

CITY OF MORGAN HILL

MEASURE A

Shall the ordinance No. 2295, amending a Planned Development Master Plan for "Madrone Village Shopping Center" located on the northwest corner of Madrone Parkway and Cochrane Road (APN's 726-33-029,030, and 031), to add hotels as an approved use, which is consistent with the City's General Plan and Economic Blueprint to encourage tourism, and that generates new City revenues for City services including public safety, street repairs and other infrastructure be adopted?

YES
NO

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF
MEASURE A**

Measure A is a referendum of the Morgan Hill City Council's February 6, 2019 adoption of Ordinance No. 2295, New Series, which amends the master plan for the Madrone Village Shopping Center to allow two new four-story hotels in the commercial development at the corner of Madrone Parkway and Cochrane Road. The measure was placed on the ballot as a result of receipt by the City Clerk of a petition signed by the requisite number of voters.

Approval of Measure A would affirm Ordinance No. 2295, New Series and the amendment to the master plan will be approved. If the measure fails, then amendment to the master plan will be denied.

Current Zoning:

The Madrone Village Shopping Center is partially developed, with an existing 27,580 square feet of commercial space. Under the existing master plan, a developer could build an additional 48,632 square feet of retail in a single building.

Proposed Amendment:

A yes vote on Measure A would allow the property owner to replace the planned 48,632 square foot retail building with two new hotels.

Effect of the Ordinance:

The proposed ordinance is consistent with the Morgan Hill General Plan, which encourages the development of amenities that support workers and businesses, including hotels. The proposed ordinance is also consistent with the City's Economic Blueprint, which encourages zoning decisions that support the creation of new hotels.

The City's Economic Development Department estimates that two new hotels would generate approximately \$800,000 per year in transient occupancy tax revenues, which would be used to fund City services, including public safety and street maintenance.

A yes vote in favor of Measure A will allow the development of two new hotels in the Madrone Village Shopping Center.

A no vote against Measure A will preserve the existing master plan, which allows the development of a single 48,632 square foot retail building.

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF
MEASURE A-Continued**

The above statement is an impartial analysis of Measure A, Ordinance No. 2295, New Series. If you desire a copy of the ordinance, please call the City Clerk at 408-779-7271 and a copy will be mailed or emailed at no cost to you.

Donald A. Larkin
City Attorney

ARGUMENT IN FAVOR OF MEASURE A

Morgan Hill is one of the best towns in Santa Clara County to live in. We pride ourselves on excellent city services—public safety, parks, libraries and much more. However, Morgan Hill faces a looming potential city deficit of \$7,000,000 per year that could negatively impact city services. Something must be done.

Yes on Madrone Business Park Hotels (Measure A) is part of the answer.

City staff, City government, over 400 Morgan Hill residents, businesses and community leaders established an "Economic Blueprint" to help guide our City's future and meet fiscal challenges. One option was additional hotel rooms.

Last year, the Planning Commission and City Council unanimously approved two new business park hotels at Madrone Business Park of approximately 100 rooms each. Businesses located there routinely bring customers and other professionals to Morgan Hill. Locating hotels in the business park makes sense.

Independent hotel studies concluded these business park hotels will generate between \$700,000 and \$1,000,000 in hotel tax revenue annually, paid by hotel users, to fund police, fire, parks, library, roads and other essential city services. Hotel patrons will be paying these taxes, not Morgan Hill residents.

Current Morgan Hill hotel owners are concerned about competition. They collected signatures to place this issue on the ballot.

However, their concern was specifically examined by the City:

- 1) An independent study concluded there is "substantial unaccommodated demand" for new hotels.
- 2) The study's conclusion was corroborated when La Quinta Hotel opened in 2017 and hotel tax revenue increased significantly, as it has since 2011.

We ask that you consider these facts carefully. We strongly believe that Morgan Hill needs the hotel tax revenue for basic city services.

We hope you will agree with us and a large community coalition by voting Yes on Madrone Business Park Hotels (Measure A).
www.JustRightforMorganHill.com

Richard Constantine
Mayor, Morgan Hill

Brittney Sherman
Morgan Hill Chamber of Commerce, Chief Operating Officer

John (Johannes) Kuhlen
Morgan Hill Police Officers Association, President

Richard Kent
President, Mission Ranch Homeowners Association

Suman Ganapathy
Commissioner, Morgan Hill Library, Culture and Arts Commission

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE A

Vote No on Measure A!

- A high-end grocery store is also consistent with the General Plan.
- Neither of the proposed hotels has banquet room space to host events needed to attract tourists.
- We don't have enough corporate demand to fill four new hotels. Companies such as Custom Chrome, Hospira, and Comcast have left.
- Our existing mid-level hotels only operate at 70% occupancy with 193,000 room nights available a year.
- The Granada and a new 120-room hotel on Cochrane will open soon. This measure would allow two additional hotels with 206 rooms. The new hotels will add 140,000 room nights. **That's a 72% increase.**
- The "independent study" was from 2015, and outdated.
- Housekeepers and desk clerks are not high paying jobs.

There's no guarantee on how any "new" hotel taxes will be spent. Hotel taxes go into the general fund that is used to pay for city salaries and pensions.

Do you believe, "if we build it, they will come?" The proposed hotels will lead to an oversupply of hotel rooms, decreasing room rates and occupancy, and lowering tax revenue.

Meanwhile, out-of-town developers have spent more than \$80,000 on this campaign so they can make millions.

What are you getting? Traffic and development that leads to the loss of the small town feel that you love about Morgan Hill. This is a Band-Aid that won't fix our budget problems.

A Committee Against Ordinance No. 2295, Sponsored by the Morgan Hill Hotel Coalition
Morgan Hill Responsible Growth Coalition
www.morganhillreferendum.com

Asit Panwala
Principal Officer of A Committee Against Ordinance No. 2295,
Sponsored by the Morgan Hill Hotel Coalition

Joseph G. Baranowski
President, Morgan Hill Responsible Growth Coalition

ARGUMENT AGAINST MEASURE A

The City of Morgan Hill is catering to developers, making them rich at our expense. This ordinance would permit the construction of two 4-story hotels at Madrone Village Shopping Center instead of a high-end grocery store. It will create more traffic during commute hours, while failing to bring high paying jobs. This ordinance will give an out-of-town developer a windfall of more than million dollars while failing to improve our quality of life.

The City will tell you this ordinance will increase the amount of transient occupancy tax (TOT). However, there are no studies to support, "If we build them, they will come." We already have two other hotels under construction; the Granada Inn downtown, and a 120-room hotel on Cochrane. How many more hotels does Morgan Hill need?

The City's promise that these hotels will increase tax revenue is misleading. In reality, the number of hotel guests will just be spread among more hotels, harming family owned businesses that already agreed to a 1% increase in occupancy tax last year.

The City will tell you that we need the additional tax to pay for *city services we need*. But the ordinance doesn't dictate how any taxes collected from these hotels will be spent. Ask yourself—can you trust a city that is permitting distribution center warehouses to be built that will increase pollution and traffic, while ignoring its residents? You can't, and you shouldn't.

The Hotel Coalition is not opposed to responsible growth. However, this shortsighted ordinance will remove land designated for a high-end grocery store and replace it with hotels that we don't need. We don't need City Hall making another deal!

We urge you to vote NO on Measure A.

*A Committee Against Ordinance No. 2295, sponsored by the Morgan Hill Hotel Coalition
Morgan Hill Responsible Growth Coalition
See www.morganhillreferendum.com*

Asit Panwala
Principal Officer of A Committee Against Ordinance 2295, Sponsored by Morgan Hill Hotel Coalition

Joseph G. Baranowski
President, Morgan Hill Responsible Growth Coalition

REBUTTAL TO ARGUMENT AGAINST MEASURE A

After a very public, extensive and transparent process, the Morgan Hill Planning Commission and City Council unanimously approved the construction of two new hotels in the Madrone Village Business Park.

Vote Yes on Measure A.

Numerous professional studies and environmental review went into that decision. Concerns from competitor hotel owners were considered. Overwhelming evidence supported two additional hotels at the Madrone Village Business Park.

Vote Yes on Measure A.

Professional estimates calculate these new hotels would generate between \$700,000 and \$1,000,000 annually in **NEW** tax revenue for city services—public safety, libraries, roads and parks.

Vote Yes on Measure A.

Hotel users will be paying these taxes—not Morgan Hill residents. And with the City facing possibly a \$7,000,000 annual deficit, this new revenue is vitally important to maintain essential services.

Vote Yes on Measure A.

Despite competitor hotel objections, an independent study concluded: "substantial unaccommodated demand" for new hotels in Morgan Hill. Visitors coming for weddings, anniversaries, celebrations, weekend tourists, business travelers will use these hotels. The study's conclusion was confirmed when LaQuinta Hotel opened in 2017 and hotel tax revenue increased significantly, as it has since 2011.

Vote Yes on Measure A.

Arguments about "increasing traffic" are inaccurate. Hotel patrons arrive during non-peak commute times. Retail uses approved for the site would have created more traffic than hotels. Each hotel is 100 rooms—approximately 70 patrons nightly.

Vote Yes on Measure A.

A wide coalition of Morgan Hill residents and organizations support this decision. It's just right for Morgan Hill.

Vote Yes on Measure A.

**REBUTTAL TO ARGUMENT AGAINST
MEASURE A-Continued**

www.JustRightforMorganHill.com

Larry Carr
Morgan Hill City Council Member

Rosemary (Rosy) Bergin
Owner, Rosy's at the Beach Restaurant, Morgan Hill

John (Johannes) Kühlen
Morgan Hill Police Officers Association, President

John T. Horner
Morgan Hill Chamber of Commerce, President and CEO

Linda Goyette
Morgan Hill Small Business Owner, Silicon Valley Glass Inc.