and has good safety record.				
POINTS 30	Points:	27.20	28.80	25.80
2. <u>Capability</u> to perform necessary tasks, resolve problems, warranty, timeliness of repairs, and maintain a full-service shop with all necessary equipment required for well and pump repair and rehab projects.				
POINTS 30	Points:	28.20	29.40	24.80
3. <u>References and Quality</u> of proposal including compliance with proposal requirements				
POINTS 15	Points:	12.00	14.40	13.20
4. <u>Fee Schedule</u> forms. Cost breakdown makes sense. Lowest cost.				
POINTS 25	Points:	22.80	21.40	22.20
OVERALL AVERAGE WEIGHTED SCORE		90.20	94.00	86.00



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

PREPARED BY: Carson Thomas, Sergeant
APPROVED BY: City Manager

ADOPT RESOLUTION AUTHORIZING THE CITY TO CONTINUE PARTICIPATION IN THE SANTA CLARA COUNTY ABANDONED VEHICLE ABATEMENT SERVICE AUTHORITY PROGRAM

RECOMMENDATION(S)

Adopt resolution authorizing the City of Morgan Hill to continue participation in the 10-year term of the Santa Clara County Abandoned Vehicle Abatement Service Authority Program.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Enhancing Public Safety

GUIDING DOCUMENTS

Public Safety Master Plan

REPORT NARRATIVE:

For the past 29 years, the City of Morgan Hill has participated in the Santa Clara County Abandoned Vehicle Abatement Service Authority (AVASA) Program. The AVASA Program is a state-wide program administered locally by county-based Service Authority to remove abandoned vehicles within local jurisdictions that create a public nuisance and a health or safety hazard. Over the last 20 years, the Police Department has administered the Program and abated on average 140 vehicles per year and collected approximately \$40,000 annually from AVASA. Each 10-year extension requires an affirming resolution by a majority of cities representing the majority of the population and a two-thirds vote from the County Board of Supervisors. Staff is recommending that the City continue to participate in the AVASA Program. Adoption of a resolution by the City Council is required for continued participation.

COMMUNITY ENGAGEMENT: Inform

This staff report serves to inform the community of the Police Department's desire to continue participation in the AVASA Program for the next 10 years.

ALTERNATIVE ACTIONS:

Should the City Council choose not to approve the resolution, the Police Department would not be able to participate in the region wide program and would forgo the anticipated revenue for the next 10 years.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council approved a resolution in 2011 authorizing the Police Department to participate in the AVASA program.

FISCAL AND RESOURCE IMPACT:

The City of Morgan Hill has received approximately \$500,000 in revenue from 2010 to 2020 for vehicle abatement. Staff anticipates revenue of \$25,000 in FY21/22 to be deposited into revenue account 010.37860 (Abandon Vehicles).

CEQA (California Environmental Quality Act):

Not a Project

This activity entails organizational or administrative activities of governments and will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:

1. Resolution Vehicle Abatement 2021

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF CITY OF MORGAN HILL APPROVING THE EXTENSION OF AND PARTICIPATION IN THE SANTA CLARA COUNTY ABANDONED VEHICLE ABATEMENT SERVICE AUTHORITY

WHEREAS, the City of Morgan Hill desires to maintain a more efficient and cost-effective method of removing abandoned vehicles from City streets and private property within the City; and

WHEREAS, California Vehicle Code Section 22710 authorizes the establishment of a service authority for the abatement of abandoned vehicles in Santa Clara County and the imposition of a One Dollar (\$1.00) vehicle registration fee, if the Board of Supervisors, by a two-third vote, and a majority of the cities having a majority of the incorporated population within the county have adopted resolutions providing for the establishment of the authority and the imposition of the fee; and

WHEREAS, the establishment of a service authority makes funding available to the City for abatement activities through the imposition of a One Dollar (\$1.00) per vehicle annual registration fee on all vehicles registered in Santa Clara County; and

WHEREAS, the number of vehicles abandoned on public and private property is constantly increasing and it is increasingly difficult for the City to sufficiently fund programs to abate abandoned vehicle nuisances; and

WHEREAS, the City has a plan for the abatement of abandoned vehicles by enforcement of Chapter 22 and Section 10.40.100 of the Morgan Hill Municipal Code; and

WHEREAS, participation in the Service Authority, including the imposition of the One Dollar (\$1.00) per vehicle annual registration fee, would substantially benefit the public at large and the residents of the City.

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

Section 1. The City Council of the City of Morgan Hill undertakes to join as a member agency with other jurisdictions within the County of Santa Clara as may also join, the Santa Clara County Abandoned Vehicle Abatement Service Authority.

Section 2. The City Manager is hereby authorized to appoint the City's representative to the Service Authority as provided by the Resolution.

Section 3. City, Staff, as selected by the City Manager, or designated representative, is hereby directed to perform such services and undertake such actions as authorized by the Resolution and as may be required for the formation and administration of the Service Authority.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morgan Hill at a regular meeting held on the June 2, 2021.

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

APPROVED:

ATTEST:

RICH CONSTANTINE, Mayor

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 June 2, 2021.

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

DATE: _____

MICHELLE BIGELOW, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

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

ADOPT ORDINANCE 2322, NEW SERIES, AMENDING CHAPTER 13.20 (“SEWERS AND INDUSTRIAL WASTE”) OF TITLE 13 (“PUBLIC SERVICES”) TO REQUIRE THE INSPECTION AND REPAIR OF PRIVATE SEWER LATERALS AND PRIVATE SANITARY SEWER COLLECTION SYSTEMS

RECOMMENDATION(S)

Waive the reading, adopt Ordinance No. 2322, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment and Preserving
Open Space and Agricultural Land

REPORT NARRATIVE:

On May 5, 2021 the City Council introduced Ordinance No. 2322 New Series, by the following roll call vote: AYES: Borgioli, Constantine, Martinez Beltran, McKay, Spring; NOES: None; ABSTAIN: None; ABSENT: None.

This ordinance establishes a program in which property owners will be required to inspect and repair privately-owned sewer laterals and systems which, if allowed to persist, can be significant sources of infiltration and inflow into the City’s sewer system. Adopting this ordinance is another important step the City is taking toward reducing the infiltration and inflow that can cause sewer overflows during major storm events.

COMMUNITY ENGAGEMENT: Collaborate

Protecting our water quality and conserving water on private properties is definitely an “it takes a village” effort that will involve City staff, real estate professionals, contractors, and property owners.

Prior to this Council meeting, staff met with a small focus group of realtors from March 2020 through April 2021. Additionally, more input was gathered from a larger group of realtors to gain as much insight from the community as possible prior to bringing these ordinances to Council. Since realtors are intimately involved in real estate transactions, getting their input and knowledge was essential to the process. They will also become

“education agents” about the ordinances to their customers after the ordinances take effect.

A community meeting was held on April 26th to obtain community input for this ordinance. This meeting was highly marketed to the community through a variety of platforms to increase awareness and attendance rates for a larger discussion. Likely owners of private sewer collection systems were sent a letter informing them about the community meeting. Those attending asked a few clarifying questions and did not raise any unforeseen concerns.

While substantial community engagement occurred prior to Council consideration, the engagement effort is far from over. If the ordinances are approved, there will be substantial community education efforts conducted focused on the general community, the broader audience of Bay Area realtors, and local plumbers and contractors that will be involved in performing inspections. It is expected that Environmental Services staff will need to be available to support Utility Billing staff with some customer conversations and to provide some customers with additional support during the transition.

While there will be an extensive public engagement effort over the next two years, it is expected that the implementation of these ordinances will require some level of ongoing public education and implementation support.

ALTERNATIVE ACTIONS:

Not applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

While this is the second opportunity that the City Council has had to consider this ordinance, it is consistent with many prior Council decisions including:

- Numerous refinements and revisions to the City’s Water Waste Ordinance;
- Council approvals of the City’s Urban Water Management Plans that support water efficiency;
- Approvals of the two settlement agreements that the City has entered into as a result of sewer overflows; and
- Approvals of numerous projects to identify and reduce infiltration and inflow for the publicly-owned portions of the sewer collection system.

FISCAL AND RESOURCE IMPACT:

While fiscal impacts will be felt by property owners, there are impacts to the City’s operations as well. Staff implementation efforts will involve the Utility Billing, Sewer Operations, and Environmental Services Divisions. Utility Billing staff will be involved with checking for Compliance Certificates and the Transfer of Responsibility process. Sewer Operations staff will oversee the program for the private sewer collection system inspections. Environmental Services staff will be involved with the initial program setup, the public education efforts, realtor education, and facilitating training opportunities for local businesses that will enable them to become qualified contractors. At this time, it is anticipated that the Sewer Operations staff will be able to incorporate these activities

within their work program. A quarter-time temporary employee (Environmental Technician) at an estimated annual cost of \$14,000 for Environmental Services Division as well as additional resources for Utility Billing have been approved by the Council at the midcycle budget review process.

Implementation costs of \$10,000 in services and supplies are anticipated to conduct the initial public education and contractor training programs during the first year. In addition, the City is currently evaluating additional programs to assist customers, either via loans, matching funds, etc. to further address this problem. These programs would be additive to the ordinance requirements and beneficial to the City as it reduces sewer flows. This evaluation will be completed in the coming month and presented to the Council in the near future.

While there are costs to these ordinances, there is also anticipated to be a reduction in the City's sewer treatment costs as the City's costs to operate the treatment facility with Gilroy are primarily based on each city's contribution to the facility's flow. As sewer infiltration is reduced, the City of Morgan Hill's costs will be reduced as well, which will directly benefit all Morgan Hill ratepayers.

CEQA (California Environmental Quality Act): Categorical Exemption

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15301 of the CEQA Guidelines (Existing Facilities), as the subject work involves the repair, maintenance or minor alteration of existing facilities involving negligible or no expansion of use of those facilities.

LINKS/ATTACHMENTS:

1. Ordinance 2322 Private Sewer

ORDINANCE NO. 2322, NEW SERIES

AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING CHAPTER 13.20 ("SEWERS AND INDUSTRIAL WASTE") OF TITLE 13 ("PUBLIC SERVICES") TO REQUIRE THE INSPECTION AND REPAIR OF PRIVATE SEWER LATERALS AND PRIVATE SANITARY SEWER COLLECTION SYSTEMS

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

Section 1. Section 13.20.030 (Definitions) of Chapter 13.20 (Sewers and Industrial Waste) of Title 13 (Public Services) is hereby amended to read as follows:

13.20.030 Definitions

For the purpose of this chapter, the following words shall have the meanings set forth below:

1. "Act" or "the Act" means the Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 U.S.C. 1251, et seq.
2. "Categorical standards" means National Categorical Pretreatment Standards or Pretreatment Standard.
3. "City certified contractor" means a contractor that is certified by an accredited agency along with the City of Morgan Hill to perform inspection and repair on private sewer lateral and sanitary sewer collection system.
4. "Common interest development" means a development managed or governed by a homeowners' association. Examples of common interest developments may include condominium projects (in which the individual units are owned), planned unit developments, community apartment projects (in which the individual units are leased to tenants), and stock cooperatives.
5. "Domestic waste" means a combination of liquid or water carrying human or kitchen waste conducted away from residential, business or institutional buildings.
6. "Environmental Protection Agency" or "EPA" means the U.S. Environmental Protection Agency; or, where appropriate, the term may also be used as a designation for the administrator or other duly authorized official of said agency.
7. "Garbage," "refuse" and all other terms used in this chapter shall have the same meaning given to them in Ordinance No. 129, New Series.
8. "Homeowners' association" means a nonprofit corporation or unincorporated association created for the purpose of managing or governing a common interest development and that operates in accordance with governing documents, whether or not the corporation or association is formally designated or commonly referred to as a homeowners' association.

9. "Industrial waste" means a combination of liquid or water-carried waste resulting from the processes employed in commercial or industrial establishments, including the washing, cleaning or drain water from such processes.
10. "Inspector" means the authorized inspector or representative of the city engineer.
11. "Interceptor" means a device used to separate and retain from waste, deleterious or undesirable matter, including grease and sand.
12. "National Categorical Pretreatment Standard" or "pretreatment standard" means any regulation containing pollutant discharge limits promulgated by the EPA in accordance with Section 307(b) and (c) of the Act (33 U.S.C. 1347) which applies to a specific category of industrial users.
13. "National Prohibitive Discharge Standard" or "prohibitive discharge standard" means any regulation developed under the authority of Section 307(b) of the Act and 40 Codified Federal Regulations (CFR), Section 403.5.
14. "New source" means any source, the construction of which is commenced after the publication of proposed regulations prescribing a Section 307 (c) (33 U.S.C. 1317) Categorical Pretreatment Standard.
15. "Permittee" means the person to whom a permit has been issued pursuant to this chapter.
16. "Person" means an individual, firm, partnership, corporation, or government agency, and their heirs, assigns or agents.
17. "Pretreatment" or "standard" means the reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutants' properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into a publicly-owned treatment works (POTW). The reduction or alteration can be obtained by physical, chemical or biological processes, or process changes other means, except as prohibited by 40 CFR Section 403.6(d).
18. "Pretreatment requirements" means any substantive or procedural requirement related to pretreatment, other than a National Pretreatment Standard imposed on an industrial user.
19. "Private sanitary sewer collection system" shall mean any sanitary sewer pipe originating or located at least partially on a common interest development collecting wastewater from more than one building sanitary sewer, including but not limited to: apartment buildings, business complexes, mobile home parks, condominiums, or townhomes. This excludes single-family residential property with an accessory dwelling unit.
20. "Private sewer lateral" means the sewer pipeline from the plumbing of a building to a public sewer collection line, including portions that extend across public rights-of-way and the Saddle, wye or other physical connection to the collection line. Private sewer laterals are privately owned and maintained.
21. "Public sewer" means a main or collector sanitary sewer dedicated to public use.
22. "Qualified Contractor" means, for the purposes of private sewer lateral inspection or repair and private sanitary sewer collection system inspection or repair, a licensed plumbing contractor with a City of Morgan Hill business license and an active pipeline or lateral assessment certification from the National Association of Sewer Service Companies.

23. "Sale of property" means a change in ownership by purchase or otherwise involving a transfer of legal title to real property, except for any transfer excluded from property tax reassessment by Revenue and Taxation Code Section 60 et seq. and/or as determined by the Santa Clara County assessor. "Significant industrial user" means any industrial user of the city's wastewater disposal system who (a) has a discharge flow of ten thousand gallons or more per average workday; or (b) has a flow greater than five percent of the flow in the city's wastewater treatment system; or (c) has wastes which are toxic pollutants as defined pursuant to Section 307 of the Act or State of California Statutes and rules; or (d) is found by the city, state control agency or the U.S. Environmental Protection Agency (EPA) to have significant impact, either singly or in combination with other contributing industries, on the wastewater treatment system, the quality of sludge, the system's effluent quality, or air emissions generated by the system."

Section 2. Section 13.20.070 (Property owner's ownership and obligation to inspect, maintain, repair, and replace private sewer laterals) of Chapter 13.20 (Sewers and Industrial Waste) of Title 13 (Public Services) is hereby amended to read as follows:

13.20.070 Property Owner's Ownership and Obligation to Inspect, Maintain, Repair and Replace Private Sewer Laterals

- A. Private Ownership. The private sewer laterals are the property of the property owner and are not part of the public sewer system. Nothing in this chapter shall be interpreted as changing the private nature of the private sewer laterals or incorporating them into the public sewer.
- B. Property Owners' Obligations. Each property owner shall, at the property owner's expense, inspect, maintain in good working order, repair and replace, as necessary, the private sewer lateral so that it does not cause or contribute to any sewage overflow from either the private sewer lateral or the public sewer. The private sewer lateral shall be free of displaced joints, open joint, root intrusion, substantial deterioration of the line, cracks, leaks, inflow, infiltration of extraneous water, fats, oils and grease, sediment deposit or any other similar conditions, defects or obstructions likely to cause or contribute to blockage of the private sewer lateral or the public sewer.
- C. Inspection and Repair Prior to Sale of Property. All residential, commercial, and industrial buildings shall have the private sewer lateral inspected by a Qualified Contractor for any defects and any repairs needed shall be completed prior to the sale of property to meet the city's standards as specified by the City's Private Sewer Lateral and Private Sewer System Inspection Report, unless otherwise specified in this section or exempted under Section 13.20.070(H).
- D. Responsibilities of Seller. The seller, prior to the sale of property, shall be responsible for complying with the requirements of this chapter and for obtaining a Compliance Certificate for Private Sewer Lateral before the conclusion of the sale of property, unless otherwise specified in this section.
- E. Option to Transfer Seller's Responsibility to Buyer. Before the sale of property, the seller and buyer of any property may mutually agree to transfer responsibility for making any needed repairs to the private sewer lateral in compliance with this chapter to the buyer. In the event the buyer agrees to assume responsibility for repairing the private sewer lateral, the seller shall

provide proof of inspection of the private sewer lateral to the buyer which indicates the repairs needed to meet the city's standards. The buyer must then complete the repairs to meet the city's standards no later than one hundred eighty calendar days after the date of the sale. Before the time of sale, the seller and buyer shall complete the following procedures:

1. The seller shall have had the private sewer lateral inspected by a Qualified Contractor.
 2. Both the seller and buyer must sign a Transfer of Responsibility to Repair Form certifying that the seller has completed an inspection and that the buyer has assumed responsibility for any repairs.
 3. The signed Transfer of Responsibility to Repair Form must be submitted to the City before the sale of property and included in the real estate transfer documentation.
- F. Verification of Compliance. The seller must verify compliance with this chapter by submitting a completed Private Sewer Lateral and Private Sewer System Inspection Report prior to the sale of the property unless an agreement with the property's buyers has been reached and validated with a Transfer of Responsibility to Repair Form. Once compliance with the requirements of this chapter has been submitted to the City and verified, a Compliance Certificate for Private Sewer Lateral will be issued within five business days. Opening a new water service following the sale of a property will require a Compliance Certificate for Private Sewer Lateral issued within the past ten years, a valid Transfer of Responsibility to Repair Form, or documentation that the private sewer lateral is less than fifteen years old or otherwise exempt from the inspection and repair requirement per Section 13.20.070(H).
- G. New Building Connections. Before any new building is connected to an existing private sewer lateral, the property owner must have the private sewer lateral inspected by Qualified Contractor for any defects and any repairs needed must be completed to meet the city's standards to satisfy the requirements of this chapter as a condition passing the final building permit inspection, unless exempted under Section 13.20.070(H).
- H. Exempt Properties. A property is exempt from these inspection requirements if any of the following applies and verifiable evidence thereof is submitted to the city's satisfaction:
- a) The transfer of title to real property does not meet the definition of "sale of property" as set forth in Section 13.20.030(22), and is excluded from property tax reassessment by Revenue and Taxation Code Section 60 et seq. and/or as determined by the Santa Clara County assessor.
 - b) The private sewer lateral was constructed or completely replaced fifteen years or less prior to the property sale date.
 - c) The private sewer lateral was inspected and met city standards less than ten years prior to the property sale date.
 - d) The property is a single-family unit connected to a private sanitary sewer collection system subject to Section 13.20.075.

Section 3. Section 13.20.073 (Inspection and repair of private sanitary sewer collection system) of Chapter 13.20 (Sewers and Industrial Waste) of Title 13 (Public Services) is hereby added in its entirety to read as follows:

13.20.073 Inspection and Repair of Private Sanitary Sewer Collection System

- A. Private Ownership. Private sanitary sewer collection systems are the property of a common interest development and are not part of the public sewer. Nothing in this chapter shall be interpreted.
- B. Property Owners' Obligation. Owners of private sanitary sewer collection systems, such as multifamily complexes, common interest developments or entities managing a common interest development (such as Homeowner's Association) shall, at the owners' expense, have a Qualified Contractor inspect, maintain in good working order, repair and replace, as necessary, the private sanitary sewer collection system so that it does not cause or contribute to any sewage overflow from either the private sanitary sewer collection system or the public sewer. The private sanitary sewer collection system shall be free of displaced joints, open joint, root intrusion, substantial deterioration of the line, cracks, leaks, inflow, infiltration of extraneous water, fats, oils and grease, sediment deposit or any other similar conditions, defects or obstructions likely to cause or contribute to blockage of the private sanitary sewer collection system or the public sewer.
- C. Inspection and Repair of Private Sanitary Sewer Collection Systems. All private sanitary sewer collection systems shall be inspected for any defects and any repairs needed by a Qualified Contractor every two years if the system collects wastewater from ten or more building sanitary sewers, or every five years if the system collects wastewater from less than ten building sanitary sewers, to meet the city's standards as specified by the Private Sewer Lateral and Private Sewer System Inspection Report, unless otherwise specified in this section or is less than fifteen years old.
- D. Private Sanitary Sewer Collection System Verification of Compliance. Owners of private sanitary sewer collection systems shall verify compliance with this chapter by submitting a completed City Private Sewer Lateral and Private Sewer System Inspection Report within the time limit specified above. Once compliance with the requirements of this chapter has been verified, a Compliance Certificate for Private Sewer Lateral for the property will be issued within five business days.

Section 4. Section 13.20.076 (Enforcement of private sewer lateral and private sanitary sewer collection system retrofit) of Title 13 (Public Services) is hereby added in its entirety to read as follows:

13.20.076 Enforcement of Private Sewer Lateral and Private Sanitary Sewer Collection System

- A. In addition to the enforcement remedies provided in Title 1 of the Morgan Hill Municipal Code, the City Council finds and declares that instituting additional enforcement remedies specifically applicable to the inspection and repair of private sewer laterals and sanitary sewer collection systems is in the public interest.

- B. Water and sewer utility service may not be started at a property that has been sold and does not have a valid Compliance Certificate for Private Sewer Lateral or an executed Transfer of Responsibility to Repair Form or is otherwise exempt per Section 13.20.070(H).
- C. To the extent allowed by law, water and sewer utility service may be discontinued to any property at which service was initiated using a Transfer of Responsibility to Repair Form if one hundred eighty days has elapsed since the start of service, and a Compliance Certificate for Private Sewer Lateral has not been submitted to the City.

Section 5. CEQA Exemption

The city finds that this Ordinance and actions taken hereafter pursuant to this Ordinance are exempt from the California Environmental Quality Act per the California Environmental Quality Act Guidelines Section 15307 (protection and preservation of natural resources). The City Clerk is hereby authorized and directed to file a Notice of Exemption as soon as possible following adoption of this Ordinance.

Section 6. Severability

If any section, subsection, sentence, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of the Ordinance will not be affected. The city council hereby declares it would have passed this Ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases or is declared invalid.

Section 7. Effective Date; Posting

This Ordinance shall take effect on June 1, 2022. The City Clerk is hereby directed to publish this Ordinance or a summary thereof pursuant to Government Code Section 36933.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A REGULAR MEETING OF THE CITY COUNCIL HELD ON THE 5th DAY OF MAY 2021, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 2ND DAY OF JUNE 2021, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW 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

☞ CERTIFICATE OF THE CITY CLERK ☞

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 Ordinance No. 2322, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 2nd day of June 2021.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

Attachment: Ordinance 2322 Private Sewer [Revision 1] (3108 : Adopt Ordinance 2322 Private Sewer Ordinance)



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

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

ADOPT ORDINANCE 2323, NEW SERIES, ADDING SECTION, 13.04.335 (“PLUMBING FIXTURE RETROFIT REGULATIONS”) OF CHAPTER 13.04 (“WATER SYSTEM”) OF TITLE 13 (“PUBLIC SERVICES”), ESTABLISHING WATER EFFICIENCY STANDARDS FOR INTERIOR PLUMBING FIXTURES WHEN CHANGES IN OWNERSHIP OF REAL PROPERTY OCCUR

RECOMMENDATION(S)

Waive the reading, adopt Ordinance No. 2323, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment and Preserving
Open Space and Agricultural Land

REPORT NARRATIVE:

On May 5, 2021, the City Council introduced Ordinance No. 2323 New Series, by the following roll call vote: AYES: Borgioli, Constantine, Martinez Beltran, McKay, Spring; NOES: None; ABSTAIN: None; ABSENT: None.

This ordinance establishes a local inspection requirement in which owners of older properties will be required to retrofit their plumbing fixtures prior to the sale of their property. As this work is already required by State law in order to minimize the unnecessary use of water, the impact of the City’s program will be to ensure that the State law is being followed.

COMMUNITY ENGAGEMENT: Collaborate

Protecting our water quality and conserving water on private properties is definitely an “it takes a village” effort that will involve City staff, real estate professionals, contractors, and property owners.

Prior to this Council meeting, staff met with a small focus group of realtors from March 2020 through April 2021. Additionally, more input was gathered from a larger group of realtors to gain as much insight from the community as possible prior to bringing this ordinance to Council. Since realtors are intimately involved in real estate transactions,

getting their input and knowledge was essential to the process. They will also become “education agents” about the ordinance to their customers after the ordinance takes effect.

A community meeting was held on April 26th to obtain community input for this ordinance. This meeting was highly marketed to the community through a variety of platforms to increase awareness and attendance rates for a larger discussion.

While substantial community engagement occurred prior to tonight’s meeting, the engagement effort is far from over. If the ordinance is approved, there will be substantial community education efforts conducted focused on the general community, the broader audience of Bay Area realtors, and local plumbers and contractors that will be involved in performing inspections. It is expected that Environmental Services staff will need to be available to support Utility Billing staff with some customer conversations and to provide some customers with additional support during the transition.

While there will be an extensive public engagement effort over the next two years, it is expected that the implementation of this ordinance will require some level of ongoing public education and implementation support.

ALTERNATIVE ACTIONS:

Not applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

While this is the second opportunity that the City Council has had to consider this ordinance, it is consistent with many prior Council decisions including:

- Numerous refinements and revisions to the City’s Water Waste Ordinance;
- Council approvals of the City’s Urban Water Management Plans that support water efficiency;

FISCAL AND RESOURCE IMPACT:

While fiscal impacts will be felt by property owners, there are impacts to the City’s operations as well. Staff implementation efforts will involve the Utility Billing and Environmental Services Divisions. Utility Billing staff will be involved with checking for Compliance Certificates and the Transfer of Responsibility process. Environmental Services staff will be involved with the initial program setup, the public education efforts, realtor education, and facilitating training opportunities for local businesses that will enable them to become qualified contractors. A quarter-time temporary employee (Environmental Technician) at an estimated annual cost of \$14,000 for Environmental Services Division as well as additional resources for Utility Billing have been approved by the Council at the midcycle budget review process.

CEQA (California Environmental Quality Act): Categorical Exemption

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15301 of the CEQA Guidelines (Existing Facilities), as

the subject work involves the repair, maintenance or minor alteration of existing facilities involving negligible or no expansion of use of those facilities.

LINKS/ATTACHMENTS:

1. Water Conservation Ordinance No. 2323

ORDINANCE NO. 2323, NEW SERIES

AN ORDINANCE OF THE CITY OF MORGAN HILL ADDING SECTION, 13.04.335 (“PLUMBING FIXTURE RETROFIT REGULATIONS”) OF CHAPTER 13.04 (“WATER SYSTEM”) OF TITLE 13 (“PUBLIC SERVICES”), ESTABLISHING WATER EFFICIENCY STANDARDS FOR INTERIOR PLUMBING FIXTURES WHEN CHANGES IN OWNERSHIP OF REAL PROPERTY OCCUR

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

Section 1. Section 13.04.335 (Plumbing Fixture Retrofit Regulations) of Chapter 13.04 (Water System) of Title 13 (Public Services) is hereby added in its entirety to read as follows:

13.04.335 Plumbing Fixture Retrofit Regulations

- A. Applicability. The provisions of this chapter shall apply to all residential (mobile homes included), commercial, and industrial buildings served by the City of Morgan Hill water utility within the City that use water in showers, toilets, and urinals whenever the title to real property is conveyed from a seller to a buyer, for consideration, by means of a grant deed.
- B. Definitions. For the purpose of this chapter, the following words shall have the meanings set forth below:
 - 1. “Buyer” means the person, persons, or entity to whom the title to real property is conveyed.
 - 2. “High efficiency plumbing fixtures” means any fixture that is designated as an USEPA WaterSense fixture; or any showerhead rated to use a maximum of 1.8 gallons of water per minute, any high efficiency toilet rated to use a maximum of 1.28 gallons of water per flush, and any urinal and associated flush valve rated to use a maximum of 0.125 gallons of water per flush.
 - 3. “Retrofit” means the replacement of conventional plumbing fixtures with high efficiency plumbing fixtures. Pre-existing toilets that use not more than 1.6 gallons per flush shall be considered to meet the requirements of this code.
 - 4. “Seller” means the owner of real property prior to the time of sale.
 - 5. “Time of sale” means the date of the recording of the deed transferring legal title to real property to implement the sale of the property.
 - 6. “Transfer of Responsibility to Retrofit Form” means a form provided by the City that certifies that the seller and buyer mutually agree that the responsibility for compliance with the retrofit requirements in this chapter is assumed by the buyer.
 - 7. “Water Conservation Certificate” means a form provided by the City certifying compliance with the plumbing fixture requirements specified by this chapter.
- C. Retrofit Requirements Upon Sale of Real Property
 - 1. When Required. All existing residential (mobile homes included), commercial, and industrial buildings shall, at the time of sale, be retrofitted, if not already so, exclusively with high efficiency plumbing fixtures. Pre-existing toilets that use 1.6 gallons or less per flush shall be considered to meet the requirements of this code.

2. Responsibilities of Seller. The seller shall be responsible for complying with the requirements of this chapter and for obtaining a Water Conservation Certificate in accordance with Section 13.04.335(E) before the time of sale.
3. Disclosure of Retrofit Requirement. The seller and/or the seller's real estate agent or broker shall give a written statement to the prospective buyer of the requirements of this chapter as soon as practicable prior to the transfer of title. The statement shall either be included in the receipt for deposit in a real estate transaction, an addendum to the real estate transfer disclosure statement, or a separate document. A signed copy of the Water Conservation Certificate and the statement of retrofit requirements shall be included in the transfer documentation.

D. Exemptions

1. The City Manager or designee may grant an exemption to the provisions of this chapter to any person if the City Manager or designee determines that the unique configuration of a building drainage system or portions of a public sewer, or both, are incompatible with high efficiency toilet specifications and require a greater quantity of water to flush the system in a manner that is consistent with public health.
2. Structures that are considered architecturally significant and which are listed as such in a recognized federal, state, or local historic registry or in the city's general plan are exempt from the requirements of this chapter when both of the following circumstances exist: authentic historic plumbing fixtures are presently in place in the structure, and the plumbing fixtures cannot be replaced by matching high efficiency fixtures.

E. Verification of Compliance

1. Upon retrofitting with high efficiency plumbing fixtures, prior to time of sale, the seller shall verify compliance by one of the following methods:
 - a. Physical inspection of the building by a licensed plumber to perform an on-site property inspection and to certify that the plumbing fixture requirements specified in this chapter have been satisfied;
 - b. Participation in the city toilet rebate program, where documentation of an inspection demonstrates that the retrofit requirements of this chapter have been satisfied;
 - c. Documentation that all structures that include plumbing fixtures on the property changing ownership were constructed or renovated in 1994 or later
2. Once compliance with the requirements of this chapter has been verified, a Water Conservation Certificate will be issued to the seller within two business days.
3. The City Manager or designee may waive re-inspection and/or further proof of retrofit when a property already certified undergoes a subsequent sale. Water Conservation Certificates shall be maintained on file at the department in order to provide future verification that high efficiency plumbing fixtures have been installed.

F. Persons Authorized to Perform Plumbing Fixture Inspections

The following persons shall be authorized to perform an inspection of plumbing fixtures for the purpose of verifying compliance with the provisions of this chapter:

1. A plumbing contractor who holds a valid contractor's license issued by the state of California;
2. Other persons approved by the City Manager or designee to perform plumbing fixture inspections.

G. Option to Transfer Responsibility for Retrofitting

Before the time of sale, the seller and buyer of any property may mutually agree to transfer responsibility for compliance with this chapter to the buyer. In the event the buyer agrees to assume responsibility for retrofitting, the buyer shall complete the retrofit within one hundred eighty (180) calendar days from the date of the sale. Before the time of sale, the seller and buyer shall complete all of the following procedures:

1. The seller shall request from the department a Transfer of Responsibility to Retrofit Form. Both the seller and buyer shall sign the form certifying that the buyer has assumed responsibility for the retrofit;
2. The seller shall file the signed Transfer of Responsibility to Retrofit Form with the department and include it in the real estate transfer documentation in lieu of the Water Conservation Certificate;
3. Upon completing the retrofit, the buyer shall contact the department to verify compliance. A Water Conservation Certificate shall be issued to the buyer upon verification of compliance in accordance with Section 13.04.335(E).

H. Penalties for Violation – Enforcement

1. Violation. It is unlawful for any person, firm, partnership, association, or corporation to fail to comply with the retrofit requirements of this chapter, or to alter or replace high efficiency plumbing fixtures required by the chapter with other than high efficiency plumbing fixtures.
2. Notice of Correction. Whenever the City Manager or designee determines that there is a property where high efficiency plumbing fixtures have not been installed as required by this chapter or where such fixtures have been removed since initial installation and replaced with other than high efficiency plumbing fixtures or a Water Conservation Certificate is not on file, the City Manager or designee may serve a notice of correction on the owner(s) of the property on which the violation is situated and any other person responsible for the violation. The owner of record shall have ninety days to take corrective action.
3. Persons Liable. No liability shall arise, nor shall any action be brought or maintained against, any agent of any party to a transfer of title, including any person or entity acting in the capacity of escrow officer, for any error, inaccuracy, or omission relating to compliance with this chapter. However, this section does not apply to a licensee, as defined in Section 10011 of the California Business and Professions Code, where the licensee participates in the making of the disclosure required to be made pursuant to this chapter with actual knowledge of the falsity of the disclosure. Except as otherwise provided in this chapter, this section shall not be deemed to create or imply a duty upon a licensee, as defined in Section 10011 of the California Business and Professions Code, or upon any agent of any party to a transfer of title, including any person or entity acting in the capacity of an escrow

- officer, to monitor or ensure compliance with this chapter, or to notify any person of requirements to comply with this chapter.
4. A transfer of title is not invalidated on the basis of failure to comply with this chapter.
 5. Enforcement through water service installation;
 - a. In addition to the enforcement remedies provided in Title 1 of the Morgan Hill Municipal Code, the City Council finds and declares that instituting additional enforcement remedies specifically applicable to the inspection of retrofit fixtures and high efficiency plumbing fixtures are in the public's interest.
 - b. Water and sewer utility service may not be started at a property that has been sold and does not have a valid Water Conservation Certificate or an executed Transfer of Responsibility to Retrofit Form or is otherwise exempt per Section 13.20.070(H).
 - c. To the extent allowed by law, water and sewer utility service may be discontinued to any property at which service was initiated using a Transfer of Responsibility to Retrofit Form once one hundred eighty (180) days has elapsed since the start of service and a Water Conservation Certificate has not been obtained and verified.

I. Civil Remedy

If the seller fails to comply with the retrofit requirements, the buyer shall install the high efficiency plumbing fixtures and verify compliance in accordance with Section 13.04.335(E) within ninety days from the notice of correction. Any seller who fails to comply with the requirements of this chapter is liable to the buyer in the amount of two hundred and fifty dollars for each fixture that does not comply with this chapter at the time of sale, or the actual costs of the buyer to comply with this chapter, whichever amounts are greater.

Section 2. CEQA Exemption

The city finds that this Ordinance and actions taken hereafter pursuant to this Ordinance are exempt from the California Environmental Quality Act per the California Environmental Quality Act Guidelines Section 15307 (protection and preservation of natural resources). The City Clerk is hereby authorized and directed to file a Notice of Exemption as soon as possible following adoption of this Ordinance.

Section 3. Severability

If any section, subsection, sentence, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of the Ordinance will not be affected. The city council hereby declares it would have passed this Ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases or is declared invalid.

Section 4. Effective Date; Posting

This Ordinance shall take effect on January 1, 2022. The City Clerk is hereby directed to publish this Ordinance or a summary thereof pursuant to Government Code Section 36933.

THE FOREGOING ORDINANCE WAS INTRODUCED AT A REGULAR MEETING OF THE CITY COUNCIL HELD ON THE 5th DAY OF MAY 2021, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 2ND DAY OF JUNE 2021, AND SAID ORDINANCE WAS DULY PASSED AND ADOPTED IN ACCORDANCE WITH LAW 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

∞ CERTIFICATE OF THE CITY CLERK ∞

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 Ordinance No. 2323, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 2nd day of June 2021.

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

DATE: _____

MICHELLE BIGELOW, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

PREPARED BY: Rebecca Garcia, Housing Manager
APPROVED BY: City Manager

TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING APPROVING ISSUANCE OF BONDS FOR DEPOT COMMONS AFFORDABLE HOUSING APARTMENTS AT 17145 DEPOT STREET AND THE WILLOWS AFFORDABLE HOUSING APARTMENTS AT 50 W. EDMUNDSON AVENUE WITHIN THE CITY OF MORGAN HILL

RECOMMENDATION(S)

1. Open/close public hearing consistent with the requirements of the Federal Tax and Equity Fiscal Responsibility Act ("TEFRA") and Section 147 (f) of the Internal Revenue Code of 1986, as amended (the "Code"); and
2. Adopt resolution approving the issuance of bonds by the California Municipal Finance Authority (CMFA), for the acquisition, rehabilitation, expansion and improvement of two multifamily rental housing facilities: Depot Commons, located at 17145 Depot Street and The Willows, located at 50 W. Edmundson Avenue.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Infrastructure
Enhancing Equity
Diversity and Inclusiveness
Advancing Regional Initiatives

2020-2021 Strategic Priorities

Affordable Housing and Homelessness

GUIDING DOCUMENTS

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

The City is required to hold this public hearing to allow the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. The City Council's only role is to listen to public testimony regarding the appropriateness of bond financing. Following the close of the hearing, the City must approve the issuance of the bonds for the financing of the Rehabilitation Project through a resolution. The City has no financial obligation or legal risk with the bond issuance.

To support the affordable housing goals, the City of Morgan Hill entered a 55-year ground lease with EDEN Housing, a nonprofit affordable housing developer, for the Depot Commons in 1994, and with The Willows in 1991, for the management of two multifamily rental housing facilities. The City receives \$1 as an annual lease payment on

each ground lease. Eden proposes combining Depot Commons with Willows Apartments in a new scattered-site financing. This would allow them to share financing and be cross-collateralized. Eden Housing will require an extension of the ground leases by up to 77 years, extending the projects' affordability.

To finance the Rehabilitation Project of Depot Commons and The Willows, Eden Housing has applied and received a very competitive award for Federal Low Income Housing Tax Credits ("LIHTC") from the California Tax Credit Allocation Committee and a tax-exempt bond allocation from the California Debt Limit Allocation Committee ("CDLAC").

The Borrower, Eden, requested that the California Municipal Finance Authority ("CMFA"), a joint exercise of powers authority and public entity of the State of California, serve as the municipal issuer of the tax-exempt revenue bonds in an aggregate principal amount not to exceed \$15,000,000.

The tax-exempt bond financing is a "conduit" financing in which the City has no exposure for the debt. Rather, Eden, the sponsor, asks the CMFA to issue the bonds upon CDLAC's authorization, and then solicits a lender who purchases all of the bonds in a private sale. CMFA is a public entity that is authorized and experienced in the issuance of such bonds. To maximize the amount of tax credits for the rehabilitation of Depot Commons and The Willows, Eden will need to acquire a new ownership entity, which will be an Eden-controlled entity.

The proceeds of the bonds will be used to (1) finance and refinance (a) the acquisition, rehabilitation, expansion and improvement of both of the multifamily rental housing facilities, known as Depot Commons (19 units located at 17145 Depot Street) and The Willows (20 units at 50 W. Edmundson Avenue) to be occupied by lower-income families and individuals, to be owned and operated by the Borrower, (together, the "Project"), and (2) pay certain expenses in connection with the issuance of the Bonds.

As the nature of the financing vehicle is tax exempt, the Tax and Equity Fiscal Responsibility Act ("TEFRA") requires the local jurisdiction to show support for the transaction. This requirement is fulfilled through the public hearing approving the conduit financing after a public notice is published seven days prior, allowing the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the combined Rehabilitation Project.

Following the close of the TEFRA Hearing, the City must approve the issuance of the bonds for the financing of the Rehabilitation Project through a resolution.

The Rehabilitation Project meets the Council's goal of preserving the condition of affordable communities, and, leveraging outside financing for the purposes of preserving the City's affordable housing supply.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY:

The CMFA was created on January 1, 2004, pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 230 municipalities have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations, and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings. The City is a member of the CMFA's JPA.

The bonds to be issued by the CMFA for the Rehabilitation Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Rehabilitation Project or the repayment of the bonds for the financing of the Rehabilitation Project. All financing documents with respect to the issuance of the bonds will contain clear disclaimers that the bonds are not obligations of the City or the State but are to be paid for solely from funds provided by the Borrower.

There are no costs associated with membership in the CMFA and the City will not become exposed to any financial liability by reason of its membership. In addition, participation by the City in the CMFA will not impact the City's appropriations limits and will not constitute any type of indebtedness by the City. Outside of holding the TEFRA Hearing and adopting the required resolution, no other participation or activity of the City or the City Council with respect to the issuance of the bonds will be required.

COMMUNITY ENGAGEMENT: INFORM

The community was informed by notices published in the Morgan Hill Times on May 21, 2021, and the Mercury News on May 25, 2021.

ALTERNATIVE ACTIONS:

There are no alternative actions as the City must approve the resolution after the public hearing.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On December 5, 2018, the City Council approved the assignment, modification, extension assumption, and resubordinating of existing City loans and ground leases for the rehabilitation of apartments; Skeels, Villa Ciolino, Willows and Depot Commons.

FISCAL AND RESOURCE IMPACT:

No fiscal impact on City funds. The City is holding a TEFRA Hearing needed for approval of issuance of bonds by CMFA, not issuing bonds themselves. The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the "Foundation"), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these

issuance fees to the Foundation for the support of local charities. With respect to the City, it is expected that that a portion of the issuance fee attributable to the City will be granted by the CMFA to the general fund of the City at a later time. Such grant may be used for any lawful purpose of the City.

CEQA (California Environmental Quality Act):

This is not a project but rather an administrative activity that will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:

1. TEFRA Reso (Depot Willows) (1).docx FINAL
2. Noticing TEFRA MH Times

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000 TO FINANCE A MULTIFAMILY RENTAL HOUSING FACILITY OF APPROXIMATELY 13 TO 19 UNITS AND A MULTIFAMILY RENTAL HOUSING FACILITY CONSISTING OF APPROXIMATELY 20 UNITS, FOR THE BENEFIT OF DEPOT WILLOWS, L.P. OR AN AFFILIATE, AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Eden Housing, Inc. (the “Sponsor”), on behalf of Depot Willows, L.P., a California limited partnership, or an entity to be created by the Sponsor or an affiliate of the Sponsor (the “Borrower”), has requested that the California Municipal Finance Authority (the “Authority”) issue one or more series of revenue bonds in an aggregate principal amount not to exceed \$15,000,000 (the “Bonds”), including but not limited to revenue bonds issued as part of a plan to (1) finance and refinance the acquisition, rehabilitation, expansion and improvement of two multifamily rental housing facilities, referred to as (a) Depot Commons (19 units located at 17145 Depot Street, Morgan Hill, California), for which the Authority will issue Bonds in a principal amount not to exceed \$9,000,000, and (b) The Willows (20 units located at 50 W. Edmundson Avenue, Morgan Hill, California), for which the Authority will issue Bonds in a principal amount not to exceed \$12,000,000 (together, the “Project”), both of which will be occupied in whole or in part by low-income families, and (2) pay certain expenses in connection with the issuance of the Bonds; and

WHEREAS, an “applicable elected representative” of a jurisdiction in which the Project is to be located is required to approve the issuance of the Bonds under Section 147(f) of the Code; and

WHEREAS, the City Council of the City (the “City Council”) is the elected legislative body of the City and is an “applicable elected representative” for purposes of Section 147(f) of the Code; and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “Agreement”), among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority;

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

Section 1. The foregoing recitals are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds by the Authority, including but not limited to Bonds issued as part of a plan to finance and refinance the facilities described herein. It is the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Bonds by the Authority for the Project, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of a governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) and (b) Section 4 of the Agreement.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 4. The Clerk shall forward a certified copy of this Resolution to the Authority in care of its counsel:

Ronald E. Lee, Esq.
 Jones Hall, APLC
 475 Sansome Street, Suite 1700
 San Francisco, CA 94111

Section 5. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morgan Hill at a regular meeting held on the June 2, 2021.

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

APPROVED:

ATTEST:

RICH CONSTANTINE, Mayor

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 June 2, 2021.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

NOTICE IS HEREBY GIVEN

10.b

on June 2, 2021, a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986 will be held with respect to the proposed issuance by the California Municipal Finance Authority (the "Authority") of its revenue bonds in one or more series in an aggregate amount not to exceed \$15,000,000 (the "Bonds"), including but not limited to revenue bonds issued as part of a plan to: (1) finance and refinance the acquisition, rehabilitation, expansion and improvement of two multifamily rental housing facilities, referred to as (a) Depot Commons (19 units located at 17145 Depot Street, Morgan Hill, California), for which the Authority will issue Bonds in a principal amount not to exceed \$9,000,000, and (b) The Willows (20 units located at 50 W. Edmundson Avenue, Morgan Hill, California), for which the Authority will issue Bonds in a principal amount not to exceed \$12,000,000 (together, the "Project"), both of which will be occupied in whole or in part by low-income families; and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The Project is to be owned and operated by Depot Willows, L.P., a California limited partnership, or an entity to be created by Eden Housing, Inc. or its affiliate (the "Borrower").

The Bonds and the obligation to pay principal thereof and interest thereon and any redemption premium with respect thereto do not constitute indebtedness or an obligation of the City of Morgan Hill, the Authority, the State of California or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Bonds shall be a limited obligation of the Authority, payable solely from certain revenues duly pledged therefor and generally representing amounts paid by the Borrower.

The hearing will commence at the June 2, 2021, City of Morgan Hill Council Meeting at 7:00 p.m. or as soon thereafter according to the agenda as the matter can be heard, and will be held via video conference and open to the public. All interested persons may participate and be heard by joining the video conference at: <https://bit.ly/MHCityCouncilMeeting> or by calling into the meeting at (669) 900-9128 and entering the Webinar ID: 873 3200 8380 or by calling toll-free at (844) 854-2222 and entering the Access Code 920111. Interested persons wishing to express their views on the issuance of the Bonds or on the nature and location of the facilities proposed to be financed and refinanced may attend the public hearing or, prior to the time of the hearing, submit written comments.

Additional information concerning the above matter may be obtained from, and written comments should be addressed to the City Clerk, City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, California 95037.
(Pub 5/21/21 MHT)

Attachment: Noticing TEFRA MH Times (3092 : DEPOT COMMONS TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING)



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

PREPARED BY: Keri Russell, Maintenance Services Coordinator
APPROVED BY: City Manager

APPROVE RESOLUTION ORDERING ANNUAL ASSESSMENTS AND RELATED ACTIONS FOR CITY OF MORGAN HILL LANDSCAPE ASSESSMENT DISTRICT NUMBER 1 (DISTRICT)

RECOMMENDATION(S)

1. Open the Public Hearing; and
2. Continue the item to the June 16, 2021 City Council Meeting.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Infrastructure

2020-2021 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

Due to an issue with noticing, this item must be continued to June 16.

The City of Morgan Hill Landscape Assessment District No. 1 (District) was created to pay for the maintenance of the parks and common landscaping in neighborhoods benefiting from the open space within the District. The purpose of this item is to:

- A) Provide an opportunity for public input;
- B) Confirm the FY 2021-22 Assessments; and
- C) Order the levy of the Assessments.

Per California Streets and Highways Code Sections 22623 to 22631, the Annual Report (Attachment 1) is required to set the annual assessments in the District. In addition to approving the report on May 5, 2021, the Council declared its intent to levy assessments in the District and established June 2, 2021 as the date of the official public hearing.

COMMUNITY ENGAGEMENT: Inform

Ongoing resident outreach is occurring in several of the subareas and City staff are striving to increase the resident outreach. Some areas have more active homeowners' groups that work with City staff in planning maintenance projects for their subareas, while residents of other subareas are less engaged. In recent years, City staff have successfully outreached to several areas, and in 2020 were successful in working with the Mill Creek subarea to increase that assessment rate. Although outreach with residents is typically positive, not all residents are satisfied with the service being

provided within their subarea. This dissatisfaction is often due to the limitations of funding available to the subarea without the associated increase in assessments levied.

Staff is not proposing increases or decreases to assessments at this time, so no direct mailing has occurred. Staff will be engaging several areas via direct mail and targeted outreach in the coming year to attempt to address declining reserve levels within specific subareas.

ALTERNATIVE ACTIONS:

There is no other practical alternative action. The City Council could choose to provide staff with further direction on management of the District.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

In 1991, the City Council, under the Landscaping and Lighting Act of 1972, created the Fox Hollow/Murphy Springs Landscape Assessment District, and in 2010 chose to rename it to the City of Morgan Hill Landscape Assessment District No. 1.

On May 5, 2021, the City Council initiated the annual assessment process and approved the Engineer's Annual Report, for FY 2021-22.

FISCAL AND RESOURCE IMPACT:

The cost for preparation of the Engineer's Annual Report will be paid for by the Assessment District. It is anticipated that the District will generate \$188,552 in revenues in Fiscal Year 2021-22. Expenses are budgeted at \$174,829 meaning that overall, the District's reserves are projected to be increased by \$13,723 in the upcoming fiscal year. Providing administrative oversight to the District is a core activity of the Community Services Department's work program.

CEQA (California Environmental Quality Act): Categorical Exemption

The planned maintenance and management of the sub-areas within the lighting and landscape assessment district fall within the CEQA categorical exemption of Class 1, Existing Facilities.

LINKS/ATTACHMENTS:

1. Engineer's Report FY2021-22
2. Resolution

CITY OF MORGAN HILL

Fiscal Year 2021/22 Engineer's Report For:

Landscape Assessment District No. 1

June 2021

Prepared by:



Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

CITY OF MORGAN HILL
17575 Peak Avenue
Morgan Hill, CA 95037-4128
Phone: (408) 779-7271
Fax: (408) 778-1564

CITY COUNCIL

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

CITY STAFF

Christina Turner, City Manager
Chris Ghione, Public Services Director
Keri Russell, Maintenance Coordinator
Mariah Dabel, Financial & Policy Analyst

NBS

Greg Davidson, Client Service Director
Kristin Harvey, Senior Consultant

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1. ENGINEER'S LETTER

WHEREAS, the City Council of the City of Morgan Hill (the "City"), State of California, directed NBS to prepare and file a report, in accordance with Chapter 1, Article 4 of the Landscaping and Lighting Act of 1972 (the "Act"), presenting the plans and specifications describing the general nature, location and extent of the improvements to be maintained, an estimate of the costs of the maintenance, operations and servicing of the improvements for the City's Landscape Assessment District No. 1 (the "District") for Fiscal Year 2021/22. The report includes a diagram for the District, showing the area and properties proposed to be assessed, an assessment of the estimated costs of the maintenance, operations and servicing the improvements, and the net amount upon all assessable lots and/or parcels within the District in proportion to the special benefit received and;

WHEREAS, the assessment for each parcel is in compliance with the Proposition 218 Omnibus Implementation Act and Section 4 of Article XIII D of the California Constitution. The proposed assessments are not proposed to increase by more than the approved maximum allowable increases.

NOW THEREFORE, assessments have been levied in accordance with the assessment methodology adopted and approved by the City Council at the time of District formation, and are made to cover the portion of the estimated costs of maintenance, operation, and servicing of the improvements, to be paid by the assessable real property within the District in proportion to the special benefit received:

Zone	Units	FY 2021/22 Maximum Assessment Rate	FY 2021/22 Actual Assessment Rate	Total Assessment ⁽¹⁾
Belle Estates	36	\$502.22	\$320.00	\$11,520.00
Chang/Bertelone	8	1,215.00	550.00	4,400.00
Conte Gardens	11	477.82	365.00	4,015.00
Diana Estates	64	139.39	139.39	8,920.96
Fox Hollow ⁽²⁾	75	226.42	173.53	13,014.75
Hamilton Square	38	425.54	325.00	12,350.00
Jackson Meadows #6	70	108.10	108.00	7,560.00
Jackson Meadows #7	10	314.58	100.00	1,000.00
La Grande Estates	32	88.00	88.00	2,816.00
Lacrosse/Gera	24	142.99	50.00	1,200.00
Llagas Creek ⁽²⁾	71	304.89	233.67	16,590.57
Llagas/Obata	5	629.16	400.00	2,000.00
Mill Creek ^(2,4)	84	293.55	285.00	23,940.00
Oak Creek I, II, III	119	453.82	350.00	41,650.00
Parsons Corner ⁽³⁾	NOT APPLICABLE			
Rose Haven	27	488.47	400.00	10,800.00
Sandalwood ⁽⁴⁾	11	450.00	450.00	4,950.00
Sparhawk ⁽²⁾	18	324.66	248.82	4,478.76
Stone Creek ⁽²⁾	35	506.84	388.46	13,596.10
Sunnyside/Stonegate ⁽²⁾	10	742.78	375.00	3,750.00
Totals:	748			\$188,552.14

⁽¹⁾ Actual amount placed on secured tax roll may be less due to Santa Clara County submittal requirements. Amounts placed on the tax roll must be rounded down to an even number.

⁽²⁾ Maximum Assessment Rate increases by 3% annually.

⁽³⁾ Detachment of Parsons Corner Zone was approved in April 2019.

⁽⁴⁾ Includes increased maximum assessment rate approved by property owners.



2. OVERVIEW

2.1 Introduction

In 1991, the City Council created the Fox Hollow/Murphy Springs Landscape Assessment District, under the Act, and in 2010 chose to rename it to the City of Morgan Hill Landscape Assessment District No. 1. The District was formed in order to provide for the continued maintenance, operation, and administration of various improvements within the boundaries of the District. Following the initial formation, additional territory was annexed to the District as separate Zones. Currently, the District is comprised of 19 Zones (which decreased from 20 as a result of property owners within Parsons Corner electing to detach from the District in April 2019).

The District provides for and ensures the continued maintenance, servicing, administration, and operation of various landscaping improvements and associated appurtenances located within the public right-of-way and dedicated easements within the boundaries of the District.

2.2 Description of Boundaries

Exhibits from the Engineer's Report at the formation of the District define the boundaries and maintenance areas of each Zone within the District. These exhibits are on file and available for review at the Office of the City Engineer and, in conjunction with the County of Santa Clara (the "County") Assessor's maps of the areas annexed, comprise the assessment diagrams for the respective annexations. The Assessor's maps are on file in the office of the County Assessor and are, by reference, made a part of this Report.

2.3 Description of Improvements and Services

The improvements include the construction, operation, maintenance, and servicing of landscaping and appurtenant facilities; including, but not limited to, personnel, electrical energy, utilities such as water and gas, materials, contracting services, and other items necessary for the satisfactory operation of the following services:

"Landscape improvements provided within the District may include, but are not limited to: ground cover, shrubs, plants and trees, irrigation and drainage systems, graffiti removal, entry monuments, and associated appurtenant facilities. Services provided include all necessary service, operations, administration, and maintenance required to keep the above-mentioned improvements in a healthy, vigorous, and satisfactory condition."

Reference is made to the Plans and Specifications for the improvements, which is on file with the City.

3. ESTIMATE OF COSTS

3.1 Definitions of Budget Items

The following definitions describe some of the services and costs that may be included in the Zone Budgets:

Direct Expenses

Maintenance: Includes all regularly scheduled labor, material (i.e. pipe, fertilizer, insecticides, paint, etc.) and equipment required to properly maintain and ensure the satisfactory condition of all landscaping, irrigation and drainage systems, and appurtenant facilities.

Extra Contract Costs: Includes all labor, equipment, and material costs associated with unscheduled repairs and improvements needed to ensure the satisfactory condition of all landscaping, irrigation and drainage systems, and appurtenant facilities.

Water/Sewer: Includes the furnishing of water required for the operation and maintenance of the landscaping facilities.

Electricity Costs: Includes the furnishing of electricity required for irrigation systems for the operation and maintenance of the landscaping facilities.

Other Supplies: Includes costs that are generally unforeseen and not normally included in the yearly maintenance contract costs. This may include repair of damaged amenities due to vandalism, storms, heavy frost, etc. Also included may be planned upgrades that provide a direct benefit to the District. These upgrades could include replacing plant materials and/or renovation of irrigation systems.

Administrative Expenses

Salaries: Includes the cost to particular departments and staff of the City to provide the coordination of District services, operations, and maintenance of the improvements, response to public concerns and education, and procedures associated with the levy and collection of assessments.

Postage/Advertising: Includes the cost of providing any mailed notice to the property owners and publishing and posting the Resolution of Intention as required by the Act.

Internal Services: Includes overhead costs allocated to the District for various City staff services.

Administrative/Engineering Contract: Includes the costs associated with contracting with professionals to provide services specific to the administration of the levy.

Contingency/Capital Replacement Fund Balance (Reduction)/Reserve

Positive amounts are collected for various reasons that include, but are not limited to, any or all of the following:

- To maintain reserves which enable the City to pay for costs associated with the District during the first six months of the fiscal year,

Contingency/Capital Replacement Fund Balance (Reduction)/Reserve (continued)

- To reduce the current fund balance deficit (if any) that exists as of the beginning of the fiscal year, and
- To plan for the replacement of capital improvements in the future.

3.2 Zone Budgets

The estimated costs of servicing, maintaining, repairing, and replacing the actual improvements for each Zone for Fiscal Year 2021/22 are shown on the following pages.

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>Belle Estates</u>
DIRECT EXPENSES	
Maintenance	\$3,750.00
Extra Contract Costs	1,000.00
Water/Sewer	2,600.00
Electricity Costs	0.00
Other Supplies	525.00
Subtotal Direct Expenses	\$7,875.00
ADMINISTRATIVE EXPENSES	
Salaries	\$1,037.92
Postage/Advertising	10.03
Internal Services	714.52
Administrative/Engineering Contract	354.62
Subtotal Administrative Expenses	\$2,117.08
SUBTOTAL ZONE COST	\$9,992.08
Fund Balance (Reduction)/Reserve	1,527.92
TOTAL BALANCE TO LEVY	\$11,520.00
Number of Assessable Units	36
Assessment Rate per Unit	\$320.00
Estimated Beginning Fund Balance July 1, 2021	\$13,276.40
Fund Balance Change	1,527.92
Estimated Ending Fund Balance June 30, 2022	\$14,804.32

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)



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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>Chang / Bertelone</u>
DIRECT EXPENSES	
Maintenance	\$2,154.00
Extra Contract Costs	0.00
Water/Sewer	1,000.00
Electricity Costs	0.00
Other Supplies	400.00
Subtotal Direct Expenses	\$3,554.00
ADMINISTRATIVE EXPENSES	
Salaries	\$230.65
Postage/Advertising	2.23
Internal Services	158.78
Administrative/Engineering Contract	78.80
Subtotal Administrative Expenses	\$470.46
SUBTOTAL ZONE COST	\$4,024.46
Fund Balance (Reduction)/Reserve	375.54
TOTAL BALANCE TO LEVY	\$4,400.00
Number of Assessable Units	8
Assessment Rate per Unit	\$550.00
Estimated Beginning Fund Balance July 1, 2021	\$10,263.14
Fund Balance Change	375.54
Estimated Ending Fund Balance June 30, 2022	\$10,638.68

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>Conte Gardens</u>
DIRECT EXPENSES	
Maintenance	\$0.00
Extra Contract Costs	1,000.00
Water/Sewer	1,500.00
Electricity Costs	200.00
Other Supplies	500.00
Subtotal Direct Expenses	\$3,200.00
ADMINISTRATIVE EXPENSES	
Salaries	\$317.14
Postage/Advertising	3.06
Internal Services	218.33
Administrative/Engineering Contract	108.36
Subtotal Administrative Expenses	\$646.89
SUBTOTAL ZONE COST	\$3,846.89
Fund Balance (Reduction)/Reserve	168.11
TOTAL BALANCE TO LEVY	\$4,015.00
Number of Assessable Units	11
Assessment Rate per Unit	\$365.00
Estimated Beginning Fund Balance July 1, 2021	\$13,618.01
Fund Balance Change	168.11
Estimated Ending Fund Balance June 30, 2022	\$13,786.13

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>Diana Estates</u>
DIRECT EXPENSES	
Maintenance	\$3,737.00
Extra Contract Costs	500.00
Water/Sewer	800.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$5,037.00
ADMINISTRATIVE EXPENSES	
Salaries	\$1,845.18
Postage/Advertising	17.83
Internal Services	1,270.26
Administrative/Engineering Contract	630.43
Subtotal Administrative Expenses	\$3,763.70
SUBTOTAL ZONE COST	\$8,800.70
Fund Balance (Reduction)/Reserve	120.26
TOTAL BALANCE TO LEVY	\$8,920.96
Number of Assessable Units	64
Assessment Rate per Unit	\$139.39
Estimated Beginning Fund Balance July 1, 2021	7,685.86
Fund Balance Change	120.26
Estimated Ending Fund Balance June 30, 2022	\$7,806.11

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone**

	Fox Hollow
DIRECT EXPENSES	
Maintenance	\$2,154.00
Extra Contract Costs	2,500.00
Water/Sewer	2,150.00
Electricity Costs	0.00
Other Supplies	500.00
Subtotal Direct Expenses	\$7,304.00
ADMINISTRATIVE EXPENSES	
Salaries	\$2,162.32
Postage/Advertising	20.89
Internal Services	1,488.59
Administrative/Engineering Contract	738.79
Subtotal Administrative Expenses	\$4,410.59
SUBTOTAL ZONE COST	\$11,714.59
Fund Balance (Reduction)/Reserve	1,300.16
TOTAL BALANCE TO LEVY	\$13,014.75
Number of Assessable Units	75
Assessment Rate per Unit	\$173.53
Estimated Beginning Fund Balance July 1, 2021	\$17,091.64
Fund Balance Change	1,300.16
Estimated Ending Fund Balance June 30, 2022	\$18,391.80

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone**

	<u>Hamilton Square</u>
DIRECT EXPENSES	
Maintenance	\$8,148.21
Extra Contract Costs	0.00
Water/Sewer	4,268.00
Electricity Costs	265.00
Other Supplies	1,000.00
Subtotal Direct Expenses	<u>\$13,681.21</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$1,095.58
Postage/Advertising	10.58
Internal Services	754.22
Administrative/Engineering Contract	374.32
Subtotal Administrative Expenses	<u>\$2,234.70</u>
SUBTOTAL ZONE COST	\$15,915.91
Fund Balance (Reduction)/Reserve	(3,565.91)
TOTAL BALANCE TO LEVY	<u>\$12,350.00</u>
Number of Assessable Units	38
Assessment Rate per Unit	\$325.00
Estimated Beginning Fund Balance July 1, 2021	\$18,012.19
Fund Balance Change	<u>(3,565.91)</u>
Estimated Ending Fund Balance June 30, 2022	\$14,446.28

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	Jackson Meadows #6
DIRECT EXPENSES	
Maintenance	\$905.36
Extra Contract Costs	1,350.00
Water/Sewer	400.00
Electricity Costs	380.00
Other Supplies	0.00
Subtotal Direct Expenses	\$3,035.36
ADMINISTRATIVE EXPENSES	
Salaries	\$2,018.17
Postage/Advertising	19.50
Internal Services	1,389.35
Administrative/Engineering Contract	689.54
Subtotal Administrative Expenses	\$4,116.55
SUBTOTAL ZONE COST	\$7,151.91
Fund Balance (Reduction)/Reserve	408.09
TOTAL BALANCE TO LEVY	\$7,560.00
Number of Assessable Units	70
Assessment Rate per Unit	\$108.00
Estimated Beginning Fund Balance July 1, 2021	424.89
Fund Balance Change	408.09
Estimated Ending Fund Balance June 30, 2022	\$832.98

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)



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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	Jackson Meadows #7
DIRECT EXPENSES	
Maintenance	\$0.00
Extra Contract Costs	350.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$350.00
ADMINISTRATIVE EXPENSES	
Salaries	\$288.31
Postage/Advertising	2.79
Internal Services	198.48
Administrative/Engineering Contract	98.51
Subtotal Administrative Expenses	\$588.08
SUBTOTAL ZONE COST	\$938.08
Fund Balance (Reduction)/Reserve	61.92
TOTAL BALANCE TO LEVY	\$1,000.00
Number of Assessable Units	10
Assessment Rate per Unit	\$100.00
Estimated Beginning Fund Balance July 1, 2021	4,795.47
Fund Balance Change	61.92
Estimated Ending Fund Balance June 30, 2022	\$4,857.39

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)



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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>La Grande Estates</u>
DIRECT EXPENSES	
Maintenance	\$0.00
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$0.00</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$922.59
Postage/Advertising	8.91
Internal Services	635.13
Administrative/Engineering Contract	315.22
Subtotal Administrative Expenses	<u>\$1,881.85</u>
SUBTOTAL ZONE COST	\$1,881.85
Fund Balance (Reduction)/Reserve	934.15
TOTAL BALANCE TO LEVY	<u>\$2,816.00</u>
Number of Assessable Units	32
Assessment Rate per Unit	\$88.00
Estimated Beginning Fund Balance July 1, 2021	(9,289.96)
Fund Balance Change	<u>934.15</u>
Estimated Ending Fund Balance June 30, 2022	<u>(\$8,355.81)</u>

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)



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Budget Page 9 of 20

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone**

	<u>Lacrosse/Gera</u>
DIRECT EXPENSES	
Maintenance	\$0.00
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$0.00</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$345.97
Postage/Advertising	3.34
Internal Services	238.17
Administrative/Engineering Contract	118.21
Subtotal Administrative Expenses	<u>\$705.69</u>
SUBTOTAL ZONE COST	\$705.69
Fund Balance (Reduction)/Reserve	494.31
TOTAL BALANCE TO LEVY	<u>\$1,200.00</u>
Number of Assessable Units	24
Assessment Rate per Unit	\$50.00
Estimated Beginning Fund Balance July 1, 2021	2,241.65
Fund Balance Change	494.31
Estimated Ending Fund Balance June 30, 2022	<u>\$2,735.95</u>

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)



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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone**

	<u>Llagas Creek</u>
DIRECT EXPENSES	
Maintenance	\$6,018.00
Extra Contract Costs	2,000.00
Water/Sewer	3,500.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$11,518.00
ADMINISTRATIVE EXPENSES	
Salaries	\$2,047.00
Postage/Advertising	19.78
Internal Services	1,409.20
Administrative/Engineering Contract	699.39
Subtotal Administrative Expenses	\$4,175.36
SUBTOTAL ZONE COST	\$15,693.36
Fund Balance (Reduction)/Reserve	897.21
TOTAL BALANCE TO LEVY	\$16,590.57
Number of Assessable Units	71
Assessment Rate per Unit	\$233.67
Estimated Beginning Fund Balance July 1, 2021	8,283.53
Fund Balance Change	897.21
Estimated Ending Fund Balance June 30, 2022	\$9,180.74

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)



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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>Llagas/Obata</u>
DIRECT EXPENSES	
Maintenance	\$1,267.00
Extra Contract Costs	0.00
Water/Sewer	300.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$1,567.00
ADMINISTRATIVE EXPENSES	
Salaries	\$144.15
Postage/Advertising	1.39
Internal Services	99.24
Administrative/Engineering Contract	49.25
Subtotal Administrative Expenses	\$294.04
SUBTOTAL ZONE COST	\$1,861.04
Fund Balance (Reduction)/Reserve	138.96
TOTAL BALANCE TO LEVY	\$2,000.00
Number of Assessable Units	5
Assessment Rate per Unit	\$400.00
Estimated Beginning Fund Balance July 1, 2021	399.05
Fund Balance Change	138.96
Estimated Ending Fund Balance June 30, 2022	\$538.01

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>Mill Creek</u>
DIRECT EXPENSES	
Maintenance	\$9,053.57
Extra Contract Costs	500.00
Water/Sewer	3,000.00
Electricity Costs	200.00
Other Supplies	750.00
Subtotal Direct Expenses	<u>\$13,503.57</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$2,421.80
Postage/Advertising	23.40
Internal Services	1,667.22
Administrative/Engineering Contract	827.45
Subtotal Administrative Expenses	<u>\$4,939.86</u>
SUBTOTAL ZONE COST	\$18,443.43
Fund Balance (Reduction)/Reserve	5,496.57
TOTAL BALANCE TO LEVY	<u>\$23,940.00</u>
Number of Assessable Units	84
Assessment Rate per Unit	\$285.00
Estimated Beginning Fund Balance July 1, 2021	8,018.41
Fund Balance Change	<u>5,496.57</u>
Estimated Ending Fund Balance June 30, 2022	<u>\$13,514.98</u>

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>Oak Creek I, II, III</u>
DIRECT EXPENSES	
Maintenance	\$14,485.70
Extra Contract Costs	2,000.00
Water/Sewer	10,000.00
Electricity Costs	3,650.00
Other Supplies	3,000.00
Subtotal Direct Expenses	\$33,135.70
ADMINISTRATIVE EXPENSES	
Salaries	\$3,430.89
Postage/Advertising	33.15
Internal Services	2,361.89
Administrative/Engineering Contract	1,172.21
Subtotal Administrative Expenses	\$6,998.14
SUBTOTAL ZONE COST	\$40,133.84
Fund Balance (Reduction)/Reserve	1,516.16
TOTAL BALANCE TO LEVY	\$41,650.00
Number of Assessable Units	119
Assessment Rate per Unit	\$350.00
Estimated Beginning Fund Balance July 1, 2021	42,950.37
Fund Balance Change	1,516.16
Estimated Ending Fund Balance June 30, 2022	\$44,466.53

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>Rose Haven</u>
DIRECT EXPENSES	
Maintenance	\$7,242.85
Extra Contract Costs	500.00
Water/Sewer	1,500.00
Electricity Costs	215.00
Other Supplies	400.00
Subtotal Direct Expenses	<u>\$9,857.85</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$778.44
Postage/Advertising	7.52
Internal Services	535.89
Administrative/Engineering Contract	265.96
Subtotal Administrative Expenses	<u>\$1,587.81</u>
SUBTOTAL ZONE COST	\$11,445.66
Fund Balance (Reduction)/Reserve	(645.66)
TOTAL BALANCE TO LEVY	<u>\$10,800.00</u>
Number of Assessable Units	27
Assessment Rate per Unit	\$400.00
Estimated Beginning Fund Balance July 1, 2021	21,388.92
Fund Balance Change	(645.66)
Estimated Ending Fund Balance June 30, 2022	<u>\$20,743.25</u>

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone**

	<u>Sandalwood</u>
DIRECT EXPENSES	
Maintenance	\$317.00
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$317.00
ADMINISTRATIVE EXPENSES	
Salaries	\$317.14
Postage/Advertising	3.06
Internal Services	218.33
Administrative/Engineering Contract	108.36
Subtotal Administrative Expenses	\$646.89
SUBTOTAL ZONE COST	\$963.89
Fund Balance (Reduction)/Reserve	3,986.11
TOTAL BALANCE TO LEVY	\$4,950.00
Number of Assessable Units	11
Assessment Rate per Unit	\$450.00
Estimated Beginning Fund Balance July 1, 2021	5,019.53
Fund Balance Change	3,986.11
Estimated Ending Fund Balance June 30, 2022	\$9,005.64

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone**

	<u>Sparhawk</u>
DIRECT EXPENSES	
Maintenance	\$2,154.00
Extra Contract Costs	0.00
Water/Sewer	1,750.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$3,904.00
ADMINISTRATIVE EXPENSES	
Salaries	\$518.96
Postage/Advertising	5.01
Internal Services	357.26
Administrative/Engineering Contract	177.31
Subtotal Administrative Expenses	\$1,058.54
SUBTOTAL ZONE COST	\$4,962.54
Fund Balance (Reduction)/Reserve	(483.78)
TOTAL BALANCE TO LEVY	\$4,478.76
Number of Assessable Units	18
Assessment Rate per Unit	\$248.82
Estimated Beginning Fund Balance July 1, 2021	2,021.11
Fund Balance Change	(483.78)
Estimated Ending Fund Balance June 30, 2022	\$1,537.33

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**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone**

	<u>Stone Creek</u>
DIRECT EXPENSES	
Maintenance	\$5,796.00
Extra Contract Costs	1,800.00
Water/Sewer	3,000.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	<u>\$10,596.00</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$1,009.08
Postage/Advertising	9.75
Internal Services	694.67
Administrative/Engineering Contract	344.77
Subtotal Administrative Expenses	<u>\$2,058.28</u>
SUBTOTAL ZONE COST	\$12,654.28
Fund Balance (Reduction)/Reserve	941.82
TOTAL BALANCE TO LEVY	<u>\$13,596.10</u>
Number of Assessable Units	35
Assessment Rate per Unit	\$388.46
Estimated Beginning Fund Balance July 1, 2021	2,597.49
Fund Balance Change	<u>941.82</u>
Estimated Ending Fund Balance June 30, 2022	<u>\$3,539.31</u>

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>Sunnyside / Stone Gate</u>
DIRECT EXPENSES	
Maintenance	\$1,810.71
Extra Contract Costs	400.00
Water/Sewer	500.00
Electricity Costs	0.00
Other Supplies	400.00
Subtotal Direct Expenses	\$3,110.71
ADMINISTRATIVE EXPENSES	
Salaries	\$288.31
Postage/Advertising	2.79
Internal Services	198.48
Administrative/Engineering Contract	98.51
Subtotal Administrative Expenses	\$588.08
SUBTOTAL ZONE COST	\$3,698.79
Fund Balance (Reduction)/Reserve	51.21
TOTAL BALANCE TO LEVY	\$3,750.00
Number of Assessable Units	10
Assessment Rate per Unit	\$375.00
Estimated Beginning Fund Balance July 1, 2021	13,213.07
Fund Balance Change	51.21
Estimated Ending Fund Balance June 30, 2022	\$13,264.28

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City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22 Budget by Zone

	<u>Total of all Zones</u>
DIRECT EXPENSES	
Maintenance	\$68,993.40
Extra Contract Costs	13,900.00
Water/Sewer	36,268.00
Electricity Costs	4,910.00
Other Supplies	7,475.00
Subtotal Direct Expenses	\$131,546.40
ADMINISTRATIVE EXPENSES	
Salaries	\$21,219.60
Postage/Advertising	205.00
Internal Services	14,608.00
Administrative/Engineering Contract	7,250.00
Subtotal Administrative Expenses	\$43,282.60
SUBTOTAL ZONE COST	\$174,829.00
Fund Balance (Reduction)/Reserve	13,723.14
TOTAL BALANCE TO LEVY	\$188,552.14
Number of Assessable Units	748
Assessment Rate per Unit	N/A
Estimated Beginning Fund Balance July 1, 2021	\$182,010.76
Fund Balance Change	13,723.14
Estimated Ending Fund Balance June 30, 2022	\$195,733.90

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4. ASSESSMENTS

The amount of the actual assessment for the Fiscal Year 2021/22 apportioned to each parcel, as shown on the latest equalized roll at the County Assessor's office, is listed in Section 6 of this Report. The description of each lot or parcel is part of the records of the County Assessor and such records are, by reference, made part of this Report.

4.1 Method of Apportionment

The assessments are levied in accordance with the assessment methodology adopted and approved by the City Council at the time of District formation.

Pursuant to the Act and Article XIII D of the Constitution of the State of California, all parcels that have special benefit conferred upon them as a result of the maintenance and operation of improvements shall be identified and the proportionate special benefit derived by each identified parcel shall be determined in relation to the entire cost of the maintenance and operation of the improvements. Only parcels that receive direct special benefit are assessed, and each parcel is assessed in proportion to the estimated benefit received.

Several Zones have been annexed into the District and it has been determined that by reason of variations in the nature, location, and extent of the improvements, those areas will receive differing degrees of benefit from the improvements.

Within the Zones, each parcel is allocated a number of units, where each such unit is deemed to receive the same proportional special benefit from the maintenance and operation of the improvements within that Zone. The typical parcel, with a single-family residential use, will have one unit assigned. If the use or nature of a parcel confers special benefit in a greater or lesser degree than that typical use, that parcel may have greater than or less than one unit assigned.

4.2 Belle Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$502.22 per unit. There is currently no inflator associated with the Belle Estates Zone assessments.

There are currently 36 parcels within this Zone, and the total Zone costs are spread to each of the 36 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$11,520.00
Total Units	36
Fiscal Year 2021/22 Actual Assessment Per Unit	\$320.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$502.22

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$320.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$320.00
Change in the Actual Assessment Rate	\$0.00

4.3 Chang/Bertelone Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$1,215.00 per unit. There is currently no inflator associated with the Chang/Bertelone Zone assessments.

There are currently eight (8) parcels within this Zone, and the total Zone costs are spread to each of the eight (8) units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$4,400.00
Total Units	8
Fiscal Year 2021/22 Actual Assessment Per Unit	\$550.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$1,215.00

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$550.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$550.00
Change in the Actual Assessment Rate	\$0.00

4.4 Conte Gardens Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$477.82 per unit. There is currently no inflator associated with the Conte Gardens Zone assessments.

There are currently 11 parcels within this Zone, and the total Zone costs are spread to each of the 11 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$4,015.00
Total Units	11
Fiscal Year 2021/22 Actual Assessment Per Unit	\$365.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$477.82

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$365.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$365.00
Change in the Actual Assessment Rate	\$0.00

4.5 Diana Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$139.39 per unit. There is currently no inflator associated with the Diana Estates Zone assessments.

There are currently 64 parcels within this Zone, and the total Zone costs are spread to each of the 64 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$8,920.96
Total Units	64
Fiscal Year 2021/22 Actual Assessment Per Unit ⁽¹⁾	\$139.39
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$139.39

(1) May be rounded down to even cents per parcel for County Tax Roll purposes.

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$139.39
Fiscal Year 2021/22 Actual Assessment Per Unit	\$139.39
Change in the Actual Assessment Rate	\$0.00

4.6 Fox Hollow/Murphy Springs Zone

The assessment rate originally approved at the time of District formation was \$106.15 per unit. In July 2005, the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the rate increase and the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The rate increase took effect in Fiscal Year 2005/06 and the 3% inflator took effect in Fiscal Year 2006/07.

There are currently 75 parcels within this Zone, and the total Zone costs are spread to each of the 75 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$13,014.75
Total Units	75
Fiscal Year 2021/22 Actual Assessment Per Unit ⁽¹⁾	\$173.53
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$226.42

(1) May be rounded down to even cents per parcel for County Tax Roll purposes.

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$173.53
Fiscal Year 2021/22 Actual Assessment Per Unit	\$173.53
Change in the Actual Assessment Rate	\$0.00

4.7 Hamilton Square Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$425.54 per unit. There is currently no inflator associated with the Hamilton Square Zone assessments.

There are currently 38 parcels within this Zone, and the total Zone costs are spread to each of the 38 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$12,350.00
Total Units	38
Fiscal Year 2021/22 Actual Assessment Per Unit	\$325.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$425.54

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$325.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$325.00
Change in the Actual Assessment Rate	\$0.00

4.8 Jackson Meadows 6A/6B Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$108.10 per unit. There is currently no inflator associated with the Jackson Meadows 6A/6B Zone assessments.

There are currently 70 parcels within this Zone, and the total Zone costs are spread to each of the 70 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$7,560.00
Total Units	70
Fiscal Year 2021/22 Actual Assessment Per Unit	\$108.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$108.10

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$108.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$108.00
Change in the Actual Assessment Rate	\$0.00

4.9 Jackson Meadows Number 7 Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$314.58 per unit. There is currently no inflator associated with the Jackson Meadows Number 7 Zone assessments.

There are currently 10 parcels within this Zone, and the total Zone costs are spread to each of the 10 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$1,000.00
Total Units	10
Fiscal Year 2021/22 Actual Assessment Per Unit	\$100.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$314.58

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$100.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$100.00
Change in the Actual Assessment Rate	\$0.00

4.10 La Grande Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$88.00 per unit. There is currently no inflator associated with the La Grande Estates Zone assessments.

There are currently 32 parcels within this Zone, and the total Zone costs are spread to each of the 32 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$2,816.00
Total Units	32
Fiscal Year 2021/22 Actual Assessment Per Unit	\$88.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$88.00

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$88.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$88.00
Change in the Actual Assessment Rate	\$0.00

4.11 Lacrosse/Gera Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$142.99 per unit. There is currently no inflator associated with the Lacrosse/Gera Zone assessments.

There are currently 24 parcels within this Zone, and the total Zone costs are spread to each of the 24 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$1,200.00
Total Units	24
Fiscal Year 2021/22 Actual Assessment Per Unit	\$50.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$142.99

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$50.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$50.00
Change in the Actual Assessment Rate	\$0.00

4.12 Llagas Creek Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$140.84 per unit. In July 2005, the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the rate increase and the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The rate increase took effect in Fiscal Year 2005/06 and the 3% inflator took effect in Fiscal Year 2006/07.

There are currently 71 parcels within this Zone, and the total Zone costs are spread to each of the 71 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$16,590.57
Total Units	71
Fiscal Year 2021/22 Actual Assessment Per Unit	\$233.67
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$304.89

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$233.67
Fiscal Year 2021/22 Actual Assessment Per Unit	\$233.67
Change in the Actual Assessment Rate	\$0.00

4.13 Llagas/Obata Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$629.16 per unit. There is currently no inflator associated with the Llagas/Obata Zone assessments.

There are currently five (5) parcels within this Zone, and the total Zone costs are spread to each of the five (5) units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$2,000.00
Total Units	5
Fiscal Year 2021/22 Actual Assessment Per Unit	\$400.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$629.16

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$400.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$400.00
Change in the Actual Assessment Rate	\$0.00

4.14 Mill Creek Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$186.82 per unit. In February 2020, the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the assessment rate increase to \$285.00 per unit and the inflator. The rate increase took effect in Fiscal Year 2020/21 and the 3% inflator takes effect in Fiscal Year 2021/22.

There are currently 84 parcels within this Zone, and the total Zone costs are spread to each of the 84 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$23,940.00
Total Units	84
Fiscal Year 2021/22 Actual Assessment Per Unit	\$285.00
Fiscal Year 2021/22 Maximum Assessment Per Unit ⁽¹⁾	\$293.55

(1) Assessment Rate increase approved by property owners in February 2020.

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$285.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$285.00
Change in the Actual Assessment Rate	\$0.00

4.15 Oak Creek I, II, III

The assessment rate originally approved at the time of annexing this Zone into the District was \$453.82 per unit. There is currently no inflator associated with the Oak Creek I, II, III Zone assessments.

There are currently 119 parcels within this Zone, and the total Zone costs are spread to each of the 119 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$41,650.00
Total Units	119
Fiscal Year 2021/22 Actual Assessment Per Unit	\$350.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$453.82

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$350.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$350.00
Change in the Actual Assessment Rate	\$0.00

4.16 Parsons Corner Zone

In April 2019, property owners in the Parsons Corner Zone voted to detach from the District. Therefore, there is no assessment for the Parsons Corner Zone.

4.17 Rose Haven Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$488.47 per unit. There is currently no inflator associated with the Rose Haven Zone assessments.

There are currently 24 parcels with a total of 27 units within this Zone, and the total Zone costs are spread to each of the 27 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$10,800.00
Total Units	27
Fiscal Year 2021/22 Actual Assessment Per Unit	\$400.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$488.47

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$400.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$400.00
Change in the Actual Assessment Rate	\$0.00

4.18 Sandalwood Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$192.39 per unit. In April 2018, property owners approved the assessment rate increase to \$450.00 per unit. There is currently no inflator associated with the Sandalwood Zone assessments.

There are currently 11 parcels within this Zone, and the total Zone costs are spread to each of the 11 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$4,950.00
Total Units	11
Fiscal Year 2021/22 Actual Assessment Per Unit	\$450.00
Fiscal Year 2021/22 Maximum Assessment Per Unit ⁽¹⁾	\$450.00

(1) Assessment Rate increase approved by property owners in April 2018.

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$450.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$450.00
Change in the Actual Assessment Rate	\$0.00

4.19 Sparhawk Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$174.77 per unit. In July 2005, the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the rate increase and the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The rate increase took effect in Fiscal Year 2005/06 and the 3% inflator took effect in Fiscal Year 2006/07.

There are currently 18 parcels within this Zone, and the total Zone costs are spread to each of the 18 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$4,478.76
Total Units	18
Fiscal Year 2021/22 Actual Assessment Per Unit	\$248.82
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$324.66

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$248.82
Fiscal Year 2021/22 Actual Assessment Per Unit	\$248.82
Change in the Actual Assessment Rate	\$0.00

4.20 Stone Creek Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$306.66 per unit. In July 2005, the City conducted Proposition 218 proceedings to add an annual inflator of 3% for the

Zone. Property owners approved the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The inflator took effect in Fiscal Year 2005/06.

There are currently 35 parcels within this Zone, and the total Zone costs are spread to each of the 35 units as follows:

Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$13,596.10
Total Units	35
Fiscal Year 2021/22 Actual Assessment Per Unit	\$388.46
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$506.84

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2020/21 Actual Assessment Per Unit	\$388.46
Fiscal Year 2021/22 Actual Assessment Per Unit	\$388.46
Change in the Actual Assessment Rate	\$0.00

4.21 Sunnyside/Stone Gate Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$449.40 per unit. In July 2005, the City conducted Proposition 218 proceedings to add an annual inflator of 3% for the Zone. Property owners approved the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The inflator took effect in Fiscal Year 2005/06.

There are currently 10 parcels within this Zone, and the total Zone costs are spread to each of the 10 units as follows:

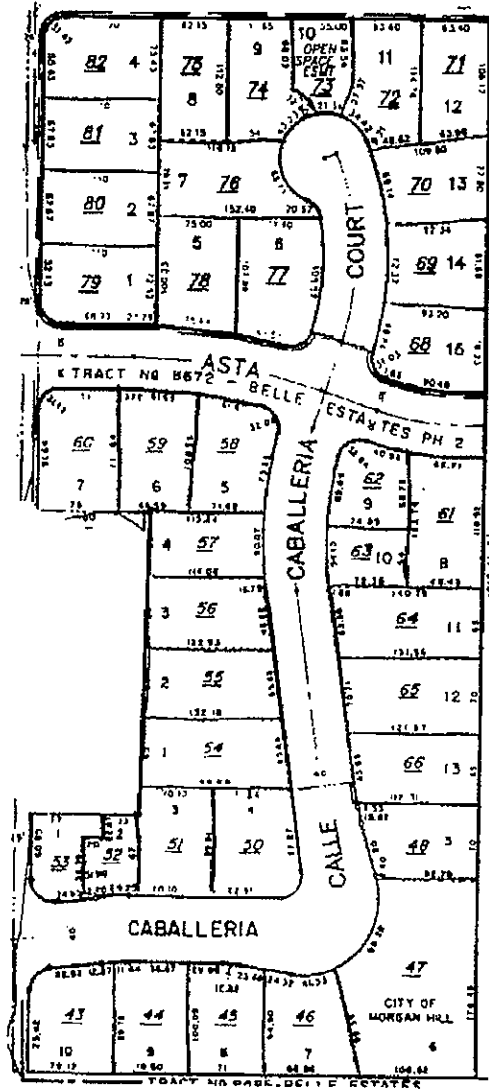
Estimated Fiscal Year 2021/22 Costs and Fund Adjustment	\$3,750.00
Total Units	10
Fiscal Year 2021/22 Actual Assessment Per Unit	\$375.00
Fiscal Year 2021/22 Maximum Assessment Per Unit	\$742.78

Any change in the assessment rate from the previous fiscal year is identified below:

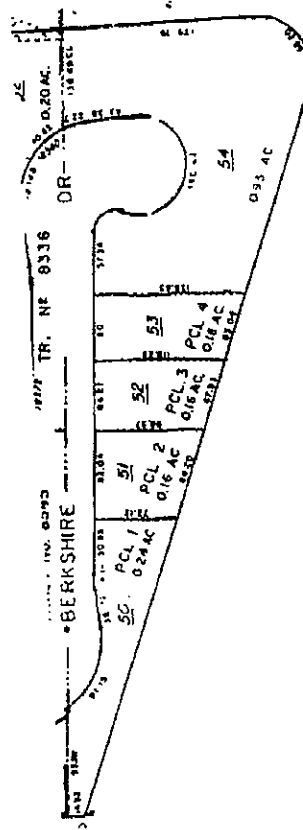
Fiscal Year 2020/21 Actual Assessment Per Unit	\$375.00
Fiscal Year 2021/22 Actual Assessment Per Unit	\$375.00
Change in the Actual Assessment Rate	\$0.00

5. ASSESSMENT DIAGRAMS

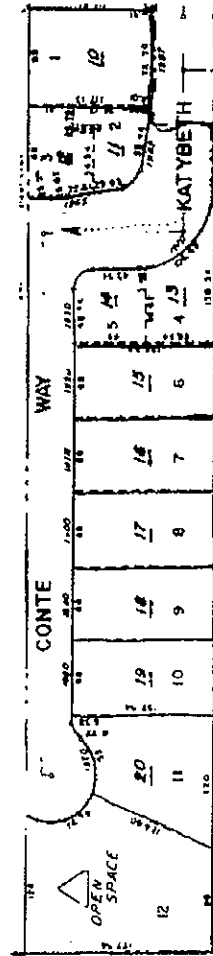
The Assessment Diagrams for each Zone in the District have been submitted to the City Clerk in the format required under the provisions of the Act. Copies of the diagrams are included herein. The lines and dimensions shown on maps of the County Assessor for the current year are, by reference, made part of this Report as well.



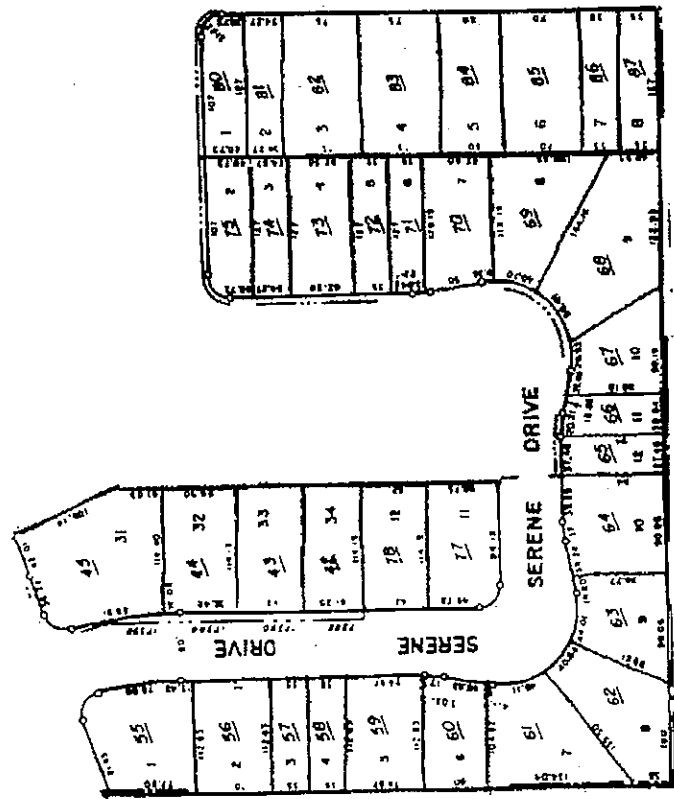
BELLE ESTATES ZONE



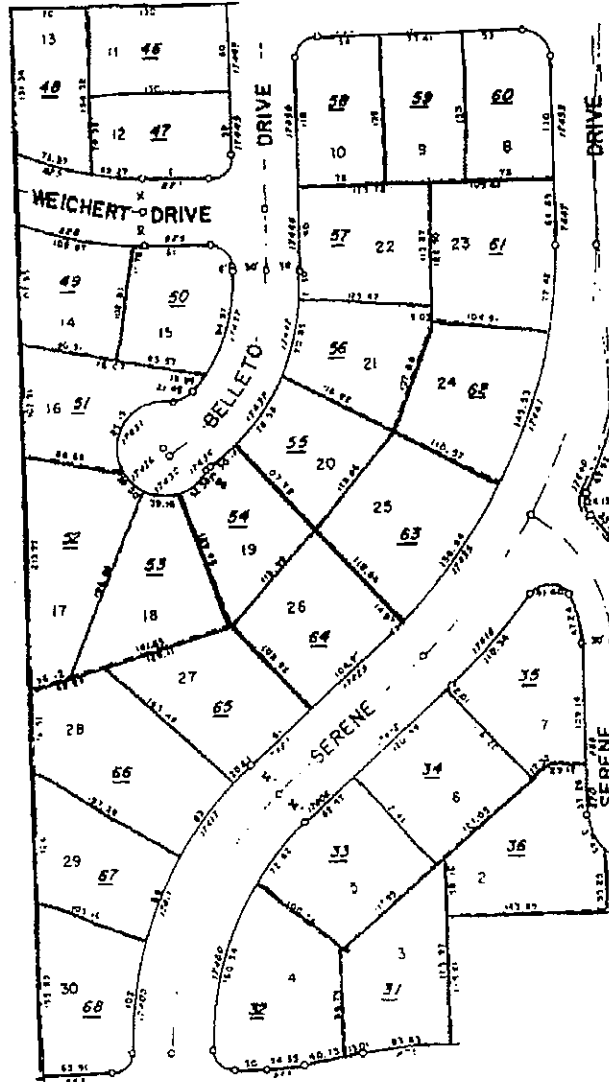
CHIANG/BERTELOONE ZONE



CONTE GARDENS ZONE

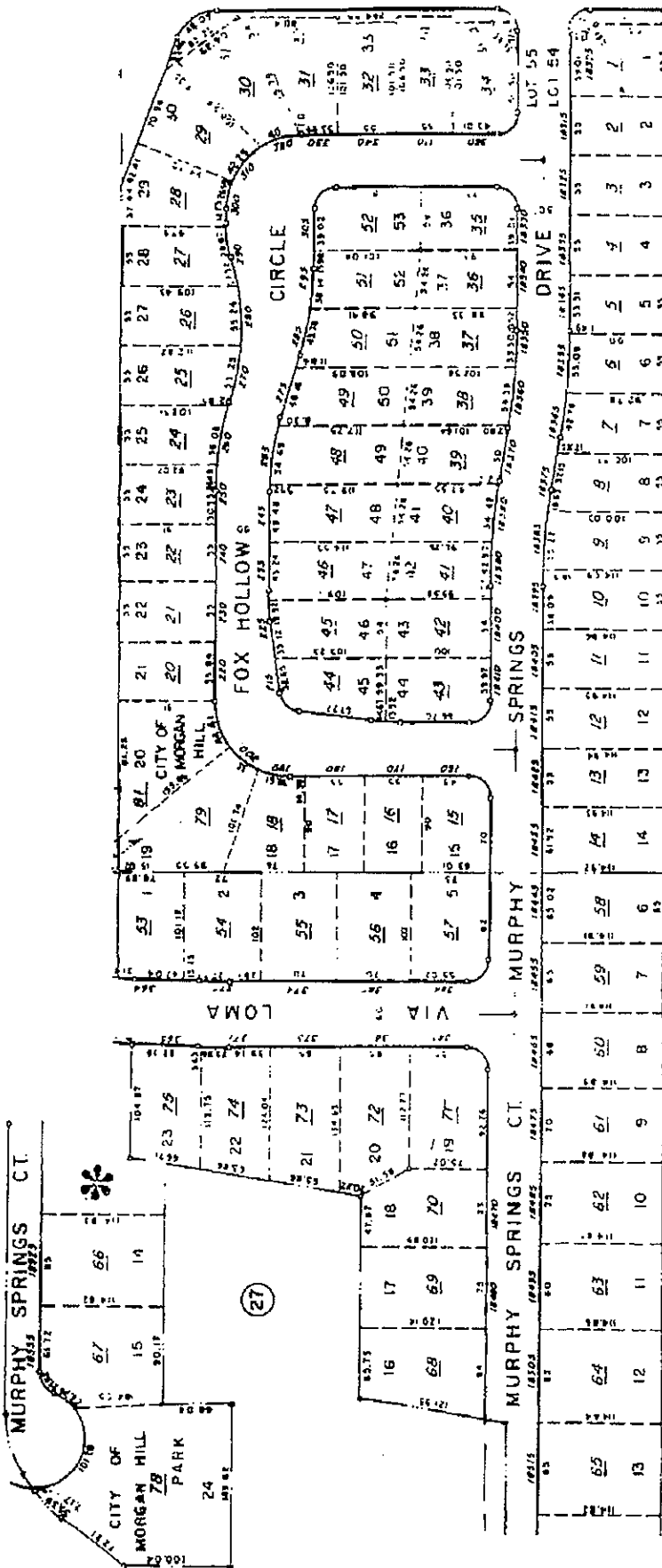


DIANA ESTATES ZONE SHEET 1

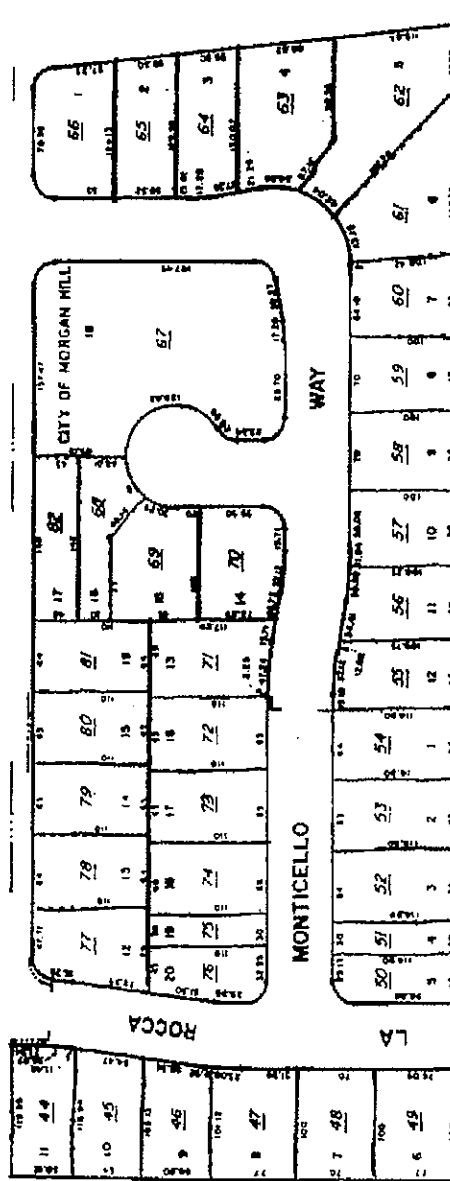


SHEET 2

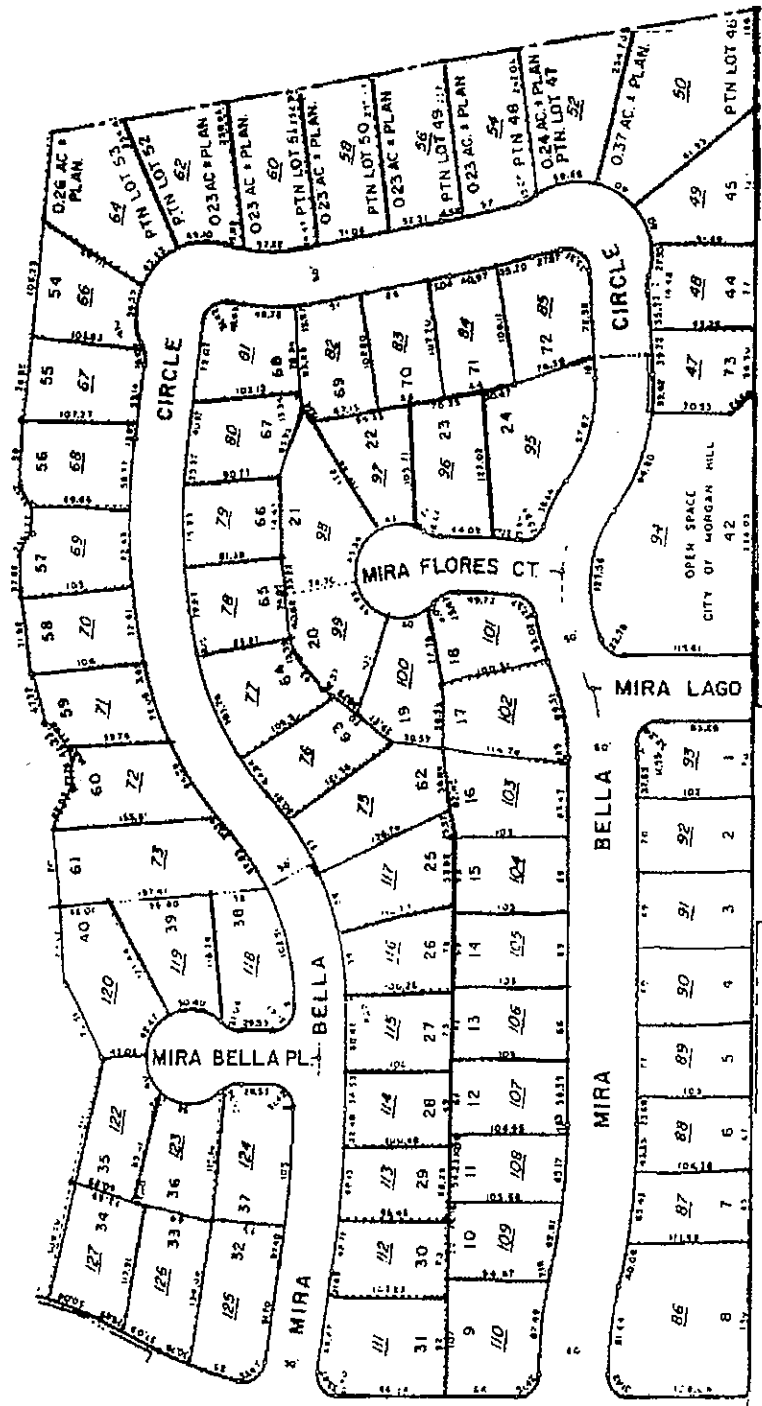
DIANA ESTATES ZONE



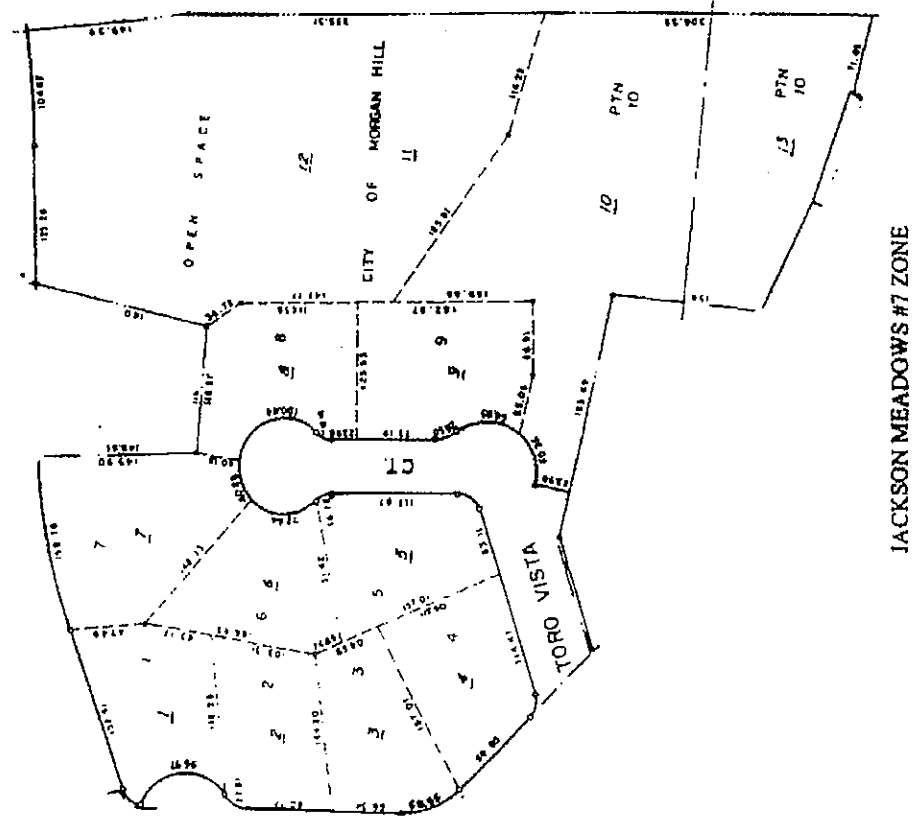
FOX HOLLOW/MURPHY SPRINGS ZONE

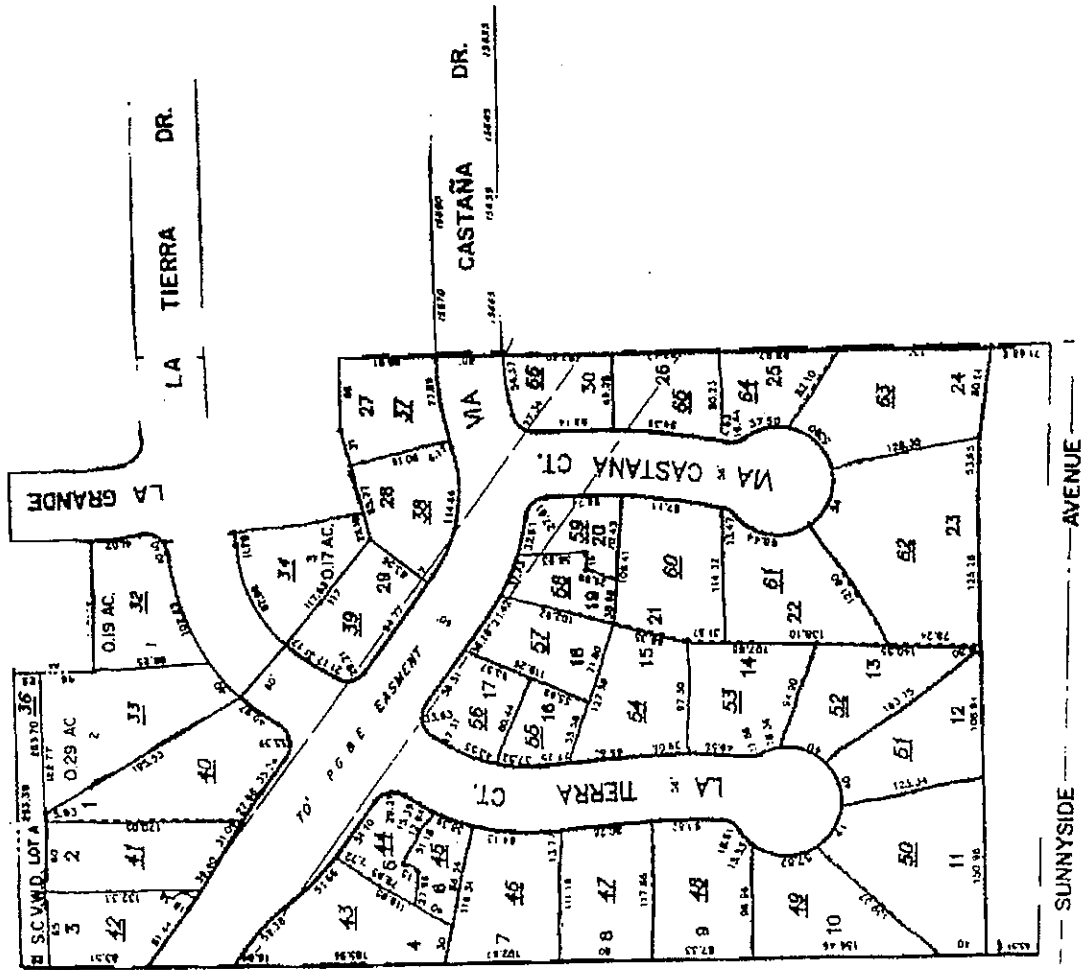


HAMILTON SQUARE ZONE

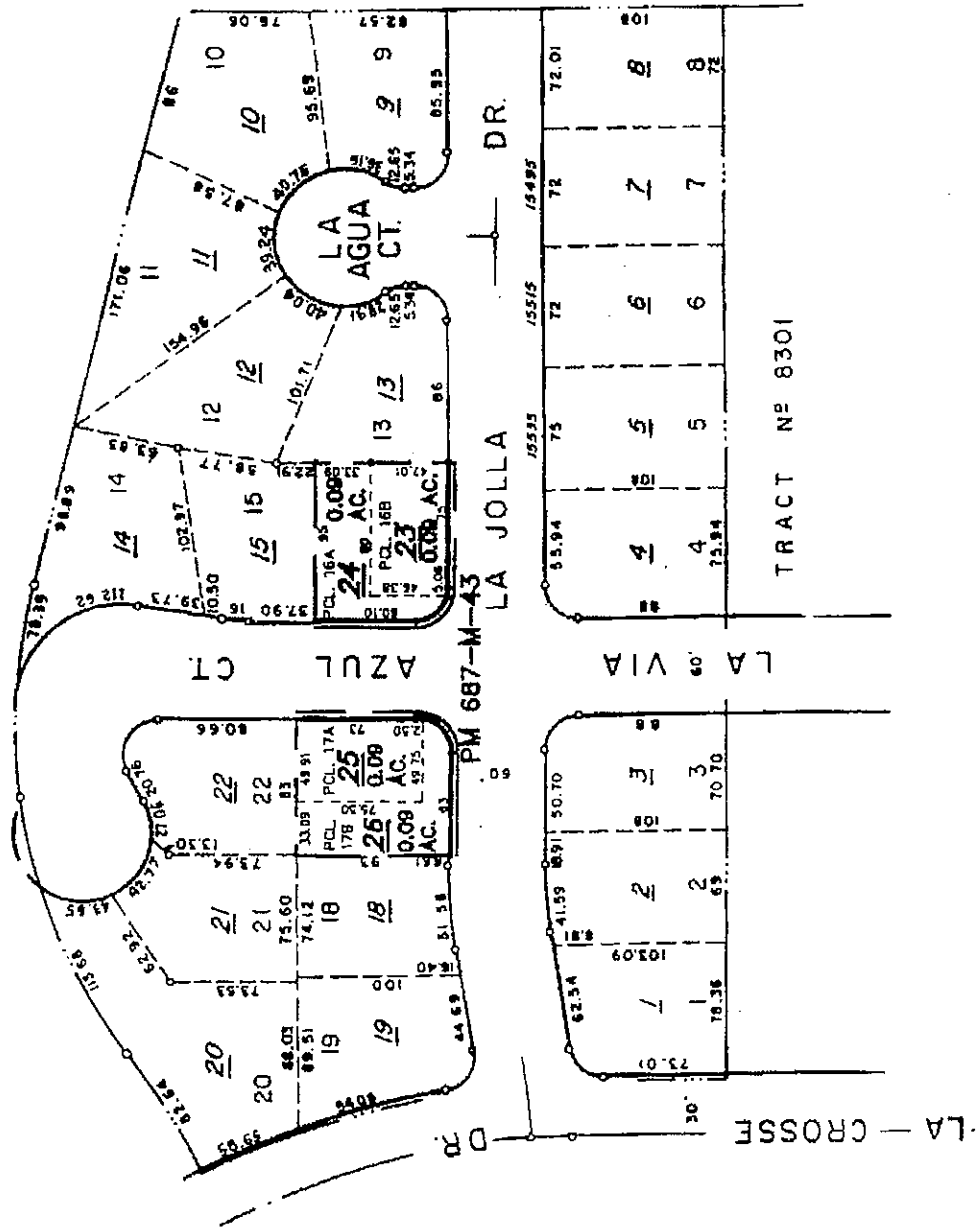


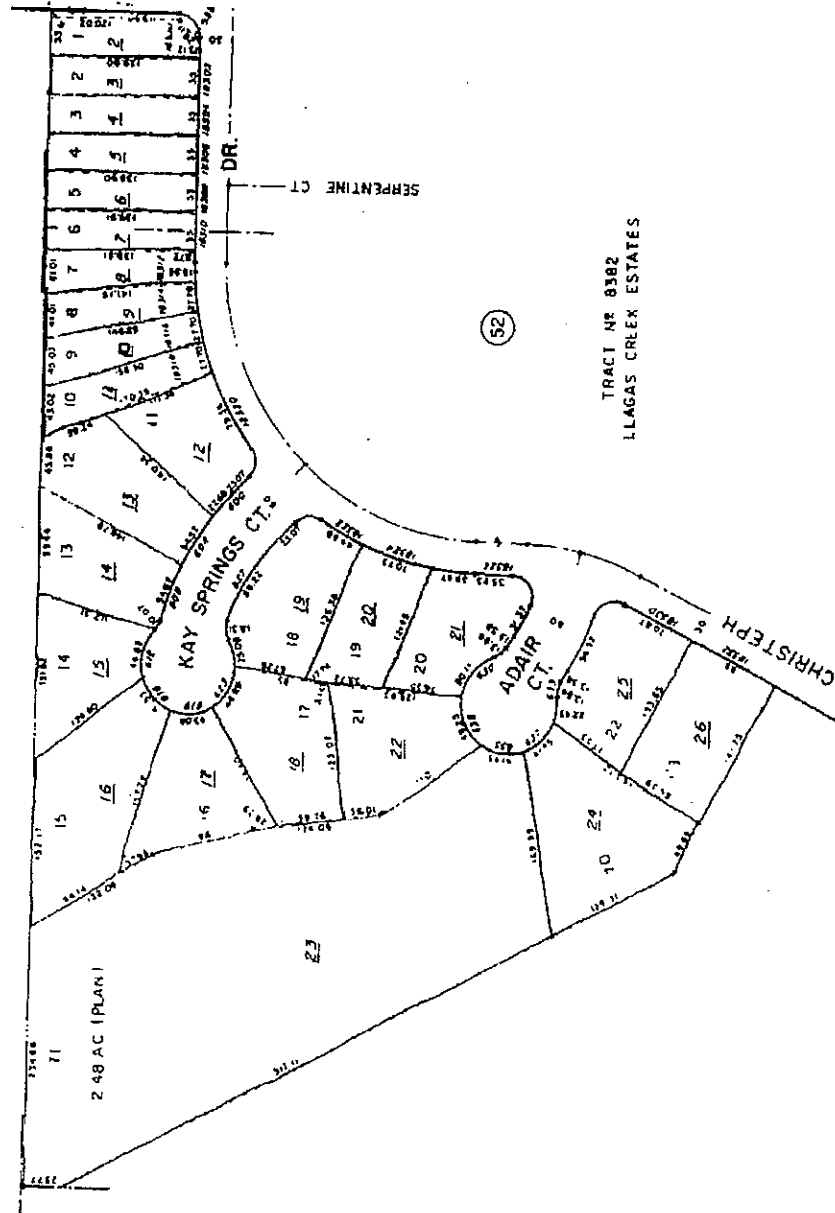
JACKSON MEADOWS #6 ZONE



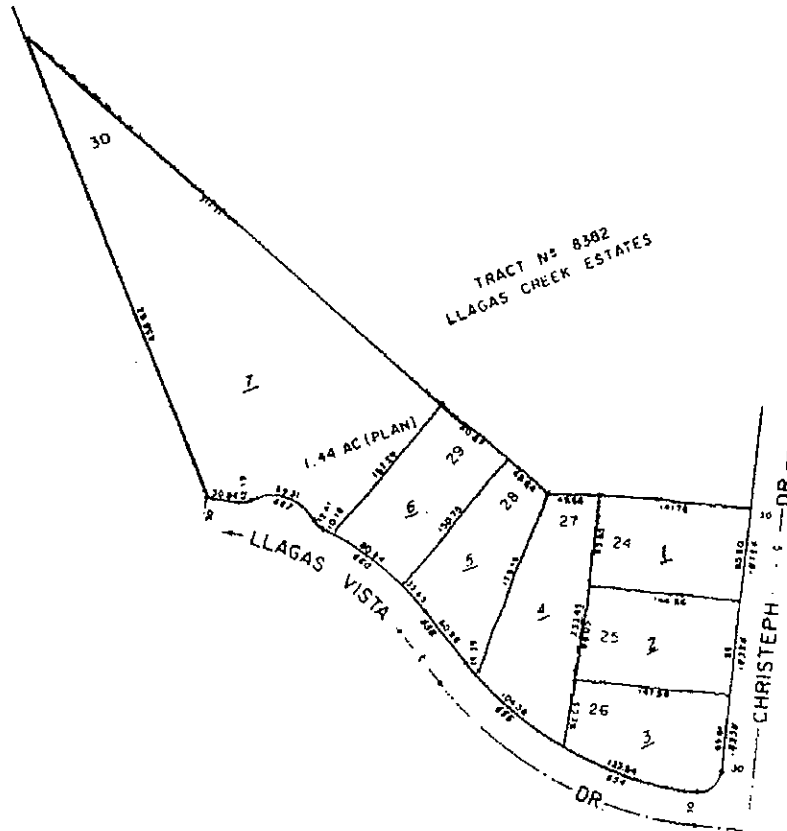


LA GRANDE ESTATES ZONE

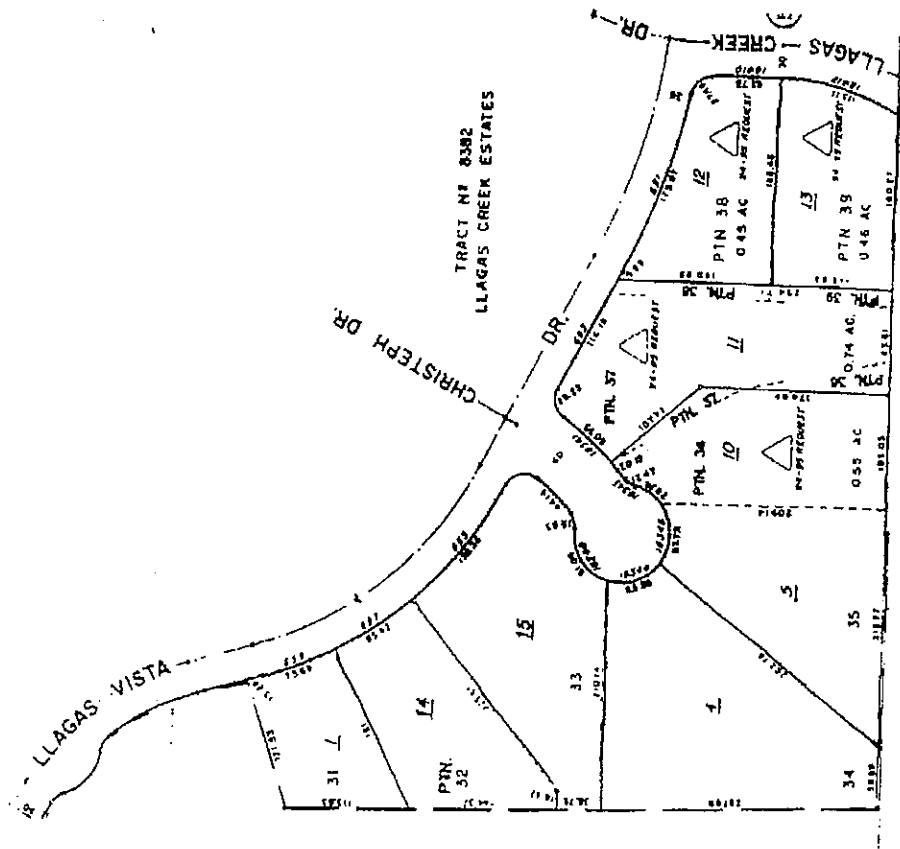




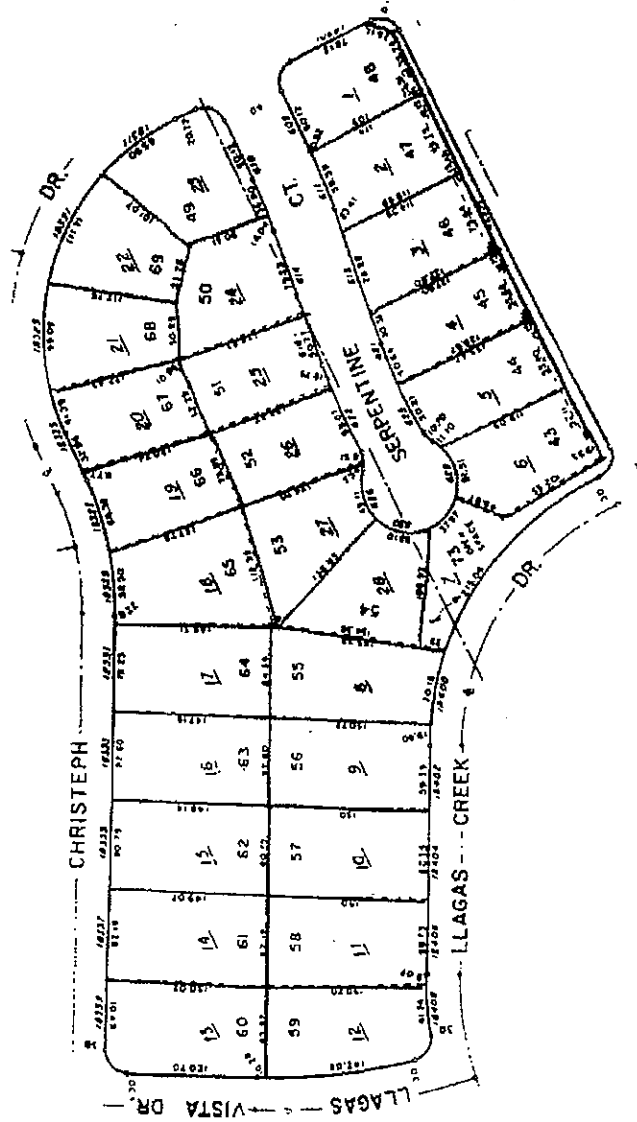
LLAGAS CREEK ESTATES ZONE SHEET 1



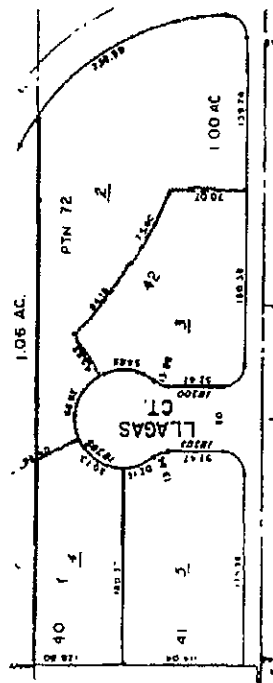
LLAGAS CREEK ESTATES ZONE SHEET 2



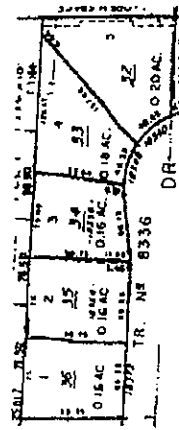
LLAGAS CREEK ESTATES ZONE SHEET 3



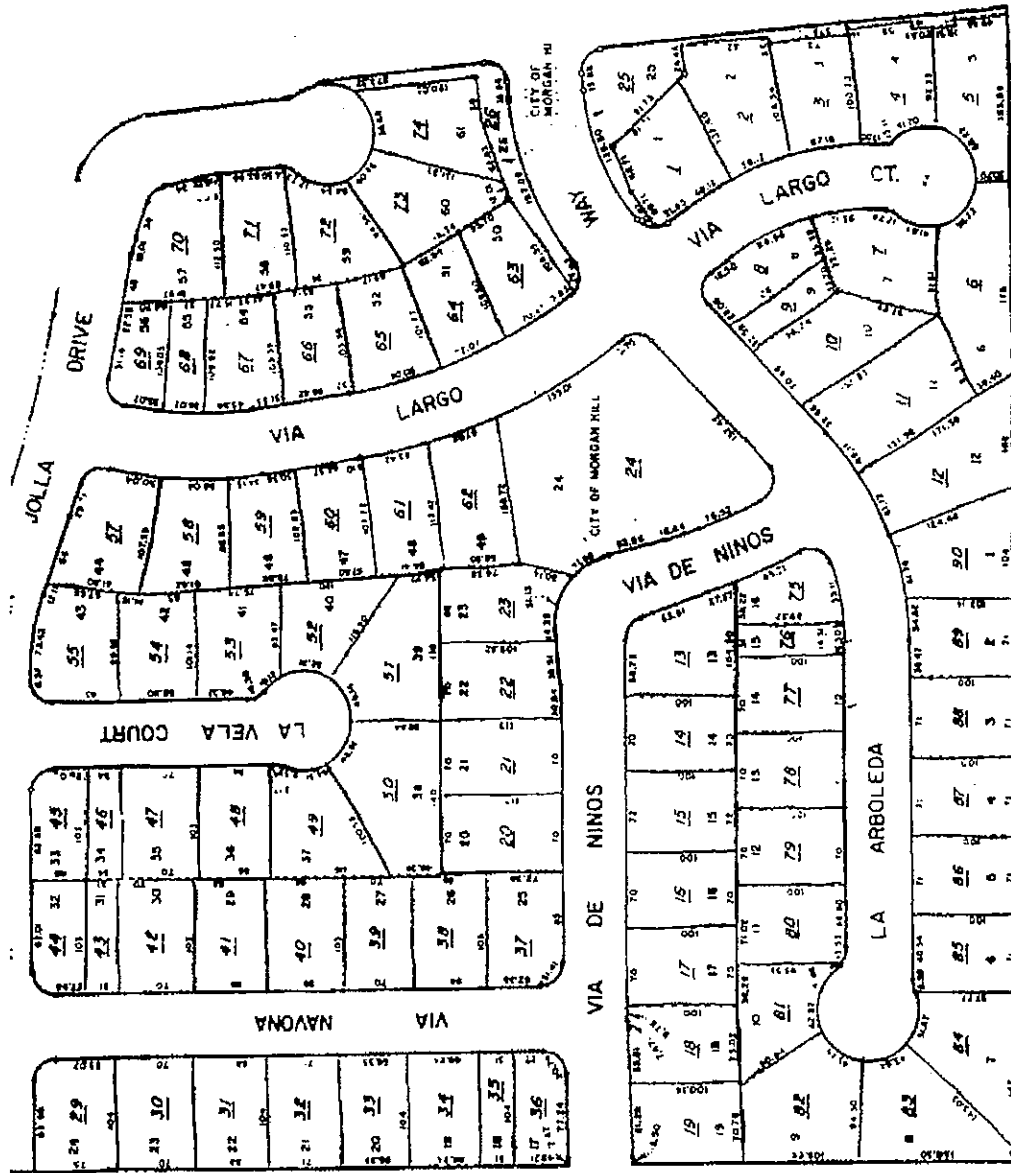
LLAGAS CREEK ESTATES ZONE SHEET 4



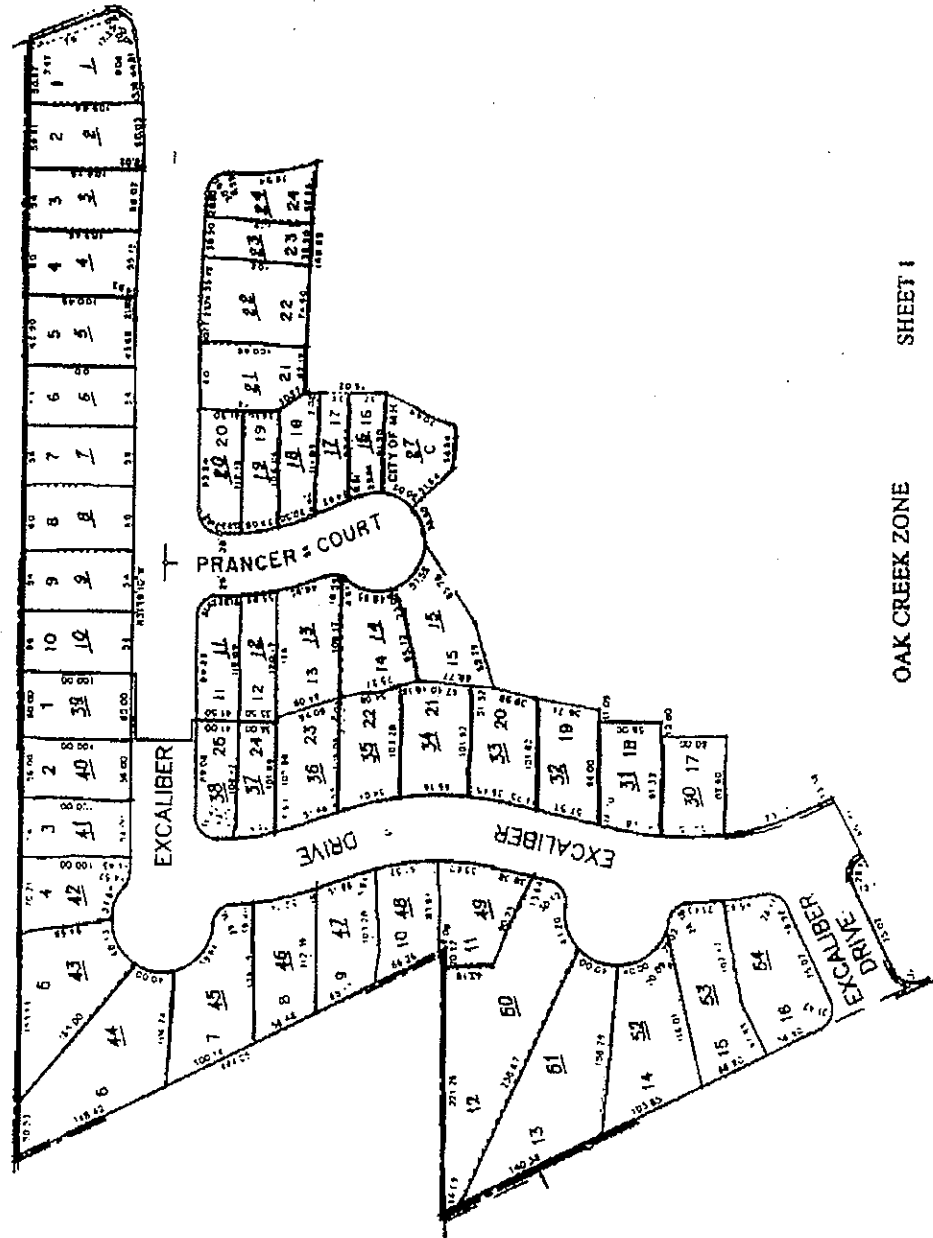
LLAGAS CREEK ESTATES ZONE SHEET 5



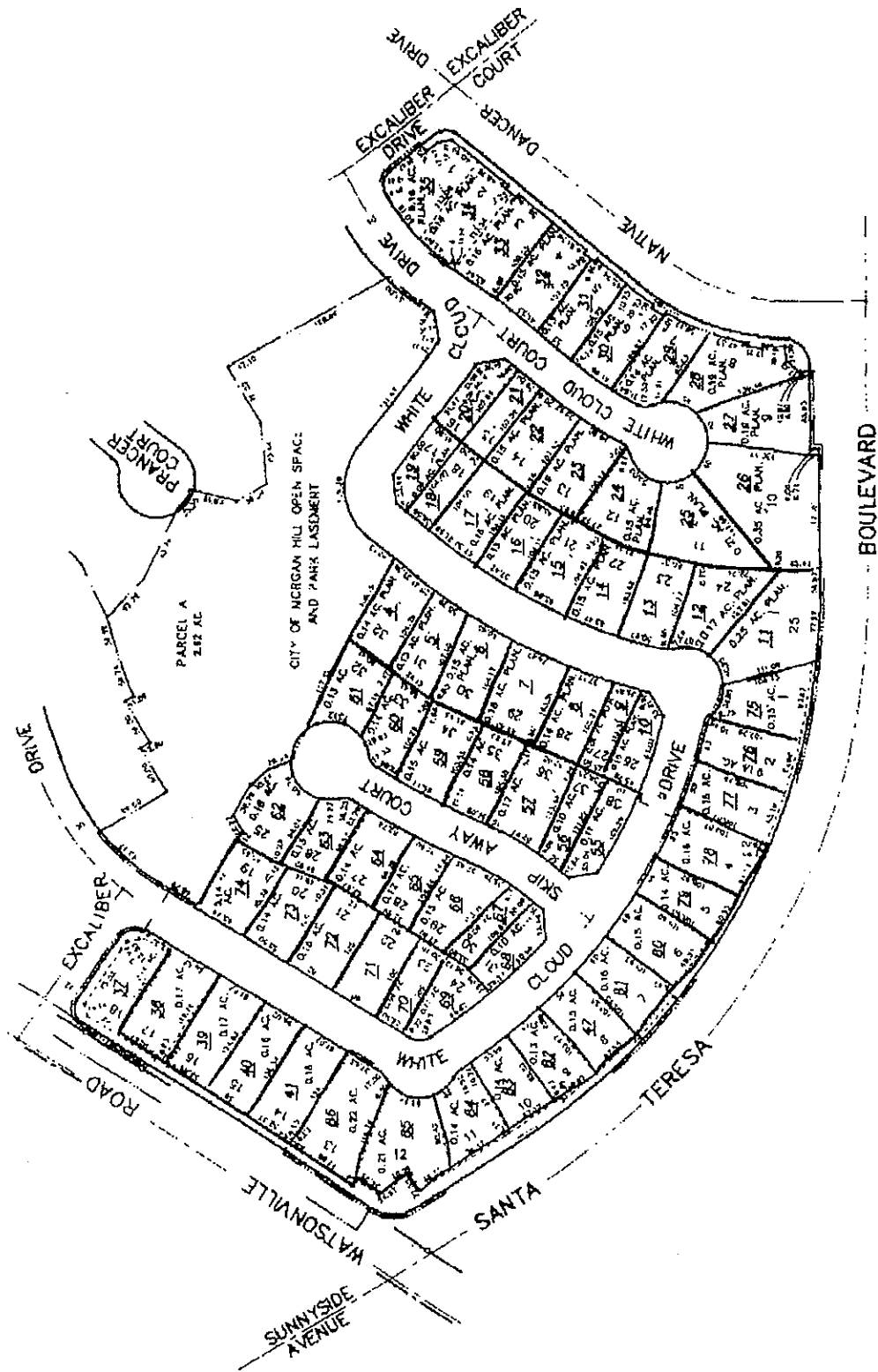
LLAGAS/OBATA ZONE



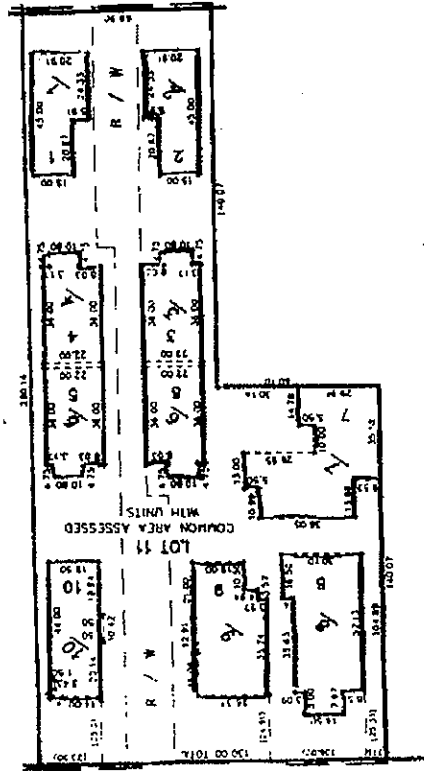
MILL CREEK ZONE



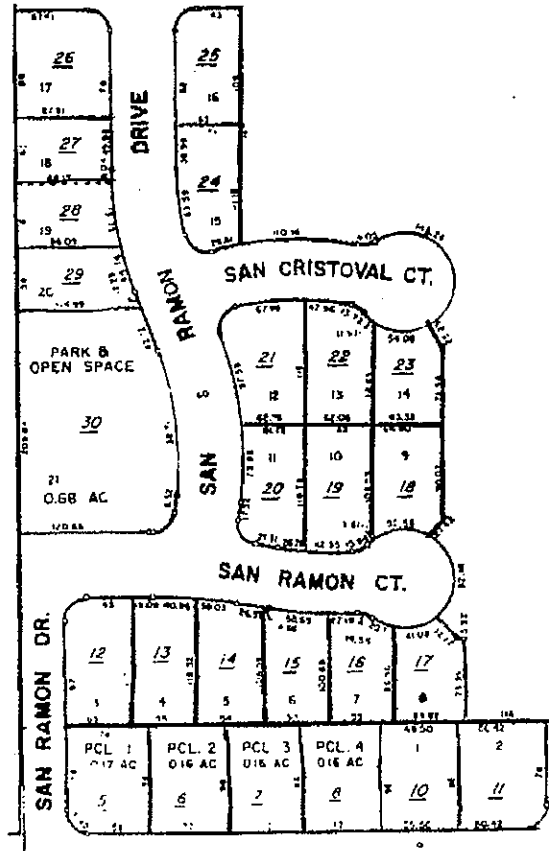
OAK CREEK ZONE SHEET 1

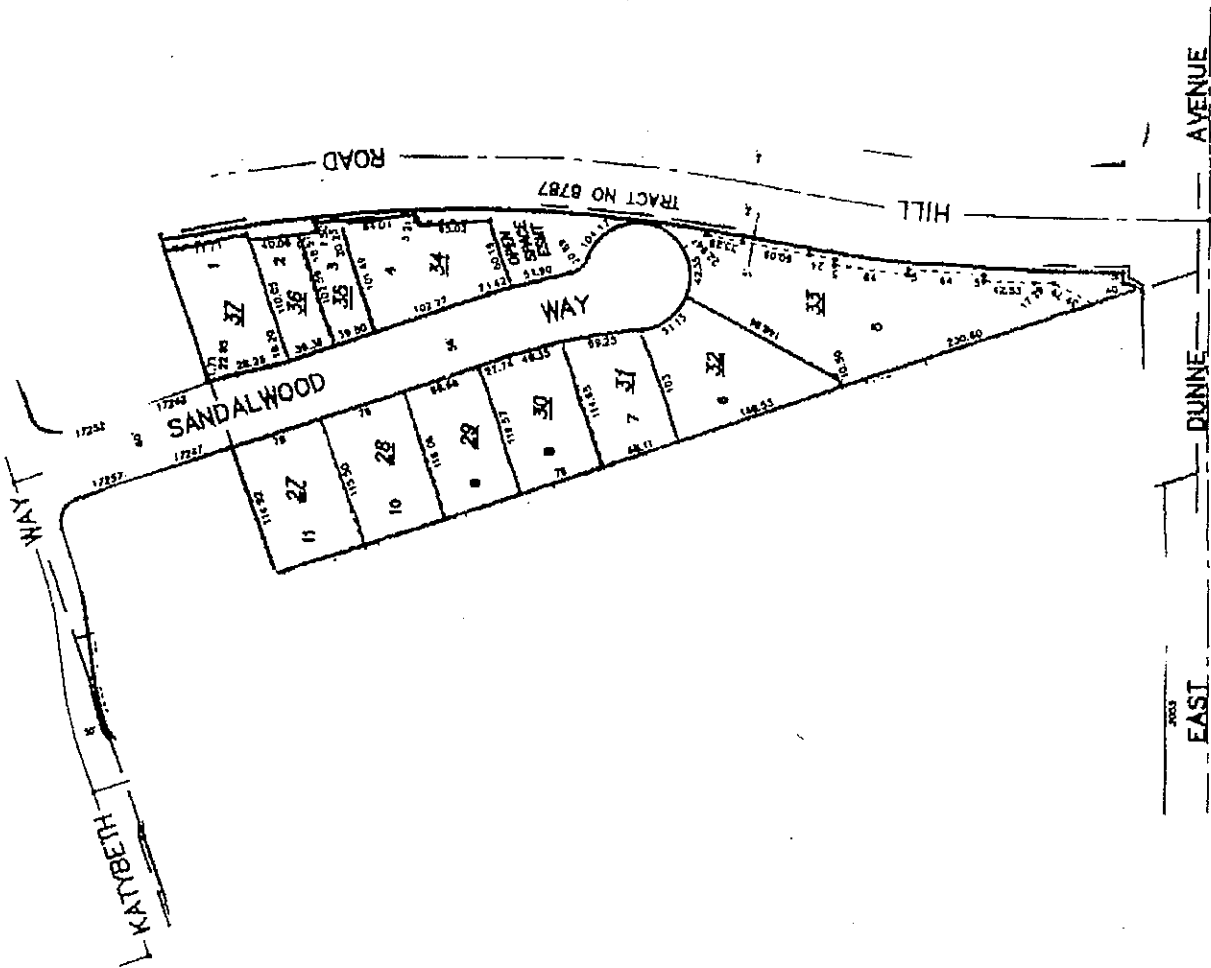


OAK CREEK ZONE SHEET 2

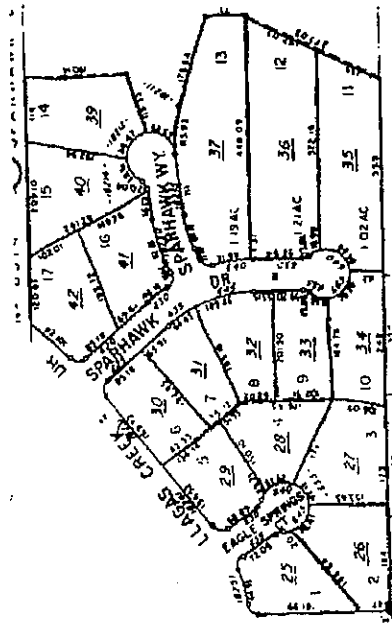


PARSONS CORNER ZONE

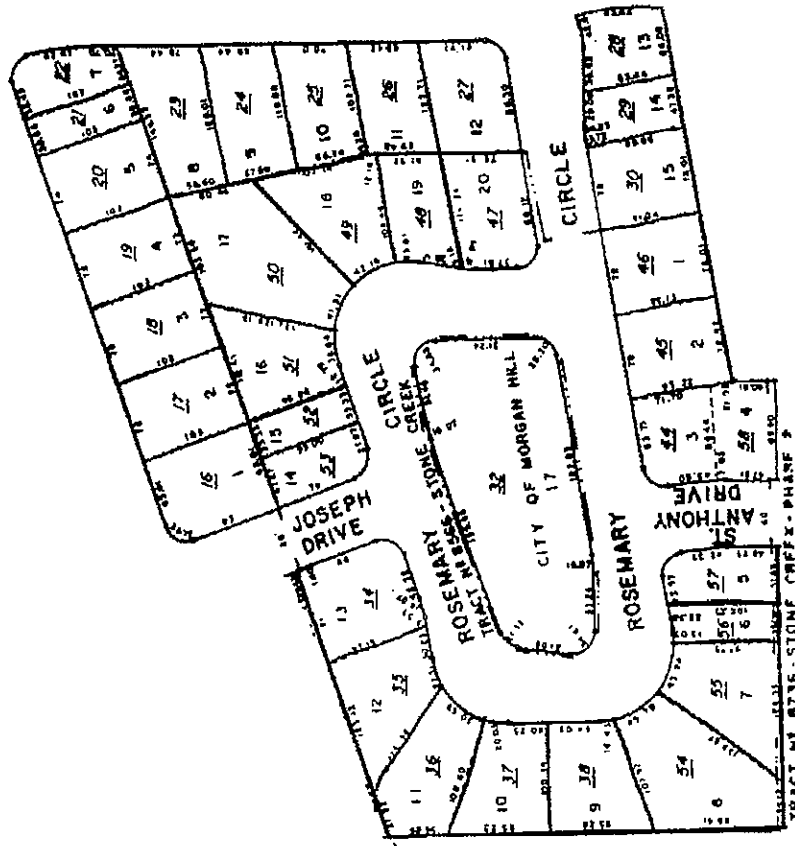




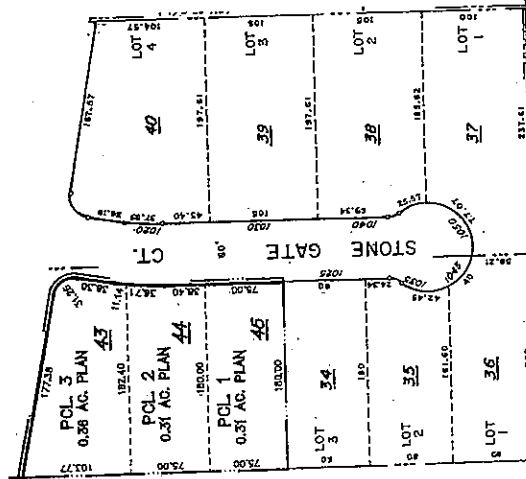
SANDALWOOD ZONE



SPARHAWK ZONE



STONE CREEK ZONE



SUNNYSIDE/STONEGATE ZONE

6. ASSESSMENT ROLL

The listing of Fiscal Year 2021/22 assessments is provided per Zone on the following pages. The description of each lot or parcel as part of the records of the County Assessor are, by reference, made part of this Report as well.

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Belle Estates	726-16-043	\$320.00	1.00	0.00	\$320.00
Belle Estates	726-16-044	320.00	1.00	0.00	320.00
Belle Estates	726-16-045	320.00	1.00	0.00	320.00
Belle Estates	726-16-046	320.00	1.00	0.00	320.00
Belle Estates	726-16-048	320.00	1.00	0.00	320.00
Belle Estates	726-16-050	320.00	1.00	0.00	320.00
Belle Estates	726-16-051	320.00	1.00	0.00	320.00
Belle Estates	726-16-052	320.00	1.00	0.00	320.00
Belle Estates	726-16-053	320.00	1.00	0.00	320.00
Belle Estates	726-16-054	320.00	1.00	0.00	320.00
Belle Estates	726-16-055	320.00	1.00	0.00	320.00
Belle Estates	726-16-056	320.00	1.00	0.00	320.00
Belle Estates	726-16-057	320.00	1.00	0.00	320.00
Belle Estates	726-16-058	320.00	1.00	0.00	320.00
Belle Estates	726-16-059	320.00	1.00	0.00	320.00
Belle Estates	726-16-060	320.00	1.00	0.00	320.00
Belle Estates	726-16-061	320.00	1.00	0.00	320.00
Belle Estates	726-16-062	320.00	1.00	0.00	320.00
Belle Estates	726-16-063	320.00	1.00	0.00	320.00
Belle Estates	726-16-064	320.00	1.00	0.00	320.00
Belle Estates	726-16-065	320.00	1.00	0.00	320.00
Belle Estates	726-16-066	320.00	1.00	0.00	320.00
Belle Estates	726-16-068	320.00	1.00	0.00	320.00
Belle Estates	726-16-069	320.00	1.00	0.00	320.00
Belle Estates	726-16-070	320.00	1.00	0.00	320.00
Belle Estates	726-16-071	320.00	1.00	0.00	320.00
Belle Estates	726-16-072	320.00	1.00	0.00	320.00
Belle Estates	726-16-074	320.00	1.00	0.00	320.00
Belle Estates	726-16-075	320.00	1.00	0.00	320.00
Belle Estates	726-16-076	320.00	1.00	0.00	320.00
Belle Estates	726-16-077	320.00	1.00	0.00	320.00
Belle Estates	726-16-078	320.00	1.00	0.00	320.00
Belle Estates	726-16-079	320.00	1.00	0.00	320.00
Belle Estates	726-16-080	320.00	1.00	0.00	320.00
Belle Estates	726-16-081	320.00	1.00	0.00	320.00
Belle Estates	726-16-082	320.00	1.00	0.00	320.00
Chang/Bertelone	764-23-050	550.00	1.00	0.00	550.00
Chang/Bertelone	764-23-051	550.00	1.00	0.00	550.00
Chang/Bertelone	764-23-052	550.00	1.00	0.00	550.00
Chang/Bertelone	764-23-053	550.00	1.00	0.00	550.00
Chang/Bertelone	764-23-057	550.00	1.00	0.00	550.00
Chang/Bertelone	764-23-058	550.00	1.00	0.00	550.00

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Chang/Bertelone	764-23-059	550.00	1.00	0.00	550.00
Chang/Bertelone	764-23-060	550.00	1.00	0.00	550.00
Conte Gardens	728-10-010	365.00	1.00	0.00	365.00
Conte Gardens	728-10-011	365.00	1.00	0.00	365.00
Conte Gardens	728-10-012	365.00	1.00	0.00	365.00
Conte Gardens	728-10-013	365.00	1.00	0.00	365.00
Conte Gardens	728-10-014	365.00	1.00	0.00	365.00
Conte Gardens	728-10-015	365.00	1.00	0.00	365.00
Conte Gardens	728-10-016	365.00	1.00	0.00	365.00
Conte Gardens	728-10-017	365.00	1.00	0.00	365.00
Conte Gardens	728-10-018	365.00	1.00	0.00	365.00
Conte Gardens	728-10-019	365.00	1.00	0.00	365.00
Conte Gardens	728-10-020	365.00	1.00	0.00	365.00
Diana Estates	726-07-042	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-043	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-044	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-045	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-055	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-056	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-057	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-058	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-059	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-060	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-061	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-062	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-063	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-064	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-065	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-066	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-067	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-068	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-069	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-070	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-071	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-072	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-073	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-074	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-075	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-077	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-078	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-080	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-081	139.39	1.00	(0.01)	139.38

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Diana Estates	726-07-082	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-083	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-084	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-085	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-086	139.39	1.00	(0.01)	139.38
Diana Estates	726-07-087	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-031	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-032	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-033	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-034	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-035	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-036	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-046	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-047	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-048	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-049	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-050	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-051	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-052	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-053	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-054	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-055	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-056	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-057	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-058	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-059	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-060	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-061	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-062	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-063	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-064	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-065	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-066	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-067	139.39	1.00	(0.01)	139.38
Diana Estates	726-08-068	139.39	1.00	(0.01)	139.38
Fox Hollow	764-47-001	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-002	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-003	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-004	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-005	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-006	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-007	173.53	1.00	(0.01)	173.52

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Fox Hollow	764-47-008	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-009	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-010	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-011	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-012	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-013	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-014	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-015	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-016	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-017	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-018	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-020	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-021	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-022	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-023	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-024	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-025	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-026	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-027	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-028	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-029	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-030	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-031	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-032	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-033	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-034	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-035	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-036	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-037	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-038	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-039	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-040	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-041	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-042	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-043	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-044	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-045	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-046	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-047	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-048	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-049	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-050	173.53	1.00	(0.01)	173.52

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Fox Hollow	764-47-051	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-052	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-053	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-054	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-055	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-056	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-057	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-058	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-059	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-060	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-061	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-062	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-063	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-064	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-065	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-066	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-067	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-068	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-069	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-070	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-071	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-072	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-073	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-074	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-075	173.53	1.00	(0.01)	173.52
Fox Hollow	764-47-079	173.53	1.00	(0.01)	173.52
Hamilton Square	767-36-044	325.00	1.00	0.00	325.00
Hamilton Square	767-36-045	325.00	1.00	0.00	325.00
Hamilton Square	767-36-046	325.00	1.00	0.00	325.00
Hamilton Square	767-36-047	325.00	1.00	0.00	325.00
Hamilton Square	767-36-048	325.00	1.00	0.00	325.00
Hamilton Square	767-36-049	325.00	1.00	0.00	325.00
Hamilton Square	767-36-050	325.00	1.00	0.00	325.00
Hamilton Square	767-36-051	325.00	1.00	0.00	325.00
Hamilton Square	767-36-052	325.00	1.00	0.00	325.00
Hamilton Square	767-36-053	325.00	1.00	0.00	325.00
Hamilton Square	767-36-054	325.00	1.00	0.00	325.00
Hamilton Square	767-36-055	325.00	1.00	0.00	325.00
Hamilton Square	767-36-056	325.00	1.00	0.00	325.00
Hamilton Square	767-36-057	325.00	1.00	0.00	325.00
Hamilton Square	767-36-058	325.00	1.00	0.00	325.00
Hamilton Square	767-36-059	325.00	1.00	0.00	325.00

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Hamilton Square	767-36-060	325.00	1.00	0.00	325.00
Hamilton Square	767-36-061	325.00	1.00	0.00	325.00
Hamilton Square	767-36-062	325.00	1.00	0.00	325.00
Hamilton Square	767-36-063	325.00	1.00	0.00	325.00
Hamilton Square	767-36-064	325.00	1.00	0.00	325.00
Hamilton Square	767-36-065	325.00	1.00	0.00	325.00
Hamilton Square	767-36-066	325.00	1.00	0.00	325.00
Hamilton Square	767-36-068	325.00	1.00	0.00	325.00
Hamilton Square	767-36-069	325.00	1.00	0.00	325.00
Hamilton Square	767-36-070	325.00	1.00	0.00	325.00
Hamilton Square	767-36-071	325.00	1.00	0.00	325.00
Hamilton Square	767-36-072	325.00	1.00	0.00	325.00
Hamilton Square	767-36-073	325.00	1.00	0.00	325.00
Hamilton Square	767-36-074	325.00	1.00	0.00	325.00
Hamilton Square	767-36-075	325.00	1.00	0.00	325.00
Hamilton Square	767-36-076	325.00	1.00	0.00	325.00
Hamilton Square	767-36-077	325.00	1.00	0.00	325.00
Hamilton Square	767-36-078	325.00	1.00	0.00	325.00
Hamilton Square	767-36-079	325.00	1.00	0.00	325.00
Hamilton Square	767-36-080	325.00	1.00	0.00	325.00
Hamilton Square	767-36-081	325.00	1.00	0.00	325.00
Hamilton Square	767-36-082	325.00	1.00	0.00	325.00
Jackson Meadows #6	817-26-047	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-048	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-049	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-066	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-067	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-068	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-069	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-070	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-071	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-072	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-073	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-075	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-076	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-077	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-078	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-079	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-080	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-081	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-082	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-083	108.00	1.00	0.00	108.00

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Jackson Meadows #6	817-26-084	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-085	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-086	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-087	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-088	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-089	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-090	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-091	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-092	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-093	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-095	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-096	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-097	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-098	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-099	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-100	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-101	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-102	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-103	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-104	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-105	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-106	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-107	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-108	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-109	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-110	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-111	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-112	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-113	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-114	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-115	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-116	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-117	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-118	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-119	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-120	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-122	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-123	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-124	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-125	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-126	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-127	108.00	1.00	0.00	108.00

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Jackson Meadows #6	817-26-129	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-130	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-131	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-132	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-133	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-134	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-135	108.00	1.00	0.00	108.00
Jackson Meadows #6	817-26-136	108.00	1.00	0.00	108.00
Jackson Meadows #7	817-70-001	100.00	1.00	0.00	100.00
Jackson Meadows #7	817-70-002	100.00	1.00	0.00	100.00
Jackson Meadows #7	817-70-003	100.00	1.00	0.00	100.00
Jackson Meadows #7	817-70-004	100.00	1.00	0.00	100.00
Jackson Meadows #7	817-70-005	100.00	1.00	0.00	100.00
Jackson Meadows #7	817-70-006	100.00	1.00	0.00	100.00
Jackson Meadows #7	817-70-007	100.00	1.00	0.00	100.00
Jackson Meadows #7	817-70-008	100.00	1.00	0.00	100.00
Jackson Meadows #7	817-70-009	100.00	1.00	0.00	100.00
Jackson Meadows #7	817-70-017	100.00	1.00	0.00	100.00
La Grande Estates	767-45-032	88.00	1.00	0.00	88.00
La Grande Estates	767-45-033	88.00	1.00	0.00	88.00
La Grande Estates	767-45-034	88.00	1.00	0.00	88.00
La Grande Estates	767-45-037	88.00	1.00	0.00	88.00
La Grande Estates	767-45-038	88.00	1.00	0.00	88.00
La Grande Estates	767-45-039	88.00	1.00	0.00	88.00
La Grande Estates	767-45-040	88.00	1.00	0.00	88.00
La Grande Estates	767-45-041	88.00	1.00	0.00	88.00
La Grande Estates	767-45-042	88.00	1.00	0.00	88.00
La Grande Estates	767-45-043	88.00	1.00	0.00	88.00
La Grande Estates	767-45-044	88.00	1.00	0.00	88.00
La Grande Estates	767-45-045	88.00	1.00	0.00	88.00
La Grande Estates	767-45-046	88.00	1.00	0.00	88.00
La Grande Estates	767-45-047	88.00	1.00	0.00	88.00
La Grande Estates	767-45-048	88.00	1.00	0.00	88.00
La Grande Estates	767-45-049	88.00	1.00	0.00	88.00
La Grande Estates	767-45-050	88.00	1.00	0.00	88.00
La Grande Estates	767-45-051	88.00	1.00	0.00	88.00
La Grande Estates	767-45-052	88.00	1.00	0.00	88.00
La Grande Estates	767-45-053	88.00	1.00	0.00	88.00
La Grande Estates	767-45-054	88.00	1.00	0.00	88.00
La Grande Estates	767-45-055	88.00	1.00	0.00	88.00
La Grande Estates	767-45-056	88.00	1.00	0.00	88.00
La Grande Estates	767-45-057	88.00	1.00	0.00	88.00

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
La Grande Estates	767-45-058	88.00	1.00	0.00	88.00
La Grande Estates	767-45-059	88.00	1.00	0.00	88.00
La Grande Estates	767-45-060	88.00	1.00	0.00	88.00
La Grande Estates	767-45-061	88.00	1.00	0.00	88.00
La Grande Estates	767-45-062	88.00	1.00	0.00	88.00
La Grande Estates	767-45-063	88.00	1.00	0.00	88.00
La Grande Estates	767-45-064	88.00	1.00	0.00	88.00
La Grande Estates	767-45-065	88.00	1.00	0.00	88.00
Lacrosse/Gera	767-46-001	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-002	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-003	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-004	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-005	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-006	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-007	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-008	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-009	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-010	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-011	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-012	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-013	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-014	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-015	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-018	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-019	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-020	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-021	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-022	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-023	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-024	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-025	50.00	1.00	0.00	50.00
Lacrosse/Gera	767-46-026	50.00	1.00	0.00	50.00
Llagas Creek	764-49-002	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-003	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-004	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-005	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-006	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-007	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-008	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-009	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-010	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-011	233.67	1.00	(0.01)	233.66

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Llagas Creek	764-49-012	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-013	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-014	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-015	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-016	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-017	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-018	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-019	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-020	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-021	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-022	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-023	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-024	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-025	233.67	1.00	(0.01)	233.66
Llagas Creek	764-49-026	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-001	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-002	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-003	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-004	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-005	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-006	233.67	1.00	(0.01)	233.66
Llagas Creek	764-50-007	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-001	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-004	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-005	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-010	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-011	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-012	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-013	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-014	233.67	1.00	(0.01)	233.66
Llagas Creek	764-51-015	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-001	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-002	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-003	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-004	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-005	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-006	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-008	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-009	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-010	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-011	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-012	233.67	1.00	(0.01)	233.66

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Llagas Creek	764-52-013	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-014	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-015	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-016	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-017	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-018	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-019	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-020	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-021	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-022	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-023	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-024	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-025	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-026	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-027	233.67	1.00	(0.01)	233.66
Llagas Creek	764-52-028	233.67	1.00	(0.01)	233.66
Llagas Creek	764-53-003	233.67	1.00	(0.01)	233.66
Llagas Creek	764-53-004	233.67	1.00	(0.01)	233.66
Llagas Creek	764-53-005	233.67	1.00	(0.01)	233.66
Llagas/Obata	764-23-032	400.00	1.00	0.00	400.00
Llagas/Obata	764-23-033	400.00	1.00	0.00	400.00
Llagas/Obata	764-23-034	400.00	1.00	0.00	400.00
Llagas/Obata	764-23-035	400.00	1.00	0.00	400.00
Llagas/Obata	764-23-036	400.00	1.00	0.00	400.00
Mill Creek	767-47-001	285.00	1.00	0.00	285.00
Mill Creek	767-47-002	285.00	1.00	0.00	285.00
Mill Creek	767-47-003	285.00	1.00	0.00	285.00
Mill Creek	767-47-004	285.00	1.00	0.00	285.00
Mill Creek	767-47-005	285.00	1.00	0.00	285.00
Mill Creek	767-47-006	285.00	1.00	0.00	285.00
Mill Creek	767-47-007	285.00	1.00	0.00	285.00
Mill Creek	767-47-008	285.00	1.00	0.00	285.00
Mill Creek	767-47-009	285.00	1.00	0.00	285.00
Mill Creek	767-47-010	285.00	1.00	0.00	285.00
Mill Creek	767-47-011	285.00	1.00	0.00	285.00
Mill Creek	767-47-012	285.00	1.00	0.00	285.00
Mill Creek	767-47-013	285.00	1.00	0.00	285.00
Mill Creek	767-47-014	285.00	1.00	0.00	285.00
Mill Creek	767-47-015	285.00	1.00	0.00	285.00
Mill Creek	767-47-016	285.00	1.00	0.00	285.00
Mill Creek	767-47-017	285.00	1.00	0.00	285.00
Mill Creek	767-47-018	285.00	1.00	0.00	285.00

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)

City of Morgan Hill
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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Mill Creek	767-47-019	285.00	1.00	0.00	285.00
Mill Creek	767-47-020	285.00	1.00	0.00	285.00
Mill Creek	767-47-021	285.00	1.00	0.00	285.00
Mill Creek	767-47-022	285.00	1.00	0.00	285.00
Mill Creek	767-47-023	285.00	1.00	0.00	285.00
Mill Creek	767-47-029	285.00	1.00	0.00	285.00
Mill Creek	767-47-030	285.00	1.00	0.00	285.00
Mill Creek	767-47-031	285.00	1.00	0.00	285.00
Mill Creek	767-47-032	285.00	1.00	0.00	285.00
Mill Creek	767-47-033	285.00	1.00	0.00	285.00
Mill Creek	767-47-034	285.00	1.00	0.00	285.00
Mill Creek	767-47-035	285.00	1.00	0.00	285.00
Mill Creek	767-47-036	285.00	1.00	0.00	285.00
Mill Creek	767-47-037	285.00	1.00	0.00	285.00
Mill Creek	767-47-038	285.00	1.00	0.00	285.00
Mill Creek	767-47-039	285.00	1.00	0.00	285.00
Mill Creek	767-47-040	285.00	1.00	0.00	285.00
Mill Creek	767-47-041	285.00	1.00	0.00	285.00
Mill Creek	767-47-042	285.00	1.00	0.00	285.00
Mill Creek	767-47-043	285.00	1.00	0.00	285.00
Mill Creek	767-47-044	285.00	1.00	0.00	285.00
Mill Creek	767-47-045	285.00	1.00	0.00	285.00
Mill Creek	767-47-046	285.00	1.00	0.00	285.00
Mill Creek	767-47-047	285.00	1.00	0.00	285.00
Mill Creek	767-47-048	285.00	1.00	0.00	285.00
Mill Creek	767-47-049	285.00	1.00	0.00	285.00
Mill Creek	767-47-050	285.00	1.00	0.00	285.00
Mill Creek	767-47-051	285.00	1.00	0.00	285.00
Mill Creek	767-47-052	285.00	1.00	0.00	285.00
Mill Creek	767-47-053	285.00	1.00	0.00	285.00
Mill Creek	767-47-054	285.00	1.00	0.00	285.00
Mill Creek	767-47-055	285.00	1.00	0.00	285.00
Mill Creek	767-47-057	285.00	1.00	0.00	285.00
Mill Creek	767-47-058	285.00	1.00	0.00	285.00
Mill Creek	767-47-059	285.00	1.00	0.00	285.00
Mill Creek	767-47-060	285.00	1.00	0.00	285.00
Mill Creek	767-47-061	285.00	1.00	0.00	285.00
Mill Creek	767-47-062	285.00	1.00	0.00	285.00
Mill Creek	767-47-063	285.00	1.00	0.00	285.00
Mill Creek	767-47-064	285.00	1.00	0.00	285.00
Mill Creek	767-47-065	285.00	1.00	0.00	285.00
Mill Creek	767-47-066	285.00	1.00	0.00	285.00

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Mill Creek	767-47-067	285.00	1.00	0.00	285.00
Mill Creek	767-47-068	285.00	1.00	0.00	285.00
Mill Creek	767-47-069	285.00	1.00	0.00	285.00
Mill Creek	767-47-070	285.00	1.00	0.00	285.00
Mill Creek	767-47-071	285.00	1.00	0.00	285.00
Mill Creek	767-47-072	285.00	1.00	0.00	285.00
Mill Creek	767-47-073	285.00	1.00	0.00	285.00
Mill Creek	767-47-074	285.00	1.00	0.00	285.00
Mill Creek	767-47-075	285.00	1.00	0.00	285.00
Mill Creek	767-47-076	285.00	1.00	0.00	285.00
Mill Creek	767-47-077	285.00	1.00	0.00	285.00
Mill Creek	767-47-078	285.00	1.00	0.00	285.00
Mill Creek	767-47-079	285.00	1.00	0.00	285.00
Mill Creek	767-47-080	285.00	1.00	0.00	285.00
Mill Creek	767-47-081	285.00	1.00	0.00	285.00
Mill Creek	767-47-082	285.00	1.00	0.00	285.00
Mill Creek	767-47-083	285.00	1.00	0.00	285.00
Mill Creek	767-47-084	285.00	1.00	0.00	285.00
Mill Creek	767-47-085	285.00	1.00	0.00	285.00
Mill Creek	767-47-086	285.00	1.00	0.00	285.00
Mill Creek	767-47-087	285.00	1.00	0.00	285.00
Mill Creek	767-47-088	285.00	1.00	0.00	285.00
Mill Creek	767-47-089	285.00	1.00	0.00	285.00
Mill Creek	767-47-090	285.00	1.00	0.00	285.00
Oak Creek I, II, III	779-51-001	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-002	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-003	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-004	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-005	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-006	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-007	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-008	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-009	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-010	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-011	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-012	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-013	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-014	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-015	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-016	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-017	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-018	350.00	1.00	0.00	350.00

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Oak Creek I, II, III	779-51-019	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-020	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-021	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-022	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-023	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-024	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-030	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-031	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-032	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-033	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-034	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-035	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-036	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-037	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-038	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-039	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-040	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-041	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-042	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-043	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-044	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-045	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-046	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-047	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-048	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-049	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-050	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-051	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-052	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-053	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-51-054	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-004	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-005	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-006	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-007	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-008	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-009	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-010	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-011	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-012	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-013	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-014	350.00	1.00	0.00	350.00

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Oak Creek I, II, III	779-52-015	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-016	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-017	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-018	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-019	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-020	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-021	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-022	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-023	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-024	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-025	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-026	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-027	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-028	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-029	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-030	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-031	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-032	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-033	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-034	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-035	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-037	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-038	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-039	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-040	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-041	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-047	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-055	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-056	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-057	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-058	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-059	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-060	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-061	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-062	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-063	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-064	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-065	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-066	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-067	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-068	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-069	350.00	1.00	0.00	350.00

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Oak Creek I, II, III	779-52-070	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-071	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-072	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-073	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-074	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-075	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-076	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-077	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-078	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-079	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-080	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-081	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-082	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-083	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-084	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-085	350.00	1.00	0.00	350.00
Oak Creek I, II, III	779-52-086	350.00	1.00	0.00	350.00
Rosehaven	817-10-005	400.00	1.00	0.00	400.00
Rosehaven	817-10-006	400.00	1.00	0.00	400.00
Rosehaven	817-10-007	400.00	1.00	0.00	400.00
Rosehaven	817-10-008	400.00	1.00	0.00	400.00
Rosehaven	817-10-010	400.00	1.00	0.00	400.00
Rosehaven	817-10-011	400.00	2.00	0.00	800.00
Rosehaven	817-10-012	400.00	1.00	0.00	400.00
Rosehaven	817-10-013	400.00	1.00	0.00	400.00
Rosehaven	817-10-014	400.00	1.00	0.00	400.00
Rosehaven	817-10-015	400.00	1.00	0.00	400.00
Rosehaven	817-10-016	400.00	1.00	0.00	400.00
Rosehaven	817-10-017	400.00	1.00	0.00	400.00
Rosehaven	817-10-018	400.00	1.00	0.00	400.00
Rosehaven	817-10-019	400.00	1.00	0.00	400.00
Rosehaven	817-10-020	400.00	1.00	0.00	400.00
Rosehaven	817-10-021	400.00	2.00	0.00	800.00
Rosehaven	817-10-022	400.00	1.00	0.00	400.00
Rosehaven	817-10-023	400.00	1.00	0.00	400.00
Rosehaven	817-10-024	400.00	1.00	0.00	400.00
Rosehaven	817-10-025	400.00	1.00	0.00	400.00
Rosehaven	817-10-026	400.00	2.00	0.00	800.00
Rosehaven	817-10-027	400.00	1.00	0.00	400.00
Rosehaven	817-10-028	400.00	1.00	0.00	400.00
Rosehaven	817-10-029	400.00	1.00	0.00	400.00
Sandalwood	728-11-027	450.00	1.00	0.00	450.00

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Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Sandalwood	728-11-028	450.00	1.00	0.00	450.00
Sandalwood	728-11-029	450.00	1.00	0.00	450.00
Sandalwood	728-11-030	450.00	1.00	0.00	450.00
Sandalwood	728-11-031	450.00	1.00	0.00	450.00
Sandalwood	728-11-032	450.00	1.00	0.00	450.00
Sandalwood	728-11-033	450.00	1.00	0.00	450.00
Sandalwood	728-11-034	450.00	1.00	0.00	450.00
Sandalwood	728-11-035	450.00	1.00	0.00	450.00
Sandalwood	728-11-036	450.00	1.00	0.00	450.00
Sandalwood	728-11-037	450.00	1.00	0.00	450.00
Sparhawk	764-31-025	248.82	1.00	0.00	248.82
Sparhawk	764-31-026	248.82	1.00	0.00	248.82
Sparhawk	764-31-027	248.82	1.00	0.00	248.82
Sparhawk	764-31-028	248.82	1.00	0.00	248.82
Sparhawk	764-31-029	248.82	1.00	0.00	248.82
Sparhawk	764-31-030	248.82	1.00	0.00	248.82
Sparhawk	764-31-031	248.82	1.00	0.00	248.82
Sparhawk	764-31-032	248.82	1.00	0.00	248.82
Sparhawk	764-31-033	248.82	1.00	0.00	248.82
Sparhawk	764-31-034	248.82	1.00	0.00	248.82
Sparhawk	764-31-035	248.82	1.00	0.00	248.82
Sparhawk	764-31-036	248.82	1.00	0.00	248.82
Sparhawk	764-31-037	248.82	1.00	0.00	248.82
Sparhawk	764-31-038	248.82	1.00	0.00	248.82
Sparhawk	764-31-039	248.82	1.00	0.00	248.82
Sparhawk	764-31-040	248.82	1.00	0.00	248.82
Sparhawk	764-31-041	248.82	1.00	0.00	248.82
Sparhawk	764-31-042	248.82	1.00	0.00	248.82
Stone Creek	726-06-016	388.46	1.00	0.00	388.46
Stone Creek	726-06-017	388.46	1.00	0.00	388.46
Stone Creek	726-06-018	388.46	1.00	0.00	388.46
Stone Creek	726-06-019	388.46	1.00	0.00	388.46
Stone Creek	726-06-020	388.46	1.00	0.00	388.46
Stone Creek	726-06-021	388.46	1.00	0.00	388.46
Stone Creek	726-06-022	388.46	1.00	0.00	388.46
Stone Creek	726-06-023	388.46	1.00	0.00	388.46
Stone Creek	726-06-024	388.46	1.00	0.00	388.46
Stone Creek	726-06-025	388.46	1.00	0.00	388.46
Stone Creek	726-06-026	388.46	1.00	0.00	388.46
Stone Creek	726-06-027	388.46	1.00	0.00	388.46
Stone Creek	726-06-028	388.46	1.00	0.00	388.46
Stone Creek	726-06-029	388.46	1.00	0.00	388.46

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)

City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2021/22
Assessment Roll

Zone	APN	Rate Per Unit	Units	Rounding Adjustment	2021/22 Assessment (1)
Stone Creek	726-06-030	388.46	1.00	0.00	388.46
Stone Creek	726-06-034	388.46	1.00	0.00	388.46
Stone Creek	726-06-035	388.46	1.00	0.00	388.46
Stone Creek	726-06-036	388.46	1.00	0.00	388.46
Stone Creek	726-06-037	388.46	1.00	0.00	388.46
Stone Creek	726-06-038	388.46	1.00	0.00	388.46
Stone Creek	726-06-044	388.46	1.00	0.00	388.46
Stone Creek	726-06-045	388.46	1.00	0.00	388.46
Stone Creek	726-06-046	388.46	1.00	0.00	388.46
Stone Creek	726-06-047	388.46	1.00	0.00	388.46
Stone Creek	726-06-048	388.46	1.00	0.00	388.46
Stone Creek	726-06-049	388.46	1.00	0.00	388.46
Stone Creek	726-06-050	388.46	1.00	0.00	388.46
Stone Creek	726-06-051	388.46	1.00	0.00	388.46
Stone Creek	726-06-052	388.46	1.00	0.00	388.46
Stone Creek	726-06-053	388.46	1.00	0.00	388.46
Stone Creek	726-06-054	388.46	1.00	0.00	388.46
Stone Creek	726-06-055	388.46	1.00	0.00	388.46
Stone Creek	726-06-056	388.46	1.00	0.00	388.46
Stone Creek	726-06-057	388.46	1.00	0.00	388.46
Stone Creek	726-06-058	388.46	1.00	0.00	388.46
Sunnyside/Stonegate	773-31-034	375.00	1.00	0.00	375.00
Sunnyside/Stonegate	773-31-035	375.00	1.00	0.00	375.00
Sunnyside/Stonegate	773-31-036	375.00	1.00	0.00	375.00
Sunnyside/Stonegate	773-31-037	375.00	1.00	0.00	375.00
Sunnyside/Stonegate	773-31-038	375.00	1.00	0.00	375.00
Sunnyside/Stonegate	773-31-039	375.00	1.00	0.00	375.00
Sunnyside/Stonegate	773-31-040	375.00	1.00	0.00	375.00
Sunnyside/Stonegate	773-31-043	375.00	1.00	0.00	375.00
Sunnyside/Stonegate	773-31-044	375.00	1.00	0.00	375.00
Sunnyside/Stonegate	773-31-045	375.00	1.00	0.00	375.00
Totals:			748.00	(2.10)	188,550.04

(1) Amounts placed on the tax roll must be rounded down to an even number. The Assessment includes the rounding adjustment.

Attachment: Engineer's Report FY2021-22 (3093 : LAD Ordering Assessments)

7. HISTORICAL ASSESSMENT RATES

The historical assessment rates per Zone are identified on the following pages.

City of Morgan Hill
Landscape Assessment District No. 1
Actual Historical Assessment Rates Per Zone

Zone	Belle Estates	Chang/Bertelone	Conte Gardens	Diana Estates	Fox Hollow / Murphy Sp.	Hamilton Square	Jackson Meadows #6	Jackson Meadows #7	La Grande Estates	Lacrosse/Gera
Annexation Number	93-03	93-05	92-10	94-01	Original	94-03	93-06	91-03	95-03	91-04
Original Rate	\$502.22	\$1,215.00	\$477.82	\$139.39	\$106.15	\$425.54	\$108.10	\$314.58	\$88.00	\$142.99
Unit Count	36	8	11	64	75	38	70	10	32	24
1991/92	-	-	-	\$139.39	-	-	-	\$314.58	-	\$142.99
1992/93	-	-	-	-	-	-	-	-	-	-
1993/94	-	-	-	69.80	-	-	-	77.35	-	8.93
1994/95	-	-	-	69.80	\$106.15	-	-	77.35	-	8.93
1995/96	\$502.00	\$1,215.00	\$285.98	54.14	79.92	\$425.54	\$108.10	88.66	-	8.93
1996/97	71.00	8.93	477.82	21.94	49.11	214.08	76.04	194.70	-	8.93
1997/98	71.00	8.93	477.82	21.94	49.11	214.08	76.04	194.70	-	8.93
1998/99	71.00	8.93	477.82	21.94	49.11	214.08	76.04	194.70	-	8.93
1999/00	147.81	8.93	477.82	81.03	49.11	399.71	108.10	314.50	\$88.00	8.93
2000/01	147.81	8.93	477.82	81.03	49.11	399.71	108.10	314.50	88.00	8.93
2001/02	147.80	8.92	477.82	54.80	49.10	399.70	86.38	314.50	88.00	8.92
2002/03	147.80	8.92	477.82	70.00	101.10	399.70	104.18	314.50	88.00	8.92
2003/04	175.00	8.92	477.82	80.00	101.10	399.70	104.18	314.50	88.00	8.92
2004/05	180.00	8.92	477.82	80.00	101.10	399.70	108.10	314.50	88.00	8.92
2005/06	180.00	94.92	477.82	105.00	141.10	399.70	108.10	314.50	88.00	8.92
2006/07	180.00	94.92	477.82	105.00	141.10	399.70	108.10	314.50	88.00	8.92
2007/08	194.00	94.92	477.82	135.00	141.10	399.70	108.10	314.50	88.00	8.92
2008/09	234.00	94.92	477.82	139.39	149.69	425.54	108.10	314.50	88.00	130.00
2009/10	234.00	200.00	477.82	139.39	149.69	425.54	108.10	314.50	88.00	130.00
2010/11	234.00	300.00	477.82	139.39	149.69	425.54	108.10	314.50	88.00	130.00
2011/12	282.00	400.00	477.82	139.39	168.48	425.54	108.10	314.50	88.00	50.00
2012/13	282.00	400.00	477.82	139.39	173.53	425.54	98.10	140.00	88.00	50.00
2013/14	320.00	500.00	477.82	139.39	173.53	425.54	98.10	140.00	88.00	50.00
2014/15	320.00	500.00	477.82	139.39	173.53	425.54	98.10	140.00	88.00	50.00
2015/16	320.00	550.00	400.00	139.39	173.53	425.54	108.00	140.00	88.00	50.00
2016/17	320.00	550.00	400.00	139.39	173.53	425.54	108.00	100.00	88.00	50.00
2017/18	320.00	550.00	400.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00
2018/19	320.00	550.00	365.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00
2019/20	320.00	550.00	365.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00
2020/21	320.00	550.00	365.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00
2021/22	320.00	550.00	365.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00

City of Morgan Hill
Landscape Assessment District No. 1
Actual Historical Assessment Rates Per Zone

Zone	Llagas Creek Estates	Llagas/Obata	Mill Creek	Oak Creek	Parsons Corner	Rose Haven	Sandalwood	Sparhawk	Stone Creek	Sunnyside / Stone Gate
Annexation Number	91-05	91-07	93-01	94-04	95-02	95-01	96-01	91-06	94-02	91-01
Original Rate	\$140.84	\$629.16	\$186.82	\$453.82	\$568.32	\$488.47	\$192.39	\$174.77	\$306.66	\$449.40
Unit Count	71	5	84	119	10	27	11	18	35	10
1991/92	\$140.85	\$629.16	-	-	-	-	-	\$174.77	-	\$449.40
1992/93	-	-	-	-	-	-	-	-	-	-
1993/94	19.13	335.37	-	-	-	-	-	93.03	-	15.05
1994/95	19.13	15.05	-	-	-	-	-	308.84	-	15.04
1995/96	76.60	15.05	\$186.82	\$453.82	-	-	-	226.46	\$306.66	15.04
1996/97	59.54	8.93	64.57	47.67	\$568.32	\$488.47	-	147.33	146.66	8.93
1997/98	59.54	8.93	64.57	47.67	457.40	189.73	-	147.33	146.66	8.93
1998/99	59.54	8.93	64.57	337.09	457.40	189.73	-	147.33	146.66	8.93
1999/00	140.85	8.93	95.83	320.52	457.40	189.73	\$192.36	147.33	275.00	8.93
2000/01	140.85	8.93	158.64	245.16	457.40	189.73	192.36	147.33	275.00	8.93
2001/02	105.86	8.92	158.64	150.00	457.40	189.72	192.36	147.32	275.00	8.92
2002/03	140.00	8.92	182.64	250.00	300.00	300.00	192.36	147.32	275.00	275.00
2003/04	140.00	8.92	120.00	300.00	300.00	300.00	192.36	147.32	275.00	192.50
2004/05	140.00	8.92	120.00	300.00	300.00	300.00	192.36	147.32	306.66	192.50
2005/06	190.00	53.92	138.00	300.00	430.00	300.00	192.36	202.32	306.66	332.50
2006/07	190.00	53.92	138.00	300.00	430.00	300.00	192.36	202.32	306.66	332.50
2007/08	190.00	53.92	168.00	300.00	460.00	330.00	192.36	208.38	306.66	332.50
2008/09	195.70	53.92	186.82	300.00	460.00	370.00	192.36	214.64	306.66	332.50
2009/10	195.70	53.92	186.82	300.00	460.00	370.00	192.36	214.64	306.66	332.50
2010/11	195.70	53.92	186.82	300.00	460.00	370.00	192.36	214.64	306.66	332.50
2011/12	195.70	53.92	186.82	350.00	250.00	450.00	192.36	241.58	306.66	332.50
2012/13	195.70	53.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	332.50
2013/14	233.67	53.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	412.50
2014/15	233.67	53.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	412.50
2015/16	233.67	143.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	375.00
2016/17	233.67	143.92	186.82	350.00	250.00	488.00	192.36	248.82	388.46	375.00
2017/18	233.67	143.92	186.82	350.00	250.00	488.00	192.36	248.82	388.46	375.00
2018/19	233.67	400.00	186.82	350.00	250.00	400.00	450.00	248.82	388.46	375.00
2019/20	233.67	400.00	186.82	350.00	0.00	400.00	450.00	248.82	388.46	375.00
2020/21	233.67	400.00	285.00	350.00	0.00	400.00	450.00	248.82	388.46	375.00
2021/22	233.67	400.00	285.00	350.00	0.00	400.00	450.00	248.82	388.46	375.00

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MORGAN HILL, CALIFORNIA, CONFIRMING THE
ASSESSMENT AND ORDERING THE LEVY FOR THE
CITY OF MORGAN HILL LANDSCAPE ASSESSMENT
DISTRICT NO. 1 FOR FISCAL YEAR 2021/22**

WHEREAS, the City Council of the City of Morgan Hill (hereafter referred to as the “City Council”) previously completed its proceedings in accordance with and pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500) (the “Act”) to establish the City of Morgan Hill (the “City”) Fox Hollow/Murphy Springs Landscape Assessment District and has by previous resolution changed the name of said district to the City of Morgan Hill Landscape Assessment District No. 1 (the “Assessment District”); and,

WHEREAS, the City has retained NBS for the purposes of assisting with the annual levy of the Assessment District, and the preparation and filing of an Annual Report; and

WHEREAS, NBS has not been required to update the Annual Report since the City Council’s preliminary approval on May 5, 2021; and

WHEREAS, the City Council has, by previous resolution, declared its intention to hold a Public Hearing concerning the levy and collection of assessments within the Assessment District; and

WHEREAS, notice of such Public Hearing was duly given in accordance with Section 22626 of the Act; and

WHEREAS, at the time and place specified in the aforementioned notice the City Council held and conducted such Public Hearing, and considered all objections to the assessment.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE COUNCIL, AS FOLLOWS:

- 1. Final Approval of Report:** The City Council approves the Annual Report concerning the levy of assessments for the fiscal year commencing July 1, 2021 and ending June 30, 2022.
- 2. Confirmation of Assessment and Diagram:** The City Council hereby confirms the assessment and the diagram as is described in full detail in the Annual Report on file with the City Clerk.

3. **Levy of Assessment:** Pursuant to Section 22631 of the Act, the adoption of this resolution shall constitute the levy of an assessment for the fiscal year commencing July 1, 2021 and ending June 30, 2022.
4. **Ordering of the Levy:** The City Council hereby orders NBS to prepare and submit the levy of assessments to Santa Clara County for placement on the Fiscal Year 2021/22 secured property tax roll.

PASSED, APPROVED AND ADOPTED by the City Council of Morgan Hill at a regular meeting held on the 2nd day of June 2021.

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

APPROVED:

ATTEST:

RICH CONSTANTINE, Mayor

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. ____, adopted by the City Council at the meeting held on June 2, 2021.

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

DATE: _____

Michelle Bigelow, CITY CLERK

Attachment: Resolution [Revision 1] (3093 : LAD Ordering Assessments)



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

PREPARED BY: Adam Paszkowski, Principal Planner
APPROVED BY: City Manager

RECEIVE REPORT REGARDING SENATE BILL (SB) 743 LEVEL-OF-SERVICE (LOS) TO VEHICLE-MILES-TRAVELED (VMT)

RECOMMENDATION(S)

Accept presentation by Staff and Nelson\Nygaard Consulting Associates, Inc. regarding the City's implementation of State Senate Bill (SB) 743 transition from Level-of-Service (LOS) to Vehicle-Miles-Traveled (VMT) metric for transportation analysis under the California Environmental Quality Act (CEQA).

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Protecting the Environment and Preserving
Open Space and Agricultural Land
Advancing Regional Initiatives

2020-2021 Strategic Priorities

Transportation

GUIDING DOCUMENTS

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

On September 27, 2013, Senate Bill 743 (Steinberg) was signed by then Governor Jerry Brown, requiring the Governor's Office of Planning and Research (OPR) to amend the California Environmental Quality Act (CEQA) Guidelines, to develop alternative metrics to replace the use of vehicular "Level of Service" (LOS) for evaluating transportation impacts, and to provide alternative criteria for evaluating transportation impacts to promote the reduction of greenhouse gas emissions, the development of multimodal transportation systems, and a diversity of land uses.

Historically, the City has used the LOS methodology to: a) manage vehicle traffic movement and gauge intersection and road arterial operations; b) coordinate planning for future growth; and c) assess environmental impacts associated with vehicle movement.

However, effective since July 1, 2020, the SB 743 legislation required that local jurisdictions shift from use of LOS for CEQA review of vehicle movement impacts (delay) to a method that assesses the distance of vehicle travel attributed to a project or use. This shift focuses review to regional traffic and reducing greenhouse gas (GHG) emissions, rather than vehicle impacts on the local roadway network. As a result, traffic delay is no longer considered a significant impact under CEQA. With OPR's December

2018 'Technical Advisory on Evaluating Impacts in CEQA,' the method selected to assess distance of vehicle travel is Vehicle-Miles-Traveled (VMT).

In simple terms, VMT measures the amount and distance of vehicle travel attributed to a project or use. Specifically, VMT focuses on determining the origin and destination of travel patterns. Unlike LOS, VMT does not assess the local vehicle trips from a project or the project's traffic impacts on a local intersection or road/highway segment. Rather, VMT assesses the effects of the project on regional traffic and use of transit and non-motorized travel. VMT is not a new methodology; it has been used for many years in CEQA documents in estimating pollution (air quality impacts), GHG emissions, and energy consumption. VMT is typically calculated using a travel demand model, which estimates the total number and length of vehicle trips to and from a given geographic area, such as transportation analysis zones (TAZs).

Although SB 743 prohibits the use of LOS as a metric used to analyze transportation impacts in CEQA, and traffic delay is no longer considered a significant impact, cities can still use LOS to inform local analysis, such as traffic operations and traffic signal timing needs. During the development process, LOS analysis can be required outside of CEQA as per the City's General Plan. Project conditions of approval can require changes to the project, transportation demand management (TDM) strategies, or other measures to address LOS analysis outside of CEQA. However, project conditions of approval cannot induce vehicle travel or increase VMT, both of which are impacts that conflict with SB 743.

While SB 743 required VMT analysis to be utilized since July 1, 2020, a Citywide VMT policy was not required to be in place by that date; instead, land development projects have been evaluated on a case-by-case basis for the past year to meet these requirements.

Next Steps

This staff report and presentation are meant to educate the City Council and public regarding SB 743. City Staff and Nelson\Nygaard Consulting Associates, Inc. plan to bring the proposed VMT Screening Criteria and Thresholds of Significance for development projects for the City Council's adoption on June 2, 2021. The Planning Commission made a recommendation on August 11, 2020 to approve the proposed VMT Screening Criteria on a 4-3 vote; the commission agreed on three of the four proposed screens, the proposed screen the Commission did not have unanimous support on was the proposed location-based screen, titled 'Low VMT Location'. In addition, the motion also recommended the City conducts its own VMT model within an 18 month or sooner timeframe in order to deviate from the VTA Model and revise the adopted screens as necessary once the model is complete. The Commission did not make a recommendation on the proposed Thresholds of Significance, because, although the Commission agreed with the proposed Thresholds of Significance, the Commission did not agree on the VTA Model that the thresholds were based on.

COMMUNITY ENGAGEMENT: Inform

This report and presentation serve to inform and educate the community and the City Council regarding VMT. In addition, the Planning Commission held public workshops regarding this item on March 10, 2020, April 28, 2020, June 23, 2020, and August 11, 2020.

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 6, 2018, the City Council adopted the Biennial FY 2018-19 and FY 2019-20 Operating Budget which included one-time funding of \$200,000 within the Special Revenue Fund 207 for Long Range Planning's work program task to implement SB 743.

On January 15, 2020, the City Council approved a Professional Services Agreement with Nelson\Nygaard Consulting Associates, Inc. to assist in the City's implementation of SB 743 in the amount of \$110,000.

The Planning Commission has held workshops on March 10, 2020, April 28, 2020, June 23, 2020, and August 11, 2020 regarding the City's implementation of SB 743.

FISCAL AND RESOURCE IMPACT:

Funds in the amount of \$110,000 for the City's implementation of SB 743 are budgeted within the Long-Range Planning Fund (207).

CEQA (California Environmental Quality Act):

Not a Project: Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment are exempted from environmental review under Section 15061(b)(3) of the State CEQA Guidelines. This report and presentation are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

LINKS/ATTACHMENTS:

1. Planning Commission March 10, 2020 LOS-to-VMT Workshop (Weblink)
2. Planning Commission April 28, 2020 LOS-to-VMT Workshop (Weblink)
3. Planning Commission June 23, 2020 LOS-to-VMT Workshop (Weblink)
4. Planning Commission August 11, 2020 LOS-to-VMT Workshop (Weblink)
5. Nelson/Nygaard Presentation

June 2, 2021

SB 743 Implementation

City of Morgan Hill



N NELSON
NYGAARD

Agenda

- 1 SB 743 Background
- 2 VMT and CEQA
- 3 Transportation Screening
- 4 VMT Thresholds
- 5 Summary



1

SB 743 Background

Key Terms

CEQA

California
Environmental
Quality Act

- Requires analysis of environmental impacts of projects such as land development.
- State CEQA Guidelines provide direction.

LOS

[vehicle]
Level of Service

- Metric used to estimate vehicle delay at intersections.
- Gives an A to F grade corresponding to the amount of delay.

VMT

Vehicle Miles
Traveled

- Metric used to measure the amount of driving
- For CEQA used as VMT per Capita or per Employee and in relationship to an average

SB 743

Senate Bill 743

- Passed in 2013 and in effect July 2020.
- Prohibits LOS to measure CEQA transportation impacts
- VMT consensus replacement for LOS

CEQA and the Development Process

- Transportation is **one of 18** environmental resources studied in CEQA analysis
- SB 743 only applies to the transportation analysis portion of CEQA
- CEQA is only one aspect of the development process. Other steps in the development review include:
 - Conformance to the City's General Plan and other applicable plans
 - Zoning and Design Review
 - Impact fees

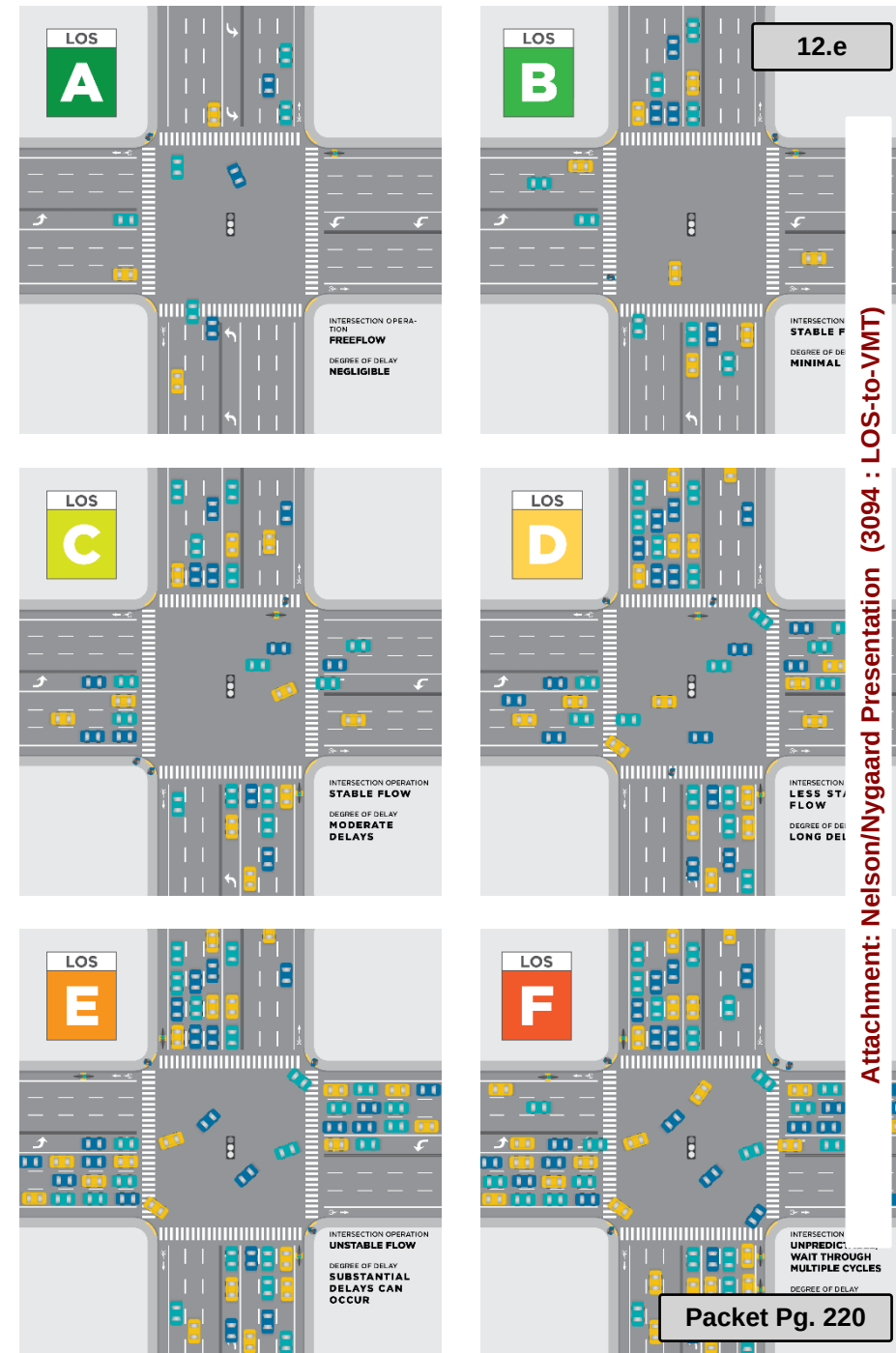
Senate Bill 743

- SB 743 **changes the focus of transportation impact analysis in CEQA** from measuring impacts to drivers, to measuring the impact of driving.
- The Governor's Office of Planning and Research (OPR) **recommends that Vehicle Miles Traveled (VMT) be used** to measure transportation impacts under CEQA, replacing Level of Service (LOS)
 - Morgan Hill 2035 General Plan & LOS



Measuring Transportation: level of service

- Level of service (LOS): measures the convenience of traveling in an automobile
- Measures automobile delay at intersections and speed reductions caused by the addition of more vehicles
- Intersections are rated from "A" to "F" with "F" having the greatest delay
- Does not reflect environmental impacts



What's important depends upon perspective



Traffic Engineering:

F

A

Business Development:

A

F



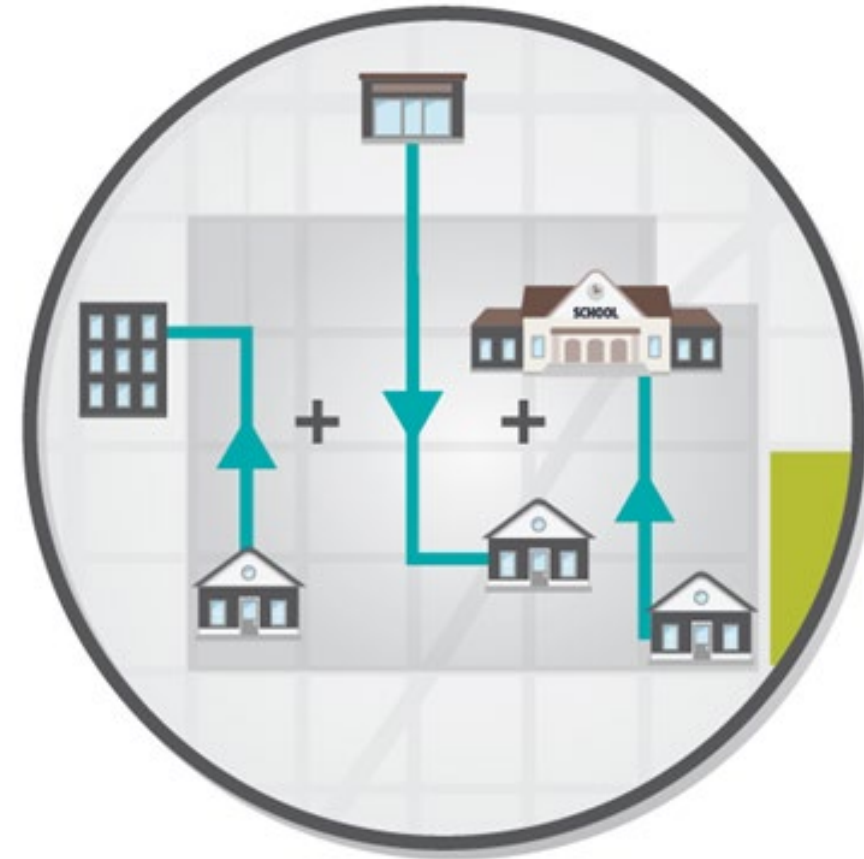
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VMT and CEQA

VMT Data Sources

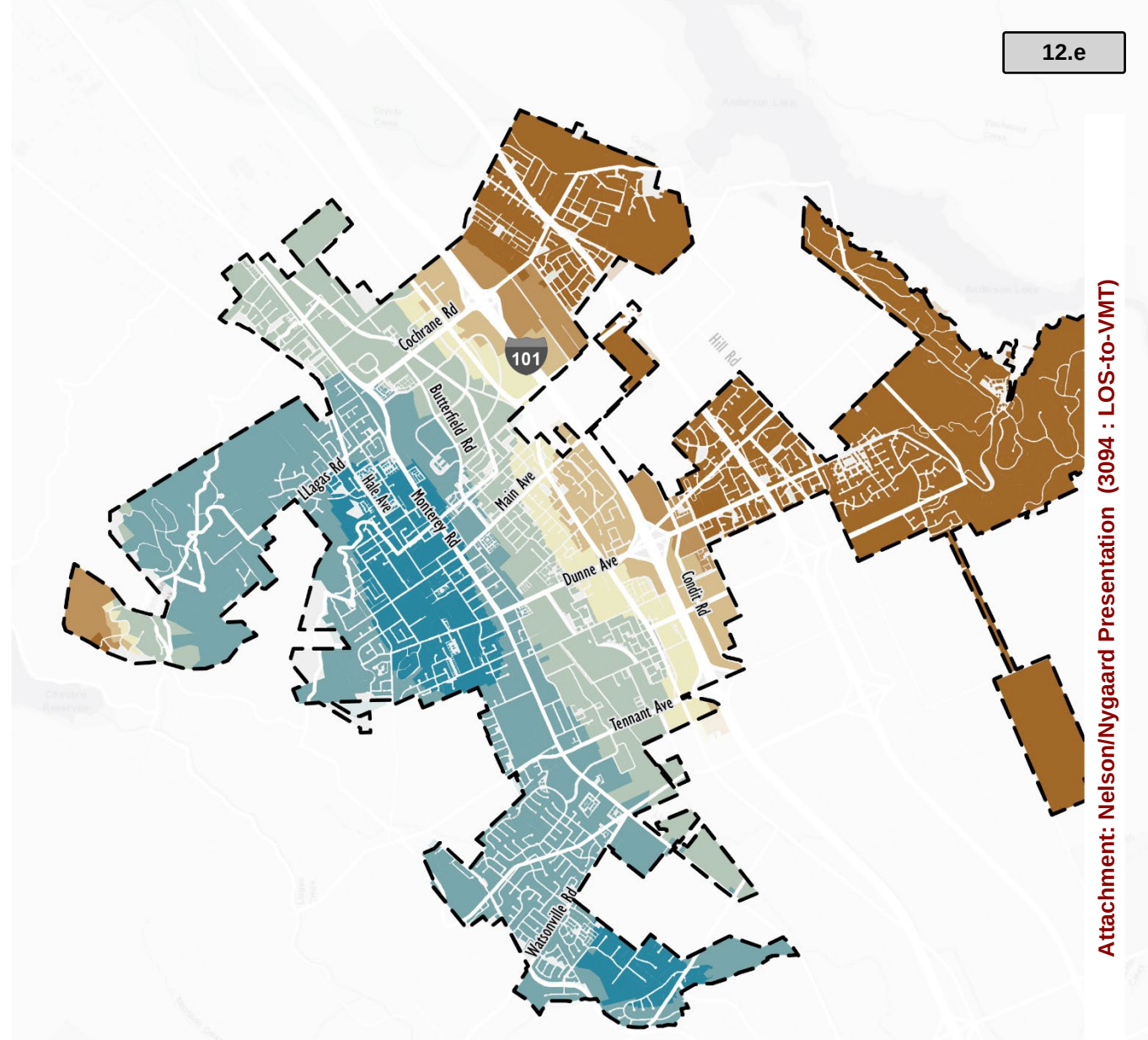
VTA'S COUNTYWIDE TRAVEL DEMAND MODEL PRODUCES VMT ESTIMATES

- Travel demand models present trips generated across the region between transportation analysis zones (TAZs)
- TAZs include existing and future land uses and transportation networks
- Trips and trip distances are calculated based on travel patterns and other data
- VTA's model is validated with existing travel data and compared to MTC's regional model



Map of VMT per Capita Output

- Map shows the output of the travel demand model
- VMT per capita ranges from 16.2 – 37 miles
- Morgan Hill's average is 24.64 miles



Morgan Hill VMT per Capita (2020)

■ Daily VMT per capita: 16.2 - 37 miles
--- City Limits

Data Sources: Esri, MTC, VTA,

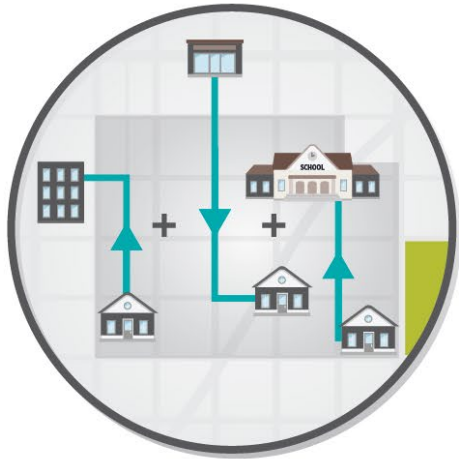
Hill

Types of VMT Metrics

- VMT per capita for residential projects
- VMT per employee for employment projects such as office or industrial
- Total VMT for retail projects

VMT per Capita - Residential

BASED ON TRIPS TO OR FROM HOUSEHOLDS LOCATED IN A TAZ



**VMT from Home-Based
Trips in TAZ**



**Total Home-Based
VMT**



**Number of TAZ
Residents**



VMT per Capita

VMT per Employee – Office and Industrial

BASED ON COMMUTE TRIPS TO JOBS LOCATED IN A TAZ



**VMT from Commute
Trips To and Within
TAZ**



**Total Employment
VMT**



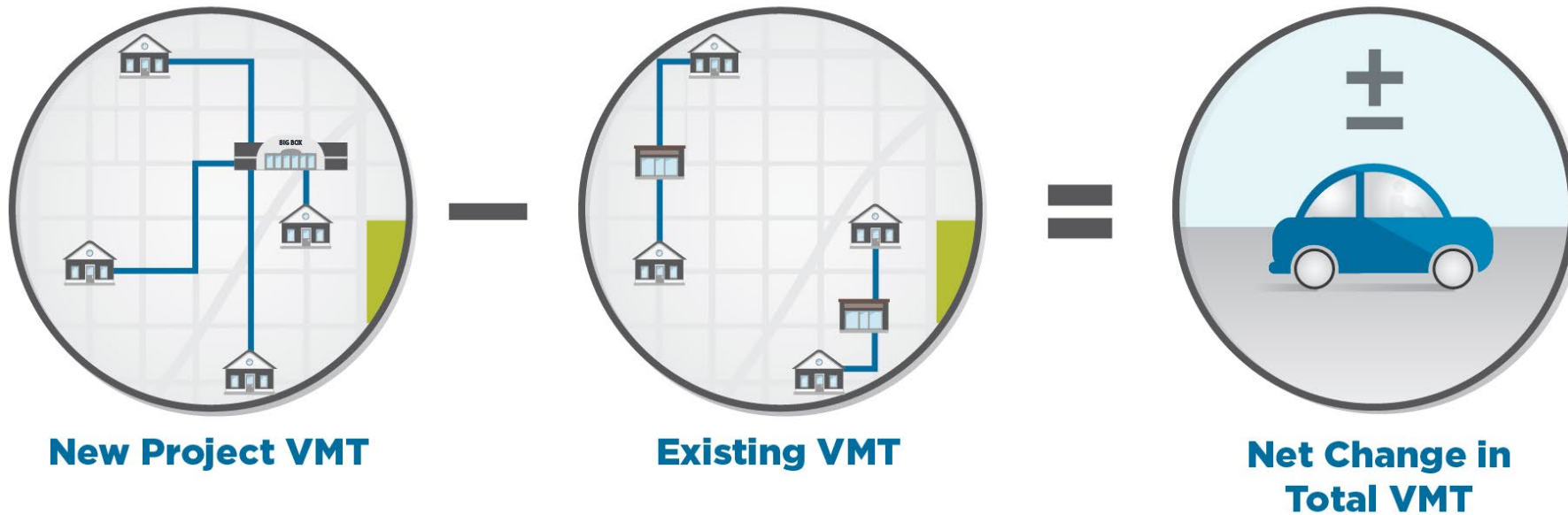
**Number of Jobs
in TAZ**



**VMT per
Employee**

Net Change in Total VMT - Retail

THE DIFFERENCE IN TOTAL VMT FOR THE REGION WITH AND WITHOUT THE PROJECT.



CEQA Transportation Analysis

1

VMT Screening

- Determine the need for VMT analysis
- Use **Screens of existing VMT data**

2

VMT Analysis

- Analyze the project VMT and compare to VMT-based **significance thresholds**

3

VMT Mitigation

- **Mitigate** VMT above the threshold
- Use existing research on mitigations

4

Environmental Impact Report (EIR)

- Detailed analysis of VMT impacts and mitigations
- Established process with legal requirements



3

Transportation Screening

The Value of Screening Projects

- Screening criteria identify projects that align with local development priorities and can be presumed to generate low VMT
- No further CEQA transportation analysis is required for projects that meet a city's screening criteria
- Other local review (non-CEQA analysis) and conditions of approval will still apply to all projects
- Screens streamline the local environmental review process and save staff time and resources
- Screens can be updated over time to reflect local priorities

Proposed Screens

Location	Type	Description
Anywhere in Morgan Hill	Small Projects	Located in the urban service area and equivalent to 110 daily trips: • Residential: 15 single family homes or 25 multi-family homes • Employment: 10,000 SF of office or 30,000 SF of industrial • Retail: 50,000 SF (not based on trips but local serving retail)
	Affordable Housing	100% affordable housing OR 80% affordable for very low income in below average VMT areas OR 50% affordable for extremely low income in below average VMT areas
Specific locations (see maps)	Low VMT Location	Areas identified that are below the threshold (15% below average). Must meet additional minimum criteria.
	Transit Proximity	Project located within 0.5 mile of a major transit stop or high-quality transit corridor* that meets additional minimum criteria

Attachment: Nelson/Nygaard Presentation (3094 : LOS-to-VMT)

**Major transit stop: rail transit station or the intersection of two or more bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.*

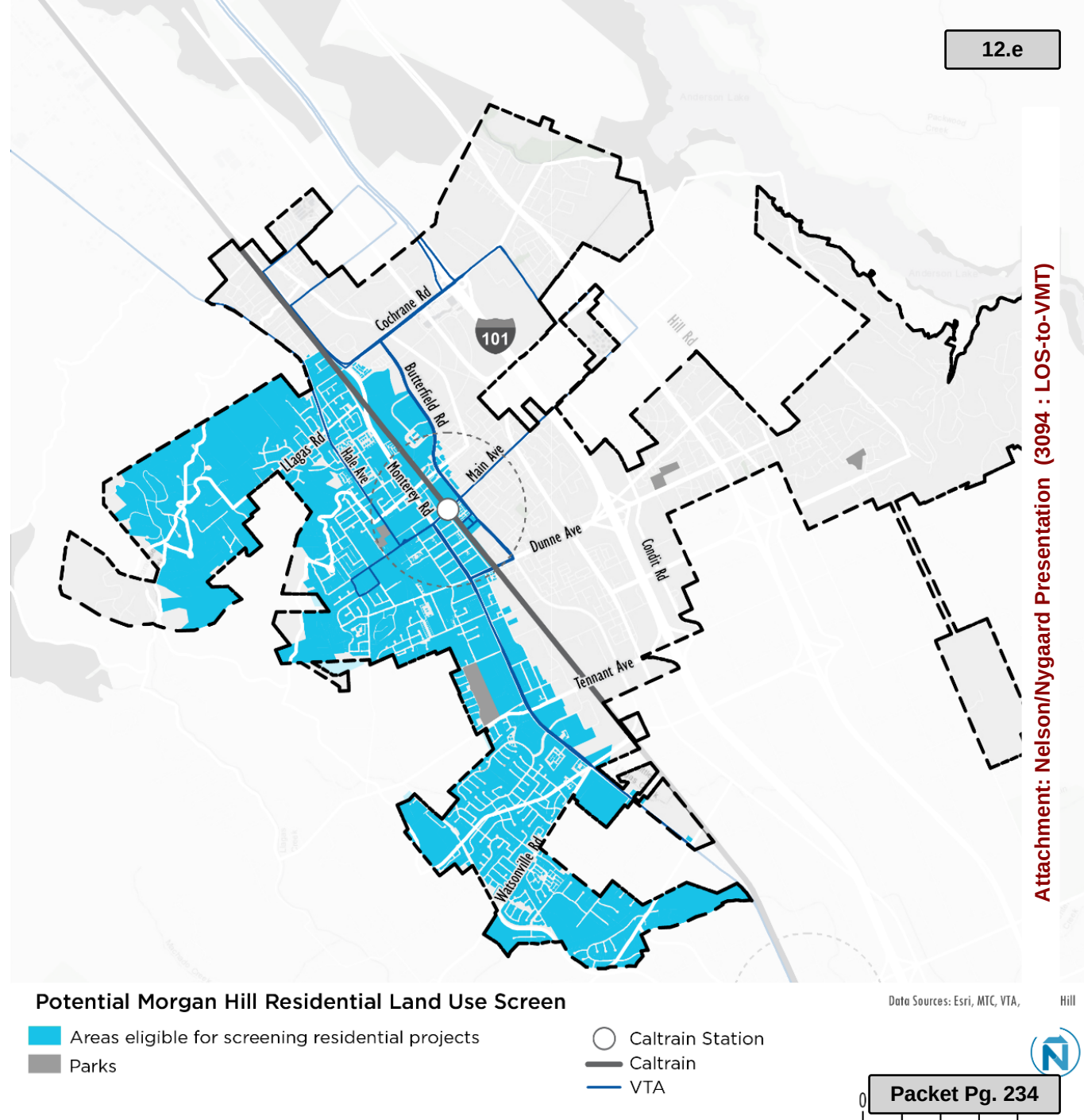
High-quality transit corridor: bus line with 15-minute frequencies or better during the peak hour

Location-based Screening Criteria

- **Location:** In an area with low VMT per capita OR within half a mile of a major transit stop or high-quality transit corridor.
- **Density:**
 - **Residential land use** minimum density of 20 units per acre or greater; or the maximum allowed if zoned at a lower density.
 - **Employment land use** minimum gross floor area ratio (FAR) of .5 or greater; or the maximum allowed if zoned at a lower density than .5 FAR.
- **Parking:** No more than the minimum number of parking spaces required
- **Displacement:** Does not replace affordable residential units with a smaller number of moderate- or high-income residential units
- **Planned:** consistent with existing plans including Plan Bay Area, the applicable Sustainable Communities Strategy

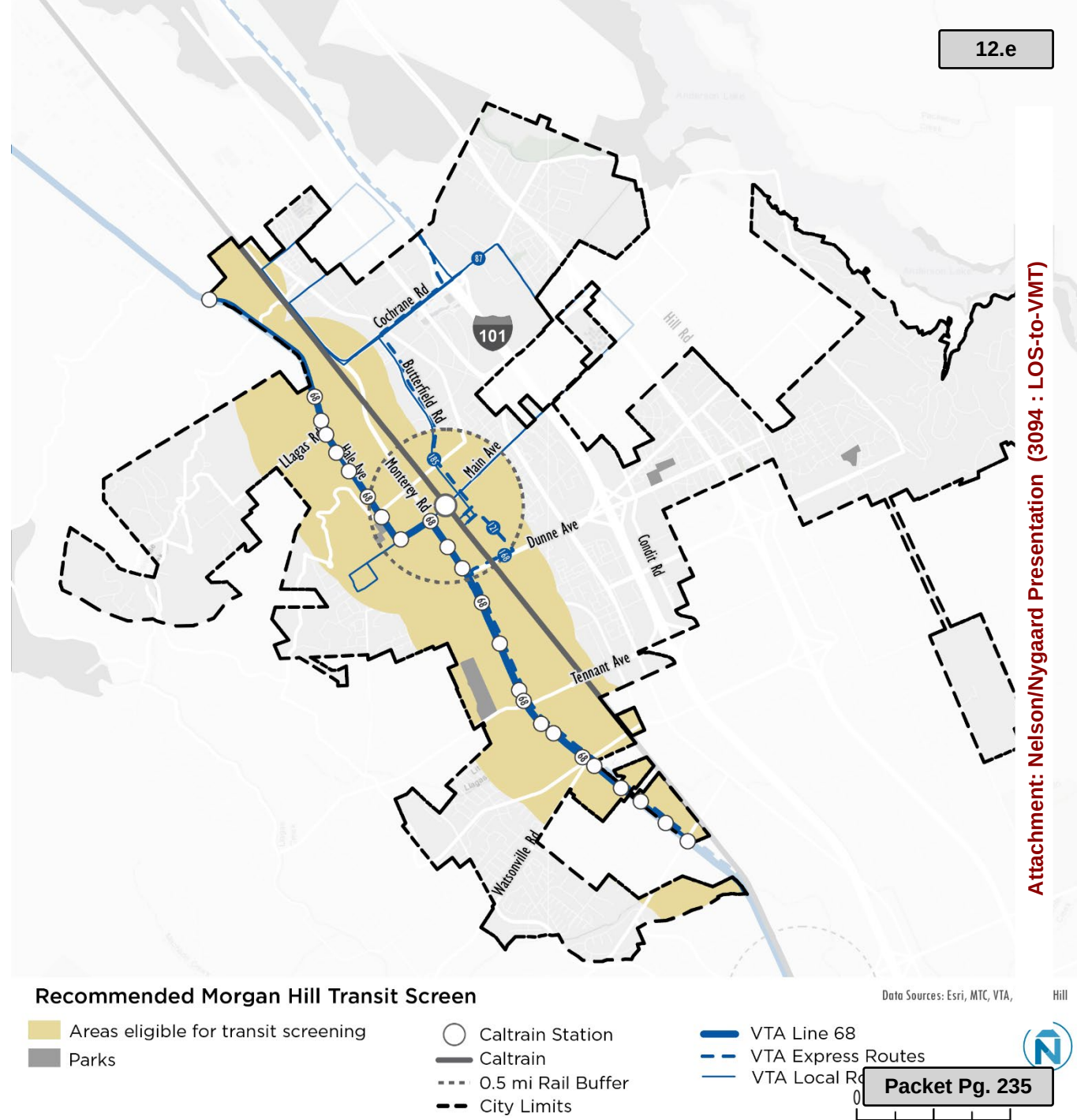
Low VMT Screen

- Based on OPR recommendation (15% below average VMT per capita)
- Areas in **blue** are low VMT per capita; residential projects are presumed to not require further VMT analysis for CEQA
- Projects must meet minimum criteria and be consistent with zoning and other development requirements



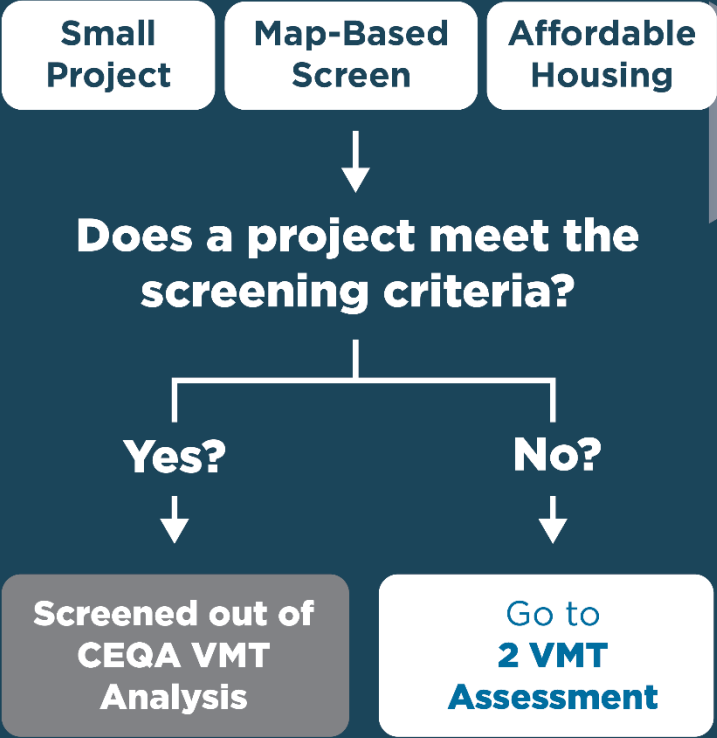
Transit Screen

- Transit requirements based on state law. If transit service levels change, the screen would change
- Projects located in the areas shown in **tan** can be screened out of in-depth VMT analysis for CEQA
- Transit screen applies to transit supportive land uses, including residential, employment, and retail
- Projects must meet minimum criteria and be consistent with zoning and other development requirements
- Additional considerations (e.g. growth areas) may be added

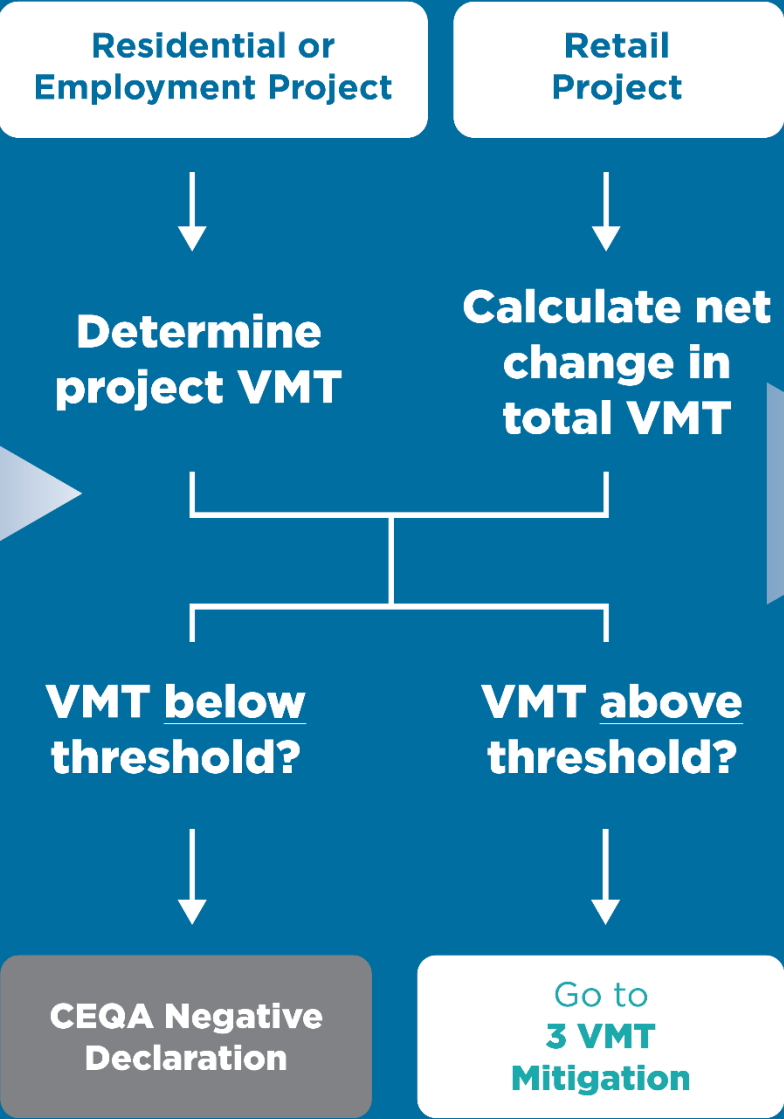


Summary of VMT Analysis for CEQA

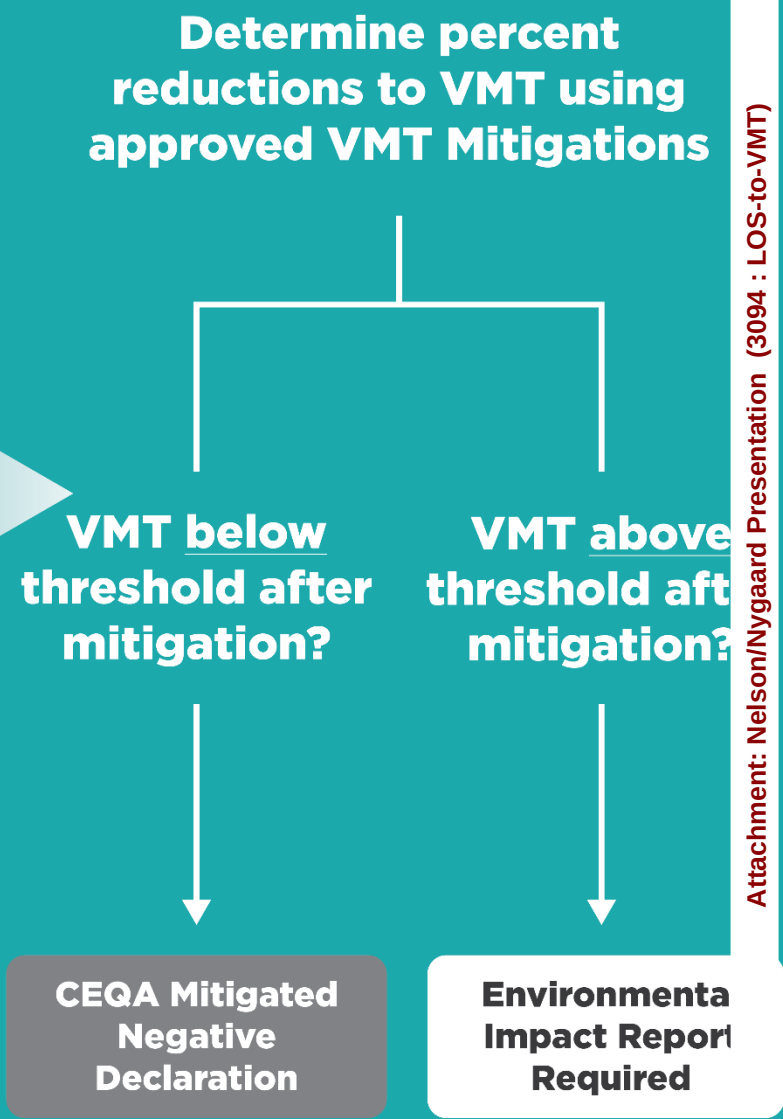
1 Screening



2 VMT Assessment



3 VMT Mitigation





4

VMT Thresholds

VMT-based Thresholds of Significance

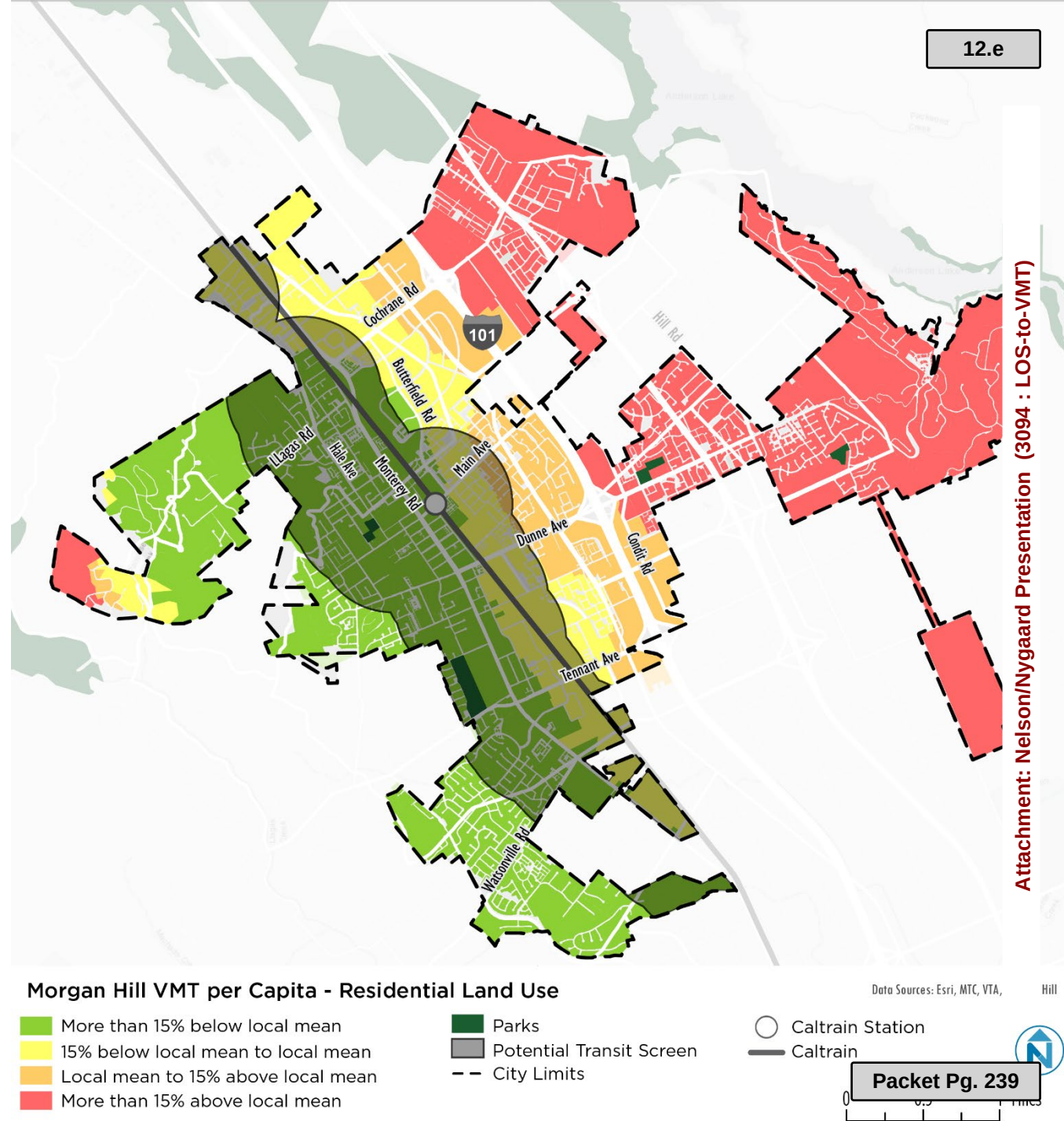
After a review of state guidance, existing practices, and City plans Nelson\Nygaard has identified the following viable thresholds of significance:

- **Residential** – 15% below existing average VMT per capita
- **Employment – Office** – 15% below regional average VMT per employee
- **Employment – Industrial** – Existing regional average VMT per employee
- **Retail** – No net increase in total VMT

Thresholds can be updated in the future as needed and should be revisited as part of any General Plan update.

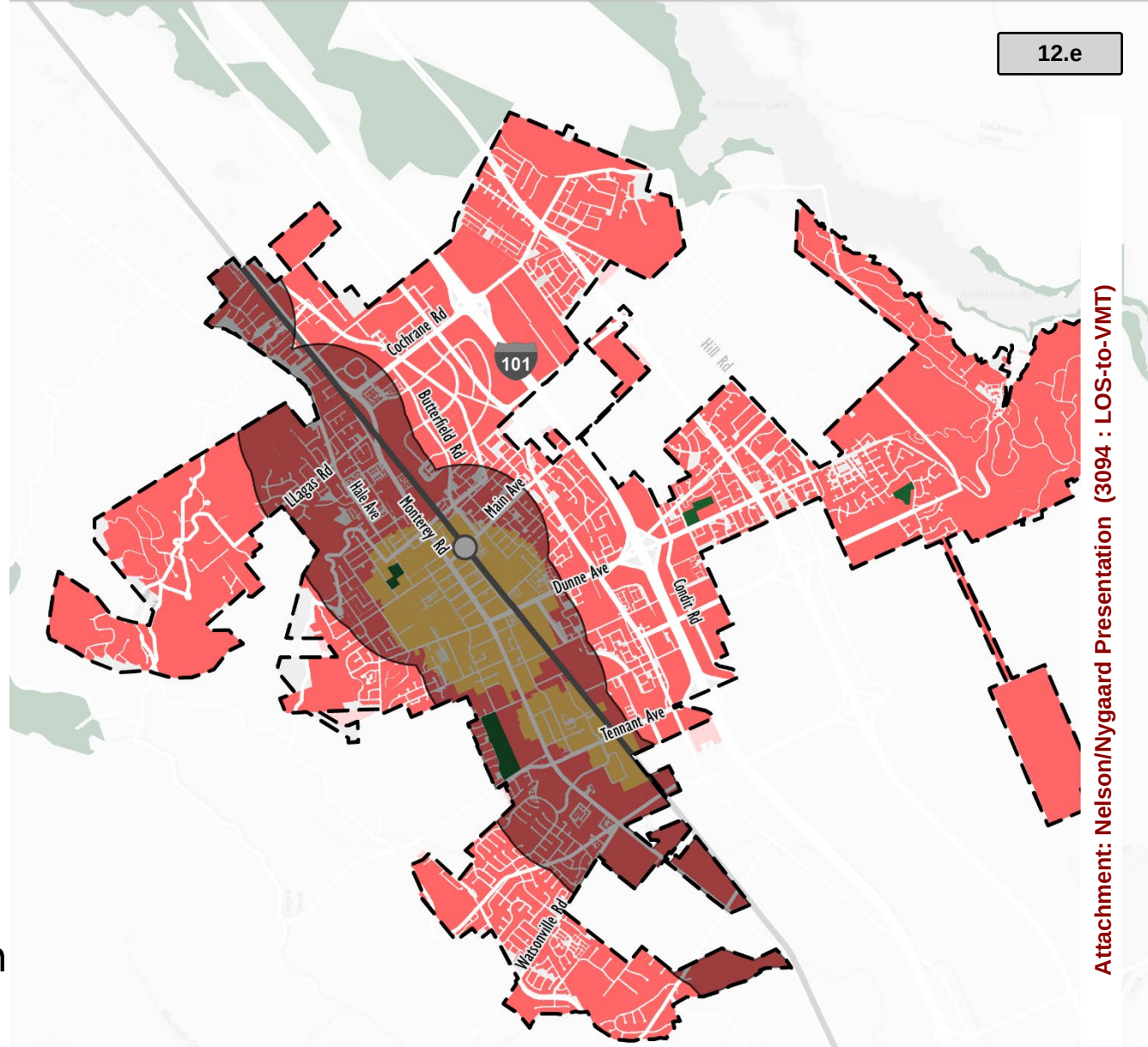
Residential Projects

- Map applies to residential projects that are not screened out
- Shows Morgan Hill's VMT per capita in relation to recommended residential threshold (15% below local average)
 - Projects in **green** areas have no significant VMT impact
 - Projects in **yellow** areas are easiest to mitigate VMT
 - Orange** areas are above average; requires substantial investment in TDM
 - Projects in **red** areas are hardest to mitigate and may require an EIR
- Grey overlay shows the potential transit screen

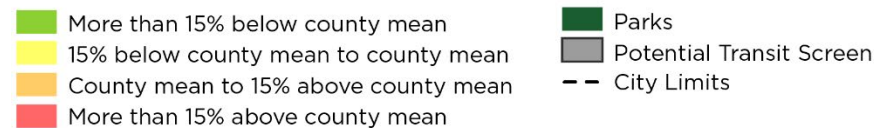


Office Projects

- Map applies to most office projects that are not screened out
- Shows Morgan Hill's VMT per employee in relation to the recommended office threshold (15% below County average)
 - Orange** areas require substantial investment in TDM and other mitigations
 - Projects in **red** areas are hardest to mitigate and may require an EIR
 - No parcels are below proposed threshold
- Grey overlay shows the potential transit screen



Morgan Hill VMT per Employee - Office Land Use



Data Sources: Esri, MTC, VTA,

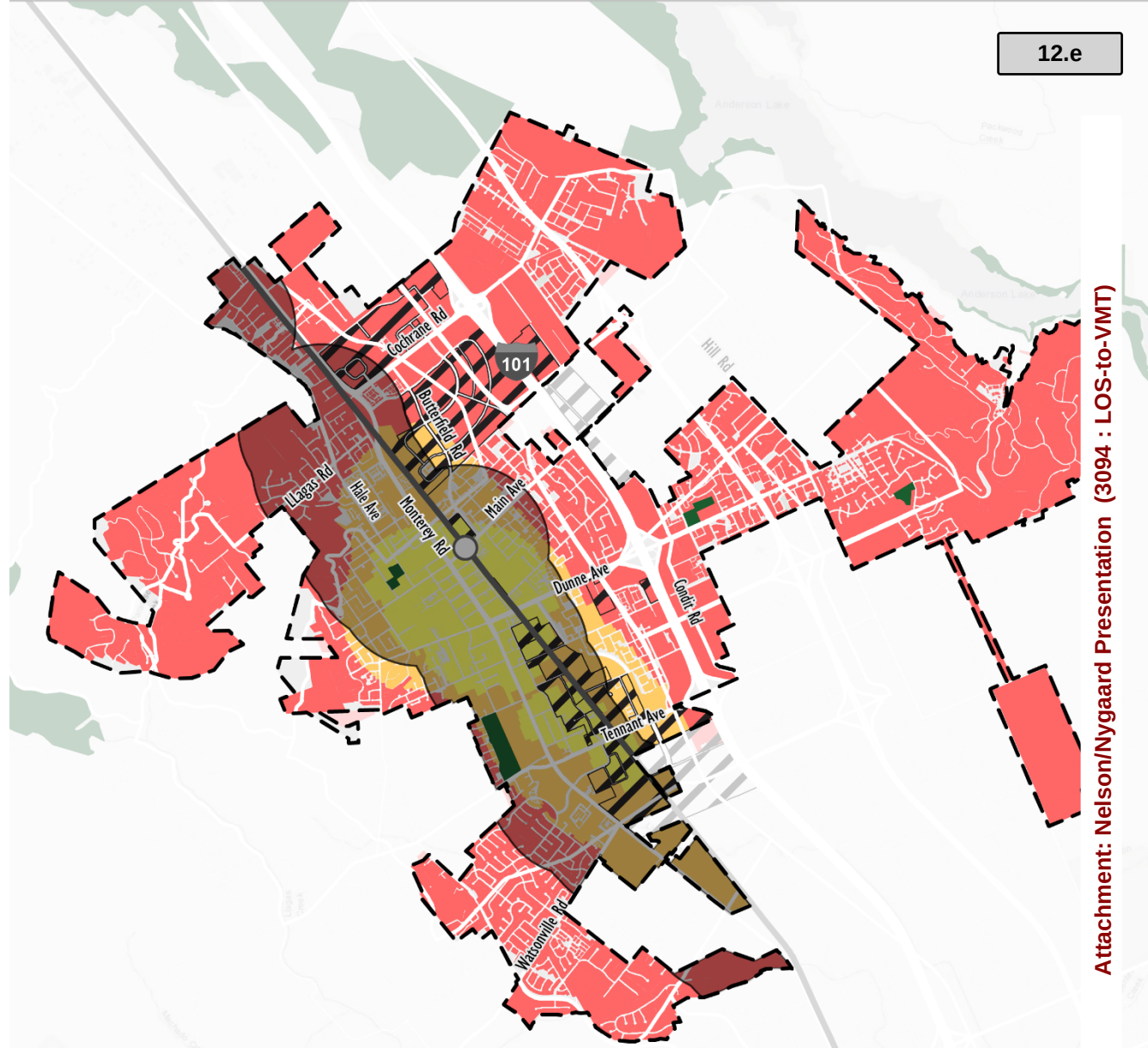
Hill

○ Caltrain Station
— Caltrain

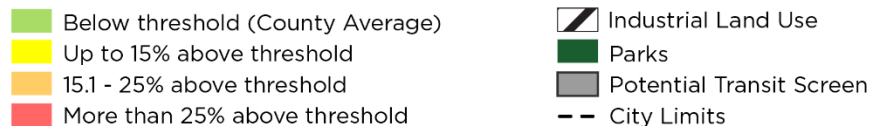


Industrial Projects

- Map applies to most industrial projects that are not screened out
- Shows Morgan Hill's VMT per employee in relation to the recommended industrial threshold (below County average)
 - Projects in **yellow** areas are easiest to mitigate VMT
 - Orange** areas require substantial investment in TDM and other mitigations
 - Projects in **red** areas are hardest to mitigate and may require an EIR
 - No parcels are below the proposed threshold
- Grey overlay shows the potential transit screen



Morgan Hill VMT per Employee - Industrial Land Use



Data Sources: Esri, MTC, VTA,

○ Caltrain Station
— Caltrain

Packet Pg. 241





5

Summary

Next Steps

- VMT replaces LOS
 - MH 2035 General Plan allows for LOS evaluation
- VMT Screening Criteria – June 23, 2021
 - 15 single family homes or 25 multi-family homes; 10,000 SF of office or 30,000 SF of industrial; 50,000 SF of retail
 - Low VMT Screen Map; Transit Screen Map
- Thresholds of Significance – June 23, 2021
 - **Residential** – 15% below existing average VMT per capita
 - **Employment – Office** – 15% below regional average VMT per employee
 - **Employment – Industrial** – Existing regional average VMT per employee
 - **Retail** – No net increase in total VMT
- Circulation Element Update and Morgan Hill VMT Modeling

Comments and Questions

Thank You!

Meghan Weir | mweir@nelsonnygaard.com

Brian Manford | bmanford@nelsonnygaard.com



CITY COUNCIL STAFF REPORT

MEETING DATE: June 2, 2021

PREPARED BY: Edith Ramirez, Assistant City Manager
APPROVED BY: City Manager

RECEIVE REPORT AND PROVIDE DIRECTION ON FRAMEWORK FOR DIVERSITY, EQUITY, AND INCLUSION WORK PROGRAM.

RECOMMENDATION(S)

Receive report and provide direction on framework for Diversity, Equity, and Inclusion work program.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Supporting Our Youth
Seniors
and Entire Community
Fostering a Positive Organizational Culture
Preserving and Cultivating Public Trust

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

POLICY CONSIDERATIONS:

Should the City develop a work program to address Diversity, Equity, and Inclusion (DEI)?

REPORT NARRATIVE:

At the 2021 Morgan Hill City Council goal setting workshop, the Council amended the Sustainable Morgan Hill framework to include “equitable” in the vision statement and add “Enhancing Equity, Diversity, and Inclusiveness” to the City Council ongoing priorities. The Council also asked staff to bring back a conversation DEI.

With the national reawakening to racial injustice and inequity, including hate crimes that have taken place in Morgan Hill, the need for reinforcement of values around diversity, equity, and inclusion is appropriate. Additionally, the City Council has expressed a commitment to making Morgan Hill a welcoming, inclusive, and safe community for everyone. The City has also committed to promoting free speech, while condemning racism, hate speech, bigotry, violence, and prejudice.

Many communities throughout the nation are reassessing their policies, practices, and procedures to evaluate them against DEI objectives. To that end, the City recently signed up as a member of the Government Alliance on Race and Equity (GARE), a national network of government working to achieve racial equity and advance opportunities for all. GARE focuses on racial equity, assisting organizations identify and fix policies, practices and institutional strategies that are driving the production of inequities.

GARE identifies the following six critical strategies:

1. **Use a racial equity framework:** Jurisdictions use a racial equity framework that clearly articulates racial equity, implicit and explicit bias, and individual, institutional, and structural racism.
2. **Build organizational capacity:** Jurisdictions need to be committed to the breadth and depth of institutional transformation so that impacts are sustainable. While the leadership of elected and top officials is critical, changes take place on the ground, and infrastructure that creates racial equity experts and teams throughout local and regional government is necessary.
3. **Implement racial equity tools:** Racial inequities are not random; they have been created and sustained over time. Inequities will not disappear on their own. Tools must be used to change the policies, programs and practices that are perpetuating inequities. New policies and programs must also be developed with a racial equity tool.
4. **Be data-driven:** Measurement must take place at two levels – first, to measure the success of specific programmatic and policy changes, and second, to develop baselines, set goals and measure progress towards goals. Use of data in this manner is necessary for transparency and accountability.
5. **Partner with other institutions and communities:** The work of local and regional government on racial equity is necessary, but it is not sufficient. To achieve racial equity in the community, local and regional government needs to work in partnership with communities and other institutions to achieve meaningful results.
6. **Operate with urgency and accountability:** While there is often a belief that change is hard and takes time, we have seen repeatedly, that when change is a priority and urgency is felt, change is embraced and can take place quickly. Building in institutional accountability mechanisms via a clear

plan of action will produce results and allow accountability. Collectively, we must create greater urgency and public will to achieve racial equity.

As Morgan Hill begins a DEI process of analysis, dialog, and engagement, it is important to have clarity on the framework and scope of work to ensure the effort is meaningful, successful, and sustainable. It is important to develop a process that clearly defines the scope of inquiry and garners the full commitment of City leadership and a clear understanding of the framework to understand expectations for the process and assist in setting clear guidelines for the work ahead and its opportunities and limitations.

Staff recommends starting the conversation with the following framework:

Phase 1. INTERNAL PROCESS

- Audit existing resources and practices and create dashboard
- Begin conversation around DEI vision and values
- Review Meyer Spectrum Tool
- Discuss GARE model and what other cities are doing
- Hold framing DEI conversations/trainings with staff (i.e., unconscious bias, history of racist land use practices/Color of Law, discussion about who has been/is harmed and who benefits from city services, discussion about power-sharing).
- Conduct a Racial Equity Assessment of City's employees

Phase 2. PUBLIC ENGAGEMENT

- Gather data about community conditions
- Collaborate with service providers to gather feedback about the experience and needs of the community
- Conduct a Racial Equity assessment with community service providers and partner organizations
- Invite community partners to engage in DEI conversation
- Conduct listening sessions centering community voice to understand the range of experiences and lived conditions of Morgan Hill residents
- Hold internal conversations to understand/reconcile inconsistencies between vision and community reality, as well as areas of success that should be replicated
- Identify opportunities for improvement

Phase 3. IMPLEMENTING AND INSTITUTIONALIZING A RACIAL EQUITY FRAMEWORK

- Adopt City's racial equity commitment and DEI's Vision Statement
- Develop DEI Strategic Plan
- Integrate racial equity into City's strategic plans and/or policies

- Complete DEI Audit
- Create DEI Dashboard with metrics for continuous improvement, reporting, and accountability
- Implement a Racial Equity Tool in routine decision making
- Build organizational infrastructure to advance racial equity

It is important to note that to achieve long-term impact, changes must be sustainable. The City has limited staff resources and this work will be integrated into existing work programs and may take time to complete. However, the suggested framework allows for the conversation to start and grow. Through this framework, the City will evaluate its own practices and identify areas for opportunities. At the same time, the public engagement will allow for community partners to collaborate.

COMMUNITY ENGAGEMENT: Inform, Consult, Involve, Collaborate, Empower

The work program for DEI can provide a wide range of opportunities for engagement, pending Council direction. Staff recommends collaborating and empowering the community and partner organizations by providing feedback on the City's effort as well as inviting partner organizations and service providers to also evaluate their own DEI policies and practices.

ALTERNATIVE ACTIONS:

City Council may choose to delay the implementation of the DEI work program until more resources are available and fully dedicated to create a more robust framework.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

At the 2021 Morgan Hill City Council goal setting workshop, the Council amended the Sustainable Morgan Hill framework to include "equitable" in the vision statement and add "Enhancing Equity, Diversity, and Inclusiveness" to the City Council ongoing priorities.

FISCAL AND RESOURCE IMPACT:

At this time, the fiscal impact is expected to be limited to a small consultant contract to support necessary analysis and outreach efforts with the proposed framework. Should the Council provide direction to create a more enhanced work program, which could include greater community engagement, then it is possible an evaluation of other projects may need to be reviewed and discussed with the Council.

CEQA (California Environmental Quality Act): Not a Project

This project falls under the organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment, therefore no CEQA is required.

LINKS/ATTACHMENTS:

1. Diversity, Equity, and Inclusion Spectrum tool (web link)



TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING DEPOT COMMONS & THE WILLOWS



June 2, 2021

Item #10

TEFRA HEARING:



- City is required to hold public hearing to allow community an opportunity to speak in favor of or against use of tax-exempt bonds for financing of Project
- Council's only role is to listen to public testimony regarding appropriateness of bond financing
- Following close of hearing, City must approve issuance of bonds through resolution
- City has no financial obligation or legal risk with bond issuance

TEFRA HEARING (cont.)



- Approving the issuance of bonds to finance the Rehabilitation Project of Depot Commons and The Willows, owned and operated by Eden Housing
- EDEN applied and received an award for Federal Low Income Housing Tax Credits from the California Tax Credit Allocation Committee and a tax-exempt bond allocation
- EDEN requested that the California Municipal Finance Authority serve as the issuer of the tax-exempt revenue bonds in an amount not to exceed \$15,000,000

TEFRA HEARING (cont.)



- The proceeds of the bonds will be used to finance and refinance the acquisition, rehabilitation, expansion, and improvement of Depot Commons and The Willows
- The Rehabilitation Project meets the Council's goals of preserving the condition of affordable communities and leveraging outside financing
- Notices were published in the Morgan Hill Times on May 21, 2021, and the Mercury News on May 25, 2021

The Willows
20 units
50 W. Edmundson
Avenue



Depot Commons
19 units
17145 Depot
Street



RECOMMENDATION:



- Open/close public hearing consistent with the requirements of the Federal Tax and Equity Fiscal Responsibility Act ("TEFRA") and Section 147 (f) of the Internal Revenue Code of 1986, as amended (the "Code"); and
- Adopt resolution approving the issuance of bonds by the California Municipal Finance Authority, for the acquisition, rehabilitation, expansion and improvement of Depot Commons and The Willows.



Developing a Diversity, Equity and Inclusion Plan for Morgan Hill

**City Council Meeting
June 2, 2021**

RECOMMENDATION

In early 2021, City Council added “Enhancing Equity, Diversity, and Inclusiveness” to the City Council ongoing priorities.

The Council also asked staff to bring back a conversation around Diversity, Equity, and Inclusion.

Recommendation: Receive report and provide direction on framework for Diversity, Equity, and Inclusion (DEI) work program.



DEI Principles



1. Collaborate
2. Understand
3. Learn
4. Reflect
5. Reach Out
6. Communicate
7. Empower
8. Include
9. Respect
10. Amplify



WHY DEI

National reawakening to racial injustice & inequity.

Morgan Hill has also experienced some hate crimes.

Morgan Hill has expressed a commitment to be a welcoming, inclusive and safe community for all.

Opportunity to advance racial equity and improve diversity and inclusion...AND improve policies programs and practices that better the organization and lifts the community.



DEVELOPING THE FRAMEWORK

1. What are we solving for?
Goal?
2. City-focused effort or
community wide?
3. Engagement—what
does it look like? How
formal?
4. Expectations—time,
resources, outcomes



Steps

1. Begin conversation
2. Begin data gathering (audit)
3. Create group to support effort
4. Begin conversation – transparency and inclusivity is key
5. Create Framework
6. Develop City-focused Plan



Audit

Workforce
Leadership
Reputation
Commissions
Documents
Services
Training



Possible Outcomes:

Proclamation

Plan (Objectives)

HR DEI Policies

- EEO Policies
- Non-Discrimination Policies
- No Harassment Policies
- Sexual Harassment & Other Policies

Internal/External Working Groups

Training

Data/Surveys, Diversity Dashboard

Communications

Assessment of Services and Funds

Awareness of Health, Wellness, etc.



COMMUNITY



Identify
organizations that
serve community

Understand
challenges facing
populations

Survey:

1. Do you experience a sense of belonging?
2. In what areas do you see improvement for DEI?
3. What barriers or roadblocks does your community face?
4. What are the obstacles in the workplace?
5. Do people feel safe?
6. Do people feel knowledgeable of systems and process?
7. What public services are lacking?



Meyer Spectrum Tool



- ☐ DEI Vision
- ☐ Commitment
- ☐ Leadership
- ☐ Policies
- ☐ Infrastructure
- ☐ Training

- ☐ Diversity
- ☐ Data
- ☐ Community
- ☐ Decisions
- ☐ Accountability
- ☐ Inclusion

Not
Started



Launched



Underway

POTENTIAL FRAMEWORK

Internal Process

- Perform Audit of resources and practices
- Begin conversation around DEI vision and values
- Conduct a Racial Equity Assessment

Public Engagement

- Invite community partners to engage in DEI conversation
- Conduct listening sessions
- Reconcile inconsistencies between vision and community reality

Implementation

- Develop DEI Strategic Plan
- Integrate racial equity into City's strategic plans or policies
- Implement a Racial Equity Tool in routine decision making

QUESTIONS?



CITY OF MORGAN HILL



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**City Council Meeting
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Meyer Spectrum Tool



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- ☐ Leadership
- ☐ Policies
- ☐ Infrastructure
- ☐ Training

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Underway

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QUESTIONS?



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, June 2, 2021 5:30 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 the City's Facebook page. Those community members who would like to participate in the meetings remotely may do so by joining the virtual meeting: <https://bit.ly/MHCityCouncilMeeting> or by calling: (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
- Join the virtual meeting by calling 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 comments.

SPECIAL/REGULAR MEETING

A special meeting of the City Council is called at 5:30 p.m. for the purpose of conducting a Housing Workshop: State Mandates for Housing Production.

5:30 p.m.

Housing Workshop: State Mandates for Housing Production

7:00 p.m.

Regular City Council 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

HOUSING WORKSHOP

This workshop is the second in a series of Housing Workshops that will look at the current and future state of housing in Morgan Hill. This workshop is called "State Mandates for Housing Production." Staff will present and discuss the following:

1. What is the Housing Element and Regional Housing Needs Allocation (RHNA)?
2. What are the recent laws that affect housing production, application processing, and City regulations?
3. What laws are expected in the future?

PROCLAMATION

Proclaiming the Month of June 2021 as Pride Month

CITY COUNCIL REPORTS

Council Member Borgioli

CITY MANAGER'S REPORT

City Manager Christina Turner

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin

OTHER REPORTS

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)

June 2, 2021

ADOPTION OF AGENDA

CONSENT CALENDAR

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

Time Estimate for Consent Calendar: 1 - 10 Minutes

1. APPOINTMENT OF COMMISSIONERS TO THE MORGAN HILL PLANNING COMMISSION

Recommendation:

Reappoint Laura Gonzalez Escoto, Malisha Kumar, and Mohamad Habib to serve on the Morgan Hill Planning Commission with terms ending June 1, 2025.

2. APPROVE SCHOOL RESOURCE OFFICER MEMORANDUM OF UNDERSTANDING FOR FISCAL YEAR (FY) 2021-22

Recommendation:

Authorize the City Manager to execute and administer the Memorandum of Understanding with the Morgan Hill Unified School District accepting funds for one School Resource Officer in the amount of \$130,000 for Fiscal Year 2021-22.

3. AWARD 2021 PAVEMENT REHABILITATION PROJECT TO A. TEICHERT & SON, INC. DBA TEICHERT CONSTRUCTION

Recommendation:

1. Approve 2021 Pavement Rehabilitation Project plans and specifications;
2. Award contract to A. Teichert & Son, Inc. DBA Teichert Construction for the 2021 Pavement Rehabilitation Project in the amount of \$2,131,400;
3. Authorize expenditure of construction contingency not to exceed \$532,850; and
4. Authorize the City Manager to execute and administer the construction contract with A. Teichert & Son, Inc. DBA Teichert Construction.

4. APPROVE REFINANCING FOR SKEELS HOTEL APARTMENTS

Recommendation:

Authorize City Manager to negotiate and approve re-subordination of existing City loan in the principal amount of \$153,331 and accrued interest of approximately \$74,000 for 13-unit Affordable Housing Apartment Complex.

5. APPROVE AMENDMENT TO CONSULTANT AGREEMENT WITH HOUSEKEYS, INC FOR BELOW MARKET RATE (BMR) AND LOAN ADMINISTRATION SERVICES

Recommendation:

1. Approve Second Amendment to Consultant Agreement, for BMR and Loan Administration services through June 30, 2022, for an additional \$550,000, totaling \$2,150,000 from July 1, 2018 – June 30, 2022; and
2. Authorize the City Manager to execute and administer the contract.

6. APPROVE SERVICE MAINTENANCE AGREEMENT WITH SALINAS PUMP COMPANY

Recommendation:

Approve and authorize the City Manager to execute a three-year agreement with Salinas Pump Company in the total not-to-exceed amount of \$750,000 for on-call routine and emergency repair, maintenance, and rehabilitation of the City's water wells and booster stations.

7. ADOPT RESOLUTION AUTHORIZING THE CITY TO CONTINUE PARTICIPATION IN THE SANTA CLARA COUNTY ABANDONED VEHICLE ABATEMENT SERVICE AUTHORITY PROGRAM

Recommendation:

Adopt resolution authorizing the City of Morgan Hill to continue participation in the 10-year term of the Santa Clara County Abandoned Vehicle Abatement Service Authority Program.

8. ADOPT ORDINANCE 2322, NEW SERIES, AMENDING CHAPTER 13.20 ("SEWERS AND INDUSTRIAL WASTE") OF TITLE 13 ("PUBLIC SERVICES") TO REQUIRE THE INSPECTION AND REPAIR OF PRIVATE SEWER LATERALS AND PRIVATE SANITARY SEWER COLLECTION SYSTEMS

Recommendation:

Waive the reading, adopt Ordinance No. 2322, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

9. ADOPT ORDINANCE 2323, NEW SERIES, ADDING SECTION, 13.04.335 ("PLUMBING FIXTURE RETROFIT REGULATIONS") OF CHAPTER 13.04 ("WATER SYSTEM") OF TITLE 13 ("PUBLIC SERVICES"), ESTABLISHING WATER EFFICIENCY STANDARDS FOR INTERIOR PLUMBING FIXTURES WHEN CHANGES IN OWNERSHIP OF REAL PROPERTY OCCUR

Recommendation:

Waive the reading, adopt Ordinance No. 2323, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

PUBLIC HEARING

**10. TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING APPROVING
ISSUANCE OF BONDS FOR DEPOT COMMONS AFFORDABLE HOUSING
APARTMENTS AT 17145 DEPOT STREET AND THE WILLOWS AFFORDABLE
HOUSING APARTMENTS AT 50 W. EDMUNDSON AVENUE WITHIN THE CITY OF
MORGAN HILL**

Recommendation:

1. Open/close public hearing consistent with the requirements of the Federal Tax and Equity Fiscal Responsibility Act ("TEFRA") and Section 147 (f) of the Internal Revenue Code of 1986, as amended (the "Code"); and
2. Adopt resolution approving the issuance of bonds by the California Municipal Finance Authority (CMFA), for the acquisition, rehabilitation, expansion and improvement of two multifamily rental housing facilities: Depot Commons, located at 17145 Depot Street and The Willows, located at 50 W. Edmundson Avenue.

Estimated Time: 10 Minutes

**11. APPROVE RESOLUTION ORDERING ANNUAL ASSESSMENTS AND RELATED
ACTIONS FOR CITY OF MORGAN HILL LANDSCAPE ASSESSMENT DISTRICT
NUMBER 1 (DISTRICT)**

Recommendation:

1. Open the Public Hearing; and
2. Continue the item to the June 16, 2021 City Council Meeting.

Estimated Time: 5 Minutes

OTHER BUSINESS

**12. RECEIVE REPORT REGARDING SENATE BILL (SB) 743 LEVEL-OF-SERVICE (LOS)
TO VEHICLE-MILES-TRAVELED (VMT)**

Recommendation:

Accept presentation by Staff and Nelson\Nygaard Consulting Associates, Inc. regarding the City's implementation of State Senate Bill (SB) 743 transition from Level-of-Service (LOS) to Vehicle-Miles-Traveled (VMT) metric for transportation analysis under the California Environmental Quality Act (CEQA).

Estimated Time: 60 Minutes

**13. RECEIVE REPORT AND PROVIDE DIRECTION ON FRAMEWORK FOR DIVERSITY,
EQUITY, AND INCLUSION WORK PROGRAM.**

Recommendation:

Receive report and provide direction on framework for Diversity, Equity, and Inclusion work program.

Estimated Time: 30 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

Conference with Legal Counsel - Existing Litigation

Authority: Pursuant to CA Govt. Code Section 54656.9(a).

Case Name: Alanis v. City of Morgan Hill

Case Numbers: Workers' Compensation Claim No: MHL1800006

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.



Proclaiming the Month of June as Pride Month

The City of Morgan Hill supports the rights, freedoms, and equality of those who are lesbian, gay bisexual, transgender and queer/questioning (LGBTQ+).

The City of Morgan Hill prides itself on being an inclusive community and will continue to build a society where every child grows up knowing their community supports them, is proud of them, and has a place for them exactly as they are

The City of Morgan Hill encourages the celebration of LGBTQ+ Pride Month to recognize all people in the community deserve to be treated respectfully, fairly and equally regardless of sexual orientation or gender identity



TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING DEPOT COMMONS & THE WILLOWS



June 2, 2021

Item #10

TEFRA HEARING:



- City is required to hold public hearing to allow community an opportunity to speak in favor of or against use of tax-exempt bonds for financing of Project
- Council's only role is to listen to public testimony regarding appropriateness of bond financing
- Following close of hearing, City must approve issuance of bonds through resolution
- City has no financial obligation or legal risk with bond issuance

TEFRA HEARING (cont.)



- Approving the issuance of bonds to finance the Rehabilitation Project of Depot Commons and The Willows, owned and operated by Eden Housing
- EDEN applied and received an award for Federal Low Income Housing Tax Credits from the California Tax Credit Allocation Committee and a tax-exempt bond allocation
- EDEN requested that the California Municipal Finance Authority serve as the issuer of the tax-exempt revenue bonds in an amount not to exceed \$15,000,000

TEFRA HEARING (cont.)



- The proceeds of the bonds will be used to finance and refinance the acquisition, rehabilitation, expansion, and improvement of Depot Commons and The Willows
- The Rehabilitation Project meets the Council's goals of preserving the condition of affordable communities and leveraging outside financing
- Notices were published in the Morgan Hill Times on May 21, 2021, and the Mercury News on May 25, 2021

The Willows
20 units
50 W. Edmundson
Avenue



Depot Commons
19 units
17145 Depot
Street



RECOMMENDATION:



- Open/close public hearing consistent with the requirements of the Federal Tax and Equity Fiscal Responsibility Act ("TEFRA") and Section 147 (f) of the Internal Revenue Code of 1986, as amended (the "Code"); and
- Adopt resolution approving the issuance of bonds by the California Municipal Finance Authority, for the acquisition, rehabilitation, expansion and improvement of Depot Commons and The Willows.



City Council Meeting Housing Workshop #2 “State Mandates for Housing Production”



June 2, 2021

UPCOMING ENGAGEMENT EVENTS:



Series of virtual 5:30 PM community workshops:

- State Mandates for Housing Production - Wednesday, June 2nd
- Housing Affordability - Wednesday, June 16th
- Housing and Long-Term Sustainability - Wednesday, June 23rd

Community Town Hall

- Creating Inclusive Communities through Design Form - Thursday, June 10th at 5:30 pm

Prior Workshops are available for view on the City's website:

- Affordable Housing 101 in Spanish with English Translation - Tuesday, May 18th at 5:00 pm (link: <https://youtu.be/q11VNM5UVzg>)
- Hablando Vivienda con Nuestras Familias in Spanish with English Translation - Sunday, May 23rd at 2:00 pm (link: <https://youtu.be/q11VNM5UVzg>)
- A Model for Agricultural Workforce Housing in South County - Friday, May 28th at 10:00 am (<https://youtu.be/hcJWv8hhzX0>)

<https://www.morgan-hill.ca.gov/2162/2021-Housing-Conversation>

Significant Highlights for this Workshop:

- Legislature forced to act due to housing supply not keeping up with population and job growth creating an affordability crisis that has grown significantly due undersupply
- Moving forward - focus on diversity, equity and inclusion - building community to combat inequality and promote economic and social mobility
- Non-compliance will have fiscal repercussions
- Housing is a fundamental component of a healthy, equitable community



Housing Element

What is the Housing Element?



City of Morgan Hill

Housing Element

Adopted February 18, 2015

Housing Element



- California has required a plan to meet the housing needs of everyone in each city/county since 1969
- The Housing Element is adopted as one of the seven required elements of the General Plan but is required to be updated much more frequently than the rest of the plan
- The California Department of Housing and Community Development (HCD) plays the critical role of reviewing the Housing Element to determine compliance with state law
- The City Council will preliminarily accept the Housing Element prior to being sent to HCD
- HCD's approval (or certification) is required before a local government can formally adopt its Housing Element as part of its overall General Plan

Housing Element



- Housing cycles are now 8-years long for communities with certified Housing Elements
- State is currently in the 5th cycle. The 6th cycle begins in January 2023
- Failure to adopt a certified Housing Element will result in a number of penalties, including a requirement to update on a much shorter timeline (4 years) and disqualification from funding opportunities
- The 8-year cycle was created to better align with Regional Transportation Plan updates and Regional Sustainable Communities Strategies

What is RHNA?



- The Regional Housing Need Allocation (RHNA) process is the part of Housing Element Law used to determine how many new homes, and the affordability of those homes, each local government must plan for in its Housing Element
- The upcoming cycle the Bay Area is planning for is from 2023 to 2031
- As part of the RHNA process, HCD determines the total number of new homes the Bay Area needs to build - and how affordable those homes need to be - in order to meet the housing needs of people at all income levels
- The Association of Bay Area Governments (ABAG), through the Housing Methodology Committee (HMC), creates a formula that distributes a share of the region's housing need to each city, town and county in the region.

What is RHNA?



- The RHNA methodology is approved by the ABAG Board and forwarded to HCD for approval
- HCD approved the methodology in April 2021
- Housing Element must show the locations where housing can be built by income and the policies and strategies necessary to meet the community's housing needs
- Detailed information on the RHNA process and Methodology can be found here: https://abag.ca.gov/sites/default/files/documents/2021-05/ABAG_2023-2031_RHNA_FAQ_May2021.pdf

What is RHNA?

Morgan Hill Final Draft RHNA 2023-2031

Income Level	2023-2031	
	Units	Percent
Extremely Low	131	12.5%
Very Low	131	12.5%
Low	151	15%
Moderate	174	17%
Above Moderate	450	43%
Total	1,037	100%

Source: Association of Bay Area Governments, 2021

What is RHNA?



Recent legislation resulted in the following challenges for this RHNA cycle:

- Higher total regional housing need – accounts for unmet existing need, rather than only projected housing need
- RHNA and local Housing Elements must affirmatively further fair housing - includes preventing segregation and poverty concentration as well as increasing access to areas of opportunity
- Identifying sites for affordable units will be more challenging
- New limits on the extent to which jurisdictions can reuse sites included in previous Housing Elements
- Increased scrutiny of small, large, and non-vacant sites when these sites are proposed to accommodate units for very low- and low-income households

Laws Affecting Housing Element



- Major housing legislation started in 2017 with a package of 15 new housing laws
- Continued focus on housing laws to address state's housing shortage
- More than 45 laws of significance have been adopted since the 2017 housing package
 - Changes to Housing Element requirements
 - Focus on streamlining housing production timelines and creating ministerial processes
 - Constraining local land use authority or eliminating local discretion to increase supply

Summary of 2018-2019 laws: <https://www.morgan-hill.ca.gov/DocumentCenter/View/39098/2018-2019-Legislative-Summary-MH>

- New housing package of laws is expected this year

Laws Affecting Housing Element



Staff started detailed updates on the City's Housing Program and new 2017 housing legislation impacts in February 2018. Meetings are summarized at the following link:

<https://www.morgan-hill.ca.gov/1723/HAA-and-Housing-Updates>

Housing Accountability Act



The Housing Accountability Act (HAA) (Government Code Section 65589.5) establishes the state's overarching policy that a local government:

may not deny, reduce the density of, or make infeasible housing development projects, emergency shelters, or farmworker housing that are consistent with objective local development standards

- The HAA was originally enacted in 1982 to address local opposition to growth and change
- Legislature recently amended the HAA to expand and strengthen its provisions as part of the overall recognition of the critically low volumes of housing stock
- Recent updates expand the potential consequences for violations of the HAA including giving HCD the authority to refer HAA violations to the Office of the Attorney General

Housing Accountability Act



- Recognizing that the HAA was falling short of its intended goal, in 2017, 2018, and again in 2019, the Legislature amended the HAA to expand and strengthen its provisions to meaningfully and effectively curb the capacity of local governments to deny, reduce the density, or render housing development projects infeasible via the following laws:
 - 2017: Senate Bill 167, Assembly Bill 678, Assembly Bill 1515
 - 2018: Assembly Bill 3194
 - 2019: Senate Bill 330
- Key restrictions on local governments' ability to take action against housing development projects are set out in Government Code section 65589.5, subdivisions (d) and (j)
- HCD Technical Assistance Advisory (including an FAQ) available here: <https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/hcd-memo-on-haa-final-sept2020.pdf>

- Adopted in 2019 – effective January 1, 2020
- Amended the Housing Accountability Act (Gov Code Section 65589.5) and several other Government Code sections
- Limits a jurisdiction's ability to change development standards and zoning applicable to the project once a "preliminary application" is submitted
- Amends the Permit Streamlining Act to specify what constitutes a "preliminary application" and limits the jurisdiction to one chance to identify incomplete items in an initial application
- Locks exactions or fees at time of application
- Increases allowed if the resolution or ordinance establishing the fee calls for automatic increases in the fee over time

- Prohibits jurisdictions from conducting more than 5 public meetings or hearings
- Prohibits a jurisdiction from enacting development policies, standards or conditions that would change current zoning and general plan designations of land to “lessen the intensity of housing”
 - Cannot downzone residential property
 - Creates a “no net loss” requirement related to zoning
- Prohibits a jurisdiction from placing a moratorium or similar restrictions on housing development without HCD approval and from limiting or capping the number of land use approvals or permits – supersedes local ordinances

- Housing developments will only be subject to those ordinances and policies in effect when the completed preliminary application is submitted
- In December 2019, the City Council adopted Residential Development Design and Development Standards ("Standards") to replace the RDCS Competition Manual
- The Standards have been developed to meet the requirements of "Objective Standard" under SB330 and are derived directly from the RDCS Competition Manual to maintain consistent design throughout the City
- These Standards implement requirements of SB 330 "Housing Crisis Act of 2019" and shall remain in effect until SB 330 is rescinded or extended

- SB35 amended Government Code Section 65913.4 in 2017 to require local entities to streamline the approval of certain housing projects by:
 - providing a ministerial approval process
 - removing the requirement for CEQA analysis
 - removing the requirement for discretionary entitlements granted by the Planning Commission
- Qualifying development projects with certain minimum affordable housing are guaranteed to move more quickly through the local government review process
- Restricts the ability of local governments to reject these proposals
- This is a voluntary program that a project applicant pursues provided that certain eligibility criteria are met

- SB35 is not allowed to be used in fire or flood zones
- Localities that have failed to meet their RHNA are subject to this law
- Jurisdictions that have insufficient progress toward their Lower income RHNA (Very Low and Low income), are subject to SB35 for proposed developments with at least 50% affordability
- Morgan Hill appears on the SB35 50% affordability list
- Jurisdictions that have insufficient progress toward their Above Moderate Income RHNA and have not submitted their annual report to HCD, are subject to SB35 for proposed developments with at least 10% affordability
- The Statewide SB35 Determination list is continually updated and can be found here:

https://www.hcd.ca.gov/community-development/housing-element/docs/sb35_statewidedeterminationsummary.pdf

Density Bonus Law



California Government Code Sections 65915 – 65918 contain the Density Bonus Law

It provides developers with tools to encourage the development of affordable and senior housing

Starting in 2021 –

- 50% increase in project densities for most projects, depending on the amount of affordable housing provided
- 80% increase in density for projects which are 100% affordable, unlimited with distance requirements from transit
- Up to 4 concessions – related to cost of developing housing
- Unlimited waivers – related to achieving density under the law

Density Bonus Law is intended to help make the development of affordable and senior housing economically feasible

FAQ available: <https://www.morgan-hill.ca.gov/2160/Density-Bonus-Law>

Enforcement/Penalties



- AB 72 (2017) grants HCD authority to review any action or failure to act by a local government that it determines is inconsistent with an adopted Housing Element or Housing Element law
- This includes failure to implement program actions included in the Housing Element. HCD may revoke Housing Element compliance if the local government's actions do not comply with state law
- HCD may also notify the California Office of the Attorney General that the local jurisdiction is in violation of state law for non-compliance with Housing Element law, the Housing Accountability Act, "no net loss" law, density bonus law, or anti-discrimination law
- Applicants may also file suit against the City to compel approval of projects under the housing laws

Enforcement/Penalties



Enforcement will be financial in nature:

- Recent cases in surrounding cities include significant damages/fines, requirements for bonding, and legal fees
- In other cases of non-certified Housing Elements, those jurisdictions will no longer qualify for different grants and funding opportunities
- Consistent with other administrative penalties, costs of additional Housing Element work or other administrative reporting will be at the cost of the jurisdiction

2021 Proposed Legislation



A tremendous amount of legislation relating to housing is moving through the legislative process – focus continues to be on streamlining development and reducing local control

“Building Opportunities for All” Senate Housing Package

<https://focus.senate.ca.gov/housing>

SB 5 - Affordable Housing Bond Act of 2022 - \$6.5 billion bond - November 2022 ballot

SB 6 - Authorizes residential development on existing lots currently zoned for commercial office and retail space such as strip malls or large “big box” retail spaces (similar bill AB115 processing as well)

- This bill requires the development of residential units be at a minimum density to accommodate affordable housing and abide by existing local planning and development ordinances

2021 Proposed Legislation



SB 8 - Extends the provisions of SB 330 until 2030

This bill adds clarifying language to ensure the intent of SB 330 to streamline the production of housing that meets a local jurisdiction's existing zoning and other rules is met.

SB 9 - Promotes neighborhood-scale residential development by streamlining the process for a homeowner to create a duplex or subdivide an existing lot in residential areas

SB 10 - Allows cities to upzone areas close to job centers, transit, and existing urbanized areas to allow up to ten units without having to go through the lengthy CEQA process

SB 290 – Improves and clarifies the state's Density Bonus statute to ensure it achieves its intended outcome of increasing affordable housing production.

2021 Proposed Legislation



AB 571 - This measure would prohibit affordable housing impact fees, including inclusionary zoning fees, in-lieu fees, and public benefit fees, from being imposed on a housing development's affordable units or bonus units.

AB 1401 - This measure would prohibit a local government from imposing a minimum parking requirement, or enforcing a minimum parking requirement, on residential, commercial, or other development if the development is located on a parcel that is within one-half mile walking distance of public transit or located within a low-vehicle miles traveled area.

Significant Highlights for this Workshop:

- Legislature forced to act due to housing supply not keeping up with population and job growth creating an affordability crisis that has grown significantly due undersupply
- Moving forward - focus on diversity, equity and inclusion - building community to combat inequality and promote economic and social mobility
- Non-compliance will have fiscal repercussions
- Housing is a fundamental component of a healthy, equitable community



JUNE 16, 2021 WORKSHOP

Housing Affordability

- What is considered affordable housing?
- What are the different ways we see these units built and by who?
- Who is it for?
- What agencies work on affordable housing?
- City history of affordable housing production
- Current efforts

UPCOMING ENGAGEMENT EVENTS:



Continuing series of virtual 5:30 PM community workshops :

- Housing Affordability - Wednesday, June 16th
- Housing and Long-Term Sustainability - Wednesday, June 23rd

Community Town Hall

- Creating Inclusive Communities through Design Form - Thursday, June 10th at 5:30 pm

Morgan Hill Housing Conversation

[https://www.morgan-hill.ca.gov/2162/2021-Housing-
Conversation](https://www.morgan-hill.ca.gov/2162/2021-Housing-Conversation)

QUESTIONS?



CITY OF MORGAN HILL

California Housing and Community Development (HCD) income limits



**HCD Income Table
(Effective April 26, 2021)**

Household size	1	2	3	4	5	6	7	8
Extremely Low 0-30%	\$34,800	\$39,800	\$44,750	\$49,700	\$53,700	\$57,700	\$61,650	\$65,650
Very Low 30-50%	\$58,000	\$66,300	\$74,600	\$82,850	\$89,500	\$96,150	\$102,750	\$109,400
Lower 50-80%	\$82,450	\$94,200	\$106,000	\$117,750	\$127,200	\$136,600	\$146,050	\$155,450
Median	\$105,900	\$121,050	\$136,150	\$151,300	\$163,400	\$175,500	\$187,600	\$199,700
Moderate 80-120%	\$127,100	\$145,250	\$163,400	\$181,550	\$196,050	\$210,600	\$225,100	\$239,650