

Morgan Hill Historical Society

To preserve and share the history of Morgan Hill, and its environs, to inspire a sense of community.

Budget Workshop
AGENDA DATE: 05/15/2020
SUPPLEMENT # 7

May 14, 2020

To: Chris Ghione and City of Morgan Hill Budget Review Team

From: MHHS Budget Review Team

RE: Morgan Hill Historical Society (MHHS) Response Proposed Budget Cuts

Chris,

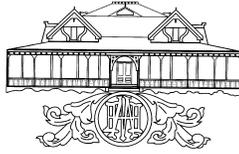
In response to Staff's much deliberated recommendation received from you today, I make this statement on behalf of the MHHS. The budget and partnership information we submitted to you on May 8th stands. The organization is going to have significant funding challenges, but we are committed to continue our work to maintain and operate Villa Mira Monte within budget limitations.

Given the City's growing deficit due to the COVID-19 crisis, Staff's proposed funding recommendation to be presented to the Council is very reasonable. Even dollar is precious in maintaining Villa Mira Monte as a community asset and educational resource. Any funding approved for the MHHS will be greatly appreciated and used to assist with essential maintenance and operational costs. We are scaling back on all non-essential activities and will comply with all County and City health guidelines for preventing the spread of COVID-19.

We are very thankful for the continued support we receive from the City Council and City Staff.

Best regards,

Kathy Sullivan, President



Morgan Hill Historical Society

To preserve and share the history of Morgan Hill, and its environs, to inspire a sense of community.

May 8, 2020

To: Chris Ghione and City of Morgan Hill Budget Review Team

From: MHHS Budget Review Team

RE: Morgan Hill Historical Society (MHHS) Response to the Economic Impact of Covid-19

Purpose: To report on MHHS's Budget Review Team's recommendation to its BOD of a revised budget for 2020-2021 reflecting the realities of both the near-term and long-term economic impact of Covid-19 on both entities revenues.

Over the past month, as the realization that Covid-19 was going to have an economic impact on the revenues of the MHHS, the Executive Committee in consultation with its Operational Directors have come up with the following findings:

1. Operating Revenue year over year will decrease by 40%-62%. In 2019 operating revenue was \$96,000, including the \$20,000 annual partnership contribution from the City. The 2020 revenue is projected to be \$37,000 (no City contribution) to \$57,000 (including \$20,000 annual contribution defined in the MOU with the City). The \$37,000 budgeted income equals the membership dues and contribution from the prior year and may be optimistic. The past recurring revenue items that will be lost in 2020 and possibly in 2021 are rental income of \$15,000, annual fund raisers (Teas and Boutiques) of \$32,000 and merchandise sales of \$1,000.
2. The MHHS has two primary responsibilities:
 - a. Maintaining the Villa Mira Monte Property (Hiram Morgan Hill House, Morgan Hill Museum, Centennial History Trail and grounds)
 - b. Maintaining and perpetuating the Morgan Hill Historical Society.
3. To that end after determining that revenue would be greatly reduced, we looked at the expense area of the income statement through the lens of minimum expenditures to sustain points 2a & 2b.
4. We are recommending to the Board of Directors for approval a budget with 2020 operational expenses of \$55,000, a reduction of \$24,000 from 2019's \$79,000. This is a significant reduction for an all-volunteer organization that has always operated at a bare bones" level.

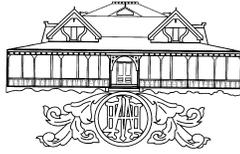
5. Therefore, the net impact:

	<u>2019 Actual</u>	<u>2020 w/ City Funds</u>	<u>2020 w/o City Funds</u>
Revenue	\$96,000	\$57,000	\$37,000
Expense	<u>79,000</u>	<u>55,000</u>	<u>55,000</u>
Net	\$17,000	2,000	-18,000

Best regards,



Kathy Sullivan, President



Morgan Hill Historical Society

To preserve and share the history of Morgan Hill, and its environs, to inspire a sense of community.

City of Morgan Hill Partnership Statement

May 8, 2020

The **relationship** of the MHHS and the City is **unique and special** to our community because it provides for the preservation of Villa Mira Monte (VMM), our City's most historic site, in a very cost-effective way. The two entities are further tied together as a result of the City's reversionary interest in VMM.

In 1986 the City of Morgan Hill acquired the historic landmark VMM with the home built by our City's namesake, as a community asset. The site is home to the historic 1884 Hiram Morgan Hill House. It was listed on the National Register of Historic Places on May 25, 1978, as a result it falls under the National Park Service and the Secretary of the Interior's guidelines and requires that the site be preserved in perpetuity for community educational and recreational benefit.

Due to the lack of City resources to renovate the badly deteriorating structure, it was boarded up and sat in ill-repair for 10 years. In 1993 the City offered the MHHS fee title to the site and a Redevelopment Agency (RDA) grant of \$350,000 to renovate the house and have it open to the public within 5-years. MHHS agreed and added supplemental funding to complete the work and opened the house for its first public event in 1998. In order for the City to protect the "communities' interest and investment" in the property it placed a condition in the title that gives the City of Morgan Hill a reversionary interest if the MHHS fails to maintain, protect and preserve the property and structure as an historic site.

In 2005 the Morgan Hill Museum (formerly the Acton Farm House, built on Warren Ave. in 1911 and moved to the Civic Center on Main Ave. in the early 1980's) was moved to VMM, renovated and reopened in 2006. The Centennial History Trail was built in 2006 in recognition of the City's 100th birthday on November 10, 2006.

The MHHS is an all-volunteer organization whose mission is to preserve and share the history of Morgan Hill, and its environs, and to inspire a sense of community. For the past 27-years the MHHS has successfully preserved, maintained and

17860 Monterey Road
P.O. Box 1258, Morgan Hill, CA 95038
408.779.5755
www.morganhillhistoricalsociety.org
Tax ID 94-2562450

operated Villa Mira Monte. VMM provides the ideal location to collect and share the stories of how our community developed into the City we love.

In 2012 MHHS approached the City to form a partnership whereby **the entire community**, through City funds, would share in funding for the site's preservation, maintenance and operation. In 2017 the City and MHHS entered into a Memorandum of Understanding defining a partnership whereby the City provides supplemental funding to support the preservation, maintenance and operation of the site. Because the MHHS is a non-governmental entity, consisting of all-volunteers, it can preserve, maintain and operate the site much more cost effectively than the City. The City has the ability to leverage the resources that MHHS brings to this partnership by providing nominal financial support.

It is anticipated that this Partnership will continue to be supported through City Council's allocation of City funds and support service.

Best regards,

A handwritten signature in blue ink that reads "Kathy Sullivan". The signature is written in a cursive, flowing style.

Kathy Sullivan, President