

5.0 CITY OF MORGAN HILL

The services that are provided by the City and evaluated within this service review include:

- Wastewater
- Solid Waste
- Parks and Recreation
- Storm Water Drainage
- Law Enforcement
- Library

5.1 LOCATION, ADMINISTRATION, AND OPERATIONS

Morgan Hill is located south of San Jose, 10 miles north of Gilroy, and 15 miles inland from the Pacific Coast. The City is bisected by State Highway 101 in a north-south direction. The City is approximately 11.67 square miles. The City's location and planning boundaries are shown in Figure 5.1.

Morgan Hill was incorporated November 10, 1906, as a general-law city with a council-manager form of government. The four Council members are elected by resident voters to four-year terms. The Mayor is directly elected to serve a two-year term. In addition to the Council, the City Clerk and City Treasurer are also elected to four-year terms. The City has a Planning Commission made up of seven members appointed by a majority vote of the Council to four-year terms. The City also has six advisory boards, including Architecture and Site Review, Bicycle Advisory, Library, Mobile Home Rent Control, Parks and Recreation, Senior Advisory, and Youth Advisory commissions.

The City Council meets on the first and third Wednesday of each month at 7:00 p.m. in the Council Chambers. Agendas and minutes for City Council meetings are available on the City's website and posted pursuant to the Brown Act. The meetings are also televised on Morgan Hill's Channel 17. Additionally, to increase public participation and awareness regarding City activities, the City publishes a newsletter (City Connection) several times per year. The newsletter discusses community events, advisory committee activities, projects within the City, and recreational activities.

The City adopts an annual budget, which is based upon an in-depth analysis of actual and projected fund balances, revenues, and expenditures. Each City department prepares line-item detail for each of their activities and recommends certain service levels and activity goals for the upcoming budget year. The Finance Department prepares revenue projections based upon input from other departments. In addition, the City Manager gives each General Fund department an initial target based upon departmental expenditures and revenues. The City Manager then reviews individual departmental requests, prioritizes activities based upon City Council policy, and makes adjustments as necessary.

At the conclusion of this process, the proposed budget is submitted to the City Council for review, public hearing, and adoption. The City's FY 2004–2005 Budget has received awards from the Government Finance Officer Association and from the California Society of Municipal Finance Officers for excellence in operational budgeting.

The City maintains budgetary control through monthly reports of revenue and expenditure accounts. These reports are reviewed by the City Manager, each Department Director, the City Council, and the Audit and Finance Committee. In addition, a midyear budget review and adjustment process is completed each January and submitted to the Council for review and approval in February. Budgetary adjustments are only considered within the framework of the adopted budget and the City Council directions, goals, and policies. New programs and new appropriations are not considered as part of the midyear budget review.

As discussed within the City's budget, the City is currently faced with the budget challenge that the local economy is not generating sufficient revenue to sustain current services on an ongoing basis. The City's costs, especially for employee benefits, have increased significantly. The City's Budget for FY 2005–2006 states that because the City has built up financial reserves over the previous decade, Morgan Hill is in a position to respond to this without having to reduce service levels. Over the past three years, General Fund reserves have been used to balance the budget. In the current fiscal year, it will be necessary to use \$1.4 million in reserves even after expenditure reductions.

The City Council adopted a Sustainable Budget Strategy in January 2004. This Strategy provides for a combination of expenditure reductions and new revenues. Additional revenues will be achieved in various funds through adjustments to Library development impact fees, City processing fees related to development applications, water fees, and fire inspection fees. The City implemented the first phase of this strategy by cutting \$900,000 in expenditures in 2004–2005. The following list details some of the budget cuts that are related to services addressed in this service review:

- Eliminate City funding for community events
- Reduce expenditures for employee events, training, travel, conferences, and advertising
- Continue the annual \$125,000 transfer from the Park Maintenance Fund to the General Fund
- Use approximately \$1.2 million in General Fund reserves in FY 2005–2006
- Eliminate various contract services
- Eliminate General Fund transfers to fund street repairs affecting the quality of street maintenance
- Eliminate subsidy for the summer recreation program
- Reduce front office hours at the Community and Cultural Center
- Eliminate afterschool program at Village Avante
- Eliminate various contract services and reduce special counsel services
- Invest in a comprehensive new Financial Software System to be more efficient and effective
- Eliminate one police officer position and other police support staff
- Stop watering certain green areas of City parks

- Eliminate recycling calendar, solid waste audits and studies, and six issues of City Visions

To assist in cost savings, the City applied for and received numerous grants. Recent and future grants are listed below.

In FY 2004–2005, the City was approved to receive the following grants:

Recycling Grant	\$9,690
Supplemental Law Enforcement Funding Grant	\$100,000
Community Development Block Grant	\$166,640
OTS Sobriety Checkpoint Grant	\$2,069
Local Law Enforcement Block Grant	\$4,277
Homeland Security Grant	\$8,406
Medical Reserve Corps Grant	\$7,628
Taser Grant Program	\$10,000
RATTF Grant	\$70,917
SRO Grant	\$56,700
COPS in School Grant	\$29,452
Monterey Rd. @ UPRR Crossing (Federal Congestion Management Grant)	\$301,356

The City will receive the following grants in FY 2005–2006:

Recycling Grant	\$9,700
Supplemental Law Enforcement Funding Grant	\$100,000
OTS Sobriety Checkpoint Grant	\$8,276
Community Development Block Grant	\$156,491
RATTF Grant	\$30,000
SRO Grant	\$57,720
Medical Reserve Corps Grant	\$44,000
COPS in School Grant	\$15,000

Likewise, in order to offset the costs related to new development within the City, the City assesses development impact fees. The impact fees include water, sewer, public facilities, library, traffic, police, fire, recreation, drainage, and parks.

In accordance with Section 53646 of the Government Code, the City Council reviews and updates annually the City's investment policy. The primary purpose of this policy is to set forth the City's investment philosophy and objectives. The City's investment objectives are, in order of priority: (1) safety, (2) liquidity, and (3) yield. The policy also specifically outlines authorized investments and the acceptable percentages and maximum maturities allowed for each investment instrument. The City Treasurer will generate a monthly report to the City Council. The City's independent auditors, in

conjunction with their annual audit, will audit the cash and investment balances in conformance with generally accepted accounting principles.

In addition, the City has adopted several financial policies related to general purchasing, computer purchasing, consultant selection, and a credit card usage policy. The purpose of these policies is to provide the City with a means of assuring continuity and uniformity in its purchasing operations. Within these policies, the City has committed to purchasing supplies, services, and equipment in a fair, open, and equitable manner and at the lowest possible cost. The policies include purchasing limits and a competitive bid process. Similarly, the City is a member of the ABAG plan, which is a self-insured risk pool that helps to lower the overall cost of providing insurance for general liability claims.

The City of Morgan Hill partners with many agencies/entities in order to provide public services in a cost-effective manner. These cooperative agreements are listed below:

- Morgan Hill Corporation Yard Commission: A Joint Powers Authority (JPA) between the Morgan Hill School District and the City to facilitate the sharing and maintenance of public facilities. A portion of the Corporation Yard is leased to the school district for bus storage and fueling.
- South County Regional Wastewater Authority: A JPA between the City of Gilroy and the City of Morgan Hill for the sharing of sewer transport and treatment.
- Association of Bay Area Governments: A JPA of multiple Bay Area cities to provide efficient and effective liability insurance pools.
- Local Agency's Worker's Compensation Excess Liability: A JPA of multiple Bay Area cities and districts to obtain cost-effective excess worker's compensation insurance.
- California Disaster and Civil Defense Mutual Aid: Disaster assistance.
- YMCA of Santa Clara County/Friendly Inn: \$1.00 per year lease payment for facilities to operate youth and senior centers.
- El Toro Youth Center: City leases facility to Community Solutions for afterschool youth programs and family counseling.
- Woodland Estates: \$1.00 per year lease payment for open space near Llagas Creek in the Woodland Estates neighborhood. The City provides maintenance and upkeep of property.
- Morgan Hill Historical Society: City leases the building to historical society. The City Redevelopment Agency has provided funding for rehabilitation and moving the facility.
- South County Housing: Three \$1.00 per year leases for properties providing single- and multifamily residences, commercial space, and daycare facilities.
- Library: Library site and building are provided by the City/Redevelopment Agency. The Library facility will be operated by the Santa Clara County Library.
- Community and Cultural Center: One building is leased to Gavilan College.
- Morgan Hill Courthouse: City-owned land is leased to Santa Clara County.

5.2 CITY PLANNING BOUNDARIES AND GROWTH

5.2.1 Planning Boundaries

In 1996, the Morgan Hill City Council adopted a long-term UGB, which identifies lands intended for future urbanization within the SOI. The City of Morgan Hill defines the area within the UGB as the land that is appropriate for and likely to be needed for urban purposes within the next 20 years. The Morgan Hill General Plan allows adjustment of the UGB at the time of a major General Plan update, assumed to occur approximately every 10 years. Agricultural, open space, and low to very low-density residential uses are the primary uses intended for lands outside of the UGB. The UGB is intended to provide greater stability of future land use patterns than is currently provided by the existing short-term USA boundaries.

The City is currently proposing to adopt an Urban Limit Line/Greenbelt. The Urban Limit Line/Greenbelt separates urban and future urban areas from rural areas. The Urban Limit Line is a longer-term version of the UGB and is intended to reflect the City's long-term policy for growth beyond the 20-year timeframe of the UGB. The purpose of the Urban Limit Line is to encourage more efficient growth patterns, minimize public costs, and protect environmental resources. In most areas, the recommended Urban Limit Line closely follows the existing UGB, as shown in Figure 5.1.

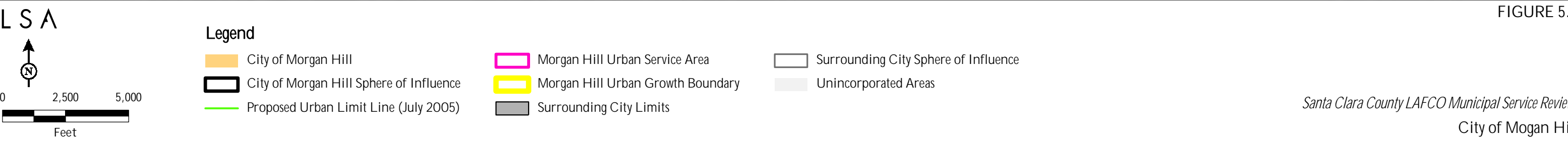
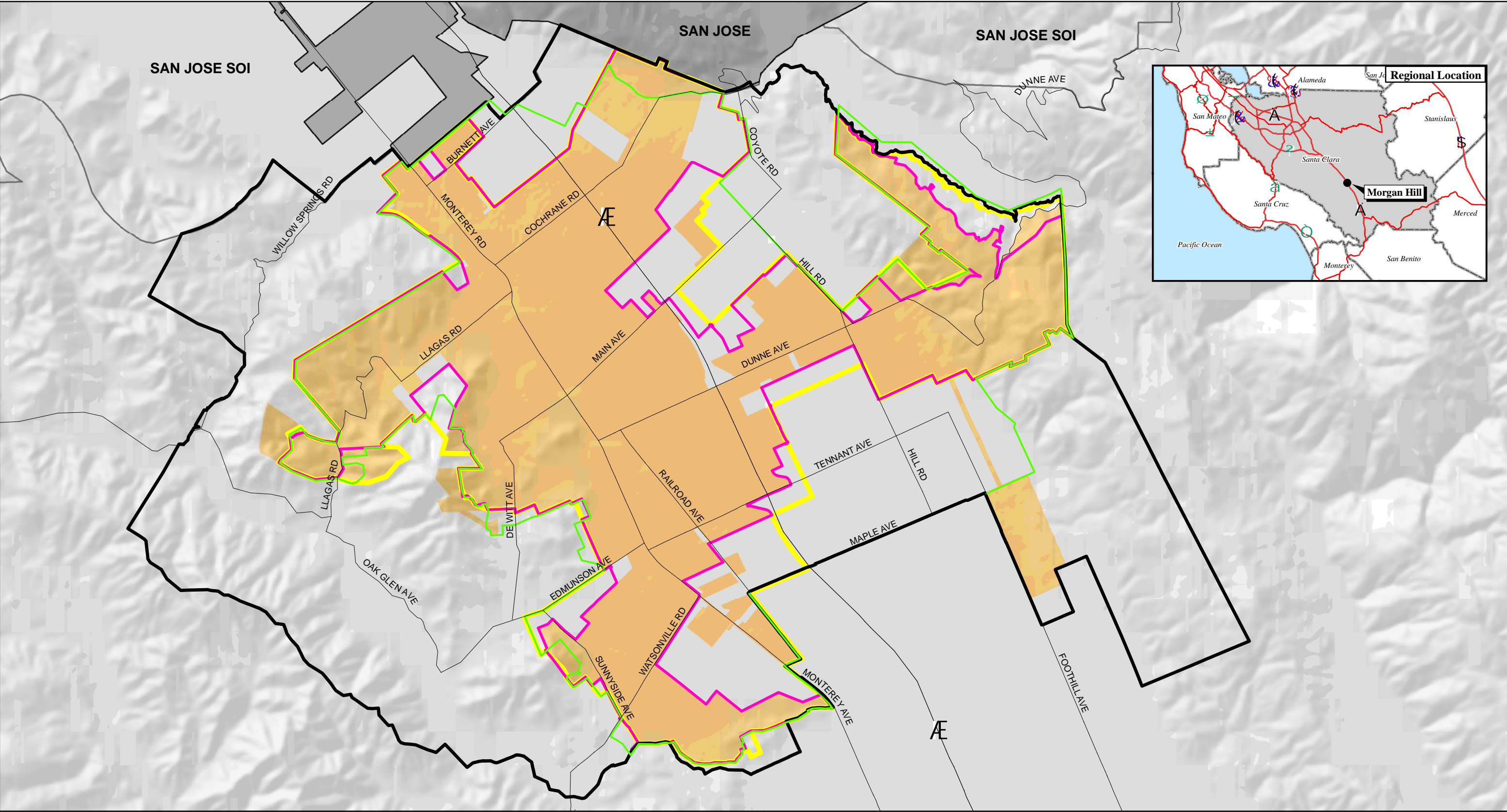
Urban Pockets

As discussed in Section 1.2.5, the County and LAFCO have adopted policies, which state that urban islands and pockets should be annexed. LAFCO has identified 16 unincorporated islands within the City of Morgan Hill. LAFCO has provided maps of the islands to the City and are also provided on the LAFCO website. On August 3, 2005, the City Council approved staff to initiate and complete the annexation of all of the identified islands that have not already been annexed.

In addition, LAFCO has recently approved a USA extension to include the Holiday Lakes Estates Unit 1 area. Because of this USA extension the City is able to move forward with an island annexation process for the Holiday Lake Estates Unit 1 area. The changes for this area are directly related to existing wastewater infrastructure issues (discussed in Section 5.3).

5.2.2 City Growth

In 1977, Morgan Hill first adopted a Residential Development Control System through a voter initiative. An amended version of this growth management system was approved by voters in 1990 to extend through 2010. In 2004, the voters approved another measure that amended and extended the Residential Development Control System through 2020. The Development Control System is a part of the General Plan and regulates growth by limiting the number of new homes to 250 units per year. The regulations also state that the City cannot apply to LAFCO to expand the USA (except for projects determined to be "desirable infill") until less than a five-year supply of residential land remains. In addition, it restricts the City from granting new extensions of urban services for residences beyond the USA.



Under this system, new residential development proposals are subject to a two-part rating system, with those proposals earning the highest number of points receiving development allotments. Part 1 awards points for a proposed project's relation to and impact on local public facilities and services, while Part 2 allots additional points for such factors as the provision and design quality of parks and open space, public facilities, architectural and site features, and affordable housing units.

Hence, the City's growth rate is determined largely by the Development Control System. As shown in Table 5.A, ABAG projects population growth at approximately 1.14 percent from 2005 to 2025. According to the City's projections with the Development Control System in effect, total population increases through 2020 are expected to exceed ABAG projections. The City projections assume that the 250 housing unit permits allowed each year would be allocated each year, since this has been largely the case since the Development Control System was implemented.

Table 5.A: City of Morgan Hill Population Growth Projections

Year	City (RDGS) Projections	ABAG City Projections	ABAG City and SOI Projections
2005	36,423	35,600	41,000
2010	39,900	39,300	45,100
2015	43,900	40,900	46,800
2020	48,000	42,900	48,900

Source: City of Morgan Community Development Department, March 2006; ABAG Projections 2005.

5.2.3 Availability of Vacant Lands

The City Council Staff Report for the Urban Limit Line/Greenbelt Study states that there is a large amount of vacant land within the UGB. If the development trends of the past decade continue, vacant land inside of the UGB is sufficient for the following growth:

- Single-Family Residential: development to the late 2020s/early 2030s (approximately 1,700 acres)
- Multiple Family Residential: development to the late 2020s/2030s (approximately 230 acres)
- Commercial: development to the mid 2040s to the early 2060s (approximately 230 acres)
- Industrial: development to the late 2020s/early 2030s (approximately 640 acres)
- Public and Quasi-Public Facilities (e.g., parks, schools, churches): development to 2020 (approximately 75 acres)

The City's average vacant land absorption rate and acreage of vacant land is provided below.

Table 5.1: City of Morgan Hill Vacant Land Absorption Rates By Land Use

Land Use Designations	Average Absorption Rate	Acres Absorbed Annually
Single Family Residential	150 units per year at 5 units per acre	30 acres
Multi-Family Residential	100 units per year at 15 units per acre	7 acres
Commercial	50,000 sq. ft. per year at 0.25 FAR	5 acres
Industrial	300,000 sq ft per year at 0.33 FAR	21 acres
Parks	5 acres per 1,000 residents at 750 residents per year	4 acres
Schools and Churches	8 acres per 1,000 residents at 750 residents per year	6 acres
Total Annual Absorption		73 acres

Source: City of Morgan Hill Community Development, based on data from the Urban Limit Line Study.

Table 5.2: City of Morgan Hill Vacant Land Within the Urban Service Area

Land Use Designation	Vacant Acreage May, 2004	Land Absorbtion June 04 – Dec 05	Vacant Acreage Jan, 2006
Rural County	9	0	9
Open Space	94	0	94
Single Family Residential	1010	47	963
Multi Family Residential	239	11	228
Commercial	243	8	235
Industrial	409	33	376
Public / Quasi-public	74	16	58
TOTAL	2078	115	1960 (rounded)

Source: City of Morgan Hill Community Development, February 2006.

5.3 WASTEWATER SERVICES

The City of Morgan Hill operates its own sewer system and associated infrastructure facilities. The sewer collection system consists of approximately 135 miles of 6- to 30-inch-diameter sewers and includes 15 sewage lift stations and associated force mains. The “backbone” of the system consists of the trunk sewers, generally 12-inches in diameter and larger. Wastewater generally flows from the north to the south through the City before it is collected into a single main trunk sewer (Joint Trunk). The Joint Trunk starts at the intersection of Monterey Avenue and California Avenue and continues south to the City of Gilroy where it joins the City of Gilroy trunk sewer for conveyance to the wastewater treatment plant in Gilroy.

The wastewater treatment plant and Joint Trunk are owned and operated by SCRWA under a Joint Exercise of Powers Agreement between the Cities of Morgan Hill and City of Gilroy. The agreement, dated May 19, 1992, establishes the creation of SCRWA. The agreement includes capacity allocations for the Joint Trunk and the treatment plant. Additional information regarding the wastewater treatment plant’s operations and capacities is located in Section 3.3 (City of Gilroy).

Morgan Hill provides wastewater service within the City limits in addition to some County areas adjacent to the City boundaries. The only developed areas within the City that do not receive service are the Woodland and Glen Ayre large-lot subdivisions, located at the upper end of Llagas Road. These homes utilize septic tanks for on-site disposal because the topographic conditions and low-density development make it difficult and costly to extend service to these areas.

The Holiday Lakes Subdivision on the west shore of Anderson Reservoir is the only significant area outside of the City limits that is served by the wastewater system. There are approximately 200 parcels located within the unincorporated portion of Holiday Lakes. All of the developed properties receive City water. Approximately 100 properties are connected to the City sewer system and approximately 100 are on septic systems. The average age of the septic systems is over 30 years old, and the typical lifespan of a septic system is 30–40 years. There are significant constraints that could preclude new or replacement septic systems. These constraints include the inability to meet current standards, including proximity to Anderson Reservoir, small lots, steep slopes, and soil type.

An interagency group is currently working with Holiday Lake Estates Unit 1 property owners to determine the manner in which sewer services to lots currently on septic or vacant would be financed. The group is comprised of representatives of Morgan Hill Planning and Public Works Departments, County Planning, County Environmental Health, the Santa Clara Valley Water District, LAFCO, and the County Supervisor. This group has met with the property owner representatives and has held an informational meeting for all Holiday Lake Estate Unit 1 property owners. The interagency effort is being conducted to assist the property owners in exploring options to septic, with the expectation that a sewer engineering and assessment district formation study would be completed, which would allow the City to annex the area after property owners commit to fund extension of the sewer system. In November 2004, voters approved a measure that allows the Holiday Lake Estates Unit 1 area to be annexed to the City.

The City has also approved by resolution to provide \$15,000 from the sewer fund. Likewise, the County and Santa Clara Valley Water District have agreed to provide \$15,000 each. The total \$45,000 would be utilized to conduct a feasibility study of the formation of a sewer assessment district. Any funds that are not used in the feasibility study would be used toward the creation of the sewer assessment district. In addition, technical assistance would be provided by the City's Public Works and Planning staff.

Wastewater Master Plan

In January 2002, the City completed a Sewer System Master Plan study that identified existing flows and provided future flow projections. This was prepared concurrently with water distribution and storm drainage Master Plans. The Wastewater Master Plan identifies the infrastructure necessary to service developed lands within the UGB. The analysis within the Master Plan indicates that the collection system was well planned to meet the needs of existing customers. In addition, in anticipation of future growth, the City has planned and constructed sewer facilities in conjunction with new street construction.

The City's design criteria calculates average residential flows on a per capita basis using a minimum of 90 gallons per day per capita. Commercial and light industrial designations are computed at 1,500

gallons per gross acre per day, and industrial designations are computed using 2,500 gallons per gross acre per day.

The Master Plan evaluates the projected 2020 design flows, which consist of the General Plan build out conditions of the UGB. The Master Plan includes several proposed projects to accommodate future growth within the City's UGB. The majority of these proposed projects consist of new or increased capacity pipelines that are needed to extend service to currently undeveloped areas. These proposed improvements are phased to provide additional capacity to the collection system before the anticipated developments. In addition, the City has an aggressive wet weather program to reduce infiltration and inflows that are currently experienced by the system. Implementation of this program is expected to reduce infiltration and inflows by approximately 50 percent by 2020, which in turn will provide additional capacity.

The Master Plan also includes CIP and cost estimates, which provide guidance in project evaluation and implementation. The City levies utility rates and connection fees to pay off debt financing, fund capital improvements, and pay operations and maintenance costs. In addition, developers are responsible for paying an equitable cost allocation for the infrastructures needed to extend service from their developments to the Master Plan facilities.

Wastewater Rate Comparison

The City's wastewater rates are set monthly fees as shown below. Commercial and industrial rates are dependant upon the amount and type of flow. Table 5.B compares Morgan Hill's sewer rates to those of nearby jurisdictions. As shown, Morgan Hill's existing rates are similar to those of other jurisdictions.

Table 5.B: Monthly Wastewater Rates

	Morgan Hill	Gilroy	Milpitas
Residential: single-family	\$32.57	\$29.74	\$25.13
Residential: multifamily	\$22.33 per unit	\$21.12 per unit	\$18.24 per unit
Commercial and industrial	Calculated depending on use	Calculated depending on use	Calculated depending on use

5.4 SOLID WASTE SERVICES

Solid waste services within the City of Morgan Hill are provided by South Valley Disposal & Recycling, Inc. via a franchise agreement with the City. The California Integrated Waste Management Board's (CIWMB) data indicates that solid waste collected within the City of Morgan Hill is hauled to the landfills that are listed below. These are Class III facilities that accept construction/demolition waste and mixed municipal refuse. Additional detail regarding these facilities is located in Appendix A.

- Altamont Landfill & Resource Recovery
- Newby Island Sanitary Landfill

- Guadalupe Sanitary Landfill
- Zanker Material Processing Facility
- Kirby Canyon Recycling & Disposal Facility
- Monterey Regional Waste Management District/Marina Landfill

The City has stated that all of the solid waste collected by South Valley Disposal & Recycling, Inc. is hauled to the Crazy Horse Landfill in Monterey County and that the solid waste that is self-hauled by residents and contractors is disposed of at a variety of facilities around the State. Further, the City has stated that the majority of the self-hauled solid waste is disposed of at the following facilities: San Martin Transfer Station, Kirby Canyon Disposal Facility, Newby Island Sanitary Landfill, Guadalupe Sanitary Landfill, and the Zanker Material Processing Facility.

CIWMB data shows that in 2000 (the most recent data posted), the City of Morgan Hill disposed of 34,324 tons of solid waste and that the solid waste disposal generation factor for the City is 2 pounds per resident per day and 8.9 pounds per employee per day. The City has stated that in 2004 Morgan Hill disposed of 32,553 tons, which is 1,771 tons less than reported by the CIWMB for 2000.

Diversion rates are defined as the percentage of total solid waste that a jurisdiction diverted from being disposed in landfills through reduction, reuse, recycling programs, and composting programs. The California Public Resources Code (PRC 41780) requires all jurisdictions to achieve 50 percent solid waste diversion after the year 2000. Per the CIWMB, the City had a 50 percent diversion rate in 2002, which is the most recent CIWMB approved data posted. The City's Annual Report for 2004 indicates that 54 percent of the solid waste was diverted.

The City has varying rates for residential solid waste services, which are dependent upon the type of residence (e.g., single-family, multi-family, low-income). Commercial rates are based on the larger refuse bin size and by number of pickups per week. Morgan Hill adopted a 3.29 percent rate increase to all of their services effective on October 1, 2005. The new rates are listed in Table 5.C, which provides a comparison of City solid waste service rates.

Table 5.C: Monthly Solid Waste Rates

	Morgan Hill	Milpitas	Santa Clara
Residential			
Single-Family	\$21.82	\$23.55	32 gallon can at \$13.25
Low Income	\$17.46	—	—
Side/Backyard Service	\$8.85	—	—
Commercial			
	\$13.65–\$2,642.75 Dependent on size of bin and number of pickups per week	\$25.51–\$1,636.68 Dependent on size of bin and number of pickups per week	\$8.53–\$1,889.67 Dependent on size of bin and number of pickups per week

5.5 PARK AND RECREATION SERVICES

The City of Morgan Hill provides park and recreational services to its residents. The City's existing park and recreational facilities are listed below in Table 5.D.

Table 5.D: City of Morgan Hill Park and Recreational Facilities

Facility and Location	Amenities	Acreage
Community Park 225 W. Edmundson Avenue	Play equipment, picnic areas, restrooms, ball fields, horseshoes pits, tennis courts, pond	24.38
Galvan Park/Friendly Inn/Senior Center Crest Avenue	Play equipment, picnic area, restrooms, ball field, handball, soccer fields, senior center	8.00
Diana Park Diana Avenue	Play equipment, picnic area, basketball court	3.08
Oak Creek Park Prancer Court	Play equipment, picnic area, horseshoes pits, basketball, tennis courts	3.50
Nordstrom Park Murphy Avenue	Play equipment, picnic area	4.57
Paradise Park LaCrosse Drive	Play equipment, ball field, exercise course, trail link to Llagas Creek	15.00
Belle Estates Park Calle Caballeria	Play equipment	0.46
Conte Gardens Park Conte Way	Play equipment, picnic area, basketball court	0.50
Diana Estates Park Diana Avenue	Tennis court	0.50
Fox Hollow Park Fox Hollow Circle	Play equipment, picnic area, basketball court	0.20
Hamilton Square Park Via Corfinio	Play equipment, picnic area, basketball court	0.57
Howard Weichert Park Via Del Castille	Play equipment, basketball court	0.90
Jackson Park Trail Drive	Play equipment, picnic area	1.30
La Grande Estates Park Via Castana Drive	Bench, grassy area	0.10
Mill Creek Park La Arboleda Way	Play equipment, picnic area	0.93
Murphy Springs Park Murphy Springs Court	Play equipment, picnic area	0.49
Rose Haven Park San Ramon Drive	Play equipment	0.65
Sanchez Park Sanchez Drive	Play equipment	0.41
Stone Creek Park	Play equipment, picnic area	0.95

Facility and Location	Amenities	Acreage
Morgan Hill Aquatic Center 16200 Condit Road	50-meter olympic pool, two water slides, play pool, spray ground, locker rooms	8.00
Morgan Hill Community and Cultural Center 17000 Monterey Road	Amphitheater, kitchen, playhouse, recreation facility, water play feature, meeting and arts and crafts rooms	3.00
Total		77.49

The City also has several future facilities including the following:

- Indoor recreation center: will be located adjacent to Community Park on Edmundson Avenue on a 9-acre parcel. The recreation center will include an indoor pool, locker rooms, fitness rooms, a gymnasium, a senior computer room, a senior game room, a youth game room, and a kitchen. The facility is scheduled to open in September 2006.
- Sports complex: will be 38-acres and located on Condit Road at the site of the existing soccer complex. The complex will include four softball fields, four baseball fields, six soccer fields, six sand volleyball courts, batting cages, a playground, and picnic area. This facility is still in the early stages of development and will be developed in five phases. Phase one design development and construction documents are scheduled to be completed in 2006.

The City's park development impact fee is based on a standard of 3 acres of parkland per 1,000 population and 3.36 persons per dwelling unit. However, the City's objective is to provide 5 acres per 1,000 population. Based upon the parkland listed above in Table 5.D and the California Department of Finance 2005 population data for the City (36,423), the City currently provides 2.13 acres of parkland per 1,000 population. Upon completion of the indoor recreation center and sports complex the City will provide approximately 3.20 acres per 1,000 population. The FY 2005–2006 Operating and CIB states that the City of Morgan Hill is actively working to increase the amount of parkland within the City. This is evidenced by the development of the Indoor Recreation Center and Sports Complex that are listed above.

In addition to the City's parks, several County park facilities are located in and near the City. These parks supplement the facilities that are provided by the City. These County Parks are detailed below in Table 5.E.

Table 5.E: County Parks Within Or Near Morgan Hill

Park and Location	Amenities	Acreage
Anderson Lake County Park 19245 Malaguerra Avenue Morgan Hill	Reservoir, Coyote Creek Parkway, multiple-use trails, equestrian staging area, nature trail, Jackson Ranch historic park site, Moses L. Rosendin Park, Burnett Park area, picnic facilities, rest areas	3,109
Coyote Lake-Harvey Bear Ranch County Park 10840 Coyote Lake Road Gilroy	635-acre lake, boat launch facilities, visitor center, 75 family picnic sites, campground with 74 reservable sites and associated facilities, 13 miles of multiple-use trails	4,595

Park and Location	Amenities	Acreage
The Calero County Park 23201 McKean Road San Jose	Reservoir, picnic areas, barbecues, 18.6 miles of trails, horse stables	3,476
The Chesbro Reservoir County Park Oak Glen Road Morgan Hill	Reservoir	216
Uvas Reservoir 14200 Uvas Road Morgan Hill	286-acre man-made reservoir	626
Uvas Canyon County Park 8515 Croy Road Morgan Hill	6 miles of hiking trails, picnic sites, 25 campsites	1,133
Mt. Madonna County Park 7850 Pole Line Road Watsonville	118 campsites, 14 miles of trails, picnic areas, amphitheater, archery range	3,688
Santa Teresa County Park 260 Bernal Road San Jose	Santa Teresa Golf Club, equestrian staging area, picnic areas, Bernal-Gulnac-Joice Ranch and Santa Teresa Springs, archery range, 18 miles of trails	1,627
Almaden Quicksilver County Park Park South San Jose	34.2 miles of trails, picnic areas	4,147
The Motorcycle County Park 300 Metcalf Road San Jose	Over 20 miles of OHV trail and tracks, picnic areas	459
The Field Sports County Park 9580 Malech Road San Jose	Firing range	

Recreation

The City provides recreation programs to residents of all ages. The City publishes a recreational brochure several times per year. The brochure provides a comprehensive listing of all programs. The types of programs that the City offers are as follows:

- Youth art and theater
- Youth music
- Youth enrichment programs
- Youth camps
- Cheerleading and dance
- Youth and adult fitness
- All ages sports camps

- Adult art
- Family enrichment programs
- Adult dance and music
- Adult sports
- All ages aquatics classes

5.6 STORM WATER DRAINAGE SERVICES

The City of Morgan Hill operates its own storm drainage system within the City that flows into existing channels and detention ponds. The detention ponds are individually owned and maintained by private development, the City, or the Santa Clara Valley Water District.

The City is divided into several drainage areas. Each drainage area consists of a combination of different drainage facilities as necessary. The storm water runoff from these areas is collected and ultimately discharged into creeks that flow through the City and are tributary to either Monterey Bay or San Francisco Bay. The drainage areas include Coyote Creek, Fisher Creek, Tennant Creek, Madrone Channel, Butterfield Channel, West Little Llagas Creek, and Llagas Creek.

The City's current development approval process requires developers to construct storm drainage facilities (pipelines, ponds, pump station) as part of their proposed developments. Additionally, new subdivisions are required to construct interim or permanent site retention and detention ponds to limit the amount of storm runoff.

Recognizing the importance of planning, developing, and financing storm drainage system facilities, the City has implemented and adopted several Storm Drainage Master Plans over the years to guide future system extensions and upgrades. The most recent Master Plan was adopted in 2002. The analysis of the City's storm drainage system within the Master Plan indicates that the City has a system of retention and detention ponds that were well planned to meet the City's drainage needs.

The Master Plan recommends several improvements that are needed to enhance the City's drainage system capabilities as new areas develop. The vast majority of the proposed projects consist of new or increased capacity pipelines and new ponds in currently undeveloped areas. The recommended improvements are phased to provide additional capacity to the system before the anticipated developments occur. The City is currently planning the construction of many of the recommended storm drainage enhancements. The Master Plan includes a CIP and cost estimates to provide guidance in project evaluation and implementation.

5.7 LAW ENFORCEMENT

The Morgan Hill Police Department provides law enforcement service to the City. The Police Department also coordinates the City Office of Emergency Services and manages the City's Animal Control Program. The City opened a new police facility in June 2004. The new facility is located at 16200 Vineyard Boulevard.

Currently, the Department employs 35 authorized sworn police officers, 20 full-time and 5 part-time civilian employees, 3 volunteer reserve officers, and 11 civilian volunteers. The Department is comprised of three Divisions:

- **Patrol Division:** Officers in this Division are assigned to teams that work a combination of 10- and 12-hour shifts for 80 hours every 2 weeks. This provides for a patrol system with a minimum of 1 supervisor and 3 officers and a maximum of 1 supervisor and 5 officers to accommodate peak activity periods.
- **Police Special Operations:** This Division provides specialized, nonpatrol police services to the community, including the investigation of major crimes and coordinated special enforcement. The Division consists of one police sergeant, two police officers assigned as investigators, two School Resource Police Officers, one officer assigned to special enforcement activities such as gangs and narcotics, one officer assigned to a regional auto theft task force, and one community services officer who provides crime prevention and vehicle abatement services.
- **Police Support Services:** Members of the Police Support Division provide records, communications, evidence, and information management support. The Department operates a 911 Public Safety Answering Point communications center that is responsible for dispatching 24-hour police service and Public Works personnel during nonbusiness hours.

In FY 2004–2005, the Department responded to approximately 32,000 self-initiated calls for service and responded within five minutes to all life-threatening calls. The Police Department determines adequate service levels by evaluating a number of factors, including the number of officers and population of the City, the average time to respond to service calls, and the ratio of sworn officers to calls for service. Historically, an average of 900 calls or events per sworn officer per year has provided fair levels of service. To supplement services as high-demand situations arise, the Department has mutual aid agreements with all of the surrounding law enforcement agencies: Santa Clara County Sheriff's Department, San Jose Police Department, and the City of Gilroy Police Department.

Along with the FY 2005–2006 budget, the City adopted a Police Department Reorganization Plan. The objective of the plan is to enhance the Department's capacity for problem solving; improve the development and retention of staff; improve traffic enforcement capabilities; strengthen relationships with the schools; and develop a regular reporting process to support these changes. The reorganization includes the following changes:

- A new Sergeant's position in the Special Operations Division with responsibilities that include management of special events and direction and guidance to Detectives, School Resource Officers, Crime Suppression Officers, and the Community Services Officer.
- A new Communications Supervisor position in the dispatch center.
- A new Motorcycle Traffic Enforcement program in the Field Operations Division to better detect and cite traffic violators
- An increased Police Reserve program to provide support to uniformed officers due to staffing challenges. Support is provided in crime investigations, training commitments, and special events.

After implementation of this reorganization, the Department will have five Sergeants instead of the current four, four Corporals instead of the current five, and one Supervisor in Dispatch Services but no Lead Dispatcher. The Department staffing levels would remain constant.

Due to budget constraints, the Department has been directed to avoid layoffs but reduce the FY 2005–2006 budget by \$76,676. This is being accomplished by elimination of the Police K-9 program that costs approximately \$26,600 annually; reduced firearms and defensive tactics training from three sessions per year to two sessions for a savings of approximately \$11,800; and reduced SWAT and Hostage Negotiator training from 12 sessions to 6 per year for a savings of \$28,000.

5.8 LIBRARY SERVICES

Library services within the City are provided by a joint effort between the City and Santa Clara County Library. The City provides the library facility and the County Library operates, staffs, and supplies the materials for the library. The County Library owns all furniture and equipment within the library, including shelves, desks, chairs, computers and peripherals, telephones, security gates, self-check machines, and the collection of books and other materials. Due to funding issues, in 2004 the County Library cut library hours and closed all of its branches every Monday.

The existing library within the City was built in 1973 and is currently inadequate to meet the needs of Morgan Hill. The City is in the process of developing a new facility. The new facility will be 28,000 square feet and will be located at the Civic Center site. Construction is scheduled to begin in April 2006 and be completed in April 2007.

5.9 SERVICE REVIEW DETERMINATIONS FOR THE CITY OF MORGAN HILL

The Service Review guidelines prepared by the State Office of Planning and Research recommend that issues relevant to the jurisdiction be addressed through written determinations called for in the CKH Act. The following written determinations for the City are based on the above information.

Infrastructure Needs and Deficiencies

1. The Holiday Lakes Subdivision is the only significant area outside of the City limits that is served by the City's wastewater system. Over 100 properties within this subdivision are utilizing old septic systems. An interagency effort is currently being conducted with the expectation that a sewer engineering and assessment district formation study would be completed that would allow for the extension of the City's sewer system.
2. The analysis within the City's Wastewater Master Plan indicates that the sewer collection system was well planned to meet the needs of existing customers. In addition, in anticipation of future growth, the City has planned and constructed sewer facilities in conjunction with new street construction.

3. The City's Wastewater and Storm Water Drainage Master Plans evaluate the build out conditions of the existing UGB. The Plans include proposed projects to accommodate future growth within the City's UGB. The majority of these proposed projects consist of new or increased capacity facilities that are needed to extend service to currently undeveloped areas.
4. All of the City's Master Plans include CIP and cost estimates to provide guidance in project evaluation and implementation.
5. The City currently has 1.83 acres of parkland per 1,000 population. The City has stated that it is actively working to increase the amount of parkland within the City. In addition, there are several County park facilities that are located within the City and supplement the City facilities.
6. The City has implemented and adopted a Storm Drainage Master Plan to guide future system extensions and upgrades. The Master Plan analysis indicates that the City has a system of retention and detention ponds that were well planned to meet the City's drainage needs.
7. The City's existing library is inadequate to meet the needs of Morgan Hill. The City is in the process of developing a new facility. Construction is scheduled to begin in April 2006 and be completed in April 2007.

Growth and Population

1. A large amount of vacant land exists within the Morgan Hill UGB. The City is currently absorbing an average of 73 acres per year of vacant lands. Based upon this absorption rate, it is expected that vacant land inside of the UGB will be sufficient to meet the City's expected development until at least 2020.
2. The City has a voter-approved Residential Development Control System that limits the number of new homes to 250 units per year and restricts the extension of the City's USA. Hence, the City's growth is largely determined by this system.

Financing Constraints and Opportunities

1. The City maintains budgetary control through monthly reports of revenue and expenditure accounts. These reports are reviewed by the City Manager, each Department Director, the City Council, and the Audit and Finance Committee. In addition, a mid-year budget review and adjustment process is completed each January and submitted to the Council for review and approval in February.
2. The City is currently faced with budgeting challenges. Over the past three years, General Fund reserves have been used to balance the budget. In the current fiscal year, it will be necessary to use \$1.4 million of reserves.
3. Due to financing constraints, the Police Department has been directed to reduce the Department's budget significantly. This is being accomplished by elimination of the Police K-9 program and a reduction of officer training.

4. To provide funding for services, the City applies and receives numerous grants.

Cost-Avoidance Opportunities

1. The City adopted a Sustainable Budget Strategy in January 2004, in addition to reducing expenditures, in an effort to eliminate any unnecessary costs.
2. In order to offset the costs related to new development, the City assesses numerous development impact fees. Developers are responsible for paying an equitable cost allocation for the infrastructures needed to extend service from their developments to the City's existing facilities.
3. The City has adopted several financial policies, which provide that services and supplies would be obtained at the lowest possible cost.
4. The City is a member of a self-insured risk pool that helps to lower the cost of providing insurance.

Opportunities for Rate Restructuring

1. The City regularly reviews rates for services and increases them as necessary in order to cover the costs of service provision and provide for infrastructure upgrades.
2. The City's rates for wastewater and solid waste services are comparable to those of nearby cities.

Opportunities for Shared Facilities

1. The City partners with several agencies and organizations in order to provide services in a cost-effective manner. These partnerships allow for the provision of more facilities and services than would be possible without the partnerships.
2. The Joint Exercise of Powers Agreement between Gilroy and Morgan Hill for the ownership and operation of the wastewater treatment plant and Joint Trunk sewer provides both Cities the ability to adequately provide for wastewater services while sharing the costs of the facilities. The Cities are planning to cooperatively expand the facilities as necessary.

Government Structure Options

1. In order to assist in the provision of adequate wastewater services to the Holiday Lakes Estates Unit 1 area, the City has expanded the USA to include this area. The inclusion of this area into the USA allows the City to annex Holiday Lake Estates Unit 1 area as an unincorporated island and provide urban services.
2. The City Council has approved the initiation of the process to annex all of the remaining unincorporated island areas.

Evaluation of Management Efficiencies

1. The City achieves management efficiencies in various ways. The cooperative method of facility provision such as library and recreation facility provision and sharing the wastewater treatment plant provides for both operational and management efficiencies.
2. The City's Sustainable Budget Strategy provides for efficient management, efficient service provision, and cost avoidances.

Local Accountability and Governance

1. The City provides information about activities by televising City meetings on Morgan Hill's Channel 17, maintaining the City's website, and publishing a newsletter several times per year.

5.10 SOI RECOMMENDATION FOR THE CITY OF MORGAN HILL

Current SOI Boundary

In January 1985, LAFCO established the Morgan Hill SOI Boundary. The City's SOI Boundary was delineated to be considerably larger than the City's General Plan Planning Area in order to include existing scattered residential uses that are located outside of areas planned for within the City's existing General Plan. LAFCO determined that the clearest way to define a logical SOI Boundary for Morgan Hill was to include all areas located between the existing City limits within the City's SOI Boundary, in order to eliminate any future service inefficiencies and duplications, and to promote orderly development and growth of the City. Therefore, LAFCO concluded in 1985 that the City's SOI Boundary was not a commitment to staging urban expansion but rather a planning tool for LAFCO to use as a framework in considering expansion actions. The City's SOI Boundary also includes areas in which the City and the County have shared interests in preserving non-urban land uses. Since 1985, Morgan Hill's SOI Boundary has remained significantly unchanged.

SOI Boundary Recommendation

It is recommended that LAFCO reaffirm the City of Morgan Hill's existing SOI Boundary because the City of Morgan Hill's SOI Boundary serves multiple purposes including serving as:

- A long range planning tool to help LAFCO evaluate USA boundary changes and annexation requests.
- Areas in which the Morgan Hill and the County may have shared interests in preserving non-urban levels of land use. Specific examples include the Paradise Valley Area, the San Bruno Canyon Area, some agricultural lands on the valley floor, and the foothills and ridgelines surrounding the City. Furthermore, both the City and the County share a mutual interest in protecting viewsheds and natural resources, as well as, enhancing greenbelt areas.

- Areas where Morgan Hill and the County have significant interaction. A specific example of such interaction includes areas where the City receives discretionary planning application referrals from the County.
- Areas that contain social or economic communities of interest to Morgan Hill such as areas within the City's jurisdiction and urbanized communities adjacent or near the City (e.g. Holiday Lake Estates Unit 1).

Although the City of Morgan Hill adopted a 20-year UGB in 1996, which is intended to represent the 20-year limit of the City's urban development and although the City is currently in the process of adopting an Urban Limit Line which is intended to reflect the City's long-term policy for growth beyond the 20-year timeframe of the UGB, the City's existing SOI boundary continues to perform several important functions as discussed above. Therefore, it is recommended that LAFCO re-affirm the City of Morgan Hill's existing SOI boundary. In making this recommendation, it should be made clear that inclusion of an area within the City's SOI boundary should not necessarily be seen as an indication that the city will either annex or allow urban development and services in the area. The City's USA boundary is the more critical factor considered by LAFCO and serves as the primary means of indicating whether the area will be annexed and provided urban services.

Lastly, proponents for the incorporation of San Martin identified some potential minor modifications to Morgan Hill's SOI Boundary during the Service Review and SOI Recommendation process. However, these minor modifications relate directly with the potential incorporation boundary for San Martin and will be considered at a later time in conjunction with a potential San Martin incorporation proposal.

5.11 SOI DETERMINATIONS FOR THE CITY OF MORGAN HILL

As detailed in Section 1.1.2, Government Code Section 56425 requires written determinations with respect to the following four factors to update an agency's SOI. Based upon the information above, the following determinations are provided to update the City's existing SOI.

1. The Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

Land located within the Morgan Hill SOI Boundary but outside its City limits is designated as either open space or rural county. Lots with the rural county designation generally are 5–20 acres in size with one single-family home and/or agricultural operation per parcel. Five acres is generally the minimum acceptable lot size for new development.

The City of Morgan Hill is a largely residential community. The City is characterized as semi-rural with residential, agricultural, and commercial uses. A large amount of vacant land currently exists within the City's UGB. Planned land uses within the City limits and UGB are similar to that of the existing City.

Finding: A variety of urban uses are planned within Morgan Hill's USA Boundary and Morgan Hill's UGB. However, both the County and the City's General Plans call for the continuation of non-urban uses beyond these boundaries.

2. Present and Probable Need for Public Facilities and Services in the Area

The City is expected to experience modest growth through continued implementation of the City's Residential Development Control System. Similarly, the need for a full range of public facilities and services is expected to grow modestly in the future.

However, there is a low probable need for public facilities and services within the City's existing SOI area because (1) the City's Residential Development Control System limits the ability of the City to apply for an extension of the City's USA; (2) the City has adopted a 20-year UGB that does not substantially extend into the existing SOI; and (3) the City is currently proposing to adopt an Urban Limit Line that, in most areas, closely follows the existing UGB.

Finding: The type of public services and public facilities required in the proposed Morgan Hill SOI will not change, although the level of demand will increase modestly.

3. Present Capacity of Public Facilities and Adequacy of Public Services That the Agency Provides or Is Authorized to Provide

The properties within the City receive a full range of public services from the City. For the most part, the present capacity of public facilities appears to be adequate. However, the adequacy of park facilities is limited due to the City having a low amount of parkland acres per capita and the existing City library is inadequate to meet the needs of the community. Also, wastewater infrastructure upgrades are needed in the unincorporated portion of Holiday Lake Estates Unit 1 area that is located within the Morgan Hill SOI Boundary. The City has requested that unincorporated property owners in Holiday Lake Estates Unit 1 area fund wastewater infrastructure upgrades through the formation of a sewer assessment district before the City will annex Holiday Lake Estates Unit 1.

Finding: The present capacity of public facilities and public services is generally adequate. However, City park facilities are limited due to the low amount of parkland acres per capita, the existing City library is inadequate to meet the needs of the community, and new wastewater infrastructure and upgrades are needed in the unincorporated portion of Holiday Lake Estates Unit 1 area.

4. Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency

Holiday Lake Estates Unit 1 is located within the City's USA, and within the current and proposed City SOI Boundary. The City of Morgan Hill has agreed to annex the area contingent on the unincorporated property owners in Holiday Lake Estates Unit 1 forming and funding a sewer assessment district in order to finance City sewer extension to the area. The City is currently providing water service to the entire area and wastewater services to some properties within this area. Hence, Holiday Lake Estates Unit 1 is considered both an economic and social community of interest.

In addition, other small, low-density developed areas exist within the City's SOI and outside of the UGB. These areas are located between incorporated City areas and either the Anderson Reservoir or unincorporated hillsides. Due to the location of the existing development, the residents of these areas must utilize City streets to travel to and from their homes. Therefore, these areas are an economic and social community of interest.

Finding: There exist social and economic conditions that cause interaction and interdependence between the City of Morgan Hill and the areas proposed as its SOI.