

Location: Morgan Hill

Issue: Morgan Hill's City Services and How to Fund Them

Methodology: Viewpoint Learning – Choice Dialogue

Link to more: <http://www.viewpointlearning.com/publications/reports.shtml>

In 2005 the City of Morgan Hill was running a structural budget deficit and was spending its reserves or savings account to provide essential city services, such as administration, park maintenance, police and fire, and recreation. The community, including the city government, decided the best solution to the current finance crisis was to get the public more involved in the decision making process. In January through April of 2006, over 330 citizens of Morgan Hill participated in a series of Choice Dialogues (developed by Viewpoint Learning), to discuss city services and how to fund them.

The citizens who participated in the two-and-a-half hour facilitated conversations spent time learning the budget tradeoffs facing Morgan Hill. The conversations consisted of facilitators educating the participants, and reporting small group discussion. After hearing each other's opinions and examining the assumptions that underlie them, the purpose of these facilitated conversations was to find a solution that was acceptable to the majority of the participants.

In the facilitated conversations, 87% of participants supported city services at a level that required more revenue. After expressing their opinions to one another, the participants were asked whether their vision for Morgan Hill included minimal government services at a minimal cost, preservation of the current level of service, or enhancement of Morgan Hill as a community with consequent increases in taxes.

Only 13% of participants supported minimal government services at a minimal cost. The rest of the participants supported preserving the current level of services (54%) or enhancing Morgan Hill as a community (33%). As for options on how to increase city revenue, 66% of participants supported a development tax, 58% supported increase the sales tax through retail development, with less than 15% supporting a sales tax, parcel tax, lighting and landscaping assessment, fire suppression assessment district, or a utility users' tax. When the participants were surveyed on how to reduce current costs, 34% supported cuts to administration, which had a net annual cost of \$1.1 million, 31% supported cuts to recreation, which had a net annual cost of \$1 million, 18% supported cuts to park maintenance, which had a cost of \$0.6 million annually.

There was no real support for reducing fire or police services, which required 82% of the City's General Fund discretionary resources at current service levels. Instead when participants were surveyed on which city services they wish to see enhanced, 71% of

the participants chose police service as their first or second priority, and 55% of participants chose increased after-school and summer programs as their first or second priority.

Since the Community Conversations, Morgan Hill's financial situation improved. Increases in property tax and sales tax revenues have helped lower the City's structural budget deficit, even though it has not completely eliminated it. In addition, the City Council is considering reducing the size of the Redevelopment Agency, which would increase General Fund revenues, which covers core city services, such as administration, park and street maintenance, public safety, by approximately \$800,000 a year. The City Council realized their budget deficit problem is a long-term issue and requires continuing assistance and dialogue with the community to prioritize significant city services.