



4/2/2021

ATTN: Morgan Hill City Councilmembers

Mayor Rich Constantine

Councilmembers: John McKay, Gino Borgioli, Rene Spring and Yvonne Martinez Beltran

First, we would like to thank and congratulate the Morgan Hill Responsible Growth Coalition (MHRGC) for bringing the discussion of Distribution Centers to the Morgan Hill Community and City Council. Their efforts sparked much discussion throughout the community on what businesses are ideal in Morgan Hill and ultimately resulted in the City Council passing Ordinance 2317 in November 2020, effectively prohibiting Distribution Centers as a use citywide. Further, the MHRGC led the community discussion around the Shoe Palace Expansion which revealed the need to update a decades old special ordinance allowing projects under specific zoning to move forward without public review. Updates to that Ordinance now require any projects over 75,000 sq/ft to go through a public hearing. The Morgan Hill Business and Residential Community, Chamber of Commerce and MHRGC all share this same common ground- We DO NOT want to see Morgan Hill become the distribution capital of Northern California nor do we want to discourage future business and job growth.

On Wednesday March 17th, the MHCoC convened a meeting of Morgan Hill's existing mid to large business owners to discuss their awareness and business impact considerations of the recent Initiative proposed by the MHRGC which aims to establish a 3-pronged restriction to future building designs. We learned that existing large businesses such as Airtronics, Specialized Bicycle, NX Edge, TROPOS Technology, PRISM Electronics and Sunbasket are extremely concerned about the building restrictions outlined in the Initiative, as it could prevent their future plans for expansion within Morgan Hill. The group deepened our learning of their viewpoint by specifically addressing the following concerns and exposures to the current Initiative:

- Decreased appetite for business expansion/relocation.
- Reduction of property value for existing buildings due to limitations on building design and modification.
- Diminution of future investment
- Reinforcing the stigma of being a "business unfriendly" city.



The central theme resonating from the Morgan Hill business owners is best summed up by the following quote from one business owner and shared by all participants: “Last Mile Distribution is best controlled through “use” not through building design”. Business Operators want to be good citizens and take the responsibility of providing community benefits and needs seriously. In return, they presume to receive support for themselves, their families and their businesses from the community. None of the businesses in attendance, including those that could not attend the meeting but emailed their thoughts on the Initiative separately, had been contacted by the MHRGC. How can you create and present an ordinance restricting future citywide building design without first consulting existing business owners to understand their building needs both now and in the future?

What are the short term and long-term effects to the city, business community and residents of implementing the Initiative? Decreased business investment, which leads to decreased sales tax revenue, which leads to an even greater citywide financial shortfall, ending in the reduction of Police Officers, Road Maintenance, Support for Education and Parks and Recreation Programs. The Morgan Hill Chamber of Commerce, alongside the businesses whom have added their signatures below, urge you to consider the long-term impact of imposing a grossly restrictive building design ordinance on our existing businesses, future development opportunities and residential well-being. We would like to point out that the MHRGC Initiative DOES NOT even fully prohibit distribution centers, as buildings can move forward meeting any combination of the criteria as long as they do not satisfy all three consecutively. The real ban and message from this Initiative are around building size and aesthetics. Distribution Centers are already banned by “use” citywide and projects over 75,000 square feet are now subject to public review. Please do not take the additional step to impose “building restrictions” citywide as the results could be devastating on a financial, economic development and residential front.

Sincerely,

Brittney Sherman

Brittney Sherman
CEO/President