



# LOCAL GOVERNMENT 101

August 6, 2019





# State of California



58 counties



482 incorporated cities



121 charter cities  
(authority over  
municipal affairs)



361 general law cities  
(bound by the  
state's general law)



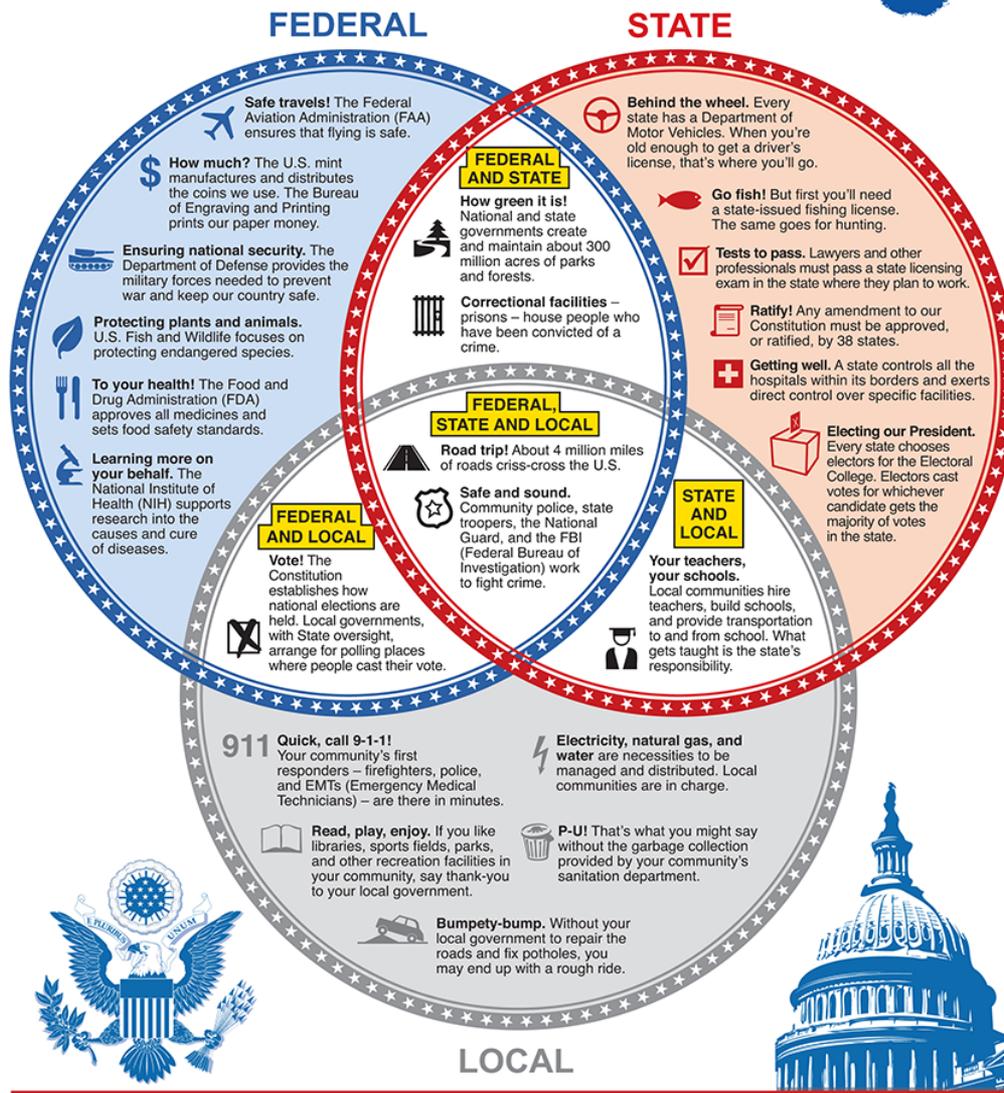
e.g. San Jose  
& Gilroy



# GOVERNMENT

## WHO TAKES CARE OF WHAT?

Your food is safe. Your state has roads and schools. Your community has parks and police. Government makes these things happen... and more.



LOCAL

# About Morgan Hill

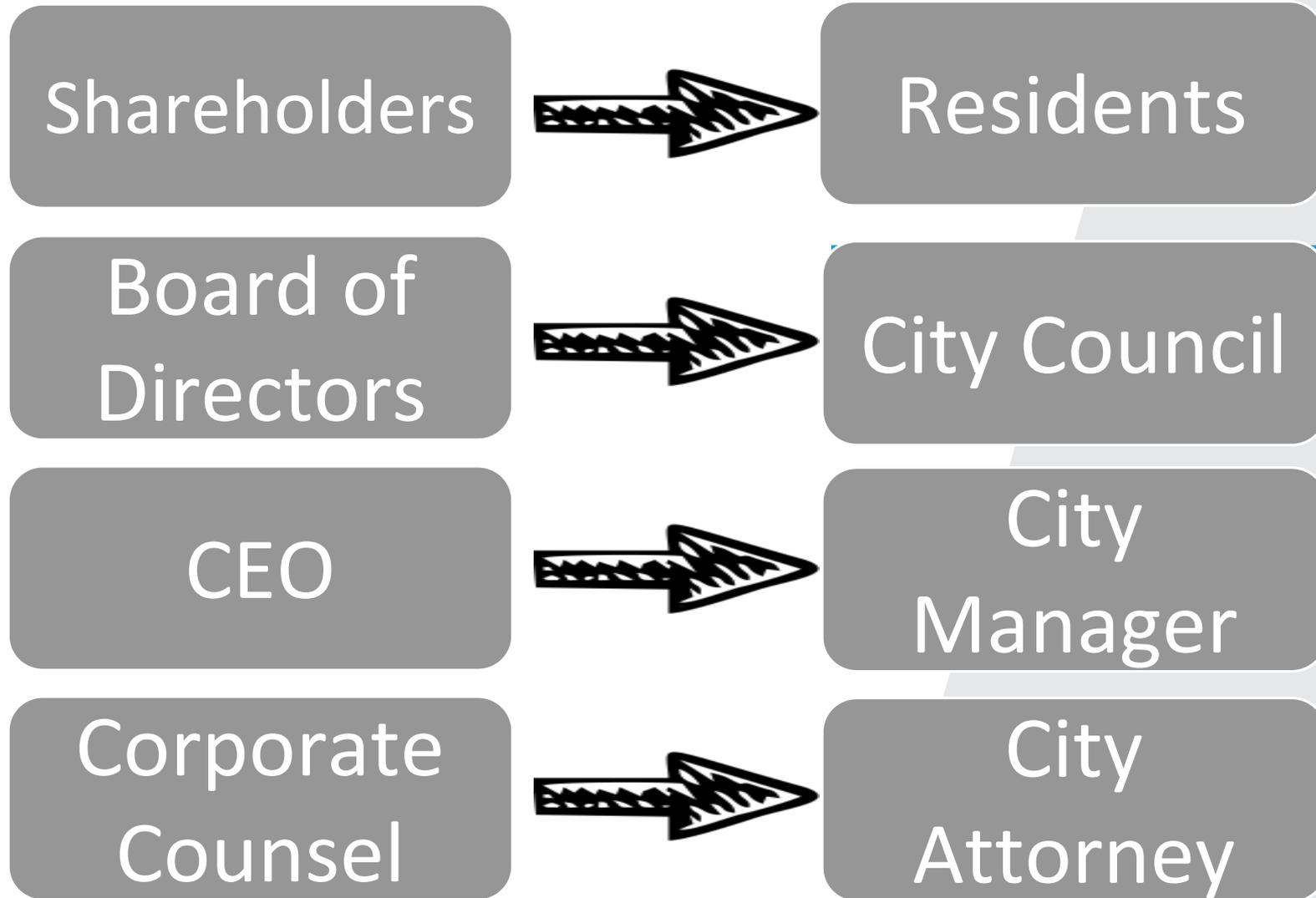


- Incorporated November 10, 1906
- Population= 45,742
- 13 square miles
- 128 miles of roads
- 22 parks
- 4 recreation centers
- Number of full-time equivalents (FTE's) = 192.5
- Number of part-time teammates = 200 +/-
- Full-Service City

# What is Included in Full-Service City?

- Police
- Fire
- Water/Wastewater
- Streets
- Parks
- Recreation
- Housing
- Economic Development
- Development Services

# Private Sector/Public Sector



# Morgan Hill City Council



- Mayor - 2-year term
- Council Members - 4-year terms
- Every 2 years, 3 seats are up for election
- District Elections
- Council meetings are held on the 1<sup>st</sup>, 3<sup>rd</sup>, & 4<sup>th</sup> Wednesdays of the month



# Roles & Responsibilities of City Council



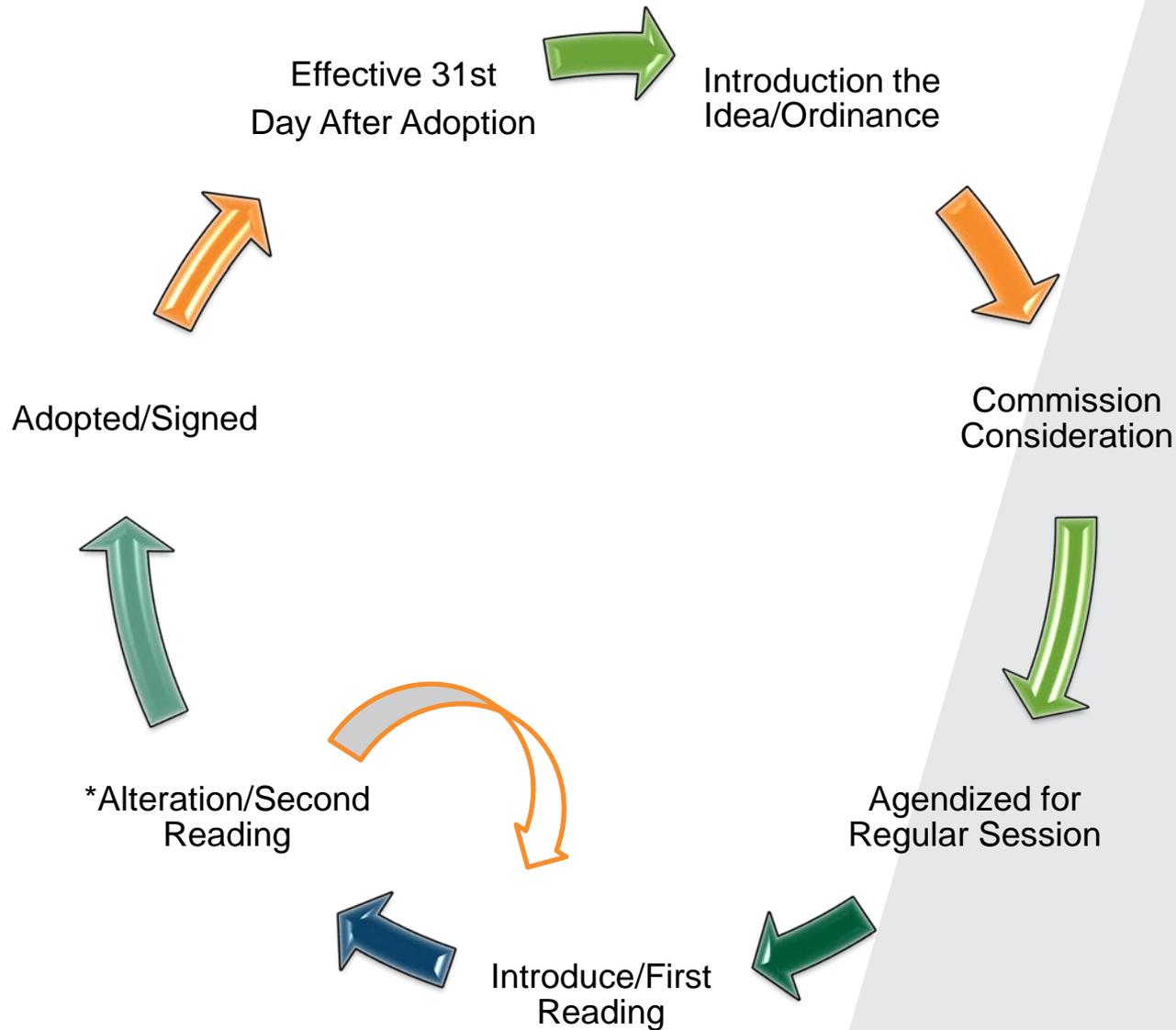
- ✓ Elected by Citizens of Morgan Hill
- ✓ Hires and provides direction to City Manager and City Attorney
- ✓ Serves as the policy making legislative body
- ✓ Establishes priorities and goals
- ✓ Adopts annual budget, enacts ordinances, approves major contracts
- ✓ Serves on Council Committees and Appointments to Outside Agencies
- ✓ Appoints City Commissions

# Brown Act



- Transparency is a foundational value for ethical government practices
- All meetings shall be open and public
- Regular meeting agendas must be available to the public at least 72 hours in advance of a meeting
- Closed sessions or confidential meetings are only for:
  - real property (real estate) negotiations
  - labor negotiations
  - litigation or personnel matters

# Idea to a Law



\*If Council makes alternations, the ordinance must reset to First Reading

# 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
  - Maintaining Fiscal Responsibility
  - 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

- 2019-2020 Strategic Priorities**
- Agricultural Preservation
  - Cannabis Policy
  - Community Engagement and Messaging
  - Economic Development
  - Financial Stewardship
  - High Speed Rail
  - Homelessness
  - Housing
  - Infrastructure
  - Telecommunications
  - Traffic/Transportation

# 2019 - 2020

## STRATEGIC PRIORITIES:

### Agricultural Preservation

The City of Morgan Hill will continue to proactively acquire conservation easements and implement the requirements of the Agricultural Conservation Plan and General Plan policies. Through land use policies and local funding mechanisms, Morgan Hill will diligently conserve agricultural land, encourage active production, create opportunities for locally grown food to be marketed and consumed locally, and preserve these active open areas.

### Cannabis Policy

The City of Morgan Hill will evaluate the City's role and receptiveness to cannabis businesses and access. This will include reviewing cannabis ordinances from other agencies, evaluating cannabis use through the lenses of safety and access, and determining how the presence of cannabis retailers could enhance or detract from our fiscal sustainability and community character.

### Community Engagement and Messaging

The City of Morgan Hill will tell our story through outreach and partnering with our community in presenting our vision, priorities, and financial needs, and by engaging citizens and business owners to find affordable and sustainable solutions. The City's communications, services, public spaces, and projects will embrace all community members as partners, encouraging public participation. We will continue to develop our connections with our local Hispanic/Latino community, finding best ways to outreach and share important community information.

### Economic Development

The Economic Development efforts will focus on implementing the Economic Blueprint strategies and actions intended to foster economic growth by attracting investment, commercial and industrial development, and jobs that will ensure fiscal sustainability and vitality for the community. To convey the "open for business" attitude, the Economic Development team is executing a "Choose Morgan Hill" campaign that articulates the value proposition for attracting jobs and commercial investment in the areas of healthcare, innovation, retail, and tourism. Choose Morgan Hill is not just a slogan; it's an attitude and an approach with a clear and direct message to the development community and exceptional customer service from City Hall. The economic development effort will focus on business retention and expansion, advancing policies that help guide land use.



# 2019 - 2020

STRATEGIC PRIORITIES (CONTINUED):

## Financial Stewardship

The City will continue to be financial stewards of its assets to ensure long-term fiscal sustainability. The City will closely manage its expenditures to maintain appropriate fund reserves. New revenue sources will be sought, including a revenue measure, to maintain or enhance the level of service as expected by the community and to complete infrastructure projects. The City will engage and partner with the community in understanding the City's financial constraints. All spending considerations will be through the lens of financial sustainability.

## High Speed Rail

The City of Morgan Hill will directly advocate for our community's needs through our communications, discussions, and decisions. We will continue to engage the community, the High Speed Rail Authority, our state and federal legislators, and other regional agencies to mitigate negative impacts and convey our positions. We will strongly advocate for High Speed Rail options that will have the least negative impact on Morgan Hill.

## Homelessness

The City of Morgan Hill will collaborate with Santa Clara County and the City of Gilroy to continue to build a South County homeless response system that integrates County Safety Net Services and provides rapid response to people in need. The City will continue to employ a balanced approach, offering resources and referrals to services, partnering with the faith-based community and non-profits to create limited local service points, as well as utilizing code compliance to protect private and public property.

## Housing

Morgan Hill will continue improving, preserving, and creating safe, quality, rental and ownership housing in Morgan Hill for residents at all income levels. The City of Morgan Hill will proactively create and preserve affordability through a variety of programs and laws. The City will continue to respond to the new and proposed housing legislations including Regional Housing Needs Allocation (RHNA) and legislative and policy matters driven by the Committee to House the Bay Area (CASA) proposals. To the extent possible, the City will work to reconcile new housing initiatives and legislative mandates with the Residential Development Control System (RDCS), and/or explore and propose changes to the RDCS to respond to changes in the law and City growth management goals.





### **Infrastructure**

The City will review its streets, parks, and public facilities infrastructure needs to quantify the funding gap. The City will identify potential funding options as ongoing revenue is insufficient to fund our vital community assets at a sustainable level without significantly impacting existing service levels that our community has come to expect. The City will invest in improvements to its water and wastewater systems to ensure system safety, reliability, and sustainability.

### **Telecommunications**

The City will collaborate with the private sector to explore ways to provide fast, reliable access and wireless connectivity for residents and businesses. The 2016 Telecommunications Infrastructure and Economic Blueprint reports will be the foundation for continuing discussions with broadband providers, public utilities, and other infrastructure service providers in developing an implementation plan for growing our telecommunications infrastructure with private sector partnerships. The workplan will include reviewing opportunities to leverage City infrastructure improvements to enhance private investment in telecommunications infrastructure, updating the zoning code, designing standards for small cells, developing a master license agreement and encroachment permit process, and implementing a Dig Once Policy.

### **Traffic/Transportation**

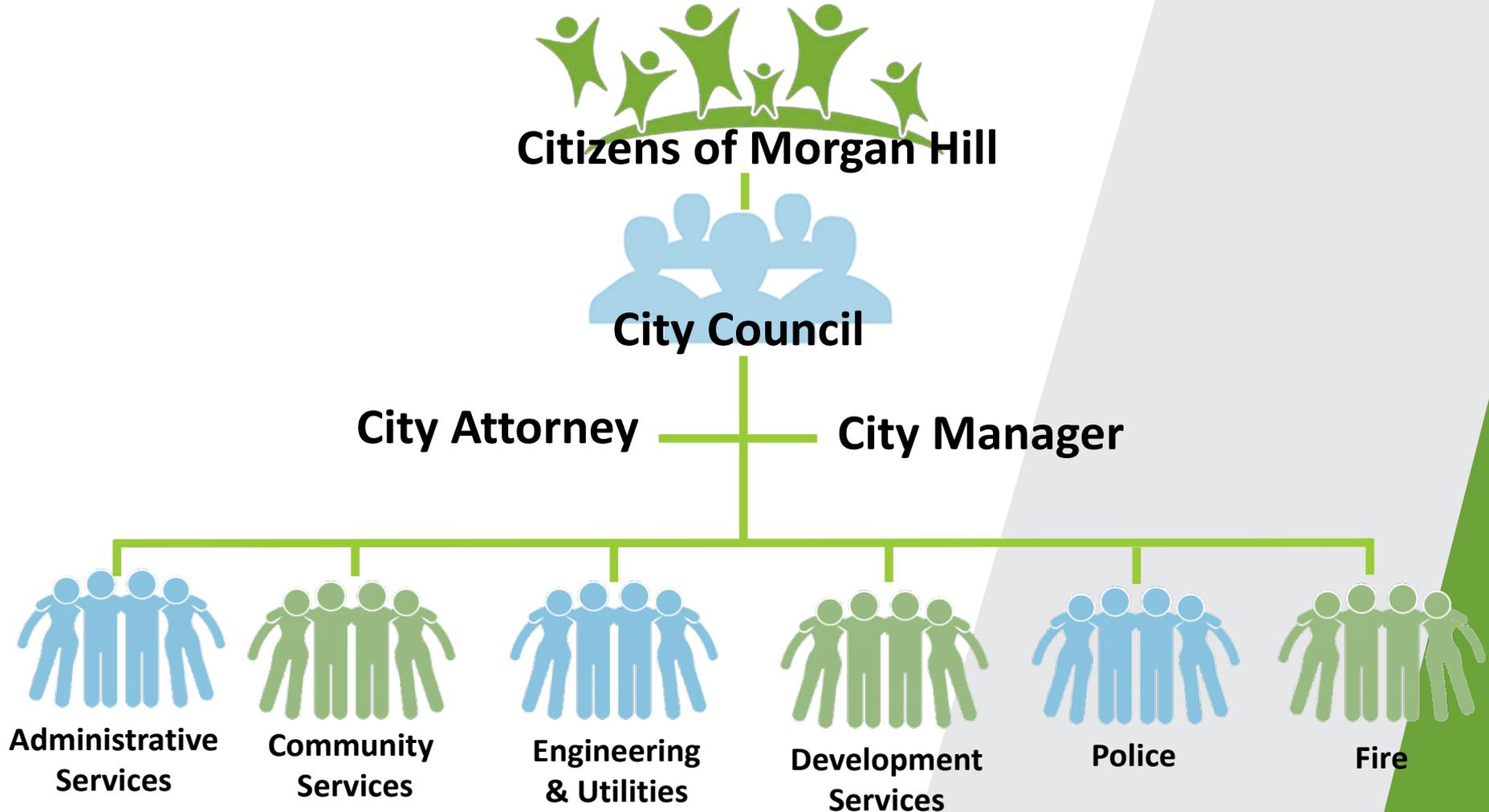
Morgan Hill will advocate for South Santa Clara County in regional transportation planning initiatives and actively work with the Valley Transportation Authority (VTA), Caltrain, the County, and the State to enhance service and secure funding for transportation projects and road maintenance, including County Measure B funding for the Hale Avenue extension, increased Caltrain service, and preservation of the full functionality of the Downtown VTA/Morgan Hill Transit Center. The City will advocate for electrification of commuter rail from San Francisco to Gilroy. In addition, by completing a cut-through traffic study, Morgan Hill will use the results to inform congestion management options and priorities. The City will implement Vision Zero safety strategies, providing direction for future planning, design, and development of the community. The City will take actions to implement its goal to create a culture that prioritizes safety, creates livable streets, and seeks to eliminate traffic fatalities. Safety of pedestrians, bicyclists, drivers, and passengers is paramount.

# Morgan Hill Commissions

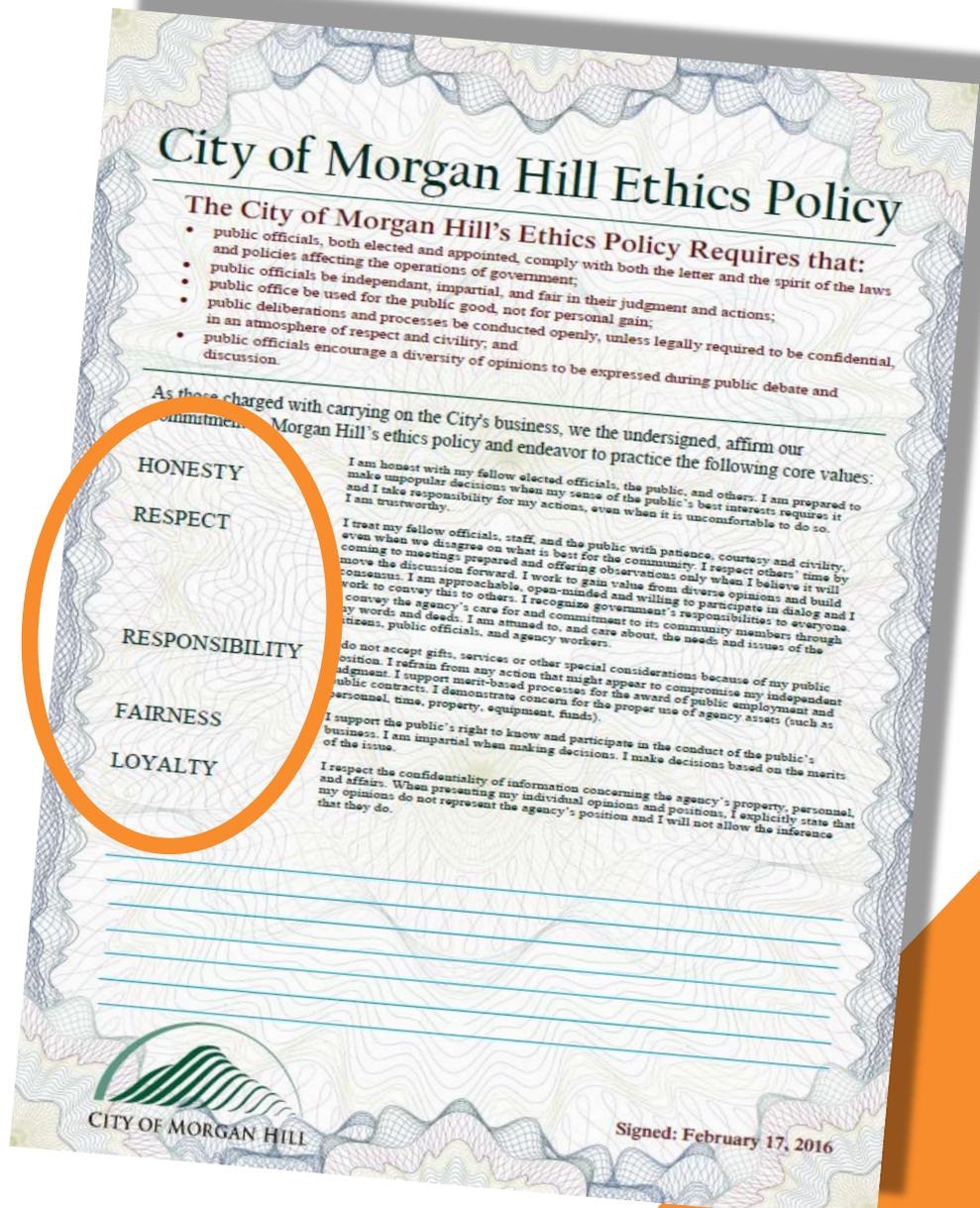


- Library, Culture and Arts Commission
- Parks and Recreation Commission
- Planning Commission

# Organizational Chart



# Ethics Policy



# City of Morgan Hill

## Core Values



exceed our community's needs and expectations

friendly responsive people feel valued

## cus•tom•er serv•ice

Exceed expectations by being friendly, attentive, and responsive while finding solutions.

listen with an open mind be attentive

approachable positive attitude follow through

YES solutions

# City of Morgan Hill Core Values



meet new challenges encourage journey  
increase value empower teammates

## professional growth

Foster a culture that encourages and promotes continuous learning and development.

possibilities opportunities to grow  
share ideas stretch one's mind confidence embrace challenge  
kicking down doors for future leaders to move mountains

# City of Morgan Hill Core Values



persevere, grow, and succeed

identify ways to accomplish goals

finding solutions and getting it done

## meet·ing chal·lenges

Embrace opportunities to find solutions.

we don't meet challenges, we make opportunities

learn from experiences face your fears

# City of Morgan Hill Core Values



open minded unique and creative ideas

## in·no·va·tion

Implement bold and creative ideas to improve our services.

new approach anticipate explore

develop creative solutions VISION

one crazy idea at a time

# City of Morgan Hill Core Values



synergy inclusive open-minded fun  
strength of all teammates supportive

## team•work

Capitalize on each other's strengths and work collaboratively towards a common goal.

trust All 4-1; 1-4 All! collaborate  
achievement

partnership history  
keeps both short &  
long term costs down



# Budget



Fiscal Years  
2018-19 through 2019-20

## Adopted Operating and CIP Budget

[morganhill.ca.gov/budget](http://morganhill.ca.gov/budget)

The logo for the City of Morgan Hill, featuring a stylized white mountain range within a circular arc, with the text "CITY OF MORGAN HILL" below it.

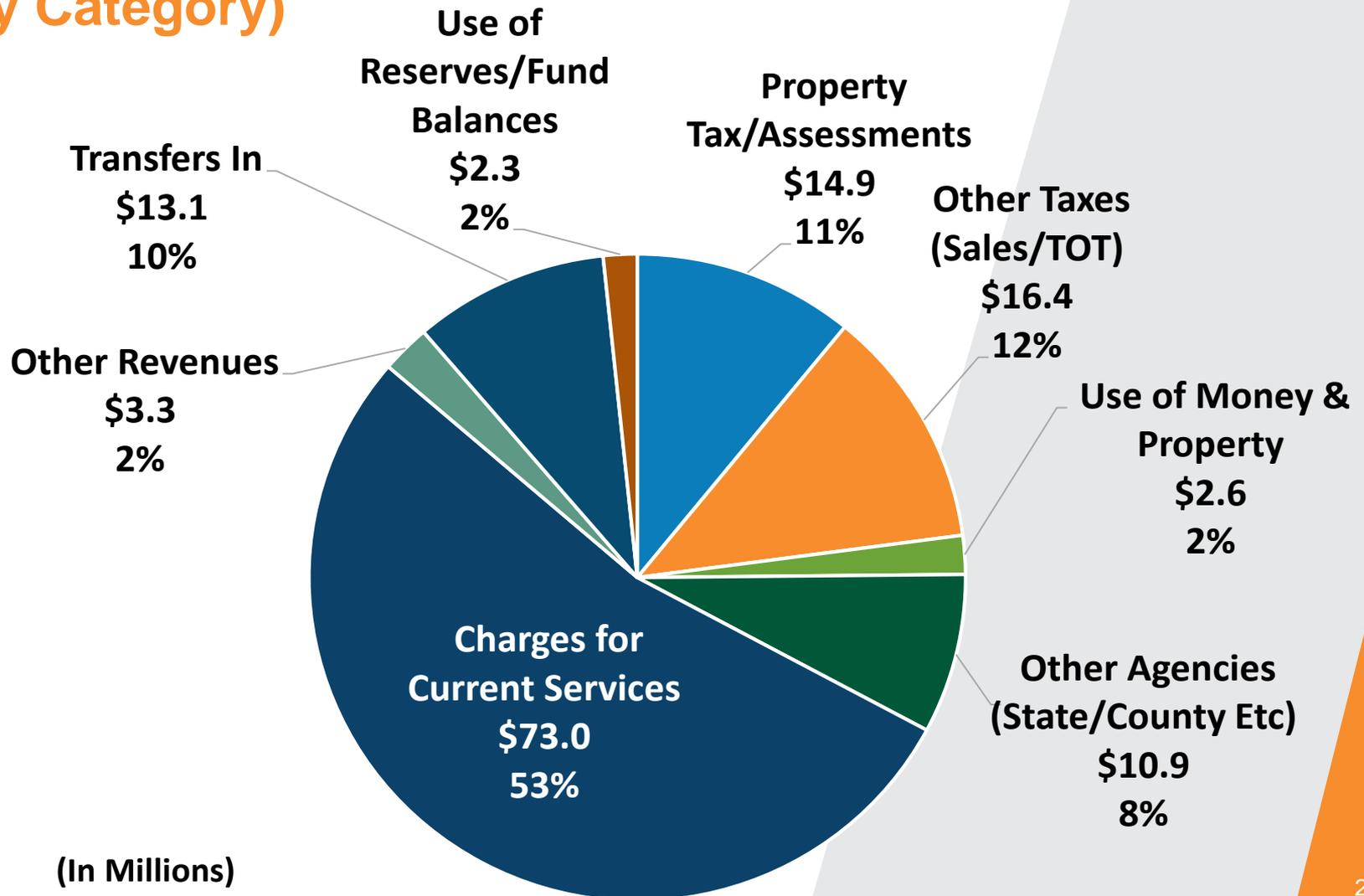
# 2 Year Budget Process



# Citywide Revenues – FY 2019-20

## \$134.2M

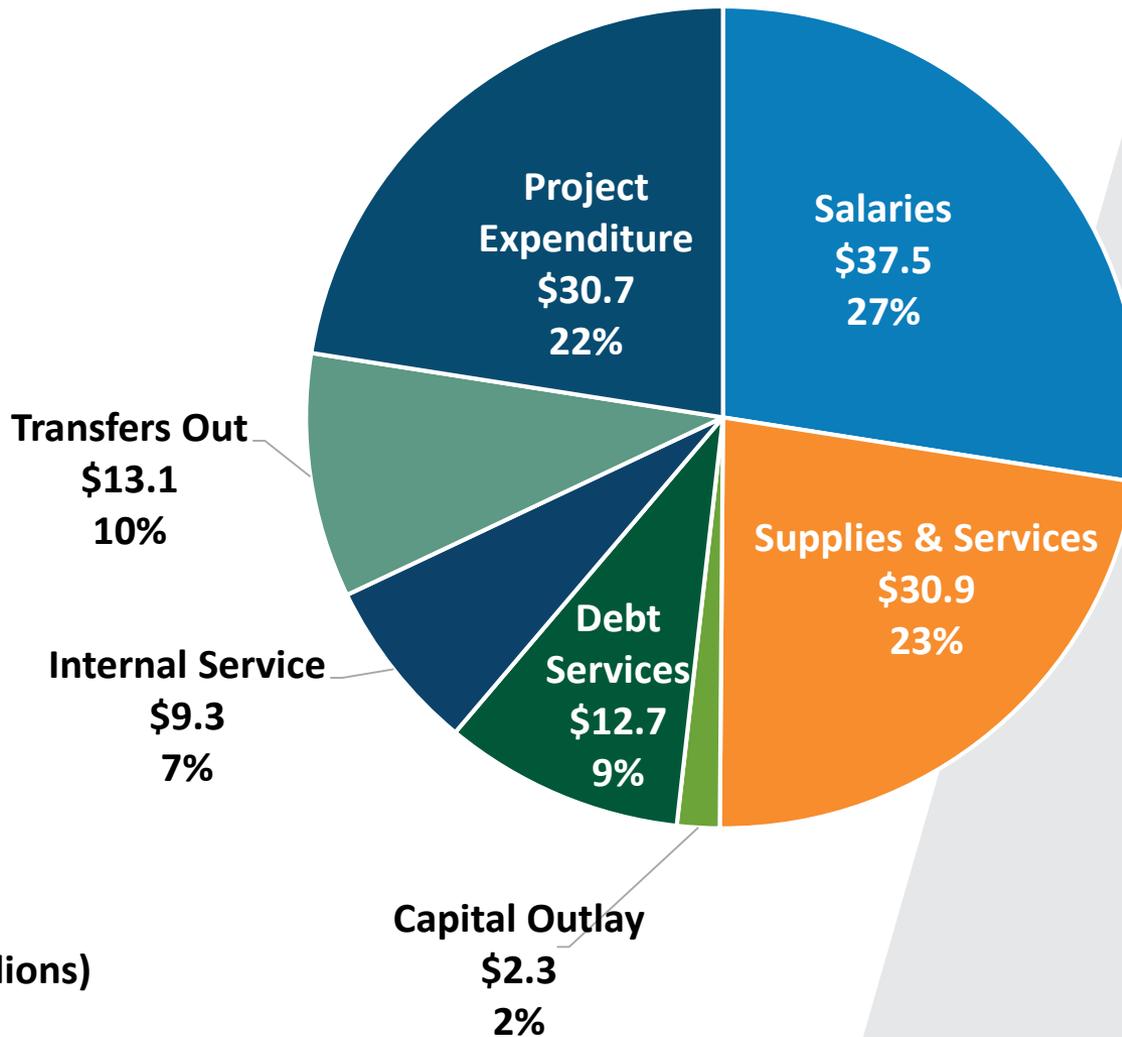
### (by Category)



(In Millions)

# Where Does Your City's Money Go?

## Total FY 2019-20 = \$136.5M



(In Millions)

# Fund Types

## General Fund

- Police
- Fire
- Recreation
- Streets, Parks, & Downtown Maintenance
- Economic Development
- Administration

# Fund Types

## Special Revenue Funds

- Community Development
- Housing
- Environmental Programs

# Fund Types

## Enterprise Funds

- Water
- Wastewater

## Internal Service Funds

- Building Maintenance
- Information Technology
- Equipment Replacement
- General Liability Insurance
- Worker's Compensation

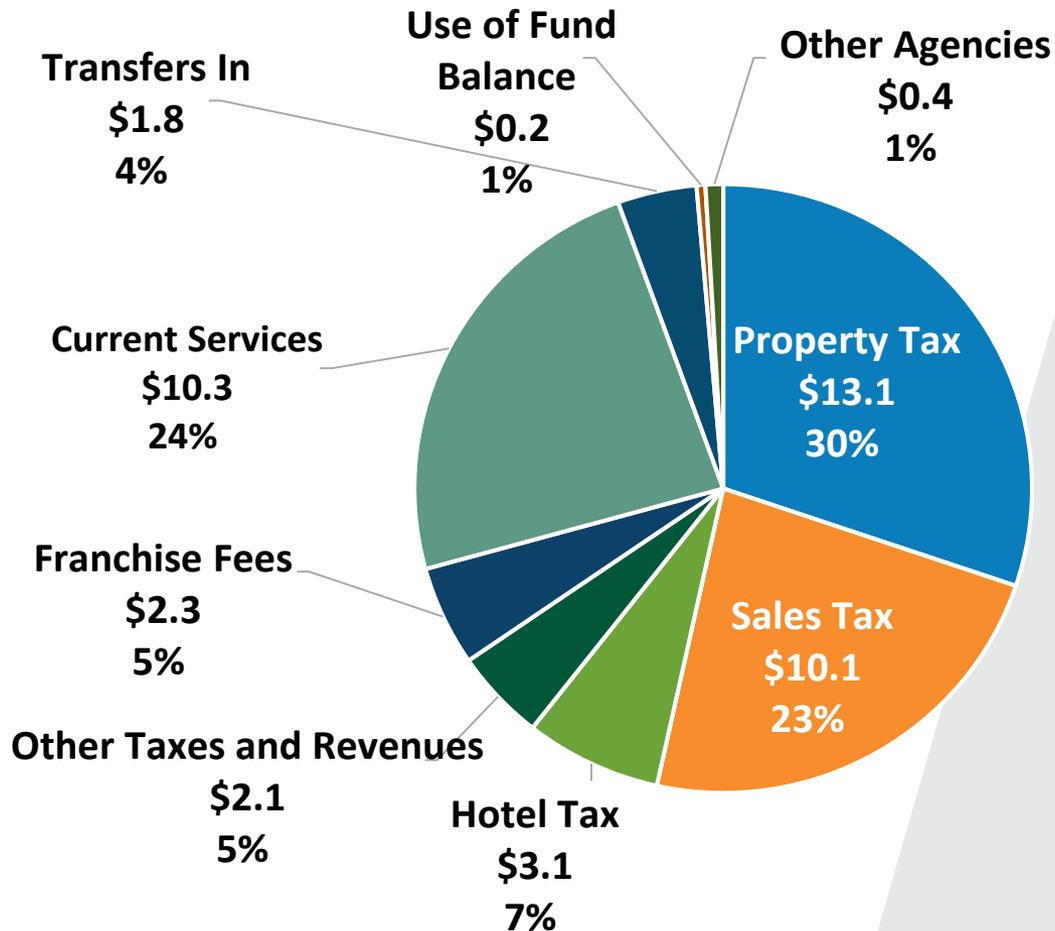
# Fund Types

## Capital Project Funds

- Streets
- Water/Wastewater
- Parks
- Facilities

# General Fund (GF) Revenues (By Type)

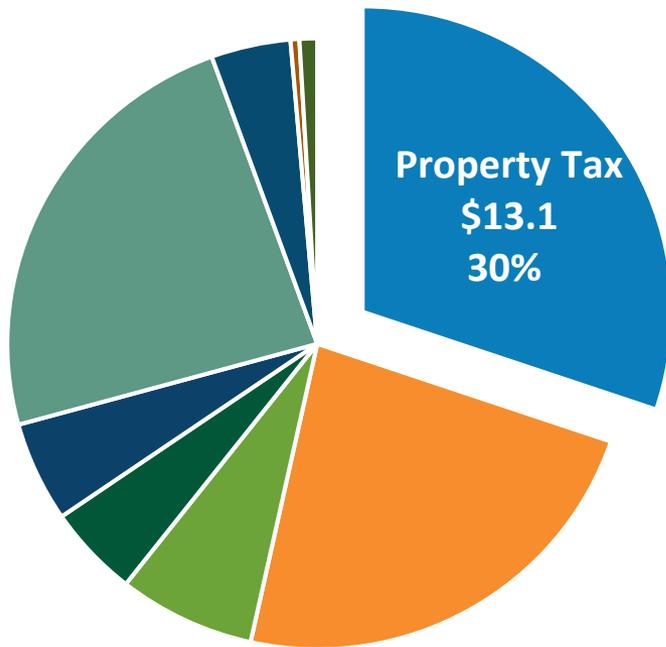
FY 2019-20 = \$43.4M



(In Millions)

# General Fund – Property Tax

FY 2019-20 = \$13.1M, 30% of GF



Morgan Hill Property Tax 1% Distribution



**44%**  
School K-12

**12%**  
County

**11%**  
RDA  
Excess

**10%**  
City of  
MH

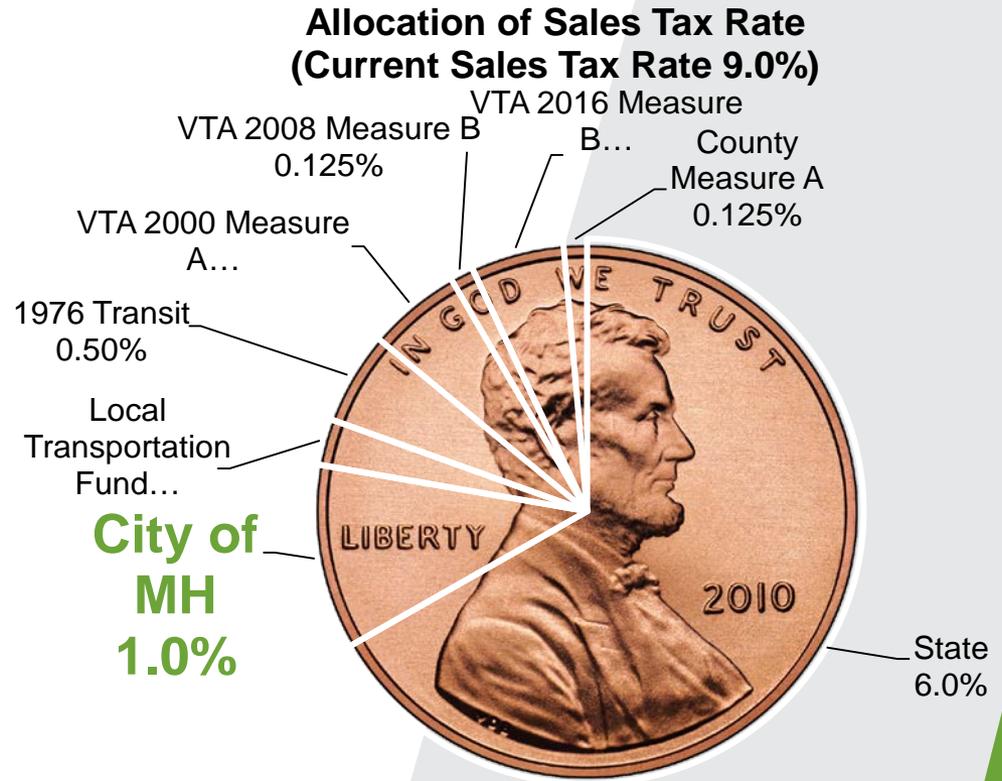
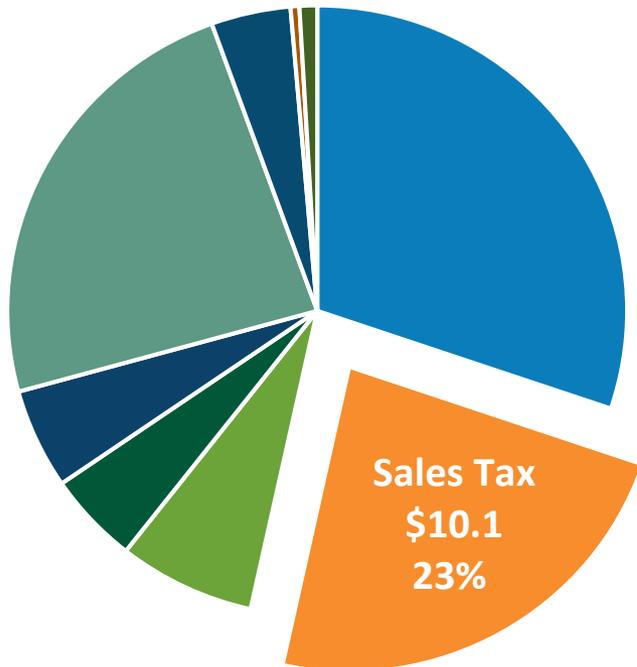
**7%**  
Comm.  
College

**6%**  
Special  
District

**10%**  
Other

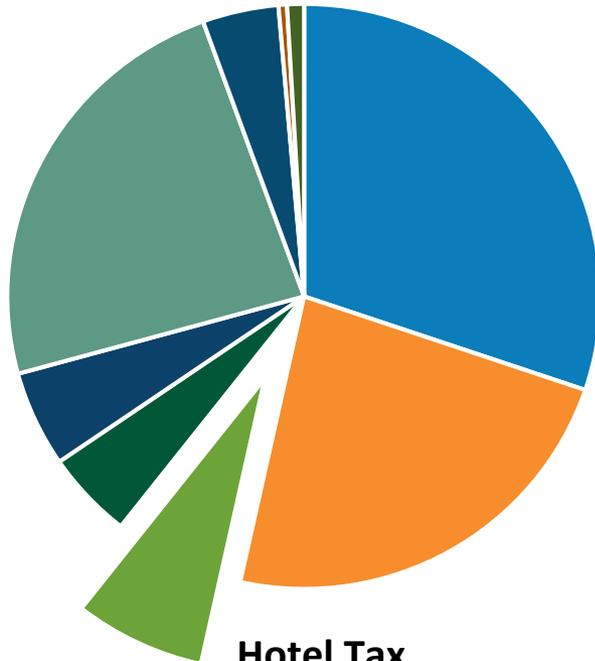
# General Fund – Sales Tax

FY 2019-20 = \$10.1M, 24% of GF



# General Fund – Transient Occupancy Tax

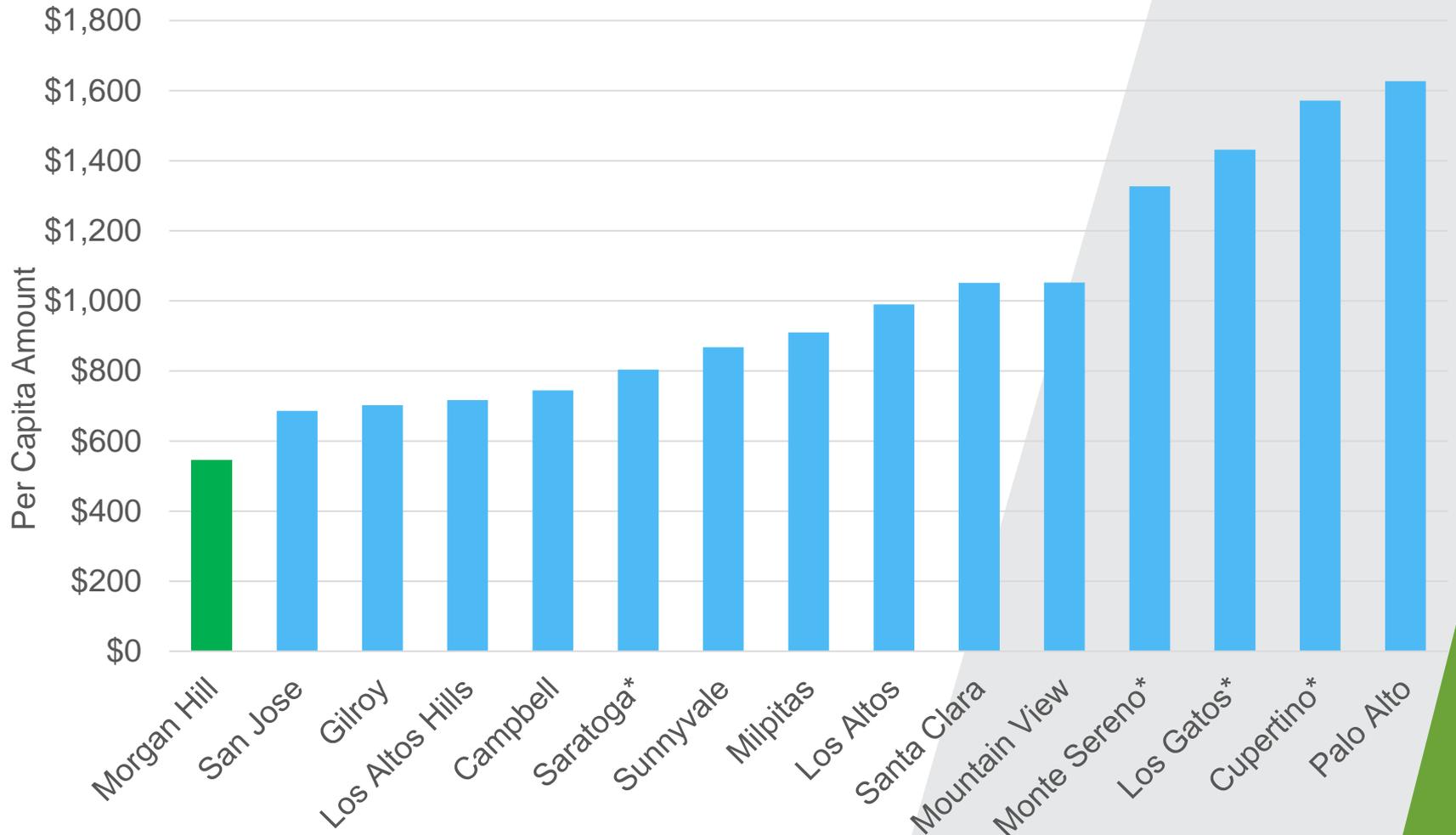
FY 2019-20 = \$3.1M, 7% of GF



**Hotel Tax**  
**\$3.1**  
**7%**

- Tax collected on hotel room stays
- Increased from 10% to 11% effective March 1, 2019

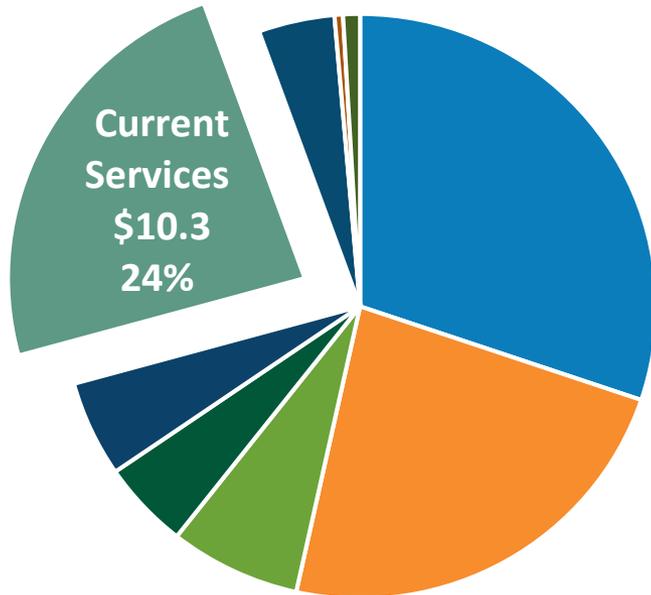
# General Fund Major Tax Revenue Comparison – Per Capita



\*Includes property tax revenues for Santa Clara County Central Fire District

# General Fund – Charges for Current Services

FY 2019-20 = \$10.3M, 24% of GF

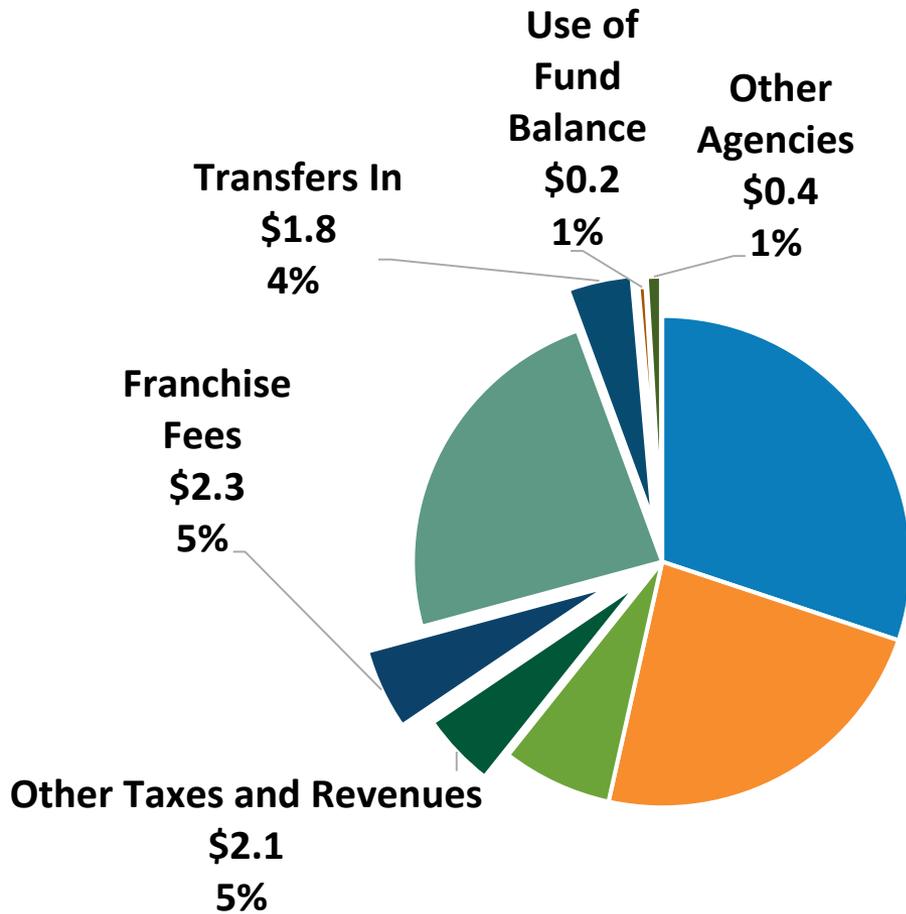


## Examples:

- Recreation:
  - Facility Rental Fees
  - Recreation and Aquatic Membership
  - Classes
- Police:
  - Special Events Security
  - Franchise Tow Fees/Abandoned Vehicles
  - Animal Control Fees
- Fire:
  - Fire Inspections Fees and Emergency Medical Services
- Others:
  - GF Admin, Passports, Business License, etc.

# General Fund – Others

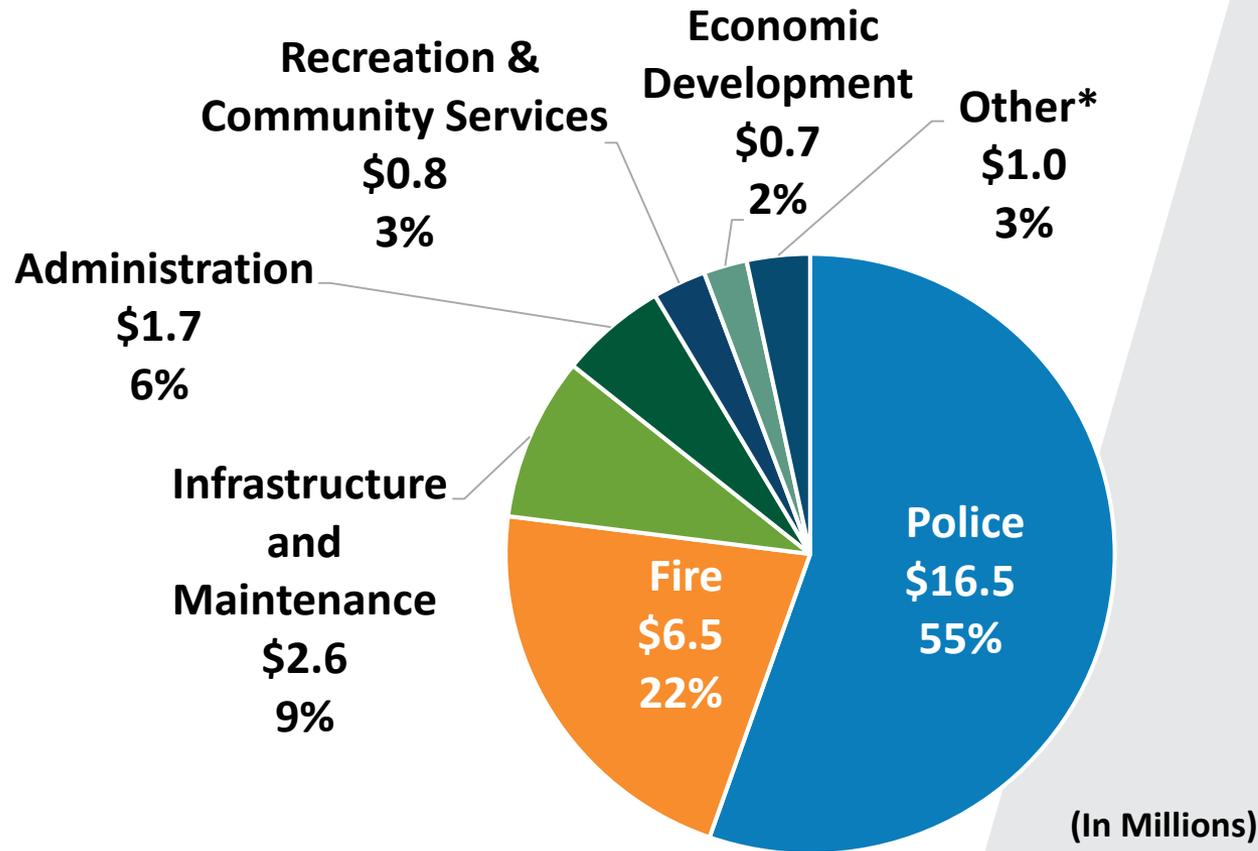
FY 2019-20 = \$6.8M, 16% of GF



- Franchise Fees
- Other Taxes and Revenues
  - Use of Monies and Property, Licenses, Permits, and Fines
- Other Agencies
  - Grant or passthrough revenues from State, County, Etc.
- Transfers In
  - Gas Tax and Enterprise transfers for Street Maintenance
- Use of Fund Balance
  - Strategic one-time uses of reserves

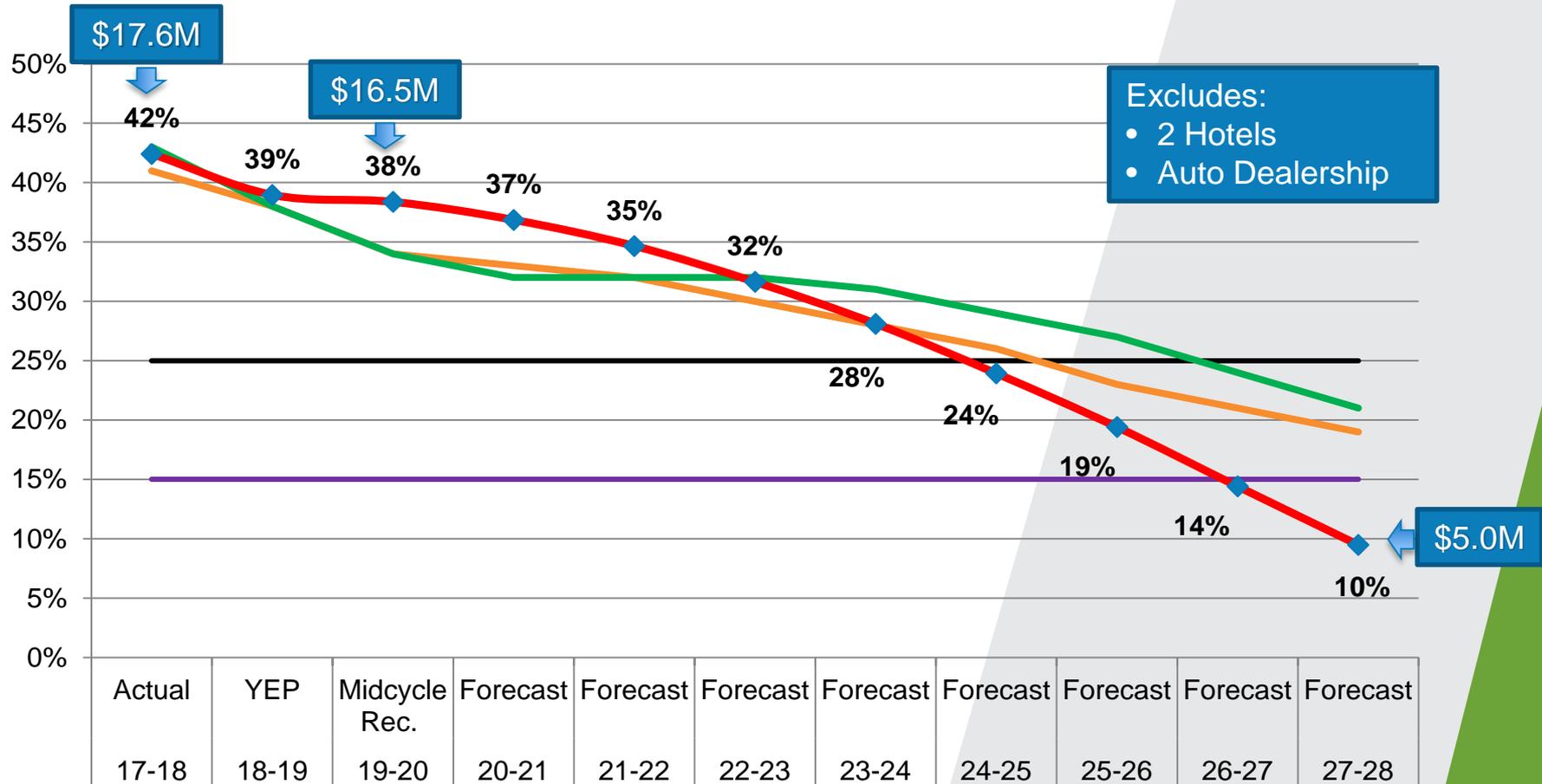
# General Fund – Discretionary Expenditures

FY 2019-20 = \$29.8M, 69% of GF



\*Other: Community Promotions, Environmental Programs, OPEB, Code Compliance, and GF support for Long Range Planning and Pedestrian Safety

# General Fund 10 Year Forecast



- Fund Balance Goal of 25% of Revenues
- Fund Balance Minimum Level of 15% of Revenues
- General Fund 10 Year Forecast - Adopted (June 2018)
- General Fund 10 Year Forecast - Goal Setting (January 2019)
- General Fund 10 Year Forecast - Mid-Cycle (May 2019)

# Fiscal Sustainability

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**Challenges Ahead &  
Unfunded Liabilities**

# Challenges Ahead for California Cities

- State impacts on local control and funding
  - (Example: Redevelopment Agency and Housing)
- Decrease in funds from growth control system - Residential Development Control System (RDACS)
- Deferred maintenance through economic downturn
- Rising pension costs

# Unfunded Needs for Morgan Hill

Total Annual Unfunded General Fund Needs  
**= \$7.0M**

- Police \$1.3M
- Fire \$2.3M
- Building Maintenance \$0.2M
- Pavement Rehabilitation \$2.3M
- Street Maintenance \$0.2M
- Park Maintenance \$0.7M

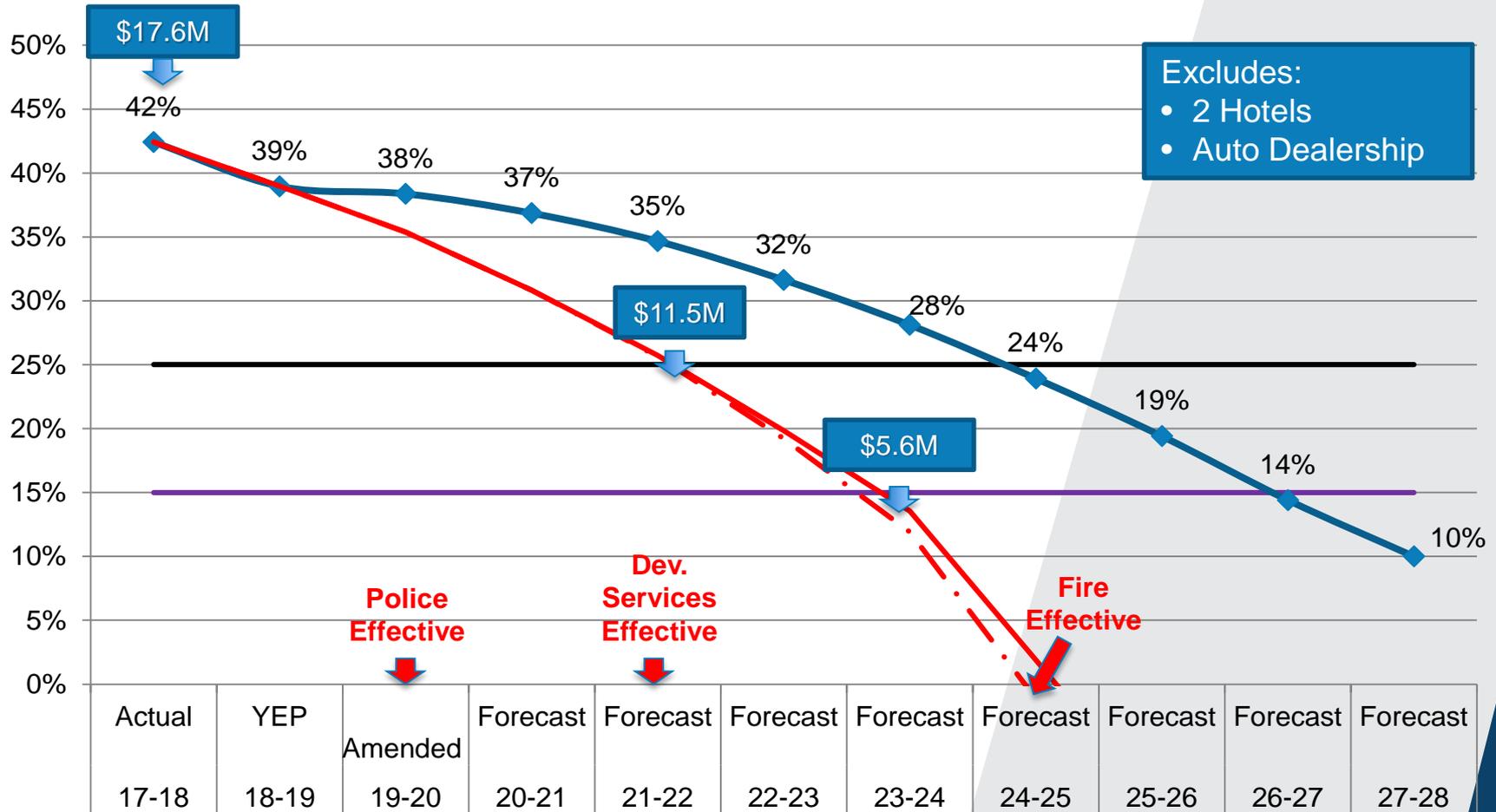
# Unfunded Needs for Morgan Hill (cont'd)

## Other General Fund Considerations:

- Development Services Fund Support
- Regional Housing Need Allocation (RHNA) and housing impacts by potential legislations (Impact Fee Cap, and elimination of growth control system)
- Long Range Planning

# General Fund Balance

(With Public Safety Master Plan and Development Services Support)



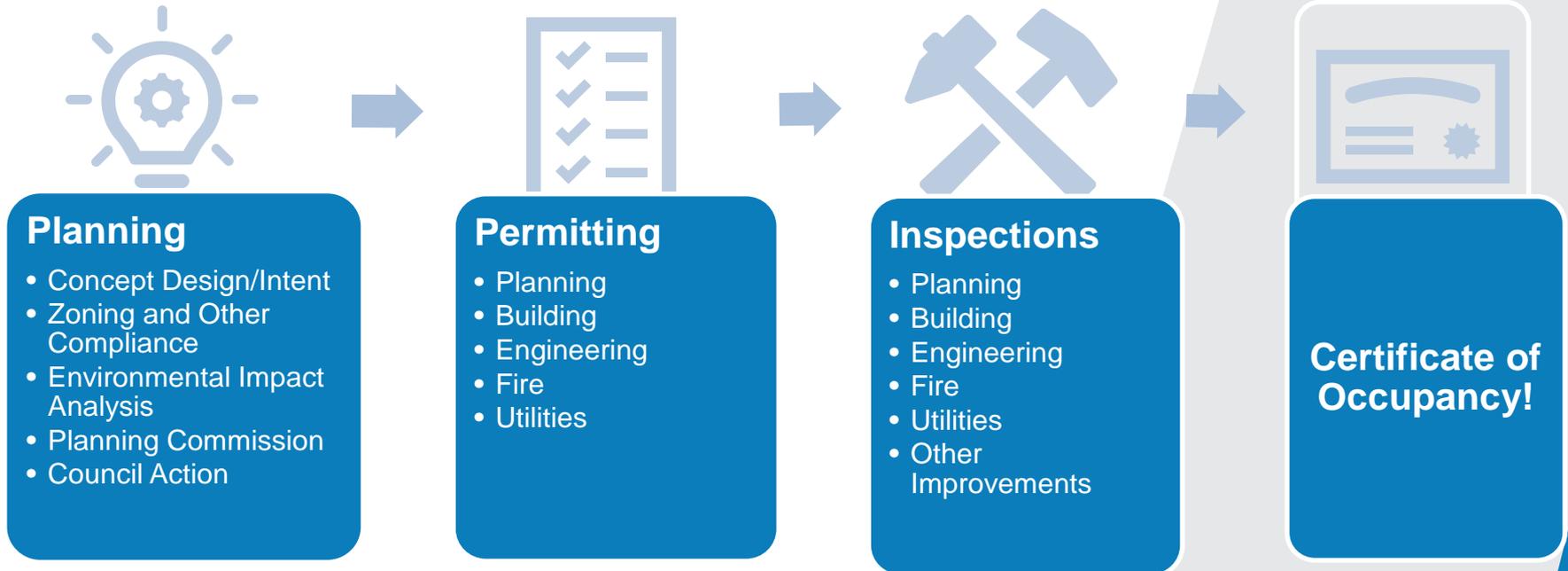
Excludes:  
 • 2 Hotels  
 • Auto Dealership

- Fund Balance Goal of 25% of Revenues
- Fund Balance Minimum Level of 15% of Revenues
- ◆ General Fund 10 Year Forecast - Mid-Cycle (May 2019)
- General Fund 10 Year Forecast - with Additional PD and Fire
- General Fund 10 year Forecast - With PD, Fire, and Development Services Support

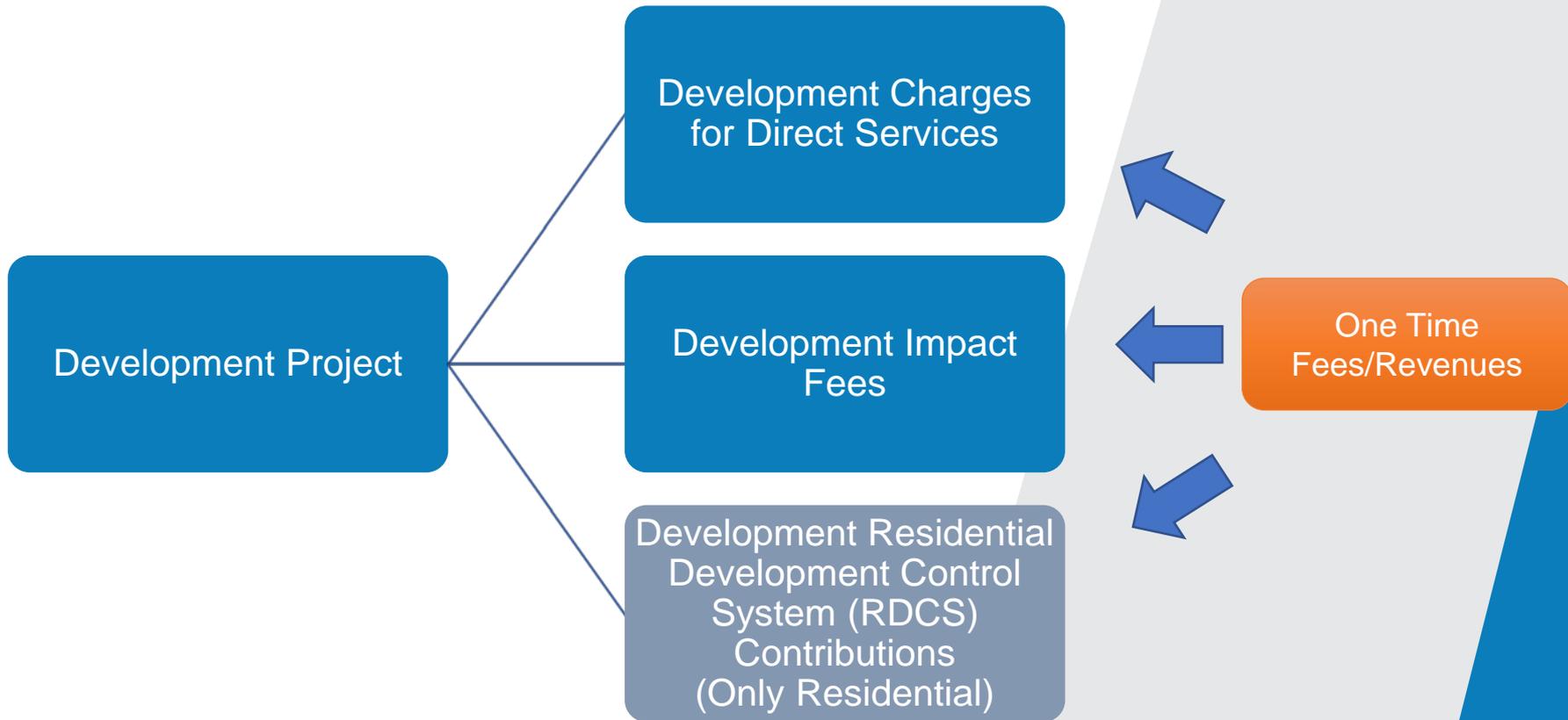
# Development

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# Development Process



# Development Revenue Sources



# Development Expenditures



## Development Charges for Direct Services

- Development Services
  - Planning, Building & Engineering
- Wastewater Connection
- Water Meter Connection



## Development Impact Fees

- Park Impact
- Traffic Impact
- Fire Impact
- Public Facilities
- Library Impact
- Rec. Center Impact
- Storm Drain Impact
- Wastewater Impact
- Water Impact



## RDCS Development Contributions

- Park Maintenance
- School Pedestrian & Traffic Safety
- Public Facilities
- Agricultural and Open Space Preservation
- Local Drainage
- Undergrounding
- Housing

Unique to Morgan Hill



# Did you know?

Tax revenue from new businesses helps our community.

 TAX Revenue



1 Hotel



1.5 Police Officers



 TAX Revenue



1 Dealership



2.5 Police Officers



 TAX Revenue



1 Costco



4.5 Police Officers



# Why Engage Morgan Hill?



## ENGAGE MORGAN HILL

A conversation about services, funding, and priorities.

[www.EngageMorganHill.org](http://www.EngageMorganHill.org)