



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, December 15, 2021 7:00 PM

Virtual Meeting

VIRTUAL MEETING GUIDELINES AND PUBLIC COMMENT

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

City Council meetings will be live streamed on Channel 17, on the City's website and on the City's Facebook page. Those members of the community that would like to participate in the meetings remotely may do so by joining the virtual meeting at:

<https://bit.ly/MHCityCouncilMeeting> or by calling in to: (669)900-9128, then enter the webinar id: 873 3200 8380#.

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

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

CALL TO ORDER

Mayor Pro Tem McKay

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2-City Clerk Michelle Bigelow

CITY COUNCIL REPORTS

Council Member Martinez Beltran

CITY MANAGER'S REPORT

Christina Turner

CITY ATTORNEY'S REPORT

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)

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. ACCEPT THE CITY'S ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Recommendation:

Accept the City's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.

2. ACCEPT THE ANNUAL SB 165 REPORT FOR COMMUNITY FACILITIES

December 15, 2021

DISTRICT NO. 2014-1 (FISHER CREEK)

Recommendation:

Accept and file the report.

3. ADOPT RESOLUTION APPROVING AND MAKING FINDINGS RELATED TO THE AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT FOR FISCAL YEAR 2020-21

Recommendation:

1. Adopt resolution making findings for unexpended development impact fees; and
2. Accept the annual development impact fee report.

4. ADOPT HAZARDOUS VEGETATION ABATEMENT RESOLUTION

Recommendation:

Adopt resolution declaring weeds and brush to be a nuisance and setting the hazardous vegetation public hearing on February 2, 2022.

5. ADOPT ORDINANCE 2326, NEW SERIES, AMENDING CHAPTER 14.04 (INCLUSIONARY HOUSING) OF TITLE 14 (HOUSING) CHANGING INCLUSIONARY HOUSING REQUIREMENTS; AMENDING SECTION 14.08.020 (FEE ESTABLISHED) OF CHAPTER 14.08 (IN-LIEU HOUSING FEES) OF TITLE 14 (HOUSING) TO ADD A COST OF LIVING ANNUAL INCREASE TO IN-LIEU HOUSING FEES; AND REPEALING DUPLICATIVE AFFORDABLE HOUSING PROVISIONS IN CHAPTER 18.48 (AFFORDABLE HOUSING) OF TITLE 18 (ZONING) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL

Recommendation:

Waive the reading, adopt Ordinance No. 2326, 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.

6. ADOPT ORDINANCE 2327, NEW SERIES, AMENDING VARIOUS CODE PROVISIONS WITHIN THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL CORRECTING CROSS-REFERENCES TO VARIOUS CHAPTERS AND SECTIONS OF TITLE 18 (ZONING) AND IMPLEMENTING MINOR AMENDMENTS DUE TO CLERICAL ERRORS AND INCONSISTENCIES WITHIN TITLE 18 (ZONING); AND AMENDING SECTION 18.64.060 (GENERAL LANDSCAPE REQUIREMENT) OF CHAPTER 18.64 (LANDSCAPING) OF TITLE 18 (ZONING) TO ENHANCE WATER EFFICIENCY OF NEW LANDSCAPES

Recommendation:

Waive the reading, adopt Ordinance No. 2327, 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.

7. **ADOPT ORDINANCE 2328, NEW SERIES, AMENDING SECTION 18.40.060 (STANDARDS FOR ALL HOUSING TYPES) OF CHAPTER 18.40 (ALTERNATIVE STANDARDS FOR MEDIUM DENSITY RESIDENTIAL DEVELOPMENT) OF TITLE 18 (ZONING) TO REMOVE REFERENCES TO TRASH ENCLOSURE STANDARDS AND ADDING SECTION 18.92.125 (REFUSE AND RECYCLING ENCLOSURES) TO CHAPTER 18.92 (SUPPLEMENTAL STANDARDS) TO INCLUDE NEW REFUSE AND RECYCLING ENCLOSURE STANDARDS**

Recommendation:

Waive the reading, adopt Ordinance No. 2328, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

8. **APPROVE COMMUNITY PLAYHOUSE LICENSE AGREEMENT WITH SOUTH VALLEY CIVIC THEATRE**

Recommendation:

Authorize the City Manager to execute and administer the license agreement through December 2024 with South Valley Civic Theatre.

9. **APPROVE AGREEMENTS FOR HYDROGEOLOGICAL AND GEOTECHNICAL ENGINEERING SERVICES**

Recommendation:

Approve and authorize the City Manager to execute and administer three-year agreements with Luhdorff & Scalmanini Consulting Engineers in the not to exceed amount of \$200,000 and Atlas Technical Consultants in the not to exceed amount of \$150,000 for hydrogeological and geotechnical engineering services.

10. **APPROVE AGREEMENTS FOR WATER AND WASTEWATER UTILITY PLANNING AND ENGINEERING SERVICES**

Recommendation:

Approve and authorize the City Manager to execute and administer three-year agreements with HydroScience Engineers, Carollo Engineers, and Black & Veatch Corporation for the not to exceed amount of \$250,000 each and Akel Engineering Group for the not to exceed amount of \$150,000.

11. **APPROVE MITIGATED NEGATIVE DECLARATION AND FOURTH AMENDMENT OF THE AGREEMENT WITH HYDROSCIENCE ENGINEERS FOR ADDITIONAL SERVICES RELATED TO THE NEW SEWER TRUNK LINE BETWEEN MORGAN HILL AND GILROY**

Recommendation:

1. Approve and certify the project Mitigated Negative Declaration;
2. Approve Fourth Amendment to Service Agreement for Design Professionals with HydroScience Engineers, Inc. to provide additional services for the New Sewer Trunk Line to Gilroy project for an additional \$75,000, for a total not to exceed amount of \$1,779,710; and
3. Authorize the City Manager to execute and administer the amended services agreement.

12. APPROVE THE PURCHASE OF THREE CITY TRUCKS

Recommendation:

1. Approve the purchase of three (3) City trucks in the amount of \$102,238 from the National Auto Fleet Group;
2. Authorize the City Manager to execute associated purchase documents;
3. Declare vehicle D02182 to be surplus; and
4. Authorize the disposal of the surplus vehicles in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

13. APPROVE THE PURCHASE OF UTILITIES DIVISION REPLACEMENT DUMP TRUCK AND AUTHORIZE THE CITY MANAGER TO APPROVE PURCHASE OF THREE UTILITY VEHICLES AS THEY BECOME AVAILABLE

Recommendation:

1. Approve the purchase of a 2022 Kenworth T270 dump truck from NorCal Kenworth in the amount of \$117,410.27 to replace vehicle W01119;
2. Authorize the City Manager to approve purchase of three Utilities Division vehicles as they become available for sale; and
3. Authorize the disposal of the surplus vehicle W01119 in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

14. APPROVE UTILITY BOX ART AT EAST DUNNE AND MURPHY AVE

Recommendation:

1. Approve public art at one new utility box location; and
2. Authorize the City Manager to enter and administer necessary agreements to complete the project.

15. APPROVE MEMORANDUM OF UNDERSTANDING (MOU) WITH THE COMMUNITY SERVICE OFFICERS' ASSOCIATION AND CORRESPONDING SALARY SCHEDULES

Recommendation:

Approve a Memorandum of Understanding (MOU) with CSOA effective December 26, 2021 – December 31, 2023 and corresponding salary schedules

16. APPROVE THE NOVEMBER 17, 2021 MEETING MINUTES

Recommendation:
Approve minutes.

17. AWARD ON-CALL FENCING CONTRACTOR CONTRACT TO TUCKER CONSTRUCTION, INC.

Recommendation:

1. Award two-year On-Call Fencing Contractor Services contract to Tucker Construction, Inc. in the amount of \$100,000; and
2. Authorize the City Manager to execute and administer the On-Call Fencing Contractor Services contract with Tucker Construction, Inc.

PUBLIC HEARING (TO BE HEARD AT 8:00 P.M.)

18. RECEIVE UPDATE REGARDING PROPOSED DRAFT DISTRICT MAPS SUBMITTED AND COMPOSITION OF COUNCIL DISTRICT BOUNDARIES

Recommendation:
Open and close the public hearing.

Estimated Time: 45 Minutes

OTHER BUSINESS

19. ADOPT CLIMATE ACTION PLAN

Recommendation:
Adopt Climate Action Plan and direct City Manager to evaluate opportunities to incorporate funding for Plan implementation in the recommended budget for Fiscal Year 2022-23.

Estimated Time: 60 Minutes

20. MONTHLY BUDGET UPDATE AND OCTOBER 2021 FINANCIAL AND INVESTMENT REPORTS

Recommendation:
Accept and file report.

Estimated Time: 10 Minutes

21. ADOPTION OF 2021 WATER SYSTEM MASTER PLAN

Recommendation:
Adopt 2021 Water System Master Plan.

Estimated Time: 20 Minutes

22. APPROVAL OF THIRD EMPLOYMENT AGREEMENTS FOR THE CITY MANAGER AND THE CITY ATTORNEY

Recommendation:

1. Approve the Third Employment Agreement with City Attorney Donald Larkin;
2. Approve the Third Employment Agreement with City Manager Christina Turner; and
3. Authorize the Mayor to execute the agreements and any related agreements.

Estimated Time: 5 Minutes

PUBLIC HEARING

23. AWARD ENERGY SERVICES AGREEMENT FOR CENTENNIAL RECREATION CENTER BATTERY ENERGY STORAGE SYSTEM TO SYSERCO

Recommendation:

1. Open/Close Public Hearing; and
2. Authorize the City Manager to execute a design-build energy services agreement with Syserco for the Centennial Recreation Center Battery Energy Storage Project and all related documents necessary to complete the project.

Estimated Time: 10 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

ADJOURNMENT

NOTICE

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

PUBLIC COMMENT

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

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

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

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

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

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

AMERICANS WITH DISABILITIES ACT (ADA)

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

SUSTAINABLE MORGAN HILL



VISION

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community

Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.

City Council Ongoing Priorities

- Enhancing Public Safety
- Protecting the Environment and Preserving Open Space and Agricultural Land
- Maintaining Infrastructure
- Supporting our Youth, Seniors, and Entire Community
- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving our Community History
- Enhancing Diversity and Inclusiveness
- Advancing Regional Initiatives

2020-2021 Strategic Priorities

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





CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

ACCEPT THE CITY'S ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

RECOMMENDATION(S)

Accept the City's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Community Engagement and Messaging

REPORT NARRATIVE:

The Fiscal Year 2020-21 Annual Comprehensive Financial Report (ACFR) is presented for your review. Each year the City engages an independent firm to audit the books and accounts of the City's general ledger. Included in this audit are the review and verification of all finance processes. An annual audit is required by state law and by bond covenants.

The ACFR presents the operations and financial activity of all the City's various funds, including the General Fund. It includes an unmodified audit opinion from Maze & Associates, the City's external auditors, stating that the financial statements present fairly the results of operations for the year ended June 30, 2021, in conformance with Generally Accepted Accounting Principles (GAAP). An auditor gives an Unmodified Opinion (or clean opinion) when they do not have any significant reservation in respect of matters contained in the Financial Statements.

A summary of significant highlights follows:

General Fund: The fund balance increased by \$7.3 million compared to prior year mostly attributable to the American Rescue Plan Act (ARPA) funding recognized in the fiscal year, continued strength in certain revenue categories in addition to spending controls. Contrary to the increased revenue and conservative spending, the fair market value adjustment for the investments reduced noted increases by \$0.8 million.

Development Services Fund: At the end of FY 20-21, the fund has a negative balance of about \$0.5 million, a decrease of \$0.5 million from prior year. The fund was originally budgeted to end the fiscal year with an operating deficit of approximately \$1.2 million and require a General Fund loan of about \$1.0 million. However, it ended up better than budgeted. Nonetheless, the fund had incurred multiple years of operating deficit which necessitates the comprehensive review of the fee structure to ensure the fund's fiscal sustainability. Staff is finalizing the fee study to update the current fees which were developed over five years ago and anticipates to bring this to the City Council and the public for consideration in a few months.

Enterprise Funds: Unrestricted net position at June 30, 2021, amounted to \$13.1 million for Sewer Operations and \$10.6 million for Water Operations. Water Operations' unrestricted net position increased by \$4.2 million compared to prior year. The operating revenues saw an increase of \$2.1 million primarily due to the water rate adjustments approved by City Council in January 2016 in addition higher consumption. Sewer Operations' unrestricted net position increased by \$2.0 million from prior fiscal year with operating revenues increasing by \$1.8 million primarily due to rate adjustments. The Sewer Impact Fund had \$22.1 million in net position restricted for capital improvements and expansion, an increase of \$1.3 million from prior year mainly due to higher collection of impact fees, while the Water Impact Fund had \$3.4 million for the same purpose, an increase of \$0.6 million from prior year.

COMMUNITY ENGAGEMENT:

Inform

Finance staff presents these audited reports in an effort to keep the City Council, community, and various lenders and stakeholders informed on the financial health of the organization, which assists each one of the interested parties in making sound financial decisions.

ALTERNATIVE ACTIONS:

Not Applicable

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The audited comprehensive financial report is presented to Council each year for the prior fiscal year ending June 30.

FISCAL AND RESOURCE IMPACT:

The resources and costs associated with the audit and preparation of the annual comprehensive financial report are budgeted and included in the Finance Division.

CEQA (California Environmental Quality Act):

Not a Project as this is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment.



ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

PREPARED BY:

Morgan Hill
Administrative Services
Department



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021

**PREPARED BY
ADMINISTRATIVE SERVICES**





CITY OF MORGAN HILL, CALIFORNIA
Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2021

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CITY OF MORGAN HILL, CALIFORNIA
Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2021

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INTRODUCTORY SECTION



November 1, 2021

Honorable Mayor, Members of the City Council, City Manager, and Citizens of Morgan Hill:

The *Annual Comprehensive Financial Report* (ACFR) of the City of Morgan Hill, California for the fiscal year ended June 30, 2021, is submitted for your information and review. Responsibility for the accuracy of the information, and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the results of operations of the City. Management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. Management is committed to maintain the City's internal controls to adequately safeguard assets; and to provide reasonable assurances of proper recording of financial transactions. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The financial statements within this report have been audited by the City's independent financial auditor, Maze & Associates, which has issued an unmodified opinion. The auditor's opinion letter is included in this report.

The format of this report complies with the financial reporting model developed under Governmental Accounting Standards Board (GASB) Statement No. 34, as modified by additional published statements.

- The Statement of Net Position and the Statement of Activities represent a combination of all the City's funds, comprising the City's General Fund, Special Revenue, Capital Projects, Debt Service, Internal Service, and Enterprise Funds, including activities which are restricted. Information about individual funds can be found in the combining statements contained within the ACFR.
- The amount reported as "unrestricted" in the net position section of the Statement of Net Position includes: (i) amounts designated by the City Council for general reserve purposes; (ii) amounts that have accumulated in various internal service funds to be used for the purposes intended for those funds; and (iii) amounts that have been collected from water and sewer rate payers in the business-type activities that are needed to fund ongoing water and sewer operating and capital needs.
- The amount reported as capital assets in the assets section of the Statement of Net Position includes the value of infrastructure acquired between 1980 and June 30, 2021.

To assist with the reader's review of the City's financial statements, a narrative section called Management's Discussion and Analysis (MD&A) is included. The MD&A reports on the financial highlights of the City and provides additional analysis on the variances and trends reported as part of the financial statements. The MD&A is designed to disclose any significant events or decisions that affect the financial condition of the City.

The financial reporting entity includes all of the funds of the primary government, the City of Morgan Hill, as well as all of its component units. Component units are legally separate entities for which the primary government is fully accountable. The Morgan Hill Wastewater Facilities Financing Corporation and the Morgan Hill Financing Authority are governed by boards which are substantially the same as the City's governing body. These two component units have been blended into the City's basic financial statements because the City is able to impose its will on these component units and because the component units provide services primarily to the City.

This report includes all funds of the City. The City provides a broad range of services including police and fire protection, economic development, housing assistance, water and sewer services, streets and parks construction and maintenance, planning and engineering, code compliance, recreation and community services, and general City administration and support services. The City operates and maintains two fire stations, with personnel provided under contract by the State's CalFire.

State statutes require a budget be approved before any expenditures are made. Budgets are adopted for all governmental fund types. Budgetary comparisons are reflected in the City's financial report for all governmental funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations of the various governmental funds. The City Council may amend the budget during the fiscal year. The City Manager is authorized to transfer appropriations between activities within a fund budget to facilitate the functions of those activities in accordance with the directions, goals, and policies of the City Council. Activities are defined as an individual program or division within a department. The City Council's approval is required for additional appropriations or transfers between funds. Unencumbered appropriations lapse at the end of each fiscal year.

ECONOMIC CONDITIONS AND OUTLOOK

Morgan Hill's financial condition improved markedly from the very dire outlook forecasted last year. The improvement is mainly due to certain major revenue categories which either did not experience the major adverse impact anticipated from the pandemic, such as property tax, or which rebounded more quickly than projected, such as sales tax revenue. This may be credited to the extraordinary fiscal and monetary responses to the pandemic by the U.S. government and the Federal Reserve. The U.S. government responded to the crisis by enacting a number of policies to provide fiscal stimulus to the economy and relief to those affected by this global disaster. The Federal Reserve also took a series of substantial monetary stimulus measures to complement the fiscal stimulus.

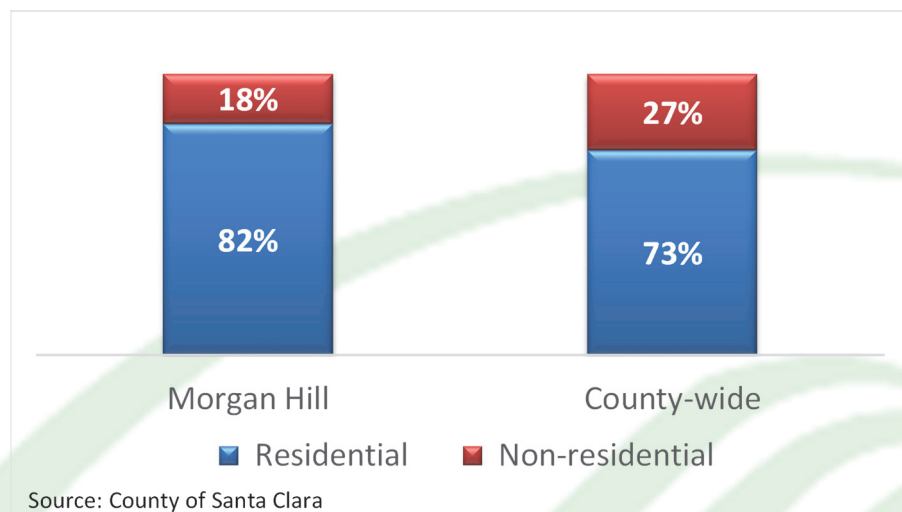
The stimulus measures taken by the Federal Reserves include lowering its benchmark interest rate to 0.00% - 0.25%, directly buying assets like the U.S. Treasuries and mortgage-backed securities. In addition to direct asset purchases, the Fed also set up several new lending programs to support businesses.

Throughout the pandemic, the U.S. government passed several stimulus and relief packages, and two of the relief packages provided direct fiscal funding to the City. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), that signed into law on March 27, 2020, appropriated \$2.3 trillion for many different efforts including \$150 billion in grants to state and local governments. The City received approximately \$0.6 million of State pass-through funding in the fiscal year 2020-21. The American Rescue Plan Act (ARPA), which President Biden signed into law on March 11, 2021, appropriated \$1.9 trillion of stimulus and relief proposals with \$350 billion of the total funding going to state and local governments. The City has been allocated approximately \$11.0 million, to be received over two tranches, with the first tranche of about \$5.5 million received in July 2021 and which was recognized as revenue in the fiscal year 2020-21.

The U.S. economy contracted at a record average annualized rate of 19.2% from its peak in the fourth quarter of 2019 through the second quarter of 2020. The pace of recovery from the pandemic downturn, the deepest going back to 1947, was equally stunning. The gross domestic product (GDP) rebounded at a historic average rate of 18.3% between the second and fourth quarter of 2020. The U.S. economy topped pre-pandemic level with GDP surging at 6.7% pace for the second quarter 2021. While growth likely has peaked in the second quarter, economists continue to forecast U.S. growth rate to be higher than average for this year and next. According to Beacon Economics, the U.S. real GDP growth is expected to be at about 6.0% for the fiscal year 2021-22 and the unemployment rate to be lowered to 4.4%. Morgan Hill is expected to continue to benefit from the strong economy with relatively low unemployment and high-paying jobs, resulting in high property tax growth and associated revenues. Morgan Hill's peak unemployment rate during the pandemic was April 2020 at 13.6%, and currently stands at 3.9% as of September 2021, slightly better than the County of Santa Clara rate of 4.0% and the state-wide unemployment rate of 7.5%.

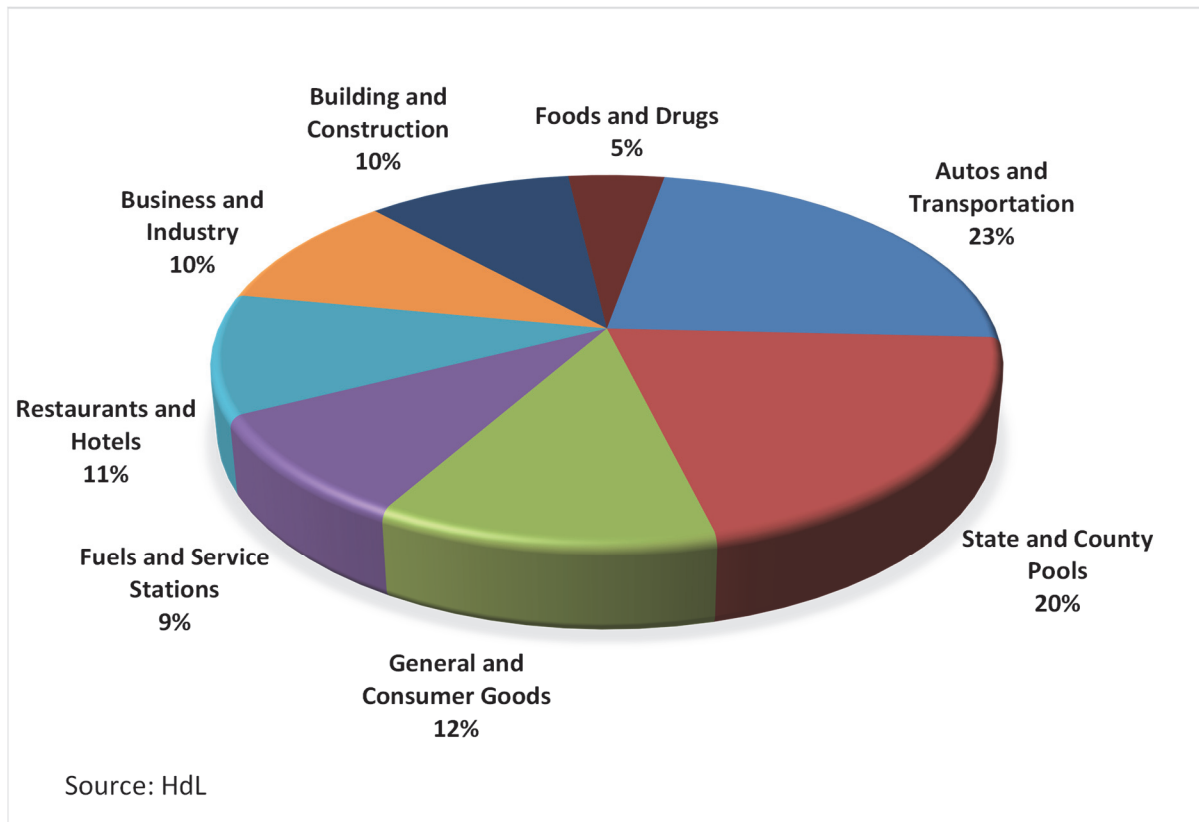
While the pandemic is still having some negative impacts to the City's major revenue categories, so far property tax seems to have escaped the financial hit from the pandemic albeit demonstrating a slower growth rate. On July 1, 2021, the County of Santa Clara Assessor's Office released the assessment roll close for FY21-22. The assessment roll for the County grew 4.6% for FY21-22 versus 6.87% for the prior year. This "slower" growth still exceeds expectations mainly due to strong residential growth as well as limited impact to the commercial properties from the pandemic. The City of Morgan Hill's assessment roll for FY21-22 grew 5.75% versus 6.12% for the prior year. Though showing lower growth than the prior year, the City's growth is the 2nd highest in the County, behind only Mountain View of 8.06% which is mainly due to the construction of Google's new campus in Bayview, and it is also much better than budget predictions of no growth for the year. The City's total net assessed value for FY21-22 is about \$11.5 billion, increased by about \$625 million from prior year total net assessed value of about \$10.9 billion. The assessment roll growth of 5.75% for the City equates to approximately \$700,000 more for our property tax.

The chart below compares the City's total net assessed value of residential and non-residential properties to the County-wide for FY 2020-21. The percentage of the net assessed value of non-residential properties in Morgan Hill has been consistently below the County of Santa Clara average.



Property tax is the largest source of Morgan Hill's General Fund revenue. However, it accounts for only 31% of the approximately \$50.8 million General Fund revenue projected for the current FY 2021-22. Although property tax tends to be a more predictable revenue source, other major revenue categories such as sales tax and transient occupancy tax, which account for a large portion of the City's General Fund revenue, are more volatile and tend to fluctuate more with swings in the economy. The sales tax revenue for the current FY 2021-22 budget is expected to continue to improve, albeit at a slower growth, compared to prior FY 2020-21.

The chart below illustrates the City's sales tax revenue by major industry group for 2020-21. Total amount of sales tax revenue in FY 2020-21 was about \$10.9 million. Sales tax revenue generated from industry groups such as Business and Industry, Autos and Transportation, and Building and Construction groups increased from prior year while General and Consumer Goods, and Fuels and Service Stations decreased.



The COVID-19 global pandemic has had an adverse impact to development services related revenue. However, the impact was mostly due to the restrictions imposed by the public safety health order that was subsequently lifted. Development activities resumed in earnest to meet the growing demand. The Development Services Fund was budgeted to end FY 2020-21 with a large operating deficit of approximately \$1.2 million and required a short-term loan from the General Fund, however, the actual operating deficit came in to be approximately \$0.5 million resulted in the Fund's ending balance of negative \$0.5 million. With the fund's ending balance in the negative and the fact that the last fee study was done over five years ago, it necessitates a new review. Staff is currently engaging a consultant to conduct an updated fee study to update the current fees with the anticipated completion date in winter 2021.

In addition to the Development Services Fee Study, staff is also engaging a consultant to conduct a water rate study which was last completed over six years ago. The state is experiencing its second-driest year on record, and the governor declared a statewide drought emergency asking residents to reduce their water usage by 15% compared to 2020. The conservation measures being put in place are having an adverse impact to the water sales revenue, necessitating a review of the current rate structure to ensure that quality of service is not adversely impacted, and the health and safety of the City's water system remains at high standard.

City staff prepares five-year projections for the General Fund, Community Development Fund, and the Wastewater and Water Funds at least once a year. In addition, a six-year capital improvement plan is prepared and updated annually that addresses each infrastructure project or improvement and the funding/anticipated financing sources to complete. The forecasts also include annual maintenance costs anticipated as the infrastructure and improvement projects are completed and taken into the City's operations.

These projections also include an analysis of the City's ability to meet its unassigned fund balance target over the entire five-year financial forecast horizon. The City Council considers this information when approving the budget and when making key financial decisions throughout the year, to help the City Council more closely monitor compliance with its reserves policy and fund balance goals.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Morgan Hill for its *Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2020. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

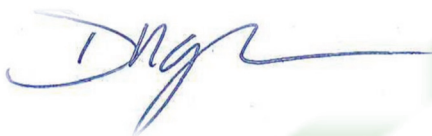
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, the contents of which conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA certificate is valid for a period of one year only. The City has received this certificate for the last 26 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and will be submitting it to the GFOA again this year.

ACKNOWLEDGMENTS

The *Annual Comprehensive Financial Report* represents many months of work by the City's entire Finance staff and other departments who assisted in the process of compiling the information. A special "thank you" to our external auditors who contributed long hours to make this document possible. Their efforts and continued dedication are greatly appreciated. I also wish to express appreciation to the City Council and City Manager for their support, interest, integrity, and sound leadership in financial matters.

Sincerely,

A handwritten signature in blue ink, appearing to read 'DNguyen', is written over a large, faint green wavy graphic that spans the bottom half of the page.

Dat Nguyen, CPA, CGFM
Finance Director

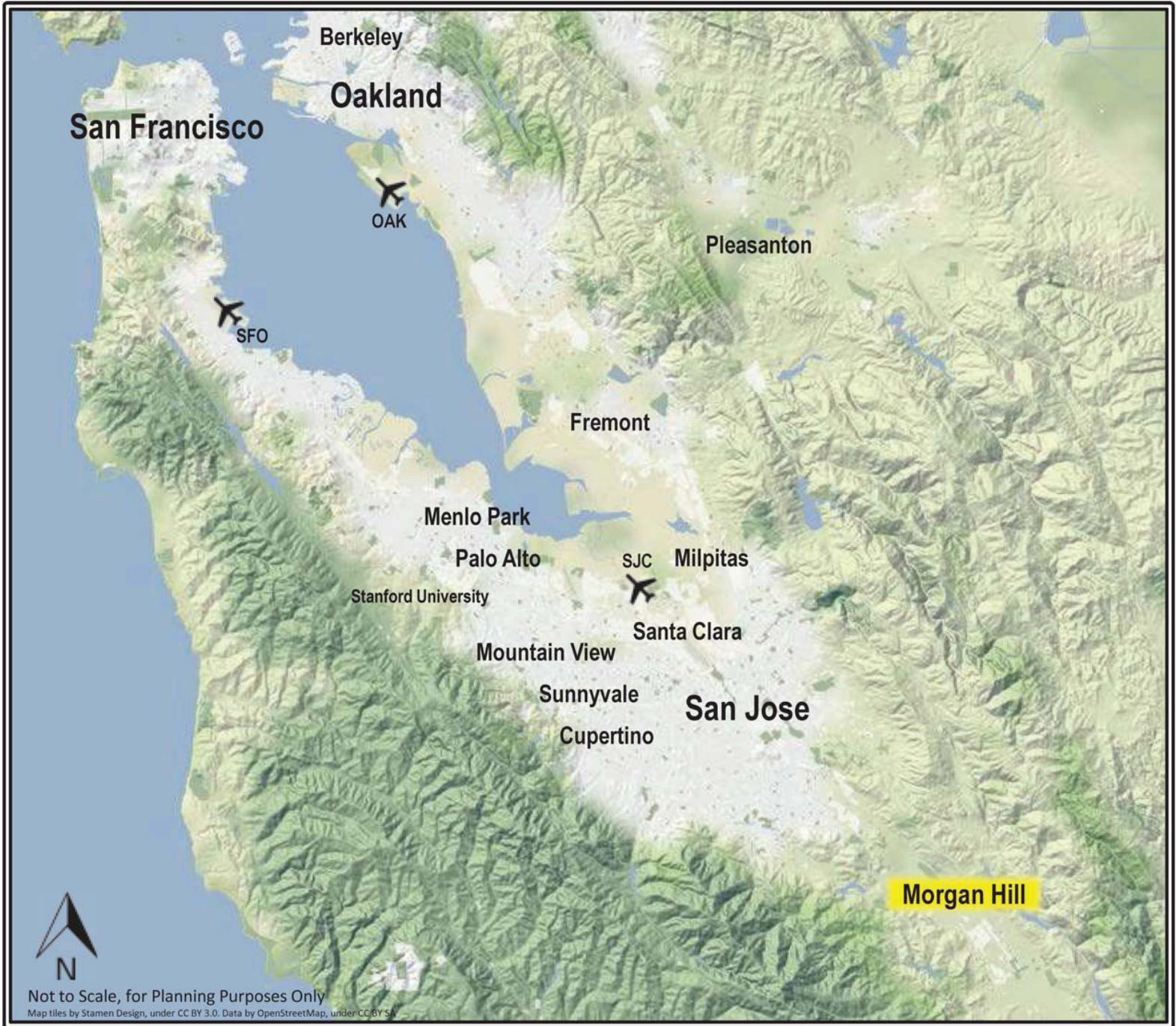
CITY OF MORGAN HILL, CALIFORNIA
ELECTED OFFICIALS AND CITY STAFF

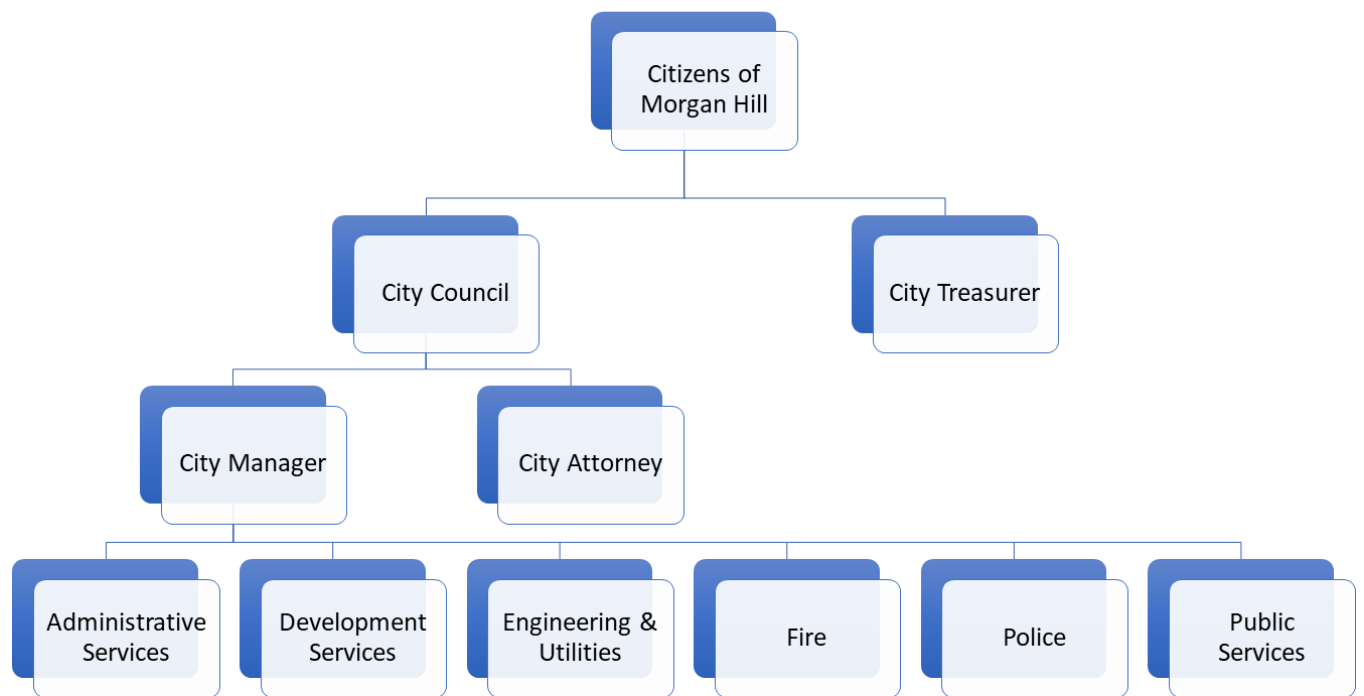
ELECTED OFFICIALS

Rich Constantine	Mayor
John McKay	Mayor Pro Tem, District D Council Member
Gino Borgioli	District A Council Member
Yvonne Martinez Beltran	District B Council Member
Rene Spring	District C Council Member
Caitlin Robinett Jachimowicz	City Treasurer

CITY STAFF

Christina Turner	City Manager
Donald Larkin	City Attorney
Edith Ramirez	Assistant City Manager for Development Services
Shane Palsgrove	Chief of Police
Michelle Bigelow	City Clerk
Jennifer Carman	Development Services Director
Matt Mahood	Economic Development Director
Dat Nguyen	Finance Director
Jake Hess	Fire Chief
Rebecca Garcia	Housing Director
Michael Horta	Human Resources Director
Anthony Eulo	Program Administrator
Chris Ghione	Public Services Director







Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Morgan Hill
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Morgan Hill, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morgan Hill (City), California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes of Accounting Principle

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 84 – Fiduciary Activities, which became effective during the year ended June 30, 2021 and established the new fund type, Custodial Funds, and eliminated the fund type of Agency Funds, and excluded the OPEB Trust Fund from the financial statements, as discussed in Note 14.

Management early adopted the provisions of Governmental Accounting Standards Board Statement No. 98 – The Annual Comprehensive Financial Report which changes the name of the Comprehensive Annual Financial Report to Annual Comprehensive Financial Report.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed on the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 1, 2021



Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

The management of the City of Morgan Hill (City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. Please read this overview in conjunction with the accompanying letter of transmittal and the basic financial statements. In compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, comparative data for the prior fiscal year is provided.

FINANCIAL HIGHLIGHTS

- During FY 20-21, the City's net position, representing the difference between total assets plus deferred outflows of resources of the City, and total liabilities plus deferred inflows of resources, increased by \$20.6 million to \$519.8 million. This is not, however, the same as an operating budget surplus. Of the total net position, \$107.4 million, about 21%, in unrestricted assets may be used to meet the City's ongoing obligations to citizens and creditors, and the majority of the remaining, about 70%, consists of net investment in capital assets. Additional detailed information can be found on page 25, Statement of Net Position.
- Total revenues from all sources were \$105.4 million—\$8.8 million more than the prior year partially due to an increase in grants and contributions, including approximately \$5.5 million of American Rescue Plan Act (ARPA) funding received in July 2021 but was recognized as revenue in FY 20-21. Business-type activities saw a net increase of \$1.0 million in revenues compared to the prior year mainly due to the rate increases for water and sewer.
- At June 30, 2021, the City had \$57.4 million, including unamortized bond premiums, in long-term debt, comprised of \$16.4 million secured by water revenues, \$30.1 million secured by sewer revenues, \$8.0 million in lease revenue refunding bonds subject to a City appropriations covenant, \$2.8 million for Fire stations and apparatus, and \$0.1 million in energy efficiency loans. The \$57.4 million in long-term debt outstanding reflects a net increase of \$17.1 million from the prior year mainly due to issuance of the new sewer revenue bonds.
- At June 30, 2021, the City's governmental funds reported ending fund balances of \$141.8 million, an increase of 4% or \$5.1 million from the prior fiscal year.
- The fund balance in the City's General Fund increased by \$7.3 million to \$31.0 million mainly from the ARPA funding and conservative spending. The restricted fund balance in the Development Services Fund decreased by \$0.5 million, with an ending negative fund balance of about \$0.5 million.
- During FY 20-21, the General Fund had an excess of revenues over expenditures of \$7.0 million, excluding transfers. Transfers in exceeded transfers out by \$0.3 million. The principal purpose of the City's interfund transfers was for operational support to other funds.
- Actual revenues in the General Fund were \$6.5 million more than the final budget mainly attributed to the receipt of ARPA funding as well as increase in property and sales taxes.
- Actual expenditures, excluding transfers out, in the General Fund were about \$3.5 million less than the final budget, with public safety and recreation contributing most of the savings.

- During FY 20-21 Deferred inflows and outflows related to Net Pension Liability decreased by \$0.7 million. This is further discussed in Note 8, on page 84.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements, which are comprised of two components:

- Government-wide financial statements – These include the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the City as a whole and about the overall financial condition of the City in a manner similar to a private-sector business. These statements are described in more detail in a subsequent section in this MD&A and can be found on pages 25 and 26 of this report.
- Fund financial statements – These statements provide additional information about the City's major funds, including how services were financed in the short term and including fund balances available for financing future projects. These statements are described in more detail in a subsequent section of this MD&A and can be found on pages 32 through 35.

A. Government-Wide Financial Statements

These statements include all assets and liabilities of the City using the *accrual* basis of accounting, which is similar to the accounting used by most private sector companies. All current fiscal year revenues and expenses are accounted for regardless of when the cash is paid or received.

These statements report the City's net position and related changes. Net position, the difference between assets and liabilities, is one way to measure the City's financial position. Over time, increases or decreases in net position is an indicator of whether the financial condition of the City is improving or deteriorating. However, it is also important to consider other non-financial factors, such as changes in the City's property tax and sales tax bases or in the condition of the City's infrastructure (for example, community facilities, parks and streets), to accurately assess the overall health of the City.

These statements present information about the City's activities, all of which are considered governmental in nature: police protection, economic development, housing assistance, water and sewer service, streets and parks construction and maintenance, planning and engineering, code compliance, recreation, community services and general city administration and support. The California Department of Forestry and Fire Protection (CALFIRE), serving as the Morgan Hill Fire Department, continue to assume contractual responsibility for providing fire protection services. These services are funded from monies received from property, sales, and other taxes, direct charges for the services provided, grants, and contributions from other agencies.

B. Fund Financial Statements

These statements provide more detailed information about the City's individual funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented by governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data for the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

The City adopts a biennial appropriated budget for each of the City's governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

Proprietary funds: The City maintains two different types of proprietary funds, *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for sewer and water operations, as well as for sewer and water capital project activities financed by development impact fees.

Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions and to build up reserves for the replacement of capital assets. The City uses internal service funds to account for building maintenance, building replacement, information systems, unemployment insurance, workers' compensation, employee benefits, general liability claims, fleet and equipment replacement, and capital improvement program administration. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All nine internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The proprietary fund financial statements provide separate information for sewer operations, sewer capital project impact activities, water operations, and water capital project impact activities, all of which are presented as major funds of the City because of significant public interest.

Fiduciary Funds: The City acts as a trustee, or custodian, in collecting assessments and remitting bond payments for the Morgan Hill Business Ranch and Madrone Business Park assessment districts. The City has no legal, contingent, or moral obligation for the repayment of the debt associated with these particular assessment districts and merely ensures that assets received are used for their intended purposes. In addition, the City maintains a Special Deposits Fund in which the City accounts for deposits held in trust for the benefit of third parties. The City also maintains a fund to hold in trust amounts collected on the Santa Clara County property tax roll for the Downtown Morgan Hill Property Based Improvement District (PBID) pending their distribution to the PBID. These fiduciary activities are excluded from the City's fund financial statements because these assets cannot be used to finance operations. The activity for these funds, however, is provided for in a separate combining statement of changes in fiduciary net position contained elsewhere in this report.

Included in fiduciary funds is the Successor Agency Private Purpose Trust Fund created upon dissolution of the former Redevelopment Agency. The Trust Fund was created to hold the non-housing assets of the former Redevelopment Agency until they were transferred for governmental purposes to other entities, or distributed to the underlying taxing jurisdictions in Santa Clara County after the payment of enforceable obligations, most notably outstanding tax allocation bonds.

C. Notes to Basic Financial Statements

The notes provide additional detail that is essential to a full understanding of the information in the government-wide and fund financial statements. The notes can be found on pages 51 through 104.

D. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information appears on page 105.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position for the fiscal year ended June 30, 2021, was \$519.8 million. A significant portion of the City's net position (\$361.4 million or 69%) reflects the City's investment in capital assets (for example, land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position (\$51.1 million or 10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$107.4 million or 21%) may be used to meet the City's ongoing obligations to citizens and creditors. The \$107.4 million in unrestricted net position is comprised of \$83.7 million in governmental unrestricted net position and \$23.7 million in business-type unrestricted net position. The governmental unrestricted net position includes many assets that are not currently available for spending. The unrestricted business-type net position are funds that have been collected from water and sewer rate payers, and are needed to fund ongoing water and sewer operating and capital needs.

The table below summarizes the City's net position:

	Governmental Activities		Business-Type Activities		Totals	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Assets						
Current and other assets	\$ 164,241,923	\$ 154,960,820	\$ 81,727,655	\$ 52,305,564	\$ 245,969,578	\$ 207,266,384
Capital assets	289,329,734	281,734,250	104,165,336	105,308,449	393,495,070	387,042,699
Total Assets	453,571,657	436,695,070	185,892,991	157,614,013	639,464,648	594,309,083
Deferred outflows						
Related to OPEB (Note 9)	1,173,065	1,224,839	275,163	-	1,448,228	1,224,839
Related to pension (Note 8)	9,160,935	9,489,202	1,117,259	1,091,805	10,278,194	10,581,007
Total Deferred Outflows	10,334,000	10,714,041	1,392,422	1,091,805	11,726,422	11,805,846
Liabilities						
Long-term liabilities	59,564,413	58,523,676	53,329,564	34,563,538	112,893,977	93,087,214
Other liabilities	10,512,616	6,989,123	6,098,942	4,394,156	16,611,558	11,383,279
Total Liabilities	70,077,029	65,512,799	59,428,506	38,957,694	129,505,535	104,470,493
Deferred inflows						
Related to OPEB (Note 9)	844,285	1,221,609	198,042	-	1,042,327	1,221,609
Related to pension (Note 8)	604,037	981,403	200,195	265,672	804,232	1,247,075
Total Deferred Inflows	1,448,322	2,203,012	398,237	265,672	1,846,559	2,468,684
Net position						
Net investment in capital assets	283,099,830	274,397,215	78,260,663	78,347,534	361,360,493	352,744,749
Restricted	25,555,920	31,219,706	25,530,099	23,633,751	51,086,019	54,853,457
Unrestricted	83,724,556	74,076,379	23,667,908	17,501,168	107,392,464	91,577,547
Total Net Position	\$ 392,380,306	\$ 379,693,300	\$ 127,458,670	\$ 119,482,453	\$ 519,838,976	\$ 499,175,753

Governmental activities: The table above shows that total assets increased compared to the prior year, by \$16.9 million, primarily in the current and other assets partially offset in the increase in the liabilities. The increase of \$4.6 million in the total liabilities is mostly attributable to the increase in the net OPEB and pension liabilities.

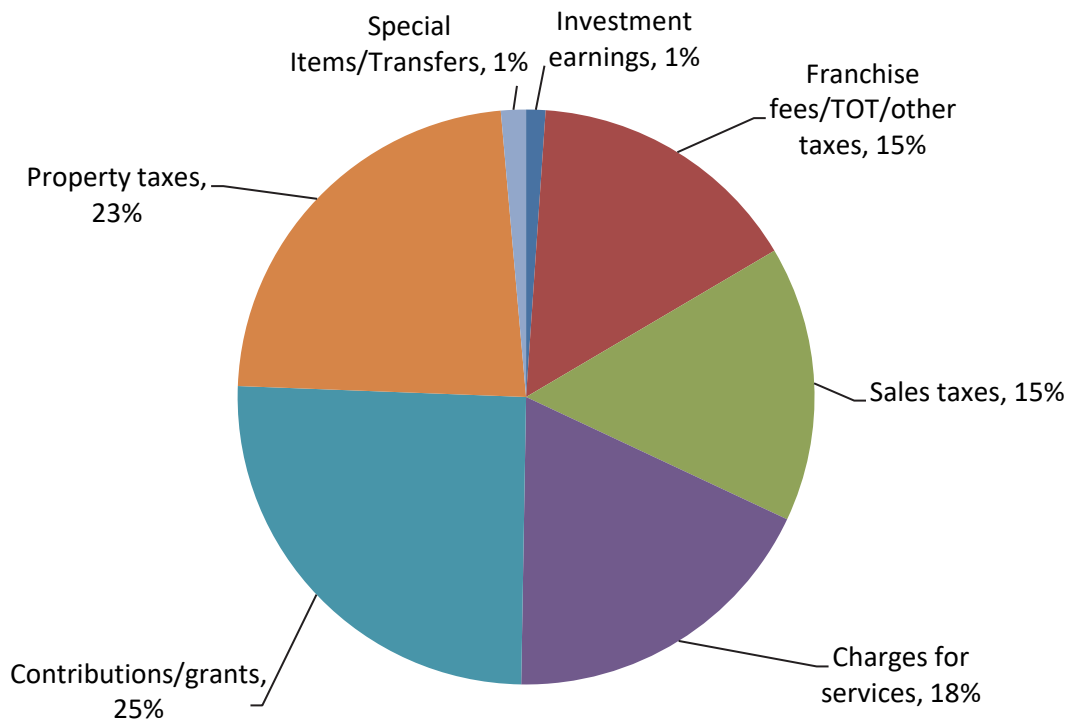
The table and charts on the next pages summarize major program expenses, program revenues used to fund specific expenditure programs, and general City revenues available for funding all City programs. In FY 20-21, property tax revenue increased about 11% compared to FY 19-20 mainly attributable to new housing units being added to the assessor's roll, property value increases as allowed under Proposition 13, higher excess Educational Revenue Augmentation Fund (ERAF) distribution, and higher residual property tax trust fund distribution as the result of savings from former Redevelopment Agency (RDA) bond refinancing. Sales tax revenue increased by about 11% compared to prior year as the economy continues to improve from the pandemic-induced recession.

Total governmental expenses decreased by \$5.6 million or 9% to \$58.1 million compared to prior fiscal year, led by Recreation Services with approximately \$3.2 million of reductions due to the closure of facilities as directed by the shelter-in-place order and Public Safety with approximately \$2.6 million due to higher vacancy savings as well as temporary pay reductions from CalFire teammates.

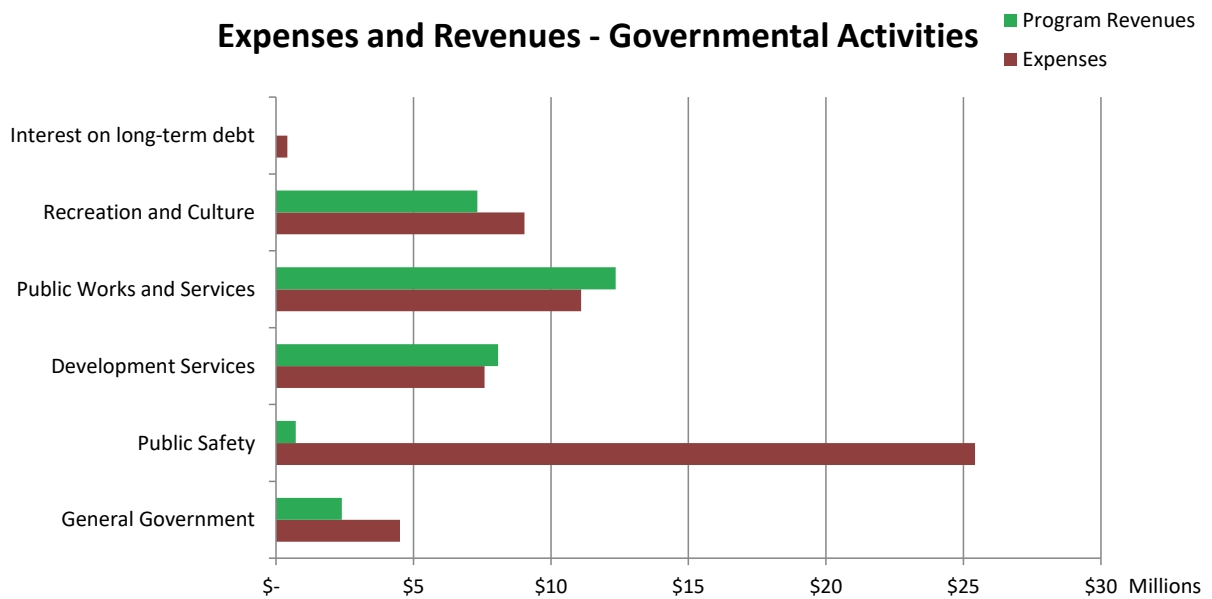
Overall, the City's Governmental Activities net position increased by about \$12.7 million.

	Governmental Activities		Business-Type Activities		Totals	
Revenues:	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<u><i>Program Revenues:</i></u>						
Charges for Services	\$ 12,929,136	\$ 14,466,053	\$ 35,259,218	\$ 33,844,177	\$ 48,188,354	\$ 48,310,230
Operating Grants & Contributions	7,123,917	3,334,629	-	-	7,123,917	3,334,629
Capital Grants & Contributions	10,803,966	8,517,899	-	-	10,803,966	8,517,899
<u><i>General Revenues:</i></u>						
Property Taxes	16,264,819	14,688,450	-	-	16,264,819	14,688,450
Sales Taxes	10,962,612	9,851,376	-	-	10,962,612	9,851,376
Franchise, hotel & other taxes	4,417,893	5,129,479	-	-	4,417,893	5,129,479
Other general taxes/revenues	6,489,387	1,745,039	-	-	6,489,387	1,745,039
Unrestricted investment earnings	765,817	4,156,151	418,643	878,643	1,184,460	5,034,794
Total Revenues	69,757,547	61,889,076	35,677,861	34,722,820	105,435,408	96,611,896
Expenses:						
General Government	4,510,779	4,854,064	-	-	4,510,779	4,854,064
Public Safety	25,425,037	28,053,895	-	-	25,425,037	28,053,895
Development Services	7,580,817	7,592,026	-	-	7,580,817	7,592,026
Public Works and Services	11,098,488	10,522,637	-	-	11,098,488	10,522,637
Recreation and Culture	9,034,902	12,204,294	-	-	9,034,902	12,204,294
Interest on long-term debt	411,226	395,089	-	-	411,226	395,089
Sewer	-	-	12,081,934	11,490,716	12,081,934	11,490,716
Water	-	-	14,629,001	13,958,536	14,629,001	13,958,536
Total Expenses	58,061,250	63,622,006	26,710,935	25,449,252	84,772,184	89,071,257
Increase/(decrease) in net position before transfers	11,696,298	(1,732,930)	8,966,926	9,273,568	20,663,224	7,540,639
Transfers and special items	990,708	977,749	(990,708)	(977,749)	-	-
Increase/(decrease) in net position	12,687,006	(755,181)	7,976,218	8,295,819	20,663,224	7,540,639
Net position beginning, restated	379,693,300	380,448,481	119,482,452	111,186,633	499,175,752	491,635,114
Net position - year end	\$ 392,380,306	\$ 379,693,300	\$ 127,458,670	\$ 119,482,452	\$ 519,838,976	\$ 499,175,753

Revenues and Transfers In by Source Governmental Activities - \$70.7 Million



Expenses and Revenues - Governmental Activities



Business-type activities: Business-type activities (water and sewer) saw an increase of \$8.0 million in net position. Revenue from charges for services, combined with operation and capital contributions, in both the Water and Sewer Funds increased by 4% or \$1.4 million compared to prior year, primarily due to the water and sewer rate adjustments. Expenses increased by 5% or \$1.3 million compared to prior year mostly due to increases operating expenses such as salaries and benefits and wholesale water cost.

On January 17, 2014, State Governor, Edmund G. Brown, declared a drought state of emergency in California during the driest year in recorded state history, triggering water conservation efforts across the state. As a result, the City Council enacted certain water restrictions which have been in place since 2015 and on June 7, 2017, the Council adopted an ordinance, making 20% water conservation from the 2013 level permanent. On April 7, 2017, State Governor lifted the drought state of emergency across California. While the California drought emergency has been lifted, the State has encouraged its residents to continue making water conservation a way of life. The reduced consumption has impacted revenues, and the City has proactively reduced and deferred certain expenses to lessen the financial impact. In January 2016, the Council adopted a resolution approving the water and sewer rate adjustments which went into effect April 1, 2016.

Subsequently on October 19, 2021, State Governor Gavin Newsom declared a drought emergency across California, urging residents to reduce their water use after the state saw its second-driest year on record. The conservation measures being put in place are having an adverse impact to the water sales revenue, necessitating a review of the current rate structure to ensure that quality of service is not adversely impacted, and the health and safety of the City's water system remains at a high standard.

In 2017, the City Council approved a Sewer System Master Plan for future repairs and improvements to the City's sewer system. The Master Plan identified \$57 million in expansion and capacity related improvement projects (impact fee funded) and \$52 million in improvements necessary to repair the City's existing system (ratepayer funded). City staff have determined the impact fee funded projects can likely be funded through the projected impact fees and/or financed through bonding against future impact fees. However, staff identified a significant shortage in funding to make the legally required repairs and improvements to the existing system, which was the primary factor in moving forward with a rate study.

In 2018, the City engaged consultant to conduct the sewer rate study. The sewer rate study was introduced to the City Council and the City Council directed staff to proceed with updating the City's sewer rates. Subsequently, on May 1, 2019, the City Council adopted a resolution approving the sewer rate adjustments which went into effect July 1, 2019.

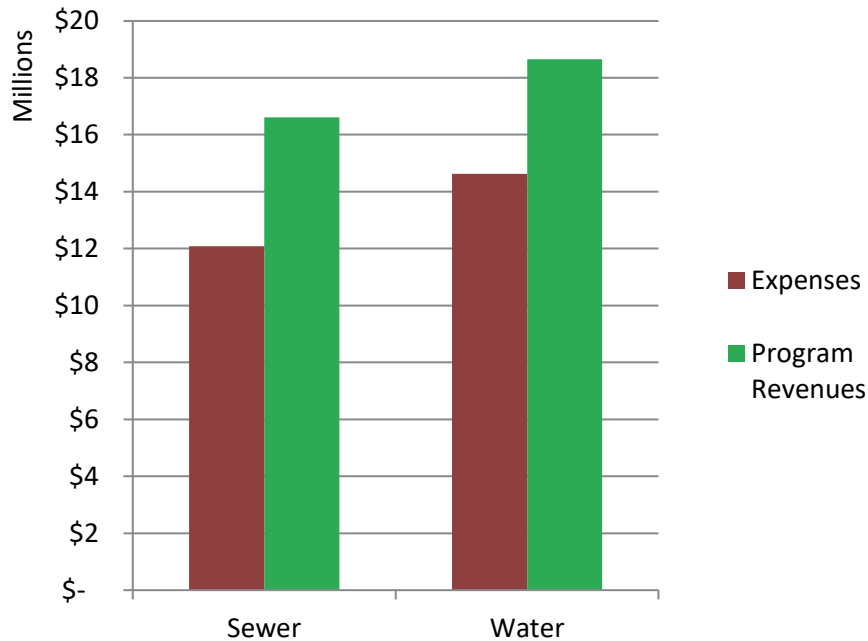
The table below illustrates the increase for a typical single-family home with median water usage (14 units of water per month; 8 units of sewer). We are in year five of the adopted water rate adjustments and year two of sewer rate adjustments.

Total Average Single Family Monthly Utility Bill

		Adopted Rates					
		1/1/18	1/1/19	7/1/19	1/1/20	7/1/20	7/1/21
Water(a)	\$40.15	\$58.37	\$62.60	\$62.60	\$67.14	\$67.14	\$67.14
Sewer(a)	\$49.98	\$52.00	\$53.04	\$57.80	\$57.80	\$63.00	\$66.14
Total	\$90.13	\$110.37	\$115.64	\$120.44	\$124.98	\$130.14	\$133.28
Total Percent Increase		7.4%	4.5%	9.0%(b)	4.8%	9.2%(c)	2.4%

(a) Booster Station & Lift Station service charges are not included in the rates. (b) Higher percent increase in January 1, 2018 is due to an assumed 10% increase in water consumption (conservation level drops from 30% to 20%). (c) Includes recently approved sewer rate adjustments.

The chart below summarizes the financial activities of the Sewer and Water Funds for FY 20-21.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of June 30, 2021, the City's governmental funds reported combined ending fund balances of \$141.8 million, an increase of \$5.1 million or 4% from prior year. Overall revenues in governmental funds were 8% or \$5.0 million more mostly attributable to the ARPA funding of approximately \$5.5 million recognized in the fiscal year as well as continued strength in the property tax category partially offset by the continued weakness in hotel tax and unrealized losses in investments as the result of rising interest rates which reduces the market value of existing investment holdings.

General Fund

The General Fund is the primary operating fund of the City. At the end of FY 20-21, total fund balance for the General Fund amounted to \$31.0 million, including \$26.8 million in unassigned fund balance, an increase of \$7.3 million compared to prior year mostly attributable to the aforementioned federal stimulus recognized in the fiscal year, continued strength in certain revenue categories in addition to conservative spending. Contrary to the increased revenue and conservative spending, the fair market value adjustment for the investments reduced noted increases by \$0.8 million.

Significant changes in revenues and expenditures that affected the fund balance for the General Fund are as follows:

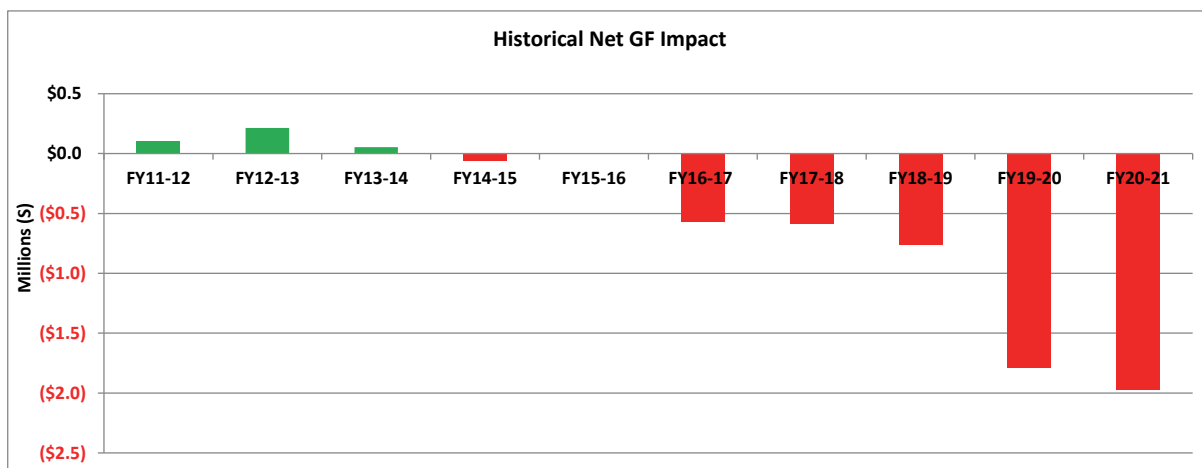
a. Revenue Highlights

Property tax revenue in the general fund was \$1.6 million or 11% more than prior year. Increases in assessed value as allowed under Proposition 13, new housing units and commercial developments added to the assessor's roll, contributed to the increase in property tax revenues. In addition, the City also received approximately \$1.9 million from excess Educational Revenue Augmentation Fund (ERAF) distribution during the year, approximately \$0.5 million more than prior year. Excess ERAF is the money that is returned to the cities, counties, and special districts after schools reach their state-mandated thresholds. Furthermore, savings from the refinancing of the 2013 former RDA bonds resulted in an additional one-time distribution of approximately \$600,000.

Sales tax revenue in FY 20-21 was \$11.0 million, an increase of \$1.1 million or 10% compared to prior year having pretty much fully recovered from the pandemic-induced recession. The recovery in sales tax also is partially due to the opening of the Chrysler Dodge dealership as well as continued strength in certain segments such as Autos/transportation and County pool. Consumers continue to shift more toward online spending, which further accelerated due to COVID-19 pandemic, resulting in robust growth in this segment across statewide. Sales tax was one of the hardest hit categories due to the global COVID-19 pandemic which shut-down entire nations, locked borders, and shuttered businesses around the world. Locally, the County of Santa Clara issued the Shelter-in-Place (SIP) Order on March 16, 2020 and subsequently the State issued its SIP four days later. The Order required all businesses to close and residents to shelter at home, except for essential critical functions and services. However, the reduction was much less than staff had anticipated earlier as some segments of the industry such as autos performed better than forecasted, in addition to higher growth in countywide use tax pool allocations as consumers continue to shift to online shopping.

The franchise, hotel and other taxes revenue was \$4.4 million, a further decrease of \$0.7 million or 14% compared to prior year, bringing a net decrease of about \$1.3 million or 23% from pre-pandemic FY 18-19. For the hotel tax, the amount received for FY 20-21 is approximately \$1.3 million, a further decrease of \$1.0 million or 43% from prior year amount, attributable to lower occupancy and average daily rates as a result of the pandemic. Hotel tax revenue decreased a combined net amount of about \$2.2 million from FY 18-19.

Recreation operations ended FY 20-21 with a negative impact to the general fund of approximately \$2.0 million due to the closure and limited opening of facilities during the SIP and continued indoor mask mandate. Compared to the pre-pandemic FY 18-19, a combined net revenue reduction for FY 19-20 and FY 20-21 for Recreation Services totaled approximately \$6.0 million. The chart below shows the historical net impact of Recreation Operations to the general fund.



b. Expenditure Highlights

Expenditures, including transfers out decreased slightly by 4% or \$1.7 million compared to the prior year to a total of \$39.5 million. The decrease in expenditures was a result of the Council's and management's decision to control expenditures as the City continues to weather this pandemic-induced recession, slow rehiring of certain teammates due to closure of facilities, and savings from the CalFire contract.

c. Budgetary Highlights

Over the course of the fiscal year, the City Council revised the City budget with adjustments that fell into one of the following three categories:

- Changes to adjust appropriations for capital projects
- Changes made during the fiscal year to align current year appropriations with unanticipated revenue
- Other revenue (usually grant revenues) and expenditure adjustments approved after the original budget was adopted

Budget adjustments approved by the City Council during FY 20-21 related primarily to projects, expenditure adjustments, and grant-related activity.

After taking into account these adjustments, actual General Fund expenditures including transfers out, were less than the final budget amounts by \$4.6 million, led by temporary pay reductions from CalFire teammates resulting in budgetary savings of approximately \$1.3 million and savings in Recreation Services and Police of approximately \$0.8 million each. In addition, better performance than forecast for the Development Services Fund removed the budgeted General Fund loan to that fund.

Development Services Fund

The Development Services Fund accounts for the City's planning, building, and engineering activities. At the end of FY 20-21, the fund has a negative balance of about \$0.5 million, a decrease of \$0.5 million from prior year. The fund was originally budgeted to end the fiscal year with an operating deficit of approximately \$1.2 million and required a General Fund loan of about \$1.0 million. However, it ended up better than budgeted. Nonetheless, the fund had incurred multiple years of operating deficit which necessitates the comprehensive review of the fee structure to ensure the fund's fiscal sustainability. Staff is finalizing the fee study to update the current fees which were developed over five years ago and anticipates bringing this to the City Council and the public for consideration in a few months.

Housing Fund

The Housing Fund accounts for the City's housing program specific to rehabilitation and development of affordable housing in Morgan Hill. At the end of FY 20-21, the fund balance amounted to \$71.0 million, all of which is restricted, an increase of \$1.5 million or about 2% from the prior year. As a result of the elimination of redevelopment agencies statewide, the Housing Program acted to serve as the successor to the former Morgan Hill Redevelopment Agency's housing functions and administer its legacy housing assets pursuant to Resolution 6504 adopted by the City Council on January 18, 2012. The City has accepted the housing assets of the former Redevelopment Agency (RDA) and beginning in FY 12-13 operated a limited housing program utilizing and leveraging other housing resources. The primary source of revenue for this fund is residual receipts and loan repayments from previously constructed projects and loans executed.

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at June 30, 2021, amounted to \$13.1 million for Sewer Operations and \$10.6 million for Water Operations. Water Operations' unrestricted net position increased by \$4.2 million compared to prior year. The operating revenues saw an increase of \$2.1 million primarily due to the water rate adjustments approved by City Council in January 2016 as mentioned earlier in the analysis as well as higher consumption. Sewer Operations' unrestricted net position increased by \$2.0 million from prior fiscal year with operating revenues increasing by \$1.8 million primarily due to rate adjustments. The Sewer Impact Fund had \$22.1 million in net position restricted for capital improvements and expansion, an increase of \$1.3 million from prior year mainly due to higher collection of impact fees, while the Water Impact Fund had \$3.4 million for the same purpose, an increase of \$0.6 million from prior year.

FIDUCIARY FUNDS

The City of Morgan Hill, as the Successor Agency to Redevelopment Agency, fully expended the remainder of the 2008 bond proceeds within its Downtown redevelopment project areas in the prior year, with the main transaction during FY 20-21 being the annual debt service per the Final Recognized Obligations Payment Schedule, approved by the California State Department of Finance and the County of Santa Clara.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's capital assets for its governmental activities as of June 30, 2021, amounted to \$289.3 million (net of accumulated depreciation), as summarized below.

Governmental Funds Capital Assets:	2021	2020
Land	\$ 55,441,945	\$ 55,234,949
Buildings & Improvements	83,366,671	85,193,790
Machinery, Equipment, and Vehicles	4,826,686	4,431,393
Infrastructure	127,516,254	126,266,041
Construction in Progress	18,178,178	10,608,077
Total Governmental Funds Capital Assets:	\$ 289,329,734	\$ 281,734,250

More detailed information concerning capital assets may be found in Note 5 beginning on page 70.

LONG-TERM DEBT

At the end of FY 20-21, the City has long-term debt outstanding of \$57.4 million. Of the total, Governmental Activities long-term debt portion is \$10.9 million. Of this amount, \$8.0 million in lease revenue refunding bonds is subject to a City appropriations covenant, \$2.8 million for Fire stations and apparatus, and \$0.1 million in energy efficiency loans.

The remaining \$46.5 million of the City's debt is almost all for bonds secured solely by specified water and sewer revenue sources. Additional detailed information on long-term debt can be found in Note 7, of the Notes Section, on page 80.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Morgan Hill, Finance Department, 17575 Peak Avenue, Morgan Hill, CA 95037.



Basic Financial Statements



Government-Wide Financial Statements



CITY OF MORGAN HILL

**STATEMENT OF NET POSITION AND STATEMENT
OF ACTIVITIES**

The purpose of the Statement of Net Position and the Statement of Activities is to summarize the entire City's financial activities and financial position.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows and the City's total liabilities and deferred inflows, including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating interfund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's Net Position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the modified accrual basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.



City of Morgan Hill
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled cash and investments (Note 4)	\$ 85,487,223	\$ 57,833,590	\$ 143,320,813
Restricted pooled cash and investments (Note 4)	30,000	18,961,419	18,991,419
Cash and investments with fiscal agents (Note 4)	1,546,113	-	1,546,113
Receivables:			
Accrued interest	57,297	51,730	109,027
Other accounts receivable	13,336,518	4,760,474	18,096,992
Loans receivable (Note 6)	63,684,864	103,058	63,787,922
Prepays	99,908	17,384	117,292
Capital assets, Net (Note 5)			
Non-Depreciable	73,620,123	17,321,785	90,941,908
Depreciable and Sewer Capacity Rights	215,709,611	86,843,551	302,553,162
Total Assets	453,571,657	185,892,991	639,464,648
Deferred Outflows			
Related to pension (Note 8)	9,160,935	1,117,259	10,278,194
Related to OPEB (Note 9)	1,173,065	275,163	1,448,228
Total Deferred Outflows	10,334,000	1,392,422	11,726,422
Liabilities			
Accounts payable	4,503,048	1,869,326	6,372,374
Accrued liabilities	2,427,009	1,068,739	3,495,748
Interest payable	47,623	296,890	344,513
Customer and other deposits	1,872,396	213,684	2,086,080
Unearned revenue	181,868	5,303	187,171
Compensated absences (Note 2l):			
Due within one year	603,207	-	603,207
Due in more than one year	2,666,996	-	2,666,996
Net OPEB liabilities,			
due in more than one year (Note 9)	3,069,126	719,919	3,789,045
Net pension liabilities,			
due in more than one year (Note 8)	43,762,150	8,788,553	52,550,703
Long-term debt (Note 7)			
Due within one year	877,465	2,645,000	3,522,465
Due in more than one year	10,066,141	43,821,092	53,887,233
Total Liabilities	70,077,029	59,428,506	129,505,535
Deferred Inflows			
Related to pension (Note 8)	604,037	200,195	804,232
Related to OPEB (Note 9)	844,285	198,042	1,042,327
	1,448,322	398,237	1,846,559
Net Position (Note 2n)			
Net investment in capital assets	283,099,830	78,260,663	361,360,493
Restricted for:			
Capital expansion projects	25,218,630	25,530,099	50,748,729
Debt service	337,290	-	337,290
Unrestricted	83,724,556	23,667,908	107,392,464
Total Net Position	\$ 392,380,306	\$ 127,458,670	\$ 519,838,976

See accompanying notes to basic financial statements

City of Morgan Hill
Statement of Activities
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for	Operating	Capital
Primary government:		Services	Grants and	Grants and
Governmental Activities:			Contributions	Contributions
General government	\$ 4,510,779	\$ 2,389,963	\$ -	\$ -
Public safety	25,425,037	465,684	249,642	-
Development services	7,580,817	4,494,623	3,582,089	-
Public works and services	11,098,488	278,011	3,263,488	8,807,135
Recreation & culture	9,034,902	5,300,855	28,698	1,996,831
Interest on long-term debt	411,226	-	-	-
Total government activities	58,061,250	12,929,136	7,123,917	10,803,966
Business-type activities:				
Sewer	12,081,934	16,606,460	-	-
Water	14,629,001	18,652,758	-	-
Total business-type activities	26,710,935	35,259,218	-	-
Total primary government	\$ 84,772,185	\$ 48,188,354	\$ 7,123,917	\$ 10,803,966

General revenues:

Property taxes
Sales taxes
Franchise, hotel and other taxes
Other general revenues/taxes
Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as restated (Note 14a)

Net position - ending

See accompanying notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,120,816)	\$ -	\$ (2,120,816)
(24,709,711)	-	(24,709,711)
495,895	-	495,895
1,250,146	-	1,250,146
(1,708,518)	-	(1,708,518)
(411,226)	-	(411,226)
(27,204,231)	-	(27,204,231)
-	4,524,526	4,524,526
-	4,023,757	4,023,757
-	8,548,283	8,548,283
(27,204,231)	8,548,283	(18,655,948)
16,264,819	-	16,264,819
10,962,612	-	10,962,612
4,417,893	-	4,417,893
6,489,387	-	6,489,387
765,817	418,643	1,184,460
990,708	(990,708)	-
39,891,236	(572,065)	39,319,171
12,687,005	7,976,218	20,663,223
379,693,301	119,482,452	499,175,753
\$ 392,380,306	\$ 127,458,670	\$ 519,838,976



Fund Financial Statements



FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2021. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

DEVELOPMENT SERVICES SPECIAL REVENUE FUND

This fund accounts for revenues and expenditures associated with processing development applications, building inspections, engineering services and related fee supported activities.

HOUSING SPECIAL REVENUE FUND

The Housing Fund accounts for housing services. The fund receives revenues in the form of federal and state grants. Other revenues sources include interest and loan repayment from borrowers.

City of Morgan Hill
Balance Sheet
Governmental Funds
June 30, 2021

	Major Special Revenue Funds			Other	Total
	General	Development Services	Housing	Governmental Funds	Governmental Funds
Assets					
Pooled cash and investments (Note 4)	\$ 18,934,922	\$ 1,077,499	\$ 9,352,241	\$ 40,572,258	\$ 69,936,920
Cash and investments with fiscal agents (Note 4)	1,546,111			2	1,546,113
Receivables:					-
Accrued interest	16,110	828	5,757	25,532	48,227
Other accounts receivable	10,628,518	5,093	815,527	1,691,782	13,140,920
Loans receivable (Note 6)	2,026,192	-	60,796,053	862,619	63,684,864
Due from other funds (Note 2o)	30,485	-	-	-	30,485
Advances receivable (Note 2o)	593,362	-	-	-	593,362
Prepays	47,175	-	45,833	278	93,286
Total Assets	\$ 33,822,875	\$ 1,083,420	\$ 71,015,411	\$ 43,152,471	\$ 149,074,177
Liabilities					
Accounts payable	\$ 2,360,967	\$ 135,604	\$ 16,171	\$ 1,757,542	\$ 4,270,284
Accrued liabilities	227,987	3,664	25,000	28,489	285,140
Due to other funds (Note 2o)	-	-	-	30,485	30,485
Advances payable (Note 2o)	-	-	-	593,362	593,362
Unearned revenue	171,899	-	-	8,484	180,383
Customer and other deposits	53,675	1,427,871	2,000	388,850	1,872,396
Total Liabilities	2,814,528	1,567,139	43,171	2,807,212	7,232,050
Fund Balances (Note 2n):					
Nonspendable:					
Loans receivable	2,026,192	-	-	-	2,026,192
Prepaid expenditures	47,175	-	45,833	-	93,008
Advances receivable	593,362	-	-	-	593,362
Restricted:					
PARS pension trust	1,546,111	-	-	-	1,546,111
Community services	-	-	15,704,224	1,442,075	17,146,299
Parks and recreation	-	-	-	3,223,838	3,223,838
Streets and highways	-	-	-	5,934,835	5,934,835
Debt service	-	-	-	337,290	337,290
Public safety	-	-	-	3,990,021	3,990,021
Development services	-	-	55,222,183	-	55,222,183
Capital expansion projects	-	-	-	25,218,630	25,218,630
Other purposes	-	-	-	198,570	198,570
Unassigned	26,795,507	(483,719)	-	-	26,311,788
Total Fund Balances	31,008,347	(483,719)	70,972,240	40,345,259	141,842,127
Total Liabilities and Fund Balances	\$ 33,822,875	\$ 1,083,420	\$ 71,015,411	\$ 43,152,471	\$ 149,074,177

See accompanying notes to basic financial statements

City of Morgan Hill
Reconciliation of the Governmental Funds - Balance Sheet
To the Statement of Net Position
June 30, 2021

Total fund balances - governmental funds	\$ 141,842,127
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Government Funds.	284,678,191
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Internal service funds are used by management to charge the costs of building maintenance, management information systems, fleet management, general liability, workers' compensation, and CIP administration to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	14,768,550
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In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In government-wide statements, it is recognized in the period that it is incurred.	(47,623)
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Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Deferred outflows of resources related to pensions	9,160,935
Deferred outflows of resources related to OPEB	1,173,065
Long-term debt	(10,915,341)
Net OPEB liability	(3,069,126)
Net pension liability	(43,762,150)
Deferred inflows of resources related to pensions	(604,037)
Deferred inflows of resources related to OPEB	(844,285)

Total net position - governmental activities	\$ 392,380,306
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See accompanying notes to basic financial statements

City of Morgan Hill
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

		Major Special Revenue Funds		Other	Total
		Development		Governmental	Governmental
	General	Services	Housing	Funds	Funds
Revenues					
Property taxes and special assessments	\$ 16,041,590	\$ -	\$ -	\$ 223,229	\$ 16,264,819
Sales taxes	10,962,612	-	-	-	10,962,612
Franchise, hotel and other taxes	4,417,893	-	-	-	4,417,893
Licenses and permits	141,280	-	-	-	141,280
Funding from other governmental agencies	6,815,131	-	-	3,230,409	10,045,540
Charges for current services	5,571,693	4,518,169	2,996,986	10,700,515	23,787,363
Investment income and rentals	(89,494)	4,769	280,492	344,806	540,573
Other revenues	463,875	-	-	480,219	944,094
Total Revenues	44,324,580	4,522,938	3,277,478	14,979,178	67,104,174
Expenditures					
Current					
General government	4,362,228	-	-	3,509	4,365,737
Public safety	24,316,721	-	-	13,492	24,330,213
Community development	503,383	4,948,900	766,708	947,351	7,166,342
Housing services	-	-	1,012,035	-	1,012,035
Streets and highways	2,169,392	-	-	142,978	2,312,370
Parks and recreation	5,244,517	-	-	56,129	5,300,646
Other public services	453,202	-	-	641,597	1,094,799
Capital outlay					
Construction projects	103,803	-	-	15,851,874	15,955,677
Debt service					
Principal	101,554	-	-	375,000	476,554
Interest and fiscal charges	103,160	-	-	311,191	414,351
Total Expenditures	37,357,960	4,948,900	1,778,743	18,343,121	62,428,724
Excess (deficiency) of revenues over (under) expenditures	<u>6,966,620</u>	<u>(425,962)</u>	<u>1,498,735</u>	<u>(3,363,943)</u>	<u>4,675,450</u>
Other Financing Sources (Uses)					
Transfers in (Note 2o)	2,492,679	-	-	4,426,691	6,919,370
Transfers (Out) (Note 2o)	(2,172,524)	(34,548)	(11,340)	(4,231,514)	(6,449,926)
Total other financing sources and uses	320,155	(34,548)	(11,340)	195,177	469,444
Net change in fund balances	7,286,775	(460,510)	1,487,395	(3,168,766)	5,144,894
Fund Balances - Beginning, as restated (Note 14a)	23,721,572	(23,209)	69,484,845	43,514,025	136,697,233
Fund Balances - Ending	\$ 31,008,347	\$ (483,719)	\$ 70,972,240	\$ 40,345,259	\$ 141,842,127

See accompanying notes to basic financial statements

City of Morgan Hill
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
FOR THE YEAR ENDED JUNE 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds	\$ 5,144,894
Governmental funds report capital outlay as expenditures. This is the amount of capital outlay that has been recorded as an asset on the statement of net position.	16,294,868
Depreciation expense is reported in connection with all of a government's depreciable assets.	(11,522,886)
Contributions of infrastructure improvements by developers are capitalized in the statement of activities, but are not recorded in the Governmental Fund Statements because no cash changed hands	2,554,168
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	3,125
Governmental funds report the payment of debt service as an expenditure. Payments for debt service and bond premium amortization reduce liabilities on the statement of net position.	862,028
Net change in net OPEB liability and related deferred outflows/inflows of resources	(439,326)
Net change in net pension liability and related deferred outflows/inflows of resources	(726,091)
Net profit (loss) from Internal Service Funds need to be combined to the government wide statement of activities	516,225
Change in Net Position of Governmental Activities	<u><u>\$ 12,687,005</u></u>

See accompanying notes to basic financial statements



MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS:

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City reports the following major proprietary funds:

SEWER OPERATIONS ENTERPRISE FUND

The Sewer Enterprise funds account for the collection of sewer revenues, including user fees, operating costs of sewer collection and treatment and capital improvements.

SEWER IMPACT ENTERPRISE FUND

This fund receives revenues from developers of properties and the funds may only be used for the design, improvement, expansion, and development of sewer infrastructure.

WATER OPERATIONS ENTERPRISE FUND

The Water Enterprise funds account for the revenues, including user fees, the pumping and distribution of water to commercial and residential users, the maintenance of the water system and capital improvements.

WATER IMPACT ENTERPRISE FUND

This fund receives revenues from developers of properties and the funds may only be used for the design, improvement, expansion, and development of water infrastructure.

City of Morgan Hill
Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-type Activities		
	Enterprise Funds		
	Sewer Operations	Sewer Impact	Water Operations
Assets			
Current assets:			
Pooled cash and investment (Note 4)	\$ 16,686,514	\$ 23,167,940	\$ 14,543,770
Restricted pooled cash and investments (Note 4)	18,961,419	-	-
Receivables:	-	-	-
Accrued interest	26,454	14,087	9,053
Other accounts receivable	2,109,145	998	2,650,331
Notes receivable - current	-	103,058	-
Prepaid items	8,223	-	9,161
Total current assets	37,791,755	23,286,083	17,212,315
Noncurrent assets:			
Capital assets, net (Note 5)			
Non-Depreciable	6,811,455	6,432,510	3,498,211
Depreciable and Sewer capacity rights	20,773,916	26,227,279	31,129,893
Total noncurrent assets	27,585,371	32,659,789	34,628,104
Total Assets	65,377,126	55,945,872	51,840,419
Deferred Outflows of Resources			
Related to pension (Note 8)	203,896	-	913,363
Related to OPEB (Note 9)	115,858	-	159,305
Total Deferred Outflows	319,754	-	1,072,668
Liabilities			
Current liabilities:			
Accounts payable	384,505	14,686	1,462,007
Accrued liabilities	2,952	1,053,789	11,998
Customer deposits	(390)	-	214,074
Unearned revenue	-	5,303	-
Interest payable	155,128	90,606	30,182
Current obligations for:			
Bonds payable (Note 7)	1,600,000	-	616,550
Energy efficiency loan (Note 7)	-	-	-
Compensated absences (Note 2l)	-	-	-
Total current liabilities	2,142,195	1,164,384	2,334,811
Noncurrent liabilities:			
Long term obligations for:			
Bonds payable (Note 7)	28,496,092	-	9,041,750
Net pension liability (Note 8)	3,452,646	-	5,335,907
Energy efficiency loan (Note 7)	-	-	-
Net OPEB liability (Note 9)	303,124	-	416,795
Compensated absences (Note 2l)	-	-	-
Total noncurrent liabilities	32,251,862	-	14,794,452
Total Liabilities	34,394,057	1,164,384	17,129,263
Deferred Inflows of Resources			
Related to pension (Note 8)	78,648	-	121,547
Related to OPEB (Note 9)	83,386	-	114,656
Total Deferred Inflows	162,034	-	236,203
Net Position: (Note 2n)			
Net investment in capital assets	18,050,698	32,659,789	24,969,804
Restricted for capital expansion	-	22,121,699	-
Unrestricted	13,090,091	-	10,577,817
Total Net Position	\$ 31,140,789	\$ 54,781,488	\$ 35,547,621

See accompanying notes to basic financial statements

Business-type Activities		Governmental Activities	
Enterprise Funds (continued)		Internal Service Funds	
Water Impact	Totals		
\$ 3,435,366	\$ 57,833,590	\$ 15,550,303	
-	18,961,419	30,000	
-	-	-	
2,136	51,730	9,070	
-	4,760,474	195,598	
-	103,058	-	
-	17,384	6,622	
<u>3,437,502</u>	<u>81,727,655</u>	<u>15,791,593</u>	
579,609	17,321,785	-	
<u>8,712,463</u>	<u>86,843,551</u>	<u>4,651,543</u>	
<u>9,292,072</u>	<u>104,165,336</u>	<u>4,651,543</u>	
<u>12,729,574</u>	<u>185,892,991</u>	<u>20,443,136</u>	
-	1,117,259	-	
-	275,163	-	
<u>-</u>	<u>1,392,422</u>	<u>-</u>	
8,128	1,869,326	232,764	
-	1,068,739	2,141,869	
-	213,684	-	
-	5,303	1,485	
20,974	296,890	-	
428,450	2,645,000	-	
-	-	11,700	
-	-	603,207	
<u>457,552</u>	<u>6,098,942</u>	<u>2,991,025</u>	
6,283,250	43,821,092	-	
-	8,788,553	-	
-	-	16,565	
-	719,919	-	
-	-	2,666,996	
<u>6,283,250</u>	<u>53,329,564</u>	<u>2,683,561</u>	
<u>6,740,802</u>	<u>59,428,506</u>	<u>5,674,586</u>	
-	200,195	-	
-	198,042	-	
<u>-</u>	<u>398,237</u>	<u>-</u>	
2,580,372	78,260,663	4,623,278	
3,408,400	25,530,099	-	
-	23,667,908	10,145,272	
<u>\$ 5,988,772</u>	<u>\$ 127,458,670</u>	<u>\$ 14,768,550</u>	

City of Morgan Hill
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2021

	Business-type Activities		
	Enterprise Funds		
	Sewer Operations	Sewer Impact	Water Operations
Operating Revenues:			
Charges for current services	\$ 13,857,438	\$ -	\$ 17,424,578
Other operating income	-	2,749,022	-
Total Operating Revenues	13,857,438	2,749,022	17,424,578
Operating expenses:			
Salaries and benefits	3,148,437	-	3,143,814
Utilities and taxes	60,655	-	5,127,304
Operations and maintenance	4,379,054	224	2,107,726
Depreciation	1,062,482	1,332,662	2,725,825
Amortization of sewer capacity rights	944,917	-	-
Administrative charges	288,140	58,908	415,452
Total Operating expenses	9,883,685	1,391,794	13,520,121
Operating Income (Loss)	3,973,753	1,357,228	3,904,457
Nonoperating revenues (expenses):			
Investment earnings	142,981	163,167	88,749
Interest and rentals	-	-	50,891
Interest (expense)	(824,505)	18,050	(373,843)
Total nonoperating revenues (expenses)	(681,524)	181,217	(234,203)
Income (loss) before operating transfers and contributions	3,292,229	1,538,445	3,670,254
Transfers In (Note 2o)	232,740	297,466	463,728
Transfers (Out) (Note 2o)	(1,221,118)	(265,440)	(465,384)
Change in net position	2,303,851	1,570,471	3,668,598
Total Net Position - Beginning	28,836,938	53,211,017	31,879,023
Total Net Position-Ending	\$ 31,140,789	\$ 54,781,488	\$ 35,547,621

See accompanying notes to basic financial statements

Business-type Activities		Governmental Activities Internal Service Funds
Enterprise Funds (continued)		
Water Impact	Totals	
\$ -	\$ 31,282,016	\$ 10,739,199
1,177,289	3,926,311	-
1,177,289	35,208,327	10,739,199
-	6,292,251	4,203,798
-	5,187,959	2,163,888
62	6,487,066	2,642,155
456,516	5,577,485	1,274,958
-	944,917	-
18,662	781,162	558,644
475,240	25,270,840	10,843,443
702,049	9,937,487	(104,244)
23,746	418,643	99,205
-	50,891	-
(259,797)	(1,440,095)	-
(236,051)	(970,561)	99,205
465,998	8,966,926	(5,039)
-	993,934	633,992
(32,700)	(1,984,642)	(112,728)
433,298	7,976,218	516,225
5,555,474	119,482,452	14,252,325
\$ 5,988,772	\$ 127,458,670	\$ 14,768,550

City of Morgan Hill
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Sewer Operations	Sewer Impact	Water Operations
Cash Flows from Operating activities			
Receipts from customers and users	\$ 13,501,914	\$ 2,819,886	\$ 17,427,484
Payments for supplies and services	(4,811,285)	456,382	(6,915,265)
Payments to employees for salaries and benefits	(2,229,698)	-	(2,899,755)
Payments for interfund services	-	-	-
Net cash provided (used) by operating activities	6,460,931	3,276,268	7,612,464
Cash Flows From Noncapital Financing Activities			
Transfers in	232,740	297,466	463,728
Transfers (out)	(1,221,118)	(265,440)	(465,384)
Net cash provided (used) by noncapital and financing activities	(988,378)	32,026	(1,656)
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(1,843,233)	(1,611,704)	(1,875,207)
Issuance of long-term debt	17,685,000	-	-
Premium on bonds	2,558,000	-	-
Cost of issuance	(243,000)	-	-
Principal paid on debt	(1,520,000)	-	(339,250)
Interest paid on debt	(594,918)	-	(374,905)
Net cash provided (used) by capital and related financing activities	16,041,849	(1,611,704)	(2,589,362)
Cash Flows From Investing Activities			
Interest earnings	149,466	202,624	105,378
Net cash provided (used) by investing activities	149,466	202,624	105,378
Net change in cash and cash equivalents	21,663,868	1,899,214	5,126,824
Cash and cash equivalents, beginning	13,984,065	21,268,726	9,416,946
Cash and cash equivalents, ending	\$ 35,647,933	\$ 23,167,940	\$ 14,543,770
Reconciliation of operating loss to net cash provided (used) by operating activities			
Operating income (loss)	\$ 3,973,753	\$ 1,357,228	\$ 3,904,457
Adjustments to reconcile:			
Interest and rentals	-	-	50,891
Depreciation expense	1,062,482	1,332,662	2,725,825
Amortization of sewer capacity rights	944,917	-	-
(Increase) decrease in accounts receivable	(251,324)	(998)	(66,755)
(Increase) decrease in prepaid expenses	(7,389)	-	(8,466)
(Increase) decrease in notes receivables	-	71,862	-
Increase (decrease) in customer deposits	(104,200)	-	18,770
Increase (decrease) in accounts payable	(78,384)	(138,829)	731,685
Increase (decrease) in accrued liabilities	2,337	653,792	11,998
Increase (decrease) in unearned revenue	-	551	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in net pension liability	1,094,606	-	541,689
Increase (decrease) in net OPEB liability	(175,867)	-	(297,630)
Total adjustments	2,487,178	1,919,040	3,708,007
Net cash provided (used) by operating activities	\$ 6,460,931	\$ 3,276,268	\$ 7,612,464

See accompanying notes to basic financial statements

Business-Type Activities		Governmental	
Enterprise Funds (continued)		Activities	
Water		Internal Service	
Impact	Total	Funds	
\$ 1,097,250	\$ 34,846,534	\$ 10,549,334	
(11,181)	(11,281,349)	(4,385,735)	
-	(5,129,453)	(3,701,425)	
-	-	(558,644)	
1,086,069	18,435,732	1,903,530	
-	993,934	533,996	
(32,700)	(1,984,642)	(12,732)	
(32,700)	(990,708)	521,264	
(49,145)	(5,379,289)	(1,544,292)	
-	17,685,000	-	
-	2,558,000	-	
-	(243,000)	-	
(235,750)	(2,095,000)	(11,696)	
(260,534)	(1,230,357)	-	
(545,429)	11,295,354	(1,555,988)	
28,895	486,363	121,010	
28,895	486,363	121,010	
536,835	29,226,741	989,816	
2,898,531	47,568,268	14,590,487	
\$ 3,435,366	\$ 76,795,009	\$ 15,580,303	
\$ 702,049	\$ 9,937,487	\$ (104,244)	
-	50,891	-	
456,516	5,577,485	1,274,958	
-	944,917	-	
-	(319,077)	(189,077)	
-	(15,855)	(6,205)	
-	71,862	-	
(80,039)	(165,469)	-	
7,543	522,015	66,679	
-	668,127	420,311	
-	551	43	
-	-	441,065	
-	1,636,295	-	
-	(473,497)	-	
384,020	8,498,245	2,007,774	
\$ 1,086,069	\$ 18,435,732	\$ 1,903,530	



FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are used to account for the assets held by the City in a trust capacity or as an agent for individuals, private organizations or other governmental units. The financial activities of these funds are excluded from the entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. Custodial funds are used to account for assets held by the City as an agent for numerous assessment districts for the receipt of property tax levies to pay the debt service and administrative fees of the districts.

City of Morgan Hill
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Private- Purpose Trust Fund	Custodial Funds	
	Successor Agency	Special Deposits	Downtown MH PBID
Assets:			
Pooled cash and investments (Note 4)	\$ 5,348	\$ 576,893	\$ 106,120
Cash and investments with fiscal agents (Note 4)	503,079	-	-
Accounts receivable	-	1,264	66
Loans receivable, net (Note 10a)	2,621,890	-	-
Total Assets	3,130,317	578,157	106,186
Deferred Outflows of Resources:			
Deferred amount on refunding	3,634,788	\$ -	\$ -
Total Deferred Outflows of Resources	3,634,788	-	-
Liabilities			
Accounts payable	498,508	-	-
Deposits held by City for external party	-	578,157	106,186
Interest payable	319,898	-	-
Long-term debt (Note 10b):			
Due in more than one year	67,290,000	-	-
Total Liabilities	68,108,406	578,157	106,186
Net Position			
Private purpose trust (RDA)	(61,343,301)	\$ -	\$ -
Other governments	-	-	-
Total Net Positions	\$ (61,343,301)	\$ -	\$ -

See accompanying notes to basic financial statements

Custodial Funds			
Morgan Hill Business Ranch 1998	Morgan Hill Business Ranch 2004	Madrone Business Park A.D.	Police Donations Trust
\$ 662,192	\$ 41,928	\$ 746,785	\$ 27,514
595,683	-	588,992	-
2,031	26	-	17
-	-	-	-
1,259,906	41,954	1,335,777	27,531
 \$ -	 \$ -	 \$ -	 \$ -
 -	 -	 -	 -
 -	 -	 -	 -
1,259,906	41,954	1,335,777	27,531
-	-	-	-
-	-	-	-
1,259,906	41,954	1,335,777	27,531
 \$ -	 \$ -	 \$ -	 \$ -
 -	 -	 -	 -
\$ -	\$ -	\$ -	\$ -

City of Morgan Hill
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Private- Purpose Trust Fund	Custodial Funds	
	Successor Agency	Special Deposits	Downtown MH PBID
Additions:			
Property tax	\$ 894,419	\$ -	\$ -
Member contributions	-	50,509	-
Fees and Assessments	2,523	-	-
Other revenue	-	-	691
Total additions	896,942	50,509	691
Deductions:			
Development services	139,912	-	-
Distribution	1,871,686	50,509	691
Total deductions	2,011,598	50,509	691
Change in Net Position	(1,114,656)	-	-
Total net position-beginning	(60,228,645)	-	-
Total net position-ending	\$ (61,343,301)	\$ -	\$ -

See accompanying notes to basic financial statements

Custodial Funds			
Morgan Hill Business Ranch 1998	Morgan Hill Business Ranch 2004	Madrone Business Park A.D.	Police Donations Trust
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
11,252	299	23,612	238
11,252	299	23,612	238
-	-	-	-
11,252	299	23,612	238
11,252	299	23,612	238
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -



1. DEFINITION OF THE REPORTING ENTITY

The City of Morgan Hill, California, (the City) was incorporated in November 1906 as a general law city and operates under a Council-Manager form of government.

These financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended and discretely presented component unit has a June 30 fiscal year end.

Blended Component Units. The financial reporting entity includes all of the funds of the primary government, the City of Morgan Hill, as well as all of its component units. Component units are legally separate entities for which the primary government is fully accountable. The Morgan Hill Wastewater Facilities Financing Corporation and the Morgan Hill Financing Authority are governed by boards which are substantially the same as the City's governing body. These two component units have been blended into the City's basic financial statements because the City is able to impose its will on these component units and because the component units provide services primarily to the City. Until March 7, 2012, the Morgan Hill Economic Development Corporation was similarly governed by a board that was the same as the City's governing body, so its financial activity through that date had also been blended into the City's basic financial statements. The Corporation modified its bylaws on March 7 to change the make-up of the board. The number of board members increased from five to seven, only two of whom are members of the City Council. Therefore, for the purposes of financial reporting, the Corporation's financial activity beginning March 7, 2012 is excluded from the City's basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for the interfund services provided and used which are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(a) Measurement focus, basis of accounting and financial statements presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds use the economic resources measurement focus, except for the custodial funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise fees, licenses, and interest earnings associated with the current fiscal period are all considered to be susceptible to accrual and therefore, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Development Services Fund

This fund accounts for revenues and expenditures associated with processing development applications, building inspections, engineering services and related fee supported activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Housing Fund

The Housing Fund accounts for housing services. The fund receives revenues in the form of federal and state grants. Other revenues sources include interest and loan repayment from borrowers.

The City reports major funds on the government-wide financial statements separately from other funds. Major funds are defined as any fund the City believes to be of particular importance to financial statement users. At a minimum, the General Fund and any fund that meets both of the following criteria *must* be reported as a major fund:

Ten percent criterion. An individual governmental fund reports at least 10 percent of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures.

Five percent criterion. An individual governmental fund reports at least 5 percent of the total for both governmental and enterprise funds of any one of the items for which it met the 10 percent criterion.

The City reports the following major enterprise funds:

Sewer Operations Enterprise Funds

The Sewer Operations Enterprise funds account for the collection of sewer revenues, including user fees, operating costs of sewer collection and treatment and capital improvements.

Sewer Impact Enterprise Fund

The Sewer Impact Enterprise Fund accounts for the revenues from developers of properties and the funds may only be used for the design, improvement, expansion, and development of sewer infrastructure.

Water Operations Enterprise Funds

The Water Operations Enterprise Funds account for the revenues, including user fees, the pumping and distribution of water to commercial and residential users, the maintenance of the water system, and capital improvements.

Water Impact Enterprise Fund

The Water Impact Enterprise Fund accounts for the revenues from developers of properties and the funds may only be used for the design, improvement, expansion, and development of water infrastructure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, the City reports the following fund types:

Internal Service Funds account for services provided to other departments of the City such as information services, building maintenance, vehicle replacement, workers' compensation, unemployment and general liability insurance, and construction administration. Services are provided by these funds on a cost allocation basis.

Fiduciary funds are used to account for the assets held by the City in a trust capacity or as an agent for individuals, private organizations or other governmental units. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. The Other Post Employment Benefits (OPEB) Trust Fund was established for the defined benefit OPEB plans administered through trusts that meet specified criteria. Custodial funds are used to account for assets held by the City as an agent for numerous assessment districts for the receipt of property tax levies to pay the debt service and administrative fees of the districts.

Assets equal liabilities and the measurement of operations is not a focus of the Custodial funds. Fiduciary Funds use the full accrual basis of accounting for reporting receivables and payables. Fiduciary funds are reported in the fund financial statements but are not included for government wide reporting purposes.

Non-major governmental funds include special revenue funds where the revenues recorded in the funds are restricted for special purposes. Debt service funds are used to account for the collection of resources and payment of debt service obligations on outstanding bonds. Capital projects funds are used to account for the revenues, including grants and development fees, and expenditures for capital improvements. These funds do not meet the criteria for being reported as a major fund and are reported in the aggregate under one column, other governmental funds, on the financial statements.

(b) Budgetary Information

State statutes require a budget be approved before any expenditures are made. Budgets are adopted for all governmental fund types. Budgetary comparisons are reflected in the City's financial report for all governmental funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations of the various governmental funds. The City Council may amend the budget during the fiscal year. The City Manager is authorized to transfer appropriations between an activity budget to facilitate the functions of that activity in accordance with the directions, goals and policies of the City Council. Activities are defined as an individual program or division within a department. The City Council's approval is required for additional appropriations or transfers between activities that exceed the appropriations at the fund level. Unencumbered appropriations lapse at the end of each fiscal year except for on-going projects.

Budget proposals are prepared by each of the City's department directors. The budget proposals and justifications are submitted to the Finance Department, which compiles the information and prepares the City's preliminary budget. The City Council reviews the City Manager's recommended budget at a meeting open to the public. Changes approved at this meeting are incorporated into the final budget. The final budget is then submitted to the City Council for adoption at a public hearing.

Any revisions that increase the total budgeted expenditures of any project or fund must be approved by the City Council. Budgeted amounts presented, for the General Fund and those funds which have legally adopted budgets, include the original adopted budget, the final amended budget and comparison to actual expenditures. Since the budget is controlled at the activity level, not the department level, staff reports are presented to the City Council and Morgan Hill residents, and include a detailed report on budget versus actual variances for every activity in every fund monthly.

(c) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all governmental fund types. Encumbrances outstanding at fiscal year-end are re-appropriated by the City Manager in the next year. See details of outstanding encumbrances in Note 11(c).

(d) Cash and Investments

Cash and investments of individual funds are combined for investment purposes in a commingled pool except for the investments held by fiscal agents, which are maintained and invested separately.

The City's cash and cash equivalents are considered to be cash on hand or demand deposits. Cash equivalents are stated at fair value. The fair value of investments is determined annually and is based on current market prices. Investment income earned on the commingled pool is allocated quarterly among the funds based upon the average daily balance of cash maintained by each fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Gains or losses on securities included in the investment portfolio are recognized at the earlier of the end of the fiscal year or when the related security is sold. Investments in securities purchased with the intent to trade for a profit are prohibited by the City's policy.

Resolutions authorizing certain bonds require that certain amounts be held by a fiscal agent to secure principal and interest payments. Such amounts are classified as restricted cash and investments held by fiscal agents. Each fund type's portion of this pool is displayed on the combined balance sheet as "pooled cash and investments" and "restricted pooled cash and investments" held by the City.

(e) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

(f) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The payments are recorded as expenditures when consumed.

(g) Property Held for Resale

Property is acquired by the City for subsequent resale for redevelopment purposes. Property held for resale is reported as an asset at the lower of cost of estimated net realizable value in the fund that acquired it.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (streets, curbs and gutters, water and sewer systems, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life of at least three years. Capital assets are recorded at historical cost or estimated acquisition value if purchased or constructed. Donated capital assets are valued and reported at acquisition value.

Donated capital assets, donated works of art and similar items received in a service concession arrangement are measure at acquisition value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest expense incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value.

Property, plant and equipment of the primary government and its component units are depreciated using the straight-line method over the following estimated useful lives:

Buildings and land improvements	30-50 years
Infrastructure	20-30 years
Machinery, equipment and vehicles	5-20 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

(i) Sewer Capacity Rights

Capacity rights are capitalized in the Sewer Enterprise Funds. Such rights are being amortized over 30 years, the estimated life of the sewer treatment facility. Sewer capacity rights will be fully amortized in 2023.

(j) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Special Assessment Districts for which the City is Not Obligated in Any Manner

Recognition of revenue related to noncurrent receivables of the special assessment districts is deferred until such receivables become current. There is no reserve for delinquent receivables since liens exist against the related properties and hence the City's management believes full value will ultimately be received by the City. Surplus fund balances remaining at the completion of a special assessment district project are disposed of in accordance with City Council resolutions and with the applicable assessment bond laws of the State of California.

(l) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and compensatory time off subject to certain limits. There is no liability for unused sick leave as the City has no obligation to pay for any accumulated balance when employees separate from employment. All vacation and compensatory time are accrued in the government-wide and proprietary fund financial statements.

Upon retirement or leave from the City, any unused sick leave may be used in the determination of length of service in relation to pension benefits received from the California Public Employees' Retirement System (CalPERS) (see Note 8).

The City maintains a separate internal service fund, the Employee Benefits Fund, for the collecting and distributing of the cost of future compensated absences payouts. The funding for future payments is based on 15% of the total liability, with resources budgeted and set aside each year. The timing of payments for accrued vested vacation, sick leave, and compensatory time benefits (compensated absences) is not certain. Compensated absences are paid by the Employee Benefits Fund.

	Governmental Activities
Beginning Balance	\$ 2,829,138
Additions	650,446
Payments	(209,381)
Ending Balance	<u>\$ 3,270,203</u>
Current Portion	\$ 603,207
Non-current Portion	\$ 2,666,996

(m) Restricted Assets

Assets which are restricted for specified uses by bond debt requirements, grant provisions, or other requirements are classified as restricted assets held by the City as fiscal agent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Fund Balances and Net Position

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the City’s governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action.

Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council and/or the City Manager. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose. An assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the City.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of commitments made, which include future funding sources for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position:

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only for proprietary funds and at the Government-wide level, and are described below:

Net Investment in Capital Assets, describes the portion of Net Position which is represented by the current net book value of the City's capital assets and capacity rights, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects and for Development Services activities.

Unrestricted describes the portion of Net Position which is not restricted as to use.

(o) Interfund Transactions

Interfund transactions are recorded as transfers on the fund financial statements which result in interfund receivables and payables. Balances reported in the fund financial statements are eliminated for the government-wide financial statements.

Interfund transfers reported on the fund financial statements are summarized as follows:

Transfers Out	Transfers In								Total
	Governmental Funds		Enterprise Funds			Internal Services Funds			
	General Fund	Nonmajor Governmental	Sewer Operations	Sewer Impact	Water Operations	Unemployment Insurance	Equipment Replacement	General Liability	
Major Governmental Funds:									
General Fund	\$ -	\$ 1,638,528	\$ -	\$ -	\$ -	\$ 200,000	\$ 9,996	\$ 324,000	\$ 2,172,524
Development Services									
Special Revenue Fund	-	34,548	-	-	-	-	-	-	34,548
Housing	-	11,340							11,340
Nonmajor Governmental Funds:	1,733,823	2,497,691	-	-	-	-	-	-	4,231,514
Enterprises Funds:									-
Sewer Operations Fund	354,432	105,492	-	297,466	463,728	-	-	-	1,221,118
Sewer Impact Fund	24,996	7,704	232,740	-	-	-	-	-	265,440
Water Operations Fund	354,432	110,952	-	-	-	-	-	-	465,384
Water Impact Fund	24,996	7,704	-	-	-	-	-	-	32,700
Internal Services Funds:									-
CIP Project Implementation	-	12,732	-	-	-	-	-	-	12,732
General Liability	-	-	-	-	-	99,996	-	-	99,996
Total Transfers in	\$ 2,492,679	\$ 4,426,691	\$ 232,740	\$ 297,466	\$ 463,728	\$ 299,996	\$ 9,996	\$ 324,000	\$ 8,547,296

The principal purpose of the City's interfund transfers was for operational support to other funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due From/Due to Other Funds

Individual interfund receivables and payables on June 30, 2021, are as follows:

	Due from	Due to
General Fund	\$ 30,485	\$ -
Community Development Block Grant Special Revenue Fund	-	30,410
Environmental Programs Special Revenue Fund	-	75
	<u>\$ 30,485</u>	<u>\$ 30,485</u>

Interfund transactions are reported on the governmental fund type statements but are eliminated for government-wide reporting. Long term interfund advances from the General Fund to the Public Safety Facilities Impact Fund in the amounts of \$593,362 were outstanding on June 30, 2021. The total outstanding interfund advances of are reflected in the fund financial statements.

(p) **Property Tax and Special Assessment Levy, Collection, and Maximum Rates**

The State of California's (the State) Constitution Article XIII A (commonly referred to as Proposition 13) provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by the voters. Assessed value is calculated at its purchase price, as defined by Article XIII A and may be increased by no more than 2% per year unless the property is further improved, sold or transferred. The State legislature has determined the method of distribution of receipts from the 1% tax levy among the counties, cities, school districts, and other districts.

Santa Clara County assesses properties and bills, collects, and distributes property taxes and special assessments as follows:

Date Category	Secured	Unsecured
Valuation Dates	January 1	January 1
Lien/Levy Dates	July 1	March 1
Due Dates	50% on November 1 50% on February 1	Upon receipt of billing
Delinquent as of	December 10 (For November) April 10 (for February)	August 31

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. Taxes on real estate, land, and buildings are secured by liens on the property being taxed

(q) Unbilled Service Receivables

The City bills for water and sewer services on a monthly basis. All amounts not billed at fiscal year-end are accrued and reflected as accounts receivable in the appropriate funds.

(r) Income Taxes

The City and its related entities fall under the purview of Internal Revenue Code Section 115 and corresponding California Revenue and Taxation Code provisions. As such, they are not subject to federal or state income taxes.

(s) Pensions

For purposes of measuring the net pension liabilities and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(t) Other Post-Employment Benefits Other than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the City Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB – For purposes of measure the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by PARS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. BUDGETARY INFORMATION

Budgetary Results Reconciled to Generally Accepted Accounting Principles in the United States of America

The budgetary process is based upon accounting for certain transactions on a basis other than generally accepted accounting principles (US GAAP basis). The results of operations for the General Fund are presented in the accompanying budget and actual comparison statement in accordance with the budgetary process (budgetary basis) to provide a meaningful comparison with the budget.

Budgetary control is directed by the City Council by resolution when the budget is adopted each year. Expenditures may not exceed appropriations at the fund level without Council approval. The City Manager is authorized to amend appropriations within the various departments and projects within a fund. A transfer of appropriations between funds, additional appropriations, or new appropriations require the authorization of the City Council.

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the excess of expenditures over appropriations at the legal level of control is as below:

Fund	Expenditures in Excess of Appropriations
Special Revenue Fund:	
Development Services	\$ 27,212
Landscape and Lighting	10,547
Environmental Programs	3,818

4. CASH AND INVESTMENTS

Cash and investments as of June 30, 2021, were classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government

Pooled cash and investments	\$ 143,320,813
Restricted pooled cash and investments	18,991,419
Cash and investments with fiscal agents	1,546,113

Fiduciary Funds

Pooled cash and investments	2,166,780
Cash and investments with fiscal agents	1,687,754
	<u>\$ 167,712,879</u>

Cash and investments as of June 30, 2021, consisted of the following:

Cash on hand	\$ 17,303
Deposits with financial institutions	2,294,615
Investments	165,400,961
Total cash and investments	<u>\$ 167,712,879</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the City of Morgan Hill investment policy. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds, held by bond trustees that are instead governed by the provisions of trust agreements with the City.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills & Notes	5 years	N/A	No Limit	No Limit
U.S. Government Agencies	5 years	N/A	No Limit	No Limit
Local Agency Investment Funds	N/A	N/A	No Limit	\$75M
Time Deposits	5 years	A-1	5%	\$2M per institution
Money Market Mutual Funds	N/A	AAAm	20%	No Limit

4. CASH AND INVESTMENTS (continued)

Investments Authorized by Trust Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the trust agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are currently authorized for investment and held by bond trustees. The table also identifies certain provisions of these trust agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
U.S. Treasury Obligations	No limit	N/A	No limit
U.S. Agency Securities	No limit	N/A	No limit
U.S. Direct and General Obligations	No limit	A	No limit
Deposit Accounts, Federal Funds and Banker's Acceptances	No limit	N/A, A-1 (a)	10%
Repurchase agreements	No limit	N/A, A (a)	No limit
FDIC Insured Certificates of Deposit	No limit	N/A, A-1 (a)	No limit
Money Market Mutual Funds	No limit	N/A, AAAm (a)	No limit
State and Local Agency Bonds	No limit	N/A	No limit
Insurer approved Investment Contracts	No limit	N/A	No limit
Insurer approved other forms of Investments including Repurchase Agreements	No limit	N/A	No limit
Local Agency Investment Fund (LAIF)	No limit	N/A	No limit
Taxable Government Money Market Funds (a)	6 months	Am-G	No limit
Tax-exempt Government Money Market Funds (a)	6 months	Am-G	No limit

(a) 2015 Lease Revenue Refunding Bonds

4. CASH AND INVESTMENTS (continued)

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of investments of the City as of June 30, 2021:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value:			
Federal Agency	\$ -	\$ 60,630,120	\$ 60,630,120
U.S. Treasury Notes	4,600,395	-	4,600,395
Certificates of Deposit	-	501,653	501,653
Total Investments at Fair Value	<u>\$ 4,600,395</u>	<u>\$ 61,131,773</u>	65,732,168
Investments Measured at Amortized Cost:			
Money Market Mutual Funds			1,665,367
Held by Bond Trustee:			
Money Market Mutual Funds			1,687,800
Investments Exempt from Fair Value Hierarchy:			
Local Agency Investment Fund			<u>96,315,626</u>
Total Investments			<u>\$ 165,400,961</u>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Federal agency securities classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investment in the California Local Agency Investment Fund totaling \$96.3 million and money market mutual funds at \$1.7 million are classified as exempt in the fair value hierarchy, as it is valued at amortized cost, which is exempt from being classified under GASB 72. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

4. CASH AND INVESTMENTS (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City mitigates its exposure to interest rate risk is by structuring the portfolio so that securities mature at the same time that major cash outflows occur; thus, eliminating the need to sell securities prior to maturity. In addition, the City prohibits the taking of short positions; that is, selling securities that the City does not own.

The City tries to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, and allowed for under bond covenants as approved by the City Council, the City cannot directly invest in securities maturing more than five years from the date of purchase.

Bond reserve funds and bond escrow funds, pursuant to bond documents, may be invested in securities exceeding five years if the maturities of such investments are made to coincide as nearly as possible with the expected use of the funds. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
Federal Agency	\$ 4,008,120	\$ -	\$ 56,622,000	\$ 60,630,120
US Treasury Notes	-	4,600,395	-	4,600,395
Money Market Mutual Funds	1,665,367	-	-	1,665,367
Local Agency Investment Fund	96,315,626	-	-	96,315,626
Certificates of Deposit	501,653	-	-	501,653
Held by bond trustee:				
Money Market Mutual Funds	1,687,800	-	-	1,687,800
Total Investments	<u>\$ 104,178,566</u>	<u>\$ 4,600,395</u>	<u>\$ 56,622,000</u>	165,400,961
Cash in Banks and on hand				<u>2,311,918</u>
Total City Cash and Investments				<u>\$ 167,712,879</u>

4. CASH AND INVESTMENTS (continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by the City's investment policy, or trust agreements and the actual rating as of year-end for each investment type.

Investment Type	Amount	Legal Rating	S&P Rating as of June 30, 2021		
			AA+	AAAm	Not Rated/Exempt
Federal Agency	\$ 60,630,120	N/A	\$ 60,630,120	\$ -	\$ -
US Treasury Notes (1)	4,600,395	N/A	-	-	4,600,395
Money Market Mutual Funds	1,665,367	N/A	-	1,665,367	-
Local Agency Investment Fund (1)	96,315,626	N/A	-	-	96,315,626
Certificates of Deposit	501,653	N/A	-	-	501,653
Held by Bond Trustee:					
Money Market Mutual Funds	1,687,800	N/A	-	1,687,800	-
Total	165,400,961		<u>\$ 60,630,120</u>	<u>\$ 3,353,167</u>	<u>\$ 101,417,674</u>
Cash in banks and on hand	2,311,918				
	<u>\$ 167,712,879</u>				

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Amount
Federal Farm Credit Banks	Federal Agency Securities	\$ 14,862,200
Federal Home Loan Mortgage Corporation	Federal Agency Securities	16,871,670

4. CASH AND INVESTMENTS (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The City's investment policy requires that as protection against potential losses by the collapse of individual securities dealers, all securities owned by the City shall be held in safekeeping by a third party bank trust department acting as agent for the City under the terms of a custody agreement executed by the bank and the City. All securities will be received and delivered using standard delivery-versus-payment (DVP) procedures. The third-party bank trustee agreement must comply with Section 53608 of the California Government Code. No outside broker/dealer or advisor may have access to the City's funds, accounts or investments, and any transfer of funds to or through an outside broker/dealer must be approved by the City Treasurer.

As of June 30, 2021, \$2,304,701 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

External Investment Pool

The City invests in LAIF, a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

An elected State Treasurer manages the State's Pooled Money Investment Account of which LAIF is a component. The LAIF Advisory Board oversees the operations of LAIF.

The City valued its investments in LAIF as of June 30, 2021, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants total's aggregate amortized cost by total aggregate fair value.

5. CAPITAL ASSETS

The following is a summary of governmental activities capital assets on June 30, 2021:

	Balance Beginning of Year	Increases	Decreases	Transfers/ Adjustments	Balance End of Year
Capital assets not being depreciated:					
Land	\$ 55,234,949	\$ 206,996	\$ -	\$ -	\$ 55,441,945
Construction in progress	10,608,077	12,212,038	-	(4,641,937)	18,178,178
Total capital assets not being depreciated	65,843,026	12,419,034	-	(4,641,937)	73,620,123
Capital assets being depreciated:					
Infrastructure	222,662,565	2,923,098	-	4,641,937	230,227,600
Buildings and other improvements	144,413,158	3,493,620	-	-	147,906,778
Machinery/Equipment/Vehicles	15,818,135	1,557,576	(226,144)	-	17,149,567
Total capital assets being depreciated	382,893,858	7,974,294	(226,144)	4,641,937	395,283,945
Less accumulated depreciation for:					
Infrastructure	(96,396,524)	(6,314,822)	-	-	(102,711,346)
Buildings and other improvements	(59,219,368)	(5,320,739)	-	-	(64,540,107)
Machinery/Equipment/Vehicles	(11,386,742)	(1,162,283)	226,144	-	(12,322,881)
Total accumulated depreciation	(167,002,634)	(12,797,844)	226,144	-	(179,574,334)
Total Capital Assets Being Depreciated, Net	215,891,224	(4,823,550)	-	4,641,937	215,709,611
Governmental activities, net capital assets	\$ 281,734,250	\$ 7,595,484	\$ -	\$ -	\$ 289,329,734

Depreciation expense was charged to governmental functions as follows:

Governmental Function	Expense
Administration	\$ 24,122
Community Development	190,414
Public Works	6,763,000
Public Safety	836,143
Parks and Recreation	3,696,401
Housing Successor Agency	12,806
Internal Service	1,274,958
Total General Capital Assets	<u>\$ 12,797,844</u>

5. CAPITAL ASSETS (continued)

As of June 30, 2021, Capital assets of business-type activities on the government-wide financial statements consisted of:

	Balance Beginning of Year	Increases	Decreases	Transfers	Balance End of Year
Capital assets not being depreciated:					
Land	\$ 1,825,332	\$ -	\$ -	\$ -	\$ 1,825,332
Construction in progress	16,412,943	2,974,795	-	(3,891,285)	15,496,453
Total capital assets not being depreciated	18,238,275	2,974,795	-	(3,891,285)	17,321,785
Capital assets being depreciated:					
Infrastructure	130,225,839	1,898,264	-	3,891,285	136,015,388
Buildings and other improvements	63,134,473	-	-	-	63,134,473
Machinery/Equipment/Vehicles	13,501,621	506,230	(39,283)	-	13,968,568
Sewer capacity rights	28,347,522	-	-	-	28,347,522
Total capital assets, being depreciated, net	235,209,455	2,404,494	(39,283)	3,891,285	241,465,951
Less accumulated depreciation for:					
Infrastructure	(82,047,434)	(2,899,893)	-	-	(84,947,327)
Buildings and other improvements	(31,947,196)	(2,016,746)	-	-	(33,963,942)
Machinery/Equipment/Vehicles	(10,134,481)	(660,846)	39,283	-	(10,756,044)
Sewer Capacity Rights	(24,010,170)	(944,917)	-	-	(24,955,087)
Total accumulated depreciation	(148,139,281)	(6,522,402)	39,283	-	(154,622,400)
Total Capital Assets Being Depreciated, Net	87,070,174	(4,117,908)	-	3,891,285	86,843,551
Enterprise Funds, Net Capital Assets	\$ 105,308,449	\$ (1,143,113)	\$ -	\$ -	\$ 104,165,336

Depreciation and amortization expense were charged to business-type funds as follows:

<u>Funds</u>	<u>Amount</u>
Sewer Funds	\$ 3,340,061
Water Funds	3,182,341
Total Business Type Activities	<u>\$ 6,522,402</u>

6. GOVERNMENTAL LOANS RECEIVABLE

Most of the housing loans described in the paragraphs below were originally made by the former Morgan Hill Redevelopment Agency as part of its low- and moderate-income housing duties and responsibilities. Effective February 1, 2012, the State of California dissolved all redevelopment agencies, including Morgan Hill's. Pursuant to the redevelopment dissolution law the City itself chose to assume the housing-related assets, liabilities and functions of the former Redevelopment Agency.

The governmental activities loans receivable on the statement of net position as of June 30, 2021 total \$63,684,864 and consisted of the following types:

Description	Amount
CDBG Loans/Housing Rehabilitation Loans	\$ 584,736
Sunrise Meadows	2,789,254
San Pedro Gardens	813,027
Morgan Hill Ranch Family Housing	2,401,984
Village Avante Apartments	1,714,421
Village Avante Apartments 2	1,178,979
Villa Ciolino	4,322,563
Jasmine Square	5,463,044
Murphy Ranch	9,239,513
Royal Court Apartments	5,515,318
Bella Terra	3,747,492
Millennium Housing	1,797,699
Habitat for Humanity	760,000
Crest Avenue Housing and Crest Avenue LLP	7,902,927
UHC-The Crossings	3,981,882
UHC Crossings at Monterey	815,660
BEGIN	4,328,006
Horizon Senior Housing	6,193,574
Down Payment Assistance-Citywide	304,431
Cal Homes	393,641
Sycamore Glen	358,004
Executive Management Loan	2,026,192
EAH, Inc.	5,161,341
Other Loans	4,393,791
Allowance for Doubtful Accounts	(12,502,615)
Total:	<u>\$ 63,684,864</u>

6. GOVERNMENTAL LOANS RECEIVABLE (continued)

(a) CDBG Loans/Housing Rehabilitation Loans

The City administers two home improvement revolving loan funds using Federal Community Development Block Grant Funds (CDBG) and former Redevelopment Agency Housing monies. The program provides below market rate loans, secured by deeds of trust, to eligible participants for housing rehabilitation. Although payments for most loans are amortized over an established payment schedule, some loans allow for deferred payment of accrued interest and principal until the homeowner's property is sold or transferred, applicable primarily for seniors and very low-income families. On August 22, 2012 the City authorized the Office of Affordable Housing of Santa Clara County to assume the servicing of the City's existing CDBG rehabilitation loans, manage new loans including transferring existing rehabilitation loan funds to cover the costs associated with new loans. The City will continue to service one loan due to unresolved issues. As of June 30, 2021, the City has a total balance of \$584,736 of former Redevelopment Agency Housing Rehab loans, which includes accrued interest of \$171,874.

(b) Sunrise Meadows

The Sunrise Meadows project consisted of 24 self-help homes reserved for low income households, and 36 contractor-built units reserved for those at median income. The former Redevelopment Agency attached a third trust deed on each of the 24 self-help units for loan amounts varying from \$50,000 to \$100,000 each. The notes with accrued compound interest are due and payable upon the sale or transfer of the homeowner's property unless the new purchaser or occupant agrees to a new note equal to the amount of principal and accrued compound interest due at the time of sale. After the borrower has occupied the residence for 20 years, an amount equal to 10% of the principal and interest due shall be forgiven each year until no amount remains due and the loan is forgiven. As of June 30, 2021, there was a balance of \$2,789,254 outstanding, of which \$2,278,577 is accrued interest, in its Housing Fund.

(c) San Pedro Gardens

The San Pedro Gardens project was developed in 1991, the former Redevelopment Agency provided a \$825,000 loan to Housing Authority of County of Santa Clara (HACSC); \$400,000 of the loan was "repaid" via HACSC's assignment of homebuyer promissory notes to the City at the time of closing. The result was a \$400,000 reduction in the Housing Authority's note. These notes are now referred to as the original homebuyer "City" San Pedro notes and they remain on the San Pedro homes with a formula that reduces 10% principal and interest in years 21-30. If the borrower has occupied the unit for 20 years, 10% of the balance outstanding will be forgiven each year and the loan will be totally canceled at year 30. As of June 30, 2021, the balance of these loans is \$813,027, which includes accrued compound interest of \$344,103. On November 16, 2016, City Council accepted the assignment of additional 7 San Pedro homeowner's self-help notes, as consideration for forgiveness of the HACSC's outstanding loan of \$425,000.

6. GOVERNMENTAL LOANS RECEIVABLE (continued)

(d) Morgan Hill Ranch Family Housing

The Morgan Hill Ranch Family Housing Project consists of 96 residential rental units and a day care center. Ecumenical Association for Housing (EAH) developed the Project. The former Redevelopment Agency made a principal predevelopment loan of \$10,000 in FY 95-96 and principal development loan of \$610,579 in FY 96-97. The Agency provided an additional loan for land acquisition and construction costs in the amount of \$2,524,585 in FY 97-98. Commencing on the date of the first disbursement of the loans, the loans accrue compound interest at 3.28% per annum. On June 30, 2021, the loan had accrued interest of \$25,009 bringing the loan balance to \$2,401,984. All loans are secured by deeds of trust.

(e) Village Avante Apartments

On June 1, 1999, the former Redevelopment Agency entered into an agreement with Don Avante Family Homes, Inc. (affiliate of EAH) for the acquisition and rehabilitation of the existing Village Avante 112-unit housing project located in the City Project Area.

Village Avante was initially a HUD subsidized rental apartment at risk of converting to a market rate project. The Agency's assistance mandated the long-term affordability of the units.

The loan accrues simple interest at a rate of 4% per annum on the unpaid balance with annual payments until April 1, 2039 and is secured by a deed of trust. The current balance as of June 30, 2021 is \$1,714,421, which includes accrued interest of \$177,922.

(f) Village Avante Apartments 2

On March 22, 2000, the former Redevelopment Agency authorized a loan to Don Avante Associates II (affiliate of EAH) in the amount of \$640,000. This loan was used to provide more attractive and durable landscaping, new steel-post privacy fencing at each patio and new black vinyl-coated chain link fencing along the west property line. The loan also included provisions for site and street lighting to create a safer environment at night. The note is a residual receipt note with a 40-year term. It accrues simple interest at a rate of 4% per annum and is secured by deed of trust. The balance on June 30, 2021 is \$1,178,979 which includes accrued interest of \$122,354.

6. GOVERNMENTAL LOANS RECEIVABLE (continued)

(g) Villa Ciolino

On November 23, 1999, the former Redevelopment Agency approved a loan of \$1.9 million to South County Housing Corporation to acquire a blighted trailer park and housing project. South County Housing replaced 21 dilapidated housing units, rehabilitated 8 more, and added 13 additional apartments to create a new 42-unit rental housing complex. The loan is a residual receipt note in second position, at 4% compounded annually, with a term of 55 years, and is secured by deed of trust. On December 15, 1999, the Agency modified the interest rate from compound to simple. On June 28, 2000, the loan was further modified by approving an increase of \$475,000 to cover the additional costs of material and labor incurred because of an increased scope for off-site work and because of the pressures of a very busy construction marketplace. On April 1, 2015 the City Council accepted the loan transfer from South County Housing to affiliates of Eden Housing, as Villa Ciolino LLC. The balance on June 30, 2021 is \$4,322,563, which includes accrued interest of \$1,947,563.

(h) Jasmine Square

In 2000, the former Redevelopment Agency Board approved loans of \$3.25 million to South County Housing to purchase a four-plex, a dilapidated trailer park, and vacant parcels for development of an affordable housing project. Jasmine Square is a mixed-use 72 residential family apartments with 50,000 square feet of office space and a childcare center. South County Housing replaced 23 sub-standard existing housing units with this project. The loan is secured by a deed of trust. On March 16, 2006, the Agency approved an additional loan amount of \$156,350 for the accrued interest on the loans previously made by the Agency which were refinanced by a permanent loan on September 12, 2005. On April 1, 2015 the City Council accepted the loan transfer from South County Housing to affiliates of Eden Housing, as Jasmine Square LLC. The balance of the Jasmine Square loan on June 30, 2021, is \$5,463,044, which includes accrued interest of \$2,115,750.

(i) Murphy Ranch

On August 8, 2001, the former Redevelopment Agency entered into a loan agreement in the amount of \$3,300,000 with Murphy Ranch, LP. The purpose was to fund the acquisition of property and the predevelopment, infrastructure and related costs of the development of the first 62 units of a 100-unit affordable residential complex. The term of the loan is 55 years and bears simple interest at 4%.

On May 7, 2002, the agreement was amended to increase the principal amount of the promissory note by \$1,990,000, increasing the total commitment to \$5,290,000 for the total development of the 100-unit project.

On May 10, 2004, the agreement was further amended to increase the loan amount an additional \$1,570,000. On June 30, 2021, there is a balance of \$9,239,513, which includes accrued interest of \$3,566,668.

6. GOVERNMENTAL LOANS RECEIVABLE (continued)

(j) Royal Court Apartments

On May 15, 2003, the former Redevelopment Agency entered into a loan agreement in the amount of \$3,750,000 with the former South County Housing. South County Housing has used the proceeds to acquire real property, remove 13 existing sub-standard housing units, construct 12 for-sale townhomes that will remain affordable to moderate and low income households, and construct at least 55 apartments that will remain affordable to low and very low income households. The term of the loan is for six years, bears simple interest at 3% and is secured by a deed of trust. The first disbursement was processed on July 2, 2003. In April 2005, the Agency approved a low-interest, short-term loan increase of \$1,900,000 for the project (\$5,650,000 total) in response to construction delays resulting in cost increases. In August 2006, South County Housing repaid \$1.4 million of the loan to the Agency, plus accrued interest. On April 1, 2015 the City Council accepted the loan transfer from South County Housing to affiliates of Eden Housing, as Royal Court Housing LLC. On June 30, 2021, the balance due is \$5,515,318, which includes accrued interest of \$1,865,157.

(k) Bella Terra

Bella Terra is an EAH affiliate which is a “tax credit limited partnership”. Bella Terra Senior Housing Project includes 40 units of affordable senior rental housing with all resident units restricted to seniors over 55 and who qualify as low income households. On June 1, 2012 the former Redevelopment Agency approved a \$3,182,800 loan for the Bella Terra project. The term of the loan is for 55 years and is secured by a deed of trust. At June 30, 2021, the balance due is \$3,747,492, which includes accrued interest of \$564,692.

(l) Millennium Housing

On November 3, 2004, the former Redevelopment Agency approved a loan in the amount of \$1,200,000 to Millennium Housing. Millennium Housing used the Agency’s loan to assist in the purchase of the 166 unit Hacienda Mobile Home Senior Park. To “spread out” the impact of the rent increase on the residents needed to finance the acquisition loan, the Agency has provided this loan to Millennium for a rental assistance fund. The loan is deferred with a 3% simple interest and is due upon the full repayment of the tax-exempt bonds or sale of the Park. These funds can be used for bond issuance costs and the rental assistance fund. Millennium will augment the rental assistance fund, as needed, to further subsidize residents in which a rent increase is deemed a hardship.

New residents of the Park will not be eligible for this rent subsidy. Seventy-five percent of the units (75%) must remain affordable to lower income households for 55 years. At June 30, 2021, the balance due is \$1,797,699, which includes accrued interest of \$597,699. This loan is secured by a deed of trust.

6. GOVERNMENTAL LOANS RECEIVABLE (continued)

(m) Habitat for Humanity

On August 8, 2006, the former Redevelopment Agency entered into an agreement with Silicon Valley Habitat for Humanity for a loan in the amount of \$560,000 for the purchase of land and payment of impact fees. The loan carries a zero-interest rate and in the event the borrower complies with the Deed of Trust and Regulatory Agreement, the loan shall be forgiven. On December 11, 2008, the loan was amended to increase the amount of the loan by \$200,000 for the purpose of financing the cost of so-called “green building” enhancements to the affordable units, photovoltaic systems for the affordable units, and additional development costs. The loan is forgivable as long as it remains affordable to the lower income households for 45 years. The balance due on June 30, 2021, was \$760,000.

(n) Crest Avenue Housing and Crest Avenue LLP

On September 3, 2008, the former Redevelopment Agency approved a loan in the amount of \$4,400,000 to the former South County Housing (SCH). SCH is using the Agency’s loan for pre-development, acquisition, and construction for 52 units. In 2011, an additional \$1,875,000 was loaned for the rehabilitation of all units. The 52 affordable rental units are intended for extremely low and very low income eligible families. The term of the loan is 55 years and bears simple interest at 3%. On April 1, 2015 the City Council accepted the loan transfer from South County Housing to affiliates of Eden Housing, as Crest Avenue Housing, LLC. The balance of this loan at June 30, 2021, is \$7,902,927, which includes accrued interest of \$1,529,891.

(o) UHC-The Crossings

On August 19, 2008, the former Redevelopment Agency approved a loan in the amount of \$2,600,000 to Urban Housing Communities (UHC). UHC is using this loan to rehabilitate a 24-unit affordable apartment complex. These units will be available to extremely low- and low-income families. Terms of the loan include repayment over 55 years through residual receipts at 3% simple interest. The balance on June 30, 2021, is \$3,981,882, which includes accrued interest of \$1,075,882.

(p) UHC – Crossings on Monterey

On August 1, 2018, the former Redevelopment Agency approved a loan in the amount of \$750,000 to Urban Housing Communities (UHC) 00661 Morgan Hill, L.P. at 16800 Monterey Road. The term of the loan is 55 years and bears compounding interest at 3%. On June 30, 2021, the balance due is \$815,660, which includes accrued interest of \$65,659.

(q) BEGIN

In 2007, the City of Morgan Hill received a grant award from the California Department of Housing and Community Development (HCD) for the Building Equity and Growth in Neighborhoods (BEGIN) program for the Madrone Plaza project. The BEGIN program provides down payment assistance to first time home buyers in the form of deferred payment loans. To date, eighty-three (83) home buyers have received down payment assistance. On June 30, 2021 the balance due is \$4,328,06, which includes accrued interest of \$812,813.

6. GOVERNMENTAL LOANS RECEIVABLE (continued)

(r) Horizon Senior Housing

On March 19, 2008, the former Redevelopment Agency entered into a disposition, development and loan agreement for the Horizon Senior Housing project with UHC Morgan Hill, L.P. This project consists of forty-eight (48) residential rental units for occupancy at affordable housing cost by elderly households, one (1) residential rental unit for occupancy by property management staff and a three thousand (3,000) square foot community room. The term of the loan is 55 years and bears simple interest at 3%. The balance of this loan on June 30, 2021, is \$6,193,574, which includes accrued interest of \$1,519,022.

(s) Down Payment Assistance-Citywide

The Down Payment Assistance Program (DAP) assists first time home buyers who meet the income qualifications to buy their first home within the City limits. Loan payments are deferred for five (5) years and amortized over 25 years, total amount due upon sale of property. On June 30, 2021, there were 6 city wide loans with a total outstanding balance of \$304,431.

(t) Sycamore Glen

The loan was funded by the low/moderate housing fund of the former Redevelopment Agency to assist with the affordable senior housing project at 140 West Dunne Ave. which consists of 20 one-bedroom units. On September 5, 2018, the City Council approved the re-subordination and assigned a new 55-year term with the new interest rate set at 3% non-compounding. The balance on June 30, 2021 is \$358,004, which includes accrued interest of \$258,044.

(u) Executive Management

On June 15, 2016, City Council adopted resolution number 16-109 approving a housing loan to an executive employee in an amount of \$835,000. The loan bears an interest rate of 1.75% and requires bi-weekly principal and interest payments on the first fifty percent (50%) of the loan amount and interest only payments for the remaining fifty percent.

On December 6, 2017, City Council adopted resolution 17-097 to approve a housing loan to another executive employee in the amount of \$1,300,000. The housing loan bears an interest rate equal to 2.50%. The housing loan requires bi-weekly principal and interest payments on the first fifty percent (50%) of the loan amount and interest only payments for the remaining fifty percent. On August 5, 2020, both loans were amended and interest rates were lowered to 0.94%. On June 30, 2021, the outstanding balance of the loans was \$2,026,192.

6. GOVERNMENTAL LOANS RECEIVABLE (continued)

(v) EAH, Inc.

On August 7, 2014, the City entered into an Affordable Housing Loan Agreement with the developer, EAH, Inc. This project consists of thirty-three (33) affordable multi-family mixed-use units for occupancy and two thousand (2,000) square feet of non-retail commercial space. The first loan was in the amount of \$3,622,000. On December 1, 2015, the City and EAH, Inc. amended and restated the maximum loan balance to an amount not to exceed \$4,500,000. In addition to the amendment, on December 1, 2015, the City and EAH, Inc. entered into a seller takeback loan in the amount of \$390,000 with the City providing seller financing to EAH, Inc. as the City conveyed an additional parcel of land to the developer. The term of the loan is the lesser of 55 years from the date of issuance of the final certificate of occupancy or 57 years from the date of the note. The loan bears simple interest at 3%. The amount of funds drawn down by EAH, Inc. on June 30, 2021, is \$5,161,341, which includes accrued interest of \$661,341.

(w) Loans to Successor Agency

Please see Note 10 (c).

(x) Other Loans

The City and Agency have issued loans for several other projects. Detailed information for these loans is included in the following table.

Project Name	Loan Balance
	Outstanding
SCH (Skeels Hotel)	\$ 228,050
Down payment Assistance	38,236
Down payment Assistance-Madrone	3,264,886
Employee computer loans	6,785
Economic Development loans	95,834
Vacant Land Sale	760,000
Subtotal	<u>\$ 4,393,791</u>

(z) Allowance for Doubtful Accounts

The City's Allowance for Doubtful Accounts is used to estimate the uncollectible. Most of the \$12.5 million balances in the City's Allowance for Doubtful Accounts are forgiven loans. These loans are forgiven once certain criteria are met by the borrowers.

7. LONG TERM DEBT

Summary of Changes in Long-Term Debt:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Governmental Activities					
Bond Payable (Direct Borrowing)					
2015 Lease Revenue Refunding Bonds	\$ 7,695,000	\$ -	\$ (375,000)	\$ 7,320,000	\$ 395,000
Premium	682,982	-	(42,686)	640,296	-
Capital Leases (Direct Placement)					
Fire Houses	1,776,443	-	(194,135)	1,582,308	201,523
Fire Apparatus	1,418,818	-	(148,653)	1,270,165	166,670
Loans Payable (Direct Placement)					
Energy Efficiency Loan	39,961	-	(11,696)	28,265	11,700
Energy Assistance Act Loan	204,126	-	(101,554)	102,572	102,572
Total Governmental Activities	11,817,330	-	(873,724)	10,943,606	877,465
Business Type Activities					
Bonds Payable (Direct Borrowing)					
2014 Water Revenue Bonds	16,945,000	-	(575,000)	16,370,000	1,045,000
2015 Sewer Revenue Bonds	10,295,000	-	(1,520,000)	8,775,000	1,600,000
Premium	1,240,917	-	(\$77,558)	1,163,359	-
2020 Sewer Revenue Bonds	-	17,685,000	-	17,685,000	-
Premium	-	2,558,000	(85,267)	2,472,733	-
Total Business-Type Activities	28,480,917	20,243,000	(2,257,825)	46,466,092	2,645,000
Total Long Term Debt	\$ 40,298,247	\$ -	\$ (3,131,549)	\$ 57,409,698	\$ 3,522,465

(a) Fire Houses Capital Lease-Direct Placement

On April 1, 2014, the City of Morgan Hill entered into a lease agreement for the purchase of two fire stations, known as the El Toro Fire Station and the Dunne Hill Fire Station from the Santa Clara County Central Fire Protection District. Principal and interest payments are due March 1 and September 1 of each year and mature on March 2, 2028 with an effective interest rate of 3.77%. The fire stations with a gross value of \$2,963,800 were recorded as Buildings and other improvements, a type of depreciable capital assets in the governmental activities.

(b) Fire Apparatus Capital Lease-Direct Placement

On September 7, 2012, the City of Morgan Hill entered into a lease agreement for the purchase of fire equipment. Annual principal and interest payments are due September of each year and mature on September 7, 2027 with an effective interest rate of 2.82%. The fire apparatus with a gross value of \$2,398,463 were recorded as Equipment, a type of depreciable capital assets in the governmental activities.

(c) Energy Efficiency Loan-Direct Placement

During fiscal 2014-15, the City entered into a loan agreement with the California Energy Commission in the amount of \$108,188 for LED streetlights projects throughout the City of Morgan Hill. The loan bears zero interest and payments are due in monthly installments of \$975 from September 2014 through September 2024.

7. LONG TERM DEBT (continued)

(d) Energy Assistance Act Loan -Direct Placement

During fiscal 2014-15, the City entered into a loan agreement with the California Energy Commission for \$695,626 at one percent (1%) interest rate, for various energy savings projects throughout the City of Morgan Hill. Semi-annual principal and interest payments are due December 22 and June 22 of each year, which commenced on December 22, 2015. Payments on this loan shall be made from savings in energy costs or other legally available funds as the City chooses; but shall not be raised by the levy of additional taxes and shall not be an obligation against tax revenues.

(e) 2015 Lease Revenue Refunding Bonds

On December 1, 2015, the Morgan Hill Financing Authority issued \$8,720,000 in Lease Revenue Refunding Bonds. The proceeds of the bonds were used to refund the 2004 Police Facility Lease Revenue Bonds and the 2006 Library Facility Lease Revenue Bonds. The refunding was completed to realize net present value savings related to the leases securing the prior bonds. Principal payments are due each November 1, commencing in November 2016. Interest is payable semiannually on May and November 1 each year. The bonds mature in 2035 and bear an annual interest percentage rate in the range from 3.0% to 5.0%

The City and the Authority have entered into a Site and Facility Lease, dated as of December 1, 2015, whereby the Authority has agreed to lease the Leased Property, which consists of the Police Facility, located on 16200 Vineyard Blvd., in the City. The bonds are secured by the pledge of future lease revenues from the aforementioned agreement.

The Refunding Bonds are general obligations of the Authority, payable from and secured by the pledge of all Installment and other Payments made by the City and received by the Authority pursuant to the Installment Purchase Agreement. The Installment Payments are special obligations of the City payable solely from Net Revenues and not secured by a pledge of the taxing power of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. There were no such events during the fiscal year ending June 30, 2021.

7. LONG TERM DEBT (continued)

Annual debt service requirements for governmental debt are shown below:

For the Year Ending June 30	Governmental Activities						Total		
	Bonds Payable		Capital Leases		Loans Payable				
	Direct Borrowing		Direct Placement		Direct Placement				
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Totals
2022	\$ 395,000	\$ 275,862	\$ 368,193	\$ 89,411	\$ 114,272	\$ 771	\$ 877,465	\$ 366,044	\$ 1,243,509
2023	415,000	255,613	380,562	77,042	11,700	-	807,262	332,655	1,139,917
2024	435,000	234,363	393,356	64,248	4,865	-	833,221	298,611	1,131,832
2025	455,000	212,113	406,589	51,015	-	-	861,589	263,128	1,124,717
2026	485,000	188,613	420,275	37,329	-	-	905,275	225,942	1,131,217
2027-2031	2,725,000	601,815	883,498	31,693	-	-	3,608,498	633,508	4,242,006
2032-2036	2,410,000	157,251	-	-	-	-	2,410,000	157,251	2,567,251
Sub-Total	7,320,000	1,925,630	2,852,473	350,738	130,837	771	10,303,310	2,277,139	12,580,449
Add unamortized premium	640,296	-	-	-	-	-	640,296	-	640,296
Totals	\$ 7,960,296	\$ 1,925,630	\$ 2,852,473	\$ 350,738	\$ 130,837	\$ 771	\$ 10,943,606	\$ 2,277,139	\$ 13,220,745

(f) 2014 Water Revenue Bonds

On May 1, 2014, the City issued \$21,975,000 in Water Revenue Bonds for capital improvement projects and to advance refund the outstanding principal amounts of the 2003 Water Facilities Loan, the 1999 Certificates of Participation, and the 2004 Water Revenue Bonds. The bond matures in 2034 and bears a 3.75 annual percentage rate. The bonds are secured by the pledge of Net Revenues from the Water Operations. Portions of the proceeds, \$2,485,010 for the 1999 COP, \$488,039 for the 2003 loan, and \$7,740,000 for the 2004 Water revenue bonds, were deposited in irrevocable trusts with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, these debts are considered defeased and the liability for those bonds has been removed from the statement of net position.

The Revenue Bonds are general obligations of the City, payable solely from Net Revenues and not secured by a pledge of the taxing power of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. There were no such events during the fiscal year ending June 30, 2021.

The pledge of future net revenue ends upon repayment of all remaining debt service on the Bonds which is scheduled to occur in fiscal 2034. For fiscal year 2021, Water Operations net revenue (excluding depreciation and amortization) amounted to \$8,032,906, which represented coverage of 6.65 over the \$1,208,642 in debt service.

7. LONG TERM DEBT (continued)

(g) 2015 Sewer Revenue Bonds

On June 1, 2015, the City issued \$15,690,000 in Sewer Revenue Bonds for capital improvement projects and to current refund the outstanding principal amounts of the 2002 South County Regional Wastewater Revenue Bonds, finance capital improvements to the City's wastewater collection system; and pay bonds issuance costs. The bonds are secured by the pledge of Net Revenues from the Sewer Operations Fund and the Sewer Impact Fund. Principal payment is due each October 1, commencing in October 2016.

Interest is payable semiannually on April and October 1 each year. The bond matures in 2034 and bears an annual interest percentage rate in the range from 3.25% to 5.0%.

The 2015 Sewer Revenue Bonds are general obligations of the City, payable solely from Net Revenues and not secured by a pledge of the taxing power of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. There were no such events during the fiscal year ending June 30, 2021.

(h) 2020 Sewer Revenue Bonds

On December 2, 2020, the Financing Authority issued \$17,685,000 in Sewer Revenue Bonds to finance capital improvements to the City's wastewater collection system. The bonds are secured by the pledge of Net Revenues from the Sewer Operations Fund and the Sewer Impact Fund. Principal payment is due each October 1, commencing in October 2023.

Interest is payable semiannually on April and October 1 each year. The bond matures in 2051 and bears an annual interest percentage rate in the range from 2.25% to 4.0%.

The 2020 Sewer Revenue Bonds are special obligations of the City, payable solely from Net Revenues and not secured by a pledge of the taxing power of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. There were no such events during the fiscal year ending June 30, 2021.

7. LONG TERM DEBT (continued)

The pledge of future net revenue ends upon repayment of all remaining debt service on the 2015 and 2020 Bonds which is scheduled to occur in fiscal 2051. For fiscal year 2021 Sewer Operations net revenue (excluding depreciation and amortization) amounted to \$9,589,781, which represented coverage of 4.53 over the \$2,114,920 in debt service.

Annual debt service requirements for business-type debt are shown below:

For the Year Ending June 30	Business-Type Activities		Totals
	Principal	Interest	
2022	\$ 2,645,000	\$ 1,556,813	\$ 4,201,813
2023	2,600,000	1,439,626	4,039,626
2024	1,585,000	1,350,151	2,935,151
2025	1,650,000	1,287,476	2,937,476
2026	1,710,000	1,222,163	2,932,163
2027-2031	9,645,000	5,032,826	14,677,826
2032-2036	7,510,000	3,184,689	10,694,689
2037-2041	4,245,000	2,156,485	6,401,485
2042-2046	5,185,000	1,216,284	6,401,284
2047-2051	6,055,000	346,780	6,401,780
Sub-Totals	42,830,000	18,793,293	61,623,293
Add unamortized premiums	3,636,092	-	3,636,092
	<u>\$ 46,466,092</u>	<u>\$ 18,793,293</u>	<u>\$ 65,259,385</u>

(i) Special Assessment Debt for which the City is Not Obligated in Any Manner

Certain special assessment districts are established in various parts of the City to provide improvements to properties located in those districts. Properties in the assessment districts listed below are assessed for the cost of improvements and these assessments are payable solely by property owners over the term of the debt issued to finance the improvements. The City is not legally obligated to pay these debts or to be the purchaser of last resort of foreclosed properties in these special assessment districts, nor is it obligated to advance the City's funds to repay this debt in the event of default. In fiscal year 2016, the City refinanced the two outstanding special assessment debt issues, and as of June 30, 2021, the total balance of these districts' outstanding debt was \$4,700,000 comprised of \$2,997,000 for Madrone Business Park 2015 A&B and \$1,703,000 Morgan Hill Ranch 2015.

8. PENSION PLANS***CalPERS Miscellaneous Agent Multiple-Employers Plan***

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plans, an agent multiple-employers defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and the City's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

8. PENSION PLANS (continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

PARS Trust – During FY 15-16 the City established an irrevocable trust with Public Agency Retirement Services (PARS) to set aside funds for pension liability. The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

On June 30, 2021 the balance in the PARS trust was \$1,546,111. Due to the interpretation of GASB 68 for the treatment of the secondary Trust other than CERBT when City has Pension with CalPERS, the PARS trust balance is incorporated as restricted cash with fiscal agent in General Fund, the contributing Fund.

The Plan's provisions and benefits in effect on June 30, 2021, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55; 2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Annual benefits, as a % of eligible compensation	2% to 2.5%	2%
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates	25.355%	25.355%

* The required employer contributions rate does not include the unfunded accrued liability (UAL) as percentage, which is 14.131% in FY20-21.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

8. PENSION PLANS (continued)

Net Pension Liability – The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. For governmental funds, the General Fund has been primarily used to liquidate pension liabilities. The net pension liability of each of the Plans is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability follows.

Changes in Net Pension Liability – The changes in Net Pension Liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 (Measurement Date)	<u>\$ 115,049,850</u>	<u>\$ 84,696,301</u>	<u>\$ 30,353,549</u>
Changes in the year:			
Service cost	2,951,576	-	2,951,576
Interest on the total pension liability	8,104,716	-	8,104,716
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Differences between actual and expected experience	(967,501)	-	(967,501)
Plan to plan resource movement	-	-	-
Contribution - employer	-	3,646,492	(3,646,492)
Contribution - employee	-	1,274,304	(1,274,304)
Net investment income	-	4,253,255	(4,253,255)
Benefit payments, including refunds of employee contributions	(4,410,945)	(4,410,945)	-
Administrative Expense	-	(119,401)	119,401
Net changes	<u>5,677,846</u>	<u>4,643,705</u>	<u>1,034,141</u>
Balance at June 30, 2020 (Measurement Date)	<u><u>\$ 120,727,696</u></u>	<u><u>\$ 89,340,006</u></u>	<u><u>\$ 31,387,690</u></u>

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	Discount Rate		
	1% Decrease 6.15%	Current 7.15%	1% Increase 8.15%
Miscellaneous Net Pension Liability	\$ 48,004,773	\$ 31,387,690	\$ 17,671,590

8. PENSION PLANS (continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2021, the City recognized pension expense of \$5,012,055 for the Miscellaneous plan and \$3,599,253 for the Safety plan, for total pension expense of \$8,611,308. On June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,729,194	\$ -	\$ 2,519,728	\$ -
Differences between actual and expected experience	911,820	(645,001)	1,641,084	-
Changes in assumptions	-	(69,979)	-	(70,494)
Net differences between projected and actual earnings on plan investments	731,709	-	459,961	-
Change in proportion	-	-	115,272	(18,758)
Differences between actual contributions and proportionate share of contributions	-	-	169,426	-
Total	<u>\$ 5,372,723</u>	<u>\$ (714,980)</u>	<u>\$ 4,905,471</u>	<u>\$ (89,252)</u>

A total of \$6,248,922 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Year Ended June 30	Safety Annual Amortization	Miscellaneous Annual Amortization
2022	\$ 628,380	\$ 75,183
2023	864,910	48,774
2024	572,734	443,602
2025	230,467	360,990
Total	<u>\$ 2,296,491</u>	<u>\$ 928,549</u>

Pension Contribution Rates – The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the City's contribution rates for the fiscal year ended June 30, 2021 increased over the fiscal year 2020 contribution rates.

8. PENSION PLANS (continued)

Actuarial assumptions and information regarding the discount rate are discussed below.

CalPERS Safety Cost-Sharing Plan

The City's Safety Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors two rate plans (two police) within the safety risk pool.

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City's Safety Employee Pension Plans, a cost-sharing multiple employers defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the City's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 57, depending on hire date, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect on June 30, 2021, are summarized as follows:

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	57
Annual benefits, as a % of eligible compensation	3%	2.70%
Required employee contribution rates	9.00%	13.000%
Required employer contribution rates*	23.674%	13.044%

* The required employer contributions rate does not include the unfunded accrued liability (UAL) as percentage, which is 32.866% for Classic and 2.190% for PEPRA in FY20-21.

Beginning in Fiscal year 2016, CalPERS collects employer contributions for the plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis, or the City can elect a lump sum payment option. The City's required contributions for the unfunded liability in Miscellaneous and Safety for the year ended June 30, 2021 was \$3,877,742 which was made under the lump sum payment option.

8. PENSION PLANS (continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, contributions to the Miscellaneous and Safety Plans were as follows:

	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Contributions - employer	\$ 3,312,893	\$ 416,301	\$ 2,271,648	\$ 248,080

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

– For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

On June 30, 2021, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Safety Plan as follows:

	Proportionate Share of Net Pension Liability
Safety	\$ 21,163,013

The City’s net pension liability is measured as the proportionate share of each Plan’s net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability as of June 30, 2020 and 2021 was as follows:

	Safety
Proportion - June 30, 2020	0.31549%
Proportion - June 30, 2021	0.31765%
Change-Increase (Decrease)	0.00216%

8. PENSION PLANS (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	Discount Rate		
	1% Decrease	Current	1% Increase
	6.15%	7.15%	8.15%
Safety Net Pension Liability	\$ 30,485,263	\$ 21,163,013	\$ 13,513,226

Actuarial assumptions and information regarding the discount rate are discussed below.

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liabilities were determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

	All Plans
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2) The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50%
Post Retirement Benefit Increase	thereafter

(1) Net of pension plan investment and administrative expenses, including inflation.

(2) The mortality table used was developed based on CalPERS'-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Employees Covered – On June 30, 2021, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	188	61
Inactive employees entitled to but not yet receiving benefits	203	25
Active employees	163	37
Total	554	123

8. PENSION PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating rounded the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class.

Asset class(a)	New	Real Return	Real Return
	Strategic Allocation	Years 1 - 10(b)	Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
Total	100%		

(a) In the CalPERS Comprehensive Annual Financial Report, Fixed Income is included
Liquidity is included in Short-term Investments; Inflation Assets are included
in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

8. PENSION PLANS (continued)

Reduction of CalPERS Discount Rate

In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the 21.3% net return will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall PERF is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

(a) Plan Description

The City administers an agent multiple-employer defined-benefit post-employment healthcare plan. Dependents are eligible to enroll, and benefits continue to the surviving spouses.

The City sets its monthly contribution rates for health insurance on behalf of active employees through negotiations with its employee associations and through discussions with its non-represented employees. Employees may designate additional amounts contributed by the City, up to a negotiated "Health Allowance" that varies by group (currently between \$610/month and \$778/month) to a cafeteria plan to be used for the purpose of paying PEMHCA premiums; the City then remits these additional amounts to CalPERS as employee contributions.

The City offers the same medical plans to its retirees as to its active employees, with the exception that once a retiree becomes eligible for Medicare (that is, reaches age 65), he or she must join a Medicare HMO or a Medicare Supplement plan under PEMHCA.

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Employees become eligible to retire and receive the City's paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by qualifying for disability retirement status. Benefits are paid for the lifetime of the retiree and, if applicable, the surviving spouse of the retiree. The City's contribution on behalf of all eligible retirees is determined under the "Unequal Contribution Method", under which the contribution for retirees is equal to the employer contribution for active employees, 5% multiplied by the number of years the City has participated in PEMHCA, to a maximum of 100% of the contribution for active employees after 20 years in PEMHCA. The City provides PEMHCA minimum for each subscriber under the unequal contribution method (\$143 in 2021), regardless of elected coverage tier.

The City also pays a .31% premium administrative fee for all active employees and retirees.

(b) Funding Policy

Generally accepted accounting principles do not require pre-funding of OPEB benefits. Therefore, the City's funding policy is to continue to pay healthcare premiums for retirees as they fall due. During FY 15-16, the City joined the Public Agencies Post- Retirement Health Care Plan, a multiple employer trust administered by Public Agency Retirement Services (PARS). The City established an irrevocable trust with PARS, managed by an appointed board not under the control of City Council. This trust is not considered a component unit by the City and has been excluded from these financial statements. Separately issued financial statements for PARS may be obtained from PARS at 4350 Von Karman Ave., Suite 200, Newport Beach, CA 92660. On June 30, 2021 the balance in the trust was \$3,441,666.

The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

(c) Employees covered by benefit terms

On June 30, 2019 (the census date), the benefit terms covered the following employees:

Active employees	225
Inactive employees, spouses, or beneficiaries	
currently receiving benefit payments	73
Inactive employees entitled to	
but not yet receiving benefit payments	0
Total	<u>298</u>

(d) Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. For governmental funds, the General Fund has been primarily used to liquidate OPEB liability.

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

(e) Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified:

Actuarial Assumption	Measurement Date
Measurement date	6/30/2020
Funding Method	Entry Age Normal cost, level percent of pay
Asset Valuation Method	Market value of assets
Investment rate of return	6.51% as of June 30, 2019 and 5.39% as of June 30, 2020
Discount Rates	6.51% as of June 30, 2019 and 5.39% as of June 30, 2020
Salary increases	3.50%. Additional merit-based increases based on CalPERS merit salary increase tables.
Inflation	2.50% per year
Healthcare cost trend rates	7% in the first year, trending down to 3.84% over 54 years.
Mortality rate	CalPERS rates

The discount rate used to measure the total OPEB liability was 5.39%. The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

(f) Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2020: (Measurement Date 6/30/19)	\$ 5,058,584	\$ 1,638,039	\$ 3,420,545
Changes Recognized for the Measurement Period:			
Service Cost	414,804	-	414,804
Interest	348,823	-	348,823
Expected investment income	-	-	-
Differences Between Expected and Actual Experience	(6,639)	-	(6,639)
Contributions:	-	-	-
Employer - City's contribution	-	885,682	(885,682)
Employer - Implicit subsidy	-	144,586	(144,586)
Net investment income	-	61,224	(61,224)
Benefit payments	(85,682)	(85,682)	-
Implicit rate subsidy fulfilled	(144,586)	(144,586)	-
Changes of assumptions	703,004	-	703,004
Administrative expenses*	-	-	-
Net Changes during Fiscal Year 2021	1,229,724	861,224	368,500
Balance at Fiscal Year Ending 6/30/2021: (Measurement Date 6/30/20)	\$ 6,288,308	\$ 2,499,263	\$ 3,789,045

*Administrative expenses are included in investment expenses.

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

(g) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.39%) or one percentage point higher (6.39%), as follows:

Net OPEB Liability/(Asset)		
Discount Rate -1% (4.39%)	Discount Rate (5.39%)	Discount Rate +1% (6.39%)
\$ 4,532,956	\$ 3,789,045	\$ 3,155,633

(h) Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates, as follows:

Net OPEB Liability/(Asset)		
1% Decrease (5.50%)	Healthcare Cost Trend Rates (6.50%)	1% Increase (7.50%)
\$ 2,922,978	\$ 3,789,045	\$ 4,856,116

(i) OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$614,638. On June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 656,585	\$ -
Differences between actual and expected experience	-	(765,135)
Net difference between projected and actual earnings on OPEB plan investments	9,137	-
Changes of assumptions	782,506	(277,192)
Total	<u>\$ 1,448,228</u>	<u>\$ (1,042,327)</u>

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

A total of \$656,585 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Annual Amortization
2022	\$ (48,491)
2023	(41,958)
2024	(39,254)
2025	(35,808)
2026	(43,662)
Thereafter	(41,511)
Total	<u>\$ (250,684)</u>

(j) OPEB Trust Fund**(i) Plan Administration**

The City is the OPEB plan administrator. The Public Agency Retirement Services (PARS) administers the trust for the City under an agent-multiple employers investment portfolio. The City contracts with CalPERS, an agent multiple-employer plan administered by CalPERS to provide integrated medical/prescription drug coverage under the Public Employees' Medical and Hospital Care Act (PEMHCA).

	Fiscal Year ended June 30, 2021
Plan Type	Agent Multiple Employer
OPEB Trust	Yes
Special Funding Situation	No
Nonemployer Contributing Entity	No

(ii) Contribution Information

The City's funding/contribution policy is to continue to pay healthcare premiums for retirees as they fall due. In addition, the City established this irrevocable trust with Public Agency Retirement Services (PARS) to set aside funds for OPEB liability. On June 30, 2021, the balance of the trust was \$3,441,666. The City reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

(iii) Investment Policy

PARS offers different investment portfolios as part of the investment vehicle. The City's policy regarding the allocation of the plan's invested assets is established and may be amended by the management of the City of Morgan Hill. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines. The investment objective the City has selected is the Moderate Objective, which has a dual goal to seek moderate growth of income and principal. The asset allocation ranges for this objective as of June 30, 2021, are listed below:

The following is the City adopted asset allocation policy as of June 30, 2021:

Asset Class Component:	Target Allocation
Equity	20-40%
Fixed Income	50-80%
Cash	0-20%
Assumed Long Term Rate of Inflation	2.50%
Discount Rate	5.39%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The investment manager (assisting the City) will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with the objectives.

(iv) Investment Concentration

As of June 30, 2021, the City's Trust did not have investments in any one organization exceeding 5% of the City's Trust investments.

PARS issues a financial report that includes financial statements and required supplementary information. That report may be obtained from PARS, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

10. SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY

- (a) Loans receivable of the Successor Agency as of June 30, 2021, consisted of the following:

<u>Project Name</u>	<u>Loan Balance Outstanding</u>	<u>Special Provisions of Loan</u>
Morgan Hill Grange	\$ 2,223,011	Loan will be forgiven at maturity unless property is transferred
Specialized Loan	420,000	After 10 years - interest free
Johnson Lumber	105,617	Development Agreement-interest free
Associated Concrete	416,276	If loan conditions are met, loan will be treated as a reimbursement grant
Allowance for Doubtful Accounts	(543,014)	
Total:	<u>\$ 2,621,890</u>	

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Morgan Hill Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance). The Agency received a Finding of Completion and Finance approved the Agency's use or disposition of all the properties listed on the LRPMP.

- (b) **The Successor Agency's changes in long term debt:**

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
2013A Refunding Revenue Bonds	\$ 67,685,000	\$ -	\$ (67,685,000)	\$ -	\$ -
Premium	5,206,036	-	(5,206,036)	-	-
2020 Refunding Revenue Bond	-	67,290,000	-	67,290,000	-
Total	<u>\$ 72,891,036</u>	<u>\$ 67,290,000</u>	<u>\$ (72,891,036)</u>	<u>\$ 67,290,000</u>	<u>\$ -</u>

On February 21, 2008, the former Redevelopment Agency issued \$96,200,000 in Variable Rate Tax Allocation Bonds (Ojo de Agua Redevelopment Project Area) Series 2008A Tax Exempt Bonds and \$13,800,000 in Variable Rate Tax Allocation Bonds (Ojo de Agua Redevelopment Project Area) Series 2008B Taxable Bonds.

The proceeds from the sale of the Bonds were used to: 1) finance redevelopment projects benefiting the Ojo de Agua Redevelopment Project Area; 2) fund a debt service reserve account; and 3) pay costs of issuance of the Bonds.

On November 19, 2013, the Successor Agency issued \$74,310,000 Series 2013A and \$14,365,000 Series 2013B Refunding Revenue Bonds. The bonds were issued to refund and defease the previously issued former Redevelopment Agency Series 2008A Tax Exempt Bonds and the Series 2008B Taxable Bonds. The Series 2013B Bonds were fully repaid as of fiscal year 2019.

10. SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY (continued)

On October 1, 2020, the Successor Agency issued \$67,290,000 of 2020 Tax Allocation Refunding Bonds. The bonds were issued to refund and defease the previously issued Successor Agency Series 2013A Tax Exempt Bonds. Interest on the bonds is payable semi-annually on each September 1 and March 1, commencing on March 1, 2021 bearing interest that ranges from .585% to 2.114%. Principal is payable annually on each September 1 until 2034. The refunding resulted in an overall debt service savings of \$6,537,756. The net present value of the debt service savings is called an economic gain and amounted to \$6,447,548. The balance of the defeased 2013A bonds at June 30, 2021 was \$64,075,000. Future debt service requirements for the 2020 Bonds as follows:

For Year Ending June 30	Principal	Interest	Totals
2022	\$ -	\$ 959,692	\$ 959,692
2023	5,280,000	944,248	6,224,248
2024	5,310,000	910,192	6,220,192
2025	5,350,000	869,886	6,219,886
2026	5,390,000	822,293	6,212,293
2027-2031	27,985,000	3,002,711	30,987,711
2032-2034	17,975,000	561,563	18,536,563
Totals	<u>\$ 67,290,000</u>	<u>\$ 8,070,585</u>	<u>\$ 75,360,585</u>

11. COMMITMENTS/CONTINGENCIES**(a) Grant Programs**

The City participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City's compliance with applicable program requirements will be determined at a future date. The amount of any expenditure which may be disallowed by the grantor agencies cannot be determined at this time. However, the City expects such amounts to be immaterial and, to the best of staff's knowledge, has met all requirements of the various programs in the past.

Santa Clara Valley Transportation Authority, administrator of the Santa Clara County Vehicle Registration Fee (VRF) local road improvement and repair program, requires recipients to disclose VRF balance in their audit financial statements. Below is the reconciliation of VRF balances for the City of Morgan Hill.

20-21 Starting VRF Balance as of July 1, 2020:	\$ -
20-21 VRF Revenue:	298,077
20-21 VRF Interest:	-
20-21 VRF Expended:	298,077
20-21 Ending VRF Balance as of June 30, 2021:	<u>\$ -</u>

11. COMMITMENTS/CONTINGENCIES (continued)**(b) GANN Spending Limitation Initiative**

Under Article XIII B of the California Constitution, the City is restricted as to the amount of annual appropriations from proceeds of taxes. If the proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following fiscal year.

For the fiscal year ended June 30, 2021, based on calculations by the City's management, proceeds of taxes did not exceed the appropriations limit.

(c) Construction and Other Significant Commitments

Listed below are the projects for uncompleted contracts over \$200,000 outstanding as of June 30, 2021 for all funds.

<u>Project Name</u>	<u>Total Amount</u>
Implementation Cityworks work order system	\$ 205,265
Sidewalk Repairs	214,600
Centennial Recreation Center Expansion	312,630
New Trunk Line	723,892
Water Facility Rehabilitation	208,663
Inclusive Playground	1,816,350
Sewer System Repair and Replacements	1,020,184
Hale Avenue Extension	14,203,393
Butterfield Blvd. Connector Path Project	741,951
Sewer System Repair and Replacements	2,323,348
West Little Llagas Creek Trail	710,000
RDCS School Safety Improvements	836,732

Listed below are the total outstanding encumbrances by each major fund and nonmajor funds in the aggregate as of June 30, 2021.

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 48,914
Development Services	5,195
Nonmajor Funds	20,386,513

11. COMMITMENTS/CONTINGENCIES (continued)**(d) Contracting Out of Fire and Emergency Medical Services**

The City of Morgan Hill entered into a reimbursement agreement with the California Department of Forestry and Fire Protection (CALFIRE) effective September 1, 2012 for fire and life safety services. The City purchased the two fire houses located within Morgan Hill and also purchased three fire trucks and other emergency personnel vehicles. CALFIRE provides personnel services with the City reimbursing the State for those labor costs. All other costs associated are the responsibility of the City including equipment, supplies, and maintenance. The agreement for services between the City of Morgan Hill and the State of California expires June 30, 2023 and has a maximum amount of \$37,381,274. During fiscal year 2021, payments to CALFIRE related to this contract totaled \$4,782,431.

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, errors and omissions, general liability, injuries to employees and unemployment claims. The City currently reports all of its risk management activities in Internal Service Funds. Claims expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated using actuarial methods or other estimating techniques. These losses include an estimate of claims that have been incurred but not reported.

The City's basic financial statements also reflect as expenses the premiums assessed for insurance coverage, which are based on periodic actuarial studies by the firms providing coverage to the City.

The City is self-insured for workers' compensation up to a maximum of \$250,000 per occurrence. The City is a member of Local Agency Workers' Compensation Excess (LAWCX), a self-funded workers' compensation insurance pooled with 34 members, which cover the layer above the City's limit of \$250,000. The City, through LAWCX, purchased insurance covers the excess up to \$5,000,000 per occurrence. The City is also fully self-insured for unemployment insurance.

Prior to January 2018 the City participated in ABAG Plan Corporation, a non-profit public benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. On January 16, 2018, ABAG Plan Corporation transitioned to Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a self-funded pooled insurance program established by a joint powers authority in which the City is one of 28 members. For the fiscal year ended June 30, 2021, PLAN JPA provided general liability insurance up to \$30,000,000 per occurrence through a combination of \$5,000,000 pool coverage and \$25,000,000 of excess insurance, subject to a \$100,000 self-insured retention.

12. RISK MANAGEMENT (continued)

The rights and responsibilities of the member agencies are governed by the bylaws of the PLAN JPA, the risk coverage agreement, and a related memorandum of coverage. Each member chooses its self-insured liability retention at a level between \$25,000 and \$250,000. Each member has a vote in approving the pool's self-insured retention level, in setting the coverage limit, in establishing the level of pool reserves, approving the premium allocation methodology for setting premiums for each member, and in approving the methodology for returning disburseable equity to members. PLAN JPA is responsible for administering the insurance program. PLAN JPA provides claims administration and risk management services to the members.

PLAN JPA also provides property & auto insurance for the City, including a \$5,000 deductible for all property and auto. Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the City's insurance coverage during the fiscal year ended June 30, 2021.

Complete financial statements for PLAN JPA may be obtained at the following address:

PLAN Joint Powers Authority
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

Changes in the reported liabilities are as follows:

	Workers' Compensation	General Liability	Total
Liability as of 06/30/18	\$ 1,019,000	\$ 247,799	\$ 1,266,799
Claims and changes in estimates during the fiscal year ended 06/30/19	131,982	129,538	261,520
Claims payments during the fiscal year ended 06/30/19	(19,982)	(109,968)	(129,950)
Liability as of 06/30/19	1,131,000	267,369	1,398,369
Claims and changes in estimates during the fiscal year ended 06/30/20	315,695	262,276	577,971
Claims payments during the fiscal year ended 06/30/20	(362,695)	(61,972)	(424,667)
Liability as of 06/30/20	1,084,000	467,673	1,551,673
Claims and changes in estimates during the fiscal year ended 06/30/21	424,704	630,215	1,054,919
Claims payments during the fiscal year ended 06/30/21	(214,704)	(349,381)	(564,085)
Liability as of 06/30/21	\$ 1,294,000	\$ 748,507	\$ 2,042,507

12. RISK MANAGEMENT (continued)

In addition, with respect to the general liability accrual, the City has several other unsettled lawsuits filed or claims asserted against it as of June 30, 2021. The City has reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City.

As a result of such a review, the City has categorized such claims and lawsuits as “remote” loss contingencies, as defined in FASB Statement No. 5. The final outcome of claims and lawsuits which have been categorized as remote loss contingencies is not presently determinable and any associated potential loss cannot be estimated. Accordingly, no provision has been made in the accompanying basic financial statements relative to the potential outcome of such claims and lawsuits. The ultimate resolution of such claims and lawsuits is not expected to have a material effect on the accompanying basic financial statements.

The balances in the City's General Liability, Workers' Compensation and Unemployment Insurance Internal Service Funds include a reasonable reserve for anticipated future catastrophic losses.

13. TAX ABATEMENTS

The City offers an auto dealership incentive program to the entities that propose to establish or expand businesses within the City. This incentive program is expected to provide a stimulus to the City's economy, increase the tax base and create jobs. Each of the agreements entered into by the City, provides for a rebate of taxes paid to the City according to formulas contained in the agreements. These limited terms agreements provide for a sharing of the taxes above certain amounts with a maximum rebate not to exceed the excess amount over the determined baseline to help businesses recover the cost of establishing or expanding businesses. The City generally expects to receive increased revenue as a result of these agreements. These incentive agreements require approval by City Council.

For financial reporting purposes, the GASB Statement No. 77 defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. According to the GASB 77, the substance of these agreements meets the definition of “tax abatements” as the revenues received were not available for general municipal services purposes, but rather used to effectively reduce the net tax liability of certain taxpayers per the conditions of an agreement.

The taxes paid to the City are included in the revenue reported in these financial statements. The payments made to the businesses based upon the taxes paid are also included as expenditures in these financial statements. For the fiscal year ended June 30, 2021, under this program the City has abatements of sales tax totaling \$75,000.

Pursuant to the Sales and Use Tax law (chapter 8 – Article 1 – section 7056), in order to protect the confidential information of sales taxes collected and abatements provided to each of the specific agencies, the City has presented the aggregate amount abated during the current fiscal year.

14. RESTATEMENTS, CLOSURE AND COMBINATION OF FUNDS

(a) Restatement of Beginning Fund Balances and Net Position

The City received \$573,574 in CARES Act fund for the fiscal year 2021, but the revenue was recognized in fiscal year 2020. As a result, the beginning fund balances of the General Fund was restated and reduced by \$573,574. The statement of net positions of the Governmental Activities was restated and reduced by the same amount.

(b) Closure of Agency Funds and OPEB Trust Fund

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 84 – Fiduciary Activities during the year ended June 30, 2021, as a result, the activities of the former agency funds are now reported as custodial funds. The City also determined that the activities of the PARS trust should no longer be reported in the OPEB Trust Fund, since the City does not have control of the assets of the PARS OPEB Plan as a whole. Therefore, the OPEB Trust Fund is no longer reported in the financial statements as of July 1, 2020.

(c) Combinations of some funds

During the fiscal year 2021, the City combined the Housing Development Fund, a nonmajor special revenue fund separately reported in prior years, into the Housing Fund, a major special revenue fund.

The City also combined the Environmental Remediation Fund, a nonmajor special revenue fund separately reported in prior years, into the Environmental Programs Fund, a nonmajor special revenue fund.

Required Supplementary Information



City of Morgan Hill
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Property taxes and special assessments	\$ 13,640,000	\$ 15,463,175	\$ 16,041,590	\$ 578,415
Sales taxes	8,370,868	10,370,868	10,962,612	591,744
Franchise, hotel and other taxes	4,606,000	4,106,000	4,417,893	311,893
Licenses and permits	185,444	185,444	141,280	(44,164)
Funding from other govt agencies	555,335	736,382	6,815,131	6,078,749
Charges for current services	8,148,829	5,748,829	5,571,693	(177,136)
Investment income and rentals	1,332,396	932,396	(89,494)	(1,021,890)
Other revenues	309,724	309,724	463,875	154,151
Total revenues	37,148,596	37,852,818	44,324,580	6,471,762
Expenditures:				
General government				
Council	239,027	346,235	266,026	80,209
City Attorney	709,730	709,730	678,083	31,647
City Manager	497,499	497,499	489,296	8,203
Human Resources	668,922	668,922	636,878	32,044
City Clerk	795,883	795,883	822,875	(26,992)
Finance	1,454,442	1,582,294	1,469,070	113,224
Total General Government	4,365,503	4,600,563	4,362,228	238,335
Public Safety				
Police	19,248,611	19,319,208	18,539,265	779,943
Fire	7,034,040	7,134,040	5,777,456	1,356,584
Total Public Safety	26,282,651	26,453,248	24,316,721	2,136,527
Development services				
Congestion Management	496,381	496,381	503,383	(7,002)
Total Community Development	496,381	496,381	503,383	(7,002)
Streets and Highways				
Street Maintenance	2,292,432	2,300,053	2,169,392	130,661
Total Streets and Highways	2,292,432	2,300,053	2,169,392	130,661
Culture and recreation				
Recreation	7,521,480	6,021,480	5,221,939	799,541
Cable TV/Comm.& Marketing	23,156	23,156	22,578	578
Downtown maintenance	266,277	271,270	227,978	43,292
Total Culture and recreation	7,810,913	6,315,906	5,472,495	843,411
Other Public Services				
Solid Waste Management	314,680	368,807	225,224	143,583
Total Other Public Services	314,680	368,807	225,224	143,583
Capital outlay				
Construction projects	28,500	170,698	103,803	66,895
Debt service				
Principal	108,175	108,175	101,554	6,621
Interest and fiscal charges	3,009	3,009	103,160	(100,151)
Total Expenditures	41,702,244	40,816,840	37,357,960	3,458,880
Excess (deficiency) of revenues over (under) expenditures	(4,553,648)	(2,964,022)	6,966,620	9,930,642
Other Financing sources (uses):				
Transfers in	2,483,580	2,537,707	2,492,679	(45,028)
Transfers (out)	(2,061,004)	(3,335,004)	(2,172,524)	1,162,480
Total other financing sources (uses)	422,576	(797,297)	320,155	1,117,452
Net change in fund balance	\$ (4,131,072)	\$ (3,761,319)	7,286,775	\$ 11,048,094
Fund Balance-Beginning			23,721,572	
Fund Balance-Ending			\$ 31,008,347	

City of Morgan Hill
Development Services Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Charges for services	\$ 3,739,400	\$ 3,739,400	\$ 4,518,169	\$ 778,769
Investment income	17,015	17,015	4,769	(12,246)
Total Revenues	3,756,415	3,756,415	4,522,938	766,523
Expenditures:				
Current:				
Development services	4,683,173	4,921,688	4,948,900	(27,212)
Total Expenditures	4,683,173	4,921,688	4,948,900	(27,212)
Excess (deficiency) of revenues over (under) expenditures	(926,758)	(1,165,273)	(425,962)	739,311
Other Financing Sources (Uses):				
Transfers (out)	(64,565)	(64,565)	(34,548)	30,017
Total other financing sources (uses)	(64,565)	(64,565)	(34,548)	30,017
Net change in fund balance	\$ (991,323)	\$ (1,229,838)	(460,510)	\$ 769,328
Fund Balance-Beginning			(23,209)	
Fund Balance-Ending			\$ (483,719)	

City of Morgan Hill
Housing Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<u>Revenues:</u>				
Charges for services	\$ 2,293,267	\$ 2,293,267	\$ 2,996,986	\$ 703,719
Investment income	172,347	172,347	280,492	108,145
Total Revenues	2,465,614	2,465,614	3,277,478	811,864
<u>Expenditures:</u>				
Current:				
Housing services	967,320	992,320	1,012,035	(19,715)
Community Development	2,419,346	2,480,231	766,708	1,713,523
Total Expenditures	3,386,666	3,472,551	1,778,743	1,693,808
<u>Other Financing Sources Uses):</u>				
Transfers (Out)	(14,337)	(14,337)	(11,340)	2,997
Total other financing sources and uses	(14,337)	(14,337)	(11,340)	2,997
Net change in fund balance	<u>\$ (935,389)</u>	<u>\$ (1,021,274)</u>	1,487,395	<u>\$ (878,947)</u>
Fund Balance-Beginning			69,484,845	
Fund Balance-Ending			\$ 70,972,240	

City of Morgan Hill Miscellaneous Plan, an Agent Multiple-Employer Defined Pension Plan
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Period:	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Total Pension Liability							
Service Cost	\$ 2,070,308	\$ 2,160,542	\$ 2,258,111	\$ 2,569,067	\$ 2,841,364	\$ 2,892,885	\$ 2,951,576
Interest	5,561,850	5,903,293	6,326,739	6,655,208	7,136,369	7,717,398	8,104,716
Differences between expected and actual experience	-	(556,276)	302,964	(1,017,186)	1,625,260	2,037,515	(967,501)
Changes in assumptions	-	(1,526,156)	-	5,785,611	(769,774)	-	-
Changes in benefits	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(2,431,338)	(2,739,905)	(3,020,203)	(3,242,574)	(3,730,215)	(4,099,244)	(4,410,945)
Net change in total pension liability	5,200,820	3,241,498	5,867,611	10,750,126	7,103,004	8,548,554	5,677,846
Total pension liability - beginning	74,338,507	79,539,327	82,780,825	88,648,436	99,398,292	106,501,296	115,049,850
Total pension liability - ending (a)	\$ 79,539,327	\$ 82,780,825	\$ 88,648,436	\$ 99,398,562	\$ 106,501,296	\$ 115,049,850	\$ 120,727,696
Plan fiduciary net position							
Contributions - employer	\$ 1,708,041	\$ 2,301,680	\$ 2,590,587	\$ 2,518,266	\$ 2,950,037	\$ 3,275,042	\$ 3,646,492
Contributions - employee	1,128,472	1,001,923	1,071,857	1,197,450	1,211,918	1,207,537	1,274,304
Net investment income	9,159,676	1,400,430	317,085	7,449,380	6,195,398	5,243,810	4,253,255
Administrative Expense	-	-	-	(95,969)	(113,485)	(56,466)	(119,401)
Other Miscellaneous Income	-	-	-	-	(215,693)	183	-
Benefit payments, including refunds of employee contributions	(2,431,338)	(2,874,687)	(3,020,203)	(3,242,574)	(3,730,215)	(4,099,244)	(4,410,945)
Net change in plan fiduciary net position	9,564,851	1,829,346	959,326	7,826,553	6,297,960	5,570,862	4,643,705
Plan fiduciary net position - beginning	52,686,457	62,251,308	64,080,654	65,000,926	72,827,479	79,125,439	84,696,301
Plan fiduciary net position - ending (b)	\$ 62,251,308	\$ 64,080,654	\$ 65,039,980	\$ 72,827,479	\$ 79,125,439	\$ 84,696,301	\$ 89,340,006
Net pension liability - ending (a)-(b)	\$ 17,288,019	\$ 18,700,171	\$ 23,608,456	\$ 26,571,083	\$ 27,375,857	\$ 30,353,549	\$ 31,387,690
Plan fiduciary net position as a percentage of the total pension liability	78.26%	77.41%	73.37%	73.27%	74.30%	73.62%	74.00%
Covered payroll	\$ 11,640,097	\$ 13,206,077	\$ 13,545,383	\$ 14,943,991	\$ 15,095,617	\$ 14,796,541	\$ 15,580,036
Net pension liability as percentage of covered-employee payroll	148.52%	141.60%	174.29%	177.80%	181.35%	205.14%	201.46%

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017 the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, 2018, 2019 and 2020 there were no changes. amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.)

* Fiscal year 2015 was the 1st year of implementation of GASB 68.

City of Morgan Hill Miscellaneous Plan, an Agent Multiple-Employer Defined Pension Plan
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS¹

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Actuarially determined contributions	\$ 2,191,276	\$ 2,590,586	\$ 2,557,965	\$ 2,950,036	\$ 3,270,125	\$ 3,642,162	\$ 3,729,194
Contributions in relation to the actuarially determined contributions	<u>2,191,276</u>	<u>2,590,586</u>	<u>2,557,965</u>	<u>2,950,036</u>	<u>3,270,125</u>	<u>3,642,162</u>	<u>3,729,194</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,206,077	\$ 13,545,383	\$ 14,943,991	\$ 15,095,617	\$ 14,796,541	\$ 15,580,036	\$ 15,519,529
Contributions as a percentage of covered payroll	17%	19%	17%	20%	22%	23%	24%
Notes to Schedule							
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Methods and assumptions used to determine contribution rates:							
Actuarial cost method	Entry Age Normal						
Amortization method	Level percentage of payroll						
Asset valuation method	Market Value of Assets						
Inflation	2.75% for 2015 to 2019, and 2.625% for 2020, and 2.50% for 2021						
Salary increases	Varies by Entry Age and Service						
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020, and 7.00% for 2021, net of pension plan investment expense, including inflation						
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.						
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries for 2015 to 2018. For 2019, 2020 and 2021, pre-retirement and post retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.						

¹Fiscal year 2015 was the 1st year of implementation of GASB 68

City of Morgan Hill Safety Plan, a Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE

Measurement Period:	6/30/2014¹	6/30/2015¹	6/30/2016¹	6/30/2017¹	6/30/2018¹	6/30/2019¹	6/30/2020¹
Plan's proportion of the Net Pension Liability (Asset)	0.20078%	0.33056%	0.31681%	0.30948%	0.31556%	0.31549%	0.31765%
Plan's proportion share of the Net Pension Liability (Asset)	\$ 12,493,165	\$ 13,620,561	\$ 16,408,464	\$ 18,492,131	\$ 18,515,708	\$ 19,694,738	\$ 21,163,013
Plan's Covered Payroll ²	\$ 4,913,429	\$ 4,622,181	\$ 4,622,181	\$ 4,622,181	\$ 5,642,678	\$ 5,676,163	\$ 5,676,163
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	254.27%	294.68%	354.99%	400.07%	328.14%	346.97%	372.84%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%

¹Historical information is required only for measurement periods for which GASB 68 is applicable.

²Covered Payroll represented above is based on pensionable earnings provided by the employer

City of Morgan Hill Safety Plan, a Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year:	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Actuarially determined contribution	\$ 1,580,437	\$ 1,778,790	\$ 1,902,125	\$ 2,110,520	\$ 2,232,536	\$ 2,480,901	\$ 2,519,728
Contributions in relation to the actuarially determined contribution	<u>1,580,437</u>	<u>1,778,790</u>	<u>1,902,125</u>	<u>2,110,520</u>	<u>2,232,536</u>	<u>2,480,901</u>	<u>2,519,728</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,622,181	\$ 4,622,181	\$ 4,789,104	\$ 5,685,714	\$ 5,642,678	\$ 5,676,163	\$ 5,797,380
Contributions as a percentage of covered payroll	32.17%	38.48%	39.72%	37.12%	39.57%	43.71%	43.46%
Notes to Schedule							
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Methods and assumptions used to determine contribution rates:							
Actuarial cost method	Entry age Normal						
Amortization method	Level percentage of payroll						
Asset valuation method	5-year smoothed market						
Inflation	2.75% for 2015 to 2019, and 2.875% for 2020						
Salary increases	Varies by Entry Age and Service						
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020, net of pension plan investment expense, including inflation						
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.						
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.						

* - Fiscal year 2015 was the 1st year of implementation of GASB 68

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
An Agent Multiple-employer OPEB Plan
Last 10 fiscal years*

Measurement Date	6/30/17	6/30/18	6/30/19	6/30/20
Total OPEB Liability (1)				
Service Cost	\$ 311,361	\$ 323,815	\$ 360,390	\$ 414,804
Interest	326,450	355,177	383,982	348,823
Differences between expected and actual experience	-	-	(979,314)	(6,639)
Benefit payments	(58,737)	(71,474)	(75,760)	(85,682)
Implicit rate subsidy fulfilled	(162,747)	(173,326)	(188,792)	(144,586)
Changes of assumptions	-	243,401	(357,538)	703,004
Net change in total OPEB liability	416,327	677,593	(857,032)	1,229,724
Total OPEB liability - beginning	4,821,696	5,238,023	5,915,616	5,058,584
Total OPEB liability - ending (a)	<u>\$ 5,238,023</u>	<u>\$ 5,915,616</u>	<u>\$ 5,058,584</u>	<u>\$ 6,288,308</u>
OPEB fiduciary net position				
Net investment income	\$ 70,468	\$ 65,740	\$ 99,458	\$ 61,224
Contributions:				
Employer - City's contribution	358,737	371,474	475,760	885,682
Employer - Implicit subsidy	162,747	173,326	188,792	144,586
Administrative expense	-	-	-	-
Implicit rate subsidy fulfilled	(162,747)	(173,326)	(188,792)	(144,586)
Benefit payments	(58,737)	(71,474)	(75,760)	(85,682)
Net change in plan fiduciary net position	370,468	365,740	499,458	861,224
Plan fiduciary net position - beginning	402,373	772,841	1,138,581	1,638,039
Plan fiduciary net position - ending (b)	<u>\$ 772,841</u>	<u>\$ 1,138,581</u>	<u>\$ 1,638,039</u>	<u>\$ 2,499,263</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 4,465,182</u>	<u>\$ 4,777,035</u>	<u>\$ 3,420,545</u>	<u>\$ 3,789,045</u>
Plan fiduciary net position as a percentage of the total OPEB liability	14.75%	19.25%	32.38%	39.74%
Covered-employee payroll	\$ 19,380,617	\$ 20,058,939	\$ 20,247,450	\$ 21,498,231
Total OPEB liability as a percentage of covered-employee payroll	23.04%	23.81%	16.89%	17.62%

* Fiscal year 2018 was the first year of implementation of GASB 75
Administrative expenses are included in investment expenses.

SCHEDULE OF CONTRIBUTIONS
An Agent Multiple-employer OPEB Plan
Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020	2021
Actuarially Determined Contribution (ADC)	\$ 623,755	\$ 652,198	\$ 732,059	\$ 721,678
Less: Contributions in Relation to the ADC	<u>(521,484)</u>	<u>(544,800)</u>	<u>(1,038,044)</u>	<u>(656,585)</u>
Contribution deficiency (excess)	<u>\$ 102,271</u>	<u>\$ 107,398</u>	<u>\$ (305,985)</u>	<u>\$ 65,093</u>
Covered-employee payroll	\$ 19,380,617	\$ 20,058,939	\$ 20,247,450	\$ 21,498,231
Contributions as a percentage of Covered-employee payroll	2.69%	2.72%	5.13%	3.05%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

Assumptions and Methods

Actuarial Cost Method	Entry Age Normal cost, level percent of pay
Amortization Method	Closed period, level percent of pay
Amortization Period	20 years
Inflation	2.50%
Assumed Payroll Growth	3.50%
Healthcare Trend Rates	7.00%, trending down to 3.84%
Rate of Return on Assets	5.39%
Mortality & Retirement Rates	CalPERS Rates

1. BUDGETS AND BUDGETARY ACCOUNTING

The City adopts a biennial operating budget on or before June 30 of the fiscal year. The operating budget takes the form of a two-year financial plan which is adopted in its entirety by the City Council by resolution. Because Morgan Hill is a general law city, it is not subject to a budgetary process prescribed by statute or charter. The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The City Manager's budget control remains at the level of department and/or project within in any one fund. Expenditures cannot exceed the appropriated budget at the project or fund level without City Council approval. The City Manager is authorized to amend appropriations within the various departments within a fund, provided that the amount of the amended appropriation does not exceed the appropriation within the fund. Budgeted amounts are as originally adopted, or as amended by the City Council.

2. ADJUSTMENTS TO GAAP BASIS FROM BUDGETARY BASIS

City budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase, and capital project expenditures are budgeted on a project length basis rather than a fiscal year. The effects of these differences are shown as encumbrance adjustments, expenditures capitalized for GAAP purposes and capital outlay in the budget and actual statements.

Combining and Individual Fund Financial Statements



Non Major Funds



SPECIAL REVENUE FUND

Special Revenue Funds account for the proceeds of special revenue sources, other than special assessments, and major capital projects, that are legally restricted to expenditures for specified purposes.

Street Maintenance - This fund receives monies from state gas taxes based on population, and the funds may be expended only for street and road repair, maintenance, design, construction, and traffic signal design and installation. Proposition 111 monies from state gas taxes are received for the Congestion Management Program.

Supplemental Law Enforcement Services - This fund accounts for the receipt of one-time General Fund revenues, AB3229 and grant monies to be used to fund additional police officers and one-time capital expenditures.

General Plan Update - This fund accounts for revenues and expenditures associated with City's general plan update.

Community Development Block Grants - This fund receives revenues from Santa Clara County on a reimbursement basis, as a part of the federal government's program for low and moderate housing. Expenditures are restricted as to types of activities and nature of expense, and must benefit low- and moderate-income individuals seeking housing.

Asset Seizure - This fund accumulates revenue from the seizure of assets obtained by the police department from drug enforcement activities. Expenditures may be made from these funds only for police related activities in accordance with guidelines established by the state and federal governments.

Landscape and Lighting Districts - This fund derives its revenues from an assessment based on expenditures by the City for maintenance services to park areas within small developments. These services benefit the properties against which assessments are levied by ensuring proper upkeep.

Community Facilities District - The District was formed in 2014 to fund the costs of the maintenance and monitoring required by the San Francisco Bay Regional Water Quality Control Board for the realignment of Fisher Creek.

Environmental Programs - Sources of funding are limited to 6% of the franchise fee and revenues from the countywide AB939 fee, which are used to fund expenditures related to solid waste management.

Mobile Home Park Rent Stabilization - This fund was created to monitor the fees charged to the mobile home park owners and tenants, as regulated by the Rent Stabilization Ordinance, and to ensure that they cover the City's cost for arbitration and litigation.

Special Revenue Funds (Continued)

Employee Assistance - This fund was created to support various employee financial assistance programs. The first program, the employee computer loans, makes technology use affordable for all employees and improves skills in the workplace by encouraging use at home. Fund will be used on a revolving basis, and any future loans will be made from the repayment of previous loans.

Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary and Special Revenue funds.

Park Impact Fund - This fund receives revenues from developers of properties and the fund may only be used for the design, development, maintenance, and construction of new parks or expansion of existing parks within the City.

Park Maintenance - This fund receives revenues from developers of properties and the funds may be used for the maintenance of the City's parks and for purchase of land for open space.

Drainage Impact - This fund receives revenues from developers of properties and the funds may only be used for the design and construction of new storm drains.

Open Space - This fund receives revenues from developers of properties and the funds may be used for the purchase of land for open space.

Street CIP - This fund accounts for the cost of capital improvements to the City's streets, roads and bridges.

Traffic Impact - This fund receives revenues from developers when their projects have an adverse impact on traffic flows, etc. The funds collected may be expended on new streets, traffic signals and improvements of existing streets where they are impacted by new development.

Public Facilities - This fund has no established source of revenue. Funds are transferred into this fund from the General Fund or other funds as they become available for capital projects which may not be funded by the other capital funds. Typical projects are sidewalk repair and replacement.

Capital Projects Funds (continued)

Library Impact Fund - This fund revenues are derived from a fee charged to developers to cover the costs to construct library improvements required as a result of new development. Expenditures may only be made for the future construction of the required new library facilities or to reimburse the City for funds advanced to construct such facilities. Fund is subject to the restrictions of AB1600.

Undergrounding - This fund received revenues from developers for the undergrounding of utilities in areas of new development. Expenditures may be made only for the costs of design and construction associated with undergrounding.

School/Pedestrian Traffic Safety - This fund accounts for the revenues and expenditures relating to the collection and use of development fees for this purpose.

Community/Recreation Center Impact - This fund was created to collect revenues derived from a fee charged to developers to cover the costs to construct new community centers in the City.

Public Safety Facilities Impact - This fund was created as a result of combination of Police and Fire Impact Funds. This fund collects revenues from developers to cover the costs required for police and fire capital expansion projects to assist in providing services to new developments.

Debt Service Funds

Debt Service Funds account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Civic Center (Library) - On October 1, 2006, the Morgan Hill Financing Authority issued \$5,675,000 in Lease Revenue Bonds, which were refunded with the 2015 Lease Revenue Bonds. The proceeds of the Bonds were used to 1) assist the City of Morgan Hill in financing a portion of the construction costs of a new public library and related improvement, 2) assist the City in financing a portion of the costs for expanding City Hall facilities, 3) fund a reserve account for the Bonds, and 4) pay certain costs of issuance relating to the Bonds. This fund will account for the accumulation of resources and payments of principal, interest, and other related costs for the portion of 2015 Lease Revenue Bonds.

Police Facility - On August 1, 2004, the Morgan Hill Financing Authority issued \$7,395,000 in Lease Revenue Bonds, which were refunded with 2015 Lease Revenue Bonds. Proceeds of the Bonds were used to 1) assist the City of Morgan Hill in financing a portion of the acquisition and improvement costs of a new police headquarters and related facilities, 2) fund a reserve account for the Bonds, and 3) pay certain costs of issuance relating to the Bonds. This fund accounts for the accumulation of resources and payments of principal, interest and other related costs for the portion of 2015 Lease Revenue Bonds.

City of Morgan Hill
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Street Maintenance	Supplemental Law Enforcement	General Plan Update	Community Dev Block Grant
Assets				
Pooled cash and investments	\$ 6,240	\$ 195,710	\$ 1,021,014	\$ 65,257
Cash with fiscal agents	-	-	-	-
Receivables:				
Accrued interest	1	109	615	46
Other accounts receivable	-	-	113,389	-
Loans receivable	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 6,241	\$ 195,819	\$ 1,135,018	\$ 65,303
Liabilities				
Accounts payable	\$ -	\$ -	\$ 127	\$ -
Accrued liabilities	-	-	3,341	-
Due to other funds	-	-	-	30,410
Customer deposits/other liabilities	-	-	-	-
Advances payable	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	-	-	3,468	30,410
Fund Balances				
Restricted				
Community services	-	-	1,131,550	34,893
Parks and recreation	-	-	-	-
Streets and highways	6,241	-	-	-
Debt service	-	-	-	-
Public safety	-	195,819	-	-
Capital expansion projects	-	-	-	-
Other purposes	-	-	-	-
Total Fund Balances	6,241	195,819	1,131,550	34,893
Total Liabilities and Fund Balances	\$ 6,241	\$ 195,819	\$ 1,135,018	\$ 65,303

City of Morgan Hill
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds (continued)			
	Asset Seizure	Landscape and Lighting	Community Facilities	Environmental Programs
Assets				
Pooled cash and investments	\$ 143,171	\$ 185,495	\$ 140,520	\$ 459,165
Cash with fiscal agents	-	-	-	-
Receivables:				
Accrued interest	88	93	23	268
Other accounts receivable	-	-	34	-
Loans receivable	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 143,259	\$ 185,588	\$ 140,577	\$ 459,433
Liabilities				
Accounts payable	\$ -	\$ 2,801	\$ 2,737	\$ 109,416
Accrued liabilities	-	10,081	-	573
Due to other funds	-	-	-	75
Customer deposits/other liabilities	-	-	-	-
Advances payable	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	12,882	2,737	110,064
Fund Balances				
Restricted				
Community services	-	-	-	213,442
Parks and recreation	-	-	137,840	-
Streets and highways	-	172,706	-	-
Debt service	-	-	-	-
Public safety	143,259	-	-	-
Capital expansion projects	-	-	-	-
Other purposes	-	-	-	135,927
Total Fund Balances	143,259	172,706	137,840	349,369
Total Liabilities and Fund Balances	\$ 143,259	\$ 185,588	\$ 140,577	\$ 459,433

City of Morgan Hill
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds (continued)		Capital Projects Funds	
	Mobile Home Park Rent Stabilization	Employee Assistance	Park Impact	Park Maintenance
Assets				
Pooled cash and investments	\$ 62,152	\$ 55,825	\$ 564,977	\$ 2,813,019
Cash with fiscal agents	-	-	-	-
Receivables:				
Accrued interest	38	33	725	1,783
Other accounts receivable	-	-	606,781	-
Loans receivable	-	6,785	-	-
Prepaid items	-	-	-	278
Total Assets	\$ 62,190	\$ 62,643	\$ 1,172,483	\$ 2,815,080
Liabilities				
Accounts payable	\$ -	\$ -	\$ 632,671	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Customer deposits/other liabilities	-	-	268,894	-
Advances payable	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	901,565	-
Fund Balances				
Restricted				
Community services	62,190	-	-	-
Parks and recreation	-	-	270,918	2,815,080
Streets and highways	-	-	-	-
Debt service	-	-	-	-
Public safety	-	-	-	-
Capital expansion projects	-	-	-	-
Other purposes	-	62,643	-	-
Total Fund Balances	62,190	62,643	270,918	2,815,080
Total Liabilities and Fund Balances	\$ 62,190	\$ 62,643	\$ 1,172,483	\$ 2,815,080

City of Morgan Hill
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Capital Projects Funds (continued)			
	Drainage Impact	Open Space	Street CIP	Traffic Impact
Assets				
Pooled cash and investments	\$ 12,287,102	\$ 6,000,102	\$ 3,417,148	\$ 2,126,462
Cash with fiscal agents	-	-	-	-
Receivables:				
Accrued interest	8,336	3,733	1,919	825
Other accounts receivable	-	10,387	160,877	800,314
Loans receivable	-	760,000	-	95,834
Prepaid items	-	-	-	-
Total Assets	\$ 12,295,438	\$ 6,774,222	\$ 3,579,944	\$ 3,023,435
Liabilities				
Accounts payable	\$ 78,296	\$ -	\$ 40,077	\$ 789,839
Accrued liabilities	1,025	-	-	11,624
Due to other funds	-	-	-	-
Customer deposits/other liabilities	-	-	-	-
Advances payable	-	-	-	-
Unearned revenue	-	2,533	1,272	4,679
Total liabilities	79,321	2,533	41,349	806,142
Fund Balances				
Restricted				
Community services	-	-	-	-
Parks and recreation	-	-	-	-
Streets and highways	-	-	3,538,595	2,217,293
Debt service	-	-	-	-
Public safety	-	-	-	-
Capital expansion projects	12,216,117	6,771,689	-	-
Other purposes	-	-	-	-
Total Fund Balances	12,216,117	6,771,689	3,538,595	2,217,293
Total Liabilities and Fund Balances	\$ 12,295,438	\$ 6,774,222	\$ 3,579,944	\$ 3,023,435

City of Morgan Hill
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Capital Projects Funds (continued)			
	Public Facilities	Library Impact	Under Grounding	School Pedestrian & Traffic Safety
Assets				
Pooled cash and investment	\$ 2,132,968	\$ 1,486,305	\$ 1,073,163	\$ 278,656
Cash with fiscal agents	-	-	-	-
Receivables:				
Accrued interest	1,320	970	675	186
Other accounts receivable	-	-	-	-
Loans receivable	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 2,134,288	\$ 1,487,275	\$ 1,073,838	\$ 278,842
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 93,860
Accrued liabilities	-	-	-	1,845
Due to other funds	-	-	-	-
Customer deposits/other liabilities	-	-	-	1,215
Advances payable	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	96,920
Fund Balances				
Restricted				
Community services	-	-	-	-
Parks and recreation	-	-	-	-
Streets and highways	-	-	-	-
Debt service	-	-	-	-
Public safety	-	-	-	-
Capital expansion projects	2,134,288	1,487,275	1,073,838	181,922
Other purposes	-	-	-	-
Total Fund Balances	2,134,288	1,487,275	1,073,838	181,922
Total Liabilities and Fund Balances	\$ 2,134,288	\$ 1,487,275	\$ 1,073,838	\$ 278,842

City of Morgan Hill
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Capital Projects Funds (continued)		Debt Service Funds		
	Community/ Rec Center Impact Fund	Public Safety Facilities Impact Fund	Civic Center Debt Svs	Police Fac Bond Debt Svs	Total Nonmajor Govt Funds
Assets					
Pooled cash and investment	\$ 1,479,020	\$ 4,241,666	\$ 165,443	\$ 171,678	\$ 40,572,258
Cash with fiscal agents	-	-	1	1	2
Receivables:					
Accrued interest	940	2,639	84	83	25,532
Other accounts receivable	-	-	-	-	1,691,782
Loans receivable	-	-	-	-	862,619
Prepaid items	-	-	-	-	278
Total Assets	\$ 1,479,960	\$ 4,244,305	\$ 165,528	\$ 171,762	\$ 43,152,471
Liabilities					
Accounts payable	\$ 7,718	\$ -	\$ -	\$ -	\$ 1,757,542
Accrued liabilities	-	-	-	-	28,489
Due to other funds	-	-	-	-	30,485
Customer deposits/other liabilities	118,741	-	-	-	388,850
Advances payable	-	593,362	-	-	593,362
Unearned revenue	-	-	-	-	8,484
Total liabilities	126,459	593,362	-	-	2,807,212
Fund Balances					
Restricted					
Community services	-	-	-	-	1,442,075
Parks and recreation	-	-	-	-	3,223,838
Streets and highways	-	-	-	-	5,934,835
Debt service	-	-	165,528	171,762	337,290
Public safety	-	3,650,943	-	-	3,990,021
Capital expansion projects	1,353,501	-	-	-	25,218,630
Other purposes	-	-	-	-	198,570
Total Fund Balances	1,353,501	3,650,943	165,528	171,762	40,345,259
Total Liabilities and Fund Balances	\$ 1,479,960	\$ 4,244,305	\$ 165,528	\$ 171,762	\$ 43,152,471

City of Morgan Hill
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds			
	Street Maintenance	Supplemental Law Enforcement	General Plan Update	Community Dev Block Grant
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other governmental agencies	705,863	156,727	-	-
Charges for current services	-	-	584,388	-
Investment income	881	1,196	7,981	481
Other revenues	-	-	122,340	-
Total Revenues	706,744	157,923	714,709	481
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	7,067	-	-
Development services	-	-	941,544	5,365
Streets and highways	4,224	-	-	-
Parks and recreation	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	4,224	7,067	941,544	5,365
Excess (deficiency) of revenues over (under) expenditures	702,520	150,856	(226,835)	(4,884)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	110,016	-
Transfers (out)	(699,696)	(100,000)	(1,824)	-
Total other financing sources (uses)	(699,696)	(100,000)	108,192	-
Net change in fund balances	2,824	50,856	(118,643)	(4,884)
Fund Balances-Beginning	3,417	144,963	1,250,193	39,777
Fund Balances-Ending	\$ 6,241	\$ 195,819	\$ 1,131,550	\$ 34,893

City of Morgan Hill
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds (continued)			
	Asset Seizure	Landscape and Lighting	Community Facilities	Environmental Programs
Revenues:				
Property taxes and special assessment	\$ -	\$ 186,665	\$ 36,564	\$ -
Funding from other governmental agencies	-	-	-	-
Charges for current services	-	-	-	88,291
Investment income	1,020	1,248	556	2,562
Other revenues	-	-	-	16,449
Total Revenues	1,020	187,913	37,120	107,302
Expenditures:				
Current:				
General government	-	-	-	2,680
Public safety	-	-	-	-
Development services	-	-	-	-
Streets and highways	-	-	-	-
Parks and recreation	-	-	-	-
Other public services	-	178,843	25,640	421,657
Capital outlay:				
Construction projects	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	178,843	25,640	424,337
Excess (deficiency) of revenues over (under) expenditures	1,020	9,070	11,480	(317,035)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	421,980
Transfers (out)	-	-	-	(54,127)
Total other financing sources (uses)	-	-	-	367,853
Net change in fund balances	1,020	9,070	11,480	50,818
Fund Balances-Beginning	142,239	163,636	126,360	298,551
Fund Balances-Ending	\$ 143,259	\$ 172,706	\$ 137,840	\$ 349,369

City of Morgan Hill
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	<u>Special Revenue Funds (continued)</u>		<u>Capital Projects Funds</u>	
	<u>Mobile Home Park Rent Stabilization</u>	<u>Employee Assistance</u>	<u>Park Impact</u>	<u>Park Maintenance</u>
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other governmental agencies	-	-	-	-
Charges for current services	-	-	2,635,432	39,605
Investment income	3,866	359	18,948	21,147
Other revenues	-	-	339,660	-
Total Revenues	3,866	359	2,994,040	60,752
Expenditures:				
Current:				
General government	-	829	-	-
Public safety	-	-	-	-
Development services	442	-	-	-
Streets and highways	-	-	-	-
Parks and recreation	-	-	56,058	71
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	6,153,512	7,440
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	442	829	6,209,570	7,511
Excess (deficiency) of revenues over (under) expenditures	3,424	(470)	(3,215,530)	53,241
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	(82,704)	(650,004)
Total other financing sources (uses)	-	-	(82,704)	(650,004)
Net change in fund balances	3,424	(470)	(3,298,234)	(596,763)
Fund Balances-Beginning	58,766	63,113	3,569,152	3,411,843
Fund Balances-Ending	\$ 62,190	\$ 62,643	\$ 270,918	\$ 2,815,080

City of Morgan Hill
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Capital Projects Funds (Continued)			
	Drainage Impact	Open Space	Street CIP	Traffic Impact
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other governmental agencies	-	-	1,171,118	1,196,701
Charges for current services	1,334,340	182,642	364,927	2,093,409
Investment income	92,566	78,320	25,013	9,164
Other revenues	-	-	1,768	-
Total Revenues	1,426,906	260,962	1,562,826	3,299,274
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Development services	-	-	-	-
Streets and highways	10,008	93,265	14,820	12,454
Parks and recreation	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	703,048	-	2,875,758	2,518,715
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	713,056	93,265	2,890,578	2,531,169
Excess (deficiency) of revenues over (under) expenditures	713,850	167,697	(1,327,752)	768,105
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	13,828	-	999,995	2,000,000
Transfers (out)	(2,022,704)	(16,500)	-	(120,723)
Total other financing sources (uses)	(2,008,876)	(16,500)	999,995	1,879,277
Net change in fund balances	(1,295,026)	151,197	(327,757)	2,647,382
Fund Balances-Beginning	13,511,143	6,620,492	3,866,352	(430,089)
Fund Balances-Ending	\$ 12,216,117	\$ 6,771,689	\$ 3,538,595	\$ 2,217,293

City of Morgan Hill
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Capital Projects Funds (Continued)			
	Public Facilities	Library Impact	Under Grounding	School Pedestrian & Traffic Safety
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other governmental agencies	-	-	-	-
Charges for current services	1,125,344	420,737	101,640	295,294
Investment income	12,410	12,115	7,188	5,276
Other revenues	-	-	-	-
Total Revenues	1,137,754	432,852	108,828	300,570
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Development services	-	-	-	-
Streets and highways	-	-	1,099	6,541
Parks and recreation	-	-	-	-
Other public services	9,871	5,586	-	-
Capital outlay:				
Construction projects	187,859	492,148	-	1,173,335
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	197,730	497,734	1,099	1,179,876
Excess (deficiency) of revenues over (under) expenditures	940,024	(64,882)	107,729	(879,306)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	87,072	-	-
Transfers (out)	(24,996)	(215,328)	-	(15,000)
Total other financing sources (uses)	(24,996)	(128,256)	-	(15,000)
Net change in fund balances	915,028	(193,138)	107,729	(894,306)
Fund Balances-Beginning	1,219,260	1,680,413	966,109	1,076,228
Fund Balances-Ending	\$ 2,134,288	\$ 1,487,275	\$ 1,073,838	\$ 181,922

City of Morgan Hill
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Capital Projects Funds (Continued)		Debt Service Funds		
	Community/ Rec Center Impact	Public Safety Facilities Impact Fund	Civic Center Debt	Police Fac Bond Debt Svs	Total NonMajor Govt Funds
Revenues:					
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -	\$ 223,229
Funding from other governmental agencies	-	-	-	-	3,230,409
Charges for current services	1,031,253	403,213	-	-	10,700,515
Investment income	12,183	29,665	661	-	344,806
Other revenues	-	-	-	2	480,219
Total Revenues	1,043,436	432,878	661	2	14,979,178
Expenditures:					
Current:					
General government	-	-	-	-	3,509
Public safety	-	6,425	-	-	13,492
Development services	-	-	-	-	947,351
Streets and highways	567	-	-	-	142,978
Parks and recreation	-	-	-	-	56,129
Other public services	-	-	-	-	641,597
Capital outlay:					
Construction projects	1,740,059	-	-	-	15,851,874
Debt service:					
Principal	-	-	160,275	214,725	375,000
Interest and fiscal charges	-	-	139,367	171,824	311,191
Total Expenditures	1,740,626	6,425	299,642	386,549	18,343,121
Excess (deficiency) of revenues over (under) expenditures	(697,190)	426,453	(298,981)	(386,547)	(3,363,943)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	309,900	483,900	4,426,691
Transfers (out)	-	(227,908)	-	-	(4,231,514)
Total other financing sources (uses)	-	(227,908)	309,900	483,900	195,177
Net change in fund balances	(697,190)	198,545	10,919	97,353	(3,168,766)
Fund Balances-Beginning	2,050,691	3,452,398	154,609	74,409	43,514,025
Fund Balances-Ending	\$ 1,353,501	\$ 3,650,943	\$ 165,528	\$ 171,762	\$ 40,345,259

City of Morgan Hill
Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2021

	Special Revenue Funds			
	Street Maintenance			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other govt agencies	698,292	698,292	705,863	7,571
Charges for current services	-	-	-	-
Investment income	1,414	1,414	881	(533)
Fines, forfeitures, and other revenues	-	-	-	-
Total Revenues	699,706	699,706	706,744	7,038
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Development services	-	-	-	-
Streets and highways	4,228	4,228	4,224	4
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	4,228	4,228	4,224	-
Excess (deficiency) of revenues over (under) expenditures	695,478	695,478	702,520	7,042
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(699,706)	(699,706)	(699,696)	10
Total other financing sources (uses)	(699,706)	(699,706)	(699,696)	10
Net change in fund balances	\$ (4,228)	\$ (4,228)	2,824	\$ 7,052
Fund Balances-Beginning			3,417	
Fund Balances-Ending			\$ 6,241	

City of Morgan Hill
Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2021

Special Revenue Funds (continued)				
Supplemental Law Enforcement				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other govt agencies	-	-	-	-
Charges for current services	100,000	100,000	156,727	56,727
Investment income	842	842	1,196	354
Fines, forfeitures, and other revenues	-	-	-	-
Total Revenues	100,842	100,842	157,923	57,081
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	7,069	7,069	7,067	2
Development services	-	-	-	-
Streets and highways	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	7,069	7,069	7,067	2
Excess (deficiency) of revenues over (under) expenditures	93,773	93,773	150,856	57,083
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(699,696)	(100,000)	(100,000)	-
Total other financing sources (uses)	(699,696)	(100,000)	(100,000)	-
Net change in fund balances	\$ (605,923)	\$ (6,227)	50,856	\$ 57,083
Fund Balances-Beginning			144,963	
Fund Balances-Ending			\$ 195,819	

City of Morgan Hill
Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2021

	Special Revenue Funds (continued)			
	General Plan Update			Variance with
	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other govt agencies	-	-	-	-
Charges for current services	555,000	555,000	584,388	29,388
Investment income	12,026	12,026	7,981	(4,045)
Fines, forfeitures, and other revenues	-	-	122,340	122,340
Total Revenues	567,026	567,026	714,709	147,683
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Development services	1,168,272	1,518,994	941,544	577,450
Streets and highways	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	1,168,272	1,518,994	941,544	577,450
Excess (deficiency) of revenues over (under) expenditures	(601,246)	(951,968)	(226,835)	725,133
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	110,000	110,000	110,016	16
Transfers (out)	(4,741)	(4,741)	(1,824)	2,917
Total other financing sources (uses)	105,259	105,259	108,192	2,933
Net change in fund balances	\$ (495,987)	\$ (846,709)	(118,643)	\$ 728,066
Fund Balances-Beginning			1,250,193	
Fund Balances-Ending			\$ 1,131,550	

City of Morgan Hill
Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2021

Special Revenue Funds (continued)				
Community Development Block Grant				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other govt agencies	-	-	-	-
Charges for current services	-	-	-	-
Investment income	3,111	3,111	481	(2,630)
Fines, forfeitures, and other revenues	-	-	-	-
Total Revenues	3,111	3,111	481	(2,630)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Development services	5,365	5,365	5,365	-
Streets and highways	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	5,365	5,365	5,365	-
Excess (deficiency) of revenues over (under) expenditures	(2,254)	(2,254)	(4,884)	(2,630)
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ (2,254)	\$ (2,254)	(4,884)	\$ (2,630)
Fund Balances-Beginning			39,777	
Fund Balances-Ending			\$ 34,893	

City of Morgan Hill
Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2021

Special Revenue Funds (continued)				
Asset Seizure				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other govt agencies	-	-	-	-
Charges for current services	-	-	-	-
Investment income	1,893	1,893	1,020	(873)
Fines, forfeitures, and other revenues	-	-	-	-
Total Revenues	1,893	1,893	1,020	(873)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	60,024	-	60,024
Development services	-	-	-	-
Streets and highways	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	-	60,024	0	60,024
Excess (deficiency) of revenues over (under) expenditures	1,893	(58,131)	1,020	59,151
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(366)	(366)	-	366
Total other financing sources (uses)	(366)	(366)	-	366
Net change in fund balances	\$ 1,527	\$ (58,497)	1,020	\$ 59,517
Fund Balances-Beginning			142,239	
Fund Balances-Ending			\$ 143,259	

City of Morgan Hill
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Special Revenue Funds (continued)				
Landscape and Lighting				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes and special assessment	\$ 188,552	\$ 188,552	\$ 186,665	\$ (1,887)
Funding from other govt agencies	-	-	-	-
Charges for current services	-	-	-	-
Investment income	2,523	2,523	1,248	(1,275)
Fines, forfeitures, and other revenues	-	-	-	-
Total Revenues	191,075	191,075	187,913	(3,162)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Development services	-	-	-	-
Streets and highways	-	-	-	-
Other public services	168,296	168,296	178,843	(10,547)
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	168,296	168,296	178,843	(10,547)
Excess (deficiency) of revenues over (under) expenditures	22,779	22,779	9,070	(13,709)
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(366)	(366)	-	366
Total other financing sources (uses)	(366)	(366)	-	366
Net change in fund balances	\$ 22,413	\$ 22,413	9,070	\$ (13,343)
Fund Balances-Beginning			163,636	
Fund Balances-Ending			\$ 172,706	

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Special Revenue Funds (continued)				
Community Facilities				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ 36,564	\$ 36,564
Funding from other govt agencies	-	-	-	-
Charges for current services	-	-	-	-
Investment income	1,216	1,216	556	(660)
Fines, forfeitures, and other revenues	-	-	-	-
Total Revenues	1,216	1,216	37,120	35,904
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Development services	-	-	-	-
Streets and highways	-	-	-	-
Other public services	36,341	36,341	25,640	10,701
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	36,341	36,341	25,640	10,701
Excess (deficiency) of revenues over (under) expenditures	(35,125)	(35,125)	11,480	46,605
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ (35,125)	\$ (35,125)	11,480	\$ 46,605
Fund Balances-Beginning			126,360	
Fund Balances-Ending			\$ 137,840	

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Special Revenue Funds (continued)				
Environmental Programs				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other govt agencies	-	-	-	-
Charges for current services	-	54,127	88,291	34,164
Investment income	6,255	6,255	2,562	(3,693)
Fines, forfeitures, and other revenues	21,000	21,000	16,449	(4,551)
Total Revenues	27,255	81,382	107,302	25,920
Expenditures:				
Current:				
General government	-	-	2,680	(2,680)
Public safety	-	-	-	-
Development services	-	-	-	-
Streets and highways	-	-	-	-
Other public services	418,011	420,519	421,657	(1,138)
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	418,011	420,519	424,337	(3,818)
Excess (deficiency) of revenues over (under) expenditures	(390,756)	(339,137)	(317,035)	22,102
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	421,988	421,988	421,980	(8)
Transfers (out)	(2,508)	(2,508)	(54,127)	(51,619)
Total other financing sources (uses)	419,480	419,480	367,853	(51,627)
Net change in fund balances	\$ 28,724	\$ 80,343	50,818	\$ (29,525)
Fund Balances-Beginning			298,551	
Fund Balances-Ending			\$ 349,369	

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Special Revenue Funds (continued)				
Mobile Home Park Rent Stabilization				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other govt agencies	-	-	-	-
Charges for current services	-	-	-	-
Investment income	742	742	3,866	3,124
Fines, forfeitures, and other revenues	-	-	-	-
Total Revenues	742	742	3,866	3,124
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Development services	438	438	442	(4)
Streets and highways	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	438	438	442	(4)
Excess (deficiency) of revenues over (under) expenditures	304	304	3,424	3,120
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ 304	\$ 304	3,424	\$ 3,120
Fund Balances-Beginning			58,766	
Fund Balances-Ending			\$ 62,190	

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Special Revenue Funds (continued)				
Employee Assistance				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Property taxes and special assessment	\$ -	\$ -	\$ -	\$ -
Funding from other govt agencies	-	-	-	-
Charges for current services	28,000	28,000	-	(28,000)
Investment income	1,068	1,068	359	(709)
Fines, forfeitures, and other revenues	-	-	-	-
Total Revenues	29,068	29,068	359	(28,709)
Expenditures:				
Current:				
General government	28,506	28,506	829	27,677
Public safety	-	-	-	-
Development services	-	-	-	-
Streets and highways	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	28,506	28,506	829	27,677
Excess (deficiency) of revenues over (under) expenditures	562	562	(470)	(1,032)
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ 562	\$ 562	(470)	\$ (1,032)
Fund Balances-Beginning			63,113	
Fund Balances-Ending			\$ 62,643	

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Capital Project Funds (continued)				
Park Impact				Variance with Final Budget
Budgeted Amounts		Actual	Positive	
Original	Final	Amounts	(Negative)	
Revenues:				
Funding from other govt agencies	\$ -	\$ -	\$ -	\$ -
Charges for current services	2,342,944	2,342,944	2,635,432	292,488
Investment income	41,721	41,721	18,948	(22,773)
Other revenues	-	-	339,660	339,660
Total Revenues	2,384,665	2,384,665	2,994,040	609,375
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Parks and recreation	42,180	42,180	56,058	(13,878)
Other public services	-	-	-	-
Capital outlay:				
Construction projects	1,818,888	10,831,558	6,153,512	4,678,046
Total Expenditures	1,861,068	10,873,738	6,209,570	4,664,168
Excess (deficiency) of revenues over (under) expenditures	523,597	(8,489,073)	(3,215,530)	5,273,543
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers (out)	(82,700)	(82,700)	(82,704)	(4)
Total other financing sources (uses)	(82,700)	(82,700)	(82,704)	(4)
Net change in fund balances	\$ 440,897	\$ (8,571,773)	(3,298,234)	\$ 5,273,539
Fund Balances-Beginning			3,569,152	
Fund Balances-Ending			\$ 270,918	

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	Capital Project Funds (continued)			
	Park Maintenance			Variance with Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Funding from other govt agencies	\$ -	\$ -	\$ -	\$ -
Charges for current services	281,960	281,960	39,605	(242,355)
Investment income	77,111	77,111	21,147	(55,964)
Other revenues	-	-	-	-
Total Revenues	359,071	359,071	60,752	(298,319)
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Parks and recreation	-	25,014	71	24,943
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	73,216	7,440	65,776
Total Expenditures	-	98,230	7,511	90,719
Excess (deficiency) of revenues over (under) expenditures	359,071	260,841	53,241	(207,600)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers (out)	(650,000)	(650,000)	(650,004)	(4)
Total other financing sources (uses)	(650,000)	(650,000)	(650,004)	(4)
Net change in fund balances	\$ (290,929)	\$ (389,159)	(596,763)	\$ (207,604)
Fund Balances-Beginning			3,411,843	
Fund Balances-Ending			\$ 2,815,080	

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	Capital Project Funds (continued)			
	Drainage Impact			Variance with Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Funding from other govt agencies	\$ -	\$ -	\$ -	\$ -
Charges for current services	794,480	794,480	1,334,340	539,860
Investment income	199,204	199,204	92,566	(106,638)
Other revenues	-	49,789	-	(49,789)
Total Revenues	993,684	1,043,473	1,426,906	383,433
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	9,975	9,975	10,008	(33)
Parks and recreation	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	7,500,000	8,129,409	703,048	7,426,361
Total Expenditures	7,509,975	8,139,384	713,056	7,426,328
Excess (deficiency) of revenues over (under) expenditures	(6,516,291)	(7,095,911)	713,850	7,809,761
Other Financing Sources (Uses):				
Transfers in	780,000	780,000	13,828	(766,172)
Transfers (out)	(22,700)	(22,700)	(2,022,704)	(2,000,004)
Total other financing sources (uses)	757,300	757,300	(2,008,876)	(2,766,176)
Net change in fund balances	\$ (5,758,991)	\$ (6,338,611)	(1,295,026)	\$ 5,043,585
Fund Balances-Beginning			13,511,143	
Fund Balances-Ending			\$ 12,216,117	

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	Capital Project Funds (continued)			
	Open Space			Variance with Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Funding from other govt agencies	\$ -	\$ -	\$ -	\$ -
Charges for current services	107,612	107,612	182,642	75,030
Investment income	71,346	71,346	78,320	6,974
Other revenues	-	-	-	-
Total Revenues	178,958	178,958	260,962	82,004
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	80,235	80,235	93,265	(13,030)
Parks and recreation	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	35,956	-	35,956
Total Expenditures	80,235	116,191	93,265	22,926
Excess (deficiency) of revenues over (under) expenditures	98,723	62,767	167,697	104,930
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers (out)	(16,500)	(16,500)	(16,500)	-
Total other financing sources (uses)	(16,500)	(16,500)	(16,500)	-
Net change in fund balances	\$ 82,223	\$ 46,267	151,197	\$ 104,930
Fund Balances-Beginning			6,620,492	
Fund Balances-Ending			\$ 6,771,689	

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Capital Project Funds (continued)				
Streets CIP				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Funding from other govt agencies	\$ 1,967,860	\$ 1,967,860	\$ 1,171,118	\$ (796,742)
Charges for current services	306,517	306,517	364,927	58,410
Investment income	46,633	46,633	25,013	(21,620)
Other revenues	-	-	1,768	-
Total Revenues	2,321,010	2,321,010	1,562,826	(758,184)
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	14,818	14,818	14,820	(2)
Parks and recreation	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	2,500,000	6,117,711	2,875,758	3,241,953
Total Expenditures	2,514,818	6,132,529	2,890,578	3,241,951
Excess (deficiency) of revenues over (under) expenditures	(193,808)	(3,811,519)	(1,327,752)	2,483,767
Other Financing Sources (Uses):				
Transfers in	250,000	1,000,000	999,995	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	250,000	1,000,000	999,995	-
Net change in fund balances	\$ 56,192	\$ (2,811,519)	(327,757)	\$ 2,483,767
Fund Balances-Beginning			3,866,352	
Fund Balances-Ending			\$ 3,538,595	

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	Capital Project Funds (continued)			
	Traffic Impact			Variance with Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Funding from other govt agencies	\$ 14,500,000	\$ 14,500,000	\$ 1,196,701	\$ (13,303,299)
Charges for current services	1,901,619	1,901,619	2,093,409	191,790
Investment income	14,136	14,136	9,164	(4,972)
Other revenues	-	-	-	-
Total Revenues	16,415,755	16,415,755	3,299,274	(13,116,481)
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	12,396	12,396	12,454	(58)
Parks and recreation	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	14,500,000	31,789,728	2,518,715	29,271,013
Total Expenditures	14,512,396	31,802,124	2,531,169	29,270,955
Excess (deficiency) of revenues over (under) expenditures	1,903,359	(15,386,369)	768,105	16,154,474
Other Financing Sources (Uses):				
Transfers in	-	-	2,000,000	2,000,000
Transfers (out)	(886,900)	(886,900)	(120,723)	766,177
Total other financing sources (uses)	(886,900)	(886,900)	1,879,277	2,766,177
Net change in fund balances	\$ 1,016,459	\$ (16,273,269)	2,647,382	\$ 18,920,651
Fund Balances-Beginning			(430,089)	
Fund Balances-Ending			\$ 2,217,293	

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	Capital Project Funds (continued)			
	Public Facilities			Variance with Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Funding from other govt agencies	\$ -	\$ -	\$ -	\$ -
Charges for current services	925,622	925,622	1,125,344	199,722
Investment income	21,781	21,781	12,410	(9,371)
Other revenues	-	-	-	-
Total Revenues	947,403	947,403	1,137,754	190,351
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Parks and recreation	-	-	-	-
Other public services	9,862	9,862	9,871	(9)
Capital outlay:				
Construction projects	-	399,020	187,859	211,161
Total Expenditures	9,862	408,882	197,730	211,152
Excess (deficiency) of revenues over (under) expenditures	937,541	538,521	940,024	401,503
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers (out)	(25,000)	(25,000)	(24,996)	4
Total other financing sources (uses)	(25,000)	(25,000)	(24,996)	4
Net change in fund balances	\$ 912,541	\$ 513,521	915,028	\$ 401,507
Fund Balances-Beginning			1,219,260	
Fund Balances-Ending			\$ 2,134,288	

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Capital Project Funds (continued)				
Library Impact				Variance with Final Budget
Budgeted Amounts		Actual	Positive	
Original	Final	Amounts	(Negative)	
Revenues:				
Funding from other govt agencies	\$ -	\$ -	\$ -	\$ -
Charges for current services	833,496	833,496	420,737	(412,759)
Investment income	26,322	26,322	12,115	(14,207)
Other revenues	-	-	-	-
Total Revenues	859,818	859,818	432,852	(426,966)
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Parks and recreation	-	-	-	-
Other public services	5,560	5,560	5,586	(26)
Capital outlay:				
Construction projects	30,000	1,511,226	492,148	1,019,078
Total Expenditures	35,560	1,516,786	497,734	1,019,052
Excess (deficiency) of revenues over (under) expenditures	824,258	(656,968)	(64,882)	592,086
Other Financing Sources (Uses):				
Transfers in	87,071	87,071	87,072	1
Transfers (out)	(215,325)	(215,325)	(215,328)	(3)
Total other financing sources (uses)	(128,254)	(128,254)	(128,256)	(2)
Net change in fund balances	\$ 696,004	\$ (785,222)	(193,138)	\$ 592,084
Fund Balances-Beginning			1,680,413	
Fund Balances-Ending			\$ 1,487,275	

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	Capital Project Funds (continued)			
	Undergrounding			Variance with Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Funding from other govt agencies	\$ -	\$ -	\$ -	\$ -
Charges for current services	-	-	101,640	101,640
Investment income	12,817	12,817	7,188	(5,629)
Other revenues	-	-	-	-
Total Revenues	12,817	12,817	108,828	96,011
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	1,107	1,107	1,099	8
Parks and recreation	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	1,107	1,107	1,099	-
Excess (deficiency) of revenues over (under) expenditures	11,710	11,710	107,729	96,019
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ 11,710	\$ 11,710	107,729	\$ 96,019
Fund Balances-Beginning			966,109	
Fund Balances-Ending			\$ 1,073,838	

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	Capital Project Funds (continued)			
	School Pedestrian & Traffic Safety			Variance with Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Funding from other govt agencies	\$ -	\$ -	\$ -	\$ -
Charges for current services	579,410	579,410	295,294	(284,116)
Investment income	12,311	12,311	5,276	(7,035)
Other revenues	-	-	-	-
Total Revenues	591,721	591,721	300,570	(291,151)
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	6,545	6,545	6,541	4
Parks and recreation	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	150,000	2,033,499	1,173,335	860,164
Total Expenditures	156,545	2,040,044	1,179,876	860,168
Excess (deficiency) of revenues over (under) expenditures	435,176	(1,448,323)	(879,306)	569,017
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers (out)	(15,000)	(15,000)	(15,000)	-
Total other financing sources (uses)	(15,000)	(15,000)	(15,000)	-
Net change in fund balances	\$ 420,176	\$ (1,463,323)	(894,306)	\$ 569,017
Fund Balances-Beginning			1,076,228	
Fund Balances-Ending			\$ 181,922	

City of Morgan Hill
Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2021

	Capital Project Funds (continued)			
	Community/Rec Center Impact			Variance with Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Funding from other govt agencies	\$ -	\$ -	\$ -	\$ -
Charges for current services	1,478,287	1,478,287	1,031,253	(447,034)
Investment income	20,396	20,396	12,183	(8,213)
Other revenues	-	-	-	-
Total Revenues	1,498,683	1,498,683	1,043,436	(455,247)
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets and highways	501	501	567	(66)
Parks and recreation	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	80,000	2,109,106	1,740,059	369,047
Total Expenditures	80,501	2,109,607	1,740,626	368,981
Excess (deficiency) of revenues over (under) expenditures	1,418,182	(610,924)	(697,190)	(86,266)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ 1,418,182	\$ (610,924)	(697,190)	\$ (86,266)
Fund Balances-Beginning			2,050,691	
Fund Balances-Ending			\$ 1,353,501	

City of Morgan Hill
Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2021

	Capital Project Funds (continued)			
	Public Safety Facilities Impact			Variance with Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Funding from other govt agencies	\$ -	\$ -	\$ -	\$ -
Charges for current services	916,299	916,299	403,213	(513,086)
Investment income	6,872	68,470	29,665	(38,805)
Other revenues	-	-	-	-
Total Revenues	923,171	984,769	432,878	(551,891)
Expenditures:				
Current:				
Public safety	3,104	31,397	6,425	24,972
Streets and highways	-	-	-	-
Parks and recreation	-	-	-	-
Other public services	-	-	-	-
Capital outlay:				
Construction projects	-	-	-	-
Total Expenditures	3,104	31,397	6,425	24,972
Excess (deficiency) of revenues over (under) expenditures	920,067	953,372	426,453	(526,919)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers (out)	(227,904)	(227,904)	(227,908)	(4)
Total other financing sources (uses)	(227,904)	(227,904)	(227,908)	(4)
Net change in fund balances	\$ 692,163	\$ 725,468	198,545	\$ (526,923)
Fund Balances-Beginning			3,452,398	
Fund Balances-Ending			\$ 3,650,943	

City of Morgan Hill
Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2021

	Debt Service Funds			
	Civic Center Debt Service			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for current services	\$ -	\$ -	\$ -	\$ -
Investment income	2,390	2,390	661	(1,729)
Total Revenues	2,390	2,390	661	(1,729)
Expenditures:				
Debt service:				
Principal	160,000	160,000	160,275	(275)
Interest and fiscal charges	307,813	307,813	139,367	168,446
Total Expenditures	467,813	467,813	299,642	168,171
Excess (deficiency) of revenues over (under) expenditures	(305,423)	(296,977)	(298,981)	(2,004)
Other Financing Sources (Uses):				
Transfers in	309,882	309,882	309,900	18
Total other financing sources (uses)	309,882	309,882	309,900	18
Net change in fund balances	\$ 4,459	\$ 12,905	10,919	\$ (1,986)
Fund Balances-Beginning			154,609	
Fund Balances-Ending			\$ 165,528	

City of Morgan Hill
Nonmajor Governmental Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2021

	Debt Service Funds, (continued)			
	Police Facility Bond			Variance with Final Budget
	Budgeted Amounts		Actual Amounts	Positive (Negative)
	Original	Final		
Revenues:				
Charges for current services	\$ -	\$ -	\$ -	\$ -
Investment income	1,415	1,415	2	(1,413)
Total Revenues	1,415	1,415	2	(1,413)
Expenditures:				
Debt service:				
Principal	303,071	388,040	214,725	173,315
Interest and fiscal charges	84,969	171,824	171,824	-
Total Expenditures	388,040	559,864	386,549	173,315
Excess (deficiency) of revenues over (under) expenditures	(386,625)	(385,134)	(386,547)	(1,413)
Other Financing Sources (Uses):				
Transfers in	382,837	483,900	483,900	-
Total other financing sources (uses)	382,837	483,900	483,900	-
Net change in fund balances	\$ (3,788)	\$ 98,766	97,353	\$ (1,413)
Fund Balances-Beginning			74,409	
Fund Balances-Ending			\$ 171,762	



Internal Service Funds



INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by a department for other departments on a cost-reimbursement basis.

Information Systems - Based on the information technology equipment in each department, the Information Systems fund levies for the costs of operating this fund.

Building and Maintenance - This fund levies a charge against each department for its share, based on the square footage of the City's owned facilities, of the costs of operations for building maintenance.

Building Replacement - This fund accounts for reserves set aside for the future replacement of major building components. A funding schedule based on the replacement cost and life of the major building components is used as an allocation to user departments.

CIP Project Implementation - This fund levies a charge against each fund for its share of the costs of implementing the capital improvements program including the costs incurred for personnel, administration and capital outlay.

Unemployment Insurance - This fund receives funds through charging each department an assessment, based on gross salaries, to cover the cost of charges for unemployment benefits levied by the State.

Workers' Compensation - This fund assesses a levy against all labor expenditures to provide the revenue to cover the costs for excess workers' compensation insurance premiums, claims administration, and expenses for the workers' compensation program. A fund reserve covers the City's \$250,000 deductible per claim.

Equipment Replacement - This fund is used to accumulate reserves, via a charge to all operating departments with equipment and/or vehicles to fund the replacement of the equipment and vehicles.

Employee Benefits - This fund collects and holds the annual increase in employee paid leave liability, the difference between accrued and taken. In addition, this fund reports the compensated absence liability for the City as a whole.

General Liability - This fund levies a charge against each operating fund/department for its share, based on payroll, of the liability and property insurance programs to cover expenditures for insurance premiums, claims administration, and claims expense. A fund reserve covers the City's \$100,000 deductible per liability claim.

City of Morgan Hill
Internal Service Funds
Combining Statement of Net Position
June 30, 2021

	Information Systems	Building Maintenance	Building Replacement	CIP Project Implementation	Unemployment Insurance
Assets:					
Current assets					
Pooled cash and investment	\$ 871,832	\$ 196,513	\$ 3,635,525	\$ 46,339	\$ 333,729
Restricted pooled cash and investments	-	-	-	-	-
Receivables:					
Accrued interest	505	238	2,206	-	142
Other accounts receivable	1,485	103	-	-	-
Prepaid items	6,622	-	-	-	-
Total current assets	880,444	196,854	3,637,731	46,339	333,871
Noncurrent assets					
Advance to other funds					
Depreciable Capital assets, net	284,594	491,930	1,559,194	-	-
Total noncurrent assets	284,594	491,930	1,559,194	-	-
Total Assets	1,165,038	688,784	5,196,925	46,339	333,871
Liabilities:					
Current liabilities					
Accounts payable	29,094	124,116	47,949	1,399	-
Accrued liabilities	215	65,793	28,441	-	4,913
Unearned revenue	1,485	-	-	-	-
Current obligations for:					
Energy efficiency loan	-	11,700	-	-	-
Compensated absences	-	-	-	-	-
Total current liabilities	30,794	201,609	76,390	1,399	4,913
Noncurrent liabilities					
Long term obligations for:					
Energy efficiency loan	-	16,565	-	-	-
Compensated absences	-	-	-	-	-
Total noncurrent liabilities	-	16,565	-	-	-
Total Liabilities	30,794	218,174	76,390	1,399	4,913
Net Position:					
Net investment in capital assets	284,594	463,665	1,559,194	-	-
Unrestricted	849,650	6,945	3,561,341	44,940	328,958
Total Net Position	\$ 1,134,244	\$ 470,610	\$ 5,120,535	\$ 44,940	\$ 328,958

City of Morgan Hill
Internal Service Funds
Combining Statement of Net Position
June 30, 2021

	Workers' Compensation	Equipment Replacement	Employee Benefits	General Liability	Total
Assets:					
Current assets					
Pooled cash and investment	\$ 2,103,286	\$ 5,992,804	\$ 574,094	\$ 1,796,181	\$ 15,550,303
Restricted pooled cash and investments	30,000	-	-	-	30,000
Receivables:					
Accrued interest	1,272	3,653	328	726	9,070
Other accounts receivable	1,800	-	-	192,210	195,598
Prepaid items	-	-	-	-	6,622
Total current assets	2,136,358	5,996,457	574,422	1,989,117	15,791,593
Noncurrent assets					
Advance to other funds	-	-	-	-	-
Depreciable Capital assets, net	-	2,315,825	-	-	4,651,543
Total noncurrent assets	-	2,315,825	-	-	4,651,543
Total Assets	2,136,358	8,312,282	574,422	1,989,117	20,443,136
Liabilities:					
Current liabilities					
Accounts payable	20,696	5,417	-	4,093	232,764
Accrued liabilities	1,294,000	-	-	748,507	2,141,869
Unearned revenue	-	-	-	-	1,485
Current obligations for:					
Energy efficiency loan	-	-	-	-	11,700
Compensated absences	-	-	603,207	-	603,207
Total current liabilities	1,314,696	5,417	603,207	752,600	2,991,025
Noncurrent liabilities					
Long term obligations for:					
Energy efficiency loan	-	-	-	-	16,565
Compensated absences	-	-	2,666,996	-	2,666,996
Total noncurrent liabilities	-	-	2,666,996	-	2,683,561
Total Liabilities	1,314,696	5,417	3,270,203	752,600	5,674,586
Net Position:					
Net investment in capital assets	-	2,315,825	-	-	4,623,278
Unrestricted	821,662	5,991,040	(2,695,781)	1,236,517	10,145,272
Total Net Position	\$ 821,662	\$ 8,306,865	\$ (2,695,781)	\$ 1,236,517	\$ 14,768,550

City of Morgan Hill
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021

	Information Systems	Building Maintenance	Building Replacement	CIP Project Implementation	Unemployment Insurance
Operating Revenues:					
Charges for current services	\$ 1,877,487	\$ 2,665,593	\$ 658,377	\$ 1,648,873	\$ -
Total Operating Revenues	1,877,487	2,665,593	658,377	1,648,873	-
Operating Expenses:					
Salaries and benefits	849,392	840,959	-	1,341,778	-
Claims and insurance premiums	-	-	-	-	35,240
Operations and maintenance	783,310	1,767,770	13,266	34,726	-
Depreciation	87,804	251,672	367,229	963	-
Administrative charges	19,004	268,542	-	271,098	-
Total Operating Expenses (Loss)	1,739,510	3,128,943	380,495	1,648,565	35,240
Operating Income	137,977	(463,350)	277,882	308	(35,240)
Nonoperating revenues(expenses):					
Investment earnings	4,807	3,558	23,612	(353)	884
Total nonoperating revenue (expenses)	4,807	3,558	23,612	(353)	884
Income (loss) before operating transfers	142,784	(459,792)	301,494	(45)	(34,356)
Transfers in	-	-	-	-	299,996
Transfers out	-	-	-	(12,732)	-
Total transfers	-	-	-	(12,732)	299,996
Change in net position	142,784	(459,792)	301,494	(12,777)	265,640
Total net position-beginning	991,460	930,402	4,819,041	57,717	63,318
Total net position-ending	\$ 1,134,244	\$ 470,610	\$ 5,120,535	\$ 44,940	\$ 328,958

City of Morgan Hill
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021

	Workers' Compensation	Equipment Replacement	Employee Benefits	General Liability	Total
Operating Revenues:					
Charges for current services	\$ 737,114	\$ 1,424,354	\$ 593,974	\$ 1,133,427	\$ 10,739,199
Total Operating Revenues	737,114	1,424,354	593,974	1,133,427	10,739,199
Operating Expenses:					
Salaries and benefits	-	-	1,091,510	80,159	4,203,798
Claims and insurance premiums	846,444	-	-	1,282,204	2,163,888
Operations and maintenance	34,119	-	-	8,964	2,642,155
Depreciation	-	567,290	-	-	1,274,958
Administrative charges	-	-	-	-	558,644
Total Operating Expenses (Loss)	880,563	567,290	1,091,510	1,371,327	10,843,443
Operating Income	(143,449)	857,064	(497,536)	(237,900)	(104,244)
Nonoperating revenues(expenses):					
Investment earnings	13,352	41,984	4,474	6,887	99,205
Total nonoperating revenue (expenses)	13,352	41,984	4,474	6,887	99,205
Income (loss) before operating transfers	(130,097)	899,048	(493,062)	(231,013)	(5,039)
Transfers in	-	9,996	-	324,000	633,992
Transfers (out)	-	-	-	(99,996)	(112,728)
Total transfers	-	9,996	-	224,004	521,264
Change in net position	(130,097)	909,044	(493,062)	(7,009)	516,225
Total net position-beginning	951,759	7,397,821	(2,202,719)	1,243,526	14,252,325
Total net position-ending	\$ 821,662	\$ 8,306,865	\$ (2,695,781)	\$ 1,236,517	\$ 14,768,550

City of Morgan Hill
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2021

	Information Systems	Building Maintenance	Building Replacement	CIP Project Implementation	Unemployment Insurance
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 1,874,202	\$ 2,665,667	\$ 658,377	\$ 1,649,012	\$ -
Payment for supplies and services	(818,017)	(1,722,398)	31,097	(34,647)	(167,071)
Payments to employees for salaries and benefits	(857,723)	(799,761)	28,441	(1,341,778)	-
Payments for interfund services	(19,004)	(268,542)	-	(271,098)	-
Net cash provided (used) by operating activities	179,458	(125,034)	717,915	1,489	(167,071)
Cash Flows from NonCapital Financing Activities					
Interfund loans received (paid)	-	-	-	-	-
Transfers from other funds	-	-	-	-	299,996
Transfers (to) other funds	-	-	-	(12,732)	-
Net cash provided (used) by noncapital financing activities	-	-	-	(12,732)	299,996
Cash Flows from Capital and Related Financing Activities					
Principal paid on capital debt	-	(11,696)	-	-	-
Purchases of capital assets	(74,138)	3,548	(157,548)	-	-
Net cash provided (used) by capital and related financing activities	(74,138)	(8,148)	(157,548)	-	-
Cash Flows from Investing Activities					
Interest earnings	5,869	3,819	28,661	(353)	1,075
Net cash provided (used) by investing activities	5,869	3,819	28,661	(353)	1,075
Net increase (decrease) in cash and equivalents	111,189	(129,363)	589,028	(11,596)	134,000
Cash and equivalents at July 1	760,643	325,876	3,046,497	57,935	199,729
Cash and equivalents at June 30	\$ 871,832	\$ 196,513	\$ 3,635,525	\$ 46,339	\$ 333,729
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 137,977	\$ (463,350)	\$ 277,882	\$ 308	\$ (35,240)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	87,804	251,672	367,229	963	-
(Increase) decrease in receivables	3,059	74	-	-	-
(Increase) decrease in Prepaid items	(6,344)	-	-	139	-
Increase (decrease) in accounts payable	(34,750)	45,372	44,363	79	-
Increase (decrease) in accrued liabilities	(8,331)	41,198	28,441	-	(131,831)
Increase (decrease) in unearned revenue	43	-	-	-	-
Increase in compensated absences	-	-	-	-	-
(Decrease) in OPEB payable	-	-	-	-	-
Total adjustments	41,481	338,316	440,033	1,181	(131,831)
Net cash provided (used) by operating activities	\$ 179,458	\$ (125,034)	\$ 717,915	\$ 1,489	\$ (167,071)

City of Morgan Hill
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2021

	Workers' Compensation	Equipment Replacement	Employee Benefits	General Liability	Total
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 737,114	\$ 1,429,771	\$ 593,974	\$ 941,217	\$ 10,549,334
Payment for supplies and services	(649,867)	-	-	(1,024,832)	(4,385,735)
Payments to employees for salaries and benefits	-	-	(650,445)	(80,159)	(3,701,425)
Payments for interfund services	-	-	-	-	(558,644)
Net cash provided (used) by operating activities	87,247	1,429,771	(56,471)	(163,774)	1,903,530
Cash Flows from NonCapital Financing Activities					
Interfund loans received (paid)	-	-	-	-	-
Transfers (to)/from other funds	-	9,996	-	224,004	533,996
Transfers (to)/from other funds	-	-	-	-	(12,732)
Net cash provided (used) by noncapital financing activities	-	9,996	-	224,004	521,264
Cash Flows from Capital and Related Financing Activities					
Principal paid on capital debt	-	-	-	-	(11,696)
Purchases of capital assets	-	(1,316,154)	-	-	(1,544,292)
Net cash provided (used) by capital and related financing activities	-	(1,316,154)	-	-	(1,555,988)
Cash Flows from Investing Activities					
Interest earnings	16,102	52,345	5,627	7,865	121,010
Net cash provided (used) by investing activities	16,102	52,345	5,627	7,865	121,010
Net increase (decrease) in cash and equivalents	103,349	175,958	(50,844)	68,095	989,816
Cash and equivalents at July 1	2,029,937	5,816,846	624,938	1,728,086	14,590,487
Cash and equivalents at June 30	\$ 2,133,286	\$ 5,992,804	\$ 574,094	\$ 1,796,181	\$ 15,580,303
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (143,449)	\$ 857,064	\$ (497,536)	\$ (237,900)	\$ (104,244)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	567,290	-	-	1,274,958
(Increase) decrease in receivables	-	-	-	(192,210)	(189,077)
(Increase) decrease in Prepaid items	-	-	-	-	(6,205)
Increase (decrease) in accounts payable	20,696	5,417	-	(14,498)	66,679
Increase (decrease) in accrued liabilities	210,000	-	-	280,834	420,311
Increase (decrease) in unearned revenue	-	-	-	-	43
Increase in compensated absences	-	-	441,065	-	441,065
(Decrease) in OPEB payable	-	-	-	-	-
Total adjustments	230,696	572,707	441,065	74,126	2,007,774
Net cash provided(used) by operating activities	\$ 87,247	\$ 1,429,771	\$ (56,471)	\$ (163,774)	\$ 1,903,530



STATISTICAL SECTION



STATISTICAL SECTION

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City of Morgan Hill
Net Position by Component
Last Ten Fiscal Years

	2012	2013	2014	2015
<u>Governmental activities</u>				
Net investment in capital assets	\$ 204,525,131	\$ 243,502,678	\$ 243,272,964	\$ 212,704,540
Restricted	9,619,462	34,245,650	38,526,702	41,403,713
Unrestricted	121,969,718	93,778,744	102,514,658	67,076,890
Total governmental activities net position	<u>\$ 336,114,311</u>	<u>\$ 371,527,072</u>	<u>\$ 384,314,324</u>	<u>\$ 321,185,143</u>
<u>Business-type activities</u>				
Net investment in capital assets	\$ 62,956,217	\$ 64,290,517	\$ 53,811,487	\$ 59,973,693
Restricted	20,374,278	22,194,353	26,762,669	22,200,202
Unrestricted	5,319,237	5,787,781	14,656,166	10,015,654
Total business-type activities net position	<u>\$ 88,649,732</u>	<u>\$ 92,272,651</u>	<u>\$ 95,230,322</u>	<u>\$ 92,189,549</u>
<u>Primary government</u>				
Net investment in capital assets	\$ 267,481,348	\$ 307,793,195	\$ 297,084,451	\$ 272,678,233
Restricted	29,993,740	56,440,003	65,289,371	63,603,915
Unrestricted	127,288,955	99,566,525	117,170,824	77,092,544
Total primary government net position	<u>\$ 424,764,043</u>	<u>\$ 463,799,723</u>	<u>\$ 479,544,646</u>	<u>\$ 413,374,692</u>

Source: City of Morgan Hill Annual Financial Reports

2016	2017	2018	2019	2020	2021
\$ 247,387,770	\$ 255,440,265	\$ 261,192,662	\$ 270,716,404	\$ 274,397,215	\$ 283,099,830
29,985,864	32,099,094	35,645,795	35,888,935	31,219,706	25,555,920
83,047,293	80,663,122	69,792,792	73,843,142	74,649,954	83,724,556
<u>\$ 360,420,927</u>	<u>\$ 368,202,481</u>	<u>\$ 366,631,249</u>	<u>\$ 380,448,481</u>	<u>\$ 380,266,875</u>	<u>\$ 392,380,306</u>
\$ 66,841,902	\$ 74,296,295	\$ 75,398,340	\$ 75,944,603	\$ 78,347,533	\$ 78,260,663
18,635,222	17,655,169	19,634,698	22,966,985	23,633,751	25,530,099
10,092,674	6,561,396	7,811,265	12,275,045	17,501,168	23,667,908
<u>\$ 95,569,798</u>	<u>\$ 98,512,860</u>	<u>\$ 102,844,303</u>	<u>\$ 111,186,633</u>	<u>\$ 119,482,452</u>	<u>\$ 127,458,670</u>
\$ 314,229,672	\$ 329,736,560	\$ 336,591,002	\$ 346,661,007	\$ 352,744,748	\$ 361,360,493
48,621,086	49,754,263	55,280,493	58,855,920	54,853,457	51,086,019
93,139,967	87,224,518	77,604,057	86,118,187	92,151,122	107,392,464
<u>\$ 455,990,725</u>	<u>\$ 466,715,341</u>	<u>\$ 469,475,552</u>	<u>\$ 491,635,114</u>	<u>\$ 499,749,327</u>	<u>\$ 519,838,976</u>

City of Morgan Hill
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General Government	\$ 4,766,029	\$ 2,885,308	\$ 2,904,732	\$ 2,843,336
Public Safety	16,638,629	17,279,531	17,670,163	19,950,164
Community development	4,839,149	6,435,624	5,717,704	4,790,542
Public Works development	8,788,778	6,249,886	6,516,103	3,166,946
Recreation and culture	9,062,677	10,051,499	9,871,553	9,993,458
Interest on long term debt	885,105	574,134	511,693	558,971
Total governmental activities expenses	44,980,367	43,475,982	43,191,948	41,303,417
Business-type activities:				
Sewer	9,000,914	9,942,911	9,642,194	9,887,909
Water	9,645,196	10,438,233	10,851,273	10,527,296
Total Business-type activities expenses	18,646,110	20,381,144	20,493,467	20,415,205
Total primary government expenses	\$ 63,626,477	\$ 63,857,126	\$ 63,685,415	\$ 61,718,622
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	\$ 2,624,813	\$ 2,034,479	\$ 1,927,610	\$ 1,771,476
Public Safety	527,037	583,799	738,424	760,141
Community development	3,426,873	2,817,569	6,719,080	5,801,869
Public Works development	166,805	149,794	181,583	41,703
Recreation and culture	5,003,708	5,640,640	5,834,679	6,477,163
Operating grants and contributions	6,149,144	3,227,567	4,601,340	3,355,013
Capital grants and contributions	5,575,964	12,024,593	10,942,471	7,272,503
Total governmental activities program revenues	23,474,344	26,478,441	30,945,187	25,479,868
Business-type activities:				
Charges for services:				
Sewer	9,497,789	12,524,768	13,927,768	10,561,028
Water	8,636,971	10,722,187	11,225,987	9,041,044
Operating grants and contributions				
Capital grants and contributions	587,287	1,399,261	946,507	3,734,586
Total business-type activities program revenues	18,722,047	24,646,216	26,100,262	23,336,658
Total primary government program revenues	\$ 42,196,391	\$ 51,124,657	\$ 57,045,449	\$ 48,816,526
Net(Expense)/Revenue				
Governmental activities	\$ (21,506,023)	\$ (16,997,541)	\$ (12,246,761)	\$ (15,823,549)
Business-type activities	75,937	4,265,072	5,606,795	2,921,453
Total primary government net expense	\$ (21,430,086)	\$ (12,732,469)	\$ (6,639,966)	\$ (12,902,096)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	16,223,976	\$ 8,867,646	\$ 8,933,340	\$ 9,380,677
Sales taxes	6,638,381	7,766,996	8,640,396	8,790,769
Franchise taxes	2,893,942	3,359,018	3,786,751	4,232,789
Other general revenue taxes	928,469	858,724	881,549	1,146,383
Unrestricted investment earnings	1,640,975	1,424,940	2,494,499	713,844
Special item-transfer to Economic Development Corporation	(19,931,051)			
Special item- assets transfer from Successor Agency				
Extraordinary item-Loss on dissolution of the redevelopment agency	(1,617,196)			
Transfers	(703,201)	761,419	775,682	813,033
Total governmental activities	6,074,295	23,038,743	25,512,217	25,077,495
Business-type activities:				
Investment earnings	197,434	119,266	174,824	210,301
Transfers	(703,201)	(761,419)	(775,682)	(813,033)
Total business-type activities	(505,767)	(642,153)	(600,858)	(602,732)
Total primary government	\$ 5,568,528	\$ 22,396,590	\$ 24,911,359	\$ 24,474,763
Change in Net Position				
Governmental activities	\$ (15,431,728)	\$ 6,041,202	\$ 13,265,456	\$ 9,253,946
Business-type activities	(429,830)	3,622,919	5,005,937	2,318,721
Total primary government	\$ (15,861,558)	\$ 9,664,121	\$ 18,271,393	\$ 11,572,667

Source: City of Morgan Hill Annual Financial Reports

2016	2017	2018	2019	2020	2021
\$ 4,092,113	\$ 5,243,127	\$ 5,540,751	\$ 5,368,602	\$ 4,854,064	\$ 4,510,779
17,737,431	20,618,190	24,086,862	25,033,126	28,053,895	25,425,037
6,300,312	6,687,917	7,671,757	7,868,001	7,592,026	7,580,817
6,544,763	8,727,478	10,903,897	10,223,756	10,522,637	11,098,488
10,819,408	11,607,305	12,091,531	13,156,302	12,204,294	9,034,902
643,763	474,499	549,201	531,464	395,089	411,226
46,137,790	53,358,516	60,843,999	62,181,251	63,622,005	58,061,249
10,098,803	10,597,987	10,942,326	11,054,950	11,490,716	12,081,934
13,642,270	10,933,406	12,708,481	13,485,448	13,958,536	14,629,001
23,741,073	21,531,393	23,650,807	24,540,398	25,449,252	26,710,935
\$ 69,878,863	\$ 74,889,909	\$ 84,494,806	\$ 86,721,649	\$ 89,071,257	\$ 84,772,184
\$ 1,688,575	\$ 1,744,657	\$ 1,916,569	\$ 2,357,831	\$ 2,443,926	\$ 2,389,963
801,342	812,692	649,945	647,481	684,999	465,684
4,301,337	4,909,182	4,909,128	5,514,980	4,423,110	4,494,623
48,513	45,947	39,436	45,629	50,298	278,011
6,747,293	8,546,080	8,821,942	8,836,944	6,863,720	5,300,855
3,317,893	2,076,767	2,546,575	3,459,753	3,334,629	7,123,917
11,837,394	13,726,076	11,751,424	11,929,521	8,517,899	10,803,966
28,742,347	31,861,401	30,635,019	32,792,139	26,318,581	30,857,019
10,506,697	10,755,875	10,852,957	16,875,779	17,053,305	16,606,460
10,834,507	12,067,226	13,031,315	16,112,250	16,790,872	18,652,758
6,408,502	2,275,118	5,223,111			
27,749,706	25,098,219	29,107,383	32,988,029	33,844,177	35,259,218
\$ 56,492,053	\$ 56,959,620	\$ 59,742,402	\$ 65,780,168	\$ 60,162,758	\$ 66,116,237
\$ (17,395,443)	\$ (21,497,115)	\$ (30,208,980)	\$ (29,389,112)	\$ (37,303,424)	\$ (27,204,230)
4,008,633	3,566,826	5,456,576	8,447,631	8,394,925	8,548,283
\$ (13,386,810)	\$ (17,930,289)	\$ (24,752,404)	\$ (20,941,481)	\$ (28,908,499)	\$ (18,655,947)
\$ 10,245,679	\$ 10,908,334	\$ 11,582,252	\$ 12,986,475	\$ 14,688,450	\$ 16,264,819
9,437,549	9,734,686	10,358,420	10,651,629	9,851,376	10,962,612
4,585,883	5,198,405	5,478,690	5,764,566	5,129,479	4,417,893
784,422	1,247,902	1,023,350	3,597,906	2,318,614	6,489,387
1,035,927	1,211,374	1,253,089	5,441,878	4,156,151	765,817
29,601,047					
938,735	977,968	983,673	918,444	977,749	990,708
56,629,242	29,278,669	30,679,474	39,360,898	37,121,819	39,891,236
310,351	354,204	558,832	850,625	878,643	418,643
(938,735)	(977,968)	(983,673)	(918,444)	(977,749)	(990,708)
(628,384)	(623,764)	(424,841)	(67,819)	(99,106)	(572,065)
\$ 56,000,858	\$ 28,654,905	\$ 30,254,633	\$ 39,293,079	\$ 37,022,713	\$ 39,319,171
\$ 39,233,799	\$ 7,781,554	\$ 470,494	\$ 9,971,786	\$ (181,605)	\$ 12,687,006
3,380,249	2,943,062	5,031,735	8,379,812	8,295,819	7,976,218
\$ 42,614,048	\$ 10,724,616	\$ 5,502,229	\$ 18,351,598	\$ 8,114,214	\$ 20,663,224

City of Morgan Hill
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2012	2013	2014	2015
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Nonspendable	1,064,453	718,372	689,445	1,681,066
Restricted				
Unassigned	6,022,504	9,865,845	12,025,157	14,017,661
Total General Fund	<u>\$ 7,086,957</u>	<u>\$ 10,584,217</u>	<u>\$ 12,714,602</u>	<u>\$ 15,698,727</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds				
Capital projects funds				
Nonspendable	808,950		500	
Restricted	44,489,941	48,587,517	56,701,605	119,292,842
Unassigned	(718,327)	(730,381)	(716,642)	(805,653)
Total all other governmental funds	<u>\$ 44,580,564</u>	<u>\$ 47,857,136</u>	<u>\$ 55,985,463</u>	<u>\$ 118,487,189</u>
Total Governmental Funds	<u>\$ 51,667,521</u>	<u>\$ 58,441,353</u>	<u>\$ 68,700,065</u>	<u>\$ 134,185,916</u>

Source: City of Morgan Hill Annual Financial Reports

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ -	\$ -	\$ -	\$ -		
1,651,263	2,451,243	2,809,542	2,749,755	2,950,526	2,666,729
		863,024	919,894	1,364,387	1,546,111
15,894,753	14,379,374	14,715,819	18,751,008	19,980,233	26,795,507
<u>\$ 17,546,016</u>	<u>\$ 16,830,617</u>	<u>\$ 18,388,385</u>	<u>\$ 22,420,657</u>	<u>\$ 24,295,146</u>	<u>\$ 31,008,347</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			16,667	139	45,833
119,738,718	120,547,789	119,480,110	117,366,252	113,405,611	110,787,947
(688,296)	(778,193)	(736,932)	(640,897)	(430,089)	-
<u>\$ 119,050,422</u>	<u>\$ 119,769,596</u>	<u>\$ 118,743,178</u>	<u>\$ 116,742,022</u>	<u>\$ 112,975,661</u>	<u>\$ 110,833,780</u>
<u>\$ 136,596,438</u>	<u>\$ 136,600,213</u>	<u>\$ 137,131,563</u>	<u>\$ 139,162,679</u>	<u>\$ 137,270,807</u>	<u>\$ 141,842,127</u>

City of Morgan Hill
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2012	2013	2014	2015
Revenues				
Property taxes	\$ 16,399,498	\$ 9,807,260	\$ 9,114,923	\$ 9,562,718
Sales taxes	6,638,381	7,766,996	8,640,396	8,790,769
Franchise, hotel and other taxes	2,893,942	3,359,018	3,786,751	4,232,789
Licenses and permits	162,164	166,257	182,302	190,796
Funding from other governmental agencies	4,434,670	2,137,551	4,480,359	2,710,916
Charges for current services	14,021,433	19,702,922	20,861,323	21,652,816
Investment income and rentals	1,522,122	716,840	1,746,402	1,666,549
Other revenues	1,439,652	2,402,060	1,217,491	867,721
Total Revenues	47,511,862	46,058,904	50,029,947	49,675,074
Expenditures				
General government	4,684,494	2,921,137	2,970,303	3,696,113
Public safety	16,193,066	16,688,342	17,239,104	17,949,585
Community development	4,290,003	5,745,943	5,254,396	8,560,835
Housing services	3,238,969	614,133	1,454,793	499,003
Streets and Highways	2,838,999	1,829,659	2,031,937	2,890,630
Parks and recreation	5,869,353	6,768,239	6,570,951	7,292,338
Other public services	661,125	489,920	519,578	737,953
Capital outlay*	15,122,565	8,717,393	3,613,722	3,931,546
Debt service:				
Interest	833,282	496,913	486,148	649,264
Principal	3,115,000	295,000	300,000	310,000
Total Expenditures	56,846,856	44,566,679	40,440,932	46,517,267
Excess of revenues over (under) expenditures	(9,334,994)	1,492,225	9,589,015	3,157,807
Other Financing Sources (Uses)				
Proceeds from loans/bonds/sale				695,626
Transfers in	9,195,528	3,354,602	3,946,729	3,573,463
Transfers out	(8,320,898)	(2,692,325)	(3,277,032)	(3,068,817)
Issuance of long term debt				
Payment to refunded escrow agent				
Proceeds from sale of capital assets				
Proceeds from capital leases		5,500,210		
Other financing use				
Total other financing sources (uses)	874,630	6,162,487	669,697	1,200,272
Special and Extraordinary Items				
Special item-transfer to Economic Development Corporation	(5,809,583)			
Extraordinary item-loss on dissolution of the redevelopment agency	(47,170,582)			
Total special and extraordinary items	(52,980,165)			
Net change in fund balances	\$ (61,440,529)	\$ 7,654,712	\$ 10,258,712	\$ 4,358,079
Debt service as a percentage of non-capital expenditures	Not available	Not available	2.1%	2.5%

Source: City of Morgan Hill Annual Financial Reports

2016	2017	2018	2019	2020	2021
\$ 10,245,679	\$ 10,908,334	\$ 11,582,252	\$ 12,986,475	\$ 14,688,450	\$ 16,264,819
9,437,549	9,734,686	10,358,420	10,651,629	9,851,376	10,962,612
4,585,883	5,198,405	5,478,690	5,764,566	5,129,479	4,417,893
198,342	194,186	199,824	207,393	152,642	141,280
1,677,125	1,479,375	1,694,780	2,964,464	5,759,822	10,045,540
26,135,362	23,488,554	27,113,111	26,593,418	22,093,980	23,787,363
1,891,025	933,215	1,101,533	5,211,051	3,914,019	540,573
568,333	1,539,966	1,172,387	841,030	505,751	944,094
54,739,298	53,476,721	58,700,997	65,220,026	62,095,519	67,104,174
4,324,063	4,880,688	5,048,209	5,207,567	4,845,180	4,365,737
18,921,528	20,360,934	20,799,919	21,963,078	24,363,254	24,330,213
6,033,214	6,386,603	6,524,119	7,310,548	7,593,331	7,166,342
1,199,544	857,137	932,317	1,007,840	1,005,828	1,012,035
1,985,604	2,046,303	2,092,142	2,431,834	2,478,804	2,312,370
7,690,282	8,347,351	8,586,861	9,331,980	8,528,223	5,300,646
651,551	1,138,415	1,061,927	1,658,110	1,391,786	1,094,799
9,358,068	9,158,669	13,339,395	14,101,650	14,513,000	15,955,677
739,333	531,126	423,561	439,549	460,540	414,351
450,323	402,582	497,022	477,670	454,670	476,554
51,353,510	54,109,808	59,305,472	63,929,826	65,634,616	62,428,724
3,385,788	(633,087)	(604,475)	1,290,200	(3,539,097)	4,675,450
9,921,411	525,000	71,000	143,064	950,000	-
3,939,487	4,002,983	3,981,873	6,470,357	8,304,850	6,919,370
(4,322,934)	(3,891,121)	(3,647,503)	(5,872,505)	(7,607,625)	(6,449,926)
(10,515,215)					
(977,251)	636,862	405,370	740,916	1,647,225	469,444
\$ 2,408,537	\$ 3,775	\$ (199,105)	\$ 2,031,116	\$ (1,891,872)	\$ 5,144,894
3.3%	2.1%	2.0%	1.9%	1.8%	2.0%

City of Morgan Hill
Net Secured Assessed Value by Property Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Industrial & Manufacturing	Retail Property	Office Property	Agricultural & Misc
2012	\$ 4,484,372,914	\$ 550,932,270	\$ 421,156,042	\$ 113,249,579	\$ 368,116,195
2013	4,507,614,537	539,717,016	421,320,064	117,463,292	352,093,930
2014	4,962,067,340	512,710,837	421,152,501	122,140,120	316,791,276
2015	5,574,226,679	513,579,704	422,977,007	114,132,142	310,190,203
2016	5,994,430,054	516,619,206	429,631,743	119,977,599	346,290,015
2017	6,532,653,616	538,100,408	437,279,917	122,061,211	335,160,931
2018	6,990,066,541	597,536,886	467,902,715	128,406,960	337,960,807
2019	7,478,188,299	656,273,198	496,730,736	139,290,008	349,898,664
2020	8,128,202,961	694,452,420	526,258,702	141,454,850	382,300,624
2021	8,644,991,974	741,054,601	556,272,062	145,709,057	426,819,598

Source: Santa Clara County Annual Assessor's Report

	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$	48,816,600	\$ 5,889,010,400	1.1590%
	48,455,400	5,889,753,439	1.1521%
	48,370,000	6,286,492,074	1.2069%
	48,746,600	6,886,359,135	1.2048%
	49,525,000	7,357,423,617	1.1610%
	50,008,000	7,915,248,083	1.1529%
	50,339,800	8,471,534,109	1.2090%
	50,531,600	9,069,849,305	1.1983%
	50,971,200	9,821,698,357	1.1749%
	50,946,000	10,463,901,292	1.1195%

City of Morgan Hill
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30,	State Property Tax Rate		Voter-Approved Local Rates		State plus Voter-Approved Local Tax Rate
	Maximum Permitted by Prop 13	Total Direct Rate	County	Debt Service for Schools and Other Districts	
2012	1.00%	1.00%	0.0463%	0.1127%	1.1590%
2013	1.00%	1.00%	0.0463%	0.1058%	1.1521%
2014	1.00%	1.00%	0.0447%	0.1622%	1.2069%
2015	1.00%	1.00%	0.0503%	0.1545%	1.2048%
2016	1.00%	1.00%	0.0412%	0.1198%	1.1610%
2017	1.00%	1.00%	0.0412%	0.1117%	1.1529%
2018	1.00%	1.00%	0.0412%	0.1678%	1.2090%
2019	1.00%	1.00%	0.0412%	0.1571%	1.1983%
2020	1.00%	1.00%	0.0412%	0.1337%	1.1749%
2021	1.00%	1.00%	0.0412%	0.0783%	1.1195%

Source: Santa Clara County Tax Rates and Information Report



City of Morgan Hill
Principal Property Tax Payers
Current Fiscal Year and Ten Years Ago

<u>Taxpayer</u>	<u>Land Use</u>	2021		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Value</u>
Morgan Ranch Apartment Homes 182 LLC	Housing	65,634,873	1	0.63%
Bridge Group Investments LLC	Industrial	63,130,681	2	0.60%
Sunsweet Morgan Hill Development LLC	Housing	37,067,803	3	0.35%
Steadfast Collin Morgan Hill LLC	Housing	36,050,967	4	0.34%
Woodland Residents Inc	Housing	30,195,149	5	0.29%
Willowbrook California Props LLC	Industrial	26,998,627	6	0.26%
Jtj Apartment Investors LLC (16945 Del Monte)	Housing	26,742,358	7	0.26%
Morgan Hill Sr Living L P	Housing	25,841,016	8	0.25%
Madrone Parkway LLC	Manufacturing	23,588,445	9	0.23%
Toll CA XX LP	Agriculture	21,000,000	10	0.20%
		<u>\$ 356,249,919</u>		<u>3.40%</u>

Source: County of Santa Clara Metroscan

2012		
Taxable Assessed Value	Rank	Percentage of Total Value
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
15,451,178	10	0.26%
22,810,394	5	0.39%
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
<u>\$ 38,261,572</u>		<u>0.65%</u>

City of Morgan Hill
Property Tax Levies and Collections
Last Ten Fiscal years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2012	6,361,401	6,361,401	100%	*City of Morgan Hill participates in the Teeter Plan		
2013	6,441,484	6,441,484	100%			
2014	7,207,535	7,207,535	100%			
2015	8,168,385	8,168,385	100%			
2016	9,851,539	9,851,539	100%			
2017	10,430,200	10,430,200	100%			
2018	11,359,893	11,359,893	100%			
2019	12,536,679	12,536,679	100%			
2020	14,464,689	14,464,689	100%			
2021	16,041,590	16,041,590	100%			

*The Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The County receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all participating taxing agencies is avoided.

Source: City of Morgan Hill Annual Financial Reports



City of Morgan Hill
Ratios of Outstanding Debt by Type
Last Ten Fiscal years

Fiscal Year Ended June 30,	Revenue Bonds	<u>Governmental Activities</u>			Special Assessment Bonds	Water Facilities Loan
		Lease Revenue Bonds	Loans Payable	Capital Lease Payable		
2012	-	10,939,327	1,114,951		-	507,406
2013	-	16,165,817	1,143,352		-	416,367
2014	-	10,843,867	-	5,150,845	-	-
2015	-	10,535,000	794,067	4,843,077	-	-
2016	-	9,878,725	687,099	4,524,793	-	-
2017	-	9,531,039	577,817	4,210,256	-	-
2018	-	9,163,354	467,559	3,870,521	-	-
2019	-	8,780,668	356,310	3,538,469	-	-
2020	-	8,377,982	244,087	3,195,261	-	-
2021	-	7,960,296	130,837	2,852,473	-	-

Source: City of Morgan Hill Annual Financial Reports

Water Certificates of Participation	<u>Business-Type Activities</u>				Percentage of Personal Income	Per Capita
	Water Revenue Bonds	Sewer Capacity Rights	Wastewater Revenue Bonds	Total Primary Government		
2,429,269	7,478,381	14,376,449		36,845,783	0.27%	942
2,213,558	7,490,272	13,326,068		40,755,434	0.26%	1,017
-	21,975,000	13,483,660		51,453,372	0.18%	1,249
-	21,265,000	-	17,318,703	54,755,847	0.17%	1,311
-	20,470,000	-	17,241,146	52,801,763	0.19%	1,186
-	19,635,000	-	15,903,588	49,857,700	0.20%	1,120
-	18,770,000	-	14,511,031	46,782,465	0.22%	1,051
-	17,875,000	-	13,058,474	43,608,921	0.23%	980
-	16,945,000	-	11,535,916	40,298,246	0.30%	867
-	16,370,000	-	30,096,092	57,409,698	0.22%	1,212



City of Morgan Hill
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

2020-21 Assessed Valuation: \$ 10,856,245,431

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u> <u>6/30/2021</u>	<u>% Applicable (1)</u>	<u>City's Share of</u> <u>Debt 6/30/2021</u>
Santa Clara County	\$ 812,685,000	1.970%	\$ 16,009,895
Gavilan Joint Community College District	219,400,000	28.794%	63,174,036.00
Morgan Hill Unified School District	109,735,000	66.801%	73,304,077.00
City of Morgan Hill 1915 Act Bonds	4,700,000	100%	4,700,000.00
Santa Clara Valley Water District Benefit Assessment District	57,010,000	1.970%	1,123,097.00
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$158,311,105

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Santa Clara County General Fund Obligations	914,957,860	1.970%	18,024,670
Santa Clara County Pension Obligations	341,399,194	1.970%	6,725,564
Santa Clara County Board of Education Certificates Of Participation	2,670,000	1.970%	52,599
Gavilan Joint Community College District Certificates of Participation	6,670,000	28.794%	1,920,560
Morgan Hill Unified School District Certificates of Participation	13,505,000	66.801%	9,021,475
Santa Clara County Vector Control Certificates of Participation	1,765,000	1.970%	34,771
City of Morgan Hill Lease Revenue Bonds	7,320,000	100%	7,320,000
City of Morgan Hill Capital Lease Obligation	2,840,549	100%	2,840,549
City of Morgan Hill Loans Payable	130,833	100%	130,833
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$46,071,021
Less: Santa Clara County supported obligations			\$497,963
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$45,573,058

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): \$67,290,000 100% \$67,290,000

TOTAL DIRECT DEBT	\$10,291,382
TOTAL GROSS OVERLAPPING DEBT	\$261,380,744
TOTAL NET OVERLAPPING DEBT	\$260,882,781
GROSS COMBINED TOTAL DEBT	\$271,672,126 (2)
NET COMBINED TOTAL DEBT	\$271,174,163

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of overlapping district's assessed value that is within the boundaries of the city divided by the district's total assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

<u>Ratios to 2020-21 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt.....	1.46%
Total Direct Debt (\$10,291,382).....	0.09%
Gross Combined Total Debt.....	2.50%
Net Combined Total Debt.....	2.50%

<u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,548,072,801):</u>	
Total Overlapping Tax Increment Debt.....	1.90%

City of Morgan Hill
Legal Debt Margin Information
Last Ten Fiscal Years (In thousands)

	2012		2013		2014		2015	
Debt limit	\$	883,352	\$	883,463	\$	942,974	\$	1,032,954
Total net debt applicable to limit		-		-		-		-
Legal debt margin	\$	883,352	\$	883,463	\$	942,974	\$	1,032,954
Total net debt applicable to the limit as a percentage of debt limit		0%		0%		0%		0%

Sources: County of Santa Clara Tax Rates and Information and City of Morgan Hill Annual Financial Report

Legal Debt limit is the total assessed value x 15%

2016		2017		2018		2019		2020		2021	
\$	1,103,614	\$	1,187,287	\$	1,270,730	\$	1,360,477	\$	1,473,255	\$	1,569,585
	-		-		-		-		-		-
\$	1,103,614	\$	1,187,287	\$	1,270,730	\$	1,360,477	\$	1,473,255	\$	1,569,585
	0%		0%		0%		0%		0%		0%

City of Morgan Hill
Pledged -Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Sewer Bonds		
	Utility Services Charges	Less: Operating Costs	Net Available Revenue
2012	9,618,420	5,324,664	4,293,756
2013	12,524,768	6,215,680	6,309,088
2014	13,927,768	5,993,976	7,933,792
2015	13,694,418	5,958,745	7,735,673
2016	15,464,101	5,777,190	9,686,912
2017	12,512,784	6,034,500	6,478,284
2018	11,325,433	6,535,770	4,789,663
2019	16,875,779	7,092,390	9,783,389
2020	17,053,305	7,664,100	9,389,205
2021	16,606,460	7,935,418	8,671,042

	Water		
	Utility Services Charges	Less: Operating Costs	Net Available Revenue
2012	8,713,774	6,699,127	2,014,647
2013	10,722,187	7,454,660	3,267,527
2014	11,225,987	7,636,802	3,589,185
2015	9,066,452	7,021,356	2,045,095
2016	10,181,073	7,728,531	2,452,542
2017	12,472,647	7,575,225	4,897,422
2018	14,036,049	8,990,718	5,045,331
2019	15,979,787	9,745,293	6,234,494
2020	16,696,656	10,223,043	6,473,613
2021	18,601,867	10,812,958	7,788,909

Source: City of Morgan Hill Annual Financial Report

Sewer Bonds

Debt Service		
Principal	Interest	Coverage
1,155,000	655,156	2.37
1,190,000	617,050	3.49
1,235,000	576,100	4.38
1,275,000	532,175	4.28
-	528,074	18.34
1,260,000	676,300	3.35
1,315,000	624,800	2.47
1,375,000	564,125	5.05
1,445,000	493,625	4.84
1,520,000	419,500	4.47

Bonds

Debt Service		
Principal	Interest	Coverage
351,530	531,436	2.28
371,525	515,629	3.68
384,023	571,463	3.76
710,000	892,734	1.28
795,000	797,438	1.54
835,000	767,625	3.06
865,000	736,313	3.15
895,000	703,875	3.90
930,000	670,313	4.05
575,000	635,438	6.43

City of Morgan Hill
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Median Household Income	Median Persons Per Household	Per Capita Median Income	County Unemployment Rate	Median Age	School Enrollment
2012	39,127	99,464	3.040	32,718	7.9	36.8	8,763
2013	40,079	105,500	4.000	26,375	7.1	36.2	8,701
2014	41,197	94,238	3.010	31,308	6.8	38.4	8,528
2015	41,779	95,531	3.030	31,528	5.2	37.5	9,000
2016	43,645	94,319	3.060	30,823	4.1	38.3	9,135
2017	44,145	96,051	3.000	32,017	4.1	36.8	9,137
2018	44,513	100,900	2.980	33,859	3.0	37.9	9,133
2019	45,742	107,161	3.010	35,602	2.8	38.4	8,487
2020	46,454	119,753	2.960	40,457	9.5	38.4	9,022
2021	47,374	124,419	2.980	41,751	7.0	39.3	8,894

Source: State of Calif, Dept of Finance, Bureau of Labor Statistics

School enrollment data =<https://dq.cde.ca.gov/dataquest/dataquest.asp>



City of Morgan Hill
Principal Employers
Current Fiscal Year, Prior Fiscal Year and Ten Years Ago

<u>Employer</u>	Fiscal Year 2021		
	Number of Employees	Rank	Percent of Total City Employment
Morgan Hill Unified School District	800	1	6.04%
Anritsu	468	2	3.53%
Paramit Corporation	419	3	3.16%
Sun Basket	402	4	3.03%
Marki Microwave, Inc.	353	5	2.66%
Sakata Seed America	318	6	2.40%
Specialized Bicycle Components	307	7	2.32%
Mission Bell Mfg, Inc.	277	8	2.09%
Lusamerica Foods, Inc.	277	9	2.09%
City of Morgan Hill	191	10	1.44%
Walmart #5766	188	11	1.42%
Shoe Palace Corporation	179	12	1.35%
Young's Market Company, LLC	162	13	1.22%
The Home Depot #8572	160	14	1.21%
Cree, Inc.	156	15	1.18%
New Product Integratin Solutions, Inc.	145	16	1.09%
The Ford Store of Morgan Hill Inc.	126	17	0.95%
Lin Engineering	124	18	0.94%
Paragon Mechanical	120	19	0.91%
Pacific Hills Manor	120	20	0.91%
Target Store #T2252			
Safeway #1891			
Toray Advanced Composites USA, Inc.			
Safeway Inc. #1455			
TenCate Advanced Composites USA, Inc			
24 Hour Fitness			
Gryphon Financial Group			
Covenant Care MH LLC			
Comcast Cable Communications			
Extreme Learning			
Infineon Technologies, North America Corp			
Fox Racing			
Flextronics International			
Total	<u>5,292</u>		<u>39.94%</u>

*Source: HDL Business License Database

Fiscal Year 2020		
Number of Employees	Rank	Percent of Total City Employment
800	1	6.57%
456	3	3.74%
462	2	3.79%
450	4	3.69%
143	14	1.17%
276	6	2.27%
314	5	2.58%
228	7	1.87%
194	8	1.59%
172	10	1.41%
158	12	1.30%
169	11	1.39%
130	17	1.07%
185	9	1.52%
138	15	1.13%
126	19	1.03%
156	13	1.28%
132	16	1.08%
130	18	1.07%
125	20	1.03%
<u>4,944</u>		<u>40.58%</u>

Fiscal Year 2012*		
Number of Employees	Rank	Percent of Total City Employment
765	1	4.81%
499	2	3.13%
269	5	1.69%
91	20	0.57%
292	3	1.83%
147	11	0.92%
170	9	1.07%
179	8	1.12%
134	13	0.84%
99	19	0.62%
144	12	0.90%
110	16	0.69%
123	15	0.77%
99	19	0.62%
101	18	0.63%
104	17	0.65%
124	14	0.78%
147	11	0.92%
148	10	0.93%
228	7	1.43%
243	6	1.53%
286	4	1.80%
<u>4,502</u>		<u>28.25%</u>

City of Morgan Hill
Full-time Equivalent City Government Employees by Department
Last Ten Fiscal Years

	2012	2013	2014	2015
City Council	5.30	5.00	5.00	5.00
City Manager	0.95	0.70	0.95	1.20
City Attorney	2.53	2.63	2.63	2.63
Administrative Services	15.95	16.30	18.25	18.40
Community Services	24.23	23.90	24.65	21.79
Police	52.96	55.50	56.50	58.50
Fire	-	0.25	0.25	-
Development Services	19.12	20.33	20.08	22.67
Engineering and Utilities	34.24	31.79	31.79	32.29
Internal Services*	13.57	13.10	13.90	19.52
Total City Government Employees	168.85	169.50	174.00	182.00

* Effective FY2017, Internal Services Department staffing is allocated directly to respective department.

Source: City of Morgan Hill

2016	2017	2018	2019	2020	2021
5.00	5.00	5.00	5.00	5.00	5.00
3.00	3.90	4.05	2.75	2.85	2.85
2.63	2.75	2.75	2.25	2.60	2.85
19.15	24.23	24.96	25.95	19.85	19.38
23.33	29.62	29.39	29.70	27.55	25.85
59.50	60.60	61.60	62.50	66.50	68.50
-	0.10	0.10	-	-	-
19.87	25.90	26.17	27.71	28.95	25.68
43.10	41.40	40.98	40.14	40.20	40.40
11.92	-	-	-	-	-
187.50	193.50	195.00	196.00	193.50	190.50

City of Morgan Hill
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	2012	2013	2014	2015
<u>Recreation and Community Services</u>				
Daily Visitors	378,913	373,591	327,313	349,844
Recreation Program Visits	99,863	78,596	96,879	77,451
RCS Facility Rental Reservation Hours	37,237	43,712	48,600	53,775
CRC/AC Memberships	4,379	4,620	4,697	4,737
% of expenditures for capital outlay	8.64%	0.00%	1.46%	0.31%
<u>Public Safety</u>				
Police				
Number of crimes reported	3,480	4,176	3,388	3,725
% of expenditures for capital outlay	0.21%	0.46%	0.32%	1.22%
Fire				
Fire and Life Safety Inspections		501	1,214	1,375
Public Education Attendees		1,009	2,223	2,536
% of expenditures for capital outlay		53%	0.36%	3.78%
<u>Public Works</u>				
Sewer Operations				
Sewer lines flushed (ft)	527,853	649,943	372,834	587,687
Sanitary Sewer Overflows (SSO)	5	6	10	10
% of expenditures for capital outlay	12.50%	0.66%	0.00%	0.54%
Water Operations				
Water production (thous gal)	2,592,366	2,742,031	2,808,225	2,217,117
Water meters installed	93	218	258	271
Water meters repaired or replaced	182	819	1,087	1,409
Water customer accounts	12,423	12,713	12,857	13,274
% of expenditures for capital outlay	8.34%	5.00%	8.72%	7.75%
Streets Maintenance				
New signs installed	10	11	19	19
Signs repaired/replaced	93	106	130	164
% of expenditures for capital outlay	0.00%	0.00%	0.00%	0.00%
<u>Community Development</u>				
Planning applications	130	182	216	210
Building permits issued	1,050	1,734	1,966	2,105
% of expenditures for capital outlay	0.00%	0.00%	22.92%	0.25%
<u>Housing Agency</u>				
Rehab loans	0	0	0	0
Below Market Rate home sales	2	25	21	10
% of expenditures for capital outlay	0.00%	0.00%	0.00%	0.00%
<u>Total City Government Employees</u>	168.9	169.5	174.0	182.0

Fire Services added January 1, 2013

Source: Departments of the City of Morgan Hill

2016	2017	2018	2019	2020	2021
402,342	314,149	321,079	807,746	275,522	142,731
84,519	95,602	86,392	87,807	64,132	13,018
373,733	44,238	47,439	44,913	31,963	10,011
4,703	4,903	4,944	4,895	4,771	3,876
0%	3.22%	3.22%	6.06%	6.94%	8.56%
3,863	4,113	4,137	3,811	3,879	3,618
0.76%	3.10%	3.22%	8.49%	2.95%	3.46%
1,074	1,359	1,133	1,062	1,044	1,038
3,370	3,417	3,242	3,391	1,413	1,211
0.19%	3.82%	1.61%	4.99%	1.56%	1.46%
445,843	363,622	649,668	452,703	594,420	622,180
5	14	5	10	8	4
0.66%	1.24%	1.78%	4.61%	1.81%	3.50%
1,884,822	2,123,958	2,372,393	2,344,062	2,468,274	2,573,773
348	195	469	186	343	84
780	286	585	780	298	255
13,647	13,841	13,953	14,368	14,711	14,748
5.75%	9.04%	5.51%	3.07%	3.70%	3.79%
10	23	107	154	32	70
63	100	132	77	117	130
0.00%	0.00%	5.49%	5.94%	3.29%	4.98%
171	185	160	181	144	178
2,204	2,197	2,191	1,828	1,531	1,580
4.71%	2.79%	0.60%	0.17%	0.28%	0.20%
0	9	35	0	0	0
24	7	20	10	10	13
0.00%	0.00%	0.00%	65.37%	0.13%	0.11%
187.5	193.5	195	196	193.5	190.5

City of Morgan Hill
Capital Asset Statistics by Function
Last Ten Fiscal Years

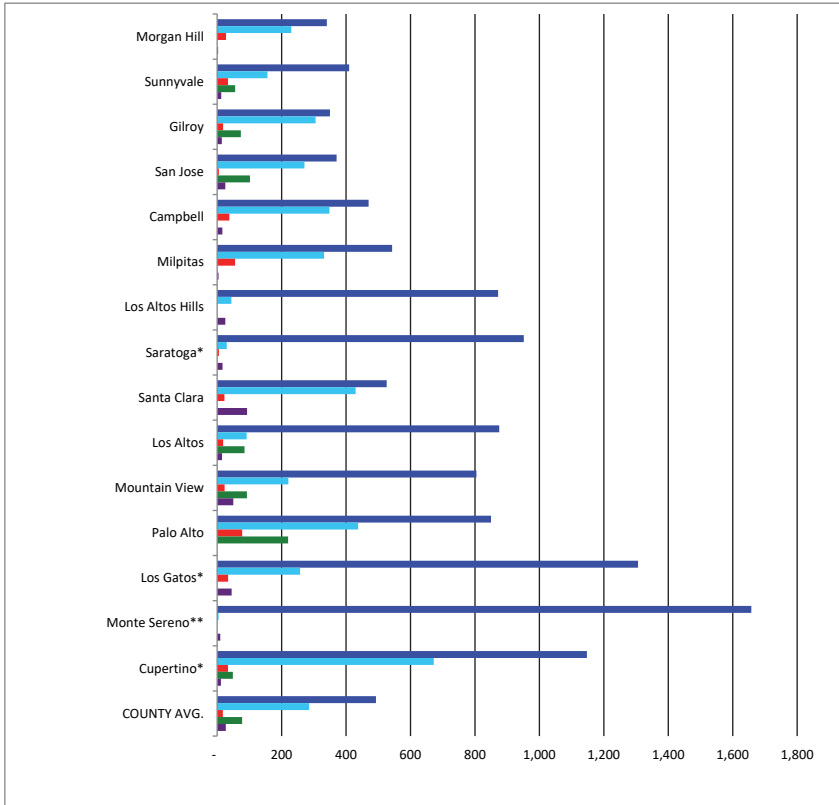
<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Community Services				
Parks & Open Space Acreage*	470	470	470	492
Parks*	22	22	22	23
Swimming Pools	4	4	4	4
Community and Recreation Centers	4	4	4	4
Streets				
Streets (miles)	143	148	149	149
Streetlights	3,600	3,649	3,689	4,161
Public Safety				
Police Stations	1	1	1	1
Patrol Units	19	20	22	22
Motorcycle Patrol Units	2	2	2	2
Fire Houses (new 2013)	-	2	2	2
Fire Apparatus (new 2013)	-	3	3	3
Fire Personnel Vehicles (new 2013)	-	3	3	3
Sewer				
Sewer lines (miles)	155	160	167	165
Storm drains (miles)	95	96	110	111
Maximum daily capacity (thousand gallons)	5,900	5,900	5,900	5,900
Water				
Water mains (miles)	182	182	185	185
Water wells	17	17	17	17
Maximum daily capacity (thousand gallons)	15,700	15,200	15,200	15,500

Source: Departments of the City of Morgan Hill

2016	2017	2018	2019	2020	2021
492	492	498	495	495	495
22	22	22	25	25	25
4	4	4	4	4	4
4	4	4	4	4	4
n/a	127	127	128	128	129
n/a	n/a	n/a	n/a	n/a	n/a
1	1	1	1	1	1
22	24	28	28	28	29
4	4	4	4	5	5
2	2	2	2	2	2
4	4	4	4	4	4
3	3	3	3	4	4
161	162	166	169.59	161	163
114	114	116	116	116	116
n/a	6,600	7,200	7,200	7,200	7,200
189	186	192	192.45	192	192
17	17	17	15	16	16
n/a	13,500	14,820	16,612	15,179	18,099

City of Morgan Hill, California

Property Tax per Capita, Sales Tax per Capita, Transient Occupancy Tax per Capita, and
Business License Tax Per Capita - Santa Clara County Cities - 2020-21



City	Population	Property Tax		Sales Tax		Transient Occupancy		Utility Tax		Business License	
		Amount	Per capita	Amount	Per capita	Amount	Per capita	Amount	Per capita	Amount	Per capita
Morgan Hill	47,374	16,115,936	340	10,897,100	230	1,299,126	27	-	-	136,791	3
Sunnyvale	153,827	62,996,106	410	24,016,428	156	5,192,090	34	8,590,351	56	1,922,860	13
Gilroy	59,920	20,972,475	350	18,296,221	305	1,105,300	18	4,400,681	73	864,944	14
San Jose	1,049,187	388,760,212	371	284,020,471	271	5,409,142	5	106,846,357	102	26,501,774	25
Campbell	41,533	19,518,206	470	14,478,049	349	1,568,908	38	-	-	666,642	16
Milpitas	75,663	41,093,302	543	25,114,094	332	4,213,325	56	-	-	312,676	4
Los Altos Hills	8,390	7,315,637	872	371,068	44	-	-	-	-	213,150	25
Saratoga*	31,030	29,527,201	952	925,289	30	168,178	5	-	-	516,050	17
Santa Clara	130,746	68,772,921	526	56,178,097	430	2,949,235	23	-	-	12,137,463	93
Los Altos	31,190	27,300,000	875	2,860,000	92	580,000	19	2,650,000	85	470,000	15
Mountain View	82,814	66,624,700	805	18,284,182	221	1,917,637	23	7,653,638	92	4,146,219	50
Palo Alto	66,573	56,571,734	850	29,127,330	438	5,178,992	78	14,641,914	220	-	-
Los Gatos*	30,836	40,278,863	1,306	7,933,604	257	1,044,820	34	-	-	1,386,943	45
Monte Sereno**	3,500	5,802,155	1,658	15,516	4	-	-	-	-	33,580	10
Cupertino*	63,344	72,677,839	1,147	42,576,587	672	2,141,058	34	3,074,358	49	730,932	12
COUNTY AVG.	125,062	61,621,819	493	35,672,936	285	2,184,521	17	9,676,543	77	3,336,002	27

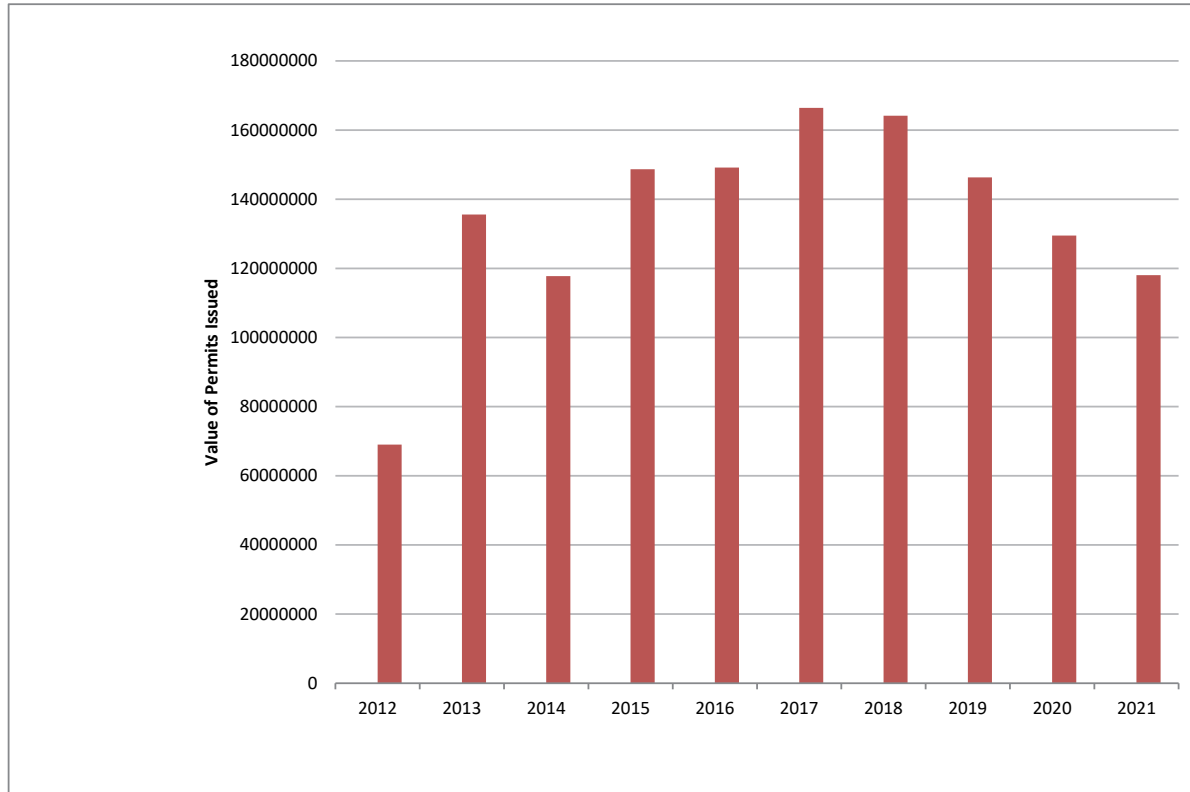
FY 20-21 Actuals

*Property Tax amount includes SCC Central Fire District 21/22

**18/19 Data for Monte Sereno

City of Morgan Hill, California

Property Values, Construction and Permits Issued - Last Ten Fiscal Years



Fiscal Year	Assessed Property Values	Value of Permits Issued for				Bank Deposits
		Total Building Permits Issued	Commercial	Residential	Total	
2012	5,889,010,400	1,050	56,039,495	12,991,892	69,031,387	810,218,000
2013	5,889,753,439	1,734	9,440,434	126,140,682	135,581,116	na
2014	6,286,492,074	1,966	10,296,037	107,467,327	117,763,364	na
2015	6,886,359,135	2,105	29,977,231	118,711,385	148,688,616	na
2016	7,357,423,617	2,204	30,405,249	118,759,212	149,164,461	na
2017	7,915,248,083	2,197	44,534,477	121,894,120	166,428,597	na
2018	8,471,534,109	2,191	40,565,306	123,589,216	164,154,522	na
2019	9,069,849,305	1,828	27,610,533	118,714,198	146,324,731	na
2020	9,821,698,357	1,531	68,120,524	61,375,290	129,495,814	na
2021	10,463,901,292	1,580	59,582,204	58,453,995	118,036,199	na

Source: City of Morgan Hill Building Department
Bank Deposits from Findley Reports service discontinued 2013

City of Morgan Hill, California

Miscellaneous Statistics - June 30, 2021

General Information

Date of Incorporation	October 1906
Form of Government	Council/Manager
Area	12.9 square miles
Number of Registered voters	23,543
Median household income for Morgan Hill	\$124,419
Elevation in feet	320
Building Permits Issued during year	1,580

Demographics:

Median Age	39.30
Median Persons per household	2.98
Population (consisting of)	47,374
White	49.0%
Hispanic	31.0%
Asian	14.0%
Black	1.9%
Native American	0.4%
Other, mixed	3.7%

Fire Protection:

Number of stations (2 City, 1 State)	3
Fire Apparatus	4
Fire Vehicles Other	4

Police Protection:

Number of stations	1
Number of reserves	3
Number of police cars/motorcycles	34

Municipal Water Services:

Number of Active Accounts	14,748
Average Daily Consumption (gallons)	6,330,842
Miles of Water Mains	192
Pumping Capacity (thousand gallons/day)	18,099

Education: Morgan Hill Unified School District

Elementary Schools (K-5)	6
Elementary/Middle School (K-8)	2
Middle Schools (6-8)	2
Comprehensive High Schools (9-12)	2
Continuation High School (10-12)	1
Community Adult School	1
Total School Enrollment	8,894

Health Facilities:

Dentists and Optometrists	38
Physicians/Surgeons	25
Chiropractors	10
Therapists	28
Medical Clinics	7
Veterinarians	4

Culture and Recreation:

Parks	25
Acres in parks	495
Libraries	1
Theaters	2
Churches	16
Reservoirs	11
Recreation Centers	4

Employees:

City Council	5.00
City Manager	2.85
City Attorney	2.85
Administrative Services	19.38
Community Services	25.85
Police	68.50
Development Services	25.68
Engineering & Utilities	40.40

Total Employees 190.50

Sewer Services

Peak Flow (thousand gallons/day)	4,200
Miles of sewer lines	163

Sources: Various data records



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

ACCEPT THE ANNUAL SB 165 REPORT FOR COMMUNITY FACILITIES DISTRICT NO. 2014-1 (FISHER CREEK)

RECOMMENDATION(S)

Accept and file the report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Protecting the Environment and Preserving Open Space and Agricultural Land

Maintaining Infrastructure

2020-2021 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

The Local Agency Special Tax and Bond Accountability Act ("The Act") requires that any local special tax or local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of proceeds.

The Act was enacted by Senate Bill 165 and codified in the California Government Code Sections 53410 through 53412. The City's Community Facilities District (CFD) No. 2014-1 (Fisher Creek) falls within these reporting requirements and the attached annual report is intended to comply with the regulation.

COMMUNITY ENGAGEMENT:

Inform

This report serves to inform the community of the required reporting information for the CFD.

ALTERNATIVE ACTIONS:

Not Applicable

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council receives and files the SB 165 Report for CFD No. 2014-1 (Fisher Creek) annually.

FISCAL AND RESOURCE IMPACT:

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

CEQA (California Environmental Quality Act):

Not a Project.

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

SENATE BILL 165

Senate Bill 165, filed with the Secretary of State on September 19, 2000, enacted the Local Agency Special Tax and Bond Accountability Act. This Act requires that any local special tax or local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of the proceeds. The Act only applies to any local special tax measure or local bond measure adopted on or after January 1, 2001 in accordance with Section 50075.1 or Section 53410 of the California Government Code.

Some of the requirements of the Act are handled at the formation of the Special Tax District and others are handled through annual reports. This Section of this report intends to comply with Section 50075.3 or Section 53411 of the California Government Code that states:

“The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The annual report shall contain all of the following:

- (a) The amount of funds collected and expended.
- (b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 or Section 53410.”

Purpose of Special Tax

The District was formed to fund all or a portion of the costs of the maintenance and monitoring required by the San Francisco Bay Regional Water Quality Control Board for the realignment of Fisher Creek. The special tax funds the cost of maintenance, monitoring and reporting of the Fisher Creek Realignment project; pay for administrative expenses; pay for any amounts required to establish or replenish capital improvement funds, repair and contingency funds or reserve funds; and pay for reasonable anticipated delinquent special taxes.

Collections & Expenditures

Fund	7/1/2020 Balance	Total Amount Collected ⁽¹⁾	6/30/2021 Balance ⁽²⁾	Amount Expended	Service Status
Special Tax Fund	\$126,360.00	\$37,120.00	\$137,840.00	\$25,640.00	Ongoing

(1) Figure represents the total amount levied for Fiscal Year 2020/21, less County Collection Fees of 1.0% of the total levy amount and delinquencies.

(2) Includes interest earned.



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

ADOPT RESOLUTION APPROVING AND MAKING FINDINGS RELATED TO THE AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT FOR FISCAL YEAR 2020-21

RECOMMENDATION(S)

1. Adopt resolution making findings for unexpended development impact fees; and
2. Accept the annual development impact fee report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Maintaining Infrastructure

Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

Government Code Section 66000 et seq. requires that any city imposing development impact fees must report certain information each year. In accordance with this requirement, staff is presenting the Annual Development Impact Fee Report (Attachment 1) for the fiscal year ending June 30, 2021. The report includes a fee description, a schedule of impact fees for the reporting period as approved by City Council, and a report of the 2020-21 revenues and expenditures for each impact fee, along with the balance available for current and future projects. A description of the project that resources were used for is also included for each impact fee.

Section 66001(d) requires that for the fifth fiscal year following the collection of development fees, and every five years thereafter, the local agency shall make findings with respect to any portion of the fee collected remaining unexpended, whether committed or uncommitted. Staff identified \$4,094,833 from the Storm Drain Impact Fee (Fund 303); \$2,903,541 from the Public Safety Facilities Impact Fee (Fund 315); \$53,573 from the Public Facilities Impact Fee (Fund 347); and \$2,248,186 from the Sewer Impact Fee (Fund 641) in unexpended fees that were collected over five years ago (Attachment 2). These unexpended fees have been or will be appropriated into existing and future capital improvement projects:

1) Storm Drain Impact Fee to fund Storm System Expansions and Llagas Flood Control Project. The Storm System Expansions will expand storm system capacity in alignment with the 2018 Storm Drain System Master Plan and the Llagas Flood Control Project is to address storm water conveyance that drains into the Upper Llagas Creek Flood Protection Project (ULCFPP) and the West Little Llagas watershed. A total of \$12,600,000 from Storm Drain Impact Fees has been allocated to these projects in the adopted Fiscal Year 2020-21 - 2025-26 Capital Improvement Program (CIP).

2) Public Safety Facilities Impact Fee to fund construction of the Fire Station on Butterfield Boulevard. A total of \$5,980,000 from Public Safety Facilities Impact Fees has been allocated to this project in the adopted Fiscal Year 2020-21 - 2025-26 CIP.

3) Public Facilities Impact Fee to fund construction of public facilities such as expansion of the City Hall and the Corporation Yard. Based on the recently completed Maintenance and Operations Space Needs Analysis, the total cost for the expansion of the City Hall and the Corporation Yard is estimated to be about \$43 million.

4) Sewer Impact Fee to fund construction of the Sewer Plant Expansion and New Trunk Line. A total of \$53.4 million from Sewer Impact Fees has been allocated to these projects in the adopted Fiscal Year 2020-21 - 2025-26 CIP.

COMMUNITY ENGAGEMENT:

Inform

Finance staff prepares this annual report in an effort to keep City Officials, Council, Community, and stakeholders informed on the financial status of each impact fee, which assists each one of the interested parties in making sound financial decisions.

ALTERNATIVE ACTIONS:

Not Applicable

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The annual impact fee report is presented to Council each year for the prior fiscal year ending June 30.

FISCAL AND RESOURCE IMPACT:

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

CEQA (California Environmental Quality Act):

Not a Project

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

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL MAKING FINDINGS FOR UNEXPENDED DEVELOPMENT IMPACT FEES IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 66001 AND ACCEPTING THE ANNUAL DEVELOPMENT IMPACT FEE REPORT

WHEREAS, the Mitigation Fee Act, Government Code Section 66000 et seq., authorizes the City of Morgan Hill ("City") to impose, collect, and expend mitigation fees to offset the impacts of development within the City; and;

WHEREAS, among the procedural requirements mandated by the Mitigation Fee Act is a requirement that beginning with the fifth fiscal year following deposit of development fees into a designated account, and each fifth fiscal year thereafter, the City make specified findings regarding any portion of the fees that remain unexpended; and

WHEREAS, a portion of the fees currently deposited in the City's Storm Drain Impact Fee Fund, Public Safety Facilities Impact Fund, Public Facilities Impact Fee Fund, and Sewer Impact Fee Fund were collected over five (5) years ago, and therefore the City wishes to make the findings required by Government Code Section 66001(d); and

WHEREAS, the City also wishes to review and accept reports required by the Mitigation Fee Act under the annual information disclosure requirements of Government Code Section 66006(b), including but not limited to the amount of the fee, the beginning and ending balance of the fee account or fund, and the interest earned thereon.

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

1. The City Council has considered the full record before it, which may include, but is not limited to, the staff report, testimony by staff and the public, and other materials and evidence submitted or provided to it. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.
2. The City Council finds that the Storm Drain Impact Fee Fund currently contains Four Million Ninety Four Thousand Eight Hundred Thirty Three Dollars (\$4,094,833); Public Safety Facilities Impact Fee Fund currently contains Two Million Nine Hundred Three Thousand Five Hundred Forty One Dollars (\$2,903,541); Public Facilities Impact Fee Fund currently contains Fifty Three Thousand Five Hundred Seventy Three Dollars (\$53,573); and Sewer Impact Fee Fund currently contains Two Million Two Hundred Forty Eight Thousand One Hundred Eighty Six Dollars (\$2,248,186) in unexpended fees that were collected over five (5) years ago.

3. In accordance with Government Code section 66001(d)(1), the City Council finds as follows:
 - a. The Unexpended Fees will be used to provide for the following projects:
 - (A) Storm Drain Impact Fee to fund Storm System Expansions and Llagas Flood Control Project. The Storm System Expansions will expand storm system capacity in alignment with the 2018 Storm Drain System Master Plan and the Llagas Flood Control Project is to address storm water conveyance that drains into the Upper Llagas Creek Flood Protection Project (ULCFPP) and the West Little Llagas watershed. The project would provide flood protection and mitigate the increased risk of flooding when the ULCFPP is completed;
 - (B) Public Safety Facilities Impact Fee to fund construction of the Fire Station on Butterfield Boulevard. The project will address the need for a new fire station as the community grows.
 - (C) Public Facilities Impact Fee to fund the expansion of the City Hall and the Corporation Yard. These projects will address the maintenance and operations space needs as the community grows.
 - (D) Sewer Impact Fee to fund the Sewer Plant Expansion and the New Trunk Line. These projects will address the need to expand and improve the sewer enterprise system to accommodate anticipated future growth.
 - b. There exists a reasonable relationship between the Unexpended Fees and the purpose for which they were charged as described above.
 - c. The current estimated costs that have been appropriated or will be appropriated for the Storm System Expansions and Llagas Flood Control Project are approximately Twelve Million Six Hundred Thousand Dollars (\$12,600,000); costs for the Fire Station on Butterfield Boulevard are approximately Five Million Nine Hundred Eighty Thousand Dollars (\$5,980,000); costs for the expansion of the City Hall and the Corporation Yard are estimated to be about Forty Three Million Dollars (\$43,000,000); and costs for the Sewer Plant Expansion and the New Trunk Line are approximately Fifty Three Million Four Hundred Thousand Dollars (\$53,400,000). The City's funding sources will include the Unexpended Fees described above and future impact fees to be collected for these projects.
 - d. The Unexpended Fees have been deposited in the respective Impact Fee Funds, which are the appropriate funds to finance the projects described above.

4. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th day of December 2021 by the following vote:

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

APPROVED:

ATTEST:

RICH CONSTANTINE, Mayor

MICHELLE BIGELOW, City Clerk

∞ 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 the meeting held on December 15, 2021.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

City of Morgan Hill
AB 1600 Development Impact Fee Report
Fiscal Year 2020-21

Impact Fee Fund Descriptions

Park Impact – This fund receives revenues from developers of properties and the fund may only be used for the design, development, maintenance, and construction of new parks within the City.

Storm Drain – This fund receives revenues from developers of properties to cover the costs of design and construction of new storm drain that benefit new customers residing within the City of Morgan Hill as a result of growth in population.

Traffic Impact – This fund receives revenues from developers when their projects have an adverse impact on traffic flows, etc. The funds collected may be expended on new streets, traffic signals and improvements of existing streets where they are impacted by new development.

Public Safety Facilities Impact – This fee was created as a result of combination of Police and Fire Impact Fees. Revenues are collected from developers to cover the costs required for police and fire capital expansion projects to assist in providing services to new developments.

Community/Recreation Center Impact – Revenues are collected to finance the expansion of existing and construction of new recreation and community center facilities demanded by new development.

Public Facilities – Revenues are collected to finance the expansion of public facilities necessary to benefit new customers residing within the City of Morgan Hill as a result of growth in population.

Library Impact – Revenues are collected to finance the provision of future library space and materials necessary to benefit, and necessary to provide library services to, new residents residing in the City of Morgan Hill as a result of population growth.

Sewer Impact – Revenues are collected to finance the expansion of wastewater facilities necessary to benefit, and necessary to provide wastewater services to new customers residing in the service area within the City of Morgan Hill as a result of growth in population.

Water Impact – Revenues are collected to finance the expansion of water facilities necessary to benefit, and necessary to provide water services to, new customers residing in the service area within the City of Morgan Hill as a result of growth in population.

City of Morgan Hill
Impact Fee Schedule Summary
Fiscal Year 2020-21

Description of Fee	Unit of Measure	Amount
Water Impact Fee	Single Family Dwelling Unit	4,160.00
	Multi Family Dwelling Unit	3,753.00
	Commercial/Industrial/Office per acre	11,809.00
Sewer Impact Fee	Single Family Dwelling Unit	16,280.00
	Multi Family Dwelling Unit	13,778.00
	Commercial/Industrial/Office per GPD	53.61
Storm Drain Impact Fee	Single Family Dwelling Unit	2,063.00
	Multi Family Dwelling Unit (>1200SF)	1,175.00
	Multi Family Dwelling Unit (<1200SF)	546.00
	Commercial/Office per acre	22,342.00
	Industrial per acre	16,450.00
	Auto Dealership per acre	22,342.00
	Hotel per room	331.00
Park Impact Fee	Single Family Dwelling Unit-Sub	6,173.00
	Single Family Dwelling Unit-No Sub	4,488.00
	Multi Family Dwelling Unit-Sub	5,948.00
	Multi Family Dwelling Unit-No Sub	4,329.00
Traffic Impact Fee	Single Family Dwelling Unit	3,585.00
	Multi Family Dwelling Unit (>1200SF)	2,222.00
	Multi Family Dwelling Unit (<1200SF)	1,399.00
	Commercial/Industrial/Office per PHT	3,585.00
Library Impact Fee	Single Family Dwelling Unit	2,267.00
	Multi Family Dwelling Unit	2,184.00
Public Safety Facilities Impact Fee	Single Family Dwelling Unit	2,063.00
	Multi Family Dwelling Unit (>1200SF)	1,824.00
	Multi Family Dwelling Unit (<1200SF)	1,366.00
	Commercial per acre	11,529.00
	Industrial per acre	13,838.00
	Office per acre	13,822.00
	Auto Dealership per acre	5,530.00
	Hotel per room	64.00
Public Facilities	Single Family Dwelling Unit	588.00
	Multi Family Dwelling Unit	566.00
	Commercial per acre	1,294.00
	Office per acre	1,538.00
	Industrial per acre	1,812.00
	Auto Dealership per acre	519.00
	Hotel per room	15.00

City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2020-21

FUND 301 - PARKS IMPACT FEE	Project Number	FY 20-21 AB 1600		
Revenue				
Interest		\$ 18,948		
Development Impact Fees		1,957,226		
Project Reimbursement/Others		1,017,866		
Total Revenue		\$ 2,994,040		
			% from this Fund	Total Project Expenditures
Revenue Expended For				
Parks Land	110097	\$ 15,724	100.00%	15,724
Inclusive Playground	137015	4,776,754	100.00%	4,776,754
Madrone Channel	141A16	277,790	51.84%	535,866
Community Garden	142017	2,197	100.00%	2,197
Tree Planting/Urban Forest Mgmt	143017	9,978	100.00%	9,978
Butterfield Blvd Connector Path Project	148017	977,129	100.00%	977,129
W. Little Llagas Creek Trail Phase	117001	41,914	100.00%	41,914
Sports Facility Development	148018	52,027	100.00%	52,027
General Plan Update		7,704	7.00%	110,000
RCSD Services - Infrastructure Planning		75,000	24.59%	305,000
Banking Fees and Other		13,877	100.00%	13,877
Administration		42,180	2.36%	1,787,564
Total Expenditures		\$ 6,292,274		
Revenue Less Expenditures		\$(3,298,234)		
Balance as of July 1, 2020		3,569,152		
Balance as of June 30, 2021		\$ 270,918		

City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2020-21

FUND 303 - STORM DRAIN IMPACT FEE	Project Number	FY 20-21 AB 1600		
Revenue				
Interest		\$ 96,658		
Development Impact Fees		1,314,950		
Total Revenue		\$ 1,411,608		
			% from this Fund	Total Project Expenditures
Revenue Expended For				
Storm System Expansion	415020	\$ 93,009	100.00%	93,009
Llagas Flood Control	417099	2,359,636	100.00%	2,359,636
Monument Land Company Imprvt Agreement	5.51E+05	50,217	100.00%	50,217
Banking Fees and Other		24	100.00%	24
General Plan Update		7,704	7.00%	110,000
RCSD Services - Infrastructure Planning		15,000	4.92%	305,000
Administration		7,164	0.40%	1,787,564
Total Expenditures		\$ 2,532,754		
Revenue Less Expenditures		\$ (1,121,146)		
Balance as of July 1, 2020		12,068,666		
Balance as of June 30, 2021		\$ 10,947,520		

City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2020-21

FUND 309 - TRAFFIC IMPACT FEE	Project Number	FY 20-21 AB 1600		
REVENUE				
Interest		\$ 9,165		
Traffic Impact Fees		2,093,409		
VTA Measure B		1,196,701		
Transfer In from Storm Drain Fund		2,000,000		
TOTAL REVENUE		\$ 5,299,275		
Revenue Expended For			% from this Fund	Total Project Expenditures
Hale Avenue Extension	546007	\$ 2,518,715	100.00%	2,518,715
General Plan Update		31,896	29.00%	110,000
RCSD Services - Infrastructure Planning		75,000	24.59%	305,000
Banking and Merchant Service Fees		13,886	100.00%	13,886
Administration		12,396	0.69%	1,787,564
Total Expenditures		\$ 2,651,893		
Revenue Less Expenditures		\$ 2,647,382		
Balance as of July 1, 2020		(430,089)		
Balance as of June 30, 2021		\$ 2,217,293		

City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2020-21

FUND 315 - PUBLIC SAFETY FACILITIES	Project #	FY 20-21 AB 1600		
REVENUE				
Interest		\$ 29,666		
Public Safety Facilities Impact Fees		403,213		
TOTAL REVENUE		\$ 432,879		
			% from this Fund	Total Project Expenditures
Revenue Expended For				
Debt Service		\$ 202,908	30.28%	670,113
General Fund Loan Repayment		25,000	100.00%	25,000
Administration		6,425	0.36%	1,787,564
Total Expenditures		\$ 234,333		
Revenue Less Expenditures		\$ 198,546		
Balance as of July 1, 2020		3,452,397		
Balance as of June 30, 2021		\$ 3,650,943		

City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2020-21

FUND 347 - PUBLIC FACILITIES IMPACT FEE	Project Number	FY 20-21 AB 1600		
REVENUE				
Interest/Other		\$ 6,629		
Public Facilities Impact Fees		235,061		
Project Reimbursement/Others		8,492		
TOTAL REVENUE		\$ 250,182		
			% from this Fund	Total Project Expenditures
Revenue Expended For				
Corporation Yard Long Term Plan Study	\$ 18,724	100.00%		18,724
RCSD Services - Infrastructure Planning	25,000	8.20%		305,000
Banking Fees and Other	8	100.00%		8
Administration	2,280	0.13%		1,787,564
Total Expenditures	\$ 46,012			
Revenue Less Expenditures	\$ 204,170			
Balance as of July 1, 2020		830,102		
Balance as of June 30, 2021		\$ 1,034,272		

City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2020-21

FUND 348 - LIBRARY IMPACT FEE	Project Number	FY 20-21 AB 1600		
REVENUE				
Interest		\$ 12,117		
Library Impact Fees		420,737		
Library Lease		87,072		
TOTAL REVENUE		\$ 519,926		
Revenue Expended For			% from this Fund	Total Project Expenditures
Library Expansion	251015	\$ 492,148	100.00%	492,148
Civic Center Debt Service		215,328	32.13%	670,113
Banking and Merchant Service Fees		32	100.00%	32
Administration		5,556	0.31%	1,787,564
Total Expenditures		\$ 713,064		
Revenue Less Expenditures		\$ (193,138)		
Balance as of July 1, 2020		1,680,413		
Balance as of June 30, 2021		\$ 1,487,275		

City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2020-21

FUND 360 - COMMUNITY/REC CENTERS IMPACT FEE	Project Number	FY 20-21 AB 1600		
REVENUE				
Interest/Others		\$ 12,185		
Com/Rec Centers Impact Fees		1,031,253		
TOTAL REVENUE		\$ 1,043,438		
			% from this Fund	Total Project Expenditures
Revenue Expended For				
Centennial Recreation Center Expansion	138016	\$ 1,738,486	100.00%	1,738,486
Sports Facility Improvements	148018	628	100.00%	628
Minature Golf	149019	946	100.00%	946
Banking Fees and Other		64	100.00%	64
Administration		504	0.03%	1,787,564
Total Expenditures		\$ 1,740,628		
Revenue Less Expenditures		\$ (697,190)		
Balance as of July 1, 2020		2,050,691		
Balance as of June 30, 2021		\$ 1,353,501		

City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2020-21

FUND 641 - SEWER IMPACT FEE	Project Number	FY 20-21 AB 1600		
REVENUE				
Interest		\$ 163,166		
Sewer Impact Fees		2,749,024		
TOTAL REVENUE		\$ 2,912,190		
Revenue Expended For			% from this Fund	Total Project Expenditures
Sewer Plant Expansion	303093	\$ 444,099	59.89%	741,565
Sewer Plant Improvements	303a11	569,378	100.00%	569,378
Sewer Main Upgrades	302t17	4,155	4.58%	90,698
Trunk Line - Phase I & II	308a08	296,605	64.65%	458,767
General Plan Update		7,704	7.00%	110,000
RCSD Services - Infrastructure Planning		24,996	8.20%	305,000
Debt Service		232,740	12.00%	1,939,500
Banking and Merchant Service Fees		224	100.00%	224
Administration		58,908	3.30%	1,787,564
Total Expenditures		\$ 1,638,809		
Revenue Less Expenditures		\$ 1,273,381		
Balance as of July 1, 2020		20,796,783		
Balance as of June 30, 2021		\$ 22,070,164		

City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2020-21

FUND 651 - WATER IMPACT FEE	Project Number	FY 20-21 AB 1600		
REVENUE				
Interest		\$ 23,746		
Water Impact Fees		1,177,287		
TOTAL REVENUE		\$ 1,201,033		
			% from this Fund	Total Project Expenditures
Revenue Expended For				
Main Ave Well #3	601u15	\$ 40,782	32.606%	125,075
Water Supply Well Buildings	601v15	4,933	100.000%	4,933
Rate Studies	624018	3,431	100.000%	3,431
General Plan Update		7,704	7.004%	110,000
RCSD Services - Infrastructure Planning		24,996	8.20%	305,000
Debt Service		260,534	16.280%	1,600,313
Banking Fees and Other		62	100.000%	62
Administration		18,660	1.044%	1,787,564
Total Expenditures		\$ 361,102		
Revenue Less Expenditures		\$ 839,931		
Balance as of July 1, 2020		2,435,163		
Balance as of June 30, 2021		\$ 3,275,094		



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Anthony Eulo, Program Administrator

APPROVED BY: City Manager

ADOPT HAZARDOUS VEGETATION ABATEMENT RESOLUTION

RECOMMENDATION(S)

Adopt resolution declaring weeds and brush to be a nuisance and setting the hazardous vegetation public hearing on February 2, 2022.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

REPORT NARRATIVE:

Under Government Code section 39561, cities may adopt a resolution declaring weeds and dry brush to be a public nuisance and order their abatement (Attachment 1).

Weed and brush abatement services constitute the City's hazardous vegetation program and are key to reducing fire risk and protecting public safety. The City of Morgan Hill has contracted with Santa Clara County for weed and brush abatement services since 1996. In the last several years, City and County staff have successfully worked together to streamline program administration and improve communications with Morgan Hill property owners. The County's Consumer and Environmental Protection Agency - Weed Abatement Program manages the program.

As in prior years, staff has combined the initial resolution for both the weed and brush abatement programs. Staff proposes that the abatement program commencement hearing take place on February 2, 2022. Once the resolution is adopted, County staff will notify the affected property owners of the February 2nd public hearing and of their obligations to abate hazardous vegetation before the deadline. In response to the City's past request for more notification to the property owners, the County will also be mailing a courtesy notice out to affected property owners in the early Spring to further remind them of their obligations.

The City's Fire Department and the County's Weed Abatement Division are continuing to integrate their efforts and communication methods to enhance customer service. The improvements instituted have eliminated customer complaints about receiving conflicting information from the two programs.

COMMUNITY ENGAGEMENT:**Empower**

The hazardous vegetation abatement program relies on a full range of community engagement approaches. Much of it begins when the County Program or City Fire Department informs a property owner that a hazardous situation has been observed on their property. The owner is given several months during which they may consult and work together with program staff to understand the situation and the needed remedies. Ultimately, each property owner is invited and empowered to remedy the situation themselves in order to minimize their program charges while maintaining public safety. In addition, many of the properties on the original list got onto the list as a result of a complaint from a community member about a hazardous situation.

ALTERNATIVE ACTIONS:

The Council could choose not to act or delay action on this resolution. Not declaring weeds and brush to be a nuisance would potentially compromise community fire safety. Delaying action would ultimately provide the affected property owners with less notice and time to plan for abating their hazardous vegetation.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

While this will be the first Council action addressing hazardous vegetation for the 2022 fire season, the recommended approach is consistent with the actions taken by the Council for over a decade.

FISCAL AND RESOURCE IMPACT:

The Hazardous Vegetation Program is designed to be user-fee supported. The per-lot assessment includes costs for doing the weed and brush control work plus overhead County costs to administer the program. Based on the City's agreement with the County, the City may need to ultimately contribute to the program's costs if user fee revenues do not completely cover all of the County's costs. Administering this program is an activity anticipated in the Public Services and Fire Departments' work programs and budgets. Fees imposed by the County Program do not cover the cost of the City staff time associated in providing oversight and those resources are budgeted and funded through the General Fund (010).

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

These activities are categorically exempt from environmental review under the California Environmental Quality Act pursuant to California Code of Regulations, Title 21, Section 15304(i) (Minor Alterations to Land – Fuel Management Activities).

RESOLUTION NO. 21-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL DECLARING CERTAIN HAZARDOUS VEGETATION GROWING IN THE CITY OF MORGAN HILL TO BE A PUBLIC NUISANCE, DESCRIBING PROPERTIES WHERE SUCH NUISANCE EXISTS; ORDERING ABATEMENT AND SETTING A PUBLIC HEARING THEREON

WHEREAS, the City Council finds that certain weeds and brush are growing in the City of Morgan Hill upon the various streets, alleys, sidewalks, and upon private property, which said weeds and brush bear seeds of a wingy or downy nature, or may attain such growth as to become, when dry, a fire menace, or which are otherwise noxious and dangerous; and

WHEREAS, the City Council further finds and declares that said weeds and brush constitute a public nuisance.

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

1. That the weeds, as described in the above recital, constitute and will continue to constitute a public nuisance, and it is ordered that this public nuisance be abated in the manner provided in Title 8, Chapter 8.20 of the Morgan Hill Municipal Code.

2. That the nuisance exists upon all streets, alleys, sidewalks, and private property within said City as shown, described and delineated on the several maps of the property in the City, which are recorded in the Office of the County Recorder of the County of Santa Clara, reference in each instance for the description of any particular street, alley, or private property being hereby made to the several maps mentioned, and in the event of there being several subdivision maps on which lots are shown, reference is hereby made to the latest subdivision map.

3. That it is ordered that Wednesday, the 2nd day of February 2022, at 7:00 p.m., in the Council Chambers of the City Council of the City of Morgan Hill is hereby fixed as the time and place when objections to the proposed destruction or removal of weeds shall be heard and be given due consideration. It is recognized and noticed that this hearing may instead be held virtually if the COVID pandemic meeting restrictions are still in force.

4. That the City Clerk of the City of Morgan Hill is hereby ordered and directed to cause notice of the adoption of this Resolution and notice of hearing to be given to property owners pursuant to Section 39562.1 of the Government Code.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th day of December 2021 by the following vote:

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

APPROVED:

ATTEST:

RICH CONSTANTINE, Mayor

MICHELLE BIGELOW, City Clerk

∞ 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 the meeting held on December 15, 2021.

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

DATE: _____

MICHELLE BIGELOW, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Angie Gonzalez, Council Services Assistant

APPROVED BY: City Manager

ADOPT ORDINANCE 2326, NEW SERIES, AMENDING CHAPTER 14.04 (INCLUSIONARY HOUSING) OF TITLE 14 (HOUSING) CHANGING INCLUSIONARY HOUSING REQUIREMENTS; AMENDING SECTION 14.08.020 (FEE ESTABLISHED) OF CHAPTER 14.08 (IN-LIEU HOUSING FEES) OF TITLE 14 (HOUSING) TO ADD A COST OF LIVING ANNUAL INCREASE TO IN-LIEU HOUSING FEES; AND REPEALING DUPLICATIVE AFFORDABLE HOUSING PROVISIONS IN CHAPTER 18.48 (AFFORDABLE HOUSING) OF TITLE 18 (ZONING) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL

RECOMMENDATION(S)

Waive the reading, adopt Ordinance No. 2326, 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

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community

Enhancing Diversity and Inclusiveness

Advancing Regional Initiatives

2020-2021 Strategic Priorities

Affordable Housing and Homelessness

Guiding Documents

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

On December 1, 2021, the City Council introduced Ordinance No. 2326 New Series, by the following roll call vote: AYES: Constantine, Martinez Beltran, Spring; NOES: Borgioli; ABSTAIN: McKay; ABSENT: None.

Ordinance 2326 would approve an amendment to Inclusionary Housing Ordinance No. 2278, Chapter 14.04 (Housing). The amendment will increase the use of Housing In-

Lieu fees (section 14.08.020), clarify the requirement for housing available to moderate-income residents, and repeal duplicative Affordable Housing Provisions in Chapter 18.48 (Affordable Housing) of the Zoning Code. More specifically, the change will allow for up to 50% of the affordable housing requirement to be satisfied with an in-lieu fee. This fee will provide the City with a funding mechanism to support projects that produce units that contribute to meeting the City's RHNA requirements and protect the City from being subject to state legislation such as Senate Bill No.35 Affordable Housing: Streamlined Approval Process (SB 35). The second significant change clarifies that the sales price for a moderate-income purchaser (who earns up to 120% AMI) is based on an affordability level of 110% of AMI. The 110% AMI-based sales price is consistent with state law and provides deeper affordability than what the City has accepted under RDCS.

COMMUNITY ENGAGEMENT:

Engage. Changes to the Inclusionary Housing Ordinance were discussed at the December 2, 2020, Housing Workshop and the June 2021 Housing workshops. Development Community Workshop was held on May 24, 2021. A Planning Commission Public Hearing was held on November 9, 2021, and a Public Notice was published in the Morgan Hill Times on November 19, 2021. Notice was also provided on the website.

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On July 18, 2018, the City Council introduced the Inclusionary Housing Ordinance. The Ordinance was subsequently adopted July 25, 2018 and effective August 25, 2018. Staff presented an evaluation of the proposed modifications to the Planning Commission as an informational item at the June 8, 2021 meeting. The Planning Commission conducted a public hearing on the proposal to amend the Inclusionary Housing Ordinance on November 9, 2021 and adopted a Resolution recommending City Council approval of the Amendments to Chapter 14.04 (Housing) and Section 14.08.020 (Fee Established), and repealing Chapter 18.48 (Affordable Housing).

FISCAL AND RESOURCE IMPACT:

The recommended option to allow a permit by right in lieu fee for up to 50% of the obligation allows the City to potentially collect additional Housing In-Lieu fee funds (Fund 236) should the City move forward with the approval of the amendments to the Inclusionary Housing Ordinance.

CEQA (California Environmental Quality Act):

Categorical Exemption

This ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, as the proposed text

amendments to the Morgan Hill Municipal Code is not a project with the potential to cause a significant effect on the environment, requiring California Environmental Quality Act (CEQA) analysis.

ORDINANCE NO. 2326, NEW SERIES

AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING CHAPTER 14.04 (INCLUSIONARY HOUSING) OF TITLE 14 (HOUSING) CHANGING INCLUSIONARY HOUSING REQUIREMENTS; AMENDING SECTION 14.08.020 (FEE ESTABLISHED) OF CHAPTER 14.08 (IN-LIEU HOUSING FEES) OF TITLE 14 (HOUSING) TO ADD A COST OF LIVING ANNUAL INCREASE TO IN-LIEU HOUSING FEES; AND REPEALING DUPLICATIVE AFFORDABLE HOUSING PROVISIONS IN CHAPTER 18.48 (AFFORDABLE HOUSING) OF TITLE 18 (ZONING) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL

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

Section 1. Chapter 14.04 (Inclusionary Housing) of Title 14 (Housing) is hereby amended to read as follows:

14.04.010 Findings.

The City Council finds that:

- A. Housing prices and rents in the City of Morgan Hill have increased at a significantly higher rate than general wages. There is a need for affordable housing subject to income-based occupancy requirements and rent and sale price restrictions. The lack of affordable housing forces many residents to pay a very high percentage of their income for housing or to commute considerable distances, adding to air pollution and traffic congestion throughout Santa Clara County. The lack of affordable housing has made it more difficult to recruit workers, potentially affecting the economic vitality of the city. New housing developments do not provide an adequate supply of housing affordable to extremely low-, low- and moderate-income households.
- B. Rental and for-sale housing in Morgan Hill has become steadily more expensive. Although Morgan Hill has historically met its Regional Housing Needs Allocation (RHNA) goals, in recent years, housing costs have escalated sharply, increasing faster than incomes. As a result, there is a severe shortage of adequate, affordable housing for extremely low-, very low-, low-, and moderate-income households.
- C. In order to meet the needs of Morgan Hill households, residential developments will need to provide housing for a variety of household types, a range of incomes, and ages. The inclusionary housing ordinance codified in this title will substantially advance the city's interest in providing additional rental and ownership housing that is subject to income-based occupancy requirements and rent, and sale price restrictions; thus, affordable to all income levels and dispersed throughout the city.

- D. Continued new housing development that does not include housing for very-low, low- and moderate-income households will further contribute to the current shortage of affordable housing by reducing the small remaining supply of undeveloped land.
- E. On February 18, 2015, the city council approved the city's housing element, a chapter of the General Plan which includes strategies to build new housing to meet the full range of future community housing needs, including affordable and accessible housing.
- F. Implementation of the inclusionary housing ordinance is a necessary part of the city's efforts to meet its Regional Housing Needs Allocation (RHNA) goals and obligations. Pursuant to the ordinance, at least ten percent (10%) of the units in a new housing development of two or more units to be developed in the downtown, and at least fifteen percent (15%) of the units in a new housing development of two or more units to be located outside of downtown, will be required to be price or rent-restricted and available for occupancy by very low, low, and moderate-income households. Under certain conditions, developers will have an option to provide inclusionary units off-site, and payment of an in-lieu housing fee is permitted under certain circumstances.

14.04.020 Purpose.

The purpose of this chapter is to further the city's efforts to require housing available to extremely low-income, very low-income, low-income, and moderate-income households. The housing element of the city's General Plan implements the established policy of the State of California that each community should foster an adequate supply of housing for persons at all economic levels.

Providing the inclusionary units required by this chapter will help to ensure that part of Morgan Hill's remaining developable land is used to provide rent and sale price restricted affordable housing to encourage an economically balanced and inclusive community. Requiring builders of new market-rate housing to include some housing affordable to households at a range of incomes is consistent with the goal of fostering an adequate supply of housing for persons at all income levels and serves the goal of mixed-income housing. Furthermore, the production of inclusionary units is intended to assist the city in meeting its Regional Housing Needs Allocation.

The inclusionary housing ordinance is required in order to promote and protect the public health, safety, and general welfare while preserving and enhancing economic diversity and inclusiveness within the city.

14.04.030 Definitions.

When used in this chapter, the following terms shall have the meaning set forth below:

1. "Affordable Ownership Cost" means the projected monthly housing cost during the first calendar year of a household's occupancy, as determined by the city, including mortgage principal and interest payments, mortgage insurance fees, if any, property taxes, reasonable allowances for utilities and property maintenance and repairs, homeowner's insurance, and homeowners' association dues, if applicable, that in the aggregate does not exceed thirty five percent (35%) of the applicable income limit for a particular for-sale inclusionary unit. In calculating Affordable Ownership Cost, mortgage payments will be calculated using a thirty (30) year term, an interest rate equal to the Freddie Mac

- ten (10) year average interest rate as published in the Freddie Mac Primary Mortgage Market Survey or equivalent source and will assume a three percent (3%) downpayment.
2. "Affordable Rent" means the following, consistent with the provisions of Section 50053 of the California Health and Safety Code: a monthly rent and utility allowance that does not exceed one-twelfth (1/12th) times thirty percent (30%) times the following AMI levels, in each case adjusted for Assumed Household Size: for Extremely Low-Income Households 30% AMI, for Very Low-Income Households 50% AMI, for Low-Income Households 60% AMI, and for Moderate-Income Households 110% of AMI.
 3. "Affordable Sales Price" means the following, consistent with the provisions of Section 50052.5 of the California Health and Safety Code: for inclusionary units that are restricted for sale to moderate-income households, a sales price that will result in an Affordable Ownership Cost, as defined, for a household whose gross annual household income does not exceed one hundred ten percent (110%) of area median income-based upon assumed household size.
 4. "Applicant" means a person or entity who applies for approvals for a residential project, and if the applicant does not own the property on which the residential project is proposed, also means the owner or owners of the property.
 5. "Area median income" or "AMI" means the median household income for Santa Clara County, adjusted for actual household size, as determined and published from time to time by the California Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision published pursuant to Section 50093(c) of the California Health and Safety Code.
 6. "Assumed household size" means, for the purpose of establishing affordable sales prices and Affordable Rent, a household with a total number of members equal to the number of bedrooms in the dwelling unit, plus one, consistent with Section 50052.5(h) of the California Health and Safety Code and subject to applicable federal rules (if any). For example, the assumed household size for a three-bedroom home is a four-person household.
 7. "Building permit" means full structural building permits as well as partial permits such as foundation-only permits.
 8. "Certificate of occupancy" means that construction is complete and the city building official or his or her designee has signed off the "residential dwelling occupancy approval" on the backside of the city of Morgan Hill building permit card.
 9. "City Manager" means the City Manager of Morgan Hill or his or her designee.
 10. "Contiguous" means any parcel of land that is:
 - a. Touching another parcel at any point;
 - b. Separated from another parcel at any point only by a public right-of-way, private street or way, or public or private utility, service, or access easement; or
 - c. Separated from another parcel only by other real property of the applicant which is not subject to the requirements of this chapter at the time of the planning permit application by the applicant.

11. "Density bonus" means an increase over the number of units otherwise permitted in a proposed residential project provided pursuant to State density bonus law.
12. "Density bonus law" means California Government Code Section 65915 *et seq.*, as amended.
13. "Downtown" means the geographical area as depicted in Figure CNF-2 of the General Plan.
14. "Dwelling unit" means a residential unit consisting of one or more rooms designed, occupied, or intended for occupancy as separate living quarters, with cooking, sleeping, and bathroom facilities.
15. "Eligible household" means a household whose gross annual household income does not exceed the applicable maximum for a given inclusionary unit.
16. "Extremely low-income household" means a household with a gross annual household income that does not exceed thirty percent of AMI for Santa Clara County based upon actual household size.
17. "First approval" means the first of the following approvals to be issued with respect to a residential project: building permit, planned development permit, tentative parcel map, tentative subdivision map, conditional use permit, design review permit, or other discretionary city land use approval.
18. "For-sale project" means a residential project, or portion thereof, that is intended to be sold to owner-occupants upon completion.
19. "For-sale unit" means an inclusionary unit that is required to be sold for owner-occupancy to an eligible household at an affordable sales price pursuant to this chapter.
20. "Gross annual household income" means the combined adjusted gross (pre-tax) income of all adult persons in a household as calculated pursuant to the Section 8 Program under the United States Housing Act of 1937, as amended, or its successor.
21. "Inclusionary affordable housing agreement" means an agreement between the city and an applicant, governing how the applicant will comply with this chapter.
22. "Inclusionary unit" means a dwelling unit that pursuant to this chapter is required to be rented at an Affordable Rent or sold at an affordable sales price to extremely low-, very low-, low-, or moderate-income households, as applicable.
23. "In-lieu fee" means the fee payable pursuant to Section 14.04.040.A of this chapter as a fractional fee and/or in lieu of development of up to one-half of the required number of inclusionary units, and the fee payable pursuant to Section 14.04.070 of this chapter as an alternative to the construction of on-site inclusionary units.
24. "Income-based housing" or "Income-adjusted housing" means housing that is restricted for occupancy at affordable rents by eligible low-, extremely low-, very low-, and moderate-income households, or that is restricted for sale at affordable sales prices to eligible low- and moderate-income households.

24. "Low-income household" means a household with a gross annual household income between fifty-one percent and eighty percent of AMI for Santa Clara County based upon actual household size.
25. "Market-rate unit" means a dwelling unit offered on the open market at the prevailing market-rate for purchase or rental.
26. "Moderate-income household" means a household with a gross annual household income between eighty-one percent and one hundred twenty percent of AMI for Santa Clara County based upon actual household size.
27. "Regional housing needs allocation" (RHNA) means the State of California mandated process that identifies the total number of housing units by affordability level that each jurisdiction must accommodate in its housing element.
28. "Rental project" means a residential project, or portion thereof, that is intended to be rented to tenants upon completion.
29. "Residential project" means a project undertaken for the purpose of development of land for residential purposes that requires the issuance of a discretionary or ministerial approval or permit, including a subdivision map or a permit for construction, and that will include two or more dwelling units. "Residential project" also includes developments on contiguous lots for which applications are filed by the same property owner or applicant and that will include two or more dwelling units.
30. "Very low-income household" means a household with a gross annual household income that does not exceed fifty percent of AMI for Santa Clara County based upon actual household size.

14.04.040 General requirements.

A. Percentage Requirement; In Lieu Fee.

1. Requirement. Except as provided in this paragraph A or in paragraphs B and D of this section or section 14.04.070 (Alternatives) at least fifteen percent of all units in residential projects shall be inclusionary units that shall be made available at Affordable Rents or affordable sales prices as prescribed in this section. The inclusionary units shall be approved, and construction of the inclusionary units shall be completed not later than the times prescribed in Section 14.04.050 of this chapter, unless an alternative requirement is approved pursuant to Section 14.04.070 of this chapter.
2. Fractional Number. Whenever application of the requirements of this chapter results in a fractional number of required inclusionary units, if the fraction is 0.50 or greater, construction of the next higher whole number of inclusionary Units shall be required, and where the fraction is 0.49 or less, payment of the applicable housing fee adopted by city council shall be required for the fractional unit.
3. In-Lieu Fee Election for One-Half of Required Inclusionary Units. Developers may elect to satisfy the applicable requirements set forth in paragraphs B, C, D, and E of this section by paying an in-lieu fee for up to one-half of the number of required inclusionary units and constructing the remaining required inclusionary units. If the required number of inclusionary

units results in a fractional number, the provisions of the preceding paragraph regarding payment of a fee shall apply to the fractional unit.

- B. For-Sale Projects in Downtown. All new for-sale residential projects consisting of two or more dwelling units located within downtown are required to restrict ten percent of the dwelling units for sale at affordable sales prices to moderate-income households. Such dwelling units must be sold to eligible households, and shall be subject to a recorded deed restriction that will impose resale price restrictions for a period of forty-five years.
- C. For-Sale Projects Outside of Downtown. All new for-sale residential projects consisting of two or more dwelling units located within the city but outside of downtown are required to restrict fifteen percent of the dwelling units for sale at affordable sales prices to moderate-income households. Such dwelling units must be sold to eligible households, and shall be subject to a recorded deed restriction that will impose resale price restrictions for a period of forty-five years.
- D. Rental Projects in Downtown. All new rental residential projects consisting of two or more dwelling units located within downtown are required to restrict ten percent of the dwelling units for rent at Affordable Rents and occupancy by low-income and very low-income households. Such dwelling units must be occupied by, or if vacant, available for occupancy by eligible households, and such restrictions shall be documented in a recorded inclusionary affordable housing agreement with a term of fifty-five years. At least one-half of the required inclusionary units shall be occupied by, or if vacant, available for occupancy at Affordable Rents to very low-income households.
- E. Rental Projects Outside of Downtown. All new rental residential projects consisting of two or more dwelling units located within the city but outside of downtown are required to restrict fifteen percent of the dwelling units for rent at Affordable Rents and occupancy by low-income and very low-income households. Such dwelling units must be occupied by, or if vacant, available for occupancy by eligible Households, and such restrictions shall be documented in a recorded inclusionary affordable housing agreement with a term of fifty-five years. At least one-half of the required inclusionary units shall be occupied by, or if vacant, available for occupancy at Affordable Rents to very low-income households.
- F. Inclusionary Housing Development Standards, Location and Design of Inclusionary Units. Residential projects that include inclusionary units shall conform to the following development standards. These incorporate the standards formerly known as the “Below Market-Rate (BMR) Program Development Standards” adopted by the City Council on September 26, 2018, as such may be amended from time to time.
 - 1. All inclusionary units shall be geographically and proportionally dispersed throughout the residential project. In residential projects that will consist of more than one building, the inclusionary units shall be dispersed among all of the buildings that comprise the development. In residential projects that will consist of more than one product type, the inclusionary units shall be dispersed among the product types, proportionate in number among each of the product types that comprise the development.
 - 2. In for-sale projects, the lot size for the inclusionary units shall be at least the same size as the smallest lot for market-rate units in the residential project.

3. The average bedroom and bathroom count in the inclusionary units shall be the same as the average bedroom and bathroom count in the market-rate units in the residential project.
4. The exterior trim, entry door hardware, and exterior finishes for the inclusionary units shall be of the same standard as the market-rate units in the residential project. There shall not be significant identifiable differences between inclusionary units and the market-rate units that are visible from the exterior of the dwelling units.
5. The interior finishes, equipment, fixtures, and appliances for the inclusionary units shall conform to the following minimum interior standard finishes:
 - a. All closets shall have doors
 - b. Interior doors to be raised panel type or same as market-rate
 - c. Door hardware to be brass finish or same as market-rate
 - d. Appliances shall be major brand name (if applicable)
 - e. Microwave hood is required to be vented to the exterior. When applicable exhaust vent shall be installed over the range
 - f. Units shall be roughed in for AC including electrical and line set
 - g. Basic alarm system to secure all accessible openings to the home
 - h. Electric garage door opener (if applicable)
6. The size, design, and distribution of model types for the inclusionary units shall be comparable and proportionate in number to the size, design, and distribution of each of the model types for the market-rate units in the residential project.
7. Occupants of inclusionary units shall be provided the same access to project amenities, recreational facilities, and common areas as occupants of market-rate units.
- G. For-sale projects. The inclusionary units that are constructed in for-sale projects shall be sold for owner-occupancy at an affordable sales price to moderate-income households that qualify as eligible households. Accessory Dwelling Units (ADU's) constructed within for-sale projects will not be counted toward satisfaction of the requirement to construct inclusionary units.
- H. Rental projects. The inclusionary units that are constructed in rental projects shall be occupied by, or if vacant, available for occupancy at Affordable Rents to low- and very low-income households. At least one-half of the required inclusionary units in rental projects, shall be occupied, or if vacant, available for occupancy at Affordable Rents to very low-income households.
- I. Exceptions. The affordability levels required for a residential project may be modified by written agreement between the city and the applicant upon a finding that such modification is necessary to effectively achieve the City's RHNA goals in the then-current housing element cycle.

14.04.050 Time of performance.

- A. An application for first approval of a residential project will not be deemed complete until the applicant has submitted plans and proposals that demonstrate how the applicant proposes to meet requirements of this chapter, including any plans for the construction of on-site units pursuant to Section 14.04.040 of this chapter or the applicant's proposal for an alternative means of compliance pursuant to Section 14.04.070, of this chapter. Plans that provide for on-site construction shall depict the proposed location for all inclusionary units on a separate exhibit.
- B. Conditions to carry out the purposes of this chapter shall be imposed on the first approval for a residential project. Additional conditions may be imposed on later city approvals or actions, including without limitation planned development permits, tentative parcel maps, tentative subdivision maps, conditional use permits, design review permits, or building permits. The conditions of approval included with the first approval of the residential project shall further provide that prior to the recordation of the parcel map or final map in the case of subdivisions and prior to the issuance of building permits for any residential project that does not require a parcel map or final map, the applicant shall enter into an inclusionary affordable housing agreement prepared by the city attorney, approved by the City Manager, and recorded against the property upon which the residential project will be developed.
 - 1. The inclusionary affordable housing agreement shall describe the specific requirements implementing the conditions of approval for the residential project, including, but not limited to, as applicable, the number of inclusionary units, the level(s) of affordability, the location and type of inclusionary units, timing of construction of inclusionary units in relation to the construction of the market-rate units contained in the residential project, marketing and selection of tenants and homebuyers, and the amount of the in-lieu fee, if any.
 - 2. The inclusionary affordable housing agreement may be amended by the parties, provided the amendment is consistent with the conditions of approval imposed as part of the first approval and the then-existing city approvals. If such proposed amendment is minor or technical in nature, the City Manager shall have authority to approve or disapprove the amendment on behalf of the city. If such proposed amendment makes a substantive or material change to the inclusionary affordable housing agreement, such amendment shall be effective only following notice and hearing and such other procedures as may be required by law, and approval by the city department that issued the first approval for the project.
 - 3. The inclusionary affordable housing agreement shall provide that the applicant shall be required to reimburse the city for its attorneys' fees incurred in connection with the preparation of the inclusionary housing agreement. In addition, for for-sale projects, the inclusionary housing agreement shall provide that the applicant shall be required to pay to the city or the city's designated program administrator, the city's fees associated with the initial sale of the inclusionary units to eligible households.
- C. Inclusionary units must be constructed concurrently with the construction of market-rate units. The city shall issue building permits, conduct final inspections, and issue certificates of occupancy for market-rate units only if a proportional number of building permits or

certificates of occupancy are concurrently issued, or a proportional number of final inspections are concurrently completed, for inclusionary units as required to satisfy the applicable requirements of section 14.04.040 of this chapter, or if applicable, proportional alternative performance under Section 14.04.070 of this chapter has been completed. The time requirements set forth in this subsection for issuance of building permits and certificates of occupancy for market-rate units and for final inspections for occupancy for market-rate units may be modified to accommodate phasing schedules, model variations, or other factors in a residential project, if the city determines this will provide greater public benefit.

14.04.060 Continued affordability and city review of occupancy.

- A. Term of affordability—For-sale projects. A resale restriction, covenant, deed of trust and/or other documents in the form prepared by the city attorney, shall be recorded against each inclusionary unit upon the sale of each for-sale unit. These documents shall have an initial term of forty-five years, and shall be renewed upon each change of title to the inclusionary unit. The resale restriction, or other documents required by this subsection, and any change in the form of any such documents, shall be approved by the City Manager or his or her designee prior to execution and recordation of such document. The city shall be a party to the resale restriction or other documents required by this subsection and shall have the right to enforce the covenants and restrictions contained therein.
- B. Term of affordability—Rental projects. A regulatory agreement, covenant, deed of trust, and/or other documents prepared by the city attorney, shall be recorded against each residential project that contains inclusionary units that are rental units. These documents shall have a term of fifty-five years. The regulatory agreement and other documents required by this subsection, shall run with the land and shall not be affected by the sale of the property or units in the project. The regulatory agreement and other documents required by this subsection, and any modification to such document, shall be approved by the City Manager or his or her designee and approved as to form by the city attorney, prior to execution and recordation of such document. The city shall be a party to the regulatory agreement or other documents required by this subsection and shall have the right to enforce the covenants and restrictions contained therein.
- C. Eligibility requirements. For-sale inclusionary units shall be sold only following city's approval of the affordable sales price and a determination that the purchaser is an eligible household. Such determinations shall be made by the city or its designated administrator as referenced in the Below Market-Rate (BMR) Program Administration, Chapter 14.12, Section 14.12.040, Duties of Program Administrator. If the city or its designee maintains a list of, or otherwise identifies, eligible households, initial and subsequent tenants of rental inclusionary units, and the initial and subsequent purchasers of for-sale inclusionary units shall be selected first from the list of identified households, to the maximum extent possible, in accordance with rules approved by the City Manager or his or her designee.

14.04.070 Alternatives.

In lieu of building inclusionary units within a residential project, an applicant may propose to satisfy the requirements of this chapter by one of the following alternative modes of compliance, provided that the applicant includes such proposal in its application for the first approval of the

residential project, and further provided that the criteria stated in the relevant subsection below are satisfied.

- A. Rental units in for-sale projects. Where for-sale units are required to be provided pursuant to section 14.04.040 of this chapter, an applicant may instead elect to construct as part of the residential project rental units as prescribed in this paragraph that will be rented at affordable rents to extremely low-, very low-, low-, and moderate-income households. Substitution of rental units shall be allowed under this subsection only if either: (1) the rental units will have at least the same number of bedrooms as the for-sale units that would have been constructed, or (2) any comparative deficiency in the number of bedrooms is compensated for by additional units and/or affordability to low-income households, subject to approval by the City Manager or his or her designee. If a Developer desires to construct on-site inclusionary rental units in lieu of on-site inclusionary for-sale units, the requirement for such on-site rental inclusionary units shall be: (i) Five percent (5%) of the total Dwelling Units in the Residential Development shall be made available for rent at an Affordable Rent to Moderate-Income Households, five percent (5%) of the total Dwelling Units in the Residential Development shall be made available for rent at an Affordable Rent to Low-Income Households and five percent (5%) of the total Dwelling Units in the Residential Development shall be made available for rent at an Affordable Rent to Very Low-Income Households, or (ii) ten percent (10%) of the total Dwelling Units in the Residential Development shall be made available for rent at an Affordable Rent to Extremely Low-Income Households. The affordability restrictions shall be set forth in a regulatory agreement prepared by the City, recorded against the property on which the rental inclusionary units are located, and having a term of fifty-five years.
- B. Off-site construction. An applicant may propose to construct, or facilitate construction by another developer, units that will not be physically contiguous to the market-rate units (or units that are physically contiguous to the market-rate units if the city determines this will provide greater public benefit). Off-site construction pursuant to this subsection shall be approved only if:
1. An inclusionary affordable housing agreement acceptable to the City Manager or his or her designee will be recorded against the properties upon which the residential project and the off-site units will be constructed;
 2. Approval for development of the off-site units has been secured not later than the time the residential project is approved. Building permits will be issued for the market-rate project only after building permits have been issued for the off-site inclusionary units, and final inspections will be completed and certificates of occupancy for the related market-rate units will be issued only after certificates of occupancy have been issued for the off-site inclusionary units, provided that the time requirements set forth in this subsection may be modified to accommodate phasing schedules, model variations, financing requirements, or other factors, if the city determines this will provide greater public benefit;
 3. The off-site units will be greater in number or will be affordable to households with lower incomes than would otherwise be required by section 14.04.040 of this chapter;

4. For-Sale Residential Development:

- a. Off-site for-sale inclusionary units numbering no less than twenty percent (20%) of the total dwelling units in the Residential Development shall be made available for purchase at an Affordable Housing Cost to moderate-income households; or
- b. Off-site rental inclusionary units numbering no less than five percent (5%) of the total dwelling units in the Residential Development shall be made available for rent at an Affordable Rent to Moderate Income Households, off-site rental inclusionary units numbering no less than five percent (5%) of the total dwelling units in the Residential Development shall be made available for rent at an Affordable Rent to Low-Income Households, and off-site rental dwelling units numbering no less than ten percent (10%) of the total dwelling units in the Residential Development shall be made available for rent at an Affordable Rent to Very Low-Income Households.

5. Rental Residential Development:

Off-site rental inclusionary units numbering no less than five percent (5%) of the total dwelling units in the Residential Development shall be made available for rent at an Affordable Rent to Moderate-Income Households, off-site rental inclusionary units numbering no less than five percent (5%) of the total dwelling units in the Residential Development shall be made available for rent at an Affordable Rent to Low-Income Households, off-site rental inclusionary units numbering no less than five percent (5%) of the total dwelling units in the Residential Development shall be made available for rent at an Affordable Rent to Very Low-Income Households, and off-site rental inclusionary units numbering no less than five percent (5%) of the total dwelling units in the Residential Development shall be made available for rent at an Affordable Rent to Extremely Low-Income Households.

6. Financing or a viable financing plan is in place for the off-site units;
7. If the off-site units receive any public assistance, the developer of the market-rate project will contribute economic value to the off-site units equivalent to the cost that would have been incurred to provide the required number of inclusionary units on-site in the residential project; and
8. The city may require that completion of off-site units shall be further secured by the developer's agreement to pay an in-lieu fee in the amount approved by city council in the event the off-site units are not timely completed.

C. Land dedication. An applicant may propose to dedicate without cost to the city, a lot or lots within or contiguous to the residential project, or elsewhere in the city, equivalent in value to the amount of the in-lieu fee that would be payable for all inclusionary units that would otherwise be required pursuant to paragraph A.1 of Section 14.04.040 of this chapter, and in size sufficient to accommodate at least the number of inclusionary units that would otherwise be required for the residential project. If there is a difference in the value of the land that is dedicated and the value of

the obligation, the applicant will be required to pay the difference as an in-lieu fee. An election to dedicate land in lieu of compliance with other provisions of this chapter shall be allowed only if:

1. The size and condition of the lot or lots to be dedicated is sufficient to make development of the otherwise required inclusionary units economically feasible, and financing or a viable financing plan is in place for development of at least the required number of Inclusionary Units on the dedicated land; and
2. The land to be dedicated has a General Plan designation that authorizes residential uses and the site is zoned for and suitable for construction of affordable housing at a feasible cost, served by utilities, streets and other infrastructure; environmental review of the site has been completed demonstrating that there are no hazardous materials present or other material constraints on development of affordable housing on the lot or lots; and unless City agrees otherwise, land use approvals have been obtained as necessary for the development of the inclusionary units on the lot or lots.
3. The site is not located in a very high fire hazard zone; special flood hazard area; or a delineated earthquake fault zone; and no historic or cultural resources are known to exist on the property.
4. Prior to the commencement of construction of the Residential Development, marketable title to the site is transferred to the City or an affordable housing developer approved by the City pursuant to an agreement approved by the City and executed by and between the Developer and the City, and if applicable the affordable housing developer. A memorandum of the City's or affordable housing developer's rights to acquire the site in form approved by City shall be recorded against the land to be dedicated prior to issuance of land use entitlements for the residential development.

D. In-lieu housing fee.

1. An in-lieu housing fee may be paid in addition to building or in-lieu of building inclusionary units as follows:
 - a. As provided in Section 14.04.040.A, whenever application of the requirements of this chapter results in a fractional number of .49 or less of required inclusionary units.
 - b. As provided in section 14.04.040.A, developers may elect to satisfy the requirements of this chapter by paying an in-lieu fee for up to one-half of the required number of inclusionary units in addition to any required fractional fee, and building the balance of the required inclusionary units in accordance with the requirements of this chapter.
 - c. For custom lot projects wherein a developer creates lots for purchase, and the residential units are built separately by individual owners, the requirements of this chapter shall be satisfied by each individual purchaser of a lot by paying an in-lieu fee as set forth in Chapter 14.08 at or prior to the issuance of building permit based on the per habitable square feet of the residential building area to be built.
 - d. Upon a determination by the City Manager or his or her designee that payment of an in-lieu fee is preferred to building inclusionary units onsite, or one of the other alternatives described in section 14.04.070.A through C above, considering the following:

- i. Whether the production of the proposed inclusionary units will fill a need in an affordable housing category or some other prioritized housing need area.
 - ii. Whether the proposed inclusionary units are in a category for which the city has already met its RHNA goal, and therefore payment of a fee may be preferred to achieve alternative housing goals, for example the development of housing affordable to extremely low-income households.
 - iii. Whether there is a specific identifiable project that the city can support with the fees.
 - iv. Whether affordable units are appropriate in the specific project, for example a custom lot project.
2. The initial in-lieu fee schedule shall be set by city council resolution or other action of the city council so that the per unit fee amounts are not greater than the estimated total development cost of a prototypical inclusionary unit.
3. In-lieu fees payable pursuant to this chapter are established in section 14.08.020. The City Council may annually review the fees authorized by this subsection by resolution, and may, based on that review, adjust the fee amount. For any annual period during which the City Council does not review the fees authorized by this subsection, the amounts stated in the fee schedule shall be increased automatically effective January 1 based on the annual increase in inflation as reported in the Engineering News Record City Cost Index.
4. In-lieu fees shall be calculated based on the fee schedule in effect at the time the fee is paid, unless otherwise required by state law. In-lieu fees payable pursuant to this chapter 14.04 shall be paid prior to issuance of building permits for the market-rate units in a residential project. If building permits are issued for only part of a residential project, the fee amount shall be based only on the number of units then permitted. Where payment is delayed, in the event of default or for any other reason, the amount of the in-lieu fee payable under this subsection shall be based upon the fee schedule in effect at the time the fee is paid to the extent permitted by applicable law.

14.04.080 Use of in-lieu fees.

- A. All in-lieu fees collected pursuant to this chapter shall be deposited into a separate account to be designated as the city of Morgan Hill housing in-lieu fee fund.
- B. The in-lieu fees collected pursuant to this chapter, and all earnings from investment of such fees, shall be expended exclusively to provide or assure continued provision of affordable housing in the city through acquisition, construction, development assistance, rehabilitation, financing, rent subsidies, or other methods, and for costs of administering programs that serve those ends. The housing assisted with such funds shall be of a type, or at an affordability level, for which there is a need in the city and that is not adequately supplied by private development, for example housing affordable to extremely low-income households.

14.04.090 Waiver of requirements.

Notwithstanding any other provision of this chapter, the requirements of this chapter shall be waived, adjusted, or reduced if the applicant demonstrates that applying the requirements of this chapter would take property in violation of the constitutions of the United States or the State of California or would otherwise result in an unconstitutional application of this chapter. To receive a waiver, adjustment or reduction under this section, the applicant must file a written request together with the development application(s) when applying for a first approval for the residential project, and/or as part of any appeal that the city provides as part of the process for the first approval. The written request shall provide substantial evidence showing that applying the requirements of this chapter would take property in violation of the constitutions of the United States or the state of California or would otherwise result in an unconstitutional application of this chapter. The city may assume that: (a) the applicant will provide the most economical inclusionary units feasible meeting the requirements of this chapter; and (b) the applicant is likely to obtain housing subsidies when such funds are reasonably available. The waiver, adjustment, or reduction may be approved only to the extent necessary to avoid an unconstitutional result, after adoption of written findings, based on substantial evidence, supporting the determinations required by this section.

14.04.100 Enforcement.

- A. The city council may adopt guidelines, by resolution, to assist in the implementation and administration of all aspects of this chapter.
- B. The city shall be authorized to enforce the provisions of this chapter and all inclusionary affordable housing agreements, regulatory agreements, covenants, resale restrictions, promissory notes, deed of trust, and other requirements placed on inclusionary units by civil action and any other proceeding or method permitted by law.
- C. Failure of any official or agency to fulfill the requirements of this chapter shall not excuse any applicant or owner from the requirements of this chapter.
- D. The remedies provided for in this chapter shall be cumulative and not exclusive, and shall not preclude the city from any other remedy or relief to which it otherwise would be entitled under law or equity.
- E. The city shall evaluate the effectiveness of the ordinance codified in this title, for review by the city council, five years after the operative date of this title.
- F. No permit, license, map, or other approval or entitlement for a residential project shall be issued, including without limitation a final inspection or certificate of occupancy, until all applicable requirements of this chapter have been satisfied.

14.04.110 Monitoring.

The inclusionary housing guidelines adopted or to be adopted by the city, and each inclusionary affordable housing agreement shall include provisions for monitoring by the city of each residential project and each inclusionary unit for compliance with the terms of this chapter, the inclusionary housing guidelines, and the applicable inclusionary affordable housing agreements. The city and/or its designated administrator shall also monitor and submit compliance reports to governmental agencies as required by law. Such provisions shall require property owners

to submit annual compliance reports to the city and/or its administrator, and shall authorize the city or its administrator to conduct periodic on-site inspections and audits to ensure compliance with all applicable laws, policies, and agreements. The city council may adopt fees to cover the city's costs of monitoring and compliance. Such fees shall be payable by the property owner and shall be deposited into the city's housing in-lieu fee fund.

Section 2. Section 14.08.020 (Fee established) of Chapter 14.08 (In-Lieu Housing Fees) of Title 14 (Housing) is hereby amended to read:

- A. There is created an in-lieu housing fee for new residential development for residential projects that are required or which volunteer to pay an in-lieu housing fee.
- B. For-Sale Residential Projects Outside of Downtown. The in-lieu housing fee for "for-sale" residential projects outside of downtown for which there is a fifteen-percent inclusionary housing requirement is nineteen dollars and seventy cents per habitable square foot of the residential building area of market-rate housing.
- C. For-Sale Residential Projects Within Downtown. The in-lieu housing fee for "for-sale" residential projects within the downtown for which there is a ten-percent inclusionary housing requirement is thirteen dollars and twenty cents per habitable square foot of the residential building area of market-rate housing.
- D. Rental Residential Projects Outside of Downtown. The in-lieu housing fee for "rental" residential projects outside of downtown for which there is a fifteen-percent inclusionary housing requirement is twenty-nine dollars per habitable square foot of the residential building area of market-rate housing.
- E. Rental Residential Projects Within Downtown. The in-lieu housing fee for "rental" residential projects within the downtown for which there is a ten-percent inclusionary housing requirement is fourteen dollars and fifty cents per habitable square foot of the residential building area of market-rate housing.
- F. Basis for calculation of the In-Lieu Housing Fee. The city approves, adopts, and incorporates the summary report from Keyser Marston Associates (KMA), entitled "Summary of Per Square Feet In-Lieu Fee Amounts for Ownership Projects Equivalent to Range of On-site BMR Requirements, and Summary of Per Square Feet In-Lieu Fee Amounts for Rental Projects Equivalent to Range of On-site BMR Requirements for Morgan Hill" dated September 25, 2018. This establishes the value of the in-lieu housing fee, which is determined to be a fair and effective fee to maintain the BMR program.
- G. The in-lieu housing fees shall increase annually on January 1 based on the Engineering News Record City Cost Index.

Section 3. Chapter 18.48 (Affordable Housing) of Title 18 (Zoning) is hereby repealed in its entirety.

Section 4. Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

Section 5. Effective Date; Posting. This Ordinance shall take effect 30 days after adoption. 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 1ST DAY OF DECEMBER 2021, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 15TH DAY OF DECEMBER 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. 2326, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 15th day of December 2021.

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

DATE: _____

MICHELLE BIGELOW, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Angie Gonzalez, Council Services Assistant

APPROVED BY: City Manager

ADOPT ORDINANCE 2327, NEW SERIES, AMENDING VARIOUS CODE PROVISIONS WITHIN THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL CORRECTING CROSS-REFERENCES TO VARIOUS CHAPTERS AND SECTIONS OF TITLE 18 (ZONING) AND IMPLEMENTING MINOR AMENDMENTS DUE TO CLERICAL ERRORS AND INCONSISTENCIES WITHIN TITLE 18 (ZONING); AND AMENDING SECTION 18.64.060 (GENERAL LANDSCAPE REQUIREMENT) OF CHAPTER 18.64 (LANDSCAPING) OF TITLE 18 (ZONING) TO ENHANCE WATER EFFICIENCY OF NEW LANDSCAPES

RECOMMENDATION(S)

Waive the reading, adopt Ordinance No. 2327, 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

City Council Ongoing Priorities

Advancing Regional Initiatives

Guiding Documents

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

On December 1, 2021, the City Council introduced Ordinance No. 2327 New Series, by the following roll call vote: AYES: Borgioli, Constantine, Martinez Beltran, McKay, Spring; NOES: None; ABSTAIN: None; ABSENT: None.

As part of the implementation of the Zoning Ordinance and yearly update, staff identified several clerical errors, inconsistencies between sections, and the need to update certain portions of the Municipal Code as well as provide further clarification or to expand on certain topics within the Code. The purpose of the proposed Ordinance is to correct these issues as well as enhance water efficiency for new landscaping.

At the December 1, 2021 City Council meeting, the City Council introduced and waived the reading of the ordinance.

COMMUNITY ENGAGEMENT:**Inform**

A 10-day public hearing notice was published in the Friday, November 19, 2021 edition of the Morgan Hill Times pursuant to Government Code Sections 65090-65096. Notice was also provided on the website and social media. On November 9, 2021, the Planning Commission held a public hearing regarding the proposed ordinance amendments in which a 10-day public hearing notice was published in the Friday, October 29, 2021 edition of the Morgan Hill Times.

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 6, 2018, the City Council adopted Ordinance No. 2277 N.S., a comprehensive update of Title 18 – Zoning of the City of Morgan Hill Municipal Code. The update included an amendment to the City’s official zoning map consistent with the Morgan Hill 2035 General Plan.

On December 18, 2019, the City Council adopted Ordinance No. 2313 N.S. to update Chapter 18.84 (Accessory Dwelling Units) of Title 18 (Zoning) to implement changes to accessory dwelling units (ADUs) pursuant to Assembly Bill 68, Assembly Bill 881 and Senate Bill 13.

On November 18, 2020, the City Council adopted Ordinance No. 2317 N.S. updating Section 18.108.040 (Design Permit) of Chapter 18.108 (Specific Permit Requirements) of Title 18 (Zoning) clarifying that the Planning Commission must approve site and design review for projects that include more than 75,000 square feet of new floor area, are 40 feet or higher, and/or include more than 100 units of new housing.

On January 20, 2021, the City Council adopted Ordinance No. 2319 N.S. amending various code provisions within Title 18 (Zoning) implementing minor amendments due to clerical errors and inconsistencies.

On November 9, 2021, the Planning Commission considered and recommended, unanimously, the City Council approve the proposed Ordinance.

FISCAL AND RESOURCE IMPACT:

Staff regularly brings forward bundles of minor amendments as necessary to enhance, correct and/or refine the Code; and therefore, the cost is borne, and work is accommodated, within the respective division's annual workplan and budget.

CEQA (California Environmental Quality Act):

This Ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines. The proposed text amendments are covered by the common-sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment.

Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to

CEQA. The proposed amendments consist of miscellaneous minor amendments to correct clerical errors and inconsistencies within the Municipal Code as well as enhance water efficiency for new landscaping.

ORDINANCE NO. 2327, NEW SERIES

AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING VARIOUS CODE PROVISIONS WITHIN THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL CORRECTING CROSS-REFERENCES TO VARIOUS CHAPTERS AND SECTIONS OF TITLE 18 (ZONING) AND IMPLEMENTING MINOR AMENDMENTS DUE TO CLERICAL ERRORS AND INCONSISTENCIES WITHIN TITLE 18 (ZONING); AND AMENDING SECTION 18.64.060 (GENERAL LANDSCAPE REQUIREMENT) OF CHAPTER 18.64 (LANDSCAPING) OF TITLE 18 (ZONING) TO ENHANCE WATER EFFICIENCY OF NEW LANDSCAPES

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

Section 1. Subsection G of Section 2.12.020 (Planning Division Duties) of Chapter 2.12 (Community Development Department) of Title 2 (Administration and Personnel) is hereby amended to read as follows:

G. Approve or disapprove, in whole or in part, applications for permits or plan approvals pursuant to Title 18 (Zoning) of this code, or as amended;

Section 2. Section 2.36.040 (Powers and Duties) of Chapter 2.36 (Planning Commission) of Title 2 (Administration and Personnel) is hereby amended to read as follows:

The planning commission shall have the powers and shall perform all the duties conferred and imposed upon city planning commissions by the applicable provisions of Chapter 3 of Title VII of the Government Code of the state and, in addition, the planning commission shall:

- A. Perform all the functions assigned to the commission by the subdivision and zoning ordinances (Titles 17 (Subdivisions) and 18 (Zoning) of this code) of the city, and all general laws of the state of California;
- B. Serve as an advisory body to the city council on matters related to city growth and development and on such other matters as may be requested by the council;
- C. Promote public interest in and understanding of the subdivision and zoning ordinances of the city, and also of all master plans and other official plans and regulations pertaining to planning which have been approved officially by the city council;
- D. Review and advise the city council on all proposed amendments to Title 17, Subdivisions, and Title 18, Zoning;
- E. Approve or disapprove application for designation of cultural resources and historic districts pursuant to Chapter 18.60 (Historic Resources) of this code, or as amended;

- F. Approve or disapprove permits sought to remove or demolish a cultural resource, cultural resource site or historic district pursuant to Chapter 18.60 (Historic Resources) of this code, or as amended.

Section 3. Subsection D of Section 12.32.080 (Permit—Approval—Conditions) of Chapter 12.32 (Restrictions on Removal of Significant Trees) of Title 12 (Streets, Sidewalks and Public Places) is hereby amended to read as follows:

- D. Posting of a bond to insure maintenance of substitute landscaping pursuant to the requirements of Chapter 18.64 (Landscaping) of this code.

Section 4. Section 15.52.100 (Site and Architectural Review—Appeals) of Chapter 15.52 (Moving Buildings) of Title 15 (Buildings and Construction) is hereby amended to read as follows:

Any person aggrieved by or dissatisfied with, or excepting to any decision made by the community development director may appeal in the manner prescribed in Chapter 18.112 (Appeals) of Title 18 (Zoning). The planning commission shall affirm, reverse or modify the decision appealed from. Action by the planning commission shall be final, unless there is a further appeal to the city council, in which case, the city council action shall be final.

Section 5. Subsection A of Section 17.20.050 (Accompanying Data and Reports) of Chapter 17.20 (Map Requirements—Five or More Parcels) of Title 17 (Subdivisions) is hereby amended to read as follows:

- A. The tentative map shall be accompanied by the following data or reports:

1. Soils Report. A preliminary soils report in accordance with the city's grading ordinance shall be submitted. If the preliminary soils report indicates the presence of critically expansive soils or other soil problems which, if not corrected, could lead to structural defects, the soils report accompanying the final map shall contain an investigation of each lot within the subdivision;
2. Title Report. A preliminary title report, showing the legal owners at the time of filing the tentative map;
3. Geologic/Geotechnical Report. Unless the requirement is waived by the community development department, an applicant for a tentative map or a tentative parcel map shall furnish the report or reports required by Chapter 18.70 (Geological Hazards) of this code prior to such application being deemed complete for processing.
4. School Site. The subdivider shall obtain from the Morgan Hill Unified School District their intention, in writing, concerning the necessity for a school site, if any, within the subdivision and shall present this information to the community development department prior to the consideration of the tentative map by the planning commission;
5. Environmental Impact Study. The various time limits set forth in this article for taking action on tentative maps shall not be deemed to commence until the subdivision is found exempt or an initial study is completed and a negative declaration or environmental impact report, as appropriate, is prepared, processed and

considered in accordance with the provisions of the California Environmental Quality Act. The subdivider shall provide such additional data and information and deposit and pay such fees as may be required for the preparation and processing of environmental review documents;

6. Utility Certification. Certification in writing from all utilities that the proposed subdivision can be adequately served. The city engineer may defer the required certification until after the filing of the tentative map;
7. Other Reports. Any other data or reports deemed necessary by the community development department.

Section 6. Subsection A of Section 17.24.030 (Form and Content) of Chapter 17.24 (Map Requirements—Four or Less Parcels) of Title 17 (Subdivisions) is hereby amended to read as follows:

A. The tentative map shall show the following information:

1. Name and address of legal owner, subdivider and the person preparing the map (including registration number);
2. Assessor's parcel number;
3. Date prepared, north arrow, scale and contour interval;
4. Existing and proposed land use;
5. Title;
6. A vicinity map, sufficient to show the relation to the local community;
7. Existing topography of the site and at least one hundred feet from its boundary, including but not limited to:
 - a. Existing contours at two-foot intervals, if the existing ground slope is less than ten percent and not less than five-foot intervals for existing ground slopes greater than or equal to ten percent. Existing contours shall be represented by screened or dashed lines,
 - b. Type, circumference and dripline of existing trees as defined by Chapter 12.32 of this code on removal of significant trees on public and private property. Any trees proposed to be removed shall be so indicated,
 - c. The approximate location and outline of existing structures identified by type. Structures to be removed shall be so marked,
 - d. The location, width and direction of flow of each watercourse,
 - e. The location, pavement and right-of-way width and grade and name of existing streets or highways,
 - f. Location and type of street improvements,
 - g. The location, size and slope of existing storm drains. The location of existing overhead utility lines on peripheral streets,

- h. The location, width and identity of existing easements;
- 8. Any improvements proposed by the owner shall be shown;
- 9. If the site is to be graded, proposed contours shall be shown or an approved grading plan shall be submitted;
- 10. The proposed lot layout and lot areas;
- 11. Proposed easements or rights-of-way;
- 12. The source and date of existing contours;
- 13. A preliminary report of title showing the current vested owner;
- 14. A soils and/or geotechnical/geology report may be required pursuant to Chapter 18.70 (Geological Hazards) of this code;
- 15. A statement by the engineer or surveyor responsible for the preparation of the map shall state that all monuments are of the character and occupy the positions indicated, or that they will be set in those positions on or before a specified date and that the monuments are, or will be, sufficient to enable the survey to be retraced;
- 16. The location of each parcel and its relation to surrounding surveys;
- 17. If the map includes a "designated remainder" parcel and the gross area of the "designated remainder" parcel is five acres or more, that remainder parcel need not be shown on the map and its location need not be indicated as a matter of survey, but only by deed reference to the existing boundaries of the remainder parcel. A parcel designated as "not a part" shall be deemed to be a "designated remainder" for the purposes of this section.

Section 7. Section 17.24.060 (Community Development Director Action) of Chapter 17.24 (Map Requirements—Four or Less Parcels) of Title 17 (Subdivisions) is hereby amended to read as follows:

The community development director shall approve, conditionally approve or deny the tentative parcel map, and shall make findings supporting his decision. In approving the application, the community development director may impose any reasonable conditions to ensure compliance. All actions of the community development director shall be final, unless appealed under the procedure in Chapter 18.112 (Appeals) of this code. If the map is approved, it shall be signed and dated by the city engineer and the community development director. A letter of the action taken, along with any conditions imposed, shall be sent to the subdivider and engineer. If the subdivision is denied, the subdivider or engineer shall be so notified in writing with a statement of reasons for the denial.

Section 8. Section 17.24.090 (Appeals—Subdivider) of Chapter 17.24 (Map Requirements—Four or Less Parcels) of Title 17 (Subdivisions) is hereby amended to read as follows:

If the subdivider disagrees with any action by the community development director, he or she may within ten days of the decision, appeal to the planning commission with respect to the tentative map, pursuant to Chapter 18.112 (Appeals) of the municipal code. If the subdivider disagrees with the action by the planning commission, he or she may, within ten days of the

receipt of such decision, appeal such action to the city council in accordance with Section 17.24.100 of this chapter.

Section 9. Section 17.24.100 (Appeals—Interested Persons Adversely Affected) of Chapter 17.24 (Map Requirements—Four or Less Parcels) of Title 17 (Subdivisions) is hereby amended to read as follows:

- A. Any interested person adversely affected by the decision of the community development director may appeal to the planning commission, pursuant to Chapter 18.112 (Appeals) of the municipal code, by filing an appeal with the community development director within ten days of such decision. Notice of appeal shall be in the manner prescribed in Chapter 18.112 (Appeals) of the municipal code. The planning commission shall either affirm, modify or reverse the decision of the community development director following the filing of such appeal. Action by the planning commission shall be final, unless there is a further appeal to the city council. Any person adversely affected by the decision of the planning commission with respect to the tentative parcel map may, within ten days of such decision, file an appeal with the city clerk. The city council shall consider the appeal within thirty days. This appeal shall be a public hearing with notice being given pursuant to Section 17.20.080 of this title and with additional notices to be given to the subdivider and to the affected interested persons. Upon conclusion of the public hearings, the city council shall within ten days declare its findings. The city council may sustain, modify, reject or overrule any recommendations or rulings of the planning commission and may make such findings as are consistent with the provisions of this section or the State Subdivision Map Act. The decision of the city council shall be final.

Section 10. Subsection D of Section 17.38.430 (Development Standards) of Chapter 17.38 (Mobile Home Park Conversions to Resident Ownership or to Any Other Use) of Title 17 (Subdivisions) is hereby amended to read as follows:

- D. All standards contained in Section 18.30.050 (Planned Development Combining District) of this code shall be adhered to.

Section 11. Table 18.04-1 (Equivalent Zoning Districts) within Section 18.04.080 (Transitional Provisions) of Chapter 18.04 (Introductory Provisions) of Title 18 (Zoning) is hereby amended to read as follows:

Table 18.04-1: Equivalent Zoning Districts

Zoning District from Previous Zoning Code	Equivalent Zoning District in this Zoning Code
Residential Zoning Districts	
Residential Estates (RE) - 10	Residential Estate (RE) - 10
Residential Estates (RE) - 10,000	Residential Estate (RE) - 2.5
Residential Estates (RE) - 40,000	Residential Estate (RE) - 1

Single-Family Low Density Residential (R-1)	Residential Detached Low Density (RDL)
Single-Family Medium Density Residential (R-1)	Residential Detached Medium Density (RDM)
High Density Single-Family Residential (R-1)	Residential Detached High Density (RDH)
Medium-Density Residential (R-2)	Residential Attached Low Density (RAL)
Medium-Density Residential (R-3)	Residential Attached Medium Density (RAM)
High-Density Residential (R-4)	Residential Attached High Density (RAH)
Mixed Use Zoning Districts	
Central Business District (CBD)	Downtown Mixed Use (MU-D)
Central Commercial/Residential (CC-R)	Neighborhood Mixed Use (MU-N)
Light Commercial/Residential (CL-R)	Mixed Use Flex (MU-F)
Commercial Zoning Districts	
Administrative Office (CO)	Administrative Office (CO)
Neighborhood Commercial (CN)	Neighborhood Commercial (CN)
General Commercial (CG)	General Commercial (CG)
Highway Commercial (HC)	Highway Commercial (CH)
Service Commercial (CS)	Service Commercial (CS)
Theme Unit Development (TUD)	No equivalent zoning district
Industrial Zoning Districts	
No equivalent zoning district	Commercial Industrial (CI)
Office Industrial (MO)	Office Industrial (IO)
Campus Industrial (MC)	Campus Industrial (IC)
Light Industrial (ML)	Light Industrial (IL)
General Industrial (MG)	General Industrial (IG)

Public, Open Space, and Recreational Zoning Districts	
Open Space (OS)	Open Space (OS)
Public Facilities (PF)	Public Facilities (PF)
Sports Recreation Leisure (SRL)	Sports Recreation Leisure (SRL)
Overlay Zones and Combining Districts	
Active Fault Surface Rupture Combining District (AFSR)	Active Fault Surface Rupture Combining District (AFSR)
Downtown Ground Floor Overlay (GF)	Downtown Ground Floor Overlay Zone (DGF)
Hillside Combining (H)	Hillside Combining District (H)
Planned Development Overlay (PD)	Planned Development Combining District (PD)
Seismic Combining (S)	No equivalent zoning district
Geologic Combining (G)	No equivalent zoning district
Legacy Zones	
Residential Planned Development (RPD)	No equivalent zoning district
Planned Unit Development (PUD)	No equivalent zoning district
Conditional (C)	No equivalent zoning district

Section 12. Table 18.44-2 (Minimum Accessory Structure Setbacks) within Section 18.44.030 (Accessory Structures in Residential Zoning Districts) of Chapter 18.44 (Accessory Structures and Uses) of Title 18 (Zoning) is hereby amended to read as follows:

Table 18.44-2: Minimum Accessory Structure Setbacks

Accessory Structure	Minimum Setbacks from Property Lines	
	Front	Side and Rear
Roofed structures such as detached garages and		

sheds and open, unroofed structures such as decks and trellises		
Height 12 ft. or less	Same as minimum primary structure setback	5 ft.
Height greater than 12 ft.		Same as minimum primary structure setback
Mechanical equipment and mechanical equipment enclosures		50 percent of minimum primary structure setback
Patios and Decks [2]		
Height 18 in. or less (unroofed only)	5 ft.	1 ft.
Height less than 6 ft.	15 ft.	5 ft.
Height greater than 6 ft.	20 ft. or same as minimum primary structure setback, whichever is less	12.5 ft. or same as minimum primary structure setback, whichever is less
In ground pools, spas and hot tubs	Same as minimum primary structure setback	4 ft.
Above ground pools, spas, hot tubs and related equipment, accessories, and improvements	Same as minimum primary structure setback	5 ft.
Ponds less than 18 in. in depth	10 ft.	1 ft.
Fireplaces, barbeque structures, statuary and fountains [1]		
Height 8 ft. or less	3 ft.	3 ft.
Height greater than 8 ft. to 12 ft.	5 ft.	5 ft.

Notes:

[1] All openings for freestanding fireplaces and built-in barbeques shall meet all Uniform Building Code and Uniform Fire Code requirements.

[2] Height measured from ground to walking surface.

Section 13. Subsection A of Section 18.60.070 (Historical Alterations Permit) of Chapter 18.60 (Historic Resources) of Title 18 (Zoning) is hereby amended to read as follows:

- A. When Required. Unless waived pursuant to paragraph 18.60.060.D.2, it is unlawful for any person to alter or modify character-defining features of a potentially significant or significant historical resource, a resource that has been formally designated or listed on the city's adopted survey list, or which lies within an historic district, without first obtaining a Historical Alteration Permit as outlined below. Neither the community development director nor the building official shall grant any permit to carry out such work without the approval of a historical alteration permit.

Section 14. Section 18.64.060 (General Landscape Requirement) of Chapter 18.64 (Landscaping) of Title 18 (Zoning) is hereby amended to read as follows:

A. General Standards.

1. Plant Selection. All plants and trees shall be categorized as low or very low water use in the Central Coast as defined by the water use classification of landscape species (WUCOLS) database.
2. Turf Lawns. Turf areas shall be limited to flat areas designed exclusively for active recreation and should not exceed twenty-five percent of the landscaped area. The planning commission may approve larger areas if the lawn area exclusively provides functional recreational space.
3. Plant Groupings. Where irrigation is proposed, plants shall be grouped in separate hydrozones (i.e., plants within each irrigation valve area shall have the same watering requirements).
4. Water Features. Decorative water features (e.g., fountains, ponds, waterfalls) must be approved by the planning commission and shall have recirculating water systems.
5. Watering Times. Watering shall start after 7:00 p.m. and end before 9:00 a.m.
6. Public Safety. Plant species shall be selected and located so that at maturity they do not interfere with pedestrian, bicycle, or vehicular circulation and do not conflict with overhead lights or utility lines.

B. Irrigation and Water Efficiency. Irrigation systems shall be designed to avoid runoff, low head drainage, overspray, and other similar conditions where water flows outside of landscaped areas. Irrigation systems shall feature the following equipment:

1. Irrigation systems shall meet a minimum irrigation efficiency of seventy-five percent.
2. Separate landscape water meters for landscape areas exceeding five thousand square feet.
3. Irrigation controllers capable of percent adjustment, multiple programming, and rain sensor.

4. Drip or bubbler irrigation is required in all areas except turf areas installed per Subsection A.2 above. Micro-spray sprinklers are prohibited. Overhead spray irrigation installed to irrigate turf areas shall have a precipitation rate of no more than three-quarters of one inch per hour.
5. Separated valves and circuits based on water use and sun exposure. Separate valves for turf and non-turf and berm areas are required.
6. Sprinkler heads and emitters selected for proper area coverage, application rate, operation pressure, adjustment capability, and ease of maintenance.
7. Rain-sensing override devices are required for all irrigation systems.
8. Drip or bubbler irrigation is required for all trees.
9. State-approved back flow prevention devices shall be installed on all irrigation systems.

C. Timing of Installation. Landscaping systems shall be installed prior to final building permit inspection or certification of occupancy.

Section 15. Subsection E of Section 18.84.050 (Site and Design Standards) of Chapter 18.84 (Accessory Dwelling Units) of Title 18 (Zoning) is hereby amended to read as follows:

E. Property Line Setbacks.

1. No setback is required for an existing accessory structure or living area as defined by Government Code Section 65852.2 that is converted to an accessory dwelling unit.
2. No setback is required for an accessory dwelling unit constructed in the same location and the same footprint as an existing accessory structure.
3. A minimum setback of four feet from the side and rear property lines is required for an accessory dwelling unit sixteen feet in height or less.
4. An accessory dwelling unit in excess of sixteen feet shall comply with setback requirements of the applicable zoning district.

Section 16. Subsection A of Section 18.88.030 (Required Permits) of Chapter 18.88 (Signs) of Title 18 (Zoning) is hereby amended to read as follows:

A. Sign Permits.

1. When Required. A sign permit is required to install, display, or alter a sign except for signs exempt from sign permit requirements as specified in Section 18.88.040 (Signs Allowed Without Permits).
2. Review Authority.
 - a. The community development director shall review and act on all sign permit applications except for signs reviewed by the planning commission as specified in Paragraph b below.
 - b. The planning commission shall review and act on sign permit applications for the following types of signs:

- (1) Changeable copy message board for automotive-related business adjacent to Highway 101 consistent with Section 18.88.100.B (Changeable Copy Signs);
- (2) Freestanding freeway-oriented signs consistent with Section 18.88.100.C (Freestanding Freeway Oriented Signs);
- (3) Off-site hospital signs consistent with Section 18.88.100.D (Hospital Signs);
- (4) Off-site monument signs consistent with Section 18.88.100.D (Off-site Monument Signs);
- (5) Adjustments to sign standards consistent with Section 18.88.070 (Adjustment to Sign Standards); and
- (6) Master sign programs consistent with Section 18.88.110 (Master Sign Program).

Section 17. Subsection F of Section 18.88.110 (Master Sign Program) of Chapter 18.88 (Signs) of Title 18 (Zoning) is hereby amended to read as follows:

F. Design Standards.

1. Master sign programs shall feature a unified and coordinated approach to the materials, color, size, type, placement and general design of signs proposed for a project or property. Master sign programs may allow for variety in the design of individual signs provided that the signs contribute to a consistent visual theme within the property.
2. A Master sign program may deviate from standards contained in this chapter relating to permitted sign height, number of signs, sign area, and type of sign. A master sign program may not allow prohibited signs as identified in Section 18.88.050 (Prohibited Signs).

Section 18. Subsection I of Section 18.108.040 (Design Permit) of Chapter 18.108 (Specific Permit Requirements) of Title 18 (Zoning) is hereby amended to read as follows:

- I. Residential Design Criteria. In addition to the criteria in Subsection H above, new medium density residential development that requires a design permit shall also comply with the design criteria in Chapter 18.40 (Alternative Standards for Medium Density Residential Development).

Section 19. Subsection C of Section 18.112.030 (Filing and Processing of Appeals) of Chapter 18.112 (Appeals) of Title 18 (Zoning) is hereby amended to read as follows:

C. Form of Appeal.

1. An appeal shall be submitted in writing to the development services department on an official city application form together with all required application fees.
2. The appeal application shall state the pertinent facts and the basis for the appeal.

3. The whole decision or part of the decision may be appealed. If an appellant chooses, an appeal may be taken solely from any finding, action, or condition.

Section 20. Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

Section 21. Effective Date; Posting. This Ordinance shall take effect on 30 days after adoption. 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 1ST DAY OF DECEMBER 2021, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 15TH DAY OF DECEMBER 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. 2327, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 15th day of December 2021.

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

DATE: _____

MICHELLE BIGELOW, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Angie Gonzalez, Council Services Assistant

APPROVED BY: City Manager

ADOPT ORDINANCE 2328, NEW SERIES, AMENDING SECTION 18.40.060 (STANDARDS FOR ALL HOUSING TYPES) OF CHAPTER 18.40 (ALTERNATIVE STANDARDS FOR MEDIUM DENSITY RESIDENTIAL DEVELOPMENT) OF TITLE 18 (ZONING) TO REMOVE REFERENCES TO TRASH ENCLOSURE STANDARDS AND ADDING SECTION 18.92.125 (REFUSE AND RECYCLING ENCLOSURES) TO CHAPTER 18.92 (SUPPLEMENTAL STANDARDS) TO INCLUDE NEW REFUSE AND RECYCLING ENCLOSURE STANDARDS

RECOMMENDATION(S)

Waive the reading, adopt Ordinance No. 2328, 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

City Council Ongoing Priorities

Enhancing Public Safety

Advancing Regional Initiatives

Guiding Documents

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

On December 1, 2021, the City Council introduced Ordinance No. 2328 New Series, by the following roll call vote: AYES: Borgioli, Constantine, Martinez Beltran, McKay, Spring; NOES: None; ABSTAIN: None; ABSENT: None.

The California Department of Resources, Recycling, and Recovery adopted regulations in November of 2020, effective January 1, 2022, to implement the requirements of Senate Bill 1383. The regulations require residents and businesses to separate organic waste from trash and participate in organic waste recycling programs to achieve the specified targets for reducing organic waste in landfills. To assist residents and businesses with the transition, this ordinance will update the refuse and recycling enclosure standards and includes a temporary compliance section for existing enclosures with permanent compliance with new standards by the year 2030.

COMMUNITY ENGAGEMENT:

Inform

Community Engagement - To build community awareness of the upcoming changes to refuse and recycling disposal and new enclosure standards, a Community Outreach meeting was held via zoom on October 27, 2021. Notification of the Ordinance was sent in the weekly 411, e-blast, and posted on a project webpage. A public hearing was held on November 9, 2021 at a regular scheduled Planning Commission meeting.

ALTERNATIVE ACTIONS:

Not applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Planning Commission held a public hearing, received staff's report, and recommended approval of the zoning text updates for refuse and recycling enclosures at the November 9, 2021 Planning Commission meeting. On December 1, 2021, the City Council introduced Ordinance No. 2328 New Series

FISCAL AND RESOURCE IMPACT:

None. Adoption and implementation of the text amendments is included in staff's workplan.

CEQA (California Environmental Quality Act):

Statutory Exemption

This Ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines. The proposed text amendments are covered by the common-sense exemption that CEQA applies only to projects which have the potential to cause 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.

ORDINANCE NO. 2328, NEW SERIES

**AN ORDINANCE OF THE CITY OF MORGAN HILL
AMENDING SECTION 18.40.060 (STANDARDS FOR ALL
HOUSING TYPES) OF CHAPTER 18.40 (ALTERNATIVE
STANDARDS FOR MEDIUM DENSITY RESIDENTIAL
DEVELOPMENT) OF TITLE 18 (ZONING) TO REMOVE
REFERENCES TO TRASH ENCLOSURE STANDARDS
AND ADDING SECTION 18.92.125 (REFUSE AND
RECYCLING ENCLOSURES) TO CHAPTER 18.92
(SUPPLEMENTAL STANDARDS) TO INCLUDE NEW
REFUSE AND RECYCLING ENCLOSURE STANDARDS**

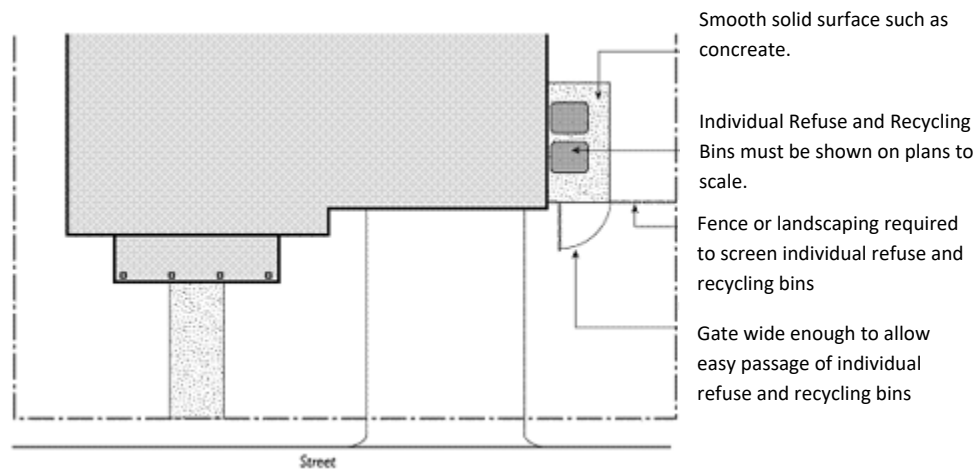
THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES ORDAIN AS
FOLLOWS:

Section 1. Subsection H of Section 18.40.060 (Standards for All Housing Types) of chapter 18.40 (Alternative Standards for Medium Density Residential Development) of Title 18 (Zoning) is hereby amended to read as follows:

H. Screening. Mechanical equipment and individual refuse and recycling bins-shall be screened as follows:

1. Air conditioners, heaters, utility equipment, meters, and similar equipment shall be screened from public view. Above-ground utility transformers and other above grade equipment shall not be located within the front yard along a street.
2. Fencing, landscaping or view-obscuring structures shall be provided to screen individual refuse and recycling bins or other refuse containers from view from public rights-of-way while still providing easy access to trash receptacles (see Figure 18.40-1).
3. A gate wide enough to allow for passage of city standard individual refuse and recycling bins shall be provided.
4. Individual refuse and recycling bin storage areas shall have a smooth solid surface such as concrete.
5. The location of refuse and recycling bins shall be shown on plans submitted for planning and building permits.

Figure 18.40-1: Standards for Individual Refuse and Recycle Bin Screening in Small Lot Subdivisions



Section 2. Section 18.92.125 (Refuse and Recycling Enclosures) of Chapter 18.92 (Supplemental Standards) of Title 18 (Zoning) is hereby added to read as follows:

18.92.125 – Refuse and Recycling Enclosures

- A. Purpose. This section establishes refuse and recycling enclosure design and access standards to adequately screen refuse and recycling bins and prevent pollutant discharge for non-residential and residential uses.
- B. Applicability. Refuse and Recycling Enclosures are required for the following:
1. New non-residential structures.
 2. An addition to a non-residential building which exceeds 30% of the existing floor area of the building(s) on a site.
 3. When there is a change of use.
 4. New residential projects proposing refuse and recycling enclosures.
- C. Development Standards for Refuse and Recycling Enclosures.
1. Refuse and Recycling Enclosures shall be a minimum of 12-feet wide by 9-feet deep to contain a minimum of three collection containers (solid waste, organic materials, and recycling) and other bins that may be required per the business type as reviewed and approved by the City's franchised waste hauler.
 2. Enclosure shall be separated from adjacent parking stalls with a minimum three-foot wide planter and a 12-inch wide paved surface behind the curb.
 3. Enclosure walls shall be a minimum of 6-feet in height.
 4. A 12-inch curb, bumper, or other method shall be incorporated along interior base to prevent dumpster from hitting the sides of the enclosure.
 5. Enclosure shall have a solid all-weather non-combustible roof structure to prevent storm water from entering the enclosure's contents and the sanitary sewer system.

6. An area drain with hose bib and approved vandal proof drain shall be installed and plumbed to the sanitary sewer system with a grease trap.
7. Enclosure pad shall be designed to drain inward, and the outside grade surrounding the enclosure shall not drain into the enclosure.
8. A pedestrian entrance to the enclosure shall be provided.
9. Bin gates shall be attached to separate metal poles and have the ability to be locked. Bin gates shall not be connected directly to the enclosure wall.
10. The pad and entrance apron of the enclosure shall be concrete.

D. Design Standards.

1. Enclosures shall be designed with the same materials, colors, and architecture as the principal building.
2. Enclosure walls shall be constructed of a solid masonry material and finished to match the building materials of the principal building.
3. Enclosures shall include solid view-obstructing gates. Chain link with or without wooden/plastic slats is prohibited.
4. The roof of the enclosure shall consist of the same materials, colors, and architecture as the principal building and shall be painted with rust-inhibitive paint.

E. Enclosure Location.

1. Enclosures shall not be visible from public rights-of-way or primary entry driveways and shall be screened from public view.
2. Landscaped planters utilized for screening shall incorporate a minimum three-foot wide planter on the sides and rear of the enclosure.
3. Enclosures shall be connected to an accessible route for service vehicles.
4. Non-Residential enclosures shall be located a minimum of 15-feet away from adjacent properties zoned for residential uses.

F. Temporary Conformance for Non-conforming Enclosures. Existing enclosures that do not meet the minimum size requirements or the number of bins required in Section 18.92.125.C. shall install a temporary bin or bins outside of the existing non-conforming enclosure. The temporary bin(s) shall:

1. Have a secured and lockable lid.
2. Be secured to the existing enclosure, building, or ground to prevent free movement and possible damage to adjacent structures or automobiles.
3. Be kept clean.
4. The area around the temporary bin(s) be kept free and clear of garbage debris and/or spillage.
5. Shall not create objectionable odors consistent with Section 18.76.100 (Odors).

If temporary conformance standards outlined in 18.92.125.F cannot be met, compliance with Section 18.92.125.C, 18.92.125.D, and 18.92.125.E is required.

G. All non-conforming and temporarily conforming refuse and recycling enclosures shall conform with Sections 18.92.125.C, 18.92.125.D, and 18.92.125.E by January 1, 2030.

Section 3. Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

Section 4. Effective Date; Posting. This Ordinance shall take effect on 30 days after adoption. 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 1ST DAY OF DECEMBER 2021, AND WAS FINALLY ADOPTED AT A MEETING OF THE CITY COUNCIL HELD ON THE 15TH DAY OF DECEMBER 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. 2328, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 15th day of December 2021.

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

DATE: _____

MICHELLE BIGELOW, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Jennie Tucker, Recreation Manager

APPROVED BY: City Manager

APPROVE COMMUNITY PLAYHOUSE LICENSE AGREEMENT WITH SOUTH VALLEY CIVIC THEATRE

RECOMMENDATION(S)

Authorize the City Manager to execute and administer the license agreement through December 2024 with South Valley Civic Theatre.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community
Enhancing Diversity and Inclusiveness

2020-2021 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:

South Valley Civic Theatre (SVCT) has provided theatrical entertainment for the Morgan Hill Community since 1969. The City recognizes the contributions made by SVCT to supporting culture and the arts in Morgan Hill, and has partnered with South Valley Civic Theater to serve as the home company for the Community Playhouse since it opened. SVCT has leased the Community Playhouse for its ongoing theatrical performances since December 2002 and all past license agreements have designated the organization as the “Home Company” for the Playhouse. This has been a positive and mutually beneficial arrangement for both the City and SVCT, providing SVCT with primary use of the facility over other users, allowing the City to receive stable rent revenue for the facility, and providing local performing arts opportunities for the Community.

The most recent license agreement with SVCT was renewed in August 2017 for the period of 2018 through 2020. Due to the Covid-19 pandemic, SVCT has not held a show or used the playhouse since March 2020. The City is eager to have SVCT back in the playhouse and continue the community benefits in early 2022.

It is important to recognize that SVCT is the most significant customer at the Playhouse,

due to the high levels of use by the organization. In previous years, SVCT utilized the playhouse for roughly 70% of total usage compared with all other users of the facility. The SVCT license provided approximately \$26,652 (48%) of \$55,895 in total annual revenue attributed to Playhouse use during FY 18/19 (the most recent full year). The estimated costs for operation and maintenance of the playhouse are approximately \$85,000 annually.

The total payments for the four most recent license terms are outlined below:

January 2009-December 2011 \$72,000

January 2012-December 2014 \$72,538

January 2015-December 2017 \$74,901

January 2018-December 2020 \$60,291 (would have been \$81,218 if there was no forced closure due to the pandemic)

After negotiating the attached agreement with SVCT representatives, staff recommends renewing the agreement for another three (3) year term from January 1, 2022 through December 31, 2024. Minor changes to the terms of the agreement have been made to support requests from both the City staff and SVCT. The annual base rent payment for the first year will be the same as it was at the end of the previous agreement (\$27,903.60). The proposed agreement would increase the current base rent payment of \$27,903 beginning January 1, 2023 by the percentage equal to the average annual increase in the San Francisco-Oakland-San Jose Consumer Price Index for all urban consumers for the prior calendar year, but not to exceed 3.1%. The CPI cap was previously proposed by SVCT to help prevent extreme spikes in its base rent. This CPI increase will occur annually in January each year of the license term. During agreement negotiations, SVCT shared concern about their attendance numbers as they rebuild from the Covid-19 pandemic. To address this concern, the agreement includes a provision to provide a 20% reduction on monthly rent for up to 3 months if ticket sales are lower than 770 during the first show of 2022.

It is also important to note that in December 2018, City Council approved programmatic funding of up to \$10,000 for SVCT to provide opportunities for low-income young people and adults. SVCT received \$10,000 in FY 18/19 and 19/20. City Council approved \$10,000 during the annual budget process for FY 21/22.

COMMUNITY ENGAGEMENT:

Collaborate

Partnering with SVCT and the volunteers that operate the non-profit is a collaborative endeavor with a goal of providing a venue for a local non-profit with a mission to provide high quality community theater to the residents of Morgan Hill and South Santa Clara County. SVCT is the largest theater organization in Morgan Hill and provides the greatest representation of the local theater community.

ALTERNATIVE ACTIONS:

The City Council could alternatively not approve the agreement and direct staff to

continue negotiations with specific direction.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

December 7, 2011-The City Council authorized the City Manager to execute the 2012-2014 playhouse license agreement with SVCT.

August 6, 2014-The City Council authorized the City Manager to execute the 2015-2017 playhouse license agreement with SVCT.

August 23, 2017-The City Council authorized the City Manager to execute the 2018-2020 playhouse license agreement with SVCT.

FISCAL AND RESOURCE IMPACT:

The terms of the new agreement include total base rent of \$83,712 over a three-year term (\$27,904 each year), with a CPI increase each year, not to exceed 3.1% each year. Revenue supports the City's General Fund (Fund 010) and supports cost recovery for the Recreation and Community Services Division.

CEQA (California Environmental Quality Act):

Categorical Exemption

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

**AGREEMENT BETWEEN CITY OF MORGAN HILL
AND SOUTH VALLEY CIVIC THEATRE REGARDING LICENSING OF
MORGAN HILL COMMUNITY PLAYHOUSE
AND HOME COMPANY STATUS**

This Agreement is entered into on _____, 2021, by and between CITY OF MORGAN HILL, a municipal corporation, hereinafter referred to as “City,” and SOUTH VALLEY CIVIC THEATRE, a California Corporation, hereinafter referred to as “Home Company.”

RECITALS

WHEREAS, City is the owner of the Morgan Hill Community Playhouse (“Premises”), located at 17090 Monterey Road, Morgan Hill, California; and;

WHEREAS, South Valley Civic Theatre has provided theatrical entertainment to the Morgan Hill community since 1969, and wishes to continue doing so in appropriate facilities; and,

WHEREAS, City recognizes the long-term contributions made by South Valley Civic Theatre to the culture and entertainment resources of the city, and wishes to encourage South Valley Civic Theatre to continue to provide high-quality entertainment to the citizens of Morgan Hill, and City therefore designates South Valley Civic Theatre company as “Home Company” of the Morgan Hill Community Playhouse; and

WHEREAS, Home Company wishes to continue to use the Premises on a non-exclusive basis; and,

WHEREAS, City wishes to grant another license to Home Company for use of the Premises on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, City hereby grants a license to Home Company, and Home Company agrees to such license on the terms and conditions set forth in this Agreement.

AGREEMENT

1. Licensing of Premises. City hereby grants to Home Company a license, on a non-exclusive basis, to the Premises commonly known as Morgan Hill Community Playhouse located at 17090 Monterey Road for uses set forth in this Agreement.

2. Term; Termination

2.1 Term. The term of the Agreement shall commence on January 1, 2022 and end on December 31, 2024, unless terminated earlier pursuant to the terms of this Agreement.

2.2 Termination.

(a) Should City determine, in its sole discretion, that use of Premises by Home Company is causing undue damage or wear and tear to Premises, then City may terminate this Agreement upon ninety (90) days' written notice of the cause and intent to terminate, unless, within forty-five (45) days following the notice, the Home Company cures the cause for termination by appropriate repair or replacement (as reasonably determined by the City). Should City determine, in its sole discretion, that Home Company's use of Premises is incompatible with other uses, actual or intended, of Premises, then City may terminate this Agreement upon one hundred eighty (180) days' written notice without further responsibility to Home Company, or if less than one hundred eighty (180) days' notice is given, City shall elect either to reimburse Home Company's projected loss of net income based upon relevant historic data related to Home Company's recent, previous performances from performance days that are canceled as a result of the termination based on its then-current budget, or else find and fund a reasonable alternative venue for any show scheduled for performance within the one hundred eighty (180) days.

(b) If either party determines, in its sole discretion, that it is unable or unwilling to continue this Agreement under the terms hereof, each party reserves the right to terminate the Agreement without future obligation upon providing one hundred eighty (180) days written notice to the other party, with the exception that Home Company may terminate the Agreement by giving ninety (90) days written notice if City changes the operating hours of Premises, as defined in Paragraph 6.7, below, from those in place at date of this Agreement or exercises its right to preempt the Home Company's use, to the point where Home Company determines, in its sole discretion, that it will be impaired in exercising its rights or meeting its obligations under this Agreement.

2.3 Surrender of Premises

(a) On the termination date or the end of any extension or renewal of this Agreement, Home Company shall promptly surrender and deliver Premises to City in as good condition as they are as of the date of first occupancy under this Agreement; reasonable wear and tear and any damage caused by other licensee(s) reported to the City pursuant to section 10.2, excepted.

(b) Any property of Home Company which remains on Premises following the termination date, and which remains on Premises for fifteen (15) days after Home Company has been notified to retrieve it, shall become the property of City, and City shall be entitled to retain or dispose of such property as it deems appropriate.

3. New Agreement. Prior to negotiating with any other potential home company, City agrees to negotiate with Home Company regarding a potential new agreement upon expiration of this Agreement. Notice of intent to commence negotiation must be given by Home Company to City at least twelve (12) months prior to the expiration of this Agreement

4. Scheduling.

4.1 City and Home Company agree to the following uses of the Premises in each general annual production season, defined as January through December of each year of this Agreement, consisting of the following:

- (a) Five (5) theatrical productions per year, and
- (b) Approximately ten (10) but no less than seven (7) performance days per theatrical production over a four (4) week period, for a total not to exceed fifty-five (55) performance days per year, and
- (c) a maximum of fourteen (14) rehearsal days per theatrical production, not to exceed seventy (70) rehearsal days per year and,
- (d) one (1) day for an awards show production, one (1) day for an annual meeting, and one (1) day immediately at the end of each theatrical production to strike the set and load-out of Premises.

4.2 City and Home Company may agree in writing on a production season exceeding five (5) theatrical productions at the Premises per year according to terms and conditions determined by both parties, and Home Company may elect to perform at a different venue no more than one (1) of the contemplated theatrical productions pursuant to Paragraph 4.1 during the term of this Agreement. (City acknowledges that Home Company presents small scale productions in Gilroy at Limelight Theater, wholly unrelated to and not in any way governed by the terms of this Agreement.)

4.3 Home Company agrees to provide to City in a timely manner the specific productions for each booking period and a comprehensive master schedule of the dates and times it requests for any and all activities at the Premises, including performances, rehearsals, and technical run-throughs. City shall provide a Master Playhouse Calendar to Home Company within two (2) weeks following the receipt of the master schedule. The booking periods and corresponding due dates are as follows:

- (a) First booking period: January 1, 2022, through December 31, 2022. Schedule of dates and times has already been submitted as of the effective date of this Agreement.
- (b) Second booking period: January 1, 2023, through December 31, 2023, Schedule of dates and times due on or before January 1, 2022.
- (c) Third Booking Period: January 1, 2024, through December 31, 2024. Schedule of dates and times due on or before January 1, 2023.

4.4 In initially setting the Master Playhouse Calendar, Home Company shall have priority over any other user aside from pre-existing City contracts. It is acknowledged and agreed that for dates not on the Master Playhouse Calendar, Home Company shall not have priority over any other user in booking or reserving such dates.

4.5 Should Home Company wish to change dates on the Master Playhouse Calendar after it has been issued by City, a written request for such change must be submitted to City. City reserves the right to accept or deny such change at its sole discretion. City shall respond in writing to Home Company's request to change dates within ten (10) working days of receipt of the request. If City denies such request, Home Company is responsible for the full facility fee and all additional expenses. However, provided City leases the space for the cancelled date(s) to another user, Home Company will receive a rebate based on the new facility fees paid, up to the maximum of the original Home Company facility fees.

4.6 City shall not be responsible to Home Company, or to any artist, booking agent, individual or organization, etc., for promises, contracts, representations, commitments, or promotions of any kind relating to a date for use of the Premises that has not yet received written approval from, and been scheduled by, City.

4.7 City shall provide Home Company with a Master Playhouse Calendar of all reserved facility uses, including those with other individuals or entities for Premises upon reasonable request.

5. Fees and Charges.

5.1 Base Rent Payments. Home Company shall pay an annual fixed base rent payment of Twenty-Seven Thousand Nine Hundred Four Dollars (\$27,904) ("Base Rent") beginning January 1, 2022 and ending December 31, 2022. Rent payments are to be paid on a pro rata monthly basis and are due and payable on the first day of each month of the lease, with the first payment due and payable on January 1, 2022. If ticket sales for the first show are less than 770 tickets, City will provide a 20% discount on monthly rent for up to 3 months.

5.2 Increase in Base Rent. Base Rent shall be increased annually beginning January 1, 2023, by the percentage equal to the average annual increase in the San Francisco-Oakland-San Jose Consumer Price Index for all urban consumers for the prior calendar year, but not to exceed 3.1%.

5.3 Additional Service Fees. Home Company shall be responsible for payment for any requested additional services provided by City not otherwise provided for in this Agreement.

(a) Home Company shall pay One Hundred Dollars (\$100.00) per day for each additional rental day for performances or rehearsals or other Home Company events not included in Paragraph 4.1 above. Any additional rental days must be requested by Home Company in writing and approved by City.

(b) Other additional services requested of City by Home Company may include, but are not limited to, extra stage crew, extended ticket office hours, additional City staff hours, special requests, processing mailing lists, equipment rentals, piano use, online ticket services, etc. Costs for such services will be estimated by City in writing prior to providing the requested service.

5.4 Due Date. Fees owed City under Paragraphs 5.2 and 5.3, as well as any other fees or charges in other Paragraphs of the Agreement, are due and payable within thirty (30) days of invoice by City.

5.5 Late Charges; Default Interest. Home Company acknowledges that late payment of sums due under this Agreement may cause City to incur additional costs not contemplated by the Agreement, the amount of which will be difficult to ascertain. Therefore, if any sum due from Home Company is not received by City within thirty (30) days from the due date, then without any requirement for notice to Home Company, Home Company shall pay to City a sum equal to three percent (3%) of the overdue sum.

5.6 Reduction in Rent Upon Timely Election. If Home Company elects to perform one of its productions at another venue pursuant to paragraph 4.2 above and only if the Home Company gives City at least one hundred eighty (180) days' advance notice of that election, then Home Company shall be entitled to a reduction of Two Thousand Five Hundred Dollars (\$2,500) in Base Rent in each of the installments in the Base Rent for the final two (2) months of that calendar year. In this event, Home Company also shall not be responsible for any Additional Payments as defined in Paragraph 5.3 above on the production performed at the alternative venue.

6. Use of Premises.

6.1 Non-Exclusive Use. Exclusive use of Premises is not granted. City intends to and will allow other entities, including City, to use Premises, and performance, support, and access spaces will be shared. This includes the limited concurrent use of Premises as outlined in Paragraph 9.1 below. The utmost performance etiquette is required of Home Company, including consideration to reasonable and communicated space and storage needs of other users.

6.2 Permitted Use. Home Company shall use Premises for the purpose of producing, rehearsing, staging and public performance of live theater productions and for uses normally incidental to such use, and for no other purpose unless previously authorized by City in writing. Home Company agrees to comply with all terms and conditions, including the Policies and Procedures, laws, ordinances, rules, regulations, and any other policies applicable to Premises, including those imposed or required by City's insurers. Home Company further agrees to comply with the direction of the City Manager or his/her designee with respect to use of Premises.

6.3 Sale and Consumption of Food and Beverages. Home Company may provide any food and beverage concessions for their productions and performances. The sale and consumption of food on Premises must be in compliance with the Santa Clara County Health Department and all other applicable laws. This compliance is solely the responsibility of Home Company. The sale and consumption of alcoholic beverages on Premises must be approved by the City Manager or his/her designee in writing at least thirty (30) days in advance of the sale and/or consumption date (ABC event); or approved in accordance with applicable policies and procedures duly established for the Community and Cultural Center. Home Company must provide the required alcohol license and host liquor liability insurance acceptable to the City Manager or his/her designee twenty-one (21) days before the sale and/or consumption date. In addition, each ABC event permit is subject to individual review and approval by the Morgan Hill Police Department. Home Company will be responsible to pay for cleaning should its activities or events

cause spills in the theatre. The City will waive the security services requirement that is in place for events with alcohol, however the City reserves the right, in its sole discretion, to reinstate the requirement should issues occur. Home Company will ensure beverage inventory is stored in a non-visible storage area that is kept locked.

6.4 Restrictions on Use. Home Company shall use and maintain Premises in a clean, orderly, and safe manner. Home Company shall not commit any waste or any public or private nuisance upon Premises.

6.5 Interference with Exits. Home Company shall not in any way interfere with exits and exit signs, including panic hardware. All exit signs and exit paths shall be kept clear and illuminated.

6.6 “Good Neighbor” Provision. Home Company shall not interfere with the use of any properties adjacent to or in the immediate vicinity of Premises and shall endeavor to maintain good relations with the owners and/or tenants of such properties. Home Company shall use reasonable efforts to mitigate the effects on such properties from parking, lights, and sound incurred in its use of Premises.

6.7 Hours of Operation. On non-performance days, Home Company agrees to use Premises only during the hours of operation of Premises (“Hours of Operation”), which hours shall be established from time to time by the City Manager but shall not end earlier than 11:00 pm. On performance days, Home Company agrees that the performance will be concluded by the end of the Hours of Operation and that the audience will have exited, and Premises will be secured no later than one hour after the end of the Hours of Operation.

6.8 Operating Policies and Procedures. Home Company agrees to abide by the general Operating Policies and Procedures for the Morgan Hill Community Playhouse, except those provisions of this agreement shall prevail over conflicting provisions within the Operating Policies and Procedures.

7. Tenant Improvements; Additions; Alterations. Home Company shall not make any tenant improvements, additions, or alterations to Premises without prior written approval of City.

8. Obligations of the City.

8.1 Facility. City agrees to provide a clean, safe, ready for use, fully stocked, functional facility suitable for performances, rehearsals, and technical run-throughs.

8.2 Miscellaneous Services. In exchange for rent payments outlined in Paragraph 5.1 above, the following services shall be provided by City:

(a) Space in City publications and at the Community and Cultural Center to advertise productions; subject to availability as determined at City’s sole discretion.

8.3 Master Calendar. City shall maintain a Master Playhouse Calendar for Premises. This calendar shall list all events of which City is aware and has made commitments to Home Company and other licensees and users.

9. Obligations of the Home Company.

9.1 On contracted dark (non-performance/non-rehearsal) days, Home Company shall provide front stage access (forward of the front curtain and ceiling screen) to City and upon forty-eight (48) hours' notice shall be responsible to move as necessary, or permit City to move, theatrical sets and other equipment behind the front curtain in order to accommodate other use. On contracted performance/rehearsal days, excluding Sundays, Home Company may, at Home Company option, provide to City front stage access only not less than two (2) hours before or after a scheduled performance/rehearsal. On contracted Sundays, Home Company agrees that front stage only may be used by other contracted Users between the hours of 8:00 a.m. to 12:00 noon.

9.2 Home Company shall ensure that Premises are free from general clutter and trash after each performance, rehearsal, technical run-through, or other use. Following any use of Premises, Home Company shall promptly surrender Premises in a clean, orderly, and safe condition to City or other users. Home Company shall promptly remove all Home Company personal property without damage to the Premises one day following the end of each production as stated in Paragraph 4.1 above.

9.3 Home Company shall provide City with written proof of its current 501(c)(3) status at the time of signing this Agreement and shall provide by April 1ST of each year of this Agreement a list of the current officers and board members, and designated individuals for contact purposes for emergencies and non-emergencies.

9.4 Home Company shall keep accurate records of all ticket sales, and City shall have the right to inspect and/or audit same.

9.5 Home Company agrees to include a reference in all promotional material, when possible, that it is the "Resident Company of the Morgan Hill Community Playhouse".

9.6 Home Company agrees to attend, upon reasonable notice, meetings called by the City Manager or his/her designee to discuss issues relating to and compliance with the provisions of the Agreement.

9.7 Home Company shall assure that the stage area and any City-owned equipment, including but not limited to sound and lighting equipment, is available to other facility users at all times, with the exception of a pre-identified subset of the stage, lighting instruments, and sound adjustments as approved by the City.

9.8 Home Company shall provide one (1) individual to act as a site manager ("Site Manager"), who is trained by City in the operation of City equipment on Premises. City shall provide Home Company's designated Site Manager with three (3) sets of keys to Premises. City shall provide the keys to Site Manager at the beginning of a production. Site Manager shall return the keys to City within forty-eight (48) hours of the end of the production, with the exception of one (1) set which the Site Manager may retain for preparation, inspection and any appropriate maintenance or security of the Premises between productions. The keys shall not be duplicated. Site Manager shall be responsible and be accountable to the City to unlock and lock the facility and necessary rooms, utility, and storage areas only for scheduled performances, rehearsals, and

technical run-throughs. Any visits to the site outside of scheduled time must be coordinated with City Staff at least two (2) hours in advance. Site Manager, or current production management as designated in writing to the City, shall be present during all performances, rehearsals, and technical run-throughs, which privilege may be revoked at City's discretion and subject to the conditions imposed. Site Manager will be the point of contact with City staff and will be responsible to notify City of any emergencies. City shall provide Site Manager with information about contacting City staff in an emergency, and, as necessary, information about the systems of Premises. Should Home Company not be able to provide a Site Manager in conformance with this paragraph, City reserves the right to provide a Site Manager at additional cost to Home Company.

9.9 Home Company shall provide all performance related services on the date of the performances, including providing an open box office at least one (1) hour before each performance. Home Company shall also provide all necessary technical and support staff for performances, including lighting technicians, ushers, and musicians.

9.10 Home Company has the right to offer the following items for sale on Premises during performances: food and beverages, as outlined in Paragraph 6.3, above, and programs and logo items.

9.11 Home Company is responsible for the security, maintenance, and sufficient insurance of all their equipment and possessions stored at Premises.

9.12 Home Company shall endeavor to ensure that its patrons utilize Community and Cultural Center parking, or readily available public parking.

9.13 Home Company shall be responsible to ensure its activities comply with all applicable laws, regulations, and other agreements which govern its performances, including but not limited to copyright and trademark laws and trade union agreements.

9.14 Home Company shall leave all City lights ready and available for use for other entities at the end of each performance. Home Company shall include a minimum of 8 lights on stage left, a minimum of 8 lights on stage right, and a minimum of 12 lights in the audience facing the stage area. Three Light Bars in the back of the stage must be available to renters at all times. Home Company may leave remaining lights as long as they are plugged in and usable to other renters. City Staff will notify Home Company if there are no pre-scheduled rentals between shows one week prior to move-out and in that case Home Company will be allowed to leave non-City owned lights as they wish.

9.15 Home Company shall ensure that the Premises are used in compliance with "No Smoking Law" (2003 Assembly Bill 846) set forth at Government Code Title 1, Division 7, Chapter 32 (commencing with section 7596), as may be amended from time to time, as well as Morgan Hill Municipal Code Chapter 8.44.

10. Maintenance; Repairs; and Utilities.

10.1 Payment of Costs. City shall provide and pay for the routine costs of maintenance and utilities. "Maintenance and Utilities" includes (a) regularly scheduled custodial services; (b) routine maintenance of City-owned equipment and facility necessary for the City's

performance of this Agreement and repair of said equipment or facility for normal wear and tear and of damages not caused by the Home Company, its personnel, volunteers or invitees, (c) utilities, including deposits and monthly charges for gas, electricity, and water; (d) routine landscaping costs, (e) routine charges for maintenance and repair of parking lots and accessory structures, including but not limited to paving and painting; and (f) routine charges for maintenance and repair of HVAC systems.

10.2 Duty to Report Damage and Maintenance Requests; Home Company shall, as soon as practical, report all damage to City equipment or facilities to City by email to appropriate staff personnel at the Community and Cultural Center. Home Company shall also request routine maintenance and repairs as specified in Paragraph 10.1 to be completed by the City by email to appropriate staff personnel at the Community and Cultural Center. City shall respond to routine maintenance or repair requests by Home Company which do not involve a bona fide safety hazard within three (3) working days. City shall provide immediate emergency maintenance, service on an on-call basis. During the weeks of performances, rehearsals and technical run-throughs as set forth on the Master Playhouse Calendar, Home Company's trained technicians may perform such minor maintenance as replacing and repairing theater light bulbs, defective detachable audio cables, light and sound equipment, touch-up painting and the like using existing City stock. If these items are not available in the existing City stock, Home Company may purchase and will be reimbursed by City, upon submitting a receipt, for those costs. For purchases over Three Hundred Fifty Dollars (\$350.00), Home Company must seek prior authorization from City.

10.3 Duty to Maintain Interior. Except for damage caused by the negligence of City, acts of other licensees, or normal wear, Home Company will keep and maintain the interior of Premises in good condition and repair, including but not limited to the walls, structural elements, light and sound systems, paint, carpets, flooring, plumbing, and electrical components of the building. Home Company shall have the right to refinish the stage floor in a manner approved by the City, using its own labor and under the direction of the City's maintenance team. Home Company is responsible to bring the entire stage floor area that will be painted to the same or better condition at the end of each show run. Home Company will be deemed to accept the flooring in as is condition at the beginning of its use for each show, unless it promptly reports any pre-existing significant condition of concern or disrepair caused by others. The City will work in good faith with the Home Company to repair such condition. Significant condition does not include conditions requiring only repainting.

10.4 Capital Repairs. City shall be responsible for charges for major capital repairs, including roof replacement, to Premises.

10.5 Repairs to Damage Caused by Home Company. Home Company shall use Premises in a careful, safe, and proper manner. Home Company agrees to pay City on demand for any damages to Premises, equipment or facilities caused by Home Company, its personnel, volunteers, or invitees.

10.6 Waiver of Civil Code Sections 1941 and 1942. In light of the provisions of paragraph 10.2 above, Home Company waives the provisions of California Civil Code sections 1941 and 1942, and any other law that would require City to maintain Premises in a tenantable

condition or would provide Home Company with the right to make repairs and deduct the cost of those repairs from the rent.

11. Signs. Home Company shall not place, maintain, nor permit on any door, wall, or window of Premises any sign, awning canopy, marquee, or other advertising, without the express written consent of City. If City consents to placement of such items, Home Company agrees to maintain said item in good appearance and repair at all times, and to comply with City's direction as to time limits for display of such items, Home Company agrees that if any item is not removed in accordance with City's direction, City has the right to, without damage or liability, remove and/or destroy such item in its discretion.

12. Assignment and Subletting. Home Company may not assign this Agreement, nor sublet any portion of Premises, without City's prior written consent which it may withhold in its sole discretion

13. Non-Discrimination; Non-Violation. Home Company covenants there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, disability, national origin, or ancestry, in any activity pursuant to this Agreement. Home Company further covenants that its activities and use of Premises shall comply with the Americans with Disabilities Act.

14. Abandonment. Should the Home Company abandon, be dispossessed, surrender, or otherwise vacate Premises, the City at City's option, may immediately terminate this Agreement and enter Premises and remove all persons and property.

15. Site Walkthrough. Home Company and City agree to hold a joint walkthrough of Premises at the beginning and end of each Home Company production run in order to identify the condition of the facility.

16. Damage to or Destruction of Premises. If any portion of Premises, fixtures, equipment or facilities are damaged or destroyed by Home Company due in part or whole to the negligence of Home Company, or if such damage is incurred during Home Company's use of Premises and/or arising from Home Company's use of Premises due in part or whole to the negligence of Home Company, the damage shall be repaired, replaced or restored at City's discretion, and Home Company shall be responsible for its proportionate share of the full cost and expenses of repairs, replacement or restoration based on its comparative fault, including but not limited to cost of any janitorial, cleaning or other services. It is the responsibility of the Home Company to properly store and protect from damage its own property and equipment. If, and only if, any equipment or property belonging to Home Company is damaged or destroyed due to the sole negligence of City, the damage shall be repaired, replaced, or restored by the City at the Home Company's discretion. Partial destruction or other unavailability of Premises shall not void this Agreement, except that Home Company shall be entitled to a proportionate reduction of rent while the repairs are being made. Such reduction shall be in proportion to the interference with the Home Company's business at Premises. If the repairs cannot be reasonably made within ninety (90) days, this Agreement may be terminated at the option of either party. In the event Premises suffer the destruction of more than twenty-five percent (25%) of the replacement cost or in the event insurance proceeds are not sufficient to cover at least ninety five percent (95%) of the cost of

repairs and restoration, City may elect to terminate this Agreement. City shall not be obligated to replace any of Home Company's personal property which may be damaged or destroyed, unless City is solely responsible for such damage or destruction.

17. Exemption from Liability. City shall not be liable for damages to Home Company's property arising from the failure of the supply of water, gas, electricity, or power, nor from the stoppage of any machinery and equipment.

18. Hazardous Materials. Home Company shall not keep or maintain any Hazardous Substance, other than ordinary cleaning supplies, small quantities of latex paint and waste, on or in Premises without City's prior written approval. Home Company shall promptly give notice to City of any Hazardous Substance dispersal or spill, or Hazardous Materials claim, of which it is aware. Home Company shall indemnify and hold City harmless from any and all claims, costs, damages, penalties, or liabilities arising out of the Home Company's use or release of any Hazardous Substance at, in or on Premises. The term "Hazardous Substance" as used in this Agreement shall mean any product, substance, chemical, material, or waste whose presence, nature, quantity, and/or intensity of existence, use, manufacture, disposal, transportation, spill, release, or effect, either by itself or in combination with other materials expected to be on Premises, is either (a) potentially injurious to the public health, safety, or welfare, the environment, or Premises, (b) regulated or monitored by any governmental authority, or (c) a basis for liability of City to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substance shall include, but not be limited to, hydrocarbons, MTBE, petroleum, gasoline, crude oil, or any products, by-products, or fractions thereof.

19. Inspection. City may enter Premises at all reasonable times to inspect, maintain and repair the property.

20. Liens. Home Company shall keep Premises free from any and all liens arising out of any work performed, materials furnished, or obligations incurred by or for Home Company; and Home Company agrees to defend City at its sole cost and expense against any and all lawsuits arising from such lien upon receipt of notice of opportunity to defend from City.

21. Insurance. Home Company 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 Home Company, including liability for damage or injury to the property or person (including death) of any Home Company or invitee of Home Company or any other person entering upon or using the Premises, or any structure thereon, or any part thereof, and arising from Home Company's use and occupancy thereof, and must remain in full force and effect at all times during the period covered by this Agreement. The coverages may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by excess or "umbrella" policies, provided each such policy complies with the requirements set forth herein. Any self-insured retentions must be declared to and approved by City. Home Company further understands that City reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to Home Company, at any time as deemed necessary to protect the interests of City.

21.1 Insurance Types and Amounts.

(a) Commercial General Liability (CGL). Home Company shall maintain CGL against claims and liabilities for personal injury, death, and property damage 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 Home Company under Home Company's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

(b) Automobile Liability. Home Company shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if Home Company does not own automobiles, then Home Company 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, or (ii) the maximum amount of such insurance available to Home Company under Home Company's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

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

(d) Liquor Liability. If Home Company engages in the sale and consumption of alcoholic beverages on Premises, then Home Company shall maintain Liquor Liability against claims and liabilities for personal injury, death, and property damage 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 Home Company under Home Company's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

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

(a) General Liability.

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

(ii) 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,

(iii) insurance shall be primary non-contributing.

(b) 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.

21.3 **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.

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

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

22. **Defense, Hold Harmless and Indemnification.** Home Company shall to the fullest extent permitted by law, indemnify, defend and hold harmless City and its elective or appointive officials, boards, officers, agents, volunteers, and employees from any and all claims, liabilities, expenses, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of the Agreement by Home Company, Home Company's agents, officers, employees, subcontractors, or independent contractors hired by Home Company. The only exception to Home Company's responsibility to protect, defend, and hold harmless City, is due to the sole negligence or willful misconduct of City. This hold harmless agreement shall apply to all liability, regardless of whether any insurance policies are applicable. The insurance policy limits do not act as a limitation upon the amount of indemnification to be provided by Home Company.

23. **Time of Essence.** Time is of the essence in the performance of this Agreement by Home Company and City.

24. **Default; Remedies.**

24.1 **Default.** In the event of a non-monetary default, the non-defaulting party shall give written notice thereof to defaulting party. In the event that the defaulting party shall not have cured the default within thirty (30) days of the notice, or if the default is of a monetary nature or of a nature which cannot reasonably be cured within thirty (30) days and the defaulting party shall not have commenced to cure the default and be diligently pursuing such cure to completion within such thirty (30) day period, then the non-defaulting party, besides any other right or remedies that it may have, shall have the right to terminate this Agreement.

24.2 **Remedies.** Should City or Home Company at any time terminate this Agreement for any breach by the other party, in addition to any other remedy the aggrieved party

may have, it may recover from the other party all damages it may incur by reason of such breach, including as appropriate, but not limited to: (a) the cost of recovering Premises; (b) all rent due and unpaid as of the date of such termination, plus interest on said sum at the rate of five percent (5%) per annum; (c) amounts that would have fallen due as rent between the time of termination of this Agreement and the time of the judgment, or other award, less the avails of all relettings and attornments, plus interest on the balance at five percent (5%) per year; (d) the worth at the time of the judgment or other award, of the amount by which the unpaid rent for the balance of the term exceeds the amount of such rental loss that Home Company proves could be reasonably avoided; (e) production costs and ticket revenue losses, and (f) any other amount necessary to compensate the aggrieved party for all the detriment proximately caused by the other party's failure to perform its obligations under this Agreement or which in the ordinary course of things would be likely to result therefrom.

25. Force Majeure. In the event and to the extent that the performance of any of the covenants of this Agreement shall be frustrated or rendered impossible by an act of God, the acts or regulations of public authorities including City, labor unions, labor difficulties, strikes, civil tumults, war, epidemic, or any other cause beyond the parties' control, the parties will be relieved of their obligations under this Agreement; and further, upon such event, neither party shall be obligated for any expenses incurred by the other party, including, but not limited to, any and all expenses incurred for promotion, artists' fees or preparation costs.

26. Covid 19 Pandemic. A decision in the exercise of reasonable discretion by Home Company to cancel, postpone, or restrict attendance at a production, performance, or other scheduled use of the Premises due to the reasonable safety or health concerns for any persons threatened or caused by the Covid 19 pandemic or other epidemic or Act of God shall constitute an act of force majeure that relieves obligations under this Agreement, except that in such event the parties agree to attempt to renegotiate in good faith the affected terms of this Agreement in order to reach a reasonable accommodation that perpetuates the Agreement.

27. Waiver of Breach. Any express or implied waiver of a breach of any term of this Agreement, or acceptance of any late payment, shall not waive any rights of either party, and shall not constitute a waiver of any further breach of the same or other term of 'the Agreement, except and unless the waiver is in writing by the party to be charged.

28. Notices. All notices shall be in writing, personally delivered or mailed via certified mail return receipt requested to the below listed mail address.

(a) Address of Home Company is as follows:
South Valley Civic Theatre
P.O. Box 1555
Gilroy, CA 95021

(b) Address of City is as follows:
City Manager
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

With a copy to:

City Clerk, and Community Services Director

Either party may change its address for notices by giving written notice to that effect.

29. Entire Agreement; Amendment. This Agreement constitutes the entire Agreement of the parties as to Premises, the licensing of Premises, and the specified license term. Any agreement or representations respecting Premises, or their licensing not expressly set forth herein are void. This Agreement may only be amended by written agreement signed by both parties.

30. Governing Law; Venue; Mediation of Disputes. This Agreement shall be construed and enforced pursuant to the laws of the State of California. Santa Clara County shall be the venue for any legal proceedings arising out of this Agreement. The parties agree to pre-litigation mediation of any dispute arising out of this Agreement.

31. Attorneys' Fees. If any action at law or in equity is brought to recover any rent or other sums under this Agreement, or for or on account of any breach of or to enforce or interpret any of the covenants, terms, or conditions of this Agreement, or for the recovery of the possession of Premises, the prevailing party shall be entitled to recover from the other party their reasonable costs and attorneys' fees, the amount of which shall be fixed by the court and made a part of any judgment rendered.

32. Severability. Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision so interpreted, and all remaining provisions shall remain enforceable.

33. No Third-Party Beneficiaries. This Agreement is for the benefit of City and Home Company, and is not intended to, and does not, create any rights, responsibilities, or obligations on behalf of third parties.

34. Authority to Execute. Each person signing this License Agreement on behalf of the indicated party declares that he/she has the authority to bind that party. In the event that the signatory lacks such duly granted authority, said undersigned signatory personally assumes all liability for fees, costs and damages.

ATTEST:

Michelle Bigelow, City Clerk
Date: _____

APPROVED AS TO FORM:

By: _____
Donald Larkin, City Attorney
Date: _____

THE CITY OF MORGAN HILL

Christina Turner, City Manager
Date: _____

SOUTH VALLEY CIVIC THEATRE

M. Mook
President
Date: 11/27/21



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Inga Alonzo, Management Analyst

APPROVED BY: City Manager

APPROVE AGREEMENTS FOR HYDROGEOLOGICAL AND GEOTECHNICAL ENGINEERING SERVICES

RECOMMENDATION(S)

Approve and authorize the City Manager to execute and administer three-year agreements with Luhdorff & Scalmanini Consulting Engineers in the not to exceed amount of \$200,000 and Atlas Technical Consultants in the not to exceed amount of \$150,000 for hydrogeological and geotechnical engineering services.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining Infrastructure

2020-2021 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Water System Master Plan

REPORT NARRATIVE:

The City uses on-call consultants to provide hydrogeological and geotechnical engineering services to support its utility systems of water, wastewater, and storm water. Typical projects awarded under these agreements include, but are not limited to, hydrogeological assessments, groundwater studies, slope stability assessments, geotechnical investigations and engineering, testing and drilling of water production wells, permitting assistance, and well rehabilitation. Staff would ask for a proposal from the consultants for a specific service or project as needed and issue a task order under the appropriate agreement.

A Request for Qualifications (RFQ) was distributed in August 2021 to select one or more qualified consultants for these services. The RFQ was advertised in the Morgan Hill Times and posted to the City's website and Public Purchase's website. The City received seven responsive submittals from:

Achievement Engineering Corporation
Luhdorff & Scalmanini

San Jose
Woodland

Atlas Technical Consultants

San Ramon

Earth Systems Pacific

Hollister

Mott MacDonald

San Jose

Geo-Logic Associates

San Jose

Ninyo + Moore

San Jose

Selection Method:

Staff requested submittals in two separate sealed envelopes; the first for consultant qualifications and the second for the consultant and any sub-consultant billing rates. An evaluation panel rated each qualification submittal based on experience and qualifications. Raters scored a maximum of 10 points in three categories; consultant information, relevant consultant experience, and service approach.

The consultants that rated highest in average weighted score were Luhdorff & Scalmanini and Atlas Technical Consultants (Attachment 1). Consultant billing rate submittals were opened after qualification selection to assure selected consultant and sub-consultants billing rates were responsible and reasonable. Rates for all the submittals were competitive and reasonable. Therefore, staff recommends agreements with Luhdorff & Scalmanini and Atlas Technical Consultants. The proposed agreement with Luhdorff & Scalmanini is for a higher amount than the agreement proposed with Atlas Technical Consultants due to the specializations of the consultants and the anticipated workloads.

COMMUNITY ENGAGEMENT:

Not Applicable

These consultant services support the ongoing maintenance and operation of the City's water system, which is an expected activity by residents and businesses.

ALTERNATIVE ACTIONS:

Staff recommends the Council award the consultant agreements to Luhdorff & Scalmanini and Atlas Technical Consultants. However, the Council may consider different alternatives:

1. Award just one consultant. This action would limit the flexibility of having multiple consultants available for multiple projects running concurrently.
2. Award more than two consultants. 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 qualified consultants and there may not be enough work over the term of the agreement to keep more than two consultants.
3. Reject all submittals. This action is not recommended. Having to contract individual projects will cost the City additional time and money.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On January 17, 2018, City Council approved on-call hydrogeological and geotechnical engineering services agreements to Luhdorff & Scalmanini and Geo-Logic Associates.

FISCAL AND RESOURCE IMPACT:

Consultant services will be funded through multiple sources, depending on the task, including water operations and maintenance and various Capital Improvement Projects. There are adequate funds available for these services.

CEQA (California Environmental Quality Act):

Not a Project or Categorical Exemption

The work provided by the consultants will be to support feasibility or planning studies for possible future actions that the agency has not approved, adopted, or funded, which is excluded under Public Resources Code § 21102, 21150 or will support the ongoing management and maintenance of the existing utilities systems, which is exempt under the CEQA categorical exemption of Class 1, Existing Facilities

Title: Hydrogeological and Geotechnical Engineering Services

	Achievement Engineering	Atlas	Earth Systems	Geo-Logic	Luhdroff and Scalmanini	Mott MacDonald	Ninyo+Moore
1. <u>Consultant Information (Cover Sheet)</u> Did the consultant provide all the basic information requested in the RFQ? Does the consultant firm's list of personnel have the experience and background necessary to provide the services needed for the scope of work? Are they committing experienced engineers to the project? Does the consultant's list of services align with the scope of services needed in the RFQ?							
POINTS 10	8.0	9.3	8.5	8.8	9.2	8.7	8.5
2. <u>Relevant Consultant Experience</u> Has the consultant done similar work with other municipalities? Did the consultant provide good examples of similar work in detail? Did all work completed result in a successful outcome? Do they show the capacity intent to proceed without delay?							
POINTS 10	8.5	9.3	8.7	9.0	9.5	8.7	8.7
3. <u>Service Approach</u> Is the consultant's approach well laid out and easy to understand? How well will they work with City staff? What sub-contractors are they using and what are their qualifications? Did the consultant present a good case that they understand the needs of the City?							
POINTS 10	9.0	9.2	9.0	9.3	9.5	9.0	8.8
OVERALL WEIGHTED SCORE	25.5	27.8	26.2	27.1	28.2	26.4	26.0

**CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS
ATLAS TECHNICAL CONSULTANTS LLC**

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Atlas Technical Consultants LLC 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 the action of the Morgan Hill City Council taken on _____, _____, 20____.

2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2024 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum of two one-year extensions. 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 Hydrogeological and Geotechnical Engineering Services as further described in **Exhibit A**.

4. **Compensation.** CONSULTANT shall be compensated as follows:

4.1. **Amount.** \$150,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed One 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 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, 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 each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to CONSULTANT for one year of service during the immediately preceding prior year of service, unless otherwise authorized by City Council.

4.2. **Billing.** CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

7.1. **Insurance Types and Amounts.**

7.1.1. **Commercial General Liability (CGL).** CONSULTANT shall maintain CGL against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT

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

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

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

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

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

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

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

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

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

7.2.1.3. Insurance shall be primary non-contributing.

7.2.2. Workers Compensation.

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

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

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

- 7.4. **Certificates.** CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 7. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

9. **Compliance with Law.**

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

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

Prior Judgments against CONSULTANT and/or its Subcontractors: BY SIGNING THIS AGREEMENT, CONSULTANT AFFIRMS THAT IT HAS DISCLOSED ANY FINAL JUDGMENTS, DECISIONS OR ORDERS FROM A COURT OR

INVESTIGATORY GOVERNMENT AGENCY FINDING – IN THE FIVE (5) YEARS PRIOR TO EXECUTING THIS AGREEMENT – THAT CONSULTANT OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. CONSULTANT FURTHER AFFIRMS THAT IT OR ITS SUBCONTRACTOR(S) HAS SATISFIED AND COMPLIED WITH – OR HAS REACHED AGREEMENT WITH THE CITY REGARDING THE MANNER IN WHICH IT WILL SATISFY – ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

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

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

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

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

10. **Independent Contractor.** CONSULTANT is an independent contractor and not an agent or employee of CITY.

11. **Confidentiality.** All data, documents, or other information received by CONSULTANT from CITY or prepared in connection with CONSULTANT'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by CONSULTANT without prior written consent by CITY.

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

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

Address of CONSULTANT is as follows:

Atlas Technical Consultants
2001 Crow Canyon Road, Suite 210
San Ramon, CA 94583

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

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

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

16. **Maintenance of Records.**

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

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

16.3. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT for work performed under this Agreement shall be the

property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

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

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

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

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

21. **Defense and Indemnification.**

21.1. **Defense and Indemnification for Design Professional Services.** Consistent with California Civil Code Section 2782.8, for design professional services to be performed under this agreement by a design professional, as that term is defined under said Section 2782.8, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement ("CLAIM") to the extent of CONSULTANT'S proportionate percentage of fault.

21.2. **Defense and Indemnification for Non-Design Professional Services.** For all services performed under this agreement not covered by Section 21.1 above, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

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

legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

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

[Signatures on Next Page]

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

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow

Christina J. Turner

Print Name

Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:

Atlas Technical Consultants LLC

City Attorney

By: 

Donald A. Larkin

Corey T. Dare, Operations Manager

Print Name

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: _____

Date: November 18, 2021

By:

Print Name and Title of Signer.

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

Date: _____

EXHIBIT A SCOPE OF SERVICES

The services for this agreement will be to provide on-call, as needed, hydrogeological and geotechnical engineering services to the City. The City will ask the consultant to provide a proposals for specific services or projects as needed and will issue a notice to proceed if the proposal is accepted. Typical projects awarded under this contract may include, but are not limited to, hydrogeological assessments, groundwater studies, slope stability assessments, geotechnical investigations and engineering, testing and drilling of water production wells, permitting assistance, and well rehabilitation. Below are anticipated work tasks that the selected consultant may complete under this contract. The City reserves the right to exclude scope items, as needed during the course of this contract.

Well Field Operational Support

The purpose of this work is to assist the City with maintaining efficient operation of its twelve (12) water production wells including collecting and evaluating water level, well performance and water quality trends that might affect well field capacity. The work may include the following:

1. Process and analyze well data to evaluate aquifer trends, potential interference, and well performance issues that could affect the City's source supply capacity. Provide City with recommendations for data collection to improve reliability of well field monitoring.
2. Review water quality data to assess well clogging potential and trends in raw water quality.
3. Provide operational support for City personnel, as needed.

Production Well Assessment and Rehabilitation

The purpose of the work to be completed under this task is to assist the City with restoring or maintaining capacity in wells that may be experiencing performance or water quality issues. The work for this task may include the following:

1. Develop and implement approaches and plans for assessing the causes of well performance or water quality issues.
2. Develop rehabilitation approaches and technical specifications for inclusion in City bidding and contract documents for well rehabilitation or modification projects and assist City with selecting a well contractor to complete the projects.
3. Act as the City's representative during well rehabilitation or modification activities to verify work is completed in accordance with specifications.

New Production Well Siting and Construction

The purpose of work under this task is to assist the City with replacing capacity or developing additional water supply capacity as well as to provide supply redundancy to improve reliability.

1. Assist the City with selection of potential well sites based on hydrogeological, infrastructure, demand and permitting considerations.
2. Assist with permitting associated with well siting, including land use approval and Office of Drinking Water reviews. Develop a design for the new well and technical

specifications for inclusion in the City's bidding and contract documents and assist City with selecting a well contractor to complete the drilling, construction, and testing of the well.

3. Act as the City's representative during drilling, construction, and testing of the well.

4. Analyze water quality and hydraulic test data and provide parameters for pump station design.

Geotechnical Investigations and Engineering

The work under this task is to assist the City with general geotechnical investigations and engineering including:

1. Slope stability design, seismic hazard analyses, shallow and deep foundation design, seepage analyses; earthen dam and levee design, concrete and asphalt mix pavement design, geotechnical risk analyses, and slope protection design.

2. Geological investigation and characterization activities to support CIP construction projects such as standard penetration testing, cone penetrometer testing, percolation and slug testing, and subsurface geological mapping.

3. Material testing services for CIP projects such as, soil moisture content and Atterberg limits, unconfined compression, direct and tri-axial shear, consolidation testing, mechanical and hydrometer analysis, standard and modified proctor compaction testing, and compacted backfill testing.

4. Inspection services for soil, rock, foundations, subgrade, structural reinforced structural concrete, mortar, epoxy grout, masonry, and asphalt concrete.

EXHIBIT B
SCHEDULE OF COMPENSATION RATES



PROFESSIONAL CONSULTING AND CONSTRUCTION OBSERVATION AND TESTING SERVICES

Effective: Through June 30, 2022

PERSONNEL	UNIT RATE	UNIT
Principal Engineer/Geologist	\$ 215.00	hour
Senior Engineer/Geologist	\$ 190.00	hour
Project Engineer/Geologist	\$ 170.00	hour
Staff Engineer/Geologist	\$ 150.00	hour
Assistant Engineer	\$ 115.00	hour
Technician Supervisor	\$ 115.00	hour
Field Technician	\$ 110.00	hour
Laboratory Technician	\$ 90.00	hour
Assistant Technician/Inspector	\$ 90.00	hour
Administrative	\$ 85.00	hour
Drafting	\$ 95.00	hour
Depositions, minimum 4 hours	\$ 300.00	hour
Expert Witness, minimum 4 hours	\$ 400.00	hour
Expert Testimony, full day	\$ 1,800.00	each
Nuclear Gauge	\$ 7.00	hour
Vehicle	\$ 7.00	hour
SOIL AND BASE MATERIALS	UNIT RATE*	UNIT
Moisture and Density Relationships		
Compaction, Standard Proctor, ASTM D698	\$ 300.00	each
Compaction, Modified Proctor, ASTM D1557	\$ 340.00	each
Compaction, Checkpoint, ASTM D1557	\$ 160.00	each
Compaction, California Impact, CT216	\$ 320.00	each
Moisture/Density, Sample Tubes, ASTM D2216/D2937	\$ 35.00	each
Moisture Content, Bulk Sample, ASTM D2216	\$ 22.00	each
Moisture/Density, to 2.5" diameter sample, ASTM 7263b	\$ 32.00	each
Particle Size Analysis		
Dry Sieve to #200, ASTM D422/CT117	\$ 140.00	each
Dry Sieve Analysis/Hydrometer, ASTM D422	\$ 270.00	each
Hydrometer, ASTM D422	\$ 170.00	each
Wet Sieve Analysis to #200, ASTM D1140	\$ 98.00	each
Sieve Analysis, Bulk Sample Gradation, ASTM C136/CT202	\$ 200.00	each
Soil Characteristics		
Atterberg Limits (Plasticity Index), ASTM D4318 / CT204	\$ 200.00	each
Soil Classification, ASTM D2487	\$ 350.00	each
Specific Gravity, D854	\$ 110.00	each
Permeability of Granular Soils (Constant Head) ASTM D2434	\$ 420.00	each
Permeability, Flexible Wall, Cohesive Soil, ASTM D5084	Quotation upon request	
Permeability, Rigid Piston Driven, Cohesive Soil, ASTM 5856	Quotation upon request	

BILLING RATES AND FEE SCHEDULE

FEE SCHEDULE

PROFESSIONAL CONSULTING AND CONSTRUCTION OBSERVATION AND TESTING SERVICES

Effective: Through June 30, 2022

Volume Change

Consolidation, Method A Constant Load, 7 load increments, ASTM D2435	\$	470.00	each
Consolidation, Method A Constant Load, per load increment, ASTM D2435	\$	70.00	each
Consolidation, Method B Timed per load increment, ASTM D2435	\$	580.00	each
Consolidation/Swell, Cohesive Soil, per point, ASTM D4546, Methods A and B	\$	350.00	each
Consolidation/Swell, Cohesive Soil, per point, ASTM D4546, Method C	\$	470.00	each
Collapse Potential, ASTM D5333	\$	220.00	each
Expansion Index Test (ASTM D4829)	\$	460.00	each
Expansion, Shrinkage, and Uplift Pressure, ASTM D3877	\$	410.00	each

Soil Strength

Direct Shear, 3 points, Unconsolidated-Undrained, Q-test. ASTM D3080	\$	370.00	each
Direct Shear, additional points, Unconsolidated-Undrained, Q-test	\$	120.00	each
Direct Shear, 3 points, Consolidated-Undrained, R-Test	\$	620.00	each
Direct Shear, 3 points, Consolidated-Drained, ASTM D3080	\$	820.00	each
Direct Shear, 3 points, Residual, ASTM D6467	\$	820.00	each
Direct Shear, per point, Residual, Each Additional Cycle, ASTM D6467	\$	360.00	each
Unconfined Compressive Strength, ASTM D2166	\$	130.00	each
Unconfined Compressive Strength (lime or cement treated), CT373	\$	420.00	each
Unconfined Compression, Field Prepared CTB, per point ASTM D558, D1632, D1633	\$	200.00	each
Triaxial			Quotation upon request

Subgrade Soil and Baserock

California Bearing Ratio, 1 point, ASTM D1883	\$	260.00	each
California Bearing Ratio, 3 points (specified moisture), ASTM D1883	\$	720.00	each
California Bearing Ratio, 3 points (96 hour soak), ASTM D1883	\$	820.00	each
"R" Value (no additives), ASTM D2844 / CT301	\$	430.00	each
"R" Value (lime, cement, other additives) CT301	\$	500.00	each
Compression, Cement Treated Base (Including Preparation), Cal 312	\$	200.00	each
Sand Equivalent, ASTM D2419 / CT217	\$	140.00	each
Durability, ASTM D3744	\$	185.00	each

Corrosivity

Water Soluble Sulfate, ASTM D4327	\$	65.00	each
pH, ASTM 4972	\$	80.00	each
Lab Resistivity	\$	100.00	each
Corrosivity (pH, resistivity, chlorides, sulfate, sulfide) D4972, G57, D4327, D4658M	\$	320.00	each
Corrosivity, Caltrans (pH, chlorides, sulfate, resistivity) CT 643, 417, 422	\$	320.00	each

AGGREGATES

		UNIT RATE*	UNIT
Sieve Analysis			
Bulk Sample Gradation (coarse or fine), ASTM C 136	\$	190.00	each
Material Finer than #200 Sieve, ASTM C 117	\$	98.00	each
Bulk Sample Gradation, Cal 202	\$	185.00	each
Specific Gravity (coarse), ASTM C 127/Cal 206	\$	140.00	each
Specific Gravity (fine), ASTM C 128/Cal 207	\$	165.00	each
Absorption, Sand or Gravel, ASTM C 127/ASTM C 140	\$	100.00	each
Organic Impurities in Concrete Sand, ASTM C 88 or ASTM C40	\$	125.00	each
L.A. Rattler, ASTM C 131 or C 535/Cal 211	\$	300.00	each

BILLING RATES AND FEE SCHEDULE

FEE SCHEDULE

PROFESSIONAL CONSULTING AND CONSTRUCTION OBSERVATION AND TESTING SERVICES

Effective: Through June 30, 2022

Sulfate Soundness (per sieve), ASTM C 88	\$	145.00	each
Unit Weight of Aggregates, ASTM C 29	\$	110.00	each
Hardness, ASTM D 1865	\$	120.00	each
Crushed Particles, Cal 205	\$	200.00	each
Cleanness Value, Cal 227 or Cal 217	\$	150.00	each
Durability ASTM D 3744/Cal 229	\$	185.00	each
Moisture Content of Aggregate ASTM C 29	\$	50.00	each
HOT MIX ASPHALT (HMA)		UNIT RATE*	UNIT
Bulk Sp. Gravity of Compacted HMA (Plant Mix) ASTM D2726/ CT 304, CT308	\$	100.00	each
Bulk Sp. Gravity of Compacted HMA (Lab Mix) ASTM D2726/ CT 304, CT308	\$	110.00	each
Theoretical Max Spec. Gravity (Rice Density) ASTM D2041/ CT 309	\$	165.00	each
Stabilometer Value including Compaction, ASTM D1560/ CT 366, per point	\$	170.00	each
Asphalt Content (Ignition Oven Method) ASTM D 6307/ CT382	\$	170.00	each
Ignition Oven Calibration Factor ASTM D6307/ CT382	\$	270.00	each
Asphalt Content (Solvent Extraction Method) ASTM D2172	\$	350.00	each
Sieve Analysis of Extracted Aggregate, ASTM D5444/CT 202	\$	180.00	each
Caltrans Complete HMA Tests (Rice or BSG, S-Value, Ignition, Extracted Gradation)	\$	950.00	each
Marshall Compaction (Lab Mix), set of 3, ASTM D 6926	\$	400.00	each
Marshall Compaction (Plant Mix), set of 3, ASTM D 6926	\$	300.00	each
Marshall Flow and Stability, per point, ASTM D 6926	\$	85.00	each
Effect of Moisture on AC (Tensile Strength Ratio) ASTM D4867/ CT 371	\$	1,800.00	each
Swell of Bituminous Mixtures, CT 304/305	\$	225.00	each
ASPHALTIC CEMENT		UNIT RATE*	UNIT
Penetration of Bituminous Materials at 77°F, ASTM D5/AASHTO T49	\$	71.00	each
Penetration of Bituminous Materials at 32°F to 158°F, ASTM D 5/AASHTO T49	\$	105.00	each
Kinematic Viscosity of Asphalt, ASTM D 2170/AASHTO T201	\$	170.00	each
Absolute Viscosity of Asphalt, ASTM D2170/AASHTO T201/ASTM D2171	\$	170.00	each
Viscosity (Asphalt Institute Method) Kinematic ASTM D2170	\$	170.00	each
Rolling Thin Film Test, ASTM 2872/Cal 346/AASHTO T240	\$	180.00	each
Residue by Evaporation, ASTM D244/AASHTO T59	\$	220.00	each
Extraction and Recovery, ASTM D2172/ASTM D 1856	\$	850.00	each
MISCELLANEOUS GEOTECHNICAL CHARGES		UNIT RATE	UNIT
All Other Direct Project Expenses (such as contract drilling and backhoe services, special equipment rental, commercial travel, protective clothing, shipping, etc.)			Cost + 15%
Drone Rental	\$	130.00	day
Percussion Sampling Apparatus	\$	400.00	day
Tripod Sampling Apparatus	\$	1,600.00	day

BILLING RATES AND FEE SCHEDULE

FEE SCHEDULE

PROFESSIONAL CONSULTING AND CONSTRUCTION OBSERVATION AND TESTING SERVICES

Effective: Through June 30, 2022

BASIS OF CHARGES	UNIT RATE	UNIT
Work Over 8 Hours per Day, or on Saturdays		Time and One-Half
Work Over 12 Hours		Double Time
Work on Sundays/Holidays		Double Time
Swing or Graveyard Shift Premium	\$ 12.50	hour
Work from 0 to 4 Hours (technician services only)		4-hour Minimum Billing
Work from 4 to 6 Hours (technician services only)		6-hour Minimum Billing
Work from 6 to 8 Hours (technician services only)		8-hour Minimum Billing
Show-Up Time/ Cancellation Charge		2-hour Minimum Billing
Sample Pick-Up	\$ 120.00	hour
Trip Charge	\$ 120.00	trip
Laboratory Testing - Rush Fee		Add 50% to Testing Cost
Credit Card Payment Fee		2.5% Premium
Reimbursables		Cost + 15%
QA/QC Plan Written Procedures		Quotation on Request
Travel Time (Portal to Portal)		Basic Hourly Rate
Mileage (Alternative to hourly vehicle charge)	\$ 0.75	mile
Per-diem, Including Lodging	\$ 160.00	day

BILLING RATES AND FEE SCHEDULE

SUBCONSULTANT



GEOCONSULTANTS, INC.

Hydrogeology ■ Ground-Water Exploration & Development ■

Ground-Water Resources Management ■

1450 Koll Circle, Suite 114, San Jose, California 95112-4612

Phone: (408) 453-2541 Fax: (408) 453-2543

www.geo-consultants.com

SCHEDULE OF CHARGES

PERSONNEL CHARGES (per hour)

Principal Hydrogeologist	\$160.00
Senior Hydrogeologist	\$130.00
Drafting	\$60.00
Administrative/Accounting	\$50.00

Charges for special consultants are billed at cost plus twenty (20) percent. When outside the continental United States, employees total salary cost shall be increased by the premium customarily paid by other organizations for work at that location.

Travel time - in accordance with foregoing schedule, up to a maximum eight (8) hours per day.

EQUIPMENT CHARGES

The following charges are for vehicle mileage and special equipment and are in addition to personnel charges:

Car or Pick-up Truck, per mile	\$0.75
Drill Rig, Backhoe, or Hand Auger Rental and Operation	Cost plus 20%
Other Special Equipment	Prices on request

Equipment in transit to or from the job site, or retained by the client on a stand-by basis, will be billed at the cost plus twenty (20) percent or at actual cost for equipment which is leased or subleased, or otherwise arranged for by Geoconsultants, Inc. through its subcontractors or others. When equipment is exposed to unusually harsh terrain or climatic conditions, an appropriate charge will be made for resultant abnormal wear or maintenance cost.

MISCELLANEOUS CHARGES

Charges for special or unusual outside services are computed on the basis of cost plus twenty (20) percent. Examples of such outside services include, but shall not be limited to:

- Printing and reproduction
- Rented cars or pick-up trucks
- Transportation on public carriers
- Special fees, permits, insurance, etc.
- Rented heavy equipment
- Meals and lodging
- Craftsmen and laborers

COSTS OF PREVIOUSLY ISSUED REPORTS

The cost of each order for previously issued reports will be determined on a time and expense basis with a minimum charge of \$20.00 per copy.

EXHIBIT C
SCHEDULE OF PERFORMANCE

Projects will be on an on-call, as needed basis over the course of this agreement.

**CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS
LUHDORFF & SCALMANINI CONSULTING ENGINEERS, INC.**

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

1. **City Authority.** This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, _____, 20____.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2024 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum of two one-year extensions. 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 Hydrogeological and Geotechnical Engineering Services as further described in **Exhibit A**.
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount.** \$200,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Two Hundred 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 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, 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 each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to CONSULTANT for one year of service during the immediately preceding prior year of service, unless otherwise authorized by City Council.
 - 4.2. **Billing.** CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

7.1. **Insurance Types and Amounts.**

7.1.1. **Commercial General Liability (CGL).** CONSULTANT shall maintain CGL against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT

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

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

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

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

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

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

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

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

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

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

7.2.1.3. Insurance shall be primary non-contributing.

7.2.2. Workers Compensation.

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

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

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

- 7.4. **Certificates**. CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 7. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

9. **Compliance with Law**.

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

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

Prior Judgments against CONSULTANT and/or its Subcontractors: BY SIGNING THIS AGREEMENT, CONSULTANT AFFIRMS THAT IT HAS DISCLOSED ANY FINAL JUDGMENTS, DECISIONS OR ORDERS FROM A COURT OR

INVESTIGATORY GOVERNMENT AGENCY FINDING – IN THE FIVE (5) YEARS PRIOR TO EXECUTING THIS AGREEMENT – THAT CONSULTANT OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. CONSULTANT FURTHER AFFIRMS THAT IT OR ITS SUBCONTRACTOR(S) HAS SATISFIED AND COMPLIED WITH – OR HAS REACHED AGREEMENT WITH THE CITY REGARDING THE MANNER IN WHICH IT WILL SATISFY – ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

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

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

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

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

10. **Independent Contractor.** CONSULTANT is an independent contractor and not an agent or employee of CITY.

11. **Confidentiality.** All data, documents, or other information received by CONSULTANT from CITY or prepared in connection with CONSULTANT'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by CONSULTANT without prior written consent by CITY.

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

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

Address of CONSULTANT is as follows:

Luhdorff & Scalmanini Consulting Engineers
500 First Street
Woodland, CA 95695-4026

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

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

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

16. **Maintenance of Records.**

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

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

16.3. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT for work performed under this Agreement shall be the

property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

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

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

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

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

21. **Defense and Indemnification.**

21.1. **Defense and Indemnification for Design Professional Services.** Consistent with California Civil Code Section 2782.8, for design professional services to be performed under this agreement by a design professional, as that term is defined under said Section 2782.8, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement ("CLAIM") to the extent of CONSULTANT'S proportionate percentage of fault.

21.2. **Defense and Indemnification for Non-Design Professional Services.** For all services performed under this agreement not covered by Section 21.1 above, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

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

legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

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

[Signatures on Next Page]

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow
Print Name

Christina J. Turner
Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:

Luhdorff & Scalmanini Consulting Engineers

City Attorney

Vicki Kratsinger Grabert
By:

Donald A. Larkin
Print Name

Vicki Kratsinger Grabert

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: _____

Date: November 22, 2021

William L. Halligan
By:

William L. Halligan CEO

Print Name and Title of Signer.

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

Date: 11-19-21

EXHIBIT A SCOPE OF SERVICES

The services for this agreement will be to provide on-call, as needed, hydrogeological and geotechnical engineering services to the City. The City will ask the consultant to provide a proposals for specific services or projects as needed and will issue a notice to proceed if the proposal is accepted. Typical projects awarded under this contract may include, but are not limited to, hydrogeological assessments, groundwater studies, slope stability assessments, geotechnical investigations and engineering, testing and drilling of water production wells, permitting assistance, and well rehabilitation. Below are anticipated work tasks that the selected consultant may complete under this contract. The City reserves the right to exclude scope items, as needed during the course of this contract.

Well Field Operational Support

The purpose of this work is to assist the City with maintaining efficient operation of its twelve (12) water production wells including collecting and evaluating water level, well performance and water quality trends that might affect well field capacity. The work may include the following:

1. Process and analyze well data to evaluate aquifer trends, potential interference, and well performance issues that could affect the City's source supply capacity. Provide City with recommendations for data collection to improve reliability of well field monitoring.
2. Review water quality data to assess well clogging potential and trends in raw water quality.
3. Provide operational support for City personnel, as needed.

Production Well Assessment and Rehabilitation

The purpose of the work to be completed under this task is to assist the City with restoring or maintaining capacity in wells that may be experiencing performance or water quality issues. The work for this task may include the following:

1. Develop and implement approaches and plans for assessing the causes of well performance or water quality issues.
2. Develop rehabilitation approaches and technical specifications for inclusion in City bidding and contract documents for well rehabilitation or modification projects and assist City with selecting a well contractor to complete the projects.
3. Act as the City's representative during well rehabilitation or modification activities to verify work is completed in accordance with specifications.

New Production Well Siting and Construction

The purpose of work under this task is to assist the City with replacing capacity or developing additional water supply capacity as well as to provide supply redundancy to improve reliability.

1. Assist the City with selection of potential well sites based on hydrogeological, infrastructure, demand and permitting considerations.
2. Assist with permitting associated with well siting, including land use approval and Office of Drinking Water reviews. Develop a design for the new well and technical

specifications for inclusion in the City's bidding and contract documents and assist City with selecting a well contractor to complete the drilling, construction, and testing of the well.

3. Act as the City's representative during drilling, construction, and testing of the well.

4. Analyze water quality and hydraulic test data and provide parameters for pump station design.

Geotechnical Investigations and Engineering

The work under this task is to assist the City with general geotechnical investigations and engineering including:

1. Slope stability design, seismic hazard analyses, shallow and deep foundation design, seepage analyses; earthen dam and levee design, concrete and asphalt mix pavement design, geotechnical risk analyses, and slope protection design.

2. Geological investigation and characterization activities to support CIP construction projects such as standard penetration testing, cone penetrometer testing, percolation and slug testing, and subsurface geological mapping.

3. Material testing services for CIP projects such as, soil moisture content and Atterberg limits, unconfined compression, direct and tri-axial shear, consolidation testing, mechanical and hydrometer analysis, standard and modified proctor compaction testing, and compacted backfill testing.

4. Inspection services for soil, rock, foundations, subgrade, structural reinforced structural concrete, mortar, epoxy grout, masonry, and asphalt concrete.

2021-2022 SCHEDULE OF FEES ENGINEERING AND RELATED FIELD SERVICES

Professional*

Senior Principal	\$235/hr.
Principal Professional.....	\$230/hr.
Supervising Professional	\$220/hr.
Senior Professional	\$175 to 200/hr.
Project Professional	\$155 to 175/hr.
Staff Professional	\$140 to 155/hr.

Technical

Engineering Inspector	\$140/hr.
ACAD Drafting/GIS	\$140/hr.
Engineering Assistant.....	\$115 to 140/hr.
Scientist.....	\$115 to 140/hr.
Technician.....	\$115 to 140/hr.

Clerical Support

Word Processing, Clerical.....	\$90/hr.
Digital Communications Specialist	\$90/hr.
Project Admin/Accounting Assistant	\$90/hr.

Vehicle Use	\$0.58/mi.
Subsistence	Cost Plus 15%
Groundwater Sampling Equipment (Includes Operator)	\$170.00/hr
Copies	\$0.20 ea.
Professional or Technical Testimony	200% of Regular Rates
Technical Overtime (if required)	150% of Regular Rates
Outside Services/Rentals	Cost Plus 15%
Services by Associate Firms	Cost Plus 15%

* Engineer, Geologist, Hydrogeologist, and Hydrologist

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

Projects will be on an on-call, as needed basis over the course of this agreement.



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Inga Alonzo, Management Analyst

APPROVED BY: City Manager

APPROVE AGREEMENTS FOR WATER AND WASTEWATER UTILITY PLANNING AND ENGINEERING SERVICES

RECOMMENDATION(S)

Approve and authorize the City Manager to execute and administer three-year agreements with HydroScience Engineers, Carollo Engineers, and Black & Veatch Corporation for the not to exceed amount of \$250,000 each and Akel Engineering Group for the not to exceed amount of \$150,000.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining Infrastructure

2020-2021 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Water System Master Plan

Wastewater System Master Plan

REPORT NARRATIVE:

The Utilities Division is looking for an on-call consultants to provide water and wastewater utility planning and engineering services to the City. Typical projects awarded under these agreements include, but are not limited to, master planning, hydrologic and hydraulic modeling, asset condition assessments, water quality assessments, capacity analysis, project engineering and design. Staff would ask for a proposal from the consultants for a specific service or project as needed and issue a task order under the appropriate agreement.

A Request for Qualifications (RFQ) was distributed in August 2021 to select one or more qualified consultants for these services. The RFQ was advertised in the Morgan Hill Times and posted to the City's website and Public Purchase's website. The City received eight responsive submittals from:

Akel Engineering Group

Fresno

Schaaf & Wheeler Consulting Civil Engineers
Black & Veatch Corporation

Santa Clara
Poway

HydroScience Engineers
Carollo Engineers
Wallace Group
MSN Engineers
Mott MacDonald

San Jose
Walnut Creek
Salinas
San Jose
San Jose

Selection Method:

Staff requested submittals in two separate sealed envelopes; the first for consultant qualifications and the second for the consultant and any sub-consultant billing rates. An evaluation panel rated each qualification submittal based on experience and qualifications. Raters scored a maximum of 10 points in three categories; firm information, relevant firm experience, and service approach.

The consultants that rated highest in average total score were HydroScience Engineers, Carollo Engineers, Black & Veatch Corporation and Akel Engineering Group (Attachment 1). Consultant billing rate submittals were opened after qualification selection to assure selected consultants and sub-consultants billing rates were responsible and reasonable. Rates for all the submittals were competitive and reasonable. Therefore, staff recommends agreements with HydroScience Engineers, Carollo Engineers, Black & Veatch Corporation, and Akel Engineering Group. The proposed agreements with three of the consultants are for higher amounts than the agreement proposed with Akel due to the specializations of the consultants and the anticipated workloads.

COMMUNITY ENGAGEMENT:

Not Applicable

These consultant services support the ongoing maintenance and operation of the City's water system, which is an expected activity by residents and businesses.

ALTERNATIVE ACTIONS:

Staff recommends that Council awards the consultant agreements to HydroScience Engineers, Carollo Engineers, Black & Veatch Corporation, and Akel; however, Council may consider different alternatives:

1. Award just one or two consultants. This action would limit the flexibility of having multiple consultants available for multiple projects running concurrently.
2. Award more than four consultants. 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 qualified consultants and there may not be enough work over the term of the agreement to keep more than four consultants.
3. Reject all submittals. This action is not recommended. Having to contract individual projects will cost the City additional time and money.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On January 17, 2018, City Council approved on-call water and wastewater utility planning and engineering services agreements to Akel Engineering Group and Schaaf & Wheeler Consulting Civil Engineers.

FISCAL AND RESOURCE IMPACT:

Funds for these agreements will come from multiple sources including Water and Sewer Operations Funds and various CIP Projects. On-call work shall only be authorized when budgeted funds are available.

CEQA (California Environmental Quality Act):

Not a Project

Continuing administrative activities and feasibility or planning studies for possible future actions that the agency has not approved, adopted, or funded are not considered projects for environmental review under CEQA.

Title: Water and Wastewater Utility Planning and Engineering Services

	Akel	Black & Veatch	Carollo Engineers	HydroScience	MSN	Mott Mac Donald	Schaaf & Wheeler	Wallace Group
1. <u>Consultant Information (Cover Sheet)</u> Did the consultant provide all the basic information requested in the RFQ? Does the consultant firm's list of personnel have the experience and background necessary to provide the services needed for the scope of work? Are they committing experienced engineers to the project? Does the consultant's list of services align with the scope of services needed in the RFQ?								
POINTS 10	9.0	9.5	9.5	9.5	8.8	8.8	8.5	8.5
2. <u>Relevant Consultant Experience</u> Has the consultant done similar work with other municipalities? Did the consultant provide good examples of similar work in detail? Did all work completed result in a successful outcome? Do they show the capacity intent to proceed without delay?								
POINTS 10	8.8	9.3	9.0	9.2	8.7	8.5	8.8	8.5
3. <u>Service Approach</u> Is the consultant's approach well laid out and easy to understand? How well will they work with City staff? What sub-contractors are they using and what are their qualifications? Did the consultant present a good case that they understand the needs of the City?								
POINTS 10	9.0	9.5	9.5	9.2	8.8	9.0	8.8	8.8
OVERALL WEIGHTED SCORE	26.8	28.3	28.0	27.9	26.3	26.3	26.1	25.8

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS HYDROSCIENCE ENGINEERS, INC.

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

1. **City Authority.** This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, _____, 20____.

2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2024 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum of two one-year extensions. 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 Water and Wastewater Utility Planning and Engineering Services as further described in **Exhibit A**.

4. **Compensation.** CONSULTANT shall be compensated as follows:

4.1. **Amount.** \$250,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Two 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 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, 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 each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to CONSULTANT for one year of service during the immediately preceding prior year of service, unless otherwise authorized by City Council.

4.2. **Billing.** CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

7.1. **Insurance Types and Amounts.**

7.1.1. **Commercial General Liability (CGL).** CONSULTANT shall maintain CGL against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT

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

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

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

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

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

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

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

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

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

7.2.1.3. Insurance shall be primary non-contributing.

7.2.2. Workers Compensation.

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

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

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

- 7.4. **Certificates.** CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 7. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

9. **Compliance with Law.**

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

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

Prior Judgments against CONSULTANT and/or its Subcontractors: BY SIGNING THIS AGREEMENT, CONSULTANT AFFIRMS THAT IT HAS DISCLOSED ANY FINAL JUDGMENTS, DECISIONS OR ORDERS FROM A COURT OR

INVESTIGATORY GOVERNMENT AGENCY FINDING – IN THE FIVE (5) YEARS PRIOR TO EXECUTING THIS AGREEMENT – THAT CONSULTANT OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. CONSULTANT FURTHER AFFIRMS THAT IT OR ITS SUBCONTRACTOR(S) HAS SATISFIED AND COMPLIED WITH – OR HAS REACHED AGREEMENT WITH THE CITY REGARDING THE MANNER IN WHICH IT WILL SATISFY – ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

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

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

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

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

10. **Independent Contractor.** CONSULTANT is an independent contractor and not an agent or employee of CITY.

11. **Confidentiality.** All data, documents, or other information received by CONSULTANT from CITY or prepared in connection with CONSULTANT'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by CONSULTANT without prior written consent by CITY.

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

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

Address of CONSULTANT is as follows:

HydroScience Engineers, Inc.
741 Allston Way
Berkley, CA 94710

Address of CITY is as follows:

Utility 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

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

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

16. **Maintenance of Records.**

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

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

16.3. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT for work performed under this Agreement shall be the

property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

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

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

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

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

21. **Defense and Indemnification.**

21.1. **Defense and Indemnification for Design Professional Services.** Consistent with California Civil Code Section 2782.8, for design professional services to be performed under this agreement by a design professional, as that term is defined under said Section 2782.8, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement ("CLAIM") to the extent of CONSULTANT'S proportionate percentage of fault.

21.2. **Defense and Indemnification for Non-Design Professional Services.** For all services performed under this agreement not covered by Section 21.1 above, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

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

legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

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

[Signatures on Next Page]

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

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow

Christina J. Turner

Print Name

Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:

HydroScience Engineers, Inc.

City Attorney

By:

Donald A. Larkin

Curtis Lam, President

Print Name

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: _____

Date: _____

By: *Hildegard M. Harris*

Hilde Harris, Chief Financial Officer

Print Name and Title of Signer.

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

Date: 11/19/2021

EXHIBIT A SCOPE OF SERVICES

The services for this agreement will be to provide on-call water and wastewater planning and engineering services to the City. The City will ask the consultant to provide a proposals for specific services or projects as needed and will issue a notice to proceed if the proposal is accepted. Services may include but are not limited to the following; master planning, hydrologic and hydraulic modeling, asset condition assessments, water quality assessments, capacity analysis, project engineering and design. Below are the anticipated work tasks that the selected consultant team may complete under this contract. The City reserves the right to expand or exclude scope items, as needed during this contract.

1. Preliminary utility planning including updating comprehensive plans alternative studies, permit document preparation and approval, environmental impact studies, and public hearings and meetings.
2. Coordination and preparation of environmental permitting documents required to receive the necessary environmental approvals to construct the assigned projects.
3. Coordination of all utility relocations, including prior rights negotiations, utility designation and location services, and technical review of proposed relocation plans.
4. Design services for various projects including water pipelines and pump stations, wastewater pipelines and lift stations, and site development with small buildings and parking facilities.
5. Review and develop utility design and construction standards.
6. Provide peer review services for documents designed by other firms or City staff to assure adherence to accepted engineering practices and standards.
7. Water Resources analysis to develop new water supply sources within the City including surface water and groundwater development, and reservoirs to meet projected demand.
8. Water system and wastewater system capacity analysis.
9. Planning and design of water system pump stations, water storage tanks, and water system distribution projects; and wastewater lift stations and wastewater collection system projects.
10. Preparation of Contract Documents for bidding purposes including final plans, specifications, cost estimates, constructability reviews to determine contract duration, and necessary addenda.
11. Construction support services, including review and approval of shop drawings, respond to Request for Information, periodic progress meetings, and field consultation as necessary. Provide specialty construction engineering observations as requested.

12. Search and identify sources for governmental grants that will assist the City in funding utility projects including preparation of grant applications/proposal on an as needed basis.

13. Presentations to and attendance at necessary staff and/ or City Council meetings.

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

CONSULTANT BILLING RATES AND FEE SCHEDULE

HYDROSCIENCE ENGINEERS, INC.

2021 Standard Schedule of Billing Rates
Rates are subject to increase 3% annually

LABOR CLASSIFICATION	HOURLY RATE	TEAM MEMBERS
Principal	\$255	Mary Hoang, Curtis Lam, Bill Slenter
Engineer IX	\$245	Eric Petrel
Engineer VIII	\$235	Ligaya Kohagura, Mike Marandi
Engineer VII	\$225	Chris Dodge, Angela Singer
Engineer VI	\$215	Eric Jones
Engineer V	\$205	Ed Francisco
Engineer IV	\$195	Jonathan Machorro
Engineer III	\$185	
Engineer II	\$175	
Engineer I	\$160	
Engineering Aide	\$95	
Construction Professional VI	\$175	
Construction Professional V	\$165	
Construction Professional IV	\$155	
Construction Professional III	\$145	
Construction Professional II	\$135	
Construction Professional I	\$125	
Cross Connection Control Specialist	\$115	
CAD Manager	\$135	Anthony Perez
CAD Designer I	\$115	
Marketing Professional	\$105	
Administrative II	\$95	
Administrative	\$80	

Hourly billing rates include postage and telephone charges that are normal to the work authorized. Other direct costs for travel, reproduction, mail service, outside services, etc. will be invoiced at 110 percent of the actual cost.

2020/2021 FEE SCHEDULE

PROFESSIONAL STAFF	UNIT RATE
Staff Professional I	\$118.00/Hour
Staff Professional II	130.00/Hour
Staff Professional III	142.00/Hour
Project Professional I	150.00/Hour
Project Professional II	170.00/Hour
Project Professional III	190.00/Hour
Senior Professional I	202.00/Hour
Supervising Professional/Senior Professional II	210.00/Hour
Principal Professional I	250.00/Hour
Principal Professional II	285.00/Hour
Court Appearance (Expert Witness, Deposition, etc.; four-hour minimum)	2 x HourlyRate
FIELD/LABORATORY STAFF	
Technician I	85.00/Hour
Technician II	98.00/Hour
Technician III (or Minimum Prevailing Wage)	115.00/Hour
Technician IV	136.00/Hour
Laboratory Manager	152.00/Hour
Principal Technician	175.00/Hour
CADD/GIS	
CADD/GIS/Database Manager I	100.00/Hour
CADD/GIS/Database Manager II	123.00/Hour
CADD Designer	130.00/Hour
GIS Specialist	155.00/Hour
SUPPORT STAFF	
Administrative Assistant I	85.00/Hour
Administrative Assistant II	115.00/Hour
Technical Editor	115.00/Hour
Senior Technical Editor	135.00/Hour
*Overtime Premium is 35% of PERSONNEL CHARGE	
EQUIPMENT CHARGES	
BAT Permeameter	200.00/Day
Compaction Testing Equipment & Supplies	50.00/Day
Peel & Shear Strength Apparatus (FML Seams)	900.00/Month
Portable Laboratory (8' x 32' trailer) with equipment	1,200/Month
Portable Laboratory (mobilization / demobilization)	1,500.00
ReMi/Refraction Seismograph	600.00/Day
Sealed Single Ring Infiltrometer (SSRI)	200.00/Day or 750.00/Month
Sealed Double Ring Infiltrometer (SDRI)	Call for Quote
Slope Inclinator	250.00/Day
Unmanned Aerial Vehicle (Drone) Reconnaissance	130.00/Day
EXPENSES	
Vehicle Use for Field Services	14.00/Hour or 320.00/week
Soil Sampling Equipment & Drilling Supplies	5.00/Hour
Groundwater Sampling Equipment and Supplies	15.00/Hour
Per Diem	Lesser of (Cost +15%) or (Local Government Rate)
Outside Services (Consultants, Surveys, Chemical lab Tests, etc.)	Cost + 15%
Reimbursables (Maps, Photos, Permits, Expendable Supplies, etc.)	Cost + 15%
Outside Equipment (Drill Rig, Backhoe, Monitoring Equipment, etc.)	Cost + 15%

<continued on next page>

Attachment – Hourly Fee Schedule 2021

<u>Project Coordination and Processing</u>	<u>Standard Rate</u>	<u>Prevailing Rate</u>
▪ Project Management	\$149.35	
▪ Project Coordination	\$128.75	
▪ Licensed Professional (Civil / Surveyor / Geophysicist)	\$159.65	
▪ LiDAR / UAV / Geophysical Data Processing and Extraction	\$97.85	
▪ CAD Technician	\$97.85	
▪ Reports / Sketches / Clerical	\$97.85	
▪ Data Processing and Extraction	\$128.75	
<u>Utility Location</u>		
▪ 1-Person Utility Designation w/ GPR & EM Pipe Locator	\$180.25	\$180.25
▪ 2-Person Utility Designation w/ Multi Antenna GPR	\$319.30	\$319.30
<u>Potholing and Vacuum Excavation</u>		
▪ 2-Person Utility Potholing w/ air vacuum truck	\$303.85	\$303.85
▪ 1-Person Utility Potholing w/ hydro vacuum truck	\$283.25	\$283.25
▪ 2-Person Utility Potholing w/ hydro vacuum truck	\$370.80	\$370.80
▪ 2-Person Key Hole & Surface Restoration w/ equipment	\$278.10	\$278.10
<u>Traffic Control</u>		
▪ 1-Person Traffic Control w/ arrow truck	\$149.35	\$149.35
▪ 2-Person Traffic Control w/ arrow truck	\$236.90	\$236.90
▪ 1-Person Flagger / TC Helper	\$113.30	\$113.30
<u>GPR Concrete Scanning and Coring</u>		
▪ 1-Person GPR Concrete Scanning w/ equipment	\$193.13	\$224.03
▪ 1-Person Saw Cutting & Coring w/ equipment	\$149.35	\$169.95
<u>CCTV Camera – Video Inspection</u>		
▪ 2-Person CCTV Pipe Inspection w/ Main Line Crawler Unit	\$303.85	\$303.85
▪ 2-Person CCTV Pipe Inspection w/ Lateral Line Push Unit	\$303.85	\$303.85
▪ 2-Person Hydro Flushing w/ hydro vacuum truck	\$334.75	\$334.75
<u>Surveying and Mapping</u>		
▪ 1-Person Survey Crew - GPS / Robotic / 3D Scanner	\$180.25	\$211.15
▪ 2-Person Survey Crew - GPS / Robotic / 3D Scanner	\$257.50	\$298.70
▪ 2-Person Survey Crew - Mobile LiDAR Scanner	\$334.75	\$360.50
▪ 2-Person Survey Crew - UAV Data Collection	\$257.50	\$298.70
<u>Other, Reimbursable and Direct Costs</u>		
▪ 1-Person General Labor Hourly Rate		\$110.00
▪ 1-Person Travel Rate, charged from closest dispatch location		\$ 75.00
▪ Traffic Control Plans – non-stamped (per sheet)		\$300.00
▪ Traffic Control Plans – Stamped (per sheet)		\$600.00
▪ Mileage, if applicable		Current IRS Rate
▪ Lodging and meals, applies when over 50 miles		Current GSA Rate +10%
▪ Off-Road Vehicle Rental		Cost +10%
▪ Outside reproductions, shipping, services and consultants		Cost +10%
▪ Special backfill and resurfacing materials		Cost +10%
▪ Cost of normal field supplies are included in the above rates.		

Notes:

- Over time applies after 8 hours of work and weekends.
 - Rates above apply to day shift (typical BESS day shift hours are 7:00 AM to 3:30 PM).
 - Night rate applies outside of normal shift hours.
 - Overtime after 8hrs up to 12hrs and Saturdays, rate is 1.3 times those shown above.
 - Overtime after 12hrs, Sundays and Holidays, rate is 1.6 times those shown above.
- Escalation Rate of 3% per year
 These rates represent maximum rates to be charged for services. All rates are subject to change.



Professional & Office

	<u>Per Hour</u>
Civil Engineering, Land Surveying or Landscape Architect Manager	\$196
Senior Civil Engineering or Land Surveying or Landscape Architect Manager	\$224
Senior Land Development Manager	\$230-250
Land Development Manager	\$198-220
Senior Planner	\$214
Senior Civil Engineer, Land Surveyor, or Landscape Architect	\$180
Engineering Design Specialist	\$174
Design Specialist	\$160-196
Project Planner	\$194
Project Civil Engineer, Land Surveyor, or Landscape Architect	\$166
Project Arborist	\$156
Senior Engineer, Surveyor, or Landscape Designer	\$170
Engineer, Planner, Surveyor, or Landscape Designer	\$158
Assistant Engineer, Surveyor, Planner, or Landscape Designer	\$142
Junior Engineer, Surveyor, Planner, or Landscape Designer	\$132
Senior Technician	\$144
Project Technician	\$132
Technician	\$122
Assistant Technician	\$112
Junior Technician	\$94
Intern	\$90
Project Support Staff	\$88

Field Services

	<u>Per Hour</u>
2-Man Field Crew	\$264
3-Man Field Crew	\$346
1-Man Field Crew	\$184
Senior Field Engineer	\$174
Field Engineer	\$154

Principals are Charged at \$230.00 to \$350.00 per hour
 Printing, Reproductions & Materials at Cost, Plus 20%
 Transportation at Cost, including mileage based upon IRS rates
 Other Outside Services at Cost, Plus 20%

Rates are subject to adjustment July 1, 2022.



Where Value and Engineering Come Together
VE SOLUTIONS, INC.

2021 RATE SCHEDULE

Structural Engineer

\$150 per hour

Drafter

\$100 per hour



CHARGE RATE SCHEDULE¹

<u>Title</u>	<u>Hourly Rate</u>
Senior Principal	\$ 300.00
Principal Project Manager	\$ 275.00
Senior Environmental Specialist	\$ 240.00
Senior Project Manager	\$ 215.00
Environmental Specialist	\$ 200.00
Biologist	\$ 190.00
Project Manager	\$ 190.00
Associate Project Manager	\$ 160.00
Assistant Project Manager	\$ 130.00
Researcher	\$ 115.00
Draftsperson/Graphic Artist	\$ 120.00
Document Processor/Quality Control	\$ 110.00
Administrative Manager	\$ 110.00
Office Support	\$ 95.00

Materials, outside services and subconsultants include a 15% administration fee.

Mileage will be charged per the current IRS standard mileage rate at the time costs occur.

Subject to revision September 1, 2021.

¹ David J. Powers & Associates, Inc. (DJP&A) provides regular, clear, and accurate invoices, in accordance with normal company billing procedures. The cost estimate prepared for this project does not include special accounting or bookkeeping procedures, nor does it include preparation of extraordinary or unique statements or invoices. If a special invoice or accounting process is requested, the service can be provided on a time and materials basis. Any fees charged to DJP&A for Client's third-party services related to invoicing, insurance certificate maintenance, or other administrative functions will be billed as a reimbursable expense.

EXHIBIT C
SCHEDULE OF PERFORMANCE

Projects will be on an on-call, as needed basis over the course of this agreement.

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS BLACK & VEATCH CORPORATION

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

1. **City Authority.** This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, _____, 20____.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2024 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum of two one-year extensions. 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 Water and Wastewater Utility Planning and Engineering Services as further described in **Exhibit A**.
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount.** \$250,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Two 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 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, 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 each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to CONSULTANT for one year of service during the immediately preceding prior year of service, unless otherwise authorized by City Council.
 - 4.2. **Billing.** CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

7.1. **Insurance Types and Amounts.**

7.1.1. **Commercial General Liability (CGL).** CONSULTANT shall maintain CGL against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT

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

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

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

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

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

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

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

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

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

7.2.1.3. Insurance shall be primary non-contributing.

7.2.2. Workers Compensation.

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

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

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

- 7.4. **Certificates**. CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 7. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

9. **Compliance with Law**.

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

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

Prior Judgments against CONSULTANT and/or its Subcontractors: BY SIGNING THIS AGREEMENT, CONSULTANT AFFIRMS THAT IT HAS DISCLOSED ANY FINAL JUDGMENTS, DECISIONS OR ORDERS FROM A COURT OR

INVESTIGATORY GOVERNMENT AGENCY FINDING ☐ IN THE FIVE (5) YEARS PRIOR TO EXECUTING THIS AGREEMENT ☐ THAT CONSULTANT OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. CONSULTANT FURTHER AFFIRMS THAT IT OR ITS SUBCONTRACTOR(S) HAS SATISFIED AND COMPLIED WITH ☐ OR HAS REACHED AGREEMENT WITH THE CITY REGARDING THE MANNER IN WHICH IT WILL SATISFY ☐ ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

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

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

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

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

10. **Independent Contractor.** CONSULTANT is an independent contractor and not an agent or employee of CITY.

11. **Confidentiality.** All data, documents, or other information received by CONSULTANT from CITY or prepared in connection with CONSULTANT'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by CONSULTANT without prior written consent by CITY.

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

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

Address of CONSULTANT is as follows:

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

Address of CITY is as follows:

Utility 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

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

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

16. **Maintenance of Records.**

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

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

16.3. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT for work performed under this Agreement shall be the

property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

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

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

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

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

21. **Defense and Indemnification.**

21.1. **Defense and Indemnification for Design Professional Services.** Consistent with California Civil Code Section 2782.8, for design professional services to be performed under this agreement by a design professional, as that term is defined under said Section 2782.8, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers (INDMNITEES) from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement (CLAIM) to the extent of CONSULTANT'S proportionate percentage of fault.

21.2. **Defense and Indemnification for Non-Design Professional Services.** For all services performed under this agreement not covered by Section 21.1 above, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers (INDMNITEES) from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors (CLAIM).

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

legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

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

[Signatures on Next Page]

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow

Christina J. Turner

Print Name

Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:

Black & Veatch Corporation

City Attorney

By:

Craig W. Lichty, Vice President

Donald A. Larkin

Print Name and Title of Signer.

If Corporate: Chairman, President or
Vice President

Date: _____

Date: _____ 7 December 2021



By:

Senior Vice President Finance

Print Name and Title of Signer.

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

Date: _____ 7 December 2021

EXHIBIT A SCOPE OF SERVICES

The services for this agreement will be to provide on-call water and wastewater planning and engineering services to the City. The City will ask the consultant to provide a proposals for specific services or projects as needed and will issue a notice to proceed if the proposal is accepted. Services may include but are not limited to the following; master planning, hydrologic and hydraulic modeling, asset condition assessments, water quality assessments, capacity analysis, project engineering and design. Below are the anticipated work tasks that the selected consultant team may complete under this contract. The City reserves the right to expand or exclude scope items, as needed during this contract.

1. Preliminary utility planning including updating comprehensive plans alternative studies, permit document preparation and approval, environmental impact studies, and public hearings and meetings.
2. Coordination and preparation of environmental permitting documents required to receive the necessary environmental approvals to construct the assigned projects.
3. Coordination of all utility relocations, including prior rights negotiations, utility designation and location services, and technical review of proposed relocation plans.
4. Design services for various projects including water pipelines and pump stations, wastewater pipelines and lift stations, and site development with small buildings and parking facilities.
5. Review and develop utility design and construction standards.
6. Provide peer review services for documents designed by other firms or City staff to assure adherence to accepted engineering practices and standards.
7. Water Resources analysis to develop new water supply sources within the City including surface water and groundwater development, and reservoirs to meet projected demand.
8. Water system and wastewater system capacity analysis.
9. Planning and design of water system pump stations, water storage tanks, and water system distribution projects; and wastewater lift stations and wastewater collection system projects.
10. Preparation of Contract Documents for bidding purposes including final plans, specifications, cost estimates, constructability reviews to determine contract duration, and necessary addenda.
11. Construction support services, including review and approval of shop drawings, respond to Request for Information, periodic progress meetings, and field consultation as necessary. Provide specialty construction engineering observations as requested.

12. Search and identify sources for governmental grants that will assist the City in funding utility projects including preparation of grant applications/proposal on an as needed basis.

13. Presentations to and attendance at necessary staff and/ or City Council meetings.

Consultant Billing Rate and Fee Schedule

BLACK AND VEATCH CORPORATION

The following table provides the hourly rates for the individuals expected to work on the project. The rates provided herein are for calendar year 2021. These rates will be updated annually.

JOB TITLE	RATE (\$/HR)
Principal-in-Charge/Project Director	\$300-350
Contract Manager/Senior Project Manager	\$290-320
Project Manager	\$270-\$310
Quality Assurance/Quality Control	\$220-310
Specialists/Task Leads	\$250-350
Task Leads	\$200-300
Engineering Manager	\$220-290
Architectural	\$160-200
Civil Lead Engineer	\$190-230
Civil Senior Engineer	\$160-190
Civil Engineer	\$140-160
Geotechnical	\$190-270
Hydraulic Modeling/GIS Lead	\$190-250
Hydraulic Modeling/GIS Senior	\$160-190
Hydraulic Modeling/GIS Staff	\$140-170
Structural Lead Engineer	\$190-230
Structural Senior Engineer	\$160-210
Structural Engineer	\$140-170
Planning Lead	\$220-300
Planning Senior	\$180-250
Planning Staff	\$140-180
Process Mechanical/Chemical Feed Lead Engineer	\$190-230
Process Mechanical/Chemical Feed Senior Engineer	\$160-210
Process Mechanical/Chemical Feed Engineer	\$140-160
Process Lead Engineer	\$220-300
Process Senior Engineer	\$200-270
Process Engineer	\$160-220
Mech. Bldg. Services Lead Engineer	\$190-210
Mech. Bldg. Services Senior Engineer	\$160-190
Mech. Bldg. Services Engineer	\$140-160
Electrical /I&C Lead Engineer	\$200-250
Electrical /I&C Senior Engineer	\$170-200
Electrical / I&C Engineer	\$150-170

Estimating	\$190-270
BIM Manager/BIM Coordinator	\$170-\$210
Senior BIM Technician	\$150-180
BIM Technician	\$130-150
Senior CAD Technician	\$130-150
CAD Technician	\$110-130
Project Controls	\$150-\$190
Administrative/Accounting	\$110-130
Survey Subconsultant	See Subconsultant Rate Sheet
Hydrogeology Subconsultant	See Subconsultant Rate Sheet
Environmental Subconsultant	See Subconsultant Rate Sheet

Notes

1. The billing rates are developed using an average firm overhead rate of 191% and profit of 10%.
2. Labor cost will be billed as actual hours charged to the project/task order by Black & Veatch personnel in accordance with the labor rates shown above.
3. A \$9.00/billable hour charge is included to cover standard office costs, such as in-house copying and binding documents, telephone charges, insurance, overhead, computer usage, and software.
4. Expenses for travel and lodging will be billed at actual cost. These expenses include cost such as airfare, personal mileage, lodging, meals, motor vehicle rental etc.
5. Cost of sub-consultants and other third-party services will be billed at actual cost plus 5%. Outside reproduction, if required, will be billed at actual cost.
6. Any professionals not covered under the categories identified above will be placed in the most appropriate category above based on function and experience level.

DUDEK
2021 STANDARD SCHEDULE OF CHARGES

ENGINEERING SERVICES

Project Director	\$295.00/hr
Principal Engineer III	\$275.00/hr
Principal Engineer II	\$265.00/hr
Principal Engineer I	\$255.00/hr
Program Manager	\$240.00/hr
Senior Project Manager	\$240.00/hr
Project Manager	\$235.00/hr
Senior Engineer III	\$230.00/hr
Senior Engineer II	\$220.00/hr
Senior Engineer I	\$210.00/hr
Project Engineer IV/Technician IV	\$200.00/hr
Project Engineer III/Technician III	\$190.00/hr
Project Engineer II/Technician II	\$175.00/hr
Project Engineer I/Technician I	\$160.00/hr
Senior Designer	\$180.00/hr
Designer	\$170.00/hr
Assistant Designer	\$165.00/hr
CADD Operator III	\$160.00/hr
CADD Operator II	\$150.00/hr
CADD Operator I	\$135.00/hr
CADD Drafter	\$125.00/hr
CADD Technician	\$115.00/hr
Project Coordinator	\$140.00/hr
Engineering Assistant	\$120.00/hr

ENVIRONMENTAL SERVICES

Project Director	\$245.00/hr
Senior Specialist IV	\$230.00/hr
Senior Specialist III	\$220.00/hr
Senior Specialist II	\$200.00/hr
Senior Specialist I	\$190.00/hr
Specialist V	\$180.00/hr
Specialist IV	\$170.00/hr
Specialist III	\$160.00/hr
Specialist II	\$145.00/hr
Specialist I	\$130.00/hr
Analyst V	\$120.00/hr
Analyst IV	\$110.00/hr
Analyst III	\$100.00/hr
Analyst II	\$90.00/hr
Analyst I	\$80.00/hr
Technician V	\$100.00/hr
Technician IV	\$90.00/hr
Technician III	\$80.00/hr
Technician II	\$70.00/hr
Technician I	\$60.00/hr
Compliance Monitor	\$95.00/hr

DATA MANAGEMENT SERVICES

GIS Programmer I	\$185.00/hr
GIS Specialist IV	\$160.00/hr
GIS Specialist III	\$150.00/hr
GIS Specialist II	\$140.00/hr
GIS Specialist I	\$130.00/hr
Data Analyst III	\$100.00/hr
Data Analyst II	\$90.00/hr
Data Analyst I	\$80.00/hr
UAS Pilot	\$100.00/hr

CONSTRUCTION MANAGEMENT SERVICES

Principal/Manager	\$195.00/hr
Senior Construction Manager	\$180.00/hr
Senior Project Manager	\$165.00/hr
Construction Manager	\$155.00/hr
Project Manager	\$145.00/hr
Resident Engineer	\$145.00/hr
Construction Engineer	\$140.00/hr
On-site Owner's Representative	\$140.00/hr
Construction Inspector III	\$130.00/hr
Construction Inspector II	\$120.00/hr
Construction Inspector I	\$110.00/hr
Prevailing Wage Inspector	\$135.00/hr

HYDROGEOLOGY/HAZWASTE SERVICES

Project Director	\$285.00/hr
Principal Hydrogeologist/Engineer II	\$265.00/hr
Principal Hydrogeologist/Engineer I	\$250.00/hr
Sr. Hydrogeologist IV/Engineer IV	\$235.00/hr
Sr. Hydrogeologist III/Engineer III	\$220.00/hr
Sr. Hydrogeologist II/Engineer II	\$205.00/hr
Sr. Hydrogeologist I/Engineer I	\$190.00/hr
Hydrogeologist VI/Engineer VI	\$180.00/hr
Hydrogeologist V/Engineer V	\$170.00/hr
Hydrogeologist IV/Engineer IV	\$160.00/hr
Hydrogeologist III/Engineer III	\$150.00/hr
Hydrogeologist II/Engineer II	\$140.00/hr
Hydrogeologist I/Engineer I	\$130.00/hr
Technician	\$100.00/hr

DISTRICT MANAGEMENT & OPERATIONS

District General Manager	\$195.00/hr
District Engineer	\$185.00/hr
Operations Manager	\$160.00/hr
District Secretary/Accountant	\$120.00/hr
Collections System Manager	\$135.00/hr
Grade V Operator	\$125.00/hr
Grade IV Operator	\$110.00/hr
Grade III Operator	\$100.00/hr
Grade II Operator	\$75.00/hr
Grade I Operator	\$70.00/hr
Operator in Training	\$65.00/hr
Collection Maintenance Worker	\$75.00/hr

CREATIVE SERVICES

3D Graphic Artist	\$180.00/hr
Graphic Designer IV	\$160.00/hr
Graphic Designer III	\$145.00/hr
Graphic Designer II	\$130.00/hr
Graphic Designer I	\$115.00/hr

PUBLICATIONS SERVICES

Technical Editor III	\$145.00/hr
Technical Editor II	\$130.00/hr
Technical Editor I	\$115.00/hr
Publications Specialist III	\$105.00/hr
Publications Specialist II	\$95.00/hr
Publications Specialist I	\$85.00/hr
Clerical Administration	\$90.00/hr

Forensic Engineering – Court appearances, depositions, and interrogatories as expert witness will be billed at 2.00 times normal rates.

Emergency and Holidays – Minimum charge of two hours will be billed at 1.75 times the normal rate.

Material and Outside Services – Subcontractors, rental of special equipment, special reproductions and blueprinting, outside data processing and computer services, etc., are charged at 1.15 times the direct cost.

Travel Expenses – Mileage at current IRS allowable rates. Per diem where overnight stay is involved is charged at cost

Invoices, Late Charges – All fees will be billed to Client monthly and shall be due and payable upon receipt. Invoices are delinquent if not paid within 30 days from the date of the invoice. Client agrees to pay a monthly late charge equal to 1% per month of the outstanding balance until paid in full.

Annual Increases – Unless identified otherwise, these standard rates will increase 3% annually.

The rates listed above assume prevailing wage rates does not apply. If this assumption is incorrect Dudek reserves the right to adjust its rates accordingly.

2021 SCHEDULE OF FEES AND EXPENSES FOR SERVICES CONDUCTED IN CALIFORNIA

PROFESSIONAL FEES	Hourly Rate
Scientist 9*	\$285
<i>Scientist 8</i>	265
<i>Scientist 7</i>	240
<i>Scientist 6</i>	220
<i>Scientist 5</i>	198
<i>Scientist 4</i>	177
<i>Scientist 3</i>	155
<i>Scientist 2</i>	133
<i>Scientist 1</i>	113
Senior Water Policy/Economics Specialist	260
Senior Programming Specialist	220
Water Policy Specialist	210
Water Resource Economist	195
Hydrologic Technician 2	122
Hydrologic Technician 1	102
Hydrologic Assistant	87
GIS / Data Coordinator	148
GIS / Data Specialist 2	138
GIS / Data Specialist 1	112
Scientific Illustrator 2	107
Scientific Illustrator 1	95
Contract Administrator	85
Technical Editor	75
Clerical	65
EXPENSES	
Airline travel, ZipCar, and auto rental	Cost, plus 10%
Lodging and subsistence	Cost, plus 10%
Copying, printing, long distance calls, shipping, field supplies	Cost, plus 10%
Subcontractor services	Cost, plus 10%
Laboratory services	Cost, plus 10%
Use of private vehicles	Standard IRS Rate

Notes:

- Expert testimony charged at 1.5 times hourly rate. Includes testimony in a trial, hearing, or deposition, and time spent in testimony rehearsal sessions with counsel.
- *Scientist includes hydrogeologist, hydrologist, geologist, engineer, soil scientist, and chemist.

Invoices are issued on a monthly basis and are due upon receipt for payment within 30 days.

**If payment has not been received within 30 days,
interest will accrue at 1% per month for unpaid balance.**

EXHIBIT A

Mark Thomas & Company, Inc. Rate Schedule

Expires June 30, 2022*

HOURLY CHARGE RATE RANGES
Engineering Services

Intern	\$52 - \$90
Technician	\$72 - \$137
Planner I	\$85 - \$115
Design Engineer I	\$101 - \$144
Planner II	\$111 - \$137
Sr. Technician	\$124 - \$180
Design Engineer II	\$131 - \$169
Project Engineer	\$154 - \$191
Sr. Project Engineer	\$167 - \$227
Sr. Technical Engineer	\$167 - \$227
Project Manager	\$200 - \$256
Technical Lead	\$200 - \$256
Sr. Project Manager	\$232 - \$328
Sr. Technical Lead	\$222 - \$328
Engineering Manager	\$294 - \$378
Practice Area Leader	\$294 - \$378
Sr. Engineering Manager	\$327 - \$450
Principal	\$422 - \$500

Construction Management Services

Office Technician	\$65 - \$108
Office Engineer	\$115 - \$216
** Asst. Resident Engineer	\$164 - \$297
** Inspector - CM	\$164 - \$297
RE/Structural Representative	\$213 - \$360
Project Manager - CM	\$213 - \$324
Sr. Project Manager - CM	\$229 - \$360
Area Manager - CM	\$321 - \$468
Division Manager - CM	\$294 - \$360

District Management Services

** Inspector - Apprentice	\$69 - \$104
** Inspector	\$101 - \$140
** Sr. Inspector	\$128 - \$166
Assistant Sanitary Engineer	\$144 - \$184
Associate Sanitary Engineer	\$160 - \$216
Sanitary Project Engineer	\$160 - \$248
Sr. Sanitary Project Engineer	\$203 - \$295
Operations Manager	\$232 - \$328
Deputy District Manager	\$288 - \$353
District Manager-Engineer	\$321 - \$374

Grant Writing Services

Funding Specialist	\$158
Sr. Funding Specialist	\$263

Survey Services

Survey Intern	\$65 - \$112
Survey Technician	\$85 - \$151
Sr. Survey Technician	\$98 - \$186
Surveyor	\$118 - \$171
Sr. Surveyor	\$134 - \$198
Lead Survey Technician	\$131 - \$218
Project Surveyor	\$164 - \$216
Sr. Project Surveyor	\$180 - \$238
Survey Manager	\$191 - \$263
Sr. Survey Manager	\$238 - \$311
Survey Division Manager	\$284 - \$396
** Single Chief	\$157 - \$216
** Single Instrumentman	\$150 - \$191
** Single Chainman	\$132 - \$187
** Apprentice	\$71 - \$176
** 1 Person Field Crew	\$157 - \$216
** 2 Person Field Crew	\$290 - \$403
** 3 Person Field Crew	\$361 - \$580
Drone Pilot	\$220

Project Support/Coordination Services

Project Assistant	\$72 - \$108
Technical Writer	\$69 - \$115
Sr. Project Assistant	\$101 - \$137
Project Coordinator	\$98 - \$144
Graphic Designer	\$105 - \$162
Sr. Technical Writer	\$105 - \$176
Project Accountant	\$105 - \$162
Sr. Project Coordinator	\$131 - \$173
Sr. Graphic Designer	\$118 - \$198
Sr. Project Accountant	\$164 - \$223
Sr. Graphic Manager	\$147 - \$216

Urban Planning/Landscape Architecture Services

Landscape Intern	\$49 - \$90
Landscape Designer I	\$85 - \$115
Landscape Designer II	\$111 - \$137
Landscape Architect	\$115 - \$198
LAUD Division Manager	\$255 - \$284
LAUD Project Manager	\$193 - \$248
Sr. LAUD Project Manager	\$229 - \$281
Sr. LAUD Division Manager	\$268 - \$317

Special Services

Expert Witness	\$440
Strategic Consulting	\$440

Note: Additional Promotional Steps Exist within Various Rate Categories
OTHER DIRECT COSTS
Reimbursables including, but not limited to:

Reproductions, Delivery and Filing Fees	Cost Plus 5%	Outside Consultant Fees	Cost Plus 5%
Mileage	Per IRS Rate	Survey Field Expenses	Cost Plus 5%

* Rates subject to escalation with new hourly rate schedule as of July 1, 2022

** These charge rates are subject to Prevailing Wage laws and Union contract.

EXHIBIT C
SCHEDULE OF PERFORMANCE

Projects will be on an on-call, as needed basis over the course of this agreement.

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS CAROLLO ENGINEERS, INC.

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

1. **City Authority.** This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, _____, 20____.

2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2024 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum of two one-year extensions. 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 Water and Wastewater Utility Planning and Engineering Services as further described in **Exhibit A.**

4. **Compensation.** CONSULTANT shall be compensated as follows:

4.1. **Amount.** \$250,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Two 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 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, 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 each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to CONSULTANT for one year of service during the immediately preceding prior year of service, unless otherwise authorized by City Council.

4.2. **Billing.** CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

CITY shall pay CONSULTANT'S approved invoices within thirty (30) days of receipt

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

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

6. **Performance of Work.** CONSULTANT represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by CONSULTANT in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of the CONSULTANT'S profession. By delivery of completed work, CONSULTANT certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. CONSULTANT shall perform all work and services under this Agreement in conformance with the time schedule set forth on Exhibit C, "Schedule of Performance," attached hereto and incorporated herein by this reference. CITY'S City Manager is authorized on behalf of CITY to modify the timeframes set forth on the Schedule of Performance within the term of this Agreement. CONSULTANT is not responsible for damage or delay in performance caused by events beyond the reasonable control of CONSULTANT. In the event CONSULTANT'S services are suspended, delayed or interrupted for the convenience of CITY or delays occur beyond the reasonable control of CONSULTANT, an equitable adjustment in CONSULTANT'S time of performance and cost of CONSULTANT'S personnel and subcontractors may be made. If CONSULTANT desires to leave or store any of CONSULTANT's equipment at a CITY site while CONSULTANT is performing work or service pursuant to this Agreement, CONSULTANT will first obtain the consent of CITY's City Manager, or his/her delegate, to do so, and any such storage shall occur only in the manner and location allowed by such CITY official and entirely at CONSULTANT'S sole risk.

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

7.1. Insurance Types and Amounts.

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

made or occurrence Errors and Omission liability insurance in the minimum amount of: (i) one million dollars (\$1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Further, if CONSULTANT maintains a claims-made policy, CONSULTANT shall provide written evidence of such insurance to the CITY for at least five (5) years after the completion of work performed under this Agreement.

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

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

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

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

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

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

7.2.1.3. Insurance shall be primary non-contributing.

7.2.2. Workers Compensation.

If the performance of CONSULTANT'S work or service under this Agreement involves access to or activity on any property or premises owned or occupied by the CITY, including, but not limited to, CONSULTANT'S presence during site visits and meetings, then insurer

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

- 7.3. **Qualification of Insurers.** All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or otherwise legally authorized to carry out insurance business in the State of California, and each insurer must have a current A.M. Best's financial strength rating of "A" or better and a financial size rating of "VII" or better.
- 7.4. **Certificates.** CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 7. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

9. **Compliance with Law.**

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

Final Judgments, Decisions, and Orders: For purposes of this Section, a "final judgment, decision, or order" refers to one for which all appeals have been exhausted or the time to appeal has expired. Relevant investigatory government agencies include: the federal Department of Labor, the California Division of Labor

Standards Enforcement, or any other governmental entity or division tasked with the investigation and enforcement of wage and hour laws.

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

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

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

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

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

10. **Independent Contractor**. CONSULTANT is an independent contractor and not an agent or employee of CITY.

11. **Confidentiality**. All data, documents, or other information received by CONSULTANT from CITY or prepared in connection with CONSULTANT'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by CONSULTANT without prior written consent by CITY.

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

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

Address of CONSULTANT is as follows:

Carollo Engineers, Inc.
2795 Mitchell Drive
Walnut Creek, CA 94598

Address of CITY is as follows:

Utility 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

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

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

16. **Maintenance of Records**.

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

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

performance of this Agreement for a period of three years after final payment under the Agreement.

- 16.3. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT for work performed under this Agreement shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement. Any reuse of completed documents or use of partially completed documents without written verification or concurrence by CONSULTANT for the specific purpose intended will be at CITY'S sole risk and without liability or legal exposure to CONSULTANT.
17. **Familiarity with Work.** By executing this Agreement, CONSULTANT represents that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.
18. **Time of Essence.** Time is of the essence in the performance of this Agreement.
19. **No Assignment.** Neither this Agreement nor any portion shall be assigned by CONSULTANT, without prior written consent of CITY. Any attempted assignment not first approved by CITY shall be void and, at CITY's option, shall terminate this Agreement effective as of the date of such attempted assignment.
20. **Attorney Fees.** In any legal action, dispute or arbitration arising out of or relating to this Agreement, the prevailing party shall be entitled to an award of its reasonable attorney fees, costs and expenses incurred.
21. **Defense and Indemnification.**
- 21.1. **Defense and Indemnification for Design Professional Services.** Consistent with California Civil Code Section 2782.8, for design professional services to be performed under this agreement by a design professional, as that term is defined under said Section 2782.8, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement ("CLAIM") to the extent of CONSULTANT'S proportionate percentage of fault.
- 21.2. **Defense and Indemnification for Non-Design Professional Services.** For all services performed under this agreement not covered by Section 21.1 above, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and

all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

- 21.3. Exceptions. CONSULTANT is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence, active negligence or willful misconduct of the CITY.
- 21.4. Not limited by insurance. The indemnity, defense and hold harmless provisions of this Agreement apply to all CLAIMs alleged against an INDEMNITEE, regardless of whether any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by CONSULTANT.
- 21.5. Right to Offset. CITY shall have the right to offset against any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result of CONSULTANT's failure to pay CITY promptly any indemnification arising under this Section (21) and any amount due CITY from CONSULTANT arising from CONSULTANT's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.
- 21.6. Interpretation. This Section shall constitute an agreement or contract of indemnity, incorporating the interpretations under California Civil Code Section 2778. It is expressly understood and agreed that the obligation of the CONSULTANT to indemnify the INDEMNITEE shall be as broad and inclusive as permitted by the laws of the State of California and shall survive termination of this Agreement.
22. **Entire Agreement; Modification; Conflicting Provisions.** This Agreement constitutes the entire Agreement between the Parties and supersedes any previous agreements, oral or written. This Agreement may be modified or provisions waived only by a subsequent mutual written agreement executed by CITY and CONSULTANT. If the provisions contained in the main body of this Agreement conflict with any provision contained in an exhibit to this Agreement, the provisions of the main body of this Agreement shall govern and control over any provision contained in an exhibit to this Agreement.
23. **Governing Law and Venue.** This Agreement shall be construed in accordance with the laws of the State of California. This Agreement was entered into and is to be performed in the County of Santa Clara. Any action or dispute arising out of this Agreement shall only be brought in Santa Clara County.
24. **Interpretation.** This Agreement is a negotiated document and shall be deemed to have been drafted jointly by the Parties, and no rule of construction or interpretation shall apply against any particular Party based on a contention that the Agreement was drafted by one of the Parties including, but not limited to, California Civil Code § 1654, the provisions of which are hereby waived. This Agreement shall be construed and interpreted in a neutral manner.

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

26. **Binding Agreement.** Notwithstanding the provisions of Section 19 above, this Agreement shall bind any and all successors in interest, legal representatives and/or other permitted assignees or transferees of CONSULTANT in the same manner as if those successors in interest, legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

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

[Signatures on Next Page]

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow

Christina J. Turner

Print Name

Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:

Carollo Engineers, Inc.

City Attorney

By:

Donald A. Larkin

Anne E. Prudhel, Vice President

Print Name

Print Name and Title of Signer.

If Corporate: Chairman, President or
Vice President

Date: _____

Date: November 23, 2021



By:

Jonathon P. Marshall, Associate VP
(by authority of Corporate Secretary)

Print Name and Title of Signer.

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

Date: November 29, 2021

CERTIFICATION

This is to certify that the undersigned, Michael W. Barnes, as Corporate Secretary and General Counsel for **Carollo Engineers, Inc.**, is authorized to state and certify: That by corporate policy approved by the Board of Directors on 02/07/2011, Jonathon P. Marshall, Associate Vice President, and Anne Prudhel, Vice President, are authorized to execute engineering service agreements for the usual and customary engineering business of the company.

Dated: November 23, 2021



Michael W. Barnes
Corporate Secretary & General Counsel

EXHIBIT A SCOPE OF SERVICES

The services for this agreement will be to provide on-call water and wastewater planning and engineering services to the City. The City will ask the consultant to provide a proposals for specific services or projects as needed and will issue a notice to proceed if the proposal is accepted. Services may include but are not limited to the following; master planning, hydrologic and hydraulic modeling, asset condition assessments, water quality assessments, capacity analysis, project engineering and design. Below are the anticipated work tasks that the selected consultant team may complete under this contract. The City reserves the right to expand or exclude scope items, as needed during this contract.

1. Preliminary utility planning including updating comprehensive plans alternative studies, permit document preparation and approval, environmental impact studies, and public hearings and meetings.
2. Coordination and preparation of environmental permitting documents required to receive the necessary environmental approvals to construct the assigned projects.
3. Coordination of all utility relocations, including prior rights negotiations, utility designation and location services, and technical review of proposed relocation plans.
4. Design services for various projects including water pipelines and pump stations, wastewater pipelines and lift stations, and site development with small buildings and parking facilities.
5. Review and develop utility design and construction standards.
6. Provide peer review services for documents designed by other firms or City staff to assure adherence to accepted engineering practices and standards.
7. Water Resources analysis to develop new water supply sources within the City including surface water and groundwater development, and reservoirs to meet projected demand.
8. Water system and wastewater system capacity analysis.
9. Planning and design of water system pump stations, water storage tanks, and water system distribution projects; and wastewater lift stations and wastewater collection system projects.
10. Preparation of Contract Documents for bidding purposes including final plans, specifications, cost estimates, constructability reviews to determine contract duration, and necessary addenda.
11. Construction support services, including review and approval of shop drawings, respond to Request for Information, periodic progress meetings, and field consultation as necessary. Provide specialty construction engineering observations as requested.

12. Search and identify sources for governmental grants that will assist the City in funding utility projects including preparation of grant applications/proposal on an as needed basis.

13. Presentations to and attendance at necessary staff and/ or City Council meetings.

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

CAROLLO ENGINEERS, INC.
FEE SCHEDULE

As of January 1, 2021
California

	<u>Hourly Rate</u>
Engineers/Scientists	
Assistant Professional	\$ 193.00
Professional	\$ 236.00
Project Professional	\$ 280.00
Lead Project Professional	\$ 301.00
Senior Professional	\$ 322.00
Technicians	
Technicians	\$ 146.00
Senior Technicians	\$ 203.00
Support Staff	
Document Processing / Clerical	\$ 129.00
Project Equipment Communication Expense (PECE) Per DL Hour	\$ 13.00
Other Direct Expenses	
Travel and Subsistence	at cost
Mileage at IRS Reimbursement Rate Effective January 1, 2021	\$.56 per mile
Subconsultant	cost + 10%
Other Direct Cost	cost + 10%
Expert Witness	Rate x 2.0

This fee schedule is subject to annual revisions due to labor adjustments.



Denise Duffy & Associates, Inc.

PLANNING AND ENVIRONMENTAL CONSULTING

2021 SCHEDULE OF RATES

Principal	\$233.00
Senior Project Manager/Engineering Specialist	\$196.00
Principal Planner	\$176.00
Senior Project Manager	\$168.00
Senior Botanist	\$156.00
Senior Planner/Scientist II	\$155.00
Project Manager	\$147.00
Senior Planner/Scientist	\$137.00
Assistant Project Manager	\$123.00
Environmental Biologist	\$117.00
Associate Planner/Scientist	\$112.00
Assistant Planner/Scientist	\$100.00
GIS/Computer Specialist	\$107.00
Administrative Manager	\$ 87.00
Database/Designer/Graphics	\$ 82.00
Planning Technician	\$ 74.00
Field Technician	\$ 70.00
Administrative Assistant	\$ 65.00

Direct reimbursable costs associated with the execution of a project are charged at cost plus 15% to cover general and administrative services. These expenses may include, but are not limited to: subconsultant services, printing and graphic charges, permit charges and filing fees, authorized travel charges, courier, postage, mileage and field supplies. Mileage will be charged at the current IRS mileage rate. Communication and miscellaneous office expenses (including cell phones, phone, fax, electronic data transmittal, photos etc.) are billed at 3% of total labor.

Above rates are effective from 1/1/2021 through 12/31/2021 and may be adjusted thereafter.

V&A Consulting Engineers 2021-2022 Fee Schedule Rates include Overhead & Profit	
Position	Rate
Principal-in-Charge (PIC)	\$305
Senior Project Manager	\$267
Project Manager	\$250
Senior Project Engineer	\$234
Project Engineer	\$209
Associate Engineer	\$187
Assistant Engineer	\$152
CADD Designer	\$152
Engineering Assistant	\$141
Senior Technician	\$134
Technician	\$117
Project Admin/Clerical	\$93
Forensic Engineering	\$425
Deposition/Court Appearance	\$550
Other Direct Costs	
Subcontractor/Subconsultant: Cost + 10%	
Soil and Coating Sample Analysis: Cost + 10%	
Travel (Air/Hotel/Per Diem/Rent-A-Car): @ Cost	
Auto/Truck Mileage: @Federal Rate	
Field Truck: \$85/Day	
Confined Space Entry Truck and Safety Equipment: \$130/Day	
Reproduction, Printing, Shipping: @ Cost	



PRINCIPALS

Randolph W. Leptien
Christine M. Leptien-Parks
Mariam Munshi Virani

FOUNDED 1954

Guenter K. Leptien
Frank J. Cronin
Jasper Cooper

RATE SCHEDULE

OFFICE & DESIGN PERSONNEL

	HOURLY RATE
Technical Assistant 1.....	\$67.00
Technical Assistant 2.....	\$80.00
CAD 1.....	\$102.00
CAD 2.....	\$139.00
Assistant Civil Engineer.....	\$153.00
Special Districts Manager	\$153.00
Civil Engineer 1/Project Manager.....	\$173.00
Civil Engineer 2	\$202.00
Land Surveyor (Office)	\$202.00
Principal Engineer	\$230.00

FIELD & SURVEY PERSONNEL

Field Assistant	\$80.00
Survey Tech. 1.....	\$92.00
Survey Tech. 2.....	\$129.00
Field Representative (Construction).....	\$153.00
Resident Engineer.....	\$173.00
Chief of Party	\$179.00
Principal Surveyor.....	\$230.00

REIMBURSABLE EXPENSES

Charges for reproductions, blueprinting, long distance travel costs, outside computer services, rental of special equipment, County base maps, official records, record maps, delivery, express mail and insurance certificates (where client requires to be listed as an additional insured) will be charged at 1.15 times cost. Sub-consultant's services will be charged at 1.10 times cost.

CONDITIONS

Invoices are mailed at monthly intervals and upon completion of work segments when appropriate.

Charges for personnel engaged in professional and/or technical work are made for the actual hours directly chargeable to the project. Rates for individuals may vary depending on the service performed. Minimum rate for a two person survey crew is \$271.00 per hour (4 hour minimum).

In the event of required overtime, the rates charged for office personnel and field personnel will be 1.5 times the hourly rates shown. Work required on Sundays and Holidays for field surveyors will be charged at 2 times the hourly rates shown.

Litigation Services rate is \$425.00/hour.

EFFECTIVE DATE: 07/01/2021

930 Estudillo Street
Martinez, California
94553-1620
(925) 228-4218
(925) 228-4638 fax
www.lcc-inc.com

BADGER DAYLIGHTING

Hydrovac with Operator	\$ 310.00/HR
Hydrovac with Operator Overtime	\$ 350.00/HR
Additional Operator	\$ 130.00/HR
Additional Operator Overtime	\$ 180.00/HR
Support Truck	\$ 175.00/HR
Fluctuating Fuel Recovery	AT COST

These rates are subject to revisions due to labor adjustments.

EXHIBIT C
SCHEDULE OF PERFORMANCE

Projects will be on an on-call, as needed basis over the course of this agreement.

**CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS
AKEL ENGINEERING GROUP, INC.**

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

1. **City Authority.** This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, _____, 20____.

2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2024 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum of two one-year extensions. 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 Water and Wastewater Utility Planning and Engineering Services as further described in **Exhibit A**.

4. **Compensation.** CONSULTANT shall be compensated as follows:

4.1. **Amount.** \$150,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed One 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 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, 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 each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to CONSULTANT for one year of service during the immediately preceding prior year of service, unless otherwise authorized by City Council.

4.2. **Billing.** CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

7.1. **Insurance Types and Amounts.**

7.1.1. **Commercial General Liability (CGL).** CONSULTANT shall maintain CGL against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT

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

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

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

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

7.1.5. Professional Liability.

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

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

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

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

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

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

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

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

7.2.1.3. Insurance shall be primary non-contributing.

7.2.2. Workers Compensation.

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

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

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

- 7.4. **Certificates.** CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 7. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

9. **Compliance with Law.**

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

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

Prior Judgments against CONSULTANT and/or its Subcontractors: BY SIGNING THIS AGREEMENT, CONSULTANT AFFIRMS THAT IT HAS DISCLOSED ANY FINAL JUDGMENTS, DECISIONS OR ORDERS FROM A COURT OR

INVESTIGATORY GOVERNMENT AGENCY FINDING – IN THE FIVE (5) YEARS PRIOR TO EXECUTING THIS AGREEMENT – THAT CONSULTANT OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. CONSULTANT FURTHER AFFIRMS THAT IT OR ITS SUBCONTRACTOR(S) HAS SATISFIED AND COMPLIED WITH – OR HAS REACHED AGREEMENT WITH THE CITY REGARDING THE MANNER IN WHICH IT WILL SATISFY – ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

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

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

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

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

10. **Independent Contractor.** CONSULTANT is an independent contractor and not an agent or employee of CITY.

11. **Confidentiality.** All data, documents, or other information received by CONSULTANT from CITY or prepared in connection with CONSULTANT'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by CONSULTANT without prior written consent by CITY.

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

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

Address of CONSULTANT is as follows:

Akel Engineering Group
7433 North First Street, Suite 103
Fresno, CA 93720

Address of CITY is as follows:

Utility 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

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

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

16. **Maintenance of Records.**

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

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

16.3. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT for work performed under this Agreement shall be the

property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

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

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

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

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

21. **Defense and Indemnification.**

21.1. **Defense and Indemnification for Design Professional Services.** Consistent with California Civil Code Section 2782.8, for design professional services to be performed under this agreement by a design professional, as that term is defined under said Section 2782.8, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement ("CLAIM") to the extent of CONSULTANT'S proportionate percentage of fault.

21.2. **Defense and Indemnification for Non-Design Professional Services.** For all services performed under this agreement not covered by Section 21.1 above, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

- 21.3. **Exceptions.** CONSULTANT is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence, active negligence or willful misconduct of the CITY.
- 21.4. **Not limited by insurance.** The indemnity, defense and hold harmless provisions of this Agreement apply to all CLAIMs alleged against an INDEMNITEE, regardless of whether any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by CONSULTANT.
- 21.5. **Right to Offset.** CITY shall have the right to offset against any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result of CONSULTANT's failure to pay CITY promptly any indemnification arising under this Section (21) and any amount due CITY from CONSULTANT arising from CONSULTANT's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.
- 21.6. **Interpretation.** This Section shall constitute an agreement or contract of indemnity, incorporating the interpretations under California Civil Code Section 2778. It is expressly understood and agreed that the obligation of the CONSULTANT to indemnify the INDEMNITEE shall be as broad and inclusive as permitted by the laws of the State of California and shall survive termination of this Agreement.

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

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

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

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

26. **Binding Agreement.** Notwithstanding the provisions of Section 19 above, this Agreement shall bind any and all successors in interest, legal representatives and/or other permitted assignees or transferees of CONSULTANT in the same manner as if those successors in interest,

legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

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

[Signatures on Next Page]

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow
Print Name

Christina J. Turner
Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:

Akel Engineering Group

City Attorney

By: _____

Donald A. Larkin
Print Name

TONY AKEL, PRESIDENT
Print Name and Title of Signer.
If Corporate: Chairman, President or Vice President

Date: _____

Date: 12/7/21

By: _____

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

Date: 12/7/21

EXHIBIT A SCOPE OF SERVICES

The services for this agreement will be to provide on-call water and wastewater planning and engineering services to the City. The City will ask the consultant to provide a proposals for specific services or projects as needed and will issue a notice to proceed if the proposal is accepted. Services may include but are not limited to the following; master planning, hydrologic and hydraulic modeling, asset condition assessments, water quality assessments, capacity analysis, project engineering and design. Below are the anticipated work tasks that the selected consultant team may complete under this contract. The City reserves the right to expand or exclude scope items, as needed during this contract.

- 1. Preliminary utility planning including updating comprehensive plans alternative studies, permit document preparation and approval, environmental impact studies, and public hearings and meetings.**
- 2. Coordination and preparation of environmental permitting documents required to receive the necessary environmental approvals to construct the assigned projects.**
- 3. Coordination of all utility relocations, including prior rights negotiations, utility designation and location services, and technical review of proposed relocation plans.**
- 4. Design services for various projects including water pipelines and pump stations, wastewater pipelines and lift stations, and site development with small buildings and parking facilities.**
- 5. Review and develop utility design and construction standards.**
- 6. Provide peer review services for documents designed by other firms or City staff to assure adherence to accepted engineering practices and standards.**
- 7. Water Resources analysis to develop new water supply sources within the City including surface water and groundwater development, and reservoirs to meet projected demand.**
- 8. Water system and wastewater system capacity analysis.**
- 9. Planning and design of water system pump stations, water storage tanks, and water system distribution projects; and wastewater lift stations and wastewater collection system projects.**
- 10. Preparation of Contract Documents for bidding purposes including final plans, specifications, cost estimates, constructability reviews to determine contract duration, and necessary addenda.**
- 11. Construction support services, including review and approval of shop drawings, respond to Request for Information, periodic progress meetings, and field consultation as necessary. Provide specialty construction engineering observations as requested.**

12. Search and identify sources for governmental grants that will assist the City in funding utility projects including preparation of grant applications/proposal on an as needed basis.

13. Presentations to and attendance at necessary staff and/ or City Council meetings.

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

Consultant Billing Rates and Fee



FEE SCHEDULE

Effective Through:

June 30, 2022

Category	Hourly Rate
Senior Principal Engineer	\$255
Principal Engineer	\$230
Senior Engineer	\$190
Associate Engineer	\$170
Assistant Engineer	\$145
Engineering Assistant	\$115
Senior GIS Technician	\$150
GIS Technician	\$125
Word Processing/Secretarial	\$100
Other Direct Expenses	
Other Direct Cost	Cost plus 5%

** Fee Schedule is subject to an annual increase at the end of the fiscal year*

Sub-consultant Billing Rates and Fee



KASRAIE CONSULTING

Ventura, CA 93003

Phone: (805) 340-4744

Email: kasraie@kasraieconsulting.com | www.KasraieConsulting.com

PUBLIC WORKS PROJECTS **RATE SHEET**

January 1, 2021 through December 31, 2021

	POSITION TITLE	HOURLY BILLING RATE
1	Principal Project Manager	\$205
2	Senior Project Manager	\$195
3	Senior Project Engineer	\$185
4	Senior Civil Engineer/Senior Hydrologist	\$160
5	Civil Engineer / Water Resource Engineer / Hydrologist	\$130
6	GIS Specialist	\$120
7	Engineering Technician/CAD Operator	\$105
8	Office Support/Admin Staff	\$72

MISCELENEOUS

Printing, reproduction, postage, delivery and other services

At Cost

Mileage outside Ventura County

At Current IRS Rate

Subconsultant Markup

15 Percent

Litigation/Expert Witness Rate Adjustment

175 Percent

Other direct and miscellaneous charges encountered in performance of services, such as permits, supplies not normally used to perform a specific job, etc. are billed at cost with no additional service charge.

EXHIBIT C
SCHEDULE OF PERFORMANCE

Projects will be on an on-call, as needed basis over the course of this agreement.



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

David Gittleson, Associate Engineer

APPROVED BY: City Manager

APPROVE MITIGATED NEGATIVE DECLARATION AND FOURTH AMENDMENT OF THE AGREEMENT WITH HYDROSCIENCE ENGINEERS FOR ADDITIONAL SERVICES RELATED TO THE NEW SEWER TRUNK LINE BETWEEN MORGAN HILL AND GILROY

RECOMMENDATION(S)

1. Approve and certify the project Mitigated Negative Declaration;
2. Approve Fourth Amendment to Service Agreement for Design Professionals with HydroScience Engineers, Inc. to provide additional services for the New Sewer Trunk Line to Gilroy project for an additional \$75,000, for a total not to exceed amount of \$1,779,710; and
3. Authorize the City Manager to execute and administer the amended services agreement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining Infrastructure

2020-2021 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Morgan Hill 2035 General Plan

Wastewater System Master Plan

REPORT NARRATIVE:

The Cities of Morgan Hill and Gilroy maintain a Joint Trunk System that conveys sewer flow from both cities to the South County Regional Wastewater Authority (SCRWA) Wastewater Treatment Plant south of the City of Gilroy. Currently, Morgan Hill's wastewater is conveyed by a single trunk line that traverses south Morgan Hill, unincorporated San Martin, and the City of Gilroy. The City's sewer master plan calls for a second trunk line to be built to the treatment plant to provide the necessary capacity for the City's growth over the horizon of the 2035 General Plan. Construction of the secondary trunk line began in 2006, with the most recent phase from California Avenue to Highland Avenue completed in 2016. The final segment, currently under design by Hydrosience Engineers, Inc. totals approximately 7 miles in length.

HydroScience Engineers, Inc. were awarded a professional design services agreement on May 4, 2016 for \$651,760 to prepare plans & specifications to design a portion of the new sewer trunk line from Highland Avenue to Cohansey Avenue. Then, on April 19, 2017, City Council approved a First Amendment to provide design services to extend the design to Renz Lane for an additional \$521,900, thereby completing the entire design between Morgan Hill and Gilroy. A Second Amendment was then approved by City Council on December 4, 2019 for additional design services to complete the design (\$531,050).

At the 60% design completion level, the Gilroy City Council approved the sewer trunk alignment within their City limits in spring 2019. This effort put the design process on hold in order to establish the preferred alignment of the sewer trunk line through the City of Gilroy. The project is now currently reaching the 90% design completion level. One of the next time sensitive steps is to acquire the easements necessary to install the new sewer trunk. A total of five easements will be required, one from PG&E, one from the City of Gilroy and three from privately owned property. Staff is requesting that City Council approve and certify the mitigated negative declaration (MND). Certifying the MND will allow the City to use the eminent domain process should it be necessary in order to secure easements for the new sewer trunk alignment within private property.

Additional funds in the amount of \$75,000 along with a contract time extension are needed in order for HydroScience to finalize the project design. The additional funding will be utilized by HydroScience to: look at utilizing trenchless cost-reduction options for Leavesley Road in Gilroy and evaluate realignment options through PG&E owned property and under Highway 101 in Gilroy.

Thus, the proposed fourth amendment with HydroScience represents the overall effort to complete the sewer trunk line design from this point forward for a cost not to exceed \$75,000. Construction support services are not included in this contract, as the actual timing to construct the project has not been established. The total not-to-exceed contract amount would become \$1,779,710 (\$651,760 original + \$521,900 first amendment + \$531,050 second amendment + \$75,000 fourth amendment) for services rendered from May 2016 through December 2022. The third amendment only extended the contract time.

HydroScience is expected to complete the final design by mid 2022. Construction costs are estimated between \$25M-\$30M. Construction could commence as early as July 2022 if funding and easements are secured.

COMMUNITY ENGAGEMENT:

City staff is coordinating with the City of Gilroy and the County of Santa Clara to provide regular project status updates. All impacted property owners and businesses will be contacted and consulted prior to construction, which includes residents of San Martin. This project is unique as it will affect other communities to the south of the City, but have no significant construction impacts for City residents.

ALTERNATIVE ACTIONS:

City Council could decide not to amend the HydroScience Engineer's contract. However, this would prevent the completion of the plans and specifications and delay the overall project delivery.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On May 4, 2016, City Council approved a design agreement with HydroScience Engineers, Inc. for \$651,760 for the preparation of design plans and specifications for the sewer trunk segment between Highland and Cohansey.

On April 19, 2017, City Council approved the acceleration of the sewer trunk line and an award of a first amendment with Hydrosience Engineers for design services for a total contract amount of \$1,173,660.

On December 4, 2019, City Council approved a Second Amendment with Hydrosience Engineers, inc. for \$531,050 for additional engineering services.

FISCAL AND RESOURCE IMPACT:

There are sufficient funds available in the FY 2020-26 Capital Improvement Program (CIP) budget under CIP Project 308A08, New Trunk Line, utilizing Sewer Impact Fund (Fund 641). The cost of the original design services agreement (\$651,760) plus the First Amendment (\$521,900) and the Second Amendment (\$531,050) was \$1,704,710.

With City Council's approval of the Fourth Amendment, the total not to exceed contract amount would become \$1,779,710 (\$651,760 original + \$521,900 first amendment + \$531,050 second amendment + fourth amendment \$75,000).

CEQA (California Environmental Quality Act):
Project

This professional services amendment is not a project, as defined in Section 15378 of the State CEQA Guidelines. However, the Sewer Trunk Line project itself is a project and requires CEQA review. David J. Powers prepared an Initial Study (IS) to identify and mitigate all environmental impacts from the project. The mitigated negative declaration is attached for your review and approval.

**FOURTH AMENDMENT TO AGREEMENT
HYDROSCIENCE ENGINEERS, INC.**

This FOURTH AMENDMENT TO AGREEMENT is entered into and becomes effective on _____ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and HYDROSCIENCE ENGINEERS, INC., a California Corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Fourth Amendment to Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, 2021.
2. The CITY and CONSULTANT entered into that "SERVICE AGREEMENT FOR DESIGN PROFESSIONALS" made as of May 6, 2016, for consultant services for a maximum compensation of Six Hundred Fifty-One Thousand and Seven Hundred-Sixty Dollars (\$651,760) ("SERVICE AGREEMENT FOR DESIGN PROFESSIONALS").
3. The CITY and CONSULTANT entered into a "First Amendment to Agreement" made as of May 5, 2017, under which the maximum compensation under the SERVICE AGREEMENT FOR DESIGN PROFESSIONALS, as amended, was increased to One Million One Hundred Seventy-Three Thousand Six Hundred Sixty Dollars (\$1,173,660).
4. The CITY and CONSULTANT entered into a "Second Amendment to Agreement" made as of December 9, 2019, under which the maximum compensation under the SERVICE AGREEMENT FOR DESIGN PROFESSIONALS, as amended, was increased to One Million Seven Hundred Four Thousand Seven Hundred Ten and no/100 Dollars (\$1,704,710).
5. The CITY and CONSULTANT entered into a "Third Amendment to Agreement" made as of December 8, 2020, under which the maximum compensation was not increased. The SERVICE AGREEMENT FOR DESIGN PROFESSIONALS, and the First, Second and Third Amendments thereto are attached as Exhibit "1" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the SERVICE AGREEMENT FOR DESIGN PROFESSIONALS, 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 6, 2016 until December 31, 2022. 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."

B. Paragraph 3 shall be amended by adding the following:

"The services to be performed by CONSULTANT shall consist of the additional services set forth in Exhibit "2" dated October 29, 2021.

Additional Investigation and Design services."

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 SEVEN HUNDRED SEVENTY-NINE THOUSAND SEVEN HUNDRED TEN AND NO/100 DOLLARS (\$1,779,710) and shall be billed based on the rate and basis set forth in Exhibit B dated April 20, 2016, Exhibit B dated April 5, 2017, Exhibit A dated November 6, 2019, and Attachment A dated October 29, 2021, under Exhibit 2. If the City Manager extends the term of this Agreement for up to one year pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for the extended term exceed the City Manager's authority pursuant to Chapter 3.04 of the Morgan Hill Municipal Code, unless otherwise authorized by City Council."

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Signatures on the Next Page

2. **Conflicts.** In the event of a conflict between the terms and provisions of this Fourth Amendment to Agreement and the terms and provisions of the SERVICE AGREEMENT FOR DESIGN PROFESSIONALS or any earlier amendment, the terms of this Fourth 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 A. Larkin, City Attorney

Date: _____

HYDROSCIENCE ENGINEERS, INC.

By: Mary Hong

Title: Vice President

Print Name and Title of Signer.

If Corporate: Chairman, President or
Vice President

Date: 11/11/21

By: William H. Varnis

Title: TREASURER

Print Name and Title of Signer.

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

Date: NOV 11, 2021

EXHIBIT 1

**THIRD AMENDMENT TO AGREEMENT
HYDROSCIENCE ENGINEERS, INC.**

This THIRD AMENDMENT TO AGREEMENT is entered into and becomes effective on 12/8/2020 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and HYDROSCIENCE ENGINEERS, INC., a California Corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Third Amendment to Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on December 4, 2019.
2. The CITY and CONSULTANT entered into that "SERVICE AGREEMENT FOR DESIGN PROFESSIONALS" made as of May 6, 2016, for consultant services for a maximum compensation of Six Hundred Fifty-One Thousand and Seven Hundred-Sixty Dollars (\$651,760) ("SERVICE AGREEMENT FOR DESIGN PROFESSIONALS").
3. The CITY and CONSULTANT entered into a "First Amendment to Agreement" made as of May 5, 2017, under which the maximum compensation under the SERVICE AGREEMENT FOR DESIGN PROFESSIONALS, as amended, was increased to One Million One Hundred Seventy-Three Thousand Six Hundred Sixty Dollars (\$1,173,660)
4. The CITY and CONSULTANT entered into a "Second Amendment to Agreement" made as of December 9, 2019, under which the maximum compensation under the SERVICE AGREEMENT FOR DESIGN PROFESSIONALS, as amended, was increased to One Million Seven Hundred Four Thousand Seven Hundred Ten and no/100 Dollars (\$1,704,710). The SERVICE AGREEMENT FOR DESIGN PROFESSIONALS, and the First and Second Amendments thereto are attached as Exhibit "1" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the SERVICE AGREEMENT FOR DESIGN PROFESSIONALS, 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 6, 2016, until December 31, 2021."

B. 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.

2. **Conflicts.** In the event of a conflict between the terms and provisions of this Third Amendment to Agreement and the terms and provisions of the SERVICE AGREEMENT FOR DESIGN PROFESSIONALS or any earlier amendment, the terms of this Third 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
Michelle Bigelow, Deputy City Clerk
Date: 12/9/2020

APPROVED AS TO FORM:
Donald Larkin, City Attorney

By: DocuSigned by: Donald Larkin
45E6F0273EA2404...
Date: 12/7/2020

CITY OF MORGAN HILL

DocuSigned by:
Christina Turner
Christina Turner, City Manager
Date: 12/8/2020

HYDROSCIENCE ENGINEERS, INC.

By: _____
Title: _____
Print Name and Title of Signer.
If Corporate: Chairman, President or
Vice President

Date: _____

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

Date: _____

EXHIBIT 1

126-04-16-031

**SECOND AMENDMENT TO AGREEMENT
HYDROSCIENCE ENGINEERS, INC.**

This SECOND AMENDMENT TO AGREEMENT is entered into and becomes effective on 12/4/19 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and HYDROSCIENCE ENGINEERS, INC., a California Corporation ("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 December, 4, 2019.
2. The CITY and CONSULTANT entered into that "SERVICE AGREEMENT FOR DESIGN PROFESSIONALS" made as of May 6, 2016, for consultant services for a maximum compensation of Six-Hundred Fifty-One Thousand and Seven Hundred-Sixty Dollars (\$651,760) ("SERVICE AGREEMENT FOR DESIGN PROFESSIONALS").
3. The CITY and CONSULTANT entered into a "First Amendment to Agreement" made as of May 5, 2017, under which the maximum compensation under the SERVICE AGREEMENT FOR DESIGN PROFESSIONALS, as amended, was increased to One Million One Hundred Seventy-Three Thousand Six Hundred Sixty Dollars (\$1,173,660). The SERVICE AGREEMENT FOR DESIGN PROFESSIONALS 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 SERVICE AGREEMENT FOR DESIGN PROFESSIONALS, 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 6, 2016 until December 31, 2020. 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."

B. Paragraph 3 shall be amended by adding the following:

"The services to be performed by CONSULTANT shall consist of the additional services, as set forth in Exhibit "2" dated November 6, 2019 and incorporated herein by reference."

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 SEVEN HUNDRED FOUR THOUSAND SEVEN HUNDRED TEN AND NO/100 DOLLARS (\$1,704,710.) shall be billed effective the date of this Amendment, the rate and basis set forth

in Exhibit B dated April 20, 2016, Exhibit B dated April 5, 2017, and Exhibit A dated November 6, 2019 under Exhibit "2". If the City Manager extends the term of this Agreement for up to one year pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for the extended term exceed the City Manager's authority pursuant to Chapter 3.04 of the Morgan Hill Municipal Code, unless otherwise authorized by City Council."

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 6 is amended and replaced in its entirety to read as follows:

"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", as updated by the revised Exhibit C in the First Amendment and Exhibit 2 dated November 6, 2019, 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."

F. 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."

G. Paragraph 9 shall be amended and replaced in its entirety by the following:

"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."

H. Paragraph 20.1 shall be amended and replaced in its entirety by the following:

"20.1. Defense and Indemnification for Design Professional Services. Consistent with California Civil Code Section 2782.8, for design professional services to be performed under this agreement by a design professional, as that term is defined under said Section 2782.8, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement ("CLAIM") to the extent of CONSULTANT'S proportionate percentage of fault."

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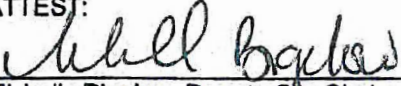
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2. **Conflicts.** In the event of a conflict between the terms and provisions of this Second Amendment to Agreement and the terms and provisions of the SERVICE AGREEMENT FOR DESIGN PROFESSIONALS or any earlier amendment, the terms of this Second Amendment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

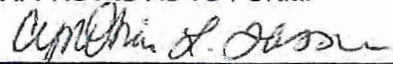
TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:


Michelle Bigelow, Deputy City Clerk
Date: 12/9/19

APPROVED AS TO FORM:


Donald A. Larkin, City Attorney
Date: 12-9-19

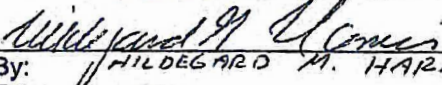
CITY OF MORGAN HILL


Christina J. Turner, City Manager
Date: 12/9/19

HYDROSCIENCE ENGINEERS, INC.


By: William J. Stenter
Title: Vice President
Print Name and Title of Signer.
If Corporate: Chairman, President or Vice President

Date: 9-27-19


By: HILDEGARD M. HARRIS
Title: CFO
Print Name and Title of Signer.
If Corporate: Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer

Date: 9-27-19

EXHIBIT 1

126-04-16-031

**FIRST AMENDMENT TO AGREEMENT
HYDROSCIENCE ENGINEERS, INC.**

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on 5/5/17 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and, HYDROSCIENCE ENGINEERS, INC., a California Corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This First Amendment to Agreement is entered into based upon City of Morgan Hill City Council approval on April 19, 2017.
2. The CITY and CONSULTANT entered into that "Consultant Agreement" Service Agreement for Design Professionals made as of May 4, 2016, for consultant services for a maximum compensation of (\$651,760) Six Hundred Fifty-One Thousand Seven Hundred Sixty dollars ("CONSULTANT AGREEMENT"). The CONSULTANT AGREEMENT is attached as Exhibit "A" 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 "A," 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 4, 2016, until December 31, 2019. 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."

B. Paragraph 3 shall be amended by adding the following:

"The services to be performed by CONSULTANT shall consist of the following additional services set forth in Exhibit "B": Design services shall include preparing construction level plans and specifications for extending the Sewer trunk Line Phase II Project, between Cohansey Avenue and Renz Lane.

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 the original agreement amount of \$651,760 plus the First Amendment amount of \$521,900, for a total not to exceed contract amount of One Million One Hundred Seventy-Three Thousand Six Hundred Sixty Dollars (\$1,173,660).

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.

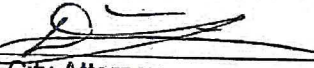
TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:

Deputy City Clerk 
Date: 5/8/17

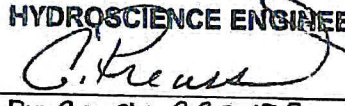
APPROVED AS TO FORM:

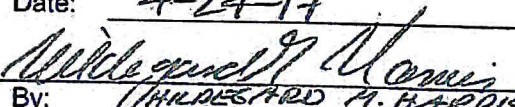

City Attorney
Date: 5/2/2017

CITY OF MORGAN HILL


City Manager
Date: 5/5/15

HYDROSCIENCE ENGINEERS, INC.


By: CINDY PREUSS
Title: VICE-PRESIDENT
Print Name and Title of Signer.
If Corporate: Chairman, President or Vice President

Date: 4-24-17

By: JAMES M. HARRIS
Title: TREASURER
Print Name and Title of Signer.
If Corporate: Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer

Date: 4-24-17

EXHIBIT A

126 09 16-03

SERVICE AGREEMENT FOR DESIGN PROFESSIONALS
HYDROSCIENCE ENGINEERS, INC.

THIS AGREEMENT is entered into and becomes effective on 5/6/14 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and HydroScience Engineers, Inc. a California corporation ("CONSULTANT") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority.** This Agreement is entered into pursuant to action of the Morgan Hill City Council taken on May, 4, 2014.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2018 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 design a 30" sewer trunk line from Highland Avenue to Las Animas Avenue as further described in Exhibit A.
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount** \$651,760.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Six-Hundred-Fifty-One-Thousand-and-Seven-Hundred-Sixty 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 a monthly 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. 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, 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, 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 an 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.** 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.

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:

HydroScience Engineers, Inc.
4055 Evergreen Village Square, Suite 250
San Jose, CA 95135

Address of CITY is as follows:

Mr. Karl Bjarke	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 for Design Professional Services.** Consistent with California Civil Code Section 2782.8, for design professional services to be performed under this agreement by a design professional, as that term is defined under said Section 2782.8, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement ("CLAIM").
- 20.2. **Defense and Indemnification for Non-Design Professional Services.** For all services performed under this agreement not covered by Section 20.1 above, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").
- 20.3. **Exceptions.** CONSULTANT is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence, active negligence or willful misconduct of the CITY.

- 20.4. Not limited by insurance. The indemnity, defense and hold harmless provisions of this Agreement apply to all CLAIMS alleged against an INDEMNITEE, regardless of whether any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by CONSULTANT.
- 20.5. Right to Offset. CITY shall have the right to offset against any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result of CONSULTANT's failure to pay CITY promptly any indemnification arising under this Section (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.
- 20.6. Interpretation. This Section shall constitute an agreement or contract of indemnity, incorporating the interpretations under California Civil Code Section 2778. It is expressly understood and agreed that the obligation of the CONSULTANT to indemnify the INDEMNITEE shall be as broad and inclusive as permitted by the laws of the State of California and shall survive termination of this Agreement.
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.

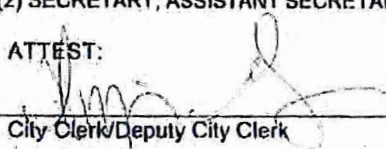
26. **Authority to Execute.** Those individuals who are signing this Agreement on behalf of entities represent and warrant that they are, respectively, duly authorized to sign on behalf of the entities and to bind the entities fully to each and all of the obligations set forth in this Agreement.

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.

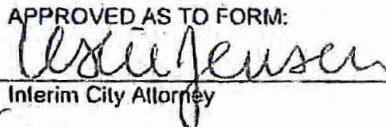
ATTEST:


City Clerk/Deputy City Clerk

Michelle Wilson
Print Name

Date: 5/6/16

APPROVED AS TO FORM:


Interim City Attorney

Gary M. Baum
Print Name

Date: 05/05/16

CITY OF MORGAN HILL


Acting City Manager

Steve Rymer
Print Name

Date: 5/6/16

HYDROSCIENCE ENGINEERS, INC.

By:

Title: Curtis Lam, President
Print Name and Title of Signer.

If Corporate: Chairman, President or
Vice President

Date: 02/16/16

By:


Title: HILDEGARD M. HARRIS, CFO
Print Name and Title of Signer.

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

Date: 2/16/2016

EXHIBIT A

Scope of Services – Phase 1

HydroScience proposes the following scope of work. In preparing the level of effort, we have made the following assumptions:

1. As shown in Figure 1, the alignment for City's new 30-inch sewer trunk project is from Highland Avenue and Harding Avenue (constructed as part of the City's Harding Avenue Sewer Trunk Line project) until the connection to the City of Gilroy's new 36-inch sewer trunk near Renz Road. The new 30-inch new sewer trunk pipeline is approximately 37,000 lineal feet (LF) total.
2. This project will be constructed in two phases as described below:
 - a. Phase 1- Design, bid, and construction of approximately 21,000 LF from Harding Ave/H Highland Ave to Monterey Hwy/Las Animas Ave.
 - This phase includes predesign of the entire alignment (from Highland Ave and Harding Ave through connection to the City of Gilroy's sewer trunk near Renz Road). The predesign tasks are described in Task 2 below.
 - We anticipate that this pipeline segment will require minimal permit approvals.
 - b. Phase 2- Design, bid, and construction of approximately 16,000 LF from Monterey Hwy/Las Animas Ave to tie-in connection point with the City of Gilroy's 36-inch sewer near Renz Road.
 - Alignment includes sewer pipeline installations within private property.
 - Alignment also includes the following crossings:
 - Under the UPRR tracks near Las Animas Ave and Monterey Hwy
 - Under Hwy 101 at Las Animas Ave.
 - Under Leavesley Rd. near Hwy 101 off-ramp (on fringe of State right-of-way)
 - Under Miller Slough near E. 6th Street
 - We anticipate that this pipeline segment will require additional permit approvals and coordination.
3. The topographic survey and geotechnical investigation work will proceed following the City's selection of the preferred alignment for each pipe reach (for entire alignment included in Phases 1 and 2).
4. Based on our current project work with the City, we anticipate the City may want aerial topographic mapping for the new sewer trunk. The base fee estimate for topographic survey work does not include cost for aerial mapping. Since aerial mapping topography is highly recommended for Phase 2's pipe segments, we have included this as an optional cost to be performed if directed by the City.
5. Construction work will be within publicly owned sanitary sewer easements and/or right of ways (ROW). For Phase 2 segments, some of these easements are within private property. Although not included in our previous base fee, we highly recommend performing title searches and incorporating title report information into the topographic survey. Therefore, we have added the cost for title reports as an optional cost to be performed if directed by the City.
6. Our fee estimate includes effort to contact known utilities in the project area to obtain their mapping for design purposes. The mapping will be used as reference/supplemental information to the topographic survey's existing utility information developed in Task 2.
7. It is assumed that environmental permitting efforts and community relations support, if needed, will be performed by the City and/or others.

EXHIBIT A

8. Phase 2 will require permits from UPRR and Caltrans to cross under the railroad tracks and at/near Hwy 101, respectively. Phase 2 will also require additional coordination with UPRR, Caltrans, and Santa Clara Valley Water District (SCVWD) during the Phase 2 design. Phase 2 will also require coordination with private property owners (e.g., Gilroy Outlets, Costco, etc.).

Figure 1 – Proposed Phase 1 and 2 - Alignment of 30-inch Relief Trunk from Harding Ave/Highland Ave to Renz Road

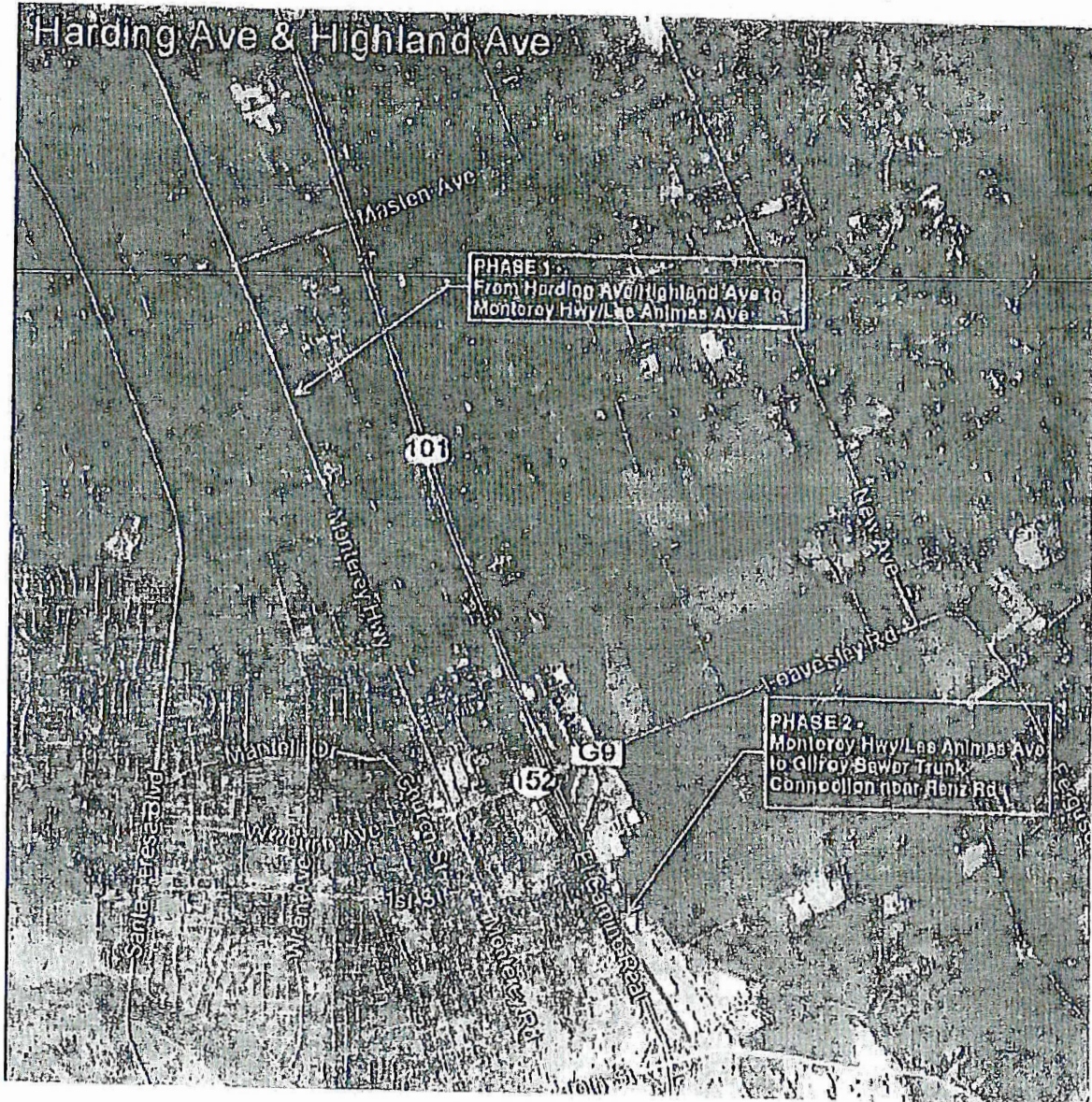


EXHIBIT A

TASK 1 -- PRELIMINARY DESIGN

HydroScience will begin the Phase 1 project with a kickoff meeting to establish a collaborative approach and will be the first step to ensure good coordination and communication throughout the project. The goals for this meeting include establishing an understanding of the project's objectives, the City's expectations, project schedule, and the various roles and responsibilities for the entire project team. This meeting is also a good opportunity to identify concerns and potential pitfalls. This process is extremely helpful in getting the design team members in tune with the City's real needs and objectives, and in recognizing the critical decisions and hurdles that may have to be addressed during the project. HydroScience will prepare agenda, handouts, and minutes to document this meeting.

Since Akel Engineering is currently updating the proposed sewer trunk's hydraulic parameters, our scope includes one meeting with Akel Engineering and the City to review Akel's latest evaluation results. The goals for this meeting include verifying the sewer trunk's pipe diameter for each segment and pipe reach, preliminary pipe invert elevations and rim elevations, and other recommendations based on the City's latest sewer master plan.

Technical Memorandum and Preliminary Design Workshop

The technical memorandum (TM) will evaluate all pipeline segments to be installed during Phases 1 and 2. HydroScience will make recommendations for a preferred design approach, which will be presented in the Preliminary Design Workshop, and the decisions reached in this workshop will serve as the basis for the subsequent design efforts in Phases 1 and 2. The preferred approach will be based on a set of criteria including cost, construction schedule, and ease of maintenance.

The TM that will summarize our preliminary design findings based on existing utility information and other information provided by the City. For segments in Phase 1, we will evaluate the City's three proposed routes shown in the RFP between the limits of Harding Ave/Highland Ave and Day Road. Out of this assessment, up to two of the three routes will be discussed and included in the TM, as well as a discussion on the proposed route from Day Road to Monterey/Las Animas. For segments in Phase 2, we will evaluate up to two possible alignments only if the proposed routing shown on Figure 1 is prohibitive. For each segment's preferred alignment, we will evaluate up to two construction methods (trenchless versus open-cut) for each segment.

For each segment's preferred alignment, the TM shall include the following:

- Exhibit of the preferred pipeline alignment (no preliminary drawings will be developed)
- Design criteria and high-level project description (for CBQA's initial studies)
- Recommendations for the preferred method of construction: 1) Open-cut or 2) Trenchless (pending confirmation of existing utility locations as part of Task 2).
- Preliminary construction estimate
- Preliminary design and construction schedule
- Identification of easements/ROW that may need construction easements, title reports, and/or Plat and Legal Descriptions for the City to obtain utility easements.
- Identification of permits required and approach to expediting any approvals from UPRR, Caltrans, and SCVWD.

EXHIBIT A

To facilitate design of the preferred alignment, HydroScience proposes a design review workshop with the City to review the TM findings. The pipeline alignment alternatives along with the preferred alignments will be discussed at this workshop. It is anticipated that the alignment and construction method for each segment will be validated by the end of this workshop. Following the workshop, the topographic survey and geotechnical investigation work will proceed on the selected alignment of the sewer pipe to be installed in both Phases 1 and 2.

Deliverables

TM Four hard copies and electronic PDF file

Preliminary Design Review Workshop meeting agenda, minutes, and decision logs Electronic PDF

Meetings

Kirkoff meeting

Preliminary Design review workshop

TASK 2 – PREPARE PLANS, SPECIFICATIONS AND ESTIMATES

A. Perform Topographic Survey

HydroScience's subconsultant, HMM Engineering, will provide record right-of-way and title reports; record utility research; field topographic survey; and aerial topographic mapping. Our base fee is based on performing topographic survey work associated with the alignment shown in Figure 1. These limits may be adjusted to match the preferred alignment if different from what is shown in Figure 1 following completion of Task 1.

Record Right-of-Way. Using current Assessor's maps, title report information, and recorded maps and documents from the County of Santa Clara, HMM will prepare a record boundary in AutoCAD format.

Field Topographic Survey. HMM will perform field topographic surveying to obtain location, rim, invert, pipe size, and direction of flow of accessible sanitary sewer manholes, storm drain manholes, and storm drain inlets; location of all USA marked utilities and vaults from curb to curb; location, rim, top of nut, and length of extension of water valves; and location of street monuments. HMM will prepare a topographic exhibit at a scale of 1 inch = 40 feet in AutoCAD format. The exhibit will be a composite of the record right-of-way, record utility research, and field topographic survey.

Aerial Topographic Mapping.

HMM will establish thirty field pre-marks and field control for an aerial flight to obtain topographic information within the streets. HMM will also engage a photogrammetric subconsultant to perform air flight services and compile a topographic map showing photo-visible surface features, structures within a 100 feet wide strip, one-foot contours, spot elevations, and breaklines at a scale of 1 inch = 40 feet.

Title Reports

HMM will obtain current preliminary title report for the following areas (private properties):

- Southeast corner of Las Animas Ave and Highway 101
- Gilroy Outlets parking lot (south of Leavesley Road)
- Vacant lot between Arroyo Circle And E. 6th Street (south of Kaiser Permanente Medical Offices)
- Costco parking lot (west side)

EXHIBIT A

- Lowe's parking lot (west side)
- Vacant lot south of Lowe's/Renz Road (west of Chili's parking lot)

Plat and Legal Description - OPTIONAL

HMH may prepare plat and legal description if requested by the City. Depending on the alignment selected during the Task 1 preliminary design evaluations, the City may need to obtain utility easements, which will require plat and legal descriptions. Since the number of plat-and-legal descriptions will not be known until after the alignment is selected, our revised costs includes optional costs for up to 10 plat-and-legal descriptions.

Deliverables

Final topographic exhibit at a scale of 1 inch = 40 feet in AutoCad format. electronic. data becomes property of the City.

B. Coordinate with Utility Companies Including PG&E; Perform Potholing

HydroScience will perform utility investigations to identify buried utilities in the project area. We will first contact known utility providers in the project area, prepare any applications to request maps showing the locations of their utilities, and meet with the utility companies if needed. Equipped with the mapping information, Underground Services Alert (USA) markings, visible trenches, vaults, valves and other surface evidence, we will update the topographic survey information as needed.

Potholing. It is expected that some potholing will be required, particularly to confirm the tie-in locations and key utility crossings to more precisely locate critical and/or conflicting utilities within the proposed sewer trunk alignment. We assumed up to 20 potholes (1' x 1') up to five feet in depth may be needed. These locations will be selected based on the potential conflict with existing underground utilities. We will procure services of a subconsultant to perform this work.

During design, if an existing utility relocation is needed along the City's selected sewer trunk alignment, HydroScience shall coordinate with the applicable utility company, prepare the application, and meet with them on site if necessary. Any application fees and costs associated with the utility relocation will be paid by the City. Our fee is based on one anticipated utility relocation.

Deliverables

Any applications for utility relocation

C. Geotechnical Investigation

Geo-Logic Associates will perform up to 39 exploratory borings using a truck-mounted drilling rig to characterize the native soils in the project areas. The proposed boring locations and depths are shown in the table below.

EXHIBIT A

Geotechnical Investigation's Proposed Number of Borings

Project Segment	Proposed Number and Depth Of Borings (below ground surface)
Highland Avenue	2 borings up to 20 feet each
Monterey Hwy to Las Animas Ave	17 borings up to 20 feet each
UPRR Crossing at Las Animas Ave	2 borings up to 50 feet each
Las Animas Ave	1 borings up to 20 feet each
Las Animas Ave/Highway 101 Crossing	2 borings up to 60 feet each
San Ysidro Ave, Gilroy Outlets parking lot, and Arroyo Circle	9 borings up to 30 feet each
Leavesley Crossing (at San Ysidro Ave)	2 borings up to 50 feet each
Miller Slough Crossing	2 borings up to 60 feet each
Costco and Lowe's parking lots	2 borings up to 30 feet each
Total of 39 Borings	

The deepest borings are near access pit locations for crossing under UPRR, Hwy 101, and Miller Slough. No borings are planned within Caltrans right-of-way. Geo-Logic will field mark and notify USA of proposed test boring locations prior to drilling.

Borings located in County ROW will be backfilled with soil cuttings (preferred by the County based on Geo-Logic's recent experience) and excess soil cuttings will be spread in unpaved shoulder areas. Borings located in the City of Gilroy and SCVWD right-of-way and in private properties will be backfilled with cement grout. In existing pavement areas, the borings will be capped at the top with cold-patch asphalt. Excess soil cuttings from borings in City of Gilroy, SCVWD, and private properties will be placed in 55-gallon drums and the drums moved to a temporary storage area. Samples will be collected from soil cuttings for CM 17 metals, hydrocarbons, VOC (8250B), and pesticides. Our fee also includes cost for disposal of the drums assuming the soil cuttings are non-hazardous. Additional testing may be necessary if excess levels of hazardous materials are indicated in the initial testing. In existing pavement areas, all borings will be capped at the top with cold-patch asphalt.

As an optional task for landfill soil disposal preliminary screening, Geo-Logic may also perform laboratory testing on 10 selected samples from the project's test borings. This preliminary screening will provide basic information for off-site disposal, and the soil properties needed for the design specifications. Tests to be performed include CAM 17 metals, total petroleum hydrocarbons (gasoline, diesel and motor oil), VOCs, semi-VOCs, pesticides, and PCBs. During the Harding Avenue Sewer Trunk construction project, the City encountered challenges with landfill disposal of the excess excavated soils. This optional task will provide soil classification information needed to evaluate potential off-site disposal options during construction. The actual type and number of tests will depend on the materials encountered in our borings.

Geo-Logic will obtain encroachment permit and a boring permit from SCVWD. Geo-Logic will provide complete application information for the City to obtain encroachment permits from Santa Clara County.

EXHIBIT A

and City of Gilroy for the geotechnical field work. By having the City submit the applications, the permit fees are usually waived. Any other associated permit fees will be paid by the City.

A geotechnical engineering report in PDF electronic format will be prepared. The report will present the field data, the results of laboratory analyses, and geotechnical recommendations for various construction methods for the new pipeline.

Deliverables

Information on the subsurface exploration program and traffic control plans for encroachment permits needed for geotechnical field work.

Geotechnical Report - Four hard copies and electronic PDF

D. Phase 1 Final Design

This scope of work is based on preparation of signed and stamped plans and specifications for the Phase 1 new sewer trunk construction contract (from Highland Avenue to Las Animas Avenue).

Progress Review Meetings with City and Stakeholders

The contract documents will refer to standard details and specifications for the Cities of Morgan Hill and Gilroy, Santa Clara County, Caltrans, and SCVWD as applicable. Special provisions will be added to the City of Morgan Hill documents as needed to meet the specific needs of each segment. We propose progress review meetings prior to submittal of the 30% and 60% designs for the City and project stakeholders to attend. HydroScience will present preliminary geotechnical and survey findings and recommendations and an overview of the current design approach for each segment. These meetings provide the City and stakeholders the opportunity to ask questions and make suggestions to the design prior to completing the design submittals.

Quality Assurance

The 30%, 60%, and 100% design submittals will be reviewed for QA/QC by a senior member of HydroScience's staff who is not directly involved with the project design prior to delivering those submittals to the City.

Design Submittals

Contract documents will be delivered to the City at the 30%, 60%, and 100% design completion levels for City review and comment. The 30% review submittal will include plan and profile drawings and list of technical specifications. The plan and profile drawings will include information needed to verify the selected alignment and make adjustments based on surveying and geotechnical findings. The 60% review submittal will include plan and profile drawings, standard details, and technical specifications. The 100% design and Bid Set submittals will include complete plan set, technical specifications, and City-provided front end documents that have been modified to meet the project needs.

Additionally, the design submittals will include updated design and construction schedules, the engineer's opinion of probable costs, and responses to comments from the 30% and 60% design submittals. Our schedule assumes the City will have two weeks to comment on the 30% and 60% submittal and one week

EXHIBIT A

for the 100% submittal. City comments on the 30% and 60% design submittals will be incorporated into the 60% and 100% design submittal, respectively. The 100% design submittal will also further develop the detailed design to a level suitable for any permit application submittals and bid advertisement, pending City review.

HydroScience will submit final design drawings and specifications, which will reflect any comments and modifications from the 100% review, as appropriate. HydroScience will prepare the bid schedule and delineate the anticipated construction time period. In addition, HydroScience will provide the final Engineer's opinion of probable cost, tabulation of quantities of all work items and materials, and recommendation for allowed construction time period.

Design Submittal Review Meetings

After the 30% and 60% submittals, the project manager and project engineer will meet with City staff to review the City's comments during a design review meeting.

We propose a 100% design review workshop to be held within the City's one week review period to facilitate review of the design and capture edits/comments. HydroScience will document the design review workshop via email. Changes in the design are not anticipated at this point. Review is mainly to capture minor edits or changes in the notes. Significant design changes such as realignment of the pipeline and/or additional design details may result in delays in the schedule and additional fee.

Deliverables

Meeting agendas, minutes, and decision logs

Four (4) full size hardcopies and PDF of 30%, 60%, and 100% Bid Set design submittals (drawings, specifications, schedule, and estimate). One (1) full size stamped and signed set of mylars of the 100% AutoCAD and Word files for final bidding documents.

Meetings

Two (2) progress meetings with City and stakeholders (up to 4 hours each meeting)

Design review meetings at 30%, 60%, and 100% submittal milestones (up to 4 hours each meeting)

Assumptions

For Phase 1, approximately 26 drawing sheets to be provided, including 10 plan and profile sheets at 1:40 scale, plus 4 front end sheets, and 4 detail sheets.

E. Permitting/Environmental Documentation Assistance

The various permits that may be required are itemized below:

- Phase I Construction:
 - Santa Clara County Encroachment Permit

HydroScience will assist the City with preparing encroachment permit applications. We will compile the required information for each permit and submit applications on the City's behalf. Any permit applications will be paid by the City.

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Since City staff or its consultant will perform the CEQA required environmental studies and reporting, HydroScience will provide the City and/or its consultant the required project and design descriptions to complete the environmental documentations. Any required mitigated measures will be incorporated into the sewer trunk's design plans and specifications.

TASK 3 - BIDDING SUPPORT

HydroScience will provide assistance to the City during the contract bid period. Services include attendance at the project pre-bid meeting; responding to prospective bidders' questions (20 each); preparation of addenda (including sketches or revisions to plans) as needed to clarify the design (2 each); and a review and evaluation of the submitted bids up to the subtask budget.

Deliverables

*Meeting minutes, question responses, addenda if required, and bid review comments.
Conformed plans and specifications (PDF, Word, and AutoCAD)*

TASK 4 - CONSTRUCTION SUPPORT

The City will provide the construction management, special inspections services, and the daily inspection. HydroScience will provide engineering services during construction. Our fee for construction support services shall include:

- Attendance at the pre-construction meetings (up to 4 hours per meeting)
- Attendance at construction meetings and/or field visits (up to 8 total; up to 4 hours per meeting/field visit)
- Review of contractor submittals and resubmittals and response to request for information (up to 20 total)
- Minor adjustments to the design plans and specifications (5 each) to address unforeseen conditions or City requests.
- Review change orders (up to 5 total)
- Preparation of record drawings based on the contractor's markups.

The HydroScience team will review technical submittals (including product substitution requests) from the contractor in sufficient detail to determine whether or not the submitted item conforms to the intent of the plans and specifications. HydroScience will respond to RFIs and RFCs throughout construction as directed by the City. HydroScience will attend construction meetings and/or site visits to address conflicts or other design issues.

Once the project construction is complete, HydroScience will prepare record drawings to reflect the as-built project condition. Red-line drawings from the contractor and/or City Inspector will be used as the basis for preparing the as-built drawings.

EXHIBIT A

Deliverables

Responses for submittals: RfIs/RfCs, product substitution requests, and change order requests (quantities specified above)

One (1) full size record drawings (on mylar) plus PDF and AutoCAD format

ANTICIPATED INVOLVEMENT OF CITY STAFF

The City shall provide record drawings of recent street improvements and of any City owned underground utilities along the project alignments. The City shall provide HydroScience with the most current front end documents, standard provisions, and special provisions for incorporation into the design submittals. The City shall provide the necessary hydraulic modeling information; perform CEQA for this project; obtain any necessary additional easements; provide inspection services; review all design submittals in a timely manner; and make available City personnel to address issues that may arise during the design phase.

EXHIBIT B - Consultant Fee

HydroScience

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EXHIBIT B
SCHEDULE OF COMPENSATION RATES

City of Morgan Hill														
PHASE 1 - Sewer Trunk Line South of Highland Avenue to Las Animas Avenue														
Consultant Fee														
revised April 20, 2016														
Item	Description	Pen	Pen	E-VI	E-IX	E-IV	E-VI	E-VIII	Hours	Fee	Hydro and Other	Hydro	Doc Leg - Geotechnical	Doc Leg - Other
		Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate						
1	Preliminary Design	32	64	32	12	134	16	1.5	325.5	\$67,000	\$150	\$0	\$0	\$0
	Project Initiation and Kick-off Meeting	8	20	18	0	6	0	0	52	\$10,100	\$0	\$0	\$0	\$0
	Meeting With A&E Engineering	4	4	4	4	4	4	4	16	\$3,000	\$100	\$0	\$0	\$0
	Technical Memorandum and Preliminary Design Workshop (Segments 1 and 2)	20	40	60	12	124	16	1.5	273.5	\$43,900	\$50	\$0	\$0	\$0
2	Final Design	45	207	379	44	765	20	0	1478	\$225,800	\$1,180	\$103,500	\$117,125	\$20,000
	A Topographic Survey (including aerial orthographic images and title search)	12	20	20	20	20	20	0	52	\$8,500	\$0	\$0	\$0	\$0
	B Utility Coordination and Poleing (up to 25 Poles)	12	32	75	115	\$15,900	115	\$15,900	115	\$15,900	\$0	\$0	\$0	\$0
	C Geotechnical Investigation (30 borings total)	4	12	16	53,000	53,000	53,000	53,000	16	\$3,000	\$0	\$0	\$0	\$0
	D Final Design (2 bid packages)	38	159	283	44	648	20	0	1172	\$177,600	\$1,000	\$0	\$0	\$0
	E Permitting/Environmental Documentation Assistance	5	20	32	22	40	115	\$20,800	115	\$20,800	\$180	\$0	\$0	\$0
3	Bidding Support	2	13	24	1	25	0	0	35	\$10,750	\$90	\$0	\$0	\$0
	Pre-bid Meeting/Site Tour	2	6	6	0	0	0	0	34	\$2,850	\$40	\$0	\$0	\$0
	Response to Bidder's questions (up to 40 questions total)	4	12	17	33	\$5,000	33	\$5,000	33	\$5,000	\$0	\$0	\$0	\$0
	Addenda including contract revisions & sketches (up to 4 total)	3	6	8	16	\$2,900	16	\$2,900	16	\$2,900	\$50	\$0	\$0	\$0
4	Construction Support (Segments 1 and 2)	8	90	112	3	135	4	0	352	\$59,500	\$1,000	\$0	\$0	\$0
	Preconstruction Support and Project Monitoring	2	40	24	2	0	0	0	66	\$12,900	\$60	\$0	\$0	\$0
	Meetings (up to 16 total, with notes and site visit)	4	12	25	12	2	55	\$9,700	55	\$9,700	\$0	\$0	\$0	\$0
	Prepare Submittal List	1	2	4	7	\$1,000	7	\$1,000	7	\$1,000	\$0	\$0	\$0	\$0
	Review Contractor Submittals/Substitution Requests/RFI's (up to 30 total)	20	22	35	52	\$13,000	52	\$13,000	52	\$13,000	\$0	\$0	\$0	\$0
	Adjustments to design plans & specs (up to 10 total)	2	10	35	2	30	2	92	\$13,200	\$180	\$0	\$0	\$0	\$0
	Review Change Order Requests (up to 10 total)	6	7	12	25	\$4,000	25	\$4,000	25	\$4,000	\$0	\$0	\$0	\$0
	Prepare Record Drawings	1	6	18	23	\$3,100	23	\$3,100	23	\$3,100	\$800	\$0	\$0	\$0
TOTAL (BASE FEE)		65	374	597	60	1059	60	1.5	2241	\$353,050	\$2,460	\$103,500	\$117,125	\$20,000
Optional Scope Items:														
2	A1 OPTIONAL - Plat and Legal Descriptions (new easements/ROW), up to 10 each			2	2			4	\$1,000	\$3,600	\$0	\$0	\$0	\$0
2	B1 OPTIONAL - Additional Poles (20 each)	1	2	2	2			5	\$1,000	\$5,175	\$8,175	\$318	\$9,000	\$10,000
2	C1 OPTIONAL - Landfill Soil Screening (analytical tests on 10 samples)		1	1	1			2	\$300	\$3,350	\$3,350	\$335	\$3,700	\$4,000
TOTAL (BASE FEE + OPTIONAL SCOPE)		65	375	602	60	1064	60	1.5	2252	\$356,350	\$2,460	\$107,100	\$120,475	\$23,175

EXHIBIT C SCHEDULE OF PERFORMANCE

City of Meriden, CT - Water Line Section of Highbridge Avenue to US-30 Access Avenue									
Phase 1 - Survey									
Item	Task	Quantity	Unit	Estimate	Notes	Start Date	End Date	Duration	Remarks
1	Field Survey	1	Day	1					
2	Topographic Survey	1	Day	1					
3	Photogrammetric	1	Day	1					
4	Groundwater Investigation	1	Day	1					
5	Hydrogeological Investigation	1	Day	1					
6	Geotechnical Investigation	1	Day	1					
7	Field Investigation and Test Results	1	Day	1					
8	Field Investigation and Test Results	1	Day	1					
9	Field Investigation and Test Results	1	Day	1					
10	Field Investigation and Test Results	1	Day	1					
11	Field Investigation and Test Results	1	Day	1					
12	Field Investigation and Test Results	1	Day	1					
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100	Field Investigation and Test Results	1	Day	1					

EXHIBIT C - SCHEDULE

Revised April 20, 2016

EXHIBIT B



Date: April 5, 2017
Client: City of Morgan Hill
Contact: David Gittleson, P.E.
Project: Sewer Trunk Line South of Highland Avenue

HydroScience Engineers, Inc.
10569 Old Placerville Road
Sacramento, CA 95827
T: 916.364.1490
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CONTRACT AMENDMENT REQUEST FOR ADDITIONAL ENGINEERING SERVICES

Original Professional Services Agreement Date: May 4, 2016

Amendment Request No.: 1

Amendment Subject: Additional engineering services for flow meter design, bidding support, and construction support as part of Phase 1 design services; storm water pollution prevention plan (SWPPP) development services for Phase 1 and Phase 2; Phase 1 engineering services for change in pipe size from 30" to 36" diameter and additional design investigation efforts; additional survey, geotechnical investigation, and engineering services required to complete preliminary design of Phase 2 alignment as part of preliminary design services; engineering services for Phase 2 final design, bidding support and construction support.

Amendment Description: The Sewer Trunk South of Highland Avenue to Renz Ln (Project) was broken into two (2) design and construction phases: Phase 1 (from Highland Ave to Cohansey Ave) and Phase 2 (from Cohansey Ave to Renz Ln). HydroScience's original contract includes the following services:

Phase 1	Preliminary design, final design, bidding & construction support
Phase 2	Preliminary design & alignment alternatives

The City desires to accelerate the entire project at this time by advancing Phase 2 final design, bidding, and construction services.

Stakeholder coordination with the City of Gilroy to determine a Phase 2 alignment through Gilroy has required more effort and iterations of alignment alternatives than allotted in the original scope. Phase 2 has been narrowed down to two alignment alternatives, pending stakeholder approval, that will allow preliminary design to be completed and final design of Phase 2 to commence. This amendment requests scope be added for the additional preliminary design effort expended to date and anticipated effort to complete the task.

The Project's survey, potholing, and geotechnical investigations were split into two phases, increasing the total costs for those services due to dual mobilizations. Additional survey, potholing, and geotechnical effort is required to address a longer and more complex Phase 2 alignment than was assumed in the original Project scope. The currently proposed Phase 2 alignments include additional trenchless crossings and require utility easements within private property.

The proposed trunk sewer was originally assumed to be 30-inches in diameter. Following the 30% design submittal, the pipe diameter was increased to 36-inches to provide additional capacity within the system. Alignment and profile constraints will be reevaluated and refined to accommodate the increased diameter and reflected in Phase 1 and Phase 2 final design.

The South County Regional Wastewater Authority (SCRWA) Inter-City Boundary Agreement Line is located along Highland Avenue. Based on discussions with the City, the existing sewer trunk has a

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flow meter located near the intersection of Harding Avenue and Highland Avenue. City's new flow meter will measure Morgan Hill's additional sewer flows delivered to the SCRWA treatment facility via the new sewer trunk.

Develop a SWPPP for Phase 1 and Phase 2 to be compliant with current construction storm water discharge regulations. HydroScience will provide engineering support services to assist the City in the preparation and submittal of Permit Registration Documents (PRD) for Phase 1 and Phase 2 construction. A certified Qualified SWPPP Designer (QSD) will prepare documents necessary for the electronic submittals of the PRDs.

Scope of Services: Based on discussions with City personnel, this additional work consists of the following key scope elements:

Task I – Flow Meter

- **Item 1.1 – Flow Meter Preliminary Design.**
 - During the preliminary design phase, verify and coordinate flow meter equipment and operating requirements with SCRWA.
 - Summarize flow meter design requirements in preliminary design's technical memorandum.
 - HydroScience's electrical engineer will conduct one site visit to verify near-by power sources for the new flow meter. Existing aboveground power poles are located along Harding Avenue and also Highland Avenue.
- **Item 2D.1 – Flow Meter Final Design and PG&E Application**
 - During the final design phase, HydroScience will work with PG&E to apply for the proper power service to the new flow meter. The proposed budget is based on power service from a nearby power pole, PG&E providing the required transformer, and the City paying for any PG&E application fees.
 - Design the flow meter within a buried vault based on the City of Morgan Hill and SCRWA operation requirements. Design will include routing of power conduit from PG&E designated power pole source to the flow meter vault.
 - Design includes instrumentation and controls to allow radio control/communication between the flow meter and the SCRWA facility in Gilroy. The proposed budget does not include a radio study. Instead, the budget is based on a clear line-of-site between the flow meter controls and SCRWA facility (i.e., no major mountains, hills, or large trees that may impact radio signals).
 - Design includes providing plans, specifications, and cost estimates for the new flow meter equipment, vault, power, and instrumentation and controls. Proposed budget includes coordination between the civil and electrical designs.
 - Final design budget is based on developing one drawing sheet for electrical site plan and flow meter and vault details. The budget does not include providing profile drawings for the electrical conduit between the power source and flow meter vault.
- **Items 3.1 and 4.1 – Flow Meter Bidding Support and Construction Support**
 - Provide bidding support and construction support services for the flow meter work. Construction support budget is based on submittal reviews of flow meter equipment and instrumentation/controls.

Deliverables:

- Inclusion of flow meter in the design submittals and specification package prepared for Phase 1.

Task II – Storm Water Permit Compliance

- **Items 2.E1 and 2.E2 – Assist the City in the preparation and submittal of Permit Registration Documents for Phase 1 and Phase 2.**
 - HydroScience will assist the City in the preparation and submittal of Permit Registration Documents (PRDs) in compliance with the Construction Activities Storm Water General Permit. Based on the criteria established by the State Water Resources Control Board, Phase 1 and Phase 2 Sanitary Sewer Construction Projects are considered Linear Utility Projects (LUP), and therefore, the Project is required to comply with the General Permit. The PRDs must be electronically submitted by the City (prior to commencement of construction activities) in the Storm Water Multi-Application Report Tracking System (SMARTS) and include the following:
 - Notice of Intent (NOI)
 - Risk Assessment
 - Post-Construction Calculation
 - Site Map
 - Stormwater Pollution Prevention Plan (SWPPP)
 - Signed Certification by the Legally Responsible Person (LRP)
 - First Annual Fee
 - The SWPPP is a document that outlines how a construction project will minimize stormwater pollution. The SWPPP document will be prepared by a HydroScience Qualified SWPPP Developer (QSD) and will describe the measures that will be put in place by the contractor to prevent stormwater pollution. This document will need to be maintained onsite at all times and updated as needed throughout the duration of construction.
 - The SWPPP will include both procedural and engineered control devices as Best Management Practices (BMPs) for minimizing erosion, sediment flow, and prevention of non-stormwater discharges. The SWPPP will also include site inspection, BMP maintenance, and laboratory sampling and analysis.
 - As a first order of work, HydroScience will perform a risk assessment of the construction project to best outline the complexity of the SWPPP and the extent of the inspection, monitoring, and reporting requirements.

Assumptions:

- All permit fees and costs will be the responsibility of the City.
- LUP Type 1 assumed for both Phase 1 and Phase 2 based on risk level.

Deliverables:

- Permit Registration Documents (pdf version) for electronic submission via the SMARTS system, and electronic copies of said documents.

Task III – Phase 1 Additional Design

- **Item 1.1 – Preliminary design investigation for temporary interconnect (February 2017)**
 - At the direction of City staff, investigate feasibility of a temporary interconnect of the proposed relief sewer to the existing trunk sewer in the vicinity of Day Rd, not included in original project scope. Research existing trunk profile and possible connection points. Evaluate available slope for relief trunk interconnect and identify potential alternate locations. Interconnect would alleviate wet weather surcharge conditions at the intersection of Harding Ave and Highland upon construction of Phase 1, prior to construction of Phase 2. Provide email summary of finding to City staff.
- **Item 2D.1 – Evaluation and redesign of relief trunk to accommodate 36" diameter pipe**
 - Following 30% design submittal, City staff decided to upsize the proposed sewer trunk from 30-inches in diameter to 36-inches in diameter. Due to tight horizontal and vertical constraints, verify through additional engineering evaluations that minimum slope, cover, and clearance requirements can be met with the larger pipe diameter. Reexamine all existing utility crossings and assess any impact to the completed 30% design due to the increase in pipe diameter. Modify alignment as required to meet minimum clearance requirements.

Deliverables:

- Email summary of interconnect feasibility evaluation findings.
- Incorporation of alignment redesign to address diameter increase in 60% design submittal drawings.

Task IV – Phase 2 Design

- **Item 1.1 – Preliminary Design for Phase 2 (partially completed)**
 - Following coordination meeting with the City of Gilroy (August 1, 2016), develop and evaluate six (6) alternative alignments in addition to those evaluated in the Draft Preliminary Design Memorandum. Evaluation of each additional alignment includes site visit; solicitation for and review of existing utility mapping and City of Gilroy record drawings not included in the original alternatives evaluation; hydraulic calculations to determine feasibility; evaluation of construction methods and constraints; and development of preliminary construction costs. Conduct two (2) conference calls (August 9 & 11, 2016) with City staff to discuss evaluation of additional alternatives and select preferred alternatives. Prepare figures of revised alignments for City of Morgan Hill to discuss with City of Gilroy.
 - Attend additional coordination meeting with the City of Gilroy (February 2017) to discuss revised preferred alternative alignment. Prepare meeting materials, including agenda, figures, and minutes. Perform site visit following meeting.
 - Following February 2017 coordination meeting with the City of Gilroy, develop and evaluate two (2) additional alternative alignments for 7th Street and Old Gilroy Street. Evaluation of each additional alignment includes solicitation for and review of existing utility mapping and City of Gilroy record drawings, and were not included in the previous two alternative evaluation efforts; hydraulic calculations to confirm feasibility;

evaluation of construction methods and constraints; and development of preliminary construction costs.

- Attend one final stakeholder meeting with City of Gilroy to confirm final alignment.
- Upon selection of a Phase 2 alignment, update Preliminary Design Memorandum with additional alternative alignment analysis performed and selection criteria used to determine the new preferred Phase 2 alignment.

Deliverables:

- Prepare figures of revised alignments for City of Morgan Hill to discuss with the City of Gilroy.
- Meeting materials, agenda, figures, and minutes for February 2017 meeting with the City of Gilroy to discuss preferred alternative alignments.
- Updated Preliminary Design Memorandum.
- **Item 1.2 – Additional Directed Design Work**
 - As needed and as requested by the City, additional design analyses and evaluations performed to satisfy City and/or stakeholder requests.
- **Item 2A.1 – Phase 2 Topographic Survey**
 - HydroScience's subconsultant, HMM Engineering, will provide record right-of-way and title reports; record utility research; field topographic survey; and aerial topographic mapping per the terms of the scope of the original contract dated May 4, 2016 with the following modifications:
 - The base fee is based on performing topographic survey work associated with the alignment shown in Figure 1. These limits may be adjusted to match the preferred alignment if different from what is shown in Figure 1 following completion of Item 1.1 as described above.
 - HMM will obtain current preliminary title report for the following areas (private properties) in lieu of those listed in the original scope:
 - Apartment Building located at 611 East 7th Street
 - PG&E Property at 731 Renz Ln
 - Vacant lot west of Chili's parking lot on Renz Rd
- **Plat and Legal Description - OPTIONAL**
 - HMM may prepare plat and legal description if requested by the City. Depending on the alignment selected during the Item 1.1 preliminary design evaluations, the City may need to obtain utility easements, which will require plat and legal descriptions. Since the number of plat-and-legal descriptions will not be known until after the alignment is selected, our revised costs includes optional costs for up to 10 plat-and-legal descriptions.

Deliverables

- Final topographic exhibit at a scale of 1 inch = 40 feet in AutoCad format; electronic data becomes property of the City.

Assumptions:

- All permit fees and costs will be the responsibility of the City.
- **Item 2B.1 – Phase 2 Geotechnical Investigation**
 - Geo-Logic Associates were required to perform subsurface exploration by means of 20 exploratory borings using a truck-mounted drilling rig. Based upon the alignment provided as Figure 1, a total of 23 borings will now be required, averaging about 1,000 feet between borings plus two borings at each of the five identified trenchless crossing locations. The proposed boring locations and depths are tabulated below.

Project Segment	Proposed Number and Depth of Borings
Monterey Road, S of Cohansey Avenue	1 boring up to 20 feet
Las Animas Avenue/UPRR crossing	2 borings up to 50 feet
Las Animas	1 boring up to 20 feet
Murray Avenue	6 borings up to 20 feet
Murray Avenue/Miller Slough crossing	2 borings up to 60 feet each
Murray Avenue/Leavesley Road crossing	2 borings up to 50 feet each
Chestnut Street	2 borings up to 20 feet each
Chestnut Street/Miller Slough crossing	2 borings up to 50 feet each
7 th Street	1 boring up to 20 feet each
7th Street/Highway 101 crossing	2 borings up to 60 feet each
Renz Lane	2 borings up to 20 feet each
	Total of 23 borings

- In the borings, soil sampling and penetration testing will be performed at about 5 foot intervals except for the ten borings at the five crossings which will have continuous sampling within a 10-foot deep tunnel zone.
- Borings located in County right-of-way will be backfilled with soil cuttings (preferred by the County based on our recent experience) and excess soil cuttings will be spread in unpaved shoulder areas. Borings located in City of Gilroy and SCVWD right-of-way will be backfilled with cement grout. In existing pavement areas, the borings will be capped at the top with cold-patch asphalt.
- Excess soil cuttings from borings in City of Gilroy and SCVWD right-of-way will be placed in 55-gallon drums and the drums will be moved to a temporary storage area. Samples will be collected from the soil cuttings for testing of CAM 17 metals, total hydrocarbons, VOC (8260B), and pesticides. Additional testing may be necessary if excess levels of hazardous materials are indicated in the initial testing. Fee includes cost for disposal of the drums assuming the soil cuttings are non-hazardous. Additional testing and disposal of the drums other than as non-hazardous materials will require additional fees. Fee includes up to 40 drums.
- Install an open pipe piezometer in one of the borings at each crossing. The piezometers will have 2-inch diameter pipe. Measure the groundwater level in the five piezometers. Four measurements within the 12-month period after completion of the piezometers are assumed. Cost for destruction of the piezometers is not included.

- Geo-Logic will obtain encroachment permit and a boring permit from SCVWD. Geo-Logic will provide complete application information for the City to obtain encroachment permits from Santa Clara County and City of Gilroy for the geotechnical field work. By having the City submit the applications, the permit fees are usually waived. Any other associated permit fees will be paid by the City.
- A geotechnical engineering report in PDF electronic format will be prepared. The report will present the field data, the results of laboratory analyses, and geotechnical recommendations for various construction methods for the new pipeline.

Deliverables

- Information on the subsurface exploration program and traffic control plans for encroachment permits needed for geotechnical field work.
 - Geotechnical Report – Four hard copies and electronic PDF.
- **Item 2B.2 –Geotechnical Trenchless Construction Expert Consultation**
 - Due to the complexity of the trenchless crossings and increase in size of the pipe, HydroScience recommended to the City that the services of a geotechnical trenchless construction expert be added to the geotechnical investigation in order to provide Geo-Logic with site specific guidance with regard to soils investigations for the construction methods proposed. DCM Consulting will provide the following services to support the geotechnical investigation of Geo-Logic and preliminary design of Phase 2.
 - Complete an alignment reconnaissance at the five trenchless crossings identified to assess the site conditions and surface constraints as related to trenchless constructability elements. Provide recommendations to Geo-Logic for execution of borings in the vicinity of the trenchless crossings.
 - Review available historic data and data contained in the Phase 2 geotechnical investigation report pertinent to the trenchless crossings.
 - Provide a geotechnical and trenchless engineering Technical Memorandum for the five identified trenchless crossings summarizing design groundwater elevations; Tunnelman's Ground Classification; the feasibility of microtunneling; possible alternatives to microtunneling; appropriate shaft construction methods; shaft dewatering criteria; tunnel portal ground improvement criteria; anticipated jacking forces as a function of pipe O.D., casing O.D., soil types and installation lengths; anticipated systemic settlement as a function of tunnel overcut, cover depths and soil types; potential for obstructions; and preliminary estimated microtunneling cost.
 - In order to support DCM Consulting efforts, HydroScience will research the existence of reference borings (i.e. existing data), historic aerial photography and available site information in close proximity to the five identified trenchless crossings from sources such as Caltrans, historic societies and public and private developments as made available from the City and/or County public works and building departments. All available information will be collected and made available to DCM Consulting.

Deliverables

- Email containing subsurface investigation recommendations based on site visit.

- Geotechnical and trenchless engineering Technical Memorandum in electronic format (pdf)
- **Item 2C.1 – Phase 2 Utility Coordination and Potholing**
 - 20 Potholes are part of the original scope for the Phase 2 sewer segment. The current proposed Phase 2 alignment traverses residential areas, increasing the number of anticipated existing gravity utilities. Consequently, we recommend ten (10) additional potholes be added to the preliminary investigation associated with Phase 2.
 - Additional cost for two (2) separate mobilizations to accommodate the two design package schedules.

Deliverables

- Pothole results (30 ea) in ledger and/or included on plan & profile drawings

Assumptions

- Caltrans may require additional potholing to locate high priority existing utilities (e.g., gas pipes) located near new work in their ROW. Additional potholes may also be needed if new work is longitudinally in ROW. Additional potholing as a result of Caltrans-directed potholing is not included in this scope of services at this time.
- **Item 2D.1 – Phase 2 Final Design**
 - This scope of work is based on preparation of signed and stamped plans and specifications for the Phase 2 new sewer trunk construction contract (from Cohansey Avenue to Renz Lane).
 - Progress Review Meetings with City and Stakeholders
 - The contract documents will refer to standard details and specifications for the Cities of Morgan Hill and Gilroy, Santa Clara County, Caltrans, the city of Gilroy, and SCVWD as applicable. Special provisions will be added to the City of Morgan Hill documents as needed to meet the specific needs of the Project. We propose progress review meetings prior to submittal of the 30% and 60% designs for the City and project stakeholders to attend. HydroScience will present preliminary geotechnical and survey findings and recommendations and an overview of the current design approach. These meetings provide the City and stakeholders the opportunity to ask questions and make suggestions to the design prior to completing the design submittals.
 - Quality Assurance
 - The 30%, 60%, and 100% design submittals will be reviewed for QA/QC by a senior member of HydroScience's staff who is not directly involved with the project design prior to delivering those submittals to the City.
 - Design Submittals
 - Contract documents will be delivered to the City at the 30%, 60%, and 100% design completion levels for City review and comment. The 30% review submittal will include plan and profile drawings and list of technical specifications. The plan and profile drawings will include information needed to verify the selected alignment and make adjustments based on surveying

and geotechnical findings. The 60% review submittal will include plan and profile drawings, standard details, and technical specifications. The 100% design and Bid Set submittals will include complete plan set, technical specifications, and City-provided front end documents that have been modified to meet the project needs.

- Additionally, the design submittals will include updated design and construction schedules, the engineer's opinion of probable costs, and responses to comments from the 30% and 60% design submittals. Our schedule assumes the City will have two weeks to comment on the 30% and 60% submittal and one week for the 100% submittal. City comments on the 30% and 60% design submittals will be incorporated into the 60% and 100% design submittal, respectively. The 100% design submittal will also further develop the detailed design to a level suitable for any permit application submittals and bid advertisement, pending City review.
- HydroScience will submit final design drawings and specifications, which will reflect any comments and modifications from the 100% review, as appropriate. HydroScience will prepare the bid schedule and delineate the anticipated construction time period. In addition, HydroScience will provide the final Engineer's opinion of probable cost, tabulation of quantities of all work items and materials, and recommendation for allowed construction time period.
- Design Submittal Review Meetings
 - After the 30% and 60% submittals, the project manager and project engineer will meet with City staff to review the City's comments during a design review meeting.
 - We propose a 100% design review workshop to be held within the City's one week review period to facilitate review of the design and capture edits/comments. HydroScience will document the design review workshop via email. Changes in the design are not anticipated at this point. Review is mainly to capture minor edits or changes in the notes. Significant design changes such as realignment of the pipeline and/or additional design details may result in delays in the schedule and additional fee.

• **OPTIONAL - Geotechnical Trenchless Construction Expert Consultation**

- Due to the complexity of the trenchless crossings, DCM Consulting may provide, as needed by the design team, trenchless design constructability consultations to HydroScience. Services may include one or more of the following:
 - Assistance with required jacking and receiving shaft sizes and topside equipment area requirements.
 - Determination of specific dewatering requirements and/or ground improvement requirements for tunnel portal stabilization at jacking and receiving shafts.
 - Recommendations for geotechnical instrumentation (e.g. surface and subsurface settlement monitoring and vibration monitoring).
 - Assistance with specification review including microtunneling, shaft construction, dewatering, ground improvement, contact grouting, and geotechnical instrumentation specifications.
 - Final trenchless constructability review.

- Assistance with permit acquisition (e.g., responding to Caltrans encroachment permit questions).
- Project design meeting(s) at HydroScience, Concord.

Deliverables

- Meeting agendas, minutes, and decision logs
- Four (4) half-size hardcopies and PDF of 30%, 60%, and 100% Bid Set design submittals (drawings, specifications, schedule, and estimate). One (1) full-size stamped and signed set of mylars of the 100%. AutoCAD and Word files for final bidding documents.

Meetings

- One additional progress meeting held February 2017 with City of Morgan Hill and City of Gilroy staff to discuss Phase 2 alignment alternatives.
- Two (2) conference calls with City staff (August 2016) to discuss Phase 2 alignment alternative evaluations (2 hours each meeting).
- Two (2) progress meetings with City and stakeholders (up to 4 hours each meeting) to facilitate final design.
- Design review meetings at 30%, 60%, and 100% submittal milestones (up to 4 hours each meeting).

Assumptions

- For Phase 2, approximately 30 drawing sheets to be provided, including 17 plan and profile sheets at 1:40 scale plus 4 front-end sheets, and 8 detail sheets.

Fee Adjustment: The increase in cost for these services is \$521,900. A detailed breakdown of costs are provided in Attachment A.

Tasks	Fee
Contract Amendment No. 1 – Flow Meter, SWPPP, Additional Phase 1 Design, Phase 2 Design	\$521,900
Phase 1 Original Contract	\$651,760
Total Adjusted Budget (Original Contract + CA #1)	\$1,173,660

Additional services will be billed on a time-and-materials basis, not to exceed the total fee without prior approval by the City.

Schedule Adjustment: The modified scope will have a slight impact on the Phase 1 project schedule in order to alter the 30% design documents for an increased size trunk sewer (add two weeks to preliminary design plans), although the remaining durations under all tasks yet to be undertaken are unchanged. Phase 2 schedule will be prepared following NTP with selected alignment.

Sincerely,
HydroScience Engineers, Inc.



By: Cindy Preuss, P.E., Project Manager

Enclosure: Attachment A – Fee Proposal for Amendment No. 1 Services

Amendment Authorization Request:

This will confirm your authorization for HydroScience to undertake the added (or changed) engineering services described above pursuant to our original Contract Agreement.

Please confirm your authorization by signing in the space provided and emailing a copy back to us as soon as practical in order they we may proceed with these additional engineering services.

Approved: _____
(signature) Date

By: _____
City Representative, City of Morgan Hill

EXHIBIT B - Consultant Fee



City of Morgan Hill																				April 5, 2017		
Sewer Trunk Line South of Highland Avenue																						
Contract Amendment No. 1 - Flow Meter, SWPPP, Additional Design																						
Task/Item	Description	Labor Classification	Prin	Prin	E-VI	E-OL	E-I	E-VI	E-VIII	E-VIII	E-III	ADMIN	Hours	Fee	Repts and COGs	Multi-Summary	Geologic-Geotechnical	Potholing	Direct Charges-Subtotal @ 10%	Tax	Expense Subtotal	Total Fee
		Hourly Rate	\$225	\$225	\$180	\$210	\$125	\$180	\$200	\$200	\$150	\$70										
I	Flowmeter		0	6	0	0	0	0	92	0	0	0	98	\$19,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,800
1.1	Flow Meter Preliminary Design			2					10				12	\$2,500					\$0	\$0	\$0	\$2,500
20.1	Flow Meter Final Design and PG&E Application			3					64				67	\$13,500					\$0	\$0	\$0	\$13,500
3.1	Flow Meter Bidding Support								8				8	\$1,600					\$0	\$0	\$0	\$1,600
4.1	Flow Meter Construction Support			1					10				11	\$2,200					\$0	\$0	\$0	\$2,200
II	Stormwater Permit Compliance		0	2	0	0	36	0	0	16	44	10	108	\$15,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,400
2E.1	Phase 1 Permit Registration Document Preparation			1			12			9	20	4	46	\$6,800					\$0	\$0	\$0	\$6,800
2E.2	Phase 2 Permit Registration Documents Preparation			1			24			7	24	6	62	\$8,600					\$0	\$0	\$0	\$8,600
III	Phase 1 - Additional Design		0	4	16	0	16	0	0	0	0	0	36	\$5,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,700
1.1	Preliminary Design Investigation for Interconnect			4	8								12	\$2,300					\$0	\$0	\$0	\$2,300
20.2	Evaluation and Redesign for 36" pipe				8		16						24	\$3,400					\$0	\$0	\$0	\$3,400
IV	Phase 2 Design		52	346	565	72	893	6	0	0	0	87	2021	\$325,100	\$2,240	\$10,500	\$65,857	\$37,500	\$11,610	\$1,830	\$129,700	\$454,800
1.1	Preliminary Design		2	48	70	6	55	2				25	208	\$34,100	\$50				\$5	\$420	\$500	\$34,600
1.2	Additional Directed Design Work		2	34	40		40						116	\$20,300	\$50				\$5	\$210	\$300	\$20,600
2A.1	Topographic Survey			4	8		16						28	\$4,300		\$10,500			\$1,050		\$11,600	\$15,900
2B.1	Geotechnical Investigation			2	6								8	\$1,500			\$59,857		\$5,986	\$60	\$65,900	\$67,400
2B.2	Geotechnical Trenchless Construction Expert Services (for Geotech Investigation)				2		2					32	36	\$2,900			\$6,000		\$600		\$6,600	\$9,500
2C.1	Utility Coordination & Potholing (30 potholes)			4	4		8					6	22	\$3,000				\$37,500	\$3,750		\$41,300	\$44,300
2D.1	Final Design		38	140	275	44	610						1107	\$175,000	\$1,000				\$100	\$500	\$1,600	\$176,600
3.1	Bidding Support		2	14	40	2	22						80	\$14,000	\$100				\$10	\$140	\$300	\$14,300
4.1	Construction Support		8	100	120	20	140	4				24	416	\$70,000	\$1,040				\$104	\$500	\$1,600	\$71,600
TOTAL (BASE FEE)			52	358	581	72	945	6	92	16	44	97	2263	\$366,000	\$2,240	\$10,500	\$65,857	\$37,500	\$11,610	\$1,830	\$129,700	\$495,700
Optional Scope Items																						
IV	2A.1 OPTIONAL - Plat and Legal Descriptions (new easement/ROW), up to 5 each				2		2					4		\$1,000			\$7,500		\$750		\$8,300	\$9,300
IV	2B.1 OPTIONAL - Analytical tests of 5 soil samples				1		1					2		\$300			\$3,565		\$357		\$3,900	\$4,200
IV	2D.1 OPTIONAL - Geotechnical Trenchless Construction Expert Services (for Final Design, up to 45 hours)			4	8							12		\$2,300			\$9,450		\$945		\$10,400	\$12,700
TOTAL (BASE FEE + OPTIONAL SCOPE)			52	362	592	72	948	6	92	16	44	97	2281	\$369,600	\$2,240	\$10,500	\$86,372	\$37,500	\$13,661	\$1,830	\$152,300	\$521,900

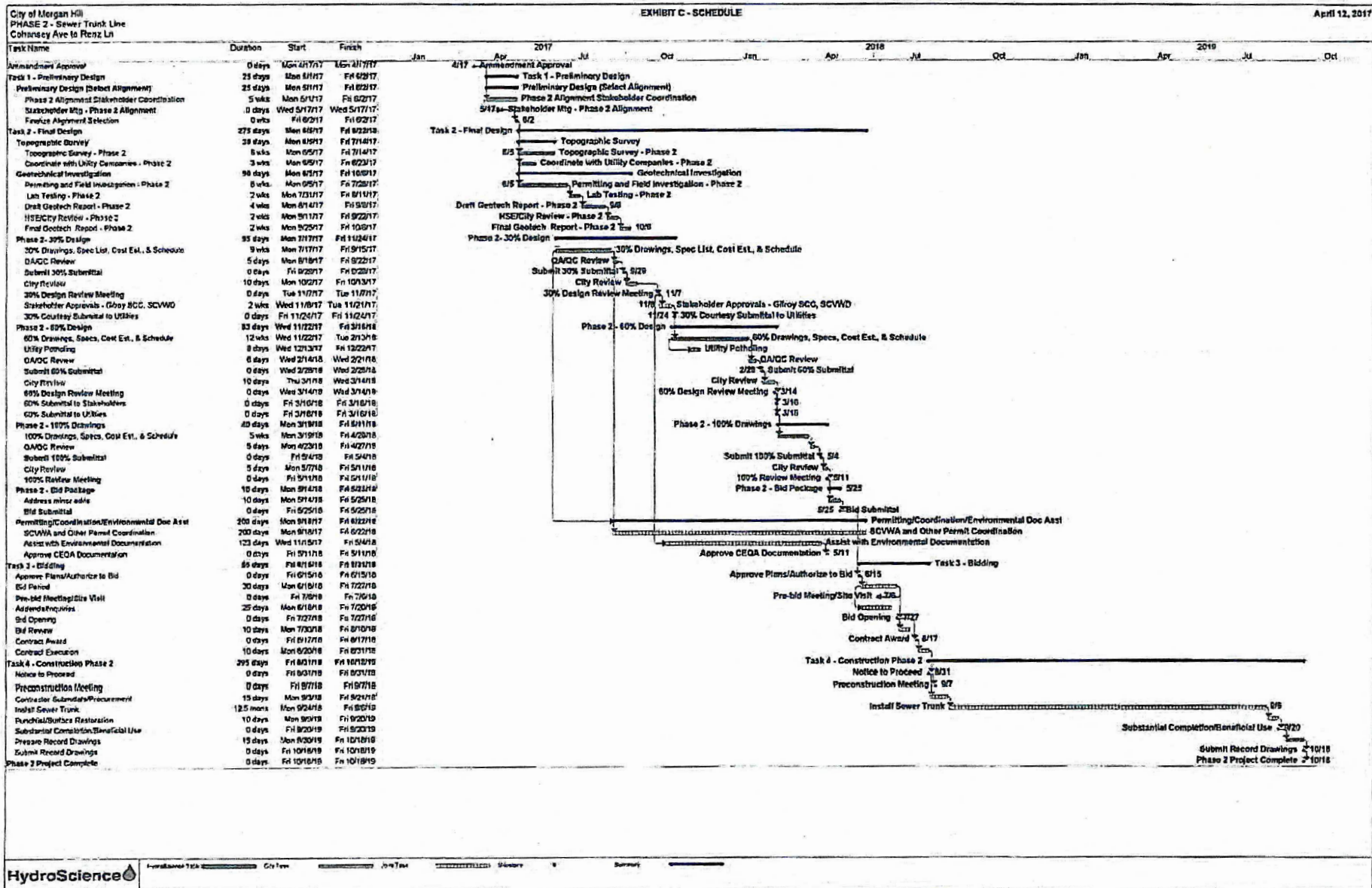


EXHIBIT "2"



Date: November 6, 2019
Client: City of Morgan Hill
Contact: David Gittleston, P.E.
Project: Joint Sewer Relief Trunk from Renz to Highland

HydroScience Engineers, Inc.
10569 Old Placerville Road
Sacramento, CA 95827
T: 916.364.1490
F: 916.364.1491

CONTRACT AMENDMENT REQUEST FOR ADDITIONAL ENGINEERING SERVICES

Original Professional Services Agreement Date: May 4, 2016

Amendment Request No.: 2

Amendment Subject: Project restart and extended project design and coordination

Amendment Description: The agreement for Phase 1 of the Sewer Trunk Line South of Highland Avenue Project (Project) was executed on May 4, 2016. Subsequently, the project scope was amended in Amendment No. 1 to include detailed design of Phase 2 of the Project, as well as other related tasks.

Both phases of the project were put on hold during 2018 to obtain approval from the City of Gilroy City Council on the proposed pipeline alignment within the Gilroy City limits. Putting the project on hold was necessary to allow for a preferred pipeline alignment to be selected, minimize further iterations and rework to analyze multiple optional pipeline alignments, and confirm that the parties were comfortable moving forward with a basis of design. When the project was halted, the design plans of Phases 1 and 2 had been developed approximately to a 60% level of completion, outside of trenchless crossings and constrained areas compelling possible movement of other existing utilities.

On April 29, 2019, the Gilroy City Council supported proceeding with the recommended alignment. This contract amendment summarizes the proposed scope and tasks to update the scope for the original agreement and Amendment No. 1. The following serves to represent the overall effort to complete the design portion of the project, based on the updated scope of work, a \$30M construction estimate, and updated billing rates and project schedule.

Scope of Services: The following scope of services is intended to detail the tasks to complete the project design from this point forward. The initial text of each task represent whether the tasks of that scope of services are complete new tasks, updates of previously authorized tasks, or are in the existing scope. In total, Amendment No. 2 represents the overall scope and fee required to complete the project design, superseding the previous agreement and Amendment No. 1 in their entirety. Bid services and engineering services during construction are not included at the direction of the City due to the unknown construction schedule; the City will issue an amendment for those services at the time they may be required.

Task A – Project Management:

Previously, there was not a separate project management task. This work was embedded in other project tasks. HydroScience has separated project management into its own task for the purpose of scoping this amendment.

Task A includes project coordination and management, meetings including the kickoff meeting and milestone meetings, and QA/QC. Each item is further discussed below.

Project Management: HydroScience shall provide Project Management of all design activities. HydroScience shall monitor labor utilization, project schedule, and project budget on a regular basis, and maintain action item and decision item logs throughout the design phase of the project. Invoices will be submitted to the client monthly that document the work performed during the invoice period. HydroScience's Project Manager will be responsible for the performance of the engineering team, managing the team's and the subconsultant's efforts for the duration of the extended project schedule.

HydroScience will also review and update the decision tracking log.

Meetings and Public Outreach: HydroScience shall attend a second kickoff meeting with the City to confirm critical path items and updated scope items. All key staff representing major engineering disciplines shall attend. Kickoff meeting agenda will include: review scope of work and schedule, responsibilities of each party, project costs and funding mechanisms, current design status, and Project goals, objectives, and critical success factors.

Up to five additional meetings and/or conference calls will be held with the City and external stakeholders to review the project status and receive comments on the 60% and 90% PS&Es. One will be held at each submittal level (60% and 90%) to review PS&E comments, and the remaining three meetings will be held at a milestone to be determined by the Project Manager.

Additionally, it is expected that HydroScience will make one presentation each to the City of Morgan Hill and Gilroy City Councils. City staff will coordinate the scheduling and staff reports for these presentations. HydroScience will assist with PowerPoint slides, and be available to respond to questions as appropriate.

HydroScience will also be available to represent the engineering team at up to two community workshops. It is expected that no new marketing material will be required to be prepared by HydroScience for either community workshop, and the City will organize and lead the workshop with support from HydroScience.

All meetings will have meeting agenda and minutes prepared by HydroScience.

Stakeholder Coordination: HydroScience will review available information and provide outreach to stakeholders (City of Morgan Hill, City of Gilroy) as well as Caltrans, the County, the E. 7th St. apartment owner, and utility agencies to coordinate project implementation.

QA/QC: HydroScience shall perform in-progress quality management reviews to verify that the project objectives are realized prior to submittal of the 60%, 90% and Bid Set PS&E. Each design submittal will be reviewed for QA/QC by a HydroScience senior manager who is not directly involved with the project design prior to delivering those submittals to the City.

Deliverables:

- Monthly progress reporting to accompany invoice (pdf)
- Meeting agendas and minutes (6 total)
- Council presentations (2 total, PowerPoint)
- QA/QC review comments, if requested (pdf)
- Action item and decision item logs, if/as requested (pdf)

Assumptions:

- The City will provide one consolidated set of submittal review comments at the 60% and 90% submittal levels.
- The City will assist with coordinating stakeholder comments where contradictory to City's design direction.
- No major design changes will be requested beyond the 60% submittal level.

Task B – Final Design:

This scope of work updates Task 2 from the original agreement and Task IV from Amendment No. 1. Preliminary design and portions of other items from this task are completed. The remaining scope to be completed in this amendment are further detailed below.

Additional Topographic Survey: The original topographic survey for this project was completed in 2016. Since that time, new development has occurred along the project alignment, including at Harvest Park II which is a new subdivision near the intersection of Monterey Rd and Cohanesy Ave. This subdivision includes offsite improvements that will impact the project. Hence, this task item is needed to conduct a new field survey of said improvements along the proposed alignment.

Title Reports, Plat and Legal Descriptions: Plat and legal descriptions was originally an optional service, but is now modified and included as a base service for pairing with preliminary title reports. Three permanent easements are required to construct the project based on the current, in-progress 60% design alignment. These easements are located on 611 East 7th Street (apartment building; private owner), 731 Renz Lane (PG&E property), and a vacant lot west of the Chili's parking lot on Renz Road (PG&E property). The Caltrans easements at the Leavesley and Hwy 101 crossings will be secured through the Caltrans pipeline crossing permit; all other easements will require preliminary title and survey documentation.

HMH will obtain a preliminary title report and prepare a plat and legal description for each of the three needed easements. All plats and legal descriptions will be stamped by a registered land surveyor in the State of California. As an optional task, HMH will obtain up to two additional easements in case preliminary title reports reveal more than one private owner owning land within the proposed pipeline corridor, or in case the alignment shifts outside the public right of way in lieu of existing utility relocation(s) to allow construction of the pipeline within the right of way.

Utility Outreach: HydroScience will send a new round of utility map requests to utility agencies to confirm that HydroScience has the most current mapping of utilities along the project alignment. Information received will be compared with previous mapping transmittals and current basemap information. Basemap will be updated in AutoCAD based on the information received. At the 90% PS&E submittal level, plan and profiles will be sent to the utility agencies for a last appeal to alert us to any missing or misrepresented facilities against their mapping, record drawings, or agency knowledge. This last step may also prompt alerts of new or planned utility construction projects that otherwise hadn't been furnished to us during design development.

Utility Locating: Potholing is expected to be required to locate fiber-optic lines near the Las Animas railroad crossing, within the Caltrans right-of-way, and as required along the project alignment to determine the location of existing utilities. Utility locating will also be needed at key tie-in locations, utility crossings, and to more accurately locate critical or conflicting utilities along the proposed sewer alignment.

It is expected that up to 60 discrete locations may require utility locating within these areas (assumed to consist of 27 potholes and 33 electronic). The budget shown includes a \$25K contingency should any issues arise during or associated with utility locating, and is allocated toward combination of potholing, GPR and electronic utility location. Which locating method is best suited will be assessed based on quantity needed, existing utility materials and depths, location relative to traffic and access, and permitting requirements associated with each utility.

As additional information from the utility locating is obtained, a licensed land surveyor will collect the field-marked locations and build into the project basemap, and HydroScience will update the PS&E accordingly. The locating services include traffic control, permitting coordination with the UPRR, Caltrans, and the County, and backfilling and hot-patching of potholes. It should be noted that UPRR permits can take as much as three months to process.

In addition to the utility locating noted above, the utility locating budget also includes:

- one 19-foot deep pothole to confirm the tie-in elevation on Renz Lane, and
- three CCTV inspections to verify existing sewer details: 310 feet on Renz Lane, 100 feet on Chestnut St near the pedestrian bridge, and 600 feet near the intersection of Highland & Monterey.

Geotechnical Investigation, Well Monitoring and Design Support: HydroScience will review the geotechnical investigation report prepared as part of the base work and Amendment No.

1. This investigation included borings located along the project alignment plus borings at each of the five trenchless crossing locations. Preliminary screening was also performed on samples throughout the alignment and found to be non-hazardous.

Piezometers installed in the monitoring wells installed by GeoLogic will also be monitored during July – December 2019 to monitor groundwater levels at each of the five trenchless crossing locations. Information about groundwater levels is important for selecting the most appropriate trenchless construction method and informing construction activities.

HydroScience will coordinate with GeoLogic, the author of the geotechnical report, and DCM Consulting, the author of the TM appending the report, during the design phase to address any geotechnical related questions. GeoLogic will also review project plans and specifications and provide geotechnical comments, as necessary. Alignment shifts will also require geotechnical consideration in case the substrate is anticipated to vary from previous characterization of adjacent substrate (where original borings were taken).

Geotechnical Well Destruction: As an optional task, GeoLogic will properly destruct each of the five geotechnical monitoring wells. The work associated with this optional task includes:

- Applying for and obtaining a total of five separate well destruction permits from the Santa Clara Valley Water District (SCVWD). All SCVWD permit fees will be paid by Geologic.
- Applying for and obtaining an encroachment permit from City of Gilroy for the field work (traffic control will be included). We have assumed that the City of Gilroy will waive all permit fees.

- Coordinating field work with HydroScience, City of Gilroy, driller, and traffic control subs.
- Destructing the wells per SCVWD guidelines. Traffic control will be provided during field work.
- Submitting well destruction reports to the SCVWD.

Trenchless Geotechnical Engineering Support. This was originally an optional service, but the remainder of this task is now a base service. Due to the complexity of the trenchless crossings, DCM Consulting will provide trenchless design constructability consultation to HydroScience in the context of the geotechnical setting associated with each crossing location. Services to be provided by DCM will be performed as directed by HydroScience, and are expected to include the following:

- Assistance with required jacking and receiving shaft sizes and topside equipment area requirements.
- Determination of specific dewatering requirements and/or ground improvement requirements for tunnel portal stabilization at jacking and receiving shafts.
- Recommendations for geotechnical instrumentation (e.g. surface and subsurface settlement monitoring and vibration monitoring).
- Review of microtunneling, shaft construction, dewatering, ground improvement, contact grouting, and geotechnical instrumentation specifications.
- Final trenchless constructability review.
- Assistance with response to questions from Caltrans.
- Meetings with HydroScience as appropriate.

Deliverables:

- Preliminary title reports, plats and legals (3 total, hard copy)
- Utility outreach letters, if requested (pdf)
- Utility locating results (ledger format, pdf and electronic format, AutoCad)
- Groundwater level measurements (to DCM Consulting)
- Optional tasks:
 - Up to two additional preliminary title reports, and plat and legal descriptions
 - Well destruction reports (to SCVWD)

Assumptions:

- Caltrans may require additional potholing to locate high priority existing utilities (e.g., gas pipes) located near new work in their ROW (whether crossing or parallel). Additional potholes may also be needed for critical PG&E facilities based on their developing new requirements. Additional potholing as a result of these potential directed agency requirements is not yet known and therefore not included in this scope of services.
- Further analytical testing/screening of soils is not included in this scope. The testing already done for this project as part of the previous geotechnical investigation serves to provide general information to the contractors. Summary results are provided in the geotechnical report, and full testing reports will be provided to the City for their or the contractor's reference. The testing performed does not replace actual analytical testing required for the contractors to dispose their soils during construction; the receiving party of the soils will dictate the type and frequency of testing before accepting the soils.
- All permit fees and costs will be the responsibility of the City.

Task C – Detailed Design PS&E:

This design includes the remainder of the 60% PS&E, changes the 100% PS&E to a 90% level PS&E, and updates the Bid Set PS&E scope to reflect the currently recommended project alternative. This effort includes:

- Detailed design will include the design of the sewer trunk pipeline from Highland Avenue to Renz, as detailed in the recommended project alternative.
- Design of the trenchless pipeline crossings and incorporation of geotechnical information as required to select the appropriate construction methods and requirements.
- Supplemental coordination with utilities on the use or relocation of sewer or water facilities to accommodate new trunk sewer at three possible locations (Las Animas, Chestnut, Renz).
- Siphon redundancy TM.
- Design of a new flow meter, as further detailed below.

Contract documents will be delivered to the City at the 60% and 90% design completion levels for City review and comment. The 60% PS&E will include the plan and profile drawings, standard details, technical specifications, and the engineers opinion of probable costs for the recommended project alignment. The contract documents will refer to standard details and specifications for the Cities of Morgan Hill and Gilroy, Santa Clara County, Caltrans, and SCVWD as applicable. HydroScience will also prepare a calculation of estimated construction working days and calculate appropriate daily liquidated damages and include those values in the 60% specifications. The front end specifications and special provisions will be based on the City of Morgan Hill standard and updated as needed to meet the specific needs of the Project.

It is expected that the City will route and coordinate review and comment of the 60% PS&E by external stakeholders, including:

- San Martin
- Santa Clara County
- Caltrans
- City of Gilroy
- PG&E
- SCVWD
- Owner of Apartment Complex at 611 East 7th Street

It is expected that up to two additional conference calls or in person meetings may be required to receive 60% comments on the PS&E from external stakeholders. Those meetings have been incorporated into the Project Management task.

Comments on the 60% PS&E will be incorporated into the 90% PS&E. Where comments from stakeholders conflict, City is to provide direction to HydroScience as to how to address conflicting comments. It is not expected that any significant design changes, additional design details, or other substantive changes will occur after receiving the 60% Submittal review comments.

The 90% PS&E will include complete plans, specifications, and the engineer's opinion of probable costs. All work will be developed to a level of detail that would result in the PS&E being suitable for advertisement, permit applications, and construction without being stamped. We propose a 90%

design review workshop to be held within the City's one week review period to facilitate review of the design and capture edits/comments.

The Bid Set PS&E will incorporate any comments from the 90% design review workshop and comments provide by the City of Morgan Hill. It is expected that only minor changes will be required after the 90% Submittal. The Bid Set PS&E will be stamped by a civil engineer registered in the state of California.

At the request of the City, a \$50,000 allocation for supplemental design services is also included in this scope task in order to address out-of-scope items should they arise during final design.

Siphon Redundancy TM: At the request of the City, HydroScience will also prepare a TM on siphon redundancy as a new scope item. An analysis will be performed for the locations where siphons cannot be avoided without pressurizing the pipeline to promote flow (targets trenchless crossings compelling deeper installations than the grade allows). Elements to be reviewed will consider risk, constructability, cost, operations and maintenance for one siphon versus two in these areas.

Flow Meter: A new flow meter will be incorporated into the PS&E to coordinate operating requirements with SCRWA, as originally presented in Amendment No. 1. This scope covers most of Item 2D.1 from Amendment No. 1, which includes the final design and PG&E application for the proposed flow meter.

- HydroScience will submit the proposed flow meter with current junction structure concept design to SCRWA to verify acceptance of flow meter equipment and operating requirements.
- HydroScience will work with PG&E to apply for a new power drop to the new flow meter. It is assumed that power can be provided from overhead electrical lines along Harding Avenue or Highland Avenue. It is assumed that the City of Morgan Hill will pay any PG&E fees.
- The flow meter will be located in a below grade, traffic rated vault containing the flow meter equipment, plumbing, electrical, and instrumentation and controls.
- One drawing sheet for electrical site plan and flow meter and vault details is assumed. The budget does not include providing profile drawings for the electrical conduit between the power source and flow meter vault.
- Design includes instrumentation and controls to allow radio control/communication between the flow meter and the SCRWA WWTP in Gilroy, CA. It is assumed that there is line-of-sight between the flow meter vault location and the SCRWA antenna, and no separate radio study is required.

The design of the flow meter will be incorporated into the PS&E for the overall project. No separate submittal will be provided for the flow meter.

Deliverables:

- 60%, 90% and Bid Set PS&E (Four (4) half-size hardcopies and PDF of 60%, 90% and Bid Set design submittals (drawings, specifications, schedule, and estimate). One (1) full-size stamped and signed set of mylars, word files and AutoCAD of the Bid Set documents.
- Siphon Redundancy TM (pdf)
- Inclusion of flow meter in the PS&E design submittals
- Up to three (3) applications for utility relocations (electronic, pdf)

Assumptions:

- Approximately 56 drawing sheets to be provided, including 33 plan and profile sheets at 1:40 scale plus 5 front-end sheets, 8 detail sheets, and 10 striping plans at 1:80 scale.
- Estimate of probable construction costs was last estimated at \$30M. Bidding climate and economy may significantly impact the estimate beyond the control of the City and HydroScience.
- Supplemental design allocation amount provided herein may be used at the discretion and advance authorization of the City only.

Task D – Permitting

This task was partially completed but requires additional work to ensure that all permitting work reflects the recommended project alternative.

Environmental Documentation Support: HydroScience will continue to coordinate with the City's environmental consultant to update information on scope of work, alignment, equipment and other contributors during construction affecting biological or air quality impacts, and the location and depth of required excavations.

HydroScience will respond to public comments assigned to HydroScience that are related to the design efforts of HydroScience.

HydroScience has allocated a total of 50 hours to provide support to coordinate with the environmental consultant and respond to comments on the environmental documentation.

Stakeholder permits: This is a new task that has been expanded from the task presented in the original agreement or Amendment No. 1.

Implementation of the recommended project alternative requires obtaining permits from multiple external agencies, including:

- Caltrans: Utility Encroachment Permit @ Highway 101
- PG&E: Coordination with facility on site work/access for construction encroachment (Third Party Request to Use PG&E Real Property and License Agreement for Invasive Investigation Activities)
- Santa Clara Valley Water District : Crossing of both Miller Slough and Chestnut Creek
- UPRR: Permit to cross railway at Las Animas
- City of Gilroy: Encroachment permit and crossing of Chestnut Creek
- County – construction encroachment; paving requirements

HydroScience will assist the City with preparing encroachment permit applications. HydroScience will compile information required for each permit and submit permit applications to the stakeholders on the City's behalf. All permit application fees will be paid by the City.

Stormwater Permit Compliance: HydroScience shall assist the City in the preparation and submittal of Permit Registration Documents in order to comply with the Construction Activities Storm Water General Permit. HydroScience will receive access permission from the City to be able to electronically submit PRDs on the City's behalf into the Storm Water Multi-Application Report Tracking System (SMARTS). The information submitted to SMARTS will include the following:

- Notice of Intent (NOI)
- Risk assessment

- Post-construction calculation
- Site map
- Stormwater Pollution Prevention Plan (SWPPP)
- Signed certification by the Legally Responsible Person (LRP)
- First annual fee (to be paid by City of Morgan Hill)

HydroScience will prepare a SWPPP to outline how this construction project will minimize stormwater pollution and describe the measures that will be put in place by the contractor to prevent stormwater pollution. This document will need to be maintained onsite at all times and updated as needed throughout the duration of construction. The SWPPP will include both procedural and engineered control devices as Best Management Practices (BMPs) for minimizing erosion, sediment flow, and prevention of non-stormwater discharges. The SWPPP will also include requirements for site inspection, BMP maintenance, and laboratory sampling and analysis.

Deliverables:

- Permit Registration Documents (pdf version) for electronic submission via the SMARTS system, and electronic copies of said documents.
- Permits/approvals (pdf)

Assumptions:

- All permit fees and costs will be the responsibility of the City.
- LUP Type 1 assumed for both Phase 1 and Phase 2 based on risk level.
- Inspection services for SWPPP implementation during construction are not included in this scope of services.

Proposed Fee: The fee to complete the Amendment No. 2 scope of work is presented in Exhibit A. The breakdown of labor hours by task and subtask is a guide only; the total fee governs. The fee associated with Amendment No. 2 was compared to the budget remaining from authorization of the original agreement and Amendment No. 1 in the table below to determine the overall required budget for Amendment No. 2.

Billing rates have been adjusted to the year when services are to be performed (assumed to be during 2019 and 2020) for all staff classifications. Professional services will be billed on a time-and-materials basis, not to exceed the total fee without prior approval by the City.

Tasks	Fee
Phase 1 Original Contract	\$651,760
Contract Amendment No. 1	\$521,900
Total Contract Budget (Original Contract + CA #1)	\$1,173,660
Cost-to-Complete Budget Request (Base + Optional Services)	\$769,900
Less Budget Remaining* (Original Contract + CA #1)	\$238,850
Budget Augmentation Request (Cost-to-Complete minus Budget Remaining)	\$531,050

*Through August 2019.

Project Schedule: The updated project schedule assumes Council approval of this amendment on November 20, 2019.

HydroScience appreciates the opportunity to continue providing design services to you on this project. Should you have any questions regarding this proposal, please contact me at (925) 332-5221 X201, or cpreuss@hydroscience.com.

Sincerely,
HYDROSCIENCE ENGINEERS, INC.



Cindy Preuss, P.E.
Principal, Project Manager

Attachments:

- Exhibit A – Consultant Fee
- Exhibit B – Project Schedule

Amendment Authorization Request:

This will confirm your authorization for HydroScience to undertake the added (or changed) engineering services described above pursuant to our original Contract Agreement. Please confirm your authorization by signing in the space provided and emailing a copy back to us as soon as practical in order they we may proceed with these additional engineering services.

Approved:

Authorized Signature

Date

By:

Printed Name, City of Morgan Hill

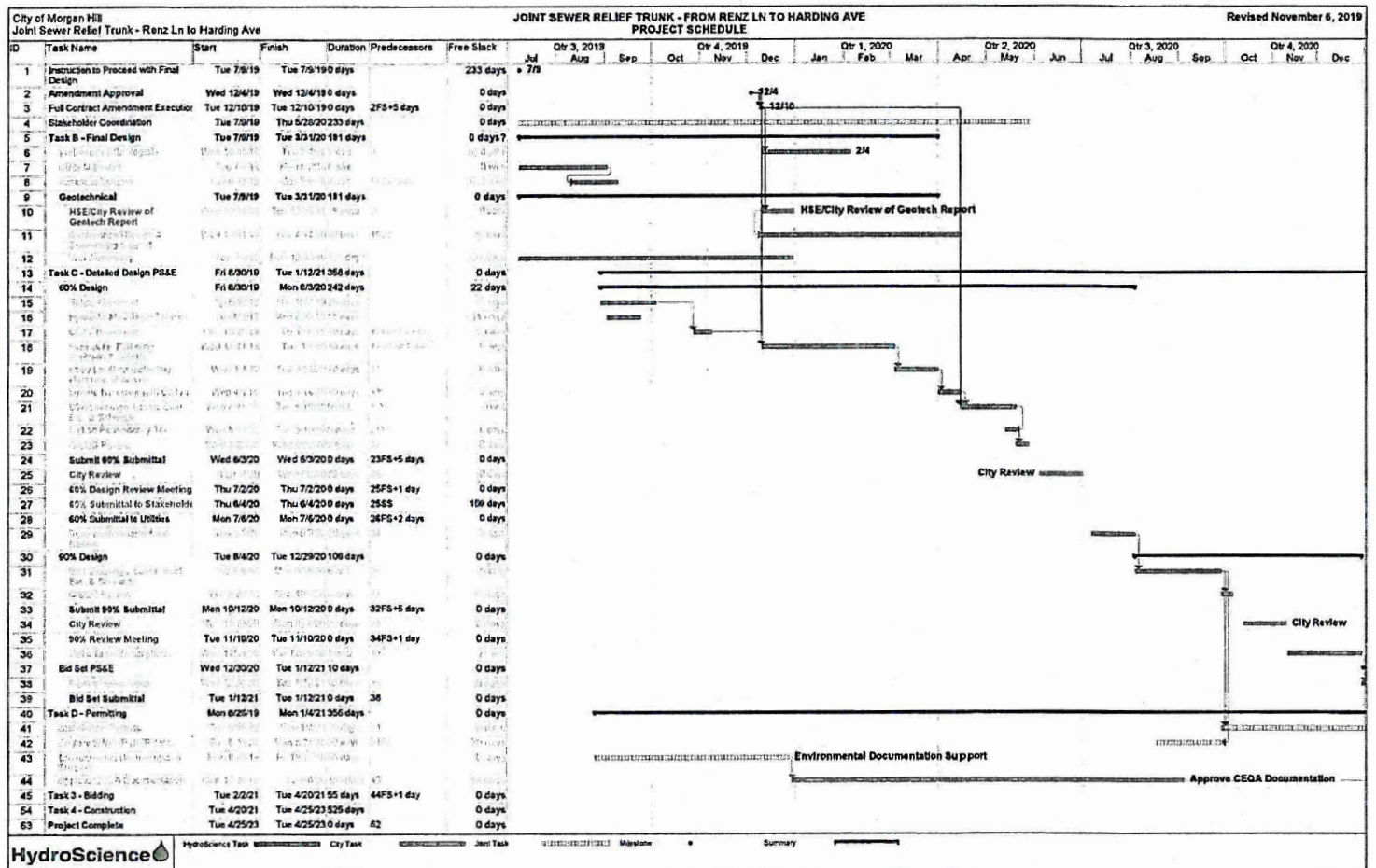
EXHIBIT A - Consultant Fee



City of Morgan Hill
 Joint Sewer Relief Trunk Between Highland and Renz
 Contract Amendment No. 2 - DESIGN Cost to Complete and Project Reinitiation 2019

November 6, 2019

November 6, 2013																							
Task	Item Description	Hourly Rate	Prin	Prin	E-VI	E-IX	E-I	CAD	E-VIII	E-VIII	E-III	Admin	Sub	Fee	Equip and O&M	PM	Surveying	Geotech and BCO	Utility Locating & CCTV	Direct Charge Markup @ 15%	Travel	Expense Subtotal	Total Fee
A	Project Reinitiation & Management	60	104	112	30	18	12	8	0	0	0	14	356	\$74,300	\$400	\$0	\$0	\$0	\$0	\$40	\$1,275	\$1,700	\$76,000
	Project Reinitiation and Monthly Progress Reporting; Project Management	4	84	36		16	12						132	\$27,000						\$0		\$0	\$27,000
	Meetings (up to 6 each)	12	24	48					8			6	98	\$19,800	\$300					\$30	\$1,000	\$1,300	\$21,100
	Council Presentations (near Final Design, 1 ea MH, Gilroy)		12									4	16	\$3,300	\$50					\$5	\$50	\$100	\$3,400
	Community Workshops (2 total)	4	4	8								4	20	\$3,700	\$50					\$5	\$75	\$100	\$3,800
	Stakeholder Coordination	40		20								60	\$13,400							\$0	\$75	\$100	\$13,500
	QA/QC (60%, 90%, Bid Set)				30							30	\$7,100							\$0	\$75	\$100	\$7,300
B	Final Design - Subconsultant and Utility Locating Services	0	20	64	0	56	40	0	0	0	0	180	\$29,700	\$2,000	\$12,250	\$27,165	\$164,708	\$20,812	\$0	\$228,700	\$256,400		
	Additional Topo Survey - Monterey & Cohanesy Intersection		1	6		4						11	\$2,000	\$4,000						\$400		\$4,400	\$6,400
	Title Reports, Plat and Legal Descriptions (3 ea)		1	6		4						11	\$2,000	\$4,000						\$400		\$4,400	\$6,400
	Utility Outreach and Locating		8	24		40	40					112	\$16,900	\$2,000	\$8,250				\$164,708	\$16,671	\$8,100	\$111,100	
	Geotechnical Investigation, Well Monitoring, and Design Support		2	16		8						26	\$4,700						\$17,040	\$1,704		\$18,700	\$23,600
	Trenchless Geotechnical Engineering Support		8	32								20	\$4,100						\$10,125	\$1,013		\$11,100	\$15,200
C	Detailed Design PS&E	16	316	516	12	620	472	40	0	0	0	1792	\$352,500	\$2,000	\$0	\$0	\$0	\$0	\$200	\$1,000	\$3,200	\$353,700	
	Final Design PS&E	16	300	460		560	416					1552	\$261,700	\$2,000					\$200	\$1,000	\$3,200	\$264,400	
	Utility Relocation Coordination (up to 3 locations)		12	34	6	60	40					142	\$22,600						\$700	\$1,000	\$3,200	\$22,600	
	Siphon TM		2	16	4							22	\$4,100						\$0		\$0	\$4,100	
	Flow Meter Final Design and PG&E Application		2	16	2		16	40				76	\$14,400						\$0		\$0	\$14,400	
	Supplemental Design Allocation											0	\$50,000						\$0		\$0	\$50,000	
D	Permitting	60	17	32	0	68	40	0	16	44	10	287	\$51,600	\$360	\$0	\$0	\$0	\$0	\$36	\$0	\$400	\$52,000	
	CEQA/Environmental Documentation Support	20	10			20						50	\$10,700	\$180					\$18		\$200	\$10,900	
	Stakeholder Permits	40	5	32		40						117	\$23,400	\$180					\$18		\$200	\$23,600	
	Stormwater Permit Compliance		2			8	40		16	44	10	120	\$17,500						\$0		\$0	\$17,500	
	TOTAL (BASE FEE)	136	457	724	42	564	564	48	16	44	24	2615	\$506,100	\$4,760	\$12,250	\$27,165	\$164,708	\$20,888	\$2,275	\$332,000	\$740,100		
	Optional Scope Items																						
	B.3 OPTIONAL - Title Reports, Plat & Legal Descriptions (up to 2 ea)		1	4		4						9	\$1,600		\$2,750				\$275		\$3,000	\$4,600	
	B.2 OPTIONAL - Geotechnical Monitoring Well Destruction		1									1	\$200						\$2,270		\$25,000	\$25,200	
	TOTAL (OPTIONAL SCOPE ITEMS)	0	2	4	0	4	0	0	0	0	0	10	\$1,800	\$0	\$2,750	\$22,704	\$0	\$2,545	\$0	\$28,000	\$29,800		
	TOTAL (BASE FEE + OPTIONAL SCOPE)	136	459	728	42	564	564	48	16	44	24	2625	\$509,900	\$4,760	\$15,000	\$49,869	\$164,708	\$23,434	\$2,275	\$360,000	\$769,900		



Date: October 29, 2021
Client: City of Morgan Hill
Contact: David Gittleston, P.E.
Project: Joint Sewer Relief Trunk from Renz to Highland

HydroScience Engineers, Inc.
10569 Old Placerville Road
Sacramento, CA 95827
T: 916.364.1490
F: 916.364.1491

CONTRACT AMENDMENT REQUEST FOR ADDITIONAL ENGINEERING SERVICES

Original Professional Services Agreement Date: May 4, 2016

Amendment Request No.: 4

Amendment Subject: Term Extension and Additional Investigations and Design

Amendment Description: The agreement for Phase 1 of the Sewer Trunk Line South of Highland Avenue Project (Project) was executed on May 4, 2016, with the City of Morgan Hill (City). The following summarizes the project's prior executed amendments:

- **Amendment No. 1** amended the project scope to include detailed design of Phase 2 of the Project, as well as other related tasks.
- **Amendment No. 2** amended the project scope to detail the additional tasks to complete the project design after resuming the project in 2019 and receiving City of Gilroy support to proceed with the project.
- **Amendment No. 3** extended the project contract terms of agreement through December 31, 2021.

This Contract Amendment No. 4 summarizes the proposed scope of work and tasks to provide additional investigations and final design services related to the following elements of the project:

- Leavesley Rd Crossing – Evaluate bore and jack trenchless option
- Highway 101 Crossing – Evaluate an alternative alignment that minimizes the easement needed on PG&E's property located at 731 Renz Lane.

The following serves to represent the overall effort to complete the design portion of the project, based on the additional engineering investigations and design and updated billing rates.

Scope of Services: The current contract will be amended to include the scope of services detailed herein.

Task A – Project Management:

This scope is for additional project management during the extended contract term and for the additional engineering investigations and design tasks. The scope and deliverables to be provided are similar to the scope in Amendment No. 2: project management work includes project coordination and management, progress meetings, and QA/QC.

Task B – Final Design – Additional Investigations and Design:

The project is currently in the 90% Design stage. During design development, the team identified opportunities to reduce construction impacts and total construction costs. This task includes the additional engineering investigations needed to determine feasibility of the alternative design options noted below. The results of the additional investigations will be used to confirm the alignment and installation method to be included in the 90% design submittal.

Leavesley Rd Crossing – Evaluate Bore and Jack Option

The 60% Design proposed the Horizontal Directional Drilling (HDD) method to cross underneath Leavesley Road (CA 152). With the HDD method, an inverted sewer siphon would be required. However, during the 90% design development, it was identified that the bore-and-jack method could also be a viable installation method. This method would enable the City's sewer trunk to cross underneath Leavesley Rd as a conventional gravity sewer without an inverted sewer siphon, which would present many benefits including substantial cost savings, minimizing impacts, and improved constructability.

It should be noted that additional field and engineering investigations are required before the feasibility of the bore-and-jack alternative can be confirmed. The vertical clearance between the proposed sewer pipe and the bottom of the main obstruction (33" VCP Sewer) needs further investigation. This task includes the following investigations:

- CCTV inspection through the 33" sewer is needed to identify the quantity, location, and severity of any pipe sags that may exist. A pipe sag could render this option infeasible.
- A pothole on top of the 33" sewer is needed to verify its vertical location.
- Our subconsultant, Bess Testlabs has sufficient remaining budget under the current contract to cover this pothole. Therefore, their current scope and budget will be utilized for this single pothole.

This task also includes the design of pipe improvement(s) to the existing 33" sewer to strengthen the pipe and minimize potential for damage during the bore-and-jack operation. Leavesley Rd is Caltrans right-of-way and the existing 33" sewer is owned by the City of Gilroy. Therefore, this task includes an allowance for stakeholder coordination and permitting support.

If the bore-and-jack method is agreed upon by the City of Morgan Hill, City of Gilroy, and Caltrans, this task includes engineering services to develop revised plan & profile drawings and detail drawings for this crossing. The revised design drawings will be included in the 90% design submittal.

Highway 101 Crossing – Evaluate Alternative Alignment:

The current design is based on the alignment agreed upon with the City of Gilroy, which included a Highway 101 crossing using bore and jack trenchless method. The currently designed crossing includes a jacking pit on PG&E's property (on 731 Renz Lane) and receiving pit on the City of Gilroy's Corporation Yard.

The City of Morgan Hill was recently informed by PG&E that they intend to build out their parcel to the maximum extent. Therefore, the sewer easement may not be allowed. The City will be entering discussions with PG&E with some potential design alternatives including reducing the length of the sewer easement needed.

This additional work includes evaluating one alternative alignment that minimizes the sewer length and access pit footprint on PG&E's property.

- The alternative alignment will require additional topographic surveying. This amendment provides an allowance to perform this additional survey work (scope of services similar to work described in Amendment No. 2).
- This work includes additional engineering services to evaluate the alternative alignment option and prepare exhibits to support the City in their negotiations to minimize impacts from the proposed sewer easement.
- If the alternative alignment is agreed upon by the City and PG&E, this task includes engineering services to develop revised plan & profile drawings and detail drawings for this crossing. The revised design drawings will be included in the 90% design submittal.

Deliverables:

- Exhibits of the proposed alignment alternative to facilitate discussions with PG&E.
- Exhibits and sketches of the proposed bore-and-jack crossing design to facilitate discussions with Caltrans and the City of Gilroy.
- Three updated Plan & Profile Drawings: one for Leavesley Rd crossing, and two for the Hwy-101 crossing.
- Updated civil and structural details as required for Leavelsey Rd and Hwy-101.

Assumptions:

- The prepared geotechnical findings are appropriate for the Highway 101 crossing alternative alignment and no additional geotechnical investigation is needed.
- The City will initiate and lead the coordination efforts with PG&E to obtain the proposed sewer easement through the PG&E property at 731 Renz Lane.
- Only one pothole investigation is needed on Leavesley Road.
- All permit fees and costs will be the responsibility of the City.

Proposed Fee

The fee to complete the Amendment No. 4 scope of work is presented in Attachment A. The breakdown of labor hours by task and subtask is a guide only; the total fee governs.

Billing rates have been adjusted to the current 2021 rates for all staff classifications. Professional services will be billed on a time-and-materials basis, not to exceed the total fee without prior approval by the City.

Contract Summary	Fee
Phase 1 Original Contract	\$651,760
Contract Amendment No. 1	\$521,900
Contract Amendment No. 2	\$531,050
Contract Amendment No. 3 (term extension only)	\$0
Total Contract Budget (Original Contract + CA #1 + CA #2 + CA#3)	\$1,704,710
CA No. 4 Request	\$75,000
Total Contract Budget + CA No. 4 Request	\$1,779,710

Contract Term Extension

The contract term duration would be extended to December 31, 2022.

HydroScience appreciates the opportunity to continue providing design services to you on this project. Should you have any questions regarding this proposal, please contact me at (916) 806-2798, or lkohagura@hydroscience.com.

Sincerely,

HYDROSCIENCE ENGINEERS, INC.



Ligaya C. Kohagura, P.E.
Project Manager

Attachments:

Attachment A – Amendment No. 4 Consultant Fee

AMENDMENT AUTHORIZATION REQUEST SIGNATURE ON THE NEXT PAGE

Amendment Authorization Request:

This will confirm your authorization for HydroScience to undertake the added (or changed) engineering services described above pursuant to our original Contract Agreement.

Please confirm your authorization by signing in the space provided and emailing a copy back to us as soon as practical so we may proceed with these additional engineering services.

Approved:

Authorized Signature

Date

By:

Printed Name, City of Morgan Hill

Attachment A

City of Morgan Hill

Joint Sewer Relief Trunk from Renz to Highland

Contract Amendment No. 4 - Term Extension and Add'l Investigations & Design

October 29, 2021

Task	Description	PIC, QA/QC Reviewer	Project Manager	Project Engineer	Design Support	Admin.	Hours	Fee	Repro. and ODCs	Surveying - HMH	CCTV - Subtronic	Direct Charges Markup @ 10%	Expense Subtotal	Total Fee
		Hoang	Kohagura	Le	Fernandez									
Labor Classification		Principal	Eng VIII	Eng IV	Eng III	Admin.								
2021 Hourly Rate		\$255	\$235	\$195	\$185	\$80								
A	Project Management and Quality Assurance/Control	3	18	20	0	0	41	\$8,900	\$0	\$0	\$0	\$0	\$0	\$8,900
	Project Management and Quality Control	3	18	20	0	0	41	\$8,900				\$0	\$0	\$8,900
B	Final Design - Additional Investigations and Design	4	32	95	90	0	221	\$43,720	\$520	\$13,225	\$6,600	\$2,035	\$22,380	\$66,100
	Leavesley Crossing - Evaluate Bore and Jack Option	2	24	75	70	0	171	\$33,730	\$300		\$6,600	\$690	\$7,590	\$41,320
	Hwy 101 Crossing - Evaluate Alternative Alignment	2	8	20	20	0	50	\$9,990	\$220	\$13,225		\$1,345	\$14,790	\$24,780
OVERALL TOTAL		7	50	115	90	0	262	\$52,620	\$520	\$13,225	\$6,600	\$2,035	\$22,380	\$75,000

10/29/2021



COMMUNITY DEVELOPMENT DEPARTMENT, PLANNING DIVISION

17575 Peak Avenue Morgan Hill CA 95037 (408) 779-7247 Fax (408) 779-7236
Website Address: www.morgan-hill.ca.gov

MITIGATED NEGATIVE DECLARATION

I. DESCRIPTION OF PROJECT:

Project Title: Sewer Relief Trunk – from Renz Lane to Highland Avenue Project

Project Location: The 6.6-mile sewer trunk line extends from Renz Lane in the City of Gilroy to Highland Avenue within the unincorporated San Martin planning area of the Santa Clara County.

Project Proponent: City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, CA 95037

Project Description: The Sewer Relief Trunk – from Renz Lane to Highland Avenue Project (“Project”) proposes the installation of approximately 6.6 miles of sewer pipeline that would extend from the termination of the previously constructed Harding Avenue segment of the sewer relief trunk located at the intersection of Harding Avenue and Highland Avenue in San Martin, southeast to the previously constructed City of Gilroy segment of the sewer relief trunk located on Renz Lane in Gilroy. The proposed sewer relief trunk alignment would be located mostly within the existing roadway right-of-way, plus a few new utility easements. Generally, the trunk line would be located in the paved roadway, unimproved private roadway, two highway crossings, one railroad crossing, and two waterway crossings.

II. DETERMINATION

In accordance with the City of Morgan Hill procedures for compliance with the California Environmental Quality Act (CEQA), the City has completed an Initial Study to determine whether the proposed project may have a significant adverse effect on the environment. On the basis of that study, the City makes the following determination:

- Although the project, as proposed, could have had a significant effect on the environment, there will not be a significant effect in this case because mitigation measures are included in the project, and, therefore, this **MITIGATED NEGATIVE DECLARATION** has been prepared.

III. CONDITIONS (Mitigation and Conditions of Approval):

A. Air Quality

Impact AIR-2: Construction activities associated with the project could result in emissions of NO_x in excess of Bay Area Air Quality Management District (BAAQMD) thresholds, potentially resulting in a considerable net increase of ground level ozone, a criteria pollutant for which the project region is considered a non-attainment area.

Mitigation Measures: Implementation of the following mitigation measures would reduce the NO_x emissions below the significance threshold:

MM AIR-2.1: During any construction period ground disturbance, the applicant shall ensure that the project contractor implement measures to control dust and exhaust. Implementation of the measures recommended by BAAQMD and listed below would reduce the air quality impacts associated with grading and new construction to a less than significant level. Additional measures are identified to reduce construction equipment exhaust emissions. The contractor shall implement the following best management practices that are required of all projects:

- All exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) shall be watered two times per day.
- All haul trucks transporting soil, sand, or other loose material off-site shall be covered.
- All visible mud or dirt track-out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day. The use of dry power sweeping is prohibited.
- All vehicle speeds on unpaved roads shall be limited to 15 miles per hour (mph).
- All roadways, driveways, and sidewalks to be paved shall be completed as soon as possible. Building pads shall be laid as soon as possible after grading unless seeding or soil binders are used.
- Idling times shall be minimized either by shutting equipment off when not in use or reducing the maximum idling time to five (5) minutes (as required by the California airborne toxics control measure Title 13, Section 2485 of California Code of Regulations [CCR]). Clear signage shall be provided for construction workers at all access points.
- All construction equipment shall be maintained and properly tuned in accordance with manufacturer's specifications. All equipment shall be checked by a certified mechanic and determined to be running in proper condition prior to operation.
- Post a publicly visible sign with the telephone number and person to contact at the Lead Agency regarding dust complaints. This person shall respond and take corrective action within 48 hours. The Air District's phone number shall also be visible to ensure compliance with applicable regulations.

MM AIR-2.2:

The project shall develop a plan demonstrating that the off-road equipment to be used in the construction project and hauling truck traffic would achieve a 20-percent NOx reduction compared to the CalEEMod modeled emissions used in this report. In addition, the plan would reduce diesel particulate matter exhaust emissions from microtunneling activities by 75 percent. Acceptable options for reducing emissions include the use of late model engines, low-emission diesel products, alternative fuels, engine retrofit technology, after-treatment products, add-on devices such as particulate filters, and/or other options as such become available. One feasible plan to achieve this reduction would include the following:

- During all Open Trenching Pavement and No Pavement portions, all diesel-powered off-road equipment, larger than 25 horsepower operating on the site for more than two days continuously shall, at a minimum, meet U.S. EPA emissions standards for Tier 3 engines or equivalent.
- During all Microtunneling portions, all diesel-powered off-road equipment, larger than 25 horsepower, operating on the site for more than two days continuously shall, at a minimum, meet U.S. EPA particulate matter emissions standards for Tier 4 interim engines or equivalent.
- Alternatively, for all portions of construction, the use of equipment meeting U.S. EPA Tier 3 standards for particulate matter that are equipped with CARB-certified Verifiable Diesel Emission Control Devices (VDECs) that altogether achieve an 85 percent reduction in particulate matter exhaust or the use of equipment that includes electric or alternatively-fueled equipment (i.e., non-diesel) would meet this requirement.

B. Biological Resources

Conditions of Approval BIO-1: To avoid and minimize the potential impacts to nesting birds and burrowing owls and maintain compliance with the Migratory Bird Treaty Act (MBTA) and California Fish and Game Code (CFGF), the following conditions of approval are recommended:

- If construction activities are initiated during the nesting season (February 1 – August 31), a nesting bird survey (including for burrowing owl) shall be conducted by a qualified biologist within 14 days prior to the start of construction. In areas of potential burrowing owl habitat, an additional survey shall be completed within 48 hours of the start of construction. If nests are present, exclusion buffers appropriate to the species shall be established by the qualified biologist to prevent impacts to nesting birds. No work shall be completed within the buffers until the biologist determines that young have fledged or the nest becomes inactive.
- If construction activities are initiated outside of the nesting season (September 1 – January 31), pre-construction surveys for over-wintering burrowing owl shall be conducted at the portion of the alignment along West Las Animas Avenue between Monterey Highway and Murray Avenue in the City of Gilroy where ground squirrels were observed to be active. Surveys shall be conducted within 14 days of the start of construction and assess the immediate vicinity of the project area as well as a 250-foot buffer. Surveys shall be conducted by a qualified biologist, and assess extant ground squirrel burrows of suitable size for the presence of burrowing owls or signs of burrowing owl occupancy (i.e. whitewash, pellets, feathers). If burrowing owl are discovered within 250 feet

of areas of construction disturbance, exclusion buffers appropriate to the conditions present shall be established by the qualified biologist. No work shall be completed within the buffers until the burrow has been determined abandoned by a qualified biologist.

C. Cultural Resources

Conditions of Approval CUL-2: I Although it is extremely unlikely that cultural resources, including human remains, would be encountered during construction of the proposed project alignment, the following measures shall be incorporated to ensure potential impacts to cultural resources are avoided:

- If buried or previously unrecognized archaeological deposits or materials of any kind are inadvertently exposed during any construction activity, work within 100 feet/30 m of the find shall cease until a qualified archaeologist can assess the find and provide recommendations for further treatment, as warranted. Construction and potential impacts to the area(s) within a radius determined by the archaeologist should not recommence until the assessment is complete and any mitigation measures warranted are implemented.
- If any human remains are found during any field investigations, grading, or other construction activities, all provisions of California Health and Safety Code Sections 7054 and 7050.5 and Public Resources Code Sections 5097.9 through 5097.99, as amended per Assembly Bill 2641, shall be followed. In the event of the discovery of human remains during construction, there shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent remains. The project applicant shall immediately notify the Santa Clara County Coroner/Medical Examiner's Office. The Coroner will make a determination as to whether the remains are Native American.

If the remains are believed to be Native American, the Coroner shall contact the Native American Heritage Commission (NAHC) within 24 hours. The NAHC will then designate a Most Likely Descendant (MLD). The MLD will inspect the remains and make a recommendation on the treatment of the remains and associated artifacts.

If one of the following conditions occurs, the landowner or his authorized representative shall work with the Coroner to reinter the Native American human remains and associated grave goods with appropriate dignity in a location not subject to further subsurface disturbance:

- o The Native American Heritage Commission is unable to identify a most likely descendent or the most likely descendent failed to make a recommendation within 48 hours after being notified by the Commission.
- o The descendant identified fails to make a recommendation; or
- o The landowner or his authorized representative rejects the recommendation of the descendant, and the mediation by the NAHC fails to provide measures acceptable to the landowner.

D. Geology and Soils

Conditions of Approval GEO-6: The following measures shall be incorporated to ensure potential impacts to paleontological resources are avoided:

- **Discovery of Paleontological Resources.** In the event that a fossil is discovered during construction of the project, excavations within 50 feet of the find shall be temporarily halted or delayed until the discovery is examined by a qualified paleontologist, in accordance with Society of Vertebrate Paleontology standards. The City shall include a standard inadvertent discovery clause in every construction contract to inform contractors of this requirement. If the find is determined to be significant and if avoidance is not feasible, the paleontologist shall design and carry out a data recovery plan consistent with the Society of Vertebrate Paleontology standards.

E. Hazards and Hazardous Materials

Impact HAZ-2: Construction workers and adjacent residences could be exposed to residual contamination in on-site soils.

Mitigation Measures: The following measures shall be implemented during site clearing and grading to reduce exposure to residual concentrations of agricultural chemicals:

MM HAZ-2.1: Prior to construction activities, the project contractor(s) shall implement a Site Management Plan (SMP) and Health and Safety Plan (HSP) for the proposed sewer construction activities, that establishes management practices for handling contaminated soil, soil vapor, groundwater or other materials during construction. The SMP shall be prepared by an Environmental Professional and shall be submitted to the County Department of Environmental Health (DEH) for review and approval prior to the start of construction. The approved SMP shall also be provided to the City of Morgan Hill prior to ground disturbance.

MM HAZ-2.2: Soil materials removed from the site shall be characterized and disposed of according to the California Hazardous Waste Regulations. Contaminated soil that exceeds regulatory thresholds shall be handled by trained personnel using appropriate protective equipment and engineering and dust controls, in accordance with local, state and federal laws. Any contaminated soils that are removed from the site shall be disposed of at a licensed hazardous materials disposal site.

MM HAZ 2.3: If groundwater dewatering is to be conducted, a Dewatering Plan shall be prepared documenting the dewatering method, groundwater sampling and analyses, groundwater treatment (if required), permitting requirements, and discharge location. This plan shall be submitted to the EPA for review and approval prior to construction.

F. Hydrology and Water Quality

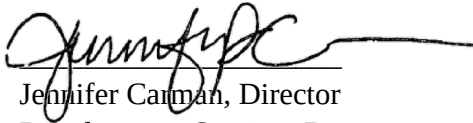
Condition of Approval HYD-1: The project will be required to implement standard measures listed below as a standard condition prior to issuance of a grading permit. Conformance with the measures in the Erosion Control Plan would reduce the potential for substantial adverse impacts to water quality during construction:

- In accordance with the City of Morgan Hill Standard Conditions of Approval and the General National Pollutant Discharge Elimination System Storm Water Permit for Construction Activities,

the project would prepare a Storm Water Pollution Prevention Plan (SWPPP) and an Erosion Control Plan (ECP). The plans will be submitted to the Director of Public Works and Central Coast Regional Water Quality Control Board for review and approval, prior to issuance of a grading permit. The ECP and SWPPP would demonstrate how the project would eliminate or reduce non-stormwater discharges into the stormwater system, how discharges into the stormwater system would be monitored, and what Best Management Practices (BMPs) would be implemented by the project to avoid water quality impacts during construction (e.g., street sweeping, fiber rolls, temporary cover and/or permanent cover) and post-construction periods.

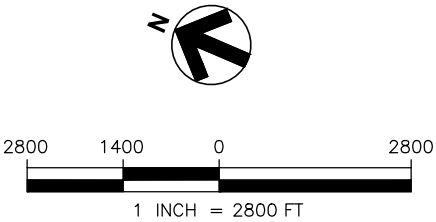
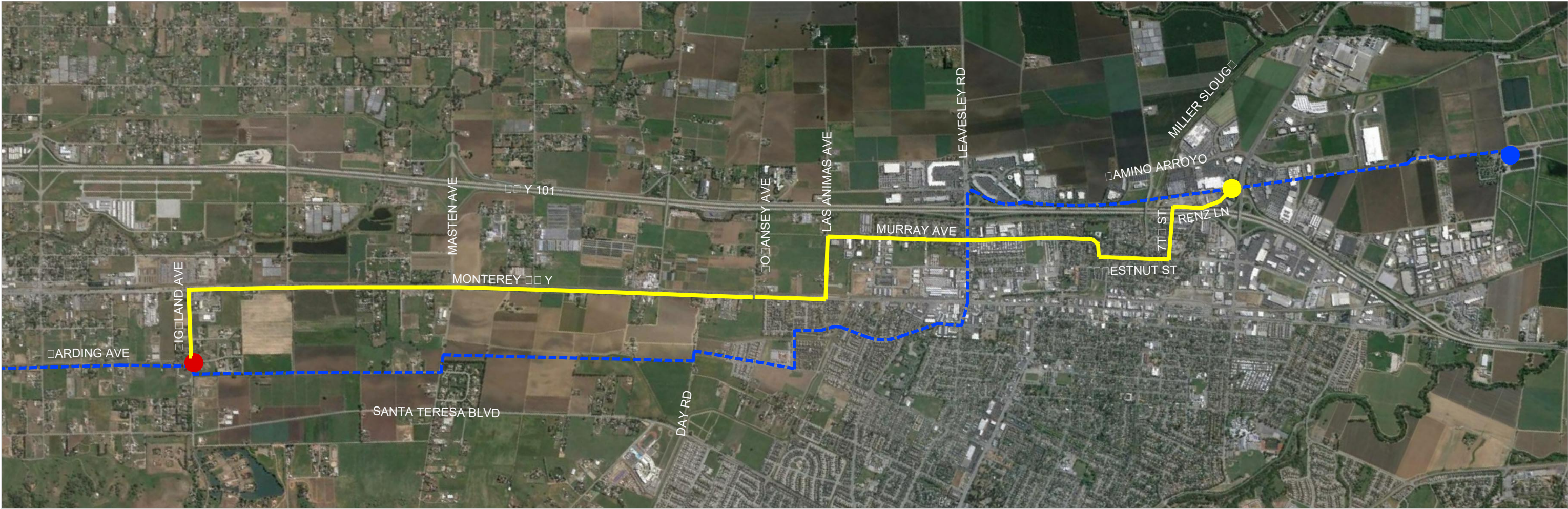
III. FINDING

The City of Morgan Hill Community and Economic Development Director hereby finds that the proposed project could have a significant effect on the environment; however, there would not be a significant effect in this case because mitigation measures summarized above and described in the Initial Study are included in the project.


Jennifer Carman, Director
Development Services Department
City of Morgan Hill

March 10, 2021

Date



- LEGEND:
- EXISTING JOINT SEWER TRUNK
 - SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY WASTEWATER TREATMENT PLANT
 - TRUNK SEWER SOUTH OF HIGHLAND
 - TIE-IN TO HARDING AVE RELIEF SEWER TRUNK
 - TIE-IN TO CITY OF GILROY RELIEF SEWER TRUNK

FIGURE 1
CITY OF MORGAN HILL
TRUNK SEWER SOUTH OF HIGHLAND
PROJECT AREA
Page 516 of 1001



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Keri Russell, Maintenance Coordinator

APPROVED BY: City Manager

APPROVE THE PURCHASE OF THREE CITY TRUCKS

RECOMMENDATION(S)

1. Approve the purchase of three (3) City trucks in the amount of \$102,238 from the National Auto Fleet Group;
2. Authorize the City Manager to execute associated purchase documents;
3. Declare vehicle D02182 to be surplus; and
4. Authorize the disposal of the surplus vehicles in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining Infrastructure

2020-2021 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

The Maintenance Division is proposing to purchase three (3) trucks to replace two (2) vehicles in the current fleet and one (1) additional truck. The new truck will support the Citywide litter cleaning effort. Staff prepared detailed specifications for each of the vehicles based on division needs. The new vehicles are equipped differently depending on the intended use for each vehicle. Examples of specialized equipment includes toolboxes and safety equipment such as warning lights and flashers.

Staff requested quotes from the National Auto Fleet Group, using the Sourcwell cooperative purchasing arrangement. The National Auto Fleet Group provided detailed quotes for each vehicle and equipment and met all the required specifications. The quotes for each vehicle are summarized in Table 1, below.

Staff has reviewed the National Auto Fleet Group quote and has determined that it is accurate and responsive to each request for quote. Staff is therefore recommending the purchase of the three vehicles described herein be awarded to the National Auto Fleet Group and that the purchase be completed using the Sourcwell purchasing

cooperative contract #120716-NAF.

The Sourcewell purchasing arrangement is consistent with Section 3.04.180 of the Morgan Hill Municipal Code, which allows the purchasing officer the authority to join with other public jurisdictions in cooperative purchasing plans or programs, including, but not limited to California Communities Purchasing Program (CCPP), the California Department of General Services (CADGS), the California Multiple Award Schedule (CMAS), the National Association of Counties (NACo), or similar arrangements or plans, as determined by the purchasing officer to be in the City's best interest. Sourcewell (formerly the National Joint Powers Alliance), supports cooperative purchasing by using the buying power of over 50,000 member organizations in government, education and non-profit. The City has previously attempted to purchase vehicles locally at equivalent prices and local vendors have not been able to match pricing or have been non-responsive.

Staff is also recommending that the vehicle D02182 being replaced be declared as surplus to be disposed via auction, to obtain the highest possible revenue from the surplus sale, and keeping vehicle D14182 temporarily as a reserve or a backup for a time being.

Table 1. City Truck Purchases and Replacements

Vehicle Type	Quantity	Quotes	Replacing Vehicle #	Division
2022 Ford F-150 XL 4WD SuperCab 6.5' Box 145" WB with Harbor Equipment	1	\$46,327	D14182	Streets
2020 Ford Ranger XL 2WD SuperCab 6' Box 126.8' WB	2	\$55,911	D02182 New Truck	Recreation Parks
Total Purchase Price	3	\$102,238		

COMMUNITY ENGAGEMENT:

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

ALTERNATIVE ACTIONS:

The Council could choose to not approve the recommended purchase and direct staff to solicit quotes/bids through a formal bidding process.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

There have been no previous actions relating to the purchase of the specific vehicles outlined in the report. The City Council did appropriate funding for the vehicles during the two year budget cycle in June 2020.

FISCAL AND RESOURCE IMPACT:

There are sufficient funds available in the FY 2021-22 budget for the purchase of the replacement vehicles as well as the new vehicle. The vehicle replacement purchases will be funded from the Equipment Replacement Fund (790). The new vehicle purchase will be funded from the Streets Maintenance Budget 010.6100.

The revenue received from the surplus sales will be deposited into the Equipment Replacement Fund to credit towards future replacement vehicles.

CEQA (California Environmental Quality Act):

Not a Project.

Continuing administrative or maintenance activities, including the replacement of equipment, is not a project subject to environmental review.



National Auto Fleet Group

A Division of Chevrolet of Watsonville

490 Auto Center Drive, Watsonville, CA 95076

(855) 289-6572 • (831) 480-8497 Fax

Fleet@NationalAutoFleetGroup.com

12/3/2021

Quote ID#30632 R1

Inga Alonzo
City of Morgan Hill
Public Utilities
100 Edes Court
Morgan Hill, CA 95037

Dear Inga Alonzo,

National Auto Fleet Group is pleased to quote the following vehicle(s) for your consideration.

One (1) New/Unused (2022 Ford F-150 (X1E) XL 4WD SuperCab 6.5' Box 145" WB with Whelen ION T-Series Linear Super-LED Amber Strobe & Whelen 54" Cenator Light Bar + Chassis Handling \$600.00), delivered to your department yard, each for

	(1) Contract Price
Price	\$ 35,615.10
CTEC Quote	\$ 6,280.00
Tax (9.1250%)	\$ 3,822.93
Chassis Handling Fee	\$ 600.00
Tire Fee	\$ 8.75
Total	\$ 46,326.78

-per the attached specifications.

This vehicle(s) is available under the **Sourcewell (Formerly known as NJPA) 091521-NAF.**

Please reference this Contract Number on all Purchase Orders to National Auto Fleet Group.

Payment terms are Net 20 days after receipt of vehicle.

Thank you in advance for your consideration. Should you have any questions, please do not hesitate to call.

Sincerely,

Jesse Cooper
National Fleet Manager
Office (855) 289-6572



Purchase Order Instructions & Resources

In order to finalize your purchase please submit this purchase packet to your governing body for a purchase order approval and submit your purchase order in the following way:

Email: Fleet@NationalAutoFleetGroup.com

Fax: (831) 480-8497

Mail: National Auto Fleet Group

490 Auto Center Drive

Watsonville, CA 95076

We will send a courtesy confirmation for your order and a W-9 if needed.

Additional Resources

Learn how to track your vehicle: www.NAFGETA.com

Use the upfitter of your choice: www.NAFGpartner.com

Vehicle Status: ETA@NationalAutoFleetGroup.com

General Inquiries: Fleet@NationalAutoFleetGroup.com

For general questions or assistance please contact our main office at:

1-855-289-6572

**CALIFORNIA TRUCK EQUIPMENT CO.**

12351 Bellflower Blvd, Downey CA 90242

PH - 562-803-4466 F - 562-803-8795

QUOTE

Sold To:	End User	ctec-truckbody.com	Quote Date	Quote #
City of Morgan Hill Inga Alonzo Corporation Yard 100 Edes Court Morgan Hill, CA 95037			12/2/2021	12965
		Terms	Net 10	
		FOB		
		Rep	EP	

Model Cab	Fuel	Truck Available	Rear wheel	Bed width	Compartment depth	CA
	N/A	n/a	N/A			N/A

PROUDLY PRODUCED - 100% - IN CALIFORNIA - USA

Description	Qty	Total
2022 Ford Ford F150 XL 4WD SuperCab 6.5" Box 145" WB		
Provide and Install Whelen ION T-Series Linear Super-LED Amber Strobe	4	
Provide and install Whelen 54" CENATOR Light Bar, WeCan Series Super-LED, LIN6 - All Amber with (2) Front Takedowns, Alley Lights, and Traffic Advisor	1	
PDI & Delivery Corporation Yard 100 Edes Court Morgan Hill, CA 95037	1	

QUOTE VALID FOR 30 DAYS	Subtotal	\$6,280.00
Order accepted by: _____ Date _____	Tax (10.0%)	\$628.00
Print Name _____ PO # _____	Total	\$6,908.00

**ANY AND ALL WARRANTY WORK WILL BE DONE BY CTEC AT 12351 BELLFLOWER BLVD
DOWNEY , CA - CTEC IS NOT RESPONSABLE FOR ANY WORK DONE BY 3RD PARTIES**

Vehicle Configuration Options

ENGINE	
Code	Description
99B	ENGINE: 3.3L V6 PFDI, -inc: auto start-stop technology and flex-fuel capability (STD)
TRANSMISSION	
Code	Description
44G	TRANSMISSION: ELECTRONIC 10-SPEED AUTOMATIC, -inc: selectable drive modes: normal, ECO, sport, tow/haul, slippery, deep snow/sand and mud/rut (STD)
WHEELS	
Code	Description
64C	WHEELS: 17" SILVER STEEL, (STD)
TIRES	
Code	Description
___	TIRES: 265/70R17 BSW A/T, (STD)
PRIMARY PAINT	
Code	Description
YZ	OXFORD WHITE
PAINT SCHEME	
Code	Description
___	STANDARD PAINT
SEAT TYPE	
Code	Description
AS	BLACK W/MEDIUM DARK SLATE, VINYL 40/20/40 FRONT SEAT
AXLE RATIO	
Code	Description
X26	3.73 AXLE RATIO, (STD)
ADDITIONAL EQUIPMENT	
Code	Description
85A	XL POWER EQUIPMENT GROUP, -inc: Power Door Locks, flip key and integrated key transmitter keyless-entry (includes Autolock), MyKey, Power Glass Sideview Mirrors w/Black Skull Caps, heat and manual-folding, Power Front & Rear Windows, Power Tailgate Lock, Illuminated Entry, Perimeter Alarm

43A	FORD CO-PILOT360 2.0, -inc: Reverse Sensing System, Post-Collision Braking, Reverse Brake Assist, BLIS w/Cross-Traffic Alert
53A	TRAILER TOW PACKAGE, -inc: Towing capability up to TBD lbs, tailgate LED, Class IV Trailer Hitch Receiver, towing capability up to TBD lbs, on 3.3L V6 PFDI engine (99B) and 2.7L EcoBoost engine (99P) or up to TBD lbs, on 3.5L EcoBoost engine (998) and 5.0L V8 engine (995), 7/4-pin connector, class IV trailer hitch receiver, smart trailer tow connector (BLIS w/trailer tow coverage where BLIS is available), Integrated Trailer Brake Controller
53B	CLASS IV TRAILER HITCH RECEIVER, -inc: towing capability up to TBD lbs, on 3.3L V6 PFDI engine (99B) and 2.7L EcoBoost engine (99P) or up to TBD lbs, on 3.5L EcoBoost engine (998) and 5.0L V8 engine (995), 7/4-pin connector, class IV trailer hitch receiver, smart trailer tow connector (BLIS w/trailer tow coverage where BLIS is available)
67T	INTEGRATED TRAILER BRAKE CONTROLLER
59S	LED SIDEVIEW MIRROR SPOTLIGHTS, -inc: high-intensity LED security approach lamps
54R	POWER GLASS HEATED SIDEVIEW MIRRORS, -inc: manual folding, turn signal and black skull caps, Auto-Dimming Rearview Mirror
924	REAR WINDOW FIXED PRIVACY GLASS
57Q	REAR WINDOW DEFROSTER
18B	BLACK PLATFORM RUNNING BOARDS
153	FRONT LICENSE PLATE BRACKET, -inc: Standard in states requiring 2 license plates, optional to all others
96W	TOUGH BED SPRAY-IN BEDLINER
942	DAYTIME RUNNING LAMPS, -inc: Non-controllable
582	RADIO: AM/FM SIRIUSXM W/360L
50S	CRUISE CONTROL
90P	BRIGHT ALUMINUM CROSSBED TOOLBOX, -inc: By Weather Guard, (Model # 127-0-03)
76R	REVERSE SENSING SYSTEM
85H	BACK-UP ALARM SYSTEM
524	SYNC 4 W/ENHANCED VOICE RECOGNITION, -inc: 8" LCD capacitive touchscreen w/swipe capability, wireless phone connection, cloud connected, AppLink w/App catalog, 911 Assist, Apple CarPlay and Android Auto compatibility, digital owners manual, conversational voice command recognition and connected navigation, Note: Navigation services require SYNC 4 and FordPass Connect (optional on select vehicles), complimentary connect service and the FordPass app (see FordPass Terms for details), Customer receives a complimentary 90-day trial of navigation services when an eligible vehicle is added to a member's FordPass account, Trial period begins on the new vehicle warranty start date, At the end of the complimentary period, navigation service will terminate, Connected service and features depend on compatible AT&T network availability, Evolving technology/cellular networks/vehicle capability may limit functionality and prevent operation of connected features, FordPass App, compatible w/select smartphone platforms, is available via a download, Message and data rates may apply, Radio: AM/FM SiriusXM w/360L
	EQUIPMENT GROUP 101A HIGH SAVINGS

OPTION PACKAGE

Code	Description
101A	EQUIPMENT GROUP 101A HIGH, -inc: Reverse Sensing System, XL Power Equipment

Group, Power Door Locks, flip key and integrated key transmitter keyless-entry (includes Autolock), MyKey, Power Glass Sideview Mirrors w/Black Skull Caps, heat and manual-folding, Power Front & Rear Windows, Power Tailgate Lock, Illuminated Entry, Perimeter Alarm, Cruise Control

2022 Fleet/Non-Retail Ford F-150 XL 4WD SuperCab 6.5' Box 145" WB

WINDOW STICKER

2022 Ford F-150 XL 4WD SuperCab 6.5' Box 145" WB		
CODE	MODEL	MSRP
X1E	2022 Ford F-150 XL 4WD SuperCab 6.5' Box 145" WB	\$37,155.00
OPTIONS		
99B	ENGINE: 3.3L V6 PFDI, -inc: auto start-stop technology and flex-fuel capability (STD)	\$0.00
44G	TRANSMISSION: ELECTRONIC 10-SPEED AUTOMATIC, -inc: selectable drive modes: normal, ECO, sport, tow/haul, slippery, deep snow/sand and mud/rut (STD)	\$0.00
64C	WHEELS: 17" SILVER STEEL, (STD)	\$0.00
—	TIRES: 265/70R17 BSW A/T, (STD)	\$0.00
YZ	OXFORD WHITE	\$0.00
—	STANDARD PAINT	\$0.00
AS	BLACK W/MEDIUM DARK SLATE, VINYL 40/20/40 FRONT SEAT	\$0.00
X26	3.73 AXLE RATIO, (STD)	\$0.00
85A	XL POWER EQUIPMENT GROUP, -inc: Power Door Locks, flip key and integrated key transmitter keyless-entry (includes Autolock), MyKey, Power Glass Sideview Mirrors w/Black Skull Caps, heat and manual-folding, Power Front & Rear Windows, Power Tailgate Lock, Illuminated Entry, Perimeter Alarm	INC
43A	FORD CO-PILOT360 2.0, -inc: Reverse Sensing System, Post-Collision Braking, Reverse Brake Assist, BLIS w/Cross-Traffic Alert	\$655.00
53A	TRAILER TOW PACKAGE, -inc: Towing capability up to TBD lbs, tailgate LED, Class IV Trailer Hitch Receiver, towing capability up to TBD lbs, on 3.3L V6 PFDI engine (99B) and 2.7L EcoBoost engine (99P) or up to TBD lbs, on 3.5L EcoBoost engine (998) and 5.0L V8 engine (995), 7/4-pin connector, class IV trailer hitch receiver, smart trailer tow connector (BLIS w/trailer tow coverage where BLIS is available), Integrated Trailer Brake Controller	\$1,090.00
53B	CLASS IV TRAILER HITCH RECEIVER, -inc: towing capability up to TBD lbs, on 3.3L V6 PFDI engine (99B) and 2.7L EcoBoost engine (99P) or up to TBD lbs, on 3.5L EcoBoost engine (998) and 5.0L V8 engine (995), 7/4-pin connector, class IV trailer hitch receiver, smart trailer tow connector (BLIS w/trailer tow coverage where BLIS is available)	INC
67T	INTEGRATED TRAILER BRAKE CONTROLLER	INC
59S	LED SIDEVIEW MIRROR SPOTLIGHTS, -inc: high-intensity LED security approach lamps	\$175.00
54R	POWER GLASS HEATED SIDEVIEW MIRRORS, -inc: manual folding, turn signal and black skull caps, Auto-Dimming Rearview Mirror	\$305.00
924	REAR WINDOW FIXED PRIVACY GLASS	\$100.00
57Q	REAR WINDOW DEFROSTER	\$220.00
18B	BLACK PLATFORM RUNNING BOARDS	\$250.00
153	FRONT LICENSE PLATE BRACKET, -inc: Standard in states requiring 2 license plates, optional to all others	\$0.00
96W	TOUGH BED SPRAY-IN BEDLINER	\$595.00
942	DAYTIME RUNNING LAMPS, -inc: Non-controllable	\$45.00

582	RADIO: AM/FM SIRIUSXM W/360L	INC
50S	CRUISE CONTROL	INC
90P	BRIGHT ALUMINUM CROSSBED TOOLBOX, -inc: By Weather Guard, (Model # 127-0-03)	\$795.00
76R	REVERSE SENSING SYSTEM	INC
85H	BACK-UP ALARM SYSTEM	\$145.00
524	SYNC 4 W/ENHANCED VOICE RECOGNITION, -inc: 8" LCD capacitive touchscreen w/swipe capability, wireless phone connection, cloud connected, AppLink w/App catalog, 911 Assist, Apple CarPlay and Android Auto compatibility, digital owners manual, conversational voice command recognition and connected navigation, Note: Navigation services require SYNC 4 and FordPass Connect (optional on select vehicles), complimentary connect service and the FordPass app (see FordPass Terms for details), Customer receives a complimentary 90-day trial of navigation services when an eligible vehicle is added to a member's FordPass account, Trial period begins on the new vehicle warranty start date, At the end of the complimentary period, navigation service will terminate, Connected service and features depend on compatible AT&T network availability, Evolving technology/cellular networks/vehicle capability may limit functionality and prevent operation of connected features, FordPass App, compatible w/select smartphone platforms, is available via a download, Message and data rates may apply, Radio: AM/FM SiriusXM w/360L	\$325.00
—	EQUIPMENT GROUP 101A HIGH SAVINGS	(\$750.00)
101A	EQUIPMENT GROUP 101A HIGH, -inc: Reverse Sensing System, XL Power Equipment Group, Power Door Locks, flip key and integrated key transmitter keyless-entry (includes Autolock), MyKey, Power Glass Sideview Mirrors w/Black Skull Caps, heat and manual-folding, Power Front & Rear Windows, Power Tailgate Lock, Illuminated Entry, Perimeter Alarm, Cruise Control	\$2,280.00

Please note selected options override standard equipment

SUBTOTAL	\$43,385.00
Advert/ Adjustments	\$0.00
Manufacturer Destination Charge	\$1,695.00
TOTAL PRICE	\$45,080.00

Est City: 19 (2021) MPG
 Est Highway: 22 (2021) MPG
 Est Highway Cruising Range: 506.00 mi

Any performance-related calculations are offered solely as guidelines. Actual unit performance will depend on your operating conditions.

Standard Equipment

MECHANICAL

Engine: 3.3L V6 PFDI -inc: auto start-stop technology and flex-fuel capability
Transmission: Electronic 10-Speed Automatic -inc: selectable drive modes: normal, ECO, sport, tow/haul, slippery, deep snow/sand and mud/rut
3.73 Axle Ratio
GVWR: 6,480 lbs Payload Package
Electronic Transfer Case
Part-Time Four-Wheel Drive
70-Amp/Hr 610CCA Maintenance-Free Battery w/Run Down Protection
200 Amp Alternator
Towing Equipment -inc: Trailer Sway Control
Trailer Wiring Harness
1880# Maximum Payload
Gas-Pressurized Shock Absorbers
Front Anti-Roll Bar
Electric Power-Assist Steering
23 Gal. Fuel Tank
Single Stainless Steel Exhaust
Auto Locking Hubs
Double Wishbone Front Suspension w/Coil Springs
Leaf Rear Suspension w/Leaf Springs
4-Wheel Disc Brakes w/4-Wheel ABS, Front And Rear Vented Discs, Brake Assist, Hill Hold Control and Electric Parking Brake

EXTERIOR

Wheels: 17" Silver Steel
Tires: 265/70R17 BSW A/T
Regular Box Style
Steel Spare Wheel
Full-Size Spare Tire Stored Underbody w/Crankdown
Clearcoat Paint
Black Rear Step Bumper
Black Front Bumper w/Body-Colored Rub Strip/Fascia Accent and 2 Tow Hooks
Black Side Windows Trim and Black Front Windshield Trim
Black Door Handles
Black Manual Side Mirrors w/Convex Spotter and Manual Folding
Fixed Rear Window

Light Tinted Glass

Variable Intermittent Wipers

Aluminum Panels

Black Grille

Tailgate Rear Cargo Access

Reverse Opening Rear Doors

Manual Tailgate/Rear Door Lock

Ford Co-Pilot360 - Autolamp Auto On/Off Aero-Composite Halogen Daytime Running Lights Preference Setting Headlamps w/Delay-Off
--

Cargo Lamp w/High Mount Stop Light

Auto High Beam

ENTERTAINMENT

Radio: AM/FM Stereo w/6 Speakers -inc: auxiliary audio input jack

Radio w/Seek-Scan, Speed Compensated Volume Control and Radio Data System

Fixed Antenna

INTERIOR

Cloth 40/20/40 Front Seat -inc: 2-way manual driver/passenger adjustment and armrest
--

Driver Seat

Passenger Seat

60-40 Folding Split-Bench Front Facing Fold-Up Cushion Rear Seat
--

Manual Tilt/Telescoping Steering Column

Gauges -inc: Speedometer, Odometer, Voltmeter, Oil Pressure, Engine Coolant Temp, Tachometer, Transmission Fluid Temp and Trip Odometer

Fixed Rear Windows

FordPass Connect 4G Mobile Hotspot Internet Access
--

Front Cupholder

Rear Cupholder

Compass

Manual Air Conditioning

HVAC -inc: Underseat Ducts

Locking Glove Box

Interior Trim -inc: Cabback Insulator and Metal-Look Interior Accents

Full Cloth Headliner

Urethane Gear Shifter Material

Day-Night Rearview Mirror

Passenger Visor Vanity Mirror

Full Overhead Console w/Storage and 1 12V DC Power Outlet

Front Map Lights
Fade-To-Off Interior Lighting
Full Vinyl/Rubber Floor Covering
Pickup Cargo Box Lights
Smart Device Remote Engine Start
SYNC 4 -inc: 8" LCD capacitive touchscreen w/swipe capability, wireless phone connection, cloud connected, AppLink w/App catalog, 911 Assist, Apple CarPlay and Android Auto compatibility and digital owners manual
Instrument Panel Bin, Dashboard Storage, Driver / Passenger And Rear Door Bins
Manual 1st Row Windows
Outside Temp Gauge
Analog Appearance
Lane-Keeping System -inc: lane-keeping alert, lane-keeping aid and driver alert
Pre-Collision Assist w/Automatic Emergency Braking -inc: pedestrian detection, forward collision warning and dynamic brake support
Rear View Camera
Seats w/Cloth Back Material
Manual Adjustable Front Head Restraints and Manual Adjustable Rear Head Restraints
Securilock Anti-Theft Ignition (pats) Engine Immobilizer
1 12V DC Power Outlet

SAFETY

AdvanceTrac with Curve Control Electronic Stability Control (ESC) And Roll Stability Control (RSC)
ABS And Driveline Traction Control
Side Impact Beams
Dual Stage Driver And Passenger Seat-Mounted Side Airbags
Tire Specific Low Tire Pressure Warning
Dual Stage Driver And Passenger Front Airbags
Airbag Occupancy Sensor
Safety Canopy System Curtain 1st And 2nd Row Airbags
Outboard Front Lap And Shoulder Safety Belts -inc: Rear Center 3 Point, Height Adjusters and Pretensioners



National Auto Fleet Group

A Division of Chevrolet of Watsonville

490 Auto Center Drive, Watsonville, CA 95076

(855) 289-6572 • (831) 480-8497 Fax

Fleet@NationalAutoFleetGroup.com

12/2/2021

Quote ID#30623

Inga Alonzo
City of Morgan Hill
Public Utilities
100 Edes Court
Morgan Hill, CA 95037

Dear Inga Alonzo,

National Auto Fleet Group is pleased to quote the following vehicle(s) for your consideration.

Two (2) New/Unused (2022 Ford Ranger (R1E) XL 2WD SuperCab 6' Box 126.8" WB)
delivered to your department yard, each for

	(1) MSRP	1) One Unit's	(2) Two Unit's	Total Savings
Contract Price	\$27,550.00	\$ 26,609.76	\$ 51,219.52	\$3,880.48
Tax (9.1250%)		\$ 2,336.89	\$ 4,673.78	
Tire Fee		\$ 8.75	\$ 17.50	
Total		\$ 27,955.40	\$ 55,910.80	

-per your attached specifications:

This vehicle(s) is available under the **Sourcewell (Formerly known as NJPA) 091521-NAF.**

Please reference this Contract Number on all Purchase Orders to National Auto Fleet Group.

Payment terms are Net 20 days after receipt of vehicle.

Thank you in advance for your consideration. Should you have any questions, please do not hesitate to call.

Sincerely,

Jesse Cooper
National Fleet Manager
Office (855) 289-6572
Fax (831) 480-8497



Purchase Order Instructions & Resources

In order to finalize your purchase please submit this purchase packet to your governing body for a purchase order approval and submit your purchase order in the following way:

Email: Fleet@NationalAutoFleetGroup.com

Fax: (831) 480-8497

Mail: National Auto Fleet Group

490 Auto Center Drive

Watsonville, CA 95076

We will send a courtesy confirmation for your order and a W-9 if needed.

Additional Resources

Learn how to track your vehicle: www.NAFGETA.com

Use the upfitter of your choice: www.NAFGpartner.com

Vehicle Status: ETA@NationalAutoFleetGroup.com

General Inquiries: Fleet@NationalAutoFleetGroup.com

For general questions or assistance please contact our main office at:

1-855-289-6572

Vehicle Configuration Options

ENGINE	
Code	Description
99H	ENGINE: 2.3L ECOBOOST, -inc: auto start-stop technology (STD)
TRANSMISSION	
Code	Description
44U	TRANSMISSION: ELECTRONIC 10-SPEED SELECTSHIFT AUTO, (STD)
WHEELS	
Code	Description
64A	WHEELS: 16" SILVER STEEL, (STD)
TIRES	
Code	Description
___	TIRES: P255/70R16 A/S BSW, (STD)
PRIMARY PAINT	
Code	Description
YZ	OXFORD WHITE
PAINT SCHEME	
Code	Description
___	STANDARD PAINT
SEAT TYPE	
Code	Description
QH	EBONY, FRONT CLOTH BUCKET SEATS, -inc: 8-way manual adjustable driver including lumbar, 6-way manual adjustable passenger and manual reclining seats
AXLE RATIO	
Code	Description
___	3.73 AXLE RATIO, (STD)
ADDITIONAL EQUIPMENT	
Code	Description
153	FRONT LICENSE PLATE BRACKET, -inc: Standard in states requiring 2 license plates and optional to all others
17B	FRONT & REAR SPLASH GUARDS/MUD FLAPS
86S	TOUGH BED SPRAY-IN BEDLINER

16E	CARPET FLOORING W/FLOOR MATS
17C	TRAY STYLE FLOOR LINER W/CARPET FLOOR MATS
OPTION PACKAGE	
Code	Description
100A	EQUIPMENT GROUP 100A STANDARD

2022 Fleet/Non-Retail Ford Ranger XL 2WD SuperCab 6' Box 126.8" WB

WINDOW STICKER

2022 Ford Ranger XL 2WD SuperCab 6' Box 126.8" WB

CODE	MODEL	MSRP
R1E	2022 Ford Ranger XL 2WD SuperCab 6' Box 126.8" WB	\$25,285.00
OPTIONS		
99H	ENGINE: 2.3L ECOBOOST, -inc: auto start-stop technology (STD)	\$0.00
44U	TRANSMISSION: ELECTRONIC 10-SPEED SELECTSHIFT AUTO, (STD)	\$0.00
64A	WHEELS: 16" SILVER STEEL, (STD)	\$0.00
—	TIRES: P255/70R16 A/S BSW, (STD)	\$0.00
YZ	OXFORD WHITE	\$0.00
—	STANDARD PAINT	\$0.00
QH	EBONY, FRONT CLOTH BUCKET SEATS, -inc: 8-way manual adjustable driver including lumbar, 6-way manual adjustable passenger and manual reclining seats	\$0.00
—	3.73 AXLE RATIO, (STD)	\$0.00
153	FRONT LICENSE PLATE BRACKET, -inc: Standard in states requiring 2 license plates and optional to all others	\$0.00
17B	FRONT & REAR SPLASH GUARDS/MUD FLAPS	\$130.00
86S	TOUGH BED SPRAY-IN BEDLINER	\$495.00
16E	CARPET FLOORING W/FLOOR MATS	\$145.00
17C	TRAY STYLE FLOOR LINER W/CARPET FLOOR MATS	\$200.00
100A	EQUIPMENT GROUP 100A STANDARD	\$0.00

Please note selected options override standard equipment

SUBTOTAL	\$26,255.00
Advert/ Adjustments	\$0.00
Manufacturer Destination Charge	\$1,295.00
TOTAL PRICE	\$27,550.00

Est City:
Est Highway:
Est Highway Cruising Range:

Any performance-related calculations are offered solely as guidelines. Actual unit performance will depend on your operating conditions.

Standard Equipment

MECHANICAL

Engine: 2.3L EcoBoost -inc: auto start-stop technology
Transmission: Electronic 10-Speed SelectShift Auto
3.73 Axle Ratio
GVWR: 6,050 lbs
50-State Emissions System
Transmission w/Driver Selectable Mode
Rear-Wheel Drive
70-Amp/Hr 700CCA Maintenance-Free Battery w/Run Down Protection
150 Amp Alternator
Towing Equipment -inc: Trailer Sway Control
Trailer Wiring Harness
1905# Maximum Payload
Gas-Pressurized Shock Absorbers
Front Anti-Roll Bar
Electric Power-Assist Speed-Sensing Steering
18 Gal. Fuel Tank
Single Stainless Steel Exhaust
Short And Long Arm Front Suspension w/Coil Springs
Leaf Rear Suspension w/Leaf Springs
4-Wheel Disc Brakes w/4-Wheel ABS, Front Vented Discs, Brake Assist and Hill Hold Control

EXTERIOR

Wheels: 16" Silver Steel
Tires: P255/70R16 A/S BSW
Regular Box Style
Steel Spare Wheel
Full-Size Spare Tire Stored Underbody w/Crankdown
Clearcoat Paint
Black Front Bumper w/Black Rub Strip/Fascia Accent
Black Rear Step Bumper
Black Wheel Well Trim
Black Side Windows Trim and Black Front Windshield Trim
Black Door Handles
Black Manual Side Mirrors w/Manual Folding
Fixed Rear Window
Light Tinted Glass

Variable Intermittent Wipers
Galvanized Steel/Aluminum Panels
Black Grille
Front License Plate Bracket
Reverse Opening Rear Doors
Tailgate Rear Cargo Access
Manual Tailgate/Rear Door Lock
Autolamp Auto On/Off Projector Beam Halogen Daytime Running Lights Preference Setting Headlamps w/Delay-Off
Cargo Lamp w/High Mount Stop Light

ENTERTAINMENT

Radio: AM/FM Stereo -inc: Bluetooth pass thru and 1 USB port
Radio w/Seek-Scan, Clock, Speed Compensated Volume Control, Aux Audio Input Jack, Steering Wheel Controls and External Memory Control
Streaming Audio
Integrated Roof Antenna
4 Speakers
2 LCD Monitors In The Front

INTERIOR

Driver Seat
Passenger Seat
Removable Full Folding Bench Front Facing Fold-Up Cushion Rear Seat
Manual Tilt/Telescoping Steering Column
Gauges -inc: Speedometer, Odometer, Voltmeter, Oil Pressure, Engine Coolant Temp, Transmission Fluid Temp, Trip Odometer and Trip Computer
Fixed Rear Windows
FordPass Connect 4G Mobile Hotspot Internet Access
Front Cupholder
Rear Cupholder
Compass
Manual Air Conditioning
HVAC -inc: Underseat Ducts
Locking Glove Box
Interior Trim -inc: Cabback Insulator and Chrome Interior Accents
Full Cloth Headliner
Urethane Gear Shifter Material
Front Cloth Bucket Seats -inc: 8-way manual adjustable driver including lumbar, 6-way manual adjustable passenger and manual reclining seats

Day-Night Auto-Dimming Rearview Mirror
3 12V DC Power Outlets
Fade-To-Off Interior Lighting
Full Vinyl/Rubber Floor Covering
Pickup Cargo Box Lights
Smart Device Remote Engine Start
Tracker System
Instrument Panel Bin, Dashboard Storage, Driver / Passenger And Rear Door Bins and 2nd Row Underseat Storage
Power 1st Row Windows w/Driver 1-Touch Up/Down
Delayed Accessory Power
Power Door Locks
Trip Computer
Analog Appearance
Manual w/Tilt Front Head Restraints and Manual Adjustable Rear Head Restraints
Securilock Anti-Theft Ignition (pats) Engine Immobilizer

SAFETY

AdvanceTrac w/Roll Stability Control Electronic Stability Control (ESC) And Roll Stability Control (RSC)
ABS And Driveline Traction Control
Side Impact Beams
Dual Stage Driver And Passenger Seat-Mounted Side Airbags
Ford Co-Pilot360 - Pre-Collision Assist with Automatic Emergency Braking (AEB)
Collision Mitigation-Front
Tire Specific Low Tire Pressure Warning
Dual Stage Driver And Passenger Front Airbags
Safety Canopy System Curtain 1st And 2nd Row Airbags
Airbag Occupancy Sensor
Mykey System -inc: Top Speed Limiter, Audio Volume Limiter, Early Low Fuel Warning, Programmable Sound Chimes and Beltminder w/Audio Mute
Outboard Front Lap And Shoulder Safety Belts -inc: Height Adjusters and Pretensioners
Dynamic Hitch Assist Back-Up Camera



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Inga Alonzo, Management Analyst

APPROVED BY: City Manager

APPROVE THE PURCHASE OF UTILITIES DIVISION REPLACEMENT DUMP TRUCK AND AUTHORIZE THE CITY MANAGER TO APPROVE PURCHASE OF THREE UTILITY VEHICLES AS THEY BECOME AVAILABLE

RECOMMENDATION(S)

1. Approve the purchase of a 2022 Kenworth T270 dump truck from NorCal Kenworth in the amount of \$117,410.27 to replace vehicle W01119;
2. Authorize the City Manager to approve purchase of three Utilities Division vehicles as they become available for sale; and
3. Authorize the disposal of the surplus vehicle W01119 in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining Infrastructure

2020-2021 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Water System Master Plan

REPORT NARRATIVE:

Staff prepared detailed specifications for four Utility Division vehicles scheduled for replacement in Fiscal Year (FY) 2021-22 based on Division needs and requested quotes from the National Auto Fleet Group using a Sourcewell cooperative purchasing agreement. However, the request was met with no responses as there is no inventory nor the ability to order the needed vehicles at this time due to pandemic related manufacturing and supply issues. The National Auto Fleet group encompasses many manufacturers such as Ford, Chevrolet, and Dodge but had no vehicles comparable to a Ford F-250 and above to offer. Three of the four vehicles needed for replacement are Ford F-450's or comparable vehicles that would be upfitted with needed equipment to

do specific field work. City staff spent significant time reviewing alternative vehicle options but were unable to find any available vehicles with ordering options.

The fourth vehicle scheduled for replacement is a 2001 Dump Truck. City staff engaged the local NorCal Kenworth dealership on the availability of high capacity dump trucks. There was one vehicle on the lot that met the minimal needs of the City and a quote was requested. Staff received an email the next day that the vehicle had been sold. NorCal Kenworth representatives then informed staff that another vehicle was due to arrive at the end of January, but an immediate deposit would be necessary to hold the vehicle. Staff was able to put down a five percent refundable deposit that day, Friday, December 3. Kenworth does not expect any more inventory for the next 12-15 months. The current Dump Truck is 20 years old and has high use and a limited life expectancy. Therefore, staff recommends the Council approve the purchase of this dump truck from NorCal Kenworth, which is a Morgan Hill business. The Municipal Code allows for the City Council to approve a purchase without a competitive bid upon a determination that competitive bids would not be likely to result in a lower price to the city or would cause unnecessary expense or delay under the circumstances. Staff is also recommending that the vehicle being replaced be declared as surplus to be disposed of via auction, to obtain the highest possible revenue from the surplus sale.

Because of the unprecedented nature of market conditions for vehicles, staff is also recommending that the City Manager be given authority to approve future purchase of the other three water utility vehicles for FY21-22 if staff finds available vehicles this fiscal year that meet the needs of the City and is within the already approved budget of \$360,000 for these three replacement vehicles. This will give staff the needed flexibility to hold and purchase a vehicle if and when one is found. If staff is unable to find vehicles, we will defer the purchases to next fiscal year.

COMMUNITY ENGAGEMENT:

Not Applicable

The replacement of equipment and vehicles are necessary functions to support basic operations within the Utilities Division and therefore no community engagement was necessary.

ALTERNATIVE ACTIONS:

1. The Council could choose not to approve the recommended purchase. However, continued use of outdated equipment may impact operations.
2. The Council could choose not to grant the City Manager authority to purchase the remaining needed vehicles as they become available. However, this may impact the ability of staff to timely replace vehicles given the nature of the current market.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

There have been no previous actions relating to the purchase of these specific vehicles and equipment outlined in the report. The City purchases replacement vehicles and equipment annually and funding for the purchase was appropriated with the adoption of the Fiscal Year 2020-21 and 2021-22 Biennial Budget.

FISCAL AND RESOURCE IMPACT:

The vehicle replacement purchases are included in the FY 2021-22 budget within the Equipment Replacement Fund (790), in which adequate funds are set aside for these replacements. The revenue received from the surplus sales of vehicles and equipment will be deposited into the Equipment Replacement Fund, to credit towards future replacement vehicles.

CEQA (California Environmental Quality Act):

Not a Project

Vehicle replacement is an administrative program that will not result in a change to the physical environment. This action is not a project under the California Environmental Quality Act.



NorCal Kenworth BAY AREA
1755 ADAMS AVENUE, SAN LEANDRO - 94577
TELEPHONE: (510) 836-6100 FAX: (510) 836-2551

PURCHASE ORDER

NorCal Kenworth SACRAMENTO
707 DISPLAY WAY, SACRAMENTO - 95838
TELEPHONE: (916) 371-3372 FAX: (916) 371-0737

NorCal Kenworth MORGAN HILL
16715 CONDIT ROAD, MORGAN HILL - 95037
PH: (408) 842-5383 FAX: (408) 843-9699

NorCal Kenworth ANDERSON
20769 INDUSTRY ROAD, ANDERSON - 96007
PH: (530) 222-1212 FAX: (530) 722-0934

NAME City Of Morgan Hill

DATE 12/8/2021

ADDRESS 100 Edes Court, Morgan Hill, Ca. 95037

TELEPHONE 408-310-4182

PLEASE ENTER MY ORDER AS FOLLOWS:

Minimum Order 1	☒ NEW ☐ USED	YEAR 2023	MAKE KW	MODEL T280	NUMBER OF AXLES 2	COLOR White	USED TRK NUMBER	SALESPERSON Jason Williamson
MILEAGE	WEIGHT 35000	LICENSE NUMBER	EXPIRATION	Approximate Delivery Date End of January		SERIAL NUMBER 2NKHMM6XXNM129296		
BODY DESCRIPTION 10' 5-7 Yaed Dump Body				COUNTY Santa Clara				
REMARKS						Sale Price per unit		\$105,995.00
								\$0.00
2022 Kenworth T270 152" Wheelbase / PX7 Engine 300 HP / 660 Ft. Lbs. Trq.								\$0.00
Allison 3000 Series RDS 6 Speed Auto. Transmission								\$0.00
						Extended Warranty Charges		\$0.00
						Out of State Delivery to Reno NV		\$0.00
Truck is Class C 26,000 LBS. GVWR When Hauling Trailer Cannot Exceed 35,000 GCWR						SUBTOTAL		\$105,995.00
						FEDERAL EXCISE TAX (12%)		\$0.00
						SALES TAX 9.125%		\$9,679.80
						DMV Fee's 35,000 GVWR		\$1,639.97
						DOC FEES		\$85.00
						TIRES		\$10.50
						TOTAL PRICE		\$117,410.27
DEPOSIT ☒ CHECK ☐ CREDIT CARD						5% DEPOSIT AMOUNT OF \$5858 TO HOLD TRUCK		\$0.00
TRADE INFORMATION								
YEAR	MAKE	MODEL	NUMBER OF AXLES	SERIAL NUMBER	MILEAGE	WEIGHT		
						APPRAISAL DATE		
TRADE ALLOWANCE AS APPRAISED			TRADE PAYOFF		No Trades			\$0.00
Legal Owner:								
						Unpaid Balance per Chassis		\$117,410.27

Your signature and subsequent acceptance by the Branch Manager creates a potential sale of this vehicle subject to your providing verifiable financing in place within 7 working days hereof.

PURCHASERS CERTIFICATION

1. I hereby certify that this order includes all of the terms and conditions on both the face and reverse side hereof, that this order cancels and supersedes any prior agreement and as of the date hereof comprises the complete and exclusive statement on the terms of the agreement relating to the subject matters covered hereby, and

2. I have reviewed this order and fully understand that my new unit will be equipped only with the optional equipment specifically listed on the face of this order plus all standard equipment as designated by the manufacturer at time of delivery; and

3. I certify that I am of legal age to execute binding contracts in these state. I have read the printed matter on the front and back hereof, and agree to it as a part of this order the same as if it were printed above my signature.

* SALE PENDING CITY OF MH COUNCIL APPRIOVAL * DEPOSIT REFUNDABLE

THIS ORDER IS NOT VALID UNLESS SIGNED AND ACCEPTED BY THE DEALER OR AN AUTHORIZED MANAGER

APPROVED JASON WILLIAMSON
Dealer or Authorized Representative

Signed _____ Purchaser
Purchaser's Name _____
Street _____
Address _____
City, State and Zip _____ County _____
Business Phone _____



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Chris Ghione, Public Services Director

APPROVED BY: City Manager

APPROVE UTILITY BOX ART AT EAST DUNNE AND MURPHY AVE

RECOMMENDATION(S)

1. Approve public art at one new utility box location; and
2. Authorize the City Manager to enter and administer necessary agreements to complete the project.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community

Enhancing Diversity and Inclusiveness

REPORT NARRATIVE:

Ten City owned traffic signal utility boxes were painted by artists through a project by Leadership Morgan Hill in 2018. Following the initial program by Leadership Morgan Hill, the Library, Culture and Arts Commission developed a program to pair sponsors with local artists to continue painting additional utility boxes within the City.

The Commission has identified another sponsor and artist to paint another utility box. Artist Crystal Riley has proposed painting an additional traffic signal utility box. Crystal is a local Morgan Hill Artist that is proposing artwork tied to the inspirational messages “it is together as mothers we water the seeds of future generations” and “help them grow”. Sponsorship by the Morgan Hill Mom Community has been received by the City to support Crystal’s project.

Per the City’s Public Art Policy, the Library, Culture and Arts Commission must make a recommendation to the City Council for the approval of the public art. The Commission recommended approval of the art at the December 7, 2021 meeting. The art proposal is included as Attachment 1 for review by the Council. The artwork would be installed on the traffic signal utility box at the intersection of East Dunne and Murphy Avenues.

COMMUNITY ENGAGEMENT:

Empower

The program has been primarily managed by the volunteers on the Commission and the project was brought forward by a local artist who identified a sponsor for the work.

ALTERNATIVE ACTIONS:

The City Council could choose to not approve the project, provide for direction on changes to the artwork, or provide other alternate direction to staff and the Commission.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Library, Culture and Arts Commission has recommended approval of the artwork. The City Council previously approved artwork for the initial Utility Box Art Program on July 25, 2018. More recently, the Council approved artwork on the utility box art at Butterfield Boulevard and East Dunne Avenue on April 21, 2021.

FISCAL AND RESOURCE IMPACT:

The project will be funded by the \$800 sponsorship provided by the Morgan Hill Mom Community. This will include payment to the artist and funding of the anti-graffiti coating over the artwork. The implementation of a utility box art program is in the approved Library, Culture and Arts Commission Work Plan, with planned support from Community Services Department staff.

CEQA (California Environmental Quality Act):

Categorical Exemption

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



Morgan Hill 'Art & Inspiration' Utility Box Art Program - Phase 2 Artist Application

Thank you for your interest in the Morgan Hill Art & Inspiration Phase 2 project. Please submit this completed application, artwork description, sample pdf/jpeg of artist previously finished work and a color rendering of the proposed artwork on the attached design template. All artists must submit a signed release of liability.

Submit Completed Materials by Email to: ArtInspirationMH@gmail.com

Artist Information

Artist Name: Crystal Riley

Address: [REDACTED]

City: Morgan Hill State: CA Zip Code: 95037

Email (Required): [REDACTED]

Phone: [REDACTED]

Website (If available): _____

Artist Biography (Up to 150 words)

I am a Morgan Hill local & lifer. All my life I've been an artist. I dabble in many mediums but my love is painting. I have 2 awesome sons (Kyro & Salem). I attended The Art Institute w/ a bachelors in animation and fine arts. With this project I hope to capture and represent the Morgan Hill Moms community. We as mothers together in this town are strong and unified! They so believed in me and this project, together as a whole raised the sponsorship money overnight!

Artwork Description:

Inspirational message:

"it is together as mothers we water the seeds of future generations." & "Help them grow"

Description of artwork interpreting the message:

My work will be a simple yet sweet silhouette of a mother cradling a child. Within the silhouette will be a view of El Toro @ dusk. Around the mother will be a plethora of local wild flowers blooming and encompassing the mother. I want the flowers to be tall and plentiful. Its meant to be a representation of all the beautiful strong mamas within this community. Loving our little ones, while they bloom & blossom.

Box Location Preference (Mark 1 as the highest, 6 as the lowest)

- 4 Monterey Rd & Old Monterey Rd (near the old fire station)
- 6 Monterey Rd & Wright Ave
- 5 Monterey Rd & Madrone Pkwy
- 3 Monterey Rd & Spring Ave
- 1 Butterfield Blvd Avenue & Dunne (near Frank's Plumbing)
- 2 Butterfield Blvd & Diana Ave (near the courthouse)

Additional Documents:

The following documents should be included and attached in PDF format.

1. Box Template with Artwork Design (Required)
2. PDF of images of prior artwork by artist

Agreement to terms of Artist Agreements:

I understand that if selected that prior to commencing work on the Utility Box Art Program I will be required to sign and execute the City of Morgan Hill Artist Agreement. I further understand that during the selection and review process the materials I have submitted will be made public through the review process.

Captal Riley
Artist Signature

10/8/2021
Date



Back

Front



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Michael Horta, Human Resources Director

APPROVED BY: City Manager

APPROVE MEMORANDUM OF UNDERSTANDING (MOU) WITH THE COMMUNITY SERVICE OFFICERS' ASSOCIATION AND CORRESPONDING SALARY SCHEDULES

RECOMMENDATION(S)

Approve a Memorandum of Understanding (MOU) with CSOA effective December 26, 2021 – December 31, 2023 and corresponding salary schedules

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Fostering a Positive Organizational Culture

Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

The City's negotiating team and the CSOA bargaining unit have reached an agreement related to the Memorandum of Understanding (MOU) for an additional two-year contract period. The new terms for the MOU are December 26, 2021 through December 31, 2023.

The CSOA agreement was ratified by CSOA members on Friday, December 10, 2021. The agreement falls within the negotiating economic parameters given by the City Council. These parameters were based on the "Employee Compensation Guiding Principles" that were adopted by the City Council on May 17, 2017, which included seven guiding principles, including: (1) recruitment and retention, (2) fiscal sustainability, (3) compensation structure, (4) market-based compensation, (5) internal equity, (6) transparency and accountability, and (7) legal compliance.

The total compensation package offered to Association members is competitive with that of our twelve local comparator government employers in this region and provides incentive for employees to continue employment with the City of Morgan Hill. The compensation and benefits provided to our employees allow the City to continue to

recruit and retain a quality workforce.

At the time of this staff report, the City and the CSOA unit were finalizing the agreement language. The final documents and salary schedules will be made available as a supplement, prior to the City Council meeting of December 15, 2021. All provisions included in the CSOA MOU, which affect wages, shall be implemented December 26, 2021.

A summary of the major components of the recommended CSOA MOU is provided below:

- **Base Salary Increases**

4% effective December 26, 2021

2.5% effective the pay period including January 1, 2023

- **Retirement Contribution:** Effective July 1, 2022, Union members will share the employer's CalPERS contribution rate at 6.12%. The employee's contribution towards employer's share of pension cost will be capped at 6.12%. The City and Union members agree to split any rate decreases below the FY 2022-23 employer's CalPERS contribution rate of 28.77% at a 50/50 ratio.
- **Health:** The City will contribute (monthly) to the City's medical and dental plans as follows:

	2022	2023
Employee + Family	\$2,215	\$2,326
Employee + 1	\$1,785	\$1,874
Employee Only	\$840	\$882
Health In-Lieu (waive)	\$715	\$715

- **Education Incentive:** Applies to all unit members

5% - Intermediate P.O.S.T. Dispatch Certificate and/or A.A. or A.S. Degree

7.5% - Advanced P.O.S.T. Dispatch Certificate and/or B.A. or B.S. Degree

COMMUNITY ENGAGEMENT:

Inform

The Human Resources Team will post the approved CSOA MOU and corresponding salary schedules on the Human Resources website page as is the City's practice for all labor agreements and salary information.

ALTERNATIVE ACTIONS:

The City Council could decide not to approve the CSOA MOU and direct staff to continue with labor negotiations.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On December 5, 2018, the City Council approved a three-year CSOA MOU from December 30, 2018 – December 31, 2021, and corresponding salary schedules.

FISCAL AND RESOURCE IMPACT:

The fiscal impact of the CSOA MOU is within the City Council's approved parameters. The total cost for the two-year term is estimated at about \$80,000 more than budget or about \$20,000 for the current FY 2021-22. Staff anticipates savings from vacancies will sufficiently cover the net cost through the term. Therefore, no budgetary appropriations are needed at this time.

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.



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: December 15, 2021

PREPARED BY:

Angie Gonzalez, Council Services Assistant

APPROVED BY: City Manager

APPROVE THE NOVEMBER 17, 2021 MEETING MINUTES

RECOMMENDATION(S)

Approve Minutes

DRAFT



Meeting Minutes City Council

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

Wednesday, November 17, 2021 6:00 pm

Virtual Meeting

SPECIAL/REGULAR MEETING

A special meeting of the City Council was called at 6:00 p.m. for the purpose of conducting a closed session.

6:00 p.m. Closed Session

7:00 p.m. Regular Meeting

SPECIAL MEETING

6:00 p.m. Closed Session

CALL TO ORDER

Mayor Constantine called the meeting to order at 6:00 p.m.

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow called the roll.

Attendee Name	Title	Status	Arrived
Rich Constantine	Mayor	Remote	
John McKay	Mayor Pro Tem	Remote	
Gino Borgioli	Council Member	Remote	

Yvonne Martinez Beltran	Council Member	Remote	
Rene Spring	Council Member	Remote	

DECLARATION OF POSTING AGENDA

City Clerk Michelle Bigelow declared the posting of the agenda.

CLOSED SESSION

City Attorney Donald Larkin announced the closed session items.

OPPORTUNITY FOR PUBLIC COMMENT

Public comment opened at 6:01 p.m. There being no requests to speak, public comment closed.

ADJOURN TO CLOSED SESSION

The meeting adjourned to closed session at 6:02 p.m.

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Authority: Government Code 54957(b)(1)

Title: City Manager

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Authority: Government Code 54957(b)(1)

Title: City Attorney

REGULAR MEETING

7:00 p.m.

The regular meeting convened at 7:03 p.m.

PRESENTATIONS

YAC PRESENTATION- ASSET # 34- CULTURAL COMPETENCE

PROCLAMATIONS

Proclaiming the month of November 2021 as Family Court Awareness Month

Proclaiming the month of November 2021 as Alzheimer's Awareness Month

Proclaiming the month of November 2021 as Native American Heritage Month

CITY COUNCIL REPORTS

Mayor Pro Tem McKay spoke regarding the League of California Cities. He is on the Board of Directors of the Peninsula Division. They are going to have a retreat in a couple weeks where they will plan the year's activities. At this retreat, where there are 36 cities being represented, there will be three City Managers, one of them being Christina Turner. He is also appointed to the Housing, Community, and Economic Development Policy Committee and the Transportation, Communication, and Public Work's Committees. These committees are important because they are where they get to air out legislation that can impact our state. They have had success in convincing the Board of Directors to go to Sacramento and lobby for

interest in our local community. He shared that Jackson Oaks Academy of Math and Music held a grand opening for an incredible multipurpose room, they are bringing the arts back into our schools and this facility will be a wonderful place for our community's children to learn about music and the arts. He reported that the South County Youth Task Force, discussed an increase in violence in our schools, they are working on developing diversion programs and trying to bring more stability to our schools.

CITY MANAGER'S REPORT

City Manager Christina Turner spoke to the evening's supplements and presentations. She reminded the community that, because of the drought, watering is only permitted on Wednesday's and that there is no need to water if it has been raining. She announced that October 2021 production was nearly 57 million gallons less than October of last year, that is a 22% reduction. We continue to see the lowest monthly water production since 2015 and substantially lower than what we experienced from 2000-2013. We need to remember that Morgan Hill, unlike other cities, went to a permanent reduction in our watering schedule after the last drought. It is really difficult for our community to demonstrate further reduction because we have made those savings permanent. While this aligns with the State's push to make water conservation a way of life and is consistent with state goals, it does reduce our ability to further reduce water consumption during droughts. It is likely that the state will establish a new mandatory regulation on this issue if the drought continues. She shared that City Clerk Michelle Bigelow will be at the Starbucks on Cochrane Rd. on Saturday November 20, 2021, starting at 8:30 a.m. to meet with the community about redistricting. She announced that there is an online redistricting tool available and can be found along with instruction on our website. She concluded by sharing that there is a Community Meeting on Thursday, November 18, 2021, at 6:00 p.m. regarding The Magnolias Multi Family Housing Project. The meeting is being hosted by First Community Housing. This is a 66-unit affordable multi-family housing project that will be located at 17965 Monterey St.

CITY ATTORNEY'S REPORT

Mayor Constantine announced that there was no reportable action from the Closed Session.

City Attorney Donald Larkin shared that the City Council met in closed session on two items which were performance evaluations of the City Manager and the City Attorney. He noted that the Council did not meet in closed session on any of the labor negotiation matters. Two of the three bargaining units have reached full agreements with the City, those are on the agenda for action tonight. The third, represented by the Community Services Officers Association, is anticipated to come before the Council at the first meeting in December.

OTHER REPORTS

None

PUBLIC COMMENT

Public Comment opened at 7:30 p.m. The following people were called to speak:

Roberto Aguirres

Diane Lockwood

Perla Flores

Joe Baranowski

Dave Matthews

Armando Benavides

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

ADOPTION OF AGENDA

MOTION:

Adopting the agenda as posted.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Rene Spring, Council Member
SECONDER:	John McKay, Mayor Pro Tem
AYES:	Constantine, McKay, Borgioli, Martinez Beltran, Spring

CONSENT CALENDAR

MOTION:

Approving consent calendar items 1 through 3 and 5 through 7.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Rene Spring, Council Member
SECONDER:	John McKay, Mayor Pro Tem
AYES:	Constantine, McKay, Borgioli, Martinez Beltran, Spring

1. ACCEPT RESIGNATION OF PLANNING COMMISSIONER JUAN MIGUEL MUNOZ MORRIS

Recommendation:

1. Accept Juan Miguel Munoz Morris' resignation from the Planning Commission effective immediately; and
2. Direct the City Clerk to continue recruitment efforts to fill an unexpired term ending June 2023, on the Planning Commission.

2. ADOPT RESOLUTION AUTHORIZING THE GRANT APPLICATION, ACCEPTANCE, AND EXECUTION FOR THE FY 2021/2022 DROUGHT RELIEF WATER SUPPLY PROJECT

Recommendation:

Adopt resolution to:

1. Authorize the grant application, acceptance, and execution for the FY 2021/2022 Drought Relief Water Supply Project; and
2. Authorize the City Manager to execute documents required to apply and accept the grant for the City.

3. APPROVE CONSULTANT AGREEMENT WITH SANDIS CIVIL ENGINEERS SURVEYORS PLANNERS IN THE AMOUNT NOT TO EXCEED \$260,500 FOR ENGINEERING DESIGN SERVICES FOR JACKSON OAKS AND EL TORO UTILITY ACCESS ROADS DESIGN

Recommendation:

1. Adopt resolution amending the Fiscal Year 2021-22 Adopted CIP Budget to appropriate \$200,000 from the Sewer Capital Improvements Project Fund (Fund 643) for Engineering Services for Jackson Oaks Access Roads Design, and \$60,500 from the Water Capital Improvements Project Fund (Fund 653) for Engineering Services for El Toro Access Roads Design; and
2. Authorize the City Manager to execute a consulting agreement with Sandis Civil Engineers Surveyors Planners in the not to exceed amount of \$260,500 for Engineering Services for Jackson Oaks and El Toro Access Roads Design.

4. ITEM PULLED FOR DISCUSSION

5. APPROVE MEMORANDUM OF UNDERSTANDING (MOU) WITH THE AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES (AFSCME), MOU WITH MORGAN HILL POLICE OFFICERS' ASSOCIATION (POA) AND CORRESPONDING SALARY SCHEDULES; AND APPROVE MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEES RESOLUTION, PART-TIME TEMPORARY AND SEASONAL EMPLOYEES SALARY SCHEDULE

Recommendation:

1. Approve a Memorandum of Understanding (MOU) with AFSCME effective December 26, 2021 – December 31, 2023 and corresponding salary schedules;
2. Approve a MOU with POA effective December 26, 2021 - December 31, 2023 and corresponding salary schedules;
3. Approve the Management, Professional, and Confidential Employees Resolution effective December 26, 2021 and corresponding salary schedules; and
4. Approve the Part-Time Temporary and Seasonal Employees salary schedule effective January 1, 2022.

6. APPROVE THE NOVEMBER 3, 2021 MEETING MINUTES

Recommendation:

Approve Minutes.

7. RECEIVE REPORT REGARDING UPCOMING 2022 COMMISSION VACANCIES - PER MADDY ACT

Recommendation:

Receive report.

ITEMS PULLED FOR DISCUSSION

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

Recommendation:

Approve an exemption to the Street Tree Master Plan for the installation of Olive trees to replace Black Locust trees in the Downtown near First Street.

Public Services Director Chris Ghione provided the report.

Public comment opened.

Armando Benavides was called to speak.

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

MOTION:

Approving the recommended action.

RESULT:	APPROVED [3 TO 2]
MOVER:	John McKay, Mayor Pro Tem
SECONDER:	Gino Borgioli, Council Member
AYES:	Constantine, McKay, Borgioli
NAYS:	Martinez Beltran, Spring

OTHER BUSINESS

The meeting recessed at 8:33 p.m. and reconvened at 8:45 p.m.

8. INTRODUCE ORDINANCE MANDATED BY SB 1383 REQUIRING ORGANIC WASTE DISPOSAL REDUCTION THROUGH ORGANIC WASTE RECYCLING AND EDIBLE FOOD RECOVERY PROGRAMS

Recommendation:

1. Waive first and second reading of the ordinance updating Section 13.28, Solid Waste Collection and Disposal, of the City of Morgan Hill Municipal Code in order to institute the mandatory organic waste disposal reduction requirements required by California law; and
2. Introduce the ordinance.

Item 8 was heard after item 9.

Environmental Services Administrator Tanya Carothers provided a report and presentation.

Public comment opened.

Sally Casas was called to speak.

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

MOTION:

Waiving the first and second reading of the ordinance.

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

MOTION:

Introducing the ordinance.

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

9. RECEIVE OUTDOOR SPORTS CENTER USE UPDATE

Recommendation:

Receive report on the Outdoor Sports Center.

Item 9 was heard before item 8.

Recreation Manager Jennie Tucker provided a report. She turned the presentation over to Lisa Schmidt and Chris Monahan with the Morgan Hill Outdoor Sports Center.

Public comment opened, the following people were called to speak:

Will Iglesias

Coach D.

Jeffrey Brown

Roberto Aguirres

Charlie Andrews

Scott Hughes

Armando Benavides

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

RESULT:	ACCEPT REPORT
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10. APPROVE AN AFFORDABLE HOUSING AGREEMENT WITH BROOKFIELD PROPERTIES FOR THE RESIDENTIAL DEVELOPMENT ROSEWOOD, BFH CM, LLC. TO ACCEPT A HOUSING IN-LIEU FEE AS SATISFACTION FOR 50% OF THE INCLUSIONARY REQUIREMENT

Recommendation:

Authorize the City Manager to execute an Affordable Housing Agreement with BFH CM, LLC. The agreement will be negotiated and subject to the review and approval by the City Attorney.

MOTION:

Extending the meeting to 11:30 p.m.

RESULT:	EXTENDED [UNANIMOUS]
MOVER:	Yvonne Martinez Beltran, Council Member
SECONDER:	Gino Borgioli, Council Member
AYES:	Constantine, McKay, Borgioli, Martinez Beltran, Spring

Housing Director Rebecca Garcia provided the report.

Public comment opened.

Joe Baranowski was called to speak.

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

MOTION:

Approving the recommended action.

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

11. REVIEW AND APPROVE THE UPDATED CITY COUNCIL MEETING POLICY AND 2022 CITY COUNCIL MEETING SCHEDULE

Recommendation:

Review and approve:

1. Updated City Council Meeting Schedule Policy (City Council Policy 06-02); and
2. The 2022 City Council meeting schedule.

City Clerk Michelle Bigelow provided the report.

Public comment opened. There being no requests to speak, public comment closed.

MOTION:

Approving the recommended actions.

RESULT:	APPROVED [4 TO 1]
MOVER:	Gino Borgioli, Council Member
SECONDER:	John McKay, Mayor Pro Tem
AYES:	Constantine, McKay, Borgioli, Spring
NAYS:	Martinez Beltran

12. SELECT AND APPOINT CITY COUNCIL MAYOR PRO TEMPORE

Recommendation:

1. Open floor to nomination(s) for Mayor Pro Tempore; and
2. Select a Council Member to serve as Mayor Pro Tempore per City Council Policy 99-01.

City Clerk Michelle Bigelow provided the report.

Public comment opened. There being no requests to speak, public comment closed.

MOTION:

Nominating and appointing Council Member Gino Borgioli to serve as Mayor Pro Tem for 2022 effective January 1, 2022.

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

FUTURE COUNCIL INITIATED AGENDA ITEMS

Mayor Pro Tem McKay asked for information on how City Council conferences are funded.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:28 p.m.

MINUTES PREPARED BY:

Michelle Bigelow, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Cynthia Iwanaga, Management Analyst

APPROVED BY: City Manager

AWARD ON-CALL FENCING CONTRACTOR CONTRACT TO TUCKER CONSTRUCTION, INC.

RECOMMENDATION(S)

1. Award two-year On-Call Fencing Contractor Services contract to Tucker Construction, Inc. in the amount of \$100,000; and
2. Authorize the City Manager to execute and administer the On-Call Fencing Contractor Services contract with Tucker Construction, Inc.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

2020-2021 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

The purpose of this report is to provide the City Council with an opportunity to consider awarding a contract to Tucker Construction, Inc. for on-call fencing contractor services in the amount of \$100,000. The contract will have a two-year term with authorization for the City Manager to execute three consecutive one-year extensions. If approved, the initial two-year term will be from January 1, 2022 to December 31, 2023.

The City has long contracted for fencing construction, maintenance, and repair services for City facilities. The process of obtaining quotes to select fencing contractors for individual projects and processing the contract documentation can take several weeks and many hours of staff time. To streamline the process, the City has issued a Request for Proposals (RFP) to contract with a pre-qualified on-call fencing contractor who can respond to work proposal requests and complete fencing construction and repair work for the City. Since this contractor will already be under contract with the City, the amount of time needed to begin fencing projects, especially repairs, will be greatly reduced.

The RFP was issued on October 18, 2021. In soliciting proposals, the City advertised in the Morgan Hill Times on October 15, 2021, and the RFP was posted on the City

website, Public Purchase, and the Online Plan Service. A non-mandatory virtual pre-proposal meeting was also held on October 26, 2021 and one contractor, Tucker Construction, Inc, attended.

Proposals were due on November 15, 2021 and one proposal was received from Tucker Construction, Inc. Community Services Department Maintenance Division staff evaluated and scored the proposal based on the contractor's narrative responses to questions regarding previous work experience, work quality, references, client relations, and communication systems. The proposal was evaluated using a "best value" methodology in which the contractor had to score a minimum 30 out of 40 points on the Qualifications, Experience, and References narrative in order to be considered further. Tucker Construction, Inc.'s narrative scored over 30 points, so their proposed hourly rates were then reviewed. Community Services Department Maintenance Division staff reviewed the proposed hourly rates and determined that they were reasonable. Staff is recommending accepting and awarding Tucker Construction, Inc. an on-call fencing contractor contract. Unlike single-project contract awards, the award of this contract does not guarantee any work. Future on-call projects will be initiated by issuing a Proposal Request Worksheet to Tucker Construction, Inc. describing the scope of work for an individual project. If staff determines the proposed cost is reasonable and acceptable for the proposed scope of work, a work order will be issued to Tucker Construction, Inc. Staff recommends the award of an On-Call Fencing Contractor Services contract to Tucker Construction, Inc. in the amount of \$100,000 for a term of two years with options for three consecutive one-year extensions.

COMMUNITY ENGAGEMENT:

Not Applicable

As this is an administrative activity with no actual projects attached to it, no community engagement was conducted before this report was prepared aside from the public noticing items outlined above. If approved, the community will be informed about projects resulting from this contract via the City's existing project communication tools including on-site project signs, "The Scoop," a weekly maintenance update on the City website and Nextdoor Morgan Hill. Additional engagement activities may be conducted for projects that are likely to lead to strong interest or community concern.

ALTERNATIVE ACTIONS:

The City Council could decline to approve this contract and instead direct staff to continue issuing separate contracts for each project. This is not recommended as it will cause unnecessary delays for future projects and increase staff resource costs associated with the additional work.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

There has been no prior City Council action on on-call contracts for fencing contractors.

FISCAL AND RESOURCE IMPACT:

The on-call fencing contractor service costs will be paid by the specific operating

budgets or Capital Improvement Projects.

CEQA (California Environmental Quality Act):

Categorical Exemption

The activities described in this staff report are categorically exempt under CEQA, specifically pursuant to Section 15301 (c) 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.

**CITY OF MORGAN HILL
ON-CALL CONTRACT FOR PUBLIC WORKS PROJECTS
TUCKER CONSTRUCTION, INC.**

This on-call public works contract ("Contract") is entered into by and between the City of Morgan Hill, a municipal corporation ("City") and Tucker Construction, Inc. (a California corporation, LLC) ("Contractor") effective as of _____, 2021.

The parties agree as follows:

1. Scope of Services. The Scope of Services attached as Exhibit A to this Contract provides for the general scope of and type of work to be performed by Contractor. When City identifies a project, City shall request a proposal from Contractor (Proposal Request Worksheet) based on the Scope of Services. Contractor shall provide a proposal within the number of days specified by City in its request. City and Contractor may negotiate the cost and scope. Upon receipt of a written notice to proceed, Contractor shall provide such services and related work at the time, place, and in the manner specified in Contractor's proposal, subject to the direction of the City through its staff that it may provide from time to time. A Change Order shall be prepared as provided in the General Conditions for changes in scope, price, or time. Contractor acknowledges that the Scope of Services provides for 24 hour-a-day, 7 day-a-week, on-call support on an as needed basis.

2. Contract Documents. The Contract Documents incorporated into this Contract include and are comprised of all of the following, and the definitions provided in Article 1 of the General Conditions apply to all of the Contract Documents, unless otherwise indicated:

- 2.1** Contract;
- 2.2** Payment and Performance Bonds (if Work Order exceeds \$25,000);
- 2.3** Special Conditions;
- 2.4** General Conditions;
- 2.5** Change Orders, if any;
- 2.6** Notice to Proceed (via email);
- 2.7** The following developed for each project: Proposal Request Worksheet ("Contractor's Proposal"), On-Call Construction Work Order ("Work Order")

3. Time for Performance.

- a. **Time of Essence.** Time is of the essence in the performance of this Contract. The time for completion of the services and related work to be performed by Contractor is an essential condition of this Contract. Contractor shall prosecute regularly and diligently the services and related work contemplated pursuant to this Contract consistent with Contractor's Proposal and shall provide, furnish and pay all labor, materials, necessary tools, expendable equipment, and all taxes, bonds, utility and transportation services required to perform such the services and related work.
- b. **Performance Schedule.** Contractor shall commence the services and related work pursuant to this Contract upon receipt of a written notice to proceed and shall perform all services and related work within the time period(s) established in the

Work Order/Contractor's Proposal. When requested by Contractor, extensions to the time period(s) specified may be approved in writing by the City Manager through a Change Order.

- c. **Term and Compliance with Work Order.** Unless earlier terminated as provided elsewhere in this Contract, this Contract shall continue in full force and effect for a period of two (2) years, commencing on the Effective Date. The City may, at its sole discretion, extend the term of this Contract on a 12-month basis not to exceed three (3) additional twelve (12) month renewal terms by giving written notice thereof to Contractor not less than thirty (30) days before the end of the contract term, such notice to be exercised by the City Manager. Contractor hereby agrees and acknowledges that any and all work or services performed pursuant to this Contract shall be based upon the issuance of a Work Order by the City. Contractor acknowledges that it is not guaranteed any minimum or specific amount of work or services as all work or services shall be authorized through a task/work order and minor construction agreement issued by the City.

4. Compensation and Payment.

- a. Compensation to be paid to Contractor shall be in accordance with the fees and rates set forth in Exhibit A, which is attached hereto and incorporated herein by reference, and each Work Order issued by the City. In no event shall Contractor's compensation exceed one-hundred thousand dollars (\$100,000.00) without additional written authorization from the City. Payment by City under this Contract shall not be deemed a waiver of defects, even if such defects were known to the City at the time of payment.
- b. Contractor shall promptly submit billings to the City describing the services and related work performed during the preceding month to the extent that such services and related work were performed. Contractor's bills shall be segregated by Work Order, if applicable, such that the City receives a separate accounting for work done on each individual task for which Contractor provides services. Contractor's bills shall include a brief description of the services performed, the date the services were performed, the number of hours spent and by whom, and a description of any reimbursable expenditures.

5. Termination. City or Contractor shall have the right to terminate this Contract, without cause, by giving thirty (30) days' written notice, or less under urgent circumstances. Upon such termination, Contractor shall submit to City an itemized statement of services performed for which compensation has not been paid. City may require Contractor to complete certain work. Upon receipt of such notice, the Contractor shall immediately cease all work under this Contract, unless the notice provides otherwise. If the City suspends or terminates a portion of this Contract such suspension or termination shall not make void or invalidate the remainder of this Contract. The City Manager is authorized to terminate this Contract on behalf of City.

6. Ability of Contractor. City has relied upon the training and ability of Contractor to perform the services hereunder as a material inducement to enter into this Contract. Contractor shall therefore provide properly skilled personnel to perform all services under this Contract. All work performed by Contractor, its employees, or its Subcontractors, under this Contract shall be in accordance with applicable legal

requirements and shall meet the standard of quality ordinarily to be expected of competent contractors in Contractor's field of expertise.

7. Licenses. Contractor represents and warrants to City that it has the licenses, permits, qualifications, insurance and approvals of whatsoever nature which are legally required of Contractor to practice its profession. Contractor represents and warrants to City that Contractor shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Contract, any licenses, permits, insurance and approvals which are legally required of Contractor to practice its profession. Contractor shall maintain a City of Morgan Hill business license.

8. Contractor's Obligations. Contractor must provide an executed copy of the Contract within ten (10) days of receipt of the Notice of Award email. Contractor must provide, furnish, and supply all things necessary and incidental for the timely performance and completion of the Work, including all necessary labor, materials, equipment, transportation, and utilities, unless otherwise specified in the Contract Documents. Contractor must use its best efforts to complete the Work in a professional and expeditious manner and to meet or exceed the performance standards required by the Contract Documents.

8.1 Bonds. For any Work Order more than Twenty-Five Thousand Dollars (\$25,000.00), within ten (10) days following receipt of the Notice of Award email from City, and before beginning any Work on the Project, Contractor must submit a payment bond and a performance bond, each for one hundred percent (100%) of the Work Order price, using the bond forms provided and in accordance with the requirements of the Contract Documents. Contractor may not proceed with the Work until City has approved the bonds.

8.2 Insurance. Contractor must provide the required insurance certificates and endorsements within ten (10) days following receipt of the Notice of Award email from City, and before beginning any Work.

8.3 If the performance of Contractor's work or service under this Contract for a specific Work Order involves hazardous materials, contaminated soil disposal, and/or a risk of accidental release of fuel oil, chemicals or other toxic gases or hazardous materials, Contractor 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 Contract as described in the General Conditions.

9. Liquidated Damages. If Contractor fails to complete the Work within the Contract Time, City will assess liquidated damages in the amount of five hundred dollars (\$500.00) for each day of unexcused delay in completion, and the Contract Price will be reduced accordingly.

10. Labor Code Compliance.

10.1 General. This Contract is subject to all applicable requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code, including requirements pertaining to wages, working hours, and workers' compensation insurance, as further specified in Article 9 of the General Conditions.

10.2 Prevailing Wages. Any Work order over \$1,000 is subject to the prevailing wage requirements applicable to the locality in which the Work is to be performed for each craft, classification, or type of worker needed to perform the Work, including employer payments for health and welfare, pension, vacation, apprenticeship, and similar purposes. Copies of these prevailing rates are available online at <http://www.dir.ca.gov/DLSR>.

10.3 DIR Registration. City will not enter into the Contract with a Contractor, without proof that Contractor and its Subcontractors are registered with the California Department of Industrial Relations ("DIR") to perform public work pursuant to Labor Code Section 1725.5, subject to limited legal exceptions.

10.4 Wage Theft Prevention. All Contractors are expected to have read and understand the "Wage Theft Prevention Policy" adopted by the City Council on July 26, 2017 as further described section 9.6 in the General Conditions.

11. Workers' Compensation Certification. Under Labor Code Section 1861, by signing this Contract, Contractor certifies as follows: "I am aware of the provisions of Labor Code Section 3700 which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the Work on this Contract."

12. Notice. Any notice required by the Contract Documents must be made in writing, and sent to the other party by personal delivery, U.S. Mail, a reliable overnight delivery service, facsimile, or by email as a PDF (or comparable) file. Notice is deemed effective upon delivery unless otherwise specified. Notice for each party must be given as follows:

	City	Contractor
Name/Title	Keri Russell, Maintenance Coordinator	Mark Tucker, President Tucker Construction, Inc.
Address	17575 Peak Avenue	1725-D Little Orchard St.
City/state/zip	Morgan Hill, California 95037	San Jose, CA 95125
Phone	(408) 310-4057	(408) 287-1424
Fax		
Email	Michelle.bigelow@morganhill.ca.gov	tucker@tuckercon.com
Copy to:	Keri.russell@morganhill.ca.gov	

13. General Provisions.

- 13.1 Assignment and Successors.** Contractor may not assign its rights or obligations under this Contract, in part or in whole, without City's written consent. This Contract is binding on Contractor's successors and permitted assigns.
- 13.2 Third Party Beneficiaries.** There are no intended third-party beneficiaries to this Contract except as expressly provided in the General Conditions or Special Conditions.
- 13.3 Governing Law and Venue.** This Contract will be governed by California law and venue will be in the Superior Court for Santa Clara County, and no other place.
- 13.4 Amendment.** No amendment or modification of this Contract will be binding unless it is in a writing duly authorized and signed by the parties to this Contract.
- 13.5 Integration; Severability.** This Contract and the Contract Documents incorporated herein, including authorized amendments or Change Orders thereto, constitute the final, complete, and exclusive terms of the agreement between City and Contractor. If any provision of the Contract Documents, or portion of a provision, is determined to be illegal, invalid, or unenforceable, the remaining provisions of the Contract Documents will remain in full force and effect.

- 13.6 Authorization.** Each individual signing below warrants that he or she is authorized to do so by the party that he or she represents, and that this Contract is legally binding on that party.

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.

The parties agree to this Contract as witnessed by the signatures below:

CITY OF MORGAN HILL:

Christina J. Turner
City Manager

Date: _____

Attest:

Michelle Bigelow
Deputy City Clerk

Date: _____

Approved as to Form:

Donald A. Larkin
City Attorney

Date: _____

CONTRACTOR:

TUCKER CONSTRUCTION, INC.

Mark Tucker
Signature

Mark Tucker/President
Name/Title [print]

Date: 11/24/21

Corporate entities must provide a second signature:

Mark Tucker
Signature

Mark Tucker/Secretary
Name/Title [print]

Date: 11/24/21

454738
Contractor's License Number(s)

03/31/2022
Expiration Date(s)

Seal:

1000006784
Contractor's DIR Registration Number(s)
(if applicable)

06/30/2022
Expiration Date

**CITY OF MORGAN HILL
ON-CALL CONTRACT
FOR PUBLIC WORKS PROJECTS**

ATTACHMENT A

The following documents are attached and made part of the Contract Documents:

Project Drawings and Specifications

X Project Scope of Work

The scope of work includes construction, repair and maintenance fencing services for City buildings and facilities on an on-call basis.

On-Call fencing projects will be initiated by issuing a Request Proposal Worksheet describing the scope of work to the on-call fencing contractor. If accepted, a Work Order will be issued to initiate work on a specific project.

It is anticipated that the on-call fencing contractor's scope of work and if appropriate, their subcontractor's scope of work may entail any of the following scopes of work:

I. General:

The contractor will provide all labor, equipment, and materials to install fences as requested by the City of Morgan Hill in locations including, but not limited to:

1. City Owned Building Facilities and Grounds
2. City Leased Properties
3. City Parks
4. City Owned Parcels and Open Spaces
5. City Rights of Ways
6. City Owned or Leased Water Facilities including, but not limited to:
 - a. Well Sites
 - b. Tank Sites
 - c. Outfall Locations
 - d. Retention Ponds

II. Specifications:

A. Fence Types:

- a. The City may require fences and/or gates built in City owned or leased properties of various sizes and materials, including, but not limited to:

- i. Wood Privacy Fence
 - 1. With and without lattice top panels
- ii. Wooden Gates
- iii. Split Rail Fence
- iv. Chain Link Fencing and gates, including, but not limited to:
 - 1. Variety of Mesh Sizes
 - 2. Galvanized or other coatings
 - 3. Top Wire
 - 4. Top Pole
 - 5. Cyclone Fence
 - 6. Privacy
 - 7. Barbed Wire Top
 - 8. Razor Wire Top
- v. Wrought Iron/Ornamental Fencing
- vi. Barbed Wire Fencing
- vii. Metal Swing Gates
- viii. Metal Sliding Gates

B. Material Requirements

- a. Fence materials will include:
 - i. Pressure treated lumber or approved wood preservative treatment for any lumber buried or in contact with soil
 - ii. Galvanized or other approved treatment of posts buried or in contact with soil

C. Contract Pricing

- a. Fencing cost will be calculated in cost per linear foot, inclusive of all materials
- b. Gate cost will be calculated per gate size
- c. Costs for alternative or requested finishes (vinyl covering, slats)
- d. Extra components such as automatic openers, keypads, etc... will be listed on quotes as unit costs
- e. Service costs for repairs on existing fences shall be per hour
 - i. Regular State Prevailing Wage Rate
 - ii. Overtime State Prevailing Wage Rate
 - iii. Weekend State Prevailing Wage Rate
- f. Materials and parts costs for repairs on existing fences shall be per each, per unit, or per foot with the agreed upon 15% mark-up.



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Angie Gonzalez, Council Services Assistant

APPROVED BY: City Manager

RECEIVE UPDATE REGARDING PROPOSED DRAFT DISTRICT MAPS SUBMITTED AND COMPOSITION OF COUNCIL DISTRICT BOUNDARIES

RECOMMENDATION(S)

Open and close the public hearing.

Estimated Time: 45 Minutes

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community

Fostering a Positive Organizational Culture

Preserving and Cultivating Public Trust

Enhancing Diversity and Inclusiveness

2020-2021 Strategic Priorities

Community Engagement and Messaging

REPORT NARRATIVE:

Every ten years, cities with by-district election systems must use new census data to review and, if needed, redraw district lines to reflect how local populations have changed. This process, called redistricting, ensures all districts have a nearly equal population. The redistricting process for the City of Morgan Hill must be completed by April 15, 2022.

The City adopted its current district boundaries on September 6, 2017, based on 2010 census data as required by law. The districts must now be redrawn using the 2020 census data and in compliance with the FAIR MAPS Act, adopted by the California legislature as AB 849, which took effect January 1, 2020.

Under the Act, the City Council shall draw and adopt boundaries using the following criteria in the listed order of priority (Elections Code 21601(c)):

1. Comply with the federal requirements of equal population and the Voting Rights Act

2. Geographically contiguous
3. Undivided neighborhoods and “communities of interest” (socio-economic geographic areas that should be kept together)
4. Easily identifiable boundaries
5. Compact (do not bypass one group of people to get to a more distant group of people)
6. Shall not favor or discriminate against a political party

Once the prioritized criteria are met, other traditional districting principles can be considered, such as:

1. Minimize the number of voters delayed from voting in 2022 to 2024
2. Respect voters’ choices/continuity in office
3. Future population growth

Elections Code Section 21607.1 directs that the City must conduct at least four (4) public hearings throughout the redistricting process; one (1) Public Hearing before maps are drawn, at least two (2) Public Hearings after draft maps are drawn, and one (1) public hearing scheduled on an evening or weekend, at which time the public is invited to provide input regarding the composition of the districts.

The purpose of this public hearing is to consider and discuss draft Council District Maps submitted, receive public input on composition of Council District boundaries and draft maps, and provide direction on any revisions to draft maps (see attached maps).

COMMUNITY ENGAGEMENT:

Collaborate

The City Clerk’s Office and Communications Team have developed the following community outreach plan:

Public Messaging via Social Media, City’s Website, Press Releases, newsletters, and other public communications, in English and Spanish, including:

- Social media engagement on Facebook, Instagram, Twitter, and NextDoor
- Updated webpage on City’s website for redistricting updates and information
- Information provided via website newsflashes, eblasts, “Morgan Hill Weekly 411,” and print
- Press releases sent to various outlets and groups, including individuals and churches who have connections to our Spanish speaking community
- Public notices posted at City facilities
- Display advertisements on local public access network by using Channel 17
- Informational tables at the Farmer’s Market, Friday Night Music Series, local coffee shops, and other public spaces
- Virtual Town Halls

- **Online Interactive Tools:**

- Updated online interactive mapping tools are available to allow residents to draw their district boundary lines. The City's consulting demographer will provide training for the public on how to use the new online mapping tools.

ALTERNATIVE ACTIONS:

Not Applicable

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

January 29, 2021, Annual Goal Setting Workshop - City Council received a presentation outlining the requirements and process for redistricting.

[May 5, 2021](#), City Council Meeting - the City Council voted to move forward with a staff-led redistricting process.

August 6, 2021, Mid-Year Goal Review Workshop - City Council received an update on the redistricting process.

[August 18, 2021](#), City Council Meeting- The City Council held the first of four required public hearings in the redistricting process to receive an update on the process and request feedback on Communities of Interest.

[October 20, 2021](#), City Council Meeting- The City Council held the second of four required public hearings in the redistricting process to receive an update on the state-adjusted Census data, and receive a demonstration on available mapping tools.

FISCAL AND RESOURCE IMPACT:

For the FY 2021-2022 redistricting process, staff estimates that the currently budgeted funds will be sufficient.

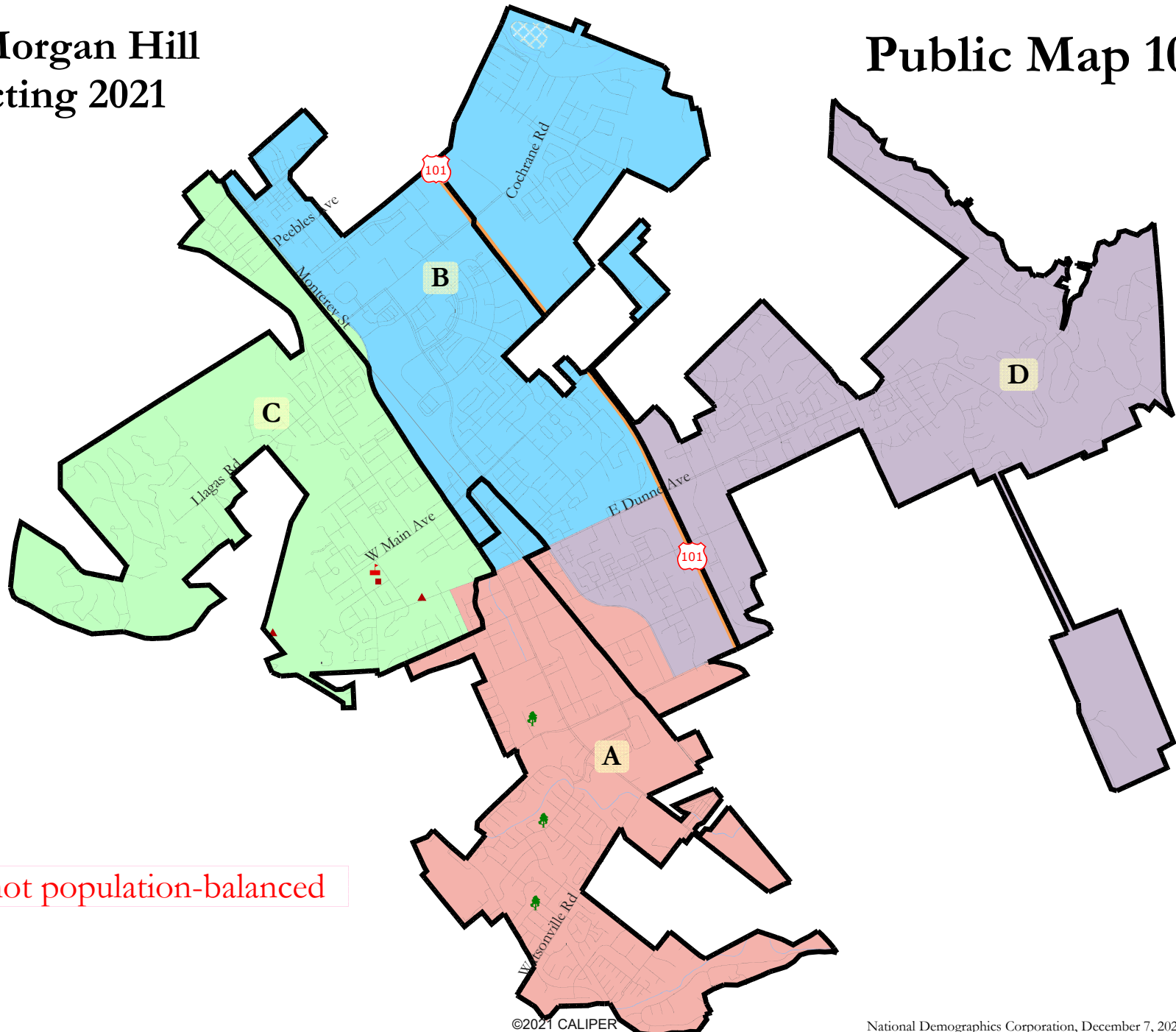
CEQA (California Environmental Quality Act):

Not a Project

The reformatting of electoral districts is not a project as defined in Section 15060(c) of the State CEQA Guidelines.

City of Morgan Hill Redistricting 2021

Public Map 101

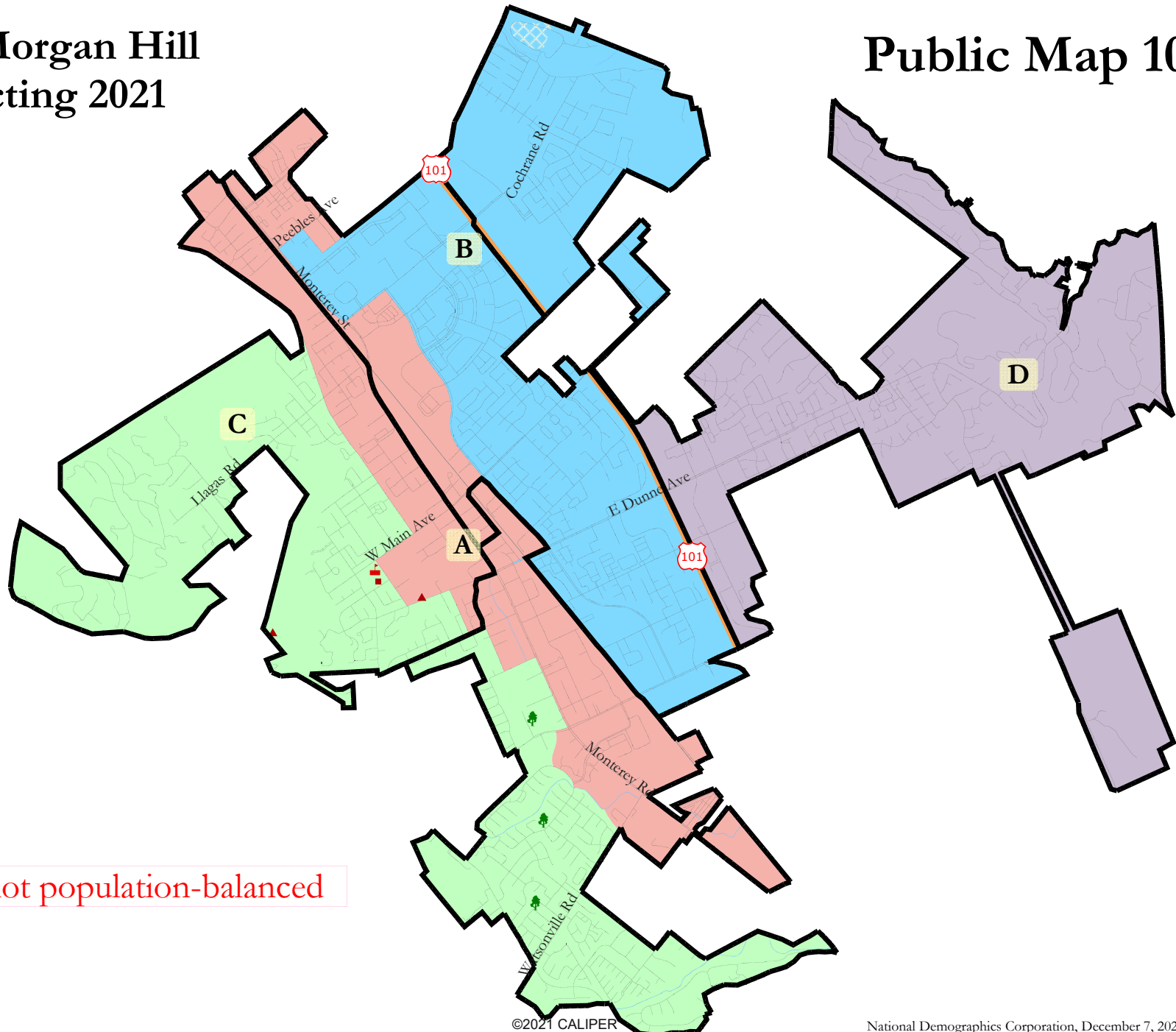


Map is not population-balanced

City of Morgan Hill - Public Map 101						
District		A	B	C	D	Total
2020	2020 Census (Raw)	11,705	11,801	10,586	11,474	45,566
	Deviation from ideal	314	410	-806	83	1,215
	% Deviation	2.75%	3.59%	-7.07%	0.72%	10.67%
2020 Total Pop	% Hisp	39%	30%	38%	26%	33%
	% NH White	43%	42%	40%	50%	44%
	% NH Black	3%	3%	2%	3%	3%
	% Asian-American	11%	21%	16%	18%	17%
	Total	7,391	7,187	6,684	8,643	29,905
Citizen Voting Age Pop	% Hisp	26%	25%	28%	19%	24%
	% NH White	56%	53%	54%	60%	56%
	% NH Black	4%	2%	2%	2%	2%
	% Asian/Pac.Isl.	13%	17%	16%	17%	16%
	Total	6,909	7,376	6,216	7,618	28,119
Voter Registration (Nov 2020)	% Latino est.	26%	24%	26%	20%	24%
	% Spanish-Surnamed	24%	22%	24%	18%	22%
	% Asian-Surnamed	5%	12%	9%	10%	9%
	% Filipino-Surnamed	1%	2%	2%	2%	2%
	% NH White est.	66%	61%	62%	68%	64%
	% NH Black	4%	2%	2%	2%	2%
	Total	4,176	4,044	3,782	5,017	17,019
Voter Turnout (Nov 2018)	% Latino est.	20%	20%	22%	18%	20%
	% Spanish-Surnamed	18%	18%	21%	16%	18%
	% Asian-Surnamed	4%	9%	7%	8%	7%
	% Filipino-Surnamed	1%	2%	1%	1%	1%
	% NH White est.	72%	67%	68%	72%	70%
	% NH Black	3%	2%	1%	2%	2%
	Total	5,849	6,333	5,242	6,694	24,118
Voter Turnout (Nov 2020)	% Latino est.	24%	23%	24%	19%	22%
	% Spanish-Surnamed	22%	21%	23%	17%	21%
	% Asian-Surnamed	5%	12%	9%	9%	9%
	% Filipino-Surnamed	1%	2%	2%	2%	2%
	% NH White est.	67%	62%	64%	69%	66%
	% NH Black est.	3%	2%	2%	2%	2%
	Total	11,030	10,715	10,603	12,172	44,520
ACS Pop. Est.	age0-19	29%	28%	27%	27%	28%
Age	age20-60	50%	54%	53%	53%	52%
	age60plus	21%	18%	20%	21%	20%
	Total	18%	18%	21%	17%	18%
Immigration	immigrants	18%	18%	21%	17%	18%
	naturalized	54%	61%	53%	71%	59%
Language spoken at home	english	72%	68%	66%	74%	70%
	spanish	20%	18%	19%	12%	17%
	asian-lang	6%	9%	9%	8%	8%
	other lang	2%	4%	6%	6%	5%
Language Fluency	Speaks Eng. "Less than Very Well"	9%	10%	15%	8%	11%
Education (among those age 25+)	hs-grad	37%	38%	42%	39%	39%
	bachelor	33%	26%	22%	31%	28%
	graduatedegree	12%	17%	14%	16%	15%
Child in Household	child-under18	36%	44%	36%	39%	39%
Pct of Pop. Age 16+	employed	66%	65%	67%	69%	67%
Household Income	income 0-25k	8%	10%	6%	7%	7%
	income 25-50k	13%	9%	15%	11%	12%
	income 50-75k	12%	9%	14%	8%	11%
	income 75-200k	43%	39%	45%	46%	43%
	income 200k-plus	24%	33%	20%	29%	26%
Housing Stats	single family	79%	89%	81%	90%	85%
	multi-family	21%	11%	19%	10%	15%
	rented	33%	17%	33%	23%	27%
	owned	67%	83%	67%	77%	73%
Total population data from the California adjustment to the 2020 Decennial Census. Surname-based Voter Registration and Turnout data from the California Statewide Database. Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2015-2019 American Community Survey and Special Tabulation 5-year data.						

City of Morgan Hill Redistricting 2021

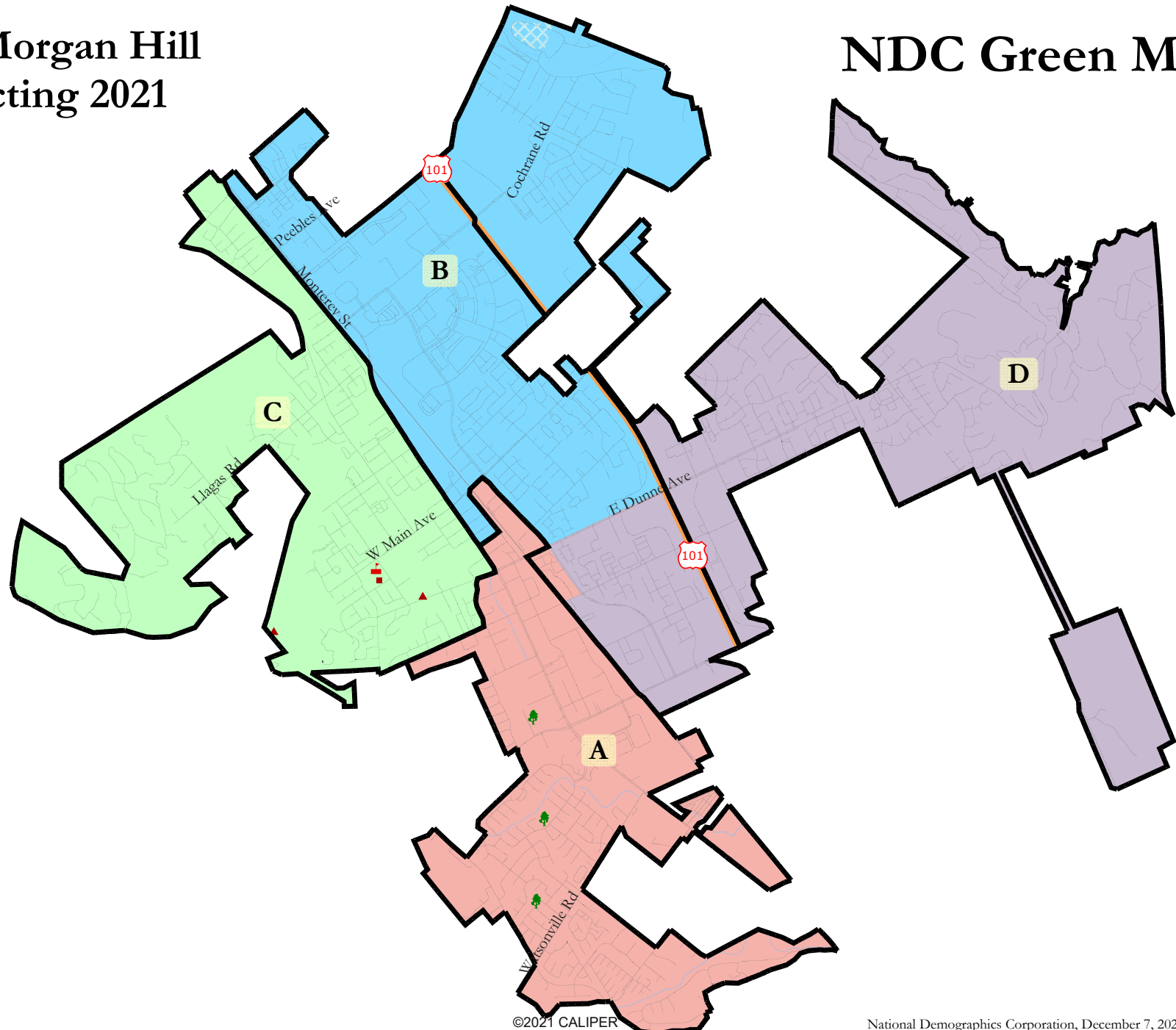
Public Map 102



City of Morgan Hill - Public Map 102						
District		A	B	C	D	Total
2020	2020 Census (Raw)	13,336	12,080	11,662	8,488	45,566
	Deviation from ideal	1,945	689	271	-2,904	4,848
	% Deviation	17.07%	6.04%	2.37%	-25.49%	42.56%
2020 Total Pop	% Hisp	48%	30%	28%	22%	33%
	% NH White	30%	41%	54%	56%	44%
	% NH Black	3%	3%	2%	3%	3%
	% Asian-American	16%	23%	12%	16%	17%
	Total	7,211	7,857	8,340	6,497	29,905
Citizen Voting Age Pop	% Hisp	34%	23%	22%	18%	24%
	% NH White	45%	51%	63%	65%	56%
	% NH Black	4%	3%	1%	2%	2%
	% Asian/Pac.Isl.	16%	22%	13%	13%	16%
	Total	6,529	7,491	8,150	5,949	28,119
Voter Registration (Nov 2020)	% Latino est.	35%	23%	20%	18%	24%
	% Spanish-Surnamed	32%	21%	18%	16%	22%
	% Asian-Surnamed	9%	13%	6%	8%	9%
	% Filipino-Surnamed	3%	2%	1%	1%	2%
	% NH White est.	52%	60%	73%	72%	64%
	% NH Black	4%	2%	1%	2%	2%
	Total	3,226	4,201	5,501	4,091	17,019
Voter Turnout (Nov 2018)	% Latino est.	29%	20%	16%	16%	20%
	% Spanish-Surnamed	27%	19%	15%	14%	18%
	% Asian-Surnamed	7%	10%	4%	7%	7%
	% Filipino-Surnamed	2%	2%	1%	1%	1%
	% NH White est.	58%	65%	77%	75%	70%
	% NH Black	3%	2%	1%	2%	2%
	Total	5,238	6,440	7,149	5,291	24,118
Voter Turnout (Nov 2020)	% Latino est.	33%	22%	19%	17%	22%
	% Spanish-Surnamed	30%	20%	17%	16%	21%
	% Asian-Surnamed	9%	13%	6%	8%	9%
	% Filipino-Surnamed	2%	2%	1%	1%	2%
	% NH White est.	53%	61%	74%	72%	66%
	% NH Black est.	4%	2%	1%	2%	2%
	Total	11,710	11,734	12,128	8,948	44,520
ACS Pop. Est.	Total	11,710	11,734	12,128	8,948	44,520
Age	age0-19	27%	29%	28%	26%	28%
	age20-60	55%	54%	48%	52%	52%
	age60plus	18%	17%	23%	23%	20%
Immigration	immigrants	22%	19%	17%	14%	18%
	naturalized	54%	67%	53%	69%	59%
Language spoken at home	english	62%	66%	75%	79%	70%
	spanish	27%	16%	15%	9%	17%
	asian-lang	8%	12%	6%	5%	8%
	other lang	3%	6%	4%	6%	5%
Language Fluency	Speaks Eng. "Less than Very Well"	17%	11%	8%	5%	11%
Education (among those age 25+)	hs-grad	41%	40%	38%	36%	39%
	bachelor	23%	28%	31%	32%	28%
	graduatedegree	11%	15%	15%	18%	15%
Child in Household	child-under18	38%	44%	34%	39%	39%
Pct of Pop. Age 16+	employed	69%	68%	63%	68%	67%
Household Income	income 0-25k	7%	10%	7%	5%	7%
	income 25-50k	16%	15%	10%	5%	12%
	income 50-75k	14%	10%	12%	7%	11%
	income 75-200k	44%	36%	46%	50%	43%
	income 200k-plus	19%	29%	26%	34%	26%
Housing Stats	single family	75%	84%	86%	97%	85%
	multi-family	25%	16%	14%	3%	15%
	rented	39%	27%	24%	13%	27%
	owned	61%	73%	76%	87%	73%
Total population data from the California adjustment to the 2020 Decennial Census. Surname-based Voter Registration and Turnout data from the California Statewide Database. Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2015-2019 American Community Survey and Special Tabulation 5-year data.						

City of Morgan Hill Redistricting 2021

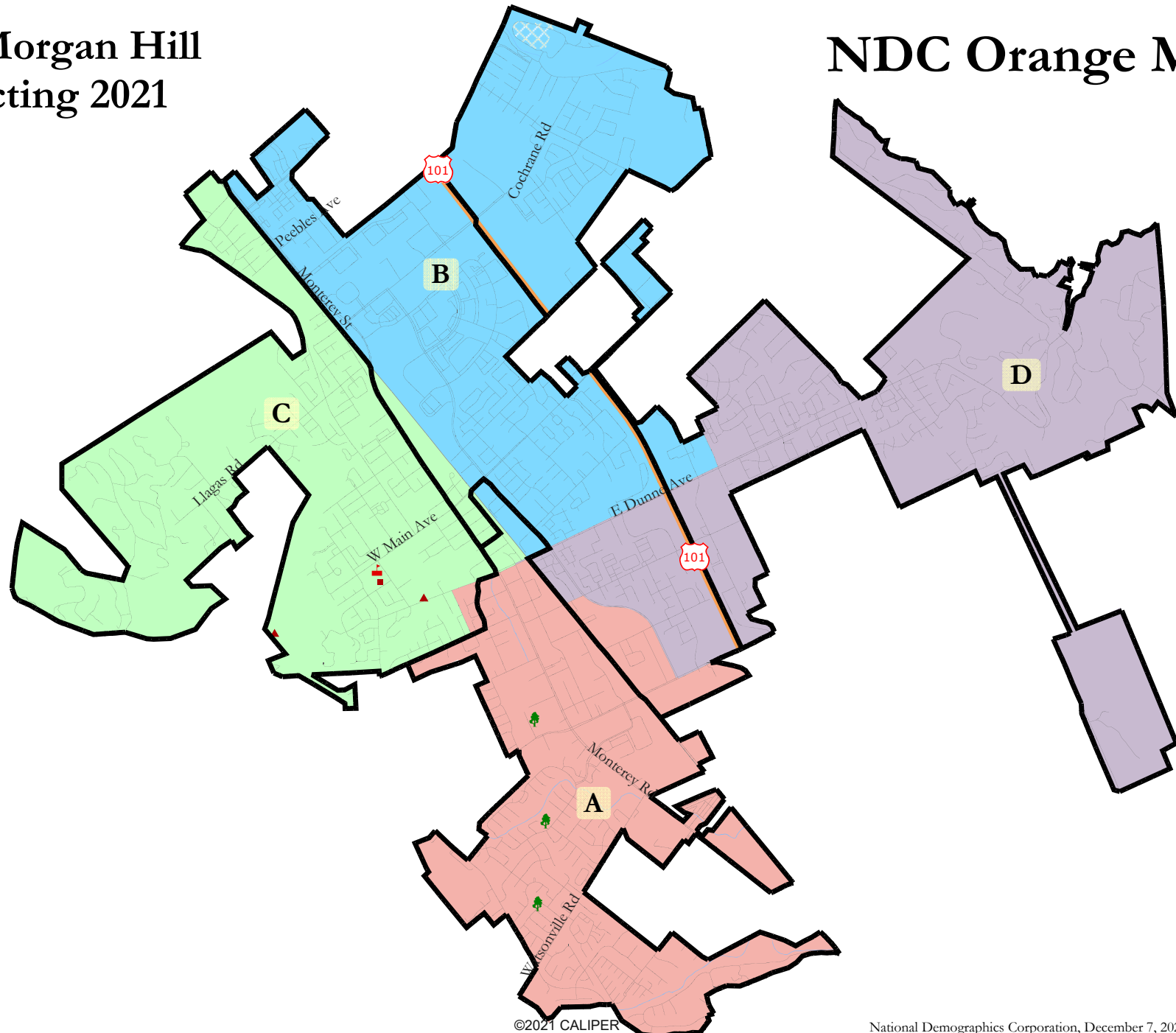
NDC Green Map



<i>City of Morgan Hill - NDC Green Map</i>						
District		A	B	C	D	Total
2020	2020 Census (Raw)	11,509	11,093	11,117	11,847	45,566
	Deviation from ideal	118	-299	-275	456	754
	% Deviation	1.03%	-2.62%	-2.41%	4.00%	6.62%
2020 Total Pop	% Hisp	39%	30%	39%	26%	33%
	% NH White	43%	43%	40%	50%	44%
	% NH Black	3%	3%	2%	3%	3%
	% Asian-American	12%	22%	16%	18%	17%
	Total	7,020	6,784	7,083	9,019	29,905
Citizen Voting Age Pop	% Hisp	25%	26%	28%	19%	24%
	% NH White	56%	54%	53%	60%	56%
	% NH Black	3%	2%	2%	3%	2%
	% Asian/Pac.Isl.	14%	17%	16%	17%	16%
	Total	6,807	6,989	6,468	7,855	28,119
Voter Registration (Nov 2020)	% Latino est.	25%	24%	27%	20%	24%
	% Spanish-Surnamed	23%	22%	24%	18%	22%
	% Asian-Surnamed	5%	12%	9%	9%	9%
	% Filipino-Surnamed	1%	2%	2%	2%	2%
	% NH White est.	66%	61%	62%	67%	64%
	% NH Black	3%	2%	2%	2%	2%
	Total	4,151	3,840	3,900	5,128	17,019
Voter Turnout (Nov 2018)	% Latino est.	20%	20%	22%	17%	20%
	% Spanish-Surnamed	19%	18%	21%	16%	18%
	% Asian-Surnamed	4%	9%	7%	8%	7%
	% Filipino-Surnamed	1%	2%	1%	1%	1%
	% NH White est.	72%	68%	68%	72%	70%
	% NH Black	3%	1%	2%	2%	2%
	Total	5,806	6,004	5,428	6,880	24,118
Voter Turnout (Nov 2020)	% Latino est.	24%	23%	25%	19%	22%
	% Spanish-Surnamed	22%	21%	23%	17%	21%
	% Asian-Surnamed	6%	12%	9%	9%	9%
	% Filipino-Surnamed	1%	2%	2%	2%	2%
	% NH White est.	67%	62%	64%	68%	66%
	% NH Black est.	3%	2%	2%	2%	2%
	Total	10,604	10,116	11,219	12,581	44,520
ACS Pop. Est.	Total	10,604	10,116	11,219	12,581	44,520
Age	age0-19	29%	29%	27%	27%	28%
	age20-60	50%	53%	53%	53%	52%
	age60plus	22%	18%	20%	21%	20%
Immigration	immigrants	17%	18%	22%	17%	18%
	naturalized	54%	62%	52%	71%	59%
Language spoken at home	english	74%	68%	66%	74%	70%
	spanish	18%	18%	20%	12%	17%
	asian-lang	6%	9%	8%	8%	8%
	other lang	2%	4%	6%	6%	5%
Language Fluency	Speaks Eng. "Less than Very Well"	8%	10%	16%	8%	11%
Education (among those age 25+)	hs-grad	36%	38%	43%	39%	39%
	bachelor	34%	26%	21%	31%	28%
	graduatedegree	12%	17%	14%	15%	15%
Child in Household	child-under18	35%	45%	36%	39%	39%
Pct of Pop. Age 16+	employed	65%	65%	67%	69%	67%
Household Income	income 0-25k	8%	9%	6%	7%	7%
	income 25-50k	12%	9%	15%	12%	12%
	income 50-75k	11%	9%	15%	9%	11%
	income 75-200k	44%	39%	45%	45%	43%
	income 200k-plus	25%	34%	19%	28%	26%
Housing Stats	single family	82%	90%	79%	89%	85%
	multi-family	18%	10%	21%	11%	15%
	rented	28%	17%	36%	25%	27%
	owned	72%	83%	64%	75%	73%
Total population data from the California adjustment to the 2020 Decennial Census. Surname-based Voter Registration and Turnout data from the California Statewide Database. Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2015-2019 American Community Survey and Special Tabulation 5-year data.						

City of Morgan Hill Redistricting 2021

NDC Orange Map



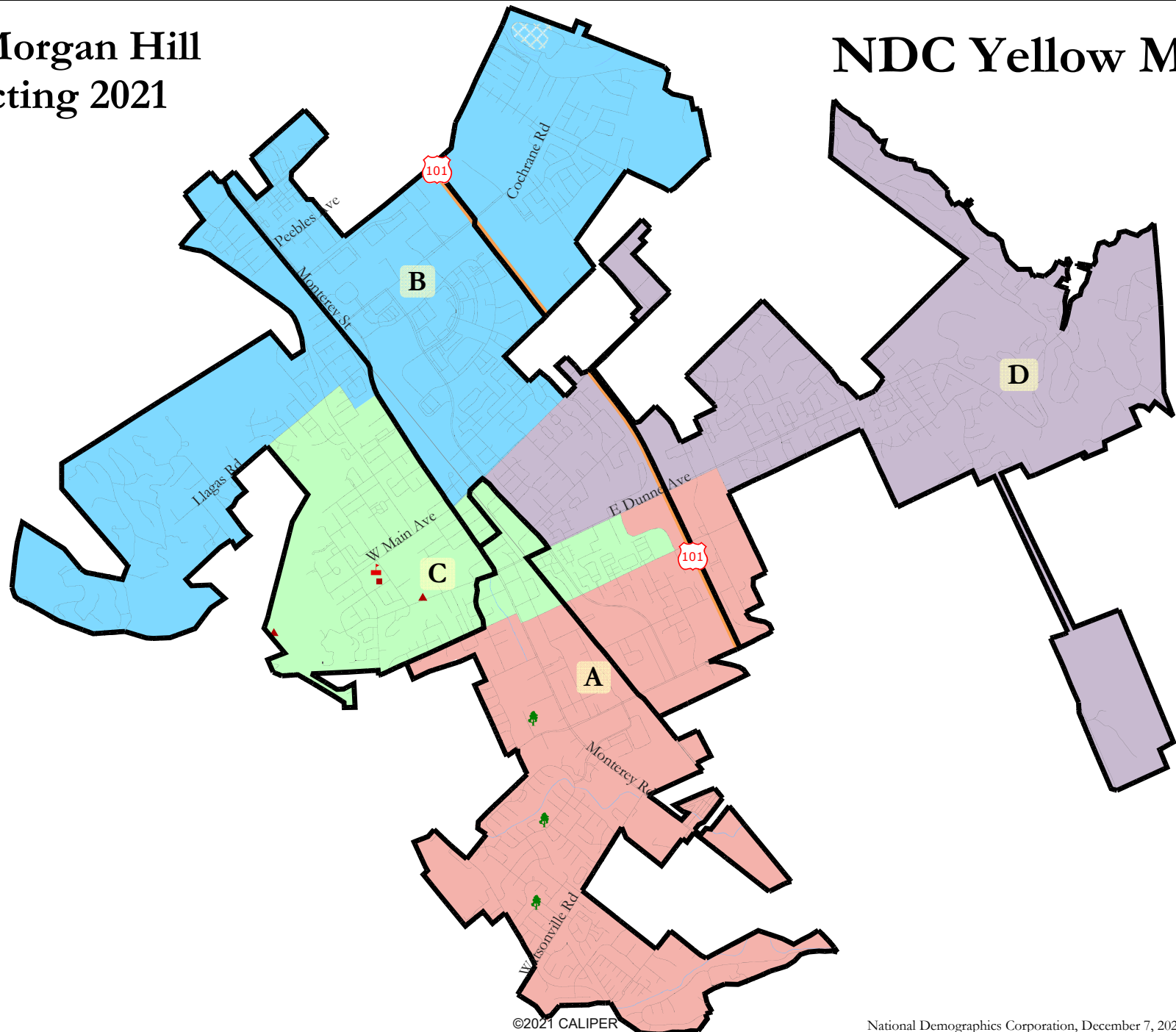
©2021 CALIPER

National Demographics Corporation, December 7, 2021

<i>City of Morgan Hill - NDC Orange Map</i>						
District		A	B	C	D	Total
2020	2020 Census (Raw)	11,340	11,219	11,444	11,563	45,566
	Deviation from ideal	-52	-173	53	172	344
	% Deviation	-0.45%	-1.51%	0.46%	1.51%	3.02%
2020 Total Pop	% Hisp	38%	29%	38%	27%	33%
	% NH White	44%	42%	40%	49%	44%
	% NH Black	3%	3%	2%	3%	3%
	% Asian-American	11%	22%	16%	17%	17%
	Total	7,177	6,915	7,139	8,675	29,905
Citizen Voting Age Pop	% Hisp	25%	26%	27%	20%	24%
	% NH White	57%	52%	55%	60%	56%
	% NH Black	4%	2%	2%	2%	2%
	% Asian/Pac.Isl.	13%	18%	16%	16%	16%
	Total	6,729	7,018	6,705	7,667	28,119
Voter Registration (Nov 2020)	% Latino est.	25%	23%	27%	21%	24%
	% Spanish-Surnamed	23%	21%	24%	19%	22%
	% Asian-Surnamed	5%	12%	9%	9%	9%
	% Filipino-Surnamed	1%	2%	2%	1%	2%
	% NH White est.	66%	61%	62%	67%	64%
	% NH Black	3%	2%	2%	2%	2%
	Total	4,104	3,918	3,953	5,044	17,019
Voter Turnout (Nov 2018)	% Latino est.	19%	19%	22%	18%	20%
	% Spanish-Surnamed	18%	18%	21%	17%	18%
	% Asian-Surnamed	4%	9%	7%	7%	7%
	% Filipino-Surnamed	1%	2%	1%	1%	1%
	% NH White est.	73%	67%	68%	72%	70%
	% NH Black	3%	2%	1%	2%	2%
	Total	5,712	6,066	5,630	6,710	24,118
Voter Turnout (Nov 2020)	% Latino est.	23%	22%	25%	20%	22%
	% Spanish-Surnamed	21%	20%	23%	18%	21%
	% Asian-Surnamed	5%	12%	9%	9%	9%
	% Filipino-Surnamed	1%	2%	2%	2%	2%
	% NH White est.	68%	62%	64%	68%	66%
	% NH Black est.	3%	2%	2%	2%	2%
	Total	10,617	10,364	11,248	12,290	44,520
ACS Pop. Est.	Total	10,617	10,364	11,248	12,290	44,520
Age	age0-19	29%	29%	27%	27%	28%
	age20-60	50%	53%	53%	53%	52%
	age60plus	21%	18%	20%	21%	20%
Immigration	immigrants	17%	18%	21%	17%	18%
	naturalized	53%	63%	52%	71%	59%
Language spoken at home	english	72%	69%	66%	74%	70%
	spanish	20%	17%	20%	12%	17%
	asian-lang	6%	9%	9%	8%	8%
	other lang	2%	5%	5%	6%	5%
Language Fluency	Speaks Eng. "Less than Very Well"	9%	9%	16%	8%	11%
Education (among those age 25+)	hs-grad	37%	38%	42%	39%	39%
	bachelor	33%	27%	22%	31%	28%
	graduatedegree	12%	17%	14%	15%	15%
Child in Household	child-under18	35%	45%	36%	39%	39%
Pct of Pop. Age 16+	employed	65%	64%	67%	69%	67%
Household Income	income 0-25k	8%	10%	6%	7%	7%
	income 25-50k	12%	8%	16%	11%	12%
	income 50-75k	12%	8%	14%	9%	11%
	income 75-200k	44%	40%	44%	45%	43%
	income 200k-plus	24%	35%	19%	28%	26%
Housing Stats	single family	79%	91%	80%	89%	85%
	multi-family	21%	9%	20%	11%	15%
	rented	32%	14%	35%	24%	27%
	owned	68%	86%	65%	76%	73%
Total population data from the California adjustment to the 2020 Decennial Census. Surname-based Voter Registration and Turnout data from the California Statewide Database. Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2015-2019 American Community Survey and Special Tabulation 5-year data.						

City of Morgan Hill Redistricting 2021

NDC Yellow Map



©2021 CALIPER

National Demographics Corporation, December 7, 2021

<i>City of Morgan Hill - NDC Yellow Map</i>						
District		A	B	C	D	Total
2020	2020 Census (Raw)	11,277	11,254	11,292	11,743	45,566
	Deviation from ideal	-115	-138	-100	352	489
	% Deviation	-1.01%	-1.21%	-0.87%	3.09%	4.29%
2020 Total Pop	% Hisp	35%	27%	46%	25%	33%
	% NH White	45%	43%	35%	53%	44%
	% NH Black	3%	2%	3%	3%	3%
	% Asian-American	13%	25%	13%	15%	17%
Citizen Voting Age Pop	Total	7,136	7,183	6,967	8,619	29,905
	% Hisp	21%	24%	32%	21%	24%
	% NH White	59%	50%	50%	63%	56%
	% NH Black	3%	2%	3%	2%	2%
	% Asian/Pac.Isl.	16%	23%	13%	12%	16%
Voter Registration (Nov 2020)	Total	6,962	7,217	5,830	8,110	28,119
	% Latino est.	23%	21%	32%	20%	24%
	% Spanish-Surnamed	22%	20%	30%	19%	22%
	% Asian-Surnamed	6%	14%	7%	8%	9%
	% Filipino-Surnamed	1%	2%	2%	1%	2%
	% NH White est.	67%	61%	58%	70%	64%
	% NH Black	3%	2%	3%	2%	2%
Voter Turnout (Nov 2018)	Total	4,262	4,105	3,270	5,382	17,019
	% Latino est.	18%	17%	27%	18%	20%
	% Spanish-Surnamed	17%	16%	25%	16%	18%
	% Asian-Surnamed	5%	11%	6%	6%	7%
	% Filipino-Surnamed	1%	2%	1%	1%	1%
	% NH White est.	73%	67%	64%	74%	70%
	% NH Black	3%	2%	2%	1%	2%
Voter Turnout (Nov 2020)	Total	5,953	6,199	4,814	7,152	24,118
	% Latino est.	22%	20%	30%	19%	22%
	% Spanish-Surnamed	20%	19%	28%	18%	21%
	% Asian-Surnamed	6%	14%	7%	8%	9%
	% Filipino-Surnamed	1%	2%	2%	1%	2%
	% NH White est.	68%	62%	59%	71%	66%
	% NH Black est.	3%	2%	3%	2%	2%
ACS Pop. Est.	Total	10,350	10,543	11,535	12,091	44,520
Age	age0-19	29%	28%	28%	26%	28%
	age20-60	50%	52%	54%	53%	52%
	age60plus	21%	20%	18%	21%	20%
Immigration	immigrants	17%	21%	22%	15%	18%
	naturalized	59%	67%	49%	64%	59%
Language spoken at home	english	73%	64%	64%	79%	70%
	spanish	18%	17%	24%	10%	17%
	asian-lang	7%	13%	7%	6%	8%
	other lang	2%	6%	5%	6%	5%
Language Fluency	Speaks Eng. "Less than Very Well"	8%	14%	15%	5%	11%
Education (among those age 25+)	hs-grad	36%	37%	45%	38%	39%
	bachelor	35%	26%	21%	30%	28%
	graduatedegree	12%	18%	12%	17%	15%
Child in Household	child-under18	36%	43%	37%	38%	39%
Pct of Pop. Age 16+	employed	65%	63%	70%	68%	67%
Household Income	income 0-25k	8%	5%	9%	7%	7%
	income 25-50k	13%	10%	19%	6%	12%
	income 50-75k	11%	10%	16%	7%	11%
	income 75-200k	43%	38%	42%	49%	43%
	income 200k-plus	25%	37%	14%	32%	26%
Housing Stats	single family	83%	91%	70%	96%	85%
	multi-family	17%	9%	30%	4%	15%
	rented	29%	15%	47%	14%	27%
	owned	71%	85%	53%	86%	73%
Total population data from the California adjustment to the 2020 Decennial Census. Surname-based Voter Registration and Turnout data from the California Statewide Database. Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2015-2019 American Community Survey and Special Tabulation 5-year data.						



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Anthony Eulo, Program Administrator

APPROVED BY: City Manager

ADOPT CLIMATE ACTION PLAN

RECOMMENDATION(S)

Adopt Climate Action Plan and direct City Manager to evaluate opportunities to incorporate funding for Plan implementation in the recommended budget for Fiscal Year 2022-23.

Estimated Time: 60 Minutes

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Protecting the Environment and Preserving Open Space and Agricultural Land

REPORT NARRATIVE:

POLICY CONSIDERATION:

What actions should the City take to reduce Morgan Hill's emissions?

NARRATIVE:

The City Council adopted a Climate Emergency resolution (Attachment 1) in May that committed the City to create a Climate Action Plan with the following statement:

The City of Morgan Hill commits to initiate the creation of a Highly-Focused Climate Action Plan in 2021, with strong greenhouse gas reduction targets.

In addition to adopting the resolution, the Council also approved \$20,000 in funding for plan preparation. The amount of funding, \$20,000, is notable because it was consistent with the "focused approach" contained in the resolution and necessitated that plan preparation should be an internal, relatively-brief effort. In comparison, many cities spend hundreds of thousands of dollars on plan preparation with processes that can take over a year.

With this direction in hand, the City's Environmental Services Team began preparing the attached Plan (Attachment 2) this summer. Fortunately, a highly-capable, yet temporary, employee was already employed by the City and could immediately get started. Per the suggestions of both the community and the Council, volunteers were solicited to help develop and guide the effort. The Community Working Group included a balanced mix of youth, adult, and senior volunteers who remain dedicated to this

purpose.

Plan preparation was guided by three overall principles:

1. Given the City's limited resources, don't commit to burdensome emissions inventories or analysis that will require ongoing care and feeding;
2. Focus on the emission sources that contribute the most to climate change and avoid spending time on smaller issues; and
3. Focus on those actions and programs that are likely to ultimately have a big impact.

With these principles in mind, the Team rapidly chewed through the relevant issues to develop the Plan.

Since Silicon Valley Clean Energy (SVCE) had already decarbonized the electricity used by the community, the Team knew that the biggest remaining emission sources are on-road vehicles and natural gas use in buildings. These two sources alone account for nearly 80% of Morgan Hill's emissions and spewed an estimated 109,000 metric tons of CO₂ in 2020. They also are two sources that are tracked by SVCE annually and can be reported to the City at no cost. Thus, the first two principles from above were easily addressed in the first Working Group meetings. The remaining planning effort focused on setting emission reduction goals for the community and identifying the actions and programs that have a reasonable chance of getting the City to the goals.

Consistent with the actions of many other agencies, the Working Group selected a main goal of: *"Reduce Morgan Hill's net carbon dioxide emissions in the building and transportation sectors 35% below the 2020 baseline level by 2030 and 100% below the 2020 baseline level by 2045."* With this main goal as an anchorpoint, Sub-Goals were set for the Transportation and Building Sectors with accompanying actions. For example, a sub-goal in the Transportation sector of *"Transition 50% of the municipal fleet from fossil fuel to electric by 2030 and 100% by 2035"* is accompanied by the action to start buying electric vehicles.

Adopting the Plan is just the first step in an effort to seriously address the Climate Emergency. It must be noted that some of the actions and programs listed in the Plan can be difficult, unpopular, and expensive to implement as they will strongly incentivize or require both the City and the community to make green investments. It simply isn't possible to make any significant headway on these issues by protecting or maintaining the status quo. Any effort that doesn't include these difficult issues will not result in serious emission reductions.

The Plan's primary author was Shannon Keener. Working Group members included: Linda Barbosa, Diya Kandhra, Jared Lebovitz, Matt Lundy, Margaret McCann, and Lynn Morgan.

COMMUNITY ENGAGEMENT:

Consult Now, Empower Tomorrow

A Community Meeting on the CAP was held on August 5 to kick off the effort and invite

the community members to participate in the Working Group. Once formed, the Working Group had substantial involvement in developing the Plan over the past several months. In addition, the December 9th Town Hall was dedicated to the draft Plan.

As our society grapples with climate change over the next decades, a variety of tools (incentives, mandates, technological changes) will blossom to empower community members to take actions that will reduce emissions. It will only be through broad community actions that significant emission reductions will occur.

ALTERNATIVE ACTIONS:

The Council can decline to adopt the Plan, make edits to the Plan during this meeting, or direct staff to do additional work and return the Plan for future consideration.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Climate Emergency Resolution was adopted by the City Council on May 26, 2021.

FISCAL AND RESOURCE IMPACT:

Implementing the actions and programs included in the Plan will each be an effort in itself that involves community input and financing. With this in mind, details on the exact costs or an implementation schedule are not a part of this Plan - nor a discussion for this meeting. The Regional, State, and Federal resources available to support Plan implementation, as well as the laws and regulations that will impact it, continue to evolve rapidly as the impacts of climate change become more tangible and impactful. As always, City staff will continue to seek out opportunities to leverage external resources that will support the City's efforts. While the program implementation costs for most of the programs are undefined and complex to estimate, it is clear that preventing the siting of future gas stations will reduce the City's sales tax proceeds - particularly from travelers outside of the community.

Any serious effort to implement the Plan will require additional staffing resources as there is not capacity on the existing Team to do so.

CEQA (California Environmental Quality Act):

Categorical Exemption

The Climate Action Plan is categorically exempt from CEQA per Section 15308, Actions Taken by Regulatory Agencies for Protection of the Environment.

RESOLUTION NO. 21-026

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

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

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

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

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

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

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

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

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

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

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

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

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

2. The City of Morgan Hill commits to consider allocating the City resources required for aggressive climate action, such as dedicating staff resources who will assist the City with climate action, following the adoption of a Climate Action Plan.
3. The City of Morgan Hill commits to greening up our built environment, phasing out natural gas infrastructure in existing buildings, and exploring model ordinances passed by other Cities and leveraging rebates and other funding to equitably achieve this goal as resources become available to do so.
4. The City of Morgan Hill commits to expanding access to electric vehicle charging in new and existing buildings and encouraging the use of alternative forms of transportation that minimize the use of fossil fuels.
5. The City of Morgan Hill commits to initiate the creation of a Highly-Focused Climate Action Plan in 2021, with strong greenhouse gas reduction targets.
6. The City of Morgan Hill commits to consider social and environmental justice in its programs and policies.
7. The City of Morgan Hill commits to encouraging the development of landscapes that are water-efficient and resilient through its programs and policies.
8. The City of Morgan Hill commits to planning for the decarbonization of the City's municipal infrastructure and exploring divestment from financial institutions that fund fossil fuels.

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

AYES:	COUNCIL MEMBERS:	Gino Borgioli, Rich Constantine, John McKay, Rene Spring
NOES:	COUNCIL MEMBERS:	Yvonne Martinez Beltran
ABSTAIN:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None

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. 21-026, adopted by the City Council at a regular meeting held on May 26, 2021.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

Morgan Hill 2021 Climate Action Plan



Goals and actions for greenhouse gas reduction for a resilient and adaptable community and environment

Acknowledgements

Prepared by:

Shannon Keener

City of Morgan Hill

Environmental Project Specialist

Date Adopted: TBD

Community Working Group:

- Anthony Eulo, City of Morgan Hill Program Administrator
- Margaret McCann, Community Member
- Linda Barbosa, Community Member
- Matt Lundy, Community Member
- Lynn Morgan, Community Member
- Jared Lebovitz, Silicon Valley Youth Climate Action Student Leader
- Diya Kandhra, Silicon Valley Youth Climate Action Student Leader



Table of Contents:

Chapter 1: Introduction

- 1.1 Climate Change and Greenhouse Gas (GHG) Emissions
- 1.2 Morgan Hill History
- 1.3 Supporting Laws, Policies and Reports
- 1.4 Developing the CAP



Chapter 2: GHG Inventory

- 2.1 Current GHG Status



Chapter 3: Goals and Action Items

- 3.1 CAP Main Goal
- 3.2 CAP Sub-Goals
- 3.3 Actions for Implementation



Chapter 4: Appendix



Chapter 1:

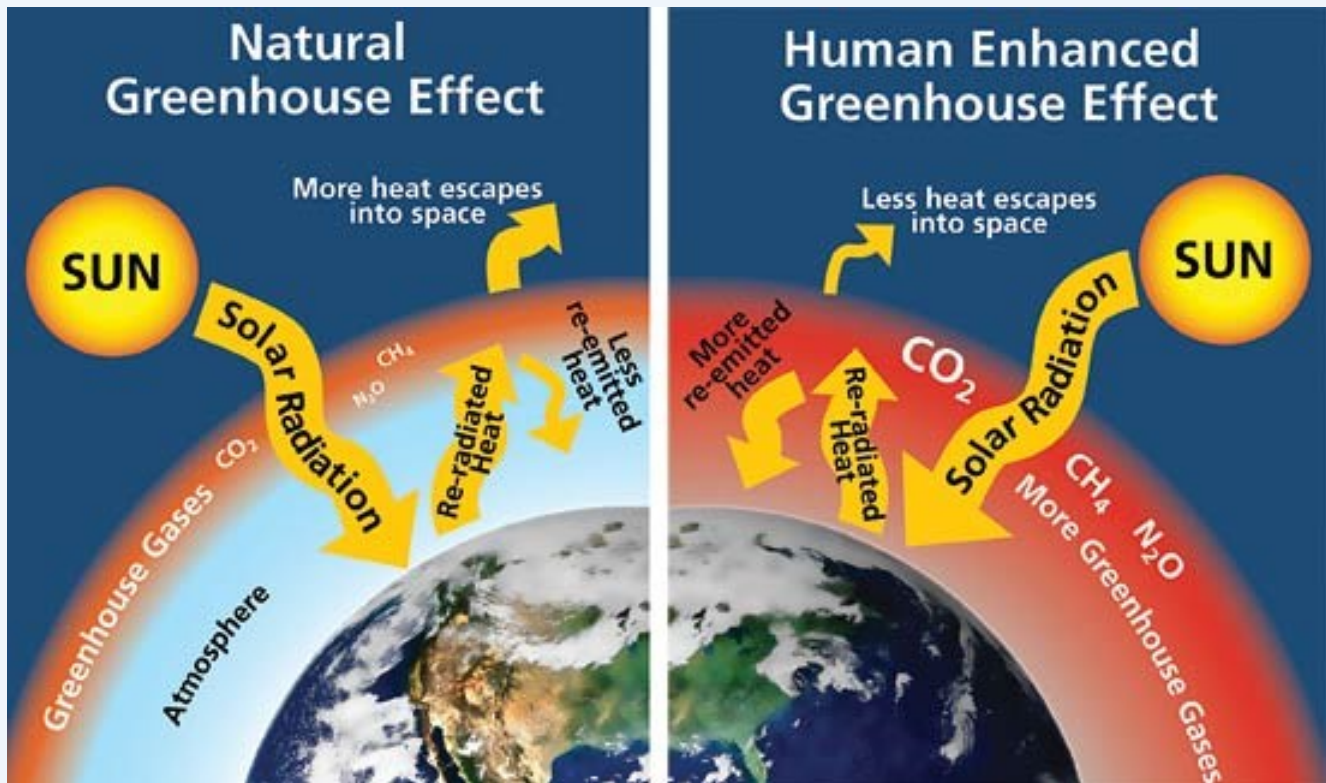
Introduction

The City of Morgan Hill is invested in preparing a resilient future for our community and the environment overall. This Climate Action Plan (CAP) was developed out of the urgency that the City Council saw to address climate change and focus efforts towards the initiatives that will make the most significant positive impacts in the most timely manner. Thus, it was determined that a limited CAP be developed with a focus on reducing greenhouse gas emissions in the transportation and building sectors.

Through unexpected and catastrophic natural disasters, human health impacts, and overall climate temperature increases, it is clear that addressing the climate crisis is of the utmost importance. This CAP serves as the pathway to reduce Morgan Hill's emissions.



1.1 Climate Change and Greenhouse Gas Emissions



Climate change is affecting Morgan Hill and the impact on the community is increasing each year. Climate change is the long-term alteration of the overall temperature, which has been happening over the decades since the industrial revolution. We are just now beginning to see the effects this accumulation of temperature change has on our local area in the forms of extended drought, the largest wildfires in recorded history, and sea level rise.

The main cause of this change in climate is the emission of greenhouse gasses from human activities. As the human population has increased, so has our natural resource consumption, energy usage, and waste production. The main greenhouse gasses emitted from human activity contributing to climate change include carbon dioxide (CO₂), methane, and nitrous oxide. Because CO₂ is the largest contributor to global warming and the largest GHG emitted in Morgan Hill, this CAP will focus on reducing CO₂ emissions.

CO2 is emitted anytime fossil fuels are burned including gasoline, coal, oil, and natural gas. CO2 and other GHGs are released into the atmosphere and become trapped. In the atmosphere they create a barrier, trapping the sun's rays and ultimately trapping more heat in the atmosphere. The purpose of this CAP is to introduce steps to reduce the amount of CO2 emitted in Morgan Hill and contribute less of this GHG to the atmosphere.

CO2 emissions can happen at multiple points in the average person's daily life whether we are aware of it or not. Turning on the hot water, starting the furnace, driving a car, or cooking a meal are all tasks that emit CO2 if they are powered by fossil fuels.



Pictured Above: Anderson Reservoir in December 2020

The Intergovernmental Panel on Climate Change suggested that the globe is projected to reach or exceed a change of 1.5 degrees Celsius (2.7 degrees F) within the next two decades which will lead to devastating changes and disasters across the earth. Aggressive action must be taken now if we are to address this issue and change the course for the better.

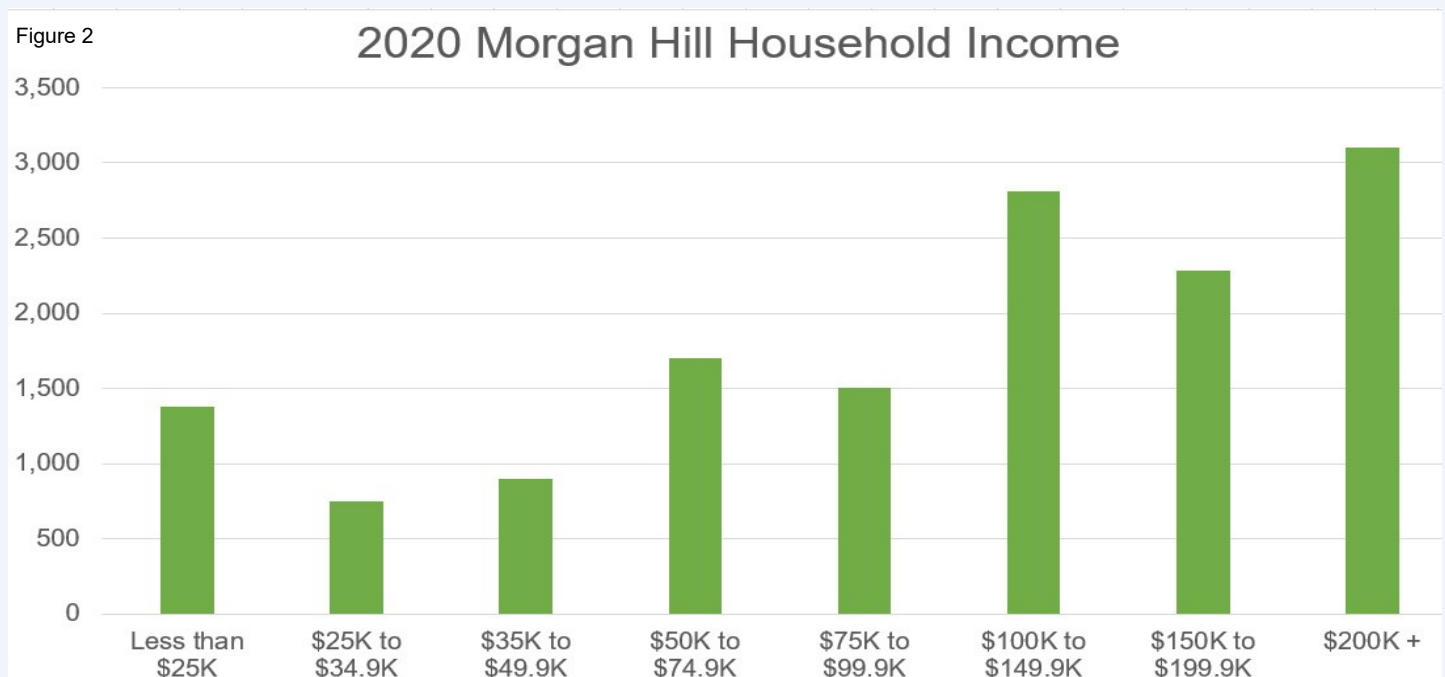
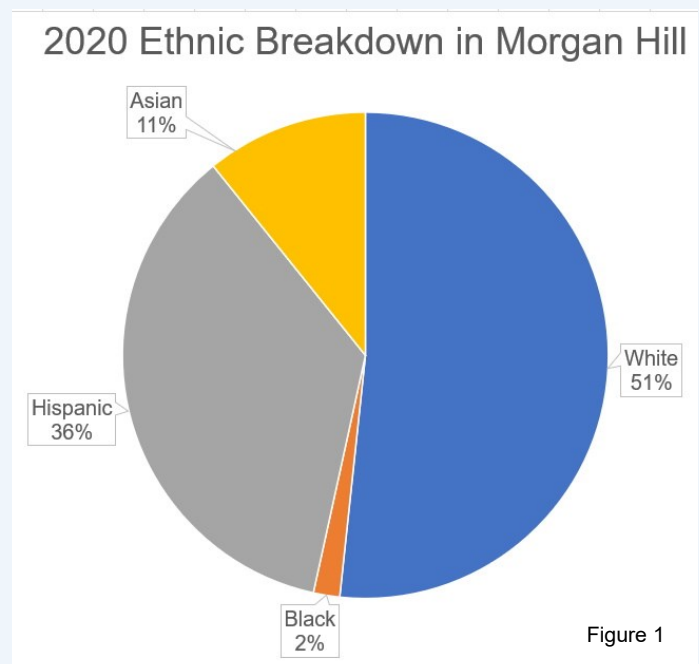
Morgan Hill is joining the efforts of other cities throughout California in establishing a CAP and implementing it to reach the necessary outcomes.

1.2 Morgan Hill History

Morgan Hill is located in the southern Santa Clara Valley, approximately 12 miles south of San Jose, 10 miles north of Gilroy, and 15 miles inland from the Pacific Coast. The Valley is approximately 4 miles wide and is surrounded by the Santa Cruz mountain range to the west and the Diablo mountain range to the east.

With a 2021 population of 47,000, Morgan Hill is a growing community. With population growth comes an increase in the usage of resources including water, energy, and fuel. Household natural gas appliances and gasoline-powered vehicles used by the population in Morgan Hill all emit CO2 leading to an increase of GHGs.

It is a challenge to provide a growing population with the necessities of life in a manner that does not increase harmful emissions — all while maintaining accessibility and equity for all.



1.3 Supporting Laws, Policies and Reports

The following list of laws, policies, and reports are paving the way for Morgan Hill to implement its own CAP as support for reducing GHGs is increasing across the State. The items below support this CAP's focus on vehicle and building emissions.

- [AB 32](#) - required California to reduce its GHG emissions to 1990 levels by 2020 and to make deeper reductions by key milestones.
- [Executive Order N-79-20](#) - requires the state of California to have a goal that 100% of in-state new passenger vehicles be zero-emission by 2035.
- [AB 1346](#) - will ban the sale of small internal combustion engines predominately used in lawn and garden equipment, starting as soon as 2024.
- [Renewable Portfolio Standard](#) (RPS) - established in 2002. Senate Bill 1078 requires electricity providers to increase the portion of energy that comes from eligible renewable sources, including solar, wind, small hydroelectric, geothermal, biomass and biowaste.

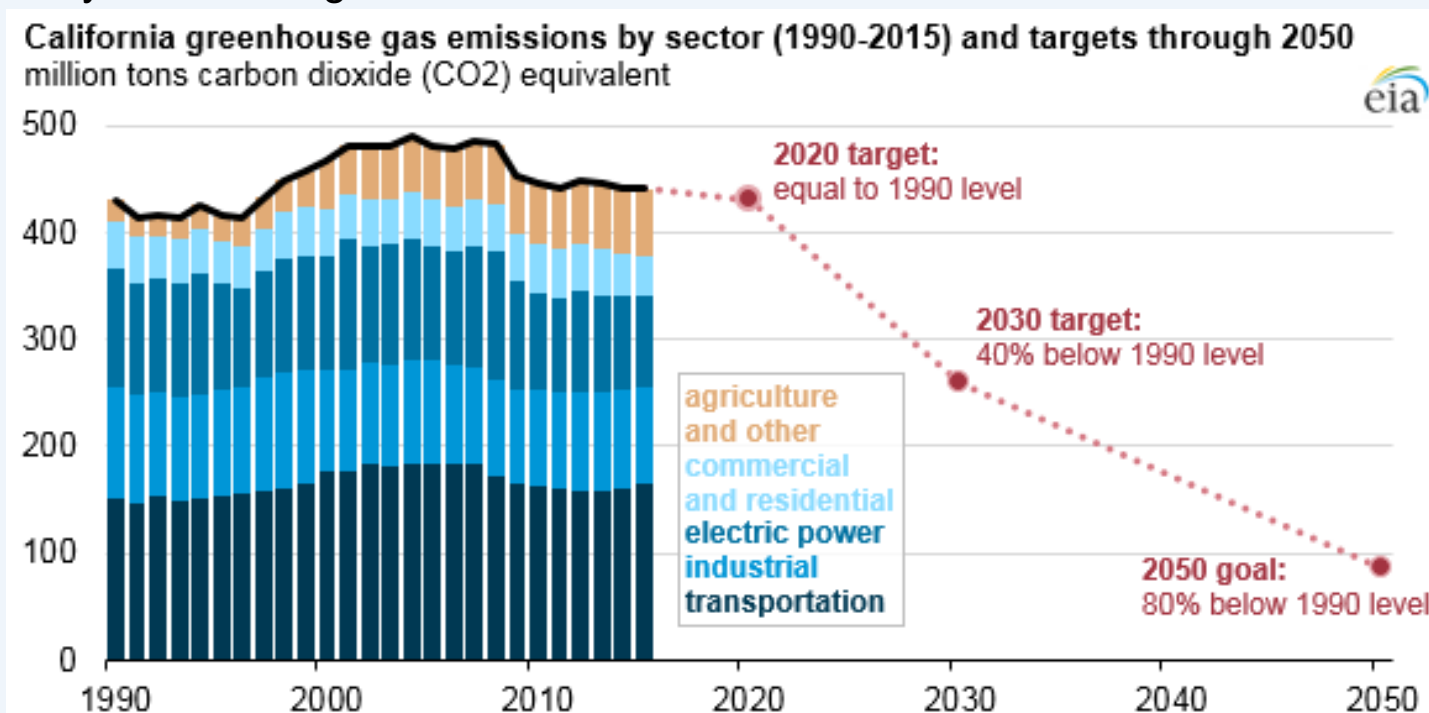
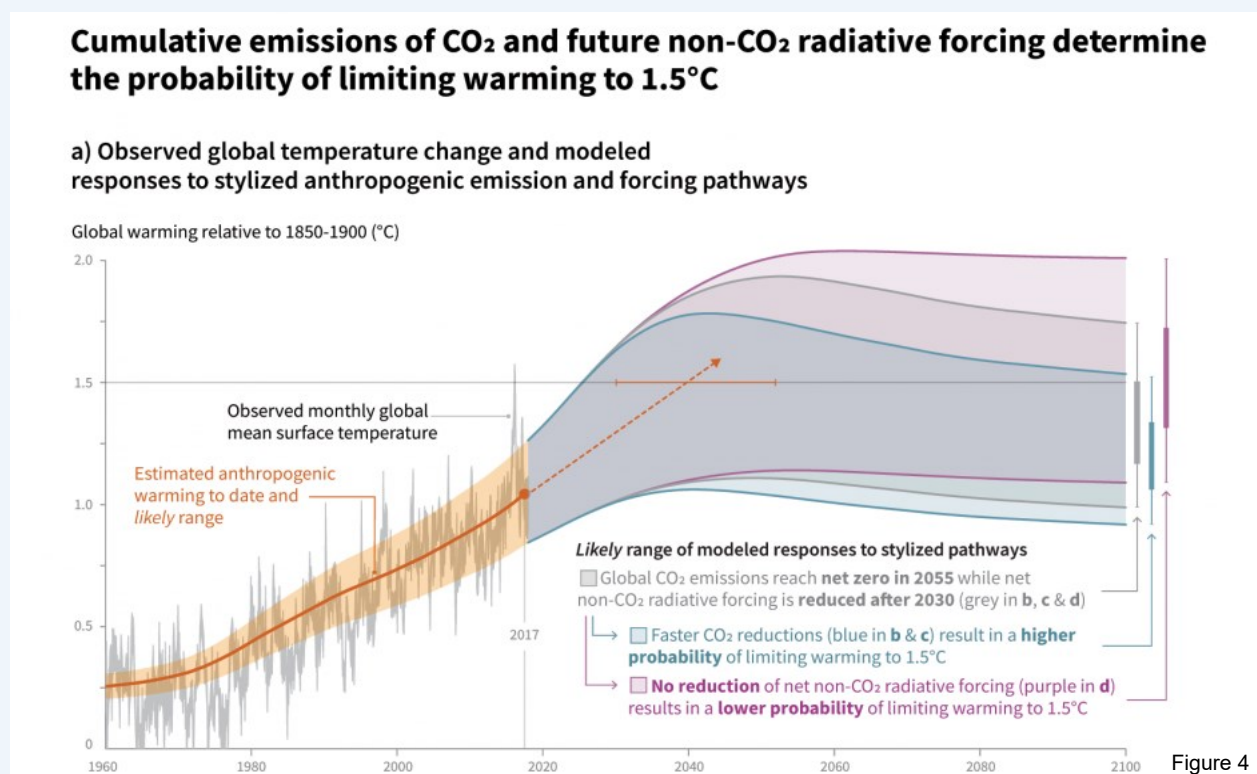


Figure 3: U.S. Energy Information Administration, based on California Air Resources Board data

- [AB 1493](#) (Pavley) - required carmakers to reduce greenhouse gas emissions from new passenger cars and light trucks by increasing fuel efficiency standards.
- [Low Carbon Fuel Standard](#) (LCFS) - was developed by the California Air Resources Board to reduce the carbon intensity of California's transportation fuels by at least 10% by 2020 as called for by Governor Schwarzenegger in Executive Order S-01-07.
- [Title 24](#) of the California Code of Regulations consists of regulations that cover the structural, electrical, mechanical, and plumbing system of every building constructed or altered after 1978.
- [AB 1470](#) - Established a ten-year incentive program that encourages installations of solar water heating systems that offset natural gas and electricity use in homes and businesses throughout the state.
- [Intergovernmental Panel on Climate Change](#) (IPCC) - Issued the 2021 Report finding the probability of global warming exceeding 1.5 degrees Celsius in the next two decades has increased and shows that emissions of GHG from human activities are responsible for 1.1 degrees Celsius since 1850-1900.



1.4 Developing the CAP

The Morgan Hill CAP was developed out of necessity. The need for this community to drastically reduce CO2 emissions is vital for the overall GHG reduction statewide. The City Council unanimously decided that now is the time to address climate change for the health of the local environment and the physical health of the community.

The creation of a CAP was brought to the attention of the public through a virtual community meeting and was widely accepted by those who attended. Since then, City staff met with a dedicated group of community members as a Working Group to delineate the goals, key actions, equitable accessibility, and feasibility of a CAP for Morgan Hill.

Through this CAP, the City of Morgan Hill demonstrates its passion about becoming a leader in the community, showing that through action it is possible to make a change for the better so the environment can continue to sustain all who inhabit it.

CAP DEVELOPMENT TIMELINE



Chapter 2:

Greenhouse Gas Inventory

The first step in understanding where we need to go is to understand where we are and where we have been. By analyzing the CO2 emissions output in Morgan Hill, we can better predict what the emissions in the future will be. If Morgan Hill were to continue on the “business as usual” track, the emissions output from fossil fuel powered vehicles and new buildings constructed using natural gas, the result could be catastrophic.

Morgan Hill is no stranger to the natural disasters that have been increasingly occurring due to the shift in climate. In a regular season with precipitation, Morgan Hill has seven natural creeks and three reservoirs. Drought has been a semi-constant occurrence since 2014 for Morgan Hill and the extreme drought that Morgan Hill has experienced in the 2020-2021 years has impacted every resident, business owner, and farmer who relies on that water.

As the climate as warmed and dried, the intensity of devastating wildfires seems to grow larger each year and become less predictable. Up and down California, extreme wildfires have required thousands to evacuate and decimated hundreds of thousands of acres. Fires have historically resulted in a rejuvenation of the soil and plant life, but human sprawl has restricted this process. Addressing climate change and reducing GHG emissions are key to reducing these events.



Chesbro Reservoir July 2021



Chesbro Reservoir October 2021



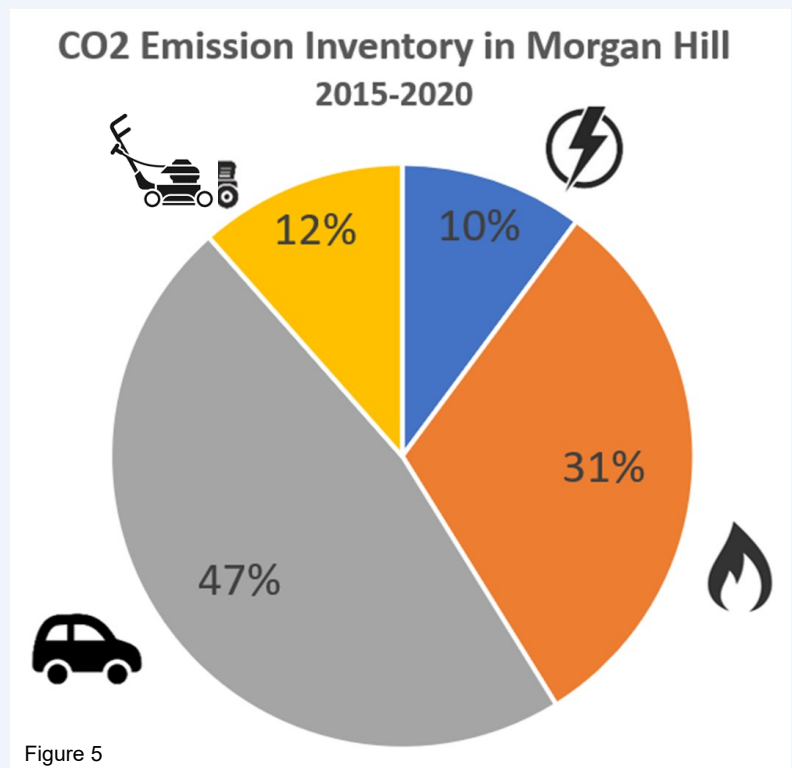
August 2020 fire. Photo courtesy California Conservation Corps

2.1 Current GHG Status

Morgan Hill's GHG emission data has been gathered through Silicon Valley Clean Energy for the years 2015, 2017, 2018, 2019, and 2020. This CAP is solely focused on the emissions output from the transportation and building sectors. For those two sectors, the CO₂ emissions analyzed are in the four categories below:

1. On-Road Vehicle
2. Off-Road Vehicle
3. Natural Gas from Buildings
4. Electricity from Buildings

Within the five years analyzed, these sources emitted more than 776,000 metric tons (MT) of CO₂, contributing to climate change and the devastating effects occurring throughout California and across the globe.



The two categories that generate the most CO₂ emissions (shown in Figure 5) are on-road vehicles and natural gas from buildings. Combined these two sources emitted 108,561 metric tons of CO₂ in 2020. By specifically focusing the majority of strategies and efforts in this CAP toward the two largest contributors to climate change, the adaptations made will have the largest impacts.

While there is still CO₂ emitted from off-road vehicles and electricity from buildings, which is addressed in the action items of this CAP, they comprise a minor portion of the overall emissions and have already decreased dramatically since 2015. With state policies enacted and improved renewable energy sources from electric power, these emissions are predicted to continue to decline.

Figure 6

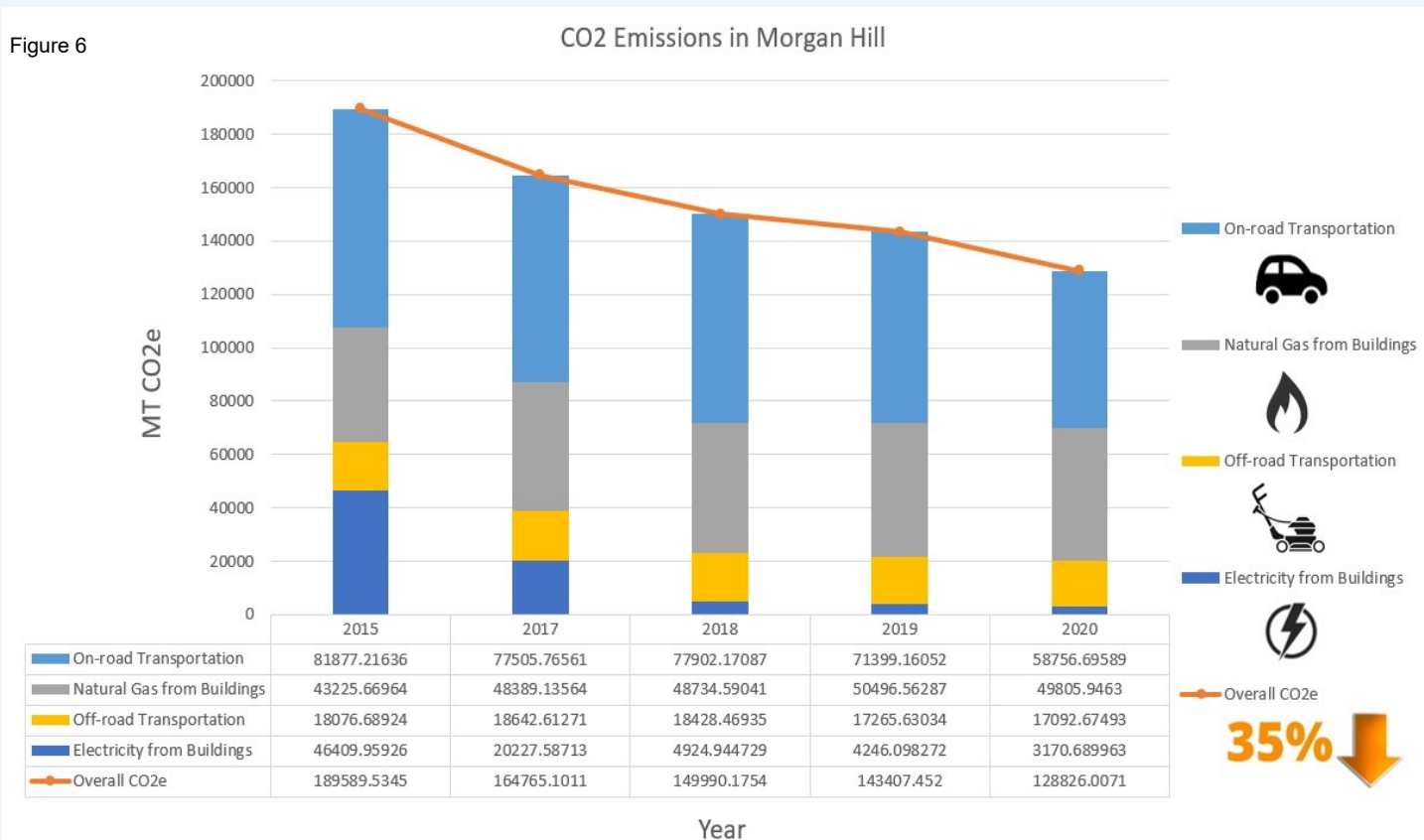


Figure 6 above shows the overall CO2 emissions attributed to Morgan Hill. The largest CO2 contributor, on-road vehicles, has declined since 2015, due to the introduction and availability of electric vehicles (EV). As EV production expands and the price of such vehicles becomes more affordable to residents, the goals in this CAP will emphasize reducing CO2 emissions from on-road vehicles, as decreasing this will make the largest positive impact.

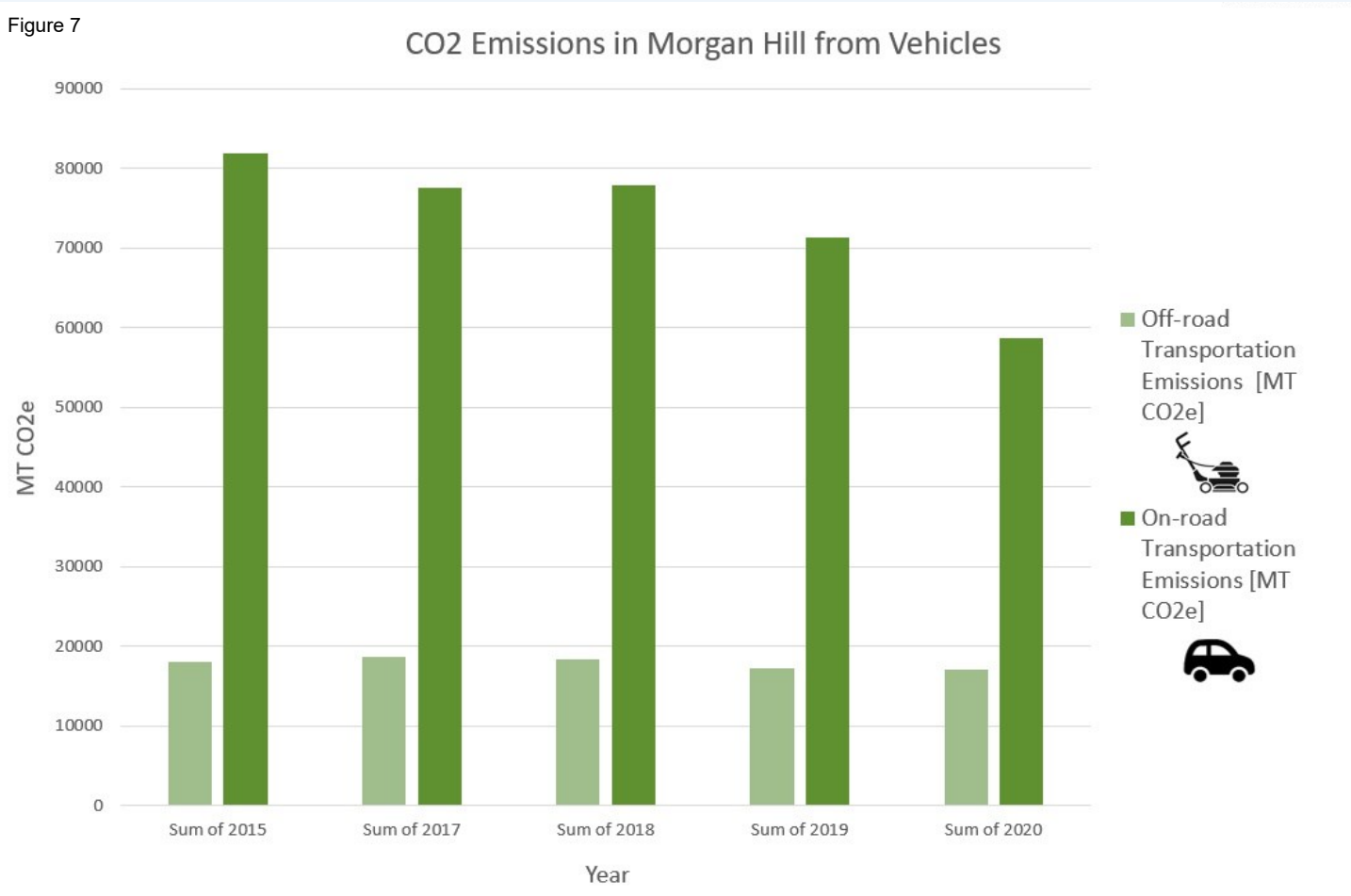
Running almost parallel to this are the CO2 emissions from natural gas from buildings. Many household appliances used in most existing buildings, both residential and commercial, are powered by natural gas. The hot water heater, heating systems, cooking appliances, and clothes drying appliances in almost all existing buildings emit CO2 emissions. Switching these household items to ones powered by electricity, instead of natural gas, will greatly reduce these CO2 emissions.

As the population and development in Morgan Hill has grown, there is a promising downward trend of electricity emissions from buildings drastically decreasing from 23% in 2015 to only 2% in 2020 as a result of the actions taken by Silicon Valley Clean Energy to source carbon-free electricity for the community.

Figure 7 provides a closer view of the emissions released only from the vehicle categories. Both on-road and off-road vehicles are displayed by the graph below. These two categories account for 59% of Morgan Hill’s overall emissions from 2015 to 2020.

The off-road vehicle emissions have remained generally steady and have only decreased from 18,077 MT to 17,093 MT over the course of five years. Types of off-road vehicles that output these emissions include, but are not limited to, landscaping and gardening equipment (leaf blowers, lawn mowers, etc.), construction equipment, and recreation vehicles.

As previously stated, by far the largest contributor to CO2 emissions in Morgan Hill is on-road vehicles. In 2015, 81,877 MT of CO2 were emitted. We are beginning to see a decrease as electric vehicles (EV) are becoming more accessible and affordable. In 2020, on-road vehicles CO2 emissions were reduced to 58,767 MT. In addition to the increase in EV use, this decrease reflects the lockdown that occurred due to the COVID-19 global pandemic that began in March of 2020.



The CO2 emissions from natural gas in buildings (both residential and commercial) will be another focal point within this CAP. While it is currently required that newly constructed buildings as of 2020 are built as all-electric, the vast majority of existing buildings utilize natural gas. As development in Morgan Hill expands, the new builds, both residential and commercial, will be constructed utilizing only electric power with the occasional exception.

This leaves us with the issue of having almost 14,000 existing buildings using natural gas. For decades natural gas has been the source of generating heat, hot water, and cooking in buildings of all types and sizes. The consequences of this practice and the resulting emissions are now being noticed. This CAP will focus on addressing those emissions and providing key actions to reduce them.

The existing building types from 2021 data are shown in Figure 8. Of the roughly 14,000 existing buildings in Morgan Hill, the vast majority (94%) are residential. Commercial buildings make up only 6% and municipal buildings make up less than 0.003% of the buildings in Morgan Hill.

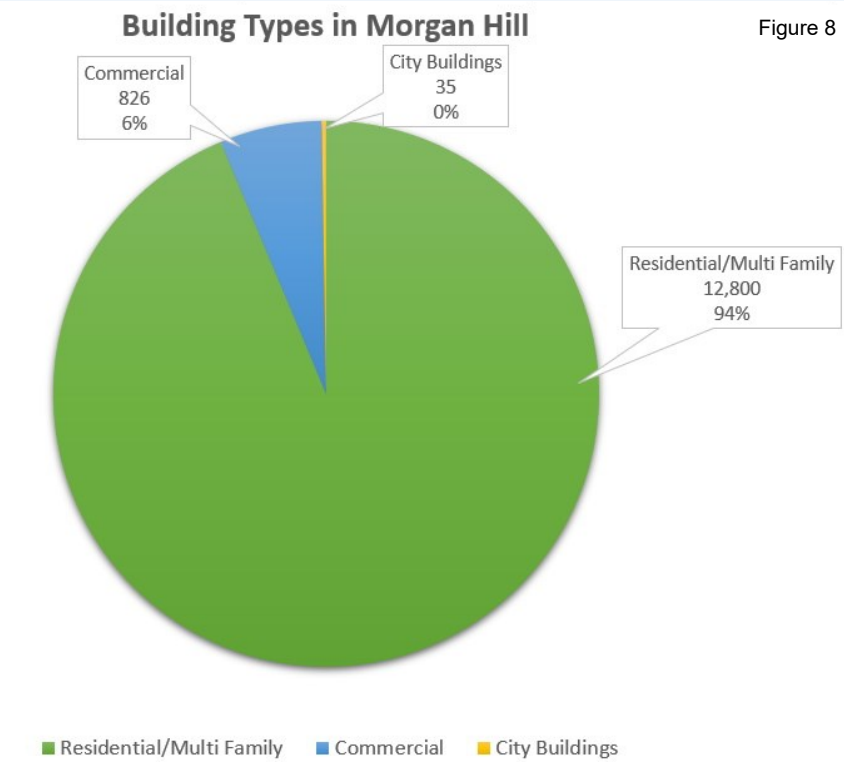


Figure 8

To make a true and meaningful change in the building sector, residential properties need to be converted to all-electric. With the innovative technologies that are now available, buildings now have more electrically-powered alternatives that can supplant natural gas. This retrofitting does come at a cost and will be at the forefront of future

discussions with residential property owners. It is not feasible for every residential property owner to convert all appliances to electric all at once.

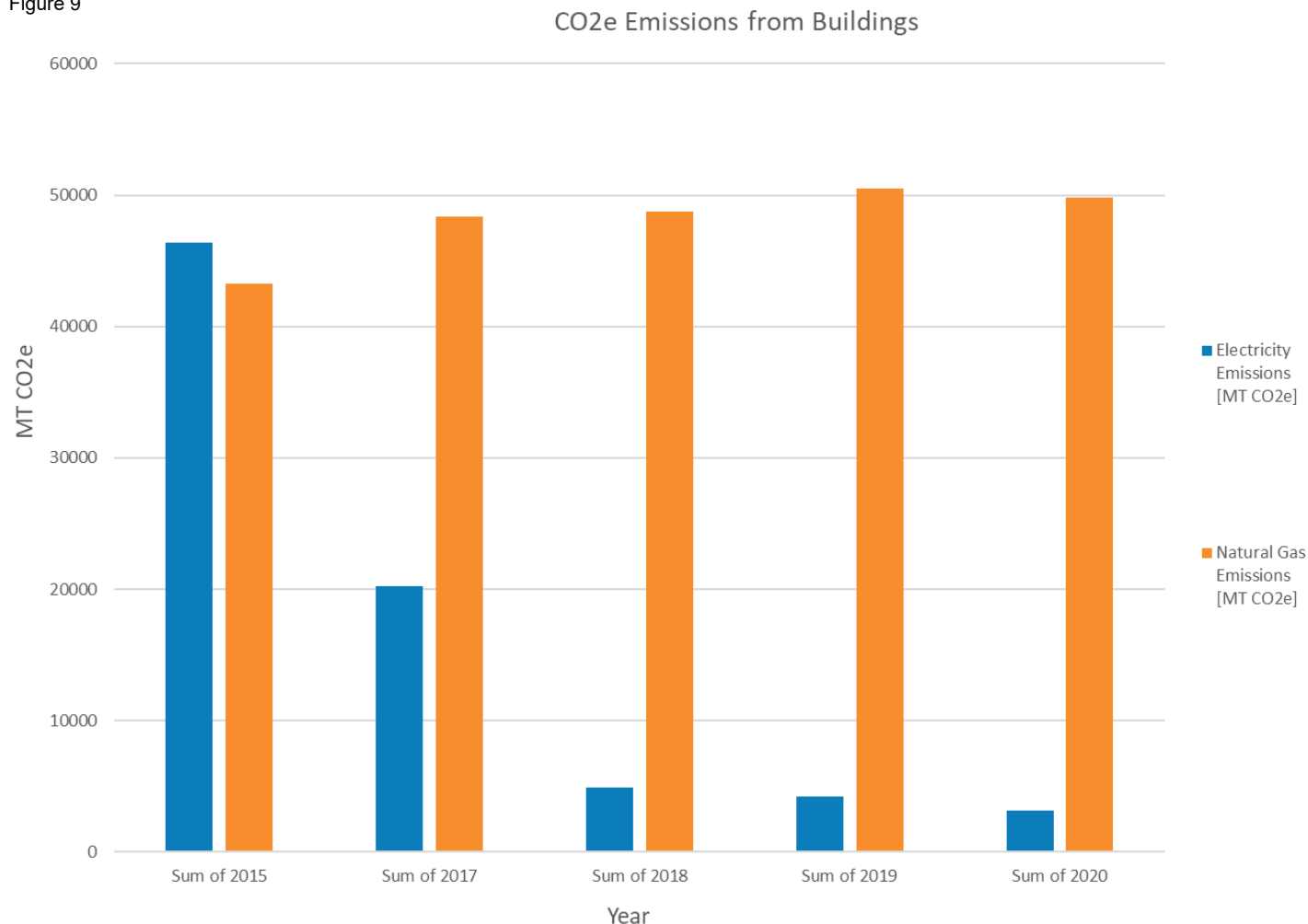
By making the transition one appliance at a time and utilizing the financial assistance programs available by external campaigns, this switch to an all-electric building can be more digestible. While it may take a slow running start for residential buildings to become all-electric, this change is crucially needed in order for Morgan Hill to reduce its contribution to climate change. In 2020, the natural gas from all buildings in Morgan Hill exerted 49,806 metric tons of CO₂ emissions into the atmosphere, which was not far off from the 58,757 from the On-Road Vehicles.

As technology has improved, there are new innovative ways for every property owner to reduce their GHG emissions. The most commonly found appliances in buildings that use natural gas for power, but have electric alternatives readily available include:

- Heating systems
- Water heaters
- Clothes dryers
- Stovetops

The CO₂ emissions in metric tons from both natural gas and electricity from buildings in Morgan Hill over five years is shown in Figure 9 below.

Figure 9

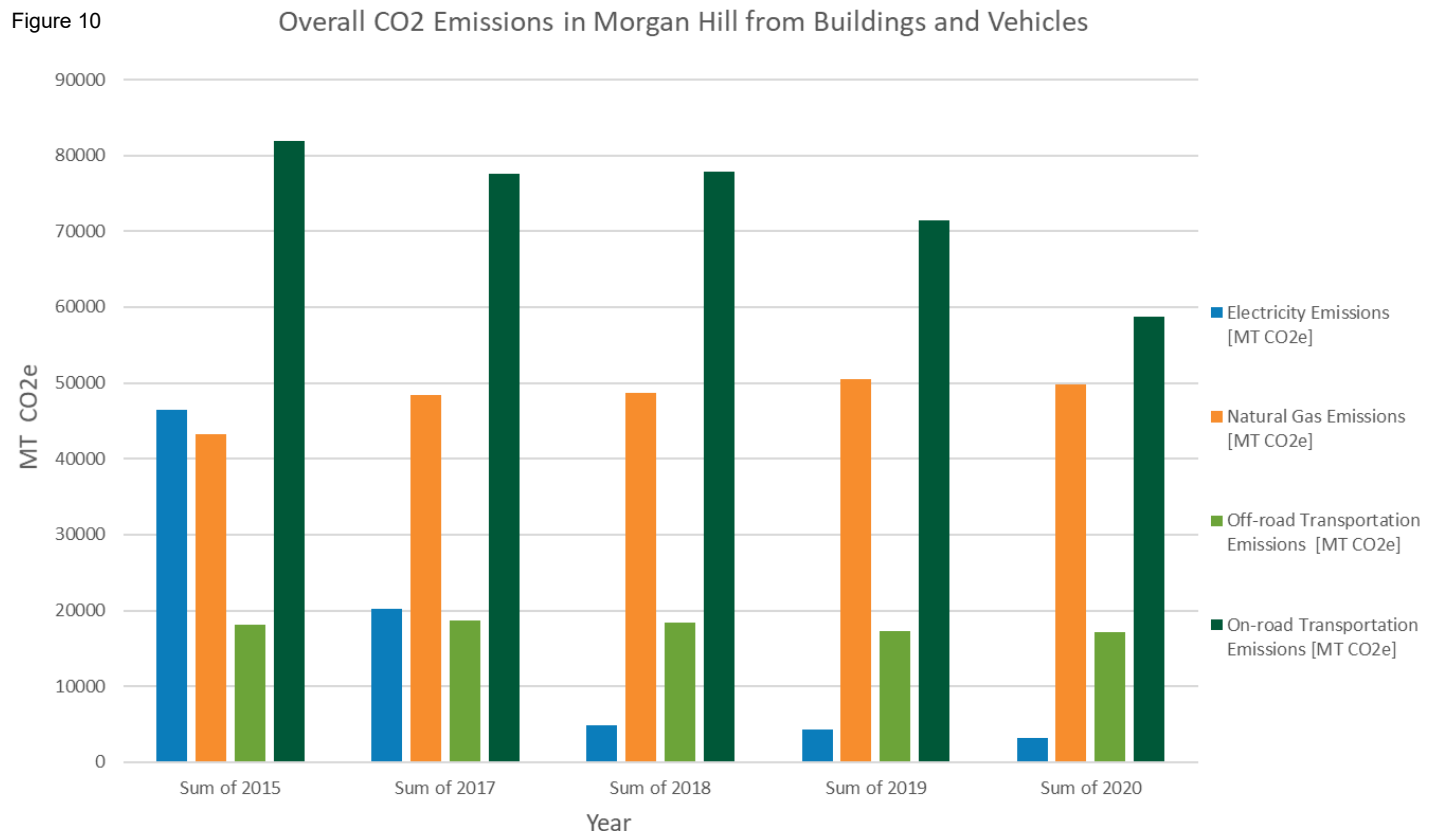


The drastic difference between natural gas and electricity to power the same household appliances makes this urgent need for a change evident. Even with the increase in Morgan Hill’s population and more new buildings being constructed, the electricity emissions have continued to decrease. These new buildings that are required to be all-electric show the path that the 13,661 existing buildings in Morgan Hill need to follow to reduce CO2 emissions.

By completing an at-home analysis of current appliances in the building, the options available for retrofitting, and the applicable budget, a building owner can begin the path to all-electric. A major factor with this conversion is knowing the current capacity of the electrical panel in the building. Most older homes contain a 100-amp electrical panel which is suitable for the home’s traditional electrical needs. The conversion to a larger 200-amp electrical panel may be necessary to make the switch to all-electric.

Upgrading to a larger panel will ensure capacity for retrofitting all appliances, but in some cases it is not always necessary. By using watt diet tools and having a professional energy audit conducted, there may be ways to make the switch using the building’s current panel.

The CO2 emissions data will continue to be collected and analyzed as this CAP is implemented and reduction efforts are made. Figure 10 below reiterates the current CO2 status and the areas that need improvement.



Chapter 3:

CAP Goals and Actions

City staff and members of the CAP Working Group have been dedicated to establishing a roadmap for GHG reduction that can be implemented to secure a resilient future for the City of Morgan Hill. The goals and actions in this Climate Action Plan have been set forth to assure that Morgan Hill is a leader in the community to mitigate climate change.

The strategies in this Chapter focus on areas of decarbonizing buildings and reducing emissions from on-road and off-road vehicles by increasing EVs and electric equipment to reach net zero emissions.



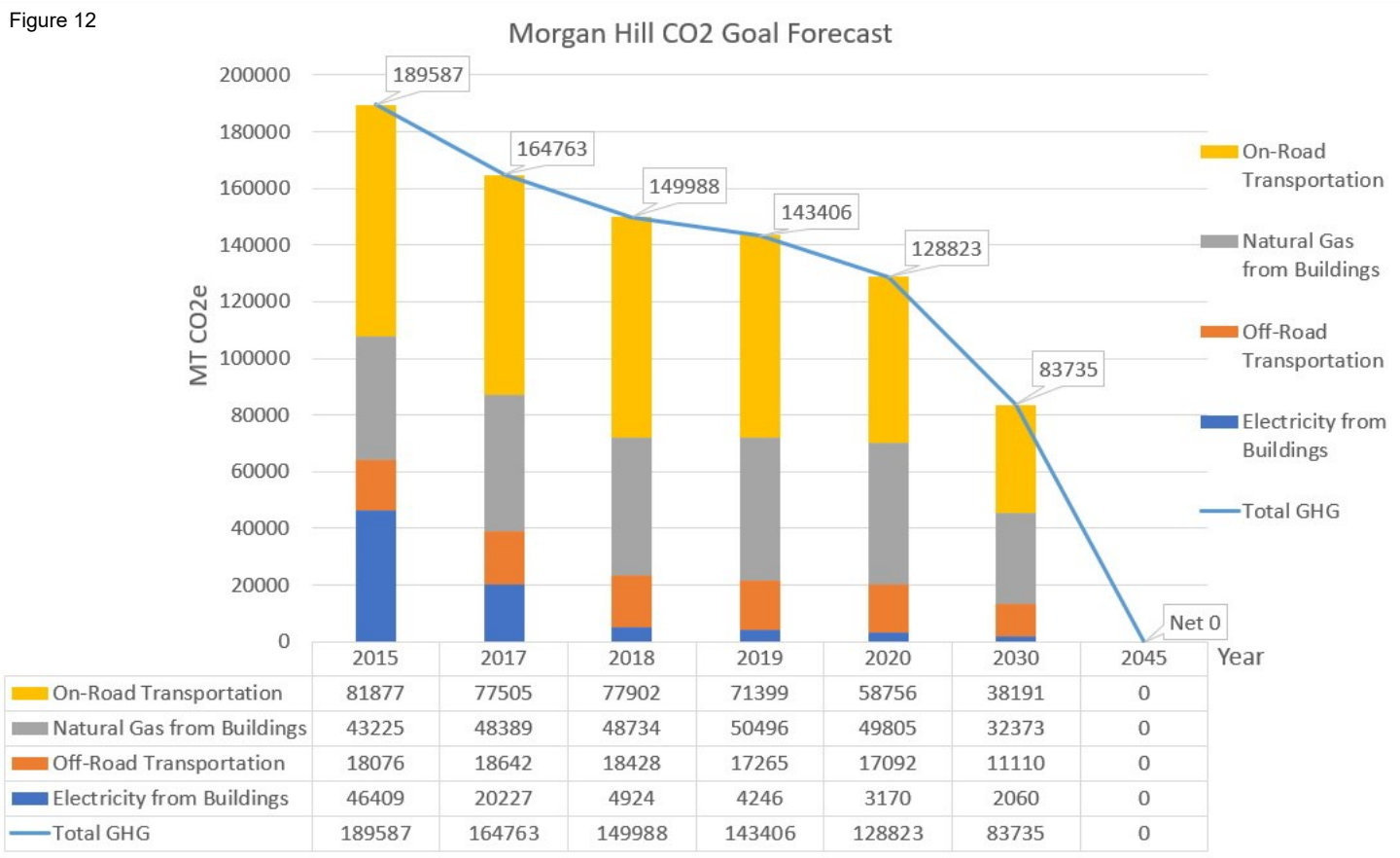
3.1 CAP Main Goal



Main Goal:

Reduce Morgan Hill’s net CO2 emissions in the building and transportation sectors 35% below the 2020 baseline level by 2030 and 100% below the 2020 baseline level by 2045.

Figure 12



Utilizing the goals established above for the City of Morgan Hill, Figure 12 displays where the CO2 emissions (in metric tons) will be with the overall target of 35% CO2 reduction by 2030 and 100% CO2 reduction by 2045.

3.2 CAP Sub-Goals

Sub-Goals for Transportation Sector:



Utilizing a baseline of 2020,

1. Expand electric vehicle charging station access for existing multifamily complexes by 30%, (i.e., the number of chargers in multifamily complexes will be equivalent to at least 30% of the number of units in multifamily complexes) by the year 2025 and 100% by 2035.
2. Transition 50% of the municipal fleet from fossil fuel to electric by 2030 and 100% by 2035.
3. Prohibit the construction of new gas stations in Morgan Hill.
4. Require newly-constructed residential buildings to have the necessary capacity to facilitate EV charging.
5. Install EV charging stations for at least 10% of available parking spaces in new non-residential projects.

Sub-Goals for Building Sector:

Utilizing a baseline of 2020,

1. Transition 95% of existing buildings (*roughly 14,000*) in Morgan Hill to be all-electric by 2045, with additional targets every five years consisting of:
 - 1% of existing buildings by 2025
 - 10% of existing buildings by 2030
 - 35% of existing buildings by 2035
 - 70% of existing buildings by 2040
2. Convert all municipal buildings to all-electric by 2035.



3.3 Actions for Implementation

Main Goal:

Reduce Morgan Hill's net carbon dioxide emissions in the building and transportation sectors 35% below the 2020 baseline level by 2030 and 100% below the 2020 baseline level by 2045.



Action Items:

- a. Continue to collect and analyze GHG data to identify areas of successes and needs for improvement.
- b. Provide education for the community to increase building decarbonization and electric vehicle use through outreach methods such as community meetings, webinars, providing materials at events, and conducting surveys.
- c. Partner with existing campaigns to increase community awareness of building decarbonization, neighbor-to-neighbor ambassador programs, and rebate options.
- d. Support programs outside of this CAP that reduce vehicle miles travelled, which could include topics of nonmotorized transportation improvements, small EVs, carpool or telework programs, improvements of traffic flow, and increase of bus routes.
- e. Coordinate a City-sponsored Clean Air Week consisting of:
 - EV car showcase
 - Electric landscaping alternative displays and demonstrations
 - Vehicle idling reduction promotion in congested areas
 - Outreach regarding bike lane updates and maps
 - Induction cooking display and demonstration
 - Variety of other outreach methods to encourage building decarbonization and electric vehicles

For the Transportation sector, with a baseline year of 2020, the following actions will be implemented to accomplish the sub-goals and overarching main goal.



Sub-Goal:

1. Expand electric vehicle charging station access for existing multifamily complexes by 30%, i.e., the number of chargers in multifamily complexes is equivalent to at least 30% of the number of units in multifamily complexes, by the year 2030 and 100% by 2035.

Action Items:

- 1.a.** Adopt an ordinance requiring the installation of EV chargers for at least 30% of the parking spaces based on the number of units in existing multifamily complexes by 2030.
- 1.b.** Adopt an ordinance requiring the installation of EV chargers for at least 30% of the parking spaces based on the number of units in existing multifamily complexes when a complex is sold or an addition or large renovation valued at more than \$1,000,000.
- 1.c.** Analyze and strategize preferential parking design when EV chargers are to be installed.

Sub-Goal:

2. Transition 50% of the municipal fleet from fossil fuel to electric by 2030 and 100% by 2035.

Action Item:

- 2.a.** Require every new vehicle purchase of municipal fleet to be electric once appropriate vehicles are available and realistically affordable.

Sub-Goal:

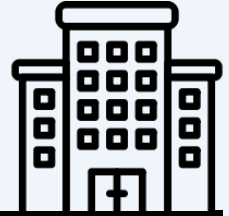
3. Prevent new gas stations from being built in Morgan Hill.

Action Item:

- 3.a.** Pass an ordinance by December 2022 preventing the installation of new gas stations that are not already in the permit pipeline.

<u>Sub-Goal:</u> 4. Require new residential buildings to have the capacity for EV charging, (e.g., install a raceway that can accommodate a 208/240-volt circuit branch).	<u>Action Item:</u> 4.a. Require all new construction of single family detached homes, townhouses, and other dwelling units with a garage to install a listed raceway to accommodate a 208/240-volt branch circuit for potential EV charging to be installed in accordance with the California Electrical Code, Article 625. 4.b. Adopt an ordinance to require new construction of multifamily buildings without garages to install EV chargers in at least 40% of the parking spaces based on the number of units in the building, compared to the CALGreen 2019 which required 10%.
<u>Sub-Goal:</u> 5. Install EV charging stations in at least 10% of available parking spaces in new non-residential projects.	<u>Action Item:</u> 5.a. Require new construction of nonresidential buildings to comply with section 5.106.5.3 of CALGreen Standards Code, Title 21, Part 11.

For the Building sector, with a baseline year of 2020, the following actions will be implemented to accomplish the accompanying sub-goals and the



Sub-Goal:

- 1.** Transition 95% of existing buildings (roughly 14,000) in Morgan Hill to all-electric by 2045, with incremental targets every five years consisting of:
- 1% by 2025
 - 10% by 2030
 - 35% by 2035
 - 70% by 2040

Action Items:

- 1.a.** Initiate a program to assist property owners with the transition to all-electric:
- research financial assistance programs
 - provide energy audits
 - adopt an ordinance requiring retrofitting appliances at resale
- 1.b.** Provide resources to property owners including a list of contractors, rebate information, and alternative appliance options.
- 1.c.** Coordinate training and education for contractors.
- 1.d.** Adopt an ordinance requiring additions over 1,000 square feet to existing buildings/properties to be all-electric unless the addition is not going to result in the addition or expansion of the existing water or space heating system.
- 1.e.** Launch a loaner induction program with cooking demonstrations.

	1.f. Create incentive programs for commercial buildings to convert rooftop HVAC systems to all-electric. 1.g. Look at opportunities to encourage or mandate direct access customers (those businesses that independently procure electricity) to switch to carbon-free power. 1.h. Evaluate opportunities to facilitate permit approvals
<u>Sub-Goal:</u> 2. Convert all municipal buildings to all-electric by 2035.	<u>Action Item:</u> 2.a. Appropriate funding to a conversion budget reserve fund annually.

Chapter 4:

Appendix



Work Cited:

- [Sustainable Morgan Hill](#)
- [California Air Resource Board](#)
- [Senate Bill No. 32](#)
- [Intergovernmental Panel on Climate Change](#)
- [Executive Order N-79-20](#)
- [Assembly Bill No. 1346](#)
- [Renewable Portfolio Standard \(RPS\)](#)
- [Assembly Bill No. 1493](#)
- [Low Carbon Fuel Standard](#)
- [Title 24 of the California Code of Regulations](#)
- [Assembly Bill No. 1470](#)
- [2019 California Green Buildings Standards Code - CALGreen](#)
- [Senate Bill No. 68](#)
- [Silicon Valley Clean Energy](#)
- [California Energy Commission](#)
- [BAYREN](#)
- [Building Decarbonization Coalition](#)
- [Bay Area Energy Atlas](#)
- [Switch Is On](#)
- [Energy.gov](#)



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

MONTHLY BUDGET UPDATE AND OCTOBER 2021 FINANCIAL AND INVESTMENT REPORTS

RECOMMENDATION(S)

Accept and file report.

Estimated Time: 10 Minutes

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Community Engagement and Messaging

REPORT NARRATIVE:

As part of the City Council's expectation to maintain a high level of transparency and to be responsible stewards of public funds, staff is providing this monthly budget update, along with the October 2021 financial and investment reports (Attachment 1 and 2).

October 2021 Financial Report

The Revenue and Expense Summary through the month of October 2021 is included on the first page of the monthly financial report (Attachment 2). Overall, General Fund revenues total \$7.5 million or about 15% of the budget as some of the major revenue categories are received later in the fiscal year. Expenditures, including encumbrances, amounted to \$15.6 million or 32% of the budget.

Budget Update

There has been no material change to the City's revenue since the last budget update to the Council on November 3, 2021. As previously shared with the Council and the community, Recreation Services revenues continue trending below budget. The indoor mask mandate which serves as an important tool to prevent the spread of coronavirus, regardless of vaccination status, is having a negative impact to the membership drive. In addition, facility rental revenue for the year is expected to be minimal compared to prior years. However, staff is hopeful that the net impact won't be significant as staff

expects to further implement cost containment strategies to offset the reduction in revenue.

COMMUNITY ENGAGEMENT:

Inform

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

ALTERNATIVE ACTIONS:

Not Applicable

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council receives and files the financial and investment report for each month. At the September 16, 2015 meeting, City Council recommended monthly financial and investment reports be agendaized under the Consent Agenda, and quarterly financial and investment reports be presented to City Council as an "Other Business" item. Beginning in FY 2020-21, budget reports are presented to the Council monthly.

FISCAL AND RESOURCE IMPACT:

The preparation of the report is a part of the Finance workplan. Staff does not recommend any budget adjustments at this time.

CEQA (California Environmental Quality Act):

Not a Project.

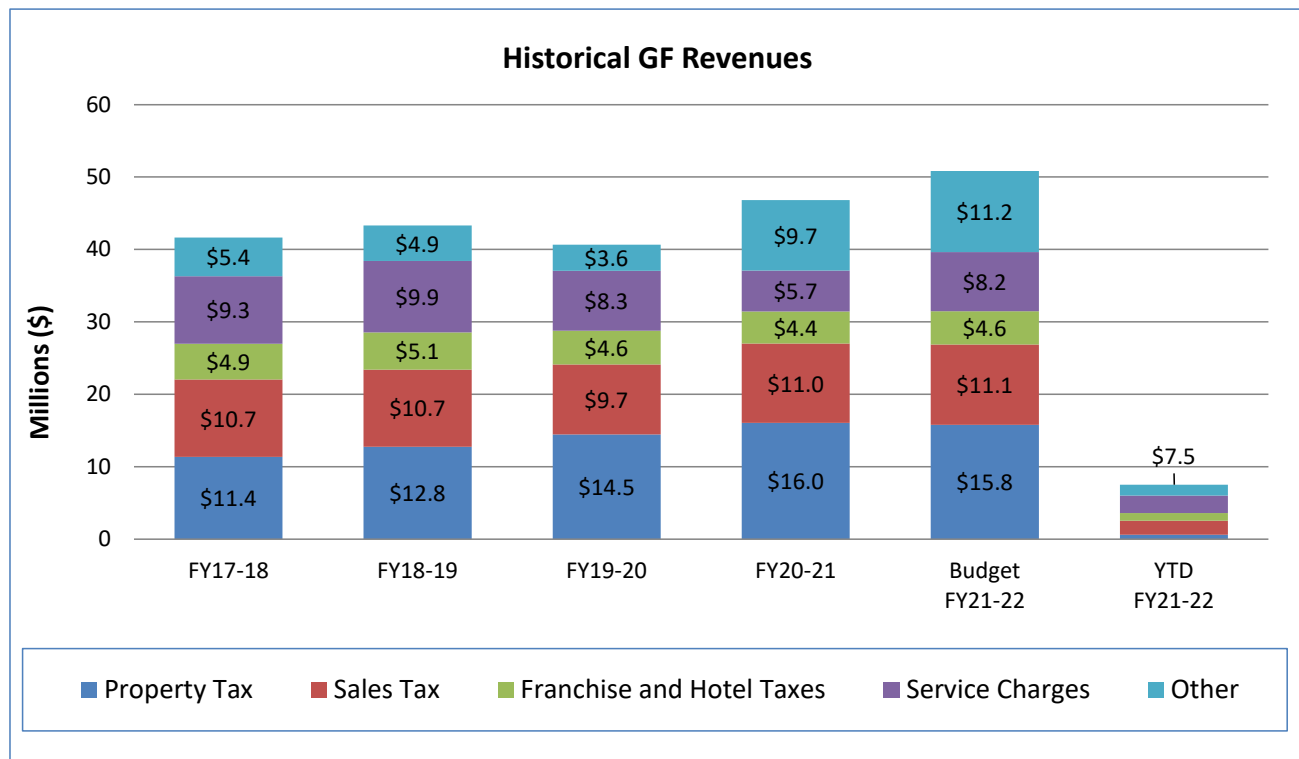
This report is not a project, as defined in Section 15378 of the State CEQA Guidelines. Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2021-22
FOR THE MONTH ENDED OCTOBER 2021 – 33% OF YEAR COMPLETE

- **General Fund** Revenues through October totaled \$7.5 million, or about 15% of the budgeted revenues as some of the major revenue categories such as property tax are received later in the fiscal year. With respect to the property tax revenue forecast, on August 20, 2021, the Controller-Treasurer’s Department of the County of Santa Clara notified the cities and agencies within the County that the State of California Controller’s Office agreed with the County’s methodology of calculating excess Educational Revenue Augmentation Fund (ERAF), therefore, set aside provision is no longer required. What this means is the City of Morgan Hill is expecting to receive an additional \$650,000 in excess ERAF for FY2021-22. However, the County cautioned cities and agencies in planning and budgeting this source of revenue as future legislation could impact the calculation methodology. The increase in excess ERAF distribution is mainly due to the growth of property tax outpacing the growth of school funding requirement and this revenue stream is becoming a large revenue category for the City in recent years. Morgan Hill began to receive excess ERAF distribution in FY2013-14 in the amount of \$13,000 and it has grown to about \$1.9 million in last fiscal year FY2020-21.

The chart below shows historical General Fund revenues by major revenue category from FY17-18 through FY20-21 Actual, FY21-22 Budget, and YTD as of October 31, 2021.



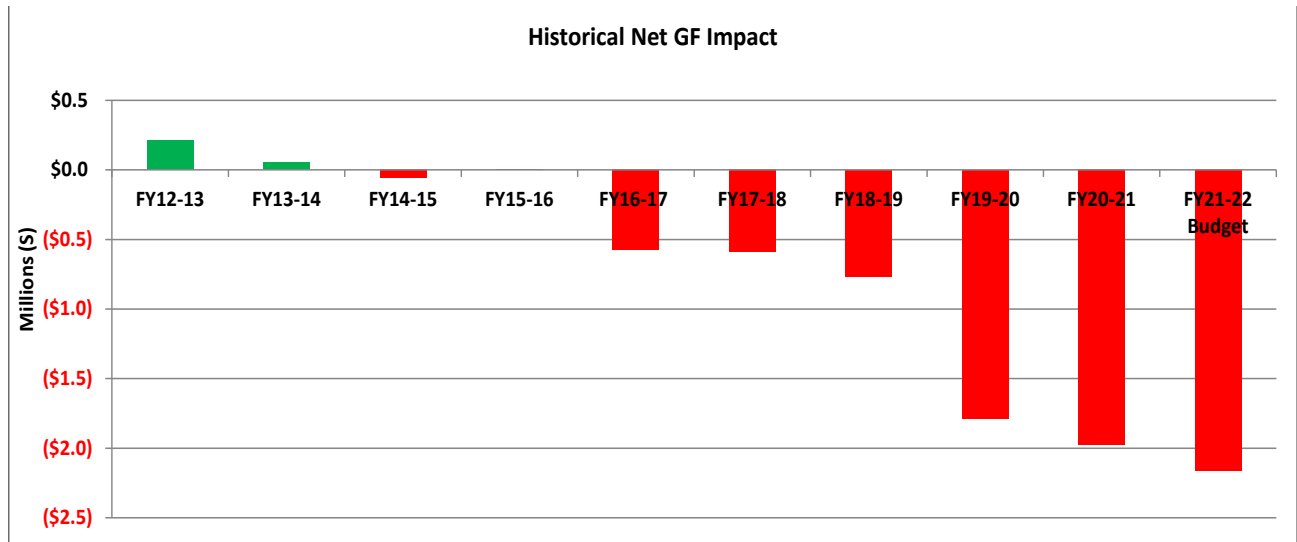
General Fund expenditures and encumbrances as of October 31, 2021 totaled \$15.6 million, of which approximately \$2.2 million is attributable to outstanding encumbrances.

- **Community Services** – The Community Services Department’s recreation operations, as reflected in the schedule presented on page 4 of the Monthly Financial and Investments Reports, shows a negative impact to the General Fund of approximately \$1.6 million as of October 31, 2021. The large budgeted operating loss for recreation operations reflects the restrictions and limited opening of recreation facilities since March 2020 due to shelter-in-place order as a result of coronavirus pandemic and



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2021-22
FOR THE MONTH ENDED OCTOBER 2021 – 33% OF YEAR COMPLETE

continued indoor mask mandate which is having a negative impact to the membership drive.



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

- **Development Services Fund** – Revenues through October totaled \$1.5 million. Expenditures, including encumbrances, totaled \$1.8 million. The fund is budgeted at a higher revenue at \$5.3 million compared to recent years actuals primarily due to the anticipated completion of the updated fee study. Staff, with the assistance of the consultant, is in the process of finalizing a fee study to update the current fees which were developed over five years ago and anticipates its completion in a few months.
- **Debt Service Funds** – Expenditures through October totaled \$4,896. The debt service for the first half of the year includes both interest and principal, while the second half of the year will include interest only. Debt service payments were all scheduled when the bonds were issued, and are budgeted for in the months delineated in the underlying bond documents. The General Fund's portion of the annual debt service payments is approximately \$200,000, less than one percent of the General Fund's budgeted revenues.
- **Wastewater Operations** – Revenues from Sewer Operations through October totaled \$3.7 million. Expenditures and outstanding encumbrances totaled \$4.7 million or 33% of the budget. The table below



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2021-22
FOR THE MONTH ENDED OCTOBER 2021 – 33% OF YEAR COMPLETE

shows historical Sewer Operations revenues and expenditures from FY17-18 through FY20-21 Actual, FY21-22 Budget, and YTD as of October 31, 2021.

(amount in millions)	FY17-18	FY18-19	FY19-20	FY20-21	Budget FY21-22	YTD FY21-22
Revenues	10.3	11.4	11.9	13.3	14.1	3.7
Expenditures	10.8	11.4	12.3	13.3	14.0	4.7
Operating Margin	(0.5)	-	(0.4)	-	0.1	(1.0)
Operating Margin without Encumbrances	(0.3)	0.4	(0.1)	-	0.1	(0.8)

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues from Water Operations through October totaled \$4.7 million. Water Operations expenditures, including outstanding encumbrances, totaled \$5.6 million through October. The table below shows Water Operations revenues and expenditures from FY17-18 through FY20-21 Actual, FY21-22 Budget, and YTD as of October 31, 2021.

(amount in millions)	FY17-18	FY18-19	FY19-20	FY20-21	Budget FY21-22	YTD FY21-22
Revenues	13.0	14.2	15.3	16.5	16.3	4.7
Expenditures	12.1	14.3	16.4	16.5	16.4	5.6
Operating Margin	0.9	(0.1)	(1.1)	-	(0.1)	(0.9)
Operating Margin without Encumbrances	1.4	0.8	(0.1)	-	(0.1)	-

- **Investments** – Two securities were purchased. Total interest earnings received on investments were \$21,000 during the month.

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
October 31, 2021 - 33% of Year Complete

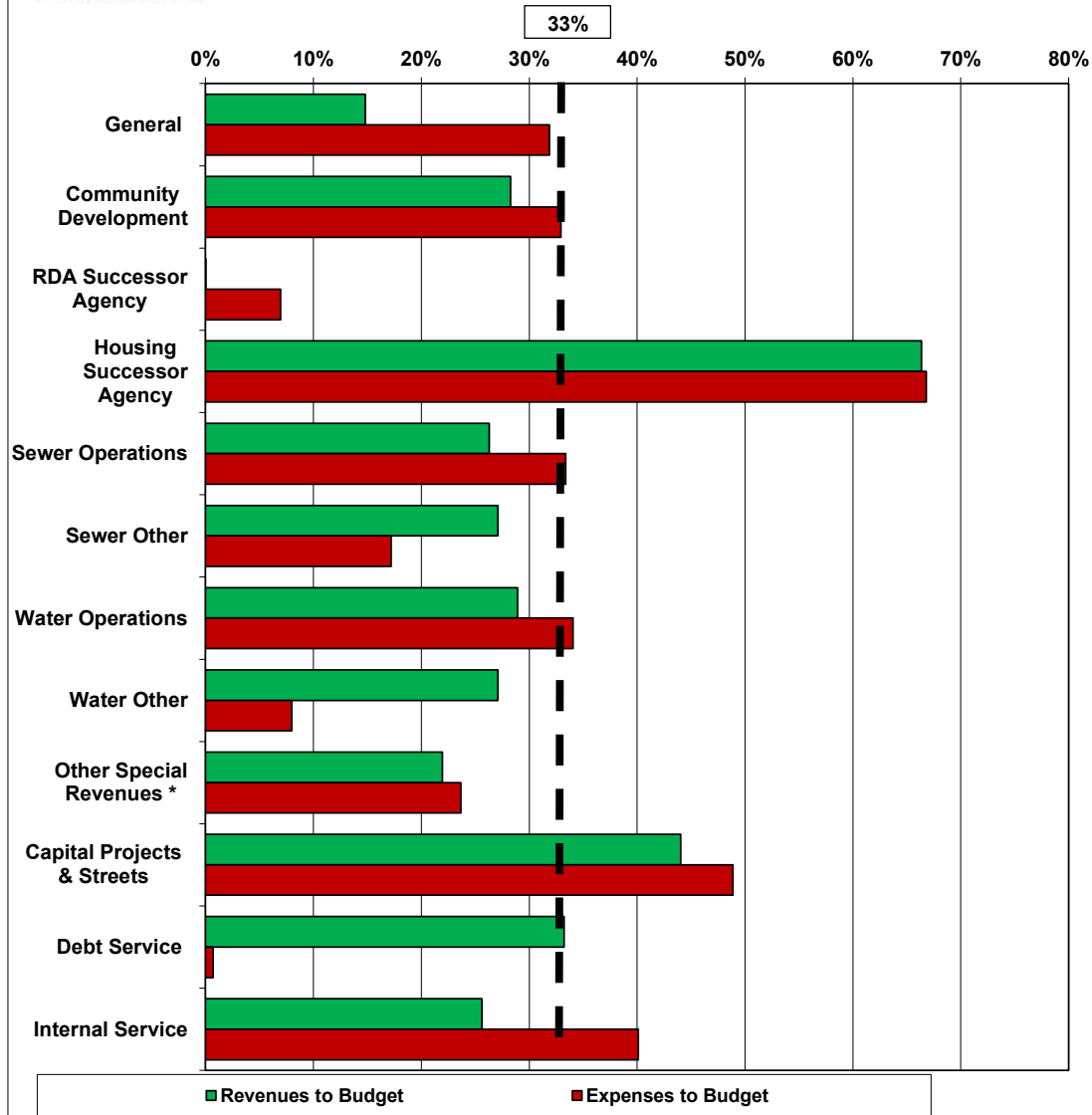


CITY OF MORGAN HILL

Prepared by:
FINANCE DIVISION



Morgan Hill YTD Revenue & Expense Summary October 31, 2021 - 33% of Year Complete



FUND NAME	REVENUES		EXPENSES	
	ACTUAL	% OF BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET
General	\$ 7,522,795	15%	\$ 15,572,319	32%
Community Development	1,496,647	28%	1,829,796	33%
RDA Successor Agency	116	0%	482,159	7%
Housing Successor Agency	142,847	66%	670,619	67%
Sewer Operations	3,709,635	26%	4,681,582	33%
Sewer Other	3,242,485	27%	7,698,631	17%
Water Operations	4,722,396	29%	5,598,706	34%
Water Other	1,905,309	27%	779,033	8%
Other Special Revenues *	1,189,588	22%	1,203,500	24%
Capital Projects & Streets	10,040,384	44%	32,250,932	49%
Debt Service	230,332	33%	4,896	1%
Internal Service	3,328,273	26%	5,318,739	40%
TOTAL FOR ALL FUNDS	\$ 37,530,805	24%	\$ 76,090,911	33%

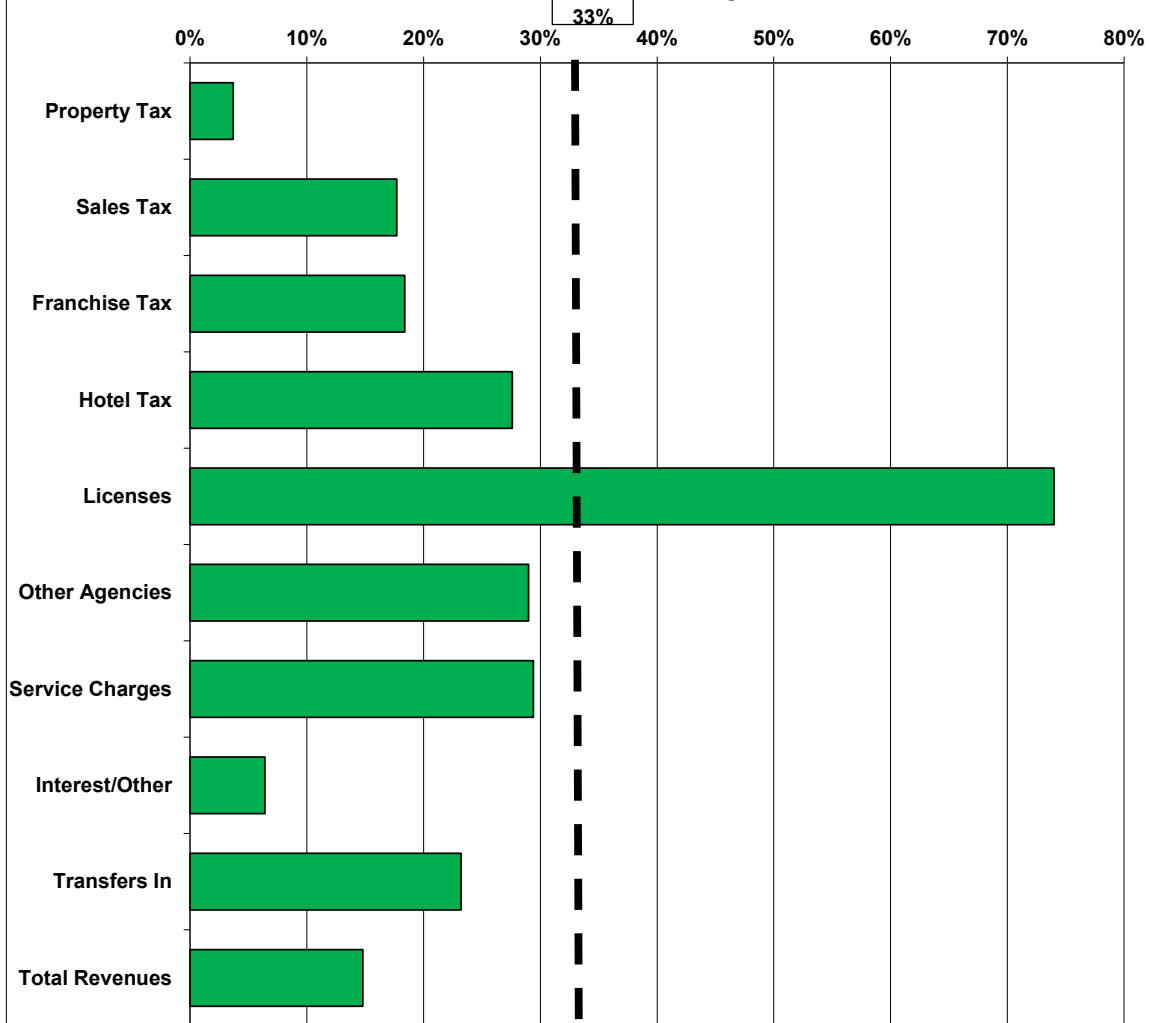
* Includes all Special Revenue Funds except Community Development, Street Funds, and RDA and Housing Successor Agencies.



Morgan Hill YTD General Fund Revenues

October 31, 2021 - 33% of Year Complete

Percent of Actual to Budget



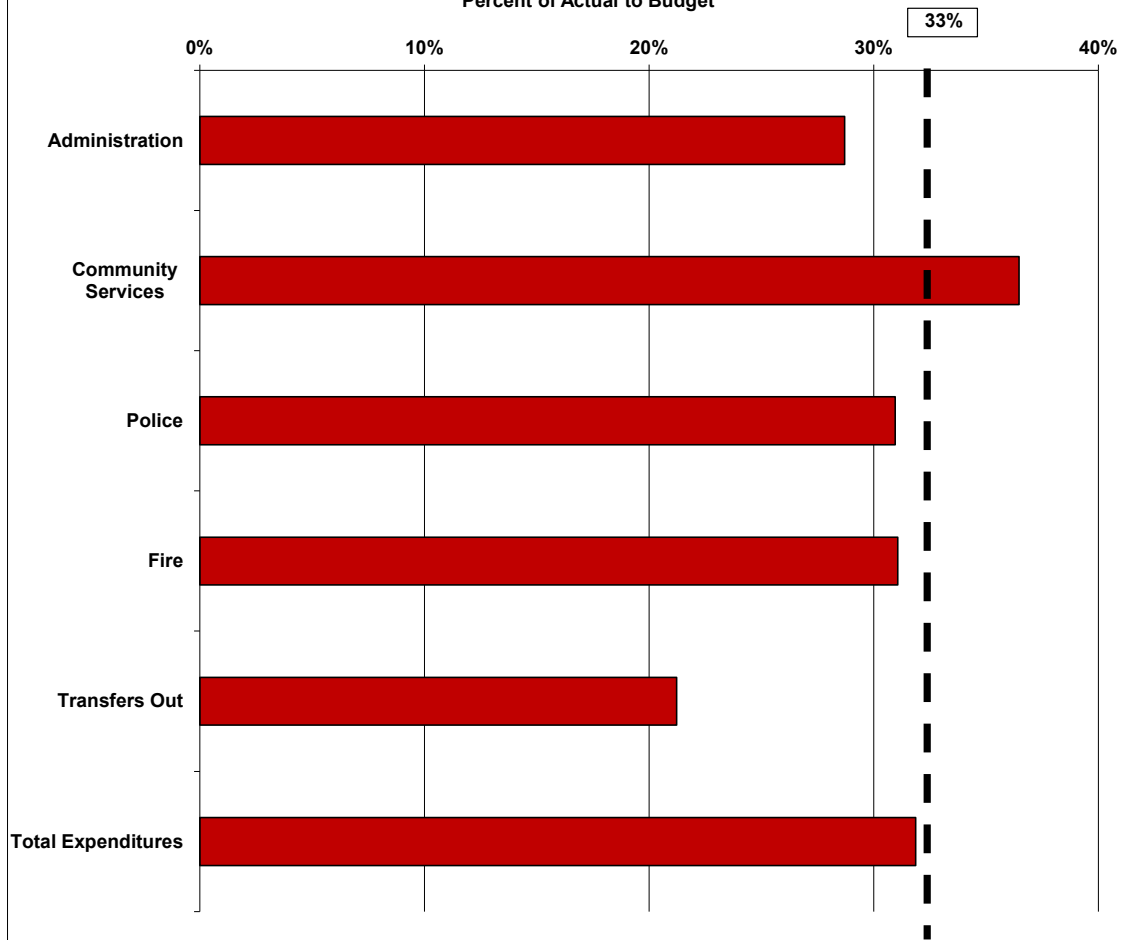
REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Property Tax	\$ 15,771,000	\$ 589,705	4%	\$ 630,547	-6%
Sales Tax	11,098,601	1,960,858	18%	1,908,048	3%
Franchise Tax	2,375,000	437,999	18%	398,094	10%
Hotel Tax	2,235,300	616,612	28%	422,384	46%
Licenses	198,825	147,217	74%	120,661	22%
Other Agencies	653,658	189,351	29%	106,020	79%
Service Charges	8,164,851	2,399,595	29%	1,694,783	42%
Interest/Other	7,230,495	463,272	6%	468,660	-1%
Transfers In	3,093,579	718,186	23%	546,284	31%
TOTAL REVENUES	\$ 50,821,309	\$ 7,522,795	15%	\$ 6,295,481	19%



Morgan Hill YTD General Fund Expenditures

October 31, 2021 - 33% of Year Complete

Percent of Actual to Budget



EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YTD PLUS ENCUMBRANCES	% CHANGE FROM PRIOR YEAR
Administration	\$ 5,913,826	\$ 1,698,038	29%	\$ 1,553,053	9%
Community Services	13,952,469	5,087,891	36%	4,262,893	19%
Police	19,133,242	5,924,225	31%	5,534,648	7%
Fire	7,788,401	2,419,929	31%	2,435,084	-1%
Transfers Out	2,083,681	442,236	21%	520,828	-15%
TOTAL EXPENDITURES	\$ 48,871,618	\$ 15,572,319	32%	\$ 14,306,505	9%

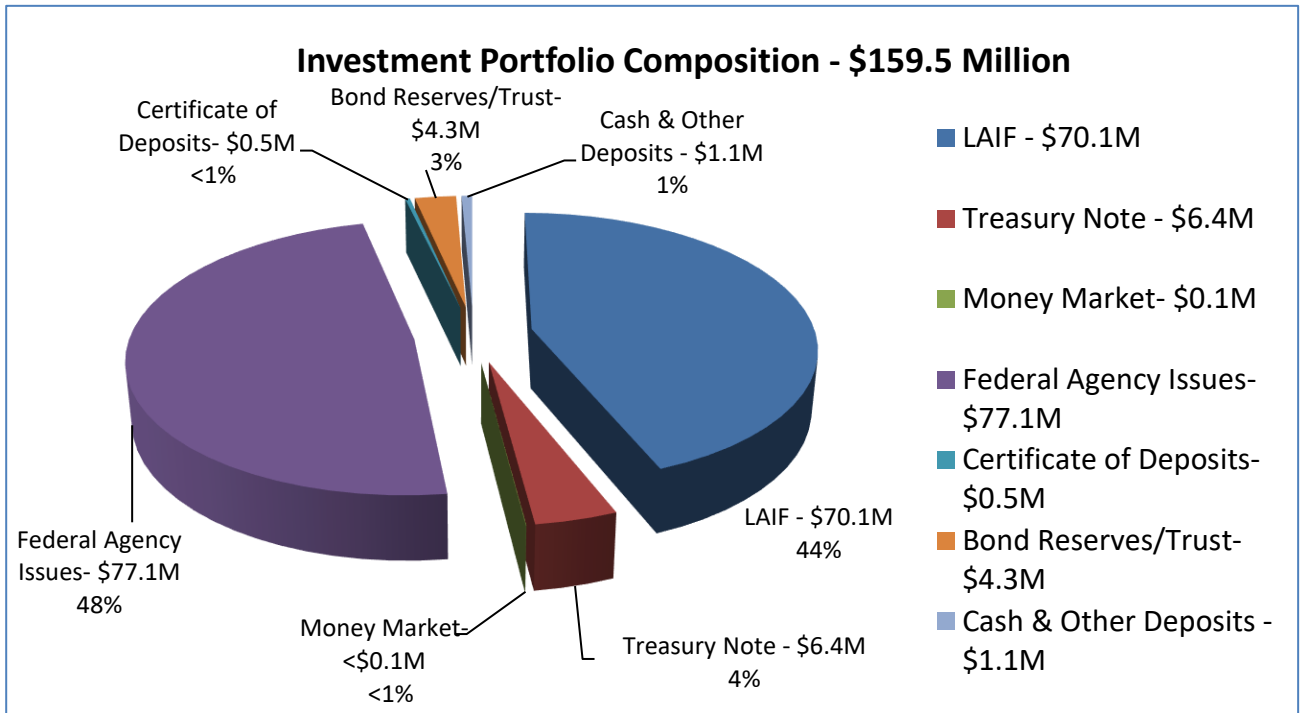


City of Morgan Hill
Recreation Report - Fiscal Year 2021-22
For the Month and Four Months Ended October 31, 2021
33% of Year Complete

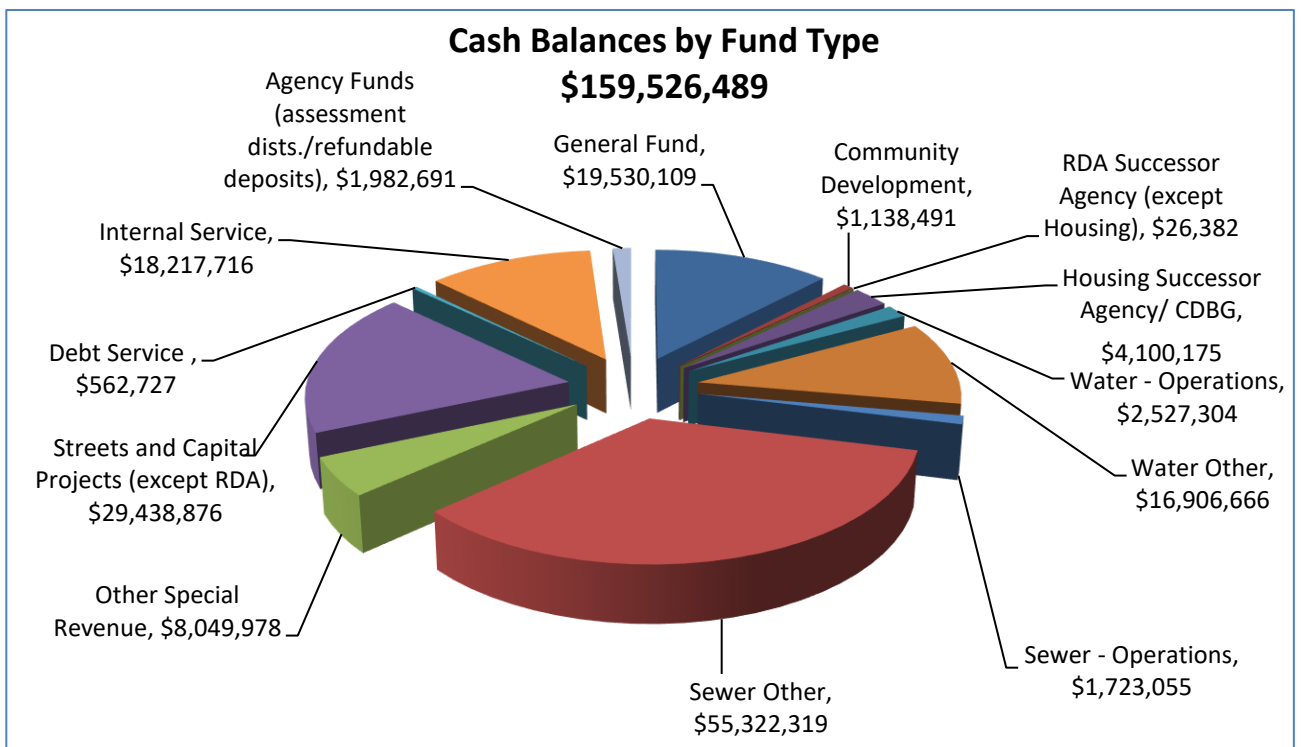
	<u>Budget</u>	<u>October 2021</u>	<u>YTD</u>	<u>% of Budget</u>
Revenues				
Membership Services & Rec Programs	\$ 4,713,801	\$ 301,782	\$ 1,454,769	
Facility Rentals	506,683	34,627	150,994	
Community Services	79,000	5,582	42,717	
Transfers in	75,000	6,250	25,000	
Total Revenues	<u>\$ 5,374,484</u>	<u>\$ 348,241</u>	<u>\$ 1,673,481</u>	31%
Less: Expenditures				
Membership & Program Services	\$ 5,648,211	\$ 340,266	\$ 1,637,707	
Facility Rentals	1,313,549	44,078	164,223	
Community Services	641,554	52,009	150,113	
Total Expenditures	<u>\$ 7,603,315</u>	<u>\$ 436,351</u>	<u>\$ 1,952,043</u>	26%
Net Impact without encumbrances	<u>\$ (2,228,831)</u>	<u>\$ (88,110)</u>	<u>\$ (278,562)</u>	
Encumbrances	-	-	1,357,718	
Net Impact with encumbrances	<u>\$ (2,228,831)</u>	<u>\$ (88,110)</u>	<u>\$ (1,636,281)</u>	

City of Morgan Hill Monthly Investment Report - October 31, 2021

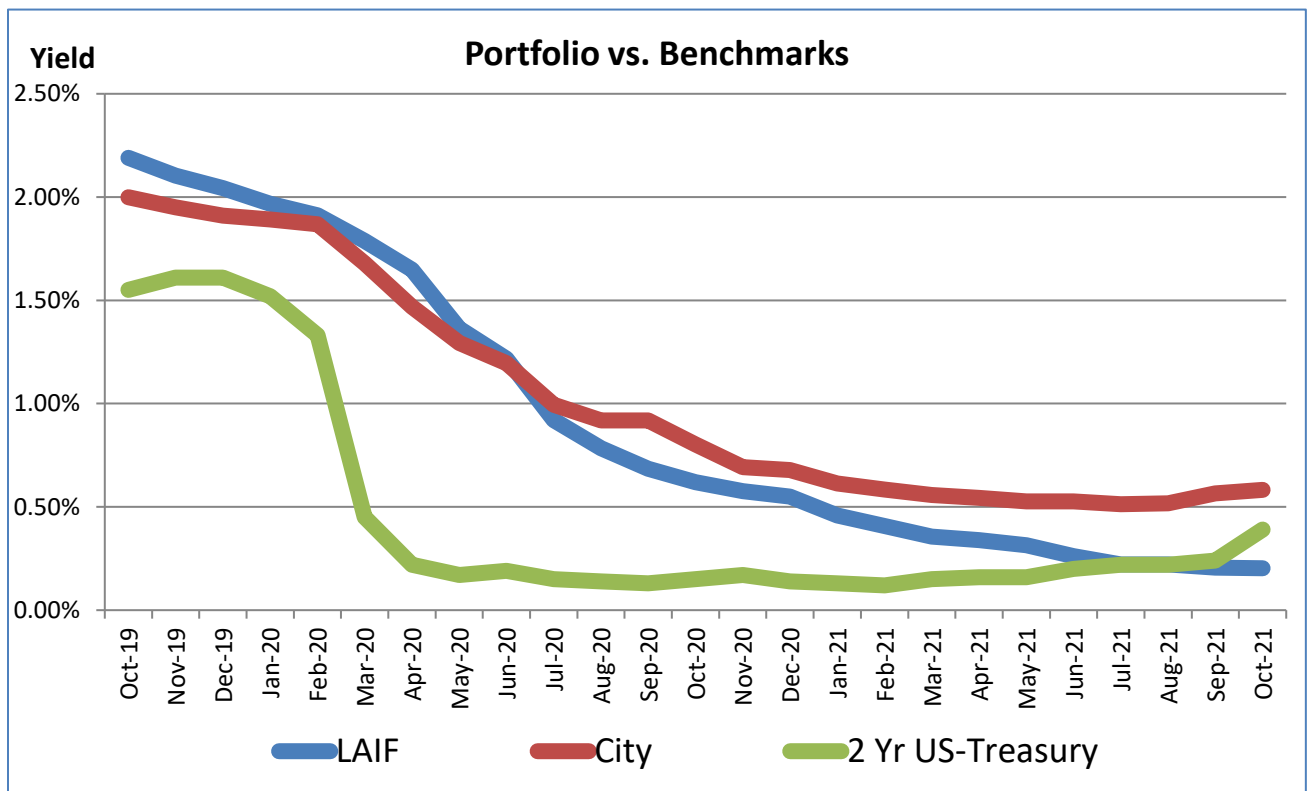
The following are the snapshots of City's investment portfolio as of October 31, 2021. The first chart shows the portfolio composition by investment type:



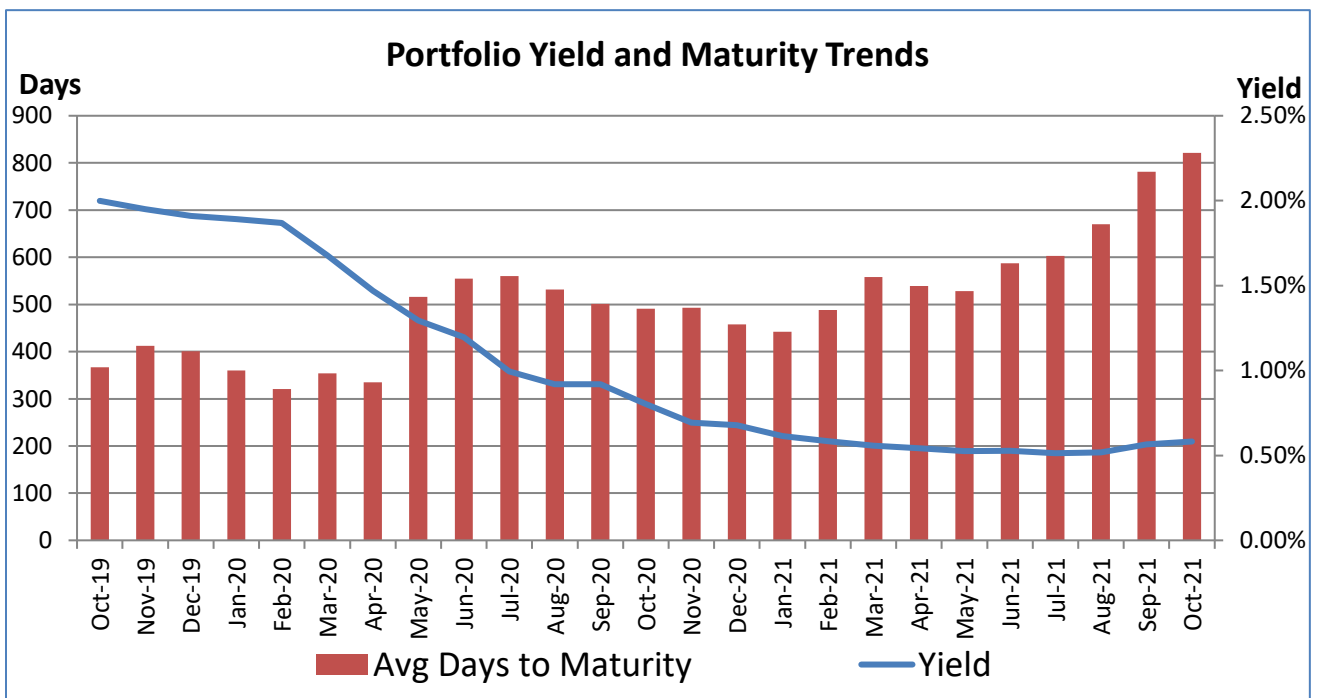
The chart below shows cash balances by fund type reconciled to City's financial system:



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



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





City of Morgan Hill
Investment Portfolio Detail
As of October 31, 2021

Investment Type	Settlement Date	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
L A I F		\$ 70,054,142	43.91%	\$ 70,045,291	0.20%		
City Managed							
Treasury Note	4/30/2018	4,427,276	3.28%	4,574,025	2.73%	3/31/2023	3/31/2023
Treasury Note	10/8/2021	1,987,812	1.25%	1,970,780	1.00%	9/30/2026	9/30/2026
FFCB Bond	4/8/2020	2,000,000	1.25%	2,004,540	0.88%	4/8/2022	4/8/2024
FFCB Bond	5/27/2020	2,000,000	1.25%	1,987,660	0.73%	11/27/2021	5/27/2025
FHLMC Bond	6/3/2020	2,000,000	1.25%	1,997,320	0.60%	12/3/2021	12/3/2024
FHLMC Bond	10/20/2020	2,000,000	1.25%	1,972,320	0.60%	4/20/2022	10/20/2025
FHLMC Bond	10/27/2020	2,000,000	1.25%	1,963,000	0.63%	4/27/2022	10/27/2025
FHLMC Bond	11/2/2020	2,000,000	1.25%	1,989,300	0.32%	11/2/2021	11/2/2023
FFCB Bond	11/3/2020	2,000,000	1.25%	1,969,000	0.54%	11/3/2021	11/3/2025
FNMA Bond	11/18/2020	2,000,000	1.25%	1,976,200	0.65%	11/18/2021	11/18/2025
FHLMC Bond	11/24/2020	2,000,000	1.25%	1,973,700	0.64%	11/24/2021	11/24/2025
FFCB Bond	11/24/2020	1,000,000	0.63%	982,720	0.60%	11/24/2021	11/24/2025
FHLMC Bond	11/25/2020	3,000,000	1.88%	2,961,300	0.63%	11/25/2021	11/25/2025
FHLMC Bond	11/30/2020	2,000,000	1.25%	1,974,160	0.65%	11/26/2021	11/26/2025
FFCB Bond	12/22/2020	2,000,000	1.25%	1,961,140	0.47%	12/22/2021	12/22/2025
FHLB Bond	1/22/2021	2,000,000	1.25%	1,969,100	0.63%	1/22/2022	1/22/2026
FNMA Bond	1/28/2021	2,000,000	1.25%	1,963,740	0.55%	1/28/2022	1/28/2026
FHLB Bond	1/28/2021	2,000,000	1.25%	1,970,220	0.65%	1/28/2022	1/28/2026
FHLB Bond	2/24/2021	2,000,000	1.25%	1,970,980	0.75%	2/24/2022	2/24/2026
FHLB Bond	2/25/2021	2,000,000	1.25%	1,969,120	0.66%	2/25/2022	2/25/2026
FHLB Bond	2/26/2021	2,000,000	1.25%	1,956,780	0.65%	2/26/2022	2/26/2026
FHLB Bond	3/10/2021	2,000,000	1.25%	1,979,760	0.85%	3/10/2022	3/10/2026
FHLB Bond	3/16/2021	2,000,000	1.25%	1,970,420	0.70%	3/16/2022	3/16/2026
FHLB Bond	3/16/2021	2,000,000	1.25%	1,976,580	0.80%	3/16/2022	3/16/2026
FHLB Bond	6/9/2021	2,000,000	1.25%	1,987,960	1.08%	12/9/2021	6/9/2026
FHLB Bond	6/30/2021	2,000,000	1.25%	1,982,720	1.00%	12/30/2021	6/30/2026
FHLB Bond	7/15/2021	3,000,000	1.88%	2,981,250	1.13%	1/15/2022	7/15/2026
FHLB Bond	7/15/2021	2,000,000	1.25%	1,990,860	0.85%	1/15/2022	7/15/2025
FHLB Bond	8/26/2021	2,000,000	1.25%	1,974,560	0.80%	2/26/2022	8/26/2026
FHLB Bond	8/26/2021	3,000,000	1.88%	2,975,490	1.00%	2/26/2022	8/26/2026
FHLB Bond	8/26/2021	2,000,000	1.25%	1,973,900	0.90%	2/26/2022	8/26/2026
FHLB Bond	9/13/2021	2,100,581	1.32%	2,063,280	0.82%	3/11/2022	9/11/2026
FFCB Bond	9/28/2021	1,983,276	1.24%	1,965,580	0.98%	3/10/2022	9/10/2026
FHLB Bond	9/29/2021	3,000,000	1.88%	2,982,870	1.13%	3/29/2022	9/29/2026
FHLB Bond	9/30/2021	2,000,000	1.25%	1,970,880	0.88%	3/30/2022	9/30/2026
FHLB Bond	9/30/2021	3,000,000	1.88%	2,970,120	1.05%	3/30/2022	9/30/2026
FHLB Bond	9/30/2021	3,000,000	1.88%	2,967,390	1.02%	3/30/2022	9/30/2026
FHLB Bond	10/19/2021	2,000,000	1.25%	1,975,000	1.00%	4/19/2022	10/19/2026
CD - Goldman Sachs Bank USA	5/13/2020	250,000	0.16%	250,543	0.50%	5/13/2022	5/13/2022
CD - American Nat'l Bank	5/20/2020	250,000	0.16%	250,420	0.40%	5/20/2022	5/20/2022
Sub Total/Average		\$ 83,998,945	53.16%	\$ 83,246,688	0.89%		
Money Market		\$ 35,079	0.02%	\$ 35,079	0.01%		
Total City Managed/Average		\$ 154,088,166	97.09%	\$ 153,327,058	0.58%		
Bond Reserve Accounts - Held By Trustees		\$ 540,919	0.34%	\$ 540,919			
Cash/Deposits		\$ 1,110,000	0.70%	\$ 1,110,000			
PARS Trust		\$ 3,787,404	2.37%	\$ 5,018,033			
GRAND TOTAL		\$ 159,526,489	100%	\$ 159,996,010			



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF OCTOBER 31, 2021
FOR THE FISCAL YEAR OF 2021-22

	Invested in Fund	Yield	Book Value End of Month	% of Total	Market Value
Investments					
State Treasurer LAIF - City	All Funds Pooled	0.20%	\$ 52,508,405	32.92%	\$ 52,501,771
2015 Wastewater Rev Bonds - CIP	Wastewater Fund	0.20%	17,545,737	11.00%	17,543,520
Federal Issues	All Funds Pooled	0.85%	77,083,857	48.32%	76,200,920
US Treasury Notes	All Funds Pooled	2.73%	4,427,276	2.78%	4,574,025
US Treasury Notes	All Funds Pooled	1.00%	1,987,812	1.25%	1,970,780
Certificate of Deposits	All Funds Pooled	0.45%	500,000	0.31%	500,963
Dreyfus Treas Cash Management Acct	All Funds Pooled	0.01%	35,079	0.02%	35,079
	SUBTOTAL		\$ 154,088,166	96.59%	\$ 153,327,058
Bond Reserve Accounts - held by trustees					
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	0.01%	1	0.00%	1
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	0.01%	1	0.00%	1
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Successor Fund	0.00%	23,240	0.01%	23,240
Zions Bank - MH Ranch 2015					
Blackrock Liq Funds Fed Fund -DI -2015	Agency Fund	0.01%	255,202	0.16%	255,202
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015	Agency Fund	0.01%	262,475	0.16%	262,475
	SUBTOTAL		540,919	0.34%	540,919
Other Cash/Deposits					
General Checking	All Funds		1,072,888	0.67%	1,072,888
Workers' Comp Administrators	Workers' Comp		30,000	0.02%	30,000
Petty Cash & Emergency Cash	General Fund		7,112	0.00%	7,112
PARS - OPEB Trust			2,587,404	1.62%	3,461,024
PARS - PENSION Trust			1,200,000	0.75%	1,557,009
	SUBTOTAL		4,897,404	3.07%	6,128,032
Total Cash and Investments			\$ 159,526,489	100.00%	\$ 159,996,010

CASH ACTIVITY SUMMARY
FY 2021-22

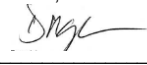
Fund Type	Unaudited 07/1/21 Balance	Change in Cash Balance	10/31/2021 Balance
General Fund	\$ 16,482,660	\$ 3,047,450	\$ 19,530,109
Community Development	972,100	166,391	1,138,491
RDA Successor Agency (except Housing)	11,666,343	(11,639,961)	26,382
Housing Successor Agency/ CDBG	4,593,710	(493,535)	4,100,175
Water - Operations	3,747,502	(1,220,199)	2,527,304
Water Other	8,567,976	8,338,691	16,906,666
Sewer - Operations	3,220,859	(1,497,804)	1,723,055
Sewer Other	32,031,933	23,290,386	55,322,319
Other Special Revenue	5,770,282	2,279,696	8,049,978
Streets and Capital Projects (except RDA)	40,583,676	(11,144,800)	29,438,876
Debt Service	227,953	334,773	562,727
Internal Service	17,977,892	239,825	18,217,716
Agency Funds (assessment dists./refundable deposits)	3,260,978	(1,278,286)	1,982,691
Total	\$ 149,103,863	\$ 10,422,627	\$ 159,526,489

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

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

Prepared by: 
 Gina Nazareno, Senior Accountant

Approved by:

Reviewed by: 
 Dat Nguyen, Finance Director



Caitlin Jachimowicz, Treasurer



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2021-22
For The Four Months Ended October 31, 2021
33% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
<u>TAXES</u>							
Property Tax - Secured/Unsecured	\$ 13,485,000	13,485,000	\$ 568,779	4%	\$ 572,656	\$ (3,876)	-1%
Property Tax - RPTTF Residual Distribution	2,144,000	2,144,000	-	n/a	-	-	n/a
Property Tax - Supplemental Roll	142,000	142,000	20,925	15%	57,892	(36,967)	-64%
Sales Tax	10,699,601	10,699,601	1,886,155	18%	1,878,680	7,475	0%
Public Safety Sales Tax	399,000	399,000	74,703	19%	29,368	45,336	154%
Transient Occupancy Taxes	2,235,300	2,235,300	616,612	28%	422,384	194,228	46%
Franchise (Refuse ,Cable ,PG&E)	2,375,000	2,375,000	437,999	18%	398,094	39,905	10%
Property Transfer Tax	541,000	541,000	192,075	36%	168,068	24,007	14%
TOTAL TAXES	32,020,901	32,020,901	3,797,248	12%	3,527,141	270,107	8%
<u>LICENSES/PERMITS</u>							
Business License	159,135	159,135	143,587	90%	118,053	25,534	22%
Other Permits	39,690	39,690	3,630	9%	2,608	1,022	39%
TOTAL LICENSES/PERMITS	198,825	198,825	147,217	74%	120,661	26,556	22%
<u>FINES AND PENALTIES</u>							
Parking Enforcement	8,240	8,240	536	7%	1,676	(1,141)	-68%
Bails & Fines	75,854	75,854	5,401	7%	7,035	(1,634)	-23%
Administrative Citations	10,331	10,331	-	n/a	8,200	(8,200)	-100%
TOTAL FINES AND PENALTIES	94,425	94,425	5,937	6%	16,911	(10,974)	-65%
<u>OTHER AGENCIES</u>							
Motor Vehicle in-Lieu	26,026	26,026	-	n/a	6,286	(6,286)	-100%
Other Revenue - Other Agencies	437,794	653,658	189,351	29%	106,020	83,331	79%
TOTAL OTHER AGENCIES	463,820	679,684	189,351	28%	112,306	77,045	69%
<u>CHARGES CURRENT SERVICES</u>							
Police False Alarm Charge	31,340	31,340	7,983	25%	16,338	(8,355)	-51%
Business License Application Review	38,007	38,007	14,188	37%	14,134	54	0%
Membership Services & Rec Programs	4,238,989	4,713,801	1,454,769	31%	908,571	546,197	60%
Facility Rentals	945,931	506,683	150,994	30%	78,039	72,955	93%
Community Services	126,449	79,000	42,717	54%	4,082	38,636	947%
General Administration Overhead	1,825,440	1,825,440	610,768	33%	593,624	17,144	3%
Other Charges Current Services	970,580	970,580	118,175	12%	79,995	38,181	48%
TOTAL CURRENT SERVICES	8,176,736	8,164,851	2,399,595	29%	1,694,783	704,812	42%
<u>OTHER REVENUE</u>							
Use of money/property	823,436	823,436	157,827	19%	118,788	39,040	33%
Other Revenues	5,961,472	5,745,608	107,434	2%	158,607	(51,173)	-32%
TOTAL OTHER REVENUE	6,784,908	6,569,044	265,261	4%	277,394	(12,133)	-4%
<u>TRANSFERS IN</u>							
One Time Transfer	180,000	180,000	60,000	33%	68,328	(8,328)	-12%
Public Safety Facilities Fund	25,000	25,000	8,333	33%	-	8,333	0%
Supplemental Law Enforcement Fund	100,000	100,000	33,333	33%	-	33,333	n/a
Countywide Solid Waste	324,763	649,526	-	n/a	-	-	n/a
Streets	699,735	699,735	136,747	20%	-	136,747	n/a
Park Maintenance	650,000	650,000	216,668	33%	216,668	-	n/a
Sewer Operations	357,159	357,159	119,052	33%	118,144	908	1%
Water Operations	357,159	357,159	119,052	33%	118,144	908	1%
Park Development	75,000	75,000	25,000	33%	25,000	-	n/a
TOTAL TRANSFERS IN	2,768,816	3,093,579	718,186	23%	546,284	171,902	31%
TOTAL GENERAL FUND	50,508,431	50,821,309	7,522,795	15%	6,295,481	1,227,314	19%
SPECIAL REVENUE FUNDS							
	6,471,348						
	44,037,083						
<u>202 STREET MAINTENANCE</u>							
Gas Tax 2105 - 2107.5	699,735	699,735	136,630	20%	189,654	(53,024)	-28%
Interest / Other Revenue/Other Charges	-	-	117	n/a	288	(171)	-59%
202 STREET MAINTENANCE	699,735	699,735	136,747	20%	189,942	(53,195)	-28%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2021-22
For The Four Months Ended October 31, 2021
33% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
205 SUPPLEMENTAL LAW ENFORCEMENT FUND							
Interest Income	858	858	281	33%	347	(65)	-19%
Police Grant/SLEF/JAG	100,000	100,000	69,618	70%	65,060	4,558	7%
205 SUPPLEMENTAL LAW ENFORCEMENT FUND	100,858	100,858	69,900	69%	65,407	4,493	7%
206 DEVELOPMENT SERVICES							
Building Fees	3,195,787	3,195,787	968,002	30%	884,863	83,139	9%
Planning Fees	766,776	766,776	292,801	38%	496,394	(203,593)	-41%
Engineering Fees	999,810	999,810	166,145	17%	195,995	(29,850)	-15%
Other Revenue/Current Charges	330,747	330,747	69,699	21%	369,168	(299,469)	-81%
206 DEVELOPMENT SERVICES	5,293,120	5,293,120	1,496,647	28%	1,946,420	(449,773)	-23%
207 LONG RANGE PLANNING	869,266	869,266	227,405	26%	226,045	1,360	1%
215 and 216 HCD BLOCK GRANT							
Interest Income/Other Revenue	3,173	3,173	92	3%	154	(62)	-40%
215 and 216 HCD BLOCK GRANT	3,173	3,173	92	3%	154	(62)	-40%
225 ASSET SEIZURE	1,931	1,931	203	11%	338	(135)	-40%
229 LIGHTING AND LANDSCAPE	2,573	2,573	353	14%	358	(5)	-1%
230 COMMUNITY FACILITIES DISTRICT	1,240	1,240	175	14%	143	32	23%
232 ENVIRONMENTAL PROGRAMS	481,008	481,008	163,708	34%	168,441	(4,733)	-3%
234 MOBILE HOME PARK RENT STAB.	757	757	88	12%	3,572	(3,484)	-98%
235 SENIOR HOUSING	3,869	3,869	332	9%	553	(221)	-40%
236 HOUSING MITIGATION	2,446,028	2,596,028	372,942	14%	496,037	(123,095)	-25%
237 BEGIN	-	-	376	n/a	302	73	24%
238 CAL HOMES	-	-	115	n/a	80,964	(80,849)	-100%
240 EMPLOYEE ASSISTANCE	29,089	29,089	4,151	14%	4,370	(219)	-5%
246 COUNTYWIDE SOLID WASTE	-	1,324,763	349,556	26%	-	349,556	n/a
247 ENVIRONMENT REMEDIATION	2,448	2,448	193	8%	322	(130)	-40%
250 COMH-SUCCESSOR AGENCY-MHRDA	7,100,496	7,100,496	116	0%	2,175	(2,060)	-95%
255 HOUSING SUCCESSOR AGENCY	215,318	215,318	142,847	66%	195,568	(52,721)	-27%
260 PUBLIC ART	-	-	-	n/a	-	-	n/a
TOTAL SPECIAL REVENUE FUNDS	67,759,341	18,725,673	2,965,944	16%	3,381,111	(415,167)	-12%
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,748,480	7,131,498	5,578,397	78%	1,027,145	4,551,251	443%
302 PARK MAINTENANCE	360,613	360,613	5,983	2%	47,534	(41,551)	-87%
303 LOCAL DRAINAGE	1,675,036	1,675,036	326,141	19%	500,051	(173,910)	-35%
304 LOCAL DRAINAGE/NON AB1600	80,692	80,692	51,090	63%	3,423	47,666	1392%
306 AGRICULTURE & OPEN SPACE PRESERVATION	180,385	180,385	49,970	28%	69,409	(19,439)	-28%
308 STREET CIP	4,050,523	4,050,523	702,354	17%	339,517	362,837	107%
309 TRAFFIC IMPACT	1,468,388	1,468,388	2,390,769	163%	530,719	1,860,049	350%
315 PUBLIC SAFETY FACILITIES IMPACT	864,417	864,417	110,743	13%	172,595	(61,852)	-36%
346 PUBLIC FACILITIES NON-AB1600	611,488	911,488	34,550	4%	416,896	(382,346)	-92%
347 PUBLIC FACILITIES IMPACT	265,536	265,536	25,056	9%	74,726	(49,670)	-66%
348 LIBRARY	1,077,617	1,077,617	101,730	9%	362,201	(260,471)	-72%
350 UNDERGROUNDING	86,073	86,073	364,084	423%	2,295	361,789	15762%
355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY	591,967	591,967	29,720	5%	232,550	(202,830)	-87%
360 COMMUNITY/REC IMPACT FUND	1,730,018	1,730,018	133,052	8%	573,627	(440,575)	-77%
375 QUIMBY FEE	1,623,552	1,623,552	-	n/a	-	-	n/a
TOTAL CAPITAL PROJECTS FUNDS	16,414,785	22,097,803	9,903,637	45%	4,352,689	5,550,948	128%
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	307,385	307,385	101,945	33%	103,731	(1,786)	-2%
441 POLICE FACILITY BOND	385,639	385,639	128,387	33%	127,742	645	1%
TOTAL DEBT SERVICE FUNDS	693,024	693,024	230,332	33%	231,473	(1,141)	0%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2021-22
For The Four Months Ended October 31, 2021
33% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	13,812,501	13,812,501	3,601,150	26%	3,266,762	334,388	10%
Interest Income/Transfers	37,425	37,425	3,053	8%	9,965	(6,912)	-69%
Other Revenue/Current Charges	268,241	268,241	105,431	39%	63,848	41,583	65%
640 SEWER OPERATION	14,118,167	14,118,167	3,709,635	26%	3,340,576	369,059	11%
641 SEWER EXPANSION							
Interest Income	220,194	220,194	33,557	15%	52,975	(19,418)	-37%
Development Impact Fee	6,845,919	6,845,919	1,581,839	23%	1,785,341	(203,502)	-11%
641 SEWER EXPANSION	7,066,113	7,066,113	1,615,396	23%	1,838,316	(222,920)	-12%
642 SEWER RATE STABILIZATION	195,311	195,311	53,842	28%	6,354	47,488	747%
643 SEWER-CAPITAL PROJECT	4,707,648	4,707,648	1,573,247	33%	1,479,367	93,880	6%
TOTAL SEWER FUNDS	26,087,239	26,087,239	6,952,120	27%	6,664,613	287,507	4%
650 WATER OPERATION							
Water Sales	15,179,148	15,179,148	4,244,767	28%	4,556,852	(312,086)	-7%
Meter Install & Service	25,215	25,215	12,306	49%	48,700	(36,394)	-75%
Transfers-In / Interest Income	546,952	546,952	4,034	1%	165,904	(161,870)	-98%
Other Revenue/Current Charges	585,381	585,381	461,289	79%	271,651	189,638	70%
650 WATER OPERATION	16,336,696	16,336,696	4,722,396	29%	5,043,107	(320,711)	-6%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	64,003	64,003	4,893	8%	7,449	(2,556)	-34%
Development Impact Fee	1,782,143	1,782,143	164,150	9%	640,952	(476,802)	-74%
651 WATER EXPANSION	1,846,146	1,846,146	169,043	9%	648,401	(479,358)	-74%
652 Water Rate Stabilization	141,222	141,222	46,171	33%	20,947	25,224	120%
653 Water Capital Project	5,047,350	5,047,350	1,690,095	33%	1,625,964	64,131	4%
TOTAL WATER FUNDS	23,371,414	23,371,414	6,627,705	28%	7,338,418	(710,714)	-10%
TOTAL ENTERPRISE FUNDS	49,458,653	49,458,653	13,579,824	27%	14,003,031	(423,207)	-3%
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	1,952,577	2,247,577	750,642	33%	628,918	121,724	19%
740 BUILDING MAINTENANCE	3,409,334	3,409,334	376,933	11%	1,142,467	(765,534)	-67%
741 BUILDING REPLACEMENT	745,508	755,508	234,074	31%	226,885	7,189	3%
745 CIP ADMINISTRATION	1,798,889	1,798,889	562,718	31%	161,263	401,455	249%
760 UNEMPLOYMENT INSURANCE	2,513	2,513	468	19%	33,521	(33,054)	-99%
770 WORKERS COMPENSATION	913,504	913,504	232,793	25%	224,824	7,969	4%
790 EQUIPMENT REPLACEMENT	1,086,223	1,086,223	394,555	36%	350,382	44,173	13%
791 EMPLOYEE BENEFITS	1,043,858	1,043,858	202,969	19%	199,583	3,386	2%
795 GENERAL LIABILITY INSURANCE	1,504,188	1,737,188	573,122	33%	287,811	285,311	99%
TOTAL INTERNAL SERVICE FUNDS	12,456,594	12,994,594	3,328,273	26%	3,255,654	72,619	2%
TOTAL FOR ALL FUNDS	\$ 197,290,828	\$ 154,791,056	\$ 37,530,805	24%	\$ 31,519,438	\$ 6,011,367	19%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2021-22
For the Month and Four Months Ended October 31, 2021
33% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
010 GENERAL FUND								
I. ADMINISTRATION								
	CITY COUNCIL	\$ 51,727	\$ 468,850	\$ 135,912	\$ 99,332	\$ 235,244	50%	\$ 108,326
	CITY ATTORNEY	53,664	802,889	206,538	99,557	306,095	38%	208,762
	CITY MANAGER	48,909	638,262	194,538	5,000	199,538	31%	155,874
	HUMAN RESOURCES	53,483	830,904	197,975	-	197,975	24%	206,644
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	48,956	672,320	184,857	25,500	210,357	31%	164,787
	Elections	1,929	28,180	7,424	-	7,424	26%	94,448
	COUNCIL SVCS & RECORDS MGMT	50,885	700,500	192,282	25,500	217,782	31%	259,235
	FINANCE	125,720	2,472,421	490,024	51,381	541,405	22%	437,414
	TOTAL ADMINISTRATION	384,389	5,913,826	1,417,268	280,770	1,698,038	29%	1,376,255
II. COMMUNITY SERVICES								
	Membership Services & Rec. Programs	340,266	5,648,211	1,637,707	1,252,888	2,890,595	51%	1,454,469
	Recreation Facility Rentals	44,078	1,313,549	164,223	25,845	190,068	14%	317,488
	Community Services	52,009	641,554	150,113	78,985	229,098	36%	131,320
	Park Maintenance	100,017	1,179,250	296,856	74,966	371,822	32%	295,539
	Environmental Services	14,970	349,129	60,635	2,240	62,875	18%	59,320
	Countywide Solid Waste Program	15,174	303,550	41,340	-	41,340	14%	-
	Street Maintenance	234,066	2,662,248	624,693	137,526	762,218	29%	586,223
	Downtown Maintenance	33,182	318,869	96,772	53,439	150,210	47%	56,425
	Cable Television	2,685	34,272	10,468	-	10,468	31%	6,788
	COMMUNITY SERVICES	836,445	12,450,632	3,082,805	1,625,889	4,708,694	38%	2,907,571
	CODE COMPLIANCE	14,168	174,873	53,333	-	53,333	30%	48,485
	INFRASTRUCTURE PLANNING & CONGESTION MGMT	23,053	356,583	90,358	-	90,358	25%	93,132
	ECONOMIC DEVELOPMENT PROGRAMS	43,653	970,380	170,020	65,486	235,506	24%	244,864
	TOTAL COMMUNITY SERVICES	917,319	13,952,469	3,396,516	1,691,375	5,087,891	36%	3,294,052
III. PUBLIC SAFETY								
	POLICE							
	PD Administration	131,542	1,421,383	539,572	42,676	582,248	41%	475,068
	Field Operations	725,723	9,314,988	2,839,776	137,111	2,976,887	32%	2,541,194
	Support Services	208,986	2,596,110	845,146	-	845,146	33%	701,101
	Emergency Services/Haz Mat	18,833	202,072	60,770	-	60,770	30%	54,401
	Special Operations	229,628	3,700,816	896,897	9,337	906,234	24%	939,078
	Dispatch Services	158,172	1,897,873	552,940	-	552,940	29%	494,468
	POLICE	1,472,883	19,133,242	5,735,100	189,125	5,924,225	31%	5,205,309
	FIRE	633,668	7,788,401	2,418,089	1,840	2,419,929	31%	2,423,319
	TOTAL PUBLIC SAFETY	2,106,552	26,921,643	8,153,189	190,965	8,344,154	31%	7,628,628
IV. TRANSFERS								
	Other	110,559	2,083,681	442,236	-	442,236	21%	520,828
	TOTAL TRANSFERS	110,559	2,083,681	442,236	-	442,236	21%	520,828
	TOTAL GENERAL FUND	3,518,818	48,871,618	13,409,209	2,163,110	15,572,319	32%	12,819,763



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2021-22
For the Month and Four Months Ended October 31, 2021
33% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
SPECIAL REVENUE FUNDS								
202	STREET MAINTENANCE	361	704,068	138,191	-	138,191	20%	1,408
205	PUBLIC SAFETY/SUPP.LAW	604	107,245	35,749	-	35,749	33%	2,356
206	DEVELOPMENT SERVICES FUND							
	Planning	195,634	1,956,314	621,908	33,740	655,648	34%	480,855
	Building	168,890	2,233,914	651,943	1,786	653,729	29%	627,051
	Engineering	172,727	1,366,129	509,134	11,285	520,419	38%	332,862
206	DEVELOPMENT SERVICES FUND	537,250	5,556,357	1,782,984	46,812	1,829,796	33%	1,440,768
207	LONG RANGE PLANNING	52,549	861,202	199,161	64,020	263,182	31%	302,556
215/216	CDBG	458	5,499	1,832	-	1,832	33%	1,788
225	ASSET SEIZURE	-	54,232	-	14,232	14,232	26%	-
229	LIGHTING AND LANDSCAPE	14,110	168,130	37,361	22,073	59,434	35%	36,928
230	COMMUNITY FACILITIES DISTRICT	1,708	42,093	7,285	-	7,285	17%	8,063
232	ENVIRONMENT PROGRAMS	22,833	508,715	103,751	7,332	111,084	22%	112,748
234	MOBILE HOME PARK	37	449	148	-	148	33%	148
236	HOUSING MITIGATION	52,159	1,495,875	215,408	59,676	275,084	18%	(516,338)
237	BEGIN	-	-	-	-	-	n/a	-
240	EMPLOYEE ASSISTANCE	3,586	28,531	5,844	-	5,844	20%	3,880
246	COUNTYWIDE SOLID WASTE PROGRAM	26,250	1,324,763	142,178	286,570	428,748	32%	-
247	ENVIRONMENTAL REMEDIATION	878	-	878	-	878	n/a	1,459
250	COMH-SUCCESSOR AGENCY-MHRDA	577	6,939,408	482,159	-	482,159	7%	4,161,700
255	HOUSING SUCCESSOR AGENCY	83,451	1,003,785	374,786	295,833	670,619	67%	360,280
260	PUBLIC ART	49	23,500	3,799	-	-	-	-
TOTAL SPECIAL REVENUE FUNDS		796,861	18,823,852	3,531,514	796,550	4,324,265	23%	5,917,743
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	233,338	9,738,856	3,697,356	2,805,365	6,502,721	67%	2,032,649
302	PARK MAINTENANCE	54,167	745,776	218,092	-	218,092	29%	221,144
303	LOCAL DRAINAGE	3,393	6,997,265	14,867	42,558	57,425	1%	151,152
304	LOCAL DRAIN. NON-AB1600	240	833,046	960	48,585	49,545	6%	33,205
306	AGRICULTURE & OPEN SPACE PRESERVATIK	2,249	5,480,009	5,393,514	-	5,393,514	98%	8,912
308	STREET CIP	605,514	6,587,142	2,790,683	173,822	2,964,505	45%	180,449
309	TRAFFIC IMPACT	3,550,015	30,480,782	5,436,735	9,619,302	15,056,037	49%	618,664
315	PUBLIC SAFETY FACILITIES IMPACT	19,598	565,180	86,725	-	86,725	15%	78,100
346	PUBLIC FAC.NON AB1600	8,766	372,377	66,860	52,688	119,548	32%	141,596
347	PUBLIC FACILITIES IMPACT	2,277	27,331	9,108	-	9,108	33%	26,077
348	LIBRARY IMPACT	19,559	216,704	73,736	-	73,736	34%	455,913
350	UNDERGROUNDING	95	1,135	380	-	380	33%	368
355	SCHOOL PEDESTRIAN & TRAFFIC SAFETY	67,521	1,160,466	788,224	358,788	1,147,011	99%	204,141
360	COMM/REC CENTER IMPACT	14,024	1,454,834	42,825	391,464	434,290	30%	1,100,529
375	QUIMBY FEE	105	600,000	105	-	105	0%	-
TOTAL CAPITAL PROJECTS FUNDS		4,580,861	65,260,902	18,620,170	13,492,571	32,112,741	49%	5,252,898
DEBT SERVICE FUNDS								
420	CIVIC CENTER DEBT	886	304,947	3,544	-	3,544	1%	228,804
441	POLICE FACILITY BOND DEBT	338	389,497	1,352	-	1,352	0%	303,216
TOTAL DEBT SERVICE FUNDS		1,224	694,444	4,896	-	4,896	1%	532,020



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2021-22
For the Month and Four Months Ended October 31, 2021
33% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
ENTERPRISE FUNDS								
SEWER								
640	SEWER OPERATIONS	1,155,938	14,026,884	4,493,325	188,257	4,681,582	33%	4,017,188
641	SEWER CAPITAL EXPANSION	102,701	22,987,165	190,421	533,020	723,441	3%	162,400
642	SEWER RATE STABILIZATION	95	1,138	380	-	380	33%	372
643	SEWER-CAPITAL PROJECTS	842,319	21,804,075	3,681,104	3,293,706	6,974,810	32%	1,882,302
TOTAL SEWER FUND(S)		2,101,052	58,819,262	8,365,230	4,014,983	12,380,212	21%	6,062,261
WATER								
	Water Operations	1,236,240	15,292,037	4,357,307	845,278	5,202,585	34%	4,571,060
	Utility Billing	81,438	985,735	282,710	37,341	320,051	32%	257,874
	Water Conservation	7,487	157,768	27,016	49,054	76,070	48%	22,073
650	WATER OPERATIONS	1,325,165	16,435,540	4,667,033	931,673	5,598,706	34%	4,851,008
651	WATER CAPITAL EXPANSION	60,997	2,281,063	254,098	46,161	300,259	13%	186,974
652	WATER RATE STABILIZATION	31	371	124	-	124	33%	120
653	WATER-CAPITAL PROJECTS	10,313	7,473,533	117,472	361,179	478,650	6%	117,701
TOTAL WATER FUND(S)		1,396,506	26,190,506	5,038,726	1,339,013	6,377,739	24%	5,155,804
TOTAL ENTERPRISE FUNDS		3,497,558	85,009,768	13,403,956	5,353,995	18,757,951	22%	11,218,065
INTERNAL SERVICE FUNDS								
730	INFORMATION SYSTEMS	264,662	2,612,628	614,340	1,025,192	1,639,532	63%	645,436
740	BUILDING MAINTENANCE	103,766	3,507,595	339,934	112,642	452,576	13%	740,951
741	BUILDING REPLACEMENT	-	610,000	49,940	80,363	130,303	21%	9,288
745	CIP ADMINISTRATION	131,993	1,735,361	519,242	6,974	526,216	30%	494,167
760	UNEMPLOYMENT	-	20,000	-	-	-	n/a	(68,281)
770	WORKERS COMPENSATION	49,445	876,877	604,516	-	604,516	69%	455,069
790	EQUIPMENT REPLACEMENT	20,302	1,546,014	83,538	343,980	427,519	28%	271,550
791	EMPLOYEE BENEFITS FUND	47,543	625,000	81,071	-	81,071	13%	67,589
793	CORP YARD COMMISSION	-	-	-	-	-	n/a	-
795	GEN. LIABILITY INSURANCE	7,239	1,724,061	1,457,006	-	1,457,006	85%	1,063,058
TOTAL INTERNAL SERVICE FUNDS		624,950	13,257,537	3,749,588	1,569,152	5,318,739	40%	3,678,826
REPORT TOTAL		\$ 13,020,273	\$ 231,918,122	\$ 52,719,333	\$ 23,375,378	\$ 76,090,911	33%	\$ 39,419,315



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2021-22
For The Four Months Ended October 31, 2021
33% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-21	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved
010	GENERAL FUND	\$ 24,896,179	\$ 7,522,795	15%	\$ 13,409,209	27%	\$ (5,886,414)	\$ 2,163,110	\$ 16,846,655
TOTAL GENERAL FUND		\$ 24,896,179	\$ 7,522,795	15%	\$ 13,409,209	27%	\$ (5,886,414)	\$ 2,163,110	\$ 16,846,655
202	STREET MAINTENANCE	6,241	\$ 136,747	20%	\$ 138,191	29%	\$ (1,444)	\$ -	\$ 4,797
205	PUBLIC SAFETY/SUPPL. LAW	195,819	69,900	69%	35,749	37%	34,151	-	229,970
206	DEVELOPMENT SERVICES	(484,553)	1,496,647	28%	1,782,984	32%	(286,338)	46,812	(817,702)
207	LONG RANGE PLANNING	1,250,193	227,405	26%	199,161	23%	28,244	64,020	1,214,417
215 / 216	CDBG	34,893	92	3%	1,832	33%	(1,740)	-	33,153
225	ASSET SEIZURE	143,259	203	11%	-	n/a	203	14,232	129,230
229	LIGHTING AND LANDSCAPE	172,706	353	14%	37,361	22%	(37,008)	22,073	113,625
230	COMMUNITY FACILITIES DISTRICT	137,840	175	14%	7,285	17%	(7,110)	-	130,730
232	ENVIRONMENTAL PROGRAMS	213,442	163,708	34%	103,751	20%	59,957	7,332	266,066
234	MOBILE HOME PK RENT STAB.	58,766	88	12%	148	33%	(60)	-	58,706
235	SENIOR HOUSING	234,588	332	9%	-	n/a	332	-	234,920
236	HOUSING MITIGATION	5,407,291	372,942	14%	215,408	14%	157,534	59,676	5,505,149
237	BEGIN	320,727	376	n/a	-	n/a	376	-	321,103
238	CAL HOMES	276	115	n/a	-	n/a	115	-	391
240	EMPLOYEE ASSISTANCE	62,190	4,151	14%	5,844	20%	(1,693)	-	60,497
246	COUNTYWIDE SOLID WASTE		349,556	8%	142,178	11%	207,378	286,570	(79,192)
247	ENVIRONMENT REMEDIATION	135,927	193	8%	878	n/a	(686)	-	135,241
250	COMH-SUCCESSOR AGENCY-MHRDA	(4,693,361)	116	0%	482,159	7%	(482,043)	23,240	(5,198,644)
255	HOUSING SUCCESSOR AGENCY	4,287,939	142,847	66%	374,786	37%	(231,939)	295,833	3,760,167
260	PUBLIC ART	70,772	-	n/a	3,799		(3,799)	-	66,973
TOTAL SPECIAL REVENUE FUNDS		\$ 7,554,955	\$ 2,965,944	16%	\$ 3,531,514	19%	\$ (565,570)	\$ 819,790	\$ 6,169,595
301	PARK DEV. IMPACT FUND	\$ 270,918	\$ 5,578,397	78%	\$ 3,697,356	38%	\$ 1,881,040	\$ 2,805,365	\$ (653,406)
302	PARK MAINTENANCE	3,215,081	5,983	2%	218,092	29%	(212,109)	-	3,002,972
303	LOCAL DRAINAGE	10,947,520	326,141	19%	14,867	0%	311,274	42,558	11,216,236
304	LOCAL DRAINAGE/NON-AB1600	1,268,597	51,090	63%	960	0%	50,130	48,585	1,270,142
306	AGRICULTURE AND OPEN SPACE PRESERV	6,011,689	49,970	28%	5,393,514	98%	(5,343,544)	-	668,145
308	STREET CIP	4,338,596	702,354	17%	2,790,683	42%	(2,088,329)	173,822	2,076,445
309	TRAFFIC IMPACT FUND	2,217,293	2,390,769	163%	5,436,735	18%	(3,045,966)	9,619,302	(10,447,975)
315	PUBLIC SAFETY FACILITIES IMPACT	3,650,943	110,743	13%	86,725	15%	24,018	-	3,674,961
346	PUBLIC FACILITIES NON-AB1600	1,100,016	34,550	4%	66,860	18%	(32,309)	52,688	1,015,019
347	PUBLIC FACILITIES IMPACT FUND	1,034,272	25,056	9%	9,108	33%	15,948	-	1,050,220
348	LIBRARY IMPACT FUND	1,487,275	101,730	9%	73,736	34%	27,994	-	1,515,269
350	UNDERGROUNDING	1,073,838	364,084	423%	380	33%	363,704	-	1,437,542
355	SCHOOL PEDESTRIAN/TRAFFIC SFTY	181,922	29,720	5%	788,224	68%	(758,504)	358,788	(935,369)
360	COMM/REC CTR IMPACT FUND	1,353,501	133,052	8%	42,825	3%	90,226	391,464	1,052,263
TOTAL CAPITAL PROJECT FUNDS		\$ 38,151,461	\$ 9,903,637	45%	\$ 18,620,065	29%	\$ (8,716,428)	\$ 13,492,571	\$ 15,942,462
420	CIVIC CENTER DEBT	\$ 165,528	\$ 101,945	33%	\$ 3,544	1%	\$ 98,401	\$ 1	\$ 263,928
441	POLICE FACILITY BOND DEBT	171,762	128,387	33%	1,352	0%	127,035	1	298,795
TOTAL DEBT SERVICE FUNDS		\$ 337,290	\$ 230,332	33%	\$ 4,896	1%	\$ 225,436	\$ 2	\$ 562,723

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2021-22
For The Four Months Ended October 31, 2021
33% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-21	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved
640	SEWER OPERATIONS	\$ 3,580,782	\$ 3,709,635	26%	\$ 4,493,325	32%	\$ (783,690)	188,257	2,608,835
641	SEWER IMPACT FUND*	22,070,164	1,615,396	23%	190,421	1%	1,424,975	533,020	22,962,119
642	SEWER RATE STABILIZATION	2,690,651	53,842	28%	380	33%	53,462	-	2,744,113
643	SEWER-CAPITAL PROJECTS	9,866,304	1,573,247	33%	3,681,104	17%	(2,107,857)	3,293,706	4,464,741
650	WATER OPERATIONS	4,020,625	4,722,396	29%	4,667,033	28%	55,363	931,673	3,144,315
651	WATER IMPACT FUND*	3,275,094	169,043	9%	254,098	11%	(85,055)	46,161	3,143,878
652	WATER RATE STABILIZATION	3,160,467	46,171	33%	124	33%	46,047	-	3,206,514
653	WATER -CAPITAL PROJECT	8,754,608	1,690,095	33%	117,472	2%	1,572,623	361,179	9,966,053
TOTAL ENTERPRISE FUNDS		\$ 57,418,695	\$ 13,579,824	27%	\$ 13,403,956	16%	\$ 175,868	\$ 5,353,995	\$ 52,240,568
730	INFORMATION SERVICES	\$ 854,321	\$ 750,642	33%	\$ 614,340	24%	\$ 136,302	\$ 1,025,192	\$ (34,569)
740	BUILDING MAINTENANCE	74,519	376,933	11%	339,934	10%	36,999	112,642	(1,124)
741	BUILDING REPLACEMENT	3,587,574	234,074	31%	49,940	8%	184,134	80,363	3,691,345
745	CIP ENGINEERING	(623,064)	562,718	31%	519,242	30%	43,476	6,974	(586,562)
760	UNEMPLOYMENT	333,729	468	19%	-	n/a	468	-	334,197
770	WORKERS COMPENSATION	2,114,390	232,793	25%	604,516	69%	(371,724)	30,000	1,712,666
790	EQUIPMENT REPLACEMENT	5,987,386	394,555	36%	83,538	5%	311,017	343,980	5,954,422
791	EMPLOYEE BENEFITS FUNDS	3,058	202,969	19%	81,071	13%	121,899	-	124,957
795	GEN. LIABILITY INSURANCE	1,324,414	573,122	33%	1,457,006	85%	(883,885)	-	440,529
TOTAL INTERNAL SERVICE FUNDS		\$ 13,656,327	\$ 3,328,273	26%	\$ 3,749,588	28%	\$ (421,315)	\$ 1,599,152	\$ 11,635,861
SUMMARY BY FUND TYPE									
GENERAL FUND GROUP		\$ 24,896,179	\$ 7,522,795	15%	\$ 13,409,209	27%	\$ (5,886,414)	\$ 2,163,110	\$ 16,846,655
SPECIAL REVENUE GROUP		7,554,955	2,965,944	16%	3,531,514	19%	(565,570)	819,790	6,169,595
DEBT SERVICE GROUP		337,290	230,332	33%	4,896	1%	225,436	2	562,723
CAPITAL PROJECTS GROUP		38,151,461	9,903,637	45%	18,620,065	29%	(8,716,428)	13,492,571	15,942,462
ENTERPRISE GROUP		57,418,695	13,579,824	27%	13,403,956	16%	175,868	5,353,995	52,240,568
INTERNAL SERVICE GROUP		13,656,327	3,328,273	26%	3,749,588	28%	(421,315)	1,599,152	11,635,861
TOTAL ALL GROUPS		\$ 142,014,907	\$ 37,530,805	24%	\$ 52,719,228	23%	\$ (15,188,423)	\$ 23,428,619	\$ 103,397,864

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

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

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

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



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Inga Alonzo, Management Analyst

APPROVED BY: City Manager

ADOPTION OF 2021 WATER SYSTEM MASTER PLAN

RECOMMENDATION(S)

Adopt 2021 Water System Master Plan.

Estimated Time: 20 Minutes

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining Infrastructure

2020-2021 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Water System Master Plan

REPORT NARRATIVE:

Upon the completion of the 2035 General Plan in 2016, the City's utilities master plans were updated to reflect the infrastructure needs associated with the growth anticipated in the General Plan. The water master plan was included in this effort and on August 23, 2017, the City Council held a workshop to review the findings and recommendations. From this exercise, the 2017 Water System Master Plan was developed and adopted later that year. In keeping with industry norms, the master plan should be updated every five years. This 2021 report is an updated version of the current (2017) Plan and the request is for Council adoption of the 2021 Water Master Plan.

Utilities master plans are the City's blueprint for building-out infrastructure to meet the community's needs now and as the City grows. In the case of the 2021 Water System Master Plan (WSMP) update, the growth horizon is build-out year of 2038. In addition to identifying future infrastructure, the water master plan also identifies existing system deficiencies to allow the City to plan for the resources necessary for both maintaining the existing systems and to build out the future infrastructure.

Developing the Water System Master Plan:

The WSMP included the following objectives:

- Summarize the City's existing water system facilities
- Document growth planning assumptions and known future developments
- Summarize the performance criteria to be used
- Project future water demands
- Update and calibrate hydraulic models
- Evaluate the capacity of existing systems to meet existing and projected needs
- Perform a capacity analysis for major distribution mains
- Recommend a Capital Improvement Program and opinion of probable costs
- Determine responsibility for paying for infrastructure (existing vs. future users)
- Prepare final report

Recommendations in the Water Master Plan:

The WSMP update provides for a comprehensive list of replacement work, new wells and pump facilities, new mains, and new reservoirs. Starting with an evaluation of the existing water system and using recent water use trends, the study provides an assessment of how well existing needs are being met. The report documents the City's performance and design criteria for evaluating the domestic water system. The system performance and design criteria are used to establish guidelines for determining future water demands and the sizing of future facilities. Future needs are based on the growth identified in the General Plan build-out.

The total capital costs projected in the updated WSMP are approximately \$108 million with approximately 55% of that amount paid for by future users through Development Impact Fees. The remainder is to be paid for by existing rate payers. Included in the plan is a variety of water improvements City-wide such as:

Pipeline (Capacity), Storage Reservoirs (Capacity), Groundwater Wells (Capacity), Pump Stations (Capacity), Pressure Reducing Valves (Capacity), Pipeline (Condition), Storage Reservoirs (Condition), 5-year Improvement Projects, and Comprehensive Plan Updates.

Factors used for growth assumptions:

To determine the needs for future growth, unit demand factors were applied to land use acreages pulled from the 2035 General Plan. Recent measured unit water demand factors were used for general planning purposes and, when applied to acreages of future growth, represent average water demands. The calculation is expressed as follows:

(Net Land Use Acreages) x (Water Unit Factor, Table 1) = Gallons per Day (gpd)

The baseline unit water demand factors for various land use categories within the City were developed based on evaluation of the City's recent water meter billing database, as maintained by the City's Finance Division. The billing records were sorted into specific consolidated land use categories, consistent with the recently adopted Morgan Hill General Plan. The per acre unit factors were calculated based on existing land use acreages, and thus reflect existing trends.

The unit demand factors that were developed for the 2021 WSMP update are about the

same by comparison to the factors used for the Water Master Plan of 2017.

COMMUNITY ENGAGEMENT:

Inform

The WSMP update was prepared as an update to the 2017 Water System Master Plan. For the last ten days, it has been posted on the City's website for the residents' reviews and comments. Additionally, the availability of the Plan has been shared in the 411 email newsletter.

ALTERNATIVE ACTIONS:

The WSMP is critical to the future build-out of infrastructure in support of the community's growth. No reasonable alternative action to adoption is proposed due to the importance of having this infrastructure master plan in place. The Council may elect to provide alternate direction on specific areas of the Plan for which staff can review and bring back changes to the plan at a future date.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- The 2035 General Plan was adopted on July 27, 2016 which was developed to support the General Plan Buildout.
- The 2017 Water System Master Plan was adopted on October 18, 2017.
- The City's Urban Water Management Plan which identifies growth projections and future water needs was approved by the City Council on October 6, 2021.

FISCAL AND RESOURCE IMPACT:

Adoption of the WSMP has no direct fiscal or resource impact, but has a significant indirect impact. The recommendations contained in the WSMP will be used to guide future improvements and operations of the system. The capital projects identified will be used in future water rate studies and development impact fee studies. As these studies come forward to the City Council in the future, the policy decision will be the funding for the improvements identified in the Master Plan. The Water Rate Study is currently underway and will be brought to the City Council in early 2022.

CEQA (California Environmental Quality Act):

The proposed 2021 Water System Master Plan (WSMP) is consistent with the development assumptions in the 2035 General Plan.

On July 27, 2016, the Morgan Hill City Council adopted Resolution No. 16-127, certifying the Final EIR for the Morgan Hill 2035 General Plan consistent with the requirements of the California Environmental Quality Act (CEQA) and adopting a Statement of Overriding Considerations regarding environmental impacts and a related Mitigation Monitoring and

Reporting Program (MMRP).

All individual projects identified in the WSMP will undergo environmental review during the planning phases of the projects.



2021

CITY OF MORGAN HILL

**WATER SYSTEM
MASTER PLAN
UPDATE**

Final Draft

December 2021

A K E L
ENGINEERING GROUP, INC.



Acknowledgements

City Council

Rich Constantine, Mayor

John McKay, Mayor Pro Tempore

Gino Borgioli

Yvonne Martinez Beltran

Rene Spring

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City of Morgan Hill

Water System Master Plan Update

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APPENDICES

Appendix A	Existing Water System Schematic
Appendix B	Hydraulic Model Validation

EXECUTIVE SUMMARY

This executive summary presents a brief background of the City's water distribution system, the planning area characteristics, the system performance and design criteria, the hydraulic model, and a capital improvement program.

The hydraulic model was used to evaluate the capacity adequacy of the existing distribution system and for recommending improvements to mitigate existing deficiencies, as well as servicing future growth. The prioritized capital improvement program accounts for growth throughout the City of Morgan Hill.

ES.1 STUDY OBJECTIVES

One of Morgan Hill's key elements of the City's highest priority for public safety, is to ensure that the City's water system infrastructure is adequate at supplying its residents with safe clean drinking water needs, as a core service for its residents. The City of Morgan Hill recognizes the importance of planning, developing, and financing the water system infrastructure and retained the services of Akel Engineering Group to develop and complete the 2017 Water System Master Plan (2017 WSMP). The 2017 WSMP identified the capacity adequacy of the existing water facilities including pipelines, storage reservoirs, booster stations, and supply wells to service existing customers as well as anticipated future developments. The 2017 WSMP included a schedule of capital improvements, and associated costs, and which are required to support future developments as they occur.

Morgan Hill is also very pro-active in maintaining its Water System Master Plan current, reflecting recent trends in water use and conservation, changes to the general plan land use, and for consistency with the recently completed 2020 Urban Water management Plan (2020 UWMP). The City retained the services of Akel Engineering Group to complete this 2021 Water System Master Plan Update (2021 WSMP).

The 2021 WSMP Update evaluates the City's water system and recommends capacity improvements required to service the needs of existing users and for servicing future growth within the City. This 2021 WSMP Update is intended to serve as a tool for planning and phasing the construction of future domestic water system infrastructure for the currently projected buildout of the City of Morgan Hill. The service area and horizon for the master plan are stipulated in the City's General Plan. Should planning conditions change, and depending on their magnitude, adjustments to the master plan recommendations might be necessary.

This master plan included the following tasks:

- Summarizing the City's existing domestic water system facilities

- Documenting growth planning assumptions and known future developments
- Updating the domestic water system performance criteria
- Projecting future domestic water demands
- Updating the 2017 hydraulic model
- Evaluating the domestic water facilities to meet existing and projected demand requirements and fire flows
- Performing a capacity analysis for distribution mains
- Performing a fire flow analysis
- Recommending a capital improvement program (CIP) with an estimation of probable construction costs
- Performing a capacity allocation analysis for cost sharing purposes
- Integrating potential future recycled water reuse alternatives
- Developing a 2021 Water System Master Plan report

ES.2 STUDY AREA

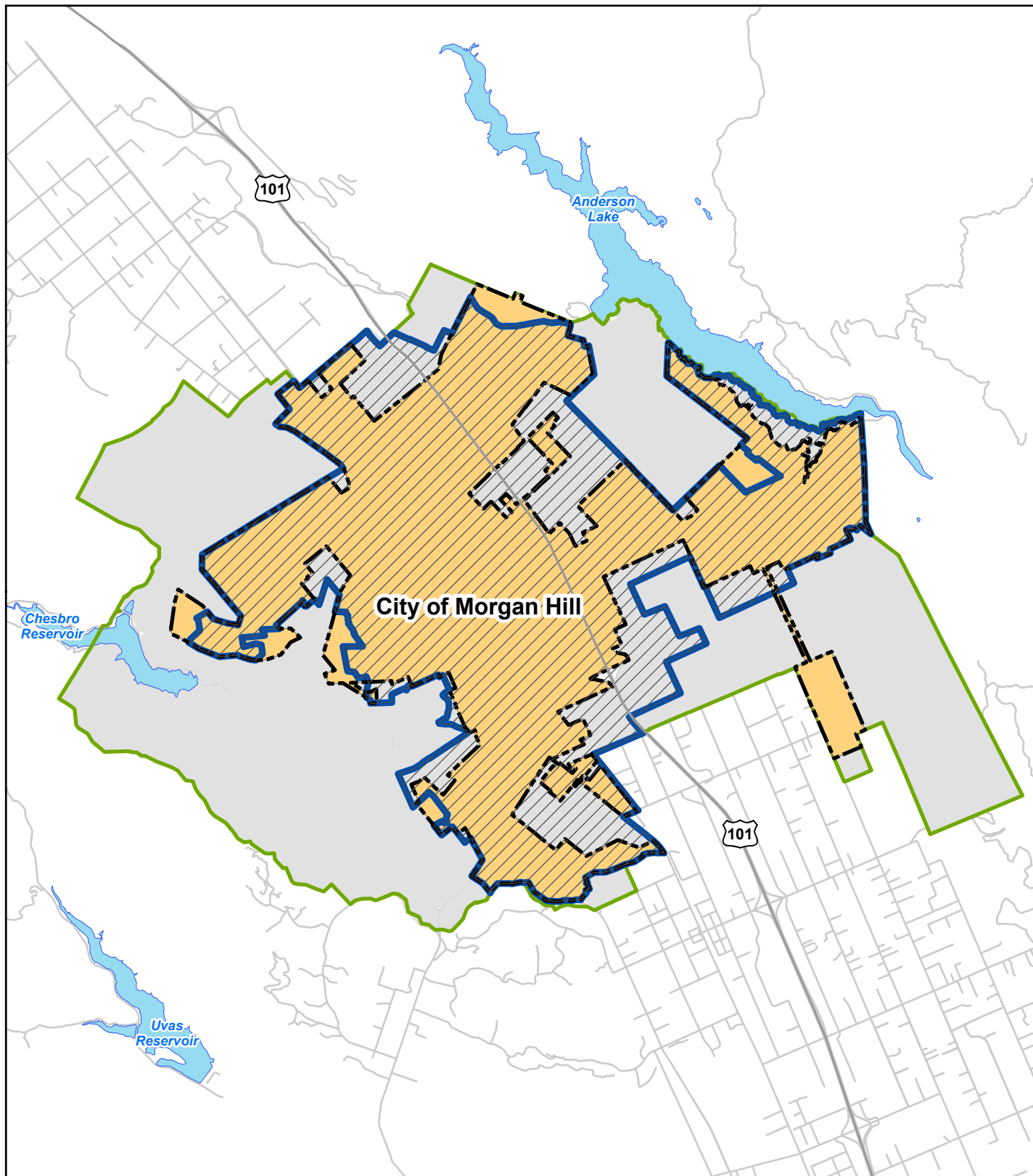
The City of Morgan Hill is located in Santa Clara County, approximately 22 miles southeast of the City of San Jose and 24 miles northwest of the city of Hollister. The City's closest neighbor, the City of Gilroy, is located 8 miles to the southeast. U.S. Route 101 bisects the eastern boundary of the City in the north-south direction. The City limits currently encompass 6,992 acres, with an approximate population of 48,000 residents in 2021.

The City is generally bound to the north by Tilton Avenue, to the east by Anderson Lake, to the southeast by Foothill Avenue, to the west by Sunnyside Drive, and to the south by Middle Avenue. The unincorporated community of San Martin is located to the south of the City. The City's topography is generally flat in the center of the City with increasing slopes on the east and west.

[Figure ES.1](#) displays the planning area showing city limits, the Urban Growth Boundary of the City and the City's Sphere of Influence Boundary.

ES.3 SYSTEM PERFORMANCE AND DESIGN CRITERIA

This report documents the City's performance and design criteria that were used for evaluating the domestic water system. The system performance and design criteria are used to establish guidelines for determining future water demands, evaluating existing domestic water facilities, and for sizing future facilities. [Table ES.1](#) documents the system performance and design criteria for the domestic water system. This criterion was used in the capacity evaluation and for sizing recommended improvements.



Legend

- | | |
|------------------------------|-------------------|
| City Limits | General Plan Area |
| City Limits Area | Roads |
| Urban Service Area | Highways |
| Urban Growth Boundary | Lakes |
| Sphere of Influence Boundary | |



ES. 1 Planning Area

Water System Master Plan
City of Morgan Hill



Table ES.1 Planning and Design Criteria Summary

Water System Master Plan

City of Morgan Hill

Design Parameter	Criteria
Supply	Supply to Meet Maximum Day Demands with Firm Capacity Firm Capacity excludes two largest wells for possible maintenance and emergency Two largest wells are currently Diana #2 and Nordstrom at approximately 2,500 gpm (3.5 MGD) Assume Future Well Capacities at 800 gpm each and deeper design depth.
Storage	Total Required Storage = Operational + Fire + Emergency Operational Storage 25% of Maximum Day Demand Emergency Storage 25% of Maximum Day Demand Fire Storage Residential = 0.18 MG (1,500 gpm for 2 hours) Commercial = 0.30 MG (2,500 gpm for 2 hours) Industrial = 0.63 MG (3,500 gpm for 3 hours)
Pump Stations	Meet Maximum Day Demand with largest unit out of service Hydropneumatic systems to meet Maximum Day Demand plus fire flow
Pressure Reducing Valves	PRVs should be designed to meet the greater of: Peak Hour Demand, or Maximum Day Demand + Fire Flow
Service Pressures	Maximum Pressure 100 psi Minimum Pressure (during Maximum Day) 40 psi Minimum Pressure (during Peak Hour) 35 psi Minimum Pressure for New Development ¹ (during Peak Hour) 40 psi Minimum Residual Pressure (during Fires) 20 psi
Demand Peaking Factors	Maximum Month Demand 1.75 x Average Day Demand Maximum Day Demand 2.00 x Average Day Demand Peak Hour Demand 3.00 x Average Day Demand
Fire Flows	Residential 1,500 gpm for 2 hours Commercial 2,500 gpm for 2 hours Industrial 3,500 gpm for 3 hours
Urban Water Use Targets	2020 Target (20% Conservation) 159 gpd 2020 Actual Water Use 150 gpd

Note: **A K E L**
ENGINEERING GROUP, INC.

12/3/2021

1. Source: California Department of Public Health Title 22, Chapter 16, Article 8 "Distribution System Operation"

ES.4 EXISTING WATER SYSTEM OVERVIEW

The City's municipal water system consists of 16 active groundwater wells, a total of 10.5 million gallons in storage, distribution mains, and fire hydrants. The City's topography is generally flat in the center of the City with increasing slopes on the east and west; based on this topography, the water distribution system is comprised of 21 pressure zones, with 12 storage tanks regulating system operation.

The City's existing domestic water distribution system is shown in [Figure ES.2](#), which displays the existing system by pipe size. This figure provides a general color coding for the distribution mains, as well as labeling the existing wells and the storage reservoir.

ES.5 EXISTING AND FUTURE DOMESTIC WATER DEMANDS

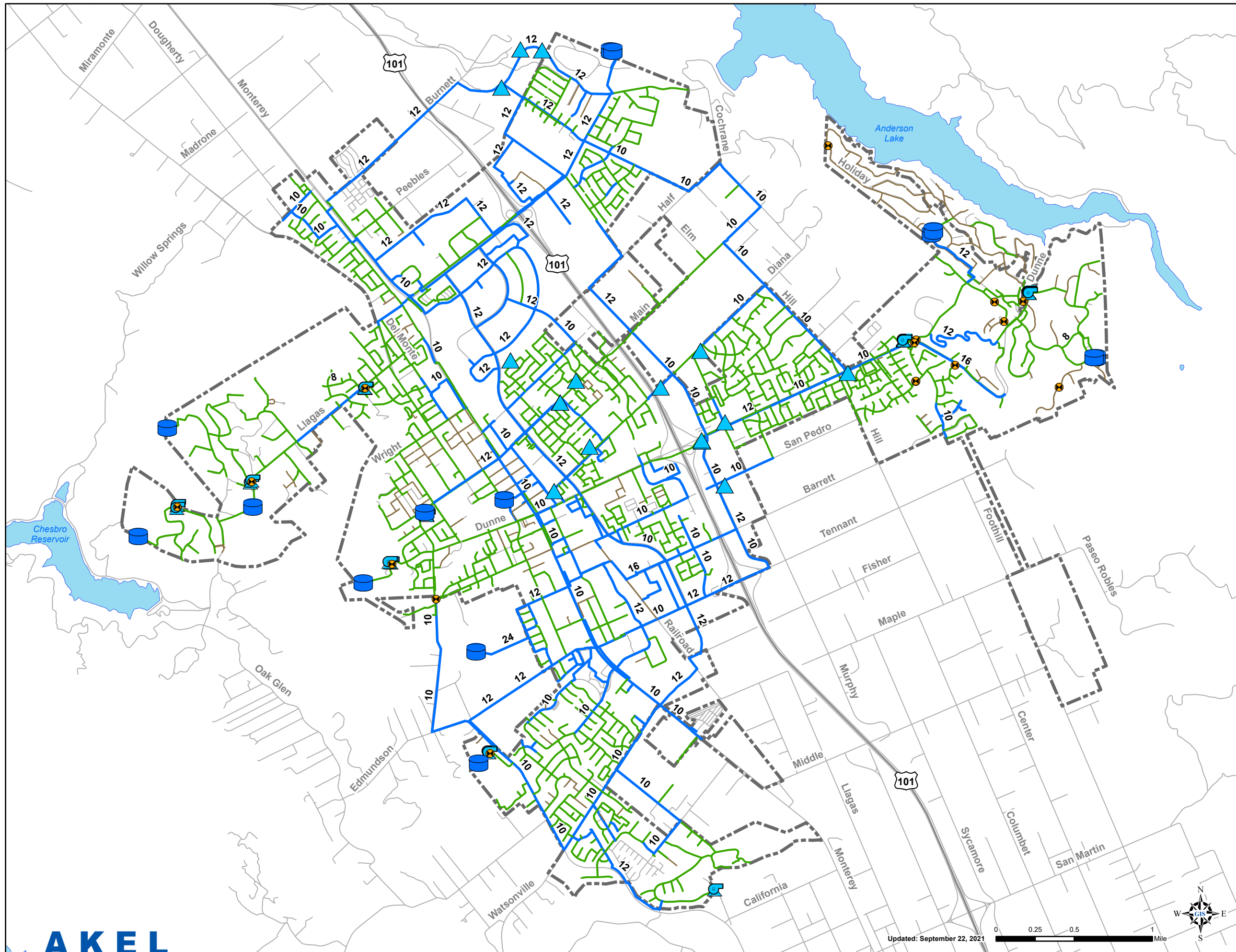
The City's existing average day domestic water demand was documented at 7.0 mgd. [Table ES.2](#) documents the future land use categories, and their corresponding domestic water demands. The average day domestic water demands from existing and future developments is estimated at 9.4 mgd, and parallels the 2038 water demand projections documented in the 2020 Urban Water Management Plan. These demands were used in sizing the future infrastructure facilities, including transmission mains, storage reservoirs, and booster stations. Demands were also used for allocating and reserving capacities in the existing or proposed facilities.

ES.6 HYDRAULIC MODEL DEVELOPMENT

Hydraulic network analysis has become an effectively powerful tool in many aspects of water distribution planning, design, operation, management, emergency response planning, system reliability analysis, fire flow analysis, and water quality evaluations. The City's hydraulic model was used to evaluate the capacity adequacy of the existing system and to plan its expansion to service anticipated future growth. Prior to the 2017 WSMP, the City's hydraulic model was developed using Innovyze's H2OMAP, which utilizes a GIS interface and uses the effective EPANET hydraulic engine for processing the hydraulic calculations. In the 2017 WSMP, Akel Engineering Group Inc redeveloped the hydraulic model using InfoWater, a GIS-based hydraulic model also by Innovyze. The model has an intuitive graphical interface and is directly integrated with ESRI's ArcGIS (GIS). As part of this master plan, the hydraulic model was updated to InfoWater Pro based on the data received from City staff to reflect the recent water main construction as well as changes to water facilities.

ES.7 PRESSURE EVALUATION

The calibrated hydraulic model was used for evaluating the system pressures throughout the distribution system during peak hour demand, maximum day demands, and maximum day demands in conjunction with fire flows. Criteria for pressure and fire flows were also summarized



Legend

Existing System

- Tanks
- Booster Stations
- Wells
- Valves

Pipes by Diameter

- 6" or Less
- 8"
- 10" or Greater
- Roads
- City Limits

ES. 2 Existing System Water System Master Plan City of Morgan Hill



Table ES.2 Average Daily Demands at Buildout of Project Area
Water System Master Plan
City of Morgan Hill

Land Use Classifications	Water Demands at 100% Occupancy												
	Existing Development within City Limits			Future Development within City Limits			Total Development within City Limits		Total Development Outside City Limits		Total		
	Existing Development within City Limits	Water Unit Factor	Existing Average Daily Demand	Future Development	Future Water Unit Factor	Future Development Average Daily Demand	Development	Total Development Average Daily Demand	Development	Total Development Average Daily Demand	Development	Average Daily Demand	
	(net acre)	(gpd/net acre)	(gpd)	(net acre)	(gpd/net acre)	(gpd)	(net acre)	(gpd)	(net acre)	(gpd)	(net acre)	(gpd)	
Residential													
Single Family													
Residential Estate	508	560	284,420	198	560	110,769	706	395,189	321	179,976	1,027	575,166	
Residential Detached Low	1,049	1,050	1,101,152	102	1,050	106,639	1,150	1,207,791	239	250,528	1,389	1,458,319	
Residential Detached Medium	1,298	1,700	2,207,096	141	1,700	239,155	1,439	2,446,251	411	699,255	1,850	3,145,506	
Residential Detached High	34	2,140	73,204	0	2,140	737	35	73,941	20	41,858	54	115,799	
Multi-Family													
Residential Attached Low	394	1,900	748,663	61	1,900	115,287	455	863,951	2	4,117	457	868,068	
Residential Attached Medium	112	2,300	258,522	40	2,300	92,218	152	350,740	7	16,903	160	367,644	
Residential Attached High	6	3,130	18,154	0	3,130	1,512	6	19,666	0	0	6	19,666	
Subtotal	3,401		4,691,212	542		666,317	3,943	5,357,529	1,000	1,192,638	4,943	6,550,167	
Non-Residential													
General Commercial	24	1,800	43,161	0	1,800	0	24	43,161	0	0	24	43,161	
Commercial	261	1,350	352,009	129	1,350	174,292	390	526,301	4	4,995	394	531,296	
Commercial / Industrial ¹	501	1,120	561,296	230	1,120	257,950	731	819,245	220	246,298	951	1,065,543	
Mixed Use	93	1,350	125,991	6	1,350	8,242	99	134,233	0	0	99	134,233	
Mixed Use Flex	70	1,390	96,621	35	1,390	48,619	104	145,240	8	11,421	113	156,661	
Sports-Recreation-Leisure	0	1,680	0	0	1,680	0	0	0	251	421,974	251	421,974	
Public Facility	302	400	120,658	12	400	4,694	313	125,352	46	18,556	360	143,908	
Subtotal	1,250		1,299,735	412		493,797	1,663	1,793,532	529	703,244	2,192	2,496,776	
Other (Demand Generating)													
Landscape Irrigation ²	201	1,680	338,263	0	1,680	0	201	338,263	0	0	201	338,263	
Subtotal	201		338,263	0		0	201	338,263	0	0	201	338,263	
Other (Non-Demand Generating)													
Open Space	605	0	0	581	0	0	1,186	0	2,737	0	3,922	0	
Subtotal	605		0	581		0	1,186	0	2,737	0	3,922	0	
Totals AKEI	5,458		6,329,210	1,535		1,160,114	6,992	7,489,325	4,267	1,895,882	11,259	9,385,206	



Note:
1. "Commercial / Industrial" combines land use types "Commercial / Institutional" and "Industrial"
2. Area of Landscape Irrigation does not include single family residential irrigation use.

in the System Performance and Design Criteria chapter. Since the hydraulic model was calibrated for extended period simulations, the analysis duration was established at 24 hours for analysis.

The hydraulic model indicates that the City's existing distribution system performed reasonably well during the pressure evaluation, with few exceptions noted in the Evaluation and Proposed Improvements chapter.

ES.8 SUPPLY AND STORAGE EVALUATION

The water supply source, in this case groundwater, must meet the maximum day demands for existing conditions and to meet the demands of future growth. Additionally, the groundwater supply capacity must include a redundancy of 2 additional largest wells, which are counted as standby to account for equipment malfunction and to account for reduced supply capacities during droughts. The supply analysis recommends initiating the design and construction of 3 new wells, to be completed by year 2025. Three additional wells will also be needed by year 2038.

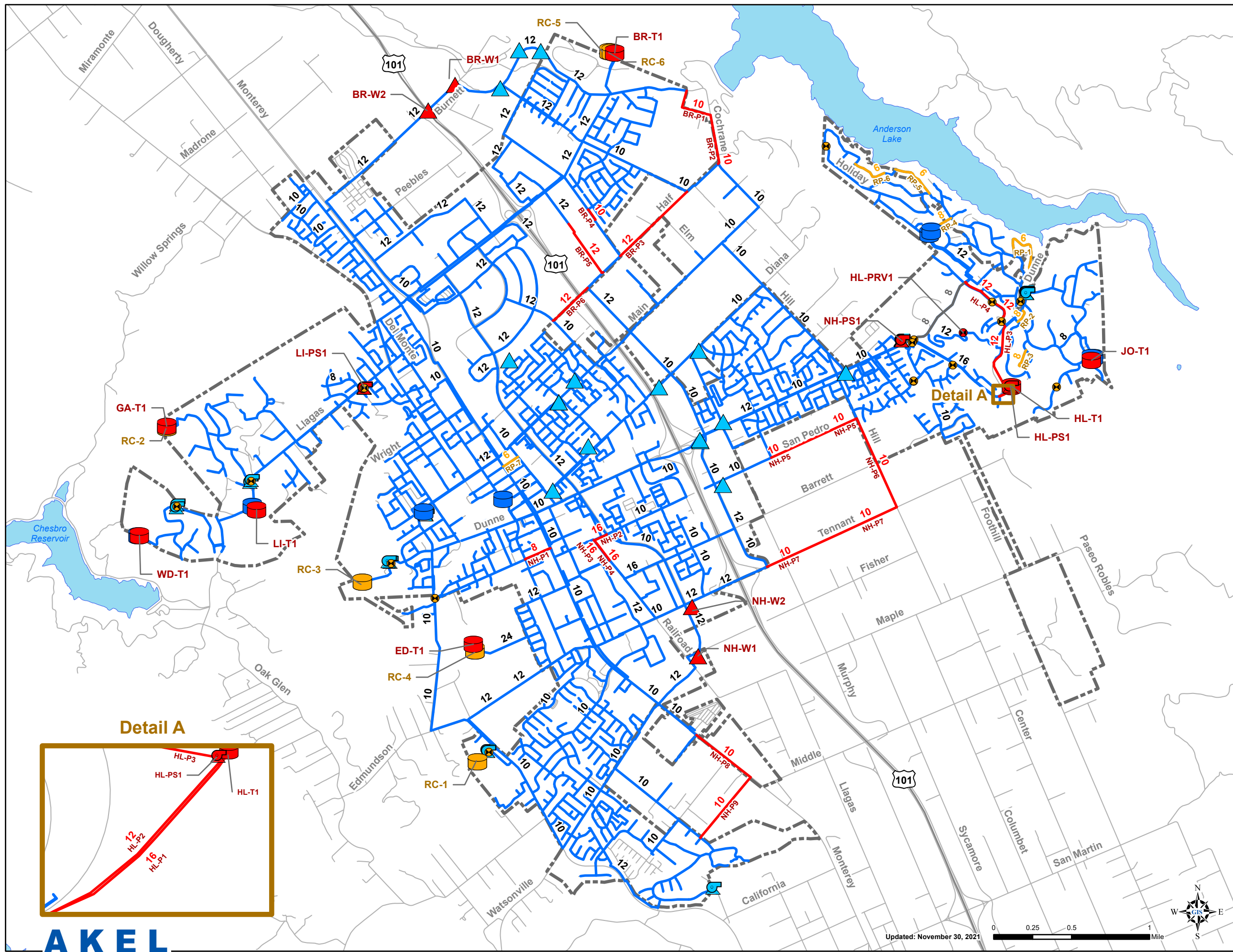
It should be noted that with climate change increasing the likelihood of continued periods of extended drought in the future, it is prudent to construct additional deeper wells to maintain adequate water supply, while simultaneously aggressively exploring recycled water opportunities and supporting enhancements to California's water supply system.

Existing storage requirements were identified for each existing pressure zone and included the operation, fire, and emergency storage components. The total City-wide required storage for existing domestic water demands is calculated at 9.67 MG. Buildout storage requirements were identified based on the anticipated future growth and existing domestic water demands, in each existing and future pressure zone, and will require a total 12.07 MG of operational and emergency storage capacity.

ES.9 CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program costs for the projects identified in this master plan for mitigating existing system deficiencies and for serving anticipated future growth throughout the City are summarized on [Table ES.3](#) and are graphically represented on [Figure ES.3](#).

The estimated construction costs include the baseline costs plus **40 percent** contingency allowance to account for unforeseen events and unknown field conditions. Capital improvement costs include the estimated construction costs plus **30 percent** project-related costs (engineering design, project administration, construction management and inspection, and legal costs). The costs in this Water System Master Plan were benchmarked using a 20-City national average Engineering News Record (ENR) Construction Cost Index (CCI) of 12,464, reflecting a date of October 2021. In total, the CIP includes approximately 8.43 miles of pipeline improvements, six new wells, seven new storage reservoirs, four new booster stations, a new pressure reducing valve station, as well as other plan updates and currently planned projects, with a project cost totaling over \$108.1 million.



Legend

Capacity Improvements

- Tanks
- Wells
- Booster Stations
- Valves
- Pipes

Condition Improvements

- Tanks
- Pipes

Existing System

- Tanks
- Booster Stations
- Wells
- Valves
- Pipes
- Pipes to be Abandoned
- Roads
- City Limits

Note:
2 New additional wells will be needed in the Nob Hills Zone, and to be sited at a later date.

Figure ES. 3
Capital Improvement Program
Water System Master Plan
City of Morgan Hill



Table ES.3 Capital Improvement Program

Water System Master Plan
City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Pipeline Improvements		Infrastructure Costs				Baseline Constr. Costs	Estimated Const. Costs ¹	Capital Improv. Costs ²	Suggested Expenditure Budget	Construction Trigger	Suggested Cost Allocation		Cost Sharing	
				Existing Diameter	New/Parallel/Replace	Diameter	Length	Unit Cost	Infr. Cost						Existing Users	Future Users	Existing Users	Future Users
				(in)		(in)	(ft)	(\$)	(\$)									
1. Planned Capacity Improvements (Short-Term and Long-Term)																		
1.1 Pipeline Capacity Improvements																		
Boy's Ranch Pressure Zone																		
BR-P1	Boy's Ranch	ROW	Cochrane Rd to Half Rd	-	New	10	1,600	246	392,822	392,822	549,951	714,936	2030-2034	As development occurs	0%	100%	0	714,936
BR-P2	Boy's Ranch	Cochrane Rd	Half Rd to approx 1,700' n/o Half Rd	-	New	10	1,700	246	417,374	417,374	584,323	759,620	2030-2034	As development occurs	0%	100%	0	759,620
BR-P3	Boy's Ranch	Half Rd	Mission View Dr to Peet Rd	-	New	12	3,150	271	852,980	852,980	1,194,172	1,552,424	2030-2034	As development occurs	0%	100%	0	1,552,424
BR-P4	Boy's Ranch	Mission View Dr	Between Cochrane Rd and 2,100' nw/o Cochrane Rd	8	Replace	10	450	246	110,481	110,481	154,674	201,076	2022-2024	Immediate	100%	0%	201,076	0
BR-P5	Boy's Ranch	Mission View Dr	Half Rd to 2,100' nw/o Half Rd	-	New	12	2,100	271	568,653	568,653	796,115	1,034,949	2030-2034	As development occurs	0%	100%	0	1,034,949
BR-P6	Boy's Ranch	Half Rd	Serene Dr to Conduit Rd	-	New	12	1,650	271	446,799	446,799	625,519	813,174	2030-2034	As development occurs	0%	100%	0	813,174
						Subtotal - Boys Ranch Pressure Zone				2,789,110	3,904,753	5,076,179			201,076		4,875,104	
Nob Hill Pressure Zone																		
NH-P1	Nob Hill	Spring Ave	Del Monte Ave to Monterey Rd	4	Replace	8	950	213	202,368	202,368	283,316	368,310	2022-2024	As development occurs	100%	0%	368,310	0
NH-P2	Nob Hill	San Pedro Ave	Butterfield Blvd to Railroad Ave	10	Replace	16	550	327	179,713	179,713	251,598	327,077	2025-2029	As development occurs	100%	0%	327,077	0
NH-P3	Nob Hill	Railroad Ave	San Pedro Ave to approx 600' n/o Mast St	10	Replace	16	350	327	114,363	114,363	160,108	208,140	2025-2029	As development occurs	0%	100%	0	208,140
NH-P4	Nob Hill	Railroad Ave	Approx 600' n/o Mast St to Mast St	6	Replace	16	600	327	196,050	196,050	274,470	356,811	2025-2029	As development occurs	0%	100%	0	356,811
NH-P5	Nob Hill	San Pedro Ave	1,100' ne/o Murphy Ave to Hill Rd	-	New	10	3,200	246	785,644	785,644	1,099,902	1,429,873	2035-2038	As development occurs	0%	100%	0	1,429,873
NH-P6	Nob Hill	Hill Rd	San Pedro Ave to Tennant Ave	-	New	10	3,300	246	810,196	810,196	1,134,274	1,474,556	2035-2038	As development occurs	0%	100%	0	1,474,556
NH-P7	Nob Hill	Tennant Ave	Hill Rd to Condit Rd	-	New	10	4,850	246	1,190,742	1,190,742	1,667,039	2,167,151	2035-2038	As development occurs	0%	100%	0	2,167,151
NH-P8	Nob Hill	Monterey Rd	John Wilson Way to E Middle Ave	-	New	10	2,350	246	576,958	576,958	807,741	1,050,063	2035-2038	As development occurs	0%	100%	0	1,050,063
NH-P9	Nob Hill	ROW	Monterey Rd to Olive Ave	-	New	10	2,700	246	662,887	662,887	928,042	1,206,455	2035-2038	As development occurs	0%	100%	0	1,206,455
						Subtotal - Nob Hill Pressure Zone				4,718,921	6,606,489	8,588,436			695,387		7,893,048	
Holiday Pressure Zones																		
HL-P1	Holiday 1	Dunne Ave	Flaming Oak Ln to Proposed E Dunne Tank	-	New	16	550	327	179,713	179,713	251,598	327,077	2022-2024	E. Dunne Pump Station 2 and 3 Abandonement	40%	60%	130,831	196,246
HL-P2	Holiday 1	Dunne Ave	Proposed E Dunne Tank to Flaming Oak Ln	-	New	12	550	271	148,933	148,933	208,506	271,058	2022-2024	E. Dunne Pump Station 2 and 3 Abandonement	40%	60%	108,423	162,635
HL-P3	Holiday Lake	Dunne Ave	Proposed E Dunne Tank to Lori Ln	-	New	12	2,450	271	663,429	663,429	928,801	1,207,441	2025-2029	Holiday Pump Station Construction	0%	100%	0	1,207,441
HL-P4	Holiday Lake	Oak Leaf Dr	Lori Ln to 650' nw/o Lori Ln	-	New	12	2,300	271	622,811	622,811	871,935	1,133,516	2025-2029	Holiday Pump Station Construction	0%	100%	0	1,133,516
						Subtotal - Holiday Pressure Zones				1,614,885	2,260,840	2,939,091			239,254		2,699,837	
Subtotal - Pipeline Capacity Improvements										9,122,916	12,772,082	16,603,706			1,135,717		15,467,989	

Table ES.3 Capital Improvement Program

Water System Master Plan
City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Pipeline Improvements		Infrastructure Costs				Baseline Constr. Costs	Estimated Const. Costs ¹	Capital Improv. Costs ²	Suggested Expenditure Budget	Construction Trigger	Suggested Cost Allocation		Cost Sharing	
				Existing Diameter	New/Parallel/Replace	Diameter	Length	Unit Cost	Infr. Cost						Existing Users	Future Users	Existing Users	Future Users
				(in)		(in)	(ft)	(\$)	(\$)									
1.2 Storage Reservoir Capacity Improvements				Proposed Storage Capacity (MG)														
BR-T1	Boy's Ranch	Demolish existing 0.55 MG Boy's Ranch tank and replace with 1.20 MG tank		Replace	1.20		2,441,927	2,441,927	3,418,697	4,444,306	2030-2034	420 EDUs	60%	40%	2,666,584	1,777,723		
GA-T1	Glen Ayre	Demolish existing 0.10 MG Glen Ayre tank and replace with 0.25 MG tank		Replace	0.25		635,918	635,918	890,286	1,157,371	2025-2029	Immediate	90%	10%	1,041,634	115,737		
ED-T1	Nob Hill	Existing Edmundson tank site		New	0.90		2,289,306	2,289,306	3,205,029	4,166,537	2030-2034	2,350 EDUs	0%	100%	0	4,166,537		
LI-T1	Llagas	Existing Llagas tank site		New	0.20		508,735	508,735	712,229	925,897	2025-2029	Immediate	15%	85%	138,885	787,013		
JO-T1	Jackson Oaks 1	Existing Jackson tank site		New	0.20		508,735	508,735	712,229	925,897	2025-2029	Immediate	100%	0%	925,897	0		
WD-T1	Woodland	Demolish existing 0.03 MG Woodland tank and replace with 0.25 MG tank		Replace	0.25		635,918	635,918	890,286	1,157,371	2025-2029	Immediate	80%	20%	925,897	231,474		
HL-T1	Holiday 1	Dunne Ave approx 500' ne/o Flaming Oak Ln		New	0.85		2,162,122	2,162,122	3,026,971	3,935,063	2022-2024	E. Dunne Pump Station 1, 2, and 3 Abandonement	70%	30%	2,754,544	1,180,519		
Subtotal - Storage Reservoir Capacity Improvements								9,182,661	12,855,726	16,712,443			8,453,441		8,259,003			
1.3 Groundwater Well Capacity Improvements				Proposed Pump Capacity (gpm)														
BR-W1	Boy's Ranch	Burnett Ave	Approx 6,000' ne/o Monterey Ave	New	800 gpm		2,769,252	2,769,252	3,876,953	5,040,038	2025-2029	As development occurs	0%	100%	0	5,040,038		
BR-W2	Boy's Ranch	Burnett Ave	Approx 5,000' ne/o Monterey Ave	New	800 gpm		2,769,252	2,769,252	3,876,953	5,040,038	2035-2038	As development occurs	0%	100%	0	5,040,038		
NH-W1	Nob Hill	Butterfield Blvd	400' E of Railroad Ave and Fisher Ave	New	800 gpm		2,769,252	2,769,252	3,876,953	5,040,038	2022-2024	Immediate	100%	0%	5,040,038	0		
NH-W2	Nob Hill	Butterfield Blvd	Butterfield Blvd and Tennant Ave	New	800 gpm		2,769,252	2,769,252	3,876,953	5,040,038	2022-2024	Immediate	11%	89%	565,783	4,474,255		
NH-W3	Nob Hill	Well Site to be determined at a later date.		New	800 gpm		2,769,252	2,769,252	3,876,953	5,040,038	2025-2029	As development occurs	0%	100%	0	5,040,038		
NH-W4	Nob Hill	Well Site to be determined at a later date.		New	800 gpm		2,769,252	2,769,252	3,876,953	5,040,038	2030-2034	As development occurs	0%	100%	0	5,040,038		
Subtotal - Groundwater Well Capacity Improvements								16,615,511	23,261,715	30,240,230			5,605,822		24,634,408			
1.4 Pump Station Capacity Improvements				Proposed Capacity (gpm)														
NH-PS1	Nob Hill	Dunne Ave and Magnolia Wy		New	3 @ 900 gpm		1,539,329	1,539,329	2,155,061	2,801,579	2022-2024	E. Dunne Pump Station 1, 2, and 3 Abandonement	60%	40%	1,680,947	1,120,632		
BR-PS1	Boy's Ranch	Current Condit Valve Site		New	1 @ 1,500 gpm		100,000	100,000	100,000	100,000	2022-2024	Immediate	80%	20%	80,000	20,000		
LI-PS1	Llagas 2	Llagas Road and Carriage Drive		Replace	1 @ 450 gpm		300,000	300,000	420,000	546,000	2025-2029	Immediate	40%	60%	218,400	327,600		
HL-PS1	Holiday 1	Dunne Ave approx 500' ne/o Flaming Oak Ln		New	4 @ 550 gpm		1,317,915	1,317,915	1,845,081	2,398,606	2025-2029	Holiday Tank Construction	40%	60%	959,442	1,439,163		
Subtotal - Pump Station Capacity Improvements								3,257,244	4,520,142	5,846,185			2,938,790		2,907,395			
1.5 Pressure Reducing Valve Capacity Improvements				Proposed Size (in)														
HL-PRV1	Holiday 1	Thomas Gr approx 1,100' w/o Gnarled Oak Ln		New	3		55,977	55,977	78,367	101,878	2025-2029	Holiday Tank Construction	55%	45%	56,033	45,845		
Subtotal - Pressure Reducing Valve Capacity Improvements								55,977	78,367	101,878			56,033		45,845			

Table ES.3 Capital Improvement Program

Water System Master Plan
City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Pipeline Improvements		Infrastructure Costs				Baseline Constr. Costs	Estimated Const. Costs ¹	Capital Improv. Costs ²	Suggested Expenditure Budget	Construction Trigger	Suggested Cost Allocation		Cost Sharing	
				Existing Diameter	New/Parallel/ Replace	Diameter	Length	Unit Cost	Infr. Cost						Existing Users	Future Users	Existing Users	Future Users
				(in)		(in)	(ft)	(\$)	(\$)									
2. Planned Condition Improvements																		
2.1 Known Pipeline Renewal and Replacement (2022-2024)																		
RP-1	Holiday Lake	Shady Ln	From Holiday Dr to Holiday Dr	6	Replace	6	2,550	189	482,844	482,844	675,981	878,776	2022-2024	Immediate	100%	0%	878,776	0
RP-2	Jackson Oaks	Hill Top Ct	From Jackson Oaks Dr to approx 550' ne/o Jackson Oaks Dr	8	Replace	8	550	213	117,161	117,161	164,025	213,232	2022-2024	Immediate	100%	0%	213,232	0
RP-3	Jackson Oaks	Oak View Ct	From Jackson Oaks Dr to approx 700' s/o Jackson Oaks Dr	8	Replace	8	700	213	149,114	149,114	208,759	271,387	2022-2024	Immediate	100%	0%	271,387	0
RP-4	Holiday Lake	Holiday Tank Site	From Holiday Lake Tanks to Manzanita Dr	8	Replace	8	800	213	170,415	170,415	238,582	310,156	2022-2024	Immediate	100%	0%	310,156	0
RP-5	Holiday Lake	Manzanita Dr	From Holiday Dr to end of Manzanita Dr	6	Replace	6	1,650	189	312,428	312,428	437,400	568,620	2022-2024	Immediate	100%	0%	568,620	0
RP-6	Holiday Lake	Raccoon Ct	From Holiday Ct to end of Manzanita Dr	6	Replace	6	1,700	189	321,896	321,896	450,654	585,851	2022-2024	Immediate	100%	0%	585,851	0
RP-7	Nob Hill	First St	From Monterey Rd to Depot St	6	Replace	6	600	189	113,610	113,610	159,054	206,771	2022-2024	Immediate	100%	0%	206,771	0
RP-8	Hydropneumatic Zone	Oak Canyon Dr	From Jackson Oaks Hydropneumatic tank to Jackson Oaks Dr	8	Replace	8	600	213	127,812	127,812	178,936	232,617	2022-2024	Immediate	100%	0%	232,617	0
						Subtotal - Known Pipeline R&R				1,795,280	2,513,392	3,267,409			3,267,409		0	
2.2. Recommended Annual Pipeline Condition Renewal and Replacement (10-year)																		
RR-2022-2024	0.5% System Pipeline Renewal and Replacement (excluded known pipeline R&R)				Replace	1,669,505				1,669,505	2,337,308	3,038,500	2022-2024		100%	0%	3,038,500	0
RR-2025	0.5% System Pipeline Renewal and Replacement				Replace	1,172,053				1,172,053	1,640,874	2,133,136	2025-2029		100%	0%	2,133,136	0
RR-2026	0.5% System Pipeline Renewal and Replacement				Replace	1,180,615				1,180,615	1,652,861	2,148,719	2025-2029		100%	0%	2,148,719	0
RR-2027	0.5% System Pipeline Renewal and Replacement				Replace	1,189,177				1,189,177	1,664,848	2,164,302	2025-2029		100%	0%	2,164,302	0
RR-2028	0.5% System Pipeline Renewal and Replacement				Replace	1,197,739				1,197,739	1,676,835	2,179,885	2025-2029		100%	0%	2,179,885	0
RR-2029	0.5% System Pipeline Renewal and Replacement				Replace	1,206,301				1,206,301	1,688,822	2,195,469	2025-2029		100%	0%	2,195,469	0
RR-2030	0.5% System Pipeline Renewal and Replacement				Replace	1,214,864				1,214,864	1,700,809	2,211,052	2030-2034		100%	0%	2,211,052	0
RR-2031	0.5% System Pipeline Renewal and Replacement				Replace	1,223,426				1,223,426	1,712,796	2,226,635	2030-2034		100%	0%	2,226,635	0
						Subtotal - Annual Pipeline R&R				10,053,680	14,075,152	18,297,698			18,297,698		0	
2.3 Reservoir Condition Improvements																		
Existing Storage Capacity (MG)																		
RC-1	Encino	Re-coat and retrofit existing Encino Tank			Repair	0.60		330,000		-	330,000		2022	Immediate	100%	0%	330,000	0
RC-2	Glen Ayre	Re-coat and retrofit existing Glen Ayre Tank			Repair	0.10		55,000		-	55,000		2022	Immediate	100%	0%	55,000	0
RC-3	El Toro	Re-coat and retrofit existing El Toro Tank			Repair	0.50		275,000		-	275,000		2023	Immediate	100%	0%	275,000	0
RC-4	Edmundson	Re-coat and retrofit existing Edmundson Tank			Repair	4.25		2,337,500		-	2,337,500		2024	Immediate	100%	0%	2,337,500	0
RC-5	Boy's Ranch # 3	Re-coat and retrofit existing Boy's Ranch # 3 Tank			Repair	1.03		563,750		-	563,750		2025	Immediate	100%	0%	563,750	0
RC-6	Boy's Ranch # 2	Re-coat and retrofit existing Boy's Ranch # 2 Tank			Repair	0.55		302,500		-	302,500		2026	Immediate	100%	0%	302,500	0
						Subtotal - Storage Reservoir Condition Improvements				3,863,750					3,863,750		0	
2.4 5-Year Improvement Projects																		
5YR-1	Well Rehabilitation									-	-	1,500,000	2022-2026		100%	0%	1,500,000	0
5YR-2	Booster Rehabilitation									-	-	1,400,000	2023-2024		100%	0%	1,400,000	0
5YR-3	Generators Replacement (Jackson Booster Station)									-	-	1,000,000	2022-2024		100%	0%	1,000,000	0
						Subtotal - 5-Year Improvement Projects				3,900,000					3,900,000		0	

Table ES.3 Capital Improvement Program

Water System Master Plan
City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Pipeline Improvements		Infrastructure Costs				Baseline Constr. Costs	Estimated Const. Costs ¹	Capital Improv. Costs ²	Suggested Expenditure Budget	Construction Trigger	Suggested Cost Allocation		Cost Sharing	
				Existing Diameter	New/Parallel/Replace	Diameter	Length	Unit Cost	Infr. Cost						Existing Users	Future Users	Existing Users	Future Users
				(in)		(in)	(ft)	(\$)	(\$)									
3. Comprehensive Plan Updates																		
PLN-1	Water System Master Plan Updates (Years 2026, 2031, 2036)							237,000	-	-	711,000	2026, 2031, 2036		65%	35%	462,150	248,850	
PLN-2	Water Assessment Management Plan (Year 2026, 2031, 2036)							119,000	-	-	357,000	2026, 2031, 2036		65%	35%	232,050	124,950	
PLN-3	Urban Water Management Plan Updates (Year 2026, 2031, 2036)							119,000	-	-	357,000	2026, 2031, 2036		65%	35%	232,050	124,950	
PLN-4	Water Rate Study Updates (Years 2026, 2031, 2036)							119,000	-	-	357,000	2026, 2031, 2036		65%	35%	232,050	124,950	
Subtotal - Comprehensive Plan Updates									1,782,000					1,158,300		623,700		
4. Calendar Year Budget Expansion ³																		
CY7.5	Calendar Year Budget Expansion (2026-2035)							750,000	-	-	7,500,000	2026-2035		0%	100%	0	7,500,000	
Subtotal - CY Budget Expansion									7,500,000					0		7,500,000		
5. Total Improvement Costs																		
				Pipeline (Capacity)				9,122,916	12,772,082	16,603,706					1,135,717	15,467,989		
				Storage Reservoirs (Capacity)				9,182,661	12,855,726	16,712,443					8,453,441	8,259,003		
				Groundwater Wells (Capacity)				16,615,511	23,261,715	30,240,230					5,605,822	24,634,408		
				Pump Stations (Capacity)				3,257,244	4,520,142	5,846,185					2,938,790	2,907,395		
				Pressure Reducing Valves (Capacity)				55,977	78,367	101,878					56,033	45,845		
				Known Pipeline R&R				1,795,280	2,513,392	3,267,409					3,267,409	0		
				Annual Pipeline R&R				10,053,680	14,075,152	18,297,698					18,297,698	0		
				Storage Reservoirs (Condition)				-	-	3,863,750					3,863,750	0		
				5-year Improvement Projects				-	-	3,900,000					3,900,000	0		
				Comprehensive Plan Updates				-	-	1,782,000					1,158,300	623,700		
				CY Budget Expansion				-	-	7,500,000					0	7,500,000		
				Total Improvement Costs				50,083,269	70,076,577	108,115,300					48,676,960	59,438,340		



1. Baseline construction costs plus 30% to account for unforeseen events and unknown conditions.
2. Estimated construction costs plus 30% to cover other costs including: engineering design, project administration (developer and City staff), construction management and inspection, and legal costs.
3. The City's portion of the total CY expansion cost is estimated at \$23M, it will be split in three ways with Water, Sewer, and Public Facilities.

ES.10 RECYCLED WATER FEASIBILITY EVALUATION

There is currently no recycled water delivered within the City's service area. However, City Staff have been persistently exporting feasible opportunities where recycled water can be implemented in the future. This chapter provides a summary of the recommendations and cost estimates extracted from the October 2020 Draft report of the Countywide Water Reuse Master Plan (2020 CoRe Plan), completed by Santa Clara Valley Water District (Valley Water). Between the three identified options, Option 1 (importing recycled water supplies from South Bay Water Recycling via 6 miles pipeline) seems to have the lowest implementation costs and the highest recycled yield by year 2040. However, this option may be the least feasible from a political perspective (with North County entities required to approve sending recycled water to the South County) and implementation would be outside the control of both Morgan Hill and Valley Water. Additionally, new technology (such as Treated Water Augmentation) will likely provide for additional alternatives in the near future.

CHAPTER 1 - INTRODUCTION

This chapter provides a brief background of the City's domestic water system, the need for this master plan, and the objectives of the study. Abbreviations and definitions are also provided in this chapter.

1.1 BACKGROUND

The City of Morgan Hill (City) is located approximately 22 miles southeast of the City of San Jose, and 8 miles northwest of the City of Gilroy ([Figure 1.1](#)). The City provides potable water service to more than 48,000 residents, as well as a myriad of commercial, industrial, and institutional establishments. The City operates a domestic water distribution system that consists of 16 groundwater wells, 12 storage tanks equating to 10.5 million gallons in storage, and over 188 miles of distribution pipelines.

Morgan Hill recognizes the importance of planning, developing, and financing the water system infrastructure and retained the services of Akel Engineering Group to develop and complete the 2017 Water System Master Plan (2017 WSMP). This master plan identified capacity deficiencies in the existing water system and recommended improvements to alleviate existing deficiencies and serve future developments in the Urban Growth Boundary.

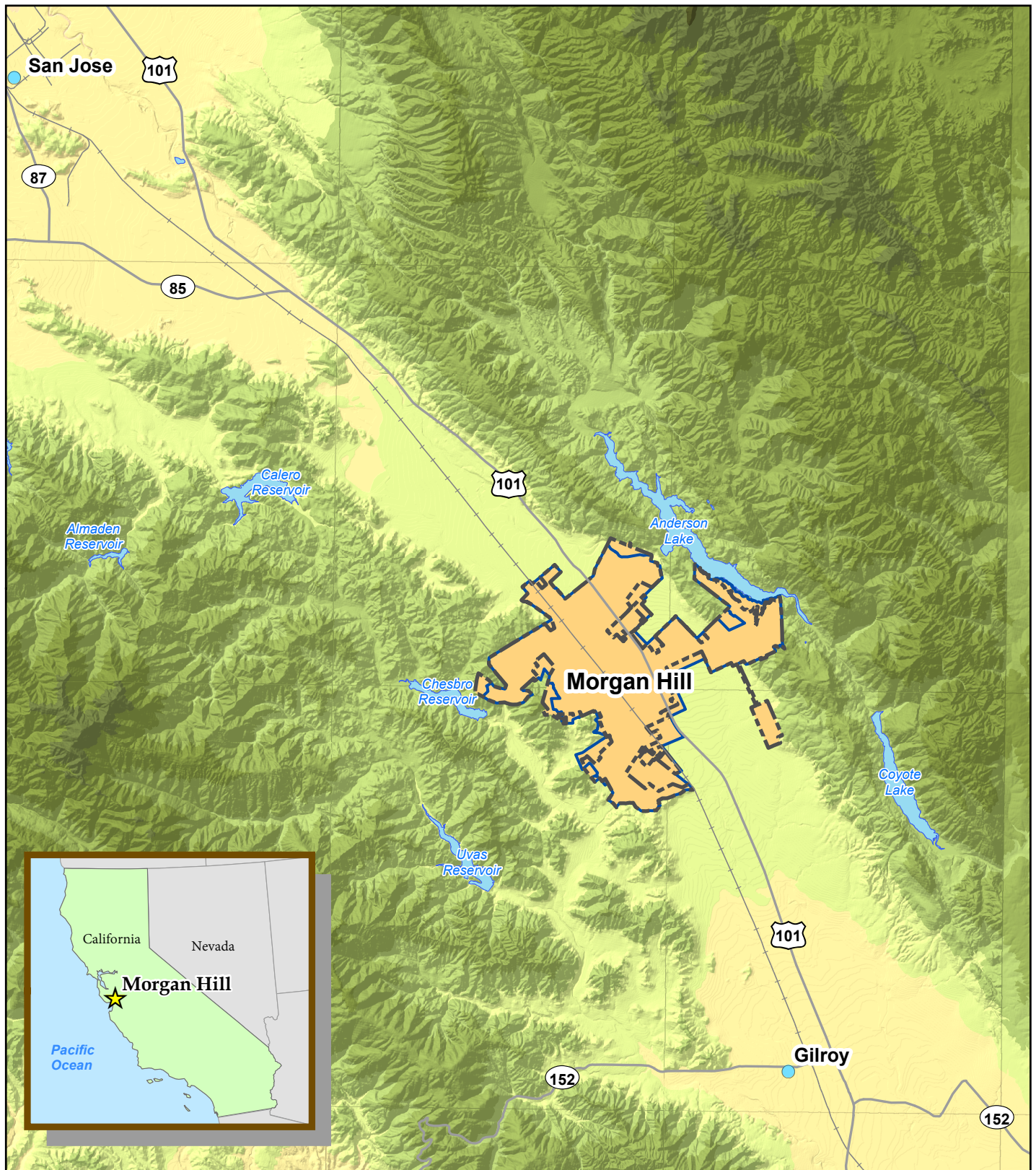
In order to address changes to land use and to water use trends, and for consistency with the projections of the 2020 Urban Water Management Plan, Morgan Hill retained the services of Akel Engineering Group to complete this 2021 Water System Master Plan Update (2021 WSMP).

1.2 SCOPE OF WORK

The 2021 WSMP Update evaluates the City's water system and recommends capacity improvements required to service the needs of existing users and for servicing future growth within the City. This 2021 WSMP Update is intended to serve as a tool for planning and phasing the construction of future domestic water system infrastructure for the currently projected buildout of the City of Morgan Hill. The service area and horizon for the master plan are stipulated in the City's General Plan. Should planning conditions change, and depending on their magnitude, adjustments to the master plan recommendations might be necessary.

This master plan included the following tasks:

- Summarizing the City's existing domestic water system facilities
- Documenting growth planning assumptions and known future developments
- Updating the domestic water system performance criteria



Legend

- Cities
 - Study Area
 - City Limits
 - Urban Growth Boundary
 - Highways
 - Railroads
 - ~ Lakes
- | Elevation (ft) | |
|----------------|---------------|
| | 100 - 250 |
| | 251 - 500 |
| | 501 - 1,000 |
| | 1,001 - 2,000 |
| | 2,001 - 3,000 |
| | 3,001 - 4,000 |
| | > 4,000 |



Figure 1.1
Regional Location Map
Water System Master Plan
City of Morgan Hill



- Projecting future domestic water demands
- Updating the 2017 hydraulic model
- Evaluating the domestic water facilities to meet existing and projected demand requirements and fire flows
- Performing a capacity analysis for distribution mains
- Performing a fire flow analysis
- Recommending a capital improvement program (CIP) with an estimation of probable construction costs
- Performing a capacity allocation analysis for cost sharing purposes
- Integrating potential future recycled water reuse alternatives
- Developing a 2021 Water System Master Plan report

1.3 RELEVANT REPORTS

The City has completed several special studies intended to evaluate localized growth. These reports were referenced and used during this capacity analysis. The following lists relevant reports that were used in the completion of this master plan, as well as a brief description of each document:

- **City of Morgan Hill Water System Master Plan, October 2017 (2017 WSMP).** This report documents the planning and performance criteria, evaluates the water system, recommends improvements, and provides an estimate of costs.
- **City of Morgan Hill 2035 General Plan, July 2016 (2035 General Plan).** The City's 2035 General Plan provides future land use planning, and growth assumptions for the planning areas. Additionally, this report establishes the planning horizon for improvements in this master plan.
- **Recycled Water Feasibility Evaluation, March 2016 (2016 RWFE).** The Recycled Water Feasibility Evaluation (RWFE) identified potential recycled water users through a market assessment. As part of the RWFE, infrastructure required to convey recycled water from the South County Regional Wastewater Authority (SCRWA) WWTP in Gilroy to the potential users in Morgan Hill was identified. However, there are currently no plans to construct infrastructure for the purpose of providing recycled water to any of the identified potential users.
- **Valley Water Countywide Water Reuse Master Plan, October 2020 (2020 CoRe Plan).** Valley Water issued the Final Draft Valley Water Countywide Water Reuse Master Plan (CoRe Plan). CoRe Plan included several recycled water reuse options for augmenting the

recycled water supplies in the City of Morgan Hill, including constructing a recycled water treatment plant, advanced water purification facilities (AWPF).

- **2020 Urban Water Management Plan (2020 UWMP).** The 2020 Urban Water Management Plan (UWMP) establishes a benchmark per capita water usage and targets in order to achieve higher levels of water conservation for the sustainability of water supply sources. This includes adopting an updated water shortage contingency plan, defining supply sources, addressing supply reliability, and projecting sustainable supply yields and future demands.

1.4 REPORT ORGANIZATION

The water system master plan report contains the following chapters:

Chapter 1 - Introduction. This chapter provides a brief background of the City's domestic water system, the need for this master plan, and the objectives of the study. Abbreviations and definitions are also provided in this chapter.

Chapter 2 - Planning Areas Characteristics. This chapter presents a discussion of the planning area characteristics for this master plan and defines the land use classifications. The planning area is divided into several planning sub-areas, as established by the City's Planning Division.

Chapter 3 - System Performance and Design Criteria. This chapter presents the City's performance and design criteria, which was used in this analysis for identifying current system capacity deficiencies and for sizing proposed distribution mains, storage reservoirs, and wells.

Chapter 4 - Existing Domestic Water Facilities. This chapter provides a description of the City's existing domestic water system facilities including the existing wells, pressure zones, distribution mains, storage reservoirs, and booster pump stations.

Chapter 5 - Water Demands and Supply Characteristics. This chapter summarizes existing domestic water demands, identifies potential recycled water demands, and projects the future domestic water demands.

Chapter 6 - Hydraulic Model Development. This chapter describes the development and calibration of the City's domestic water distribution system hydraulic model. The hydraulic model was used to evaluate the capacity adequacy of the existing system and to plan its expansion to service anticipated future growth.

Chapter 7 - Evaluation and Proposed Improvements. This chapter presents a summary of the domestic water system capacity evaluation and identifies improvements needed to mitigate existing capacity deficiencies, as well as improvements needed to expand the system and service growth.

Chapter 8 - Capital Improvement Program. This chapter provides a summary of the recommended domestic water system improvements to mitigate existing capacity deficiencies and to accommodate anticipated future growth. The chapter also presents the cost criteria and methodologies for developing the capital improvement program. Finally, a capacity allocation analysis, usually used for cost sharing purposes, is also included.

Chapter 9 – 2020 CoRe Plan Alternatives for Future Recycled Water. This chapter summarizes three potential recycled water alternatives for the City of Morgan Hill, extracted from the Valley Water’s Countywide Reuse Master Plan completed October 2020 (2020 CoRe Plan). Each identified alternative included an estimated total capital cost, operations and maintenance (O&M) costs, life-cycle costs, and projected capacities.

1.5 ACKNOWLEDGEMENTS

Obtaining the necessary information to successfully complete the analysis presented in this report, and developing the long-term strategy for mitigating the existing system deficiencies and for accommodating future growth, was accomplished with the strong commitment and very active input from dedicated team members including:

- **Chris Ghione**, Public Services Director
- **James Sylvain**, Deputy Director of Utilities Services
- **Clint Byrum**, Utilities Operations Manager

1.6 UNIT CONVERSIONS AND ABBREVIATIONS

Engineering units were used in reporting flow rates and volumes pertaining to the design and operation of various components of the domestic water distribution system. Where it was necessary to report values in smaller or larger quantities, different sets of units were used to describe the same parameter. Values reported in one set of units can be converted to another set of units by applying a multiplication factor. A list of multiplication factors for units used in this report is shown on **Table 1.1**. Various abbreviations and acronyms were also used in this report to represent relevant water system terminologies and engineering units. A list of abbreviations and acronyms is included in **Table 1.2**.

1.7 GEOGRAPHIC INFORMATION SYSTEMS

This master planning effort made extensive use of Geographic Information Systems (GIS) technology, for completing the following tasks:

- Update the physical characteristics of the hydraulic model (pipes and junctions, wells, and storage reservoirs)
- Allocate existing water demands, as extracted from the water billing records, and based on each user’s physical address.

Table 1.1 Unit Conversions
Water System Master Plan Update
City of Morgan Hill

Volume Unit Calculations		
To Convert From:	To:	Multiply by:
acre feet	gallons	325,851
acre feet	cubic feet	43,560
acre feet	million gallons	0.3259
cubic feet	gallons	7.481
cubic feet	acre feet	2.296×10^{-5}
cubic feet	million gallons	7.481×10^{-6}
gallons	cubic feet	0.1337
gallons	acre feet	3.069×10^{-6}
gallons	million gallons	1×10^{-6}
million gallons	gallons	1,000,000
million gallons	cubic feet	133,672
million gallons	acre feet	3.069
Flow Rate Calculations		
To Convert From:	To:	Multiply By:
ac-ft/yr	mgd	8.93×10^{-4}
ac-ft/yr	cfs	1.381×10^{-3}
ac-ft/yr	gpm	0.621
ac-ft/yr	gpd	892.7
cfs	mgd	0.646
cfs	gpm	448.8
cfs	ac-ft/yr	724
cfs	gpd	646300
gpd	mgd	1×10^{-6}
gpd	cfs	1.547×10^{-6}
gpd	gpm	6.944×10^{-4}
gpd	ac-ft/yr	1.12×10^{-3}
gpm	mgd	1.44×10^{-3}
gpm	cfs	2.228×10^{-3}
gpm	ac-ft/yr	1.61
gpm	gpd	1,440
mgd	cfs	1.547
mgd	gpm	694.4
mgd	ac-ft/yr	1,120
mgd	gpd	1,000,000

Table 1.2 Abbreviations and Acronyms
Water System Master Plan
City of Morgan Hill

Abbreviation	Expansion	Abbreviation	Expansion
2002 WSMP	2002 Water System Master Plan	GIS	Geographic Information Systems
2017 WSMP	2017 Water System Master Plan	gpd	gallons per day
AACE International	Association for the Advancement of Cost Engineering	gpdc	gallons per day per capita
AC	acre	gpm	gallons per minute
ACP	Asbestos Cement Pipe	hp	horsepower
ADD	average day demand	HGL	hydraulic grade line
Akel	Akel Engineering Group, Inc.	HWL	high water level
CCI	Construction Cost Index	in	inch
CDPH	California Department of Public Health	LAFCO	Local Agency Formation Commission
cfs	cubic feet per second	LF	linear feet
CI	cast iron pipe	MDD	maximum day demand
CIB	Capital Improvement Budget	MG	million gallons
CIP	Capital Improvement Program	MGD	million gallons per day
City	City of Morgan Hill	MMD	maximum month demand
County	Santa Clara County	NFPA	National Fire Protection Association
DIP	Ductile Iron Pipe	PHD	peak hour demand
DU	dwelling unit	PRV	pressure reducing valve
EDU	equivalent dwelling unit	psi	pounds per square inch
ENR	Engineering News Record	ROW	Right of Way
EPA	Environmental Protection Agency	SCADA	Supervisory Control and Data Acquisition
EPS	Extended Period Simulation	SCRWA	South County Regional Wastewater Authority
FRC	Facility Reserve Charge	SOI	Sphere of Influence
ft	feet	TBD	to be determined
fps	feet per second	ULL	Urban Limit Line
FY	Fiscal Year	WSMP	Water System Master Plan

- Calculate and allocating future water demands, based on future developments water use
- Generate maps and exhibits used in this master plan.

CHAPTER 2 - PLANNING AREA CHARACTERISTICS

This chapter presents a discussion of the planning area characteristics for this master plan and defines the land use classifications. The planning area is divided into several planning sub-areas, as established by the City's Planning Division.

2.1 STUDY AREA DESCRIPTION

The City of Morgan Hill is located in Santa Clara County, approximately 22 miles southeast of the City of San Jose and 24 miles northwest of the city of Hollister. The City's closest neighbor, the City of Gilroy, is located 8 miles to the southeast. U.S. Route 101 bisects the eastern boundary of the City in the north-south direction. The City limits currently encompass 6,992 acres, with an approximate population of 48,000 residents in 2021.

The City is generally bound to the north by Tilton Avenue, to the east by Anderson Lake, to the southeast by Foothill Avenue, to the west by Sunnyside Drive, and to the south by Middle Avenue. There are several creeks flowing through and along the boundaries of the City, including: Fisher Creek, West Little Llagas Creek, and Llagas Creek. The topography is generally flat in the valley portion of the city, with increasing slopes in east and west side of the city due to the Santa Cruz Mountain to the west and the Diablo Range to the east. The unincorporated community of San Martin is located to the south of the City. [Figure 2.1](#) displays the planning area showing City Limits, the Urban Growth Boundary of the City, and the City's Sphere of Influence Boundary.

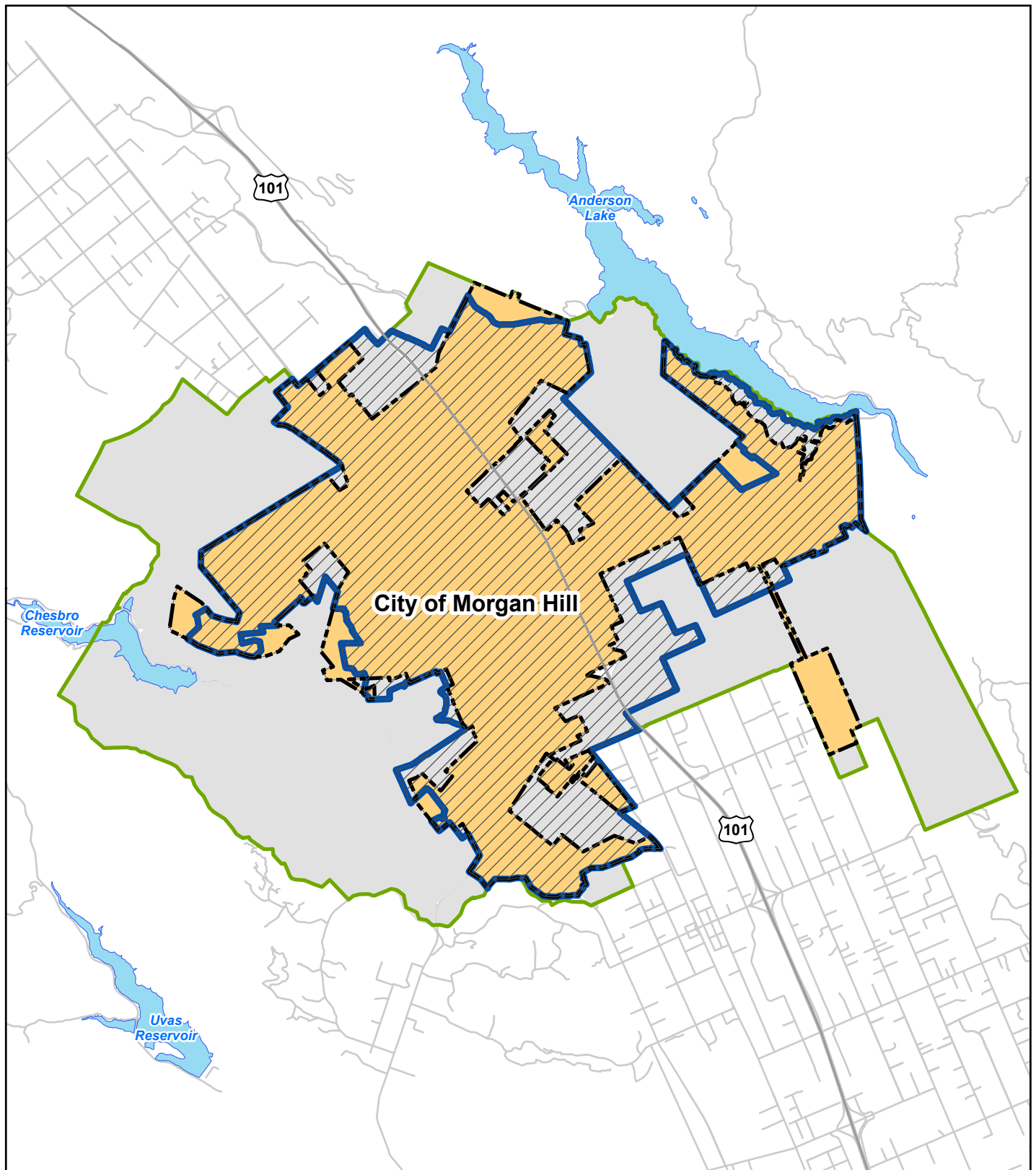
The City operates and maintains a domestic water system that covers the majority of the area within the City Limits and a small number of adjacent unincorporated areas within the City's Urban Service Area. Currently, the water demands are provided from groundwater wells located throughout the City.

2.2 WATER SERVICE AREA AND LAND USE

The City's current water system services residential and non-residential lands primarily within the City limits, as summarized on [Table 2.1](#). This service area includes:

- 5,458 net acres of developed lands inside the service area.
- 1,535 net acres of undeveloped lands inside the service area.

The existing land use map was based on information received from Placeworks staff, the planning firm responsible for preparing the 2035 General Plan, and is shown on [Figure 2.2](#). The existing land use statistics were based on 2017 WSMP land use inventory, vacant parcels inventory identified by City Staff, 2021 Morgan Hill water system GIS information provided by City Staff. Outside the City limits, the estimated development area is approximately 6,491 net acres of



Legend

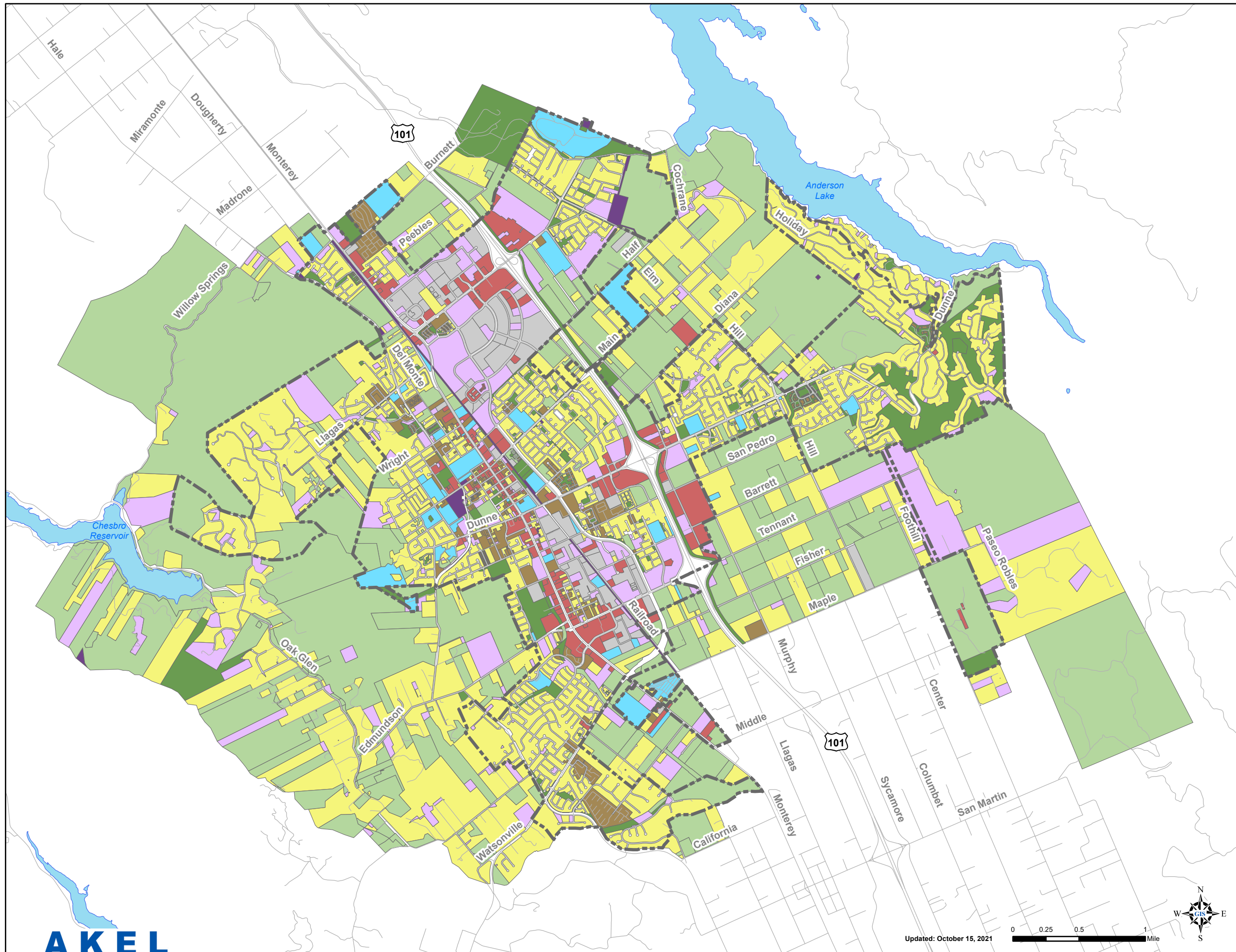
- | | |
|------------------------------|-------------------|
| City Limits | General Plan Area |
| City Limits Area | Roads |
| Urban Service Area | Highways |
| Urban Growth Boundary | Lakes |
| Sphere of Influence Boundary | |



Figure 2.1 Planning Area

Water System Master Plan
City of Morgan Hill





Legend

Existing Land Use

- Agriculture
- Parks
- Single-Family
- Multi-Family
- Commercial
- Industrial
- Public/Institutional
- Vacant
- Other
- Roads
- City Limits
- Lakes

Figure 2.2
Existing Land Use
 Water System Master Plan
 City of Morgan Hill



Table 2.1 Existing and Future Water Service Areas

Water System Master Plan

City of Morgan Hill

Land Use Classification	Existing Service Area (City Limits)		Development Outside City Limits ¹	
	Developed (net acres)	Undeveloped (net acres)	Developed (net acres)	Undeveloped (net acres)
Residential				
Rural County	0.0	0.0	3,966.1	2,435.4
Residential Estate	507.9	197.8	227.6	93.7
Single Family Low	1,048.7	101.6	169.0	69.6
Single Family Medium	1,298.3	140.7	294.0	117.3
Single Family High	34.2	0.3	7.2	12.4
<i>Subtotal - Single Family Residential</i>	2,889.1	440.4	4,663.9	2,728.5
Multi-Family Low	394.0	60.7	2.2	0.0
Multi-Family Medium	112.4	40.1	0.0	7.3
Multi-Family High	5.8	0.5	0.0	0.0
<i>Subtotal - Multi-Family Residential</i>	512.2	101.3	2.2	7.3
<i>Subtotal - Residential</i>	3,401.3	541.6	4,666.1	2,735.8
Non-Residential				
General Commercial	24.0	0.0	0.0	0.0
Commercial	260.7	129.1	3.7	0.0
Commercial / Industrial ²	501.2	230.3	145.4	74.5
Mixed Use	93.3	6.1	0.0	0.0
Mixed Use Flex	69.5	35.0	8.2	0.0
Sports-Recreation-Leisure	0.0	0.0	212.3	38.8
Public Facility	301.6	11.7	46.4	0.0
<i>Subtotal - Non-Residential</i>	1,250.4	412.2	416.0	113.4
Other				
Landscape Irrigation	201.3	0.0	0.0	0.0
Open Space	604.6	581.0	1,409.3	1,327.7
<i>Subtotal - Other</i>	805.9	581.0	1,409.3	1,327.7
Total	5,457.6	1,534.8	6,491.4	4,176.9

A K E L
ENGINEERING GROUP, INC.

11/29/2021

Note:

1. Development Outside of City Limits is encompassed by the General Plan Area.
2. "Commercial / Industrial" combines land use types "Commercial / Institutional" and "Industrial"

developed lands and 4,177 net acres of undeveloped lands within the General Plan Area ([Table 2.1](#)).

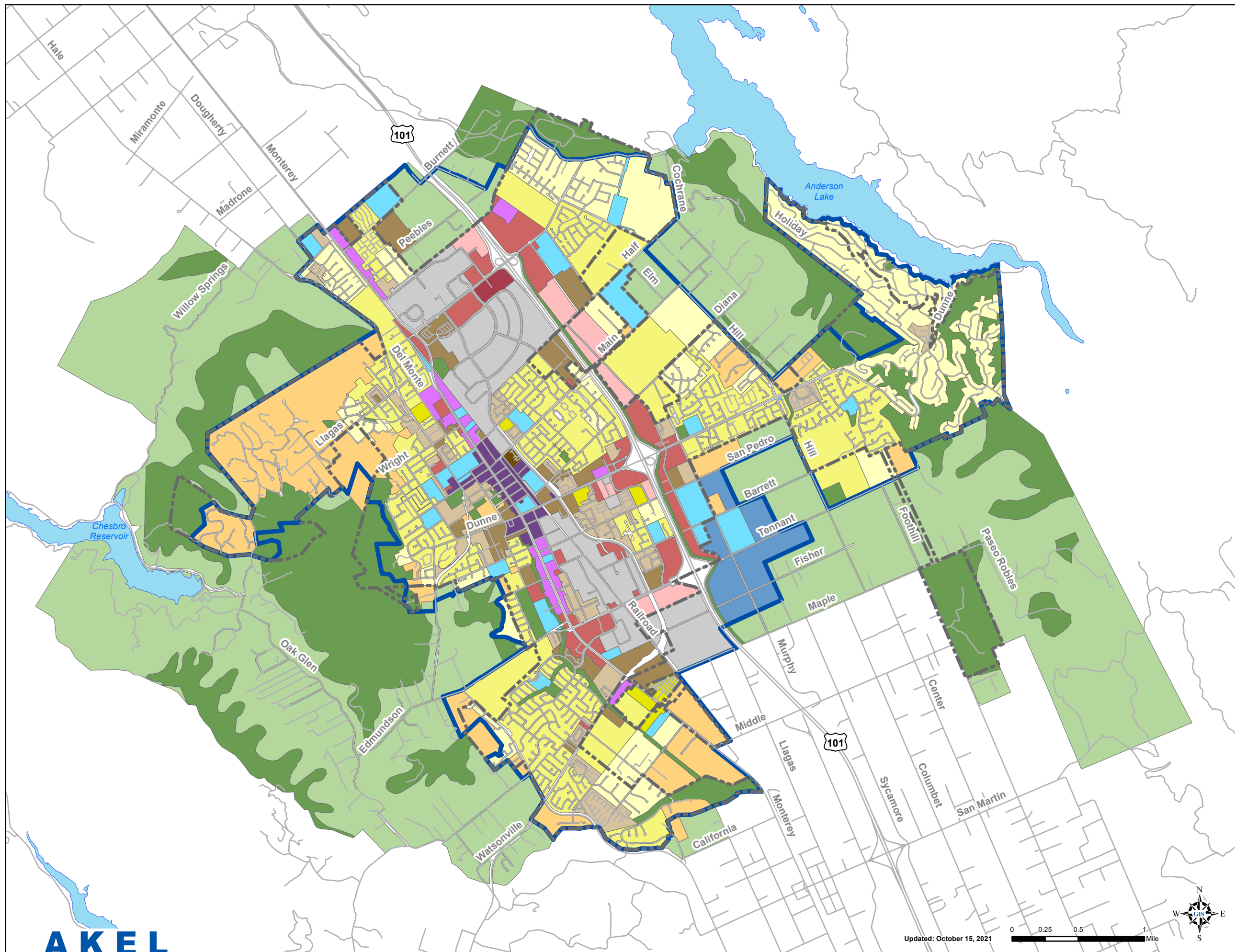
The land use designations utilized in this master plan are consistent with the Land Use Element of the City's General Plan, and as received from the City's Planning Division and shown on [Figure 2.3](#). At the buildout of the General Plan Area, the City's water system is anticipated to service 4,943 acres of residential land use and 2,393 acres of non-residential land use for a total water service area of 7,337 acres.

2.3 HISTORICAL AND FUTURE GROWTH

The City is a growing community, with over 2 percent of the Santa Clara County population residing within the City limits. Between 1970 and 1980 the City saw dramatic growth, with the population increasing from 5,579 to 16,924 at an average annual growth rate of approximately 18 percent. This rapid growth led to the City's adoption of a growth management system, known as the Residential Development Control System (RDCS), which regulates growth by limiting the number of new homes approved annually. Following the implementation of the RDCS the average annual growth rate between 1980 and 2000 fell to approximately 4.7 percent. From 2000 to present the City has observed an average annual growth rate of approximately 1.6 percent.

Although the General Plan Update anticipates a 2035 population of 58,200, this master plan used slightly higher population projections in order to trigger the design and construction of necessary water infrastructure, and prior to the arrival of the new population. The population projections in this water system master plan are also consistent with the projections listed in the Morgan Hill 2020 Urban Water Management Plan. The current and projected service area population is summarized in [Table 2.2](#).

Historically, the City's RDCS set a maximum number of annual housing allotments that would not be exceeded and can only be reduced. Furthermore, if the number of allotments was reduced in a given year, they could not be added to a future year. However, with the passage of SB 330 in 2019 and subsequent passage of SB 8 in 2021, the RDCS system will be eliminated through 2030. The recent Urban Water Management Plan has taken this into consideration and projected increased levels of growth for the near term.



Legend

General Plan Land Use

- Rural County
- Open Space
- Sports-Recreation-Leisure
- Residential Estate
- Single Family Low
- Single Family Medium
- Single Family High
- Multi-Family Low
- Multi-Family Medium
- Multi-Family High
- Commercial
- General Commercial
- Commercial Industrial
- Mixed Use
- Mixed Use Flex
- Industrial
- Public Facilities
- Roads
- City Limits
- Urban Growth Boundary
- Lakes

Figure 2.3
General Plan Land Use
 Water System Master Plan
 City of Morgan Hill



Table 2.2 Historical and Projected Population

Water System Master Plan

City of Morgan Hill

Year	Population ^{1,2,3}	Percent Growth (%)
Historical		
2000	33,586	-
2001	33,914	1.0%
2002	34,210	0.9%
2003	34,109	-0.3%
2004	34,618	1.5%
2005	35,011	1.1%
2006	35,535	1.5%
2007	36,467	2.6%
2008	37,107	1.8%
2009	37,653	1.5%
2010	37,882	0.6%
2011	38,456	1.5%
2012	39,432	2.5%
2013	40,486	2.7%
2014	41,562	2.7%
2015	42,382	2.0%
2016	43,502	2.6%
2017	44,047	1.3%
2018	44,780	1.7%
2019	45,745	2.2%
2020	46,454	1.5%
Projected		
2020 Urban Water Management Plan		
2021	47,412	2.1%
2022	48,370	2.0%
2023	49,328	2.0%
2024	50,286	1.9%
2025	51,243	1.9%
2026	52,201	1.9%
2027	53,159	1.8%
2028	54,117	1.8%
2029	55,075	1.8%
2030	56,033	1.7%
2031	56,772	1.3%
2032	57,521	1.3%
2033	58,279	1.3%
2034	59,048	1.3%
2035	59,827	1.3%
2036	60,616	1.3%
2037	61,415	1.3%
2038	62,225	1.3%
2039	63,046	1.3%
2040	63,877	1.3%
2041	64,662	1.2%
2042	65,446	1.2%
2043	66,231	1.2%
2044	67,015	1.2%
2045	67,800	1.2%



12/3/2021

1. Historical Populations per California Department of Finance estimates.

2. Historical values (2000 - 2015) received from City staff August 17, 2016.

3. Historical values (2016 - 2020) received from City staff March 29, 2021

4. Projected populations based on the following:

- Year 2021-2030: City of Morgan Hill average 10-year historical growth rate of 2.1% per year.

- Year 2030-2040: Extrapolated using average annual growth of 1.3%, based on previous General Plan projections

CHAPTER 3 - SYSTEM PERFORMANCE AND DESIGN CRITERIA

This chapter presents the City's performance and design criteria, which was used in this analysis for identifying current system capacity deficiencies and for sizing proposed distribution mains, storage reservoirs, and wells.

3.1 HISTORICAL WATER USE TRENDS

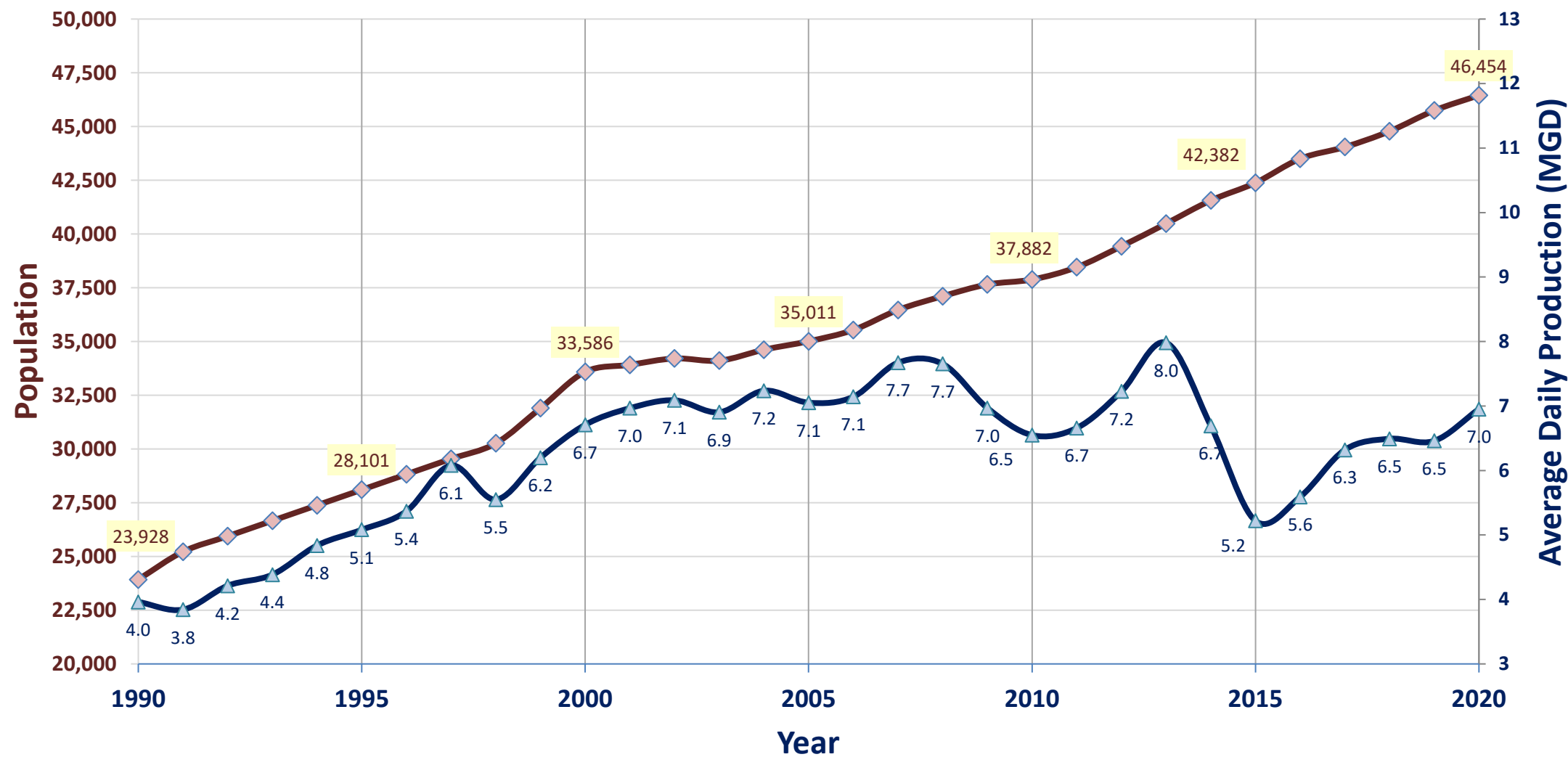
The historical domestic water consumption per capita was calculated to determine the average water use per capita per day. This was accomplished by dividing the City's historical water production, from groundwater production records and the previous master plan, by the historical population for the respective year.

The City's historical per capita consumption factors, for the period 1990-2020, are listed in [Table 3.1](#). The City's per capita consumption has generally varied since 1990, with a maximum per capita consumption of 210 gallons per day per capita (gpcd) in 2007 and a minimum of 123 gpcd in 2015. This recent decrease in per capita consumption is largely attributed to the City's effort of implementing water conservation measures in response to the state-wide drought. The City's 2020 actual per capita consumption was 150 gpcd, which met the 2020 water use target (159 gpcd). [Table 3.2](#) lists three years (2018-2020) of monthly water production in the City for the years.

Consistent with the 2017 WSMP, this master plan forecasts domestic water demands for residential and non-residential land uses based on net acreages. However, to generalize trends in the City's water use, per capita water use was also documented. [Figure 3.1](#) illustrated the historical population, between 1990 and 2020, and compares it to the average daily water production, in million gallons per day (MGD). The figure indicates that while population continues to increase, the over all production shows clear reductions, and mostly due to successful water conservation efforts. [Figure 3.2](#) displays a comparison between the per capita water use, in gallons per capita per day (gpcd), and the average daily water production, in MGD.

3.2 SUPPLY CRITERIA

In determining the adequacy of the domestic water supply facilities, the source must be large enough to meet the varying water demand conditions, as well as provide sufficient water during potential emergencies such as power outages and natural or created disasters. Ideally, a water distribution system should be operated at a constant water supply rate with consistent supply from the water source. On the day of maximum demand, it is desirable to maintain a water supply rate

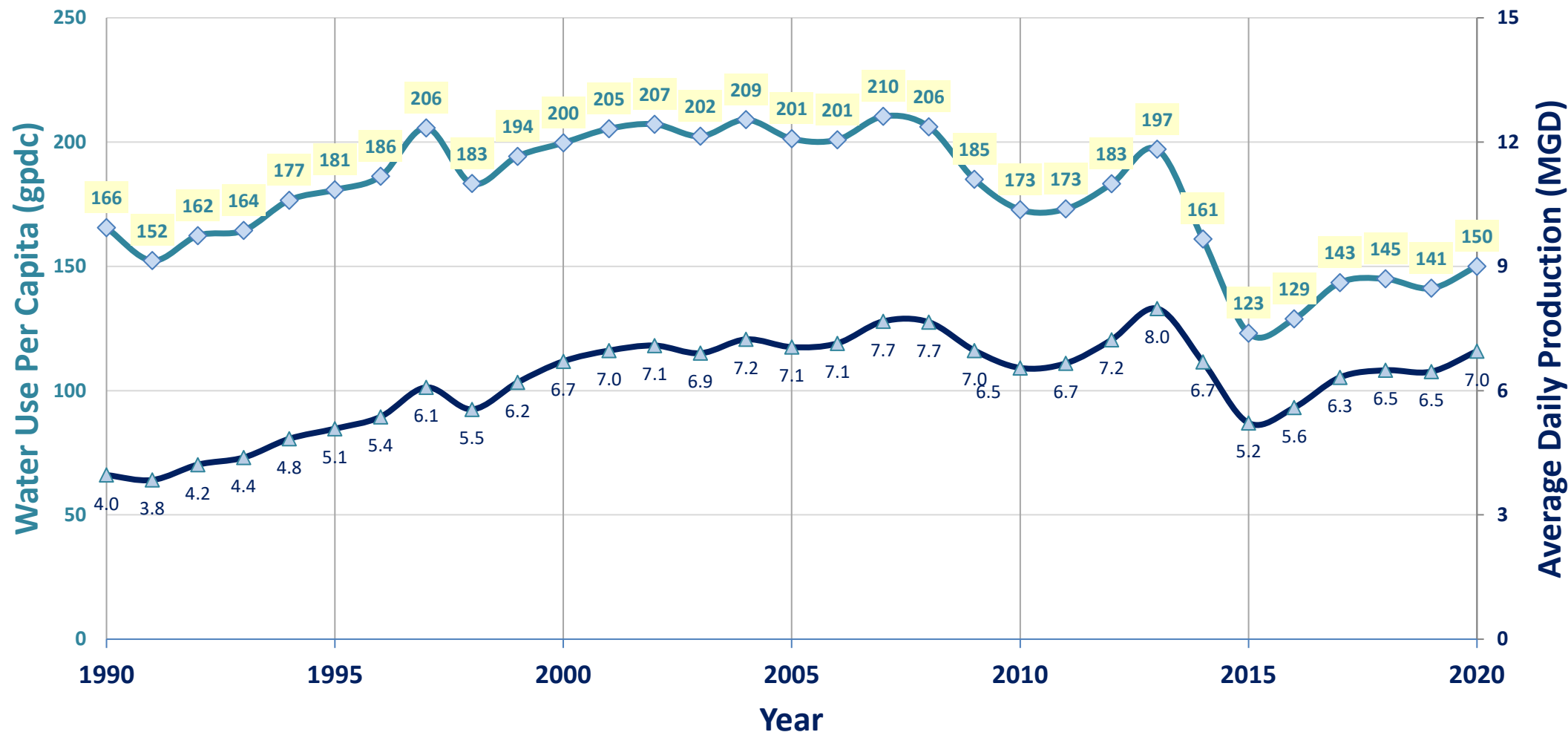


LEGEND

- ◆ Population
- ▲ Average Daily Production (MGD)

Figure 3.1
Historical Population vs.
Average Daily Production
 Water System Master Plan
 City of Morgan Hill





LEGEND

- ◆ Per Capita Consumption (gpcd)
- ▲ Average Daily Production (MGD)

Figure 3.2
Water Use Per Capita vs.
Average Daily Production
 Water System Master Plan
 City of Morgan Hill



Table 3.1 Historical Water Production and Maximum Day Peaking Factors (1990-2020)

Water System Master Plan
City of Morgan Hill

Year	Population ^{1, 2}	% Increase	Historical Water Production										Average Daily Water Use per Capita	
			Annual Production ^{3,4,5}				Monthly Production ^{5,6}				Daily Production ⁷			
							Average ⁴	Maximum ²	Month of Occur.	Max-to-Avg Ratio	Average ⁴	Maximum ²		Max-to-Avg Ratio
			(AF)	(MGY)	(gpm)	% Increase	(MGM)	(MGM)			(MGD)	(MGD)		(gpcd)
1990	23,928	1%	4,437	1,446	2,751		121	n/a	-	-	4.0	-	-	166
1991	25,220	5%	4,303	1,402	2,668	-3%	117	n/a	-	-	3.8	-	-	152
1992	25,940	3%	4,718	1,538	2,925	10%	128	n/a	-	-	4.2	-	-	162
1993	26,661	3%	4,910	1,600	3,044	4%	133	212	August	1.59	4.4	6.8	1.55	164
1994	27,381	3%	5,417	1,765	3,358	10%	147	222	August	1.51	4.8	7.0	1.45	177
1995	28,101	3%	5,690	1,854	3,528	5%	155	255	August	1.65	5.1	7.1	1.40	181
1996	28,822	3%	6,012	1,959	3,727	6%	163	255	July	1.56	5.4	9.0	1.68	186
1997	29,542	2%	6,807	2,218	4,220	13%	185	276	July	1.49	6.1	10.7	1.76	206
1998	30,262	2%	6,214	2,025	3,852	-9%	169	282	August	1.67	5.5	10.3	1.86	183
1999	31,900	5%	6,942	2,262	4,304	12%	189	294	July	1.56	6.2	10.3	1.66	194
2000	33,586	5%	7,512	2,448	4,657	8%	204	304	August	1.49	6.7	10.6	1.58	200
2001	33,914	1%	7,802	2,543	4,837	4%	212	335	July	1.58	7.0	11.7	1.68	205
2002	34,210	1%	7,939	2,587	4,922	2%	216	343	July	1.59	7.1	11.8	1.66	207
2003	34,109	0%	7,731	2,519	4,793	-3%	210	355	July	1.69	6.9	12.9	1.86	202
2004	34,618	1%	8,105	2,641	5,025	5%	220	338	July	1.54	7.2	11.3	1.56	209
2005	35,011	1%	7,897	2,573	4,896	-3%	214	347	August	1.62	7.1	11.6	1.64	201
2006	35,535	1%	7,999	2,607	4,959	1%	217	376	July	1.73	7.1	13.5	1.89	201
2007	36,467	3%	8,592	2,800	5,326	7%	233	378	July	1.62	7.7	11.7	1.53	210
2008	37,107	2%	8,571	2,793	5,313	0%	233	341	July	1.47	7.7	12.3	1.60	206
2009	37,653	1%	7,804	2,543	4,838	-9%	212	321	August	1.51	7.0	12.2	1.75	185
2010	37,882	1%	7,333	2,390	4,546	-6%	199	336	July	1.69	6.5	12.7	1.94	173
2011	38,456	2%	7,457	2,430	4,623	2%	203	320	August	1.58	6.7	12.2	1.83	173
2012	39,432	3%	8,093	2,637	5,017	9%	220	344	July	1.57	7.2	13.1	1.81	183
2013	40,486	3%	8,938	2,913	5,541	10%	243	364	July	1.50	8.0	13.7	1.71	197
2014	41,562	3%	7,495	2,443	4,647	-16%	204	301	July	1.48	6.7	12.0	1.79	161
2015	42,382	2%	5,845	1,905	3,623	-22%	159	206	July	1.30	5.2	8.5	1.62	123
2016	43,502	3%	6,279	2,046	3,893	7%	171	266	July	1.56	5.6	9.7	1.74	129
2017	44,047	1%	7,078	2,307	4,388	13%	192	300	July	1.56	6.3	10.7	1.69	143
2018	44,780	2%	7,271	2,369	4,507	3%	197	288	August	1.46	6.5	10.7	1.65	145
2019	45,745	2%	7,234	2,358	4,485	-1%	196	294	August	1.50	6.5	12.3	1.90	141
2020	46,454	2%	7,808	2,545	4,841	8%	212	310	July	1.46	7.0	13.5	1.95	150
Historical Maximum Peaking Factors ⁸														
10-Year Maximum (2011-2020)			8,938	2,913	5,541	13%	243	364	-	1.58	8.0	13.7	1.95	197
5-Year Maximum (2016-2020)			7,808	2,545	4,841	13%	212	310	-	1.56	7.0	13.5	1.95	150
3-Year Maximum (2018-2020)			7,808	2,545	4,841	8%	212	310	-	1.50	7.0	13.5	1.95	150
Last Year's Maximum (2020)			7,808	2,545	4,841	8%	212	310	-	1.46	7.0	13.5	1.95	150
Recommended Demand Peaking Factor														
2002 Water System Master Plan Criteria							1.75				2.00			200
2017 Water System Master Plan Criteria							1.75				2.00			179
2021 Water System Master Plan Criteria							1.75				2.00			159



Notes:

1. Source: South County Regional Wastewater Authority, Wastewater Flow Projections, Table 8
2. Source: City of Morgan Hill Public Works Water Production
3. Source: City of Morgan Hill, 2010 Urban Water Management Plan
4. Average production is based on the total annual production for that year.
5. 2016 Yearly and Monthly production received from city staff 3/31/21
6. 2020 Yearly and Monthly production received from city staff 5/4/21
7. 2016 - 2020 Daily production received from city staff 6/15/21
8. The Peaking Factors conform to the Titles 17 & 22 of the California Code of Regulations, Section 64554, subsection b (California Waterworks Standards)

10/20/2021

Table 3.2 Historical Monthly Water Production (2018-2020)

Water System Master Plan

City of Morgan Hill

Month	2018				2019				2020			
	Daily Production	Monthly		Peaking Factor	Daily Production	Monthly		Peaking Factor	Daily Production	Monthly		Peaking Factor
	Average Day (MGD)	Production (MGM)	Percent of Annual (%)	Month to Avg Factor	Average Day (MGD)	Production (MGM)	Percent of Annual (%)	Month to Avg Factor	Average Day (MGD)	Production (MGM)	Percent of Annual (%)	Month to Avg Factor
January	3.66	116	5%	0.59	3.62	115	5%	0.58	3.46	111	4%	0.52
February	4.29	123	5%	0.62	3.76	107	5%	0.55	4.61	138	5%	0.65
March	3.78	110	5%	0.56	3.73	118	5%	0.60	4.67	150	6%	0.71
April	4.63	142	6%	0.72	5.53	170	7%	0.86	5.26	157	6%	0.74
May	7.38	242	10%	1.22	6.77	215	9%	1.09	7.74	244	10%	1.15
June	8.55	261	11%	1.32	8.33	240	10%	1.22	8.95	276	11%	1.30
July	9.12	288	12%	1.46	8.99	285	12%	1.45	9.83	310	12%	1.46
August	9.15	288	12%	1.46	9.32	294	12%	1.50	9.69	306	12%	1.44
September	8.35	254	11%	1.29	8.54	255	11%	1.30	9.01	276	11%	1.30
October	7.28	237	10%	1.20	7.93	251	11%	1.28	8.26	261	10%	1.23
November	6.13	186	8%	0.94	6.45	194	8%	0.99	5.57	171	7%	0.81
December	3.88	123	5%	0.62	3.62	115	5%	0.58	4.50	144	6%	0.68
Total		2,369				2,358				2,545		
Average Value	6.49	197			6.46	196			6.95	212		
Maximum Value		288		1.46		294		1.50		310		1.46

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Notes:

1. Daily production records received from city staff 6/15/21
2. Monthly production records for 2018 and 2019 received from city staff 3/31/21
3. Monthly production records for 2020 received from city staff 5/4/21

6/21/2021

equal to the maximum day rate. Water required for peak hour demands or for fire flows would come from storage. As the City is currently using groundwater wells as a sole source of supply, groundwater should be viewed as a sustainable resource. The existing storage in the system is expected to supply water during peak period usage, while supply wells should be capable of meeting the maximum day demands with provisions for 1) one standby well for redundancy, and 2) an additional standby well needed for drought planning, and when overall well capacities are reduced due to the drought. Thus, the firm capacity of the supply wells, as defined in the this master plan, consists of excluding the two largest wells. When planning for future supply wells, this master plan assumes their capacities to average at approximately 800 gallons per minute (gpm) each. The design capacity criteria for water supply are documented on [Table 3.3](#).

It should be noted that to support more resiliency to the water supply system during drought periods, and if feasible, future groundwater wells should consider a deeper design depths than current wells.

3.3 STORAGE CRITERIA

The intent of domestic water storage is to provide supply for operational equalization, fire protection, and other emergencies, such as power outages or supply outages. Operational or equalization storage provides the difference in quantity between the customer's peak hour demands and the system's available reliable supply.

3.3.1 Typical Storage Criteria

Typical storage criteria consist of three main elements: operational, emergency, and fire flow.

Operational Storage

Operational or equalization storage capacity is necessary to reduce the variations imposed on the supply system by daily demand fluctuations. Peak hour demands may require up to 2 times the amount of maximum day supply capacity. With storage in place, this increase in demand can be met by the operational storage rather than by increasing production from the supply sources.

Equalization storage also stabilizes system pressures for enhancing the service. Equalization storage requirements typically range from 25 percent to 50 percent of maximum day demand. The City criterion requires that 25 percent of the maximum day demand be reserved for operational storage.

Emergency Storage

Emergency storage is the volume of water stored to meet demand during emergency situations such as pipe failures, distribution main failures, pump failures, power outages, natural disasters, or other cases in which the supply sources are not able to meet the demand condition.

Table 3.3 Planning and Design Criteria Summary

Water System Master Plan

City of Morgan Hill

Design Parameter	Criteria	
Supply	Supply to Meet Maximum Day Demands with Firm Capacity	
	Firm Capacity excludes two largest wells for possible maintenance and emergency	
	Two largest wells are currently Diana #2 and Nordstrom at approximately 2,500 gpm (3.5 MGD)	
	Assume Future Well Capacities at 800 gpm each and deeper design depth.	
Storage	Total Required Storage = Operational + Fire + Emergency	
	Operational Storage	25% of Maximum Day Demand
	Emergency Storage	25% of Maximum Day Demand
	Fire Storage	Residential = 0.18 MG (1,500 gpm for 2 hours)
		Commercial = 0.30 MG (2,500 gpm for 2 hours)
		Industrial = 0.63 MG (3,500 gpm for 3 hours)
Pump Stations	Meet Maximum Day Demand with largest unit out of service	
	Hydropneumatic systems to meet Maximum Day Demand plus fire flow	
Pressure Reducing Valves	PRVs should be designed to meet the greater of:	
	Peak Hour Demand, or Maximum Day Demand + Fire Flow	
Service Pressures	Maximum Pressure	100 psi
	Minimum Pressure (during Maximum Day)	40 psi
	Minimum Pressure (during Peak Hour)	35 psi
	Minimum Pressure for New Development ¹ (during Peak Hour)	40 psi
	Minimum Residual Pressure (during Fires)	20 psi
Demand Peaking Factors	Maximum Month Demand	1.75 x Average Day Demand
	Maximum Day Demand	2.00 x Average Day Demand
	Peak Hour Demand	3.00 x Average Day Demand
Fire Flows	Residential	1,500 gpm for 2 hours
	Commercial	2,500 gpm for 2 hours
	Industrial	3,500 gpm for 3 hours
Urban Water Use Targets	2020 Target (20% Conservation)	159 gpd
2020 Urban Water Management Plan	2020 Actual Water Use	150 gpd

A K E L

Note: ENGINEERING GROUP, INC.

12/3/2021

1. Source: California Department of Public Health Title 22, Chapter 16, Article 8 "Distribution System Operation"

The amount of water reserved for emergencies is determined by policies adopted by the City and is based on an assessment of the costs and benefits including the desired degree of system reliability, risk during an emergency situation, economic considerations, and water quality concerns.

In California, the amount of emergency storage reserve in municipal water systems is usually between 50 percent and 100 percent of the maximum day demand.

Fire Storage

Fire storage is also needed to maintain acceptable service pressures within a pressure zone, in the event of a fire flow, which may occur during the maximum day demand. The recommended fire storage capacity varies by pressure zone and land use type, and is usually higher for commercial and industrial areas. Fire flow provisions for each pressure zone were calculated based on the governing (highest) land use type within a reservoir service area as follows:

- Residential: 1,500 gpm for 2 hours = 0.18 MG
- Commercial: 2,500 gpm for 2 hours = 0.30 MG
- Industrial: 3,500 gpm for 3 hours = 0.63 MG

Total Storage Requirement

The total storage is the summation of operational (equalization), fire, and emergency storage requirements as follows:

$$Q_s = 25\% \text{ MDD (equalization)} + \text{fire flow (varies)} + 25\% \text{ MDD (emergency)}$$

where:

Q_s is the Total Required Storage, in gallons

MDD is the Maximum Day Demand, in gallons

3.4 PRESSURE CRITERIA

Acceptable service pressures within distribution systems vary depending on City criteria and pressure zone topography. It is essential that the water pressure in a consumer's residence or place of business be maintained within an acceptable range. Low pressures below 30 psi can cause undesirable flow reductions when multiple faucets or water using appliances are used at once.

Excessively high pressures can cause faucets to leak and valve seats to wear out prematurely. Additionally, high service pressures can cause unnecessarily high flow rates, which can result in wasted water and high utility bills. The criteria for pressures in the domestic water system include the following:

- Maximum pressure, usually experienced during low demands and winter months
- Minimum pressure, usually experienced during peak hour demands and summer months
- Minimum pressure during fire flows and during the maximum day demand

The American Water Works Association Manual on Computer Modeling and Water Distribution System (AWWA M-32) indicates that maximum pressures are usually in the range of 90-110 pounds per square inch (psi). In some communities, the maximum pressure may be limited to 80 psi to mitigate the impact on internal plumbing. In this case, the distribution system is usually sized for the higher pressures, and individual pressure-reducing valves are installed on service lines where the pressure may be exceeded.

The minimum acceptable pressure is usually in the range of 40-50 psi, which generally provides for sufficient pressures for second story fixtures. When backflow preventers are required, they may reduce the pressures by approximately 5-15 psi. The recommended minimum pressure during fire flows is 20 psi, as established by the National Fire Protection Association (NFPA).

The City's pressure criteria are summarized as follows:

- **Maximum Pressure:** 100 psi
- **Minimum Pressure:**
 - Maximum Day Demand: 40 psi
 - Peak Hour Demand, Existing Development: 35 psi
 - Peak Hour Demand, Future Development: 40 psi
 - Maximum Day Demand + Fire Flow: 20 psi

3.5 UNIT FACTORS

Domestic water demand unit factors are coefficients commonly used in planning level analysis to estimate future average daily demands for areas with predetermined land uses. The unit factors are multiplied by the number of dwelling units or gross acreages for residential categories, and by the gross acreages for non-residential categories, to yield the average daily demand projections.

The total domestic water demand was calculated from consumption data. The demand was adjusted to balance with current production records, and to account for transmission main losses and vacancies in existing land uses. The demand unit factor was then calculated using the total water production and total number of residential and non-residential land use acreages.

This analysis generally indicates that existing residential land uses have higher consumptive use factors than that of non-residential land uses. The existing unit factor analysis is shown on [Table 3.4](#). In order to account for continued water conservation efforts and future water conservation target implemented by the City, the unit factors for developing these demands were adjusted to be consistent with projected demands established in the City's 2017 WSMP.

3.6 SEASONAL DEMANDS AND PEAKING FACTORS

Domestic water demands within municipal water systems vary with the time of day and month of the year. It is necessary to quantify this variability in demand so that the water distribution system can be evaluated and designed to provide reliable water service under these variable demand conditions. Water use conditions that are of particular importance to water distribution systems include the average day demand (ADD), the maximum month demand (MMD), the maximum day demand (MDD), the peak hour demand (PHD), and the winter demand.

The average day demand represents the annual water demand, divided by 365 days, since it is expressed in daily units. The winter demand typically represents the low month water demands and is used for simulating water quality analysis.

3.6.1 Maximum Month Demand

The maximum month demand (MMD) is the highest demand that occurs within a calendar month during a year. The City's MMD usually occurs in the summer months in either July or August. The MMD is used primarily in the evaluation of supply capabilities.

Historical monthly water production records, obtained for the period between 1990 and 2020 ([Table 3.1](#)), indicate the maximum month to average month ratio ranging between 1.30 and 1.73. Over the reviewed period, this ratio neither showed significant increasing or decreasing trends. Therefore, an MMD factor of 1.75 was deemed representative of City trends. This is the same peaking factor that was used in the 2017 WSMP. The following equation is recommended for estimating the maximum month demand, given the average day demand:

$$\text{Maximum Month Demand} = 1.75 \times \text{Average Day Demand}$$

3.6.2 Maximum Day Demand

The maximum day demand (MDD) is the highest demand that occurs within a 24-hour day during a year. The City's MDD, which usually occurs during the summer months, is typically used for the evaluation and design of storage facilities, distribution mains, pump stations, and pressure reducing valves. The MDD, when combined with fire flows, is one of the highest demands that these facilities should be able to service while maintaining acceptable pressures within the system.

Table 3.4 Water Demand Unit Factor Analysis

Water System Master Plan
City of Morgan Hill

Land Use Classification	Development within City Limits		Average Daily Water Demand Unit Factors											
			Consumption			Production			Production at 100% Occupancy				Water Unit Factor	
	Number of D.U. ¹	Existing (net acre)	Annual Consumption	Balance to Consumption		Unaccounted-For-Water Rate ⁵	Balance to Production		Vacancy Rate ¹	Accounting for Vacancy (100% Occupancy)			Factor Based on Existing Characteristics	Recommended Factor (Account for Future Water Conservation)
			(gpd)	(gpd/DU)	(gpd/net acre)	(%)	(gpd/net acre)	(gpd)	(%)	(gpd/DU)	(gpd/net acre)	(gpd)	(gpd/net acre)	(gpd/net acre)
Residential														
Residential Estate		508	294,257		579	12%	651	330,550	4.2%		678	344,483	700	560
Residential Detached Low		1,049	1,100,022		1,049	12%	1178	1,235,697	4.2%		1,228	1,287,781	1,250	1,050
Residential Detached Medium		1,298	2,183,447		1,682	12%	1889	2,452,749	4.2%		1,969	2,556,132	1,975	1,700
Residential Detached High		34	7,868		230	12%	258	8,839	4.2%		269	9,211	275	2,140
Subtotal Single Family Residential	10,687	2,889	3,585,594	336	1,241	12%	1394	4,027,834	4.2%	393	1,453	4,197,607	1,475	1,266
Residential Attached Low		394	732,368		1,859	12%	2088	822,697	4.2%		2,176	857,373	2,200	1,900
Residential Attached Medium		112	333,822		2,970	12%	3336	374,995	4.2%		3,477	390,801	3,500	2,300
Residential Attached High		6	15,312		2,640	12%	2966	17,201	4.2%		3,091	17,926	3,100	3,130
Subtotal Multi-Family Residential	2,283	512	1,081,502	474	2,111	12%	2372	1,214,892	4.2%	555	2,472	1,266,100	2,475	1,856
Non-Residential														
General Commercial		24	39,638		1,653	12%	1857	44,527	14.3%		2,123	50,895	2,125	1,800
Commercial		261	324,478		1,244	12%	1398	364,499	14.3%		1,598	416,622	1,600	1,350
Commercial / Industrial ²		501	501,922		1,002	12%	1125	563,828	14.3%		1,286	644,455	1,300	1,120
Mixed Use		93	111,155		1,191	12%	1338	124,865	14.3%		1,529	142,721	1,550	1,350
Mixed Use Flex		70	90,131		1,297	12%	1457	101,248	14.3%		1,665	115,726	1,675	1,390
Public Facility		302	123,565		410	12%	460	138,806	14.3%		526	158,655	550	400
Subtotal Non-Residential		1,250	1,190,890		952	12%	1070	1,337,772	14.3%		1,223	1,529,074	1,225	1,038
Other (Demand Generating)														
Landscape Irrigation		201	348,121		1,729	12%	1942	391,058			1,942	391,058	1,950	1,680
Other (Non-Demand Generating)														
Other		605	0		0	12%	0	0			0	0	0	0
Total	12,970	5,458	6,206,107					6,971,556				7,383,838		



11/29/2021

Notes:

1. Source: Dwelling Unit counts and Residential Vacany rates, Department of Finance, Table E-5.

2. "Commercial / Industrial" combines land use types "Commercial / Institutional" and "Industrial"

3. Total water demand was based on 2019 Water Billing Records and water demand distribution was based on the 2012 Water Billing Records. These demands were verified and do not vary greatly from year to year.

4. Water production distribution was based on the 2020 Urban Water Supplier Monthly Reports.

The maximum day demands were obtained from the City's water production records. Groundwater well production records indicate the date of occurrence and magnitude of the maximum day demand for each calendar year, as listed in [Table 3.1](#). The maximum day to average day demand ratios for the period between 1990 and 2020 ranged from 1.40 to 1.95 and occurred in July or August.

Through an analysis of these maximum day demands it was determined that a ratio of 2.0 would be used in this master plan, which is consistent with the peaking factor used in the 2017 WSMP. The following equation is then used to estimate the maximum day demand, given the average day demand:

$$\text{Maximum Day Demand} = 2.0 \times \text{Average Day Demand}$$

3.6.3 Peak Hour Demand

The peak hour demand (PHD) is another high demand condition that is used in the evaluation and design of water distribution systems. The peak hour demand is the highest demand that occurs within a one-hour period during a year. The peak hour demand is considered to be the largest single measure of the maximum demand placed on the distribution system. The PHD is often compared to the MDD plus fire flow to determine the largest demand imposed on the system for the purpose of evaluating distribution mains.

An industry standard peak hour to maximum day ratio of 1.5 was applied to the maximum day demand to yield the peak hour demand ratio of 3.0. This is consistent with the peaking factor used in the 2017 WSMP. The peak hour demand can then be calculated using the average day demand and the following equation:

$$\text{Peak Hour Demand} = 3.0 \times \text{Average Day Demand}$$

3.7 FIRE FLOWS

Fire flows are typically based on land use, with the potential for increased fire flow based on the building type. The following are the criteria for fire flows:

- **Category 1.** Fire flows for residential areas were calculated at 1,500 gpm for two hours.
- **Category 2.** Fire flows for commercial and institutional areas were calculated at 2,500 gpm for two hours.
- **Category 3.** Fire flows for industrial areas were calculated at 3,500 gpm for three hours.

3.8 TRANSMISSION AND DISTRIBUTION MAIN CRITERIA

Transmission and distribution mains are usually designed to convey the maximum expected flow condition. In municipal water systems, this condition is usually the greater of either the peak hour

demand or the maximum day demand plus fire flow. The hydrodynamics of pipe flow create two additional parameters that are taken into consideration when evaluating or sizing water mains: head loss and velocity.

Head loss is a loss of energy within pipes that is caused by the frictional effects of the inside surface of the pipe and friction within the moving fluid itself. Head loss creates a loss in pressure which is undesirable in water distribution systems. Head loss, by itself, is not an important factor as long as the pressure criterion has not been violated. However, high head loss may be an indicator that the pipe is nearing the limit of its carrying capacity and may not have sufficient capacity to perform under stringent conditions.

Since high flow velocities can cause damage to pipes and lead to high head loss, it is desirable to keep the velocity below a predetermined limit. The criterion for maximum pipeline velocity used in this master plan is 15 feet per second. This criterion also ensures that the head loss is kept below an acceptable limit, as the head loss in a pipe is a function of the flow velocity.

CHAPTER 4 - EXISTING DOMESTIC WATER FACILITIES

This chapter provides a description of the City's existing domestic water system facilities including the existing wells, pressure zones, distribution mains, storage reservoirs, and booster pump stations.

4.1 EXISTING WATER SYSTEM OVERVIEW

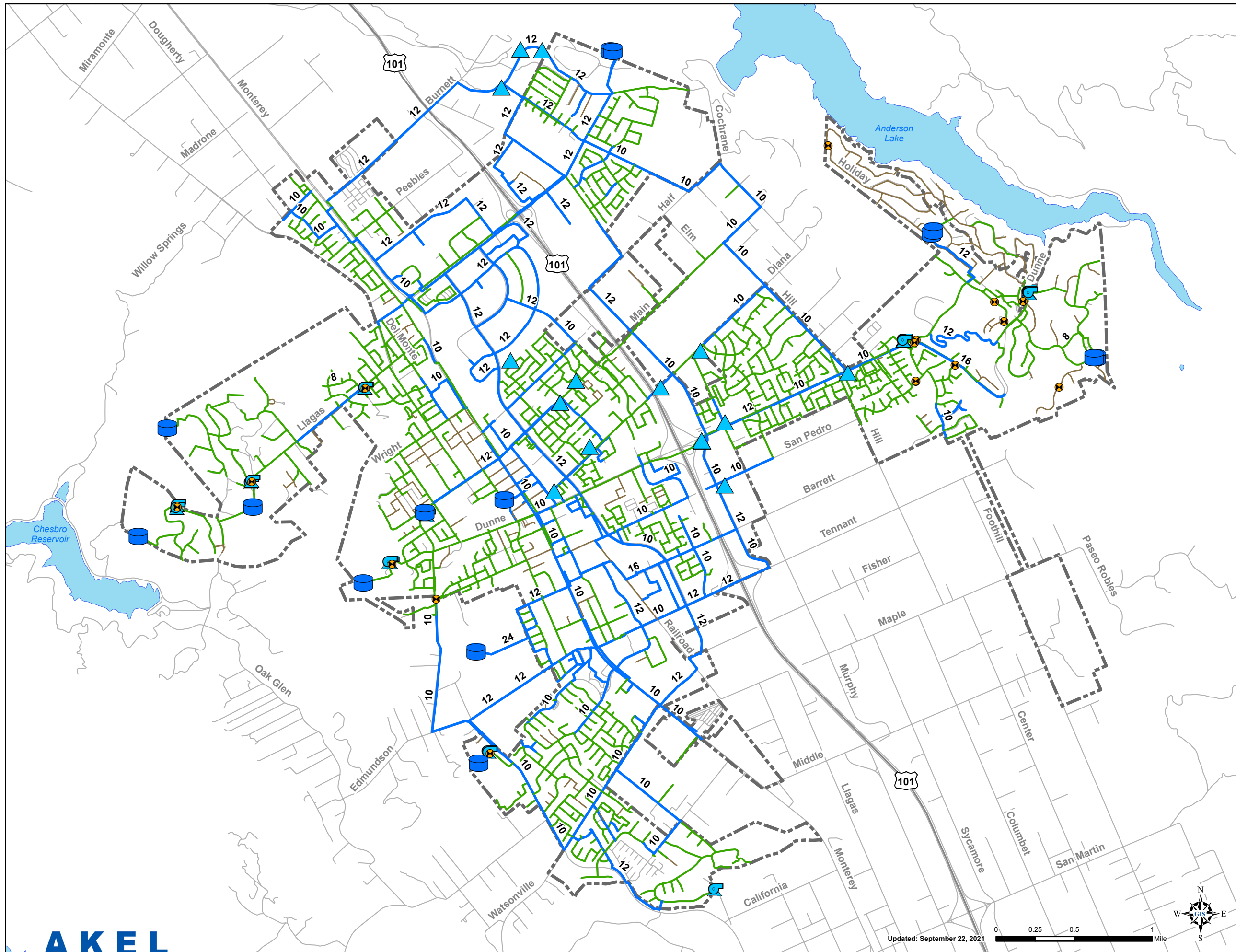
The City's municipal water system consists of 16 active groundwater wells, 12 storage tanks totaling 10.5 million gallons in storage, distribution mains, and fire hydrants. The City's existing domestic water distribution system is shown in [Figure 4.1](#), which displays the existing system by pipe size. This figure provides a general color coding for the distribution mains, as well as labeling the existing wells and the storage reservoirs.

The City's topography is generally flat in the center of the City with increasing slopes on the east and west; based on this topography, the water distribution system is comprised of 21 pressure zones, which are graphically displayed in [Figure 4.2](#).

4.2 SOURCE OF SUPPLY

The City currently uses groundwater as the sole source of supply. There are 16 active groundwater wells in the City that are used for supply ([Figure 4.3](#)). During the preparation of this master plan, City operations staff provided well capacity ratings. It should be noted that, over time, well efficiencies may vary based on equipment conditions and groundwater levels. In periods of prolonged drought, well efficiency ratings may decrease due to a decline in groundwater levels. The opposite may occur in wet periods as well efficiencies may increase as the groundwater levels recover. As such, the City should monitor the well efficiencies on a frequent basis to adequately manage the groundwater supply. With climate change increasing the likelihood of continued periods of extended drought in the future, it is prudent to construct additional deeper wells to maintain adequate water supply, while simultaneously aggressively exploring recycled water opportunities and supporting enhancements to California's water supply system. [Table 4.1](#) lists the City's current total tested supply at approximately 16.16 million gallons per day (MGD). Consistent with the system performance and design criteria, the firm capacity was calculated as the capacity with the largest well out of service. The firm capacity of the well supply is estimated at 12.63 MGD.

It should be noted that the Butterfield and Diana #3 well are located near the boundary of the Nob Hill and Boys Ranch pressure zone; based on the existing pipe and valve configuration this well is capable of supplying either zone depending on the operational requirements of City staff. Under typical operating conditions it provides supply to the Nob Hill pressure zone. The two options for



Legend

Existing System

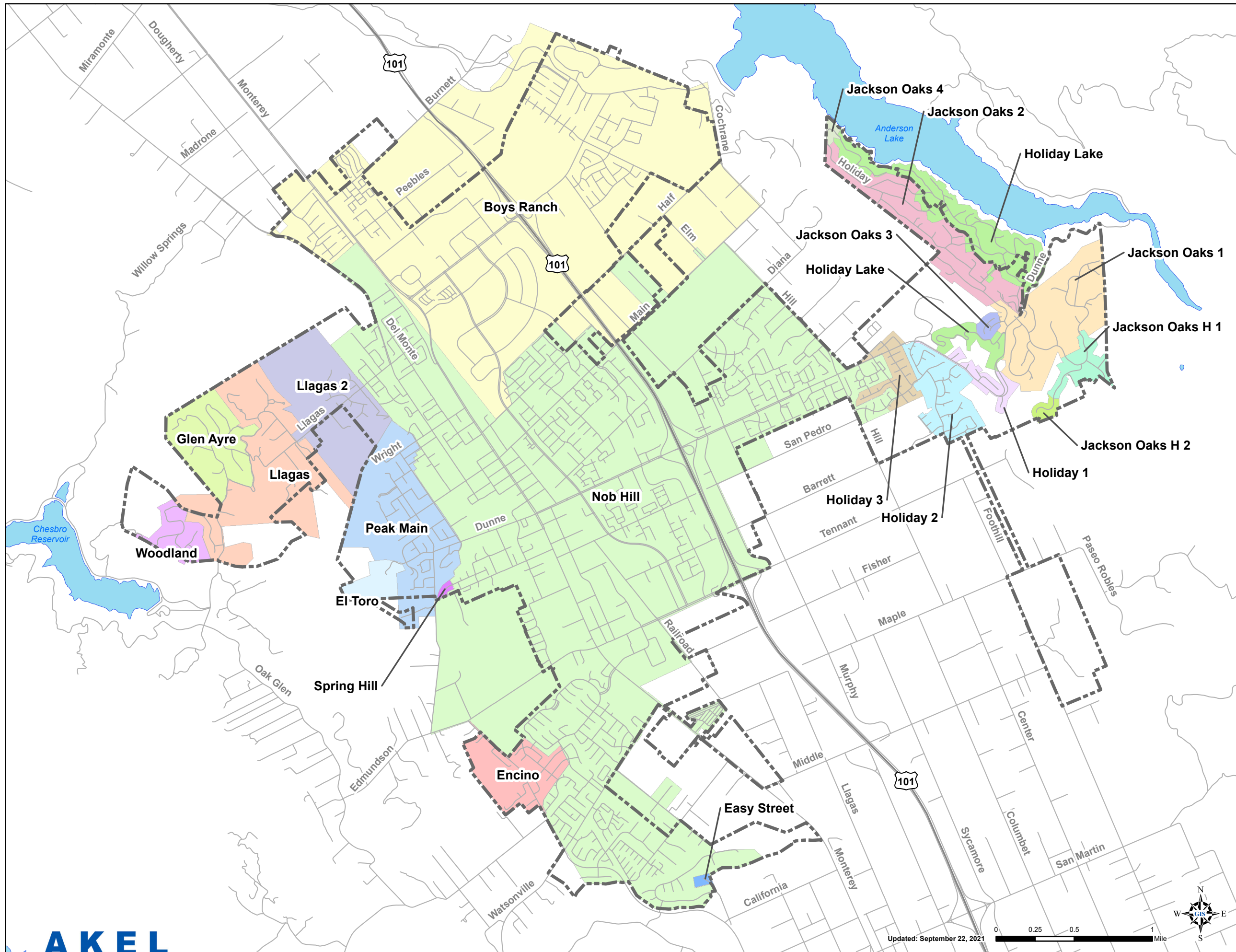
- Tanks
- Booster Stations
- Wells
- Valves

Pipes by Diameter

- 6" or Less
- 8"
- 10" or Greater
- Roads
- City Limits

Figure 4.1
Existing System
 Water System Master Plan
 City of Morgan Hill





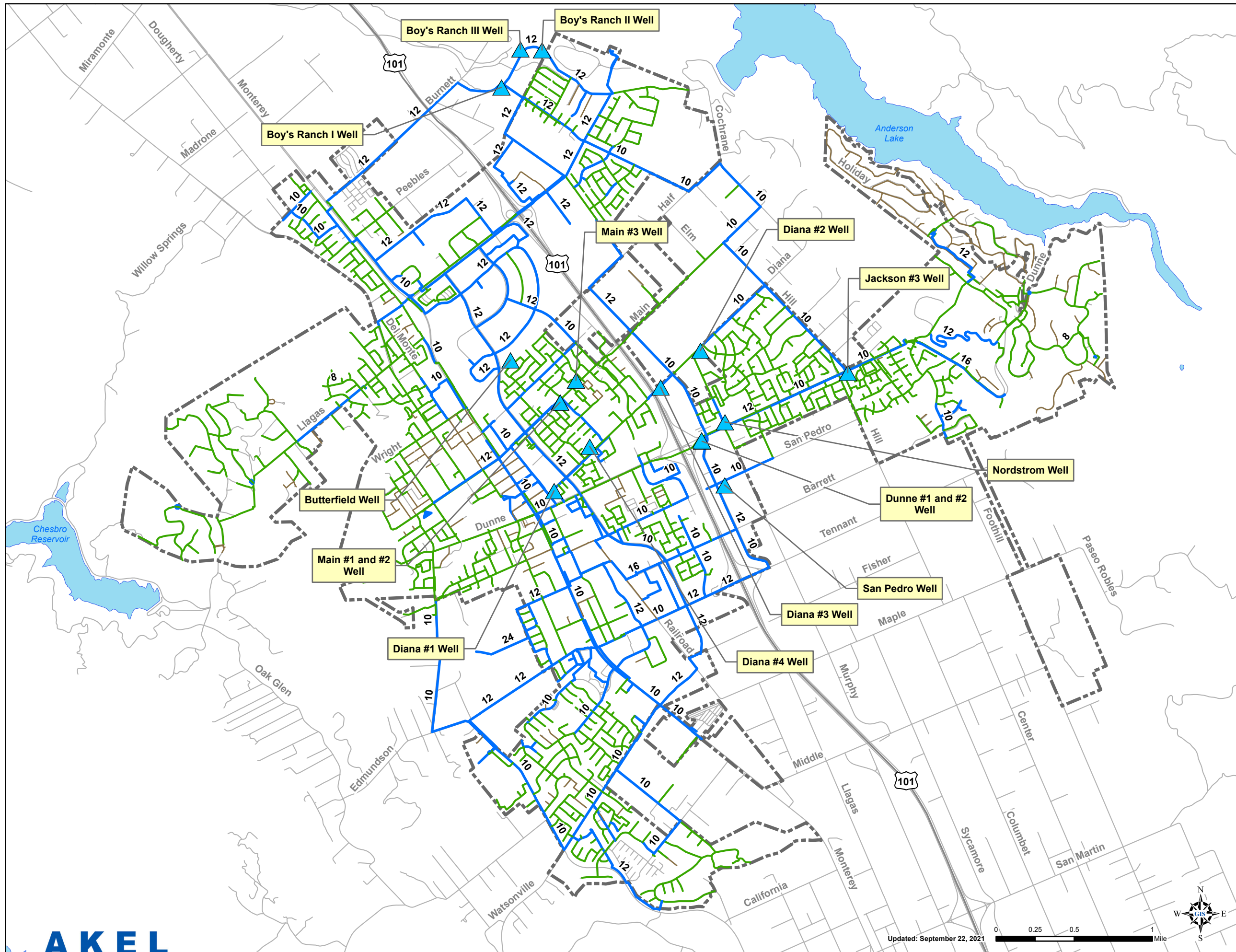
Legend

Existing Pressure Zones

- Boys Ranch
- Easy Street
- El Toro
- Encino
- Glen Ayre
- Holiday 1
- Holiday 2
- Holiday 3
- Holiday Lake
- Jackson Oaks 1
- Jackson Oaks 2
- Jackson Oaks 3
- Jackson Oaks 4
- Jackson Oaks H 1
- Jackson Oaks H 2
- Llagas
- Llagas 2
- Nob Hill
- Peak Main
- Spring Hill
- Woodland
- Roads
- City Limits

Figure 4.2
Existing System
Pressure Zones
 Water System Master Plan
 City of Morgan Hill





Legend

Existing System

- Wells
- Pipes by Diameter
 - 6" or Less
 - 8"
 - 10" or Greater
- Roads
- City Limits

Figure 4.3
Existing Wells
 Water System Master Plan
 City of Morgan Hill



Table 4.1 Existing Groundwater Supply Capacity

Water System Master Plan
City of Morgan Hill

Supply Well	Design Capacity				Additional Information			
	Rated (gpm)	(MGD)	Tested ¹ (gpm)	(MGD)	Date Drilled ² (ft)	HP ¹ (HP)	Head ¹ (ft)	Ground Elevation ² (ft)
Boy's Ranch Pressure Zone (HWL = 563 feet)								
Boys Ranch # 1	875	1.26	801	1.15	1982	150	379	381
Boys Ranch # 2	800	1.15	550	0.79	2015	60	435	389
Boys Ranch # 3	735	1.06	612	0.88	2014	60	411	384
Nob Hill Pressure Zone (HWL = 516 feet)								
Butterfield	500	0.72	609	0.88	2004	60	294	359
Diana # 1	800	1.15	884	1.27	2013	100	253	344
Diana # 2	1,200	1.73	1,373	1.98	1986	150	307	374
Diana # 3	500	0.72	370	0.53	1998	60	349	366
Diana # 4	960	1.38	520	0.75	2009	75	256	357
Dunne # 1	350	0.50	315	0.45	1965	40	323	358
Dunne # 2	550	0.79	497	0.72	1997	75	336	358
Jackson # 3	600	0.86	679	0.98	2015	100	343	371
Main # 1 ³	700	1.01	744	1.07	Pre 1950	125	255	359
Main # 2	925	1.33	1,010	1.45	2002	125	260	359
Main # 3	500	0.72	669	0.96	2015	60	242	367
Nordstrom	950	1.37	1,081	1.56	1999	125	333	362
San Pedro	600	0.86	508	0.73	2002	75	344	352
Total and Firm Supply Capacity								
Total Supply Capacity	11,545	16.62	11,222	16.16				
Firm Capacity (Excluding two largest supply wells)	9,395	13.53	8,768	12.63				

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Notes:

1. Source: "2021 Well Efficiency Report", received from City staff on October 18, 2021.
2. Source: Existing Groundwater Supply Capacity table provided by City Staff on July 21, 2021.
3. Main #1 tested well capacity data extrated from 2020 Well Efficiency Report, received from City staff on July 29, 2021.

supplementing the Boy's Ranch pressure zone with water from the Nob Hill zone are further discussed in Chapter 7.

4.3 PRESSURE ZONES

The City's current water system serves land ranging from approximately 320 feet above sea level to more than 1,100 feet. To adequately provide water in this service area requires the creation of multiple pressure zones that operate with varying pressures between 45 and greater than 100 psi. [Figure 4.2](#) shows the boundaries and names for these pressure zones.

The City's supply, and a majority of the service connections, are located in the Nob Hill and Boys Ranch pressure zones. Several gate valve interconnections between the Nob Hill and Boys Ranch pressure zones exist, which allow water to transfer between the zones; under typical operating conditions these gate valves remain closed.

4.4 WATER DISTRIBUTION PIPELINES

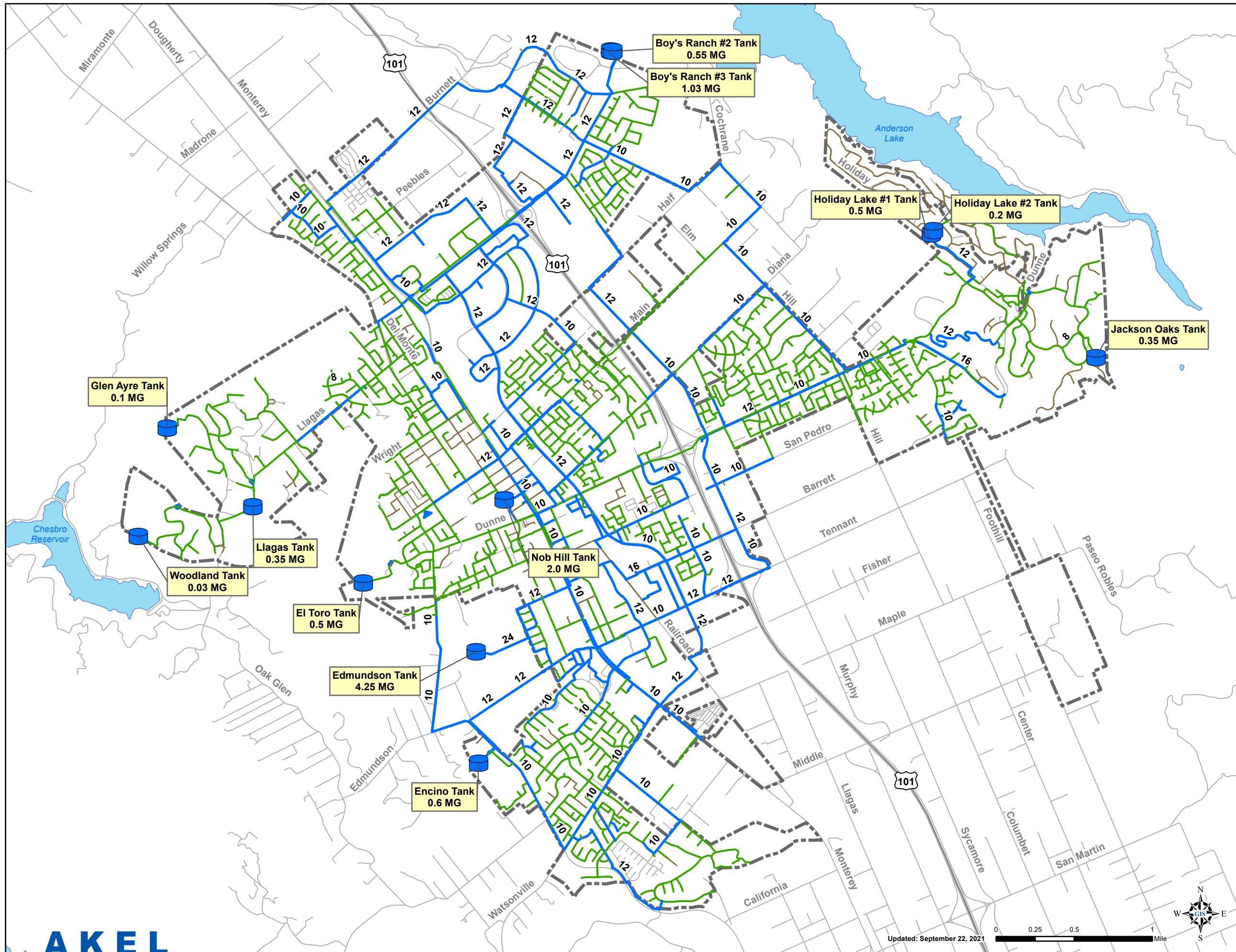
Groundwater is pumped into the City's distribution system via more than 187 miles of pipeline. As the City's sole source of supply is groundwater, which is distributed throughout the domestic water system, there are no dedicated transmission systems in the City. The pipelines are generally 24-inches and smaller, and convey water to the consumers' service connections.

An inventory of existing modeled pipes, extracted from the GIS-based hydraulic model and used in this analysis, is included in [Table 4.2](#). For each pipe diameter, the inventory lists the length in feet, as well as the total length in units of miles. [Table 4.3](#) documented the pipe roughness coefficients used in this analysis.

4.5 STORAGE RESERVOIRS

Storage reservoirs are typically incorporated in the water system to provide water supply for operation during periods of high demand, for meeting fire flow requirements, and for other emergencies, as defined in the City's planning criteria. The existing storage reservoirs are geographically shown in [Figure 4.4](#).

The City's existing storage reservoirs are summarized in [Table 4.4](#), along with their volumes, construction year and type, height, diameter, bottom elevations, and overflow height and elevations. These reservoirs are also shown on the hydraulic profile schematic ([Appendix A](#)), with key hydraulic data including the hydraulic water level (HWL), tank capacities, tank pad elevation, groundwater wells and their capacities.



Legend

Existing System

Tanks

Pipes by Diameter

6" or Less

8"

10" or Greater

Roads

City Limits

Figure 4.4
Existing Tanks
 Water System Master Plan
 City of Morgan Hill



Table 4.2 Existing Modeled Pipe Inventory

Water System Master Plan

City of Morgan Hill

Pipe Size	Length	
(in)	(feet)	(miles)
2	1,172	0.2
4	9,156	1.7
6	91,394	17.3
8	583,702	110.5
10	165,408	31.3
12	121,577	23.0
14	4,437	0.8
16	12,308	2.3
24	2,062	0.4
Total	991,216	187.7

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Table 4.3 Pipe Roughness Coefficients

Water System Master Plan City of Morgan Hill

Pipe Material	Age (years)					
	0	10	20	30	40	50
Asbestos Cement	125	125	125	125	125	125
Cast Iron	120	110	100	90	85	80
Ductile Iron	130	125	120	115	110	105
Plastic (PVC)	145	145	140	140	135	135
Steel	130	120	110	100	90	80

Note:

5/12/2021

1. At age=0, the roughness coefficients are commonly used values for new pipes. Roughness coefficients decrease with age at a rate that depends on pipe material. For planning purposes, the hydraulic analysis assumed an average pipe age of 15-20 years for both existing and future scenarios.
2. Pipes with an unknown material or age were assigned a roughness coefficient of 111 or 121.

Table 4.4 Existing Storage Reservoirs
Water System Master Plan
City of Morgan Hill

Reservoir	Pressure Zone	Volume ¹ (MG)	Date of Construction	Construction Type	Height (ft)	Diameter (ft)	Bottom Elevation (ft)	Overflow Height (ft)	Overflow Elevation (ft)
Boy's Ranch # 2	Boy's Ranch Zone	0.55	1977	Steel	32.0	54	533	30	563
Boy's Ranch # 3	Boy's Ranch Zone	1.03	2005	Steel	32.0	74	533	30	563
Edmundson	Nob Hill Zone	4.25	2002	Steel	49.0	125	473	46	519
El Toro	El Toro Zone	0.50	1966	Steel	37.5	48	983	37	1,020
Encino	Encino Zone	0.60	1974	Steel	21.0	70	640	20	660
Glen Ayre	Glen Ayre Zone	0.10	1980	Steel	15.0	34.3	900	14	914
Holiday Lake # 1	Holiday Lake Zone	0.50	1980	Concrete	12.0	92	960	11	971
Holiday Lake # 2	Holiday Lake Zone	0.20	1962	Concrete	12.0	60	960	11	971
Jackson Oaks	Jackson Oaks Zone No. 1	0.35	1970	Steel	32.0	44	1,170	30	1,200
Llagas	Llagas Zone	0.35	1965	Steel	27.2	48	700	26	726
Nob Hill	Nob Hill Zone	2.00	1980	Steel	45.5	90	473	41	513
Woodland	Woodland Zone	0.03	1968	Steel	17.0	18	1,079	17	1,096
Total		10.5							

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Note:

1. Source: City of Morgan Hill, Email received 07/21/2021

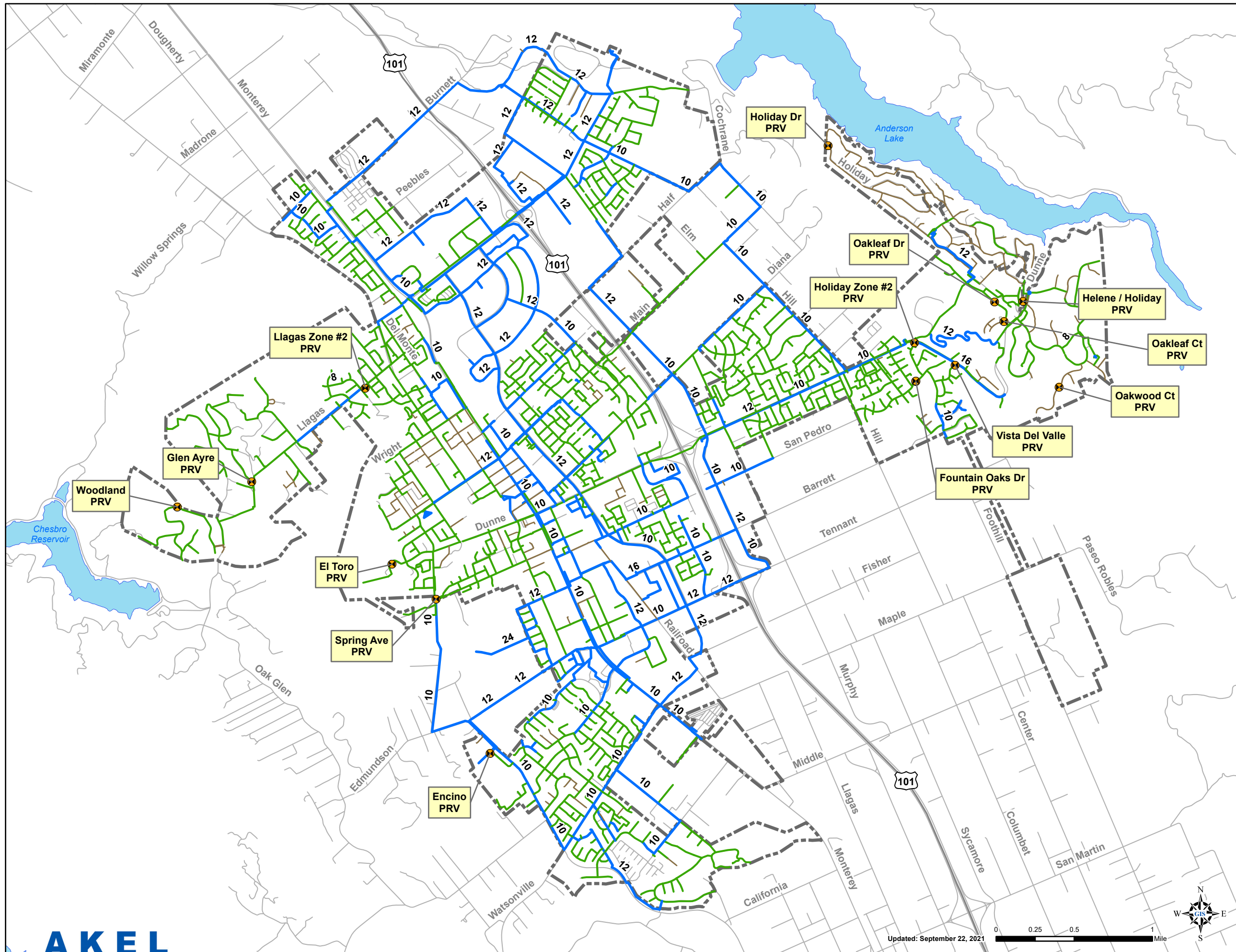
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4.6 BOOSTER STATIONS

Water is conveyed from the lower supply pressure zones to the higher pressure zones via a series of booster pump stations ([Figure 4.5](#)). There are a total of 13 booster stations in the City and [Table 4.5](#) lists their ground elevation, source and destination pressure zones, total pump capacities, and additional station information.

4.7 PRESSURE REDUCING VALVES

Some pressure zones are served from higher pressure zones through pressure reducing valves (PRVs), which are summarized on [Table 4.6](#) depicted in [Figure 4.6](#). PRVs constructed at pressure zone intersections, allow the conveyance of water from higher pressure zones to the lower pressure zones in the City. Additionally, some PRVs provide a source of emergency supply to lower pressure zones in the case of booster station failure or other operational issue. The City currently operates 15 pressure reducing valves throughout its water system.



Legend

Existing System

- Valves
- Pipes by Diameter
 - 6" or Less
 - 8"
 - 10" or Greater
- Roads
- City Limits

Figure 4.6
Existing PRVs
 Water System Master Plan
 City of Morgan Hill



Table 4.5 Existing Booster Stations
 Water System Master Plan
 City of Morgan Hill

Booster Station	Ground Elevation (ft)	Pressure Zones			Booster Station Information					Individual Pumps Information						
		Source Pressure Zone	Destination Pressure Zone	Destination HWL (ft)	Total Pump Capacity ¹		Design Head ² (ft)	Pump Station Horsepower (hp)	No. of Pumps	Firm capacity	Pump No.	Individual Horsepower (hp)	Design		Pump Test ³	
					(gpm)	(mgd)							Capacity (gpm)	Head (ft)	Capacity (gpm)	Head (ft)
East Dunne # 1	430	Nob Hill	Holiday Lake Zone	911	1,800	2.59	400	375	3	1200	1A	125	600	400	583	487.4
											1B	125	600	400	717	438.9
											1C	125	600	400	554	432
East Dunne # 2	430	Nob Hill	Holiday Zone #1	864	400	0.58	340	50	2	200	2A	25	200	340	180	335
											2B	25	200	340	186	335
East Dunne # 3	430	Nob Hill	Holiday Zone #2	568	925	1.33	100	40	2	425	3A	20	425	100	669	106.3
											3B	20	500	100	653	110.9
Easy Street	335	Nob Hill	Easy Street Zone	535	n/a	n/a	250	1.5	1		A	1.5	n/a	250	n/a	75-110-psi
El Toro	520	Peak and Main	El Toro	1,020	380	0.55	340	80	2	190	A	40	190	340	215	353.4
											B	40	190	340	244	362.7
Encino Booster	415	Nob Hill	Encino	660	900	1.30	150	50	2	450	A	25	450	150	469	152.5
											B	25	450	150	460	152.5
Glen Ayre Booster	660	Llagas	Glen Ayre Zone	908	330	0.48	200	30	2	165	A	15	165	200	179	173.3
											B	15	165	200	191	173.3
Hydropneumatic Booster	1,170	Jackson Oaks	Hydropneumatic Zone	1,380	Domestic Service Pumps					140	A	7.5	70	220	20	161.7
					210	0.30	220	22.5	3							
San Pedro					Fire Flow Pump						A	75	375	170	16	191.7
					1,500	2.16	170	75	1							
Jackson Oaks Booster	830	Holiday Lake	Jackson Oaks Zone	1,200	970	1.40	250	150	3	620	A	50	350	250	552	256.4
											B	50	320	250	567	254.1
											C	50	300	250	518	270.3
Llagas Booster	365	Nob Hill	Llagas Zone	726	750	1.08	250	80	2	300	A	50	450	250	504	254.1
											B	30	300	250	281	240.2
Peak and Main Booster	370	Nob Hill	Peak and Main Zone	660	2,050	2.95	200	160	4	1350	A	50	700	200	720	191.7
											B	50	650	200	672	191.7
											C	30	350	200	268	180.2
											D	30	350	200	473	180.2
Woodland Booster	620	Llagas	Woodland Zone	1,086	430	0.62	320	90	2	140	A	50	290	320	249	353.4
											B	40	140	320	170	348.8



Notes:

1. Source: Water System Schematic dated 4/2003.
2. Source: City of Morgan Hill 2002 Water System Master Plan.
3. Source: Booster Efficiency Report received from City Staff on 07/29/2021.

Table 4.6 Existing Pressure Reducing Valves
Water System Master Plan
City of Morgan Hill

PRV	Location	Size (in)	Pressure Zone	
			Upstream	Downstream
El Toro	El Toro Booster	6	El Toro	Peak and Main
Encino	Encino Booster	8	Encino	Nob Hill
Fountain Oak	2270 Fountain Oaks No. 1	8	Holiday 2	Holiday 3
Glen Ayre	Glen Ayre Booster Pump	4	Glen Ayre	Llagas
Helene/Holiday	Jackson Oaks 1 to Jackson Oaks 2	6	Jackson Oaks 1	Jackson Oaks 2
Holiday Dr	Jackson Oaks 4	4	Jackson Oaks 2	Jackson Oaks 4
Holiday Zone #1	Holiday Lake to Holiday 1	6	Holiday Lake	Holiday 1
Holiday Zone #2	Holiday Lake to Holiday 2	6	Holiday Lake	Holiday 2
Llagas Zone #2	Llagas Booster	6	Llagas	Nob Hill
Oak Leaf Ct	Jackson Oaks 3	4	Jackson Oaks 1	Jackson Oaks 3
Oak Leaf Dr	17015 Oakleaf Drive	8	Jackson Oaks 1	Jackson Oaks 2
Oakwood Ct	3420 Oakwood Court	6	Jackson Oaks Hydro 1	Jackson Oaks Hydro 2
Spring Ave	Spring Ave and De Witt Ave	6	Peak and Main	Spring Hill
Vista Del Valle	2885 Vista Del Valle No. 1	4	Holiday 1	Holiday 2
Woodland	Woodland Booster Pump	6	Woodland	Llagas

CHAPTER 5 – DOMESTIC WATER DEMANDS

This chapter summarizes existing domestic water demands, identifies potential recycled water demands, and projects the future domestic water demands.

5.1 EXISTING DOMESTIC WATER DEMANDS

The existing water demands used for this master plan were based on the City's 2012 water billing consumption records as well as total annual production in 2020. The existing water demands in this analysis are adjusted to match the annual production records and account for system losses.

The existing demand distribution, by pressure zone, was obtained from the water billing records. Using GIS, each customer account was geocoded to its physical location within its existing pressure zone. The accounts were then sorted by pressure zone and the total demand in each zone was calculated.

The City's existing average day domestic water demand, as extracted from the water billing records, were lower than the total demands listed in the annual production records due to system losses that occurred between the groundwater wells and customer service connections. The total domestic water demands were increased proportionally to 7.0 mgd to reflect the total 2020 production and account for transmission main losses. The existing domestic water demands, for each pressure zone, are summarized on [Table 5.1](#).

5.2 FUTURE DOMESTIC WATER DEMANDS

Future demands were projected using the unit factors for residential and non-residential land uses and included the developments within the Urban Growth Boundary. [Table 5.2](#) organizes the future land use categories and their corresponding domestic water demands. It should be noted that the existing domestic water demands in [Table 5.2](#) were calculated using the recommended water unit factors, which take into account future water conservation practices, and are intended to represent the water use of the existing users at the buildout of the master plan horizon. The total average day domestic water demands from existing and future developments is calculated at 9.4 mgd.

These demands were used in sizing the future infrastructure facilities, including distribution mains, storage reservoirs, and booster stations. Demands were also used for allocating and reserving capacities in the existing or proposed facilities. [Table 5.3](#) summarizes the buildout water demand for each pressure zone.

Table 5.1 Existing Demands by Pressure Zone

Water System Master Plan

City of Morgan Hill

Pressure Zone	Average Day Demand (gpm)	Existing Water Demands	
		Maximum Day ¹ (gpm)	Peak Hour ² (gpm)
Central Pressure Zones			
Boy's Ranch	918	1,835	2,753
Nob Hill	2,938	5,876	8,815
Subtotal	3,856	7,712	11,567
West Side Pressure Zones			
Easy Street	3	5	8
El Toro	1	3	4
Encino	82	164	246
Glen Ayre	34	68	101
Llagas	76	151	227
Llagas #2	62	123	185
Peak and Main	179	358	538
Spring Hill	4	8	13
Woodland	12	23	35
Subtotal	452	904	1,356
East Side Pressure Zones			
Holiday Lake Zone	90	180	271
Holiday Zone #1	17	34	51
Holiday Zone #2	109	219	328
Holiday Zone #3	58	117	175
Jackson Oaks HPZ #1	24	48	73
Jackson Oaks HPZ #2	7	14	20
Jackson Oaks Zone #1	108	216	324
Jackson Oaks Zone #2	106	212	318
Jackson Oaks Zone #3	8	16	24
Jackson Oaks Zone #4	5	10	15
Subtotal	533	1,066	1,600
Total Demand	Average Day	Maxmium Day	Peak Hour
Total	4,841	9,682	14,523

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Notes :

1. Maximum Day Demand = 2.0 x Average Day Demand

2. Peak Hour Demand = 3.0 x Average Day Demand

10/1/2021

Table 5.2 Average Daily Demands at Buildout of Project Area
Water System Master Plan
City of Morgan Hill

Land Use Classifications	Water Demands at 100% Occupancy												
	Existing Development within City Limits			Future Development within City Limits			Total Development within City Limits		Total Development Outside City Limits		Total		
	Existing Development within City Limits	Water Unit Factor	Existing Average Daily Demand	Future Development	Future Water Unit Factor	Future Development Average Daily Demand	Development	Total Development Average Daily Demand	Development	Total Development Average Daily Demand	Development	Average Daily Demand	
	(net acre)	(gpd/net acre)	(gpd)	(net acre)	(gpd/net acre)	(gpd)	(net acre)	(gpd)	(net acre)	(gpd)	(net acre)	(gpd)	
Residential													
Single Family													
Residential Estate	508	560	284,420	198	560	110,769	706	395,189	321	179,976	1,027	575,166	
Residential Detached Low	1,049	1,050	1,101,152	102	1,050	106,639	1,150	1,207,791	239	250,528	1,389	1,458,319	
Residential Detached Medium	1,298	1,700	2,207,096	141	1,700	239,155	1,439	2,446,251	411	699,255	1,850	3,145,506	
Residential Detached High	34	2,140	73,204	0	2,140	737	35	73,941	20	41,858	54	115,799	
Multi-Family													
Residential Attached Low	394	1,900	748,663	61	1,900	115,287	455	863,951	2	4,117	457	868,068	
Residential Attached Medium	112	2,300	258,522	40	2,300	92,218	152	350,740	7	16,903	160	367,644	
Residential Attached High	6	3,130	18,154	0	3,130	1,512	6	19,666	0	0	6	19,666	
Subtotal	3,401		4,691,212	542		666,317	3,943	5,357,529	1,000	1,192,638	4,943	6,550,167	
Non-Residential													
General Commercial	24	1,800	43,161	0	1,800	0	24	43,161	0	0	24	43,161	
Commercial	261	1,350	352,009	129	1,350	174,292	390	526,301	4	4,995	394	531,296	
Commercial / Industrial ¹	501	1,120	561,296	230	1,120	257,950	731	819,245	220	246,298	951	1,065,543	
Mixed Use	93	1,350	125,991	6	1,350	8,242	99	134,233	0	0	99	134,233	
Mixed Use Flex	70	1,390	96,621	35	1,390	48,619	104	145,240	8	11,421	113	156,661	
Sports-Recreation-Leisure	0	1,680	0	0	1,680	0	0	0	251	421,974	251	421,974	
Public Facility	302	400	120,658	12	400	4,694	313	125,352	46	18,556	360	143,908	
Subtotal	1,250		1,299,735	412		493,797	1,663	1,793,532	529	703,244	2,192	2,496,776	
Other (Demand Generating)													
Landscape Irrigation ²	201	1,680	338,263	0	1,680	0	201	338,263	0	0	201	338,263	
Subtotal	201		338,263	0		0	201	338,263	0	0	201	338,263	
Other (Non-Demand Generating)													
Open Space	605	0	0	581	0	0	1,186	0	2,737	0	3,922	0	
Subtotal	605		0	581		0	1,186	0	2,737	0	3,922	0	
Totals	5,458		6,329,210	1,535		1,160,114	6,992	7,489,325	4,267	1,895,882	11,259	9,385,206	



Note:
1. "Commercial / Industrial" combines land use types "Commercial / Institutional" and "Industrial"
2. Area of Landscape Irrigation does not include single family residential irrigation use.

Table 5.3 Buildout Demands by Pressure Zone

Water System Master Plan

City of Morgan Hill

Pressure Zone	Average Day Demand (gpm)	Buildout Water Demands	
		Maximum Day ¹ (gpm)	Peak Hour ² (gpm)
Central Pressure Zones			
Boy's Ranch	1,334	2,668	4,002
Nob Hill	3,998	7,996	11,993
Subtotal	5,332	10,663	15,995
West Side Pressure Zones			
Easy Street	2	5	7
El Toro	1	3	4
Encino	87	175	262
Glen Ayre	32	64	95
Llagas	98	196	294
Llagas #2	96	191	287
Peak and Main	189	378	567
Spring Hill	4	8	11
Woodland	12	25	37
Subtotal	522	1,043	1,565
East Side Pressure Zones			
Holiday Lake Zone	92	184	276
Holiday Zone #1	28	55	83
Holiday Zone #2	233	467	700
Holiday Zone #3	60	121	181
Jackson Oaks HPZ #1	26	52	78
Jackson Oaks HPZ #2	6	12	18
Jackson Oaks Zone #1	101	202	304
Jackson Oaks Zone #2	97	194	291
Jackson Oaks Zone #3	7	14	21
Jackson Oaks Zone #4	5	9	14
Subtotal	655	1,311	1,966
Total Demand	Average Day	Maxmium Day	Peak Hour
Total	6,508	13,017	19,525

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Notes :

1. Maximum Day Demand = 2.0 x Average Day Demand
2. Peak Hour Demand = 3.0 x Average Day Demand

5.4 MAXIMUM DAY AND PEAK HOUR DEMANDS

The maximum day and peak hour demands for the existing and future demands were calculated using the average day demands and City peaking factor criteria. The maximum day to average day ratio of 2.0, and peak hour to average day ratio of 3.0, were applied to the average day demands to obtain estimates of the higher demand conditions. The maximum day and peak hour demand estimates for the buildout of the Urban Growth Boundary are 18.7 mgd and 28.1 mgd, respectively, as summarized in [Table 5.3](#).

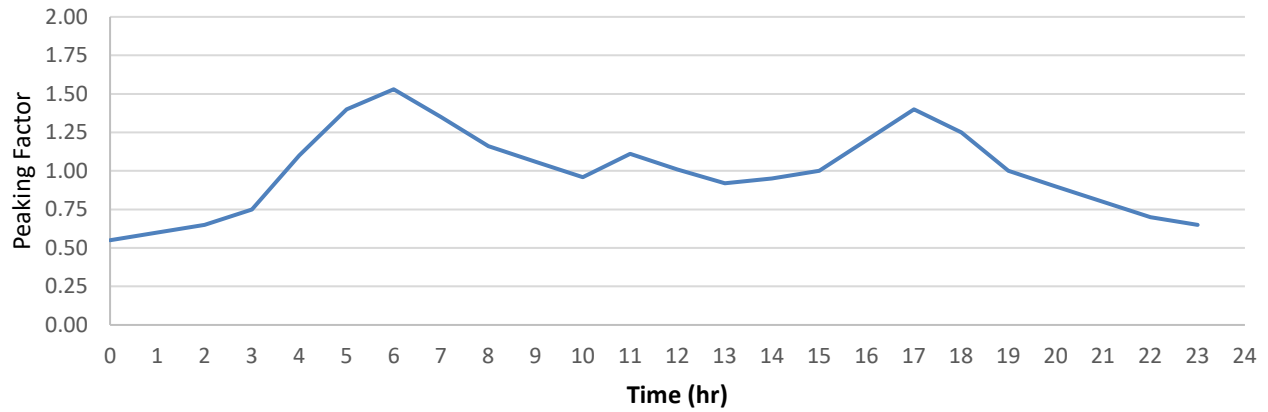
5.5 DIURNAL DEMAND PATTERNS

Water demands vary with the time of day and by account type according to the land use designation. These fluctuations were accounted for in the modeling effort and evaluation of the water distribution system. The diurnal demand patterns are unit factors that are applied to the demand, and which reflect the variable hourly fluctuation. This diurnal fluctuation affects the hourly water levels in storage reservoirs and amount of hourly flow through distribution mains and pump stations.

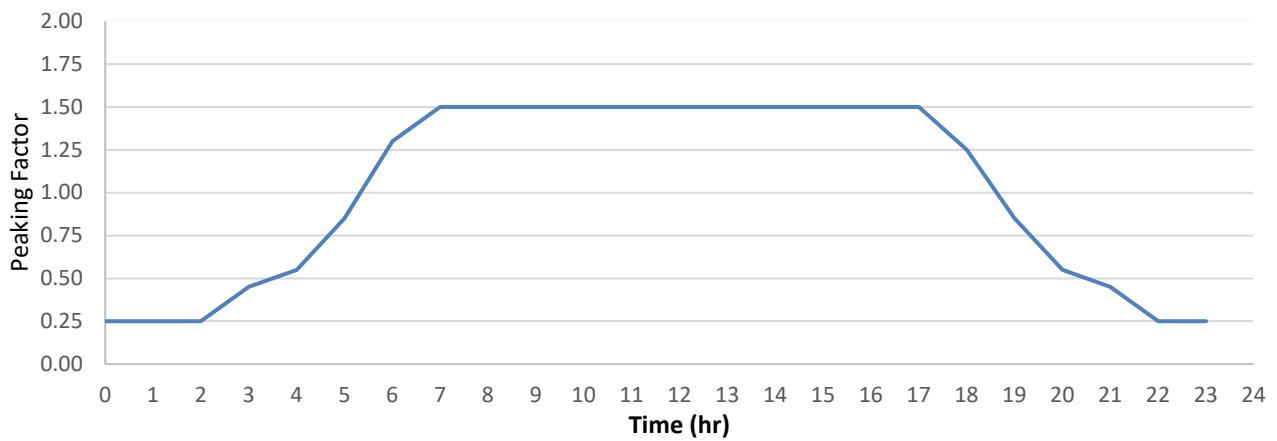
Three different diurnal curves ([Figure 5.1](#)) were used to model the demand patterns of 1) residential, 2) commercial, industrial, and other non-residential, and 3) irrigation use accounts. In the absence of data that can be used to develop these curves, they were based on industry acceptable demand patterns for these corresponding land use types. The diurnal patterns were confirmed during the calibration effort of the City's hydraulic model and corresponding SCADA information.

Each diurnal curve has a unique pattern that creates maximum and minimum flow conditions at different times of the day. Residential demands peak in the morning and evening and are at a minimum during the night hours. Non-residential demands, which include commercial, institutional, and industrial demands, are also at a minimum during the night; however, they remain at a constant maximum from the hours of 8 AM to 5 PM. The irrigation demands are highest at night and lowest during the day.

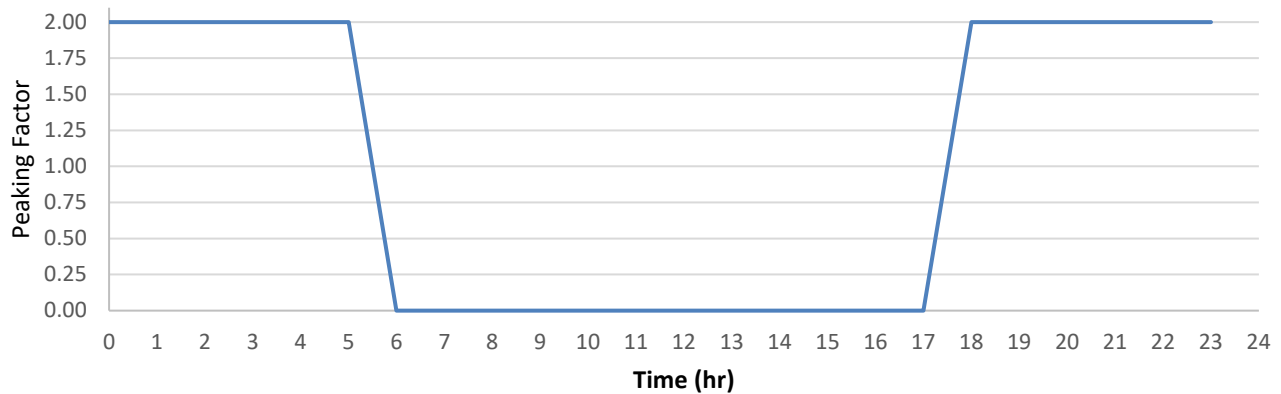
Residential



Commercial



Irrigation



LEGEND

— Water Demand

Figure 5.1

Diurnal Curves

Water System Master Plan
City of Morgan Hill



May 12, 2021

CHAPTER 6 - HYDRAULIC MODEL DEVELOPMENT

This chapter describes the development and calibration of the City's domestic water distribution system hydraulic model. The hydraulic model was used to evaluate the capacity adequacy of the existing system and to plan its expansion to service anticipated future growth.

6.1 OVERVIEW

Hydraulic network analysis has become an effectively powerful tool in many aspects of water distribution planning, design, operation, management, emergency response planning, system reliability analysis, fire flow analysis, and water quality evaluations. The City's hydraulic model was used to evaluate the capacity adequacy of the existing system and to plan its expansion to service anticipated future growth.

6.2 MODEL SELECTION

The City's hydraulic model combines information on the physical characteristics of the water system (pipelines, groundwater wells, and storage reservoir) and operational characteristics (how they operate). The hydraulic model then performs calculations and solves series of equations to simulate flows in pipes and calculate pressures at nodes or junctions.

There are several network analysis software products that are released by different manufacturers, which can equally perform the hydraulic analysis satisfactorily. The selection of software depends on user preferences, the distribution system's unique requirements, and the costs for purchasing and maintaining the software.

The City's previous model was developed using Innovyze's (previously MWHSoft) InfoWater, GIS based-based hydraulic model. As part of this master plan, the hydraulic model has been updated to the GIS-based hydraulic model InfoWater Pro by Innovyze. The model has an intuitive graphical interface and is directly integrated with ESRI's ArcGIS (GIS).

6.3 HYDRAULIC MODEL DEVELOPMENT

Developing the hydraulic model included skeletonization, digitizing and quality control, developing pipe and node databases, and water demand allocation.

6.3.1 Skeletonization

Skeletonizing the model refers to the process where pipes not essential to the hydraulic analysis of the system are stripped from the model. Skeletonizing the model is useful in creating a system that accurately reflects the hydraulics of the pipes within the system, while reducing complexities

of large systems, which will reduce the time of analysis while maintaining accuracy, but will also comply with limitations imposed by the computer program.

6.3.2 Pipes and Nodes

Computer modeling requires the compilation of large numerical databases that enable data input into the model. Detailed physical aspects, such as pipe size, pipe elevation, and pipe lengths, contribute to the accuracy of the model.

Pipes and nodes represent the physical aspect of the system within the model. A node is a computer representation of a place where demand may be allocated into the hydraulic system, while a pipe represents the distribution and transmission aspect of the water demand. In addition, reservoir dimensions and capacities, and groundwater well capacity and design head, were also included in the hydraulic model.

6.3.3 Digitizing and Quality Control

The City's existing domestic water distribution system was digitized in GIS using several sources of data and various levels of quality control. The data sources included the City's existing system as maintained by staff in GIS, as well as the previously developed hydraulic model and subsequent updates.

After reviewing the available data sources, the hydraulic model was updated and verified by City staff. Using the existing GIS version of the system, as well as the existing hydraulic model, this project updated the domestic water system in GIS. Resolving discrepancies in data sources was accomplished by graphically identifying identified discrepancies and submitting it to engineering and public works staff for review and comments. City comments were incorporated in the verified model.

6.3.4 Demand Allocation

Demand allocation consists of assigning water demand values to the appropriate nodes in the model. The goal is to distribute the demands throughout the model to best represent actual system response.

The existing demand distribution was obtained from the water billing records. Using GIS, each customer account was geocoded and spatially joined within its existing pressure zone. The accounts were then sorted by pressure zone and the total demand in each zone was calculated.

Domestic water demands from each anticipated future development, as presented in a previous chapter, were also allocated to the model for the purpose of sizing the required future facilities. The demands from the greater Urban Growth Boundary were allocated based on proposed land use and the land use acreages. As many of the areas were very large in size, demands were allocated evenly to the demand nodes within each area. Infill areas, redevelopment areas, and vacant lands were also included in the future demand allocation.

6.4 MODEL CALIBRATION

Calibration is intended to instill a level of confidence in the pressures and flows that are simulated. Calibration generally consists of comparing model predictions to field measured results and making necessary adjustments.

6.4.1 Calibration Plan and SCADA

In order to calibrate the hydraulic model pressure SCADA data was collected for monitored locations throughout the water distribution system, including tanks, wells, and booster stations. City staff provided 1-hour pressure data for each groundwater well and booster station as well as 1-hour water level data for the City's storage reservoirs, for a portion of the month of June to July 2021. The locations that were included in the calibration for tanks, booster stations, and wells were identified on [Figure 6.1](#).

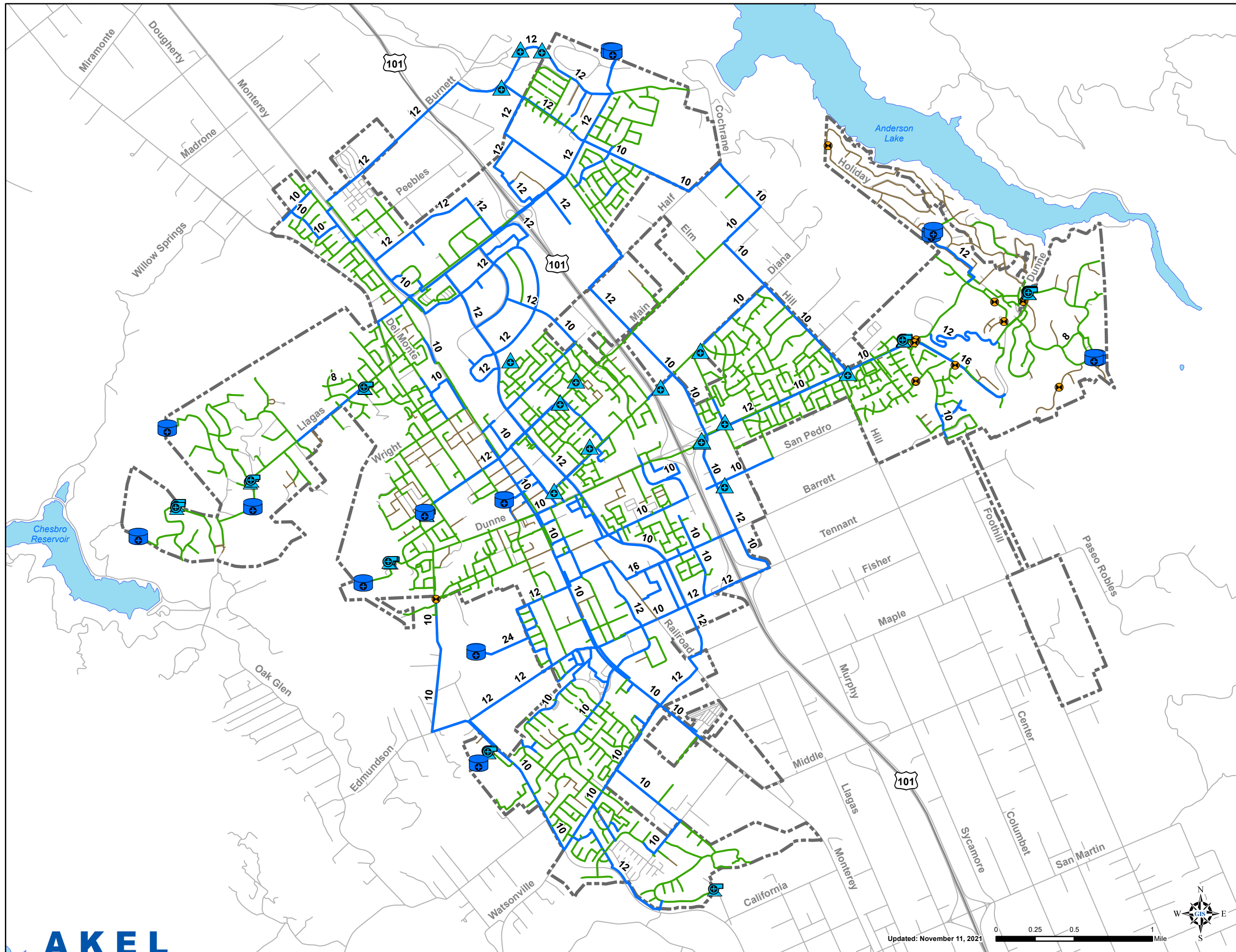
6.4.2 EPS Calibration

Calibration can be performed for steady state conditions or for extended period simulations (EPS). In steady state calibration, the model is compared to field monitoring results consisting of a single value, such as a single hydrant test. EPS calibration consists of comparing model predictions to diurnal operational changes in the water system.

The calibration process for the hydraulic model was extensive, and involved an iterative process which resulted with satisfactory comparisons between the field measurements and the hydraulic model predictions at each well site and the water tank. The calibration results were graphically summarized for each site and included in [Appendix B](#).

6.4.3 Use of the Calibrated Model

The calibrated hydraulic model was used as an established benchmark in the capacity evaluation of the existing water distribution system. The model was also used to identify improvements necessary for mitigating existing system deficiencies and for accommodating future growth. This valuable investment will continue to prove its value to the City as future planning issues or other operational conditions surface. It is recommended that the model be maintained and updated with recent construction to preserve its integrity.



Legend

Existing System

- Tanks and calibration Sites
- Booster Stations and Calibration Sites
- Wells and Calibration Sites
- Valves

Pipes by Diameter

- 6" or Less
- 8"
- 10" or Greater
- Roads
- City Limits

Figure 6.1
Hydraulic Model
Calibration Program
 Water System Master Plan
 City of Morgan Hill



CHAPTER 7 - EVALUATION AND PROPOSED IMPROVEMENTS

This chapter presents a summary of the domestic water system evaluation and identifies improvements needed to mitigate existing deficiencies, as well as improvements needed to expand the system and service growth.

7.1 OVERVIEW

The calibrated hydraulic model was used for evaluating the distribution system for capacity deficiencies during peak hour demand and during maximum day demands in conjunction with fire flows. Since the hydraulic model was calibrated for extended period simulations, the analysis duration was established at 24 hours for analysis.

The criteria used for evaluating the capacity adequacy of the domestic water distribution system facilities (transmission mains, storage reservoirs, and booster stations) was discussed and summarized in the System Performance and Design Criteria chapter.

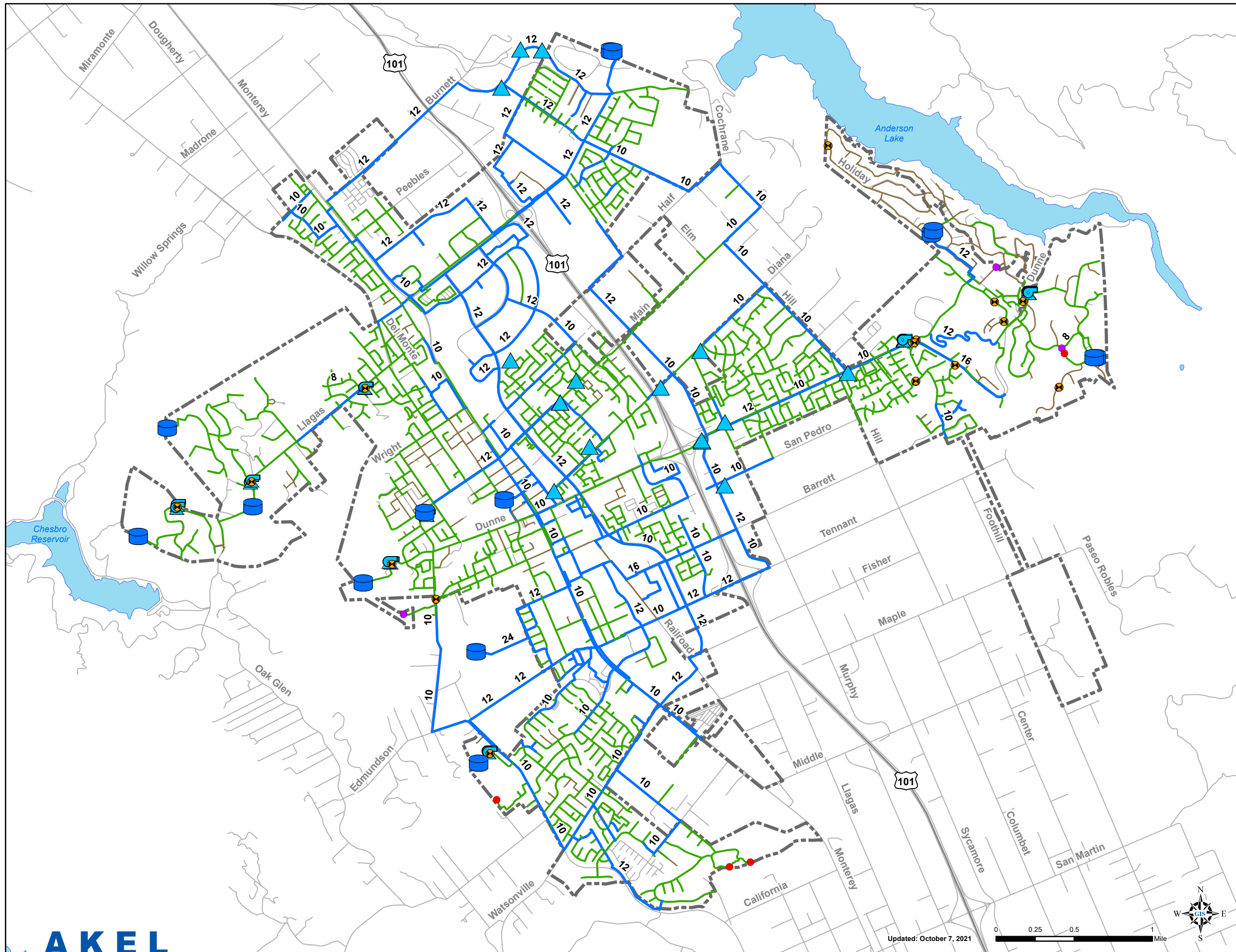
7.2 LOW PRESSURES ANALYSIS

The hydraulic model was also used to determine if the existing domestic water distribution system meets the City's System Performance and Design Criteria for maximum day and peak hour pressures, as discussed in a previous chapter. During maximum day demands the minimum pressure requirement is 40 psi, while during the peak hour demand, the minimum pressure requirement is 35 psi. The hydraulic analysis indicated the City's existing system performed reasonably well during under maximum day ([Figure 7.1](#)) and peak hour ([Figure 7.2](#)) operating conditions.

7.3 HIGH PRESSURE ANALYSIS

The hydraulic model was also used to identify areas in the City's existing domestic water distribution system that experience high pressure under maximum day demand conditions. The areas of high pressure are shown graphically on [Figure 7.3](#). Areas of high pressure may be more susceptible to pipeline breaks and ruptures. The City's maximum desired pressure criterion is 100 psi. The areas experiencing high pressures are briefly described as follows:

- **Woodland Pressure Zone:** Development near Rocky Ridge Road and Rolling Hills Road, east of the Woodland Reservoir, experience maximum pressures between 150 and 225 psi. These developments are served by the Woodland storage reservoir, which has a base elevation of approximately 1,080 feet and serves developments with elevations as low as 630 feet.
- **Llagas Pressure Zone:** Development along Llagas Road, east of Enderson Court, experience maximum pressures between 100 and 150 psi. These developments are



Legend

Minimum System Pressures

- 2 - 35 psi
- 35 - 40 psi

Existing System

- Existing System
- Booster Stations
- Wells
- Valves

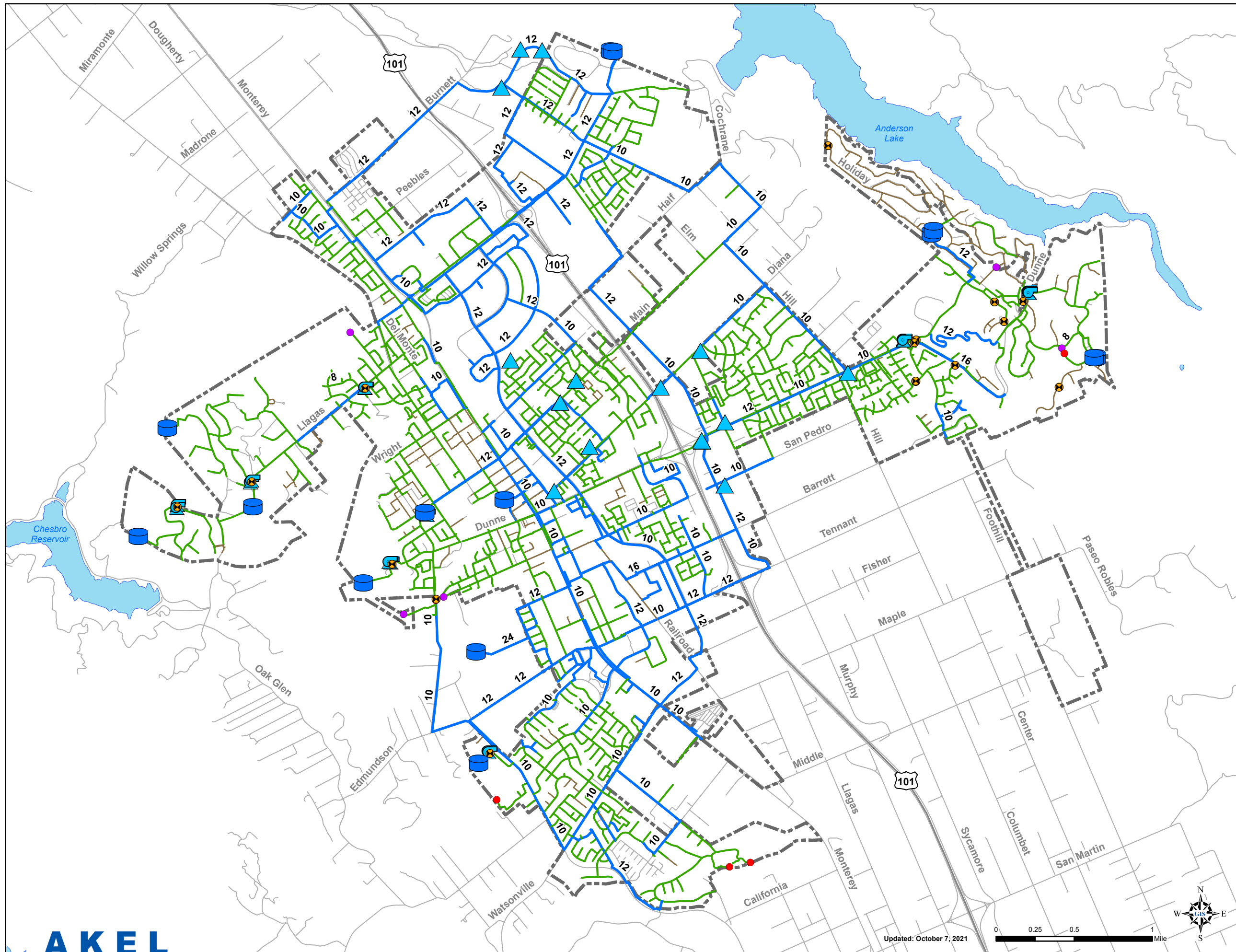
Pipes by Diameter

- 6" or Less
- 8"
- 10" or Greater
- Roads
- City Limits

Master Plan Criteria:
Minimum Pressure 40 psi at MDD

Figure 7.1
Minimum System Pressures
(Maximum Day Demand)
Water System Master Plan
City of Morgan Hill





Legend

Minimum System Pressure

- 0 - 30 psi
- 30 - 35 psi

Existing System

- Existing System
- Booster Stations
- Wells
- Valves

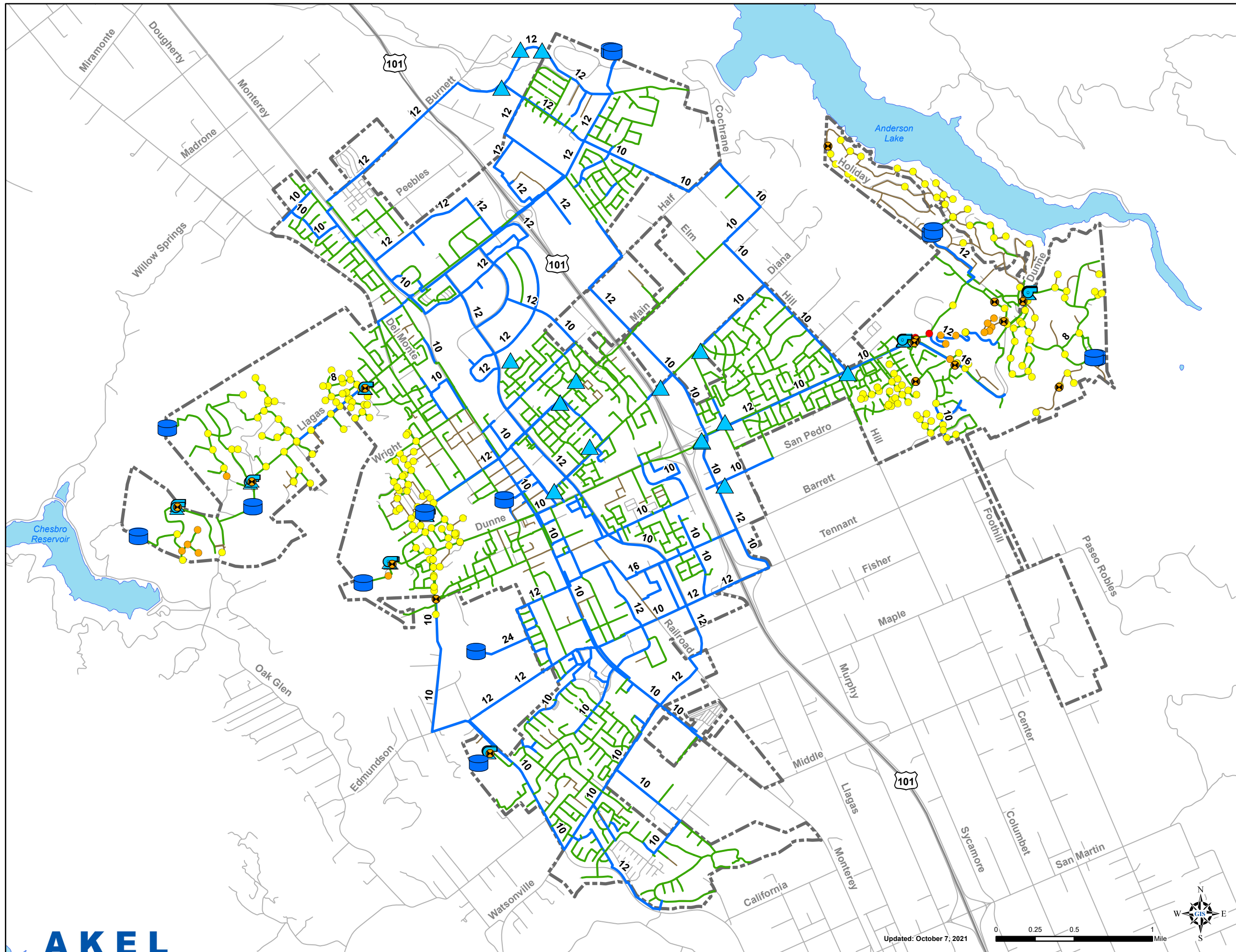
Pipes by Diameter

- 6" or Less
- 8"
- 10" or Greater
- Roads
- City Limits

Master Plan Criteria:
Minimum Pressure 35 psi at PHD

Figure 7.2
Minimum System Pressures
(Peak Hour Demand)
Water System Master Plan
City of Morgan Hill





Legend

Maximum System Pressures

- Greater than 200 psi
- 150 - 200 psi
- 100 - 150 psi

Existing System

- Existing System
- Booster Stations
- Wells
- Valves

Pipes by Diameter

- 6" or Less
- 8"
- 10" or Greater
- Roads
- City Limits

Figure 7.3
Maximum System Pressures
 Water System Master Plan
 City of Morgan Hill



served by the Llagas storage reservoir, which has a base elevation of 700 feet and serves developments with elevations as low as 360 feet.

- **Holiday Lake Pressure Zone:** Development along Thomas Grade east of Dunne Avenue experience maximum pressures between 150 and 225 psi. These developments are served by the Holiday Lake Reservoirs, which have a base elevation of 960 feet and serve developments with elevations as low as 500 feet.

7.4 FIRE FLOW ANALYSIS

The fire flow analysis consisted of using the maximum day demand in the hydraulic model and applying hypothetical fire flows. The magnitude and duration of each fire flow was based on the governing land use type within proximity to the fire location, as shown in [Figure 7.4](#). The criterion for fire flows was also summarized in the System Performance and Design Criteria chapter.

The hydraulic model indicates that the City's existing distribution system performed adequately during the fire flow analysis. Areas where the City's water system did not meet the fire flow criteria, and specifically meeting a minimum residual pressure criteria of 20 psi, are shown on [Figure 7.5](#). It should be noted that a majority of the service connections in the eastern foothills are unable to meet the pressure criteria requirements under fire flow conditions. A majority of the distribution system serving this area is comprised of 6-inch and 8-inch water pipelines with minimal looping. It is recommended that as pipeline replacements occur in the eastern foothills, 4-inch and 6-inch pipelines be upsized to 8-inch pipelines to reduce the headloss and velocity impacts. Additionally, where the cost is not prohibitive, it is recommended that looped connections be constructed for reliability.

Improvements to mitigate specific fire flow deficiencies are discussed below and include a corresponding coded identifier, which is consistent with the capital improvements chapter:

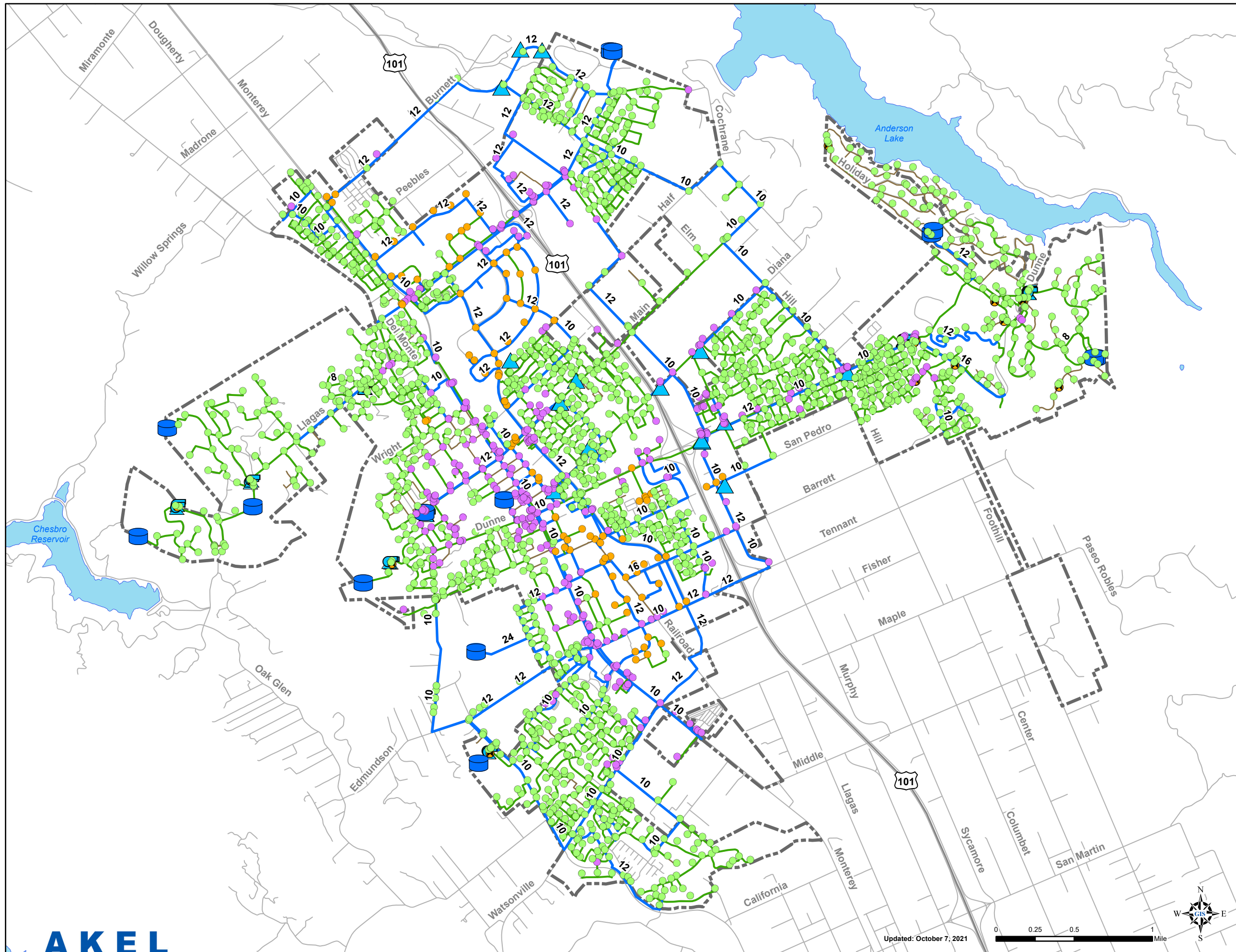
- **NH-P1.** Replace approximately 950 feet of 4-inch water main from Del Monte Avenue to Monterey Road along Spring Avenue with 8-inch water main.
- **BR-P5:** Replace an 8-inch pip with a new 10-inch pipeline in Mission View Drive between Cochrane Road and 2,100 feet northwest of Cochrane Road.

7.5 WATER SUPPLY REQUIREMENTS

The City's existing domestic water system supply capacity is identified in this section. The section also identifies the additional supply capacity required to meet the City's System Performance and Design Criteria.

7.5.1 Existing Supply Requirements

Existing supply requirements were identified for the City and are summarized on [Table 7.1](#). The City's existing water supply requirement was based on the existing land use and recommended



Legend

- Required Fire Flow**
- Residential
1,500 gpm for 2 Hours
 - Commercial
2,500 gpm for 2 Hours
 - Industrial
3,500 gpm for 3 Hours

- Existing System**
- Existing System
 - Booster Stations
 - Wells
 - Valves

- Pipes by Diameter**
- 6" or Less
 - 8"
 - 10" or Greater
 - Roads
 - City Limits

Figure 7.4
Required Fire Flow
 Water System Master Plan
 City of Morgan Hill



Table 7.1 Supply Capacity Analysis

Water System Master Plan
City of Morgan Hill

Demand and Supply	Year				Buildout (2038) (MGD)
	2020	2025	2030	2035	
	(MGD)	(MGD)	(MGD)	(MGD)	
Projected Demands					
Projected Population ¹	46,454	51,243	56,033	59,827	62,225
Average Day Demands ²	7.0	7.7	8.5	9.0	9.4
Maximum Day Demands	13.9	15.5	16.9	18.1	18.8
Peak Hour Demands	20.9	23.2	25.4	27.1	28.2
Supply vs. Demand Analysis					
Available Supply					
Available Total Supply	16.16	-	-	-	-
Available Firm Supply	12.63	-	-	-	-
Required Supply					
Meet Maximum Day Demand with Firm Supply	13.9	15.5	16.9	18.1	18.8
Surplus / Deficiency					
With Existing Firm Supply	-1.3	-2.9	-4.3	-5.4	-6.2
With Recommended Total Supply	-1.3	0.6	0.3	0.3	0.7
Recommended New Supply					
Recommended Staged Upgrade		3 New Wells	1 New Well	1 New Well	1 New Well
Assumed Typ. Future Well Capacity at 1.15 MGD		3.5	1.2	1.2	1.2
Recommended Total Supply	12.6	16.1	17.2	18.4	19.5

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Notes:

1. Source: City of Morgan Hill 2020 UWMP Table 3-2.
2. Average Day Demands based on City of Morgan Hill 2020 UWMP Demand projections and buildout demand in Table 5.3 .

water demand factor is approximately 16.16 mgd, standby well is 1.98 mgd, and required capacity is approximate 14.0 mgd. The existing firm supply capacity is approximately 14.18 mgd, which results in a supply surplus of 0.18 mgd.

7.5.2 Future Supply Requirements

Future supply requirements, in 5-year increments, were identified for the City and are also summarized on [Table 7.1](#). As shown on [Table 7.1](#) the City's supply requirement exceeds the City's existing firm supply capacity and three new wells are required to be constructed as of year 2025. Following the construction of these new wells, the City will need to construct a new well to meet the future supply requirement in the year of 2030, 2035 and 2038, when the future supply requirement will exceed the City's future firm supply capacity. The proposed groundwater wells are described as follows:

- **BR-W1:** Construct a new 800 gpm groundwater well on Burnett Avenue. This facility will be located approximately 6,000 feet northeast of Monterey Avenue.
- **BR-W2:** Construct a new 800 gpm groundwater well on Burnett Avenue. This facility will be located approximately 5,000 feet northeast of the Monterey Avenue.
- **NH-W1:** Construct a new 800 gpm groundwater well on Butterfield Avenue. This facility will be located approximately 400 feet east of the intersection of Railroad Avenue and Fisher Avenue.
- **NH-W2:** Construct a new 800 gpm groundwater well on Butterfield Avenue. This facility will be located approximately the intersection of Butterfield Boulevard and Tennant Avenue.

Two additional wells will be needed in the Nob Hill pressure zone, and to be sited at the later date.

7.6 WATER STORAGE REQUIREMENTS

The City's existing domestic water system storage capacity is identified in this section. Additionally, this section identifies the existing and future storage requirements to meet the storage capacity and compares it with the existing storage facilities in each zone and makes recommendations for new storage facilities.

7.6.1 Existing Storage Requirements

Existing storage requirements were identified for each pressure zone and are summarized in [Table 7.2](#). The table lists the existing domestic water demands and identifies the operation, fire, and emergency storage for each pressure zone. This table also lists the total required storage for existing domestic water demands at 9.67 MG.

7.6.2 Buildout Storage Requirements

Buildout storage requirements were identified based on the buildout of the 2035 General Plan and summarized by pressure zone on [Table 7.3](#). The table lists the future domestic water demands and identifies the operations, fire, and emergency storage for each pressure zones. The table also lists the total required storage for buildout domestic water demands at 12.07 MG.

Table 7.2 Existing Storage Requirements

Water System Master Plan
City of Morgan Hill

Pressure Zone	Existing Water Demands		Existing Water Storage Requirements				
	Average Day Demand	Maximum Day Demand	Operational at 25% MDD	Emergency at 25% MDD	Fire Protection	Operational + Emergency	Total, By Pressure Zone
	(MGD)	(MGD)	(MG)	(MG)	(MG)	(MG)	(MG)
Central Zones (Nob Hill and Boy's Ranch Pressure Zones)							
Boy's Ranch Zone	1.32	2.64	0.66	0.66	0.63	1.32	1.95
Nob Hill Zone ¹	4.23	8.47	2.12	2.12	0.63	4.23	4.86
Subtotal	5.56	11.11	2.78	2.78	1.26	5.56	6.82
West Side Pressure Zones							
El Toro Zone ²	0.27	0.53	0.13	0.13	0.18	0.27	0.45
Encino Zone	0.12	0.24	0.06	0.06	0.18	0.12	0.30
Glen Ayre Zone	0.05	0.10	0.02	0.02	0.18	0.05	0.23
Llagas Zone	0.20	0.40	0.10	0.10	0.18	0.20	0.38
Woodland Zone	0.02	0.03	0.01	0.01	0.18	0.02	0.20
Subtotal	0.65	1.29	0.32	0.32	0.90	0.65	1.55
East Side Pressure Zones							
Holiday Lake Zone	0.13	0.26	0.06	0.06	0.18	0.13	0.31
Holiday 1,2,3 Zones	0.27	0.53	0.13	0.13	0.18	0.27	0.45
Jackson Oaks Zone ³	0.37	0.74	0.19	0.19	0.18	0.37	0.55
Subtotal	0.77	1.54	0.38	0.38	0.54	0.77	1.31
Total Existing Storage Requirements							
	6.97	13.94	3.49	3.49	2.70	6.97	9.67

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Notes:

1. Nob Hill Zone includes Easy Street Zone demands.
2. El Toro Zone includes Peak and Main Zone and Spring Hill Zone demands.
3. Jackson Oaks Zone includes Jackson Oaks 1,2,3,4 Zones and Jacksons Oaks HPZ 1,2.

12/3/2021

Table 7.3 Buildout Storage Requirements

Water System Master Plan

City of Morgan Hill

Pressure Zone	Buildout Water Demands		Buildout Water Storage Requirements				
	Average Day Demand	Maximum Day Demand	Operational at 25% MDD	Emergency at 25% MDD	Fire Protection	Operational + Emergency	Total, By Pressure Zone
	(MGD)	(MGD)	(MG)	(MG)	(MG)	(MG)	(MG)
Central Zones (Nob Hill and Boy's Ranch Pressure Zones)							
Boy's Ranch Zone	1.92	3.84	0.96	0.96	0.63	1.92	2.55
Nob Hill Zone ¹	5.76	11.52	2.88	2.88	0.63	5.76	6.39
Subtotal	7.68	15.36	3.84	3.84	1.26	7.68	8.94
West Side Pressure Zones							
El Toro Zone ²	0.28	0.56	0.14	0.14	0.18	0.28	0.46
Encino Zone	0.13	0.25	0.06	0.06	0.18	0.13	0.31
Glen Ayre Zone	0.05	0.09	0.02	0.02	0.18	0.05	0.23
Llagas Zone	0.28	0.56	0.14	0.14	0.18	0.28	0.46
Woodland Zone	0.02	0.04	0.01	0.01	0.18	0.02	0.20
Subtotal	0.75	1.50	0.37	0.37	0.90	0.75	1.65
East Side Pressure Zones							
Holiday Lake Zone	0.13	0.26	0.07	0.07	0.18	0.13	0.31
Holiday 1,2,3 Zones	0.46	0.93	0.23	0.23	0.18	0.46	0.64
Jackson Oaks Zone ³	0.35	0.70	0.17	0.17	0.18	0.35	0.53
Subtotal	0.94	1.89	0.47	0.47	0.54	0.94	1.48
Total Additional Storage Requirements for Future							
	9.37	18.74	4.69	4.69	2.70	9.37	12.07

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1. Nob Hill Zone includes Easy Street Zone demands.

2. El Toro Zone includes Peak and Main Zone and Spring Hill Zone demands.

3. Jackson Oaks Zone includes Jackson Oaks 1,2,3,4 Zones and Jacksons Oaks HPZ 1,2.

12/3/2021

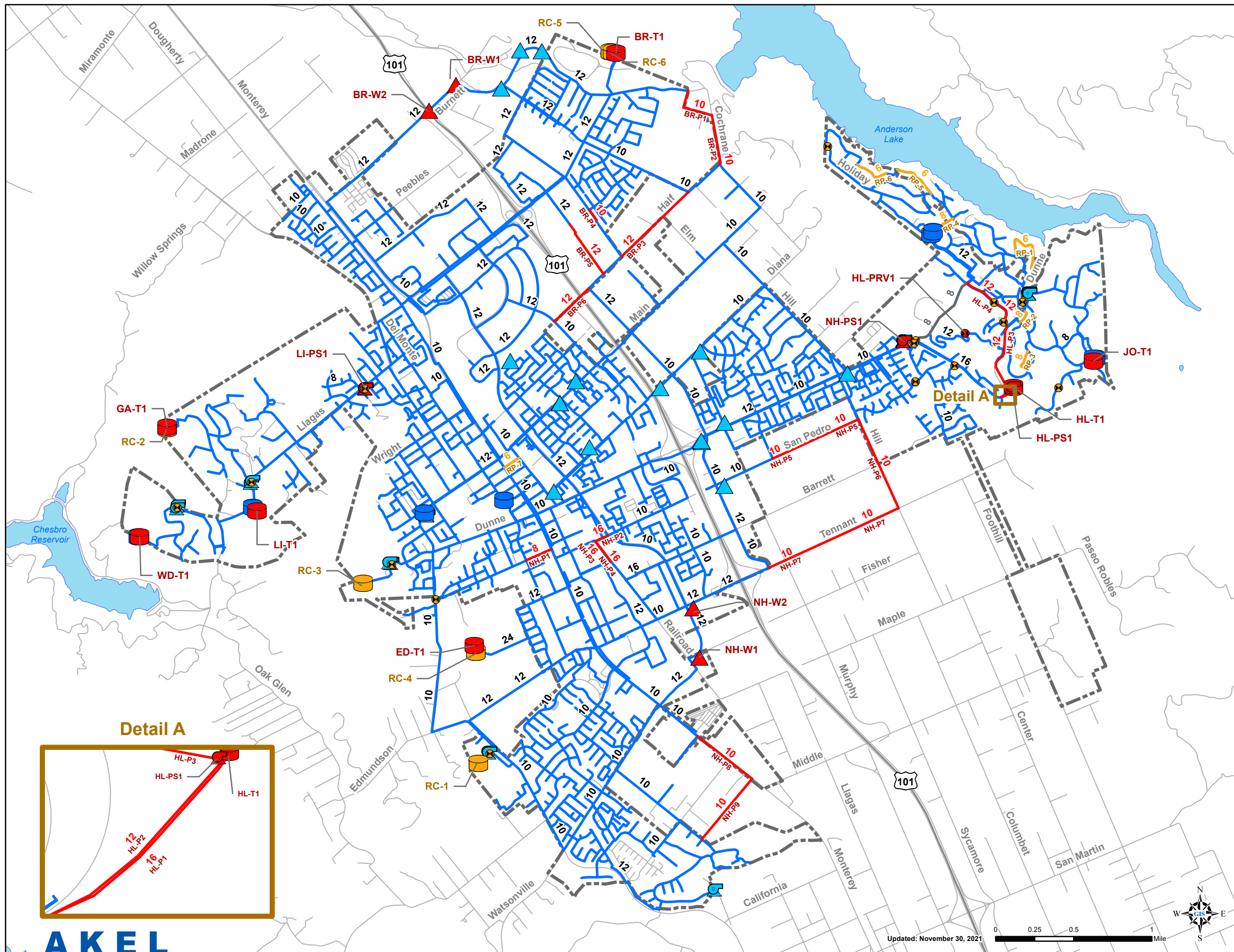
7.6.3 Recommended New Storage Facilities

The existing and future storage requirements, shown on [Tables 7.2](#) and [Table 7.3](#), were facility improvements that were identified and listed on [Table 7.4](#). The table lists existing storage facilities for each zone, identifies existing storage capacity deficiencies, and identifies future storage capacity requirements to meet the needs from future growth.

Based on the storage analysis shown on [Table 7.4](#), the Woodland and Glen Ayre pressure zones are deficient under existing conditions; replacement tanks are recommended for each pressure zone that are sized to meet the storage requirements for existing and future demands. Based on direction from City staff a new tank is to be constructed in the future to provide for the storage requirements of pressure zones Holiday 1, Holiday 2, and Holiday 3, which are approximately 0.64 MG.

The proposed storage reservoirs, summarized on [Table 7.5](#) and graphically shown on [Figure 7.6](#), are described as follows:

- **BR-T1:** Construct a new 1.2 MG storage reservoir at the existing Boys Ranch Tank site. This improvement includes the demolition of the existing Boys Ranch 1 storage reservoir, which has an existing storage capacity of 0.55 MG.
- **GA-T1:** Construct a new 0.25 MG storage reservoir at the existing Glen Ayre Tank site. This improvement includes the demolition of the existing Glen Ayre Tank. This improvement is intended to mitigate an existing storage deficiency as well as provide storage for future demands.
- **ED-T1:** Construct a new 0.90 MG storage reservoir at the existing Edmundson tank site to provide additional storage for future demands.
- **WD-T1:** Construct a new 0.25 MG storage reservoir at the existing Woodland Tank site. This improvement includes the demolition of the existing Woodland Tank. This improvement is intended to mitigate an existing storage deficiency as well as provide storage for future demands.
- **HL-T1:** Construct a new 0.85 MG storage reservoir near Dunne Avenue approximately 500 feet northeast of Flaming Oak Lane. This tank is intended to provide for the storage requirements of existing pressure zones Holiday 1, Holiday 2, and Holiday 3 following the abandonment of existing booster stations East Dunne Number 2 and East Dunne Number 3.
- **LI-T1:** Construct a new 0.2 MG storage reservoir near existing Llagas Tank Site. This tank is intended to provide for the storage requirements of pressure zones Llagas 1, Llagas 2, exiting and future demands.
- **JO-T1:** Construct a new 0.2 MG storage reservoir near the existing Jackson Oak Tank site. This tank is intended to provide for the storage requirements of Jackson Oak pressure zone's existing demand.



Legend

Capacity Improvements

- Tanks
- ▲ Wells
- ⊞ Booster Stations
- Valves
- Pipes

Condition Improvements

- Tanks
- Pipes

Existing System

- Tanks
- ⊞ Booster Stations
- ▲ Wells
- Valves
- Pipes
- Pipes to be Abandoned
- Roads
- City Limits

Note:
2 New additional wells will be needed in the Nob Hills Zone, and to be sited at a later date.

Figure 7.6
Proposed Improvements
Water System Master Plan
City of Morgan Hill



Table 7.4 Storage Capacity Evaluation by Pressure Zone

Water System Master Plan

City of Morgan Hill

Pressure Zone	Existing Demands		Existing Water Storage Requirements			Existing Storage Reservoirs												Storage Balance for Existing Demands	Buildout Demands		Buildout Water Storage Requirements				Proposed New Storage Reservoirs								Total Storage	Existing and Future Storage Balance
	Average Day Demand	Maximum Day Demand	Operational + Emergency	Fire Protection	Total	Boy's Ranch 2	Boy's Ranch 3	Nob Hill	Edmunson	El Toro	Encino	Glen Ayre	Llagas	Woodland	Holiday Lake 1	Holiday Lake 2	Jackson Oaks		Total	Average Day Demand	Maximum Day Demand	Operational + Emergency	Fire Protection	Total	Boy's Ranch 4	Edmundson 2	Glen Ayre 2	Llagas 2	Woodland 2	E Dunne	Jackson Oaks 2	Total - Proposed		
	(MGD)	(MGD)	(MG)	(MG)	(MG)	(MG)	(MG)	(MG)	(MG)	(MG)	(MG)	(MG)	(MG)	(MG)	(MG)	(MG)	(MG)		(MG)	(MGD)	(MGD)	(MG)	(MG)	(MG)	BR-T1 (MG)	ED-T1 (MG)	GA-T1 (MG)	LI-T2 (MG)	WD-T1 (MG)	HL-T1 (MG)	JO-T2 (MG)	(MG)		
Central Zones (Nob Hill and Boy's Ranch Pressure Zones)																																		
Boy's Ranch Zone	1.32	2.64	1.32	0.63	1.95	0.55	1.03											1.58	-0.37	1.92	3.84	1.92	0.63	2.55	1.60						1.60	2.63	0.08	
Nob Hill Zone ¹	4.23	8.47	4.23	0.63	4.86			2.00	4.25									6.25	1.39	5.76	11.52	5.76	0.63	6.39		0.90					0.90	7.15	0.76	
Subtotal	5.56	11.11	5.56	1.26	6.82													7.83	1.01	7.68	15.36	7.68	1.26	8.94					2.50	9.78	0.84			
West Side Pressure Zones																																		
El Toro Zone ²	0.27	0.53	0.27	0.18	0.45													0.50	0.05	0.28	0.56	0.28	0.18	0.46					0.00	0.50	0.04			
Encino Zone	0.12	0.24	0.12	0.18	0.30													0.60	0.30	0.13	0.25	0.13	0.18	0.31					0.00	0.60	0.29			
Glen Ayre Zone	0.05	0.10	0.05	0.18	0.23													0.10	-0.13	0.05	0.09	0.05	0.18	0.23					0.25	0.25	0.02			
Llagas Zone	0.20	0.40	0.20	0.18	0.38														-0.03	0.28	0.56	0.28	0.18	0.46					0.20	0.55	0.09			
Woodland Zone	0.02	0.03	0.02	0.18	0.20													0.03	-0.17	0.02	0.04	0.02	0.18	0.20					0.25	0.25	0.05			
Subtotal	0.65	1.29	0.65	0.90	1.55													1.58	0.03	0.75	1.50	0.75	0.90	1.65					0.70	2.15	0.50			
East Side Pressure Zones																																		
Holiday Lake Zone	0.13	0.26	0.13	0.18	0.31													0.50	0.20	0.13	0.26	0.13	0.18	0.31					0.00	0.70	0.39			
Holiday 1,2,3 Zones	0.27	0.53	0.27	0.18	0.45													0.00	-0.45	0.46	0.93	0.46	0.18	0.64					0.65	0.65	0.01			
Jackson Oaks Zone ³	0.37	0.74	0.37	0.18	0.55													0.35	-0.20	0.35	0.70	0.35	0.18	0.53					0.20	0.55	0.02			
Subtotal	0.77	1.54	0.77	0.54	1.31													1.05	-0.26	0.94	1.89	0.94	0.54	1.48					0.85	1.90	0.42			
Total	6.97	13.94	6.97	2.70	9.67													10.46	0.79	9.37	18.74	9.37	2.70	12.07					4.05	13.83	1.76			

Notes: **AKEL** ENGINEERING GROUP, INC.

1. Nob Hill Zone includes East Street Zone demands.

2. El Toro Zone includes Peak and Main Zone and Spring Hill Zone demands.

3. Jackson Oaks Zone includes Hydropneumatic Zone demands.

4. The tanks planned to be abandoned were highlighted in grey and were not included in the future capacity analysis.

Table 7.5 Proposed Storage Reservoirs

Water System Master Plan

City of Morgan Hill

Reservoir	Pressure Zone	Volume (MG)	Height (ft)	Diameter (ft)	Bottom Elevation (ft)	Overflow Height (ft)	Overflow Elevation (ft)
Boy's Ranch 4	Boy's Ranch	1.20	32	80	533	30	563
Edmundson 2	Nob Hill	0.90	32	70	473	30	503
East Dunne	Holiday 1, 2, and 3	0.85	24	80	780	23	803
Glen Ayre 2	Glen Ayre Zone	0.25	15	50	900	14	914
Jackson Oaks 2	Jackson Oaks Zone 1	0.20	32	33	1,170	30	1,200
Llagas 2	Llagas Zone	0.20	27.2	36	700	8	708
Woodland 2	Woodland Zone	0.25	15	50	1,079	14	1,093
Total		3.85					

7.7 PUMP STATION CAPACITY ANALYSIS

The City's existing pump station capacity is identified in this section. Additionally, this section identifies the existing and future pump station capacity requirements and compares it with the existing pump station facilities in each zone and makes recommendations for new pump station facilities.

7.7.1 Existing Pump Station Capacity Requirements

Existing pump station requirements were identified for each existing pump station and are summarized on [Table 7.6](#). The table lists the existing pump station capacities and identifies the required capacity, based on the City criteria. The existing pump station capacity analysis indicates the City's current pump stations have fairly adequate capacity to meet existing requirements.

7.7.2 Future Pump Station Capacity Requirements

Future pump station requirements were identified for each existing pump station and are summarized on [Table 7.7](#). This table identifies the future pump station capacity requirements based on the buildout demands. At the buildout of the master plan the existing pump stations East Dunne Number 1, East Dunne Number 2, and East Dunne Number 3 are going to be abandoned and replaced with a new pump station; this proposed pump station will serve a proposed Holiday (E Dunne) tank. Additionally, a new pump station is recommended at the proposed Holiday (E Dunne) tank site to serve the existing Holiday Lake tanks. The proposed pump stations, summarized on [Table 7.8](#) and shown graphically on [Figure 7.6](#), are described as follows:

- **NH-PS1:** Replace existing pump stations East Dunne Number 1, East Dunne Number 2, and East Dunne Number 3 with one new pump station. This pump station is planned to have three 900 gpm pumps for a total pump station capacity of 2,700 gpm. It should be noted that the construction of this pump station will trigger the construction of a PRV on Thomas Grade Lane, approximately 1,100 feet west of Gnarled Oak Lane. This PRV improvement is listed as HL-PRV1 in [Table 7.9](#).
- **HL-PS1:** Construct a new pump station at the proposed Holiday tank site. This pump station is planned to have four 550 gpm pumps for a total pump station capacity of 2,200 gpm.
- **LI-PS1:** Replace existing 300 gpm pump with one new 450 gpm pump. This pump station is planned to have two 450 gpm pumps for a total station capacity of 450 gpm.

Per City's direction, Boy's Ranch Pressure Zone experienced supply sufficiency issues several times during the summer season. In order to enhance domestic water supply reliability in Boy's Ranch Pressure Zone, City Staff and project group evaluated two modified operation options to move water from Nob Hill pressure zone to Boy's Ranch pressure zone during critical condition.

Table 7.6 Existing Pump Station Capacity Evaluation

Water System Master Plan

City of Morgan Hill

Pump Station	Elevation (ft)	Source Pressure Zone	Destination Pressure Zone	Pump Station Capacity Analysis			
				Total Capacity	Firm Capacity	Required Existing Capacity ¹	Deficiency
				(gpm)	(gpm)	(gpm)	(gpm)
Existing Pump Stations							
East Dunne # 1	430	Nob Hill	Holiday Lake Zone	1,800	1,200	697	-
East Dunne # 2	430	Nob Hill	Holiday Zone #1	400	200	34	-
East Dunne # 3	430	Nob Hill	Holiday Zone #2	925	425	336	-
El Toro	520	Peak and Main	El Toro	380	190	3	-
Encino Booster	415	Nob Hill	Encino	900	450	164	-
Glen Ayre Booster	660	Llagas	Glen Ayre Zone	330	165	68	-
Hydropneumatic Booster	1170	Jackson Oaks	Hydropneumatic Zone	1,710	1,640	62	-
Jackson Oaks Booster	830	Holiday Lake	Jackson Oaks Zone	970	620	516	-
Llagas Booster	365	Nob Hill	Llagas Zone	750	300	365	65
Peak and Main Booster	370	Nob Hill	Peak and Main Zone	2,050	1,350	370	-
Woodland Booster	620	Llagas	Woodland Zone	430	140	23	-



10/11/2021

Note:

1. Required firm pump station capacity equal to Maximum Day Demand. Required firm hydropneumatic pump station capacity also required to include 1,500 gpm fire flow.

Table 7.7 Buildout Pump Station Capacity Evaluation
Water System Master Plan
City of Morgan Hill

Pump Station	Elevation (ft)	Source Pressure Zone	Destination Pressure Zone	Pump Station Capacity Analysis			
				Total Capacity	Firm Capacity	Required Buildout Capacity ¹	Deficiency
				(gpm)	(gpm)	(gpm)	(gpm)
Existing Pump Stations							
East Dunne # 1	430	Nob Hill	Holiday Lake Zone		Pump Station to be Abandoned		
East Dunne # 2	430	Nob Hill	Holiday Zone #1		Pump Station to be Abandoned		
East Dunne # 3	430	Nob Hill	Holiday Zone #2		Pump Station to be Abandoned		
El Toro	520	Peak and Main	El Toro	380	190	3	-
Encino Booster	415	Nob Hill	Encino	900	450	175	-
Glen Ayre Booster	660	Llagas	Glen Ayre Zone	330	165	64	-
Hydropneumatic Booster	1170	Jackson Oaks	Hydropneumatic Zone	1,710	1,640	64	-
Jackson Oaks Booster	830	Holiday Lake	Jackson Oaks Zone	970	620	484	-
Peak and Main Booster	370	Nob Hill	Peak and Main Zone	2,050	1,350	388	-
Woodland Booster	620	Llagas	Woodland Zone	430	140	25	-
Purposed Permanent Pump Stations							
East Dunne ²	430	Nob Hill	Holiday 1	2,700	1,800	1,311	-
Holiday Lake ²	780	Holida Zone No. 1	Holiday Lake Zone	2,200	1,650	668	-
Llagas Booster	365	Nob Hill	Llagas Zone	900	450	476	25
Purposed Mobile Pump Station							
Condit	380	Nob Hill	Boy's Ranch	1,500	0	-	-



11/11/2021

1. Required firm pump station capacity equal to Maximum Day Demand. Required firm hydropneumatic pump station capacity to also include fire flow.
2. Future capacity of East Dunne and Holiday Lake pump stations consistent with "Holiday Lake Zone Improvements" prepared by Akel Engineering Group July 2015.

Table 7.8 Proposed Pump Stations
 Water System Master Plan
 City of Morgan Hill

Name	Elevation	Source Pressure Zone	Destination Pressure Zone	Pump Station Capacity		No. of Pumps	Pump Status	Design Capacity				
	(ft)			Total	Firm				(gpm)	(gpm)	(gpm)	(gpm)
	(gpm)			(gpm)	(gpm)				(gpm)	(gpm)		
New Permanent Pump Stations												
East Dunne ^{1,2}	430	Nob Hill	Holiday Zone No. 1	2,700	1,800	3	Duty	900				
							Duty	900				
							Standby	900				
Holiday Lake ²	780	Holiday Zone No. 1	Holiday Lake	2,200	1,650	4	Duty	550				
							Duty	550				
							Duty	550				
							Standby	550				
New Mobile Pump Station												
Condit	380	Nob Hill	Boy's Ranch	1,500	0	1	Duty	1,500				
Existing Pump Station Improvement												
Llagas	365	Nob Hill	Llagas	900	450	2	Duty	450				
							Standby	450				



Notes:

- 1. East Dunne Pump Station to replace existing East Dunne Pump Stations 1, 2, and 3.
- 2. Future capacity of East Dunne and Holiday Lake pump stations consistent with "Holiday Lake Zone Improvements" prepared by Akel Engineering Group July 2015.

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Table 7.9 Proposed Capacity Improvements
 Water System Master Plan
 City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Existing	Pipeline Improvements		
				Diameter	New/Parallel /Replace	Diam.	Length
				(in)		(in)	(ft)
Pipeline Capacity Improvements							
Boy's Ranch Pressure Zone							
BR-P1	Boy's Ranch	ROW	Cochrane Rd to Half Rd	-	New	10	1,600
BR-P2	Boy's Ranch	Cochrane Rd	Half Rd to approx 1,700' n/o Half Rd	-	New	10	1,700
BR-P3	Boy's Ranch	Half Rd	Mission View Dr to Peet Rd	-	New	12	3,150
BR-P4	Boy's Ranch	Mission View Dr	Between Cochrane Rd and 2,100' nw/o Cochrane Rd	8	Replace	10	450
BR-P5	Boy's Ranch	Mission View Dr	Half Rd to 2,100' nw/o Half Rd	-	New	12	2,100
BR-P6	Boy's Ranch	Half Rd	Serene Dr to Conduit Rd	-	New	12	1,650
Nob Hill Pressure Zone							
NH-P1	Nob Hill	Spring Ave	Del Monte Ave to Monterey Rd	4	Replace	8	950
NH-P2	Nob Hill	San Pedro Ave	Butterfield Blvd to Railroad Ave	10	Replace	16	550
NH-P3	Nob Hill	Railroad Ave	San Pedro Ave to approx 600' n/o Mast St	10	Replace	16	350
NH-P4	Nob Hill	Railroad Ave	Approx 600' n/o Mast St to Mast St	6	Replace	16	600
NH-P5	Nob Hill	San Pedro Ave	1,100' ne/o Murphy Ave to Hill Rd	-	New	10	3,200
NH-P6	Nob Hill	Hill Rd	San Pedro Ave to Tennant Ave	-	New	10	3,300
NH-P7	Nob Hill	Tennant Ave	Hill Rd to Condit Rd	-	New	10	4,850
NH-P8	Nob Hill	Monterey Rd	John Wilson Way to E Middle Ave	-	New	10	2,350
NH-P9	Nob Hill	ROW	Monterey Rd to Olive Ave	-	New	10	2,700
Holiday Pressure Zones							
HL-P1	Holiday 1	Dunne Ave	Flaming Oak Ln to Proposed E Dunne Tank	-	New	16	550
HL-P2	Holiday 1	Dunne Ave	Proposed E Dunne Tank to Flaming Oak Ln	-	New	12	550
HL-P3	Holiday Lake	Dunne Ave	Proposed E Dunne Tank to Lori Ln	-	New	12	2,450
HL-P4	Holiday Lake	Oak Leaf Dr	Lori Ln to 650' nw/o Lori Ln	-	New	12	2,300
Storage Reservoir Capacity Improvements					Proposed Storage Capacity (MG)		
BR-T1	Boy's Ranch	Demolish existing 0.55 MG Boys Ranch tank and replace with 1.20 MG tank			Replace	1.20	
GA-T1	Glen Ayre	Demolish existing 0.10 MG Glen Ayre tank and replace with 0.25 MG tank			Replace	0.25	
ED-T1	Nob Hill	Existing Edmundson tank site			New	0.90	
LI-T1	Llagas	Existing Llagas tank site			New	0.20	
JO-T1	Jackson Oaks 1	Existing Jackson tank site			New	0.20	

Table 7.9 Proposed Capacity Improvements
 Water System Master Plan
 City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Pipeline Improvements			
				Existing Diameter	New/Parallel /Replace	Diam.	Length
				(in)		(in)	(ft)
WD-T1	Woodland	Demolish existing 0.03 MG Woodland tank and replace with 0.25 MG tank		New	0.25		
HL-T1	Holiday 1	Dunne Ave approx 500' ne/o Flaming Oak Ln		New	0.85		
Groundwater Well Capacity Improvements				Proposed Pumping Capacity (gpm)			
BR-W1	Boy's Ranch	Burnett Ave	Approx 6,000' ne/o Monterey Ave	New	800		
BR-W2	Boy's Ranch	Burnett Ave	Approx 5,000' ne/o Monterey Ave	New	800		
NH-W1	Nob Hill	Butterfield Blvd	400' E of Railroad Ave and Fisher Ave	New	800		
NH-W2	Nob Hill	Butterfield Blvd	Butterfield Blvd and Tennant Ave	New	800		
NH-W3	Nob Hill	Well site to be determined at a later date.		New	800		
NH-W4	Nob Hill	Well site to be determined at a later date.		New	800		
Pump Station Capacity Improvements				Proposed Capacity (gpm)			
NH-PS1	Nob Hill	Dunne Ave and Magnolia Wy		New	3 @ 900 gpm		
BR-PS1	Boy's Ranch	Current Condit Valve Site		New	1 @ 1,500 gpm		
HL-PS1	Holiday 1	Dunne Ave approx 500' ne/o Flaming Oak Ln		New	4 @ 550 gpm		
LI-PS1	Llagas 2	Llagas Road and Carriage Drive		New	1 @ 450 gpm		
Pressure Reducing Valve Capacity Improvements				Proposed Size (in)			
HL-PRV1	Holiday 1	Thomas Gr approx 1,100' w/o Gnarled Oak Ln		New	3		

- **Option 1:** Expand the Boy's Ranch Boundary to from Main Avenue to Diana Avenue by installing zone interties along Condit Road and near Diana Well 3. This modified operation can let Diana Well 3 supply the Boy's Ranch pressure zone instead of Nob Hill pressure zone. Zone interties to be closed and modified pressure zone are shown on [Figure 7.7](#).
- **Option 2:** Install a portable booster pump station (**BR-PS1**) at the existing Condit Valve site to boost water from Nob Hill pressure zone to Boy's Ranch pressure zone. The proposed portable booster pump station and Condit Valve site are shown on [Figure 7.8](#).

7.8 PIPELINE IMPROVEMENTS TO SERVE FUTURE GROWTH

The buildout of the 2035 General Plan includes development outside of the extents of the existing domestic water distribution system. Distribution pipelines are recommended to serve future growth as well as increase the hydraulic reliability of the domestic water distribution system. Each pipeline improvement is assigned a uniquely coded identifier, which is intended to aid in defining the location of the improvement for mapping purposes. These identifiers reflect the pressure zone, improvement type, and sequence in the improvement schedule. The pipeline improvements are summarized on [Table 7.9](#) and described in detail on the following pages.

7.8.1 Boys Ranch Pressure Zone

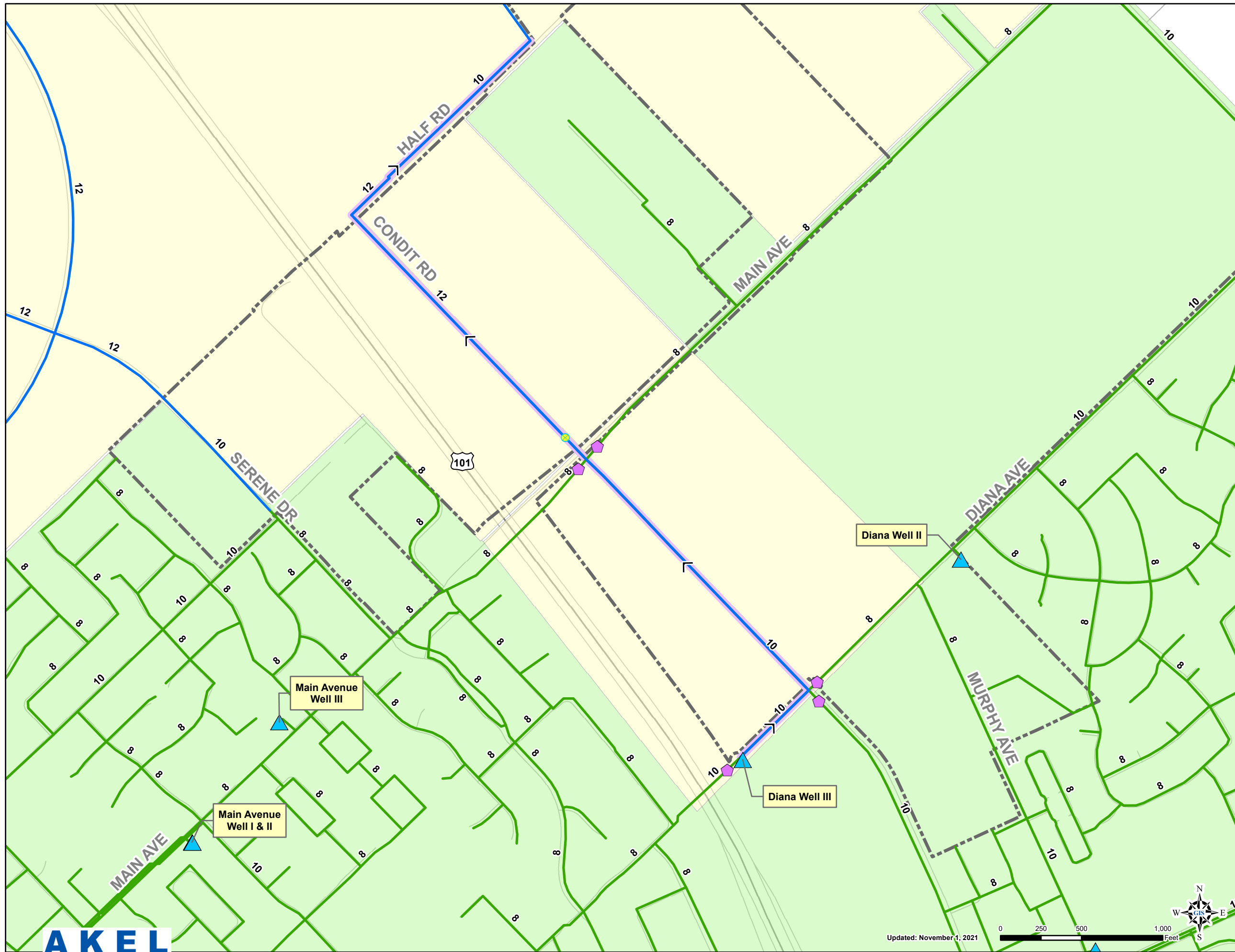
This section documents pipeline improvements within the Boys Ranch Pressure Zone.

- **BR-P1:** Construct a new 10-inch pipeline in future right-of-way between Cochrane Road and Coyote Road.
- **BR-P2:** Construct a new 10-inch pipeline in Cochrane Road between Half Road and approximately 1,700 feet north of Half Road.
- **BR-P3:** Construct a new 12-inch pipeline in Half Road between Avenida de los Padres and approximately 450 feet south of Avenida de los Padres.
- **BR-P4:** Replace existing 8-inch pipeline with a new 10-inch pipeline in Mission View Drive between Cochrane Road and 2,100 feet northwest of Cochrane Road.
- **BR-P5:** Construct a new 12-inch pipeline in De Paul Road between Half Road and 2,100 feet northwest of Half Road.
- **BR-P6:** Construct a new 12-inch pipeline in Half Road between Serene Road and Condit Road.

7.8.2 Nob Hill Pressure Zone

This section documents pipeline improvements within the Nob Hill Pressure Zone.

- **NH-P1:** Replace existing 4-inch pipeline with a new 8-inch pipeline in Spring Avenue between Del Monte Avenue and Monterey Road.
- **NH-P2:** Replace existing 10-inch pipeline with a new 16-inch pipeline in San Pedro Avenue between Butterfield Boulevard and Railroad Avenue.



Legend

Existing System

- Wells
- Condit Valve
- Zone Interties (Closed)

New Flow Direction

Pipes by Pressure Zone

Boys Ranch

Nob Hill

Existing Pressure Zones

Boys Ranch

Nob Hill

Roads

City Limits

Note:

Expand Boy's Ranch Pressure Zone to include Diana #3 Well

Figure 7.7
Schematic for Switching
Diana #3 to Boys Ranch
 Water System Master Plan
 City of Morgan Hill





Legend

- Condit Valve Site**
- Portable Trailer Mounted Pump
 - New Hydrant Connections
 - Portable Pump Pipes
 - New Flow Direction
- Existing System**
- Wells
 - Condit Valve
- Pipes by Pressure Zone**
- Boys Ranch
 - Nob Hill
- Existing Pressure Zones**
- Boys Ranch
 - Nob Hill
- Roads
- City Limits

Note:
A portable booster pump station at the Condit Valve Site to supply Boy's Ranch Pressure Zone.

Figure 7.8
Portable Booster Pump at Condit Valve Station
Water System Master Plan
City of Morgan Hill



- **NH-P3:** Replace existing 10-inch pipeline with a new 16-inch pipeline in Railroad Avenue between San Pedro Avenue and approximately 600 feet north of Mast Street.
- **NH-P4:** Replace existing 6-inch pipeline with a new 16-inch pipeline in Railroad Avenue between S600 feet north of Mast Street and Mast Street.
- **NH-P5:** Construct a new 10-inch pipeline in San Pedro Avenue between Peppertree Drive and Hill Road.
- **NH-P6:** Construct a new 10-inch pipeline in Hill Road between San Pedro Avenue and Tennant Avenue.
- **NH-P7:** Construct a new 10-inch pipeline in Tennant Avenue between Hill Road and Condit Road.
- **NH-P8:** Construct a new 10-inch pipeline in Monterey Road between John Wilson way and Middle Avenue.
- **NH-P9:** Construct a new 10-inch pipeline in right of way between Monterey Road and Olive Avenue.

7.8.3 Holiday Pressure Zones

This section documents pipeline improvements within the Holiday Pressure Zone.

- **HL-P1:** Construct a new 16-inch pipeline in Dunne Avenue between Flaming Oak Lane and Proposed East Dunne Tank.
- **HL-P2:** Construct a new 12-inch pipeline in Dunne Avenue between Proposed East Dunne Tank and Flaming Oak Lane.
- **HL-P3:** Construct a new 12-inch pipeline in Dunne Avenue between Proposed Holiday 1 Pressure Zone and Oak Leaf Drive.
- **HL-P4:** Construct a new 12-inch pipeline in Oak Leaf Drive between Dunne Avenue and 650 feet west of Lori Drive.
- **HL-P5:** Replace existing 8-inch pipeline with a new 12-inch pipeline in Lake View Drive between Oak Leaf Drive and Holiday Lake Tanks.

7.9 PIPELINE REPAIR AND REPLACEMENT

During the preparation of this master plan, City staff identified sections of pipeline intended to be replaced due to either deteriorated condition or for operational considerations ([Table 7.10](#)). It should be noted that, for planning purposes, the operational improvements generally involve replacing deficient pipes in kind. However, if feasible and based on site-specific constraints, it is recommended that 6-inch pipes be upsized to 8-inches. The operational improvements are summarized below:

- **RP-1:** Replace existing 6-inch pipeline with a new 6-inch pipeline in Shady Lane between Holiday Drive and Holiday Drive.

Table 7.10 Planned Pipeline Repair and Replacement

Water System Master Plan

City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Pipeline Improvements			
				Existing Diameter (in)	New/Parallel/ Replace ¹	Diam. ² (in)	Length (ft)
RP-1	Holiday Lake	Shady Ln	From Holiday Dr to Holiday Dr	6	Replace	6	2,550
RP-2	Jackson Oaks	Hill Top Ct	From Jackson Oaks Dr to approx 550' ne/o Jackson Oaks Dr	8	Replace	8	550
RP-3	Jackson Oaks	Oak View Ct	From Jackson Oaks Dr to approx 700' s/o Jackson Oaks Dr	8	Replace	8	700
RP-4	Holiday Lake	Holiday Tank Site	From Holiday Lake Tanks to Manzanita Dr	8	Replace	8	800
RP-5	Holiday Lake	Manzanita Dr	From Holiday Dr to end of Manzanita Dr	6	Replace	6	1,650
RP-6	Holiday Lake	Raccoon Ct	From Holiday Ct to end of Manzanita Dr	6	Replace	6	1,700
RP-7	Nob Hill	First St	From Monterey Rd to Depot St	6	Replace	6	600
RP-8	Hydropneumatic Zone	Oak Canyon Dr	From Jackson Oaks Hydropneumatic tank to Jackson Oaks Dr	8	Replace	8	600

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Note:

1. Repair and replacement improvements include pipelines requiring replacement due to deteriorated condition or other operational issue, as identified by City staff.
2. Where feasible, it is recommended that 6-inch pipelines be upsized to 8-inch pipelines.

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- **RP-2:** Replace existing 8-inch pipeline with a new 8-inch pipeline in Hill Top Court between Jackson Oaks Drive and approximately 550 feet northeast of Jackson Oaks Drive.
- **RP-3:** Replace existing 8-inch pipeline with a new 8-inch pipeline in Oak View Court between Jackson Oaks Drive and approximately 700 feet northeast of Jackson Oaks Drive.
- **RP-4:** Replace existing 8-inch pipeline with a new 8-inch pipeline on the Holiday Tank site between the existing Holiday Lake tanks and Manzanita Drive.
- **RP-5:** Replace existing 6-inch pipeline with a new 6-inch pipeline in Manzanita Drive between Holiday Drive and the end of Manzanita Drive.
- **RP-6:** Replace the existing 6-inch pipeline with a new 6-inch pipeline in Raccoon Court between Holiday Court and the end of Raccoon Court.
- **RP-7:** Replace the existing 6-inch pipeline with a new 6-inch pipeline in First Street between Monterey Road and Depot Street.
- **RP-8:** Replace the existing 8-inch pipeline with a new 8-inch pipeline from the Jackson Oaks hydropneumatic tank and Jackson Oaks Drive.

The water industry recommends pipe renewal and replacement annual goals be set at, or near, 1.0% of the system pipeline total length, and in order to achieve the 100-year pipeline replacement cycle. In the case of Morgan Hill, and due to budget constraints, City staff suggested that a goal of 0.5 % be set through year 2030. It should be noted that the 0.5% annual goal for replacement translates into a 200-year pipeline replacement cycle. The estimated pipeline replacement costs are further documented and discussed in Chapter 8.4.

7.10 RESERVOIR RE-COATING AND RETROFITTING

During the preparation of this master plan, City staff identified 6 reservoirs intended to be re-coated and retrofitted due to either deteriorated condition or other operational issues ([Table 7.11](#)). The operational improvements are summarized below:

- **RC-1:** Re-coat the 0.6 MG Encino reservoir in Encino Zone in fiscal year of 2022.
- **RC-2:** Re-coat the 0.1 MG Glen Ayre reservoir in Glen Ayre Zone in fiscal year of 2022.
- **RC-3:** Re-coat the 0.5 MG El Toro reservoir in El Toro Zone in fiscal year of 2023.
- **RC-4:** Re-coat the 4.25 MG Edmundson reservoir in Nob Hill Zone in fiscal year of 2024.
- **RC-5:** Re-coat the 1.03 MG Boy's Ranch # 3 reservoir in Boy's Ranch Zone in fiscal year of 2025.
- **RC-6:** Re-coat the 0.55 MG Boy's Ranch # 2 reservoir in Boy's Ranch Zone in fiscal year of 2026.

Table 7.11 Reservoir Re-Coating and Retrofitting
Water System Master Plan
City of Morgan Hill

Improv. No.	Reservoir	Pressure Zone	Volume (MG)	Planned Fiscal Year
RC-1	Encino	Encino Zone	0.60	2022
RC-2	Glen Ayre	Glen Ayre Zone	0.10	2022
RC-3	El Toro	El Toro Zone	0.50	2023
RC-4	Edmundson	Nob Hill Zone	4.25	2024
RC-5	Boy's Ranch # 3	Boy's Ranch Zone	1.03	2025
RC-6	Boy's Ranch # 2	Boy's Ranch Zone	0.55	2026

A K E L
ENGINEERING GROUP, INC.
NOTE:

12/3/2021

1. Reservoir re-coating improvements due to deteriorated condition or other operational issue, as identified by City staff on Oct 18, 2021.

CHAPTER 8 – CAPITAL IMPROVEMENT PROGRAM

This chapter provides a summary of the recommended domestic water system improvements to mitigate existing capacity deficiencies and to accommodate anticipated future growth. The chapter also presents the cost criteria and methodologies for developing the capital improvement program. Finally, a capacity allocation analysis, usually used for cost sharing purposes, is also included.

8.1 COST ESTIMATE ACCURACY

Cost estimates presented in the CIP were prepared for general master planning purposes and, where relevant, for further project evaluation. Final costs of a project will depend on several factors including the final project scope, costs of labor and material, and market conditions during construction.

The Association for the Advancement of Cost Engineering (AACE International), formerly known as the American Association of Cost Engineers has defined three classifications of assessing project costs. These classifications are presented in order of increasing accuracy: Order of Magnitude, Budget, and Definitive.

- **Order of Magnitude Estimate.** This classification is also known as an “original estimate”, “study estimate”, or “preliminary estimate”, and is generally intended for master plans and studies.

This estimate is not supported with detailed engineering data about the specific project, and its accuracy is dependent on historical data and cost indexes. It is generally expected that this estimate would be accurate within -30 percent to +50 percent.

- **Budget Estimate.** This classification is also known as an “official estimate” and generally intended for predesign studies. This estimate is prepared to include flow sheets and equipment layouts and details. It is generally expected that this estimate would be accurate within -15 percent to +30 percent.
- **Definitive Estimate.** This classification is also known as a “final estimate” and prepared during the time of contract bidding. The data includes complete plot plans and elevations, equipment data sheets, and complete specifications. It is generally expected that this estimate would be accurate within -5 percent to + 15 percent.

Costs developed in this study should be considered “Order of Magnitude” and have an expected accuracy range of **-30 percent** and **+50 percent**.

8.2 COST ESTIMATE METHODOLOGY

Cost estimates presented in this chapter are opinions of probable construction and other relevant costs developed from several sources including cost curves, Akel experience on other master planning projects, and input from City staff on the development of public and private cost sharing. Where appropriate, costs were escalated to reflect the more current Engineering News Records (ENR) Construction Cost Index (CCI).

This section documents the unit costs used in developing the opinion of probable construction costs, the Construction Cost Index, the land acquisition costs, and markups to account for construction contingency and other project related costs.

8.2.1 Unit Costs

The unit cost estimates used in developing the Capital Improvement Program are summarized on [Table 8.1](#). Domestic water pipeline unit costs are based on length of pipes, in feet. Storage reservoir unit costs are based on capacity, per million gallons (MG). Pump Station costs are based on an equation that replaces the pump curve.

The unit costs are intended for developing the Order of Magnitude estimate and do not account for site specific conditions, labor and material costs during the time of construction, final project scope, implementation schedule, detailed utility and topography surveys for reservoir sites, investigation of alternative routings for pipes, and other various factors. The capital improvement program included in this report accounts for construction and project-related contingencies as described in this chapter.

8.2.2 Construction Cost Index

Costs estimated in this study are adjusted utilizing the Engineering News Record (ENR) Construction Cost Index (CCI), which is widely used in the engineering and construction industries.

The costs in this Water System Master Plan Update were benchmarked using a 20-City national average ENR CCI of 12,464, reflecting a date of October 2021.

8.2.3 Construction Contingency Allowance

Knowledge about site-specific conditions for each proposed project is limited at the master planning stage; therefore, construction contingencies were used. The estimated construction costs in this master plan include a **40 percent** contingency allowance to account for unforeseen events and unknown field conditions, as well as market uncertainty and unpredictable inflation.

8.2.4 Project Related Costs

The capital improvement costs also account for project-related costs, comprising of engineering design, project administration (developer and City staff), construction management and

Table 8.1 Unit Costs
Water System Master Plan
City of Morgan Hill

Pipelines	
Pipe Size (in)	Cost ² (\$/lineal foot)
6	\$189
8	\$213
10	\$246
12	\$271
16	\$327
18	\$352
20	\$403
24	\$440
30	\$487
36	\$574
Pump Stations	
Estimated Pumping Station Project Cost = $2.456 * 10^{(0.7583 * \log(Q) + 3.1951)}$ where Q is in gpm	
Estimated Upsize Existing Pump (50hp) = \$ 300,000	
Portable Trailer Mounted pump = \$ 100,000	
Pressure Reducing Stations	
Size (in)	Cost (\$)
3" valve	\$55,977
6" valve	\$91,598
Storage Reservoirs (\$/gallon)	
≤1.0 MG	\$2.54
1.1 MG-3.0 MG	\$2.03
3.1 MG - 5.0 MG	\$1.46
> 5 MG	\$1.09
Re-coating	\$0.55
Groundwater Wells	
800 gpm Capacity	\$2,769,252

1. Construction costs estimated using October 2021 ENR CCI of 12,464.
2. Pipeline unit costs based on water main construction estimates provided by City staff.

inspection, and legal costs. The project related costs in this master plan were estimated by applying an additional **30 percent** to the estimated construction costs.

8.3 CAPITAL IMPROVEMENT PROGRAM

This section documents the capital improvement program, contingencies included in the costs, and the allocation of costs to meet the requirements of AB1600.

8.3.1 Capital Improvement Costs

The Capital Improvement Program costs for the projects identified in this master plan for mitigating existing system deficiencies and for serving anticipated future growth throughout the City are summarized on [Table 8.2](#).

Each improvement was assigned a unique coded identifier associated with the improvement type and is summarized graphically on [Figure 7.6](#). The estimated construction costs include the baseline costs plus **40 percent** contingency allowance to account for unforeseen events and unknown field conditions, as described in a previous section. Capital improvement costs include the estimated construction costs plus **30 percent** project-related costs (engineering design, project administration, construction management and inspection, and legal costs).

8.3.2 Recommended Cost Allocation Analysis

Cost allocation analysis is needed to identify improvement funding sources, and to establish a nexus between development impact fees and improvements needed to service growth. In compliance with the provisions of Assembly Bill AB 1600, the analysis differentiates between the project needs of servicing existing users and for those required to service anticipated future developments. The cost responsibility is based on model parameters for existing and future land use, and may change depending on the nature of development. [Table 8.2](#) lists each improvement, and separates the cost by responsibility between existing and future users.

8.3.3 CIP Table Organization

In addition to separating the costs between existing and future users, the improvements in [Table 8.2](#) are organized within the following 5 main sections:

1. Planned Capacity Improvements (Short-Term and Long-Term). These capacity improvements include pipelines, storage reservoirs, groundwater wells, pump stations, and PRVs.
2. Planned Condition Improvements. The condition improvements include currently planned Renewal and Replacement projects (2022-2024) by City staff, as well as recommended annual pipeline condition renewal budgets through 2031. This section also includes planned reservoir condition improvements and other 6-year improvement projects.
3. Comprehensive Plan Updates. The comprehensive plan updates include several plans that are important for the management, planning, and funding the water system.

Table 8.2 Capital Improvement Program

Water System Master Plan

City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Pipeline Improvements		Infrastructure Costs				Baseline Constr. Costs	Estimated Const. Costs ¹	Capital Improv. Costs ²	Suggested Expenditure Budget	Construction Trigger	Suggested Cost Allocation		Cost Sharing	
				Existing Diameter	New/Parallel/Replace	Diameter	Length	Unit Cost	Infr. Cost						Existing Users	Future Users	Existing Users	Future Users
				(in)		(in)	(ft)	(\$)	(\$)									
1. Planned Capacity Improvements (Short-Term and Long-Term)																		
1.1 Pipeline Capacity Improvements																		
Boy's Ranch Pressure Zone																		
BR-P1	Boy's Ranch	ROW	Cochrane Rd to Half Rd	-	New	10	1,600	246	392,822	392,822	549,951	714,936	2030-2034	As development occurs	0%	100%	0	714,936
BR-P2	Boy's Ranch	Cochrane Rd	Half Rd to approx 1,700' n/o Half Rd	-	New	10	1,700	246	417,374	417,374	584,323	759,620	2030-2034	As development occurs	0%	100%	0	759,620
BR-P3	Boy's Ranch	Half Rd	Mission View Dr to Peet Rd	-	New	12	3,150	271	852,980	852,980	1,194,172	1,552,424	2030-2034	As development occurs	0%	100%	0	1,552,424
BR-P4	Boy's Ranch	Mission View Dr	Between Cochrane Rd and 2,100' nw/o Cochrane Rd	8	Replace	10	450	246	110,481	110,481	154,674	201,076	2022-2024	Immediate	100%	0%	201,076	0
BR-P5	Boy's Ranch	Mission View Dr	Half Rd to 2,100' nw/o Half Rd	-	New	12	2,100	271	568,653	568,653	796,115	1,034,949	2030-2034	As development occurs	0%	100%	0	1,034,949
BR-P6	Boy's Ranch	Half Rd	Serene Dr to Conduit Rd	-	New	12	1,650	271	446,799	446,799	625,519	813,174	2030-2034	As development occurs	0%	100%	0	813,174
						Subtotal - Boys Ranch Pressure Zone				2,789,110	3,904,753	5,076,179			201,076		4,875,104	
Nob Hill Pressure Zone																		
NH-P1	Nob Hill	Spring Ave	Del Monte Ave to Monterey Rd	4	Replace	8	950	213	202,368	202,368	283,316	368,310	2022-2024	As development occurs	100%	0%	368,310	0
NH-P2	Nob Hill	San Pedro Ave	Butterfield Blvd to Railroad Ave	10	Replace	16	550	327	179,713	179,713	251,598	327,077	2025-2029	As development occurs	100%	0%	327,077	0
NH-P3	Nob Hill	Railroad Ave	San Pedro Ave to approx 600' n/o Mast St	10	Replace	16	350	327	114,363	114,363	160,108	208,140	2025-2029	As development occurs	0%	100%	0	208,140
NH-P4	Nob Hill	Railroad Ave	Approx 600' n/o Mast St to Mast St	6	Replace	16	600	327	196,050	196,050	274,470	356,811	2025-2029	As development occurs	0%	100%	0	356,811
NH-P5	Nob Hill	San Pedro Ave	1,100' ne/o Murphy Ave to Hill Rd	-	New	10	3,200	246	785,644	785,644	1,099,902	1,429,873	2035-2038	As development occurs	0%	100%	0	1,429,873
NH-P6	Nob Hill	Hill Rd	San Pedro Ave to Tennant Ave	-	New	10	3,300	246	810,196	810,196	1,134,274	1,474,556	2035-2038	As development occurs	0%	100%	0	1,474,556
NH-P7	Nob Hill	Tennant Ave	Hill Rd to Condit Rd	-	New	10	4,850	246	1,190,742	1,190,742	1,667,039	2,167,151	2035-2038	As development occurs	0%	100%	0	2,167,151
NH-P8	Nob Hill	Monterey Rd	John Wilson Way to E Middle Ave	-	New	10	2,350	246	576,958	576,958	807,741	1,050,063	2035-2038	As development occurs	0%	100%	0	1,050,063
NH-P9	Nob Hill	ROW	Monterey Rd to Olive Ave	-	New	10	2,700	246	662,887	662,887	928,042	1,206,455	2035-2038	As development occurs	0%	100%	0	1,206,455
						Subtotal - Nob Hill Pressure Zone				4,718,921	6,606,489	8,588,436			695,387		7,893,048	
Holiday Pressure Zones																		
HL-P1	Holiday 1	Dunne Ave	Flaming Oak Ln to Proposed E Dunne Tank	-	New	16	550	327	179,713	179,713	251,598	327,077	2022-2024	E. Dunne Pump Station 2 and 3 Abandonement	40%	60%	130,831	196,246
HL-P2	Holiday 1	Dunne Ave	Proposed E Dunne Tank to Flaming Oak Ln	-	New	12	550	271	148,933	148,933	208,506	271,058	2022-2024	E. Dunne Pump Station 2 and 3 Abandonement	40%	60%	108,423	162,635
HL-P3	Holiday Lake	Dunne Ave	Proposed E Dunne Tank to Lori Ln	-	New	12	2,450	271	663,429	663,429	928,801	1,207,441	2025-2029	Holiday Pump Station Construction	0%	100%	0	1,207,441
HL-P4	Holiday Lake	Oak Leaf Dr	Lori Ln to 650' nw/o Lori Ln	-	New	12	2,300	271	622,811	622,811	871,935	1,133,516	2025-2029	Holiday Pump Station Construction	0%	100%	0	1,133,516
						Subtotal - Holiday Pressure Zones				1,614,885	2,260,840	2,939,091			239,254		2,699,837	
Subtotal - Pipeline Capacity Improvements										9,122,916	12,772,082	16,603,706			1,135,717		15,467,989	

Table 8.2 Capital Improvement Program

Water System Master Plan
City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Pipeline Improvements		Infrastructure Costs				Baseline Constr. Costs	Estimated Const. Costs ¹	Capital Improv. Costs ²	Suggested Expenditure Budget	Construction Trigger	Suggested Cost Allocation		Cost Sharing	
				Existing Diameter	New/Parallel/Replace	Diameter	Length	Unit Cost	Infr. Cost						Existing Users	Future Users	Existing Users	Future Users
				(in)		(in)	(ft)	(\$)	(\$)									
1.2 Storage Reservoir Capacity Improvements				Proposed Storage Capacity (MG)														
BR-T1	Boy's Ranch	Demolish existing 0.55 MG Boy's Ranch tank and replace with 1.20 MG tank		Replace	1.20	2,441,927	2,441,927	3,418,697	4,444,306	2030-2034	420 EDUs	60%	40%	2,666,584	1,777,723			
GA-T1	Glen Ayre	Demolish existing 0.10 MG Glen Ayre tank and replace with 0.25 MG tank		Replace	0.25	635,918	635,918	890,286	1,157,371	2025-2029	Immediate	90%	10%	1,041,634	115,737			
ED-T1	Nob Hill	Existing Edmundson tank site		New	0.90	2,289,306	2,289,306	3,205,029	4,166,537	2030-2034	2,350 EDUs	0%	100%	0	4,166,537			
LI-T1	Llagas	Existing Llagas tank site		New	0.20	508,735	508,735	712,229	925,897	2025-2029	Immediate	15%	85%	138,885	787,013			
JO-T1	Jackson Oaks 1	Existing Jackson tank site		New	0.20	508,735	508,735	712,229	925,897	2025-2029	Immediate	100%	0%	925,897	0			
WD-T1	Woodland	Demolish existing 0.03 MG Woodland tank and replace with 0.25 MG tank		Replace	0.25	635,918	635,918	890,286	1,157,371	2025-2029	Immediate	80%	20%	925,897	231,474			
HL-T1	Holiday 1	Dunne Ave approx 500' ne/o Flaming Oak Ln		New	0.85	2,162,122	2,162,122	3,026,971	3,935,063	2022-2024	E. Dunne Pump Station 1, 2, and 3 Abandonement	70%	30%	2,754,544	1,180,519			
Subtotal - Storage Reservoir Capacity Improvements							9,182,661	12,855,726	16,712,443			8,453,441		8,259,003				
1.3 Groundwater Well Capacity Improvements				Proposed Pump Capacity (gpm)														
BR-W1	Boy's Ranch	Burnett Ave	Approx 6,000' ne/o Monterey Ave	New	800 gpm	2,769,252	2,769,252	3,876,953	5,040,038	2025-2029	As development occurs	0%	100%	0	5,040,038			
BR-W2	Boy's Ranch	Burnett Ave	Approx 5,000' ne/o Monterey Ave	New	800 gpm	2,769,252	2,769,252	3,876,953	5,040,038	2035-2038	As development occurs	0%	100%	0	5,040,038			
NH-W1	Nob Hill	Butterfield Blvd	400' E of Railroad Ave and Fisher Ave	New	800 gpm	2,769,252	2,769,252	3,876,953	5,040,038	2022-2024	Immediate	100%	0%	5,040,038	0			
NH-W2	Nob Hill	Butterfield Blvd	Butterfield Blvd and Tennant Ave	New	800 gpm	2,769,252	2,769,252	3,876,953	5,040,038	2022-2024	Immediate	11%	89%	565,783	4,474,255			
NH-W3	Nob Hill	Well Site to be determined at a later date.		New	800 gpm	2,769,252	2,769,252	3,876,953	5,040,038	2025-2029	As development occurs	0%	100%	0	5,040,038			
NH-W4	Nob Hill	Well Site to be determined at a later date.		New	800 gpm	2,769,252	2,769,252	3,876,953	5,040,038	2030-2034	As development occurs	0%	100%	0	5,040,038			
Subtotal - Groundwater Well Capacity Improvements							16,615,511	23,261,715	30,240,230			5,605,822		24,634,408				
1.4 Pump Station Capacity Improvements				Proposed Capacity (gpm)														
NH-PS1	Nob Hill	Dunne Ave and Magnolia Wy		New	3 @ 900 gpm	1,539,329	1,539,329	2,155,061	2,801,579	2022-2024	E. Dunne Pump Station 1, 2, and 3 Abandonement	60%	40%	1,680,947	1,120,632			
BR-PS1	Boy's Ranch	Current Condit Valve Site		New	1 @ 1,500 gpm	100,000	100,000	100,000	100,000	2022-2024	Immediate	80%	20%	80,000	20,000			
LI-PS1	Llagas 2	Llagas Road and Carriage Drive		Replace	1 @ 450 gpm	300,000	300,000	420,000	546,000	2025-2029	Immediate	40%	60%	218,400	327,600			
HL-PS1	Holiday 1	Dunne Ave approx 500' ne/o Flaming Oak Ln		New	4 @ 550 gpm	1,317,915	1,317,915	1,845,081	2,398,606	2025-2029	Holiday Tank Construction	40%	60%	959,442	1,439,163			
Subtotal - Pump Station Capacity Improvements							3,257,244	4,520,142	5,846,185			2,938,790		2,907,395				
1.5 Pressure Reducing Valve Capacity Improvements				Proposed Size (in)														
HL-PRV1	Holiday 1	Thomas Gr approx 1,100' w/o Gnarled Oak Ln		New	3	55,977	55,977	78,367	101,878	2025-2029	Holiday Tank Construction	55%	45%	56,033	45,845			
Subtotal - Pressure Reducing Valve Capacity Improvements							55,977	78,367	101,878			56,033		45,845				

Table 8.2 Capital Improvement Program

Water System Master Plan
City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Pipeline Improvements		Infrastructure Costs				Baseline Constr. Costs	Estimated Const. Costs ¹	Capital Improv. Costs ²	Suggested Expenditure Budget	Construction Trigger	Suggested Cost Allocation		Cost Sharing	
				Existing Diameter	New/Parallel/ Replace	Diameter	Length	Unit Cost	Infr. Cost						Existing Users	Future Users	Existing Users	Future Users
				(in)		(in)	(ft)	(\$)	(\$)									
2. Planned Condition Improvements																		
2.1 Known Pipeline Renewal and Replacement (2022-2024)																		
RP-1	Holiday Lake	Shady Ln	From Holiday Dr to Holiday Dr	6	Replace	6	2,550	189	482,844	482,844	675,981	878,776	2022-2024	Immediate	100%	0%	878,776	0
RP-2	Jackson Oaks	Hill Top Ct	From Jackson Oaks Dr to approx 550' ne/o Jackson Oaks Dr	8	Replace	8	550	213	117,161	117,161	164,025	213,232	2022-2024	Immediate	100%	0%	213,232	0
RP-3	Jackson Oaks	Oak View Ct	From Jackson Oaks Dr to approx 700' s/o Jackson Oaks Dr	8	Replace	8	700	213	149,114	149,114	208,759	271,387	2022-2024	Immediate	100%	0%	271,387	0
RP-4	Holiday Lake	Holiday Tank Site	From Holiday Lake Tanks to Manzanita Dr	8	Replace	8	800	213	170,415	170,415	238,582	310,156	2022-2024	Immediate	100%	0%	310,156	0
RP-5	Holiday Lake	Manzanita Dr	From Holiday Dr to end of Manzanita Dr	6	Replace	6	1,650	189	312,428	312,428	437,400	568,620	2022-2024	Immediate	100%	0%	568,620	0
RP-6	Holiday Lake	Raccoon Ct	From Holiday Ct to end of Manzanita Dr	6	Replace	6	1,700	189	321,896	321,896	450,654	585,851	2022-2024	Immediate	100%	0%	585,851	0
RP-7	Nob Hill	First St	From Monterey Rd to Depot St	6	Replace	6	600	189	113,610	113,610	159,054	206,771	2022-2024	Immediate	100%	0%	206,771	0
RP-8	Hydropneumatic Zone	Oak Canyon Dr	From Jackson Oaks Hydropneumatic tank to Jackson Oaks Dr	8	Replace	8	600	213	127,812	127,812	178,936	232,617	2022-2024	Immediate	100%	0%	232,617	0
						Subtotal - Known Pipeline R&R				1,795,280	2,513,392	3,267,409					3,267,409	0
2.2. Recommended Annual Pipeline Condition Renewal and Replacement (10-year)																		
RR-2022-2024	0.5% System Pipeline Renewal and Replacement (excluded known pipeline R&R)				Replace	1,669,505				1,669,505	2,337,308	3,038,500	2022-2024		100%	0%	3,038,500	0
RR-2025	0.5% System Pipeline Renewal and Replacement				Replace	1,172,053				1,172,053	1,640,874	2,133,136	2025-2029		100%	0%	2,133,136	0
RR-2026	0.5% System Pipeline Renewal and Replacement				Replace	1,180,615				1,180,615	1,652,861	2,148,719	2025-2029		100%	0%	2,148,719	0
RR-2027	0.5% System Pipeline Renewal and Replacement				Replace	1,189,177				1,189,177	1,664,848	2,164,302	2025-2029		100%	0%	2,164,302	0
RR-2028	0.5% System Pipeline Renewal and Replacement				Replace	1,197,739				1,197,739	1,676,835	2,179,885	2025-2029		100%	0%	2,179,885	0
RR-2029	0.5% System Pipeline Renewal and Replacement				Replace	1,206,301				1,206,301	1,688,822	2,195,469	2025-2029		100%	0%	2,195,469	0
RR-2030	0.5% System Pipeline Renewal and Replacement				Replace	1,214,864				1,214,864	1,700,809	2,211,052	2030-2034		100%	0%	2,211,052	0
RR-2031	0.5% System Pipeline Renewal and Replacement				Replace	1,223,426				1,223,426	1,712,796	2,226,635	2030-2034		100%	0%	2,226,635	0
						Subtotal - Annual Pipeline R&R				10,053,680	14,075,152	18,297,698					18,297,698	0
2.3 Reservoir Condition Improvements																		
Existing Storage Capacity (MG)																		
RC-1	Encino	Re-coat and retrofit existing Encino Tank			Repair	0.60		330,000		-	330,000		2022	Immediate	100%	0%	330,000	0
RC-2	Glen Ayre	Re-coat and retrofit existing Glen Ayre Tank			Repair	0.10		55,000		-	55,000		2022	Immediate	100%	0%	55,000	0
RC-3	El Toro	Re-coat and retrofit existing El Toro Tank			Repair	0.50		275,000		-	275,000		2023	Immediate	100%	0%	275,000	0
RC-4	Edmundson	Re-coat and retrofit existing Edmundson Tank			Repair	4.25		2,337,500		-	2,337,500		2024	Immediate	100%	0%	2,337,500	0
RC-5	Boy's Ranch # 3	Re-coat and retrofit existing Boy's Ranch # 3 Tank			Repair	1.03		563,750		-	563,750		2025	Immediate	100%	0%	563,750	0
RC-6	Boy's Ranch # 2	Re-coat and retrofit existing Boy's Ranch # 2 Tank			Repair	0.55		302,500		-	302,500		2026	Immediate	100%	0%	302,500	0
						Subtotal - Storage Reservoir Condition Improvements				3,863,750							3,863,750	0
2.4 5-Year Improvement Projects																		
5YR-1	Well Rehabilitation									-	-	1,500,000	2022-2026		100%	0%	1,500,000	0
5YR-2	Booster Rehabilitation									-	-	1,400,000	2023-2024		100%	0%	1,400,000	0
5YR-3	Generators Replacement (Jackson Booster Station)									-	-	1,000,000	2022-2024		100%	0%	1,000,000	0
						Subtotal - 5-Year Improvement Projects				3,900,000							3,900,000	0

Table 8.2 Capital Improvement Program

Water System Master Plan
City of Morgan Hill

Improv. No.	Pressure Zone	Alignment	Limits	Pipeline Improvements		Infrastructure Costs				Baseline Constr. Costs	Estimated Const. Costs ¹	Capital Improv. Costs ²	Suggested Expenditure Budget	Construction Trigger	Suggested Cost Allocation		Cost Sharing	
				Existing Diameter	New/Parallel/Replace	Diameter	Length	Unit Cost	Infr. Cost						Existing Users	Future Users	Existing Users	Future Users
				(in)		(in)	(ft)	(\$)	(\$)									
3. Comprehensive Plan Updates																		
PLN-1	Water System Master Plan Updates (Years 2026, 2031, 2036)							237,000	-	-	711,000	2026, 2031, 2036		65%	35%	462,150	248,850	
PLN-2	Water Assessment Management Plan (Year 2026, 2031, 2036)							119,000	-	-	357,000	2026, 2031, 2036		65%	35%	232,050	124,950	
PLN-3	Urban Water Management Plan Updates (Year 2026, 2031, 2036)							119,000	-	-	357,000	2026, 2031, 2036		65%	35%	232,050	124,950	
PLN-4	Water Rate Study Updates (Years 2026, 2031, 2036)							119,000	-	-	357,000	2026, 2031, 2036		65%	35%	232,050	124,950	
Subtotal - Comprehensive Plan Updates									1,782,000					1,158,300		623,700		
4. Calendar Year Budget Expansion ³																		
CY7.5	Calendar Year Budget Expansion (2026-2035)							750,000	-	-	7,500,000	2026-2035		0%	100%	0	7,500,000	
Subtotal - CY Budget Expansion									7,500,000					0		7,500,000		
5. Total Improvement Costs																		
				Pipeline (Capacity)				9,122,916	12,772,082	16,603,706					1,135,717	15,467,989		
				Storage Reservoirs (Capacity)				9,182,661	12,855,726	16,712,443					8,453,441	8,259,003		
				Groundwater Wells (Capacity)				16,615,511	23,261,715	30,240,230					5,605,822	24,634,408		
				Pump Stations (Capacity)				3,257,244	4,520,142	5,846,185					2,938,790	2,907,395		
				Pressure Reducing Valves (Capacity)				55,977	78,367	101,878					56,033	45,845		
				Known Pipeline R&R				1,795,280	2,513,392	3,267,409					3,267,409	0		
				Annual Pipeline R&R				10,053,680	14,075,152	18,297,698					18,297,698	0		
				Storage Reservoirs (Condition)				-	-	3,863,750					3,863,750	0		
				5-year Improvement Projects				-	-	3,900,000					3,900,000	0		
				Comprehensive Plan Updates				-	-	1,782,000					1,158,300	623,700		
				CY Budget Expansion				-	-	7,500,000					0	7,500,000		
				Total Improvement Costs				50,083,269	70,076,577	108,115,300					48,676,960	59,438,340		



NOTES:

1. Baseline construction costs plus 30% to account for unforeseen events and unknown conditions.

2. Estimated construction costs plus 30% to cover other costs including: engineering design, project administration (developer and City staff), construction management and inspection, and legal costs.

3. The City's portion of the total CY expansion cost is estimated at \$23M, it will be split in three ways with Water, Sewer, and Public Facilities.

4. Calendar Year Budget Expansion. City staff identified the CY expansion budget schedule at \$7.5M. The overall City's portion of the total expansion cost is estimated at \$23M, and was split three ways into the Water, Sewer and Public Facilities funds. This is expansion is attributed to the impact fees/new development.
5. Total Improvement Costs. This constitutes the total costs of the previous 4 sections.

8.4 SUGGESTED PIPELINE REPLACEMENT BUDGET

The suggested pipeline replacement budget alternatives are shown on [Figure 8.1](#), and includes the estimated costs for replacing pipelines phased by 5-year fiscal periods through the year 2038. The industry recommended goal of pipeline annual R&R budgets is at 1.0% of system pipeline length for 100-year pipeline replacement cycle. However, due to the City's public work budget limitation, costs are estimated based on 0.5% per year for 200-year pipe replacement cycle per City staff's direction. The estimated costs are starting from a base rate of \$1.9 million per year, with a pipe replacement rate of 0.5% of system length per year, the future costs in 2038 are expected to be approximately \$2.1 million per year.

8.5 SUGGESTED EXPENDITURE BUDGET

This section discusses the suggested expenditure budget for the capital improvement plan horizon as well as the recommended sequence of construction for capital improvement planning.

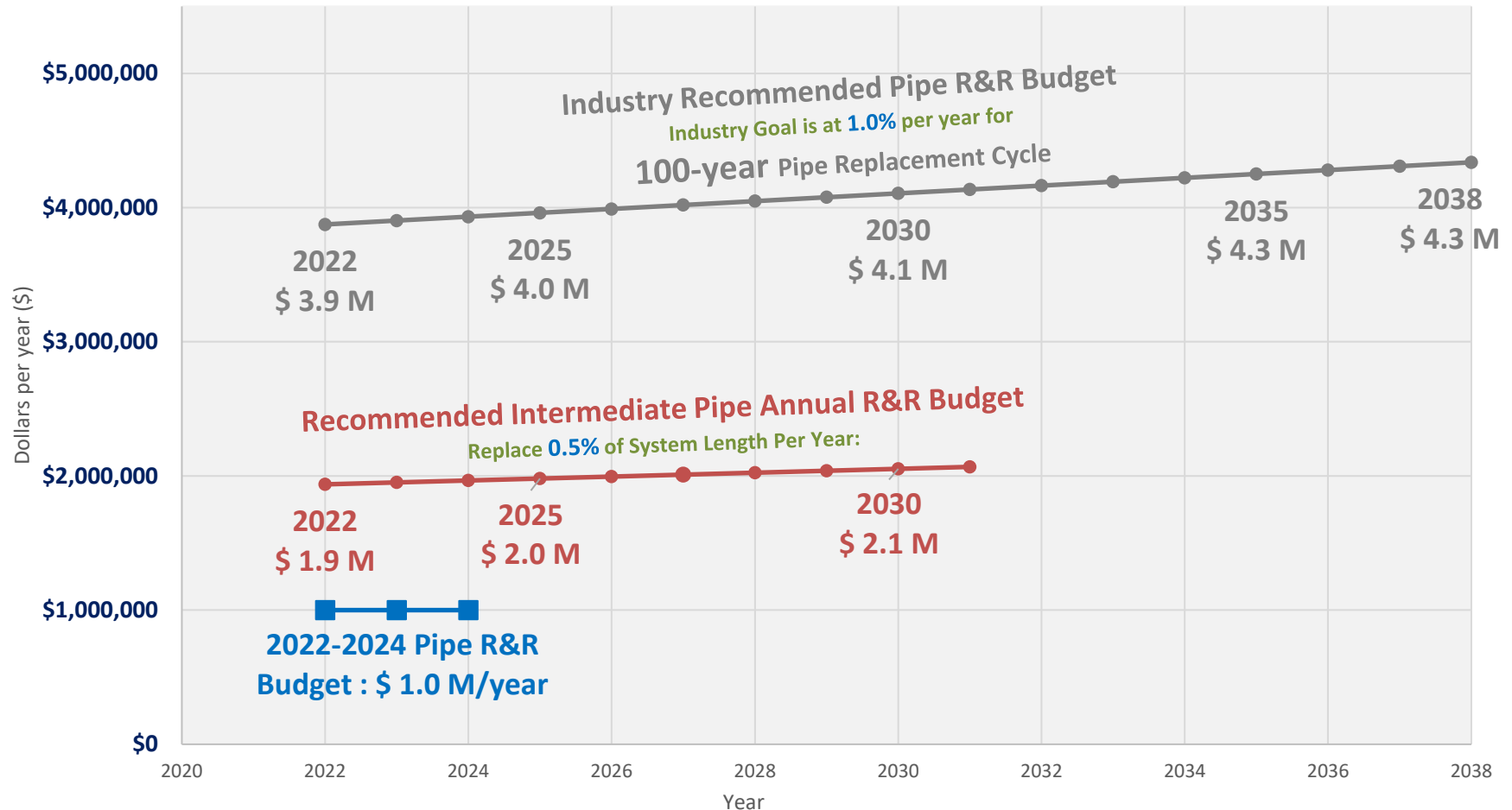
8.5.1 6-Year Capital Improvement Costs and Phasing

The capital improvement program costs and phasing for the next six fiscal years (FY) are summarized on [Table 8.3](#); this plan includes the total costs for pipelines, tanks, booster stations, and valves to be constructed. The improvements listed are also categorized by improvement classification, indicating whether the improvement is intended to expand or replace the existing water distribution system infrastructure.

8.5.2 Suggested Expenditure Budget

The suggested expenditure budget is shown on [Table 8.4](#), and includes the total costs for pipelines, tanks, pump stations, valves, and wells phased by 3-year fiscal period through the year 2024, by 5-year fiscal period through year 2034 and by 4-year fiscal period through year 2038. Costs are categorized through the General Plan horizon of 2038 for near-term, intermediate term, and long-term planning.

Pipeline R&R Budget



LEGEND

- Industry Recommended Pipe R&R Budget
- Recommended Intermediate Pipe R&R Budget
- 2022-2024 Pipe R&R Budget

Assumptions:

1. System Growth: 1.5 miles of new construction per year (based on historical construction)
2. All costs in 2021 dollars
3. Weighted average pipeline unit cost = \$224/foot
4. 30% contingency added for estimated construction cost
5. 30% contingency added for capital improvement cost

Figure 8.1

Pipeline Renewal & Replacement Budget
Water System Master Plan
City of Morgan Hill



Table 8.3 6-year Improvement Phasing
Water System Master Plan
City of Morgan Hill

CIP ID	Project Description	Year Range	Expansion	Repair & Replacement	Fiscal Year Improvement Phasing						
					FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2021-2026 Total
Pipeline Improvements											
Capacity Improvements											
NH-P1	Fire Flow Improvement	2022	0%	100%	368,310					368,310	
HL-P1	Holiday Tank Inflow	2024	100%	0%			327,077			327,077	
HL-P2	Holiday Tank Outflow	2024	100%	0%			271,058			271,058	
HL-P3	Holiday Lake Boosting Pipeline	2025	100%	0%				1,207,441		1,207,441	
HL-P4	Holiday Lake Boosting Pipeline	2026	100%	0%					1,133,516	1,133,516	
BR-P4	Fire Flow Improvement	2023	0%	100%		201,076				201,076	
Subtotal - Pipeline Capacity Improvements					368,310	201,076	598,135	1,207,441	1,133,516	0	3,508,478
Repair and Replacement											
RP-1	Holiday Lake Improvement	2024	0%	100%			878,776			878,776	
RP-2	Jackson Oaks Improvement	2024	0%	100%			213,232			213,232	
RP-3	Jackson Oaks Improvement	2024	0%	100%			271,387			271,387	
RP-4	Holiday Lake Improvement	2024	0%	100%			310,156			310,156	
RP-5	Holiday Lake Improvement	2024	0%	100%			568,620			568,620	
RP-6	Holiday Lake Improvement	2024	0%	100%			585,851			585,851	
RP-7	Nob Hill Improvement	2022	0%	100%	206,771					206,771	
RP-8	Hydropneumatic Improvement	2022	0%	100%	232,617					232,617	
RR-2022-2024	0.5% System Pipeline R&R (excluded known pipeline R&R)	2022-2024	0%	100%	1,012,833	1,012,833	1,012,833			3,038,500	
RR-2025	0.5% System Pipeline R&R	2025	0%	100%				2,133,136		2,133,136	
RR-2026	0.5% System Pipeline R&R	2026	0%	100%					2,148,719	2,148,719	
RR-2027	0.5% System Pipeline R&R	2027	0%	100%						2,164,302	
Subtotal - Pipeline Condition Improvements					1,452,221	1,012,833	3,840,855	2,133,136	2,148,719	2,164,302	12,752,067
Subtotal - Pipeline Improvements					1,820,532	1,213,909	4,438,990	3,340,577	3,282,235	2,164,302	16,260,545
Tanks											
Capacity Improvements											
HL-T1	East Dunne Tank	2023	100%	0%		3,935,063				3,935,063	
GA-T1	Glen Ayre 2 Tank	2027	100%	0%							
LI-T1	Llagas 2 Tank	2025	100%	0%				925,897	1,157,371	1,157,371	
JO-T1	Jackson Oaks 2 Tank	2026	100%	0%					925,897	925,897	
WD-T1	Woodland 2 Tank	2027	0%	100%						1,157,371	
Subtotal - Storage Reservoir Capacity Improvements					0	3,935,063	0	925,897	925,897	2,314,743	8,101,600
Reservoir Re-Coating and Retrofitting											
RC-1	Encino	2022	100%	0%	330,000					330,000	
RC-2	Glen Ayre	2022	100%	0%	55,000					55,000	
RC-3	El Toro	2023	100%	0%		275,000				275,000	
RC-4	Edmundson	2024	100%	0%			2,337,500			2,337,500	
RC-5	Boy's Ranch # 3	2025	100%	0%				563,750		563,750	
RC-6	Boy's Ranch # 2	2026	100%	0%					302,500	302,500	
Subtotal - Storage Reservoir Condition Improvements					385,000	275,000	2,337,500	563,750	302,500	0	3,863,750
Subtotal - Storage Reservoir Improvements					385,000	4,210,063	2,337,500	1,489,647	1,228,397	2,314,743	11,965,350
Groundwater Wells											
BR-W1	Boy's Ranch New Well	2025	100%	0%				5,040,038		5,040,038	
NH-W1	Nob Hill New Well	2022	100%	0%	5,040,038					5,040,038	
NH-W2	Nob Hill New Well 2	2023	100%	0%		5,040,038				5,040,038	
NH-W3	Nob Hill New Well 3	2027	100%	0%					5,040,038	5,040,038	
Subtotal - Groundwater Well Improvements					5,040,038	5,040,038	0	5,040,038	0	5,040,038	20,160,153
Pump Stations											
NH-PS1	Nob Hill to Holiday 1	2022	100%	0%	2,801,579					2,801,579	
BR-PS1	Nob Hill to Boys Ranch	2022	100%	0%	100,000					100,000	
HL-PS1	Holiday 1 to Holiday Lake	2025	100%	0%				2,398,606		2,398,606	
LI-PS1	Nob Hill to Llagas 1	2026	100%	0%					546,000	546,000	
Subtotal - Pump Station Improvements					2,901,579	0	0	2,398,606	546,000	0	5,846,185
Pressure Reducing Valves											
HL-PRV1	Thomas Grade PRV	2025	100%	0%				101,878		101,878	
Subtotal - Pressure Reducing Valve Improvements					0	0	0	101,878	0	0	101,878
5-Year Improvement Projects											
5YR-1	Well Rehabilitation	2022-2026	0%	100%	300,000	300,000	300,000	300,000	300,000		1,500,000
5YR-2	Booster Rehabilitation	2023-2024	0%	100%		800,000	600,000				1,400,000
5YR-3	Generators Replacement	2022-2024	0%	100%		250,000	500,000	250,000			1,000,000
Subtotal - 5-Year Improvement Projects					300,000	1,350,000	1,400,000	550,000	300,000	0	3,900,000
Comprehensive Plan Updates											
PLN-1	Water System Master Plan Updates	2026							237,000	237,000	
PLN-2	Water Assessment Management Plan Updates	2026							119,000	119,000	
PLN-3	Urban Water Management Plan Updates	2026							119,000	119,000	
PLN-4	Water Rate Study Updates	2026							119,000	119,000	
Subtotal - Comprehensive Plan Updates					0	0	0	0	594,000	0	594,000
Calendar Year Budget Expansion											
CY7.5	Calendar Year Budget Expansion	2022-2027							750,000	750,000	1,500,000
Subtotal - Pressure Reducing Valve Improvements					0	0	0	0	750,000	750,000	1,500,000
Total Improvement Costs											
Fiscal Year Total					\$10,447,149	\$11,814,010	\$8,176,490	\$12,920,746	\$6,700,632	\$10,269,083	\$60,328,110
Cumulative Total					\$10,447,149	\$22,261,159	\$30,437,649	\$43,358,395	\$50,059,027	\$60,328,110	\$60,328,110

Table 8.4 Suggested Expenditure Budget
Water System Master Plan
City of Morgan Hill

Project Type	Suggested Expenditure Budget ¹			
	General Plan Horizon			
	Near-Term	Intermediate Term	Long-Term	
	2022-2024 (3 years)	2025-2029 (5 years)	2030-2034 (5 years)	2035-2038 (4 years)
Pipe	\$7,473,431	\$14,054,496	\$9,312,790	\$7,328,097
Tank	\$6,932,563	\$5,032,787	\$8,610,843	
Well	\$10,080,077	\$10,080,077	\$5,040,038	\$5,040,038
Pump Station	\$2,901,579	\$2,944,606		
Valve		\$101,878		
5-Year Improvement Projects	\$3,050,000	\$850,000		
Comprehensive Plan Updates		\$594,000	\$594,000	\$594,000
Calendar Year Budget Expansion		\$3,000,000	\$3,750,000	\$750,000
Total	\$30,437,649	\$36,657,843	\$27,307,672	\$13,712,136
Cumulative Cost	\$30,437,649	\$67,095,492	\$94,403,164	\$108,115,300

A K E L
ENGINEERING GROUP, INC.

11/30/2021

Note:

1. This expenditure budget is suggested, and is dependent on the City's rate of growth. The City is not bound by this budget and may implement capital improvement projects as funding is available.

8.5.3 Sequence of Construction

Suggested expenditure budget phasing is intended to provide general guidance for implementing the capital improvement projects listed in this master plan. The sequence of construction on [Table 8.4](#) for the near term and intermediate term improvements accounts for projects that City staff have identified as having immediate benefit. Additional improvements may be constructed as development occurs and the phasing and implementation of a sequence of construction is subject to the approval of the City Engineer.

CHAPTER 9 - ALTERNATIVES FOR FUTURE RECYCLED WATER

This chapter summarizes three potential recycled water alternatives for the City of Morgan Hill, extracted from the Valley Water's Countywide Reuse Master Plan completed October 2020 (2020 CoRe Plan). Each identified alternative included an estimated total capital cost, operations and maintenance (O&M) costs, life-cycle costs, and projected capacities.

9.1 BACKGROUND AND PREVIOUS RELEVANT STUDIES

There is currently no recycled water delivered within the City's service area; however, City staff have been persistently exploring potential feasible opportunities where recycled water can be implemented in the future. This chapter provides a summary of the recommendations extracted from the October 2020 Draft report of the Countywide Water Reuse Master Plan, completed by Santa Clara Valley Water District (Valley Water). This section lists previous relevant studies which explored the opportunities and potential costs in adding recycled water to the water supply portfolio in Morgan Hill.

Morgan Hill is continuing to look at other conceptual alternatives, including the use of recycled water from SCRWA to support increasing water supply resiliency. Newer technologies related to treated water augmentation may bring options for the City in the future.

9.1.1 2015 South County Recycled Water Master Plan Update

The Santa Clara Valley Water District (Valley Water), the South County Regional Wastewater Authority (SCRWA), the City of Morgan Hill (Morgan Hill), and the City of Gilroy (Gilroy) partnered to explore the continued use, promotion, and expansion of the recycled water in the region. The agencies retained the services of Stantec and Akel Engineering Group to complete the 2015 South County Recycled Water Master Plan Update (2015 SCRWMP) and which included a market assessment and developed project alternatives for expanding the existing recycled water system currently serving the City of Gilroy. One of the considered alternatives included extending a recycled water pipeline from the SCRWA wastewater plant northward to service the City of Morgan Hill.

9.1.2 2016 Recycled Water Feasibility Evaluation

With intent to provide more focus on the City of Morgan Hill recycled water needs, the City retained the services of Akel Engineering Group and Stantec to further explore opportunities in recycled water for Morgan Hill, and to prepare the 2016 Recycled Water Feasibility Evaluation (2016 RWFE). This study identified potential recycled water users through a market assessment, and included high level costs for the potential alternatives. As identified in the market assessment, the potential future users of recycled water in the City include landscape irrigation, agricultural

irrigation, industrial processes, and potable reuse. As part of the 2016 RWFE, infrastructure required to convey recycled water from the South County Regional Wastewater Authority (SCRWA) Wastewater Treatment Plant (WWTP) in the City of Gilroy to the potential users was identified.

9.1.3 2020 Countywide Water Reuse Master Plan (2020 CoRe Plan)

This Countywide Water Reuse Master Plan (CoRe Plan) was published as a Final Draft in October 2020. This countywide plan explores opportunities for reliable local water, imported water, and recycled water within Valley Water's service area. This report is intended to identify opportunities to expand water reuse throughout Valley Water's service area, including the City of Morgan Hill. The report identified 3 alternatives (options) with potential costs and risk levels, and which are documented in this chapter.

9.2 CORE PLAN - REUSE OPTIONS

According the 2020 CoRe Plan, Valley Water coordinated with the City of Morgan Hill, the City of Gilroy, and SCRWA, to explore South County reuse project concepts and collaboratively developed a list of 8 potential opportunities. Further discussions between Valley Water, Morgan Hill, and Gilroy resulted in three feasible options for improving recycled water supply reliability in Morgan Hill, as documented in the CoRe plan. These three options are briefly described in this section, as well as a 4th City-included option, along with their benefits and limitations.

9.2.1 2020 CoRe Plan Definitions

This section includes extracted relevant definitions from the CoRe Plan, and which are deemed useful for the discussed options.

- **Enhance NPR, or NPR+** is recycled water for non-drinking reuse that has been blended with purified water to reduce concentration of salts and other dissolved solids to enable broader application of recycled water for non-potable end uses and protect groundwater quality.
- **Groundwater Recharge (GWR)**, as defined in context of IPR, is a process that involves using constructed facilities that spread water across infiltration basins or percolation ponds (surface spreading), or pump water directly into the subsurface through injection wells (subsurface injection) to increase water supply in a groundwater aquifer (natural underground water storage).
- **Non-potable Reuse (NPR)** refers to recycled water that is potable, but is safe to use for irrigation, industrial uses, or other non-potable water purposes.
- **Surface Water Augmentation (SWA)** involves adding purified water to a surface water reservoir to increase water supply.
- **Treated Water Augmentation (TWA)** involves introducing purified water directly into a potable (drinking) water distribution system of a water treatment plant.

9.2.2 Option 1 – NPR+ from South Bay Water Recycling

This option includes importing recycled water supplies from South Bay Water Recycling (SBWR) via 6 miles of 18-inch pipeline extension along Monterey Road between Morgan Hill and the SBWR system to the north. This transmission main from SBWR would connect to a future recycled water distribution system in Morgan Hill. This option is documented on [Figure 9.1](#).

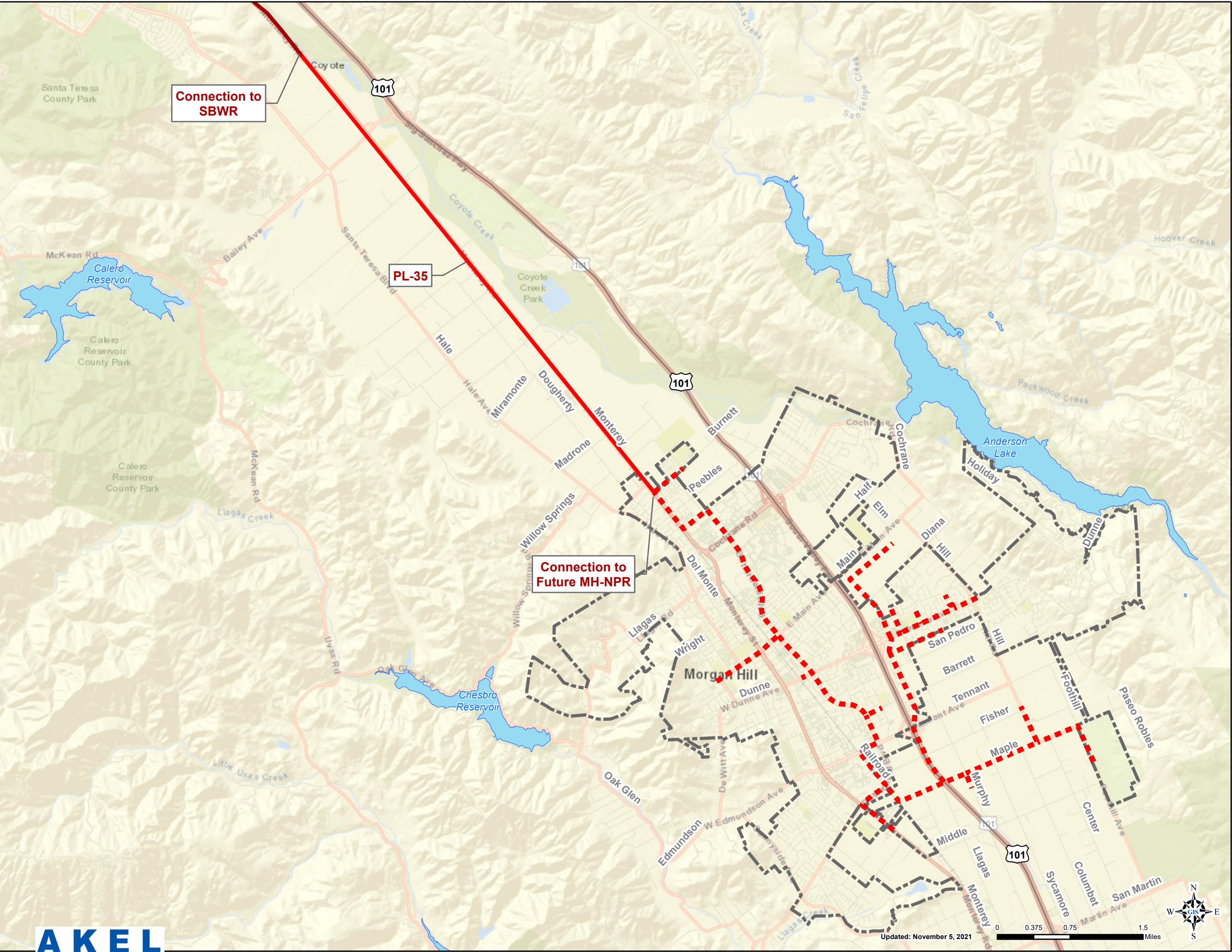
- **Benefits.** According the 2020 CoRe Plan, *this option would improve water supply reliability for Morgan Hill by importing NPR+ supply from SBWR to serve non-potable demands in place of groundwater, which is currently the sole water source of Morgan Hill.*
- **Limitations.** The primary limitation of NPR+ is that the water it provides would primarily not be used by City water customers, and would instead be used by agricultural users. While this would enable agricultural users to take less groundwater out of the aquifer, thereby reserving it for urban customers, the benefit is indirect and less certain.

According to the 2020 CoRe Plan, an agreement to establish terms of exporting SBWR NPR+ supply from San Jose and neighboring areas to Morgan Hill would be needed, as the existing Silver Creek Agreement between Valley Water and San José expires in 2027. Long-term supply reliability is unconfirmed. Operational impacts to the SBWR system have not been evaluated, and a new reservoir may be needed to supply reliable summertime flows. Valley Water may need to revisit and update the 2011 Recycled Water Irrigation and Groundwater Study to reassess potential impacts of recycled water on the Llagas Subbasin prior to moving forward. Given shifting development trends in Morgan Hill, an updated NPR market assessment is needed.

9.2.3 Option 2 – Satellite Advanced Water Purification Facility (AWPF) for Groundwater Recharge (GWR)

This option includes recharging the Llagas subbasin on San Pedro Ponds with purified water, which would be produced at a satellite WWTP treating the City's wastewater. This purified water would be conveyed to San Pedro ponds through 2.8 miles 16-inch pipelines along Maple Avenue and Hill Road. This option is shown on [Figure 9.2](#).

- **Benefits.** According to the 2020 CoRe Plan, *this option would improve water supply reliability and drought resilience for Morgan Hill by recharging the Llagas Subbasin with purified water. Option 2 could be combined with Option 1*
- **Limitations.** According to the 2020 CoRe Plan, *high unit costs with uncertain value to improving South County water supply reliability. Limited wastewater available for satellite treatment in Morgan Hill and relied upon for meeting existing South County Recycled Water System (RWS) demands. Morgan Hill satellite facility would increase solids loads to SCRWA,*



Legend

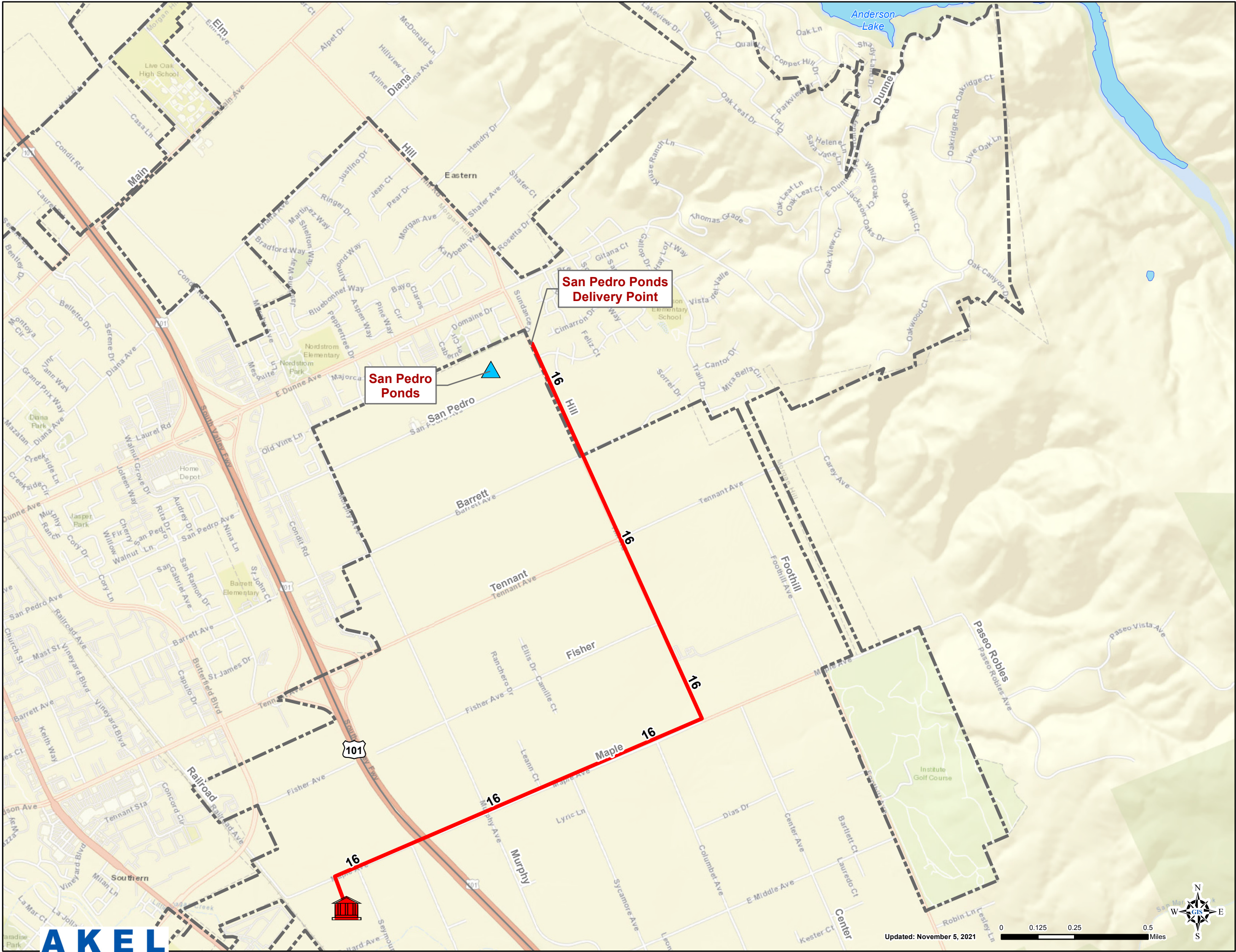
Raw Water System

- Existing SBWR Pipeline
- Proposed RW Pipeline
- Morgan Hill RW System
- Highways
- Lakes
- City Limits

Source:
Countywide Water Reuse
Master Plan (CoRe Plan),
October 2020

Figure 9.1
Option 1
NPR+ from SBWR
Water System Master Plan
City of Morgan Hill





Legend

Water Purification System

-  Water Purification Facility
-  San Pedro Ponds
-  Purified Water Pipeline
-  Highways
-  Lakes
-  City Limits

Source:
Countywide Water Reuse
Master Plan (CoRe Plan),
October 2020

Figure 9.2
Option 2
Satellite AWP for GWR
Water System Master Plan
City of Morgan Hill



posing operational issues that may be substantial. If implemented in Morgan Hill, solids handling requires further study and may increase costs significantly.

Density and proximity of active private wells limit GWR locations in South County. San Pedro Ponds is assumed the delivery point; The 2020 CoRe Plan indicates that further evaluations are needed to confirm the viability of this option. Conditions and reliability of increasing raw water delivery to Llagas Subbasin and specific recharge facility also need to be confirmed. Assumed location in Gilroy gets inundated with stormwater (unsuitable for evaporation pond). Options 2 and 3 are mutually exclusive, as they rely on the same supply source.

9.2.4 Option 3 – Satellite Advanced Water Purification Facility (AWPF) for Surface Water Augmentation (SWA)

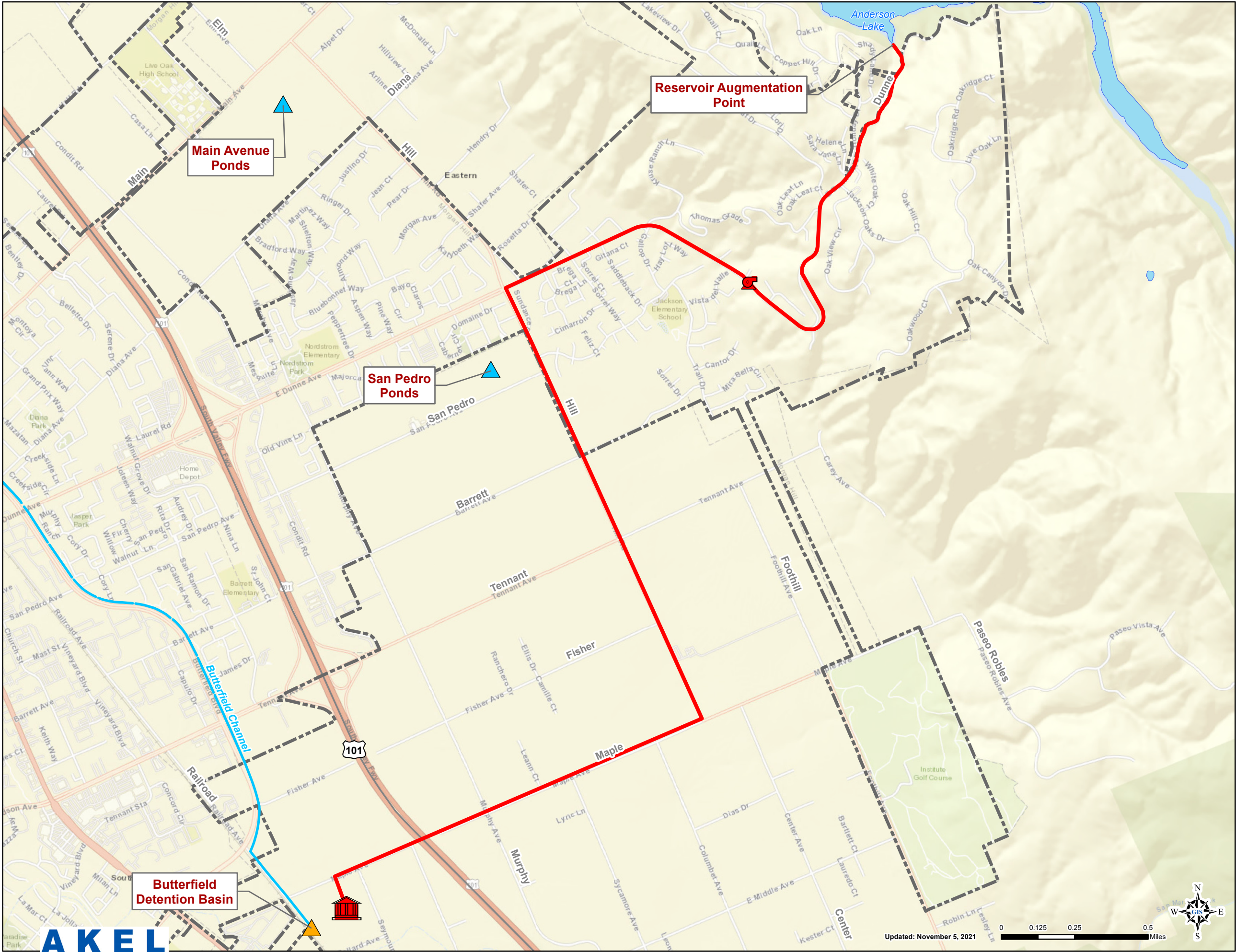
This option includes recharging the Llagas subbasin with water supplies provided by Valley Water, and which would be delivered to ponds within the City's service area. In exchange for these water supplies, the City would deliver purified water, produced at a to-be-constructed satellite WWTP, that would be delivered to the Valley Water Anderson Reservoir northeast of the City's service area. This option is shown on **Figure 9.3**.

- **Benefits.** According to the 2020 CoRe Plan, *this option would improve water supply reliability and drought resilience for Morgan Hill by recharging the Llagas Subbasin with raw water supplied from Valley Water via the Santa Clara Conduit in exchange for an equivalent amount of purified water delivered to Anderson Reservoir for SWA. Option 3 could be combined with Option 1.*
- **Limitations.** According to the 2020 CoRe Plan, *high unit costs with uncertain value to improving South County water supply reliability. Limited wastewater available for satellite treatment in Morgan Hill and relied upon for meeting existing South County RWS demands. Morgan Hill satellite facility would increase solids loads to SCRWA, posing operational issues that may be substantial. If implemented in Morgan Hill, solids handling requires further study and may increase costs significantly*

New permits from Regional Board(s) and/or State Water Resources Control Board's Division of Drinking Water needed for discharging purified water to Anderson Reservoir. Conditions and reliability of increasing raw water delivery to Llagas Subbasin and specific recharge facility need to be confirmed. Assumed location in Gilroy gets inundated with stormwater (unsuitable for evaporation pond). Options 2 and 3 are mutually exclusive, as they rely on the same supply source.

9.2.5 Option 4 – Satellite or SCRWA Advanced Water Purification Facility (AWPF) for Treated Water Augmentation (TWA)

While not explored in-depth in the CoRe Plan, Treated Water Augmentation (TWA) may provide the greatest opportunity for a secure recycled water source that can supply recycled water directly into the City's water system. Regulations and requirements are currently in development by the



Legend

Water Purification System

- Water Purification Facility
- Booster Station
- Detention Basin
- Recharge Ponds
- Purified Water Pipeline
- Butterfield Channel
- Highways
- Lakes
- City Limits

Source:
Countywide Water Reuse
Master Plan (CoRe Plan),
October 2020

Figure 9.3
Option 3
Satellite AWP for SWA
Water System Master Plan
City of Morgan Hill



State of California and will likely be available in the next few years. Should TWA prove to be a feasible path in the future, the City will consider moving in that direction. There are two likely options to deliver purified water to the Morgan Hill Water System: The first option consists of the development of a satellite wastewater treatment facility in combination with an Advanced Water Purification Facility (AWPF) that utilizes the City's wastewater. The second option consists of the construction of the AWPF at the South County Regional Wastewater Authority and pumping the treated water back to Morgan Hill.

9.3 CORE PLAN - COST ESTIMATES

As part of the 2020 CoRe Plan, Valley Water prepared preliminary cost estimates for the three Morgan Hill options. The costs document the capital, operations and maintenance (O&M), unit costs (levelized for annual yield and based on 30-year and 100-year life-cycle) to evaluate and compare elements and portfolios. The Morgan Hill options' cost estimates were extracted from the 2020 CoRe plan and summarized on [Table 9.1](#).

Between the three identified options, Option 1 seems to have the lowest implementation costs with its unit costs estimated at \$1,878/AF for the 100-year lifecycle and \$2,431/AF for the 30-year lifecycle. In comparison, Option 2's unit costs are estimated at \$6,629/AF for the 100-year lifecycle and \$7,955/AF for the 30-year lifecycle. Option 3 has the highest costs with unit costs estimated at \$7,292/AF for the 100-year lifecycle and \$8,839/AF for the 30-year lifecycle. Cost estimate for options of TWA are not yet available.

While the Capital Improvement Program does not yet include recycled water, the City intends to work in partnership with Valley Water to determine the best path forward from a water supply and resiliency perspective in the next year. After identifying a feasible option, the City will partner with Valley Water and potentially others to develop a cost model for construction of recycled water improvements, which may subsequently be brought back to the Council to amend this Master Plan.

Table 9.1 Recycled Water Reuse Options

Water System Master Plan
City of Morgan Hill

Option No.	Brief Description	Portfolio	Capital Cost	Annual O&M Cost	Levelized Unit Costs		Projected 2040 Yield (AFY)	Conveyance Pipeline
					30-Year Lifecycle (\$/AF)	100-Year Lifecycle (\$/AF)		
Option 1	NPR+ from South Bay Water Recycling	Delivers 2,900 AFY of NPR+ from SBWR to a new Morgan Hill recycled water system	\$77M	\$2.9M	\$2,431	\$1,878	2,900	16.4 miles 16-inch diameter
Option 2	Satellite Advanced Water Purification Facility (AWPF) Groundwater Recharge (GWR)	Delivers 1,900 AFY from a Morgan Hill 2.5-mgd satellite WWTP and 2.1-mgd AWPF to recharge facilities in Morgan Hill for GWR	\$138M	\$7.5M	\$7,955	\$6,629	1,900	2.8 miles 16-inch diameter
Option 3	Satellite Advanced Water Purification Facility (AWPF) for Surface Water Augmentation (SWA)	Delivers 1,900 AFY from a Morgan Hill 2.5-mgd satellite WWTP and 2.1-mgd AWPF to Anderson Reservoir for SWA	\$160M	\$8.1M	\$8,839	\$7,292	1,900	5.6 miles 16-inch diameter

Note:  ENGINEERING GROUP, INC.

1. Source: Countywide Water Reuse Master Plan (CoRe Plan), October 2020.

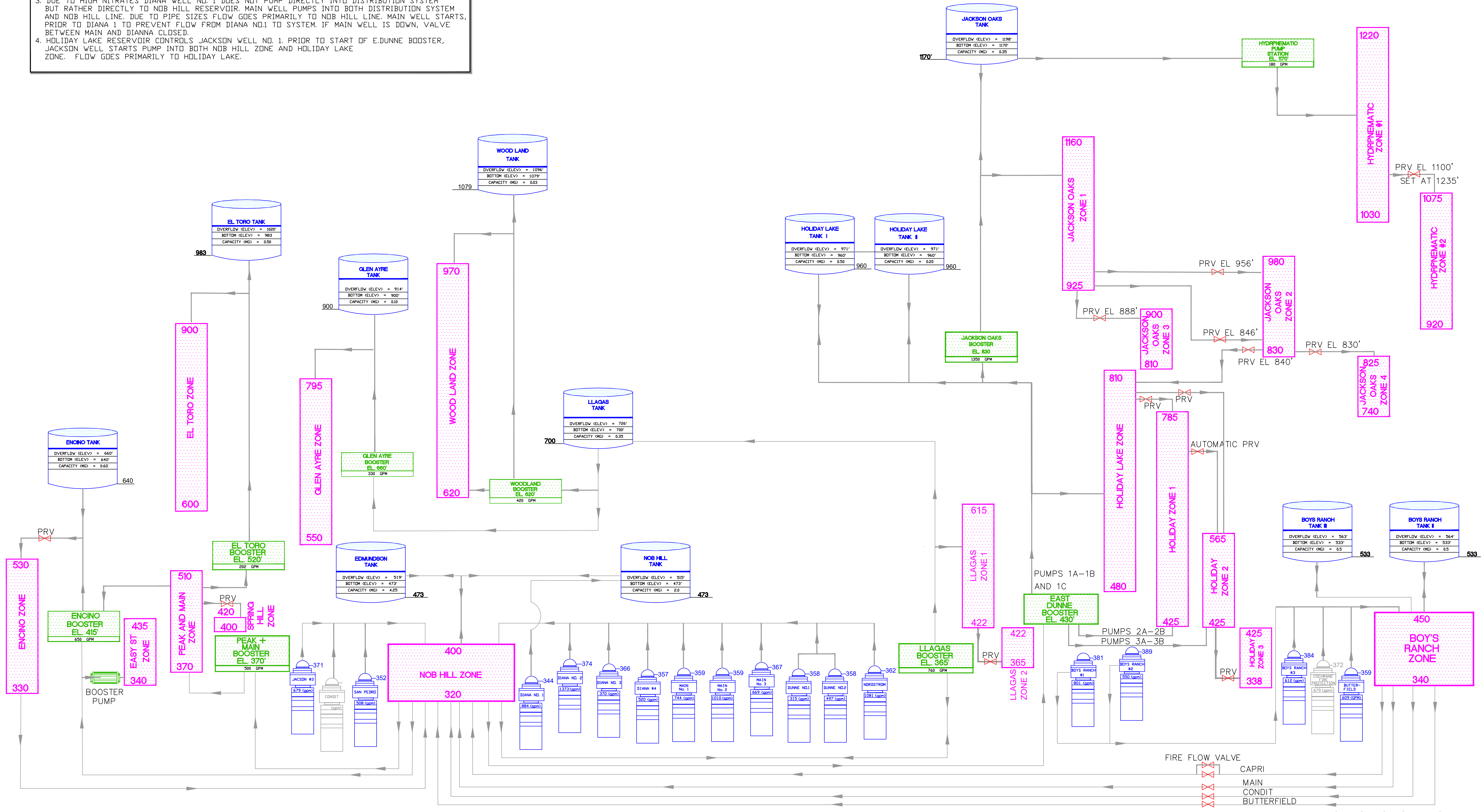
2. Cost estimate is upscaled from 2019 ENR CCI (11,281) to October 2021 ENR CCI of 12,464.

APPENDICES

APPENDIX A

Existing Water System Schematic

NOTES:
1. P.R.V = PRESSURE REDUCING VALVE SETTING SHOWN IS THAT OF ELEVATION OF STATIC HYDRAULIC GRADE LINE (SHGL)
2. AT CAPRI VALVE TWO PRV'S INSTALLED. NORMAL FLOW IS FROM BOY'S RANCH ZONE TO NOB HILL ZONE; HOWEVER ON LOW PRESSURE (I.E FIRE FLOW) SECOND VALVE ALLOWS FLOW FROM NOB HILL TO BOY'S RANCH.
3. DUE TO HIGH NITRATES DIANA WELL NO. 1 DOES NOT PUMP DIRECTLY INTO DISTRIBUTION SYSTEM BUT RATHER DIRECTLY TO NOB HILL RESERVOIR. MAIN WELL PUMPS INTO BOTH DISTRIBUTION SYSTEM AND NOB HILL LINE. DUE TO PIPE SIZES FLOW GOES PRIMARILY TO NOB HILL LINE. MAIN WELL STARTS, PRIOR TO DIANA 1 TO PREVENT FLOW FROM DIANA NO.1 TO SYSTEM. IF MAIN WELL IS DOWN, VALVE BETWEEN MAIN AND DIANNA CLOSED.
4. HOLIDAY LAKE RESERVOIR CONTROLS JACKSON WELL NO. 1. PRIOR TO START OF E.DUNNE BOOSTER, JACKSON WELL STARTS PUMP INTO BOTH NOB HILL ZONE AND HOLIDAY LAKE ZONE. FLOW GOES PRIMARILY TO HOLIDAY LAKE.



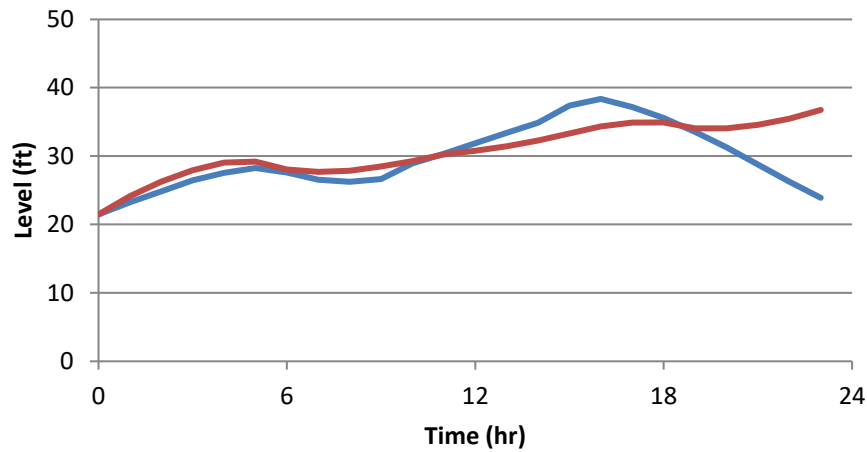
g:\r-14\proj\util\schematic\sheMTC.DWG

				WORK ACCEPTED:	INSPECTOR:	DRAWN:	DESIGN:	HOR:
				AS-BUILT CORRECTIONS		CHECKED:		VERT:
NO.	DESCRIPTION	DATE	BY	BY:	DATE:	APPROVED:	DATE:	JOB NUMBER:
G:\R-14\PROJ\util\schematic\schematic.dwg				Revisions		JAMES M. ASHCRAFT - CITY ENGINEER R.C.E. #28921 EXP. 3/31/07		
						CITY OF MORGAN HILL		
						100 Edes Ct. Morgan Hill, CA 95037 (408)776-7337, Fax (408)779-6282		
						LAST UPDATE NOVEMBER 2021 BY AKEL ENGINEERING GROUP		
						WATER SYSTEM SCHEMATIC		
						FILE NUMBER:		
						PRINT DATE: 3/19/08		
						SHEET NUMBER: 1 OF 1		

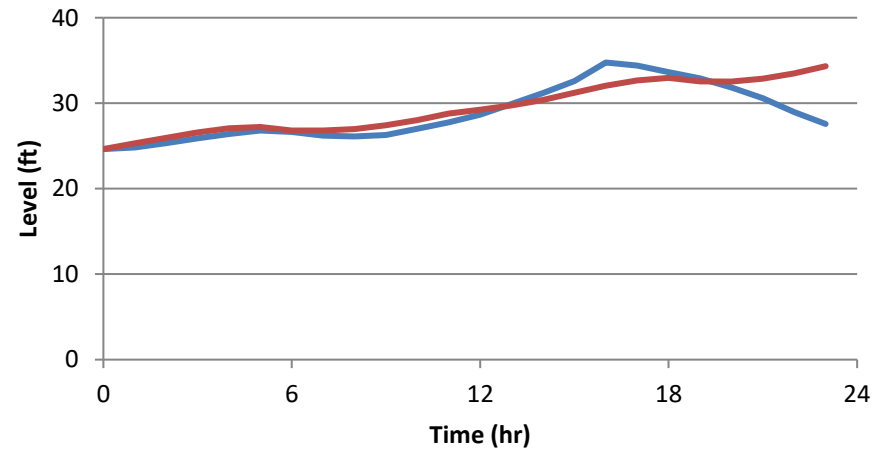
APPENDIX B

Hydraulic Model Validation

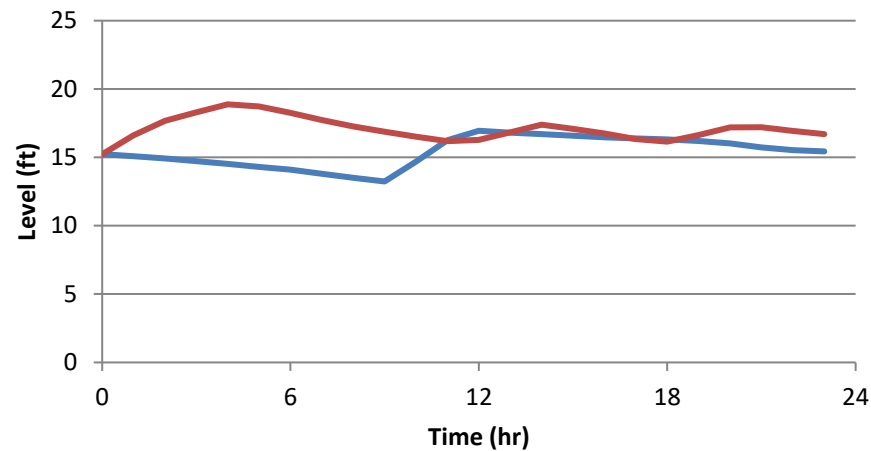
Nob Hill Tank - Level



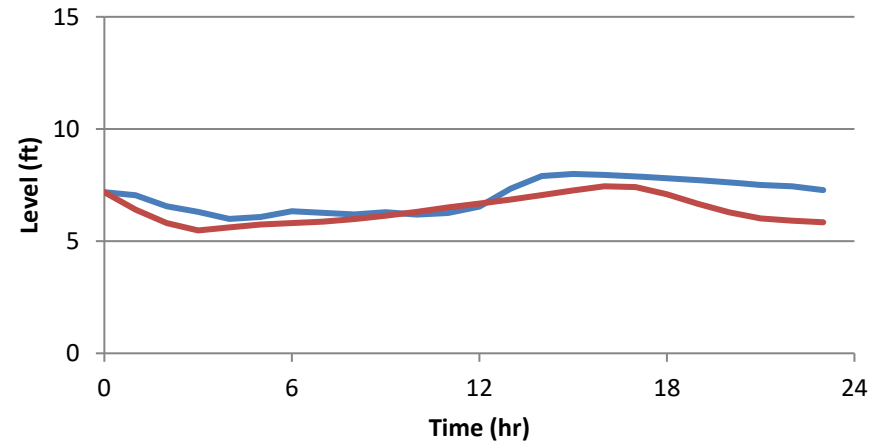
Edmundson Tank - Level



Encino Tank - Level



Holiday Lake Tank - Level



LEGEND

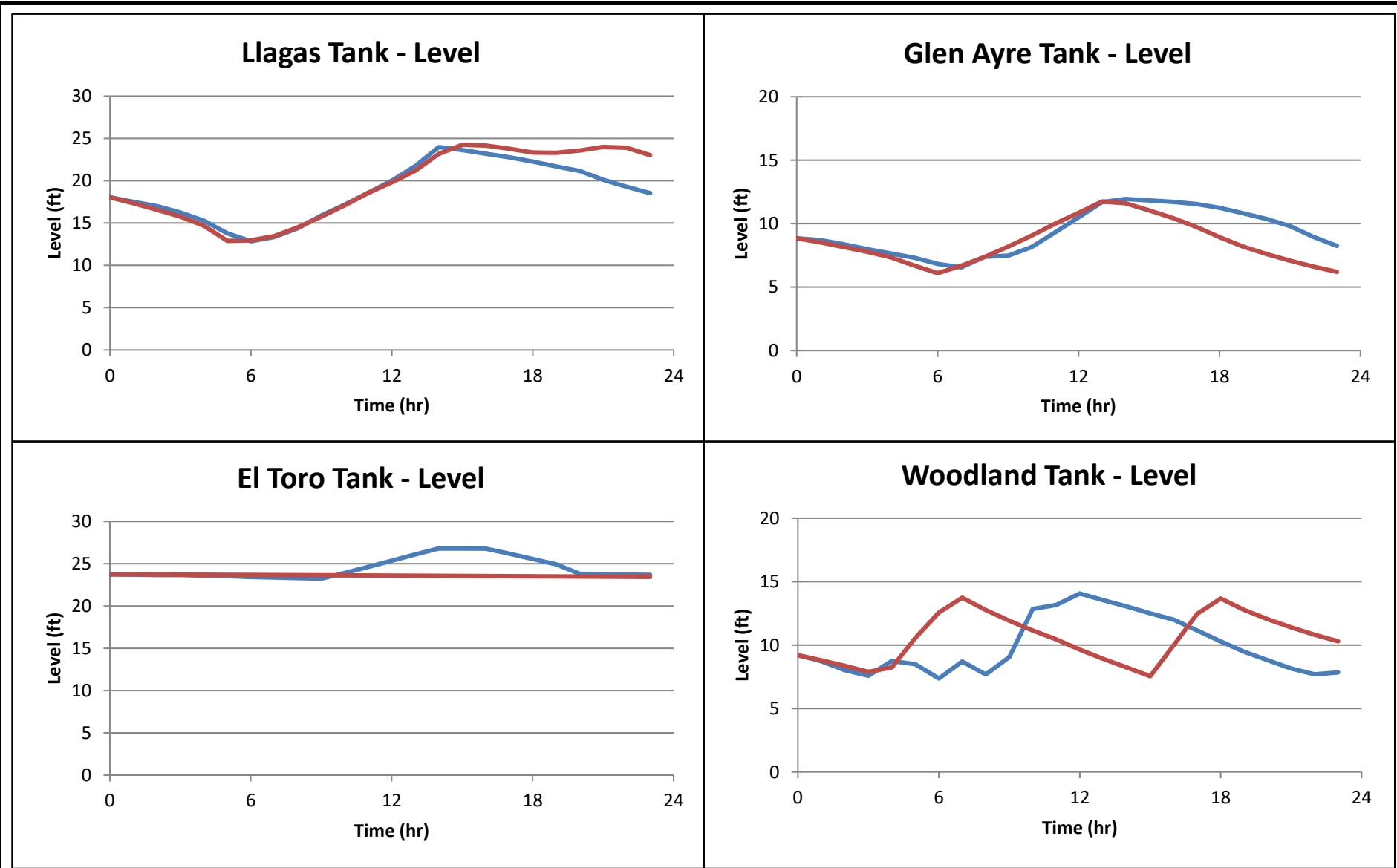
- Telemetry Data
- Model Data

Figure 1

Tank Validation

Water System Master Plan
City of Morgan Hill

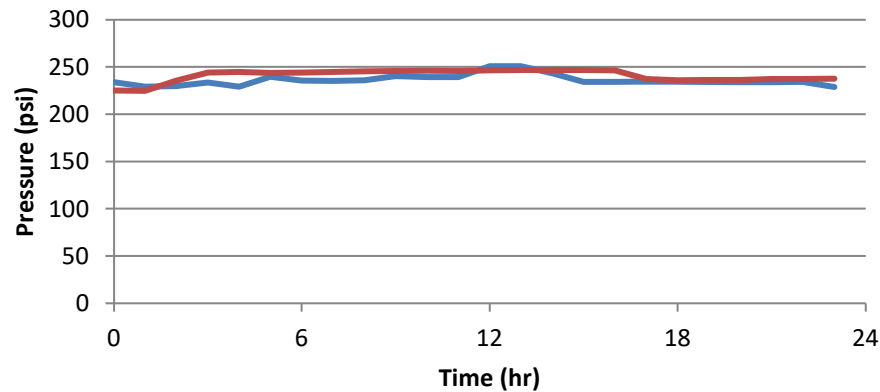




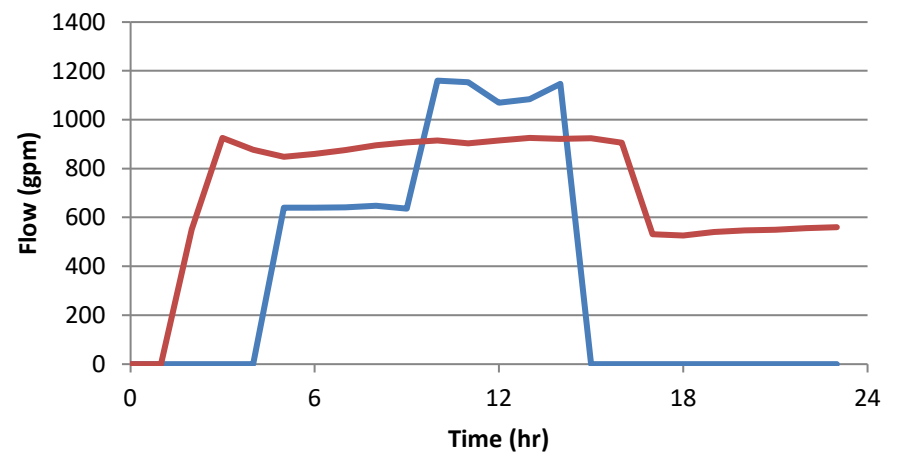
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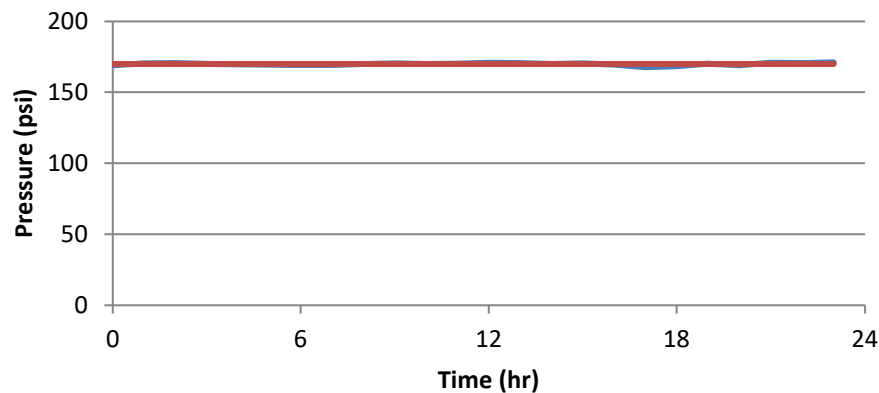
E. Dunne Booster - Discharge Pressure



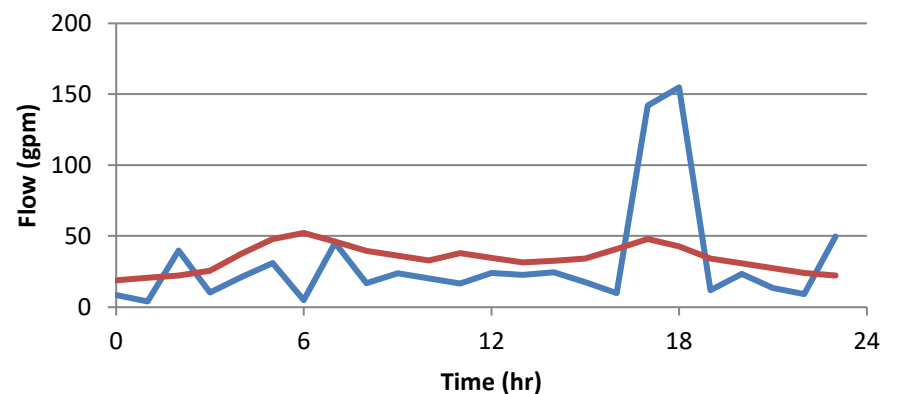
E. Dunne Booster - Flow



E. Dunne Booster High Zone 1 No. 1 - Discharge Pressure



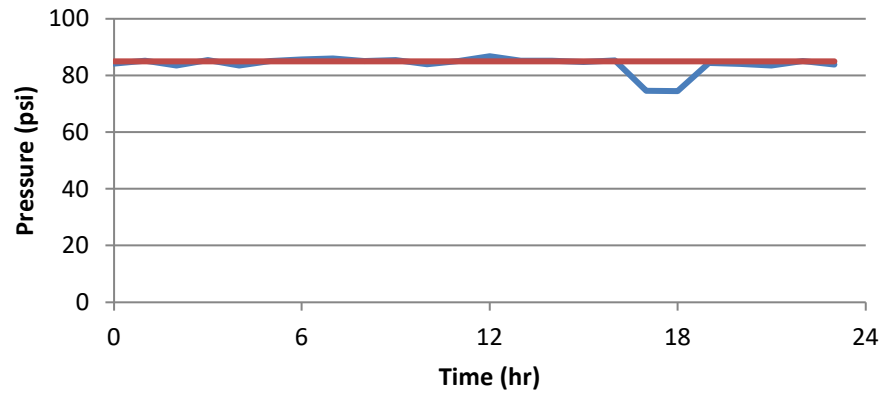
E. Dunne Booster High Zone 1 No. 1 - Flow



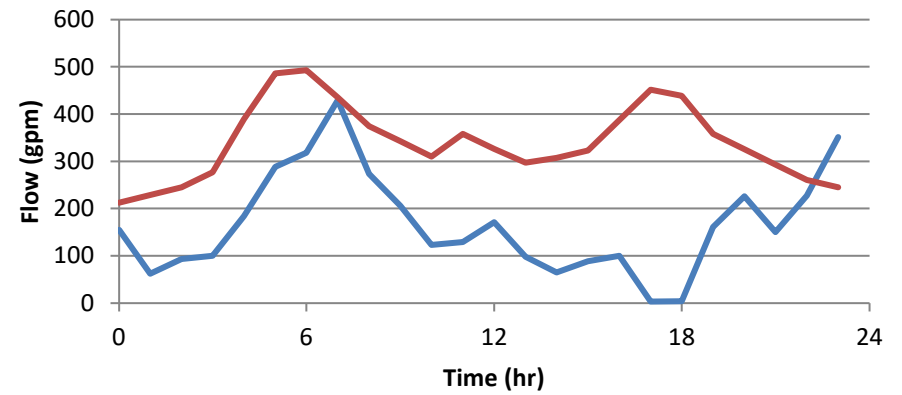
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- Telemetry Data
- Model Data

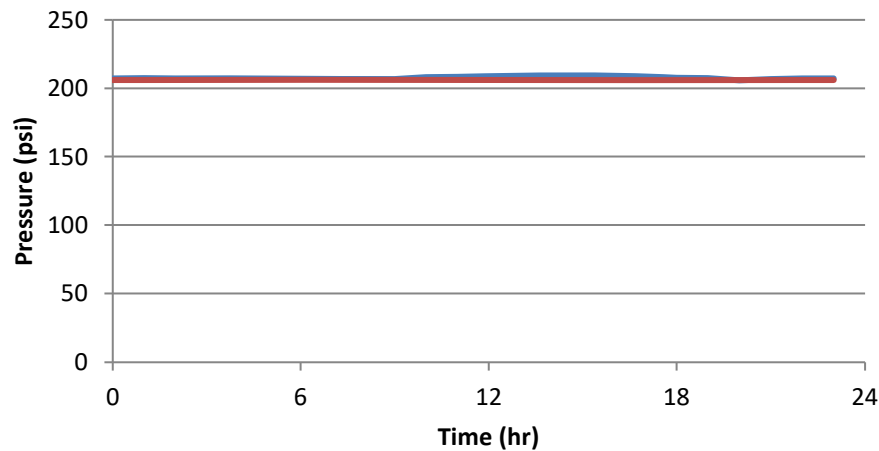
E. Dunne Booster High Zone 2 No. 1 - Discharge Pressure



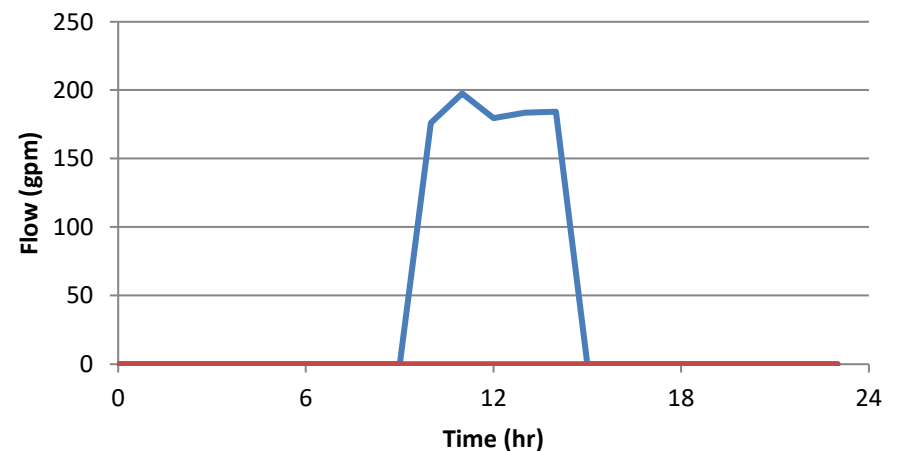
E. Dunne Booster High Zone 2 No. 1 - Flow



El Toro Booster - Discharge Pressure



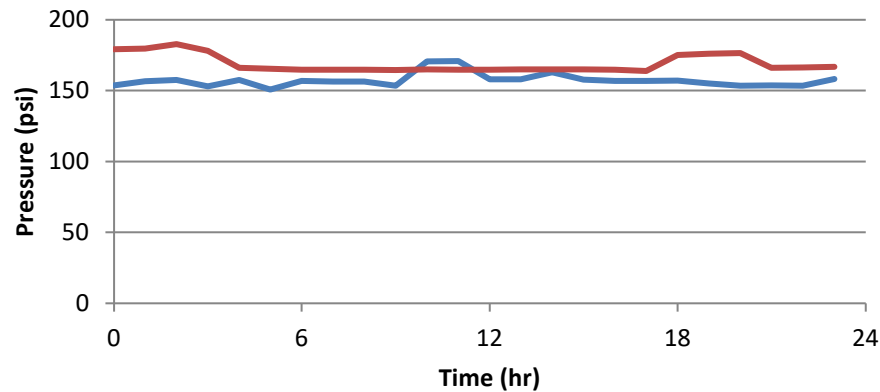
El Toro Booster - Flow



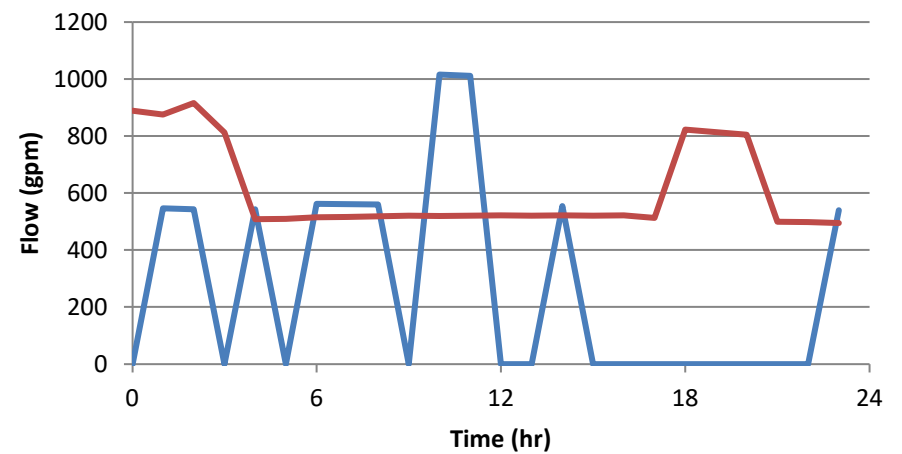
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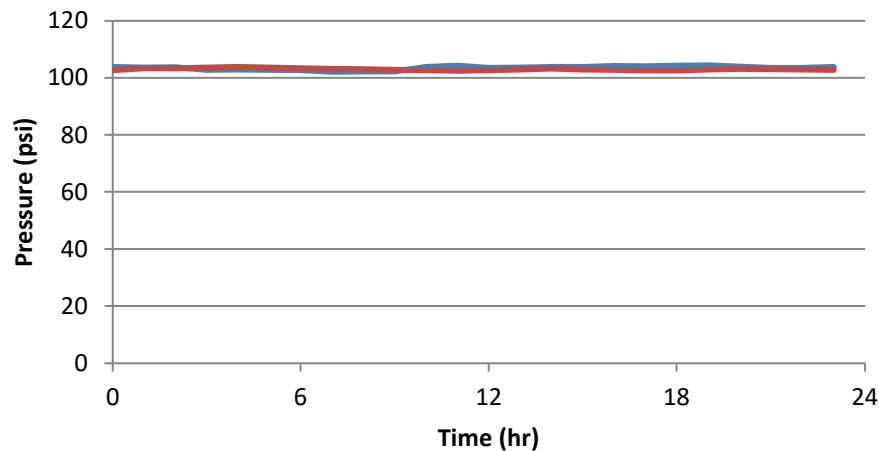
Jackson Oaks Tank - Discharge Pressure



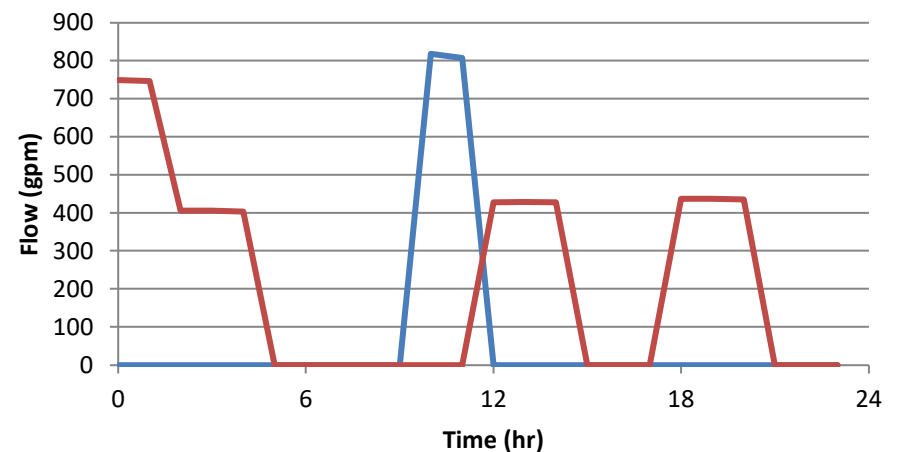
Jackson Oaks Tank - Flow



Encino Booster - Discharge Pressure



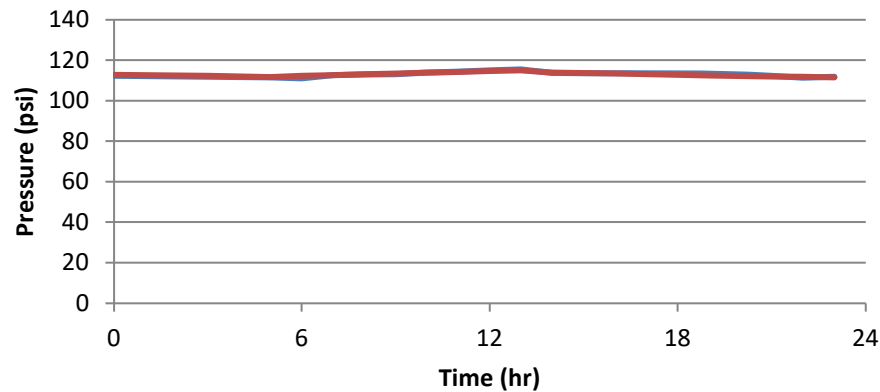
Encino Booster - Flow



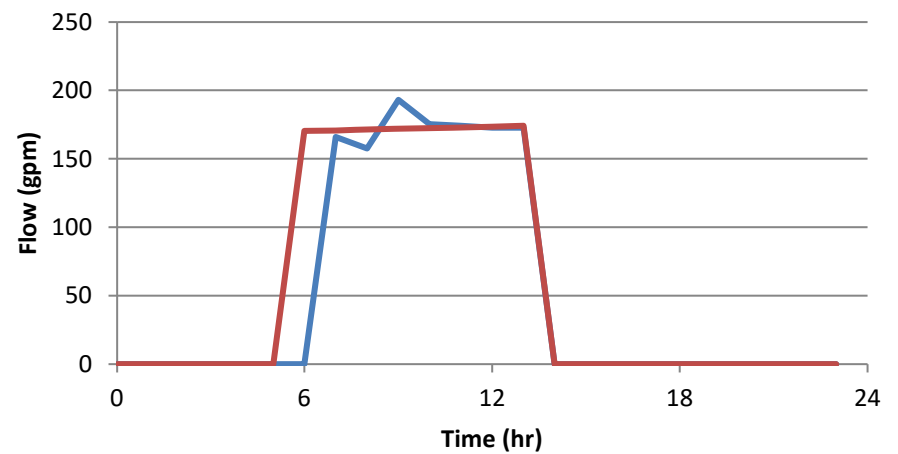
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- Telemetry Data
- Model Data

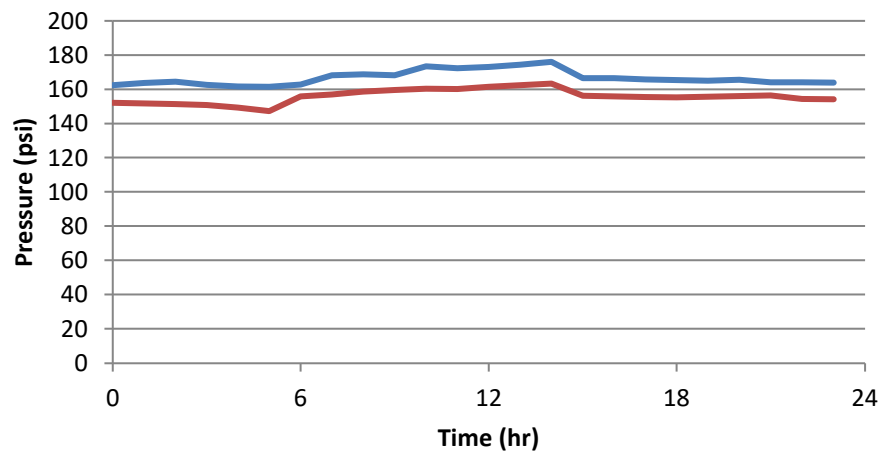
Glen Ayre Booster - Discharge Pressure



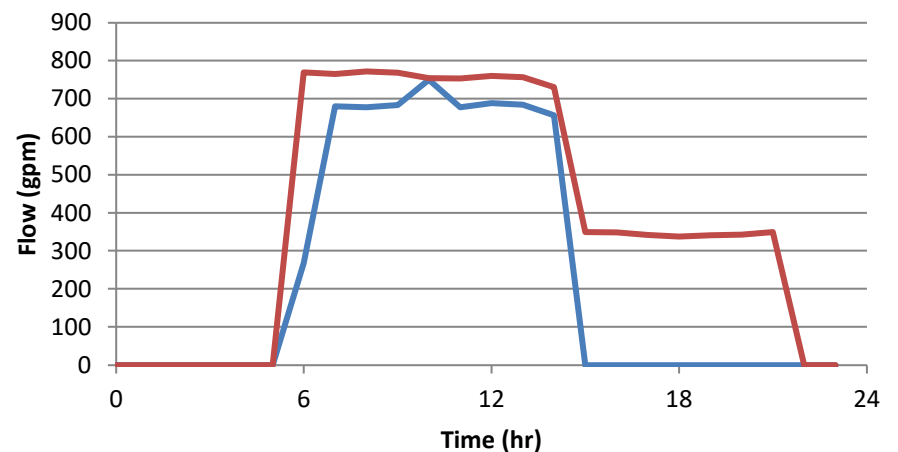
Glen Ayre Booster - Flow



Llagas Booster - Discharge Pressure



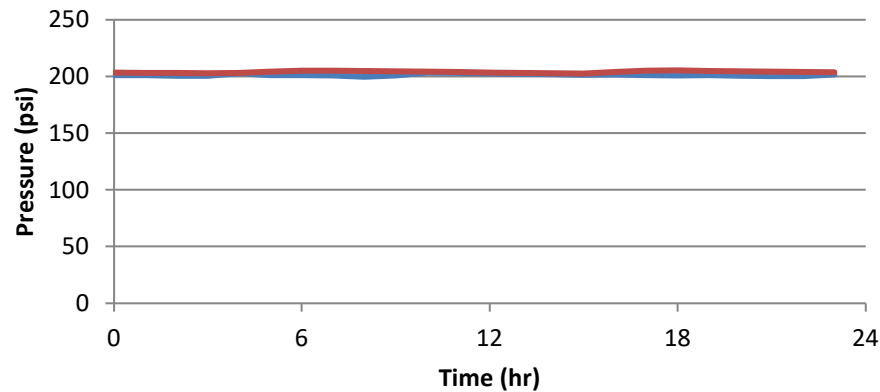
Llagas Booster - Flow



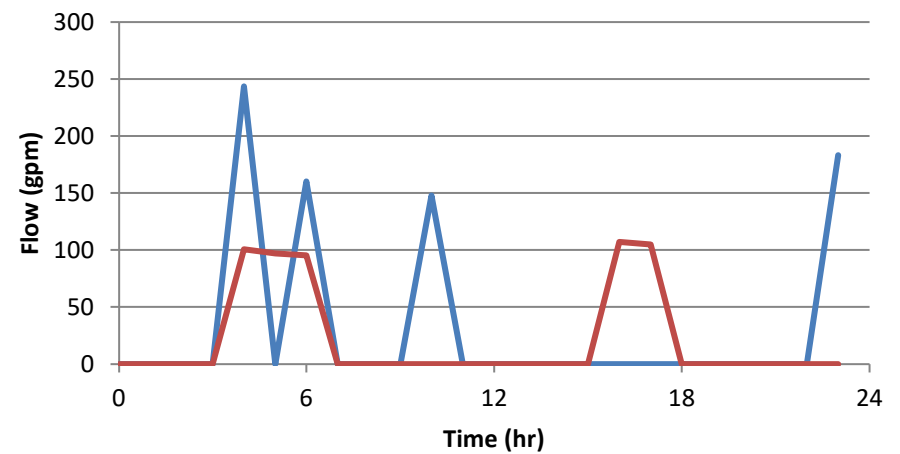
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- Telemetry Data
- Model Data

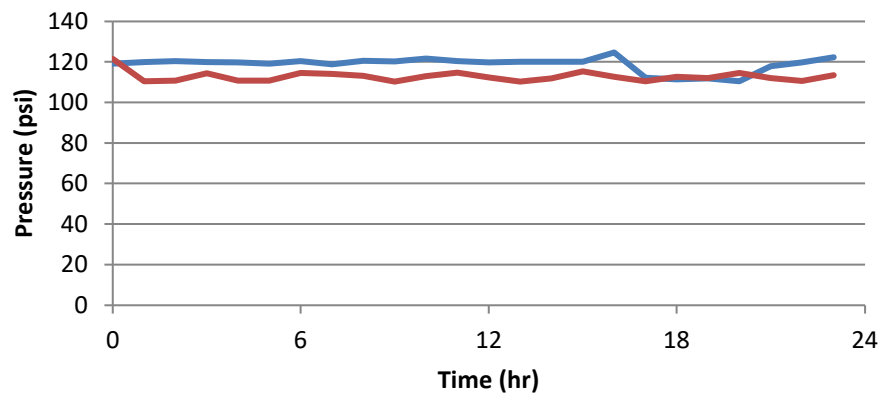
Woodland Booster - Discharge Pressure



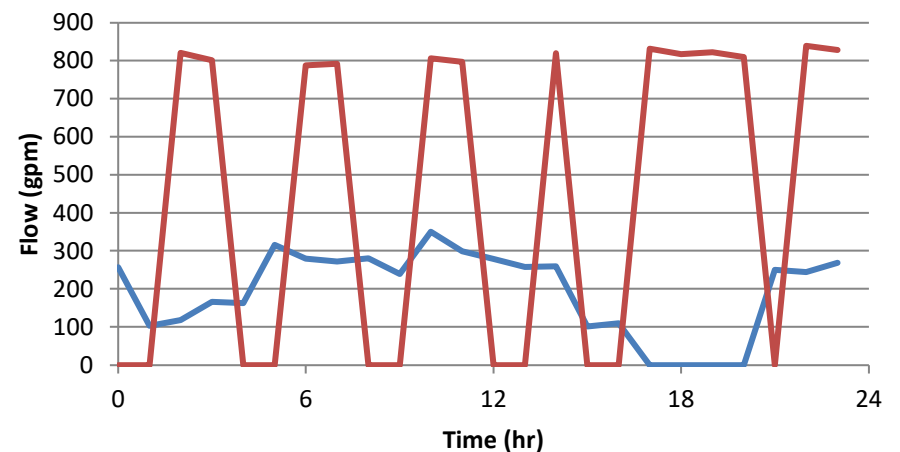
Woodland Booster - Flow



Peak and Main Booster - Discharge Pressure



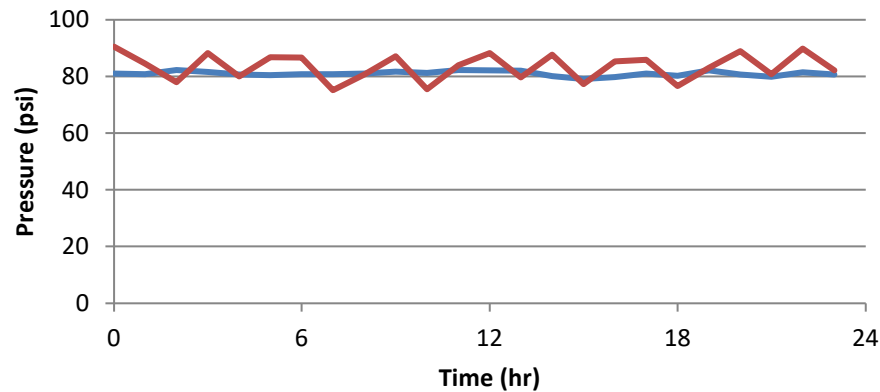
Peak and Main Booster - Flow



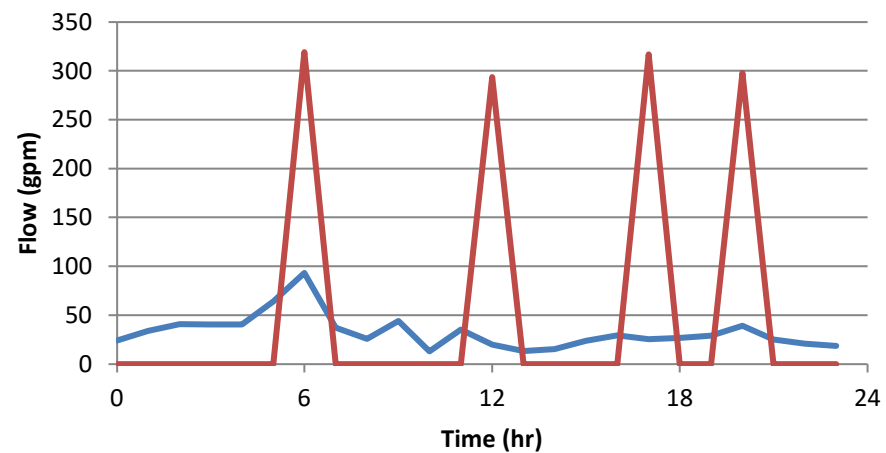
LEGEND

- Telemetry Data
- Model Data

Oak Canyon Booster- Discharge Pressure



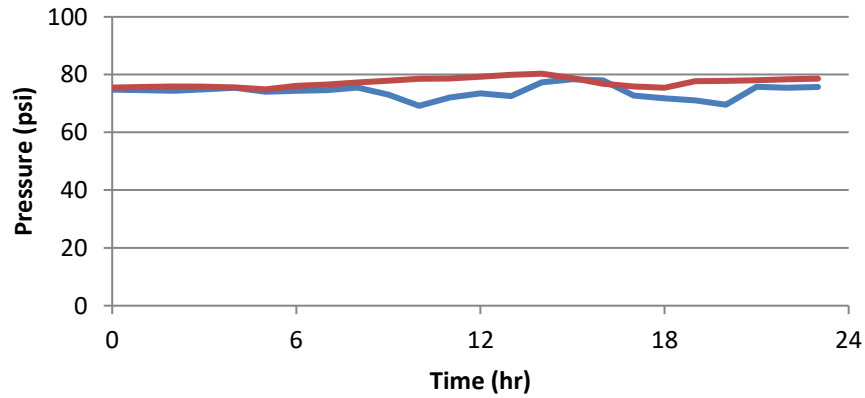
Oak Canyon Booster- Flow



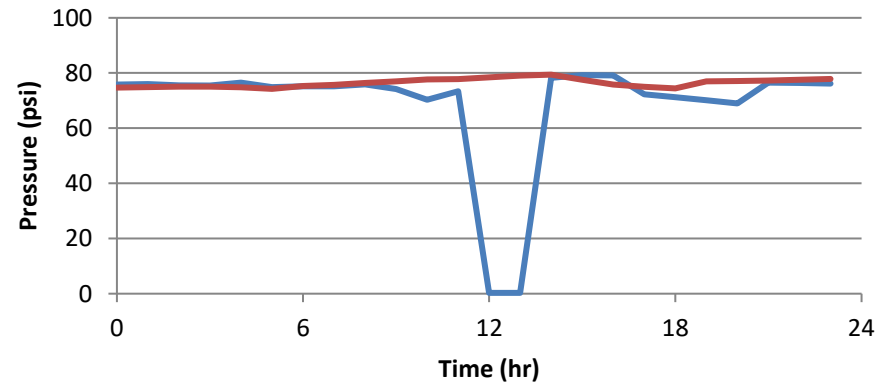
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- Telemetry Data
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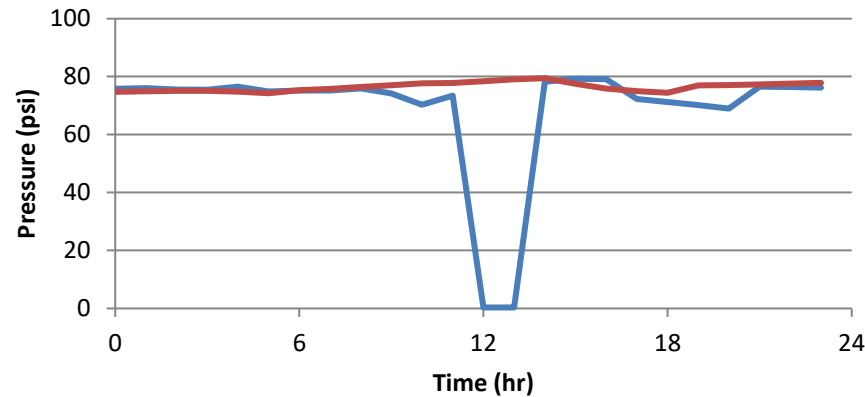
Boys Ranch Well No. 1 - Discharge Pressure



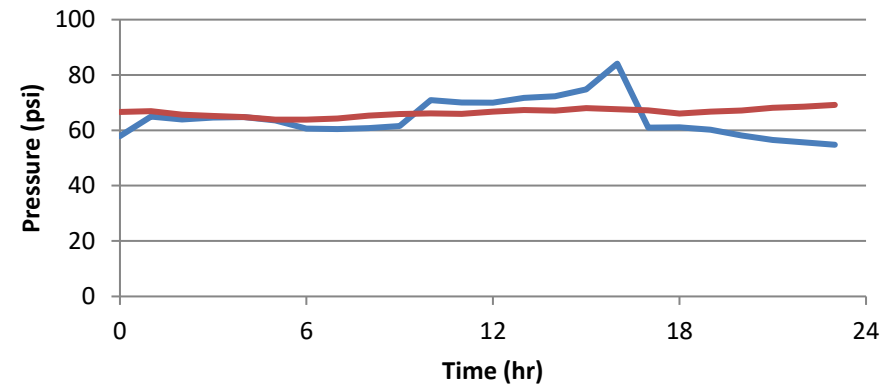
Boys Ranch Well No. 3 - Discharge Pressure



Boys Ranch Well No. 3 - Discharge Pressure



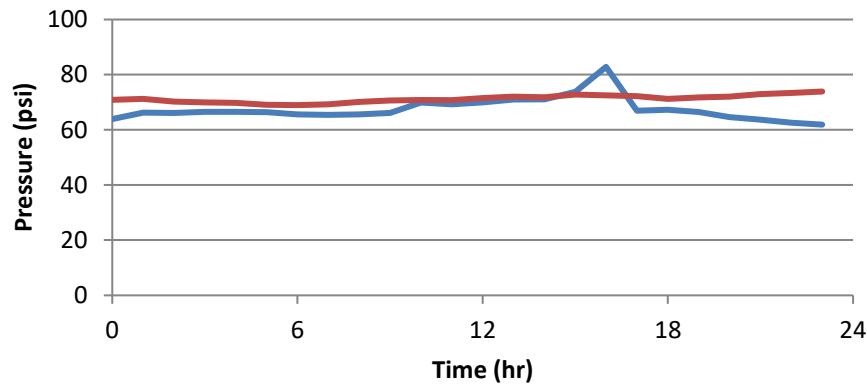
Butterfield Well - Discharge Pressure



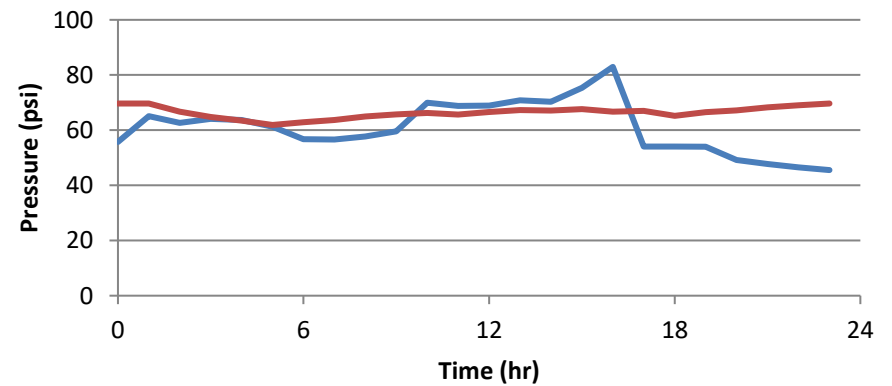
LEGEND

- Telemetry Data
- Model Data

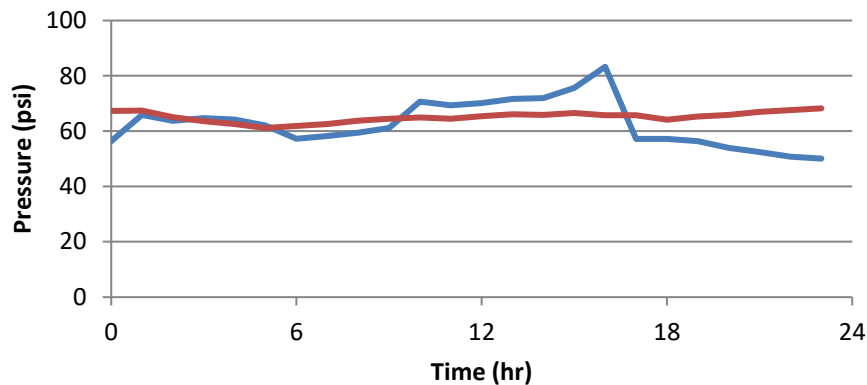
Diana Well No. 1 - Discharge Pressure



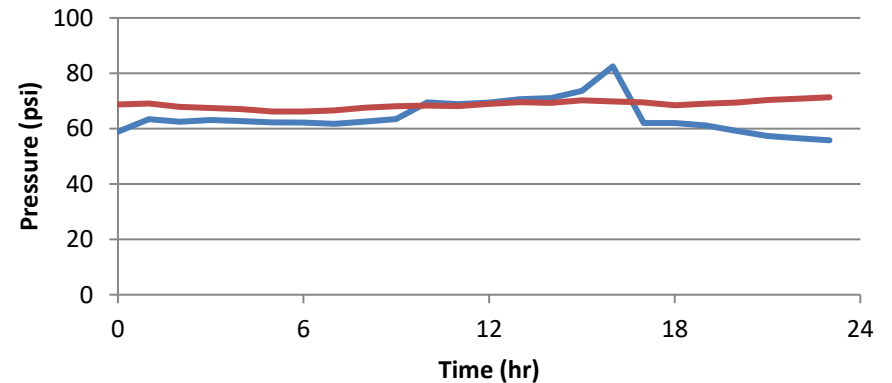
Diana Well No. 2 - Discharge Pressure



Diana Well No. 3 - Discharge Pressure



Diana Well No. 4 - Discharge Pressure



LEGEND

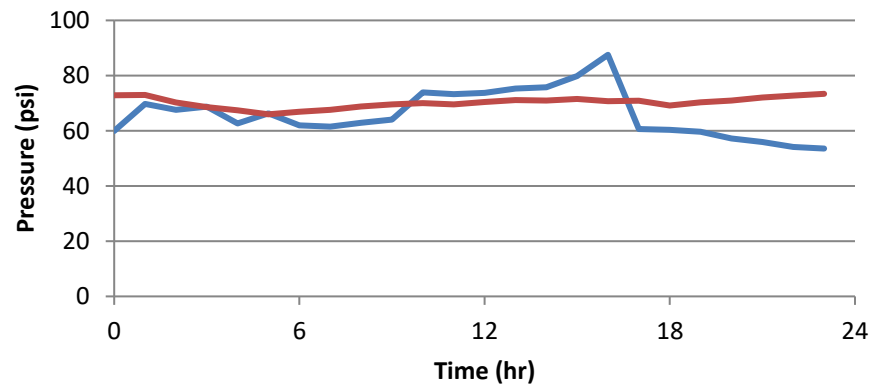
- Telemetry Data
- Model Data

Figure 10 Well Validation

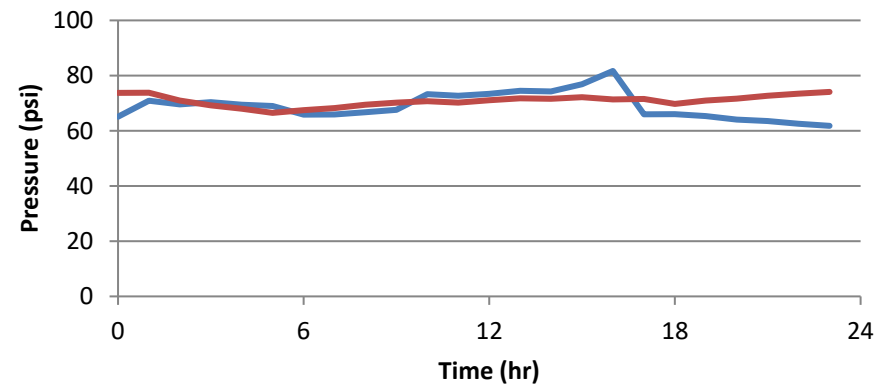
Water System Master Plan
City of Morgan Hill



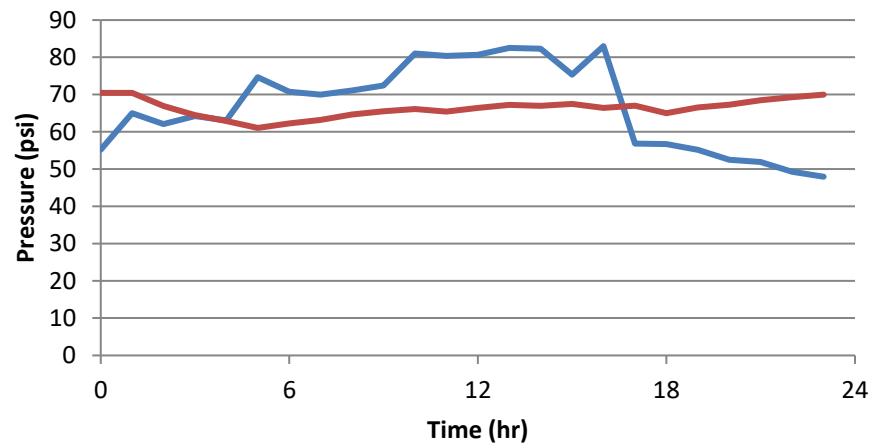
Dunne Well No. 1 - Discharge Pressure



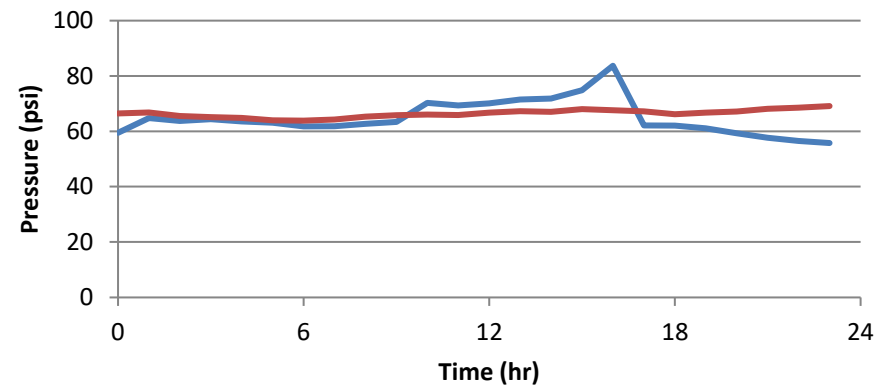
Dunne Well No. 2 - Discharge Pressure



Jackson Well - Discharge Pressure



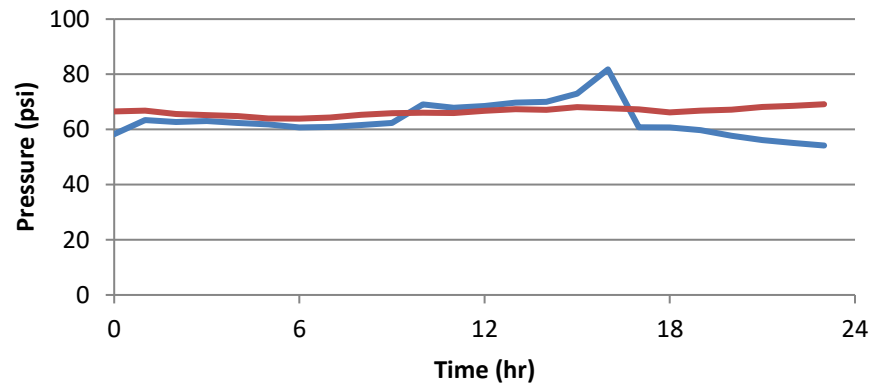
Main Well No. 1 - Discharge Pressure



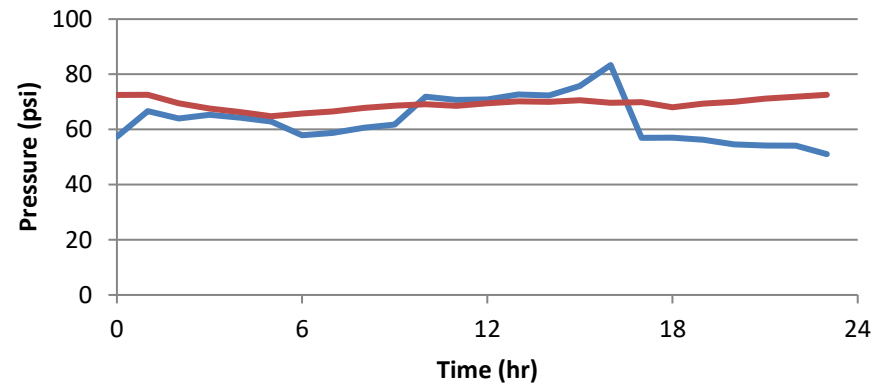
LEGEND

- Telemetry Data
- Model Data

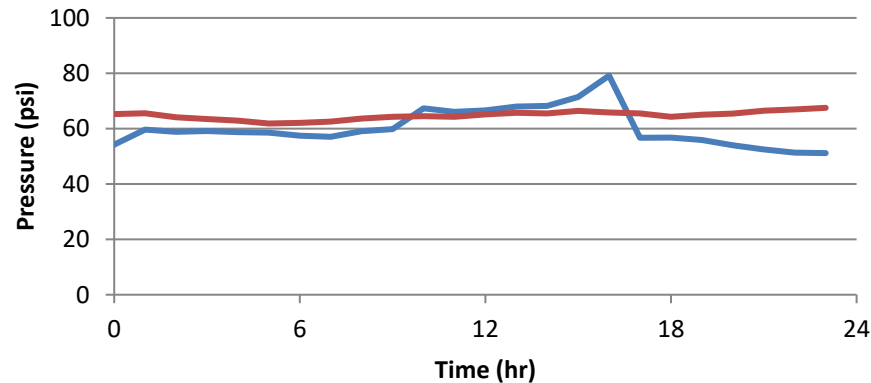
Main Well No. 2 - Discharge Pressure



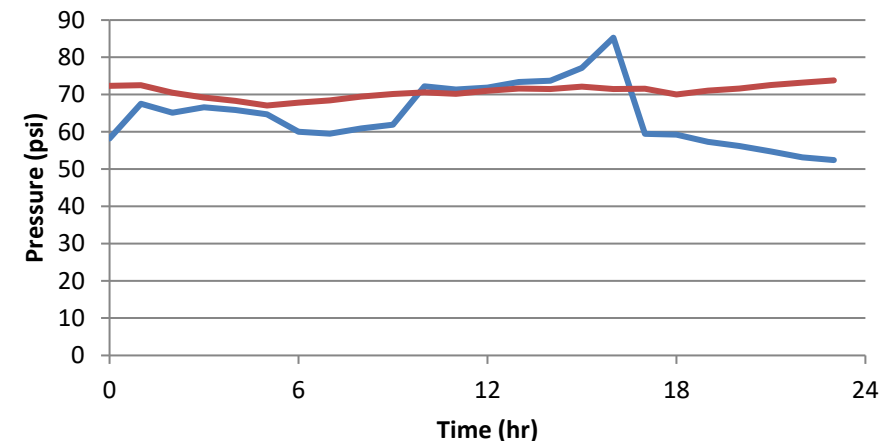
Nordstrom Park Well - Discharge Pressure



Main Well No. 3 - Discharge Pressure



San Pedro Well - Discharge Pressure



LEGEND

- Telemetry Data
- Model Data

Figure 12 Well Validation

Water System Master Plan
City of Morgan Hill





CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: Mayor

APPROVAL OF THIRD EMPLOYMENT AGREEMENTS FOR THE CITY MANAGER AND THE CITY ATTORNEY

RECOMMENDATION(S)

1. Approve the Third Employment Agreement with City Attorney Donald Larkin;
2. Approve the Third Employment Agreement with City Manager Christina Turner;
and
3. Authorize the Mayor to execute the agreements and any related agreements.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Fostering a Positive Organizational Culture

Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

The City Council directly appoints the City Manager and City Attorney and has approved employment agreements establishing the terms and conditions of employment for each position. Christina Turner has been the City Manager since October 1, 2017, and Donald Larkin has been the City Attorney since July 11, 2016. The Third Employment Agreements make changes to conform the terms for the City Attorney and City Manager agreements; adjust severance from six (6) months to twelve (12) months only in the event of termination from employment by the City Council without "good cause"; change the payoff of the housing loan from within twelve (12) months to twenty four (24) months of voluntary or involuntary separation from employment with the City; and adjust the salaries to ensure the Council's appointees' compensation are at least 15% above the highest department head. It is worth noting that even with the salary adjustment, both Council's appointees' compensation remains below the median of the County/comparator agencies.

COMMUNITY ENGAGEMENT:

This report serves to inform the community of the proposed Third Employment Agreements for both the City Manager and City Attorney.

ALTERNATIVE ACTIONS:

By its terms, the previous employment agreements of the City Manager and City Attorney remain in effect. The City Council could take no action on this item and leave the prior agreements in effect.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council approved the Second Employment Agreements for the City Manager and the City Attorney on August 5, 2020.

The City Council appointed the City Manager and approved the City Manager's Employment Agreement effective October 1, 2017.

The City Council appointed the City Attorney and approved the City Attorney's Employment Agreement effective July 11, 2016. On January 17, 2018, the City Council approved an Amended and Restated Employment Agreement for the City Attorney.

FISCAL AND RESOURCE IMPACT:

The change to the terms of both agreements is expected to have a net fiscal impact for FY 2021-22 of approximately \$55,000. There are sufficient funds available within the City Manager's and City Attorney's department budgets to accommodate the increase.

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.

THIRD EMPLOYMENT AGREEMENT
BETWEEN CITY OF MORGAN HILL AND
DONALD LARKIN

RECITALS

The following recitals are a substantive portion of this Agreement:

- A. LARKIN has been employed by CITY since July 11, 2016.
- B. On or about May 4, 2016 LARKIN and CITY entered into an Agreement wherein LARKIN agreed to serve as City Attorney and General Counsel of the Successor Agency ("SA") for CITY.
- C. CITY and LARKIN wish to enter into a Third Employment Agreement to memorialize changed terms.
- D. At a duly noticed public meeting, the City Council approved this Agreement on December 15, 2021.

AGREEMENT

In consideration of the mutual promises set forth herein and for good and valuable consideration hereby acknowledged, the parties agree as follows:

- 1. Parties: The parties to this agreement ("Agreement") Agreement are the CITY OF MORGAN HILL ("CITY") and DONALD LARKIN ("LARKIN").
- 2. Purpose: The purpose of the Agreement is to provide for the employment of LARKIN as City Attorney of CITY, as currently provided by Title 2, Chapter 2.09 of the Municipal Code of the City of Morgan Hill.
- 3. Duties: CITY hereby agrees to employ LARKIN to perform the functions and duties of City Attorney for the CITY and General Counsel of the Successor Agency for the CITY's Successor Agency ("SA") as specified in the Municipal Code of the City of Morgan Hill, the Job Description, and any other applicable Ordinances, Resolutions or Policies, and to perform such other legally permissible and proper duties and functions as the City council shall from time-to-time assign. LARKIN agrees that, to the best of his ability and experience, he will at all times loyally and conscientiously perform all of the duties and obligations required of him either expressly or implicitly by the terms of the Agreement. LARKIN also warrants that he meets the qualification for employment recited in the job description bulletin released by the CITY in connection with the position previously assumed by LARKIN. LARKIN agrees to work Full Time for the CITY and SA and not to engage in any other practice of law except as specifically permitted herein. The term "Full Time" shall not preclude LARKIN from working from time-to-time on pro bono legal services. Such work is expressly permitted so long as it does not interfere in any way with his work as City Attorney or present any conflict of interest that creates an

adverse consequence for the CITY. Further, working Full Time shall not be construed to preclude occasional teaching, writing or other pro bono service performed on LARKIN's time off.

4. Term of Agreement:

4.1 The Effective Date of this Agreement shall be July 1, 2021.

4.2 This Agreement shall commence on the Effective Date and terminate on June 30, 2022 (the "Termination Date") unless either (1) the term is modified hereafter by written agreement of the Parties, (2) the Agreement renews automatically in accordance with the provisions of 4.3 herein. LARKIN agrees to remain in the exclusive employ of the CITY during the term of the term of the Agreement and neither to accept other employment nor become employed by another employer until the Termination Date, unless the term is modified as provided herein.

4.3 At the conclusion of the term of this Agreement, it shall automatically renew each year, effective every July 1, unless terminated by the delivery of an Election of Non-Renewal by either party no later than December 30 of the then current term. Notice of an Election of Non-Renewal shall be conveyed by written notice of the other party.

5. Separation from Employment:

5.1 The City Council may terminate the services of LARKIN at any time, for any reason or no reason, it being expressly understood and agreed between the parties that LARKIN serves as an at-will employee of the City Council.

5.2 Only in the event of termination from employment by the City Council without "Good Cause," as defined below, shall LARKIN be entitled to receive compensation consisting of a lump-sum payment of twelve (12) months of base salary and Benefits, as defined below (collectively "Severance Payment"). "Good Cause" shall include, but not be limited to, breach of contract, embezzlement, fraud, disbarment or suspension from any state bar, self-dealing, abandonment of the job, conviction of any felony, conviction of a misdemeanor involving moral turpitude, any illegal act involving personal gain to LARKIN, or disability as defined in Paragraph 6, below. No Severance Payment shall be made if the term of the Agreement is complete and the Agreement is not renewed or extended. This provision shall be in effect from January 1, 2022 until this Agreement is terminated by either party.

"Benefits" shall include all benefits payable to or on behalf of LARKIN with the exception of: vacation, management leave, and administrative leave (other than those amounts already earned by LARKIN as of the date of separation). Both salary and benefits shall be computed as of the rates in effect as of the date of separation from employment.

The Severance Payment will release CITY from any further obligations under the Agreement, and any claims of any nature that LARKIN might have against the CITY by virtue of his employment or termination thereof. Contemporaneously with the delivery of the Severance Payment and in consideration therefore, LARKIN agrees to execute and deliver to the CITY a signed document releasing CITY of all claims that LARKIN may have against CITY. In return for such Severance Payment, LARKIN agrees to be available for consultation and assistance to the Interim City Attorney or any other Council appointee.

If, and only if, LARKIN is not terminated for the Good Cause set forth above, LARKIN shall be entitled to severance in an amount equal to the difference between the Severance Payment and any amount of CITY insurance disability payments he received in the first year of Disability, defined below in paragraph 6. Such payment shall be made monthly or in a lump sum at the CITY's sole discretion. Such payment shall not exceed the Severance Payment and such payment shall not exceed the difference, in the first year, between the Severance Payment and any amount of CITY Insurance disability payments. Such payment shall be treated as the Severance Payment for all other purposes.

5.3 LARKIN may resign at any time from his position with the CITY provided that he gives the CITY thirty (30) days' written notice. Should LARKIN not provide the CITY with thirty (30) days' written notice, he shall not be entitled to cash out of any benefits other than as required by law.

6. **Disability:** "Disability" shall be defined as the inability to perform the full range of the duties and essential functions of the employee's position because of sickness, accident, injury, mental incapacity or other health reasons, for a period of four (4) successive weeks beyond exhaustion of all accrued sick leave and exhaustion of all leave available under the Americans with Disabilities Act, the California Fair Employment and Housing Act, the Family Medical Leave Act, the California Family Leave Act and any other statutorily provided leave.

7. **Compensation:**

7.1 CITY shall pay LARKIN the annual salary of Two Hundred Seventy Three Thousand Three Hundred Fifty Six Dollars and zero cents (\$273,356.00).

7.2 CITY agrees to provide LARKIN a car allowance of Five Hundred Dollars (\$500) per month.

7.3 CITY agrees to pay LARKIN's California State Bar membership dues and expenses reasonably incurred to satisfy his MCLE requirements. All other professional development, conference fees and similar expenses are to be paid out of the City Attorney's Department Budget as provided in Paragraph 11.

7.4 LARKIN shall be entitled to the same benefits provided to CITY employees in the range of the "A" group of the City's Management salary resolution to the extent that

provision of such benefits are not in conflict, less than or duplicative of the specific benefits set forth in this Agreement.

7.5 LARKIN shall be entitled to receive deferred compensation equal to the current 457(b) retirement plans elective deferral limit, not including catch-up contributions. LARKIN may apportion the CITY's contribution between the CITY's plans as he desires, but in no event shall the CITY's total contribution exceed the maximum listed herein. Payments shall be made on the same schedule as salary payments.

7.6 Beginning July 1, 2022 and annually thereafter and except as otherwise provided in this Agreement, LARKIN shall receive an annual cost of living adjustment ("COLA") of his base salary equal to the percentage increase in the San Francisco Oakland/San Jose Urban Wage Earner Index, Base Rate Index for the twelve month period ending on June 30. The City Council in its sole discretion and at a duly noticed public meeting, may grant additional merit increases to LARKIN during the term of this Agreement.

8. **Performance Goals and Evaluation:** The City Council shall review and evaluate the performance of LARKIN annually between October 1 and November 30 of each year of his employment. These evaluations shall be private and confidential, and the results shall be summarized and discussed in closed session, to the extent permitted by law. Nothing in this provision shall prevent the parties from evaluation of performance at times other than as stated herein. Any delay or other failure to satisfy any or all of the evaluation steps described herein shall not affect the CITY's or LARKIN's rights regarding separation from employment or obligations under this Agreement.

9. **Sick Leave, Holidays, Vacation, Leave without Pay, Bereavement Leave, Sick Leave Buy Out and Management Leave:** LARKIN shall be entitled to accrue, and to have credited to his personal account, vacation at the annual accrual rate of one hundred sixty (160) hours per year based on years of service, with no maximum accumulation limit. Sick leave shall be as provided to department directors. Unless a greater amount is specified in this Agreement, LARKIN shall be entitled to holiday, leave without pay, bereavement leave and sick leave buy-out the same as other management employees of the CITY. It is recognized that Larkin must devote a great deal of time outside of normal working hours to the business of CITY. To that end, LARKIN is granted total annual administrative leave of one hundred twenty (120) hours per fiscal year with no maximum accumulation. The removal of the maximum accumulation cap for vacation and administrative leave is retroactive for fiscal year 2019-2020. Administrative leave may be taken at LARKIN'S discretion. The accrued amount up to the maximum of two hundred forty (240) hours of vacation and/or management leave may be cashed out at LARKIN's option annually.

10. **Retirement:** LARKIN shall make periodic payments to CalPERS in an amount commensurate with CITY employees in the range of the "A" group of the CITY's Management Salary Resolution. Beginning with CalPERS rates effective on July 1, 2014, LARKIN agrees to pay fifty percent (50%) of future rate increases charged by CalPERS to CITY as an employer.

11. **Professional Development:** The CITY hereby agrees to budget for and to pay membership fees/dues, conference/meeting registrations, and the travel and subsistence expenses of LARKIN for professional development and official travel, meetings and occasions adequate to continue the professional development of the City Attorney and to adequately pursue necessary official and other functions of the CITY, including, but not limited to, the Annual Conference of the League of California Cities, and the Spring City Attorneys' Conference. Travel and conference expenses shall be reimbursed for reasonable expenses only, and in accordance with the City's standard policies governing travel and conference expense reimbursement.

12. **Housing loan:** CITY agrees to loan LARKIN a maximum of Nine Hundred Thousand Dollars (\$900,000) to purchase a residence and property (Property) within the City of Morgan Hill. Said loan proceeds shall be used to purchase Property within the Morgan Hill City limits should Larkin elect to do so; which Property would be LARKIN'S primary residence. Said loan shall be evidenced by a Promissory Note made by LARKIN payable to the CITY and secured by a First Deed of Trust on the Property. The principal amount of the loan shall bear interest at the 10 Year Treasury Rate as of July 1, 2020 of .69% plus one quarter percent (0.25%) for a total of .94% amortized over a thirty 30-year period. LARKIN shall pay principal and interest for fifty percent (50%) of the loan amount and interest only for the remaining fifty percent (50%) of the loan amount. Principal and interest shall be amortized and payable in equal bi-weekly installments through an automatic payroll deduction with the entire balance due in 30 years. The loan may be prepaid earlier without penalty. Payoff of the Promissory Note shall occur within 24 months of voluntary or involuntary separation from employment with the CITY. LARKIN agrees to a recourse loan. LARKIN shall be responsible to pay all applicable taxes, insurance and homeowner fees and shall be responsible at his expense to maintain the property in good and habitable conditions at all times. In the event that the Internal Revenue Service determines that additional taxes are due based upon the interest rate LARKIN shall be solely responsible for those taxes.

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

14. **Bonding:** CITY shall bear the full cost of any fidelity or other bonds required of LARKIN under any law or ordinance.

15. **Other Terms and Conditions of Employment:**

15.1 The City Council, in conjunction with LARKIN, shall fix any other terms and conditions of employment, as it may determine from time-to- time, relating to the performance of LARKIN, provided such terms and conditions are not inconsistent with or conflict with the provisions of this Agreement or other applicable law.

15.2 Except as provided herein, all provisions of the CITY's Municipal Code, and regulations and rules of the CITY relating to vacation and sick leave, retirement and pension system contributions, holidays and other fringe benefits and working conditions as they now exist or hereafter may be amended, also shall apply to the City Attorney as they do other employees of the CITY, in addition to said benefits enumerated

specifically for the benefit of LARKIN, except as to the extent that such rules and regulation are in conflict with this Agreement.

16. **No Reduction in Benefits:** The City shall not at any time during the term of this Agreement reduce the salary, compensation or financial benefits to LARKIN.

17. **Notice:** Notices pursuant to this Agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid. Alternatively, notices required pursuant to this Agreement may be personally served in the same manner as is applicable to civil judicial proceedings. Notice shall be deemed given as of the date of personal service or as of the date of deposit of such written notice in the course of transmission in the United States Postal Service to the addresses set forth below or as subsequently communicated by one party to the other in writing.

17.1 Notice to LARKIN shall be sent to:

DONALD LARKIN
City Attorney
17575 Peak Avenue
Morgan Hill, CA 95037

17.2 Notice to CITY shall be sent to:

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

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

18. **General Provisions:**

18.1 The text herein shall constitute the entire agreement between the parties.

18.2 The Agreement shall be binding and inure to the benefit of the heirs at law and executors of LARKIN.

18.3 This Agreement shall become effective on the latest date listed below. This Agreement supersedes any other contract or agreement between the CITY and LARKIN.

18.4 If any provision, or any portion therefore, contained in this Agreement is held unconstitutional, invalid, or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be effective, and shall remain in full force and effect.

18.5 The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.

18.6 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 subsequent mutual written agreement executed by CITY and LARKIN.

18.7 In the event that any action is commenced to enforce the terms of this Agreement, the prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs.

18.8 This Agreement shall be interpreted as though prepared by both parties.

ATTEST:

THE CITY OF MORGAN HILL

Michelle Bigelow, Deputy City Clerk
Date: _____

Rich Constantine, Mayor
Date: _____

DONALD A. LARKIN

Approved as to Form

By: Donald A. Larkin

Gary M. Baum
Outside Counsel

Title: City Attorney
Date: _____

THIRD EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF MORGAN HILL
AND CHRISTINA TURNER

This Third Employment Agreement between the City of Morgan Hill ("CITY") and Christina Turner ("TURNER") is hereby executed by and between the parties this — day of December 2021, with an effective date of July 1, 2021 (the "Effective Date").

RECITALS

The following recitals are a substantive portion of this Agreement:

- A. TURNER has been employed by CITY since March 7, 2016;
- B. On or about October 1, 2017, TURNER previously entered into an Employment Agreement with the City of Morgan Hill to serve as City Manager;
- C. TURNER also serves as the Executive Director of the Successor Agency to the Morgan Hill Redevelopment Agency;
- D. CITY and TURNER wish to enter into a Third Employment Agreement to memorialize changed terms; and
- E. At a duly noticed public meeting, the City Council approved this Agreement on December 15, 2021.

AGREEMENT

In consideration of the mutual promises set forth herein and for good and valuable consideration hereby acknowledged, the parties agree as follows:

- 1. **Parties:** The parties to this agreement ("Agreement") are CITY and TURNER (collectively "the Parties").
- 2. **Purpose:** The purpose of this Agreement is to provide the terms for the employment of TURNER as City Manager of CITY, as currently provided by Title 2, Chapter 2.08 of the Municipal Code of CITY.
- 3. **Duties:** CITY hereby agrees to employ TURNER to perform the functions and duties of City Manager for the CITY and as Executive Director of the Successor Agency to the Redevelopment Agency of CITY as specified in the Municipal Code of CITY, the Job Description (a copy of which is attached hereto and which is included herein by this reference), applicable state statutes pertaining to Successor Agencies, any and all other applicable CITY ordinances, resolutions or policies, and to perform such other legally permissible and proper duties and functions as the CITY shall from time to time assign. TURNER agrees that, to the best of her ability and experience, she will at all times loyally

and conscientiously perform all of the duties and obligations required of her either expressly or impliedly by the terms of this Agreement.

4. Agreement Provisions:

- 4.1 Term: This Agreement shall commence on the Effective Date and terminate on June 30, 2022 (the "Termination Date") unless either: (1) the term is modified hereafter by written agreement of the Parties, or (2) the Agreement renews automatically in accordance with the provisions of Section 4.3 herein. TURNER agrees to remain in the exclusive employ of the CITY during the term of the Agreement and neither to accept other employment nor become employed by another employer until the Termination Date, unless the term is modified as provided herein.
- 4.2 Exclusivity: The term "exclusive employ of the CITY" as used in section 4.1 above shall not be construed to preclude occasional teaching, writing, or military service performed by TURNER as long as it does not conflict with her primary responsibilities as City Manager and Executive Director as described in this Agreement. Also, CITY and TURNER recognize the value of participation in League of California Cities and International City Managers' Association activities, and that speaking requests and teaching are valuable resources to the CITY. CITY may permit non-conflicting services to other entities upon prior approval of the City Council.
- 4.3 Automatic Renewal: At the conclusion of the term of this Agreement, it shall automatically renew each year, effective every July 1, unless terminated by the delivery of an Election of Non-Renewal by either party by no later than December 30 of the then current term. Notice of an Election of Non-Renewal shall be conveyed by written notice to the other party.

5. Separation from Employment:

- 5.1 Employment At-Will: The City Council may, subject to provisions set out below, terminate the services of TURNER at any time, it being expressly understood and agreed between the parties that TURNER serves as an at-will employee of the City Council. CITY must provide TURNER with thirty (30) days written notice prior to separation from employment. For any period following an election of the Mayor or a member of the City Council, CITY may not give notice of separation from employment to TURNER until sixty (60) days after such election. The intent of the time period is to allow the new City Council to have adequate time to review the City Manager's performance.
- 5.2 Severance Payment:
 - 5.2.1 In the event of TURNER' s separation from employment in accordance with Section 5.1 while TURNER is still willing and able to perform the

duties of City Manager, where such termination is without cause, TURNER shall be entitled to receive compensation, consisting of a lump-sum payment of twelve (12) months of base salary and benefits ("Severance Payment"). This provision shall be in effect from January 1, 2022 until this Agreement is terminated by either party;

5.2.2 The Severance Payment shall include all benefits payable to or on behalf of TURNER with the exception of vacation not yet accrued as of the date of separation. Both salary and benefits shall be computed at the rates in effect as of the date of separation from employment;

5.2.3 TURNER's acceptance of the Severance Payment shall release CITY from any further-obligation under this Agreement, and also from any actual or alleged liability to TURNER that may be asserted in any claim of any nature by TURNER against CITY based upon or arising from her employment or her termination. Contemporaneously with the delivery of the Severance Payment and in consideration therefore, TURNER agrees to execute and deliver to CITY a release releasing CITY of all claims that TURNER may have against CITY. In return for such Severance Payment, TURNER further agrees to be available for consultation and assistance to the incoming acting, interim or permanent City Manager for a period of at least sixty (60) days.

5.2.4 TURNER shall **not** be entitled to the Severance Payment in the following events:

5.2.4.1 The Agreement expires and CITY elects not to renew this Agreement pursuant to Section 4.3, above;

5.2.4.2 TURNER is terminated because of her conviction of a felony or misdemeanor involving moral turpitude, or is convicted of any illegal act involving personal gain to herself; or

5.2.4.3 TURNER becomes incapable of discharging her responsibilities as described in this Agreement due to a permanent disability pursuant to Section 7 herein.

5.3 Termination By TURNER: TURNER may resign at any time from her position with CITY provided that she gives CITY sixty (60) days advance written notice. Should TURNER not provide CITY with sixty (60) days written notice, she shall not be entitled to cash-out of any benefit other than as required by law.

6. Abuse of Office: If TURNER is convicted of a crime involving an abuse of her office or position, she shall fully reimburse the CITY for the following items of costs to the CITY:

6.1 Leave salary paid to TURNER by CITY pending an investigation of the crime

of which she is convicted;

- 6.2 Any funds paid by CITY for the legal defense of TURNER;
 - 6.3 Any cash settlement paid to TURNER by CITY related to the termination of this Agreement;
 - 6.4 Any payments by CITY to TURNER that were not agreed upon in this Agreement; and
 - 6.5 For the purpose of this section the term "abuse of her office or position" means either:
 - a. an abuse of public authority including but not limited to waste, fraud, and violation of law under color of authority, or
 - b. a crime against public justice including but not limited to a crime described in Title 7 of Part 1 of the California Penal Code.
7. Disability: If, during the course of this Agreement, TURNER becomes permanently disabled or is otherwise unable to perform the full range of the essential functions of her position because of sickness, accident, injury, mental incapacity, or other health reason for a period of four (4) successive weeks beyond exhaustion of all accrued sick leave, CITY shall have the option to terminate this Agreement pursuant to Section 5.1.
8. Performance Evaluation:
- 8.1 Annually, the City Council, in consultation with TURNER, shall define goals and performance objectives for the City Manager which they determine to be necessary for the proper operation of CITY; and
 - 8.2 The City Council shall review and evaluate the performance of TURNER at least annually and shall meet with TURNER to discuss the evaluation between October 1 and November 30 of each year. The review shall be in accordance with a process developed jointly by CITY and TURNER, which may be modified by mutual agreement. This evaluation shall be private and confidential, and the results shall be summarized and discussed in closed session, to the extent permitted by law, or through some other mutually acceptable format. The parties agree that the primary purpose of the evaluation is to facilitate open and frank discussion, define roles and expectations, identify performance strengths and weaknesses, and provide an opportunity for TURNER to take affirmative action to address weaknesses and areas needing improvement. TURNER shall be provided with a summary written statement of the findings of City Council, and she shall be provided with an opportunity to discuss her performance evaluation with City Council.
9. Compensation:

- 9.1 Effective July 1, 2021 CITY agrees to pay TURNER, for her services rendered pursuant hereto, an annual salary of Two Hundred Ninety Thousand Three Hundred Sixty Seven dollars and zero cents. (\$290,367.00) ("Base Salary") payable at the same time and in the same manner as other employees of the CITY are paid. Beginning July 1, 2022, and annually thereafter and except as otherwise provided in this Agreement, TURNER shall receive an annual cost of living adjustment ("COLA") in her base salary equal to the percentage increase in the San Francisco Oakland/San Jose Urban Wage Earner Index,. Base Rate Index for the twelve month period ending on June 30. The City Council, in its sole discretion and at a duly noticed public meeting, may grant additional merit increases to TURNER during the term of this Agreement;
- 9.2 CITY agrees to provide TURNER a Five Hundred dollar (\$500) per month vehicle allowance;
- 9.3 TURNER shall be entitled to the same benefits provided to CITY employees in the range of the "A" group of the CITY's Management Salary Resolution, as it is amended from time to time by City Council action; and
- 9.4 TURNER shall make periodic payments to CalPERS in an amount commensurate with CITY employees in the range of the "A" group of the CITY's Management Salary Resolution.
10. Hours of Work, Administrative Leave: It is recognized that TURNER must devote a great deal of time outside of normal working hours to the business of CITY. To that end, TURNER is granted total annual administrative leave of one hundred twenty (120) hours per fiscal year, with no maximum accumulation. The removal of the maximum accumulation cap for vacation and administrative leave is retroactive for fiscal year 2019 – 2020. Administrative leave may be taken by TURNER at her discretion. The accrued amount up to the maximum of two hundred forty (240) hours of vacation and/or administrative leave may be cashed out at TURNER's option annually..
11. Deferred Compensation: TURNER shall be entitled to receive deferred compensation equal to the current 457(b) retirement plans elective deferral limit, not including any catch-up contributions., such amounts to be credited to her account as deferred compensation.
12. Professional Development: The CITY agrees to budget for and to pay membership fees/dues, conference/meeting registrations, and the travel and subsistence expenses of TURNER for professional development and official travel, meetings and occasions adequate to continue her professional development and to adequately pursue necessary official and other functions of CITY, including but not limited to the annual Conference of the League of California Cities ("LCC"), the LCC Spring City Manager's Department meeting, and annual ICMA Conference. Travel and conference expenses shall be reimbursed for reasonable expenses only and in accordance with the CITY's policies governing travel and conference expense reimbursement. The CITY further agrees to reimburse TURNER for tuition, fees, books, software and related educational expenses for professional development.
13. Housing Loan:
- 13.1 CITY agrees to loan TURNER a maximum of One Million-Three Hundred

Thousand Dollars (\$1,300,000) to purchase a residence and property ("Property") in Morgan Hill. Loan proceeds shall be used to purchase Property within City limits which will be TURNER'S primary residence. The loan shall be evidenced by a Promissory Note made by TURNER payable to the CITY and secured by a First Deed of Trust on the Property. The principal amount of the loan shall bear interest at the 10 Year Treasury Rate as of July 1, 2020 of .69% plus one quarter percent (.25%) for a total of .94%, amortized over a thirty (30) year period.. TURNER shall pay principal and interest for fifty percent (50%) of the loan amount and interest only for the remaining fifty percent (50%) of the loan amount. Principal and interest shall be amortized and payable in equal bi-weekly installments through an automatic payroll deduction with the entire balance due in 30 years. The loan may be prepaid earlier without penalty. Payoff of the Promissory Note shall occur within 24 months of voluntary or involuntary separation from employment with the CITY. TURNER agrees to a recourse loan. TURNER shall be responsible to pay all applicable taxes, insurance, and homeowner fees and shall be responsible at her expense to maintain the property in good and habitable conditions at all times. In the event that the Internal Revenue Service determines that additional taxes are due based upon the interest rate TURNER shall be solely responsible for those taxes.

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

15. Bonding: CITY shall bear the full cost of any fidelity or other bonds required of TURNER under any law or ordinance.

16. Other Terms and Conditions of Employment:

16.1 The City Council, in conjunction with TURNER, shall fix any other terms and conditions of employment, as it may determine from time to time, relating to the performance of TURNER, provided such terms and conditions are not inconsistent or in conflict with the provisions of this Agreement or applicable laws; and

16.2 In addition to the benefits enumerated specifically for the benefit of TURNER in this Agreement, all provisions of the CITY's Municipal Code, and regulations and rules of the CITY relating to vacation and sick leave, retirement and pension system contributions, holidays and other fringe benefits and working conditions as they may now exist or may be amended, shall also apply to TURNER as they now do to other CITY employees, except as provided in this Agreement. Absent any change to vacation benefits, TURNER will continue to accrue vacation at a rate of one hundred sixty (160) hours per year based on years of service .with no maximum accumulation limit..

17. No Reduction in Benefits: CITY shall not at any time during the term of this Agreement reduce the salary, compensation or financial benefits to TURNER.

18. Notice: Notices pursuant to this Agreement shall be given by deposit in the custody of

the U.S. Postal Service. Alternatively, notices required pursuant to this Agreement may be personally served in the same manner as is applicable to civil judicial proceedings. Notices shall be deemed given as of the date of personal service or as of the date of deposit of such written notice in the course of transmission in the U.S. Postal Service to the addresses set forth below or as subsequently communicated by one party to the other in writing.

- 18.1 Notice to TURNER shall be sent to: Christina Turner, c/o City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, CA 95037; and
- 18.2 Notice to CITY shall be sent to: Mayor, City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, CA 95037.

19. General Provisions:

- 19.1 The Agreement shall be binding and inure to the benefit of the heirs at law and executors of TURNER;
- 19.2 If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid, or enforceable, the remainder shall be deemed severable, shall not be deemed ineffective, and shall remain in full force and effect;
- 19.3 The persons executing this Agreement on behalf of the Parties warrant that they are duly authorized to execute this Agreement;
- 19.4 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 subsequent mutual written agreement executed by CITY and TURNER;
- 19.5 This Agreement shall be interpreted under the laws of the State of California; and

19.6 This Agreement shall be interpreted as though prepared by both parties.

IN WITNESS WHEREOF the Parties hereby agree to the foregoing by executing below:

ATTEST:

THE CITY OF MORGAN HILL

Michelle Bigelow, Deputy City Clerk

Date: _____

Rich Constantine, Mayor

Date: _____

CHRISTINA TURNER

CHRISTINA TURNER

Title: City Manager

Date: _____

Approved as to Form:

Donald A. Larkin
City Attorney



CITY COUNCIL STAFF REPORT

MEETING DATE: December 15, 2021

PREPARED BY:

Anthony Eulo, Program Administrator

APPROVED BY: City Manager

AWARD ENERGY SERVICES AGREEMENT FOR CENTENNIAL RECREATION CENTER BATTERY ENERGY STORAGE SYSTEM TO SYSERCO

RECOMMENDATION(S)

1. Open/Close Public Hearing; and
2. Authorize the City Manager to execute a design-build energy services agreement with Syserco for the Centennial Recreation Center Battery Energy Storage Project and all related documents necessary to complete the project.

Estimated Time: 10 Minutes

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Protecting the Environment and Preserving Open Space and Agricultural Land

REPORT NARRATIVE:

The purpose of this item is to provide the City Council with an update on the City's efforts to establish a battery energy storage project at the Centennial Recreation Center (CRC) and an opportunity to authorize the City Manager to execute an agreement to proceed with battery procurement and installation.

The City has long recognized that installing a backup power source at the CRC would enable the building to remain operational during power outages and possibly serve as a cooling center or shelter during emergencies. While the building has a generator connection, installing a generator necessitates maintaining the generator in perpetuity at a cost that is not budgeted for a generator that will be rarely used. Since the CRC has a robust solar energy system, installing batteries could allow parts of the building to function during power outages while also enabling the facility to shift its energy use to off-peak hours on a daily basis. The City has obtained two grants to support a battery installation. Silicon Valley Clean Energy (SVCE) allocated \$200,000 of its resiliency funding to the City for projects of this nature. In addition, the City was able to obtain a \$300,000 grant from CalOES as part of their Communities Power Resiliency Allocation to Cities Program. While \$500,000 is not enough to install a full battery support system, it is probably enough to build a core of a system that can be expanded later as additional funding becomes available.

With additional planning support from SVCE's consultants, the City issued a request for proposals (RFP) (Attachment 1) late this summer seeking a contractor to engage in a design-build energy services agreement. The design-build approach was chosen because it enables the City's selected partner to bring forward creative project approaches that can best serve the City's interests. This is particularly useful in a project like this in which there are numerous technological options, the possibility of additional funding from PG&E, the option of changing PG&E rate schedules to maximize savings, and different perspectives on the facility's future needs.

The City was in communication with 13 potential bidders during the RFP period. Due to the complexity of the project and the tight grant performance schedule, the City received just one proposal (Attachment 3) in response to the RFP. While this is sometimes troubling, the contractor team that submitted the proposal, Syserco, is very familiar and experienced with the type of work, was very engaged during the RFP process, was involved in the CRC's original construction, and has engaged very productively with staff during the proposal evaluation period. With these reasons in mind, staff recommends that the Council authorize the City Manager to execute an agreement with Syserco similar to the attached Energy Services Agreement (Attachment 2), subject to the review and approval of the City Attorney. This agreement is being presented in draft form to the Council so that the work can proceed during the month between now and the next Council meeting. With the Council's authorization, staff will finalize the agreement in the next two weeks once some additional details are finalized with Syserco. The State grant funds must be spent in early 2022 so there is not time to wait until the Council's next meeting in mid-January.

COMMUNITY ENGAGEMENT:

Not Applicable

No community engagement was initiated prior to this report as the project will not impact the normal operations of the CRC nor will its construction impact cause community impacts. Once the project design and construction schedule are finalized, staff will communicate project updates via social media, emails, and the website. The final product itself will not impact the use of the CRC during normal operations and will be transparent to CRC members.

ALTERNATIVE ACTIONS:

The Council could decline to proceed with the project and direct staff to cancel the State grant and identify a different suitable use of the SVCE grant.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Council ratified the acceptance of the State grant at its April 7, 2021 meeting.

FISCAL AND RESOURCE IMPACT:

As indicated, the \$500,000 in grant funding is enough for a core project, but additional funding will ultimately be needed to maximize the benefits of a battery energy storage system. During the City's post-proposal discussions with Syserco, obtaining additional funds from the State's Self Generation Incentive Program has been assumed. The final amount of the funds available, however, cannot be determined at this time as these funds are subject to reservation and aren't confirmed until a reservation is obtained.

In addition, it may make economic sense for the City to invest additional City funds into

the project if the payback period is reasonably short. Any use of additional unappropriated funds, however, would only be possible through additional City Council action at a subsequent meeting. To be clear, the recommended action assumes no funds are spent on this project from the City's funds outside of the grants, and staff will return to the Council if it is determined that using City funds is worthy of additional consideration.

CEQA (California Environmental Quality Act):

Categorical Exemption

The associated project will be a physical improvement that is subject to CEQA. Minor changes to existing facilities like this project, however, are categorically exempt per Section 15301 of the CEQA Guidelines.

CITY OF MORGAN HILL



REQUEST FOR PROPOSALS
from Eligible
DESIGN/BUILD ENTITY

FOR
Battery Storage System Project

October 11, 2021

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- 1 INTRODUCTION**
- 2 PROJECT INFORMATION**
- 3 SELECTION PROCESS**
- 4 SUBMITTAL REQUIREMENTS**
- 5 PROPOSAL REQUIREMENTS AND EVALUATION CRITERIA**
- 6 SELECTION SCHEDULE**
- 7 ADDENDA**

ATTACHMENTS

- Attachment 1 – Battery Project Scope of Work and Exhibits**
- Attachment 2 – General Conditions**
- Attachment 3– City Contract Documents**

1 INTRODUCTION

- 1.1. The City of Morgan Hill is soliciting proposals from eligible Design-Build Entities (DBEs) for the Battery Storage System (Battery Project) at the City's Centennial Recreation Center. The design-build proposals will be evaluated based upon "best value" using the criteria established in this RFP. The City may include operations and maintenance (O-M) service requirements as additional contract requirement following completion of the Battery Project.
- 1.2. The City of Morgan Hill is a general law city in the State of California. The governing body of the City is the elected Mayor and four Councilmembers of the City of Morgan Hill. A City Manager, appointed by the Council, manages the day-to-day business of the City. The Public Services Director manages capital improvement projects under the direction of the City Manager.
- 1.3. Details of the Battery Project applicable to this RFP are included in Attachment 1 – Battery Project Scope of Work. The site is located at 171 W. Edmundson Ave., Morgan Hill, CA 95037
- 1.4. The City has secured \$500,000 in funding to complete a battery resiliency project that will improve the resiliency of the Centennial Recreation Center.
- 1.5. The City desires to select a DBE that will provide all necessary design, construction, and commissioning of the Battery Project. Following completion of the Battery Project, the City may opt to issue a separate Operations and Maintenance (O-M) services contract for the Battery Project to the successful DBE or to another entity.
- 1.6. In its preparation of its proposal, the DBE may not use the services of the City's Project Team, which is as follows:
 - 1.6.1. Chris Ghione – Public Services Director
 - 1.6.2. Anthony Eulo – Project Manager
 - 1.6.3. Buro Happold – Consultants
 - 1.6.4. AESC – Consultants
- 1.7. The above-referenced individuals and firms are not eligible to participate in the preparation of a proposal with any design-build entity.
- 1.8. The City may contract with a Labor Compliance Officer for this Project to enforce a labor compliance program under section 1771.5 of the Labor Code.
- 1.9. **DIR Registration:** No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)]. No contractor or subcontractor may be awarded a contract for public work on a public works project (awarded on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

- 1.10. **Prevailing Wages.** Each worker performing Work under this Contract 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](http://WWW.DIR.CA.GOV/DLSR). Contractor shall post a copy of the applicable prevailing rates at the Worksite. Both the Prime General Contractor and the Subcontractor must pay prevailing wages.

This Project is subject to the prevailing wage requirements applicable to the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the Work, including employer payments for health and welfare, pension, vacation, apprenticeship and similar purposes.

These prevailing rates are available online at [HTTP://WWW.DIR.CA.GOV/DLSR](http://WWW.DIR.CA.GOV/DLSR). Each Contractor and Subcontractor must pay no less than the specified rates to all workers employed to work on the Project. The schedule of per diem wages is based upon a working day of eight hours. The rate for holiday and overtime work must be at least time and one-half.

The Contract will be subject to compliance monitoring and enforcement by the California Department of Industrial Relations, under Labor Code Section 1771.4.

A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request, to The City, or to the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations, and as further provided by the Labor Code.

2 PROJECT INFORMATION

- 2.1 The contract documents for the Battery Project consist of the following information:
- 1.1.1. Battery Project scope of work (Attachment 1),
 - 1.1.2. Concept Battery Single-Line Diagram (Exhibits to Attachment 1)
 - 1.1.3. Proposed Power Layout Plan (Exhibits to Attachment 1).
 - 1.1.4. Meter data (Exhibits to Attachment 1).
 - 1.1.5. City General Conditions (Attachment 2)
 - 1.1.6. City Contract Documents (Attachment 3)
- 2.2 The City has successfully reserved Silicon Valley Clean Energy (SVCE) funding for resiliency, as well as California state funding for similar. The work has specific milestones that must be met, particularly to for the state funding requirements. The City intends to meet these milestones. The DBE will be expected to meet the overall construction schedule by "fast tracking" design and construction and obtaining permits to successfully complete the Battery Project within the time and milestones required to secure the funding.

This may entail the staging of the work to allocated particular funding to work expected to be completed earlier (e.g. due to lead times for batteries).

Phase 1 is to include the design and construction of nearly everything but the installation of the batteries themselves and should be completed prior to March 31, 2022.

Phase 2 is to include the installation of the batteries and any additional final equipment that was not completed in Phase 1. Phase 2 should be completed as soon as the batteries are available for delivery to the site.

To be clear, this RFP is to identify and contract with a DBE to complete BOTH Phase 1 and Phase 2.

- 2.3 The project has obtained funding for \$500,000 for all aspects of design and construction including both Phase 1 and Phase 2. As part of the bidding process, it is anticipated that the bidders will target this funding amount as an upper limit and will adjust the potential battery capacity to meet the funding amount. The battery capacities discussed in the specifications and exhibits should therefore be seen as a baseline only. For the sake of clarity, bidding DBE's should understand that this is not a low bid procurement. The City is making \$500,000 available for this project and expects the winning bidder to enter into an agreement for \$500,000 to construct the proposed project.
- 2.4 Bidders shall provide options for the batteries for both a standard purchasing approach as well as for a power purchase agreement, to maximize the potential battery size. The differences in both options including ongoing costs shall be outlined by the bidders in the 20-Year Life Cycle Costs section of the bidder's proposal.
- 2.5 The batteries shall be warrantied for 10 years, with an additional option for a 20-year warranty.
- 2.6 Performance and Payment Bonds: The successful bidder will be required to provide performance and payment bonds for one hundred percent (100%) of the Contract Price.
- 2.7 The City has the right to terminate the selection process at any time for its convenience.
- 2.8 The DBE assumes full responsibility for the costs of preparation and submission of response to the RFP. The City is not obligated reimburse or pay for any costs for submission of response to the RFP.

3 SELECTION PROCESS

- 3.1 The City will select the Proposal based on the "best value" selection criteria as identified in this RFP. The selected DBE will be expected to execute the Contract, without qualification or exception to any aspect of the Contract Documents.
- 3.2 The City may:
 - 2.4.1 Reject all Proposals;

- 2.4.2 Waive minor irregularities;
 - 2.4.3 Reject Proposals containing omissions, erasures, alterations, conditions, or additions
- 3.1 The Proposals will be reviewed by the City to determine the responsive proposal which provides the “Best Value” to the City based on the Evaluation Criteria.
- 3.2 The Evaluation and Award Steps are as follows:
- 3.2.1. Step 1 – Preliminary Evaluation of Proposals: The City will conduct a preliminary evaluation of each proposal to confirm it is responsive to the RFP including completion of all required forms, worksheets, and attachments.
 - 3.2.2. Step 2 – Scoring: All Proposals will be scored according to the following Evaluation Criteria

A. Battery Capacity	65%
B. Technical Design	10%
C. Construction Methodology and Expertise	10%
D. 20-Year Life Cycle Costs	5%
E. Skilled Labor Force Availability	5%
F. Acceptable Safety Record	5%
- Through consensus scoring of the proposals, the City will rank the proposals and the highest scoring proposals will be selected as the final DBE to award a contract. The City will communicate ranking results and the Notice of Intent of Award to the top ranked DBE to all the responding Qualified Proposers via e-mail.
- 3.2.3. Step 3 – Award: In order to meet various constraints, the City intends to award a contract on November 17, 2021. The highest ranked DBE must execute the contract and provide insurance documents required by the General Conditions within 5 days of the Notice of Intent of Award. If the highest ranked DBE refuses or fails to execute the Contract without qualification or exception, or to provide the insurance documents, the City may award the Contract to the second highest ranked DBE. The specified period of time within which the award of the Contract may be made may be subject to extension for further periods as agreed upon in writing by the City and the DBE.
 - 3.2.4. Step 4 – Notice to Proceed: The City intends to issue a Notice to Proceed as soon as possible after the award of the contract. If the City's funding is further constrained by the State of California, the Battery Project contract will be terminated.
- 3.3 Appeal Process: Qualified Proposers (DBEs) whose proposals were not selected may file a written protest (“Protesters”) no later than two (2) business days after the Notice of Intent to Award has been communicated. On the same date that the Notice of Intent to Award is issued, all proposals except for content which is not subject to disclosure under the California Public Records Act will be made available for inspection at the Morgan Hill Development Services Center. Failure to present an appeal within this time constitutes a waiver of any and all rights to challenge the decision of the City, whether by administrative, judicial or any other legal process or proceeding.

- 3.3.1. Filing a Protest: The protest of an award must be in writing. The following must be written on the cover of the protest: "Protest Relating to CRC Battery Project". The written protest must be e-mailed or delivered to the Project Manager, at the following address:

Attention: Anthony Eulo
City of Morgan Hill
17575 Peak Ave.
Morgan Hill, CA 95037
E-mail: anthony.eulo@morganhill.ca.gov

- 3.3.2. Contents of Protest: The written protest must contain the following information: (1) the name, street address, electronic mail address, and telephone number of the Protester; (2) signature of the DBE or its authorized representative; (3) grounds for the protest; (4) copies of any relevant documents; and (5) the form of relief requested. The City will communicate the decision of the protest via e-mail to the concerned DBE. The written protest must clearly state the grounds for the protest. Protests should be concise and logically arranged. Protests may not be more than two pages in length.

- 3.3.3. Grounds for Protest: Protests shall be based only on one or more of the following grounds:

- 3.3.3.1. The Protester believes the City failed to follow the RFP's procedures and adhere to requirements set forth in the RFP or any addendum thereto.
- 3.3.3.2. The Protestor believes there was misconduct or impropriety by City officials or evaluation team members.
- 3.3.3.3. The Protester believes there was abuse of process or abuse of discretion by City officials or evaluation team members.

- 3.3.4. Protest Resolution:

Following the City's receipt of a timely appeal, the Public Services Director (Director) will review the protest for resolution within two (2) business days from the receipt of appeal. The Director may opt to conduct an informal hearing as part of a review of the protest. The Director will not participate in the initial ranking of the DBEs. The appellant will be given the opportunity to discuss the merits of its submittal regarding their ranking for the Battery Project. The appellant will not be permitted to present any additional information that is not provided with the original response for appeal. Within one (1) business day following the review and informal hearing, if any, the Director will render its decision in writing. This determination will be the City's final decision.

- 3.3.5. Remedies: If the Director sustains a protest in whole or in part, the Director shall determine the remedial actions. If the Director rejects the protest, the Recommendation of Intent to Award shall be presented to the City Board with a brief description of the protest and the Director's decision.

4 GENERAL INSTRUCTIONS

- 4.1 The DBEs must **e-mail one (1) PDF electronic copy** with the required RFP submittal documents to **CYNTHIA.IWANAGA@MORGANHILL.CA.GOV** . All e-mails should be labelled "CRC Battery Project DBE Proposal" and **received by the City of Morgan Hill no later than 11:00 AM Pacific Daylight Time (PDT), Friday, October 29, 2021** via e-mail.

Late responses will be considered non-responsive and will not be evaluated.

- 4.2 All Proposers must obtain the RFP Documents and any addenda from the web-site **<http://www.morgan-hill.ca.gov/bids.aspx>** .

- 4.3 POINT OF CONTACT

Any questions regarding the RFP must be directed, in writing via e-mail, to:

Cynthia Iwanaga at cynthia.iwanaga@morganhill.ca.gov

The deadline to submit written questions via e-mail is 5:00 PM PDT on Thursday, October 21, 2021. The City will answer question(s) via an addendum to the RFP, which will be issued no later than Monday, October 25th.

- 4.4 OPTIONAL PRE-PROPOSAL MEETING AND SITE VISIT

An optional preproposal meeting and site visit are being held at the following times:

Optional Pre-Proposal Site Visit. There will be an optional pre-proposal site visit on **Friday, October 15, 2021 at 10:00 am**. The purpose of the site visit is to provide prospective bidders with access to the worksite in order for the prospective bidders to familiarize themselves with the site. Technical consultants will NOT be on hand during the site visit and no technical questions will be taken or answered during the walk. Please e-mail Anthony Eulo at **ANTHONY.EULO@MORGANHILL.CA.GOV** if you plan to attend the pre-bid walk.

Optional Virtual Pre-Proposal Technical Conference. There is an optional pre-bid technical conference scheduled for **Tuesday, October 19, 2021 at 10:00 a.m. via Zoom**. The purpose of the meeting is to acquaint all prospective bidders with the Contract Documents. **Please pre-register for the conference at the following link:**
[HTTPS://BIT.LY/CRCBATTERYPREBIDMTG](https://bit.ly/crcbatteryprebidmtg)

- 4.5 CALIFORNIA PUBLIC RECORDS ACT

Notwithstanding, any claim of confidentiality or assertion that information is proprietary in an entity's submission, any DBE submitting a proposal pursuant to this RFP acknowledges that the City is subject to the disclosure requirements of the California Public Records Act (Government Code Section 6251, et seq) ("CPRA") and that any documents provided by

the DBE (with exception of any material designated and marked by the DBE to be "Proprietary") to the City are public records, as defined in Government Code Section 6252 subject to disclosure under the CPRA. In order to maintain confidentiality of proprietary information following issuance of the Notice of Intent to Award, DBEs must provide an electronic copy of their proposal with proprietary information redacted at the time of response to this RFP. The City will not accept an assertion that an entire proposal (or all of its major component parts) is confidential, and will instead make the unredacted proposal public following Notice of Intent to Award. If a request is made for information marked "Confidential", "Trade Secret" or "Proprietary", the City will provide DBE who submitted the information with reasonable notice to seek protection from disclosure by a court of competent jurisdiction. The City will not be responsible for any legal or other costs incurred by Contractors seeking to shield a portion of their proposal from public disclosure.

Without regard to the foregoing, it is the City's policy that the public record portions of the proposals will not be made public, or made available to competing DBEs, until such time as the Notice of Intent to Award is issued.

The DBE must separately indicate the portions of the submittal that the DBE contends are exempt from public disclosure under the CPRA and state the specific provision in the Public Records Act which provides the exemption as well as the factual basis for claiming the exemption.

5 PROPOSAL REQUIREMENTS FOR EVALUATION CRITERIA

In addition to the mandatory Proposal Forms and supplementary information indicated in the Instruction for DBE, DBE must provide the following narrative information to assist the City in applying the Evaluation Criteria. The narrative should not exceed 30 pages.

5.1 Battery Capacity

Provide the proposed battery capacity on the City provided Proposal Form(s). The City will analyze the battery capacity on the Proposal Form and allocate points within zero to maximum range using proportional scale. The proposal with the highest proposed battery capacity will receive the maximum points and the proposal with the lowest proposed battery capacity will receive zero (0) points. All other proposals will receive points determined by proportionally between zero and maximum.

5.2 Technical Design

Describe your design methodology and strategies for designing the battery storage systems at the site to maximize power production, provide reliable systems, and achieve high quality that are easily permittable. Provide the DBE's demonstrated quality control and quality assurance procedures.

Provide conceptual design layouts, installation methodology, and supply system material specifications to substantiate the approach described above.

5.3 Construction Methodology and Expertise

Describe the DBE's methodology for completing the Work within the boundaries of the site with minimal disruption of utility service and facility operations of the existing facility. Describe your approach to Site Logistics (construction phasing, construction quality control

methods, testing and inspection methods, commissioning techniques, interconnectivity to local utilities, construction management, etc.)

Provide preliminary construction schedules showing important milestones and discuss the significance of the milestones.

Describe the Project Management approach that will meet the City's optimal goal, describing how the construction will be organized, coordinated, integrated to meet project delivery milestones. Describe how the DBE will meet or exceed project criteria, provide cost effective system within schedules.

Identify the names of Key Staff who will be assigned to the Battery Project, where they will reside during the Project, and their relevant experience. Include an organization chart of the team and a staffing plan. Provide a clear indication of which members will carry out specific aspects of the work. Indicate when Key Staff will become available to support the project and when you plan for them to leave their assignment. Indicate specific experience these persons have with Design Build projects of similar nature.

Describe battery energy storage projects completed by the DBE comparable in size and scope to the proposed project.

Points will be awarded based on the clarity of the described approach and methodology, the qualifications of the individuals assigned to the project, and the depth of the team's experience.

5.4 20-Year Life Cycle Costs

Provide a life cycle cost analysis for the anticipated energy use at the facility. The bidders shall provide life cycle costing showing the results of both a standard purchasing approach as well as for a power purchase agreement, demonstrating the difference in battery size between the two options. The following assumptions shall be used:

- Monthly energy use will not change at the facility (historical facility use data is in Attachment 1)
- PG&E energy costs for any residual power that the facility will need to purchase from PG&E will rise 3% annually
- There will be no significant interruptions to solar power production from construction, reroofing, etc.
- There will be no component failures
- There are no changes in feed-in tariffs

Conduct an analysis period from year 0 through year 20. Exclude consideration of any utility or energy rebates from the analysis. The points will be proportionately assigned using similar procedure as defines in Section 5.1 above. The analysis above should solely illustrate the energy costs the facility will have for the twenty years after the battery system is installed.

5.5 Skilled Labor Force Availability

Describe the DBE's ability to perform the anticipated volume of work meeting the critical milestones. List the current work commitments broken down by project delivery method (GC, Battery Installation, Design, or other) and volume of construction work.

Discuss how the DBE Team will manage the Skilled Labor Force needs.

Points will be awarded based on the reasonableness and comprehensiveness of the response and the overall approach that the DBE employs to ensure that project milestones are met.

5.6 Acceptable Safety Record

Describe the DBE's proposed safety methodology, procedures and its site-specific safety plan for the Project and affected areas. Specifically address how the DBE will provide a safe working environment for workers and a safe workplace to maintain facility operation.

In addition, describe any instances in which the DBE or its members have been cited or penalized for any prior serious or willful violations of the California Occupational Safety and Health Act within the past five (5) years?

Points will be awarded based on the safety record of the DBE.

6 SELECTION SCHEDULE

The anticipated Selection Schedule is as follows: All recipients of the RFP will be notified of any required changes to the schedule by an addendum.

• Issuance of RFP	10/11/21
• Optional Pre-Proposal Site Visit	10/15/21
• Optional Pre-Proposal Technical Conference	10/19/21
• Deadline for Questions (5:00 PM PDT)	10/21/21
• Last Addendum Issued, if needed	10/25/21
• RFP Response Deadline (11:00 AM PDT)	10/29/21
• Select DBE and Issue Notice of Intent to Award	11/8/21
• Selection Appeal Deadline (5:00 PM PDT)	11/9/21
• Final Selection	11/11/21
• Award Contract by City Council	11/17/21
• Notice to Proceed	12/1/21

7 ADDENDA

The correction of any material discrepancies in, or material additions to/omissions from, the RFP, or any interpretation thereof, during the proposal period will be made only by written Addendum issued by the City. A copy of each Addendum issued by the City will be posted on the City's website. It is the responsibility of the DBE to check the City's website for addendum. Any interpretation or explanation not included in the Addendum will not be considered binding.

All DBEs responding to the RFP must acknowledge the receipt of all addenda issued for the RFP.

FORMS FOR SUBMITTAL

- 1. BATTERY ENERGY STORAGE SYSTEM CAPACITY & PHASING**
- 2. Section 5. Narrative Responding to Proposal Requirements for Evaluation Criteria (pg. 9)**
- 3. Wage Theft Prevention Bid Certification**
- 4. Confirmation of Terms of Agreement**
- 5. Non-Collusion Declaration**
- 6. Addenda (If Any)**

BATTERY ENERGY STORAGE SYSTEM CAPACITY & PHASING

Bidders shall complete the following section:

Section 2.2 outlines the funding sources from SVCE and the state, as well as the expectation of project staging to meet funding requirements. Please outline the recommended project phasing approach in order to fund a greater proportion of the work earlier.

Section 2.3 outlines the funding obtained for the project. Please outline the proposed battery capacity that can be achieved based on a funding amount of \$500,000. Outline any assumptions that have been made in order to determine this number.

Attachment ____
Wage Theft Prevention Bid Certification

(To be executed by bidder and submitted with bid)

All Bidders are expected to have read and understand the "Wage Theft Prevention Policy" adopted on July 26, 2017. which can be found at [HTTP://WWW.MORGAN-HILL.CA.GOV/1061/COUNCIL-POLICY-BY-NUMBER](http://www.morgan-hill.ca.gov/1061/COUNCIL-POLICY-BY-NUMBER)

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

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

Signature _____

Print Name and Title

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL

Attachment __**Certification of Acceptance of Terms of Agreement**

(To be executed by bidder and submitted with bid)

All Bidders are expected to have read and understand the attached On-Call Fencing Contractor Services Contract with the City of Morgan Hill. The Bidder/Contractor selected through the RFP process will be expected to execute a formal Agreement with the City of Morgan Hill for the provision of the requested service as set forth in the sample agreement attached to this RFP. Submission of a signed proposal will be interpreted to mean Contractor has agreed to all the terms and conditions set forth in the pages of this RFP and the standard provisions included in the attached Agreement. Contractor must submit any and all exceptions to this RFP with its proposal, clearly identifying the exception, including the page number and section number, as appropriate. Contractor should note that the submittal of an exception does not obligate the City to revise the terms of this RFP or any resulting agreement. The City will not consider any exceptions that are not identified in the proposal.

I certify that I am a person authorized to enter into contracts and agreements for the bidding entity.

I certify that I have read the form of Agreement provided with the RFP and our company is prepared to enter into an Agreement with the City of Morgan Hill within **5 days** of receiving the Notice of Award.

This completed Certification shall be submitted by the Bidder to the City as a part of its bid or proposal.

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

Signature: _____

Print Name and Title

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL

Attachment __
Non-Collusion Declaration

(To be executed by Contractor and submitted with Proposal)

State of California	)	
	)	ss.
County of _____	)	

The undersigned declares:

I am the _____ [title] of _____ [business name], the party making the foregoing bid.

The bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The bid is genuine and not collusive or sham. The bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid. The bidder has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or to refrain from bidding. The bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the bid price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder. All statements contained in the bid are true. The bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof, to effectuate a collusive or sham bid, and has no paid and will not pay, any person or entity for such purpose.

This declaration is intended to comply with California Public Contract Code Section 7106 and Title 23 U.S.C Section 112.

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

s/ _____

 Name [print]

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL

Attachment 1 - Battery Project Scope of Work and Exhibits

The Centennial Recreation Center is a 54,000 square foot facility that includes a variety of gymnasium and fitness spaces as well as an indoor pool. The facility currently has approximately 480 kW of solar panel arrays over the building and nearby parking structure.

Exhibit 1: Aerial Photo of the Project Site**Exhibit 2: Single Line Diagrams**

Refer to attached Proposed Single Line Diagram PDF for the intended battery configuration and location. In addition, the existing single-line diagram for the PV system has been included.

Exhibit 3: Power Plan

Refer to attached Power Plan PDF.

Exhibit 4: Power Data

Refer to attached excel sheets for metering, interval and production data for the site (for use in constructing proposed 20-year cost analysis).

Scope of Work Details:**PART 1 – INTRODUCTION**

- The Project is located at 171 West Edmundson Avenue, Morgan Hill, CA 95037.
- The project is for the Morgan Hill Centennial Recreation Center. It will entail the installation of a new battery storage system and interconnection with the existing service and photovoltaic array. This project is funded as part of the Silicon Valley Clean Energy resiliency grant as well as state funding; as such, the intent will be to optimize the maximum battery size that can be achieved based on the project budget.
- The intent of the battery storage system is to provide resiliency for the City of Morgan Hill; the battery will also be used for energy arbitrage. The intent of the system is to operate normally to minimize operating costs, and as such will not maintain a set charge amount for unplanned outages; however, where planned outages may occur, the battery system may be operated to hold a 100% battery stage of charge for short periods of time to provide better resiliency.
- The battery is intended on occurring upstream of the main building feed; the length of time that the building will remain under operation will depend on the user operation, and it is intended for the users to switch off panels, equipment, HVAC, and lighting as needed to maintain power as needed.
- The DBE will be selected pursuant to Chapter 3.2 “Energy Conservation Contracts” of the California Government Code. Proposals will be evaluated based on the criteria listed in the RFP.
- Specific Cost Details: The proposal shall include enough detail to effectively evaluate the complete cost of the installation. The cost proposal shall include, but not be limited to, full compensation for furnishing all labor, materials, tools, equipment, and incidentals, such as permit costs, taxes, shipping charges, and storage charges, and for doing all the work involved in the project.

PART 2 – SCOPE OF WORK

- As part of this project, the Bidder will be responsible for the turnkey design-build of the new battery yard and associated works, including but not limited to:
 - o Site Works.
 - o Utility Connection.
 - o Controls
 - o Screening including fencing and landscaping.
- As the batteries will be located in a visible area, consideration will also be given to the aesthetics of the system and shall work with the City to determine the final location and proposed finish & screening approach. Where fences are used, these should match the existing fence styles located on the site. Costs for the screening

shall be provided as an alternate. Bidders shall demonstrate sensitivity to these considerations.

- The system shall be designed to meet all local seismic and wind load requirements.
- The system shall be designed to meet all local code requirements, and all relevant

PART 3 – WARRANTIES

- The DBE shall describe in detail how the equipment is warranted.
- All metals used in the construction of the system including, but not limited to, battery modules & components, switchboards, and other power components, shall be warranted against degradation for the term of the agreement.
- As part of system monitoring, DBE will notify the customer of performance issues for resolution per the maintenance agreement.
- The City is interested in potentially having the system retrocommissioned prior to the end of the warranty term. This service should be bid as a bid alternate.
- The DBE shall guarantee the delivery of the battery system, and the installation of the battery system, is completed in a fashion that meets the requirements of the funding and ensures that the funding is not lost.
 - o The battery shall have a 10-year warranty extension as an option.

PART 4 – QUALITY ASSURANCE

- The system shall be comprised of UL listed components in cases where a UL listed components is available.
- Contractor Qualification – The DBE shall hold a class B or C10 license that must be current and in good standing with CSLB. The successful DBE will be required to obtain a City of Morgan Hill Business License.
- All installations shall meet or exceed NEC and OSHA requirements.

PART 5 – SUBMITTALS

Submittals due with Proposal Form

- Proposal Price details
- Proposed time schedule and estimated completion date
- Battery module data sheets
- Battery manufacturer's warranty
- List of subcontractors
- List of Key Personnel, including name, title, qualifications, license numbers
- Battery Energy Storage System Capacity and Phasing Questions
- Narrative in response to Proposals Requirements for Evaluation Criteria
- Noncollusion Declaration
- Acceptance of Terms of Agreement
- Wage Theft Certification

Submittals due prior to construction.

- Plans with the Battery system and associated service entrance layout, including module placement, conduit raceways, conduit sizes, module spacing, etc.
- Single line Diagrams indicating system layout and all required connections to the Utility, specifying the inverter models and ratings.
- Construction ready drawings.
- Copies of all permits.

Submittals due postconstruction

- Three (3) copies of an owner's manual
- One on-site training session for the entire facility staff focusing on safety and for facility maintenance staff and will focus on maintenance and safety.
- As-built drawing of the electrical equipment including installation profiles.
- As-built single-line diagram.
- System start-up data sheets.
- Start-up procedure checklists.
- Factory testing results for the Inverter.

PART 6 – BATTERY ENERGY STORAGE SYSTEM SPECIFICATIONS

The following outline performance specifications that can be used for planning and procuring a BESS through an RFP process to provide energy storage and energy resiliency.

- Provide a standby battery power system to supply electrical power, in event of failure of normal supply, which will consist of an outdoor battery and inverter combination.
- The battery system shall operate at 277/480 Volts, three phase, 4 wire, Wye connected, 60 Hertz.
- The battery system shall have a minimum capacity of 360kW and 400kWh.
- The BESS to utilize Lithium-ion batteries or comparable alternative.
- BESS Efficiency
 - o Minimum 87% AC round trip for Li-ion and lead acid technologies
 - o Minimum 65% AC round trip for flow battery technology
 - o THD < 5% as per inverter specification and IEEE 519.
 - o Ambient temperature range -30-degree F to 110-degree F.
- The BESS, its installation, and on-site testing shall conform to all relevant local codes. Including but not limited to: UL 9540
 - o UL 9540A
 - o UL1547
 - o UL 1741
 - o UL 1642
 - o UL 1973
 - o IEC 62897

- o IEEE 1547
- Systems must be self-protecting for AC or DC component system failures. In addition, systems must be able to protect themselves from various types of external faults and other abnormal operating conditions on the grid.
- A degradation curve shall be provided assuming the use cases as dictated by the revenue sources. State those use cases with the specific degradation curve.
- The BESS shall be supplied with an outdoor rated enclosure for the site-specific conditions.
- BESS system to be furnished with integrated fire suppression system per all local and national applicable codes. Project must be compliant with California Fire Code (CFC) Section 608 and California Department of Industrial Relations General Industry Safety Orders Section 5185.
- BESS system to be furnished with integral HVAC system that is connected to the BESS communication system.
- Systems must be designed to be in compliance with applicable safety standards with regard to construction and potential exposure to chemicals and with regard to module or enclosure resistance to hazards such as ruptures and exposure to fire.
- The maximum sound level generated from the BESS and any associated equipment supplied by Seller under any output level within the Project operating range, shall be limited to the maximum allowed dBA level in any direction from the facility fence or building exterior or as required by local or State ordinances. All components to operate at safe rated sustainable operating temperatures over the required ambient temperature range.

The following specifications can be used for planning and procuring a new service switchboard to accommodate the new BESS system.

- System ampacity shall be 3000A
- Switchgear Rated Voltage shall be 600Vac with Operating Voltage of 480Vac.
- Switchboard metering section shall be per PG&E service guidelines.
- Switchboard Underground pull section shall be per PG&E service guidelines.
- Switchboard shall be rated for NEMA 3R or better.
- All horizontal bus shall be rated to the full ampacity of the system.
- All horizontal and vertical buses shall be made of copper.
- All overcurrent protection devices shall be suitable for back feed operation.
- The vertical bus shall be rated to the total ampacity of the feeder breakers and prepared spaces within the given vertical structure per ANSI C37.20.1.
- The equipment shall operate at a power frequency of 60 Hz.
- The short circuit current rating of the system shall be determined by the available fault current at the Low Voltage Switchgear from the Utility source, existing solar, and new battery storage system.
- Main breaker to be 1500A, back feed capable, and compatible with 78VS & 81RS relay schemes.
- Relay to be installed on main breaker with 78VS & 81RS for ins landing capabilities with the utility.

The following specifications are to be used.

- Disconnect shall be rated for ampacity rating of the Solar or BESS system.
- Rated voltage shall be 600Vac with operating voltage of 480Vac
- Shall be rated for NEMA 3R.
- Disconnect shall be rated for Heavy Duty operation.
- Disconnects shall be three pole gauge operated
- Disconnects shall comply with PG&E Interconnection Standards.

PART 7 – PROJECT CLOSEOUT

- Clean all equipment.
- Clean all work areas, removing any debris.
- Prepare three (3) copies of operating and maintenance manuals in hard cover binders and deliver to the City. At a minimum the binders shall include:
 - o A complete set of all approved submittals including shop drawings and product literature.
 - o As built drawings showing the final placement of all equipment.
 - o As built electrical plans, including single line diagrams, and elevation drawings showing the final placement of the electrical equipment.
 - o Copies of all start-up procedure measurements.
 - o Copies of all testing data and reports.
 - o Procedures for operating the battery system, including proposed procedures to maximize the operation of the building (e.g., which panel breakers should be switched off to maximize power).



SINGLE LINE DIAGRAM
MORGAN HILL CRC PY
171 W. EDMUNDSON AVE.
MORGAN HILL, CA 95037

NO.	ITEM	DATE
01	COMPLIANCE	07/12/2014
02	100% CLIENT REVIEW	07/29/2014

DRAWN BY: JWP
CHECKED BY: M
DATE: 06/12/2011
JOB NO: 115601

PV-2.0

SUMMARY:

SYSTEM TYPE: CABLED SOLAR CSP-250W (250W)
QUANTITY: 2044 MODULES / 146 STRINGS
INVERTER TYPE: (1) PV POWERED PMP2600M
(1) PV POWERED PMP2600M
(1) PV POWERED PMP1000W

KW DC STG: 480.34 KW
TILES: 57(A/L) 1 - 24" 5
ARRAY 2 - 24" 5
ARRAY 3 - 24" 5
ARRAY 5 - 180" 7
ARRAY 7 - 180" 7

GENERAL NOTES:

- SCOPE OF WORK SHOWN BOLD. EQUIPMENT SHOWN LIGHT IS EXISTING AND SHALL REMAIN UNCHANGED.
- OVERCURRENT PROTECTIVE DEVICES FOR ALL DC CIRCUITS SHALL BE RATED FOR 600 VOLTS DC AND LISTED FOR ITS USE.
- SEE GROUNDING DIAGRAM ON SHEET PV2.2 FOR EQUIPMENT GROUNDING REQUIREMENTS.
- TERMINALS ON LINE AND LOAD SIDES OF PV DISCONNECTING MEANS MAY BE USED FOR DISCONNECTING MEANS PROVIDED THE MEANS ARE USED IN THE OPEN POSITION. SEE LABELING REQUIREMENTS FOR REQUIRED MARKING.
- SEE SHEET PV2.1 FOR ARRAY WIRING DETAILS.
- SEE PMP HANDS-ON PER 2008 NEC 314.3. PROVIDE HANDHOLE COVERS PER 2008 NEC 314.4.1.
- ALL CONDUCTOR TERMINATIONS UTILIZING ALUMINUM CONDUCTORS SHALL USE CONNECTORS LISTED FOR THAT APPLICATION AND INSTALLED PER MANUFACTURERS RECOMMENDATION.

SHEET NOTES:

- ADDITIONAL ELECTRODE FOR ARRAY GROUNDING PER 2008 NEC 640.47(D).
- 600V DC COMBINER BOX WITH INTEGRATED LOAD BREAK DISCONNECT LISTED FOR USE WITH PV SYSTEMS. ALL DISCONNECTS SHALL BE RATED FOR 1500V AC. STRING FUSES WITH 15A FUSES TYPE FERRAZ-SHAWMUT AMP CAFE. ARRAY 1 ONLY. NO SUBSTITUTIONS WITHOUT WRITTEN ENGINEERING APPROVAL.
- MULTIPLE DISCONNECT ENCLOSURE CONSISTING OF LOAD BREAK RATED, 600V DC DISCONNECT, 1500V AC DISCONNECT, AND 15A FUSE. MANUFACTURERS INSTRUCTIONS SHALL BE FOLLOWED FOR FUSE RATING AND QUANTITY PER PLANS. ALL PV MANUFACTURERS INSTRUCTIONS SHALL BE FOLLOWED FOR FUSE RATING AND QUANTITY PER PLANS.
- FUSES SHALL BE RATED FOR 600V DC AND SUPPLIED BY INVERTER MANUFACTURER.
- 400A, 480V, 3A, 3W + GND, FUSED SWITCH IN NEMA 1 ENCLOSURE. FURNISH WITH CURRENT LIMITING, CLASS R FUSES.
- LINE SIDE TAP AS PERMITTED BY 2008 NEC 230.82(6) AND 690.64(A). SEE DETAIL 2 ON THIS SHEET.
- TERMINATE ALL POSITIVE ALUMINUM FEEDERS AT INVERTER WITH ALUMINUM RATED PIN ADAPTER, ILSCO ACM SERIES, BURNED AYP SERIES OR APPROVED EQUAL.

LABELING REQUIREMENTS

- SIGNAGE SHALL BE AFFIXED TO ALL EQUIPMENT TAGGED WITH THE LABELING SYMBOL SHOWN.

(X)

SEE SHEET PV-6.0

12. EQUIPMENT NAMING

STRING IDENTIFIERS: A,B,C...J

COMBINER BOX IDENTIFIER: 1,2,3...8

FEEDS: INVERTER A

INVERTER C

ARRAY

COMBINER

DISCONNECT

A, B, C, D, E, F, G, H, I, J

13. EQUIPMENT NAMING

STRING IDENTIFIERS: A,B,C...J

COMBINER BOX IDENTIFIER: 1,2,3...8

FEEDS: INVERTER A

INVERTER C

ARRAY

COMBINER

DISCONNECT

A, B, C, D, E, F, G, H, I, J

13. EQUIPMENT NAMING

STRING IDENTIFIERS: A,B,C...J

COMBINER BOX IDENTIFIER: 1,2,3...8

FEEDS: INVERTER A

INVERTER C

ARRAY

COMBINER

DISCONNECT

A, B, C, D, E, F, G, H, I, J

13. EQUIPMENT NAMING

STRING IDENTIFIERS: A,B,C...J

COMBINER BOX IDENTIFIER: 1,2,3...8

FEEDS: INVERTER A

INVERTER C

ARRAY

COMBINER

DISCONNECT

A, B, C, D, E, F, G, H, I, J

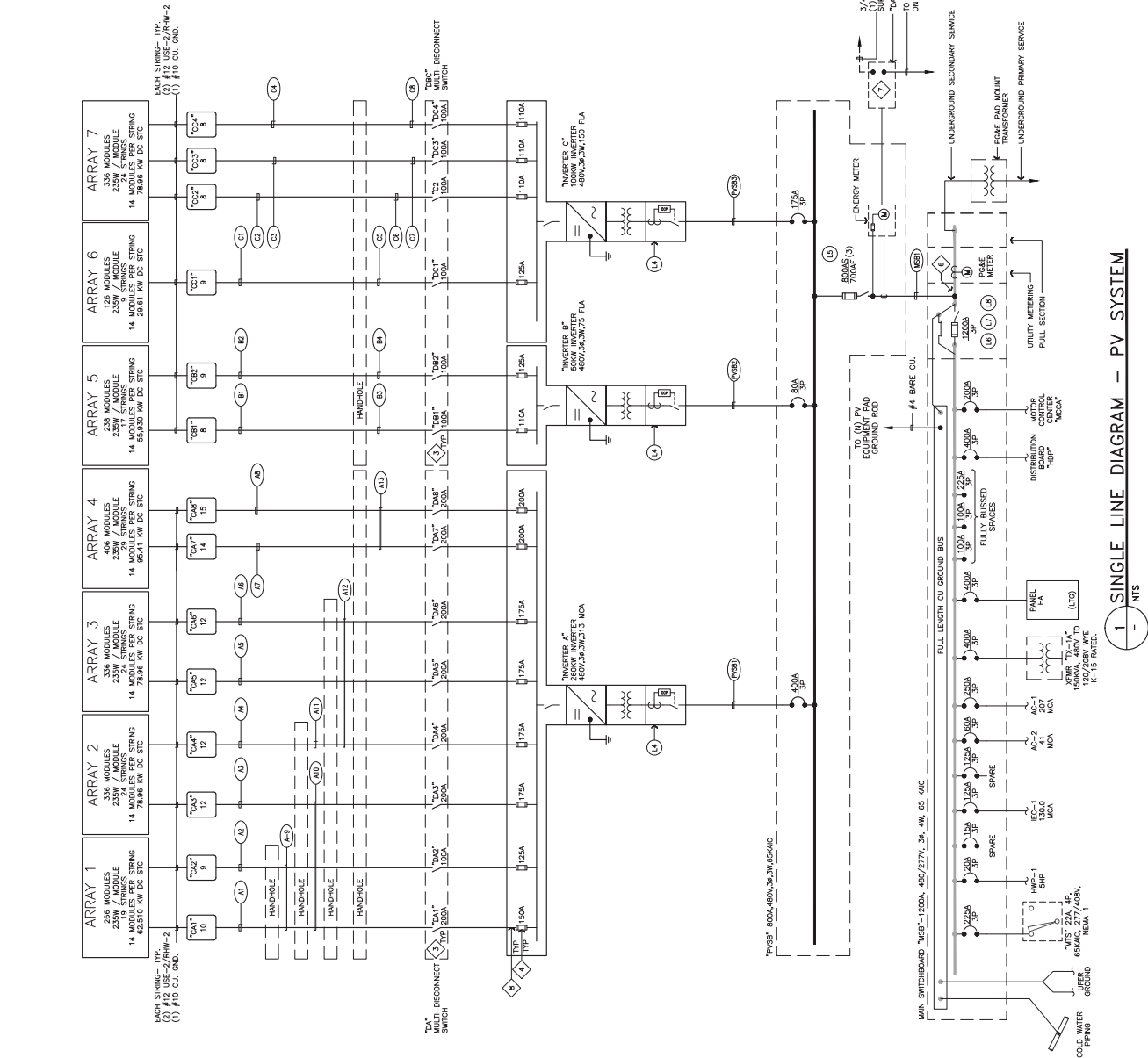
13. EQUIPMENT NAMING

STRING IDENTIFIERS: A,B,C...J

COMBINER BOX IDENTIFIER: 1,2,3...8

FEEDS: INVERTER A

INVERTER C



1 - SINGLE LINE DIAGRAM - PV SYSTEM

NTS

MORGAN ☐ ILL RESILIENT ☐ Y PROTECT

171 □ EST EDMUNDSON AVENUE
MORGAN □ ILL □ A 95037

STA

REVISIONS□

1	8/31/21	PV ☐ BATTERY

DRAWN BY _____ NOB _____

REVIEWED BY MMG

S	A	L	E	AS NOTED
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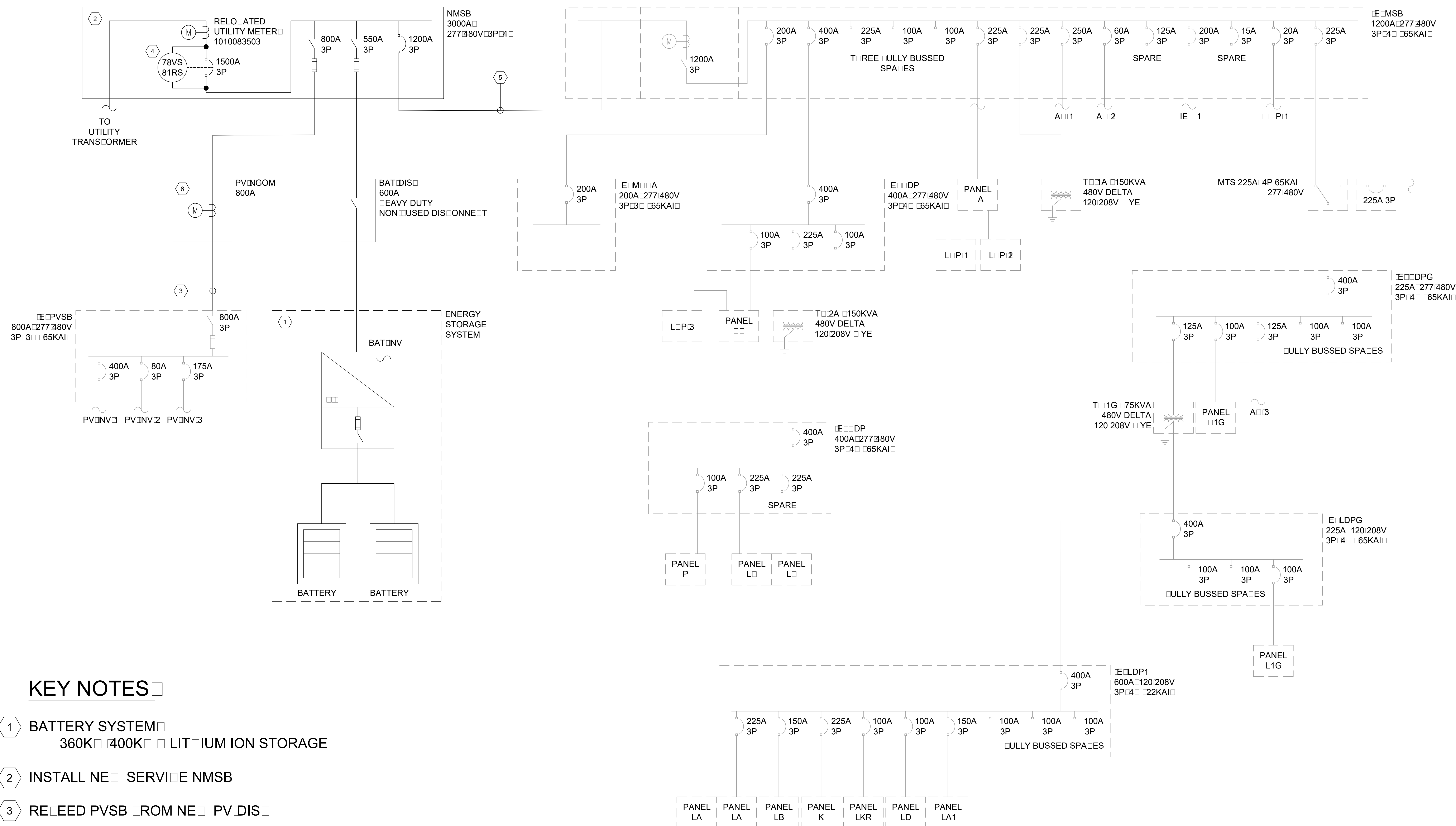
DATE 8/31/2021

SHEET NAME

SINGLE LINE

SHEET NUMBER 0

E100



KEY NOTES

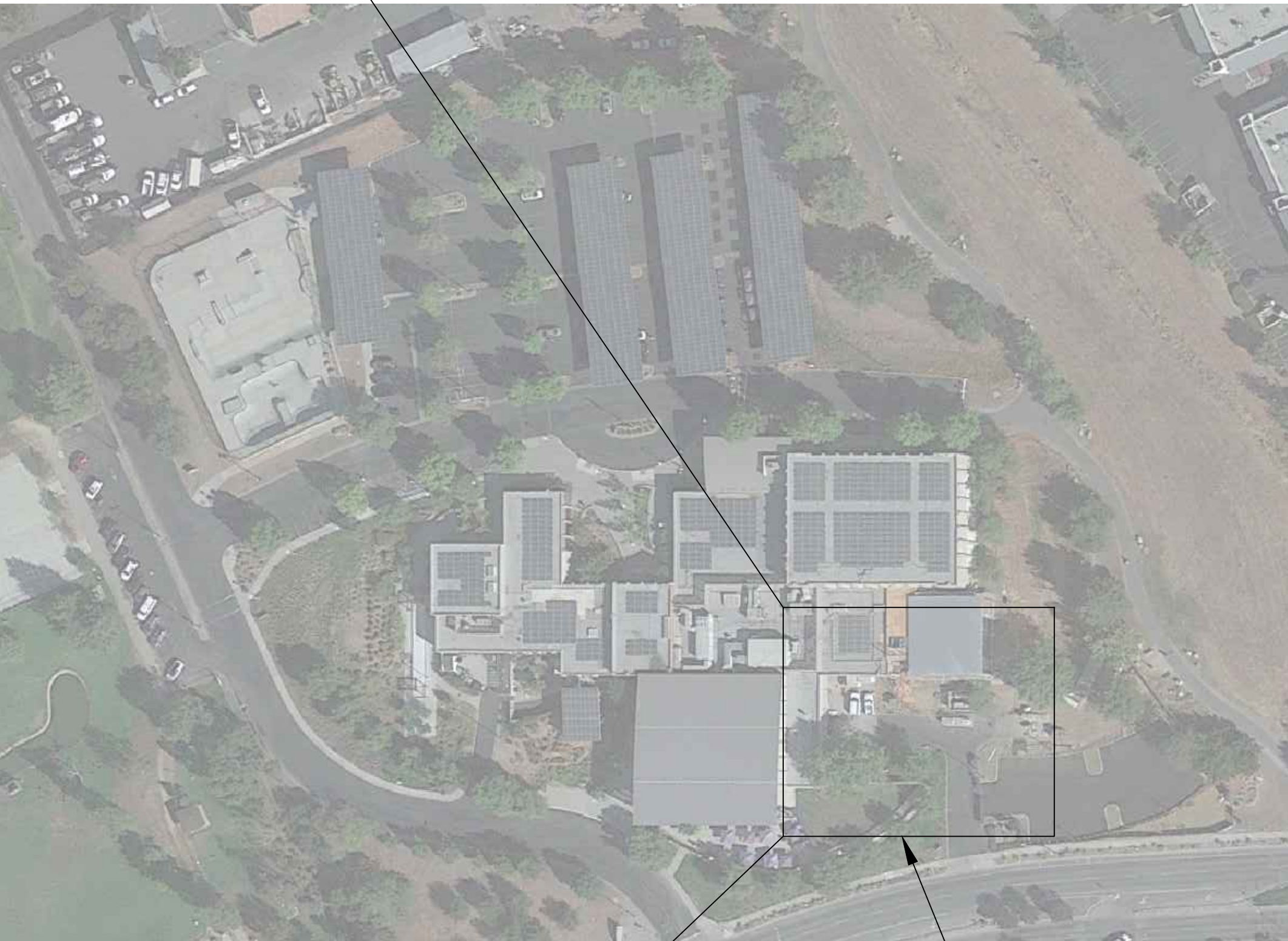
- 1 BATTERY SYSTEM
360K 400K LITHIUM ION STORAGE
- 2 INSTALL NEW SERVICE NMSB
- 3 REEDED PVSB FROM NEW PV DIS
- 4 RELAY SYSTEM UTILIZING 78VS 81RS OR ISLANDING DETECTION
- 5 REEDED EXISTING SES FROM NEW 1200A BREAKER IN MSB
- 6 INSTALL NEW PV IN GOM

PROPOSED SINGLE LINE DIAGRAM

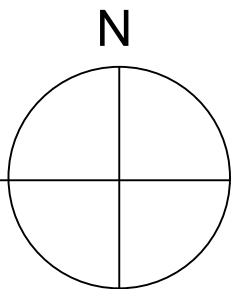
SALENTS

SYSTEM SIZE:

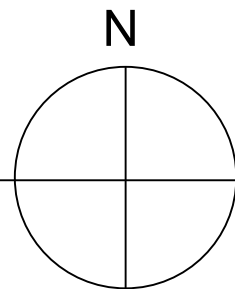
360KW/400KWH BESS



1 POWER PLAN
SCALE 1/8" = 1'-0"



2 SITE PLAN
SCALE 1/64" = 1'-0"



1	8/31/21	PV & BATTERY

Attachment 2 – City General Conditions

The City's general conditions will be provided in Addendum #1

Attachment 3 – City Contract Documents

The City's contract documents will be provided in Addendum #1.

PAYMENT BOND

The City of Morgan Hill ("City") and _____ ("Contractor") have entered into a contract, dated _____, 20____ ("Contract") for work on the _____ Project ("Project"). The Contract is incorporated by reference into this Payment Bond ("Bond").

1. **General.** Under this Bond, Contractor as principal and _____, its surety ("Surety"), are bound to City as obligee in an amount not less than _____ Dollars (\$_____) ("Bond Sum"), under California Civil Code Sections 9550, et seq.
2. **Surety's Obligation.** If Contractor or any of its Subcontractors fails to pay any of the persons named in California Civil Code Section 9100 amounts due under the Unemployment Insurance Code with respect to work or labor performed under the Contract, or for any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of Contractor and its Subcontractors, under California Unemployment Insurance Code Section 13020, with respect to the work and labor, then Surety will pay for the same.
3. **Beneficiaries.** This Bond inures to the benefit of any of the persons named in California Civil Code Section 9100, so as to give a right of action to those persons or their assigns in any suit brought upon this Bond. Contractor must promptly provide a copy of this Bond upon request by any person with legal rights under this Bond.
4. **Duration.** If Contractor promptly makes payment of all sums for all labor, materials, and equipment furnished for use in the performance of the Work required by the Contract, in conformance with the time requirements set forth in the Contract and as required by California law, Surety's obligations under this Bond will be null and void. Otherwise, Surety's obligations will remain in full force and effect.
5. **Waivers.** Surety waives any requirement to be notified of alterations to the Contract or extensions of time for performance of the Work under the Contract. Surety waives the provisions of Civil Code Sections 2819 and 2845. City waives requirement of a new bond for any supplemental contract under Civil Code Section 9550. Any notice to Surety may be given in the manner specified in the Contract and delivered or transmitted to Surety as follows:

Attn: _____
Address: _____
City/State/Zip: _____
Phone: _____
Fax: _____
Email: _____

6. **Law and Venue.** This Bond will be governed by California law, and any dispute pursuant to this Bond will be venued in the Superior Court of Santa Clara County, and no other place. Surety will be responsible for City's attorneys' fees and costs in any action to enforce the provisions of this Bond.
7. **Effective Date; Execution.** This Bond is entered into and is effective on _____, 20____.

SURETY:

s/ _____

Name: _____

Title: _____

CONTRACTOR:

s/ _____

Name: _____

Title: _____

(Attach Acknowledgment with Notary
Seal and Power of Attorney)

APPROVED AS TO FORM:

By: _____
Donald A. Larkin, City Attorney

Date: _____

END OF PAYMENT BOND

PERFORMANCE BOND

The City of Morgan Hill ("City") and _____ ("Contractor")
have entered into a contract, dated _____, 20____
("Contract") for work on the _____ Project ("Project").
The Contract is incorporated by reference into this Performance Bond ("Bond").

1. **General.** Under this Bond, Contractor as Principal and _____, its surety ("Surety"), are bound to City as obligee for an amount not less than _____ Dollars (\$_____) (the "Bond Sum"). By executing this Bond, Contractor and Surety bind themselves and their respective heirs, executors, administrators, successors and assigns, jointly and severally, to the provisions of this Bond.
2. **Surety's Obligations; Waiver.** If Contractor fully performs its obligations under the Contract, including its warranty obligations under the Contract, Surety's obligations under this Bond will become null and void upon recordation of the notice of completion, provided Contractor has timely provided a warranty bond as required under the Contract. Otherwise Surety's obligations will remain in full force and effect until expiration of the one (1) year warranty period under the Contract. Surety waives any requirement to be notified of and further consents to any alterations to the Contract made under the applicable provisions of the Contract Documents, including changes to the scope of Work or extensions of time for performance of Work under the Contract. Surety waives the provisions of Civil Code Sections 2819 and 2845.
3. **Application of Contract Balance.** Upon making a demand on this Bond, City will make the Contract Balance available to Surety for completion of the Work under the Contract. For purposes of this provision, the Contract Balance is defined as the total amount payable by City to Contractor as the Contract Price minus amounts already paid to Contractor, and minus any liquidated damages, credits, or backcharges to which City is entitled under the terms of the Contract.
4. **Contractor Default.** Upon written notification from City that Contractor is in default under Article 13 of the Contract General Conditions, time being of the essence, Surety must act within the time specified in Article 13 to remedy the default through one of the following courses of action:
 - 4.1 Arrange for completion of the Work under the Contract by Contractor, with City's consent, but only if Contractor is in default solely due to its financial inability to complete the Work;

4.2 Arrange for completion of the Work under the Contract by a qualified contractor acceptable to City, and secured by performance and payment bonds issued by an admitted surety as required by the Contract Documents, at Surety's expense; or

4.3 Waive its right to complete the Work under the Contract and reimburse City the amount of City's costs to have the remaining Work completed.

5. Surety Default. If Surety defaults on its obligations under the Bond, City will be entitled to recover all costs it incurs due to Surety's default, including legal, design professional, or delay costs.

6. Notice. Any notice to Surety may be given in the manner specified in the Contract and delivered or transmitted to Surety as follows:

Attn: _____
Address: _____
City/State/Zip: _____
Phone: _____
Fax: _____
Email: _____

7. Law and Venue. This Bond will be governed by California law, and any dispute pursuant to this Bond will be venued in the Superior Court of Santa Clara County, and no other place. Surety will be responsible for City's attorneys' fees and costs in any action to enforce the provisions of this Bond.

8. Effective Date; Execution. This Bond is entered into and is effective on _____, 20____.

[Signatures are on the following page.]

SURETY:

s/ _____

Name: _____

Title: _____

(Attach Acknowledgment with Notary
Seal and Power of Attorney)

CONTRACTOR:

s/ _____

Name: _____

Title: _____

APPROVED AS TO FORM:

By: _____
Donald A. Larkin, City Attorney

Date: _____

END OF PERFORMANCE BOND

WARRANTY BOND

The City of Morgan Hill ("City") and _____ ("Contractor") have entered into a contract, dated _____, 20____ ("Contract") for work on the _____ Project ("Project"). The Contract is incorporated by reference into this Warranty Bond ("Bond").

1. **General.** Under this Bond, Contractor as principal and _____, its surety ("Surety"), are bound to City as obligee in the maximum amount of _____ Dollars (\$_____) or 50% of the final Contract Price, whichever is greater ("Bond Sum").
2. **Warranty Period.** The Contract requires Contractor to guarantee its work and that of its Subcontractors on the Project, against defects in materials or workmanship which are discovered during the one (1) year period commencing with recordation of the Notice of Completion (the "Warranty Period").
3. **Surety's Obligations.** If Contractor faithfully carries out and performs its guarantee under the Contract, and, on due notice from City, repairs and make good at its sole expense any and all defects in materials and workmanship in the Project which are discovered during the Warranty Period, or if Contractor promptly reimburses City for all loss and damage that City sustains because of Contractor's failure to makes such repairs in accordance with the Contract requirements, then Surety's obligations under this Bond will be null and void. Otherwise, Surety's obligations will remain in full force and effect.
4. **Waiver.** Surety waives the provisions of Civil Code Sections 2819 and 2845.
5. **Notice.** Any notice to Surety may be given in the manner specified in the Contract and delivered or transmitted to Surety as follows:

Attn: _____
Address: _____
City/State/Zip: _____
Phone: _____
Fax: _____
Email: _____
6. **Law and Venue.** This Bond will be governed by California law, and any dispute pursuant to this Bond will be venued in the Superior Court of Santa

Clara County, and no other place. Surety will be responsible for City's attorneys' fees and costs in any action to enforce the provisions of this Bond.

7. Effective Date; Execution. This Bond is entered into and is effective on _____, 20____.

SURETY:

s/ _____

Name: _____

Title: _____

CONTRACTOR:

s/ _____

Name: _____

Title: _____

(Attach Acknowledgment with Notary Seal and Power of Attorney)

APPROVED AS TO FORM:

By: _____
Donald A. Larkin, City Attorney

Date: _____

END OF WARRANTY BOND



COMMUNITY SERVICES DEPARTMENT

17575 PEAK AVENUE
MORGAN HILL, CA 95037

GENERAL: (408) 779-7271
FAX: (408) 779-3117

WWW.MORGANHILL.CA.GOV

ADDENDUM NO. 1

DATE: October 14, 2021

TO: ALL RESPONDING PARTIES TO THE RFP FOR THE
CENTENNIAL RECREATION CENTER BATTERY STORAGE SYSTEM PROJECT

FROM: Anthony Eulo, Program Administrator
Cynthia Iwanaga, Management Analyst

SUBJECT: Clarifications to CRC Battery Storage System RFP

1. **Optional Virtual Pre-Proposal Meeting Registration Link.** Please pre-register for the optional virtual pre-proposal meeting to be held on Zoom on Tuesday, October 19th at 10:00 a.m. The link is <https://bit.ly/CRCbatteryprebidmtg> (Note: This link was published in the RFP in ALL CAPS and appears to work only when in lower case as it is presented here.)
2. **No Public Opening.** Proposals will not be publicly opened since the scoring is multi-faceted and this is not a low bid contract. The final scoring of proposals will not occur until City staff has reviewed all proposal documents. Proposal submittals and scores become public information after the notice of intent to award is issued.
3. The due date and time for this RFP remain the same, Friday, October 29th at 11:00 a.m. via e-mail to cynthia.iwanaga@morganhill.ca.gov Late proposals will not be accepted.
4. The deadline to submit questions in writing is Thursday, October 21, 2021 at 5:00 p.m. via e-mail to cynthia.iwanaga@morganhill.ca.gov

ADDENDUM ACKNOWLEDGMENT

Bidder acknowledges receipt of this addendum, which shall be attached to the proposal.

Contractor's Representative

Date

THIS DOCUMENT AND THE ATTACHMENTS SHALL BECOME PART OF THE PROJECTS SPECIFICATION

**COMMUNITY SERVICES DEPARTMENT**17575 PEAK AVENUE
MORGAN HILL, CA 95037GENERAL: (408) 779-7271
FAX: (408) 779-3117

WWW.MORGANHILL.CA.GOV

ADDENDUM NO. 2

DATE: October 20, 2021

TO: ALL RESPONDING PARTIES TO THE RFP FOR THE
CENTENNIAL RECREATION CENTER BATTERY STORAGE SYSTEM PROJECT

FROM: Anthony Eulo, Program Administrator
Cynthia Iwanaga, Management Analyst

SUBJECT: Revised Due Date: Friday, November 12, 2021 at 11:00 a.m.

1. Is there an option to extend the proposal due date two weeks out?

Yes, the City of Morgan Hill has revised the proposal due date to Friday, November 12, 2021 at 11:00 a.m. PDFs of proposals must be received by the City no later than 11:00 a.m. Late proposals will not be accepted. Proposals should be e-mailed to cynthia.iwanaga@morganhill.ca.gov **Proposals will not be publicly opened since the scoring is multi-faceted and this is not a low bid contract.** The final scoring of proposals will not occur until City staff has reviewed all proposal documents. Proposal submittals and scores become public information after the notice of intent to award is issued.

As a result of the new proposal due date of November 12, 2021, below is the new selection schedule:

Deadline to Submit Written Questions via e-mail to Cynthia.iwanaga@morganhill.ca.gov	Thursday, November 4, 2021 at 5:00 p.m.
Last Addendum Issued by City, if needed	Monday, November 8, 2021
New Proposal Due Date	Friday, November 12, 2021 at 11:00 a.m.

ADDENDUM ACKNOWLEDGMENT

Bidder acknowledges receipt of this addendum, which shall be attached to the proposal.

Contractor's Representative

Date

THIS DOCUMENT AND THE ATTACHMENTS SHALL BECOME PART OF THE PROJECTS SPECIFICATION



COMMUNITY SERVICES DEPARTMENT

17575 PEAK AVENUE
MORGAN HILL, CA 95037

GENERAL: (408) 779-7271
FAX: (408) 779-3117

WWW.MORGANHILL.CA.GOV

ADDENDUM NO. 3

DATE: November 4, 2021

TO: ALL RESPONDING PARTIES TO THE RFP FOR THE
CENTENNIAL RECREATION CENTER BATTERY STORAGE SYSTEM PROJECT

FROM: Anthony Eulo, Program Administrator
Sam Stephenson, BuroHappold Engineering
Miranda Goar, EVA Green Power
Cynthia Iwanaga, Management Analyst

SUBJECT: Response to Questions

1. What is the capacity of the storage you are looking for in this RFP? Is there a Kilowatt requirement for the amount of Lithium-Ion Battery needed?

There is not a set capacity that we are looking for because the grant amount has been set at \$500,000. Rather we are looking to maximize the amount of storage based on funding received rather than adjust the cost of the project to suit the set amount of capacity. That is a key part of this bid. To emphasize, this bid is the reverse of the normal situation. Normally, bidders are asked to design to a certain battery capacity and provide costs, in this bid we are stating that the costs are \$500,000 and the bidders will state are how much battery they can provide for \$500,000 (including a second option for a power purchase agreement – see below).

2. Please confirm Contractors Class A license meets eligibility requirements.

No, per the City Building Department, the acceptable California CSLB contractors licenses are Class B-General Contractor and Class C-10 Electrical.

3. Can you provide specs of the existing PV inverters?

The information for the existing PV inverters size is included in the RFP. The existing Solar array has the following PV inverters:

- PV Powered PVP260kW
- PV Powered PVP50kW
- PV Powered PVP100kW

4. Will they be compatible with the islanding feature which you wish to achieve?

The islanding should be happening through the relay at the new switchboard, and the battery shall support the start-up voltage to allow inverters to come back online. As the inverters are smart inverters a stable grid source will need to be created by the battery to allow them to return to operation. The Battery system proposed shall be able to black start the facility.

5. Does the battery system need to be enclosed (fence or split face block wall)?

Yes, this is detailed in the scope of work. Some consideration should be given to the screening and fencing, which is to match existing. The screening and fencing cost should be provided as an alternate. The existing is not a block wall, it is a wooden fence. We are looking to match the wooden fence.

6. As a public agency do you give any advantage to small business and women owned businesses?

No, we do not give advantage to small businesses or women owned businesses. Although proposals will be evaluated based upon a local preference, which allows local businesses to reduce their bid amounts up to five (5%) percent in order to become the lowest bidder.

In order to be considered for local preference, the local businesses must also affirmatively state on their bid submittal that they are a local business and that they willing to reduce their bid amount by up to 5% in order to make their bid the lowest.

If the lowest price submitted for services is from a non-local business, local businesses shall be given the opportunity to lower their bid prices by up to 5% to become the lowest bidder. This reduction in the bid amount will be allowed if their bid is otherwise equally responsive and responsible in meeting the requirements of the City's Request for Proposals (RFP).

A "local business" is a business that has had its headquarters, distribution point or locally owned franchise within the city limits for at least six (6) months immediately prior to the release of the Request for Proposals (RFP). In addition to having a street address, the business must also hold all required business licenses and any other approvals as required by the specific RFP.

"Local business" status via proof of ownership of a Morgan Hill office or a written rental agreement will be verified. Note that merely having a Morgan Hill mailing address or 95037 zip code does not necessarily equate to being a local business. The business must have a physical place of business within the City limits .

7. What is that amount?

The funding amount of the project is \$500,000.

8. What is the solar system capacity?

There is an existing PV single line diagram that is on page 23 of the RFP, which states the solar system capacity.

9. What is the required amperage of the new electrical service on the project, and does the cost of this new service need to be included in the bid?

The estimated new capacity of the service is on the single line diagram that was provided. The size of the battery that the bidder is proposing needs to be taken into account to make sure it is going to fit in the new service that the bidder is proposing, and all the costs associated with installing the new service to the existing solar array must be included in the project cost.

10. Is the City considering an Energy Storage Services Agreement as procurement alternative?

Yes, the City is proposing two approaches – a standard purchasing agreement, and power purchase agreement, in order to maximize the size of the battery. The RFP covers the information required for both approaches, and the City will determine which approach will be selected based on the sizing and information provide in the bids.

11. What is the stand-by time required?

There is not a fixed stand-by time. The intention is that it will depend on the time of year and what is currently operational. The intent is to have a portion of the building operational for up to 72 hours, but it is not expected that would be all of the building load and would be dependent upon the solar power being generated during that time and the battery capacity available.

12. What is the amount of performance bond required?

The City requires 100% of the contract amount to be bonded.

13. The 65% battery capacity factor is the total storage capacity in kWh or the actual kWh discharge rating?

The total storage capacity in kWh.

14. Is the funding through SGIP (Self Generation Incentive Program)?

No, the project is not currently funded by the SGIP, however, the City is interested in receiving SGIP funding. This would be in addition to the original project funding of \$500,000 outlined in the RFP. The contractor shall take responsibility for filling all SGIP applications and estimating the incentive amount for the project. Please include all SGIP assumptions in the proposal response.

15. Is the City of Morgan Hill open to other battery technology besides Lithium Ion? Such as iron flow batteries? We have a different type of energy storage. Are we eligible to apply for this RFP?

If you have a different type of energy storage you are eligible to apply for this RFP. The proposal is not limited to Lithium ion. The following additional information should be submitted for alternative battery technologies:

- Explanation showing compliance with **SGIP** and anticipated **SGIP** incentive for the project.
- Explanation of Fire Safety and how the battery will conform to local fire safety regulations.
- Explanation of the battery size and footprint needed, if the battery will require additional space than already allocated, please provide plan to accommodate larger battery footprint.

16. Per project specification, contractor is to replace the existing main electrical 1,200 amps panel with a new 3,000 amps panel. We are requesting to know the reason behind this upgrade request.

The purpose of the project is to allow the facility to operate during a grid outage on the new battery and existing solar array. The existing solar is currently interconnected through a line side tap. A new service

will be required to create the islanding point and tie in the battery system behind the main protection device.

If alternative solution is proposed at minimum, it must meet the following project objectives:

- Allow the building to island from the utility grid.
- Allow solar to stay online during an outage
- Integrate the new battery system behind the islanding point.

17. Please refer us to the regulations and procedures of storage systems along PV systems issued by PG & E.

Bidders should refer to requirements issued by PG & E, and these will be available from PG & E directly (please refer to their website).

18. Who will be inspecting the actual work onsite, will it be an assigned IOR?

Yes, an assigned IOR will perform inspections.

19. Is a permit required for the work onsite?

Yes, the City of Morgan Hill will require a building permit.

20. If a permit is required, what is the estimated cost of it?

The City of Morgan Hill estimates the cost of the permit will be \$300.

21. Can you provide the updated spec pages that were used online at yesterday's zoom meeting?

There were no updated specs presented in the pre-bid meeting. The current spec pages are available as part of the specifications previously included in the RFP.

22. Can you provide a better resolution page of page #25 in the bid specifications (see attached)?

The page provided should have sufficient resolution, no more detailed image exists. For further details, it is recommended utilizing Google maps.

23. Does the city have explicit permission from the owner of the existing solar system that the system can be expanded with a battery, including tying into the equipment that may be owned by whoever owns the system, as well as expanding the existing interconnection agreement?

The existing solar system is owned by the City of Morgan Hill. A new interconnection application will need to be submitted for this project that includes both the solar and new battery.

24. Is the City interested in pursuing additional funding through the Self Generation Incentive program (SGIP)?

The City is interested in receiving SGIP funding. This would be in addition to the original project funding of \$500,000 outlined in the RFP. The contractor shall take responsibility for filling all SGIP applications and estimating the incentive amount for the project. Please include all SGIP assumptions in the proposal response

25. For what term is the City planning on purchasing power through a BESS Services agreement?

20 years.

26. Can you please clarify the concept behind the power purchase agreement as indicated on page 5 (section 2.4) & on Page 10 (section 5.4). If a PPA will be chosen will it be between the Owner and the battery distributor?

Yes, the City is proposing two approaches – a standard purchasing agreement, and power purchase agreement, in order to maximize the size of the battery. The RFP covers the information required for both approaches, and the City will determine which approach will be selected based on the sizing and information provide in the bids. It is up to the bidders how the PPA should be proposed, but as noted could be between the owner and battery distributor.

27. Are you taking bids directly from subcontractors for this project? If not, is a list of GC bidding available for us to reach out to?

The City is accepting bids from Design Build Entities who hold either a valid CSLB Class B (General Contractor) license or a valid CSCB C-10 (Electrical) license. The following is the list of entities that registered for the pre-bid meeting:

Companies
OptonyUSA
Marinship Development
SurveillanceGrid Integration, Inc.
Perryman Technologies
Advance Design Consultants, Inc.
Honeywell International
Boyd Jones
Gamma Builders
Onyx Renewables
Baran Energy
EcoGreenVision
Syserco Energy Solutions



COMMUNITY SERVICES DEPARTMENT

17575 PEAK AVENUE
MORGAN HILL, CA 95037

GENERAL: (408) 779-7271
FAX: (408) 779-3117

WWW.MORGANHILL.CA.GOV

28. Please see attached draft contract and general conditions.

29. The due date and time for this RFP is no later than Friday, November 12th at 11:00 a.m. Late proposals will not be accepted.

ADDENDUM ACKNOWLEDGMENT

Bidder acknowledges receipt of this addendum, which shall be attached to the proposal.

Contractor's Representative

Date

THIS DOCUMENT AND THE ATTACHMENTS SHALL BECOME PART OF THE PROJECTS SPECIFICATION

CONTRACT

This energy service contract ("Contract") is entered into by and between the City of Morgan Hill ("City") and _____ ("Contractor") for work on the _____ Project ("Project").

The parties agree as follows:

1. **Award of Contract.** In response to the Notice Inviting Bids, Contractor has submitted a Bid Proposal to perform the Work to construct on the Project. On _____, 20____, City authorized award of this Contract to Contractor for the amount set forth in Section 4, below.
2. **Contract Documents.** The Contract Documents incorporated into this Contract include and are comprised of all of the documents listed below. The definitions provided in Article 1 of the General Conditions apply to all of the Contract Documents, including this Contract.
 - 2.1 Notice Inviting Bids;
 - 2.2 Request for Proposals for Battery Storage System Project dated 10/11/2021;
 - 2.3 Addenda, if any;
 - 2.4 Bid Proposal and attachments thereto;
 - 2.5 Contract;
 - 2.6 Payment and Performance Bonds;
 - 2.7 General Conditions;
 - 2.8 Special Conditions
 - 2.9 Change Orders, if any;
 - 2.10 Notice of Award;
 - 2.11 Notice to Proceed.
3. **Contractor's Obligations.** Contractor will perform all of the Work required for the Project, as specified in the Contract Documents. Contractor must provide, furnish, and supply all things necessary and incidental for the timely performance and completion of the Work, including all necessary labor, materials, supplies, tools, equipment, transportation, onsite facilities, and utilities, unless otherwise specified in the Contract Documents. Contractor must use its best efforts to diligently prosecute and complete the Work in a professional and expeditious manner and to meet or exceed the performance standards required by the Contract Documents.

4. **Payment.** As full and complete compensation for Contractor's timely performance and completion of the Work in strict accordance with the terms and conditions of the Contract Documents, City will pay Contractor

Dollars (\$_____) (the "Contract Price"), for all of Contractor's direct and indirect costs to perform the Work, including all labor, materials, supplies, equipment, taxes, insurance, bonds and all overhead costs, in accordance with the payment provisions in the General Conditions.

5. **Time for Completion.** Phase I is to include design and construction of the battery storage system except for the installation of the batteries themselves. After the Notice to Proceed is issued, the Contractor will meet all requirements for completion of Phase I prior to March 31, 2022. Phase 2 is the installation of the batteries and any additional final equipment not completed in Phase 1. Phase 2 shall be completed as soon as the batteries are available for delivery to the site. By signing below, Contractor expressly waives any claim for delayed early completion.
6. **Liquidated Damages.** If Contractor fails to complete the Work within the Contract Time, City will assess liquidated damages in the amount of Five Hundred Dollars (\$500) per day for each day of unexcused delay in achieving Final Completion, and such liquidated damages may be deducted from City's payments due or to become due to Contractor under this Contract Price will be reduced accordingly.
7. **Labor Code Compliance.**
- 7.1 **General.** This Contract is subject to all applicable requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code, including requirements pertaining to wages, working hours and workers' compensation insurance, as further specified in Article 9 of the General Conditions.
- 7.2 **Prevailing Wages.** This Project is subject to the prevailing wage requirements applicable to the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the Work, including employer payments for health and welfare, pension, vacation, apprenticeship and similar purposes. Copies of these prevailing rates are available online at <http://www.dir.ca.gov/DLSR>.
- 7.3 **DIR Registration.** City will not enter into the Contract with a bidder without proof that the bidder and its Subcontractors are registered with the California Department of Industrial Relations to perform

public work pursuant to Labor Code Section 1725.5, subject to limited legal exceptions.

8. **Workers' Compensation Certification.** Pursuant to Labor Code Section 1861, by signing this Contract, Contractor certifies as follows: "I am aware of the provisions of Labor Code Section 3700 which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the Work on this Contract."
9. **Conflicts of Interest.** Contractor, its employees, Subcontractors and agents, may not have, maintain or acquire a conflict of interest in relation to this Contract in violation of any City ordinance or requirement, or in violation of any California law, including Government Code Section 1090 *et seq.*, or the Political Reform Act, as set forth in Government Code Section 81000 *et seq.* and its accompanying regulations. Any violation of this Section constitutes a material breach of the Contract.
10. **Independent Contractor.** Contractor is an independent contractor under this Contract and will have control of the Work and the means and methods by which it is performed. Contractor and its Subcontractors are not employees of City and are not entitled to participate in any health, retirement, or any other employee benefits from City.
11. **Notice.** Any notice required by the Contract Documents must be made in writing, signed, dated, and sent to the other party by personal delivery, U.S. Mail, a reliable overnight delivery service, or by email as a PDF (or comparable) file. Notice is deemed effective upon delivery unless otherwise specified. Notice for each party must be given as follows:

City:

City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Phone: (409) 779-7259
Attn: City Clerk
Email: michelle.bigelow@morganhill.ca.gov
Copy to: Anthony.eulo@morganhill.ca.gov

Contractor:

Name: _____
Address: _____
City/State/Zip: _____

Phone: _____
Attn: _____
Email: _____
Copy to: _____

12. General Provisions.

- 12.1 Assignment and Successors.** Contractor may not assign its rights or obligations under this Contract, in part or in whole, without City's written consent. This Contract is binding on Contractor's and City's lawful heirs, successors and permitted assigns.
- 12.2 Third Party Beneficiaries.** There are no intended third-party beneficiaries to this Contract.
- 12.3 Governing Law and Venue.** This Contract will be governed by California law and venue will be in the Superior Court of Santa Clara County, and no other place. Contractor waives any right it may have pursuant to Code of Civil Procedure Section 394, to file a motion to transfer any action arising from or relating to this Contract to a venue outside of Santa Clara County, California.
- 12.4 Amendment.** No amendment or modification of this Contract will be binding unless it is in a writing duly authorized and signed by the parties to this Contract.
- 12.5 Integration.** This Contract and the Contract Documents incorporated herein, including authorized amendments or Change Orders thereto, constitute the final, complete, and exclusive terms of the agreement between City and Contractor.
- 12.6 Severability.** If any provision of the Contract Documents, is determined to be illegal, invalid, or unenforceable, in whole or in part, the remaining provisions of the Contract Documents will remain in full force and effect.
- 12.7 Iran Contracting Act.** If the Contract Price exceeds \$1,000,000, Contractor certifies, by signing below, that it is not identified on a list created under the Iran Contracting Act, Public Contract Code Section 2200 *et seq.* (the "Act"), as a person engaging in investment activities in Iran, as defined in the Act, or is otherwise expressly exempt under the Act.
- 12.8 Authorization.** Each individual signing below warrants that he or she is authorized to do so by the party that he or she represents, and that

this Contract is legally binding on that party. If Contractor is a corporation, signatures from two officers of the corporation are required pursuant to California Corporation Code Section 313. If Contractor is a partnership, signature by a general partner with authority to bind the partnership is required. If Contractor is a limited liability company (LLC), a signature by a member or manager with authority to bind the LLC is required.

[Signatures are on the following page.]

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.

The parties agree to this Contract as witnessed by the signatures below:

CITY OF MORGAN HILL:

Christina J. Turner
City Manager

Date: _____

Attest:

Michelle Bigelow
City Clerk

Date: _____

Approved as to Form:

Donald A. Larkin
City Attorney

Date: _____

CONTRACTOR:

[NAME OF CONTRACTOR]

Signature

Name/Title [print]

Date: _____

Corporate entities must provide a second signature:

Signature

Name/Title [print]

Date: _____

Contractor's License Number(s)

Expiration Date(s)

Seal:

Contractor's DIR Registration Number(s)

Expiration Date

END OF CONTRACT

PAYMENT BOND

The City of Morgan Hill ("City") and _____ ("Contractor") have entered into a contract for work on the CRC Battery Storage System Project ("Project"). The Contract is incorporated by reference into this Payment Bond ("Bond").

1. **General.** Under this Bond, Contractor as principal and _____, its surety ("Surety"), are bound to City as obligee in an amount not less than _____ Dollars (\$ _____) ("Bond Sum"), under California Civil Code Sections 9550, *et seq.*, to ensure payment to authorized claimants. This Bond is binding on the respective successors, assigns, owners, heirs, or executors of Surety and Contractor
2. **Surety's Obligation.** If Contractor or any of its Subcontractors fails to pay a person authorized in California Civil Code Section 9100 to assert a claim against a payment bond, any amounts due under the Unemployment Insurance Code with respect to work or labor performed under the Contract, or any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of Contractor and its Subcontractors, under California Unemployment Insurance Code Section 13020, with respect to the work and labor, then Surety will pay the obligation.
3. **Beneficiaries.** This Bond inures to the benefit of any of the persons named in California Civil Code Section 9100, so as to give a right of action to those persons or their assigns in any suit brought upon this Bond. Contractor must promptly provide a copy of this Bond upon request by any person with legal rights under this Bond.
4. **Duration.** If Contractor promptly makes payment of all sums for all labor, materials, and equipment furnished for use in the performance of the Work required by the Contract, in conformance with the time requirements set forth in the Contract and as required by California law, Surety's obligations under this Bond will be null and void. Otherwise, Surety's obligations will remain in full force and effect.
5. **Waivers.** Surety waives any requirement to be notified of alterations to the Contract or extensions of time for performance of the Work under the Contract. Surety waives the provisions of Civil Code Sections 2819 and 2845. City waives the requirement of a new bond for any supplemental contract under Civil Code Section 9550. Any notice to Surety may be given in the manner specified in the Contract and delivered or transmitted to Surety as follows:

Attn: _____
Address: _____
City/State/Zip: _____
Phone: _____
Email: _____

6. Law and Venue. This Bond will be governed by California law, and venue for any dispute pursuant to this Bond will be in the Superior Court of Santa Clara County, and no other place. Surety will be responsible for City's attorneys' fees and costs in any action to enforce the provisions of this Bond.

7. Effective Date; Execution. This Bond is entered into and is effective on _____, 20__.

SURETY:

s/ _____

Name: _____

Title: _____

CONTRACTOR:

s/ _____

Name: _____

Title: _____

(Attach Acknowledgment with Notary
Seal and Power of Attorney)

APPROVED AS TO FORM:

By: _____
Donald A. Larkin, City Attorney

Date: _____

END OF PAYMENT BOND

PERFORMANCE BOND

The City of Morgan Hill ("City") and _____ ("Contractor") have entered into a contract for work on the CRC Battery Storage System Project ("Project"). The Contract is incorporated by reference into this Performance Bond ("Bond").

1. **General.** Under this Bond, Contractor as Principal and _____, its surety ("Surety"), are bound to City as obligee for an amount not less than _____ Dollars (\$ _____) (the "Bond Sum"). By executing this Bond, Contractor and Surety bind themselves and their respective heirs, executors, administrators, successors and assigns, jointly and severally, to the provisions of this Bond.
2. **Surety's Obligations.** Surety's obligations are co-extensive with Contractor's obligations under the Contract. If Contractor fully performs its obligations under the Contract, including its warranty obligations under the Contract, Surety's obligations under this Bond will become null and void. Otherwise, Surety's obligations under this bond will remain in full force and effect.
3. **Waiver.** Surety waives any requirement to be notified of and further consents to any alterations to the Contract made under the applicable provisions of the Contract Documents, including changes to the scope of Work or extensions of time for performance of Work under the Contract. Surety waives the provisions of Civil Code Sections 2819 and 2845.
4. **Application of Contract Balance.** Upon making a demand on this Bond for completion of the Work prior to acceptance of the Project, City will make the Contract Balance available to Surety for completion of the Work under the Contract. For purposes of this provision, the Contract Balance is defined as the total amount payable by City to Contractor as the Contract Price minus amounts already paid to Contractor, and minus any liquidated damages, credits, or backcharges to which City is entitled under the terms of the Contract.
5. **Contractor Default.** Upon written notification from City that Contractor is in default under Article 13 of the Contract General Conditions, time being of the essence, Surety must act within the time specified in Article 13 to remedy the default through one of the following courses of action:
 - 5.1 Arrange for completion of the Work under the Contract by Contractor, with City's consent, but only if Contractor is in default solely due to its financial inability to complete the Work;

5.2 Arrange for completion of the Work under the Contract by a qualified contractor acceptable to City, and secured by performance and payment bonds issued by an admitted surety as required by the Contract Documents, at Surety's expense, or

5.3 Waive its right to complete the Work under the Contract and reimburse City the amount of City's costs to have the remaining Work completed.

6. Surety Default. If Surety defaults on its obligations under the Bond, City will be entitled to recover all costs it incurs due to Surety's default, including legal, design professional, or delay costs.

7. Notice. Any notice to Surety may be given in the manner specified in the Contract and delivered or transmitted to Surety as follows:

Attn: _____
Address: _____
City/State/Zip: _____
Phone: _____
Fax: _____
Email: _____

8. Law and Venue. This Bond will be governed by California law, and venue for any dispute pursuant to this Bond will be in the Superior Court of Santa Clara County, and no other place. Surety will be responsible for City's attorneys' fees and costs in any action to enforce the provisions of this Bond.

9. Effective Date; Execution. This Bond is entered into and effective on _____, 20____.

[Signatures are on the following page.]

SURETY:

s/ _____

Name: _____

Title: _____

(Attach Acknowledgment with Notary
Seal and Power of Attorney)

CONTRACTOR:

s/ _____

Name: _____

Title: _____

APPROVED AS TO FORM:

By: _____
Donald A. Larkin, City Attorney

Date: _____

END OF PERFORMANCE BOND

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GENERAL CONDITIONS

Article 1 - Definitions

1.1 Definitions. The following definitions apply to all of the Contract Documents unless otherwise indicated, e.g., additional definitions that apply solely to the Specifications or other technical documents. Defined terms and titles of documents are capitalized in the Contract Documents, with the exception of the following (in any tense or form): “day,” “furnish,” “including,” “install,” “work day” or “working day.”

Allowance means a specific amount that must be included in the Bid Proposal for Work that may or may not be included in the Project, depending on conditions that will not become known until after bids are opened. If the Contract Price includes an Allowance and the cost of performing the Work covered by that Allowance is greater or less than the Allowance, the Contract Price will be increased or decreased accordingly.

Article, as used in these General Conditions, means a numbered Article of the General Conditions, unless otherwise indicated by the context.

Change Order means a written document duly approved and executed by City, which changes the scope of Work, the Contract Price, or the Contract Time.

City means the City of Morgan Hill, acting through its City Council, officers, employees, and authorized representatives.

City Engineer means the City Engineer for City and his or her authorized delegee(s) designated to oversee and manage the Project on City’s behalf.

Claim means a separate demand by Contractor for a change in the Contract Time or Contract Price, that has previously been submitted to City in accordance with the requirements of the Contract Documents, and which has been rejected by City, in whole or in part; or a written demand by Contractor objecting to the amount of Final Payment.

Contract means the signed agreement between City and Contractor for performing the Work required for the Project, and all documents expressly incorporated therein.

Contract Documents means, collectively, all of the documents listed as such in Section 2 of the Contract, including the Notice Inviting Bids; the Instructions to Bidders; addenda, if any; the Bid Proposal, and attachments thereto; the Contract; the Notice of Award and Notice to Proceed; the payment and performance bonds; the General Conditions; the Special Conditions; the Project Plans and Specifications; any Change Orders; and any other documents

expressly made part of the Contract Documents. The Contract Documents do not include documents provided "For Reference Only," or documents that are intended solely to provide information regarding existing conditions.

Contract Price means the total compensation to be paid to Contractor for performance of the Work, as set forth in the Contract and as may be amended by Change Order or adjusted for an Allowance. The Contract Price is not subject to adjustment due to inflation or due to the increased cost of labor, material, supplies, or equipment following submission of the Bid Proposal. The Contract Price is deemed to include all applicable federal, state, and local taxes.

Contract Time means the number of calendar days specified for complete performance of the Work, as set forth in the Contract and as may be amended by Change Order.

Contractor means the individual, partnership, corporation, or joint-venture that has signed the Contract with City to perform the Work.

Day means a calendar day unless otherwise specified.

Design Professional means the licensed individual(s) or firm(s) retained by City to provide architectural or engineering services for the Project. If no Design Professional has been retained for this Project, any reference to Design Professional is deemed to refer to the Engineer.

DIR means the California Department of Industrial Relations.

Drawings has the same meaning as Plans.

Engineer means the City Engineer for the City of Morgan Hill and his or her authorized delegee(s).

Excusable Delay is defined in Section 5.3(B), Excusable Delay.

Extra Work means new or unforeseen work added to the Project, as determined by the Engineer in his or her sole discretion, including Work that was not part of or incidental to the scope of the Work when the Contractor's bid was submitted; Work that is substantially different from the Work as described in the Contract Documents at bid time; or Work that results from a substantially differing and unforeseeable condition.

Final Completion means Contractor has fully completed all of the Work required by the Contract Documents to the City's satisfaction, including all punch list items, and any required commissioning or training, and has provided the City with all required submittals, including the instructions and manuals, product warranties, and as-built drawings.

Final Payment means payment to Contractor of the unpaid Contract Price, including release of undisputed retention, less amounts withheld or deducted pursuant to the Contract Documents.

Furnish means to purchase and deliver for the Project.

Government Code Claim means a claim submitted pursuant to California Government Code § 900 et seq.

Hazardous Materials means any substance or material identified now or in the future as hazardous under any Laws, or any other substance or material that may be considered hazardous or otherwise subject to Laws governing handling, disposal, or cleanup.

Including, whether or not capitalized, means “including, but not limited to,” unless the context requires otherwise.

Inspector means the individual(s) or firm(s) retained or employed by City to inspect the workmanship, materials, and manner of construction of the Project and its components to ensure compliance with the Contract Documents and all Laws.

Install means to fix in place for materials, and to fix in place and connect for equipment.

Law(s) means all applicable local, state, and federal laws, regulations, rules, codes, ordinances, permits, orders, and the like enacted or imposed by or under the auspices of any governmental entity with jurisdiction over any of the Work or any performance of the Work, including health and safety requirements.

Non-Excusable Delay is defined in Section 5.3(D), Non-Excusable Delay.

Plans means the City-provided plans, drawings, details, or graphical depictions of the Project requirements, but does not include Shop Drawings.

Project means the public works project referenced in the Contract.

Project Manager means the individual designated by City to oversee and manage the Project on City’s behalf and may include his or her authorized delegate(s) when the Project Manager is unavailable. If no Project Manager has been designated for this Project, any reference to Project Manager is deemed to refer to the Engineer.

Recoverable Costs is defined in Section 5.3(F), Recoverable Costs.

Request for Information or RFI means a Contractor's written request for information about the Contract Documents, the Work or the Project, submitted to City in the manner and format specified by City.

Section, when capitalized in these General Conditions, means a numbered section or subsection of the General Conditions, unless the context clearly indicates otherwise.

Shop Drawings means drawings, plan details or other graphical depictions prepared by or on behalf of Contractor, and subject to City acceptance, which are intended to provide details for fabrication, installation, and the like, of items required by or shown in the Plans or Specifications.

Specialty Work means Work that must be performed by a specialized Subcontractor with the specified license or other special certification, and that the Contractor is not qualified to self-perform.

Specifications means the technical, text specifications describing the Project requirements, which are prepared for and incorporated into the Contract by or on behalf of City, and does not include the Contract, General Conditions or Special Conditions.

Subcontractor means an individual, partnership, corporation, or joint-venture retained by Contractor directly or indirectly through a subcontract to perform a specific portion of the Work. The term Subcontractor applies to subcontractors, suppliers, fabricators, and equipment lessors of all tiers, unless otherwise indicated by the context. A third party such as a utility performing related work on the Project is not a Subcontractor, even if Contractor must coordinate its Work with the third party.

Technical Specifications has the same meaning as Specifications.

Work means all of the construction and services necessary for or incidental to completing the Project in conformance with the requirements of the Contract Documents.

Work Day or Working Day, whether or not capitalized, means a weekday when the City is open for business, and does not include holidays observed by City.

Worksite means the place or places where the Work is performed, which includes, but may extend beyond the Project site, including separate locations for staging, storage, or fabrication.

Article 2 - Roles and Responsibilities

2.1 City.

(A) **City Council.** The City Council has final authority in all matters affecting the Project, except to the extent it has delegated authority to the Engineer.

(B) **Engineer.** The Engineer, acting within the authority conferred by the City Council, is responsible for administration of the Project on behalf of City, including authority to provide directions to the Design Professional and to Contractor to ensure proper and timely completion of the Project. The Engineer's decisions are final and conclusive within the scope of his or her authority, including interpretation of the Contract Documents.

(C) **Project Manager.** The Project Manager assigned to the Project will be the primary point of contact for the Contractor and will serve as City's representative, for daily administration of the Project on behalf of City. Unless otherwise specified, all of Contractor's communications to City (in any form) will go to or through the Project Manager. City reserves the right to reassign the Project Manager role at any time or to delegate duties to additional City representatives, without prior notice to or consent of Contractor.

2.2 Contractor.

(A) **General.** Contractor must provide all labor, materials, supplies, equipment, services, and incidentals necessary to perform and timely complete the Work in strict accordance with the Contract Documents, and in an economical and efficient manner in the best interests of City, and with minimal inconvenience to the public.

(B) **Responsibility for the Work and Risk of Loss.** Contractor is responsible for supervising and directing all aspects of the Work to facilitate the efficient and timely completion of the Work. Contractor is solely responsible for, and required to exercise full control over the Work, including the construction means, methods, techniques, sequences, procedures, safety precautions and programs, and coordination of all portions of the Work with that of all other contractors and Subcontractors, except to the extent that the Contract Documents provide other specific instructions. Contractor's responsibilities extend to any plan, method or sequence suggested, but not required by City or specified in the Contract Documents. From the date of commencement of the Work until either the date on which City formally accepts the Project or the effective date of termination of the Contract, whichever is later, Contractor bears all risks of

injury or damage to the Work and the materials and equipment delivered to any Worksite, by any cause including fire, earthquake, wind, weather, vandalism or theft.

(C) **Project Administration.** Contractor must provide sufficient and competent administration, staff, and skilled workforce necessary to perform and timely complete the Work in accordance with the Contract Documents. Before starting the Work, Contractor must designate in writing and provide complete contact information, including telephone numbers and email address, for the officer or employee in Contractor's organization who is to serve as Contractor's primary representative for the Project, and who has authority to act on Contractor's behalf. A Subcontractor may not serve as Contractor's primary representative.

(D) **On-Site Superintendent.** Contractor must, at all times during performance of the Work, provide a qualified and competent full-time superintendent, acceptable to City, and assistants, as necessary, who must be physically present at the Project site while any aspect of the Work is being performed. The superintendent must have full authority to act and communicate on behalf of Contractor, and Contractor will be bound by the superintendent's communications to City. City's approval of the superintendent is required before the Work commences. If City is not satisfied with the superintendent's performance, City may request a qualified replacement of the superintendent. Failure to comply may result in temporary suspension of the Work, at Contractor's sole expense and with no extension of Contract Time, until an approved superintendent is physically present to supervise the Work. Contractor must provide written notice to City, as soon as practicable, before replacing the superintendent.

(E) **Standards.** Contractor must, at all times, ensure that the Work is performed in an efficient, skillful manner following best practices and in full compliance with the Contract Documents and Laws and applicable manufacturer's recommendations. Contractor has a material and ongoing obligation to provide true and complete information, to the best of its knowledge, with respect to all records, documents, or communications pertaining to the Project, including oral or written reports, statements, certifications, Change Order requests, or Claims.

(F) **Meetings.** Contractor, its project manager, superintendent, and any primary Subcontractors requested by City, must attend a pre-construction conference, if requested by City, as well as weekly Project progress meetings scheduled with City. If applicable, Contractor may also be required to participate in coordination meetings with other parties relating to other work being performed on or near the Project site or in relation to the Project, including work or activities performed by City, other contractors, or other utility owners.

(G) **Construction Records.** Contractor will maintain up-to-date, thorough, legible, and dated daily job reports, which document all significant activity on the Project for each day that Work is performed on the Project. The daily report for each day must include the number of workers at the Project site; primary Work activities; major deliveries; problems encountered, including injuries, if any; weather and site conditions; and delays, if any. Contractor will take date and time-stamped photographs to document general progress of the Project, including site conditions prior to construction activities, before and after photographs at offset trench laterals, existing improvements and utilities, damage and restoration. Contractor will maintain copies of all subcontracts, Project-related correspondence with subcontractors, and records of meetings with Subcontractors. Upon request by the City, Contractor will permit review of and/or provide copies of any of these construction records.

(H) **Responsible Party.** Contractor is solely responsible to City for the acts or omissions of any Subcontractors, or any other party or parties performing portions of the Work or providing equipment, materials or services for or on behalf of Contractor or the Subcontractors. Upon City's written request, Contractor must promptly and permanently remove from the Project, at no cost to City, any employee, Subcontractor, or employee of a Subcontractor who the Engineer has determined to be incompetent, intemperate or disorderly, or who has failed or refused to perform the Work as required under the Contract Documents.

(I) **Correction of Defects.** Contractor must promptly correct, at Contractor's sole expense, any Work that is determined by City to be deficient or defective in any way, including workmanship, materials, parts or equipment. Workmanship, materials, parts or equipment that do not conform to the requirements under the Plans, Specifications and every other Contract Document, as determined by City, will be considered defective and subject to rejection. Contractor must also promptly correct, at Contractor's sole expense, any Work performed beyond the lines and grades shown on the Plans or established by City, and any Extra Work performed without City's prior written approval. If Contractor fails to correct or to take reasonable steps toward correcting defective Work within five days following notice from City, or within the time specified in City's notice to correct, City may elect to have the defective Work corrected by its own forces or by a third party, in which case the cost of correction will be deducted from the Contract Price. If City elects to correct defective Work due to Contractor's failure or refusal to do so, City or its agents will have the right to take possession of and use any equipment, supplies, or materials available at the Project site or any Worksite on City property, in order to effectuate the correction, at no extra cost to City. Contractor's warranty obligations under Section 11.2, Warranty, will not be waived nor

limited by City's actions to correct defective Work under these circumstances. Alternatively, City may elect to retain defective Work, and deduct the difference in value, as determined by the Engineer, from payments otherwise due to Contractor. This paragraph applies to any defective Work performed by Contractor during the one-year warranty period under Section 11.2.

(J) **Contractor's Records.** Contractor must maintain all of its records relating to the Project in any form, including paper documents, photos, videos, electronic records, approved samples, and the construction records required pursuant to paragraph (G), above. Project records subject to this provision include, but are not limited to, complete Project cost records and records relating to preparation of Contractor's bid, including estimates, take-offs, and price quotes or bids.

- (1) Contractor's cost records must include all supporting documentation, including original receipts, invoices, and payroll records, evidencing its direct costs to perform the Work, including, but not limited to, costs for labor, materials and equipment. Each cost record should include, at a minimum, a description of the expenditure with references to the applicable requirements of the Contract Documents, the amount actually paid, the date of payment, and whether the expenditure is part of the original Contract Price, related to an executed Change Order, or otherwise categorized by Contractor as Extra Work. Contractor's failure to comply with this provision as to any claimed cost operates as a waiver of any rights to recover the claimed cost.
- (2) Contractor must continue to maintain its Project-related records in an organized manner for a period of five years after City's acceptance of the Project or following Contract termination, whichever occurs first. Subject to prior notice to Contractor, City is entitled to inspect or audit any of Contractor's Project records relating to the Project or to investigate Contractor's plant or equipment during Contractor's normal business hours. The record-keeping requirements set forth in this subsection 2.2(J) will survive expiration or termination of the Contract.

(K) **Copies of Project Documents.** Contractor and its Subcontractors must keep copies, at the Project site, of all Work-related documents, including the Contract, permit(s), Plans, Specifications, Addenda, Contract amendments, Change Orders, RFIs and RFI responses, Shop Drawings, as-built drawings, schedules, daily records, testing and inspection reports or results, and any related written interpretations. These documents must be available to City for reference at all times during construction of the Project.

2.3 Subcontractors.

(A) **General.** All Work which is not performed by Contractor with its own forces must be performed by Subcontractors. City reserves the right to approve or reject any and all Subcontractors proposed to perform the Work, for reasons including the subcontractor's poor reputation, lack of relevant experience, financial instability, and lack of technical ability or adequately trained workforce. Each Subcontractor must obtain a City business license before performing any Work.

(B) **Contractual Obligations.** Contractor must require each Subcontractor to comply with the provisions of the Contract Documents as they apply to the Subcontractor's portion(s) of the Work, including the generally applicable terms of the Contract Documents, and to likewise bind their subcontractors. Contractor will provide that the rights that each Subcontractor may have against any manufacturer or supplier for breach of warranty or guarantee relating to items provided by the Subcontractor for the Project, will be assigned to City. Nothing in these Contract Documents creates a contractual relationship between a Subcontractor and City, but City is deemed to be a third-party beneficiary of the contract between Contractor and each Subcontractor. Copies of subcontracts must be available to the Engineer upon request. Before a Subcontractor commences Work on the Project, Contractor must provide the Engineer a written statement with the name of the Subcontractor, a description of each portion of the Work performed by the Subcontractor, and the percentage of the overall Work to be performed by the Subcontractor.

(C) **Termination.** If the Contract is terminated, each Subcontractor's agreement must be assigned by Contractor to City, subject to the prior rights of any surety, but only if and to the extent that City accepts, in writing, the assignment by written notification, and assumes all rights and obligations of Contractor pursuant to each such subcontract agreement.

(D) **Substitution of Subcontractor.** If Contractor requests substitution of a listed Subcontractor under Public Contract Code Section 4107, Contractor is solely responsible for all costs City incurs in responding to the request, including legal fees and costs to conduct a hearing, and any increased subcontract cost to perform the Work that was to be performed by the listed Subcontractor. If City determines that a Subcontractor is unacceptable to City based on the Subcontractor's failure to satisfactorily perform its Work, or for any of the grounds for substitution listed in Public Contract Code Section 4107(a), City may request removal of the Subcontractor from the Project. Upon receipt of a written request from City to remove a Subcontractor pursuant to this paragraph, Contractor will immediately remove the Subcontractor from the Project and, at no further cost to City, will either (1) self-perform the remaining Work to the extent

that Contractor is duly licensed and qualified to do so, or (2) substitute a Subcontractor that is acceptable to City, in compliance with Public Contract Code Section 4107, as applicable.

2.4 Coordination of Work.

(A) **Concurrent Work.** City reserves the right to perform have performed, or permit performance of other work on or adjacent to the Project site while the Work is being performed for the Project. Contractor is responsible for coordinating its Work with other work being performed on or adjacent to the Project site, including by any utility companies or agencies, and must avoid hindering, delaying, or interfering with the work of other contractors, individuals, or entities, and must ensure safe and reasonable site access and use as required or authorized by City. To the full extent permitted by law, Contractor must hold harmless and indemnify City against any and all claims arising from or related to Contractor's avoidable, negligent, or willful hindrance of, delay to, or interference with the work of any utility company or agency or another contractor or subcontractor.

(B) **Coordination.** If Contractor's Work will connect or interface with work performed by others, Contractor is responsible for independently measuring and visually inspecting such work to ensure a correct connection and interface. Contractor is responsible for any failure by Contractor or its Subcontractors to confirm measurements before proceeding with connecting Work. Before proceeding with any portion of the Work affected by the construction or operations of others, Contractor must give the Project Manager prompt written notification of any defects Contractor discovers which will prevent the proper execution of the Work. Failure to give notice of any known or reasonably discoverable defects will be deemed acknowledgement by Contractor that the work of others is not defective and will not prevent the proper execution of the Work. Contractor must also promptly notify City if work performed by others, including work or activities performed by City's own forces, is operating to hinder, delay, or interfere with Contractor's timely performance of the Work. City reserves the right to backcharge Contractor for any additional costs incurred due to Contractor's failure to comply with the requirements in this Section 2.4.

2.5 Submittals. Unless otherwise specified, Contractor must submit to Engineer for review and acceptance, all schedules, Shop Drawings, samples, product data and similar submittals required by the Contract Documents, or upon request by Engineer. Unless otherwise specified, all submittals, including Requests for Information (RFIs) are subject to the provisions of this Section, as well as specific submittal requirements that may be included elsewhere in the Contract Documents, including the

Special Conditions or Specifications. The Engineer may require submission of a submittal schedule at or before a pre-construction conference, as may be specified in the Notice to Proceed.

(A) **General.** Contractor is responsible for ensuring that its submittals are accurate and conform to the Contract Documents.

(B) **Time and Manner of Submission.** Contractor must ensure that its submittals are prepared and delivered in a manner consistent with the current City-accepted schedule for the Work and within the applicable time specified elsewhere in the Contract Documents, or if no time is specified, in such time and sequence so as not to delay the performance of the Work or completion of the Project.

(C) **Required Contents.** Each submittal must include the Project name and contract number, Contractor's name and address, the name and address of any Subcontractor or supplier involved with the submittal, the date, and references to applicable Specification section(s) and/or drawing and detail number(s).

(D) **Required Corrections.** If corrections are required, Contractor must promptly make and submit any required corrections as specified in full conformance with the requirements of this Section, or other requirements that apply to that submittal.

(E) **Effect of Review and Acceptance.** Review and acceptance of a submittal by City will not relieve Contractor from complying with the requirements of the Contract Documents. Contractor is responsible for any errors in any submittal, and review or acceptance of a submittal by City is not an assumption of risk or liability by City.

(F) **Enforcement.** Any Work performed or any material furnished, installed, fabricated, or used without City's prior acceptance of a required submittal is performed or provided at Contractor's risk, and Contractor may be required to bear the costs incident thereto, including the cost of removing and replacing such Work or material, repairs to other affected portions of the Work, and the cost of additional time or services required of City, including costs for the Design Professional, Project Manager, or Inspector.

(G) **Excessive RFIs.** An RFI will be considered excessive or unnecessary if the City determines that the explanation or response to the RFI is clearly and unambiguously discernable from the Contract Documents. City's costs to review and respond to excessive or unnecessary RFIs may be deducted from payments otherwise due to Contractor.

2.6 Shop Drawings. When Shop Drawings are required by the Specifications or requested by the Engineer, they must be prepared according to best practices at Contractor's expense. The Shop Drawings must be of a size and scale to clearly show all necessary details. Unless otherwise specified by City, Shop Drawings must be provided to the Engineer for review and acceptance at least 30 days before the Work will be performed. If City requires changes, the corrected Shop Drawings must be resubmitted to the Engineer for review within the time specified by the Engineer. For all Project components requiring Shop Drawings, Contractor will not furnish materials or perform any Work until the Shop Drawings for those components are accepted by City. Contractor is responsible for any errors or omissions in the Shop Drawings, shop fits and field corrections; any deviations from the Contract Documents; and for the results obtained by the use of Shop Drawings. Acceptance of Shop Drawings by City does not relieve Contractor of Contractor's responsibility.

2.7 Access to Work. Contractor must afford prompt and safe access to any Worksite by City and its employees, agents, or consultants authorized by City; and upon request by City, Contractor must promptly arrange for City representatives to visit or inspect manufacturing sites or fabrication facilities for items to be incorporated into the Work.

2.8 Personnel. Contractor and its Subcontractors must employ only competent and skillful personnel to perform the Work. Contractor and its Subcontractor's supervisors, security or safety personnel, and employees who have unescorted access to the Project site must possess proficiency in English sufficient to read, understand, receive, and implement oral or written communications or instructions relating to their respective job functions, including safety and security requirements. Upon written notification from the Engineer, Contractor and its Subcontractors must immediately discharge any personnel who are incompetent, disorderly, disruptive, threatening, abusive, or profane, or otherwise refuse or fail to comply with the requirements of the Contract Documents or Laws, including Laws pertaining to health and safety. Any such discharged personnel may not be re-employed or permitted on the Project in any capacity without City's prior written consent.

Article 3 - Contract Documents - Deleted

Article 4 - Bonds, Indemnity, and Insurance

4.1 Payment and Performance Bonds. Within ten days following issuance of the Notice of Award, Contractor is required to provide a payment bond and a performance bond, each in the penal sum of not less than 100 percent of the Contract Price, and each executed by Contractor and its surety using the bond forms included with the Contract Documents.

(A) **Surety.** Each bond must be issued and executed by a surety admitted in California. If an issuing surety cancels the bond or becomes insolvent, within seven days following written notice from City, Contractor must substitute a surety acceptable to City. If Contractor fails to substitute an acceptable surety within the specified time, City may, at its sole discretion, withhold payment from Contractor until the surety is replaced to City's satisfaction, or terminate the Contract for default.

(B) **Supplemental Bonds for Increase in Contract Price.** If the Contract Price increases during construction by five percent or more over the original Contract Price, Contractor must provide supplemental or replacement bonds within ten days of written notice from City pursuant to this Section, covering 100% of the increased Contract Price and using the bond forms included with the Contract Documents.

4.2 Indemnity. To the fullest extent permitted by law, Contractor must indemnify, defend, and hold harmless City, its Council, officers, officials, employees, agents, volunteers, and consultants, (individually, an "Indemnitee," and collectively the "Indemnitees") from and against any and all liability, loss, damage, claims, causes of action, demands, charges, fines, costs, and expenses (including, without limitation, attorney fees, expert witness fees, paralegal fees, and fees and costs of litigation or arbitration) (collectively, "Liability") of every nature arising out of or in connection with the acts or omissions of Contractor, its employees, Subcontractors, representatives, or agents, in bidding or performing the Work or in failing to comply with any obligation of Contractor under the Contract, except such Liability caused by the active negligence, sole negligence, or willful misconduct of an Indemnitee. This indemnity requirement applies to any Liability arising from alleged defects in the content or manner of submission of Contractor's bid for the Contract. Contractor's failure or refusal to timely accept a tender of defense pursuant to this Contract will be deemed a material breach of this Contract. City will timely notify Contractor upon receipt of any third-party claim relating to the Contract, as required by Public Contract Code Section 9201. Contractor waives any right to express or implied indemnity against any Indemnitee. Contractor's indemnity obligations under this Contract will survive the expiration or any early termination of the Contract.

4.3 Insurance. No later than ten days following issuance of the Notice of Award, Contractor must procure and provide proof of the insurance coverage required by this Section in the form of certificates and endorsements acceptable to City. The required insurance must cover the activities of Contractor and its Subcontractors relating to or arising from the performance of the Work, and must remain in full force and effect at all times during the period covered by the Contract through the date of City's acceptance of the Project. 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. All required insurance must be issued by a company licensed to do business in the State of California, and each such insurer must have an A.M. Best’s financial strength rating of “A” or better and a financial size rating of “VIII” or better. If Contractor fails to provide any of the required coverage in full compliance with the requirements of the Contract Documents, City may, at its sole discretion, purchase such coverage at Contractor’s expense and deduct the cost from payments due to Contractor, or terminate the Contract for default. Contractor further understands that City reserves the right to modify the insurance requirements set forth herein, with thirty (30) days’ notice provided to Contractor, at any time as deemed necessary to protect the interests of City. The procurement of the required insurance will not be construed to limit Contractor’s liability under this Contract or to fulfill Contractor’s indemnification obligations under this Contract.

(A) **Deductibles and Self-Insured Retentions.** Any deductibles or self-insured retentions must be declared to and approved by City. If the City’s Risk Manager determines that the deductibles and/or self-insured retentions are unacceptably high, at City’s option, Contractor must either reduce or eliminate the deductibles and/or self-insured retentions as they apply to City and all required Additional Insured; or must provide a financial guarantee, to City’s satisfaction, guaranteeing payment of losses and related investigation, claim administration, and legal expenses.

(B) **Policies and Limits.** The following insurance policies and limits are required for this Contract unless otherwise specified in the Special Conditions:

- (1) **Commercial General Liability Insurance (“CGL”).** Contractor shall maintain CGL and must include coverage for liability arising from Contractor’s or its Subcontractor’s acts or omissions in the performance of the Work against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) two million dollars (\$2,000,000.00) combined single limit each occurrence and either a general aggregate limit of four million dollars (\$4,000,000.00) or a general aggregate limit of two million dollars (\$2,000,000.00) as applied on a “per project” or “per location” basis, or (ii) the maximum amount of such insurance available to Contractor under Contractor’s combined insurance policies (including any excess or “umbrella” policies), whichever is greater.

- a. CGL policy may not exclude explosion, collapse, underground excavation hazard, or removal of lateral support.
 - b. CGL policy must include contractor's protected coverage, blanket contractual, and completed operations.
- (2) **Builder's Risk Insurance:** The Builder's Risk Insurance policy must be issued on occurrence basis, for all-risk coverage (including Flood and Earthquake) on a one hundred percent (100%) completed value basis on the insurable portion of the Project for the benefit of City.
- (3) **Workers' Compensation Insurance and Employer's Liability:** Contractor shall maintain Workers Compensation coverage, as required by law. The policy must comply with the requirements of the California Workers' Compensation Insurance and Safety Act and provide protection 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 Contractor under Contractor's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. If Contractor is self-insured, Contractor must provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.
- (4) **Automobile Liability:** Contractor shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if Contractor does not own automobiles, then Contractor 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, or (ii) the maximum amount of such insurance available to Contractor under Contractor's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.
- (5) **Pollution (Environmental) Liability:** If the performance of Contractor's work or service under this Contract involves hazardous materials, contaminated soil disposal, and/or a risk of accidental release of fuel oil, chemicals or other toxic gases or hazardous materials, Contractor shall procure and maintain Pollution Liability covering 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 Contract. 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 Contractor under Contractor's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

(6) Professional Liability:

- a. If the performance of Contractor's work or service under this Contract involves professional and/or technical services (examples include, but are not limited to, architects, engineers, land surveyors, legal services, and appraisers), Contractor 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 Contractor under Contractor's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Further, if Contractor maintains a claims-made policy, Contractor shall provide written evidence of such insurance to City for at least five (5) years after the completion of work performed under this Contract.
- b. If the performance of Contractor's work or service under this Contract relates to Information Technology or related services (examples include, but are not limited to computer programmers, hardware engineers, or other systems consultants), Contractor 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 Contractor under Contractor's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

(C) Required Endorsements. Contractor must provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:

- (1) For all Policies except Builder's Risk and Professional Liability:

- a. "Waiver of Subrogation" endorsements providing that the carrier agrees to waive any right of subrogation it may have against the City of Morgan Hill and the City's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.

(2) General Liability, Automobile, and Pollution Liability:

- a. "Additionally Insured" endorsements naming the City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers as additional insureds;
- b. "Primary and Non-Contributing" endorsements stating that the policy is primary non-contributing;

(3) General Liability:

- a. "Separation of Insureds" endorsements stating that the inclusion of more than one insured will not operate to impair the rights of one insured against another, and the coverages afforded will apply as though separate policies have been issued to each insured.

(D) **Subcontractors.** Contractor must ensure that each Subcontractor is required to maintain the same insurance coverage required under this Section 4.3, with respect to its performance of Work on the Project, including those requirements related to the additional insureds and waiver of subrogation. Contractor must confirm that each Subcontractor has complied with requirements as outlined herein. The insurance requirements for Subcontractors do not replace or limit the Contractor's insurance obligations.

(E) **Certificates.** Contractor must 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, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to Contractor's Contract with City shall be reduced, canceled, allowed to expire, or materially changed except after thirty (30) days' notice by the insurer to City, unless due to non-payment of premiums, in which case ten (10) days written notice must be made to City. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address as follows:

City of Morgan Hill

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

(F) **Contractor's Responsibilities.** This Section 4.3 establishes the minimum requirements for Contractor's insurance coverage in relation to this Project, but is not intended to limit Contractor's ability to procure additional or greater coverage. Contractor is responsible for its own risk assessment and needs and is encouraged to consult its insurance provider to determine what coverage it may wish to carry beyond the minimum requirements of this Section. Contractor is solely responsible for the cost of its insurance coverage, including premium payments, deductibles, or self-insured retentions, and no Additional Insured will be responsible or liable for any of the cost of Contractor's insurance coverage.

Article 5 - Contract Time

5.1 Time is of the Essence. Time is of the essence in Contractor's performance and completion of the Work, and Contractor must diligently prosecute the Work and complete it within the Contract Time.

(A) **General.** Contractor must commence the Work on the date indicated in the Notice to Proceed, and must fully complete the Work in strict compliance with all requirements of the Contract Documents and within the Contract Time. Contractor may not begin performing the Work before the date specified in the Notice to Proceed.

(B) **Authorization.** Contractor is not entitled to compensation or credit for any Work performed before the date specified in the Notice to Proceed, with the exception of any schedules, submittals, or other requirements, if any, that must be provided or performed before issuance of the Notice to Proceed

(C) **Rate of Progress.** Contractor and its Subcontractors must, at all times, provide workers, materials, and equipment sufficient to maintain the rate of progress necessary to ensure full completion of the Work within the Contract Time. If City determines that Contractor is failing to prosecute the Work at a sufficient rate of progress, City may, in its sole discretion, direct Contractor to provide additional workers, materials, or equipment, or to work additional hours or days without additional cost to City, in order to achieve a rate of progress satisfactory to City. If Contractor fails to comply with City's directive in this regard, City may, at Contractor's expense, separately contract for additional workers, materials, or equipment or use

City's own forces to achieve the necessary rate of progress. Alternatively, City may terminate the Contract based on Contractor's default.

5.2 Schedule Requirements. Contractor must prepare all schedules using standard, commercial scheduling software acceptable to Engineer, and must provide the schedules in electronic and paper form as requested by the Engineer. In addition to the general scheduling requirements set forth below, Contractor must also comply with any scheduling requirements included in the Special Conditions or in the Technical Specifications.

(A) ***Baseline (As-Planned) Schedule.*** Within ten calendar days following City's issuance of the Notice to Proceed (or as otherwise specified in the Notice to Proceed), Contractor must submit to City for review and acceptance a baseline as-planned schedule using critical path methodology showing in detail how Contractor plans to perform and fully complete the Work within the Contract Time including labor, equipment, materials and fabricated items. The baseline schedule must show the order of the major items of Work and the dates of start and completion of each item, including when the materials and equipment will be procured. The schedule must also include the work of all trades reflecting anticipated labor or crew hours and equipment loading for the construction activities, and must be sufficiently comprehensive and detailed to enable progress to be monitored on a day-by-day basis. For each activity, the baseline schedule must be dated, provided in the format specified in the Contract Documents or as required by City, and must include, at a minimum, a description of the activity, the start and completion dates of the activity, and the duration of the activity.

(1) ***Specialized Materials Ordering.*** Within five calendar days following issuance of the Notice to Proceed, Contractor must order any specialized material or equipment for the Work that is not readily available from material suppliers. Contractor must also retain documentation of the purchase orders date(s).

(B) ***City's Review of Schedules.*** City will review and may note exceptions to the baseline schedule, and to the progress schedules submitted as required below, to assure completion of the Work within the Contract Time. Contractor is solely responsible for resolving any exceptions noted in a schedule and, within seven days, must correct the schedule to address the exceptions. City's review or acceptance of Contractor's schedules will not operate to waive or limit Contractor's duty to complete the Project within the Contract Time, nor to waive or limit City's right to assess liquidated damages for Contractor's unexcused failure to do so.

(C) **Progress Schedules.** After City accepts the final baseline schedule with no exceptions, Contractor must submit an updated progress schedule and three week look-ahead schedule, in the format specified by City, for review and acceptance with each application for a progress payment or when otherwise specified by City, until completion of the Work. The updated progress schedule must show how the actual progress of the Work as constructed to date compares to the baseline schedule; reflect any proposed changes in the construction schedule or method of operations, including to achieve Project milestones within the Contract Time; and identify any actual or potential impacts to the critical path. Contractor must also submit periodic reports to City of any changes in the projected material or equipment delivery dates for the Project.

(1) *Float.* The progress schedule must show early and late completion dates for each task. The number of days between those dates will be designated as the “float.” Any float belongs to the Project and may be allocated by the Engineer to best serve timely completion of the Project.

(2) *Failure to Submit Schedule.* Reliable, up-to-date schedules are essential to efficient and cost-effective administration of the Project and timely completion. If Contractor fails to submit a schedule within the time periods specified in this Section, or submits a schedule to which City has noted exceptions that are not corrected, City may withhold up to ten percent from payment(s) otherwise due to Contractor until the exceptions are resolved, the schedule is corrected and resubmitted, and City has accepted the schedule. In addition, Contractor’s failure to comply with the schedule requirements in this Section 5.2 will be deemed a material default and a waiver of any claims for Excusable Delay or loss of productivity arising during any period when Contractor is out of compliance, subject only to the limits of Public Contract Code Section 7102.

(D) **Recovery Schedule.** If City determines that the Work is more than one week behind schedule, within seven days following written notice of such determination, Contractor must submit a recovery schedule, showing how Contractor intends to perform and complete the Work within the Contract Time, based on actual progress to date.

(E) **Effect of Acceptance.** Contractor and its Subcontractors must perform the Work in accordance with the most current City-accepted schedule unless otherwise directed by City. City’s acceptance of a schedule does not operate to extend the time for completion of the Work or any component of the Work, and will not affect City’s right to assess

liquidated damages for Contractor's unexcused delay in completing the Work within the Contract Time.

(F) **Posting.** Contractor must at all times prominently post a copy of the most current City-accepted progress or recovery schedule in its on-site office.

(G) **Reservation of Rights.** City reserves the right to direct the sequence in which the Work must be performed or to make changes in the sequence of the Work in order to facilitate the performance of work by City or others, or to facilitate City's use of its property. The Contract Time or Contract Price may be adjusted to the extent such changes in sequence actually increase or decrease Contractor's time or cost to perform the Work.

(H) **Authorized Working Days and Times.** Contractor is limited to working Monday through Friday, excluding City of Morgan Hill-observed holidays, during City's normal business hours, except as expressly provided in the Special Conditions, or as authorized in writing by City. City reserves the right to charge Contractor for additional costs incurred by City due to Work performed on days or during hours not expressly authorized in the Contract Documents, including reimbursement of costs incurred for inspection, testing, and construction management services.

5.3 Delay and Extensions of Contract Time.

(A) **Notice of Delay.** If Contractor becomes aware of any actual or potential delay affecting the critical path, Contractor must promptly notify the Engineer in writing, regardless of the nature or cause of the delay, so that City has a reasonable opportunity to mitigate or avoid the delay.

(B) **Excusable Delay.** The Contract Time may be extended if Contractor encounters "Excusable Delay," which is an unavoidable delay in completing the Work within the Contract Time due to causes completely beyond Contractor's control, and which Contractor could not have avoided or mitigated through reasonable care, planning, foresight, and diligence, provided that Contractor is otherwise fully performing its obligations under the Contract Documents. Grounds for Excusable Delay may include fire, natural disasters, including earthquake or unusually severe weather, acts of terror or vandalism, epidemic, unforeseeable adverse government actions, unforeseeable actions of third parties, encountering unforeseeable hazardous materials, unforeseeable site conditions, or suspension for convenience under Article 13. The Contract Time will not be extended based on circumstances which will not unavoidably delay completing the Work within the Contract Time based on critical path analysis.

(C) **Weather Delays.** A "Weather Delay Day" is a Working Day during which Contractor and its forces, including Subcontractors, are unable to perform more than 40% of the critical path Work scheduled for that day due to adverse weather conditions which impair the ability to safely or effectively perform the scheduled critical path Work that day. Adverse weather conditions may include rain, saturated soil, and Project site clean-up required due to adverse weather. Determination of what constitutes critical path Work scheduled for that day will be based on the most current, City-approved schedule. Contractor will be entitled to a non-compensable extension of the Contract Time for each Weather Delay Day in excess of the normal Weather Delay Days within a given month as determined by reliable records, including monthly rainfall averages, for the preceding ten years (or as otherwise specified in the Special Conditions or Specifications).

(1) Contractor must fully comply with the applicable procedures in Articles 5 and 6 of the General Conditions regarding requests to modify the Contract Time.

(2) Contractor will not be entitled to an extension of time for a Weather Delay Day to the extent Contractor is responsible for concurrent delay on that day.

(3) Contractor must take reasonable steps to mitigate the consequences of Weather Delay Days, including prudent workforce management and protecting the Work, Project Site, materials, and equipment.

(D) **Non-Excusable Delay.** Delay which Contractor could have avoided or mitigated through reasonable care, planning, foresight and diligence is "Non-Excusable Delay." Contractor is not entitled to an extension of Contract Time or any compensation for Non-Excusable Delay, or for Excusable Delay that is concurrent with Non-Excusable Delay. Non-Excusable Delay includes delay caused by:

(1) weather conditions which are normal for the location of the Project, as determined by reliable records, including monthly rainfall averages, for the preceding ten years;

(2) Contractor's failure to order equipment and materials sufficiently in advance of the time needed for completion of the Work within the Contract Time;

(3) Contractor's failure to provide adequate notification to utility companies or agencies for connections or services necessary for completion of the Work within the Contract Time;

(4) foreseeable conditions which Contractor could have ascertained from reasonably diligent inspection of the Project site or review of the Contract Documents or other information provided to the Contractor;

(5) Contractor's failure, refusal, or financial inability to perform the Work within the Contract Time, including insufficient funds to pay its Subcontractors or suppliers.

(6) performance or non-performance by Contractor's Subcontractors or suppliers;

(7) the time required to respond to excessive RFIs (see Section 2.5(G));

(8) delayed submission of required submittals, or the time required for correction and resubmission of defective submittals;

(9) time required for repair of, re-testing, or re-inspection of defective Work;

(10) enforcement of Laws by City, or outside agencies with jurisdiction over the Work; or

(11) City's exercise or enforcement of any of its rights or Contractor's duties pursuant to the Contract Documents, including correction of defective Work, extra inspections or testing due to non-compliance with Contract requirements, safety compliance, environmental compliance, or rejection and return of defective or deficient submittals.

(E) **Compensable Delay.** Pursuant to Public Contract Code Section 7102, in addition to entitlement to an extension of Contract Time, Contractor is entitled to compensation for costs incurred due to delay caused solely by City, when that delay is unreasonable under the circumstances involved and not within the contemplation of the parties ("Compensable Delay"). Contractor is not entitled to an extension of Contract Time or recovery of costs for Compensable Delay that is concurrent with Non-Excusable Delay. Delay due to causes that are beyond the control of either City or Contractor, including Weather Delay Days, discovery of Historic or Archeological Items pursuant to Section 7.18, or the actions or inactions of third parties or other agencies, is not

Compensable Delay, and will only entitle Contractor to an extension of time commensurate with the time lost due to such delay.

(F) ***Recoverable Costs.*** Contractor is not entitled to compensation for Excusable Delay unless it is Compensable Delay, as defined above. Contractor is entitled to recover only the actual, direct, reasonable, and substantiated costs (“Recoverable Costs”) for each working day that the Compensable Delay prevents Contractor from proceeding with more than 50% of the critical path Work scheduled for that day, based on the most recent progress schedule accepted by City. Recoverable Costs will not include home office overhead or lost profit.

(G) ***Request for Extension of Contract Time or Recoverable Costs.*** A request for an extension of Contract Time or any associated Recoverable Costs must be submitted in writing to City within ten calendar days of the date the delay is first encountered, even if the duration of the delay is not yet known at that time, or any entitlement to the Contract Time extension or to the Recoverable Costs will be deemed waived. In addition to complying with the requirements of this Article 5, the request must be submitted in compliance with the Change Order request procedures in Article 6, below. Strict compliance with these requirements is necessary to ensure that any delay or consequences of delay may be mitigated as soon as possible, and to facilitate cost-efficient administration of the Project and timely performance of the Work. Any request for an extension of Contract Time or Recoverable Costs that does not strictly comply with all of the requirements of Article 5 and Article 6 will be deemed waived.

(1) ***Required Contents.*** The request must include a detailed description of the cause(s) of the delay, and must also describe the measures that Contractor has taken to mitigate the delay and/or its effects, including efforts to mitigate the cost impact of the delay, such as by workforce management, or by a change in sequencing. If the delay is still ongoing at the time the request is submitted, the request should also include Contractor’s plan for continued mitigation of the delay or its effects.

(2) ***Delay Days and Costs.*** The request must specify the number of days of Excusable Delay claimed, or provide a realistic estimate if the duration of the delay is not yet known. If the Contractor believes it is entitled to Recoverable Costs for Compensable Delay, the request must specify the amount of and basis for the Recoverable Costs that are claimed or provide a realistic estimate if the amount is not yet known. Any estimate of delay duration or cost must be updated in writing and submitted with all required supporting documentation as soon as the actual time and cost is known. The maximum extension of Contract Time will be the number of days, if

any, by which an Excusable Delay or a Compensable Delay exceeds any concurrent Non-Excusable Delay. Contractor is entitled to an extension of Contract Time, or compensation for Recoverable Costs, only if, and only to the extent that, such delay will unavoidably delay Final Completion.

(3) *Supporting Documentation.* The request must also include any and all supporting documentation necessary to evidence the delay and its actual impacts, including scheduling and cost impacts, with a time impact analysis using critical path methodology, and demonstrating the unavoidable delay to Final Completion. The time impact analysis must be submitted in a form or format acceptable to City.

(4) *Burden of Proof.* Contractor has the burden of proving that the delay was an Excusable or Compensable Delay, as defined above; Contractor has fully complied with its scheduling obligations in Section 5.2, Schedule Requirements; Contractor has made reasonable efforts to mitigate the delay and its schedule and cost impacts; the delay will unavoidably result in delaying Final Completion, and any Recoverable Costs claimed by Contractor were actually incurred and were reasonable under the circumstances.

(5) *Legal Compliance.* Nothing in this Section 5.3 is intended to require the waiver, alteration, or limitation of the applicability of Public Contract Code Section 7102.

(6) *No Waiver.* Any grant of an extension of Contract Time or compensation for Recoverable Costs due to Compensable Delay will not operate as a waiver of City's right to assess liquidated damages for Non-Excusable Delay.

(7) *Dispute Resolution.* In the event of a dispute over entitlement to an extension of Contract Time or compensation for Recoverable Costs, Contractor may not stop Work pending resolution of the dispute, but must continue to comply with its duty to diligently prosecute the performance and timely completion of the Work. Contractor's sole recourse for an unresolved dispute based on City's rejection of a Change Order request for an extension of Contract Time or compensation for Recoverable Costs is to comply with the dispute resolution provisions set forth in Article 12, below.

5.4 Liquidated Damages. It is expressly understood that if Final Completion is not achieved within the Contract Time, City will suffer damages from the delay that are difficult to determine and accurately specify. Pursuant to

Public Contract Code section 7203, if Contractor fails to achieve Final Completion within the Contract Time, City will charge Contractor in the amount specified in the Contract for each day that Final Completion is delayed beyond the Contract Time, as liquidated damages and not as a penalty. Any waiver of accrued liquidated damages, in whole or in part, is subject to approval of the City Council or its authorized delegee.

(A) **Liquidated Damages.** Liquidated damages will not be assessed for any Excusable or Compensable Delay, as set forth above.

(B) **Milestones.** Liquidated damages may also be separately assessed for failure to meet milestones specified elsewhere in the Contract Documents.

(C) **Setoff.** City is entitled to deduct the amount of liquidated damages assessed against any payments otherwise due to Contractor, including progress payments, Final Payment, or unreleased retention. If there are insufficient Contract funds remaining to cover the full amount of liquidated damages assessed, City is entitled to recover the balance from Contractor or its performance bond surety.

(D) **Occupancy or Use.** Occupancy or use of the Project in whole or in part prior to Final Completion does not constitute City's acceptance of the Project and will not operate as a waiver of City's right to assess liquidated damages for Contractor's Non-Excusable Delay in achieving Final Completion.

(E) **Other Remedies.** City's right to liquidated damages under this Section applies only to damages arising from Contractor's Non-Excusable Delay or failure to complete the Work within the Contract Time. City retains its right to pursue all other remedies under the Contract for other types of damage, including damage to property or persons, costs or diminution in value from defective materials or workmanship, costs to repair or complete the Work, or other liability caused by Contractor.

Article 6 - Contract Modification

- 6.1 Contract Modification.** Subject to the limited exception set forth in subsection (D) below, any change in the Work or the Contract Documents, including the Contract Price or Contract Time, will not be a valid and binding change to the Contract unless it is formalized in a Change Order, including a "no-cost" Change Order or a unilateral Change Order. Changes in Work. City reserves the right to make the Work pursuant to this Article 6 will not operate to release, limit, or abridge Contractor's

warranty obligations pursuant to Article 11 or any obligations of Contractor's bond sureties.

(A) City-Directed Changes. City may direct changes in the scope or sequence of Work or the requirements of the Contract Documents, without invalidating the Contract. Such changes may include Extra Work as set forth in subsection (C) below, or deletion or modification of portions of the Work. Contractor must promptly comply with City-directed changes in the Work in accordance with the intent of the original Contract Documents, even if Contractor and City have not yet reached agreement as to adjustments to the Contract Price or Contract Time for the change in the Work or for the Extra Work. Contractor is not entitled to extra compensation for cost savings resulting from "value engineering" pursuant to Public Contract Code Section 7101, except to the extent authorized in advance by City in writing, and subject to any applicable procedural requirements for submitting a proposal for value engineering cost savings.

(B) Disputes. In the event of a dispute over entitlement to or the amount of a change in Contract Time or a change in Contract Price related to extra City-directed change in the Work, Contractor must perform the Work as directed and may not delay its Work or cease Work pending resolution of the dispute, but must continue to comply with its duty to diligently prosecute the performance and timely completion of the Work, including the Work in dispute. Likewise, in the event that City and Contractor dispute whether a portion or portions of the Work are already required by the Contract Documents or constitute Extra Work, or otherwise dispute the interpretation of any portion(s) of the Contract Documents, Contractor must perform the Work as directed and may not delay its Work or cease Work pending resolution of the dispute, but must continue to comply with its duty to diligently prosecute the performance and timely completion of the Work, including the Work in dispute, as directed by City. If Contractor refuses to perform the Work in dispute, City may, acting in its sole discretion, elect to delete the Work from the Contract and reduce the Contract Price accordingly, and self-perform the Work or direct that the Work be performed by others. Alternatively, City may elect to terminate the Contract for convenience or for cause. Contractor's sole recourse for an unresolved dispute related to changes in the Work or performance of any Extra Work is to comply with the dispute resolution provisions set forth in Article 12, below.

(C) Extra Work. City may direct Contractor to perform Extra Work related to the Project. Contractor must promptly perform any Extra Work as directed or authorized by City in accordance with the original Contract Documents, even if Contractor and City have not yet reached agreement on adjustments to the Contract Price or Contract Time for such Extra Work. If Contractor believes it is necessary to perform

Extra Work due to changed conditions, Contractor must promptly notify the Engineer in writing, specifically identifying the Extra Work and the reason(s) the Contractor believes it is Extra Work. This notification requirement does not constitute a Change Order request pursuant to Section 6.2, below. Contractor must maintain detailed daily records that itemize the cost of each element of Extra Work, and sufficiently distinguish the direct cost of the Extra Work from the cost of other Work performed. For each day that Contractor performs Extra Work, or Work that Contractor contends is Extra Work, Contractor must submit no later than the following Working Day, a daily report of the Extra Work performed that day and the related costs, together with copies of certified payroll, invoices, and other documentation substantiating the costs ("Extra Work Report"). The Engineer will make any adjustments to Contractor's Extra Work Report(s) based on the Engineer's records of the Work. When an Extra Work Report(s) is agreed on and signed by both City and Contractor, the Extra Work Report(s) will become the basis for payment under a duly authorized and signed Change Order. Failure to submit the required documentation by close of business on the next Working Day is deemed a full and complete waiver for any change in the Contract Price or Contract Time for any Extra Work performed that day.

(D) **Minor Changes and RFIs.** Minor field changes, including RFI replies from City, that do not affect the Contract Price or Contract Time and that are approved by the Engineer acting within his or her scope of authority, do not require a Change Order. By executing an RFI reply from City, Contractor agrees that it will perform the Work as clarified therein, with no change to the Contract Price or Contract Time.

(E) **Remedy for Non-Compliance.** Contractor's failure to promptly comply with a City-directed change is deemed a material breach of the Contract, and in addition to all other remedies available to it, City may, at its sole discretion, hire another contractor or use its own forces to complete the disputed Work at Contractor's sole expense, and may deduct the cost from the Contract Price.

6.2 Contractor Change Order Requests. Contractor must submit a request or proposal for a change in the Work, compensation for Extra Work, or a change in the Contract Price or Contract Time as a written Change Order request or proposal.

(A) **Time for Submission.** Any request for a change in the Contract Price or the Contract Time must be submitted in writing to the Engineer within ten calendar days of the date that Contractor first encounters the circumstances, information or conditions giving rise to the Change Order request, even if the total amount of the requested change in the Contract

Price or impact on the Contract Time is not yet known at that time. If City requests that Contractor propose the terms of a Change Order, unless otherwise specified in City's request, Contractor must provide the Engineer with a written proposal for the change in the Contract Price or Contract Time within five working days of receiving City's request, in a form satisfactory to the Engineer.

(B) **Required Contents.** Any Change Order request or proposal submitted by Contractor must include a complete breakdown of actual or estimated costs and credits, and must itemize labor, materials, equipment, taxes, insurance, subcontract amounts, and if applicable, Extra Work Reports. Any estimated cost must be updated in writing as soon as the actual amount is known.

(C) **Required Documentation.** All claimed costs must be fully documented, and any related request for an extension of time or delay-related costs must be included at that time and in compliance with the requirements of Article 5 of the General Conditions. Upon request, Contractor must permit City to inspect its original and unaltered bidding records, subcontract agreements, subcontract change orders, purchase orders, invoices, or receipts associated with the claimed costs.

(D) **Required Form.** Contractor must use City's form(s) for submitting all Change Order requests or proposals, unless otherwise specified by City.

(E) **Certification.** All Change Order requests must be signed by Contractor and must include the following certification:

"The undersigned Contractor certifies under penalty of perjury that its statements and representations in this Change Order request are true and correct. Contractor warrants that this Change Order request is comprehensive and complete as to the Work or Changes referenced herein, and agrees that any costs, expenses, or time extension requests not included herein are deemed waived."

6.3 Adjustments to Contract Price. The amount of any increase or decrease in the Contract Price will be determined based on one of the following methods listed below, in the order listed with unit pricing taking precedence over the other methods. Markup applies only to City-authorized time and material Work, and does not apply to any other payments to Contractor. For Work items or components that are deleted in their entirety, Contractor will only be entitled to compensation only for those direct, actual, and documented costs (including restocking fees), reasonably incurred before Contractor was notified of the City's intent to

delete the Work, with no markup for overhead, profit, or other indirect costs.

(A) **Unit Pricing.** Amounts previously provided by Contractor in the form of unit prices, either in a bid schedule or in a post-award schedule of values pursuant to Section 8.1 Schedule of Values, will apply to determine the price for the affected Work, to the extent applicable unit prices have previously been provided for that type of Work. No additional markup for overhead, profit, or other indirect costs. will be added to the calculation.

(B) **Lump Sum.** A mutually agreed upon, all-inclusive lump sum price for the affected Work with no additional markup for overhead, profit, or other indirect costs;

(C) **Time and Materials.** On a time and materials basis, if and only to the extent compensation on a time and materials basis is expressly authorized by City in advance of Contractor's performance of the Work and subject to any not-to-exceed limit. Time and materials compensation for increased costs or Extra Work (but not decreased costs or deleted Work), will include allowed markup for overhead, profit, and other indirect costs, and which may include a not-to-exceed limit, calculated as the total of the following sums: the cumulative total of which may not exceed the maximum markup rate of 15%:

(1) All direct labor costs provided by the Contractor, excluding superintendence, project management, or administrative costs plus 15 percent markup;

(2) All direct material costs provided by the Contractor, including sales tax, plus 15 percent markup;

(3) All direct plant and equipment rental costs provided by the Contractor, plus 15 percent markup;

(4) All direct additional subcontract costs plus ten percent markup for Work performed by Subcontractors; and

(5) Increased bond or insurance premium costs computed at 1.5% percent of total of the previous four sums.

6.4 Unilateral Change Order. If the parties dispute the terms of a proposed Change Order, including disputes over the amount of compensation or extension of time that Contractor has requested, , the value of deleted or changed Work, what constitutes Extra Work, or quantities used, City may elect to issue a unilateral Change Order, directing performance of the Work, and authorizing a change in the Contract Price or Contract Time for

the amount of compensation or added time that the City believes is merited. Contractor's sole recourse to dispute the terms of a unilateral Change Order is to submit a timely Claim pursuant to Article 12, below.

- 6.5 Non-Compliance Deemed Waiver.** Contractor waives its entitlement to any increase in the Contract Price or Contract Time if Contractor fails to fully comply with the provisions of this Article. Contractor will not be paid for unauthorized Extra Work.

Article 7 - General Construction Provisions

7.1 Permits, Fees, Business License, and Taxes.

(A) **Permits, Fees, and City Business License.** Contractor must obtain and pay for all permits, fees, or licenses required to perform the Work, including a City business license. Contractor must cooperate with and provide notifications to all government agencies with jurisdiction over the Project, as may be required. Contractor must provide City with copies of all records of permits and permit applications, payment of required fees, and any licenses required for the Work.

(B) **Taxes.** Contractor must pay for all taxes on labor, material and equipment, except Federal Excise Tax to the extent that City is exempt from Federal Excise Tax.

- 7.2 Temporary Facilities.** Contractor must provide, at Contractor's sole expense, any and all temporary facilities for the Project, including an onsite staging area for materials and equipment, a field office, sanitary facilities, utilities, storage, scaffolds, barricades, walkways, and any other temporary structure required to safely perform the Work along with any incidental utility services. The location of all temporary facilities must be approved by the City prior to installation. Temporary facilities must be safe and adequate for the intended use, and installed and maintained in accordance with Laws and the Contract Documents. Contractor must fence and screen the Project site and, if applicable, any separate Worksites, including the staging area, and its operation must minimize inconvenience to neighboring properties. Additional provisions pertaining to temporary facilities may be included in the Specifications or Special Conditions.

(A) **Utilities.** Contractor must install and maintain the power, water, sewer and all other utilities required for the Project site, including the piping, wiring, internet and Wi-Fi connections, and any related equipment necessary to maintain the temporary facilities.

(B) **Removal and Repair.** Contractor must promptly remove all such temporary facilities when they are no longer needed or upon completion of the Work, whichever comes first. Contractor must promptly repair any damage to City's property or to other property caused by the installation, use, or removal of the temporary facilities, and must promptly restore the property to its original or intended condition.

7.3 Noninterference and Site Management. Contractor must avoid interfering with City's use of its property at or adjacent to the Project site, including use of roadways, entrances, parking areas, walkways, and structures. Contractor must also minimize disruption of access to private property in the Project vicinity. Contractor must coordinate with affected property owners, tenants, and businesses, and maintain some vehicle and pedestrian access to their residences or properties at all times. Temporary access ramps, fencing or other measures must be provided as needed. Before blocking access to a private driveway or parking lot, Contractor must provide effective notice to the affected parties at least 48 hours in advance of the pending closure and allow them to remove vehicles. Private driveways, residences and parking lots must have access to a roadway during non-Work hours.

(A) **Offsite Acquisition.** Unless otherwise provided by City, Contractor must acquire, use and dispose of, at its sole expense, any additional Worksites, licenses, easements, and temporary facilities necessary to access and perform the Work.

(B) **Offsite Staging Area and Field Office.** If additional space beyond the Project site is needed, such as for the staging area or the field office, Contractor may need to make arrangements with the nearby property owner(s) to secure the space. Before using or occupying any property owned by a third party, Contractor must provide City with a copy of the necessary license agreement, easement, or other written authorization from the property owner, together with a written release from the property owner holding City harmless from any related liability, in a form acceptable to the City Attorney.

(C) **Traffic Management.** Contractor must provide traffic management and traffic controls as specified in the Contract Documents, as required by Laws, and as otherwise required to ensure the public and worker safety, and to avoid interference with public or private operations or the normal flow of vehicular, bicycle, or pedestrian traffic.

7.4 Signs. No signs may be displayed on or about City's property, except signage which is required by Laws or by the Contract Documents, without City's prior written approval as to size, design, and location.

7.5 Project Site and Nearby Property Protections.

(A) **General.** Contractor is responsible at all times, on a 24-hour basis and at its sole cost for protecting the Work, the Project site, and the materials and equipment to be incorporated into the Work until the City has accepted the Project, excluding any exceptions to acceptance, if any. Except as specifically authorized by City, Contractor must confine its operations to the area of the Project site indicated in the Plans and Specifications. Contractor is liable for any damage caused by Contractor or its Subcontractors to the Work, City's property, the property of adjacent or nearby property owners and the work or personal property of other contractors working for City, including damage related to Contractor's failure to adequately secure the Work or any Worksite.

(1) Subject to City's approval, Contractor will provide and install safeguards to protect the Work; any Worksite, including the Project site; City's real or personal property and the real or personal property of adjacent or nearby property owners, including plant and tree protections.

(2) City wastewater systems may not be interrupted. If the Work disrupts existing sewer facilities, Contractor must immediately notify City and establish a plan, subject to City's approval, to convey the sewage in closed conduits back into the sanitary sewer system. Sewage must not be permitted to flow in trenches or be covered by backfill.

(3) Contractor must remove with due care, and store at City's request, any objects or material from the Project site that City will salvage or reuse at another location.

(4) If directed by Engineer, Contractor must promptly repair or replace any property damage, as specified by the Engineer. However, acting in its sole discretion, City may elect to have the property damage remedied otherwise, and may deduct the cost to repair or replace the damaged property from payment otherwise due to Contractor.

(5) Contractor will not permit any structure or infrastructure to be loaded in a manner that will damage or endanger the integrity of the structure or infrastructure.

(B) **Securing Project Site.** After completion of Work each day, Contractor must secure the Project site and, to the extent feasible, make the area reasonably accessible to the public unless City approves otherwise. All excess materials and equipment not protected by approved

traffic control devices must be relocated to the staging area or demobilized. Trench spoils must be hauled off the Project site daily and open excavations must be protected with steel plates. Contractor and Subcontractor personnel may not occupy or use the Project site for any purpose during non-Work hours, except as may be provided in the Contract Documents or pursuant to prior written authorization from City.

(C) **Unforeseen Conditions.** If Contractor encounters facilities, utilities, or other unknown conditions not shown on or reasonably inferable from the Plans or apparent from inspection of the Project site, Contractor must immediately notify the City and promptly submit a Request for Information to obtain further directions from the Engineer. Contractor must avoid taking any action which could cause damage to the facilities or utilities pending further direction from Engineer. If Engineer's subsequent direction to Contractor affects Contractor's cost or time to perform the Work, Contractor may submit a Change Order request as set forth in Article 6, above.

(D) **Support; Adjacent Properties.** Contractor must provide, install, and maintain all shoring, bracing, and underpinning necessary to provide support to City's property and adjacent properties and improvements thereon. Contractor must provide notifications to adjacent property owners as may be required by Laws. See also Section 7.15 Trenching of Five Feet or More.

(E) **Notification of Property Damage.** Contractor must immediately notify the City of damage to any real or personal property resulting from Work on the Project. Contractor must immediately provide a written report to City of any such property damage in excess of \$500 (based on estimated cost to repair or replace) within 24 hours of the occurrence. The written report must include: (1) the location and nature of the damage, and the owner of the property, if known; (2) the name and address of each employee of Contractor or any Subcontractor involved in the damage; (3) a detailed description of the incident, including precise location, time, and names and contact information for known witnesses; and (4) a police or first responder report, if applicable. If Contractor is required to file an accident report with another government agency, Contractor will provide a copy of the report to City.

7.6 Materials and Equipment.

(A) **General.** Unless otherwise specified, all materials and equipment required for the Work must be new, free from defects, and of the best grade for the intended purpose, and furnished in sufficient quantities to ensure the proper and expeditious performance of the Work. . Contractor must employ measures to preserve the specified quality and fitness of the

materials and equipment. Unless otherwise specified, all materials and equipment required for the Work are deemed to include all components required for complete installation and intended operation, and must be installed in accordance with the manufacturer's recommendations or instructions. Contractor is responsible for all shipping, handling, and storage costs associated with the materials and equipment required for the Work. Contractor is responsible for providing security and protecting the Work and all of the required materials, supplies, tools and equipment at Contractor's sole cost until City has formally accepted the Project as set forth in Section 11.1, Final Completion. Contractor will not assign, sell, mortgage, or hypothecate any materials or equipment for the Project, or remove any materials or equipment that have been installed or delivered.

(B) **City-Provided.** If the Work includes installation of materials or equipment to be provided by City, Contractor is solely responsible for the proper examination, handling, storage, and installation in accordance with the Contract Documents. Contractor must notify City of any defects discovered in City-provided materials or equipment sufficiently in advance of scheduled use or installation to afford adequate time to procure replacement materials or equipment as needed. Contractor is solely responsible for any loss of or damage to such items which occurs while the items are in Contractor's custody and control, the cost of which may be offset from the Contract Price and deducted from any payment(s) due to Contractor.

(C) **Intellectual Property Rights.** Contractor must, at its sole expense, obtain any authorization or license required for use of patented or copyright-protected materials, equipment, devices or processes that are incorporated into the Work. Contractor's indemnity obligations in Article 4 apply to any claimed violation of intellectual property rights in violation of this provision.

7.7 Substitutions.

(A) **"Or Equal."** Any Specification designating a material, product, or thing (collectively "item") or service by specific brand or trade name, followed by the words "or equal," is intended only to indicate the quality and type of item or service desired, and Contractor may request use of any equal item or service. Unless otherwise stated in the Specifications, any reference to a specific brand or trade name for an item that is used solely for the purpose of describing the type of item desired, will be deemed to be followed by the words "or equal." A substitution will only be approved if it is a true "equal" item in every aspect of design, function, and quality, as determined by City, including dimensions, weight, maintenance requirements, durability, fit with other elements, and schedule impacts.

(B) **Request for Substitution.** A post-award request for substitution of an item or service must be submitted in writing to the Engineer for approval in advance, within the applicable time period provided in the Contract Documents. If no time period is specified, the substitution request may be submitted any time within 35 days after the date of award of the Contract, or sufficiently in advance of the time needed to avoid delay of the Work, whichever is earlier.

(C) **Substantiation.** Any available data substantiating the proposed substitute as an equal item or service must be submitted with the written request for substitution. Contractor's failure to timely provide all necessary substantiation, including any required test results as soon as they are available, is grounds for rejection of the proposed substitution, without further review.

(D) **Burden of Proving Equality.** Contractor has the burden of proving the equality of the proposed substitution. City has sole discretion to determine whether a proposed substitution at Contractor's sole cost is equal, and City's determination is final.

(E) **Approval or Rejection.** If the proposed substitution is approved, Contractor is solely responsible for any additional costs or time associated with the substituted item or service. If the proposed substitution is rejected, Contractor must, without delay, install the item or use the service as specified by the City.

(F) **Contractor's Obligations.** City's approval of a proposed substitution will not relieve Contractor from any of its obligations under the Contract Documents. In the event Contractor makes an unauthorized substitution, Contractor will be solely responsible for all resulting cost impacts, including the cost of removal and replacement and the impact to other design elements.

7.8 Testing and Inspection.

(A) **General.** All materials, equipment, and workmanship used in the Work are subject to inspection and testing by City at all times and locations during construction and/or fabrication and at any Worksite, including at shops and yards as well as at the Project site. All manufacturers' application or installation instructions must be provided to the Inspector at least ten days prior to the first such application or installation. Contractor must, at all times, make the Work available for testing or inspection. Neither City's inspection or testing of Work, nor its failure to do so, operate to waive or limit Contractor's duty to complete the Work in accordance with the Contract Documents.

(B) **Scheduling and Notification.** Contractor must cooperate with City in coordinating the inspections and testing. Contractor must submit samples of materials, at Contractor's expense, and schedule all tests required by the Contract Documents in time to avoid any delay to the progress of the Work. Contractor must notify the Engineer no later than noon of the Working Day before any inspection or testing and must provide timely notice to the other necessary parties as specified in the Contract Documents. If Contractor schedules an inspection or test beyond regular Work hours, or on a Saturday, Sunday, or recognized City holiday, Contractor must notify the Engineer at least two Working Days in advance for approval. If approved, Contractor must reimburse City for the cost of the overtime inspection or testing. Such costs, including the City's hourly costs for required personnel, may be deducted from payments otherwise due to Contractor.

(C) **Responsibility for Costs.** City will bear the initial cost of inspection and testing to be performed by independent testing consultants retained by City, subject to the following exceptions:

- (1) Contractor will be responsible for the costs of any subsequent tests which are required to substantiate compliance with the Contract Documents, and any associated remediation costs.
- (2) Contractor will be responsible for inspection costs, at City's hourly rates, for inspection time lost because the Work is not ready, or Contractor fails to appear for a scheduled inspection.
- (3) If any portion of the Work that is subject to inspection or testing is covered or concealed by Contractor prior to the inspection or testing, Contractor will bear the cost of making that portion of the Work available for the inspection or testing required by the Contract Documents, and any associated repair or remediation costs.
- (4) Contractor is responsible for properly shoring all compaction test sites deeper than five feet below grade, as required under Section 7.15 below.
- (5) Any Work or material that is defective or fails to comply with the requirements of the Contract Documents must be promptly repaired, removed, replaced, or corrected by Contractor, at Contractor's sole expense, even if that Work or material was previously inspected or included in a progress payment

(D) **Contractor's Obligations.** Contractor is solely responsible for any delay occasioned by remediation of defective or of noncompliant Work or material. Inspection of the Work does not in any way relieve Contractor of

its obligations to perform the Work as specified. Any Work done without the required inspection(s) will also be subject to rejection by City.

(E) ***Distant Locations.*** If required off-site testing or inspection must be conducted at a location more than 100 miles from the Project site, Contractor is solely responsible for the additional travel costs required for testing and/or inspection at such locations.

(F) ***Final Inspection.*** The provisions of this Section 7.8 also apply to final inspection under Article 11, Completion and Warranty Provisions.

7.9 Project Site Conditions and Maintenance. Contractor must at all times, on a 24-hour basis and at its sole cost, maintain the Project site and staging and storage areas in clean, neat, and sanitary condition and in compliance with all Laws pertaining to safety, air quality, and dust control. Adequate toilets must be provided, and properly maintained and serviced for all workers on the Project site, located in a suitably secluded area, subject to City's prior approval. Contractor must also, on a daily basis and at its sole cost, remove and properly dispose of the debris and waste materials from the Project site.

(A) ***Air Emissions Control.*** Contractor must not discharge smoke or other air contaminants into the atmosphere in violation of any Laws.

(B) ***Dust and Debris.*** Contractor must minimize and confine dust and debris resulting from the Work. Contractor must abate dust nuisance by cleaning, sweeping, and immediately sprinkling with water excavated areas of dirt or other materials prone to cause dust, and within one hour after the Engineer notifies Contractor that an airborne nuisance exists. The Engineer may direct that Contractor provide an approved water-spraying truck for this purpose. If water is used for dust control, Contractor will only use the minimum necessary. Contractor must take all necessary steps to keep wastewater out of streets, gutters, or storm drains. See Section 7.19, Environmental Control. If City determines that the dust control is not adequate, City may have the work done by others and deduct the cost from the Contract Price. Contractor will immediately remove any excess excavated material from the Project site and any dirt deposited on public streets.

(C) ***Clean up.*** Before discontinuing Work in an area, Contractor must clean the area and remove all rubbish debris and waste along with the construction equipment, tools, machinery, waste and surplus materials. Contractor must, at all times, minimize and confine dust and debris resulting from construction activities.

(1) Except as otherwise specified, all excess Project materials, and the materials removed from existing improvements on the Project site with no salvage value or intended reuse by City, will be Contractor's property.

(2) Hauling trucks and other vehicles leaving the Project site must be cleaned of exterior mud or dirt before traveling on City streets. Materials and loose debris must be delivered and loaded to prevent dropping materials or debris. Contractor must immediately remove spillage from hauling on any publicly traveled way. Streets affected by Work on the Project must be kept clean by street sweeping.

(D) **Disposal.** Contractor must dispose of all Project debris and waste materials in a safe and legal manner. Contractor may not burn or bury waste materials on the Project site. Contractor will not allow any dirt, refuse, excavated material, surplus concrete or mortar, or any associated washings, to be disposed of onto streets, into manholes or into the storm drain system.

(E) **Completion.** At the completion of the Work, Contractor must remove from the Project site all of its equipment, tools, surplus materials, waste materials and debris., presenting a clean and neat appearance. Before demobilizing from the Project site, Contractor must ensure that all surfaces are cleaned, sealed, waxed, or finished as applicable, and that all marks, stains, paint splatters, and the like have been properly removed from the completed Work and the surrounding areas. Contractor must ensure that all parts of the construction are properly joined with the previously existing and adjacent improvements and conditions. Contractor must provide all cutting, fitting and patching needed to accomplish that requirement. Contractor must also repair or replace all existing improvements that are damaged or removed during the Work, both on and off the Project site, including curbs, sidewalks, driveways, fences, signs, utilities, street surfaces and structures. Repairs and replacements must be at least equal to the previously existing improvements, and the condition, finish and dimensions must match the previously existing improvements. Contractor must restore to original condition all property or items that are not designated for alteration under the Contract Documents and leave each Worksite clean and ready for occupancy or use by City.

(F) **Non-Compliance.** If Contractor fails to commence compliance with its maintenance and cleanup obligations within two business days following written notification from any City or its representative clean up order, City may, acting in its sole discretion, elect to suspend the Work until the condition(s) is corrected with no increase in the Contract Time or Contract Price, or undertake appropriate cleanup measures without further

notice and the cost will be deducted from any amounts due or to become due to Contractor.

7.10 Instructions and Manuals. Contractor must provide to City three copies each of all instructions and manuals required by the Contract Documents, unless otherwise specified. These must be complete as to drawings, details, parts lists, performance data, and other information that may be required for City to easily maintain and service the materials and equipment installed for this Project.

(A) **Submittal Requirements.** All manufacturers' application or installation instructions must be provided to the City at least ten days prior to the first such application. The instructions and manuals, along with any required guarantees, must be delivered to City for review.

(B) **Training.** Contractor or its Subcontractors must train City's personnel in the operation and maintenance of any complex equipment or systems as a condition precedent to Final Completion, if required in the Contract Documents.

7.11 As-built Drawings. Contractor and its Subcontractors must prepare and maintain at the Project site a detailed, complete, and accurate as-built set of the Plans which will be used solely for the purpose of recording changes made in any portion of the original Plans in order to create accurate record drawings at the end of the Project.

(A) **Duty to Update.** The as-built drawings must be updated as changes occur, on a daily basis if necessary. City may withhold the estimated cost for City to have the as-built drawings prepared from payments otherwise due to the Contractor, until the as-built drawings are brought up to date to the satisfaction of City. Actual locations to scale must be identified on the as-built drawings for all runs of mechanical and electrical work, including all site utilities, installed underground, in walls, floors, or otherwise concealed. Deviations from the original Plans must be shown in detail. The exact location of all main runs, whether piping, conduit, ductwork, or drain lines, must be shown by dimension and elevation. The location of all buried pipelines, appurtenances, or other improvements must be represented by coordinates and by the horizontal distance from visible above-ground improvements.

(B) **Final Completion.** Contractor must verify that all changes in the Work are depicted in the as-built drawings and must deliver the complete set of as-built drawings to City for review and acceptance as a condition precedent to Final Completion and Final Payment.

7.12 Existing Utilities.

(A) **General.** The Work may be performed in developed, urban areas with existing utilities, both above and below ground, including utilities identified in the Contract Documents or in other informational documents or records. Contractor must take due care to locate identified or reasonably identifiable utilities before proceeding with trenching, excavation, or any other activity that could damage or disrupt existing utilities. This may include excavation with small equipment, potholing, or hand excavation, and, if practical, using white paint or other suitable markings to delineate the area to be excavated. Except as otherwise provided herein, Contractor will be responsible for costs resulting from damage to identified or reasonably identifiable utilities due to Contractor's negligence or failure to comply with the Contract Documents, including the requirements in this Article 7.

(B) **Unidentified Utilities.** Pursuant to Government Code Section 4215, if, during the performance of the Work, Contractor discovers utility facilities not identified by City in the Contract Documents, Contractor must immediately provide written notice to City and the utility. City assumes responsibility for the timely removal, relocation, or protection of existing main or trunkline utility facilities located on the Project site, if those utilities are not identified in the Contract Documents. Contractor will be compensated in accordance with the provisions of the Contract Documents for the costs of locating, repairing damage not due to Contractor's failure to exercise reasonable care, and removing or relocating such utility facilities not indicated in the Plans or Specifications with reasonable accuracy, and for equipment on the Project necessarily idled during such work. Contractor will not be assessed liquidated damages for delay in completion of the Work, to the extent such delay was caused by City's failure to provide for removal or relocation of the utility facilities.

7.13 Notice of Excavation. Contractor must comply with all applicable requirements in Government Code Sections 4216 through 4216.5, which are incorporated herein. Government Code Section 4216.2, requires that except in an emergency, Contractor must contact the appropriate regional notification center, or Underground Services Alert, at least two working days, but not more than fourteen calendar days before starting any excavation if the excavation will be conducted in an area that is known, or reasonably should be known, to contain subsurface installations. Contractor may not begin excavation until it has obtained and submitted to Engineer an inquiry identification number from Underground Services Alert.

7.14 Trenching and Excavations of Four Feet or More. As required by Public Contract Code Section 7104, if the Work includes digging trenches

or other excavations that extend deeper than four feet below the surface, the provisions in this Section apply to the Work and the Project.

(A) **Duty to Notify.** Contractor must promptly, and before the following conditions are disturbed, provide written notice to City if Contractor finds any of the following conditions:

(1) Material that Contractor believes may be a hazardous waste, as defined in Section 25117 of the Health and Safety Code, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with the provisions of existing Laws;

(2) Subsurface or latent physical conditions at the Project site differing from those indicated by information about the Project site made available to bidders prior to the deadline for submitting bids; or

(3) Unknown physical conditions at the Project site of any unusual nature, materially different from those ordinarily encountered and generally recognized as inherent in work of the character required by the Contract Documents.

(B) **City Investigation.** City will promptly investigate the conditions and if City finds that the conditions materially differ from those indicated, apparent, or reasonably inferred from information about the Project site made available to bidders, or do involve hazardous waste, and cause a decrease or increase in Contractor's cost of, or the time required for, performance of any part of the Work, City will issue a Change Order.

(C) **Disputes.** In the event that a dispute arises between City and Contractor regarding any of the conditions specified in subsection (B) above, or the terms of a Change Order issued by the City, Contractor will not be excused from completing the Work within the Contract Time, but must proceed with all Work to be performed under the Contract. Contractor will retain any and all rights provided either by the Contract or by Laws which pertain to the resolution of disputes between Contractor and City.

7.15 Trenching of Five Feet or More. As required by Labor Code Section 6705, if the Contract Price exceeds \$25,000.00 and the Work includes the excavation of any trench or trenches of five feet or more in depth, a detailed plan must be submitted to City for acceptance in advance of the excavation. The detailed plan must show the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation. If the plan varies from the shoring system standards, it must be prepared by a California registered

civil or structural engineer. Use of a shoring, sloping, or protective system less effective than that required by the Construction Safety Orders is prohibited.

7.16 New Utility Connections. Except as otherwise specified, City will pay connection charges and meter costs for new permanent utilities required by the Contract Documents, if any. Contractor must notify City sufficiently in advance of the time needed to request service from each utility provider so that connections and services are initiated in accordance with the Project schedule.

7.17 Lines and Grades. Contractor is required to use any benchmark provided by the Engineer. Unless otherwise specified in the Contract Documents, Contractor must provide all lines and grades required to execute the Work. Contractor must also provide, preserve, and replace, if necessary, all construction stakes required for the Project. All stakes or marks must be set by a California licensed surveyor or a California registered civil engineer. Contractor must notify the Engineer of any discrepancies found between Contractor's staking and grading and information provided by the Contract Documents. Upon completion, all Work must conform to the lines, elevations, and grades shown in the Plans, including any changes directed by a Change Order.

7.18 Historic or Archeological Items.

(A) **Contractor's Obligations.** Contractor must ensure that all persons performing Work at the Project site are required to immediately notify the Project Manager, upon discovery of any potential historic or archeological items, including historic or prehistoric ruins, a burial ground, archaeological or vertebrate paleontological site, including fossilized footprints or other archeological, paleontological or historical feature on the Project site (collectively, "Historic or Archeological Items").

(B) **Discovery; Cessation of Work.** Upon discovery of any potential Historic or Archeological Items, Work must be stopped within an 85-foot radius of the find and may not resume until authorized in writing by City. If required by City, Contractor must assist in protecting or recovering the Historic or Archeological Items, with any such assistance to be compensated as Extra Work on a time and materials basis under Article 6, Contract Modification. At City's discretion, a suspension of Work required due to discovery of Historic or Archeological Items may be treated as Excusable Delay pursuant to Article 5 or as a suspension for convenience under Article 13.

7.19 Environmental Control. Contractor must not pollute any drainage course or its tributary inlets with fuels, oils, bitumens, acids, insecticides,

herbicides or other harmful materials. Contractor must prevent the release of any hazardous material or hazardous waste into the soil or groundwater, and prevent the unlawful discharge of pollutants into City's storm drain system and watercourses as required below. Contractor and its Subcontractors must at all times in the performance of the Work comply with all Laws concerning pollution of waterways.

(A) **Stormwater Permit.** Contractor must comply with all applicable conditions of the State Water Resources Control Board National Pollutant Discharge Elimination System General Permit for Waste Discharge Requirements for Discharges of Stormwater Runoff Associated with Construction Activity ("Stormwater Permit").

(B) **Contractor's Obligations.** If required for the Work, a copy of the Stormwater Permit is on file in City's principal administrative offices, and Contractor must comply with the same without adjustment of the Contract Price or the Contract Time. Contractor must timely and completely submit required reports and monitoring information required by the conditions of the Stormwater Permit. Contractor must also comply with all other Laws governing discharge of stormwater, including applicable municipal stormwater management programs.

7.20 Noise Control. Contractor must comply with all applicable noise control Laws. Noise control requirements apply to all equipment used for the Work or related to the Work, including trucks, transit mixers or transient equipment that may or may not be owned by Contractor.

7.21 Mined Materials. Pursuant to the Surface Mining and Reclamation Act of 1975, Public Resources Code Section 2710 *et seq.*, any purchase of mined materials, such as construction aggregate, sand, gravel, crushed stone, road base, fill materials, and any other mineral materials must originate from a surface mining operation included on the AB 3098 List, which is available online at:
<ftp://ftp.consrv.ca.gov/pub/omr/AB3098%20List/AB3908List.pdf>.

Article 8 - Payment

8.1 Schedule of Values. Prior to submitting its first application for payment, Contractor must prepare and submit to the Project Manager a schedule of values apportioned to the various divisions and phases of the Work, including mobilization and demobilization. If a Bid Schedule was submitted with Contractor's bid, the amounts in the schedule of values must be consistent with the Bid Schedule. Each line item contained in the schedule of values must be assigned a value such that the total of all items equals the Contract Price. The items must be sufficiently detailed to enable

accurate evaluation of the percentage of completion claimed in each application for payment, and the assigned value consistent with any itemized or unit pricing submitted with Contractor's bid.

(A) **Measurements for Unit Price Work.** Materials and items of Work to be paid for on the basis of unit pricing will be measured according to the methods specified in the Contract Documents.

(B) **Deleted or Reduced Work.** Contractor will not be compensated for Work that City has deleted or reduced in scope, except for any labor, material or equipment costs for such Work that Contractor reasonably incurred before Contractor learned that the Work could be deleted or reduced. Contractor will only be compensated for those actual, direct and documented costs incurred, and will not be entitled to any mark up for overhead or lost profits.

8.2 Progress Payments. Following the last day of each month, or as otherwise required by the Special Conditions or Specifications, Contractor will submit to Project Manager a monthly application for payment for Work performed during the preceding month based on the estimated value of the Work performed during that preceding month.

(A) **Application for Payment.** Each application for payment must be itemized to include labor, materials, and equipment incorporated into the Work, and materials and equipment delivered to the Project site, as well as authorized and approved Change Orders. Each payment application must be supported by the unit prices submitted with Contractor's Bid Schedule and/or schedule of values and any other substantiating data required by the Contract Documents. **Each application for payment shall be accompanied by completed "Contract Balance Form," a copy of which is provided at the end of Article 8.**

(B) **Payment of Undisputed Amounts.** City will pay the undisputed amount due within thirty days after Contractor has submitted a complete and accurate payment application, subject to Public Contract Code Section 20104.50. City will deduct a percentage from each progress payment as retention, as set forth in Section 8.5, below, and may withhold additional amounts as set forth in Section 8.3, below.

8.3 Adjustment of Payment Application. City may adjust or reject the amount requested in a payment application, including application for Final Payment, in whole or in part, if the amount requested is disputed or unsubstantiated. Contractor will be notified in writing of the basis for the modification to the amount requested. City may also deduct or withhold from payment otherwise due based upon any of the circumstances and amounts listed below. Sums withheld from payment otherwise due will be

released when the basis for that withholding has been remedied and no longer exists.

(A) For Contractor's unexcused failure to perform the Work as required by the Contract Documents, including correction or completion of punch list items. City may withhold or deduct an amount based on the City's estimated cost to correct or complete the Work.

(B) For loss or damage caused by Contractor or its Subcontractors arising out of or relating to performance of the Work, or any failure to protect the Project site, City may deduct an amount based on the estimated cost to repair or replace.

(C) For Contractor's failure to pay its Subcontractors and suppliers when payment is due. City may withhold an amount equal to the total of past due payments and may opt to pay that amount separately via joint check pursuant to Section 8.6(B), Joint Checks.

(D) For Contractor's failure to timely correct rejected, nonconforming, or defective Work. City may withhold or deduct an amount based on the City's estimated cost to correct or complete the Work.

(E) For any unreleased stop notice, City may withhold 125% of the amount claimed.

(F) For Contractor's failure to submit any required schedule or schedule update in the manner and within the time specified in the Contract Documents, City may withhold an amount equal to five percent of the total amount requested until Contractor complies with its schedule submittal obligations.

(G) For Contractor's failure to maintain or submit as-built documents in the manner and within the time specified in the Contract Documents; City may withhold or deduct an amount based on the City's cost to prepare the as-builts.

(H) Work performed without Shop Drawings, that have been accepted by the City when accepted Shop Drawings are required before proceeding with the Work. City may deduct an amount based on the estimated costs to correct unsatisfactory Work or diminution in value.

(I) For fines, payments, or penalties assessed under the Labor Code, City may deduct from payments due to Contractor as required by Laws and as directed by the Division of Labor Standards Enforcement.

(J) For any other costs or charges that may be withheld or deducted from payments to Contractor, as provided in the Contract Documents, including liquidated damages, City may withhold or deduct such amounts from payment otherwise due to Contractor.

8.4 Early Occupancy. Neither City's payment of progress payments nor its partial or full use or occupancy of the Project constitutes acceptance of any part of the Work.

8.5 Retention. City will retain five percent of the full amount due on each progress payment (i.e., the amount due before any withholding or deductions pursuant to Section 8.3, Adjustment to Payment Application), or the percentage stated in the Notice Inviting Bids, whichever is greater, as retention to ensure full and satisfactory performance of the Work. Contractor is not entitled to any reduction in the rate of withholding at any time, nor to release of any retention before 35 days following City's acceptance of the Project.

(A) ***Substitution of Securities.*** As provided by Public Contract Code Section 22300, Contractor may request in writing that it be allowed, at its sole expense, to substitute securities for the retention withheld by City. Any escrow agreement entered into pursuant to this provision must fully comply with Public Contract Code Section 22300, and will be subject to approval as to form by City's legal counsel. If City exercises its right to draw upon such securities in the event of default pursuant to section (7) of the statutory Escrow Agreement for Security Deposits in Lieu of Retention, pursuant to subdivision (f) of Public Contract Code Section 22300 ("Escrow Agreement"), and if Contractor disputes that it is in default, its sole remedy is to comply with the dispute resolution procedures in Article 12 and the provisions therein. It is agreed that for purposes of this paragraph, an event of default includes City's rights pursuant to these Contract Documents to withhold or deduct sums from retention, including withholding or deduction for liquidated damages, incomplete or defective Work, stop payment notices, or backcharges. It is further agreed that if any individual authorized to give or receive written notice on behalf of a party pursuant to section (10) of the Escrow Agreement are unavailable to give or receive notice on behalf of that party due to separation from employment, retirement, death, or other circumstances, the successor or delegee of the named individual is deemed to be the individual authorized to give or receive notice pursuant to section (10) of the Escrow Agreement.

(B) ***Release of Undisputed Retention.*** All undisputed retention, less any amounts that may be assessed as liquidated damages, retained for stop notices, or otherwise withheld pursuant to Section 8.3 Adjustment of Payment Application will be released as Final Payment to Contractor no

sooner than 35 days following recordation of the notice of completion, and no later than 60 days following acceptance of the Project by City's governing body or authorized designee pursuant to Section 11.1(C) Acceptance, or, if the Project has not been accepted, no later than 60 days after the Project is otherwise considered complete pursuant to Public Contract Code Section 7107(c).

8.6 Payment to Subcontractors and Suppliers. Each month, Contractor must promptly pay each Subcontractor and supplier the value of the portion of labor, materials, and equipment incorporated into the Work or delivered to the Project site by the Subcontractor or supplier during the preceding month. Such payments must be made in accordance with the requirements of Laws pertaining to such payments, and those of the Contract Documents and applicable subcontract or supplier contract.

(A) ***Withholding for Stop Notice.*** Pursuant to Civil Code Section 9358, City will withhold 125% of the amount claimed by an unreleased stop notice, a portion of which may be retained by City for the costs incurred in handling the stop notice claim, including attorneys' fees and costs, as authorized by law.

(B) ***Joint Checks.*** City reserves the right, acting in its sole discretion, to issue joint checks made payable to Contractor and a Subcontractor or supplier, if City determines this is necessary to ensure fair and timely payment to Subcontractor or supplier who has provide services or goods for the Project. . As a condition to release of payment by a joint check, the joint check payees may be required to execute a joint check agreement in a form provided or approved by the City Attorney's Office. The joint check payees will be jointly and severally responsible for the allocation and disbursement of funds paid by joint check. Payment by joint check will not be construed to create a contractual relationship between City and a Subcontractor or supplier of any tier beyond the scope of the joint check agreement.

8.7 Final Payment. Contractor's application for Final Payment must comply with the requirements for submitting an application for a progress payment as stated in Section 8.2, above. Corrections to previous progress payments, including adjustments to estimated quantities for unit priced items, may be included in the Final Payment. If Contractor fails to submit a timely application for Final Payment, City reserves the right to unilaterally process and issue Final Payment without an application from Contractor in order to close out the Project. For the purposes of determining the deadline for Claim submission pursuant to Article 12, the date of Final Payment is deemed to be the date that City acts to release undisputed retention as final payment to Contractor, or otherwise provides written notice to Contractor of Final Payment. . or that no undisputed funds

remain available for Final Payment due to offsetting withholdings or deductions pursuant to Section 8.3, Adjustment of Payment Application. If the amount due from Contractor to City exceeds the amount of Final Payment, City retains the right to recover the balance from Contractor or its sureties.

8.8 Release of Claims. City may, at any time, require that payment of the undisputed portion of any progress payment or Final Payment be contingent upon Contractor furnishing City with a written waiver and release of all claims against City arising from or related to the portion of Work covered by those undisputed amounts, subject to the limitations of Public Contract Code Section 7100. Any disputed amounts may be specifically excluded from the release.

8.9 Warranty of Title. Contractor warrants that title to all work, materials, or equipment incorporated into the Work and included in a request for payment will pass over to City free of any claims, liens, or encumbrances upon payment to Contractor.

CONTRACT BALANCE FORM

Battery Storage System Project

Note: A detailed invoice MUST be attached to this Contract Balance Form.

CONTRACTOR NAME: _____	DATE: _____
MAILING ADDRESS: _____	TELEPHONE NO.: _____
_____	FAX NO.: _____
_____	PROJECT NO.: _____
	INVOICE NO.: _____

- | | |
|--|----------------|
| 1. ORIGINAL CONTRACT AMOUNT: | \$ _____ |
| 2. APPROVED CHANGE ORDERS TOTAL: | \$ _____ |
| 3. REVISED CONTRACT AMOUNT: | (1+2) \$ _____ |
| 4. PREVIOUS BALANCE PAID: | \$ _____ |
| 5. REMAINING BALANCE: | (3-4) \$ _____ |
| 6. CURRENT PROGRESS PAYMENT DUE:
(before retention) | \$ _____ |
| 7. 5% RETENTION FROM WORK DONE: | (-)\$ _____ |
| 8. CURRENT BALANCE DUE: | (6-7) \$ _____ |
| 9. REMAINING BALANCE OF REVISED
CONTRACT AMOUNT:
(including retention) | (5-8) \$ _____ |

Article 9 - Labor Provisions

9.1 Discrimination Prohibited. Discrimination against any prospective or present employee engaged in the Work on grounds of race, color, ancestry, national origin, ethnicity, religion, sex, sexual orientation, age, disability, or marital status is strictly prohibited. Contractor and its Subcontractors are required to comply with all applicable Laws prohibiting discrimination, including the California Fair Employment and Housing Act (Government Code Sections 12900 *et seq.*), Government Code Section 11135, and Labor Code Sections 1735, 1777.5, 1777.6, and 3077.5.

9.2 Labor Code Requirements.

(A) **Eight Hour Day.** Pursuant to Labor Code Section 1810, eight hours of labor constitute a legal day's work under this Contract.

(B) **Penalty.** Pursuant to Labor Code Section 1813, Contractor will forfeit to City as a penalty, the sum of \$25.00 for each day during which a worker employed by Contractor or any Subcontractor is required or permitted to work more than eight hours in any one calendar day or more than 40 hours per calendar week, except if such workers are paid overtime under Labor Code Section 1815.

(C) **Apprentices.** Contractor is responsible for compliance with the requirements governing employment and payment of apprentices, as set forth in Labor Code Section 1777.5, which is fully incorporated by reference.

(D) **Notices.** Pursuant to Labor Code Section 1771.4, Contractor is required to post all job site notices prescribed by Laws.

9.3 Prevailing Wages. Each worker performing Work under this Contract that is covered under Labor Code Sections 1720 or 1720.9, including cleanup at the Project site, must 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>. Contractor must post a copy of the applicable prevailing rates at the Project site.

(A) **Penalties.** Pursuant to Labor Code Section 1775, Contractor and any Subcontractor will forfeit to City as a penalty up to \$200.00 for each calendar day, or portion a day, for each worker paid less than the applicable prevailing wage rate. Contractor must also pay each worker the difference between the applicable prevailing wage rate and the amount actually paid to that worker.

(B) **Federal Requirements.** If this Project is subject to federal prevailing wage requirements in addition to California prevailing wage requirements, Contractor and its Subcontractors are required to pay the higher of the currently applicable state or federal prevailing wage rates.

9.4 Payroll Records. Contractor must comply with the provisions of Labor Code Sections 1776 and 1812 and all implementing regulations, which are fully incorporated by this reference, including requirements for electronic submission of payroll records to the DIR.

(A) **Contractor and Subcontractor Obligations.** Contractor and each Subcontractor must keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed in connection with the Work. Each payroll record must contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) Contractor or Subcontractor has complied with the requirements of Labor Code Sections 1771, 1811, and 1815 for any Work performed by its employees on the Project.

(B) **Certified Record.** A certified copy of an employee's payroll record must be made available for inspection or furnished to the employee or his or her authorized representative on request, to City, or to the Division of Labor Standards Enforcement, to the Division of Apprenticeship Standards of the DIR, and as further required by the Labor Code.

(C) **Enforcement.** Upon notice of noncompliance with Labor Code Section 1776, Contractor or Subcontractor has ten days in which to comply with the requirements of this section. If Contractor or Subcontractor fails to do so within the ten-day period, Contractor or Subcontractor will forfeit a penalty of \$100.00 per day, or portion a day, for each worker for whom compliance is required, until strict compliance is achieved. Upon request by the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement, these penalties will be withheld from payments then due to Contractor.

9.5 Labor Compliance. Pursuant to Labor Code Section 1771.4, the Contract for this Project is subject to compliance monitoring and enforcement by the DIR.

9.6 Wage Theft Prevention. Compliance with Wage and Hour Laws: Contractor, 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 Contractor and/or its Subcontractors: BY SIGNING THIS AGREEMENT, CONTRACTOR 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 CONTRACTOR OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. CONTRACTOR 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 Contractor or an subcontractor it employs to perform work under this Agreement has violated any applicable wage and hour law, or Contractor learns of such a judgment, decision, or order that was not previously disclosed, Contractor 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. Contractor 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 Contractor 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 Contractor 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 Contractor 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.

Article 10 - Safety Provisions

10.1 Safety Precautions and Programs. Contractor and its Subcontractors are fully responsible for safety precautions and programs, and for the safety of persons and property in the performance of the Work. Contractor and its Subcontractors must at all times comply with all applicable health and safety Laws and seek to avoid injury, loss, or damage to persons or property by taking reasonable steps to protect its employees and other persons at any Worksite, materials and equipment stored on or off site, and property at or adjacent to any Worksite.

(A) **Reporting Requirements.** Contractor must immediately notify the City of any death, serious injury or illness resulting from Work on the Project. Contractor must immediately provide a written report to City of each recordable accident or injury occurring at any Worksite within 24 hours of the occurrence. The written report must include: (1) the name and address of the injured or deceased person; (2) the name and address of each employee of Contractor or of any Subcontractor involved in the incident; (3) a detailed description of the incident, including precise location, time, and names and contact information for known witnesses; and (4) a police officer or first responder report, if applicable. If Contractor is required to file an accident report with a government agency, Contractor will provide a copy of the report to City.

(B) **Legal Compliance.** Contractor's safety program must comply with the applicable legal and regulatory requirements. Contractor must provide City with copies of all notices required by Laws.

(C) **Contractor's Obligations.** Any damage or loss caused by Contractor arising from the Work which is not insured under property insurance must be promptly remedied by Contractor.

(D) **Remedies.** If City determines, in its sole discretion, that any part of the Work or Project site is unsafe, City may, without assuming responsibility for Contractor's safety program, require Contractor or its Subcontractor to cease performance of the Work or to take corrective measures to City's satisfaction. If Contractor fails to promptly take the required corrective measures, City may perform them and deduct the cost from the Contract Price. Contractor agrees it is not entitled to submit a Claim for damages, for an increase in Contract Price, or for a change in Contract Time based on Contractor's compliance with City's request for corrective measures pursuant to this provision.

10.2 Hazardous Materials. Unless otherwise specified in the Contract Documents, this Contract does not include the removal, handling, or disturbance of any asbestos or other Hazardous Materials. If Contractor encounters materials on the Project site that Contractor reasonably believes to be asbestos or other Hazardous Materials, and the asbestos or other Hazardous Materials have not been rendered harmless, Contractor may continue Work in unaffected areas reasonably believed to be safe, but must immediately cease work on the area affected and report the condition to City. No asbestos, asbestos-containing products or other Hazardous Materials may be used in performance of the Work.

10.3 Material Safety. Contractor is solely responsible for complying with Section 5194 of Title 8 of the California Code of Regulations, including by providing information to Contractor's employees about any hazardous chemicals to which they may be exposed in the course of the Work. A hazard communication program and other forms of warning and training about such exposure must be used. Contractor must also maintain Safety Data Sheets ("SDS") at the Project site, as required by Law, for materials or substances used or consumed in the performance of the Work. The SDS will be accessible and available to Contractor's employees, Subcontractors, and City.

(A) **Contractor Obligations.** Contractor is solely responsible for the proper delivery, handling, use, storage, removal, and disposal of all materials brought to the Project site and/or used in the performance of the Work. Contractor must notify the Engineer if a specified product or material cannot be used safely.

(B) **Labeling.** Contractor must ensure proper labeling on any material brought onto the Project site so that any persons working with or in the vicinity of the material may be informed as to the identity of the material,

any potential hazards, and requirements for proper handling, protections, and disposal.

10.4 Hazardous Condition. Contractor is solely responsible for determining whether a hazardous condition exists or is created during the course of the Work, involving a risk of bodily harm to any person or risk of damage to any property. If a hazardous condition exists or is created, Contractor must take all precautions necessary to address the condition and ensure that the Work progresses safely under the circumstances. Hazardous conditions may result from, but are not limited to, use of specified materials or equipment, the Work location, the Project site condition, the method of construction, or the way any Work must be performed.

10.5 Emergencies. In an emergency affecting the safety or protection of persons, Work, or property at or adjacent to any Worksite, Contractor must take reasonable and prompt actions to prevent damage, injury, or loss, without prior authorization from the City if, under the circumstances, there is inadequate time to seek prior authorization from the City.

Article 11 - Completion and Warranty Provisions

11.1 Final Completion.

(A) ***Final Inspection and Punch List.*** When the Work required by this Contract is fully performed, Contractor must provide written notification to City requesting final inspection. The Engineer will schedule the date and time for final inspection, which must include Contractor's primary representative for the Project and its superintendent. Based on that inspection, City will prepare a punch list of any items that are incomplete, missing, defective, incorrectly installed, or otherwise not compliant with the Contract Documents. The punch list to Contractor will specify the time by which all of the punch list items must be completed or corrected. The punch list may include City's estimated cost to complete each punch list item if Contractor fails to do so within the specified time. The omission of any non-compliant item from a punch list will not relieve Contractor from fulfilling all requirements of the Contract Documents. Contractor's failure to complete any punch list item within the time specified in the punch list will not waive or abridge its warranty obligations for any such items that must be completed by the City or by a third party retained by the City due to Contractor's failure to timely complete any such outstanding item.

(B) ***Requirements for Final Completion.*** Final Completion will be achieved upon completion or correction of all punch list items, as verified by City's further inspection, and upon satisfaction of all other Contract requirements, including any commissioning required under the Contract

Documents, and submission of all final submittals, including instructions and manuals as required under Section 7.10, and complete, final as-built drawings as required under Section 7.11, all to City's satisfaction.

(C) **Acceptance.** The Project will be considered accepted upon City Council action during a public meeting to accept the Project, unless the Engineer is authorized to accept the Project, in which case the Project will be considered accepted upon the date of the Engineer's issuance of a written notice of acceptance. In order to avoid delay of Project close out, the City may elect, acting in its sole discretion, to accept the Project as complete subject to exceptions for punch list items that are not completed within the time specified in the punch list.

(D) **Final Payment and Release of Retention.** Final Payment and release of retention, less any sums withheld pursuant to the provisions of the Contract Documents, will not be made sooner than 35 days after recordation of the notice of completion. If Contractor fails to complete all of the punch list items within the specified time, City may withhold up to 150% of City's estimated cost to complete each of the remaining items from Final Payment and may use the withheld retention to pay for the costs to self-perform the outstanding items or to retain a third party to complete any such outstanding punch list item.

11.2 Warranty.

(A) **General.** Contractor warrants that all materials and equipment will be new unless otherwise specified, of good quality, in conformance with the Contract Documents, and free from defective workmanship and materials. Contractor further warrants that the Work will be free from material defects not intrinsic in the design or materials required in the Contract Documents. Contractor warrants that materials or items incorporated into the Work comply with the requirements and standards in the Contract Documents, including compliance with Laws, and that any Hazardous Materials encountered or used were handled as required by Laws. At City's request, Contractor must furnish satisfactory evidence of the quality and type of materials and equipment furnished. Contractor's warranty does not extend to damage caused by normal wear and tear, or improper use or maintenance.

(B) **Warranty Period.** Contractor's warranty must guarantee its Work for a period of one year from the date of Project acceptance (the "Warranty Period"), except when a longer guarantee is provided by a supplier or manufacturer or is required by the Specifications or Special Conditions. Contractor must obtain from its Subcontractors, suppliers and manufacturers any special or extended warranties required by the Contract Documents.

(C) **Warranty Documents.** As a condition precedent to Final Completion, Contractor must supply City with all warranty and guarantee documents relevant to equipment and materials incorporated into the Work and guaranteed by their suppliers or manufacturers.

(D) **Subcontractors.** The warranty obligations in the Contract Documents apply to Work performed by Contractor and its Subcontractors, and Contractor expressly agrees to be co-guarantor of such Work.

(E) **Contractor's Obligations.** Upon written notice from City to Contractor of any defect in the Work discovered during the Warranty Period, Contractor or its responsible Subcontractor must promptly correct the defective Work at its own cost. Contractor's obligation to correct defects discovered during the Warranty Period will continue past the expiration of the Warranty Period as to any defects in Work for which Contractor was notified prior to expiration of the Warranty Period. Work performed during the Warranty Period ("Warranty Work") will be subject to the warranty provisions in this Section 11.2 for a one-year period that begins upon completion of such Warranty Work to City's satisfaction.

(F) **City's Remedies.** If Contractor or its responsible Subcontractor fails to correct defective Work within ten days following notice by City, or sooner, if required by the circumstances, Contractor expressly agrees that City may correct the defects to conform with the Contract Documents at Contractor's sole expense. Contractor must reimburse City for its costs in accordance with subsection (H) below.

(G) **Emergency Repairs.** In cases of emergency where any delay in correcting defective Work could cause harm, loss or damage, City may immediately correct the defects to conform with the Contract Documents at Contractor's sole expense. Contractor or its surety must reimburse City for its costs in accordance with subsection (H), below.

(H) **Reimbursement.** Contractor must reimburse City for its costs to repair under subsections (F) or (G), above, within 30 days following City's submission of a demand for payment pursuant to this provision. If City is required to initiate legal action to compel Contractor's compliance with this provision, and City is the prevailing party in such action, Contractor and its surety are solely responsible for all of City's attorney's fees and legal costs expended to enforce Contractor's warranty obligations herein in addition to any and all costs City incurs to correct the defective Work.

11.3 Use Prior to Final Completion. City reserves the right to occupy or make use of the Project, or any portions of the Project, prior to Final Completion

if City has determined that the Project or portion of it is in a condition suitable for the proposed occupation or use, and that it is in its best interest to occupy or make use of the Project, or any portions of it, prior to Final Completion. City will notify Contractor in writing of its intent to occupy or make use of the Project or any portions of the Project, pursuant to this provision.

(A) **Non-Waiver.** Occupation or use of the Project, in whole or in part, prior to Final Completion will not operate as acceptance of the Work or any portion of it, nor will it operate as a waiver of any of City's rights or Contractor's duties pursuant to these Contract Documents, and will not affect nor bear on the determination of the time of substantial completion with respect to any statute of repose pertaining to the time for filing an action for construction defect.

(B) **City's Responsibility.** City will be responsible for the cost of maintenance and repairs due to normal wear and tear with respect to those portions of the Project that are being occupied or used before Final Completion. The Contract Price or the Contract Time may be adjusted pursuant to the applicable provisions of these Contract Documents if, and only to the extent that, any occupation or use under this Section actually adds to Contractor's cost or time to complete the Work within the Contract Time.

11.4 Substantial Completion. For purposes of determining "substantial completion" with respect to any statute of repose pertaining to the time for filing an action for construction defect, "substantial completion" is deemed to mean the last date that Contractor or any Subcontractor performs Work on the Project prior to City acceptance of the Project, except for warranty work performed under this Article.

Article 12 - Dispute Resolution

12.1 Claims. This Article applies to and provides the exclusive procedures for any Claim arising from or related to the Contract or performance of the Work.

(A) **Definition.** "Claim" means a separate demand by Contractor, submitted in writing by registered or certified mail with return receipt requested, for a change in the Contract Time, including a time extension or relief from liquidated damages, or a change in the Contract Price when the demand has previously been submitted to City in accordance with the requirements of the Contract Documents, and which has been rejected or disputed by City, in whole or in part. A Claim may also include that portion of a unilateral Change Order that is disputed by the Contractor.

(B) **Limitations.** A Claim may only include the portion of a previously rejected demand that remains in dispute between Contractor and City. With the exception of any dispute regarding the amount of money actually paid to Contractor as Final Payment, Contractor is not entitled to submit a Claim demanding a change in the Contract Time or the Contract Price, which has not previously been submitted to City in full compliance with Article 5 and Article 6, and subsequently rejected in whole or in part by City.

(C) **Scope of Article.** This Article is intended to provide the exclusive procedures for submission and resolution of Claims of any amount, and applies in addition to the provisions of Public Contract Code Section 9204 and Sections 20104 *et seq.*, which are incorporated herein by this reference.

(D) **No Work Delay.** Notwithstanding the submission of a Claim or any other dispute between the parties related to the Project or the Contract Documents, Contractor must perform the Work and may not delay or cease Work pending resolution of a Claim or other dispute, but must continue to diligently prosecute the performance and timely completion of the Work, including the Work pertaining to a Claim or other dispute.

(E) **Informal Resolution.** Contractor will make a good faith effort to informally resolve a dispute before initiating a Claim, preferably by face-to-face meeting between authorized representatives of Contractor and City.

12.2 Claims Submission. The following requirements apply to any Claim subject to this Article:

(A) **Substantiation.** The Claim must be submitted to City in writing, clearly identified as a "Claim" submitted pursuant to this Article 12, and must include all of the documents necessary to substantiate the Claim including the Change Order request that was rejected in whole or in part, and a copy of City's written rejection that is in dispute. The Claim must clearly identify and describe the dispute, including relevant references to applicable portions of the Contract Documents, and a chronology of relevant events. Any Claim for additional payment must include a complete, itemized breakdown of all known or estimated labor, materials, taxes, insurance, and subcontract, or other costs. Substantiating documentation such as payroll records, receipts, invoices, or the like, must be submitted in support of each component of claimed cost. Any Claim for an extension of time or delay costs must be substantiated with a schedule analysis and narrative depicting and explaining claimed time impacts. Contractor understands that submission of a Claim which has no basis in fact or which Contractor knows to be false may violate the False Claims Act (Government Code Section 12650 *et seq.*).

(B) ***Claim Format and Content.*** A Claim must be submitted in the following format:

(1) Provide a cover letter, specifically identifying the submission as a “Claim” submitted under this Article 12 and specifying the requested remedy (e.g., amount of proposed change to Contract Price and/or change to Contract Time).

(2) Provide a summary of each Claim, including underlying facts and the basis for entitlement, and identify each specific demand at issue, , including the specific Change Order request (by number and submittal date), and the date of City's rejection of that demand, in whole or in part.

(3) Provide a detailed explanation of each issue in dispute. For multiple issues included within a single Claim or for multiple Claims submitted concurrently, separately number and identify each individual issue or Claim and include the following for each separate issue or Claim:

(a) A succinct statement of the matter in dispute, including Contractor's position and the basis for that position;

(b) Identify and attach all documents that substantiate the Claim, including relevant provisions of the Contract Documents, RFIs, calculations, and schedule analysis (see subsection (A), Substantiation above); and

(c) A chronology of relevant events; and

(d) Analysis and basis for claimed changes to Contract Price, Contract Time, or any other remedy requested.

(4) Provide a summary of issues and corresponding claimed damages. If, by the time of the Claim submission deadline (below), the precise amount of the requested change in the Contract Price or Contract Time is not yet known, Contractor must provide a good faith estimate, including the basis for that estimate, and must identify the date by which it is anticipated that the Claim will be updated to provide final amounts.

(5) Include the following certification, executed by Contractor's authorized representative:

“The undersigned Contractor certifies under penalty of perjury that its statements and representations in this Claim submittal are true and correct. Contractor warrants that this Claim submittal is comprehensive and complete as to the matters in dispute, and agrees that any costs, expenses, or delay not included herein are deemed waived.

(C) ***Submission Deadlines.***

(1) A Claim disputing rejection of a request for a change in the Contract Time or Contract Price must be submitted within 15 days following the date that City notified Contractor in writing that a request for a change in the Contract Time or Contract Price, duly submitted in compliance with Article 5 and Article 6, has been rejected in whole or in part. A Claim disputing the terms of a unilateral Change Order must be submitted within 15 days following the date of issuance of the unilateral Change Order. These Claim deadlines apply even if Contractor cannot yet quantify the total amount of any requested change in the Contract Time or Contract Price. If the Contractor cannot quantify those amounts, it must submit an estimate of the amounts claimed pending final determination of the requested remedy by Contractor.

(2) With the exception of any dispute regarding the amount of Final Payment, any Claim must be filed on or before the date of Final Payment, or will be deemed waived.

(3) A Claim disputing the amount of Final Payment must be submitted within 15 days of the effective date of Final Payment, under Section 8.7, Final Payment, above.

(4) Strict compliance with these Claim submission deadlines is necessary to ensure that any dispute may be mitigated as soon as possible, and to facilitate cost-efficient administration of the Project. Any Claim that is not submitted within the specified deadlines will be deemed waived by Contractor.

12.3 City’s Response. City will respond within 45 days of receipt of the Claim with a written statement identifying which portion(s) of the Claim are disputed, unless the 45-day period is extended by mutual agreement of City and Contractor or as otherwise allowed under Public Contract Code Section 9204. However, if City determines that the Claim is not adequately substantiated pursuant to Section 12.2(A), Substantiation, City may first request, in writing, within 30 days of receipt of the Claim, any additional documentation supporting the Claim or relating to defenses to the Claim that City may have against the Claim.

(A) **Additional Information.** If additional information is thereafter required, it may be requested and provided upon mutual agreement of City and Contractor. If Contractor's Claim is based on estimated amounts, Contractor has a continuing duty to update its Claim as soon as possible with information on actual amounts in order to facilitate prompt and fair resolution of the Claim.

(B) **Non-Waiver.** Any failure by City to respond within the times specified above will not be construed as acceptance of the Claim in whole or in part, or as a waiver of any provision of these Contract Documents.

12.4 Meet and Confer. If Contractor disputes City's written response, or City fails to respond within the specified time, within 15 days of receipt of City's response, or within 15 days of City's failure to respond within the applicable 45-day time period, respectively, Contractor may notify City of the dispute in writing sent by registered or certified mail, return receipt requested and demand an informal conference to meet and confer for settlement of the issues in dispute. **If Contractor fails to dispute City's response, in writing, within the specified time, Contractor's Claim will be deemed waived.**

(A) **Schedule Meet and Confer.** Upon receipt of the demand to meet and confer, City will schedule the meet and confer conference to be held within 30 days, or later if needed to ensure the mutual availability of each of the individuals that each party requires to represent its interests at the meet and confer conference.

(B) **Location for Meet and Confer.** The meet and confer conference will be scheduled at a location at or near City's principal office.

(C) **Written Statement After Meet and Confer.** Within ten working days after the meet and confer has concluded, City will issue a written statement identifying which portion(s) of the Claim remain in dispute, if any.

(D) **Submission to Mediation.** If the Claim or any portion remains in dispute following the meet and confer conference, within ten working days after the City issues the written statement identifying any portion(s) of the Claim remaining in dispute, the Contractor may identify in writing disputed portion(s) of the Claim, which will be submitted for mediation, as set forth below.

12.5 Mediation and Government Code Claims.

(A) **Mediation.** Within ten working days after the City issues the written statement identifying any portion(s) of the Claim remaining in dispute, following the meet and confer, , City and Contractor will mutually agree to a mediator, as provided under Public Contract Code Section 9204. Mediation will be scheduled to ensure the mutual availability of the selected mediator and all of the individuals that each party requires to represent its interests. If there are multiple Claims in dispute, the parties may agree to schedule the mediation to address all outstanding Claims at the same time. The parties will share the costs of the mediator and mediation fees equally, but each party is otherwise solely and separately responsible for its own costs to prepare for and participate in the mediation, including costs for its legal counsel or any other consultants.

(B) **Government Code Claims.**

(1) Timely presentation of a Government Code Claim is a condition precedent to filing any legal action based on or arising from the Contract. Compliance with the Claim submission requirements in this Article 12 is a condition precedent to filing a Government Code Claim.

(2) The time for filing a Government Code Claim will be tolled from the time Contractor submits its written Claim pursuant to Section 12.2, above, until the time that Claim is denied in whole or in part at the conclusion of the meet and confer process, including any period of time used by the meet and confer process. However, if the Claim is submitted to mediation, the time for filing a Government Code Claim will be tolled until conclusion of the mediation, including any continuations, if the Claim is not fully resolved by mutual agreement of the parties during the mediation or any continuation of the mediation.

12.6 Tort Claims. This Article does not apply to tort claims and nothing in this Article is intended nor will be construed to change the time periods for filing tort-based Government Code Claims.

12.7 Arbitration. It is expressly agreed, under Code of Civil Procedure Section 1296, that in any arbitration to resolve a dispute relating to this Contract, the arbitrator's award must be supported by law and substantial evidence.

12.8 Burden of Proof and Limitations. Contractor bears the burden of proving entitlement to and the amount of any claimed damages. Contractor is not entitled to damages calculated on a total cost basis, but must prove actual damages. Contractor is not entitled to speculative, special, or consequential damages, including home office overhead or

any form of overhead not directly incurred at the Project site or any other Worksite; lost profits; loss of productivity; lost opportunity to work on other projects; diminished bonding capacity; increased cost of financing for the Project; extended capital costs; non-availability of labor, material or equipment due to delays; or any other indirect loss arising from the Contract. The Eichleay Formula or similar formula will not be used for any recovery under the Contract. The City will not be directly liable to any Subcontractor or supplier.

12.9 Legal Proceedings. In any legal proceeding that involves enforcement of any requirements of the Contract Documents, the finder of fact will receive detailed instructions on the meaning and operation of the Contract Documents, including conditions, limitations of liability, remedies, claim procedures, and other provisions bearing on the defenses and theories of liability. Detailed findings of fact will be requested to verify enforcement of the Contract Documents. All of the City's remedies under the Contract Documents will be construed as cumulative, and not exclusive, and the City reserves all rights to all remedies available under law or equity as to any dispute arising from or relating to the Contract Documents or performance of the Work.

12.10 Other Disputes. The procedures in this Article 12 will apply to any and all disputes or legal actions, in addition to Claims, arising from or related to this Contract, including disputes regarding suspension or early termination of the Contract, unless and only to the extent that compliance with a procedural requirement is expressly and specifically waived by City. Nothing in this Article is intended to delay suspension or termination under Article 13.

Article 13 - Suspension and Termination

13.1 Suspension for Cause. In addition to all other remedies available to City, if Contractor fails to perform or correct Work in accordance with the Contract Documents, including non-compliance with applicable environmental or health and safety Laws, City may immediately order the Work, or any portion of it, suspended until the circumstances giving rise to the suspension have been eliminated to City's satisfaction.

(A) **Notice of Suspension.** Upon receipt of City's written notice to suspend the Work, in whole or in part, except as otherwise specified in the notice of suspension, Contractor and its Subcontractors must promptly stop Work as specified in the notice of suspension; comply with directions for cleaning and securing the Worksite; and protect the completed and in-progress Work and materials. Contractor is solely responsible for any damages or loss resulting from its failure to adequately secure and protect the Project.

(B) **Resumption of Work.** Upon receipt of the City's written notice to resume the suspended Work, in whole or in part, except as otherwise specified in the notice to resume, Contractor and its Subcontractors must promptly re-mobilize and resume the Work as specified; and within ten days from the date of the notice to resume, Contractor must submit a recovery schedule, prepared in accordance with the Contract Documents, showing how Contractor will complete the Work within the Contract Time.

(C) **Failure to Comply.** Contractor will not be entitled to an increase in Contract Time or Contract Price for a suspension occasioned by Contractor's failure to comply with the Contract Documents.

(D) **No Duty to Suspend.** City's right to suspend the Work will not give rise to a duty to suspend the Work, and City's failure to suspend the Work will not constitute a defense to Contractor's failure to comply with the requirements of the Contract Documents.

13.2 Suspension for Convenience. City reserves the right to suspend, delay, or interrupt the performance of the Work in whole or in part, for a period of time determined to be appropriate for City's convenience. Upon notice by City pursuant to this provision, Contractor must immediately suspend, delay, or interrupt the Work and secure the Project site as directed by City, except for taking measures to protect completed or in progress Work as directed in the suspension notice, and subject to the provisions of Section 13.1(A) and (B), above. If Contractor submits a timely request for a Change Order in compliance with Articles 5 and 6, the Contract Price and the Contract Time will be equitably adjusted by Change Order pursuant to Articles 5 and 6 to reflect the cost and delay impact occasioned by such suspension for convenience except to the extent that any such impacts were caused by Contractor's failure to comply with the Contract Documents or the terms of the suspension notice or notice to resume. However, Contract Time will only be extended if the suspension causes or will cause unavoidable delay in Final Completion. If Contractor disputes the terms of a Change Order issued for such equitable adjustment due to suspension for convenience, its sole recourse is to comply with the Claim procedures in Article 12.

13.3 Termination for Default. City may declare that Contractor is in default of the Contract for a material breach of or inability to perform its obligations fully, promptly, or satisfactorily under the Contract

(A) **Default.** Events giving rise to a declaration of default include Contractor's refusal or failure to supply sufficient skilled workers, proper materials, or equipment to perform the Work within the Contract Time; Contractor's refusal or failure to make prompt payment to its employees,

Subcontractors, or suppliers or to correct defective Work or damage; Contractor's failure to comply with the Laws, or orders of any public agency with jurisdiction over the Project; evidence of Contractor's bankruptcy, insolvency, or lack of financial capacity to complete the Work as required within the Contract Time; suspension, revocation, or expiration and nonrenewal of Contractor's license or DIR registration; dissolution, liquidation, reorganization, or other major change in Contractor's organization, ownership, structure or existence as a business entity; unauthorized assignment of Contractor's rights or duties under the Contract; or any material breach of the Contract requirements.

(B) **Notice of Default and Opportunity to Cure.** Upon City's declaration that Contractor is in default, due to a material breach of the Contract Documents, if City determines that the default is curable, City will afford Contractor the opportunity to cure the default within ten days of City's notice of default, or within a period of time reasonably necessary for such cure, including a shorter period of time if applicable.

(C) **Termination.** If Contractor fails to cure the default or fails to expediently take steps reasonably calculated to cure the default within the time period specified in the notice of default, City may issue written notice to Contractor and its performance bond surety of City's termination of the Contract for default.

(D) **Waiver.** Time being of the essence in the performance of the Work, if Contractor's surety fails to arrange for completion of the Work in accordance with the Performance Bond, within seven calendar days from the date of the notice of termination, pursuant to Paragraph (C), City may immediately make arrangements for the completion of the Work through use of its own forces, by hiring a replacement contractor, or by any other means that City determines advisable under the circumstances. Contractor and its surety will be jointly and severally liable for any additional cost incurred by City to complete the Work following termination, where "additional cost" means all cost in excess of the cost City would have incurred if Contractor had timely completed Work without the default and termination. In addition, City will have the right to immediate possession and use of any materials, supplies, and equipment procured for the Project and located at the Project site or any Worksite on City property for the purposes of completing the remaining Work.

(E) **Compensation.** Within 30 days of receipt of updated as-builts, all warranties, manuals, instructions, or other required documents for Work installed to date, and delivery to City of all equipment and materials for the Project for which Contractor has already been compensated, Contractor will be compensated for the Work satisfactorily performed in compliance with the Contract Documents up to the effective date of the termination

pursuant to the terms of Article 8, Payment, subject to City's rights to withhold or deduct sums from payment otherwise due pursuant to Section 8.3, and excluding any costs Contractor incurs as a result of the termination, including any cancellation or restocking charges or fees due to third parties. If Contractor disputes the amount of compensation determined by City, its sole recourse is to comply with the Claim Procedures in Article 12, by submitting a Claim no later than 30 days following notice from City of the total compensation to be paid by City.

(F) **Wrongful Termination.** If Contractor disputes the termination, its sole recourse is to comply with the Claim procedures in Article 12. If a court of competent jurisdiction or an arbitrator later determines that the termination for default was wrongful, the termination will be deemed to be a termination for convenience, and Contractor's damages will be strictly limited to the compensation provided for termination for convenience, under Section 13.4, below. Contractor waives any claim for any other damages for wrongful termination including special or consequential damages, lost opportunity costs or lost profits, and any award of damages is subject to Section 12.8, Burden of Proof and Limitations.

13.4 Termination for Convenience. City reserves the right, acting in its sole discretion, to terminate all or part of the Contract for convenience upon written notice to Contractor.

(A) **Compensation to Contractor.** In the event of City's termination for convenience, Contractor waives any claim for damages, including for loss of anticipated profits from the Project. The following will constitute full and fair compensation to Contractor, and Contractor will not be entitled to any additional claim or compensation.

(1) **Completed Work.** The value of its Work satisfactorily performed as of the date notice of termination is received, based on Contractor's schedule of values and unpaid costs for items delivered to the Project site that were fabricated for incorporation in the Work;

(2) **Demobilization.** Demobilization costs specified in the schedule of values, or if demobilizations cost were not provided in a schedule of values pursuant to Section 8.1, then based on actual, reasonable, and fully documented demobilization costs; and

(3) **Termination Markup.** Five percent of the total value of the Work performed as of the date of notice of termination including reasonable, actual, and documented costs to comply with the direction in the notice of termination for convenience, and

demobilization costs, which is deemed to cover all overhead and profit to date.

(B) **Disputes.** If Contractor disputes the amount of compensation determined by City pursuant to paragraph (A), above, its sole recourse is to comply with the Claim procedures in Article 12, by submitting a Claim no later than 30 days following notice from City of total compensation to be paid by City.

13.5 Actions Upon Termination for Default or Convenience. The following provisions apply to any termination under this Article, whether for default or convenience, and whether in whole or in part.

(A) **General.** Upon termination City may immediately enter upon and take possession of the Project and the Work and all tools, equipment, appliances, materials, and supplies procured or fabricated for the Project. Contractor will transfer title to and deliver all completed Work and all Work in progress to City.

(B) **Submittals.** Unless otherwise specified in the notice of termination, Contractor must immediately submit to City all designs, drawings, as-built drawings, Project records, contracts with vendors and Subcontractors, manufacturer warranties, manuals, and other such submittals or Work-related documents required under the terms of the Contract Documents, including incomplete documents or drafts.

(C) **Close Out Requirements.** Except as otherwise specified in the notice of termination, Contractor must comply with all of the following:

(1) Immediately stop the Work, except for any Work that must be completed pursuant to the notice of termination and comply with City's instructions for cessation of labor and securing the Project and any other Worksite(s).

(2) Comply with City's instructions to protect the completed Work and materials, using best efforts to minimize further costs.

(3) Contractor must not place further orders or enter into new subcontracts for materials, equipment, services or facilities, except as may be necessary to complete any portion of the Work that is not terminated.

(4) As directed in the notice, Contractor must assign to City or cancel existing subcontracts that relate to performance of the terminated Work, subject to any prior rights, if any, of the surety for

Contractor's performance bond, and settle all outstanding liabilities and claims, subject to City's approval.

(5) As directed in the notice, Contractor must use its best efforts to sell any materials, supplies, or equipment intended solely for the terminated Work in a manner and at market rate prices acceptable to City.

(D) **Payment Upon Termination.** Upon completion of all termination obligations, as specified herein and in the notice of termination, Contractor will submit its request for Final Payment, including any amounts due following termination pursuant to this Article 13. Payment will be made in accordance with the provisions of Article 8, based on the portion of the Work satisfactorily completed, including the close out requirements, and consistent with the previously submitted schedule of values and unit pricing, including demobilization costs. Adjustments to Final Payment may include deductions for the cost of materials, supplies, or equipment retained by Contractor; payments received for sale of any such materials, supplies, or equipment, less re-stocking fees charged; and as otherwise specified in Section 8.3, Adjustment of Payment Application.

(E) **Continuing Obligations.** Regardless of any Contract termination, Contractor's obligations for portions of the Work already performed will continue and the provisions of the Contract Documents will remain in effect as to any claim, indemnity obligation, warranties, guarantees, submittals of as-built drawings, instructions, or manuals, record maintenance, or other such rights and obligations arising prior to the termination date.

Article 14 - Miscellaneous Provisions

14.1 Assignment of Unfair Business Practice Claims. Under Public Contract Code Section 7103.5, Contractor and its Subcontractors agree to assign to City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services, or materials pursuant to the Contract or any subcontract. This assignment will be effective at the time City tenders Final Payment to Contractor, without further acknowledgement by the parties.

14.2 Provisions Deemed Inserted. Every provision of law required to be inserted in the Contract Documents is deemed to be inserted, and the Contract Documents will be construed and enforced as though such

provision has been included. If it is discovered that through mistake or otherwise that any required provision was not inserted, or not correctly inserted, the Contract Documents will be deemed amended accordingly.

- 14.3 Waiver.** City's waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of the Contract Documents will not be effective unless it is in writing and signed by City. City's waiver of any breach, failure, right, or remedy will not be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor will any waiver constitute a continuing waiver unless specified in writing by City.
- 14.4 Titles, Headings, and Groupings.** The titles and headings used and the groupings of provisions in the Contract Documents are for convenience only and may not be used in the construction or interpretation of the Contract Documents or relied upon for any other purpose.
- 14.5 Statutory and Regulatory References.** With respect to any amendments to any statutes or regulations referenced in these Contract Documents, the reference is deemed to be the version in effect on the date that that bids were due.
- 14.6 Survival.** The provisions that survive termination or expiration of this Contract include Contract Section 11, Notice, and subsections 12.1, 12.2, 12.3, 12.4, 12.5, and 12.6 of Section 12, General Provisions; and the following provisions in these General Conditions: Section 2.2(J), Contractor's Records, Section 2.3(C), Termination, Section 3.7, Ownership, Section 4.2, Indemnity, Article 12, Dispute Resolution, and Section 11.2, Warranty.

END OF GENERAL CONDITIONS

SPECIAL CONDITIONS

1.0 Shop Drawings. Whenever Shop Drawings are required by the Contract Documents or by the Engineer, Contractor must submit five (5) prints of each shop drawing to the Engineer.

(A) If three (3) prints of the drawing are returned to Contractor marked "NO EXCEPTIONS TAKEN," further revision of the drawings will not be required. If one (1) print of the drawing is returned to Contractor marked "REVISE AND RESUBMIT," Contractor must revise the drawing and resubmit five (5) copies of the revised drawing to the Engineer. City reserves the right to withhold payment due Contractor to cover additional costs of the Engineer's review beyond the second submission.

(B) Fabrication of an item may not commence before the Engineer has reviewed the pertinent shop drawings and returned copies to Contractor marked either "NO EXCEPTIONS TAKEN" or "MAKE CORRECTIONS NOTED."

(C) Revisions indicated on shop drawings are deemed necessary to meet the existing requirements of the Contract Documents and may not be taken as the basis of claims for extra Work. Contractor is not entitled to claim for damages or extension of time due to any delay resulting from making the required revisions to shop drawings. The Engineer's review of the shop drawings does not relieve Contractor of responsibility for any errors or omissions contained in the shop drawings nor will such review operate to waive or modify any provision contained in the Contract Documents.

2.0 Authorized Work Days and Hours.

(A) **Authorized Work Days.** Except as expressly authorized in writing by City, Contractor is limited to performing Work on the Project on the following days of the week, excluding holidays observed by City:
Monday - Friday

(B) **Authorized Work Hours.** Except as expressly authorized in writing by City, Contractor is limited to performing Work on the Project during the following hours: 7 am – 6 pm

3.0 Pre-Construction Conference. City will designate a date and time for a pre-construction conference with Contractor following Contract execution. Project

administration procedures and coordination between City and Contractor will be discussed, and Contractor must present City with the following information or documents at the meeting for City's review and acceptance before the Work commences:

- ___**.1** Name, 24-hour contact information, and qualifications of the proposed on-site superintendent;
- ___**.2** List of all key Project personnel and their complete contact information, including email addresses and telephone numbers during regular hours and after hours;
- ___**.3** Staging plans that identify the sequence of the Work, including any phases and alternative sequences or phases, with the goal of minimizing the impacts on residents, businesses and other operations in the Project vicinity;
- ___**.4** If required, traffic control plans associated with the staging plans that are signed and stamped by a licensed traffic engineer;
- ___**.5** Draft baseline schedule for the Work as required under Section 5.2, to be finalized within ten days after City issues the Notice to Proceed;
- ___**.6** Breakdown of lump sum bid items, to be used for determining the value of Work completed for future progress payments to Contractor;
- ___**.7** Schedule with list of Project submittals that require City review, and list of the proposed material suppliers;
- ___**.8** Plan for coordination with affected utility owner(s) and compliance with any related permit requirements;
- ___**.9** Videotape and photographs recording the conditions throughout the pre-construction Project site, showing the existing improvements and current condition of the curbs, gutters, sidewalks, signs, landscaping, streetlights, structures near the Project such as building faces, canopies, shades and fences, and any other features within the Project area limits;
- ___**.10** If requested by City, Contractor's cash flow projections; and
- ___**.11** Any other documents specified in the Special Conditions or Notice of Award.

4.0 Weather Delay Days. This provision is intended to supplement the requirements of General Conditions Section 5.2 on Schedule Requirements and Section 5.3 on Delays and Extensions of Contract Time.

- (A) ***Weather Delay Day.*** A Weather Delay Day is a Working Day during which Contractor and its forces, including Subcontractors, are unable to perform more than forty percent (40%) of the critical path Work scheduled for that day due to adverse weather conditions which impair the ability to safely or effectively perform the scheduled critical path Work that day. Adverse weather conditions may include rain, saturated soil, and Worksite clean-up required due to adverse weather. Determination of what constitutes critical path Work scheduled for that day will be based on the most current, City-approved schedule.
- (B) ***Normal Weather Delay Days.*** Based on historic records for the Project location, Contractor's schedule should assume the following number of normal Weather Delay Days for each month:

Month	# Normal Weather Delay Days
January	11
February	11
March	10
April	6
May	4
June	2
July	1
August	1
September	1
October	4
November	7
December	10

Weather Delay Days which do not occur during a given month based on the number of days allocated for that month (above) do not carry over to another month.

END OF SPECIAL CONDITIONS

CONTRACT

This energy service contract ("Contract") is entered into by and between the City of Morgan Hill ("City") and _____ ("Contractor") for work on the _____ Project ("Project").

The parties agree as follows:

1. **Award of Contract.** In response to the Notice Inviting Bids, Contractor has submitted a Bid Proposal to perform the Work to construct on the Project. On _____, 20____, City authorized award of this Contract to Contractor for the amount set forth in Section 4, below.

2. **Contract Documents.** The Contract Documents incorporated into this Contract include and are comprised of all of the documents listed below. The definitions provided in Article 1 of the General Conditions apply to all of the Contract Documents, including this Contract.

- 2.1 Notice Inviting Bids;
- 2.2 Request for Proposals for Battery Storage System Project dated 10/11/2021;
- 2.3 Addenda, if any;
- 2.4 Bid Proposal and attachments thereto;
- 2.5 Contract;
- 2.6 Payment and Performance Bonds;
- 2.7 General Conditions;
- 2.8 Special Conditions
- 2.9 Change Orders, if any;
- 2.10 Notice of Award;
- 2.11 Notice to Proceed.

3. **Contractor's Obligations.** Contractor will perform all of the Work required for the Project, as specified in the Contract Documents. Contractor must provide, furnish, and supply all things necessary and incidental for the timely performance and completion of the Work, including all necessary labor, materials, supplies, tools, equipment, transportation, onsite facilities, and utilities, unless otherwise specified in the Contract Documents. Contractor must use its best efforts to diligently prosecute and complete the Work in a professional and expeditious manner and to meet or exceed the performance standards required by the Contract Documents.

4. **Payment.** As full and complete compensation for Contractor's timely performance and completion of the Work in strict accordance with the terms and conditions of the Contract Documents, City will pay Contractor

Dollars (\$_____) (the "Contract Price"), for all of Contractor's direct and indirect costs to perform the Work, including all labor, materials, supplies, equipment, taxes, insurance, bonds and all overhead costs, in accordance with the payment provisions in the General Conditions.

5. **Time for Completion.** Phase I is to include design and construction of the battery storage system except for the installation of the batteries themselves. After the Notice to Proceed is issued, the Contractor will meet all requirements for completion of Phase I prior to March 31, 2022. Phase 2 is the installation of the batteries and any additional final equipment not completed in Phase 1. Phase 2 shall be completed as soon as the batteries are available for delivery to the site. By signing below, Contractor expressly waives any claim for delayed early completion.
6. **Liquidated Damages.** If Contractor fails to complete the Work within the Contract Time, City will assess liquidated damages in the amount of Five Hundred Dollars (\$500) per day for each day of unexcused delay in achieving Final Completion, and such liquidated damages may be deducted from City's payments due or to become due to Contractor under this Contract Price will be reduced accordingly.
7. **Labor Code Compliance.**
- 7.1 **General.** This Contract is subject to all applicable requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code, including requirements pertaining to wages, working hours and workers' compensation insurance, as further specified in Article 9 of the General Conditions.
- 7.2 **Prevailing Wages.** This Project is subject to the prevailing wage requirements applicable to the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the Work, including employer payments for health and welfare, pension, vacation, apprenticeship and similar purposes. Copies of these prevailing rates are available online at <http://www.dir.ca.gov/DLSR>.
- 7.3 **DIR Registration.** City will not enter into the Contract with a bidder without proof that the bidder and its Subcontractors are registered with the California Department of Industrial Relations to perform

public work pursuant to Labor Code Section 1725.5, subject to limited legal exceptions.

8. **Workers' Compensation Certification.** Pursuant to Labor Code Section 1861, by signing this Contract, Contractor certifies as follows: "I am aware of the provisions of Labor Code Section 3700 which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the Work on this Contract."
9. **Conflicts of Interest.** Contractor, its employees, Subcontractors and agents, may not have, maintain or acquire a conflict of interest in relation to this Contract in violation of any City ordinance or requirement, or in violation of any California law, including Government Code Section 1090 *et seq.*, or the Political Reform Act, as set forth in Government Code Section 81000 *et seq.* and its accompanying regulations. Any violation of this Section constitutes a material breach of the Contract.
10. **Independent Contractor.** Contractor is an independent contractor under this Contract and will have control of the Work and the means and methods by which it is performed. Contractor and its Subcontractors are not employees of City and are not entitled to participate in any health, retirement, or any other employee benefits from City.
11. **Notice.** Any notice required by the Contract Documents must be made in writing, signed, dated, and sent to the other party by personal delivery, U.S. Mail, a reliable overnight delivery service, or by email as a PDF (or comparable) file. Notice is deemed effective upon delivery unless otherwise specified. Notice for each party must be given as follows:

City:

City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Phone: (409) 779-7259
Attn: City Clerk
Email: michelle.bigelow@morganhill.ca.gov
Copy to: Anthony.eulo@morganhill.ca.gov

Contractor:

Name: _____
Address: _____
City/State/Zip: _____

Phone: _____
Attn: _____
Email: _____
Copy to: _____

12. General Provisions.

- 12.1 Assignment and Successors.** Contractor may not assign its rights or obligations under this Contract, in part or in whole, without City's written consent. This Contract is binding on Contractor's and City's lawful heirs, successors and permitted assigns.
- 12.2 Third Party Beneficiaries.** There are no intended third-party beneficiaries to this Contract.
- 12.3 Governing Law and Venue.** This Contract will be governed by California law and venue will be in the Superior Court of Santa Clara County, and no other place. Contractor waives any right it may have pursuant to Code of Civil Procedure Section 394, to file a motion to transfer any action arising from or relating to this Contract to a venue outside of Santa Clara County, California.
- 12.4 Amendment.** No amendment or modification of this Contract will be binding unless it is in a writing duly authorized and signed by the parties to this Contract.
- 12.5 Integration.** This Contract and the Contract Documents incorporated herein, including authorized amendments or Change Orders thereto, constitute the final, complete, and exclusive terms of the agreement between City and Contractor.
- 12.6 Severability.** If any provision of the Contract Documents, is determined to be illegal, invalid, or unenforceable, in whole or in part, the remaining provisions of the Contract Documents will remain in full force and effect.
- 12.7 Iran Contracting Act.** If the Contract Price exceeds \$1,000,000, Contractor certifies, by signing below, that it is not identified on a list created under the Iran Contracting Act, Public Contract Code Section 2200 *et seq.* (the "Act"), as a person engaging in investment activities in Iran, as defined in the Act, or is otherwise expressly exempt under the Act.
- 12.8 Authorization.** Each individual signing below warrants that he or she is authorized to do so by the party that he or she represents, and that

this Contract is legally binding on that party. If Contractor is a corporation, signatures from two officers of the corporation are required pursuant to California Corporation Code Section 313. If Contractor is a partnership, signature by a general partner with authority to bind the partnership is required. If Contractor is a limited liability company (LLC), a signature by a member or manager with authority to bind the LLC is required.

[Signatures are on the following page.]

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.

The parties agree to this Contract as witnessed by the signatures below:

CITY OF MORGAN HILL:

Christina J. Turner
City Manager

Date: _____

Attest:

Michelle Bigelow
City Clerk

Date: _____

Approved as to Form:

Donald A. Larkin
City Attorney

Date: _____

CONTRACTOR:

[NAME OF CONTRACTOR]

Signature

Name/Title [print]

Date: _____

Corporate entities must provide a second signature:

Signature

Name/Title [print]

Date: _____

Contractor's License Number(s)

Expiration Date(s)

Seal:

Contractor's DIR Registration Number(s)

Expiration Date

END OF CONTRACT

Syserco Energy Solutions

Response to City of Morgan Hill Battery Storage System Project Request for Qualifications

Syserco Energy Solutions
215 Fourier Avenue
Suite 140
Fremont, CA 94539

Gabe Johnson
g.johnson@SES.com
Ph: (707) 227-6377



SYSERCO
ENERGY SOLUTIONS

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Battery Energy Storage System Capacity & Phasing Form

RFP for Design Build Work

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BATTERY ENERGY STORAGE SYSTEM CAPACITY & PHASING

Bidders shall complete the following section:

Section 2.2 outlines the funding sources from SVCE and the state, as well as the expectation of project staging to meet funding requirements. Please outline the recommended project phasing approach in order to fund a greater proportion of the work earlier.

See Section 5.2

Section 2.3 outlines the funding obtained for the project. Please outline the proposed battery capacity that can be achieved based on a funding amount of \$300,000. Outline any assumptions that have been made in order to determine this number.

See Section 5.1

Section 5.1 – Battery Capacity

Provide the proposed battery capacity on the City provided Proposal Form(s). The City will analyze the battery capacity on the Proposal Form and allocate points within zero to maximum range using proportional scale. The proposal with the highest proposed battery capacity will receive the maximum points and the proposal with the lowest proposed battery capacity will receive zero (0) points. All other proposals will receive points determined by proportionally between zero and maximum.

Option #1 - 352 kWh of battery storage capacity can be procured for \$500,000, with additional available funding from the SGIP program estimated to be \$105,600, based on the currently available step 4 PG&E funding.

Option #2 - 528 kWh of batteries can be procured with a capital investment of \$500,000, with additional available funding from the SGIP program estimated to be \$105,600, based on the currently available step 4 PG&E funding, plus \$204,400, which is likely to be available to the City in the form of a Tax-Exempt Municipal Lease Purchase Agreement (TELPA). We have modeled this additional funding at 2.5% for a term of 15-years. The additional savings that this solution provides will offset the debt service for this funding. SES will help to source a TELPA together with the City should you choose to pursue this Option.

Section 5.2 – Technical Design

Describe your design methodology and strategies for designing the battery storage systems at the site to maximize power production, provide reliable systems, and achieve high quality that are easily permittable. Provide the DBE's demonstrated quality control and quality assurance procedures. Provide conceptual design layouts, installation methodology, and supply system material specifications to substantiate the approach described above.

The resilience solution that SES is proposing is similar to existing storage systems that are already functioning in numerous locations across North America, including islands in Alaska and the Caribbean as well as supporting commercial environments in Louisiana post hurricane Ida. This proposed solution set is also similar to the solution that the Town of Los Altos Hills awarded to Syserco Energy Solutions on October 21, 2021.

Item 6.C <https://www.losaltoshills.ca.gov/AgendaCenter/ViewFile/Agenda/10212021-1899>

Video (Item can be begins at 3:43 and ends at 4:23)

<https://losaltoshillscs.civicclerk.com/Web/Player.aspx?id=427&key=-1&mod=-1&mk=-1&nov=0>

The Town of Los Altos Hills will be using this solution to provide service for the Town Hall which is also the community Red Cross center and a designated Cooling and Charging Center.

The Ageto Microgrid Controller (ARC) works in conjunction with the SEL 753 relay. When the utility service drops out, the ARC and the SEL respond by dispatching the BESS to grid form. The PV inverters will rarely see this blip and will follow the grid formed by the BESS. The ARC controller will also send a signal to the building automation* to begin the sequence (configured as specified during engineering) to shed load extending the duration of the proposed 528kWh battery. With this function the power production is maximized because the PV Solar asset can contribute toward generation. (Absent this grid forming, the PV System would otherwise sit idle if a generator was supporting the load during grid outages.) Additionally, the BESS shall be located as close as practicable to the new switchgear to minimize line losses.

***NOTE:** The existing Alerton Building Automation System for this building was installed by Syserco.

The proposed solution provides reliability immediately by utilizing the existing PV and building automation controls alongside the BESS. While reliability can be defined in many ways, the ARC controller provides everything from grid-connected support to hybrid resiliency (as is the case with this project,) as well as balances support for non-utility supported locations. Its flexibility makes it a perfect choice for adding additional types of generation or storage (including mobile storage,) something many cities are considering as fleet electrification moves to bidirectional applications.

Delta Power Systems North American headquarters is located in Fremont, CA. Delta's consolidated revenues in 2020 were US\$9.625B. Delta is financially sound and will be around to support the Product far into the future.

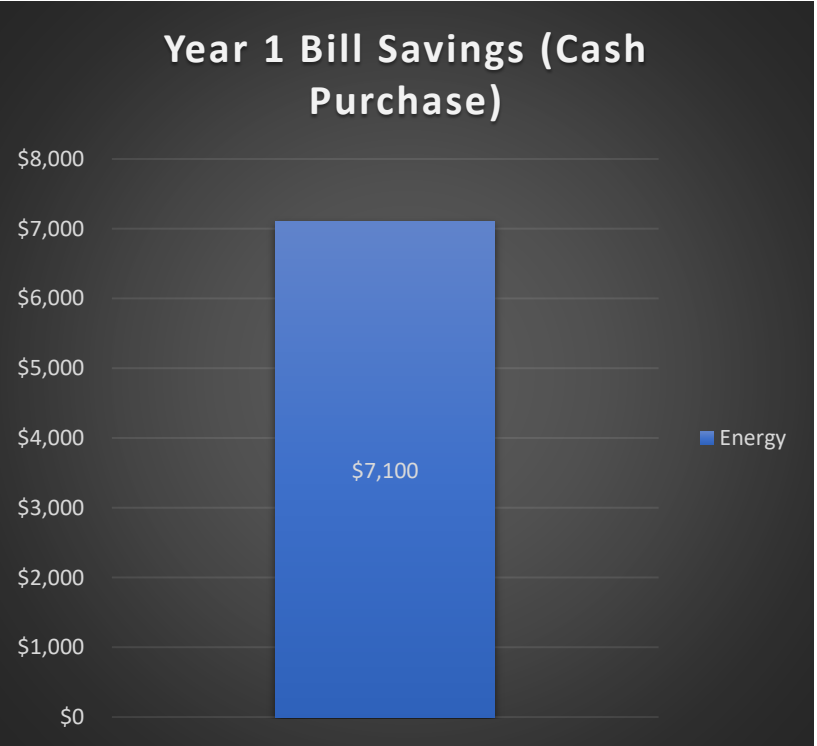
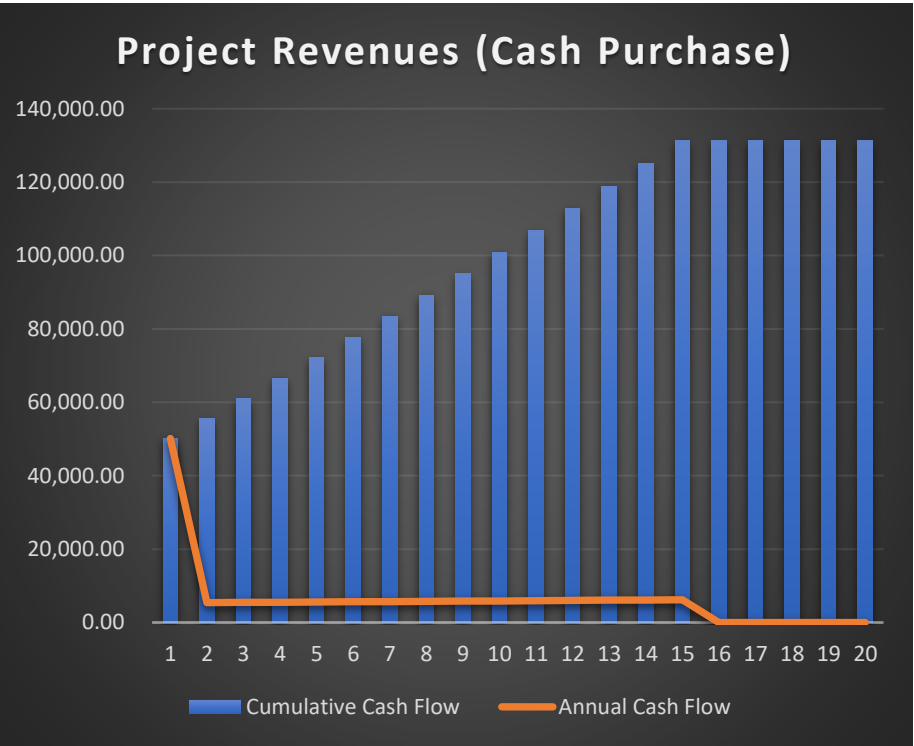
Choosing products from proven companies provides the most reliability possible, which is necessary to trust a solution to support you in an islanded emergency or PSPS event.

The system proposed has been altered from the RFP documents to reduce the service size to significantly increase the battery capacity that can be installed. The site's energy usage data has been analyzed, and it was found that the maximum demand of the site was 240.8 kW (290 Amps) after removing the PV production from the net energy usage. Therefore, the new service was downsized to 1600 amps, with a 700 amp breaker feeding the existing switchgear. This provides ample allowance for the site to drastically increase its energy usage (by a factor of more than 2.4x) without issue, while greatly reducing the infrastructure cost associated with the project, allowing for additional battery storage to be installed on site.

Option 1

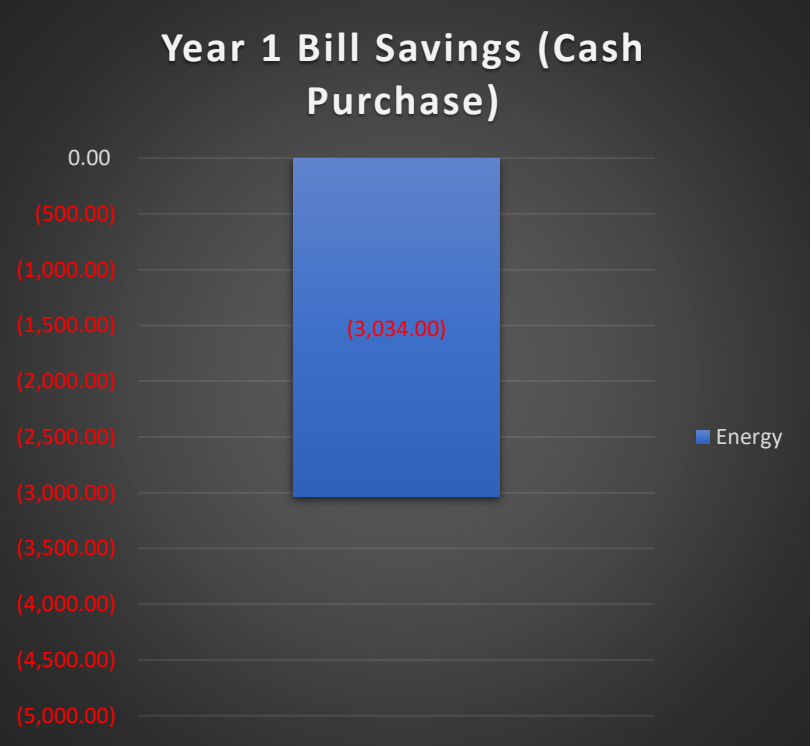
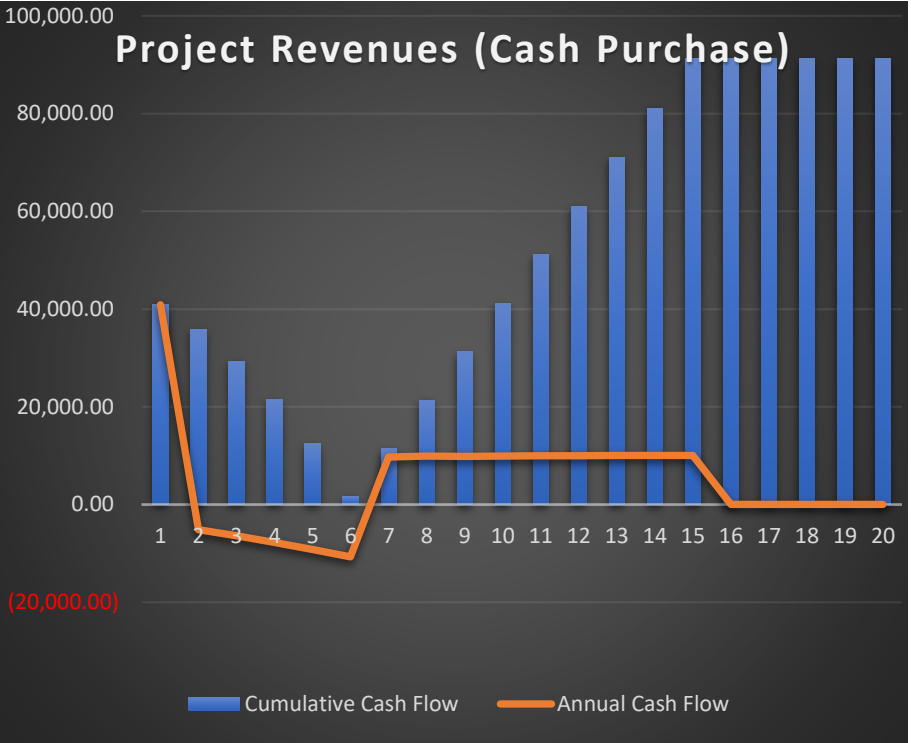
Calendar Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operational Year	1	2	3	4	5	6	7	8	9	10	11
Generation	0	0	0	0	0	0	0	0	0	0	0
Capital Investment	(8,000.00)										
Total Revenue	7,100.00	7,175.52	7,251.83	7,328.96	7,406.92	7,485.70	7,565.31	7,645.78	7,727.10	7,809.28	7,892.34
PV O&M Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ESS O&M Costs	(1,760.00)	(1,777.60)	(1,795.38)	(1,813.33)	(1,831.46)	(1,849.78)	(1,868.28)	(1,886.96)	(1,905.83)	(1,924.89)	(1,944.13)
Inverter Replacement Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Battery Augmentation Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenses	(1,760.00)	(1,777.60)	(1,795.38)	(1,813.33)	(1,831.46)	(1,849.78)	(1,868.28)	(1,886.96)	(1,905.83)	(1,924.89)	(1,944.13)
EBITDA	5,340.00	5,397.92	5,456.46	5,515.64	5,575.45	5,635.92	5,697.04	5,758.82	5,821.27	5,884.40	5,948.21
Pre Tax Cash Flow	(2,660.00)	5,397.92	5,456.46	5,515.64	5,575.45	5,635.92	5,697.04	5,758.82	5,821.27	5,884.40	5,948.21
Federal Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Federal Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Taxable Income	5,340.00	5,397.92	5,456.46	5,515.64	5,575.45	5,635.92	5,697.04	5,758.82	5,821.27	5,884.40	5,948.21
Federal Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
State Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Taxable Income	5,340.00	5,397.92	5,456.46	5,515.64	5,575.45	5,635.92	5,697.04	5,758.82	5,821.27	5,884.40	5,948.21
State Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ITC	0.00										
SGIP Rebate	52,800.00										
Net Cash Flow	50,140.00	5,397.92	5,456.46	5,515.64	5,575.45	5,635.92	5,697.04	5,758.82	5,821.27	5,884.40	5,948.21
Cumulative Cash Flow	50,140.00	55,537.92	60,994.37	66,510.01	72,085.46	77,721.38	83,418.42	89,177.24	94,998.51	100,882.91	106,831.12
IRR	N/A										
NPV	\$101,924.83										
ROI	N/A										
Payback Period	N/A										

2033	2034	2035	2036	2037	2038	2039	2040	2041
12	13	14	15	16	17	18	19	20
0	0	0	0	0	0	0	0	0
7,976.29	8,061.12	8,146.86	8,233.51	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1,963.58)	(1,983.21)	(2,003.04)	(2,023.07)	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1,963.58)	(1,983.21)	(2,003.04)	(2,023.07)	0.00	0.00	0.00	0.00	0.00
6,012.71	6,077.91	6,143.82	6,210.44	0.00	0.00	0.00	0.00	0.00
6,012.71	6,077.91	6,143.82	6,210.44	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6,012.71	6,077.91	6,143.82	6,210.44	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6,012.71	6,077.91	6,143.82	6,210.44	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6,012.71	6,077.91	6,143.82	6,210.44	0.00	0.00	0.00	0.00	0.00
112,843.83	118,921.74	125,065.55	131,275.99	131,275.99	131,275.99	131,275.99	131,275.99	131,275.99



Calendar Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operational Year	1	2	3	4	5	6	7	8	9	10	11
Generation	0	0	0	0	0	0	0	0	0	0	0
Capital Investment	(8,000.00)										
Total Revenue	(3,034.00)	(4,236.79)	(5,509.13)	(6,854.12)	(8,273.98)	(9,773.12)	10,680.00	10,850.00	10,815.00	10,874.00	10,927.00
PV O&M Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ESS O&M Costs	(880.00)	(888.80)	(897.69)	(906.66)	(915.73)	(924.89)	(934.14)	(943.48)	(952.91)	(962.44)	(972.07)
Inverter Replacement Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Battery Augmentation Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenses	(880.00)	(888.80)	(897.69)	(906.66)	(915.73)	(924.89)	(934.14)	(943.48)	(952.91)	(962.44)	(972.07)
EBITDA	(3,914.00)	(5,125.59)	(6,406.82)	(7,760.78)	(9,189.71)	(10,698.01)	9,745.86	9,906.52	9,862.09	9,911.56	9,954.93
Pre Tax Cash Flow	(11,914.00)	(5,125.59)	(6,406.82)	(7,760.78)	(9,189.71)	(10,698.01)	9,745.86	9,906.52	9,862.09	9,911.56	9,954.93
Federal Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Federal Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Taxable Income	(3,914.00)	(5,125.59)	(6,406.82)	(7,760.78)	(9,189.71)	(10,698.01)	9,745.86	9,906.52	9,862.09	9,911.56	9,954.93
Federal Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
State Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Taxable Income	(3,914.00)	(5,125.59)	(6,406.82)	(7,760.78)	(9,189.71)	(10,698.01)	9,745.86	9,906.52	9,862.09	9,911.56	9,954.93
State Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ITC	0.00										
SGIP Rebate	52,800.00										
Net Cash Flow	40,886.00	(5,125.59)	(6,406.82)	(7,760.78)	(9,189.71)	(10,698.01)	9,745.86	9,906.52	9,862.09	9,911.56	9,954.93
Cumulative Cash Flow	40,886.00	35,760.41	29,353.59	21,592.81	12,403.09	1,705.08	11,450.95	21,357.47	31,219.55	41,131.11	51,086.04
IRR	N/A										
NPV	\$59,870.16										
ROI	N/A										
Payback Period	N/A										

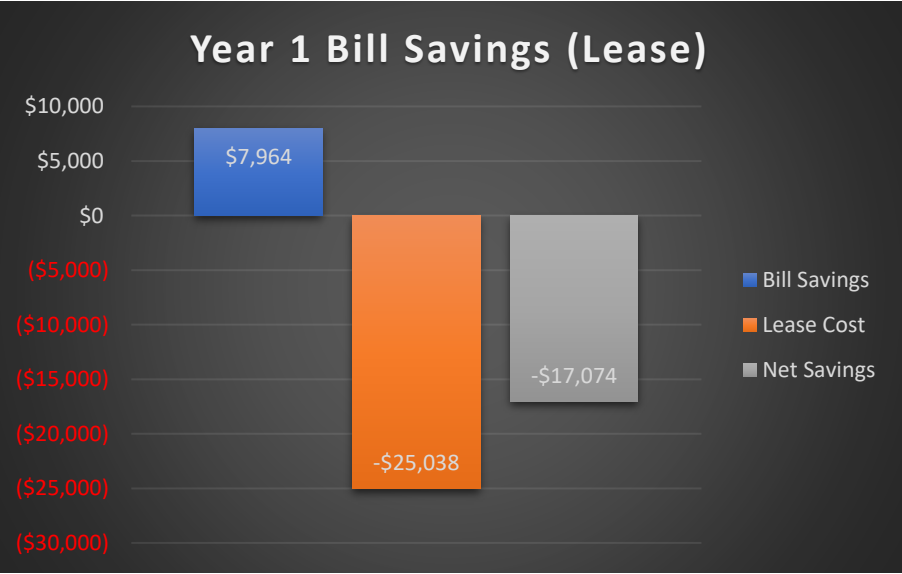
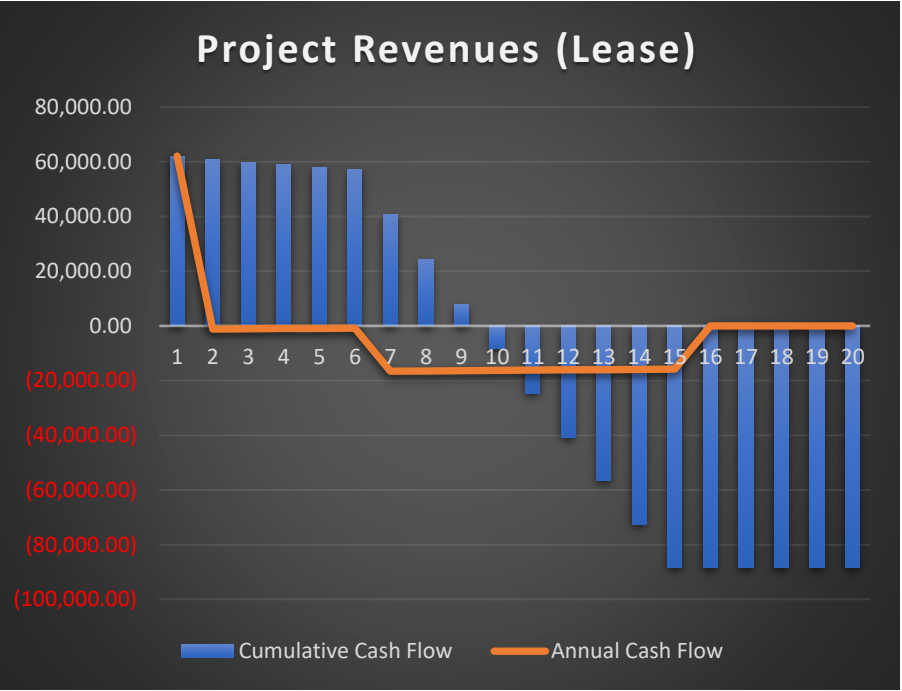
2033	2034	2035	2036	2037	2038	2039	2040	2041
12	13	14	15	16	17	18	19	20
0	0	0	0	0	0	0	0	0
10,974.00	11,013.00	11,045.00	11,069.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(981.79)	(991.61)	(1,001.52)	(1,011.54)	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(981.79)	(991.61)	(1,001.52)	(1,011.54)	0.00	0.00	0.00	0.00	0.00
9,992.21	10,021.39	10,043.48	10,057.46	0.00	0.00	0.00	0.00	0.00
9,992.21	10,021.39	10,043.48	10,057.46	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9,992.21	10,021.39	10,043.48	10,057.46	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9,992.21	10,021.39	10,043.48	10,057.46	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9,992.21	10,021.39	10,043.48	10,057.46	0.00	0.00	0.00	0.00	0.00
61,078.25	71,099.65	81,143.13	91,200.59	91,200.59	91,200.59	91,200.59	91,200.59	91,200.59



Option 2

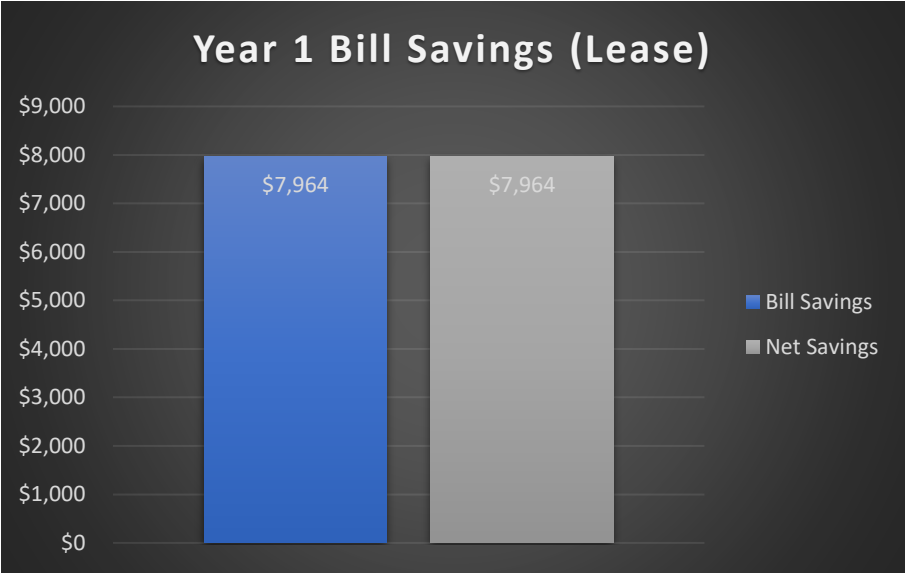
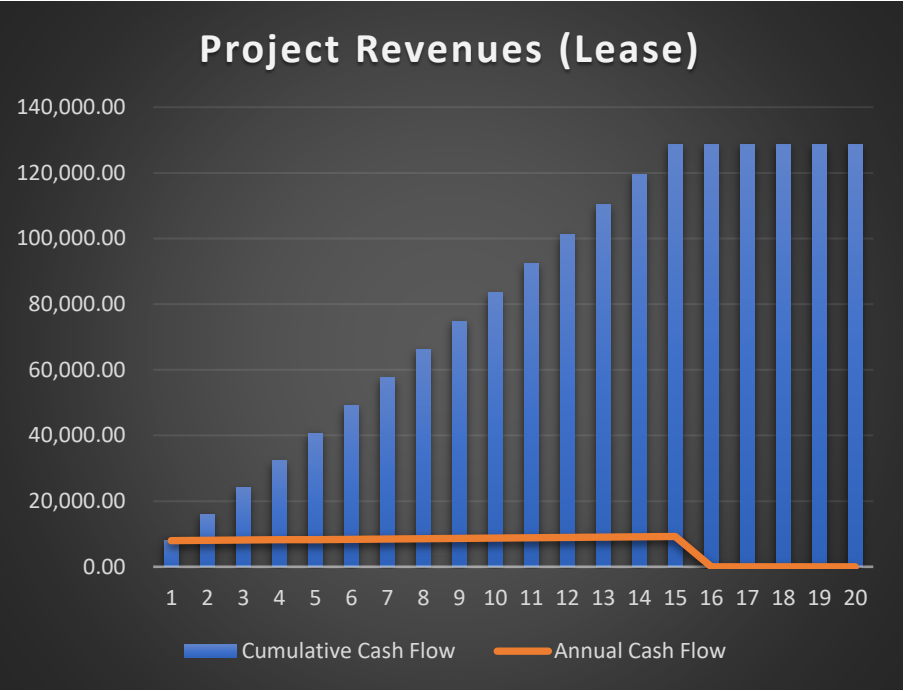
Calendar Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operational Year	1	2	3	4	5	6	7	8	9	10	11
Remaining Principal	(317,750.00)	(300,030.21)	(281,867.42)	(263,250.57)	(244,168.29)	(224,608.96)	(204,560.64)	(184,011.11)	(162,947.85)	(141,358.00)	(119,228.41)
Generation	0	0	0	0	0	0	0	0	0	0	0
Capital Investment	0.00										
Total Revenue	7,964.00	8,048.71	8,134.31	8,220.83	8,308.26	8,396.63	8,485.94	8,576.19	8,667.41	8,759.60	8,852.76
PV O&M Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ESS O&M Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inverter Replacement Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Battery Augmentation Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lease Payment	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)
Total Expenses	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)
EBITDA	(17,073.60)	(16,988.90)	(16,903.29)	(16,816.77)	(16,729.34)	(16,640.97)	(16,551.66)	(16,461.41)	(16,370.19)	(16,278.00)	(16,184.84)
Pre Tax Cash Flow	(17,073.60)	(16,988.90)	(16,903.29)	(16,816.77)	(16,729.34)	(16,640.97)	(16,551.66)	(16,461.41)	(16,370.19)	(16,278.00)	(16,184.84)
Federal Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Federal Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Taxable Income	(17,073.60)	(16,988.90)	(16,903.29)	(16,816.77)	(16,729.34)	(16,640.97)	(16,551.66)	(16,461.41)	(16,370.19)	(16,278.00)	(16,184.84)
Federal Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
State Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Taxable Income	(17,073.60)	(16,988.90)	(16,903.29)	(16,816.77)	(16,729.34)	(16,640.97)	(16,551.66)	(16,461.41)	(16,370.19)	(16,278.00)	(16,184.84)
State Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ITC	0.00										
SGIP Rebate	79,200.00	15,840.00	15,840.00	15,840.00	15,840.00	15,840.00					
Net Cash Flow	62,126.40	(1,148.90)	(1,063.29)	(976.77)	(889.34)	(800.97)	(16,551.66)	(16,461.41)	(16,370.19)	(16,278.00)	(16,184.84)
Cumulative Cash Flow	62,126.40	60,977.50	59,914.21	58,937.44	58,048.10	57,247.13	40,695.47	24,234.06	7,863.87	(8,414.14)	(24,598.97)
IRR	9.94%										
NPV	(\$30,878.00)										
ROI	142.27%										
Payback Period	N/A										

2033	2034	2035	2036	2037	2038	2039	2040	2041
12	13	14	15	16	17	18	19	20
(96,545.58)	(73,295.68)	(49,464.53)	(25,037.60)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
0	0	0	0	0	0	0	0	0
8,946.92	9,042.08	9,138.25	9,235.45	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	0.00	0.00	0.00	0.00	0.00
(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	0.00	0.00	0.00	0.00	0.00
(16,090.68)	(15,995.52)	(15,899.35)	(15,802.15)	0.00	0.00	0.00	0.00	0.00
(16,090.68)	(15,995.52)	(15,899.35)	(15,802.15)	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(16,090.68)	(15,995.52)	(15,899.35)	(15,802.15)	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(16,090.68)	(15,995.52)	(15,899.35)	(15,802.15)	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(16,090.68)	(15,995.52)	(15,899.35)	(15,802.15)	0.00	0.00	0.00	0.00	0.00
(40,689.65)	(56,685.17)	(72,584.52)	(88,386.67)	(88,386.67)	(88,386.67)	(88,386.67)	(88,386.67)	(88,386.67)



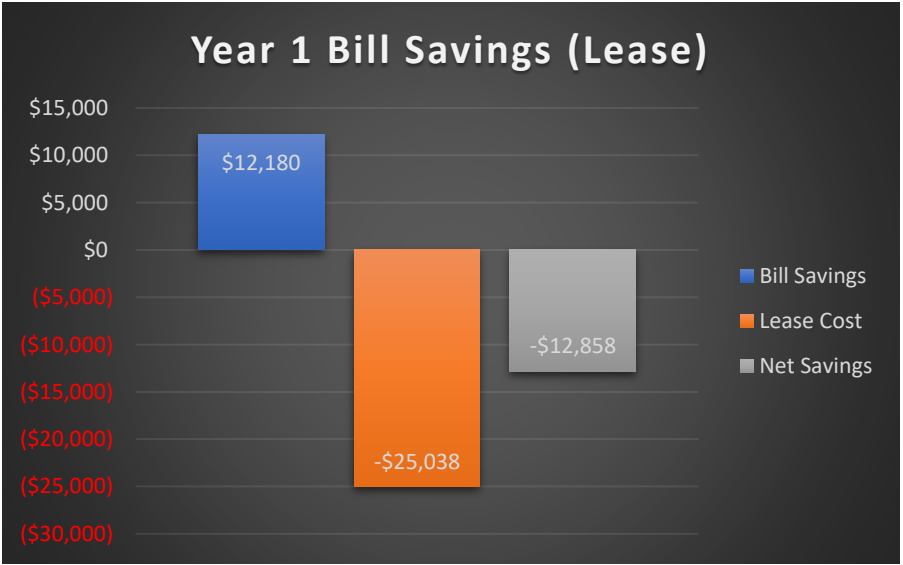
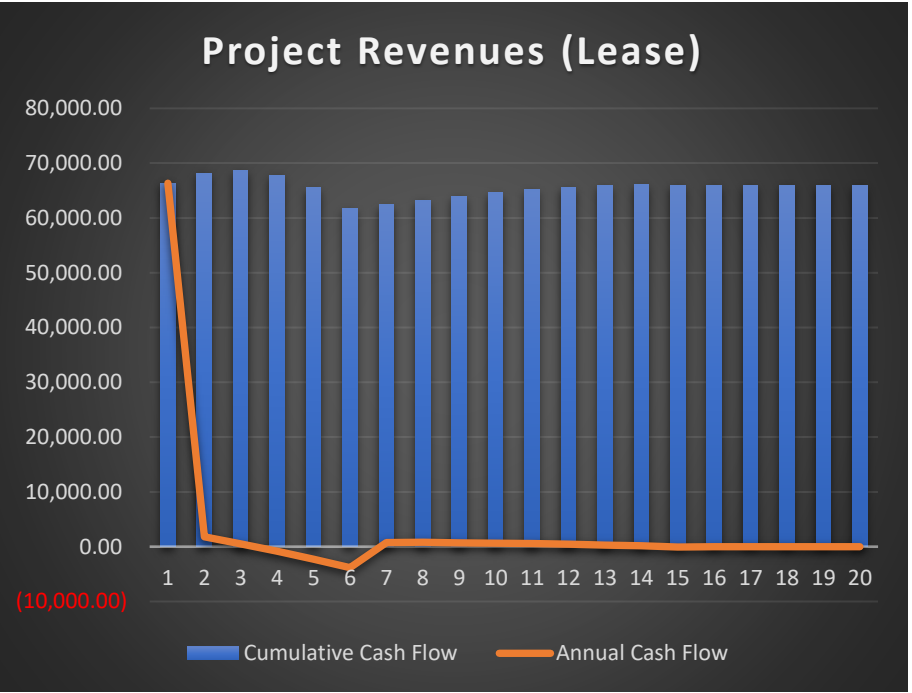
Calendar Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operational Year	1	2	3	4	5	6	7	8	9	10	11
Remaining Principal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Generation	0	0	0	0	0	0	0	0	0	0	0
Capital Investment	0.00										
Total Revenue	7,964.00	8,048.71	8,134.31	8,220.83	8,308.26	8,396.63	8,485.94	8,576.19	8,667.41	8,759.60	8,852.76
PV O&M Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ESS O&M Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inverter Replacement Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Battery Augmentation Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lease Payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA	7,964.00	8,048.71	8,134.31	8,220.83	8,308.26	8,396.63	8,485.94	8,576.19	8,667.41	8,759.60	8,852.76
Pre Tax Cash Flow	7,964.00	8,048.71	8,134.31	8,220.83	8,308.26	8,396.63	8,485.94	8,576.19	8,667.41	8,759.60	8,852.76
Federal Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Federal Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Taxable Income	7,964.00	8,048.71	8,134.31	8,220.83	8,308.26	8,396.63	8,485.94	8,576.19	8,667.41	8,759.60	8,852.76
Federal Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
State Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Taxable Income	7,964.00	8,048.71	8,134.31	8,220.83	8,308.26	8,396.63	8,485.94	8,576.19	8,667.41	8,759.60	8,852.76
State Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ITC	0.00										
SGIP Rebate		0.00									
Net Cash Flow	7,964.00	8,048.71	8,134.31	8,220.83	8,308.26	8,396.63	8,485.94	8,576.19	8,667.41	8,759.60	8,852.76
Cumulative Cash Flow	7,964.00	16,012.71	24,147.02	32,367.84	40,676.11	49,072.74	57,558.68	66,134.87	74,802.28	83,561.88	92,414.64
IRR	N/A										
NPV	\$88,261.92										
ROI	N/A										
Payback Period	N/A										

2033	2034	2035	2036	2037	2038	2039	2040	2041
12	13	14	15	16	17	18	19	20
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	0	0	0	0	0	0	0	0
8,946.92	9,042.08	9,138.25	9,235.45	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8,946.92	9,042.08	9,138.25	9,235.45	0.00	0.00	0.00	0.00	0.00
8,946.92	9,042.08	9,138.25	9,235.45	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8,946.92	9,042.08	9,138.25	9,235.45	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8,946.92	9,042.08	9,138.25	9,235.45	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8,946.92	9,042.08	9,138.25	9,235.45	0.00	0.00	0.00	0.00	0.00
101,361.56	110,403.65	119,541.90	128,777.35	128,777.35	128,777.35	128,777.35	128,777.35	128,777.35



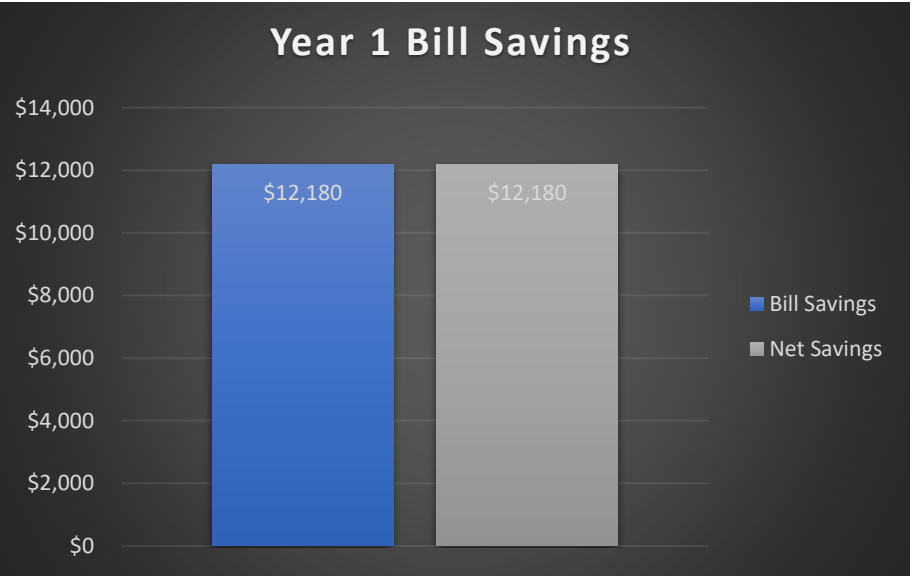
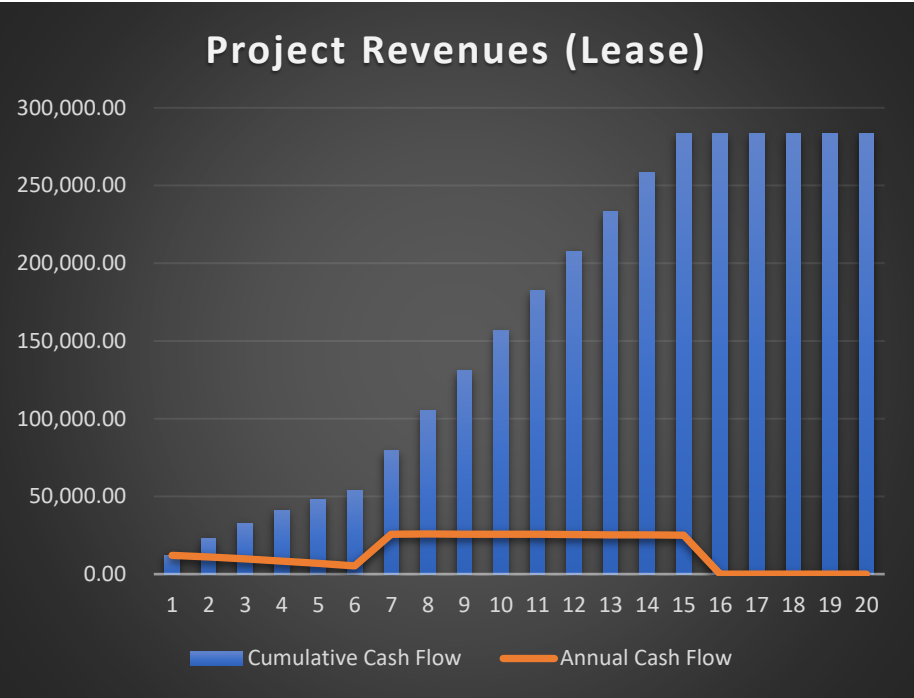
Calendar Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operational Year	1	2	3	4	5	6	7	8	9	10	11
Remaining Principal	(317,750.00)	(300,030.21)	(281,867.42)	(263,250.57)	(244,168.29)	(224,608.96)	(204,560.64)	(184,011.11)	(162,947.85)	(141,358.00)	(119,228.41)
Generation	0	0	0	0	0	0	0	0	0	0	0
Capital Investment	0.00										
Total Revenue	12,180.00	10,991.21	9,719.87	8,361.88	6,914.02	5,371.88	25,767.00	25,861.00	25,731.00	25,677.00	25,597.00
PV O&M Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ESS O&M Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inverter Replacement Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Battery Augmentation Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lease Payment	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)
Total Expenses	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)
EBITDA	(12,857.60)	(14,046.39)	(15,317.74)	(16,675.72)	(18,123.58)	(19,665.72)	729.40	823.40	693.40	639.40	559.40
Pre Tax Cash Flow	(12,857.60)	(14,046.39)	(15,317.74)	(16,675.72)	(18,123.58)	(19,665.72)	729.40	823.40	693.40	639.40	559.40
Federal Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Federal Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Taxable Income	(12,857.60)	(14,046.39)	(15,317.74)	(16,675.72)	(18,123.58)	(19,665.72)	729.40	823.40	693.40	639.40	559.40
Federal Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
State Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Taxable Income	(12,857.60)	(14,046.39)	(15,317.74)	(16,675.72)	(18,123.58)	(19,665.72)	729.40	823.40	693.40	639.40	559.40
State Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ITC	0.00										
SGIP Rebate	79,200.00	15,840.00	15,840.00	15,840.00	15,840.00	15,840.00					
Net Cash Flow	66,342.40	1,793.61	522.26	(835.72)	(2,283.58)	(3,825.72)	729.40	823.40	693.40	639.40	559.40
Cumulative Cash Flow	66,342.40	68,136.01	68,658.27	67,822.55	65,538.97	61,713.25	62,442.65	63,266.05	63,959.44	64,598.84	65,158.24
IRR	N/A										
NPV	\$62,632.09										
ROI	N/A										
Payback Period	N/A										

2033	2034	2035	2036	2037	2038	2039	2040	2041
12	13	14	15	16	17	18	19	20
(96,545.58)	(73,295.68)	(49,464.53)	(25,037.60)	0.00	0.00	0.00	0.00	0.00
0	0	0	0	0	0	0	0	0
25,488.00	25,350.00	25,180.00	24,979.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	0.00	0.00	0.00	0.00	0.00
(25,037.60)	(25,037.60)	(25,037.60)	(25,037.60)	0.00	0.00	0.00	0.00	0.00
450.40	312.40	142.40	(58.60)	0.00	0.00	0.00	0.00	0.00
450.40	312.40	142.40	(58.60)	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
450.40	312.40	142.40	(58.60)	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
450.40	312.40	142.40	(58.60)	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
450.40	312.40	142.40	(58.60)	0.00	0.00	0.00	0.00	0.00
65,608.64	65,921.04	66,063.44	66,004.84	66,004.84	66,004.84	66,004.84	66,004.84	66,004.84



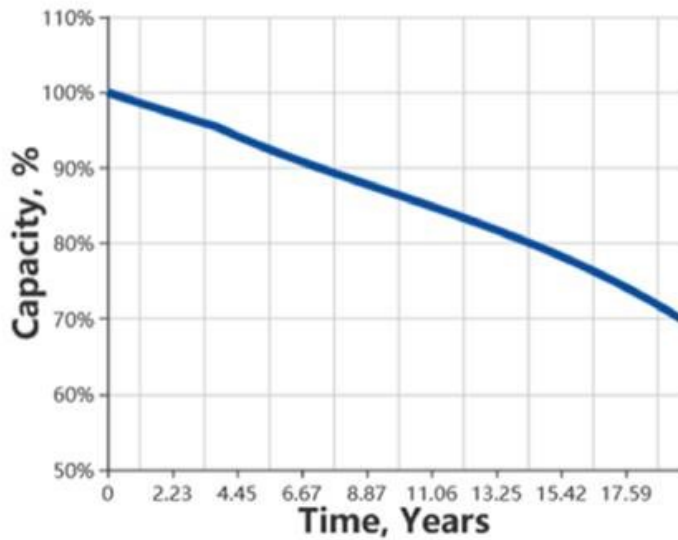
Calendar Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operational Year	1	2	3	4	5	6	7	8	9	10	11
Remaining Principal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Generation	0	0	0	0	0	0	0	0	0	0	0
Capital Investment	0.00										
Total Revenue	12,180.00	10,991.21	9,719.87	8,361.88	6,914.02	5,371.88	25,767.00	25,861.00	25,731.00	25,677.00	25,597.00
PV O&M Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ESS O&M Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inverter Replacement Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Battery Augmentation Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lease Payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA	12,180.00	10,991.21	9,719.87	8,361.88	6,914.02	5,371.88	25,767.00	25,861.00	25,731.00	25,677.00	25,597.00
Pre Tax Cash Flow	12,180.00	10,991.21	9,719.87	8,361.88	6,914.02	5,371.88	25,767.00	25,861.00	25,731.00	25,677.00	25,597.00
Federal Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Federal Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Taxable Income	12,180.00	10,991.21	9,719.87	8,361.88	6,914.02	5,371.88	25,767.00	25,861.00	25,731.00	25,677.00	25,597.00
Federal Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Depreciation Schedule	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
State Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Taxable Income	12,180.00	10,991.21	9,719.87	8,361.88	6,914.02	5,371.88	25,767.00	25,861.00	25,731.00	25,677.00	25,597.00
State Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Tax Benefit (Taxes Due)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ITC	0.00										
SGIP Rebate	0.00	0.00	0.00	0.00	0.00	0.00					
Net Cash Flow	12,180.00	10,991.21	9,719.87	8,361.88	6,914.02	5,371.88	25,767.00	25,861.00	25,731.00	25,677.00	25,597.00
Cumulative Cash Flow	12,180.00	23,171.21	32,891.08	41,252.96	48,166.98	53,538.86	79,305.86	105,166.86	130,897.86	156,574.86	182,171.86
IRR	N/A										
NPV	\$181,772.01										
ROI	N/A										
Payback Period	N/A										

2033	2034	2035	2036	2037	2038	2039	2040	2041
12	13	14	15	16	17	18	19	20
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	0	0	0	0	0	0	0	0
25,488.00	25,350.00	25,180.00	24,979.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25,488.00	25,350.00	25,180.00	24,979.00	0.00	0.00	0.00	0.00	0.00
25,488.00	25,350.00	25,180.00	24,979.00	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25,488.00	25,350.00	25,180.00	24,979.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0%	0%	0%	0%	0%	0%	0%	0%	0%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25,488.00	25,350.00	25,180.00	24,979.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25,488.00	25,350.00	25,180.00	24,979.00	0.00	0.00	0.00	0.00	0.00
207,659.86	233,009.86	258,189.86	283,168.86	283,168.86	283,168.86	283,168.86	283,168.86	283,168.86



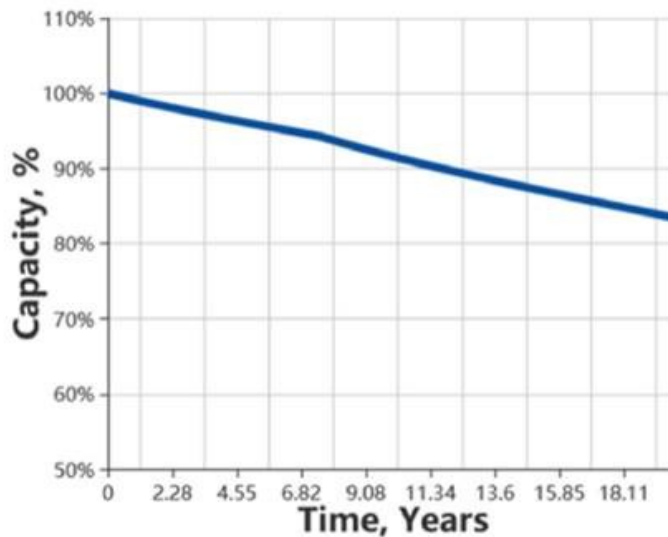
Technical Support Information

- DOD 10%-90%, Degradation curve & SOH**

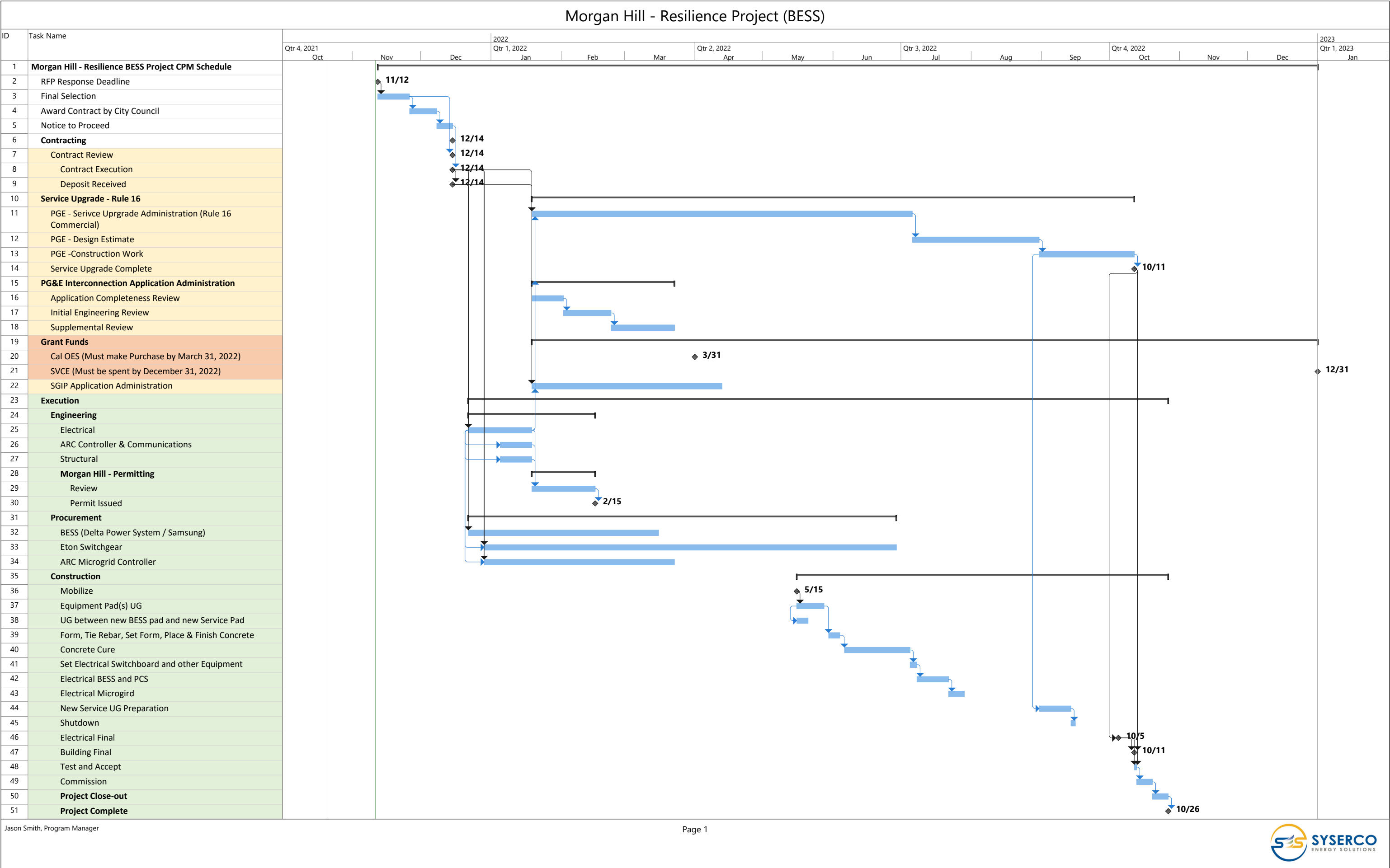


year	SOH
6.00	0.918[91.78%]
7.00	0.904[90.36%]
8.00	0.89[88.99%]
9.00	0.876[87.65%]
10.00	0.863[86.31%]
11.00	0.85[84.96%]
12.00	0.836[83.58%]
13.00	0.821[82.14%]
14.00	0.806[80.62%]
15.00	0.79[79%]
16.00	0.773[77.26%]
17.00	0.754[75.36%]
18.00	0.733[73.29%]
19.00	0.71[71%]
19.40	0.7[70%]

- DOD 10%-60%, Degradation curve & SOH**



year	SOH
12.00	0.898[89.77%]
13.00	0.889[88.9%]
14.00	0.881[88.06%]
15.00	0.872[87.25%]
16.00	0.864[86.45%]
17.00	0.857[85.66%]
18.00	0.849[84.88%]
19.00	0.841[84.11%]
20.00	0.833[83.35%]



BATTERY ENERGY STORAGE SYSTEM CAPACITY & PHASING

Bidders shall complete the following section:

Section 2.2 outlines the funding sources from SVCE and the state, as well as the expectation of project staging to meet funding requirements. Please outline the recommended project phasing approach in order to fund a greater proportion of the work earlier.

Section 2.3 outlines the funding obtained for the project. Please outline the proposed battery capacity that can be achieved based on a funding amount of \$500,000. Outline any assumptions that have been made in order to determine this number.

Option #1 - 352 kWh of batteries can be financed for the funding of \$500,000, with additional funding from the SGIP program estimated to be \$105,600, based on the currently available step 4 PG&E funding.

Option #2 - 528 kWh of batteries can be financed with a capital investment of \$500,000, with an additional lease to cover increased cost.

Section 5.3 – Construction Methodology and Expertise

Describe the DBE's methodology for completing the Work within the boundaries of the site with minimal disruption of utility service and facility operations of the existing facility.

Describe your approach to Site Logistics (construction phasing, construction quality control methods, testing and inspection methods, commissioning techniques, interconnectivity to local utilities, construction management, etc.). Provide preliminary construction schedules showing important milestones and discuss the significance of the milestones.

Describe the Project Management approach that will meet the City's optimal goal, describing how the construction will be organized, coordinated, integrated to meet project delivery milestones. Describe how the DBE will meet or exceed project criteria, provide cost effective system within schedules.

1a Identify the names of Key Staff who will be assigned to the Battery Project, where they will reside during the Project, and their relevant experience. Include an organization chart of the team and a staffing plan.

Provide a clear indication of which members will carry out specific aspects of the work. Indicate when Key Staff will become available to support the project and when you plan for them to leave their assignment. Indicate specific experience these persons have with Design Build projects of similar nature.

Describe battery energy storage projects completed by the DBE comparable in size and scope to the proposed project.

Points will be awarded based on the clarity of the described approach and methodology, the qualifications of the individuals assigned to the project, and the depth of the team's experience.

Team Description:

The SES Morgan Hill Resilience Project team consists of individuals with a deep set of licensures, knowledge, and experience with energy storage projects for both revenue generation and behind the meter resilience.

Syserco Energy Solutions is currently working with other Local Governments with the same grants and project constraints, and has contracted with three cities in the SF bay area supporting behind the meter resilience projects – one of these cities includes multiple locations.

Syserco, Inc. installed the Alerton building automation controls that were originally installed at the Centennial Recreation Center in 2010. O'Mahony and Myer Electrical Engineering were the original electrical design engineers for the facility when it was constructed, and are partners with SES for the execution of this energy storage project.

Syserco Energy Solutions has staff trained by the DBIA association. This allows us to provide not only formally educated design build professionals, but years of experience developing and executing design build EPC energy projects.

Our team's electrical subcontractor, Blymyer Electrical Contractors, has a resume included in this response. Their resume illustrates their deep experience and hands on knowledge of BESS construction and integration.

Section 5.4 – 20-Year Life Cycle Costs

Provide a life cycle cost analysis for the anticipated energy use at the facility. The bidders shall provide life cycle costing showing the results of both a standard purchasing approach as well as for a power purchase agreement, demonstrating the difference in battery size between the two options. The following assumptions shall be used:

- **Monthly energy use will not change at the facility (historical facility use data is in Attachment**
- **PG&E energy costs for any residual power that the facility will need to purchase from PG&E will rise 3% annually**
- **There will be no significant interruptions to solar power production from construction, reroofing, etc.**
- **There will be no component failures**
- **There are no changes in feed-in tariffs**

Conduct an analysis period from year 0 through year 20. Exclude consideration of any utility or energy rebates from the analysis. The points will be proportionately assigned using similar procedure as defines in Section 5.1 above. The analysis above should solely illustrate the energy costs the facility will have for the twenty years after the battery system is installed.

Due to the new interconnection agreement that will be needed to be executed in order to install the system as desired, the legacy 'A' rate schedules which the facility is on will no longer be available. Additionally, due to the adjustment of the original interconnection agreement, the existing PV system will no longer be credited for energy exports under the NEM1.0 tariff. The successor 'B' tariffs have been considered in project cash flows. If changes were not made to the system, the latest that the facility would be able to stay on the legacy 'A' rates is the year 2027 – this has been accounted for in the cash flows when calculating the reference energy costs for the facility. Costs up until the end of 2027 are compared with the existing PV system on the current rate, while after this year the costs are compared with the existing PV system on the new 'B' rate schedule.

Two options have been proposed.

The first option utilizes the grant monies and SGIP incentives to fully cover the capital expenditures of the system.

While we know we have responded and provided a cashflow with this option ensuring we are considered responsive, we note it is difficult to illustrate the benefit of energy storage in general. This is especially true for resilience projects when excluding the impact of BESS upon the customer's rate tariff and the subsequent opportunities.

The second option utilizes the grant monies coupled with an operating lease to finance a considerably (50%) larger battery capacity. This increased system size allows for significant savings on electricity costs for the facility via a switch to the B-19, Option S rate schedule. These additional savings, which would not otherwise be able to be captured with a smaller system, offset the vast majority (roughly 95%) of the cost of the operating lease for the additional battery size.

Section 5.5 Skilled Labor Force Availability

Syserco Energy Solutions has collaborated with a team of experienced and professional firms to assemble a complete team that will be able to meet all requirements and provide all the necessary services associated with this project. SES is currently working with Town of Los Altos Hills for a similar CALOES-funded and SVCE-funded battery storage project. SES is also working with City of Gilroy for a similar project, also funded by SVCE. SES has the required labor and professional expertise available to deliver this project within budget and schedule, as approved by City of Morgan Hill. SES is a comprehensive Energy Services ESCO that has a dedicated team to focus on resiliency, solar PV, and battery storage projects. SES has reviewed the Skilled Labor Compliance Program information, as provided by the CA Dept of Industrial Relations and intends to adhere to the Skilled and Trained Workforce Statutes as defined by the CA Dept of Industrial Relations" SES looks forward to meeting with the City of Morgan Hill staff to collectively review and develop a comprehensive project schedule that includes all aspects of the project (design + implementation), and SES has the committed resources available to deliver on a schedule that is reviewed and approved by City staff.

Section 5.6 Acceptable Safety Record

Syserco takes safety measures very seriously and has an incredible record. Effective 3/20/2020 Syserco Energy Solution's EMR/XMOD is .57. Following all CalOSHA and NEC 70E electrical safety requirements SES integrates safe practices into its behavioral procedures generating job hazard analysis before every unique task and reviewing with all personnel before the work begins. Safety is thread into each policy and procedure. SES employs and partners with consultants and subs who also exercise this same approach and judgement towards employee and site safety.

Ageto Technical Data



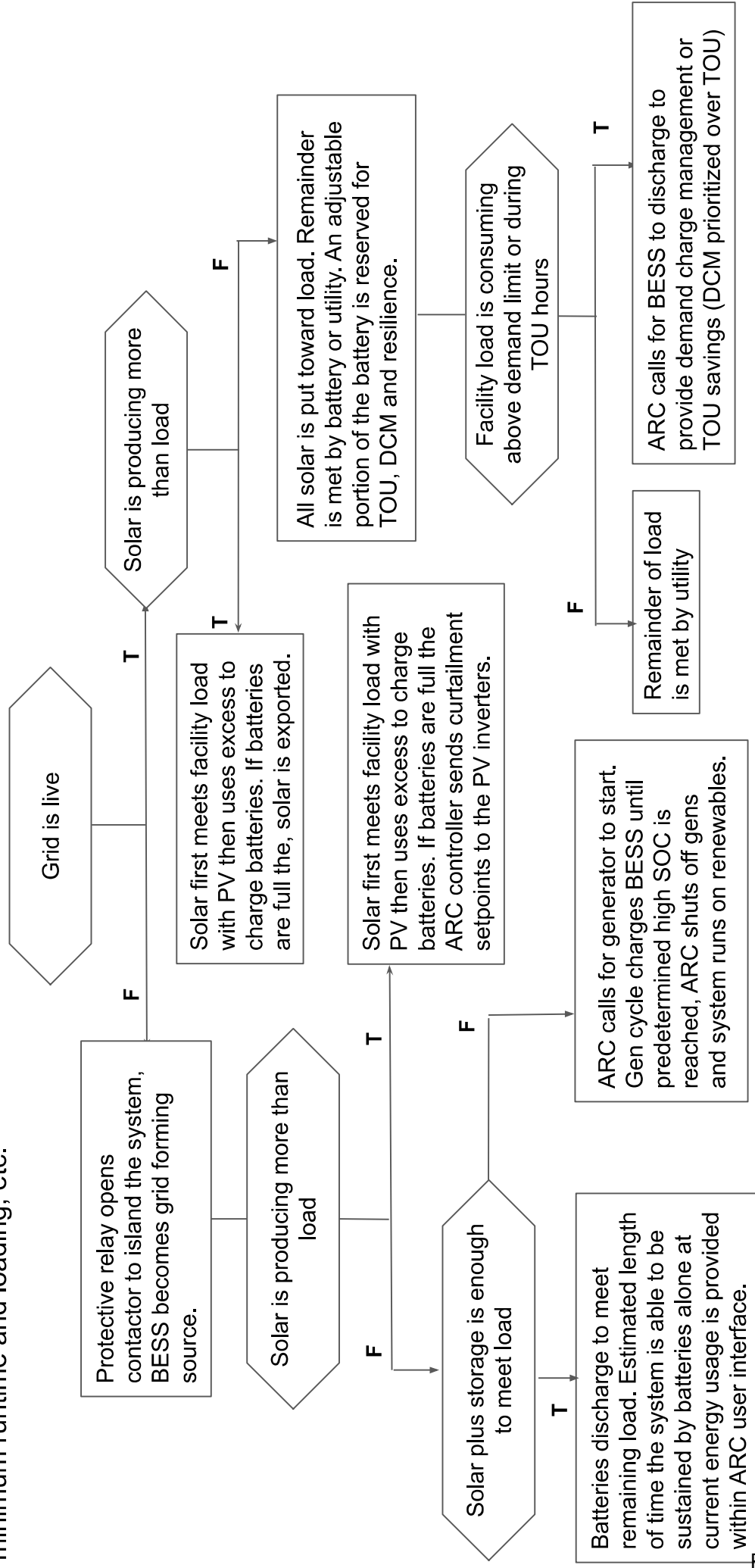


Control Dispatch Methodology

Flow Diagram - Grid tied, resilience



This chart is intended to demonstrate the dispatch algorithm the ARC controller prioritizes depending on use case. At all times the controller monitors and protects the health of the resources, respecting max charging rates and SOC limits, minimum runtime and loading, etc.

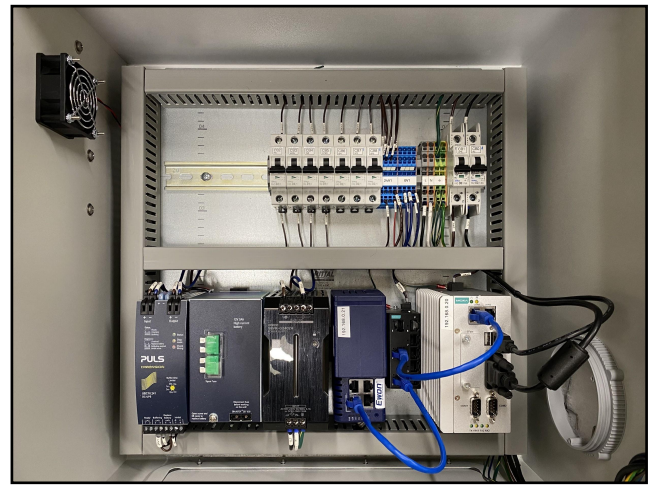


Ageto Renewable Controller™ (ARC) Microgrid Controller

Product Description

The Ageto ARC is a robust, energy-resource agnostic, operator-focused microgrid control solution for both off-grid and behind-the-meter power systems. ARC maximizes clean, renewable energy by seamlessly integrating and optimizing conventional and renewable energy resources into the microgrid.

ARC runs on an industrial PC packaged in a control cabinet with power supply, UPS, ethernet switch, VPN/firewall, and 15" industrial touchscreen (optional). It is designed to be wall-mounted in the electrical control room or in close proximity to the energy resources.



Energy Management at your fingertips



Product Features

- Energy Resource Agnostic
- Demand Charge Management
- Time-of-Use Arbitrage
- Resilient Backup Power
- Load Management
- Real-time Control
- User-level Authentication
- Web Dashboard
- Secure VPN Connection
- Historian and Trending
- Data Reporting
- Alarm Management
- SMS/Email Notifications

The Ageto Difference

The Ageto ARC controller provides a complete control solution optimizing both conventional and renewable energy resources with a standard user interface that allows for full control and monitoring of the energy resources with reduced training requirements. ARC performs under the most demanding conditions and applications where power reliability is critical.

Ageto Renewable Controller (ARC) - Technical Specifications



Cabinet Data	
External dimensions (height x width x depth)	500 mm x 500 mm x 300 mm (19.7" x 19.7" x 11.8")
Mounting dimensions (height x width)	460 mm x 460 mm (18.1" x 18.1")
Mounting style	Wall-mount
Cable entry (width x depth)	Metal gland plate 303 mm x 113 mm (11.9" x 4.4")
NEMA rating	NEMA 3R
Weight	31 kg (68 lb)
Power Supply	
Voltage	100 - 240V AC single phase
Frequency	50/60 Hz
Current Requirement	2A @ 120V AC
Wire Gauge	14 AWG
Climate Limit	
Operating Temperature Range	-20 to +55°C (-4 to +131°F)
Humidity, non-condensing	5 - 95% RH
Altitude Limit	3000 m (9,842 ft)
Communication	
8 port unmanaged switch	6 available ports
Remote Communications	Ethernet Cellular
External Communication Interfaces	Modbus RS485 Modbus TCP DNP3 REST API
User Interface	
Screen size	15" viewable
Touchscreen	IP 66 400 cd/m ² luminance Sunlight-readable
Resolution	1024 x 768

Ageto Renewable Controller (ARC) - Energy Resources



ARC has been validated with the following energy resources, allowing a quick and easy configuration for projects. Ageto is continually adding new energy resources and is able to validate other vendors not currently listed.



Energy Storage Inverter

- ABB TLE UPS
- Delta PCS 125
- Delta E30-TL
- Dynapower BTM-250
- Dynapower CPS-i1500
- Dynapower MPS-125 EHV
- Dynapower MPS-i125 EHV
- Dynapower MPS-250
- EPC Power DG LC12/3
- EPC Power PD 500/AC
- Ideal Power 30C3
- OzTek OZpcs-RS40
- Princeton Power GTIB-480-125
- Sinexcel PWS2-30K-NA
- Tesla Megapack
- ABB ESI-I/M/S*
- LS Energy PowerBRiC E-Series*



Power Meter

- AccuEnergy Acuvim II
- AccuEnergy Acuvim II [DNP3]
- AccuEnergy AcuDC 240
- DENT PowerScout 3037
- eGauge Core
- Measurlogic DTS 307
- Measurlogic DTS 310
- Schneider PowerLogic PM5000
- Schneider PowerLogic PM8000
- Schneider PowerLogic ION9000
- Shark 100
- Shark 200
- WattNode WNC
- WattNode RWNC
- WattsOn Universal Power Transducer



Battery Management System

- Amber Kinetics FMS
- Avalon AFB2
- Avalon AFB3
- Blue Planet Energy Blue Ion LX
- Energport L-3060
- Energport L-6060
- KORE Mark 1
- LG Chem BMS
- Powin Energy bp-OS
- Samsung P3
- Samsung E3
- Stafl BMS1000 A2
- Toshiba LTO
- UET ReFlex BMS
- Nuvation BMS*
- Powersync Energy HV-ESS*
- SAFT BMS*



Generator Controller

- Basler DGC-2020
- Caterpillar EMCP 4.x
- ComAp IntelliGen NT
- CRE Gensys 2.0
- DeepSea 7310
- DeepSea 8610
- DeepSea 8610 MKII
- DEIF AGC 150
- DEIF AGC 2xx
- DEIF AGC-4
- Basler DGC-2020HD*
- ComAp IntelliSys NT*
- Cummins PCC 3.3*
- Woodward easYgen-2500*
- Woodward easYgen-3000*



Wind Turbine

- Northern Power NPS 60*
- Northern Power NPS 100*
- Tuge TUGE10*



PV String Inverter

- Ampt CU
- Chint 50/60 KTL
- Huawei SUN2000
- SMA CORE1
- SMA Sunny Boy
- SMA Tripower
- SolarEdge SExxKUS
- Solectria PVI xxTL
- Fronius Symo*
- SMA PEAK3*



Weather Station

- Hukseflex SR05-D1A3
- RainWise PVmet 150
- RainWise PVmet 200
- RainWise PVmet 500
- Atonometrics RC18
- Campbell Scientific CRxxx*
- Columbia Weather Solar 1*
- Gill MetPak*



Other

- Control by Web WebRelay-Quad (I/O module)
- Control by Web X-418 (I/O module)
- Control by Web X-420 (I/O module)
- Moxa ioLogik E1210 (I/O module)
- Moxa ioLogik E1214 (I/O module)
- SEL-351S (protective relay)
- SEL-547 (protective relay)
- SEL-751 (protective relay)

*in development

BEI Partner & References



Dominic DiMare
Senior Supervisor, Principal In Charge



Mr. DiMare has over 25 years' experience in the electrical industry and has been with BEI Construction since 2005. He is responsible for the day-to-day operations of our electrical department, including estimating, scheduling, budgeting, and crew development.

Mr. DiMare's projects have included:

Peet's Coffee & Tea equipment relocation project to its new roasting plant in Alameda.

Installation of three emergency generators for Golden Gateway Center in San Francisco.

Electrical design-build of both the Livermore and Emeryville RV, Boat & Storage

Electrical for a canopy installation for Matheson Tri-Gas in Irwindale

Electrical for the Bel Marin Keys Pump Station in Novato

Almost 1500 MW (1.5 GW) Gigawatt of Solar Installations throughout California, utilizing ground-, canopy, and roof-top installations.

6 Wind Power Plants

Several Supercharger Stations

Numerous Battery Plants and Battery Storage Systems

OPS projects include:

Stanford Health Care in Newark
Qualcomm
University of San Francisco
Multiple AT&T locations throughout California

1101 Marina Village Parkway, Suite 100
Alameda, CA 94501
Phone 510.521.3792
Fax 510.865.2594
CA State License No. 528322



Graeme Kling

Project Manager

Graeme has a diverse background of project management, engineering, and asset management in photovoltaic and energy storage projects. Graeme is currently leading the development and operations activities for the BEI Construction Energy Storage team that currently equal approximately 50 MW of energy storage in various states of design and construction. In response to market interests in ESS his team is growing and preparing to be under construction and development with hundreds of megawatts of energy storage projects in the short term.

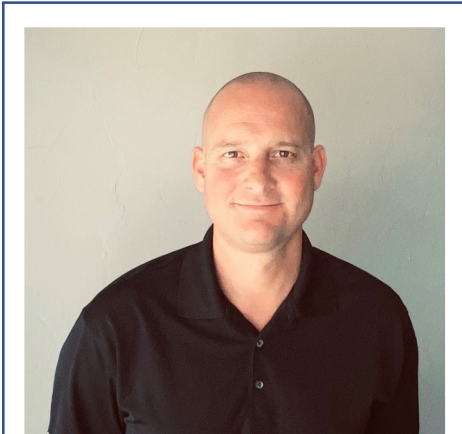
Licenses, Certifications and Education

B.S., Civil Engineering
San Francisco State University

Prior to joining BEI Graeme created the PV utility asset management and safety program for Mississippi Entergy LLC. Under contract with Entergy New Orleans Graeme created the design guidelines, commissioning procedures, and worked with the creation of program safety guidelines and contract execution documents for the New Orleans residential rooftop solar program, ReNEWable Orleans. Prior to working with Entergy and as Director of Operations for Stion Corporation, Graeme led a team of project and construction managers for all PV projects from development to COD for Bosch Solar Energy US.

Representative Project Experience

Project	Project Scope of Work
MCE - Chevron	Designed & Developed, 11.5 MW SAT solar PV system in Richmond, CA
County of Maui PPA	EPC, Lead Engineer and Project Manager for 3 MW PV portfolio in Maui, HI
Entergy PV Pilot, MS	Full EPC scope, first three utility owned PV systems in the state of Mississippi for Entergy MS
Tesla Megapacks	EPC, BESS projects with a total of 50 megawatts and 200 megawatt hours of Tesla Megapacks in the southwestern states



Evan Haskins

Project Manager

With over fifteen years of experience in the Solar Electric Industry Evan has spent the last six years as a Director of Operations, in the San Francisco Bay Area, before joining the BEI team in April of 2020. He has both his electrical contractors license and his general electrician certification. With the necessity for battery energy storage systems (BESS) and backup battery systems, his natural progression into the battery storage field had begun with SMA America's Sunny Island and lead into Tesla's first-generation battery storage system. Currently he is working on Tesla's utility scale energy storage plants, in the western energy imbalance market, managing the day-to-day project operations by interacting with the clients and vendors, scheduling projects, and managing his sub-contractors. Evan's focus is also on the development of new business opportunities, by walking jobs for designing and estimating purposes, while never losing sight of the project costs and timeline expectations of his ongoing projects.

Licenses, Certifications and Education

Electrical Contractor License
#1003145

Certified General Electrician
#152794

Certified Tesla Installer

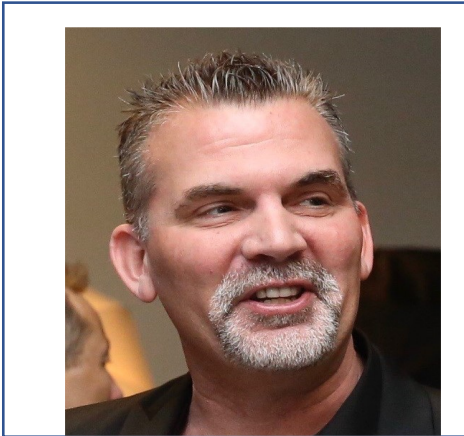
NFPA 70e Certified

OSHA 30

AS Degree Business

Representative Project Experience

Project	Project Scope of Work
M&L Cold Storage Solar PV	Project managed a two-megawatt rooftop solar PV system in Stockton, CA
Cathedral Church	Oversaw the installation of a one-megawatt carport and rooftop solar PV system in San Jose, CA
SF Bay Area	Managed over 1800 residential and light commercial solar PV and battery systems in the San Francisco Bay Area
Tesla Megapacks	EPC, BESS projects with a total of 50 megawatts and 200 megawatt hours of Tesla Megapacks in the southwestern states



Rob Hensley, PMP

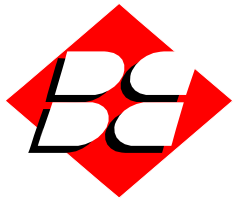
Project Manager.

As Project Manager for Electrical and Renewable projects for over 30 years, Rob Hensley's work and efforts focuses on medium and large commercial distributed energy projects consisting of Schools, Universities, Community Colleges, Federal and State, Infrastructure, as well as private projects consisting of Manufacturing and Retail.

Representative Project Experience

Education, Licenses and Certifications
PMP, PMBOK
Project Management Professional Project Management Body of Knowledge

Project	Project Scope of Work
U.C. Merced	Project Manager, EPC Full scope – 5.5 MWAC single site w/ storage
LVJUSD PH 1	Project Manager, EPC Full scope – 4.0 MWAC multi-site portfolio
NVUSD	Project Manager, EPC Full scope – 3.3 MWAC multi-site portfolio
Napa Sanitation District	Project Manager, EPC Full scope – 1.0 MWAC single site.
Nevada County	Project Manager, EPC Full scope – 5.5 MWAC multi-site portfolio
SRJC	Project Manager, EPC Full scope – 3.5 MWAC multi-site portfolio
Nvidia	Project Manager, EPC Full scope – 1.0 MWAC single site portfolio



1. REFERENCES

- Project: Mira Loma 40MW BESS
Scope: Design
Contact: Chris Abel, Director of Operations – Tesla
cabel@tesla.com
- Project: Agua Fria 25MW BESS
Scope: EPC
Contact: Jeff Ryan, Senior Project Manager – Tesla
315.564.6090 / jeryan@tesla.com
- Project: Vallecito 10MW BESS
Scope: EPC
Contact: Rob Wilson, Senior Project Manager – Tesla
510.734.5005 / robwilson@tesla.com
- Project: Silverstrand 10MW BESS
Scope: EPC
Contact: Chris Abel, Director of Operations – Tesla
cabel@tesla.com
- Various BESS Projects as Prime Contractor
 - o Illumina 1MW BESS
 - o Port Hueneme 1MW BESS
 - o GAP 1MW BESS
 - o Brea Mall 500kW BESS
 - o Brea Mall 250kW BESS
 - o Intel Folsom – 6MW PV + 2MW BESSContact: Chris Abel, Director of Operations – Tesla
cabel@tesla.com

2. EQUIPMENT

The following list of equipment manufacturers are the preferred partners BEI uses for BESS

projects. Spec sheets will be provided for approval prior to procurement once systems have been designed. Example spec sheets and BOM spec's may be provided upon request.

- Switchboards, panelboards, disconnects - Eaton, Square D
- MV transformers – Cooper
- Vaults – Old Castle
- BOS – Southwire, Okonite, B-Line, Belden, Eaton, Burndy, Ilco

3. QA/QC

Quality Assurance

With an emerging market such as BESS, BEI works closely with battery manufacturers well ahead of mobilization to develop QA/QC procedures that follow the recommendations of each manufacturer's specific technology. Because each BESS manufacturer has specific requirements for their product, QA/QC procedures vary by manufacturer and as a result will be developed and provided well ahead of deployment. BEI will employ highly experienced support staff utilizing computerized project tracking to manage field activities. Daily scheduling and job reporting from the field allow strict quality control. BEI Construction believes in providing our clients with only the highest-quality materials and services. BEI Construction has a vendor approval process based on several factors including review of written vendor Quality Assurance documentation, vendor purchasing procedures and vendor incoming inspection criteria. BEI Construction's electricians and technicians are trained in the latest design and installation techniques. Hands-on training is periodically provided via training programs and seminars.

- Craftsmanship
- Extended warranty
- Emergency services

BEI Construction's staff are fully trained in all aspects of quality assurance principles. Employees are periodically trained in the latest procedures for the following:

- BEI Construction's materials standards
- Materials specifications
- Incoming quality inspections
- Return-to-vendor tracking and procedures

Health and safety

Safety is a primary concern for BEI Construction. The safety of our employees, the general public, and other contractors on the job site is a core function. We publish and distribute our frequently updated Injury Illness Prevention Plan (IIPP) to all employees at the date of hire. This handbook provides detailed descriptions of typical scopes of work, instructions to safely carry out each task, and outlines preventative measures to ensure the work is completed in a productive and safe manner. In addition to the IIPP, BEI Construction

- Prepares Job Site Assessments forecasting site-specific tasks
- Prepares site-specific safety binders, including site-specific Health and Safety plans
- Conducts daily or weekly tailgate safety meetings
- Provides AED, CPR and First Aid training to foremen
- Provides cash rewards to field personnel who complete their OSHA 30 training
- Provides PPE to all employees and has a reimbursement program for boots
- Provides periodic Accident Reporting training for foremen

Our rigorous approach to safety flows from management to the field, and we insist on full compliance.

Thank You,

Graeme Kling
Project Manager
BEI Construction
1101 Marina Village Parkway Suit 100
Alameda, CA 94501
650-739-6052-mobile
gkling@beiconstruction.com

Delta Power System Technical Data



Energy Storage Solution

Li-ion Battery / BSO-CS

Features

- DC voltage up to 1200Vdc
- Maximum installation battery capacity up to 220kWh
- Scalable and flexible configuration
- IP55 stainless enclosure with corrosion resist painting
- Built-in battery management system, HVAC, and automatic fire suppression system
- Certification: cell level - UN38.3, IEC 62619, UL1973; module level - UN38.3, IEC 62619, UL1973



Commercial
Building

Factory



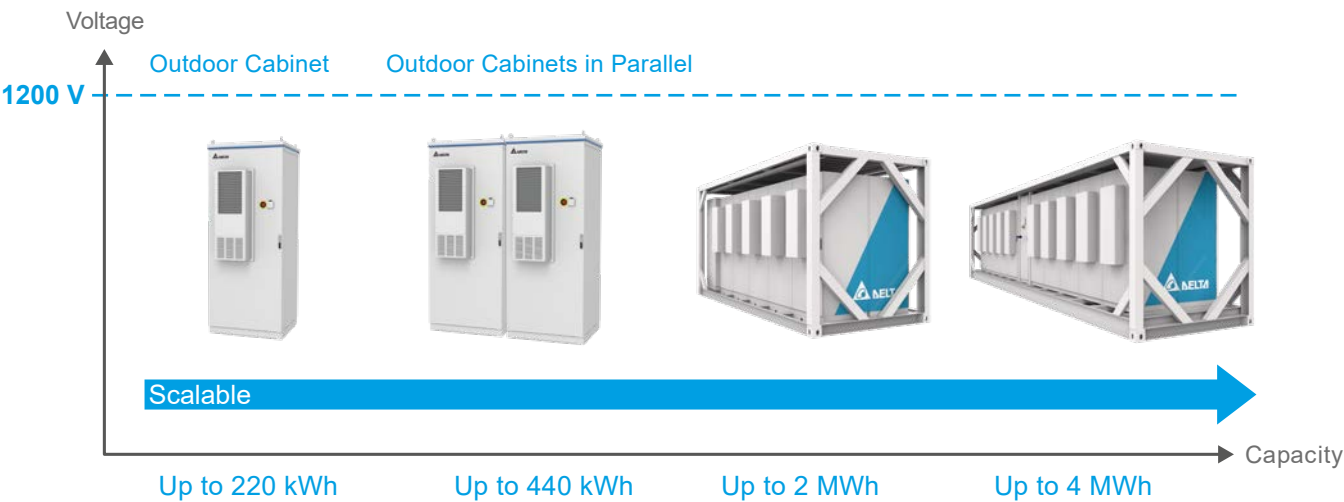
Enhancing Reliability and Stability in Energy Management

Delta's Li-battery storage system features high-voltage output for enhancing the efficiency of energy management. With its scalable, fire proofing and anti-corrosion capabilities, Delta's battery system can meet project requirements of varying scale and is suitable for various environmental conditions, making it an ideal solution for grid ancillary services and C&I applications while ensuring reliability and safety.



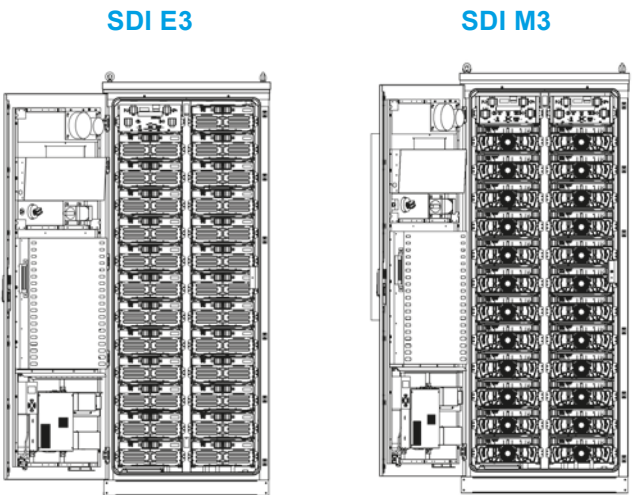
Flexible Capacity Configuration

- DC switch and Aux. power cabinet is optional in cabinet level
- DC switch and Aux. power cabinet will be built-in in open container



Component in a Battery Cabinet

Item	Content
Battery Solution	• Energy type: SDI M3, SDI E3
Structure	• IP55 enclosure • Connection interface: DC switch power, aux power, communication • Anti-corrosion level: C5
Safety	• Flood detection • Thermal and smoke sensor • Automatic fire suppression system
Optional	• DC combiner cabinet with main DC switch • Aux power/ control cabinet • Access control system • Heater and dehumidifier • Aseismic structure for GR63 Zone-4



* Picture shown is for reference purposes only

Specifications

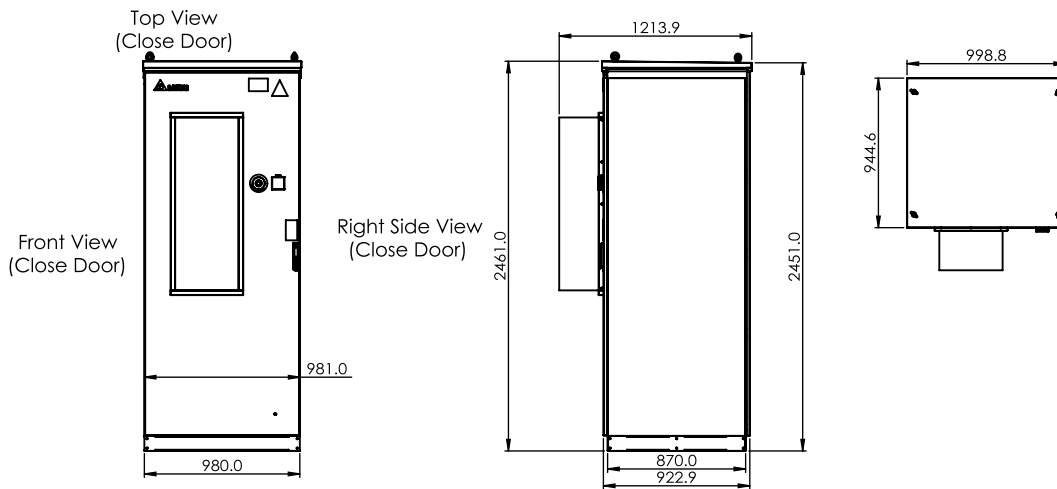
Discharging time ~ 60mins

Battery Cabinet			
Battery Solution	SDI M3 NCM		
C-Rate	1C		
Discharging Time	~ 60 mins		
Configuration	220S2P	242S2P	264S2P
Installed Capacity (max.)	162kWh	178kWh	194.4kWh
DC Rated Voltage	704 - 913Vdc	774 - 1004Vdc	844 - 1095Vdc
Ambient Temp.	-20°C to 45°C		
Altitude	< 2000m		
Humidity	0-95% non-condensing		
Corrosion Resistance	Stainless 304 Enclosure with corrosion resist painting		
Enclosure	• HVAC • Rack controller • Flood detector • Automatic fire suspension system • Stainless enclosure with IP55 rating		
Gross Weight	1670kg	1782kg	1894kg
Dimension (L x D x H)	998.8 x 944.2 x 2461 mm (exclude HVAC) 998.8 x 1213.9 x 2461 mm (include HVAC)		

Discharging time ~ 120mins

Battery Cabinet	Energy Type					
Battery Solution	SDI E3 NCM					
C-Rate	0.5C					
Discharging Time	~ 120 mins					
Configuration	240S2P	252S2P	264S2P	276S2P	288S2P	300S2P
Installed Capacity (max.)	176kWh	185kWh	194kWh	203kWh	212kWh	220kWh
DC Rated Voltage	768 - 996Vdc	806 - 1045Vdc	844 - 1095Vdc	883 - 1145Vdc	819 - 1195Vdc	960 - 1245Vdc
Ambient Temp.	-20°C to 45°C					
Altitude	< 2000m					
Humidity	0-95% non-condensing					
Corrosion Resistance	Stainless 304 Enclosure with corrosion resist painting					
Enclosure	• HVAC • Rack controller • Flood detector • Automatic fire suspension system • Stainless enclosure with IP55 rating • Anti-condensation Heater / dehumidifier (optional) • Smoke/temperature detector (optional) • Electromagnetic lock (optional) • Aseismic stricture for GR63 Zone4 (optional)					
Gross Weight	1690kg	1747kg	1804kg	1861kg	1918kg	1975kg
Dimension (L x D x H)	998.8 x 944.2 x 2461 mm (exclude HVAC) 998.8 x 1213.9 x 2461 mm (include HVAC)					

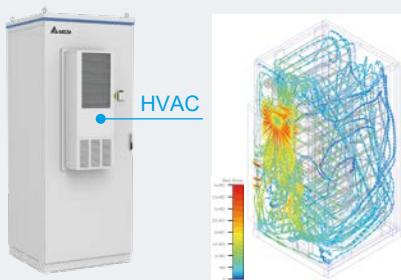
Specifications



Safety Design

Thermal Management

- Thermal management from the individual cabinet level
- Equipped with an HVAC in each cabinet to optimize the efficiency of cooling and consistency of temperature with air flow guides.



Anti-Fire Propagation

- Alarm mechanism: smoke and thermal detector
- Fire insulation mechanism to prevent fire propagation.
- Automatic fire suppression system



Protection

- Sensor: flood, smoke, temperature
- Electromagnetic access control (optional)
- Shockproof design GR63 Zone-4 (optional)



* Picture shown is for reference purposes only

Delta Electronics, Inc.

16 Tungyuan Road, Chungli Industrial Zone, Taoyuan City 32063, Taiwan

TEL : +886 3 4526107

www.deltaww.com

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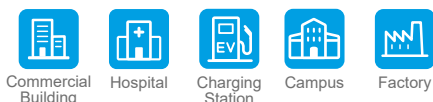


ENERGY STORAGE SOLUTION

Power Conditioning System / PCS125

Features

- Power capacity: 125 kW; AC voltage: 480 Vac
- High efficiency: peak 97.6%, CEC 97.0%
- High power density: 147 W/l, 403 W/kg
- Quick power transfer time (<40 ms)
- Type 3R enclosure and IP55 for outdoor applications
- Black start capability for power backup and microgrid applications
- Parallel capability: 8 in grid-tied mode and 4 in off-grid mode

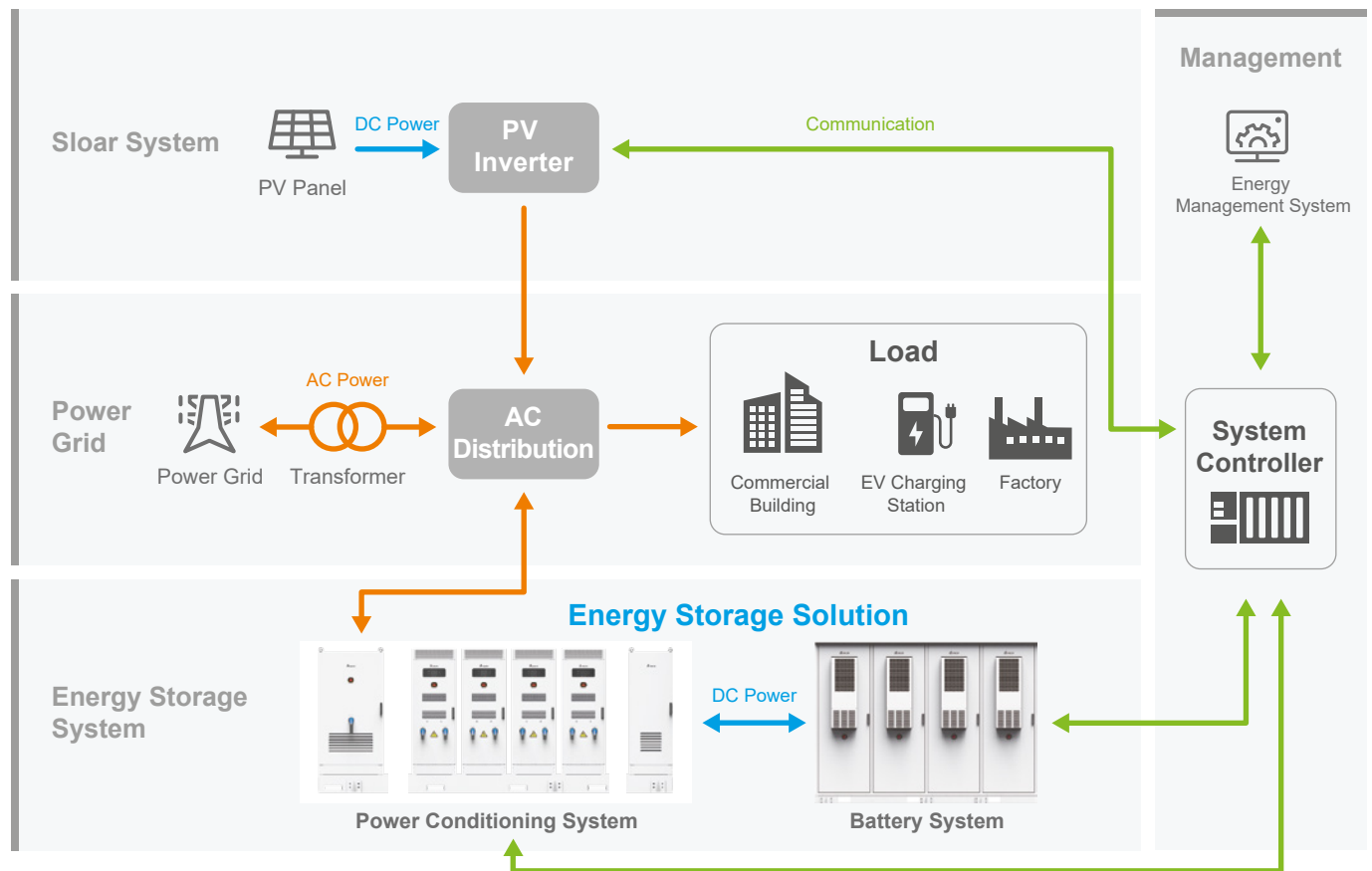


The Leading Power for Energy Storage

Delta Power Conditioning System (PCS) is a bi-directional energy storage inverter for grid-tied and off-grid applications including power backup, peak shaving, load shifting, PV self-consumption, PV smoothing and etc. It demonstrates industry leading power performance with high power efficiency and low stand-by power loss. It is compact for space saving and offers scalability for various system configurations and integration with main-stream branded battery systems.



System Architecture



Applications

- Real and reactive power compensation to improve power quality
- Standalone operation for power backup
- Demand charge management / peak shaving
- Load shifting for time-of-use savings

Specifications

Model Name	PCS125
AC Grid Connection	
Rated Grid Voltage	480 Vac, 3P3W
Grid Voltage Range	422.4 to 528 Vac (-12%, +10%)
Rated Grid Frequency	60 Hz (50 Hz optional)
Frequency Range	59.3 to 60.5 Hz, adjustable
Rated AC Power / Current	125 k VA / 150.4 A
Max. Continuous AC Current	167 Arms
Current THD	< 5% (IEEE 1547 Compliant)
Power Factor	-1 to 1, continuously adjustable
DC Connection	
Voltage Range	750 ~ 1,000 Vdc ¹⁾
Rated Voltage	900 Vdc
Rated Discharge / Charge Power	129 kW / 122 kW
Max. Discharge / Charge Current	172 A / 163 A
Standalone Operation	
Rated Output Voltage	480 Vac, 3P3W
Rated Output Power	125 kVA / 125 kW with linear load; 100 kVA with RCD load (CF ₂ ≤2) ²⁾
Rated Output Current	150.4 A with linear load; 120 A with RCD load
Power Factor	0.8 ~ 1
Output Voltage THD	< 3% @ linear load < 5% @ RCD load (CF ₂ ≤2)
Performance	
Peak / CEC Efficiency	97.6% / 97.0%
Standby Loss	< 25W @ sleep mode
Environmental	
Max. Altitude	3,000 m, de-rating above 2,000 m
Operating Temperature	-25 ~ 60 °C, de-rating @ > 50°C
Humidity	0 to 95% RH, non-condensing
Acoustic Noise	< 72 dBA @ 1 m @ rated condition
Cooling	Forced air with speed control
Enclosure Rating	Type 3R, IP55
General	
User Interface	4.9" LCD screen
Emergency Stop	EPO button & remote control
Communication	Ethernet / Modbus TCP, RS-485 / Modbus RTU, CAN
Dimension (W x H x D)	23.6" x 69.5" x 31.5"
Net Weight	683 lbs
Certificate	UL1741, UL 1741 SA (Rule 21), IEEE1547, FCC part 15 class A, HECO Listed, CEC Listed
Applicable Battery Chemistry	Lithium-ion, lead-acid, flow battery

1) DC Voltage should be higher than 800V to support HVRT

2) Transformer or motor load, which has large inrush current (CF>2) is not included

* Specifications are subject to change without prior notice



Delta Electronics (Americas), Ltd.

46101 Fremont Blvd, Fremont, CA 94538, U.S.A.

Sales : (877) 440+5851

Support : (877) 442-4732

PCS@deltaww.com

www.delta-americas.com

2020 / 06



Certificate of Compliance

Certificate: 70116639

Master Contract: 240436

Project: 80037857

Date Issued: 2020-3-24

Issued to: Delta Electronics Inc
39 Section 2 Huandong Rd
Shanhua Township
Tainan, 74144
TAIWAN

Attention: Ning Zhang

The products listed below are eligible to bear the CSA Mark shown with adjacent indicators 'C' and 'US' for Canada and US or with adjacent indicator 'US' for US only or without either indicator for Canada only



Issued by: Rohana Yang
Rohana Yang

PRODUCTS

CLASS - C531109 - POWER SUPPLIES-Distributed Generation Power Systems Equipment

CLASS - C531189 - POWER SUPPLIES - Distributed Generation-Power Systems Equipment - Certified to U.S. Standards

Bi-directional Transformerless Grid Support Utility Interactive Inverter, PCS Skid, Model PCS250-SK and PCS500-SK. Permanently connected.

Bi-directional Transformerless Grid Support Utility Interactive Inverter, Model DES10JB125K01 and PCS125. Permanently connected.

AC Panel for inverter AC power distribution, model ACP500 and ACP250. Permanently connected.

DC Panel for inverter DC power distribution, model DCP500. Permanently connected.

Notes:

For details related to rating, size, configuration, etc., reference should be made to the CSA Certification Record, Certificate of Compliance Annex A, or the Descriptive Report.

APPLICABLE REQUIREMENTS

CSA C22.2 No. 107.1-01 - General Use Power Supplies



Certificate: 70116639

Master Contract: 240436

Project: 80037857

Date Issued: 2020-3-24

*UL 1741 - Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources (Second Edition, Revision September 7, 2016)

UL1741 CRD - Grid Support Utility Interactive Interoperability Optional Functions: Prevent Enter Service and Limit Active Power (CA Rule 21, Phase 3, functions 2 and 3) (Dated October 22, 2019)

*Note: Conformity to UL 1741 (Second Edition, Revision September 7, 2016) includes compliance with applicable requirements of IEEE 1547-2003 (R2008), IEEE 1547.1-2005(R2011), California Rule 21, HECO SRD-UL-1741-SA-V1.1 and Supplement SA8-SA18.



Supplement to Certificate of Compliance

Certificate: 70116639

Master Contract: 240436

*The products listed, including the latest revision described below,
are eligible to be marked in accordance with the referenced Certificate.*

Product Certification History

Project	Date	Description
80037857	2020-03-24	Update to Report 70116639 for models DES10JB125K01 and PCS125 to update the Grid Support software and include Grid Support Function SA17 and SA18 according to UL 1741 CRD dated October 22, 2019.
70198780	2019-02-13	Update to Report 70116639 to include models PCS500-SK, PCS250-SK, ACP500, ACP250 and DCP500.
70167156	2017-12-28	Update to report 70116639 to add the grid supporting function according to HECO SRD-UL-1741-SA-V1.1.
70164860	2017-12-01	Update to report 70116639 to include the alteration of the enclosure and other minor changes.
70116640	2017-07-20	Power conversion equipment, Model DES10JB125K01.(C/US)
70116639	2017-07-18	Transformerless utility interactive inverter, Model DES10JB125K01.(C/US)

Date : 29.09.2021

Delta Electronics, Inc.
3, Tungyuan Road,
Chungli Industrial Zone,
Taoyuan City 32063
Taiwan, R.O.C.
Attn: Ahui Wang

Re. : US US Certificate

Type of Equipment : Energy Storage System
Model Designation : See Certificate
Certificate No. : US 72213083 0001
File No. : 32195657 002
Engineer/Contact : Liu Han
Standard(s) : ANSI/CAN/UL 9540:2020

Dear Mr. Ahui Wang,

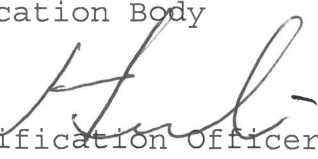
The above referenced technical equipment has been tested and was found to be in accordance with the listed test requirement(s). Enclosed, please find the TUV Rheinland Certification document No. US 72213083 0001.

Please forward the original to the license holder.

Call the TUV hotline at 1-TUV-Rheinland (1-888-743-4652) to get answers for all your compliance needs.

If we can be of any further assistance to you, please do not hesitate to contact us.

Sincerely yours,
Certification Body

H. Lin 
QA Certification Officer

Enclosure

Date : 29.09.2021

Delta Electronics, Inc.
3F & 5F No. 16-1, No. 16-1,
2F & 3F & 4F No. 16, Tungyuan Road,
Taoyuan City, 320023
Taiwan, R.O.C.
Attn: Ahui Wang

Re. : US US Certificate

Type of Equipment : Energy Storage System
Model Designation : See Certificate
Certificate No. : US 72213083 0001
File No. : 32195657 002
Engineer/Contact : Liu Han
Standard(s) : ANSI/CAN/UL 9540:2020

Dear Mr. Ahui Wang,

The above referenced technical equipment has been tested and was found to be in compliance with the listed test requirement(s). Enclosed, please find the TUV Rheinland approval document No. US 72213083 0001. It authorizes you to label the listed product(s) with the TUV Rheinland Mark identified in the approval document. For compliance, the Test Mark must be on the approved unit.

Your product is subject to regular factory follow-up inspections as well as annual certificate and factory registration fees.

In using the TUV Rheinland Mark you are obligated to comply with the TUV Rheinland of North America Service Agreement.

If we can be of any further assistance to you, please do not hesitate to contact us.

Sincerely yours,
Certification Body

H. Lin 
QA Certification Officer

Enclosure

Certificate



Certificate no.

US 72213083 01

License Holder:

Delta Electronics, Inc.
3F & 5F No. 16-1, No. 16-1,
2F & 3F & 4F No. 16, Tungyuan Road,
Taoyuan City, 320023
Taiwan

Manufacturing Plant:

Delta Electronics Inc
268 Shangying Road Guishan Dist
Taoyuan City 33341
Taiwan

Test report no.: USA-LH 32195657 002

Client Reference: 2156115

Tested to: ANSI/CAN/UL 9540:2020

Certified Product: Energy Storage System

License Fee - Units

Model Designation: 1) EIS-UE85K1H1, 2) EIS-UE125K2H1,
3) EIS-UE125K3H1, 4) EIS-UE220K2H1

Rated Voltage: 3 AC 480V, 60Hz, 3W+PE

Rated Current/Power: 1) 104A, 85kW
2) -3) 152A, 125kW
4) 266A, 220kW

Protection Class: I

Battery Cabinet Energy: 1) 85kWh; 2), 3) 125kWh; 4) 220kWh

Battery Cabinet Voltage: DC 768V to 996V

Aux. Circuit Voltage: AC 240V

Contd.

Appendix: 1, 1-5

Licensed Test mark:



Date of Issue

(day/mo/yr)

29/09/2021

Certificate



Certificate no.

US 72213083 02

License Holder:

Delta Electronics, Inc.
3F & 5F No. 16-1, No. 16-1,
2F & 3F & 4F No. 16, Tungyuan Road,
Taoyuan City, 320023
Taiwan

Manufacturing Plant:

Delta Electronics Inc
268 Shangying Road Guishan Dist
Taoyuan City 33341
Taiwan

Test report no.: USA-LH 32195657 002

Client Reference: 2156115

Tested to: ANSI/CAN/UL 9540:2020

Certified Product: Energy Storage System

License Fee - Units

Contd.

Aux. Circuit Current: 1) 7A, 2), 3) 14A, 4) 21A
Rated Ambient Temperature: -20°C to 45°C
Environmental Rating: Type 3R

Special Remarks:

To be installed according to the licensee's installation instructions. The unit is bi-directional and AC can be the input and output.

Appendix: 1, 1-5

Licensed Test mark:



Date of Issue

(day/mo/yr)

29/09/2021

O'Mahony & Meyer Engineering Partner Reference Information



O'MAHONY & MYER

ELECTRICAL ENGINEERING & LIGHTING DESIGN

San Rafael, California
Pacific Harbour, Fiji

Brian O'Mahony
Jan P. Myer
Paul Carey
Pieter Colenbrander
David Orgish
Galway O'Mahony

Firm Profile -

Founded in 1979, O'Mahony & Myer provides comprehensive electrical engineering and lighting design services to architects, engineers, and building owners. We specialize in civic, educational, and commercial projects.

As a leader in sustainable, "green building" design, we have become experts in the design of solar photovoltaic (PV) and energy storage systems. Our system design experience runs the gamut from small kW projects to megawatt projects, with fixed tilt, single axis trackers, and dual-axis trackers. We have designed systems with interconnecting voltages from 120V/240V up to 21kV medium voltage systems.

With a current staff of 28 and over 4,000 commercial construction projects in our portfolio, the breadth of our collective experience enables us to provide comprehensive and cost-effective designs for a wide range of electrical engineering challenges. We have a reputation for designs that are well-thought out and informed by years of experience.

Our clients also appreciate the clarity and rigorous detailing of our design documents. It is our experience that thorough and well-detailed documents significantly reduce construction errors, cost overruns, and project issues.

At O'Mahony & Myer we are committed to design excellence, client satisfaction, and pride of craftsmanship for all of our electrical design projects.





O'MAHONY & MYER

ELECTRICAL ENGINEERING & LIGHTING DESIGN

San Rafael, California
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Brian O'Mahony
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Paul Carey
Pieter Colenbrander
David Orgish
Galway O'Mahony



Pieter Colenbrander, P.E., LEED AP

Principal, Electrical Engineering

Career Years: 37

Years with Current Firm: 31

Pieter Colenbrander is a licensed professional engineer in California, with over thirty-five years of experience in the field. He has served as electrical principal-in-charge and project manager for over 1,500 electrical engineering construction projects, including over 200 renewable energy projects ranging in size from 5 kilowatts to 10 Megawatts. Pieter has designed roof, carport, and ground mounted systems, using both fixed tilt, single axis, and dual axis trackers, as well as crystalline and thin-film technology. He also has recent experience with the evolving energy storage / microgrid sector of the market.

Pieter was the original electrical engineer for the Recreation Center project when it was built in the early 2000's. On the proposed energy storage project, Pieter would serve as the electrical engineer of record as well. His familiarity with the existing facility will add significant value to the team.

Education:

Bachelor of Science in Electrical Engineering, California Polytechnic State University, San Luis Obispo, CA

Professional Registration / Associations:

Registered Professional Engineer in States of California, # E14738 (1995)
LEED Accredited Professional
Member, National Fire Protection Association (NFPA)

Select Relevant Experience:

Argonaut Hotel Battery System Interconnection, San Francisco, CA
Army Microgrid Battery Project, Dublin, CA
Broadway Apartments Power Tree Allocators, Sacramento, CA
Cunha Residence PV Battery System, Granite Bay, CA
Los Alto Hills Town Hall Energy Resilience Project, Los Altos Hills, CA
Power Tree Solar Allocators - Santa Rosa, Santa Rosa, CA
Power Tree Solar Allocator - Napa, Napa, CA
Ross School Microgrid, Ross, CA
Saulys PV Battery System, El Cerrito, CA
Shelter Bay Battery System, Mill Valley, CA
SVUSD Power Back-Up Systems, Sonoma, CA
Valencia Gardens Battery System, San Francisco, CA



Addendums 1-3: Received & Acknowledged



COMMUNITY SERVICES DEPARTMENT

17575 PEAK AVENUE
MORGAN HILL, CA 95037

GENERAL: (408) 779-7271
FAX: (408) 779-3117

WWW.MORGANHILL.CA.GOV

ADDENDUM NO. 1

DATE: October 14, 2021

TO: ALL RESPONDING PARTIES TO THE RFP FOR THE
CENTENNIAL RECREATION CENTER BATTERY STORAGE SYSTEM PROJECT

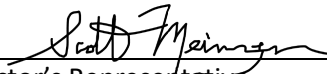
FROM: Anthony Eulo, Program Administrator
Cynthia Iwanaga, Management Analyst

SUBJECT: Clarifications to CRC Battery Storage System RFP

1. **Optional Virtual Pre-Proposal Meeting Registration Link.** Please pre-register for the optional virtual pre-proposal meeting to be held on Zoom on Tuesday, October 19th at 10:00 a.m. The link is <https://bit.ly/CRCbatteryprebidmtg> (Note: This link was published in the RFP in ALL CAPS and appears to work only when in lower case as it is presented here.)
2. **No Public Opening.** Proposals will not be publicly opened since the scoring is multi-faceted and this is not a low bid contract. The final scoring of proposals will not occur until City staff has reviewed all proposal documents. Proposal submittals and scores become public information after the notice of intent to award is issued.
3. The due date and time for this RFP remain the same, Friday, October 29th at 11:00 a.m. via e-mail to cynthia.iwanaga@morganhill.ca.gov Late proposals will not be accepted.
4. The deadline to submit questions in writing is Thursday, October 21, 2021 at 5:00 p.m. via e-mail to cynthia.iwanaga@morganhill.ca.gov

ADDENDUM ACKNOWLEDGMENT

Bidder acknowledges receipt of this addendum, which shall be attached to the proposal.



Contractor's Representative

November 5, 2021

Date

THIS DOCUMENT AND THE ATTACHMENTS SHALL BECOME PART OF THE PROJECTS SPECIFICATION

**COMMUNITY SERVICES DEPARTMENT**17575 PEAK AVENUE
MORGAN HILL, CA 95037GENERAL: (408) 779-7271
FAX: (408) 779-3117

WWW.MORGANHILL.CA.GOV

ADDENDUM NO. 2

DATE: October 20, 2021

TO: ALL RESPONDING PARTIES TO THE RFP FOR THE
CENTENNIAL RECREATION CENTER BATTERY STORAGE SYSTEM PROJECT

FROM: Anthony Eulo, Program Administrator
Cynthia Iwanaga, Management Analyst

SUBJECT: Revised Due Date: Friday, November 12, 2021 at 11:00 a.m.

1. Is there an option to extend the proposal due date two weeks out?

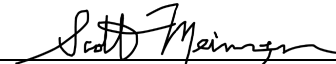
Yes, the City of Morgan Hill has revised the proposal due date to Friday, November 12, 2021 at 11:00 a.m. PDFs of proposals must be received by the City no later than 11:00 a.m. Late proposals will not be accepted. Proposals should be e-mailed to cynthia.iwanaga@morganhill.ca.gov **Proposals will not be publicly opened since the scoring is multi-faceted and this is not a low bid contract.** The final scoring of proposals will not occur until City staff has reviewed all proposal documents. Proposal submittals and scores become public information after the notice of intent to award is issued.

As a result of the new proposal due date of November 12, 2021, below is the new selection schedule:

Deadline to Submit Written Questions via e-mail to Cynthia.iwanaga@morganhill.ca.gov	Thursday, November 4, 2021 at 5:00 p.m.
Last Addendum Issued by City, if needed	Monday, November 8, 2021
New Proposal Due Date	Friday, November 12, 2021 at 11:00 a.m.

ADDENDUM ACKNOWLEDGMENT

Bidder acknowledges receipt of this addendum, which shall be attached to the proposal.


Contractor's Representative

November 5, 2021
Date

THIS DOCUMENT AND THE ATTACHMENTS SHALL BECOME PART OF THE PROJECTS SPECIFICATION



COMMUNITY SERVICES DEPARTMENT

17575 PEAK AVENUE
MORGAN HILL, CA 95037

GENERAL: (408) 779-7271
FAX: (408) 779-3117

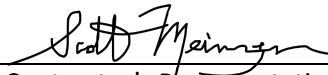
WWW.MORGANHILL.CA.GOV

28. Please see attached draft contract and general conditions.

29. The due date and time for this RFP is no later than Friday, November 12th at 11:00 a.m. Late proposals will not be accepted.

ADDENDUM ACKNOWLEDGMENT

Bidder acknowledges receipt of this addendum, which shall be attached to the proposal.



Contractor's Representative

November 11, 2021

Date

THIS DOCUMENT AND THE ATTACHMENTS SHALL BECOME PART OF THE PROJECTS SPECIFICATION

Wage Theft Protection Bid Certification

Attachment __

Wage Theft Prevention Bid Certification*(To be executed by bidder and submitted with bid)*

All Bidders are expected to have read and understand the "Wage Theft Prevention Policy" adopted on July 26, 2017. which can be found at <HTTP://WWW.MORGAN-HILL.CA.GOV/1061/COUNCIL-POLICY-BY-NUMBER>

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

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this certification is executed on 10/29/2021 [date], at
Fremont [city], CA [state].

Signature Scott Meinzen

Scott Meinzen, VP and General Manager

Print Name and Title

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL

Certification of Acceptance of Terms & Agreement

Attachment ____

Certification of Acceptance of Terms of Agreement*(To be executed by bidder and submitted with bid)*

All Bidders are expected to have read and understand the attached On-Call Fencing Contractor Services Contract with the City of Morgan Hill. The Bidder/Contractor selected through the RFP process will be expected to execute a formal Agreement with the City of Morgan Hill for the provision of the requested service as set forth in the sample agreement attached to this RFP. Submission of a signed proposal will be interpreted to mean Contractor has agreed to all the terms and conditions set forth in the pages of this RFP and the standard provisions included in the attached Agreement. Contractor must submit any and all exceptions to this RFP with its proposal, clearly identifying the exception, including the page number and section number, as appropriate. Contractor should note that the submittal of an exception does not obligate the City to revise the terms of this RFP or any resulting agreement. The City will not consider any exceptions that are not identified in the proposal.

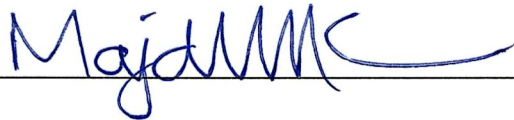
I certify that I am a person authorized to enter into contracts and agreements for the bidding entity.

I certify that I have read the form of Agreement provided with the RFP and our company is prepared to enter into an Agreement with the City of Morgan Hill within 5 days of receiving the Notice of Award.

This completed Certification shall be submitted by the Bidder to the City as a part of its bid or proposal.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this certification is executed on 10/29/2021 [date], at
Fremont [city], CA [state].

Signature: _____

_____
Chief Executive Officer

Print Name and Title

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL

Non-Collusion Affidavit

Attachment __**Non-Collusion Declaration**

(To be executed by Contractor and submitted with Proposal)

State of California	)	ss.
	)	
County of <u>Alameda</u>	)	

The undersigned declares:

I am the VP and General Manager [title] of Syserco Energy Solutions [business name], the party making the foregoing bid.

The bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The bid is genuine and not collusive or sham. The bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid. The bidder has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or to refrain from bidding. The bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the bid price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder. All statements contained in the bid are true. The bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof, to effectuate a collusive or sham bid, and has no paid and will not pay, any person or entity for such purpose.

This declaration is intended to comply with California Public Contract Code Section 7106 and Title 23 U.S.C Section 112.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 10/29/2021 [date], at
Fremont [city], CA [state].

s/ 

Scott Meinen

Name [print]

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL

From: Chris Ghione
To: D. Muirhead
Cc: Christina Turner; Angie Gonzalez; Michelle Bigelow
Subject: FW: [EXTERNAL] Corrected: Comments Morgan Hill City Council December 15 2021 Items #12, #14, #17
Date: Tuesday, December 14, 2021 4:25:45 PM

Hi Doug,

Thanks for your comments, we appreciate you sharing more thoughts. Christina asked that I share thoughts on your comments to the Council. We will take a close look at the direct vision information. We have significant supply difficulty in general on all vehicles right now, so will not change any current recommendations as they are needed to support the ongoing safe operations of City utilities and maintenance. However, we will review in the future.

This is an on call agreement so the amount of fencing used is yet to be determined. We often use when fences are damaged at parks and facilities and the amount of work in these areas is usually unknown until it occurs. We would more than likely repair the basin in house and we will have our teams take a look at this.

As for the lack of bidders, it can be for different circumstances. For the fencing contractors, we believe that the private sector construction industry continues to drive costs and availability of many contractors up considerably. Vehicle unavailability is likely tied to supply chain issues.

As always we are happy to discuss with you and appreciate your ideas

Thanks,
Chris

From: Christina Turner <Christina.Turner@morganhill.ca.gov>
Sent: Sunday, December 12, 2021 9:42 PM
To: Chris Ghione <Chris.Ghione@morganhill.ca.gov>
Cc: Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>; Angie Gonzalez <Angie.Gonzalez@MorganHill.ca.gov>
Subject: Fwd: [EXTERNAL] Corrected: Comments Morgan Hill City Council December 15 2021 Items #12, #14, #17

We will supplement. Want to add a brief response?

Sent from my iPad

Begin forwarded message:

From: "D. Muirhead" <[REDACTED]>
Date: December 12, 2021 at 3:47:43 PM MST
To: CC Public Comment <CCPublicComment@morganhill.ca.gov>
Subject: [EXTERNAL] Corrected: Comments Morgan Hill City Council December 15 2021 Items #12, #14, #17

Dear Morgan Hill City Council,

Comments for your Council meeting
December 15 2021

Item #12: Approve the purchase of three (3) City trucks
Item #14: Approve the purchase of a Utilities Division dump truck
Item #17: Approve two-year On-Call Fencing Contractor Services

It has been a while since I commented on the different levels of detail staff provide when reporting on contract solicitation.

And since some in our community are talking about Vision Zero, I want to bring to your attention that Safety equipment in your new trucks are inward-facing. So I will mention the "direct vision" concept for large vehicles more in use in Europe.

Thank you for your consideration, Doug Muirhead, Morgan Hill

Item #12: Approve the purchase of three (3) City trucks
I noticed on the specification list for the 2022 Ford F-150 XL 4WD SuperCab 6 5' Box 145" WB that it includes a section for Safety [pkt pg 530]. That equipment is designed to protect the driver and crew members. While "direct vision" windows would undoubtedly make vehicle acquisition even more challenging, at some point vehicles need to be made safer for pedestrians and bicyclists in the vicinity of City vehicles.

I have included two images which demonstrate the concept.

[bike_ped.safety direct_vision_standards.jpg]

[bike_ped.safety direct_vision.Low-Viz-vs-High-Viz-Trucks.jpg]

And should you have some interest in the subject, I offer this article from StreetsBlog Oct 22, 2021:

<https://usa.streetsblog.org/2021/10/22/why-your-citys-vision-zero-policy-needs-a-direct-vision-policy-now>

Item #17: Approve two-year On-Call Fencing Contractor Services
Sometimes we see the results of scoring when we get multiple responses from bidders on a particular service. Other times not. Here we are faced with lack of multiple bidders. What I would like to see is what the City

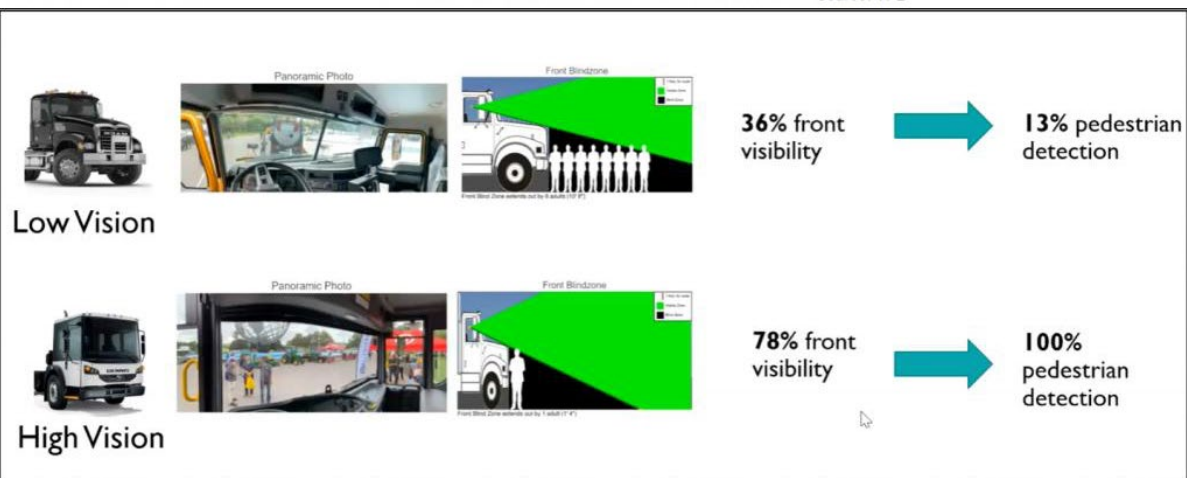
does to identify reasons for lack of bidders in such a case.
Compare this with the clarity and educational value of the narrative
in Item #14: Approve the purchase of a Utilities Division dump truck:
request was met with no responses as there is no inventory nor the
ability to order the needed vehicles at this time due to pandemic-related
manufacturing and supply issues

Staff explains that the goal of the fencing service contract is to
streamline the process and reduce the overhead. This is admirable.
But we have no idea how broad a scope the City envisions for this
service. A Proposal Request Worksheet goes to the contractor and
staff then determines if the proposed cost is reasonable and acceptable
for the proposed scope of work.

I have no idea how much fencing the City currently has nor what is
planned. I do know that there have been multiple unrepaired breaks
in the Maple Avenue Retention Basin fencing for the year that I have
been on litter patrol there. (It is actually a benefit to me, since I
can access the basin itself. But I digress.) The basin fences are probably
not the fences envisioned by this contract, since under FISCAL AND RESOURCE
IMPACT staff says:
"The on-call fencing contractor service costs will be paid by the
specific operating budgets or Capital Improvement Projects"
But perhaps we should have a forecast for where this \$100K might
be spent as a matter of Public Trust.

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

Direct Vision Standards



From: Chris Ghione
To: D. Muirhead
Cc: Christina Turner; Angie Gonzalez; Michelle Bigelow
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December 15 2021
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And should you have some interest in the subject, I offer this article from StreetsBlog Oct 22, 2021:

<https://usa.streetsblog.org/2021/10/22/why-your-citys-vision-zero-policy-needs-a-direct-vision-policy-now>

Item #17: Approve two-year On-Call Fencing Contractor Services
Sometimes we see the results of scoring when we get multiple responses from bidders on a particular service. Other times not. Here we are faced with lack of multiple bidders. What I would like to see is what the City

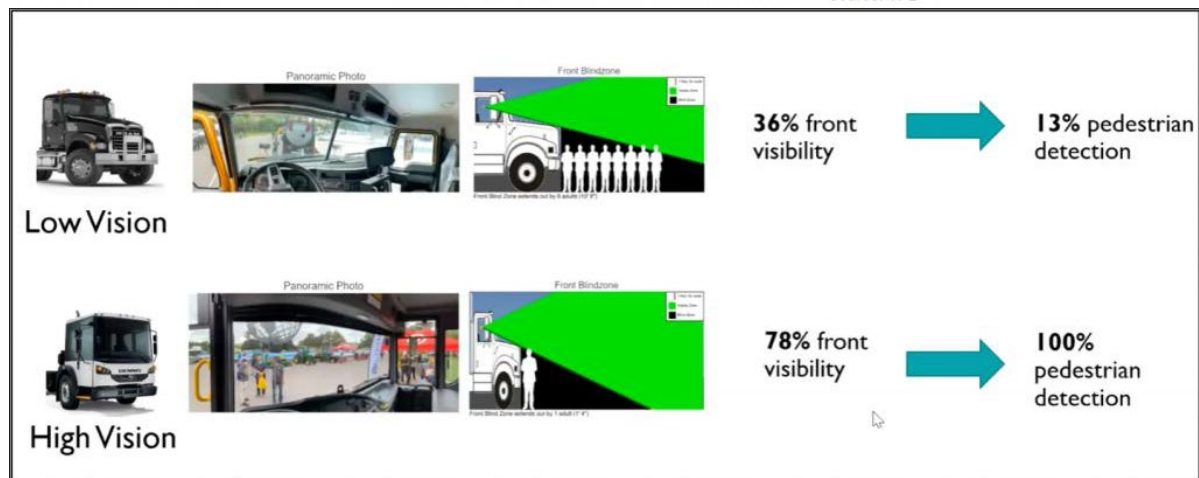
does to identify reasons for lack of bidders in such a case.
 Compare this with the clarity and educational value of the narrative
 in Item #14: Approve the purchase of a Utilities Division dump truck:
 request was met with no responses as there is no inventory nor the
 ability to order the needed vehicles at this time due to pandemic-related
 manufacturing and supply issues

Staff explains that the goal of the fencing service contract is to
 streamline the process and reduce the overhead. This is admirable.
 But we have no idea how broad a scope the City envisions for this
 service. A Proposal Request Worksheet goes to the contractor and
 staff then determines if the proposed cost is reasonable and acceptable
 for the proposed scope of work.

I have no idea how much fencing the City currently has nor what is
 planned. I do know that there have been multiple unrepaired breaks
 in the Maple Avenue Retention Basin fencing for the year that I have
 been on litter patrol there. (It is actually a benefit to me, since I
 can access the basin itself. But I digress.) The basin fences are probably
 not the fences envisioned by this contract, since under FISCAL AND RESOURCE
 IMPACT staff says:
 "The on-call fencing contractor service costs will be paid by the
 specific operating budgets or Capital Improvement Projects"
 But perhaps we should have a forecast for where this \$100K might
 be spent as a matter of Public Trust.

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Direct Vision Standards



MEMORANDUM OF UNDERSTANDING



Community Service Officers' Association

December ~~2630~~, 20~~2118~~ – December 31,

2023~~1~~

CSOA
MEMORANDUM OF UNDERSTANDING
December ~~26, 2021~~^{30, 2018} – December
31, 20~~23~~²¹
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This Memorandum of Understanding ("MOU") has been executed by representatives of the MORGAN HILL CITY COUNCIL ("City") and representatives of the COMMUNITY SERVICE OFFICERS' ASSOCIATION ("Association").

Article I. TERM

The term of this MOU shall be from December ~~2630~~, 20~~2118~~ through December 31, 202~~31~~.

Article II. REPRESENTATION

Section 2.01 Association is a recognized employee organization within the meaning of City's Employer-Employee Relations Resolution No. 4955.

Section 2.02 Association represents all regular classified service full and part-time City employees in the classifications of Police Records Specialist, Senior Police Records Specialist, Property/Evidence Technician, Public Safety Dispatcher, Public Safety Dispatch Supervisor, and Animal Services Officer (ASO).

Section 2.03 Regular Part-Time Employees

Regular part-time employees in the classifications represented by Association who work at least twenty (20) hours per week shall receive insurance, educational incentive, tuition reimbursement, and paid leave benefits provided for in this MOU on a pro-rated basis as follows:

- (a) Part-time benefits (whether fifty percent (50%) or seventy five percent (75%) are assigned by City to employees who work in part-time positions when the regular position is authorized by City Council and those authorized benefits are the only benefits available to the individual filling the position.
- (b) At full staffing levels, part-time employees who work additional hours are not eligible for additional benefits beyond what has been authorized by City Council.
- (c) In the event that a part-time employee is assigned and actually works additional hours filling a vacancy in a regular position, the employee will be eligible to receive additional benefits as set forth by City's Temporary Employees Policy.
- (d) Any additional benefits will begin at the start of the assignment and continue to accrue until the employee is reassigned back to his/her regular part-time hours.

Section 2.04 Meet & Confer Process

- (a) Association is the only employee organization which is entitled to meet and confer with City on behalf of represented employees as outlined in Item 2.02 above.

- (b) Representatives of City and Association have met and conferred, pursuant to the provisions of the Meyers-Milias-Brown Act and Resolution No. 4955, for the purpose of reaching agreement concerning all matters within the scope of representation for City employees in Association during the term of this MOU.
- (c) An agreement has been reached.
- (d) Association agrees that it will not attempt to meet and confer on any items within the scope of representation, as defined by the Meyers-Milias-Brown Act and City Resolution No. 4955, during the term of the MOU except as provided in the MOU.
- (e) No agreement, alteration, understanding, variation, waiver, or modification of any of the terms or provisions contained herein shall in any manner be binding upon the parties hereto, unless made and executed in writing by all parties hereto, and, if required, approved and implemented by City and Association.

Section 2.05 Maintenance of Membership

- (a) Each employee who, on December ~~2630~~, 20~~2118~~, is a member in good standing of Association shall thereafter, as a condition of employment, maintain such membership for the duration of this MOU, to the extent of paying the periodic dues uniformly required by Association as a condition of retaining membership.
- (b) No employee who is not a member of Association shall be required to become a member of Association as a condition of employment. Any such employee who becomes a member of Association shall maintain such membership for the duration of this MOU.
- (c) Any employee who, on December ~~2630~~, 20~~2118~~, was a member of Association and any employee who subsequently becomes a member may, during the period beginning Nov 30, ~~20121-2023~~ through December 31, 202~~31~~, resign such membership and thereafter shall not be required to be a member of Association as a condition of employment.

Section 2.06 Membership Dues

- (a) Payroll deductions for the periodic membership dues, initiation fees and general assessments of the Association shall be made by the City on behalf of the Association from the paycheck of each employee whom the Association certifies has affirmatively consented to such dues deduction. The City shall remit the deducted membership dues to the officer(s) of the Association designated in writing by the Association. By December 1st each year, the Association shall inform the City of the amount of the bi-weekly dues to be deducted for the following calendar year, and also notify the City of any changes to the amount of Association dues during a calendar year.

- (b) The Association will maintain individual employee authorizations for payroll deductions, signed by the individual from whose wages the deduction is to be made. The City shall rely upon written notification from the Association for any employee requests to cancel, initiate or change payroll deductions for dues. The Association will obtain and maintain voluntary written authorization for dues deductions. Dues deductions shall automatically renew unless written notice is provided by the Association.
- (c) Deduction notification will be provided to the City's Payroll Division. Change, cancellation and deduction requests received by the City prior to the 15th of the month will be processed the first full pay period of the following month. Change, cancellation and deduction requests received by the City on or after the 15th of the month will be processed the second full pay period of the following month.
- (d) The Association shall indemnify and hold the City and its agents and employees harmless from any cost, expense, fee or liability resulting from any threatened or actual claims, demands, lawsuits, or any other action arising from the operation of this Section 2.03 and from the use of such monies by the Association.

Section 2.07 Use of City Equipment

- (a) Elected officers and members of Association may be granted limited privileges to utilize City owned equipment within the police facility as follows:
- (b) Elected officers of Association may utilize the Police Department ("Department") E-Mail system to post official notices to its membership or conduct necessary official business that cannot be conveniently conducted in another fashion. Likewise, members may utilize this system to reply to notices or other necessary business.
- (c) Elected officers of Association or their designates may utilize City telephones within the police facility to conduct official Association business for local calls only. All long distance or message unit calls must be made collect or with the use of a private phone credit card.
- (d) Elected officers of Association or their designates may utilize City copy machines within the police facility to reproduce notices to its membership, other official correspondence using Association stationery, and copies of the MOU for distribution to its membership. Reproducing multiple copies of large documents or large quantities (more than twenty five (25) copies) of short documents may only be allowed with permission of the Chief of Police.
- (e) Official business shall be defined as notifying members of Association meetings, Association activities, or other official communications such as preparing election ballots, correspondence, etc. Not included in official business are items such as actually voting on Association issues, lobbying or campaigning with respect to Association issues, expressing personal or political

views, making statements which are injurious to individuals or the police organization, or other similar transmissions.

- (f) The Chief or his/her designate shall monitor these privileges during the term of this MOU. Should the Chief or his/her designate detect an abuse of these privileges, he/she shall notify Association's Executive Board and allow Association to be heard. If additional abuses are detected after having placed Association on notice, the Chief, or his/her designate, may unconditionally revoke these privileges.

Article III. EMPLOYEE COMMITMENT

Section 3.01 In consideration of the fair and reasonable provisions of this MOU, employees represented by Association, through their elected representatives, do hereby make the following pledges to City:

- (a) Employees shall make every effort to minimize City costs on an on-going basis by encouraging optimum amount of work production from each of its members.
- (b) Employees shall cooperate in every reasonable way to properly maintain and protect City property, equipment, and facilities.
- (c) Employees shall adhere to all City Rules and Regulations. Specific attention shall be given to those regulations dealing with sick leave, time off, coffee breaks and punctuality. Every effort shall be made to maintain a good public image for each and all City employees. This is to be accomplished by maintaining good work habits and keeping busy at productive work during regular working hours.
- (d) Employees shall use and follow safe working procedures in their day-to-day work routines. Each employee shall point out to his/her fellow workers any observed or unsafe condition or work procedure. Any observed unsafe condition or situation shall be immediately reported by employees to their supervisor. The intent is to protect fellow workers from any unnecessary injury and any potential liability for City.

Section 3.02 Employees shall make a special and continuing effort to maintain good and constructive relations with the general public, fellow employees, and City officials. Every effort will be made to be considerate and understanding of the other person's point of view, misunderstanding, or problem.

Section 3.03 Association shall assume a leadership role in carrying out the above pledges.

Article IV. MANAGEMENT RIGHTS

Section 4.01 The rights of City, as exercised by City Council and City administration, include, but are not limited to:

- (a) The exclusive right to determine the mission of its constituent departments, commissions, and boards,
- (b) Set standards of service, determine the procedures and standards of selection for employment,
- (c) Direct its employees,
- (d) Take disciplinary action,
- (e) Relieve its employees from duty because of lack of work or other legitimate reasons,
- (f) Maintain the efficiency of governmental operations,
- (g) Determine the methods, means, and personnel by which government operations are to be conducted,
- (h) Determine the content of job classifications, subject to any requirement to meet and confer or under current state law,
- (i) Require that employees work overtime, and
- (j) Exercise complete control and discretion over its organization and the technology of performing its work, except that any agreement between City and Association evidenced by a MOU pursuant Government Code § 3500 et.seq. shall take precedence over any of the above enumerated employee and management rights and that such MOU will be honored in good faith during the life of this MOU, subject to City's rights to determine when an emergency exists and to take all necessary action to carry out its mission in emergencies.
- (k) Nothing in this Article VII shall be construed to limit, amend, decrease, revoke, or otherwise modify the rights vested in City by any law regulating, authorizing, or empowering City to act or refrain from acting.

Article V. DEFINITIONS

- (a) The terms "Salaries", "Wages," or "Salary and Wages" shall mean the gross monthly base pay prior to any deductions.
- (b) The term "Personnel Rules" as used in this MOU means those regulations titled City of Morgan Hill Personnel Rules, enacted as Resolution No. 6150, and thereafter and hereafter amended. Copies are available from Human Resources.

Section 5.02 Comprehensive MOU

Section 5.03 During the term of this MOU, City intends to develop a more comprehensive MOU including the addition and/or modification of many items as found in the current Personnel Rules. It is

understood City will meet and confer with Association regarding any proposed changes at the time these items are ready to be included in the MOU.

Section 5.04 In the event a conflict in interpretation between the Personnel Rules, as included by reference, and similar sections as contained in this MOU, the language in the MOU will be used for interpretation.

Article VI. SALARIES, WAGES & PAID BENEFITS

Section 6.01 The Salaries and Wages paid by the City to all employees represented by the Association will be in accordance with the job classifications they hold with pay rates to be increased by ~~three and one half~~four percent (~~43.5~~43.5%) effective the pay period including December ~~2630~~2021~~148~~. (Exhibit ~~AB~~).

Section 6.02 The Salaries and Wages paid by the City to all employees represented by the Association will be in accordance with the job classifications they hold with pay rates to be increased by ~~three two~~ and one half percent (~~23.5~~23.5%) effective the pay period including January 1, 202~~30~~30. (Exhibit ~~BC~~).

~~Section 6.03 The Salaries and Wages paid by the City to all employees represented by the Association will be in accordance with the job classifications they hold with pay rates to be increased by three and one quarter percent (3.25%) effective the pay period including January 1, 2021. (Exhibit D).~~

Section 6.04 Holiday Pay

- (a) Holiday Pay shall be six and one half percent (6.5%) of an employee's base hourly salary for those employees with the classification of Public Safety Dispatcher. With the exception of the classifications of Public Safety Dispatcher who receive Holiday Pay, City will observe the following holidays: New Year's Day, Martin Luther King Day, President's Day, Cesar Chavez Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Day after Thanksgiving, Christmas Eve and Christmas Day.
- (b) Employees not eligible to receive holiday pay will receive one (1) half (.5) day holiday to be used during the City furlough period. City will maintain minimum staffing levels on these days and the Chief or his/her designee will determine which half (.5) day the employee may take off.
- (c) Each employee not eligible to receive ~~H~~oliday ~~P~~ay will receive two (2) floating holidays each fiscal year to be used during the fiscal year and to be approved by the Chief or his/her designee.

Section 6.05 Other Pay

- (a) Full-time employees called back to work outside their regular work shift shall be compensated for a minimum of two (2) hours at time and one half (1.5) of their regular pay rate. Part-time employees called back to work outside their regular work shift shall be compensated for a minimum of two (2) hours at their regular pay rate.

Section 6.06 Out of Class Pay

- (a) Whenever an employee is temporarily assigned by their supervisor to work in a higher classification and assumes the full range of the duties of the higher classification for a period of more than one hundred twenty (120) hours, the employee shall be entitled to Out-~~o~~~~f~~ Class ~~P~~ay on the one hundred twenty first (121st) hour of assignment if:
- (i) the assignment is for a limited duration,
 - (ii) will not and does not exceed 960 hours in a fiscal year and
 - (iii) is to a position in a higher class that is vacant during recruitment for a permanent employee (i.e. does not include a vacancy due to an employee on leave). Out of Class Pay shall be at the pay step in the higher class closest to but no less than five percent (5.0%) higher than the employee's base pay and is intended to be PERSable compensation under Government Code section 20480. To qualify as Out-~~o~~~~f~~ ~~Class~~ Pay rather than Higher Class Assignment Pay (see section 6.09), the assignment must be approved by the Department Head's designee and the Human Resources Division.
- (b) Having once satisfied the one hundred twenty (120) hour qualifying requirement, any subsequent qualifying Out of Class assignment to the same higher classification during the employee's employment with the City shall be compensated at the pay step in the higher classification closest to but not less than five percent (5.0%) higher than the employee's base pay beginning with the first hour of that reassignment.
- (c) Once an employee has worked Out of Class for three hundred twenty (320) hours in a fiscal year, any subsequent Out of Class hours worked in the same higher classification during that fiscal year will result in the employee being paid seven and a half percent (7.5%) Out of Class pay for each hour worked over 320
- (d) Hours worked in a Higher-Class Assignment under Section 6.07 shall qualify as hours worked toward qualifying for Out of Class pay under this Section 6.06.

Section 6.07 Higher Class Assignment Pay

- (a) A supervisor may assign in writing an employee to work in a higher class and receive "Higher Class Assignment Pay" if the employee will assume the full range of duties of the higher classification for more than one hundred twenty (120) hours and does not qualify for Out of Class Pay. The employee will be eligible for Higher Class Assignment Pay starting with the one hundred twenty first (121st) hour of the assignment at the pay step in the higher class closest to but no less than

five percent (5.0%) higher than the employee's base pay. Higher Class Assignment Pay is not PERSable compensation under Government Code section 20480.

- (b) Having once satisfied the one hundred twenty (120) hour qualifying requirement, any subsequent qualifying Higher-Class Assignment to the same higher classification during the employee's employment with the City shall be compensated at the pay step in the higher class closest to but no less than five percent (5.0%) higher than the employee's base pay beginning with the first hour of that reassignment.
- (c) Once an employee has worked in a Higher Class Assignment for three hundred twenty (320) hours in a fiscal year, any subsequent Higher Class Assignment hours worked in the same higher classification during that fiscal year will result in the employee being paid seven and a half percent (7.5%) Higher Class Assignment Pay for each hour worked over 320.
- (d) Hours worked in an Out of Class Assignment under Section 6.06 shall qualify as hours worked toward qualifying for Higher Class Assignment Pay under Section 6.07.

Section 6.08 Breaks and Meal Periods

- (a) Except in the case of emergencies, _ employees shall receive a meal period after four (4) hours of time worked. Employees _working less than a twelve (12) hour shift shall be entitled to two (2) fifteen (15) minute breaks and one (1) thirty (30) minute meal period during the shift. The thirty (30) minute meal period for Public Safety Dispatchers and ASOs shall be a paid meal period, during which time they shall be available for duty. Public Safety Dispatchers are required to request coverage from the appropriate supervisor twice per shift for their fifteen (15) minute breaks. Employees may be entitled to three (3) fifteen (15) minute breaks when working a twelve (12) hour shift. _ Employees not receiving paid meal periods may request to take the fifteen (15) minute breaks in conjunction with the thirty (30) meal period, workload permitting, at the discretion of the supervisor.
- (b) Any employee required to work more than sixteen (16) hours within a twenty four (24) hour period shall be entitled to an eight (8) hour rest period prior to returning to work. If any portion of the eight (8) hour rest period occurs during the employee's regular scheduled work hours, the employee shall receive normal compensation for that time. This section shall not apply in the case of emergencies.

Section 6.09 Bilingual Pay

- (a) Association employees identified by the Chief or his/her designee to use Spanish or American Sign Language in their work and who are certified shall receive the following compensation:

- (i) Employees hired prior to June 30, 2013 shall receive five percent (5%) of their base salary. On July 1, 2013, that amount will be calculated and converted to a fixed amount of one hundred and fifty dollars (\$150.00), whichever is greater.
- (ii) Should there be subsequent adjustments to base salaries, the amount determined on July 1, 2013 shall remain the fixed in perpetuity.
- (iii) Employees hired on or after July 1, 2013 shall receive a monthly stipend of two hundred dollars (\$200.00).
- (b) The certification process shall be completed by a provider contracted by Human Resources or a three (3) person panel established by Human Resources to determine conversational competence. Employees shall be subject to recertification every two (2) years unless the certification is waived by City.
- (c) An eligible employee may request to be tested for bilingual certification at any time.

Section 6.10 Training Pay

- (a) Individuals in the classification of Public Safety Dispatcher who are assigned to train new employees in that classification shall receive additional compensation of five percent (5%) of base pay during the hours that a Public Safety Dispatcher is training a new Public Safety Dispatcher.

Section 6.11 Shift Differential

- (a) A five percent (5%) solo shift differential will be paid to the Public Safety Dispatcher classification during the hours that a Public Safety Dispatcher is working alone. Solo Public Safety Dispatcher is defined as Public Safety Dispatchers who are not working with another employee who has been signed-off to work independently in the Communications Center.

Section 6.12 Court Pay

- (a) Court Pay is paid at a four (4) hour minimum at the employee's overtime hourly rate. Such pay is recognized as any court assignment worked which is not contiguous with a regular shift.
- (b) The minimum an employee can receive for a court appearance cannot cause the employee to receive a rate of pay which overlaps into their regular shift. The time between the start of the court appearance and the start of the scheduled shift shall be paid as governed under the City's overtime policy and the employee will be required to report to work. The same overlap rule applies for a court appearance which begins within thirty (30) minutes time of the end of a regular shift.
- (c) Employees shall be compensated for travel time. Travel time is any time in excess of the time the employee spends going to and from a court appearance. If the sum of the travel time and the

court appearance does not exceed the four (4) hour minimum paid for court appearances or if the time overlaps into the employee's regular shift, no additional overtime compensation will be paid. Normal commute is defined as the time necessary for an employee to travel from their residence to the Morgan Hill Police Department based on the distance, prevailing commuter speeds, and congestion. Employees are not required to drive a City vehicle to court, but may be provided a City vehicle for out of County travel, if available. Employees will be reimbursed at the current IRS rate for use of their personal vehicle when making in-County or out-of-County court appearances.

- (d) Except as provided herein, employees receiving overtime Court Pay shall not receive reimbursement for meals nor will they receive Overtime Pay for court meal recesses. Employees held over through a court lunch recess, but then released from court immediately following the recess, shall receive overtime pay for the lunch recess, not to exceed one (1) hour.
- (e) Only one (1) four (4) hour minimum compensation for an off duty court appearance will be paid per day. If additional off duty court appearances are required beyond the time covered by the four (4) hour minimum, the employee shall be paid at the overtime rate for actual hours worked as governed by the City's overtime policy.
- (f) In the event that employees are assigned by the Police Chief or his/her designee to remain on call for the purposes of court standby, the employees shall receive one quarter (1/4) straight time pay for every hour on standby with a two (2) hour minimum and an eight (8) hour maximum per court day.
- (g) As referred to in this MOU, court standby is defined as time in which the off duty activity of an employee covered by this MOU is restricted due to the inevitability of the employee having to respond to court within the succeeding twenty four (24) hours.
- (h) The Police Chief or his/her designee shall be responsible for informing appropriate court officials of the above stated court standby procedure and any conflicts resulting from the procedure.

Article VII. HOURS OF WORK AND OVERTIME

Section 7.01 Hours of Work

- (a) For the purposes of calculating overtime, compensatory time off ("CTO"), and defining payroll periods, the established work week is 12.01 a.m. Sunday morning to 12:00 midnight the following Saturday night.
- ~~(b) The work day, for pay purposes, shall be a twenty four (24) hour period commencing with the beginning of the employee's regularly scheduled shift. For regular employees in the full time classifications represented by this bargaining group, except Public Safety Dispatcher and ASO,~~

~~the normal work schedule shall be forty (40) hours consisting of five (5) consecutive days of eight (8) hours each, exclusive of a lunch period, Monday through Friday.~~

(b) Alternative work schedules for Association employees may be approved pursuant to City's Alternate Works Schedules Policy. For employees in the full-time classification of Public Safety Dispatcher, the normal work schedule shall be forty (40) hours ~~consisting of four (4) consecutive days of ten (10) hours each.~~ Regular part-time employees shall work half of the weekly full-time schedule as defined for their classification. Should the normal work schedule need to be modified in terms of days or shift hours by the Chief to facilitate the needs of City, such modification in normal work schedules will be discussed with Association representatives as to methods for changing or rotating assignments prior to any change. The affected employee shall be notified at least fourteen (14) full working days prior to any change.

~~(c)~~

Section 7.02 Overtime

- (a) The Chief retains the right to make any special exceptions to the above schedules. If at any time it becomes evident to the Chief that the most efficient use of staffing to meet the workload demands of the community is not being met, the Chief reserves the right to modify work schedules on a temporary or permanent basis. City will attempt to give the affected employee as much notice as possible, but at least three (3) full working days notice prior to the effective date of any schedule change, except in cases of emergencies.
- (b) Overtime/CTO is defined as one and a half (1.5) times an employee's total hourly salary. Overtime/CTO is paid in fifteen (15) minute increments for time exceeding seven and a half (7.5) minutes more than the employee's normal work shift, provided the employee has worked an eight (8) hour or more work shift or any work time in excess of the forty (40) hour work week, unless additional hours are worked as a result of a shift change.
- (c) All such time must be approved in advance by the employee's supervisor or the Chief. Time spent on paid sick leave, disability leave, vacation leave, military leave, CTO, or other authorized paid leave shall be deemed time worked for the purposes of this MOU.
- (d) The priority of overtime selection for both the Public Safety Dispatcher classification and the Public Safety Dispatcher Supervisor classification shall be:

~~(i) Temporary ("Temp") employees (either working in a non-budgeted position or working on an hourly basis with no benefits).~~

~~(i)(ii)~~ Regular ~~Part~~Full-time employees

~~(ii)(iii)~~ Regular ~~Full~~Part-time employees

~~Temporary ("Temp") employees (either working in a non-budgeted position or working on an hourly~~

basis with no benefits).

- (e) Employees will have the option of receiving either paid overtime or CTO. The CTO accrual limit shall be one hundred sixty (160) hours.
- (f) During emergency situations that require Emergency Operation Center (“EOC”) activation (floods, earthquakes, severe storms, etc.), City reserves the right to require that all overtime be compensated in pay and not CTO.
- (g) Employees may elect to contribute via payroll deduction to the City’s deferred compensation plans. Employees’ contributions can be a lump sum contribution or a percentage of base wages. Employees must submit a completed deferred compensation enrollment/change form to the Human Resources Office for changes in their deferred compensation contributions. Changes shall be effective the second full pay period following receipt by Human Resources of the applicable deferred compensation enrollment/change form.

Section 7.03 Temporary or Alternate Work Schedule

- (a) For those employees classified as Public Safety classification, a temporary alternate work schedule may be invoked based upon staffing vacancies and needs of the City.
- (b) Prior to invoking a temporary work schedule, all Public Safety Dispatchers shall be given the opportunity to review alternatives and provide input with respect to a preferred schedule.
- (c) While a mutually agreeable schedule is the goal, the Chief, upon approval of the City Manager, shall have the final authority to make the determination of the actual temporary work schedule to be implemented.
- (d) Temporary work schedules may be non-traditional in form, such as a twelve (12) hour work day with more than two (2) days off each calendar week. However, all hours worked in excess of forty (40) hours per week shall be compensated at the current overtime rate (either with paid overtime or CTO). Hours worked forty (40) hours or less shall be compensated at the employee’s normal straight time hourly rate.
- (e) Upon mutual agreement of City, the Chief and employees in the classification of Public Safety Dispatcher, the recommended fourteen day (14) notice prior to implementation of a temporary alternate work schedule may be waived.
- (f) If Association wishes to meet and confer regarding the termination and/or possible continuation of the temporary alternate work schedule at the time City is considering reverting back to the normal schedule, City agrees to meet and confer to discuss Association’s concerns prior to reverting back to the normal work schedule.

Section 7.04 Shifts

- (a) During the first six months of the contract term, the parties agree to meet and confer regarding a transition to 12-hour shifts, and reducing or eliminating solo time. If the parties agree to a schedule

~~change, the new schedule will be implemented beginning July 1, 2022. The parties will further meet and confer regarding night shift differential pay during this six month period.~~

~~(a)(b)~~ Regular shifts for employees in the classification of Public Safety Dispatcher shall be as follows:

- (i) Shift A: any shift beginning 5AM to 10AM
- (ii) Shift B: any shift beginning 11AM to 4PM
- (iii) Shift C: any shift beginning 5PM to 9PM

~~(b) At no time will any regular shift begin between the hours of 10 PM and 5AM. The City may, in the case of emergency or staff shortage or challenges, require employees to work a regular shift starting at a time other than as set forth in this section 7.04.~~

- (c) Shift selection for those full-time employees in the classification of Public Safety Dispatcher shall be by seniority as follows:
 - (i) Public Safety Dispatchers shall select two (2) shifts. Each shift shall be for a six (6) month period, beginning the second pay period of January and July, respectively.
 - (ii) In October, the Police Support Services Manager shall publish a blank schedule indicating the available shifts to be selected for the following calendar year. At least twenty (20) days prior to becoming effective, the approved schedule shall be posted.
 - (iii) For the purpose of Public Safety Dispatcher shift selection, seniority is based on date of hire as a regular employee in the Public Safety Dispatcher job classification. Seniority shall take precedence in resolving scheduling selections.
- (d) Public Safety Dispatchers shall not be required to rotate shifts during the term of this MOU.
- (e) The Police Support Services Manager, or designee, may elect to administratively assign a Public Safety Dispatcher to a specific shift for the good of the organization. Examples may include, but are not limited to, long-term personnel shortage, career enhancement of probationary employee, or special assignments.

Article VIII. HEALTH BENEFITS

Section 8.01 City will contribute to the premiums of the City's medical, dental, and vision health plans as follows:

- (a) For employees with family coverage, up to ~~ninety percent (90%) of the Kaiser medical health plan plus the full cost of Delta Dental and VSP (Vision)~~ \$2,215/month in 2022 and up to \$2,326/month in 2023.
- (b) For Employees with employee plus one coverage, up to ~~ninety six and one half percent (96.5%) of the Kaiser medical health plan plus the full cost of Delta Dental and VSP (Vision)~~ \$1,785/month in 2022 and up to \$1,874/month in 2023.
- (c) For employees with employee only coverage, ~~the City's contribution for Medical, Delta Dental and VSP (Vision) shall be eight hundred dollars (\$800.00)~~ up to \$840/month in 2022 and up to

\$882/month in 2023.

- (d) Employees not using the entire benefit amount shall be entitled to use one hundred percent (100%) of the surplus amount for optional benefits or for participating in medical reimbursement or dependent care expense accounts. If employees do not use their one hundred percent (100%) surplus for optional benefits, it will be added to their salary as taxable income.
- (e) Employees ~~whom-whom~~ annually provide proof of alternative coverage may waive enrollment in City medical, dental and vision insurance programs and receive a taxable cash in lieu payment of \$715a month. Amounts received as cash in lieu shall be included in the employee's overtime rate only so long as, and to the extent, required by law.
- (f) Effective in December 31, 2021, the amounts the City is obligated to contribute shall be converted to the identical flat dollar amounts and the formulaic approach used to determine the City's contribution obligations in 2019, 2020 and 2021 shall be null and void and no longer in effect for subsequent plan years. Effective starting in December 2021, employees enrolled in the employee only category shall no longer be eligible to use any surplus amounts in excess of their premium amounts ~~(if less than \$800)~~. Any change to these flat dollar City contribution obligations in years after 2021 shall occur only via negotiated agreement of the City and CSOA.

~~(g) The City will implement a cafeteria plan in or before October 2019 consistent with paragraphs A-F above.~~

Section 8.02 Employee Assistance Program

- (a) City agrees to provide, at its expense, one hundred percent (100%) of the premium cost per employee for enrollment in the Employee Assistance Program as presently constituted.

Section 8.03 Retirement Medical

- (a) All employees shall have the option of continuing their current medical insurance at the employee's own cost after retirement. This option can continue as long as there is no lapse in coverage and so long as the employee pays the monthly premium to the California Public Employees Retirement System ("CalPERS") or to the Finance Department as per their billing requirements. The minimum employer contribution for calendar year 2022 will be \$149 per month. The calendar year 2023 rate has not been determined.

Section 8.04 The CalPERS Health Benefits Program shall remain in effect for the term of this MOU.

Section 8.05 Long Term Medical Care Program

- (a) City agrees to provide, at its expense, one hundred percent (100%) of the premium cost per employee for enrollment in the basic Long Term Medical Care Program.

Section 8.06 Short Term Disability Program

- (a) For the term of this MOU, City will maintain a short term disability program for all employees represented by Association. The coverage for the short term disability program will be sixty six and two thirds percent (66-2/3%) of salary up to a maximum of nine hundred eighty three dollars (\$983.00) per week with duration of eight (8) weeks and the elimination period of eight (8) days. The employee must be totally disabled to qualify for benefits. Per program requirements, maternity benefits are included in the short-term disability coverage. City will continue to pay one hundred percent (100%) of the costs involved with this program.

Section 8.07 Long Term Disability Program

- (a) For the term of this MOU, City will maintain a long term disability program for all employees represented by Association. The amount of monthly coverage for the long term disability will be sixty six and two thirds percent (66-2/3%) of the first six thousand dollars (\$6,000.00), or a maximum benefit paid of four thousand dollars (\$4,000.00) per month, of the employee's monthly earnings reduced by any deductive benefits. The maximum benefit period is to age sixty five (65) or twelve (12) months, whichever is longer. The elimination period is sixty (60) days of total disability. Employees may be eligible for some benefits for partial disability as outlined in the plan documents. City will continue to pay one hundred percent (100%) of the costs involved with this program.

Section 8.08 Life Insurance

- (a) For the term of this MOU, City will maintain a life insurance program for each employee represented by Association in the amount of one hundred thousand dollars (\$100,000.00). This amount decreases when the employee reaches ages sixty five (65), seventy (70), and seventy five (75). This amount will be paid to the employee's beneficiary upon the death of the employee as outlined in the program documents. The City will continue to pay one hundred percent (100%) of the cost involved with this program. The City will provide the ability for employees to buy additional life insurance through the flexible benefits program.

Section 8.09 Hepatitis-B Shots

- (a) City agrees to provide Hepatitis-B shots for represented employees.
- (b) If the employee selects a medical plan which provides this benefit, employees in these classifications must get the shots through their medical plan.
- (c) If not covered by their group medical plan, employees wishing to receive the Hepatitis-B shots must submit a written request to the Human Resources Office. The Human Resources Office will contact the medical office currently being used for City medical examinations to set up the first appointment.

- (d) Charges for Hepatitis-B shots for these employees pursuant to 6.47B above will be paid by City.

Article IX. UNIFORMS

Section 9.01 Uniform Allowance

- (a) The City shall pay an annual uniform allowance to employees in the Police Records Specialist, Senior Records Specialist, Animal Services Officer, Property/Evidence Technician, Public Safety Dispatcher Supervisor, and Public Safety Dispatcher, classifications of eight hundred ten dollars (\$810.00) and to employees in the Animal Services Officer classification of one thousand one hundred sixty dollars (\$1,160.00) payable in one payment on or about July 1st. The City will pay a one-time allowance of eight hundred ten dollars (\$810.00) (one thousand one hundred sixty dollars (\$1,160.00) for Animal Services Officer) at the time of hiring for the purposes of purchasing the necessary uniforms. If personnel are assigned to a special assignment, City agrees to provide necessary uniforms. Regular part-time employees shall receive one half of the uniform allowance amounts listed herein, including the one-time allowance upon hire. Regular part-time employees regularly working three (3) or more days per week will receive the full uniform allowance.

Section 9.02 Replacement Schedule

- (a) City shall pay for the replacement of uniforms damaged due to the performance of job duties on a prorated basis, based on the age of the uniform and upon recommendation of the Chief or his/her designee. The useful life of uniform items for the purpose of this section shall be assumed as follows:
- (i) Uniform shirts/pants - Two (2) years
 - (ii) Uniform jackets - Five (5) years
 - (iii) Uniform hats (Animal Services Officer) - Five (5) years
- (b) If available, employees shall provide receipts establishing the date of purchase. Authorized personal property such as watches, glasses, etc. damaged due to the performance of job duties shall be replaced up to a seventy five dollar (\$75.00) (one hundred twenty five dollar (\$125.00) for prescription glasses) limit upon the recommendation of the Chief or his/her designee. However, no reimbursement shall be made for personal property which the employee is using on a voluntary basis in lieu of an item which has been provided by City.

Section 9.03 City shall provide safety equipment that meets Department standards as outlined in the Police Department Policy Manual.

- (a) City will continue to provide pepper spray training and equipment for employees assigned to field duties.
- (b) Newly hired uniformed personnel, at time of hire, will have their safety equipment including (where applicable) gun, baton, handcuffs, flashlight, rain gear, leather, and related equipment furnished by City as per Department specifications. City will repair or replace existing safety equipment owned by personnel hired before July 1, 1997 as they are damaged, worn out, or as Department specifications change, not to exceed the cost of City provided safety equipment.
- (c) City shall provide a Threat Level III protective vest, including shock plate, to all Animal Services Officers. City shall replace a vest after it has been in service for five (5) years, has been compromised, or is otherwise unserviceable per industry standards. Animal Services Officers in an assignment that requires them to wear a uniform must wear the City issued protective vest at all times. Animal Services Officers in a non-uniform assignment are not required to wear a vest at all times while on duty, but shall maintain the vest in an accessible location and should wear the vest when engaged in planned, high risk events.

Article X. **WATCH SWAP**

A "Watch Swap" is a voluntary agreement between two (2) employees to trade a specific and equal number of work shifts. When one employee agrees to work for another, the second employee must reciprocate by working an equal amount of time for the first employee. When a trade is agreed upon and reciprocated, both involved employees will have accounted for two thousand eighty (2080) base work hours per year.

Section 10.01 Employees may negotiate Watch Swaps among their peers provided that:

- (a) The involved employees complete the Watch Swap Request at the bottom of the overtime form at least one (1) working day prior to the swap,
- (b) The Supervisor for the affected shift approves the request, and
- (c) The trade is among employees of a same job classification.
- (d) The regularly scheduled employee shall code his/her time sheet as if he/she had worked.
- (e) The reverse portion of the Watch Swap may occur at any time at the employee's discretion provided that the steps listed above are also followed for the reverse portion of the Watch Swap. The reverse portion of the Watch Swap is the sole responsibility of the two involved employees. No employee shall have any recourse with the Department for failure to pay back a shift or for working in excess of eighty (80) hours per pay period without overtime in which a Watch Swap was negotiated.

- (f) Watch Swaps are intended to be a convenience for the regularly scheduled employee and it is the sole responsibility of the regularly scheduled employee to ensure that his/her replacement reports to work. If, for any reason, the replacement employee fails to appear for duty, the regularly scheduled employee will be ordered back to work or, if that is not possible, will be considered to have taken the day off without pay. Since Watch Swaps are usually the result of inadequate staffing to allow the employee to take time off by other means, the regularly scheduled employee may not account for the missing time by use of sick leave, CTO, or the like.
- (g) The supervisor shall not approve a Watch Swap for the purposes of allowing the regularly scheduled employee to work an overtime assignment the same day. The supervisor may disapprove Watch Swap requests due to operational needs. Examples may include days on which there are planned special events that require maximum available staffing, etc.
- (h) The Chief may evaluate this process from time to time and may suspend this process if it becomes apparent that employees are failing to honor Watch Swap commitments.

Article XI. EDUCATION AND TUITION BENEFITS

Section 11.01 Education Incentive Pay Program

(a) All employees who have completed their original probationary period shall have the option of participating in the Education Incentive Pay ("EIP") Program.

(b) Rates of pay for the EIP Program shall be:

a. Five percent (5%) - Intermediate P.O.S.T. Dispatch Certificate and/ or A.A. or A.S. Degree.

a.

b. Seven-and one-half percent (7.5%)- Advanced P.O.S.T. Dispatch Certificate and/ or B.A. or B.S. Degree.-

Section 11.02 ~~Section 11.01 Educational Incentive Pay Program (For Employees Hired Before July 1, 2009)~~

~~(a) See Exhibit A.~~

~~EMPLOYEES PREVIOUSLY ON LONGEVITY~~Employees Previously on Longevity

A. Effective October 1, 1989, City's Longevity Pay Program will be placed entirely with a special EIP program for only those employees still on the Longevity Pay Program as of that date. The terms of this special program will be as follows:

1. All eligible employees shall be converted to the special EIP program at the same pay as they enjoyed under the Longevity Pay Program. No employee will be allowed to begin receiving longevity pay who is not already receiving such pay prior to October 1, 1989. This special educational incentive program assumes that these employees will continue to re-qualify under the City's existing EIP program guidelines for continued receipt of EIP.
2. An employee previously on the longevity pay program may use this special EIP program or they may convert at any time they choose to the regular EIP program outlined in this article. This is a one-way conversion. Once an employee elects the regular EIP program, he/she may not return to this special EIP program.
3. Employees covered under the previous longevity program may advance on their anniversary date to the various pay levels of five percent (5%) after ten (10) years service, seven and one half percent (7.5%) after fifteen (15) years of service, and ten percent (10%) after twenty (20) years of service.

Section 11.03~~2~~ Tuition Reimbursement

- (a) City shall provide a tuition reimbursement program of up to one thousand five hundred dollars (\$1,500.00) per fiscal year (July 1 through June 30) for the cost of books and tuition for classes beneficial to the employee's career development. All classes must be approved in advance by the Chief. Reimbursement will take place upon a successful completion or passing of the course.

Article XII. TYPES OF LEAVE

Section 12.01 Sick Leave Accrual

- (a) Sick Leave credit shall be accumulated on the basis of eight (8) hours per month. The employee's accumulated sick leave is unlimited.
- (b) City will pay twenty five percent (25%) of unused sick leave at the end of each calendar year. This payment will be based on semi-annual calculations, made on June 1 and December 1 of each year. The balance of sick leave will be added to the employee's accumulated sick leave.
- (c) The twenty five percent (25%) payout will not be calculated or paid to any employee absent from work on a work related injury which is being covered by workers' compensation.
- (d) Upon retirement, one hundred percent (100%) of the employee's unused sick leave balance will be credited to the employee's retirement eligibility. This amount would then be converted into

time in service and added to the employee's retirement eligibility. (Reference - City contract with CalPERS, Section 20862.8).

- (e) Employees shall be allowed to utilize two (2) complete shifts of personal leave per fiscal year chargeable to sick leave. Use of these two (2) personal leave days cannot be unreasonably denied, ~~as long as two (2) employees have not already been granted leave.~~ provided no more than two shifts will need to be covered. Employees shall be credited with personal leave hours, however, only two (2) shifts of personal leave days may be taken and any remaining hours will not carry over into the next fiscal year.

Section 12.02 Extended Leave Policy

- (a) In the event an employee is absent from work for illness or injury, unless notified otherwise, prior to the end of the affected pay period, the time off will be coded and deducted from accumulated sick leave, accumulated comp time, and accumulated vacation time, in that order. If a determination is subsequently made by City that the injury was job related all sick leave, CTO, and vacation time used to cover the leave will be credited back to the employee in an amount up to the workers' compensation determination. The amount of compensation from City may need to be offset by payments received from workers' compensation. At no time shall the employee receive compensation and workers' compensation payment in excess of their normal pay. Employees with non-sufficient time off credited to them will be coded on payroll as absent without pay.

Section 12.03 Bereavement Leave

- (a) Employees shall, per occurrence, be allowed time off in the event of a death in their immediate family, ~~as that term is defined in the Personnel Rules~~ father, mother, brother, sister, spouse, natural or legally adopted child, stepchild, in-laws, grandparents, and grandchildren. Up to three (3) days of such leave shall be allowed where the death and service are within the state of California and up to five (5) days where the death or service is outside the state. Usage of this leave shall not be charged against the employee's sick leave or vacation. An additional two (2) days of leave may be taken at the same time and deducted from the employee's accumulated sick leave. This leave will not affect the twenty five percent (25%) cash out of sick leave for the same calendar year.

Section 12.04 Release Time

- (a) City shall provide release time for any one (1) Association officer of the employee's choosing for grievance procedures only.
- (b) City shall provide release time for three (3) Association employees for attendance at formal meet and confer sessions.

- (c) Employees requesting release time shall make the request to their supervisor at least five (5) business days prior to the time requested (Monday through Friday).

Section 12.05 Vacation and Compensatory Time Off Accrual as follows:

- (a) Eighty (80) hours per year from the date of hire through the second (2nd) year of employment.
- (b) Eighty eight (88) hours vacation during the third (3rd) year of employment.
- (c) One hundred four (104) hours vacation during the fourth (4th) year of employment.
- (d) One hundred twelve (112) hours vacation during the fifth (5th) year of employment.
- (e) One hundred twenty (120) hours vacation during the sixth (6th) year of employment.
- (f) One hundred twenty eight (128) hours vacation during the seventh (7th) year of employment.
- (g) One hundred thirty six (136) hours vacation during the eighth (8th) year of employment.
- (h) One hundred forty four (144) hours vacation during the ninth (9th) year of employment.
- (i) One hundred fifty two (152) hours vacation during the tenth (10th) year of employment.
- (j) One hundred sixty (160) hours vacation after the tenth (10th) year of service.
- (k) Maximum accumulation of vacation shall be no more than that earned for two (2) years. This vacation accumulation maximum shall be enforceable on June 30th of each year. Employees may exceed the maximum prior to June 30th.
- (l) Any employee who has more than two (2) years annual accrual on the books on July 1st shall have their vacation accrual subsequently reduced until vacation usage drops the maximum accrual below two (2) years accrual maximum.
- (m) City guarantees that during the term of the contract that no employee will lose vacation accrued if the employee follows Departmental guidelines for requesting time off.
- (n) An employee may submit an Irrevocable Cash-Out Declaration Form to cash out up to eighty (80) hours of accrued vacation and/or comp time in the following calendar year. To be effective, the Form must be received by payroll no later than December 1st of the year prior to the calendar year in which the employee wishes to cash-out vacation and/or comp time. It is understood that an employee using vacation or comp time shall always use vacation or comp time earned in prior years first before using vacation or comp time earned in the current year.
- (i) The employee shall specify the pay period in the following calendar year in which the employee wishes the cash-out to occur. If no pay period is specified, the City shall process and pay the cash-out request in the pay period including November 1st. Employees are responsible for ensuring a sufficient balance of available accrued vacation and/or comp time on the date of the requested cash-out. Accrued comp time shall be cashed out first and then accrued vacation

once an accrued comp balance is exhausted. If there is an insufficient balance, the maximum available up to eighty (80) hours will be cashed out.

- (o) As part of the City's open enrollment packet each year, the City will provide all employees with a copy of the Irrevocable Cash-Out Declaration form and a reminder of the deadline for submission of the Form.

Article XIII. VACATION/TIME OFF REQUESTS

Section 13.01 Preferred Vacation for Public Safety Dispatchers

(a) All Public Safety Dispatchers may submit a request once a year for consideration of approval of an annual preferred/secondary vacation. All vacation sign-ups will be completed in order of seniority. The preferred vacation request sign-up shall begin immediately after the completion of shift selection, for vacation time during the next calendar year.

(b) Employees may not use vacation hours exceeding their annual vacation accruals (maximum 160 hours) based on years of service for their preferred vacation bids. Preferred vacation must be requested in increments of forty (40) hours. Employees should be mindful of their irrevocable cash-out and how that will impact their individual leave balances. It is the employee's responsibility to ensure they have adequate time in their leave banks at the time of the vacation.

(c) Each Public Safety Dispatcher will have forty-eight (48) hours in order to sign-up for preferred vacation. Once the dispatcher's bid has been made, the forty-eight (48) hour period for the next most senior dispatcher will begin.

(d) Only one (1) Public Safety Dispatcher at a time may be on vacation time off unless it does not adversely affect staffing.

(e) Vacation sign up shall not exceed four (4) consecutive weeks unless specifically authorized by the Chief Support Services Manager.

(f) Once all Preferred Vacation sign ups have been completed, a secondary sign-up will be posted, displaying only the remaining available time slots. The second vacation bid is for situations where a dispatcher may elect to split their time and would like to make a second selection for another time that is not consecutive to the first selection.

(g) Vacation bids are not considered finalized until the Dispatch Supervisor authorizes the submission, which will be completed within twenty-four (24) hours of selection.

(h) A Public Safety Dispatcher who fails to request a preferred vacation or who does not take a preferred vacation which has been approved shall lose any right to a preferred vacation until the next sign-up period.

(i) All Public Safety Dispatchers shall be included in the sign-up for the preferred vacation schedule.

Section 13.02 A schedule of approved preferred vacation requests will be posted by December 15th.

Section 13.03 Other Requests for Vacation/Compensatory Time Off

- (a) Requests may be submitted at any time within one (1) year of the date to be taken off. Requests that are not initially approved may be resubmitted within four (4) months or less of the start date for the time off request for consideration of approval. The Department shall review these requests and either approve or disapprove them within five (5) business days from the date submitted. Once approved, the vacation/CTO will be posted on the vacation schedule.
- (b) The Department will review requests for vacation/CTO other than preferred vacation with the intent of granting time off whenever practical, based on operational efficiency.
- (c) If a vacation/CTO request has been approved more than fourteen (14) days prior to the start of the time off, the Public Safety Dispatcher Supervisor will post a voluntary overtime sign up to fill any vacancies on the schedule created by the approved time off.

- (d) If unfilled vacancies exist seven (7) days prior to the commencement of the approved time off, the Public Safety Dispatcher Supervisor will assign employees based on worked overtime hours. If there is an equal number of hours worked determination will be made using reverse seniority to work overtime to cover the unfilled vacancies which result from the approved time off.
- (e) Any employee assigned an overtime shift to fill a vacancy is responsible for that shift - not the employee whom normally would work that shift but was granted time off.

Article XIV. MISCELLANEOUS BENEFITS

Section 14.01 Pension

- (a) For employees hired on or before January 1, 2013 and "Classic Employees" as defined in Government Code section 7522.02(c) of the Public Employees Pension Reform Act ("PEPRA"), hired on or after January 1, 2013, City agrees to continue its miscellaneous contract with CalPERS for all applicable retirement benefits in effect on July 1, 2007 which will provide the single highest year and the "2.5% @ 55" basic retirement formula.
- (b) For employees that are considered "New Members," as defined in Government Code section 7522.04(f) of PEPRA, hired on or after January 1, 2013, the miscellaneous contract will provide for the three (3) highest years compensation average and the "2.0% @ 62" retirement formula.
- (c) Beginning with CalPERS rates effective July 1, 2014, City and Association agree to split future rate increases at a fifty/fifty (50/50) ratio. For example, in FY 13-14, City's miscellaneous contribution rate was sixteen point thirty eight percent (16.38%). On July 1, 2014, City's rate increased to seventeen point thirty percent (17.30%) and thus Association members will contribute fifty percent (50%) of the increase ($17.30\% - 16.38\% = .92\% * 50\% = .46\%$). This methodology will be used in subsequent years should CalPERS increase the miscellaneous contribution rate.
- (d) City will continue to offer the CalPERS "2.5% @ 55" retirement program for "Classic Employees." The retirement plan shall continue all present options for "Classic Employees" including Credit for Unused Sick Leave (Government Code § 20965), the Fourth Level of 1959 Survivor Benefit (Government Code § 21574), Two Years Additional Service Credit (Government Code § 20903), and the One-Year Final Compensation (Government Code § 20042). The employee's base salary includes the eight percent (8%) CalPERS employee contribution and will be deducted from the employee's gross earnings pursuant to IRS § 414 (h)(2). Two dollars (\$2.00) per month will be deducted from employees' paychecks pursuant to the 1959 Survivor Benefit (ninety three cents (\$0.93) per pay period). Any provision above may not conflict with the terms and conditions in Government Code § 7522.02(c).
- (e) Effective July 1, 2022 Union Members will share the employer's CalPERS contribution rate at 6.12%. The employee's contribution towards employer's share of pension cost will be capped at 6.12%. The City and Union members agree to split any rate decreases below the FY 2022-23

employer's CalPERS contribution rate of 28.77% at a 50/50 ratio.

~~(d)~~(f) _____

Section 14.02 IRS 125 Program

(a) City shall maintain in effect the Section IRS-125 Reimbursement.

Article XV. MISC POLICIES AND PROCEDURES

Section 15.01 Work Stoppage, Any Job Action, Slowdown

- (a) During the life of this MOU, no work stoppage, strikes, or picketing shall be caused or sanctioned by Association and no lockouts shall be made by City.
- (b) In the event that any employee covered by this MOU, individually or collectively, violates the provisions of this MOU and Association fails to exercise good faith in halting the work interruption, Association and the employees involved shall be deemed in violation of this Article X and City shall be entitled to seek all remedies available to it under applicable law.

Section 15.02 Light Duty Determination

- (a) In the event an employee is injured and off the job for ten (10) working days or more and may be able to return to work but not able to perform all their normal job duty assignments, a temporary light duty assignment may be made by City. To be eligible for such a modified assignment, City may require the employee to provide the Human Resources Office with a medical statement from his/her treating physician that clearly states the medical limitations and abilities of the employee. City may require a second or third doctor's determination at City's expense. All light duty work requests shall be coordinated through the Human Resources Office. The Human Resources Office will notify the employee of their light duty assignment status.
- (b) An employee receiving such a light duty determination could be reassigned to another assignment or other reduced work schedule up to a forty (40) hour work week upon the determination of the Chief. Once the employee is certified by their treating physician or a City doctor as no longer in need of light duty, they will be reassigned to their normal work assignment.

Section 15.03 Substance Abuse Policy

- (a) City's Substance Abuse Policy shall continue in effect for the term of this MOU.

Section 15.04 Layoff Procedure

Section 15.05 The City Council may abolish any position in the Classified Service due to lack of funds, work, or need.

Section 15.06 The layoff of employees resulting from the elimination of positions shall be governed by the following procedure:

- (a) Layoffs shall be made from within the affected job classification in reverse order of total time in that classification, including any period of probation, paid leave or active military leave. Except as regards to military leave, no service credits shall be earned during any leave of absence

without pay in excess of thirty (30) days. Where time in class is equal between two or more affected employees, the order of layoff shall be determined by the following means, in order:

- (i) placement on the eligibility list at time of hire in the class with the highest ranking employee(s) being determined to have more time in service, if the list or reasonable evidence of the list is available,
 - (ii) total service time in the Classified Service,
 - (iii) if neither (i) or (ii) above breaks the tie(s), seniority will be determined by an appropriate random means of selection (lottery, coin flip, etc.).
- (b) The order of layoff in the affected classification or classifications shall be:
- (i) Temporary employees.
 - (ii) Probationary employees.
 - (iii) Regular employees.
- (c) The treatment of personnel employed by means of state or federal grant monies shall be in accordance with regulations for retention as established by the grantor. In the absence of such regulations, the type of position (Classified or Exempt) shall govern treatment of such personnel.
- (d) Probationary and regular employees in the Classified Service who are scheduled to be laid off shall receive at least a twenty one (21) days written notice to this effect.
- (e) In lieu of layoff, an employee may elect transfer or demotion to a vacant position in the Classified Service which City intends to fill and for which the employee is qualified. Such actions shall be governed by the terms of Section 10 of the Personnel Rules and in no event shall result in an employee being placed in a classification carrying a higher maximum rate of pay. If two (2) or more employees have requested transfer or demotion to the same vacant position and City has determined they are both qualified to fill it, the more senior employee shall receive preference. For purposes of this section, total time in the Classified Service shall be utilized in determining seniority.
- (f) Within ten (10) days from the date layoff notices are issued, an employee who would otherwise be laid off may elect to displace an employee in a classification carrying a lower or the same maximum rate of pay provided, however, that the displacing employee must have held regular status in such classification and have greater time in the classification and directly related higher classifications combined than the employee being displaced. For example, related classifications would mean Police Officer/Police Sergeant, etc.

- (g) A probationary or regular employee displaced in accordance with this Section 10.09 shall, in turn, be provided the same notice and bumping privilege as set forth in this Section 10.09.
- (h) Regular and probationary personnel laid off in accordance with this MOU shall, unless they request otherwise, be placed on a reemployment list as provided by Personnel Rule 10.12. If an employee is reemployed from such a list, all service credits and sick leave accrued to the date of layoff shall be restored. In no event, however, shall City be required to restore credits for vacation and sick leave paid out at the time of layoff.
- (i) At the time of layoff, the employee's name shall be removed from all promotional eligible lists, but, at the employee's request, shall be retained on open-competitive lists subject to the provisions of Personnel Rule 10. If the employee is reemployed prior to the expiration of a promotional list, they shall be reinstated to the list.
- (j) Prior to the effective date of layoff, the Police Chief or the Police Support Services Manager shall furnish the City Manager with a final evaluation of the employee's performance.

Section 15.07 City and Association acknowledge that the prospect of contracting police services functions to another public agency may potentially be considered during the term of this MOU. Therefore, should the City Council decide to contract out police services to another agency during the term of this MOU, City will meet and confer with Association regarding the impact of such contracting out and, during the negotiations for a contract with the contracting agency, make a good faith effort to negotiate to transfer represented employees to employment with the contracting agency, provided that such transfer and the implementation thereof are consistent with the public policy goals established by the City Council in the contracting out of the police services.

Article XVI. GRIEVANCE PROCEDURE

Section 16.01 The following grievance procedure will be in effect:

- (a) A grievance is defined as any dispute involving the interpretation, application or alleged violation of:
 - (i) A current MOU between City and Association, or
 - (ii) The City's Personnel Rules where the provision in dispute is within the scope of representation.
- (b) Should any dispute concern an agreement, rule or action which prescribes a separate appeal procedure, that dispute shall be excluded from the procedure contained herein.

Section 16.02 Informal and Formal Grievances

- (a) Step 1. An employee who has a grievance shall bring it to the attention of his/her immediate supervisor within five (5) working days of the occurrence of the act which is the basis for the

dispute. If the employee and the immediate supervisor are unable to resolve the grievance within five (5) working days of the date it is raised with the immediate supervisor, the employee shall have the right to submit a formal grievance which shall contain the following information:

- (i) The name of the grievant,
 - (ii) The grievant's department and specific work site,
 - (iii) The name of the grievant's immediate supervisor,
 - (iv) A statement of the nature of the grievance, including the date and place of occurrence,
 - (v) The specific provision, policy, or procedure alleged to have been violated,
 - (vi) The remedies sought by the grievant, and
 - (vii) The name of the individual or organization, if any, designated by the grievant to represent him/her in the processing of the grievance. However, in no event, shall an employee organization other than the one which formally represents the position occupied by the grievant be designated as the grievant's representative.
- (b) Step 2. An employee dissatisfied with the decision of the immediate supervisor in Step 1 may submit the grievance to the Chief within seven (7) working days from the date of the immediate supervisor's decision. The Chief shall respond to the grievance in writing within seven (7) working days from the date of its receipt.
- (c) Step 3. If the employee is dissatisfied with the decision of the Chief in Step 2, he/she may submit the grievance to the City Manager within ten (10) working days from receipt of the Chief's response. The City Manager or his/her designated representative shall respond to the grievance in writing within ten (10) working days of its receipt. Within this period the City Manager, or his/her designate, at his/her discretion, may conduct an informal hearing involving the parties to the dispute.
- (d) Step 4. If the employee is dissatisfied with the decision of the City Manager, or his/her designate, he/she may submit the grievance to an Employee Relations Panel as provided in Section 11.09, listed below. Notice of such appeal must be filed in writing by the employee with the City Manager within fifteen (15) working days of receipt of that the City Manager, or his/her designee's decision.

Section 16.03 Employee Relations Panel

- (a) The Employee Relations Panel ("Panel") shall consist of three (3) members selected as follows:
- (i) A City Management official selected by the City Manager,

- (ii) A City employee selected by the grievant, provided, however, that the participation of the employee so selected shall not constitute a conflict of interest nor subject that employee to any recriminations as a result of his/her participation, and
 - (iii) A representative of the California State Mediation and Conciliation Service or an individual, other than a State Representative, chosen by the parties knowledgeable in public sector labor relations from any source reasonably likely to produce such an individual, including, but not limited to, a labor organization or management organization. This person shall serve as Chairperson.
- (b) The Chairperson shall serve without compensation unless it can be demonstrated that the individual was obliged to use accrued leave benefits or leave without pay to serve on the Panel. Where provided compensation, the compensation shall be shared by City and the grievant or his/her employee organization.
 - (c) The Panel shall be constituted and hear the grievance within thirty (30) working days from the filing of the appeal with the City Manager. The Panel's decision shall be rendered within fifteen (15) working days from the conclusion of the hearing.
 - (d) The majority decision of the Panel shall be final and binding, subject only to ratification by the City Council if the decision mandates a capital expenditure or significant, unbudgeted expenditures. In those instances the ruling shall be submitted to the City Council for action which may include modification or reversal.
 - (e) The conduct of the Panel's hearing shall be governed by the following ground rules:
 - (i) All hearings shall be convened during regular established City hours to the extent feasible. The grievant and City employees serving on the Panel, or whose participation in the hearing is required by the Panel, shall not suffer loss of wages for time devoted to this purpose. No compensation shall be provided for hearing convened during times other than the employee's regularly scheduled work period.
 - (ii) All hearings shall be conducted in an expeditious manner, with the Chairperson retaining final authority to the rule on procedural matters or on other points affecting the length and conduct of the hearing. Legal counsel, court reporters and briefs shall only be utilized upon agreement between City and the grievant and shall not serve to delay the Panel's decision beyond the prescribed time limit, except by mutual agreement.
 - (iii) The Panel shall be committed to resolving the grievance in an objective, timely and equitable fashion and shall not permit either party to engage in any presentation or line of an argument which detracts from this purpose. Moreover, the Panel shall not accept evidence not presented in Step 3.

- (iv) No hearing shall be convened unless both parties have stipulated in writing to the issue or issues to be heard by the Panel.

Section 16.04 General Conditions

- (a) Any time limit set forth above of this procedure may be extended by written agreement between City and the grievant or Association.
- (b) Failure on the part of the grievant or their designated representative to comply with the time limits of this procedure or any extension thereto shall constitute a withdrawal of the grievance without further recourse to re-submittal under this procedure. Failure on the part of City to comply with prescribed time limits or extension thereto shall result in the grievance being moved to the next step of the procedure.
- (c) The grievant shall be entitled to have a representative of his/her own choosing, except as provided above, present at any grievance meeting with City.
- (d) A representative of Association which represents the grievant's position shall be entitled to be present at any hearing held in conjunction with Step 3 and Step 4 of Section 16.02.
- (e) The City Manager or his/her designated representative shall serve as the central repository for all grievance records.

Article XVII. RATIFICATION

Section 17.01 This MOU shall become effective December ~~26³⁰~~, 20~~21~~¹⁸.

- (a) Unless mutually agreed otherwise by City and Association, Association shall provide City with its written requests on terms within the scope of representation for the period beginning January 1, 20~~24~~² between August 1 and August 31, 20~~23~~¹. City and Association shall begin to meet and confer on or before September 1, 20~~23~~¹, unless mutually agreed otherwise.

FOR THE CITY OF MORGAN HILL

FOR MORGAN HILL COMMUNITY SERVICE
OFFICERS' ASSOCIATION

Christina Turner Date
City Manager

Nicole Yates Date
CSOA President

Donald Larkin Date
City Attorney

Idalia Echegoyen-Young Date
CSOA Vice President

Michael Horta Date
Human Resources Director

Kodi De La Torre Date
CSOA Negotiator

Dat Nguyen Date
Finance Director

EXHIBIT A
COMMUNITY SERVICE OFFICERS ASSOCIATION SALARY SCHEDULES
December 26, 2021 - December 24, 2022

Effective 12/26/2021

4% Increase for All Classifications

Position	A Monthly	A Hourly	B Monthly	B Hourly	C Monthly	C Hourly	D Monthly	D Hourly	E Monthly	E Hourly	F Monthly	F Hourly
Animal Services Officer	\$5,170.62	\$29.83	\$5,429.15	\$31.32	\$5,700.61	\$32.89	\$5,985.64	\$34.53	\$6,284.92	\$36.26	\$6,599.17	\$38.07
Police Records Specialist	\$5,591.52	\$32.26	\$5,871.10	\$33.87	\$6,164.65	\$35.57	\$6,472.89	\$37.34	\$6,796.53	\$39.21	\$7,136.36	\$41.17
Property/Evidence Tech	\$6,194.17	\$35.74	\$6,503.87	\$37.52	\$6,829.07	\$39.40	\$7,170.52	\$41.37	\$7,529.05	\$43.44	\$7,905.50	\$45.61
Public Safety Dispatcher	\$7,441.73	\$42.93	\$7,813.81	\$45.08	\$8,204.50	\$47.33	\$8,614.73	\$49.70	\$9,045.46	\$52.19	\$9,497.74	\$54.79
PSD Supervisor	\$8,812.88	\$50.84	\$9,253.52	\$53.39	\$9,716.20	\$56.05	\$10,202.01	\$58.86	\$10,712.11	\$61.80	\$11,247.71	\$64.89
Sr Police Records Specialist	\$6,010.89	\$34.68	\$6,311.43	\$36.41	\$6,627.01	\$38.23	\$6,958.36	\$40.14	\$7,306.27	\$42.15	\$7,671.59	\$44.26

EXHIBIT B
COMMUNITY SERVICE OFFICERS ASSOCIATION SALARY SCHEDULES
December 25, 2022 - December 23, 2023

Effective 12/25/2022

2.5% Increase for All Classifications

Position	A Monthly	A Hourly	B Monthly	B Hourly	C Monthly	C Hourly	D Monthly	D Hourly	E Monthly	E Hourly	F Monthly	F Hourly
Animal Services Officer	\$5,299.89	\$30.58	\$5,564.88	\$32.11	\$5,843.13	\$33.71	\$6,135.28	\$35.40	\$6,442.05	\$37.17	\$6,764.15	\$39.02
Police Records Specialist	\$5,731.31	\$33.07	\$6,017.88	\$34.72	\$6,318.77	\$36.45	\$6,634.71	\$38.28	\$6,966.44	\$40.19	\$7,314.77	\$42.20
Property/Evidence Tech	\$6,349.02	\$36.63	\$6,666.47	\$38.46	\$6,999.79	\$40.38	\$7,349.78	\$42.40	\$7,717.27	\$44.52	\$8,103.14	\$46.75
Public Safety Dispatcher	\$7,627.77	\$44.01	\$8,009.16	\$46.21	\$8,409.61	\$48.52	\$8,830.10	\$50.94	\$9,271.60	\$53.49	\$9,735.18	\$56.16
PSD Supervisor	\$9,033.20	\$52.11	\$9,484.86	\$54.72	\$9,959.10	\$57.46	\$10,457.06	\$60.33	\$10,979.91	\$63.35	\$11,528.90	\$66.51
Sr Police Records Specialist	\$6,161.16	\$35.55	\$6,469.22	\$37.32	\$6,792.68	\$39.19	\$7,132.31	\$41.15	\$7,488.93	\$43.21	\$7,863.38	\$45.37

EXHIBIT A

EDUCATIONAL INCENTIVE PAY PROGRAM

~~Morgan Hill Community Services Officers' Association~~

~~(For Employees Hired Before July 1, 2009)~~

~~I. INTRODUCTION~~

~~Educational Incentive Pay ("EIP") shall be paid in addition to regular pay when education is in addition to the regular requirements of their job as stated in City's adopted job descriptions and the education is job-related. An employee may not receive more than a seven and one half percent (7.5%) increase above the employee's base monthly salary.~~

~~II. PROGRAM GOALS~~

~~The goals of the EIP Program ("Program") are:~~

- ~~A. To encourage employees to pursue education and programs which would enhance their job performance and understanding.~~
- ~~B. To prepare employees for possible promotions to other positions or future openings within the City.~~
- ~~C. To reward employees for their own initiative demonstrated through their participation in this Program.~~
- ~~D. Any evaluation or decision regarding this Program or an employee's participation in the Program will be made based on the intent of the above stated goals.~~

~~III. DEFINITIONS~~

- ~~A. Job Related—A course or training program that directly relates to or enhances the employee's ability to perform the duties of their classification. Courses which are directly related to the job would be in criminal justice, public administration, law, supervision or management, or computer science and information systems. Course work that may enhance an employee's ability to perform their duties may include topics such as social science, human resources, or liberal arts programs at accredited universities or colleges.~~
- ~~B. Degree Program—A series of college level courses that when completed results in an Associate of Arts, Associate of Science, Bachelor of Arts, Bachelor of Science, Master of Arts, or Master of Science degree. Courses that qualify for a degree program are those courses identified by the college or university that count toward the specific degree program the employee has selected.~~
- ~~C. Minimum job requirements—The minimum job qualifications listed on the job description for each job classification.~~

~~IV. RATES OF PAY FOR EDUCATION ABOVE STATED JOB REQUIREMENTS~~

~~A. For classifications that have a minimum education requirement of high school diploma or the equivalent (GED), the following steps are available for attainment of up to seven and a half percent (7.5%) EIP:~~

- ~~1. One and a quarter percent (1.25%) = fifteen (15) recognized semester college units, two hundred forty (240) hours of job-related training, or the equivalent.~~
- ~~2. One and a quarter percent (1.25%) = thirty (30) recognized semester college units, four hundred eighty (480) hours of job-related training, or the equivalent.~~
- ~~3. One and a quarter percent (1.25%) = forty five (45) recognized semester college units, seven hundred twenty (720) hours of job-related training, or the equivalent.~~
- ~~4. One and a quarter percent (1.25%) = sixty (60) recognized semester college units, nine hundred sixty (960) hours of job-related training, attainment of an Associate of Arts degree or Associate of Science degree, or the equivalent.~~
- ~~5. One and a quarter percent (1.25%) = ninety (90) recognized semester college units, one thousand four hundred forty (1440) hours of job-related training, or the equivalent.~~
- ~~6. One and a quarter percent (1.25%) = one hundred twenty (120) recognized semester college units, one thousand nine hundred twenty (1920) hours of job-related training, attainment of a Bachelors of Arts degree or Bachelors of Science degree, or the equivalent.~~

~~A. For classifications that have a minimum education requirement of an Associate of Arts or Associate of Science degree or two (2) years of job-related college course work, the following steps are available for attainment of up to seven and a half percent (7.5%) EIP:~~

- ~~1. One and a quarter percent (1.25%) = fifteen (15) recognized semester college units toward attainment of a Bachelor's degree, four hundred twenty (420) hours of job-related education or training, or the equivalent.~~
- ~~2. One and a quarter percent (1.25%) = thirty (30) recognized semester college units toward attainment of a Bachelor's degree, four hundred eighty (480) hours of job-related education or training, or the equivalent.~~
- ~~3. One and a quarter percent (1.25%) = Attainment of a Bachelor of Arts or Bachelor of Science degree, nine hundred sixty (960) hours of job-related education or training, or the equivalent.~~
- ~~4. One and a quarter percent (1.25%) = Following the attainment of a Bachelor's degree, fifteen (15) hours semester units that qualify toward attainment of a Master of Arts or Master of Science degree, or the equivalent.~~
- ~~5. One and a quarter percent (1.25%) = Attainment of a Master of Arts or Master of Science degree or the equivalent.~~

~~6. One and a quarter percent (1.25%) – Following the attainment of a Bachelor's degree or a Master's degree, an additional two hundred forty (240) hours of job-related education or training.~~

~~A. For classifications that have a minimum education requirement of a Bachelor of Arts or Bachelor of Science degree, the following steps are available for attainment of up to seven and a half percent (7.5%) EIP:~~

~~1. One and a quarter percent (1.25%) – fifteen (15) recognized semester units that qualify toward attainment of a Master of Arts or Master of Science degree, or the equivalent.~~

~~2. One and a quarter percent (1.25%) – attainment of a Master of Arts or Master of Science degree or the equivalent.~~

~~3. One and a quarter percent (1.25%) – following attainment of a Bachelor's degree or Master's degree, an additional two hundred forty (240) hours of job-related education or training, or the equivalent.~~

~~4. One and a quarter percent (1.25%) – following attainment of a Bachelor's degree or Master's degree, an additional four hundred eighty (480) hours of job-related education or training, or the equivalent.~~

~~5. One and a quarter percent (1.25%) – following attainment of a Master's degree, seven hundred twenty (720) hours of job-related education or training, or the equivalent.~~

~~6. One and a quarter percent (1.25%) – following attainment of a Bachelor's degree or Master's degree, nine hundred sixty (960) hours of job-related education or training, or the equivalent.~~

~~7. Equivalents are defined in the requalification section of this Policy.~~

~~8. Different certificates will qualify towards EIP based on the certificate's degree of difficulty, hours required for completion and the recommendation of the Chief. Attachment A lists specific certificates and licenses, and the respective EIP points that qualify for EIP.~~

~~V. REVIEW PROCESS FOR CERTIFICATIONS~~

~~The following review process will be used for assessing how a certification, other than a college course, will count towards EIP:~~

~~A. Where possible, the formula found in the Equivalents other than college units section of this article will be used to evaluate the degree to which the certificate counts towards educational incentive pay.~~

~~B. If it is possible to obtain, the Human Resources Manager will contact the agency awarding the certificate and request a statement describing the number of preparation and/or course hours needed to obtain the certificate. This statement will then be converted to formula hours.~~

~~C. In the event a determination cannot be made using paragraphs A and B listed above, the employee will make a recommendation to the Chief and to the Association President or, in the absence of the~~

~~Association President, the Association Vice President. This Recommendation by the employee shall be in writing and shall include the degree to which the employee feels the certificate should count towards EIP and the justification for such.~~

- ~~D. If these two (2) individuals agree with the employee's recommendation or, if they both agree with a modified recommendation, they will present such to the Human Resources Manager for final determination.~~
- ~~E. If the Human Resources Manager concurs with the recommendation, he/she will see that such certification is counted towards the employee's EIP.~~
- ~~F. If the Chief and Association President cannot agree on a recommendation, the Human Resources Manager will, with both parties present, conduct an informal hearing and allow both individuals to state their recommendation along with appropriate justification. The Human Resources Manager may decide to choose one (1) of the recommendations presented or a modification of such. The decision of the Human Resources Manager will be final.~~
- ~~G. If both the Chief and the Association President agree on a recommendation which the Human Resources Manager cannot endorse, the Human Resources Manager will explain his/her justifications and attempt to get the parties to modify their recommendation. If agreement cannot be reached the issue will be presented to the City Manager for determination.~~
- ~~H. If the employee is not satisfied with the decision of the City Manager, the employee may file a grievance pursuant to the grievance procedure contained in the MOU. The grievance will be advanced to the final step in the grievance process as the City Manager review has already taken place.~~

~~VI. PROGRAM QUALIFICATIONS AND GUIDELINES~~

~~The following qualifications and guidelines exist to help administer this program:~~

- ~~A. An employee must have completed their initial probation before eligible for this Program. Employees on probationary status as a result of promotions shall be deemed eligible under this Program.~~
- ~~B. The employee must demonstrate that the course or degree being sought and being considered for EIP pay will be directly related towards enhancing the employee's present job skills or future promotional opportunities within the City. The Human Resources Manager will make this determination after discussions with the employee and the Chief. The burden of proof as to job relatedness of specific educational levels shall be upon the employee. In addition, courses required as part of a degree program will also be considered.~~
- ~~C. Employees should contact the Chief prior to enrollment in a course or class to receive confirmation that such a class would qualify for this program. The Chief will contact the Human Resources Office to receive confirmation that a specific course or certification qualifies for EIP.~~
- ~~D. Upon approval from the Chief, City will make every effort to reasonably accommodate employee course schedules provided employee workload, overtime budgets, etc. are not adversely impacted.~~

~~E. All attendance and participation in this program will be on the employee's own time and at their own expense.~~

~~F. The tuition reimbursement program is a separate benefit contained in the MOU and employees may have the option of using the tuition reimbursement program towards the attainment of their education or professional development goals. Use of the tuition reimbursement program by the employee will not violate any provisions of this Program.~~

~~G. To qualify for this Program, the employee must complete the course(es) with a passing grade of C or better. If grades are not assigned, the employee must provide other written certification which demonstrates that he/she has successfully passed course or obtained certification.~~

~~H. Payment of EIP will be effective on the first day of the payroll period following the date of the college degree, course certification, etc., provided the employee has made a timely request to the Human Resources Manager for such pay. In no circumstances will payroll periods be split to match the exact date appearing on the degree or certificate.~~

~~I. EIP period is based upon education which is in addition to the regular requirements of the job as stated on 9City's adopted job description. Please refer to each specific job description for the minimum educational requirements. These educational requirements are used as the starting point for the EIP calculations.~~

~~VII. DOCUMENTATION OF EDUCATIONAL ACHIEVEMENT~~

~~A. City will provide an EIP Program form to be kept in the employee's personnel file to track the employee's participation in this Program.~~

~~B. Evidence of successful completion of a degree, course, or certificate shall consist of a diploma or certificate indicating the major field of study along with a copy of college transcripts.~~

~~C. The employee is responsible to furnish in a timely fashion all necessary documentation.~~

~~VIII. DOCUMENTATION OF EDUCATIONAL INCENTIVE PAY~~

~~A. EIP shall be terminated at such time as the employee receiving EIP is promoted to or otherwise placed in a position requiring the educational level which the employee possesses or a higher educational level.~~

~~B. In cases where a promotion would cause an employee to lose EIP due to a reclassification, the employee will receive a new base salary equal to or greater than an amount five percent (5%) above their old base salary and EIP total.~~

~~IX.1. EMPLOYEES PREVIOUSLY ON LONGEVITY~~

~~A. Effective October 1, 1989, City's Longevity Pay Program will be placed entirely with a special EIP program for only those employees still on the Longevity Pay Program as of that date. The terms of this special program will be as follows:~~

~~1. All eligible employees shall be converted to the special EIP program at the same pay as they enjoyed under the Longevity Pay Program. No employee will be allowed to begin receiving longevity pay who is not already receiving such pay prior to October 1, 1989. This special educational incentive program assumes that these employees will continue to re qualify under the City's existing EIP program guidelines for continued receipt of EIP.~~

~~2.1. An employee previously on the longevity pay program may use this special EIP program or they may convert at any time they choose to the regular EIP program outlined in this article. This is a one way conversion. Once an employee elects the regular EIP program, he/she may not return to this special EIP program.~~

~~3.1. Employees covered under the previous longevity program may advance on their anniversary date to the various pay levels of five percent (5%) after ten (10) years service, seven and one half percent (7.5%) after fifteen (15) years of service, and ten percent (10%) after twenty (20) years of service.~~

EXHIBIT B**COMMUNITY SERVICE OFFICERS ASSOCIATION SALARY SCHEDULES****December 30, 2018 – December 31, 2019****Effective 12/30/18**

3.5% Increase for All Classifications

Position	A-Monthly	A-Hourly	B-Monthly	B-Hourly	C-Monthly	C-Hourly	D-Monthly	D-Hourly	E-Monthly	E-Hourly	F-Monthly	F-Hourly
Animal Services Officer	\$4,652.42	\$26.84	\$4,885.04	\$28.18	\$5,129.30	\$29.59	\$5,385.76	\$31.07	\$5,655.05	\$32.63	\$5,937.80	\$34.26
Police Records Specialist	\$5,031.14	\$29.03	\$5,282.70	\$30.48	\$5,546.83	\$32.00	\$5,824.17	\$33.60	\$6,115.38	\$35.28	\$6,421.15	\$37.05
Property/Evidence Tech	\$5,573.39	\$32.15	\$5,852.05	\$33.76	\$6,144.66	\$35.45	\$6,451.89	\$37.22	\$6,774.48	\$39.08	\$7,113.21	\$41.04
Public Safety Dispatcher	\$6,695.91	\$38.63	\$7,030.71	\$40.56	\$7,382.25	\$42.59	\$7,751.36	\$44.72	\$8,138.93	\$46.96	\$8,545.87	\$49.30
PSD Supervisor	\$7,929.65	\$45.75	\$8,326.13	\$48.04	\$8,742.44	\$50.44	\$9,179.56	\$52.96	\$9,638.54	\$55.61	\$10,120.46	\$58.39
Sr Police Records Specialist	\$5,408.48	\$31.20	\$5,678.90	\$32.76	\$5,962.85	\$34.40	\$6,260.99	\$36.12	\$6,574.04	\$37.93	\$6,902.74	\$39.82

EXHIBIT C**COMMUNITY SERVICE OFFICERS ASSOCIATION SALARY SCHEDULES****January 1, 2020 – December 31, 2020****Effective 1/1/20**

3.5% Increase for All Classifications

Position	A-Monthly	A-Hourly	B-Monthly	B-Hourly	C-Monthly	C-Hourly	D-Monthly	D-Hourly	E-Monthly	E-Hourly	F-Monthly	F-Hourly
Animal Services Officer	\$4,815.26	\$27.78	\$5,056.02	\$29.17	\$5,308.82	\$30.63	\$5,574.26	\$32.16	\$5,852.97	\$33.77	\$6,145.62	\$35.46
Police Records Specialist	\$5,207.23	\$30.04	\$5,467.59	\$31.54	\$5,740.97	\$33.12	\$6,028.02	\$34.78	\$6,329.42	\$36.52	\$6,645.89	\$38.34
Property/Evidence Tech	\$5,768.45	\$33.28	\$6,056.88	\$34.94	\$6,359.72	\$36.69	\$6,677.71	\$38.53	\$7,011.59	\$40.45	\$7,362.17	\$42.47
Public Safety Dispatcher	\$6,930.27	\$39.98	\$7,276.78	\$41.98	\$7,640.62	\$44.08	\$8,022.66	\$46.28	\$8,423.79	\$48.60	\$8,844.98	\$51.03
PSD Supervisor	\$8,207.19	\$47.35	\$8,617.55	\$49.72	\$9,048.42	\$52.20	\$9,500.84	\$54.81	\$9,975.89	\$57.55	\$10,474.68	\$60.43
Sr Police Records Specialist	\$5,597.77	\$32.29	\$5,877.66	\$33.91	\$6,171.55	\$35.61	\$6,480.12	\$37.39	\$6,804.13	\$39.25	\$7,144.33	\$41.22

EXHIBIT D**COMMUNITY SERVICE OFFICERS ASSOCIATION SALARY SCHEDULES****January 1, 2021 – December 31, 2021****Effective 1/1/21**

3.25% Increase for All Classifications

Position	A-Monthly	A-Hourly	B-Monthly	B-Hourly	C-Monthly	C-Hourly	D-Monthly	D-Hourly	E-Monthly	E-Hourly	F-Monthly	F-Hourly
Animal Services Officer	\$4,971.75	\$28.68	\$5,220.34	\$30.12	\$5,481.36	\$31.62	\$5,755.43	\$33.20	\$6,043.20	\$34.86	\$6,345.36	\$36.61
Police Records Specialist	\$5,376.46	\$31.02	\$5,645.29	\$32.57	\$5,927.55	\$34.20	\$6,223.93	\$35.91	\$6,535.13	\$37.70	\$6,861.88	\$39.59
Property/Evidence Tech	\$5,955.93	\$34.36	\$6,253.73	\$36.08	\$6,566.41	\$37.88	\$6,894.73	\$39.78	\$7,239.47	\$41.77	\$7,601.44	\$43.85
Public Safety Dispatcher	\$7,155.51	\$41.28	\$7,513.28	\$43.35	\$7,888.94	\$45.51	\$8,283.39	\$47.79	\$8,697.56	\$50.18	\$9,132.44	\$52.69
PSD Supervisor	\$8,473.92	\$48.89	\$8,897.62	\$51.33	\$9,342.50	\$53.90	\$9,809.62	\$56.59	\$10,300.10	\$59.42	\$10,815.11	\$62.39
Sr Police Records Specialist	\$5,779.70	\$33.34	\$6,068.69	\$35.01	\$6,372.12	\$36.76	\$6,690.73	\$38.60	\$7,025.26	\$40.53	\$7,376.53	\$42.56

From: Chris Ghione
To: D. Muirhead
Cc: Christina Turner; Angie Gonzalez; Michelle Bigelow
Subject: FW: [EXTERNAL] Corrected: Comments Morgan Hill City Council December 15 2021 Items #12, #14, #17
Date: Tuesday, December 14, 2021 4:25:45 PM

Hi Doug,

Thanks for your comments, we appreciate you sharing more thoughts. Christina asked that I share thoughts on your comments to the Council. We will take a close look at the direct vision information. We have significant supply difficulty in general on all vehicles right now, so will not change any current recommendations as they are needed to support the ongoing safe operations of City utilities and maintenance. However, we will review in the future.

This is an on call agreement so the amount of fencing used is yet to be determined. We often use when fences are damaged at parks and facilities and the amount of work in these areas is usually unknown until it occurs. We would more than likely repair the basin in house and we will have our teams take a look at this.

As for the lack of bidders, it can be for different circumstances. For the fencing contractors, we believe that the private sector construction industry continues to drive costs and availability of many contractors up considerably. Vehicle unavailability is likely tied to supply chain issues.

As always we are happy to discuss with you and appreciate your ideas

Thanks,
Chris

From: Christina Turner <Christina.Turner@morganhill.ca.gov>
Sent: Sunday, December 12, 2021 9:42 PM
To: Chris Ghione <Chris.Ghione@morganhill.ca.gov>
Cc: Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>; Angie Gonzalez <Angie.Gonzalez@MorganHill.ca.gov>
Subject: Fwd: [EXTERNAL] Corrected: Comments Morgan Hill City Council December 15 2021 Items #12, #14, #17

We will supplement. Want to add a brief response?

Sent from my iPad

Begin forwarded message:

From: "D. Muirhead" <[REDACTED]>
Date: December 12, 2021 at 3:47:43 PM MST
To: CC Public Comment <CCPublicComment@morganhill.ca.gov>
Subject: [EXTERNAL] Corrected: Comments Morgan Hill City Council December 15 2021 Items #12, #14, #17

Dear Morgan Hill City Council,

Comments for your Council meeting
December 15 2021
Item #12: Approve the purchase of three (3) City trucks
Item #14: Approve the purchase of a Utilities Division dump truck
Item #17: Approve two-year On-Call Fencing Contractor Services

It has been a while since I commented on the different levels of detail staff provide when reporting on contract solicitation.

And since some in our community are talking about Vision Zero, I want to bring to your attention that Safety equipment in your new trucks are inward-facing. So I will mention the "direct vision" concept for large vehicles more in use in Europe.

Thank you for your consideration, Doug Muirhead, Morgan Hill

Item #12: Approve the purchase of three (3) City trucks
I noticed on the specification list for the 2022 Ford F-150 XL 4WD SuperCab 6 5' Box 145" WB that it includes a section for Safety [pkt pg 530]. That equipment is designed to protect the driver and crew members. While "direct vision" windows would undoubtedly make vehicle acquisition even more challenging, at some point vehicles need to be made safer for pedestrians and bicyclists in the vicinity of City vehicles.

I have included two images which demonstrate the concept.

[[bike_ped.safety_direct_vision_standards.jpg](#)]

[[bike_ped.safety_direct_vision.Low-Viz-vs-High-Viz-Trucks.jpg](#)]

And should you have some interest in the subject, I offer this article from StreetsBlog Oct 22, 2021:

<https://usa.streetsblog.org/2021/10/22/why-your-citys-vision-zero-policy-needs-a-direct-vision-policy-now>

Item #17: Approve two-year On-Call Fencing Contractor Services
Sometimes we see the results of scoring when we get multiple responses from bidders on a particular service. Other times not. Here we are faced with lack of multiple bidders. What I would like to see is what the City

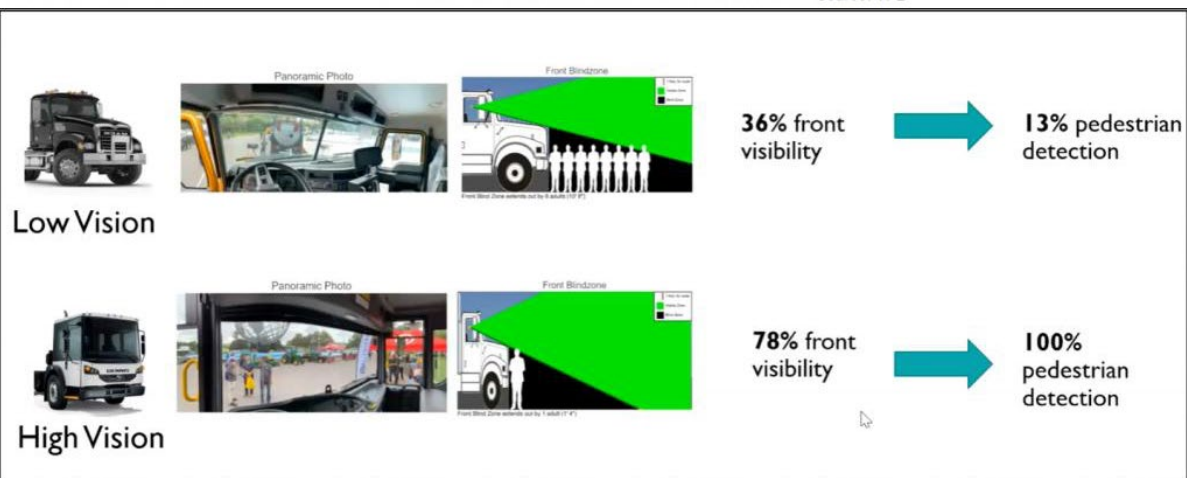
does to identify reasons for lack of bidders in such a case.
Compare this with the clarity and educational value of the narrative
in Item #14: Approve the purchase of a Utilities Division dump truck:
request was met with no responses as there is no inventory nor the
ability to order the needed vehicles at this time due to pandemic-related
manufacturing and supply issues

Staff explains that the goal of the fencing service contract is to
streamline the process and reduce the overhead. This is admirable.
But we have no idea how broad a scope the City envisions for this
service. A Proposal Request Worksheet goes to the contractor and
staff then determines if the proposed cost is reasonable and acceptable
for the proposed scope of work.

I have no idea how much fencing the City currently has nor what is
planned. I do know that there have been multiple unrepaired breaks
in the Maple Avenue Retention Basin fencing for the year that I have
been on litter patrol there. (It is actually a benefit to me, since I
can access the basin itself. But I digress.) The basin fences are probably
not the fences envisioned by this contract, since under FISCAL AND RESOURCE
IMPACT staff says:
"The on-call fencing contractor service costs will be paid by the
specific operating budgets or Capital Improvement Projects"
But perhaps we should have a forecast for where this \$100K might
be spent as a matter of Public Trust.

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Direct Vision Standards



From: [Michelle Bigelow](#)
To: [D. Muirhead](#); [CC Public Comment](#)
Subject: RE: [EXTERNAL] Comment Morgan Hill City Council December 15 2021 Item #18. draft Council district maps
Date: Tuesday, December 14, 2021 4:11:20 PM

Hi Doug,

Here are the responses to your questions. These will also be supplemented.

Item #18. Receive update re: proposed draft Council district maps

Comment: No identified Morgan Hill Community of Interest (Col) examples.

As mentioned in the staff report, the City Clerk and her team have performed extensive outreach. I attended the Town Hall and the information tables at Peet's (City Clerk Bigelow) and Senior Center (Council Services Gonzalez). In spite of these efforts, we appear to not be receiving input from our residents on what they consider to be important Communities of Interest. The City web page for COI offers ways for our residents to submit examples but there is no corresponding list of responses.

Response: Thank you for this feedback. We have added a list of potential Communities of Interested provided by the community here: <https://www.morgan-hill.ca.gov/2181/Community-of-Interest-Information>

Comment: No entries in the Draft Maps web page.

The staff report lists two (2) maps submitted by VOCR (Very Opinionated City Resident) and three (3) maps submitted by your NDC consultants. The web page has us expecting demographics (provided), which districts are proposed for 2022 elections, and which are for 2024 (not provided), a link to interactive review map (not provided), and map submitter comments (not provided).

Response: There are five maps posted on the Draft Maps Webpage. As stated in the staff report, two have been submitted by a resident and three have been prepared by the demographer. Each map includes a demographic breakdown on the second page. We have received a third map from a resident; however, it is still in the review process. It will be posted to the Draft Maps page once the review is complete. The maps submitted are posted in the public comment section until the demographer has completed their review.

There is no sequencing attached to the maps because under California law, the Council must retain the same sequence of election they currently use, as identified by the letter of the district. A and C will always be up for election in 2024 and B and D in 2022. We have removed that language from the website. It was inadvertently included from when districts were created.

Comment: No comments on what each staff-provided map intends to accomplish.

NDC needs to explain what they considered for each of their maps (although Green can be immediately discounted since it retains the gerrymandered tail for former Councilmember Carr). VOCR did include comments when Public Map 101 and Public Map 102 were initially submitted to the city and are repeated below:

- Public Map 101 [4 quadrants]
This is my interpretation of Community of Interest as being our Community of the Whole (entire city with no significant local concentrations deserving

particular participation).

Except for the tail created for incumbent protection last time, I like my district (A) in the south end of town. We have a little bit of everything: single-family and multi-unit housing, a school, two large parks, a City facility, shopping centers, and a mix of commercial and industrial businesses.

- Public Map 102 [concept: Economic Interests and Opportunity Zones]

This is a "concept" map of my interpretation of a Community of Interest which is Economic Interests and Opportunity Zones. Other than this one COI, I see the entire city as having no other significant local concentrations deserving particular identification as a Community of Interest.

My view is that the City Council and Administration have a "hub-and-spoke" view of businesses, where the "hub" is Downtown and everything else are "spokes". The Downtown has an existing Specific Plan.

There is also documentation (level of seriousness unknown) for a Monterey Corridor, which extends business and housing intents north from Main Ave. and South from Dunne.

This is desirable in my view so as to have cohesion of business and residential development along the entire length of Monterey. It also is my reaction to a comment from a Planning Commissioner who objected to certain high-end retail being included in a south-city project (on Monterey between Watsonville and Oakwood School) because it would compete with Downtown businesses.

Response: NDC map considerations (the maps on the website and staff report have been updated with this information)

- NDC Green looks at a least changes approach to the map
- NDC Orange looks toward following major roads and the railroad lines
- NDC Yellow looks at an alternative approach, creating a more central district C

Comment: What is our plan going forward?

Staff reminds us that the redistricting process for the City of Morgan Hill must be completed by April 15, 2022. Since the State wanted Cols to be an important part of redrawn districts (Elections Code 21601(c) priority #3), what is our plan going forward?

One staff member mentioned talking with other jurisdictions to see what their experiences had been with redistricting so far. Limited participation by their residents to date was a common response. But they were hopeful that participation would increase as a result of draft map releases and as the deadline gets closer.

While I would like to see a population-balanced variant of Public Map 102, if I had to express a preference for a current map, I would choose Orange.

Response: The plan going forward is to schedule additional community meetings both in-person and virtual to gather feedback on the maps submitted so far and to encourage additional maps submissions. We anticipate more engagement and feedback from the community once the first set of draft maps have been released. Moving forward the deadline to submit draft maps will be Monday, January 31, 2022, at 5:00 pm. All maps submitted will be brought to the Council and

community on Wednesday, February 16, 2022, at 5:30 pm, for a workshop followed by a public hearing at 8:00 pm. At this meeting the Council and community will offer feedback on the maps submitted and direction on which maps to move forward with.

Comment: Question on voters delayed from voting.

I have one question comparing boundary line priority criteria from this staff report compared against the May 5, 2021, agenda item. The following did not appear in May and the language is not clear enough for me.

Under other traditional districting principles:

1. Minimize the number of voters delayed from voting in 2022 to 2024
What I think it refers to is a voter who would vote in 2022 based on current district boundaries but who is moved into a district due to boundary redefinition that does not vote until 2024.
I will also say that the above "traditional" principle and
2. Respect voters' choices/continuity in office
trouble me as incumbent-protection opportunities to override a rational review of the composition of our Council districts.

Response: You are correct, minimizing the number of voters delayed from 2022 to 2024 is intended to minimize any impacts to voters that would under current districts had an opportunity to vote in 2022, having to wait until 2024 due to the new districts.

Michelle Bigelow, MMC, CPMC
City Clerk/Interim Communications & Engagement Director
she | her | hers ([what's this?](#))

City of Morgan Hill
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From: D. Muirhead <[REDACTED]>

Sent: Sunday, December 12, 2021 8:54 AM

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

Subject: [EXTERNAL] Comment Morgan Hill City Council December 15 2021 Item #18. draft Council district maps

Dear Morgan Hill City Council,

Comment for your meeting

December 15 2021

Item #18. Receive update re proposed draft Council district maps

Thank you for your consideration, Doug Muirhead, Morgan Hill

Item #18. Receive update re proposed draft Council district maps

This agenda item and the corresponding City web pages lack so much important information.

- * No identified Morgan Hill Community of Interest (Col) examples.
- * No entries in the Draft Maps web page.
- * No comments on what each staff-provided map intends to accomplish.
- * What is our plan going forward?
- * Question on voters delayed from voting.

* No identified Morgan Hill Community of Interest (Col) examples.
As mentioned in the staff report, the City Clerk and her team have performed extensive outreach. I attended the Town Hall and the information tables at Peet's (City Clerk Bigelow) and Senior Center (Council Services Gonzalez)). In spite of these efforts, we appear to not be receiving input from our residents on what they consider to be important Communities of Interest.

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-

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-

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From: Christina Turner

To: Michelle Bigelow; Angie Gonzalez

Subject: Supplement for Item 18

Date: Tuesday, December 14, 2021

Staff Report: October 20, 2021, City Council Meeting - The City Council held the second of four required public hearings in the redistricting process to receive an update on the state-adjusted Census data and receive a demonstration on available mapping tools.

Question: My understanding at this meeting is that the council members would also get a tutorial on the tool?

Response: Yes, the demographer will be providing an overview of how to use the online tools.

From: Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>
Sent: Wednesday, December 15, 2021 11:58 AM
To: Angie Gonzalez <Angie.Gonzalez@MorganHill.ca.gov>
Subject: FW: [EXTERNAL] Fwd: Proposed District Maps

Supplement

Michelle Bigelow, MMC, CPMC
City Clerk/Interim Communications & Engagement Director
she | her | hers ([what's this?](#))

City of Morgan Hill
City Clerk's Office
17575 Peak Avenue, Morgan Hill, CA 95037

D: 408.310.4678 **O:** 408.779.7259
michelle.bigelow@morganhill.ca.gov
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From: Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>
Sent: Tuesday, December 14, 2021 12:44 PM
To: Armando Be <[REDACTED]>
Cc: CityCouncil <CityCouncil@morganhill.ca.gov>; Christina Turner <Christina.Turner@morganhill.ca.gov>; Angie Gonzalez <Angie.Gonzalez@MorganHill.ca.gov>; Justin Levitt <jlevitt@ndcresearch.com>
Subject: RE: [EXTERNAL] Fwd: Proposed District Maps

Hi Armando,

Your email sent to us on Friday included a link to a draft map. That link is not to the current districts, and the email did not include another map representing the current districts. I have attached your email for reference. When I responded to your email below, I was referencing that map. I apologize that I did not see the screenshot of the current maps below the text when responding. You are more than welcome to submit an additional map representing the current council districts for consideration. We can accept the screenshot; however, it would be helpful to have you use the mapping tool to submit your proposed map instead of the screenshot. Just let me know what you prefer.

To be clear, would you like to withdraw the map you submitted on Friday, Map 103?

I also want to clarify that the community will have until January 31, 2022, to submit draft maps for council and community consideration. The purpose of presenting maps at this time is to hopefully provoke others in the community to respond to the maps submitted and submit some of their own. No decisions on the maps will be made tomorrow night.

Michelle Bigelow, MMC, CPMC
City Clerk/Interim Communications & Engagement Director
she | her | hers ([what's this?](#))

City of Morgan Hill

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From: Armando Be <[REDACTED]>
Sent: Tuesday, December 14, 2021 12:32 PM
To: Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>
Cc: CityCouncil <CityCouncil@morganhill.ca.gov>; Christina Turner <Christina.Turner@morganhill.ca.gov>; Angie Gonzalez <Angie.Gonzalez@MorganHill.ca.gov>; Justin Levitt <jlevitt@ndcresearch.com>
Subject: Re: [EXTERNAL] Fwd: Proposed District Maps

Hi Michelle,

My email from yesterday clearly makes reference that I was submitting the current map for the districts, the ones adopted in 2017, and included an attachment of those maps. The map creation tool requires that I have opened the map that I want to share and establish a proposed link associated with that map. That is what I copied and included in my email from yesterday. However, it is quite clear that the link that I included was for another map that I created to try to deal with the representation of the city attorney that District D not being contiguous necessitated a dramatic change for District B.

My email included an attachment of the map for the districts that clearly showed it was the current map for the districts, adopted in 2017.

I am going to request that you purge Public Map 103 that I created from the list of maps in the Draft Map page and that you replace it with the current maps that pops up in the link below.

<https://davesredistricting.org/join/39dc8abc-9d52-44c0-8739-15728ed43a4e>

Since Mr. Johnson had to analyze the demographics of the current maps to prepare for the initial presentation on redistricting, he already has the data to publish the map with little effort or time.

Regards,

Armando Benavides
[REDACTED]

On Mon, Dec 13, 2021 at 2:21 PM Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov> wrote:
Hi Armando,

Thank you for taking the time to draft and submit a map. Your draft map was received on Friday and is currently being reviewed by the demographer and will be supplemented to the agenda shortly. The demographer will review all maps submitted for compliance with all applicable laws and census data. They will then be presented to the council and community, including the demographer's findings.

Michelle Bigelow, MMC, CPMC
City Clerk/Interim Communications & Engagement Director
she | her | hers [\(what's this?\)](#)

City of Morgan Hill

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michelle.bigelow@morganhill.ca.gov

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From: Armando Be [REDACTED]

Date: December 13, 2021 at 1:37:18 PM PST

To: Rich Constantine <Rich.Constantine@morganhill.ca.gov>, Yvonne Martinez Beltran <yvonne.martinezbeltran@morganhill.ca.gov>, Rene Spring <Rene.Spring@morganhill.ca.gov>, John McKay <john.mckay@morganhill.ca.gov>, Christina Turner <Christina.Turner@morganhill.ca.gov>, Gino Borgioli <Gino.Borgioli@morganhill.ca.gov>

Subject: [EXTERNAL] Fwd: Proposed District Maps

Hi City Manager and City Council.

I submitted a map link along with the email letter that I am forwarding here. I have attached a copy of the map and the demographics associated with it. I wanted to ensure that this map is under consideration at the council meeting this wednesday. I am writing a more formal letter that addresses the concerns that I, and many others have, related to how CA Evidence Code section 21601 (c) is being interpreted and applied in this redistricting process by the city manager and our city attorney. I will email you my formal letter tomorrow.

Here is a link to Evidence Code 21601(c) for you to review ahead of the hearing. The city attorney can also provide you with a hard copy: https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=ELEC&division=21.&title=&part=&chapter=7.&article=1.

Regards,
Armando Benavides
[REDACTED]

----- Forwarded message -----

From: Armando Be <[REDACTED]>

Date: Fri, Dec 10, 2021 at 12:57 AM

Subject: Proposed District Maps

To: <redistricting2021@morganhill.ca.gov>

<https://davesredistricting.org/join/b8dcb621-07e4-4510-8cfd-45af692ee8a0>

Dear City Staff,

I am submitting the proposed district maps for your consideration. My proposed maps basically maintain the current district maps. The city switched to district elections in 2017. The current maps were approved by the 2017 city council as being the best to redress the concerns expressed by the proponents.

The 2020 census shows that there were fairly even population increases across the four districts. So the current districts meet the paramount criteria that they have equal population, within an

acceptable deviation. The maximum allowed population deviation across the districts is 10%. The current maps with the 2020 census data have a 5.7% population deviation, which falls in the acceptable range.

The City has expressed concerns about the lack of contiguity of the two large parts that comprise District D, there being county land between the parts. It makes sense if that was the only criteria to apply. That is not the case. The CA Election Code 21601 requires a weighing of a multiple of factors, and contiguity is one such factor but there are many more that are just as important, based on both state and federal law.

I believe that the reasons for creating District B that existed in 2017 are as valid now for keeping the District as it currently is. To break up the unique community of interest in both District B and D, to discontinue the geographical landmarks that are currently in place north and south along highway 101, Monterey Road, and Butterfield Road, and to dilute the 50% minority voting power in District B, raises serious concerns.

There is no doubt that District B and D have unique communities of interests that the majority of citizens in each District would probably prefer to keep intact, whether they be geographical boundaries (north and south major traffic thoroughfares) or social economic (i.e. income and educational levels, the amount of high density housing vs. single family housing in each district, the percentage of citizens who rent vs those who purchase their homes, the level of children who need and receive educational support, the level of reliance on public transportation, the accessibility to communication technology among others). In my opinion, the four maps each reflect clearly distinct communities of interests and geographical distinctions that should be preserved.

Please publish my proposed maps so that they can be considered along with any other maps submitted.

Regards,

Armando Benavides

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From: Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>
Sent: Wednesday, December 15, 2021 11:58 AM
To: Angie Gonzalez <Angie.Gonzalez@MorganHill.ca.gov>
Subject: FW: [EXTERNAL] Fwd: Proposed District Maps

Supplement

Michelle Bigelow, MMC, CPMC
City Clerk/Interim Communications & Engagement Director
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From: Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>
Sent: Tuesday, December 14, 2021 12:44 PM
To: Armando Be <[REDACTED]>
Cc: CityCouncil <CityCouncil@morganhill.ca.gov>; Christina Turner <Christina.Turner@morganhill.ca.gov>; Angie Gonzalez <Angie.Gonzalez@MorganHill.ca.gov>; Justin Levitt <jlevitt@ndcresearch.com>
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City Clerk/Interim Communications & Engagement Director
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From: Armando Be <[REDACTED]>
Sent: Tuesday, December 14, 2021 12:32 PM
To: Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>
Cc: CityCouncil <CityCouncil@morganhill.ca.gov>; Christina Turner <Christina.Turner@morganhill.ca.gov>; Angie Gonzalez <Angie.Gonzalez@MorganHill.ca.gov>; Justin Levitt <jlevitt@ndcresearch.com>
Subject: Re: [EXTERNAL] Fwd: Proposed District Maps

Hi Michelle,

My email from yesterday clearly makes reference that I was submitting the current map for the districts, the ones adopted in 2017, and included an attachment of those maps. The map creation tool requires that I have opened the map that I want to share and establish a proposed link associated with that map. That is what I copied and included in my email from yesterday. However, it is quite clear that the link that I included was for another map that I created to try to deal with the representation of the city attorney that District D not being contiguous necessitated a dramatic change for District B.

My email included an attachment of the map for the districts that clearly showed it was the current map for the districts, adopted in 2017.

I am going to request that you purge Public Map 103 that I created from the list of maps in the Draft Map page and that you replace it with the current maps that pops up in the link below.

<https://davesredistricting.org/join/39dc8abc-9d52-44c0-8739-15728ed43a4e>

Since Mr. Johnson had to analyze the demographics of the current maps to prepare for the initial presentation on redistricting, he already has the data to publish the map with little effort or time.
Regards,

Armando Benavides
[REDACTED]

On Mon, Dec 13, 2021 at 2:21 PM Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov> wrote:
Hi Armando,

Thank you for taking the time to draft and submit a map. Your draft map was received on Friday and is currently being reviewed by the demographer and will be supplemented to the agenda shortly. The demographer will review all maps submitted for compliance with all applicable laws and census data. They will then be presented to the council and community, including the demographer's findings.

Michelle Bigelow, MMC, CPMC
City Clerk/Interim Communications & Engagement Director
she | her | hers [\(what's this?\)](#)

City of Morgan Hill

City Clerk's Office

17575 Peak Avenue, Morgan Hill, CA 95037

D: 408.310.4678 **O:** 408.779.7259michelle.bigelow@morganhill.ca.govmorganhill.ca.gov | [facebook](#) | [twitter](#)**From:** Armando Be [REDACTED]**Date:** December 13, 2021 at 1:37:18 PM PST**To:** Rich Constantine <Rich.Constantine@morganhill.ca.gov>, Yvonne Martinez Beltran <yvonne.martinezbeltran@morganhill.ca.gov>, Rene Spring <Rene.Spring@morganhill.ca.gov>, John McKay <john.mckay@morganhill.ca.gov>, Christina Turner <Christina.Turner@morganhill.ca.gov>, Gino Borgioli <Gino.Borgioli@morganhill.ca.gov>**Subject:** [EXTERNAL] Fwd: Proposed District Maps

Hi City Manager and City Council.

I submitted a map link along with the email letter that I am forwarding here. I have attached a copy of the map and the demographics associated with it. I wanted to ensure that this map is under consideration at the council meeting this wednesday. I am writing a more formal letter that addresses the concerns that I, and many others have, related to how CA Evidence Code section 21601 (c) is being interpreted and applied in this redistricting process by the city manager and our city attorney. I will email you my formal letter tomorrow.

Here is a link to Evidence Code 21601(c) for you to review ahead of the hearing. The city attorney can also provide you with a hard copy: https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=ELEC&division=21.&title=&part=&chapter=7.&article=1.

Regards,
Armando Benavides
[REDACTED]

----- Forwarded message -----

From: Armando Be <[REDACTED]>**Date:** Fri, Dec 10, 2021 at 12:57 AM**Subject:** Proposed District Maps**To:** <redistricting2021@morganhill.ca.gov><https://davesredistricting.org/join/b8dcb621-07e4-4510-8cfd-45af692ee8a0>

Dear City Staff,

I am submitting the proposed district maps for your consideration. My proposed maps basically maintain the current district maps. The city switched to district elections in 2017. The current maps were approved by the 2017 city council as being the best to redress the concerns expressed by the proponents.

The 2020 census shows that there were fairly even population increases across the four districts. So the current districts meet the paramount criteria that they have equal population, within an

acceptable deviation. The maximum allowed population deviation across the districts is 10%. The current maps with the 2020 census data have a 5.7% population deviation, which falls in the acceptable range.

The City has expressed concerns about the lack of contiguity of the two large parts that comprise District D, there being county land between the parts. It makes sense if that was the only criteria to apply. That is not the case. The CA Election Code 21601 requires a weighing of a multiple of factors, and contiguity is one such factor but there are many more that are just as important, based on both state and federal law.

I believe that the reasons for creating District B that existed in 2017 are as valid now for keeping the District as it currently is. To break up the unique community of interest in both District B and D, to discontinue the geographical landmarks that are currently in place north and south along highway 101, Monterey Road, and Butterfield Road, and to dilute the 50% minority voting power in District B, raises serious concerns.

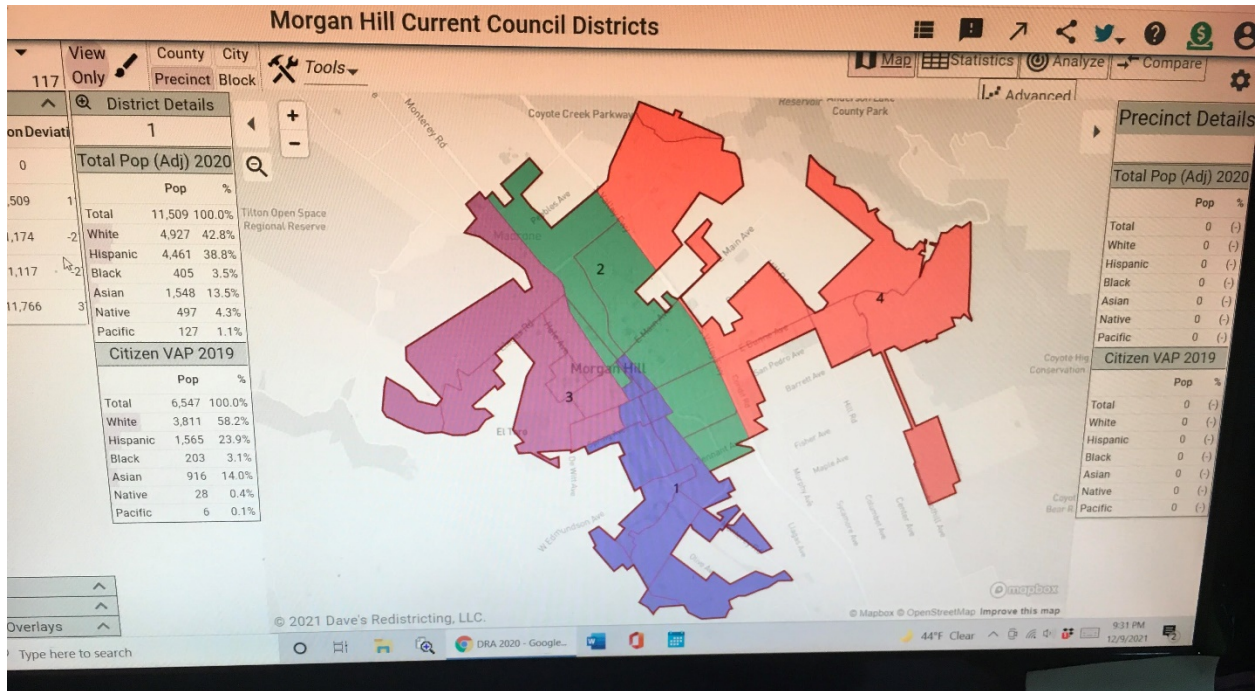
There is no doubt that District B and D have unique communities of interests that the majority of citizens in each District would probably prefer to keep intact, whether they be geographical boundaries (north and south major traffic thoroughfares) or social economic (i.e. income and educational levels, the amount of high density housing vs. single family housing in each district, the percentage of citizens who rent vs those who purchase their homes, the level of children who need and receive educational support, the level of reliance on public transportation, the accessibility to communication technology among others). In my opinion, the four maps each reflect clearly distinct communities of interests and geographical distinctions that should be preserved.

Please publish my proposed maps so that they can be considered along with any other maps submitted.

Regards,

Armando Benavides

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



Morgan Hill Current Council Districts

ID	Population		Shapes		Demographics (CVAP)								DOWNLOAD
	Total	+/-			Total	White	Minority	Hispanic	Black	Asian	Native	Pacific	
Un	0				0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
1	11,509	1.03%			6,547	58.21%	41.79%	23.90%	3.10%	13.99%	0.43%	0.09%	
2	11,174	-1.91%			7,658	49.78%	50.22%	28.47%	2.64%	16.68%	2.14%	0.00%	
3	11,117	-2.41%			7,365	52.84%	47.16%	29.00%	2.12%	15.29%	0.30%	0.03%	
4	11,766	3.28%			8,048	60.75%	39.25%	20.66%	1.69%	15.54%	0.94%	0.00%	
	11,392	5.70%			7,405	55.39%	44.61%	25.47%	2.35%	15.43%	0.98%	0.03%	

Notes

- District 4 may not be contiguous.
- District 4 is embedded in another district.
- The 5.7% population deviation is within the 10% threshold tolerated by the courts.
- There is one majority-minority district.

[EXTERNAL] Fwd: Proposed District Maps



Armando Be <[REDACTED]>
Mon 12/13/2021 1:37 PM

To: Rich Constantine; Yvonne Martinez Beltran; Rene Spring; John McKay; Christina Turner; Gino Borgioli



2 attachments (2 MB) Download all Save all to OneDrive - City of Morgan Hill

Hi City Manager and City Council.

I submitted a map link along with the email letter that I am forwarding here. I have attached a copy of the map and the demographics associated with it. I wanted to ensure that this map is under consideration at the council meeting this wednesday. I am writing a more formal letter that addresses the concerns that I, and many others have, related to how CA Evidence Code section 21601 (c) is being interpreted and applied in this redistricting process by the city manager and our city attorney. I will email you my formal letter tomorrow.

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Regards,
Armando Benavides
[REDACTED]

----- Forwarded message -----

From: **Armando Be** <[REDACTED]>
 Date: Fri, Dec 10, 2021 at 12:57 AM
 Subject: Proposed District Maps
 To: <redistricting2021@morganhill.ca.gov>

<https://davesredistricting.org/join/b8dcb621-07e4-4510-8cfd-45af692ee8a0>

Dear City Staff,

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There is no doubt that District B and D have unique communities of interests that the majority of citizens in each District would probably prefer to keep intact, whether they be geographical boundaries (north and south major traffic thoroughfares) or social economic (i.e. income and educational levels, the amount of high density housing vs. single family housing in each district, the percentage of citizens who rent vs those who purchase their homes, the level of children who need and receive educational support, the level of reliance on public transportation, the accessibility to communication technology among others). In my opinion, the four maps each reflect clearly distinct communities of interests and geographical distinctions that should be preserved.

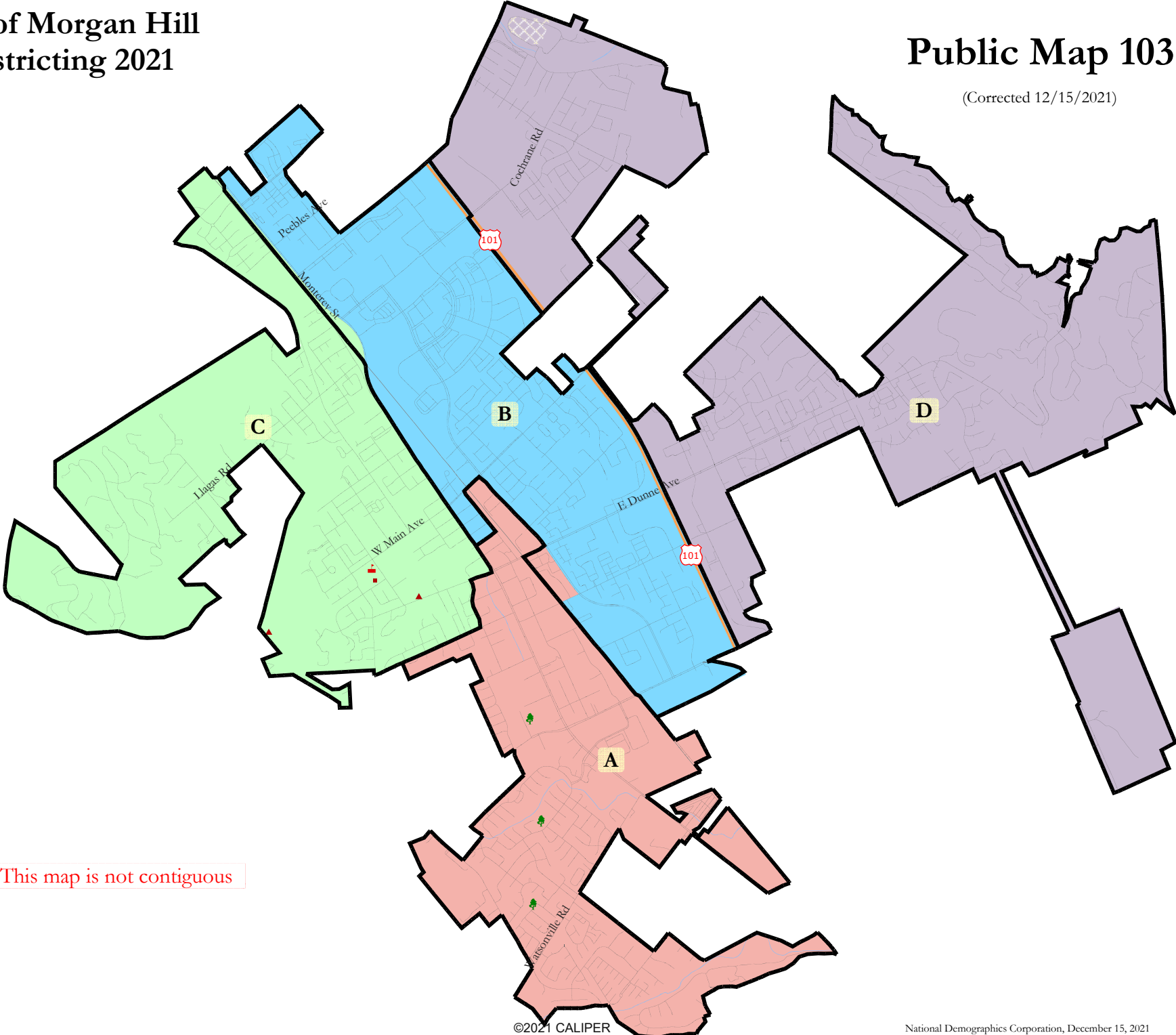
Please publish my proposed maps so that they can be considered along with any other maps submitted.

Regards,
Armando Benavides

City of Morgan Hill
Redistricting 2021

Public Map 103

(Corrected 12/15/2021)



12/15/21

Mrs. Turner, City Manager
City Council
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

Dear City Manager, and Members of the City Council:

We write to urge you to adopt a map for City Council elections in the coming decade that will, insofar as possible, preserve the community of interest now represented by District B in City Council elections, and to oppose the proposals by some residents of the City and officials of the City's government - and by the City's demographic consultant, NDC - to dismember the area and community of interest contained in current District B by splitting it into two separate districts.

Adoption of those proposals would violate not only California law defining the appropriate criteria to be followed in redistricting, but also federal and state laws protecting the voting rights of minority voters, and if adopted could lead to divisive and expensive litigation.

To the contrary, the Council should adopt a map that, with necessary and appropriate modifications to achieve the required equality of population among the districts, will preserve the core and representative function of District B intact.

HOW DISTRICT B SERVES AN IMPORTANT COMMUNITY OF INTEREST

Like most cities in California, Morgan Hill is not homogeneous. It includes members different racial and ethnic groups, of which the largest are White, Latinx, Asian Americans, and African Americans. It also includes persons from a wide range of socio-economic and income-level groups, from very low to very high. Members of those respective groups are not evenly distributed in their residential locations throughout the City. The members of the various ethnic, socio-economic, and income-level groups share many interests common to all of them, including the desire and need for a fair, effective, efficient, and just local government that will promote the social, economic, and human welfare of the City and all its residents. But the

various groups also have in many respects different interests and priorities – which are not necessarily opposing, but in a context of finite limitations on resources and the ability of local government to focus on and promote particular goals or projects. Council districts that recognize the potential of different areas of the City whose residents may have different concerns, needs, or priorities, as expressed in maps that respect communities of interest, promote the goals of fairness, effectiveness, efficiency, and justice in local government.

Districts that disrespect or unnecessarily separate communities of interest disserve those goals. The conversion of City elections from at-large to partially by-district in 2017 was a landmark step in the right direction in terms of serving those worthy goals. Before the change, not only racial minorities but also particular non-majoritarian socio-economic groups and areas of the City that had little political influence (often reflecting lesser economic resources) struggled to have their distinctive voices heard and their distinctive concerns addressed. With the change to a four district plus at-large mayor election system, geographical areas, racial, and socio-economic groups that had previously been under-represented or excluded from equal participation in the City's governance system were empowered. They gained the ability to effectively campaign for and elect, and then to have access to and hold accountable, representatives responsive to their particular concerns and needs.

In our view, the quality and fairness of the City's governance have meaningfully improved since the adoption of the hybrid district election system four years ago. Focusing on District B in particular, over the past four years that area's residents and voters have enjoyed the opportunity to express and advance their common interests in a way previously unavailable to them under an at-large system that submerged their voting strength, and therefore their ability to influence policy decisions of the City, to those of the predominant majorities be they racial/ethnic, socio-economic, or geographically concentrated (as they were) in more affluent outlying areas of Morgan Hill. The aspects of those common interests that the current District B enables to be effectively expressed and protected in the City's political processes derive from a number of factors recognized as central to the definition of a community of interest: a geographical configuration that unites the central corridor of the City along its predominant north-south axis between Monterey Road and Highway 101; the preservation of a large part of

the City's historical core; a concentration of persons of lower socio-economic status and incomes as distinct from the wealthier and more privileged residents of areas outside the central corridor and in particular in the hillside areas to the east and west of that corridor; a predominance of persons who rent, but do not own, their homes; a concentration of Latinx residents many of whom use Spanish and/or have limited ability to use English in their daily communications; dependence on governmental services, need for support of specialized educational services such as bilingual education; and cultural events that particularly engage the Latinx community.

Among the specific decisions, actions and/or programs of the City undertaken or enhanced in the past four years that have beneficially addressed the particular common concerns and needs of District B's residents are these: COVID testing and vaccination outreach programs in low income areas, public funding for cultural events, committed funding of a park heavily used by residents of the District, and communications by the City directed specifically to the minority community concerning available programs and services. In many cases those actions were advanced or accomplished by virtue of the support and advocacy of the Council Member elected from District B. It is our belief and fear that if the community of interest concentrated in and served by the current District B is not preserved in the present redistricting process, those common interests and favorable decisions, actions and programs of the City will not continue to be respected, preserved, and where appropriate and feasible extended.

HOW PROPOSALS TO SPLIT DISTRICT B'S AREA INTO TWO DISTRICTS WOULD DISSERVE THAT INTERESTS AND VIOLATE CRITERIA SPECIFIED BY CALIFORNIA ELECTION'S

In a general sense, the thrust of the proposed separation of the current District B area and adjacent areas into two separate councilmanic districts would divide that portion of the City into two districts oriented east-to-west rather than north-to-south. If this occurs, it is certain that the predominant political power in those reconfigured districts will be exercised by the residents with the greater socio-economic power and resulting political and commercial influence – specifically, those who reside in the higher-status areas to the east and west of the urban core, where home values are much greater residents have on average much higher

incomes, wealth, and educational attainments. Such a configuration would in effect return the City's government to a large extent to the way it operated under the old, unfair, and unrepresentative at-large election system, preserving only the form but not the substance of a district election system in which the diverse parts of the City and its population all have equal opportunity for representation.

The argument is made that District B must be reconfigured by cutting it in half and dividing its pieces into two new districts, one to the north and one to the south, and joining those fragments to the northern and southern portions of the east side of the City, in order to achieve the goal of contiguity of individual districts, in particular that of District D on the east side of Highway 101. The supposed necessity of preserving contiguity is a red herring for a number of reasons. First, contiguity is only one of the four specific criteria (in addition to equality of population) that Elections Code section 21601(c) commands should be followed. Even if the proposed configuration splitting the District B area would actually enhance contiguity, that interest cannot trump all three of the other factors which favor preservation of the District B area intact.

But the proposal doesn't really serve the contiguity interest very well in this case. Although simply looking at the current district map might suggest that there is a lgap between the two areas that now constitute the mainly separate parts of District D in the central- and north-eastern portions of the City, that simplistic view ignores the fact that the "gap" area isn't a part of Morgan Hill but is rather County land and is only sparsely inhabited. Thus, District D doesn't exclude substantial numbers of people who would be incorporated in a more square or rectangular district without a gap in the geographical center; instead it effectively incorporates all of the central-eastern and north-eastern parts of the City within its boundaries, which areas also constitute a strong community of interest whose interests are distinct from those of the area constituting District B (and whose population is much more predominantly white/Anglo and upper-income).

In the long history of litigation challenging racial, political, or other gerrymanders resulting in oddly-shaped or non-contiguous districts, it is almost always the case that the carved-out area

which makes the district's shape non-contiguous is separated out in order to serve illegal or discriminatory purposes, such as excluding the residents of the carved-out area from a district, or packing them into a different district. See, for example, the fountainhead case in a line of U.S. Supreme Court cases, *Shaw v. Reno*, 590 U.S. 630, 635 (1993) (describing one unlawful non-contiguous district as "somewhat hook shaped ... with finger-like extensions ... [comparable to a 'Rorschach ink-blot test' ... and a 'bug splattered on a windshield.'"]; and another as one "even more unusually shaped" than the first, which "winds in snakelike fashion." – and further details the obviously racial motivation behind those "bizarrely" configured lines). Here, no such intention or result is present as the reason for the "gap" in the District D area is jurisdictional and not the result of any political choice or creative line-drawing, and the area is as contiguous as possible for a district that respects the east side's community of interest.

Moreover, the two geographically separated areas are as a practical matter linked in terms relevant to the determination of a community of interest. For several examples: both parts of District D abut Anderson Lake County Park which most immediately serves and affects its residents; heavily used county roads provide access connecting the north and sections of the District D area and its various shopping centers and sports/recreational fields; and those and other commercial facilities are used by residents of both parts of the district.

Second, the other districting factors support keeping the District B area intact and not splitting it into two in order to separate the east side area under discussion here into a northerly district and a southerly district. Section 21601(c)(2) highlights the importance of maintaining "geographic integrity of any local neighborhood" and "local community of interest." Severing the central core area between northern and southern portions in different districts would be antithetical to the geographic integrity criterion, and as discussed above would destroy a strong community of interest. In contrast, there is no comparable geographic integrity or community of interest unifying the two proposed districts – both of which would combine geographically and socio-economically dissimilar area, the privileged to the east and the underprivileged to the west.

Third, the preservation of the current District B area intact, and retaining the currently joined east side areas in a single district, would also serve the statutory command that district boundaries “should be easily identifiable and understandable by residents.” (Elections Code section 21601(c)(3)).

As a general matter, the current District B is well understood to encompass the central portion of the City lying to the west of Highway 101 and east of Monterey Street; and the current District D is well understood to encompass the areas east of Highway 101 and north of Tennant Avenue. Combining those two districts’ areas into two separate districts with an east-west orientation would make it much harder for residents and voters to understand the rationale, and the boundary definitions, of both districts. Moreover, insofar as possible, the same section specifies that boundaries between districts should follow natural geographic features, like streets or city boundaries.

The current configuration of Districts B and D appropriately follow this directive in that a major multi-lane highway, Route 101, which can be crossed only at intermittent over/underpasses and constitutes a major visual and traffic barrier, forms their boundary.

Fourth, the final factor as set out in Elections Code section 21601(c)(4) favors districts that “encourage geographical compactness in a manner that nearby areas of population are not bypassed in favor of more distant populations,” but only “[t]o the extent practicable” and where not inconsistent with the preceding criteria. This is clearly a less important factor than the ones discussed previously, but it points in the same direction.

While the current combining of the east-side areas into one district might seem on superficial viewing of a large-scale map to fail the “compactness” test, as explained above that interpretation fails a closer examination of the geographical and jurisdictional facts. And the severing of the current District B area into two parts would egregiously violate the compactness principle and would result in the populations of both portions of the current District B area being subordinated politically “in favor of more distant populations” residing on the City’s east side.

The adoption of a map that splits the area of District B into two would violate State and Federal anti-discrimination laws and place Morgan Hill at great legal risk. The California Voting Rights Act (CVRA) makes it unlawful for cities (and other local political jurisdictions) to use an at-large election system that “impairs the ability of a protected class [i.e., members of a racial or ethnic minority group] to elect candidates of its choice or influence the outcome of an election.” Elections Code section 14027.

That law was the basis for the demand made in 2017 by an attorney representing the undersigned and other Latinx citizens to change the City’s elections to a by-district system, which resulted in the adoption of the current system with four geographical districts and an at-large mayor position. The proponents accepted that change as a sufficient response to their demand because the City created a district map that politically empowered residents of what became District B, with a concentration of Latinx residents and a community of interest that included, in substantial part, matters of particular concern to Latinx and lower- and middle-income residents. However, the City’s election system is still an at-large system subject to the prohibition of the CVRA: as stated in section 14026(a)(3), “An at-large method of elections includes ... One which combines at-large elections with district-based elections.” Due to the fact that Morgan Hill elects its mayor at-large, and the mayor sits as a voting member of the City Council, its current election system fits the CVRA’s description of such a “hybrid” and therefore at-large system. Should the City Council split the area currently contained within District B, it would again become a target for a CVRA lawsuit. The same pattern of racially polarized voting, and the same historical absence of Latino representation on the City Council (only interrupted in the past few years by creation of District B and the resulting election of Yvonne Martinez Beltran to represent that district’s residents) that were pointed out in the 2017 demand letter, and that presumably were the basis for the City’s decision to change its election system, still hold true.

An analysis of voting patterns in the 2018 election (and the 2022 election, if a credible Latinx candidate runs for the Council) will surely confirm that racially polarized voting did not end with the change of election systems in 2017; and splitting of the current District B into two new districts both of which would be dominated politically by east-side, well-to-do and

predominantly non-minority residents, would reinstate the prior situation in which Latinx voters' rights were "impaired" if completely submerged.

Such a CVRA lawsuit would be costly and divisive, as exemplified by the recently concluded (after four years) CVRA action in Santa Clara Superior Court against the City of Santa Clara. That action resulted in a judgment compelling Santa Clara to change its election system to one with six districts (together with an at-large elected mayor, which the plaintiffs in that case accepted), with the district lines drawn by court order under Elections Code section 14029, at a cost to Santa Clara of over \$6 million in attorneys' fees and costs, which it paid for both sides as required by Elections Code section 14030. As responsible citizens of Morgan Hill, we would not want to see our City drawn into such a damaging struggle; however, as citizens holding our voting rights of upmost importance, we would not shrink from that option if the City insists on violating those rights.

In addition, Section 2 of the federal Voting Rights Act, 52 U.S.C. section 10301, prohibits any voting practices or procedures that "result[] in a denial or abridgment of the right of any citizen of the United States to vote on account of race or color," 52 U.S.C. section 10301(a), which is shown when "the political processes leading to nomination or election ... are not equally open to participation by members of a [protected] class ... in that its members have less opportunity than other members of the electorate to participate in the political process and to elect representatives of their choice," section 10301(b).

Section 2 cases have been brought against jurisdictions that use discriminatory at-large election systems, or that gerrymander district lines in district-based election systems, for decades, including in California. A city's actions may be found unlawful if they have discriminatory effects, without any proof that those effects resulted from carrying out a discriminatory intent. A recent example of such an action is the case of *Luna v. County of Kern*, 281 F. Supp.3d 1088 (C.D. Cal. 2018). Should the City proceed with a plan that splits current District B in two parts – a practice known in Section 2 parlance as "cracking" when it disproportionately concentrates minority voters– it would run the risk of a Section 2 action in federal court.

REQUEST FOR ACTION BY THE CITY IN THE REDISTRICTING PROCESS

We strongly oppose the adoption of either of the maps proposed by NDC and presented for comment at the public hearing of December 15. We respectfully urge the City Council to adopt a City Council district map based on the 2020 Census that preserves the community of interest in the current area of District B, and to reject any attempt to divide that area into two different Council districts.

The map proposals submitted by Mr. Armando Benavides before posting of the agenda for the December 15 hearing would effectively address many of the concerns expressed in this letter.

The City should include them in any further postings for public comment, and specifically consider them at the next public hearing. We reserve our right to protest and/or take appropriate legal action against the City should the Council fail to adopt a map that achieves those objectives.

Sincerely yours,

Armando Benavides, Alicia Cortez, Rick Badillo, Kathy Chavez Napoli, Roberto Aguirre, Brenda Cayme, Sally Casas, Ernesto Gomez, Delia Gomez

cc: Morris J. Baller, Esq. c/o Goldstein, Borgen, Dardarian & Ho

From: [Michelle Bigelow](#)
To: [Angie Gonzalez](#)
Subject: FW: Requirement that Council Districts be Contiguous
Date: Wednesday, December 15, 2021 1:59:08 PM

supplement

Michelle Bigelow, MMC, CPMC
City Clerk/Interim Communications & Engagement Director
she | her | hers ([what's this?](#))

City of Morgan Hill
City Clerk's Office
17575 Peak Avenue, Morgan Hill, CA 95037

D: 408.310.4678 **O:** 408.779.7259
michelle.bigelow@morganhill.ca.gov
morganhill.ca.gov | [facebook](#) | [twitter](#)

From: Donald Larkin <Donald.Larkin@morganhill.ca.gov>
Sent: Wednesday, December 15, 2021 1:58 PM
To: Rich Constantine <Rich.Constantine@morganhill.ca.gov>; John McKay <john.mckay@morganhill.ca.gov>; Rene Spring <Rene.Spring@morganhill.ca.gov>; Yvonne Martinez Beltran <yvonne.martinezbeltran@morganhill.ca.gov>; Gino Borgioli <Gino.Borgioli@morganhill.ca.gov>
Cc: Christina Turner <Christina.Turner@morganhill.ca.gov>; Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>
Subject: Requirement that Council Districts be Contiguous

Dear Mayor and Council Members,

I was asked whether there is flexibility to leave District D as all of the area in the City on the east side of 101, notwithstanding the requirement that districts be contiguous "to the extent practicable." Based on the language of the statute, and the intent of the legislation to prioritize contiguity, I do not believe the current boundaries of District D would be legal beginning with the 2022 election. Below is my more detailed analysis.

Q. Do the City's existing districts comply with Elections Code section 21601's primary goal of requiring districts to be geographically contiguous and compact.

A. No. The City's current district boundaries would not be legal under AB 849 (Bonta), which amended Elections Code section 21601 to place the highest priority on creating districts that are contiguous.

Discussion:

Elections Code section 21601 requires cities to apply specific criteria in creating new voting districts for City Council seats. These criteria, in order of priority are:

1. To the extent practicable, council districts shall be geographically contiguous. Areas that meet only at the points of adjoining corners are not contiguous. Areas that are separated by water and not connected by a bridge, tunnel, or regular ferry service are not contiguous.
2. To the extent practicable, the geographic integrity of any local neighborhood or local community of interest shall be respected in a manner that minimizes its division. A “community of interest” is a population that shares common social or economic interests that should be included within a single district for purposes of its effective and fair representation. Communities of interest do not include relationships with political parties, incumbents, or political candidates.
3. Council district boundaries should be easily identifiable and understandable by residents. To the extent practicable, council districts shall be bounded by natural and artificial barriers, by streets, or by the boundaries of the city.
4. To the extent practicable, and where it does not conflict with the preceding criteria in this subdivision, council districts shall be drawn to encourage geographical compactness in a manner that nearby areas of population are not bypassed in favor of more distant populations.

The statute does not define the phrase “to the extent practicable” in the context of voting criteria, and because these criteria were newly added last year there is no case law interpreting the requirements. But the term “practicable” is used in various statutes, to mean something that can be reasonably be accomplished. (See e.g. *Haeuser v. Department of Law, Government of Guam* (9th Cir. 1996) 97 F.3d 1152, 1155; Black’s Law Dictionary, 7th Ed. 1999).

The City’s current election districts do not meet the primary requirement of being contiguous. Both Council Districts D and A are not contiguous districts as defined by the code. Council District D has four sections that are not contiguous—the area that includes the Mission Ranch and Coyote Creek Estates neighborhoods.; the area around Live Oak High School; the area that contains the Nordstrom, Jackson Meadows, Jackson Oaks, and Holiday Lake Estates neighborhoods; and the Math Institute golf course. Two of those areas are islands that do not contain enough residents to serve as stand-alone districts. For those small areas, it is not possible to create a contiguous district, therefore it would be impracticable for those areas to be contiguous with the rest of their district(s). However, it is reasonably possible to create a map in which the larger areas currently within District D are contiguous.

Council District A also has a small area on the west side of Monterey north of Middle Ave that is not contiguous. Like the small islands in the District D map, it would be impracticable to create a map in which this area is contiguous with the rest of a district.

To the extent practicable, Council districts are required to be contiguous and compact. Contiguousness is the *primary* criteria that the Council must consider when choosing a new map. Because Council District D is not contiguous, and it is possible to eliminate most of the areas on non-contiguity, a new map that leaves Council District D in its current form would be illegal.

Donald A. Larkin
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City of Morgan Hill

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CITY OF MORGAN HILL

INFORME DEL PERSONAL DEL AYUNTAMIENTO

FECHA DE REUNIÓN: 15 de diciembre de 2021

PREPARADO POR: Angie Gonzalez, Asistente de servicios del consejo

APROBADO POR: Administradora de la ciudad

RECIBIR ACTUALIZACIÓN CON RESPECTO A LOS BORRADORES PROPUESTOS DE MAPAS DE DISTRITO PRESENTADOS Y COMPOSICIÓN DE LÍMITES DE DISTRITOS DEL CONSEJO DE DISTRITOS

RECOMENDACIÓN (ES)

Abrir y cerrar la audiencia pública.

PRIORIDADES, OBJETIVOS Y ESTRATEGIAS DEL CONSEJO

Prioridades continuas

Apoyando a nuestra juventud
Personas mayores
y toda la comunidad
Preservar y cultivar la confianza pública
Mejorando la equidad
Diversidad e inclusión

Prioridades estratégicas 2020-2021

Alcance comunitario
Compromiso y mensajería

INFORME NARRATIVO:

Cada diez años, las ciudades con sistemas electorales por distrito deben utilizar nuevos datos del censo para revisar y, si es necesario, volver a trazar las líneas de distrito para reflejar cómo han cambiado las poblaciones locales. Este proceso, llamado redistribución de distritos, asegura que todos los distritos tengan una población casi igual. El proceso de redistribución de distritos para la ciudad de Morgan Hill debe completarse antes del 15 de abril de 2022.

La Ciudad adoptó los límites de sus distritos actuales el 6 de septiembre de 2017 con base en los datos del censo de 2010 como lo requiere la ley. Los distritos ahora deben volver a dibujarse utilizando los datos del censo de 2020 y de conformidad con la Ley FAIR MAPS, que fue adoptada por la legislatura de California como AB 849 y entró en vigor el 1 de enero de 2020.

Bajo la Ley, el Concejo Municipal deberá trazar y adoptar límites usando los siguientes criterios en el orden de prioridad enumerado (Código de Elecciones 21601 (c)):

1. Cumplir con los requisitos federales de igualdad de población y la Ley de Derechos Electorales.

2. Geográficamente contiguo
3. Barrios indivisos y "comunidades de interés" (áreas geográficas socioeconómicas que deben mantenerse juntas)
4. Límites fácilmente identificables
5. Compacto (no omita a un grupo de personas para llegar a un grupo de personas más distante)
6. No favorecerá ni discriminará a un partido político.

Una vez que se cumplen los criterios priorizados, se pueden considerar otros principios tradicionales de distritos, tales como:

1. Minimizar el número de votantes retrasados en la votación en 2022 a 2024
2. Respetar las elecciones / continuidad de los votantes en el cargo.
3. Futuro crecimiento de la población

La Sección 21607.1 del Código Electoral establece que la Ciudad debe realizar al menos cuatro (4) audiencias públicas durante el proceso de redistribución de distritos; una (1) audiencia pública antes de que se dibujen los mapas, al menos dos (2) audiencias públicas después de que se dibujen los mapas preliminares, y una (1) audiencia pública programada para una noche o un fin de semana, momento en el que se invita al público a brindar información sobre la composición de los distritos.

El propósito de esta audiencia pública es considerar y discutir los borradores de los mapas del distrito del consejo presentados, recibir comentarios del público sobre la composición de los límites del distrito del consejo y los borradores de los mapas, y proporcionar instrucciones sobre cualquier revisión de los borradores de los mapas (ver mapas adjuntos).

COMPROMISO COMUNITARIO: Colaborar

La Oficina de la Secretaria de la Ciudad y el Equipo de Comunicaciones han desarrollado el siguiente plan de alcance comunitario:

Mensajes públicos a través de las redes sociales, el sitio web de la ciudad, comunicados de prensa, boletines y otras comunicaciones públicas, en inglés y español, que incluyen:

- Participación en las redes sociales en Facebook, Instagram, Twitter y NextDoor tanto en inglés como en español
- Página web actualizada en el sitio web de la ciudad para redistribuir actualizaciones e información
- Información proporcionada a través de flashes de noticias del sitio web, eblasts, "Morgan Hill Weekly 411" e impresos
- Comunicados de prensa enviados a varios medios y grupos, incluidos individuos e iglesias que tienen conexiones con nuestra comunidad de habla hispana.
- Avisos públicos publicados en las instalaciones de la ciudad
- Mostrar anuncios en la red de acceso público local mediante el canal 17

- Anuncios publicitarios, infografías y videos
- Mesas informativas en Farmer's Market, Friday Night Music Series, cafeterías locales y otros espacios públicos.
- Ayuntamientos virtuales
- Herramientas interactivas en línea:
 - Se establecerá una herramienta de mapeo interactivo en línea actualizado para permitir que los residentes tracen sus propias líneas. El demógrafo consultor de la ciudad brindará capacitación al público sobre cómo usar la nueva herramienta de mapeo en línea.

ACCIONES ALTERNATIVAS:

No aplica.

ACCIONES PREVIAS DEL CONSEJO MUNICIPAL Y DE LA COMISIÓN:

29 de enero de 2021 Taller anual de establecimiento de metas: el Ayuntamiento recibió una presentación que describe los requisitos y el proceso para la redistribución de distritos.

En la reunión del Consejo de la Ciudad del 5 de mayo de 2021, el Consejo de la Ciudad votó para avanzar con un enfoque dirigido por el personal para el proceso de redistribución de distritos.

En el taller de revisión de metas de mitad de año del 6 de agosto de 2021, el Ayuntamiento recibió una actualización sobre el proceso de redistribución de distritos.

18 de agosto de 2021, reunión del consejo de la ciudad: el consejo de la ciudad celebró la primera de cuatro audiencias públicas requeridas en el proceso de redistribución de distritos para recibir una actualización sobre el proceso y solicitar comentarios sobre las comunidades de interés.

20 de octubre de 2021, reunión del consejo de la ciudad: el consejo de la ciudad celebró la segunda de las cuatro audiencias públicas requeridas en el proceso de redistribución de distritos para recibir una actualización de los datos del censo ajustados por el estado y una demostración de las herramientas de mapeo disponibles.

IMPACTO FISCAL Y DE RECURSOS:

Para el proceso de redistribución de distritos del año fiscal 2021-2022, el personal estima que los fondos presupuestados actualmente serán suficientes.

CEQA (Ley de Calidad Ambiental de California):

No es un proyecto

El reformateo de distritos electorales no es un proyecto como se define en la Sección 15060 (c) de las Directrices estatales de la CEQA.

West's Annotated California Codes

Elections Code (Refs & Annos)

Division 21. State and Local Reapportionment (Refs & Annos)

Chapter 7. City Elections (Refs & Annos)

Article 1. General Law Cities

West's Ann.Cal.Elec.Code § 21601

§ 21601. Adoption of council district boundaries; population equality; criteria for boundaries; geographic integrity

Effective: September 27, 2021

Currentness

(a) Following a city's decision to elect its council using district-based elections, or following each federal decennial census for a city whose council is already elected using district-based elections, the council shall, by ordinance or resolution, adopt boundaries for all of the council districts of the city so that the council districts shall be substantially equal in population as required by the United States Constitution.

(1) Population equality shall be based on the total population of residents of the city as determined by the most recent federal decennial census for which the redistricting data described in Public Law 94-171¹ are available.

(2) Notwithstanding paragraph (1), an incarcerated person as that term is used in Section 21003, shall not be counted towards a city's population, except for an incarcerated person whose last known place of residence may be assigned to a census block in the city, if information about the last known place of residence for incarcerated persons is included in the computerized database for redistricting that is developed in accordance with subdivision (b) of Section 8253 of the Government Code, and that database is made publicly available.

(b) The council shall adopt council district boundaries that comply with the United States Constitution, the California Constitution, and the federal Voting Rights Act of 1965 (52 U.S.C. Sec. 10301 et seq.).

(c) The council shall adopt district boundaries using the following criteria as set forth in the following order of priority:

(1) To the extent practicable, council districts shall be geographically contiguous. Areas that meet only at the points of adjoining corners are not contiguous. Areas that are separated by water and not connected by a bridge, tunnel, or regular ferry service are not contiguous.

(2) To the extent practicable, the geographic integrity of any local neighborhood or local community of interest shall be respected in a manner that minimizes its division. A “community of interest” is a population that shares common social or economic interests that should be included within a single district for purposes of its effective and fair representation. Communities of interest do not include relationships with political parties, incumbents, or political candidates.

(3) Council district boundaries should be easily identifiable and understandable by residents. To the extent practicable, council districts shall be bounded by natural and artificial barriers, by streets, or by the boundaries of the city.

(4) To the extent practicable, and where it does not conflict with the preceding criteria in this subdivision, council districts shall be drawn to encourage geographical compactness in a manner that nearby areas of population are not bypassed in favor of more distant populations.

(d) The council shall not adopt council district boundaries for the purpose of favoring or discriminating against a political party.

(e) For purposes of this article, “adopt” or “adoption” in regard to council district boundaries means the passage of an ordinance or resolution specifying those boundaries.

Credits

(Stats.1994, c. 920 (S.B.1547), § 2. Amended by Stats.2015, c. 732 (A.B.1536), § 38, eff. Jan. 1, 2016; Stats.2019, c. 557 (A.B.849), § 15, eff. Jan. 1, 2020; Stats.2020, c. 90 (A.B.1276), § 10, eff. Jan. 1, 2021; Stats.2021, c. 320 (S.B.594), § 3, eff. Sept. 27, 2021.)

Notes of Decisions (2)

Footnotes

¹

For public law sections classified to the U.S.C.A., see USCA-Tables.

West’s Ann. Cal. Elec. Code § 21601, CA ELEC § 21601
Current with all laws through Ch. 770 of 2021 Reg.Sess.

End of Document

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Climate Action Plan

**City Council Meeting
December 15, 2021**



Climate Emergency and Why We Are Here Tonight



City Council declared Climate Emergency on May 26, 2021 with the following orders:

1. The City of Morgan Hill commits to consider, adopt, and implement policies that reduce the community's reliance on fossil fuels.
2. The City of Morgan Hill commits to consider allocating the City resources required for aggressive climate action, such as dedicating staff resources who will assist the City with climate action, following the adoption of a Climate Action Plan.
3. The City of Morgan Hill commits to greening up our built environment, phasing out natural gas infrastructure in existing buildings, and exploring model ordinances passed by other Cities and leveraging rebates and other funding to equitably achieve this goal as resources become available to do so.
4. The City of Morgan Hill commits to expanding access to electric vehicle charging in new and existing buildings and encouraging the use of alternative forms of transportation that minimize the use of fossil fuels.

Climate Emergency and Why We Are Here Tonight



City Council declared Climate Emergency on May 26, 2021 with the following orders:

5. The City of Morgan Hill commits to initiate the creation of a Highly-Focused Climate Action Plan in 2021, with strong greenhouse gas reduction targets.
6. The City of Morgan Hill commits to consider social and environmental justice in its programs and policies.
7. The City of Morgan Hill commits to encouraging the development of landscapes that are water-efficient and resilient through its programs and policies.
8. The City of Morgan Hill commits to planning for the decarbonization of the City's municipal infrastructure and exploring divestment from financial institutions that fund fossil fuels.

Climate Emergency and Why We Are Here Tonight



City Council declared Climate Emergency on May 26, 2021 with the following orders:

1. The City of Morgan Hill commits to consider, adopt, and implement policies that **reduce the community's reliance on fossil fuels.**
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3. The City of Morgan Hill commits to greening up our built environment, **phasing out natural gas infrastructure in existing buildings,** and exploring model ordinances passed by other Cities and **leveraging rebates and other funding to equitably achieve this goal as resources become available to do so.**
4. The City of Morgan Hill commits to **expanding access to electric vehicle charging in new and existing buildings** and encouraging the use of alternative forms of transportation that minimize the use of fossil fuels.
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Climate Change



The Earth's climate is always changing, but humans rapid use of natural resources is expediting the change and increasing the overall temperature.

When fossil fuels are burned, carbon dioxide and other gasses are emitted into the air, trapping heat inside the atmosphere.



With even a slight warming, ice caps melt and that once frozen water is released into the ocean, causing sea levels to rise and endangering coastal towns.

We are experiencing unpredictable and drastic environmental changes at a faster rate including wildfires, drought, heat waves, and frequent hurricanes.

What is a Climate Action Plan (CAP)?



Climate Action Plans are comprehensive, strategic roadmaps that outline the specific goals and activities that an agency will undertake to reduce greenhouse gas emissions.

Climate Action Plans build upon the information gathered by greenhouse gas inventories and generally focus on activities that can achieve the greatest emission reductions in the most cost-effective manner.

Morgan Hill's CAP was developed in-house with the assistance of a dedicated Working Group of community volunteers.

Climate Action Resource Guide



#1

Baseline
Inventory



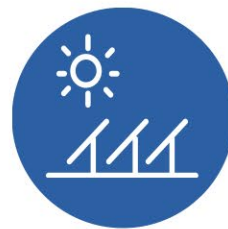
#2

Adopt
Target



#3

Forecast
Emissions



#4

Strategy
Selection



#5

Funding &
Implementation



#6

Monitor & Track
Progress

Many Bay Area cities are committed to taking action for the planet



- **Menlo Park** – The very first goal of Menlo Parks CAP is to convert 95% of existing buildings to electric by 2030 and to have 100% of new car purchases be electric by 2025 and increase access to EV charging stations.
- **Sunnyvale** – created their CAP in 2007 with a target date for results in 2020. Additionally, they established a Horizon 2035 Advisory Committee to make updates. Greenhouse gas emissions from buildings and vehicles make up 90% of Sunnyvale's GHG emissions.
- **Palo Alto** – goal is to reduce their greenhouse gas emissions 80% below what they were in 1990 by the year 2030.



Morgan Hill's Climate Action Plan & Goals



For FY 2021/22, a modest budget was allocated to focus on the significant issues that make the biggest climate impact and emphasize a streamlined annual emissions inventory.

A focused Climate Action Plan will enable staff to do the most within the City's pool of resources.

Based on the highest contributors to local Morgan Hill carbon emissions, the City is focusing on two topics:

1. **Decarbonization of buildings**

- New buildings to be built with only electric power sources for heating, cooling, cooking, lighting, etc.
- Transition existing buildings that currently use fossil fuels to all-electric

2. **Electric vehicle (EV) expansion**

- Increase new car purchases of EV
- Expand access to EV charging at multifamily complexes and commercial properties



Our goal is to address the biggest issues first that will result in the most emission reduction.

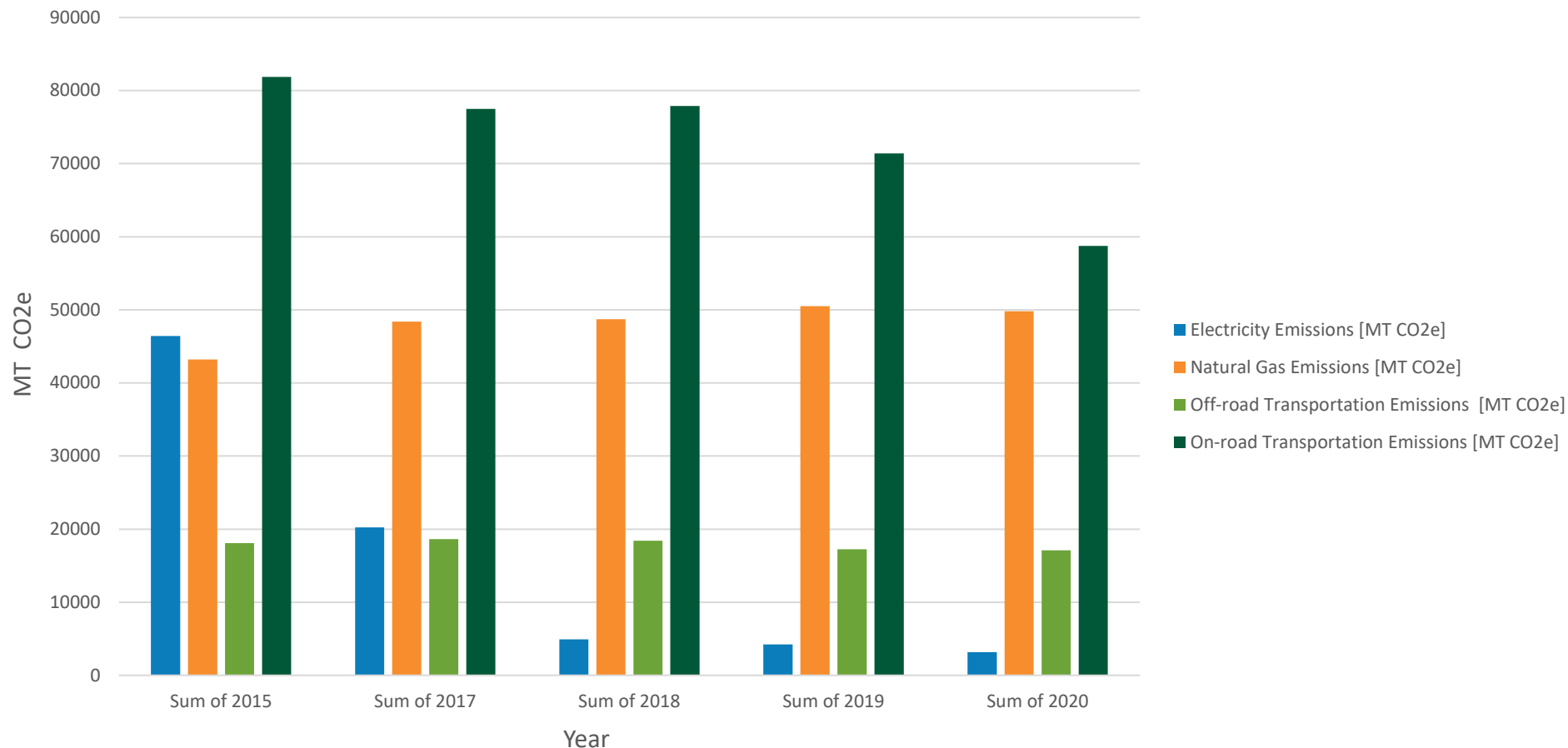
Three Big Assumptions



1. Climate Emergency is real
2. The electrical grid will continue to get cleaner and cleaner as more renewable energy projects and storage projects come on-line.
 1. SVCE already providing “carbon free” electricity to the community.
 2. California law is that 100% of electricity shall be carbon free by 2045
 3. Technology advances literally daily
3. Nearly all consumer vehicles will be electric in the 2030's.
 1. Executive Order ending sale of gasoline-fueled cars by 2035
 2. Growing mix of vehicles available
 3. Electric vehicles evolving into better, less-costly options than their gas counterparts

Morgan Hill Emission Overview

Overall CO2 Emissions in Morgan Hill from Buildings and Vehicles

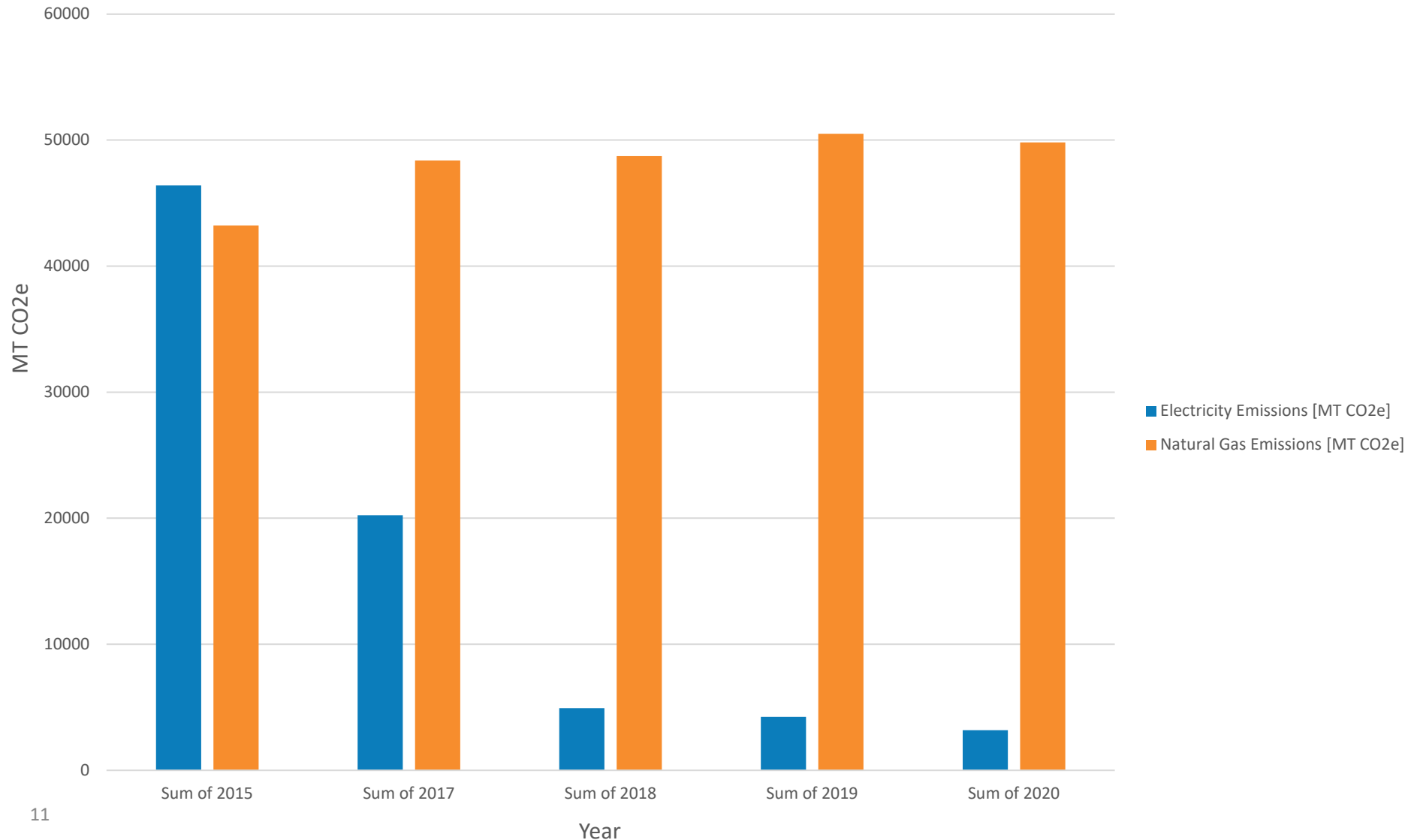


Year	Electricity Emissions	Natural Gas Emissions	Off-road Transportation Emissions	On-road Transportation Emissions
2015	46,410	43,226	18,077	81,877
2017	20,228	48,389	18,643	77,506
2018	4,925	48,735	18,428	77,902
2019	4,246	50,497	17,266	71,399
2020	3,171	49,806	17,093	58,757

Emissions Only from Buildings



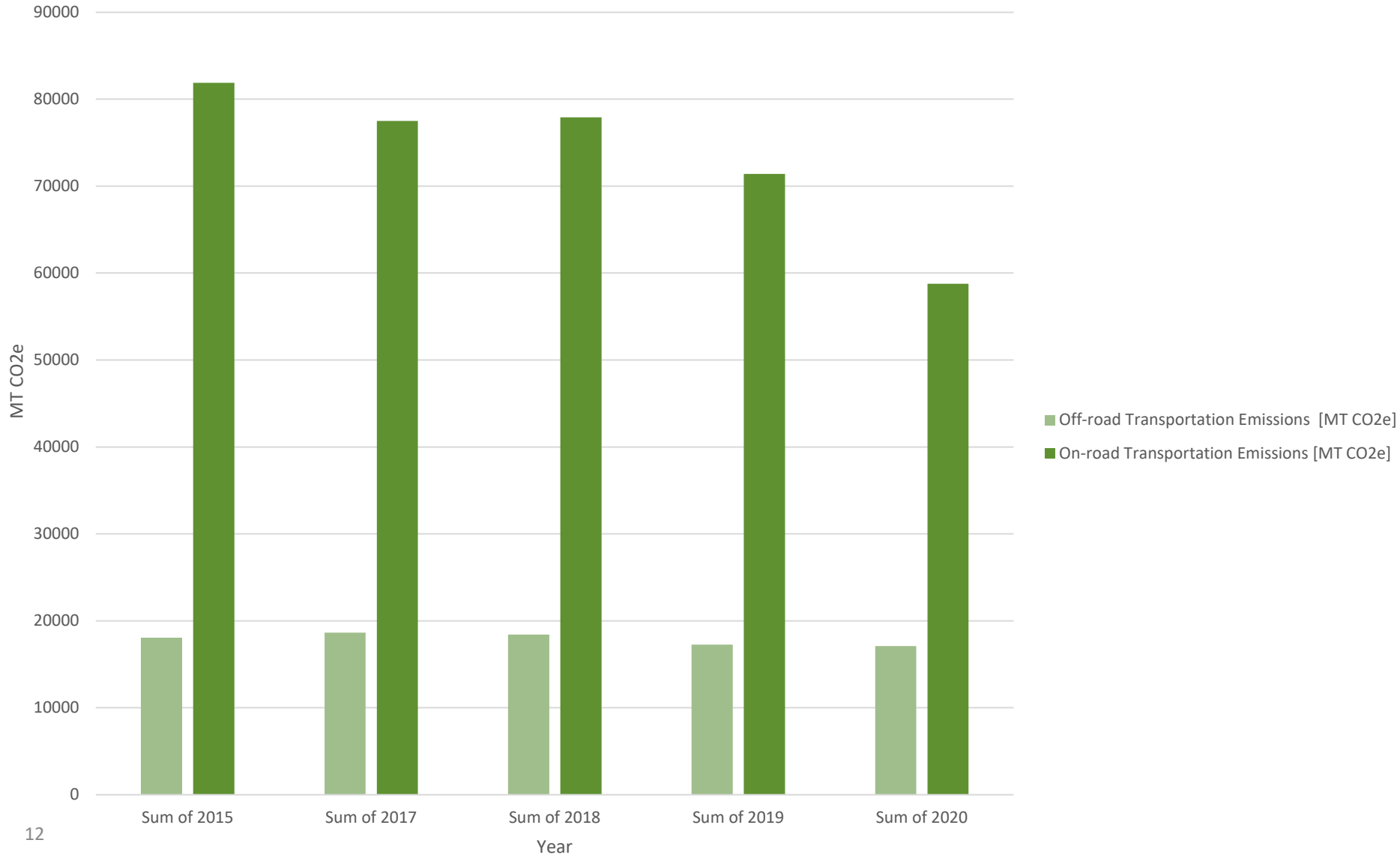
CO2e Emissions from Buildings



Emissions Only from Vehicles



CO2 Emissions in Morgan Hill from Vehicles



What's Not Here in this Plan



1. Focus on local renewable energy
2. Electric vehicle purchasing mandates or support
3. Any emphasis on reducing driving (commonly measured as vehicle miles traveled or VMT)

General Goal Action Items



Goal:

Reduce Morgan Hill's net carbon dioxide emissions in the building and transportation sectors 35% below the 2020 baseline level by 2030 and 100% below the 2020 baseline level by 2045.

Action Items:

- a.** Support programs outside of this CAP that reduce vehicle miles travelled which could include topics of nonmotorized transportation improvements, carpool or telework programs, improvements of traffic flow, and increase of bus routes.
- b.** Partner with campaigns (i.e., Switch Is On & Cool Block) to increase community awareness of building decarbonization, neighbor-to-neighbor ambassador programs, and rebate options.
- c.** Coordinate a City sponsored Clean Air Week consisting of:
 - EV car show
 - Electric landscaping alternative displays/demos
 - vehicle idling reduction promotion in congested areas
 - education and outreach regarding bike lane updates and maps
 - induction cooking display and demonstration
 - all other outreach and education that can be given to the community regarding EV and building electrification

More Suggestions:

- Increase outreach of decarbonizing buildings and EV options by hosting community meetings, webinars, providing materials at fairs, and/or conducting community wide surveys.
- Continue analysis of GHG data to review areas of successes and needs for improvements

Electric Vehicle Goals



Goals:

1. Expand electric vehicle charging station access for **existing** multifamily complexes by 30% (i.e., the number of chargers in multifamily complexes is equivalent to at least 30% of the number of units in multifamily complexes) by the year 2030 and 100% by 2035.
2. Transition 50% of the municipal fleet from fossil fuel to electric by 2030 and 100% by 2035.
3. Prevent new gas stations from being built in Morgan Hill.
4. Require new residential buildings to have the capacity for EV charging, (e.g., install a raceway that can accommodate a 208/240-volt circuit branch).
5. Install EV charging stations in at least 10% of available parking spaces in new non-residential projects.

EV Action Items



- 1.a.** adopt an ordinance to require installing EV chargers at least 30% of the number of units in **existing** multifamily complexes by 2030
- 1.b.** adopt an ordinance to require installing EV chargers at least 30% of the number of units in **existing** multifamily complexes upon resale or large renovation
- 1.c.** analyze and strategize preferential parking design when EV chargers are to be installed.
- 2.a.** require every new vehicle purchase of municipal fleet to be electric when vehicles are available and affordable.
- 3.a.** *adopt* an ordinance for a gas station moratorium by December 2022.
- 4.** Require new residential buildings to appropriately plan for EV charging
- 5.** Install EV charging stations in at least 10% of available parking spaces in new nonresidential projects.

Decarbonizing Buildings Goals

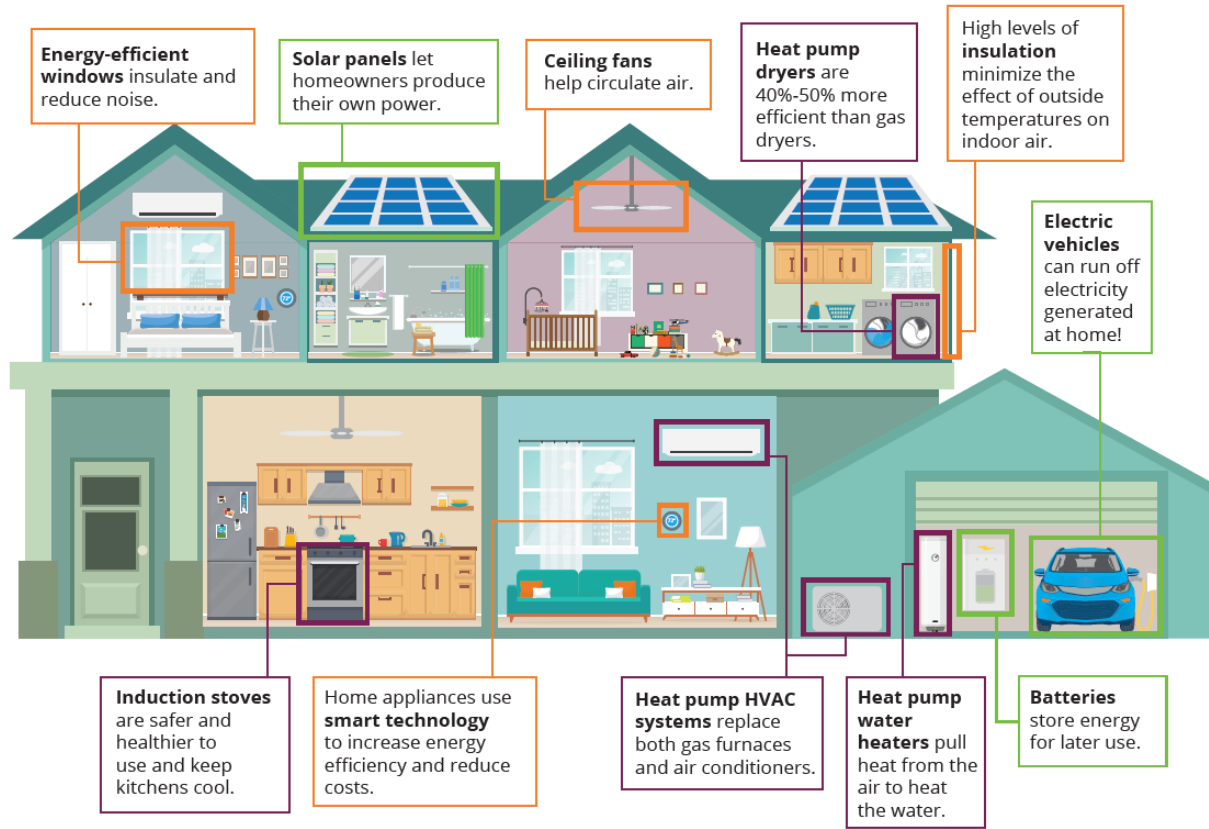


Sub-Goals:

1. Transition 95% of existing buildings (roughly 14,000) in Morgan Hill to be all-electric by 2045, with additional targets every five years consisting of:

- 1% of existing buildings 2025
- 10% of existing buildings 2030
- 35% of existing buildings 2035
- 70% of existing buildings 2040

2. Convert all municipal buildings to all-electric by 2035.



Building Decarbonization Action Items



- 1.a.** initiate a program to assist homeowners with the transition to electric:
 - research financial assistance programs
 - provide energy audits
 - adopt an ordinance requiring retrofitting appliances at resale
 - 1.b.** provide resources to property owners including a list of contractors, rebate information from SVCE & BayREN, and alternative appliance options.
 - 1.c.** coordinate training and education for contractors
 - 1.d.** adopt an ordinance requiring that new construction of ADUs, large remodel, or additions be all-electric.
 - 1.e.** launch a loaner induction program and induction cooking demonstration tutorials.
 - 1.f.** create incentive programs for commercial buildings to convert rooftop HVAC systems to all-electric
-
- 2.a.** Appropriate funding to a conversion budget reserve fund annually.

CAP Staff and Working Group



Thanks to Shannon Keener, primary CAP author for her dedication and work on the CAP. While she's promoted out of the City, we value her and her contributions immensely.

Thanks to the members of our Climate Action Plan Working Group.

- Linda Barbosa, Community Member
- Diya Kandhra, Silicon Valley Youth Climate Action Student Leader
- Jared Lebovitz, Silicon Valley Youth Climate Action Student Leader
- Matt Lundy, Community Member
- Margaret McCann, Community Member
- Lynn Morgan, Community Member



Thank You



CITY OF MORGAN HILL

From: Christina Turner

To: Michelle Bigelow; Angie Gonzalez

Subject: Supplement for Item 19

Date: Tuesday, December 14, 2021

Staff Report: Since Silicon Valley Clean Energy (SVCE) had already decarbonized the electricity used by the community, the Team knew that the biggest remaining emission sources are on-road vehicles and natural gas use in buildings. These two sources alone account for nearly 80% of Morgan Hill's emissions and spewed an estimated 109,000 metric tons of CO₂ in 2020.

Question: Where is the data to support these numbers?

Response: Figure 6 on page 13 of the Climate Action Plan (CAP) summarizes emissions data from the primary categories.

Staff Report: Consistent with the actions of many other agencies, the Working Group selected a main goal of: "Reduce Morgan Hill's net carbon dioxide emissions in the building and transportation sectors 35% below the 2020 baseline level by 2030 and 100% below the 2020 baseline level by 2045." With this main goal as an anchorpoint, Sub-Goals were set for the Transportation and Building Sectors with accompanying actions. For example, a sub-goal in the Transportation sector of "Transition 50% of the municipal fleet from fossil fuel to electric by 2030 and 100% by 2035" is accompanied by the action to start buying electric vehicles.

Question: How can the City mandate changes on businesses and is the City prepared to help offset the costs of conversion?

Response: Responding to the Climate Emergency will often require individuals, agencies, and businesses to change their behavior and make investments that reduce emissions. There is no pretense that these activities will always be comfortable or inexpensive. It is the City's role to ensure that City actions take into account the best approach that makes conversions as efficient as possible. Each of the provisions of the CAP will be subject to this type of analysis as the requirements are feathered in. One intended approach that can ease the burden for both businesses and residents is to set rules currently that won't be in effect until five or ten years in the future. In this approach, the resident/business can seek out financial assistance in the meantime and, most importantly, can install new compliant appliances when existing appliances burn out instead of re-investing in a legacy polluting appliance.

Staff Report: It simply isn't possible to make any significant headway on these issues by protecting or maintaining the status quo. Any effort that doesn't include these difficult issues will not result in serious emission reductions.

Question: Is the statement that it is not possible to make headway on climate change while protecting the status quo appropriate?

Response: The emission trends relating to vehicle emissions and natural gas emissions from buildings represent the status quo. These trends do not show the downward trend called for by the Climate Emergency. If the City intends to change the trends and reduce emissions, changing the status quo is necessary.

Question: How can the City regulate the private sector?

Response: Many City laws already regulate the private sector in order to protect public safety or support community interests. For example, the City requires all businesses to have a business license, to comply with zoning regulations, to not sell tobacco to children, and to responsibly manage their solid waste and stormwater.

Staff Report: Implementing the actions and programs included in the Plan will each be an effort in itself that involves community input and financing. With this in mind, details on the exact costs or implementation schedule are not a part of this Plan - nor a discussion for this meeting.

Question: Why does the CAP not include detailed information on implementation costs?

Response: It is not practical to accurately estimate costs for the ultimate implementation of the CAP since there are so many unknowns in the pace of its implementation. In addition, the CAP development effort itself was minimally budgeted and did not include in-depth analyses.

Staff Report: While the program implementation costs for most of the programs are undefined and complex to estimate, it is clear that preventing the siting of future gas stations will reduce the City's sales tax proceeds - particularly from travelers outside of the community. Any serious effort to implement the Plan will require additional staffing resources as there is not capacity on the existing Team to do so.

Question: Isn't it unrealistic to ignore the reduced gasoline sales tax revenues and the costs of hiring staff to implement the plan?

Response: The reduced sales tax from gasoline sales at potential new stations was not ignored and was specifically mentioned. As noted, the loss would primarily be from travelers as local residents are already purchasing gasoline from existing stations. This loss is also very hard to determine because 1) It is possible that an additional station or two may be sited prior to the ordinance being passed; 2) It is impossible to know if a traveler who might have purchased gasoline at a potential future station would

find an existing station within the City to purchase gas at and there would be no loss of tax revenue; and
3) Gasoline sales are expected to steadily decline as electric vehicles become more popular.

The cost of hiring staff to implement the CAP will be considered and included in the Council's discussions establishing the City's budgets moving forward. There is no immediate staffing impact in the current fiscal year.

Climate Change CAP Agenda Item

Mr. Mayor, City Council, City Staff,

Let me preface my thoughts first by saying that the Chamber fully recognizes Climate Change as the single most predominate concern facing us today that must be addressed on a global, national, and local level. We as a global community member have a social and moral responsibility to engage needed climate change mitigation solutions that will both protect and preserve a future for all those that come behind us.

I would like to salute the City's efforts in establishing the Climate Resolution and the creation of a Climate Action Plan inclusive of a Community Action Group. Although the drafted principle and secondary aims of the CAP have clearly identified targeted areas of impact that should be addressed, without a companion economic analysis addressing both existing-retrofit impact to our existing business community and future business development revenue/expense projections it is unclear if the target goals and timeline are affordable, reasonable, and attainable.

With full recognition of the significance of the issues at hand, the complexity of multiple factors involved, and urgency to act we would be remiss without understanding the short and long term financial and economic impact to policy decisions that will have a lasting effect on business operations, economic feasibility (business and residential), and a timeline that appropriately aligns to a successful implementation associated with such decisions.

I would recommend delayed action on finalizing the CAP go forward plan and policy decisions until the economic component is integrated into the recommendation. Once completed the analysis will better inform the Chamber on how we can best engage our resources as active contributors in reducing climate change mitigation solutions.

If an approval to move forward is the decision of the Council tonight I would strongly consider including an addition in the motion that implementing ordinances/language/actions for each area in the CAP include a corresponding analysis of costs and potential sources of pursuit for cost coverage opportunities.

Sincerely,

Nick Gaich

President, CEO, Morgan Hill Chamber of Commerce



Item #20

Monthly Budget Update



December 15, 2021

Overview



- Monthly Budget Update
- Staff does not recommend any budget adjustments at this time

General Fund



- No material change since last budget update
- Both recreation services revenues and expenditures are trending below budget

Development Services Fund



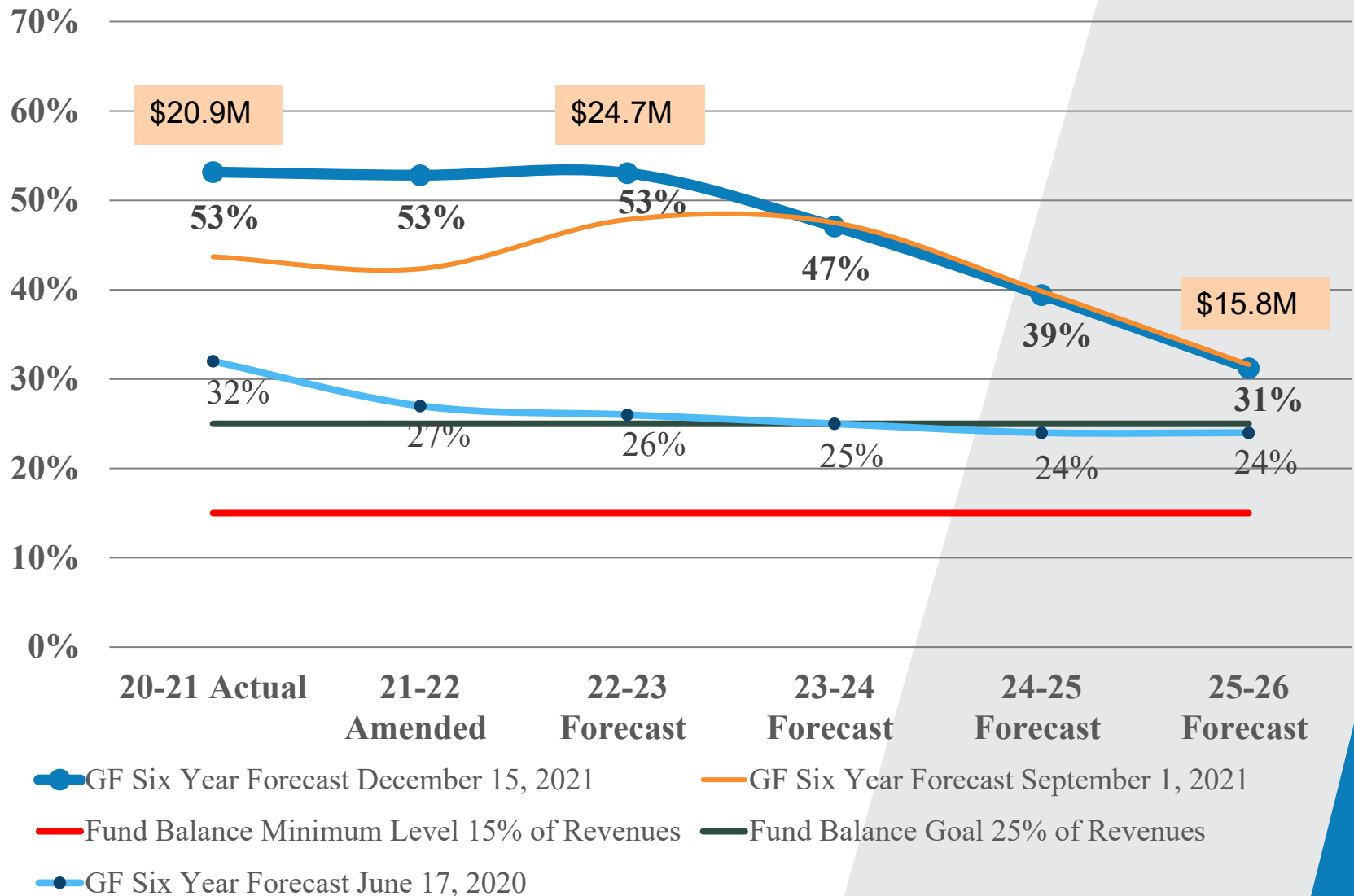
- Both revenues and expenditures are tracking budget
- Finalizing updated fee study
 - Community meeting - January 6, 2022
 - Public hearing & adoption - January 19, 2022

Enterprise Funds



- Sewer operations revenue is tracking slightly higher than budget
- Water sales is slightly below budget due to drought measures
- Finalizing water rate study

Updated General Fund Forecast



Unfunded General Fund Needs - \$4.6 million



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

Unfunded Liabilities- \$61.1 million



- Public Employees Retirement System (PERS) - \$57.3 million
- Other Postemployment Benefits (OPEB) - \$3.8 million
- General Fund Share - 67% or \$40.9 million
- Current Funded Status
 - Misc. Plan – 71.8%
 - Safety Plan – 68.0%

Questions?





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December 15, 2021

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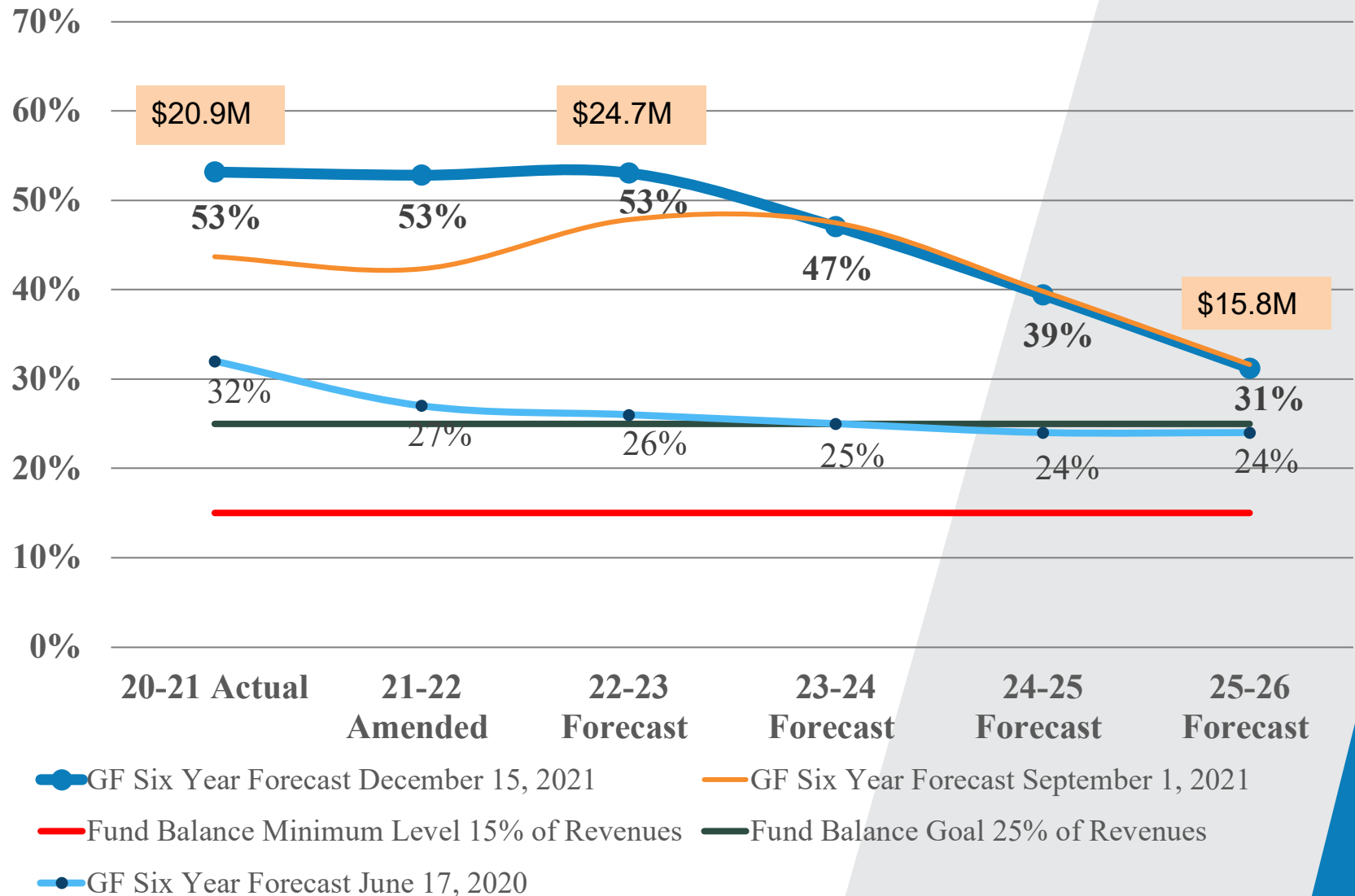
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Questions?



From: Christina Turner
To: Michelle Bigelow; Angie Gonzalez
Subject: Supplement for Item 20
Date: Tuesday, December 14, 2021

Staff Report: YTD Revenues – General Fund

Question: Are police false alarm charges recoverable? There's a -51%.

Response: Yes, the police false alarm charges or fees are set up to be cost recovery fee. The -51% change represents a reduction of 51% fees billed to date compared to prior year to date.

Question: Can you please explain the negative 28% in Gas Tax revenue?

Response: It means the gas tax received through October 2021 is 28% less than prior year to date, October 2020. However, it does not mean we are expecting lower gas tax revenue than comparing to prior year rather it is due to timing difference. The City is expecting this year gas tax revenue to be 10% higher than prior year amount of \$700,000.

Staff Report: YTD Revenues – Special Revenue Funds

Question: Can you explain that is Mobile Home Park Rent Stabilization Fund 234?

Response: This fund was created to monitor the fees charged to the mobile home park owners and tenants, as regulated by the Rent Stabilization Ordinance, and to ensure that they cover the City's cost for arbitration and litigation.

Staff Report: Year to Date Expenses - FY 2021-22

Question: Can you explain what you mean by expenses and what types of expenses for City Council?

Response: City Council report of Expenditures by Object through October 2021 is attached.

Staff Report: Fund Activity Summary – FY 2021-22

Question: What is a traffic impact fund and why would this be a minus number in unreserved ending fund balance?

Response: Traffic impact fund receives revenues from developers when their projects have an adverse impact on traffic flows, etc. The funds collected may be expended on new streets, traffic signals and expansion or increase capacity of existing streets where they are impacted by new development.

The negative unreserved ending balance of about \$10.5 million is because of large contract entered into for the Hale Ave. extension project which is majority funded by VTA Measure B fund and traffic impact fees. However, it does not mean the fund is currently in a negative cash position because the contract has not been fully paid and or services have not been fully rendered.

Expenditures by Object Report

CITY OF MORGAN HILL
7/1/2021 through 10/31/2021

010 General Fund
1100 City Council

<i>Object/Title</i>	<i>Adjusted Appropriation</i>	<i>Expenditures</i>	<i>Year-to-date Expenditures</i>	<i>Year-to-date Encumbrances</i>	<i>Balance</i>	<i>Prct Used</i>
41000 EMPLOYEE SERVICES						
41210 Salaries-Elected/Appointed	25,090.00	7,422.89	7,422.89	0.00	17,667.11	29.59
41271 Salaries-Part-Time Temp	1,000.00	0.00	0.00	0.00	1,000.00	0.00
41620 Retirement-General	2,981.00	1,038.46	1,038.46	0.00	1,942.54	34.84
41700 Group Insurance	16,502.00	5,090.01	5,090.01	0.00	11,411.99	30.84
41701 Medicare	367.00	98.45	98.45	0.00	268.55	26.83
41720 Other Post Employment Benefits (OPEB)	0.00	3,875.99	3,875.99	0.00	-3,875.99	0.00
41760 Workers Comp	653.00	185.49	185.49	0.00	467.51	28.41
41799 Benefits	1,512.00	0.00	0.00	0.00	1,512.00	0.00
Total EMPLOYEE SERVICES	48,105.00	17,711.29	17,711.29	0.00	30,393.71	36.82
42000 SUPPLIES & SERVICES						
42214 Telephone	1,000.00	500.19	500.19	0.00	499.81	50.02
42231 Contract Services	177,000.00	33,660.90	33,660.90	81,332.10	62,007.00	64.97
42244 Stationary & Office Supplies	1,100.00	0.00	0.00	0.00	1,100.00	0.00
42245 Computer Hardware-Non Cap	1,000.00	0.00	0.00	0.00	1,000.00	0.00
42246 Computer Software-Non Cap	550.00	0.00	0.00	0.00	550.00	0.00
42248 Other Supplies	1,700.00	1,204.67	1,204.67	0.00	495.33	70.86
42252 Photocopying	1,000.00	0.00	0.00	0.00	1,000.00	0.00
42254 Postage & Freight	600.00	64.12	64.12	0.00	535.88	10.69
42257 Printing	750.00	0.00	0.00	0.00	750.00	0.00
42261 Auto Mileage	400.00	0.00	0.00	0.00	400.00	0.00
42299 Other Expense	5,305.00	44.24	44.24	0.00	5,260.76	0.83
42408 Training & Education	3,500.00	0.00	0.00	0.00	3,500.00	0.00
42413 Community Promotion	116,040.00	43,698.48	43,698.48	18,000.00	54,341.52	53.17
42415 Conference & Meetings	16,000.00	745.50	745.50	0.00	15,254.50	4.66
42423 Membership & Dues	39,876.00	20,050.51	20,050.51	0.00	19,825.49	50.28
42435 Subscription & Pub.	225.00	0.00	0.00	0.00	225.00	0.00
Total SUPPLIES & SERVICES	366,046.00	99,968.61	99,968.61	99,332.10	166,745.29	54.45
45000 INTERNAL SERVICES						
45003 General Liability Insurance	32,020.00	10,672.00	10,672.00	0.00	21,348.00	33.33
45004 Building Maint - Current Services	9,496.00	3,164.00	3,164.00	0.00	6,332.00	33.32
45005 Building Maint.-Future Replacement	559.00	188.00	188.00	0.00	371.00	33.63
45009 Info System Services	10,817.00	3,604.00	3,604.00	0.00	7,213.00	33.32

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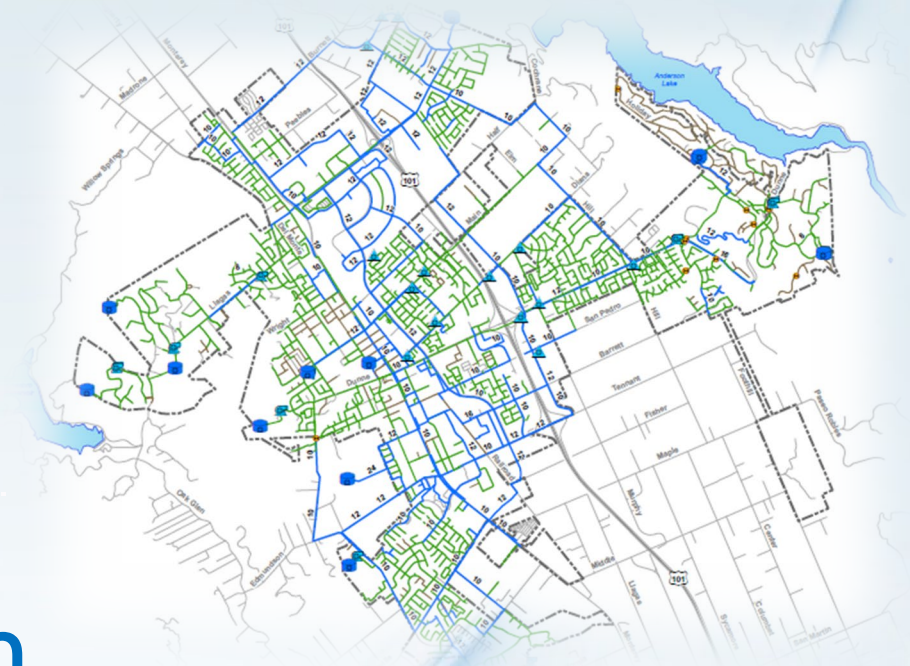
Expenditures by Object Report

Page: 2

CITY OF MORGAN HILL
7/1/2021 through 10/31/2021

010 General Fund
1100 City Council

<i>Object/Title</i>	<i>Adjusted Appropriation</i>	<i>Expenditures</i>	<i>Year-to-date Expenditures</i>	<i>Year-to-date Encumbrances</i>	<i>Balance</i>	<i>Prct Used</i>
Total INTERNAL SERVICES	52,892.00	17,628.00	17,628.00	0.00	35,264.00	33.33
49000 TRANSFERS						
49241 Transfer Out-420 (Civic Center Debt)	1,807.00	604.00	604.00	0.00	1,203.00	33.43
Total TRANSFERS	1,807.00	604.00	604.00	0.00	1,203.00	33.43
Total City Council	468,850.00	135,911.90	135,911.90	99,332.10	233,606.00	50.17



CITY OF MORGAN HILL

2021 Water System Master Plan (WSMP)

Adoption

December 15, 2021

Presentation Overview



2021 WSMP. What is it? Why and how often do we need one?

Who are the stakeholders? Public participation

The City's water infrastructure overview (existing and proposed)

Capital Improvement Program (CIP) - with Construction and allocations costs

Questions

2021 Water System Master Plan

- **Who:** Water retailers of all sizes, public or private periodically review their water infrastructure and plan accordingly.
- **What:** An assessment of our water infrastructure for capacity adequacy of the existing system and for recommending improvements to mitigate current deficiencies, as well as for servicing future growth.
- **Why:** This tool helps plan, phase, and develop capital improvement program (CIP) with opinion of probable construction and allocation costs to meet AB 1600.
- **When:** The best management practice is to update the WSMP at least every 5 years (last WSMP was in 2017).

The **2021** WSMP Update is important for Planning and Budgeting Purposes

Main Stakeholders and Public Participation

- Main Stakeholders
 - Ratepayers (Existing and future)
 - City's Elected Officials and Staff
 - Consulting Firm(s)
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- Public Participation



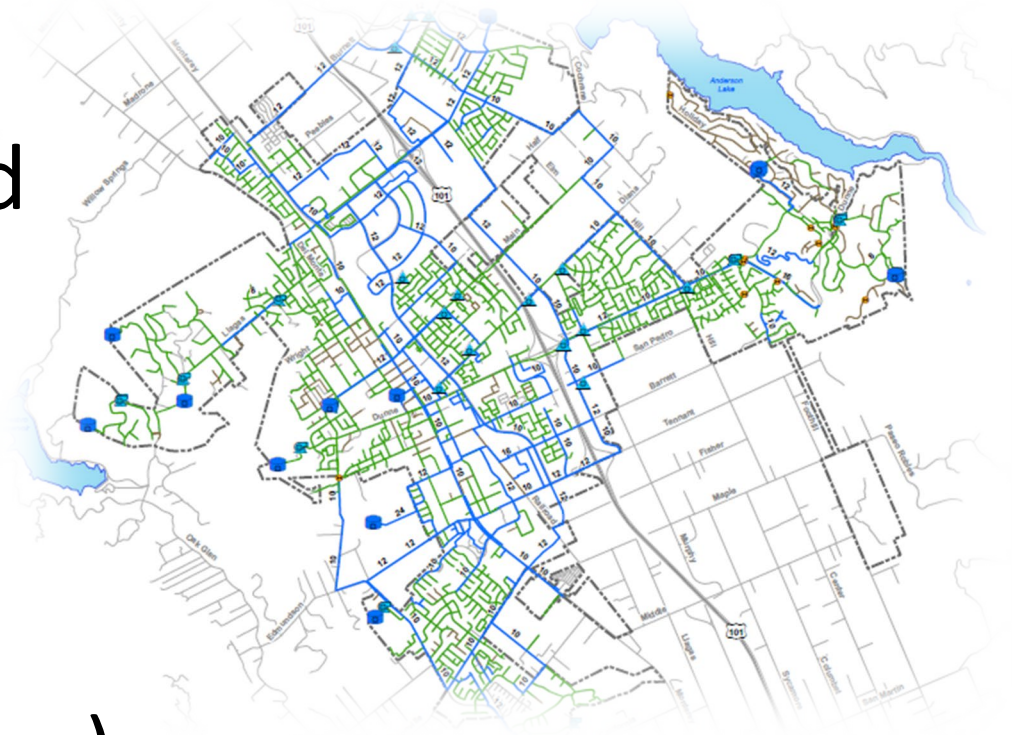
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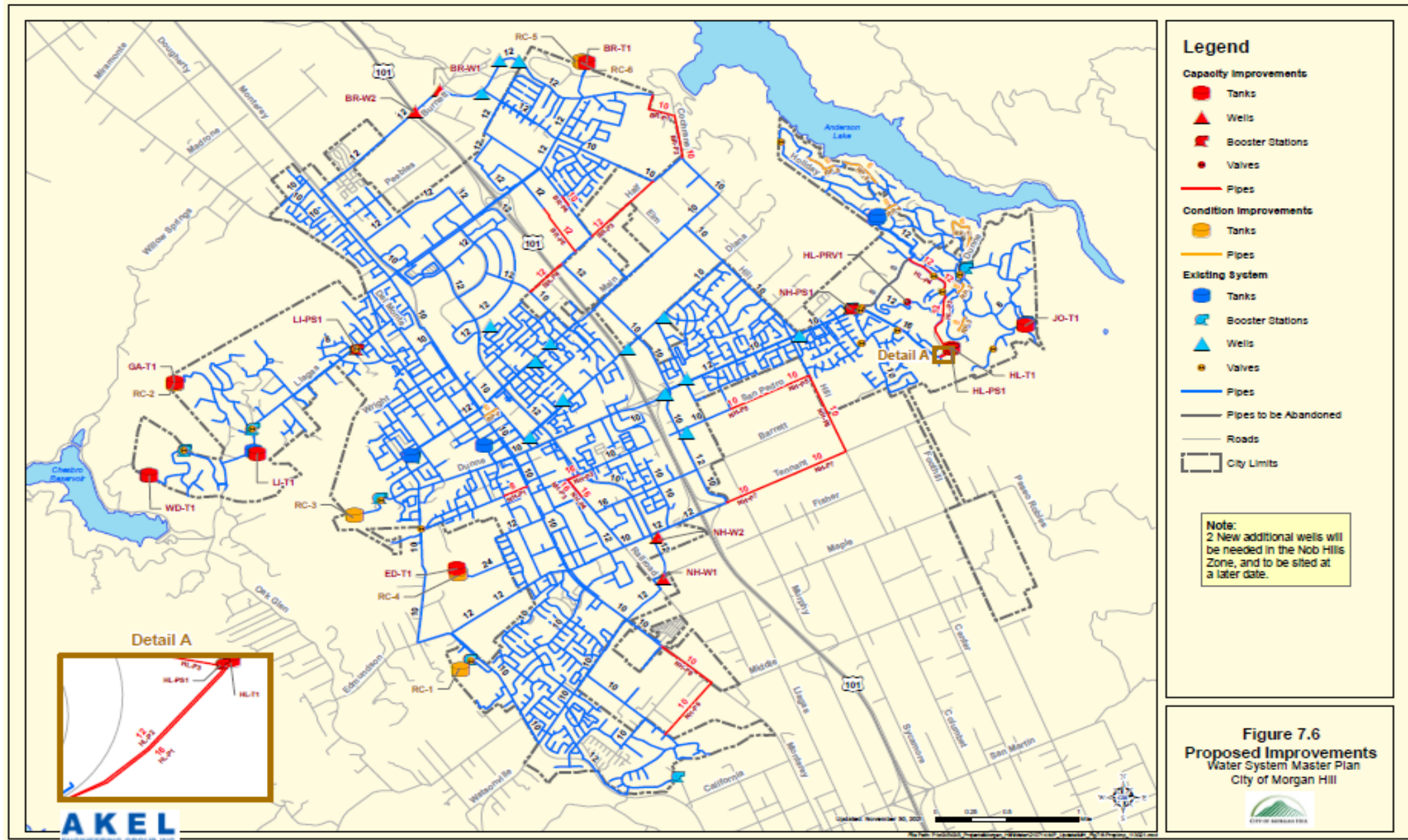
City Council Adoption
December 15th, 2021

Water Infrastructure

- 16 Groundwater Supply Wells with a total capacity of 15.1 MGD
- 175 miles of transmission and distribution pipelines
- 12 Storage tanks
- 10 Booster Stations
- 14 Pressure Relief Valves
- 1,200 Hydrants (Approximation)



2021 Water System Master Plan



2021 Water System Master Plan

PLAN CAPACITY IMPROVEMENTS AND PERCENTAGE COST SHARING

PIPELINE CAPACITY IMPROVEMENTS

- Boy's Ranch Pressure Zone
Capital Cost \$5,076,180 with cost sharing of \$201,076 for existing users and \$4,875,104 for future users (3.96% / 96.04%).
- Nob Hill Pressure Zone
Capital Cost \$8,588,435 with cost sharing of \$695,387 for existing users and \$7,893,048 for future users (8.10% / 91.90%).
- Holiday Pressure Zones
Capital Cost \$16,603,706 with cost sharing of \$1,135,717 for existing users and \$15,467,989 for future users (6.84% / 93.16%).

RESERVOIR CAPACITY IMPROVEMENTS

- Boy's Ranch, Glen Ayre, Nob Hill, Llagas, Jackson Oaks, Woodland and Holiday 1
Capital Cost \$16,712,444 with cost sharing of \$8,453,441 for existing users and \$8,259,003 for future users (50.58% / 49.42%).

2021 Water System Master Plan

PLAN CAPACITY IMPROVEMENTS AND PERCENTAGE COST SHARING

WELL CAPACITY IMPROVEMENTS

- Boy's Ranch 1 and 2, Nob Hill 1,2, 3, and 4
Capital Cost \$30,240,230 with cost sharing of \$5,605,822 for existing users and \$24,634,408 for future users (18.54% / 81.46%).

PUMP STATION IMPROVEMENTS

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Capital Cost \$101,878 with cost sharing of \$56,033 for existing users and \$45,845 for future users (55% /45%).

2021 Water System Master Plan

PLAN CONDITION IMPROVEMENTS AND PERCENTAGE COST SHARING

KNOWN PIPELINE RENEWAL AND REPLACEMENT (2022-2024)

- Holiday Lake, Jackson Oaks and Nob Hill

Capital Cost \$3,267,409 with cost sharing of \$ 3,267,409 for existing users and \$0 for future users (100% / 0%).

RECOMMENDED ANNUAL PIPELINE RENEWAL AND REPLACEMENT (10-Year)

- Citywide

Capital Cost \$18,297,698 with cost sharing of \$ 18,297,698 for existing users and \$0 for future users (100% / 0%).

RESERVOIR IMPROVEMENTS

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5-YEAR IMPROVEMENT PROJECTS

- Well and Booster Rehabilitation, Generators Replacement

Capital Cost \$3,900,000 with cost sharing of \$ 3,900,000 for existing users and \$0 for future users (100% / 0%).

2021 Water System Master Plan

COMPREHENSIVE PLAN UPDATES AND PERCENTAGE COST SHARING

COMPREHENSIVE PLAN UPDATES

- Water System Master Plan (Years 2026, 2031 & 2036)
Water Assessment Management Plan (Years 2026, 2031 & 2036)
Urban Water Management Plan Updates (Years 2026, 2031 & 2036)
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CALENDAR YEAR BUDGET EXPANSION AND PERCENTAGE COST SHARING

Calendar Year Budget Expansion

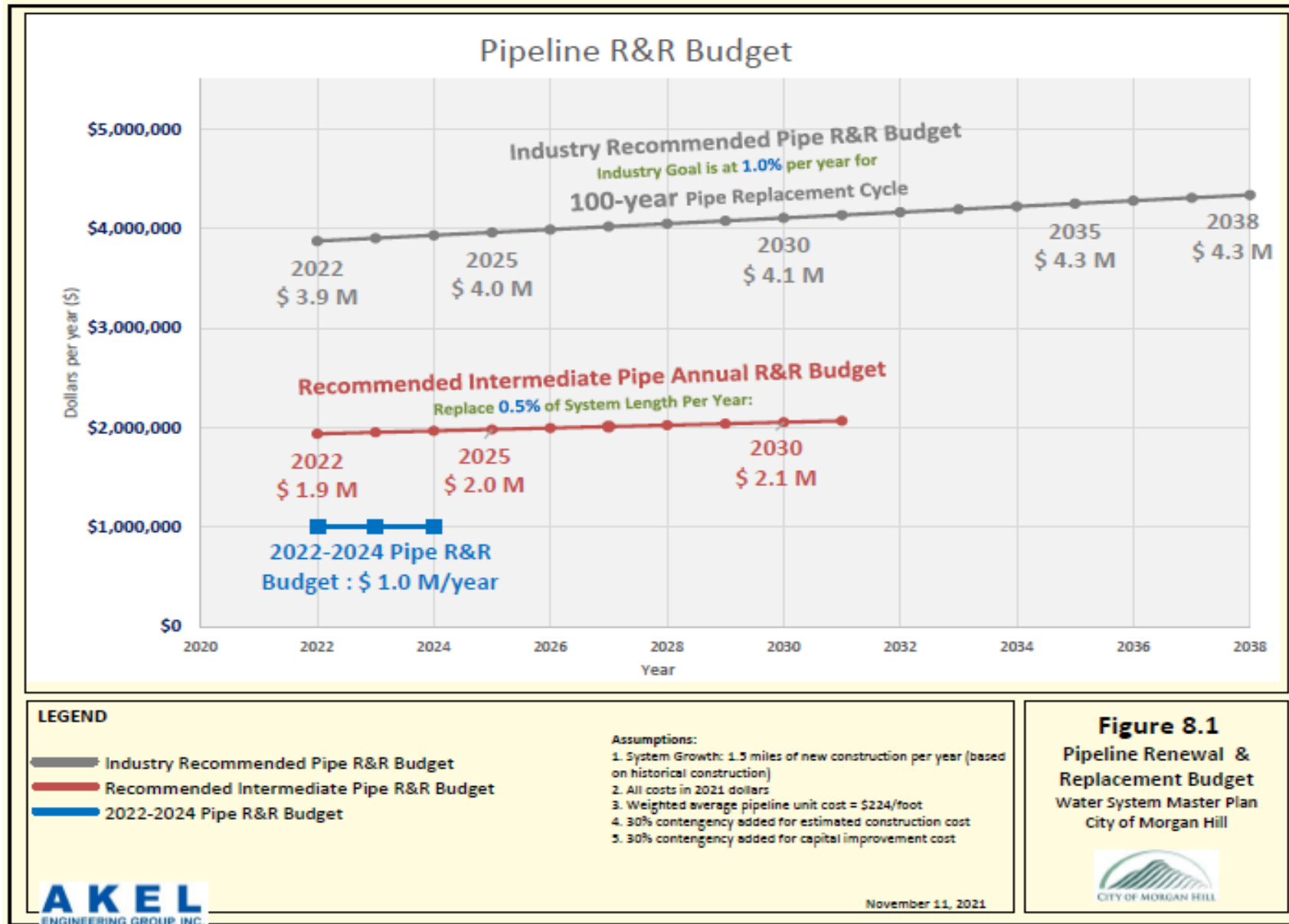
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Capital Cost \$7,500,000 with cost sharing of \$0 for existing users and \$ 7,500,000 for future users (0% / 100%).

OVERALL TOTAL IMPROVEMENT COST AND PERCENTAGE COST SHARING

TOTAL IMPROVEMENT COST

- Capital Cost \$108,115,300 with cost sharing of \$48,676,960 for existing users and \$ 59, 438,340 for future users (45.02% / 54.98%).

Pipeline Renewal and Replacement Budget



2021 Water System Master Plan

WATER SUPPLY HIGHLIGHTS

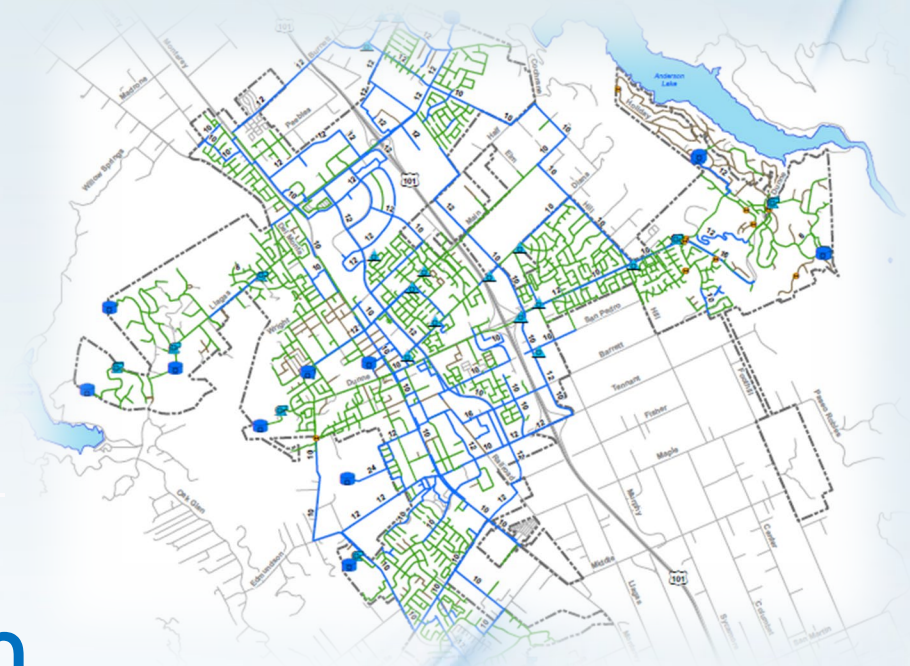
- The WSMP calls for six (6) new wells to be built between 2022 and 2038 when the City is projected to build out. Staff has already started a site feasibility study for four of the wells and are actively researching grant funding for the design and construction of the first well. The feasibility report is expected at the end of December. Preliminary result indicate that some of the wells might be approximately 450 feet deep and capable of producing flow ranges between 600 and 1,100 gallons per minute (gpm).
- For water supply redundancy, the plan also calls for a project to build a new pipeline that will improve reliability of water supply to the Boy's Ranch area (northeast Morgan Hill). A mobile booster will be used to pressurize the system as needed.
- Recycled Water - Staff is working with the partners including Valley Water and the City of Gilroy to find the best strategy for the use of recycled water as an added source of water supply. In addition to the Valley Water Countywide Reuse Plan (2020 CoRe Plan) which provides us with three (3) options for consideration, staff is also exploring other avenues to secure reuse water as a potential source of water supply for the City.

2021 Water System Master Plan

Adoption

December 15, 2021

QUESTIONS?



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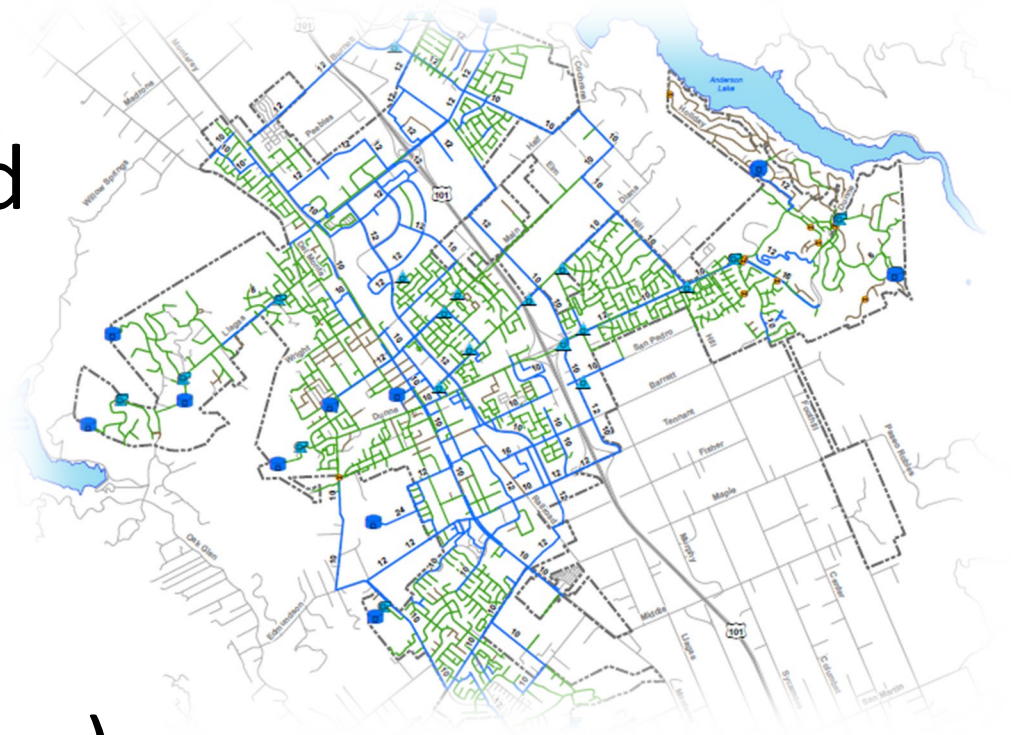
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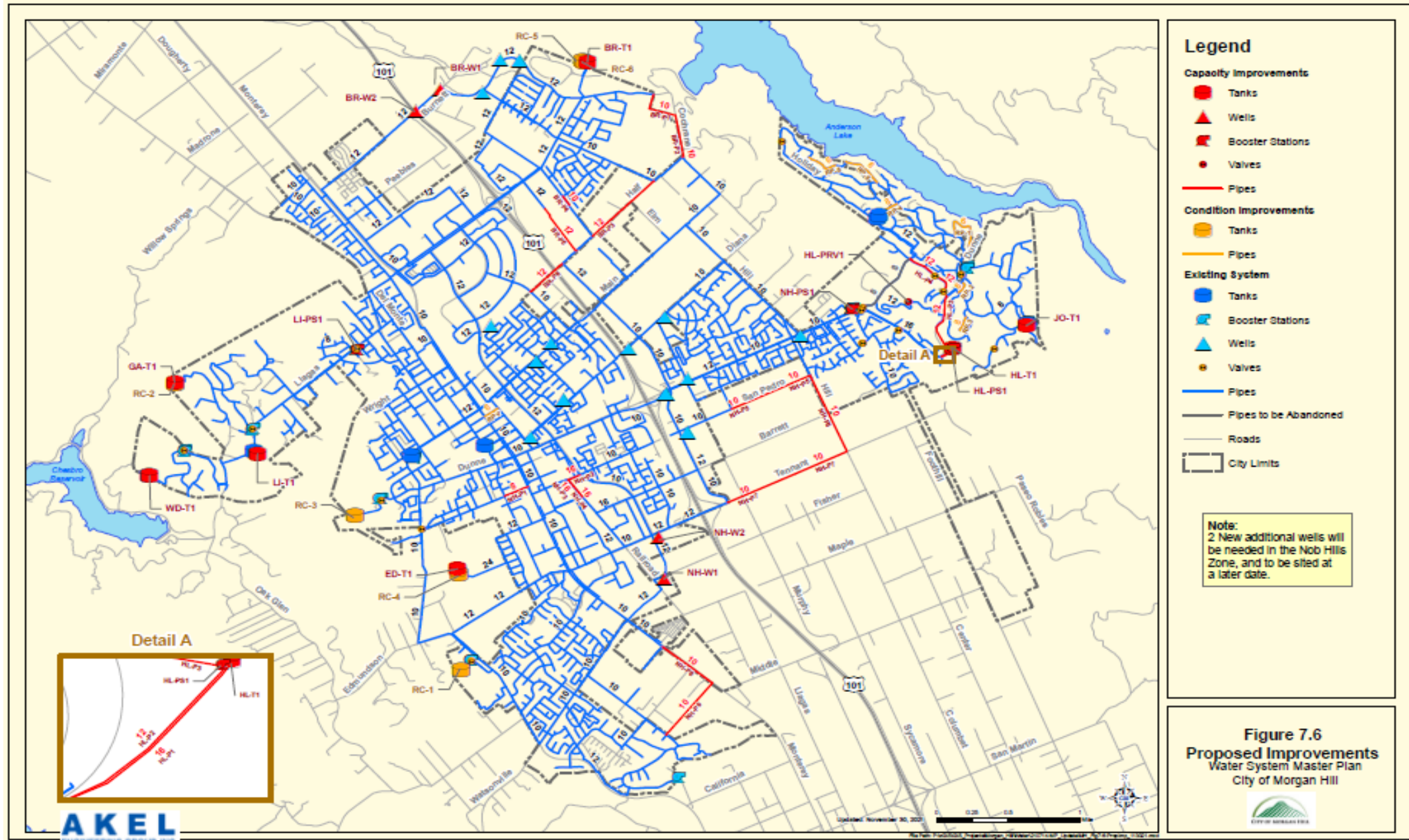
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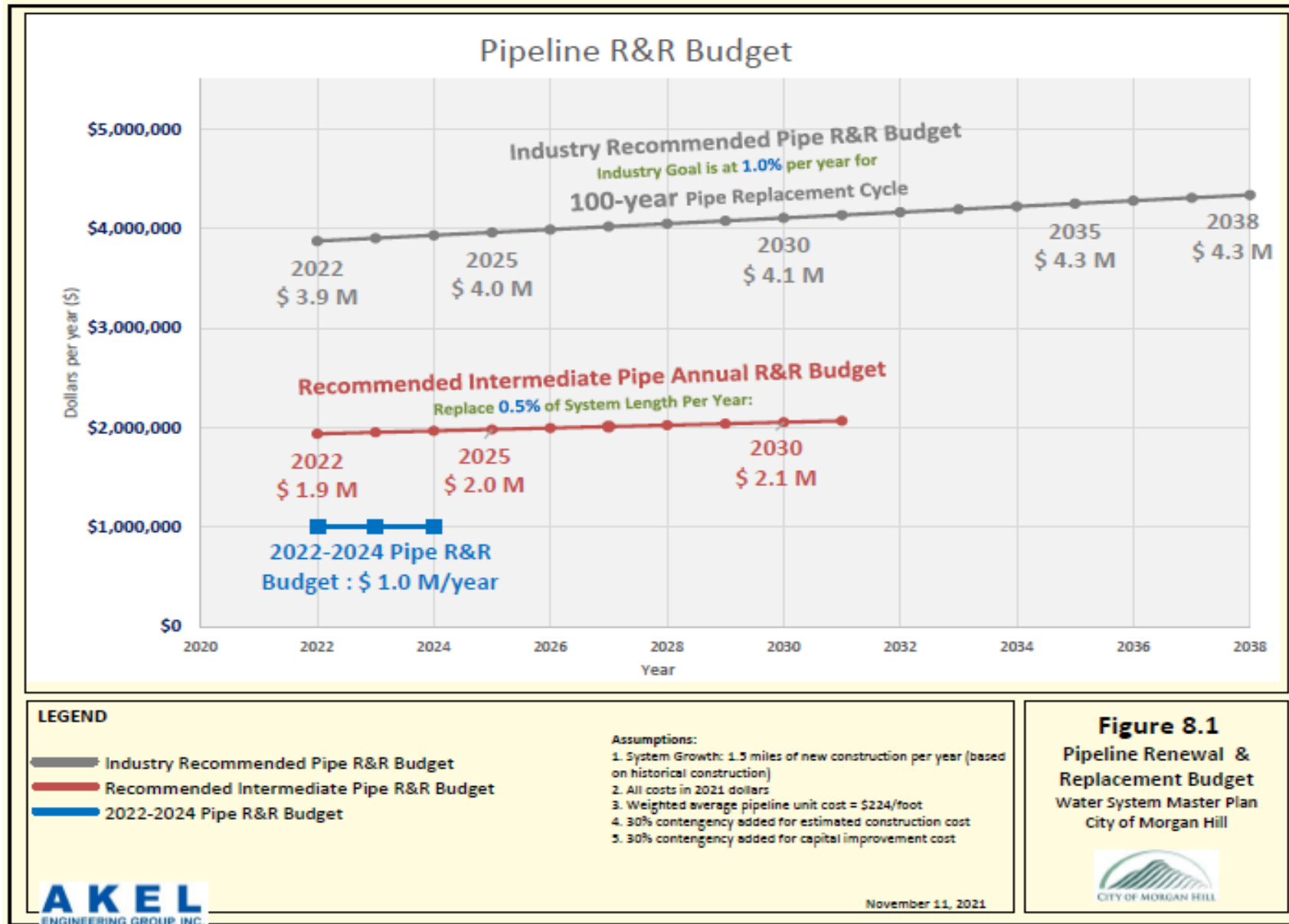
- Calendar Year Budget Expansion (2022-2024)
Capital Cost \$7,500,000 with cost sharing of \$0 for existing users and \$ 7,500,000 for future users (0% / 100%).

OVERALL TOTAL IMPROVEMENT COST AND PERCENTAGE COST SHARING

TOTAL IMPROVEMENT COST

- Capital Cost \$108,115,300 with cost sharing of \$48,676,960 for existing users and \$ 59, 438,340 for future users (45.02% / 54.98%).

Pipeline Renewal and Replacement Budget



2021 Water System Master Plan

WATER SUPPLY HIGHLIGHTS

- The WSMP calls for six (6) new wells to be built between 2022 and 2038 when the City is projected to build out. Staff has already started a site feasibility study for four of the wells and are actively researching grant funding for the design and construction of the first well. The feasibility report is expected at the end of December. Preliminary result indicate that some of the wells might be approximately 450 feet deep and capable of producing flow ranges between 600 and 1,100 gallons per minute (gpm).
- For water supply redundancy, the plan also calls for a project to build a new pipeline that will improve reliability of water supply to the Boy's Ranch area (northeast Morgan Hill). A mobile booster will be used to pressurize the system as needed.
- Recycled Water - Staff is working with the partners including Valley Water and the City of Gilroy to find the best strategy for the use of recycled water as an added source of water supply. In addition to the Valley Water Countywide Reuse Plan (2020 CoRe Plan) which provides us with three (3) options for consideration, staff is also exploring other avenues to secure reuse water as a potential source of water supply for the City.

2021 Water System Master Plan

Adoption

December 15, 2021

QUESTIONS?

From: Christina Turner

To: Michelle Bigelow; Angie Gonzalez

Subject: Supplement for Item 23

Date: Tuesday, December 14, 2021

Staff Report: Since the CRC has a robust solar energy system, installing batteries could allow parts of the building to function during power outages while also enabling the facility to shift its energy use to off-peak hours on a daily basis.

Question: Is anyone (PG&E, etc.) recommending a battery type?

Response: Syserco's bid indicates that they intend to install a Lithium-ion battery. While other battery technologies exist, the vast majority of batteries being installed today are lithium-ion.

Question: Are there micro converters on the current system?

Response: Assuming the question is about inverters, no, the CRC system has a bank of centralized inverters and does not use micro inverters.

From: Christina Turner

To: Michelle Bigelow; Angie Gonzalez

Subject: Supplement for Item 18

Date: Tuesday, December 14, 2021

Staff Report: October 20, 2021, City Council Meeting - The City Council held the second of four required public hearings in the redistricting process to receive an update on the state-adjusted Census data and receive a demonstration on available mapping tools.

Question: My understanding at this meeting is that the council members would also get a tutorial on the tool?

Response: Yes, the demographer will be providing an overview of how to use the online tools.

From: Christina Turner

To: Michelle Bigelow; Angie Gonzalez

Subject: Supplement for Item 19

Date: Tuesday, December 14, 2021

Staff Report: Since Silicon Valley Clean Energy (SVCE) had already decarbonized the electricity used by the community, the Team knew that the biggest remaining emission sources are on-road vehicles and natural gas use in buildings. These two sources alone account for nearly 80% of Morgan Hill's emissions and spewed an estimated 109,000 metric tons of CO2 in 2020.

Question: Where is the data to support these numbers?

Response: Figure 6 on page 13 of the Climate Action Plan (CAP) summarizes emissions data from the primary categories.

Staff Report: Consistent with the actions of many other agencies, the Working Group selected a main goal of: "Reduce Morgan Hill's net carbon dioxide emissions in the building and transportation sectors 35% below the 2020 baseline level by 2030 and 100% below the 2020 baseline level by 2045." With this main goal as an anchorpoint, Sub-Goals were set for the Transportation and Building Sectors with accompanying actions. For example, a sub-goal in the Transportation sector of "Transition 50% of the municipal fleet from fossil fuel to electric by 2030 and 100% by 2035" is accompanied by the action to start buying electric vehicles.

Question: How can the City mandate changes on businesses and is the City prepared to help offset the costs of conversion?

Response: Responding to the Climate Emergency will often require individuals, agencies, and businesses to change their behavior and make investments that reduce emissions. There is no pretense that these activities will always be comfortable or inexpensive. It is the City's role to ensure that City actions take into account the best approach that makes conversions as efficient as possible. Each of the provisions of the CAP will be subject to this type of analysis as the requirements are feathered in. One intended approach that can ease the burden for both businesses and residents is to set rules currently that won't be in effect until five or ten years in the future. In this approach, the resident/business can seek out financial assistance in the meantime and, most importantly, can install new compliant appliances when existing appliances burn out instead of re-investing in a legacy polluting appliance.

Staff Report: It simply isn't possible to make any significant headway on these issues by protecting or maintaining the status quo. Any effort that doesn't include these difficult issues will not result in serious emission reductions.

Question: Is the statement that it is not possible to make headway on climate change while protecting the status quo appropriate?

Response: The emission trends relating to vehicle emissions and natural gas emissions from buildings represent the status quo. These trends do not show the downward trend called for by the Climate Emergency. If the City intends to change the trends and reduce emissions, changing the status quo is necessary.

Question: How can the City regulate the private sector?

Response: Many City laws already regulate the private sector in order to protect public safety or support community interests. For example, the City requires all businesses to have a business license, to comply with zoning regulations, to not sell tobacco to children, and to responsibly manage their solid waste and stormwater.

Staff Report: Implementing the actions and programs included in the Plan will each be an effort in itself that involves community input and financing. With this in mind, details on the exact costs or implementation schedule are not a part of this Plan - nor a discussion for this meeting.

Question: Why does the CAP not include detailed information on implementation costs?

Response: It is not practical to accurately estimate costs for the ultimate implementation of the CAP since there are so many unknowns in the pace of its implementation. In addition, the CAP development effort itself was minimally budgeted and did not include in-depth analyses.

Staff Report: While the program implementation costs for most of the programs are undefined and complex to estimate, it is clear that preventing the siting of future gas stations will reduce the City's sales tax proceeds - particularly from travelers outside of the community. Any serious effort to implement the Plan will require additional staffing resources as there is not capacity on the existing Team to do so.

Question: Isn't it unrealistic to ignore the reduced gasoline sales tax revenues and the costs of hiring staff to implement the plan?

Response: The reduced sales tax from gasoline sales at potential new stations was not ignored and was specifically mentioned. As noted, the loss would primarily be from travelers as local residents are already purchasing gasoline from existing stations. This loss is also very hard to determine because 1) It is possible that an additional station or two may be sited prior to the ordinance being passed; 2) It is impossible to know if a traveler who might have purchased gasoline at a potential future station would

find an existing station within the City to purchase gas at and there would be no loss of tax revenue; and
3) Gasoline sales are expected to steadily decline as electric vehicles become more popular.

The cost of hiring staff to implement the CAP will be considered and included in the Council's discussions establishing the City's budgets moving forward. There is no immediate staffing impact in the current fiscal year.

From: Christina Turner
To: Michelle Bigelow; Angie Gonzalez
Subject: Supplement for Item 20
Date: Tuesday, December 14, 2021

Staff Report: YTD Revenues – General Fund

Question: Are police false alarm charges recoverable? There's a -51%.

Response: Yes, the police false alarm charges or fees are set up to be cost recovery fee. The -51% change represents a reduction of 51% fees billed to date compared to prior year to date.

Question: Can you please explain the negative 28% in Gas Tax revenue?

Response: It means the gas tax received through October 2021 is 28% less than prior year to date, October 2020. However, it does not mean we are expecting lower gas tax revenue than comparing to prior year rather it is due to timing difference. The City is expecting this year gas tax revenue to be 10% higher than prior year amount of \$700,000.

Staff Report: YTD Revenues – Special Revenue Funds

Question: Can you explain that is Mobile Home Park Rent Stabilization Fund 234?

Response: This fund was created to monitor the fees charged to the mobile home park owners and tenants, as regulated by the Rent Stabilization Ordinance, and to ensure that they cover the City's cost for arbitration and litigation.

Staff Report: Year to Date Expenses - FY 2021-22

Question: Can you explain what you mean by expenses and what types of expenses for City Council?

Response: City Council report of Expenditures by Object through October 2021 is attached.

Staff Report: Fund Activity Summary – FY 2021-22

Question: What is a traffic impact fund and why would this be a minus number in unreserved ending fund balance?

Response: Traffic impact fund receives revenues from developers when their projects have an adverse impact on traffic flows, etc. The funds collected may be expended on new streets, traffic signals and expansion or increase capacity of existing streets where they are impacted by new development.

The negative unreserved ending balance of about \$10.5 million is because of large contract entered into for the Hale Ave. extension project which is majority funded by VTA Measure B fund and traffic impact fees. However, it does not mean the fund is currently in a negative cash position because the contract has not been fully paid and or services have not been fully rendered.

Expenditures by Object Report

CITY OF MORGAN HILL
7/1/2021 through 10/31/2021

010 General Fund
1100 City Council

<i>Object/Title</i>	<i>Adjusted Appropriation</i>	<i>Expenditures</i>	<i>Year-to-date Expenditures</i>	<i>Year-to-date Encumbrances</i>	<i>Balance</i>	<i>Prct Used</i>
41000 EMPLOYEE SERVICES						
41210 Salaries-Elected/Appointed	25,090.00	7,422.89	7,422.89	0.00	17,667.11	29.59
41271 Salaries-Part-Time Temp	1,000.00	0.00	0.00	0.00	1,000.00	0.00
41620 Retirement-General	2,981.00	1,038.46	1,038.46	0.00	1,942.54	34.84
41700 Group Insurance	16,502.00	5,090.01	5,090.01	0.00	11,411.99	30.84
41701 Medicare	367.00	98.45	98.45	0.00	268.55	26.83
41720 Other Post Employment Benefits (OPEB)	0.00	3,875.99	3,875.99	0.00	-3,875.99	0.00
41760 Workers Comp	653.00	185.49	185.49	0.00	467.51	28.41
41799 Benefits	1,512.00	0.00	0.00	0.00	1,512.00	0.00
Total EMPLOYEE SERVICES	48,105.00	17,711.29	17,711.29	0.00	30,393.71	36.82
42000 SUPPLIES & SERVICES						
42214 Telephone	1,000.00	500.19	500.19	0.00	499.81	50.02
42231 Contract Services	177,000.00	33,660.90	33,660.90	81,332.10	62,007.00	64.97
42244 Stationary & Office Supplies	1,100.00	0.00	0.00	0.00	1,100.00	0.00
42245 Computer Hardware-Non Cap	1,000.00	0.00	0.00	0.00	1,000.00	0.00
42246 Computer Software-Non Cap	550.00	0.00	0.00	0.00	550.00	0.00
42248 Other Supplies	1,700.00	1,204.67	1,204.67	0.00	495.33	70.86
42252 Photocopying	1,000.00	0.00	0.00	0.00	1,000.00	0.00
42254 Postage & Freight	600.00	64.12	64.12	0.00	535.88	10.69
42257 Printing	750.00	0.00	0.00	0.00	750.00	0.00
42261 Auto Mileage	400.00	0.00	0.00	0.00	400.00	0.00
42299 Other Expense	5,305.00	44.24	44.24	0.00	5,260.76	0.83
42408 Training & Education	3,500.00	0.00	0.00	0.00	3,500.00	0.00
42413 Community Promotion	116,040.00	43,698.48	43,698.48	18,000.00	54,341.52	53.17
42415 Conference & Meetings	16,000.00	745.50	745.50	0.00	15,254.50	4.66
42423 Membership & Dues	39,876.00	20,050.51	20,050.51	0.00	19,825.49	50.28
42435 Subscription & Pub.	225.00	0.00	0.00	0.00	225.00	0.00
Total SUPPLIES & SERVICES	366,046.00	99,968.61	99,968.61	99,332.10	166,745.29	54.45
45000 INTERNAL SERVICES						
45003 General Liability Insurance	32,020.00	10,672.00	10,672.00	0.00	21,348.00	33.33
45004 Building Maint - Current Services	9,496.00	3,164.00	3,164.00	0.00	6,332.00	33.32
45005 Building Maint.-Future Replacement	559.00	188.00	188.00	0.00	371.00	33.63
45009 Info System Services	10,817.00	3,604.00	3,604.00	0.00	7,213.00	33.32

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12/14/2021 1:15PM
Periods: 1 through 4

Expenditures by Object Report

Page: 2

CITY OF MORGAN HILL
7/1/2021 through 10/31/2021

010 General Fund
1100 City Council

<i>Object/Title</i>	<i>Adjusted Appropriation</i>	<i>Expenditures</i>	<i>Year-to-date Expenditures</i>	<i>Year-to-date Encumbrances</i>	<i>Balance</i>	<i>Prct Used</i>
Total INTERNAL SERVICES	52,892.00	17,628.00	17,628.00	0.00	35,264.00	33.33
49000 TRANSFERS						
49241 Transfer Out-420 (Civic Center Debt)	1,807.00	604.00	604.00	0.00	1,203.00	33.43
Total TRANSFERS	1,807.00	604.00	604.00	0.00	1,203.00	33.43
Total City Council	468,850.00	135,911.90	135,911.90	99,332.10	233,606.00	50.17

From: Christina Turner

To: Michelle Bigelow; Angie Gonzalez

Subject: Supplement for Item 23

Date: Tuesday, December 14, 2021

Staff Report: Since the CRC has a robust solar energy system, installing batteries could allow parts of the building to function during power outages while also enabling the facility to shift its energy use to off-peak hours on a daily basis.

Question: Is anyone (PG&E, etc.) recommending a battery type?

Response: Syserco's bid indicates that they intend to install a Lithium-ion battery. While other battery technologies exist, the vast majority of batteries being installed today are lithium-ion.

Question: Are there micro converters on the current system?

Response: Assuming the question is about inverters, no, the CRC system has a bank of centralized inverters and does not use micro inverters.

Climate Change CAP Agenda Item

Mr. Mayor, City Council, City Staff,

Let me preface my thoughts first by saying that the Chamber fully recognizes Climate Change as the single most predominate concern facing us today that must be addressed on a global, national, and local level. We as a global community member have a social and moral responsibility to engage needed climate change mitigation solutions that will both protect and preserve a future for all those that come behind us.

I would like to salute the City's efforts in establishing the Climate Resolution and the creation of a Climate Action Plan inclusive of a Community Action Group. Although the drafted principle and secondary aims of the CAP have clearly identified targeted areas of impact that should be addressed, without a companion economic analysis addressing both existing-retrofit impact to our existing business community and future business development revenue/expense projections it is unclear if the target goals and timeline are affordable, reasonable, and attainable.

With full recognition of the significance of the issues at hand, the complexity of multiple factors involved, and urgency to act we would be remiss without understanding the short and long term financial and economic impact to policy decisions that will have a lasting effect on business operations, economic feasibility (business and residential), and a timeline that appropriately aligns to a successful implementation associated with such decisions.

I would recommend delayed action on finalizing the CAP go forward plan and policy decisions until the economic component is integrated into the recommendation. Once completed the analysis will better inform the Chamber on how we can best engage our resources as active contributors in reducing climate change mitigation solutions.

If an approval to move forward is the decision of the Council tonight I would strongly consider including an addition in the motion that implementing ordinances/language/actions for each area in the CAP include a corresponding analysis of costs and potential sources of pursuit for cost coverage opportunities.

Sincerely,

Nick Gaich

President, CEO, Morgan Hill Chamber of Commerce

12/15/21

Mrs. Turner, City Manager
City Council
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

Dear City Manager, and Members of the City Council:

We write to urge you to adopt a map for City Council elections in the coming decade that will, insofar as possible, preserve the community of interest now represented by District B in City Council elections, and to oppose the proposals by some residents of the City and officials of the City's government - and by the City's demographic consultant, NDC - to dismember the area and community of interest contained in current District B by splitting it into two separate districts.

Adoption of those proposals would violate not only California law defining the appropriate criteria to be followed in redistricting, but also federal and state laws protecting the voting rights of minority voters, and if adopted could lead to divisive and expensive litigation.

To the contrary, the Council should adopt a map that, with necessary and appropriate modifications to achieve the required equality of population among the districts, will preserve the core and representative function of District B intact.

HOW DISTRICT B SERVES AN IMPORTANT COMMUNITY OF INTEREST

Like most cities in California, Morgan Hill is not homogeneous. It includes members different racial and ethnic groups, of which the largest are White, Latinx, Asian Americans, and African Americans. It also includes persons from a wide range of socio-economic and income-level groups, from very low to very high. Members of those respective groups are not evenly distributed in their residential locations throughout the City. The members of the various ethnic, socio-economic, and income-level groups share many interests common to all of them, including the desire and need for a fair, effective, efficient, and just local government that will promote the social, economic, and human welfare of the City and all its residents. But the

various groups also have in many respects different interests and priorities – which are not necessarily opposing, but in a context of finite limitations on resources and the ability of local government to focus on and promote particular goals or projects. Council districts that recognize the potential of different areas of the City whose residents may have different concerns, needs, or priorities, as expressed in maps that respect communities of interest, promote the goals of fairness, effectiveness, efficiency, and justice in local government.

Districts that disrespect or unnecessarily separate communities of interest disserve those goals. The conversion of City elections from at-large to partially by-district in 2017 was a landmark step in the right direction in terms of serving those worthy goals. Before the change, not only racial minorities but also particular non-majoritarian socio-economic groups and areas of the City that had little political influence (often reflecting lesser economic resources) struggled to have their distinctive voices heard and their distinctive concerns addressed. With the change to a four district plus at-large mayor election system, geographical areas, racial, and socio-economic groups that had previously been under-represented or excluded from equal participation in the City's governance system were empowered. They gained the ability to effectively campaign for and elect, and then to have access to and hold accountable, representatives responsive to their particular concerns and needs.

In our view, the quality and fairness of the City's governance have meaningfully improved since the adoption of the hybrid district election system four years ago. Focusing on District B in particular, over the past four years that area's residents and voters have enjoyed the opportunity to express and advance their common interests in a way previously unavailable to them under an at-large system that submerged their voting strength, and therefore their ability to influence policy decisions of the City, to those of the predominant majorities be they racial/ethnic, socio-economic, or geographically concentrated (as they were) in more affluent outlying areas of Morgan Hill. The aspects of those common interests that the current District B enables to be effectively expressed and protected in the City's political processes derive from a number of factors recognized as central to the definition of a community of interest: a geographical configuration that unites the central corridor of the City along its predominant north-south axis between Monterey Road and Highway 101; the preservation of a large part of

the City's historical core; a concentration of persons of lower socio-economic status and incomes as distinct from the wealthier and more privileged residents of areas outside the central corridor and in particular in the hillside areas to the east and west of that corridor; a predominance of persons who rent, but do not own, their homes; a concentration of Latinx residents many of whom use Spanish and/or have limited ability to use English in their daily communications; dependence on governmental services, need for support of specialized educational services such as bilingual education; and cultural events that particularly engage the Latinx community.

Among the specific decisions, actions and/or programs of the City undertaken or enhanced in the past four years that have beneficially addressed the particular common concerns and needs of District B's residents are these: COVID testing and vaccination outreach programs in low income areas, public funding for cultural events, committed funding of a park heavily used by residents of the District, and communications by the City directed specifically to the minority community concerning available programs and services. In many cases those actions were advanced or accomplished by virtue of the support and advocacy of the Council Member elected from District B. It is our belief and fear that if the community of interest concentrated in and served by the current District B is not preserved in the present redistricting process, those common interests and favorable decisions, actions and programs of the City will not continue to be respected, preserved, and where appropriate and feasible extended.

HOW PROPOSALS TO SPLIT DISTRICT B'S AREA INTO TWO DISTRICTS WOULD DISSERVE THAT INTERESTS AND VIOLATE CRITERIA SPECIFIED BY CALIFORNIA ELECTION'S

In a general sense, the thrust of the proposed separation of the current District B area and adjacent areas into two separate councilmanic districts would divide that portion of the City into two districts oriented east-to-west rather than north-to-south. If this occurs, it is certain that the predominant political power in those reconfigured districts will be exercised by the residents with the greater socio-economic power and resulting political and commercial influence – specifically, those who reside in the higher-status areas to the east and west of the urban core, where home values are much greater residents have on average much higher

incomes, wealth, and educational attainments. Such a configuration would in effect return the City's government to a large extent to the way it operated under the old, unfair, and unrepresentative at-large election system, preserving only the form but not the substance of a district election system in which the diverse parts of the City and its population all have equal opportunity for representation.

The argument is made that District B must be reconfigured by cutting it in half and dividing its pieces into two new districts, one to the north and one to the south, and joining those fragments to the northern and southern portions of the east side of the City, in order to achieve the goal of contiguity of individual districts, in particular that of District D on the east side of Highway 101. The supposed necessity of preserving contiguity is a red herring for a number of reasons. First, contiguity is only one of the four specific criteria (in addition to equality of population) that Elections Code section 21601(c) commands should be followed. Even if the proposed configuration splitting the District B area would actually enhance contiguity, that interest cannot trump all three of the other factors which favor preservation of the District B area intact.

But the proposal doesn't really serve the contiguity interest very well in this case. Although simply looking at the current district map might suggest that there is a lgap between the two areas that now constitute the mainly separate parts of District D in the central- and north-eastern portions of the City, that simplistic view ignores the fact that the "gap" area isn't a part of Morgan Hill but is rather County land and is only sparsely inhabited. Thus, District D doesn't exclude substantial numbers of people who would be incorporated in a more square or rectangular district without a gap in the geographical center; instead it effectively incorporates all of the central-eastern and north-eastern parts of the City within its boundaries, which areas also constitute a strong community of interest whose interests are distinct from those of the area constituting District B (and whose population is much more predominantly white/Anglo and upper-income).

In the long history of litigation challenging racial, political, or other gerrymanders resulting in oddly-shaped or non-contiguous districts, it is almost always the case that the carved-out area

which makes the district's shape non-contiguous is separated out in order to serve illegal or discriminatory purposes, such as excluding the residents of the carved-out area from a district, or packing them into a different district. See, for example, the fountainhead case in a line of U.S. Supreme Court cases, *Shaw v. Reno*, 590 U.S. 630, 635 (1993) (describing one unlawful non-contiguous district as "somewhat hook shaped ... with finger-like extensions ... [comparable to a 'Rorschach ink-blot test' ... and a 'bug splattered on a windshield.'"]; and another as one "even more unusually shaped" than the first, which "winds in snakelike fashion." – and further details the obviously racial motivation behind those "bizarrely" configured lines). Here, no such intention or result is present as the reason for the "gap" in the District D area is jurisdictional and not the result of any political choice or creative line-drawing, and the area is as contiguous as possible for a district that respects the east side's community of interest.

Moreover, the two geographically separated areas are as a practical matter linked in terms relevant to the determination of a community of interest. For several examples: both parts of District D abut Anderson Lake County Park which most immediately serves and affects its residents; heavily used county roads provide access connecting the north and sections of the District D area and its various shopping centers and sports/recreational fields; and those and other commercial facilities are used by residents of both parts of the district.

Second, the other districting factors support keeping the District B area intact and not splitting it into two in order to separate the east side area under discussion here into a northerly district and a southerly district. Section 21601(c)(2) highlights the importance of maintaining "geographic integrity of any local neighborhood" and "local community of interest." Severing the central core area between northern and southern portions in different districts would be antithetical to the geographic integrity criterion, and as discussed above would destroy a strong community of interest. In contrast, there is no comparable geographic integrity or community of interest unifying the two proposed districts – both of which would combine geographically and socio-economically dissimilar area, the privileged to the east and the underprivileged to the west.

Third, the preservation of the current District B area intact, and retaining the currently joined east side areas in a single district, would also serve the statutory command that district boundaries “should be easily identifiable and understandable by residents.” (Elections Code section 21601(c)(3)).

As a general matter, the current District B is well understood to encompass the central portion of the City lying to the west of Highway 101 and east of Monterey Street; and the current District D is well understood to encompass the areas east of Highway 101 and north of Tennant Avenue. Combining those two districts’ areas into two separate districts with an east-west orientation would make it much harder for residents and voters to understand the rationale, and the boundary definitions, of both districts. Moreover, insofar as possible, the same section specifies that boundaries between districts should follow natural geographic features, like streets or city boundaries.

The current configuration of Districts B and D appropriately follow this directive in that a major multi-lane highway, Route 101, which can be crossed only at intermittent over/underpasses and constitutes a major visual and traffic barrier, forms their boundary.

Fourth, the final factor as set out in Elections Code section 21601(c)(4) favors districts that “encourage geographical compactness in a manner that nearby areas of population are not bypassed in favor of more distant populations,” but only “[t]o the extent practicable” and where not inconsistent with the preceding criteria. This is clearly a less important factor than the ones discussed previously, but it points in the same direction.

While the current combining of the east-side areas into one district might seem on superficial viewing of a large-scale map to fail the “compactness” test, as explained above that interpretation fails a closer examination of the geographical and jurisdictional facts. And the severing of the current District B area into two parts would egregiously violate the compactness principle and would result in the populations of both portions of the current District B area being subordinated politically “in favor of more distant populations” residing on the City’s east side.

The adoption of a map that splits the area of District B into two would violate State and Federal anti-discrimination laws and place Morgan Hill at great legal risk. The California Voting Rights Act (CVRA) makes it unlawful for cities (and other local political jurisdictions) to use an at-large election system that “impairs the ability of a protected class [i.e., members of a racial or ethnic minority group] to elect candidates of its choice or influence the outcome of an election.” Elections Code section 14027.

That law was the basis for the demand made in 2017 by an attorney representing the undersigned and other Latinx citizens to change the City’s elections to a by-district system, which resulted in the adoption of the current system with four geographical districts and an at-large mayor position. The proponents accepted that change as a sufficient response to their demand because the City created a district map that politically empowered residents of what became District B, with a concentration of Latinx residents and a community of interest that included, in substantial part, matters of particular concern to Latinx and lower- and middle-income residents. However, the City’s election system is still an at-large system subject to the prohibition of the CVRA: as stated in section 14026(a)(3), “An at-large method of elections includes ... One which combines at-large elections with district-based elections.” Due to the fact that Morgan Hill elects its mayor at-large, and the mayor sits as a voting member of the City Council, its current election system fits the CVRA’s description of such a “hybrid” and therefore at-large system. Should the City Council split the area currently contained within District B, it would again become a target for a CVRA lawsuit. The same pattern of racially polarized voting, and the same historical absence of Latino representation on the City Council (only interrupted in the past few years by creation of District B and the resulting election of Yvonne Martinez Beltran to represent that district’s residents) that were pointed out in the 2017 demand letter, and that presumably were the basis for the City’s decision to change its election system, still hold true.

An analysis of voting patterns in the 2018 election (and the 2022 election, if a credible Latinx candidate runs for the Council) will surely confirm that racially polarized voting did not end with the change of election systems in 2017; and splitting of the current District B into two new districts both of which would be dominated politically by east-side, well-to-do and

predominantly non-minority residents, would reinstate the prior situation in which Latinx voters' rights were "impaired" if completely submerged.

Such a CVRA lawsuit would be costly and divisive, as exemplified by the recently concluded (after four years) CVRA action in Santa Clara Superior Court against the City of Santa Clara. That action resulted in a judgment compelling Santa Clara to change its election system to one with six districts (together with an at-large elected mayor, which the plaintiffs in that case accepted), with the district lines drawn by court order under Elections Code section 14029, at a cost to Santa Clara of over \$6 million in attorneys' fees and costs, which it paid for both sides as required by Elections Code section 14030. As responsible citizens of Morgan Hill, we would not want to see our City drawn into such a damaging struggle; however, as citizens holding our voting rights of upmost importance, we would not shrink from that option if the City insists on violating those rights.

In addition, Section 2 of the federal Voting Rights Act, 52 U.S.C. section 10301, prohibits any voting practices or procedures that "result[] in a denial or abridgment of the right of any citizen of the United States to vote on account of race or color," 52 U.S.C. section 10301(a), which is shown when "the political processes leading to nomination or election ... are not equally open to participation by members of a [protected] class ... in that its members have less opportunity than other members of the electorate to participate in the political process and to elect representatives of their choice," section 10301(b).

Section 2 cases have been brought against jurisdictions that use discriminatory at-large election systems, or that gerrymander district lines in district-based election systems, for decades, including in California. A city's actions may be found unlawful if they have discriminatory effects, without any proof that those effects resulted from carrying out a discriminatory intent. A recent example of such an action is the case of *Luna v. County of Kern*, 281 F. Supp.3d 1088 (C.D. Cal. 2018). Should the City proceed with a plan that splits current District B in two parts – a practice known in Section 2 parlance as "cracking" when it disproportionately concentrates minority voters– it would run the risk of a Section 2 action in federal court.

REQUEST FOR ACTION BY THE CITY IN THE REDISTRICTING PROCESS

We strongly oppose the adoption of either of the maps proposed by NDC and presented for comment at the public hearing of December 15. We respectfully urge the City Council to adopt a City Council district map based on the 2020 Census that preserves the community of interest in the current area of District B, and to reject any attempt to divide that area into two different Council districts.

The map proposals submitted by Mr. Armando Benavides before posting of the agenda for the December 15 hearing would effectively address many of the concerns expressed in this letter.

The City should include them in any further postings for public comment, and specifically consider them at the next public hearing. We reserve our right to protest and/or take appropriate legal action against the City should the Council fail to adopt a map that achieves those objectives.

Sincerely yours,

Armando Benavides, Alicia Cortez, Rick Badillo, Kathy Chavez Napoli, Roberto Aguirre, Brenda Cayme, Sally Casas, Ernesto Gomez, Delia Gomez

cc: Morris J. Baller, Esq. c/o Goldstein, Borgen, Dardarian & Ho



Climate Action Plan

**City Council Meeting
December 15, 2021**



Climate Emergency and Why We Are Here Tonight



City Council declared Climate Emergency on May 26, 2021 with the following orders:

1. The City of Morgan Hill commits to consider, adopt, and implement policies that reduce the community's reliance on fossil fuels.
2. The City of Morgan Hill commits to consider allocating the City resources required for aggressive climate action, such as dedicating staff resources who will assist the City with climate action, following the adoption of a Climate Action Plan.
3. The City of Morgan Hill commits to greening up our built environment, phasing out natural gas infrastructure in existing buildings, and exploring model ordinances passed by other Cities and leveraging rebates and other funding to equitably achieve this goal as resources become available to do so.
4. The City of Morgan Hill commits to expanding access to electric vehicle charging in new and existing buildings and encouraging the use of alternative forms of transportation that minimize the use of fossil fuels.

Climate Emergency and Why We Are Here Tonight



City Council declared Climate Emergency on May 26, 2021 with the following orders:

5. The City of Morgan Hill commits to initiate the creation of a Highly-Focused Climate Action Plan in 2021, with strong greenhouse gas reduction targets.
6. The City of Morgan Hill commits to consider social and environmental justice in its programs and policies.
7. The City of Morgan Hill commits to encouraging the development of landscapes that are water-efficient and resilient through its programs and policies.
8. The City of Morgan Hill commits to planning for the decarbonization of the City's municipal infrastructure and exploring divestment from financial institutions that fund fossil fuels.

Climate Emergency and Why We Are Here Tonight



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4. The City of Morgan Hill commits to **expanding access to electric vehicle charging in new and existing buildings** and encouraging the use of alternative forms of transportation that minimize the use of fossil fuels.
5. The City of Morgan Hill commits to initiate the creation of a **Highly-Focused Climate Action Plan** in 2021, with strong greenhouse gas reduction targets.
6. The City of Morgan Hill commits to consider social and environmental justice in its programs and policies.
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8. The City of Morgan Hill commits to planning for the decarbonization of the City's municipal infrastructure and exploring divestment from financial institutions that fund fossil fuels.

Climate Change



The Earth's climate is always changing, but humans rapid use of natural resources is expediting the change and increasing the overall temperature.

When fossil fuels are burned, carbon dioxide and other gasses are emitted into the air, trapping heat inside the atmosphere.



With even a slight warming, ice caps melt and that once frozen water is released into the ocean, causing sea levels to rise and endangering coastal towns.

We are experiencing unpredictable and drastic environmental changes at a faster rate including wildfires, drought, heat waves, and frequent hurricanes.

What is a Climate Action Plan (CAP)?



Climate Action Plans are comprehensive, strategic roadmaps that outline the specific goals and activities that an agency will undertake to reduce greenhouse gas emissions.

Climate Action Plans build upon the information gathered by greenhouse gas inventories and generally focus on activities that can achieve the greatest emission reductions in the most cost-effective manner.

Morgan Hill's CAP was developed in-house with the assistance of a dedicated Working Group of community volunteers.

Climate Action Resource Guide



#1

Baseline
Inventory



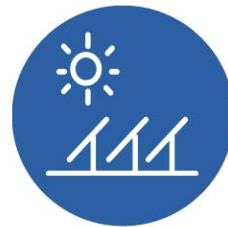
#2

Adopt
Target



#3

Forecast
Emissions



#4

Strategy
Selection



#5

Funding &
Implementation



#6

Monitor & Track
Progress

Many Bay Area cities are committed to taking action for the planet



- **Menlo Park** – The very first goal of Menlo Parks CAP is to convert 95% of existing buildings to electric by 2030 and to have 100% of new car purchases be electric by 2025 and increase access to EV charging stations.
- **Sunnyvale** – created their CAP in 2007 with a target date for results in 2020. Additionally, they established a Horizon 2035 Advisory Committee to make updates. Greenhouse gas emissions from buildings and vehicles make up 90% of Sunnyvale's GHG emissions.
- **Palo Alto** – goal is to reduce their greenhouse gas emissions 80% below what they were in 1990 by the year 2030.



Morgan Hill's Climate Action Plan & Goals



For FY 2021/22, a modest budget was allocated to focus on the significant issues that make the biggest climate impact and emphasize a streamlined annual emissions inventory.

A focused Climate Action Plan will enable staff to do the most within the City's pool of resources.

Based on the highest contributors to local Morgan Hill carbon emissions, the City is focusing on two topics:

1. **Decarbonization of buildings**

- New buildings to be built with only electric power sources for heating, cooling, cooking, lighting, etc.
- Transition existing buildings that currently use fossil fuels to all-electric

2. **Electric vehicle (EV) expansion**

- Increase new car purchases of EV
- Expand access to EV charging at multifamily complexes and commercial properties



Our goal is to address the biggest issues first that will result in the most emission reduction.

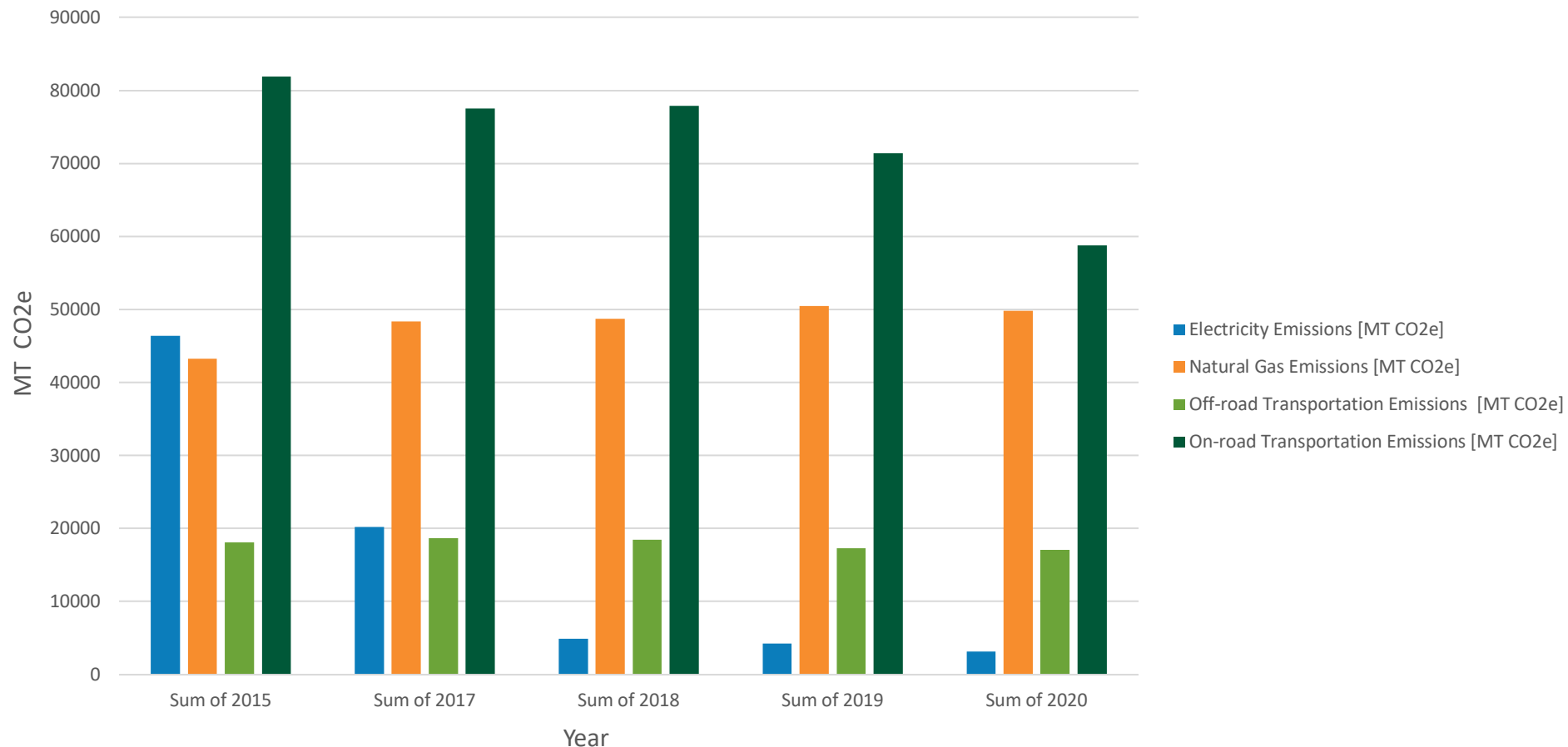
Three Big Assumptions



1. Climate Emergency is real
2. The electrical grid will continue to get cleaner and cleaner as more renewable energy projects and storage projects come on-line.
 1. SVCE already providing “carbon free” electricity to the community.
 2. California law is that 100% of electricity shall be carbon free by 2045
 3. Technology advances literally daily
3. Nearly all consumer vehicles will be electric in the 2030's.
 1. Executive Order ending sale of gasoline-fueled cars by 2035
 2. Growing mix of vehicles available
 3. Electric vehicles evolving into better, less-costly options than their gas counterparts

Morgan Hill Emission Overview

Overall CO2 Emissions in Morgan Hill from Buildings and Vehicles

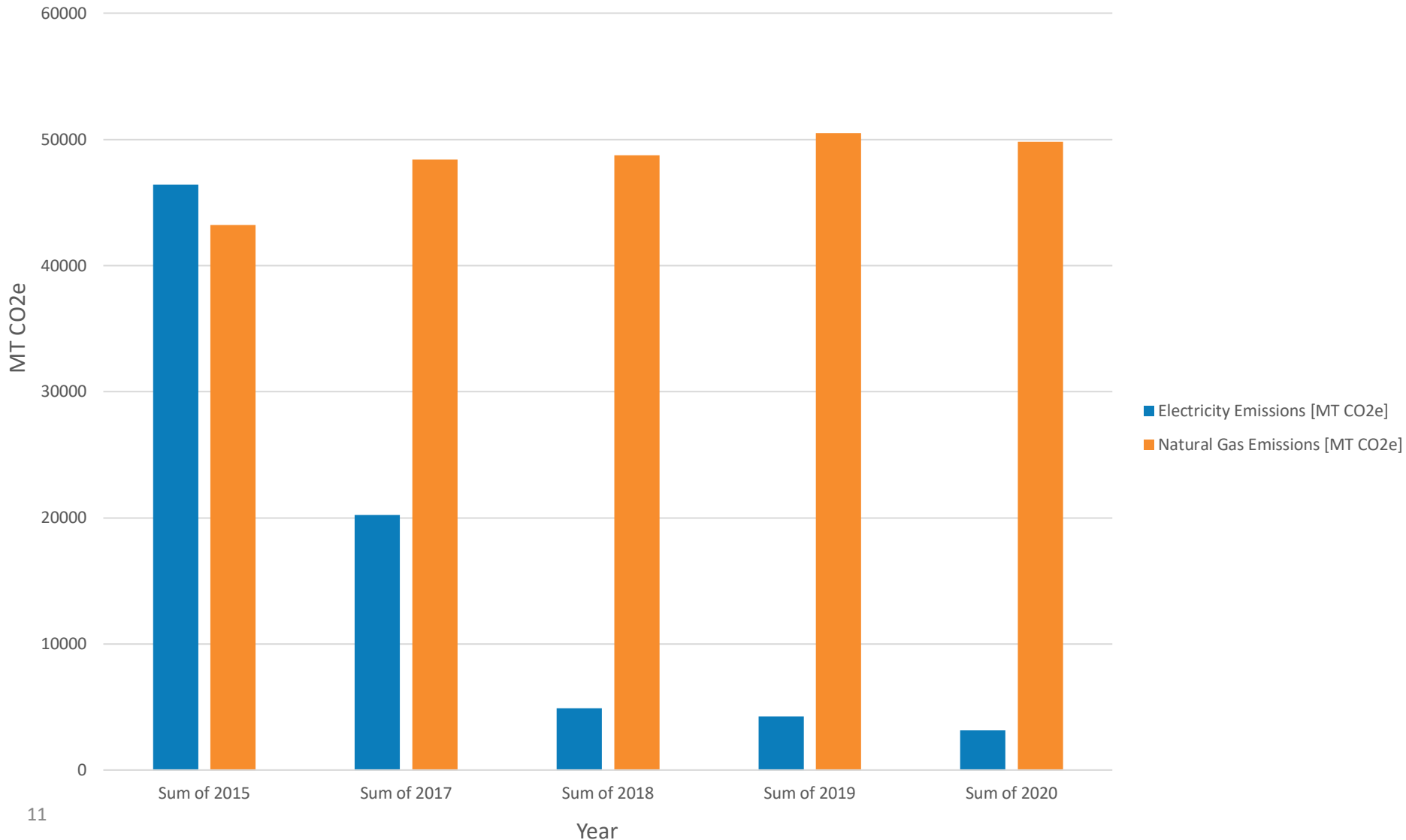


Year	Electricity Emissions	Natural Gas Emissions	Off-road Transportation Emissions	On-road Transportation Emissions
2015	46,410	43,226	18,077	81,877
2017	20,228	48,389	18,643	77,506
2018	4,925	48,735	18,428	77,902
2019	4,246	50,497	17,266	71,399
2020	3,171	49,806	17,093	58,757

Emissions Only from Buildings



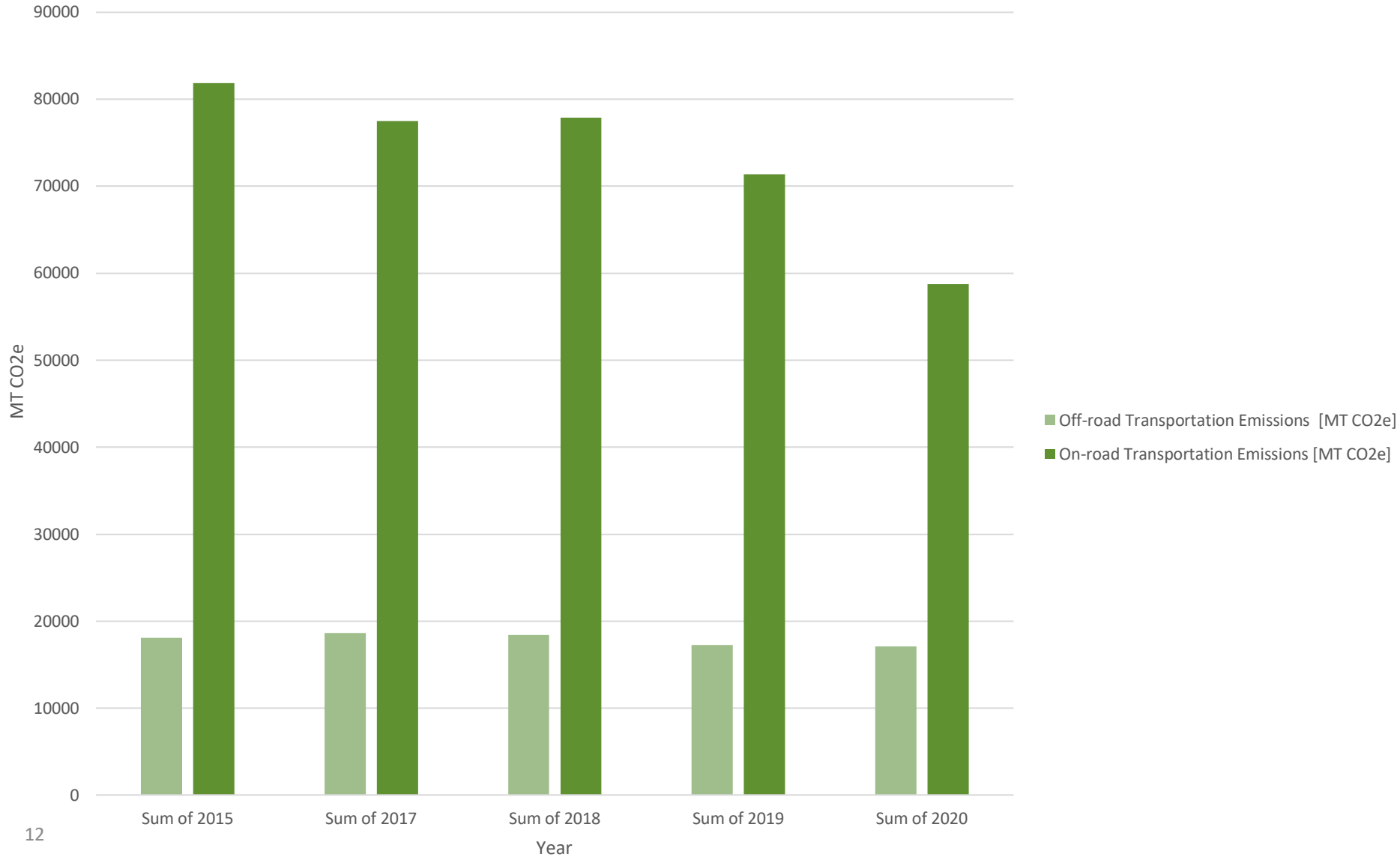
CO2e Emissions from Buildings



Emissions Only from Vehicles



CO2 Emissions in Morgan Hill from Vehicles



What's Not Here in this Plan



1. Focus on local renewable energy
2. Electric vehicle purchasing mandates or support
3. Any emphasis on reducing driving (commonly measured as vehicle miles traveled or VMT)

General Goal Action Items



Goal:

Reduce Morgan Hill's net carbon dioxide emissions in the building and transportation sectors 35% below the 2020 baseline level by 2030 and 100% below the 2020 baseline level by 2045.

Action Items:

- a.** Support programs outside of this CAP that reduce vehicle miles travelled which could include topics of nonmotorized transportation improvements, carpool or telework programs, improvements of traffic flow, and increase of bus routes.
- b.** Partner with campaigns (i.e., Switch Is On & Cool Block) to increase community awareness of building decarbonization, neighbor-to-neighbor ambassador programs, and rebate options.
- c.** Coordinate a City sponsored Clean Air Week consisting of:
 - EV car show
 - Electric landscaping alternative displays/demos
 - vehicle idling reduction promotion in congested areas
 - education and outreach regarding bike lane updates and maps
 - induction cooking display and demonstration
 - all other outreach and education that can be given to the community regarding EV and building electrification

More Suggestions:

- Increase outreach of decarbonizing buildings and EV options by hosting community meetings, webinars, providing materials at fairs, and/or conducting community wide surveys.
- Continue analysis of GHG data to review areas of successes and needs for improvements

Electric Vehicle Goals



Goals:

1. Expand electric vehicle charging station access for **existing** multifamily complexes by 30% (i.e., the number of chargers in multifamily complexes is equivalent to at least 30% of the number of units in multifamily complexes) by the year 2030 and 100% by 2035.
2. Transition 50% of the municipal fleet from fossil fuel to electric by 2030 and 100% by 2035.
3. Prevent new gas stations from being built in Morgan Hill.
4. Require new residential buildings to have the capacity for EV charging, (e.g., install a raceway that can accommodate a 208/240-volt circuit branch).
5. Install EV charging stations in at least 10% of available parking spaces in new non-residential projects.

EV Action Items



- 1.a.** adopt an ordinance to require installing EV chargers at least 30% of the number of units in **existing** multifamily complexes by 2030
- 1.b.** adopt an ordinance to require installing EV chargers at least 30% of the number of units in **existing** multifamily complexes upon resale or large renovation
- 1.c.** analyze and strategize preferential parking design when EV chargers are to be installed.
- 2.a.** require every new vehicle purchase of municipal fleet to be electric when vehicles are available and affordable.
- 3.a.** *adopt* an ordinance for a gas station moratorium by December 2022.
- 4.** Require new residential buildings to appropriately plan for EV charging
- 5.** Install EV charging stations in at least 10% of available parking spaces in new nonresidential projects.

Decarbonizing Buildings Goals

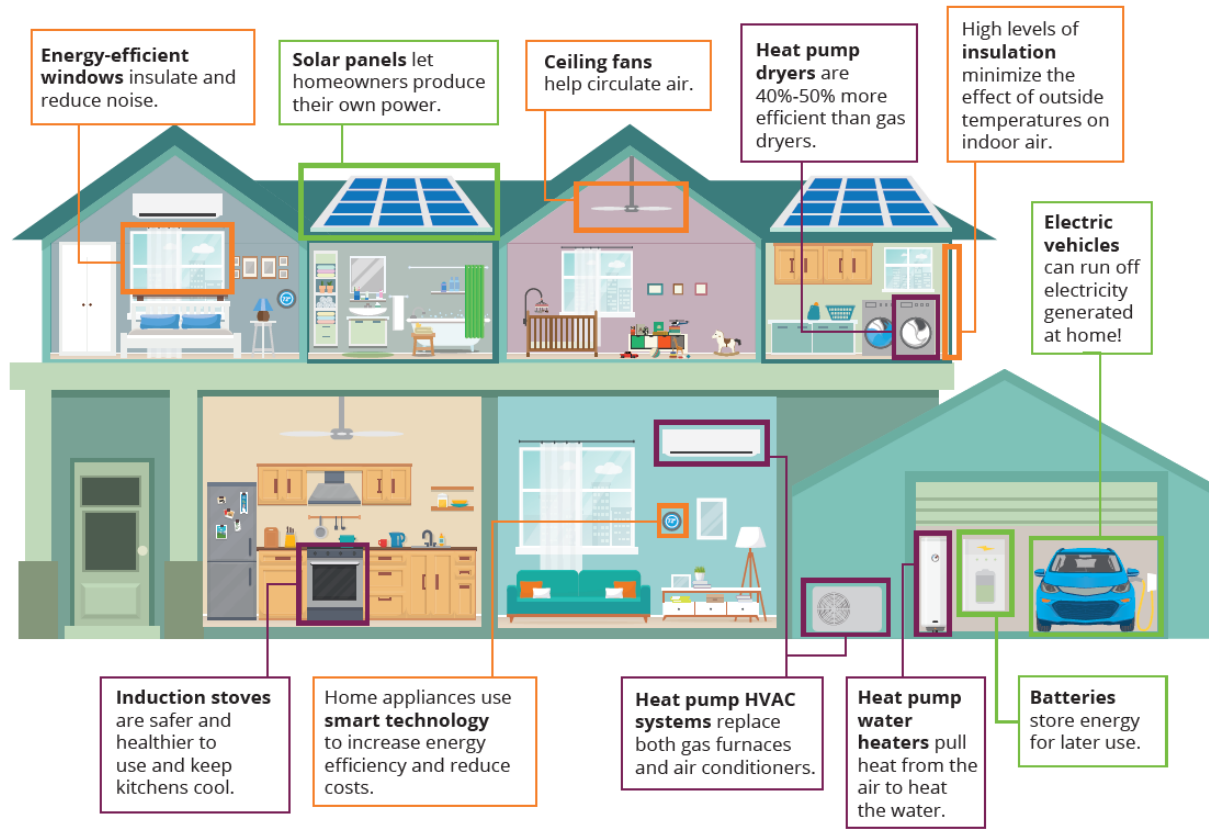


Sub-Goals:

1. Transition 95% of existing buildings (roughly 14,000) in Morgan Hill to be all-electric by 2045, with additional targets every five years consisting of:

- 1% of existing buildings 2025
- 10% of existing buildings 2030
- 35% of existing buildings 2035
- 70% of existing buildings 2040

2. Convert all municipal buildings to all-electric by 2035.



Building Decarbonization Action Items



- 1.a.** initiate a program to assist homeowners with the transition to electric:
 - research financial assistance programs
 - provide energy audits
 - adopt an ordinance requiring retrofitting appliances at resale
 - 1.b.** provide resources to property owners including a list of contractors, rebate information from SVCE & BayREN, and alternative appliance options.
 - 1.c.** coordinate training and education for contractors
 - 1.d.** adopt an ordinance requiring that new construction of ADUs, large remodel, or additions be all-electric.
 - 1.e.** launch a loaner induction program and induction cooking demonstration tutorials.
 - 1.f.** create incentive programs for commercial buildings to convert rooftop HVAC systems to all-electric
-
- 2.a.** Appropriate funding to a conversion budget reserve fund annually.

CAP Staff and Working Group



Thanks to Shannon Keener, primary CAP author for her dedication and work on the CAP. While she's promoted out of the City, we value her and her contributions immensely.

Thanks to the members of our Climate Action Plan Working Group.

- Linda Barbosa, Community Member
- Diya Kandhra, Silicon Valley Youth Climate Action Student Leader
- Jared Lebovitz, Silicon Valley Youth Climate Action Student Leader
- Matt Lundy, Community Member
- Margaret McCann, Community Member
- Lynn Morgan, Community Member



Thank You



CITY OF MORGAN HILL



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, December 15, 2021 7:00 PM

Virtual Meeting

VIRTUAL MEETING GUIDELINES AND PUBLIC COMMENT

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

City Council meetings will be live streamed on Channel 17, on the City's website and on the City's Facebook page. Those members of the community that would like to participate in the meetings remotely may do so by joining the virtual meeting at:

<https://bit.ly/MHCityCouncilMeeting> or by calling in to: (669)900-9128, then enter the webinar id: 873 3200 8380#.

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

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

CALL TO ORDER

Mayor Pro Tem McKay

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow

DECLARATION OF POSTING AGENDA

Per Government Code Section 54954.2-City Clerk Michelle Bigelow

CITY COUNCIL REPORTS

Council Member Martinez Beltran

CITY MANAGER'S REPORT

Christina Turner

CITY ATTORNEY'S REPORT

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)

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. ACCEPT THE CITY'S ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Recommendation:

Accept the City's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.

2. ACCEPT THE ANNUAL SB 165 REPORT FOR COMMUNITY FACILITIES

DISTRICT NO. 2014-1 (FISHER CREEK)

Recommendation:

Accept and file the report.

3. ADOPT RESOLUTION APPROVING AND MAKING FINDINGS RELATED TO THE AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT FOR FISCAL YEAR 2020-21

Recommendation:

1. Adopt resolution making findings for unexpended development impact fees; and
2. Accept the annual development impact fee report.

4. ADOPT HAZARDOUS VEGETATION ABATEMENT RESOLUTION

Recommendation:

Adopt resolution declaring weeds and brush to be a nuisance and setting the hazardous vegetation public hearing on February 2, 2022.

5. ADOPT ORDINANCE 2326, NEW SERIES, AMENDING CHAPTER 14.04 (INCLUSIONARY HOUSING) OF TITLE 14 (HOUSING) CHANGING INCLUSIONARY HOUSING REQUIREMENTS; AMENDING SECTION 14.08.020 (FEE ESTABLISHED) OF CHAPTER 14.08 (IN-LIEU HOUSING FEES) OF TITLE 14 (HOUSING) TO ADD A COST OF LIVING ANNUAL INCREASE TO IN-LIEU HOUSING FEES; AND REPEALING DUPLICATIVE AFFORDABLE HOUSING PROVISIONS IN CHAPTER 18.48 (AFFORDABLE HOUSING) OF TITLE 18 (ZONING) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL

Recommendation:

Waive the reading, adopt Ordinance No. 2326, 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.

6. ADOPT ORDINANCE 2327, NEW SERIES, AMENDING VARIOUS CODE PROVISIONS WITHIN THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL CORRECTING CROSS-REFERENCES TO VARIOUS CHAPTERS AND SECTIONS OF TITLE 18 (ZONING) AND IMPLEMENTING MINOR AMENDMENTS DUE TO CLERICAL ERRORS AND INCONSISTENCIES WITHIN TITLE 18 (ZONING); AND AMENDING SECTION 18.64.060 (GENERAL LANDSCAPE REQUIREMENT) OF CHAPTER 18.64 (LANDSCAPING) OF TITLE 18 (ZONING) TO ENHANCE WATER EFFICIENCY OF NEW LANDSCAPES

Recommendation:

Waive the reading, adopt Ordinance No. 2327, 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.

7. **ADOPT ORDINANCE 2328, NEW SERIES, AMENDING SECTION 18.40.060 (STANDARDS FOR ALL HOUSING TYPES) OF CHAPTER 18.40 (ALTERNATIVE STANDARDS FOR MEDIUM DENSITY RESIDENTIAL DEVELOPMENT) OF TITLE 18 (ZONING) TO REMOVE REFERENCES TO TRASH ENCLOSURE STANDARDS AND ADDING SECTION 18.92.125 (REFUSE AND RECYCLING ENCLOSURES) TO CHAPTER 18.92 (SUPPLEMENTAL STANDARDS) TO INCLUDE NEW REFUSE AND RECYCLING ENCLOSURE STANDARDS**

Recommendation:

Waive the reading, adopt Ordinance No. 2328, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

8. **APPROVE COMMUNITY PLAYHOUSE LICENSE AGREEMENT WITH SOUTH VALLEY CIVIC THEATRE**

Recommendation:

Authorize the City Manager to execute and administer the license agreement through December 2024 with South Valley Civic Theatre.

9. **APPROVE AGREEMENTS FOR HYDROGEOLOGICAL AND GEOTECHNICAL ENGINEERING SERVICES**

Recommendation:

Approve and authorize the City Manager to execute and administer three-year agreements with Luhdorff & Scalmanini Consulting Engineers in the not to exceed amount of \$200,000 and Atlas Technical Consultants in the not to exceed amount of \$150,000 for hydrogeological and geotechnical engineering services.

10. **APPROVE AGREEMENTS FOR WATER AND WASTEWATER UTILITY PLANNING AND ENGINEERING SERVICES**

Recommendation:

Approve and authorize the City Manager to execute and administer three-year agreements with HydroScience Engineers, Carollo Engineers, and Black & Veatch Corporation for the not to exceed amount of \$250,000 each and Akel Engineering Group for the not to exceed amount of \$150,000.

11. **APPROVE MITIGATED NEGATIVE DECLARATION AND FOURTH AMENDMENT OF THE AGREEMENT WITH HYDROSCIENCE ENGINEERS FOR ADDITIONAL SERVICES RELATED TO THE NEW SEWER TRUNK LINE BETWEEN MORGAN HILL AND GILROY**

Recommendation:

1. Approve and certify the project Mitigated Negative Declaration;
2. Approve Fourth Amendment to Service Agreement for Design Professionals with HydroScience Engineers, Inc. to provide additional services for the New Sewer Trunk Line to Gilroy project for an additional \$75,000, for a total not to exceed amount of \$1,779,710; and
3. Authorize the City Manager to execute and administer the amended services agreement.

12. APPROVE THE PURCHASE OF THREE CITY TRUCKS

Recommendation:

1. Approve the purchase of three (3) City trucks in the amount of \$102,238 from the National Auto Fleet Group;
2. Authorize the City Manager to execute associated purchase documents;
3. Declare vehicle D02182 to be surplus; and
4. Authorize the disposal of the surplus vehicles in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

13. APPROVE THE PURCHASE OF UTILITIES DIVISION REPLACEMENT DUMP TRUCK AND AUTHORIZE THE CITY MANAGER TO APPROVE PURCHASE OF THREE UTILITY VEHICLES AS THEY BECOME AVAILABLE

Recommendation:

1. Approve the purchase of a 2022 Kenworth T270 dump truck from NorCal Kenworth in the amount of \$117,410.27 to replace vehicle W01119;
2. Authorize the City Manager to approve purchase of three Utilities Division vehicles as they become available for sale; and
3. Authorize the disposal of the surplus vehicle W01119 in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

14. APPROVE UTILITY BOX ART AT EAST DUNNE AND MURPHY AVE

Recommendation:

1. Approve public art at one new utility box location; and
2. Authorize the City Manager to enter and administer necessary agreements to complete the project.

15. APPROVE MEMORANDUM OF UNDERSTANDING (MOU) WITH THE COMMUNITY SERVICE OFFICERS' ASSOCIATION AND CORRESPONDING SALARY SCHEDULES

Recommendation:

Approve a Memorandum of Understanding (MOU) with CSOA effective December 26, 2021 – December 31, 2023 and corresponding salary schedules

16. APPROVE THE NOVEMBER 17, 2021 MEETING MINUTES

Recommendation:
Approve minutes.

17. AWARD ON-CALL FENCING CONTRACTOR CONTRACT TO TUCKER CONSTRUCTION, INC.

Recommendation:

1. Award two-year On-Call Fencing Contractor Services contract to Tucker Construction, Inc. in the amount of \$100,000; and
2. Authorize the City Manager to execute and administer the On-Call Fencing Contractor Services contract with Tucker Construction, Inc.

PUBLIC HEARING (TO BE HEARD AT 8:00 P.M.)

18. RECEIVE UPDATE REGARDING PROPOSED DRAFT DISTRICT MAPS SUBMITTED AND COMPOSITION OF COUNCIL DISTRICT BOUNDARIES

Recommendation:
Open and close the public hearing.

Estimated Time: 45 Minutes

OTHER BUSINESS

19. ADOPT CLIMATE ACTION PLAN

Recommendation:
Adopt Climate Action Plan and direct City Manager to evaluate opportunities to incorporate funding for Plan implementation in the recommended budget for Fiscal Year 2022-23.

Estimated Time: 60 Minutes

20. MONTHLY BUDGET UPDATE AND OCTOBER 2021 FINANCIAL AND INVESTMENT REPORTS

Recommendation:
Accept and file report.

Estimated Time: 10 Minutes

21. ADOPTION OF 2021 WATER SYSTEM MASTER PLAN

Recommendation:
Adopt 2021 Water System Master Plan.

Estimated Time: 20 Minutes

22. APPROVAL OF THIRD EMPLOYMENT AGREEMENTS FOR THE CITY MANAGER AND THE CITY ATTORNEY

Recommendation:

1. Approve the Third Employment Agreement with City Attorney Donald Larkin;
2. Approve the Third Employment Agreement with City Manager Christina Turner; and
3. Authorize the Mayor to execute the agreements and any related agreements.

Estimated Time: 5 Minutes

PUBLIC HEARING

23. AWARD ENERGY SERVICES AGREEMENT FOR CENTENNIAL RECREATION CENTER BATTERY ENERGY STORAGE SYSTEM TO SYSERCO

Recommendation:

1. Open/Close Public Hearing; and
2. Authorize the City Manager to execute a design-build energy services agreement with Syserco for the Centennial Recreation Center Battery Energy Storage Project and all related documents necessary to complete the project.

Estimated Time: 10 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

ADJOURNMENT

NOTICE

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

PUBLIC COMMENT

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

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

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

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

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

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

AMERICANS WITH DISABILITIES ACT (ADA)

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

SUSTAINABLE MORGAN HILL



VISION

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community

Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.

City Council Ongoing Priorities

- Enhancing Public Safety
- Protecting the Environment and Preserving Open Space and Agricultural Land
- Maintaining Infrastructure
- Supporting our Youth, Seniors, and Entire Community
- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving our Community History
- Enhancing Diversity and Inclusiveness
- Advancing Regional Initiatives

2020-2021 Strategic Priorities

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





December

Developmental Asset #40

Positive View of Personal Future

Young person is optimistic about
her/his personal future.



December Complementary Asset #39 Sense of Purpose

Young person reports that "my life has a purpose."

Paras Gandhi

YAC Developmental Asset Ambassador



→ How does being optimistic help keep a positive view of personal future?

- ◆ Positive mindset
- ◆ Always persevering
- ◆ More happiness



Kaysie Leong

YAC Active Member



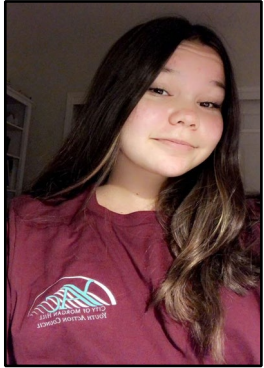
→ How does the environment affect someone's view of their future?

- ◆ Positive or negative approach to new situations
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Julianna Bristol

YAC Active Member



→ How can the people you surround yourself with influence your views of the future?

- ◆ Positive or negative mindsets are contagious
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Questions to Council

How did your view of your future change as you got older?

How has keeping an optimistic view of our city
helped to influence positive decisions?



From: [Veronica Andrade](#)
To: [CC Public Comment](#)
Subject: [EXTERNAL] Fwd: Central HS Public Comment
Date: Wednesday, December 15, 2021 4:09:25 PM

Some people who received this message don't often get email from andradev@mhusd.org. [Learn why this is important](#)

Hello,

Below are the remarks that I, my student, and community member Laura Carey will be making at this evening's meeting. We will all be speaking from my Zoom account.

-Veronica Andrade

We all know mornings are hectic.

There's Commuter traffic-

And both parents and school buses are transporting kids to their schools safely.

It's easy to see the flashing lights from crosswalks or school buses ensuring their student safety.

But after I drop my daughter off at Sobrato

and turn onto Tilton,

There are no more flashing lights on crosswalks.

Central High School is the only secondary school in the City of Morgan Hill without a High Visibility Crosswalk.

This is nothing new as we are often overlooked especially when it comes to our students' safety and needs.

Teachers at Central often act as crossing guards

equipped with a large hand held Stop sign

But even that does not deter people from slowing down

or driving through.

We recently invited the City's Scott Creer to explain to us the cost and process of implementing a traffic safety measure at the intersection of Tilton and Dougherty.

Mr. Creer estimated that a High Visibility Crosswalk would roughly cost the city \$30,000. So I ask you council members what is the cost of my students' lives?

Senior Angel Montoya will now speak.

Whenever I exit the doors of the 68 VTA bus,

I wonder if I will make it to school safely.

You see, I exit Hale and walk one block to Tilton and Dougherty where I cross the street to get to Central High School.

People drive crazy in the morning and put us in danger.

I've seen and experienced almost being hit by a car.

It's everyday I have to worry about this

We need a high visibility crosswalk for our safety of our students and others

Why?

Nearly 50% of our students use the crosswalk

55% of those students have almost gotten hit.

And for a majority of us, it has happened more than once.

I personally have almost gotten hit 5 times.

5 times.

Why are we the only public school in Morgan Hill without a High Visibility Crosswalk?

Does our safety not matter to the city?

Please install a High Visibility Crosswalk.

It's about life and death,

not just my life,

but others as well.

Good Evening Council members, my name is Laura Carey, resident of the Capriano neighborhood near Central and

proud graduate of Live Oak High School -

Class of 1983

The intersection of Tilton and Dougherty has become very busy.

And potentially dangerous.

This is a safety issue.

And kids on the way to school shouldn't feel unsafe.

I remember Morgan Hill as always being a safe community for families.

I'd like it to remain that way.

Protect these kids.

Please install a High Visibility Crosswalk

Thank You.

Are there any questions?

----- Forwarded message -----

From: **Steve Tate** <stevetate@charter.net>

Date: Wed, Dec 15, 2021 at 3:04 PM

Subject: Central HS Public Comment

To: Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>

Cc: Veronica Andrade <andradev@mhusd.org>

FYI you will have a couple of speakers tonight for Public Comment about traffic safety at Central. Veronica will be sending you copies of their comments and they definitely want to present them as well, Veronica will lead off followed by Angel, a Central student. A nearby resident will also speak. We want to make sure you let them speak in addition to their written input. THANKS!

Steve

--

Veronica Andrade

Teacher of English
Central High School

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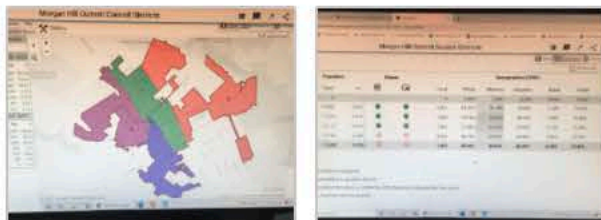
[EXTERNAL] Fwd: Proposed District Maps



Armando Be <barmando3@gmail.com>

Mon 12/13/2021 1:37 PM

To: Rich Constantine; Yvonne Martinez Beltran; Rene Spring; John McKay; Christina Turner; Gino Borgioli



2 attachments (2 MB) Download all Save all to OneDrive - City of Morgan Hill

Hi City Manager and City Council.

I submitted a map link along with the email letter that I am forwarding here. I have attached a copy of the map and the demographics associated with it. I wanted to ensure that this map is under consideration at the council meeting this wednesday. I am writing a more formal letter that addresses the concerns that I, and many others have, related to how CA Evidence Code section 21601 (c) is being interpreted and applied in this redistricting process by the city manager and our city attorney. I will email you my formal letter tomorrow.

Here is a link to Evidence Code 21601(c) for you to review ahead of the hearing. The city attorney can also provide you with a hard copy: https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=ELEC&division=21.&title=&part=&chapter=7.&article=1.

Regards,
Armando Benavides
408 829-4798

----- Forwarded message -----

From: **Armando Be** <barmando3@gmail.com>

Date: Fri, Dec 10, 2021 at 12:57 AM

Subject: Proposed District Maps

To: <redistricting2021@morganhill.ca.gov>

<https://davesredistricting.org/join/b8dcb621-07e4-4510-8cfd-45af692ee8a0>

Dear City Staff,

I am submitting the proposed district maps for your consideration. My proposed maps basically maintain the current district maps. The city switched to district elections in 2017. The current maps were approved by the 2017 city council as being the best to redress the concerns expressed by the proponents.

The 2020 census shows that there were fairly even population increases across the four districts. So the current districts meet the paramount criteria that they have equal population, within an acceptable deviation. The maximum allowed population deviation across the districts is 10%. The current maps with the 2020 census data have a 5.7% population deviation, which falls in the acceptable range.

The City has expressed concerns about the lack of contiguity of the two large parts that comprise District D, there being county land between the parts. It makes sense if that was the only criteria to apply. That is not the case. The CA Election Code 21601 requires a weighing of a multiple of factors, and contiguity is one such factor but there are many more that are just as important, based on both state and federal law.

I believe that the reasons for creating District B that existed in 2017 are as valid now for keeping the District as it currently is. To break up the unique community of interest in both District B and D, to discontinue the geographical landmarks that are currently in place north and south along highway 101, Monterey Road, and Butterfield Road, and to dilute the 50% minority voting power in District B, raises serious concerns.

There is no doubt that District B and D have unique communities of interests that the majority of citizens in each District would probably prefer to keep intact, whether they be geographical boundaries (north and south major traffic thoroughfares) or social economic (i.e. income and educational levels, the amount of high density housing vs. single family housing in each district, the percentage of citizens who rent vs those who purchase their homes, the level of children who need and receive educational support, the level of reliance on public transportation, the accessibility to communication technology among others). In my opinion, the four maps each reflect clearly distinct communities of interests and geographical distinctions that should be preserved.

Please publish my proposed maps so that they can be considered along with any other maps submitted.

Regards,
Armando Benavides



December

Developmental Asset #40

Positive View of Personal Future

Young person is optimistic about
her/his personal future.



December Complementary Asset #39 Sense of Purpose

Young person reports that "my life has a purpose."

Paras Gandhi

YAC Developmental Asset Ambassador



→ How does being optimistic help keep a positive view of personal future?

- ◆ Positive mindset
- ◆ Always persevering
- ◆ More happiness



Kaysie Leong

YAC Active Member



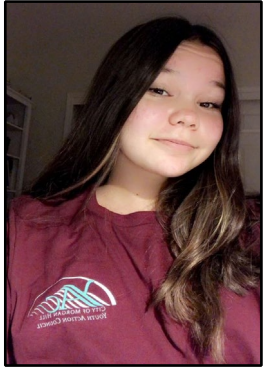
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