



CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT

MEETING DATE: June 3, 2020

PREPARED BY: Edith Ramirez, Economic Development Director
APPROVED BY: City Manager

APPROVE ECONOMIC DEVELOPMENT RECOVERY PLAN

RECOMMENDATION(S)

Approve the recommended Economic Development Recovery Plan.

COUNCIL PRIORITIES, GOALS & STRATEGIES

2020-2021 Strategic Priorities

Economic Development

Financial Sustainability

Transportation

GUIDING DOCUMENTS

Downtown Specific Plan

Economic Blueprint

General Plan/Housing Element

REPORT NARRATIVE:

On May 20, 2020, the City Council provided direction to the City Manager to take immediate action and implement an economic recovery plan to employ strategies recommended by staff as well as incorporate comments provided at the Council meeting.

This report outlines an economic recovery plan that takes immediate action to respond to the needs of Morgan Hill's businesses, while at the same time continues to execute strategies that support fiscal sustainability.

On May 29, 2020, the City Manager and City Attorney announced actions exercising their discretion to ease enforcement of certain City regulations in order to encourage economic activity and to speed up recovery from the shelter in place orders. Specifically, they have:

1. Suspended enforcement of minimum parking requirements in shopping centers and commercial districts to allow the use of outdoor areas for retail merchandise and pick-up, and for expanded restaurant space.
2. Suspended enforcement of limitations on hours of operation in order to allow commercial and industrial operations to continue with social distancing—this suspension does not apply to hours of operation for bars and restaurants that serve alcohol.

3. Suspended enforcement of construction hours beginning at 6 a.m. to 8 p.m. Monday through Saturday for certain large construction projects, except in public rights-of-way. Home remodels in residential neighborhoods are not included.
4. Created streamlined processes to modify design review approvals for projects impacted by COVID-19. This will allow developers to value-engineer approved projects and to modify designs to allow social distancing. Fees for this streamlined process will be waived.
5. Created a streamlined process for encroachment permits to allow the use of City rights-of-way and other public spaces to expand retail and restaurant operations to allow social distancing. Fees for this streamlined process will be waived.

In addition to these actions, the City is actively preparing additional economic recovery tools:

A. The City is developing a “**Morgan Hill Ready**” handbook with protocols and strategies for reopening by industry. The handbook will be mailed to every business that holds a business license, distributed electronically, and posted on the City’s website.

B. The City is developing a “**Morgan Hill Dine al Fresco**” guide for restaurants with information about how to obtain a temporary encroachment permit for City-owned/regulated sidewalks and streets from the City and amend necessary permits from the County Health Department and Alcoholic Beverage Control (ABC). This will allow restaurants to meet physical distancing requirements by expanding their footprint outdoors onto private outdoor spaces or City’s public right-of-way, like sidewalks or on street parking spaces. This authority does not override private property CCR’s where applicable.

C. The City will implement a “**Morgan Hill Open for Business**” comprehensive preliminary review with representatives from Fire, Police, Planning, Building, Engineering, Housing, Economic Development, and Public Services the first Monday of the month, starting in July. This once-a-month meeting will provide businesses an opportunity to ask questions and get immediate feedback on conceptual plans to identify potential issues or concerns and receive direction at the early stages of project design.

D. The City will modify the City’s **Parklet Pilot Program** to ease requirements and expectations of parklets, allowing businesses to utilize their adjacent parking space for business expansion. The businesses will be required to use an approved traffic safety device to create a barrier to protect space users from vehicles and comply with ADA requirements without having to build a deck. City staff is currently exploring the costs associated with purchasing a large quantity of traffic safety devices as the City may be in the best position to quickly acquire the required devices, and obtain them for a better price (buying bulk). Should the City invest in these barriers, the City can always use them and repurpose them for other activities such as events and street improvements.

E. The City will work with partners to develop and implement a **Buy Local Campaign** creating awareness of local retailers and goods to encourage local spending.

F. The City will review freeway sign regulations and identify improvements to support existing and new commercial development.

G. The City will develop design guidelines for new developments to require construction of telecommunications facilities and wireless technology in new developments.

H. The City is reaching out to all shopping center owners to inform them of the suspension of enforcement of parking and other regulations that interfere with the ability to use outdoor spaces for retail and restaurant space.

I. The City will work with property owners that have vacant storefronts and match spaces with retailers that are looking for opportunities to create displays to promote their business. This will provide retailers that lost their space or do not have brick and mortar presence to have a window presence while at the same time provide an opportunity to activate dark spaces.

J. The City will work with community partners and event organizers to develop and execute events that meet physical distancing requirements.

K. The City will work with property owners and artists to identify opportunities for murals throughout the City. The City will match interested artists with property owners interested in beautifying their blank walls.

L. The City will apply for federal grant dollars through the EDA CARES Act to enhance telecommunications capacity, with the goal of expanding infrastructure to residential and commercial areas in Morgan Hill by leveraging the City's service contract for City facilities.

M. The City will prioritize tenant improvement applications for companies needing to rearrange equipment and change layout to meet physical distancing requirements.

N. The City will implement a business retention program, with immediate outreach to the top 100 employers and top 100 sales tax generators with a focus to ascertain the business' immediate two-year plans, and develop a "lease term-expiration" schedule to support future retention efforts.

O. The City will reach out to the Downtown property and business owners for the purpose of creating a Business Improvement District (BID) for property improvements, marketing, and promotion for Downtown. If there is sufficient support, the City will provide a loan to hire a consultant to initiate engineering documents and hold an election, similar to the process used for the creation of the Tourism Business Improvement District.

P. The City will cease temporary permit requirements of City-owned parks use by fitness and recreation businesses, allowing businesses that hold a current business

license and currently own or lease commercial space to use park facilities as long as their fitness/recreation classes do not conflict with State or County SIP orders.

In addition to these activities, the City will continue to provide COVID-19 crisis management support to businesses by:

1. Collecting and disseminating important information to employers and employees, through the City's website, the City's 411 e-blast, Choose Morgan Hill's business resources newsletters and through social media platforms and through community partners.
2. Continuing business outreach to large and small businesses throughout the entire city.
3. Continuing to work with the development community to assist projects under construction that are impacted by the economic crisis.
4. Providing technical and financial resources in partnership with the Grow Morgan Hill Fund, the Small Business Development Center, Silicon Valley Strong, and local community partners.

On June 3, the City Council will also receive a report on:

1. Monterey Road Complete Streets/Lane Reductions that would consider repurposing a traffic lane and on-street parking along Monterey Road through Downtown to create a more walkable, bikeable Downtown while at the same time creating more space for retailers, restaurants, and;
2. Staff comments on the High-Speed Rail Environmental Impact Report/Study (EIR/S)

At the June 17, 2020 meeting, staff will bring forward a policy recommendation for the City's Impact Fee Freeze program to formalize it. To expedite the completion of the Industrial Preservation Policy and the Retail Concentration Policy, staff has engaged the services of the Urban Land Institute (ULI) San Francisco. ULI will assemble a Technical Assistance Panel (TAP), an expert panel of unpaid volunteers from the 2,300+ ULI members in the San Francisco District Council chosen specifically for this assignment.

The TAP is scheduled to meet for three days (June 10-12) and provide the City of Morgan Hill tactical strategies to support the City's industrial preservation and retail concentration policies. The TAP will present their recommendations on June 12 and the meeting will be made public, the session will be recorded and shared on the City's website. Staff will present policy recommendations to the Planning Commission and City Council in July. No industrial or commercial conversions will be presented to Planning Commission or City Council for approval until the City has approved Industrial Preservation and Retail Concentration policies.

Finally, the economic development staff will continue negotiations with Wave Broadband to service City facilities and explore enhanced connectivity to residential and commercial neighborhoods. Staff will schedule a workshop with the Council in early Fall once more details of a potential service partnership have been further detailed.

Staff will continue the on-going conversations with the County of Santa Clara regarding their plans to revitalize the DePaul Health Center, consider updating the Healthcare Market and Service Needs Study, and work with other healthcare providers to facilitate expansion of healthcare services in Morgan Hill.

COMMUNITY ENGAGEMENT: Collaborate

Community outreach during the pandemic has been done through the City's 411 e-blast, direct phone calls, a post card to all businesses, newsletters, email communications, and Business Resiliency Roundtables. This report serves to inform the Council and community on potential next steps.

The City held a Community Townhall meeting on May 21, 2020 and a Planning Commission workshop on May 26, 2020, dedicated to generating ideas for economic recovery.

ALTERNATIVE ACTIONS:

The Council may choose to cut economic development's programming budget and limit work program activities.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

In 2017, the City Council approved the Economic Blueprint that provides direction on the priorities for the Economic Development work program.

On May 6, 2020, City Council directed staff to develop recommendations for an economic recovery plan that responds to the needs of the local business community; Staff discussed economic recovery ideas at the May 20, 2020 Council meeting.

FISCAL AND RESOURCE IMPACT:

Instead of making the adjustment to the Economic Development budget as recommended at the May 15 Council Budget Workshop, to remove the Economic Development Fellow, as well as contractual services and supplies, no budget reductions will be implemented and monies will be repurposed to implement the recommendations in this report (excluding the Monterey Road Complete Streets/Lane Reductions which will be evaluated separately and the PBID implementation). An additional \$45,000 will be added to the Economic Development budget to support the PBID formation (temporary loan). These changes will be included in the budget that will be presented to the City Council for adoption on June 17. Also, Economic development will receive additional staff support from current Morgan Hill teammates to help execute the COVID-19 pandemic crisis management and recovery plans recommendations.

CEQA (California Environmental Quality Act):

Not a Project – the Economic Development work plan is an administrative activity of government that will not result in direct or indirect physical changes in the environment. While some projects on the work plan may result in changes to the physical environment, those projects will undergo appropriate environmental review on a project by project basis to meet CEQA requirements.