



City of Morgan Hill

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PLANNING COMMISSION STAFF REPORT MEETING DATE: SEPTEMBER 13, 2016

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APPROVED BY: Leslie Little, Assistant City Manager/Community Development Department

ECONOMIC DEVELOPMENT BLUEPRINT WORKSHOP

RECOMMENDATION(S):

Provide feedback on key Economic Blueprint Fundamentals as identified through the public engagement process.

PROJECT SUMMARY:

The City of Morgan Hill has grown and transformed over the last 20 years. With a resident population over 43,000 and nearly 1,200 businesses, now is the ideal time for the City of Morgan Hill to develop an Economic Blueprint. To foster economic growth and support fiscal sustainability, the Economic Blueprint is envisioned to be a "big picture" document to guide land use, policy development, and budget decisions for the next five to ten years.

Building upon the initial research and community engagement process undertaken with the General Plan update, the development of the Economic Blueprint has included focus groups and one-on-one meetings with various resident, business and organizational stakeholders to ascertain the opportunities that exist to drive investment into Morgan Hill. Thus far, staff has solicited and received feedback from focus group meetings with the Downtown Association, Kiwanis, Rotary, Chamber of Commerce, City employees, and Morgan Hill residents. In addition, staff has had several one-on-one meetings with small and large companies in Morgan Hill on the Economic Blueprint. Feedback in key areas has included: business and industry focused efforts, infrastructure improvements and investments, and regulatory and policy making.

The purpose of this workshop with the Planning Commission is to solicit feedback on the identified key fundamentals identified through the Economic Blueprint Community engagement process.

1. Grow Leisure, Sports Recreation Tourism through enhanced facility utilization and strengthen professional linkages and partnerships

Morgan Hill is ideally located in South Silicon Valley to welcome local, national and international visitors to a range of recreation and dining amenities. Local parks, recreation activities, wineries and proximity to the pacific coast, Morgan Hill offers visitors a host of places to relax, dine and have fun. The City of Morgan Hill has invested in its Recreation facilities, the Aquatics Center, Outdoor Sports Complex and Centennial Recreation Center to become premiere destinations for residents and visitors. The facilities along with the local festivals and events host nearly 1 million visitors annually.

Implementation Opportunities

- Develop Tourism Board or Visitors Bureau in partnership with the hotels and other tourism based operations/businesses
- Seek to diversify tournaments and event producers
- Invest in existing and new recreation facilities and venues
- Develop a live music strategy in partnership Wineries Association, Downtown Association and Chamber of Commerce
- Strengthen linkages to regional convention and visitors bureaus
- Improve on-demand transportation options as well as group transit between recreation and leisure amenities

Measures of Success

- Number of visitors to recreation facilities increases
- Number of programmed tournament and events increases
- RevPAR increases year-over-year for hotels collectively
- Morgan Hill becomes a formalized partner on regional and sub-regional events
- A formalized tourism board/bureau is created and funding model developed

2. Improve access, availability and offerings of education services for youth, young adult and mid-career individuals

Education continues to be a strong priority for the Community and City Council. An ongoing priority for the City Council is supporting youth and the Youth Action Committee (YAC). Within the City, there are seven elementary schools, one middle school, one continuing school and two high Schools. Over the last 20 years, Morgan Hill Unified School District (MHUSD) enrollment has been consistently around 9,200 students annually. A couple of key trends over the last few years show education at all levels becoming bifurcated. Over the last five years, the MHUSD has seen a 300% increase in students graduating that meet University of California and State of California entrance requirements. During that same time, dropout rates from 7th through 12th grades in the MHUSD have declined by 63%. Over the same five year period, Gavilan College has seen a 21% decline in enrollment at the Morgan Hill campus. The average number of students at the Morgan Hill Gavilan College campus is 240.

Implementation Opportunity

- Work with local community and state colleges on expanding more class offerings in Morgan Hill to support the local community and workforce
- Ensure any new investments in primary and secondary education locations are accessible by walking and biking for a healthy community
- Build better alignment of community and state college engagements with local business needs (focusing on training/education opportunities)
- Attract maker/vocational related businesses to support "hands-on" learning

Measures of Success

- Increased enrollment at Gavilan Community College (Morgan Hill campus)
- Development of a local business roundtable to inform vocational training opportunities
- Alignment of Gavilan course offerings to needs of community in providing certificate opportunities through the Morgan Hill campus
- Development of new public private partnerships with other vocational providers
- Increase the amount of state funding received for workforce/skills training for Morgan Hill businesses

3. Maintain existing General Planned Industrial Designated Land for future professional job opportunities

In 2016, the City of Morgan Hill sought to annex approximately 1,290 acres of land from the County of Santa Clara that is agriculture and open space in nature. The proposed annexation was to include the development of additional sports facilities, commercial activities (hotel and supportive retail) and permanently preserve the balance of the land as open space and agricultural use. The Local Agency Formation Commission (LAFCO) denied the annexation, signaling to the City that future growth will be limited to its existing jurisdictional borders. According to Morgan Hill's vacant land inventory, there remains 411 acres of industrial/commercial land and 570 acres of residential planned land. With a fixed amount of land remaining, there is greater pressure to convert the remaining commercial, industrial and open space/agriculture land for residential uses. All the aforementioned uses are important in maintaining the character and uniqueness of Morgan Hill. As land becomes more constrained, the pressure for up zoning (bringing more value to the land) or down zoning (making land less valuable) only intensifies.

Implementation Opportunities

- Work with industrial and commercial real estate brokers to communicate the value proposition of locating in Morgan Hill
- Bring additional amenities (sidewalks, parks, recreation facilities,) and uses closer to business parks through improved design and zoning
- Work with service providers to identify infrastructure impediments to site development
- Ensure the zoning code aligns with a variety of office/R&D/manufacturing uses for today's business users including local onsite sales

Measures of Success

- Reduce the amount of vacant land through building entitlements available through commercial and industrial development
- Bring in line today's business uses with amendments to the zoning definitions and districts
- Evaluate annually Morgan Hill's impact fees to neighboring jurisdictions to determine

competitiveness of fees

4. Encourage and foster an environment that supports business formation in Morgan Hill

Having a diverse job base helps supports a range of jobs opportunities for Morgan Hill residents. Currently, 70% of Morgan Hill working residents do not work in Morgan Hill. Even more astounding is that nearly 75% of those commuting residents drive alone with a majority having a commute longer than 30 minutes. This not only impacts quality of life but puts significant stress on the City's transportation infrastructure.

Implementation Opportunities

- Promote job investment opportunities into existing vacant buildings
- Work closely with existing scaling businesses to expand in Morgan Hill
- Encourage investment in additional services and amenities to support business growth
- Work on providing alternative transportation solutions for Morgan Hill (ex. rideshare, more commuter rail and shuttles)
- Work collaboratively with the Chamber of Commerce in supporting business retention and growth

Measures of Success

- Increase jobs across all sectors in Morgan Hill
- Reduction in the unemployment rate in Morgan Hill
- Better parity between jobs held by residents versus jobs offered in Morgan Hill
- Reduction in Commercial and Industrial vacancy rates
- New industrial building permits issued
- New commercial building permits issued

5. Program More Diverse Retail/Office Amenities in Morgan Hill

Retail accomplishes many goals for a Community. Retail developments can coalesce people and places to support a quality of life within a neighborhood or City. According research conducted by the Telsey Advisory Group, consumer spending in shopping centers represents 15% of the nation's Gross Domestic Product (GDP) and that 1 in 11 jobs are tied to shopping centers. The impact locally is even more distinct in that 50% of neighborhood shopping centers are occupied by locally owned businesses.

Implementation Opportunities

- Develop more boutique retail shopping opportunities that stay open into the evening hours
- Provide more live entertainment offerings and venues within Morgan Hill
- Promote downtown as a destination for visitors to Morgan Hill
- Support second phases for retail center development
- Develop place based strategies to support new retail ventures
- Work with existing retailers on developing omni-channel sales
- Partner with property and leasing agents on attracting retail investment through a one voice approach
- Focus on more business to business solution providers to fill commercial (non-retail spaces)

Measures of Success

- Reduce sales tax leakage in key retail categories
- Reduce the vacancy rates in commercially zoned areas
- Grow retail rental rates in Morgan Hill
- Grow employment in the retail and service sector
- Reduce turnover of retail businesses

6. Strengthen communication and identification of the Morgan Hill brand

A city's brand and identification is important in appealing to families and businesses. Residents look for responsive and well staffed public safety services, full service libraries, good educational facilities, and parks and recreation programs and services. All these services and programs contribute to the appeal of living in the City. Factors such as utility infrastructure, low lease costs, talent pool, availability of buildings, and local or regional market opportunity appeal to businesses. A brand and identification strategy should appeal to a range of audiences and investors for Morgan Hill.

Opportunities

- Change perceptions about business investment into Morgan Hill through concentrated outreach to the industrial and commercial real estate brokers
- Demonstrate we are open and welcoming of business
- Ensure responsiveness and timeliness in development review
- Simplify research and information on impact fees for new development
- Celebrate success
- Develop a community ambassador program

Measures of Success

- Adopt a citywide brand
- Develop a citywide communication strategy
- Develop a citywide communication roundtable
- Increase impressions on City's key platforms (website, Facebook and Social media)
- Article/Story placement in New York Times, Wall Street Journal and Economist
- Article/Story placement in travel media
- Successful talent recruitments for City of Morgan Hill and private employers

7. Continue to be diligent in investing in critical infrastructure

Critical to long term resiliency and sustainability of any city is the investment and upkeep of the infrastructure. In Morgan Hill, the City maintains the following elements of infrastructure; roads, sewer and water. The City works in partnership with the public/private providers of power and telecommunications.

Opportunities

- Maintain safe reliable water supply
- Provide safe, accessible roads
- Ensure broadband and telecommunication deployment throughout Morgan Hill
- Provide accessible paths for pedestrian and bicycle transportation

Measures of Success

- Increase road maintenance resurfacing
- Improve telecommunications broadband rating to greater than a D
- Increase paved and unpaved trail network in Morgan Hill

8. Focus on a range of medical offices and care facilities that support the diverse needs of Morgan Hill

In October 2014, a Healthcare analysis was conducted by Health Systems Advisors which looked at the viability of medical services in Morgan Hill. The analysis estimated the demand for services as well as the existing network of providers within the region and found that Morgan Hill was a viable option for the following medical services: ambulatory surgery, imagery center, urgent care and primary care. The report recommended that the City of Morgan Hill should maintain, attract, and build a vibrant ambulatory healthcare community, including increasing the number of primary care providers, as well as services such as laboratory, imaging and physical therapy.

Opportunities

- Work on attracting more ambulatory care and imaging centers to Morgan Hill
- Expand the need for additional skilled nursing facilities as Morgan Hill's population ages
- Create more flexibility within the Zoning code to support medical services opportunities

Measures of success

- Increase the number of imaging centers in Morgan Hill
- Increase the number of urgent care centers in Morgan Hill
- An increase in the investment in medical care facilities (building improvements)

CONCLUSION:

The Economic Blueprint Fundamentals are being provided to the Planning Commission for discussion and to receive feedback. Additional information can be found on the Economic Blueprint at www.morgan-hill.ca.gov/EconomicBluePrint. <<http://www.morgan-hill.ca.gov/EconomicBluePrint>>

LINKS/ATTACHMENTS

Economic Blueprint Presentation