



Welcome to Morgan Hill!

ENGAGE MORGAN HILL

AUGUST 24, 2019

Economic Development

WHAT IS ECONOMIC DEVELOPMENT?

Sustained, concerted **actions** of policymakers and communities to promote the standard of living and **economic health** of a specific area. Actions include development of the **tax base**, human capital, critical **infrastructure**, regional **competitiveness**, environmental sustainability, social inclusion, health, safety, housing and literacy.

AGENDA

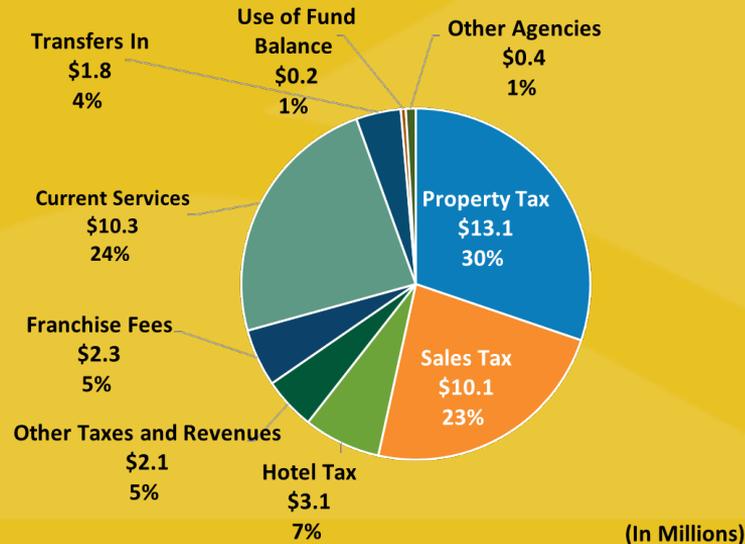
1. Understanding the landscape
2. Budget in Brief –through the lens of Economic Development
3. Policies
4. Marketing
5. Downtown
6. Tourism
7. Retail
8. Healthcare
9. Jobs



Questions?

BUDGET IN BRIEF

General Fund Budget: \$43.4 M



- Approximately \$30 M is discretionary
- 77% of GF discretionary revenues support public safety
- Economic Development directly impacts 65% of General Fund revenues
 - Property Tax: 30%
 - Sales Tax: 23%
 - Hotel Tax: 7%
 - Franchise Fees/Tax: 5%

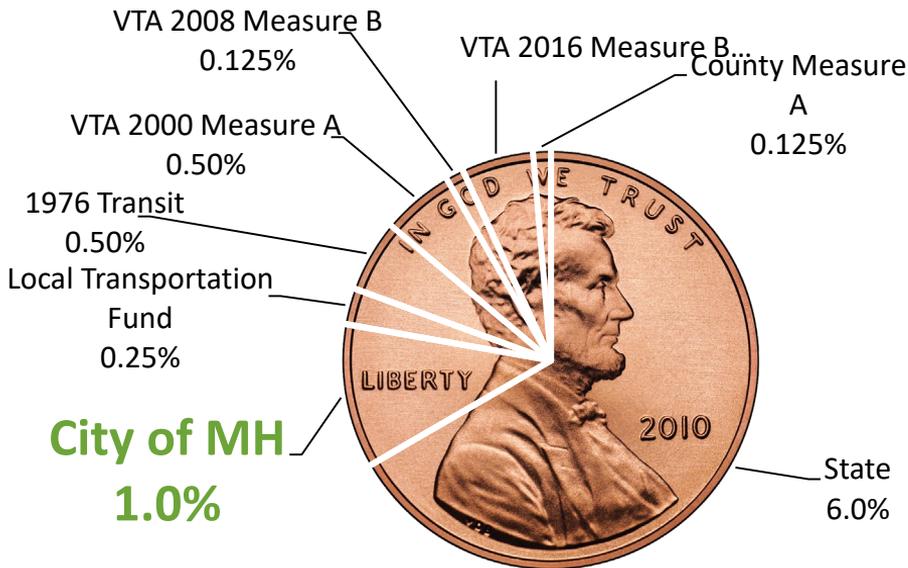
BENCHMARKING

- Creative partnerships that create financial and operational efficiency (Cal Fire, YMCA)
- Lowest tax collection per capita in Santa Clara County
- In the last 10 years, population has grown by approximately 7,000 residents, yet the City has fewer full-time employees than 10 years ago
- Good use of Redevelopment—but no longer an economic engine
- Paced Growth (RDCS), resulting in paced development with more amenities
- Leaders in water conservation, open space, and ag preservation

SALES TAX

23% OF GENERAL FUND (\$10.1 M)

Allocation of Sales Tax Rate (Current Sales Tax Rate 9.0%)



PROPERTY TAX

30% OF GENERAL FUND (\$13.1 M)

Morgan Hill Property Tax 1% Distribution



44%
School K-12

12%
County

11%
RDA
Excess

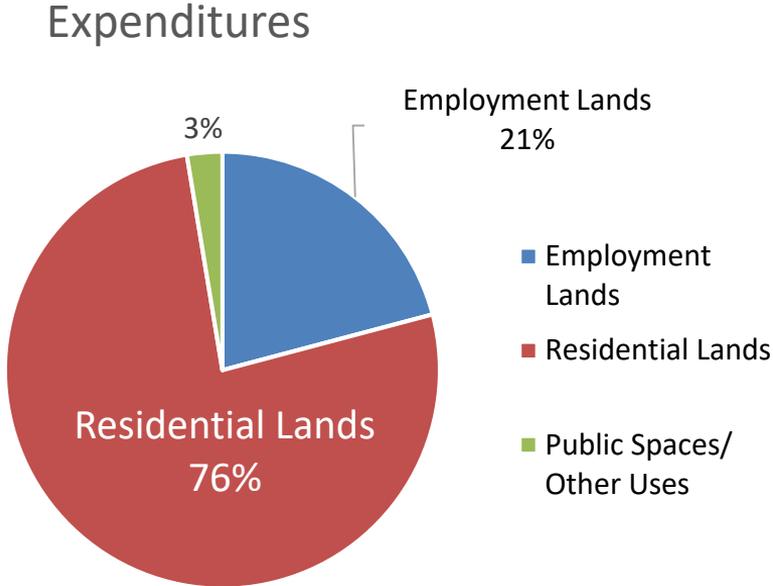
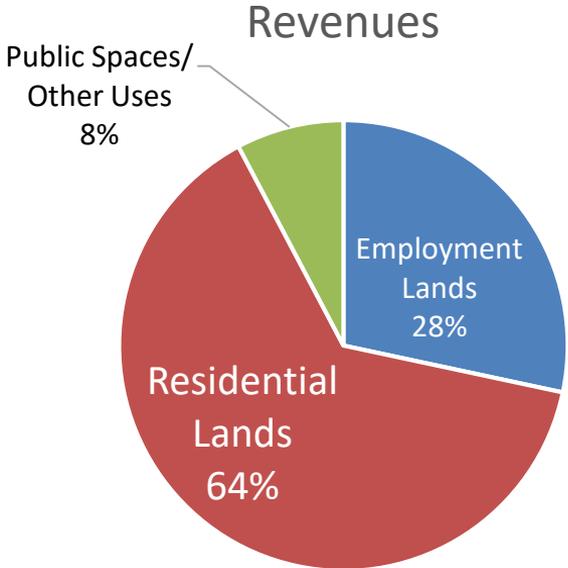
10%
City of
MH

7%
Comm.
College

6%
Special
District

10%
Other

CITY REVENUES TIED TO LAND USE



HOTEL TAX

7% OF GENERAL FUND (\$3.1 M)



- TOT Rate 11%
- TBID 1.5%
- 17 Facilities*
- 900 Rooms
- Only 6 hotels are categorized as upscale or upper mid-scale
- Two new hotels could generate additional \$800k annually

* Some are functioning as short-term, low income housing

Did you know?

Tax revenue from new businesses helps our community.



1 Hotel



1.5 Police Officers



1 Dealership



2.5 Police Officers



1 Costco



4.5 Police Officers





Questions?

HOW DO WE ATTRACT INVESTMENT?



GENERAL PLAN

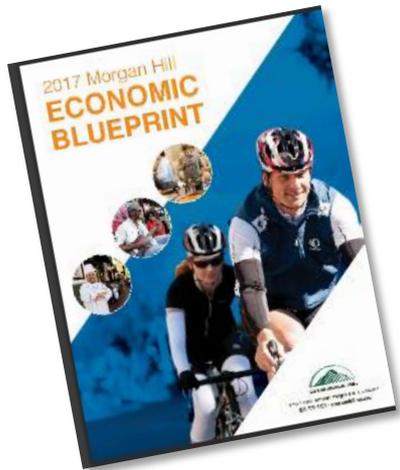
General Plan 2035--Economic Development Element

The Economic Development Element establishes policy guidance to support the community's economic well-being. Its strategies include diversifying the local economy, increasing the quality and quantity of available job opportunities, decreasing the need for commuting, creating a thriving Downtown, and enhancing Morgan Hill's appeal as a tourist destination.

- Develop & maintain high-quality public infrastructure & services
- Position Morgan Hill as a compelling choice for companies by providing flexibility
- Retain and attract businesses by providing a business-friendly climate
- Create fiscal sustainability by cultivating a diversified tax base
- Increase economic opportunity through a robust and diverse range of business activity

POLICIES

- ✓ Economic Blueprint
- ✓ Zoning Code Update
- ✓ Transportation (VTA, Caltrain, HSR)
- ✓ Telecommunications (Wireless, RFP)
- ✓ TOT Audit
- ✓ Tourism/TBID
- ✓ Business Incentives
- ✓ Downtown Specific Plan (parking, uses, parklets)
- ✓ Industrial Preservation
- ✓ Retail Concentration
- ✓ Dig Once Policy (telecommunications)
- ✓ Convenience Markets
- ✓ Downtown Improvement District



Economic Blueprint



Four Industry Areas



Innovation and Advanced Manufacturing
Grow existing companies, attract new industry and grow professional jobs.



Retail
Grow retail offerings and strengthen commercial nodes.



Tourism
Grow leisure, agriculture, wine country and recreational tourism.



Healthcare
Grow and foster the medical service and diagnostics industry by attracting services and facilities.



Questions?

MARKETING

Things to overcome

Industrial

- Secondary Market
- Low Rents
- Green Belt
- Cost of Greenfield Development

Retail

- Small Population
- Shared Trade Area
- Residential Growth Control
- Cost of Greenfield Development

MARKETING

What are we solving for?

A new look, a
new voice for
Economic
Development



Love where
you work.

Morgan Hill is a vibrant and growing community 30 minutes from the San Jose International Airport, and one of the last untapped opportunities in Silicon Valley.

Businesses love Morgan Hill, and we love them right back: the established, the emerging, the expanding and the entrepreneurial. We don't just welcome new businesses, we actively work to support them with a pro-business, pro-development environment. With our business-friendly zoning and public policies, you'll have a partner in your corner working to make it easy every step of the way.

MARKETING

What are we solving for?



Rare sighting in Silicon Valley:

Enough open land to build 6,000,000 square feet of office, R&D or manufacturing space.

MORGAN HILL

Looking to build in Silicon Valley?

If you're looking for a large tract of in Silicon Valley, take a close look at Morgan Hill. We offer favorable zoning, progressive support for business and many other advantages.

- A vibrant, growing downtown with upscale restaurants
- Access to skilled talent
- 30 minutes to the San Jose International Airport
- Reverse commute from San Jose
- Abundant housing

DIVCOWEST.
Real Estate Investments

Learn about opportunities for healthcare providers
www.ChooseMorganHill.com

MORGAN HILL ECONOMIC DEVELOPMENT 800-XXX-XXXX



Opportunity knocks.

Our growing community has opportunities for healthcare providers

MORGAN HILL

Love where you work

With a growing population, we're looking for urgent care and specialty clinics to open locations in Morgan Hill. If you haven't been to Morgan Hill lately, it's time to take a close look.

"Priority zoning gives healthcare providers their choice of available land in 90% of our districts."

Edith Ramirez
Director of Economic Development

Consider the advantages

- xxx,xxx South Santa Clara County residents
- Community mindset toward healthy, active lifestyles
- Available workforce and housing, including affordable housing
- Growing, vibrant downtown with upscale restaurants and wineries

Learn about opportunities for healthcare providers
www.ChooseMorganHill.com

MORGAN HILL ECONOMIC DEVELOPMENT 800-XXX-XXXX

MARKETING

What are we solving for?

- Articulate value proposition
- Provide useful tools (OpenCounter, Oppsites)
- Targeted marketing (SVBJ, ICSC)
- Create a new image (re-brand)
- Communicate success





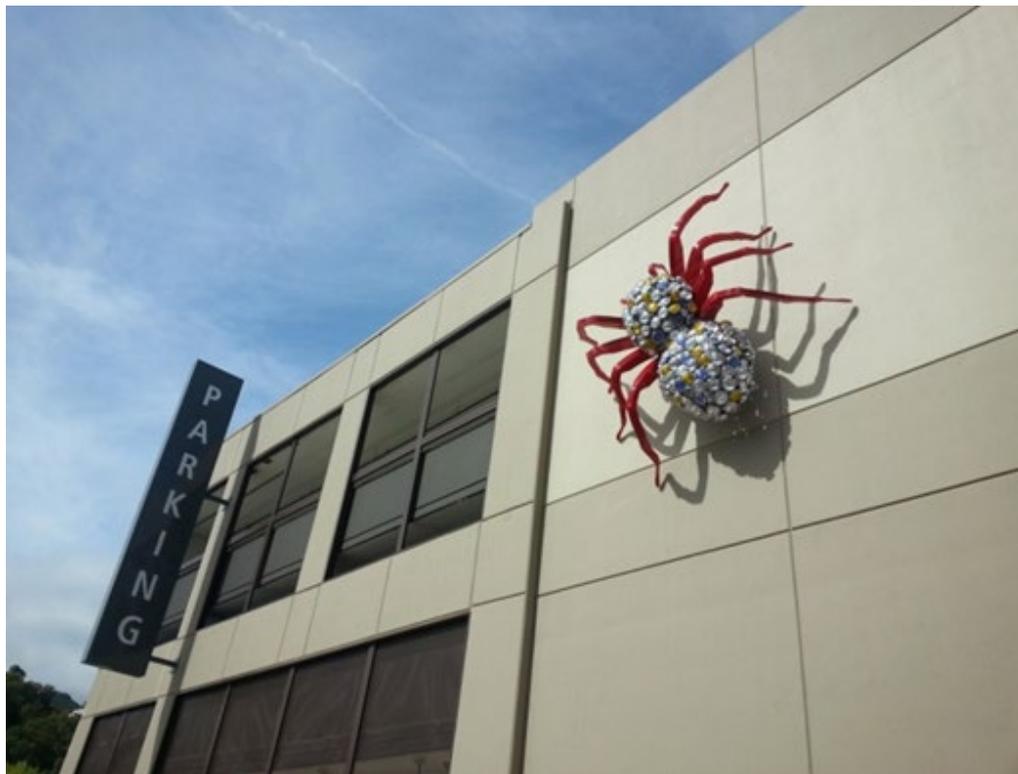
Questions?



DOWNTOWN Lumber Yard-Latala



DOWNTOWN Placemaking





Questions?



TOURISM

- ✓ Wine Trail
- ✓ Tourism Business Improvement District
- ✓ Downtown Boutique Hotel
- ✓ Sporting Events –Amgen TOC
- ✓ Outdoor Sports Center management
- ✓ Supporting hotel development
- ✓ Building more sports fields
- ✓ Developing Downtown



Questions?

RETAIL

- Existing Inventory: 1.3 million sq. ft.
- Future/Approved: 550,000 sq. ft.
- Small Community, Over-retailed
- Share Trade Area with San Jose and Gilroy
- Handful of Freeway-fronting sites
- Great Auto Incentive Policy
- Transportation-related retail is strong
- Downtown is competing with shopping centers
- Retail Concentration Policy

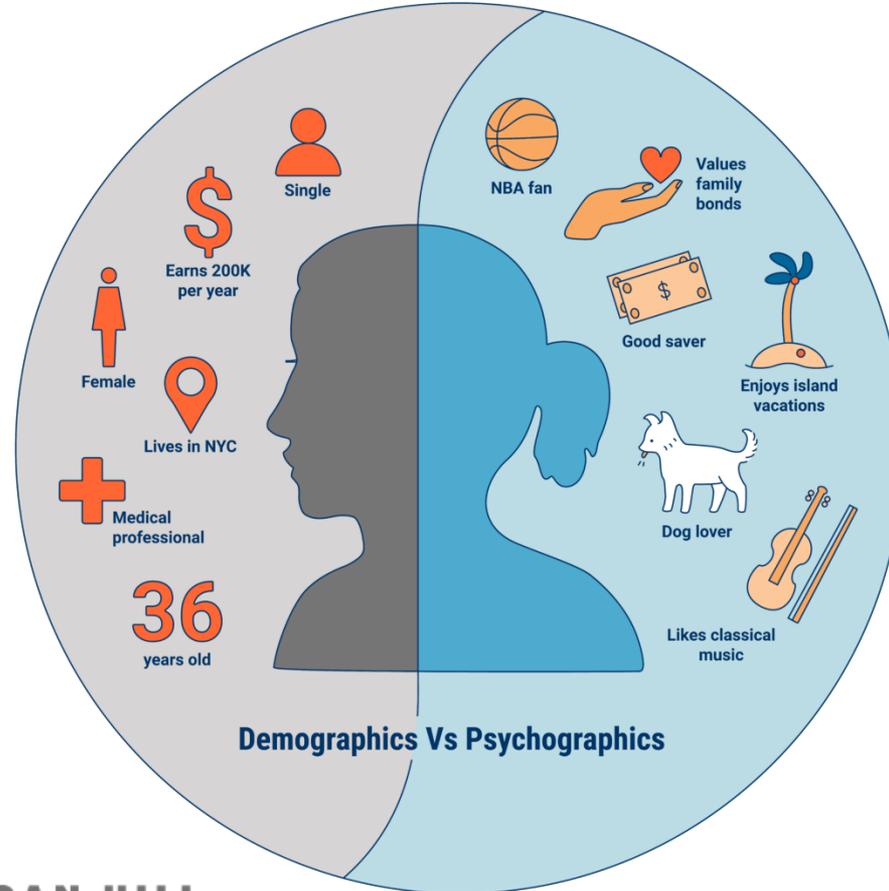


MORGAN HILL RESIDENTS

• Population:	45,742	• Median HH Income:	\$107,161
• Foreign Born:	1/3	• Median Age:	38.4
• Under 18:	1/4	• Median Persons per HH:	3
• Registered Voters:	22,543	• Some College:	73%

Sources: CA Department of Finance E-1 2019, Census, American Community Survey 2017, County of Santa Clara Registrar of Voters

PSYCHOGRAPHICS



PSYCHOGRAPHICS

SOLID PRESTIGE

10.9%

- Solid Surroundings
- Active & Involved
- Busy Schedules

TOP WEALTH

24.1%

- Established Elite
- Corporate Connected

AFFLUENT HOUSEHOLDS 26.8%

- Summit Estates
- Top Professionals



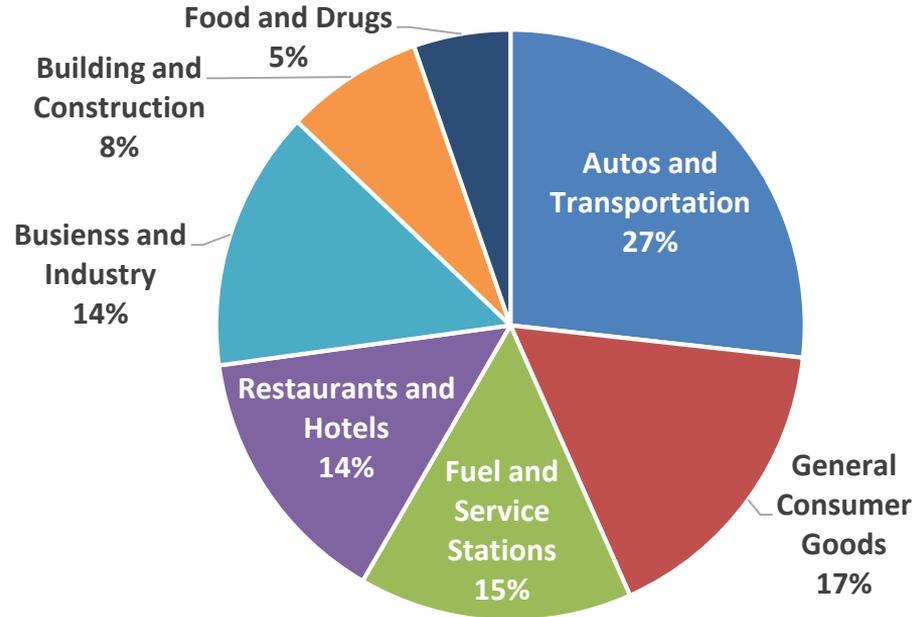
Affluent Households

Income is high, with nearly 80% of the group earning of \$100,000+ and 45.5% in the \$150,000+ category. These households have personal computers, camcorders, video games and cellphones. Households focus on the future with college savings plans and life insurance over half a million.

SALES TAX IN MORGAN HILL

Top sales tax generator is
Auto/Transportation & Gas

Business & Industry is only
14%



Source: 1st Quarter 2019 Sales Tax Receipts, HdL

Cochrane Commons Phase II

Cochrane Rd. between Hwy 101 & Mission View

Retail Center repositioning as lifestyle center with 260 apartments



Evergreen Village Shopping Center

Cochrane Rd. & Butterfield Blvd.

20-acre commercial development
Uses: Hotel, Gas Station, Grocery Store, Retail, Skilled Nursing



View to Plaza between Shops 3 and Market



Granary Expansion

Depot St. (Downtown)

5 KSF Retail

Under Construction



Fairfield Inn & Home2 Suites

Madrone Pkwy & Woodview Ave.

206 Hotel Rooms

Entitlements Completed

Voter Referendum Scheduled for March 2020





Questions?

Opportunity knocks.

Our growing community
has opportunities for
healthcare providers.

MORGAN HILL

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*"Priority zoning gives
healthcare providers their
choice of available land
in 90% of our districts."*

Edith Ramiroz
Director of Economic Development

Consider the advantages

- Over 100,000 residents in South Santa Clara County
- Community mindset toward healthy, active lifestyles
- Available workforce and housing, including affordable housing
- Growing, vibrant downtown, wineries and open space

Learn about opportunities for healthcare providers
www.ChooseMorganHill.com

MORGAN HILL ECONOMIC DEVELOPMENT 408-425-5959



HEALTHCARE

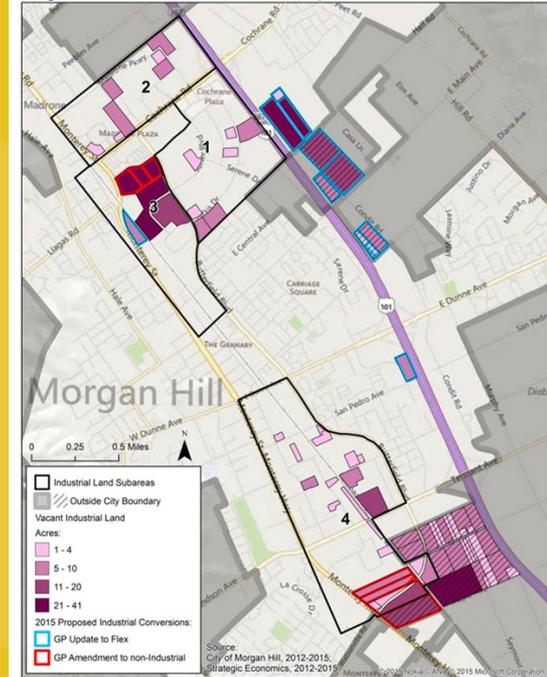
- Need for imaging, urgent care, specialists, procedure center, and supporting services
- “Advocating for a Kaiser ambulatory center in Morgan Hill to better serve Kaiser members living in Morgan Hill”
- 90% of Zones allow healthcare uses



Questions?

JOBS AND INDUSTRY

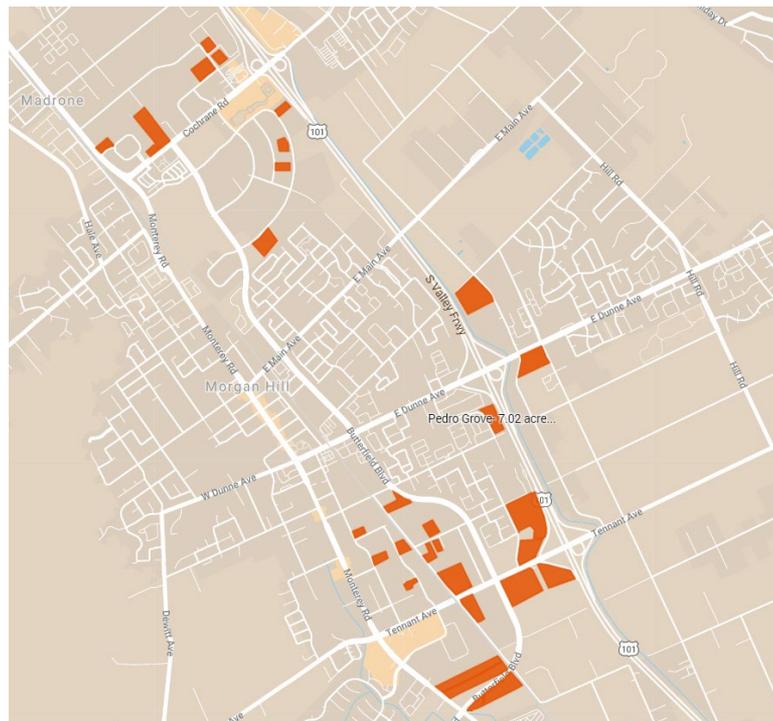
- 6.5 MSF of Industrial Space
- 18,000 Employed residents
- 20% Employed in manufacturing
- 70% of Morgan Hill residents commute for work
- Over 1,500 businesses in Morgan Hill



Sources: CoStar, Census, American Community Survey 2017, QCEW Data for Morgan Hill

AVAILABLE EMPLOYMENT LANDS INVENTORY

Vacant Acres	Commercial	Industrial	Total
Available	62	119	180
Constrained	28	29	57
New Projects	34	36	70
Entitled	46	2	47
	169	186	354



JOBS AND INDUSTRY

- 18-48 Years of Industrial Land Supply Left
- Updated Zoning Code to streamline
- Industrial Preservation Policy
- Speculative Development
 - (Mast, Madrone & Tree Farm)
- Celebrate Manufacturing Day
- Numerous projects underway



Shoe Palace Expansion

755 Jarvis Drive

503 KSF Expansion

Office, Warehouse &
Distribution

Grading Underway



Golden State Assembly Expansion

18220 Butterfield Blvd.

40 KSF Expansion

Manufacturing, Warehouse &
Distribution

Grading Underway



Butterfield Technology Park

Butterfield Blvd. & Jarvis

600 KSF Industrial Park with
383 Units of Residential

Design & Grading Permits
Submitted



SPEC Industrial Building

Madrone Parkway

31 KSF Industrial Spec
Building

Design Review Completed
Entitled



Applied Motion Products

Madrone Parkway

48 KSF

Office, R&D, Manufacturing &
Assembly

Design Review Underway



Carpenter's Training Center Expansion

Madrone Parkway

55 KSF Expansion
Training Facility

Environmental Review
Underway



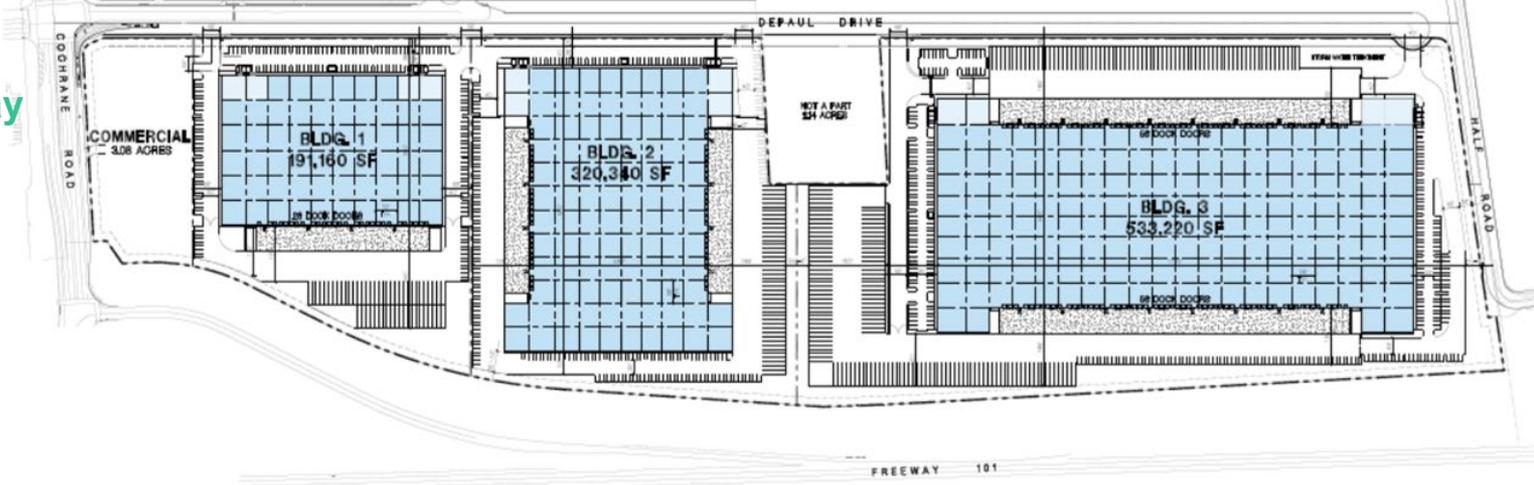
Morgan Hill Technology Park

De Paul Dr. & Highway 101

1.1 MSF

Industrial Spec Buildings with 3+ Acres of Commercial

Environmental Review Underway



PROGRESSIVE COMMUNITY

Did you know?

- ✓ 1 of every 8 homes is income restricted—Largest per capita affordable housing ownership program in the State
- ✓ Preserved over 500 acres of open space
- ✓ Leading in farmland conservation
- ✓ Statewide leader in water conservation
- ✓ Downtown Placemaking Investment Strategy has attracted over \$130M in private investment
- ✓ Clear Economic Development Goals
- ✓ Dozens of commercial, industrial and mixed-use projects underway

Key Take Away?





Questions?